Risk Factors Comparison 2024-03-08 to 2023-03-07 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Pursuant ~~The COVID- 19 pandemic has negatively impacted global, national and local economies, disrupted global and national supply chains, lowered equity market valuations, and created significant volatility and disruption in financial markets. The extent~~ to **the Executive Officer Clawback Policy (** ~~which COVID- 19 will continue to impact our business, results of operations, and financial condition,~~ as **may** ~~well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot~~ be **amended pursuant to** ~~predicted. COVID- 19, including~~ the **terms** ~~spread of new variants~~ thereof, ~~or a new pandemic could subject us to any of the following risks, any of which could, individually or in the aggregate, have a material adverse effect on our business, financial condition, liquidity, and results of operations: ● demand for our products and services may decline, making it difficult to grow assets and income; ● if the economy experiences new closures or downturns as a result of the COVID- 19 pandemic, including the spread of new variants thereof, or a new pandemic, loan delinquencies, problem assets, and foreclosures may increase, resulting in increased charges and reduced income; ● collateral for loans, especially real estate, may decline in value, which could cause loan losses to increase; ● our allowance for loan losses may have to be increased if borrowers experience financial difficulties beyond forbearance periods, which will adversely affect our net income; ● the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us; ● a prolonged weakness in economic conditions resulting in a reduction of future projected earnings could result in our recording a valuation allowance against our current outstanding deferred tax assets; ● we rely on third party vendors for certain services and the unavailability of a critical service due to COVID- 19 or new pandemic could have an adverse effect on us; and ● adverse economic conditions could result in protracted volatility in the price of our common shares. We continue to closely monitor the impact of COVID- 19 and related risks as they evolve. To the extent the effects of COVID- 19 adversely impact our business, financial condition, liquidity or results of operations, it may also have the effect of heightening many of the other risks described in this section. Risks Related to Our Business Operations: If our actual loan losses exceed our allowance for loan losses, our net income will decrease. Our loan customers may not repay their loans according to their terms, and the collateral securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant loan losses, which could have a material adverse effect on our operating results. In accordance with accounting principles generally accepted in the United States, we maintain an allowance for loan losses to provide for loan defaults and non- performance, which when combined, we refer to as the allowance for loan losses. Our allowance for loan losses may not be adequate to cover actual credit losses, and future provisions for credit losses could have a material adverse effect on our operating results. Our allowance for loan losses is based on prior experience, as well as an evaluation of the risks in the current portfolio. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. Federal regulatory agencies, as an integral part of their examination process, review our loans and allowance for loan losses. We cannot guarantee that we will not further increase the allowance for loan losses or that regulators will not require us to increase this allowance. Either of these occurrences could have a material adverse effect on our financial condition and results of operations. Moreover, the Financial Accounting Standards Board (~~ the " ~~FASB~~ **Policy** ") **, the undersigned acknowledges, agrees and confirms that he or she** has ~~changed its requirements for establishing the allowance for loan losses. On June 16, 2016, the FASB issued Accounting Standard Update (" ASU ") 2016- 13 " Financial Instruments- Credit Losses ", which replaces the incurred loss model with an expected loss model, and is referred to as the CECL model. Under the incurred loss model, loans are recognized as impaired when there is no longer an assumption that future cash flows will be collected in full under the originally contracted terms. Under the CECL model, financial institutions are required to use historical information, current conditions and reasonable forecasts to estimate the expected loss over the life of the loan. The transition to the CECL model requires significantly greater data requirements and changes to methodologies to accurately account for expected losses under the new parameters. If the methodologies and assumptions that we use in the CECL model are proven to be incorrect or inadequate, the allowance for credit losses may not be sufficient, resulting in the need for additional allowance for credit losses to be established, which could have a material adverse impact on our financial condition and results of operations. The new CECL accounting guidance is effective for annual reporting periods and interim reporting periods within those annual periods, beginning after December 15, 2019. However, the FASB deferred the effective date for this ASU for smaller reporting companies, such as the Company, to annual reporting periods and interim reporting periods within those annual periods, beginning after December 15, 2022. The Company expects to recognize a one- time cumulative effect adjustment (increase) to the allowance for credit losses between $ 1. 0 million and $ 2. 0 million upon adoption as of January 1, 2023. In addition, the Company expects to establish a related reserve for unfunded commitments of between $ 1. 0 million and $ 2. 0 million as of January 1, 2023. If real estate markets or the economy in general deteriorate, State Bank may experience increased delinquencies and credit losses. The allowance for loan losses may not be sufficient to cover actual loan- related losses. Additionally, banking regulators may require State Bank to increase its allowance for loan losses in the future, which could have a negative effect on the Company' s financial condition and results of operations. Additions to the allowance for loan losses will result in a decrease in net earnings and capital and could hinder our ability to grow our assets. Any significant increase in our allowance for loan losses or loan charge offs, including increases required by applicable regulatory authorities, might have a material adverse effect on the Company' s financial condition and results of operations. Our success depends upon our ability to attract and retain key personnel. Our success depends upon the continued service of our senior management team and upon our~~

~~ability to attract and retain qualified financial services personnel. Competition for qualified employees is intense. We cannot guarantee that we will be able to retain our existing key personnel or attract additional qualified personnel. If we lose the services of our key personnel, or are unable to attract additional qualified personnel, our business, financial condition and results of operations could be adversely affected. We depend upon the accuracy and completeness of information about customers. In deciding whether to extend credit or enter into other transactions with customers, we may rely on information provided to us by customers, including financial statements and other financial information. We may also rely on representations of customers as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to a business, we may assume that the customer' s audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer, and we may also rely on the audit report covering those financial statements. Our financial condition and results of operations could be negatively impacted to the extent we rely on financial statements that do not comply with generally accepted accounting principles or that are materially misleading. We may not be able to grow, and if we do, we may have difficulty managing that growth. Our business strategy is to continue to grow our assets and expand our operations, including through potential strategic acquisitions. Our ability to grow depends, in part, upon our ability to expand our market share, successfully attract core deposits, and to identify loan and investment opportunities as well as opportunities to generate fee- based income. We can provide no assurance that we will be successful in increasing the volume of our loans and deposits at acceptable levels and upon terms acceptable to us. We also can provide no assurance that we will be successful in expanding our operations organically or through strategic acquisitions while managing the costs and implementation risks associated with this growth strategy. We expect to continue to experience growth in the number of our employees and customers and the scope of our operations, but we may not be able to sustain our historical rate of growth or continue to grow our business at all. Our success will depend upon the ability of our officers and key employees to continue to implement and improve our operational and other systems, to manage multiple, concurrent customer relationships, and to hire, train and manage our employees. In the event that we are unable to perform all these tasks and meet these challenges effectively, including continuing to attract core deposits, our operations, and consequently our earnings, could be adversely impacted. Future acquisitions or other expansion may adversely impact our financial condition and results of operations. In the future, we may acquire other financial institutions or branches or assets of other financial institutions. We may also open new branches, enter into new lines of business, or offer new products or services. Any such acquisition or expansion of our business will involve a number of expenses and risks, which may include some or all of the following: ● the time and expense associated with identifying and evaluating potential acquisitions or expansions; ● the potential inaccuracy of estimates and judgments used to evaluate credit, operations, management and market risk with respect to target institutions; ● the time and costs of evaluating new markets, hiring local management and opening new offices, and the delay between commencing these activities and the generation of profits from the expansion; ● any financing required in connection with an acquisition or expansion; ● the diversion of management' s attention to the negotiation of a transaction and the integration of the operations and personnel of the combining businesses; ● entry into unfamiliar markets and the introduction of new products and services into our existing business; ● the possible impairment of goodwill associated with an acquisition and possible adverse short- term effects on our results of operations; and ● the risk of loss of key employees and customers. We may incur substantial costs to expand, and we can give no assurance that such expansion will result in the levels of profits we expect. Neither can we assure that integration efforts for any future acquisitions will be successful. We may issue equity securities in connection with acquisitions, which could dilute the economic and voting interests of our existing shareholders. We are exposed to a number of operational risks. We are exposed to many types of operational risk, including reputational risk, legal and compliance risk, cybersecurity risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record- keeping errors or those resulting from faulty or disabled computer or telecommunications systems. We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. Given the volume of transactions we process, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process our transaction volume may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control (for example, computer viruses or electrical or telecommunications outages), which may give rise to disruption of service to customers and to financial loss or liability. We are further exposed to the risk that our external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as we are) and to the risk that our (or our vendors') consumer compliance, business continuity and data security systems prove to be inadequate. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending practices, corporate governance, acquisitions, social media and other marketing activities, and the implementation of environmental, social and governance (ESG) practices, and from actions taken by governmental regulators and community organizations in response to any of the foregoing activities. Negative public opinion could adversely affect our ability to attract and keep customers, could expose us to potential litigation and regulatory action, and could have a material adverse effect on the price of our common shares or result in heightened volatility of our stock price. Our information systems may experience an interruption or security breach. We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do~~

occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability. Unauthorized disclosure of sensitive or confidential client information, or breaches in security of our systems, could severely harm our business. We collect, process and store sensitive consumer data by utilizing computer systems and telecommunications networks operated by both third- party service providers and us. State Bank’ s necessary dependence upon automated systems to record and process State Bank’ s transactions poses the risk that technical system flaws, employee errors, tampering or manipulation of those systems, or attacks by third parties will result in losses and may be difficult to detect. We have security and backup and recovery systems in place, as well as a business continuity plan, to ensure the computer systems will not be inoperable, to the extent possible. We also routinely review documentation of such controls and backups related to third party service providers. Our inability to use or access these information systems at critical points in time could unfavorably impact the timeliness and efficiency of our business operations. In recent years, some banks have experienced denial of service attacks in which individuals or organizations flood the bank’ s website with extraordinarily high volumes of traffic, with the goal and effect of disrupting the ability of the bank to process transactions. Other businesses have been victims of ransomware attacks in which the business becomes unable to access its own information and is presented with a demand to pay a ransom in order to once again have access to its information. We could be adversely affected if one of our employees or a third- party service provider causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. State Bank is further exposed to the risk that the third- party service providers may be unable to fulfill their contractual obligations (or will be subject to the same risks as we are). These disruptions may interfere with service to our customers, cause additional regulatory scrutiny and result in a financial loss or liability. We are also at risk of the impact of natural disasters, terrorism and international hostilities on our systems or for the effects of outages or other failures involving power or communications systems operated by others. Misconduct by employees could include fraudulent, improper or unauthorized activities on behalf of clients or improper use of confidential information. We may not be able to prevent employee errors or misconduct, and the precautions we take to detect this type of activity might not be effective in all cases. Employee errors or misconduct could subject us to civil claims for negligence or regulatory enforcement actions, including fines and restrictions on our business. In addition, there have been instances where financial institutions have been victims of fraudulent activity in which criminals pose as customers to initiate wire and automated clearinghouse transactions out of customer accounts. Although we have policies and procedures in place to verify the authenticity of our customers, we cannot assure that such policies and procedures will prevent all fraudulent transfers. We have implemented security controls to prevent unauthorized access to our computer systems, and we require that our third- party service providers maintain similar controls. However, the Company’ s management cannot be certain that these measures will be successful. A security breach of the computer systems and loss of confidential information, such as customer account numbers and related information, could result in a loss of customers’ confidence and, thus, loss of business. We could also lose revenue if competitors gain access to confidential information about our business operations and use it to compete with us. While we maintain specific “ cyber ” insurance coverage, which would apply in the event of various breach scenarios, the amount of coverage may not be adequate in any particular case. Furthermore, because cyber threat scenarios are inherently difficult to predict and can take many forms, some breaches may not be covered under our cyber insurance coverage. Further, we may be affected by data breaches at retailers and other third parties who participate in data interchanges with us and our customers that involve the theft of customer credit and debit card data, which may include the theft of our debit card PIN numbers and commercial card information used to make purchases at such retailers and other third parties. Such data breaches could result in us incurring significant expenses to reissue debit cards and cover losses, which could result in a material adverse effect on our results of operations. There can be no assurance that we will not suffer such cyber- attacks or other information security breaches (or attempted breaches), or incur resulting losses in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, and our plans to continue to implement internet and mobile banking capabilities to meet customer demand. As cyber and other data security threats continue to evolve, we may be required to expend significant additional resources to continue to modify and enhance protective measures or to investigate and remediate any security vulnerabilities. All of the types of cybersecurity incidents discussed above could result in damage to the Company’ s reputation, loss of customer business, litigation, increased regulatory scrutiny and potential enforcement actions, repairs of system damage, increased investments in cybersecurity (such as obtaining additional technology, making organizational changes, deploying additional personnel, training personnel and engaging consultants), increased insurance premiums, and loss of investor confidence and a reduction in the price of our common shares, all of which could result in financial loss and material adverse effects on the Company’ s results of operations and financial condition. Our business could be adversely affected through third parties who perform significant operational services on our behalf. The third parties performing operational services for the Company are subject to risks similar to those faced by the Company relating to cybersecurity, breakdowns or failures of their own systems, or misconduct of their employees. Like many other community banks, State Bank also relies, in significant part, on a single vendor for the systems which allow State Bank to provide banking services to State Bank’ s customers. One or more of the third parties utilized by us may experience a cybersecurity event or operational disruption and, if any such event does occur, it may not be adequately addressed, either operationally or financially, by such third party. Certain of these third parties may have limited indemnification obligations to us in the event of a cybersecurity event or operational disruption, or may not have the financial capacity to satisfy their indemnification obligations. Financial or operational difficulties of a third party provider could also impair our operations if those difficulties interfere with such third party’ s ability to serve the Company. If a critical third- party provider is unable to meet the needs of the Company in a timely manner, or if the services or products provided by such third party are terminated or otherwise delayed and if the Company is not able to develop alternative sources

~~for these services and products quickly and cost- effectively, our business could be materially adversely effected. Additionally, regulatory guidance adopted by federal banking regulators addressing how banks select, engage and manage their third- party relationships, affects the circumstances and conditions under which we work with third parties and the cost of managing such relationships. Strong competition within our market area may reduce our ability to attract and retain deposits and originate loans. We face competition both in originating loans and in attracting deposits within our market area. We compete for clients by offering personal service and competitive rates on our loans and deposit products. The type of institutions we compete with include large regional financial institutions, community banks, thrifts and credit unions operating within our market areas. Nontraditional sources of competition for loan and deposit dollars come from captive auto finance companies, mortgage banking companies, internet banks, brokerage companies, insurance companies and direct mutual funds. As a result of their size and ability to achieve economies of scale, certain of our competitors offer a broader range of products and services than we offer. We expect competition to remain intense in the future due to legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. In addition, to stay competitive in our markets we may need to adjust the interest rates on our products to match the rates offered by our competitors, which could adversely affect our net interest margin. As a result, our profitability depends upon our continued ability to successfully compete in our market areas while achieving our investment objectives. We may be required to repurchase loans we have sold or indemnify loan purchasers under the terms of the sale agreements, which could adversely affect our liquidity, results of operations and financial statements. When State Bank sells a mortgage loan, it agrees to repurchase or substitute a mortgage loan if it is later found to have breached any representation or warranty State Bank made about the loan or if the borrower is later found to have committed fraud in connection with the origination of the loan. While we have underwriting policies and procedures designed to avoid breaches of representations and warranties as well as borrower fraud, there can be no assurance that no breach or fraud will ever occur. Required repurchases, substitutions or indemnifications could have an adverse impact on our liquidity, results of operations and financial statements. We are subject to environmental liability risk associated with lending activities. A significant portion of our loan portfolio is secured by real property. During the ordinary course of business, we foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws and evolving regulation may require us to incur substantial expenses and may materially reduce the affected property' s value or limit our ability to use or sell the affected property. In addition, future laws and regulations or more stringent interpretations or enforcement policies with respect to existing laws or regulations may increase our exposure to environmental liability. Environmental reviews of real property before initiating foreclosure actions may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our business, financial condition and results of operations. Legislative, Legal and Regulatory Risks: FDIC insurance premiums may increase materially, which could negatively affect our profitability. The FDIC insures deposits at FDIC insured financial institutions, including State Bank. The FDIC charges the insured financial institutions premiums to maintain the DIF at a certain level. During 2008 and 2009, there were higher levels of bank failures which dramatically increased resolution costs of the FDIC and depleted the deposit insurance fund. The FDIC collected a special assessment in 2009 to replenish the DIF and also required a prepayment of an estimated amount of future deposit insurance premiums. In October 2022 adopted a final rule increasing the assessment rate from three basis points to five basis points beginning with the first quarterly assessment period of 2023. The FDIC recently adopted rules revising the assessments in a manner benefiting banks with assets totaling less than $ 10 billion. There can be no assurance, however, that assessments will not be changed in the future. We operate in a highly regulated industry, and the laws and regulations that govern our operations, corporate governance, executive compensation and financial accounting, or reporting, including changes in, or failure to comply with the same, may adversely affect the Company. The banking industry is highly regulated. We are subject to supervision, regulation and examination by various federal and state regulators, including the FRB, the SEC, the CFPB, the FDIC, Financial Industry Regulatory Authority, Inc. (" FINRA "), and various state regulatory agencies. The statutory and regulatory framework that governs the Company is generally designed to protect depositors and customers, the DIF, the U. S. banking and financial system, and financial markets as a whole and not to protect shareholders. These laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on our business activities (including foreclosure and collection practices), limit the dividends or distributions that we can pay, and impose certain specific accounting requirements that may be more restrictive and may result in greater or earlier charges to earnings or reductions in capital than would otherwise be required under generally accepted accounting principles in the United States of America. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. Both the scope of the laws and regulations and the intensity of the supervision to which we are subject have increased in recent years in response to the perceived state of the financial services industry, as well as other factors such as technological and market changes. Such regulation and supervision may increase our costs and limit our ability to pursue business opportunities. Further, our failure to comply with these laws and regulations, even if the failure was inadvertent or reflects a difference in interpretation, could subject the Company to restrictions on business activities, fines, and other penalties, any of which could adversely affect results of operations, the capital base, and the price of our common shares. Further, any new laws, rules, or regulations could make compliance more difficult or expensive or otherwise adversely affect our business and financial condition. Legislative or regulatory changes or actions could adversely impact our business. The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. Laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors, borrowers, the DIF and the banking system as a whole, and not to benefit our shareholders. Regulations affecting banks and financial services businesses are undergoing continuous change, and management cannot~~

~~predict the effect of these changes. While such changes are generally intended to lessen the regulatory burden on financial institutions, the impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact us or our ability to increase the value of our business. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of a financial institution, the classification of assets held by a financial institution, the adequacy of a financial institution' s allowance for loan losses and the ability to complete acquisitions. Additionally, actions by regulatory agencies against us could cause us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders. Even the reduction of regulatory restrictions could have an adverse effect on us and our shareholders if such lessening of restrictions increases competition within our industry or our market area. Changes in accounting standards could influence our results of operations. The accounting standard setters, including the FASB, the SEC and other regulatory bodies, periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can be difficult to predict and can materially affect how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, which would result in the restatement of our financial statements for prior periods. The preparation of consolidated financial statements in conformity with U. S. Generally Accepted Accounting Principles (" GAAP ") requires management to make significant estimates that affect the financial statements. Due to the inherent nature of these estimates, actual results may vary materially from management' s estimates. In June 2016, FASB issued a new accounting standard for recognizing current expected credit losses, commonly referred to as CECL. CECL will result in earlier recognition of credit losses and requires consideration of not only past and current events but also reasonable and supportable forecasts that affect collectability. The Company will be required to comply with the new standard in the first quarter of 2023. Upon adoption of CECL, credit loss allowances may increase, which would decrease retained earnings and regulatory capital. The federal banking regulators have adopted a regulation that will allow banks to phase in the day- one impact of CECL on regulatory capital over three years. The Company currently anticipates recording a one- time cumulative effect adjustment upon adoption of CECL effective January 1, 2023, and will not be utilizing the three- year phase in. Noncompliance with the Bank Secrecy Act (BSA) and other anti- money laundering statutes and regulations could cause a material financial loss. The BSA and the Patriot Act contain anti- money laundering and financial transparency provisions intended to detect and prevent the use of the U. S. financial system for money laundering and terrorist financing activities. The BSA, as amended by the Patriot Act, requires depository institutions and their holding companies to undertake activities including maintaining an anti- money laundering program, verifying the identity of clients, monitoring for and reporting suspicious transactions, reporting on cash transactions exceeding specified thresholds, and responding to requests for information by regulatory authorities and law enforcement agencies. The Financial Crimes Enforcement Network (" FinCEN "), a unit of the Treasury Department that administers the BSA, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the federal bank regulatory agencies, as well as the U. S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service. The AMLA is intended to be a comprehensive reform and modernization to U. S. bank secrecy and anti- money laundering laws, which includes a codified risk- based approach to anti- money laundering compliance for financial institutions; requires the development of standards for evaluating technology and internal processes for BSA compliance; expands enforcement- related and investigation- related authority, including increasing available sanctions for certain BSA violations and instituting BSA whistleblower incentives and protections. There is also increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control (" OFAC "). If the Company' s policies, procedures, and systems are deemed deficient, or if the policies, procedures, and systems of the financial institutions that the Company has already acquired or may acquire in the future are deficient, the Company may be subject to liability, including fines and regulatory actions such as restrictions on State Bank' s ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain planned business activities, including acquisition plans, which could negatively impact our business, financial condition, and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for the Company. We may be the subject of litigation, which could result in legal liability and damage to our business and reputation. From time to time, we may be subject to claims or legal action from customers, employees or others. Financial institutions like the Company and State Bank are facing a growing number of significant class actions, including those based on the manner of calculation of interest on loans and the assessment of overdraft fees. Future litigation could include claims for substantial compensatory and / or punitive damages or claims for indeterminate amounts of damages. We are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and other agencies regarding our business. These matters also could result in adverse judgments, settlements, fines, penalties, injunctions or other relief. Like other large financial institutions, we are also subject to risk from potential employee misconduct, including non- compliance with policies and improper use or disclosure of confidential information. Our insurance may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation exceed our insurance coverage, they could have a material adverse effect on our financial condition and results of operations. In addition, we may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms, if at all. We could face legal and regulatory risk arising out of our residential mortgage business. Numerous federal and state governmental, legislative and regulatory authorities are investigating practices in the business of mortgage and home equity lending and servicing and in the mortgage- related insurance and reinsurance industries. We could face the risk of class actions, other litigation and claims from: the owners of or purchasers of such loans originated or serviced by us, homeowners involved in foreclosure proceedings or various mortgage- related insurance programs, downstream purchasers of homes sold after foreclosure, title insurers, and other potential claimants. Included among these claims are claims~~

from purchasers of mortgage and home equity loans seeking the repurchase of loans where the loans allegedly breached origination covenants, representations, and warranties made to the purchasers in the purchase and sale agreements. The CFPB has issued new rules for mortgage origination and mortgage servicing. Both the origination and servicing rules create new private rights of action for consumers against lenders and servicers in the event of certain violations. Risks Related to Our Capital and Common Shares: Our ability to pay cash dividends is limited, and we may be unable to pay cash dividends in the future even if we elect to do so. We are dependent primarily upon the earnings of our operating subsidiaries for funds to pay dividends on our common shares. The payment of dividends by us is also subject to regulatory restrictions. As a result, any payment of dividends in the future will be dependent, in large part, on our ability to satisfy these regulatory restrictions and our subsidiaries' earnings, capital requirements, financial condition and other factors. There can be no assurance as to if or when the Company may pay dividends or as to the amount of any dividends which may be declared and paid to shareholders in future periods. Failure to pay dividends on our shares could have a material adverse effect on the market price of our shares. A limited trading market exists for our common shares, which could lead to price volatility. The ability to sell our common shares depends upon the existence of an active trading market for those shares. While our shares are listed for trading on the NASDAQ Capital Market, there is moderate trading volume in these shares. As a result, shareholders may be unable to sell our shares at the volume, price and time desired. The limited trading market for our shares may cause fluctuations in the market value of our shares to be exaggerated, leading to price volatility in excess of that which would occur in a more active trading market. In addition, even if a more active market of our shares should develop, we cannot guarantee that such a market will continue. The market price of our common shares may be subject to fluctuations and volatility. The market price of our common shares may fluctuate significantly due to, among other things, changes in market sentiment regarding our operations, financial results or business prospects, the banking industry generally or the macroeconomic outlook. Certain events or changes in the market or banking industry generally are beyond our control. In addition to the other risk factors contained or incorporated by reference herein, factors that could affect our trading price: ● our actual or anticipated operating and financial results, including how those results vary from the expectations of management, securities analysts and investors; ● changes in financial estimates or publications of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other financial institution; ● failure to declare dividends on our common shares from time to time; ● reports in the press or investment community generally or relating to our reputation or the financial services industry; ● developments in our business or operations or in the financial sector generally; ● any future offerings by us of our common shares; ● any future offerings by us of debt or preferred shares, which would be senior to our common shares upon liquidation and for purposes of dividend distributions; ● legislative or regulatory changes affecting our industry generally or our business and operations specifically; ● the operating and share price performance of companies that investors consider to be comparable to us; ● announcements of strategic developments, acquisitions, restructurings, dispositions, financings and other material events by us or our competitors; ● actions by our current shareholders, including future sales of common shares by existing shareholders, including our directors and executive officers; ● proposed or final regulatory changes or developments; ● anticipated or pending regulatory investigations, proceedings, or litigation that may involve or affect us; and ● other changes in U. S. or global financial markets, global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity, credit or asset valuations or volatility. Equity markets in general and our shares have experienced volatility over the past few years. The market price of our shares may continue to be subject to volatility unrelated to our operating performance or business prospects, which could result in a decline in the market price of our shares. Investors could become subject to regulatory restrictions upon ownership of our common shares. Under the Federal Change in Bank Control Act, a person may be required to obtain prior approval from the Federal Reserve before acquiring 10 percent or more of our common shares or the power to directly or indirectly control our management, operations, or policies. We have implemented anti- takeover devices that could make it more difficult for another company to purchase us, even though such a purchase may increase shareholder value. In many cases, shareholders may receive a premium for their shares if we were purchased by another company. Ohio law and our Amended Articles of Incorporation, as amended (" Articles "), and Amended and Restated Regulations, as amended (" Regulations "), make it difficult for anyone to purchase us without the approval of our Board of Directors. Consequently, a takeover attempt may prove difficult, and shareholders may not realize the highest possible price for their securities. We may be compelled to seek additional capital in the future, but capital may not be available when needed. We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. In addition, federal banking agencies have proposed extensive changes to their capital requirements; including raising required amounts and eliminating the inclusion of certain instruments from the calculation of capital. In addition, we may elect to raise additional capital to support our business or to finance acquisitions, if any, or we may otherwise elect to raise additional capital. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot be assured of our ability to raise additional capital if needed or on terms acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our financial condition, results of operations and prospects. General Risk Factors: Our earnings are significantly affected by the fiscal and monetary policies of the federal government and its agencies. The policies of the FRB impact us significantly. The FRB regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest- bearing deposits, and can also affect the value of financial instruments we hold. Those policies determine to a significant extent our cost of funds for lending and investing. Changes in those policies are beyond our control and are difficult to predict. FRB policies can also affect our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the FRB could reduce the demand for a borrower' s products and services. This could adversely affect the borrower' s earnings and ability to repay its loan, which could have a material adverse effect on our financial condition and results of operations. Changes

~~in tax laws could adversely affect our performance. We are subject to extensive federal, state and local taxes, including income, excise, sales / use, payroll, franchise, withholding and ad valorem taxes. Changes to tax laws could have a material adverse effect on our results of operations; fair values of net deferred tax assets and obligations of state and political subdivisions held in our investment securities portfolio. In addition, our customers are subject to a wide variety of federal, state and local taxes. Changes in taxes paid by our customers may adversely affect their ability to purchase homes or consumer products, which could adversely affect their demand for our loans and deposit products. In addition, such negative effects on our customers could result in defaults on the loans we have made. The preparation of our financial statements requires the use of estimates that may vary from actual results. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U. S. requires management to make significant estimates that affect the financial statements. Two of our most critical estimates are the level of the allowance for loan losses and the accounting for goodwill and other intangibles. Because of the inherent nature of these estimates, we cannot provide complete assurance that we will not be required to adjust earnings for significant unexpected loan losses, nor that we will not recognize a material provision for impairment of our goodwill. For additional information regarding these critical estimates, see Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 33 of this Annual Report on Form 10- K. We may experience increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to the Company' s environmental, social and governance practices. Financial institutions are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social, and governance (" ESG ") practices and disclosure. Investor advocacy groups, investment funds, and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions, and human rights. Increased ESG-related compliance costs for the Company as well as among our suppliers, vendors and various other parties within our supply chain could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, access to capital, and the price of our common shares. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. We need to constantly update our technology in order to compete and meet customer demands. The financial services market, including banking services, is undergoing rapid technological changes with frequent introductions of new technology- driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and may enable us to reduce costs. Our future success will depend, in part, on our ability to use technology to provide products and services that provide convenience to customers and to create additional efficiencies in our operations. Some of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological changes affecting the financial services industry could negatively affect our growth, revenue and profit. Climate change, severe weather, natural disasters, acts of war or terrorism and other external events could significantly impact our business. Natural disasters, including severe weather events of increasing strength and frequency due to climate change, acts of war or terrorism, and other adverse external events could have a significant impact on our ability to conduct business or upon third parties who perform operational services for us or our customers. Such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in lost revenue or cause us to incur additional expenses. Item 1B. Unresolved Staff Comments. None. Item 2. Properties. The Company' s principal executive offices are located at 401 Clinton Street, Defiance, Ohio. State Bank owns this facility, with a portion of the facility utilized as a retail banking center. In addition, State Bank owns the land and buildings occupied by 21 of its banking centers and leases two other properties used as banking centers. The Company also occupies office space from various parties for loan production and other business purposes on varying lease terms. There is no outstanding mortgage debt on any of the properties which are owned by State Bank. Listed below are the banking centers, loan production offices and service facilities of the Company and their addresses, all of which are located in Allen, Defiance, Delaware, Franklin, Fulton, Hancock, Lucas, Paulding, Williams and Wood counties of Ohio; Allen, Boone, Hamilton and Steuben counties of Indiana; and Monroe county of Michigan: SB Financial Group, Inc. Property List as of December 31, 2022 ($ in thousands) Description / Address Leased / Owned Total Deposits 12 / 31 / 22 Main Banking Center & Corporate Office 401 Clinton Street, Defiance, OH Owned $ 281, 891 Banking Centers / Drive- Thru' s 1419 West High Street, Bryan, OH Owned 51, 585 510 Third Street, Defiance, OH (Drive- thru) Owned N / A 1600 North Clinton Street, Defiance, OH Leased 41, 217 312 Main Street, Delta, OH Owned 23, 015 4080 West Dublin Granville Road, Dublin, OH Owned 77, 113 104 North Michigan Avenue, Edgerton, OH Owned 12, 029 201 East Lincoln Street, Findlay, OH Owned 22, 771 408 South Main Street Suite A, Findlay, OH Leased 594 12832 Coldwater Road, Fort Wayne, IN Owned 24, 478 1232 North Main Street, Bowling Green, OH Owned 21, 023 235 Main Street, Luckey, OH Owned 29, 496 133 East Morenci Street, Lyons, OH Owned 22, 139 930 West Market Street, Lima, OH Owned 57, 153 1201 East Main Street, Montpelier, OH Owned 46, 778 218 North First Street, Oakwood, OH Owned 26, 333 220 North Main Street, Paulding, OH Owned 70, 869 610 East South Boundary Street, Perrysburg, OH Owned 17, 709 119 South State Street, Pioneer, OH Owned 38, 003 6401 Monroe Street, Sylvania, OH Owned 70, 541 311 Main Street, Walbridge, OH Owned 28, 941 101 North Michigan Street, Edon, OH Owned 60, 572 1379 North Shoop Avenue, Wauseon, OH Owned 62, 415 Loan Production Offices 307 North Wayne Street, Angola, IN Owned N / A 10100 Lantern Road, Suite 240, Fishers, IN Leased N / A 94 Granville Street, Gahanna, OH Owned N / A 8204 Secor Road, Lambertville, MI Leased N / A 1900 Monroe Street, Suite 108, Toledo, OH Leased N / A 100 South Main Street, Suite 102, Zionsville, IN Leased N / A Service Facilities (SBT / SBFG Title) 104 Depot Street, Archbold, OH Leased N / A 105 East Holland Street, Archbold, OH Leased N / A 125 West Butler Street, Bryan OH Owned N / A 9101 Antares Avenue, Columbus, OH Owned N / A 1911 Baltimore Road, Defiance, OH Leased N / A 10100 Lantern Road, Fishers, IN Leased N / A Total~~

deposits $ 1, 086, 665 SB Captive operates from office space located at 101 Convention Center Dr., Suite 850, Las Vegas, NV 89109. The Company' s subsidiaries have several noncancellable leases for business use that expire over the next five years. Aggregate rental expense for these leases was $ 0. 20 million and $ 0. 19 million for the years ended December 31, 2022 and 2021, respectively. Future minimum lease payments under operating leases are: ($ in thousands) 2023 $ 227 2024 184 2025 149 2026 135 2027 117 Thereafter 727 Total minimum lease payments $ 1, 539 Item 3. Legal Proceedings. In the ordinary course of our business, the Company and its subsidiaries are parties to various legal actions, which we believe are incidental to the operation of our business. Although the ultimate outcome and amount of liability, if any, with respect to these legal actions cannot presently be ascertained with certainty, in the opinion of management, based upon information currently available to us, any resulting liability is not likely to have a material adverse effect on the Company' s consolidated financial position, results of operations or cash flows. Item 4. Mine Safety Disclosures. Not Applicable Supplemental Item: Information about our Executive Officers The following table lists the names and ages of the executive officers of the Company as of February 24, 2023, the positions presently held by each executive officer, and the business experience of each executive officer during his or her employment at the Company. Unless otherwise indicated, each person has held his or her principal occupation (s) for more than five years. Name Age Position (s) Held with the Company and its Subsidiaries and Principal Occupation (s) Mark A. Klein Chairman of the Company since April 2015; Director of the Company since February 2010; President and Chief Executive Officer of the Company since January 2010 and of State Bank since January 2006; Director of State Bank since 2006; President of RDSI since October 2011; Member of State Bank Trust Investment Review Committee since March 2007. Anthony V. Cosentino Executive Vice President and Chief Financial Officer of the Company and State Bank since March 2010; Chief Financial Officer of RDSI since October 2011; Member of State Bank Trust Investment Review Committee since June 2010. Ernesto Gaytan Executive Vice President and Chief Technology Innovation Officer of the Company and State Bank since November 2017. Steven R. Walz Executive Vice President and Chief Lending Officer of State Bank since December 2021; Senior Vice President and Chief Lending Officer of State Bank from September 2021 through December 2021; Senior Vice President and Chief Credit Officer of State Bank from November 2017 through November 2019; Vice President and Senior Credit Analyst of State Bank from September 2012 through November 2017; Assistant Vice President and Commercial Services Officer of State Bank from September 2011 to September 2012; Assistant Vice President and Credit Analyst of State Bank from January 2010 through September 2012; Began working for State Bank in October 2007 as a Credit Analyst; Mr. Walz left State Bank in November 2019 worked as President for K & P Medical Transport, LLC. prior to rejoining State Bank in September 2021, Keeta J. Diller Executive Vice President of the Company since July 2019; Executive Vice President and Chief Risk Officer of State Bank since July 2019; Senior Vice President and Chief Enterprise Risk Management Officer of State Bank from August 2018 through July 2019; Senior Vice President and Audit Coordinator and Director of Operations of State Bank from December 2011 through August 2018; Vice President and Internal Auditor of State Bank from January 2010 through December 2011; Corporate Secretary for the Company since 1996; Began working for State Bank in February 1990 as the Accounting Supervisor. David A. Homoelle Columbus Regional President and Residential Real Estate Executive of State Bank since May 2021; Columbus Regional President of State Bank from November 2007 through May 2021; Began working for State Bank in November 2007 as a Columbus Regional President. PART II Item 5. Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. Market Information Our common shares are traded on the NASDAQ Capital Market under the symbol " SBFG ". There were 6, 935, 462 common shares outstanding as of December 31, 2022, which were held by approximately 1, 167 record holders. The Company paid quarterly dividends on its common shares in the aggregate amounts of $ 0. 48 per share and $ 0. 44 per share in 2022 and 2021, respectively. The Company presently anticipates continuing to pay quarterly dividends in the future at similar levels. However, there is no guarantee that dividends on our common shares will continue in the future. Payment of dividends by State Bank may be restricted at any time at the discretion of the regulatory authorities, if they deem such dividends to constitute an unsafe and / or unsound banking practice. These provisions could have the effect of limiting the Company' s ability to pay dividends on its outstanding shares. Moreover, the Federal Reserve Board expects the Company to serve as a source of strength to its subsidiary banks, which may require it to retain capital for further investment in State Bank, rather than for dividends to shareholders of the Company. The Company' s ability to pay dividends on its shares is also conditioned upon the payment, on a current basis, of quarterly interest payments on the subordinated debentures underlying the Company' s trust preferred securities. In addition, under the terms of the Company' s fixed- to- floating rate subordinated debt, the Company' s ability to pay dividends on its shares is conditioned upon the Company continuing to make required principal and interest payments, and not incurring an event of default, with respect to the subordinated debt. Period Ending Index 12 / 31 / 17 12 / 31 / 18 12 / 31 / 19 12 / 31 / 20 12 / 31 / 21 12 / 31 / 22 SB Financial Group, Inc. 100. 00 90. 50 110. 59 105. 35 116. 11 107. 93 NASDAQ Composite Index 100. 00 97. 16 132. 81 192. 47 235. 15 158. 65 KBW NASDAQ Bank Index 100. 00 82. 29 112. 01 100. 46 138. 97 109. 23 Source: S & P Global Market Intelligence © 2023 The table below reflects the common shares repurchased by the Company during the three months ended December 31, 2022. As of December 31, 2022, the Company had 480, 682 shares remaining of the 500, 000 approved under the Company' s existing share repurchase program which was authorized on December 21, 2022 and expires December 31, 2024. (a) (b) (c) (d) Period Total Number of Shares Purchased Weighted Average Price Paid per Share Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs 10 / 01 / 22- 10 / 31 / 22 2, 814 $ 17. 05 2, 814 492, 825 11 / 01 / 22- 11 / 30 / 22 4, 440 16. 83 4, 440 488, 385 12 / 01 / 22- 12 / 31 / 22 7, 703 16. 70 7, 703 480, 682 Totals 14, 957 $ 16. 80 14, 957 480, 682 Item 6. [Reserved]. Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. SB Financial Group, Inc. (" SB Financial "), is a financial holding company registered with the Federal Reserve Board and subject to regulation under the Bank Holding Company Act of 1956, as amended. Through its direct and indirect subsidiaries, including The State Bank and Trust Company (" State Bank "), SB Financial is engaged in commercial and retail banking, wealth management and private client financial

services. The following discussion provides a review of the consolidated financial condition and results of operations of SB Financial and its subsidiaries (collectively, the " Company "). This discussion should be read in conjunction with the Company' s consolidated financial statements and related footnotes as of and for the years ended December 31, 2022 and 2021. Strategic Discussion The focus and strategic goal of the Company is to grow into and remain a top decile (> 90th percentile) independent financial services company. The Company intends to achieve and maintain that goal by executing our five key initiatives. Increase profitability through ongoing diversification of revenue streams: For the twelve months ended December 31, 2022, the Company generated $ 18. 2 million in noninterest income, or 31. 6 percent of total operating revenue, from fee- based products. These revenue sources include fees generated from saleable residential mortgage loans, retail deposit products, wealth management services, saleable business- based loans (small business and farm service) and title agency revenue. For the twelve months ended December 31, 2021, the Company generated $ 30. 7 million in noninterest income, or 44. 8 percent of total operating revenue from fee- based products. Strengthen our penetration in all markets served: Over our 119- year history of continuous operation in Northwest Ohio, we have established a significant presence in our traditional markets in Defiance, Fulton, Paulding and Williams counties in Ohio. In our newer markets of Bowling Green, Columbus, Findlay, Toledo (Ohio) and Ft. Wayne (Indiana), our current market penetration is minimal but we believe our potential for growth is significant. In the past years, we have expanded and committed additional resources to our presence in the Findlay and Edgerton markets in particular; however, we continue to seek to expand the presence and penetration in all of our markets. Expand product utilization by new and existing customers: As of December 31, 2022, we operated in 14 counties in Northwest Ohio and Northeast Indiana with 23 full service offices, 23 ATM' s and six loan production offices. Combined in the 14 counties of operation, we command 4. 3 percent of the deposit market share, which has steadily grown. Deliver gains in operational excellence: Our management team believes that becoming and remaining a high- performance financial services company will depend upon seamlessly and consistently delivering operational excellence, as demonstrated by the Company' s leadership in the origination and servicing of residential mortgage loans. As of December 31, 2022, the Company serviced 8, 514 residential mortgage loans with an aggregate principal balance of $ 1. 35 billion. As of December 31, 2021, the Company serviced 8, 614 loans with an aggregate principal balance of $ 1. 36 billion. Sustain asset quality: As of December 31, 2022, the Company' s asset quality metrics remained strong. Specifically, total nonperforming assets were $ 5. 1 million, or 0. 38 percent of total assets. Total delinquent loans at December 31, 2022 were 0. 27 percent of total loans. As of December 31, 2021, the Company had total nonperforming assets of $ 6. 5 million, or 0. 49 percent of total assets. Total delinquent loans at December 31, 2021 were 0. 46 percent of total loans. The successful execution of these five strategies have enabled the Company to improve financial performance across a broad series of metrics. These metrics over the last five years are outlined in the following table. Specifically, the Company has increased total assets by $ 348. 8 million, or 35. 3 percent. The growth has been on both sides of the balance sheet over the five year period, with loans growing $ 190. 2 million or 24. 6 percent and deposits growing $ 284. 1 million or 35. 4 percent. During the prior five- year period, the Company has raised capital through the issuance of equity and debt to the market on two separate occasions during the period, which has raised equity capital significantly and expanded liquidity for potential strategic expansion. Strategic expansion has also occurred during the period with the acquisition of a small community bank (The Edon State Bank of Edon, Ohio) in 2020, the opening of three branch offices and the acquisition of two full service title agencies. Financial Highlights Year Ended December 31, ($ in thousands, except per share data) 2022 2021 2020 2019 2018 Earnings Interest income $ 44, 569 $ 41, 904 $ 42, 635 $ 44, 400 $ 39, 479 Interest expense 5, 170 4, 020 6, 705 9, 574 6, 212 Net interest income 39, 399 37, 884 35, 930 34, 826 33, 267 Provision for loan losses- 1, 050 4, 500 800 600 Noninterest income 18, 231 30, 697 30, 096 18, 016 16, 624 Noninterest expense 42, 314 44, 808 43, 087 37, 410 34, 847 Provision for income taxes 2, 795 4, 446 3, 495 2, 659 2, 806 Net income 12, 521 18, 277 14, 944 11, 973 11, 638 Preferred stock dividends--- 950 975 Net income available to common shareholders 12, 521 18, 277 14, 944 11, 023 10, 663 Per Common Share Data Basic earnings $ 1. 79 $ 2. 58 $ 1. 96 $ 1. 71 $ 1. 72 Diluted earnings 1. 77 2. 56 1. 96 1. 51 1. 51 Cash dividends declared 0. 48 0. 44 0. 40 0. 36 0. 32 Total equity per share 17. 08 21. 05 19. 39 17. 53 16. 36 Average Balances Average total assets $ 1, 318, 781 $ 1, 322, 253 $ 1, 161, 396 $ 1, 027, 932 $ 947, 266 Average equity 126, 963 144, 223 139, 197 133, 190 121, 094 Ratios Return on average total assets 0. 95 % 1. 38 % 1. 29 % 1. 16 % 1. 23 % Return on average equity 9. 86 12. 67 10. 74 8. 99 9. 61 Cash dividend payout ratio1 27. 25 17. 18 20. 54 23. 84 19. 60 Average equity to average assets 9. 63 10. 91 11. 99 12. 96 12. 78 Period End Totals Total assets $ 1, 335, 633 $ 1, 330, 854 $ 1, 257, 839 $ 1, 038, 577 $ 986, 828 Available- for- sale securities 238, 780 263, 259 149, 406 100, 948 90, 969 Loans held for sale 2, 073 7, 472 7, 234 7, 258 4, 445 Total loans & leases 962, 075 822, 714 872, 723 825, 510 771, 883 Allowance for loan losses 13, 818 13, 805 12, 574 8, 755 8, 167 Total deposits 1, 086, 665 1, 113, 045 1, 049, 011 840, 219 802, 552 Advances from FHLB 60, 000 5, 500 8, 000 16, 000 16, 000 Trust preferred securities 10, 310 10, 310 10, 310 10, 310 10, 310 Subordinated debt, net 19, 594 19, 546--- Total equity 118, 428 144, 929 142, 923 136, 094 130, 435 1 Cash dividends on common shares divided by net income available to common. Critical Accounting Policies The accounting and reporting policies of the Company are in accordance with generally accepted accounting principles in the United States and conform to general practices within the banking industry. The Company' s significant accounting policies are described in detail in the notes to the Company' s Consolidated Financial Statements for the years ended December 31, 2022 and 2021. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The Company' s financial position and results of operations can be affected by these estimates and assumptions and are integral to the understanding of reported results. Critical accounting policies are those policies that management believes are the most important to the portrayal of the Company' s financial condition and results, and they require management to make estimates that are difficult, subjective or complex. Allowance for Loan Losses: The allowance for loan losses provides coverage for probable losses inherent in the Company' s loan portfolio. Management evaluates the adequacy of the allowance for loan losses each quarter based on changes, if any, in the nature and amount of problem assets and associated collateral, underwriting activities, loan portfolio composition (including product mix and

~~geographic, industry or customer- specific concentrations), trends in loan performance, regulatory guidance and economic factors. This evaluation is inherently subjective, as it requires the use of significant management estimates. Many factors can affect management' s estimates of specific and expected losses, including volatility of default probabilities, rating migrations, loss severity and economic and political conditions. The allowance is increased through provisions charged to operating earnings and reduced by net charge offs. The Company determines the amount of the allowance based on relative risk characteristics of the loan portfolio. The allowance recorded for commercial loans is based on reviews of individual credit relationships and an analysis of the migration of commercial loans and actual loss experience. The allowance recorded for homogeneous consumer loans is based on an analysis of loan mix, risk characteristics of the portfolio, fraud loss and bankruptcy experiences, and historical losses, adjusted for current trends, for each homogeneous category or group of loans. The allowance for credit losses relating to impaired loans is based on each impaired loan' s observable market price, the collateral for certain collateral- dependent loans, or the discounted cash flows using the loan' s effective interest rate. Regardless of the extent of the Company' s analysis of customer performance, portfolio trends or risk management processes, certain inherent, but undetected, losses are probable within the loan portfolio. This is due to several factors including inherent delays in obtaining information regarding a customer' s financial condition or changes in their unique business conditions, the subjective nature of individual loan valuations, collateral assessments and the interpretation of economic trends. Volatility of economic or customer- specific conditions affecting the identification and estimation of losses for larger non- homogeneous credits and the sensitivity of assumptions utilized to establish allowances for homogenous groups of loans are also factors. The Company estimates a range of inherent losses related to the existence of these exposures. The estimates are based upon the Company' s evaluation of imprecise risk associated with the commercial and consumer allowance levels and the estimated impact of the current economic environment. Goodwill and Other Intangibles: The Company records all assets and liabilities acquired in purchase acquisitions, including goodwill and other intangibles, at fair value as required. Goodwill is subject, at a minimum, to annual tests for impairment. Other intangible assets are amortized over their estimated useful lives using straight- line and accelerated methods, and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. The initial goodwill and other intangibles recorded and subsequent impairment analysis requires management to make subjective judgments concerning estimates of how the acquired asset will perform in the future. Events and factors that may significantly affect the estimates include, among others, customer attrition, changes in revenue growth trends, specific industry conditions and changes in competition. Deferred Tax Asset: The Company has evaluated its deferred tax asset to determine if it is more likely than not that the asset will be realized in the future. The Company' s most recent evaluation has determined that the Company will more likely than not be able to realize the remaining deferred tax asset. Income Tax Accounting: The Company files a consolidated federal income tax return. The provision for income taxes is based upon income in the consolidated financial statements, rather than amounts reported on our income tax return. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in rates on the deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. Changes in Financial Condition Total assets at December 31, 2022, were $ 1. 34 billion, compared to $ 1. 33 billion at December 31, 2021. Loans (excluding loans held for sale) were $ 962. 1 million at December 31, 2022, compared to $ 822. 7 million at December 31, 2021. Total deposits were $ 1. 09 billion at December 31, 2022, compared to $ 1. 11 billion at December 31, 2021. As client balance sheets and liquidity was utilized in the economy, deposit levels moderated and assets were reallocated from cash and securities into loans. The following are the condensed average balance sheets of the Company for the years ending December 31 and includes the interest earned or paid, and the average interest rate, on each asset and liability: 2022 2021 2020 ($ in thousands) Average Average Average Average Average Average Balance Interest Rate Balance Interest Rate Balance Interest Rate Assets Taxable securities / cash $ 330, 549 $ 5, 798 1. 75 % $ 380, 770 $ 3, 386 0. 89 % $ 185, 480 $ 2, 328 1. 26 % Non- taxable securities 8, 106 198 2. 44 % 7, 802 353 4. 52 % 6, 625 333 5. 03 % Loans, net1 888, 116 38, 573 4. 34 % 854, 521 38, 165 4. 47 % 880, 338 39, 974 4. 54 % Total earning assets 1, 226, 771 44, 569 3. 63 % 1, 243, 093 41, 904 3. 37 % 1, 072, 443 42, 635 3. 98 % Cash and due from banks 7, 296 7, 290 14, 553 Allowance for loan losses (13, 808) (13, 422) (10, 165) Premises and equipment 24, 137 24, 710 23, 776 Other assets 74, 385 60, 582 60, 789 Total assets $ 1, 318, 781 $ 1, 322, 253 $ 1, 161, 396 Liabilities Savings and interest- bearing demand deposits $ 693, 271 $ 2, 258 0. 33 % $ 672, 296 $ 1, 813 0. 27 % $ 492, 267 $ 3, 152 0. 64 % Time deposits 159, 401 1, 219 0. 76 % 177, 918 1, 316 0. 74 % 247, 955 2, 918 1. 18 % Repurchase agreements & other 20, 481 39 0. 19 % 22, 821 42 0. 18 % 22, 832 70 0. 31 % Advances from FHLB 16, 420 515 3. 14 % 6, 507 188 2. 89 % 14, 186 309 2. 18 % Trust preferred securities 10, 310 361 3. 50 % 10, 310 199 1. 93 % 10, 310 256 2. 48 % Subordianted debt 19, 570 778 3. 98 % 12, 057 462 3. 83 % Total interest- bearing liabilities 919, 453 5, 170 0. 56 % 901, 909 4, 020 0. 45 % 787, 550 6, 705 0. 85 % Demand deposits 252, 899 255, 908 211, 004 Other liabilities 19, 466 20, 213 23, 645 Total liabilities 1, 191, 818 1, 178, 030 1, 022, 199 Shareholders' equity 126, 963 144, 223 139, 197 Total liabilities and shareholders' equity $ 1, 318, 781 $ 1, 322, 253 $ 1, 161, 396 Net interest income (tax equivalent basis) $ 39, 399 $ 37, 884 $ 35, 930 Net interest income as a percent of average interest- earning assets- GAAP measure 3. 21 % 3. 05 % 3. 35 % Net interest income as a percent of averageinterest- earning assets- Non- GAAP measure 2 3. 22 % 3. 06 % 3. 36 %-- Computed on a fully tax equivalent basis (FTE) 1Nonaccruing loans and loans held for sale are included in the average balances. 2Interest on tax exempt securities and loans is computed on a tax equivalent basis using a 21 percent statutory tax rate, and added to the net interest income. The tax equivalent adjustment was $ 0. 15, $ 0. 15 and $ 0. 15 million in 2022, 2021 and 2020, respectively. The following tables set forth the effect of volume and rate changes on interest income and expense for the periods indicated. For purposes of these tables, changes in interest due to volume and rate were determined as follows: ● Volume variance- change in volume multiplied by the previous year' s rate. ● Rate variance- change in rate multiplied by the previous year' s volume. ●~~

Rate / volume variance- change in volume multiplied by the change in rate. This variance allocates the volume variance and rate variance in proportion to the relationship of the absolute dollar amount of the change in each. Total Variance Variance Attributable To ($ in thousands) 2022 / 2021 Volume Rate Interest income Taxable securities $ 2, 412 $ (447) $ 2, 859 Non- taxable securities1 (155) 14 (169) Loans, net of unearned income and deferred fees1 408 1, 500 (1, 092) Total interest income 2, 665 1, 067 1, 598 Interest expense Savings and interest- bearing demand deposits 445 57 388 Time deposits (97) (137) 40 Repurchase agreements & other (3) (4) 1 Advances from FHLB 327 286 41 Trust preferred securities 162- 162 Subordinated debt 316 316- Total interest expense 1, 150 518 632 Net interest income $ 1, 515 $ 549 $ 966 1Interest on non- taxable securities and loans has been adjusted to fully tax equivalentThe maturity distribution and weighted- average interest rates of debt securities available- for- sale at December 31, 2022, are set forth in the table below. The weighted- average interest rates are based on coupon rates for securities purchased at par value and on effective interest rates considering amortization or accretion if the securities were purchased at a premium or discount: Maturing ($ in thousands) Within 1 Year Weighted Average Yield 1- 5 Years Weighted Average Yield 5- 10 Years Weighted Average Yield After 10 Years Weighted Average Yield Total Weighted Average Yield Available for sale: U. S. Treasury and Government agencies $ 243 0. 64 % $ 1, 022 2. 45 % $ 5, 499 1. 78 % $- $ 6, 764 1. 84 % Mortgage- backed securities- 1, 827 2. 74 % 29, 142 1. 65 % 174, 866 1. 36 % 205, 835 1. 41 % State and political subdivisions 837 3. 38 % 792 2. 85 % 1, 893 4. 37 % 7, 581 2. 64 % 11, 103 2. 97 % Other corporate securities-- 15, 078 3. 69 %- 15, 078 3. 69 % Total securities by maturity $ 1, 080 2. 76 % $ 3, 641 2. 68 % $ 51, 612 2. 36 % $ 182, 447 1. 41 % $ 238, 780 1. 64 % 1Yields are presented on a tax- equivalent basis. ($ in thousands) Years Ended December 31, Total loans 2022 2021 % Change Commercial business & agriculture $ 192, 478 $ 179, 653 7. 1 % Commercial real estate 412, 635 381, 168 8. 3 % Residential real estate 291, 512 206, 424 41. 2 % Consumer & other 65, 005 55, 156 17. 9 % Total loans 961, 630 822, 401 16. 9 % Net deferred costs (fees) 445 313 42. 2 % Total loans, net deferred costs (fees) 962, 075 822, 714 16. 9 % Loans held for sale $ 2, 073 $ 7, 472- 72. 3 % Total deposits 2022 2021 % Change Noninterest bearing demand $ 256, 799 $ 247, 044 3. 9 % Interest- bearing demand 191, 719 195, 464- 1. 9 % Savings & money market 447, 267 514, 033- 13. 0 % Time deposits 190, 880 156, 504 22. 0 % Total deposits 1, 086, 665 1, 113, 045- 2. 4 % Total shareholders' equity $ 118, 428 $ 144, 929- 18. 3 % Loans held for investment increased $ 139. 4 million, or 16. 9 percent, to $ 962. 1 million at December 31, 2022, which was due to an increase in residential and commercial real estate lending during 2022. The Company booked a much higher portion of residential real estate production on the balance sheet as saleable pricing was not competitive during much of 2022. Concentrations of Credit Risk: The Company makes commercial, real estate and installment loans to customers located mainly in the Tri- State region of Ohio, Indiana and Michigan. Commercial loans include loans collateralized by commercial real estate, business assets and, in the case of agricultural loans, crops and farm equipment and the loans are expected to be repaid from cash flow from operations of businesses. As of December 31, 2022, commercial business and agricultural loans made up approximately 29. 6 percent of the loans held for investment (" HFI ") loan portfolio while commercial real estate loans accounted for approximately 42. 5 percent of the HFI loan portfolio. Residential first mortgage loans made up approximately 20. 9 percent of the HFI loan portfolio and are secured by first mortgages on residential real estate, while consumer loans to individuals made up approximately 7. 0 percent of the HFI loan portfolio and are primarily secured by consumer assets. Maturities and Sensitivities of Loans to Changes in Interest Rates: The following table shows the maturity distribution of loans outstanding as of December 31, 2022. The amounts have been categorized between loans with a fixed or floating interest rate (floating rate loans have an adjustable interest rate that changes in accordance to a rate index). Maturities and Sensitivities of Loans to Changes in Interest Rates As of December 31, 2022 ($ in thousands) Within one year After one, but within five years After five, but within fifteen years After fifteen years Total Loans with fixed interest rates: Commercial & industrial $ 1, 527 $ 20, 613 $ 28, 442 $ 21 $ 50, 603 Commercial real estate- owner occupied 461 3, 662 7, 822- 11, 945 Commercial real estate- nonowner occupied 3, 181 19, 356 13, 257 142 35, 936 Agricultural 131 4, 214 9, 341 1, 595 15, 281 Residential real estate 893 801 18, 066 32, 078 51, 838 HELOC----- Consumer 3, 544 9, 195 3, 362 76 16, 177 Total $ 9, 737 $ 57, 841 $ 80, 290 $ 33, 912 $ 181, 780 Loans with floating interest rates: Commercial & industrial $ 32, 554 $ 9, 351 $ 35, 159 $ 423 $ 77, 487 Commercial real estate- owner occupied 2, 642 12, 108 44, 116 40, 037 98, 903 Commercial real estate- nonowner occupied 3, 596 35, 334 110, 556 116, 365 265, 851 Agricultural 189 6, 440 18, 689 23, 789 49, 107 Residential real estate 7, 920 364 12, 962 218, 428 239, 674 HELOC 112 262 32, 710 11, 977 45, 061 Consumer 335 3, 432-- 3, 767 Total $ 47, 348 $ 67, 291 $ 254, 192 $ 411, 019 $ 779, 850 Total loans: Commercial & industrial $ 34, 081 $ 29, 964 $ 63, 601 $ 444 $ 128, 090 Commercial real estate- owner occupied 3, 103 15, 770 51, 938 40, 037 110, 848 Commercial real estate- nonowner occupied 6, 777 54, 690 123, 813 116, 507 301, 787 Agricultural 320 10, 654 28, 030 25, 384 64, 388 Residential real estate 8, 813 1, 165 31, 028 250, 506 291, 512 HELOC 112 262 32, 710 11, 977 45, 061 Consumer 3, 879 12, 627 3, 362 76 19, 944 Total loans $ 57, 085 $ 125, 132 $ 334, 482 $ 444, 931 $ 961, 630 Deposits decreased $ 26. 4 million, or 2. 4 percent, to $ 1. 09 billion at December 31, 2022. Deposits declined in 2022 after experiencing over $ 200 million in growth during 2021. Increased inflation and interest rates resulted in clients seeking higher returns on their deposit accounts. As a result, during 2022, we experienced a shift in the mix of our deposit balances as more of our clients moved balances to long- term time deposit accounts. Specifically, during 2022, time deposits increased $ 34. 4 million, or 22 percent, while other deposits decreased $ 60. 8 million, or 6 percent. The average amount of deposits and weighted- average rates paid are summarized as follows for the years ended December 31: 2022 2021 2020 Average Average Average Average Average Average ($ in thousands) Amount Rate Amount Rate Amount Rate Savings and interest bearing demand deposits $ 693, 271 0. 33 % $ 672, 296 0. 27 % $ 492, 267 0. 64 % Time deposits 159, 401 0. 76 % 177, 918 0. 74 % 247, 955 1. 18 % Non interest bearing demand deposits 252, 899- 255, 908- 211, 004- Totals $ 1, 105, 571 0. 31 % $ 1, 106, 122 0. 28 % $ 951, 226 0. 64 % Time deposits that exceeded the FDIC insurance limit of $ 250, 000 are summarized as follows: ($ in thousands) 2022 2021 Three months or less $ 6, 992 $ 1, 033 Over three months through six months 102 415 Over six months and through twelve months 1, 330 3, 083 Over twelve months 6, 949 238 Total $ 15, 373 $ 4, 769 Shareholders' equity at December 31, 2022, was $ 118. 4 million or 8. 9 percent of total

assets compared to $ 144. 9 million or 10. 9 percent of total assets at December 31, 2021. Retained earnings increased during the year due to earnings of $ 12. 5 million less dividends paid to common shareholders of $ 3. 4 million and repurchases of Company common shares of $ 5. 8 million. The fair market value of the bond portfolio regressed during 2022 due to the valuation adjustment on the portfolio, which resulted in a decline in accumulated other comprehensive income (" AOCI ") of $ 30. 3 million. The Company continued to repurchase its own stock during the year. Specifically, the Company repurchased approximately 317, 000 shares during 2022 at an average price of $ 18. 43 per share. As of December 31, 2022, the Company had 480, 682 shares remaining of the 500, 000 shares authorized for repurchase under the Company' s existing share repurchase program, which was authorized on December 21, 2022 and expires December 31, 2024. Asset Quality Years Ended December 31, ($ in thousands) 2022 2021 % Change Nonaccruing loans $ 3, 682 $ 3, 652 0. 8 % Accruing restructured loans (TDRs) 654 725- 9. 8 % Foreclosed assets and other assets held for sale, net 777 2, 104- 63. 1 % Nonperforming assets 5, 113 6, 481- 21. 1 % Net recoveries (13) (181)- 92. 8 % Loan loss provision- 1, 050- 100. 0 % Allowance for loan losses 13, 818 13, 805 0. 1 % Nonaccruing loans / total loans 0. 38 % 0. 44 %- 13. 8 % Allowance / nonaccruing loans 375. 29 % 378. 01 %- 0. 7 % Nonperforming assets / total assets 0. 38 % 0. 49 %- 21. 4 % Net charge offs / average loans 0. 00 %- 0. 02 %- 95. 0 % Allowance / loans 1. 44 % 1. 68 %- 14. 4 % Allowance / nonperforming loans 318. 68 % 315. 40 % 1. 0 % Nonperforming assets consisting of loans, Other Real Estate Owned (" OREO ") and accruing TDRs totaled $ 5. 1 million, or 0. 38 percent of total assets at December 31, 2022, a decrease of $ 1. 4 million, or 21. 1 percent from 2021. The Company had total net recoveries on loans in both 2022 and 2021, with $ 13, 000 in net recoveries in 2022, following $ 181, 000 in net recoveries for all of 2021. The Company' s allowance for loan losses at December 31, 2022, now covers nonperforming loans at 319 percent, up from 315 percent at December 31, 2021. The following schedule presents an analysis of the allowance for loan losses, average loan data and related ratios at December 31 for the years indicated: ($ in thousands) Provision for Loan Loss Net (Chargeoffs) Recoveries Average Loans Ratio of annualized net (chargeoffs) recoveries to average loans December 31, 2022 Commercial & industrial $ (227) $- $ 126, 496 0. 00 % Commercial real estate- owner occupied (135)- 122, 031 0. 00 % Commercial real estate- nonowner occupied (366)- 276, 805 0. 00 % Agricultural 12- 58, 745 0. 00 % Residential real estate 923- 239, 162 0. 00 % HELOC (84)- 43, 210 0. 00 % Consumer (123) 13 14, 039 0. 09 % Total $- $ 13 $ 880, 488 0. 00 % December 31, 2021 Commercial & industrial $ (1, 411) $ 227 $ 160, 267 0. 14 % Commercial real estate- owner occupied 505- 118, 713 0. 00 % Commercial real estate- nonowner occupied 825- 264, 980 0. 00 % Agricultural 103- 53, 122 0. 00 % Residential real estate 975 6 195, 277 0. 00 % HELOC (16)- 43, 488 0. 00 % Consumer 69 (52) 11, 546- 0. 45 % Total $ 1, 050 $ 181 $ 847, 393 0. 02 % December 31, 2020 Commercial & industrial $ 1, 757 $ (566) $ 198, 991- 0. 28 % Commercial real estate- owner occupied 721- 104, 856 0. 00 % Commercial real estate- nonowner occupied 1, 128- 269, 924 0. 00 % Agricultural 62- 51, 840 0. 00 % Residential real estate 373 (42) 185, 311- 0. 02 % HELOC 203 (8) 47, 227- 0. 02 % Consumer 256 (65) 11, 595- 0. 56 % Total loans $ 4, 500 $ (681) $ 869, 744- 0. 08 % The allowance for loan losses balance and the provision for loan losses are determined by management based upon periodic reviews of the loan portfolio. In addition, management considers the level of charge offs on loans, as well as the fluctuations of charge offs and recoveries on loans, in the factors which caused these changes. Estimating the risk of loss and the amount of loss is necessarily subjective. Accordingly, the allowance is maintained by management at a level considered adequate to cover losses that are currently anticipated based on past loss experience, economic conditions, information about specific borrower situations, including their financial position and collateral values, and other factors and estimates which are subject to change over time. The Company has substantially increased the reserve level over the last several years. Specifically, since December 31, 2019 the allowance for loan losses balance has increased from $ 8. 8 million to $ 13. 8 million at December 31, 2022, which is an increase of $ 5. 0 million or 59 percent. This increase was the result of $ 5. 6 million in provision expense during the period ($ 4. 5 million in 2020 and $ 1. 1 million in 2021) and minimal charge- offs, which were just $ 0. 5 million over the two- year period. The reserve has remained flat in 2022 as a result of increased loan growth that has been offset by improving economic conditions. The following schedule provides a breakdown of the allowance for loan losses allocated by type of loan and related ratios at December 31 for the years indicated: Allowance Amount Percentage of Loans In Each Category to Total Loans Allowance Amount Percentage of Loans In Each Category to Total Loans Allowance Amount Percentage of Loans In Each Category to Total Loans ($ in thousands) 2022 2021 2020 Commercial & industrial $ 1, 663 12. 0 % $ 1, 890 14. 9 % $ 3, 074 23. 4 % Commercial real estate- owner occupied 1, 696 12. 3 % 2, 588 14. 5 % 2, 059 12. 9 % Commercial real estate- nonowner occupied 4, 584 33. 2 % 4, 193 31. 9 % 3, 392 29. 5 % Agricultural 611 4. 4 % 599 7. 0 % 496 6. 3 % Residential real estate 4, 438 32. 1 % 3, 515 25. 1 % 2, 534 20. 8 % Home equity line of credit (HELOC) 547 4. 0 % 631 5. 1 % 647 5. 3 % Consumer 279 2. 0 % 389 1. 6 % 372 1. 7 % $ 13, 818 100. 0 % $ 13, 805 100. 0 % $ 12, 574 100. 0 % As detailed in the risk factors, the CARES Act provided for significant consumer and small business relief due to the impact of the COVID- 19 pandemic. The Company provided payment relief to a number of consumer and small business customers throughout 2020 and 2021, which we believe was successful and enabled our clients to weather the pandemic effectively. All such COVID- related payment deferrals had expired or been removed by December 31, 2021 and all clients were back to contractual terms at such date. Regulatory capital reporting is required for State Bank only, as the Company is currently exempt from quarterly regulatory capital level measurement pursuant to the Small Bank Holding Company Policy Statement. As of December 31, 2022, State Bank met all regulatory capital levels required to be considered well- capitalized (see Note 16 to the Consolidated Financial Statements). On May 27, 2021, the Company issued and sold $ 20. 0 million in aggregate principal amount of its 3. 65 % Fixed to Floating Rate Subordinated Notes due 2031 in a private placement exempt from the registration requirements under the Securities Act of 1933, as amended. The Subordinated Notes bear interest at a fixed rate of 3. 65 % through May 31, 2026. From June 1, 2026 to the maturity date or earlier redemption of the Subordinated Notes, the interest rate will reset quarterly to an interest rate per annum, equal to the then- current- three- month Secured Overnight Financing Rate (" SOFR ") provided by the Federal Reserve Bank of New York plus 296 basis points. The proceeds from the Subordinated Notes will be used to assist the Company in meeting various corporate obligations,

including share buyback, acquisition costs and organic asset growth. The Subordinated Notes have a maturity of 10 years. Earnings Summary – 2022 vs. 2021 Net income for 2022 was $ 12. 5 million, or $ 1. 77 per diluted share, compared with net income of $ 18. 3 million, or $ 2. 56 per diluted share, for 2021. State Bank reported net income for 2022 of $ 13. 4 million, which was down from the $ 18. 6 million in net income in 2021. SBFG Title reported net income for 2022 of $ 0. 4 million, which was down from net income of $ 0. 5 million in 2021. Positive results for 2022 included loan growth of $ 141. 4 million when excluding the impact of the PPP initiative, while deposits were slightly lower by $ 26. 4 million. The Company completed the final forgiveness in December of 2022 from the nearly 1, 200 PPP loans processed during 2020 and 2021. The mortgage banking business line, despite the headwinds from rapidly rising rates, continued to contribute in both balance growth and gain on sale. For the full year of 2022, residential real estate loan production was $ 313. 0 million, with $ 4. 3 million of revenue from gains on sale. The level of mortgage origination was down from the $ 600. 0 million in 2021. The Company' s loans serviced for others ended the year at $ 1. 35 billion, down slightly from $ 1. 36 billion at December 31, 2021. Operating revenue decreased by $ 11. 0 million, or 3. 9 percent, from $ 68. 6 million in 2021 to $ 57. 6 million in 2022 due to decreased PPP fees, OMSR recapture and significantly lower mortgage gain revenue. SBFG Title increased revenue by $ 0. 1 million to $ 2. 2 million for 2022. Operating expense decreased by $ 2. 5 million, or 5. 6 percent, from $ 44. 8 million in 2021 to $ 42. 3 million in 2022, due to lower incentive and commission levels, which were offset by higher medical costs and increased spending on technology. Results of Operations Years Ended December 31, ($ in thousands, except per share data) 2022 2021 % Change Total assets $ 1, 335, 633 $ 1, 330, 854 0. 4 % Total investments 238, 780 263, 259- 9. 3 % Loans held for sale 2, 073 7, 472- 72. 3 % Loans, net of unearned income 962, 075 822, 714 16. 9 % Allowance for loan losses 13, 818 13, 805 0. 1 % Total deposits 1, 086, 665 1, 113, 045- 2. 4 % Total operating revenue1 $ 57, 630 $ 68, 581- 16. 0 % Net interest income 39, 399 37, 884 4. 0 % Loan loss provision- 1, 050- 100. 0 % Noninterest income 18, 231 30, 697- 40. 6 % Noninterest expense 42, 314 44, 808- 5. 6 % Net income 12, 521 18, 277- 31. 5 % Diluted earnings per share 1. 77 2. 56- 30. 9 % 1Operating revenue equals net interest income plus noninterest income. Net interest income was $ 39. 4 million for 2022 compared to $ 37. 9 million for 2021, an increase of $ 1. 5 million or 4. 0 percent. Despite the reduction in PPP fees of $ 3. 6 million compared to 2021, 2022 margin revenue was able to grow due to a favorable shift in mix on the balance sheet. Average earning assets decreased slightly to $ 1. 23 billion in 2022, compared to $ 1. 24 billion in 2021, due lower cash and securities, partially offset by the increase in our loan portfolio. The consolidated 2022 full year net interest margin on an FTE basis increased 16 basis points to 3. 22 percent compared to 3. 06 percent for the full year of 2021. The Company benefited from the Federal Reserve' s seven interest rate increases in 2022, which increased margin revenue from our variable rate loans and securities. Zero provision for loan losses was taken in 2022 compared to $ 1. 0 million taken for 2021. For 2022, net recoveries totaled $ 0. 01 million, compared to net recoveries of $ 0. 18 million or (0. 02) percent of average loans, for 2021. Noninterest IncomeYears Ended December 31, ($ in thousands) 2022 2021 % Change Wealth management fees $ 3, 728 $ 3, 814- 2. 3 % Customer service fees 3, 378 3, 217 5. 0 % Gains on sale of residential loans & OMSR' s 4, 298 17, 255- 75. 1 % Mortgage loan servicing fees, net 2, 964 2, 940- 0. 8 % Gain on sale of non- mortgage loans 566 158 258. 2 % Title insurance income 2, 229 2, 089 6. 7 % Other 1, 068 1, 224- 12. 7 % Total noninterest income $ 18, 231 $ 30, 697- 40. 6 % Total noninterest income was $ 18. 2 million for 2022 compared to $ 30. 7 million for 2021, representing a decrease of $ 12. 5 million, or 40. 6 percent, year- over- year. Mortgage gain on sale was down significantly from the record year in 2021 by $ 13. 0 million. The Company sold $ 184. 8 million of originated mortgages into the secondary market in 2022, which due to being less than the amortization on the serviced portfolio, reduced the size of our serviced loan portfolio to $ 1. 35 billion at December 31, 2022 from $ 1. 36 billion at December 31, 2021. Sales of non-mortgage loans (small business and farm credits) increased in 2022 as compared to 2021, as SBA activity returned to normal production. The Company saw its wealth management assets under management decline by $ 111. 2 million to $ 507. 13 million, however price increases and higher brokerage activity held the revenue decline for the year to only 2. 3 percent. Noninterest Expense Years Ended December 31, ($ in thousands) 2022 2021 % Change Salaries & employee benefits $ 24, 142 $ 26, 838- 10. 0 % Net occupancy expense 2, 993 3, 048- 1. 8 % Equipment expense 3, 616 3, 281 10. 2 % Data processing fees 2, 510 2, 579- 2. 7 % Professional fees 3, 214 3, 027 6. 2 % Marketing expense 911 784 16. 2 % Telephone and communications 474 581- 18. 4 % Postage and delivery expense 422 414 1. 9 % State, local and other taxes 1, 082 1, 175- 7. 9 % Employee expense 613 663- 7. 5 % Other expense 2, 337 2, 418 (3. 3 %) Total noninterest expense $ 42, 314 $ 44, 808- 5. 6 % Total noninterest expense was $ 42. 3 million for 2022 compared to $ 44. 8 million for 2021, representing a $ 2. 5 million, or 5. 6 percent, decrease year- over- year. Total full- time equivalent employees ended 2022 at 269, which was down one from year end 2021. Earnings Summary – 2021 vs. 2020 Net income for 2021 was $ 18. 3 million, or $ 2. 56 per diluted share, compared with net income of $ 14. 9 million, or $ 1. 96 per diluted share, for 2020. State Bank reported net income for 2021 of $ 18. 6 million, which was up from the $ 16. 0 million in net income in 2020. SBFG Title reported net income for 2021 of $ 0. 5 million, which was down from net income of $ 0. 6 million in 2020. Positive results for 2021 included loan growth of $ 18. 5 million when excluding the impact of the PPP initiative, and deposit growth of $ 64. 0 million. The Company fully participated in both phases of PPP, with a total of $ 111. 4 million in loans to over 1, 100 clients with revenue of $ 3. 4 million for 2021 compared to $ 1. 4 million for 2020. The mortgage banking business line continued to contribute significant revenues, with residential real estate loan production of $ 600. 0 million for the year, resulting in $ 17. 3 million of revenue from gains on sale. The level of mortgage origination was down from the $ 694. 2 million in 2020. The Company' s loans serviced for others ended the year at $ 1. 36 billion, up from $ 1. 30 billion at December 31, 2020. Operating revenue increased by $ 2. 6 million, or 3. 9 percent, from $ 66. 0 million in 2021 to $ 68. 6 million in 2020 due to increased PPP fees and OMSR recapture which offset lower mortgage gain revenue. SBFG Title increased revenue by $ 0. 1 million to $ 2. 1 million for 2022. Operating expense increased by $ 1. 7 million, or 4. 0 percent, from $ 43. 1 million in 2021 to $ 44. 8 million in 2020, due to compensation and fringe benefit cost increases and higher spend on technology / digital initiatives. These expense increases were offset by lower mortgage commission expense due to lower volume. Goodwill, Intangibles and Capital Purchases The Company completed its

most recent annual goodwill impairment review as of December 31, 2022. At December 31, 2022, the Company concluded that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment. The Company' s goodwill is further discussed in Note 6 to the Consolidated Financial Statements. Management plans to continue from time to time to purchase additional premises and equipment and improve current facilities to meet the current and future needs of the Company' s customers. These purchases will include buildings, leasehold improvements, furniture and equipment. Management expects that cash on hand and cash generated from current operations will fund these capital expenditures and purchases. Liquidity Liquidity relates primarily to the Company' s ability to fund loan demand, meet deposit customers' withdrawal requirements and provide for operating expenses. Sources used to satisfy these needs consist of cash and due from banks, interest- bearing deposits in other financial institutions, securities available- for- sale, loans held for sale and borrowings from various sources. These assets, excluding the borrowings, are commonly referred to as liquid assets. Liquid assets were $ 270. 8 million at December 31, 2022, compared to $ 422. 9 million at December 31, 2021. The Company does not have material cash requirements for capital expenditures over the next year. Any cash needs for capital requirements would be funded by cash existing at the Company. It is not anticipated that the Company will be required to initiate external borrowings in order to fund ongoing operations. The Company' s commercial real estate, first mortgage residential, agricultural and multi- family mortgage portfolio of $ 768. 5 million at December 31, 2022, can and is readily used to collateralize borrowings, which is an additional source of liquidity. Management believes the Company' s current liquidity level, without these borrowings, is sufficient to meet its current and anticipated liquidity needs. At December 31, 2022, all eligible commercial real estate, residential first, multi- family mortgage and agricultural loans were pledged under a Federal Home Loan Bank (" FHLB ") blanket lien. Significant additional off- balance- sheet liquidity is available in the form of FHLB advances, unused federal funds lines from correspondent banks and the national certificate of deposit market. Management expects the risk of changes in off- balance- sheet arrangements to be immaterial to earnings. Based on the current collateralization requirements of the FHLB, approximately $ 80. 9 million of additional borrowing capacity existed at December 31, 2022. At December 31, 2022 and 2021, the Company had $ 56. 0 million in federal funds lines available. The Company also had $ 166. 5 million in unpledged securities at December 31, 2022 available for additional borrowings. The cash flow statements for the periods presented provide an indication of the Company' s sources and uses of cash as well as an indication of the ability of the Company to maintain an adequate level of liquidity. A discussion of the cash flow statements for 2022 and 2021 follows: The Company experienced positive cash flows from operating activities in 2022 and 2021. Net cash from operating activities was $ 25. 6 million and $ 17. 3 million for the years ended December 31, 2022 and 2021, respectively. Significant operating items for 2022 included gain on sale of loans of $ 4. 9 million and net income of $ 12. 5 million. Cash provided by the sale of loans held for sale were $ 189. 5 million. Cash used in the origination of loans held for sale were $ 181. 2 million. The Company experienced negative cash flows from investing activities in 2022 and 2021. Net cash used in investing activities was $ 165. 7 million and $ 72. 0 million for the years ended December 31, 2022 and 2021, respectively. The changes for 2022 include the purchase of available- for- sale securities of $ 50. 6 million, and net increase in loans of $ 139. 7 million. The changes for 2021 include the purchase of available- for- sale securities of $ 170. 7 million and net decrease in loans of $ 48. 5 million. The Company had proceeds from repayments, maturities, sales and calls of securities of $ 35. 9 million and $ 50. 5 million in 2022 and 2021, respectively. The Company experienced positive cash flows from financing activities in 2022 and 2021. Net cash from financing activities was $ 18. 4 million and $ 63. 6 million for the years ended December 31, 2022 and 2021, respectively. Negative cash flows of $ 26. 4 million and positive cash flows of $ 64. 0 million is attributable to the change in deposits for 2022 and 2021, respectively. The Company uses an Economic Value of Equity (" EVE ") analysis to measure risk in the balance sheet incorporating all cash flows over the estimated remaining life of all balance sheet positions. The EVE analysis calculates the net present value of the Company' s assets and liabilities in rate shock environments that range from- 400 basis points to 400 basis points. The results of this analysis are reflected in the following table. Economic Value of Equity December 31, 2022 ($ in thousands) Change in rates $ Amount $ Change % Change 400 basis points $ 264, 361 $ (61, 360)- 18. 84 % 300 basis points 284, 602 (41, 120)- 12. 62 % 200 basis points 303, 265 (22, 457)- 6. 89 % 100 basis points 319, 473 (6, 249)- 1. 92 % Base Case 325, 722--- 100 basis points 321, 550 (4, 172)- 1. 28 %- 200 basis points 305, 242 (20, 480)- 6. 29 %- 300 basis points 293, 718 (32, 004)- 9. 83 %- 400 basis points 271, 404 (54, 318)- 16. 68 % Economic Value of Equity December 31, 2021 ($ in thousands) Change in rates $ Amount $ Change % Change 400 basis points $ 278, 254 $ 35, 684 14. 71 % 300 basis points 273, 190 30, 620 12. 62 % 200 basis points 265, 711 23, 142 9. 54 % 100 basis points 256, 110 13, 540 5. 58 % Base Case 242, 570--- 100 basis points 217, 281 (25, 289)- 10. 43 % Item 7A. Quantitative and Qualitative Disclosures about Market Risk. Asset liability management involves developing, executing and monitoring strategies to maintain appropriate liquidity, maximize net interest income and minimize the impact that significant fluctuations in market interest rates would have on current and future earnings. The business of the Company and the composition of its balance sheet consist of investments in interest- earning assets (primarily loans, mortgage- backed securities, and securities available- for- sale) which are primarily funded by interest- bearing liabilities (deposits and borrowings). With the exception of specific loans which are originated and held for sale, all of the financial instruments of the Company are for other than trading purposes. All of the Company' s transactions are denominated in U. S. dollars with no specific foreign exchange exposure. In addition, the Company has limited exposure to commodity prices related to agricultural loans. The impact of changes in foreign exchange rates and commodity prices on interest rates are assumed to be insignificant. The Company' s financial instruments have varying levels of sensitivity to changes in market interest rates resulting in market risk. Interest rate risk is the Company' s primary market risk exposure; to a lesser extent, liquidity risk also impacts market risk exposure. Interest rate risk is the exposure of a banking institution' s financial condition to adverse movements in interest rates. Accepting this risk can be an important source of profitability and shareholder value; however, excessive levels of interest rate risk could pose a significant threat to the Company' s earnings and capital base. Accordingly, effective risk management that maintains interest rate risks at prudent levels is essential to the Company' s safety and soundness. Evaluating a financial

institution' s exposure to changes in interest rates includes assessing both the adequacy of the management process used to control interest rate risk and the organization' s quantitative level of exposure. When assessing the interest rate risk management process, the Company seeks to ensure that appropriate policies, procedures, management information systems and internal controls are in place to maintain interest rate risks at prudent levels of consistency and continuity. Evaluating the quantitative level of interest rate risk exposure requires the Company to assess the existing and potential future effects of changes in interest rates on its consolidated financial condition, including capital adequacy, earnings, liquidity and asset quality (when appropriate). The FRB together with the OCC and the FDIC adopted a Joint Agency Policy Statement on interest rate risk effective June 26, 1996. The policy statement provides guidance to examiners and bankers on sound practices for managing interest rate risk, which will form the basis for ongoing evaluation of the adequacy of interest rate risk management at supervised institutions. The policy statement also outlines fundamental elements of sound management that have been identified in prior Federal Reserve guidance and discusses the importance of these elements in the context of managing interest rate risk. Specifically, the guidance emphasizes the need for active board of director and senior management oversight and a comprehensive risk management process that effectively identifies, measures and controls interest rate risk. Financial institutions derive their income primarily from the excess of interest collected over interest paid. The rates of interest an institution earns on its assets and owes on its liabilities generally are established contractually for a period of time. Since market interest rates change over time, an institution is exposed to lower profit margins (or losses) if it cannot adapt to interest rate changes. For example, assume that an institution' s assets carry intermediate or long- term fixed rates and that those assets are funded with short- term liabilities. If market interest rates rise by the time the short- term liabilities must be refinanced, the increase in the institution' s interest expense on its liabilities may not be sufficiently offset if assets continue to earn at the long- term fixed rates. Accordingly, an institution' s profits could decrease on existing assets because the institution will either have lower net interest income or possibly, net interest expense. Similar risks exist when assets are subject to contractual interest rate ceilings, or rate- sensitive assets are funded by longer- term, fixed- rate liabilities in a declining rate environment. There are several ways an institution can manage interest rate risk including: 1) matching repricing periods for new assets and liabilities, for example, by shortening or lengthening terms of new loans, investments, or liabilities; 2) selling existing assets or repaying certain liabilities; and 3) hedging existing assets, liabilities, or anticipated transactions. An institution might also invest in more complex financial instruments intended to hedge or otherwise change interest rate risk. Interest rate swaps, futures contracts, options on futures contracts, and other such derivative financial instruments can be used for this purpose. Because these instruments are sensitive to interest rate changes, they require management' s expertise to be effective. The Company has not purchased derivative financial instruments in the past, but during 2022 and 2021 the Company entered into interest rate swap agreements as an accommodation to certain loan customers (see Note 8 to the Consolidated Financial Statements). The Company may purchase such instruments in the future if market conditions are favorable. The Company manages its interest rate risk by the employment of strategies to assure that desired levels of both interest- earning assets and interest- bearing liabilities mature or reprice with similar time frames. Such strategies include: 1) loans receivable which are renewed (and repriced) annually, 2) variable rate loans, 3) certificates of deposit with terms from one month to six years, 4) securities available- for- sale which mature at various times primarily from one through ten years, 5) federal funds borrowings with terms of one day to 90 days, and 6) FHLB borrowings with terms of one day to ten years. Management believes the most significant impact on financial results is the Company' s ability to react to changes in interest rates. Management seeks to maintain an essentially balanced position between interest sensitive assets and liabilities and actively manages loan, security, and liability maturities in order to protect against the effects of wide interest rate fluctuations on net income and shareholders' equity. Item 8. Financial Statements and Supplementary Data. Our Consolidated Financial Statements and notes thereto and other supplementary data follow. Index to Consolidated Financial Statements Page Consolidated Balance Sheets as of December 31, 2022 and 2021 F- 2 Consolidated Statements of Income for the Years ended December 31, 2022 and 2021 F- 3 Consolidated Statements of Comprehensive Income (Loss) for the Years ended December 31, 2022 and 2021 F- 4 Consolidated Statements of Shareholders' Equity for the Years ended December 31, 2022 and 2021 F- 5 Consolidated Statements of Cash Flows for the Years ended December 31, 2022 and 2021 F- 6 Notes to Consolidated Financial Statements F- 7 Report of Independent Registered Public Accounting Firm (FORVIS, LLP) (PCAOB ID: 686) F- 40 F- 1 Consolidated Balance Sheets at December 31, ($ in thousands) 2022 2021 Assets Cash and due from banks $ 27, 817 $ 149, 511 Interest bearing time deposits 2, 131 2, 643 Available- for- sale securities 238, 780 263, 259 Loans held for sale 2, 073 7, 472 Loans, net of unearned income 962, 075 822, 714 Allowance for loan losses (13, 818) (13, 805) Premises and equipment, net 22, 829 23, 212 Federal Reserve and Federal Home Loan Bank Stock, at cost 6, 326 5, 303 Foreclosed assets and other assets held for sale, net 777 2, 104 Interest receivable 4, 091 2, 920 Goodwill 23, 239 23, 191 Cash value of life insurance 28, 870 17, 867 Mortgage servicing rights 13, 503 12, 034 Other assets 16, 940 12, 429 Total assets $ 1, 335, 633 $ 1, 330, 854 Liabilities and shareholders' equity Liabilities Deposits Non-interest bearing demand $ 256, 799 $ 247, 044 Interest bearing demand 191, 719 195, 464 Savings 191, 272 237, 571 Money market 255, 995 276, 462 Time deposits 190, 880 156, 504 Total deposits 1, 086, 665 1, 113, 045 Repurchase agreements 14, 923 15, 320 Federal Home Loan Bank advances 60, 000 5, 500 Trust preferred securities 10, 310 10, 310 Subordinated debt net of issuance costs 19, 594 19, 546 Interest payable 769 299 Other liabilities 24, 944 21, 905 Total liabilities 1, 217, 205 1, 185, 925 Commitments & Contingent Liabilities Shareholders' Equity Preferred stock, no par value; authorized 200, 000 shares; 2022- 0 shares outstanding, 2021- 0 shares outstanding-- Common stock, no par value; 2022- 10, 500, 000 shares authorized, 8, 525, 375 shares issued; 2021- 10, 000, 000 shares authorized, 8, 180, 712 shares issued 61, 319 54, 463 Additional paid- in capital 15, 087 14, 944 Retained earnings 101, 966 99, 716 Accumulated other comprehensive loss (32, 120) (1, 845) Treasury stock, at cost; (2022- 1, 589, 913 common shares; 2021- 1, 296, 382 common shares) (27, 824) (22, 349) Total shareholders' equity 118, 428 144, 929 Total liabilities and shareholders' equity $ 1, 335, 633 $ 1, 330, 854 See Notes to Consolidated Financial Statements Consolidated Statements of Income Years Ended December 31, ($ in thousands, except per share data) 2022 2021 Interest Income Loans

~~Taxable $ 38, 238 $ 37, 959 Tax exempt 335 206 Securities Taxable 5, 798 3, 386 Tax exempt 198 353 Total interest income 44, 569 41, 904 Interest Expense Deposits 3, 477 3, 129 Repurchase agreements & other 39 42 Federal Home Loan Bank advance expense 515 188 Trust preferred securities expense 361 199 Subordinated debt expense 778 462 Total interest expense 5, 170 4, 020 Net Interest Income 39, 399 37, 884 Provision for loan losses- 1, 050 Net interest income after provision for loan losses 39, 399 36, 834 Noninterest Income Wealth management fees 3, 728 3, 814 Customer service fees 3, 378 3, 217 Gain on sale of mortgage loans & OMSR 4, 298 17, 255 Mortgage loan servicing fees, net 2, 964 2, 940 Gain on sale of non- mortgage loans 566 158 Title insurance income 2, 229 2, 089 Other income 1, 068 1, 224 Total noninterest income 18, 231 30, 697 Noninterest Expense Salaries and employee benefits 24, 142 26, 838 Net occupancy expense 2, 993 3, 048 Equipment expense 3, 616 3, 281 Data processing fees 2, 510 2, 579 Professional fees 3, 214 3, 027 Marketing expense 911 784 Telephone and communications 474 581 Postage and delivery expense 422 414 State, local and other taxes 1, 082 1, 175 Employee expense 613 663 Other expense 2, 337 2, 418 Total noninterest expense 42, 314 44, 808 Income before income tax 15, 316 22, 723 Provision for income taxes 2, 795 4, 446 Net Income $ 12, 521 $ 18, 277 Basic earnings per common share $ 1. 79 $ 2. 58 Diluted earnings per common share $ 1. 77 $ 2. 56 Consolidated Statements of Comprehensive Income (Loss) Years Ended December 31, ($ in thousands) 2022 2021 Net income $ 12, 521 $ 18, 277 Other comprehensive (loss) Available for sale investment securities: Gross unrealized holding (loss) arising in the period (38, 323) (5, 133) Related tax benefit 8, 048 1, 078 Net effect on other comprehensive (loss) (30, 275) (4, 055) Total comprehensive income (loss) $ (17, 754) $ 14, 222 Consolidated Statements of Shareholders' Equity Years Ended December 31, Accumulated Other ($ in thousands, except per share data) Common Stock Additional Paid- in Capital Retained Earnings Comprehensive Income (Loss) Treasury Stock Total January 1, 2022 $ 54, 463 $ 14, 944 $ 99, 716 $ (1, 845) $ (22, 349) $ 144, 929 Net income 12, 521 12, 521 Other comprehensive loss (30, 275) (30, 275) Stock dividends on common (344, 663 shares) 6, 856 (6, 864) (8) Dividends on common, $ 0. 48 per share (3, 407) (3, 407) Restricted stock vesting (425) 425- Repurchased stock (317, 356 shares) (5, 900) (5, 900) Stock based compensation expense 568 568 December 31, 2022 $ 61, 319 $ 15, 087 $ 101, 966 $ (32, 120) $ (27, 824) $ 118, 428 Accumulated Other ($ in thousands, except per share data) Common Stock Additional Paid- in Capital Retained Earnings Comprehensive Income (Loss) Treasury Stock Total January 1, 2021 $ 54, 463 $ 14, 845 $ 84, 578 $ 2, 210 $ (13, 173) $ 142, 923 Net income 18, 277 18, 277 Other comprehensive loss (4, 055) (4, 055) Dividends on common, $ 0. 44 per share (3, 139) (3, 139) Restricted stock vesting (344) 344- Repurchased stock (507, 721 shares) (9, 520) (9, 520) Stock based compensation expense 443 443 December 31, 2021 $ 54, 463 $ 14, 944 $ 99, 716 $ (1, 845) $ (22, 349) $ 144, 929 SB Financial Group, Inc. Consolidated Statements of Cash Flows Investing Activities Years Ended December 31, ($ in thousands) 2022 2021 Operating Activities Net Income $ 12, 521 $ 18, 277 Items not requiring (providing) cash Depreciation and amortization 2, 196 2, 262 Provision for loan losses- 1, 050 Expense of share- based compensation plan 568 443 Amortization of premiums and discounts on securities 897 1, 236 Amortization of intangible assets 69 71 Amortization of originated mortgage servicing rights 1, 749 3, 885 Impairment (recovery) of mortgage servicing rights (1, 279) (3, 436) Deferred income taxes 2, 709 2, 302 Proceeds from sale of loans held for sale 189, 515 490, 557 Originations of loans held for sale (181, 192) (478, 119) Gain from sale of loans (4, 864) (17, 413) Changes in Interest receivable (1, 171) 879 Other assets (2, 014) 2, 006 Interest payable & other liabilities 5, 865 (6, 743) Net cash provided by operating activities 25, 569 17, 257 Investing Activities Purchases of available- for- sale securities (50, 618) (170, 694) Proceeds from maturities of interest bearing time deposits 512 3, 180 Proceeds from maturities of available- for- sale securities 35, 878 50, 471 Net change in loans (139, 670) 48, 503 Purchase of premises, equipment (1, 896) (2, 427) Purchase of bank owned life insurance (10, 500) (50) Purchase of Federal Reserve and Federal Home Loan Bank Stock (1, 023)- Proceeds from sale of foreclosed assets 1, 646 129 Acquisition, net of cash acquired (paid)- (1, 100) Net cash used in investing activities (165, 671) (71, 988) Financing Activities Net increase (decrease) in demand deposits, money market, interest checking & savings accounts (60, 756) 137, 079 Net increase (decrease) in time deposits 34, 376 (73, 045) Net decrease in securities sold under agreements to repurchase (397) (4, 869) Proceeds from Federal Home Loan Bank advances 232, 000- Repayment of Federal Home Loan Bank advances (177, 500) (2, 500) Stock repurchase plan (5, 900) (9, 520) Dividends on common shares (3, 415) (3, 139) Net cash provided by financing activities 18, 408 63, 552 Increase in cash and cash equivalents (121, 694) 8, 821 Cash and cash equivalents, beginning of year 149, 511 140, 690 Cash and cash equivalents, end of year $ 27, 817 $ 149, 511 Supplemental cash flow information Interest paid $ 4, 700 $ 4, 337 Income taxes paid $- $ 4, 230 Supplemental non- cash disclosure Recognition of right- of- use lease assets $- $ 318 Transfer of loans to foreclosed assets $ 322 $ 1, 687 Stock dividends declared and paid $ 6, 856 $- Notes to Consolidated Financial Statements Years Ended December 31, 2022 and 2021 Note 1: Organization and Summary of Significant Accounting Policies Organization and Nature of Operations SB Financial Group, Inc. (the " Company ") is a financial holding company whose principal activity is the ownership and management of its wholly- owned subsidiaries, The State Bank and Trust Company (" State Bank "), SBFG Title, LLC dba Peak Title Agency (" SBFG Title "), SB Captive, Inc. (" SB Captive "), RFCBC, Inc. (" RFCBC "), Rurbane Data Services, Inc. dba RDSI Banking Systems (" RDSI "), and Rurban Statutory Trust II (" RST II "). State Bank owns all the outstanding stock of Rurban Mortgage Company (" RMC ") and State Bank Insurance, LLC (" SBI "). The Company is primarily engaged in providing a full range of banking and wealth management services to individual and corporate customers primarily located in Ohio, Indiana, and Michigan. The Company is subject to competition from other financial institutions in its market areas. The Company is regulated by certain federal and state agencies and undergoes periodic examinations by those regulatory authorities. Principles of Consolidation The Consolidated Financial Statements include the accounts of the Company, State Bank, SBFG Title, SB Captive, RFCBC, RDSI, RMC, RST II, and SBI. All significant intercompany accounts and transactions were eliminated in consolidation. Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could~~

differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, loan servicing rights, and fair value of financial instruments. Cash Equivalents The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of interest- bearing and noninterest bearing demand deposit balances held by correspondent banks. At December 31, 2022, the Company' s correspondent cash accounts exceeded federally insured limits by $ 1. 6 million. Additionally, the Company had approximately $ 9. 8 million of cash held by the FRB and the FHLB, which is not federally insured. Available- for- sale securities, which include any debt security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income. Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific- identification method. For debt securities with fair value below carrying value when the Company does not intend to sell the debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, the Company recognizes the credit component of an other- than- temporary impairment of the debt security in earnings and the remaining portion in other comprehensive income. Mortgage Loans Held for Sale Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income. The Company utilizes third- party hedges to minimize the impact of interest rate risk fluctuations, and their impact is realized through noninterest income. Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoffs, are reported at their outstanding principal balances adjusted for any charge offs, the allowance for loan losses, any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Generally, loans are placed on nonaccrual status not later than 90 days past due. Past due status is based on the contractual terms of the loan. All interest accrued, but not collected for loans that are placed on nonaccrual or charged off, is reversed against interest income. The interest on these loans is accounted for on the cash- basis or cost- recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the non- collectability of a loan balance is probable. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management and is based upon management' s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower' s ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as new information becomes available. The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non- classified loans and is based on historical charge off experience and expected loss given default derived from the Company' s internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected on the historical loss or risk rating data. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case- by- case basis, taking into consideration each of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower' s prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan- by- loan basis for commercial, agricultural, and construction loans by either the present value of expected future cash flows discounted at the loan' s effective interest rate, the loan' s obtainable market price or the fair value of the collateral if the loan is collateral dependent. When a loan moves to nonaccrual status, total unpaid interest accrued to date is reversed from income. Subsequent payments are applied to the outstanding principal balance with the interest portion of the payment recorded on the balance sheet as a contra- loan. Interest received on impaired loans may be realized once all contractual principal amounts are received or when a borrower establishes a history of six consecutive timely principal and interest payments. It is at the discretion of management to determine when a loan is placed back on accrual status upon receipt of six consecutive timely payments. F- 8 Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, individual consumer and residential loans are not separately identified for impairment measurements, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower. Premises and Equipment Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight- line method for buildings and equipment over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight- line method over the terms of the respective leases. Long- lived Asset Impairment The Company evaluates the recoverability of the carrying value of long- lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long- lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset' s cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount

of a long- lived asset exceeds its fair value. Federal Reserve Bank and Federal Home Loan Bank Stock FRB and FHLB stock are required investments for institutions that are members of the FRB and FHLB systems. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment. Foreclosed Assets and Other Assets Held for Sale Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less costs to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of the carrying amount or the fair value less cost to sell. Revenue and expenses from operations related to foreclosed assets and changes in the valuation allowance are included in net income or expense from foreclosed assets. Goodwill is tested for impairment annually. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. Core Deposits and Other Intangibles Intangible assets are being amortized on a straight- line basis over weighted- average periods ranging from one to eight years. Such assets are periodically evaluated as to the recoverability of their carrying value. Purchased software is being amortized using the straight- line method over periods ranging from one to three years. Derivatives The Company enters into forward contracts for the future delivery of mortgage loans to third- party investors and enters into interest rate lock commitments (“ IRLCs ”) with potential borrowers to fund specific mortgage loans that will be sold into the secondary market. The forward contracts are entered into in order to economically hedge the effect of changes in interest rates resulting from the Company’ s commitment to fund the loans. The IRLCs and forward contracts are not designated as accounting hedges and are recorded at fair value with the changes in fair value reflected in noninterest income on the consolidated statements of income. The fair value of derivative instruments with a positive fair value are reported in accrued income and other assets in the consolidated balance sheets, while the derivative instruments with a negative fair value are reported in accrued expenses and other liabilities in the consolidated balance sheets. F- 9 For exchange- traded contracts, fair value is based on quoted market prices. For non- exchange traded contracts, fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation. Mortgage Servicing Rights Mortgage servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance, (Accounting Standards Codification “ ASC ” 806- 50), servicing rights from the sale or securitization of loans originated by the Company are initially measured at fair value at the date of transfer. The Company subsequently measures each class of servicing asset using the amortization method. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment based on fair value at each reporting date. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost of service, the discount rate, the custodial earning rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. These variables change from quarter to quarter as market conditions and projected interest rates change, and may have an adverse impact on the value of the mortgage servicing right and may result in a reduction to noninterest income. Each class of separately recognized servicing assets subsequently measured using the amortization method is evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. Changes in valuation allowances are reported with “ Mortgage loan servicing fees, net ” in the income statement. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized. Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income. Share- Based Employee Compensation Plan At December 31, 2022 and 2021, the Company had a share- based employee compensation plan (see Note 18 to the Consolidated Financial Statements). Transfers of Financial Assets Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before the maturity or the ability to unilaterally cause the holder to return specific assets. Income Taxes The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. F- 10 The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the term “ upon examination ” also includes resolution of the related appeals or litigation processes, if any. A tax position that meets the more- likely- than- not recognition threshold is initially and subsequently measured as the

largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more- likely- than- not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management' s judgment. The Company recognizes interest and penalties on income taxes as a component of income tax expense. The Company files consolidated income tax returns with its subsidiaries. With a few exceptions, the Company is no longer subject to U. S. Federal, State and Local examinations by tax authorities for the years before 2019. As of December 31, 2022, the Company had no uncertain income tax positions. Treasury Shares Treasury stock is stated at cost. Cost is determined by the weighted- average cost method. Earnings Per Share Earnings per common share is computed using the two- class method. Basic earnings per share represent income available to common shareholders divided by the weighted- average number of common shares outstanding during each period. Diluted earnings per share reflect additional potential common shares that may be issued by the Company related solely to outstanding stock options or awards which are determined using the treasury stock method. Treasury stock shares are not deemed outstanding for earnings per share calculations. Comprehensive Income (Loss) Comprehensive income (loss) consists of net income and other comprehensive income, net of applicable income taxes. Other comprehensive income includes unrealized appreciation (depreciation) on available- for- sale securities. AOCI consists solely of the cumulative unrealized gains and losses on available- for- sale securities net of income tax. Subordinated Debt At December 31, 2022, the Company had subordinated debt obligations of $ 20. 0 million related to its 3. 65 % Fixed to Floating Rate Subordinated Notes due 2031, which were issued and sold by the Company on May 27, 2021. The Subordinated Notes were issued in order to provide additional funds for various corporate obligations of the Company, including share buybacks, acquisition costs and organic asset growth (see Note 13 to the Consolidated Financial Statements). Revenue Recognition The Company recognizes revenues as they are earned based on contractual terms, as transactions occur, or services are provided and collectability is reasonably assured. The Company' s principal source of revenue is interest income from loans and leases and investment securities. The Company also earns noninterest income from various banking and financial services offered through State Bank. F- 11 Interest income is the largest source of revenue for the Company and is primarily recognized on an accrual basis. Noninterest income is earned through a variety of financial and transaction services provided to corporate and consumer clients such as trust and wealth advisory, deposit account, debit card, mortgage banking and title insurance. New and applicable accounting pronouncements: ASU No. 2020- 01: Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323 and Topic 815 This guidance was issued in January 2020 to clarify that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments- Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The amendments also clarify that when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or fair value option. The guidance is effective for fiscal years beginning after December 15, 2020. The impact of this new guidance did not have a material impact on the Company' s consolidated financial statements. Accounting standards not yet adopted: ASU No. 2016- 13: Financial Instruments – Credit Losses (Topic 326) This ASU, which is commonly known as CECL, replaces the current GAAP incurred impairment methodology regarding credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update affect an entity to varying degrees depending on the credit quality of the assets held by the entity, their duration, and how the entity applies current GAAP. The adoption of ASU 2016- 13 has the potential to result in an increase in the allowance for loan losses as a result of changing from an " incurred loss " model, which encompasses allowances for current known and inherent losses within the portfolio, to an " expected loss " model, which encompasses allowances for losses expected to be incurred over the life of the portfolio. Furthermore, ASU 2016- 13 will necessitate that we establish an allowance for expected credit losses on debt securities. ASU 2016- 13 is effective for annual and interim periods beginning after December 15, 2019. However, on October 16, 2019, the FASB voted to defer the effective date for ASC 326, Financial Instruments – Credit Losses, for smaller reporting companies to fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, which was codified in the final ASU issued by the FASB on November 15, 2019. As a result, because the Company qualified as a smaller reporting company, based on its most recent determination under applicable rules of the Securities and Exchange Commission, as of November 15, 2019, the Company is not subject to ASU 2016- 13 until its annual and interim periods beginning January 1, 2023. The Company established a committee and engaged an outside consultant to assist in the transition to the new standard. Specific loan level history was incorporated into the model and the Company is comfortable with the assumptions related to each loan product type. The Company expects to recognize a one- time cumulative effect adjustment (increase) to the allowance for credit losses between $ 1. 0 million and $ 2. 0 million upon adoption as of January 1, 2023. In addition, the Company expects to establish a related reserve for unfunded commitments of between $ 1. 0 million and $ 2. 0 million as of January 1, 2023. F- 12 ASU No. 2022- 02: Financial Instruments – Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures This guidance was issued in March 2022 to enhance the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulties. The amendments in this update require that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The guidance is effective beginning after December 15, 2022. The impact of this new guidance should not have a material impact on the Company' s consolidated financial statements. ASU No. 2020- 04: Reference Rate Reform – Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848) This guidance provides temporary options to ease the potential burden in accounting for reference rate reform. It is intended to help stakeholders during the global market- wide reference rate transition period. The guidance is effective as of March 12, 2020 through December 31, 2022.

However, a deferral of the implementation of the Reference Rate Reform was issued in December of 2022, which extends the implementation to December 31, 2024. The Company anticipates being fully prepared to implement a replacement for the reference rate and has determined that any change will not have a material impact to the consolidated financial statements. Note 2: Earnings Per Share Earnings per common share (" EPS ") is computed using the two- class method. Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted- average number of common shares outstanding during the applicable period, excluding participating securities. Participating securities include non- vested restricted stock awards. Non- vested restricted stock awards are considered participating securities to the extent the holders of these securities receive non- forfeitable dividends at the same rate as holders of common shares. Diluted earnings per common share is computed using the weighted- average number of shares determined for the basic earnings per common share plus the dilutive effect of stock compensation using the treasury stock method. EPS for the years ended December 31, 2022 and 2021 is computed as follows: Twelve Months Ended December 31, ($ and outstanding shares in thousands- except per share data) 2022 2021 Net Income $ 12, 521 $ 18, 277 Less net income allocated to participating securities 27 21 Net income allocated to common shares $ 12, 494 $ 18, 256 Weighted average shares outstanding for basic earnings per share 7, 005 7, 083 Average participating securities 37 47 Weighted average shares outstanding for diluted earnings per share 7, 042 7, 130 Basic earnings per common share $ 1. 79 $ 2. 58 Diluted earnings per common share $ 1. 77 $ 2. 56 There were no anti- dilutive shares in 2022 or 2021. On January 10, 2022, the Company announced that its board of directors had declared a 5 percent common stock dividend payable on February 4, 2022, to shareholders of record as of January 21, 2022. Holders of the Company' s common shares as of the record date received one additional common share for every twenty common shares held on the record date. No fractional shares were issued, and shareholders received cash for such fractional interests based on the closing price of $ 19. 89 of the Company' s common shares on the record date. F- 13 Had the 5 percent common stock dividend been included in the Company' s 2021 financial statements, common shares outstanding would have increased by approximately 345, 000 and diluted earnings per share, assuming the shares were outstanding for the entire year would have decreased by $ 0. 11 per share. On January 25, 2022, the Company filed a Certificate of Amendment with the Ohio Secretary of State to amend Article FIRST of its Amended Articles of Incorporation to increase the authorized number of common shares, without par value, of the Company from 10, 000, 000 to 10, 500, 000. The addition of these authorized shares did not have a material impact on the Company' s consolidated financial statements. Note 3: Available- for- Sale Securities The amortized cost and appropriate fair values, together with gross unrealized gains and losses, of available- for- sale securities are as follows: Gross Gross ($ in thousands) Amortized Unrealized Unrealized Cost Gains Losses Fair Value December 31, 2022: U. S. Treasury and Government agencies $ 7, 636 $- $ (872) $ 6, 764 Mortgage- backed securities 241, 741 4 (35, 910) 205, 835 State and political subdivisions 12, 862 10 (1, 769) 11, 103 Other corporate securities 17, 200- (2, 122) 15, 078 Totals $ 279, 439 $ 14 $ (40, 673) $ 238, 780 Gross Gross Amortized Unrealized Unrealized Cost Gains Losses Fair Value December 31, 2021: U. S. Treasury and Government agencies $ 8, 986 $ 135 $ (16) $ 9, 105 Mortgage- backed securities 231, 057 614 (3, 537) 228, 134 State and political subdivisions 12, 352 536 (9) 12, 879 Other corporate securities 13, 200 2 (61) 13, 141 Totals $ 265, 595 $ 1, 287 $ (3, 623) $ 263, 259 The amortized cost and fair value of securities available- for- sale at December 31, 2022, by contractual maturity, are shown below. Expected maturities differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Amortized Fair ($ in thousands) Cost Value Within one year $ 1, 092 $ 1, 080 Due after one year through five years 1, 882 1, 814 Due after five years through ten years 25, 490 22, 470 Due after ten years 9, 234 7, 581 37, 698 32, 945 Mortgage- backed securities 241, 741 205, 835 Totals $ 279, 439 $ 238, 780 F- 14 The fair value of securities pledged as collateral, to secure public deposits and for other purposes, was $ 53. 9 million at December 31, 2022, and $ 54. 2 million at December 31, 2021. Securities delivered for repurchase agreements (not included above) were $ 17. 8 million at December 31, 2022 and $ 23. 6 million at December 31, 2021. There were no realized gains or losses on available- for- sale securities in 2022 and 2021. Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. There were 144 securities and 65 securities reported with amounts less than their historical value at December 31, 2022 and 2021, respectively. Total fair value of these investments were $ 235. 5 million and $ 214. 2 million at December 31, 2022 and 2021, respectively, which was approximately 99 percent and 81 percent, respectively, of the Company' s available- for- sale investment portfolio. Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other- than- temporary impairment is identified. The following tables present securities with unrealized losses at December 31, 2022 and 2021: ($ in thousands) Less than 12 Months 12 Months or Longer Total December 31, 2022 Fair Value Unrealized Losses Fair Value Unrealized Losses Fair Value Unrealized Losses U. S. Treasury and Government agencies $ 3, 788 $ (452) $ 2, 974 $ (420) $ 6, 762 $ (872) Mortgage- backed securities 52, 351 (5, 234) 153, 055 (30, 676) 205, 406 (35, 910) State and political subdivisions 7, 461 (1, 370) 1, 268 (399) 8, 729 (1, 769) Other corporate securities 12, 015 (1, 736) 2, 564 (386) 14, 579 (2, 122) Totals $ 75, 615 $ (8, 792) $ 159, 861 $ (31, 881) $ 235, 476 $ (40, 673) Less than 12 Months 12 Months or Longer Total December 31, 2021 Fair Value Unrealized Losses Fair Value Unrealized Losses Fair Value Unrealized Losses U. S. Treasury and Government agencies $ 3, 397 $ (16) $- $- $ 3, 397 $ (16) Mortgage- backed securities 183, 727 (2, 856) 18, 566 (681) 202, 293 (3, 537) State and political subdivisions 1, 673 (9)-- 1, 673 (9) Other corporate securities 6, 889 (61)-- 6, 889 (61) Totals $ 195, 686 $ (2, 942) $ 18, 566 $ (681) $ 214, 252 $ (3, 623) The unrealized loss on the securities portfolio increased by $ 37. 1 million as of December 31, 2022, from the prior year. Management reviews these securities on a quarterly basis and has determined that no impairment exists. Management evaluates securities for other- than- temporary impairment at least on a quarterly basis, and more frequently when economic or market concern warrants such evaluation. When the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its

cost basis, it recognizes the credit component of an other- than- temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss). F- 15 Note 4: Loans and Allowance for Loan Losses The following tables present the categories of loans at December 31, 2022 and 2021: Total Loans Nonaccrual Loans ($ in thousands) December 2022 December 2021 December 2022 December 2021 Commercial & industrial $ 128, 090 $ 122, 250 $ 114 $ 143 Commercial real estate- owner occupied 110, 848 118, 891- 88 Commercial real estate- nonowner occupied 301, 787 262, 277 210 466 Agricultural 64, 388 57, 403-- Residential real estate 291, 512 206, 424 3, 020 2, 484 Home equity line of credit (HELOC) 45, 061 41, 682 310 464 Consumer 19, 944 13, 474 28 7 Total loans $ 961, 630 $ 822, 401 $ 3, 682 $ 3, 652 Net deferred costs (fees) $ 445 $ 313 Total loans, net deferred costs (fees) $ 962, 075 $ 822, 714 Allowance for loan losses $ (13, 818) $ (13, 805) The Company makes commercial, agri- business, consumer and residential loans to customers throughout its defined market area. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer' s creditworthiness is evaluated on a case- by- case basis. The amount of collateral obtained, if deemed necessary, is based on management' s credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Listed below is a summary of loan commitments, unused lines of credit and standby letters of credit as of December 31, 2022 and 2021. ($ in thousands) 2022 2021 Loan commitments and unused lines of credit $ 221, 668 $ 219, 618 Standby letters of credit 1, 336 2, 060 Totals $ 223, 004 $ 221, 678 The risk characteristics of each loan portfolio segment are as follows: Commercial & Industrial and Agricultural Commercial & industrial and agricultural loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and may include a personal guarantee. Short- term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. F- 16 Commercial Real Estate (Owner and Nonowner Occupied) Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The characteristics of properties securing the Company' s commercial real estate portfolio are diverse, but with geographic location almost entirely in the Company' s market area. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. In general, the Company avoids financing single purpose projects unless other underwriting factors are present to help mitigate risk. In addition, management tracks the level of owner- occupied commercial real estate versus non- owner- occupied loans. Construction loans are underwritten utilizing feasibility studies, independent appraisal reviews and financial analysis of the developers and property owners. Construction loans are generally based on estimates of costs and value associated with the completed project. These estimates may be inaccurate. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre- committed permanent loans from approved long- term lenders, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on- site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long- term financing. Residential Real Estate, Home Equity Line of Credit (" HELOC ") and Consumer Residential and consumer loans consist of two segments – residential mortgage loans and personal loans. Residential mortgage loans are secured by 1- 4 family residences and are generally owner- occupied, and the Company generally establishes a maximum loan- to- value ratio and requires private mortgage insurance if that ratio is exceeded. HELOCs are typically secured by a subordinate interest in 1- 4 family residences, and consumer personal loans are secured by consumer personal assets, such as automobiles or recreational vehicles. Some consumer personal loans are unsecured, such as small installment loans and certain lines of credit. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas, such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that these loans are of smaller individual amounts and spread over a large number of borrowers. The following tables present the balance of the allowance for loan and lease losses (" ALLL ") and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2022 and 2021: ($ in thousands) For the Twelve Months Ended December 31, 2022 Commercial & industrial Commercial real estate Agricultural Residential real estate Consumer Total Beginning balance $ 1, 890 $ 6, 781 $ 599 $ 3, 515 $ 1, 020 $ 13, 805 Charge offs---- (34) (34) Recoveries---- 47 47 Provision (227) (501) 12 923 (207)- Ending balance $ 1, 663 $ 6, 280 $ 611 $ 4, 438 $ 826 $ 13, 818 December 31, 2022 Commercial & industrial Commercial real estate Agricultural Residential real estate Consumer Total Allowance: Ending balance: individually evaluated for impairment $- $- $- $ 138 $ 2 $ 140 Ending balance: collectively evaluated for impairment $ 1, 663 $ 6, 280 $ 611 $ 4, 300 $ 824 $ 13, 678 Totals $ 1, 663 $ 6, 280 $ 611 $ 4, 438 $ 826 $ 13, 818 Loans: Ending balance: individually evaluated for impairment $ 204 $ 347 $- $ 2, 863 $ 114 $ 3, 528 Ending balance: collectively evaluated for

~~impairment $ 127, 886 $ 412, 288 $ 64, 388 $ 288, 649 $ 64, 891 $ 958, 102 Totals $ 128, 090 $ 412, 635 $ 64, 388 $ 291, 512 $ 65, 005 $ 961, 630 F- 17 ($ in thousands) For the Twelve Months Ended December 31, 2021 Commercial & industrial Commercial real estate Agricultural Residential real estate Consumer Total Beginning balance $ 3, 074 $ 5, 451 $ 496 $ 2, 534 $ 1, 019 $ 12, 574 Charge offs--- (43) (93) (136) Recoveries 227-- 49 41 317 Provision (credit) (1, 411) 1, 330 103 975 53 1, 050 Ending balance $ 1, 890 $ 6, 781 $ 599 $ 3, 515 $ 1, 020 $ 13, 805 December 31, 2021 Commercial & industrial Commercial real estate Agricultural Residential real estate Consumer Total Allowance: Ending balance: individually evaluated for impairment $- $ 10 $- $ 120 $ 3 $ 133 Ending balance: collectively evaluated for impairment $ 1, 890 $ 6, 771 $ 599 $ 3, 395 $ 1, 017 $ 13, 672 Totals $ 1, 890 $ 6, 781 $ 599 $ 3, 515 $ 1, 020 $ 13, 805 Loans: Ending balance: individually evaluated for impairment $ 118 $ 354 $- $ 2, 307 $ 135 $ 2, 914 Ending balance: collectively evaluated for impairment $ 122, 132 $ 380, 814 $ 57, 403 $ 204, 117 $ 55, 021 $ 819, 487 Totals $ 122, 250 $ 381, 168 $ 57, 403 $ 206, 424 $ 55, 156 $ 822, 401 Credit Risk Profile The Company categorizes loans into risk categories (loan grades) based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes loans with an outstanding balance greater than $ 100, 000 and non- homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a quarterly basis. The Company uses the following definitions for risk ratings: Pass (grades 1 – 4): Loans which management has determined to be performing as expected and in agreement with the terms established at the time of loan origination. Special Mention (grade 5): Assets have potential weaknesses that deserve management' s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company' s credit position at some future date. Special mention assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy. Substandard (grade 6): Loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well- defined weakness or weaknesses that jeopardized the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Doubtful (grade 7): Loans classified as doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable. Loss (grade 8): Loans are considered uncollectable and of such little value that continuing to carry them as assets on the Company' s financial statement is not feasible. Loans will be classified as loss when it is neither practical nor desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be possible at some time in the future. F- 18 The following tables present the credit risk profile of the Company' s loan portfolio based on rating category as of December 31, 2022 and 2021: ($ in thousands) December 31, 2022 Commercial & industrial Commercial real estate- owner occupied Commercial real estate- nonowner occupied Agricultural Residential real estate HELOC Consumer Total Pass (1- 4) $ 127, 424 $ 107, 918 $ 296, 518 $ 64, 388 $ 288, 172 $ 44, 751 $ 19, 915 $ 949, 086 Special Mention (5) 394 2, 930 4, 899---- 8, 223 Substandard (6) 158- 160- 3, 316 310 29 3, 973 Doubtful (7) 114- 210- 24-- 348 Loss (8) Total Loans $ 128, 090 $ 110, 848 $ 301, 787 $ 64, 388 $ 291, 512 $ 45, 061 $ 19, 944 $ 961, 630 December 31, 2021 Commercial & industrial Commercial real estate- owner occupied Commercial real estate- nonowner occupied Agricultural Residential real estate HELOC Consumer Total Pass (1- 4) $ 121, 285 $ 111, 232 $ 253, 269 $ 57, 403 $ 203, 295 $ 41, 218 $ 13, 467 $ 801, 169 Special Mention (5) 659 7, 571 5, 694---- 13, 924 Substandard (6) 188- 2, 848- 3, 102 464 7 6, 609 Doubtful (7) 118 88 466- 27-- 699 Loss (8)-------- Total Loans $ 122, 250 $ 118, 891 $ 262, 277 $ 57, 403 $ 206, 424 $ 41, 682 $ 13, 474 $ 822, 401 The Company evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. The Company uses a five- year average of historical losses for the general component of the allowance for loan loss calculation. No significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the periods presented. The following tables present the Company' s loan portfolio aging analysis as of December 31, 2022 and 2021: ($ in thousands) 30- 59 Days 60- 89 Days Greater Than 90 Days Total Past Total Loans December 31, 2022 Past Due Past Due Past Due Due Current Receivable Commercial & industrial $ 23 $ 108 $ 114 $ 245 $ 127, 845 $ 128, 090 Commercial real estate- owner occupied---- 110, 848 110, 848 Commercial real estate- nonowner occupied 114- 32 146 301, 641 301, 787 Agricultural---- 64, 388 64, 388 Residential real estate 98 411 1, 287 1, 796 289, 716 291, 512 HELOC 98 24 138 260 44, 801 45, 061 Consumer 61 26 22 109 19, 835 19, 944 Total Loans $ 394 $ 569 $ 1, 593 $ 2, 556 $ 959, 074 $ 961, 630 30- 59 Days 60- 89 Days Greater Than 90 Days Total Past Total Loans December 31, 2021 Past Due Past Due Past Due Due Current Receivable Commercial & industrial $ 166 $ 25 $ 118 $ 309 $ 121, 941 $ 122, 250 Commercial real estate- owner occupied-- 88 88 118, 803 118, 891 Commercial real estate- nonowner occupied 221 233 246 700 261, 577 262, 277 Agricultural---- 57, 403 57, 403 Residential real estate 265 716 1, 344 2, 325 204, 099 206, 424 HELOC 53 80 248 381 41, 301 41, 682 Consumer 20 14 7 41 13, 433 13, 474 Total Loans $ 725 $ 1, 068 $ 2, 051 $ 3, 844 $ 818, 557 $ 822, 401 F- 19 All loans past due 90 days are systematically placed on nonaccrual status. A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310- 10- 35- 16), when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in a Troubled Debt Restructure (" TDR ") where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. The following tables present impaired loan activity for the twelve months ended December 31, 2022 and 2021: ($ in thousands) Twelve Months Ended Recorded Unpaid Principal Related Average Recorded Interest Income December 31, 2022 Investment Balance Allowance Investment Recognized With no related allowance recorded: Commercial & industrial $ 204 $ 627 $- $ 650 $ 34 Commercial real estate- owner occupied----- Commercial real estate- nonowner occupied 347 825- 1,~~

~~350 94 Agricultural----- Residential real estate 1, 491 1, 558- 1, 793 65 HELOC 68 68 85 4 Consumer----- With a specific allowance recorded: Commercial & industrial----- Commercial real estate- owner occupied----- Commercial real estate- nonowner occupied----- Agricultural----- Residential real estate 1, 372 1, 372 138 1, 424 43 HELOC 46 46 2 51 2 Consumer----- Totals: Commercial & industrial $ 204 $ 627 $- $ 650 $ 34 Commercial real estate- owner occupied $- $- $- $- $- Commercial real estate- nonowner occupied $ 347 $ 825 $- $ 1, 350 $ 94 Agricultural $- $- $- $- $- Residential real estate $ 2, 863 $ 2, 930 $ 138 $ 3, 217 $ 108 HELOC $ 114 $ 114 $ 2 $ 136 $ 6 Consumer $- $- $- $- $- ($ in thousands) Twelve Months Ended Recorded Unpaid Principal Related Average Recorded Interest Income December 31, 2021 Investment Balance Allowance Investment Recognized With no related allowance recorded: Commercial & industrial $ 118 $ 204 $- $ 217 $ 2 Commercial real estate- owner occupied 88 88- 88- Commercial real estate- nonowner occupied 223 223- 357 28 Agricultural----- Residential real estate 1, 391 1, 458- 1, 663 60 HELOC 33 33 41 2 Consumer----- With a specific allowance recorded: Commercial & industrial----- Commercial real estate- owner occupied----- Commercial real estate- nonowner occupied 43 173 10 173- Agricultural----- Residential real estate 916 916 120 933 20 HELOC 102 102 3 124 5 Consumer----- Totals: Commercial & industrial $ 118 $ 204 $- $ 217 $ 2 Commercial real estate- owner occupied $ 88 $ 88 $- $ 88 $- Commercial real estate- nonowner occupied $ 266 $ 396 $ 10 $ 530 $ 28 Agricultural $- $- $- $- $- Residential real estate $ 2, 307 $ 2, 374 $ 120 $ 2, 596 $ 80 HELOC $ 135 $ 135 $ 3 $ 165 $ 7 Consumer $- $- $- $- $- F- 20 Impaired loans less than $ 100, 000 are included in groups of homogenous loans. These loans are evaluated based on delinquency status. Interest income recognized on a cash basis does not materially differ from interest income recognized on an accrual basis. Troubled Debt Restructured Loans (TDRs) TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs. TDR Concession Types The Company' s standards relating to loan modifications consider, among other factors, minimum verified income requirements, cash flow analysis, and collateral valuations. Each potential loan modification is reviewed individually and the terms of the loan are modified to meet a borrower' s specific circumstances at a point in time. All loan modifications, including those classified as TDRs, are reviewed and approved. The types of concessions provided to borrowers include: ● Interest rate reduction: A reduction of the stated interest rate to a nonmarket rate for the remaining original life of the debt. The Company also may grant interest rate concessions for a limited timeframe on a case by case basis. ● Amortization or maturity date change beyond what the collateral supports, including a change that does any of the following: (1) Lengthens the amortization period of the amortized principal beyond market terms. This concession reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven. (2) Reduces the amount of loan principal to be amortized. This concession also reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven. (3) Extends the maturity date or dates of the debt beyond what the collateral supports. This concession generally applies to loans without a balloon payment at the end of the term of the loan. In addition, there may be instances where renewing loans potentially require non- market terms and would then be reclassified as TDRs. ● Other: A concession that is not categorized as one of the concessions described above. These concessions include, but are not limited to: principal forgiveness, collateral concessions, covenant concessions, and reduction of accrued interest. Principal forgiveness may result from any TDR modification of any concession type. There were no new TDRs during the period ended December 31, 2022. The following table represents new TDR activity for the twelve months ended December 31, 2021. F- 21 ($ in thousands) Number of Loans Pre- Modification Recorded Balance Post Modification Recorded Balance 2 $ 42 $ 42 Total modifications 2 $ 42 $ 42 Interest Only Term Combination Total Modification HELOC $- $- $ 42 $ 42 Total modifications $- $- $ 42 $ 42 There were no TDRs modified during the past twelve months that have subsequently defaulted. The Company was an active participant in the PPP initiative as detailed in the discussion of financial results for 2021. The Company originated approximately 1, 100 loans with a total balance of $ 111. 4 million. As of December 31, 2022, only one PPP loan remained outstanding. Fees for PPP loan originations totaled $ 4. 9 million, of which $ 0. 1 million and $ 3. 4 million were taken into income during 2022 and 2021, respectively. Related Party Loans Loans to directors and their related interests, including loans to companies for which directors are principal owners and executive officers are presented in the following table at December 31: ($ in thousands) 2022 2021 Balance at beginning of period $ 521 $ 1, 164 Effect of change in compostioin of directors and executive officers 112- New Term Loans-- Repayment of term loans (53) (46) Changes in balances of revolving lines of credit (59) (597) Balance at end of period $ 521 $ 521 Note 5: Premises and Equipment Major classifications of premises and equipment stated at cost were as follows at December 31: ($ in thousands) 2022 2021 Land $ 3, 563 $ 3, 549 Buildings and improvements 27, 699 27, 475 Equipment 14, 315 13, 398 Construction in process 879 655 46, 456 45, 077 Less accumulated depreciation (23, 627) (21, 865) Net premises and equipment $ 22, 829 $ 23, 212 F- 22 Note 6: Goodwill and Intangibles On December 31, 2021, the Company purchased an Ohio based title agency resulting in approximately $ 1. 1 million in goodwill. The balance of goodwill as of December 31, 2022 and December 31, 2021 was $ 23. 2 million and $ 23. 2 million, respectively. Twelve Months Ended December 31, 2022 Twelve Months Ended December 31, 2021 ($ in thousands) Carrying Amount Carrying Amount Beginning balance $ 23, 191 $ 22, 091 Acquired goodwill- 1, 100 Measurement period adjustments 48- Ending balance $ 23, 239 $ 23, 191 Impairment exists when a reporting unit' s carrying value of goodwill exceeds its fair value. Goodwill is tested on the last day of the last quarter of each calendar year. At December 31, 2022, the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment. Carrying basis and accumulated amortization of intangible assets were as follows at December 31: 2022 2021 Gross Carrying Accumulated Gross Carrying Accumulated ($ in thousands) Amount Amortization Amount Amortization Core deposits intangible $ 660 $ (170) $ 660 $ (104) Customer relationship intangible 200 (176) 200 (173) Banking intangibles $ 860 $ (346) $ 860 $ (277) Amortization expense for intangibles for the years ended December 31,~~

~~2022 and 2021 was $ 0. 07 million and $ 0. 07 million, respectively. Estimated amortization expense for each of the following five years is immaterial. Note 7: Mortgage Banking and Servicing Rights Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balance of mortgage loans serviced for others approximated $ 1. 4 billion and $ 1. 4 billion at December 31, 2022 and 2021, respectively. Contractually specified servicing fees of approximately $ 3. 2 million and $ 3. 1 million were included in mortgage loan servicing fees in the consolidated income statement for the years ended December 31, 2022 and 2021, respectively. F- 23 The following table summarizes mortgage servicing rights capitalized and related amortization, along with activity in the related valuation allowance at December 31: ($ in thousands) 2022 2021 Carrying amount, beginning of year $ 12, 034 $ 7, 759 Mortgage servicing rights capitalized during the year 1, 939 4, 724 Mortgage servicing rights amortization during the year (1, 749) (3, 885) Net change in valuation allowance 1, 279 3, 436 Carrying amount, end of year $ 13, 503 $ 12, 034 Valuation allowance: Beginning of year $ 1, 456 $ 4, 892 Increase (reduction) (1, 279) (3, 436) End of year $ 177 $ 1, 456 Fair value, beginning of period $ 12, 629 $ 7, 759 Fair value, end of period $ 15, 754 $ 12, 629 Note 8: Derivative Financial Instruments The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company manages its exposures to a wide variety of business and operational risks primarily through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its assets and liabilities and through the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company' s derivative financial instruments are used to manage differences in the amount, timing and duration of the Company' s known or expected cash payments principally related to certain variable- rate assets. The Company does not use derivatives for trading or speculative purposes. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. Additionally, the Company enters into forward contracts for the future delivery of mortgage loans to third- party investors and enters into IRLCs with potential borrowers to fund specific mortgage loans that will be sold into the secondary market. The forward contracts that are entered into, economically hedge the effect of changes in interest rates resulting from the Company' s commitment to fund the loans. The IRLCs and forward contracts are not designated as accounting hedges and are recorded at fair value with changes in fair value reflected in noninterest income on the consolidated statements of income. The fair value of derivative instruments with a positive fair value are reported in accrued income and other assets in the consolidated balance sheets, while derivative instruments with a negative fair value are reported in accrued expenses and other liabilities in the consolidated balance sheets. F- 24 The table below presents the notional amount and fair value of the Company' s interest rate swaps, IRLCs and forward contracts utilized at December 31: 2022 2021 Notional Fair Notional Fair ($ in thousands) Amount Value Amount Value Asset Derivatives Derivatives not designated as hedging instruments Interest rate swaps associated with loans $ 66, 477 $ 5, 538 $ 84, 733 $ 3, 655 IRLCs-- 21, 391 22 Forward contracts 5, 500 26-- Total contracts $ 71, 977 $ 5, 564 $ 106, 124 $ 3, 677 Liability Derivatives Derivatives not designated as hedging instruments Interest rate swaps associated with loans $ 66, 477 $ (5, 538) $ 84, 733 $ (3, 655) Forward contracts-- 25, 000 (32) IRLCs 3, 268 (20)-- Total contracts $ 69, 745 $ (5, 558) $ 109, 733 $ (3, 687) The fair value of interest rate swaps were estimated using a discounted cash flow method that incorporates current market interest rates as of the balance sheet date. Fair values of IRLCs and forward contracts were estimated using changes in mortgage interest rates from the date the Company entered into the IRLC and the balance sheet date. The following table presents the amounts included in the consolidated statements of income for non- hedging derivative financial instruments for the twelve months ended December 31, 2022 and 2021. Amount of gain (loss) Statement of income classification 2022 2021 ($ in thousands) Interest rate swap contracts Other income $ 19 $ 242 IRLCs Gain on sale of mortgage loans & OMSR (42) (256) Forward contracts Gain on sale of mortgage loans & OMSR 57 233 The following table shows the offsetting of financial assets and derivative assets at December 31, 2022 and 2021. Gross amounts of Gross amounts offset in the consolidated Net amounts of assets presented in the consolidated Gross amounts not offset in the consolidated balance sheet ($ in thousands) recognized assets balance sheet balance sheet Financial instruments Cash collateral received Net amount December 31, 2022 Interest rate swaps $ 5, 540 $ 2 $ 5, 538 $- $ 4, 480 $ 1, 058 December 31, 2021 Interest rate swaps $ 3, 746 $ 91 $ 3, 655 $- $- $ 3, 655 F- 25 The following table shows the offsetting of financial liabilities and derivative liabilities at December 31, 2022 and 2021. Gross amounts of Gross amounts offset in the consolidated Net amounts of liabilities presented in the consolidated Gross amounts not offset in the consolidated balance sheet ($ in thousands) recognized liabilities balance sheet balance sheet Financial instruments Cash collateral pledged Net amount December 31, 2022 Interest rate swaps $ 5, 540 $ 2 $ 5, 538 $- $- $ 5, 538 December 31, 2021 Interest rate swaps $ 3, 746 $ 91 $ 3, 655 $- $ 6, 906 $ (3, 251) Note 9: Interest- Bearing Deposits Interest- bearing time deposits in denominations of $ 250, 000 or more totaled $ 23. 4 million on December 31, 2022 and $ 13. 8 million on December 31, 2021. Certificates of deposit obtained from brokers totaled $ 7. 0 million as of December 31, 2022. There were no certificates of deposits from brokers as of December 31, 2021. At December 31, 2022, the scheduled maturities of time deposits were as follows: ($ in thousands) 2023 $ 123, 829 2024 23, 877 2025 37, 276 2026 3, 438 2027 2, 278 Thereafter 182 Total $ 190, 880 Included in time deposits at December 31, 2022 and 2021 were $ 58. 0 million and $ 55. 6 million, respectively, of deposits which were obtained through the Certificate of Deposit Account Registry Service (" CDARS "). This service allows deposit customers to maintain fully insured balances in excess of the $ 250, 000 FDIC limit without the inconvenience of having multi- banking relationships. Under the reciprocal program that the Company is currently participating~~

in, customers agree to allow their deposits to be placed with other participating banks in the CDARS program in insurable amounts under $ 250, 000. In exchange, other banks in the program agree to place their deposits with the Company also in insurable amounts under $ 250, 000. Deposits of directors and their associates, including deposits of companies for which directors are principal owners and executive officers were $ 7. 0 million and $ 3. 9 million at December 31, 2022 and 2021, respectively. Note 10: Short- Term Borrowings ($ in thousands) 2022 2021 Securities Sold Under Repurchase Agreements $ 14, 923 $ 15, 320 F- 26 The Company has retail repurchase agreements to facilitate cash management transactions with commercial customers. These obligations were secured by agency securities of $ 5. 4 million and $ 8. 4 million for 2022 and 2021, respectively, and mortgage- backed securities of $ 12. 4 million and $ 15. 2 million for 2022 and 2021, respectively. The collateral is held at the FHLB and has maturities from 2025 through 2061. At December 31, 2022, these repurchase agreements totaled $ 14. 9 million. The maximum amount of outstanding agreements at any month end during 2022 and 2021 totaled $ 30. 9 million and $ 34. 2 million, respectively, and the monthly average of such agreements totaled $ 20. 3 million and $ 22. 8 million during 2022 and 2021, respectively. The repurchase agreements mature within one month. The Company has borrowing capabilities at the Federal Reserve Discount Window (" Discount Window ") by pledging either securities or loans as collateral. As of December 31, 2022, there was no collateral pledged or borrowings drawn at the Discount Window. At December 31, 2022 and 2021, the Company had $ 56. 0 million and $ 41. 0 million in federal funds lines, of which none were drawn. Note 11: Federal Home Loan Bank Advances The FHLB advances were secured by $ 206. 0 million in mortgage loans at December 31, 2022. Advances consisted of fixed and variable interest rates from 3. 32 to 4. 53 percent. Fixed rate advances are subject to restrictions or penalties in the event of prepayment. Aggregate annual maturities of FHLB advances at December 31, 2022, were: ($ in thousands) Debt 2023 60, 000 Total $ 60, 000 Note 12: Trust Preferred Securities On September 15, 2005, RST II, a wholly- owned subsidiary of the Company, closed a pooled private offering of 10, 000 Capital Securities with a liquidation amount of $ 1, 000 per security. The proceeds of the offering were loaned to the Company in exchange for junior subordinated debentures with terms similar to the Capital Securities. Distributions on the Capital Securities are payable quarterly at a variable rate that is currently based upon the 3- month LIBOR plus 1. 80 percent and are included in interest expense in the consolidated financial statements. The issuers of these securities have proposed Secured Overnight Financing Rate (" SOFR ") as a replacement rate for the LIBOR- based interest rate and will amend the documents governing the securities prior to LIBOR cessation. These securities may be included in Tier 1 capital and may be prepaid at any time without penalty (with certain limitations applicable) under current regulatory guidelines and interpretations. The balance of the Capital Securities as of December 31, 2022 and 2021 was $ 10. 3 million, with a maturity date of September 15, 2035. Note 13: Subordinated Debt On May 27, 2021, the Company entered into Subordinated Note Purchase Agreements (collectively, the " Purchase Agreements'') with qualified institutional buyers and accredited investors (collectively, the " Purchasers ") pursuant to which the Company issued and sold $ 20. 0 million in aggregate principal amount of its 3. 65 % Fixed to Floating Rate Subordinated Notes due 2031 (the " Notes "). The Notes were sold by the Company in a private placement exempt from the registration requirements under the Securities Act of 1933, as amended. The Notes mature on June 1, 2031 and bear interest at a fixed rate of 3. 65 % through May 31, 2026. From June 1, 2026 to the maturity date or earlier redemption of the Notes, the interest rate will reset quarterly to an interest rate per annum, equal to the then- current- three- month Secured Overnight Financing Rate (" SOFR ") provided by the Federal Reserve Bank of New York plus 296 basis points. The Company may redeem the Notes at any time after May 31, 2026, and at any time in whole, but not in part, upon the occurrence of certain events. Any redemption of the Notes will be subject to prior regulatory approval. The Company incurred debt issuance costs for placement fees, legal and other out- of- pocket expenses of approximately $ 0. 5 million, which are being amortized over the life of the Notes. F- 27 Note 14: Income Taxes The provision for income taxes includes these components: For The Year Ended December 31, ($ in thousands) 2022 2021 Taxes currently payable $ 86 $ 2, 144 Deferred provision 2, 709 2, 302 Income tax expense $ 2, 795 $ 4, 446 A reconciliation of income tax expense at the statutory rate to the Company' s actual income tax expense is shown below: For The Year Ended December 31, ($ in thousands) 2022 2021 Computed at the statutory rate (21 %) $ 3, 216 $ 4, 772 Increase (decrease) resulting from Tax exempt interest (111) (85) BOLI income (106) (60) Sec. 831 (b) election (199) (183) Other (5) 2 Actual tax expense $ 2, 795 $ 4, 446 The tax effects of temporary differences related to deferred taxes shown on the balance sheets are: For The Year Ended December 31, ($ in thousands) 2022 2021 Deferred tax assets Allowance for loan losses $ 2, 902 $ 2, 899 Unrealized losses on available- for- sale securities 8, 538 491 Capitalized research and development costs 117- Accrued bonus 142 281 Net operating loss 5, 410- Other 854 703 17, 963 4, 374 Deferred tax liabilities Depreciation (1, 117) (1, 242) Mortgage servicing rights (2, 836) (2, 546) Purchase accounting adjustments (1, 598) (1, 619) Prepaids (527) (477) Net deferred loan costs (93) (66) Section 475 MTM (8, 538) (491) FHLB stock dividends (271) (288) (14, 980) (6, 729) Net deferred tax asset (liability) $ 2, 983 $ (2, 355) F- 28 Note 15: Accumulated Other Comprehensive Income (Loss) Accumulated other comprehensive income (loss) represents reclassifications out of unrealized gains and losses on available- for- sale securities net of income tax. There were no reclassifications for the years ending December 31, 2022 and 2021. Note 16: Regulatory Matters As of December 31, 2022, based on its call report computations, State Bank was classified as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, State Bank must maintain capital ratios as set forth in the table below. There are no conditions or events since December 31, 2022 that management believes have changed State Bank' s capital classification. State Bank' s actual capital amounts and ratios are presented in the following table. Capital levels are presented for State Bank only as the Company is exempt from quarterly reporting at the holding company level: Actual For Capital Adequacy Purposes To Be Well Capitalized Under Prompt Corrective Action Procedures ($ in thousands) Amount Ratio Amount Ratio Amount Ratio As of December 31, 2022 Tier I Capital to average assets $ 146, 678 11. 06 % $ 53, 069 4. 0 % $ 66, 336 5. 0 % Tier I Common equity capital to risk- weighted assets 146, 678 13. 42 % 49, 200 4. 5 % 71, 067 6. 5 % Tier I Capital to risk- weighted assets 146, 678 13. 42 % 65, 600 6. 0 % 87, 466 8. 0 % Total Risk- based capital to risk- weighted assets 160, 346 14. 67 % 87, 466 8. 0 % 109, 333 10. 0 % As of

December 31, 2021 Tier I Capital to average assets $ 133, 202 10. 18 % $ 52, 324 4. 0 % $ 65, 405 5. 0 % Tier I Common equity capital to risk- weighted assets 133, 202 13. 94 % 42, 986 4. 5 % 62, 090 6. 5 % Tier I Capital to risk- weighted assets 133, 202 13. 94 % 57, 314 6. 0 % 76, 419 8. 0 % Total Risk- based capital to risk- weighted assets 145, 165 15. 20 % 76, 419 8. 0 % 95, 523 10. 0 % The above minimum capital requirements exclude the capital conservation buffer required to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers. The capital conservation buffer was 2. 50 percent at December 31, 2022 and the Company still would have met the minimum capital requirements when the capital buffer is considered. The net unrealized gain or loss on available- for- sale securities is not included in computing regulatory capital. Management believes as of December 31, 2022, State Bank met all capital adequacy requirements to which they are subject. Note 17: Employee Benefits The Company has a share- based incentive compensation plan that permits the grant of stock options, restricted stock and other share- based awards to employees, directors and advisory board members of the Company and its subsidiaries. In addition, the Company has instituted a long- term incentive program, with the objective of rewarding senior management with restricted shares of the Company (see Note 18 to the Consolidated Financial Statements). F- 29 The Company has a retirement savings 401 (k) plan covering substantially all employees. The Company provides a safe harbor matching contribution equal to 100 % of an employees' salary deferral amounts up to 4 % of the employees' eligible compensation. Employees are immediately vested in their voluntary contributions and in any Company safe harbor matching contributions. Any discretionary contribution made by the Company is fully vested after three years of credited service. Employer contributions charged to expense for 2022 and 2021 were $ 0. 7 million and $ 0. 7 million, respectively. Also, the Company has Supplemental Executive Retirement Plan (" SERP ") Agreements with certain active and retired officers. The agreements provide monthly payments for up to 15 years that equal 15 percent to 25 percent of average compensation prior to retirement or death. The charges to expense for the current agreements were $ 0. 2 million and $ 0. 3 million for 2022 and 2021, respectively. Additional life insurance is provided to certain officers through bank- owned life insurance (" BOLI ") policies. By way of a separate split- dollar agreement, each policy' s interests are divided between the Company and the insured' s beneficiary. The Company owns the policy' s cash value and a portion of the policy net death benefit, over and above the cash value assigned to the insured' s beneficiary. In May 2022, an additional $ 10. 5 million in BOLI policies were purchased. The cash surrender value of all life insurance policies totaled $ 28. 9 million and $ 17. 9 million at December 31, 2022 and 2021, respectively. The Company has a noncontributory employee stock ownership plan (" ESOP ") covering substantially all employees of the Company and its subsidiaries. Voluntary contributions are made by the Company to the plan. Each eligible employee is vested based upon years of service, including prior years of service. The Company' s contributions to the account of each employee become fully vested after three years of service. Benefit expense for the value of the stock purchased is recorded equal to the fair market value of the stock when contributions, which are determined annually by the Board of Directors of the Company, are made to the ESOP. Allocated shares in the ESOP at December 31, 2022 and 2021, were 370, 876 and 380, 450, respectively. Dividends on allocated shares in the ESOP are recorded as dividends and charged to retained earnings. Compensation expense is recorded equal to the fair market value of the stock when contributions, which are determined annually by the Board of Directors of the Company, are made to the ESOP. ESOP expense for the years ended December 31, 2022 and 2021 was $ 0. 0 million and $ 0. 5 million, respectively. Note 18: Share- Based Compensation Plan In April 2017, the shareholders approved a new share- based incentive compensation plan, the SB Financial Group, Inc. 2017 Stock Incentive Plan (the " 2017 Plan "), which replaced the Company' s 2008 Stock Incentive Plan. This plan permits the grant or award of incentive stock options, nonqualified stock options, stock appreciation rights (" SAR' s "), restricted stock, and restricted stock units (" RSU' s ") for up to 500, 000 common shares of the Company. The 2017 Plan is intended to advance the interests of the Company and its shareholders by offering employees, directors and advisory board members of the Company and its subsidiaries an opportunity to acquire or increase their ownership interest in the Company through grants of equity- based awards. The 2017 Plan permit equity- based awards to be used to attract, motivate, reward and retain highly competent individuals upon whose judgment, initiative, leadership and efforts are key to the success of the Company by encouraging those individuals to become shareholders of the Company. Option awards are granted with an exercise price equal to the market price of the Company' s common shares at the date of grant and those option awards vest based on five years of continuous service and have 10- year contractual terms. The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model. There were no options granted in 2022 or 2021. There were no stock options outstanding, and no compensation expense charged against income with respect to option awards under the Plan, as of December 31, 2022 or 2021. F- 30 As of December 31, 2022, there was no unrecognized compensation cost related to incentive option share- based compensation arrangements granted under the 2017 Plan. Pursuant to the Long Term Incentive (" LTI ") Plan, the Company awards restricted common shares of the Company to certain key executives under the 2017 Plan. These restricted stock awards vest over a four- year period and are intended to assist the Company in retention of key executives. During 2022 and 2021, the Company met certain performance targets and restricted stock awards were approved by the Board. The compensation cost charged against income for the LTI Plan was $ 0. 6 million and $ 0. 4 million for 2022 and 2021, respectively. The total income tax benefit recognized in the income statement for share- based compensation arrangements was $ 0. 1 million and $ 0. 1 million for 2022 and 2021, respectively. A summary of restricted stock activity under the Company' s LTI Plan as of December 31, 2022 and changes during the year ended is presented below: Shares Weighted- Average Value per Share Nonvested, January 1, 2022 40, 922 $ 18. 43 Granted 40, 340 19. 84 Vested (26, 044) 19. 03 Forfeited (2, 299) 17. 94 Nonvested, December 31, 2022 52, 919 $ 19. 23 As of December 31, 2022, there was $ 0. 7 million of total unrecognized compensation cost related to non-vested share- based compensation arrangements related to the restricted stock awards under the 2017 Plan which were granted in accordance with the LTI Plan. That cost is expected to be recognized over a weighted- average period of 1. 82 years. Note 19: Disclosures About Fair Value of Assets and Liabilities Pursuant to ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date. A three level hierarchy exists in ASC 820 for fair value measurements based upon the inputs to the valuation of an asset or liability: Level 1: Quoted prices in active markets for identical assets or liabilities Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities Following is a description of the valuation methodologies, inputs used for assets measured at fair value on a recurring basis, recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. The fair value of available- for- sale securities are determined by various valuation methodologies. Level 2 securities include U. S. government agencies, mortgage- backed securities, obligations of political and state subdivisions, and corporate securities. Level 2 inputs do not include quoted prices for individual securities in active markets; however, they do include inputs that are either directly or indirectly observable for the individual security being valued. Such observable inputs include interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, credit risks and default rates. Also included are inputs derived principally from or corroborated by observable market data by correlation or other means. F- 31 Interest rate contracts The fair values of interest rate contracts are based upon the estimated amount the Company would receive or pay to terminate the contracts or agreements, taking into account underlying interest rates, creditworthiness of underlying customers for credit derivatives and, when appropriate, the creditworthiness of the counterparties. Forward contracts The fair values of forward contracts on to- be- announced securities are determined using quoted prices in active markets, or benchmarked thereto (Level 1). Interest Rate Lock Commitments The fair value of IRLCs are determined using the projected sale price of individual loans based on changes in the market interest rates, projected pull- through rates (the probability that an IRLC will ultimately result in an originated loan), the reduction in the value of the applicant' s option due to the passage of time, and the remaining origination costs to be incurred based on management' s estimate of market costs (Level 3). The following table presents the fair value measurements of securities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fell at December 31, 2022 and 2021: ($ in thousands) Fair value at December 31, 2022 (Level 1) (Level 2) (Level 3) U. S. Treasury and Government Agencies $ 6, 764 $- $ 6, 764 $- Mortgage- backed securities 205, 835- 205, 835- State and political subdivisions 11, 103- 11, 103- Other corporate securities 15, 078- 15, 078- Interest rate contracts- assets 5, 538- 5, 538- Interest rate contracts- liabilities (5, 538)- (5, 538)- Forward contracts 26 26-- IRLCs (20)-- (20) ($ in thousands) Fair value at December 31, 2021 (Level 1) (Level 2) (Level 3) U. S. Treasury and Government Agencies $ 9, 105 $- $ 9, 105 $- Mortgage- backed securities 228, 134- 228, 134- State and political subdivisions 12, 879- 12, 879- Other corporate securities 13, 141- 13, 141- Interest rate contracts- assets 3, 655- 3, 655- Interest rate contracts- liabilities (3, 655)- (3, 655)- Forward contracts (32) (32)-- IRLCs 22-- 22 Level 1- quoted prices in active markets for identical assets Level 2- significant other observable inputs Level 3- significant unobservable inputs F- 32 The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs for the years ended December 31, 2022 and 2021. for the Twelve Months Ended December 31, ($ in thousands) 2022 2021 Interest Rate Lock Commitments Balance at beginning of period $ 22 $ 278 Total realized gains (losses) Change in fair value (42) (256) Balance at end of period $ (20) $ 22 The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. Collateral- dependent Impaired Loans, Net of ALLL Loans for which it is probable the Company will not collect all principal and interest due according to contractual terms are measured for impairment. The estimated fair value of collateral- dependent impaired loans is based on the appraised value of the collateral, less estimated cost to sell. Collateral- dependent impaired loans are classified within Level 3 of the fair value hierarchy. This method requires obtaining independent appraisals of the collateral from a list of preapproved appraisers, which are reviewed for accuracy and consistency by the Company. The appraised values are reduced by applying a discount factor to the value based on the Company' s loan review policy. All impaired loans held by the Company were collateral dependent at December 31, 2022 and 2021. Mortgage servicing rights do not trade in an active, open market with readily observable prices. Accordingly, fair value is estimated using discounted cash flow models associated with the servicing rights and discounting the cash flows using discount market rates, prepayment speeds and default rates. The servicing portfolio has been valued using all relevant positive and negative cash flows including servicing fees, miscellaneous income and float; marginal costs of servicing; the cost of carry of advances; and foreclosure losses; and applying certain prevailing assumptions used in the marketplace. Due to the nature of the valuation inputs, mortgage servicing rights are classified within Level 3 of the hierarchy. These mortgage servicing rights are tested for impairment on a quarterly basis. The following table presents the fair value measurements of assets measured at fair value on a non- recurring basis and the level within the fair value hierarchy in which the fair value measurements fell at December 31, 2022 and 2021: ($ in thousands) Fair value at December 31, 2022 (Level 1) (Level 2) (Level 3) Impaired loans $ 1, 028 $- $- $ 1, 028 Mortgage servicing rights 1, 448-- 1, 448 ($ in thousands) Fair value at December 31, 2021 (Level 1) (Level 2) (Level 3) Impaired loans $ 464 $- $- $ 464 Mortgage servicing rights 3, 301-- 3, 301 Level 1- quoted prices in active markets for identical assets Level 3- significant unobservable inputs F- 33 Unobservable (Level 3) Inputs The following tables present quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements at December 31, 2022 and 2021: Fair value at ($ in thousands) December 31, 2022 Valuation technique Unobservable inputs Range (weighted- average) Collateral- dependent impaired loans $ 1, 028 Market comparable properties Comparability adjustments (%) 8- 21 % (12 %) Mortgage servicing rights 1, 448 Discounted cash flow Discount Rate 11. 39 % Constant prepayment rate 7. 52 % P & I earnings credit 4. 35 % T & I earnings credit 4. 58 % Inflation for cost of servicing 3. 50 % IRLCs (20) Discounted cash flow Loan closing rates 41 %- 99 % Fair value at ($ in thousands) December 31, 2021 Valuation technique Unobservable inputs Range (weighted- average) Collateral- dependent impaired loans $ 464 Market comparable properties Comparability adjustments (%) 6. 4- 18 %

~~(13 %) Mortgage servicing rights 3, 301 Discounted cash flow Discount Rate 8. 65 % Constant prepayment rate 10. 94 % P & I earnings credit 0. 10 % T & I earnings credit 1. 25 % Inflation for cost of servicing 1. 50 % IRLCs 22 Discounted cash flow Loan closing rates 49 %- 99 % The mortgage servicing rights portfolio is measured for fair value by an independent third party. The valuation of the portfolio hinges on a number of quantitative factors. These factors include, but are not limited to, a discount rate applied to the cash flows, and an assumption of future principal prepayments. The prepayment assumptions are based upon the historical performance of the Company' s portfolio as well as market metrics. The servicing rights have had a decrease in prepayments and the 3. 42 percent decrease in the constant prepayment rate reflects the change in market rates. In addition, the earnings credit rate decreased and the discount rate increased. The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value. Cash and Due From Banks, Interest Bearing Time Deposits, Federal Reserve and Federal Home Loan Bank Stock and Interest Receivable and Payable Fair value is determined to be the carrying amount for these items (which include cash on hand, due from banks, and federal funds sold) because they represent cash or mature in 90 days or less, and do not represent unanticipated credit concerns. Loans Held for Sale The fair value of loans held for sale is based upon quoted market prices, where available, or is determined by discounting estimated cash flows using interest rates approximating the Company' s current origination rates for similar loans and adjusted to reflect the inherent credit risk. The estimated fair value of loans follows the guidance in ASU 2016- 01, which prescribes an " exit price " approach in estimating and disclosing fair value of financial instruments. The fair value calculation at that date discounted estimated future cash flows using rates that incorporated discounts for credit, liquidity, and marketability factors. F- 34 Deposits, Repurchase Agreements & FHLB Advances Deposits include demand deposits, savings accounts and certain money market deposits. The carrying amount approximates the fair value. The estimated fair value for fixed- maturity time deposits, as well as borrowings, is based on estimates of the rate the Company could pay on similar instruments with similar terms and maturities at December 31, 2022 and 2021. Loan Commitments The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. The estimated fair values for other financial instruments and off- balance- sheet loan commitments approximate cost at December 31, 2022 and 2021 and are not considered significant to this presentation. Trust Preferred Securities The fair value for Trust Preferred Securities is estimated by discounting the cash flows using an appropriate discount rate. The fair value for Subordinated Debt is estimated by discounting the cash flows using an appropriate discount rate. The following table presents estimated fair values of the Company' s financial instruments. The fair values of certain instruments were calculated by discounting expected cash flows, which involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for these financial instruments, and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate. ($ in thousands) Carrying Fair Fair value measurements using December 31, 2022 amount value (Level 1) (Level 2) (Level 3) Financial assets Cash and due from banks $ 27, 817 $ 27, 817 $ 27, 817 $- $- Interest bearing time deposits 2, 131 2, 131- 2, 131- Loans held for sale 2, 073 2, 100- 2, 100- Loans, net of allowance for loan losses 948, 257 945, 699-- 945, 699 Federal Reserve and FHLB Bank stock, at cost 6, 326 6, 326- 6, 326- Interest receivable 4, 091 4, 091- 4, 091- Financial liabilities Deposits $ 1, 086, 665 $ 1, 090, 718 $ 895, 785 $ 194, 933 $- Short- term borrowings 14, 923 14, 923- 14, 923- FHLB advances 60, 000 59, 886- 59, 886- Trust preferred securities 10, 310 9, 674- 9, 674- Subordinated debt, net of issuance costs 19, 594 18, 959- 18, 959- Interest payable 769 769- 769- F- 35 ($ in thousands) Carrying Fair Fair value measurements using December 31, 2021 amount value (Level 1) (Level 2) (Level 3) Financial assets Cash and due from banks $ 149, 511 $ 149, 511 $ 149, 511 $- $- Interest bearing time deposits 2, 643 2, 643- 2, 643- Loans held for sale 7, 472 7, 561- 7, 561- Loans, net of allowance for loan losses 808, 909 813, 766-- 813, 766 Federal Reserve and FHLB Bank stock, at cost 5, 303 5, 303- 5, 303- Interest receivable 2, 920 2, 920- 2, 920- Financial liabilities Deposits $ 1, 113, 045 $ 1, 112, 710 $ 956, 541 $ 156, 169 $- Short- term borrowings 15, 320 15, 320- 15, 320- FHLB advances 5, 500 5, 596- 5, 596- Trust preferred securities 10, 310 9, 067- 9, 067- Subordinated debt, net of issuance costs 19, 546 20, 581- 20, 581- Interest payable 299 299- 299- Note 20: Parent Company Financial Information Presented below is condensed financial information of the parent company only: Condensed Balance Sheets ($ in thousands) 2022 2021 Assets Cash & cash equivalents $ 4, 655 $ 14, 406 Investment in banking subsidiaries 135, 923 152, 761 Investment in nonbanking subsidiaries 6, 587 6, 770 Other assets 2, 076 2, 259 Total assets $ 149, 241 $ 176, 196 Liabilities Trust preferred securities $ 10, 000 $ 10, 000 Sub debt net of issuance cost 19, 594 19, 546 Borrowings from nonbanking subsidiaries 310 310 Other liabilities & accrued interest payable 909 1, 411 Total liabilities 30, 813 31, 267 Stockholders' equity 118, 428 144, 929 Total liabilities and stockholders' equity $ 149, 241 $ 176, 196 F- 36 Condensed Statements of Income ($ in thousands) 2022 2021 Dividends from subsidiaries: Banking subsidiaries $- $ 5, 000 Nonbanking subsidiaries 750 500 Total income 750 5, 500 Expenses Interest expense 1, 139 661 Other expense 1, 747 1, 478 Total expenses 2, 886 2, 139 Income before income tax (2, 136) 3, 361 Income tax benefit (613) (450) Income (loss) before equity in undistributed income of subsidiaries (1, 523) 3, 811 Equity in undistributed income of subsidiaries Banking subsidiaries 13, 426 13, 573 Nonbanking subsidiaries 618 893 Total 14, 044 14, 466 Net income $ 12, 521 $ 18, 277 Condensed Statements of Comprehensive Income (Loss) ($ in thousands) 2022 2021 Net income $ 12, 521 $ 18, 277 Other comprehensive income (loss): Available- for- sale investment securities: Gross unrealized holding gain (loss) arising in the period (38, 322) (5, 133) Related tax (expense) benefit 8, 047 1, 078 Net effect on other comprehensive income (loss) (30, 275) (4, 055) Total comprehensive income (loss) $ (17, 754) $ 14, 222 F- 37 Condensed Statements of Cash Flows ($ in thousands) 2022 2021 Operating activities Net income $ 12, 521 $ 18, 277 Items not requiring (providing) cash Equity in undistributed net income of subsidiaries (14, 044) (14, 466) Stock compensation expense 568 443 Other assets 973 1, 811 Other liabilities (502) 376 Net cash provided by (used in) operating activities (484) 6, 441 Investing activities Capital contributed to nonbanking subsidiary- (1,~~

100) Net cash used in investing activities- (1, 100) Financing activities Dividends on common shares (3, 407) (3, 139) Stock dividends on common shares (8)- Repurchase of common shares (5, 900) (9, 520) Proceeds from sub- debt net of issuance cost- 19, 546 Other financing activities 48- Net cash provided by (used in) financing activities (9, 267) 6, 887 Net change in cash and cash equivalents (9, 751) 12, 228 Cash and cash equivalents at beginning of year 14, 406 2, 178 Cash and cash equivalents at end of year $ 4, 655 $ 14, 406 F- 38 Note 21: Quarterly Financial Information (unaudited) Quarterly Financial Information (unaudited) ($ in thousands, except per share data) 2022 December September June March Interest income $ 12, 936 $ 11, 764 $ 10, 474 $ 9, 395 Interest expense 2, 037 1, 334 881 918 Net interest income 10, 899 10, 430 9, 593 8, 477 Provision for loan losses---- Noninterest income 3, 713 4, 043 4, 673 5, 802 Noninterest expense 10, 268 10, 385 10, 802 10, 859 Income tax expense 812 746 630 607 Net income $ 3, 532 $ 3, 342 $ 2, 834 $ 2, 813 Basic earnings per common share $ 0. 51 $ 0. 48 $ 0. 40 $ 0. 40 Diluted earnings per common share $ 0. 50 $ 0. 47 $ 0. 40 $ 0. 40 Dividends per share $ 0. 125 $ 0. 120 $ 0. 120 $ 0. 115 2021 December September June March Interest income $ 10, 003 $ 11, 033 $ 10, 163 $ 10, 705 Interest expense 925 1, 009 1, 006 1, 080 Net interest income 9, 078 10, 024 9, 157 9, 625 Provision for loan losses- 300- 750 Noninterest income 6, 589 6, 649 6, 537 10, 922 Noninterest expense 11, 567 11, 256 11, 076 10, 909 Income tax expense 768 1, 014 857 1, 807 Net income $ 3, 332 $ 4, 103 $ 3, 761 $ 7, 081 Basic earnings per common share $ 0. 49 $ 0. 59 $ 0. 53 $ 0. 97 Diluted earnings per common share $ 0. 49 $ 0. 58 $ 0. 52 $ 0. 97 Dividends per share $ 0. 115 $ 0. 110 $ 0. 110 $ 0. 105 F- 39 Report of Independent Registered Public Accounting Firm To the Shareholders, Board of Directors, and Audit Committee SB Financial Group, Inc. Defiance, Ohio Opinion on the Consolidated Financial Statements We have audited the accompanying consolidated balance sheets of SB Financial Group, Inc. (the “ Company ”) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income (loss), shareholders’ equity, and cash flows for each of the years ended December 31, 2022 and 2021, and the related notes (collectively referred to as the “ financial statements ”). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America. Basis for Opinion These financial statements are the responsibility of the Company’ s management. Our responsibility is to express an opinion on the Company’ s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“ PCAOB ”) and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’ s internal control over financial reporting. Accordingly, we express no such opinion. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion. Critical Audit Matter The critical audit matter communicated below is a matter arising from the current- period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates. Allowances for Loan Losses Description of the Matter As described in Note 4 to the financial statements, the Company’ s consolidated allowance for loan and lease losses (ALLL) was $ 13. 8 million at December 31, 2022. The Company also describes in Note 1 of the financial statements the accounting policy around this estimate. The ALLL is an estimate of losses inherent in the loan and lease portfolio. The determination of the reserve requires significant judgment reflecting the Company’ s best estimate of probable loan and lease losses. The estimate consists of several key elements, which include: specific reserves for impaired loans, general reserves for each business lending division portfolio including percentage allocations for special attention loans and leases not deemed impaired, and reserves for pooled homogenous loans and leases, among others. The Company’ s evaluation is based upon a continuing review of these portfolios, estimates of customer performance, collateral values and dispositions, and assessments of economic and geopolitical events, all of which are subject to judgment and will change. We identified the valuation of the ALLL as a critical audit matter. Auditing the ALLL involves a high degree of subjectivity in evaluating management’ s estimates, such as evaluating management’ s assessment of economic conditions and other environmental factors used to adjust historical loss rates, evaluating the adequacy of specific reserves associated with impaired loans and assessing the appropriateness of loan grades. How We Addressed the Matter in Our Audit Our audit procedures related to the estimated allowance for loan losses included: ● Testing the design of internal controls, including those related to technology, over the ALLL including data completeness and accuracy, classifications of loans by loan segment, historical loss data, the calculation of a loss rate, the establishment of qualitative adjustments, grading and risk classification of loans and establishment of specific reserves on impaired loans and management’ s review controls over the ALLL balance. ● Testing clerical / computational accuracy of the formulas within the ALLL model. ● Testing of completeness and accuracy of the information and reports utilized in the ALLL, including reports used in management review controls over the ALLL. ● Computing an independent calculation of an acceptable range and comparing it to the Company’ s estimate. ● Evaluating the qualitative adjustment to the historical loss rates, including

~~assessing the basis for the adjustments and the reasonableness of the significant assumptions. ● Testing of the loan review function and the accuracy of loan grades determined. Specifically, utilizing internal loan grading professionals to assist us in evaluating the appropriateness of loan grades and to assess the reasonableness of specific impairments on loans. Evaluating the overall reasonableness of qualitative factors and the appropriateness of their direction and magnitude and the Company' s support for the direction and magnitude compared to previous years. / s / FORVIS, LLP (Formerly, BKD, LLP) We have served as the Company' s auditor since 2002. 2022. Indianapolis, Indiana March 7, 2023 F- 41 Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure. Not Applicable. Item 9A. Controls and Procedures. Evaluation of Disclosure Controls and Procedures With the participation of the Chief Executive Officer (the principal executive officer) and the Chief Financial Officer (the principal financial officer) of the Company, the Company' s management has evaluated the effectiveness of the Company' s disclosure controls and procedures (as defined in Rule 13a- 15 (e) under the Exchange Act) as of the end of the fiscal year covered by this Annual Report on Form 10- K. Based on that evaluation, the Company' s Chief Executive Officer and the Company' s Chief Financial Officer have concluded that: ● Information required to be disclosed by the Company in this Annual Report on Form 10- K and other reports which the Company files or submits under the Exchange Act would be accumulated and communicated to the Company' s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure; ● Information required to be disclosed by the Company in the Annual Report on Form 10- K and other reports which the Company files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms; and ● The Company' s disclosure controls and procedures were effective as of the end of the fiscal year covered by this Annual Report on Form 10- K. Management' s Report on Internal Control Over Financial Reporting The Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Exchange Act. The Company' s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in conformity with U. S. generally accepted accounting principles. The Company' s internal control over financial reporting includes those policies and procedures that: ● Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its consolidated subsidiaries; ● Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U. S. generally accepted accounting principles, and that receipts and expenditures of the Company and its consolidated subsidiaries are being made only in accordance with authorizations of management and directors of the Company; and ● Provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use or disposition of the assets of the Company and its consolidated subsidiaries that could have a material effect on the financial statements. With the supervision and participation of our Chief Executive Officer and our Chief Financial Officer, management assessed the effectiveness of the Company' s internal controls over financial reporting as of December, 31, 2022, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, management concluded that, as of December 31, 2022, the Company' s internal control over financial reporting is effective. This Annual Report does not include an attestation report of the Company' s registered public accounting firm regarding internal control over financial reporting. Management' s report was not subject to attestation by the Company' s registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management' s report in this Annual Report. Changes in Internal Controls Over Financial Reporting There were no changes in the Company' s internal control over financial reporting (as defined in Rule 13a- 15 (f) under the Exchange Act) that occurred during the Company' s fiscal quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company' s internal control over financial reporting. Item 9B. Other Information. Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections. PART III Item 10. Directors, Executive Officers and Corporate Governance. Directors and Executive Officers The information required by Item 401 of SEC Regulation S- K concerning the directors of the Company and the nominees for election as directors of the Company at the Annual Meeting of Shareholders to be held on April 19, 2023 (the " 2023 Annual Meeting "), is incorporated herein by reference from the disclosure included in the Company' s definitive Proxy Statement relating to the 2023 Annual Meeting (the " 2023 Proxy Statement "), under the caption " PROPOSAL NO. 1 – ELECTION OF DIRECTORS ". The information concerning the executive officers of the Company required by Item 401 of SEC Regulation S- K is set forth in the portion of Part I of this Annual Report on Form 10- K entitled " Supplemental Item: Information about our Executive Officers. " Compliance with Section 16 (a) of the Exchange Act The information required by Item 405 of SEC Regulation S- K is incorporated herein by reference from the disclosure included in the Company' s 2023 Proxy Statement under the caption " SECTION 16 (a) REPORTS. " Committee Charters and Code of Conduct and Ethics The Company' s Board of Directors has adopted charters for each of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee. Copies of these charters are available on the Company' s Internet website at www. YourSBFinancial. com by first clicking " Corporate Governance " and then " Supplementary Info ". The Company has adopted a Code of Conduct and Ethics that applies to the Company' s directors, officers and employees. A copy of the Code of Conduct and Ethics is available on the Company' s Internet website at www. YourSBFinancial. com under the " Corporate Governance " tab. Interested persons may also obtain copies of the Code of Conduct and Ethics, the Audit Committee charter, the Compensation Committee charter and the Governance and Nominating Committee charter, without charge, by writing to SB Financial Group, Inc., Attn: Keeta J. Diller, 401 Clinton Street, Defiance, OH 43512. Audit Committee The information required by Items 407 (d) (4) and 407 (d) (5) of SEC Regulation S- K is incorporated herein by reference from the disclosure included under the caption " MEETINGS AND COMMITTEES OF THE BOARD – Audit & Risk Management Committee " in the Company' s 2023 Proxy Statement. Nominating Committee The procedures by which shareholders of the Company may recommend nominees to the Company' s~~

~~Board of Directors are described under the caption " CORPORATE GOVERNANCE – Nominations of Directors " in the Company' s 2023 Proxy Statement. The procedures by which shareholders of the Company many recommend nominees to the Company' s Board of Directors have not materially changed from those described in the Company' s definitive Proxy Statement for the 2022 Annual Meeting of Shareholders held on April 20, 2022. Item 11. Executive Compensation. The executive compensation information required by this item is incorporated herein by reference to the information contained in the Company' s 2023 Proxy Statement under the captions " COMPENSATION OF EXECUTIVE OFFICERS ", " EQUITY INCENTIVE PLAN INFORMATION ", " DIRECTOR COMPENSATION ", and " COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION ". Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The information required by Item 403 of SEC Regulation S- K is incorporated herein by reference from the disclosure included in the Company' s 2023 Proxy Statement under the caption " SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT ". Equity Compensation Plan Information The SB Financial Group, Inc. 2017 Stock Incentive Plan (the " 2017 Plan ") was approved by the shareholders of the Company at the 2017 Annual Meeting of Shareholders. The following table shows, as of December 31, 2022, the number of common shares issuable upon exercise of outstanding stock options, the weighted- average exercise price of those stock options, and the number of common shares remaining for future issuance under the Company' s equity compensation plans (excluding common shares issuable upon exercise of outstanding stock options): Equity compensation plans approved by security holders ($ in thousands, except per share data) 2017 Plan a) Number of securities to be issued upon exercise of outstanding options, warrants and rights-- b) Weighted- average exercise price of outstanding options, warrants and rights- $ $- c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in row a) 370, 286 Item 13. Certain Relationships and Related Transactions, and Director Independence. The information required by Item 404 of SEC Regulation S- K is incorporated herein by reference from the disclosure contained in the Company' s 2023 Proxy Statement under the caption " TRANSACTIONS WITH RELATED PERSONS ". The information required by Item 407 (a) of SEC Regulation S- K is incorporated herein by reference from the disclosure contained in the Company' s 2023 Proxy Statement under the caption " CORPORATE GOVERNANCE – Director Independence ". Item 14. Principal Accountant Fees and Services. The information required to be disclosed in this Item 14 is incorporated herein by reference from the disclosure contained in the Company' s 2023 Proxy Statement under the caption " AUDIT & RISK MANAGEMENT COMMITTEE DISCLOSURE ". PART IV Item 15. Exhibits and Financial Statement Schedules. (a) (1) Financial StatementsThe following consolidated financial statements are incorporated by reference from Item 8 hereof: ● Consolidated Balance Sheets as of December 31, 2022 and 2021 ● Consolidated Statements of Income for the Years ended December 31, 2022 and 2021 ● Consolidated Statements of Comprehensive Income (Loss) for the Years ended December 31, 2022 and 2021 ● Consolidated Statements of Shareholders' Equity for the Years ended December 31, 2022 and 2021 ● Consolidated Statements of Cash Flows for Years ended December 31, 2022 and 2021 ● Notes to Consolidated Financial Statements ● Report of Independent Registered Public Accounting Firm (FORVIS, LLP) (a) (2) Financial Statement SchedulesAll schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted. (a) (3) ExhibitsThe documents listed in the Index to Exhibits that immediately precedes the signature page of this Form 10- K are filed / furnished with this Form 10- K as exhibits or incorporated into this Form 10- K by reference as noted. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10- K is identified as such in the Index to Exhibits. (b) Exhibits (c) Financial Statement Schedules Item 16. Form 10- K Summary. Exhibit No. Description Location 3. 1 Amended Articles of the Company Incorporated herein by reference to Exhibit 3. 1 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 3. 2 Certificate of Amendment to the Amended Articles of the Company as filed with the Ohio Secretary of State on April 27, 1993 Incorporated herein by reference to Exhibit 3. 2 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2018 (File No. 31- 36785). 3. 3 Certificate of Amendment to the Amended Articles of the Company as filed with the Ohio Secretary of State on April 30, 1997 Incorporated herein by reference to Exhibit 3 (c) to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 1997 (File No. 0- 13507). 3. 4 Certificate of Amendment to the Amended Articles of the Company as filed with the Ohio Secretary of State on May 27, 2011 Incorporated herein by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed June 1, 2011 (File No. 0- 13507). 3. 5 Certificate of Amendment to the Amended Articles of the Company as filed with the Ohio Secretary of State on April 12, 2013 Incorporated herein by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed April 18, 2013 (File No. 0- 13507). 3. 6 Certificate of Amendment by Directors or Incorporators to Articles filed with the Secretary of State of the State of Ohio on November 6, 2014 Incorporated herein by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed November 12, 2014 (File No. 0- 13507). 3. 7 Certificate of Amendment to the Amended Articles of the Company as filed with the Ohio Secretary of State on January 25, 2022 Incorporated herein by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed January 27, 2022 (File No. 0- 13507). 3. 8 Amended Articles of the Company, as amended (reflecting amendments through January 25, 2022) [for SEC reporting compliance purposes only – not filed with the Ohio Secretary of State] Incorporated herein by reference to Exhibit 3. 8 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 3. 9 Amended and Restated Regulations of the Company Incorporated herein by reference to Exhibit 3. 5 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2005 (File No. 0- 13507). 3. 10 Certificate Regarding Adoption of Amendment to Section 2. 01 of the Amended and Restated Regulations of the Company by the Shareholders on April 16, 2009 Incorporate herein by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed April 22, 2009 (File No. 0- 13507). 4. 1 Form of 3. 65 % Fixed- to- Floating Rate Subordinated Note due 2031 Incorporated herein by reference to Exhibit 4. 1 to the Company' s Current Report on Form 8- K filed May 28, 2021 (File No. 0- 13507). Exhibit No. Description Location 4. 2 Form of Subordinated Note Purchase~~

Agreement by and between the Company and the several Purchasers Incorporated herein by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed May 28, 2021 (File No. 0- 13507). 4. 3 Indenture, dated as of September 15, 2005, by and between the Company and Wilmington Trust Company, as Debenture Trustee, relating to Floating Rate Junior Subordinated Deferrable Interest Debentures Incorporated herein by reference to Exhibit 4. 1 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended September 30, 2005 (File No. 0- 13507). 4. 4 Amended and Restated Declaration of Trust of Rurban Statutory Trust II, dated as of September 15, 2005 Incorporated herein by reference to Exhibit 4. 2 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended September 30, 2005 (File No. 0- 13507). 4. 5 Guarantee Agreement, dated as of September 15, 2005, by and between the Company and Wilmington Trust Company, as Guarantee Trustee Incorporated herein by reference to Exhibit 4. 3 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended September 30, 2005 (File No. 0- 13507). 4. 6 Agreement to furnish instruments and agreements defining rights of holders of long- term debt Filed herewith. 4. 7 Description of Common Shares of the Company Incorporated herein by reference to Exhibit 4. 7 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 10. 1 * The Company' s Plan to Allow Directors to Elect to Defer Compensation Incorporated herein by reference to Exhibit 10 (v) to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 1996 (File No. 0- 13507). 10. 2 * Employees' Stock Ownership and Savings Plan of the Company Incorporated herein by reference to Exhibit 10 (y) to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 1999 (File No. 0- 13507). 10. 3 * Employee Stock Purchase Plan of the Company Incorporated herein by reference to Exhibit 10 (z) to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2002 (File No. 0- 13507). 10. 4 * Amended and Restated Employment Agreement, dated January 22, 2018, between the Company and Mark A. Klein Incorporated herein by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No. 01- 36785). 10. 5 * Amended and Restated Change of Control Agreement, dated January 22, 2018, between the Company and Mark A. Klein Incorporated herein by reference to Exhibit 10. 2 (a) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No. 01- 36785). Exhibit No. Description Location 10. 6 * Amended and Restated Change of Control Agreement, dated January 22, 2018, between the Company and Anthony V. Cosentino Incorporated herein by reference to Exhibit 10. 2 (b) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No. 01- 36785). 10. 7 * Amended and Restated Change of Control Agreement, dated January 22, 2018, between the Company and David A. Homoelle Incorporated herein by reference to Exhibit 10. 7 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 10. 8 * Amended Supplemental Executive Retirement Plan Agreement, dated as of January 22, 2018 by and between the Company and Mark A. Klein Incorporated by reference to Exhibit 10. 3 (a) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No 01- 36785). 10. 9 * Amended Supplemental Executive Retirement Plan Agreement, dated as of January 22, 2018 by and between the Company and Anthony V. Cosentino Incorporated by reference to Exhibit 10. 3 (b) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No 01- 36785). 10. 10 * Supplemental Executive Retirement Plan Agreement, dated as of January 22, 2018 by and between the Company and David A. Homoelle Incorporated herein by reference to Exhibit 10. 10 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 10. 11 * 2017 Split Dollar Agreement and Endorsement, dated as of January 22, 2018, between and The State Bank and Trust Company and Mark A. Klein Incorporated by reference to Exhibit 10. 4 (a) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No 01- 36785). 10. 12 * 2017 Split Dollar Agreement and Endorsement, dated as of January 22, 2018, between and The State Bank and Trust Company and Anthony V. Cosentino Incorporated by reference to Exhibit 10. 4 (b) to the Company' s Current Report on Form 8- K filed January 26, 2018 (File No 01- 36785). 10. 13 * 2017 Split Dollar Agreement and Endorsement, dated as of January 22, 2018, between and The State Bank and Trust Company and David A. Homoelle Incorporated herein by reference to Exhibit 10. 13 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). 10. 14 * Non- Qualified Deferred Compensation Plan of the Company effective as of January 1, 2007 Incorporated herein by reference to Exhibit 10. 20 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2006 (File No. 0- 13507). 10. 15 * Long- Term Incentive Compensation Plan for the Company and Affiliates Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed August 20, 2012 (File No. 0- 13507). 10. 16 * SB Financial Group 2017 Stock Incentive Plan Incorporated herein by reference to Exhibit 10. 16 to the Company' s Annual Report on Form 10- K for the fiscal year ended December 31, 2021 (File No. 31- 36785). Exhibit No. Description Location 10. 17 * Form of Restricted Stock Award Agreement (For Employees) under the Company' s 2017 Stock Incentive Plan Filed herewith. Statement Regarding Computation of Per Share Earnings Included in Note 2 of the Notes to Consolidated Financial Statements of Registrant filed herewith as Exhibit 13. Annual Report of Registrant (not deemed filed except for portions thereof which are specifically incorporated by reference in this Annual Report on Form 10- K) Specified portions filed herewith. Subsidiaries of Registrant Filed herewith. Consent of FORVIS, LLP Filed herewith. Power of Attorney of Directors and Executive Officers Included on signature page of this Annual Report on Form 10- K. 31. 1 Rule 13a- 14 (a) / 15d- 14 (a) Certification – Principal Executive Officer Filed herewith. 31. 2 Rule 13a- 14 (a) / 15d- 14 (a) Certification – Principal Financial Officer Filed herewith. 32. 1 Section 1350 Certification – Principal Executive Officer and Principal Financial Officer Filed herewith. The following materials from SB Financial Group Inc.' s 2022 Annual Report and incorporated therefrom in SB Financial Group, Inc.' s Annual Report on Form 10- K for the fiscal year ended December 31, 2022, formatted in Inline XBRL (extensible business reporting language) pursuant to Rule 405 of Regulation S- T: (i) **received** the Consolidated Balance Sheets as of December 31, 2022 and 2021; **reviewed the Policy and** (ii) **been identified by** the **Board and /** Consolidated Statements of Income for - **or Committee** the years ended December 31, 2022 and 2021; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 and 2021; (iv) the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022 and 2021; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021;

~~and (vi) the Notes to Consolidated Financial Statements (electronically submitted herewith). Cover Page Interactive Data File (formatted~~ as ~~Inline XBRL and contained in Exhibit 101) * Management contract or compensatory plan or arrangement. SIGNATURES Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized. SB FINANCIAL GROUP, INC. By: / s / Anthony V. Cosentino Date: March 7, 2023 Anthony V. Cosentino, Executive Vice President and Chief Financial OfficerPower of Attorney KNOW ALL MEN BY THESE PRESENTS, that each undersigned officer and / or director of SB Financial Group, Inc.,~~ an ~~Ohio corporation (the " Company "), which is about to file with the Securities and Exchange Commission, Washington, D. C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Company on Form 10- K for the fiscal year ended December 31, 2022, hereby constitutes and appoints Mark A. Klein and Anthony V. Cosentino, and each of them, as his true and lawful attorneys- in- fact and agents, with full power of substitution and re- substitution, for him and in his name, place and stead, in any and all capacities, to sign both the Annual Report on Form 10- K and any and all amendments and documents related thereto, and to file the same, and any and all exhibits, financial statements and schedules related thereto, and other documents in connection therewith, with the Securities and Exchange Commission and the NASDAQ Stock Market, granting unto said attorneys- in- fact and agents, and substitute or substitutes, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all things that each of said attorneys- in- fact and agents, or either of them or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Name Date Capacity / s / Mark A. Klein March 7, 2023 Chairman, President and Chief Mark A. Klein~~ Executive Officer **of the** ~~/ s / Anthony V. Cosentino March 7, 2023 Executive Vice President and Chief Anthony V. Cosentino Financial Officer / s / George W. Carter March 7, 2023 Director George W. Carter / s / Gaylyn J. Finn March 7, 2023 Director Gaylyn J. Finn / s / Richard L. Hardgrove March 7, 2023 Director Richard L. Hardgrove / s / Tom R. Helberg March 7, 2023 Director Tom R. Helberg / s / Rita A. Kissner March 7, 2023 Director Rita A. Kissner / s / Mark A. Klein March 7, 2023 Director Mark A. Klein / s / William G. Martin March 7, 2023 Director William G. Martin / s / Timothy J. Stolly March 7, 2023 Director Timothy J. Stolly / s / Timothy L. Claxton March 7, 2023 Director Timothy L. Claxton Date: March 7, 2023 Officers List MICHAEL R. DULLE MARK D. CASSIN SB Financial Group, Inc. Vice President Corporate Training and Development Senior Vice President Bowling Green & Toledo Market Executive Coordinator MARK A. KLEIN ANDREW S. FARLEY Chairman, President and RONDA M. HERKO Senior Vice President Chief Executive Officer Vice President Lima Market Executive Interim HR Manager ANTHONY V. COSENTINO STEFAN R. HARTMAN Executive Vice President RONALD E. SPANGLER Senior Vice President Chief Financial Officer Vice President Fort Wayne Market Executive Loan Review Officer KEETA J. DILLER DALE E. LOUDEN Executive Vice President MELISSA A. TACKETT Senior Vice President Corporate Secretary Vice President Market Executive, Indianapolis The State Bank and Trust~~ Company ~~Compliance Management Specialist TYSON R. MOSS BLAKE A. WILLIAMS Senior Vice President Administration Vice President Fulton / Williams County Corporate Sales Champion Market Executive MARK A. KLEIN Chairman, President and MARC H. BEACH CHRISTOPHER A. WEBB Chief Executive Officer Assistant Vice President Senior Vice President Facility / Property Coordinator Findlay Market Executive ANTHONY V. COSENTINO Executive Vice President THERESA M. GINEMAN Commercial Banking Chief Financial Officer Assistant Vice President Loan Review Officer TIMOTHY P. MOSER KEETA J. DILLER Senior Vice President Executive Vice President SEAN M. GORMAN Ag Lending Manager Chief Risk Officer Assistant Vice President Asset Liability Manager ROLLAND C. (COREY) DEMING ERNESTO GAYTAN Vice President Executive Vice President DAWN M. HUTCHESON Commercial Services Officer III Chief Technology Innovation Officer Assistant Vice President Accountant III ROBERT D. EGGLETON STEVEN A. WALZ Vice President Executive Vice President CATHERINE E. PERRY Commercial Services Officer III Chief Lending Officer Assistant Vice President Quality Control Manager PAUL C. ERWIN CAROL M. ROBBINS Vice President Senior Vice President CODI L. KING Commercial Services Officer III Controller Officer, BSA Officer ANDREW J. KIESS JENNIFER A. SWIECH SARAH S. MEKUS Vice President Senior Vice President Officer, Executive Assistant Commercial Services Officer I Director of Legal, CRA & Fair Lending Corporate Secretary SHAUN N. MACK ABAGALE M. WATERS Regional Executives Vice President Senior Vice President Commercial Services Officer I Director of Human Resources DAVID A. HOMOELLE Columbus Regional President NICHOLE T. WICHMAN Senior Vice President Chief Marketing Officer Credit Administration Mortgage Lending ROBERT W. WARNER Vice President MICHAEL D. EBBESKOTTE RICHARD A. SMITH Outside Mortgage Sales Loan Originator Senior Vice President Senior Vice President Credit Administration Manager Residential Real Estate Sales RHONDA S. CLARK Manager- Indianapolis Region Assistant Vice President AMY M. HOFFMAN Outside Mortgage Sales Loan Originator Senior Vice President STEVEN J. WATSON Chief Credit Officer Senior Vice President ADRIANNE M. FLEEMAN Residential Real Estate Sales Assistant Vice President ERICA R. BARE Manager- Columbus Region Senior RRE Underwriter Vice President Senior Credit Analyst DENISE S. DAVENPORT GORDON L. KAYLOR Vice President Assistant Vice President ANDREW M. RICKENBERG Outside Mortgage Sales Loan Originator Outside Mortgage Sales Loan Originator Vice President Community Development Officer Collections and Resource Recovery KIMBERLY W. DONOVAN Administrator Vice President RYAN G. SIBLEY Senior RRE Underwriting Assistant Vice President Information Technology and Outside Mortgage Sales Loan Originator Operations SUSAN A. ERHART TAMARA D. TRENKAMP MELINDA L. CLINE Vice President Assistant Vice President Senior Vice President Senior RRE Underwriter Community Development Mortgage Director of Lending Operations Loan Originator JOYCE A. FERGUSON KRISTEN K. NUSBAUM Vice President ZACHARY M. WILLIAMS Senior Vice President Outside Mortgage Sales Loan Originator Assistant Vice President Director of Deposit Operations Outside Mortgage Sales Loan Originator ANDREW C. PATTON ANN M. FISHPAW Vice President~~

JACQUELON C. WILSON Assistant Vice President Residential Construction Manager Assistant Vice President Depoist Services Specialist, Lead Community Development Mortgage JARED M. PEREZ Loan Originator TADD J. BROOKET Vice President Senior Vice President Outside Mortgage Sales Loan Originator Director of IT Infrastructure SUZANNE M. REICHARD GARY A. SAXMAN Vice President Vice President Outside Mortgage Sales Loan Originator Data Processing Engineer ANDREW B. SISSON STEVEN E. STRUBLE Vice President Vice President Regional Mortgage Operations Manager IT Leader, Fiserv Platform BRIAN E. SMITH JEFF A. EITZMAN Vice President Assistant Vice President Encompass Administrator Systems Administrator- Operations MARK D. SPANGLER AMANDA D. VOGELSONG Vice President Assistant Vice President Director of Mortgage Administration Process Engineer- Deposits KAREN A. VARNER SUSAN A. LONG Vice President Officer Outside Mortgage Sales Loan Originator Quality Control Analyst- Deposits Private Banking SBA / Small Business Lending KELLY W. CLEVELAND Senior Vice President MICHELE G. COOPER BRANDON S. GERKEN Chief Investment Officer Senior Vice President Senior Vice President PCG Private Banker SBA / Small Business KATIE N. CLEMENTZ Lending Manager Assistant Vice President RACHEL R. COPELAND Trust Operations Services Manager Vice President KYLE A. FRISCH PCG Private Banker Assistant Vice President CORINA KEMPE Small Business Lender Assistant Vice President KASEY A. SCHWARTZ WM Advisor / Director of Vice President MAUREEN G. KILLION Brokerage Services Director of Private Banking Officer Small Business Lender MARK G. FROELICH SUSAN F. WEST Officer Vice President Treasury Management Wealth Management Advisor PCG Private Banker SEAN L. LAFONTAINE SBFG Title, LLC JASON S. MAY Vice President Assistant Vice President Director of Treasury Management DAWN E. VAN HORN PCG Private Banker Senior Vice President CLINTON B. BEASLEY Retail Banking Vice President LORI L. LAPE Treasury Management Officer Assistant Vice President NANCY E. RANKIN Licensed Title Manager Vice President BROOKE C. FRAZEE Head of Retail Banking Assistant Vice President Treasury Management Officer ANDREA P. JELLISON Assistant Vice President Wealth Management Community Sales & Lending Manager CHRISTOPHER P. JAKYMA JAMES R. STATES Executive Vice President Assistant Vice President Chief Wealth Management Officer Banking Center Sales Manager DAVID A. BELL Executive Vice President Retirement Services Manager DAVID A. ANDERSON Senior Vice President Business Development Officer 0false FY8- 21 % (12 %) 11. 39 % 7. 52 % 4. 35 % 4. 58 % 3. 50 % 99 % 6. 4- 18 % (13 %) 8. 65 % 10. 94 % 0. 10 % 1. 25 % 1. 50 % 99 % 2022- 01- 01 2022- 12- 312022- 06- 302023- 02- 242022- 12- 312021- 12- 312021- 01- 01 2021- 12- 31us- gaap: CommonStockMember2021- 12- 31us- gaap: AdditionalPaidInCapitalMember2021- 12- 31us- gaap: RetainedEarningsMember2021- 12- 31us- gaap: AccumulatedOtherComprehensiveIncomeMember2021- 12- 31us- gaap: TreasuryStockMember2021- 12- 31us- gaap: RetainedEarningsMember2022- 01- 01 2022- 12- 31us- gaap: AccumulatedOtherComprehensiveIncomeMember2022- 01- 01 2022- 12- 31us- gaap: CommonStockMember2022- 01- 01 2022- 12- 31us- gaap: AdditionalPaidInCapitalMember2022- 01- 01 2022- 12- 31us- gaap: TreasuryStockMember2022- 01- 01 2022- 12- 31us- gaap: CommonStockMember2022- 12- 31us- gaap: AdditionalPaidInCapitalMember2022- 12- 31us- gaap: RetainedEarningsMember2022- 12- 31us- gaap: AccumulatedOtherComprehensiveIncomeMember2022- 12- 31us- gaap: TreasuryStockMember2022- 12- 31us- gaap: CommonStockMember2020- 12- 31us- gaap: AdditionalPaidInCapitalMember2020- 12- 31us- gaap: RetainedEarningsMember2020- 12- 31us- gaap: AccumulatedOtherComprehensiveIncomeMember2020- 12- 31us- gaap: TreasuryStockMember2020- 12- 312020- 12- 31us- gaap: RetainedEarningsMember2021- 01- 01 2021- 12- 31us- gaap: AccumulatedOtherComprehensiveIncomeMember2021- 01- 01 2021- 12- 31us- gaap: AdditionalPaidInCapitalMember2021- 01- 01 2021- 12- 31us- gaap: TreasuryStockMember2021- 01- 01 2021- 12- 31srt: MinimumMember2022- 01- 01 2022- 12- 31srt: MaximumMember2022- 01- 01 2022- 12- 31srt: MinimumMember us- gaap: SubsequentEventMember2023- 01- 01srt: MaximumMember us- gaap: SubsequentEventMember2023- 01- 012022- 01- 01 2022- 01- 102022- 01- 10srt: MinimumMember2022- 01- 25srt: MaximumMember2022- 01- 25us- gaap: USTreasuryAndGovernmentMember2022- 12- 31us- gaap: MortgageBackedSecuritiesMember2022- 12- 31us- gaap: USStatesAndPoliticalSubdivisionsMember2022- 12- 31sbfg: OtherCorporateSecuritiesMember2022- 12- 31us- gaap: USTreasuryAndGovernmentMember2021- 12- 31us- gaap: MortgageBackedSecuritiesMember2021- 12- 31us- gaap: USStatesAndPoliticalSubdivisionsMember2021- 12- 31sbfg: OtherCorporateSecuritiesMember2021- 12- 31sbfg: AmortizedCostMember2022- 12- 31sbfg: FairValueMember2022- 12- 31us- gaap: AllOtherCorporateBondsMember2022- 12- 31us- gaap: AllOtherCorporateBondsMember2021- 12- 31sbfg: TotalLoansMember us- gaap: CommercialAndIndustrialSectorMember2022- 12- 31sbfg: TotalLoansMember us- gaap: CommercialAndIndustrialSectorMember2021- 12- 31sbfg: NonaccrualLoansMember us- gaap: CommercialAndIndustrialSectorMember2022- 12- 31sbfg: NonaccrualLoansMember us- gaap: CommercialAndIndustrialSectorMember2021- 12- 31sbfg: TotalLoansMember us- gaap: CommercialRealEstateMember2022- 12- 31sbfg: TotalLoansMember us- gaap: CommercialRealEstateMember2021- 12- 31sbfg: NonaccrualLoansMember us- gaap: CommercialRealEstateMember2022- 12- 31sbfg: NonaccrualLoansMember us- gaap: CommercialRealEstateMember2021- 12- 31sbfg: TotalLoansMember sbfg: CommercialRealEstateNonownerOccupiedMember2022- 12- 31sbfg: TotalLoansMember sbfg: CommercialRealEstateNonownerOccupiedMember2021- 12- 31sbfg: NonaccrualLoansMember sbfg: CommercialRealEstateNonownerOccupiedMember2022- 12- 31sbfg: NonaccrualLoansMember sbfg: CommercialRealEstateNonownerOccupiedMember2021- 12- 31sbfg: TotalLoansMember us- gaap: AgriculturalSectorMember2022- 12- 31sbfg: TotalLoansMember us- gaap: AgriculturalSectorMember2021- 12- 31sbfg: NonaccrualLoansMember us- gaap: AgriculturalSectorMember2022- 12- 31sbfg: NonaccrualLoansMember us- gaap: AgriculturalSectorMember2021- 12- 31sbfg: TotalLoansMember us- gaap: ResidentialRealEstateMember2022- 12- 31sbfg: TotalLoansMember us- gaap: ResidentialRealEstateMember2021- 12- 31sbfg: NonaccrualLoansMember us- gaap: ResidentialRealEstateMember2022- 12- 31sbfg: NonaccrualLoansMember us- gaap: ResidentialRealEstateMember2021- 12- 31sbfg: TotalLoansMember us- gaap: HomeEquityMember2022- 12- 31sbfg: TotalLoansMember us- gaap: HomeEquityMember2021- 12- 31sbfg: NonaccrualLoansMember us- gaap: HomeEquityMember2022- 12- 31sbfg:

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To ensure you fully understand the terms and conditions of your Restricted Stock, you should read the Plan and this Award Agreement carefully . Capitalized terms that are **used but** not defined in this Award Agreement **Acknowledgement shall** have the same **respective** meanings as **ascribed to them** in the **Policy. To the extent of any inconsistency between the Policy and the terms of any employment agreement or other compensation** Plan **plan** . You should return a signed copy **, program, arrangement, or agreement under which any compensation has been or will be approved, granted, awarded, earned or paid to the undersigned, the terms** of **the Policy will prevail. By signing** this **Acknowledgement** Award Agreement to: Executive Vice President and Corporate Secretary SB Financial Group , **the undersigned acknowledges** Inc. 401 Clinton Street Defiance, Ohio 435121. Summary of Your Restricted Stock Grant Date: _________________ Number of Shares of Restricted Stock: ______ Shares2. Transfer Restrictions and **agrees that the undersigned is and** Restriction Periods (a) Transfer Restrictions. Your Restricted Stock will **continue to** be subject to **the Policy** a risk of forfeiture and **that the Policy will apply both during and after the undersigned' s employment with** the Company **or its subsidiaries. In addition, by signing** will hold the shares in escrow until the shares of Restricted Stock vest as provided below (the " Restriction Periods ") and the Restriction Periods lapse. Except as described below , you may not sell, transfer, pledge, assign, alienate or hypothecate your shares of Restricted Stock. After the **undersigned agrees** Restriction Periods lapse, your Restricted Stock will be distributed to you or forfeited **be bound by** , depending on whether or not you satisfy the terms and conditions described in this Award Agreement. (b) Restriction Periods. (i) Subject to **comply with,** the provisions **terms** of the **Policy,** Plan and this Award Agreement (including Section 3) , **without limitation,** provided that you are continuously employed by **returning any Erroneously Awarded Compensation to** the Company , continuously serve as a member of the Advisory Board of the Company (" Advisory Board Member "), or continuously serve as a member of the Board of Directors of the Company (" Director "), as applicable, the restrictions on your Restricted Stock will lapse and the Restricted Stock will become fully vested according to the **extent required by,** following schedule: (A) __ Shares on _____________; (B) __ Shares on _____________; (C) __ Shares on _____________; and (D) __ Shares on _____________. (ii) Notwithstanding the foregoing and unless otherwise specified in a **manner consistent** separate change in control agreement (or similar written agreement) between you and the Company, the Restriction Periods will lapse and the Restricted Stock will become fully vested if an Applicable Event occurs. 3. Effect of Retirement or Other Termination on Restricted Stock (a) Retirement. If before all shares of Restricted Stock granted hereunder have vested you voluntarily terminate your service as an Employee or as an Advisory Board Member and, if applicable, as a Director of the Company after (i) attaining the age of 62 and (ii) completing five years of service to the Company (" Normal Retirement "), the Restricted Stock shall continue to vest under this Award Agreement only if after the Grant Date you do not accept employment with or perform any services for any bank or bank affiliated entity that competes with any line of business of the Company and that has operations in any of the Company' s counties of operation (currently Allen , Cuyahoga, Defiance, Delaware, Fulton, Franklin, Hancock, Lucas, Paulding, Seneca, Williams and Wood counties of Ohio; Allen, Hamilton and Steuben counties of Indiana, and Monroe county of Michigan) and any additional counties in any states that may arise from Company expansion, mergers and acquisitions, or corporate reorganizations after the Grant Date (the " Non- Competition Restriction "). You acknowledge that the time period, geographic scope, and scope of services covered by this restriction are reasonable in light of the confidential and proprietary information to which you had access to while employed by the Company or served as an Advisory Board Member and, if applicable, served as a Director of the Company. (b) Death or Disability. If your service as an Employee or Advisory Board Member and, if applicable, as a Director of the Company terminates due to your death or Disability, the Restriction Periods will lapse and the Restricted Stock will become fully vested on the date of your termination. (c) Termination for Any Other Reason. Except as provided in Section 2 (b) (ii), if your service as an Employee or Advisory Board Member and, if applicable, a Director of the Company terminates for any reason other than death, Disability or Normal Retirement, any unvested shares of Restricted Stock will be forfeited on the date of your termination. 4. Settling Your Restricted Stock Your Restricted Stock will be released from escrow and distributed to you as soon as practiceable after all terms, restrictions and conditions described in the Plan and this Award Agreement have been satisfied. Any fractional share of Restricted Stock will be forfeited. 5. Non- Disclosure and Non- Solicitation Covenants (a) Incorporation of Non- Disclosure and Non- Solicitation Agreement. Either simultaneously with or previous to the date of this Award Agreement, you entered into that certain Non- Disclosure and Non- Solicitation Agreement with the Company dated ___________________________ (the " ND / NS Agreement "), which agreement is incorporated

herein by reference. You acknowledge and agree that the ND / NS Agreement (and the covenants set forth therein) is a valid and enforceable agreement and constitutes an essential element of this grant of Restricted Stock, without which the Company would not have entered into this Award Agreement. (b) Breach of ND / NS Agreement or Section 3 (a). In the event you breach any covenant set forth in the ND / NS Agreement or in Section 3 (a) of this Award Agreement, as applicable, in addition to any and all remedies to which the Company is entitled under the ND / NS Agreement, you will be required to reimburse the Company an amount equal to the Fair Market Value of any Restricted Stock that vested in the four years prior to the breach (regardless of the reason for such vesting), with the Fair Market Value as to each amount of shares vesting as provided in Section 2 based on the value of such shares, at the election of the Company in its sole discretion, either on the Grant Date, the date of vesting, or the date of termination of your employment, service as an Advisory Board Member or service as a Director of the Company (the " Clawback Amount "). The Clawback Amount will be payable within 30 days after demand, either in cash or, with the consent of the Company, by returning to the Company a number of shares of Stock with a Fair Market Value at the date of such return equal to the Clawback Amount. (c) Breach Following Normal Retirement. If your service terminates because of a Normal Retirement and you violate the terms of the ND / NS Agreement or Section 3 (a) of this Award Agreement, as applicable, in addition to any all remedies to which the Company is entitled under the ND / NS Agreement, continued vesting of the your Restricted Stock shall immediately cease and the Company shall be entitled to the Clawback Amount under Section 5 (b) hereof. 6. Other Rules Affecting Your Restricted Stock (a) Rights During the Restriction Periods. During the Restriction Periods (and even though the shares of Restricted Stock are held in escrow until they **the Policy** are settled), you (i) may exercise full voting rights associated with the shares of Restricted Stock and (ii) will be entitled to receive all dividends and other distributions paid with respect to that Restricted Stock; provided, however, that if any dividends or other distributions are paid in shares of Stock, those shares will be subject to the same provisions and restrictions on transfer and forfeiture as the shares of Restricted Stock with respect to which they were issued under this Award Agreement **EXECUTIVE OFFICER** (b) Beneficiary Designation. You may name a beneficiary or beneficiaries to receive Restricted Stock that has vested but has not been settled at the time of your death by completing and filing with the Committee a written beneficiary designation on a form prescribed by the Committee. If you have not completed a beneficiary designation form or if you wish to change your beneficiary, you may complete the beneficiary designation form attached to this Award Agreement as Exhibit A. You do not need to designate a beneficiary now and no designation is required to be completed as a condition of receiving your Restricted Stock. Upon your death, the Company will deliver any shares underlying your Restricted Stock to your beneficiary upon receipt by the Company of proof of identity and the existence of a validly designated beneficiary at the time of your death. However, if you die without designating a beneficiary or if you do not complete the form correctly, the Company will deliver any shares underlying your Restricted Stock to the executor or administrator of your estate, or if no such executor or administrator has been appointed to the knowledge of the Company, the Company may, in its sole discretion, deliver such Stock to your spouse or to any one or more of your dependents as the Company may designate. (c) Tax Withholding. The Company will have the right and is hereby authorized to deduct or withhold an amount sufficient to satisfy federal, state and local taxes required by law to be withheld with respect to the grant of your Restricted Stock. At the sole discretion of the Committee, you may be permitted to satisfy the foregoing withholding liability by paying to the Company the withholding amount in cash, through the delivery or attestation of shares of Stock you have owned for at least the previous six months (or such other period acceptable under generally accepted accounting principles) with a Fair Market Value equal to the statutory minimum withholding liability or by having the Company withhold shares of Stock that would otherwise be issued to you when your Restricted Stock is settled with a Fair Market Value equal to the statutory minimum withholding liability. (d) Transferring Your Restricted Stock. During the Restriction Periods, your Restricted Stock may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except by will or the laws of descent and distribution. However, as described in Section 6 (b), you may designate a beneficiary who may receive any Restricted Stock that is settled after your death. Also, with the Committee' s consent, you may be allowed to transfer your Restricted Stock to an immediate family member, a partnership consisting solely of immediate family members or trusts for the benefit of immediate family members. Contact us at the address given on the first page of this Award Agreement if you are interested in transferring your Restricted Stock to such a transferee. (e) Adjustments to Your Restricted Stock. If there is a Stock dividend, Stock split, recapitalization (including payment of an extraordinary dividend), merger, consolidation, combination, spin- off, distribution of assets to shareholders, exchange of shares or other similar corporate change affecting the Stock, the Committee will appropriately adjust the number of shares of Restricted Stock and any other factors, limits or terms affecting your Restricted Stock. Notwithstanding the foregoing, an adjustment will be made only to the extent such adjustment complies with Section 409A of the Code, to the extent applicable. (f) Restrictions on Transfer of Stock. Shares of Stock tendered under this Award Agreement may be subject to any stock transfer orders and other restrictions that the Committee believes to be advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any exchange, market or other quotation system on or through which the Company' s securities are then traded, or any applicable federal or state securities law. The Committee may cause a legend or legends to be placed on any certificates issued under this Award Agreement to make appropriate reference to any restrictions. (g) Tenure. Nothing in the Plan or this Award Agreement shall confer upon you the right to continue as an Employee, Advisory Board Member or Director, as applicable, of the Company or any Subsidiary or to otherwise modify the at will nature of your employment or service. 7. Miscellaneous Provisions (a) Governing Law; Exclusive Jurisdiction. This Award Agreement will be construed in accordance with and governed by the laws (other than laws governing conflicts of laws) of the State of Ohio. Except as provided in this Section, any dispute arising out of or in connection with this Award Agreement shall be subject to the exclusive jurisdiction of the Court of Common Pleas of Defiance County, Ohio, or the United States District Court for the Northern District of Ohio, and you expressly consent to the personal jurisdiction and venue of such courts. Notwithstanding the foregoing, (i) the Company, and only the Company, in its sole discretion, may seek injunctive relief or other equitable remedies to enforce the terms of this Award Agreement in any

court of competent jurisdiction, and (ii) this Award Agreement shall not foreclose the jurisdiction of any Financial Industry Regulatory Authority, Inc. (" FINRA ") mandated arbitration nor prohibit or restrict any registered representatives and employees of registered investment advisors from requesting arbitration of a dispute in the FINRA arbitration forum as specified in FINRA Rules, provided that nothing in this Award Agreement shall prevent the Company from seeking injunctive relief in any court of competent jurisdiction. (b) Reasonableness of Restrictions. You agree that during the course of employment or service, you will acquire Confidential Information (as defined in the ND / NS Agreement) about the business of the Company, its customers and prospective customers and other Confidential Information of the Company, and that such Confidential Information if disclosed or used by you or used by others would provide an unfair advantage in competing with the Company. Based upon the foregoing, Employee, Advisory Board Member, or Director acknowledges that the covenants and restrictions contained in Sections 3, 5, and 6 of this Award Agreement (i) are reasonable and necessary for the protection of the Company, (ii) do not impose undue hardship on the you and (iii) are not injurious to the public. It is the desire and intent of the parties that the restrictions shall be enforced to the fullest extent permitted by law. (c) Covenants and Restrictions Independent of Other Provisions. You acknowledge and agree that the covenants and restrictions in Sections 3, 5, and 6 of this Award Agreement are essential elements of this Award Agreement and shall be construed as independent of any other provision of this Award Agreement, and the existence of any claim or cause of action by you against the Company, whether predicated on this Award Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of these covenants or restrictions. You acknowledge and agree that if you breach any of these covenants or restrictions, the Company will suffer irreparable harm and will have no adequate remedy at law. (d) Severability. If the scope of any restriction contained in this Award Agreement is too broad to permit enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law. You hereby consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction, including by modifying its scope, deleting any or all of the offending provisions, adding additional language to this Award Agreement, or by making any other modifications deemed necessary to carry out the intent an agreement of the parties as expressed to the maximum extent permitted by law. You and the Company agree that any modification made by a court will become part of the Agreement and treated as though originally set forth herein. If any portion of this Award Agreement is held as unenforceable and stricken, such a holding will not affect the validity of the remainder of this Award Agreement, the balance of which will continue to be binding on you and the Company. (e) Remedies for Breach. You agree that any breach of this Award Agreement will result in irreparable harm to the Company for which monetary damages are insufficient. In addition to any other legal or equitable rights the Company has, it will be entitled to restrain you from breaching your obligations through temporary, preliminary or permanent injunctive relief and to recover the Company' s attorneys' fees and costs incurred in pursuing its rights. (f) Amendment of Award Agreement. This Award Agreement may be amended by a written agreement signed by both parties to this Award Agreement; provided, however, that the Company may amend this Award Agreement to the extent necessary to comply with applicable law without your consent or any additional consideration, even if those amendments eliminate, restrict or reduce your rights under this Award Agreement. (g) Other Terms and Conditions. Your Restricted Stock is subject to the terms and conditions described in this Award Agreement and the Plan, which is incorporated by reference into and made a part of this Award Agreement. You acknowledge that you have read the Plan carefully, that you have had an opportunity to ask questions of the Company' s Executive Vice President and Secretary about this Award Agreement and the Plan, and that you fully understand all the terms and conditions of your Restricted Stock under this Award Agreement. In the event of a conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan will govern. The Committee has the sole responsibility of interpreting the Plan and this Award Agreement, and its determination of the meaning of any provision in the Plan or this Award Agreement shall be binding on you. (h) Other Agreements. Your Restricted Stock will be subject to the terms of any other written agreements between you and the Company, including the ND / NS Agreement, to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. (i) Representations Regarding Agreements with Other Parties. You represent and warrant to the Company that you are not subject to any agreement with any third party, that could restrict the performance of your employment or service obligations to the Company, to include your obligations under this Award Agreement, whether characterized as an agreement or agreements relating to non- competition, non- solicitation, confidentiality, assignment of inventions, or trade secret license, and agree not to enter into any such agreements with third parties while you are employed by or serving the Company. You agree to defend, indemnify and hold the Company harmless for any damages and legal expenses incurred in the event that this representation is breached. (j) Signature in Counterparts. This Award Agreement may be signed in counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. [SIGNATURE PAGE FOLLOWS] * * * * * Your Acknowledgement By signing below as the " Participant, " you acknowledge and agree that : ● A copy of the Plan has been made available to you; ● You have read the Plan carefully; and ● You understand and accept the terms and conditions placed on your Restricted Stock. PARTICIPANT SB FINANCIAL GROUP, INC. Print Name : Print Name: Title : Date: Date: EXHIBIT A SB FINANCIAL GROUP, INC. 2017 STOCK INCENTIVE PLAN BENEFICIARY DESIGNATION FORM Primary Beneficiary Designation. I designate the following person (s) as my primary beneficiary or beneficiaries, in the proportion specified, to receive or to exercise any vested Awards under the SB Financial Group, Inc. 20__ Stock Incentive Plan (the " Plan ") that are unpaid or unexercised at my death: % to (Name) (Relationship) Address: Note: You are not required to name more than one primary beneficiary but, if you do, the sum of these percentages may not be greater than 100 percent. Contingent Beneficiary Designation. If one or more of my primary beneficiaries dies before I die, I direct that any vested Awards under the Plan that are unpaid or unexercised at my death and that might otherwise have been paid to that beneficiary be: _____ Allocated to my other named primary beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased primary beneficiary); or _____ Allocated, in the proportion specified, among the following contingent beneficiaries: Note: You are not required to name more

than one contingent beneficiary but, if you do, the sum of these percentages may not be greater than 100 percent. (Signature) (Date) (Print Name) Please return an executed copy of this form to the following: Keeta J. Diller, Executive Vice President and Corporate Secretary, SB Financial Group, Inc., 401 Clinton Street, Defiance, Ohio 43512 Exhibit List of SubsidiariesName State of Incorporation The State Bank and Trust Company Ohio SBFG Title, LLC Ohio SBFG Mortgage, LLC Ohio RFCBC, Inc. Ohio SB Captive, Inc. Nevada Rurban Mortgage Company Ohio SBT Insurance, LLC Ohio Rurbanc Data Services, Inc. Ohio Rurban Statutory Trust II Declaration of Trust – State of Delaware NC Merger Corp. * Ohio * NC Merger Corp. is a wholly-owned subsidiary of Rurbanc Data Services, Inc. NC Merger Corp. has no assets or liabilities and is inactive. Exhibit Consent of Independent Registered Public Accounting Firm We consent to the incorporation by reference in the Registration Statements on Form S- 8 (File Nos. 333- 220075 and 333- 150911) and Forms S- 3 (File Nos. 333- 248406, 333- 217206 and 333- 191192) of SB Financial Group, Inc. (the " Company ") of our report dated March 7, 2023, on our audits of the consolidated financial statements of the Company as of December 31, 2022 and 2021 and for each of the years then ended, which report is included (or incorporated by reference) in this Annual Report on Form 10- K. Indianapolis, Indiana March 7, 2023 Exhibit 31. 1 CERTIFICATION I, Mark A. Klein, certify that: 1. I have reviewed this Annual Report on Form 10- K of SB Financial Group, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15 (e) and 15d- 15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15 (f) and 15d- 15 (f)) for the registrant and have: a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles; c. evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; andd. disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of registrant' s board of directors (or persons performing the equivalent functions): a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; andb. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting. Dated: March 7, 2023 By: / s / Mark A. Klein Mark A. Klein Chairman, President and Chief Executive OfficerExhibit 31. 2 I, Anthony V. Cosentino, certify that: 4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15 (e) and 15d- 15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15 (f) and 15d- 15 (f)) for the registrant and have: Dated: March 7, 2023 By: / s / Anthony V. Cosentino Anthony V. Cosentino Executive Vice President and Chief Financial OfficerExhibit 32. 1 Section 1350 Certification * In connection with the Annual Report of SB Financial Group, Inc. (the " Company ") on Form 10- K for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the " Report "), the undersigned Mark A. Klein, Chairman, President and Chief Executive Officer of the Company, and Anthony V. Cosentino, Executive Vice President and Chief Financial Officer of the Company, each certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that: (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; and (2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries. / s / Mark A. Klein / s / Anthony V. Cosentino Mark A. Klein, Anthony V. Cosentino Chairman, President and Chief Executive Officer Executive Vice President and Chief Financial Officer Dated: March 7, 2023 Dated: March 7, 2023 * This certification is being furnished as required by Rule 13a- 14 (b) under the Securities Exchange Act of 1934, as amended (the " Exchange Act "), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed " filed " for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates it by reference in such filing.