

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 333-205986

RIVER FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

ALABAMA
(State or other jurisdiction of
incorporation or organization)

46-1422125
(I.R.S. Employer
Identification No.)

2611 Legends Drive
Prattville, Alabama
(Address of principal executive offices)

36066
(Zip Code)

(334) 290-1012

“Registrant’s telephone number, including area code”

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 3, 2025, the registrant had 7,750,000 shares of common stock, \$1.00 par value per share, outstanding.

Auditor Firm Id:	669	Auditor Name:	Mauldin & Jenkins, LLC	Auditor Location:	Birmingham, Alabama, USA
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that reflect our current views with respect to, among other things, future events and financial performance, which involve substantial risks and uncertainties. Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements are not historical facts and include any statement that, without limitation, may predict, forecast, indicate or imply future results, performance or achievements instead of historical or current facts and may contain words like “anticipates,” “approximately,” “believes,” “budget,” “can,” “could,” “continues,” “contemplates,” “estimates,” “expects,” “forecast,” “intends,” “may,” “might,” “objective,” “outlook,” “predicts,” “probably,” “plans,” “potential,” “project,” “seeks,” “shall,” “should,” “target,” “will,” or the negative of these terms and other words, phrases, or expressions with similar meaning.

Any forward-looking statements contained in this Quarterly Report on Form 10-Q are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from those projected in the forward-looking statements, and the Company cannot give assurances that such statements will prove to be correct. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information or otherwise. Given these uncertainties, the reader should not place undue reliance on forward-looking statements as a prediction of actual results. Factors that could cause actual results to differ materially from those projected or estimated by us include those that are discussed herein as well as in our Annual Report on Form 10-K for the year ended December 31, 2024, under “Part I, Item 1A. – Risk Factors,” as well as other unknown risks and uncertainties. Factors that might cause such differences include, but are not limited to:

Acquisition related factors:

- The businesses of any bank acquired by us may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected;
- The expected growth opportunities or costs savings from such transactions may not be fully realized or may take longer to realize than expected;
- Revenues following such transactions may be lower than expected as a result of losses of customers or other reasons;
- Deposit attrition, operating costs, customer loss and business disruption following such transactions, including difficulties in maintaining relationships with employees, may be greater than expected;
- Governmental approvals of such transactions may not be obtained on the proposed terms or expected timeframe;
- Reputational risks and the reaction of the companies’ customers may be adverse to such transactions;
- Diversion of management time on merger related issues may have negative effects on day-to-day operations.

Factors affecting our Bank generally:

- Changes in asset quality and credit risk of our Bank;
- Inflation;
- Customer acceptance of our products and services;
- Customer borrowing, repayment, investment and deposit practices;
- The negative impact on profitability imposed on us by a compressed net interest margin on loans and other extensions of credit that affects our ability to lend profitably and to price loans effectively in the face of competitive pressures;
- Our liquidity requirements could be adversely affected by changes in our assets and liabilities;
- Our ability to attract, develop and retain qualified banking professionals;
- Failure to attract or retain stable deposits at reasonable cost that is competitive with the larger international, national, and regional financial service providers with which we compete;
- Significant reliance on loans secured by real estate and the associated vulnerability to downturns in the local real estate market, natural disasters and other variables impacting the value of real estate;

- The introduction, withdrawal, success and timing of business initiatives;
 - The impact, extent, and timing of technological changes;
 - A weakening of the economies in which we conduct operations may adversely affect our operating results;
 - The U.S. legal and regulatory framework, changes in such framework, or official or informal mandates directed by state and federal regulators in reports of examination or other mandates could adversely affect our operating results;
 - Potential negative impacts upon the economy and certain industries as a result of the imposition of federal tariffs;
 - The interest rate environment may compress margins and adversely affect net interest income and negatively affect the market value of state, county and municipal securities held for investment;
 - Competition from other financial services companies in our markets could adversely affect operations; and
 - Interruption in our business and the businesses of our customers caused by a downturn in the economy and possible weather-related conditions such as tornadoes or hurricanes.

You should also consider carefully the risk factors referred to in Item 1A of Part II of this Form 10-Q, which address additional factors that could cause our actual results to differ from those set forth in the forward-looking statements and could materially and adversely affect our business, operating results and financial condition. The risks discussed in this report are factors that, individually or in the aggregate, management believes could cause our actual results to differ materially from expected and historical results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks or uncertainties. Factors not here or there listed may develop or, if currently extant, we may not have yet recognized them.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

RIVER FINANCIAL CORPORATION Consolidated Statements of Financial Condition (in thousands except share data)

	September 30, 2025 Unaudited	December 31, 2024 Audited
<u>Assets</u>		
Cash and due from banks	\$ 46,850	\$ 35,257
Interest-bearing deposits in banks	166,191	83,487
Federal funds sold	31,000	67,000
Cash and cash equivalents	244,041	185,744
Certificates of deposit in banks	4,218	4,218
Securities held-to-maturity, at amortized cost (fair value of \$98,372 and \$96,938, respectively)	118,410	122,061
Securities available-for-sale, at fair value (amortized cost of \$697,502 and \$690,891, respectively)	647,867	610,864
Loans held for sale	6,063	6,812
Loans, net of deferred fees and discounts	2,640,217	2,486,822
Less allowance for credit losses	(35,043)	(32,088)
Net loans	2,605,174	2,454,734
Premises and equipment, net	47,421	45,658
Accrued interest receivable	16,648	15,965
Bank owned life insurance	51,041	49,791
Foreclosed assets	1,990	130
Deferred income taxes, net	24,191	30,802
Core deposit intangible	622	932
Goodwill	27,817	27,817
Restricted equity securities	10,257	12,651
Affordable housing tax credit investments	28,546	7,193
Other assets	10,302	6,834
Total assets	\$ 3,844,608	\$ 3,582,206
<u>Liabilities and Shareholders' Equity</u>		
Noninterest-bearing deposits	\$ 673,698	\$ 654,229
Interest-bearing deposits	2,677,163	2,412,930
Total deposits	3,350,861	3,067,159
Securities sold under agreements to repurchase	-	22,664
Federal Home Loan Bank advances	150,000	205,000
Subordinated debentures, net of debt issuance costs	39,615	39,563
Accrued interest payable and other liabilities	20,902	15,665
Total liabilities	3,561,378	3,350,051
Common stock related to 401(k) Employee Stock Ownership Plan	6,345	5,099
<u>Stockholders' Equity</u>		
Preferred stock (\$0.01 par value; 1,000,000 shares authorized; no shares issued or outstanding)	-	-
Common stock (\$1 par value; 15,000,000 shares authorized; 7,793,839 and 7,680,061 shares issued; 7,745,000 and 7,628,192 shares outstanding at September 30, 2025 and December 31, 2024, respectively)	7,794	7,680
Additional paid-in capital	140,439	137,243
Retained earnings	178,846	151,817
Accumulated other comprehensive loss	(38,717)	(61,658)
Unvested restricted stock	(3,543)	(1,226)
Treasury stock at cost (48,839 and 51,869 shares, respectively)	(1,589)	(1,701)
Common stock related to 401(k) Employee Stock Ownership Plan	(6,345)	(5,099)
Total stockholders' equity	276,885	227,056
Total equity	283,230	232,155
Total liabilities and stockholders' equity	\$ 3,844,608	\$ 3,582,206

The accompanying notes are an integral part of these consolidated financial statements.

RIVER FINANCIAL CORPORATION
Unaudited Consolidated Statements of Income
(in thousands except per share data)

	For the Three Months Ended: September 30,		For the Nine Months Ended: September 30,	
	2025	2024	2025	2024
Interest income:				
Loans, including fees	\$ 43,141	\$ 38,216	\$ 124,583	\$ 107,701
Taxable securities	4,924	3,672	14,437	10,529
Nontaxable securities	499	352	1,307	1,048
Federal funds sold	396	180	753	956
Other interest income	1,870	1,177	4,277	3,987
Total interest income	50,830	43,597	145,357	124,221
Interest expense:				
Deposits	17,559	17,583	50,844	48,548
Short-term borrowings	-	118	172	379
Federal Home Loan Bank advances	1,498	1,502	4,451	5,908
Subordinated debentures	418	418	1,249	1,253
Total interest expense	19,475	19,621	56,716	56,088
Net interest income	31,355	23,976	88,641	68,133
Provision for credit losses	1,686	1,326	5,058	3,961
Net interest income after provision for credit losses	29,669	22,650	83,583	64,172
Noninterest income:				
Service charges and fees	2,312	2,115	6,671	6,172
Investment brokerage revenue	372	209	921	573
Mortgage operations	1,702	1,221	4,559	3,301
Bank owned life insurance income	434	395	1,250	1,091
Net (loss) gain on sales of investment securities	(3,472)	73	(6,970)	(1,359)
Other noninterest income	679	527	2,533	1,571
Total noninterest income	2,027	4,540	8,964	11,349
Noninterest expense:				
Salaries and employee benefits	11,286	9,533	32,007	28,205
Occupancy expenses	1,100	1,017	3,159	2,963
Equipment rentals, depreciation, and maintenance	572	572	1,655	1,617
Telephone and communications	108	106	329	372
Advertising and business development	352	269	879	712
Data processing	1,099	1,093	3,324	3,121
Foreclosed assets, net	111	156	84	257
Federal deposit insurance and other regulatory assessments	620	747	2,127	2,176
Legal and other professional services	456	261	2,084	875
Other operating expenses	2,419	1,956	6,660	6,218
Total noninterest expense	18,123	15,710	52,308	46,516
Income before income taxes	13,573	11,480	40,239	29,005
Provision for income taxes	2,899	2,827	9,019	6,899
Net income	\$ 10,674	\$ 8,653	\$ 31,220	\$ 22,106
Basic net earnings per common share	\$ 1.38	\$ 1.13	\$ 4.03	\$ 2.88
Diluted net earnings per common share	\$ 1.36	\$ 1.12	\$ 3.99	\$ 2.86
Dividends per common share	\$ -	\$ -	\$ 0.54	\$ 0.50

The accompanying notes are an integral part of these consolidated financial statements.

RIVER FINANCIAL CORPORATION
Unaudited Consolidated Statements of Comprehensive Income
(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 10,674	\$ 8,653	\$ 31,220	\$ 22,106
Other comprehensive income, net of tax:				
Investment securities available-for-sale:				
Net unrealized gains	14,386	22,407	23,902	21,565
Income tax effect	(3,612)	(5,626)	(6,001)	(5,415)
Reclassification adjustments for losses (gains) realized in net income	3,472	(73)	6,970	1,359
Income tax effect	(872)	18	(1,750)	(341)
Reclassification adjustment for accretion of unrealized holding loss included in accumulated other comprehensive loss from the transfer of securities from available-for-sale to held-to-maturity	(82)	(87)	(241)	(254)
Income tax effect	21	22	61	64
Other comprehensive income, net of tax	13,313	16,661	22,941	16,978
Comprehensive income	<u>\$ 23,987</u>	<u>\$ 25,314</u>	<u>\$ 54,161</u>	<u>\$ 39,084</u>

The accompanying notes are an integral part of these consolidated financial statements.

RIVER FINANCIAL CORPORATION
Unaudited Consolidated Statements of Changes in Stockholders' Equity
(in thousands except share and per share data)

	For the Nine Months Ended							
	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensiv e Loss	Unvested Restricted Stock	Treasury Stock	Common Stock Related to ESOP	Total Stockholders' Equity
Balance at December 31, 2024	\$7,680	\$137,243	\$151,817	\$(61,658)	\$(1,226)	\$(1,701)	\$(5,099)	\$227,056
Net income	-	-	31,220	-	-	-	-	31,220
Other comprehensive income, net of tax	-	-	-	22,941	-	-	-	22,941
Exercise of stock options (14,178 shares)	14	178	-	-	-	-	-	192
Purchase of treasury stock (46,993 shares)	-	-	-	-	-	(1,523)	-	(1,523)
Restricted stock grants, net of forfeiture (99,600 shares)	100	3,013	-	-	(3,113)	-	-	-
Sale of treasury shares (50,023 shares)	-	(38)	-	-	-	1,635	-	1,597
Dividends declared (\$0.54 per share)	-	-	(4,191)	-	-	-	-	(4,191)
Stock-based compensation expense	-	43	-	-	796	-	-	839
Change for ESOP related shares	-	-	-	-	-	-	(1,246)	(1,246)
Balance at September 30, 2025	<u>\$7,794</u>	<u>\$140,439</u>	<u>\$178,846</u>	<u>\$(38,717)</u>	<u>\$(3,543)</u>	<u>\$(1,589)</u>	<u>\$(6,345)</u>	<u>\$276,885</u>
Balance at December 31, 2023	\$ 7,670	\$ 137,017	\$ 124,333	\$ (64,003)	\$ (1,700)	\$ (496)	\$ (4,483)	\$ 198,338
Net income	-	-	22,106	-	-	-	-	22,106
Other comprehensive income, net of tax	-	-	-	16,978	-	-	-	16,978
Exercise of stock options (9,293 shares)	10	207	-	-	-	-	-	217
Purchase of treasury stock (39,866 shares)	-	-	-	-	-	(1,321)	-	(1,321)
Restricted stock forfeitures (1,050 shares)	(1)	(32)	-	-	33	-	-	-
Sale of treasury shares (39,963 shares)	-	(56)	-	-	-	1,353	-	1,297
Dividends declared (\$0.50 per share)	-	-	(3,833)	-	-	-	-	(3,833)
Stock-based compensation expense	-	66	-	-	327	-	-	393
Change for ESOP related shares	-	-	-	-	-	-	(891)	(891)
Balance at September 30, 2024	<u>\$ 7,679</u>	<u>\$ 137,202</u>	<u>\$ 142,606</u>	<u>\$ (47,025)</u>	<u>\$ (1,340)</u>	<u>\$ (464)</u>	<u>\$ (5,374)</u>	<u>\$ 233,284</u>

For the Three Months Ended

	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensiv e Loss	Unvested Restricted Stock	Treasury Stock	Common Stock Related to ESOP	Total Stockholders' Equity
Balance at June 30, 2025	\$ 7,795	\$ 140,506	\$ 168,172	\$ (52,030)	\$ (3,843)	\$ (1,320)	\$ (5,619)	\$ 253,661
Net income	-	-	10,674	-	-	-	-	10,674
Other comprehensive income, net of tax	-	-	-	13,313	-	-	-	13,313
Purchase of treasury stock (35,925 shares)	-	-	-	-	-	(1,144)	-	(1,144)
Restricted stock forfeitures (1,400 shares)	(1)	(42)	-	-	43	-	-	-
Sale of treasury shares (26,409 shares)	-	(30)	-	-	-	875	-	845
Stock-based compensation expense	-	5	-	-	257	-	-	262
Change for ESOP related shares	-	-	-	-	-	-	(726)	(726)
Balance at September 30, 2025	<u>\$ 7,794</u>	<u>\$ 140,439</u>	<u>\$ 178,846</u>	<u>\$ (38,717)</u>	<u>\$ (3,543)</u>	<u>\$ (1,589)</u>	<u>\$ (6,345)</u>	<u>\$ 276,885</u>
Balance at June, 2024	\$ 7,676	\$ 137,185	\$ 133,953	\$ (63,686)	\$ (1,453)	\$ (1,238)	\$ (4,242)	\$ 208,195
Net income	-	-	8,653	-	-	-	-	8,653
Other comprehensive income, net of tax	-	-	-	16,661	-	-	-	16,661
Exercise of stock options (2,387 shares)	3	53	-	-	-	-	-	56
Purchase of treasury stock (13,063 shares)	-	-	-	-	-	(418)	-	(418)
Sale of treasury shares (35,098 shares)	-	(60)	-	-	-	1,192	-	1,132
Stock-based compensation expense	-	24	-	-	113	-	-	137
Change for ESOP related shares	-	-	-	-	-	-	(1,132)	(1,132)
Balance at September 30, 2024	<u>\$ 7,679</u>	<u>\$ 137,202</u>	<u>\$ 142,606</u>	<u>\$ (47,025)</u>	<u>\$ (1,340)</u>	<u>\$ (464)</u>	<u>\$ (5,374)</u>	<u>\$ 233,284</u>

The accompanying notes are an integral part of these consolidated financial statements.

RIVER FINANCIAL CORPORATION
Unaudited Consolidated Statements of Cash Flows
(in thousands)

	For the Nine Months Ended September 30,	
	2025	2024
Cash Flows From Operating Activities:		
Net Income	\$ 31,220	\$ 22,106
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	5,058	3,961
Provision for losses on foreclosed assets	223	60
Amortization of securities	1,405	1,890
Accretion of securities	(903)	(351)
Realized net loss on sales of securities available-for-sale	6,970	1,359
Accretion of discount on acquired loans	(7)	(7)
Accretion of deferred loan fees / costs	(4,665)	(3,634)
Amortization of core deposit intangible asset	310	394
Amortization of debt issuance costs	52	53
Stock-based compensation expense	839	393
Bank owned life insurance income	(1,250)	(1,091)
Depreciation and amortization of premises and equipment	2,455	2,421
(Gain) loss on sales of foreclosed assets	(105)	36
Deferred income tax benefit	(1,080)	(1,210)
(Increase) decrease in operating assets and (decrease) increase in operating liabilities:		
Loans held-for-sale	749	(5,268)
Accrued interest receivable	(683)	(530)
Other assets	(3,468)	1,672
Accrued interest payable and other liabilities	5,237	(37)
Net cash from operating activities	<u>42,357</u>	<u>22,217</u>
Cash Flows Used For Investing Activities:		
Activity in securities available-for-sale:		
Sales of securities available-for-sale	135,068	81,705
Maturities, payments, calls of securities available-for-sale	48,822	32,556
Purchases of securities available-for-sale	(197,827)	(106,052)
Activity in securities held-to-maturity:		
Maturities, payments, calls of securities held-to-maturity	3,747	3,609
Loan principal originations, net	(153,322)	(182,865)
Proceeds from sale of foreclosed assets	516	906
Purchases of premises and equipment	(4,218)	(1,998)
Redemption of restricted equity securities, net	2,394	3,395
Affordable housing tax credit investments, net of amortization	(21,353)	628
Purchase of bank owned life insurance	-	(1,278)
Net cash used for investing activities	<u>(186,173)</u>	<u>(169,394)</u>
Cash Flows From Financing Activities:		
Net increase in deposits	283,702	308,167
Net decrease in securities sold under agreements to repurchase	(22,664)	(2,796)
Proceeds from Federal Home Loan Bank advances	-	50,000
Repayment of Federal Home Loan Bank advances	(55,000)	(130,000)
Proceeds from exercise of common stock options	192	217
Purchase of treasury stock	(1,523)	(1,321)
Sale of treasury stock	1,597	1,297
Cash dividends	(4,191)	(3,833)
Net cash from financing activities	<u>202,113</u>	<u>221,731</u>
Net Change In Cash And Cash Equivalents	<u>58,297</u>	<u>74,554</u>
Cash and Cash Equivalents At Beginning Of Period	<u>185,744</u>	<u>72,547</u>
Cash and Cash Equivalents At End Of Period	<u>\$ 244,041</u>	<u>\$ 147,101</u>
Supplemental Disclosures Of Cash Flows Information:		
Cash Payments For:		
Interest paid to depositors	\$ 51,041	\$ 48,225
Interest paid on borrowings	\$ 5,837	\$ 7,543
Income taxes	\$ 7,875	\$ 4,770
Non-cash investing and financing activities:		
Transfer of loans to foreclosed assets	\$ 2,494	\$ 954
Restricted stock grant (forfeiture)	\$ 3,113	\$ (33)

The accompanying notes are an integral part of these consolidated financial statements.

River Financial Corporation
Notes to Unaudited Consolidated Financial Statements
(amounts in thousands, except share and per share data)

Note 1 – Basis of Presentation

General

The unaudited consolidated financial statements include the accounts of River Financial Corporation (“River” or the “Company”) and its wholly owned subsidiary, River Bank & Trust (“Bank”). The Bank provides a full range of commercial and consumer banking services primarily in the Montgomery, Alabama metropolitan area, Autauga, Baldwin, Chilton, Coffee, Elmore, Etowah, Houston, Jefferson, Lauderdale, Lee, Madison, Mobile, Morgan and Tallapoosa counties and surrounding counties in Alabama. The Bank also has been approved for full service offices in Tuscaloosa, Alabama and Destin, Florida which are currently operating as loan production offices. The Bank is regulated by the Federal Deposit Insurance Corporation (FDIC) and undergoes periodic examinations by this regulatory agency and the Alabama Banking Department. The Company is regulated by the Federal Reserve Bank (FRB) and is also subject to periodic examinations.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly River Financial Corporation’s consolidated statements of financial condition, statements of income, statements of comprehensive income, statements of changes in stockholders’ equity and statements of cash flows for the periods presented, and all such adjustments are of a normal recurring nature. All material intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the entire year.

These interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and, therefore, certain information and note disclosures normally presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted or abbreviated. These financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes as of December 31, 2024, which are contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

Note 2 – Reclassifications

Certain prior period amounts have been reclassified to conform to the presentation used in 2025. These reclassifications had no material effect on the operations, financial condition or cash flows of the Company.

Note 3 – Earnings Per Share

Basic earnings per common share are computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share are computed by dividing net income by the effect of the issuance of potential common shares that are dilutive and by the sum of the weighted-average number of shares of common stock outstanding. All shares owned by the Company's 401(k) Employee Stock Ownership Plan (ESOP) are included in the earnings per share calculations.

The reconciliation of the components of the basic and diluted earnings per share is as follows (amounts in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net earnings available to common shareholders	\$10,674	\$8,653	\$31,220	\$22,106
Weighted average common shares outstanding	7,757,260	7,669,628	7,752,666	7,663,890
Dilutive effect of stock options	79,652	69,528	72,881	71,510
Diluted common shares	7,836,912	7,739,156	7,825,547	7,735,400
Basic earnings per common share	\$1.38	\$1.13	\$4.03	\$2.88
Diluted earnings per common share	\$1.36	\$1.12	\$3.99	\$2.86

Note 4 – Investment Securities

The following tables summarize the amortized cost and fair value of securities available-for-sale and securities held-to-maturity and the corresponding amounts of unrealized gains and losses recognized in accumulated other comprehensive loss at September 30, 2025 and December 31, 2024 (amounts in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2025:				
Securities available-for-sale:				
Residential mortgage-backed	\$ 535,465	\$ 2,429	\$ (40,219)	\$ 497,675
U.S. treasury securities	35,158	-	(1,111)	34,047
U.S. govt. sponsored enterprises	17,776	-	(1,075)	16,701
State, county, and municipal	95,414	265	(8,975)	86,704
Corporate debt obligations	13,689	40	(989)	12,740
Total available-for-sale	<u>\$ 697,502</u>	<u>\$ 2,734</u>	<u>\$ (52,369)</u>	<u>\$ 647,867</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2025:				
Securities held-to-maturity:				
Residential mortgage-backed	\$ 55,662	\$ -	\$ (9,964)	\$ 45,698
State, county, and municipal	62,748	-	(10,074)	52,674
Total held-to-maturity	<u>\$ 118,410</u>	<u>\$ -</u>	<u>\$ (20,038)</u>	<u>\$ 98,372</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities available-for-sale:				
Residential mortgage-backed	\$ 457,157	\$ -	\$ (58,415)	\$ 398,742
U.S. treasury securities	90,508	-	(5,844)	84,664
U.S. govt. sponsored enterprises	49,354	-	(3,818)	45,536
State, county, and municipal	77,158	-	(10,544)	66,614
Corporate debt obligations	16,714	3	(1,409)	15,308
Total available-for-sale	<u>\$ 690,891</u>	<u>\$ 3</u>	<u>\$ (80,030)</u>	<u>\$ 610,864</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities held-to-maturity:				
Residential mortgage-backed	\$ 59,274	\$ -	\$ (12,786)	\$ 46,488
State, county, and municipal	62,787	-	(12,337)	50,450
Total held-to-maturity	<u>\$ 122,061</u>	<u>\$ -</u>	<u>\$ (25,123)</u>	<u>\$ 96,938</u>

The unrecognized losses on held-to-maturity investment securities presented in the tables above do not include unrecognized losses on securities that were transferred from available-for-sale to held-to-maturity totaling \$2.04 million at September 30, 2025 and \$2.28 million at December 31, 2024. These unrecognized losses that were transferred in 2022 are included as a separate component of stockholders' equity and are being amortized over the remaining term of the securities.

The Company has a zero loss expectation for its held-to-maturity (HTM) securities portfolio, except for U.S. State and Municipal securities, and therefore it is not required to estimate an allowance for credit losses related to these securities. For HTM securities that do not have a zero loss expectation, the allowance for credit losses is based on the security's amortized cost, excluding interest receivable, and represents the portion of the amortized cost that the Company does not expect to collect over the life of the security. The allowance for credit losses is determined using average industry credit ratings and historical loss experience, and is initially recognized upon acquisition of the securities, and subsequently remeasured on a recurring basis. The Company evaluates available for sale (AFS) debt securities that experienced a decline in fair value below amortized cost for credit impairment. In performing an assessment of whether any decline in fair value is due to a credit loss, the Company considers the extent to which the fair value is less than the amortized cost, changes in credit ratings, any adverse economic conditions, as well as all relevant information at the individual security level, such as credit deterioration of the issuer, explicit or implicit guarantees by the federal government or collateral underlying the security. If it is determined that the decline in fair value was due to credit losses, an allowance for credit losses is recorded, limited to the amount the fair value is less than the amortized cost basis. The non-credit related decrease in the fair value, such as a decline due to changes in market interest rates, is recorded in other comprehensive income, net of tax. The Company recognizes a credit related loss if the Company has the intent to sell the security, or it is more likely than not that the Bank will be required to sell the security before recovery of its amortized cost.

The following tables summarize securities with unrealized and unrecognized losses as of September 30, 2025 and December 31, 2024 aggregated by major security type and length of time in a continuous unrealized or unrecognized loss position (amounts in thousands):

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2025:						
Securities available-for-sale:						
Residential mortgage-backed	\$ 71,941	\$ 555	\$ 295,143	\$ 39,664	\$ 367,084	\$ 40,219
U.S. treasury securities	-	-	34,047	1,111	34,047	1,111
U.S. govt. sponsored enterprises	-	-	16,701	1,075	16,701	1,075
State, county & municipal	9,357	271	59,892	8,704	69,249	8,975
Corporate debt obligations	-	-	9,732	989	9,732	989
Total available-for-sale	<u>\$ 81,298</u>	<u>\$ 826</u>	<u>\$ 415,515</u>	<u>\$ 51,543</u>	<u>\$ 496,813</u>	<u>\$ 52,369</u>
Securities held-to-maturity:						
Residential mortgage-backed	\$ -	\$ -	\$ 45,698	\$ 9,964	\$ 45,698	\$ 9,964
State, county & municipal	859	145	46,471	9,929	47,330	10,074
Total held-to-maturity	<u>\$ 859</u>	<u>\$ 145</u>	<u>\$ 92,169</u>	<u>\$ 19,893</u>	<u>\$ 93,028</u>	<u>\$ 20,038</u>
December 31, 2024:						
Securities available-for-sale:						
Residential mortgage-backed	\$ 87,690	\$ 2,319	\$ 307,788	\$ 56,096	\$ 395,478	\$ 58,415
U.S. treasury securities	-	-	84,664	5,844	84,664	5,844
U.S. govt. sponsored enterprises	-	-	45,536	3,818	45,536	3,818
State, county & municipal	9,075	296	57,539	10,248	66,614	10,544
Corporate debt obligations	455	7	12,886	1,402	13,341	1,409
Total available-for-sale	<u>\$ 97,220</u>	<u>\$ 2,622</u>	<u>\$ 508,413</u>	<u>\$ 77,408</u>	<u>\$ 605,633</u>	<u>\$ 80,030</u>
Securities held-to-maturity:						
Residential mortgage-backed	\$ -	\$ -	\$ 46,488	\$ 12,786	\$ 46,488	\$ 12,786
State, county & municipal	-	-	45,105	12,337	45,105	12,337
Total held-to-maturity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,593</u>	<u>\$ 25,123</u>	<u>\$ 91,593</u>	<u>\$ 25,123</u>

The Company owned a total of 302 securities with unrealized losses of \$72.4 million at September 30, 2025. The unrealized losses were primarily attributable to changes in interest rates, rather than deterioration in credit quality. The individual securities are each investment grade securities. The Company considers factors such as the financial condition of the issuer including credit ratings and specific events affecting the operations of the issuer, volatility of the security, underlying assets that collateralize the debt security, and other industry and macroeconomic conditions. The Company does not intend to sell these securities, and it is more likely than not that the Company will not be required to sell these securities before recovery of the amortized cost. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. As such, there is no allowance for credit losses on available-for-sale or held-to-maturity securities recognized as of September 30, 2025 and December 31, 2024. Accrued interest receivable is not included in available-for-sale security balances and is presented in accrued interest receivable on the consolidated statement of financial condition. Interest receivable on securities was approximately \$3.1 million and \$2.7 million as of September 30, 2025 and December 31, 2024, respectively, and was excluded from the estimate of credit losses.

As of September 30, 2025 and December 31, 2024, securities with a carrying value of approximately \$284.2 million and \$320.3 million, respectively, were pledged to secure public deposits as required by law. At September 30, 2025, there were no securities pledged to secure repurchase agreements. At December 31, 2024, the carrying value of securities pledged to secure repurchase agreements was approximately \$23.5 million.

During the nine months ended September 30, 2025, the Company sold investment securities for proceeds of \$135.1 million and realized losses of \$7.0 million. The net loss consisted of gross gains of \$38.0 thousand and gross losses of \$7.0 million. During the nine months ended September 30, 2024, the Company sold investment securities for proceeds of \$81.7 million and realized losses of \$1.4 million. The net loss consisted of gross gains of \$289.0 thousand and gross losses of \$1.6 million.

The amortized cost and estimated fair value of debt securities at September 30, 2025 and December 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities for residential mortgage backed securities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. These securities are therefore not presented by maturity classification.

	September 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)		(In Thousands)	
Securities available-for-sale				
Less than 1 year	\$ 10,028	\$ 9,782	\$ -	\$ -
1 to 5 years	40,381	38,717	126,223	117,711
5 to 10 years	29,805	27,241	37,944	34,030
After 10 years	81,823	74,452	69,567	60,381
	162,037	150,192	233,734	212,122
Residential mortgage-backed securities	535,465	497,675	457,157	398,742
Total available-for-sale	<u>\$ 697,502</u>	<u>\$ 647,867</u>	<u>\$ 690,891</u>	<u>\$ 610,864</u>
	September 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)		(In Thousands)	
Securities held-to-maturity				
5 to 10 years	\$ 33,133	\$ 28,506	\$ 29,963	\$ 24,466
After 10 years	29,615	24,168	32,824	25,984
	62,748	52,674	62,787	50,450
Residential mortgage-backed securities	55,662	45,698	59,274	46,488
Total held-to-maturity	<u>\$ 118,410</u>	<u>\$ 98,372</u>	<u>\$ 122,061</u>	<u>\$ 96,938</u>

Note 5 – Loans, Allowance for Credit Losses and Credit Quality

Major classifications of loans at September 30, 2025 and December 31, 2024 are summarized as follows (amounts in thousands):

	September 30, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	\$ 906,720	34.8%	\$ 869,415	35.4%
Closed-end 1-4 family - junior lien	18,879	0.7%	14,145	0.6%
Multi-family	51,733	2.0%	19,651	0.8%
Total residential real estate	977,332	37.5%	903,211	36.8%
Commercial real estate:				
Nonfarm nonresidential	691,354	26.5%	637,589	26.0%
Farmland	82,886	3.2%	75,184	3.1%
Total commercial real estate	774,240	29.7%	712,773	29.1%
Construction and land development:				
Residential	118,577	4.6%	101,986	4.2%
Other	141,105	5.4%	190,955	7.8%
Total construction and land development	259,682	10.0%	292,941	12.0%
Home equity lines of credit	148,158	5.7%	124,064	5.1%
Commercial loans:				
Other commercial loans	317,345	12.2%	291,762	11.9%
Agricultural	88,095	3.4%	76,348	3.1%
State, county, and municipal loans	26,916	0.9%	33,847	1.2%
Total commercial loans	432,356	16.5%	401,957	16.2%
Consumer loans	57,051	2.2%	60,522	2.5%
Total gross loans	2,648,819	101.6%	2,495,468	101.7%
Allowance for credit losses	(35,043)	-1.3%	(32,088)	-1.3%
Net discounts	(6)	0.0%	(13)	0.0%
Net deferred loan fees	(8,596)	-0.3%	(8,633)	-0.4%
Net loans	\$ 2,605,174	100.0%	\$ 2,454,734	100.0%

The Bank grants loans and extensions of credit to individuals and a variety of businesses and corporations located in its general trade area. Although the Bank has a diversified loan portfolio, a substantial portion of the loan portfolio is collateralized by improved and unimproved real estate and is dependent upon the real estate market. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans and credit scores, debt-to-income, collateral type and loan-to-value ratios for consumer loans.

The loan portfolio has been disaggregated into segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. There are three primary loan portfolio segments that include real estate, commercial, and consumer. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan, and the Company's method for monitoring and assessing credit risk. Classes within the real estate portfolio segment include residential real estate, commercial real estate, construction and land development and home equity lines of credit. The portfolio segments of non-real estate commercial loans and consumer loans have not been further segregated by class.

Under the current expected credit losses (CECL) methodology, the allowance for credit losses is measured on a collective basis for pools of loans with similar risk characteristics. For loans that do not share similar risk characteristics with the collectively evaluated pools, evaluations are performed on an individual basis. For all loan segments collectively evaluated, losses are predicted over a period of time determined to be reasonable and supportable, and at the end of the reasonable and supportable forecast period losses are reverted to long-term historical averages. The estimated loan losses for all loan segments are adjusted for changes in qualitative factors not inherently considered in the quantitative analyses.

The following tables present the balance in the allowance for credit losses by portfolio segment. It also includes the balance in the allowance for credit losses and the recorded investment in loans by portfolio segment and based on evaluation method for the periods indicated below (amounts in thousands).

	Real Estate Loans				Total Real Estate Loans	Commercial	Consumer	Total
	Residential	Commercial	Construction and land development	Home equity lines of credit				
Allowance for Credit Losses								
Balance - December 31, 2024	\$7,690	\$10,629	\$4,299	\$1,887	\$24,505	\$7,072	\$511	\$32,088
Provision for credit losses	669	2,468	(859)	398	2,676	2,226	156	5,058
Loan charge-offs	(75)	(1,514)	-	-	(1,589)	(728)	(164)	(2,481)
Loan recoveries	40	8	-	9	57	283	38	378
Balance - September 30, 2025	<u>\$8,324</u>	<u>\$11,591</u>	<u>\$3,440</u>	<u>\$2,294</u>	<u>\$25,649</u>	<u>\$8,853</u>	<u>\$541</u>	<u>\$35,043</u>
Balance - June 30, 2025	\$8,137	\$11,208	\$3,572	\$2,228	\$25,145	\$7,835	\$571	\$33,551
Provision for credit losses	185	379	(132)	66	498	1,205	(17)	1,686
Loan charge-offs	(26)	-	-	-	(26)	(209)	(26)	(261)
Loan recoveries	28	4	-	-	32	22	13	67
Balance - September 30, 2025	<u>\$8,324</u>	<u>\$11,591</u>	<u>\$3,440</u>	<u>\$2,294</u>	<u>\$25,649</u>	<u>\$8,853</u>	<u>\$541</u>	<u>\$35,043</u>
Ending balance:								
Individually evaluated	\$46	\$26	\$-	\$-	\$72	\$939	\$-	\$1,011
Collectively evaluated	<u>8,278</u>	<u>11,565</u>	<u>3,440</u>	<u>2,294</u>	<u>25,577</u>	<u>7,914</u>	<u>541</u>	<u>34,032</u>
Total	<u>\$8,324</u>	<u>\$11,591</u>	<u>\$3,440</u>	<u>\$2,294</u>	<u>\$25,649</u>	<u>\$8,853</u>	<u>\$541</u>	<u>\$35,043</u>
Loans:								
Individually evaluated	\$5,806	\$835	\$243	\$291	\$7,175	\$1,225	\$-	\$8,400
Collectively evaluated	<u>971,526</u>	<u>773,405</u>	<u>259,439</u>	<u>147,867</u>	<u>2,152,237</u>	<u>431,131</u>	<u>57,051</u>	<u>2,640,419</u>
Total	<u>\$977,332</u>	<u>\$774,240</u>	<u>\$259,682</u>	<u>\$148,158</u>	<u>\$2,159,412</u>	<u>\$432,356</u>	<u>\$57,051</u>	<u>\$2,648,819</u>
	Real Estate Loans				Total Real Estate Loans	Commercial	Consumer	Total
	Residential	Commercial	Construction and land development	Home equity lines of credit				
Allowance for Credit Losses								
Balance - December 31, 2023	\$7,233	\$10,530	\$4,646	\$1,078	\$23,487	\$4,906	\$598	\$28,991
Provision for credit losses	(464)	595	(1,114)	688	(295)	4,238	18	3,961
Loan charge-offs	(35)	(498)	(29)	(50)	(612)	(1,213)	(126)	(1,951)
Loan recoveries	2	8	-	-	10	53	13	76
Balance - September 30, 2024	<u>\$6,736</u>	<u>\$10,635</u>	<u>\$3,503</u>	<u>\$1,716</u>	<u>\$22,590</u>	<u>\$7,984</u>	<u>\$503</u>	<u>\$31,077</u>
Balance - June 30, 2024	\$7,258	\$11,084	\$3,892	\$1,152	\$23,386	\$6,922	\$608	\$30,916
Provision for credit losses	(489)	(202)	(379)	564	(506)	1,915	(83)	1,326
Loan charge-offs	(35)	(250)	(10)	-	(295)	(867)	(25)	(1,187)
Loan recoveries	2	3	-	-	5	14	3	22
Balance - September 30, 2024	<u>\$6,736</u>	<u>\$10,635</u>	<u>\$3,503</u>	<u>\$1,716</u>	<u>\$22,590</u>	<u>\$7,984</u>	<u>\$503</u>	<u>\$31,077</u>
Ending balance:								
Individually evaluated	\$10	\$233	\$-	\$-	\$243	\$2,002	\$45	\$2,290
Collectively evaluated	<u>6,726</u>	<u>10,402</u>	<u>3,503</u>	<u>1,716</u>	<u>22,347</u>	<u>5,982</u>	<u>458</u>	<u>28,787</u>
Total	<u>\$6,736</u>	<u>\$10,635</u>	<u>\$3,503</u>	<u>\$1,716</u>	<u>\$22,590</u>	<u>\$7,984</u>	<u>\$503</u>	<u>\$31,077</u>
Loans:								
Individually evaluated	\$4,176	\$5,792	\$124	\$145	\$10,237	\$2,298	\$45	\$12,580
Collectively evaluated	<u>881,481</u>	<u>696,826</u>	<u>266,861</u>	<u>117,577</u>	<u>1,962,745</u>	<u>400,257</u>	<u>56,557</u>	<u>2,419,559</u>
Total	<u>\$885,657</u>	<u>\$702,618</u>	<u>\$266,985</u>	<u>\$117,722</u>	<u>\$1,972,982</u>	<u>\$402,555</u>	<u>\$56,602</u>	<u>\$2,432,139</u>

The Company's unfunded lending commitments are unconditionally cancellable and therefore no allowance for credit losses has been recorded. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of the allowance for credit losses. Accrued interest on loans of \$13.5 million and \$13.2 million at September 30, 2025 and December 31, 2024, respectively, was included in accrued interest receivable and was excluded from the estimate of credit losses.

The following tables present the amortized cost basis of collateral dependent loans as of September 30, 2025 and December 31, 2024, by class of loans (amounts in thousands).

As of September 30, 2025

Collateral Dependent Loans	Real Estate	Equipment	Accounts Receivable	Farm Land & Crops	Total	Allowance for Credit Losses
Mortgage loans on real estate:						
Residential	\$ 5,806	\$ -	\$ -	\$ -	\$ 5,806	\$ 46
Commercial real estate	573	-	-	262	835	26
Construction and land development	243	-	-	-	243	-
Total mortgage loans on real estate	6,622	-	-	262	6,884	72
Home equity lines of credit	291	-	-	-	291	-
Commercial loans	-	318	178	729	1,225	939
Consumer loans	-	-	-	-	-	-
Total Loans	<u>\$ 6,913</u>	<u>\$ 318</u>	<u>\$ 178</u>	<u>\$ 991</u>	<u>\$ 8,400</u>	<u>\$ 1,011</u>

As of December 31, 2024

Collateral Dependent Loans	Real Estate	Equipment	Vehicles	Raw Land	Total	Allowance for Credit Losses
Mortgage loans on real estate:						
Residential	\$ 4,365	\$ -	\$ -	\$ -	\$ 4,365	\$ -
Commercial real estate	4,422	-	-	-	4,422	-
Construction and land development	-	-	-	120	120	-
Total mortgage loans on real estate	8,787	-	-	120	8,907	-
Home equity lines of credit	143	-	-	-	143	-
Commercial loans	-	74	-	-	74	74
Consumer loans	-	-	12	-	12	12
Total Loans	<u>\$ 8,930</u>	<u>\$ 74</u>	<u>\$ 12</u>	<u>\$ 120</u>	<u>\$ 9,136</u>	<u>\$ 86</u>

The following tables present the aging of the recorded investment in past due loans and non-accrual loans as of September 30, 2025 and December 31, 2024, by class of loans (amounts in thousands).

As of September 30, 2025	Accruing Loans			Nonaccrual With ACL	Nonaccrual With No ACL	Total Loans
	Current	30-89 Days Past Due	90+ Days Past Due			
Mortgage loans on real estate:						
Residential real estate	\$967,765	\$4,994	\$-	\$161	\$4,412	\$977,332
Commercial real estate	773,113	269	-	148	710	774,240
Construction and land development	259,210	205	-	-	267	259,682
Total mortgage loans on real estate	2,000,088	5,468	-	309	5,389	2,011,254
Home equity lines of credit	146,161	1,441	-	-	556	148,158
Commercial loans	430,667	630	-	805	254	432,356
Consumer loans	56,516	316	-	-	219	57,051
Total Loans	<u>\$2,633,432</u>	<u>\$7,855</u>	<u>\$-</u>	<u>\$1,114</u>	<u>\$6,418</u>	<u>\$2,648,819</u>

As of December 31, 2024	Accruing Loans			Nonaccrual With ACL	Nonaccrual With No ACL	Total Loans
	Current	30-89 Days Past Due	90+ Days Past Due			
Mortgage loans on real estate:						
Residential real estate	\$894,901	\$4,807	\$-	\$28	\$3,475	\$903,211
Commercial real estate	708,418	-	-	-	4,355	712,773
Construction and land development	292,564	215	-	-	162	292,941
Total mortgage loans on real estate	1,895,883	5,022	-	28	7,992	1,908,925
Home equity lines of credit	123,402	323	-	-	339	124,064
Commercial loans	401,203	694	-	-	60	401,957
Consumer loans	59,948	472	8	12	82	60,522
Total Loans	<u>\$2,480,436</u>	<u>\$6,511</u>	<u>\$8</u>	<u>\$40</u>	<u>\$8,473</u>	<u>\$2,495,468</u>

The Bank categorizes loans in risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a continuous basis. The Bank uses the following definitions for its risk ratings:

Special Mention - Weakness exists that could cause future impairment, including the deterioration of financial ratios, past due status and questionable management capabilities. Collateral values generally afford adequate coverage but may not be immediately marketable.

Substandard - Specific and well-defined weaknesses exist that may include poor liquidity and deterioration of financial ratios. The loan may be past due and related deposit accounts experiencing overdrafts. Immediate corrective action is necessary.

Doubtful - Specific weaknesses characterized as Substandard that are severe enough to make collection in full unlikely. There is no reliable secondary source of full repayment. Loans classified as doubtful will be placed on non-accrual, analyzed and fully or partially charged-off based on review of collateral and other relevant factors.

Loans not meeting the criteria above that are evaluated individually as part of the above described process are considered to be Pass rated loans.

The following table presents loan balances classified by credit quality indicator, loan type and based on year of origination as of September 30, 2025 (amounts in thousands).

	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
Residential real estate								
Pass	\$ 129,878	\$ 118,135	\$ 225,110	\$ 301,039	\$ 92,655	\$ 79,909	\$ 18,088	\$ 964,814
Special Mention	963	612	1,791	1,489	494	624	-	5,973
Substandard	-	387	1,870	2,717	378	1,193	-	6,545
Doubtful	-	-	-	-	-	-	-	-
Total residential real estate	\$ 130,841	\$ 119,134	\$ 228,771	\$ 305,245	\$ 93,527	\$ 81,726	\$ 18,088	\$ 977,332
Current-period gross charge-offs	\$ -	\$ 49	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ 75
Commercial real estate								
Pass	\$ 115,334	\$ 87,438	\$ 104,840	\$ 191,859	\$ 83,904	\$ 158,013	\$ 22,774	\$ 764,162
Special Mention	76	1,207	1,696	662	170	4,741	456	9,008
Substandard	-	98	453	-	50	469	-	1,070
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	\$ 115,410	\$ 88,743	\$ 106,989	\$ 192,521	\$ 84,124	\$ 163,223	\$ 23,230	\$ 774,240
Current-period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ 1,514	\$ -	\$ -	\$ 1,514
Construction and land development								
Pass	\$ 97,798	\$ 78,009	\$ 35,089	\$ 18,600	\$ 7,894	\$ 4,341	\$ 17,246	\$ 258,977
Special Mention	88	58	202	64	-	26	-	438
Substandard	-	23	243	-	-	1	-	267
Doubtful	-	-	-	-	-	-	-	-
Total construction and land development	\$ 97,886	\$ 78,090	\$ 35,534	\$ 18,664	\$ 7,894	\$ 4,368	\$ 17,246	\$ 259,682
Current-period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity lines of credit								
Pass	\$ -	\$ 227	\$ 640	\$ 400	\$ -	\$ 554	\$ 144,412	\$ 146,233
Special Mention	-	-	-	-	-	-	1,369	1,369
Substandard	-	-	-	-	-	-	556	556
Doubtful	-	-	-	-	-	-	-	-
Total home equity lines of credit	\$ -	\$ 227	\$ 640	\$ 400	\$ -	\$ 554	\$ 146,337	\$ 148,158
Current-period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial loans								
Pass	\$ 76,858	\$ 65,759	\$ 53,134	\$ 39,751	\$ 10,695	\$ 22,380	\$ 153,749	\$ 422,326
Special Mention	226	120	257	3,865	-	3,772	433	8,673
Substandard	199	176	-	195	44	119	624	1,357
Doubtful	-	-	-	-	-	-	-	-
Total commercial loans	\$ 77,283	\$ 66,055	\$ 53,391	\$ 43,811	\$ 10,739	\$ 26,271	\$ 154,806	\$ 432,356
Current-period gross charge-offs	\$ -	\$ 87	\$ 458	\$ -	\$ -	\$ 183	\$ -	\$ 728
Consumer loans								
Pass	\$ 15,763	\$ 13,722	\$ 8,971	\$ 6,887	\$ 3,407	\$ 3,682	\$ 3,922	\$ 56,354
Special Mention	117	31	10	99	25	64	9	355
Substandard	17	-	63	93	11	152	6	342
Doubtful	-	-	-	-	-	-	-	-
Total consumer loans	\$ 15,897	\$ 13,753	\$ 9,044	\$ 7,079	\$ 3,443	\$ 3,898	\$ 3,937	\$ 57,051
Current-period gross charge-offs	\$ -	\$ 56	\$ 49	\$ 39	\$ 14	\$ 6	\$ -	\$ 164
Total Loans								
Pass	\$ 435,631	\$ 363,290	\$ 427,784	\$ 558,536	\$ 198,555	\$ 268,879	\$ 360,191	\$ 2,612,866
Special Mention	1,470	2,028	3,956	6,179	689	9,227	2,267	25,816
Substandard	216	684	2,629	3,005	483	1,934	1,186	10,137
Doubtful	-	-	-	-	-	-	-	-
Total loans	\$ 437,317	\$ 366,002	\$ 434,369	\$ 567,720	\$ 199,727	\$ 280,040	\$ 363,644	\$ 2,648,819
Current-period gross charge-offs	\$ -	\$ 192	\$ 533	\$ 39	\$ 1,528	\$ 189	\$ -	\$ 2,481

The following table presents loan balances classified by credit quality indicator, loan type and based on year of origination as of December 31, 2024 (amounts in thousands).

	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
Residential real estate								
Pass	\$ 125,205	\$ 232,810	\$ 336,019	\$ 104,333	\$ 58,133	\$ 31,615	\$ 6,519	\$ 894,634
Special Mention	688	1,328	1,047	202	9	119	-	3,393
Substandard	966	633	1,854	124	173	1,434	-	5,184
Doubtful	-	-	-	-	-	-	-	-
Total residential real estate	\$ 126,859	\$ 234,771	\$ 338,920	\$ 104,659	\$ 58,315	\$ 33,168	\$ 6,519	\$ 903,211
Current-period gross charge-offs	\$ -	\$ 37	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 57
Commercial real estate								
Pass	\$ 81,063	\$ 115,876	\$ 208,002	\$ 88,792	\$ 90,081	\$ 93,333	\$ 23,009	\$ 700,156
Special Mention	1,090	-	659	380	1,338	4,414	167	8,048
Substandard	106	474	-	3,320	211	458	-	4,569
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	\$ 82,259	\$ 116,350	\$ 208,661	\$ 92,492	\$ 91,630	\$ 98,205	\$ 23,176	\$ 712,773
Current-period gross charge-offs	\$ 2	\$ -	\$ -	\$ 250	\$ -	\$ 248	\$ -	\$ 500
Construction and land development								
Pass	\$ 118,972	\$ 94,782	\$ 48,061	\$ 10,155	\$ 4,713	\$ 2,505	\$ 13,250	\$ 292,438
Special Mention	-	207	103	-	-	29	-	339
Substandard	2	-	159	-	3	-	-	164
Doubtful	-	-	-	-	-	-	-	-
Total construction and land development	\$ 118,974	\$ 94,989	\$ 48,323	\$ 10,155	\$ 4,716	\$ 2,534	\$ 13,250	\$ 292,941
Current-period gross charge-offs	\$ -	\$ 10	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ 29
Home equity lines of credit								
Pass	\$ 230	\$ 657	\$ 450	\$ -	\$ 585	\$ -	\$ 121,299	\$ 123,221
Special Mention	-	-	-	-	-	-	504	504
Substandard	-	-	-	-	-	-	339	339
Doubtful	-	-	-	-	-	-	-	-
Total home equity lines of credit	\$ 230	\$ 657	\$ 450	\$ -	\$ 585	\$ -	\$ 122,142	\$ 124,064
Current-period gross charge-offs	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 50
Commercial loans								
Pass	\$ 81,929	\$ 76,343	\$ 51,856	\$ 17,510	\$ 10,233	\$ 9,994	\$ 145,975	\$ 393,840
Special Mention	-	49	3,141	39	14	3,896	841	7,980
Substandard	116	-	6	15	-	-	-	137
Doubtful	-	-	-	-	-	-	-	-
Total commercial loans	\$ 82,045	\$ 76,392	\$ 55,003	\$ 17,564	\$ 10,247	\$ 13,890	\$ 146,816	\$ 401,957
Current-period gross charge-offs	\$ -	\$ 2,087	\$ 203	\$ -	\$ 104	\$ 266	\$ -	\$ 2,660
Consumer loans								
Pass	\$ 18,056	\$ 13,293	\$ 9,802	\$ 5,283	\$ 2,501	\$ 6,978	\$ 4,080	\$ 59,993
Special Mention	50	28	33	110	79	-	22	322
Substandard	2	51	61	-	45	40	8	207
Doubtful	-	-	-	-	-	-	-	-
Total consumer loans	\$ 18,108	\$ 13,372	\$ 9,896	\$ 5,393	\$ 2,625	\$ 7,018	\$ 4,110	\$ 60,522
Current-period gross charge-offs	\$ 30	\$ 75	\$ 21	\$ 3	\$ 7	\$ -	\$ -	\$ 136
Total Loans								
Pass	\$ 425,455	\$ 533,761	\$ 654,190	\$ 226,073	\$ 166,246	\$ 144,425	\$ 314,132	\$ 2,464,282
Special Mention	1,828	1,612	4,983	731	1,440	8,458	1,534	20,586
Substandard	1,192	1,158	2,080	3,459	432	1,932	347	10,600
Doubtful	-	-	-	-	-	-	-	-
Total loans	\$ 428,475	\$ 536,531	\$ 661,253	\$ 230,263	\$ 168,118	\$ 154,815	\$ 316,013	\$ 2,495,468
Current-period gross charge-offs	\$ 32	\$ 2,209	\$ 263	\$ 303	\$ 111	\$ 514	\$ -	\$ 3,432

Note 6 – Fair Value Measurements and Disclosures

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available-for-sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as individually evaluated loans, foreclosed assets, and repossessed assets. These nonrecurring fair value adjustments typically involve application of the lower of cost or market accounting or write-downs of individual assets.

Fair Value Hierarchy

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following is a description of valuation methodologies used for assets and liabilities recorded or disclosed at fair value:

Cash and cash equivalents – For disclosure purposes, for cash, due from banks, interest-bearing deposits and federal funds sold, the carrying amount is a reasonable estimate of fair value.

Certificates of deposit in banks – For disclosure purposes, the carrying amount of certificates of deposit is a reasonable estimate of fair value.

Investment Securities – Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange and securities that are traded by dealers or brokers in active over-the-counter market funds. Level 2 securities include mortgage-backed securities issued by government sponsored enterprises and municipal bonds. Securities classified as Level 3 include asset-backed securities in less liquid markets.

Loans and Mortgage Loans Held for Sale - The fair value of collateral-dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Collateral-dependent loans are evaluated on a quarterly basis and adjusted in accordance with the allowance policy.

For disclosure purposes, the fair value of fixed-rate loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings. For variable rate loans, the carrying amount is a reasonable estimate of fair value. Mortgage loans held-for-sale are carried at cost, which is a reasonable estimate of fair value.

Accrued interest receivable – For disclosure purposes, the fair value of the accrued interest on investments and loans is the carrying value.

Bank owned life insurance – For disclosure purposes, the fair value of the cash surrender value of bank owned life insurance policies is equivalent to the carrying value.

Foreclosed assets – Other real estate properties and miscellaneous repossessed assets are adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value less selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price, the Company records the foreclosed asset as nonrecurring Level 2. When the fair value is based on an appraised value or management's estimate of value, the Company records the foreclosed asset as nonrecurring Level 3.

Restricted equity securities – It is not practical to determine the fair value of restricted equity securities due to restrictions placed on transferability.

Deposits – For disclosure purposes, the fair value for demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered for deposits of similar remaining maturities.

Securities sold under agreements to repurchase – For disclosure purposes, the carrying amounts of securities sold under agreements to repurchase approximate their fair values.

Federal Home Loan Bank advances – For disclosure purposes, the fair value of Federal Home Loan Bank advances is estimated using discounted cash flow analyses using interest rates offered for borrowings with similar maturities.

Subordinated debentures – For disclosure purposes, the fair value is estimated using a discounted cash flow calculation that applies interest rates currently being offered for similar subordinated debenture offerings.

Accrued interest payable – For disclosure purposes, the fair value of the accrued interest payable on deposits is the carrying value.

Commitments to extend credit and standby letters of credit – Because commitments to extend credit and standby letters of credit are generally short-term and made using variable rates, the carrying value and estimated fair value associated with these instruments are immaterial.

Assets and liabilities measured at fair value on a recurring basis – The only assets and liabilities measured at fair value on a recurring basis are our securities available-for-sale. Information related to the Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2025 and December 31, 2024 is as follows: (amounts in thousands)

September 30, 2025	Fair Value Measurements At Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale:				
Residential mortgage -backed	\$ 497,675	\$ -	\$ 497,675	\$ -
U.S. treasury securities	34,047	-	34,047	-
U.S. government sponsored enterprises	16,701	-	16,701	-
State, county, and municipal	86,704	-	86,704	-
Corporate debt obligations	12,740	-	12,740	-
Totals	<u>\$ 647,867</u>	<u>\$ -</u>	<u>\$ 647,867</u>	<u>\$ -</u>

December 31, 2024	Fair Value Measurements At Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale:				
Residential mortgage -backed	\$ 398,742	\$ -	\$ 398,742	\$ -
U.S. treasury securities	84,664	-	84,664	-
U.S. government sponsored enterprises	45,536	-	45,536	-
State, county, and municipal	66,614	-	66,614	-
Corporate debt obligations	15,308	-	15,308	-
Totals	<u>\$ 610,864</u>	<u>\$ -</u>	<u>\$ 610,864</u>	<u>\$ -</u>

The Company's policy is to recognize transfers in and transfers out of levels 1, 2, and 3 as of the end of a reporting period. There were no transfers between levels from December 31, 2024 to September 30, 2025.

Assets measured at fair value on a nonrecurring basis – The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with U.S. GAAP. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. Assets measured at fair value on a nonrecurring basis are included in the table below as of September 30, 2025 and December 31, 2024 (amounts in thousands):

Fair Value Measurements At Reporting Date Using:				
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2025				
Collateral dependent loans	\$ 7,389	\$ -	\$ -	\$ 7,389
Foreclosed assets	1,990	-	-	1,990
Totals	<u>\$ 9,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,379</u>
December 31, 2024				
Collateral dependent loans	\$ 9,050	\$ -	\$ -	\$ 9,050
Foreclosed assets	130	-	-	130
Totals	<u>\$ 9,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,180</u>

The Company has estimated the fair values of these assets using Level 3 inputs, specifically the appraised value of the collateral. Individually evaluated loan balances represent those collateral dependent loans where management has estimated the credit loss by comparing the loan's carrying value against the expected realizable fair value of the collateral dependent loan for the amount of the credit loss. For Level 3 assets measured at fair value on a non-recurring basis as of September 30, 2025 and December 31, 2024 for the valuation technique, the Company used appraisals. For the significant unobservable input, the Company used appraisal discounts, and weighted average input of 15-20% was used for the period ended September 30, 2025 and December 31, 2024.

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments as of September 30, 2025 and December 31, 2024 are as follows (amounts in thousands):

September 30, 2025	Carrying Amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 244,041	\$ 244,041	\$ -	\$ -
Certificates of deposit in banks	4,218	-	4,218	-
Securities held-to-maturity	118,410	-	98,372	-
Securities available-for-sale	647,867	-	647,867	-
Loans held-for-sale	6,063	-	6,063	-
Loans receivable, net	2,605,174	-	2,603,594	7,389
Accrued interest receivable	16,648	-	16,648	-
Bank owned life insurance	51,041	-	51,041	-
Restricted equity securities	10,257	-	-	10,257
Financial liabilities:				
Deposits	3,350,861	-	3,142,208	-
Federal Home Loan Bank advances	150,000	-	150,063	-
Subordinated debentures	39,615	-	33,495	-
Accrued interest payable	1,727	-	1,727	-

December 31, 2024	Carrying Amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 185,744	\$ 185,744	\$ -	\$ -
Certificates of deposit in banks	4,218	-	4,218	-
Securities held-to-maturity	122,061	-	96,938	-
Securities available-for-sale	610,864	-	610,864	-
Loans held-for-sale	6,812	-	6,812	-
Loans receivable, net	2,454,734	-	2,422,481	9,050
Accrued interest receivable	15,965	-	15,965	-
Bank owned life insurance	49,791	-	49,791	-
Restricted equity securities	12,651	-	-	12,651
Financial liabilities:				
Deposits	3,067,159	-	2,844,603	-
Securities sold under agreements to repurchase	22,664	-	22,664	-
Federal Home Loan Bank advances	205,000	-	205,017	-
Subordinated debentures	39,563	-	31,113	-
Accrued interest payable	2,363	-	2,363	-

The estimated fair values of the standby letters of credit and loan commitments on which the committed interest rate is less than the current market rate are insignificant as of September 30, 2025 and December 31, 2024.

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed-rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed-rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling-rate environment. Management monitors rates and maturities of assets and liabilities, and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

Note 7 – Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 expands disclosure requirements for significant segment expenses under Topic 280. The amendments require public entities to disclose significant expense categories for each reportable segment, other segment items, the title and position of the chief operating decision-maker, and interim disclosures of certain segment-related information previously required only on an annual basis. The amendments clarify that entities reporting single segments must disclose both the new and existing segment disclosures under Topic 280, and a public entity is permitted to disclose multiple measures of segment profit or loss if certain criteria are met. The amendments in this update are effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 31, 2024. ASU 2023-07 must be applied on a retrospective basis. Early adoption was permitted. This standard has not had a material impact on the Company's consolidated results of operations or financial position.

Note 8 – Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 is intended to improve the disclosures for income taxes to address requests from investors, lenders, creditors and other allocators of capital (collectively, "investors") that use the financial statements to make capital allocation decisions. During the FASB's 2021 agenda consultation process and other stakeholder outreach, investors highlighted that the current system of income tax disclosures does not provide enough information to understand the tax provision for an entity that operates in multiple jurisdictions. Investors currently rely on the rate reconciliation table and other disclosures, including total income taxes paid in the statement of cash flows, to evaluate income tax risks and opportunities. The amendments in ASU 2023-09 will require consistent categories and greater disaggregation of information in the rate reconciliation disclosure as well as disclosure of income taxes paid disaggregated by jurisdiction. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, and early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company adopted the amendments of ASU 2023-09 effective January 1, 2025, and will include the required disclosures in its Annual Report on Form 10-K for the year ending December 31, 2025. The Company is currently evaluating the changes to disclosures required by ASU 2023-09; however, adoption of ASU 2023-09 is not expected to have a material impact to the Company's consolidated financial statements or results of operations.

Note 9 – Defined Contribution Plan

The Company provides a 401(k) employee stock ownership plan (ESOP), which covers substantially all of the Company's employees who are eligible, as to age and length of service. A participant may elect to make contributions up to \$23.5 thousand and \$23.0 thousand of the participant's annual compensation in 2025 and 2024, respectively. The Company makes contributions up to 3% of each participant's annual compensation and the Company matches 50% of the next 2% contributed by the employee. Contributions to the plan by the Company were approximately \$830 thousand and \$726 thousand for the nine months ended September 30, 2025 and 2024, respectively. Contributions to the plan by the Company were approximately \$222 thousand and \$290 thousand for the three months ended September 30, 2025 and 2024, respectively. Outstanding shares of the Company's common stock allocated to participants at September 30, 2025 and December 31, 2024 totaled 220,911 shares and 182,822 shares, respectively, and there were no unallocated shares. These shares are treated as outstanding for purposes of calculating earnings per share and dividends on these shares are included in the Consolidated Statements of Changes in Stockholders' Equity.

The Company's ESOP includes a put option for shares of the Company's common stock distributed from the ESOP. Shares are distributed from the ESOP primarily to separate vested participants and certain eligible participants who elect to diversify their account balances. Since the Company's common stock is not currently traded on an established securities market, if the owners of distributed shares desire to sell their shares, the Company is required to purchase the shares at fair value during two put option periods following the distribution of the shares from the ESOP. The first put option period is within sixty days following the distribution of the shares from the ESOP. The second put option period begins on the first day of the fifth month of the plan year for a sixty day period. The fair value of distributed shares subject to the put option totaled \$0 as of September 30, 2025 and December 31, 2024. The cost of the ESOP shares totaled \$6.35 million and \$5.10 million as of September 30, 2025 and December 31, 2024, respectively. Due to the Company's obligation under the put option, the distributed shares and ESOP shares are classified as temporary equity in the mezzanine section of the consolidated statements of financial condition and totaled \$6.35 million and \$5.10 million as of September 30, 2025 and December 31, 2024, respectively. The fair value of the ESOP shares totaled \$9.50 million and \$7.22 million as of September 30, 2025 and December 31, 2024, respectively.

Note 10 – Loans Held for Sale

The Company has entered into agreements with secondary market investors to deliver loans on a “best efforts delivery” basis. When a rate is committed to a borrower, it is based on the best price that day and locked with the investor for the customer for a thirty day period. In the event the loan is not delivered to the investor, the Company has no risk or exposure with the investor. The fair values of the Company’s agreements with investors and rate lock commitments to customers as of September 30, 2025 and December 31, 2024, respectively, were not material.

Note 11 – Leases

Operating lease assets represent the Company’s right to use an underlying asset during the lease term and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents the Company’s incremental borrowing rate at the lease commencement date. Operating lease cost, which is comprised of amortization of the operating lease asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term, and is recorded in occupancy expenses in the consolidated statements of income. The Company leases certain full-service branch offices, land, and equipment. Leases with an initial term of twelve months or less are not recorded on the balance sheet. Most leases include one or more options to renew and the exercise of the lease renewal options are at the Company’s sole discretion. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option.

The following table represents the consolidated statements of financial condition classification of the Company’s ROU assets and lease liabilities. The Company elected not to include short-term leases (i.e., leases with initial terms of twelve months or less), or equipment leases (deemed immaterial) on the consolidated statements of financial condition.

Lease Right-of-Use Assets	Classification on Consolidated Statement of Condition	September 30, 2025	December 31, 2024
Operating lease right-of-use assets	Other assets	\$ 6,022	\$ 2,691
Lease Liabilities	Classification on Consolidated Statement of Condition	September 30, 2025	December 31, 2024
Operating lease liabilities	Accrued interest payable and other liabilities	\$ 6,169	\$ 2,841

	September 30, 2025	December 31, 2024
Weighted-average remaining lease term for operating leases	10.70 Years	8.48 Years
Weighted-average discount rate for operating leases	6.00%	6.00%

Future minimum payments for operating leases with initial or remaining terms of one year or more as of September 30, 2025 are as follows:

	Operating Leases
October 1, 2025 - September 30, 2026	\$ 838
October 1, 2026 - September 30, 2027	710
October 1, 2027 - September 30, 2028	661
October 1, 2028 - September 30, 2029	651
October 1, 2029 - September 30, 2030	660
Afterward	5,356
Total future minimum lease payments	8,876
Amounts representing interest	(2,707)
Present value of net future minimum lease payments	\$ 6,169

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes thereto for the year ended December 31, 2024, which are contained in the Annual Report on Form 10-K for the year ended December 31, 2024. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our expectations. Factors that could cause such differences are discussed in our 2024 Annual Report on Form 10-K under "Part I, Item 1A - Risk Factors." We assume no obligation to update any of these forward-looking statements.

The following discussion pertains to our historical results on a consolidated basis. However, because we conduct all of our material business operations through our subsidiaries, the discussion and analysis relates to activities primarily conducted at the subsidiary level.

All dollar amounts in the tables in this section are in thousands of dollars, except per share data, yields, percentages and rates or when specifically identified. As used in this Item, the words "we," "us," "our," the "Company," "RFC," "River" and similar terms refer to River Financial Corporation and its consolidated affiliate, unless the context indicates otherwise.

Our Business

We are a bank holding company headquartered in Prattville, Alabama. We engage in the business of banking through our wholly-owned banking subsidiary, River Bank & Trust, which we may refer to as the "Bank" or "River Bank." Through the Bank, we provide a broad array of financial services to businesses, business owners, professionals, and consumers. As of September 30, 2025, we operated twenty-three full-service banking offices in Alabama in the cities of Montgomery, Prattville, Millbrook, Wetumpka, Auburn, Opelika, Gadsden, Alexander City, Daphne, Clanton, Dothan, Enterprise, Mobile, Decatur, Huntsville, Saraland, Birmingham, and Florence, Alabama. The Bank also has been approved for full service offices in Tuscaloosa, Alabama and Destin, Florida which are currently operating as loan production offices.

Segments

While our chief decision makers monitor the revenue streams of the various banking products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the Company's banking operations are considered by management to be aggregated in one reportable operating segment. Because the overall banking operations comprise substantially all of the consolidated operations, no separate segment disclosures are presented in the accompanying consolidated financial statements.

Overview of Third Quarter 2025 Results

Net income was \$10.7 million in the quarter ended September 30, 2025, compared with \$8.7 million in the quarter ended September 30, 2024. Several significant measures from the 2025 third quarter include:

- Net interest margin (taxable equivalent) of 3.48%, compared with 2.90% for the third quarter of 2024.
- Net interest income increase of \$7.4 million for the quarter ended September 30, 2025, representing a 30.78% rate of increase over the quarter ended September 30, 2024.
- Annualized return on average earning assets for the quarter ended September 30, 2025 of 1.18% compared with 1.05% for the quarter ended September 30, 2024.
- Annualized return on average equity for the quarter ended September 30, 2025 of 16.07% compared with 15.67% for the quarter ended September 30, 2024.
- Loan increase of \$76.2 million during the quarter ended September 30, 2025, representing a 11.89% annualized growth rate.
- Securities increase of \$28.3 million during the quarter ended September 30, 2025, representing a 15.35% annualized increase for the quarter.
- Deposit increase of \$128.4 million during the quarter ended September 30, 2025, representing a 15.94% annualized growth rate.
- Stockholders' equity increase of \$23.2 million during the quarter ended September 30, 2025, representing a 36.62% annualized increase.

- Book value per share of \$36.57 at September 30, 2025, compared with \$30.43 per share at December 31, 2024.
- Tangible book value per share of \$32.90 at September 30, 2025, compared with \$26.67 at December 31, 2024.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared based on the application of certain accounting policies, the most significant of which are described in the notes to the financial statements for the year ended December 31, 2024, which are contained in our Annual Report filed on Form 10-K. Certain of these policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or subject to variation and may significantly affect our reported results and financial position for the current period or future periods. The use of estimates, assumptions, and judgment is necessary when financial assets and liabilities are required to be recorded at or adjusted to reflect fair value. Assets carried at fair value inherently result in more financial statement volatility. Fair values and information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices or are provided by other independent third-party sources, when available. When such information is not available, management estimates valuation adjustments. Changes in underlying factors, assumptions or estimates in any of these areas could have a material impact on our future financial condition and results of operations.

The following briefly describes the more complex policies involving a significant amount of judgments about valuation and the application of complex accounting standards and interpretations.

Allowance for Credit Losses

The allowance for credit losses has been determined in accordance with GAAP. The Company is responsible for the timely and periodic determination of the amount of the allowance for credit losses. Management believes that the allowance for credit losses is adequate to cover expected credit losses over the life of the loan portfolio. Although management evaluates available information to determine the adequacy of the allowance for credit losses, the level of allowance is an estimate which is subject to significant judgment and short-term change. Because of uncertainties associated with local and national economic forecasts, the operating and regulatory environment, collateral values and future cash flows from the loan portfolio, it is possible that a material change could occur in the allowance for credit losses in the near term. The evaluation of the adequacy of loan collateral is often based upon estimates and appraisals. Because of changing economic conditions, the valuations determined from such estimates and appraisals may also change.

Accordingly, the Company may ultimately incur losses that vary from management's current estimates. Adjustments to the allowance for credit losses will be reported in the period in which such adjustments become known and can be reasonably estimated. All loan losses are charged to the allowance for credit losses when the loss actually occurs or when the collectability of the principal is unlikely. Recoveries are credited to the allowance at the time of recovery. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. As a result of such examinations, the Company may need to recognize additions to the allowance for credit losses based on the regulators' judgments.

In estimating the allowance for credit losses, the Company relies on models and economic forecasts developed by external parties as the primary driver of the allowance for credit losses. These models and forecasts are based on nationwide sets of data. Economic forecasts can change significantly over an economic cycle and have a significant level of uncertainty associated with them. The performance of the models is dependent on the variables used in the models being reasonable proxies for the loan portfolio's performance. However, these variables may not capture all sources of risk within the portfolio. As a result, the Company reviews the results and makes qualitative adjustments to the models to capture limitations of the models as necessary. Such qualitative factors may include adjustments to better capture the imprecision associated with the economic forecasts, and the ability of the models to capture emerging risks within the portfolio that may not be represented in the data. These judgments are evaluated through the Company's review process and revised on a quarterly basis to account for changes in facts and circumstances. It is difficult to estimate how potential changes in any one of the quantitative inputs or qualitative factors might affect the overall allowance for credit losses, and the Company's current assessments may not reflect the potential future impact of changes to those inputs or factors.

Comparison of the Results of Operations for the three and nine months ended September 30, 2025 and 2024

The following is a narrative discussion and analysis of significant changes in our results of operations for the three and nine months ended September 30, 2025 compared to the three and nine months ended September 30, 2024.

Net Income

During the three months ended September 30, 2025, our net income was \$10.7 million, compared to \$8.7 million for the three months ended September 30, 2024, an increase of \$2.0 million, or 23.36%. The primary reason for the increase in net income for the third quarter of 2025 as compared to the third quarter of 2024 was an increase in net interest income offset by an increase in noninterest expense. During the three months ended September 30, 2025, net interest income was \$31.4 million compared to \$24.0 million for the three months ended September 30, 2024, an increase of \$7.4 million, or 30.78%. This increase is a result of loan growth and higher yields on new and repricing loans. Total noninterest income for the third quarter of 2025 was \$2.0 million compared to \$4.5 million for the quarter ended September 30, 2024. This decrease in noninterest income was primarily the result of the \$3.5 million increase in the net loss on sales of investment securities. Total noninterest expense in the third quarter of 2025 increased \$2.4 million, or 15.36%, from the third quarter of 2024. The most significant noninterest expense continues to be salaries and employee benefits which increased approximately \$1.8 million.

During the nine months ended September 30, 2025, our net income was \$31.2 million, compared to \$22.1 million for the nine months ended September 30, 2024, an increase of \$9.1 million, or 41.23%. The primary reason for the increase in net income for the third quarter of 2025 as compared to the third quarter of 2024 was an increase in net interest income offset by an increase in noninterest expense. During the nine months ended September 30, 2025, net interest income was \$88.6 million compared to \$68.1 million for the nine months ended September 30, 2024, an increase of \$20.5 million, or 30.10%. This increase is a result of loan growth and higher yields on new and repricing loans. Total noninterest income for the first nine months of 2025 was \$9.0 million compared to \$11.3 million in the first nine months of 2024. This decrease in noninterest income was primarily the result of the loss on sales of investment securities which totaled \$7.0 million in the first nine months of 2025 compared to \$1.4 million in the first nine months of 2024. Total noninterest expense in the third quarter of 2025 increased \$5.8 million, or 12.45%, from the third quarter of 2024. The most significant increases were attributable to the \$3.8 million increase in salaries and employee benefits.

Net Interest Income and Net Interest Margin Analysis

The largest component of our net income is net interest income – the difference between the income earned on interest earning assets and the interest paid on deposits and borrowed funds used to support assets. Net interest income divided by average interest earning assets represents our net interest margin. The major factors that affect net interest income and net interest margin are changes in volumes, the yield on interest earning assets and the cost of interest bearing liabilities. Our net interest margin can also be affected by economic conditions, the competitive environment, loan demand, and deposit flow. Management’s ability to respond to changes in these factors by using effective asset-liability management techniques is critical to maintaining the stability of the net interest margin and the primary source of earnings. This is discussed in greater detail under the heading “Interest Sensitivity and Market Risk”.

Comparison of net interest income for the three months ended September 30, 2025 and 2024

The following table shows, for the three months ended September 30, 2025 and 2024, the average balances of each principal category of our earning assets and interest bearing liabilities and the average taxable equivalent yields on assets and average costs of liabilities. These yields and costs are calculated by dividing the income or expense by the average daily balance of the associated assets or liabilities (amounts in thousands).

	Three Months Ended September 30, 2025			Three Months Ended September 30, 2024		
	Average Balance	Interest Income/ Expense	Average Yield/Rate	Average Balance	Interest Income/ Expense	Average Yield/Rate
Interest earning assets						
Loans	\$ 2,594,511	\$ 43,119	6.59%	\$ 2,389,722	\$ 38,223	6.35%
Mortgage loans held for sale	9,127	102	4.44%	6,291	86	5.40%
Investment securities:						
Taxable securities	727,311	4,924	2.69%	744,814	3,672	1.95%
Tax-exempt securities	77,075	672	3.46%	64,806	473	2.90%
Interest bearing balances in other banks	164,712	1,870	4.50%	85,820	1,177	5.44%
Federal funds sold	35,130	396	4.47%	13,102	180	5.44%
Total interest earning assets	\$ 3,607,866	\$ 51,083	5.62%	\$ 3,304,555	\$ 43,811	5.26%
Interest bearing liabilities						
Interest bearing transaction accounts	\$ 798,435	\$ 3,324	1.65%	\$ 700,018	\$ 2,983	1.69%
Savings and money market accounts	1,066,405	7,029	2.61%	982,656	7,250	2.93%
Time deposits	741,452	7,206	3.86%	666,044	7,350	4.38%
Short-term borrowings	2	-	0.00%	13,852	118	3.38%
Federal Home Loan Bank advances	150,000	1,498	3.96%	150,000	1,502	3.97%
Subordinated debentures	40,000	418	4.14%	40,000	418	4.14%
Total interest bearing liabilities	\$ 2,796,294	\$ 19,475	2.76%	\$ 2,552,570	\$ 19,621	3.05%
Noninterest-bearing funding of earning assets	811,572	-	0.00%	751,985	-	0.00%
Total cost of funding earning assets	\$ 3,607,866	\$ 19,475	2.14%	\$ 3,304,555	\$ 19,621	2.36%
Net interest rate spread			2.86%			2.21%
Net interest income/margin (taxable equivalent)		\$ 31,608	3.48%		\$ 24,190	2.90%
Tax equivalent adjustment		(253)			(214)	
Net interest income/margin		<u>\$ 31,355</u>	<u>3.45%</u>		<u>\$ 23,976</u>	<u>2.88%</u>

The following table reflects, for the three months ended September 30, 2025 and 2024, the changes in our net interest income due to variances in the volume of interest earning assets and interest bearing liabilities and variances in the associated rates earned or paid on these assets and liabilities (amounts in thousands).

	Three Months Ended September 30, 2025 vs. Three Months Ended September 30, 2024		
	Volume	Variance due to Yield/Rate	Total
Interest earning assets			
Loans	\$ 3,392	\$ 1,504	\$ 4,896
Mortgage loans held for sale	38	(22)	16
Investment securities:			
Taxable securities	(86)	1,338	1,252
Tax-exempt securities	92	107	199
Interest bearing balances in other banks	1,092	(399)	693
Federal funds sold	304	(88)	216
Total interest earning assets	\$ 4,832	\$ 2,440	\$ 7,272
Interest bearing liabilities			
Interest bearing transaction accounts	\$ 422	\$ (81)	\$ 341
Savings and money market accounts	621	(842)	(221)
Time deposits	834	(978)	(144)
Short-term borrowings	(118)	-	(118)
Federal Home Loan Bank advances	-	(4)	(4)
Subordinated debentures	-	-	-
Total interest bearing liabilities	\$ 1,759	\$ (1,905)	\$ (146)
Net interest income			
Net interest income (taxable equivalent)	\$ 3,073	\$ 4,345	\$ 7,418
Taxable equivalent adjustment	(11)	(28)	(39)
Net interest income	\$ 3,062	\$ 4,317	\$ 7,379

Total interest income for the three months ended September 30, 2025 was \$50.8 million and total interest expense was \$19.5 million, resulting in net interest income of \$31.4 million for the period. For the same period of 2024, total interest income was \$43.6 million and total interest expense was \$19.6 million, resulting in net interest income of \$24.0 million for the period. This represents a 30.78% increase in net interest income when comparing the same period from 2025 and 2024. When comparing the variances related to interest income for the three months ended September 30, 2025 and 2024, the increase was primarily attributed to increases in average volumes in loans and loan yields. The volume related increase in interest income for the three months ended September 30, 2025 was accompanied by an increase in the yield on loans and investment securities. When comparing variances related to interest expense for the three months ended September 30, 2025 and 2024, the decrease primarily resulted from a decrease in deposit interest rates. The decrease in interest expense resulting from interest rate decreases was partially offset by increase in the average volume of deposits.

Comparison of net interest income for the nine months ended September 30, 2025 and 2024

The following table shows, for the nine months ended September 30, 2025 and 2024, the average balances of each principal category of our earning assets and interest bearing liabilities and the average taxable equivalent yields on assets and average costs of liabilities. These yields and costs are calculated by dividing the income or expense by the average daily balance of the associated assets or liabilities (amounts in thousands).

	Nine Months Ended September 30, 2025			Nine Months Ended September 30, 2024		
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
Interest earning assets						
Loans	\$ 2,549,652	\$ 124,549	6.53%	\$ 2,315,031	\$ 107,772	6.20%
Mortgage loans held for sale	8,368	301	4.81%	5,617	227	5.38%
Investment securities:						
Taxable securities	736,118	14,437	2.62%	741,233	10,529	1.89%
Tax-exempt securities	71,623	1,736	3.24%	64,982	1,399	2.87%
Interest bearing balances in other banks	126,127	4,277	4.53%	97,142	3,987	5.47%
Federal funds sold	22,396	753	4.50%	23,274	956	5.47%
Total interest earning assets	\$ 3,514,284	\$ 146,053	5.48%	\$ 3,247,279	\$ 124,870	5.05%
Interest bearing liabilities						
Interest bearing transaction accounts	\$ 769,438	\$ 9,266	1.61%	\$ 688,013	\$ 8,641	1.67%
Savings and money market accounts	1,033,184	20,292	2.63%	947,622	20,215	2.84%
Time deposits	721,350	21,286	3.95%	615,458	19,692	4.26%
Securities sold under repurchase agreements	6,885	172	3.34%	14,651	379	3.45%
Federal Home Loan Bank advances	150,201	4,451	3.96%	189,033	5,908	4.16%
Subordinated debentures	40,000	1,249	4.17%	40,000	1,253	4.17%
Total interest bearing liabilities	\$ 2,721,058	\$ 56,716	2.79%	\$ 2,494,777	\$ 56,088	2.99%
Noninterest-bearing funding of earning assets	793,226	-	0.00%	752,502	-	0.00%
Total cost of funding earning assets	\$ 3,514,284	\$ 56,716	2.16%	\$ 3,247,279	\$ 56,088	2.30%
Net interest rate spread			2.69%			2.06%
Net interest income/margin (taxable equivalent)		\$ 89,337	3.40%		\$ 68,782	2.82%
Tax equivalent adjustment		(696)			(649)	
Net interest income/margin		\$ 88,641	3.37%		\$ 68,133	2.79%

The following table reflects, for the nine months ended September 30, 2025 and 2024, the changes in our net interest income due to variances in the volume of interest earning assets and interest bearing liabilities and variances in the associated rates earned or paid on these assets and liabilities (amounts in thousands).

	Nine Months Ended September 30, 2025 vs. Nine Months Ended September 30, 2024		
	Volume	Variance due to Yield/Rate	Total
Interest earning assets			
Loans	\$ 10,865	\$ 5,912	\$ 16,777
Mortgage loans held for sale	110	(36)	74
Investment securities:			
Taxable securities	(56)	3,964	3,908
Tax-exempt securities	144	193	337
Interest bearing balances in other banks	1,186	(896)	290
Federal funds sold	(35)	(168)	(203)
Total interest earning assets	\$ 12,214	\$ 8,969	\$ 21,183
Interest bearing liabilities			
Interest bearing transaction accounts	\$ 1,023	\$ (398)	\$ 625
Savings and money market accounts	1,823	(1,746)	77
Time deposits	3,382	(1,788)	1,594
Short-term debt	(201)	(6)	(207)
Federal Home Loan Bank advances	(1,210)	(247)	(1,457)
Subordinated debentures	(4)	-	(4)
Total interest bearing liabilities	\$ 4,813	\$ (4,185)	\$ 628
Net interest income			
Net interest income (taxable equivalent)	\$ 7,401	\$ 13,154	\$ 20,555
Taxable equivalent adjustment	(6)	(41)	(47)
Net interest income	\$ 7,395	\$ 13,113	\$ 20,508

Total interest income for the nine months ended September 30, 2025 was \$145.4 million and total interest expense was \$56.7 million, resulting in net interest income of \$88.6 million for the period. For the same period of 2024, total interest income was \$124.2 million and total interest expense was \$56.1 million, resulting in net interest income of \$68.1 million for the period. This represents a 30.10% increase in net interest income when comparing the same period from 2025 and 2024. When comparing the variances related to interest income for the nine months ended September 30, 2025 and 2024, the increase was primarily attributed to increases in average volumes in loans and loan yields. The volume related increase in interest income for the nine months ended September 30, 2025 was accompanied by an increase in the yield on loans and investment securities. When comparing variances related to interest expense for the nine months ended September 30, 2025 and 2024, the increase primarily resulted from an increase in deposits with the largest increase in time deposits. The increase in interest expense resulting from an increase in deposits was partially offset by a decrease in deposit interest rates.

Provision for Credit Losses

The provision for credit losses represents a charge to earnings necessary to establish an allowance for credit losses that, in management's evaluation, is adequate to provide coverage for all expected credit losses. As a result of evaluating the allowance for credit losses at September 30, 2025, management recorded a provision for credit losses of \$1.69 million in the third quarter of 2025 compared to \$1.33 million in the third quarter of 2024. The increased provision for credit losses allocated was primarily due to the growth of our overall loan portfolio. In management's evaluation, our allowance for credit losses reflects an amount we believe appropriate, based on our allowance assessment methodology, to adequately cover all expected future losses as of the date the allowance is determined.

Noninterest Income

In addition to net interest income, we generate various types of noninterest income from our operations. Our banking operations generate revenue from service charges and fees mainly on deposit accounts. Our mortgage division generates revenue from originating and selling mortgage loans. Our investment brokerage division generates revenue through a revenue-sharing relationship with a registered broker-dealer. We also own life insurance policies on several key employees and record income on the increase in the cash surrender value of these policies.

The following table sets forth the principal components of noninterest income for the periods indicated (amounts in thousands).

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Service charges and fees	\$ 2,312	\$ 2,115	\$ 6,671	\$ 6,172
Investment brokerage revenue	372	209	921	573
Mortgage operations	1,702	1,221	4,559	3,301
Bank owned life insurance income	434	395	1,250	1,091
Net (loss) gain on sales of investment securities	(3,472)	73	(6,970)	(1,359)
Other noninterest income	679	527	2,533	1,571
Total noninterest income	<u>\$ 2,027</u>	<u>\$ 4,540</u>	<u>\$ 8,964</u>	<u>\$ 11,349</u>

Noninterest income for the three months ended September 30, 2025 was \$2.0 million compared to \$4.5 million for the same period in 2024. The most significant increase in noninterest income was due to the \$481.0 thousand increase in secondary market mortgage operations while the most significant decrease was an overall \$3.5 million loss on sale of investment securities.

Noninterest income for the nine months ended September 30, 2025 was \$9.0 million compared to \$11.3 million for the same period in 2024. The most significant decrease in noninterest income was due to a \$5.6 million increase in the loss on sales of investment securities while the most significant increase was an overall \$963 thousand increase in other noninterest income with \$902 thousand of the income coming as a result of one time contract revenue negotiations.

Noninterest Expense

Noninterest expenses consist primarily of salaries and employee benefits, building occupancy and equipment expenses, advertising and promotion expenses, data processing expenses, legal and professional services and miscellaneous other operating expenses.

The following table sets forth the principal components of noninterest expense for the periods indicated (amounts in thousands).

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Salaries and employee benefits	\$ 11,286	\$ 9,533	\$ 32,007	\$ 28,205
Occupancy expenses	1,100	1,017	3,159	2,963
Equipment rentals, depreciation, and maintenance	572	572	1,655	1,617
Telephone and communications	108	106	329	372
Advertising and business development	352	269	879	712
Data processing	1,099	1,093	3,324	3,121
Foreclosed assets, net	111	156	84	257
Federal deposit insurance and other regulatory assessments	620	747	2,127	2,176
Legal and other professional services	456	261	2,084	875
Other operating expense	2,419	1,956	6,660	6,218
Total noninterest expense	<u>\$ 18,123</u>	<u>\$ 15,710</u>	<u>\$ 52,308</u>	<u>\$ 46,516</u>

Noninterest expense for the three months ended September 30, 2025 totaled \$18.1 million compared with \$15.7 million for the same period of 2024. The overall increase was primarily a result of salaries and employee benefits. Salaries and employee benefits increased \$1.8 million, or 18.39%, to \$11.3 million in the third quarter of 2025 from \$9.5 million in the third quarter of 2024.

Noninterest expense for the nine months ended September 30, 2025 totaled \$52.3 million compared with \$46.5 million for the same period of 2024. The overall increase was primarily a result of legal and other professional services and salaries and employee benefits. Legal and other professional services increased \$1.2 million, or 138.17%, to \$2.1 million in the first nine months of 2025 from \$875 thousand in the first nine months of 2024. The most significant increase in legal and other professional services was \$920 thousand of expense coming from professional service contract negotiations. Salaries and employee benefits increased \$3.8 million, or 13.48%, to \$32.0 million in the first nine months of 2025 from \$28.2 million in the first nine months of 2024.

Provision for Income Taxes

We recognized income tax expense of \$2.9 million for the three months ended September 30, 2025, compared to \$2.8 million for the three months ended September 30, 2024. The effective tax rate for the three months ended September 30, 2025 was 21.4% compared to 24.6% for the same period in 2024. The effective tax rate is affected by levels of items of income that are not subject to federal and/or state taxation and by levels of items of expense that are not deductible for federal and/or state income tax purposes.

We recognized income tax expense of \$9.0 million for the nine months ended September 30, 2025, compared to \$6.9 million for the nine months ended September 30, 2024. The effective tax rate for the nine months ended September 30, 2025 was 22.4% compared to 23.8% for the same period in 2024. The effective tax rate is affected by levels of items of income that are not subject to federal and/or state taxation and by levels of items of expense that are not deductible for federal and/or state income tax purposes.

Comparison of Financial Condition at September 30, 2025 and December 31, 2024

Overview

Our total assets increased \$262.4 million, or 7.33%, from December 31, 2024 to September 30, 2025. Loans, net of deferred fees and discounts, increased \$153.4 million, or 6.17%, from December 31, 2024 to September 30, 2025. Securities available-for-sale increased by \$37.0 million, or 6.06%, and securities held-to-maturity decreased by \$3.7 million, or 2.99%, from December 31, 2024 to September 30, 2025, respectively. Cash and cash equivalents increased \$58.3 million, or 31.39% from December 31, 2024 to September 30, 2025. Total deposits increased \$283.7 million, or 9.25%, from December 31, 2024 to September 30, 2025 which funded a majority of our loan growth. Total stockholders' equity increased \$49.8 million, or 21.94% from December 31, 2024 to September 30, 2025.

Investment Securities

We use our securities portfolio primarily to enhance our overall yield on interest-earning assets and as a source of liquidity, as a tool to manage our balance sheet sensitivity and regulatory capital ratios, and as a base upon which to pledge assets for public deposits. When our liquidity position exceeds current needs and our expected loan demand, other investments are considered as a secondary earnings alternative. As investments mature, they are used to meet current cash needs, or they are reinvested to maintain our desired liquidity position. We have designated the majority of our securities as available-for-sale to provide flexibility, in case an immediate need for liquidity arises, and we believe that the composition of the portfolio offers needed flexibility in managing our liquidity position and interest rate sensitivity without adversely impacting our regulatory capital levels. In certain cases, we have designated securities as held-to-maturity to protect capital from changes in the value of the securities portfolio. Securities available-for-sale are reported at fair value with unrealized gains or losses reported as a separate component of other comprehensive income, net of related deferred taxes while securities held-to-maturity are reported at amortized cost. Purchase premiums and discounts are recognized in income using the interest method over the terms of the securities.

During the nine months ended September 30, 2025, we purchased investment securities totaling \$198.2 million and sold investment securities with proceeds received of \$135.1 million including net realized losses of \$7.0 million.

The following tables summarize the amortized cost, gross unrealized gains, gross unrealized losses, and fair value of debt securities at September 30, 2025 and December 31, 2024 (amounts in thousands).

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2025:				
Securities available-for-sale:				
Residential mortgage-backed	\$ 535,465	\$ 2,429	\$ (40,219)	\$ 497,675
U.S. treasury securities	35,158	-	(1,111)	34,047
U.S. govt. sponsored enterprises	17,776	-	(1,075)	16,701
State, county, and municipal	95,414	265	(8,975)	86,704
Corporate debt obligations	13,689	40	(989)	12,740
Total available-for-sale	<u>\$ 697,502</u>	<u>\$ 2,734</u>	<u>\$ (52,369)</u>	<u>\$ 647,867</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2025:				
Securities held-to-maturity:				
Residential mortgage-backed	\$ 55,662	\$ -	\$ (9,964)	\$ 45,698
State, county, and municipal	62,748	-	(10,074)	52,674
Total held-to-maturity	<u>\$ 118,410</u>	<u>\$ -</u>	<u>\$ (20,038)</u>	<u>\$ 98,372</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities available-for-sale:				
Residential mortgage-backed	\$ 457,157	\$ -	\$ (58,415)	\$ 398,742
U.S. treasury securities	90,508	-	(5,844)	84,664
U.S. govt. sponsored enterprises	49,354	-	(3,818)	45,536
State, county, and municipal	77,158	-	(10,544)	66,614
Corporate debt obligations	16,714	3	(1,409)	15,308
Total available-for-sale	<u>\$ 690,891</u>	<u>\$ 3</u>	<u>\$ (80,030)</u>	<u>\$ 610,864</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities held-to-maturity:				
Residential mortgage-backed	\$ 59,274	\$ -	\$ (12,786)	\$ 46,488
State, county, and municipal	62,787	-	(12,337)	50,450
Total held-to-maturity	<u>\$ 122,061</u>	<u>\$ -</u>	<u>\$ (25,123)</u>	<u>\$ 96,938</u>

Loans

Loans are the largest category of interest earning assets and typically provide higher yields than other types of interest earning assets. Associated with the higher loan yields are the inherent credit and liquidity risks which management attempts to control and counterbalance. Total loans averaged \$2.59 billion during the three months ended September 30, 2025, or 71.9% of average interest earning assets, as compared to \$2.39 billion, or 72.3% of average interest earning assets, for the three months ended September 30, 2024. At September 30, 2025, total loans were \$2.64 billion, compared to \$2.49 billion at December 31, 2024, an increase of \$153.4 million, or 6.17%.

The organic, or non-acquired, growth in our loan portfolio is attributable both to our ability to attract new customers and to our ability to benefit from the overall growth in our markets. We seek to build relationships with new customers, maintain and even improve our relationships with existing customers, and encourage our bankers to be involved in their communities. We expect our bankers to recognize business development efforts and to maintain healthy relationships with clients, and our philosophy is to be responsive to customer needs by providing decisions in a timely manner.

The following table provides a summary of the loan portfolio as of September 30, 2025, and December 31, 2024.

	September 30, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	\$ 906,720	34.8%	\$ 869,415	35.4%
Closed-end 1-4 family - junior lien	18,879	0.7%	14,145	0.6%
Multi-family	51,733	2.0%	19,651	0.8%
Total residential real estate	977,332	37.5%	903,211	36.8%
Commercial real estate:				
Nonfarm nonresidential	691,354	26.5%	637,589	26.0%
Farmland	82,886	3.2%	75,184	3.1%
Total commercial real estate	774,240	29.7%	712,773	29.1%
Construction and land development:				
Residential	118,577	4.6%	101,986	4.2%
Other	141,105	5.4%	190,955	7.8%
Total construction and land development	259,682	10.0%	292,941	12.0%
Home equity lines of credit	148,158	5.7%	124,064	5.1%
Commercial loans:				
Other commercial loans	317,345	12.2%	291,762	11.9%
Agricultural	88,095	3.4%	76,348	3.1%
State, county, and municipal loans	26,916	0.9%	33,847	1.2%
Total commercial loans	432,356	16.5%	401,957	16.2%
Consumer loans	57,051	2.2%	60,522	2.5%
Total gross loans	2,648,819	101.6%	2,495,468	101.7%
Allowance for credit losses	(35,043)	-1.3%	(32,088)	-1.3%
Net discounts	(6)	0.0%	(13)	0.0%
Net deferred loan fees	(8,596)	-0.3%	(8,633)	-0.4%
Net loans	<u>\$ 2,605,174</u>	<u>100.0%</u>	<u>\$ 2,454,734</u>	<u>100.0%</u>

In this context, a “real estate loan” is defined as any loan, secured by real estate, regardless of the purpose of the loan. It is common practice for financial institutions in our market areas, and for our Bank, to obtain a security interest or lien in real estate whenever possible, in addition to any other available collateral. This collateral is taken to reinforce the likelihood of the ultimate repayment of the loan and tends to increase the magnitude of the real estate loan portfolio component. In general, we prefer real estate collateral to many other potential collateral sources, such as accounts receivable, inventory and equipment.

Real estate loans are the largest component of our loan portfolio and include residential real estate loans, commercial real estate loans, and construction and land development loans. At September 30, 2025, this category totaled \$2.01 billion, or 75.93% of total gross loans, compared to \$1.91 billion, or 76.50%, at December 31, 2024. Real estate loans increased \$102.3 million, or 5.36%, during the period December 31, 2024 to September 30, 2025. Commercial loans increased \$30.4 million, or 7.56% during the same period. Our management team and lending officers have a great deal of experience and expertise in real estate lending and commercial lending.

The federal regulatory agencies issued two “guidance” documents that have a significant impact on real estate related lending and, thus, on the operations of the Bank. One part of the guidance could require lenders to restrict lending secured primarily by certain categories of commercial real estate to a level of 300% of their capital or to raise additional capital. This factor, combined with the current economic environment, could affect the Bank’s lending strategy away from, or to limit its expansion of, commercial real estate lending, which has been a material part of River Financial Corporation’s lending strategy. This could also have a negative impact on our lending and profitability. Management actively monitors the composition of the Bank’s loan portfolio, focusing on concentrations of credit, and the results of that monitoring activity are periodically reported to the Board of Directors.

The other guidance relates to the structuring of certain types of mortgages that allow negative amortization of consumer mortgage loans. Although the Bank does not engage at present in lending using these types of instruments, the guidance could have the effect of making the Bank less competitive in consumer mortgage lending if the local market is driving the demand for such an offering.

The repayment of loans is a source of additional liquidity for us. The following table sets forth our variable rate and fixed rate loans maturing within specific intervals at September 30, 2025.

LOAN MATURITY AND SENSITIVITY TO CHANGES IN INTEREST RATES

	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Variable Rate Loans:					
Residential real estate:					
Closed-end 1-4 family - first lien	\$ 9,365	\$ 8,910	\$ 7,662	\$ 526,771	\$ 552,708
Closed-end 1-4 family - junior lien	1,406	4,410	174	-	5,990
Multi-family	-	19,723	-	-	19,723
Total residential real estate	10,771	33,043	7,836	526,771	578,421
Commercial real estate:					
Nonfarm nonresidential	13,681	34,592	7,061	-	55,334
Farmland	1,408	2,038	-	250	3,696
Total commercial real estate	15,089	36,630	7,061	250	59,030
Construction and land development:					
Residential	34,113	3,056	149	23,888	61,206
Other	38,099	11,535	4,523	5,013	59,170
Total construction and land development	72,212	14,591	4,672	28,901	120,376
Home equity lines of credit	8,839	6,535	109,685	-	125,059
Commercial loans:					
Other commercial loans	71,618	38,003	13,196	-	122,817
Agricultural	63,530	1,779	-	-	65,309
State, county, and municipal loans	90	-	-	-	90
Total commercial loans	135,238	39,782	13,196	-	188,216
Consumer loans	2,777	869	-	-	3,646
Total gross variable rate loans	\$ 244,926	\$ 131,450	\$ 142,450	\$ 555,922	\$ 1,074,748

	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Fixed Rate Loans:					
Residential real estate:					
Closed-end 1-4 family - first lien	\$ 39,447	\$ 166,178	\$ 52,083	\$ 96,304	\$ 354,012
Closed-end 1-4 family - junior lien	994	10,671	932	292	12,889
Multi-family	666	26,138	3,271	1,935	32,010
Total residential real estate	41,107	202,987	56,286	98,531	398,911
Commercial real estate:					
Nonfarm nonresidential	62,468	346,048	223,857	3,647	636,020
Farmland	22,222	42,962	13,943	63	79,190
Total commercial real estate	84,690	389,010	237,800	3,710	715,210
Construction and land development:					
Residential	53,988	3,381	-	2	57,371
Other	23,460	44,297	13,948	230	81,935
Total construction and land development	77,448	47,678	13,948	232	139,306
Home equity lines of credit	1,810	1,236	19,953	100	23,099
Commercial loans:					
Other commercial loans	24,742	129,616	40,170	-	194,528
Agricultural	6,162	15,379	1,245	-	22,786
State, county, and municipal loans	754	11,760	14,312	-	26,826
Total commercial loans	31,658	156,755	55,727	-	244,140
Consumer loans	7,266	27,280	18,334	525	53,405
Total fixed rate gross loans	<u>\$ 243,979</u>	<u>\$ 824,946</u>	<u>\$ 402,048</u>	<u>\$ 103,098</u>	<u>\$ 1,574,071</u>

	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Total Loans:					
Residential real estate:					
Closed-end 1-4 family - first lien	\$ 48,812	\$ 175,088	\$ 59,745	\$ 623,075	\$ 906,720
Closed-end 1-4 family - junior lien	2,400	15,081	1,106	292	18,879
Multi-family	666	45,861	3,271	1,935	51,733
Total residential real estate	51,878	236,030	64,122	625,302	977,332
Commercial real estate:					
Nonfarm nonresidential	76,149	380,640	230,918	3,647	691,354
Farmland	23,630	45,000	13,943	313	82,886
Total commercial real estate	99,779	425,640	244,861	3,960	774,240
Construction and land development:					
Residential	88,101	6,437	149	23,890	118,577
Other	61,559	55,832	18,471	5,243	141,105
Total construction and land development	149,660	62,269	18,620	29,133	259,682
Home equity lines of credit	10,649	7,771	129,638	100	148,158
Commercial loans:					
Other commercial loans	96,360	167,619	53,366	-	317,345
Agricultural	69,692	17,158	1,245	-	88,095
State, county, and municipal loans	844	11,760	14,312	-	26,916
Total commercial loans	166,896	196,537	68,923	-	432,356
Consumer loans	10,043	28,149	18,334	525	57,051
Total gross loans	<u>\$ 488,905</u>	<u>\$ 956,396</u>	<u>\$ 544,498</u>	<u>\$ 659,020</u>	<u>\$ 2,648,819</u>

The information presented in the table above is based upon the contractual maturities of the individual loans, which may be subject to renewal at their contractual maturity. Renewal of such loans is subject to review and credit approval, as well as modification of terms at their maturity. Consequently, we believe that this treatment presents fairly the maturity structure of the loan portfolio.

Allowance for Credit Losses, Provision for Credit Losses and Asset Quality

Allowance for credit losses and provision for credit losses

The allowance for credit losses represents management's estimate of expected lifetime credit losses in the loan portfolio. Management determines the allowance based on an ongoing evaluation of risk as it correlates to potential losses within the portfolio. Increases to the allowance for credit losses are made by charges to the provision for credit losses. Loans deemed to be uncollectible are charged against the allowance. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

The Bank recognizes that all significant factors that affect the collectability of the loan portfolio must be considered to determine the estimated credit losses as of the evaluation date. Furthermore, the methodology, in and of itself and even when selectively adjusted by comparison to market and peer data, does not provide a sufficient basis to determine the estimated credit losses. The Bank adjusts the modeled historical losses by a qualitative adjustment to incorporate all significant risks to form a sufficient basis to estimate the credit losses. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, and concentrations, trends in underlying collateral, as well as external factors and economic conditions not already captured.

Loans that do not share risk characteristics are evaluated on an individual basis. Generally, this population includes loans on non-accrual status, however, they can also include any loan that does not share risk characteristics with its respective pool. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of the collateral at the reporting date unadjusted for selling costs as appropriate. When the expected source of repayment is from a source other than the underlying collateral, impairment will generally be measured based on the present value of expected proceeds discounted at the contractual interest rate.

Management believes the data it uses in determining the allowance for credit losses is sufficient to estimate potential losses in the loan portfolio; however, actual results could differ from management's estimate.

The following table presents a summary of changes in the allowance for credit losses for the periods indicated (amounts in thousands).

	As of and for the Three Months Ended:		As of and for the Nine Months Ended:	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Allowance for credit losses at beginning of period	\$ 33,551	\$ 30,916	\$ 32,088	\$ 28,991
Charge-offs:				
Mortgage loans on real estate:				
Residential real estate	26	35	75	35
Commercial real estate	-	250	1,514	498
Construction and land development	-	10	-	29
Total mortgage loans on real estate	26	295	1,589	562
Home equity lines of credit	-	-	-	50
Commercial	209	867	728	1,213
Consumer	26	25	164	126
Total	261	1,187	2,481	1,951
Recoveries:				
Mortgage loans on real estate:				
Residential real estate	28	2	40	2
Commercial real estate	4	3	8	8
Construction and land development	-	-	-	-
Total mortgage loans on real estate	32	5	48	10
Home equity lines of credit	-	-	9	-
Commercial	22	14	283	53
Consumer	13	3	38	13
Total	67	22	378	76
Net charge-offs	194	1,165	2,103	1,875
Provision for credit losses	1,686	1,326	5,058	3,961
Allowance for credit losses at end of period	<u>\$ 35,043</u>	<u>\$ 31,077</u>	<u>\$ 35,043</u>	<u>\$ 31,077</u>
Total loans outstanding, net of deferred loan fees	2,640,217	2,423,683	2,640,217	2,423,683
Average loans outstanding, net of deferred loan fees	2,594,511	2,389,722	2,549,652	2,315,031
Allowance for credit losses to period end loans	1.33%	1.28%	1.33%	1.28%
Net charge-offs to average loans (annualized)	0.03%	0.20%	0.11%	0.11%

Allocation of the Allowance for Credit Losses

While no portion of the allowance for credits losses is in any way restricted to any individual loan or group of loans and the entire allowance is available to absorb losses from any and all loans, the following table represents management's allocation of the allowance for credit losses to specific loan categories as of the dates indicated (amounts in thousands).

	September 30, 2025		December 31, 2024	
	Amount	Percent of Total	Amount	Percent of Total
Mortgage loans on real estate:				
Residential real estate	\$ 8,324	23.8%	\$ 7,690	24.0%
Commercial real estate	11,591	33.1%	10,629	33.1%
Construction and land development	3,440	9.8%	4,299	13.4%
Total mortgage loans on real estate	23,355	66.7%	22,618	70.5%
Home equity lines of credit	2,294	6.5%	1,887	5.9%
Commercial	8,853	25.3%	7,072	22.0%
Consumer	541	1.5%	511	1.6%
Total	<u>\$ 35,043</u>	<u>100.0%</u>	<u>\$ 32,088</u>	<u>100.0%</u>

Nonperforming Assets

The following table presents our nonperforming assets as of the dates indicated (amounts in thousands):

	September 30,		December 31,
	2025	2024	2024
Nonaccrual loans	\$ 7,532	\$ 11,438	\$ 8,513
Accruing loans past due 90 days or more	-	24	8
Total nonperforming loans	7,532	11,462	8,521
Foreclosed assets	1,990	44	130
Total nonperforming assets	\$ 9,522	\$ 11,506	\$ 8,651
Allowance for credit losses to period end loans	1.33%	1.28%	1.29%
Allowance for credit losses to period end nonperforming loans	465.19%	271.13%	376.58%
Net charge-offs to average loans (annualized)	0.11%	0.11%	0.11%
Nonperforming assets to period end loans and foreclosed property	0.36%	0.47%	0.35%
Nonperforming loans to period end loans	0.29%	0.47%	0.34%
Nonperforming assets to total assets	0.25%	0.33%	0.24%
Period end loans	\$ 2,640,217	\$ 2,423,683	\$ 2,486,822
Period end total assets	\$ 3,844,608	\$ 3,496,474	\$ 3,582,206
Allowance for credit losses	\$ 35,043	\$ 31,077	\$ 32,088
Average loans for the period	\$ 2,549,652	\$ 2,315,031	\$ 2,348,776
Net charge-offs for the period	\$ 2,103	\$ 1,875	\$ 2,690
Period end loans plus foreclosed property	\$ 2,642,207	\$ 2,423,727	\$ 2,486,952

Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that the collection of interest is doubtful. In addition to consideration of these factors, loans that are past due 90 days or more are generally placed on nonaccrual status. When a loan is placed on nonaccrual status, all accrued interest on the loan is reversed and deducted from earnings as a reduction of reported interest income. No additional interest is accrued on the loan balance until collection of both principal and interest becomes reasonably certain. Payments received while a loan is on nonaccrual status will generally be applied to the outstanding principal balance. When a problem loan is finally resolved, there may ultimately be an actual write-down or charge-off of the principal balance of the loan that would necessitate additional charges to the allowance for credit losses. The nonperforming loans classification is made up of all loans 90 days or most past due and loans on nonaccrual status.

Deposits

Deposits, which include noninterest bearing demand deposits, interest bearing demand deposits, money market accounts, savings accounts, and time deposits, are the principal source of funds for the Bank. We offer a variety of products designed to attract and retain customers, with primary focus on building and expanding client relationships. Management continues to focus on establishing a comprehensive relationship with consumer and business borrowers, seeking deposits as well as lending relationships.

The following table details the composition of our deposit portfolio as of September 30, 2025, and December 31, 2024.

	September 30, 2025		December 31, 2024	
	Amount	Percent of Total	Amount	Percent of Total
Demand deposits, non-interest bearing	\$ 673,698	20.1%	\$ 654,229	21.3%
Demand deposits, interest bearing	829,038	24.7%	752,280	24.5%
Money market accounts	955,046	28.5%	856,124	27.9%
Savings deposits	121,707	3.6%	106,269	3.5%
Time certificates of \$250 thousand or more	433,071	12.9%	390,906	12.7%
Other time certificates	338,301	10.2%	307,351	10.1%
Totals	<u>\$ 3,350,861</u>	<u>100.0%</u>	<u>\$ 3,067,159</u>	<u>100.0%</u>

Total deposits were \$3.35 billion at September 30, 2025, an increase of \$283.7 million from December 31, 2024 with the increase resulting mainly in the balances of money market accounts and interest bearing demand deposit accounts. Some of our demand deposit accounts are seasonal and have expected balance fluctuations. The seasonality of these demand deposits is related to property tax collections and to agricultural production.

The following table presents the Bank's time certificates of deposits by various maturities as of September 30, 2025 (amounts in thousands).

	All Time Deposits	Time Deposits \$250 or more	Time Deposits less than \$250
Three months or less	\$ 242,409	\$ 109,133	\$ 133,276
Greater than three months through six months	253,280	143,762	109,518
Greater than six months through one year	230,195	156,910	73,285
Greater than one year through three years	41,702	22,666	19,036
Greater than three years	3,786	600	3,186
Total	<u>\$ 771,372</u>	<u>\$ 433,071</u>	<u>\$ 338,301</u>

Other Funding Sources

We supplement our deposit funding with wholesale funding when needed for balance sheet planning and management or when the terms are attractive and will not disrupt our offering rates in our markets. A source we have used for wholesale funding is the Federal Home Loan Bank of Atlanta (FHLB). The line of credit with the FHLB is secured by pledges of various loans in our loan portfolio. At September 30, 2025, the FHLB line of credit available was \$360.1 million and at December 31, 2024 it was \$237.0 million. As of September 30, 2025 and December 31, 2024, we had \$150 million and \$205 million Federal Home Loan Bank advances outstanding, respectively. We also have lines of credit for federal funds borrowings with other banks that totaled \$100.0 million at September 30, 2025 and December 31, 2024, respectively. Furthermore, we have pledged certain loans to the Federal Reserve Bank (FRB) to secure a line of credit. At September 30, 2025, the FRB line of credit available was \$404.5 million and at December 31, 2024, the FRB line of credit available was \$422.1 million. Another source that we have used for wholesale funding is the Federal Reserve Bank discount window. At both September 30, 2025 and December 31, 2024, we had no borrowings outstanding with the Federal Reserve Bank discount window.

On August 9, 2021, the Company entered into a line of credit agreement with ServisFirst Bank for \$10 million. The line of credit agreement was amended on March 17, 2023 to increase the line to \$20 million. The line of credit is to be used for general capital needs and investments. The line, when drawn, will require quarterly payments of interest only. The line of credit was amended on March 15, 2024 and extended the maturity date 24 months to March 15, 2026. Additionally, the amendment dated March 15, 2024 increased the interest rate float at Wall Street Journal Prime with a floor of 4.50% up from 3.25%. The line of credit is secured by 51% of the Bank's stock.

On March 9, 2021, River Financial Corporation ("the Company") entered into a Subordinated Note Purchase Agreement (the "Purchase Agreement") with the purchasers signatory thereto providing for a private placement of \$40 million in aggregate principal amount of 4.00% fixed-to-floating rate Subordinated Notes due March 15, 2031 (the "Notes"). The Notes were issued by the Company to the purchasers at a price equal to 100% of their face amount. Interest on the Notes will accrue from March 9, 2021, and the Company will pay interest semi-annually on March 15th and September 15th of each year, beginning on September 15, 2021, until the Notes mature. The Notes will bear interest at a fixed rate of 4.00% per year, from and including March 9, 2021 to, but excluding, March 15, 2026. From and including March 15, 2026, but excluding the maturity date or early redemption date, the interest rate will reset quarterly at a variable rate equal to the then current three-month term SOFR plus 342 basis points. The Notes may not be prepaid by the Company prior to March 15, 2026. From and after March 15, 2026, the Company may prepay all or, from time to time, any part of the Notes at 100% of the principal amount (plus accrued interest) without penalty, subject to any requirement under Federal Reserve Board regulations to obtain prior approval from the Board of Governors of the Federal Reserve System before making any prepayment. The Notes may also be prepaid by the Company at any time after the occurrence of an event that would preclude the Notes from being included in the Tier 2 Capital of the Company. The Purchase Agreement contains customary representations and warranties, events of default, and affirmative and negative covenants, including the requirement that, subject to certain limitations, the Company restructure any portion of the Notes that ceases to be deemed Tier 2 Capital. The Company used approximately \$19.7 million of the net proceeds from the issuance of the Notes to pay off its note with CenterState Bank dated October 31, 2018, including interest accrued on such notes, and the remaining proceeds for general corporate purposes, including providing capital to support the organic growth of its bank subsidiary, River Bank.

On December 15, 2023, the Bank entered into an irrevocable standby letter of credit agreement with the FHLB for \$75 million issued in favor of the Alabama State Treasurer, SAFE Program. The letter of credit agreement was amended on June 24, 2024 to increase the amount to \$200 million. The letter of credit agreement was amended on September 13, 2024 to decrease the amount to \$175 million. The Bank is charged 0.09% on the amount of the irrevocable standby letter of credit. The letter of credit shall remain in effect until terminated by either the Bank or the FHLB upon written notice to the other party.

Liquidity

Market and public confidence in our financial strength and financial institutions in general will largely determine our access to appropriate levels of liquidity. This confidence is significantly dependent on our ability to maintain sound asset quality and appropriate levels of capital reserves.

Liquidity is defined as the ability to meet anticipated customer demands for funds under credit commitments and deposit withdrawals at a reasonable cost and on a timely basis. We measure our liquidity position by giving consideration to both on- and off-balance sheet sources of and demands for funds on a daily, weekly and monthly basis.

Liquidity risk involves the risk of being unable to fund assets with the appropriate duration and rate-based liabilities, as well as the risk of not being able to meet unexpected cash needs. Liquidity planning and management are necessary to ensure the ability to fund operations cost-effectively and to meet current and future potential obligations such as loan commitments and unexpected deposit outflows. In this process, we focus on assets and liabilities and on the manner in which they combine to provide adequate liquidity to meet our needs.

Funds are available from a number of basic banking activity sources, including the core deposit base, the repayment and maturity of loans, and investment cash flows. Other funding sources include federal funds borrowings, brokered certificates of deposit and borrowings from the FHLB and FRB.

Cash and cash equivalents at September 30, 2025 and December 31, 2024, were \$244.0 million and \$185.7 million, respectively. Based on recorded cash and cash equivalents, management believes River Financial Corporation's liquidity resources were sufficient at September 30, 2025 to fund loans and meet other cash needs as necessary.

Off-Balance Sheet Arrangements

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financial needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized by the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. In most cases, the Company requires collateral or other security to support financial instruments with credit risk.

Financial instruments whose contract amount represents credit risk at September 30, 2025 and December 31, 2024 were as follows (amounts in thousands):

	September 30, 2025	December 31, 2024
Commitments to extend credit	\$ 453,570	\$ 442,506
Stand-by and performance letters of credit	8,113	10,060
Total	<u>\$ 461,683</u>	<u>\$ 452,566</u>

Contractual Obligations

While our liquidity monitoring and management considers both present and future demands for and sources of liquidity, the following table of contractual commitments focuses only on future obligations as of September 30, 2025 (amounts in thousands).

	Due in 1 year or less	Due after 1 through 3 years	Due after 3 through 5 years	Due after 5 years	Total
Deposits without a stated maturity	\$ 2,579,489	\$ -	\$ -	\$ -	\$ 2,579,489
Certificates of deposit of less than \$250 thousand	316,079	19,036	3,186	-	338,301
Certificates of deposit of \$250 thousand or more	409,805	22,666	600	-	433,071
Federal Home Loan Bank advances	25,000	25,000	40,000	60,000	150,000
Subordinated debt, net of debt issuance costs	-	-	-	39,615	39,615
Operating leases	838	1,371	1,311	5,356	8,876
Total contractual obligations	<u>\$ 3,331,211</u>	<u>\$ 68,073</u>	<u>\$ 45,097</u>	<u>\$ 104,971</u>	<u>\$ 3,549,352</u>

Capital Position and Dividends

At September 30, 2025 and December 31, 2024, total stockholders' equity was \$276.9 million and \$227.1 million, respectively. The increase of approximately \$49.8 million resulted mainly from the net change in retained earnings and accumulated other comprehensive loss for the nine months ended September 30, 2025. Retained earnings for the first nine months of 2025 increased \$27.0 million while accumulated other comprehensive loss also decreased \$22.9 million. The ratio of stockholders' equity to total assets was 7.20% and 6.34% at September 30, 2025 and December 31, 2024, respectively.

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Certain items such as goodwill and other intangible assets are deducted from total capital in arriving at the various regulatory capital measures such as Common Equity Tier 1 capital, Tier 1 capital, and total risk-based capital. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on River Financial Corporation's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory regulations and guidelines. The Company's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

River Bank is eligible to utilize the community bank leverage ratio (CBLR) framework. The Bank has evaluated this option and has elected not to utilize the CBLR framework at this time, but may do so in the future.

Quantitative measures, established by regulation to ensure capital adequacy, require River Financial Corporation and River Bank to maintain minimum amounts and ratios (set forth in the table below) of total risk based capital, Common Equity Tier 1 capital, and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and of Tier 1 capital (as defined in the regulations) to average assets (as defined in the regulations).

Management believes, as of September 30, 2025 and December 31, 2024, that the Company and Bank meet all capital adequacy requirements to which they are subject. The following tables present the Company's and Bank's capital amounts and ratios as of September 30, 2025 and December 31, 2024 with the required minimum levels for capital adequacy purposes including the capital conservation buffer under Basel III and minimum levels to be well capitalized (as defined) under the regulatory prompt corrective action regulations.

As of September 30, 2025:

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations ⁽¹⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
River Financial Corporation:						
Total Capital (To Risk-Weighted Assets)	\$ 366,997	13.612%	\$ 283,087	>= 10.500%	N/A	N/A
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	293,664	10.892%	188,725	>= 7.000%	N/A	N/A
Tier 1 Capital (To Risk-Weighted Assets)	293,664	10.892%	229,166	>= 8.500%	N/A	N/A
Tier 1 Capital (To Average Assets)	293,664	7.778%	151,033	>= 4.000%	N/A	N/A
River Bank:						
Total Capital (To Risk-Weighted Assets)	\$ 366,140	13.581%	\$ 283,088	>= 10.500%	\$ 269,607	>= 10.00%
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	332,422	12.330%	188,726	>= 7.000%	175,246	>= 6.50%
Tier 1 Capital (To Risk-Weighted Assets)	332,422	12.330%	229,167	>= 8.500%	215,687	>= 8.00%
Tier 1 Capital (To Average Assets)	332,422	8.804%	151,032	>= 4.000%	188,790	>= 5.00%

(1) the prompt corrective action provisions are applicable at the Bank level only.

As of December 31, 2024:

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations ⁽¹⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
River Financial Corporation:						
Total Capital (To Risk-Weighted Assets)	\$ 336,746	13.197%	\$ 267,929	>= 10.500%	N/A	N/A
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	265,298	10.397%	178,619	>= 7.000%	N/A	N/A
Tier 1 Capital (To Risk-Weighted Assets)	265,298	10.397%	216,895	>= 8.500%	N/A	N/A
Tier 1 Capital (To Average Assets)	265,298	7.482%	141,838	>= 4.000%	N/A	N/A
River Bank:						
Total Capital (To Risk-Weighted Assets)	\$ 335,441	13.152%	\$ 267,802	>= 10.500%	\$ 255,049	>= 10.00%
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	303,556	11.902%	178,540	>= 7.000%	165,787	>= 6.50%
Tier 1 Capital (To Risk-Weighted Assets)	303,556	11.902%	216,798	>= 8.500%	204,046	>= 8.00%
Tier 1 Capital (To Average Assets)	303,556	8.561%	141,839	>= 4.000%	177,298	>= 5.00%

(1) the prompt corrective action provisions are applicable at the Bank level only.

River Financial Corporation's principal source of funds for dividend payments and debt service is dividends received from River Bank. There are statutory limitations on the payment of dividends by River Bank to River Financial Corporation. As of September 30, 2025, the maximum amount the Bank could dividend to River Financial Corporation without prior regulatory authority approval was approximately \$70.8 million. In addition to dividend restrictions, federal statutes prohibit unsecured loans from banks to bank holding companies.

During the nine months ending September 30, 2025 there were 9,000 incentive stock options issued with a weighted average exercise price of \$31.41 per share. During the same period, there were 15,650 incentive stock options exercised at a weighted average exercise price of \$15.24 per share. Included in the 15,650 incentive stock options exercised during the same period were 1,472 cashless stock options. During the same period, there were 7,300 incentive stock options forfeited at a weighted average exercise price of \$33.54. During the same period, there were 500 incentive stock options that expired at a weighted average exercise price of \$16.00. A total of 321,794 incentive stock options were outstanding as of September 30, 2025 with a weighted average exercise price of \$26.08 per share and a weighted average remaining life of 3.81 years.

During the nine months ending September 30, 2025 there were 101,000 restricted stock grants issued with a weighted average issue price of \$31.25 per share. During the same time period, there were 14,100 stock grants that vested with a weighted average issue price of \$31.84. During the same time period, there were 1,400 stock grants forfeited with a weighted average issue price of \$31.24. A total of 135,733 restricted stock grants remained nonvested as of September 30, 2025 with a weighted average remaining life of 2.14 years.

Interest Sensitivity and Market Risk

Management monitors and manages the pricing and maturity of our assets and liabilities in order to diminish the potential adverse impact that changes in interest rates could have on net interest income. The principal monitoring technique employed by the Bank is simulation analysis.

In simulation analysis, we review each asset and liability category and its projected behavior in various different interest rate environments. These projected behaviors are based on management's past experience and on current competitive environments, including the various environments in the different markets in which we compete. Using projected behavior and differing rate scenarios as inputs, the simulation analysis generates projections of net interest income. We also periodically verify the validity of this approach by comparing actual results with those that were projected in previous models.

Another technique used in interest rate management, but to a lesser degree than simulation analysis, is the measurement of the interest sensitivity "gap", which is the positive or negative dollar difference between assets and liabilities that are subject to interest rate repricing within a given period of time. Interest rate sensitivity can be managed by repricing assets and liabilities, selling securities available for sale, replacing an asset or liability at maturity or by adjusting the interest rate during the life of an asset or liability.

We evaluate interest rate sensitivity risk and then formulate guidelines regarding asset generation and repricing, and sources and prices of off-balance sheet commitments in order to maintain interest sensitivity risk at levels deemed prudent by management. We use computer simulations to measure the net income effect of various rate scenarios. The modeling reflects interest rate changes and the related impact on net income over specified periods of time.

The following table illustrates our interest rate sensitivity at September 30, 2025, assuming the relevant assets and liabilities are collected and paid, respectively, based upon historical experience rather than their stated maturities (amounts in thousands).

	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yrs	2-3 Yrs	>3 Yrs	Total
Interest earning assets							
Loans	\$ 600,303	\$ 142,895	\$ 464,307	\$ 398,860	\$ 299,502	\$ 734,350	\$ 2,640,217
Securities	23,217	13,118	73,647	92,111	58,197	505,987	766,277
Certificates of deposit in banks	-	1,250	-	2,500	250	218	4,218
Cash balances in banks	166,191	-	-	-	-	-	166,191
Federal funds sold	31,000	-	-	-	-	-	31,000
Total interest earning assets	\$ 820,711	\$ 157,263	\$ 537,954	\$ 493,471	\$ 357,949	\$ 1,240,555	\$ 3,607,903
Interest bearing liabilities							
Interest bearing transaction accounts	\$ 99,509	\$ 16,642	\$ 74,889	\$ 99,851	\$ 99,851	\$ 438,296	\$ 829,038
Savings and money market accounts	193,178	16,800	75,594	100,792	100,792	589,597	1,076,753
Time deposits	84,311	158,573	483,072	38,059	3,570	3,787	771,372
Securities sold under agreements to repurchase	-	-	-	-	-	-	-
Federal Home Loan Bank advances	-	125,000	-	25,000	-	-	150,000
Subordinated debentures, net of loan costs	-	-	-	-	-	39,615	39,615
Total interest bearing liabilities	\$ 376,998	\$ 317,015	\$ 633,555	\$ 263,702	\$ 204,213	\$ 1,071,295	\$ 2,866,778
Interest sensitive gap							
Period gap	\$ 443,713	\$ (159,752)	\$ (95,601)	\$ 229,769	\$ 153,736	\$ 169,260	\$ 741,125
Cumulative gap	\$ 443,713	\$ 283,961	\$ 188,360	\$ 418,129	\$ 571,865	\$ 741,125	
Cumulative gap - Rate Sensitive Assets/ Rate Sensitive Liabilities	12.3%	7.9%	5.2%	11.6%	15.9%	20.5%	

The Bank generally benefits from increasing market interest rates when it has an asset-sensitive gap (a positive number) and generally benefits from decreasing market interest rates when it is liability sensitive (a negative number). As shown in the table above, the Bank is asset sensitive on a cumulative basis throughout the time frame. The interest sensitivity analysis presents only a static view of the timing and repricing opportunities, without taking into consideration that changes in interest rates do not affect all assets and liabilities equally. For example, rates paid on a substantial portion of core deposits may change contractually within a relatively short time frame, but those are viewed by management as significantly less interest sensitive than market-based rates such as those paid on non-core deposits. For this and other reasons, management relies more upon the simulations analysis (as noted above) in managing interest rate risk. Net interest income may be impacted by other significant factors in a given interest rate environment, including changes in volume and mix of interest earning assets and interest bearing liabilities.

The Bank's earnings are dependent, to a large degree, on its net interest income, which is the difference between interest income earned on all interest earning assets, primarily loans and securities, and interest paid on all interest bearing liabilities, primarily deposits. Market risk is the risk of loss from adverse changes in market prices and interest rates. Our market risk arises primarily from inherent interest rate risk in our lending, investing and deposit gathering activities. We seek to reduce our exposure to market risk through actively monitoring and managing interest rate risk. Management relies on simulations analysis to evaluate the impact of varying levels of prevailing interest rates and the sensitivity of specific earning assets and interest bearing liabilities to changes in those prevailing rates. Simulation analysis consists of evaluating the impact on net interest income given changes from 400 basis points below the current prevailing rates to 400 basis points above current prevailing interest rates. Management makes certain assumptions as to the effect varying levels of interest rates have on certain interest earning assets and interest bearing liabilities, which assumptions consider both historical experience and consensus estimates of outside sources.

The following table illustrates the results of our simulation analysis to determine the extent to which market risk would affect net interest income for the next twelve months if prevailing interest rates increased or decreased by the specified amounts from current rates. As noted above, this model uses estimates and assumptions in asset and liability account rate reactions to changes in prevailing interest rates. However, to isolate the market risk inherent in the balance sheet, the model assumes that no growth in the balance sheet occurs during the projection period. This model also assumes an immediate and parallel shift in interest rates, which would result in no change in the shape or slope of the interest rate yield curve. Because of the inherent use of the estimates and assumptions in the simulation model to derive this market risk information, the actual results of the future impact of market risk on our net interest income may differ from that found in the table. Given the current level of prevailing interest rates, management believes prevailing market rates falling 300 basis points and 400 basis points are not reasonable assumptions. All other simulated prevailing interest rates changes modeled indicate a level of sensitivity of the Bank's net interest income to those changes that is acceptable to management and within established Bank policy limits as of both dates shown.

	Impact on net interest income	
	As of September 30, 2025	As of December 31, 2024
Change in prevailing rates:		
+ 400 basis points	(6.81)%	(12.99)%
+ 300 basis points	(4.20)%	(9.20)%
+ 200 basis points	(1.63)%	(5.35)%
+ 100 basis points	0.83%	(1.62)%
+ 0 basis points	-	-
- 100 basis points	(3.44)%	(2.13)%
- 200 basis points	(4.97)%	(3.85)%
- 300 basis points	(5.65)%	(4.96)%
- 400 basis points	(5.92)%	(5.16)%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This item is not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has carried out an evaluation under the supervision and with participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even the effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, the Company's disclosure controls and procedures are effective in ensuring that material information relating to the Company required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the nine months ended September 30, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company is a party to legal proceedings. At the present time the Company is not part of any proceeding which the Company deems to be material.

The Consent Order, FDIC-23-0127b, regarding River Bank & Trust, dated March 12, 2024, was terminated on March 17, 2025, as disclosed in the Company's Form 8-K, Item 1.02, dated March 18, 2025, and incorporated herein by reference.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors," in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 that could materially affect the Company's business, financial condition or future results. The risks described in the Company's Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In January and July 2025, the company sold a combined 45,671 shares of its common stock for a cash total of approximately \$1.5 million to its employee stock ownership plan. The Company relied upon exemptions from registration under SEC Rule 147A.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Incorporation of River Financial Corporation included as Exhibit 3.1 in the River Financial Corporation Form 8-K filed May 18, 2023 and incorporated herein by reference.
3.2	Bylaws of River Financial Corporation included as Exhibit 3.2 in the River Financial Corporation 8-K filed May 18, 2023 and incorporated herein by reference.
3.3	Termination of FDIC-23-0127b Consent Order as disclosed in Item 1.02 in the River Financial Corporation 8-K filed March 18, 2025 and incorporated herein by reference
4.1	Article IV and Article V of the Certificates of Incorporation filed at Exhibit 3.1 to the Registrants' Form 8-K filed May 18, 2023, and Article II and Article VI of the Bylaws included as Exhibit 3.2 of the Registrants' Form 8-K filed May 18, 2023, and incorporated herein by reference.
10.1	River Financial 2025 Stock Compensation Plan filed as Exhibit 10.1 to the Registrant's Form 8-K/A filed February 20, 2025 and incorporated herein by reference.
10.2	River Financial Change in Control Agreement for Jimmy Stubbs filed as Exhibit 10.2 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.4	River Financial Change in Control Agreement for Joel K. Winslett filed as Exhibit 10.4 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.5	River Financial Change in Control Agreement for Ray Smith filed as Exhibit 10.5 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.6	River Financial Change in Control Agreement for Boles Pegues filed as Exhibit 10.6 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.7	River Financial Employment Term Sheet for Ray Smith filed as Exhibit 10.7 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.8	River Financial Employment Term Sheet for Boles Pegues filed as Exhibit 10.8 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.10	River Financial 2015 Incentive Stock Compensation Plan filed as Annex E to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
10.12	Form of Subordinated Note Purchase Agreement, dated March 9, 2021, between River Financial Corporation and certain accredited investors, included as Exhibit 10.1 in the River Financial Corporation Form 8-K, filed on March 10, 2021 and incorporated herein by reference.
10.13	Loan and Security Agreement, dated August 9, 2021, between River Financial Corporation and ServisFirst Bank, included as Exhibit 10.13 in the River Financial Corporation Form 10-K, filed on March 15, 2022 and incorporated herein by reference.
31.1**	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2**	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32 **	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350.

101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.

101.SCH Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Schedules omitted. Registrant agrees to furnish a copy of any omitted schedule to the SEC upon request.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RIVER FINANCIAL CORPORATION

Date: November 4, 2025

By: /s/ James M. Stubbs
James M. Stubbs
Chief Executive Officer
(principal executive officer)

Date: November 4, 2025

By: /s/ Jason B. Davis
Jason B. Davis
Chief Financial Officer

CERTIFICATION

I, James M. Stubbs, certify that:

1. I have reviewed this report on Form 10-Q of River Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this period report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RIVER FINANCIAL CORPORATION

November 4, 2025

/s/ James M. Stubbs
James M. Stubbs
Chief Executive Officer
(principal executive officer)

CERTIFICATION

I, Jason B. Davis, certify that:

1. I have reviewed this report on Form 10-Q of River Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this period report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RIVER FINANCIAL CORPORATION

November 4, 2025

/s/ Jason B. Davis

Jason B. Davis

Chief Financial Officer

CERTIFICATIONS OF CEO AND CFO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

CERTIFICATES PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of River Financial Corporation, an Alabama corporation (the “Company”), on Form 10-Q for the period ending September 30, 2025, as filed with the Securities and Exchange Commission (the “Report”), each of James M. Stubbs, Chief Executive Officer of the Company, and Jason B. Davis, Chief Financial Officer of the Company, do hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

RIVER FINANCIAL CORPORATION

/s/ James M. Stubbs

James M. Stubbs

Chief Executive Officer

(principal executive officer)

Date: November 4, 2025

RIVER FINANCIAL CORPORATION

/s/ Jason B. Davis

Jason B. Davis

Chief Financial Officer

(principal financial officer and accounting officer)

Date: November 4, 2025

A signed original of this written statement required by Section 906 has been provided to River Financial Corporation and will be retained by River Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.