

NEWS RELEASE

FOR IMMEDIATE RELEASE

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SFB Bancorp, Inc.

COMMUNITY FIRST BANCORPORATION ANNOUNCES DEFINITIVE AGREEMENT TO ACQUIRE SFB BANCORP, INC.

Seneca, SC and Elizabethton, TN (October 9, 2020) – Community First Bancorporation, Seneca, SC (“Community First”) (OTC: CFOK), the parent company of Community First Bank, and SFB Bancorp, Inc., Elizabethton, Tennessee (“SFB”) (OTC: SFBK), the parent company of Security Federal Bank, jointly announced today the signing of a definitive agreement for Community First to acquire SFB in a cash transaction. The combined company will have approximately \$575 million of assets and 12 offices serving South Carolina, North Carolina and Tennessee. The transaction was unanimously approved by the Board of Directors of each company. It is expected to close in the first quarter of 2021, subject to approvals from federal and state bank regulatory agencies and SFB’s shareholders.

SFB’s shareholders will receive cash of approximately \$8.3 million or \$33.00 for each share of common stock held by them. Additionally, immediately prior to the effectiveness of the merger, SFB will pay a special dividend on its outstanding common stock of approximately \$2.8 million or \$11.00 per share. The merger is expected to be immediately accretive to Community First’s earnings per share, excluding transaction costs.

Upon completion of the merger, Community First will establish an East Tennessee Advisory Board composed of the non-employee members of the board of directors of Security Federal Bank who choose to serve on such Advisory Board.

Richard D. Burleson, President and Chief Executive Officer of Community First, stated: “Community First is excited to enter eastern Tennessee through our acquisition of SFB. This transaction will position us well for future growth in markets in eastern Tennessee and western North Carolina as we bridge our footprint across these portions of these states and South Carolina.

We are pleased to partner with Security Federal Bank, a well-run community bank with a great history and deep ties in the communities it serves.”

Mr. Burleson continued: “Our motto is ‘We Know What Matters,’ and what matters to us is to demonstrate to Security Federal’s customers and communities that we will provide them with the same excellent service and relationship banking they have come to expect from Security Federal over its remarkable almost 60 year history. Our goal is to be the bank of choice to our communities by offering first class, personal and common sense banking products and services.”

Mr. Burleson also noted that “Community First looks forward to Security Federal’s employees joining with our associates and to providing those new colleagues with the resources, products and services needed to make them successful.”

SFB Chairman, President and Chief Executive Officer Bill Hampton stated: “We are delighted to provide our customers, shareholders and employees with the opportunity to partner with Community First. Our merger with Community First will provide our customers with access to expanded product offerings and services and also deliver value for our shareholders. Also, the establishment of the East Tennessee Advisory Board consisting of our Directors will allow us to stay connected to our customers and continue to be involved in our community.”

Community First was advised by D.A. Davidson & Co. as financial advisor and Brooks, Pierce, McLendon, Humphrey & Leonard, LLP, as legal counsel. Janney Montgomery Scott LLC served as SFB’s financial advisor and Jones Walker LLP, Washington, DC served as SFB’s legal counsel.

About Community First Bancorporation

Community First Bancorporation is the parent holding company of Community First Bank, a South Carolina commercial bank, which operates ten full-service banking offices including eight in Seneca, Walhalla, Anderson, Williamston, Westminster and Greenville, SC and two in Charlotte and Dallas, NC. Community First Bank also operates a loan production office in Concord, NC. Its subsidiary, SeaTrust Mortgage, operates offices in Wilmington, Jacksonville, Charlotte and Greensboro, NC. Community First’s common stock is traded on the OTC Markets under the symbol “CFOK.”

About SFB Bancorp, Inc.

SFB Bancorp, Inc. is the parent holding company of Security Federal Bank. Security Federal Bank conducts its banking business from its main office at 632 East Elk Avenue, Elizabethton, Tennessee and one branch office in West Elizabethton. Security Federal Bank’s deposits are insured up to the maximum legal amount by the Federal Deposit Insurance Corporation (FDIC). SFB Bancorp’s common stock is traded on the OTC Markets under the symbol "SFBK."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This News Release contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "plan," "seek," "expect," "will," "may" and words of similar meaning. These forward-looking statements include, but are not limited to statements of our goals, intentions and expectations; statements regarding our business and strategic plans, prospects, growth and operating strategies; statements regarding the asset quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. The Company is under no duty to and do not undertake any obligation to update any forward-looking statements after the date of this News Release.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- The ultimate impact of the current pandemic is unknown and has adversely impacted, and may continue to adversely impact, the Company in various areas including but not limited to credit risk, liquidity risk, and risk to earnings;
- We may not be able to implement aspects of our growth strategy;
- Future expansion involves risks;
- New bank office facilities and other facilities may not be profitable;
- Acquisition of assets and assumption of liabilities may expose us to intangible asset risk, which could impact our results of operations and financial condition;
- The success of our growth strategy depends on our ability to identify and retain individuals with experience and relationships in the markets in which we intend to expand;
- We may need additional access to capital, which we may be unable to obtain on attractive terms or at all;
- Our estimate for losses in our loan portfolio may be inadequate, which would cause our results of operations and financial condition to be adversely affected;
- Our commercial real estate loans generally carry greater credit risk than one-to-four family residential mortgage loans;
- Construction financing may expose us to a greater risk of loss and hurt our earnings and profitability;
- Repayment of our commercial business loans is primarily dependent on the cash flows of the borrowers, which may be unpredictable, and the collateral securing these loans may fluctuate in value;
- We continue to hold other real estate, which has led to operating expenses and vulnerability to additional declines in real property values;
- A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market could hurt our business;
- Future changes in interest rates could reduce our profits;
- Strong competition within our market areas may limit our growth and profitability;
- Our stock-based incentive compensation plan will increase our costs, which will reduce our income;
- The implementation of our stock-based incentive compensation plan may dilute shareholder ownership interest;
- We are subject to extensive regulation and oversight, and, depending upon the findings and determinations of our regulatory authorities, we may be required to make adjustments to our business, operations or financial position and could become subject to formal or informal regulatory action;

- We are subject to stringent capital requirements, which may adversely impact our return on equity, require us to raise additional capital, or constrain us from paying dividends or repurchasing shares;
- We depend on our management team to implement our business strategy and execute successful operations and we could be harmed by the loss of their services;
- The value of our deferred tax asset could be impacted if corporate tax rates in the U.S. decline or as a result of other changes in the U.S. corporate tax system;
- We may not be able to utilize all of our deferred tax asset;
- The fair value of our investments could decline;
- Liquidity risk could impair our ability to fund operations and jeopardize our financial condition, results of operations and cash flows;
- Changes in accounting standards could affect reported earnings;
- A failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers or other third parties, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs, and cause losses;
- Our stock price may be volatile, which could result in losses to our shareholders and litigation against us;
- The trading volume in our common stock is lower than that of other larger companies; future sales of our stock by our shareholders or the perception that those sales could occur may cause our stock price to decline;
- There may be future sales of additional common stock or preferred stock or other dilution of our equity, which may adversely affect the market price of our common stock;
- We may issue additional debt and equity securities or securities convertible into equity securities, any of which may be senior to our common stock as to distributions and in the event of liquidation, which could negatively affect the value of our common stock;
- Negative public opinion surrounding our Company and the financial institutions industry generally could damage our reputation and adversely impact our earnings.

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