

Item 1 – Cover Page

SBK Financial, Inc.

Part 2A of Form ADV The Brochure

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This Brochure provides information about the qualifications and business practices of SBK Financial, Inc. If you have any questions about the contents of this Brochure, please contact us at (804) 237-1700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SBK Financial, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SBK Financial, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure was last updated on March 2013. There have not been any material changes to this Brochure since the last update.

Our Brochure may be requested by contacting SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP® at (804) 237-1700 or stephanie.stumpf@sbkfinancial.com.

Additional information about SBK Financial, Inc. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with SBK Financial, Inc. who are registered, or are required to be registered, as investment adviser representatives of SBK Financial, Inc.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information.....	7
Item 10 – Other Financial Industry Activities and Affiliations	7
Item 11 – Code of Ethics	7
Item 12 – Brokerage Practices.....	8
Item 13 – Review of Accounts.....	9
Item 14 – Client Referrals and Other Compensation	10
Item 15 – Custody.....	10
Item 16 – Investment Discretion	10
Item 17 – Voting Client Securities	11
Item 18 – Financial Information	11

Item 4 – Advisory Business

SBK Financial, Inc. (“SBK,” “Advisor” or “We”) was founded in 2005 and is owned by J. Kevin King, President and Andrea L. Broughton, Vice President. As of December 31, 2013 SBK Financial, Inc. had \$406 million of assets under management, of which we manage \$359 million on a discretionary basis and \$47 million on a non-discretionary basis.

INVESTMENT MANAGEMENT SERVICES

SBK provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans. We invest client assets in mutual funds or exchange traded funds (ETFs). We also evaluate, select and oversee other investment managers to manage a portion of the client’s account when appropriate. For clients who are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, we may occasionally recommend private investment funds, which may include debt, equity and/or pooled investment vehicles when consistent with the client’s investment objectives. We engage an independent consulting firm to perform due diligence on the mutual funds, investment managers and private investment funds we recommend. We review the due diligence and decide which investments to use in a client’s portfolio.

We tailor our services to the individual needs of our clients. We work with each client to establish an appropriate investment profile and strategy. In designing an investment portfolio, we consider the client’s age, investment goals, time horizon, financial circumstances, tax situation, investment experience, risk tolerance, investment limitations and trading restrictions. We help clients select from growth, balanced and conservative strategies. Clients may impose reasonable restrictions on SBK’s management of their accounts.

FINANCIAL PLANNING AND NON-INVESTMENT CONSULTING/IMPLEMENTATION SERVICES

To the extent requested by the client, SBK *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither SBK, nor any of its representatives, serves as an attorney or insurance agent, and no portion of SBK’s services should be construed as same. To the extent requested by a client, SBK may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including SBK for tax preparation services. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such

implementation decisions and is free to accept or reject any recommendation from SBK. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

CORPORATE SPONSORED GROUP PROGRAMS

SBK provides financial planning services to the executives of our corporate clients. These services include tax and estate planning, retirement planning, education planning and investment planning. We may also prepare the executives' income tax returns.

MISCELLANEOUS

Unaffiliated Private Investment Funds. SBK may also provide investment advice regarding unaffiliated private investment funds. SBK, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. SBK's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of SBK calculating its investment advisory fee. SBK's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Client Obligations. In performing its services, SBK shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify SBK if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising SBK's previous recommendations and/or services.

Item 5 – Fees and Compensation

INVESTMENT MANAGEMENT SERVICES

SBK Financial, Inc. charges most of its clients an annual investment management fee based on the following schedule:

Assets Under Management	Fee
Up to \$1 Million	1.00%
Next \$2 Million	0.75%
Next \$5 Million	0.50%
Next \$5 Million	0.35%
All Additional Assets	0.25%

SBK generally imposes a \$10,000 annual minimum fee for advisory services. SBK, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its annual fee minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

SBK charges fees quarterly in advance based on the account value at the beginning of the quarter. Most clients authorize SBK to deduct fees automatically from their investment accounts, but clients may request that SBK send quarterly invoices to be paid by check.

Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of an account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

In addition to SBK's management fees, clients bear trading costs, custodial fees and fees and expenses that mutual funds or non-affiliated investment managers charge.

Item 12 further describes the factors that SBK considers in selecting or recommending a custodian for client transactions and determining the reasonableness of the custodian's compensation.

CORPORATE SPONSORED GROUP PROGRAMS

Fees for personal and general advisory services to group program Participants are generally negotiated between SBK and the group Sponsor on a case-by-case basis. The fees typically are based upon a “per capita” eligible Participant amount. SBK’s fees in such engagements may be paid wholly or partially by the corporate Sponsor or by Participants, whose payments for services received (if any) may be collected by the Sponsor through payroll deductions and remitted to SBK. Participant also may incur expenses for fees to any other investment adviser they may consult (unless such expenses are paid for by a Sponsor) and will be responsible for transaction charges imposed by broker-dealers through or with whom they effect transactions for their accounts.

Fees for executive planning services are charged on a fixed fee basis. Factors that will determine the actual amount of the fixed fee may include, but are not limited to, the complexity of the executive’s financial circumstances and the estimated time and expense needed to service the account. Such fees shall be mutually agreed upon by the corporate client and SBK and will be invoiced on a quarterly basis.

OTHER SERVICES

SBK may, on a very limited basis, provide services to a client who is not an investment management client or is not part of a corporate sponsored group program. Such services may include tax advisory, tax preparation, estate planning, non-investment related financial counseling, etc., and will be separately identified and billed. Fees may vary and are negotiable. Fees may also be charged on a time and materials basis or as a flat fee. Fees may be charged upon commencement of a project, periodically over the life of the engagement or upon completion of the engagement.

Item 6 – Performance-Based Fees and Side-By-Side Management

SBK does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Some investment advisors experience conflicts of interest in connection with side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to SBK.

Item 7 – Types of Clients

SBK provides investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans. SBK's minimum account size is generally \$1,000,000.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

SBK uses the investment strategies and methods of analysis described below in providing investment advice to our clients and managing client assets.

Investment Strategies

SBK meets with the client to determine the client's goals, risk tolerance and time horizon. Based on these discussions, SBK designs an appropriate investment plan and a strategic, well-diversified asset allocation for each client. Such an asset allocation requires the spreading of investments among a number of asset classes (stocks vs. bonds, U.S. vs. International, large cap stocks vs. small cap stocks, growth vs. value stocks, taxable bonds vs. municipal bonds, etc.). After determining how much of a client's portfolio should be allocated to each asset class, SBK then selects the mutual funds and/or investment managers for each asset class.

Maintaining a strategic, well-diversified asset allocation requires discipline to periodically rebalance. We help clients maintain this discipline. We place great emphasis on minimizing portfolio turnover and trading/transaction costs. Those costs as well as taxes influence the decisions to rebalance and as such fairly wide latitude is given to rebalancing.

Methods of Analysis

SBK retains a qualified, independent research consultant to provide capital market assumptions, broad asset allocation strategies and to conduct the due diligence on actively managed mutual funds, investment managers and private investment funds that SBK may recommend to clients. SBK reviews the quantitative and qualitative criteria used to evaluate the actively managed mutual funds, investment managers and private investment funds. The criteria may include minimum length of track record, minimum performance levels, minimum amounts invested or under management, consistency of investment style, employee turnover, efficiency and capacity. SBK along with the independent research consultant monitors the recommended investments to determine whether they continue to

meet the quantitative and qualitative criteria stated above. The independent research consultant also negotiates reduced account minimum balances and reduced fees with approved mutual funds, investment managers and private investment funds whenever possible.

We evaluate the performance of our clients' investments in a variety of ways that help us understand how the clients' investments are performing versus appropriate benchmarks. Our performance reports provide clients with an overview of their total portfolio performance (excluding private investment funds), an analysis of each individual mutual fund or manager's performance and an analysis of each asset class's performance. As private investment funds do not have transparent trading markets from which accurate and current pricing information can be derived, SBK is not able to monitor or verify the accuracy of performance information.

Risk of Loss

SBK generally recommends that clients invest in equities, mutual funds, ETFs, municipal bonds and occasionally, private investment funds. Investing in securities involves risk of loss that clients should be prepared to bear. Securities recommended for investment are subject to market risk, which is the risk that the stock market as a whole will decline, reducing the values of individual securities regardless of their fundamental characteristics. The direction of the stock market is difficult to predict and depends upon changes in interest rates, inflation and a host of other economic and political factors.

In addition to general market risk, SBK has identified the following risks unique to our investment strategies:

Dependence on Research Consultants – SBK has a long standing relationship with our research consultant. We believe the information provided by the research consultant to be accurate and complete. However, we cannot guarantee that the recommendations provided will result in successful investments. If our research consultant were to provide SBK with incorrect or incomplete information, there is a risk which may result in losses due to such incomplete information.

Third Party Investment Managers – Such investment managers make investment decisions independently of SBK and may at times hold economically offsetting positions. Investment managers do not seek approval or notify SBK prior to placing trades in our client accounts. Additionally, each investment manager must deal with the full spectrum of risk as it applies to their portfolios. SBK does not control the level of risk or the performance derived from such managers. Clients should review third party investment managers' Form ADV Part 2A for a description of the types of risk involved with the investment manager's strategies. To

mitigate those risks, SBK periodically monitors the performance and investments made by the managers.

Private Investment Funds – Such funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Valuation of Private Investment Funds. In the event that SBK references private investment funds owned by the client on any supplemental account reports prepared by SBK, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SBK or the integrity of SBK’s management. SBK has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

SBK and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11 – Code of Ethics

SBK has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, avoidance or disclosure of any actual or potential conflict of interest, restrictions

on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

SBK's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®.

Item 12 – Brokerage Practices

SBK does not maintain custody of client assets that we manage or on which we advise. However, we are deemed to have custody of client assets if clients give us authority to debit fees from their account (see Item 15 – Custody, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when SBK or the client instructs them to. While we recommend clients use Schwab as custodian, clients will decide whether to do so and will open their account with Schwab by entering into an account agreement directly with them. We do not open the account for the client, although we may assist the client in doing so.

Schwab provides SBK and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab.

Services That Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit a client or a client's account. These products and services assist us in managing and administering our clients' accounts. They include investment research as well as software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from other clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

Services That Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Best Execution Reviews. SBK periodically evaluates the pricing and services offered by Schwab with those offered by other reputable firms. SBK has sought to make a good-faith determination that Schwab provides clients with good services at competitive prices. Historically, SBK has concluded that Schwab is as good as or better than the other firms that have been considered. SBK would notify its clients if it were to determine that another firm offered better pricing and services than Schwab.

SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Item 13 – Review of Accounts

Accounts under SBK's management are monitored on an ongoing basis by the Directors. The Directors review each account in detail on at least an annual basis, as well as in connection with each client meeting. Reviews of client accounts will also be triggered if a

client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. SBK may supplement these custodial statements with reports provided during client meetings or as requested.

Item 14 – Client Referrals and Other Compensation

Other than the previously described products and services that SBK receives from Schwab, SBK does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

SBK may offer professional referrals to clients for services it does not provide such as legal services and insurance services. The firm does not receive any financial incentive for providing these referrals.

Other professionals or clients may refer prospective clients to SBK. SBK does not compensate anyone for referring a prospective client to the firm.

Item 15 – Custody

Client accounts are held in custody by unaffiliated broker/dealers or banks, but SBK can access many client accounts through its ability to debit advisory fees. For this reason, SBK is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by SBK. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

SBK usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and

determining amounts, SBK observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to SBK in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, SBK does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Item 18 – Financial Information

SBK does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, a balance sheet is not required to be attached. There is no known financial condition that is reasonably likely to impair SBK's ability to meet contractual commitments to clients, and SBK has not been the subject of a bankruptcy proceeding.

ANY QUESTIONS

SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®, remains available to address any questions regarding this Part 2A.