

River City Community Giving



RCB | Financial
Corporation




April 17, 2017

Dear Fellow Shareholder:

I am pleased to announce that RCB Financial Corporation reported net income of \$606,298 for 2016. A significant increase when compared to a loss of (\$798,701) for year ended 2015. This success is a direct result of better credit quality and continued growth in core deposits.

I am also pleased to announce that River City Bank's improved profitability and credit quality allowed our board to authorize a Subordinated Debt issue of \$2.7 million. The funds were used to fully repay the remaining \$2.5 million in Preferred Stock/TARP. Both the debt offering and repayment of Preferred Stock/TARP were completed simultaneously on March 10, 2017. Strategically, this provides the capital necessary to support future growth and lowers our cost of capital. The benefit to you, as shareholders, will be enhanced growth in future value.

I would like to personally thank our directors, employees, and management team for their hard work and commitment. It is satisfying to see the reflection of their work in the positive financial results for 2016. I truly believe that River City Bank is poised for a bright future!

Sincerely,

 Roger F. Smith
 President & CEO

River City Community Giving

River City Bank employees came together in 2016 and hosted fundraisers to raise money for local non-profit organizations including: Alzheimer's Association, The American Cancer Society, and South Rome Early Learning Center.

We were a Stage Sponsor at Fiddlin' Fest, a downtown Rome event, where we sold our famous boiled peanuts and kettle corn. Proceeds went to the South Rome Early Learning Center.

We held a boiled peanut fundraiser in the bank parking lot to raise money for the Alzheimer's Association.

Our employees hosted a Fall Bazaar in the bank lobby to raise money for the South Rome Early Learning Center. All items were handmade by RCB employees.

We participated in the annual Relay for Life event to raise money for the American Cancer Society.





RCB FINANCIAL CORPORATION AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2016 and 2015

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
RCB Financial Corporation
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, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 of America; 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 of America. 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, 2016 and 2015, 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 of America.

Porter Keadle Moore, LLC

Atlanta, Georgia
February 24, 2017

	2016	2015
Assets		
Cash and due from banks, including reserve requirements of \$382,000 and \$419,000, respectively	\$ 4,194,787	4,675,356
Interest earning deposits in banks	12,259,167	8,560,626
Cash and cash equivalents	16,453,954	13,235,982
Investment securities available-for-sale	27,318,610	24,062,493
Federal Home Loan Bank stock, at cost	141,400	285,700
Loans, net	102,278,682	104,271,689
Premises and equipment, net	5,738,668	5,902,000
Other real estate	1,885,769	1,996,145
Cash surrender value of life insurance	2,102,148	2,035,892
Accrued interest receivable and other assets	4,041,170	4,125,323
Total assets	<u>\$ 159,960,401</u>	<u>155,915,224</u>
Liabilities and Stockholders' Equity		
Deposits:		
Demand	\$ 37,067,052	25,655,517
Interest-bearing demand	22,941,460	21,809,643
Savings and money market	49,311,985	48,564,418
Time, less than \$250,000	28,776,007	31,854,965
Time, \$250,000 and over	6,147,889	5,763,709
Total deposits	144,244,393	133,648,252
Line of credit	81,250	53,750
Federal Home Loan Bank advances	-	2,000,000
Accrued interest payable and other liabilities	306,346	583,169
Total liabilities	<u>144,631,989</u>	<u>136,285,171</u>
Commitments		
Stockholders' equity:		
Preferred Stock, no par value; 5,000,000 shares authorized, 2,500 and 6,725 shares issued and outstanding	2,500,000	6,725,000
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	(10,642,750)	(11,000,065)
Accumulated other comprehensive (loss) income	(311,076)	122,880
Total stockholders' equity	<u>15,328,412</u>	<u>19,630,053</u>
Total liabilities and stockholders' equity	<u>\$ 159,960,401</u>	<u>155,915,224</u>

See accompanying notes to consolidated financial statements.

RCB FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Operations
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Interest income:		
Loans, including fees	\$ 4,860,680	4,852,369
Investment securities	580,092	706,783
Federal funds sold and interest-bearing accounts	17,110	17,711
Total interest income	<u>5,457,882</u>	<u>5,576,863</u>
Interest expense:		
Deposits	436,585	493,281
Borrowings	33,851	42,266
Total interest expense	<u>470,436</u>	<u>535,547</u>
Net interest income	4,987,446	5,041,316
Provision for loan losses	210,000	-
Net interest income after provision for loan losses	<u>4,777,446</u>	<u>5,041,316</u>
Non-interest income:		
Service fees	582,440	482,941
Mortgage banking income	1,590	61,386
Trust fees	540,066	582,305
Gain from sales of investment securities available-for-sale	63,990	13,582
Total non-interest income	<u>1,188,086</u>	<u>1,140,214</u>
Non-interest expenses:		
Salaries and employee benefits	2,611,050	2,654,664
Data and item processing	673,967	633,894
Professional fees	217,107	127,002
Occupancy and equipment	419,168	469,983
FDIC insurance	131,561	130,957
Advertising and promotions	123,145	105,735
Other real estate	164,180	479,770
Losses on sale and write down of other real estate	198,595	1,731,000
Net losses on disposal or sale of premises and equipment	-	76,291
Other operating	503,326	570,935
Total non-interest expenses	<u>5,042,099</u>	<u>6,980,231</u>
Income (loss) before income tax expense	923,433	(798,701)
Income tax expense (benefit)	317,135	(57,486)
Net income (loss)	606,298	(741,215)
Preferred stock dividends	(248,983)	(612,984)
Net income (loss) available to common stockholders	<u>\$ 357,315</u>	<u>(1,354,199)</u>

See accompanying notes to consolidated financial statements.

RCB FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net income (loss)	\$ 606,298	(741,215)
Other comprehensive (loss) income, net of tax:		
Unrealized (losses) gains on investment securities available-for-sale arising during the period, net of tax (benefit) expense of (\$241,658) and \$31,610, respectively	(394,282)	51,575
Reclassification for gains included in operations, net of tax expense of \$24,316 and \$5,161, respectively	(39,674)	(8,421)
Total other comprehensive (loss) income	<u>(433,956)</u>	<u>43,154</u>
Comprehensive income (loss)	<u>\$ 172,342</u>	<u>(698,061)</u>

See accompanying notes to consolidated financial statements.

**RCB FINANCIAL CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 9, 2017**

RCB Financial Corporation (the "Holding Company"), will hold its annual meeting of shareholders at **River City Bank, 228 North Second Avenue, Rome Georgia, 30165, on Tuesday, May 9, 2017, at 6:00 p.m., local time to vote on:**

- Electing as directors of RCB Financial Corporation the persons listed as nominees in the Proxy Statement dated April 17, 2017, that accompanies this notice;
- Ratifying the appointment of Porter Keadle Moore, LLP, as the Holding Company's independent auditors for fiscal year 2017; 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, 2017 will be 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.

Enclosed for your review are the Holding Company's proxy statement and proxy sheet for the proposals that shareholders will vote on at the annual meeting.

The Board of Directors of the Holding Company unanimously recommends that shareholders vote FOR each of the nominees for director and FOR ratifying the appointment of Porter Keadle Moore, LLP, as the Holding Company's independent auditors for fiscal year 2017.

**BY ORDER OF THE
BOARD OF DIRECTORS**

Roger F. Smith
President and CEO
RCB Financial Corporation
Rome, Georgia

April 17, 2017

**RCB Financial Corporation
228 North Second Avenue
Rome, Georgia 30165
(706) 236-2123**

April 17, 2017

**PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 9, 2017**

This Proxy Statement is being furnished to the shareholders of RCB Financial Corporation (the "Holding Company") in connection with the solicitation of proxies by the Board of Directors of the Holding Company for use at the Annual Meeting of Shareholders of RCB Financial Corporation to be held on Tuesday, May 9, 2017, at 6:00 p.m., local time, and to any adjournment thereof, for the purposes set forth below and in the accompanying Notice of the Annual Meeting of Shareholders. The meeting will be held at River City Bank, 228 North Second Avenue, Rome, Georgia, 30165.

The shareholders' meeting is being held to consider and vote the following proposals:

- Proposal 1: To elect as Holding Company directors the persons listed as nominees in the Proxy Statement.
- Proposal 2: To ratify the appointment of Porter Keadle Moore, LLP, as the independent auditors of the Holding Company for fiscal year 2017.
- Proposal 3: To transact such other business as may properly come before the meeting and at any and all adjournments thereof.

Record Date, Solicitation and Revocability of Proxies

RCB Financial Corporation has fixed March 31, 2017, as the record date for determining the shareholders entitled to notice of and to vote at the meeting. At the close of business on the record date, there were outstanding and entitled to vote 2,132,521 shares of common stock of RCB Financial Corporation, \$0.01 par value per share, held by 447 shareholders of record. A majority of the outstanding shares of common stock represented at the meeting, in person or by proxy, will constitute a quorum.

Shares of RCB Financial Corporation's common stock represented by a properly executed proxy, if such proxy is received prior to the vote at the shareholders meeting and not revoked, will be voted at the shareholders meeting in accordance with the instructions indicated in such proxy. **If a proxy is received and no instructions are indicated, such shares of the common stock will be voted "FOR" the election as Directors of the Holding Company the eleven nominees listed in the Proxy Statement, "FOR ratifying the appointment of Porter Keadle Moore, LLP, as the independent auditors of the Holding Company for fiscal year 2017, and in accordance with the recommendations of the Board of Directors as to any other matter which may properly come before the shareholders' meeting.**

A shareholder who has given a proxy may revoke it at any time prior to its exercise at the shareholders meeting by either (i) giving written notice of the revocation to the Chief Executive Officer of

PROPOSAL 1: ELECTION OF DIRECTORS

the Holding Company, (ii) properly submitting to the Chief Executive Officer of the Holding Company a duly executed proxy bearing a later date, or (iii) appearing in person at the shareholders' meeting and voting in person. All written notices of revocation or other communications with respect to revocation of proxies should be addressed as follows: RCB Financial Corporation, 228 North Second Avenue, Rome, Georgia 30165, Attention: Roger F. Smith, President and CEO.

Proxies are being solicited by, and on behalf of the Board of Directors of RCB Financial Corporation. Directors, officers, and employees of the Holding Company may solicit proxies personally or by telephone or facsimile. None of these people will receive any special compensation for solicitation activities.

Voting of Shares

The holders of shares of RCB Financial Corporation's common stock are entitled to one vote per share on all matters presented at the meeting for action by shareholders.

The affirmative vote of a majority of RCB Financial Corporation's outstanding common stock present in person or represented by proxy and entitled to vote at the meeting will be required to elect the eleven directors to serve until the 2018 Annual Shareholder's Meeting.

The affirmative vote of a majority of RCB Financial Corporation's outstanding common stock present in person or represented by proxy and entitled to vote at the meeting will be required to ratify the appointment of Porter Keadle Moore, LLP, as the Holding Company's independent auditors for fiscal year 2017.

All other matters that may properly come before the meeting require the affirmative vote of a majority of shares of common stock present in person or by proxy and entitled to vote on such matters, unless a stricter requirement is imposed by applicable law.

This proxy statement and the accompanying form of proxy were first mailed to the shareholders on or about April 17, 2017.

The table below sets forth certain information about the director nominees, including name and principal occupation or employment. Duly elected directors will serve until the next annual meeting of shareholders, or until their respective successors are duly elected and qualified.

<u>Name</u>	<u>Principal Occupation or Employment</u>
C. King Askew	Attorney
Dr. Paula Englis	Educator
Wilson B. (Ben) Garrett	Contractor
W. Barritt Gilbert	Urologist
Darrell Lowrey	Retired
Michael W. Mathis	Owner-Building Supply Business
Jarrett Shadday	Real Estate Investor
Roger F. Smith, CEO	Bank Executive
Scott Smith	Attorney
W. Keith Winslette	Pharmacist
C. B. (Buster) Wright III	Retired

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE ELEVEN NOMINEES NAMED ABOVE.

PROPOSAL 2: RATIFYING THE APPOINTMENT OF PORTER KEADLE MOORE, LLP, AS INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has considered the qualifications and experience of Porter Keadle Moore, LLP, and based upon the recommendation of the Audit Committee, the Board of Directors has appointed Porter Keadle Moore, LLP, as independent auditors for the Holding Company for the current fiscal year which ends December 31, 2017. Although the submission of this matter is not required by law, the Board of Directors desires to obtain the shareholders' ratification of such appointment. A resolution ratifying the appointment will be offered at the Annual Meeting. If the resolution is not adopted, the adverse vote will be referred to the Audit Committee for further review.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" RATIFYING THE APPOINTMENT OF PORTER KEADLE MOORE, LLP, AS THE HOLDING COMPANY'S INDEPENDENT AUDITORS FOR FISCAL YEAR 2017.

**DIRECTOR AND
EXECUTIVE OFFICER STOCK OWNERSHIP**

The following table presents stock ownership information as of the record date for each of the executive officers and director nominees of RCB Financial Corporation, and all executive officers and director nominees as a group. The table sets forth: (1) each person's name, (2) his/her respective position within the Holding Company, (3) the number of shares of Holding Company common stock he/she directly or indirectly owned, controlled or held with the power to vote as of the record date, and (4) the percentage of the outstanding shares of Holding Company common stock owned at the record date.

Name	Position	Number Of Shares	Percentage of Outstanding Shares ⁽¹⁾
Michael W. Mathis	Director	256,296	12.02%
Jarrett Shadday	Director	143,436	6.73%
Darrell Lowrey	Director	48,700	2.28%
W. Keith Winslette	Director	35,000	1.64%
C. King Askew	Director	32,500	1.52%
W. Barritt Gilbert	Director	26,300	1.23%
Roger F. Smith	CEO and Director	22,500	1.06%
Scott Smith	Director	22,500	1.06%
Wilson B. (Ben) Garrett	Director	21,740	1.02%
C. B. Wright III	Director	19,000	0.89%
Connie J. Williams	CFO/COO	3,000	0.14%
T. Grant Espy	CCO	750	0.04%
Dr. Paula Englis	Director	500	0.02%
Executive Officers and Director Nominees as a Group (13)		632,222	29.65%

PRINCIPAL SHAREHOLDERS OF THE HOLDING COMPANY

One shareholder/group is authorized to directly or indirectly own, control, or hold with the power to vote more than 10% of the stock of RCB Financial Corporation. That shareholder is Michael W. Mathis (a director). The Group is comprised of Mr. Mathis, Sharon L. Mathis, M. William Mathis, N. Von Lambert, Mark Mathis, and Victoria Mathis. The shares and percentage owned by the Group are reflected in the Director and Management Stock Ownership schedule.

OTHER MATTERS

The Board of Directors of the Holding Company does not know of any matters to be brought before this meeting of Holding Company shareholders other than those described above. If any other matters properly come before the meeting, the persons designated as proxies will vote on such matters in accordance with their best judgment.

By Order of the Board of Directors



Susan Dunwoody, Corporate Secretary

(1) The calculation of ownership of each individual/group is based upon 2,132,521 shares outstanding as of the record date, and may change if and when options are exercised.

**RESOLUTIONS OF
THE BOARD OF DIRECTORS OF
RCB FINANCIAL CORPORATION**

I. Annual Meeting of Shareholders

WHEREAS, RCB Financial Corporation (the "Company") plans to hold its 2017 annual meeting of shareholders (the "Annual Meeting") and at such meeting to consider (i) a proposal to elect directors to serve a one-year term or until their successors are duly elected and qualified; and (ii) a proposal to ratify the appointment of Porter Keadle Moore, LLP, as the Company's independent auditors for the fiscal year 2017.

NOW, THEREFORE, BE IT RESOLVED, that the Annual Meeting date is hereby set for May 9, 2017 at 6:00 p.m. local time, at River City Bank, 228 North Second Avenue, Rome, Georgia 30165; and

RESOLVED FURTHER, that the record date for shareholders to vote at the Annual Meeting shall be the close of the Company's business on March 31, 2017; and

RESOLVED FURTHER, that Connie Williams, CFO, be and is hereby appointed as the Company's inspector of elections at its Annual Meeting, and to perform such duties in connection therewith as required by law; and

RESOLVED FURTHER, that the following individuals are hereby nominated for election as directors at the Annual Meeting to serve until the 2018 Annual Meeting or until their successors are duly elected and qualified; and

W. Barritt Gilbert
C. B. (Buster) Wright, III
Darrell Lowrey
Jarrett Shadday
W. Keith Winslette
C. King Askew
Michael W. Mathis
Paula Englis
Scott Smith
Ben Garrett
Roger F. Smith

RESOLVED FURTHER, that the proper officers of the Company be, and they hereby are, authorized and directed to prepare or cause to be prepared, with the assistance of legal counsel and to distribute proxy materials in connection with the Annual Meeting; and

RESOLVED FURTHER, that the Board of Directors hereby appoints C. King Askew and Roger F. Smith to be named in appointments of proxy solicited by the Company as the proxies for shareholders at the Annual Meeting.

II. Independent Auditors

WHEREAS, the Board of Directors has considered the qualifications and experience of Porter Keadle Moore, LLP, as independent auditors for the Company for the previous fiscal year which ended December 31, 2016.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby appoints Porter Keadle Moore, LLP, as independent auditors for the Company for the current fiscal year which ends December 31, 2017.

Given under hand and seal of RCB Financial Corporation, this 14th day of March, 2017.



Susan Dunwoody, Corporate Secretary

For a copy of RCB Financial Corporation's Annual Disclosure Statement for 2016, which is available upon request, you may contact Connie Williams, CFO. She can be reached at:

River City Bank
228 North Second Avenue
Rome, Georgia 30165
706-236-2123

