

2014 Annual Report



RCB | Financial Corporation

Welcome to River City Bank

Your City. Our City. River City.



Meet our Board



King Askew (CHR)



Mike Mathis



Paula Englis



Jarrett Shadday



Scott Smith



Roger Smith



Darrell Lowrey



Keith Winslette



Barritt Gilbert



Buster Wright



Ben Garrett



Thank you for your years of service!

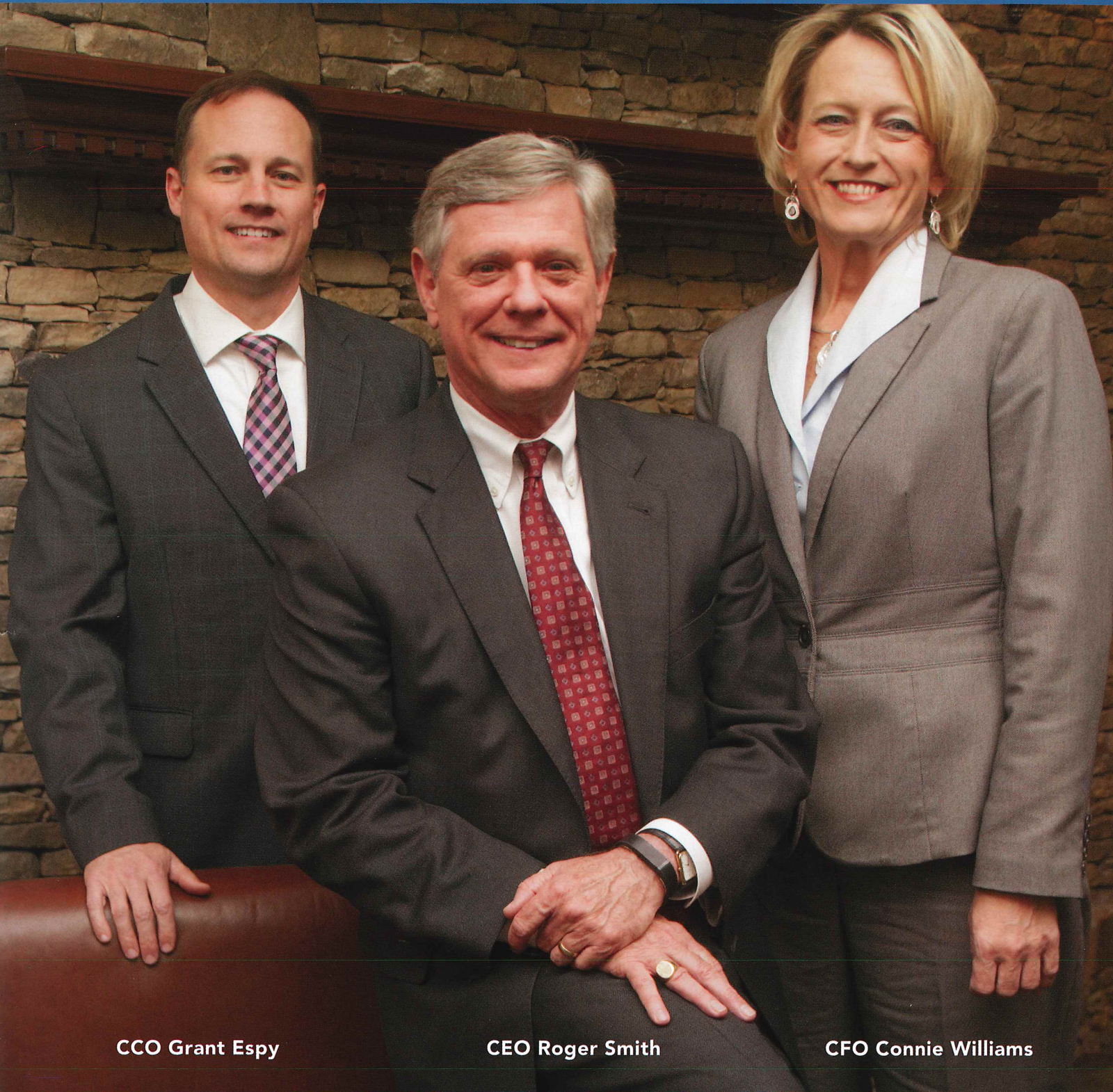
Bob Stone 2009-2015



In Memory of Richard Haney

You will be missed.

Meet our Staff



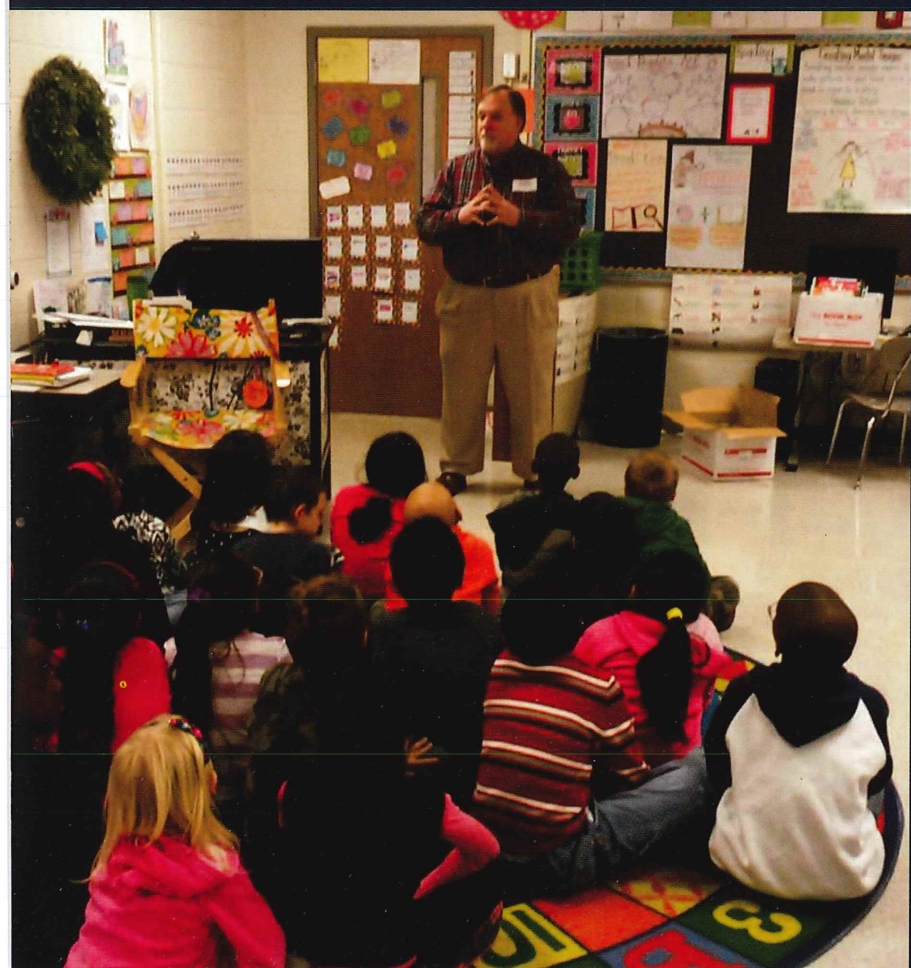
CCO Grant Espy

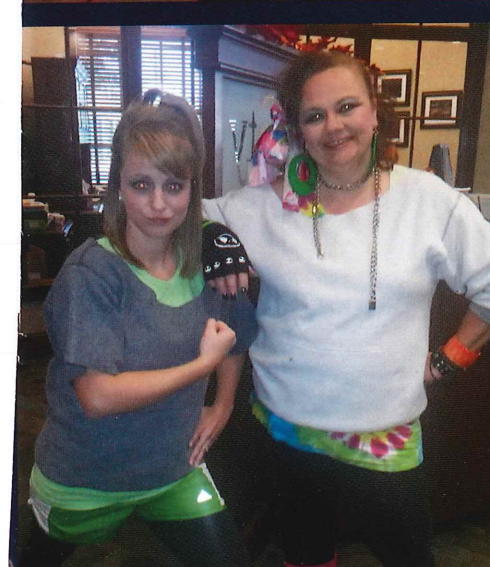
CEO Roger Smith

CFO Connie Williams



Reflecting on the year







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, 2014 and 2013, and the related consolidated statements of income, comprehensive income, 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, 2014 and 2013, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Porter Keadle Moore, LLC

Atlanta, Georgia
March 31, 2015

RCB FINANCIAL CORPORATION AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u> <i>(restated)</i>
<u>Assets</u>		
Cash and due from banks, including reserve requirements of \$766,000 and \$561,000, respectively	\$ 3,209,109	2,950,870
Interest earning deposits in banks	<u>11,551,473</u>	<u>9,588,649</u>
Cash and cash equivalents	14,760,582	12,539,519
Investment securities available-for-sale	40,142,822	38,332,480
Federal Home Loan Bank stock, at cost	280,000	331,500
Loans, net	100,622,124	100,771,459
Premises and equipment, net	6,295,231	6,586,814
Other real estate	1,069,245	1,215,480
Accrued interest receivable and other assets	<u>4,249,943</u>	<u>5,005,961</u>
Total assets	\$ <u>167,419,947</u>	<u>164,783,213</u>
<u>Liabilities and Stockholders' Equity</u>		
Deposits:		
Demand	\$ 22,224,525	19,734,308
Interest-bearing demand	22,709,529	18,768,921
Savings and money market	52,738,595	50,810,027
Time	39,612,086	41,852,289
Time, \$250,000 and over	<u>5,817,238</u>	<u>6,326,942</u>
Total deposits	143,101,973	137,492,487
Federal funds purchased	-	25,000
Line of credit	15,750	-
Federal Home Loan Bank advances	3,000,000	3,000,000
Accrued interest payable and other liabilities	<u>361,126</u>	<u>1,571,173</u>
Total liabilities	146,478,849	142,088,660
Commitments		
Stockholders' equity:		
Preferred Stock, no par value; 5,000,000 shares authorized, 6,725 and 9,168 shares issued and outstanding	6,725,000	9,139,501
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	(9,645,866)	(9,733,036)
Accumulated other comprehensive income (loss)	<u>79,726</u>	<u>(494,150)</u>
Total stockholders' equity	20,941,098	22,694,553
Total liabilities and stockholders' equity	\$ <u>167,419,947</u>	<u>164,783,213</u>

See accompanying notes to consolidated financial statements.

RCB FINANCIAL CORPORATION AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u> <i>(restated)</i>
Interest income:		
Loans, including fees	\$ 4,847,100	5,283,616
Investment securities	700,370	723,124
Federal funds sold and interest-bearing accounts	<u>11,776</u>	<u>7,931</u>
Total interest income	<u>5,559,246</u>	<u>6,014,671</u>
Interest expense:		
Deposits	568,433	554,502
Borrowings	<u>65,906</u>	<u>279,259</u>
Total interest expense	<u>634,339</u>	<u>833,761</u>
Net interest income	4,924,907	5,180,910
Provision for loan losses	<u>-</u>	<u>245,000</u>
Net interest income after provision for loan losses	<u>4,924,907</u>	<u>4,935,910</u>
Non-interest income:		
Service fees	460,639	423,306
Mortgage banking income	71,151	147,413
Trust fees	590,783	575,832
Gain from sales of investment securities available-for-sale	<u>3,761</u>	<u>20,213</u>
Total non-interest income	<u>1,126,334</u>	<u>1,166,764</u>
Non-interest expenses:		
Salaries and employee benefits	2,472,437	2,442,892
Data and item processing	594,917	582,013
Professional fees	301,863	322,986
Occupancy and equipment	530,891	559,690
FDIC insurance	177,305	193,850
Advertising and promotions	161,176	137,857
Other real estate	122,842	332,086
Losses on sale and write down of other real estate	25,780	803,056
Net (gains) losses on disposal and impairment of premises and equipment	(748)	36,073
Other operating	<u>549,854</u>	<u>302,421</u>
Total non-interest expenses	<u>4,936,317</u>	<u>5,712,924</u>
Earnings before income tax expense (benefit)	1,114,924	389,750
Income tax expense (benefit)	<u>406,312</u>	<u>(3,708,179)</u>
Net income	708,612	4,097,929
Preferred stock dividends and discount accretion on preferred stock	<u>(621,442)</u>	<u>(581,447)</u>
Net income available to common stockholders	\$ <u>87,170</u>	<u>3,516,482</u>

See accompanying notes to consolidated financial statements.

RCB FINANCIAL CORPORATION AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u> <i>(restated)</i>
Net income	\$ <u>708,612</u>	<u>4,097,929</u>
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investment securities available-for-sale arising during the period, net of tax expense (benefit) of \$353,160 and (\$594,128), respectfully	576,208	(969,366)
Reclassification for gains included in operations, net of tax expense of \$1,429 and \$7,681, respectfully	<u>(2,332)</u>	<u>(12,532)</u>
Total other comprehensive income (loss)	<u>573,876</u>	<u>(981,898)</u>
Comprehensive income	\$ <u>1,282,488</u>	<u>3,116,031</u>

See accompanying notes to consolidated financial statements.

**RCB FINANCIAL CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 12, 2015**

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 12, 2015, 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 20, 2015, that accompanies this notice;
- Ratifying the appointment of Porter Keadle Moore, LLP, as the Holding Company's independent auditors for fiscal year 2015; 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, 2015 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.

Please take the opportunity to review the enclosed Proxy Statement and Annual Report. Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting in person, we urge you to vote and return the enclosed Proxy as promptly as possible. Voting your proxy ahead of time will allow for a more efficient and timely 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 2015.

**BY ORDER OF THE
BOARD OF DIRECTORS**



Roger F. Smith
President and CEO
RCB Financial Corporation
Rome, Georgia
April 20, 2015

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

April 20, 2015

**PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 12, 2015**

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 Annual Meeting of Shareholders of RCB Financial Corporation to be held on Tuesday, May 12, 2015, 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 this Proxy Statement.
- Proposal 2: To ratify the appointment of Porter Keadle Moore, LLP, as the independent auditors of the Holding Company for fiscal year 2015.
- 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, 2015, 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 456 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 2015, 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 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 2016 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 2015.

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 20, 2015.

PROPOSAL 1: ELECTION OF DIRECTORS

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	Orthopedic Surgeon
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, 2015. 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 2015.

DIRECTOR AND MANAGEMENT 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, (4) the percentage of the outstanding shares of Holding Company common stock he/she owned at the record date, and (5) the number of shares subject to warrants or options.

<u>Name</u>	<u>Position</u>	<u>Number Of Shares</u>	<u>Percentage of Outstanding Shares</u> ⁽¹⁾	<u>Shares Subject to Warrants and Options</u> ⁽²⁾
Michael W. Mathis	Director	192,213	9.01%	-0-
Darrell Lowrey	Director	48,700	2.28%	30,000
W. Keith Winslette	Director	35,000	1.64%	35,000
C. King Askew	Director	32,500	1.52%	32,500
W. Barritt Gilbert	Director	25,000	1.17%	25,000
Roger F. Smith	CEO and Director	22,500	1.06%	15,000
Scott Smith	Director	22,500	1.06%	-0-
Wilson B. (Ben) Garrett	Director	21,740	1.02%	-0-
C. B. Wright III	Director	19,000	0.89%	-0-
Jarrett Shadday	Director	10,000	0.47%	100,000
Connie J. Williams	CFO/COO	3,000	0.14%	10,000
T. Grant Espy	CCO	1,500	0.07%	5,000
Dr. Paula Englis	Director	500	0.02%	-0-
Executive Officers and Director Nominees as a Group (13)		434,153	20.36%	252,500

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

(2) All outstanding warrants and options vest over a 3 year period and are now fully vested, and carry an exercise price of \$10.00 per share.

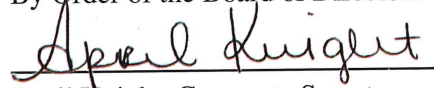
PRINCIPAL SHAREHOLDERS OF THE HOLDING COMPANY

There are no shareholders of record who directly or indirectly owned, controlled, or held with power to vote more than 10% of the outstanding shares of Holding Company common stock as of the record date.

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

A handwritten signature in cursive script that reads "April Knight". The signature is written in black ink and is positioned above a horizontal line.

April Knight, Corporate Secretary

**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 2015 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 2015.

NOW, THEREFORE, BE IT RESOLVED, that the Annual Meeting date is hereby set for May 12, 2015 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, 2015; 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 2016 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

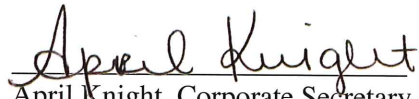
RESOLVED FURTHER, that the Board of Directors hereby appoints C. King Askew and Roger F. Smith to be named in appointments of proxy solicited by the Company as the Proxies for shareholders at the Annual Meeting.

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, 2014.

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, 2015.

Given under hand and seal of RCB Financial Corporation, this 10th day of March, 2015.


April Knight, Corporate Secretary

For a copy of River City Bank's Annual Disclosure Statement for 2014, 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

