

ANNUAL REPORT



2020

Expect more.



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Our Bank strives to exceed our client's expectations with every interaction.

Company & Board

River City Bank is a locally owned community bank founded in 2006. We are headquartered at the foothills of the Appalachian Mountains in Rome, Georgia. We offer a full suite of financial solutions for personal and business clients including deposits, loans, cash management, and brokerage services.

For the past 15 years, we have been committed to providing our clients in North Georgia with personalized service and sound financial advice to help them achieve their financial goals. We are proud of our proven track record of supporting our clients, local community, hard-working employees, and loyal shareholders.

Board of Directors

C. King Askew, *Chairman*
Attorney



Jarrett Shadday
Real Estate Investor

Dr. Paula Englis
Educator



Scott Smith
Attorney

Wilson B. (Ben) Garrett
Contractor



Jamie C. Tallent
Bank Executive

Dr. Darrell Lowrey
Orthopedic Surgeon, Retired



W. Keith Winslette
Pharmacist

Michael W. Mathis
Owner-Building Supply Business



C. B. (Buster) Wright III
Financial Executive, Retired

Not pictured: Retired (February, 2021) Dr. W. Barritt Gilbert, Urologist

Mission & Leadership

RIVER CITY BANK WILL BUILD EXCEPTIONAL VALUE...



FOR OUR SHAREHOLDERS

We will build exceptional value for our Shareholders, earning their confidence through consistent long-term growth, increasing profitability and achieving top quartile returns measured by Return on Assets and Return on Equity.



FOR OUR EMPLOYEES

We will build exceptional value for our Employees, fostering a culture of trust, individual respect and high-performance expectations. We will create a fulfilling work environment, which recognizes and rewards individual achievements and attracts talented team members to join us.



FOR OUR CLIENTS

We will build exceptional value for our Clients, helping them reach their financial goals through unrivaled care and client-focused service.



FOR OUR COMMUNITIES

We will build exceptional value for our Communities, actively partnering to address their challenges and shaping meaningful solutions, while adding to their economic growth and prosperity.

Executive Leadership Team



Jamie C. Tallent
President
Chief Executive Officer



Alicia S. Durden
Chief Operations Officer
Information Security Officer



Jonathan P. Jones
Senior Credit Officer



Andrew M. Williams IV
Director of Corporate Strategy



Connie J. Williams
Chief Financial Officer



CORE VALUES

CORE VALUES



Acting with integrity

We will hold ourselves to the highest standards of integrity.



Committed to the success of our stakeholders

Our plans, actions and developing story will align the best interests of our clients, shareholders, employees and communities.



Enthusiastic and positive

The enthusiasm of our people will positively impact all our stakeholders. We will continue to encourage, support and develop this enthusiasm.



Embracing change and continuously improving

Our story, capabilities and people must continue to develop.



Empowered and accountable

Our people will be both empowered to do the right thing and accountable for doing so.

Letter to Shareholders

Dear Shareholders and Friends,

By any measure, 2020 was an extraordinary year. We faced a global pandemic and recession, unprecedented government actions, the most intense social and political unrest in recent memory, all while navigating through tremendous market volatility. It was a year where each of us faced difficult personal challenges, disrupting our plans, and forcing us to adjust the way we work and live. The impact across our communities was severe. We witnessed the loss of loved ones and friends while observing those with less in our communities disproportionately hurt by joblessness and poverty.

As “financial first responders” we watched unprecedented events unfold throughout the year. Our team of bankers remained keenly focused on what our company could do to serve individually and collectively. We have always felt our purpose was to champion the role of banking in our communities by bringing people together and enabling individuals and companies to reach and obtain their financial goals while remaining a source of strength in difficult times. Opportunities to fulfill our purpose were powerfully presented in 2020; and when faced adversity our team did not hesitate to rise to the occasion.

The challenges of 2020 required that we remained focused on the things we could control. In an era of uncertainty, actions speak louder than words. From the onset of the pandemic, we pivoted quickly to develop and communicate plans to address the most critical areas of our organization to ensure we could safely remain open and available to serve our customers. Within days we were fully embracing the national emergency declaration, operating with 35 percent of our team members transitioning to remote work status and converting our retail branch to drive-thru and appointment-only.

Although we believe the 2021 outlook will be significantly more positive and the economic effects of the pandemic will lessen in time, many challenges remain due to the adverse effects felt across the communities and clients we serve.

2020 Performance

RCB Financial Corporation entered 2020 in a strong position with financial momentum. Despite the rapid contraction and deep recession in the economy due to the pandemic, we grew total assets to \$187.7 million by year-end, an increase of \$25.6 million or 16 percent. Loans at year-end totaled \$122.5 million, an increase of 18 percent year-over-year. While we were pleased with overall deposit growth of \$24 million or 17% year-over-year, it was the growth in core deposits (checking and savings accounts) that showed the support of our clients and community. Those balances grew to \$142.1 million representing a \$28 million or 25 percent increase year-over-year, the most in our company’s history.

Net income in 2020 was \$851 thousand compared to \$1.5 million in 2019. The Federal Reserve rate cuts in late 2019 and early 2020 contributed to the decrease in earnings while strategic decisions also played a vital role. Those strategic decisions included positioning the Allowance for Loan Losses to withstand potential economic uncertainty and preparing our company for future growth and expansions into new markets.

CORE DEPOSIT GROWTH

+25%

LOAN GROWTH

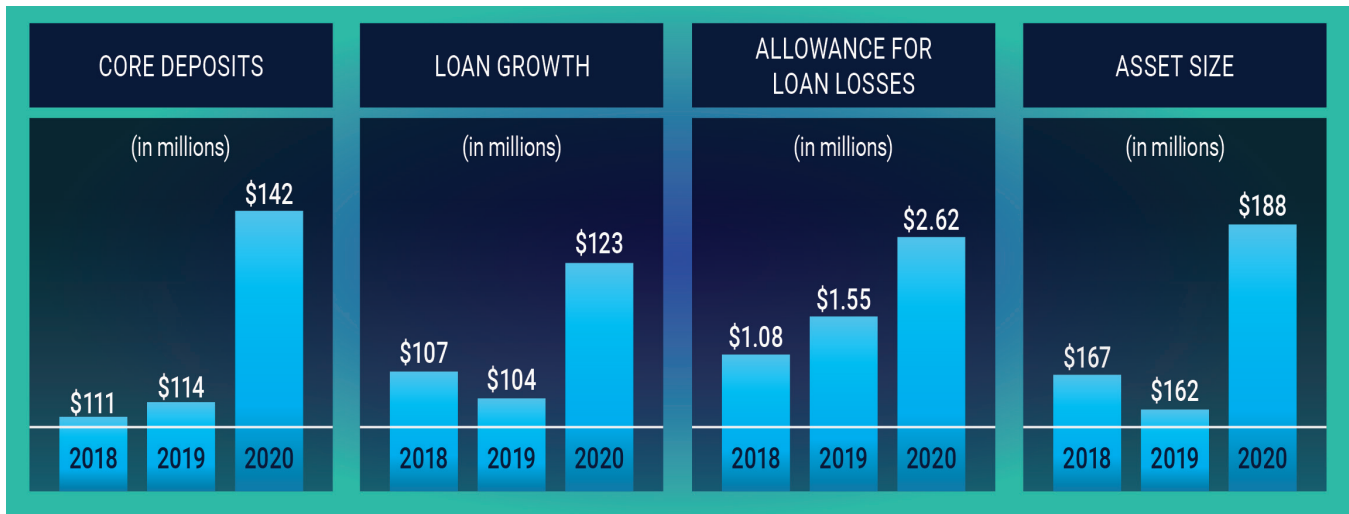
+18%

INCREASE IN ALLOWANCE FOR LOAN LOSSES

+69%

TOTAL ASSET SIZE

+16%



In response to the uncertainty of the economic climate due to the pandemic and concerns over future credit deterioration, a decision to focus on building our Allowance for Loan Losses was made early in 2020. By year-end, our reserve totaled \$2.6 million or 2.24 percent of loans outstanding, an increase year-over-year of \$1.1 million or 69 percent. At the same time, non-performing loans, past dues, and charge-offs remained very low or non-existent, reflecting our credit disciplines in underwriting and monitoring.

We hired a team of highly respected and experienced bankers in northeast Georgia in late 2020. Although the financial commitment to open a loan and mortgage production office in Blairsville was significant, this new team has already achieved monthly profitability through strong loan demand and balance sheet growth, exceeding expectations and providing needed loan support in those communities.

Excluding loan loss provision and taxes, we were able to report core earnings of \$2.1 million, down only \$157 thousand from year-end 2019. The net interest margin contracted 28 basis points to 4.15 percent due to persistently low interest rates, however, higher than anticipated loan production assisted in offsetting the interest rate decreases allowing net interest income to increase 2 percent overall. Non-interest income increased 23 percent to \$1.5 million, up \$287 thousand over the prior year, driven by increases in mortgage fee income and brokerage and advisory income. With strategic hires in several areas of the organization to support operations and growth, along with the expansion into northeast Georgia, non-interest expense increased by 11 percent.

GREGORY WOOTEN

COMMUNITIES IN SCHOOLS OF ROME-FLOYD COUNTY, INC.

"The service I have received has far exceeded my expectations! From the day I opened our account with Ms. Selman to my continued correspondence with Mr. Walley, the customer service and promptness has been top-notch. And each time I go to a teller to make a deposit or withdrawal, I am met with professionalism, courtesy, and a smile! Most recently, Mr. Walley was very instrumental in guiding me through the successful process of securing the PPP loan. He made an initially daunting endeavor very easy with the necessary corrections and advice which allowed my organization to obtain the much needed funds in a timely fashion."



Earnings per share contributed \$0.40 in 2020 contributing to a closing tangible book value of \$8.59 compared to \$7.92 the previous year. This is an increase of \$0.67 per share or 8 percent year-over-year.

We continue to maintain a strong capital position with a leverage ratio of 10.6 percent and total risk-based capital ratio of 16.6 percent. For the second year in a row, a common stock dividend was paid in December of 2020.

Paycheck Protection Program (PPP)

After Congress approved the CARES ACT, our teams mobilized into action, quickly developing a customized program to process PPP loan applications. We created communication resources that were distributed through multiple channels to ensure our clients had access to necessary information. We invested in and enhanced our technology capabilities to automate the process for our clients and bankers, creating an efficient, safe, and highly successful program. Our dedicated team worked countless hours around the clock to secure funds for our business clients while also assisting many non-clients who had been orphaned by their primary financial institutions. In 2020 we originated 207 PPP loans totaling approximately \$13 million,

saving 1,812 jobs, and keeping dreams alive. Of these 207 loans, 150 were issued to existing bank clients and 57 loans were clients new to River City Bank. We are honored that 26 percent of our PPP loans were issued to minority or women-owned businesses within the communities we serve. I am incredibly proud of our faithful team as they pulled together, adapted with speed, and responded to every challenge we met never wavering for a moment.

COVID Customer Support and Loan Deferral Program

As a trusted financial resource for our clients impacted by the virus, we worked to meet them where their needs were greatest. We waived fees and other service charges as needed and offered a comprehensive flexible loan payment deferral program.

In the middle of a crisis, it would be natural to become conservative and cautious in lending. As the pandemic continued to stress and challenge our clients and communities, we chose to take a more practical approach to lending. We recognized the needs some of our clients would have, and the opportunities the pandemic would create for others. We believed in the strength and resolve of our clients, understanding they would make the right decisions necessary to navigate through such unprecedented times. These actions have deepened our relationships with existing clients and allowed us to welcome new clients, resulting in a surge of both deposit and loan growth.

Building on the Future

Throughout 2020, we continued to make significant investments in our products, people, and technology, developing and implementing several key initiatives:

- **Strategic Market Growth** – Late in 2020 we expanded our geographic footprint, strategically aligning with our growth objective to serve the lending needs of North Georgia. We welcomed Andy Williams, Scott Nanney and Tammy Collins to our team, opening a loan and mortgage production office in Blairsville, Georgia.
- **Talent Acquisition** – We continued to strengthen our team in 2020, adding bankers who are enthusiastic, experienced, and whose vision aligns with that of River City Bank. These individuals filled critical roles within our organization such as executive leadership, deposit operations, loan operations, retail, mortgage lending, and commercial loan production.
- **Brand Awareness** – Our marketing strategy included a combination of product-driven advertising, brand awareness, and consumer education. We became more “social” mid-year by launching Facebook and LinkedIn pages to further enhance product and brand awareness.
- **Strategic Plan** – We continue to implement key initiatives from our three-year strategic plan launched in 2019. The plan provides concise direction for the institution as we look ahead, outlining key initiatives, providing future guidance, and defining our mission, vision, and purpose.
- **Product Innovation** – We created new consumer deposit products, enhanced our Home Equity Line of Credit (HELOC), added a One-Time Close Construction-to-Permanent Loan product, benefitting our consumer clients and strengthening our relationships with builders, realtors, and contractors. Lastly, we enhanced our consumer and business credit card offering.
- **Technology** – In preparation for the 2022 expiration of our primary data system contract, our team completed in-depth vendor and system evaluations and selected a new core system which includes robust loan, deposit, and digital banking platforms. This system is scalable, enabling us to leverage future opportunities for growth and quickly respond to the ever-changing technological landscape. This will drive improvements in enhanced client experience, including onboarding, enrollments, and utilization.

MARC SKLAR JOWERS-SKLAR INSURANCE

“Thank you to Jamie, Angie and the whole RCB team for the fast and incredible service in funding my PPP loan. From the application process to the final funding, the transaction was efficient and I was kept apprised each step of the way. With everything else being so stressful, it was great to have something go off without a hitch!”



Looking Forward

We completed 2020 as a stronger and more competitive bank, well-positioned for the return of economic growth. We have been battle-tested and have grown in confidence knowing we can anticipate and manage rapidly changing conditions successfully. We have prioritized resources, capital expenditures, and business activities to ensure our ability to invest prudently in relationship-enhancing growth while improving overall efficiency. As we reflect on the achievements and successes of 2020, there is still much to accomplish. We will continue to anticipate and adapt to changes in our industry and economy as we relentlessly work to build value for you, our shareholders.

We are excited about the progress and momentum heading into 2021. Total assets ended the first quarter at \$198.2 million. Outstanding loans totaled \$135.6 million, up 8 percent or \$10.4 million when compared to year-end 2020. Total deposits over the same period have increased by 6 percent or \$10.6 million totaling \$177 million. Net income for the quarter was \$390 thousand.

In Closing

As we commemorate 15 years as a company, we are provided a powerful vantage point where we can look back at the many accomplishments that have defined our story and built our reputation, while thoughtfully and innovatively casting a vision for our future. Our team is committed to **EXPECT MORE** from each other as we strive to deliver immeasurably more to all of you. We aim for excellence while intently focusing on building a valued financial institution in our communities. Our successes are not ours alone:

- To our clients, thank you for entrusting us with your financial goals and dreams. We consider it a privilege and honor to serve you. It is because of you that we exist.
- To our employees, you are the foundation of our success. Having a great team of people who possess the courage, intelligence, and the capabilities to execute at a high level is a real advantage. People who are determined and can personally navigate through challenging circumstances to serve while offering professional excellence is powerful and what ensures our prosperity now and in the future. Your relentless commitment to serving our customers is very admirable and I am honored to work alongside you each day.
- To our Board of Directors, thank you for your guidance and strategic oversight. Your leadership, renewed enthusiasm, ongoing support, and commitment to our organization is greatly appreciated.
- And lastly, to our Shareholders, thank you for your investment and continued support, confidence, and loyalty to RCB Financial Corporation and River City Bank.

We are committed to maintaining a strong balance sheet, making wise investments, supporting our talented team of bankers, meeting regulatory requirements, improving risk governance, supporting the communities we serve, and exceeding our client's expectations with every interaction. We know that these commitments along with our basic principles and strategies will help us maintain a healthy and vibrant company driving value for you, our Shareholders.

With sincere appreciation,



Jamie C. Tallent
President and Chief Executive Officer





RCB FINANCIAL CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 18, 2021

RCB Financial Corporation (the "Holding Company"), will hold its annual meeting of shareholders at **Shorter University's Robert H. Ledbetter College of Business located at 232 Shorter Avenue, Rome, Georgia on Tuesday, May 18, 2021, at 2:30 p.m., local time to vote on:**

- Electing as Directors of RCB Financial Corporation the ten (10) persons shown on Page 3 of this Annual Report;
- Ratifying the appointment of Wipfli, LLP, as the Holding Company's independent auditors for fiscal year 2021; and
- Transacting such other and further business as may properly come before the meeting.

Only shareholders of record at the close of business on March 31, 2021 are entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof. The holders of shares of the Holding Company's common stock are entitled to one vote per share on all matters to be presented for action by shareholders at the annual meeting. Official Proxies were mailed to each eligible shareholder on or about April 28, 2021.

The Board of Directors of the Holding Company unanimously recommends that shareholders vote FOR each of the director nominees and FOR ratifying the appointment of Wipfli, LLP, as the Holding Company's independent auditors for fiscal year 2021.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to read "JCT", is positioned above the typed name of the signatory.

Jamie C. Tallent
President and CEO
RCB Financial Corporation
Rome, Georgia
April 28, 2021

The logo for Wipfli LLP, featuring the word "WIPFLI" in white, uppercase, serif font centered within a dark blue rectangular background.

Independent Auditor's Report

RCB Financial Corporation and Subsidiary
Rome, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of RCB Financial Corporation and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RCB Financial Corporation and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP
April 8, 2021
Atlanta, Georgia

RCB Financial Corporation and Subsidiary

Consolidated Balance Sheets

<i>As of December 31</i>	2020	2019
Assets:		
Cash and due from banks	\$ 3,049,590	\$ 2,533,620
Interest-bearing deposits in banks	17,519,332	9,595,657
Cash and cash equivalents	20,568,922	12,129,277
Bank owned certificates of deposit	1,500,000	1,750,000
Securities available for sale	34,217,587	34,938,590
Loans, net	122,570,648	103,975,420
Premises and equipment, net	5,269,741	5,460,178
Federal Home Loan Bank stock	145,900	150,500
Accrued interest receivable and other assets	1,172,761	1,418,209
Cash surrender value of life insurance	2,323,166	2,273,540
Total assets	\$ 187,768,725	\$ 162,095,714
Liabilities:		
Demand deposits	\$ 47,022,652	\$ 31,458,018
Interest-bearing demand deposits	32,358,413	24,447,790
Savings and money market	62,796,259	57,817,228
Time, less than \$250,000	16,788,395	21,955,841
Time, \$250,000 and over	7,267,356	6,473,568
CDARS - Public	219,132	-
Total deposits	166,452,207	142,152,445
Subordinated debentures	2,700,000	2,700,000
Accrued interest payable and other liabilities	287,631	355,800
Total liabilities	169,439,838	145,208,245
Stockholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized	-	-
Common stock, \$.01 par value; 25,000,000 shares authorized; 2,132,521 shares issued and outstanding	21,325	21,325
Additional paid-in capital	23,760,913	23,760,913
Accumulated deficit	(6,228,481)	(6,973,794)
Accumulated other comprehensive income	775,130	79,025
Total stockholders' equity	18,328,887	16,887,469
Total liabilities and stockholders' equity	\$ 187,768,725	\$ 162,095,714

RCB Financial Corporation and Subsidiary

Consolidated Statements of Income

<i>Years Ended December 31</i>	2020	2019
Interest income:		
Loans, including fees	\$ 6,434,118	\$ 6,376,507
Securities	766,528	1,031,110
Federal funds sold and interest-bearing accounts	3,600	20,758
Total interest income	7,204,246	7,428,375
Interest expense:		
Deposits	456,077	743,474
Borrowed funds	164,312	225,023
Total interest expense	620,389	968,497
Net interest income	6,583,857	6,459,878
Provision for loan losses	1,071,887	303,339
Net interest income after provision for loan losses	5,511,970	6,156,539
Noninterest income:		
Service fees	429,681	411,615
Mortgage banking income	217,895	115,999
Trust fees	538,707	519,511
Brokerage fees	205,261	172,621
Increase in cash surrender value of life insurance	49,626	54,352
Loss from sales of other real estate, net of write-downs	-	(45,892)
Gain (loss) from sales of securities available-for-sale	82,538	(22,222)
Other noninterest income	14,597	44,933
Total noninterest income	1,538,305	1,250,917
Noninterest expense:		
Salaries and employee benefits	3,570,272	3,146,581
Occupancy and equipment	477,458	433,283
Data processing	908,244	848,231
Professional fees	296,254	245,229
Advertising and promotions	111,828	149,278
Other real estate	-	15,301
Other operating	585,842	543,675
Total noninterest expense	5,949,898	5,381,578
Net income	1,100,377	2,025,878
Income tax expense	248,438	514,561
Net income	\$ 851,939	\$ 1,511,317

VISION

River City Bank will be recognized as a preeminent financial institution in North Georgia by delivering to our Shareholders, Employees, Clients and Communities immeasurably more than they think possible, consistently demonstrating incomparable care for their needs while enhancing their financial well-being by offering competitive products delivered with unparalleled responsiveness and class-leading client-focused service.

PROUDLY SERVING
ROME



BLAIRS VILLE
& SURROUNDING COMMUNITIES



Member
FDIC



Rome Main Office
228 North 2nd Avenue SW
Rome, Georgia

Mortgage & Loan Office
215 Blue Ridge St., Suite A,
Blairsville, Georgia

LOCATIONS

Expect more.



www.rivercity.bank



706-236-2123



Rome, Georgia