

Corporation:	SB Financial Group and Subsidiaries
Organizational Functional Area:	Executive
Program For:	Code of Conduct and Ethics
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Code of Conduct and Ethics

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INTRODUCTION

SB Financial Group and its subsidiaries (collectively the “Corporation”) place great value on all of their assets. Among those assets, none has greater value or is of more importance to the Corporation than its reputation.

As representatives of the Corporation, every Director, officer and employee of the Corporation has a significant role to play in preserving and nurturing the Corporation’s reputation for honesty, integrity, and fair play in dealing with fellow employees, with customers, with regulators, with suppliers and with the general public. The Corporation expects every Director, officer and employee to conduct themselves in accordance with the highest standards of personal and professional integrity and to comply with all laws, regulations and Corporate Policies and Procedures.

As a representative of the Corporation, your position should never be used to:

- Directly or indirectly derive personal gain beyond compensation received from the Corporation,
- Advance personal interests,
- Obtain benefits for yourself or another person, or
- Coerce an action in violation of the Code of Conduct and Ethics on the part of another party.

The Corporation has adopted various policies that are intended to guide Directors, officers, and employees in determining what constitutes ethical and acceptable conduct in connection with their representation of the Corporation. The policies are available in the Corporation Human Resource Department to provide guidance in your conduct as a representative of the Corporation. While it is impossible to address every single circumstance you may face that will require you to ponder the proper ethical approach in any given situation, these guidelines reflect the sense of the Corporation and its Board of Directors (“Board”) in matters involving conduct and ethics. You should keep in mind that in complying with these guidelines, avoidance of actual unethical behavior, while mandatory, is not sufficient. ***You should avoid any appearance of unethical behavior.***

In evaluating any situation to determine the ethical response, you will find the following questions useful in helping you reach the proper decision. The Corporation encourages you to use these tools to avoid conflict.

- Is the situation addressed specifically in the Code of Conduct and Ethics or another policy of the Corporation? If it is, comply fully with the Code or such other policy.
- Will my response to the situation break the law or violate a regulation? If so, don’t do it.
- How will my associates, the Corporation’s customers, regulators, and the public view my response to the situation? Remember, the goal is to avoid the appearance of unethical behavior.
- Would I be comfortable to see my response to the situation on the front page of the local newspaper?

- Will my response to the situation keep me awake at night?
- What is my conscience saying to me? There is much value in the old adage, “Let your conscience be your guide.”
- If I am in doubt, have I asked for direction from the Corporation? If you have questions concerning the proper response to a given situation, you should approach your supervisor or the Human Resources Director. They will assist you with your consideration of the proper response and will elevate the question to the proper officials within the Corporation if they need assistance.

ADMINISTRATION OF THE CODE OF CONDUCT AND ETHICS

Each Director of the Corporation will be asked to sign a Certification (see Exhibit A) acknowledging receipt and understanding of this Code and will further be asked to sign an annual certification that they have reviewed the Code and have fully complied with its provisions. All other Corporation officers and employees will annually receive for review a copy of the Code of Conduct and Ethics. The officers and employees will electronically certify that they understand this Code and have fully complied with its provisions, and complete the Certification Statement if they have any activities to disclose.

It is the individual responsibility of each Director, officer and employee to disclose any activity, association, interest or decision that may be in conflict with this policy. If at any time in the interim between annual certifications, any Director, officer or employee shall consider or engage in any activity that (1) is in conflict, or possible conflict, with this policy and (2) that has not been previously reported to the Corporation Risk Management Officer, the Director, officer or employee shall notify the Corporation Risk Management Officer outlining the activity and requesting a ruling on the acceptability of such activity.

The Corporation Risk Management Officer is responsible for distribution, receipt, and review of the Code of Conduct and Ethics Certification Statement for all Directors, officers, and other qualifying representatives.

1. The Certification Statement will be distributed to all Directors, officers, and other qualifying representatives no later than January 15th of each calendar year and returned as directed, no later than February 1st.
2. The Corporation Risk Management Officer will review the returned Certification Statements.
3. Any real or potential conflict with the Code of Conduct and Ethics Policy will be referred to the Corporation Risk Management Officer, who will review the circumstances and make the final determination.
4. In certain instances wherein conflicts or potential conflicts may be resolved or maintained at “arms-length,” the Corporation Risk Management Officer, with the approval of the Governance Committee of the Board, may approve the activity with agreed stipulations.

5. The Corporation Risk Management Officer will maintain a record of the annual Certification Statements..

VIOLATIONS OF THE CODE OF CONDUCT AND ETHICS

As a representative of the Corporation, you have an obligation to fully comply with the principles discussed in the Code of Conduct and Ethics and all other Policies and Procedures of the Corporation. Further, you have an obligation to report any suspected violations of the Code of Conduct and Ethics by yourself or any other representative of the Corporation. Having knowledge of a violation of the Code and failing to report such violation is, in and of itself, a violation of the Code and will subject you to potential penalties for not reporting the violation.

To maintain confidentiality and anonymity, suspected violations of the Code of Conduct and Ethics should be reported per the Code of Conduct and Ethics Complaint policy.

Violation of the Code will result in appropriate disciplinary action, up to and including termination, per HR Policy YP-14.

The Corporation forbids retaliation against any Director, officer or employee who reports a suspected violation of the Code. Retaliation will constitute a violation of the Code and appropriate disciplinary action, up to and including termination, per HR Policy YP-14, will be taken against any perpetrator of retaliation. Disciplinary action taken against a self-reported violation of the Code is not, and will not be, viewed as retaliation.

Waivers of the Code of Conduct and Ethics may only be granted by the Audit Committee. Any request for waiver should be prepared in writing and submitted to the Corporation Risk Management Officer, for consideration.

REPORTING AND DISCLOSURE OBLIGATIONS

The U.S. Securities and Exchange Commission (the “SEC”) requires the Corporation to issue financial statements in conformity with generally accepted accounting principles and to make public disclosures regarding certain aspects of its business. The Corporation expects all Directors, officers, and employees to keep accurate and complete books, records, and accounts that enable the Corporation to meet its accounting and reporting requirements and to provide prompt, accurate answers to inquiries related to the Corporation’s public disclosure requirements. Furthermore, the Chief Executive Officer and the Chief Financial Officer shall prepare or oversee the preparation of full, fair, accurate, timely, and understandable disclosure in reports and documents that the Corporation files with, or submits to, the SEC and in the Corporation’s other public communications.

All persons involved in the Corporation’s disclosure process are required to maintain familiarity with the disclosure requirements applicable to the Corporation and are prohibited from knowingly misrepresenting, omitting or causing others to misrepresent material facts about the Corporation to others, whether within or outside the Corporation, including the Corporation’s independent auditors. Anyone who believes that the Corporation’s accounting method is

inappropriate or not in compliance with generally accepted accounting principles or who believes that public disclosures made or about to be made are inaccurate should report this belief directly to the Corporation's Chief Financial Officer and, if unsatisfied with the response, directly to the Audit Committee of the Board of Directors. In addition, any Director, officer, or employee who becomes aware of a material event or fact involving the Corporation that has not been previously disclosed publicly by the Corporation should immediately report such material event or fact to the Corporation's Chief Executive Officer or Chief Financial Officer.

ACCEPTING FEES AND GIFTS

The Corporation expects all Directors, officers, and employees to render efficient and courteous service to its customers at all times without expectation of reward. To avoid even the implication of any impropriety, it is important that each Director, officer or employee decline any cash or gifts, the acceptance of which would raise even the slightest doubt of improper influence. Generally, gifts of nominal value (less than \$100 in the aggregate annually from a single source) will not be considered a violation of the policy.

If a Director, officer or employee is offered or receives something of value, other than gifts of nominal value, from a customer, the Director, officer or employee must disclose that fact to the Corporation Risk Management Officer. The Corporation will keep contemporaneous written reports of such disclosures. Senior management will review the disclosures to determine whether or not what is offered or accepted is reasonable and not a threat to the integrity of the Corporation.

It is recognized, however, that certain gift giving may occur without intent to influence or reward an officer corruptly in connection with the business of the Corporation. Exceptions to the general prohibition of accepting things of value in connection with the business of the Corporation may include acceptance of:

1. Gifts, gratuities, amenities, or favors based on obvious family or personal relationships (such as those between parents, children, or spouse of a financial institution official) where the circumstances make it clear that it is those relationships rather than the business of the financial institution concerned which are the motivating factors;
2. Meals, refreshments, entertainment, accommodations, or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the Corporation as a reasonable business expense if not paid for by another party;
3. Loans from other financial institutions on customary terms to finance proper and usual activities of financial institution officials, such as home mortgage loans, except where prohibited by law;
4. Advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, and similar items;

5. Discounts or rebates on merchandise or services that do not exceed those available to other customers;
6. Gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday; or
7. Civic, charitable, educational, or religious organization awards for recognition of service and accomplishment.

However, Directors officers and employees of the Corporation should be aware of the Federal Bank Bribery Law, 18 U.S.C. Section 215, which provides that, whoever:

1. corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an officer, director, employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or
2. as an officer, director, employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institution, shall be guilty of an offense.

The penalty provision of this statute states that if the value of the thing given, offered, promised, solicited, demanded, accepted, or agreed to be accepted exceeds \$1,000, the offense is punishable by imprisonment for up to 30 years, and a fine not to exceed \$1,000,000 or three (3) times the value of the bribe or gratuity, whichever is greater. If the value does not exceed \$1,000, the offense is punishable by a fine and up to one (1) year of imprisonment.

CONFIDENTIAL INFORMATION

The confidentiality and protection of information relating to our customers and the Corporation are of utmost importance!

As financial service Directors, officers, and employees, we are entrusted with important information about individuals and businesses. It is essential that you safeguard this information. **Privacy laws pertaining to affiliates and unaffiliated third parties make it imperative that you follow appropriate operating procedures as they relate to the release of customer information. When in doubt, check with your Supervisor or Compliance Officer before providing customer information to any outside source.**

By protecting confidential information, we establish a reputation of being a group of people that can be trusted. Any unauthorized release of this information is illegal and may be cause for dismissal. Therefore, it is imperative that you only access information, whether verbally, manually, or electronically, when it is relevant by necessity for your customer, a transaction or a business situation. You must never inappropriately access information, nor should you discuss

financial business with anyone outside the Corporation or with other employees who have no direct association with the transaction or situation.

CONFLICTS OF INTEREST

Introduction - General Policies and Guidelines on Legal and Ethical Standards

The maintenance of extremely high standards of honesty, integrity, impartiality and conduct is essential to assure the proper performance of the Corporation's business and the maintenance of the public's trust. The preservation of that trust and of the Corporation's reputation requires close observance of these standards on the part of the Corporation Directors, officers, and employees.

The Corporation requires that its Directors, officers, employees, and other representatives avoid possible misconduct and conflicts of interest through informed judgment and careful regard for the standards of conduct and responsibilities as set forth, in this policy. In all situations Corporation Directors, officers, and employees are expected to conduct themselves in such a manner that can be supported by the Corporation and to exercise good judgment in the discharge of their responsibilities.

Conflict of Interest

Corporate Policy

It is the policy of the Corporation that all Directors, officers, employees, and other representatives must avoid conflicts of interest. A conflict exists whenever a Director, officer, employee or other representative has an outside interest - direct or indirect - which conflicts with the individual's duty to the Corporation or adversely affects the individual's judgment in the discharge of his/her responsibilities at the Corporation. The appearance of a conflict of interest may be just as damaging to the Corporation's reputation as a real conflict.

Officers and employees are not permitted to process their own personal deposit transactions or transactions for members of their immediate family, outside employers, or other businesses, trade associations, charitable organizations, social or fraternal clubs or other organizations with which they have a relationship. Immediate family is defined as spouses, parents, children, and/or siblings.

Directors, officers, and employees are prohibited from self-dealing or otherwise trading on their positions with the Corporation or accepting, from one doing or seeking to do business with the Corporation, a business opportunity not available to other persons or that is made available because of such official's position with the Corporation.

The Corporation's name is not to be used as leverage by Directors, officers or employees to enhance their own opportunities when dealing with others in their political, investment, or retail purchasing activities.

Directors, officers, and employees must disclose all potential and actual conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates, or competitors of the financial institution.

Beneficiary (or Legatee) Under a Will or Trust

Directors, officers, and employees must report any gift of a beneficial interest or legacy under wills or trusts of customers of the Corporation, other than a relative, at such time as the Director, officer or employee learns of the designation. The objective of such a notification requirement is to allow for consideration of all the facts in each case to make certain there are no conflicts of interest and that a reasonable, disinterested third party could not allege a conflict of interest upon the Director, officer or employee in receipt of the benefit.

If this reporting requirement results in a decision that a conflict exists or could exist, the Director, officer or employee will be expected to make every effort to be relieved of the expectation of benefit and may be requested to renounce the gift.

Lending Relationships

It is the position of the Corporation that lending services be available to serve the legitimate and deserving credit needs of all customers on an equal basis. Loan terms and conditions shall be based upon a borrower's credit-worthiness.

Prohibited Lending Practices

Lending officers are not permitted to process loan applications or to extend credit to members of their immediate family. Immediate family is defined as spouses, parents, children, and/or siblings. Any such loan application must be referred to another lending officer.

Extending credit to companies in which the lending officer has an interest as an officer, controlling person, or partner, or in which a member of the lending officer's immediate family has such an interest is not permitted to be made by the lending officer.

All loans to Directors or executive officers will be made in compliance with Regulation "O". No loans to Directors or officers will be made under terms and conditions different from those stated in the lending policy or normally available to other borrowers.

Participation in Public Affairs

It is the philosophy of the Corporation to encourage on the part of its Directors, officers, and employees a full awareness of and interest in civic and political responsibility. Each Director, officer and employee shall have the opportunity to support community activities or the political process, as he/she desires.

Voluntary efforts for civic activities normally take place outside of regular business hours. If voluntary work requires Corporation time, prior approval should be obtained from the employee's supervisor or superior officer.

Corporate Directorships, Public Offices, and Commissions

Directors, officers, and employees must be constantly aware when considering election or appointment to corporate boards, public offices, or commissions, that serving in such capacity will not place them in a position where a potential conflict of interest may exist. Approval for such service for officers and employees must be obtained from the Chief Executive Officer, of the respective business unit. Directors are expected to present potential conflicts of interest to the Corporation's Board of Directors.

Preferential Treatment

No Director, officer or employee of the Corporation shall acquire or appropriate to his/her own personal use any Corporation property, service, or profit opportunity on the basis of or under situations not available to members of the public.

Improper Transactions and Payments

It is commonly recognized that there is a direct correlation between illegal or improper payments and inaccurate records. To guarantee the accuracy of the Corporation's books and records, the following principles should be observed:

1. All transactions or conduct of Corporation business must be properly reflected in the Corporation's books.
2. No secret unrecorded fund, Corporation money or other assets shall be established or maintained.
3. Any payment is prohibited if no record of its disbursement is entered in the Corporation's accounting records.
4. Making false and fictitious entries in the books or records of the Corporation or issuing false or misleading documents is prohibited and in most circumstances will constitute a criminal offense.

Administration of the Conflicts of Interest Policy

The Corporation has adopted this Conflicts of Interest Policy. The Directors, the Chief Executive Officer and the Executive Officers are responsible for its administration throughout the Corporation.

It is their responsibility to be familiar with this Code and to abide by the letter and spirit of its provisions at all times. All new Directors, officers, and employees are provided with a copy of

the Code of Conduct and Ethics at the time of their orientation. Supervisors are expected to make every reasonable effort to ensure that their staff continues to comply with all of the provisions of the Corporation's personnel policies.

Fiduciary Restriction

Federal guidelines prohibit any Director, officer, or employee from purchasing property, including personal property items, from estates, trusts, or any other account held in Wealth Management (the corporation's trust company).

This restriction of purchase also includes any property or items sold at public auctions where Wealth Management (the corporation's trust company), acted in a fiduciary capacity.

Exceptions to this policy will be made only after a court order is obtained.

Outside Employment/Business Interests

Due to the potential for conflict of interest, you should exercise caution in either taking a second job or in becoming involved in outside business interests. The following guidelines should be utilized in dealing with these situations.

Outside Employment

Your immediate supervisor should be notified in the event you are contemplating taking a second job. Your supervisor will review the job with executive management to determine if any conflicts exist. The results of this process will be promptly reported to you, by your supervisor.

Business Interests

You must use prudent judgment in your choice of outside business investments. At no time can you place the Corporation, either formally or by virtue of your job, in a position of obligation. Questions, regarding an investment's potential for conflict of interest, must be directed to the Chief Executive Officer.

Anti-trust Compliance

Relationships with Competitors

The anti-trust laws are intended to preserve and foster the American economic system of free enterprise by assuring energetic but fair competition among business firms and to prevent business activity that results in undue or unfair restraint of competition, the formation of monopolies, and various undesirable business practices.

In providing its full range of financial services, the Corporation engages in vigorous, yet fair and open competition. All of the Directors, officers and employees are expected to observe the highest standards of ethical conduct in relationships with competitors. It is the Corporation's

policy to emphasize the quality and competence of its services and staff rather than to criticize those of competitors.

Directors, officers, and employees of the Corporation are prohibited from entering into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices, marketing policies, or disclosing to competitors future plans of the Corporation which have not been disclosed generally to the public.

Tie-Ins and Exclusive Dealings

Anti-trust and banking laws prohibit the Corporation from requiring a customer to purchase certain other financial products from the Bank or its holding company in order to obtain credit, a lease, other service or sell property of any kind. Additionally, unless the Corporation has a reasonable basis, it may not preclude a customer from obtaining financial services from a competitor as a condition or requirement for obtaining financial products from the Corporation.

The Corporation's personnel must be alert to recognize situations, transactions, and activities actually or potentially affected by anti-trust and banking laws.

PERSONAL CONDUCT

Each Director, officer or employee will be expected to monitor his/her personal conduct so as not to bring discredit to the Corporation. As such, overdrafts of Director, officer or employee checking accounts and past due loan payments will not be tolerated. In addition, Directors, officers, and employees shall conduct themselves while at or away from the Corporation in such a manner so as not to bring discredit to themselves or to the Corporation.

Individuals should refer promptly any questionable matters for guidance and resolution to the Human Resource Director and the Corporation Risk Management Officer.

COMPLIANCE WITH LAWS AND REGULATIONS

All Directors, officers, and employees must report any violations or suspected violations of federal and state criminal law as soon as they are discovered to the Audit Committee of the Board or to the Internal Audit Department and the Chief Executive Officer who in turn may be required to investigate and report the matter through legal counsel to the Federal Bureau of Investigation, the U.S. Attorney, the Federal Deposit Insurance Corp., the Ohio State Division of Financial Institutions, the bonding company, and local law enforcement.

Any representative of the Corporation who is suspected of theft, embezzlement, falsification of records, or any other act of dishonesty or unlawful act will be subject to immediate suspension as outlined in the Corporation's Disciplinary Procedure and may, as a result, be terminated.

Not only are acts such as these a violation of the trust afforded to the Corporation by its customers and against Corporation rules, they are also against the law.

VIOLATIONS OF THE CODE OF CONDUCT AND ETHICS

See the discussion of Violations of the Code in the Introduction.

SCOPE

THERE ARE MANY OTHER POLICIES THAT ARE VERY IMPORTANT TO THE CORPORATION AND ITS OPERATIONS. NOTHING CONTAINED IN THIS CODE OF CONDUCT AND ETHICS SHALL RELIEVE ANY DIRECTOR, OFFICER, OR EMPLOYEE FROM COMPLYING WITH ANY OTHER APPLICABLE CORPORATION POLICY.

Nothing in this Code of Conduct and Ethics changes the general policy that employment is at will and may be terminated by the Corporation at any time and for any or no reason.

Exhibit A

**SB FINANCIAL GROUP
CONFLICT OF INTEREST
CERTIFICATION STATEMENT**

I have read and understand SB Financial Groups (“SBFG”) Code of Conduct and Ethics Policy. I agree to abide by the policy and will immediately report any real or potential violations to the Corporation Risk Management Officer. I also certify that:

____ 1. **I have listed below the activities, gifts, and other benefits, affiliations, employment of any household members, business interests, ownerships, investments or any other actions or associations that may conflict with the SBFG Code of Conduct and Ethics. I also have listed employment and/or business activities/consulting with any other company, organization or agency and activities as a director/trustee of any organization or agency.**

____ 2. **To the best of my knowledge neither I, nor any of the employees under my responsibility, have been in violation of any of the activities identified in the SBFG Code of Conduct and Ethics.**

____ 3. **I am unaware of any actual or potential violations of the Code of Conduct and Ethics involving other Directors, officers or employees of SBFG, that have not previously been reported.**

I understand that I have a continuing obligation to report any information relevant to an actual or potential violation of this Code of Conduct and Ethics that may develop or, of which I become aware, prior to my next certification.

Name (Please Print)

Relationship with SBFG

Signature

Date