

REFINITIV

## DELTA REPORT

### 10-Q

MVBF - MVB FINANCIAL CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1241

■ CHANGES	378
■ DELETIONS	474
■ ADDITIONS	389

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**

or

TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-38314



**MVB Financial Corp.**

(Exact name of registrant as specified in its charter)

**West Virginia**

**20-0034461**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**301 Virginia Avenue, Fairmont, WV**

**26554**

(Address of principal executive offices)

(Zip Code)

**(304) 363-4800**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common stock, \$1.00 par value	MVBF	The Nasdaq Stock Market LLC

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 and posted 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 and post such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

As of **November 6, 2023** **May 6, 2024**, there were **12,736,623** **12,885,752** shares of our common stock outstanding with a par value of \$1.00 per share.

## TABLE OF CONTENTS

		Page
<b>PART I</b>	<b><u>FINANCIAL INFORMATION</u></b>	<b>5</b>
<b>Item 1</b>	<b><u>Financial Statements</u></b>	<b>5</b>
	<b><u>Consolidated Balance Sheets</u></b>	<b>5</b>
	<b><u>Consolidated Statements of Income</u></b>	<b>6</b>
	<b><u>Consolidated Statements of Comprehensive Income</u></b>	<b>8</b>
	<b><u>Consolidated Statements of Changes in Stockholders' Equity</u></b>	<b>9</b>
	<b><u>Consolidated Statements of Cash Flows</u></b>	<b>11 10</b>
	<b><u>Notes to the Consolidated Financial Statements</u></b>	<b>13 12</b>
<b>Item 2</b>	<b><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	<b>52 45</b>
<b>Item 3</b>	<b><u>Quantitative and Qualitative Disclosures About Market Risk</u></b>	<b>66 56</b>
<b>Item 4</b>	<b><u>Controls and Procedures</u></b>	<b>66 58</b>
<b>PART II</b>	<b><u>OTHER INFORMATION</u></b>	<b>67 59</b>
<b>Item 1</b>	<b><u>Legal Proceedings</u></b>	<b>67 59</b>
<b>Item 1A</b>	<b><u>Risk Factors</u></b>	<b>67 59</b>
<b>Item 2</b>	<b><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	<b>67 59</b>
<b>Item 3</b>	<b><u>Defaults Upon Senior Securities</u></b>	<b>67 59</b>
<b>Item 4</b>	<b><u>Mine Safety Disclosures</u></b>	<b>67 59</b>
<b>Item 5</b>	<b><u>Other Information</u></b>	<b>67 59</b>
<b>Item 6</b>	<b><u>Exhibits</u></b>	<b>67 59</b>
	<b><u>SIGNATURES</u></b>	<b>68 60</b>

### **Forward-Looking Statements:**

Statements in this Quarterly Report on Form 10-Q, other than statements that are based on historical data, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others, statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations and future financial condition, results of operations and performance of the Company and its subsidiaries (collectively, "we," "our," or "us"), including the MVB Bank, Inc. (the "Bank"), and statements preceded by, followed by or that include the words "may," "could," "should," "would," "will," "believe," "anticipate," "estimate," "target," "expect," "intend," "plan," "projects," "outlook" or the negative of those terms or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing our view as of any subsequent date. Forward-looking statements involve significant risks and uncertainties (both known and unknown) and actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in *Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations*. Factors that might cause such differences include, but are not limited to:

Interest rate fluctuations in response to economic conditions and the policies of various governmental and regulatory agencies;

Changes in the

changes in the

the

economy, which could materially impact credit quality trends and the ability to generate loans and gather deposits;

- | industry factors and general economic and political conditions and events, (such such as economic slowdowns or recessions, volatility of market interest rates and inflation) nationally and in the markets in which we operate;
- | changes in financial market conditions in areas in which we conduct operations, including, without limitation, changes in deposit flows, the cost of funds, reduced rates of business formation and growth, commercial and residential real estate development and real estate prices;
- | interest rate fluctuations in response to economic conditions and the policies of various governmental and regulatory agencies;
- | legislative or regulatory changes, including the possibility of increased oversight due to the evolving nature and complexity of our business model legislation and heightened regulatory scrutiny in emerging financial technology ("Fintech" ("Fintech") and banking-as-a-service sectors, and our ability to recruit and retain employees with industry expertise to comply with such legislation and regulatory scrutiny;
- | the impacts related to or resulting from recent turmoil in the banking industry, which could affect the ability of depository institutions, including us, to attract and retain depositors, which could adversely affect our liquidity, business, financial condition and results of operations. ("BaaS") sectors;
- | our ability to recruit, retain and train talented employees and executives with such knowledge, experience and industry expertise to understand and comply with evolving legislation and regulations and to successfully implement succession plans for such employees and executives;
- | ability to adapt to technological change and to successfully execute business plans, manage risks and achieve objectives, including strategies related to investments in Fintech;
- | market, economic, operational, liquidity, credit and interest rate risks associated with our business;
- | changes, volatility and disruption in local, national and international political and economic conditions, including, without limitation, major developments such as wars, climate change and natural disasters, epidemics and pandemics, and any governmental or societal responses thereto, military actions, terrorist attacks and geopolitical conflict, including the ongoing Ukraine conflict;
- | climate change, severe weather and Israel wars; natural disasters which could have a material adverse effect on our business, financial condition and results of operations;
- | unanticipated changes in our liquidity position, including, but not limited to, changes in access to sources of liquidity and capital to address our liquidity needs;
- | concentration risk changes in volume or composition of our deposit base, including risk of losing certain concentrations with large clients and concentration in within certain industries, such as gaming deposits; banking-as-a-service, digital assets and gaming;
- | the quality and composition of our loan and securities portfolios;
- | our ability to successfully conduct acquisitions and integrate acquired businesses and potential difficulties in expanding businesses in existing and new markets;
- | our ability to successfully manage credit risk and the sufficiency of allowance for credit losses;
- | increases in the levels of losses, customer bankruptcies, bank failures, claims and assessments;
- | changes in government legislation and accounting policies, including the Dodd-Frank Act and Economic Growth, Regulatory Relief and Consumer Protection Act ("EGRCPA");
- | uncertainty about the transition away from the London Inter-bank Offered Rate ("LIBOR") and to the Secured Overnight Financing Rate ("SOFR") as the primary interest rate benchmark;
- | competition and consolidation in the financial services industry;
- | new legal claims against us, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies or changes in existing legal matters;
- | risks associated with the termination of the merger agreement with Integrated Financial Holdings, Inc., success in gaining regulatory approvals, when required, including impact on the market price of our common stock, ability to retain customers, litigation, reputational and regulatory risks, as well as potential adverse reactions from customers, business partners and others resulting from the termination; for proposed mergers or acquisitions;
- | changes in consumer spending and savings habits, including demand for loan products and deposit flow;
- | increased competitive challenges and expanding product and pricing pressures among financial institutions and non-bank financial companies;

- risks related to our dependence on our information technology and telecommunications systems and the potential for any system failures or interruptions, as well as operational risks or risk management failures by us, our customers or critical third parties, including without limitation, with respect to data processing, information systems, compliance with bank secrecy and anti-money laundering laws, technological changes, vendor problems, business interruptions and fraud risk;
- increasing risk of continually evolving, sophisticated cybersecurity activities faced by financial institutions and others including third-party vendors and other entities that we rely on, that could result in, among other things, theft, loss, misuse or disclosure of confidential client, customer or corporate information or assets and a disruption of computer, software or network systems and the potential impact from such risks, including reputational damage, regulatory penalties, loss of revenues, additional costs (including repair, remediation and other costs), exposure to litigation and other financial losses;
- risks, uncertainties and losses involved with the developing digital assets industry, including the evolving regulatory framework and the potential impact of geopolitical events; framework;
- failure or circumvention of internal controls;
- legislative or regulatory changes which adversely affect our operations or business, including the possibility of increased regulatory oversight due to changes in the nature and complexity of our business model;
- increased emphasis by regulators on federal and state consumer protection laws that extensively govern customer relationships;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board ("FASB") or regulatory agencies, including the impact of adopting the current expected credit agencies;
- risks and potential losses standard; involved with uninsured deposits beyond Federal Deposit Insurance Corporation ("FDIC") limitations; and
- costs of deposit insurance and changes with respect to Federal Deposit Insurance Corporation ("FDIC") FDIC insurance coverage levels.

Further, we urge you to carefully review and consider the cautionary statements and disclosures, specifically those made in Part I, *Item 1A, Risk Factors*, of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Form 10-K"), filed with the Securities and Exchange Commission ("SEC") on March 16, 2023 March 13, 2024, and from time to time, in our other filings with the SEC. Actual results may differ materially from those expressed in or implied by any forward-looking statement. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Except to the extent required by law, we undertake no obligation to update any forward-looking statements in order to reflect any event or circumstance occurring after the date of this report or currently unknown facts or conditions or the occurrence of unanticipated events. All forward-looking statements are qualified in their entirety by this cautionary statement.

## REFERENCES

Unless the context otherwise requires, references in this report to "MVB Financial," "MVB," the "Company," "we," "us," "our," and "ours" refer to the registrant, MVB Financial Corp., and its subsidiaries consolidated for the purposes of its financial statements.

## PART I – FINANCIAL INFORMATION

### Item 1 – Financial Statements

#### MVB Financial Corp. and Subsidiaries

##### Consolidated Balance Sheets

(Dollars in thousands, except per share data)

		December			
		September 30, 2023	31, 2022		
		(Unaudited)	(Audited)		
ASSETS	ASSETS			March 31, 2024	December 31, 2023
Cash and cash equivalents:	Cash and cash equivalents:			(Unaudited)	(Audited)
Cash and cash equivalents:					
Cash and cash equivalents:					
Cash and due from banks					
Cash and due from banks					
Cash and due from banks	Cash and due from banks	\$ 8,108	\$ 5,290		
Interest-bearing balances with banks	Interest-bearing balances with banks	578,992	34,990		
Total cash and cash equivalents	Total cash and cash equivalents	587,100	40,280		

Investment securities available-for-sale			
Investment securities available-for-sale			
Investment securities available-for-sale	Investment securities available-for-sale	311,537	379,814
Equity securities	Equity securities	40,835	38,744
Loans held-for-sale	Loans held-for-sale	7,603	23,126
Loans receivable	Loans receivable	2,270,433	2,372,645
Allowance for credit losses	Allowance for credit losses	(24,276)	(23,837)
Loans receivable, net	Loans receivable, net	2,246,157	2,348,808
Premises and equipment, net	Premises and equipment, net	21,468	23,630
Bank-owned life insurance	Bank-owned life insurance	44,109	43,239
Equity method investments	Equity method investments	76,967	76,223
Accrued interest receivable and other assets	Accrued interest receivable and other assets	98,969	87,833
Assets from discontinued operations		—	4,315
Goodwill		2,838	2,838
TOTAL ASSETS			
TOTAL ASSETS			
TOTAL ASSETS	TOTAL ASSETS	\$ 3,437,583	\$ 3,068,850
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:	Deposits:		Deposits:
Noninterest-bearing	Noninterest-bearing	\$ 1,093,903	\$ 1,231,544
Interest-bearing	Interest-bearing	1,944,986	1,338,938
Total deposits	Total deposits	3,038,889	2,570,482
Accrued interest payable and other liabilities	Accrued interest payable and other liabilities	40,872	36,112
Repurchase agreements	Repurchase agreements	4,502	10,037
FHLB and other borrowings		—	102,333
Subordinated debt			
Subordinated debt			
Subordinated debt	Subordinated debt	73,478	73,286
Senior term loan	Senior term loan	8,473	9,765
Liabilities from discontinued operations		—	5,444
Total liabilities	Total liabilities	3,166,214	2,807,459

STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY		
<b>STOCKHOLDERS' EQUITY</b>			
<b>STOCKHOLDERS' EQUITY</b>			
Common stock - par value \$1; 40,000,000 and 20,000,000 shares authorized as of September 30, 2023 and December 31, 2022, respectively; 13,574,239 and 12,726,223 shares issued and outstanding, respectively, as of September 30, 2023 and 13,466,281 and 12,618,265 shares issued and outstanding, respectively, as of December 31, 2022	13,574	13,466	
Common stock - par value \$1; 40,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 13,688,899 and 12,840,883 shares issued and outstanding, respectively, as of March 31, 2024 and 13,606,399 and 12,758,383 shares issued and outstanding, respectively, as of December 31, 2023			
Common stock - par value \$1; 40,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 13,688,899 and 12,840,883 shares issued and outstanding, respectively, as of March 31, 2024 and 13,606,399 and 12,758,383 shares issued and outstanding, respectively, as of December 31, 2023			
Common stock - par value \$1; 40,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 13,688,899 and 12,840,883 shares issued and outstanding, respectively, as of March 31, 2024 and 13,606,399 and 12,758,383 shares issued and outstanding, respectively, as of December 31, 2023			
Additional paid-in capital	Additional paid-in capital	159,717	157,152
Retained earnings	Retained earnings	155,117	144,911
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(40,251)	(37,704)
Treasury stock - 848,016 shares as of September 30, 2023 and December 31, 2022, at cost		(16,741)	(16,741)
Treasury stock - 848,016 shares as of March 31, 2024 and December 31, 2023, at cost			
Total equity attributable to parent	Total equity attributable to parent	271,416	261,084
Noncontrolling interest	Noncontrolling interest	(47)	307
<b>Total stockholders' equity</b>	<b>Total stockholders' equity</b>	<b>271,369</b>	<b>261,391</b>

TOTAL	TOTAL		
LIABILITIES AND	LIABILITIES AND		
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY	\$ 3,437,583	\$ 3,068,850

See accompanying notes to unaudited consolidated financial statements.

### MVB Financial Corp. and Subsidiaries

#### Consolidated Statements of Income

(Unaudited) (Dollars in thousands, except per share data)

		Three Months Ended		Nine Months Ended		2024	2023			
		September 30,		September 30,						
		2023	2022	2023	2022					
Three Months Ended										
March 31,										
Three Months Ended										
March 31,										
Three Months Ended										
March 31,										
2024										
INTEREST	INTEREST									
INCOME	INCOME									
Interest and fees on loans										
Interest and fees on loans										
Interest and fees on loans	Interest and fees on loans	\$ 40,030	\$ 31,789	\$ 118,046	\$ 79,074					
Interest on deposits with banks	Interest on deposits with banks	6,404	114	15,099	654					
Interest on investment securities	Interest on investment securities	1,056	897	4,133	2,383					
Interest on tax-exempt loans and securities	Interest on tax-exempt loans and securities	835	1,103	2,841	3,144					
Total interest income	Total interest income	48,325	33,903	140,119	85,255					
INTEREST EXPENSE	INTEREST EXPENSE									
INTEREST EXPENSE										
Interest on deposits										
Interest on deposits										
Interest on deposits	Interest on deposits	17,460	2,974	44,063	4,291					
Interest on short-term borrowings	Interest on short-term borrowings	—	312	888	326					
Interest on subordinated debt	Interest on subordinated debt	809	771	2,409	2,284					
Interest on senior term loan	Interest on senior term loan	191	—	583	—					
Total interest expense	Total interest expense	18,460	4,057	47,943	6,901					

NET INTEREST	NET INTEREST				
INCOME	INCOME	29,865	29,846	92,176	78,354
Provision (release of allowance)					
for credit losses		(159)	5,120	182	11,500
Net interest income after					
provision (release of		30,024	24,726	91,994	66,854
allowance) for credit losses					
NET INTEREST INCOME					
NET INTEREST INCOME					
Provision for					
credit losses					
Net interest					
income after					
provision for					
credit losses					
NONINTEREST	NONINTEREST				
INCOME	INCOME				
NONINTEREST INCOME					
NONINTEREST INCOME					
Payment card and service					
charge income					
Payment card and service					
charge income					
Payment	Payment				
card and	card and				
service	service	2,852	3,313	9,965	9,970
charge	charge				
income	income				
Insurance	Insurance				
and	and				
investment	investment	81	195	251	667
services	services				
income	income				
Insurance and investment					
services income					
Insurance and investment					
services income					
Gain (loss)	Gain (loss)				
on sale of	on sale of				
available-for-	available-for-	—	—	(1,536)	650
sale	sale				
securities,	securities,				
net	net				
Gain (loss) on sale of equity					
securities, net		25	(156)	(269)	(56)
Gain (loss) on sale of loans,					
net		330	1,298	(1,015)	3,786
Holding gain (loss) on equity					
securities		219	(61)	71	(146)
Loss on derivatives, net					
Loss on derivatives, net					
Loss on derivatives, net					
Loss on sale					
of loans, net					

Holding loss on equity securities					
Compliance and consulting income	Compliance and consulting income	1,314	966	3,326	3,380
Equity method investments income (loss)		(750)	(1,021)	(70)	666
Loss on divestiture activity		—	—	(986)	—
Equity method investments gain		—	—	—	1,874
Equity method investments loss					
Other operating income					
Other operating income					
Other operating income	Other operating income	1,720	933	5,540	3,339
Total noninterest income	Total noninterest income	5,791	5,467	15,277	24,130
NONINTEREST EXPENSES	NONINTEREST EXPENSES				
NONINTEREST EXPENSES					
NONINTEREST EXPENSES					
Salaries and employee benefits					
Salaries and employee benefits					
Salaries and employee benefits	Salaries and employee benefits	16,016	15,905	48,508	48,217
Occupancy expense	Occupancy expense	921	1,130	2,803	3,009
Equipment depreciation and maintenance	Equipment depreciation and maintenance	1,439	1,502	4,347	3,966
Data processing and communications	Data processing and communications	1,257	1,039	3,523	3,110
Professional fees	Professional fees	5,682	3,911	12,581	11,654
Professional fees					
Professional fees					
Insurance, tax and assessment expense	Insurance, tax and assessment expense	1,397	622	3,432	1,772
Travel, entertainment, dues and subscriptions	Travel, entertainment, dues and subscriptions	1,362	1,708	5,421	5,421
Other operating expenses	Other operating expenses	2,651	2,359	8,709	6,256

Total noninterest expense	Total noninterest expense	30,725	28,176	89,324	83,405
Income from continuing operations before income taxes		5,090	2,017	17,947	7,579
Income from continuing operations, before income taxes					
Income taxes	Income taxes	1,218	184	3,639	1,563
Net income from continuing operations					
Income from discontinued operations, before income taxes					
Income taxes from discontinued operations					
Net income from discontinued operations	Net income from discontinued operations	—	—	722	8,782
Net income		3,872		2,555	23,090
Net income from discontinued operations					
Net income from discontinued operations					
Net income, before noncontrolling interest					
Net (income) loss attributable to noncontrolling interest	Net (income) loss attributable to noncontrolling interest	(5)		163	231
Net income attributable to parent	Net income attributable to parent	\$ 3,867	\$ 2,718	\$ 23,321	\$ 8,538
Net income attributable to parent					
Net income attributable to parent					
Earnings per share from continuing operations - basic					
Earnings per share from continuing operations - basic					
Earnings per share from continuing operations - basic	Earnings per share from continuing operations - basic	\$ 0.30	\$ 0.16	\$ 1.15	\$ 0.54
Earnings per share from discontinued operations - basic	Earnings per share from discontinued operations - basic	\$ —	\$ 0.06	\$ 0.69	\$ 0.16

Net income from continuing operations		3,872		1,833		14,308		6,016
Income from discontinued operations before income taxes		—		935		11,831		2,599
Income taxes from discontinued operations		—		213		3,049		598
Net income from discontinued operations	Net income from discontinued operations	—		722		8,782		2,001
Net income		3,872		2,555		23,090		8,017
Net income from discontinued operations								
Net income from discontinued operations								
Net income, before noncontrolling interest								
Net (income) loss attributable to noncontrolling interest	Net (income) loss attributable to noncontrolling interest	(5)		163		231		521
Net income attributable to parent	Net income attributable to parent	\$ 3,867	\$ 2,718	\$ 23,321	\$ 8,538			
Net income attributable to parent								
Net income attributable to parent								
Earnings per share from continuing operations - basic								
Earnings per share from continuing operations - basic								
Earnings per share from continuing operations - basic	Earnings per share from continuing operations - basic	\$ 0.30	\$ 0.16	\$ 1.15	\$ 0.54			
Earnings per share from discontinued operations - basic	Earnings per share from discontinued operations - basic	\$ —	\$ 0.06	\$ 0.69	\$ 0.16			

Earnings per common shareholder - basic	Earnings per common shareholder - basic	\$ 0.30	\$ 0.22	\$ 1.84	\$ 0.70
Earnings per share from continuing operations - diluted	Earnings per share from continuing operations - diluted	\$ 0.29	\$ 0.16	\$ 1.12	\$ 0.51
Earnings per share from discontinued operations - diluted	Earnings per share from discontinued operations - diluted	\$ —	\$ 0.05	\$ 0.67	\$ 0.15
Earnings per common shareholder - diluted	Earnings per common shareholder - diluted	\$ 0.29	\$ 0.21	\$ 1.79	\$ 0.66
Weighted-average shares outstanding - basic	Weighted-average shares outstanding - basic	12,722,010	12,238,505	12,678,708	12,170,028
Weighted-average shares outstanding - diluted	Weighted-average shares outstanding - diluted	13,116,629	12,854,951	13,012,834	12,852,574

See accompanying notes to unaudited consolidated financial statements.

#### MVB Financial Corp. and Subsidiaries

#### Consolidated Statements of Comprehensive Income

(Unaudited) (Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income before noncontrolling interest	\$ 3,872	\$ 2,555	\$ 23,090	\$ 8,017
Other comprehensive loss:				
Unrealized holding losses on securities available-for-sale	(7,748)	(14,437)	(5,131)	(48,587)
Reclassification adjustment for gain (loss) recognized in income	—	—	1,536	(650)
Change in defined benefit pension plan	100	156	443	845
Reclassification adjustment for amortization of net actuarial loss recognized in income	29	107	87	321
Reclassification adjustment for carrying value adjustment - investment hedge recognized in income	—	56	(289)	(141)
Other comprehensive loss, before tax	(7,619)	(14,118)	(3,354)	(48,212)
Income taxes related to items of other comprehensive loss:				
Unrealized holding losses on securities available-for-sale	1,863	3,641	1,234	11,939
Reclassification adjustment for gain (loss) recognized in income	—	—	(369)	152
Change in defined benefit pension plan	(24)	(39)	(106)	(206)
Reclassification adjustment for amortization of net actuarial loss recognized in income	(7)	(27)	(21)	(79)
Reclassification adjustment for carrying value adjustment - investment hedge recognized in income	—	(14)	69	35
Income taxes related to items of other comprehensive loss:	1,832	3,561	807	11,841
Total other comprehensive loss, net of tax	(5,787)	(10,557)	(2,547)	(36,371)
Comprehensive (income) loss attributable to noncontrolling interest	(5)	163	231	521
Comprehensive income (loss)	\$ (1,920)	\$ (7,839)	\$ 20,774	\$ (27,833)

	Three Months Ended March 31,	
	2024	2023
Net income, before noncontrolling interest	\$ 4,502	\$ 11,220

Other comprehensive income (loss):			
Unrealized holding gains (losses) on securities available-for-sale		(2,576)	7,704
Reclassification adjustment for (gain) loss recognized in income		(658)	1,536
Change in defined benefit pension plan		601	(28)
Reclassification adjustment for amortization of net actuarial loss recognized in income		43	29
Reclassification adjustment for investment hedge carrying value adjustment recognized in income		—	(334)
Other comprehensive income (loss), before tax		(2,590)	8,907
Income taxes related to items of other comprehensive loss:			
Unrealized holding gains (losses) on securities available-for-sale		619	(1,852)
Reclassification adjustment for (gain) loss recognized in income		158	(369)
Change in defined benefit pension plan		(145)	7
Reclassification adjustment for amortization of net actuarial loss recognized in income		(10)	(7)
Reclassification adjustment for investment hedge carrying value adjustment recognized in income		—	80
Income taxes related to items of other comprehensive loss:		622	(2,141)
Total other comprehensive income (loss), net of tax		(1,968)	6,766
Comprehensive (income) loss attributable to noncontrolling interest		(20)	122
Comprehensive income	\$ 2,514	\$ 18,108	

See accompanying notes to unaudited consolidated financial statements.

**MVB Financial Corp. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**  
(Uaudited) (Dollars in thousands except per share data)

	Common stock										Total stockholders' equity Noncontrolling interest attributable to parent			
	Common stock													
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	stockholders' equity	Noncontrolling interest							
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Balance at December 31, 2023	13,466,281	\$13,466	\$157,152	\$144,911	\$ (37,704)	848,016	\$ (16,741)	\$ 261,084	\$ 307	\$ 261,391				
Net income (loss)	—	—	—	11,342	—	—	—	11,342	(122)	11,220				
Other comprehensive income	—	—	—	—	6,766	—	—	6,766	—	6,766				
Dividends on common stock (\$0.17 per share)	—	—	—	(2,146)	—	—	—	(2,146)	—	(2,146)				
Impact of adopting ASC 326, net of tax	—	—	—	(6,642)	—	—	—	(6,642)	—	(6,642)				
Stock-based compensation	—	—	831	—	—	—	—	831	—	831				
Stock-based compensation related to equity method investments	—	—	69	—	—	—	—	69	—	69				

Common stock options exercised	4,450	4	66	—	—	—	—	70	—	70
Restricted stock units vested	43,882	44	(44)	—	—	—	—	—	—	—
Minimum tax withholding on restricted stock units issued	(13,416)	(13)	(230)	—	—	—	—	(243)	—	(243)
Balance at March 31, 2023	13,501,197	\$13,501	\$157,844	\$147,465	\$ (30,938)	848,016	\$(16,741)	\$ 271,131	\$ 185	\$ 271,316
Net income (loss)	—	—	—	8,112	—	—	—	8,112	(114)	7,998
Net income										
Net income										
Net income										
Other comprehensive loss	Other comprehensive loss	—	—	—	(3,526)	—	—	(3,526)	—	(3,526)
Dividends on common stock (\$0.17 per share)	Dividends on common stock (\$0.17 per share)	—	—	—	(2,163)	—	—	(2,163)	—	(2,163)
Stock-based compensation	Stock-based compensation	—	—	792	—	—	—	792	—	792
Stock-based compensation related to equity method investments	Stock-based compensation related to equity method investments	—	—	104	—	—	—	104	—	104
Common stock options exercised	Common stock options exercised	3,000	3	40	—	—	—	43	—	43
Restricted stock units vested	86,520	87	(87)	—	—	—	—	—	—	—
Minimum tax withholding on restricted stock units issued	(22,878)	(23)	(415)	—	—	—	—	(438)	—	(438)
Redemption of noncontrolling interest	—	—	294	—	—	—	—	294	(123)	171
Balance at June 30, 2023	13,567,839	\$13,568	\$158,572	\$153,414	\$ (34,464)	848,016	\$(16,741)	\$ 274,349	\$ (52)	\$ 274,297
Balance at March 31, 2024										
Balance at March 31, 2024										
Balance at March 31, 2024										
Net income	—	—	—	3,867	—	—	—	3,867	5	3,872
Other comprehensive loss	—	—	—	—	(5,787)	—	—	(5,787)	—	(5,787)
Dividends on common stock (\$0.17 per share)	—	—	—	(2,164)	—	—	—	(2,164)	—	(2,164)
Stock-based compensation	—	—	949	—	—	—	—	949	—	949
Stock-based compensation related to equity method investment	—	—	104	—	—	—	—	104	—	104
Common stock options exercised	6,400	6	92	—	—	—	—	98	—	98
Balance at September 31, 2023	13,574,239	\$13,574	\$159,717	\$155,117	\$ (40,251)	848,016	\$(16,741)	\$ 271,416	\$ (47)	\$ 271,369

	Total										
	Common stock		Additional paid-in capital	Accumulated		Treasury stock		stockholders' equity		Noncontrolling interest	Total stockholders' equity
	Shares	Amount		Retained earnings	other comprehensive	Shares	Amount	attributable to parent			
Balance at December 31, 2021	12,934,966	\$ 12,935	\$143,521	\$138,219	\$ (3,606)	848,016	\$ (16,741)	\$ 274,328	\$ 975	\$ 275,303	
Net income (loss)	—	—	—	2,864	—	—	—	2,864	(193)	2,671	
Other comprehensive loss	—	—	—	—	(13,556)	—	—	(13,556)	—	(13,556)	

Dividends on common stock (\$0.17 per share)	—	—	—	(2,059)	—	—	—	(2,059)	—	(2,059)					
Stock-based compensation	—	—	674	—	—	—	—	674	—	674					
Stock-based compensation related to equity method investments	—	—	104	—	—	—	—	104	—	104					
Common stock options exercised	56,174	56	669	—	—	—	—	725	—	725					
	<b>Common stock</b>			<b>Additional paid-in capital</b>			<b>Retained earnings</b>	<b>Accumulated other comprehensive income (loss)</b>	<b>Treasury stock</b>						
	Balance at March 31, 2022			\$12,991,140				\$12,991							
Net income (loss)	Net income (loss)	—	—	—	2,956	—	—	—	2,956	(165)	2,791				
Other comprehensive loss	—	—	—	—	—	(12,258)	—	—	(12,258)	—	(12,258)				
Net income (loss)															
Net income (loss)															
Other comprehensive income															
Dividends on common stock (\$0.17 per share)	Dividends on common stock (\$0.17 per share)	—	—	—	(2,076)	—	—	—	(2,076)	—	(2,076)				
Impact of adopting ASC 326, net of tax															
Stock-based compensation	Stock-based compensation	—	—	757	—	—	—	—	757	—	757				
Stock-based compensation related to equity method investments	Stock-based compensation related to equity method investments	—	—	173	—	—	—	—	173	—	173				
Common stock options exercised	Common stock options exercised	30,200	30	362	—	—	—	—	392	—	392				
Restricted stock units vested	73,300	73	(73)	—	—	—	—	—	—	—	—				
Restricted stock units issued															
Minimum tax withholding on restricted stock units issued	Minimum tax withholding on restricted stock units issued	(17,596)	(17)	(674)	—	—	—	—	(691)	—	(691)				
Stock purchase from noncontrolling interest	—	—	(33)	—	—	—	—	(33)	(7)	(40)					
Balance at March 31, 2023															
Balance at March 31, 2023															
Balance at March 31, 2023															
Balance at June 30, 2022	13,077,044	\$ 13,077	\$ 145,480	\$ 139,904	\$ (29,420)	848,016	\$ (16,741)	\$ 252,300	\$ 610	\$ 252,910					

Net income (loss)	—	—	—	2,718	—	—	—	2,718	(163)	2,555
Other comprehensive loss	—	—	—	—	(10,557)	—	—	(10,557)	—	(10,557)
Dividends on common stock (\$0.17 per share)	—	—	—	(2,076)	—	—	—	(2,076)	—	(2,076)
Stock-based compensation	—	—	671	—	—	—	—	671	—	671
Common stock options exercised	55,853	56	662	—	—	—	—	718	—	718
Restricted stock units vested	2,054	2	(2)	—	—	—	—	—	—	—
Stock-based compensation related to equity method investment	—	—	139	—	—	—	—	139	—	139
Balance at September 31, 2022	13,134,951	\$ 13,135	\$ 146,950	\$ 140,546	\$ (39,977)	848,016	\$ (16,741)	\$ 243,913	\$ 447	\$ 244,360

See accompanying notes to unaudited consolidated financial statements.

**MVB Financial Corp. and Subsidiaries**  
***Consolidated Statements of Cash Flows***  
(Unaudited) (Dollars in thousands)

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>				
Net income, before noncontrolling interest				
Net income, before noncontrolling interest				
Net income, before noncontrolling interest				
Adjustments to reconcile net income, before noncontrolling interest, to net cash from operating activities:				
	Nine Months Ended September 30,			
Net amortization and accretion of investments				
	2023	2022		
<b>OPERATING ACTIVITIES</b>				
Net income before noncontrolling interest	\$ 23,090	\$ 8,017		
Adjustments to reconcile net income to net cash from operating activities:				
Net amortization and accretion of investments				
Net amortization and accretion of investments	1,521	2,020		
Net amortization of deferred loan costs	Net amortization of deferred loan costs	1,133	1,877	
Provision for credit losses	Provision for credit losses	182	11,500	
Depreciation and amortization	Depreciation and amortization	3,894	3,241	

Stock-based compensation	Stock-based compensation	2,572	2,102
Stock-based compensation related to equity method investments	Stock-based compensation related to equity method investments	277	416
Loans originated for sale	Loans originated for sale	(402)	(69,907)
Proceeds of loans held-for-sale sold	Proceeds of loans held-for-sale sold	23,562	58,933
<b>Holding (gain) loss on equity securities</b>		<b>(71)</b>	<b>146</b>
<b>Holding loss on equity securities</b>			
(Gain) loss on sale of available-for-sale securities, net	(Gain) loss on sale of available-for-sale securities, net	1,536	(650)
Loss on sale of equity securities, net		269	56
(Gain) loss on sale of available-for-sale securities, net			
(Gain) loss on sale of available-for-sale securities, net			
Gain on sale of loans held-for-sale	Gain on sale of loans held-for-sale	(256)	(3,786)
Loss on sale of loans held for investment		1,271	—
Gain on sale of loans held-for-sale			
Gain on sale of loans held-for-sale			
Loss on sale of loans held-for-investment			
Gain on sale of discontinued operations	Gain on sale of discontinued operations	(11,800)	—
Loss on divestiture activity		986	—
Gain on sale of other real estate owned			
Gain on sale of other real estate owned			
Gain on sale of other real estate owned	Gain on sale of other real estate owned	(176)	(38)
Income on bank-owned life insurance	Income on bank-owned life insurance	(870)	(735)
Deferred income taxes	Deferred income taxes	65	16
Equity method investments (income) loss		70	(666)
Equity method investments gain		—	(1,874)
Return on equity method investments		(846)	4,682
Equity method investments loss			
Other assets			
Other assets			
Other assets	Other assets	(11,495)	401
Other liabilities	Other liabilities	4,963	(11,970)
Net cash from operating activities	Net cash from operating activities	39,475	3,781

INVESTING ACTIVITIES			
Purchases of available-for-sale investment securities	Purchases of available-for-sale investment securities	(70,413)	(77,464)
Purchases of available-for-sale investment securities			
Purchases of available-for-sale investment securities			
Net maturities/paydowns of available-for-sale investment securities	Net maturities/paydowns of available-for-sale investment securities	75,098	18,751
Sales of available-for-sale investment securities	Sales of available-for-sale investment securities	54,531	60,635
Purchases of premises and equipment	Purchases of premises and equipment	(1,441)	(2,730)
Disposals of premises and equipment	Disposals of premises and equipment	425	—
Net change in loans			
Proceeds of loans held-for-investment sold			
Net change in loans		87,505	(611,972)
Proceeds of loans held for investment sold		12,556	—
Purchases of restricted bank stock		—	(38,779)
Redemptions of restricted bank stock		—	31,924
Proceeds from maturities of certificates of deposit with banks		—	2,719
Proceeds from sale of other real estate owned	Proceeds from sale of other real estate owned	464	1,256
Proceeds from sale of other real estate owned			
Proceeds from sale of other real estate owned			
Investment in equity method investments			
Investment in equity method investments			
Investment in equity method investments			
Purchase of equity securities	Purchase of equity securities	(169)	(2,972)
Proceeds from sale of equity securities		566	1,261
Net cash transferred for sale of discontinued operations	Net cash transferred for sale of discontinued operations	(3,935)	—

Net cash transferred in divestiture activity	(8)	—
Net cash transferred for sale of discontinued operations		
Net cash transferred for sale of discontinued operations		
Net cash from investing activities		
Net cash from investing activities		
Net cash from investing activities	Net cash from investing activities	155,179 (617,371)
FINANCING ACTIVITIES	FINANCING ACTIVITIES	
Net increase in deposits		468,407 319,353
Net change in deposits		
Net change in deposits		
Net change in deposits		
Net change in repurchase agreements	Net change in repurchase agreements	(5,535) (1,475)
Net change in FHLB and other borrowings	Net change in FHLB and other borrowings	(102,333) 73,328
Principal payments on senior term loan	Principal payments on senior term loan	(1,331) —
Principal payments on senior term loan	Principal payments on senior term loan	
Common stock options exercised	Common stock options exercised	211 1,835
Common stock options exercised	Common stock options exercised	
Withholding cash issued in lieu of restricted stock	Withholding cash issued in lieu of restricted stock	(680) (691)
Withholding cash issued in lieu of restricted stock	Withholding cash issued in lieu of restricted stock	
Cash dividends paid on common stock	Cash dividends paid on common stock	(6,473) (6,211)

Redemption of noncontrolling interest	(100)	—
Stock purchase from noncontrolling interest	—	(40)
Net cash from financing activities	Net cash from financing activities	352,166
Net change in cash and cash equivalents	Net change in cash and cash equivalents	546,820
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	40,280
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 587,100
<b>Cash payments for:</b>	<b>Cash payments for:</b>	
<b>Cash payments for:</b>	<b>Cash payments for:</b>	

<b>Cash payments for:</b>					
Interest on deposits, repurchase agreements and borrowings					
Interest on deposits, repurchase agreements and borrowings					
Interest on deposits, repurchase agreements and borrowings	Interest on deposits, repurchase agreements and borrowings	\$	48,378	\$	6,299
Income taxes	Income taxes		12,211		418
<b>Supplemental disclosure of cash flow information:</b>					
Loans transferred to other real estate owned					
<b>Supplemental disclosure of cash flow information:</b>					
Change in unrealized holding losses on securities available-for-sale	Change in unrealized holding losses on securities available-for-sale		(3,594)		51,242
Restricted stock units vested			131		75
Change in unrealized holding losses on securities available-for-sale					
Employee stock-based compensation tax withholding obligations					
Employee stock-based compensation tax withholding obligations					
Employee stock-based compensation tax withholding obligations	Employee stock-based compensation tax withholding obligations		(36)		(17)
Impact of adopting ASC 326, net of tax	Impact of adopting ASC 326, net of tax		6,642		—
Creation of servicing assets from loan sales			406		—
Loans transferred to loans held-for-sale			8,487		268
Loans transferred to (out of) loans held-for-sale					
Loans transferred to (out of) loans held-for-sale					
Loans transferred to (out of) loans held-for-sale					
Due from broker for available-for-sale investment securities sold					

See accompanying notes to unaudited consolidated financial statements.

## **Notes to the Consolidated Financial Statements**

### **Note 1 – Nature of Operations and Basis of Presentation**

#### **Business and Organization**

MVB Financial Corp. is a financial holding company organized in 2003 as a West Virginia corporation that operates principally through its wholly-owned subsidiary, MVB Bank, Inc. (the "Bank"). The Bank's consolidated subsidiaries include MVB Edge Ventures, LLC ("Edge Ventures"), Paladin Fraud, LLC ("Paladin Fraud") and MVB Insurance, LLC, ("MVB Insurance"). The Bank owns a controlling interest in Trabian Technology, Inc. ("Trabian"). Edge Ventures wholly-owns Victor Technologies, Inc. ("Victor") and MVB Technology, LLC ("MVB Technology"). The Bank also owns an equity method investment in Intercoastal Mortgage Company, LLC ("ICM") and MVB Financial Corp. owns equity method investments in Warp Speed Holdings, LLC ("Warp Speed") and Ayers Socure II, LLC ("Ayers Socure II"). **MVB Financial Corp.'s consolidated subsidiaries also includes SPE PR, LLC.**

Through our professional services entities, which include Paladin Fraud and Trabian, we provide consulting solutions to assist Fintech and corporate clients in building digital products and meeting their fraud defense needs.

In February 2023, we completed the sale of the Bank's wholly-owned subsidiary, ProCo Global, Inc. ("Chartwell," which does business under the registered trade name Chartwell Compliance). In May 2023, we entered into an agreement with Flexia, to facilitate the divestiture of our interests in the ongoing business of Flexia. Refer to *Note 15 – Acquisition & Divestiture Activity*.

We conduct a wide range of business activities through the Bank, primarily commercial and retail ("CoRe") banking services, as well as Fintech banking.

#### *CoRe Banking*

We offer our customers a full range of products and services including:

- Various demand deposit accounts, savings accounts, money market accounts and certificates of deposit;
- Commercial, consumer and real estate mortgage loans and lines of credit;
- Debit cards;
- Cashier's checks; and
- Safe deposit rental facilities; and facilities.

#### *Fintech Banking*

We provide innovative strategies to independent banking and corporate clients throughout the United States. Our dedicated Fintech team specializes in providing banking services to corporate Fintech clients, with a primary focus primarily focusing on operational risk management and compliance. Managing banking relationships with clients in the payments, digital savings, digital assets, crowd funding, lottery banking-as-a-service and gaming industries is complex, from both an operational and regulatory perspective. We believe that the Due to this complexity, there are a limited number of banking institutions serving these industries, causes them to be underserved with which can result in a lack of quality banking services and provides focus on these entities, providing us with a significantly an expanded pool of potential customers. When serviced in a safe and efficient manner, we believe these industries provide a source of stable, lower cost deposits and noninterest, fee-based income. We thoroughly analyze each industry in which our customers operate, as well as any new products or services provided, from both an operational and regulatory perspective.

#### ***Principles of Consolidation and Basis of Presentation***

The financial statements are consolidated to include the accounts of MVB and its subsidiaries, including the Bank and the Bank's subsidiaries. In our opinion, the accompanying consolidated financial statements contain all normal recurring adjustments necessary for a fair presentation of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and with instructions for Form 10-Q and Article 10 of Regulation S-X of the SEC. All significant intercompany accounts and transactions have been eliminated in consolidated financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted. The consolidated balance sheet as of December 31, 2022 December 31, 2023 has been derived from audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022" 2023 Form 10-K"). The information presented in this Quarterly Report on Form 10-Q should be read in conjunction with our audited consolidated financial statements and notes thereto included in the 2022 2023 Form 10-K. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024.

Wholly-owned investments or investments in which we have a controlling financial interest, whether majority owned or in certain circumstances a minority interest, are required to be consolidated into our financial statements. We evaluate investments in entities on an ongoing basis to determine the need to consolidate.

The Bank owns an 80.8% interest in Trabian, which grants us a controlling interest. Accordingly, we are required to consolidate 100% of Trabian within the consolidated financial statements. The remaining interests of Trabian are accounted for separately as noncontrolling interest interests within our consolidated financial statements. Noncontrolling interest represents the portion of ownership and profit or loss that is attributable to the minority owners of these entities.

Unconsolidated investments where we have the ability to exercise significant influence over the operating and financial policies of the respective investee are accounted for using the equity method of accounting. Those investments that are not consolidated or accounted for using the equity method of accounting are accounted for under cost or fair value accounting. For investments accounted for under the equity method, we record our investment in non-consolidated affiliates and the portion of income or loss in equity in earnings of non-consolidated affiliates. We periodically evaluate these investments for impairment. As of September 30, 2023 March 31, 2024, we held three equity method investments. See *Note 5 – Equity Method Investments* for further information.

Preparation of our consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based upon the best available information and actual results could differ from those estimates. An estimate that is particularly significant to the consolidated financial statements relates to the determination of the allowance for credit losses ("ACL") and the allowance for loan losses ("ALL") for current and previous periods, respectively.

In certain instances, amounts reported in prior periods' consolidated financial statements have been reclassified to conform to the current presentation.

We have evaluated subsequent events for potential recognition and/or disclosure through the date these consolidated financial statements were issued.

#### ***Recent Recently Issued Accounting Pronouncements***

In March 2020, the FASB Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments provide optional expedients and exceptions for certain contracts, hedging

relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of rate reform. In December 2022, the FASB issued ASC 2022-06, *Deferral of the Sunset Date of Topic 848*, which extends the sunset date of *Topic 848* from December 31, 2022, to December 31, 2024. The guidance permits entities to not apply modification accounting or remeasure lease payments in lease contracts if the changes to the contract are related to the discontinuation of the reference rate. If certain criteria are met, the amendments also allow exceptions to the de-designation criteria of the hedging relationship and the assessment of hedge effectiveness during the transition period. In January 2021, ASU 2021-01 was issued by the FASB and clarifies that certain exceptions in reference rate reform apply to derivatives that are affected by the discounting transition. As of **September 30, 2023** **March 31, 2024**, all loans and other relevant financial instruments that referenced LIBOR have been transitioned to the SOFR.

In June 2022, November 2023, the FASB issued ASU 2022-03, 2023-07, *Fair Value Measurement Segment Reporting (Topic 820) 280: Fair Value Measurement of Equity Securities Subject Improvements to Contractual Sale Restrictions Reportable Segments Disclosures*. The amendments are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments clarify that circumstances in which an entity can disclose multiple segment measures of profit or loss and provide new segment disclosure requirements for entities with a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. single reportable segment. The amendments also clarify that an entity cannot recognize and measure a contractual sale restriction as a separate unit of account and require additional disclosures related to equity securities with contractual sale restrictions. The amendment is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 14, 2024. We do not currently expect evaluating the impact these amendments to changes may have a material impact on our consolidated financial statements.

In March December 2023, the FASB issued ASU 2023-02, 2023-09, *Investments - Equity Method and Joint Ventures Income Taxes (Topic 323) 740: Accounting for Investments in Improvements to Income Tax Credit Structure Using the Proportional Amortization Method Disclosures*. The amendments allow registrants require disaggregated information about a reporting entity's effect tax rate reconciliation as well as information on income taxes paid. Public business entities will be required to disclose additional information in specified categories with respect to the option reconciliation of the effective tax rate to apply the proportional amortization method statutory rate for federal, state, and foreign income taxes. The amendments also require greater detail about individual reconciling items in the rate reconciliation to account for all types the extent that the impact of investments in tax credit structures if certain conditions are met. Prior to these amendments, the option to use the proportional amortization method was limited to only investments in low-income-housing tax credit structures. Under the proportional amortization method, entities amortize the initial cost of the those items

investment in proportion to the income tax credits and other income tax benefits received and recognize the net amortization and income tax credits and other benefits in the income statement as exceeds a component of income tax expense or benefit. specified threshold. The amendment is amendments are effective for fiscal years beginning after December 15, 2023 December 15, 2024. We are currently evaluating the impact these changes may have on our consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. The amendments clarify how an entity determines whether a profits interest or similar award is within the scope of *Compensation - Stock Compensation (Topic 718)* or not a share-based payment arrangements, and therefore within the scope of other guidance. The amendments are effective for fiscal years beginning after December 15, 2024. We do not currently expect these amendments to have a material impact on our consolidated financial statements.

#### **Adoption of New Recently Adopted Accounting Pronouncement Pronouncements**

In January 2023, we adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequent amendments to the initial guidance: ASU 2018-19, guidance, which collectively comprise *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, Topic 815, *Derivatives and Hedging*, and Topic 825, *Financial Instruments*, ASU 2019-05, *Financial Instruments – Credit Losses*, Topic 326, ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326)*, *Derivatives and Hedging (Topic 815)*, and *Leases (Topic 842)*: *Effective Dates*, ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses* and ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* all of which clarify codification and correct unintended application of the guidance. Collectively, upon adoption, these updates comprise Accounting Standards Codification Topic 326 Financial Instruments - Credit Losses ("ASC 326"). The new guidance replaces ASC 326 replaced the incurred loss impairment methodology in current U.S. GAAP with an expected credit loss methodology and requires required consideration of a broader range of information to determine credit loss estimates. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses, ACL. Purchased credit deteriorated ("PCD") loans will receive received an allowance account at the acquisition date that represents a component of the purchase price allocation. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses, ACL, with such allowance limited to the amount by which fair value is below amortized cost. We formed a cross-functional implementation team. This cross-functional team has completed testing the model and has executed the implementation plan, which included assessment and documentation of processes, internal controls and data sources; model testing and documentation; and system configuration, among other things. We completed the process of implementing a third-party vendor solution to assist us in the application of this standard. Adoption of this pronouncement resulted in an increase in the ACL as a result of changing from an "incurred loss" model, which encompasses allowances for current known and inherent losses within the portfolio, to an "expected loss" model, which encompasses allowances for losses expected to be incurred over the life of the portfolio.

On January 1, 2023, we adopted ASU 2016-13 ASC 326 using the modified retrospective method for loans, leases and off-balance sheet credit exposures. Adoption of this guidance resulted in a \$10.0 million increase in the ACL, comprised of increases in the ACL for loans of \$8.9 million and the ACL for unfunded commitments of \$1.1 million, with \$1.2 million of the increase reclassified from the amortized cost basis of PCD financial assets. This increase was offset by \$2.1 million related to tax effect, resulting in a cumulative adjustment to retained earnings of \$6.6 million. Results for reporting periods beginning after January 1, 2023 are presented under ASU 2016-13 while prior period amounts continue For additional information on the new standard, see Note 1 - *Summary of Significant Accounting Policies* to be reported the consolidated financial statements included in accordance with the incurred loss model.

The ACL for the majority Item 8, *Financial Statements and Supplementary Data*, of the Bank's loans and leases was calculated using a discounted cash flow methodology applied at a loan level with a one-year reasonable and supportable forecast period and a one-year straight-line reversion period. The Bank's current ACL fluctuates over time due to macroeconomic conditions and forecasts as well as the size and composition of the loan portfolios.

We adopted ASC 326 using the prospective transition approach for PCD assets that were previously classified as purchased credit impaired ("PCI"). In accordance with the pronouncement, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. As mentioned above, the amortized cost basis of the PCD assets was adjusted to reflect the addition of \$1.2 million to the ACL. The remaining noncredit discount (based on the adjusted amortized cost basis) is being accreted into interest income at a rate that approximates the effective interest rate beginning on January 1, 2023. With regard to PCD assets, because we elected to disaggregate the former PCI pools and no longer considers these pools to be the unit of account, contractually delinquent PCD loans are now being reported as nonaccrual loans using the same criteria as other loans.

In addition to the aforementioned elections, we made the following elections at adoption:

- I to not measure an ACL for accrued interest receivable and instead elected to reverse interest income on those loans that are 90 days past due;
- I to exclude accrued interest receivable from the amortized cost basis of financial instruments subject to ASC 326 and to separately state the balance of accrued interest receivable and other assets on the consolidated balance sheet;
- I as a practical expedient, elected to use the fair value of collateral when determining the ACL for loans if repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty (collateral-dependent loans); and
- I to update our troubled debt restructuring ("TDR") disclosures in accordance with ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures*, which eliminated the accounting guidance for TDRs for creditors.

In June 2023 we adopted ASU 2022-01, *Fair Value Hedging – Portfolio Layer Method*, upon entering into an interest rate swap to hedge the fair value of fixed rate mortgages included in a closed portfolio for changes in the SOFR benchmark interest rate component of the mortgages. This ASU amends the guidance in ASU 2017-12 and expands what it now calls the portfolio layer method (previously the last-of-layer method) to allow entities to hedge multiple layers of a closed portfolio of assets. It also allows for the use of an amortizing notional swap when entering into a portfolio layer method hedge. Thus, an interest rate swap is considered a hedge of a single layer of the closed portfolio of fixed rate loans. We applied this ASU to the derivatives we entered into during 2023 as further described in *Note 11 - Derivatives*. There were no instruments on the balance sheet that were subject to this ASU prior to 2023. Form 10-K.

## Note 2 – Investment Securities

The following tables present amortized cost and fair values of investment securities available-for-sale as of the periods shown:

		September 30, 2023				March 31, 2024				
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	(Dollars in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
United States government securities	United States government securities	\$ 44,360	\$ 8	\$ (7,228)	\$ 37,140					
United States sponsored mortgage-backed securities	United States sponsored mortgage-backed securities	73,911	—	(13,430)	60,481					
United States treasury securities	United States treasury securities	106,476	—	(8,376)	98,100					
Municipal securities	Municipal securities	118,872	1,064	(21,312)	98,624					
Corporate debt securities	Corporate debt securities	9,073	—	(172)	8,901					
Other debt securities	Other debt securities	7,500	—	—	7,500					
Total debt securities		360,192	1,072	(50,518)	310,746					
Total available-for-sale debt securities										

Other securities	Other securities	791	—	—	791					
<b>Total investment securities available-for-sale</b>										
		<u>\$360,983</u>	<u>\$ 1,072</u>	<u>\$(50,518)</u>	<u>\$311,537</u>					
Investment securities available-for-sale										
<b>December 31, 2022</b>										
<b>December 31, 2023</b>										
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	(Dollars in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
United States government agency securities	United States government agency securities	\$ 51,436	\$ 15	\$ (6,637)	\$ 44,814					
United States sponsored mortgage-backed securities	United States sponsored mortgage-backed securities	68,267	—	(11,696)	56,571					
United States treasury securities	United States treasury securities	130,689	48	(9,828)	120,909					
Municipal securities	Municipal securities	157,842	2,412	(21,618)	138,636					
Corporate debt securities	Corporate debt securities	10,570	10	(20)	10,560					
Other debt securities	Other debt securities	7,500	—	—	7,500					
<b>Total debt securities</b>		<b>426,304</b>	<b>2,485</b>	<b>(49,799)</b>	<b>378,990</b>					
Total available-for-sale debt securities										
Other securities	Other securities	824	—	—	824					
<b>Total investment securities available-for-sale</b>										
		<u>\$427,128</u>	<u>\$ 2,485</u>	<u>\$(49,799)</u>	<u>\$379,814</u>					
Investment securities available-for-sale										

The following table presents amortized cost and fair values of available-for-sale debt securities by contractual maturity as of the period shown:

	September 30, 2023			
	March 31, 2024			March 31, 2024
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Fair Value	(Dollars in thousands)

Within one year	Within one year	\$ 4,794	\$ 4,793
After one year, but within five years	After one year, but within five years	111,991	103,552
After five years, but within ten years	After five years, but within ten years	40,598	35,557
After ten years	After ten years	202,809	166,844
<b>Total</b>		<b>\$360,192</b>	<b>\$310,746</b>
<b>Total available-for-sale debt securities</b>			

The table above reflects contractual maturities. Actual results will differ as the loans underlying the mortgage-backed securities may be repaid sooner than scheduled.

Investment securities with a carrying value of \$215.6 million \$236.3 million and \$91.3 million \$223.4 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged to secure public funds, repurchase agreements and potential borrowings at the Federal Reserve discount window.

Our investment portfolio includes securities that are in an unrealized loss position as of September 30, 2023, the details of which are included in the following table. March 31, 2024. We evaluate available-for-sale debt securities to determine whether the unrealized loss is due to credit-related factors or non-credit-related factors. When determining the allowance for credit losses ACL on securities, we consider such factors as adverse conditions specifically related to a certain security or to specific conditions in an industry or geographic area, the time frame securities have been in an unrealized loss position, our ability to hold the security for a period of time sufficient to allow for anticipated recovery in value, whether or not the security has been downgraded by a rating agency and whether or not the financial condition of the security issuer has severely deteriorated.

Although these securities would result in a pre-tax loss of \$50.5 million \$36.8 million if sold at September 30, 2023 March 31, 2024, declines we have no intent to sell the applicable securities at such fair values, and maintain that we have the ability to hold these securities until all principal has been recovered. It is more likely than not that we will not, for liquidity purposes, sell any securities at a loss. Declines in the fair value values of these securities can be traced to general market conditions, which reflect the prospect for the economy as a whole, rather than credit-related conditions. Therefore, we have no allowance for credit ACL losses as of September 30, 2023 March 31, 2024.

The following tables show available-for-sale debt securities in an unrealized loss position for which an allowance for credit losses ACL has not been recorded as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, aggregated by investment category and length of time that the individual securities have been in a continuous loss position:

(Dollars in thousands)	September 30, 2023			
	Less than 12 months		12 months or more	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
United States government agency securities (25)	\$ 356	\$ —	\$ 35,155	\$ (7,228)
United States sponsored mortgage-backed securities (48)	2,249	(90)	48,493	(13,340)
United States treasury securities (23)	—	—	98,100	(8,376)
Municipal securities (196)	10,036	(3,828)	80,624	(17,484)
Corporate debt securities (7)	1,971	(102)	1,930	(70)
<b>Total</b>	<b>\$ 14,612</b>	<b>\$ (4,020)</b>	<b>\$ 264,302</b>	<b>\$ (46,498)</b>

  

(Dollars in thousands)	December 31, 2022			
	Less than 12 months		12 months or more	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
United States government agency securities (32)	\$ 21,287	\$ (1,937)	\$ 19,423	\$ (4,700)
United States sponsored mortgage-backed securities (51)	6,953	(852)	49,618	(10,844)
United States treasury securities (29)	11,936	(130)	102,092	(9,698)
Municipal securities (173)	65,930	(7,507)	41,184	(14,111)
Corporate debt securities (3)	2,380	(20)	—	—
<b>Total</b>	<b>\$ 108,486</b>	<b>\$ (10,446)</b>	<b>\$ 212,317</b>	<b>\$ (39,353)</b>

(Dollars in thousands)	March 31, 2024			
	Less than 12 months		12 months or more	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
United States government agency securities (26)	\$ 4,363	\$ (21)	\$ 33,669	\$ (6,011)
United States sponsored mortgage-backed securities (54)	19,467	(146)	48,156	(11,774)
United States treasury securities (23)	—	—	100,563	(5,761)
Municipal securities (215)	555	(11)	86,573	(12,932)
Corporate debt securities (7)	498	(2)	3,451	(128)
<b>Total</b>	<b>\$ 24,883</b>	<b>\$ (180)</b>	<b>\$ 272,412</b>	<b>\$ (36,606)</b>

(Dollars in thousands)	December 31, 2023			
	Less than 12 months		12 months or more	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
United States government agency securities (25)	\$ 316	\$ —	\$ 34,619	\$ (5,603)
United States sponsored mortgage-backed securities (47)	—	—	50,345	(10,549)
United States treasury securities (23)	—	—	100,354	(6,045)
Municipal securities (216)	847	(10)	106,060	(11,148)
Corporate debt securities (7)	2,009	(67)	1,933	(67)
<b>Total</b>	<b>\$ 3,172</b>	<b>\$ (77)</b>	<b>\$ 293,311</b>	<b>\$ (33,412)</b>

The following table summarizes investment sales, related gains and losses and unrealized holding gains/losses for the periods shown:

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
(Dollars in thousands)			
(Dollars in thousands)			
(Dollars in thousands)			
Proceeds from sales of available-for-sale securities			
Proceeds from sales of available-for-sale securities			
Proceeds from sales of available-for-sale securities			
Gains, gross			
Gains, gross			
Gains, gross			
Losses, gross			
Losses, gross			
Losses, gross			
	Three Months Ended September 30,		Nine Months Ended September 30,
(Dollars in thousands)	2023	2022	2023
Proceeds from sales of available-for-sale securities	\$ —	\$ —	\$ 54,531
Gains, gross	—	—	—
Losses, gross	—	—	1,536
Proceeds from sales of equity securities	\$ 360	\$ 161	\$ 566
Gain, gross	25	58	25
Losses, gross	—	214	294

Unrealized holding gains (losses) on equity securities	219	(61)	71	(146)
Unrealized holding losses on equity securities				
Unrealized holding losses on equity securities				
Unrealized holding losses on equity securities				

### Note 3 – Loans and Allowance for Credit Losses

The following table presents the components of loans as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Commercial: Commercial:						
Business						
Business	Business	\$ 811,203	\$ 851,072			
Real estate	Real estate	640,167	632,839			
Acquisition, development and construction	Acquisition, development and construction	121,758	126,999			
Total commercial	Total commercial	1,573,128	1,610,910			
Residential real estate	Residential real estate	650,321	606,970			
Home equity lines of credit	Home equity lines of credit	14,862	18,734			
Consumer	Consumer	30,341	131,566			
Total loans, excluding purchased credit impaired loans		2,268,652	2,368,180			
Purchased credit impaired loans:						
Residential real estate		—	2,482			
Total purchased credit impaired loans		—	2,482			
Total loans						
Total loans						
Total loans	Total loans	2,268,652	2,370,662			
Deferred loan origination costs, net	Deferred loan origination costs, net	1,781	1,983			
Loans receivable	Loans receivable	\$2,270,433	\$2,372,645			

We currently manage our loan portfolios and the respective exposure to credit losses (credit risk) by the following specific portfolio segments. **With the adoption of ASU 2016-13 on January 1, 2023, we modified our Our loan portfolio segmentation to be is based primarily on call report codes, which are levels at which we develop and document our systematic methodology to determine the allowance for credit losses ACL attributable to each respective portfolio segment. The ACL portfolio segments are aggregated into broader segments in order to present informative yet concise disclosures within this document, as follows:**

**Commercial business loans**— Commercial business loans are made to provide funds for equipment and general corporate needs, as well as to finance owner-occupied real estate, and to finance future cash flows of Federal government lease contracts. Repayment of these loans primarily uses the funds obtained from the operation of the borrower's business. Commercial business loans also include lines of credit that are utilized to finance a borrower's short-term credit needs and/or to finance a percentage of eligible receivables and

inventory. This segment includes both internally originated and purchased participation loans. Credit risk arises from the successful operation of the business, which may be affected by competition, rising interest rates, regulatory changes and adverse conditions in the local and regional economy.

**Commercial real estate loans** – Commercial real estate loans consist of non-owner occupied properties, such as investment properties for retail, office and multifamily with a history of occupancy and cash flow. This segment includes both internally originated and purchased participation loans. These loans carry the risk of adverse changes in the local economy and a tenant's deteriorating credit strength, lease expirations in soft markets and sustained vacancies, which can adversely impact cash flow.

**Commercial acquisition, development and construction loans** – Commercial acquisition, development and construction loans are intended to finance the construction of commercial and residential properties, and also includes loans for the acquisition and development of land. Construction loans represent a higher degree of risk than permanent real estate loans and may be affected by a variety of factors such as the borrower's ability to control costs and adhere to time schedules and the risk that constructed units may not be absorbed by the market within the anticipated time frame or at the anticipated price. The loan commitment on these loans often includes an interest reserve that allows the lender to periodically advance loan funds to pay interest charges on the outstanding balance of the loan.

**Residential real estate** – This residential real estate subsegment contains permanent and construction mortgage loans principally to consumers, but also includes loans to residential real estate developers, secured by residential real estate, which we previously presented under commercial acquisitions, development and construction loans under the incurred loss model. Residential real estate loans to consumers are evaluated for the adequacy of repayment sources at the time of approval, based upon measures including credit scores, debt-to-income ratios and collateral values. Credit risk arises from the borrower's, and where applicable, the builder's, continuing financial stability, which can be adversely impacted by job loss, divorce, illness or personal bankruptcy, among other factors. Residential real estate secured loans to developers represent a higher degree of risk than permanent real estate loans and may be affected by a variety of factors such as the borrower's ability to control costs and adhere to time schedules and the risk that constructed units may not be absorbed by the market within the anticipated time frame or at the anticipated price. Also impacting credit risk would be a shortfall in the value of the residential real estate in relation to the outstanding loan balance in the event of a default or subsequent liquidation of the real estate collateral.

**Home equity lines of credit** – This segment includes **subsegment subsegments** for senior lien and subordinate lien lines of credit. Credit risk is similar to residential real estate loans described above as it is subject to the borrower's continuing financial stability and the value of the collateral securing the loan.

**Consumer loans** – This segment of loans includes primarily installment loans and personal lines of credit. Consumer loans include installment loans used by clients to purchase automobiles, boats and recreational vehicles. Credit risk is similar to residential real estate loans described above as it is subject to the borrower's continuing financial stability and the value of the collateral securing the loan. This segment primarily includes loans purchased from a third-party originator that originates loans in order to finance the purchase of personal automotive vehicles for sub-prime borrowers. Credit risk is unique in comparison to the Consumer segment as this segment includes only those loans provided to consumers that cannot typically obtain financing through traditional lenders. As such, these loans are subject to a higher risk of default than the typical consumer loan.

Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, while prior period amounts continue to be reported in accordance with the incurred loss model.

The following table presents impaired loans by class segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary as of the periods shown:

(Dollars in thousands)	Impaired Loans with Specific Allowance		Impaired Loans with No Specific Allowance		Total Impaired Loans	
	Recorded Investment	Related Allowance	Recorded Investment	Related Allowance	Recorded Investment	Unpaid Principal Balance
<b>December 31, 2022</b>						
Commercial						
Business	\$ 3,436	\$ 1,253	\$ 7,015	\$ 10,451	\$ 15,324	
Real estate	1,240	222	125		1,365	1,470
Acquisition, development and construction	—	—	—		—	1,415
Total commercial	4,676	1,475	7,140		11,816	18,209
Residential real estate	—	—	2,603		2,603	2,671
Home equity lines of credit	—	—	90		90	94
Consumer	1,347	268	4		1,351	1,351
Total impaired loans	\$ 6,023	\$ 1,743	\$ 9,837		\$ 15,860	\$ 22,325

The following table presents the average recorded investment in impaired loans and related interest income recognized for the periods shown:

(Dollars in thousands)	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Average Investment in Impaired Loans	Interest Income		Average Investment in Impaired Loans	Interest Income	
		Recognized on Accrual Basis	Recognized on Cash Basis		Recognized on Accrual Basis	Recognized on Cash Basis
<b>Commercial</b>						
Business	\$ 12,390	\$ 1	\$ 2	\$ 11,378	\$ 6	\$ 6

Real estate	1,372	14	18	1,491	43	47
Acquisition, development and construction	282	—	—	303	—	—
Total commercial	14,044	15	20	13,172	49	53
Residential	8,425	4	3	8,390	12	11
Home equity	157	—	—	169	—	—
Consumer	1,085	—	—	757	—	—
Total	\$ 23,711	\$ 19	\$ 23	\$ 22,488	\$ 61	\$ 64

As of **September 30, 2023** **March 31, 2024**, the Bank's other real estate owned balance totaled **\$0.9** **\$0.8** million, all of which was related to our acquisition of The First State Bank ("First State") in 2020. The Bank held **\$0.8** million of other real estate owned as a result of the foreclosure balance consisted of two unrelated commercial loans. The remaining **\$0.1** million consists of one foreclosed residential real estate property. As of **September 30, 2023** **March 31, 2024**, there were two was one residential mortgages mortgage in the process of foreclosure with loan balances totaling \$0.2 million.

Bank management uses a nine-point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first six categories are considered not criticized and are aggregated as "Pass" rated. The criticized rating categories utilized by management generally follow bank regulatory definitions.

Loans categorized as "Pass" rated have adequate sources of repayment, with little identifiable risk of collection and general conformity to the Bank's policy requirements, product guidelines and underwriting standards. Any exceptions that are identified during the underwriting and approval process have been adequately mitigated by other factors.

Loans categorized as "Special Mention" rated have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose the institution to sufficient risk to warrant adverse classification.

Loans categorized as "Substandard" rated are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Loans categorized as "Doubtful" rated have all the weakness inherent in those classified Substandard with the added characteristic that the weakness makes collections or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable. However, these loans are not yet rated as loss because certain events may occur which would salvage the debt.

The Special Mention rated category includes assets that are currently protected but are potentially weak, resulting in undue and unwarranted credit risk, but not to the point of justifying a Substandard classification. Loans in the Substandard category have well-defined weaknesses that jeopardize the liquidation of the debt and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. Any portion of a loan that has been or is expected to be charged off is placed in the "Loss" category.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Bank has a structured loan rating process with several layers of internal and external oversight. Generally, consumer and residential mortgage loans are included in the Pass categories, unless a specific action, such as past due status, bankruptcy, repossession or death, occurs to raise awareness of a possible credit event. The Bank's Chief Credit Officer is responsible for the timely and accurate risk rating of the loans in the portfolio at origination and on an ongoing basis. The Bank's Credit Department

ensures that a review of all commercial relationships of \$1.0 million or more is performed annually.

Review of the appropriate risk grade is included in both the internal and external loan review process and on an ongoing basis. The Bank has an experienced **Credit Department** credit department that continually reviews and assesses loans within the portfolio. The Bank engages an external consultant to conduct independent loan reviews on at least an annual basis. Generally, the external consultant reviews commercial relationships in excess with the intent of \$3.0 million or criticized relationships, reviewing 40% to 45% of the Bank's commercial outstanding loan balances on an annual basis. The Bank's **Credit Department** credit department compiles detailed reviews, including plans for resolution, on loans classified as Substandard on a quarterly basis. Loans in the Special Mention and Substandard categories that are collectively evaluated for impairment are given separate consideration in the determination of the allowance.

The following table presents the amortized cost of loans summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful within the internal risk rating system by vintage year as of the period shown:

Term Loans Amortized Cost Basis by Origination Year										
Term Loans Amortized Cost Basis by Origination Year										
(Dollars in thousands)	(Dollars in thousands)	Revolving Revolving								
		Loans	Loans	Amortized	Converted					
		2023	2022	2021	2020	2019	Prior	Cost Basis	to Term	Total
September 30, 2023										
	(Dollars in thousands)									

											Revolving Loans	Revolving Loans	
											Amortized	Converted to	
											Cost Basis	Term	Total
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior							
March 31, 2024													
Commercial business:													
Commercial business:													
Commercial business:													
Risk rating:													
Risk rating:													
Risk rating:													
Pass													
Pass													
Pass	Pass	\$49,607	\$293,000	\$ 84,060	\$ 28,735	\$ 15,491	\$ 60,635	\$ 219,201	\$ —	\$ 750,729			
Special Mention	Special Mention	—	5,231	13	842	10	4,418	510	—	11,024			
Substandard	Substandard	—	1	35,353	—	5,362	4,525	—	—	45,241			
Doubtful	Doubtful	—	2,071	468	264	—	1,406	—	—	4,209			
Total commercial business loans	Total commercial business loans	\$49,607	\$300,303	\$119,894	\$29,841	\$20,863	\$ 70,984	\$ 219,711	\$ —	\$ 811,203			
Gross charge- offs	Gross charge- offs	\$ —	\$ 228	\$ 975	\$ 141	\$ —	\$ 2,953	\$ —	\$ —	\$ 4,297			
Commercial real estate:	Commercial real estate:												
Commercial real estate:													
Commercial real estate:													
Risk rating:	Risk rating:												
Risk rating:													
Risk rating:													
Pass													
Pass													
Pass	Pass	\$60,509	\$158,327	\$222,770	\$12,094	\$26,592	\$110,857	\$ —	\$ —	\$ 591,149			
Special Mention	Special Mention	—	—	8,010	—	6,801	14,994	—	—	29,805			
Substandard	Substandard	—	—	—	—	—	19,213	—	—	19,213			
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—			
Total commercial real estate loans	Total commercial real estate loans	\$60,509	\$158,327	\$230,780	\$12,094	\$33,393	\$145,064	\$ —	\$ —	\$ 640,167			
Gross charge- offs	Gross charge- offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
Commercial acquisition, development and construction:	Commercial acquisition, development and construction:												
Commercial acquisition, development and construction:													
Commercial acquisition, development and construction:													
Risk rating:	Risk rating:												

Risk rating:											
Risk rating:											
Pass	Pass	\$ 2,987	\$ 46,062	\$ 30,768	\$ 22,016	\$ 3,128	\$ 1,551	\$ —	\$ —	\$ 106,512	
Special Mention	Special Mention	—	—	14,476	—	—	5	—	—	14,481	
Substandard	Substandard	—	—	—	—	—	765	—	—	765	
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—	
Total commercial acquisition, development and construction loans	Total commercial acquisition, development and construction loans	\$ 2,987	\$ 46,062	\$ 45,244	\$ 22,016	\$ 3,128	\$ 2,321	\$ —	\$ —	\$ 121,758	
Gross charge-offs	Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Residential Real Estate:											
Residential Real Estate:											
Residential Real Estate:											
Risk rating:	Pass										
Risk rating:	Pass										
Risk rating:	Pass										
Pass	Special Mention										
Pass	Substandard										
Pass	Doubtful										
Total residential real estate loans											
Gross charge-offs											

Term Loans Amortized Cost Basis by Origination Year											
Term Loans Amortized Cost Basis by Origination Year											
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans	Amortized Cost Basis	Converted to Term
September 30, 2023											
Residential Real Estate:											
(Dollars in thousands)											
(Dollars in thousands)											
March 31, 2024											
Home equity lines of credit:											
Home equity lines of credit:											
		2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans	Amortized Cost Basis	Converted to Term

Home equity lines of credit:													
Risk rating:													
Risk rating:													
Risk rating: Risk rating:													
Pass	Pass	\$ 51,593	\$ 417,420	\$ 100,007	\$ 38,942	\$ 7,031	\$ 23,923	\$ —	\$ —	\$ 638,916			
Special Mention		—	—	—	—	414	725	—	—	—	1,139		
Substandard		—	991	3,789	4,240	136	899	—	—	—	10,055		
Doubtful		—	—	—	—	—	211	—	—	—	211		
Total residential real estate													
loans		\$ 51,593	\$ 418,411	\$ 103,796	\$ 43,182	\$ 7,581	\$ 25,758	\$ —	\$ —	\$ 650,321			
Gross charge-offs		\$ —	\$ —	\$ —	\$ —	\$ —	\$ 381	\$ —	\$ —	\$ —	\$ 381		
Home equity lines of credit:													
Risk rating:													
Pass													
Pass	Pass	\$ —	\$ 37	\$ —	\$ —	\$ 170	\$ 780	\$ 13,486	\$ —	\$ 14,473			
Special Mention	Special Mention	—	—	—	—	—	76	148	—	—	224		
Substandard	Substandard	—	—	—	—	—	165	—	—	—	165		
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—	—		
Total home equity lines of credit loans	Total home equity lines of credit loans	\$ —	\$ 37	\$ —	\$ —	\$ 170	\$ 1,021	\$ 13,634	\$ —	\$ 14,862			
Gross charge-offs	Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—		
Consumer:	Consumer:												
Consumer:													
Consumer:													
Risk rating: Risk rating:													
Risk rating:													
Risk rating:													
Pass													
Pass													
Pass	Pass	\$ 2,460	\$ 20,613	\$ 6,225	\$ —	\$ 48	\$ 23	\$ 29	\$ —	\$ 29,398			
Special Mention	Special Mention	—	—	—	—	—	—	—	—	—	—		
Substandard	Substandard	198	576	169	—	—	—	—	—	—	943		
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—	—		
Total consumer loans	Total consumer loans	\$ 2,658	\$ 21,189	\$ 6,394	\$ —	\$ 48	\$ 23	\$ 29	\$ —	\$ 30,341			
Gross charge-offs	Gross charge-offs	\$ 866	\$ 9,543	\$ 1,522	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ 11,933		
Total:	Total:												
Total:													
Total:													
Risk rating: Risk rating:													
Risk rating:													
Risk rating:													
Pass													
Pass													
Pass	Pass	\$ 167,156	\$ 935,459	\$ 443,830	\$ 101,787	\$ 52,460	\$ 197,769	\$ 232,716	\$ —	\$ 2,131,177			
Special Mention	Special Mention	—	5,231	22,499	842	7,225	20,218	658	—	56,673			
Substandard	Substandard	198	1,568	39,311	4,240	5,498	25,567	—	—	76,382			

Doubtful	Doubtful	—	2,071	468	264	—	1,617	—	—	4,420
Total consumer loans		\$167,354	\$944,329	\$506,108	\$107,133	\$65,183	\$245,171	\$233,374	\$—	\$2,268,652
Total loans										
Gross charge-offs	Gross charge-offs	\$ 866	\$ 9,771	\$ 2,497	\$ 141	\$ —	\$ 3,336	\$ —	\$ —	\$ 16,611

The following table represents the classes of the loan portfolio summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful within the internal risk rating system as of the periods shown:

(Dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Total
<b>December 31, 2022</b>					
Commercial					
Business	\$ 830,319	\$ 5,963	\$ 12,103	\$ 2,687	\$ 851,072
Real estate	592,997	18,883	20,600	359	632,839
Acquisition, development and construction	120,788	5,277	934	—	126,999
Total commercial	1,544,104	30,123	33,637	3,046	1,610,910
Residential real estate	605,513	760	1,556	1,623	609,452
Home equity lines of credit	18,269	375	90	—	18,734
Consumer	131,562	—	4	—	131,566
<b>Total loans</b>	<b>\$ 2,299,448</b>	<b>\$ 31,258</b>	<b>\$ 35,287</b>	<b>\$ 4,669</b>	<b>\$ 2,370,662</b>

Term Loans Amortized Cost Basis by Origination Year												
(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total			
<b>December 31, 2023</b>												
Commercial business:												
Risk rating:												
Pass	\$ 176,309	\$ 251,265	\$ 92,307	\$ 64,964	\$ 50,765	\$ 90,355	\$ 20,315	\$ —	\$ —	\$ 746,280		
Special Mention	990	32,342	72	830	339	3,767	—	—	—	38,340		
Substandard	368	988	521	—	4,640	1,436	—	—	—	7,953		
Doubtful	—	2,022	839	264	—	1,402	—	—	—	4,527		
<b>Total commercial business loans</b>	<b>\$ 177,667</b>	<b>\$ 286,617</b>	<b>\$ 93,739</b>	<b>\$ 66,058</b>	<b>\$ 55,744</b>	<b>\$ 96,960</b>	<b>\$ 20,315</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 797,100</b>		
Gross charge-offs	\$ —	\$ 228	\$ 1,250	\$ 141	\$ —	\$ 2,953	\$ —	\$ —	\$ —	4,572		
Commercial real estate:												
Risk rating:												
Pass	\$ 80,553	\$ 149,189	\$ 205,651	\$ 11,952	\$ 26,438	\$ 101,322	\$ 51,239	\$ —	\$ —	\$ 626,344		
Special Mention	—	—	7,961	—	6,079	11,201	—	—	—	25,241		
Substandard	—	—	—	—	—	18,999	—	—	—	18,999		
Doubtful	—	—	—	—	—	—	—	—	—	—		
<b>Total commercial real estate loans</b>	<b>\$ 80,553</b>	<b>\$ 149,189</b>	<b>\$ 213,612</b>	<b>\$ 11,952</b>	<b>\$ 32,517</b>	<b>\$ 131,522</b>	<b>\$ 51,239</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 670,584</b>		
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—		
Commercial acquisition, development and construction:												
Risk rating:												
Pass	\$ 6,546	\$ 54,170	\$ 29,535	\$ 22,041	\$ —	\$ 1,483	\$ 4,823	\$ —	\$ —	\$ 118,598		
Special Mention	—	—	14,652	—	—	—	—	—	—	14,652		
Substandard	—	—	—	—	—	754	—	—	—	754		
Doubtful	—	—	—	—	—	—	—	—	—	—		

Total commercial acquisition, development and construction loans	\$ 6,546	\$ 54,170	\$ 44,187	\$ 22,041	\$ —	\$ 2,237	\$ 4,823	\$ —	\$ 134,004
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Residential Real Estate:</b>									
Risk rating:									
Pass	\$ 33,867	\$ 413,466	\$ 96,413	\$ 38,169	\$ 7,306	\$ 21,313	\$ 50,815	\$ —	\$ 661,349
Special Mention	—	—	—	4,224	414	708	—	—	5,346
Substandard	—	988	3,764	82	146	777	—	—	5,757
Doubtful	—	—	—	—	—	95	—	—	95
Total residential real estate loans	\$ 33,867	\$ 414,454	\$ 100,177	\$ 42,475	\$ 7,866	\$ 22,893	\$ 50,815	\$ —	\$ 672,547
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 19	\$ 381	\$ —	\$ —	\$ 400

(Dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year						Prior	Basis	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total					
	2023	2022	2021	2020	2019											
<b>December 31, 2023</b>																
Home equity lines of credit:																
Risk rating:																
Pass	\$ 638	\$ 3,798	\$ 1,779	\$ 1,192	\$ 501	\$ 3,084	\$ 3,154	\$ —	\$ 14,146	\$ —	\$ 14,146					
Special Mention	—	61	—	36	—	41	86	—	—	—	224					
Substandard	—	83	—	78	—	—	—	—	—	—	161					
Doubtful	—	—	—	—	—	—	—	—	—	—	—					
Total home equity lines of credit loans	\$ 638	\$ 3,942	\$ 1,779	\$ 1,306	\$ 501	\$ 3,125	\$ 3,240	\$ —	\$ —	\$ —	\$ 14,531					
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —					
Consumer:																
Risk rating:																
Pass	\$ 2,275	\$ 18,926	\$ 5,753	\$ 9	\$ 28	\$ 53	\$ 20	\$ —	\$ 27,064	\$ —	\$ 27,064					
Special Mention	—	—	—	—	—	—	—	—	—	—	—					
Substandard	20	266	58	—	—	—	—	—	—	—	344					
Doubtful	—	—	—	—	—	—	—	—	—	—	—					
Total consumer loans	\$ 2,295	\$ 19,192	\$ 5,811	\$ 9	\$ 28	\$ 53	\$ 20	\$ —	\$ —	\$ —	\$ 27,408					
Gross charge-offs	\$ 1,144	\$ 10,608	\$ 1,753	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 13,507					
Total:																
Risk rating:																
Pass	\$ 300,188	\$ 890,814	\$ 431,438	\$ 138,327	\$ 85,038	\$ 217,610	\$ 130,366	\$ —	\$ 2,193,781	\$ —	\$ 2,193,781					
Special Mention	990	32,403	22,685	5,090	6,832	15,717	86	—	83,803	—	83,803					
Substandard	388	2,325	4,343	160	4,786	21,966	—	—	—	—	33,968					
Doubtful	—	2,022	839	264	—	1,497	—	—	—	—	4,622					
Total loans	\$ 301,566	\$ 927,564	\$ 459,305	\$ 143,841	\$ 96,656	\$ 256,790	\$ 130,452	\$ —	\$ 2,316,174	\$ —	\$ 2,316,174					
Gross charge-offs	\$ 1,144	\$ 10,836	\$ 3,003	\$ 141	\$ 19	\$ 3,336	\$ —	\$ —	\$ 18,479	\$ —	\$ 18,479					

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is past due.

A loan that has deteriorated and requires additional collection efforts by the Bank could warrant non-accrual status. A complete review is presented to the Chief Credit Officer and/or the Special Asset Review Committee ("SARC"), as required with respect to any loan which is in a collection process and to make a determination as to whether the loan should be placed on non-accrual status. The placement of loans on non-accrual status is subject to applicable regulatory restrictions and guidelines. Generally, loans should be placed in non-

accrual status when the loan reaches 90 days past due, becomes likely the borrower cannot or will not make scheduled principal or interest payments, full repayment of principal and interest is not expected or the loan displays potential loss characteristics. Normally, all accrued interest is charged off when a loan is placed in non-accrual status unless we believe it is likely the accrued interest will be collected. Any payments subsequently received are applied to the principal. All principal and interest due must be paid up-to-date and the Bank is reasonably sure of future satisfactory payment performance to remove a loan from non-accrual status. Usually, this requires the receipt of six consecutive months of regular, on-time payments. Removal of a loan from non-accrual status will require the approval of the Chief Credit Officer and/or the SARC.

The following table presents the amortized cost basis in loans by aging category and accrual status as of the periods shown:

(Dollars in thousands)	Current	30-59 Days			60-89 Days Past			90+ Days Past			90+ Days Still			Non Accrual	
		Past Due	Due	Due	Total Past Due	Total Loans	Non-Accrual	Accruing	Credit Loss	Recognized	with No	Interest Income			
<b>September 30, 2023</b>															
Commercial															
Business	\$ 802,899	\$ 789	\$ 64	\$ 7,451	\$ 8,304	\$ 811,203	\$ 7,451	—	\$ 3,782	\$ —	—	—	—	—	
Real estate	640,167	—	—	—	—	640,167	—	—	—	—	—	—	—	—	
Acquisition, development and construction	120,993	—	—	765	765	121,758	765	—	—	—	—	—	—	—	
Total commercial	1,564,059	789	64	8,216	9,069	1,573,128	8,216	—	3,782	—	—	—	—	—	
Residential real estate	648,511	414	127	1,269	1,810	650,321	1,269	—	—	—	—	—	—	—	
Home equity lines of credit	14,807	48	7	—	55	14,862	165	—	—	—	—	—	—	—	
Consumer	26,995	1,821	582	943	3,346	30,341	943	—	—	—	—	—	—	—	
<b>Total loans</b>	<b>\$ 2,254,372</b>	<b>\$ 3,072</b>	<b>\$ 780</b>	<b>\$ 10,428</b>	<b>\$ 14,280</b>	<b>\$ 2,268,652</b>	<b>\$ 10,593</b>	<b>\$ —</b>	<b>\$ 3,782</b>	<b>\$ —</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

The following table presents the aging of recorded investment in loans, including accruing and nonaccrual loans, as of the period shown:

(Dollars in thousands)	(Dollars in thousands)	30-59 Days						60-89 Days						90+ Days						30-59 Days						60-89 Days						Non Accrual	
		Days			Days			Days			Days			Days			Days			Days			Days			Days			with No		Interest		
		Current	Past Due	Due	Past Due	Due	Total	Past Due	Due	Total	Past Due	Due	Total	Past Due	Due	Total	Past Due	Due	Total	Past Due	Due	Total	Past Due	Due	Total	Non-Accrual	Accruing	Credit Loss	Recognized				
<b>December 31, 2022</b>																																	
<b>March 31, 2024</b>																																	
Commercial	Commercial																																
Commercial																																	
Commercial																																	
Business																																	
Business	Business	\$ 850,112	\$ —	\$ 960	\$ —	\$ 960	\$ 851,072	\$ 7,528	\$ —																								
Real estate	Real estate	632,839	—	—	—	—	632,839	—	—																								
Acquisition, development and construction	construction	126,999	—	—	—	—	126,999	—	—																								
Total commercial	Total commercial	1,609,950	—	960	—	960	1,610,910	7,528	—																								
Residential real estate	Residential real estate	606,554	1,820	1,078	—	2,898	609,452	2,196	—																								
Home equity lines of credit	Home equity lines of credit	18,131	603	—	—	603	18,734	90	—																								
Consumer	Consumer	120,504	6,848	2,867	1,347	11,062	131,566	1,351	—																								
Total loans	Total loans	\$2,355,139	\$9,271	\$4,905	\$1,347	\$15,523	\$2,370,662	\$11,165	\$—																								
<b>December 31, 2023</b>																																	
<b>December 31, 2023</b>																																	
<b>December 31, 2023</b>																																	
Commercial																																	

Commercial
Commercial
Business
Business
Business
Real estate
Acquisition, development and construction
Total commercial
Residential real estate
Home equity lines of credit
Consumer
Total loans

The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the ACL when management believes the loan balance is uncollectible. Accrued interest receivable is excluded from the estimate of credit losses. Management determines the ACL balance using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Historical credit behaviors along with model judgments provide the basis for the estimation of expected credit losses. Adjustments to modeled loss estimates may be made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level or term, as well as for changes in environmental conditions, such as changes in economic conditions, property values or other relevant factors.

The Bank's methodology for determining the ACL is based on the requirements of ASC 326 - *Current Expected Credit Losses*.<sup>326</sup>

The ACL is calculated on a collective basis when similar risk characteristics exist. The ACL for the majority of loans and leases was calculated using a discounted cash flow methodology applied at a loan level with a one-year reasonable and supportable forecast period and a one-year straight-line reversion period with loss rates, prepayment assumptions and curtailment assumptions driven by each loan's collateral type. Expected credit loss rates were estimated using a regression model based on historical data from peer banks which incorporates a third-party vendor's economic forecast to predict the change in credit losses. As of **September 30, 2023** **March 31, 2024**, the Bank expects the markets in which it operates will experience a decline in economic conditions and an increase in the unemployment rate and level of delinquencies, improvements over the next one to two years. The ACL for only one portfolio segment consisting entirely of automotive loans to consumers was calculated under the remaining life methodology using straight-line amortization over the remaining life of the portfolio.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When Bank management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of the periods shown:

(Dollars in thousands)	Vehicles and Assignment of Cash Flow						Allowance for Credit Losses (Dollars in thousands)	Real Estate	Vehicles and Equipment	Assignment of Cash Flow	Accounts Receivable	Other	Totals	Allowance for Credit Losses								
	(Dollars in thousands)	Real Estate	Equipment	Accounts Receivable	Other	Totals																
<b>September 30, 2023</b>																						
<b>March 31, 2024</b>																						
Commercial																						
Commercial																						
Commercial	Commercial																					
Business	Business	\$ 1,141	\$ 4,058	\$ 1	\$ 462	\$ 264	\$ 5,926	\$ 1,491														
Business																						
Business																						
Real estate																						
Acquisition, development and construction																						

Total	Total								
commercial	commercial	\$1,141	\$ 4,058	\$ 1	\$ 462	\$ 264	\$ 5,926	\$ 1,491	
Residential	Residential	1,088	—	—	—	—	—	1,088	36
Home equity lines of credit									
Consumer	Consumer	—	943	—	—	—	943	159	
Total	Total	\$2,229	\$ 5,001	\$ 1	\$ 462	\$ 264	\$ 7,957	\$ 1,686	
Collateral value									
December 31, 2023									
December 31, 2023									
December 31, 2023									
Commercial									
Commercial									
Commercial									
Business									
Business									
Business									
Real estate									
Acquisition, development and construction									
Total									
commercial									
Residential									
Home equity lines of credit									
Consumer									
Total									
Collateral									
Collateral value	value	\$4,301	\$ 5,309	\$ —	\$ 906	\$ 320	\$ 10,836		

The Bank evaluates certain loans in homogeneous pools, rather than on an individual basis, when those loans are below specific thresholds based on outstanding principal balance. More specifically, residential mortgage loans, home equity lines of credit and consumer loans are evaluated collectively for expected credit losses by applying allocation rates derived from the Bank's historical losses specific to these loans. The reserve was immaterial at [September 30, 2023](#) [March 31, 2024](#) and [December 31, 2022](#) [December 31, 2023](#).

Management has identified a number of additional qualitative factors which it uses to supplement the estimated losses derived from the loss rate methodologies employed within the [CECL Current Expected Credit Losses](#) model because these factors are likely to cause estimated credit losses associated with the existing loan pools to differ from the loss rate methodologies. The additional factors that are evaluated quarterly and updated using information obtained from internal, regulatory and governmental sources are: lending policies and procedures, nature and volume of the portfolio, experience and ability of lending management and staff, volume and severity of problem credits, quality of the loan review system, changes in the value of underlying collateral, effect of concentrations of credit from a loan type, industry and/or geographic standpoint, changes in economic and business conditions, consumer sentiment and other external factors.

For accounting methodologies related to the incurred loss method previously used before the adoption of ASC 326, refer to [Note 1 - Summary of Significant Accounting Policies](#) and [Note 3 - Loans and Allowance for Loan Losses](#) of the Notes to the Consolidated Financial Statements included in [Item 8, Financial Statements and Supplementary Data](#), of the 2022 Form 10-K.

To estimate the liability for off-balance sheet credit exposures, Bank management analyzed the portfolios of unfunded commitments based on the same segmentation used for the [allowance for credit losses ACL](#) calculation. The estimated funding rate for each segment was derived from a funding rate study created by a third-party vendor which analyzed funding of various loan types over time to develop industry benchmarks at the call report code level. Once the estimated future advances were calculated, the allocation rate applicable to that portfolio segment was applied in the same manner as those used for the [allowance for credit loss ACL](#) calculation. The resulting estimated loss allocations were totaled to determine the liability for unfunded commitments related to these loans, which management considers necessary to anticipate potential losses on those commitments that have a reasonable probability of funding. As of [September 30, 2023](#) [March 31, 2024](#) and [December 31, 2022](#) [December 31, 2023](#), the liability for unfunded commitments related to loans [held for investment](#) [held-for-investment](#) was [\\$1.4 million](#) and [\\$0.5 million](#), respectively. [\\$1.0 million](#).

Bank management reviews the loan portfolio on a quarterly basis using a defined, consistently applied process in order to make appropriate and timely adjustments to the ACL. When information confirms all or part of specific loans to be uncollectible, these amounts are promptly charged off against the ACL.

The following table presents the balance and activity for the primary segments of the ACL as of the periods shown:

(Dollars in thousands)	Commercial				Home				Commercial	Residential	Home Equity	Consumer	Total
	Commercial				Residential	Equity	Consumer	Total					
	Acquisition, development				Home								
(Dollars in thousands)	(Dollars in thousands)	Real Business	Estate	and construction	Commercial	Residential	Equity	Consumer	Total	Residential	Home Equity	Consumer	Total
June 30, 2023	\$ 11,308	\$ 3,051	\$ 1,707	\$ 16,066	Residential	Equity	Consumer	Total					
ACL at December 31, 2023													
ACL at December 31, 2023													
ACL at December 31, 2023													
Provision (release of allowance) for credit losses	Provision (release of allowance) for credit losses	1,584	183	343	2,110	(242)	(15)	(2,012)	(159)				
Charge-offs	Charge-offs	(4,028)	—	—	(4,028)	(359)	—	(3,677)	(8,064)				
Recoveries	Recoveries	4	7	—	11	—	1	2,193	2,205				
ACL at September 30, 2023	\$ 8,868	\$ 3,241	\$ 2,050	\$ 14,159	\$ 6,567	\$ 100	\$ 3,450	\$ 24,276					
ACL at March 31, 2024													
(Dollars in thousands)													
ALL, prior to adoption of ASC 326, at December 31, 2022	\$ 8,771	\$ 5,704	\$ 1,064	\$ 15,539	\$ 2,880	\$ 131	\$ 5,287	\$ 23,837					
Impact of adopting ASC 326	(126)	(2,846)	288	(2,684)	3,889	(5)	6,482	7,682					
Provision (release of allowance) for credit losses	3,770	363	698	4,831	(328)	(29)	(4,165)	309					
Initial allowance on loans purchased with credit deterioration	710	—	—	710	507	—	—	1,217					
Charge-offs	(4,297)	—	—	(4,297)	(381)	—	(11,933)	(16,611)					
Recoveries	40	20	—	60	—	3	7,779	7,842					
ACL at September 30, 2023	\$ 8,868	\$ 3,241	\$ 2,050	\$ 14,159	\$ 6,567	\$ 100	\$ 3,450	\$ 24,276					

(Dollars in thousands)	Commercial								Residential	Home Equity	Consumer	Total				
	Acquisition, development and construction				Total Commercial											
	Business	Real Estate	construction	Total	Residential	Equity	Consumer	Total								
ALL, prior to adoption of ASC 326, at December 31, 2022	\$ 8,771	\$ 5,704	\$ 1,064	\$ 15,539	\$ 2,880	\$ 131	\$ 5,287	\$ 23,837								
Impact of adopting ASC 326	(126)	(2,846)	288	(2,684)	3,889	(5)	6,482	7,682								
Initial allowance on loans purchased with credit deterioration	710	—	—	710	507	—	—	1,217								
Provision (release of allowance) for credit losses	681	313	288	1,282	364	(8)	2,817	4,455								
Charge-offs	(141)	—	—	(141)	(22)	—	(4,684)	(4,847)								

Recoveries	23	6	—	29	—	1	3,139	3,169
ACL balance at March 31, 2023	\$ 9,918	\$ 3,177	\$ 1,640	\$ 14,735	\$ 7,618	\$ 119	\$ 13,041	\$ 35,513

During the three and nine months ended **September 30, 2023** **March 31, 2024**, there were charge offs totaling **\$8.1** million and **\$16.6** million, respectively, **\$2.2** million. For the three months ended **September 30, 2023** **March 31, 2024**, **\$3.7** million **\$1.2** million, or **46%** **55%**, of charge offs were related to the subprime consumer automotive segment, **\$2.4** million **\$0.6** million, or **30%** **27%**, was related to a commercial note secured by accounts receivable, **\$0.9** million **business assets** and **\$0.4** million, or **11%** **18%**, was related to a commercial note funding a government lease transaction and the remaining **\$1.1** million was for multiple unrelated commercial and consumer notes. For the nine months ended **September 30, 2023**, **\$12.0** million, or **72%**, was related to the subprime consumer automotive segment. Outside of the loans described above, there were an additional four unrelated commercial notes totaling **\$0.3** million that were charged over the nine months ended **September 30, 2023**, **secured by heavy equipment**. During the three and nine months ended **September 30, 2023** **March 31, 2024**, the **allowance provision** related to unfunded commitments was not significant.

The following table presents the primary segments of the ALL segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment as of the periods shown:

(Dollars in thousands)	Commercial								Total	
	Acquisition, development and construction									
	Business	Real Estate	construction	Total Commercial	Residential	Home Equity	Consumer			
ALL balance at June 30, 2022	\$ 8,077	\$ 6,641	\$ 967	\$ 15,685	\$ 1,772	\$ 141	\$ 5,136	\$ 22,734		
Charge-offs	—	—	—	—	—	—	(3,652)	(3,652)		
Recoveries	41	65	—	106	—	1	2,206	2,313		
Provision (release)	1,626	(310)	191	1,507	1,165	(6)	2,454	5,120		
ALL balance at September 30, 2022	\$ 9,744	\$ 6,396	\$ 1,158	\$ 17,298	\$ 2,937	\$ 136	\$ 6,144	\$ 26,515		
(Dollars in thousands)										
ALL balance at December 31, 2021	\$ 8,027	\$ 5,091	\$ 982	\$ 14,100	\$ 1,492	\$ 128	\$ 2,546	\$ 18,266		
Charge-offs	—	—	—	—	—	—	(7,304)	(7,304)		
Recoveries	51	127	—	178	—	5	3,870	4,053		
Provision	1,666	1,178	176	3,020	1,445	3	7,032	11,500		
ALL balance at September 30, 2022	\$ 9,744	\$ 6,396	\$ 1,158	\$ 17,298	\$ 2,937	\$ 136	\$ 6,144	\$ 26,515		
Individually evaluated for impairment	\$ 2,078	\$ 221	\$ —	\$ 2,299	\$ 84	\$ —	\$ 248	\$ 2,631		
Collectively evaluated for impairment	\$ 7,666	\$ 6,175	\$ 1,158	\$ 14,999	\$ 2,853	\$ 136	\$ 5,896	\$ 23,884		

The following table presents the primary segments of our loan portfolio as of the period shown:

(Dollars in thousands)	Commercial								Total	
	Acquisition, development and construction									
	Business	Real Estate	construction	Total Commercial	Residential	Home Equity	Lines of Credit	Consumer		
September 30, 2022										
Individually evaluated for impairment	\$ 15,349	\$ 1,090	\$ 278	\$ 16,717	\$ 8,421	\$ 157	\$ 1,246	\$ 26,541		
Collectively evaluated for impairment	856,919	700,395	131,107	1,688,421	596,214	19,219	140,043	2,443,897		
Total loans	\$ 872,268	\$ 701,485	\$ 131,385	\$ 1,705,138	\$ 604,635	\$ 19,376	\$ 141,289	\$ 2,470,438		

The ACL is based on estimates and actual losses will vary from current estimates. Management believes that the granularity of the portfolio segments, the related loss estimation methodologies and other qualitative factors, as well as the consistency in the application of assumptions, result in an ACL that is representative of the risk found in the components of the portfolio at any given date.

#### **Loan Modifications for Borrowers Experiencing Financial Difficulty**

Occasionally, the Bank modifies loans to borrowers in financial distress by providing concessions that allow for the borrower to lower their payment obligations for a defined period, these may include, but are not limited to: principal forgiveness, payment delays, term extensions, interest rate reductions and any combinations of the preceding.

The following **table** summarizes the amortized cost basis of loans that were modified during three and nine months ended September 30, 2023, as of the period shown:

(Dollars in thousands)	(Dollars in thousands)	Interest of Total Class of Financing						(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction							
		Principal Forgiveness	Payment Delay	Term Extension	Interest Reduction	Total	Receivable												
<b>September 30, 2023</b>																			
<b>March 31, 2024</b>																			
Commercial Commercial																			
Commercial																			
Commercial																			
Business																			
Business																			
Business	Business	\$ —	\$ 7,681	\$ —	\$ —	\$ 7,681	1 %		\$ —	\$ —	\$ 1,377	\$ —	\$ —						
Real estate	Real estate	—	11,321	—	—	11,321	2 %	Real estate	—	—	—	—	—						
Total commercial																			
Total commercial																			
Total commercial	Total commercial	—	19,002	—	—	19,002	1 %		—	—	1,377	—	—						
Residential	Residential	—	—	—	—	—	% Residential	Residential	—	—	—	—	—						
Home equity lines of credit	Home equity lines of credit	—	—	—	—	—	% of credit	Home equity lines of credit	—	—	—	—	—						
Consumer	Consumer	—	—	—	—	—	% Consumer	Consumer	—	—	—	—	—						
Total	Total	\$ —	\$ 19,002	\$ —	\$ —	\$ 19,002	1 %	Total	\$ —	\$ —	\$ 1,377	\$ —	\$ —						

The above table presents the amortized cost basis of loans at **September 30, 2023** **March 31, 2024** that were experiencing financial difficulty and modified during the three and nine months ended **September 30, 2023** **March 31, 2024**, by class and by type of modification. Also presented above is the percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable. **Fourteen** **Six** loans to **13** **six** borrowers received payment delay modifications in the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, including one secured by commercial office real estate totaling \$11.3 million, one commercial loan secured by accounts receivable totaling \$0.2 million, and **12** **six** commercial loans with government guarantees totaling \$7.5 million \$1.4 million. There were no loans that were experiencing financial difficulty and modified during the three months ended **March 31, 2023**.

The Bank closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified as of the period shown:

(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	89 Days Past Due	Greater Than Total Past Due				
				30-59 Days Past Due	60-89 Days Past Due			
<b>September 30, 2023</b>								
Commercial								
Business	\$ —	\$ 2,071	\$ —	\$ —	\$ 2,071			
Real estate	—	—	—	—	—			
Total commercial	—	2,071	—	—	2,071			
Residential	—	—	—	—	—			
Home equity lines of credit	—	—	—	—	—			
Consumer	—	—	—	—	—			
Total	\$ —	\$ 2,071	\$ —	\$ —	\$ 2,071			

As of September 30, 2023, there is one modified loan past due, with an amortized costs basis of \$2.1 million. This is a commercial note with a government guarantee and is considered non-accrual as of September 30, 2023.

The following table presents the amortized cost basis of loans that had a payment default and were modified prior to that default to borrowers experiencing financial difficulty as of the period shown:

(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Total

September 30, 2023						
Commercial						
Business	\$	—	\$	2,071	\$	—
Real estate	—	—	—	—	—	—
Total commercial	—	—	2,071	—	—	2,071
Residential	—	—	—	—	—	—
Home equity lines of credit	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Total	\$	—	\$	2,071	\$	—
						2,071

As of September 30, 2023, there is one modified loan that has defaulted, with an amortized costs basis of \$2.1 million. This is a commercial note with a government guarantee and is considered non-accrual as of September 30, 2023. Upon the Bank's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written-off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses ACL is adjusted by the same amount.

#### Troubled Debt Restructurings

Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, which eliminated the accounting guidance for TDRs, while There were no loans that had a payment default and were modified prior period amounts continue to be reported in accordance with the TDR model.

At December 31, 2022, the Bank had specific reserve allocations for TDRs of \$0.4 million. Loans considered that default to be troubled debt restructured loans totaled \$10.4 million as of December 31, 2022. Of the total, \$4.7 million represents accruing troubled debt restructured loans and represent 45% of total impaired loans at December 31, 2022. Meanwhile, as of December 31, 2022, \$5.7 million represents nine loans to seven borrowers that have defaulted under the restructured terms. The largest of these loans is a \$1.9 million restructured commercial loan to a company previously dependent on the coal industry, which is now structured as an unsecured loan. Three of these loans to an unrelated borrower, totaling \$3.1 million, are restructured equipment loans to a borrower experiencing financial difficulty in the coal industry, which was provided extended interest-only terms to allow time for the collateral equipment to be sold. There is a commercial loan totaling \$0.5 million secured by government lease payments that previously defaulted and is now making restructured payments. The four remaining unrelated borrowers have a single loan each, totaling \$0.2 million. These borrowers have experienced continued financial difficulty and were considered non-performing loans as of December 31, 2022.

During the nine three months ended September 30, 2022, no additional loans were classified as TDRs March 31, 2024 and no restructured loan defaulted under their modified terms that were not already classified as non-performing for having previously defaulted under their modified terms March 31, 2023.

#### Note 4 – Premises and Equipment

The following table presents the components of premises and equipment as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Land	Land	\$ 3,465	\$ 3,465			
Buildings and improvements	Buildings and improvements	13,393	13,393			
Furniture, fixtures and equipment	Furniture, fixtures and equipment	18,147	17,549			
Software	Software	6,740	6,019			
Construction in progress	Construction in progress	124	508			
Leasehold improvements	Leasehold improvements	2,836	2,836			
		44,705	43,770			
		42,648				
Accumulated depreciation	Accumulated depreciation	(23,237)	(20,140)			
Premises and equipment, net	Premises and equipment, net	\$ 21,468	\$ 23,630			

We lease certain premises and equipment under operating and finance leases. At September 30, 2023 March 31, 2024, we had lease liabilities totaling \$14.2 \$13.7 million and right-of-use assets totaling \$13.0 \$12.5 million, substantially all of which was related to operating leases. At March 31, 2024, the weighted-average remaining lease term for operating

leases was 10.4 years and the weighted-average discount rate used in the measurement of operating lease liabilities was 3.1%.

At December 31, 2023, we had lease liabilities totaling \$14.0 million and right-of-use assets totaling \$12.9 million, substantially all of which was related to operating leases. At

September 30, 2023, December 31, 2023, the weighted-average remaining lease term for operating leases was 10.9 10.5 years and the weighted-average discount rate used in the measurement of operating lease liabilities was 3.1%.

At December 31, 2022, we had lease liabilities totaling \$15.0 million and right-of-use assets totaling \$13.9 million, substantially all of which was related to operating leases. At December 31, 2022, the weighted-average remaining lease term for operating leases was 11.6 years and the weighted-average discount rate used in the measurement of operating lease liabilities was 3.0%.

Lease liabilities and right-of-use assets are reflected in accrued interest payable and other liabilities and accrued interest receivable and other assets, respectively, respectively.

The following table presents lease costs for the periods shown:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
(Dollars in thousands)					
(Dollars in thousands)	(Dollars in thousands)				
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2023	2022
Amortization of right-of-use assets, finance leases	Amortization of right-of-use assets, finance leases	\$ 1	\$ 13	\$ 9	\$ 42
Amortization of right-of-use assets, finance leases					
Amortization of right-of-use assets, finance leases					
Operating lease cost					
Operating lease cost					
Operating lease cost	Operating lease cost	435	445	1,331	1,335
Short-term lease cost	Short-term lease cost	—	8	8	22
Short-term lease cost					
Variable lease cost	Variable lease cost	6	10	26	29
Variable lease cost					
Variable lease cost					
Sublease income					
Sublease income					
Sublease income	Sublease income	(114)	—	(288)	—
Total lease cost	Total lease cost	\$ 328	\$ 476	\$ 1,086	\$ 1,428
Total lease cost					
Total lease cost					

For operating leases with initial or remaining terms of one year or more as of September 30, 2023 March 31, 2024, the following table presents future minimum payments for the twelve month periods ended September 30: March 31:

(Dollars in thousands)	(Dollars in thousands)	Operating Leases
2024		\$ 403
(Dollars in thousands)		
(Dollars in thousands)		
2025		
2025		

2025	2025	1,621
2026	2026	1,618
2026		
2026		
2027		
2027		
2027	2027	1,594
2028	2028	1,625
2029 and thereafter		10,111
2028		
2028		
2029		
2029		
2029		
2030 and thereafter		
2030 and thereafter		
2030 and thereafter		
Total future minimum lease payments		
Total future minimum lease payments		
Total future minimum lease payments	Total future minimum lease payments	\$ 16,972
Less: Amounts representing interest	Less: Amounts representing interest	(2,816)
Less: Amounts representing interest		
Less: Amounts representing interest		
Present value of net future minimum lease payments	Present value of net future minimum lease payments	\$ 14,156
Present value of net future minimum lease payments		
Present value of net future minimum lease payments		

Future minimum payments on finance leases were not material as of ~~September 30, 2023 were not material.~~ March 31, 2024.

#### Note 5 – Equity Method Investments

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, we must assess whether our equity method investments are significant. In evaluating the significance of these investments, we performed the income, investment and asset tests described in S-X 1-02(w) for each equity method investment. Rule 4-08(g) of Regulation S-X requires summarized financial information for all equity method investees in a quarterly report if any of the equity method investees, individually or in the aggregate, result in any of the tests exceeding 10%.

Under the income test, our proportionate share of the revenue from equity method investments in the aggregate exceeded the applicable threshold under Rule 4-08(g) of 10%, accordingly, we are required to provide summarized income statement information for all investees for all periods presented. ~~There were no equity method investments which met any of the applicable thresholds for reporting Rule 3-09 for reporting separate financial statements.~~

Our equity method investments are initially recorded at cost, including transaction costs to obtain the equity method investment, and are subsequently adjusted for changes due to our share of the entities' earnings.

**ICM**

**ICM**

The following table presents summarized income statement information for ICM for the periods shown:

	Three Months Ended September 30,	Nine Months Ended September 30,
	<b>Three Months Ended March 31,</b>	
	<b>Three Months Ended March 31,</b>	
	<b>Three Months Ended March 31,</b>	
(Dollars in thousands)		
(Dollars in thousands)		

(Dollars in thousands)	(Dollars in thousands)	2023	2022	2023	2022
Total revenues	Total revenues	\$ 9,943	\$ 13,818	\$ 31,588	\$ 57,997
Net income (loss)		(1,520)	(1,986)	(5,691)	\$ 3,183
Total revenues					
Total revenues					
Net loss					
Net loss					
Net loss					
Gain on loans sold	Gain on loans sold	\$ 5,880	\$ 9,785	\$ 18,568	\$ 39,746
Gain (loss) on loans held for sale		(745)	(1,636)	(165)	(3,457)
Gain on loans sold					
Gain on loans sold					
Gain on loans held-for-sale					
Gain on loans held-for-sale					
Volume of loans sold	Volume of loans sold	359,791	619,059	1,071,795	1,999,706
Volume of loans sold					
Volume of loans sold					

In 2020, we acquired a 40% interest in ICM by contributing certain assets and liabilities associated with our mortgage operations as a capital contribution, as well as \$7.5 million of our preferred units. It was determined that our ownership percentage of 40% of ICM provides that we allows us to have significant influence over its operations and decision making. As of September 30, 2023, ICM's net assets were \$22.9 million. Accordingly, the investment, which had a carrying value of \$22.9 million at March 31, 2024, is accounted for as an equity method investment. Our share of ICM's net loss totaled \$0.6 million and \$2.3 million for the three and nine months ended September 30, 2023, respectively and our share of ICM's net loss and income totaled \$0.8 million and \$1.2 million for the three and nine months ended September 30, 2022, March 31, 2024 and March 31, 2023, respectively, respectively. As of September 30, 2023, the mortgage pipeline was \$544.4 million and \$678.3 million, respectively.

### Warp Speed

The following table presents summarized income statement information for our equity method investment in Warp Speed for the periods shown:

(Dollars in thousands)	(Dollars in thousands)	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
(Dollars in thousands)			
(Dollars in thousands)			
Total revenues	Total revenues	\$ 28,672	\$ 104,005
Total revenues			
Total revenues			
Net income (loss)	Net income (loss)	(218)	8,707
Gain on loans sold	Gain on loans sold	\$ 3,985	\$ 11,915
Gain (loss) on loans held for sale		(4,735)	12,480
Gain on loans sold			
Gain on loans sold			
Gain on loans held-for-sale			
Gain on loans held-for-sale			
Gain on loans held-for-sale			
Volume of loans sold	Volume of loans sold	381,486	979,692
Volume of loans sold			
Volume of loans sold			

In October 2022, we acquired a 37.5% interest in Warp Speed with \$38.4 million in cash, plus 313,030 shares of common stock with ownership as an aggregate value of \$9.6 million, equity method investment, initially recorded at cost including costs incurred to obtain the equity method investment. It was determined that our

ownership percentage of Warp Speed provides that we have significant influence over its operations and decision making. Accordingly, the investment, which had a carrying value of \$51.7 million at March 31, 2024, is accounted for as an equity method investment. At the time of acquisition, we made a policy election to record our proportionate share of net income of the investee on a three month lag. Our share of Warp Speed's net loss and income totaled \$0.10.9 million and \$3.3\$1.0 million for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the mortgage pipeline was \$99.1\$253.2 million and \$116.9\$267.8 million, respectively.

#### Ayers Socure II

Our ownership percentage of Ayers Socure II is 10% and it was determined that we have significant influence over the company. Accordingly, the investment is accounted for as an equity method investment. Our share of net income from Ayers Socure II for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 was not significant. The equity method investment in Ayers Socure II is not considered a significant investment based on the criteria of Rules 3-09 and 4-08(g) of Regulation S-X.

Ayers Socure II's sole business is ownership of equity securities in Socure Inc. ("Socure"). In addition to our equity method investment in Ayers Socure II, we also have direct equity security ownership interest in Socure. With the combination of our investments in both Ayers Socure II and Socure directly, we own less than 1% of Socure in the aggregate.

#### Note 6 – Deposits

The following table presents the components of deposits as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Demand deposits of individuals, partnerships and corporations	Demand deposits of individuals, partnerships and corporations					
Noninterest-bearing demand	Noninterest-bearing demand	\$1,093,903	\$1,231,544			
Interest-bearing demand	Interest-bearing demand	696,538	720,074			
Noninterest-bearing demand						
Noninterest-bearing demand						
NOW						
Savings and money markets	Savings and money markets	618,781	284,447			
Time deposits, including CDs and IRAs	Time deposits, including CDs and IRAs	629,667	334,417			
Total deposits	Total deposits	\$3,038,889	\$2,570,482			
Time deposits that meet or exceed the FDIC insurance limit	Time deposits that meet or exceed the FDIC insurance limit	\$ 3,435	\$ 4,386			
Time deposits that meet or exceed the FDIC insurance limit						
Time deposits that meet or exceed the FDIC insurance limit						

The following table presents the maturities of time deposits for the twelve month periods ended **September 30: March 31:**

(Dollars in thousands)	(Dollars in thousands)	
2024		\$ 325,464
2025		
2025	2025	301,107
2026	2026	635
2027	2027	1,530
2028	2028	908
2029		
Thereafter	Thereafter	23
Total	Total	\$ 629,667

As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, overdrawn deposit accounts totaling **\$3.1 million** **\$5.0 million** and **\$3.8 million** were reclassified as loan balances.

#### Note 7 – Borrowed Funds

The Bank is a member of the Federal Home Loan Bank ("FHLB") of Pittsburgh, Pennsylvania. As of **September 30, 2023** **March 31, 2024**, the Bank's maximum borrowing capacity with the FHLB was **\$721.2 million** **\$697.0 million** and the remaining borrowing capacity was **\$707.8 million** **\$683.9 million**, with the difference being deposit letters of credit of **\$11.9 million** and credit enhancement recourse obligations related to the master commitments through the FHLB's Mortgage Partnership Finance program of **\$1.4 million** **\$1.2 million**.

#### Short-term borrowings

As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the Bank had no short-term borrowings with the FHLB or Federal Reserve Bank and no federal funds purchased outstanding. As of **December 31, 2022**, the Bank had **\$102.3 million** short-term borrowings with the FHLB and Federal Reserve Bank and no federal funds purchased outstanding.

The following table presents information related to short-term borrowings as of and for the periods indicated:

(Dollars in thousands)	Nine Months Ended		(Dollars in thousands)	Three Months Ended March 31, 2024		Year Ended December 31, 2023	
	September 30, 2023	December 31, 2022					
Balance at end of period	Balance at end of period	\$ —	\$ 102,333				
Average balance during the period	Average balance during the period	23,449	15,494				
Maximum month-end balance	Maximum month-end balance	—	102,333				
Weighted-average rate during the period	Weighted-average rate during the period	5.06 %	2.82 %	Weighted-average rate during the period	9.14 %	5.07 %	— %
Weighted-average rate at end of period	Weighted-average rate at end of period	— %	4.45 %	Weighted-average rate at end of period	— %	— %	— %

#### Long-term borrowings

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Bank had no long-term borrowings with the FHLB or the Federal Reserve Bank.

### Repurchase agreements

Along with traditional deposits, the Bank has access to securities sold under agreements to repurchase ("repurchase agreements") with clients representing funds deposited by clients, on an overnight basis, that are collateralized by investment securities owned by us. All repurchase agreements are subject to terms and conditions of repurchase/security agreements between us and the client and are accounted for as secured borrowings. Our repurchase agreements reflected in liabilities consist of client accounts and securities which are pledged on an individual security basis.

We monitor the fair value of the underlying securities on a monthly basis. Repurchase agreements are reflected in the amount of cash received in connection with the transaction. The primary risk with our repurchase agreements is the market risk associated with the investments securing the transactions, as we may be required to provide additional collateral based on fair value changes of the underlying investments. Securities pledged as collateral under repurchase agreements are maintained with our safekeeping agents.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, all of our repurchase agreements were overnight agreements. These borrowings were collateralized with investment securities with a carrying value of **\$4.6 million** **\$3.9 million** and **\$10.4 million** **\$4.9 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, and were comprised of United States government agency securities and United States sponsored mortgage-backed securities. Declines in the value of the collateral would require us to increase the amounts of securities pledged.

The following table presents information related to repurchase agreements as of and for the periods shown:

(Dollars in thousands)	Nine Months Ended		Year Ended (Dollars in thousands)	Three Months Ended March 31, 2024		Year Ended December 31, 2023	
	(Dollars in thousands)	September					
		30, 2023	31, 2022				
Balance at end of period	Balance at end of period	\$ 4,502	\$ 10,037				
Average balance during the period	Average balance during the period	5,974	10,987				
Maximum month-end balance	Maximum month-end balance	10,041	12,680				
Weighted-average rate during the period	Weighted-average rate during the period	— %	0.05 %	Weighted-average rate during the period	0.01	%	0.02 %
Weighted-average rate at end of period	Weighted-average rate at end of period	0.01 %	0.06 %	Weighted-average rate at end of period	0.01	%	0.01 %

### Subordinated debt

The following table presents information related to subordinated debt as of and for the periods shown:

(Dollars in thousands)	Nine Months Ended		Year Ended (Dollars in thousands)	Three Months Ended March 31, 2024		Year Ended December 31, 2023	
	(Dollars in thousands)	September					
		30, 2023	31, 2022				
Balance at end of period	Balance at end of period	\$ 73,478	\$ 73,286				
Average balance during the period	Average balance during the period	73,383	73,159				
Maximum month-end balance	Maximum month-end balance	73,478	73,286				

Weighted-average rate during the period	4.39 %	4.20 %	Weighted-average rate during the period	4.07	%	4.38	%
Weighted-average rate at end of period	4.01 %	3.97 %	Weighted-average rate at end of period	4.02	%	4.02	%

In September 2021, we completed the private placement of \$30.0 million fixed-to-floating rate subordinated notes to certain qualified institutional investors. These notes are unsecured and have a 10-year term, maturing October 1, 2031, and will bear interest at a fixed rate of 3.25%, payable semi-annually in arrears, for the first five years of the term. Thereafter, the interest rate will reset quarterly to an interest rate per annum equal to a benchmark rate, which is expected to be Three-Month Term SOFR, plus 254 basis points, payable quarterly in arrears. These notes have been structured to qualify as Tier 2 capital for regulatory capital purposes.

In November 2020, we completed the private placement of \$40.0 million fixed-to-floating rate subordinated notes to certain qualified institutional investors. These notes are unsecured and have a ten-year term, maturing December 1, 2030, and will bear interest at a fixed rate of 4.25%, payable semi-annually in arrears, for the first five years of the term. Thereafter, the interest rate will reset quarterly to an interest rate per annum equal to a benchmark rate, which is expected to be Three-Month Term SOFR, plus 401 basis points, payable quarterly in arrears. These notes have been structured to qualify as Tier 2 capital for regulatory capital purposes.

In March 2007, we completed the private placement of \$4.0 million Floating Rate, Trust Preferred Securities through our MVB Financial Statutory Trust I subsidiary (the "Trust"). We established the Trust for the sole purpose of issuing the Trust Preferred Securities pursuant to an Amended and Restated Declaration of Trust. The Trust Preferred Securities and the Debentures mature in 2037 and have been redeemable by us since 2012. Interest payments are due in March, June, September and December and are adjusted at the interest due dates at a rate of 0.26% plus Three-Month Term SOFR. The obligations we provide with respect to the issuance of the trust preferred securities constitute a full and unconditional guarantee by us of the Trust's obligations with respect to the trust preferred securities to the extent set forth in the related guarantees. The securities issued by the Trust are includable for regulatory purposes as a component of our Tier 1 capital.

#### Senior term loan

The following table presents information related to senior term loan as of and for the periods shown:

(Dollars in thousands)	Nine Months Ended September 30, 2023		Year Ended December 31, 2022		Three Months Ended March 31, 2024		Year Ended December 31, 2023		
	(Dollars in thousands)	Month-End	Year-End	(Dollars in thousands)	Month-End	Year-End	(Dollars in thousands)	Month-End	Year-End
		September	December		September	December		September	December
Balance at end of period	Balance at end of period	\$ 8,473	\$ 9,765						
Average balance during the period	Average balance during the period	9,285	2,328						
Maximum month-end balance	Maximum month-end balance	9,768	9,886						
Weighted-average rate during the period	Weighted-average rate during the period	8.39 %	7.00 %	Weighted-average rate during the period	8.18	%	8.50	%	
Weighted-average rate at end of period	Weighted-average rate at end of period	8.48 %	7.44 %	Weighted-average rate at end of period	7.63	%	8.76	%	

In October 2022, we entered into a credit agreement with Raymond James Bank ("Raymond James"). Pursuant to the credit agreement, Raymond James has extended to us a senior term loan in the aggregate principal amount of up to \$10.0 million. In connection with the closing of the Warp Speed transaction, we borrowed \$10.0 million and paid Raymond James an upfront fee of 1% of the loan amount. The loan will bear interest per annum at a rate equal to 2.75%, plus term SOFR, which will reset monthly. Accrued interest is payable on the last business day of each month, beginning with October 31, 2022, with the then outstanding principal balance of the loan payable on the last business day of each quarter in the amount of \$125,000 during the first year and \$250,000 thereafter. The loan will mature in April 2025, unless accelerated earlier upon an event of default.

#### Note 8 – Pension and Supplemental Executive Retirement Plans

We participate in a trustee pension plan known as the Allegheny Group Retirement Plan. Benefits are based on years of service and the employee's compensation. Accruals under the plan were frozen as of May 31, 2014. Freezing the plan resulted in a remeasurement of the pension obligations and plan assets as of the freeze date. The pension obligation was remeasured using the discount rate based on the Citigroup Above Median Pension Discount Curve in effect on May 31, 2014 of 4.5%.

The following table presents information pertaining to the activity in our defined benefit pension plan, using the latest available actuarial valuations with a measurement date of **September 30, 2023** **March 31, 2024** and **2022** **2023** for the periods shown:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2023	2022
Interest cost	Interest cost	\$ 113	\$ 85	339	255
Interest cost					
Interest cost					
Expected return on plan assets	Expected return on plan assets	(164)	(167)	(492)	(501)
Expected return on plan assets					
Amortization of net actuarial loss					
Amortization of net actuarial loss					
Amortization of net actuarial loss	Amortization of net actuarial loss	29	107	87	321
Net periodic benefit (income) cost	Net periodic benefit (income) cost	\$ (22)	\$ 25	\$ (66)	\$ 75
Net periodic benefit (income) cost					
Contributions paid	Contributions paid	\$ —	\$ —	\$ —	\$ —
Contributions paid					
Contributions paid					

There was no service cost or amortization of prior service cost for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**.

In June 2017, we approved a Supplemental Executive Retirement Plan (the "SERP"), pursuant to which the Chief Executive Officer of Potomac Mortgage Group ("PMG") is entitled to receive certain supplemental nonqualified retirement benefits. The SERP took effect on December 31, 2017. As the executive completed three years of continuous employment with PMG prior to retirement date (which shall be no earlier than the date he attains age 55) he will, upon retirement, be entitled to receive \$1.8 million payable in 180 equal consecutive monthly installments. The liability is calculated by discounting the anticipated future cash flows at 4.0%. The liability accrued for this obligation was \$1.4 million and \$1.3 million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. Service costs were cost was not material for any periods covered by this report. In February 2024, the SERP was terminated. Within the agreement, there is a one year provision for payment delay. As such, the \$1.8 million obligation is scheduled to be paid in February 2025.

#### Note 9 – Fair Value of Financial Instruments

The following table presents the carrying values and estimated fair values of our financial instruments as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets			Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
				for Identical Assets	Observable Inputs (Level I)	Inputs (Level II)	Inputs (Level III)		
September 30, 2023									

March 31, 2024

**Financial Assets:**

**Financial Assets:**

Financial Assets:	Financial Assets:						
Cash and cash equivalents	Cash and cash equivalents	\$ 587,100	\$ 587,100	\$ 587,100	\$ —	\$ —	

Cash and cash equivalents

Cash and cash equivalents

Securities available-for-sale	Securities available-for-sale	311,537	311,537	98,100	188,797	24,640	
Equity securities	Equity securities	40,835	40,835	4,647	—	36,188	
Loans held-for-sale		7,603	7,603	—	7,603	—	

Loans receivable, net

Loans receivable, net

Loans receivable, net	Loans receivable, net	2,246,157	2,139,689	—	—	2,124,865	
Servicing rights	Servicing rights	1,736	1,753	—	—	1,753	
Interest rate swaps	Interest rate swaps	12,974	12,974	—	12,974	—	
Fair value hedge		204	204	—	204	—	

Accrued interest receivable

Accrued interest receivable

Accrued interest receivable	Accrued interest receivable	15,630	15,630	—	2,190	13,440	
FHLB Stock	FHLB Stock	2,122	2,122	—	2,122	—	
Bank-owned life insurance		44,109	44,109	—	44,109	—	

Embedded derivative

Embedded derivative

Embedded derivative	Embedded derivative	648	648	—	—	648	
---------------------	---------------------	-----	-----	---	---	-----	--

**Financial Liabilities:**

**Financial Liabilities:**

Deposits

Deposits

Deposits	Deposits	\$3,038,889	\$2,670,272	\$ —	\$2,670,272	\$ —	
Repurchase agreements	Repurchase agreements	4,502	4,502	—	4,502	—	
Interest rate swaps	Interest rate swaps	10,609	10,609	—	10,609	—	

Fair value hedge

Accrued interest payable

Accrued interest payable	Accrued interest payable	2,123	2,123	—	2,123	—	
--------------------------	--------------------------	-------	-------	---	-------	---	--

Senior term loan	Senior term loan	8,473	8,363	—	8,363	—
Senior term loan						
Senior term loan						
Subordinated debt	Subordinated debt	73,478	56,417	—	56,417	—
December 31, 2022						
December 31, 2023						
December 31, 2023						
Financial assets:	Financial assets:					
Financial assets:						
Financial assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 40,280	\$ 40,280	\$ 40,280	\$ —	\$ —
Securities available-for-sale	Securities available-for-sale	379,814	379,814	—	344,471	35,343
Equity securities	Equity securities	38,744	38,744	5,382	—	33,362
Loans held-for-sale	Loans held-for-sale	23,126	24,898	—	24,898	—
Loans receivable, net	Loans receivable, net	2,348,808	2,285,427	—	—	2,285,427
Servicing rights	Servicing rights	1,616	1,634	—	—	1,634
Interest rate swaps	Interest rate swaps	8,427	8,427	—	8,427	—
Accrued interest receivable	Accrued interest receivable	12,617	12,617	—	2,778	9,839
Bank-owned life insurance	Bank-owned life insurance	43,239	43,239	—	43,239	—
FHLB Stock	FHLB Stock	9,966	9,966	—	9,966	—
Embedded derivative						
Embedded derivative						
Embedded derivative	Embedded derivative	787	787	—	—	787
Financial liabilities:	Financial liabilities:					
Financial liabilities:						
Financial liabilities:						
Deposits						
Deposits						
Deposits	Deposits	\$ 2,570,482	\$ 2,226,037	\$ —	\$ 2,226,037	\$ —
Repurchase agreements	Repurchase agreements	10,037	10,037	—	10,037	—
Interest rate swaps						

Fair value hedge	Fair value hedge	572	572	—	572	—
Interest rate swaps		8,427	8,427	—	8,427	—
Accrued interest payable	Accrued interest payable	2,558	2,558	—	2,558	—
FHLB and other borrowings		102,333	102,006	—	102,006	—
Senior term loan						
Senior term loan						
Senior term loan	Senior term loan	9,765	9,765	—	9,765	—
Subordinated debt	Subordinated debt	73,286	64,330	—	64,330	—

#### Note 10 – Fair Value Measurements

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time of our entire holdings of a particular financial instrument. Because no market exists for a significant portion of our financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value estimates are based on existing on-and-off balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments.

The methods of determining the fair value of assets and liabilities presented in this footnote are consistent with our methodologies disclosed in *Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements* consolidated financial statements included in *Item 8, Financial Statements and Supplementary Data*, of the **2022** **2023** Form 10-K.

#### Assets Measured on a Recurring Basis

As required by accounting standards, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following measurements are made on a recurring basis.

**Available-for-sale investment securities** – Available-for-sale investment securities are recorded at fair value on a recurring basis. 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 I securities include those traded on an active exchange, such as the New York Stock Exchange and money market funds. Level II securities include mortgage-backed securities issued by government sponsored entities and private label entities, municipal bonds, United States Treasury securities that are traded by dealers or brokers in inactive over-the-counter markets and corporate debt securities. There have been no changes in valuation techniques for the three and nine months ended **September 30, 2023** **March 31, 2024**. Valuation techniques are consistent with techniques used in prior periods. Certain local municipal securities related to tax increment financing ("TIF") are independently valued and classified as Level III instruments. We classified investments in government securities as Level II instruments and valued them using the market approach.

**Equity securities** – Certain equity securities are recorded at fair value on a recurring basis. 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. The valuation methodologies utilized may include significant unobservable inputs. There have been no changes in valuation techniques for the three and nine months ended **September 30, 2023** **March 31, 2024**. Valuation techniques are consistent with techniques used in prior periods.

**Loans held-for-sale** - The fair value of loans held-for-sale is determined, when possible, using quoted secondary market prices or investor commitments. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan, which would be used by other market participants. If the fair value at the reporting date exceeds the amortized cost of a loan, the loan is reported at amortized cost.

**Interest rate swaps** – Interest rate swaps are recorded at fair value based on third-party vendors who compile prices from various sources and may determine the fair value of identical or similar instruments by using pricing models that consider observable market data.

**Fair value hedges** – Treated like an interest rate swap, fair value hedges are recorded at fair value based on third-party vendors who compile prices from various sources and may determine fair value of identical or similar instruments by using pricing models that consider observable market data.

**Bank-owned life insurance** - Life insurance where the bank is both the policy beneficiary and owner. Bank-owned life insurance is recorded at fair value on a recurring basis, and increases in cash surrender, contract value and net insurance proceeds at maturity are recorded as other income.

**Embedded derivatives** — Accounted for and recorded separately from the underlying contract as a derivative at fair value on a recurring basis. Fair values are determined using the Monte Carlo model valuation technique. The valuation methodology utilized includes significant unobservable inputs.

The following tables present assets and liabilities reported on the consolidated statements of financial condition at their fair value on a recurring basis as of the periods shown by level within the fair value hierarchy:

(Dollars in thousands)	September 30, 2023				
	Level I	Level II	Level III	Total	
<b>Assets:</b>					
United States government agency securities	\$	—	\$ 37,140	\$ —	\$ 37,140
United States sponsored mortgage-backed securities	—	—	60,481	—	60,481
United States treasury securities	98,100	—	—	—	98,100
Municipal securities	—	81,484	17,140	—	98,624
Corporate debt securities	—	8,901	—	—	8,901
Other securities	—	791	—	—	791
Equity securities	4,647	—	—	—	4,647
Loans held-for-sale	—	7,603	—	—	7,603
Interest rate swaps	—	12,974	—	—	12,974
Fair value hedge	—	204	—	—	204
Bank-owned life insurance	—	44,109	—	—	44,109
Embedded derivative	—	—	648	—	648
<b>Liabilities:</b>					
Interest rate swaps	—	10,609	—	—	10,609

(Dollars in thousands)	(Dollars in thousands)	December 31, 2022				(Dollars in thousands)	March 31, 2024			
		Level I	Level II	Level III	Total		Level I	Level II	Level III	Total
<b>Assets:</b>										
United States government agency securities	United States government agency securities	\$ —	\$ 44,814	\$ —	\$ 44,814	—	—	—	—	—
United States sponsored mortgage-backed securities	United States sponsored mortgage-backed securities	—	56,571	—	56,571	—	—	—	—	—
United States treasury securities	United States treasury securities	—	120,909	—	120,909	—	—	—	—	—
Municipal securities	Municipal securities	—	103,293	35,343	138,636	—	—	—	—	—
Corporate debt securities	Corporate debt securities	—	10,560	—	10,560	—	—	—	—	—
Other securities	Other securities	—	—	—	—	—	—	—	—	—

Other securities	Other securities	—	824	—	824
Equity securities	Equity securities	5,382	—	—	5,382
Loans held-for-sale					
Interest rate swaps					
Interest rate swaps					
Bank-owned life insurance	—	43,239	—	43,239	
Embedded derivative					
Embedded derivative					
Embedded derivative	Embedded derivative	—	—	787	787
Liabilities:					
Interest rate swaps					
Interest rate swaps	Interest rate swaps	—	8,427	—	8,427
Interest rate swaps					
Fair value hedge	Fair value hedge	—	572	—	572

December 31, 2023					
(Dollars in thousands)			Level I	Level II	Level III
Assets:					Total
United States government agency securities		\$	—	\$ 38,408	\$ 38,408
United States sponsored mortgage-backed securities		—		82,382	82,382
United States treasury securities		—		100,356	100,356
Municipal securities		—	88,662	18,245	106,907
Corporate debt securities		—	8,942	—	8,942
Other securities		—	780	—	780
Equity securities		3,590	—	—	3,590
Loans held-for-sale		—	629	—	629
Interest rate swaps		—	6,249	—	6,249
Embedded derivative		—	—	648	648
Liabilities:					
Interest rate swaps		—	6,249	—	6,249
Fair value hedge		—	6,111	—	6,111

The following table represents recurring Level III assets as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	Municipal Securities	Embedded Derivatives	Total
		(Dollars in thousands)		
Balance at June 30, 2023	\$ 34,418	\$ 648	\$ 35,066	
Balance at December 31, 2023				
Realized and unrealized income included in earnings	Realized and unrealized income included in earnings	45	—	45
Purchase of securities	Purchase of securities	250	—	250
Maturities/calls	Maturities/calls	(17,389)	—	(17,389)

Unrealized loss	Unrealized loss			
included in	included in			
other	other			
comprehensive	comprehensive			
income (loss)	income (loss)	(184)	—	(184)
Balance at September 30,				
2023		\$ 17,140	\$ 648	\$ 17,788
Balance at				
March 31,				
2024				
Balance at	Balance at			
December 31,	December 31,			
2022	2022	\$ 35,343	\$ 787	\$ 36,130
Realized and unrealized				
income (loss) included in				
earnings		46	(139)	(93)
Purchase of securities		250	—	250
Balance at December 31, 2022				
Balance at December 31, 2022				
Realized loss				
included in				
earnings				
Maturities/calls	Maturities/calls	(18,156)	—	(18,156)
Unrealized loss included in				
other comprehensive income				
(loss)		(343)	—	(343)
Balance at September 30,				
2023		\$ 17,140	\$ 648	\$ 17,788
Balance at June 30, 2022				
	\$ 37,035	\$ —	\$ —	\$ 37,035
Realized and unrealized gain				
included in earnings		—	—	—
Purchase of securities		—	—	—
Maturities/calls	Maturities/calls	(66)	—	(66)
Unrealized loss included in				
other comprehensive income				
(loss)		(1,840)	—	(1,840)
Balance at September 30,				
2022		\$ 35,129	\$ —	\$ 35,129
Balance at December 31, 2021				
	\$ 41,763	\$ —	\$ —	\$ 41,763
Realized and unrealized gains				
included in earnings		8	—	8
Purchase of securities		1,048	—	1,048
Maturities/calls	Maturities/calls	(3,141)	—	(3,141)
Unrealized loss included in				
other comprehensive income				
(4,550)		(4,550)	—	(4,550)
Balance at September 30,				
2022		\$ 35,129	\$ —	\$ 35,129
Unrealized				
gain included				
in other				
comprehensive				
income (loss)				
Balance at				
March 31,				
2023				

## Assets Measured on a Nonrecurring Basis

We may be required, from time to time, to measure certain financial assets, financial liabilities, non-financial assets and non-financial liabilities 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 value that were recognized at fair value below cost at the end of the period. Certain non-financial assets measured at fair value on a non-recurring basis include foreclosed assets (upon initial recognition or subsequent impairment), non-financial assets and non-financial liabilities measured at fair value in the second step of a goodwill impairment test, and intangible assets and other non-financial long-lived assets measured at fair value for impairment assessment. Non-financial assets measured at fair value on a nonrecurring basis during 2023 2024 and 2022 2023 include certain foreclosed assets which, upon initial recognition, were remeasured and reported at fair value through a charge-off to the allowance for possible loan credit losses and certain foreclosed assets which, subsequent to their initial recognition, were remeasured at fair value through a write-down included in other noninterest expense.

**Collateral-dependent loans** - Certain loans receivable are evaluated individually for credit loss when the borrower is experiencing financial difficulties and repayment is expected to be provided substantially through the operation or sale of collateral. Estimated credit losses are based on the fair value of the collateral, adjusted for costs to sell. Collateral values are estimated using Level II inputs based on observable market data or Level III inputs based on customized discounting criteria. For a majority of collateral-dependent real estate related loans, we obtain a current external appraisal. Other valuation techniques are used as well, including internal valuations, comparable property analysis and contractual sales information.

**Loans held-for-sale** - The fair value of loans held-for-sale is determined, when possible, using quoted secondary-market prices or investor commitments. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset

or assets, adjusted for the specific attributes of that loan, which would be used by other market participants. If the fair value at the reporting date exceeds the amortized cost of a loan, the loan is reported at amortized cost.

**Other real estate owned** - Other real estate owned, which is obtained through the Bank's foreclosure process, is valued utilizing the appraised collateral value. Collateral values are estimated using Level II inputs based on observable market data or Level III inputs based on customized discounting criteria. At the time the foreclosure is completed, we obtain a current external appraisal.

**Other debt securities** - Certain debt securities are recorded at fair value on a nonrecurring basis. These other debt securities are securities without a readily determinable fair value and are measured at cost minus impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions, as defined, for identical or similar investments of the same issuer.

**Equity securities** - Certain equity securities are recorded at fair value on a nonrecurring basis. Equity securities without a readily determinable fair value are measured at cost minus impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions, as defined, for identical or similar investments of the same issuer.

The following table presents the fair value of these assets as of the periods shown:

		September 30, 2023				March 31, 2024				March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Level I	Level II	Level III	Total	(Dollars in thousands)	Level I	Level II	Level III	Total	(Dollars in thousands)	Level I	Level II	Level III	Total
Collateral-dependent loans	Collateral-dependent loans	\$ —	\$ —	\$ 3,113	\$ 3,113										
Other real estate owned	Other real estate owned	—	—	906	906										
Other debt securities	Other debt securities	—	—	7,500	7,500										
Equity securities	Equity securities	—	—	36,188	36,188										
		December 31, 2022				December 31, 2023				December 31, 2023					
(Dollars in thousands)	(Dollars in thousands)	Level I	Level II	Level III	Total	(Dollars in thousands)	Level I	Level II	Level III	Total	(Dollars in thousands)	Level I	Level II	Level III	Total
Impaired loans	Impaired loans	\$ —	\$ —	\$ 14,117	\$ 14,117										
Collateral-dependent loans	Collateral-dependent loans														
Other real estate owned	Other real estate owned	—	—	1,194	1,194										

Other debt securities	Other debt securities	—	—	7,500	7,500
Equity securities	Equity securities	—	—	33,362	33,362

The following tables present quantitative information about the Level III significant unobservable inputs for assets and liabilities measured at fair value as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	Quantitative Information about Level III Fair Value Measurements			(Dollars in thousands)	Quantitative Information about Level III Fair Value Measurements				
		Fair Value	Valuation Technique	Unobservable Input		Fair Value	Valuation Technique	Unobservable Input		
<b>September 30, 2023</b>										
<b>March 31, 2024</b>										
<b>Nonrecurring measurements:</b>										
<b>Nonrecurring measurements:</b>										
Collateral-dependent loans										
Collateral-dependent loans		\$ 3,113	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%	\$ 18,546	Appraisal of collateral <sup>1</sup>	Appraisal of collateral <sup>1</sup>		
				Liquidation expense <sup>2</sup>	6%			Liquidation expense <sup>2</sup>		
Other real estate owned		\$ 906	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%					
				Liquidation expense <sup>2</sup>	6%					
Other debt securities		\$ 7,500	Net asset value	Cost, less impairment	0%					
Equity securities		\$ 36,188	Net asset value	Cost, less impairment	0%					
<b>Recurring measurements:</b>										
Municipal securities <sup>5</sup>		\$ 17,140	Appraisal of bond <sup>3</sup>	Bond appraisal adjustment <sup>4</sup>	5% - 15%					
Embedded derivatives		\$ 648	Monte Carlo pricing model	Deferred payment	\$0 - \$49.1 million					
				Volatility	59%					
				4.75	4.75					
				Term	years					
				Risk free rate	3.59%					
<b>December 31, 2022</b>										
<b>Nonrecurring measurements:</b>										
Impaired loans		\$ 14,117	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%					
				Liquidation expense <sup>2</sup>	6%					
<b>Other real estate owned</b>										
Other real estate owned		\$ 1,194	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%	\$ 825	Appraisal of collateral <sup>1</sup>	Appraisal of collateral <sup>1</sup>		
				Liquidation expense <sup>2</sup>	6%			Liquidation expense <sup>2</sup>		
Other debt securities		\$ 7,500	Net asset value	Cost, less impairment	0%					
<b>Other debt securities</b>										
Other debt securities						\$ 7,500	Net asset value	Cost, less impairment		
Equity securities							0%			
Equity securities										
Equity securities		Equity securities	\$ 33,362	Net asset value	Cost, less impairment	0%	\$ 37,237	Net asset value		
								Cost, less impairment		
								0%		

Recurring measurements:		Recurring measurements:							
Recurring measurements:		Recurring measurements:							
Municipal securities <sup>5</sup>									
Municipal securities <sup>5</sup>									
Municipal securities <sup>5</sup>	Municipal securities <sup>5</sup>	\$ 35,343	Appraisal of bond <sup>3</sup>	Bond appraisal adjustment <sup>4</sup>	5% - 15%	\$ 17,363	Appraisal of bond <sup>3</sup>	Appraisal of bond <sup>3</sup>	Bond appraisal adjustment <sup>4</sup>
Embedded derivatives	Embedded derivatives	\$ 787	Monte Carlo pricing model	Deferred payment	\$0 - \$51.9 million				5% - 15%
Embedded derivatives									
Embedded derivatives						\$ 648	Monte Carlo pricing model	Deferred payment	\$0 - \$49.1 million
				Volatility				Volatility	
						Term		Term	
				Risk free rate				Risk free rate	
				Volatility		58%			
December 31, 2023									
December 31, 2023									
December 31, 2023									
Nonrecurring measurements:									
Nonrecurring measurements:									
Nonrecurring measurements:									
Collateral-dependent loans									
Collateral-dependent loans									
Collateral-dependent loans						\$ 2,891	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%
				Liquidation expense <sup>2</sup>				Liquidation expense <sup>2</sup>	
				Term		5 years		Term	
Other real estate owned									
Other real estate owned									
Other real estate owned						\$ 825	Appraisal of collateral <sup>1</sup>	Appraisal adjustments <sup>2</sup>	0% - 20%
				Liquidation expense <sup>2</sup>				Liquidation expense <sup>2</sup>	
				Risk free rate		3.95%		Risk free rate	
Other debt securities									
Other debt securities									
Other debt securities						\$ 7,500	Net asset value	Cost, less impairment	0%
Equity securities									
Equity securities									
Equity securities						\$ 37,496	Net asset value	Cost, less impairment	0%
Recurring measurements:									
Recurring measurements:									
Recurring measurements:									
Municipal securities <sup>5</sup>									
Municipal securities <sup>5</sup>									

Municipal securities <sup>5</sup>	\$18,245	Appraisal of bond <sup>3</sup>	Bond appraisal adjustment <sup>4</sup>	5% - 15%
Embedded derivatives				
Embedded derivatives				
Embedded derivatives	\$ 648	Monte Carlo pricing model	Deferred payment	\$0 - \$49.1 million
Volatility				Volatility
Term				Term
Risk free rate				Risk free rate

<sup>1</sup> Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various Level III inputs that are not identifiable.

<sup>2</sup> Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

<sup>3</sup> Fair value is determined through independent analysis of liquidity, rating, yield and duration.

<sup>4</sup> Appraisals may be adjusted for qualitative factors, such as local economic conditions, liquidity, marketability and legal structure.

<sup>5</sup> Municipal securities classified as Level III instruments are comprised of TIF bonds related to certain local municipal securities.

## Note 11 – Derivatives

We use certain derivative instruments to meet the needs of customers, as well as to manage the interest rate risk associated with certain transactions. All derivative financial instruments are recognized as either assets or liabilities and measured at fair value.

### Fair Value Hedges of Interest Rate Risk

We are exposed to changes in the fair value of fixed rate mortgages included in a closed portfolio due to changes in benchmark interest rates.

In 2023 we entered into ~~three~~ <sup>five</sup> fixed portfolio layer method fair value swaps, designated as hedging instruments, to manage exposure to changes in fair value on ~~these instruments~~ <sup>fixed rate mortgages and certain fixed rate available for sale securities</sup> attributable to the designated interest rate. ~~Four of the interest rate swaps are designated to hedge a closed portfolio of fixed rate mortgages, and one of the interest rate swaps is designated to hedge a closed portfolio of fixed rate municipal bonds.~~ The interest rate swaps involve the payment of fixed-rate amounts to a counterparty in exchange for us receiving variable-rate payments over the life of the agreements, without the exchange of the underlying notional amount.

We designated the fair value swaps under the portfolio layer method ("PLM"). The total notional amount of the ~~three~~ <sup>five</sup> swaps was ~~\$145.7~~ <sup>\$436.5</sup> million as of ~~September 30, 2023~~ <sup>March 31, 2024</sup>, one of which is amortizing and included a ~~\$4.29~~ <sup>\$13.5</sup> million amortization adjustment to the notional amount at ~~September 30, 2023~~ <sup>March 31, 2024</sup>. Under this method, the hedged items are designated as a hedged layer of closed portfolios of financial loans <sup>and</sup> municipal bonds that are anticipated to remain outstanding for the designated hedged periods. Adjustments ~~will be~~ <sup>are</sup> made to record the swaps at fair value on the consolidated balance sheets, with changes in fair value recognized in interest income. ~~These instruments are included in loans receivable on the consolidated balance sheet.~~ The carrying values of the fair value swaps on the consolidated balance sheets ~~will be~~ <sup>are</sup> also adjusted through interest income, based on changes in fair value attributable to changes in the hedged risk.

The following table represents the carrying value of the portfolio layer method hedged assets and the cumulative fair value hedging adjustments included in the carrying value of the hedged assets as of ~~September 30, 2023~~ <sup>March 31, 2024</sup> and ~~December 31, 2022~~ <sup>December 31, 2023</sup>:

September 30, 2023			December 31, 2022			March 31, 2024			December 31, 2023			
March 31, 2024												
(Dollars in thousands)	(Dollars in thousands)	Amortized			(Dollars in thousands)	Balance Sheet Location	Amortized	Hedged	Basis	Amortized	Hedged	Basis
Cost Basis	Asset	Amortized	Hedged	Basis	Cost Basis	Asset	Amortized	Hedged	Basis	Cost Basis	Asset	Amortized
		Basis	Asset	Adjustment								
Fixed Rate Assets	\$486,167	\$145,709	\$ (2,809)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fixed rate mortgages												
Fixed rate bonds												
Total hedged assets												

### Derivatives Not Designated as Hedging Instruments

**Matched Interest Rate Swaps.** We enter into interest rate swap contracts to help commercial loan borrowers manage their interest rate risk. The interest rate swap contracts with commercial loan borrowers allow them to convert floating-rate loan payments to fixed rate loan payments. When we enter into an interest rate swap contract with a commercial loan borrower, we simultaneously enter into a "mirror" swap contract with a third-party. The third-party exchanges the borrower's fixed-rate loan payments for floating-rate loan payments. These derivatives are not designated as hedges and changes in fair value are recognized in earnings. Because these derivatives have mirror-image contractual terms, the changes in fair value substantially offset each other through earnings. Fees earned in connection with the execution of derivatives related to this program are recognized in earnings through loan-related derivative income.

**Pay Fixed Interest Rate Swaps.** During the three months ended September 30, 2023, we entered into a pay fixed swap with a notional amount of \$250.0 million. The interest rate swap involves the payment of fixed-rate amounts to a counterparty in exchange for us receiving variable-rate payments over the life of the agreement, without the exchange of the underlying notional amount. This swap was not designated as a hedging instrument and changes in fair value are recognized in earnings.

The following tables summarize outstanding financial derivative instruments as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023			March 31, 2024			December 31, 2022			December 31, 2023		
		Balance		Fair Value of			Balance		Fair Value of Asset (Liability)			Gain (Loss)	
		Sheet Location	Notional Amount	Asset (Liability)	Gain (Loss)	Sheet Location	Notional Amount	Asset (Liability)	Gain (Loss)	Sheet Location	Notional Amount	Asset (Liability)	Gain (Loss)
<b>Fair value hedge of interest rate risk:</b>	<b>Fair value hedge of interest rate risk:</b>												
Pay fixed rate swaps with counterparty	Pay fixed rate swaps with counterparty	Accrued interest											
		receivable											
		with with	and other										
		counterparty assets	\$145,709	\$ 2,814	\$ 2,814								
<b>Pay fixed rate swaps with counterparty</b>	<b>Pay fixed rate swaps with counterparty</b>												
<b>Not designated hedges of interest rate risk:</b>	<b>Not designated hedges of interest rate risk:</b>												
<b>Not designated hedges of interest rate risk:</b>	<b>Not designated hedges of interest rate risk:</b>												
Matched interest rate swaps with borrowers	Matched interest rate swaps with borrowers	Accrued interest											
		receivable											
		with with	and other										
		borrowers assets	265,286	10,160	—								
<b>Matched interest rate swaps with borrowers</b>	<b>Matched interest rate swaps with borrowers</b>												
<b>Matched interest rate swaps with counterparty</b>	<b>Matched interest rate swaps with counterparty</b>	Accrued interest											
		payable											
		with with	and other										
		counterparty liabilities	132,643	(10,160)	—								

		Accrued interest payable				
Pay fixed rate swaps with and other counterparty	liabilities	250,000	(449)	(449)		
Total derivatives	Total derivatives	\$793,638	\$ 2,365	\$2,365		
Total derivatives						
Total derivatives						

		December 31, 2022			December 31, 2023			December 31, 2023		
(Dollars in thousands)	(Dollars in thousands)	Balance Sheet Location	Fair Value of Notional Asset Gain		Balance Sheet Location	Notional Amount	Fair Value of Asset (Liability)	Gain (Loss)		
Fair value hedge of interest rate risk:	Fair value hedge of interest rate risk:									
Pay fixed rate swaps with counterparty	Pay fixed rate swaps with counterparty	Accrued interest receivable and other counterparty assets	\$ — \$ —							
Pay fixed rate swaps with counterparty										
Not designated hedges of interest rate risk:	Not designated hedges of interest rate risk:									
Not designated hedges of interest rate risk:										
Not designated hedges of interest rate risk:										
Matched interest rate swaps with borrowers										
Matched interest rate swaps with borrowers										
Matched interest rate swaps with borrowers	Matched interest rate swaps with borrowers	Accrued interest receivable and other assets	275,478 8,427 —							
Matched interest rate swaps with borrowers	Matched interest rate swaps with borrowers	Accrued interest payable								
Pay fixed rate swaps with and other counterparty	liabilities	137,739 (8,427) —								
Pay fixed rate swaps with and other counterparty	liabilities	— — —								

Total derivatives	Total derivatives	\$413,217	\$ —
Total derivatives			
Total derivatives			

#### Embedded Derivative

In December 2022, we entered into an agreement to sell a portion of our shares of Interchecks Technologies, Inc., a former equity method investment that was subsequently reclassified to equity securities due to the decrease in the remaining ownership percentage. Based on the terms of the sale, we recognized the cash received at closing, as well as a receivable for the remaining installment payment, which is based on a future economic event and is accounted for and separately recorded as a derivative. The derivative instrument is included in accrued interest receivable and other assets on the consolidated balance sheet, while the gains and losses are included in noninterest income on the consolidated statement of income. The fair value of the embedded derivative was \$0.6 million ~~at March 31, 2024 and \$0.8 million at September 30, 2023~~ December 31, 2023, with no gain or loss for the three months ended March 31, 2024 and December 31, 2022, respectively, with a loss of ~~\$0.1 million as of September 30, 2023~~ 0.1 million for the three months ended March 31, 2023.

#### **Note 12 – Earnings per Share**

We determine basic earnings per share ("EPS") by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted EPS is determined by dividing net income available to common shareholders by the weighted-average number of shares outstanding, increased by both the number of shares that would be issued assuming the exercise of instruments under our incentive stock plan.

The following table presents our calculation of EPS for the periods shown:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2023	2022
(Dollars in thousands except shares and per share data)	(Dollars in thousands except shares and per share data)				
(Dollars in thousands except shares and per share data)	(Dollars in thousands except shares and per share data)				
<b>Numerator for earnings per share:</b>					
<b>Numerator for earnings per share:</b>					
<b>Numerator for earnings per share:</b>	<b>Numerator for earnings per share:</b>				
Net income from continuing operations	Net income from continuing operations	\$ 3,872	\$ 1,833	\$ 14,308	\$ 6,016
Net income from continuing operations	Net income from continuing operations				
Net (income) loss attributable to noncontrolling interest	Net (income) loss attributable to noncontrolling interest	(5)	163	231	521
Net (income) loss attributable to noncontrolling interest	Net (income) loss attributable to noncontrolling interest				
Net income available to common shareholders from continuing operations	Net income available to common shareholders from continuing operations	3,867	1,996	14,539	6,537
Net income from discontinued operations available to common shareholders - basic and diluted	—	722	8,782	2,001	
Net income available to common shareholders from continuing operations					



Earnings per share from continuing operations - diluted	Earnings per share from continuing operations - diluted	\$ 0.29	\$ 0.16	\$ 1.12	\$ 0.51
Earnings per share from discontinued operations - diluted	Earnings per share from discontinued operations - diluted	\$ —	\$ 0.05	\$ 0.67	\$ 0.15
Earnings per share from discontinued operations - diluted	Earnings per share from discontinued operations - diluted	\$ 0.29	\$ 0.21	\$ 1.79	\$ 0.66
Earnings per share common share - diluted	Earnings per share common share - diluted	\$ 0.29	\$ 0.21	\$ 1.79	\$ 0.66
Instruments not included in the computation of diluted EPS because the effect would be antidilutive	Instruments not included in the computation of diluted EPS because the effect would be antidilutive	228,243	564,604	250,893	533,543
Instruments not included in the computation of diluted EPS because the effect would be antidilutive	Instruments not included in the computation of diluted EPS because the effect would be antidilutive				
Instruments not included in the computation of diluted EPS because the effect would be antidilutive	Instruments not included in the computation of diluted EPS because the effect would be antidilutive				

### Note 13 – Comprehensive Income

The following tables present the reclassified components of accumulated other comprehensive income ("AOCI") as of and for the periods shown:

(Dollars in thousands)	(Dollars in thousands)	Three Months Ended		Nine Months Ended		Affected income statement line item
		September 30,	September 30,	September 30,	September 30,	
(Dollars in thousands)	(Dollars in thousands)	Three Months Ended	March 31,	Three Months Ended	March 31,	Three Months Ended
(Dollars in thousands)	(Dollars in thousands)	September 30,				
Details about AOCI components	Details about AOCI components	Amount reclassified from AOCI				
Details about AOCI components	Details about AOCI components	2023	2022	2023	2022	Affected income statement line item

Available-for-sale securities	Available-for-sale securities	Available-for-sale securities	
Realized gain (loss) recognized in income	Realized gain (loss) recognized in income	Gain (loss) on sale of available-for-sale securities	Realized gain (loss) recognized in income
Income tax effect	Income tax effect	369	(152) Income taxes
Income tax effect			(158)
Income tax effect			369
Realized gain (loss) recognized in income, net of tax	Realized gain (loss) recognized in income, net of tax	(1,167)	498
Defined benefit pension plan items	Defined benefit pension plan items		
Defined benefit pension plan items	Defined benefit pension plan items		
Amortization of net actuarial loss	Amortization of net actuarial loss	(29) \$ (107) \$ (87) \$ (321)	Salaries and employee benefits
Income tax effect	Income tax effect	7 27 21 79	Income taxes
Income tax effect			10
Income tax effect			7
Defined benefit pension plan items, net of tax	Defined benefit pension plan items, net of tax	(22) (80) (66) (242)	
Investment hedge	Investment hedge		
Investment hedge	Investment hedge		
Investment hedge	Carrying value adjustment		
Carrying value adjustment	Carrying value adjustment		
Carrying value adjustment	Carrying value adjustment	— (56) 289 141	Interest on investment securities
Income tax effect			
Income tax effect			
Income tax effect	Income tax effect	— 14 (69) (35)	Income taxes
Investment hedge, net of tax	Investment hedge, net of tax	— (42) 220 106	
Total reclassifications	Total reclassifications	\$ (22) \$ (122) \$ (1,013) \$ 362	
Total reclassifications			\$ 467 \$ (935)

(Dollars in thousands)	(Dollars in thousands)	Unrealized gains (losses) on available for-sale securities			(Dollars in thousands)	Unrealized gains (losses) on available for-sale securities	Defined benefit pension plan items	Investment hedge	Total
		for-sale securities	pension plan items	Investment hedge					
Balance at June 30, 2023		\$(31,674)	\$ (2,824)	\$ 34	\$(34,464)				
Balance at December 31, 2023									
Other comprehensive income (loss) before reclassification	Other comprehensive income (loss) before reclassification	(5,885)	76	—	(5,809)				
Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)	—	22	—	22				
Net current period other comprehensive income (loss)	Net current period other comprehensive income (loss)	(5,885)	98	—	(5,787)				
Balance at September 30, 2023		\$(37,559)	\$ (2,726)	\$ 34	\$(40,251)				
Balance at March 31, 2024									
Balance at December 31, 2022									
Balance at December 31, 2022	Balance at December 31, 2022	\$(34,829)	\$ (3,129)	\$ 254	\$(37,704)				
Other comprehensive income (loss) before reclassification	Other comprehensive income (loss) before reclassification	(3,897)	337	—	(3,560)				
Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)	1,167	66	(220)	1,013				
Net current period other comprehensive income (loss)	Net current period other comprehensive income (loss)	(2,730)	403	(220)	(2,547)				
Balance at September 30, 2023		\$(37,559)	\$ (2,726)	\$ 34	\$(40,251)				
Balance at June 30, 2022		\$(26,203)	\$ (3,385)	\$ 168	\$(29,420)				
Other comprehensive income (loss) before reclassification	(10,796)	117	—	(10,679)					
Amounts reclassified from accumulated other comprehensive income (loss)	—	80	42	122					
Net current period other comprehensive income (loss)	(10,796)	197	42	(10,557)					
Balance at September 30, 2022		\$(36,999)	\$ (3,188)	\$ 210	\$(39,977)				

Balance at December 31, 2021	\$ 147	\$ (4,069)	\$ 316	\$ (3,606)
Other comprehensive income (loss) before reclassification	(36,648)	639	—	(36,009)
Amounts reclassified from accumulated other comprehensive income (loss)	(498)	242	(106)	(362)
Net current period other comprehensive income (loss)	(37,146)	881	(106)	(36,371)
Balance at September 30, 2022	<u><u>\$ (36,999)</u></u>	<u><u>\$ (3,188)</u></u>	<u><u>\$ 210</u></u>	<u><u>\$ (39,977)</u></u>
Balance at March 31, 2023				

#### Note 14 – Segment Reporting

We have identified three reportable segments: CoRe Banking; Mortgage Banking; and Financial Holding Company. All other operating segments are summarized in an Other category.

Our CoRe Banking segment, which includes our Fintech division, represents banking products and services offered to customers by the Bank, primarily loans and deposits accounts. Revenue from banking activities consists primarily of interest earned on loans and investment securities and service charges on deposit accounts.

Revenue from our Mortgage Banking segment is primarily comprised of our share of net income or loss from mortgage banking activities of our equity method investments in ICM and Warp Speed.

Revenue from Financial Holding Company activities is mainly comprised of intercompany service income and dividends.

The following tables present information about the reportable segments and reconciliation to the consolidated financial statements for the periods shown:

Three Months Ended September 30, 2023		Three Months Ended March 31, 2024			Intercompany Eliminations			Consolidated			
Three Months Ended March 31, 2024	CoRe Banking	Mortgage Banking	Financial Holding Company	Other	CoRe Banking	Intercompany Eliminations	Mortgage Banking	Financial Holding Company	Other	Intercompany Eliminations	Consolidated
(Dollars in thousands)	(Dollars in thousands)										
Interest income	CoRe Banking	Mortgage Banking	Financial Holding Company	Other	CoRe Banking	Intercompany Eliminations	Mortgage Banking	Financial Holding Company	Other	Intercompany Eliminations	Consolidated
Interest income	\$ 48,268	\$ 103	\$ 2	\$ —	\$ (48)	\$ —	\$ 48,325				
Interest expense	17,454	—	1,000	54	(48)	—	18,460				
Net interest income (expense)	Net interest income (expense)	30,814	103	(998)	(54)	—	29,865				
Release of allowance for credit losses	(159)	—	—	—	—	—	(159)				
Net interest income (expense) after release of allowance for credit losses	30,973	103	(998)	(54)	—	—	30,024				
Provision for credit losses											

Net interest income (expense) after provision for credit losses							
Noninterest income	Noninterest income	4,980	(742)	2,576	3,099	(4,122)	5,791
Noninterest income							
Noninterest Expenses:	Noninterest Expenses:						
Salaries and employee benefits							
Salaries and employee benefits							
Salaries and employee benefits	Salaries and employee benefits	9,787	—	4,129	2,100	—	16,016
Other expenses	Other expenses	14,701	13	1,992	2,125	(4,122)	14,709
Total noninterest expenses	Total noninterest expenses	24,488	13	6,121	4,225	(4,122)	30,725
Income (loss) before income taxes		11,465	(652)	(4,543)	(1,180)	—	5,090
Income (loss), before income taxes							
Income (loss), before income taxes							
Income (loss), before income taxes							
Income taxes	Income taxes	2,628	(153)	(978)	(279)	—	1,218
Net income (loss)		8,837	(499)	(3,565)	(901)	—	3,872
Net income (loss), before noncontrolling interest							
Net income (loss), before noncontrolling interest							
Net income (loss), before noncontrolling interest							
Net income attributable to noncontrolling interest							
Net income attributable to noncontrolling interest							
Net income attributable to noncontrolling interest	Net income attributable to noncontrolling interest	—	—	—	(5)	—	(5)
Net income (loss) available to common shareholders	Net income (loss) available to common shareholders	\$ 8,837	\$ (499)	\$ (3,565)	\$ (906)	\$ —	\$ 3,867

Capital expenditures for the three months ended								
September 30, 2023	\$ 163	\$ —	\$ 17	\$ 48	\$ —	\$ 228		
Total assets as of September 30, 2023	\$3,378,789	\$85,017	\$330,634	\$18,895	\$(375,752)	\$ 3,437,583		
Total assets as of December 31, 2022	\$3,014,475	\$34,248	\$375,171	\$27,075	\$(382,119)	\$ 3,068,850		
Goodwill as of September 30, 2023	\$ —	\$ —	\$ —	\$ 2,838	\$ —	\$ 2,838		
Goodwill as of December 31, 2022	\$ —	\$ —	\$ —	\$ 2,838	\$ —	\$ 2,838		
Net income (loss) available to common shareholders								
Net income (loss) available to common shareholders								
Capital expenditures for the three months ended March 31, 2024								
Capital expenditures for the three months ended March 31, 2024								
Capital expenditures for the three months ended March 31, 2024								
Total assets as of March 31, 2024								
Total assets as of December 31, 2023								
Goodwill as of March 31, 2024								
Goodwill as of December 31, 2023								

Three Months Ended												
September 30, 2022												
Financial												
Three Months Ended March 31, 2023	CoRe Banking	Mortgage Banking	Holding Company	Other	Intercompany Eliminations			Consolidated				
Three Months Ended March 31, 2023												
Three Months Ended												
March 31, 2023												
Financial												
(Dollars in thousands)	(Dollars in thousands)	CoRe Banking	Mortgage Banking	Holding Company	Other	Intercompany Eliminations		CoRe Banking	Mortgage Banking	Financial Holding Company	Intercompany Eliminations	Consolidated
Interest income												
Interest income	\$33,777	\$ 103	\$ 33	\$ —	\$ (10)	\$ 33,903						
Interest expense	3,286	—	771	10	(10)	4,057						

Net interest income (expense)	Net interest income (expense)	30,491	103	(738)	(10)	—	29,846
Provision for loan losses	Provision for loan losses	5,120	—	—	—	—	5,120
Net interest income (expense) after provision for loan losses	Net interest income (expense) after provision for loan losses	25,371	103	(738)	(10)	—	24,726
Noninterest income	Noninterest income	5,356	(817)	2,366	1,370	(2,808)	5,467
Noninterest income							
Noninterest Expenses:	Noninterest Expenses:						
Noninterest Expenses:	Noninterest Expenses:						
Salaries and employee benefits	Salaries and employee benefits	9,354	8	4,274	2,269	—	15,905
Other expenses	Other expenses	11,523	25	1,810	1,721	(2,808)	12,271
Total noninterest expenses	Total noninterest expenses	20,877	33	6,084	3,990	(2,808)	28,176
Income (loss) before income taxes	Income (loss) before income taxes	9,850	(747)	(4,456)	(2,630)	—	2,017
Income (loss), before income taxes	Income (loss), before income taxes						
Income (loss), before income taxes	Income (loss), before income taxes						
Income (loss), before income taxes	Income (loss), before income taxes						
Income taxes	Income taxes	1,817	(192)	(840)	(601)	—	184
Net income (loss) from continuing operations	Net income (loss) from continuing operations	8,033	(555)	(3,616)	(2,029)	—	1,833
Income from discontinued operations, before income taxes	Income from discontinued operations, before income taxes	—	—	—	935	—	935
Income taxes - discontinued operations	Income taxes - discontinued operations	—	—	—	213	—	213

Net income from discontinued operations	Net income from discontinued operations	—	—	—	722	—	722
Net income (loss)		8,033	(555)	(3,616)	(1,307)	—	2,555
Net income (loss), before noncontrolling interest							
Net income attributable to noncontrolling interest		—	—	—	163	—	163
Net loss attributable to noncontrolling interest							
Net loss attributable to noncontrolling interest							
Net loss attributable to noncontrolling interest							
Net income (loss) available to common shareholders	Net income (loss) available to common shareholders	\$ 8,033	\$ (555)	\$ (3,616)	\$ (1,144)	\$ —	\$ 2,718
Capital expenditures for the three months ended September 30, 2022		\$ 244	\$ —	\$ 4	\$ 373	\$ —	\$ 621
Net income (loss) available to common shareholders							
Net income (loss) available to common shareholders							
Capital expenditures for the three months ended March 31, 2023							
Capital expenditures for the three months ended March 31, 2023							
Capital expenditures for the three months ended March 31, 2023							

Nine Months Ended September 30, 2023 (Dollars in thousands)	CoRe Banking	Mortgage Banking	Financial Holding Company	Other	Intercompany Eliminations	Consolidated
Interest income	\$ 139,859	\$ 313	\$ 38	\$ —	\$ (91)	\$ 140,119
Interest expense	44,934	—	2,992	108	(91)	47,943
Net interest income (expense)	94,925	313	(2,954)	(108)	—	92,176
Provision for credit losses	182	—	—	—	—	182
Net interest income (expense) after provision for credit losses	94,743	313	(2,954)	(108)	—	91,994
Noninterest income	12,111	(56)	8,102	5,934	(10,814)	15,277
Noninterest Expenses:						
Salaries and employee benefits	27,891	7	13,702	6,908	—	48,508
Other expenses	39,903	65	6,072	5,590	(10,814)	40,816
Total noninterest expenses	67,794	72	19,774	12,498	(10,814)	89,324
Income (loss) before income taxes	39,060	185	(14,626)	(6,672)	—	17,947

Income taxes	8,380	(14)	(3,127)	(1,600)	—	3,639
Net income (loss) from continuing operations	30,680	199	(11,499)	(5,072)	—	14,308
Income from discontinued operations, before income taxes	—	—	—	11,831	—	11,831
Income taxes - discontinued operations	—	—	—	3,049	—	3,049
Net income from discontinued operations	—	—	—	8,782	—	8,782
Net income (loss)	30,680	199	(11,499)	3,710	—	23,090
Net loss attributable to noncontrolling interest	—	—	—	231	—	231
Net income (loss) available to common shareholders	\$ 30,680	\$ 199	\$ (11,499)	\$ 3,941	\$ —	\$ 23,321
Capital expenditures for the nine months ended September 30, 2023	\$ 655	\$ —	\$ 17	\$ 769	\$ —	\$ 1,441

Nine Months Ended September 30, 2022 (Dollars in thousands)	CoRe Banking	Mortgage Banking	Financial Holding Company	Other	Intercompany Eliminations	Consolidated
Interest income	\$ 84,858	\$ 309	\$ 113	\$ —	\$ (25)	\$ 85,255
Interest expense	4,617	—	2,284	25	(25)	6,901
Net interest income (expense)	80,241	309	(2,171)	(25)	—	78,354
Provision for credit losses	11,500	—	—	—	—	11,500
Net interest income (expense) after provision for credit losses	68,741	309	(2,171)	(25)	—	66,854
Noninterest income	19,347	1,193	8,265	4,490	(9,165)	24,130
Noninterest Expenses:						
Salaries and employee benefits	28,810	8	12,769	6,630	—	48,217
Other expenses	33,484	119	6,262	4,488	(9,165)	35,188
Total noninterest expenses	62,294	127	19,031	11,118	(9,165)	83,405
Income (loss) before income taxes	25,794	1,375	(12,937)	(6,653)	—	7,579
Income taxes	5,219	356	(2,524)	(1,488)	—	1,563
Net income (loss) from continuing operations	20,575	1,019	(10,413)	(5,165)	—	6,016
Income from discontinued operations, before income taxes	—	—	—	2,599	—	2,599
Income taxes - discontinued operations	—	—	—	598	—	598
Net income from discontinued operations	—	—	—	2,001	—	2,001
Net income (loss) before noncontrolling interest	20,575	1,019	(10,413)	(3,164)	—	8,017
Net loss attributable to noncontrolling interest	—	—	—	521	—	521
Net income (loss) available to common shareholders	\$ 20,575	\$ 1,019	\$ (10,413)	\$ (2,643)	\$ —	\$ 8,538
Capital expenditures for the nine months ended September 30, 2022	\$ 494	\$ —	\$ 389	\$ 1,847	\$ —	\$ 2,730

#### Note 15 – Acquisition & Divestiture Activity

##### Flexia Payments, LLC

In May 2023, MVB Technology entered into an Assignment and Assumption Agreement with Flexia Payments, LLC ("Flexia"), wherein Flexia assigned loans outstanding between Flexia and MVB to MVB Technology. In consideration for the assignment, Flexia granted a license to MVB Technology for the Flexia software. Additionally, through a Mutual Release Agreement between Edge Ventures and Flexia, Edge Ventures transferred its 800 Class A Common Units and 1,500 Preferred Units of Flexia back to Flexia for cancellation. As a result of the transactions, we incurred a loss of \$1.1 million and no longer consolidate Flexia in our financial statements.

##### Chartwell Compliance

In February 2023, we completed the sale of the Bank's wholly-owned subsidiary, Chartwell, for total consideration of \$14.4 million in the form of a note issued to the buyer, resulting in a gain on sale of \$11.8 million. The note matures June 20, 2027 and bears interest at a fixed rate of 7%, payable in four equal annual installments commencing June 20, 2024. To facilitate a transition of the Chartwell services and support the onboarding and conversion of systems, we entered into a 60 day Employee Lease and Service Agreement, whereby we provided the purchaser with finance and accounting, human capital, information technology, marketing and record/data retention services. In addition, we entered into a contract with the purchaser to continue to provide services and support from Chartwell for three years following the sale. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we have paid **\$2.5 million** **\$1.2 million** in fees related to this contract.

Balances attributable to Chartwell are included in assets from discontinued operations and liabilities from discontinued operations on our December 31, 2022 balance sheet. There were no assets from discontinued operations or liabilities from discontinued operations as of September 30, 2023. Chartwell's net income is presented in income from discontinued operations for all periods shown. Prior period balances have been reclassified to conform with this presentation. Chartwell's depreciation and amortization expense was \$0.1 million and \$0.5 million for the nine months ended September 30, 2023 and September 30, 2022, respectively.

The following table presents the major classes of assets held-for-sale from discontinued operations and liabilities held-for-sale from discontinued operations as of December 31, 2022:

(Dollars in thousands)	December 31, 2022	
Premises and equipment	\$	23
Accrued interest receivable and other assets		3,142
Goodwill		1,150
<b>Total assets from discontinued operations</b>	<b>\$</b>	<b>4,315</b>
Accrued interest payable and other liabilities	\$	5,444
<b>Total liabilities from discontinued operations</b>	<b>\$</b>	<b>5,444</b>

The following table presents the major classes of net income from discontinued operations for the periods shown:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Compliance consulting income	\$ —	\$ 4,411	\$ 2,369	\$ 12,719
Gain on sale of discontinued operations	—	—	11,800	—
<b>Total income</b>	<b>\$ —</b>	<b>\$ 4,411</b>	<b>\$ 14,169</b>	<b>\$ 12,719</b>
Salaries and employee benefits	\$ —	\$ 2,411	\$ 2,082	\$ 7,043
Other expenses	—	1,065	256	3,077
<b>Total expenses</b>	<b>\$ —</b>	<b>\$ 3,476</b>	<b>\$ 2,338</b>	<b>\$ 10,120</b>
Income before income taxes	\$ —	\$ 935	\$ 11,831	\$ 2,599
Income taxes	—	213	3,049	598
<b>Net income from discontinued operations</b>	<b>\$ —</b>	<b>\$ 722</b>	<b>\$ 8,782</b>	<b>\$ 2,001</b>

(Dollars in thousands)	Three Months Ended March 31,	
	2023	
Compliance consulting income	\$ —	\$ 2,369
Gain on sale of discontinued operations		11,800
<b>Total income</b>	<b>\$ —</b>	<b>\$ 14,169</b>
Salaries and employee benefits	\$ —	\$ 2,082
Other expenses	—	256
<b>Total expenses</b>	<b>\$ —</b>	<b>\$ 2,338</b>
Income, before income taxes	\$ —	\$ 11,831
Income taxes	—	3,049
<b>Net income from discontinued operations</b>	<b>\$ —</b>	<b>\$ 8,782</b>

## 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 in conjunction with our consolidated financial statements and the accompanying notes included elsewhere in this Quarterly Report on Form 10-Q and with the consolidated financial statements and accompanying notes and other detailed information appearing in the **2022** **2023** Form 10-K. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. See the "Forward-Looking Statements" section of this report for further information on forward-looking statements.

### Executive Summary

We continue to adapt our business model due to challenging market conditions, primarily brought on by an environment of increasing interest rates, a slowing economy and multiple high-profile bank failures that occurred during the first half of 2023. Interest rates have remained at an elevated level through March 31, 2024 as the Federal Reserve raised its key interest rate to a range of 4.25% to 4.5%. Lower loan balances are the result of slower market demand and deliberate efforts to improve balance sheet liquidity. We remain committed to our key Fintech industries of gaming and payments. We continue to expand the Bank's treasury services function to support the banking needs of financial and emerging technology companies, which we believe will further enhance core deposits, notably through the expansion of deposit acquisition and fee income strategies through the Fintech division. Additionally, we have expanded our compliance and risk management team to support the growth in these lines of business.

### Current Market Conditions

There continues to be a focus on liquidity after the events in March 2023, when certain specialized banking institutions with elevated concentrations of uninsured deposits experienced large deposit outflows, resulting in the institutions being placed into FDIC receiverships. In the aftermath, there has been substantial market disruption and indications that deposit concerns could spread within the banking industry, leading to deposit outflows and other destabilizing results. These market events could have a material adverse affect on our business. A deterioration in economic conditions or the loss of confidence in financial institutions may result in deposit base outflows and limit our access to some of our customary sources of liquidity, including, but not limited to, inter-bank borrowings and borrowings from the Federal Reserve and FHLB. In addition, account and deposit balances may decrease when clients perceive alternative investments, such as the stock market or real estate, as providing a better risk/return tradeoff. Furthermore, the portion of our deposit portfolio that is comprised of large uninsured deposits may be more likely to be withdrawn rapidly under adverse economic conditions. If our clients move money out of bank deposits into investments or to other financial institutions, we could lose a relatively low cost source of funds. As of March 31, 2024 and March 31, 2023, our liquid assets totaled \$737.3 million and \$711.8 million, respectively, which we believe would enable us to meet our cash obligations as they come due.

### Financial Results

#### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

During the three months ended September 30, 2023 March 31, 2024, net interest income increased \$0.1 million decreased \$2.6 million, noninterest income increased \$0.3 million \$4.8 million and noninterest expenses increased by \$2.5 million \$1.9 million compared to the three months ended September 30, 2022 March 31, 2023. Our tax-equivalent yield on earning assets in the three months ended September 30, 2023 March 31, 2024 was 6.29% 6.34% compared to 4.83% 6.00% in the three months ended September 30, 2022 March 31, 2023. Loans receivable decreased by \$42.0 million \$50.3 million to \$2.27 billion during the three months ended September 30, 2023 March 31, 2024. Our overall cost of interest-bearing liabilities was 3.58% 4.22% in the three months ended September 30, 2023 March 31, 2024 compared to 1.15% 2.95% in the three months ended September 30, 2022 March 31, 2023. This cost of interest-bearing liabilities, combined with the earning asset yield, resulted in a tax-equivalent net interest margin of 3.90% 3.83% in the three months ended September 30, 2023 March 31, 2024, compared to 4.25% 4.40% in the three months ended September 30, 2022 March 31, 2023.

Our net income for the three months ended September 30, 2023 March 31, 2024 was \$3.9 million \$4.5 million compared to \$2.7 million \$11.3 million in the three months ended September 30, 2022 March 31, 2023. Earnings for the three months ended September 30, 2023 March 31, 2024 equated to a return on average assets of 0.5% and a return on average equity of 5.8% 6.2%, compared to the three months ended September 30, 2022 March 31, 2023 results of 0.4% 1.4% and 4.2% 16.1%, respectively. Basic and diluted earnings per share were \$0.30 \$0.35 and \$0.29, \$0.34, respectively, for the three months ended September 30, 2023 March 31, 2024, compared to \$0.22 \$0.90 and \$0.21, \$0.87, respectively, for the three months ended September 30, 2022 March 31, 2023.

#### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

During the nine months ended September 30, 2023, net interest income increased \$13.8 million, noninterest income decreased \$8.9 million and noninterest expenses increased by \$5.9 million compared to the nine months ended September 30, 2022. Our

yield on tax-equivalent earning assets in the nine months ended September 30, 2023 was 6.10% compared to 4.18% in the nine months ended September 30, 2022. Loans receivable decreased by \$102.2 million to \$2.27 billion during the nine months ended September 30, 2023. Our overall cost of interest-bearing liabilities was 3.30% in the nine months ended September 30, 2023 compared to 0.70% in the nine months ended September 30, 2022. This cost of interest-bearing liabilities, combined with the earning asset yield, resulted in a tax-equivalent net interest margin of 4.03% in the nine months ended September 30, 2023, compared to 3.84% in the nine months ended September 30, 2022.

Our net income for the nine months ended September 30, 2023 was \$23.1 million compared to \$8.5 million in the nine months ended September 30, 2022, largely the result of an \$11.8 million pre-tax gain related to the sale of the Bank's wholly-owned subsidiary, Chartwell. Earnings for the nine months ended September 30, 2023 equated to a return on average assets of 0.9% and a return on average equity of 11.41%, compared to the nine months ended September 30, 2022 results of 0.4% and 4.4%, respectively. Basic and diluted earnings per share were \$1.84 and \$1.79, respectively, for the nine months ended September 30, 2023, compared to \$0.70 and \$0.66, respectively, for the nine months ended September 30, 2022.

### Net Interest Income and Net Interest Margin (Average Balance Schedules)

The following tables present information regarding (1) (i) average balances, the total dollar amount of interest income from interest earning assets and the resultant average yields; (2) (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (3) (iii) the interest rate spread; (4) (iv) net interest income and margin; and (5) (v) net interest income and margin (on a tax-equivalent basis) as of and for the periods shown. The average balances presented are derived from daily average balances.

Three Months Ended September 30,	
2023	2022
Three Months Ended March 31,	

2024									
(Dollars in thousands)	(Dollars in thousands)	Average Balance	Interest Income/Expense	Interest Yield/Cost	(Dollars in thousands)	Average Balance	Interest Income/Expense	Interest Yield/Cost	
<b>Assets</b>	<b>Assets</b>								
Interest-bearing balances with banks	Interest-bearing balances with banks	\$ 483,158	\$ 6,404	5.26 %	\$ 32,552	\$ 111	\$ 1.35 %		
CDs with banks		—	—	—	232	2	3.42		
Interest-bearing balances with banks									
Interest-bearing balances with banks									\$ 549,894
Investment securities:	Investment securities:								\$ 7,341
Investment securities:									5.37 %
Taxable	Taxable	206,340	1,056	2.03	231,953	897	1.53		
Tax-exempt 2	Tax-exempt 2	107,490	1,016	3.75	144,719	1,346	3.69		
Loans and loans held-for-sale: 1	Loans and loans held-for-sale: 1								
Commercial	Commercial								
Commercial	Commercial	1,593,875	31,348	7.80	1,687,383	22,898	5.38		
Tax exempt 2	Tax exempt 2	3,678	40	4.31	4,498	51	4.50		
Real estate	Real estate	573,579	6,351	4.39	579,685	4,707	3.22		
Consumer	Consumer	95,032	2,331	9.73	129,464	4,183	12.82		
Total loans	Total loans	2,266,164	40,070	7.02	2,401,030	31,839	5.26		
Total earning assets	Total earning assets	3,063,152	48,546	6.29	2,810,486	34,195	4.83		
Less: Allowance for loan losses		(29,693)			(23,083)				
Less:									
Allowance for credit losses									
Cash and due from banks									
Cash and due from banks									
Cash and due from banks	Cash and due from banks	6,686			5,399				
Other assets	Other assets	281,504			227,337				
Other assets									
Other assets									
Total assets									
Total assets	Total assets	\$3,321,649			\$3,020,139				
Liabilities	Liabilities								
Liabilities									
Deposits:	Deposits:								
Deposits:									



Accumulated other comprehensive loss	Accumulated other comprehensive loss	(36,865)	(30,915)
Total stockholders' equity	Total stockholders' equity	265,518	256,123
Total stockholders' equity	Total stockholders' equity		
Noncontrolling interest	Noncontrolling interest		
Noncontrolling interest	Noncontrolling interest	(52)	541
Total stockholders' equity	Total stockholders' equity		
attributable to parent	attributable to parent	265,466	256,664
Total stockholders' equity	Total stockholders' equity		
attributable to parent	attributable to parent		
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$3,321,649	\$3,020,139
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity		
Net interest spread (tax-equivalent)	Net interest spread (tax-equivalent)		
Net interest spread (tax-equivalent)	Net interest spread (tax-equivalent)	2.71 %	3.68 %
Net interest income and margin (tax-equivalent) <sup>1</sup>	Net interest income and margin (tax-equivalent) <sup>1</sup>	\$ 30,086 3.90 %	\$ 30,138 4.25 %
Less: Tax-equivalent adjustments	Less: Tax-equivalent adjustments	\$ (221)	\$ (292)
Net interest spread	Net interest spread	2.68 %	3.64 %
Net interest spread	Net interest spread		
Net interest income and margin	Net interest income and margin	\$ 29,865 3.87 %	\$ 29,846 4.21 %

<sup>1</sup> In order to make pre-tax income and resultant yields on tax-exempt loans and investment securities comparable to those on taxable loans and investment securities, a tax-equivalent adjustment has been computed using a Federal tax rate of 21% for the three months ended [September 30, 2023](#) [March 31, 2024](#) and [2022](#), [2023](#), which is a non-U.S. GAAP financial measure. See the reconciliation of this non-U.S. GAAP financial measure to its most directly comparable U.S. GAAP financial measure following this table.

<sup>2</sup> Non-accrual loans are included in total loan balances, lowering the effective yield for the portfolio in the aggregate.

(Dollars in thousands)	Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Interest Income/Expense	Yield/Cost	Average Balance	Interest Income/Expense	Yield/Cost
<b>Assets</b>						
Interest-bearing balances with banks	\$ 405,012	\$ 15,099	4.98 %	\$ 273,184	\$ 630	0.31 %
CDs with banks	—	—	—	1,381	24	2.32
Investment securities:						
Taxable	221,089	4,133	2.50	237,188	2,383	1.34
Tax-exempt <sup>2</sup>	122,818	3,471	3.78	140,377	3,824	3.64
Loans and loans held-for-sale: <sup>1</sup>						
Commercial	1,616,510	90,413	7.48	1,569,161	59,899	5.10
Tax exempt <sup>2</sup>	3,813	125	4.38	4,829	156	4.32
Real estate	596,070	18,343	4.11	438,380	9,722	2.97
Consumer	120,075	9,290	10.34	91,092	9,454	13.88
Total loans	2,336,468	118,171	6.76	2,103,462	79,231	5.04
Total earning assets	3,085,387	140,874	6.10	2,755,592	86,092	4.18
Less: Allowance for loan losses	(31,656)			(20,468)		
Cash and due from banks	4,252			5,680		
Other assets	303,233			237,637		
<b>Total assets</b>	<b>\$ 3,361,216</b>			<b>\$ 2,978,441</b>		
<b>Liabilities</b>						
Deposits:						
NOW	\$ 717,527	\$ 14,448	2.69 %	\$ 678,991	\$ 1,844	0.36 %
Money market checking	455,463	6,661	1.96	367,608	807	0.29
Savings	79,187	1,430	2.41	49,714	155	0.42
IRAs	6,448	128	2.65	6,271	52	1.11
CDs	572,078	21,396	5.00	122,095	1,433	1.57
Repurchase agreements and federal funds sold	5,974	—	—	11,334	4	0.05
FHLB and other borrowings	23,449	888	5.06	16,966	322	2.54
Senior term loan	9,285	583	8.39	—	—	—
Subordinated debt	73,383	2,409	4.39	73,126	2,284	4.18
Total interest-bearing liabilities	1,942,794	47,943	3.30	1,326,105	6,901	0.70
Noninterest-bearing demand deposits	1,107,712			1,350,533		
Other liabilities	37,987			41,379		
<b>Total liabilities</b>	<b>3,088,493</b>			<b>2,718,017</b>		
<b>Stockholders' equity</b>						
Common stock	13,525			13,276		
Paid-in capital	157,034			144,903		
Treasury stock	(16,741)			(16,741)		
Retained earnings	153,769			140,174		
Accumulated other comprehensive loss	(34,980)			(21,905)		
Total stockholders' equity	272,607			259,707		
Noncontrolling interest	116			717		
Total stockholders' equity attributable to parent	272,723			260,424		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,361,216</b>			<b>\$ 2,978,441</b>		
Net interest spread (tax-equivalent)			2.80 %			3.48 %
Net interest income and margin (tax-equivalent) <sup>2</sup>	\$ 92,931		4.03 %	\$ 79,191		3.84 %
Less: Tax-equivalent adjustments	\$ (755)			\$ (837)		

Net interest spread		2.77 %		3.44 %
Net interest income and margin	\$ 92,176	3.99 %	\$ 78,354	3.80 %

<sup>1</sup>In order to make pre-tax income and resultant yields on tax-exempt loans and investment securities comparable to those on taxable loans and investment securities, a tax-equivalent adjustment has been computed using a Federal tax rate of 21% for the nine months ended September 30, 2023 and 2022, which is a non-U.S. GAAP financial measure. See the reconciliation of this non-U.S. GAAP financial measure to its most directly comparable U.S. GAAP financial measure following this table.

<sup>2</sup>Non-accrual loans are included in total loan balances, lowering the effective yield for the portfolio in the aggregate.

The following table presents the reconciliation of net interest margin for the periods shown:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2023	2022
<b>Net interest margin - U.S. GAAP basis</b>	<b>Net interest margin - U.S. GAAP basis</b>				
Net interest income	Net interest income	\$ 29,865	\$ 29,846	\$ 92,176	\$ 78,354
Average interest-earning assets	Average interest-earning assets	3,063,152	2,810,486	3,085,387	2,755,592
Average interest-earning assets	Average interest-earning assets				
Net interest margin	Net interest margin				
Net interest margin	Net interest margin	3.87 %	4.21 %	3.99 %	3.80 %
<b>Net interest margin - non-U.S. GAAP basis</b>	<b>Net interest margin - non-U.S. GAAP basis</b>				
Net interest income	Net interest income	\$ 29,865	\$ 29,846	\$ 92,176	\$ 78,354
Impact of fully tax-equivalent adjustment	Impact of fully tax-equivalent adjustment	221	292	755	837
Impact of fully tax-equivalent adjustment	Impact of fully tax-equivalent adjustment				
Impact of fully tax-equivalent adjustment	Impact of fully tax-equivalent adjustment				

Net interest income on a fully tax-equivalent basis						
Net interest income on a fully tax-equivalent basis						
Net interest income on a fully tax-equivalent basis	Net interest income on a fully tax-equivalent basis	\$ 30,086	\$ 30,138	\$ 92,931	\$ 79,191	
Average interest-earning assets	Average interest-earning assets	\$ 3,063,152	\$ 2,810,486	\$ 3,085,387	\$ 2,755,592	
Average interest-earning assets						
Average interest-earning assets						
Net interest margin on a fully tax-equivalent basis	Net interest margin on a fully tax-equivalent basis	3.90 %	4.25 %	4.03 %	3.84 %	
Net interest margin on a fully tax-equivalent basis						
Net interest margin on a fully tax-equivalent basis						

## Key Metrics

		As of and for the three months ended September 30,		As of and for the nine months ended September 30,					
		As of and for the three months ended March 31,		As of and for the three months ended March 31,					
		As of and for the three months ended March 31,		As of and for the three months ended March 31,					
(Dollars in thousands, except per share data)									
(Dollars in thousands, except per share data)									
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)	2023	2022	2023	2022				
Book value per common share	Book value per common share	\$ 21.33	\$ 19.85	\$ 21.33	\$ 19.85				
Book value per common share									
Book value per common share									
Tangible book value per common share <sup>5</sup>	Tangible book value per common share <sup>5</sup>	\$ 21.08	\$ 19.38	\$ 21.08	\$ 19.38				
Efficiency ratio <sup>1 5 6</sup>		86.2 %	78.8 %	75.4 %	80.4 %				
Tangible book value per common share <sup>5</sup>									
Tangible book value per common share <sup>5</sup>									
Efficiency ratio <sup>1 5</sup>									
Efficiency ratio <sup>1 5</sup>									
Efficiency ratio <sup>1 5</sup>									
Overhead ratio <sup>2 3 5</sup>									
Overhead ratio <sup>2 3 5</sup>									
Overhead ratio <sup>2 3 5</sup>	Overhead ratio <sup>2 3 5</sup>	3.7 %	4.0 %	3.5 %	4.0 %				
Net loan charge-offs to total loans <sup>4</sup>	Net loan charge-offs to total loans <sup>4</sup>	1.0 %	0.2 %	0.5 %	0.2 %				
Allowance for credit losses to total loans <sup>7</sup>		1.07 %	1.07 %	1.07 %	1.07 %				
Net loan charge-offs to total loans <sup>4</sup>									
Net loan charge-offs to total loans <sup>4</sup>									
Allowance for credit losses to total loans <sup>6</sup>									
Allowance for credit losses to total loans <sup>6</sup>									
Allowance for credit losses to total loans <sup>6</sup>									
Nonperforming loans									

Nonperforming loans									
Nonperforming loans	Nonperforming loans	\$	10,593	\$	22,350	\$	10,593	\$	22,350
Nonperforming loans to total loans	Nonperforming loans to total loans		0.5	%	0.9	%	0.5	%	0.9
Nonperforming loans to total loans									
Nonperforming loans to total loans									
Equity to assets									
Equity to assets									
Equity to assets	Equity to assets		7.9	%	7.8	%	7.9	%	7.8
Community Bank	Community Bank								
Leverage Ratio	Leverage Ratio		10.4	%	11.1	%	10.4	%	11.1
Community Bank Leverage Ratio									
Community Bank Leverage Ratio									

1 Noninterest expense as a percentage of net interest income and noninterest income

2 Annualized for the quarterly periods presented

3 Noninterest expense as a percentage of average assets

4 Charge-offs less recoveries

5 Non-U.S. GAAP metric

6 **Includes net income from discontinued operations**

7 Excludes loans held-for-sale

Tangible book value ("TBV") per common share was **\$21.08** **\$22.48** and **\$19.38** **\$21.17** as of **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, respectively. TBV per common share is a non-U.S. GAAP measure that we believe is helpful to interpreting financial results. A reconciliation of TBV per common share is included below.

		As of September 30,				As of March 31,	
		As of March 31,					
		31,					
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)	2023	2022	(Dollars in thousands, except per share data)		2024	2023
Goodwill	Goodwill	\$ 2,838	\$ 3,988				
Intangibles	Intangibles	375	1,806				
Total intangibles	Total intangibles	3,213	5,794				
Total equity attributable to parent	Total equity attributable to parent	271,416	243,913				
Total equity attributable to parent							
Total equity attributable to parent							
Less: Total intangibles	Less: Total intangibles						
Less: Total intangibles	Less: Total intangibles	(3,213)	(5,794)				
Tangible common equity	Tangible common equity	268,203	238,119				
Tangible common equity	Tangible common equity	\$268,203	\$238,119				
Tangible common equity							

Tangible common equity					
Common shares	Common shares				
outstanding	outstanding				
(000s)	(000s)	12,726	12,287	Common shares outstanding (000s)	
Tangible book value per common share	Tangible book value per common share	\$ 21.08	\$ 19.38		
				12,841	12,653

## Net Interest Income

Net interest income is the amount by which interest income on earning assets exceeds interest expense incurred on interest-bearing liabilities. Interest-earning assets include loans, investment securities and certificates of deposit in banks. Interest-bearing liabilities include interest-bearing deposits and borrowed funds such as sweep accounts, repurchase agreements, subordinated debt and the senior term loan. Net interest income, which is the primary source of revenue for the Bank, is also impacted by changes in market interest rates and the mix of interest-earning assets and interest-bearing liabilities.

Net interest margin is calculated by dividing net interest income by average interest-earning assets and measures the net revenue stream generated by the Bank's balance sheet. Net interest spread is calculated by taking the difference between interest earned on earning assets and interest paid on interest-bearing liabilities in an effort to maximize net interest income, while maintaining an appropriate level of interest rate risk.

In 2023, the Federal Reserve raised its key interest rate from to a range of 4.25% to 4.5% as of December 31, 2022 to a range of 5.25% to 5.50% December 31, 2023 and remains at this rate as of September 30, 2023 March 31, 2024. We continually analyze methods to deploy assets into an earning asset mix to result in a stronger net interest margin.

### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

Net interest margin on a tax-equivalent basis was 3.90% 3.83% for the three months ended September 30, 2023 March 31, 2024 compared to 4.25% 4.40% for the three months ended September 30, 2022 March 31, 2023. The decrease in net interest margin on a tax-equivalent basis primarily reflects higher funding costs and a shift in the mix of earnings assets, partially offset by higher loan investment yields. Tax-equivalent net interest spread was 2.71% 2.12% for the three months ended September 30, 2023 March 31, 2024 compared to 3.68% 3.05% for the three months ended September 30, 2022 March 31, 2023. The difference between the tax-equivalent net interest margin and tax-equivalent net interest spread was 119 171 basis points in the three months ended September 30, 2023 March 31, 2024 compared to 57 135 basis points in the three months ended September 30, 2022 March 31, 2023 driven by the increase in interest expense outpacing the increase in average assets.

During the three months ended September 30, 2023 March 31, 2024, net interest income increased decreased by \$0.1 million \$2.6 million, or 0.1% 7.9%, to \$29.9 million \$30.1 million from \$29.8 million \$32.7 million during the three months ended September 30, 2022 March 31, 2023. Average total earning assets were \$3.06 billion \$3.19 billion in the three months ended September 30, 2023 March 31, 2024 compared to \$2.81 billion \$3.04 billion in the three months ended September 30, 2022 March 31, 2023. Total interest income increased by \$14.4 million \$5.3 million, or 42.5% 11.8%, to \$48.3 million \$50.0 million in the three months ended September 30, 2023 March 31, 2024 from \$33.9 million \$44.8 million in the three months ended September 30, 2022 March 31, 2023 driven by higher yields from new loan production at favorable an increase in total earning assets, including interest rates, bearing deposits with other banks. Average total loans decreased to \$2.27 billion \$2.28 billion in the three months ended September 30, 2023 March 31, 2024 from \$2.40 billion \$2.38 billion in the three months ended September 30, 2022 March 31, 2023, primarily as the result of a \$6.1 million \$45.2 million decrease in average real estate loans a \$93.5 million decrease in average commercial loans and an \$34.4 million \$60.2 million decrease in average consumer loans. The yield on total loans increased 1.76%, 50 basis points.

Average investment securities decreased \$62.8 million \$22.0 million as the result of a \$37.2 million \$31.5 million decrease in tax-exempt investments, and partially offset by a \$25.6 million decrease \$9.5 million increase in taxable investments during three months ended September 30, 2023 March 31, 2024, compared to three months ended September 30, 2022 March 31, 2023. The yield on tax-exempt securities increased six decreased 49 basis points, and the taxable securities yield increased 50 decreased 32 basis points, points driven by a decline in interest income associated with available-for-sale investment security fair value hedges.

Average interest-bearing liabilities increased by \$638.5 million \$240.0 million for three months ended September 30, 2023 March 31, 2024 from three months ended September 30, 2022 March 31, 2023. The increase was primarily the result of average balance increases of \$462.0 million \$288.5 million in certificates of deposit and \$279.1 million \$199.5 million in money market checking deposits, deposits, partially offset by a decrease of \$241.4 million in NOW accounts.

Average interest-bearing deposits were \$1.96 billion \$1.81 billion for the three months ended September 30, 2023 March 31, 2024 and \$1.27 billion \$1.49 billion for the three months ended September 30, 2022 March 31, 2023. Total interest expense increased by \$14.4 million \$7.9 million, caused primarily by a \$14.5 million \$8.8 million increase in deposit interest. The result was a 243 127 basis point increase in the cost of interest-bearing liabilities, primarily driven by increases in interest rates and liquidity actions taken during the third quarter of 2023 in response to market conditions.

### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Net interest margin on a tax-equivalent basis was 4.03% for the nine months ended September 30, 2023 compared to 3.84% for the nine months ended September 30, 2022. The increase in net interest margin on a tax-equivalent basis primarily reflects higher loan yield and a shift in the mix of earnings assets, partially offset by higher funding costs. Tax-equivalent net interest spread was 2.80% for the nine months ended September 30, 2023 compared to 3.48% for the nine months ended September 30, 2022. The difference

between the tax-equivalent net interest margin and tax-equivalent net interest spread was 123 basis points in the nine months ended September 30, 2023 compared to 36 basis points in the nine months ended September 30, 2022. This was driven by the increase in interest expense outpacing the increase in average assets.

During the nine months ended September 30, 2023, net interest income increased by \$13.8 million, or 17.6%, to \$92.2 million from \$78.4 million during the nine months ended September 30, 2022. This increase is largely due to strong loan growth at favorable interest rates, primarily driven by the Company's strategic lending partnership growth vehicle and broad-based growth throughout CoRe banking business, as well as the effects of higher interest rates on earning assets, including investment securities and interest bearing deposits with other banks, partially offset by an increase in cost of funds. Average total earning assets were \$3.09 billion in the nine months ended September 30, 2023 compared to \$2.76 billion in the nine months ended September 30, 2022. Total interest income increased by \$54.9 million, or 64.4%, to \$140.1 million in the nine months ended September 30, 2023 from \$85.3 million in the nine months ended September 30, 2022 driven by higher yields from new loan production at favorable interest rates. Average total loans increased to \$2.34 billion in the nine months ended September 30, 2023 from \$2.10 billion in the nine months ended September 30, 2022, primarily as the result of a \$157.7 million increase in average real estate loans and a \$47.3 million increase in average commercial loans. The yield on total loans increased 172 basis points.

Average investment securities decreased \$33.7 million as the result of a \$17.6 million decrease in tax-exempt investments and an \$16.1 million decrease in taxable investments during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The yield on tax-exempt securities increased 14 basis points and the taxable securities yield increased 116 basis points.

Average interest-bearing liabilities increased by \$616.7 million for the nine months ended September 30, 2023 from the nine months ended September 30, 2022. The increase was primarily the result of average balance increases of \$450.0 million in certificates of deposit, \$38.5 million in negotiable order of withdrawal accounts, \$87.9 million in money market checking accounts and \$29.5 million in saving accounts.

The cost of interest-bearing liabilities increased to 3.30% in the nine months ended September 30, 2023 from 0.70% in the nine months ended September 30, 2022. This increase is primarily the result of an increase of 275 basis points in the cost of deposits, as well as the cost of the senior term loan, which was entered into during October 2022. Average interest-bearing deposits were \$1.83 billion for the nine months ended September 30, 2023 and \$1.22 billion for the nine months ended September 30, 2022. Total interest expense increased by \$41.0 million, primarily driven by increases in interest rates and liquidity actions taken during 2023 in response to market conditions.

Further discussion on borrowings is included in *Note 7 – Borrowed Funds* accompanying the consolidated financial statements included elsewhere in this report.

#### Provision for Credit Losses

The provision for credit losses, which is a product of management's analysis, is recorded in response to inherent losses in the loan portfolio. Credit loss provisions were \$0.2 million \$2.0 million for the three months ended September 30, 2023 March 31, 2024 and \$5.1 million \$4.6 million for the three months ended September 30, 2022 March 31, 2023, respectively. The decrease in credit loss provision is the result of both decreasing lower calculated loss rates and lower portfolio balances across most of the pooled loan segments. The Bank did see an increase in loss rates in the other construction loan segment, balances across the entire loan portfolio, specifically concentrated within the subprime automobile segment. Subsequent to our latest sale which had an amortized cost basis of subprime automobile loans, we have a total of \$11.2 million of such loans outstanding \$128.9 million at September 30, 2023 March 31, 2024.

Further discussion on new accounting standards is included in *Note 1 – Nature of Operations and Basis of Presentation* accompanying the consolidated financial statements included elsewhere in this report.

#### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

Total loans decreased \$42.0 million \$50.3 million during the three months ended September 30, 2023 March 31, 2024, compared to an increase decrease of \$256.3 million \$11.4 million in the three months ended September 30, 2022 March 31, 2023. The decline in loan balances compared to the prior quarters primarily reflects amortization of the loan portfolio and the slowing Bank's purposeful effort to improve the overall strength of the loan originations as part of steps we have taken to manage liquidity in light of events within the banking industry during the first half 2023 portfolio through selective originations. The commercial loan portfolio increased decreased by \$5.1 million \$34.0 million during the three months ended September 30, 2023 March 31, 2024, as compared to an increase decrease of \$61.8 million \$55.1 million in the three months ended September 30, 2022 March 31, 2023, while the residential mortgage loan portfolio decreased by \$23.8 million \$12.1 million during the three months ended September 30, 2023 March 31, 2024, as compared to a \$161.4 million \$98.0 million increase during the three months ended September 30, 2022 March 31, 2023. Additionally, our consumer loan portfolio decreased by \$21.4 million \$2.7 million during the three months ended September 30, 2023 March 31, 2024, while it increased decreased by \$33.4 million \$52.9 million in the three months ended September 30, 2022 March 31, 2023. Net charge-offs totaled \$5.9 million \$1.3 million and \$1.3 million \$1.7 million during the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

#### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Total loans decreased \$102.2 million during the nine months ended September 30, 2023 versus an increase of \$601.6 million in the nine months ended September 30, 2022. The commercial loan portfolio decreased by \$37.8 million during the nine months ended September 30, 2023, as compared to an increase of \$210.7 million in the nine months ended September 30, 2022, while the residential mortgage loan portfolio increased by \$40.8 million during the nine months ended September 30, 2023, while increasing by \$294.1 million in the nine months ended September 30, 2022. Additionally, our consumer loan portfolio decreased by \$101.2 million during the nine months ended September 30, 2023, while it increased by \$97.0 million in the nine months ended September 30, 2022. In addition, net charge-offs during the nine months ended September 30, 2023 totaled \$8.8 million compared to net charge-offs of \$3.3 million in the nine months ended September 30, 2022.

#### Noninterest Income

Payment card and service charge income, consulting compliance income, equity method investment income or loss and gains on securities sale of loans generally account for the majority of our noninterest income. From time to time, we also recognize gains or losses on acquisition and divestiture activity, activity, sales of assets or our investment portfolio.

### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

Noninterest income for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 totaled \$5.8 million \$7.8 million and \$5.5 million \$3.1 million, respectively. The increase in noninterest income for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023 was primarily the result of an increase of \$0.3 million \$2.2 million in equity method gain on sale of available-for-sale investment securities, an increase of \$1.2 million in payment card and service charge income and an increase of \$0.8 million \$0.6 million in other operating income, partially offset by a decrease of \$1.0 million in gain on sale of loans.

Gain income. Loss on sale of loans decreased \$1.0 million \$0.4 million, primarily as a result of losses on the sale of subprime automobile loans as we reduce that portfolio during the three months ended September 30, 2023. Equity method investment income increased \$0.3 million due to income from our equity method investment March 31, 2023, with no comparable losses in Warp Speed, which was purchased in October 2022, partially offset by a loss from our equity method investment in ICM.

### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Noninterest income for the nine months ended September 30, 2023 and 2022 totaled \$15.3 million and \$24.1 million, respectively. The decrease in noninterest income for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily the result of decreases of \$4.8 million in gain on sale of loans, \$2.2 million in gain on sale of available-for-sale securities and \$1.9 million in equity method investment gains.

Gain on sale of loans decreased \$4.8 million, primarily as a result of losses on the sale of subprime automobile loans as we reduced that portfolio. Gain on sale of available-for-sale securities decreased \$2.2 million due to losses on the sale of securities as a result of repositioning our investment portfolio during the first quarter of 2023. The \$1.9 million decrease in equity method investment gains reflected an in substance sale of an equity method investment from our portfolio during third quarter of 2022, current quarter.

### **Noninterest Expense**

### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

Noninterest expense was \$30.7 million \$30.2 million and \$28.2 million \$28.3 million in the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The increase from the prior period primarily reflects higher other operating expenses, specifically higher professional fees related to recent actions taken in response to the market events in March 2023 Approximately 55% and to enhance risk management and compliance-related infrastructure. This increase was partially offset by a decrease in travel, entertainment, dues and subscriptions expenses. Approximately 52% and 61% 59% of noninterest expense for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, was related to personnel costs. Personnel costs are a significant part of our noninterest expense as such costs are critical to financial services organizations.

### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Noninterest The increase of noninterest expense was \$89.3 million and \$83.4 million in relative to the nine three months ended September 30, 2023 and 2022, respectively. The increase from the prior period March 31 2023 primarily reflects higher other operating expenses, specifically higher an increase of professional fees related of \$2.8 million attributable to recent actions taken in response to the market events in March 2023 and to further enhance risk management and compliance-related infrastructure. This increase was partially offset by a decrease in occupancy expense. Approximately 54% and 62% of noninterest expense for the nine months ended September 30, 2023 and 2022, respectively, was related to personnel costs. Personnel costs are a significant part of our noninterest expense, as such costs are critical to financial services organizations.

### **Discontinued Operations**

In February 2023, we completed the sale of Chartwell for total consideration of \$14.4 million in the form of a loan issued to the buyer, resulting in a gain on sale of \$11.8 million. To facilitate a transition of the Chartwell services and support the onboarding and conversion of systems, we entered into a 60 day Employee Lease and Service Agreement, whereby we provided the purchaser with finance and accounting, human capital, information technology, marketing and record/data retention services. In addition, we entered into a contract with the purchaser to continue to provide services and support from Chartwell for three years following the sale.

### **Return on Assets and Equity**

#### **Assets**

### Three Months Ended September 30, 2023 March 31, 2024 vs. Three Months Ended September 30, 2022 March 31, 2023

Our return on average assets was 0.5% for the three months ended September 30, 2023, 0.5% compared to 0.4% for the three months ended September 30, 2022 March 31, 2024, compared to 1.4% for the three months ended March 31, 2023. The increased decreased return in the three months ended September 30, 2023 March 31, 2024 is the result of a \$1.2 million increase \$6.9 million decrease in earnings, while average total assets increased by \$300.9 million \$150.9 million, mainly as the result of a \$450.6 million \$264.8 million increase in average interest-bearing deposits balances with banks, partially offset by a \$130.0 million \$100.3 million decrease in average total loans.

### Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Our return on average assets was 0.9% for the nine months ended September 30, 2023, compared to 0.4% for the nine months ended September 30, 2022. The increased return for the nine months ended September 30, 2023 is the result of a \$14.8 million increase in earnings, while average total assets increased by \$384.1 million, mainly as the result of a \$233.0 million increase in average total loans and a \$131.8 million increase in average interest-bearing deposits with banks.

## Equity

### Three Months Ended **September 30, 2023** **March 31, 2024** vs. Three Months Ended **September 30, 2022** **March 31, 2023**

Our return on average stockholders' equity was **5.8%** **6.2%** for the three months ended **September 30, 2023** **March 31, 2024**, compared to **4.2%** **16.1%** for the three months ended **September 30, 2022** **March 31, 2023**. The **increased** **decreased** return in the three months ended **September 30, 2023** **March 31, 2024** is a result of an **\$1.2 million increase** **\$6.9 million decrease** in earnings, while average equity increased by **\$8.8 million**.

### Nine Months Ended **September 30, 2023** vs. Nine Months Ended **September 30, 2022**

Our return on average stockholders' equity was **11.4%** for the nine months ended **September 30, 2023**, compared to **4.4%** for the nine months ended **September 30, 2022**. The increased return for the nine months ended **September 30, 2023** is a result of a **\$14.8 million increase** in earnings, while average equity increased by **\$12.3 million** **\$7.3 million**.

## Statement of Financial Condition

### Cash and Cash Equivalents

Cash and cash equivalents totaled **\$587.1 million** **\$640.4 million** at **September 30, 2023** **March 31, 2024**, compared to **\$40.3 million** **\$398.2 million** at **December 31, 2022** **December 31, 2023**. The increase in cash and cash equivalents reflects **actions taken in 2023** **seasonal increases due to ensure liquidity in response to recent conditions in the banking industry**, **tax season driven by a BaaS relationship**. We believe the current balance of cash and cash equivalents adequately serves our liquidity and performance needs. Total cash and cash equivalents fluctuate daily due to transactions in process and other liquidity demands.

### Investment Securities

Investment securities, including equity securities, totaled **\$352.4 million** **\$390.7 million** at **September 30, 2023** **March 31, 2024**, compared to **\$418.6 million** **\$386.4 million** at **December 31, 2022** **December 31, 2023**. The following table presents a summary of the investment securities portfolio as of the periods shown. The available-for-sale securities are reported at estimated fair value.

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Available-for-sale securities:	Available-for-sale securities:					
United States government agency securities						
United States government agency securities						
United States government agency securities	United States government agency securities	\$ 37,140	\$ 44,814			
United States sponsored mortgage-backed securities	United States sponsored mortgage-backed securities	60,481	56,571			
United States treasury securities	United States treasury securities	98,100	120,909			
Municipal securities	Municipal securities	98,624	138,636			
Corporate debt securities	Corporate debt securities	8,901	10,560			
Other debt securities	Other debt securities	7,500	7,500			

Other securities	Other securities	791	824
<b>Total investment securities available-for-sale</b>			
		\$311,537	\$379,814
<b>Investment securities available-for-sale</b>			
Equity securities	Equity securities	\$ 40,835	\$ 38,744
<b>Equity securities</b>			
<b>Equity securities</b>			

Management monitors the earnings performance and liquidity of the investment portfolio on a regular basis through the Asset and

Liability Committee ("ALCO") meetings. The ALCO also monitors net interest income and assists in the management of interest rate risk. Through active balance sheet management and analysis of the investment securities portfolio, sufficient liquidity is maintained to satisfy depositor requirements and the various credit needs of our customers. Management believes the risk characteristics inherent in the investment portfolio are acceptable based on these parameters.

Our equity securities are primarily made up consist of investments in private entities within the Fintech industry and these investments may not be as liquid as our investments in other types of securities.

## **Loans**

Our loan portfolio totaled \$2.27 billion as of **September 30, 2023** **March 31, 2024** and **\$2.37 billion** **\$2.32 billion** as of **December 31, 2022** **December 31, 2023**. The Bank's lending is primarily focused in North Central West Virginia, Northern Virginia, North Carolina and Northern Virginia, South Carolina. The portfolio consists principally of commercial lending, retail lending, which includes single-family residential mortgages, and consumer lending.

For more information regarding our loans, see *Note 3 – Loans and Allowance for Credit Losses* accompanying the consolidated financial statements included elsewhere in this report.

### Loan Concentration

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, commercial and non-residential real estate loans comprised the largest component of the loan portfolio. A large portion of commercial loans are secured by real estate and they are diverse with respect to geographical location and industry. Loans that are not secured by real estate are typically secured by accounts receivable, mortgages or equipment. While the loan concentration is in commercial loans, the commercial portfolio is comprised of loans to many different borrowers in numerous different industries, generally located in our primary market areas. Additionally, within the commercial portfolio, loans within the healthcare industry, which include loans to physicians, nursing homes and pharmacies, represent **23%** **22%** of our total loan portfolio as of **September 30, 2023** **March 31, 2024**.

### Allowance for Credit Losses

The ACL was **\$24.3 million** **\$22.8 million**, or **1.07%** **1.01%** of loans receivable, at **September 30, 2023** **March 31, 2024**, compared to **\$23.8 million** **\$22.1 million**, or **1.00%** of loans receivable, at **December 31, 2022** **December 31, 2023**. The **\$0.7 million** increase in the ACL of **\$0.4 million** was primarily impacted by two items, the adoption of ASC 326 and significant loan sales within subprime auto subcategory, within the Consumer loans segment. The adoption of ASC 326 required an increase in the allowance provision needed for credit losses individually analyzed loans of **\$8.9 million** of January 1, 2023. However, two significant loan sales in the Consumer segment, and subsequent loss rate adjustments, have generated a decrease of **\$8.2 million** **\$1.5 million**. Additionally, over the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, changes to the loan portfolio balances, qualitative factor adjustments and expected loss forecasts within the expected credit loss calculation resulted in allowance increases of **\$0.7 million** and **\$0.4 million** to the Other Construction and C&I portfolio segments, respectively. These increases have been offset by individually analyzed loans experiencing an allowance decrease of **\$1.1 million**. **\$0.5 million** to the consumer auto and **\$0.4 million** to the commercial and industrial segments, respectively. All other segments combined experienced an allowance decrease of **\$0.2 million** **\$0.4 million**. While Bank management's expectations are that the markets in which it lends will experience an economic decline improvements over the next 12 to 24 months, and most increases decreases in estimated loss rates have been offset further buoyed by decreases in loan balances in the **nine** **three** months ending **September 30, 2023** ended **March 31, 2024**. This results in marginally higher lower allocation rates, against significantly slightly lower loan balances, resulting in an overall lower allowance needed for the entire pooled loan portfolio. However, this has been more than offset by the increase in allowance needed by the individually analyzed loans. The decreases increases to the allowance for credit losses ACL totaled **\$8.5 million** **\$0.6 million** and combined with net charge offs to date of **\$8.8 million** **\$1.3 million**, resulted in total credit loss provision of **\$0.3 million** **\$0.7 million** over the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. Net charge-offs for the three months ended **March 31, 2024** included **\$0.6 million** related to a SBA loan secured by business assets, **\$0.5 million** related to the subprime consumer automotive segment and **\$0.4 million** related to a commercial client in the energy industry.

Management continually monitors the risk in the loan portfolio through the review of the monthly delinquency reports and the Loan Review Committee. The Loan Review Committee is responsible for the determination of the adequacy of the ACL. This analysis involves both experience of the portfolio to date and the makeup of the overall portfolio. Specific loss estimates are derived for individual loans based on specific criteria such as current delinquent status, related deposit account activity, where applicable and changes in the local and

national economy. When appropriate, we also consider public knowledge and verifiable information from the local market to assess risks to specific loans and the loan portfolios as a whole.

### Funding Sources

The Bank considers a number of alternatives including, but not limited to, deposits, short-term borrowings and long-term borrowings when evaluating funding sources. Traditional **Deposits** Deposits remain the most significant source of funds, totaling \$3.04 billion \$3.15 billion, or 97.3% 97.4% of funding sources at **September 30, 2023** March 31, 2024. This same information at **December 31, 2022** December 31, 2023 reflected \$2.57 billion \$2.90 billion in deposits representing 92.9% 97.1% of funding sources. Borrowings, consisting of subordinated debt, senior term loan and FHLB and other borrowings represented 2.6% 2.5% of funding sources at **September 30, 2023** March 31, 2024, versus 6.7% 2.7% at **December 31, 2022** December 31, 2023. Repurchase agreements, which are available to large corporate customers, represented 0.1% of funding sources at **September 30, 2023** March 31, 2024 and 0.4% 0.2% at **December 31, 2022** December 31, 2023.

At **September 30, 2023** March 31, 2024, noninterest-bearing balances totaled \$1.09 billion \$1.39 billion, compared to \$1.23 billion \$1.20 billion at **December 31, 2022** December 31, 2023, or 36.0% 44.2% and 47.9% 41.3%, respectively, of total deposits. Interest-bearing deposits totaled \$1.94 billion \$1.75 billion at **September 30, 2023** March 31, 2024, compared to \$1.34 billion \$1.70 billion at **December 31, 2022**, or 64.0% and 52.1%, respectively, of total deposits.

December 31, 2023.

The following table presents the balance of each of the deposit categories as of the periods shown:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Demand deposits of individuals, partnerships and corporations	Demand deposits of individuals, partnerships and corporations					
Noninterest-bearing demand	Noninterest-bearing demand	\$1,093,903	\$1,231,544			
Interest-bearing demand	Interest-bearing demand	696,538	720,074			
Noninterest-bearing demand						
Noninterest-bearing demand						
NOW						
Savings and money markets	Savings and money markets	618,781	284,447			
Time deposits, including CDs and IRAs	Time deposits, including CDs and IRAs	629,667	334,417			
Total deposits	Total deposits	\$3,038,889	\$2,570,482			
Time deposits that meet or exceed the FDIC insurance limit	Time deposits that meet or exceed the FDIC insurance limit	\$3,435	\$4,386			
Time deposits that meet or exceed the FDIC insurance limit						
Time deposits that meet or exceed the FDIC insurance limit						

Average interest-bearing deposits were \$1.96 billion \$1.81 billion during the three months ended September 30, 2023 March 31, 2024, compared to \$1.27 billion \$1.49 billion during the same time period in 2022 2023 and average noninterest-bearing deposits were \$975.2 million \$1.28 billion during the three months ended September 30, 2023 March 31, 2024 compared to \$1.32 billion \$1.38 billion during the same time period in 2022.

Average interest-bearing deposits were \$1.83 billion during the nine months ended September 30, 2023 compared to \$1.22 billion during the same time period in 2022 and average noninterest-bearing deposits were \$1.11 billion during the nine months ended September 30, 2023 compared to \$1.35 billion during the same time period in 2022, 2023.

We utilize a custodial deposit transference structure for certain deposit programs whereby we, acting as custodian of account holder funds, places a portion of such account holder funds that are not needed to support near term settlement at one or more third-party banks insured by the FDIC (each, a program bank). Accounts opened at program banks are established in our name as custodian, for the benefit of our account holders. We remain the issuer of all accounts under the applicable account holder agreements and has sole custodial control and transaction authority over the accounts opened at program banks. We maintain the records of each account holders' deposits maintained at program banks. Program banks undergo robust due diligence prior to becoming a program bank and are also subject to continuous monitoring. These off-balance sheet deposits totaled \$1.5 billion at March 31, 2024 and \$1.1 billion at September 30, 2023 and \$724.0 million at December 31, 2022 December 31, 2023 and represent gaming, banking-as-a-service and digital asset clients.

Along with traditional deposits, the Bank has access to both short-term borrowings from FHLB, Federal Reserve Bank and overnight repurchase agreements to fund its operations and investments. For details on our borrowings, refer to Note 7 – Borrowed Funds accompanying the consolidated financial statements included elsewhere in this report.

#### **Deposit Concentration**

Our four primary Fintech deposit verticals are gaming, payments, banking-as-a-service and digital assets, with deposits totaling \$451.5 million \$257.6 million, \$326.7 million \$417.9 million, \$252.3 million \$357.6 million and \$225.2 million \$339.1 million as of September 30, 2023 March 31, 2024, respectively, compared to \$652.1 million \$354.1 million, \$213.0 million \$449.8 million, \$138.7 million \$251.6 million and \$121.6 million \$188.4 million as of December 31, 2022 December 31, 2023, respectively. Of the gaming deposits, \$322.5 million \$199.3 million is with our three largest gaming clients at September 30, 2023 March 31, 2024. Of the digital asset deposits, \$309.5 million is with our largest digital asset client at March 31, 2024.

#### **Capital Resources**

During the nine three months ended September 30, 2023 March 31, 2024, stockholders' equity increased \$10.0 million \$2.5 million to \$271.4 million \$291.8 million. This increase consists of net income of \$23.3 million \$4.5 million, common stock options exercised of \$1.2 million and stock based compensation of \$2.8 million and \$0.2 million related to the redemption of noncontrolling interests partially \$0.9

million, offset by the impact to retained earnings of adopting ASC 326 of \$6.6 million, cash dividends paid of \$6.5 million, \$2.2 million and other comprehensive loss of \$2.5 million and minimum tax withholding on restricted stock units issued of \$0.7 million \$2.0 million.

The growth in assets of \$368.7 million \$233.5 million in the nine three months ended September 30, 2023 March 31, 2024 outpaced the growth in stockholders' equity, and the equity to assets ratio decreased from 8.5% 8.7% at December 31, 2022 December 31, 2023 to 7.9% 8.2% at September 30, 2023 March 31, 2024. We paid dividends to common shareholders of \$6.5 million \$2.2 million and \$6.2 million \$2.1 million in the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, compared to earnings of \$23.3 million \$4.5 million and \$8.5 million \$11.3 million in the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, resulting in the dividend payout ratio decreasing increasing to 27.7% 48.7% in the nine three months ended September 30, 2023 March 31, 2024 from 72.7% 18.9% in the nine three months ended September 30, 2022 March 31, 2023.

We and the Bank are also subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a material effect on our consolidated financial statements. The Bank is required to comply with applicable capital adequacy standards established by the federal banking agencies. West Virginia state chartered banks, such as the Bank, are subject to similar capital requirements adopted by the West Virginia Division of Financial Institutions. Bank regulators have established "risk-based" capital requirements designed to measure capital adequacy. Risk-based capital ratios reflect the relative risks of various assets companies hold in their portfolios. A weight category of 0% (lowest risk assets), 20%, 50%, 100% or 150% (highest risk assets) is assigned to each asset on the balance sheet. Detailed information concerning our risk-based capital ratios can be found in *Supervision and Regulation in Item 1, Business and Note 16 – Regulatory Capital Requirements* to the consolidated financial statements included in *Item 8, Financial Statements and accompanying notes contained in Supplementary Data*, of the 2022 2023 Form 10-K.

The optional community bank leverage ratio ("CBLR") framework, which is issued through interagency guidance, intends to provide a simple alternative measure of capital adequacy for electing qualifying depository institutions as directed under the EGRRCPA. Under the CBLR, if a qualifying depository institution elects to use such measure, such institutions will be considered well capitalized if its ratio of Tier 1 capital to average total consolidated assets (i.e., leverage ratio) exceeds a 9% threshold, subject to a limited two quarter grace period, during which the leverage ratio cannot go 100 basis points below the then applicable threshold, and will not be required to calculate and report risk-based capital ratios.

The Bank elected to begin using the CBLR for the first quarter of 2021 and intends to utilize this measure for the foreseeable future. Eligibility criteria to utilize the CBLR includes the following:

- Total assets of less than \$10 billion;
- Total trading assets plus liabilities of 5% or less of consolidated assets;
- Total off-balance sheet exposures of 25% or less of consolidated assets;
- Cannot be an advanced approaches banking organization; and

- Leverage ratio greater than 9% or temporarily prescribed threshold established in response to COVID-19. |

The Bank's CBLR at **September 30, 2023** **March 31, 2024** was **10.4%** **10.1%**, which is above the well-capitalized standard of 9%. Management believes that capital continues to provide a strong base for profitable growth.

### **Liquidity**

Maintenance of a sufficient level of liquidity is a primary objective of the ALCO. Liquidity, as defined by the ALCO, is the ability to meet anticipated operating cash needs, loan demand and deposit withdrawals without incurring a sustained negative impact on net interest income. It is our policy to optimize the funding of the balance sheet, continually balancing the stability and cost factors of various funding sources. We believe liquidity needs are satisfied by the current balance of cash and cash equivalents, readily available access to traditional and non-traditional funding sources and the portions of the investment and loan portfolios that mature within one year. **Our liquid assets totaled \$737.3 million and \$711.8 million as of March 31, 2024 and 2023, respectively.** These sources of funds should enable us to meet cash obligations as they come due.

The main source of liquidity for the Bank comes through deposit growth. Liquidity is also provided from cash generated from investment maturities, principal payments from loans and income from loans and investment securities. For the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, cash used in operating activities totaled \$25.3 million, while cash from **operating**, investing and financing activities totaled \$39.5 million, \$155.2 million \$25.8 million and \$352.2 million \$241.7 million, respectively. Significant changes in cash flows during the quarter include inflows from the net increase in deposits of \$468.4 million \$243.9 million, net maturities/paydowns change in loans of available-for-sale investment securities of \$75.1 million \$49.3 million and sales of available-for-sale investment securities of \$54.5 million \$11.7 million, partially offset by cash outflows an outflow of \$102.3 million to pay down FHLB and other borrowings and \$70.4 million \$34.8 million to purchase available-for-sale investment securities.

When appropriate, the Bank has the ability to take advantage of external sources of funds such as advances from the FHLB, national market certificate of deposit issuance programs, the Federal Reserve discount window, brokered deposits and Certificate of Deposit Account Registry Services. **Additionally, on March 12, 2023, the Federal Reserve implemented the Bank Term Funding Program to support federally-insured depository institutions in response to prevailing market uncertainty about the banking industry resulting from the insolvencies of certain regional depository institutions.** These external sources often provide attractive interest rates and flexible maturity dates that enable the Bank to match funding with contractual maturity dates of assets. Securities in the investment portfolio are classified as available-for-sale and can be utilized as an additional source of liquidity.

We have an effective shelf registration covering \$75 million of debt and equity securities, all of which is available, subject to authorization from the Board of Directors and market conditions, to issue debt or equity securities at our discretion. While we seek to preserve flexibility with respect to cash requirements, there can be no assurance that market conditions would permit us to sell securities on acceptable terms or at all.

### **Current Economic Conditions**

We consider our primary market area for CoRe banking services to be comprised of North Central West Virginia and Northern Virginia. We consider our Fintech banking market to be customers located throughout the entire United States.

We believe that the current economic climate in our primary market areas reflect economic climates that are consistent with the general national economic climate. Unemployment in the United States was **3.8%** **3.9%** for **September 2023** **March 2024** and **3.3%** **3.6%** for **September 2022** **March 2023**.

### **Commitments and Contingent Liabilities**

In the ordinary course of business, we offer financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the statements of financial condition.

Our exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. We use the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

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

Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third-party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Our policy for obtaining collateral, and the nature of such collateral, is substantially the same as that involved in making commitments to extend credit.

### **Concentration of Credit Risk**

We grant a majority of our commercial, financial, agricultural, real estate and installment loans to customers throughout the North Central West Virginia and Northern Virginia markets. Collateral for loans is primarily residential and commercial real estate, personal property and business equipment. We evaluate the credit worthiness of each of our customers on a case-by-case basis and the amount of collateral it obtains is based upon management's credit evaluation.

### **Contingent Liability**

The Bank is involved in various legal actions arising in the ordinary course of business. In the opinion of management and counsel, the outcome of these matters will not have a significant adverse effect on the consolidated financial statements.

### **Off-Balance Sheet Commitments**

The Bank has entered into certain agreements that represent off-balance sheet arrangements that could significantly impact the consolidated financial statements and could have a significant impact in future periods. Specifically, the Bank has entered into agreements to extend credit or provide conditional payments pursuant to standby and commercial letters of credit. In addition, the Bank utilizes letters of credit issued by the FHLB to collateralize certain public funds deposits.

Commitments to extend credit, including loan commitments, standby letters of credit and commercial letters of credit do not necessarily represent future cash requirements, in that these commitments often expire without being drawn upon.

### **Critical Accounting Policies and Estimates**

The preparation of the accompanying condensed consolidated financial statements in conformity with U.S. GAAP requires us to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses.

Beginning January 1, 2023, we adopted ASU 2016-13. For accounting policies and underlying accounting assumptions used in estimating our allowance for credit losses under ASU 2016-13, refer to Note 1 – *Nature of Operations and Basis of Presentation*.

Except as related to the adoption of ASU 2016-13, there have been no significant changes to our critical accounting policies and estimates or in the underlying accounting assumptions and estimates used in these critical accounting policies from those disclosed in the consolidated financial statements and accompanying notes contained in the 2022 Form 10-K.

### **Recent Accounting Pronouncements and Developments**

Recent accounting pronouncements and developments applicable to us are described further in *Note 1 – Nature of Operations and Basis of Presentation* accompanying the consolidated financial statements included elsewhere in this report.

## **Item 3 – Quantitative and Qualitative Disclosures About Market Risk**

### **Interest Rate Risk**

The objective of the asset/liability management function is to structure the balance sheet in ways that maintain consistent growth in net interest income and minimize exposure to market risks within our policy guidelines. This objective is accomplished through management of balance sheet liquidity and interest rate risk exposure based on changes in economic conditions, interest rate levels and customer preferences. We manage balance sheet liquidity through the investment portfolio, sales of commercial and residential real estate loans and through the utilization of diversified funding sources, including retail deposits, a variety of wholesale funding sources and borrowings through the FHLB. Interest rate risk is managed through the use of interest rate caps, commercial loan swap transactions and interest rate lock commitments on mortgage loans held-for-sale, as well as the structuring of loan terms that provide cash flows to be consistently re-invested along the rate cycle.

Our primary market risk is composed primarily of interest rate fluctuation. Interest rate risk results from the traditional banking activities in which the Bank engages, such as gathering deposits and extending loans. Many factors, including economic conditions, financial conditions, movements in interest rates and consumer preferences affect the difference between interest earned on assets and interest paid on liabilities. Our interest rate risk represents the levels of exposure our income and market values have to fluctuations in interest rates. Interest rate risk is measured as the change in earnings and the theoretical market value of equity that results from changes in interest rates. The ALCO oversees the management of interest rate risk and our objective is to maximize stockholder value, enhance profitability and increase capital, serve customer and community needs and protect us from any material financial consequences associated with changes in interest rates.

Interest rate risk arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); changing rate relationships across yield curves that affect bank activities (basis risk); changing rate relationships across the spectrum of maturities (yield curve risk); and interest rate related options embedded in certain bank products (option risk). Changes in interest rates may also affect a bank's underlying economic value. The ALCO values of a bank's assets, liabilities and interest-rate related, off-balance sheet contracts are affected by changes in rates because the present values of future cash flows, and in some cases the cash flows themselves, are changed when discounting by different rates.

We believe that accepting some level of interest rate risk is responsible for reviewing necessary in order to achieve realistic profit goals. Management and the Board of Directors have chosen an interest rate risk profile that is consistent with our strategic business plan. While management carefully monitors the exposure to changes in interest rates and takes actions as warranted to decrease any adverse impact, there can be no assurance about the actual effect of interest rate changes on net interest income.

Our Board of Directors has established a comprehensive interest rate risk management policy, which is administered by the ALCO. The policy establishes limits on risk, which are quantitative measures of the percentage change in net interest income (a measure of net interest income at risk) and the fair value of equity capital (a measure of economic value of equity, or "EVE", at risk) resulting from a hypothetical change in interest rates. We measure the potential adverse impacts that changing interest rates may have on short-term earnings, long-term value and liquidity by employing simulation analysis through the use of computer modeling. The simulation model captures optionality factors such as call features and interest rate caps and floors embedded in investment and loan portfolio contracts. As with any method of gauging interest rate risk, there are certain shortcomings inherent in the interest rate modeling methodology employed. When interest rates change, actual movements in different categories of interest-earning assets and interest-bearing liabilities, loan prepayments and withdrawals of time and other deposits, may deviate significantly from assumptions used in the model. Finally, the methodology does not measure

or reflect the impact that higher rates may have on adjustable-rate loan customers' ability to service their debts or the impact of rate changes on demand for loan and deposit products.

A base case forecast is prepared using market consensus rate forecasts and alternative simulations reflecting more and less extreme behavior of rates each quarter. The analysis is presented to the ALCO and the Board of Directors. In addition, more frequent forecasts are produced when interest rates are particularly uncertain, when other business conditions so dictate or when necessary to model potential balance sheet changes.

The balance sheet is subject to quarterly testing for interest rate shock possibilities to indicate the inherent interest rate risk. Average interest rates are shocked by +/- 100, 200, 300 and 400 basis points ("bp"). The goal is to structure the balance sheet so that net interest-earnings at risk over 12-month and 24-month periods and the economic value of equity at risk do not exceed policy guidelines at the various interest rate shock levels and scenarios.

As of March 31, 2024, we are shown in an asset sensitive position in down rate environments after rate shocks. Management continuously strives to reduce higher cost fixed rate funding instruments, while increasing assets that are more fluid in their repricing. Theoretically, an asset sensitive position is more favorable in a rising rate environment, since more assets than liabilities will reprice in a given time frame as interest rates rise. Similarly, a liability sensitive position is theoretically favorable in a declining interest rate environment, since more liabilities than assets will reprice in a given time frame as interest rates decline. Management works to maintain a consistent spread between yields on assets and costs of deposits and borrowings, regardless of the direction of interest rates.

Estimated Changes in Net Interest Income								
Change in interest rates	+400 bp	+300 bp	+200 bp	+100 bp	-100 bp	-200 bp	-300 bp	-400 bp
Policy Limit	(25.0)%	(20.0)%	(15.0)%	(10.0)%	(10.0)%	(15.0)%	(20.0)%	(25.0)%
March 31, 2024	25.7 %	19.3 %	12.9 %	6.6 %	(7.6)%	(15.1)%	(22.8)%	(30.5)%
March 31, 2023	37.0 %	26.9 %	16.7 %	7.0 %	(12.5)%	(23.2)%	(34.2)%	(38.4)%

Net interest income sensitivity position is tested by using shocking a forward rate curve. The change in income is then examined in scenarios where the rate curve is shocked up or down in a parallel shock. Deposit repricing during the last year lagged the movement of the Fed Funds Rate. As these increases have been realized, interest expense is higher in a flat rate scenario. However, the betas for deposit repricing allow interest expense to increase more in up rates and establishing policies decrease more in down rates in 2024 than during 2023.

At March 31, 2024, the expectation is for rates to monitor remain stable, or see very small drops, throughout the rest of the year, with potential rate drops occurring in year two, with another stabilization moving forward. There is impact in a down rate environment as the bank deals heavily in variable rate loans and coordinate deposits.

Net interest income at risk exceeded policy limits in the -200 bp, -300 bp and -400 bp parallel instantaneous interest rate shock scenarios. The policy violations in these scenarios are driven largely by the general level or market interest rates described in the preceding paragraph as well as our sources, uses cost of funding. Our deposit costs are low and pricing have little room to reprice to a lower interest rate in a falling rate environment. However, our floating rate assets are exposed to the full effect of repricing to a lower interest rate in a falling rate environment.

The paragraph above discusses net interest income at risk in various shock scenarios; scenarios in which interest rates immediately move by a large margin. Our net interest income profile exhibits declining net interest income when rates fall gradually, but the impact is not as extreme as is suggested in a shock scenario. A gradual interest rate decline scenario generally smooths the impact of falling rates over a 12-month and 24-month period. Our expectation is that over any given one to two year period, interest rates will likely move at a gradual pace.

As interest rates fall, mortgage companies expect to experience a higher volume of loan originations and refinance activity. This benefit is not reflected in measures of net interest income at risk, as origination and refinance activity are classified as income from an equity method investment. This increase in equity method investment income represents a benefit to net income that offsets the losses to net interest income experienced in a falling rate environment.

The measures of equity value at risk indicate the ongoing economic value of us by considering the effects of changes in interest rates on all of our cash flows and by discounting the cash flows to estimate the present value of assets and liabilities. The difference between these discounted values of the assets and liabilities is the economic value of equity, which theoretically approximates the fair value of our net assets

Estimated Changes in EVE								
Change in interest rates	+400 bp	+300 bp	+200 bp	+100 bp	-100 bp	-200 bp	-300 bp	-400 bp
Policy Limit	(35.0)%	(25.0)%	(17.0)%	(12.0)%	(12.0)%	(17.0)%	(25.0)%	(35.0)%
March 31, 2024	13.3 %	9.9 %	6.5 %	3.0 %	(6.9)%	(13.3)%	(21.1)%	(29.0)%
March 31, 2023	3.2 %	2.0 %	0.3 %	0.6 %	(2.5)%	(5.5)%	(9.9)%	(14.1)%

The EVE was stable across rate changing scenarios for 2023. The Fed Funds Rate increased significantly during 2022. The full effect of this rate movement was not fully realized in the deposit portfolio until 2023. Throughout 2023, in the rising rate environment, interest-bearing deposits were repriced, leading to increased cost of funds. The significant change in rates also drove previously noninterest-bearing deposits into new interest-bearing account types. This migration of noninterest-bearing deposits to interest-bearing impacted the cost of interest-bearing liabilities. This impact drove the cost of interest-bearing liabilities up, allowing the cost to behave similar to the discount rate applied to cash flows. These changes in rates took place in 2023. Any further deposit repricing would also be a major driver in the EVE calculation differences.

## Credit Risk

We have counter-party risk which may arise from the possible inability of third-party investors to meet the terms of their forward sales contracts, including derivative contracts such as interest rate swaps and fair value hedges. We work with third-party investors that are generally well-capitalized, are investment grade and exhibit strong financial performance to mitigate this risk. We monitor the financial condition of these third parties on an annual basis and we do not currently expect these third parties to fail to meet their obligations.

#### **Item 4 – Controls and Procedures**

As of **September 30, 2023** **March 31, 2024**, we carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on the results of this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of **September 30, 2023** **March 31, 2024**.

Beginning January 1, 2023, we adopted ASU 2016-13. We implemented changes to the policies, processes and controls over the estimation of the allowance for credit losses to support the adoption of ASU 2016-13. While many controls in operation under this new pronouncement mirror controls under prior GAAP, there were some new controls implemented.

During the three months ended **September 30, 2023** **March 31, 2024**, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

#### **Item 1 – Legal Proceedings**

From time to time in the ordinary course of business, we and our subsidiaries may be subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation, in general, and intellectual property and securities litigation, in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings cannot be predicted with any certainty, and in the case of more complex legal proceedings, the results can be difficult to predict. We are not aware of any material pending legal proceedings to which we or any of our subsidiaries is a party or of which any of their property is the subject.

#### **Item 1A – Risk Factors**

Our operations are subject to many risks that could adversely affect our future financial condition and performance, including the risk factors that are described in the **2022** **2023** Form 10-K. There have been no material changes in our risk factors from those disclosed.

#### **Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds**

None.

#### **Item 3 – Defaults Upon Senior Securities**

None.

#### **Item 4 – Mine Safety Disclosures**

Not applicable.

#### **Item 5 – Other Information**

During the three months ended **September 30, 2023** **March 31, 2024**, none of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

#### **Item 6 – Exhibits**

Exhibit Number	Description	Exhibit Location
<a href="#">Exhibit 31.1</a>	Certificate of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">Exhibit 31.2</a>	Certificate of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">Exhibit 32.1</a>	Certificate of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">Exhibit 32.2</a>	Certificate of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">Exhibit 101.INS</a>	XBRL Instance Document	Filed herewith
<a href="#">Exhibit 101.SCH</a>	XBRL Taxonomy Extension Schema	Filed herewith
<a href="#">Exhibit 101.CAL</a>	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
<a href="#">Exhibit 101.DEF</a>	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
<a href="#">Exhibit 101.LAB</a>	XBRL Taxonomy Extension Label Linkbase	Filed herewith
<a href="#">Exhibit 101.PRE</a>	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
<a href="#">Exhibit 104</a>	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	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.

#### **MVB Financial Corp.**

Date: [November](#) [May](#) [7, 2023](#) [2024](#)

By: /s/ Larry F. Mazza  
Larry F. Mazza  
CEO and Director  
(Principal Executive Officer)

Date: [November](#) [May](#) [7, 2023](#) [2024](#)

By: /s/ Donald T. Robinson  
Donald T. Robinson  
President and CFO  
(Principal Financial and Accounting Officer)

**6860**

[Exhibit 31.1](#)

Form 10-Q Certification

### **CERTIFICATION**

I, Larry F. Mazza, certify that:

1. I have reviewed this report on Form 10-Q of MVB Financial Corp.;
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 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;
- a. 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 account principles;
- a. 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
- a. 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

1. The registrant's other certifying officers 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 the 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
  - a. 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.

Date: November May 7, 2023 2024

/s/ Larry F. Mazza

\_\_\_\_\_  
 Larry F. Mazza  
 CEO and Director  
 (Principal Executive Officer)

**Exhibit 31.2**

Form 10-Q Certification

**CERTIFICATION**

I, Donald T. Robinson, certify that:

1. I have reviewed this report on Form 10-Q of MVB Financial Corp.;
1. 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;
1. 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 report;
1. 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;
  - a. 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 account principles;

- a. 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
- a. 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

1. The registrant's other certifying officers 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 the 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
- a. 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.

Date: **November May 7, 2023 2024**

*/s/* Donald T. Robinson

Donald T. Robinson

President and CFO

(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**Certification Pursuant to  
18 U.S.C. Section 1350  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Larry F. Mazza, Chief Executive Officer of MVB Financial Corp., certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that the quarterly report of MVB Financial Corp. on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of MVB Financial Corp. at the dates and for the periods indicated.

Date: **November May 7, 2023 2024**

*/s/* Larry F. Mazza

Larry F. Mazza

CEO and Director

(Principal Executive Officer)

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

**Exhibit 32.2**

**Certification Pursuant to  
18 U.S.C. Section 1350  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Donald T. Robinson, Chief Financial Officer of MVB Financial Corp., certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that the quarterly report of MVB Financial Corp. on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of MVB Financial Corp. at the dates and for the periods indicated.

Date: **November 7, 2023**

*/s/* Donald T. Robinson

Donald T. Robinson

President and CFO

(Principal Financial and Accounting Officer)

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

#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.