UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

OR

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

For the transition period from _________ to

Commission File Number: 333-205986

RIVER FINANCIAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

ALABAMA	**46-1422125**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2611 Legends Drive Prattville, Alabama	**36066**
(Address of principal executive offices)	**(Zip Code)**

(334) 290-1012

"Registrant's telephone number, including area code"

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

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

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

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

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

Large accelerated filer	☐	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. ☐

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

As of May 1, 2025, the registrant had 7,761,633 shares of common stock, $1.00 par value per share, outstanding.

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

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FORWARD-LOOKING STATEMENTS

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

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

Acquisition related factors:

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

Factors affecting our Bank generally:

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

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

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

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

PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

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

	March 31, 2025 Unaudited	December 31, 2024 Audited
Assets		
Cash and due from banks	$ 45,838	$ 35,257
Interest-bearing deposits in banks	119,022	83,487
Federal funds sold	20,000	67,000
Cash and cash equivalents	184,860	185,744
Certificates of deposit in banks	4,217	4,218
Securities held-to-maturity, at amortized cost (fair value of $98,426 and $96,938, respectively)	120,946	122,061
Securities available-for-sale, at fair value (amortized cost of $686,760 and $690,891, respectively)	621,679	610,864
Loans held for sale	5,951	6,812
Loans, net of deferred fees and discounts	2,536,243	2,486,822
Less allowance for credit losses	(33,798)	(32,088)
Net loans	2,502,445	2,454,734
Premises and equipment, net	45,614	45,658
Accrued interest receivable	16,917	15,965
Bank owned life insurance	50,200	49,791
Foreclosed assets	124	130
Deferred income taxes, net	26,967	30,802
Core deposit intangible	822	932
Goodwill	27,817	27,817
Restricted equity securities	10,257	12,651
Other assets	13,752	14,027
Total assets	$ 3,632,568	$ 3,582,206
Liabilities and Shareholders' Equity		
Noninterest-bearing deposits	$ 651,611	$ 654,229
Interest-bearing deposits	2,506,241	2,412,930
Total deposits	3,157,852	3,067,159
Securities sold under agreements to repurchase	21,230	22,664
Federal Home Loan Bank advances	150,000	205,000
Subordinated debentures, net of loan costs	39,580	39,563
Accrued interest payable and other liabilities	15,115	15,665
Total liabilities	3,383,777	3,350,051
Common stock related to 401(k) Employee Stock Ownership Plan	5,715	5,099
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; 7,795,239 and 7,680,061 shares issued; 7,763,383 and 7,628,192 shares outstanding at March 31, 2025 and December 31, 2024, respectively)	7,795	7,680
Additional paid-in capital	140,487	137,243
Retained earnings	156,084	151,817
Accumulated other comprehensive loss	(50,406)	(61,658)
Unvested restricted stock	(4,113)	(1,226)
Treasury stock at cost (31,856 and 51,869 shares, respectively)	(1,056)	(1,701)
Common stock related to 401(k) Employee Stock Ownership Plan	(5,715)	(5,099)
Total stockholders' equity	243,076	227,056
Total equity	248,791	232,155
Total liabilities and stockholders' equity	$ 3,632,568	$ 3,582,206

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

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

	For the Three Months Ended: March 31, 2025	2024
Interest income:		
Loans, including fees	$ 39,976	$ 33,948
Taxable securities	4,669	3,390
Nontaxable securities	388	346
Federal funds sold	181	419
Other interest income	999	932
Total interest income	46,213	39,035
Interest expense:		
Deposits	16,406	14,644
Short-term borrowings	172	132
Federal Home Loan Bank advances	1,472	2,257
Subordinated debentures	413	418
Total interest expense	18,463	17,451
Net interest income	27,750	21,584
Provision for credit losses	1,686	1,309
Net interest income after provision for credit losses	26,064	20,275
Noninterest income:		
Service charges and fees	2,134	1,985
Investment brokerage revenue	295	191
Mortgage operations	1,031	953
Bank owned life insurance income	408	341
Net loss on sales of investment securities	(3,399)	(1,432)
Other noninterest income	1,391	524
Total noninterest income	1,860	2,562
Noninterest expense:		
Salaries and employee benefits	9,758	9,191
Occupancy expenses	1,022	981
Equipment rentals, depreciation, and maintenance	547	524
Telephone and communications	112	126
Advertising and business development	256	249
Data processing	1,129	1,026
Foreclosed assets, net	14	35
Federal deposit insurance and other regulatory assessments	778	724
Legal and other professional services	1,310	352
Other operating expenses	1,935	2,074
Total noninterest expense	16,861	15,282
Income before income taxes	11,063	7,555
Provision for income taxes	2,605	1,745
Net income	$ 8,458	$ 5,810
Basic net earnings per common share	$ 1.09	$ 0.76
Diluted net earnings per common share	$ 1.08	$ 0.75
Dividends per common share	$ 0.54	$ 0.50

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

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

	For the Three Months Ended March 31,	
	2025	2024
Net income	$ 8,458	$ 5,810
Other comprehensive income, net of tax:		
Investment securities available-for-sale:		
Net unrealized gains (losses)	11,703	(5,263)
Income tax effect	(2,939)	1,321
Reclassification adjustments for losses realized in net income	3,399	1,432
Income tax effect	(853)	(360)
Reclassification adjustment for accretion of unrealized holding loss included in accumulated other comprehensive loss from the transfer of securities from available-for-sale to held-to-maturity	(78)	(82)
Income tax effect	20	21
Other comprehensive income (loss), net of tax	11,252	(2,931)
Comprehensive income	$ 19,710	$ 2,879

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

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

For the Three Months Ended

	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, 2024	$7,680	$137,243	$151,817	$(61,658)	$(1,226)	$(1,701)	$(5,099)	$227,056
Net income	-	-	8,458	-	-	-	-	8,458
Other comprehensive income , net of tax	-	-	-	11,252	-	-	-	11,252
Exercise of stock options (14,178 shares)	14	178	-	-	-	-	-	192
Purchase of treasury stock (3,601 shares)	-	-	-	-	-	(115)	-	(115)
Restricted stock grants (101,000 shares)	101	3,055	-	-	(3,156)	-	-	-
Sale of treasury shares (23,614 shares)	-	(8)	-	-	-	760	-	752
Dividends declared ($0.54 per share)	-	-	(4,191)	-	-	-	-	(4,191)
Stock-based compensation expense	-	19	-	-	269	-	-	288
Change for ESOP related shares	-	-	-	-	-	-	(616)	(616)
Balance at March 31, 2025	$7,795	$140,487	$156,084	$(50,406)	$(4,113)	$(1,056)	$(5,715)	$243,076
Balance at December 31, 2023	$ 7,670	$ 137,017	$ 124,333	$ (64,003)	$ (1,700)	$ (496)	$ (4,483)	$ 198,338
Net income	-	-	5,810	-	-	-	-	5,810
Other comprehensive loss, net of tax	-	-	-	(2,931)	-	-	-	(2,931)
Exercise of stock options (6,806 shares)	7	151	-	-	-	-	-	158
Purchase of treasury stock (3,476 shares)	-	-	-	-	-	(118)	-	(118)
Sale of treasury shares (4,865 shares)	-	4	-	-	-	161	-	165
Dividends declared ($0.50 per share)	-	-	(3,833)	-	-	-	-	(3,833)
Stock-based compensation expense	-	23	-	-	115	-	-	138
Change for ESOP related shares	-	-	-	-	-	-	(1)	(1)
Balance at March 31, 2024	$ 7,677	$ 137,195	$ 126,310	$ (66,934)	$ (1,585)	$ (453)	$ (4,484)	$ 197,726

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

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

	For the Three Months Ended March 31, 2025	2024
Cash Flows From Operating Activities:		
Net Income	$ 8,458	$ 5,810
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	1,686	1,309
Provision for losses on foreclosed assets	7	15
Amortization of securities	494	648
Accretion of securities	(284)	(102)
Realized net loss on sales of securities available-for-sale	3,399	1,432
Accretion of discount on acquired loans	(2)	(2)
Accretion of deferred loan fees / costs	(1,560)	(1,117)
Amortization of core deposit intangible asset	110	139
Amortization of debt issuance costs	17	18
Stock-based compensation expense	289	138
Bank owned life insurance income	(408)	(341)
Depreciation and amortization of premises and equipment	811	800
Loss on sales of foreclosed assets	3	-
Deferred income tax benefit	62	99
(Increase) decrease in operating assets and (decrease) increase in operating liabilities:		
Loans held-for-sale	861	41
Accrued interest receivable	(952)	1
Other assets	275	601
Accrued interest payable and other liabilities	(550)	(2,061)
Net cash from operating activities	12,716	7,428
Cash Flows (Used For) From Investing Activities:		
Activity in securities available-for-sale:		
Sales of securities available-for-sale	59,459	33,681
Maturities, payments, calls of securities available-for-sale	12,092	10,610
Purchases of securities available-for-sale	(70,982)	(13,562)
Activity in securities held-to-maturity:		
Maturities, payments, calls of securities held-to-maturity	1,146	1,115
Loan principal originations, net	(47,863)	(30,014)
Proceeds from sale of foreclosed assets	24	3
Purchases of premises and equipment	(767)	(1,120)
Redemption of restricted equity securities, net	2,394	907
Net cash (used for) from investing activities	(44,497)	1,620
Cash Flows From Financing Activities:		
Net increase in deposits	90,693	163,107
Net decrease in securities sold under agreements to repurchase	(1,434)	(2,143)
Repayment of Federal Home Loan Bank advances	(55,000)	(25,000)
Proceeds from exercise of common stock options	192	158
Purchase of treasury stock	(115)	(118)
Sale of treasury stock	752	165
Cash dividends	(4,191)	(3,833)
Net cash from financing activities	30,897	132,336
Net Change In Cash And Cash Equivalents	(884)	141,384
Cash and Cash Equivalents At Beginning Of Period	185,744	72,547
Cash and Cash Equivalents At End Of Period	$ 184,860	$ 213,931
Supplemental Disclosures Of Cash Flows Information:		
Cash Payments For:		
Interest paid to depositors	$ 16,570	$ 14,384
Interest paid on borrowings	$ 1,990	$ 2,752
Non-cash investing and financing activities:		
Transfer of loans to foreclosed assets	$ 28	$ 850
Restricted stock grant	$ 3,156	$ -

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

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

Note 1 – Basis of Presentation

General

The unaudited consolidated financial statements include the accounts of River Financial Corporation ("River" or the "Company") and its wholly owned subsidiary, River Bank & Trust ("Bank"). The Bank provides a full range of commercial and consumer banking services primarily in the Montgomery, Alabama metropolitan area, Autauga, Baldwin, Chilton, Coffee, Elmore, Etowah, Houston, Jefferson, Lee, Madison, Mobile, Morgan and Tallapoosa counties and surrounding counties in Alabama. The Bank is regulated by the Federal Deposit Insurance Corporation (FDIC) and undergoes periodic examinations by this regulatory agency and the Alabama Banking Department. The Company is regulated by the Federal Reserve Bank (FRB) and is also subject to periodic examinations.

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

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

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, the allowance for credit losses, foreclosed asset valuations, useful lives for depreciation and amortization, fair value of financial instruments, deferred taxes, and contingencies. Estimates that are particularly susceptible to significant change for the Company include the determination of the allowance for credit losses, investment securities impairment, and assessment of deferred tax assets and liabilities, and therefore are critical accounting policies. Management does not anticipate any material changes to estimates in the near term. Factors that may cause sensitivity to the aforementioned estimates include but are not limited to: external market factors such as market interest rates and employment rates, changes to operating policies and procedures, economic conditions in our markets, and changes in applicable banking regulations. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the consolidated financial statements in any individual reporting period presented.

Note 2 – Reclassifications

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

Note 3 – Earnings Per Share

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

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

	For the Three Months Ended March 31,	
	2025	2024
Net earnings available to common shareholders	$8,458	$5,810
Weighted average common shares outstanding	7,740,082	7,662,887
Dilutive effect of stock options	65,025	77,294
Diluted common shares	7,805,107	7,740,181
Basic earnings per common share	$1.09	$0.76
Diluted earnings per common share	$1.08	$0.75

Note 4 – Investment Securities

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2025:				
Securities available-for-sale:				
Residential mortgage-backed	$ 500,600	$ 1,041	$ (49,315)	$ 452,326
U.S. treasury securities	50,005	-	(2,808)	47,197
U.S. govt. sponsored enterprises	42,590	-	(2,919)	39,671
State, county, and municipal	78,861	3	(9,905)	68,959
Corporate debt obligations	14,704	16	(1,194)	13,526
Total available-for-sale	$ 686,760	$ 1,060	$ (66,141)	$ 621,679

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2025:				
Securities held-to-maturity:				
Residential mortgage-backed	$ 58,172	$ -	$ (11,156)	$ 47,016
State, county, and municipal	62,774	-	(11,364)	51,410
Total held-to-maturity	$ 120,946	$ -	$ (22,520)	$ 98,426

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities available-for-sale:				
Residential mortgage-backed	$ 457,157	$ -	$ (58,415)	$ 398,742
U.S. treasury securities	90,508	-	(5,844)	84,664
U.S. govt. sponsored enterprises	49,354	-	(3,818)	45,536
State, county, and municipal	77,158	-	(10,544)	66,614
Corporate debt obligations	16,714	3	(1,409)	15,308
Total available-for-sale	$ 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
Total held-to-maturity	$ 122,061	$ -	$ (25,123)	$ 96,938

The unrecognized losses on held-to-maturity investment securities presented in the table above do not include unrecognized losses on securities that were transferred from available-for-sale to held-to-maturity totaling $2.21 million at March 31, 2025 and $2.28 million at December 31, 2024. These unrecognized losses that were transferred in 2022 are included as a separate component of stockholders' equity and are being amortized over the remaining term of the securities.

The Company has a zero loss expectation for its 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 (loss), net of tax. The Company recognizes a credit related loss if the Company has the intent to sell the security, or it is more likely than not that the Bank will be required to sell the security before recovery of its amortized cost.

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

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2025:						
Securities available-for-sale:						
Residential mortgage-backed	$ 65,563	$ 1,345	$ 292,536	$ 47,970	$ 358,099	$ 49,315
U.S. treasury securities	-	-	47,197	2,808	47,197	2,808
U.S. govt. sponsored enterprises	-	-	39,671	2,919	39,671	2,919
State, county & municipal	9,484	229	57,540	9,676	67,024	9,905
Corporate debt obligations	455	10	11,091	1,184	11,546	1,194
Total available-for-sale	$ 75,502	$ 1,584	$ 448,035	$ 64,557	$ 523,537	$ 66,141
Securities held-to-maturity:						
Residential mortgage-backed	$ -	$ -	$ 47,016	$ 11,156	$ 47,016	$ 11,156
State, county & municipal	-	-	46,065	11,364	46,065	11,364
Total held-to-maturity	$ -	$ -	$ 93,081	$ 22,520	$ 93,081	$ 22,520
December 31, 2024:						
Securities available-for-sale:						
Residential mortgage-backed	$ 87,690	$ 2,319	$ 307,788	$ 56,096	$ 395,478	$ 58,415
U.S. treasury securities	-	-	84,664	5,844	84,664	5,844
U.S. govt. sponsored enterprises	-	-	45,536	3,818	45,536	3,818
State, county & municipal	9,075	296	57,539	10,248	66,614	10,544
Corporate debt obligations	455	7	12,886	1,402	13,341	1,409
Total available-for-sale	$ 97,220	$ 2,622	$ 508,413	$ 77,408	$ 605,633	$ 80,030
Securities held-to-maturity:						
Residential mortgage-backed	$ -	$ -	$ 46,488	$ 12,786	$ 46,488	$ 12,786
State, county & municipal	-	-	45,105	12,337	45,105	12,337
Total held-to-maturity	$ -	$ -	$ 91,593	$ 25,123	$ 91,593	$ 25,123

The Company owned a total of 308 securities with unrealized losses of $88.7 million at March 31, 2025. The unrealized losses were primarily attributable to changes in interest rates, rather than deterioration in credit quality. The individual securities are each investment grade securities. The Company considers factors such as the financial condition of the issuer including credit ratings and specific events affecting the operations of the issuer, volatility of the security, underlying assets that collateralize the debt security, and other industry and macroeconomic conditions. The Company does not intend to sell these securities, and it is more likely than not that the Company will not be required to sell these securities before recovery of the amortized cost. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. As such, there is no allowance for credit losses on available for sale or held to maturity securities recognized as of March 31, 2025 and December 31, 2024. Accrued interest receivable is not included in available-for-sale security balances and is presented in accrued interest receivable on the consolidated statement of financial condition. Interest receivable on securities was approximately $2.9 million and $2.7 million as of March 31, 2025 and December 31, 2024, respectively, and was excluded from the estimate of credit losses.

As of March 31, 2025 and December 31, 2024, securities with a carrying value of approximately $321.0 million and $320.3 million, respectively, were pledged to secure public deposits as required by law. At March 31, 2025 and December 31, 2024, the carrying value of securities pledged to secure repurchase agreements was approximately $27.7 million and $23.5 million, respectively.

During the three months ended March 31, 2025, the Company sold investment securities for proceeds of $59.5 million and realized losses of $3.4 million. The net loss consisted of no gross gains and gross losses of $3.4 million. During the three months ended March 31, 2024, the Company sold investment securities for proceeds of $33.7 million and realized losses of $1.4 million. The net loss consisted of gross gains of $44.0 thousand and gross losses of $1.5 million.

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

	March 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)		(In Thousands)	
Securities available-for-sale				
Less than 1 year	$ -	$ -	$ -	$ -
1 to 5 years	80,393	75,648	126,223	117,711
5 to 10 years	38,458	34,876	37,944	34,030
After 10 years	67,309	58,829	69,567	60,381
	186,160	169,353	233,734	212,122
Residential mortgage-backed securities	500,600	452,326	457,157	398,742
Total available-for-sale	$ 686,760	$ 621,679	$ 690,891	$ 610,864

	March 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)		(In Thousands)	
Securities held-to-maturity				
5 to 10 years	$ 31,780	$ 26,561	$ 29,963	$ 24,466
After 10 years	30,994	24,849	32,824	25,984
	62,774	51,410	62,787	50,450
Residential mortgage-backed securities	58,172	47,016	59,274	46,488
Total held-to-maturity	$ 120,946	$ 98,426	$ 122,061	$ 96,938

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

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

	March 31, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	$ 884,767	35.4%	$ 869,415	35.4%
Closed-end 1-4 family - junior lien	16,235	0.6%	14,145	0.6%
Multi-family	37,505	1.5%	19,651	0.8%
Total residential real estate	938,507	37.5%	903,211	36.8%
Commercial real estate:				
Nonfarm nonresidential	655,039	26.2%	637,589	26.0%
Farmland	76,952	3.1%	75,184	3.1%
Total commercial real estate	731,991	29.3%	712,773	29.1%
Construction and land development:				
Residential	101,711	4.1%	101,986	4.2%
Other	171,429	6.9%	190,955	7.8%
Total construction and land development	273,140	11.0%	292,941	12.0%
Home equity lines of credit	131,574	5.3%	124,064	5.1%
Commercial loans:				
Other commercial loans	299,312	12.0%	291,762	11.9%
Agricultural	77,872	3.1%	76,348	3.1%
State, county, and municipal loans	32,889	1.1%	33,847	1.2%
Total commercial loans	410,073	16.2%	401,957	16.2%
Consumer loans	59,424	2.4%	60,522	2.5%
Total gross loans	2,544,709	101.7%	2,495,468	101.7%
Allowance for credit losses	(33,798)	-1.4%	(32,088)	-1.3%
Net discounts	(11)	0.0%	(13)	0.0%
Net deferred loan fees	(8,455)	-0.3%	(8,633)	-0.4%
Net loans	$ 2,502,445	100.0%	$ 2,454,734	100.0%

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

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

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

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

	Real Estate Mortgage Loans						
Allowance for Credit Losses	Residential	Commercial	Construction and land development	Home equity lines of credit	Commercial	Consumer	Total
Balance - December 31, 2024	$7,690	$10,629	$4,299	$1,887	$7,072	$511	$32,088
Provision for credit losses	302	1,254	(817)	122	758	67	1,686
Loan charge-offs	-	-	-	-	(96)	(41)	(137)
Loan recoveries	11	3	-	9	121	17	161
Balance - March 31, 2025	$8,003	$11,886	$3,482	$2,018	$7,855	$554	$33,798
Individually evaluated	$11	$874	$-	$-	$586	$34	$1,505
Collectively evaluated	7,992	11,012	3,482	2,018	7,269	520	32,293
Total	$8,003	$11,886	$3,482	$2,018	$7,855	$554	$33,798
Loans:							
Individually evaluated	$5,061	$4,388	$1	$142	$586	$34	$10,212
Collectively evaluated	933,446	727,603	273,139	131,432	409,487	59,390	2,534,497
Total	$938,507	$731,991	$273,140	$131,574	$410,073	$59,424	$2,544,709

	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	264	1,211	(738)	143	367	62	1,309
Loan charge-offs	-	(249)	(19)	(50)	(88)	(61)	(467)
Loan recoveries	-	2	-	-	16	5	23
Balance - March 31, 2024	$7,497	$11,494	$3,889	$1,171	$5,201	$604	$29,856
Ending balance:							
Individually evaluated	$11	$278	$-	$-	$302	$34	$625
Collectively evaluated	7,486	11,216	3,889	1,171	4,899	570	29,231
Total	$7,497	$11,494	$3,889	$1,171	$5,201	$604	$29,856
Loans:							
Individually evaluated	$2,396	$1,956	$5	$202	$337	$34	$4,930
Collectively evaluated	820,734	660,245	264,511	103,441	368,168	55,875	2,272,974
Total	$823,130	$662,201	$264,516	$103,643	$368,505	$55,909	$2,277,904

The Company's unfunded lending commitments are unconditionally cancellable and therefore no allowance for credit losses has been recorded. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of the allowance for credit losses. Accrued interest on loans of $14.0 million and $13.2 million at March 31, 2025 and December 31, 2024, respectively, was included in accrued interest receivable and was excluded from the estimate of credit losses.

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

As of March 31, 2025

Collateral Dependent Loans	Real Estate	Equipment	Vehicles	Raw Land	Total	Allowance for Credit Losses
Mortgage loans on real estate:						
Residential	$ 5,061	$ -	$ -	$ -	$ 5,061	$ 11
Commercial real estate	4,388	-	-	-	4,388	874
Construction and land development	-	-	-	1	1	-
Total mortgage loans on real estate	9,449	-	-	1	9,450	885
Home equity lines of credit	142	-	-	-	142	-
Commercial loans	-	586	-	-	586	586
Consumer loans	-	-	34	-	34	34
Total Loans	$ 9,591	$ 586	$ 34	$ 1	$ 10,212	$ 1,505

As of December 31, 2024

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

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

As of March 31, 2025	Accruing Loans Current	Accruing Loans 30-89 Days Past Due	Accruing Loans 90+ Days Past Due	Nonaccrual With ACL	Nonaccrual With No ACL	Total Loans
Mortgage loans on real estate:						
Residential real estate	$928,026	$6,877	$-	$281	$3,323	$938,507
Commercial real estate	727,382	290	-	3,264	1,055	731,991
Construction and land development	272,526	608	-	-	6	273,140
Total mortgage loans on real estate	1,927,934	7,775	-	3,545	4,384	1,943,638
Home equity lines of credit	129,294	1,943	-	-	337	131,574
Commercial loans	409,346	650	-	-	77	410,073
Consumer loans	58,604	678	26	5	111	59,424
Total Loans	$2,525,178	$11,046	$26	$3,550	$4,909	$2,544,709

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

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

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

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

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

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

The following table presents loan balances classified by credit quality indicator, loan type and based on year of origination as of March 31, 2025 (amounts in thousands).

	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
Residential real estate								
Pass	$ 42,879	$ 117,949	$ 244,721	$ 327,969	$ 101,125	$ 87,902	$ 4,585	$ 927,130
Special Mention	91	727	1,979	1,454	637	672	-	5,560
Substandard	-	918	1,206	1,985	122	1,586	-	5,817
Doubtful	-	-	-	-	-	-	-	-
Total residential real estate	$ 42,970	$ 119,594	$ 247,906	$ 331,408	$ 101,884	$ 90,160	$ 4,585	$ 938,507
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate								
Pass	$ 16,573	$ 89,573	$ 124,888	$ 207,207	$ 89,034	$ 174,430	$ 17,728	$ 719,433
Special Mention	-	1,085	-	761	376	5,806	-	8,028
Substandard	-	104	464	-	3,318	644	-	4,530
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	$ 16,573	$ 90,762	$ 125,352	$ 207,968	$ 92,728	$ 180,880	$ 17,728	$ 731,991
Current-period gross charge-offs	$ -	$ -		$ -	$ -	$ -	$ -	$ -
Construction and land development								
Pass	$ 18,098	$ 118,375	$ 63,655	$ 45,087	$ 10,946	$ 5,077	$ 11,443	$ 272,681
Special Mention	-	128	206	90	-	28	-	452
Substandard	-	1	-	-	5	1	-	7
Doubtful	-	-	-	-	-	-	-	-
Total construction and land development	$ 18,098	$ 118,504	$ 63,861	$ 45,177	$ 10,951	$ 5,106	$ 11,443	$ 273,140
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Home equity lines of credit								
Pass	$ -	$ 229	$ 656	$ 400	$ -	$ 586	$ 128,664	$ 130,535
Special Mention	-	-	-	-	-	-	702	702
Substandard	-	-	-	-	-	-	337	337
Doubtful	-	-	-	-	-	-	-	-
Total home equity lines of credit	$ -	$ 229	$ 656	$ 400	$ -	$ 586	$ 129,703	$ 131,574
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial loans								
Pass	$ 25,206	$ 67,885	$ 64,494	$ 48,770	$ 14,600	$ 29,105	$ 151,116	$ 401,176
Special Mention	-	95	215	3,042	-	3,856	990	8,198
Substandard	188	124	23	6	53	5	300	699
Doubtful	-	-	-	-	-	-	-	-
Total commercial loans	$ 25,394	$ 68,104	$ 64,732	$ 51,818	$ 14,653	$ 32,966	$ 152,406	$ 410,073
Current-period gross charge-offs	$ -	$ 39	$ -	$ -	$ -	$ 57	$ -	$ 96
Consumer loans								
Pass	$ 5,788	$ 19,577	$ 11,649	$ 8,871	$ 4,580	$ 4,794	$ 3,535	$ 58,794
Special Mention	94	39	16	109	27	67	22	374
Substandard	-	4	79	56	25	85	7	256
Doubtful	-	-	-	-	-	-	-	-
Total consumer loans	$ 5,882	$ 19,620	$ 11,744	$ 9,036	$ 4,632	$ 4,946	$ 3,564	$ 59,424
Current-period gross charge-offs	$ -	$ 17	$ -	$ -	$ 24	$ -	$ -	$ 41
Total Loans								
Pass	$ 108,544	$ 413,588	$ 510,063	$ 638,304	$ 220,285	$ 301,894	$ 317,071	$ 2,509,749
Special Mention	185	2,074	2,416	5,456	1,040	10,429	1,714	23,314
Substandard	188	1,151	1,772	2,047	3,523	2,321	644	11,646
Doubtful	-	-	-	-	-	-	-	-
Total loans	$ 108,917	$ 416,813	$ 514,251	$ 645,807	$ 224,848	$ 314,644	$ 319,429	$ 2,544,709
Current-period gross charge-offs	$ -	$ 56	$ -	$ -	$ 24	$ 57	$ -	$ 137

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

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

Note 6 – Fair Value Measurements and Disclosures

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

Fair Value Hierarchy

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

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

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

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

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

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

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

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

Loans and Mortgage Loans Held for Sale - The fair value of collateral-dependent loans with specific allocations of the allowance for 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 bank owned life insurance policies is equivalent to the carrying value.

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

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

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

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

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

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

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

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

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

	Fair Value Measurements At Reporting Date Using:			
March 31, 2025	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	$ 452,326	$ -	$ 452,326	$ -
U.S. treasury securities	47,197	-	47,197	-
U.S. government sponsored enterprises	39,671	-	39,671	-
State, county, and municipal	68,959	-	68,959	-
Corporate debt obligations	13,526	-	13,526	-
Totals	$ 621,679	$ -	$ 621,679	$ -

	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. treasury securities	84,664	-	84,664	-
U.S. government sponsored enterprises	45,536	-	45,536	-
State, county, and municipal	66,614	-	66,614	-
Corporate debt obligations	15,308	-	15,308	-
Totals	$ 610,864	$ -	$ 610,864	$ -

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

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

	Fair Value Measurements At Reporting Date Using:			
March 31, 2025	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	$ 8,707	$ -	$ -	$ 8,707
Foreclosed assets	124	-	-	124
Totals	$ 8,831	$ -	$ -	$ 8,831

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

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

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

		Estimated Fair Value		
March 31, 2025	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 184,860	$ 184,860	$ -	$ -
Certificates of deposit in banks	4,217	-	4,217	-
Securities held-to-maturity	120,946	-	98,426	-
Securities available-for-sale	621,679	-	621,679	-
Loans held-for-sale	5,951	-	5,951	-
Loans receivable, net	2,502,445	-	2,480,643	8,707
Accrued interest receivable	16,917	-	16,917	-
Bank owned life insurance	50,200	-	50,200	-
Restricted equity securities	10,257	-	-	10,257
Financial liabilities:				
Deposits	3,157,852	-	2,945,930	-
Securities sold under agreements to repurchase	21,230	-	21,230	-
Federal Home Loan Bank advances	150,000	-	150,005	-
Subordinated debentures	39,580	-	32,804	-
Accrued interest payable	1,800	-	1,800	-

		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	39,563	-	31,113	-
Accrued interest payable	2,363	-	2,363	-

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

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

Note 7 – Recently Adopted Accounting Pronouncements

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

Note 8 – Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 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.

Note 9 – Defined Contribution Plan

The Company provides a 401(k) employee stock ownership plan (ESOP), which covers substantially all of the Company's employees who are eligible, as to age and length of service. A participant may elect to make contributions up to $23.5 thousand and $23.0 thousand of the participant's annual compensation in 2025 and 2024, respectively. The Company makes contributions up to 3% of each participant's annual compensation and the Company matches 50% of the next 2% contributed by the employee. Contributions to the plan by the Company were approximately $253 thousand and $211 thousand for the three months ended March 31, 2025 and 2024, respectively. Outstanding shares of the Company's common stock allocated to participants at March 31, 2025 and December 31, 2024 totaled 202,084 shares and 182,822 shares, respectively, and there were no unallocated shares. These shares are treated as outstanding for purposes of calculating earnings per share and dividends on these shares are included in the Consolidated Statements of Stockholders' Equity.

The Company's ESOP includes a put option for shares of the Company's common stock distributed from the ESOP. Shares are distributed from the ESOP primarily to separate vested participants and certain eligible participants who elect to diversify their account balances. Since the Company's common stock is not currently traded on an established securities market, if the owners of distributed shares desire to sell their shares, the Company is required to purchase the shares at fair value during two put option periods following the distribution of the shares from the ESOP. The first put option period is within sixty days following the distribution of the shares from the ESOP. The second put option period begins on the first day of the fifth month of the plan year for a sixty day period. The fair value of distributed shares subject to the put option totaled $0 as of March 31, 2025 and December 31, 2024. The cost of the ESOP shares totaled $5.71 million and $5.10 million as of March 31, 2025 and December 31, 2024, respectively. Due to the Company's obligation under the put option, the distributed shares and ESOP shares are classified as temporary equity in the mezzanine section of the consolidated statements of financial condition and totaled $5.71 million and $5.10 million as of March 31, 2025 and December 31, 2024, respectively. The fair value of the ESOP shares totaled $7.98 million and $7.22 million as of March 31, 2025 and December 31, 2024, respectively.

Note 10 – Loans Held for Sale

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

Note 11 – Leases

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

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

Lease Right-of-Use Assets	Classification on Consolidated Statement of Condition	March 31, 2025	December 31, 2024
Operating lease right-of-use assets	Other Assets	$ 2,568	$ 2,691

Lease Liabilities	Classification on Consolidated Statement of Condition	March 31, 2025	December 31, 2024
Operating lease liabilities	Accrued interest payable and other liabilities	$ 2,719	$ 2,841

	March 31, 2025	December 31, 2024
Weighted-average remaining lease term for operating leases	8.56 Years	8.48 Years
Weighted-average discount rate for operating leases	6.00%	6.00%

Future minimum payments for operating leases with initial or remaining terms of one year or more as of March 31, 2025 are as follows:

	Operating Leases
April 1, 2025 - March 31, 2026	$ 649
April 1, 2026 - March 31, 2027	459
April 1, 2027 - March 31, 2028	403
April 1, 2028 - March 31, 2029	333
April 1, 2029 - March 31, 2030	214
Afterward	1,491
Total future minimum lease payments	3,549
Amounts representing interest	(830)
Present value of net future minimum lease payments	$ 2,719

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

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

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

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

Our Business

We are a bank holding company headquartered in Prattville, Alabama. We engage in the business of banking through our wholly-owned banking subsidiary, River Bank & Trust, which we may refer to as the "Bank" or "River Bank." Through the Bank, we provide a broad array of financial services to businesses, business owners, professionals, and consumers. As of March 31, 2025, we operated twenty-three full-service banking offices in Alabama in the cities of Montgomery, Prattville, Millbrook, Wetumpka, Auburn, Opelika, Gadsden, Alexander City, Daphne, Clanton, Dothan, Enterprise, Mobile, Decatur, Huntsville, Saraland, and Birmingham, Alabama. We also have one loan production office in Florence, Alabama which converted to full-service in April 2025.

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 First Quarter 2025 Results

Net income was $8.5 million in the quarter ended March 31, 2025, compared with $5.8 million in the quarter ended March 31, 2024. Several significant measures from the 2025 first quarter include:

- Net interest margin (taxable equivalent) of 3.31%, compared with 2.76% for the first quarter of 2024.
- Net interest income increase of $6.3 million for the quarter ended March 31, 2025, representing a 28.57% rate of increase over the quarter ended March 31, 2024.
- Annualized return on average earning assets for the quarter ended March 31, 2025 of 0.99% compared with 0.73% for the quarter ended March 31, 2024.
- Annualized return on average equity for the quarter ended March 31, 2025 of 14.34% compared with 11.61% for the quarter ended March 31, 2024.
- Loan increase of $49.4 million during the quarter ended March 31, 2025, representing a 7.95% annualized growth rate.
- Securities increase of $9.7 million during the quarter ended March 31, 2025, representing a 5.29% annualized increase for the quarter.
- Deposit increase of $90.7 million during the quarter ended March 31, 2025, representing a 11.83% annualized growth rate.
- Stockholders' equity increase of $16.0 million during the quarter ended March 31, 2025, representing a 28.22% annualized increase.
- Book value per share of $32.05 at March 31, 2025, compared with $30.43 per share at December 31, 2024.
- Tangible book value per share of $28.36 at March 31, 2025, compared with $26.67 at December 31, 2024.

Critical Accounting Policies and Estimates

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

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

Allowance for Credit Losses

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

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

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

Comparison of the Results of Operations for the three months ended March 31, 2025 and 2024

The following is a narrative discussion and analysis of significant changes in our results of operations for the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

Net Income

During the three months ended March 31, 2025, our net income was $8.5 million, compared to $5.8 million for the three months ended March 31, 2024, an increase of $2.7 million, or 45.58%. The primary reason for the increase in net income for the first quarter of 2025 as compared to the first quarter of 2024 was an increase in net interest income offset by a decrease in noninterest income. During the three months ended March 31, 2025, net interest income was $27.8 million compared to $21.6 million for the three months ended March 31, 2024, an increase of $6.2 million, or 28.57%. This increase is a result of higher yields on new and repricing loans. Total noninterest income for the first three months of 2025 was $1.9 million compared to $2.6 million in the first three months of 2024. This decrease in noninterest income was primarily the result of a $3.4 million loss on sales of investment securities during the three months ended March 31, 2025 compared to a $1.4 million loss on sales of investment securities for the three months ended March 31, 2024. Total noninterest expense in the first quarter of 2025 increased $1.6 million, or 10.33%, from the first quarter of 2024. The most significant increases were an increase of $958 thousand thousand in the legal and other professional services line item with $913.2 thousand of the increase as a result of one time professional fees paid for vendor contract negotiations along with a $567.0 thousand increase in salaries and employee benefits.

Net Interest Income and Net Interest Margin Analysis

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

Comparison of net interest income for the three months ended March 31, 2025 and 2024

The following table shows, for the three months ended March 31, 2025 and 2024, the average balances of each principal category of our earning assets and interest bearing liabilities and the average taxable equivalent yields on assets and average costs of liabilities. These yields and costs are calculated by dividing the income or expense by the average daily balance of the associated assets or liabilities (amounts in thousands).

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
	Average Balance	Interest Income/ Expense	Average Yield/Rate	Average Balance	Interest Income/ Expense	Average Yield/Rate
Interest earning assets						
Loans	$ 2,509,015	$ 39,994	6.46%	$ 2,253,010	$ 33,998	6.07%
Mortgage loans held for sale	5,698	76	5.44%	4,422	58	5.29%
Investment securities:						
Taxable securities	743,819	4,669	2.55%	743,201	3,390	1.83%
Tax-exempt securities	67,544	511	3.07%	65,266	459	2.83%
Interest bearing balances in other banks	88,483	999	4.58%	68,460	932	5.46%
Federal funds sold	16,278	181	4.51%	30,559	419	5.51%
Total interest earning assets	$ 3,430,837	$ 46,430	5.49%	$ 3,164,918	$ 39,256	4.99%
Interest bearing liabilities						
Interest bearing transaction accounts	$ 736,095	$ 2,833	1.56%	$ 682,062	$ 2,852	1.68%
Savings and money market accounts	1,006,245	6,538	2.64%	906,427	6,111	2.71%
Time deposits	701,689	7,035	4.07%	561,902	5,681	4.07%
Short-term borrowings	20,882	172	3.34%	14,986	132	3.53%
Federal Home Loan Bank advances	150,611	1,472	3.96%	212,692	2,257	4.27%
Subordinated debentures	40,000	413	4.19%	40,000	418	4.20%
Total interest bearing liabilities	$ 2,655,522	$ 18,463	2.82%	$ 2,418,069	$ 17,451	2.89%
Noninterest-bearing funding of earning assets	775,315	-	0.00%	746,849	-	0.00%
Total cost of funding earning assets	$ 3,430,837	$ 18,463	2.18%	$ 3,164,918	$ 17,451	2.21%
Net interest rate spread			2.67%			2.09%
Net interest income/margin (taxable equivalent)		$ 27,967	3.31%		$ 21,805	2.76%
Tax equivalent adjustment		(217)			(221)	
Net interest income/margin		$ 27,750	3.28%		$ 21,584	2.74%

The following table reflects, for the three months ended March 31, 2025 and 2024, the changes in our net interest income due to variances in the volume of interest earning assets and interest bearing liabilities and variances in the associated rates earned or paid on these assets and liabilities (amounts in thousands).

	Three Months Ended March 31, 2025 vs. Three Months Ended March 31, 2024		
	Volume	Variance due to Yield/Rate	Total
Interest earning assets			
Loans	$ 3,583	$ 2,413	$ 5,996
Mortgage loans held for sale	16	2	18
Investment securities:			
Taxable securities	(42)	1,321	1,279
Tax-exempt securities	12	40	52
Interest bearing balances in other banks	259	(192)	67
Federal funds sold	(198)	(40)	(238)
Total interest earning assets	$ 3,630	$ 3,544	$ 7,174
Interest bearing liabilities			
Interest bearing transaction accounts	$ 224	$ (243)	$ (19)
Savings and money market accounts	667	(240)	427
Time deposits	1,404	(50)	1,354
Short-term borrowings	51	(11)	40
Federal Home Loan Bank advances	(660)	(125)	(785)
Subordinated debentures	-	(5)	(5)
Total interest bearing liabilities	$ 1,686	$ (674)	$ 1,012
Net interest income			
Net interest income (taxable equivalent)	$ 1,944	$ 4,218	$ 6,162
Taxable equivalent adjustment	-	4	4
Net interest income	$ 1,944	$ 4,222	$ 6,166

Total interest income for the three months ended March 31, 2025 was $46.2 million and total interest expense was $18.5 million, resulting in net interest income of $27.8 million for the period. For the same period of 2024, total interest income was $39.0 million and total interest expense was $17.5 million, resulting in net interest income of $21.6 million for the period. This represents a 28.57% increase in net interest income when comparing the same period from 2025 and 2024. When comparing the variances related to interest income for the three months ended March 31, 2025 and 2024, the increase was primarily attributed to increases in average volumes in loans and loan yields. The volume related increase in interest income for the three months ended March 31, 2025 was accompanied by an increase in the yield on loans and investment securities. When comparing variances related to interest expense for the three months ended March 31, 2025 and 2024, the increase primarily resulted from an increase in deposits with the largest increase in time deposits.

Provision for Credit Losses

The provision for credit losses represents a charge to earnings necessary to establish an allowance for credit losses that, in management's evaluation, is adequate to provide coverage for all expected credit losses. As a result of evaluating the allowance for credit losses at March 31, 2025, management recorded a provision for credit losses of $1.69 million in the first quarter of 2025 compared to $1.31 million in the first quarter of 2024. The increased provision for credit losses allocated was primarily due to the growth of our overall loan portfolio. In management's evaluation, our allowance for credit losses reflects an amount we believe appropriate, based on our allowance assessment methodology, to adequately cover all expected future losses as of the date the allowance is determined.

Noninterest Income

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

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

	For the Three Months Ended March 31,	
	2025	2024
Service charges and fees	$ 2,134	$ 1,985
Investment brokerage revenue	295	191
Mortgage operations	1,031	953
Bank owned life insurance income	408	341
Net loss on sales of investment securities	(3,399)	(1,432)
Other noninterest income	1,391	524
Total noninterest income	$ 1,860	$ 2,562

Noninterest income for the three months ended March 31, 2025 was $1.9 million compared to $2.6 million for the same period in 2024. The most significant decrease in noninterest income was due to to an increase in the loss on sales of investment securities while the most significant increase was an overall $867 thousand increase in other noninterest income with $902 thousand of the income coming as a result of one time contract revenue negotiations.

Noninterest Expense

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

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

	For the Three Months Ended March 31,	
	2025	2024
Salaries and employee benefits	$ 9,758	$ 9,191
Occupancy expenses	1,022	981
Equipment rentals, depreciation, and maintenance	547	524
Telephone and communications	112	126
Advertising and business development	256	249
Data processing	1,129	1,026
Foreclosed assets, net	14	35
Federal deposit insurance and other regulatory assessments	778	724
Legal and other professional services	1,310	352
Other operating expense	1,935	2,074
Total noninterest expense	$ 16,861	$ 15,282

Noninterest expense for the three months ended March 31, 2025 totaled $16.9 million compared with $15.3 million for the same period of 2024. The overall increase was primarily a result of legal and other professional services and salaries and employee benefits. Legal and other professional services increased $958 thousand, or 272.16%, to $1.3 million in the first quarter of 2025 from $352 thousand in the first quarter of 2024. Salaries and employee benefits increased $567.0 thousand, or 6.17%, to $9.76 million in the first quarter of 2025 from $9.19 million in the first quarter of 2024.

Provision for Income Taxes

We recognized income tax expense of $2.6 million for the three months ended March 31, 2025, compared to $1.7 million for the three months ended March 31, 2024. The effective tax rate for the three months ended March 31, 2025 was 23.5% compared to 23.1% for the same period in 2024. The effective tax rate is affected by levels of items of income that are not subject to federal and/or state taxation and by levels of items of expense that are not deductible for federal and/or state income tax purposes.

Comparison of Financial Condition at March 31, 2025 and December 31, 2024

Overview

Our total assets increased $50.4 million, or 1.41%, from December 31, 2024 to March 31, 2025. Loans, net of deferred fees and discounts, increased $49.4 million, or 1.99%, from December 31, 2024 to March 31, 2025. Securities available-for-sale increased by $10.8 million, or 1.77%, and securities held-to-maturity decreased by $1.1 million, or 0.91%, from December 31, 2024 to March 31, 2025, respectively. Cash and cash equivalents decreased $884.0 thousand, or 0.48% from December 31, 2024 to March 31, 2025. Total deposits increased $90.7 million, or 2.96%, from December 31, 2024 to March 31, 2025 which funded a majority of our loan growth. Total stockholders' equity increased $16.0 million, or 7.06% from December 31, 2024 to March 31, 2025.

Investment Securities

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

During the three months ended March 31, 2025, we purchased investment securities totaling $71.0 million and sold investment securities with proceeds received of $59.5 million including net realized losses of $3.4 million.

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2025:				
Securities available-for-sale:				
Residential mortgage-backed	$ 500,600	$ 1,041	$ (49,315)	$ 452,326
U.S. treasury securities	50,005	-	(2,808)	47,197
U.S. govt. sponsored enterprises	42,590	-	(2,919)	39,671
State, county, and municipal	78,861	3	(9,905)	68,959
Corporate debt obligations	14,704	16	(1,194)	13,526
Total available-for-sale	$ 686,760	$ 1,060	$ (66,141)	$ 621,679

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2025:				
Securities held-to-maturity:				
Residential mortgage-backed	$ 58,172	$ -	$ (11,156)	$ 47,016
State, county, and municipal	62,774	-	(11,364)	51,410
Total held-to-maturity	$ 120,946	$ -	$ (22,520)	$ 98,426

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024:				
Securities available-for-sale:				
Residential mortgage-backed	$ 457,157	$ -	$ (58,415)	$ 398,742
U.S. treasury securities	90,508	-	(5,844)	84,664
U.S. govt. sponsored enterprises	49,354	-	(3,818)	45,536
State, county, and municipal	77,158	-	(10,544)	66,614
Corporate debt obligations	16,714	3	(1,409)	15,308
Total available-for-sale	$ 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
Total held-to-maturity	$ 122,061	$ -	$ (25,123)	$ 96,938

Loans

Loans are the largest category of interest earning assets and typically provide higher yields than other types of interest earning assets. Associated with the higher loan yields are the inherent credit and liquidity risks which management attempts to control and counterbalance. Total loans averaged $2.51 billion during the three months ended March 31, 2025, or 73.1% of average interest earning assets, as compared to $2.25 billion, or 71.2% of average interest earning assets, for the three months ended March 31, 2024. At March 31, 2025, total loans were $2.54 billion, compared to $2.49 billion at December 31, 2024, an increase of $49.4 million, or 1.99%.

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

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

	March 31, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
Residential real estate:				
Closed-end 1-4 family - first lien	$ 884,767	35.4%	$ 869,415	35.4%
Closed-end 1-4 family - junior lien	16,235	0.6%	14,145	0.6%
Multi-family	37,505	1.5%	19,651	0.8%
Total residential real estate	938,507	37.5%	903,211	36.8%
Commercial real estate:				
Nonfarm nonresidential	655,039	26.2%	637,589	26.0%
Farmland	76,952	3.1%	75,184	3.1%
Total commercial real estate	731,991	29.3%	712,773	29.1%
Construction and land development:				
Residential	101,711	4.1%	101,986	4.2%
Other	171,429	6.9%	190,955	7.8%
Total construction and land development	273,140	11.0%	292,941	12.0%
Home equity lines of credit	131,574	5.3%	124,064	5.1%
Commercial loans:				
Other commercial loans	299,312	12.0%	291,762	11.9%
Agricultural	77,872	3.1%	76,348	3.1%
State, county, and municipal loans	32,889	1.1%	33,847	1.2%
Total commercial loans	410,073	16.2%	401,957	16.2%
Consumer loans	59,424	2.4%	60,522	2.5%
Total gross loans	2,544,709	101.7%	2,495,468	101.7%
Allowance for credit losses	(33,798)	-1.4%	(32,088)	-1.3%
Net discounts	(11)	0.0%	(13)	0.0%
Net deferred loan fees	(8,455)	-0.3%	(8,633)	-0.4%
Net loans	$ 2,502,445	100.0%	$ 2,454,734	100.0%

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

Real estate loans are the largest component of our loan portfolio and include residential real estate loans, commercial real estate loans, and construction and land development loans. At March 31, 2025, this category totaled $1.94 billion, or 76.38% of total gross loans, compared to $1.91 billion, or 76.50%, at December 31, 2024. Real estate loans increased $34.7 million, or 1.82%, during the period December 31, 2024 to March 31, 2025. Commercial loans increased $8.1 million, or 2.02% during the same period. Our management team and lending officers have a great deal of experience and expertise in real estate lending and commercial lending.

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

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

The repayment of loans is a source of additional liquidity for us. The following table sets forth our variable rate and fixed rate loans maturing within specific intervals at March 31, 2025.

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	$ 6,751	$ 7,431	$ 7,661	$ 508,565	$ 530,408
Closed-end 1-4 family - junior lien	1,077	689	186	-	1,952
Multi-family	-	19,573	-	-	19,573
Total residential real estate	7,828	27,693	7,847	508,565	551,933
Commercial real estate:					
Nonfarm nonresidential	12,616	27,458	7,080	-	47,154
Farmland	1,081	3,797	-	250	5,128
Total commercial real estate	13,697	31,255	7,080	250	52,282
Construction and land development:					
Residential	21,985	1,806	91	26,121	50,003
Other	38,987	12,832	1,023	13,349	66,191
Total construction and land development	60,972	14,638	1,114	39,470	116,194
Home equity lines of credit	10,585	4,549	97,313	-	112,447
Commercial loans:					
Other commercial loans	85,697	28,708	11,973	-	126,378
Agricultural	53,085	1,855	-	-	54,940
State, county, and municipal loans	89	-	-	-	89
Total commercial loans	138,871	30,563	11,973	-	181,407
Consumer loans	2,210	681	213	-	3,104
Total gross variable rate loans	$ 234,163	$ 109,379	$ 125,540	$ 548,285	$ 1,017,367

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	$ 33,924	$ 163,579	$ 57,969	$ 98,887	$ 354,359
Closed-end 1-4 family - junior lien	998	10,899	2,089	297	14,283
Multi-family	49	13,963	3,146	774	17,932
Total residential real estate	34,971	188,441	63,204	99,958	386,574
Commercial real estate:					
Nonfarm nonresidential	56,806	311,421	234,116	5,542	607,885
Farmland	24,916	32,385	14,458	65	71,824
Total commercial real estate	81,722	343,806	248,574	5,607	679,709
Construction and land development:					
Residential	48,367	3,341	-	-	51,708
Other	18,324	72,674	14,167	73	105,238
Total construction and land development	66,691	76,015	14,167	73	156,946
Home equity lines of credit	2,671	1,411	14,944	101	19,127
Commercial loans:					
Other commercial loans	24,808	115,252	32,874	-	172,934
Agricultural	4,460	18,165	307	-	22,932
State, county, and municipal loans	578	10,769	21,453	-	32,800
Total commercial loans	29,846	144,186	54,634	-	228,666
Consumer loans	7,833	28,726	19,629	132	56,320
Total fixed rate gross loans	$ 223,734	$ 782,585	$ 415,152	$ 105,871	$ 1,527,342

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	$ 40,675	$ 171,010	$ 65,630	$ 607,452	$ 884,767
Closed-end 1-4 family - junior lien	2,075	11,588	2,275	297	16,235
Multi-family	49	33,536	3,146	774	37,505
Total residential real estate	42,799	216,134	71,051	608,523	938,507
Commercial real estate:					
Nonfarm nonresidential	69,422	338,879	241,196	5,542	655,039
Farmland	25,997	36,182	14,458	315	76,952
Total commercial real estate	95,419	375,061	255,654	5,857	731,991
Construction and land development:					
Residential	70,352	5,147	91	26,121	101,711
Other	57,311	85,506	15,190	13,422	171,429
Total construction and land development	127,663	90,653	15,281	39,543	273,140
Home equity lines of credit	13,256	5,960	112,257	101	131,574
Commercial loans:					
Other commercial loans	110,505	143,960	44,847	-	299,312
Agricultural	57,545	20,020	307	-	77,872
State, county, and municipal loans	667	10,769	21,453	-	32,889
Total commercial loans	168,717	174,749	66,607	-	410,073
Consumer loans	10,043	29,407	19,842	132	59,424
Total gross loans	$ 457,897	$ 891,964	$ 540,692	$ 654,156	$ 2,544,709

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

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

Allowance for credit losses and provision for credit losses

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

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

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

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

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

	As of and for the Three Months Ended: March 31, 2025	As of and for the Three Months Ended: March 31, 2024
Allowance for credit losses at beginning of period	$ 32,088	$ 28,991
Charge-offs:		
Mortgage loans on real estate:		
Residential real estate	-	-
Commercial real estate	-	249
Construction and land development	-	19
Total mortgage loans on real estate	-	268
Home equity lines of credit	-	50
Commercial	96	88
Consumer	41	61
Total	137	467
Recoveries:		
Mortgage loans on real estate:		
Residential real estate	11	-
Commercial real estate	3	2
Construction and land development	-	-
Total mortgage loans on real estate	14	2
Home equity lines of credit	9	-
Commercial	121	16
Consumer	17	5
Total	161	23
Net (recoveries) charge-offs	(24)	444
Provision for credit losses	1,686	1,309
Allowance for credit losses at end of period	$ 33,798	$ 29,856
Total loans outstanding, net of deferred loan fees	2,536,243	2,269,845
Average loans outstanding, net of deferred loan fees	2,509,015	2,253,010
Allowance for credit losses to period end loans	1.33%	1.32%
Net charge-offs to average loans (annualized)	0.00%	0.08%

Allocation of the Allowance for Credit Losses

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

	March 31, 2025		December 31, 2024	
	Amount	Percent of Total	Amount	Percent of Total
Mortgage loans on real estate:				
Residential real estate	$ 8,003	23.7%	$ 7,690	24.0%
Commercial real estate	11,886	35.2%	10,629	33.1%
Construction and land development	3,482	10.3%	4,299	13.4%
Total mortgage loans on real estate	23,371	69.2%	22,618	70.5%
Home equity lines of credit	2,018	6.0%	1,887	5.9%
Commercial	7,855	23.2%	7,072	22.0%
Consumer	554	1.6%	511	1.6%
Total	$ 33,798	100.0%	$ 32,088	100.0%

Nonperforming Assets

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

	March 31, 2025	March 31, 2024	December 31, 2024
Nonaccrual loans	$ 8,459	$ 4,357	$ 8,513
Accruing loans past due 90 days or more	26	68	8
Total nonperforming loans	8,485	4,425	8,521
Foreclosed assets	124	924	130
Total nonperforming assets	$ 8,609	$ 5,349	$ 8,651
Allowance for credit losses to period end loans	1.33%	1.32%	1.29%
Allowance for credit losses to period end nonperforming loans	398.33%	674.71%	376.58%
Net charge-offs (recoveries) to average loans (annualized)	0.00%	0.07%	0.11%
Nonperforming assets to period end loans and foreclosed property	0.34%	0.24%	0.35%
Nonperforming loans to period end loans	0.33%	0.19%	0.34%
Nonperforming assets to total assets	0.24%	0.16%	0.24%
Period end loans	$ 2,536,243	$ 2,269,845	$ 2,486,822
Period end total assets	$ 3,632,568	$ 3,368,560	$ 3,582,206
Allowance for credit losses	$ 33,798	$ 29,856	$ 32,088
Average loans for the period	$ 2,509,015	$ 2,253,010	$ 2,348,776
Net (recoveries) charge-offs for the period	$ (24)	$ 444	$ 2,690
Period end loans plus foreclosed property	$ 2,536,367	$ 2,270,769	$ 2,486,952

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

Deposits

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

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

	March 31, 2025		December 31, 2024	
	Amount	Percent of Total	Amount	Percent of Total
Demand deposits, non-interest bearing	$ 651,611	20.6%	$ 654,229	21.3%
Demand deposits, interest bearing	757,739	24.0%	752,280	24.5%
Money market accounts	928,484	29.4%	856,124	27.9%
Savings deposits	113,246	3.6%	106,269	3.5%
Time certificates of $250 thousand or more	378,497	12.0%	390,906	12.7%
Other time certificates	328,275	10.4%	307,351	10.1%
Totals	$ 3,157,852	100.0%	$ 3,067,159	100.0%

Total deposits were $3.16 billion at March 31, 2025, an increase of $90.7 million from December 31, 2024 with the increase resulting mainly in the balances of money market accounts. Some of our demand deposit accounts are seasonal and have expected balance fluctuations. The seasonality of these demand deposits is related to property tax collections and to agricultural production.

The following table presents the Bank's time certificates of deposits by various maturities as of March 31, 2025 (amounts in thousands).

	All Time Deposits	Time Deposits $250 or more	Time Deposits less than $250
Three months or less	$ 242,057	$ 104,070	$ 137,987
Greater than three months through six months	255,260	146,136	109,124
Greater than six months through one year	166,750	105,440	61,310
Greater than one year through three years	37,410	21,039	16,371
Greater than three years	5,295	1,812	3,483
Total	$ 706,772	$ 378,497	$ 328,275

Other Funding Sources

We supplement our deposit funding with wholesale funding when needed for balance sheet planning and management or when the terms are attractive and will not disrupt our offering rates in our markets. A source we have used for wholesale funding is the Federal Home Loan Bank of Atlanta (FHLB). The line of credit with the FHLB is secured by pledges of various loans in our loan portfolio. At March 31, 2025, the FHLB line of credit available was $322.7 million and at December 31, 2024 it was $237.0 million. As of March 31, 2025 and December 31, 2024, we had $150 million and $205 million Federal Home Loan Bank advances outstanding, respectively. We also have lines of credit for federal funds borrowings with other banks that totaled $100.0 million at March 31, 2025 and December 31, 2024, respectively. Furthermore, we have pledged certain loans to the Federal Reserve Bank (FRB) to secure a line of credit. At March 31, 2025, the FRB line of credit available was $378.0 million and at December 31, 2024, the FRB line of credit available was $422.1 million. Another source that we have used for wholesale funding is the Federal Reserve Bank discount window. At both March 31, 2025 and December 31, 2024, we had no borrowings outstanding with the Federal Reserve Bank discount window.

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

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

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

Liquidity

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

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

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

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

Cash and cash equivalents at March 31, 2025 and December 31, 2024, were $184.9 million and $185.7 million, respectively. Based on recorded cash and cash equivalents, management believes River Financial Corporation’s liquidity resources were sufficient at March 31, 2025 to fund loans and meet other cash needs as necessary.

Off-Balance Sheet Arrangements

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

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

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

	March 31, 2025	December 31, 2024
Commitments to extend credit	$ 425,861	$ 442,506
Stand-by and performance letters of credit	10,022	10,060
Total	$ 435,883	$ 452,566

Contractual Obligations

While our liquidity monitoring and management considers both present and future demands for and sources of liquidity, the following table of contractual commitments focuses only on future obligations as of March 31, 2025 (amounts in thousands).

	Due in 1 year or less	Due after 1 through 3 years	Due after 3 through 5 years	Due after 5 years	Total
Deposits without a stated maturity	$ 2,451,080	$ -	$ -	$ -	$ 2,451,080
Certificates of deposit of less than $250 thousand	308,421	16,371	3,406	77	328,275
Certificates of deposit of $250 thousand or more	355,646	21,039	1,812	-	378,497
Securities sold under agreements to repurchase	21,230	-	-	-	21,230
Federal Home Loan Bank advances	25,000	25,000	40,000	60,000	150,000
Subordinated debt, net of loan costs	-	-	-	39,580	39,580
Operating leases	649	862	547	1,491	3,549
Total contractual obligations	$ 3,162,026	$ 63,272	$ 45,765	$ 101,148	$ 3,372,211

Capital Position and Dividends

At March 31, 2025 and December 31, 2024, total stockholders' equity was $243.1 million and $227.1 million, respectively. The increase of approximately $16.0 million resulted mainly from the net change in retained earnings and accumulated other comprehensive loss for the three months ended March 31, 2025. Retained earnings for the first three months of 2025 increased $4.3 million while accumulated other comprehensive loss also decreased $11.3 million. The ratio of stockholders' equity to total assets was 6.69% and 6.34% at March 31, 2025 and December 31, 2024, respectively.

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

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

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

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

As of March 31, 2025:

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations (1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
River Financial Corporation:						
Total Capital (To Risk-Weighted Assets)	$ 342,658	13.263%	$ 271,274	>= 10.500%	N/A	N/A
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	270,765	10.480%	180,854	>= 7.000%	N/A	N/A
Tier 1 Capital (To Risk-Weighted Assets)	270,765	10.480%	219,609	>= 8.500%	N/A	N/A
Tier 1 Capital (To Average Assets)	270,765	7.564%	143,186	>= 4.000%	N/A	N/A
River Bank:						
Total Capital (To Risk-Weighted Assets)	$ 341,246	13.208%	$ 271,273	>= 10.500%	$ 258,355	>= 10.00%
Common Equity Tier 1 Capital (To Risk-Weighted Assets)	308,933	11.958%	180,848	>= 7.000%	167,931	>= 6.50%
Tier 1 Capital (To Risk-Weighted Assets)	308,933	11.958%	219,602	>= 8.500%	206,684	>= 8.00%
Tier 1 Capital (To Average Assets)	308,933	8.630%	143,187	>= 4.000%	178,984	>= 5.00%

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

As of December 31, 2024:

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

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

River Financial Corporation’s principal source of funds for dividend payments and debt service is dividends received from River Bank. There are statutory limitations on the payment of dividends by River Bank to River Financial Corporation. As of March 31, 2025, the maximum amount the Bank could dividend to River Financial Corporation without prior regulatory authority approval was approximately $63.0 million. In addition to dividend restrictions, federal statutes prohibit unsecured loans from banks to bank holding companies.

During the three months ending March 31, 2025 there were no incentive stock options issued. During the same period, there were 15,650 incentive stock options exercised at a weighted average exercise price of $15.24 per share. During the same period, there were no incentive stock options forfeited. A total of 320,594 incentive stock options were outstanding as of March 31, 2025 with a weighted average exercise price of $26.08 per share and a weighted average remaining life of 4.21 years.

During the three months ending March 31, 2025 there were 101,000 restricted stock grants issued with a weighted average issue price of $31.25 per share. During the same time period, there were 10,000 stock grants that vested with a weighted average exercise price of $31.41. During the same time period, there were no stock grants forfeited. A total of 141,233 restricted stock grants remained nonvested as of March 31, 2025 with a weighted average exercise price of $31.51 per share and a weighted average remaining life of 2.57 years.

Interest Sensitivity and Market Risk

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

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

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

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

The following table illustrates our interest rate sensitivity at March 31, 2025, assuming the relevant assets and liabilities are collected and paid, respectively, based upon historical experience rather than their stated maturities (amounts in thousands).

	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yrs	2-3 Yrs	>3 Yrs	Total
Interest earning assets							
Loans	$ 544,646	$ 140,282	$ 432,569	$ 370,156	$ 290,015	$ 758,575	$ 2,536,243
Securities	27,078	12,763	58,360	99,596	81,446	463,382	742,625
Certificates of deposit in banks	-	-	1,250	2,500	-	467	4,217
Cash balances in banks	119,022	-	-	-	-	-	119,022
Federal funds sold	20,000	-	-	-	-	-	20,000
Total interest earning assets	$ 710,746	$ 153,045	$ 492,179	$ 472,252	$ 371,461	$ 1,222,424	$ 3,422,107
Interest bearing liabilities							
Interest bearing transaction accounts	$ 91,480	$ 16,270	$ 73,218	$ 97,625	$ 97,625	$ 381,521	$ 757,739
Savings and money market accounts	191,090	16,896	76,026	101,366	101,366	554,986	1,041,730
Time deposits	101,144	137,714	424,962	34,471	3,186	5,295	706,772
Securities sold under agreements to repurchase	21,230	-	-	-	-	-	21,230
Federal Home Loan Bank advances	-	-	-	25,000	25,000	100,000	150,000
Subordinated debentures, net of loan costs	-	-	-	-	-	39,580	39,580
Total interest bearing liabilities	$ 404,944	$ 170,880	$ 574,206	$ 258,462	$ 227,177	$ 1,081,382	$ 2,717,051
Interest sensitive gap							
Period gap	$ 305,802	$ (17,835)	$ (82,027)	$ 213,790	$ 144,284	$ 141,042	$ 705,056
Cumulative gap	$ 305,802	$ 287,967	$ 205,940	$ 419,730	$ 564,014	$ 705,056	
Cumulative gap - Rate Sensitive Assets/ Rate Sensitive Liabilities	8.9%	8.4%	6.0%	12.3%	16.5%	20.6%	

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

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

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

	Impact on net interest income	
	As of March 31, 2025	As of December 31, 2024
Change in prevailing rates:		
+ 400 basis points	(10.84)%	(12.99)%
+ 300 basis points	(7.45)%	(9.20)%
+ 200 basis points	(4.24)%	(5.35)%
+ 100 basis points	(0.96)%	(1.62)%
+ 0 basis points	-	-
- 100 basis points	(2.54)%	(2.13)%
- 200 basis points	(4.40)%	(3.85)%
- 300 basis points	(5.27)%	(4.96)%
- 400 basis points	(5.23)%	(5.16)%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This item is not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has carried out an evaluation under the supervision and with participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even the effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2025, the Company's disclosure controls and procedures are effective in ensuring that material information relating to the Company required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the three months ended March 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

ITEM 1A. RISK FACTORS

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

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

In January 2025, the company sold 19,262 shares of its common stock for a cash total of approximately $616 thousand to its employee stock ownership plan. The Company relied upon exemptions from registration under SEC Rule 701 and Rule 147A.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

Item 6. Exhibits.

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

101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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

** Filed herewith.

SIGNATURES

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

	RIVER FINANCIAL CORPORATION
Date: May 6, 2025	By: /s/ James M. Stubbs James M. Stubbs *Chief Executive Officer* (principal executive officer)
Date: May 6, 2025	By: /s/ Jason B. Davis Jason B. Davis *Chief Financial Officer*

Exhibit 31.1

CERTIFICATION

I, James M. Stubbs, certify that:

1. I have reviewed this report on Form 10-Q of River Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this period report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RIVER FINANCIAL CORPORATION

May 6, 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-Q of River Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this period report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RIVER FINANCIAL CORPORATION

May 6, 2025

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

Exhibit 32

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

CERTIFICATES PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of River Financial Corporation, an Alabama corporation (the "Company"), on Form 10-Q for the period ending March 31, 2025, as filed with the Securities and Exchange Commission (the "Report"), each of James M. Stubbs, Chief Executive Officer of the Company, and Jason B. Davis, Chief Financial Officer of the Company, do hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

RIVER FINANCIAL CORPORATION

/s/ James M. Stubbs
James M. Stubbs
Chief Executive Officer
(principal executive officer)
Date: May 6, 2025

RIVER FINANCIAL CORPORATION

/s/ Jason B. Davis
Jason B. Davis
Chief Financial Officer
(principal financial officer and accounting officer)
Date: May 6, 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.