UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
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, AL** **(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 Symbols(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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, 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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

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. Yes ☐ No ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the voting common equity held by non-affiliates of the registrant as of June 30, 2024: There is no public market for registrant's common stock. As of June 30, 2024, the aggregate market value of the voting common stock held by non-affiliates of the registrant, based on a stock price of $31.63 per share of Common Stock, was $176.5 million. The share price is based on a six month average of known private trades.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at March 3, 2025
Common stock, par value $1.00 per share	**7,763,383 shares**

Auditor Firm Id:	669	Auditor Name:	Mauldin & Jenkins, LLC	Auditor Location:	Birmingham, Alabama, USA

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GENERAL

Unless the context otherwise indicates or requires, in this Annual Report on Form 10-K references to “River,” “RFC,” the “Company,” “we,” “us” and “our” refer to River Financial Corporation, an Alabama corporation, as well as our wholly-owned subsidiary bank, River Bank and Trust, an Alabama Banking Corporation, which we may sometimes refer to as “RB&T” and the “Bank”.

On October 28, 2015, the Company’s Registration Statement on Form S-4 (File No. 333-205986) became effective, and the Company became subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) under Section 15(d).

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 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 Annual Report on Form 10-K 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 under “Part I, Item 1A. – Risk Factors,” as well as other unknown risks and uncertainties.

PART I

Item 1. Business.

Overview

We are a bank holding company headquartered in Prattville, Alabama. River Bank & Trust was formed as an Alabama banking corporation in March 2006. In November 2012, River Financial Corporation was formed as an Alabama corporation and all the common shares of River Bank & Trust were exchanged for common shares of River Financial Corporation and River Bank & Trust became the wholly owned subsidiary of River Financial Corporation.

We operate one subsidiary bank, River Bank & Trust. Through the Bank, we provide a broad array of financial services to businesses, business owners, and professionals. We operate 23 full-service banking offices, located in Montgomery, Prattville, Millbrook, Wetumpka, Auburn, Opelika, Alexander City, Dothan, Enterprise, Daphne, Clanton, Mobile, Gadsden, Decatur, Saraland, and Huntsville, Alabama. We also have one loan production office in Florence, Alabama. Our market areas generally include the Montgomery, Auburn-Opelika, Gadsden, Dothan, Mobile, Huntsville, and Birmingham Metropolitan Statistical Areas.

As of December 31, 2024, we had total assets of $3.58 billion, total loans of $2.49 billion, total deposits of $3.07 billion, and total stockholders' equity of $227.1 million.

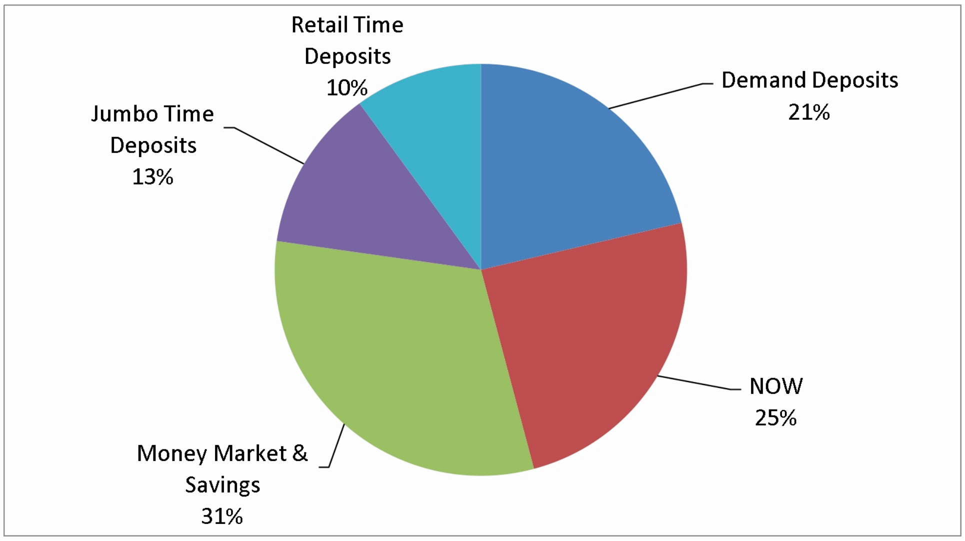
We operate our banking business, including the loan production office in Florence, across six regions in Alabama. Those regions are designated as "River" (including Montgomery, with six offices), "East Alabama" (including Auburn, Opelika and Gadsden with five offices), "Coastal" (including Mobile and Baldwin County with four offices), "Wiregrass" (including Dothan in the Southeast corner of the state with three offices), "North Alabama" (including Decatur, Huntsville, and Florence with three offices), and "Birmingham (including Birmingham with one office and Clanton in the central part of the state with two offices). See "Properties" below.

Our Products and Services

Through our Bank, we engage in the business of banking, which consists primarily of accepting deposits from the public and making loans and other investments. Our principal sources of funds for loans and investments at our Bank are demand, time, savings, and other deposits (including negotiable orders of withdrawal, or NOW accounts) and the amortization and prepayments of loans and investments. Our principal sources of income are interest and fees collected on loans, interest collected on other investments, fees earned from the origination and sale of residential mortgage loans, and service charges, as well as income from investment brokerage services. Our principal expenses are interest paid on savings and other deposits (including NOW accounts), interest paid on other borrowings, employee compensation, office expenses, and other overhead expenses. As described more fully below under "Employees," we seek to emphasize a philosophy of "deposit first," with a pursuit of checking accounts as a funding source and a conservative approach to lending.

Deposits

Our principal sources of funds are core deposits, including demand deposits, interest-bearing transaction accounts, money market accounts, savings deposits, and certificates of deposit. As of December 31, 2024, our deposit composition was as follows:



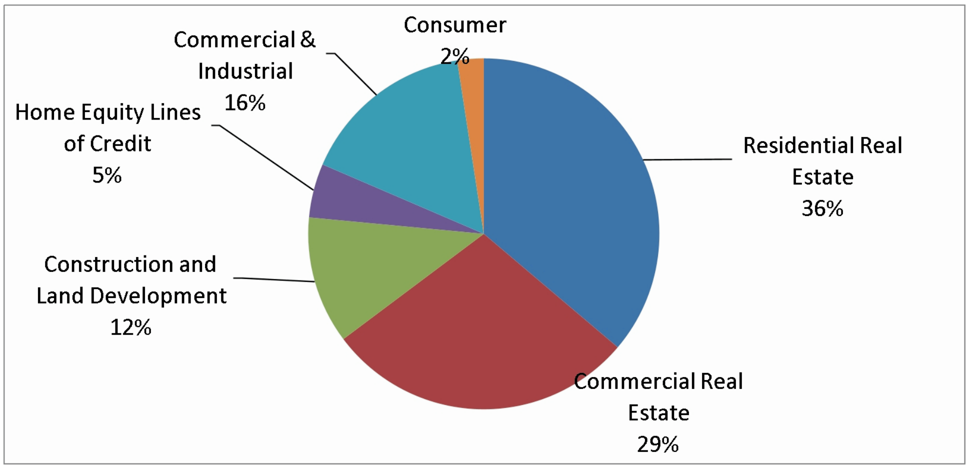
Deposit rates are reviewed weekly by senior management. Management believes that the rates that we offer are competitive with those offered by other institutions in our market areas. We also focus on customer service to attract and retain deposits.

Transaction accounts include demand deposits and NOW accounts, which customers use for cash management and which provide us with a source of fee income, as well as a low-cost source of funds. Time and savings accounts also provide a relatively stable and low-cost source of funds. Our primary source of funds is NOW accounts. Certificates of deposit in excess of $250,000 are held primarily by customers in our market areas. We utilize brokered certificates of deposit to supplement our market funding sources when funding needs or pricing warrants the use of wholesale funding.

Lending

We offer a range of lending services, including real estate, consumer, and commercial loans, to individuals, small businesses, and other organizations located in or conducting a substantial portion of their business in our market areas. Our total loans, net of unearned income, at December 31, 2024, were approximately $2.49 billion, or approximately 69.4% of total assets. The interest rates charged on loans vary with the degree of risk, maturity, and amount of the loan and are further subject to competitive pressures, money market rates, availability of funds, and government regulations.

As of December 31, 2024, our loan portfolio composition was classified as follows: (percent of gross loans)



Real Estate Loans. Loans secured by real estate are the primary component of our loan portfolio, constituting approximately $1.9 billion, or 76.5%, of total loans, net of unearned income, at December 31, 2024. We originate consumer and commercial loans for the purpose of acquiring real estate that are secured by such real estate. We also often take real estate as an additional source of collateral to secure commercial and industrial (C&I) loans. Such loans are classified as real estate loans rather than commercial and industrial loans if the real estate collateral is considered significant as a secondary source of repayment for the loan. Loans are typically made on a recourse basis supported by financial statements and a review of the repayment ability of the borrower(s) and/or guarantor(s). Origination fees are charged for many loans secured by real estate.

Real estate lending activities consist of the following:

- Commercial real estate term loans accrue at either variable or fixed rates. The variable rates approximate current market rates. Amortizations are typically no more than 25 years.
- The primary type of residential mortgage loan is the single-family first mortgage, typically structured with fixed or adjustable interest rates, based on market conditions. These loans usually have fixed rates for up to 5 years, with maturities of 15 to 30 years.
- Construction and land development (C&D) loans are typically made on a variable-rate basis. Loan terms usually do not exceed 24 months.

We originate residential loans for sale into the secondary market. These loans are made in accordance with underwriting standards set by the purchaser of the loan, normally as to loan-to-value ratio, interest rate, borrower qualification, and documentation. These loans are generally made under a commitment to purchase from a loan purchaser. We generally collect from the borrower or purchaser a combination of the origination fee, discount points, and/or a service release fee.

Home Equity Lines of Credit: We originate home equity lines of credit secured by residential property. The loans are typically made on a variable rate basis with maturities up to 10 years. At December 31, 2024, home equity lines of credit constituted $124.1 million, or 5.1% of our loan portfolio.

Commercial and Industrial Loans. We make loans for commercial purposes in various lines of business. These loans are typically made on terms up to 7 years at fixed or variable rates and are secured by various types of collateral, including accounts receivable, inventory, or, in the case of equipment loans, the financed equipment. We attempt to reduce our credit risk on commercial loans by underwriting the loan based on the borrower's cash flow and its ability to service the debt from earnings, and by limiting the loan-to-value ratio. Historically, we have typically loaned up to 80% on loans secured by accounts receivable, up to 50% on loans secured by inventory (which are typically also secured by accounts receivable), and up to 100% on loans secured by equipment. We also make some unsecured commercial loans. Commercial and industrial loans constituted $402.0 million, or 16.2% of our loan portfolio, at December 31, 2024. Interest rates are negotiable based upon the borrower's financial condition, credit history, management stability and collateral.

Consumer Loans. Consumer lending includes installment lending to individuals in our market areas and generally consists of loans to purchase automobiles and other consumer durable goods. Consumer loans constituted $60.5 million, or 2.5% of our loan portfolio, at December 31, 2024. Consumer loans are underwritten based on the borrower's income, current debt level, past credit history and collateral. Consumer rates are both variable and fixed, with terms negotiable. Terms generally range from one to five years depending on the nature and condition of the collateral. Periodic amortization, generally monthly, is typically required.

Loan Approval. Certain credit risks are inherent in making loans. These include repayment risks, risks resulting from uncertainties in the future value of collateral, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual borrowers. In particular, longer maturities increase the risk that economic conditions will change and adversely affect collectability.

We attempt to minimize loan losses through various means and the use of standardized underwriting criteria. We have established a standardized loan policy that may be modified based on local market conditions. In particular, on larger credits, we generally rely on the cash flow of a debtor as the source of repayment and secondarily on the value of the underlying collateral. In addition, we attempt to utilize shorter loan terms in order to reduce the risk of a decline in the value of such collateral.

We address repayment risks by adhering to internal credit policies and procedures. These policies and procedures include officer and customer lending limits, a loan committee approval process for larger loans, documentation examination, and follow-up procedures for loan review and any exceptions to credit policies. The point in the loan approval process at which a loan is approved depends on the size of the borrower's credit relationship with the bank and the loan authority of the lending officer to whom the loan request is made. Each of our lending officers has the authority to approve loans up to an approved loan authority amount, as approved by the bank's board of directors. Loans in excess of the highest loan authority amount of a particular lending officer must be approved by the bank's loan committee, or another officer with sufficient loan authority to approve the request.

Risk Ratings. Loan officers are directly responsible for monitoring the risk in their respective portfolios. On commercial loans, risk grades are assigned by the loan officer for the probability of default following analysis of borrower characteristics and external economic factors. However, on consumer loans, risk grades are determined by a borrower's credit score and personal debt ratio, as well as the borrower's repayment history with the bank.

Electronic Banking

We offer electronic banking services to our customers, including commercial and retail online banking, automated bill payment, mobile banking, and remote deposit capture for certain customers.

Competition

The financial services industry is highly competitive. We compete for loans, deposits, and financial services in all of our principal markets. We compete directly with other bank and nonbank institutions located within our markets, internet-based banks, out-of-market banks, and bank holding companies that advertise in or otherwise serve our markets, along with credit unions, money market and mutual funds, brokerage houses, mortgage companies, and insurance companies or other commercial entities that offer financial services products. Competition involves efforts to retain current customers, obtain new loans and deposits, increase the scope and type of services offered, and offer competitive interest rates paid on deposits and charged on loans. Many of our competitors enjoy competitive advantages, including greater financial resources, a wider geographic presence, more accessible branch office locations, the ability to offer additional services, more favorable pricing alternatives, and lower origination and operating costs. Some of our competitors have been in business for a long time and have an established customer base and name recognition. We believe that our competitive pricing, personalized service, and community involvement enable us to effectively compete in the communities in which we operate.

Employees

As of December 31, 2024, we had approximately 334 full-time and 20 part-time employees. None of these employees are party to a collective bargaining agreement.

The Company emphasizes a "deposit first" philosophy to provide not only a direct and practical service to its customers but also to provide a stable and adequate funding source for its loans. We seek employees who are familiar with our operations in our 24 offices across six regions in Alabama, including operations in 9 of the top 10 MSAs in Alabama. We seek to provide a "one customer at a time" approach to growth and emphasizes the need for employees, especially our relationship managers and office managers, to have a thorough knowledge of local markets and customers to enhance our conservative lending function.

SUPERVISION AND REGULATION

General

We are extensively regulated under both federal and state law. These laws restrict permissible activities and investments and require compliance with various consumer protection provisions applicable to lending, deposit, brokerage, and fiduciary activities. They also impose capital adequacy requirements and conditions on a bank holding company's ability to repurchase stock or to receive dividends from its subsidiary bank. We are subject to comprehensive examination and supervision by the Federal Reserve and Alabama State Banking Department, and River Bank and Trust is subject to comprehensive examination and supervision by the Federal Deposit Insurance Corporation (FDIC) and the Alabama State Banking Department. These regulatory agencies generally have broad discretion to impose restrictions and limitations on our operations. This supervisory framework could materially impact the conduct and profitability of our activities.

To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the text of the particular provisions. Proposals to change the laws and regulations governing the banking industry are frequently raised at both the state and federal levels. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on us, are difficult to ascertain. A change in applicable laws and regulations, or in the manner such laws or regulations are interpreted by regulatory agencies or courts, may have a material effect on our business, operations, and earnings.

Regulation of River Financial Corporation

We are registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA") and are subject to regulation and supervision by the Federal Reserve and the Alabama Banking Department. The BHCA requires us to secure the prior approval of the Federal Reserve before we own or control, directly or indirectly, more than five percent (5%) of the voting shares or substantially all of the assets of any bank or savings association, or merge or consolidate with another bank or savings and loan holding company. Further, under the BHCA, our activities and those of any nonbank subsidiary are generally limited to: those activities that the Federal Reserve determines to be so closely related to banking as to be a proper incident thereto. Prior approval of the Federal Reserve may be required before engaging in certain activities. In making such determinations, the Federal Reserve is required to weigh the expected benefits to the public, such as greater convenience, increased competition, and gains in efficiency, against the possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, and unsound banking practices.

Subject to various exceptions, the BHCA and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval prior to any person or company acquiring "control" of a bank holding company. Control is conclusively deemed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank holding company, and a rebuttable presumption arises if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either: (i) the bank holding company has registered securities under Section 12 of the Securities Act; or (ii) no other person owns a greater percentage of that class of voting securities immediately after the transaction. The BHCA's definition of "control" can also be triggered when a company acquires 5% or more of any class of voting securities and certain other factors are present.

The BHCA was substantially amended by the Gramm-Leach-Bliley Act, or the GLBA, which, among other things, permits a "financial holding company" to engage in a broader range of non-banking activities, and to engage on less restrictive terms in certain activities than were previously permitted. These expanded activities include securities underwriting and dealing, insurance underwriting and sales, and merchant banking activities. To become a financial holding company, a bank holding company must certify that all depository institutions that it controls are both "well capitalized" and "well managed" (as defined by federal law), and have at least a "satisfactory" CRA rating. The GLBA also imposes certain privacy requirements on all financial institutions and their treatment of consumer information. At this time, we have not elected to become a financial holding company, nor do we expect to make such an election in the foreseeable future.

There are a number of restrictions imposed on us by law and regulatory policy that are designed to minimize potential loss to depositors and to the insurance fund maintained by the FDIC (as discussed in more detail below) in the event that a subsidiary depository institution should become insolvent. For example, federal law requires a bank holding company to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so in the absence of such a policy. The Federal Reserve also has the authority under the BHCA to require a bank holding company to terminate any activity or to relinquish control of a non-bank subsidiary upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

Any capital loan by a bank holding company to a subsidiary depository institution is subordinate in right of payment to deposits and certain other indebtedness of the institution. In addition, in the event of the holding company's bankruptcy, any commitment made by the bank holding company to a federal banking regulatory agency to maintain the capital of its subsidiary depository institution(s) will be assumed by the bankruptcy trustee and entitled to a priority of payment.

The Federal Deposit Insurance Act, or FDIA, provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution (including the claims of the FDIC as a subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non- deposit creditors, including the institution's holding company, with respect to any extensions of credit they have made to such insured depository institution.

Regulation of River Bank & Trust

The operations and investments of RB&T are subject to the supervision, examination, and reporting requirements of the FDIC and the Alabama Banking Department, and RB&T is subject to a wide range of federal and state banking statutes and regulations, including with respect to the level of reserves that RB&T must maintain against deposits, restrictions on the types, amount, and terms and conditions of loans it may originate, and limits on the types of other activities in which RB&T may engage and the investments that it may make. The FDIC and Alabama Banking Department also have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law.

Acquisitions of Other Banks

If the Bank seeks to acquire another depository institution or branches of another depository institution, it is required to obtain the prior approval of the FDIC and Alabama Banking Department. In reviewing the application, these agencies will consider, among other things, the Bank's capital level, its financial and managerial resources and future prospects, the impact of the transaction on the Bank's safety and soundness, the impact of the transaction on competition in the relevant geographic market, its record in combating money laundering activities, the impact on the convenience and needs of the communities served, and the Bank's record of Community Reinvestment Act performance.

Transactions with Affiliates

We are subject to federal laws, such as Sections 23A and 23B of the Federal Reserve Act and Regulation W, that limit the aggregate amount of the transactions that depository institutions may engage in with their affiliates (such as the Company). Under these provisions, transactions (such as loans or investments) by a bank with its affiliates are generally limited to 10% of the bank's capital and surplus for all covered transactions with any one affiliate, and 20% of capital and surplus for all covered transactions with all affiliates. Any extensions of credit to affiliates, with limited exceptions, must be secured by eligible collateral in specified amounts. Banks are also prohibited from purchasing any "low quality" assets from an affiliate. The Dodd-Frank Act imposes additional requirements on transactions with affiliates, including an expansion of the definition of "covered transactions" and an increase in the amount of time for which collateral requirements regarding covered transactions must be maintained. Section 23B requires any transaction between a bank and its affiliate to be on terms and under circumstances, including credit standards, that are substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with or involving nonaffiliates.

We are also subject to restrictions on extensions of credit to our executive officers, directors, principal stockholders, and their related interests. These extensions of credit must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties, and must not involve more than the normal risk of repayment or present other unfavorable features. Furthermore, we are prohibited from engaging in asset purchases or sales transactions with our officers, directors, or principal stockholders unless the transaction is on market terms and, if the transaction represents greater than 10% of the capital and surplus of the bank, a majority of the bank's disinterested directors has approved the transaction.

Monetary Policy

Our earnings are and will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The monetary policies of the Federal Reserve have a significant effect upon the operating results of commercial banks. The Federal Reserve has a major impact upon the levels of bank loans, investments and deposits through its open market operations in United States government securities and through its regulation of, among other things, the discount rate on bank borrowings and the reserve requirements against bank deposits. It is not possible for us to predict the nature and impact of future changes in monetary and fiscal policies.

Deposit Insurance

Our deposits are insured up to applicable limits by the FDIC. FDIC-insured banks are required to pay deposit insurance assessments to the FDIC. The amount of the assessment is based on the size of the bank's assessment base, which is equal to its average consolidated total assets less its average tangible equity, and its risk classification under an FDIC risk-based assessment system. Institutions assigned to higher risk classifications (that is, institutions that pose a higher risk of loss to the Deposit Insurance Fund) pay assessments at higher rates than institutions that pose a lower risk. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern that the institution poses to the regulators. At certain times, the FDIC updates its loss and income projections for the Deposit Insurance Fund and, if needed, will increase or decrease assessment rates, following notice-and-comment rulemaking, if required. The FDIC can also impose special assessments in certain instances. If there are additional bank or financial institution failures or if the FDIC otherwise determines to increase assessment rates, RB&T may be required to pay higher FDIC insurance premiums.

A significant increase in insurance assessments would likely have an adverse effect on our operating expenses and results of operations. We cannot predict what insurance assessment rates will be in the future. Furthermore, deposit insurance may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC.

Dividend Restrictions

We are a legal entity separate and distinct from our Bank. Our ability to pay dividends and make other distributions depends in part upon the receipt of dividends from our subsidiary bank and is limited by federal and state law. The specific limits depend upon a number of factors, including recent earnings, recent dividends, level of capital, and regulatory status. The regulators are authorized, and under certain circumstances are required, to determine whether the payment of dividends or other distributions by a bank would be an unsafe or unsound practice and to prohibit such payment. For example, the FDIC generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be undercapitalized.

The Bank generally may not withdraw, either in the form of a dividend or otherwise, any portion of its permanent capital and may not declare a dividend in excess of its retained net profits without prior approval of the Alabama Banking Department and FDIC. Further, the Bank is also required by Alabama law to obtain prior approval of the Alabama Banking Department for its payment of dividends if the total of all dividends declared by the Bank in any calendar year will exceed the total of (i) the bank's net earnings (as defined by statute) for that year, plus (ii) its retained net earnings (after paying dividends) for the preceding two years.

The ability of a bank holding company to pay dividends and make distributions can also be limited by other laws or regulations. The Federal Reserve, which has authority to prohibit a bank holding company from paying dividends or making other distributions, has issued a Supervisory Letter stating that a bank holding company should not pay cash dividends unless its net income available to common stockholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the holding company's capital needs, asset quality, and overall financial condition. Accordingly, a bank holding company should not pay cash dividends that exceed its net income or that can only be funded in ways that weaken the bank holding company's financial health, such as by borrowing. The Dodd-Frank Act, Basel III (described below), and their respective implementing regulations impose additional restrictions on the ability of banking institutions to pay dividends.

Capital Adequacy Guidelines

The FDIC and Alabama Banking Department monitor the capital adequacy of the Bank by using a combination of risk-based guidelines and leverage ratios. These agencies consider the Bank's capital levels when taking action on various types of applications and when conducting supervisory activities related to the safety and soundness of the Bank and the banking system. Under the Basel III capital rules, the Bank is required to maintain four minimum capital standards: (1) a leverage ratio of at least 4.0%, (2) a common equity Tier 1 risk-based capital ratio of at least 4.5%, (3) a Tier 1 risk-based capital ratio of at least 6.0%, and (4) a total risk-based capital ratio of at least 8.0%. The Basel III capital rules also require the Bank to establish a capital conservation buffer equal to 2.500% of total risk-weighted assets. The capital conservation buffer is designed to ensure that banks build up capital buffers outside periods of stress, which can be drawn down as losses are incurred. An institution that does not satisfy the capital conservation buffer will be subject to restrictions on certain activities including payment of dividends, stock repurchases, and discretionary bonuses to executive officers. When the 2.5% capital conservation buffer is factored in, the minimum common equity Tier 1 risk-based capital ratio is 7.0%, the minimum Tier 1 risk-based capital ratio is 8.5%, and the minimum total risk-based capital ratio is 10.5%.

For purposes of calculating risk-weighted assets, the federal banking agencies have promulgated risk-based capital guidelines designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks, to account for off-balance sheet exposures, and to minimize disincentives for holding liquid assets. Under these guidelines, assets and off- balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. Bank assets are given risk-weights under the Basel III Rules. In addition, certain off-balance sheet items are assigned certain credit conversion factors to convert them to asset- equivalent amounts to which an appropriate risk-weighting will apply. Those computations result in the total risk-weighted assets.

These capital requirements are minimum requirements. The FDIC or Alabama Banking Department may also set higher capital requirements if warranted by the risk profile of the Bank, economic conditions impacting its markets, or other circumstances particular to the Bank. For example, FDIC guidance provides that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities, or securities trading activities. Failure to meet capital guidelines could subject the Bank to a variety of enforcement remedies, including issuance of a capital directive, restrictions on business activities, and other measures under the FDIC's prompt corrective action regulations.

Because the Company's consolidated assets exceed $3 billion, we are subject to the same Basel III minimum capital ratios discussed above which apply to the Bank. We and the Bank are currently in compliance with Basel III Capital Rules.

On September 17, 2019, the FDIC and other federal bank regulatory agencies approved the Community Bank Leverage Ratio (CBLR) framework. This optional framework became effective January 1, 2020, and is available to the Bank as an alternative to the Basel III risk-based capital framework. The CBLR framework provides for a simple measure of capital adequacy for certain community banking organizations. Specifically, depository institutions and depository institution holding companies that have less than $10.0 billion in total consolidated assets and meet other qualifying criteria, including a Tier 1 leverage ratio of greater than 9.00% are eligible to elect to utilize the CBLR framework.

As of December 31, 2024, the Company and the Bank qualify for the CBLR framework. Management does not intend to utilize the CBLR framework.

As an additional means of identifying problems in the financial management of depository institutions, the federal banking regulatory agencies have established certain non-capital safety and soundness standards for institutions for which they are the primary federal regulator. The standards relate generally to operations and management, asset quality, interest rate exposure, and executive compensation. The agencies are authorized to take action against institutions that fail to meet such standards.

Prompt Corrective Action

In addition to the required minimum capital levels described above, federal law establishes a system of "prompt corrective actions" that federal banking agencies are required to take, and certain actions that they have discretion to take, based upon the capital category into which a federally regulated depository institution falls. Regulations set forth detailed procedures and criteria for implementing prompt corrective action in the case of any institution which is not adequately capitalized. Under the prompt corrective action rules, an institution is deemed "well capitalized" if its leverage ratio, Common Equity Tier 1 ratio, Tier 1 Capital ratio, and Total Capital ratio meet or exceed 5%, 6.5%, 8%, and 10%, respectively, and must not be subject to any order or written agreement or directive by a federal banking agency to meet and maintain a specific capital level for any capital measure. An institution is deemed to be "adequately capitalized" if its leverage, Common Equity Tier 1, Tier 1, and Total Capital ratios meet or exceed 4.0%, 4.5%, 6.0%, and 8.0%, and "undercapitalized" if it fails to meet these minimum capital requirements. An institution is "significantly undercapitalized" if its leverage, Common Equity Tier 1, Tier 1, or Total Capital ratios fall below 3%, 3%, 4%, or 6%, respectively, and "critically undercapitalized" if the institution has a ratio of tangible equity to total assets that is equal to or less than 2%.

The prompt corrective action rules require an undercapitalized institution to file a written capital restoration plan, along with a performance guaranty by its holding company or a third party. In addition, an undercapitalized institution becomes subject to certain automatic restrictions, including a prohibition on payment of dividends and a limitation on asset growth and expansion in certain cases, a limitation on the payment of bonuses or raises to senior executive officers, and a prohibition on the payment of certain "management fees" to any "controlling person." Institutions that are classified as undercapitalized or significantly undercapitalized are also subject to certain additional supervisory actions, including increased reporting burdens and regulatory monitoring; limitations on the institution's ability to make acquisitions, open new branch offices, or engage in new lines of business; obligations to raise additional capital; restrictions on transactions with affiliates; and restrictions on interest rates paid by the institution on deposits. In certain cases, banking regulatory agencies may require replacement of senior executive officers or directors, or sale of the institution to a willing purchaser. If an institution is deemed to be "critically undercapitalized" and continues in that category for 90 days, the statute requires, with certain narrowly limited exceptions, that the institution be placed in receivership.

Banks that are adequately, but not well, capitalized may not accept, renew, or rollover brokered deposits except with a waiver from the FDIC and are subject to restrictions on the interest rates that can be paid on deposits.

Community Reinvestment Act

The CRA requires the federal banking regulatory agencies to assess all financial institutions that they regulate to determine whether these institutions are meeting the credit needs of the communities they serve, including their assessment area(s) (as established for these purposes in accordance with applicable regulations based principally on the location of branch offices). Under the CRA, institutions are assigned a rating of "outstanding," "satisfactory," "needs to improve," or "unsatisfactory." An institution's record in meeting the requirements of the CRA is made publicly available and is taken into consideration in connection with any applications it files with federal regulators to engage in certain activities, including approval of a branch or other deposit facility, mergers and acquisitions, office relocations, or expansions into non-banking activities. The Bank received a "satisfactory" rating at its most recent CRA evaluation.

CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank's primary federal regulator. A financial holding company election, and such election and financial holding company activities are permitted to be continued, only if any affiliated bank has not received less than a "satisfactory" CRA rating.

USA PATRIOT Act

Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act, which amended the U.S. Bank Secrecy Act, financial institutions are subject to prohibitions against specified financial transactions and account relationships, as well as enhanced due diligence and "know your customer" standards in their dealings with foreign financial institutions and foreign customers. The USA PATRIOT Act also mandates that financial institutions establish anti-money laundering programs meeting certain standards and requires the federal banking regulators to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing bank mergers and bank holding company acquisitions.

The law is intended to enhance the powers of the federal government and law enforcement organizations to combat terrorism, organized crime and money laundering. The USA Patriot Act materially amended and expanded the application of the existing Bank Secrecy Act. It provided enhanced measures, including know your customer, new suspicious activity reporting rules and enhanced anti-money laundering programs. Under the USA Patriot Act, each financial institution is required to establish and maintain anti-money laundering compliance and due diligence programs, which include, at a minimum:

- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test programs.

In addition, the USA Patriot Act requires regulatory agencies to consider the record of a bank or bank holding company in combating money laundering activities in their evaluation of bank and bank holding company merger, acquisition and branch expansion transactions.

On February 21, 2024, the board of directors of River Bank approved a Stipulation to the Issuance of Consent Order with the FDIC and the ASBD. The purpose of the Consent Order was for the Bank to enhance its oversight of the Bank's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) program under the Bank Secrecy Act. Although River Bank was not required to admit or deny any violations of law, the FDIC and the ASBD concluded that, among other things, the Bank had to (1) revise its written AML/CFT compliance program, (2) conduct risk assessment and review deficiencies in the program and update its risk management procedures, (3) revise its system of internal controls to enhance compliance with the foregoing, (4) undertake additional training programs for employees who assist the Bank in these areas, (5) retain the assistance of a qualified consultant to develop a written analysis and assessment of the Bank's staffing resources and needs, (6) designate a qualified AML/CFT officer with authority to implement and coordinate the Bank's day-to-day compliance with AML/CFT regulations, (7) adopt a training program for the Board of Directors, management and staff to enhance compliance with AML/CFT rules and regulations, (8) conduct an independent look-back review of certain accounts and transactions to determine whether suspicious activity was property identified and reported, and (9) submit written progress reports quarterly to the FDIC and ASBD on compliance with the Consent Order.

The Consent Order became finalized when it was signed by the FDIC and the ASBD March 12, 2024.

The Bank has undertaken significant steps over the past year to comply with the requirements from the FDIC and ASBD.

As required by the Consent Order, the Bank also has improved its training for all employees and directors and such training takes place annually. New hires will receive training within 30 days of hire. The Bank, under the direction of its Board of Directors, updated its written Bank Secrecy Act Policy and its Bank Secrecy Act Procedure Manual in anticipation of the Consent Order.

In accordance with the Consent Order, the Bank's Board of Directors appointed on February 21, 2024 Murray Neighbors, David Smith, Gerald Ray Smith Jr., and Vernon Taylor as a Directors' Committee to oversee the Bank's compliance with the Consent Order and to report to the Board at each regularly scheduled Board meeting detailing adherence to the Bank's compliance. Nevertheless, the Board of Directors itself has ultimate responsibility to ensure such compliance.

The Bank has undertaken significant steps to improve its compliance with the Bank Secrecy Act, AML/CFT program and risk compliance, and the Bank has not been subject to any loss due to operations in that area.

The Consent Order in full can be found at https://orders.fdic.gov/s/.

Privacy of Customer Information

The GLBA and the implementing regulations issued by federal regulatory agencies require financial institutions (including banks, insurance agencies, and broker/dealers) to adopt policies and procedures regarding the disclosure of nonpublic personal information about their customers to non-affiliated third parties. In general, financial institutions are required to explain to customers their policies and procedures regarding the disclosure of such nonpublic personal information, and in certain circumstances, customers can prevent the disclosure of such information to nonaffiliated third parties. GLBA also established certain information security guidelines that require each financial institution, under the supervision and ongoing oversight of its board of directors or an appropriate committee thereof, to develop, implement, and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, to protect against anticipated threats or hazards to the security or integrity of such information, and to protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. Federal banking regulators regularly issue guidance regarding cybersecurity intended to enhance cyber risk management.

The Consumer Financial Protection Bureau

The Dodd-Frank Act created the Consumer Financial Protection Bureau, or the CFPB, which is an independent bureau with broad authority to regulate the consumer finance industry, including regulated financial institutions, non-banks and others involved in extending credit to consumers. The CFPB has authority through rulemaking, orders, policy statements, guidance, and enforcement actions to administer and enforce federal consumer financial laws, to oversee several entities and market segments not previously under the supervision of a federal regulator, and to impose its own regulations and pursue enforcement actions when it determines that a practice is unfair, deceptive, or abusive. The federal consumer financial laws and all of the functions and responsibilities associated with them, many of which were previously enforced by other federal regulatory agencies, were transferred to the CFPB on July 21, 2011. While the CFPB has the power to establish, interpret, administer, and enforce federal consumer financial laws, the Dodd-Frank Act provides that the federal banking regulatory agencies continue to have examination and enforcement powers over the financial institutions that they supervise relating to the matters within the jurisdiction of the CFPB if such institutions have less than $10 billion in assets. The Dodd- Frank Act also gives state attorneys general the ability to enforce federal consumer protection laws.

Mortgage Loan Origination

The Dodd-Frank Act authorized the CFPB to establish certain minimum standards for the origination of residential mortgages, including a determination of the borrower’s ability to repay. Under the Dodd-Frank Act and the implementing final rule adopted by the CFPB, or the ATR/QM Rule, a financial institution may not make a residential mortgage loan to a consumer unless it first makes a “reasonable and good faith determination” that the consumer has a “reasonable ability” to repay the loan. In addition, the ATR/QM Rule limits prepayment penalties and permits borrowers to raise certain defenses to foreclosure if they receive any loan other than a “qualified mortgage,” as defined by the CFPB. The ATR/QM Rule specifies the types of income and assets that may be considered in the ability-to-repay determination, the permissible sources for verification, and the required methods of calculating the loan’s monthly payments.

Mortgage Loan Servicing

The CFPB has issued a series of final rules as part of an ongoing effort to address mortgage servicing reforms and create uniform standards for the mortgage servicing industry. The rules contain additional requirements for communications with borrowers, address the maintenance of customer account records, govern procedures for responding to written borrower requests and complaints of errors, and provide guidance regarding servicing delinquent loans, foreclosure proceedings, and loss mitigation efforts, among other measures. These rules have in general led to increased costs to service loans across the mortgage industry.

Concentrated Commercial Real Estate Lending Regulations

The federal bank regulatory agencies have promulgated guidance governing financial institutions with concentrations in commercial real estate lending. The guidance provides that a bank has a concentration in commercial real estate lending if (i) total reported loans for construction, land development, and other land represent 100% or more of total capital or (ii) total reported loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land represent 300% or more of total capital and the bank’s commercial real estate loan portfolio has increased 50% or more during the prior 36 months. Owner occupied loans are excluded from this second category. If a concentration is present, management must employ heightened risk management practices that address, among other things, board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending. At December 31, 2024, the Bank did not have a concentration in commercial real estate as defined by the regulatory guidance.

The Volcker Rule

On December 10, 2013, five U.S. financial regulators, including the Federal Reserve and FDIC, adopted a final rule implementing the “Volcker Rule.” The Volcker Rule was created by Section 619 of the Dodd-Frank Act and prohibits “banking entities” from engaging in “proprietary trading.” Banking entities also are prohibited from sponsoring or investing in private equity or hedge funds, or extending credit to or engaging in other covered transactions with affiliated private equity or hedge funds. The fundamental prohibitions of the Volcker Rule generally apply to banking entities of any size, including the Company, the Bank, and any other “affiliate” under the Bank Holding Company Act. The Economic Growth Act amends Section 619 to exempt from the Volcker Rule any insured depository institution that has $10.0 billion or less in total consolidated assets and whose total trading assets and trading liabilities are 5.0% or less of total consolidated assets.

Other Provisions of the Dodd-Frank Act

The Dodd-Frank Act, which became law on July 21, 2010, implemented far-reaching changes across the financial regulatory landscape. In addition to the reforms previously mentioned, the Dodd-Frank Act also:

- Required bank holding companies and banks to be both well-capitalized and well-managed in order to acquire banks located outside their home state and required any bank holding company electing to be treated as a financial holding company to be both well-managed and well-capitalized;
- Eliminated all remaining restrictions on interstate banking by authorizing national and state banks to establish de novo branches in any state that would permit a bank chartered in that state to open a branch at that location;
- Repealed Regulation Q, the federal prohibition on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts;
- Enhanced insider transaction limitations by strengthening loan restrictions to insiders and applying the various limits to a greater number of types of transactions, including derivative transactions, repurchase agreements, reverse repurchase agreements, and securities lending or borrowing transactions. The law also restricted certain asset sales to and from an insider to an institution, including requirements that such sales be on market terms and, in certain circumstances, approved by the institution’s board of directors;
- Strengthened the previous limits on a depository institution’s credit exposure to one borrower (whether a person or group of related persons) in an amount exceeding certain thresholds, by expanding the scope of these restrictions to include credit exposure arising from derivative transactions, repurchase agreements, and securities lending and borrowing transactions.
- Changed the assessment base for federal deposit insurance from the amount of insured deposits held by the depository institution to the institution’s average total consolidated assets less tangible equity; increased the minimum reserve ratio for the Deposit Insurance Fund from 1.15% to 1.35% and permanently increased the deposit insurance coverage amount from $100,000 to $250,000; and
- Directed the Federal Reserve to establish interchange fees for debit cards under a restrictive, reasonable, and proportional cost per transaction standard.

While much of the Dodd-Frank Act has been implemented in the form of final rules from the banking agencies, the full extent of its impact on our operations is subject to change based on actions taken by the banking agencies in implementing the rules as well any future modifications to the rules.

Federal Home Loan Bank Membership

The Bank is a member of the Federal Home Loan Bank of Atlanta, or the FHLB. Each member of the FHLB is required to maintain a minimum investment in the Class B stock of the FHLB. The Board of Directors of the FHLB can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase the level of investment in the FHLB depends entirely upon the occurrence of a future event, we are unable to determine the extent of future required potential payments to the FHLB at this time. Additionally, in the event that a member financial institution fails, the right of the FHLB to seek repayment of funds loaned to that institution will take priority (a super lien) over the rights of all other creditors.

Other Laws and Regulations

Our operations are subject to several additional laws, some of which are specific to banking and others of which are applicable to commercial operations generally. For example, with respect to our lending practices, we are subject to the following laws and regulations, among several others:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed, or other prohibited factors in extending credit;
- Fair Credit Reporting Act of 1978, as amended by the Fair and Accurate Credit Transactions Act, governing the use and provision of information to credit reporting agencies, certain identity theft protections, and certain credit and other disclosures;
- Fair Debt Collection Practices Act, governing the manner in which consumer debts may be collected by collection agencies;
- Real Estate Settlement Procedures Act, requiring certain disclosures concerning loan closing costs and escrows, and governing transfers of loan servicing and the amounts of escrows in connection with loans secured by one-to-four family residential properties;
- Bank Secrecy Act, as amended by the USA PATRIOT Act, imposing requirements and limitations on specific financial transactions and account relationships, intended to guard against money laundering and terrorism financing;
- Rules and regulations established by the National Flood Insurance Program;
- Sections 22(g) and 22(h) of the Federal Reserve Act which set lending restrictions and limitations regarding loans and other extensions of credit made to executive officers, directors, principal stockholders, and other insiders;
- Sections 23A and 23B of the Federal Reserve Act, imposing restrictions regarding loans and other extensions of credit made by a bank to one or more of its affiliates; and
- Rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

Our deposit operations are subject to federal laws applicable to depository accounts, including:

- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;
- Truth-In-Savings Act, requiring certain disclosures for consumer deposit accounts;
- Electronic Funds Transfer Act and Regulation E of the Federal Reserve, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services; and
- Rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

We are also subject to a variety of laws and regulations that are not limited to banking organizations. For example, in lending to commercial and consumer borrowers, and in owning and operating our own property, we are subject to regulations and potential liabilities under state and federal environmental laws. In addition, we must comply with privacy and data security laws and regulations at both the federal and state level.

We are heavily regulated by regulatory agencies at the federal and state levels. Like most of our competitors, we have faced and expect to continue to face increased regulation and regulatory and political scrutiny, which creates significant uncertainty for us, as well as for the financial services industry in general.

Enforcement Powers

The bank regulatory agencies have broad enforcement powers, including the power to terminate deposit insurance and impose substantial fines and other civil and criminal penalties. Failure to comply with applicable laws, regulations, and supervisory agreements, breaches of fiduciary duty, or the maintenance of unsafe and unsound conditions or practices, could subject us or our subsidiaries, including the Bank, as well as their respective officers, directors, and other institution-affiliated parties, to administrative sanctions, enforcement actions and potentially substantial civil money penalties.

Future Legislation and Regulation

Regulators have increased their focus on the regulation of the financial services industry in recent years, leading in many cases to greater uncertainty and compliance costs for regulated entities. For example, the provisions of the Dodd-Frank Act required us to make material expenditures, particularly in the form of personnel training costs and additional compliance expenses. Future regulations may require us to change certain of our business practices in order to comply, which in turn could adversely affect our ability to pursue business opportunities that we might otherwise consider pursuing, cause business disruptions, and/or have other impacts. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, fines, or additional expenses.

Furthermore, proposals that could substantially intensify the regulation of the financial services industry may be introduced in the United States Congress, in state legislatures, and by applicable regulatory authorities. These proposals may change banking statutes and regulations and our operating environment in substantial and unpredictable ways. If enacted, these proposals could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. We cannot predict whether any of these proposals will be enacted and, if enacted, the effect that these proposals, or any implementing regulations, would have on our business, results of operations, or financial condition.

Website Information

We maintain a website at www.riverbankandtrust.com through which we make available, free of charge under the tab “Investor Relations,” our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after such material is electronically filed with the SEC. These reports are also available on the SEC’s website, www.sec.gov. We also include our Code of Business Conduct and Ethics under the tab "Investor Relations" of our website. We will provide paper copies of these reports to stockholders free of charge upon written request to: River Financial Corporation, Attention: Corporate Secretary, P.O. Box 680249, Alabama 36068. Information on, or accessible through, our website is not part of this Annual Report on Form 10-K. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

Item 1A. Risk Factors.

An investment in our common stock involves certain risks that you should carefully consider in addition to the other information set forth in this Annual Report on Form 10-K. The occurrence of any of the risks described below may have a material adverse effect on our business, prospects, financial condition or results of operations, in which case the value of your common stock could decline and you could lose all or a part of your investment. Additional risks of which we are not presently aware or that we currently believe are immaterial may also harm our business or results of operations. Further, to the extent that any of the information contained in this Annual Report on Form 10-K constitutes forward-looking statements, the risk factors set forth below also are cautionary statements identifying important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf.

Risks Relating to Our Business As a Commercial Bank

Our business is concentrated in, and largely dependent upon, the continued growth and welfare of the general geographic markets in which we operate.

Our commercial banking operations are concentrated in Alabama. As of December 31, 2024, most of our total loans were to borrowers located in Alabama, primarily central and south Alabama. As a result, our financial condition and results of operations and cash flows are affected by changes in the economic conditions of the state or the regions of which it is a part. Our success depends to a significant extent upon the business activity, population, income levels, deposits, and real estate activity in this market. Although our customers' business and financial interests may extend outside these areas, adverse economic conditions that affect those areas could reduce our growth rate, affect the ability of our customers to repay their loans, affect the value of collateral underlying loans, impact our ability to attract deposits, and generally affect our financial conditions and results of operations. Because of our geographic concentration, we may be less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

Our small to medium-sized business and entrepreneurial customers may have fewer financial resources than larger entities to weather a downturn in the economy, which may impair a borrower's ability to repay a loan, and such impairment could adversely affect our financial condition and results of operations.

We focus our business development and marketing strategy primarily to serve the banking and financial services needs of small to medium-sized businesses and entrepreneurs. These customers may have fewer financial resources in terms of capital or borrowing capacity than larger entities. If economic conditions negatively impact the Alabama market generally, and small to medium-sized businesses are adversely affected, our financial condition and results of operations may be negatively affected.

Our financial performance will be negatively impacted if we are unable to execute our growth strategy.

Our current growth strategy is to grow organically and supplement that growth with select acquisitions. Our ability to grow organically depends primarily on generating loans and deposits of acceptable risk and expense, and we may not be successful in continuing this organic growth. Our ability to identify appropriate markets for expansion, recruit and retain qualified personnel, and fund growth at a reasonable cost depends upon prevailing economic conditions, maintenance of sufficient capital, competitive factors, and changes in banking laws, among other factors. Conversely, if we grow too quickly and are unable to control costs and maintain asset quality, such growth, whether organic or through select acquisitions, could materially and adversely affect our financial condition and results of operations.

Our profitability is vulnerable to interest rate fluctuations.

Our profitability depends substantially upon our net interest income. Net interest income is the difference between the interest earned on assets (such as loans and securities held in our investment portfolio) and the interest paid for liabilities (such as interest paid on savings and money market accounts and time deposits and borrowings).

Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by fluctuations in interest rates. The magnitude and duration of changes in interest rates are events over which we have no control, and such changes may have an adverse effect on our net interest income. Prepayment and early withdrawal levels, which are also impacted by changes in interest rates, can significantly affect our assets and liabilities. For example, an increase in interest rates could, among other things, reduce the demand for loans and decrease loan repayment rates. Such an increase could also adversely affect the ability of our floating-rate borrowers to meet their higher payment obligations, which could in turn lead to an increase in non-performing assets and net charge-offs. Conversely, a decrease in the general level of interest rates could affect us by, among other things, leading to greater competition for deposits and incentivizing borrowers to prepay or refinance at lower interest rates their loans more quickly or frequently than they otherwise would. The primary tool that management uses to measure interest rate risk is a simulation model that evaluates the impact of varying levels of prevailing interest rates and the impact on net interest income and the economic value of equity. As of December 31, 2024, this simulation analysis indicated that if prevailing interest rates immediately decreased by 300 basis points, we would expect net interest income to decrease by approximately $5.5 million, or 5.0% over the next 12 months, and a decrease in the economic value of equity of $6.6 million, or 1.6%. We believe that this is unlikely based on current interest rate levels. Conversely, if prevailing interest rates immediately increased by 300 basis points, we would expect net interest income to decrease by approximately 10.2 million, or 9.2%, over the next 12 months, and a decrease in the economic value of equity of $97.9 million, or 22.9%. However, fluctuations in interest rates affect different classes of income-earning assets differently, and there can be no assurance as to the actual effect on our results of operations should such an increase or decrease occur.

Generally, the interest rates on our interest-earning assets and interest-bearing liabilities do not change at the same rate, to the same extent or on the same basis. Even assets and liabilities with similar maturities or re-pricing periods may react in different degrees to changes in market interest rates. Interest rates on certain types of assets and liabilities may fluctuate in advance of changes in general market interest rates, while interest rates on other types of assets and liabilities may lag behind changes in general market rates. Certain assets, such as fixed and adjustable rate mortgage loans, have features that limit changes in interest rates on a short-term basis and over the life of the asset. Changes in interest rates could materially and adversely affect our financial condition and results of operations.

We are subject to risk due to fluctuations in interest rates.

Beginning March 2020, we were in a low interest rate environment. In March 2020, the target federal funds rate decreased 150 bps to a range of 0.00% to 0.25% and remained at that rate until March 2022, when the Federal Reserve began increasing the target federal funds rate. The Federal Reserve increased the target federal funds rate by 25 bps in March 2022; 50 bps in May 2022; 75 bps in each of June, July, September, and November 2022; and 50 bps in December 2022, resulting in a range of 4.25% to 4.50% as of December 31, 2022. The Federal Reserve then increased the target federal fund rate by 25 bps in each of February, March, May, and July 2023, resulting in a range of 5.25% to 5.50% as of December 31, 2023. The Federal Reserve then decreased the target federal fund rate by 50 bps in September 2024, and 25 bps in each of November and December 2024, resulting in a range of 4.25% to 4.50% as of December 31, 2024. The Federal Reserve has been noncommittal on potential rate decisions for 2025.

Our yield on loans may decrease as a result of decreasing interest rates. Additionally, our deposits may face competitive pressures. Additionally, increasing rates to combat inflation may negatively impact the economies generally, which can impact loan activity.

A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market could negatively impact our business.

A significant portion of our loan portfolio is secured by either residential or commercial real estate. As of December 31, 2024, we had approximately $903.2 million in residential real estate loans and $712.8 million in commercial real estate loans outstanding, representing approximately 36.8% and 29.1%, respectively, of our total loans outstanding on that date.

There are significant risks associated with real estate-based lending. Real estate collateral may deteriorate in value during the time that credit is extended, in which case we might not be able to sell such collateral for an amount necessary to satisfy a defaulting borrower's obligation to us. In that event, there could be a material adverse effect on our financial condition and results of operations. Additionally, commercial real estate loans are subject to unique risks. These types of loans are often viewed as having more risks than residential real estate or other consumer loans, primarily because relatively large amounts are loans to a relatively small number of borrowers. Thus, the deterioration of even a small number of these loans could cause a significant increase in the allowance for credit losses or loan charge-offs, which in turn could have a material adverse effect on our financial condition and results of operations. Furthermore, commercial real estate loans depend on cash flows from the property securing the debt. Cash flows may be affected significantly by general economic conditions and a downturn in a local economy in one of our markets or in occupancy rates where a property is located could increase the likelihood of default.

The foregoing risks are enhanced as a result of the limited geographic scope of our principal markets. Most of the real estate securing our loans is located in Alabama. Because the value of this collateral depends upon local real estate market conditions and is affected by, among other things, neighborhood characteristics, real estate tax rates, the cost of operating the properties, and local governmental regulation, adverse changes in any of these factors in Alabama could cause a decline in the value of the collateral securing a significant portion of our loan portfolio. Further, the concentration of real estate collateral in the market limits our ability to diversify the risk of such occurrences.

Any branch expansion into new markets or new lines of business might not be successful.

As part of our ongoing strategic plan, we may consider expansion into new geographic markets. Such expansion might take the form of the establishment of de novo branches or the acquisition of existing banks or bank branches. There are considerable costs associated with opening new branches, and new branches generally do not generate sufficient revenues to offset costs until they have been in operation for some time. Additionally, we may consider expansion into new lines of business through the acquisition of third parties or organic growth and development. There are substantial risks associated with such efforts, including risks that (i) revenues from such activities might not be sufficient to offset the development, compliance, and other implementation costs, (ii) branch acquisitions permit the existing customers to move their deposit and loan relationships and such runoff may adversely affect the expected benefits of such expansion; (iii) competing products and services and shifting market preferences might affect the profitability of such activities; and (iv) our internal controls might be inadequate to manage the risks associated with new activities. Furthermore, it is possible that our unfamiliarity with new markets or lines of business might adversely affect the success of such actions. If any such expansions into new geographic or product markets are not successful, there could be an adverse effect on our financial condition and results of operations.

Acquisitions may disrupt our business and dilute stockholder value, and integrating acquired companies may be more difficult, costly, or time-consuming than we expect.

Our business strategy focuses on both organic growth and growth through acquisitions of financial institutions located in the southeastern United States. Our pursuit of acquisitions may disrupt our business, and common stock that we issue as merger consideration may have the effect of diluting the value of your investment. We may fail to realize some or all of the anticipated benefits of completed acquisitions. We anticipate that the integration of other businesses that we acquire in the future may be a time-consuming and expensive process, even if the integration process is effectively planned and implemented.

In addition, our acquisition activities could be material to our business and involve a number of significant risks, including the following:

- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in our attention being diverted from the operation of our existing business;
- using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target company or the assets and liabilities that we seek to acquire;
- exposure to potential asset quality issues of the target company;
- intense competition from other banking organizations and other potential acquirers, many of which have substantially greater resources than we do;
- potential exposure to unknown or contingent liabilities of banks and businesses we acquire, including, without limitation, liabilities for regulatory and compliance issues;
- inability to realize the expected revenue increases, cost savings, increases in geographic or product presence, and other projected benefits of the acquisition;
- incurring time and expense required to integrate the operations and personnel of the combined businesses;
- inconsistencies in standards, procedures, and policies that would adversely affect our ability to maintain relationships with customers and employees;
- experiencing higher operating expenses relative to operating income from the new operations;
- creating an adverse short-term effect on our results of operations;
- losing key employees and customers;
- significant problems relating to the conversion of the financial and customer data of the entity;
- integration of acquired customers into our financial and customer product systems;
- potential changes in banking or tax laws or regulations that may affect the target company; or
- risks of marking assets and liabilities to current market values, and possible future impairment of goodwill and other intangibles resulting from acquisition.

Difficulties arising in the integration process may reduce the expected economic benefits.

Our largest loan relationships currently make up a significant percentage of our total loan portfolio.

The concentration risk associated with having a small number of extremely large loan relationships is that, if one or more of those relationships were to become delinquent or suffer default, we could be at serious risk of material losses. The allowance for credit losses may not be adequate to cover losses associated with any of these relationships, and any loss or increase in the allowance would negatively affect our earnings and capital. Even if the loans are collateralized, the large increase in classified assets could harm our reputation with our regulators and inhibit our ability to execute our business plan.

Several of our large depositors have relationships with each other, which creates a higher risk that one customer's withdrawal of its deposit could lead to a loss of other deposits from customers within the relationship, which, in turn, could force us to fund our business through more expensive and less stable sources.

Several of our large depositors have business, family, or other relationships with each other, which creates a risk that any one customer's withdrawal of its deposit could lead to a loss of other deposits from customers within the relationship. Withdrawals of deposits by any one of our largest depositors or by one of our related customer groups could force us to rely more heavily on borrowings and other sources of funding for our business and withdrawal demands, adversely affecting our net interest margin and results of operations. We may also be forced, as a result of any withdrawal of deposits, to rely more heavily on other, potentially more expensive and less stable funding sources. Consequently, the occurrence of any of these events could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

We have lower lending limits and different lending risks than certain of our larger, more diversified competitors.

We are a community banking institution that provides banking services to the local communities in the market areas in which we operate. Our ability to diversify our economic risks is limited by our own local markets and economies. We lend primarily to individuals and to small to medium-sized businesses, which may expose us to greater lending risks than those of banks that lend to larger, better-capitalized businesses with longer operating histories. In addition, our legally mandated lending limits are lower than those of certain of our competitors that have more capital than we do. These lower lending limits may discourage borrowers with lending needs that exceed our limits from doing business with us. We may try to serve such borrowers by selling loan participations to other financial institutions; however, this strategy may not succeed.

Because our business success depends significantly on key management personnel, the departure of such personnel could impair operations.

We depend heavily upon our senior management team. The loss of the services of a member of our senior management team, or an inability to attract other experienced banking personnel, could adversely affect our business. Some of these adverse effects could include the loss of personal contacts with existing or potential customers, as well as the loss of special technical knowledge, experience, and skills of such individuals who are responsible for our operations.

We continually encounter technological change and may have fewer resources than our competitors to continue to invest in technological improvements.

The banking and financial services industries are undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to enhancing our service to customers, the effective use of technology increases efficiency and enables us to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that enhance customer convenience and create additional efficiencies in operations. Many of our competitors have greater resources to invest in technological improvements, and we may not be able to effectively implement new technology-driven products and services, which could reduce our ability to effectively compete. We also rely on software developed by third-party vendors to process various transactions. In some cases, we have contracted with third parties to run their proprietary software on our behalf. These systems include, but are not limited to, general ledger, payroll, employee benefits, loan and deposit processing, and securities portfolio accounting. While we perform a review of controls instituted by the applicable vendors over these programs in accordance with industry standards and perform our own testing of user controls, we must rely on the continued maintenance of controls by these third-party vendors, including safeguards over the security of customer data.

We use information technology in our operations and offer online banking services to our customers. Unauthorized access to our technology as a result of a cyber-attack or otherwise could expose us to reputational harm and litigation and adversely affect our ability to attract and retain customers.

Information security risks for financial institutions have generally increased in recent years, in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. We are under continuous threat of loss due to hacking and cyber-attacks, especially as we continue to expand customer capabilities to utilize internet and other remote channels to transact business. Our risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, our plans to continue to provide internet banking and mobile banking channels, and our plans to develop additional remote connectivity solutions to serve our customers. Therefore, the secure processing, transmission, and storage of information in connection with our online banking services are critical elements of our operations. However, our network could be vulnerable to unauthorized access, computer viruses and other malware, phishing schemes, ransomware or other security failures. In addition, our customers may use personal smartphones, tablet PCs, or other mobile devices that are beyond our control systems in order to access our products and services. Our technologies, systems and networks, and our customers' devices, may become the target of cyber-attacks, electronic fraud, or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of our or our customers' confidential, proprietary, and other information, or otherwise disrupt our or our customers' or other third parties' business operations. As cyber threats continue to evolve, we may be required to spend significant capital and other resources to protect against these threats or to alleviate or investigate problems caused by such threats. To the extent that our activities or the activities of our customers involve the processing, storage, or transmission of confidential customer information, any breaches or unauthorized access to such information could present significant regulatory costs and expose us to litigation and other possible liabilities. Any inability to prevent these types of security threats could also cause existing customers to lose confidence in our systems and could adversely affect our reputation and ability to generate deposits. While we have not experienced any material losses relating to cyber-attacks or other information security breaches to date, we may suffer such losses in the future. The occurrence of any cyber-attack or information security breach could result in potential liability to clients, reputational damage, damage to our competitive position, and the disruption of our operations, all of which could adversely affect our financial condition or results of operations, lead to increased compliance and insurance costs and reduce shareholder value.

Risks Related to the Regulation of the Banking Industry

We are subject to extensive regulation in the conduct of our business, which imposes additional costs and reduces our profitability.

As a bank holding company, we are subject to federal regulation under the Bank Holding Company Act of 1956, as amended, or the BHCA, and the examination and reporting requirements of the Federal Reserve. The Bank is subject to extensive supervision, examination and regulation by the FDIC and Alabama Banking Department. Federal and state regulation of the banking industry, along with tax and accounting laws, regulations, rules, and standards, may limit our operations significantly and control the methods by which we conduct business, as they limit those of other banking organizations. Banking regulations are primarily intended to protect depositors, deposit insurance funds, and the banking system as a whole, and not stockholders or other creditors. These regulations affect lending practices, capital structure, investment practices, dividend policy, and overall growth, among other things. For example, federal and state consumer protection laws and regulations limit the manner in which we may offer and extend credit. In addition, the laws governing bankruptcy generally favor debtors, making it more expensive and more difficult to collect from customers who become subject to bankruptcy proceedings.

We also may be required to invest significant management attention and resources to evaluate and make any changes necessary to comply with applicable laws and regulations. This allocation of resources, as well as any failure to comply with applicable requirements, may negatively impact our financial condition and results of operations.

Changes in laws, government regulation, and monetary policy may have a material effect on our results of operations.

Financial institutions are the subject of significant legislative and regulatory changes and may be the subject of further significant legislation or regulation in the future, none of which is within our control. New proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the bank and non-bank financial services industries, impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including in the areas of compensation, interest rates, financial product offerings, and disclosures, and have an effect on bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. For example, recently the CFPB issued a Request For Information seeking public input on fees imposed by banks on consumer financial products and services (such as NSF fees, overdraft fees and overdraft practices) and has indicated that changes may be forthcoming in this area. Changes to statutes, regulations, or regulatory policies, including changes in their interpretation or implementation by regulators, could affect us in substantial and unpredictable ways. Such changes could, among other things, subject us to additional costs and lower revenues, limit the types of financial services and products that we may offer, ease restrictions on non-banks and thereby enhance their ability to offer competing financial services and products, increase compliance costs, and require a significant amount of management's time and attention. Failure to comply with statutes, regulations, or policies could result in sanctions by regulatory agencies, civil monetary penalties, or reputational damage, each of which could have a material adverse effect on our business, financial condition, and results of operations.

Banking agencies periodically conduct examinations of our business, including compliance with laws and regulations, and our failure to comply with any supervisory actions to which we become subject as a result of such examinations could materially and adversely affect us.

The Bank is subject to supervision and regulation by banking agencies that periodically conduct examinations of our business, including compliance with laws and regulations – specifically, RB&T is subject to examination by the FDIC and the Alabama Banking Department. Accommodating such examinations may require management to reallocate resources, which would otherwise be used in the day-to-day operation of other aspects of our business. If, as a result of an examination, any such banking agency was to determine that the financial condition, capital resources, allowance for credit losses, asset quality, earnings prospects, management, liquidity, or other aspects of our operations had become unsatisfactory, or that we or our management were in violation of any law or regulation, such banking agency may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil monetary penalties against us, our officers, or directors, to remove officers and directors, and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance. If we become subject to such a regulatory action, it could have a material adverse effect on our business, financial condition, and results of operations.

We may need to raise additional capital in the future, including as a result of potential increased minimum capital thresholds established by regulators, but that capital may not be available when it is needed and may be dilutive to stockholders.

We are required by federal and state regulatory authorities to maintain adequate capital levels to support our operations. New regulations implementing minimum capital standards could require financial institutions to maintain higher minimum capital ratios and may place a greater emphasis on common equity as a component of "Tier 1 capital," which consists generally of shareholders' equity and qualifying preferred stock, less certain goodwill items and other intangible assets. In order to support our operations and comply with regulatory standards, we may need to raise capital in the future. Our ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside of our control, on our financial performance. Institutions that seek acquisitions are expected to maintain capital substantially above regulatory minimums. Accordingly, we cannot assure you of our ability to raise additional capital, if needed, on favorable terms. The capital and credit markets have experienced significant volatility in recent years. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. If we cannot raise additional capital when needed, our financial condition and results of operations may be adversely affected, and we could be subject to regulatory enforcement action, including receivership. Furthermore, our issuance of additional shares of our common stock could dilute the economic ownership interest of our stockholders.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act, or CRA, the Equal Credit Opportunity Act, the Fair Housing Act, and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief and restrictions on mergers and acquisitions, expansion and entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations, and future prospects.

We are subject to the Bank Secrecy Act and other anti-money laundering statutes and regulations, and any deemed deficiency by us with respect to these laws could result in significant liability.

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti- money laundering program and file suspicious activity and currency transaction reports when appropriate. In addition to other bank regulatory agencies, the federal Financial Crimes Enforcement Network of the Department of the Treasury is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the state and federal banking regulators, as well as the U.S. Department of Justice, Consumer Financial Protection Bureau, Drug Enforcement Administration, and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control of the Department of the Treasury regarding, among other things, the prohibition of transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy, or economy of the United States. If we are deemed deficient in these areas, we could be subject to fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us as well as a material adverse effect on our business, financial condition, results of operations, and future prospects.

See Item 1., "Supervision and Regulation - USA Patriot Act" above.

Risks Related to Our Common Stock

An active, liquid market for our common stock may not develop or be sustained, which may impair your ability to sell your shares.

There is currently no public market for our common stock. If an active trading market does not develop, you may not be able to sell your shares at the volume, prices, and times desired. To the extent there is trading in our common stock, the trading is in privately negotiated transactions at times and at prices of which we are sometimes unaware.

The price that our common stock may exchange hands may be subject to various influences, which may make it difficult for you to sell your shares at the volumes, prices, and times desired.

The price that our common stock may exchange hands may be volatile and subject to wide price fluctuations in response to various factors, including:

- actual or anticipated fluctuations in our operating results, financial condition, or asset quality;
- market conditions in the broader stock market in general, or in our industry in particular;
- publication of research reports about us, our competitors, or the bank and non-bank financial services industries generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- future issuances of our common stock or other securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving our competitors or us;
- additions or departures of key personnel;
- trades of large blocks of our stock;
- economic and political conditions or events;
- regulatory developments; and
- other news, announcements, or disclosures (whether by us or others) related to us, our competitors, our core markets, or the bank and non-bank financial services industries.

These and other factors may cause the price and any demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock.

We cannot guarantee that we will pay dividends to our stockholders in the future.

The holders of our common stock will receive dividends if and when declared by our board of directors out of legally available funds. Any future determination relating to the payment of dividends will be made at the discretion of our board of directors and will depend on a number of factors, including the future earnings of RB&T, capital requirements, financial condition, future prospects, regulatory restrictions, and other factors that our board of directors may deem relevant.

River Financial Corporation's principal business operations are conducted through RB&T. Cash available to pay dividends to our stockholders is derived primarily, if not entirely, from dividends paid by our bank to us. The ability of RB&T to pay dividends to us, as well as our ability to pay dividends to our stockholders, will continue to be subject to, and limited by, certain legal and regulatory restrictions. Further, any lenders making loans to us may impose financial covenants that may be more restrictive with respect to dividend payments than the regulatory requirements. Federal and state banking laws restrict the payment of dividends by banks to their holding companies, and RB&T is subject to these restrictions in paying dividends to us. Because our ability to receive dividends or loans from RB&T is restricted, our ability to pay dividends to our stockholders is also restricted.

Shares of our common stock are not insured deposits and may lose value.

Shares of our common stock are not savings or deposit accounts and are not insured by the FDIC's DIF, or any other agency or private entity. Such shares are subject to investment risk, including the possible loss of some or all of the value of your investment.

The laws that regulate our operations are designed for the protection of depositors and the public, not our stockholders.

The federal and state banking laws and regulations applicable to our operations give regulatory authorities extensive discretion in connection with their supervisory and enforcement responsibilities, and generally have been promulgated to protect depositors and the FDIC's DIF and not for the purpose of protecting stockholders.

We have the ability to incur debt and pledge our assets, including our stock in RB&T, to secure that debt.

We have the ability to incur debt and pledge our assets to secure that debt. Absent special and unusual circumstances, a holder of indebtedness for borrowed money has rights that are superior to those of holders of common stock. For example, interest must be paid to the lender before dividends can be paid to the stockholders, and loans must be paid off before any assets can be distributed to stockholders if we were to liquidate. Furthermore, we would have to make principal and interest payments on our indebtedness, which could reduce our profitability or result in net losses on a consolidated basis.

General Risk Factors

A return of recessionary conditions could result in increases in our level of nonperforming loans and/or reduced demand for our products and services, which could have an adverse effect on our results of operations.

Economic recession or other economic problems, including those affecting our markets and regions, but also those affecting the U.S. or world economies, could have a material adverse impact on our loan production and performance. If economic conditions deteriorate, or if there are negative developments affecting the domestic and international credit markets, the value of our loans and investments may be harmed, which in turn would have an adverse effect on our financial performance. In addition, we cannot provide any assurance that we would benefit from any market growth or favorable economic conditions, either in our primary market areas or nationally, even if they do occur.

Difficult conditions in the market for financial products and services may materially and adversely affect our business and results of operations.

Dramatic declines in the housing market during recent years, along with increasing foreclosures and unemployment, resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative securities, caused many financial institutions to seek additional capital, to merge with larger and stronger institutions, and, in some cases, to fail. This market turmoil and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility, and widespread reduction of business activity generally. Although conditions have improved, a return of these trends could have a material adverse effect on our business and operations. Negative market developments may affect consumer confidence levels and may cause adverse changes in payment patterns, causing increases in delinquencies and default rates, which may impact our charge-offs and provisions for loan and credit losses. Economic deterioration that affects household and/or corporate incomes could also result in reduced demand for credit or our fee-based products and services.

External economic factors, such as changes in monetary policy and inflation and deflation, may have an adverse effect on our business, financial condition and results of operations.

Our financial condition and results of operations are affected by credit policies of monetary authorities, particularly the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions by monetary and fiscal authorities, including the Federal Reserve, could lead to inflation, deflation, or other economic phenomena that could adversely affect our financial performance. The primary impact of inflation on our operations most likely will be reflected in increased operating costs. Conversely, deflation generally will tend to erode collateral values and diminish loan quality. Virtually all of our assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than general levels of inflation or deflation. Interest rates do not necessarily move in the same direction or by the same magnitude as the prices of goods and services.

Market interest rates for loans, investments, and deposits are highly sensitive to many factors beyond our control.

Generally, interest rate spreads (the difference between interest rates earned on assets and interest rates paid on liabilities) have narrowed in recent years as a result of changing market conditions, policies of various government and regulatory authorities, and competitive pricing pressures, and we cannot predict whether these rate spreads will narrow even further. This narrowing of interest rate spreads could adversely affect our financial condition and results of operations. In addition, we cannot predict whether interest rates will continue to remain at present levels. Changes in interest rates may cause significant changes, up or down, in our net interest income. An increase in interest rates could have a negative effect on the value of our investment securities portfolio.

We attempt to minimize the adverse effects of changes in interest rates by structuring our asset-liability composition in order to obtain the maximum spread between interest income and interest expense. However, there can be no assurance that we will be successful in minimizing the adverse effects of changes in interest rates. Depending on our portfolio of loans and investments, our financial condition and results of operations may be adversely affected by changes in interest rates.

We could suffer losses from a decline in the credit quality of the assets that we hold.

We could sustain losses if borrowers, guarantors, and related parties fail to perform in accordance with the terms of their loans. We have adopted underwriting and credit monitoring procedures and policies that we believe are appropriate to minimize this risk, including the establishment and review of the allowance for credit losses, periodic assessment of the likelihood of nonperformance, tracking loan performance, and diversifying our credit portfolio. These policies and procedures, however, may not prevent unexpected losses that could materially adversely affect our financial condition and results of operations. In particular, we face credit quality risks presented by past, current, and potential economic and real estate market conditions.

Our allowance for estimated credit losses may not be adequate to cover actual loan losses, which may require us to take a charge to earnings and adversely impact our financial condition and results of operations.

We maintain an allowance for estimated credit losses that we believe is adequate to absorb any probable losses in our loan portfolio. Management determines the amount of the allowance based upon an analysis of general market conditions, credit quality of our loan portfolio and performance of our customers relative to their financial obligations with us. We periodically evaluate the loan portfolio for risk grading, which can result in changes in our allowance. The amount of future losses is affected by changes in economic, operating, and other conditions, including changes in interest rates, which may be beyond our control, and such losses may exceed the allowance for estimated loan losses. Although we believe that our allowance for estimated credit losses is adequate to absorb any probable losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual loan losses in the future. If actual losses exceed the estimate, the excess losses could adversely affect our net income and capital. Such excess could also lead to larger allowances for credit losses in future periods, which could in turn adversely affect new income and capital in those periods. If economic conditions differ substantially from the assumptions used in the estimate, or if the performance of our loan portfolio deteriorates, future losses may occur, and increases in the allowance may be necessary, either of which would have a negative effect on our financial condition and results of operations.

Additionally, federal banking regulators, as part of their supervisory function, periodically review the adequacy of our allowance for estimated credit losses. These agencies may require us to establish additional allowances based on their judgment of the information available at the time of their examinations. If these regulatory agencies require us to increase the allowance for estimated credit losses, it would have a negative effect on our financial condition and results of operations.

Our liquidity needs might adversely affect our financial condition and results of operations.

The primary sources of funds for the Bank are customer deposits and loan repayments. Loan repayments are subject to the credit risks described above. In addition, deposit levels may be affected by a number of factors, including interest rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, and general economic conditions. Therefore, RB&T may be required to rely from time to time on secondary sources of liquidity to meet withdrawal demands or otherwise fund operations or support growth. RB&T has lines of credit in place with the Federal Home Loan Bank of Atlanta, Federal Reserve Bank, and correspondent banks that we believe are adequate to meet the Banks' liquidity needs. However, there can be no assurance that these arrangements will be sufficient to meet future liquidity needs, particularly if loan demand grows faster than anticipated.

W***e operate in a highly competitive industry and face significant competition from other financial institutions and financial services providers, which may decrease our growth or profits.***

Consumer and commercial banking are highly competitive industries. Our market areas contain not only a large number of community and regional banks, but also a significant presence of the country's largest commercial banks. We compete with other state and national financial institutions, as well as savings and loan associations, savings banks, and credit unions, for deposits and loans. In addition, we compete with financial intermediaries, such as consumer finance companies, commercial finance companies, mortgage banking companies, insurance companies, securities firms, mutual funds, and several government agencies, as well as major retailers, all actively engaged in providing various types of loans and other financial services. Some of these competitors may have a long history of successful operations in our market areas and greater ties to local businesses and more expansive banking relationships, as well as more established depositor bases, fewer regulatory constraints, and lower cost structures than we do. Competitors with greater resources may possess an advantage through their ability to maintain numerous banking locations in more convenient sites, to conduct more extensive promotional and advertising campaigns, or to operate a more developed technology platform. Due to their size, many competitors may offer a broader range of products and services, as well as better pricing for certain products and services than we can offer. For example, in the current low interest rate environment, competitors with lower costs of capital may solicit our customers to refinance their loans with a lower interest rate. Further, increased competition among financial services companies due to the recent consolidation of certain competing financial institutions may adversely affect our ability to market our products and services. Technology has lowered barriers to entry and made it possible for banks to compete in our market areas without a retail footprint by offering competitive rates, and for non-banks to offer products and services traditionally provided by banks.

There has been an increasing trend of credit unions acquiring banks. Credit unions are tax-exempt entities, which provides an advantage to the credit unions,when pricing loans and deposits. The acquisition of banks by credit unions lead to more rapid growth by, and increased competition from, credit unions. Further, credit unions could provide enhanced competition as we evaluate and pursue acquisition targets.

The financial services industry could become even more competitive as a result of legislative, regulatory, and technological changes and continued consolidation. Banks, securities firms, and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting), and merchant banking.

Our ability to compete successfully depends on a number of factors, including:

- our ability to develop, maintain, and build upon long-term customer relationships based on quality service and high ethical standards;
- our ability to attract and retain qualified employees to operate our business effectively;
- our ability to expand our market position;
- the scope, relevance, and pricing of products and services that we offer to meet customer needs and demands;
- the rate at which we introduce new products and services relative to our competitors;
- customer satisfaction with our level of service; and
- industry and general economic trends.

Failure to perform in any of these areas could significantly weaken our competitive position, which could adversely affect our growth and profitability, which, in turn, could harm our business, financial condition, and results of operations.

Severe weather, natural disasters, pandemics, epidemics, acts of war or terrorism or other external events could have significant effects on our business.

Severe weather and natural disasters, including hurricanes, tornados, drought and floods, epidemics and pandemics, acts of war or terrorism or other external events could have a significant effect on our ability to conduct business. Such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and/or cause us to incur additional expenses. Although management has established disaster recovery and business continuity policies and procedures, the occurrence of any such event could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. The SEC and federal bank regulators have also recently updated their guidance for pandemics, which may cause us to change our operations and business continuity efforts.

Pandemics, epidemics, trade wars, tariffs, and similar events and disputes, domestic and international, have adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. Such events also may adversely affect business and consumer confidence, generally. We and our customers, and our respective suppliers, vendors and processors may be adversely affected. Any such adverse changes may adversely affect our profitability, growth, asset quality and financial condition.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity.

Risk Management and Strategy

Our policies for Cybersecurity and the Safeguarding of Data, Computing Systems and Confidential Client Information policies establish the administrative, technical, physical safeguards and risk mitigations which are implemented to protect the security and confidentiality of all customer information as set forth by the federal regulatory authorities' interagency guidelines mandated by Section 501 of the Gramm-Leach-Bliley Act of 1999 and Part 364, Appendix B of the FDIC Rules and Regulations. Our objective is to emphasize compliance with all information and cybersecurity requirements, including those detailed in the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, regulatory guidance, FFIEC guidance and regulatory agency guidelines which provide established standards for cybersecurity and the safeguarding customer information and Bank assets.

Security Operation and Governance

Our Board Chartered, IT Committee oversees implementation, monitoring, and assessment of cybersecurity risks as it relates to the comprehensive Information Systems Security Program (ISSP). In fulfilling its duties, the Committee ensures the development of appropriate policies. The Committee reviews and discusses policies, procedures, and projects with management and after taking into consideration any matters that the Committee may deem advisable, the Committee annually recommends such policies to the Board of Directors for review and ultimately approval.

The Board of Directors receives cybersecurity status updates, training and is encouraged to engage with questions. Frequency of these cybersecurity updates are driven by the events in the world, cyber threats, and alerts received by the Bank's ISO, Management, or Technology Administrator.

Information Technology and Cybersecurity Management

Our Information Security Officer (ISO) is responsible for overseeing the Bank's strategies necessary to ensure the confidentiality, integrity, and availability of electronic information by communicating risk to senior administration, creating, and maintaining enforceable policies and procedures, and ensuring compliance with regulatory requirements.

Under the oversight and guidance of the IT Committee, the Board of Directors, and the HR Department's ISO Job Description, the ISO is responsible for the following:

- Overall security/control of the network and computing systems.
- For coordinating the education and training of new and existing employees on Network and Physical Security Policies as outlined in the Information Systems Security Policy.
- Management of all detection systems directly connected to the Internet/network and subjected to on-going review of generated reports and risk assessments performed by independent auditors and vulnerability identification software.
- Management of the audit function, which will periodically review the information security policies, standards, and procedures and ensure the adequacy of information system controls and compliance.
- Provide reports to the IT Committee, Senior Management, and the Board of Directors, as needed or required, concerning the Bank's security posture.
- Oversight and management of technology vendors and suppliers.

Security Competencies

The Information Security Program oversees a program of security competencies and tools designed to protect the confidentiality, integrity, and availability of our data. This level of competency is attained through regulatory examination, scheduled audits, internal risk assessments, security scanning of assets, and annual testing. We participate in annual programs including the FFIEC Cybersecurity Assessment Program which measures and defines our inherent risks and the maturity of our preparedness. This process is overseen by our IT Committee and presented to the Board of Directors.

Third-Party Risk Management

Any new organization or party that we show interest in establishing a relationship with the Bank will/may require the potential to share or access confidential client information must go through a series of guidelines for qualification prior to releasing information or implementing services. These procedures are in place in order to demonstrate our commitment to safeguarding confidential information while documenting due diligence. New third parties are assessed through our pre-engagement process. The next level of engagement involves a Risk Dependency Assessment, to determine the vendor's Tier Level and a full due-diligence review of policies and independent audits of Critical Vendors as defined in policy.

Security Awareness and Education

The Bank provides annual, mandatory, onsite training for personnel regarding security awareness to equip personnel with the understanding of how to properly use and protect the computing resources entrusted to them, and to communicate the Bank's information security policies, standards, processes, and practices. Staff IT training process is monitored, tracked and reported to the IT Committee and Board of Directors. We have also employed a program of staff phishing tests with staff response evaluated and reported to the IT Committee and the Board of Directors.

Incident Response Program (IRP)

The Bank's ability to respond to security incidents in a planned and coordinated fashion is important to the success of its information systems security program. The IRP has been developed to provide protections for both the Bank and the Bank's customers and to mitigate the negative effects of cybersecurity events or security breaches on the Bank itself. Program also identifies the Bank's Information Security Incident Response Team (ISIRT) Policy and program procedures which are tested annually.

A 24/7 monitored intrusion prevention system, internal intrusion detection system, and firewalls to assist in the identification of unauthorized system access is in place. Network and application security reports are reviewed by Bank personnel and used to help in the detection process.

Our ISO and Management Committees are continually informed about the latest developments in cybersecurity, including potential threats and innovative risk management techniques. This ongoing knowledge acquisition is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. To assist our Information Security Team in such knowledge acquisition, we subscribe to certain services that provide us alerts on security incidents and threats. Our ISO oversees the implementation of and the processes for the regular monitoring of our information systems. This includes the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. As previously noted, in the event of a cybersecurity incident, the Information Security Incident Response Plan is enacted. This plan includes immediate actions to mitigate the impact of and remediate the incident.

Item 2. Properties.

Our headquarters and the main office of RB&T is located at 2611 Legends Drive, Prattville, Alabama 36066. Including the main office, RB&T operates eighteen branches with drive-through and/or ATM service.

The following table summarizes pertinent details of the Company's main and banking offices as of December 31, 2024:

Office Address	Owned/Leased
2611 Legends Drive (Main Office) Prattville, AL 36066	Owned
612 South Memorial Drive Prattville, AL 36067	Leased
7075 Halcyon Park Drive Montgomery, AL 36117	Leased
309 Maxwell Boulevard Montgomery, AL 36104	Leased
10 Cambridge Drive Wetumpka, AL 36092	Owned
3617 U.S. Highway 280 Alexander City, AL 35010	Owned
2394 East University Drive Auburn, AL 36830	Owned
1804 Thomason Drive Opelika, AL 36801	Owned
244 South 3rd Street Gadsden, AL 35901	Owned
3111 Alabama Highway 14 Millbrook, AL 36054	Owned

620 Second Avenue North Clanton, AL 35046	Owned
2040 7th Street South Clanton, AL 35045	Owned
1301 US-98 Daphne, AL 36526	Owned
1479 West Main Street Dothan, AL 36302	Owned
3850 West Main Street Dothan, AL 36305	Owned
306 South Main Street Enterprise, AL 36330	Owned
254 Moulton Street East Decatur, AL 35601	Leased
1192 South Donahue Drive Auburn, AL 36830	Owned
401 Holmes Avenue Huntsville, AL 35801	Leased
33 Shell Street, Suite 33 Saraland, AL 36571	Leased
1425 Montgomery Highway, Suite 151 Vestavia Hills, AL 35216	Leased
401 East Teneessee Street, Suite A Florence, AL 35630	Leased
118 North Royal Street, Suite 100 Mobile, AL 36602	Leased
110 South University Blvd Mobile, AL 36608	Owned

We believe that our banking offices are in good condition and are suitable to our needs.

Item 3. 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 except as described in Item 1., "Supervision and Regulation - USA Patriot Act."

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Our Common Stock

There is currently no established public trading market for shares of our common stock. However, our common stock is occasionally traded over-the-counter under the symbol RVRF. We do not make a market in our securities, nor do we attempt to negotiate prices for trades of such securities. When made, sales are normally undertaken in privately negotiated transactions, sometimes at prices of which we are unaware. As of March 3, 2025, there were approximately 1,301 registered holders of our common stock.

The last known privately negotiated trade of our common stock of which management is aware occurred on February 25, 2025 at a price of $32.50 per share. During the last year we are aware of privately negotiated trades of stock with prices ranging from $28.25 to $34.00 per share. The trades at the lower end of the range involved smaller numbers of shares that were traded over-the-counter on the pink sheets. The weighted average trade price for the year was $31.37. Over-the-counter quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily reflect actual transactions.

Recent Sales of Unregistered Securities

In 2024 and 2023, the Company sold 35,098 and 19,989 shares of its common stock for a cash total of approximately $1.13 million and $680 thousand, respectively, to its employee stock ownership plan. The Company relied upon exemptions from registration under SEC Rule 701 and Rule 147A.

On September 14, 2023, the Company issued 968,904 shares of its common stock in a capital raise under SEC Rule 506(b). The shares were sold at $34 per share and $32.9 million was raised. The shares were sold directly by the Company and were sold primarily to accredited investors who were already shareholders of the Company or customers or persons with which the Company had relationships.

Purchases of Equity Securities by the Registrant and Affiliated Purchasers

We made repurchases of our common stock in 2024 for a total of 77,374 shares at an aggregate cash total of approximately $2.56 million. Prices per share ranged between $31.00 and $37.00. Shares repurchased were placed in treasury.

Dividends

The holders of our common stock receive dividends if and when declared by our board of directors out of legally available funds. Any future determination of the payment of dividends will be made at the discretion of our board of directors and will depend on a number of factors, including our future earnings, capital requirements, financial condition, future prospects, regulatory restrictions, and other factors that our board of directors may deem relevant. We expect future dividends to be paid on a comparable basis.

We are subject to the Federal Reserve's policies restricting bank holding companies from declaring or paying cash dividends. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer, or significantly reduce the bank holding company's dividends if (i) its net income available to stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends, (ii) its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition, or (iii) it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. Our failure to do so could result in the Federal Reserve finding that we are operating in an unsafe and unsound manner.

Our ability to pay dividends is dependent on the ability of our Bank to pay dividends to us. RB&T's ability to pay dividends on its common stock to us without regulatory approval is limited by banking laws to its retained net income available to holders of its common stock to date for the then current fiscal year, plus retained net income from the prior two fiscal years.

Should the Bank be "significantly undercapitalized" under the applicable federal bank capital standards, or if the Bank is "undercapitalized" and has failed to submit an acceptable capital restoration plan or has materially failed to implement such a plan, the FDIC may choose to require us to receive prior approval for any capital distribution from the Federal Reserve. In addition, the Banks generally are prohibited from making a capital distribution if it would cause them to be "undercapitalized" under applicable federal bank capital standards.

The dividends paid per share on common stock for 2024 and 2023 were $0.50 cents per share and $0.48 cents per share respectively.

Item 6. Selected Financial Data.

SUMMARY CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share information)	Years Ended December 31, 2024	2023
Summary of Operations:		
Total interest income	$ 170,113	$ 132,261
Total interest expense	75,664	52,952
Net interest income	94,449	79,309
Provision for credit losses	5,787	5,244
Net interest income after provision for credit losses	88,662	74,065
Noninterest income	15,408	20,597
Noninterest expense	62,949	61,075
Income before income taxes	41,121	33,587
Income tax expense	9,804	6,848
Net income	31,317	26,739
Share and per common share data:		
Basic net income per share	$ 4.09	$ 3.84
Diluted net income per share	$ 4.05	$ 3.79
Common equity per common share outstanding	$ 30.43	$ 26.49
Tangible common equity per common share outstanding	$ 26.67	$ 22.67
Dividends per common share	$ 0.50	$ 0.48
Actual common shares outstanding	7,628,192	7,655,860
Weighted average common shares outstanding	7,658,553	6,969,533
Diluted weighted average common shares outstanding	7,730,586	7,064,743
Balance Sheet Data:		
Total assets	$ 3,582,206	$ 3,235,250
Securities	732,925	747,884
Loans, net of unearned income	2,486,822	2,240,006
Allowance for credit losses	32,088	28,991
Deposits	3,067,159	2,730,655
Securities sold under agreements to repurchase	22,664	16,731
Federal Home Loan Bank advances	205,000	230,000
Subordinated debentures, net of loan costs	39,563	39,492
Total stockholders’ equity	227,056	198,338
Average total assets	3,410,422	3,084,222
Average loans	2,348,776	2,043,466
Average interest earning assets	3,137,837	2,810,356
Average deposits	2,943,857	2,699,134
Average interest bearing deposits	2,294,527	2,041,376
Average interest bearing liabilities	2,529,605	2,254,026
Average total stockholders’ equity	214,566	157,787

SUMMARY CONSOLIDATED FINANCIAL DATA (continued)

	Years Ended December 31,	
	2024	2023
Selected Financial Ratios:		
(ratios are annualized where applicable)		
Return on average assets	0.92%	0.87%
Return on average equity	14.60%	16.95%
Average equity to average total assets	6.29%	5.12%
Dividend payout (1)	12.24%	12.00%
Efficiency ratio (2)	57.30%	61.13%
Net interest margin (3)	3.01%	2.82%
Net interest spread (4)	2.45%	2.38%
Capital Ratios:		
Tier 1 leverage ratio (5)	8.56%	8.65%
Common equity tier 1 (CET1) risk-based capital (5)	11.90%	11.57%
Tier 1 risk-based capital (5)	11.90%	11.57%
Total risk-based capital (5)	13.15%	12.79%
Asset Quality Ratios:		
(ratios are annualized where applicable)		
Net charge-offs to average loans	0.11%	0.03%
Allowance to period end loans	1.29%	1.29%
Allowance for credit losses to non-performing loans	376.58%	494.14%
Non-performing assets to total assets	0.24%	0.18%
Other Data:		
Banking locations	24	24
Full-time equivalent employees	344	346

(1) Dividend payout ratio is dividends divided by net income.
(2) Efficiency ratio is noninterest expense divided by the sum of net interest income before the provision for credit losses plus noninterest income.
(3) Net interest margin is net interest income divided by average interest earning assets.
(4) Net interest spread is the difference between the weighted average yield on interest earning assets and the average effective rate paid on interest bearing liabilities.
(5) Capital ratios presented are bank only ratios.

Item 7. 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 consolidated financial statements and related notes thereto and other financial information appearing elsewhere in this document. 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 the sections entitled "Special Note Regarding Forward-Looking Statements" and "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 or when specifically identified.

Our Business

We are a bank holding company headquartered in Prattville, Alabama. We operate one subsidiary bank – River Bank and Trust ("RB&T" or the "Bank"). Through the Bank, we provide a broad array of financial services to businesses, business owners and professionals through twenty-three full-service banking offices and one loan production office in Alabama.

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 2024 Results

- Our net income was $31.3 million in 2024, compared with $26.7 million in 2023. The largest contributing factors leading to the increase in net income and other highlights include the following: Average interest earning assets in 2024 were $3.14 billion compared to $2.81 billion in 2023, and the higher level of interest earning assets led to an increase in net interest income from $79.3 million in 2023 to $94.4 million in 2024.
- Average loans outstanding in 2024 were $2.35 billion, approximately 14.94% higher than $2.04 billion in average loans outstanding in 2023. The higher average balance for total loans outstanding combined with the increase in loan yield from 5.52% in 2023 to 6.29% in 2024 was the primary reason for the increase of $37.8 million in interest income. Organic growth and entry into in new markets were reasons for the increase in average loans outstanding.
- The effective yield on our loan portfolio increased from 5.52% in 2023 to 6.29% in 2024. The increase in the yield was mainly attributable to steadily increasing interest rates in line with fed funds rate increases.
- Average total investment securities in 2024 were $661.6 million compared to $691.4 million in 2023. Almost all cash flow generated from the investment portfolio in 2024 was used to fund loan growth.
- Average non-interest bearing deposits saw a slight decrease from $657.8 million in 2023 to $649.3 million in 2024. With rising deposit rates, customers were more apt to move funds to interest bearing deposit accounts.
- Our higher net interest income was partially offset by higher operating expenses, which grew to $62.9 million in 2024 from $61.1 million in 2023. The increase in noninterest expense came from organic growth with most of the increase in salaries and employee benefits.
- Our noninterest income decreased from $20.6 million in 2023 to $15.4 million in 2024. The decrease primarily resulted from an increase in losses on the sale of investments and a decrease in Community Development Financial Institution award grants in 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 RFC's Notes to the Consolidated Financial Statements. 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 represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Bank measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by call report code and then risk grade grouping. Risk grade is grouped within each call report code by pass, watch, special mention, substandard, and doubtful. Other loan types are separated into their own cohorts due to specific risk characteristics for that pool of loans. Under different conditions or using different assumptions, the actual or estimated credit losses ultimately realized by RFC may be different than management's estimates provided in our Consolidated Financial Statements included elsewhere in this Form 10-K. For a more complete discussion of the methodology employed to calculate the allowance for credit losses, see Note 1 to our Consolidated Financial Statements for the year ended December 31, 2024, which is included elsewhere in this document.

Comparison of Results of Operations for the years ended December 31, 2024 and 2023

The following is a narrative discussion and analysis of significant changes in our results of operations for the years ended December 31, 2024 and 2023.

Net Income

2024 vs. 2023

During the year ended December 31, 2024, our net income was $31.3 million, compared to $26.7 million for the year ended December 31, 2023, an increase of 17.12%. The primary reason for the increase in net income in 2024 compared to 2023 was an increase in net interest income from $79.3 million in 2023 to $94.4 million in 2024 for an increase of $15.1 million, or 19.09%. Our net interest margin increased from 2.82% in 2023 to 3.01% in 2024. Loans also increased as a percentage of total interest earning assets to 74.9% in 2024 compared to 72.7% in 2023.

Noninterest income decreased from $20.6 million in 2023 to $15.4 million in 2024, or 25.19%. The decrease resulted from an increase in losses on sales of investment securities and a decrease in Community Development Financial Institution award grants.

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 our assets. Net interest income divided by average 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 margin can also be affected by economic conditions, the competitive environment, loan demand, and deposit flow. Our 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 our primary source of earnings.

The following table shows, for the years 2024 and 2023, the average balance of each principal category of our assets and liabilities and the average yields on assets and average costs of liabilities. Such yields and costs are calculated by dividing income or expense by the average daily balances of the associated assets or liabilities.

AVERAGE BALANCE SHEETS & NET INTEREST INCOME

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Average Balance	Interest Income/ Expense	Average Yield/Rate	Average Balance	Interest Income/ Expense	Average Yield/Rate
Interest earning assets						
Loans	$2,348,776	$147,710	6.29%	$2,043,466	$112,862	5.52%
Mortgage loans held for sale	6,605	332	5.03%	6,352	316	4.97%
Investment securities:						
Taxable securities	602,875	14,540	2.41%	628,257	14,303	2.28%
Tax-exempt securities	58,764	1,791	3.05%	63,147	1,967	3.11%
Interest bearing balances in other banks	99,038	5,263	5.31%	32,270	1,635	5.07%
Federal funds sold	21,779	1,166	5.35%	36,864	1,894	5.14%
Total interest earning assets	$3,137,837	$170,802	5.44%	$2,810,356	$132,977	4.73%
Interest bearing liabilities						
Interest bearing transaction accounts	$697,572	$11,584	1.66%	$676,784	$8,837	1.31%
Savings and money market accounts	958,493	27,082	2.83%	862,423	18,222	2.11%
Time deposits	638,462	27,367	4.29%	502,169	16,749	3.34%
Securities sold under agreement to repurchase	16,171	546	3.38%	17,884	569	3.18%
Federal Home Loan Bank advances	179,372	7,413	4.13%	146,575	6,354	4.33%
Federal Reserve Bank discount window borrowings	-	-	0.00%	1,644	24	1.46%
Federal funds purchased	5	1	20.00%	-	8	0.00%
Note payable	-	-	0.00%	7,088	520	7.34%
Subordinated debentures, net of loan costs	39,530	1,671	4.23%	39,459	1,669	4.23%
Total interest bearing liabilities	$2,529,605	$75,664	2.99%	$2,254,026	$52,952	2.35%
Noninterest-bearing funding of earning assets	608,232	-	0.00%	556,330	-	0.00%
Total cost of funding earning assets	$3,137,837	$75,664	2.41%	$2,810,356	$52,952	1.88%
Net interest rate spread			2.45%			2.38%
Net interest income/margin (taxable equivalent)		$95,138	3.03%		$80,025	2.85%
Tax equivalent adjustment		(689)			(716)	
Net interest income/margin		$94,449	3.01%		$79,309	2.82%

Comparison of net interest income for the years ended December 31, 2024 and 2023

Net interest income increased $15.1 million, or 19.09%, to $94.4 million for the year ended December 31, 2024, compared to $79.3 million for 2023. The increase was due to an increase in interest income of $37.8 million, resulting from higher levels of loan volume and loan yields. The increase in interest income was primarily due to a 14.94% increase in average loans outstanding during 2024 compared to 2023 combined with an increase in loan yields from 5.52% in 2023 to 6.29% in 2024. The resulting net interest margin increased to 3.01% for 2024 from 2.82% for 2023. During 2024, interest bearing liabilities averaged $2.53 million, compared to $2.25 million during 2023, an increase of $275.6 million, or 12.23%. The average cost of funds also increased from 2.35% in 2023 to 2.99% in 2024.

Interest-earning assets averaged $3.14 billion for 2024, compared to $2.81 billion for 2023, an increase of $327.5 million, or 11.65%. Average loans increased $305.3 million during 2024 to $2.35 billion from $2.04 billion in 2023. The mix of average earning assets also shifted from investment securities to loans. As a percentage of average total earning assets, average loans increased from 72.7% in 2023 to 74.9% in 2024. The yield on average interest-earning assets increased 71 basis points to 5.44% during 2024, compared to 4.73% for 2023. The yield on earning assets increased primarily due to the increase in interest rates from 2023 to 2024 . During 2024, loan yields increased 77 basis points to 6.29%, which was coupled with significant growth in loan average volume.

Interest-bearing liabilities averaged $2.53 billion for 2024, compared to $2.25 billion for 2023, an increase of $275.6 million. The increase in average volume occurred from organic growth. The average rate paid on interest-bearing liabilities was 2.99% for 2024, compared to 2.35% for 2023. During recent years, we have benefited from the historically low interest rates and repriced time deposits at maturity at the lower current market rates, and we have also lowered rates on other deposit accounts to lower market rates where possible. However, the increase in total interest expense from $53.0 million in 2023 to $75.7 million in 2024 was mainly attributable to the steady increase in our cost of funds as a result of market conditions where deposit rates had to be increased to keep up with market demands.

The following table reflects, for the years 2024 and 2023, the changes in our net interest income due to changes in the volume of earning assets and interest-bearing liabilities and the associated rates earned or paid on the assets and liabilities.

	Year Ended December 31, 2024 vs. Year Ended December 31, 2023		
	Volume	Variance due to Yield/Rate	Total
Interest earning assets			
Loans	$ 16,762	$ 18,086	$ 34,848
Mortgage loans held for sale	12	4	16
Investment securities:			
Taxable securities	(547)	784	237
Tax-exempt securities	(141)	(35)	(176)
Interest bearing balances in other banks	3,390	238	3,628
Federal funds sold	(774)	46	(728)
Total interest earning assets	$ 18,702	$ 19,123	$ 37,825
Interest bearing liabilities			
Interest bearing transaction accounts	$ 272	$ 2,475	$ 2,747
Savings and money market accounts	2,027	6,833	8,860
Time deposits	4,552	6,066	10,618
Securities sold under agreement to repurchase	(55)	32	(23)
Federal Home Loan Bank advances	1,418	(359)	1,059
Federal Reserve Bank discount window borrowings	(24)	-	(24)
Federal funds purchased	(8)	1	(7)
Line of credit	(520)	-	(520)
Subordinated debentures, net of loan costs	3	(1)	2
Total interest bearing liabilities	$ 7,665	$ 15,047	$ 22,712
Net interest income			
Net interest income (taxable equivalent)	$ 11,037	$ 4,076	$ 15,113
Taxable equivalent adjustment	(17)	44	27
Net interest income	$ 11,020	$ 4,120	$ 15,140

Provision for Credit Losses

On January 1, 2023, we adopted ASC 326, which introduced the current expected credit losses (CECL) methodology and required us to estimate all expected credit losses over the remaining life of our loans. Accordingly, 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. During the year ended December 31, 2024, we recorded a provision for credit losses of $5.8 million compared to $5.2 million during the year ended December 31, 2023. The increase to the provision for credit losses resulted from the growth of our overall loan portfolio. Net loan charge-offs increased from $643 thousand in 2023 to $2.7 million in 2024. The allowance for credit losses is increased by a provision for credit losses, which is a charge to earnings, and is decreased by charge-offs and increased by loan recoveries. In determining the adequacy of our allowance for credit losses, we consider our historical loan loss experience, the general economic environment, the overall portfolio composition, and other information. As these factors change, the level of credit loss provision changes. If it is determined that a loan needs to be individually assessed, the Credit Administration department determines the proper measure of fair value for each loan based on one of three methods: (1) the present value of expected future cash flows discounted at the loan's effective interest rate; (2) the loan's observable market price; or (3) the fair value of the collateral if the loan is collateral dependent, less costs of sale or disposal. If the measurement of the fair value of the loan is more or less than the amortized cost basis of the loan, the Credit Administration department adjusts the specific allowance associated with that individual loan accordingly.

Noninterest Income

In addition to net interest margin, we generate other types of recurring noninterest income from our operations. Our banking operations generate revenue from service charges and fees on deposit accounts. We have a mortgage division that generates revenue from originating and selling mortgages, and we have a revenue-sharing arrangement from the sale of non-deposit investment products through a registered broker-dealer. In addition to these types of recurring noninterest income, the Bank owns insurance on several key employees and records 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.

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Service charges and fees	$ 8,359	$ 7,570
Investment brokerage revenue	789	592
Mortgage operations	4,668	3,833
Bank owned life insurance income	1,500	2,428
Net (losses) gains on sale of investment securities	(2,815)	5
Community Development Financial Institution income	280	4,153
Other noninterest income	2,627	2,016
Total noninterest income	$ 15,408	$ 20,597

Noninterest income for the years ended December 31, 2024 and 2023 was $15.4 million and $20.6 million, respectively. The primary reason for the decrease in noninterest income was from the increase in losses on sales of investment securities and a decrease in Community Development Financial Institution award grants. Service charges and fees continued to be one of our largest sources of noninterest income in 2024 with $8.4 million compared to $7.6 million in 2023. These service charges and fees were primarily generated by checking and savings accounts. Our mortgage operations produced noninterest income in 2024 of $4.7 million compared to $3.8 million in 2023. The increase in mortgage operations revenue was due to higher demand than in previous years.

Noninterest expense

Our total noninterest expense increase reflects our continued growth, as well as the expansion of our operational framework, employee expansion, and facility expansion, as we build the foundation to support our recent and future growth. We believe that some of our overhead costs will reduce as a percentage of our revenue as we grow and gain operating leverage by spreading these costs over a larger revenue base.

The following table presents the primary components of noninterest expense for the periods indicated.

	For the Years Ended December 31, 2024	For the Years Ended December 31, 2023
Salaries and employee benefits	$ 38,314	$ 36,684
Occupancy expenses	3,977	3,796
Equipment rentals, depreciation, and maintenance	2,167	2,007
Telephone and communications	496	548
Advertising and business development	997	1,408
Data processing	4,227	4,051
Foreclosed assets, net	285	64
Federal deposit insurance and other regulatory assessments	2,818	2,653
Legal and other professional services	1,401	1,009
Other operating expense	8,267	8,855
Total noninterest expense	$ 62,949	$ 61,075

Noninterest expense for the years ended December 31, 2024 and 2023 was $62.9 million and $61.1 million, respectively, an increase of $1.9 million, or 3.07%. The largest component of noninterest expense was salaries and employee benefits. Salaries and benefits increased approximately $1.6 million mainly due to annual raises and the addition of new employees.

Income Tax Provision

Income tax expense of $9.8 million and $6.8 million was recognized during the years ended December 31, 2024 and 2023, respectively. The increase in income tax expense during 2024 was mainly due to the increase in net income coupled with less federal tax credits for the year. The effective tax rate for the year 2024 was 23.8% compared to 20.4% for the year 2023. The effective tax rates are affected by items of income and expense that are not subject to federal and state taxation.

Comparison of Balance Sheets at December 31, 2024 and 2023

Overview

Our total assets increased $347.0 million, or 10.72%, from $3.24 billion at December 31, 2023, to $3.58 billion at December 31, 2024. Net loans increased by $243.7 million during 2024 and investment securities decreased $15.0 million in 2024. Cash and cash equivalents increased by $113.2 million during 2024.

Deposits at December 31, 2024 totaled $3.07 billion, an increase of $336.5 million as compared to December 31, 2023. Noninterest-bearing deposits increased $25.8 million in 2024 and interest-bearing deposits increased $310.7 million. Our deposits increased during 2024 from organic deposit growth.

Loans

Loans are our largest category of earning assets and typically provide higher yields than other types of earning assets. Associated with the higher loan yields are the inherent credit and liquidity risks that we attempt to control and counterbalance. Total loans averaged $2.35 billion during the year ended December 31, 2024, or 74.9% of average earning assets, as compared to $2.04 billion or 72.7% of average earning assets, for the year ended December 31, 2023. At December 31, 2024, total loans, net of unearned income, were $2.5 billion, compared to $2.2 billion at December 31, 2023, an increase of $246.8 million, or 11.0%.

The organic, or non-acquired, growth in our loan portfolio is attributable to our ability to attract new customers from other financial institutions and overall growth in our markets. Much of our loan growth has come from moving customers from other financial institutions to RB&T. We have also been successful in building banking relationships with new customers. We have hired several new bankers in the markets that we serve, and these employees have been successful in transitioning their former clients and attracting new clients to RB&T. Our bankers are expected to be involved in their communities and to maintain business development efforts to develop relationships with clients, and our philosophy is to be responsive to customer needs by providing decisions in a timely manner. In addition to our business development efforts, many of the markets that we serve have shown signs of economic recovery over the last few years.

The table below provides a summary of the loan portfolio composition as of the periods indicated.

COMPOSITION OF LOAN PORTFOLIO

	December 31, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	$ 869,415	35.4%	$ 771,144	34.9%
Closed-end 1-4 family - junior lien	14,145	0.6%	11,814	0.5%
Multi-family	19,651	0.8%	26,739	1.2%
Total residential real estate	903,211	36.8%	809,697	36.6%
Commercial real estate:				
Nonfarm nonresidential	637,589	26.0%	557,202	25.2%
Farmland	75,184	3.1%	58,532	2.6%
Total commercial real estate	712,773	29.1%	615,734	27.8%
Construction and land development:				
Residential	101,986	4.2%	100,974	4.6%
Other	190,955	7.8%	195,724	8.9%
Total construction and land development	292,941	12.0%	296,698	13.5%
Home equity lines of credit	124,064	5.1%	95,544	4.3%
Commercial loans:				
Other commercial loans	291,762	11.9%	273,639	12.4%
Agricultural	76,348	3.1%	66,510	3.0%
State, county, and municipal loans	33,847	1.2%	34,819	1.6%
Total commercial loans	401,957	16.2%	374,968	17.0%
Consumer loans	60,522	2.5%	55,587	2.5%
Total gross loans	2,495,468	101.7%	2,248,228	101.7%
Allowance for credit losses	(32,088)	-1.3%	(28,991)	-1.3%
Net discounts	(13)	0.0%	(129)	0.0%
Net deferred loan fees	(8,633)	-0.4%	(8,093)	-0.4%
Net loans	$ 2,454,734	100.0%	$ 2,211,015	100.0%

In the context of this discussion, a “real estate mortgage loan” is defined as any loan, other than a loan for construction purposes, secured by real estate, regardless of the purpose of the loan. It is common practice for financial institutions in our market areas, and for us in particular, 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. This practice tends to increase the magnitude of the real estate loan portfolio. In many cases, we prefer real estate collateral to many other potential collateral sources, such as accounts receivable, inventory, and equipment.

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 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 allows 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 principal component of our loan portfolio is real estate mortgage loans on residential and commercial properties. At December 31, 2024, this category totaled $1.7 billion and represented 71.0% of the total loan portfolio, compared to $1.5 billion, or 68.7% of the total loan portfolio at year-end 2023. Residential real estate loans increased $93.5 million in 2024, or 11.5%, and commercial real estate loans increased $97.0 million, or 15.8%. Home equity lines of credit increased $28.5 million, or 29.9%.

Real estate construction loans totaled $292.9 million at December 31, 2024, a decrease of $3.8 million, or 1.3%, over $296.7 million at December 31, 2023. This loan type accounted for 12.0% and 13.5% of our total loan portfolio at December 31, 2024 and 2023, respectively.

Commercial and industrial loans totaled $402.0 million at December 31, 2024, compared to $375.0 million at December 31, 2023, an increase of $27.0 million, or 7.2% during 2024.

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 December 31, 2024.

LOAN MATURITY AND SENSITIVITY TO CHANGES IN INTEREST RATES

Variable Rate Loans:	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Residential real estate:					
Closed-end 1-4 family - first lien	$ 6,111	$ 6,036	$ 7,359	$ 501,735	$ 521,241
Closed-end 1-4 family - junior lien	1,090	391	-	250	1,731
Multi-family	-	332	-	-	332
Total residential real estate	7,201	6,759	7,359	501,985	523,304
Commercial real estate:					
Nonfarm nonresidential	13,089	23,531	4,395	-	41,015
Farmland	2,482	2,445	-	247	5,174
Total commercial real estate	15,571	25,976	4,395	247	46,189
Construction and land development:					
Residential	20,361	1,400	66	30,188	52,015
Other	23,148	37,189	1,533	12,626	74,496
Total construction and land development	43,509	38,589	1,599	42,814	126,511
Home equity lines of credit	9,534	4,503	90,336	-	104,373
Commercial loans:					
Other commercial loans	87,923	26,641	9,128	-	123,692
Agricultural	51,722	2,672	-	-	54,394
State, county, and municipal loans	91	-	-	-	91
Total commercial loans	139,736	29,313	9,128	-	178,177
Consumer loans	3,181	606	262	-	4,049
Total gross variable rate loans	$ 218,732	$ 105,746	$ 113,079	$ 545,046	$ 982,603

Fixed Rate Loans:	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Residential real estate:					
Closed-end 1-4 family - first lien	$ 33,756	$ 162,365	$ 57,289	$ 94,764	$ 348,174
Closed-end 1-4 family - junior lien	1,282	9,358	1,475	299	12,414
Multi-family	242	15,091	3,004	982	19,319
Total residential real estate	35,280	186,814	61,768	96,045	379,907
Commercial real estate:					
Nonfarm nonresidential	47,332	300,134	243,786	5,322	596,574
Farmland	23,635	31,163	15,147	65	70,010
Total commercial real estate	70,967	331,297	258,933	5,387	666,584
Construction and land development:					
Residential	45,336	4,135	500	-	49,971
Other	38,220	64,726	12,388	1,125	116,459
Total construction and land development	83,556	68,861	12,888	1,125	166,430
Home equity lines of credit	3,296	1,371	15,024	-	19,691
Commercial loans:					
Other commercial loans	19,571	112,779	35,720	-	168,070
Agricultural	5,192	16,441	321	-	21,954
State, county, and municipal loans	617	11,654	21,485	-	33,756
Total commercial loans	25,380	140,874	57,526	-	223,780
Consumer loans	7,420	29,326	19,596	131	56,473
Total fixed rate gross loans	$ 225,899	$ 758,543	$ 425,735	$ 102,688	$ 1,512,865

Total Loans:	One year or less	Over one year through five years	Over five years through fifteen years	Over fifteen years	Total
Residential real estate:					
Closed-end 1-4 family - first lien	$ 39,867	$ 168,401	$ 64,648	$ 596,499	$ 869,415
Closed-end 1-4 family - junior lien	2,372	9,749	1,475	549	14,145
Multi-family	242	15,423	3,004	982	19,651
Total residential real estate	42,481	193,573	69,127	598,030	903,211
Commercial real estate:					
Nonfarm nonresidential	60,421	323,665	248,181	5,322	637,589
Farmland	26,117	33,608	15,147	312	75,184
Total commercial real estate	86,538	357,273	263,328	5,634	712,773
Construction and land development:					
Residential	65,697	5,535	566	30,188	101,986
Other	61,368	101,915	13,921	13,751	190,955
Total construction and land development	127,065	107,450	14,487	43,939	292,941
Home equity lines of credit	12,830	5,874	105,360	-	124,064
Commercial loans:					
Other commercial loans	107,494	139,420	44,848	-	291,762
Agricultural	56,914	19,113	321	-	76,348
State, county, and municipal loans	708	11,654	21,485	-	33,847
Total commercial loans	165,116	170,187	66,654	-	401,957
Consumer loans	10,601	29,932	19,858	131	60,522
Total gross loans	$ 444,631	$ 864,289	$ 538,814	$ 647,734	$ 2,495,468

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.

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.

The following tables summarize the amortized cost and fair value of securities available-for-sale and held-to-maturity at December 31, 2024 and 2023.

INVESTMENT SECURITIES

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities available for sale:				
Residential mortgage-backed	$ 457,157	$ 398,742	$ 413,179	$ 357,300
U.S. treasury securities	90,508	84,664	130,713	120,052
U.S. govt. sponsored enterprises	49,354	45,536	68,751	63,566
State, county, and municipal	77,158	66,614	73,514	64,661
Corporate debt obligations	16,714	15,308	17,758	15,512
Totals	$ 690,891	$ 610,864	$ 703,915	$ 621,091

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities held-to-maturity:				
Residential mortgage-backed	$ 59,274	$ 46,488	$ 63,953	$ 51,931
State, county, and municipal	62,787	50,450	62,840	51,243
Totals	$ 122,061	$ 96,938	$ 126,793	$ 103,174

The following tables show the scheduled maturity and average yields of our securities at December 31, 2024.

INVESTMENT SECURITIES MATURITY DISTRIBUTION AND YIELDS

	Within one year		After one year but within five years		After five years but within ten years		After ten years		Other securities	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Securities available for sale:										
Residential mortgage-backed	$-	---%	$-	---%	$-	---%	$-	---%	$398,742	2.83%
U.S. treasury securities	-	---%	84,664	1.01%	-	---%	-	---%	-	---%
U.S. govt. sponsored enterprises	-	---%	27,542	2.06%	15,246	2.61%	2,748	5.60%	-	---%
State, county, and municipal	-	---%	1,747	2.27%	7,234	2.26%	57,633	3.19%	-	---%
Corporate debt obligations	-	---%	3,758	3.39%	11,550	3.64%	-	---%	-	---%
Totals	$-	---%	$117,711	1.35%	$34,030	2.89%	$60,381	3.30%	$398,742	2.83%

	Within one year		After one year but within five years		After five years but within ten years		After ten years		Other securities	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Securities held-to-maturity:										
Residential mortgage-backed	$ -	---%	$ -	---%	$ -	---%	$ -	---%	$ 59,274	1.53%
State, county, and municipal	-	---%	-	---%	29,963	2.19%	32,824	2.42%	-	---%
Totals	$ -	---%	$ -	---%	$ 29,963	2.19%	$ 32,824	2.42%	$ 59,274	1.53%

We invest primarily in mortgage-backed securities, municipal securities, and obligations of government-sponsored entities and agencies of the United States, though we may in some situations also invest in direct obligations of the United States or obligations guaranteed as to the principal and interest by the United States. All of our mortgage-backed securities are residential securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). During both 2023 and 2024, we used most of our excess liquidity to fund loan growth.

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 lifetime credit losses inherent 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.

In determining the allowance, the loan portfolio is separated into pools of loans that share similar risk characteristics which are the Company's loan segments. The Company then derives estimated loss assumptions from its model by loan segment. The loss assumptions are then applied to each segment of loan to estimate the ACL on the pooled loans. For any loans that do not share similar risk characteristics, the estimated credit losses are determined on an individual loan basis and such loans primarily consist of non-accrual loans. An estimated credit loss is recorded on individually evaluated loans when the fair value of a collateral-dependent loan or the present value of the loan's expected future cash flows (discounted at the loans original effective interest rate) is less than the amortized cost of the loan.

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 and dates indicated.

ALLOWANCE FOR CREDIT LOSSES

	Year Ended:	
Amounts in thousands, (except percentages)	December 31, 2024	December 31, 2023
Allowance for credit losses at beginning of period	$ 28,991	$ 24,310
Impact of adopting ASC 326	-	80
Charge-offs:		
Mortgage loans on real estate:		
Residential	57	-
Commercial real estate	500	-
Construction and land development	29	196
Home equity lines of credit	50	-
Total mortgage loans on real estate	636	196
Commercial	2,660	696
Consumer	136	135
Total charge-offs	3,432	1,027
Recoveries:		
Mortgage loans on real estate:		
Residential	2	-
Commercial real estate	143	83
Construction and land development	-	-
Home equity lines of credit	-	18
Total mortgage loans on real estate	145	101
Commercial	578	225
Consumer	19	58
Total recoveries	742	384
Net charge-offs	2,690	643
Provision for credit losses	5,787	5,244
Allowance for credit losses at end of period	$ 32,088	$ 28,991
Total loans outstanding, net of deferred loan fees and discounts	$ 2,486,822	$ 2,240,006
Average loans outstanding, net of deferred loan fees	$ 2,348,776	$ 2,043,466
Allowance for credit losses to period end loans	1.29%	1.29%
Net charge-offs to average loans (annualized)	0.11%	0.03%

Overall, asset quality indicators have continued to be strong, and, as a result, provision expense has been minimal for the Bank's loan portfolio. During the years ended December 31, 2024 and 2023, we recorded provision expense of $5.8 million and $5.2 million, respectively.

Allocation of Our Allowance for Credit Losses

While no portion of our allowance for credit 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 our allowance for credit losses to specific loan categories for the periods indicated.

ALLOCATION OF ALLOWANCE FOR CREDIT LOSSES

	As of December 31,			
	2024		2023	
	Amount	Percent of Allowance in each Category to Total Allowance	Amount	Percent of Allowance in each Category to Total Allowance
Residential real estate	$ 7,690	24.0%	$ 7,233	25.0%
Commercial real estate	10,629	33.1%	10,530	36.3%
Construction and land development	4,299	13.4%	4,646	16.0%
Home equity lines of credit	1,887	5.9%	1,078	3.7%
Commercial	7,072	22.0%	4,906	16.9%
Consumer	511	1.6%	598	2.1%
Total	$ 32,088	100.0%	$ 28,991	100.0%

Nonperforming Assets

The following table presents our nonperforming assets for the dates indicated.

NONPERFORMING ASSETS

	December 31,	
	2024	2023
Nonaccrual loans	$ 8,513	$ 5,579
Accruing loans past due 90 days or more	8	288
Total nonperforming loans	8,521	5,867
Foreclosed assets	130	92
Total nonperforming assets	$ 8,651	$ 5,959
Allowance for credit losses to period end loans	1.29%	1.29%
Allowance for credit losses to period end nonperforming loans	376.58%	494.14%
Net charge-offs to average loans (annualized)	0.11%	0.03%
Nonperforming assets to period end loans and foreclosed property	0.35%	0.27%
Nonperforming loans to period end loans	0.34%	0.26%
Nonperforming assets to total assets	0.24%	0.18%
Period end loans	2,486,822	2,240,006
Period end total assets	3,582,206	3,235,250
Allowance for credit losses	32,088	28,991
Average loans for the period	2,348,776	2,043,466
Net charge-offs for the period	2,690	643
Period end loans plus foreclosed property	2,486,952	2,240,098

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.

Total nonperforming assets increased $2.7 million to $8.7 million at December 31, 2024, from $6.0 million at December 31, 2023. Total nonperforming assets as a percentage of total assets increased 33% from 0.18% at December 31, 2023 to 0.24% at December 31, 2024. Improving asset quality has been and will continue to be a primary focus of management.

Deposits

Deposits, which include noninterest-bearing demand deposits, interest-bearing demand deposits, money market accounts, and savings, time, and other deposits, are the primary funding source for the Bank. We offer a variety of products designed to attract and retain customers, with primary focus on building and expanding client relationships. We continue 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 the dates indicated.

COMPOSITION OF DEPOSITS

	December 31, 2024		December 31, 2023	
	Amount	Percent of Total	Amount	Percent of Total
Demand deposits, noninterest-bearing	$ 654,229	21.3%	$ 628,415	23.0%
Demand deposits, interest-bearing	752,280	24.5%	693,421	25.4%
Money market accounts	856,124	27.9%	761,164	27.9%
Savings deposits	106,269	3.5%	112,563	4.1%
Time certificates of $250,000 or more	390,906	12.7%	272,008	10.0%
Other time certificates	307,351	10.1%	263,084	9.6%
Totals	$ 3,067,159	100.0%	$ 2,730,655	100.0%

Total deposits were $3.07 billion at December 31, 2024, an increase of $336.5 million, or 12.3%, from $2.73 billion at December 31, 2023. Noninterest-bearing demand deposits and interest-bearing demand deposits increased a combined total of $84.7 million, or 6.4% from December 31, 2023 to December 31, 2024. These two categories of deposits are our least expensive source of funding for interest-earning assets. The high interest rate environment has caused customers to shift from noninterest-bearing demand deposits to money market accounts and time deposits.

The following table details the maturities of our time deposits which consist entirely of certificates of deposit.

MATURITIES OF CERTIFICATES OF DEPOSIT

	All CDs	CDs $250 or more	CDs Less Than $250
Three months or less	$ 303,588	$ 184,142	$ 119,446
Greater than three months through six months	183,347	86,344	97,003
Greater than six months through one year	185,520	109,358	76,162
Greater than one year through three years	20,338	9,347	10,991
Greater than three years	5,464	1,715	3,749
Total	$ 698,257	$ 390,906	$ 307,351

Deposit growth has benefited to a large extent from uncertainty in the financial markets, which has increased the liquidity of many banks as consumers and businesses look for safe places for liquidity.

Other Funding Sources

We supplement our deposit funding with wholesale funding when needed for balance sheet planning or when the terms are attractive and will not disrupt our offering rates in our markets. A source that we have used for wholesale funding is the Federal Home Loan Bank of Atlanta (FHLB). At December 31, 2024 and 2023, the Bank had $205 million and $230 million of borrowings outstanding with FHLB, respectively. Another source that we have used for wholesale funding is the Federal Reserve Bank discount window. There were no borrowings outstanding with the Federal Reserve Bank discount window as of December 31, 2024 and 2023.

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 in a cost-effective manner and to meet current and future potential obligations such as loan commitments, lease obligations, and unexpected deposit outflows. In this process, we focus on both 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 security cash flows. Other funding sources include federal funds purchased, brokered certificates of deposit, borrowings from the FHLB, and borrowings from the Federal Reserve Bank discount window.

Cash and cash equivalents at December 31, 2024 and 2023 were $185.7 million and $72.5 million, respectively. Based on the recorded cash and cash equivalents, our liquidity resources were sufficient at December 31, 2024 to fund loans and meet other cash needs as necessary.

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.

	Due in 1 year or less	Due after 1 through 3 years	Due after 3 through 5 years	Due after 5 years	Total
Federal Home Loan Bank advances	$ 80,000	$ 25,000	$ 40,000	$ 60,000	$ 205,000
Certificates of deposit of less than $250,000	292,612	10,991	3,738	10	307,351
Certificates of deposit of $250,000 or more	379,844	9,347	1,715	-	390,906
Securities sold under agreements to repurchase	22,664	-	-	-	22,664
Subordinated debentures, net of loan costs	-	-	-	39,563	39,563
Operating leases	674	898	590	1,551	3,713
Total contractual obligations	$ 775,794	$ 46,236	$ 46,043	$ 101,124	$ 969,197

Off-Balance Sheet Arrangements

We are party to credit-related financial instruments with off-balance sheet risks in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recorded on our balance sheet. Our exposure to credit loss is represented by the contractual amounts of these commitments. We follow the same credit policies in making commitments as we do for on-balance sheet instruments.

Our off-balance sheet arrangements are summarized in the following table for the periods indicated.

CREDIT EXTENSION COMMITMENTS

	December 31, 2024	December 31, 2023
Commitments to extend credit	$ 442,506	$ 477,476
Stand-by and performance letters of credit	10,060	8,025
Total	$ 452,566	$ 485,501

Interest Sensitivity and Market Risk

Interest Sensitivity

We monitor and manage 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 we employ is simulation analysis and this technique is augmented by "gap" analysis.

In simulation analysis, we review each individual asset and liability category and their projected behavior in various different interest rate environments. These projected behaviors are based upon management's past experiences and upon current competitive environments, including the various environments in the different markets in which we compete. Using this projected behavior and differing rate scenarios as inputs, the simulation analysis generates as output 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 or trading securities, 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 decrease interest sensitivity risk. We use computer simulations to measure the net income effect of various interest 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 December 31, 2024, assuming that the relevant assets and liabilities are collected and paid, respectively, based upon historical experience rather than their stated maturities.

INTEREST SENSITIVITY ANALYSIS

	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yrs	2-3 Yrs	>3 Yrs	Total
Interest earning assets							
Loans	$ 535,215	$ 123,692	$ 415,745	$ 354,837	$ 264,420	$ 792,913	$ 2,486,822
Securities	28,561	17,145	47,851	129,734	79,851	429,783	732,925
Certificates of deposit in banks	-	-	-	1,250	2,500	468	4,218
Interest bearing deposits in banks	83,487	-	-	-	-	-	83,487
Federal funds sold	67,000	-	-	-	-	-	67,000
Total interest earning assets	$ 714,263	$ 140,837	$ 463,596	$ 485,821	$ 346,771	$ 1,223,164	$ 3,374,452
Interest bearing liabilities							
Interest bearing transaction accounts	$ 90,398	$ 15,140	$ 68,133	$ 90,843	$ 90,843	$ 396,923	$ 752,280
Savings and money market accounts	175,645	15,806	71,130	94,841	94,841	510,130	962,393
Time deposits	124,028	180,268	368,549	15,657	4,380	5,375	698,257
Securities sold under agreements to repurchase	22,664	-	-	-	-	-	22,664
Federal Home Loan Bank Advances	-	100,000	80,000	25,000	-	-	205,000
Subordinated debt, net of loan costs	-	-	-	-	-	39,563	39,563
Total interest bearing liabilities	$ 412,735	$ 311,214	$ 587,812	$ 226,341	$ 190,064	$ 951,991	$ 2,680,157
Interest sensitive gap							
Period gap	$ 301,528	$ (170,377)	$ (124,216)	$ 259,480	$ 156,707	$ 271,173	$ 694,295
Cumulative gap	$ 301,528	$ 131,151	$ 6,935	$ 266,415	$ 423,122	$ 694,295	
Cumulative gap - Rate Sensitive Assets/ Rate Sensitive Liabilities	8.9%	3.9%	0.2%	7.9%	12.5%	20.6%	

We generally benefit from increasing market rates of interest when we have an asset-sensitive gap (a positive number) and generally benefit from decreasing market interest rates when we are liability-sensitive (a negative number). As shown in the table above, we are asset-sensitive on a cumulative basis through three years. 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 simulation 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 the volume and mix of earning assets and interest-bearing liabilities.

Market Risk

Our earnings are dependent, to a large degree, on our net interest income, which is the difference between interest income earned on all 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 upon static "gap" analysis to determine the degree of mismatch in the maturity and repricing distribution of interest-earning assets and interest-bearing liabilities which quantifies, to a large extent, the degree of market risk inherent in our balance sheet. Gap analysis is further augmented by simulation 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 the current prevailing rates. Management makes certain assumptions as to the effect that varying levels of interest rates have on certain 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 margin for the next 12 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 these 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 margin may (and most likely will) differ from that found in the table.

MARKET RISK

	Impact on net interest income	
	As of December 31, 2024	As of December 31, 2023
Change in prevailing rates:		
+ 400 basis points	(12.99)%	(13.84)%
+ 300 basis points	(9.20)%	(10.27)%
+ 200 basis points	(5.35)%	(6.87)%
+ 100 basis points	(1.62)%	(3.35)%
+ 0 basis points	—	—
- 100 basis points	(2.13)%	3.02%
- 200 basis points	(3.85)%	5.59%
- 300 basis points	(4.96)%	8.11%
- 400 basis points	(5.16)%	12.40%

Capital Resources

Total stockholders' equity at December 31, 2024 was $227.1 million, or 6.3% of total assets. At December 31, 2023, total stockholders' equity was $198.3 million, or 6.1% of total assets. The increase in shareholders' equity for 2024 was mainly attributable to net income of $31.3 million.

The bank regulatory agencies have established risk-based capital requirements for banks. These guidelines are intended to provide an additional measure of a bank's capital adequacy by assigning weighted levels of risk to asset categories. Banks are also required to systematically maintain capital against "off-balance sheet" activities such as loans sold with recourse, loan commitments, guarantees, and standby letters of credit. These guidelines are intended to strengthen the quality of capital by increasing the emphasis on common equity and restricting the amount of credit loss reserves and other forms of equity, such as preferred stock, that may be included in capital. Certain items, such as goodwill and other intangible assets, are deducted from total capital in arriving at the various regulatory capital measures such as Tier 1 capital and total risk-based capital. Our objective is to maintain the Bank's current status as a "well-capitalized institution," as that term is defined by the Bank's regulators. As of December 31, 2024, RB&T was "well-capitalized" under the regulatory framework for prompt corrective action.

Changes to the regulatory guidelines for bank capital levels that became effective January 1, 2015 set the minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet activities such as standby letters of credit) at 8%. The required ratio of "Tier 1 Capital" (consisting generally of stockholders' equity and qualifying preferred stock, less certain goodwill items and other intangible assets) to risk-weighted assets is 6%. While there was previously no required ratio of "Common Equity Tier 1 Capital" (which generally consists of common stock, retained earnings, certain qualifying capital instruments issued by consolidated subsidiaries, and Accumulated Other Comprehensive Income, subject to adjustments) to total risk-weighted assets, a required minimum ratio of 4.5% became effective on January 1, 2015, as well. The remainder of total capital, or "Tier 2 Capital," may consist of (a) the allowance for credit losses of up to 1.25% of risk-weighted assets, (b) preferred stock not qualifying as Tier 1 Capital, (c) hybrid capital instruments, (d) perpetual debt, (e) mandatory convertible securities, and (f) certain subordinated debt and intermediate-term preferred stock up to 50% of Tier 1 Capital. Total Capital is the sum of Tier 1 Capital and Tier 2 Capital (which is included only to the extent of Tier 1 Capital), less reciprocal holdings of other banking organizations' capital instruments, investments in unconsolidated subsidiaries, and any other deductions as determined by the appropriate regulator.

River Bank & Trust 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 effective January 1, 2015, require the Company and 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), and of Tier 1 capital (as defined) to average assets (as defined).

The following tables present the Bank's and the Company's capital amounts and ratios at December 31, 2024 and 2023 with the required minimum levels for capital adequacy purposes including the phase in of the capital conservation buffer under Basel III and minimum levels to be well capitalized (as defined) under the regulatory prompt corrective action regulations.

CAPITAL ADEQUACY ANALYSIS

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	>= 10.000%
Common Equity Tier 1 Capital (To Risk- weighted Assets)	303,556	11.902%	178,540	>= 7.000%	165,787	>= 6.500%
Tier 1 Capital (To Risk-Weighted Assets)	303,556	11.902%	216,798	>= 8.500%	204,046	>= 8.000%
Tier 1 Capital (To Average Assets)	303,556	8.561%	141,839	>= 4.000%	177,298	>= 5.000%

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

As of December 31, 2023:	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
River Financial Corporation:						
Total Capital (To Risk-Weighted Assets)	$ 306,917	12.948%	$ 248,890	>= 10.500%	N/A	N/A
Common Equity Tier 1 Capital (To Risk- weighted Assets)	237,927	10.037%	165,935	>= 7.000%	N/A	N/A
Tier 1 Capital (To Risk-Weighted Assets)	237,927	10.037%	201,492	>= 8.500%	N/A	N/A
Tier 1 Capital (To Average Assets)	237,927	7.505%	126,810	>= 4.000%	N/A	N/A
River Bank:						
Total Capital (To Risk-Weighted Assets)	$ 303,279	12.794%	$ 248,892	>= 10.500%	$ 237,040	>= 10.00%
Common Equity Tier 1 Capital (To Risk- weighted Assets)	274,289	11.571%	165,928	>= 7.000%	154,076	>= 6.50%
Tier 1 Capital (To Risk-Weighted Assets)	274,289	11.571%	201,484	>= 8.500%	189,632	>= 8.00%
Tier 1 Capital (To Average Assets)	274,289	8.652%	126,807	>= 4.000%	158,508	>= 5.00%

The Bank's and Company's Total Capital ratio and Tier 1 Capital (To Risk-weighted Assets) ratio increased from year-end 2023 to year-end 2024, and the ratios remain well above the levels for the Bank and Company to be deemed well-capitalized.

Banking regulations limit the amount of dividends that a bank may pay without approval of the regulatory authorities. These restrictions are based on the bank's level of regulatory classified assets, prior years' net earnings and ratio of equity capital to assets. As of December 31, 2024, the maximum amount of dividend the Bank could declare payable to the Company was approximately $64.3 million.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable. However, see Item 8 "Interest Sensitivity and Market Risk"

Item 8. Financial Statements and Supplementary Data.

MAULDIN & JENKINS
CPAs & ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

River Financial Corporation and Subsidiary

Prattville, Alabama

Opinion on Internal Control over Financial Reporting

We have audited River Financial Corporation and Subsidiary's (the "Company") internal control over financial reporting, as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the criteria established in *Internal Control – Integrated Framework* issued by COSO in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition, and the related statements of income, comprehensive income, stockholders' equity, and cash flows of the Company, and our report dated March 11, 2025 expressed an unmodified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Reporting on Internal Control. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition of Inherent Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Mauldin & Jenkins, LLC

Birmingham, Alabama

March 11, 2025

MAULDIN & JENKINS
CPAs & ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

River Financial Corporation and Subsidiary

Prattville, Alabama

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of River Financial Corporation and Subsidiary (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 11, 2025, expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgment. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses

Description of the Matter

The allowance for credit losses (the “ACL”) is an accounting estimate of expected credit losses over the contractual term of loans carried at amortized cost as described in Notes 1 and 4 of the consolidated financial statements. The Company's loan portfolio, which is measured at amortized cost, is required to be presented at the net amount expected to be collected. Estimates of expected credit losses for loans are based on information from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The Company’s methodology to determine its allowance for credit losses incorporates quantitative and qualitative assessments of its historical losses, current loan portfolio and economic conditions, the application of forecasted economic conditions, and related modeling. Management incorporates the use of third-party software to arrive at an expected life-of-loan loss amount based on discounted cash flow estimate at the loan level. The amount and timing of cash flows is determined using assumptions for probability of default and loss given default (PD/LGD); expected term; and forecasted economic factors. The results of these calculations are then qualitatively adjusted by management based on pool-specific attributes. We determined that performing procedures relating to these components of the Company’s methodology is a critical audit matter.

The principal considerations for our determination are (i) the application of significant judgment and estimation on the part of management, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures and evaluating audit evidence obtained, and (ii) significant audit effort was necessary in evaluating management’s methodology, significant assumptions and calculations.

The primary procedures we performed to address this critical audit matter included the following:

- We gained an understanding of the Company’s process for establishing the allowance, including the selection of an appropriate model and input of model assumptions.
- We evaluated the design and tested the operating effectiveness of controls relevant to that process, including controls over the reliability of data from the loan systems, the completeness and accuracy of quantitative data, and the allowance methodology and assumptions.
- We also evaluated the overall allowance balance taken as a whole inclusive of such qualitative factors and tested management's review and approval controls over the allowance estimation process.
- We evaluated the reasonableness of assumptions and data used by the Company in developing the qualitative factors by comparing these data points to internally developed and third-party sources, and other audit evidence gathered.
- We assessed the overall trends in credit quality by comparing the overall allowance for credit losses to those recorded by the Company’s peer institutions.

Mauldin & Jenkins, LLC

We have served as the Company’s auditor since 2016.

Birmingham, Alabama

March 11, 2025

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

Assets	December 31, 2024	December 31, 2023
Cash and due from banks	$ 35,257	$ 32,572
Interest-bearing deposits in banks	83,487	7,975
Federal funds sold	67,000	32,000
Cash and cash equivalents	185,744	72,547
Certificates of deposit in banks	4,218	4,218
Securities held-to-maturity, at amortized cost (fair value of $96,938 and $103,174, respectively)	122,061	126,793
Securities available-for-sale (amortized cost of $690,891 and $703,915, respectively)	610,864	621,091
Loans held for sale	6,812	4,595
Loans, net of unearned income	2,486,822	2,240,006
Less allowance for credit losses	(32,088)	(28,991)
Net loans	2,454,734	2,211,015
Premises and equipment, net	45,658	45,216
Accrued interest receivable	15,965	14,091
Bank owned life insurance	49,791	47,001
Foreclosed assets	130	92
Deferred income taxes	30,802	29,901
Core deposit intangible	932	1,445
Goodwill	27,817	27,817
Restricted equity securities, at cost	12,651	13,433
Other assets	14,027	15,995
Total assets	$ 3,582,206	$ 3,235,250
Liabilities and Stockholders' Equity		
Noninterest-bearing deposits	$ 654,229	$ 628,415
Interest bearing deposits	2,412,930	2,102,240
Total deposits	3,067,159	2,730,655
Securities sold under agreements to repurchase	22,664	16,731
Federal Home Loan Bank advances	205,000	230,000
Subordinated debentures, net of loan costs	39,563	39,492
Accrued interest payable and other liabilities	15,665	15,551
Total liabilities	3,350,051	3,032,429
Common stock related to 401(k) Employee Stock Ownership Plan	5,099	4,483
Stockholders' Equity		
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; 7,680,061and 7,670,318 shares issued; 7,628,192 and 7,655,860 shares outstanding, respectively)	7,680	7,670
Additional paid-in capital	137,243	137,017
Retained earnings	151,817	124,333
Accumulated other comprehensive loss	(61,658)	(64,003)
Unvested restricted stock	(1,226)	(1,700)
Treasury stock at cost (51,869 and 14,458 shares, respectively)	(1,701)	(496)
Common stock related to 401(k) Employee Stock Ownership Plan	(5,099)	(4,483)
Total stockholders' equity	227,056	198,338
Total equity	232,155	202,821
Total liabilities and stockholders' equity	$ 3,582,206	$ 3,235,250

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

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

	For the Years Ended December 31, 2024	2023
Interest income:		
Loans, including fees	$ 147,728	$ 112,874
Taxable securities	14,540	14,303
Tax-exempt securities	1,416	1,555
Federal funds sold	1,166	1,894
Other interest income	5,263	1,635
Total interest income	170,113	132,261
Interest expense:		
Deposits	66,033	43,808
Securities sold under agreements to repurchase	546	569
Federal Home Loan Bank advances	7,413	6,354
Federal Reserve Bank discount window borrowings	-	24
Federal funds purchased	1	8
Note payable	-	520
Subordinated debentures	1,671	1,669
Total interest expense	75,664	52,952
Net interest income	94,449	79,309
Provision for credit losses	5,787	5,244
Net interest income after provision for loan losses	88,662	74,065
Noninterest income:		
Service charges and fees	8,359	7,570
Investment brokerage revenue	789	592
Mortgage operations	4,668	3,833
Bank owned life insurance income	1,500	2,428
Net (losses) gains on sales of investment securities	(2,815)	5
Community Development Financial Institution income	280	4,153
Other noninterest income	2,627	2,016
Total noninterest income	15,408	20,597
Noninterest expense:		
Salaries and employee benefits	38,314	36,684
Occupancy expenses	3,977	3,796
Equipment rentals, depreciation, and maintenance	2,167	2,007
Telephone and communications	496	548
Advertising and business development	997	1,408
Data processing	4,227	4,051
Foreclosed assets, net	285	64
Federal deposit insurance and other regulatory assessments	2,818	2,653
Legal and other professional services	1,401	1,009
Other operating expense	8,267	8,855
Total noninterest expense	62,949	61,075
Income before income taxes	41,121	33,587
Provision for income taxes	9,804	6,848
Net income	$ 31,317	$ 26,739
Basic net earnings per common share	$ 4.09	$ 3.84
Diluted net earnings per common share	$ 4.05	$ 3.79

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

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

	For the Years Ended December 31,	
	2024	2023
Net income	$ 31,317	$ 26,739
Other comprehensive income, net of tax:		
Investment securities available-for-sale:		
Net unrealized (losses) gains	(21)	9,736
Income tax effect	6	(2,444)
Reclassification adjustments for net losses (gains) realized in net income	2,815	(5)
Income tax effect	(707)	1
Reclassification adjustment for accretion of unrealized holding losses included in accumulated other comprehensive loss from the transfer of securities from available-for-sale to held-to-maturity	337	365
Income tax effect	(85)	(92)
Other comprehensive income	2,345	7,561
Comprehensive income	$ 33,662	$ 34,300

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

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

	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Unvested Restricted Stock	Treasury Stock	Common Stock Related to ESOP	Total Stockholders' Equity
Balance at December 31, 2022	$ 6,666	$ 104,294	$ 100,826	$ (71,564)	$ (1,730)	$ (306)	$ (4,160)	$ 134,026
Adoption of ASC topic 326	-	-	(24)	-	-	-	-	(24)
Net income	-	-	26,739	-	-	-	-	26,739
Other comprehensive income	-	-	-	7,561	-	-	-	7,561
Exercise of stock options and warrants (24,229 shares)	23	331	-	-	-	-	-	354
Issuance of common stock (968,904 shares)	969	31,961	-	-	-	-	-	32,930
Purchase of treasury shares (29,997 shares)	-	-	-	-	-	(1,080)	-	(1,080)
Sale of treasury shares (24,738 shares)	-	(51)	-	-	-	890	-	839
Restricted stock grants, net of forfeiture (11,600 shares)	12	380	-	-	(392)	-	-	-
Dividends declared ($0.48 per share)	-	-	(3,208)	-	-	-	-	(3,208)
Stock compensation expense	-	102	-	-	422	-	-	524
Change for ESOP related shares	-	-	-	-	-	-	(323)	(323)
Balance at December 31, 2023	7,670	137,017	124,333	(64,003)	(1,700)	(496)	(4,483)	198,338
Net income	-	-	31,317	-	-	-	-	31,317
Other comprehensive income	-	-	-	2,345	-	-	-	2,345
Exercise of stock options and warrants (13,406 shares)	11	228	-	-	-	-	-	239
Purchase of treasury shares (77,374 shares)	-	-	-	-	-	(2,558)	-	(2,558)
Sale of treasury shares (39,963 shares)	-	(56)	-	-	-	1,353	-	1,297
Restricted stock grants forfeited (1,050 shares)	(1)	(32)	-	-	33	-	-	-
Dividends declared ($0.50 per share)	-	-	(3,833)	-	-	-	-	(3,833)
Stock compensation expense	-	86	-	-	441	-	-	527
Change for ESOP related shares	-	-	-	-	-	-	(616)	(616)
Balance at December 31, 2024	$ 7,680	$ 137,243	$ 151,817	$ (61,658)	$ (1,226)	$ (1,701)	$ (5,099)	$ 227,056

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

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

	For the Years Ended December 31, 2024	2023
Cash Flows From Operating Activities:		
Net Income	$ 31,317	$ 26,739
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	5,787	5,244
Provision for losses on foreclosed assets	83	120
Amortization of securities	2,459	2,854
Accretion of securities	(548)	(473)
Accretion of acquired loans	(13)	(129)
Realized net loss (gain) on securities available-for-sale	2,815	(5)
Accretion of deferred loan fees	(4,345)	(1,939)
Amortization of core deposit intangible	512	671
Amortization of debt issuance costs	71	73
Stock compensation expense	527	524
Bank owned life insurance income	(1,500)	(2,428)
Depreciation and amortization of premises and equipment	3,234	2,882
Loss (gain) on sales of foreclosed assets	36	(92)
Deferred income tax benefit	(1,688)	(1,896)
(Increase) decrease in operating assets and (decrease) increase in operating liabilities:		
Loans held-for-sale	(2,217)	(1,182)
Accrued interest receivable	(1,874)	(4,008)
Other assets	1,961	(4,712)
Accrued interest payable and other liabilities	114	2,154
Net cash from operating activities	36,731	24,397
Cash Flows Used For Investing Activities:		
Maturities of certificates of deposit	-	2,464
Purchases of certificates of deposit	-	(2,500)
Activity in securities available-for-sale:		
Sales of securities available-for-sale	112,743	15,252
Maturities, payments, calls of securities available-for-sale	43,407	41,760
Purchases of securities available-for-sale	(147,654)	(4,660)
Activity in securities held-to-maturity:		
Maturities, payments, calls of securities held-to-maturity	4,868	4,936
Loan principal originations, net	(246,215)	(435,933)
Proceeds from sales of foreclosed assets	907	964
Purchases of premises and equipment	(3,677)	(7,884)
Sale (purchases) of restricted equity securities, net	783	(7,748)
Proceeds from bank owned life insurance	-	1,832
Purchase of bank owned life insurance	(1,278)	-
Net cash used for investing activities	(236,116)	(391,517)
Cash Flows From Financing Activities:		
Net increase in deposits	336,504	216,456
Net increase in securities sold under agreements to repurchase	5,933	8,550
Proceeds from Federal Home Loan Bank advances	105,000	365,000
Repayment of Federal Home Loan Bank advances	(130,000)	(230,000)
Proceeds from Federal Reserve Bank discount window borrowings	-	26,500
Repayment of Federal Reserve Bank discount window borrowings	-	(51,500)
Proceeds from issuance of line of credit	-	12,000
Repayment of line of credit	-	(12,000)
Proceeds from issuance of common stock	-	32,930
Proceeds from exercise of stock options	239	354
Purchase of treasury shares	(2,558)	(1,080)
Sale of treasury shares	1,297	839
Cash dividends	(3,833)	(3,208)
Net cash from financing activities	312,582	364,841
Net Change In Cash And Cash Equivalents	113,197	(2,279)
Cash and Cash Equivalents At Beginning Of Period	72,547	74,826
Cash and Cash Equivalents At End Of Period	$ 185,744	$ 72,547
Supplemental Disclosures Of Cash Flows Information:		
Cash Payments For:		
Interest paid to depositors	$ 65,686	$ 43,066
Interest paid on borrowings	$ 8,016	$ 7,585
Income taxes	$ 8,470	$ 8,180
Non-cash investing and financing activities:		
Transfer of loans to foreclosed assets	$ 1,064	$ 475

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

RIVER FINANCIAL CORPORATION
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of River Financial Corporation (the "Company") and its wholly-owned banking subsidiary, River Bank and Trust ("RB&T", the "Bank"). All material intercompany balances and transactions have been eliminated in consolidation. 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. RB&T is primarily regulated by the Federal Deposit Insurance Corporation (FDIC) and the Alabama Banking Department. The Bank undergoes periodic examinations by these regulatory agencies. The Company is regulated by the Federal Reserve Bank (FRB) and is also subject to periodic examinations.

The accounting principles followed by the Company, and the method of applying these principles, conform with accounting principles generally accepted in the United States of America (GAAP) and with general practices within the banking industry. In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Actual results could differ significantly from those estimates. Material estimates common to the banking industry that are particularly susceptible to significant change in the near term include, but are not limited to, the determination of the allowance for credit losses, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, and valuation allowances associated with the realization of deferred tax assets, which are based on future taxable income.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 11, 2025, which is the date the financial statements were available to be issued.

Cash and Cash Equivalents

Cash and cash equivalents include cash, amounts due from banks, interest-bearing deposits with the Federal Reserve Bank of Atlanta (FRB), Federal Home Loan Bank (FHLB), correspondent banks, and federal funds sold. Generally, federal funds are sold for one-day periods. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

Interest-Bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Investment Securities

The Company classifies its securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities that the Company has the ability and intent to hold until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

Available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses, net of the related tax effect, on securities available-for-sale are excluded from earnings and are reported as a separate component of shareholders' equity until realized. Transfers of securities between categories are recorded at fair value at the date of transfer.

Effective January 1, 2023, the Company estimates and recognizes an allowance for credit losses for held-to-maturity (HTM) debt securities pursuant to ASU No. 2016-13. The Company has a zero loss expectation for its 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 impairment if the Company has the intent to sell the security, or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost.

Accrued interest receivable is not included in securities balances and is presented in accrued interest receivable on the consolidated statements of financial condition. Interest receivable on securities was approximately $2.6 million and $2.7 million as of December 31, 2024 and 2023, respectively, and was excluded from the estimate of credit losses.

Premiums and discounts are amortized or accreted over the life of the related securities as adjustments to the yield. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

A debt security is placed on nonaccrual status at the time any principal or interest payments become greater than 90 days delinquent. Interest accrued but not received for a security placed on non-accrual is reversed against interest income.

Restricted Equity Securities

Other investments include FRB stock, FHLB stock and other investments that do not have a readily determinable market value. These investments are carried at cost, which approximates fair value and are periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Mortgage Loans Held for Sale

Mortgage loans held for sale are carried at the lower of aggregate cost or estimated market value. Gains and losses on loans held for sale are included in the determination of income for the period in which the sales occur. At December 31, 2024 and 2023, the cost of loans held for sale approximates the market value.

Loans and Allowance for Credit Losses

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their amortized cost net of any allowance for credit losses, and unamortized deferred fees or costs on originated loans and unamortized premiums or unaccreted discounts on purchased loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs are deferred and amortized over the contractual life of the loan, and recorded as an adjustment to the yield, using the interest method.

Interest income on mortgage and commercial loans is discontinued and placed on nonaccrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. The past due or delinquency status of a loan is determined based on contractual payment terms of the loan. 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 collection of interest is doubtful. All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Generally, payments on nonaccrual loans are applied to principal. When a borrower has demonstrated the capacity to service the debt for a reasonable period of time, management may elect to resume the accrual of interest on the loan. The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

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 $13.2 million and $11.3 million at December 31, 2024 and 2023, respectively, was included in accrued interest receivable and was excluded from the estimate of credit losses.

Management is instructed to review classified loans and loans past due over 60 days on a monthly basis to see if a loss is probable. Loans past due 120 days or more are to be automatically charged off unless the loan is fully secured or in the process of being repossessed or foreclosed. All reposessed chattel is to be charged off if not sold within 90 days of taking title or getting the chattel repaired, if necessary, whichever comes later. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

The Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL) effective January 1, 2023.

The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Bank measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by call report code and then risk grade grouping. Risk grade is grouped within each call report code by pass, watch, special mention, substandard, and doubtful. Other loan types are separated into their own cohorts due to specific risk characteristics for that pool of loans.

The Bank has elected a non-discounted cash flow methodology with a probability of default (PD) and loss-given default (LGD) for all cohorts. The PD calculation looks at the historical loan portfolio at particular points in time (each month during the lookback period) to determine the probability that loans in a certain cohort will default over the next 12-month period. A default is defined as a loan that has moved to past due 90 days and greater, nonaccrual status, or experienced a charge-off during the period. Currently, the Bank's historical data is insufficient due to a minimal amount of default activity or zero defaults, therefore management uses index PDs comprised of rates derived from the PD experience of other community banks in place of the Bank's historical PDs.

The LGD calculation looks at actual losses (net charge-offs) experienced over the entire lookback period for each cohort of loans. The aggregate loss amount is divided by the exposure at default to determine an LGD rate. All defaults (non-accrual, charge-off, or greater than 90 days past due) occurring during the lookback period are included in the denominator, whether a loss occurred or not and exposure at default is determined by the loan balance immediately preceding the default event (i.e. nonaccrual or charge-off). Due to the very limited charge-off history, management uses index LGDs comprised of rates derived from the LGD experience of other community banks in place of the Bank's historical LGDs.

The Bank utilizes reasonable and supportable forecasts of future economic conditions when estimating the allowance for credit losses on loans. The calculation includes a 12-month PD forecast based on the peer index regression model comparing peer defaults to the national unemployment rate. After the forecast period, PD rates revert on a straight-line basis back to long-term historical average rates over 12 months.

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.

The loss allocations for individually assessed and collectively assessed loans are totaled to determine the total required allowance for credit losses. This total is compared to the current allowance on the Bank's books and adjustments made accordingly by a charge or credit to the provision for credit losses.

The allowance for credit losses on unfunded commitments is a liability account representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from a contractual obligation to extend credit. The allowance for credit losses on unfunded commitments is reported as a component of other liabilities. The allowance for credit losses on unfunded commitments is adjusted through a provision for credit losses. No allowance is recognized if the Company has the unconditional right to cancel the obligation. Therefore no allowance for credit losses has been recorded.

The Company adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2022-02, Financial Instruments - Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures effective January 1, 2023. The amendments in ASU 2022-02 eliminated the recognition and measure of TDRs and enhanced disclosures for loan modifications to borrowers experiencing financial difficulty. Occasionally, the Company modifies loans for borrowers experiencing financial difficulties by providing payment concessions, interest-only payments for an extended period of time, maturity extensions or interest rate reductions. Other concessions may arise from court proceedings or may be imposed by law. In some cases, the Company provides multiple types of concessions. Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. The Company considers a loan to have defaulted when it becomes 90 or more days delinquent under the modified terms, has been transferred to nonaccrual status subsequent to the modification or has been transferred to other real estate owned.

Management believes that the allowance for credit losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. Such agencies may require the Company to recognize additions to the allowance based on judgments that are different than those of management.

Purchased Credit Deteriorated (PCD) Loans

The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. PCD loans are recorded at the amount paid. An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans. The sum of the loan's purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through credit loss expense.

Upon adoption of ASC 326, the Company elected to maintain pools of loans that were previously accounted for under ASC 310-30 and will continue to account for these pools as a unit of account. Loans are only removed from the existing pools if they are written off, paid off, or sold. Upon adoption of ASC 326, the allowance for credit losses was determined for each pool and added to the pool's carrying amount to establish a new amortized cost basis. The difference between the unpaid principal balance of the pool and the new amortized cost basis is the noncredit premium or discount which will be amortized into interest income over the remaining life of the pool. Changes to the allowance for credit losses after adoption are recorded through provision for credit losses.

Concentrations of Credit Risk

The Company originates primarily commercial, commercial real estate, residential real estate, and consumer loans to customers in its primary market areas in Alabama listed above. The ability of the majority of the Company's customers to honor their contractual loan obligations is dependent on the economy in these areas. Approximately 82% percent of the Company's loan portfolio is secured by real estate, of which the majority is secured by real estate in the Company's market areas. The Company, according to regulatory restrictions, may not generally extend credit to any single borrower or group of related borrowers on a secured basis in excess of 20% of capital, as defined, or $67 million, or on an unsecured basis in excess of 10% of capital, as defined, or $34 million. However, the Company has established internal policies that may further limit the extension of credit to any single borrower or group of related borrowers depending on their credit worthiness.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, i.e. put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Major additions and improvements are charged to the property accounts while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is recognized. Depreciation expense is computed using the straight-line method over the following estimated useful lives. The useful estimated useful life for buildings is generally 40 years. The estimated useful life for furniture and equipment is generally 3-25 years.

Bank Owned Life Insurance

The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record short term leases with an initial lease term of one year or less on the consolidated balance sheets.

At lease inception, the Company determines the lease term by considering the noncancelable lease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line lease expense. Leasehold improvements, except for those relating to leases between entities under common control, are amortized over the shorter of the useful life and the estimated lease term. Leasehold improvements relating to leases between entities under common control are amortized over the useful life of the improvements to the common control group. The Company’s leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease expense, and any impairment of the right-of-use asset. Lease expense is included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense includes rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease. The amortization of the right-of-use asset arising from finance leases is expensed through occupancy and equipment expense and the interest on the related lease liability is expensed through interest expense on borrowings on the Company's consolidated statements of income.

The Company has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

Foreclosed Assets and Repossessed Assets

Foreclosed assets represents properties acquired through or in lieu of loan foreclosure and is initially recorded at fair value less estimated disposal costs. Costs of improvements are capitalized, whereas costs relating to holding other real estate and valuation adjustments are expensed. Revenue and expenses from operations and changes in valuation allowance are included in net expenses from other real estate.

Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets purchased in business combinations. Goodwill is required to be tested annually for impairment or whenever events occur that may indicate that the recoverability of the carrying amount is not probable. In the event of impairment, the amount by which the carrying amount exceeds the fair value is charged to earnings. The Company performs its annual test for impairment in the fourth quarter of each year.

Intangible assets consist of core deposit premiums acquired in connection with business combinations and are based on the established value of acquired customer deposits. The core deposit premium is initially recognized based on a valuation performed as of the consummation date and is amortized over an estimated useful life of three to ten years. Amortization periods are reviewed annually in connection with the annual impairment testing of goodwill.

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Any interest and penalties incurred in connection with income taxes are recorded as a component of other operating expenses in the consolidated financial statements.

In the event the future tax consequences of differences between the financial reporting bases and the tax bases of the assets and liabilities results in deferred tax assets, an evaluation of the probability of being able to realize the future benefits indicated by such asset is required. A valuation allowance is provided for the portion of the deferred tax asset when it is more likely than not that some portion or all of the deferred tax asset will not be realized. In assessing the realizability of the deferred tax assets, management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies.

The Company currently evaluates income tax positions judged to be uncertain. A loss contingency reserve is accrued if it is probable that the tax position will be challenged, it is probable that the future resolution of the challenge will confirm that a loss has been incurred, and the amount of such loss can be reasonably estimated.

Stock-Based Compensation

The Company accounts for its stock-based compensation plans using a fair value-based method of accounting, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. A Black-Scholes model is utilized to estimate the fair value of stock options. The Company’s accounting policy is to recognize forfeitures as they occur.

Accumulated Other Comprehensive Loss

At December 31, 2024 and 2023, accumulated other comprehensive loss consisted of net unrealized losses on investment securities available-for-sale.

Dividend Restriction

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Revenue Recognition

Accounting Standards Codification 606, Revenue from Contracts with Customers (ASC 606), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as our loans, letters of credit, and investment securities, and revenue related to the sale of residential mortgages in the secondary market, as these activities are subject to other GAAP discussed elsewhere within our disclosures. The Company recognizes revenue from these activities as it is earned based on contractual terms, as transactions occur, or as services are provided and collectability is reasonably assured. Descriptions of the major revenue-generating activities that are within the scope of ASC 606, which are presented in the accompanying statements of income as components of noninterest income are as follows:

Service Charges and Fees - these represent general service fees for monthly account maintenance and activity or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when the Company's performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Investment Brokerage Revenue - retail brokerage fees are received from a third party broker-dealer, for which the Company acts as an agent, as part of a revenue-sharing agreement for fees earned from customers that are referred to the third party. These fees are for transactional and advisory services and are paid by the third party on a monthly or quarterly basis and recognized ratably throughout the quarter as the Company's performance obligation is satisfied.

Bank Card Fees – bank card related fees primarily includes interchange income from client use of consumer and business debit cards. Interchange income is a fee paid by a merchant bank to the card-issuing bank through the interchange network. Interchange fees are set by the credit card associations and are based on cardholder purchase volumes. The Company records interchange income as transactions occur. This income is included in other noninterest income on the consolidated statements of income.

Gains and Losses from Sales of Foreclosed Assets – the performance obligation in the sale of other real estate owned typically will be the delivery of control over the property to the buyer. If the Company is not providing the financing of the sale, the transaction price is typically identified in the purchase and sale agreement. However, if the Company provides seller financing, the Company must determine a transaction price, depending on if the sale contract is at market terms and taking into account the credit risk inherent in the arrangement.

Other noninterest income primarily includes items such as Community Development Financial Institution award grant income as well as credit card fees, neither of which are subject to the requirements of ASC 606.

The Company has made no significant judgments in applying the revenue guidance prescribed in ASC 606 that affects the determination of the amount and timing of revenue from the above-described contracts with clients.

Net Earnings per Common 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 year. 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. Anti-dilutive potential common shares are excluded from the diluted earnings per share computation. At December 31, 2024 and 2023, there were no antidilutive potential common shares.

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

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net income available to common shareholders	$ 31,317	$ 26,739
Weighted average common shares outstanding	7,658,553	6,969,533
Dilutive effect of stock options and restricted stock	72,033	95,210
Diluted common shares	7,730,586	7,064,743
Basic earnings per common share	$ 4.09	$ 3.84
Diluted earnings per common share	$ 4.05	$ 3.79

Employee Stock Ownership Plan

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of shareholders' equity. Compensation expense is based on the market price of shares as they are Committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest. Participants may put their ESOP shares back to the Company upon termination, and an amount of equity equal to the fair value of the shares is reclassified out of shareholders' equity into temporary equity.

Advertising

Advertising costs are expensed as incurred.

Business Segment

For the year ended December 31, 2024, the Company adopted ASU 2023-07, Improvements to Reportable Segment Disclosures, which enhanced the disclosure of reportable segments and other items on an interim and annual basis.

The Company's one reportable segment provides integrated financial services including commercial and consumer banking, wealth management, and mortgage and insurance services to customers. Segment revenues are driven primarily by interest and fees on loans, interest on cash and cash equivalents and on investment securities, and fees on depository products and services.

The Company manages business activities, allocates resources and evaluates financial performance on an organization-wide basis. The chief operating decision maker ("CODM") is the CEO. The financial results of the segment are presented using the same policies described in "Note 1 - Significant Accounting Policies."

The CODM evaluates the performance of the segment and allocates resources based on net income that is also reported on the Consolidated Statements of Income as consolidated net income and segment assets that are reported on the Consolidated Balance Sheets as total consolidated assets. Net income is used to monitor budget versus actual results. The CODM also uses net income in competitive analysis by benchmarking to the Company's competitors. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation. The significant segment expenses that are regularly provided to the CODM are interest expense, provision for credit losses, salaries and wages, employee benefits, outsourced data processing costs, and occupancy, which are all reflected in the Consolidated Statements of Income. Certain noncash expenses, such as depreciation and amortization expense, are disclosed in the Consolidated Statement of Cash Flows

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 is permitted. This standard has not had a material impact on the Company’s consolidated results of operations or financial position.

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 expands income tax disclosure requirements. The amendments require annual disclosure of certain information relating to the rate reconciliation, income taxes paid by jurisdiction, income (loss) from continuing operations before income tax expense (benefit) disaggregated between domestic and foreign, income tax expense (benefit) from continuing operations disaggregated by federal (national), state, and foreign. The amendments also eliminate certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures. The amendments in this update are effective for years beginning after December 15, 2024. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. Early adoption is permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

(2) Reclassifications

Certain prior period amounts have been reclassified to conform to the presentation used in 2024. These reclassifications had no material effect on the operations, financial condition or cash flows of the Company.

(3) 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 gross unrealized gains and losses recognized in accumulated other comprehensive loss. Investment securities available-for-sale and held-to-maturity at December 31, 2024 and 2023 are as follows (amounts in thousands):

	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. treasuries	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
Totals	$ 690,891	$ 3	$ (80,030)	$ 610,864

	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
Totals	$ 122,061	$ -	$ (25,123)	$ 96,938

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023:				
Securities available-for-sale:				
Residential mortgage-backed	$ 413,179	$ 102	$ (55,981)	$ 357,300
U.S. treasuries	130,713	-	(10,661)	120,052
U.S. govt. sponsored enterprises	68,751	-	(5,185)	63,566
State, county, and municipal	73,514	4	(8,857)	64,661
Corporate debt obligations	17,758	5	(2,251)	15,512
Totals	$ 703,915	$ 111	$ (82,935)	$ 621,091

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023:				
Securities held-to-maturity:				
Residential mortgage-backed	$ 63,953	$ -	$ (12,022)	$ 51,931
State, county, and municipal	62,840	-	(11,597)	51,243
Totals	$ 126,793	$ -	$ (23,619)	$ 103,174

The Company reassessed classification of certain investments, and effective February 2022, the Company transferred $75 million of residential mortgage-backed securities from available-for-sale to held-to-maturity. The transfer occurred at fair value. The related unrealized loss of $3.4 million included in accumulated other comprehensive loss remained in accumulated other comprehensive loss, to be amortized out of accumulated other comprehensive loss with an offsetting entry to interest income as a yield adjustment through earnings over the remaining term of the securities. No gain or loss was recorded at the time of transfer.

The following tables summarize securities with unrealized and unrecognized losses at December 31, 2024 and 2023, 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
December 31, 2024:						
Securities available-for-sale:						
Residential mortgage-backed	$ 87,690	$ 2,319	$ 307,788	$ 56,096	$ 395,478	$ 58,415
U.S. treasuries	-	-	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
Totals	$ 97,220	$ 2,622	$ 508,413	$ 77,408	$ 605,633	$ 80,030
December 31, 2023:						
Securities available-for-sale:						
Residential mortgage-backed	$ 2,028	$ 2	$ 352,807	$ 55,979	$ 354,835	$ 55,981
U.S. treasuries	-	-	120,053	10,661	120,053	10,661
U.S. govt. sponsored enterprises	1,689	7	61,877	5,178	63,566	5,185
State, county & municipal	-	-	63,657	8,857	63,657	8,857
Corporate debt obligations	926	29	13,131	2,222	14,057	2,251
Totals	$ 4,643	$ 38	$ 611,525	$ 82,897	$ 616,168	$ 82,935

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024:						
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
Totals	$ -	$ -	$ 91,593	$ 25,123	$ 91,593	$ 25,123
December 31, 2023:						
Securities held-to-maturity:						
Residential mortgage-backed	$ -	$ -	$ 51,931	$ 12,022	$ 51,931	$ 12,022
State, county & municipal	-	-	45,898	11,597	45,898	11,597
Totals	$ -	$ -	$ 97,829	$ 23,619	$ 97,829	$ 23,619

As of December 31, 2024 and 2023, there were, respectively, 334 and 332 securities in unrealized loss positions. As of December 31, 2024, the Company did not have the intent to sell, nor was it more likely than not that we would be required to sell any of the securities in an unrealized loss position prior to recovery. As of December 31, 2024, the Company also determined that no individual securities in an unrealized loss position represented credit losses that would require an allowance for credit losses. The Company concluded that the unrealized losses were primarily attributable to increases in market interest rates since these securities were purchased and other market conditions. As a result, no allowance for credit loss was recorded on available-for-sale securities at December 31, 2024.

The proceeds and gross gains and gross losses from sales of securities available-for-sale for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	Year ended December 31: 2024	2023
Realized gains (losses) on sales of investment securities:		
Gross gains	$ 289	$ 150
Gross losses	(3,104)	(145)
Net (losses) gains on sales of investment securities	$ (2,815)	$ 5
Proceeds from sales of investment securities	$ 112,743	$ 15,252

At December 31, 2024 and 2023, securities with a carrying value of approximately $320.3 million and $268.2 million, respectively, were pledged to secure public deposits as required by law. At December 31, 2024 and 2023, the carrying value of securities pledged to secure repurchase agreements was approximately $23.5 million and $26.9 million, respectively.

The amortized cost and estimated fair value of debt securities at December 31, 2024 and 2023, by contractual maturity, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities available-for-sale				
Less than 1 year	$ -	$ -	$ 2,500	$ 2,424
1 to 5 years	126,223	117,711	163,927	150,501
5 to 10 years	37,944	34,030	51,970	46,415
After 10 years	69,567	60,381	72,339	64,451
	233,734	212,122	290,736	263,791
Residential mortgage-backed securities	457,157	398,742	413,179	357,300
Totals	$ 690,891	$ 610,864	$ 703,915	$ 621,091

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities held-to-maturity				
5 to 10 years	$ 29,963	$ 24,466	$ 19,706	$ 16,192
After 10 years	32,824	25,984	43,134	35,051
	62,787	50,450	62,840	51,243
Residential mortgage-backed securities	59,274	46,488	63,953	51,931
Totals	$ 122,061	$ 96,938	$ 126,793	$ 103,174

At December 31, 2024 and 2023, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of shareholders’ equity.

(4) Loans

Major classifications of loans at December 31, 2024 and 2023 are summarized as follows (in thousands):

	December 31, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	$ 869,415	35.4%	$ 771,144	34.9%
Closed-end 1-4 family - junior lien	14,145	0.6%	11,814	0.5%
Multi-family	19,651	0.8%	26,739	1.2%
Total residential real estate	903,211	36.8%	809,697	36.6%
Commercial real estate:				
Nonfarm nonresidential	637,589	26.0%	557,202	25.2%
Farmland	75,184	3.1%	58,532	2.6%
Total commercial real estate	712,773	29.1%	615,734	27.8%
Construction and land development:				
Residential	101,986	4.2%	100,974	4.6%
Other	190,955	7.8%	195,724	8.9%
Total construction and land development	292,941	12.0%	296,698	13.5%
Home equity lines of credit	124,064	5.1%	95,544	4.3%
Commercial loans:				
Other commercial loans	291,762	11.9%	273,639	12.4%
Agricultural	76,348	3.1%	66,510	3.0%
State, county, and municipal loans	33,847	1.2%	34,819	1.6%
Total commercial loans	401,957	16.2%	374,968	17.0%
Consumer loans	60,522	2.5%	55,587	2.5%
Total gross loans	2,495,468	101.7%	2,248,228	101.7%
Allowance for credit losses	(32,088)	-1.3%	(28,991)	-1.3%
Net discounts	(13)	0.0%	(129)	0.0%
Net deferred loan fees	(8,633)	-0.4%	(8,093)	-0.4%
Net loans	$ 2,454,734	100.0%	$ 2,211,015	100.0%

The loan portfolio was 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.

The following describe risk characteristics relevant to each of the portfolio segments:

Real estate - As discussed below, the Company offers various types of real estate loan products. All loans within this portfolio segment are particularly sensitive to the valuation of real estate:

Residential real estate and home equity lines of credit are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property.

Commercial real estate loans include both owner-occupied commercial real estate loans and other commercial real estate loans secured by income producing properties. Owner-occupied commercial real estate loans to operating businesses are long-term financing of land and buildings. These loans are repaid by cash flow generated from the business operation. Real estate loans for income-producing properties such as office and industrial buildings, and retail shopping centers are repaid from rent income derived from the properties. Loans secured by farmland are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property.

Construction and land development loans are repaid through cash flow related to the operations, sale or refinance of the underlying property. This portfolio class includes extensions of credit to real estate developers or investors where repayment is dependent on the sale of the real estate or income generated from the real estate collateral.

Commercial loans - The commercial loan portfolio segment includes commercial and industrial loans, agricultural loans and loans to state and municipalities. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or expansion projects. Loans are repaid by business cash flows or tax revenues. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the customers' business operations.

Consumer loans - The consumer loan portfolio segment includes direct consumer installment loans, overdrafts and other revolving credit loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

The following tables present the activity 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 impairment method as of December 31, 2024 and 2023 (amounts in thousands).

	Real Estate Mortgage Loans						
Allowance for Credit Losses	Residential	Commercial	Construction and Land Development	Home Equity Lines Of Credit	Commercial	Consumer	Total
Balance - December 31, 2023	$7,233	$10,530	$4,646	$1,078	$4,906	$598	$28,991
Provision for credit losses	512	456	(318)	859	4,248	30	5,787
Loan charge-offs	(57)	(500)	(29)	(50)	(2,660)	(136)	(3,432)
Loan recoveries	2	143	-	-	578	19	742
Balance - December 31, 2024	$7,690	$10,629	$4,299	$1,887	$7,072	$511	32,088
Ending balance:							
Individually evaluated	$-	$-	$-	$-	$74	$12	$86
Collectively evaluated	$7,690	$10,629	$4,299	$1,887	$6,998	$499	$32,002
Loans:							
Individually evaluated	$4,365	$4,422	$120	$143	$74	$12	$9,136
Collectively evaluated	$898,846	$708,351	$292,821	$123,921	$401,883	$60,510	$2,486,332

	Real Estate Mortgage Loans						
Allowance for Loan Losses	Residential	Commercial	Construction and Land Development	Home Equity Lines Of Credit	Commercial	Consumer	Total
Balance - December 31, 2022 prior to adoption of ASC 326	$5,088	$10,057	$3,377	$562	$4,778	$448	$24,310
Impact of adopting ASC 326	-	-	-	-	73	7	80
Provision for credit losses	2,145	390	1,465	498	526	220	5,244
Loan charge-offs	—	-	(196)	-	(696)	(135)	(1,027)
Loan recoveries	-	83	-	18	225	58	384
Balance - December 31, 2023	$7,233	$10,530	$4,646	$1,078	$4,906	$598	$28,991
Ending balance:							
Individually evaluated	$12	$300	$-	$-	$26	$40	$378
Collectively evaluated	$7,221	$10,230	$4,646	$1,078	$4,880	$558	$28,613
Loans:							
Individually evaluated	$2,328	$2,778	$364	$202	$26	$40	$5,738
Collectively evaluated	$807,369	$612,956	$296,334	$95,342	$374,942	$55,547	$2,242,490

The Company's unfunded lending commitments are unconditionally cancellable and therefore no allowance for credit losses has been recorded.

The following table presents collateral dependent impaired loans by class of loans as of December 31, 2024 (amounts in thousands). Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The Company reviews individually evaluated loans for designation as collateral dependent loans, as well as other loans that management of the Company designates as having higher risk. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses.

December 31, 2024

Nonaccruing Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 2,917	$ 2,917	$ 2,917	$ -	$ -
Commercial real estate	4,549	4,299	4,299	-	-
Construction and land development	120	120	120	-	-
Total mortgage loans on real estate	7,586	7,336	7,336	-	-
Home equity lines of credit	143	143	143	-	-
Commercial loans	-	-	-	-	-
Consumer loans	12	12	-	12	12
Total Loans	$ 7,741	$ 7,491	$ 7,479	$ 12	$ 12

Accruing Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 1,448	$ 1,448	$ 1,448	$ -	$ -
Commercial real estate	123	123	123	-	-
Construction and land development	-	-	-	-	-
Total mortgage loans on real estate	1,571	1,571	1,571	-	-
Home equity lines of credit	-	-	-	-	-
Commercial loans	74	74	-	74	74
Consumer loans	-	-	-	-	-
Total Loans	$ 1,645	$ 1,645	$ 1,571	$ 74	$ 74

Total Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 4,365	$ 4,365	$ 4,365	$ -	$ -
Commercial real estate	4,672	4,422	4,422	-	-
Construction and land development	120	120	120	-	-
Total mortgage loans on real estate	9,157	8,907	8,907	-	-
Home equity lines of credit	143	143	143	-	-
Commercial loans	74	74	-	74	74
Consumer loans	12	12	-	12	12
Total Loans	$ 9,386	$ 9,136	$ 9,050	$ 86	$ 86

The following table presents collateral dependent loans by class of loans as of December 31, 2023 (amounts in thousands).

December 31, 2023

Nonaccruing Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 1,229	$ 1,229	$ 1,229	$ -	$ -
Commercial real estate	2,769	2,769	1,423	1,346	300
Construction and land development	364	364	364	-	-
Total mortgage loans on real estate	4,362	4,362	3,016	1,346	300
Home equity lines of credit	202	202	202	-	-
Commercial loans	-	-	-	-	-
Consumer loans	5	5	-	5	5
Total Loans	$ 4,569	$ 4,569	$ 3,218	$ 1,351	$ 305

Accruing Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 1,099	$ 1,099	$ 934	$ 165	$ 12
Commercial real estate	9	9	9	-	-
Construction and land development	-	-	-	-	-
Total mortgage loans on real estate	1,108	1,108	943	165	12
Home equity lines of credit	-	-	-	-	-
Commercial loans	26	26	-	26	26
Consumer loans	35	35	-	35	35
Total Loans	$ 1,169	$ 1,169	$ 943	$ 226	$ 73

Total Collateral Dependent Loans	Unpaid Principal Balance	Recorded Investment	Collateral Dependent Loans With No Allowance	Collateral Dependent Loans With Allowance	Allowance for Credit Losses
Mortgage loans on real estate:					
Residential	$ 2,328	$ 2,328	$ 2,163	$ 165	$ 12
Commercial real estate	2,778	2,778	1,432	1,346	300
Construction and land development	364	364	364	-	-
Total mortgage loans on real estate	5,470	5,470	3,959	1,511	312
Home equity lines of credit	202	202	202	-	-
Commercial loans	26	26	-	26	26
Consumer loans	40	40	-	40	40
Total Loans	$ 5,738	$ 5,738	$ 4,161	$ 1,577	$ 378

The following tables present the amortized cost basis of collateral dependent loans as of December 31, 2024 and 2023 by class of loans (amounts in thousands).

December 31, 2024 **Collateral Dependent Loans**	Real Estate	Equipment	Vehicles	Raw Land
Mortgage loans on real estate:				
Residential	$ 4,365	$ -	$ -	$ -
Commercial real estate	4,422	-	-	-
Construction and land development	-	-	-	120
Total mortgage loans on real estate	8,787	-	-	120
Home equity lines of credit	143	-	-	-
Commercial loans	-	74	-	-
Consumer loans	-	-	12	-
Total Loans	$ 8,930	$ 74	$ 12	$ 120

December 31, 2023 **Collateral Dependent Loans**	Real Estate	Equipment	Vehicles	Accounts Receivable
Mortgage loans on real estate:				
Residential	$ 2,328	$ -	$ -	$ -
Commercial real estate	2,778	-	-	-
Construction and land development	364	-	-	-
Total mortgage loans on real estate	5,470	-	-	-
Home equity lines of credit	202	-	-	-
Commercial loans	-	-	-	26
Consumer loans	-	14	26	-
Total Loans	$ 5,672	$ 14	$ 26	$ 26

The following tables present the aging of the recorded investment in past due loans and non-accrual loan balances as of December 31, 2024 and 2023 by class of loans (amounts in thousands).

	Accruing Loans					
As of December 31, 2024	Current	30-89 Days Past Due	90+ Days Past Due	Nonaccrual With ACL	Nonaccrual With No ACL	Total Loans
Mortgage loans on real estate:						
Residential	$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	$2,480,436	$6,511	$8	$40	$8,473	$2,495,468

	Accruing Loans					
As of December 31, 2023	Current	30-89 Days Past Due	90+ Days Past Due	Nonaccrual With ACL	Nonaccrual With No ACL	Total Loans
Mortgage loans on real estate:						
Residential	$805,262	$2,420	$288	$-	$1,727	$809,697
Commercial real estate	612,901	64	-	1,346	1,423	615,734
Construction and land development	296,030	157	-	-	511	296,698
Total mortgage loans on real estate	1,714,193	2,641	288	1,346	3,661	1,722,129
Home equity lines of credit	95,003	112	-	-	429	95,544
Commercial loans	374,699	269	-	-	-	374,968
Consumer loans	55,061	383	-	6	137	55,587
Total Loans	$2,238,956	$3,405	$288	$1,352	$4,227	$2,248,228

The Bank categorizes loans into 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 their 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 usually be placed on non-accrual, analyzed and fully or partially charged off based on a review of any collateral and other relevant factors.

Nonaccrual: Specific weakness characterized as Doubtful that are severe enough for the loan to be placed on nonaccrual status because collection of all contractual principal and interest payments is considered unlikely.

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

The following tables present loan balances classified by credit quality indicator, loan type and based on year of origination as of December 31, 2024 and 2023 (amounts in thousands).

As of December 31, 2024	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

As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Residential real estate								
Pass	$ 209,016	$ 354,153	$ 120,802	$ 68,229	$ 16,903	$ 25,380	$ 7,420	$ 801,903
Special Mention	1,742	2,013	590	157	27	176	-	4,705
Substandard	36	1,240	151	258	719	685	-	3,089
Doubtful	-	-	-	-	-	-	-	-
Total residential real estate	$ 210,794	$ 357,406	$ 121,543	$ 68,644	$ 17,649	$ 26,241	$ 7,420	$ 809,697
Commercial real estate								
Pass	$ 81,239	$ 196,437	$ 99,072	$ 96,775	$ 51,677	$ 64,851	$ 14,977	$ 605,028
Special Mention	419	978	383	881	-	5,122	-	7,783
Substandard	49	-	-	46	50	2,769	9	2,923
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	$ 81,707	$ 197,415	$ 99,455	$ 97,702	$ 51,727	$ 72,742	$ 14,986	$ 615,734
Construction and land development								
Pass	$ 148,804	$ 93,987	$ 20,752	$ 4,678	$ 2,421	$ 4,591	$ 20,139	$ 295,372
Special Mention	211	472	14	-	22	12	-	731
Substandard	-	411	84	-	-	100	-	595
Doubtful	-	-	-	-	-	-	-	-
Total construction and land development	$ 149,015	$ 94,870	$ 20,850	$ 4,678	$ 2,443	$ 4,703	$ 20,139	$ 296,698
Current-period gross charge-offs	$ -	$ -	$ 196	$ -	$ -	$ -	$ -	$ 196
Home equity lines of credit								
Pass	$ 750	$ 450	$ -	$ 852	$ -	$ -	$ 92,823	$ 94,875
Special Mention	-	-	-	-	-	-	200	200
Substandard	-	-	-	-	-	20	449	469
Doubtful	-	-	-	-	-	-	-	-
Total home equity lines of credit	$ 750	$ 450	$ -	$ 852	$ -	$ 20	$ 93,472	$ 95,544
Commercial loans								
Pass	$ 94,966	$ 73,381	$ 30,912	$ 16,257	$ 6,505	$ 10,700	$ 134,488	$ 367,209
Special Mention	175	142	49	294	26	4,057	2,990	7,733
Substandard	-	-	-	26	-	-	-	26
Doubtful	-	-	-	-	-	-	-	-
Total commercial loans	$ 95,141	$ 73,523	$ 30,961	$ 16,577	$ 6,531	$ 14,757	$ 137,478	$ 374,968
Current-period gross charge-offs	$ 288	$ 46	$ 1	$ -	$ 23	$ 338	$ -	$ 696
Consumer loans								
Pass	$ 21,479	$ 14,017	$ 8,188	$ 3,949	$ 1,950	$ 2,567	$ 2,933	$ 55,083
Special Mention	77	107	36	16	3	-	27	266
Substandard	65	46	26	56	-	34	11	238
Doubtful	-	-	-	-	-	-	-	-
Total consumer loans	$ 21,621	$ 14,170	$ 8,250	$ 4,021	$ 1,953	$ 2,601	$ 2,971	$ 55,587
Current-period gross charge-offs	$ -	$ 120	$ -	$ 15	$ -	$ -	$ -	$ 135
Total Loans								
Pass	$ 556,254	$ 732,425	$ 279,726	$ 190,740	$ 79,456	$ 108,089	$ 272,780	$ 2,219,470
Special Mention	2,624	3,712	1,072	1,348	78	9,367	3,217	21,418
Substandard	150	1,697	261	386	769	3,608	469	7,340
Doubtful	-	-	-	-	-	-	-	-
Total loans	$ 559,028	$ 737,834	$ 281,059	$ 192,474	$ 80,303	$ 121,064	$ 276,466	$ 2,248,228
Current-period gross charge-offs	$ 288	$ 166	$ 197	$ 15	$ 23	$ 338	$ -	$ 1,027

The Company offers modifications of loans to borrowers experiencing financial difficulty by providing principal forgiveness, interest rate reductions, term extensions, other than insignificant payment delays, or any combination of these. During the year ended December 31, 2024 and 2023, the Company had financial difficulty modifications of approximately $1.1 million and $2.3 million, respectively.

(5) Premises and Equipment

Major classifications of premises and equipment as of December 31, 2024 and 2023 are summarized as follows (amounts in thousands):

	December 31, 2024	December 31, 2023
Land and improvements	$ 12,477	$ 12,460
Buildings and improvements	34,080	31,079
Leasehold improvements	2,815	2,815
Furniture, equipment, and vehicle	13,845	13,215
Total	63,217	59,569
Accumulated depreciation	(17,559)	(14,353)
Premises and equipment, net	$ 45,658	$ 45,216

Depreciation expense amounted to approximately $3.2 million in 2024 and $2.9 million in 2023.

(6) Foreclosed assets

Other real estate and certain other assets acquired in foreclosure are carried at the lower of the recorded investment in the loan or fair value less estimated costs to sell the property. There was $100 thousand residential real estate foreclosures at December 31, 2024 and no residential real estate foreclosures at December 31, 2023. An analysis of foreclosed properties for the years ended December 31, 2024 and 2023 follows (in thousands).

	Year ended December 31, 2024	Year ended December 31, 2023
Balance at beginning of year	$ 92	$ 609
Transfers from loans	1,064	475
Foreclosed property sold	(943)	(872)
Provision for losses on foreclosed assets	(83)	(120)
Balance at end of year	$ 130	$ 92

Expenses applicable to foreclosed assets for the years ended December 31, 2024 and 2023 include the following (amounts in thousands).

	Year ended December 31, 2024	Year ended December 31, 2023
Net loss (gain) on sales of foreclosed assets	$ 36	$ (92)
Write-down of foreclosed property	83	120
Operating expenses, net of rental income	166	36
Total	$ 285	$ 64

(7) Deposits

The following table sets forth the major classifications of deposits at December 31, 2024 and 2023 (in thousands):

	December 31,	
	2024	2023
Demand deposits, non-interest bearing	$ 654,229	$ 628,415
Demand deposits, interest bearing	752,280	693,421
Money market accounts	856,124	761,164
Savings deposits	106,269	112,563
Time certificates of $250,000 or more	390,906	272,008
Other time certificates	307,351	263,084
Totals	$ 3,067,159	$ 2,730,655

As of December 31, 2024, the scheduled maturities of certificates of deposit are as follows for CDs less than $250 thousand and for CDs of $250 thousand or more (in thousands):

CDs Less Than $250,000	
2025	$ 292,612
2026	7,994
2027	2,997
2028	1,545
2029	2,193
Maturing after 2029	10
Total	$ 307,351

CDs $250,000 or more	
2025	$ 379,845
2026	7,964
2027	1,383
2028	1,209
2029	505
Maturing after 2029	-
Total	$ 390,906

As of December 31, 2024 and 2023 our total deposits in excess of insurance limits were approximately $1.3 billion and $1.0 billion, respectively.

(8) Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreement are sold for one business day only. Securities sold under these arrangements are held in safekeeping by the Bank's primary correspondent bank and may not be pledged, assigned, sold, or otherwise transferred or utilized by the customer. Interest rates on securities sold under repurchase agreement are determined daily by the Bank.

Securities sold under repurchase agreements were $22.7 million and $16.7 million at December 31, 2024 and 2023, respectively. The agreements were secured by investment securities with a fair value of approximately $23.5 million and $26.9 million at December 31, 2024 and 2023, respectively. The weighted average interest rate paid on these agreements was 3.38% and 3.18% for the years ended December 31, 2024 and 2023.

(9) Federal Home Loan Bank and Other Borrowings

At December 31, 2024 and 2023 , the Company had outstanding advances from the FHLB that are summarized as follows (in thousands):

December 31, 2024:

Advance	Maturity	Rate	Rate Type
$ 25,000,000	12/22/2025	4.52%	Fixed Rate Hybrid
55,000,000	12/31/2025	4.57%	Daily Rate Credit
25,000,000	12/21/2026	4.31%	Fixed Rate Hybrid
40,000,000	12/20/2028	3.55%	Convertible
60,000,000	9/27/2033	3.46%	Convertible
$ 205,000,000			

December 31, 2023:

Advance	Maturity	Rate	Rate Type
$ 55,000,000	6/28/2024	4.96%	Fixed Rate Hybrid
25,000,000	12/31/2024	5.57%	Daily Rate Credit
25,000,000	12/22/2025	4.52%	Fixed Rate Hybrid
25,000,000	12/21/2026	4.31%	Fixed Rate Hybrid
40,000,000	12/20/2028	3.55%	Convertible
60,000,000	9/27/2033	3.46%	Convertible
$ 230,000,000			

At December 31, 2024 and 2023, the Company's FHLB advances repayment terms are quarterly interest payments with principal due at maturity.

At December 31, 2024 and 2023, respectively, the Company had $175 million and $75 million unfunded standby letters of credit with the FHLB.

The Company had pledged under blanket floating liens approximately $1.1 billion and $929.2 million in residential first mortgage loans, home equity lines of credit, commercial real estate loans, and loans secured by multi-family real estate as security for these advances, letters of credit, and possible future advances as of December 31, 2024 and 2023, respectively. The value of the pledged collateral, when using appropriate discount percentages as prescribed by the FHLB, equals or exceeds the advances and unfunded letters of credit outstanding. At December 31, 2024 and 2023, the Company had approximately $237.0 million and $210.3 million of additional borrowing capacity under its borrowing arrangements with the FHLB.

Another borrowing source is the Federal Reserve discount window. At December 31, 2024 and 2023 the Company had approximately $545.5 million and $247.8 million of loans pledged and $422.1 million and $157.6 million of available borrowing capacity at the Federal Reserve discount window, respectively. At December 31, 2024 and 2023, the Company had no outstanding advances from the Federal Reserve 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 again 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 Company’s stock. There was no balance outstanding at December 31, 2024 and 2023.

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 Secured Overnight Financing Rate (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.

Principal payments on the Subordinated Note Purchase Agreement are due as follows:

2025	$	-
2026		-
2027		-
2028		-
2029		-
Afterward		39,563
Total	$	39,563

The Company had available lines of credit for overnight federal funds borrowings totaling $100.0 million and $88.5 million at December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the Company had no outstanding federal funds purchased.

(10) Income Taxes

The components of income tax expense for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	2024	2023
Current	$ 11,492	$ 8,744
Deferred	(1,688)	(1,896)
Total income tax expense	$ 9,804	$ 6,848

The difference between income tax expense and the amount computed by applying the statutory federal income tax rate to income before taxes for the years ended December 31, 2024 and 2023 is as follows (in thousands):

	2024	2023
Net income before taxes	$ 41,121	$ 33,587
Statutory federal tax rate	21%	21%
Tax on income at statutory federal tax rate	8,635	7,053
Increase (decrease) resulting from:		
Federal income tax benefit of state income taxes	(300)	(225)
Tax exempt income on loans	(263)	(243)
Tax exempt income on investments	(297)	(326)
Tax exempt income from bank-owned life insurance	(318)	(272)
Nondeductible expenses	472	408
Federal tax credits	(533)	(2,569)
State income tax	1,427	1,065
Other	981	2,197
Total	$ 9,804	$ 6,848

The following summarizes the components of deferred taxes at December 31, 2024 and 2023 (in thousands).

	2024	2023
Deferred tax assets:		
Loans and allowance for credit losses	$ 8,069	$ 7,290
Accrued expenses	996	768
Deferred compensation	935	874
Unrealized losses on investment securities available-for-sale	20,673	21,460
Other	2,634	2,344
Total deferred tax assets	33,307	32,736
Deferred tax liabilities:		
Core deposit intangible	(235)	(362)
Depreciation	(2,270)	(2,473)
Total deferred tax liabilities	(2,505)	(2,835)
Net deferred income tax assets	$ 30,802	$ 29,901

(11) Commitments

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in 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 December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Commitments to extend credit	$ 442,506	$ 477,476
Stand-by and performance letters of credit	10,060	8,025
Total	$ 452,566	$ 485,501

Commitments to extend credit are agreements to lend to a customer, as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon an extension of credit, if deemed necessary by the Company, is based on management's credit evaluation. The type of collateral held varies but may include unimproved and improved real estate, certificates of deposit, or personal property.

Standby and performance letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to local businesses. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

(12) Employee Benefit Plans

Equity Incentive Plan

During 2015, the Company adopted the River Financial Corporation 2015 Equity Incentive Plan (the "2015 Equity Incentive Plan"). These Equity Incentive Plans were adopted to provide a means of enhancing and encouraging the recruitment and retention of individuals on whom the success of the Company depends.

The 2015 Equity Incentive Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock unit awards, and restricted stock awards. A total of 600,000 shares were reserved for possible issuance under the 2015 Equity Incentive Plan. The maximum term of grants under the plan is ten years and the plan expires ten years after the adoption date.

A summary of activity in the outstanding stock options for the years ended December 31, 2024 and 2023 is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Range of Exercise Prices
Outstanding at January 1, 2024	340,350	$ 25.32	5.07	
Granted	10,500	32.34		
Exercised	(13,406)	23.87		
Forfeited	(1,200)	31.99		
Outstanding at December 31, 2024	336,244	$ 25.58	4.26	$15.00 to $36.16
Exercisable at December 31, 2024	284,569	$ 24.32	3.57	$15.00 to $36.16
Outstanding at January 1, 2023	343,679	$ 24.06	5.45	
Granted	21,500	33.63		
Exercised	(24,229)	14.66		
Forfeited	(600)	27.00		
Outstanding at December 31, 2023	340,350	$ 25.32	5.07	$15.00 to $36.16
Exercisable at December 31, 2023	263,200	$ 23.65	4.28	$15.00 to $36.16

The total fair value of shares underlying the options which vested during the years ended December 31, 2024 and 2023, was $1.4 million and $1.5 million, respectively. The intrinsic value of options exercised during the years ended December 31, 2024 and 2023 was $210 thousand and $541 thousand, respectively. The aggregate intrinsic value of total options outstanding and exercisable options at December 31, 2024 was $4.68 million and $4.3 million, respectively. The aggregate intrinsic value of total options outstanding and exercisable options at December 31, 2023 was $3.98 million and $3.5 million, respectively. Cash received from options exercised for the year ended December 31, 2024 and 2023 was $239 thousand and $354 thousand, respectively. There was no income tax benefit recognized for the exercise of options for the years ended December 31, 2024 and 2023 as all options exercised were incentive stock options.

As of December 31, 2023, unvested stock options totaled 77,150. During 2024, there were 10,500 stock options that were granted and 35,975 stock options that vested resulting in unvested stock options of 51,675 as of December 31, 2024.

The stock options granted in 2024 and 2023 have a weighted average calculated value of $5.62 and $5.74, respectively. The dividend yield is the estimated dividend we expect to pay over the next four or five years. The expected life is calculated as the mid-point between the weighted-average time to vesting and the contractual maturity. The expected volatility is the approximate industry average for small bank and holding companies. The risk free interest rate is the U.S. Treasury rate on the day of the option grant for a term equal to the expected life of the option. The calculated value of each grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2024	2023
Dividend yield (after three years)	1.50%	1.50%
Expected life in years	7	7
Expected volatility	10.00%	10.00%
Risk free interest rate	4.04%	3.89%

The Company recognized $86 thousand and $102 thousand in compensation expense related to performance share awards during 2024 and 2023, respectively. As of December 31, 2024, there was approximately $206 thousand of unrecorded compensation expense related to the performance share awards which is expected to be recognized over a weighted average period of 1.7 years.

The Company periodically grants restricted stock awards that vest upon service conditions. Dividend payments are made during the vesting period. The value of restricted stock is determined to be the current value of the Company's stock, and this total value will be recognized as compensation expense over the vesting period. The following table summarizes restricted stock activity:

	Restricted Stock		
	Shares		Weighted Average Grant Date Fair Value
Year Ended December 31, 2024			
Non-vested at beginning of year	65,733	$	31.96
Granted	-		-
Vested	(14,450)		31.83
Forfeited	(1,050)		31.20
Non-vested at end of year	50,233	$	32.02

	Restricted Stock		
	Shares		Weighted Average Grant Date Fair Value
Year Ended December 31, 2023			
Non-vested at beginning of year	65,750		31.55
Granted	13,000	$	33.47
Vested	(11,617)		31.40
Forfeited	(1,400)		31.20
Non-vested at end of year	65,733	$	31.96

As of December 31, 2024, there was approximately $1.2 million of total unrecognized compensation cost related to non-vested restricted stock. As of December 31, 2024, non-vested restricted stock had a weighted average remaining time to vest of 2.01 years.

Defined Contribution Plan

The Company provides a 401(k) employee stock ownership plan, 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 $23.0 thousand and $22.5 thousand of the participant’s annual compensation in 2024 and 2023. 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 Company were approximately $954 thousand and $869 thousand in 2024 and 2023, respectively. Outstanding shares of the Company’s common stock allocated to participants at December 31, 2024 and 2023 totaled 182,822 and 166,664 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 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 separated 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 December 31, 2024 and 2023. The cost of the ESOP shares totaled $5.10 million and $4.48 million as of December 31, 2024 and 2023, 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 $5.10 million and $4.48 million as of December 31, 2024 and 2023, respectively. The fair value of the ESOP shares totaled $7.22 million and $6.17 million as of December 31, 2024 and 2023, respectively.

(13) Affordable Housing Tax Credit Investments

The Company periodically invests in various limited partnerships that sponsor affordable housing projects. The partnerships are single purpose entities that lend money to real estate investors for the purpose of acquiring and operating, or rehabbing, commercial property. The investments qualify for Low-Income Housing Tax Credits under Code Section 42, as amended. For each of the partnerships, the Company acts strictly in a limited partner capacity. The Company has determined that it is not the primary beneficiary of these partnerships because it does not have the power to direct the activities of the entity that most significantly impact the entities' economic performance. The Company uses the proportional amortization method to account for these investments. This method recognizes the amortized cost of the investment as a component of income tax expense. Due to the nature of the management activities of the general partner, the Company is not the primary beneficiary of these partnerships.

A summary of the Company's affordable housing tax credit investments as of December 31 is as follows:

	2024	2023
Affordable housing tax credit investments included in other assets	$ 7,011	$ 7,151
Tax credits and other tax benefits recognized	533	533
Tax credit amortization expense included in provision for income taxes	516	516

(14) Related Party Transactions

The Company conducts transactions with its directors and executive officers, including companies in which such directors and executive officers have a beneficial interest, in the normal course of business. It is the Company's policy to comply with federal regulations that require that loan and deposit transactions with directors and executive officers be made on substantially the same terms as those prevailing at the time for comparable loans and deposits to other persons. At December 31, 2024 and 2023, deposits from directors, executive officers and their related interests aggregated approximately $11.1 million and $10.8 million, respectively. These deposits were taken in the normal course of business at market interest rates.

The following is a summary of activity for related party loans for 2024 and 2023 (in thousands):

	2024	2023
Balance at beginning of year	$ 8,418	$ 8,018
New loans	1,899	2,199
Repayments	(1,549)	(1,799)
Balance at end of year	$ 8,768	$ 8,418

(15) Regulatory Matters

Banking regulations limit the amount of dividends that the Banks may pay without prior approval of the regulatory authorities. These restrictions are based on the level of regulatory classified assets, the prior years' net earnings, and the ratio of equity capital to total assets. As of December 31, 2024, the maximum amount of dividend the Bank could declare payable to the Company was approximately $64.3 million.

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. 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 the financial statements. Under certain adequacy guidelines and the regulatory framework for prompt corrective action, specific capital guidelines that involve quantitative measures of the assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices must be met. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

In July 2013, the federal bank regulatory agencies issued final rules implementing the Basel III regulatory capital framework as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The final rules took effect for the Bank on January 1, 2015, subject to a transition period for certain parts of the rules. The rules revise the minimum capital requirements and adjust the prompt corrective action thresholds applicable to financial institutions under the agencies' jurisdiction. The rules revise the regulatory capital elements, add a new common equity Tier 1 capital ratio, increase the minimum Tier 1 capital ratio requirements, and implement a new capital conservation buffer. The rules also permit certain banking organizations to retain, through a one-time election, the existing treatment of accumulated other comprehensive income. The Bank has made the election to retain the existing treatment for accumulated other comprehensive income (loss).

The rules are intended to provide an additional measure of a bank's capital adequacy by assigning weighted levels of risk to asset categories. Banks are also required to systematically maintain capital against such "off-balance sheet" activities as loans sold with recourse, loan commitments, guarantees, and standby letters of credit. These guidelines are intended to strengthen the quality of capital by increasing the emphasis on common equity and restricting the amount of loan loss reserves and other forms of equity, such as preferred stock, that may be included in capital. Certain items, such as goodwill and other intangible assets, are deducted from capital in arriving at the various regulatory capital measures, such as common equity Tier 1 capital, Tier 1 capital, and total risk-based capital.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 Capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 Capital (as defined) to average assets (as defined). Management believes, as of December 31, 2024 and 2023, that the Company and the Bank meet all capital adequacy requirements to which it is subject.

As of December 31, 2024 and 2023, the most recent notification from the regulators categorized the Company and the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and the Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed our category.

The following table presents the Company's and the Bank’s capital amounts and ratios with the required minimum levels for capital adequacy purposes including the phase in of 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 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	>= 10.000%
Common Equity Tier 1 Capital (To Risk-weighted Assets)	303,556	11.902%	178,540	>= 7.000%	$165,787	>= 6.500%
Tier 1 Capital (To Risk-Weighted Assets)	303,556	11.902%	216,798	>= 8.500%	$204,046	>= 8.000%
Tier 1 Capital (To Average Assets)	303,556	8.561%	141,839	>= 4.000%	$177,298	>= 5.000%

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

As of December 31, 2023:	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
River Financial Corporation						
Total Capital (To Risk-Weighted Assets)	$306,917	12.948%	$248,890	>= 10.500%	N/A	N/A
Common Equity Tier 1 Capital (To Risk-weighted Assets)	237,927	10.037%	165,935	>= 7.000%	N/A	N/A
Tier 1 Capital (To Risk-Weighted Assets)	237,927	10.037%	201,492	>= 8.500%	N/A	N/A
Tier 1 Capital (To Average Assets)	237,927	7.505%	126,810	>= 4.000%	N/A	N/A
River Bank:						
Total Capital (To Risk-Weighted Assets)	$303,279	12.794%	$248,892	>= 10.500%	$237,040	>= 10.000%
Common Equity Tier 1 Capital (To Risk-weighted Assets)	274,289	11.571%	165,928	>= 7.000%	154,076	>= 6.500%
Tier 1 Capital (To Risk-Weighted Assets)	274,289	11.571%	201,484	>= 8.500%	189,632	>= 8.000%
Tier 1 Capital (To Average Assets)	274,289	8.652%	126,807	>= 4.000%	158,508	>= 5.000%

(16) 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 impaired loans, other real estate, 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.

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, for certificates of deposits in banks, the carrying amount 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. Level 2 securities include U.S. Treasury Securities, 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 loan 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 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. 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 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 of demand deposits, interest-bearing demand deposits, money market accounts, and savings accounts is the amount payable on demand at the reporting date. The fair value of fixed-rate maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently 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 Recorded at Fair Value on a Recurring Basis

The tables below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023 (in thousands).

		Fair Value Measurements At Reporting Date Using:		
December 31, 2024:	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. treasuries	84,664	-	84,664	-
U.S. government agencies	45,536	-	45,536	-
State, county, and municipal	66,614	-	66,614	-
Corporate obligations	15,308	-	15,308	-
Totals	$ 610,864	$ -	$ 610,864	$ -

		Fair Value Measurements At Reporting Date Using:		
December 31, 2023:	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	$ 357,300	$ -	$ 357,300	$ -
U.S. treasuries	120,052	-	120,052	-
U.S. government agencies	63,566	-	63,566	-
State, county, and municipal	64,661	-	64,661	-
Corporate obligations	15,512	-	15,512	-
Totals	$ 621,091	$ -	$ 621,091	$ -

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. In 2023, there were 7 subordinated notes that were transferred from level 3 into level 2 due to there being sufficient observable market data to classify them in level 2. During 2024, all securities remained in levels 1 and 2. The table below presents the transfer activity during both 2024 and 2023 (in thousands).

	Significant Unobservable Inputs (Level 3)	
	2024	2023
Balance at beginning of year	$ -	$ 5,621
Additions	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	(5,621)
Balance at end of year	$ -	$ -

Assets Recorded 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. generally accepted accounting principles. 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 December 31, 2024 and 2023 (in thousands).

	Fair Value Measurements At Reporting Date Using:			
December 31, 2024:	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral dependent loans	$ 9,050	$ -	$ -	$ 9,050
Foreclosed assets	130	-	-	130
Totals	$ 9,180	$ -	$ -	$ 9,180

	Fair Value Measurements At Reporting Date Using:			
December 31, 2023:	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral dependent loans	$ 5,360	$ -	$ -	$ 5,360
Foreclosed assets	92	-	-	92
Totals	$ 5,452	$ -	$ -	$ 5,452

The Company has estimated the fair values of these assets using Level 3 inputs, specifically the appraised value of the collateral. In determining the estimated net realizable value of the underlying collateral of collateral dependent loans and foreclosed assets, the Company primarily uses third-party appraisals or broker opinions which 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 appraisers to adjust for differences between the comparable sales and income data available and include consideration of variations in location, size, and income production capacity of the property. Additionally, the appraisals are periodically further adjusted by the Company in consideration of charges that may be incurred in the event of foreclosure and are based on management's historical knowledge, changes in business factors and changes in market conditions. Because of the high degree of judgment required in estimating the fair value of collateral underlying collateral dependent loans and foreclosed assets and because of the relationship between fair value and general economic conditions, the Company considers the fair value of collateral dependent loans and foreclosed assets to be highly sensitive to changes in market conditions. For the significant unobservable input, we used appraisal discounts and the weighted average input of 15-20% was used.

The estimated fair values and related carrying values of the Company's financial instruments at December 31, 2024 and 2023 were as follows (amounts in thousands):

		Estimated Fair Value		
December 31, 2024:	Carrying Amount	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, net of loan costs	39,563		31,113	
Accrued interest payable	2,363	-	2,363	

		Estimated Fair Value		
December 31, 2023:	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 72,547	$ 72,547	$ -	$ -
Certificates of deposit in banks	4,218	-	4,218	-
Securities held-to-maturity	126,793	-	103,174	-
Securities available-for-sale	621,091	-	621,091	-
Loans held for sale	4,595	-	4,595	-
Loans receivable, net	2,211,015	-	2,180,082	5,360
Accrued interest receivable	14,091	-	14,091	-
Bank owned life insurance	47,001	-	47,001	-
Restricted equity securities	13,433	-	-	13,433
Financial liabilities:				
Deposits	2,730,655	-	2,574,801	-
Securities sold under agreements to repurchase	16,731	-	16,731	-
Federal Home Loan Bank advances	230,000	-	229,430	-
Subordinated debentures, net of loan costs	39,492	-	30,944	-
Accrued interest payable	2,178	-	2,178	-

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on many judgments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include mortgage banking operations, deferred income taxes and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

(17) River Financial Corporation (Parent Company Only) Financial Information

STATEMENTS OF FINANCIAL CONDITION
(in thousands)

	December 31, 2024	December 31, 2023
Assets		
Cash	$ 1,228	$ 4,206
Investment in River Bank & Trust	270,413	239,185
Deferred income taxes	14	16
Other assets	1,123	-
Total assets	$ 272,778	$ 243,407
Liabilities		
Subordinated debentures, net of loan costs	39,563	39,492
Accrued expenses	1,060	568
Other liabilities	-	526
Total liabilities	40,623	40,586
Common stock related to 401(k) Employee Stock Option Plan	5,099	4,483
Stockholders' equity		
Common stock	7,680	7,670
Additional paid in capital	137,243	137,017
Retained earnings	151,817	124,333
Accumulated other comprehensive loss	(61,658)	(64,003)
Unvested restricted stock	(1,226)	(1,700)
Treasury stock, at cost	(1,701)	(496)
Common stock related to 401(k) Employee Stock Option Plan	(5,099)	(4,483)
Total stockholders' equity	227,056	198,338
Total equity	232,155	202,821
Total liabilities and stockholders' equity	$ 272,778	$ 243,407

STATEMENTS OF INCOME
(in thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash dividends from River Bank & Trust	$ 3,800	$ -
Other income	1,110	719
Total income	4,910	719
Interest expense - note payable	-	520
Interest expense - subordinated debentures	1,671	1,669
Legal and other professional fees	200	137
Data processing expense	-	1
Stockholders' meeting expense	23	32
Other expenses	334	324
Total expenses	2,228	2,683
Net loss before tax benefit	2,682	(1,964)
Applicable income tax benefit	(279)	(491)
Net loss before undistributed net income of River Bank & Trust	2,961	(1,473)
Equity in undistributed net income of River Bank & Trust	28,356	28,212
Net income	$ 31,317	$ 26,739

STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Net income	$ 31,317	$ 26,739
Adjustments to reconcile net income to net cash from (used for) operating activities:		
Equity in undistributed net income of River Bank & Trust	(28,356)	(28,212)
Deferred income tax	2	2
Amortization of debt issuance costs	71	73
(Increase) decrease in operating assets and (decrease) increase in operating liabilities:		
Other assets	(1,123)	23
Accrued expenses and other liabilities	(34)	539
Net cash from (used for) operating activities	1,877	(836)
Cash Flows used for investing activities:		
Capital contribution to bank subsidiary	-	(27,218)
Net cash used for investing activities	-	(27,218)
Cash flow (used for) from financing activities:		
Proceeds from issuance of line of credit	-	12,000
Repayment of line of credit	-	(12,000)
Proceeds from exercise of stock options	239	354
Proceeds from issuance of common stock	-	32,930
Purchase of treasury stock	(2,558)	(1,080)
Sale of treasury stock	1,297	839
Cash dividends	(3,833)	(3,208)
Net cash (used for) from financing activities	(4,855)	29,835
Net change in cash	(2,978)	1,781
Cash at beginning of year	4,206	2,425
Cash at end of year	$ 1,228	$ 4,206

(18) Goodwill and Intangible Assets

At the close of business on October 31, 2019, the Company recorded goodwill of $9.5 million associated with the Trinity merger. In addition to the goodwill recorded for the Trinity merger, the Company recorded a core deposit intangible asset of approximately $1.0 million. The core deposit intangible asset is amortized using an accelerated method over ten years from the date of the merger. Amortization expense of $109 thousand and $129 thousand was recorded in 2024 and 2023, respectively.

At the close of business on October 31, 2018, the Company recorded goodwill of $8.2 million associated with the Peoples Southern Bank merger. In addition to the goodwill recorded for the PSB merger, the Company recorded a core deposit intangible asset of approximately $4.65 million. The core deposit intangible asset is amortized using an accelerated method over ten years from the date of the merger. Amortization expense of $404 thousand and $496 thousand was recorded in 2024 and 2023, respectively.

At the close of business December 31, 2015, the Company recorded goodwill of $9.41 million associated with the Keystone merger. During 2016, an adjustment of $640 thousand was made to increase the amount of goodwill. The adjustment was made to the value of stock options and warrants assumed in the Keystone merger. The adjustments were made following the Company's review of additional information that existed at the time of the merger. The adjustment to goodwill increased shareholders' equity $640 thousand. In addition to the goodwill recorded for Keystone, the Company recorded a core deposit intangible asset of approximately $2.8 million. The core deposit intangible asset is amortized using an accelerated method over eight years from the date of the merger. Remaining amortization expense of $46 thousand was recorded in 2023.

Changes to the carrying amount of goodwill for the years ended December 31, 2024 and 2023 are provided in the following table.

	2024	2023
Balance at beginning of year	$ 27,817	$ 27,817
Balance at end of year	$ 27,817	$ 27,817

A summary of core deposit intangible assets as of December 31, 2024 and 2023 is set forth below.

	2024	2023
Gross carrying amount	$ 8,433	$ 8,433
Less: accumulated amortization	(7,501)	(6,988)
Net carrying amount	$ 932	$ 1,445

Estimated amortization expenses related to the core deposit intangible assets for the next five years are as follows:

	Keystone	PSB	Trinity	Total
2025	$ -	$ 311	$ 89	$ 400
2026	-	219	68	287
2027	-	127	48	175
2028	-	34	28	62
2029	-	-	8	8
Afterward	-	-	-	-
	$ -	$ 691	$ 241	$ 932

(19) Leases

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company has adopted ASU No. 2016-02 *"Leases" (Topic 842)* and all subsequent ASUs that modified Topic 842. For the Company, Topic 842 primarily affected the accounting treatment for operating lease agreements in which the Company is the lessee.

Lessee Accounting

Substantially all of the leases in which the Company is the lessee are comprised of real estate property for branches and office space with terms extending through 2036. Substantially all of our leases are classified as operating leases, and with the adoption of Topic 842, operating lease agreements are required to be recognized on the consolidated statements of condition as a right-of-use (ROU) asset and a corresponding lease liability. The Company applies the exemption for short-term leases with a term of less than one year and therefore we do not recognize a lease liability or right-of-use asset on the balance sheet but instead recognize lease payments as an expense over the lease term as appropriate.

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 condition.

Lease Right-of-Use Assets	**Classification on Consolidated Statement of Financial Condition**	**December 31, 2024**	**December 31, 2023**
Operating lease right-of-use assets	Other assets	$ 2,691	$ 3,243

Lease Liabilities	**Classification on Consolidated Statement of Financial Condition**	**December 31, 2024**	**December 31, 2023**
Operating lease liabilities	Accrued interest payable and other liabilities	$ 2,841	$ 3,407

The calculated amount of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. The exercise of lease renewal options is typically at the Company's sole discretion; therefore, a majority of renewals to extend lease terms are not included in the right-of-use assets and lease liabilities as they are not reasonably certain to be exercised. Renewal options are regularly evaluated and when they are reasonably certain to be exercised, are included in lease terms. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term. For operating leases existing prior to January 1, 2019, the rate for the remaining lease term as of January 1, 2019 was used.

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term for operating leases	8.48 Years	8.50 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 December 31, 2024 were as follows:

	Operating Leases
January 1, 2025 - December 31 2025	$ 674
January 1, 2026 - December 31 2026	485
January 1, 2027 - December 31 2027	413
January 1, 2028 - December 31 2028	378
January 1, 2029 - December 31 2029	212
Afterward	1,551
Total future minimum lease payments	3,713
Amounts representing Interest	(872)
Present value of net future minimum lease payments	$ 2,841

Total rent expense for 2024 and 2023 was approximately $1.0 million and $1.0 million, respectively.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

There were no disagreements with accountants regarding accounting and financial disclosure matters during the year ended December 31, 2024.

Item 9A. 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 December 31, 2024, 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 if 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 year ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining internal control over financial reporting (as defined in Rule 15d-15(f) under the Exchange Act). The Company's internal control over financial reporting is a process designed 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. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework* (2013). Based on its assessment and those criteria, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by Mauldin & Jenkins, LLC, an independent registered public accounting firm, as stated in their report herein – "Report of Independent Registered Public Accounting Firm."

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our Directors and Executive Officers

The following table sets forth the name, age, and position, as of December 31, 2024 of the individuals who currently serve as our executive officers and directors.

Name	Age	Position	Director Since	
Larry Puckett	82	Director and Chairman of the Board of Directors	2006	
W. Murray Neighbors	75	Director and Vice Chairman of the Board of Directors	2015	1
James M. Stubbs	62	Director and Chief Executive Officer	2006	
Gerald R. Smith, Jr.	71	Director and President	2015	1
Vernon B. Taylor	60	Director	2006	
John A. Freeman	77	Director	2015	1
Brian McLeod	56	Director	2019	3
Charles E. Herron	67	Director	2019	
Charles Moore, III	45	Director	2019	2
Jason B. Davis	46	Executive Vice President, CFO, Secretary of the Board of Directors	2021	4
Gene C. Crane	60	Executive Vice President, River Region President, Business Banking Manager	2021	4

1 Service commenced on December 31, 2015 as a result of the merger between River Financial Corporation and Keystone Bancshares, Inc. and its subsidiaries.

2 Service commenced as a result of the Peoples Southern merger.

3 Service commenced as a result of the Trinity merger.

4 Executive officer only.

Below is certain information regarding our executive officers' and directors' individual experience, qualifications, attributes, and skills and brief statements of those aspects of our directors' backgrounds that led us to conclude that they should serve as directors or executive officers.

Larry Puckett was one of the founding directors of River Bank & Trust in 2006, and was appointed as a Director and Chairman of the board of directors at that time. While Mr. Puckett currently remains as the Chairman of the board of directors, he is also the Dealer/Operator and President of Larry Puckett Chevrolet in Prattville, Alabama. Mr. Puckett serves on multiple business and non-profit boards and is considered to be a valued member and successful business person in the automotive industry and his community.

W. Murray Neighbors was appointed as a director and Vice Chairman of the board of directors in 2015. He currently serves as Vice Chairman of the board of directors of both River Financial Corporation and River Bank & Trust. Mr. Neighbors was one of the original members and founders of the board of directors and served as Chairman of the board of directors of Keystone Bancshares, Inc. and Keystone Bank in 2007. He is retired from the US Treasury Department, but remains an active developer of commercial and residential properties in Auburn, AL. Mr. Neighbors is also very active in his community as he has served as a member of the City of Auburn's Commercial Development Authority, on the Business Development Committee for the Auburn Chamber of Commerce, as the Treasurer of the Lee County Rotary Club, and on the Lee County Planning Commission.

James M. Stubbs was one of the founding directors, President and Chief Executive Officer of River Bank & Trust in 2006. He was appointed as a director of the board of directors and Chief Executive Officer of River Financial Corporation and River Bank & Trust in 2015, in which he currently serves in this capacity. He has over thirty-five years of commercial banking experience. Specifically, Mr. Stubbs served as a Vice President in the Consumer and Commercial Lending Departments of Aliant Bank from June 1986 through June 1997. Subsequently, he served as an Area President for Colonial Bank from June 1997 through February 2005, when he left to begin the formation of River Bank & Trust. Mr. Stubbs' community involvement includes serving on numerous business and non-profit boards.

Gerald R. Smith, Jr. has served on the Board of Directors and as President of River Financial Corporation and River Bank & Trust since 2015. Mr. Smith was a founding director and served as Chief Executor Officer for Keystone Bank, prior to the merger with River Bank & Trust. Mr. Smith also brings 50 years of banking experience and a long history of community involvement in Gadsden, AL. He previously served as City President for AmSouth, and later as the Area Executive of North Alabama for AmSouth Bank. Mr. Smith holds a vast knowledge of loan and deposit operations, as well as central loan underwriting.

Vernon B. Taylor was one of the founding directors of River Bank & Trust in 2006, and is currently serving as a Director of River Financial Corporation and River Bank & Trust. He has been in aviation for over 30 years, and served as a pilot in the US Air Force. Mr. Taylor later founded and directed two aviation service companies based in the River Region, MTW Aerospace Inc. and Universal Turbine Parts. He currently serves on the board of MTW Aerospace Inc. and is an investor in local commercial real estate. Mr. Taylor is very active in the community while serving on several local boards.

John A. Freeman was appointed as a director of the board of directors in 2015. Mr. Freeman was one of the founding directors of Keystone Bank in 2007, and is currently serving as a director of River Financial Corporation and River Bank & Trust. He is the owner of Freeman Land Development, Inc., and has a long history as a community and civic leader in the Gadsden area. He also previously served as an advisory director of Superior Bank in Gadsden, AL, and as a member of Jacksonville board of visitors.

Brian R. McLeod was appointed as a director of the River Financial Corporation board of directors in 2019, and is currently serving in this capacity. Mr. McLeod was also one of the founding directors of Trinity Bank, prior to the merger in 2019. He is currently a partner with Brunson, Wilkerson, Bowden & Associates, P.C., a CPA firm serving the wiregrass region. Prior to that, he served as Vice President of Finance and Operations and director at The National Security Group, Inc. for over 30 years. He is a native of Coffee County, and served as the Board Chairman of the Wiregrass United Way Board of Trustees and the Coffee County Board of Education. Mr. McLeod also serves on the Board of Directors of Coffee County Habitat for Humanity, a member of the Elba Lions Club, while attending Hebron Baptist Church. He holds a Bachelor of Science degree from Troy University and a Master of Science degree from the College for Financial Planning and Florida State University. In addition, Mr. McLeod is a Certified Public Accountant and Chartered Global Management Accountant.

Charles E. Herron was one of the founding directors of River Bank & Trust in 2006, and was appointed as a director of both River Financial Corporation and River Bank & Trust in 2019, in which he currently serves in this capacity. Mr. Herron has worked in the land and timber business in Alabama for over 35 years. He is the owner and President of Rock Springs Land & Timber, Inc., and an ardent supporter of hunting and outdoor conservation efforts. Mr. Herron received the Governor's Conservation Achievement Award for Conservation Educator of the Year in 2011. He has also supported the Alabama Loggers Council, the Alabama Forestry Association, and is a member of the Montgomery Area Chamber of Commerce Committee of 100.

Charles Moore, III was elected as a director of the River Bank & Trust board of directors in 2018, and as a director of both River Financial Corporation and River Bank & Trust in 2019, in which he currently serves in this capacity. Mr. Moore is a partner in the Birmingham office of the Bradley law firm, where he focuses on commercial lending and the representation of community banks. He is a native of Clanton, Alabama, and served on the board of directors of Peoples Southern Bank for ten years leading up to the 2018 merger with River. Mr. Moore also serves on the executive committee of Junior Achievement of Alabama, a nonprofit organization that teaches financial literacy, entrepreneurship, and workforce readiness in grades K-12. He is graduate of Vanderbilt University and the University of Virginia School of Law.

Jason B. Davis began his term as Executive Vice President and Chief Financial Officer for River Bank & Trust and River Financial Corporation effective June 4, 2021. Mr. Davis began his career as a Certified Public Accountant at Jackson Thornton for 15 years before coming in 2017 to River Bank & Trust as Controller. Mr. Davis is very active in the community while serving on several local boards.

Gene C. Crane began his term as Executive Vice President and Business Banking Manager in 2011. Mr. Crane began his career in community bank lending and business banking in 1987. He spent his first 4 years with AmSouth Bank as Business Banking Manager, 5 years with First Alabama Bank as Commercial Lending Manager, and 15 years with Whitney National Bank as Central Alabama Region President before coming to River Bank & Trust. Mr. Crane is very active in the community while serving on several local boards.

Board Size and Composition

RB&T currently has 22 Directors total, but only 9 of those Directors serve on River Financial Corporation's Board of Directors. Our directors are elected for a one-year term and hold office until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Director Independence

Our board of directors has determined that all of our directors are “independent directors,” as defined in NASDAQ Marketplace Rule 5605(a)(2), except Messrs. Stubbs and Smith, who are executive officers. In determining each director’s independence, our board of directors considered the services provided, and loan transactions between us or RB&T and the director or the director’s family members or businesses with which our directors or their family members are associated, and other matters that our board of directors deemed pertinent.

Audit/Compliance Committee

The Company’s board relies upon the audit committee of RB&T to perform the required duties under 12 C.F.R. § 363.5 for insured depository institutions, and the Alabama Banking Department’s policy on Audit and Risk Management Standards for Alabama, State Chartered Banks. These duties include the appointment, compensation and oversight of the independent public accountant who performs services under the FDIC's Part 363, and reviewing with management and the independent public accountant the basis for the reports issued under Part 363. The current members of the Audit/Compliance Committee are Lynn Carter, W. Murray Neighbors, David Smith, David Thrasher, and Charles Moore, III. The Board of Directors of the Company and RB&T have determined that W. Murray Neighbors is a financial expert for purposes of the audit committee. Mr. Neighbors retired from a twenty-six year career in federal financial criminal investigations and management oversight where he served as the Director of Review and Program Evaluation for the Criminal Investigation Division of the U.S. Treasury Department. Mr. Neighbors is also an independent director.

Board of Directors’ Role in Risk Oversight

Our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. Our board of directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. As noted above, the positions of Chairman of the Board, held by Mr. Puckett, and Chief Executive Officer, held by Mr. Stubbs, are held by different individuals and have been since the Bank was first formed. The board believes that separating the roles of Chairman of the Board and Chief Executive Officer is in the best interest of River Financial. Having a separate board chairman allows Mr. Stubbs to focus on day-to-day operations and enhances the ability of the board to fulfill its oversight role over management.

Additional Information Concerning Directors

With the exception of the legacy Keystone directors and executive officers and Messrs. Moore and McLeod, none of the directors or executive officers were selected pursuant to any arrangement or understanding, other than with our directors and executive officers acting within their capacities as such. There are no family relationships among our directors and executive officers. None of our directors or executive officers serves (or has served in the last five years) as a director of any other company that has a class of securities registered under, or that is subject to the periodic reporting requirements of, the Exchange Act, or any investment company registered under the Investment Company Act of 1940. Messrs. Moore and McLeod were added as directors in 2019 as a result of acquisitions.

None of our directors or executive officers has been involved in any legal proceedings during the past 10 years that are material to an evaluation of the ability or integrity of any of our directors or executive officers or in which such director or officer had or has a material interest adverse to us or any of our subsidiaries. The principal occupation and employment during the past five years of each of our directors and executive officers was carried on, in each case except as specifically identified above, with a corporation or organization that is not a parent, subsidiary or other affiliate of us. The stock ownership with respect to each of our directors and executive officers is set forth in the table entitled “Security Ownership of Certain Beneficial Owners and Management” under Item 12 below.

The Company does not have in place a policy or procedure by which a shareholder must follow recommend the election of directors.

Insider Trading Policy

On December 20, 2023, the board of directors of the Company adopted an Insider Trading Policy. Transactions in Company securities by officers, directors, employees and the Company itself (i.e., "insiders") are required to be made in accordance with such policy, which, among other things, requires that the transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. The policy requires that insiders (including the Company) trade in Company securities only during the period beginning on the second business day following the date of public release of a quarterly or annual statement of earnings and ending on the 30th business day following such date or, in the case of a Form 10-Q or 10-K, beginning on the second business day following such filing and ending on the 30th business day after such form is due to be filed (i.e., the "window period"). The Company will periodically issue detailed guidance and procedures to insiders subject to the window period for trading in Company securities. Trading during a window period minimizes the potential violation of insider trading laws because material financial information has just been release to the public.The policy is an exhibit to this Form 10-K.

Our insider trading policy also permits our executive officers and directors to enter into trading plans in accordance with SEC Rule 10b5-1 which permit insider trading under specified circumstances.

The Company does not have a specific policy relating to the timing of awards of options. The Company's insider trading policy, which also applies to the Company, applies to "all transactions in Company securities," with standard exceptions. The compensation committee takes material nonpublic information into account in determining the grant of awards in order not to enhance the value of such grants and, therefore, the committee, and the board, seek to avoid grants that affect the value of executive compensation. No options were granted in 2023 or 2024 to executive officers.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (“Code”) that all of the bank’s employees, officers and directors must abide by. The Code is approved on an annual basis, and a receipt of acknowledgment and understanding of the Code is required annually by the directors of the board and all bank employees. We will provide, free of charge, a copy of our code to any person upon request made in writing to Karen Thompson Smith, VP Shareholder Relations, P.O. Box 680249, Prattville, Alabama 36068, or by email, ksmith@river.bank. The Code may also be found on our website at www.riverbankandtrust.com.

Item 11. Executive Compensation

Compensation of Executive Officers

Our executive compensation program is designed to attract, motivate, and retain high-quality leadership and incentivize our executive officers to achieve performance goals over the short- and long-term, which also aligns the interests of our executive officers with our stockholders. The following discussion relates to the compensation of our Chief Executive Officer (CEO), Jimmy Stubbs, our President, Gerald R. Smith, Jr., our Chief Financial Officer (CFO), Jason B. Davis, and our Executive Vice President (EVP), Gene C. Crane, who are collectively referred to herein as our named executive officers of River Financial Corporation. Our Executive Committee and board of directors has historically reviewed and determined the compensation of our named executive officers on an annual basis.

Elements of Executive Compensation

We do not currently have employment agreements with any of our executive officers. The compensation of our named executive officers presently consists of base salary, equity awards, non-equity incentive compensation, and certain other benefits, as further described below.

<u>Base Salaries:</u> Base salaries for our named executive officers are determined based on each officer’s responsibilities, experience, and contributions to our growth, individual performance, Company performance, and general industry conditions.

<u>Equity Awards.</u> Our named executive officers participated in the 2015 Incentive Stock Compensation Plan and participate in the new 2025 Incentive Stock Compensation Plan. See plan details on the following pages. Grants of equity to our named executive officers under the Incentive Plan have consisted of option and restricted stock awards. These grants provide our named executive officers with the appropriate incentives to continue in our employ and to improve our growth and profitability, serve to align the interests of our named executive officers with our stockholders, and reward our named executive officers for improved Company performance. Any grant recommendations are presented to the Compensation Committee for approval, and then presented to the full board through an Executive Session for approval.

Non-Equity Incentive Compensation. Our named executive officers are also eligible to receive an annual cash award as a percentage of base salary based on our net income during the year, relative to our budgeted expectations for the year. Any payout recommendations are presented to the Executive Compensation Committee for approval, and then presented to the full board through an Executive Session for approval.

SERP Arrangements. The Bank has a non-qualified supplemental executive retirement plan (SERP) for each of its named executive officers. The SERP is an employer paid deferred compensation agreement that provides a life-time supplemental retirement income to the employee based on certain vesting and other requirements. The benefits are paid annually upon retirement provided the executive is in good standing with the Bank. The approximate annual payments to each of the named executive officers at retirement would be $150 thousand for Mr. Stubbs, $88.5 thousand for Mr. Smith, $75 thousand for Mr. Davis, and $75 thousand for Mr. Crane.

Other Employee Benefits. We provide the following additional benefits to our named executive officers on the same basis as all other eligible employees:

- Company-sponsored healthcare plans, including coverage for medical, dental, vision and gap insurance benefits;
- a qualified 401(k) employee stock ownership plan with a matching contribution; and
- payment of life, accidental death and dismemberment, and long-term disability insurance premiums.

Summary Compensation Table

The following table sets forth, for the years ended December 31, 2024 and December 31, 2023, a summary of the compensation paid to or earned by our named executive officers from the Company.

Name and Principal Position	Year	Salary ($)	Option (1) Awards ($)	Restricted Stock (3) Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other (2) Compensation ($)	Total ($)
James M. Stubbs	2024	$380,769	$ -	$ -	$ 258,188	$ 49,379	$688,336
Chief Executive Officer	2023	$364,036	$ -	$ -	$ 112,500	$ 44,704	$521,240
Gerald R. Smith, Jr	2024	$304,615	$ -	$ -	$ 179,010	$ 49,984	$533,609
President	2023	$293,192	$ -	$ -	$ 75,000	$ 47,716	$415,908
Jason B. Davis	2024	$223,385	$ -	$ -	$ 100,980	$ 25,423	$349,788
Chief Financial Officer	2023	$204,538	$ -	$ -	$ 60,000	$ 21,304	$285,842
Gene Crane	2024	$248,769	$ -	$ -	$ 99,960	$ 34,597	$383,326
Business Banking Manager	2023	$244,500	$ -	$ -	$ 61,250	$ 35,810	$341,560

(1) Represents the aggregate grant date fair value of options and warrants calculated in accordance with FASB Topic 718 as set forth in footnote 1 of River's financial statements.

(2) All other compensation:

a. All other compensation for Mr. Stubbs in 2024 includes director fees ($22,000), medical and dental insurance ($7,336), life insurance / accidental death & dismemberment ($1,098), long term disability ($336), company vehicle ($3,430), and company match on the 401(K) ($13,800).

b. All other compensation for Mr. Stubbs in 2023 includes director fees ($20,000), medical and dental insurance ($6,467), life insurance / accidental death & dismemberment ($1,098), long term disability ($336), company vehicle ($1,970), and company match on the 401(K) ($13,200).

c. All other compensation for Mr. Smith in 2024 includes director fees ($22,000), medical and dental insurance ($9,462), gap insurance ($1,379), life insurance / accidental death & dismemberment ($558), long term disability ($336), company vehicle ($2,477), and company match on the 401(K) ($13,772).

d. All other compensation for Mr. Smith in 2023 includes director fees ($20,000), medical and dental insurance ($9,438), gap insurance ($1,632), life insurance / accidental death & dismemberment ($558), long term disability ($336), company vehicle ($2,552), and company match on the 401(K) ($13,200).

e. All other compensation for Mr. Davis in 2024 includes medical and dental insurance ($10,918, gap insurance ($1,843), life insurance / accidental death & dismemberment ($990), long term disability ($336), and company match on the 401(K) ($11,335).

f. All other compensation for Mr. Davis in 2023 includes medical and dental insurance ($9,682), gap insurance ($2,115), life insurance / accidental death & dismemberment ($990), long term disability ($336), and company match on the 401(K) $8,181.

g. All other compensation for Mr. Crane in 2024 includes medical and dental insurance ($11,491), gap insurance ($1,727), life insurance / accidental death & dismemberment ($1,098), long term disability ($336), company vehicle ($7,544), and company match on the 401(K) ($12,401).

h. All other compensation for Mr. Crane in 2023 includes medical and dental insurance ($12,158), gap insurance ($2,115), life insurance / accidental death & dismemberment ($1,098), long term disability ($336), company vehicle ($7,503), and company match on the 401(K) ($12,600).

(3) Represents the aggregate grant date fair value of restricted stock grants calculated in accordance with FASB Topic 718 as set forth in footnote 1 of River's financial statements.

2015 & 2025 Incentive Stock Compensation Plans

General. The 2015 Incentive Stock Compensation ("2015 Incentive Plan") Plan was approved by our stockholders at a special called meeting on December 1, 2015. There remain grants outstanding under the 2015 Incentive Plan, but no further grants will be made under the Plan. The 2025 Incentive Stock Compensation Plan ("2025 Incentive Plan") was adopted by the board of directors on January 15, 2025, and will be submitted to the Company's stockholders for approval at the 2025 annual meeting. The terms of the 2025 Incentive Plan are similar to those for the 2015 Incentive Plan. The purpose of the 2025 Incentive Plan is to promote the long-term success of the Company by providing financial incentives to eligible persons who are in positions to make significant contributions toward such success. The Plan is designed to attract individuals of outstanding ability to employment with the Company, to encourage such persons to acquire a proprietary interest in the Company, and to render superior performance for the Company. The 2025 Incentive Plan provides for the grant of incentive and non-qualified stock options, stock appreciation rights, restricted and unrestricted stock awards, performance awards, and other stock-based awards to our employees, officers, and directors. The 2025 Incentive Plan reserved for issuance a total of 500,000 shares of our common stock, and the 2015 Incentive Plan reserved for issuance a total of 600,000 shares of our common stock, subject to adjustment in the event of a recapitalization, stock split or similar event. As of March 3, 2025, 272,219 shares of our common stock were subject to outstanding options under the 2015 Incentive Plan.

Administration of the Incentive Plan. The Incentive Plan provides that it will be administered by the Compensation Committee, which has the authority to grant awards under the Incentive Plan, to determine the terms of each award (which are evidenced by a written agreement describing the material terms of the award), to interpret the provisions of the Incentive Plan and to make all other determinations that it may deem necessary or advisable to administer the Incentive Plan.

Types of Awards Available Under the 2025 Incentive Plan.

- Options – The 2025 Incentive Plan provides for awards in the form of options to purchase shares of our common stock, either as incentive stock options qualified under Section 422 of the Code or options that are not so qualified (referred to as non-qualified stock options). The exercise price of an option may not be less than 100% of the fair market value of our common stock on the date of the grant. The exercise price may be paid in cash, or as otherwise provided in the award agreement.
- Stock Appreciation Rights – The 2025 Incentive Plan provides for the grant of stock appreciation rights. The base price of a stock appreciation right may not be less than 100% of the fair market value of our common stock on the date of the grant. The consideration payable upon exercise of a stock appreciation right will be paid in cash, shares of our common stock, or a combination of cash and shares of our common stock, as determined by the Committee.
- Stock Awards – The 2025 Incentive Plan provides for the grant of restricted or unrestricted stock awards, or restricted stock units (RSU). Stock awards may be issued for any lawful consideration as the Committee may determine, and the consideration may be in the form of services performed, or may be paid in cash, shares of our common stock, or a combination of cash and shares of our common stock, as determined in the sole discretion of the Committee.
- Performance Awards – The 2025 Incentive Plan provides for the grant of performance awards that become payable on account of attainment of one or more performance goals established by the Committee. Performance awards may be settled in cash, shares of our common stock, or a combination of cash and our common stock, as determined in the sole discretion of the Committee. Performance goals established by the Committee may be based on our or an affiliate's operating income or one or more other business criteria selected by the Committee that apply to an individual or group of individuals, a business unit, or us or an affiliate as a whole, over such performance period as the Committee may designate.

Vesting. The Committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award.

Change in Control Transactions. In the event of any transaction resulting in a change in control, outstanding stock options and other awards under the 2025 Incentive Plan that are payable in or convertible into our common stock will terminate upon the effective time of such change in control unless provision is made in connection with the transaction for the continuation or assumption of such awards by, or for the substitution of the equivalent awards of, the surviving or successor entity or a parent thereof. In the event of such termination, the holders of such awards will be permitted, immediately before the change in control, to exercise or convert all portions of such awards that are then exercisable or convertible or that will become exercisable or convertible upon or prior to the effective time of the change in control. The Committee may take such actions as it deems appropriate to provide for the acceleration of the exercisability of any or all outstanding stock options or other awards.

Adjustments for Other Corporate Transactions. In the event of certain corporate transactions (including a stock dividend or split, spin-off, split-up, dividend, recapitalization, merger, consolidation or share exchange, or similar corporate change that is not part of a transaction resulting in a change in control of us), the Committee will appropriately adjust, if needed, (a) the maximum number and kind of shares reserved for issuance or with respect to which awards may be granted under the 2025 Incentive Plan and (b) the terms of outstanding awards, including, but not limited to, the number, kind, and price of securities subject to such awards.

Termination and Amendment. Our board of directors may terminate, amend, or modify the 2025 Incentive Plan or any portion thereof at any time; provided, however, that (i) any such amendment that would require shareholder approval in order to ensure compliance with any applicable rules or regulations; and (ii) any amendment that would change the maximum aggregate number of shares for which Awards may be granted under the Plan (except as required under any adjustments pursuant to Sections 1.03 and 4.01 of the Plan), shall be subject to approval of the shareholders of the Company.

Outstanding Equity Awards at 2024 Fiscal Year-End

The following table sets forth information as of December 31, 2024, concerning outstanding equity awards previously granted to our named executive officers:

	OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END					
	Option / Warrant awards					
Name	**Number of securities underlying unexercised options (#) exercisable**	**Number of securities underlying unexercised options (#) unexerciseable [(1)]**	**Option exercise price ($)**	**Option grant date**	**Option expiration date**	**Vesting Period from grant date (Years)**
James Stubbs	10,000	-	$15.00	1/14/2015	1/14/2025	5
	40,000	-	$16.00	1/20/2016	1/20/2026	5
	25,000	-	$27.00	11/1/2018	11/1/2028	5
	20,000	-	$27.73	11/1/2019	11/1/2029	5
	95,000	-				
Ray Smith	10,000	-	$16.00	1/20/2016	1/20/2026	5
	20,000	-	$27.00	11/1/2018	11/1/2028	3
	15,000	-	$27.73	11/1/2019	11/1/2029	3
	45,000	-				
Gene Crane	500	-	$15.00	1/14/2015	1/14/2025	5
	7,500	-	$27.00	1/16/2019	1/16/2029	5
	8,000	-				
Jason Davis	1,000	-	$20.25	4/26/2017	4/26/2027	5
	1,000	-	$24.50	4/26/2018	4/26/2028	5
	3,000	-	$27.00	1/16/2019	1/16/2029	5
	1,000	-	$27.00	4/26/2019	4/26/2029	5
	2,500	-	$27.73	11/1/2019	11/1/2029	5
	800	200 (2)	$28.62	4/26/2020	4/26/2030	5
	600	400 (2)	$26.86	4/26/2021	4/26/2031	5
	9,900	600				
Total	157,900	600				

(1) Unexerciseable options are subject to time-vesting requirements ranging from three to five years from the grant date. Options subject to time-vesting period of 5 years and 3 years vest 20% and 33.33% per year, respectively, on the grant anniversary date.

(2) The current market value of these shares is $23,700 in the aggregate.

The following table sets forth information as of December 31, 2024, concerning outstanding restricted stock awards previously granted to our named executive officers:

OUTSTANDING RESTRICTED STOCK AWARDS AT FISCAL YEAR-END

	Number of restricted stock shares granted	Number of restricted stock shares vested	Number of restricted stock shares non-vested	Market value of restricted stock shares non-vested (1)	Restricted stock grant date (2)	Vesting Period from grant date (Years)
James Stubbs	6,000	2,400	3,600	$ 142,200	1/1/2022	5
Ray Smith	4,000	2,667	1,333	$ 52,665	1/1/2022	3
Gene Crane	2,000	800	1,200	$ 47,400	1/1/2022	5
Jason Davis	2,000	800	1,200	$ 47,400	1/1/2022	5
Total	14,000	6,667	7,333	$ 289,665		

(1) The appraised market value of stock at year end was $39.50 per share

(2) Vesting periods for each of Messrs. Stubbs, Crane and Davis are 5 years and 3 years for Mr. Smith.

Retirement Benefits

We maintain a tax-qualified 401(k) Employee Stock Ownership Plan, or the "ESOP", in which our named executive officers participate, as well as any other eligible employees. The Plan allows participants to contribute up to 100% of their pay on a pre-tax basis into individual retirement accounts, subject to the maximum annual limits set by the IRS. However, no more than 50% of the participant's contribution can be invested in the company stock. The Company's matching employer contribution is in an amount equal to 100% of the first 3% and 50% up to the next 2% of each plan participant's elective deferrals. The employer's matching contributions are currently 100% invested in company stock, and are immediately 100% vested in order to maintain "safe harbor" status.

Director Compensation

Fees. The Board may from time to time establish director fees for board and committee meetings to be paid to all directors, including directors who are employed by the Company. Fees are normally paid in December of each year for such years in which services were performed. Fees may be paid in cash or in Company common stock. River Financial Corporation Directors each received a director's fee of $22,000 in 2024.

The following table shows fees paid to those persons who were directors of the Company in 2024.

		DIRECTOR COMPENSATION			
Name		Year	Fees earned or paid in cash ($)	(1) (2) Stock Awards ($)	(3) Total ($)
Larry Puckett	(3)	2024	$ 22,000	N/A	$ 22,000
Charles E. Herron	(3)	2024	N/A	$ 22,000	$ 22,000
Vernon B. Taylor	(3)	2024	N/A	$ 22,000	$ 22,000
James M. Stubbs (4)	(3)	2024	$ 22,000	N/A	$ 22,000
Gerald R. Smith, Jr (4)	(3)	2024	$ 22,000	N/A	$ 22,000
John A. Freeman	(3)	2024	$ 22,000	N/A	$ 22,000
Charles Moore, III	(3)	2024	N/A	$ 22,000	$ 22,000
Brian McLeod	(3)	2024	$ 22,000	N/A	$ 22,000
W. Murray Neighbors	(3)	2024	$ 22,000	N/A	$ 22,000

(1) During 2019, the Company adopted a director fee compensation plan which allows directors to receive all or a portion of their director compensation in the form of Company stock.

(2) The aggregate grant date fair value is computed in accordance with FASB ASC Topic 718. Stock awards vest immediately.

(3) For cash compensation, $8,800 of compensation was paid from River Financial Corporation with the remainder paid from the Bank in 2024. Total fees include committee work.

(4) For Messrs. Stubbs and Smith, see the Summary Compensation Table for total compensation as executive officers.

Change in Control Agreements

River Bank & Trust has change in control agreements with Jimmy Stubbs, Chief Executive Officer, Gerald R. Smith, President, Jason B. Davis, Executive Vice President and Chief Financial Offer, and Gene C. Crane, Executive Vice President and Business Banking Manager, and ten other executive officers of the bank. Mr. Stubbs' and Mr. Smith's agreements are for a term of 36 months and renew annually, and the agreements for all other executive officers are for 24 months and renew annually.

The agreements define a *"change in control"* as (a) a change in control as defined by the bank's primary federal bank regulator; (b) a merger or business combination or contested election where non-employee directors cease to be a majority of directors; (c) the bank transfers all or substantially all of its assets to another entity which is not an affiliate of the bank; (d) the bank is merged with another corporation or entity and less than 60% of the equity interest in the surviving corporation is owned by former shareholders of the bank; or (e) the bank sells or transfers more than 50% of its equity interest to persons not affiliated with the bank.

Except for Mr. Stubbs and Mr.Smith, the agreements are *"double trigger"* agreements, which means that the employee receives benefits only if there is a change in control, and either an employee terminates employment for *"good reason,"* which includes a material diminution in employee's authority, duties or responsibilities, or salary, or there is a relocation of employee's principal place of business to a location outside a radius of 35 miles of employee's principal place of business at the time of the change in control.

Except for Mr. Stubbs and Mr. Smith, if within two years after a change in control, an executive resigns for good reason or is terminated other than for cause, the executive shall receive a lump sum cash payment equal to (1.5) times the applicable contributions by the Bank for the annual premium for group life, LTD and health insurance benefits.

Mr. Stubbs' and Mr. Smith's agreements provide that upon a change in control, each person shall receive a lump sum cash payment equal to 2.99 times the base amount of compensation and if employment is terminated within three years after a change in control, executive shall receive a lump sum cash payment equal to (3) times the applicable contributions by the Bank for the annual premium for group life, LTD and health insurance benefits.

If an employee is terminated for cause, as defined in the agreements, or resigns prior to a change in control, the employee receives no compensation or benefits from the agreement**.**

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about River Financial Corporation's shares of common stock that may be issued upon exercise of options, warrants, and rights under all of our existing equity compensation plans as of March 3, 2025.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	Weighted – Average Exercise Price of Outstanding Options and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by Security Holders [(1)]	1,500	$ 16.00	-
Equity compensation plans approved by Security Holders [(2)]	270,719	$ 24.96	-
Equity compensation plans to be approved by Security Holders at 2025 annual meeting of shareholders [(3)]	-	$ -	-
Total	272,219		

[(1)] These shares reserved for issuance under the 2006 Equity Incentive Compensation Plan.
[(2)] These shares reserved for issuance under the 2015 Equity Incentive Compensation Plan.
[(3)] These shares reserved for issuance under the 2025 Equity Incentive Compensation Plan.

For a further description of these and other plans, see footnote (12) to the financial statements at Item 8 hereof, and Item 11 hereof.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 3, 2025 by:

- each of our directors;
- our Named Executive Officers listed in the Summary Compensation Table;
- all of our current directors and executive officers as a group; and
- each stockholder known by us to beneficially own more than 5% of our common stock

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within 60 days of March 3, 2025, pursuant to derivative securities, such as options or RSUs, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Percentage of ownership is based on an aggregate of 7,763,383 shares of common stock outstanding as of March 3, 2025.

Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such stockholder.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percentage of Outstanding Shares (1)
Named Directors & Executive Officers			
Larry Puckett	146,085		1.88%
Vernon B Taylor	153,496		1.98%
James M Stubbs	273,720	(2)	3.53%
Gerald R Smith, Jr	143,250	(3)	1.85%
W. Murray Neighbors	64,843		0.84%
John A. Freeman	27,996		0.36%
Charles E. Herron	178,070		2.29%
Brian McLeod	16,492		0.21%
Charles Moore, III	21,737		0.28%
Gene C. Crane	28,640	(4)	0.37%
Jason B. Davis	13,600	(5)	0.18%
Executive Officers and Directors as a Group **(12 people)**	1,067,929		13.76%
5% Stockholders known by us	**N/A**		

(1) Based upon total outstanding shares as of March 3, 2025. Percentages are calculated for each person assuming the exercise of options or warrants held by such person but that no other person exercises options or warrants. For the directors and executive officers as a group, the percentage is determined by assuming that each director and executive officer exercises all options and warrants but that no other person exercises options or warrants.

(2) James M. Stubbs' ownership includes 88,600 vested options not yet exercised. Also includes 41,875 shares held in a trust where Mr. Stubbs is the trustee, but not the beneficiary of the trust.

(3) Gerald R. Smith, Jr.'s ownership includes 49,000 vested options not yet exercised.

(4) Gene C. Crane's ownership includes 8,700 vested options not yet exercised.

(5) Jason B. Davis' ownership includes 11,100 vested options not yet exercised.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Banking Transactions

We and our subsidiaries may engage in transactions with directors, officers, employees, and other “related parties” only to the extent that such activities are permitted by, and consistent with, applicable laws and regulations. Federal and state regulations impose a number of restrictions on transactions and dealings between insured depository institutions and related parties. In general, these transactions are subject to certain quantitative limitations and are required to be on substantially the same terms and conditions as are available for transactions between the institution and unrelated parties. “Related parties” include our directors and officers, their spouses, and certain members of their immediate families, as well as other persons or entities with which we have certain relationships, as set forth in federal and state regulations.

We have had in the past, and expect to have in the future, banking transactions in the ordinary course of business with our directors, officers, and principal stockholders, and their associates, on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. Such transactions are not expected to involve more than the normal risks of collectability nor present other unfavorable features to us. Loans to individual directors and officers must also comply with our lending policies and statutory lending limits. See Item 10. Directors, Executive Officers and Corporate Governance.

Item 14. Principal Accountant Fees and Services

During the period covering the fiscal years ended December 31, 2024 and 2023, Mauldin & Jenkins, LLC performed the following professional services. The retention of Mauldin & Jenkins, LLC with respect to the services outlined below was approved in advance by the audit committee. In accordance with the Company’s audit committee pre-approval procedures, the audit committee approved the retention of the independent accountants, the length of its engagement, and the services performed. The independent Registered Public Accounting Firm is Mauldin & Jenkins, LLC (PCAOB Firm ID NO. 00669) located in Birmingham, Alabama.

Description		**2024**		**2023**
Audit Fees	$	219,513	$	201,067
Audit-Related Fees	$	-	$	-
Tax Fees	$	-	$	-
All Other Fees	$	-	$	-

Item 15. Exhibit and Financial Statement Schedules

Documents Filed as Part of this Report.

(1) The following financial statements are incorporated by reference from Item 8 hereof:

- Consolidated Balance Sheets as of December 31, 2024 and 2023;
- Consolidated Statements of Income for the Years Ended December 31, 2024 and 2023;
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2024 and 2023;
- Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2024 and 2023;
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2024 and 2023; and
- Notes to Consolidated Financial Statements.

(2) All schedules for which provision is made in the applicable accounting regulations of the SEC are omitted because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements and related notes thereto.

(3) The following exhibits are filed as part of this Form 10-K, and this list includes the Exhibit Index.

Exhibit Number	Description of Exhibit
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.
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.
10.9 *	River Bank & Trust Form of Warrant Agreement, assumed by River Financial filed as Exhibit 10.9 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.

10.11	Loan Agreement between River Financial Corporation and CenterState Bank filed as Exhibit 10.1 to the Registrant's Form 8-K/A filed November 2, 2018 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 files as Exhibit 10.13 to the Registrant's Form 10-Q, filed on November 9, 2021 and incorporated herein by reference.
19.1	River Financial Corporation Insider Trading Policy filed as exhibit 19.1 to the Registrant's Form 10-K filed March 13,2024 and incorporated herein by reference.
21.1	Subsidiaries of River Financial Corporation, filed as Exhibit 21.1 to the Registrant's Registration Statement on Form S-4, registration no. 333-205986 filed on July 31, 2015 and incorporated herein by reference.
23.1	Consent of Mauldin and Jenkins, LLC (Filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (Filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (Filed herewith)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Filed herewith)
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 Linkbases Documents
104	Cover Page Interactive File (embedded within the Inline XBRL document)
*	Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934 the registrant has duly caused this annual report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Prattville, State of Alabama, on March 11, 2025.

RIVER FINANCIAL CORPORATION

By: /s/ James M. Stubbs
James M. Stubbs
Chief Executive Officer
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange Act of 1994, this report has been signed by the following persons on behalf of the registrant and in the capacities on the dates indicated.

/s/ James M. Stubbs James M. Stubbs	CEO and Director	*
/s/ Jason B. Davis Jason B. Davis	Chief Financial Officer (Principal Financial and Accounting Officer)	*
/s/ Larry Puckett Larry Puckett	Director and Chairman of the Board	*
/s/ W. Murray Neighbors W. Murray Neighbors	Director and Vice Chairman of the Board	*
/s/ Gerald R. Smith Gerald R. Smith	Director and President	*
/s/ Vernon B. Taylor Vernon B. Taylor	Director	*
/s/ John A. Freeman John A. Freeman	Director	*
/s/ Charles E. Herron Charles E. Herron	Director	*
/s/ Charles Moore, III Charles Moore, III	Director	*
/s/ Brian McLeod Brian McLeod	Director	*

* March 11, 2025

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act.

To date no annual report or proxy statement has been furnished to shareholders. The registrant shall furnish to the Commission copies of its proxy statement when sent to security holders.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (No. 333-209352) on Form S-8 of River Financial Corporation of our reports dated March 11, 2025, relating to our audit of the consolidated financial statements and the effectiveness of internal control over financial reporting, which appear in this Annual Report on Form 10-K, of River Financial Corporation for the year ended December 31, 2024.

Mauldin & Jenkins, LLC

/s/ Mauldin & Jenkins, LLC

Birmingham, Alabama

March 11, 2025

MAULDIN & JENKINS

Exhibit 31.1

CERTIFICATION

I, James M. Stubbs, certify that:

1. I have reviewed this report on Form 10-K 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 cause 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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:

   (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

March 11, 2025

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

Exhibit 31.2

CERTIFICATION

I, Jason B. Davis, certify that:

1. I have reviewed this report on Form 10-K 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 cause 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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:

   (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

March 11, 2025

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

Exhibit 32.1

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 Annual Report of River Financial Corporation, an Alabama corporation (the “Company”), on Form 10-K for the period ending December 31, 2024, 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 result of operations of the Company.

RIVER FINANCIAL CORPORATION

/s/ James M. Stubbs
James M. Stubbs
Chief Executive Officer
(principal executive officer)
Date: March 11, 2025

RIVER FINANCIAL CORPORATION

/s/ Jason B. Davis
Jason B. Davis

Chief Financial Officer
(principal financial officer and accounting officer)
Date: March 11, 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.