



2022
ANNUAL REPORT

Expect more.



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"The performance results in 2022 point directly to the strength of our deposit franchise, the markets we serve, and our incredible team of bankers."



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, treasury management, and brokerage services.

For the past 17 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 communities, hard-working employees, and loyal shareholders.

BOARD OF DIRECTORS



C. King Askew,
Chairman
Attorney



Dr. Paula Englis
Educator



Penny Evans-Plants
Information Technology
Executive



Wilson B. Garrett
Contractor



Michael W. Mathis
Owner-Building
Supply Business



Tushar Patel
Real Estate Developer



Jarrett Shadday
Real Estate Investor



Scott Smith
Attorney



Jamie C. Tallent
Bank Executive



Cecil B. Wright III
Financial Executive,
Retired

MISSION & LEADERSHIP

RIVER CITY BANK WILL BUILD EXCEPTIONAL VALUE...



For Our Customers



For Our Communities



For Our Employees



For Our Shareholders

EXECUTIVE LEADERSHIP TEAM



Jamie C. Tallent
President
Chief Executive Officer



Alicia S. Durden
Chief Operations Officer



Jonathan P. Jones
Senior Credit Officer



Connie J. Mathis
Chief Financial Officer

"I have personally used RCB for over 10 years and have always had excellent service. I just brought my mom to RCB after she experienced terrible service at another bank on multiple occasions. We had a complicated matter, and Sierra was able to provide a solution quickly and resolve all issues. She was a pleasure to work with and set my mom's mind at ease." –Ruthiey B.

"An absolutely amazing banking experience! They make you feel right at home and are happy to help you with any of your needs. Made me rethink what I thought about banks! Would recommend to anyone!" –Kwade W.

*"Best bank in Rome, Georgia!"
–Jarrod J.*

WHAT OUR CUSTOMERS ARE SAYING ABOUT US

*"Absolutely the best bank ever. The employees are awesome and so helpful and friendly. I'm so glad I came to RCB."
–April C.*

"I had a great experience with River City Bank in Blairsville! Katie was extremely helpful and responsive. Any questions I had were addressed immediately and opening up a new account was easy." –Kelly G.

*"The level of personal service is fantastic!"
–RG*

Letter to Shareholders

Dear Fellow Shareholders,

I am pleased to report that River City Bank enjoyed a very profitable and successful 2022. We started the year with solid momentum carried over from 2021. Throughout the year our team of dedicated bankers managed through ever-changing economic conditions while delivering strong financial results through focused execution in key areas of the company. Our success through our people-first approach and customer-centric community bank business model generated a broad range of growth throughout the company. The performance results in 2022 point directly to the strength of our deposit franchise, the markets we serve, and our incredible team of bankers.

While global disruption from the war in Ukraine, mounting inflation, and rapidly rising interest rates all accounted for external challenges we faced in the operating environment, our team of dedicated bankers did not lose sight of our primary performance objectives of quality, growth, and profitability. Throughout the year we had several key strategic initiatives we accomplished.

- In the first quarter of 2022, we successfully completed the conversion of our much-anticipated core processing platform, which included changes to our loan processing platform, deposit processing platform, and digital banking platform. Our Leadership, Information Technology, and Operation teams executed

the project with precision and as a result the disruptions that normally accompany these types of projects, both externally and internally, were non-existent for our Company. This investment provides us with the next generation technology allowing us to offer new services to our customers, automate processes, reduce risk, improve efficiencies, adopt CRM technology, and provide additional layering for innovative technology in the future.

- In the second quarter of 2022, we successfully converted our Loan Production Office located in Union County, Georgia to a full-service branch. This office represents the second full-service location our Company now operates in north Georgia. This expansion has been an integral part of our Company's growth over the last two years. The expansion into Union County now represents 20% of our Company's balance sheet while representing 25% of the Company's net profits. We are proud of the accomplishments and contributions our bankers have achieved in such a short amount of time, and we remain optimistic about our investment in this market.

- Lastly, in the fourth quarter of 2022, we expanded into Dawson County, Georgia announcing the opening of our loan production office in November. Dawson County has become one of the fastest-growing counties in our state over the last several years. Located in the north-central portion of the state approximately 60 miles

northeast of Atlanta, Dawson County has become a bedroom community of the Atlanta metro area in recent years. We are excited about this expansion and the opportunity to serve the businesses and citizens of Dawson County for many years to come.

2022 Financial Performance

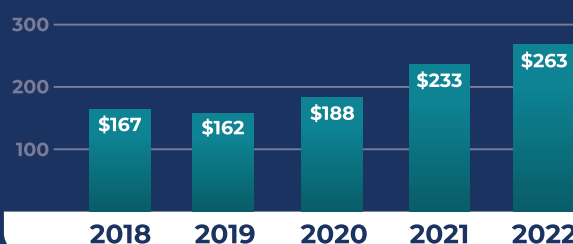
The 2022 financial performance of the company reflects our continued focus on the building of a strong and resilient foundation for RCB Financial Corporation and River City Bank. We ended 2022 with annual net income of \$2.22 million, a 48% increase year-over-year, and the highest pre-tax earnings in the Company's 17-year history. This performance was fueled by double-digit loan growth and margin expansion given our asset sensitivity from rising interest rates. Separately, we continued to benefit from historically high levels of liquidity in the markets as we generated double digit core deposit growth for the third consecutive year. Our Return on Assets (ROA) and Return on Equity (ROE) improved significantly in 2022 as a result of solid income which added \$1.04 in Earnings Per Share to the capital accounts, supporting the future growth of our Company. And for the fourth consecutive year, we were able to pay a dividend. Due to the exceptional performance of the bank this year, we increased our dividend to \$0.07 per share reflecting an increase of 40% from the prior year.

Expect more.

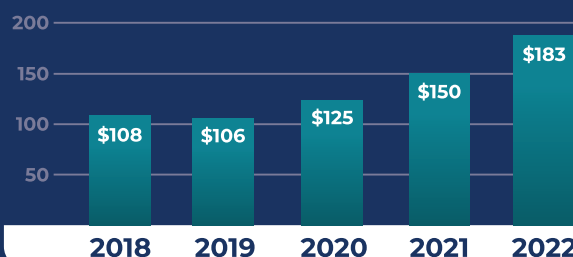
Balance Sheet

In 2022, total assets grew by 13% totaling \$263 million at year-end. Loans grew by \$33 million which represents two consecutive years of loan growth totaling more than 20% growth per year. Loans end the year at \$183 million. Our loan growth occurred broadly in most of our asset classes in 2022 as we strived to become more diversified in the loan portfolio. The expansion in Union and Dawson Counties in northeast Georgia continues to generate meaningful loan growth for the company.

TOTAL ASSETS IN MILLIONS

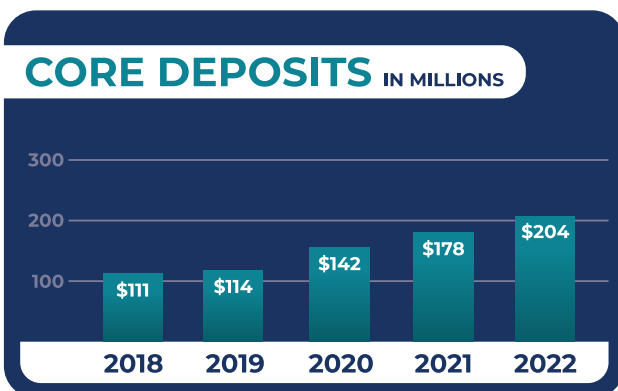
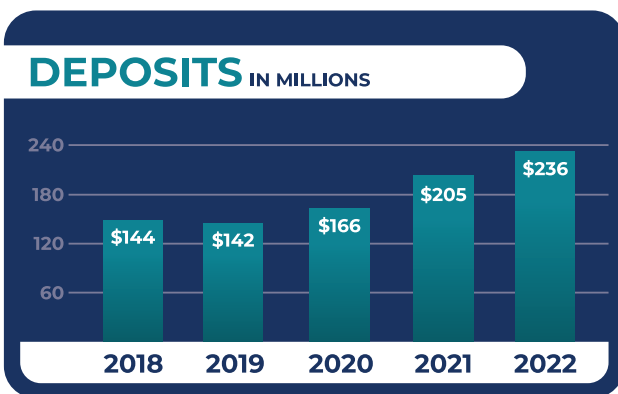


LOANS IN MILLIONS



The deposit portfolio grew to \$236 million, an increase of 15% year-over-year. Ongoing organic growth of core deposits continues to be a priority for our Company. The deposit portfolio

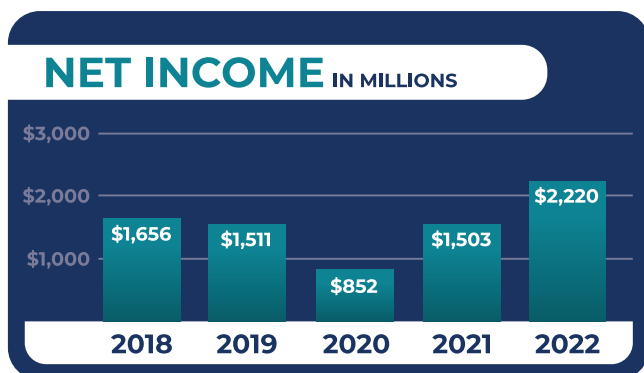
composition remains consistent with core deposits representing 86% of total deposits in 2022. Non-interest-bearing deposits increased by \$12 million or 20% in 2022 and represent 32% of total deposits. Again, these are very consistent measurements year-over-year. Our team of bankers executed on a disciplined, yet evolving, deposit strategy aimed at maintaining a target cost of funds that was top-quartile performance when compared to peers in 2022. With the operating environment for deposits particularly the last quarter of 2022 becoming intensely competitive we remained keenly focused on efforts to grow high-quality, lower-cost relationship core deposits to support our ongoing asset-generation capabilities.



We believe a balanced approach to the overall deposit strategy and portfolio is best for our company. Our stable foundation starts with a low-cost and less volatile core deposit base. With our unique model, we can focus on relationship accounts for both personal and business customers. We have found these accounts to be very stable and committed to the Bank because of our great bankers, class-leading customer service, and attractive product offerings. We are not concentrated in, nor dependent on, uninsured deposits to fund our core balance sheet. With the rapid increase of interest rates in 2022 we started experiencing an increase in our deposit rates which in turn caused our cost of funds to rise during the last two quarters of the year. We anticipate that the increased cost of funding will continue as we look ahead, which will place pressure on our net interest margin.

Income Statement

Net income in 2022 was \$2.22 million, up from \$1.5 million the prior year. This meaningful improvement in profitability was due to a significant expansion in our net interest margin. The growth in earning assets coupled with increases in the net interest margin fueled a \$1.9 million or 27% increase in net interest income. The pace and scale of the increases by the FOMC (4.50% over the course of seven moves in 2022, four of which were increases of 0.75% each) created challenges and opportunities for the bank. Earning asset yields improved as adjustable-rate loans and excess liquidity were re-priced upward. This resulted in our net interest margin increasing from 3.80% at year-end 2021 to 4.01% at year-end 2022.



Non-interest income and non-interest expense continued to present us with both opportunities and challenges in 2022. Non-interest income when compared to 2021 decreased by \$357 thousand year-over-year, however, when excluding the gain on the sale of securities of \$497 thousand from 2021 and the 2022 gain from the sale of foreclosed assets “core” reoccurring non-interest income totaled \$2.1 million consistently for both years. The only material difference when comparing the year-over-year results was mortgage fee revenue decreased \$146 thousand in 2022 due to higher interest rates, higher home prices, and lack of inventory in the market, which significantly affected the residential housing sector. While the mortgage industry is currently undergoing a painful right sizing, we remain committed to this line of business for the long term and expect the housing market to recover as interest rates and home prices settle back to more normalized ranges. Separately, in 2022 brokerage fee revenue increased \$211 thousand over the previous year due to a restructuring of the line of business and gained efficiencies.

Non-interest expenses increased by 4% in 2022 as we absorbed the personnel, occupancy, and other costs associated with converting our Loan Production Office to a full-service branch in Union

County while opening a loan production office in Dawson County. While we must reflect on the near-term expenses, the results of these strategic investments have provided growth opportunities we could not have produced otherwise. The Blairsville, Union County full-service branch now comprises 20% of the Company’s total assets, while the loan production office in the Dawsonville, Dawson County market represents 5% of total assets at year-end.

Credit Quality

A high-quality loan portfolio is a critical part of our foundation. Although the economy showed weakness throughout 2022, credit performance remains exceptional and we expect the performance of the loan portfolio to do well should the economy slow, and a recessionary cycle ensue. We believe our disciplined underwriting standards and consistent focus on maintaining strong credit management practices ensure credit quality remains high while adding risk mitigation and protection from forecasted downturns in the quarters ahead. Non-performing assets, non-performing loans, net charge-offs, and a year-end delinquency ratio represented historical lows for the Company and highlight our desired credit portfolio. Net charge-offs as a percentage of total loans remained consistent year-over-year at just 0.22%. We are pleased with the composition, diversification, and strength of our loan portfolio as we navigate through another uncertain economic cycle.

Provision for future loan losses was increased in 2022 in anticipation of a weakening economic climate that did not occur. As a result, we continue to maintain a strong allowance for credit losses (ACL) on loans, ending 2022 at \$2.72 million or 1.48% of total loans. This reserve covers future losses that may occur in the loan portfolio. As we enter 2023, we are required to adopt (ASU) 2016-13 “Current Expected Credit Losses” or CECL, for projecting the level of ACL required for our risk profile. We have been simulating the CECL calculations throughout 2022 and do not expect any notable change to the level of ACL we carry.

Capital Management

Performing consistently across various business cycles requires strong capital to prevent earnings disruptions and growth restrictions. Our capital ratios increased consistently through 2022, maintaining a status of well-capitalized by regulatory standards. The bank’s leverage ratio ended the year at 10.1% while the total risk-based capital ratio ended at 15.9%, both well ahead of the regulatory minimums of 5% and 10% respectively.



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.

2023 Strategic Initiatives

In 2023, our focus is squarely on these seven priorities:

GATHER LOW-COST DEPOSITS TO PROFITABLY FUND LOAN GROWTH

There is no bigger goal for us than capturing additional deposit market share. Our typical tactics are still at work, hiring high-value revenue producers and winning new customers. As we vertically lift up our treasury management line of business capabilities, we will target users of these products and service solutions which will give us access to larger pools of traditionally sticky deposits, with opportunities for greater wallet share among these business customers.

INCREASE RISK MANAGEMENT DISCIPLINES

Our model gives us a great deal of protection from cyclical fluctuations. We will need to continue to evolve our risk management increasing our control infrastructure while oversizing the scope to allow for growth and expansion of this area to ensure we have the appropriate checks and balances currently and in the future.

ENSURE THE ENGAGEMENT OF EVERY SINGLE ASSOCIATE

It is proven that if you produce high levels of team member engagement, you see better sales outcomes, profitability, and share price performance. We intend to engage every team member, so they come to River City Bank, stay at River City Bank, and give us their best. In turn, we expect their contributions to drive us toward our lofty goals.

CREATE ENTHUSIASTIC CUSTOMER ENERGY

Our engaged bankers pass their excitement and joy along to customers, whom we believe get excited about our Company, and go out and tell everyone about us. Our industry analysts and consultants refer to them often as “net promoters.” We like to call them our enthusiastic fan base.

ENHANCE SCALABILITY

We intend to build capacity and scale to support the existing and future growth of the Company. This will include personnel, leveraging technology, and evolving processes for greater efficiency.

DRIVE ORGANIC GROWTH

Our focus is to continue to accelerate growth in established markets of Rome and Blairsville. We will take advantage of market disruptions and displaced customers while consistently targeting desired business prospects and retail consumers.

CREATE EXPANSION OPPORTUNITIES

We will continue to expand our footprint into new markets that have been identified through our demographic research to align with our business model and style of banking. We will hire and align ourselves with high-performing and high revenue-producing bankers that reside and work in these unique markets. And lastly, we will expand our capabilities through new lines of businesses like SBA and Treasury Management to better serve existing customers, attract new ones, and grow non-interest income.

Looking Ahead

While we enjoyed record earnings and solid growth in 2022, we now turn our attention to 2023. High inflation, high interest rates, waning consumer confidence, recent bank failures, weaker loan demand, heightened competition for deposits, margin compression, and growing concerns of a near-term recession will create headwinds that could strain growth, operating efficiencies, and earnings in 2023. While each year brings unique challenges and opportunities, our focus is building a valuable banking franchise. We will be especially focused on liquidity and deposit generation across our markets in the current economic environment and remain committed to strong credit performance and overall credit vigilance. We are committed to becoming the bank of choice in the markets we serve and remain optimistic and excited about where our company is headed.

In Closing

I want to again thank our **Board of Directors** for engaging in our direction and influencing our success as we continue to transform and advance our Company forward. I want to welcome our two newest directors – Penny Evans-Plants and Tushar Patel – who joined our Board in the second half of 2022. We are excited they have joined our Board and look forward to their wise counsel and contributions in the future. I want to thank our **customers** for your business. We are honored to be your trusted partner for value-added financial solutions and investment options. We are committed to delivering our best to you every day. I want to thank our **shareholders** for your enduring confidence, your support, and your investment. And lastly, I want to thank the **entire River City Bank team** for an excellent 2022. I am grateful to be given the opportunity to lead this outstanding team once again. In this rapidly changing banking environment, we must relentlessly pursue to differentiate our brand of banking as we continue to positively impact the customers and communities we serve. We must ensure that our employees remain fully engaged and enthusiastic about our short and long-term aspirations while focusing on building a valuable bank franchise that is committed to delivering on our **EXPECT MORE** pledge!

Expect more.

With sincere appreciation,



Jamie C. Tallent
President and Chief Executive Officer





In Our Communities





AWARDS

2022 BRAND AMBASSADOR



Sandra Mayo

2022 IMPACT AWARD WINNERS



Sarah Greer
Quarter 1



Matthew Goldin
Quarter 1



Tammy Collins
Quarter 1



Sierra Mantooth
Quarter 1



Evelyn Hernandez
Quarter 2



Katie Mashburn
Quarter 3



Stephanie Miller
Quarter 4





**RCB FINANCIAL CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 16, 2023**

RCB Financial Corporation (the "Holding Company"), will hold its annual meeting of shareholders at **River City Bank, 228 North 2nd Avenue SW, Rome, GA** on **Tuesday, May 16, 2023, at 2:30 p.m., local time to vote on:**

- Electing as directors of RCB Financial Corporation the ten (10) persons listed as nominees in the Proxy mailed previously.
- Ratifying the appointment of Wipfli, LLP, as the Holding Company's independent auditors for fiscal year 2023; 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, 2023, 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.

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 2023.

**BY ORDER OF THE
BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read "J. Tallent", is written over a horizontal line.

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

The logo for WIPFLI, consisting of the letters "WIPFLI" in a white, serif font, centered within a solid blue rectangular background.

Independent Auditor's Report

Board of Directors and Stockholders
RCB Financial Corporation and Subsidiary
Rome, Georgia

Opinion

We have audited the accompanying consolidated financial statements (the "financial statements") of RCB Financial Corporation and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive (loss) income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of RCB Financial Corporation and Subsidiary as of December 31, 2022 and 2021, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RCB Financial Corporation and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RCB Financial Corporation and Subsidiary's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 RCB Financial Corporation and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RCB Financial Corporation and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Wipfli LLP

Atlanta, Georgia
February 27, 2023

RCB Financial Corporation and Subsidiary Consolidated Balance Sheets

<i>As of December 31</i>	2022	2021
Assets:		
Cash and due from banks	\$ 7,094,386	\$ 1,927,620
Interest-bearing deposits in banks	18,436,477	31,055,791
Cash and cash equivalents	25,530,863	32,983,411
Bank owned certificates of deposit	500,000	1,250,000
Securities available for sale	36,412,944	39,678,838
Securities held to maturity	3,130,494	-
Loans, net	180,551,118	147,676,667
Premises and equipment, net	6,191,591	5,128,848
Federal Home Loan Bank stock	152,700	94,000
Accrued interest receivable and other assets	4,236,627	1,293,020
Cash surrender value of life insurance	5,809,613	4,934,745
Total assets	\$ 262,515,950	\$ 233,039,529
Liabilities:		
Demand deposits	\$ 75,569,187	\$ 62,773,250
Interest-bearing demand deposits	45,424,176	40,803,960
Savings and money market	83,179,352	74,200,458
Time deposits, less than \$250,000	21,666,751	19,203,360
Time deposits, \$250,000 and over	10,074,893	7,620,950
CDARS - Public	220,131	219,255
Total deposits	236,134,490	204,821,233
Borrowed funds	866,250	-
Subordinated debentures	7,802,917	9,145,942
Accrued interest payable and other liabilities	1,641,952	543,015
Total liabilities	246,445,609	214,510,190
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	(2,761,141)	(4,831,968)
Accumulated other comprehensive loss	(4,950,756)	(420,931)
Total stockholders' equity	16,070,341	18,529,339
Total liabilities and stockholders' equity	\$ 262,515,950	\$ 233,039,529

RCB Financial Corporation and Subsidiary

Consolidated Statements of Income

<i>Years Ended December 31</i>	2022	2021
Interest income:		
Loans, including fees	\$ 8,463,098	\$ 6,876,305
Securities	754,044	724,659
Interest-bearing deposits in banks	560,050	29,830
Other	32,804	38,818
Total interest income	9,809,996	7,669,612
Interest expense:		
Deposits	398,163	256,130
Borrowed funds	440,903	339,963
Total interest expense	839,066	596,093
Net interest income	8,970,930	7,073,519
Provision for loan losses	552,010	250,020
Net interest income after provision for loan losses	8,418,920	6,823,499
Noninterest income:		
Service fees	354,564	359,538
Mortgage banking income	435,857	581,488
Trust fees	10,461	144,142
Brokerage fees	886,273	675,557
Increase in cash surrender value of life insurance	124,868	111,579
Card interchange income	330,096	273,435
Gain from sales of securities available for sale	-	496,933
Gain from sales of foreclosed assets	137,681	-
Other noninterest income	21,165	15,392
Total noninterest income	2,300,965	2,658,064
Noninterest expense:		
Salaries and employee benefits	5,072,342	4,583,749
Occupancy and equipment	587,508	814,238
Data processing	762,466	764,679
Professional fees	346,652	375,240
Advertising and promotions	137,905	150,372
Other operating	911,302	838,293
Total noninterest expense	7,818,175	7,526,571
Income before income tax expense	2,901,710	1,954,992
Income tax expense	681,603	451,853
Net income	\$ 2,220,107	\$ 1,503,139



Expect more.



www.rivercity.bank



706-236-2123



228 N 2nd Ave SW
Rome, Georgia

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