

REFINITIV

DELTA REPORT

10-Q

RBCAA - REPUBLIC BANCORP INC /KY/

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

The following comparison report has been automatically generated

TOTAL DELTAS	6341
CHANGES	603
DELETIONS	1857
ADDITIONS	3881



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ 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 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-24649



Graphic

REPUBLIC BANCORP, INC.
(Exact name of registrant as specified in its charter)

Kentucky

(State or other jurisdiction of incorporation or organization)

61-0862051

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

601 West Market Street, Louisville, Kentucky

(Address of principal executive offices)

40202

(Zip Code)

Registrant's telephone number, including area code: **(502) 584-3600**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common	RBCAA	The Nasdaq Stock Market

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

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

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

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

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

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

The number of shares outstanding of the registrant's Class A Common Stock and Class B Common Stock, as of **October 31, 2023** **April 30, 2024** was **17,221,953** **17,261,545** and **2,156,662** **2,150,669**.

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GLOSSARY OF TERMS

The terms identified in alphabetical order below are used throughout this Form 10-Q. You may find it helpful to refer to this page as you read this report.

Term	Definition
ACH	Automated Clearing House
ACL	Allowance for Credit Losses
ACLC	Allowance for Credit Losses on Off-Balance Sheet Credit Exposures
ACLL	Allowance for Credit Losses on Loans
ACLS	Allowance for Credit Losses on Securities
AFS	Available for Sale
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Basic EPS	Basic earnings per Class A Common Share
BOLI	Bank Owned Life Insurance
BPO	Brokered Price Opinion
C&D	Construction and Development
C&I	Commercial and Industrial
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBank Agreement	Agreement and Plan of Merger between Republic Bancorp, Inc., CBank, and RB&T
CECL	Current Expected Credit Losses
CMO	Collateralized Mortgage Obligation
Core Bank	The Traditional Banking and Warehouse Lending and Mortgage Banking reportable segments of the Company
COVID	Coronavirus Disease of 2019
CRE	Commercial Real Estate
DDA	Demand Deposit Account
Diluted EPS	Diluted earnings per Class A Common Share
Economic Aid Act	Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act
ERA	Early Season Refund Advance
ESPP	Employee Stock Purchase Plan
EVP	Executive Vice President
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FFTR	Federal Funds Target Rate
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association

FOMC	Federal Open Market Committee
FRB	Federal Reserve Bank
FTE	Full Time Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States
Green Dot	Green Dot Corporation
HEAL	Home Equity Amortizing Loan
HELOC	Home Equity Line of Credit
HTM	Held to Maturity
IRS	Internal Revenue Service
ITM	Interactive Teller Machine
Lawsuit	The lawsuit the Bank filed against Green Dot in the Delaware Court of Chancery on October 5, 2021
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LOC	Line of Credit
LOC I	RCS product introduced in 2014 for which the Bank participates out a 90% interest and holds a 10% interest
LOC II	RCS product introduced in 2021 for which the Bank participates out a 95% interest and holds a 5% interest
LTV	Loan to Value
MBS	Mortgage Backed Securities
MSRs	Mortgage Servicing Rights
NA	Not Applicable
NIM	Net Interest Margin
NM	Not Meaningful
OBS	Off-Balance Sheet
OCI	Other Comprehensive Income
OREO	Other Real Estate Owned
OTTI	Other than Temporary Impairment
PCD	Purchased with Credit Deterioration
PD	Probability of Default
PPP	SBA's Paycheck Protection Program
Prime	The Wall Street Journal Prime Interest Rate
Provision	Provision for Expected Credit Loss Expense
PSU	Performance Stock Unit
RA	Refund Advance
RB&T / the Bank	Republic Bank & Trust Company
RCS	Republic Credit Solutions segment
Republic / the Company	Republic Bancorp, Inc.
RPG	Republic Processing Group
RPS	Republic Payment Solutions
RT	Refund Transfer
Sale Transaction	Sale contemplated in the May 13, 2021 Asset Purchase Agreement between the Bank and Green Dot
SBA	U.S. Small Business Administration
Settlement Agreement	The agreement between the Bank and Green Dot that settled the Lawsuit filed by the Bank against Green Dot
SEC	Securities and Exchange Commission
SSUAR	Securities Sold Under Agreements to Repurchase
TDR	Troubled Debt Restructuring
The Captive	Republic Insurance Services, Inc.
TRS	Tax Refund Solutions segment
TRS Purchase Agreement	May 13, 2021 Asset Purchase Agreement for the sale of substantially all of the Bank's TRS assets and operations to Green Dot
TRUP	Trust Preferred Security Investment

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PART I — FINANCIAL INFORMATION
Item 1. Financial Statements.
CONSOLIDATED BALANCE SHEETS (UNAUDITED) (in thousands, except share data) thousands

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 219,653	\$ 313,689
Available-for-sale debt securities, at fair value (amortized cost of \$642,019 in 2023 and \$663,003 in 2022, allowance for credit losses of \$0 in 2023 and 2022)	601,220	620,365
Held-to-maturity debt securities (fair value of \$101,202 in 2023 and \$87,357 in 2022, allowance for credit losses of \$10 in 2023 and \$10 in 2022)	101,650	87,386
Equity securities with readily determinable fair value	137	111
Mortgage loans held for sale, at fair value	2,711	1,302
Consumer loans held for sale, at fair value	8,443	4,706
Consumer loans held for sale, at the lower of cost or fair value	13,529	13,169
Loans (loans carried at fair value of \$0 in 2023 and \$2 in 2022)	5,081,099	4,515,802
Allowance for credit losses	(74,576)	(70,413)
Loans, net	5,006,523	4,445,389
Federal Home Loan Bank stock, at cost	31,420	9,146
Premises and equipment, net	33,926	31,978
Right-of-use assets	35,907	37,017
Goodwill	40,516	16,300
Other real estate owned	1,423	1,581
Bank owned life insurance	103,211	101,687
Low-income housing tax credit investments	76,047	75,324
Other assets and accrued interest receivable	110,159	76,393
TOTAL ASSETS	\$ 6,386,475	\$ 5,835,543
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 1,702,979	\$ 1,908,768
Interest-bearing	3,090,603	2,629,077
Total deposits	4,793,582	4,537,845
Securities sold under agreements to repurchase and other short-term borrowings	80,797	216,956
Operating lease liabilities	36,726	37,809

Federal Home Loan Bank advances	465,000	95,000
Low-income housing tax credit obligations	58,858	43,609
Other liabilities and accrued interest payable	58,112	47,711
Total liabilities	5,493,075	4,978,930
Commitments and contingent liabilities (Footnote 10)	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, no par value	—	—
Class A Common Stock, no par value, 30,000,000 shares authorized, 17,295,968 shares (2023) and 17,584,928 shares (2022) issued and outstanding; Class B Common Stock, no par value, 5,000,000 shares authorized, 2,156,662 shares (2023) and 2,159,495 shares (2022) issued and outstanding	4,572	4,648
Additional paid in capital	141,621	141,694
Retained earnings	777,808	742,250
Accumulated other comprehensive (loss) income	(30,601)	(31,979)
Total stockholders' equity	893,400	856,613
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,386,475	\$ 5,835,543
	March 31,	December 31,
	2024	2023
ASSETS	(Unaudited)	(Audited)
Cash and cash equivalents	\$ 546,363	\$ 316,567
Available-for-sale debt securities, at fair value (amortized cost of \$614,368 in 2024 and \$618,525 in 2023, allowance for credit losses of \$0 in 2024 and 2023)	587,805	591,313
Held-to-maturity debt securities (fair value of \$76,119 in 2024 and \$76,167 in 2023, allowance for credit losses of \$10 in 2024 and \$10 in 2023)	76,254	76,387
Equity securities with readily determinable fair value	235	174
Mortgage loans held for sale, at fair value	80,884	3,227
Consumer loans held for sale, at fair value	6,093	7,914
Consumer loans held for sale, at the lower of cost or fair value	13,083	16,094
Loans (loans carried at fair value of \$0 in 2024 and \$0 in 2023)	5,224,292	5,239,861
Allowance for credit losses	(108,702)	(82,130)
Loans, net	5,115,590	5,157,731
Federal Home Loan Bank stock, at cost	43,729	23,770
Premises and equipment, net	33,557	33,411
Right-of-use assets	33,210	34,691
Goodwill	40,516	40,516
Other real estate owned	1,486	1,370
Bank owned life insurance	104,670	103,916
Low-income housing tax credit investments	73,621	75,055
Other assets and accrued interest receivable	118,496	112,755
TOTAL ASSETS	\$ 6,875,592	\$ 6,594,891
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 1,359,516	\$ 1,676,998

Interest-bearing	4,061,133	3,376,165
Total deposits	5,420,649	5,053,163
Securities sold under agreements to repurchase and other short-term borrowings	84,522	97,618
Operating lease liabilities	34,076	35,539
Federal Home Loan Bank advances	270,000	380,000
Low-income housing tax credit obligations	56,093	58,619
Other liabilities and accrued interest payable	74,669	57,196
Total liabilities	5,940,009	5,682,135
Commitments and contingent liabilities (Footnote 9)	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, no par value	—	—
Class A Common Stock, no par value, 30,000,000 shares authorized, 17,260,406 shares (2024) and 17,203,355 shares (2023) issued and outstanding; Class B Common Stock, no par value, 5,000,000 shares authorized, 2,150,669 shares (2024) and 2,154,562 shares (2023) issued and outstanding	4,578	4,553
Additional paid in capital	142,091	142,124
Retained earnings	808,836	786,487
Accumulated other comprehensive (loss) income	(19,922)	(20,408)
Total stockholders' equity	935,583	912,756
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,875,592	\$ 6,594,891

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
INTEREST INCOME:						
Loans, including fees	\$ 78,175	\$ 53,167	\$ 242,984	\$ 163,235	\$ 118,907	\$ 92,609
Taxable investment securities	4,792	3,159	14,179	7,906	4,452	4,603
Federal Home Loan Bank stock and other	2,901	4,291	8,115	6,488	7,273	3,144
Total interest income	85,868	60,617	265,278	177,629	130,632	100,356
INTEREST EXPENSE:						

Deposits	15,497	1,830	31,591	3,654	26,996	4,878
Securities sold under agreements to repurchase and other short-term borrowings	196	94	618	171	130	248
Federal Home Loan Bank advances	5,350	96	11,073	226	6,587	2,588
Total interest expense	21,043	2,020	43,282	4,051	33,713	7,714
NET INTEREST INCOME	64,825	58,597	221,996	173,578	96,919	92,642
Provision for expected credit loss expense for on-balance sheet exposures (loans and investment securities)	3,730	1,573	36,635	14,504	30,622	26,766
NET INTEREST INCOME AFTER PROVISION	61,095	57,024	185,361	159,074	66,297	65,876
NONINTEREST INCOME:						
Service charges on deposit accounts	3,559	3,409	10,385	9,998	3,313	3,299
Net refund transfer fees	242	593	15,528	16,594	10,820	10,807
Mortgage banking income	852	1,154	2,559	5,574	310	800
Interchange fee income	3,282	3,322	9,752	9,853	3,157	3,051
Program fees	4,041	4,932	11,021	12,671	4,179	3,241
Increase in cash surrender value of bank owned life insurance	690	617	2,014	1,852	754	635
Death benefits in excess of cash surrender value of life insurance	—	—	1,728	—		
Net losses on other real estate owned	(53)	(53)	(158)	(158)	(53)	(53)
Contract termination fee	—	—	—	5,000		
Legal settlement	—	—	—	13,000		
Other	1,406	1,134	3,522	2,302	893	901
Total noninterest income	14,019	15,108	56,351	76,686	23,373	22,681
NONINTEREST EXPENSE:						
Salaries and employee benefits	28,747	27,269	89,472	85,477	29,716	29,961
Technology, equipment, and communication	7,311	7,235	21,459	21,678	7,490	7,228
Occupancy	3,503	3,211	10,500	9,875	3,822	3,406
Marketing and development	2,055	1,951	6,142	5,019	1,924	1,574
FDIC insurance expense	677	423	2,038	1,241	772	637
Interchange related expense	1,580	1,221	4,429	3,602	1,298	1,499
Legal and professional fees	803	904	2,693	3,073	1,055	1,061
Merger expense	(132)	—	2,068	—	41	2,073
Other	3,498	3,952	13,217	12,438	4,853	5,004
Total noninterest expense	48,042	46,166	152,018	142,403	50,971	52,443
INCOME BEFORE INCOME TAX EXPENSE	27,072	25,966	89,694	93,357	38,699	36,114
INCOME TAX EXPENSE	5,501	6,070	18,979	20,764	8,093	8,022
NET INCOME	<u>\$ 21,571</u>	<u>\$ 19,896</u>	<u>\$ 70,715</u>	<u>\$ 72,593</u>	<u>\$ 30,606</u>	<u>\$ 28,092</u>
BASIC EARNINGS PER SHARE:						
Class A Common Stock	\$ 1.11	\$ 1.01	\$ 3.61	\$ 3.66	\$ 1.59	\$ 1.42
Class B Common Stock	1.01	0.92	3.28	3.33	1.44	1.30
DILUTED EARNINGS PER SHARE:						

Class A Common Stock	\$	1.10	\$	1.01	\$	3.60	\$	3.65	\$	1.58	\$	1.42
Class B Common Stock		1.01		0.92		3.27		3.32		1.43		1.29

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Net income	\$ 21,571	\$ 19,896	\$ 70,715	\$ 72,593	\$ 30,606	\$ 28,092
OTHER COMPREHENSIVE INCOME (LOSS)						
Unrealized gain (loss) on AFS debt securities	1,024	(15,510)	1,812	(46,892)	592	5,205
Unrealized gain (loss) on AFS debt security for which a portion of OTTI has been recognized in earnings	(7)	1	27	10	57	5
Total other comprehensive income (loss) before income tax	1,017	(15,509)	1,839	(46,882)	649	5,210
Income tax benefit (expense) related to items of other comprehensive income	(250)	3,875	(461)	11,720	(163)	(1,305)
Total other comprehensive income (loss), net of tax	767	(11,634)	1,378	(35,162)	486	3,905
COMPREHENSIVE INCOME	\$ 22,338	\$ 8,262	\$ 72,093	\$ 37,431	\$ 31,092	\$ 31,997

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

Three Months Ended September 30, 2023						Three Months Ended March 31, 2024					
Common Stock			Accumulated			Common Stock			Accumulated		
Class A	Class B	Additional	Other	Total		Class A	Class B	Additional	Other	Total	
Shares	Shares	Paid In	Retained	Comprehensive	Stockholders'	Shares	Shares	Paid In	Retained	Comprehensive	Stockhold

(in thousands, except per share data)														
	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Equity	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Equity
Balance, July 1, 2023	17,449	2,157	\$ 4,617	\$ 142,462	\$ 771,260	\$ (31,368)	\$ 886,971							
Balance, January 1, 2024								17,203	2,155	\$ 4,553	\$ 142,124	\$ 786,487	\$ (20,408)	\$ 912,7
Net income	—	—	—	—	21,571	—	21,571	—	—	—	—	30,606	—	30,6
Net change in AOCI	—	—	—	—	—	767	767	—	—	—	—	—	486	.
Dividends declared on Common Stock:														
Class A Shares (\$0.374 per share)	—	—	—	—	(6,448)	—	(6,448)							
Class B Shares (\$0.340 per share)	—	—	—	—	(734)	—	(734)							
Class A Shares (\$0.407 per share)								—	—	—	—	(6,986)	—	(6,3
Class B Shares (\$0.370 per share)								—	—	—	—	(796)	—	(796
Stock options exercised, net of shares withheld	—	—	—	(10)	—	—	(10)	37	—	26	(689)	(437)	—	(1,0
Repurchase of Class A Common Stock	(206)	—	(46)	(1,509)	(7,841)	—	(9,396)							
Net change in notes receivable on Class A Common Stock	—	—	—	—	—	—	—							
Conversion of Class B to Class A Common Shares								4	(4)	—	—	—	—	
Deferred compensation - Class A Common Stock:														
Directors	—	—	—	123	—	—	123	—	—	(1)	135	—	—	
Designated key employees	—	—	—	36	—	—	36	11	—	—	167	—	—	

Employee stock purchase plan - Class A Common Stock	4	—	1	172	—	—	173	4	—	1	183	—	—	
Stock-based awards - Class A Common Stock:														
Performance stock units	—	—	—	—	—	—	—	—	—	—	36	—	—	
Restricted stock	49	—	—	172	—	—	172	1	—	(1)	(34)	(38)	—	
Stock options	—	—	—	175	—	—	175	—	—	—	169	—	—	
Balance, September 30, 2023	17,296	2,157	\$ 4,572	\$ 141,621	\$ 777,808	\$ (30,601)	\$ 893,400							
Balance, March 31, 2024								17,260	2,151	\$ 4,578	\$ 142,091	\$808,836	\$ (19,922)	\$ 935,100

	Three Months Ended September 30, 2022							
	Common Stock			Accumulated				
	Class A	Class B		Additional		Other	Total	
	Shares	Shares		Paid In	Retained	Comprehensive	Stockholders'	
(in thousands, except per share data)	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Equity	
Balance, July 1, 2022	17,629	2,161	\$ 4,663	\$ 140,516	\$ 720,341	\$ (21,654)	\$ 843,866	
Net income	—	—	—	—	19,896	—	19,896	
Net change in AOCI	—	—	—	—	—	(11,634)	(11,634)	
Dividends declared on Common Stock:								
Class A Shares (\$0.341 per share)	—	—	—	—	(5,995)	—	(5,995)	
Class B Shares (\$0.310 per share)	—	—	—	—	(669)	—	(669)	
Stock options exercised, net of shares withheld	—	—	—	(2)	—	—	(2)	
Conversion of Class B to Class A Common Shares	1	(1)	—	—	—	—	—	
Repurchase of Class A Common Stock	(48)	—	(15)	(484)	(2,829)	—	(3,328)	
Net change in notes receivable on Class A Common Stock	—	—	—	43	—	—	43	
Deferred compensation - Class A Common Stock:								
Directors	—	—	—	192	—	—	192	
Designated key employees	—	—	—	184	—	—	184	
Employee stock purchase plan - Class A Common Stock	5	—	1	181	—	—	182	
Stock-based awards - Class A Common Stock:								
Performance stock units	—	—	—	38	—	—	38	
Restricted stock	—	—	—	161	—	—	161	
Stock options	—	—	—	129	—	—	129	
Balance, September 30, 2022	17,587	2,160	\$ 4,649	\$ 140,958	\$ 730,744	\$ (33,288)	\$ 843,063	

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	Nine Months Ended September 30, 2023						
	Common Stock			Accumulated			
	Class A	Class B	Additional	Other			Total
	Shares	Shares		Paid In	Retained	Comprehensive	
(in thousands, except per share data)	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Stockholders' Equity
Balance, January 1, 2023	17,585	2,160	\$ 4,648	\$ 141,694	\$ 742,250	\$ (31,979)	\$ 856,613
Net income	—	—	—	—	70,715	—	70,715
Net change in AOCI	—	—	—	—	—	1,378	1,378
Dividends declared on Common Stock:							
Class A Shares (\$1.122 per share)	—	—	—	—	(19,566)	—	(19,566)
Class B Shares (\$1.020 per share)	—	—	—	—	(2,201)	—	(2,201)
Stock options exercised, net of shares withheld	—	—	(1)	(193)	—	—	(194)
Conversion of Class B to Class A Common Shares	3	(3)	—	—	—	—	—
Repurchase of Class A Common Stock	(363)	—	(80)	(2,640)	(13,390)	—	(16,110)
Net change in notes receivable on Class A Common Stock	—	—	—	—	—	—	—
Deferred compensation - Class A Common Stock:							
Directors	—	—	—	349	—	—	349
Designated key employees	7	—	—	495	—	—	495
Employee stock purchase plan - Class A Common Stock	13	—	3	535	—	—	538
Stock-based awards - Class A Common Stock:							
Performance stock units	—	—	—	—	—	—	—
Restricted stock	51	—	2	798	—	—	800
Stock options	—	—	—	583	—	—	583
Balance, September 30, 2023	17,296	2,157	\$ 4,572	\$ 141,621	\$ 777,808	\$ (30,601)	\$ 893,400

	Nine Months Ended September 30, 2022							Three Months Ended March 31, 2023						
	Common Stock			Accumulated				Common Stock			Accumulated			
	Class A	Class B	Additional	Other			Total	Class A	Class B	Additional	Other			Total
	Shares	Shares		Paid In	Retained	Comprehensive		Shares	Shares		Paid In	Retained	Comprehensive	
(in thousands, except per share data)	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Equity	Outstanding	Outstanding	Amount	Capital	Earnings	Income (Loss)	Equity
Balance, January 1, 2022	17,816	2,165	\$ 4,702	\$ 139,956	\$ 688,522	\$ 1,874	\$ 835,054							
Balance, January 1, 2023								17,585	2,160	\$ 4,648	\$ 141,694	\$ 742,250	\$ (31,979)	\$ 856,613
Net income	—	—	—	—	72,593	—	72,593	—	—	—	—	28,092	—	28,092
Net change in AOCI	—	—	—	—	—	(35,162)	(35,162)	—	—	—	—	—	3,905	3,905

Dividends declared on Common Stock:														
Class A Shares (\$1.023 per share)	—	—	—	—	(18,123)	—	(18,123)							
Class B Shares (\$0.930 per share)	—	—	—	—	(2,010)	—	(2,010)							
Class A Shares (\$0.374 per share)								—	—	—	—	(6,581)	—	(6,581)
Class B Shares (\$0.340 per share)								—	—	—	—	(734)	—	(734)
Stock options exercised, net of shares withheld	3	—	2	38	—	—	40	—	—	—	(84)	—	—	(84)
Conversion of Class B to Class A Common Shares	5	(5)	—	—	—	—	—							
Repurchase of Class A Common Stock	(263)	—	(58)	(1,868)	(10,238)	—	(12,164)							
Net change in notes receivable on Class A Common Stock	—	—	—	61	—	—	61	—	—	—	84	—	—	84
Deferred compensation - Class A Common Stock:								—						
Directors	6	—	—	403	—	—	403	—	—	—	110	—	—	110
Designated key employees	—	—	—	541	—	—	541	7	—	—	221	—	—	221
Employee stock purchase plan - Class A Common Stock	12	—	3	506	—	—	509	4	—	—	162	—	—	162
Stock-based awards - Class A Common Stock:														
Performance stock units	—	—	—	114	—	—	114	—	—	—	39	—	—	39
Restricted stock	8	—	—	771	—	—	771	2	—	—	173	—	—	173

Stock options	—	—	—	436	—	—	436	—	—	—	202	—	—	202
Balance, September 30, 2022	17,587	2,160	\$ 4,649	\$ 140,958	\$ 730,744	\$ (33,288)	\$ 843,063							
Balance, March 31, 2023								17,598	2,160	\$ 4,648	\$ 142,601	\$ 763,027	\$ (28,074)	\$ 882,202

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Nine Months Ended	
	September 30,	
	2023	2022
OPERATING ACTIVITIES:		
Net income	\$ 70,715	\$ 72,593
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization on investment securities and low-income housing investments	4,176	3,753
Net accretion and amortization on loans	(2,756)	(3,026)
Unrealized and realized losses on equity securities with readily determinable fair value	(26)	204
Depreciation of premises and equipment	4,930	5,884
Amortization of mortgage servicing rights	1,440	1,773
Provision for on-balance sheet exposures	36,635	14,504
Provision for off-balance sheet exposures	90	128
Net gain on sale of mortgage loans held for sale	(1,453)	(4,704)
Origination of mortgage loans held for sale	(53,750)	(195,006)
Proceeds from sale of mortgage loans held for sale	53,794	226,191
Net gain on sale of consumer loans held for sale	(8,880)	(10,466)
Origination of consumer loans held for sale	(756,714)	(820,127)
Proceeds from sale of consumer loans held for sale	761,497	831,802
Writedowns of other real estate owned	158	158
Deferred compensation expense - Class A Common Stock	844	944
Stock-based awards and ESPP expense - Class A Common Stock	1,407	1,397
Increase in cash surrender value of bank owned life insurance	(1,324)	(1,852)
Gain from death benefits in excess of cash surrender value of BOLI	(1,728)	—
Net change in other assets and liabilities:		
Accrued interest receivable	(5,366)	(1,225)
Accrued interest payable	1,778	34
Other assets	(21,085)	1,309
Other liabilities	1,872	10,518
Net cash provided by operating activities	86,254	134,786

INVESTING ACTIVITIES:			
Net cash proceeds paid in acquisition	(40,970)	—	
Purchases of available-for-sale debt securities	(30,000)	(244,820)	
Purchases of held-to-maturity debt securities	(25,000)	—	
Proceeds from calls, maturities and paydowns of equity and available-for-sale debt securities	67,571	65,269	
Proceeds from calls, maturities and paydowns of held-to-maturity debt securities	10,736	11,703	
Net change in outstanding warehouse lines of credit	(54,472)	408,312	
Net change in other loans	(323,283)	(212,312)	
Purchase of Federal Home Loan Bank stock	(22,274)	1,743	
Investments in low-income housing tax partnerships	10,221	(7,258)	
Net purchases of premises and equipment	(5,278)	(2,624)	
Proceeds of principal and earnings from bank-owned life insurance	1,528	—	
Net cash used in investing activities	(411,221)	20,013	
FINANCING ACTIVITIES:			
Net change in deposits	34,059	(39,594)	
Net change in securities sold under agreements to repurchase and other short-term borrowings	(136,159)	(81,591)	
Payments of Federal Home Loan Bank advances	(538,000)	(25,000)	
Proceeds from Federal Home Loan Bank advances	908,000	20,000	
Repurchase of Class A Common Stock	(16,110)	(12,164)	
Net proceeds from Class A Common Stock purchased through employee stock purchase plan	514	433	
Net proceeds from option exercises and equity awards vested - Class A Common Stock	(194)	40	
Cash dividends paid	(21,179)	(19,501)	
Net cash (used in) provided by financing activities	230,931	(157,377)	
NET CHANGE IN CASH AND CASH EQUIVALENTS	(94,036)	(2,578)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	313,689	756,971	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 219,653	\$ 754,393	
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION:			
Cash paid during the period for:			
Interest	\$ 41,504	\$ 4,017	
Income taxes	17,279	14,614	
SUPPLEMENTAL NONCASH DISCLOSURES:			
Mortgage servicing rights capitalized	\$ 381	\$ 1,755	
New unfunded obligations in low-income-housing investments	27,000	16,100	
Right-of-use assets recorded	3,480	6,360	
Three Months Ended			
March 31,			
	2024	2023	
OPERATING ACTIVITIES:			
Net income	\$ 30,606	\$ 28,092	
Adjustments to reconcile net income to net cash provided by operating activities:			
Net amortization on investment securities and low-income housing investments	1,555	1,438	
Net accretion and amortization on loans	(639)	(618)	
Unrealized and realized losses on equity securities with readily determinable fair value	(61)	4	
Depreciation of premises and equipment	1,944	1,594	
Amortization of mortgage servicing rights	426	490	
Provision for on-balance sheet exposures	30,622	26,766	
Provision for off-balance sheet exposures	(110)	210	
Net gain on sale of mortgage loans held for sale	80	(420)	
Origination of mortgage loans held for sale	(27,046)	(15,942)	

Proceeds from sale of mortgage loans held for sale	18,773	16,630
Net gain on sale of consumer loans held for sale	(3,405)	(2,534)
Origination of consumer loans held for sale	(188,347)	(207,222)
Proceeds from sale of consumer loans held for sale	196,584	210,199
Writedowns of other real estate owned	53	52
Deferred compensation expense - Class A Common Stock	301	331
Stock-based awards and ESPP expense - Class A Common Stock	160	438
Amortization of right-of-use assets	1,481	1,544
Accretion of operating lease liabilities	(1,463)	(1,550)
Increase in cash surrender value of bank owned life insurance	(754)	(635)
Net change in other assets and liabilities:		
Accrued interest receivable	(1,878)	(2,502)
Accrued interest payable	2,832	103
Other assets	(5,489)	(5,402)
Other liabilities	14,999	19,670
Net cash provided by operating activities	71,224	70,736
INVESTING ACTIVITIES:		
Net cash proceeds paid in acquisition	—	(40,970)
Purchases of available-for-sale debt securities	(50,000)	(25,000)
Purchases of held-to-maturity debt securities	—	(25,000)
Proceeds from calls, maturities and paydowns of equity and available-for-sale debt securities	54,220	54,066
Proceeds from calls, maturities and paydowns of held-to-maturity debt securities	133	278
Net change in outstanding warehouse lines of credit	(123,526)	(53,805)
Purchase of correspondent loans, including premiums paid	—	(8,731)
Net change in other loans	66,188	19,670
Net purchases of Federal Home Loan Bank stock	(19,959)	(16,793)
Investments in low-income housing tax partnerships	(2,710)	(1,172)
Net purchases of premises and equipment	(2,090)	(1,688)
Net cash used in investing activities	(77,744)	(99,145)
FINANCING ACTIVITIES:		
Net change in deposits	367,486	40,145
Net change in securities sold under agreements to repurchase and other short-term borrowings	(13,096)	(82,544)
Payments of Federal Home Loan Bank advances	(110,000)	—
Proceeds from Federal Home Loan Bank advances	—	13,000
Net proceeds from Class A Common Stock purchased through employee stock purchase plan	156	138
Net proceeds from option exercises and equity awards vested - Class A Common Stock	(1,100)	(84)
Cash dividends paid	(7,130)	(6,646)
Net cash (used in) provided by financing activities	236,316	(35,991)
NET CHANGE IN CASH AND CASH EQUIVALENTS	229,796	(64,400)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	316,567	313,689
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 546,363	\$ 249,289
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 30,882	\$ 7,611
Income taxes	570	471
SUPPLEMENTAL NONCASH DISCLOSURES:		
Mortgage servicing rights capitalized	\$ 118	\$ 127

Transfers from loans to real estate acquired in settlement of loans	169	—
Transfers from loans held for investment to held for sale	69,464	—
Right-of-use assets recorded	—	722

See accompanying footnotes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -SEPTEMBER 30, -MARCH 31, 2024 and 2023 and 2022 AND DECEMBER 31, 2022 2023 (UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements include the accounts of Republic Bancorp, Inc. (the “Parent Company”) and its wholly owned subsidiaries, Republic Bank & Trust Company and Republic Insurance Services, Inc. As used in this filing, the terms “Republic,” the “Company,” “we,” “our,” and “us” refer to Republic Bancorp, Inc., and, where the context requires, Republic Bancorp, Inc. and its subsidiaries. The term “Bank” refers to the Company’s subsidiary bank: Republic Bank & Trust Company. The term “Captive” refers to the Company’s insurance subsidiary: Republic Insurance Services, Inc. All significant intercompany balances and transactions are eliminated in consolidation.

Republic is a financial holding company headquartered in Louisville, Kentucky. The Bank is a Kentucky-based, state-chartered non-member financial institution that provides both traditional and non-traditional banking products through five reportable segments using a multitude of delivery channels. While the Bank operates primarily in its geographic market footprint where it has physical locations, its non-brick-and-mortar delivery channels allow it to reach clients across the U.S. The During the fourth quarter of 2023, the Company dissolved its Captive, is a Nevada-based, wholly owned insurance subsidiary of the Company. The Captive provides provided property and casualty insurance coverage to the Company and the Bank, as well as a group of unrelated third-party insurance captives for which insurance may not be available or economically feasible. In May 2023, the Company’s Board of Directors voted to dissolve the Company’s Captive. The dissolution of the Captive is expected to occur during the fourth quarter of 2023.captives.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. 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 full year ending December 31, 2023 December 31, 2024. For further information, refer to the consolidated financial statements and footnotes thereto included in Republic’s Form 10-K for the year ended December 31, 2022 December 31, 2023. Certain amounts presented in prior periods have been reclassified to conform to the current period presentation. These reclassifications had no impact on previously reported prior periods’ net income or shareholders’ equity.

BUSINESS SEGMENT COMPOSITION

As of September 30, 2023 March 31, 2024, the Company was divided into five reportable segments: Traditional Banking, Warehouse Mortgage Banking, Lending, TRS, RPS, and RCS. Republic had previously reported mortgage banking as a separate reportable segment prior to the first quarter of 2024. Due to the quantitative and qualitative immateriality of this division, Management concluded its mortgage banking operations no longer constitutes a separate reportable segment for SEC reporting purposes.

Management considers the first three two segments to collectively constitute “Core Bank” or “Core Banking” operations, while the last two three segments collectively constitute RPG operations.

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Core Bank

Traditional Banking segment — The Traditional Banking segment, which also includes the results of the former mortgage banking segment, provides traditional banking products primarily to customers in the Company's market footprint. As of September 30, 2023 March 31, 2024, Republic had 4647 banking centers with locations as follows:

- Kentucky — 29
 - Metropolitan Louisville — 18 19
 - Central Kentucky — 7 6
 - Georgetown — 1
 - Lexington — 5
 - Shelbyville — 1
 - Northern Kentucky (Metropolitan Cincinnati) — 4
 - Bellevue — 1
 - Covington — 1
 - Crestview Hills — 1
 - Florence — 1
- Indiana — 3
 - Southern Indiana (Metropolitan Louisville) — 3
 - Floyds Knobs — 1
 - Jeffersonville — 1
 - New Albany — 1
- Florida — 7
 - Metropolitan Tampa — 7
- Ohio — 4
 - Metropolitan Cincinnati — 4
- Tennessee — 3 4
 - Metropolitan Nashville — 3 4

Republic's headquarters are in Louisville, which is the largest city in Kentucky based on population.

Traditional Banking results of operations are primarily dependent upon net interest income, which represents the difference between the interest income and fees on interest-earning assets and the interest expense on interest-bearing liabilities. Principal interest-earning Traditional Banking assets represent investment securities and commercial and consumer loans primarily secured by real estate and/or personal property. Interest-bearing liabilities primarily consist of interest-bearing deposit accounts, securities sold under agreements to repurchase, as well as short-term and long-term borrowing sources. FHLB advances have traditionally been a significant borrowing source for the Bank.

Other sources of Traditional Banking income include mortgage banking income, service charges on deposit accounts, debit and credit card interchange fee income, title insurance commissions, and increases in the cash surrender value of BOLI.

Traditional Banking operating expenses consist primarily of salaries and employee benefits; technology, equipment, and communication; occupancy; interchange related expense; marketing and development; FDIC insurance expense, and various other general and administrative costs. Traditional Banking

results of operations are significantly impacted by general economic and competitive conditions, particularly changes in market interest rates, government laws and policies, and actions of regulatory agencies.

Warehouse Lending segment — The Core Bank provides short-term, revolving credit facilities to mortgage bankers across the United States through mortgage warehouse lines of credit. These credit facilities are primarily secured by single-family, first-lien residential real estate loans. The credit facility enables the mortgage banking clients to close single-family, first-lien residential real estate loans in their own name and temporarily fund their inventory of these closed loans until the loans are sold to investors approved by the Bank. Individual loans are expected to remain on the warehouse line for an average of 15 to 30 days. Advances for Reverse mortgage loans and construction loans typically remain on the line longer than conventional mortgage loans. Interest income and loan fees are accrued for each individual advance during the time the advance remains on the warehouse line and collected when the loan is sold. The Core Bank receives the sale proceeds of each loan directly from the investor and applies the funds to pay off the warehouse advance and related accrued interest and fees. The remaining proceeds are credited to the mortgage-banking client.

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Mortgage Banking segment — Mortgage Banking activities primarily include 15-, 20- and 30-year fixed-term, single-family, first-lien residential real estate loans that are originated and sold into the secondary market, primarily to the FHLMC and the FNMA. The Bank typically retains servicing on loans sold into the secondary market. Administration of loans with servicing retained by the Bank includes collecting principal and interest payments, escrowing funds for property taxes and property insurance, and remitting payments to secondary market investors. The Bank receives fees for performing these standard servicing functions.

As part of the sale of loans with servicing retained, the Bank records MSRs. MSRs represent an estimate of the present value of future cash servicing income, net of estimated costs, which the Bank expects to receive on loans sold with servicing retained by the Bank. MSRs are capitalized as separate assets. This transaction is posted to net gain on sale of loans, a component of "Mortgage Banking income" in the income statement. Management considers all relevant factors, in addition to pricing considerations from other servicers, to estimate the fair value of the MSRs to be recorded when the loans are initially sold with servicing retained by the Bank. The carrying value of MSRs is initially amortized in proportion to and over the estimated period of net servicing income and subsequently adjusted quarterly based on the weighted average remaining life of the underlying loans. The MSR amortization is recorded as a reduction to net servicing income, a component of Mortgage Banking income.

With the assistance of an independent third-party, the MSRs asset is reviewed at least quarterly for impairment based on the fair value of the MSRs using groupings of the underlying loans based on predominant risk characteristics. Any impairment of a grouping is reported as a valuation allowance. A primary factor influencing the fair value is the estimated life of the underlying loans serviced. The estimated life of the loans serviced is significantly influenced by market interest rates. During a period of declining interest rates, the fair value of the MSRs is expected to decline due to increased anticipated prepayment speeds within the portfolio. Alternatively, during a period of rising interest rates, the fair value of MSRs would be expected to increase as prepayment speeds on the underlying loans would be expected to decline.

Republic Processing Group

Tax Refund Solutions segment — Through the TRS segment, the Bank is one of a limited number of financial institutions that facilitates the receipt and payment of federal and state tax refund products and offers a credit product through third-party tax preparers located throughout the U.S., as well as tax-preparation software providers (collectively, the "Tax Providers"). The majority of all the business generated by the TRS business occurs during the first half of each year. During the second half of each year, TRS generates limited revenue and incurs costs preparing for the next year's tax season. During December 2023, TRS also originated \$98 million \$103 million of ERAs during December 2022 related to estimated tax returns that were anticipated to be filed during the first quarter 2023 2024 tax filing season. Of these ERAs, \$11 million remained outstanding as of March 31, 2024. During the second half of each year, TRS generates limited revenue and incurs costs preparing for the next year's tax filing season.

RTs are fee-based products whereby a tax refund is issued to the taxpayer after the Bank has received the refund from the federal or state government. There is no credit risk or borrowing cost associated with these products because they are only delivered to the taxpayer upon receipt of the tax refund directly from the governmental paying authority. Fees earned by the Company on RTs, net of revenue share, are reported as noninterest income under the line item "Net refund transfer fees."

The RA credit product is a loan made in conjunction with the filing of a taxpayer's federal tax return, which allows the taxpayer to borrow funds as an advance of a portion of their tax refund. The RA product had the following features during the first **quarter quarters of each of 2023 2024 and 2022: 2023:**

- Offered only during the first two months of each year;
- The taxpayer was given the option to choose from multiple loan-amount tiers, subject to underwriting, up to a maximum advance amount of **\$6,250; \$6,500;**
- No requirement that the taxpayer pays for another bank product, such as an RT;
- Multiple disbursement methods were available with most Tax Providers, including direct deposit, prepaid card, or check, based on the taxpayer-customer's election;
- Repayment of the RA to the Bank is deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the RA occurs:
 - there is no recourse to the taxpayer,
 - no negative credit reporting on the taxpayer, and
 - no collection efforts against the taxpayer.

TheSince its introduction in December of 2022, the ERA credit product **is also a loan that allows a taxpayer has been structured similarly to borrow funds as an advance of a portion of their tax refund. Unlike the RA product described immediately above, however, which is originated in conjunction with the filing primary differences being the timing of when the taxpayer's federal tax return, an ERAs are originated and the documentation available to underwrite the ERA credits. The ERA is originated prior to the taxpayer receiving their fiscal year taxable income documentation, e.g., W-2, and the filing of the taxpayer's final federal tax return and prior to the taxpayer receiving their year-end taxable income documentation, e.g., W-2. return.** As such, the Company generally uses paystub information **to estimate the potential tax**

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refund and to underwrite the ERA. The repayment of the ERA is incumbent upon the taxpayer client returning to the Bank's Tax Provider for the filing of their **final** federal tax return in order for the tax refund to potentially be received by the Bank from the federal government to pay off the advance. The ERA product **related to the first quarter 2023 tax filing season** had the following **features:** **features during the 2023 and 2024 tax filing seasons:**

- **Offered only** Only offered during December **2022** and **the up-coming January 2023;** in connection with the upcoming first quarter tax business for each **period;**
- The taxpayer had the option to choose from multiple **loan-amount loan** tiers, subject to underwriting, up to a maximum advance amount of \$1,000;
- No requirement that the taxpayer pays for another bank product, such as an RT;
- Multiple disbursement methods **were** available with most Tax Providers, including direct deposit or prepaid card, based on the taxpayer-customer's election;
- Repayment of the ERA to the Bank **is** deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the ERA, **occurs,** including the failure to file a **final** federal tax return through a Republic Tax Provider:
 - **there is** no recourse to the taxpayer,
 - no negative credit reporting on the taxpayer, and
 - no collection efforts against the taxpayer.

The Company reports fees paid for the RAs, including ERAs, as interest income on loans. **The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times.** RAs, **including ERAs** that were originated related

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to the first quarter 2022 2023 tax filing season were repaid, on average, within 32 days after the taxpayer's tax return was submitted to the applicable taxing authority. RAs do not have a contractual due date, but as it did during 2023, the Company considered a will consider an RA related to the first quarter 2022 tax season, delinquent in 2024 if it remained remains unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. In 2023, the Company also considered a RA, related to the first quarter 2023 tax season, delinquent if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. For the ERA product originated in December of 2022 and January 2023, the Company considered it delinquent if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times.

Provisions on RAs and ERAs are estimated when advances are made. Unpaid RAs, including ERAs, related to the first quarter tax filing season of a given year are charged-off by June 30th 30th of that year, with unless they are deemed to be uncollectible earlier than June 30th, at which time they are charged off. RAs collected during the second half of that year, not subject to loan loss guarantee arrangements, are recorded as recoveries of previously charged-off loans, unless they were covered under a loss guaranty arrangement. Any RAs subject to a loss guaranty arrangement that are recovered during the second half of the year are distributed to the guarantor.

Related to the overall credit losses on RAs, including ERAs, the Bank's ability to control losses is highly dependent upon its ability to predict the taxpayer's likelihood to receive the tax refund as claimed on the taxpayer's tax return. Each year, the Bank's RA approval model is based primarily on the prior-year's tax refund payment patterns. Because the substantial majority of the RA volume occurs each year before that year's tax refund payment patterns can be analyzed and subsequent underwriting changes made, credit losses during a current year could be higher than management's predictions if tax refund payment patterns change materially between years.

In response to changes in the legal, regulatory, and competitive environment, management annually reviews and revises the RA, including the ERA, product parameters. Further changes in the RA and ERA product parameters do not ensure positive results and could have an overall material negative impact on the performance of all RA and ERA product offerings and therefore on the Company's financial condition and results of operations.

Cancelled Sale Transaction Republic Payment Solutions segment - As previously disclosed, Green Dot paid RB&T The RPS segment offers a contract termination fee range of \$5.0 million during the first quarter of 2022 related payment-related products and services to the cancelled Sale Transaction. consumers through third party service providers. The Bank offers both issuing solutions and money movement capabilities.

Settlement of Lawsuit Against Green Dot - As previously disclosed, on June 3, 2022, the Bank and Green Dot entered into the Settlement Agreement to fully resolve the Lawsuit that the Bank filed against Green Dot in the Delaware Court of Chancery on October 5, 2021. The Lawsuit arose from Green Dot's inability to consummate the Sale Transaction contemplated in the TRS Purchase Agreement through which Green Dot would purchase all of the assets and operations of the Bank's Tax Refund Issuing Solutions business.

In accordance with the Settlement Agreement, on June 6, 2022, Green Dot paid \$13.0 million The RPS segment offers prepaid and debit solutions primarily marketed to the Bank, which was in addition to a \$5.0 million termination fee that Green Dot paid to the Bank during the first quarter of 2022 under the terms of the TRS Purchase Agreement. On June 6, 2022, the Bank and Green Dot filed a stipulation of dismissal of the Lawsuit with the Delaware Court of Chancery, which was effective to dismiss the Lawsuit when filed.

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Republic Payment Solutions division consumers through third-party marketer-servicers.

RPS is currently managed Prepaid solutions include the issuing of payroll and operated within general purpose reloadable ("GPR") cards. Characteristics of these cards include the TRS segment. The RPS division offers general-purpose reloadable prepaid cards, payroll debit cards, and limited-purpose following:

- Similar to a traditional debit card with features including traditional point of sale purchasing, ATM withdrawals and direct deposit;
- Funds associated with these products are typically held in pooled accounts at the Bank with the Bank maintaining records of individual balances within these pooled accounts; and
- Payroll cards facilitate the loading of an employer's payroll onto a card via direct deposit with GPR cards generally distributed through retail locations and reloadable through participating retail load networks.

Debit solutions include the issuing of demand deposit accounts, with linked savings accounts and/or debit cards cards. In addition to offering traditional point of sale purchasing, ATM withdrawals, and direct deposit options, these accounts may include overdraft protection.

Money Movement:

The Bank participates in traditional money movement solutions including ACH transactions, wire transfer, check processing, and the Mastercard Remote Payment and Presentment Service ("RPPS"). These capabilities are complementary to issuing within RPS, as an issuing bank through third-party service providers. Until well as, generally facilitating the operating results movement of the RPS division are material to the Company's overall results of operations, they will be reported as part of money for the TRS segment. The Company does not expect to report the RPS division as a separate reportable segment until such time, if any, that it meets quantitative reporting thresholds and RCS Divisions.

The Company reports its share of client-related charges and fees related to for RPS programs under Program fees. Additionally, the Company's portion of interchange revenue generated by prepaid card transactions is reported as noninterest income under "Interchange fee income."

Republic Credit Solutions segment — Through the RCS segment, the Bank offers consumer credit products. In general, the credit products are unsecured, small dollar consumer loans that are dependent on various factors. RCS loans typically earn a higher yield but also have higher credit risk compared to loans originated through the Traditional Banking segment, with a significant portion of RCS clients considered subprime or near-prime borrowers. The Bank uses third-party service providers for certain services such as marketing and loan servicing of RCS loans. Additional information regarding consumer loan products offered through RCS follows:

- RCS line-of-credit products – Using separate third-party service providers, the Bank originates two line-of-credit products to generally subprime borrowers in multiple states.

01 RCS's LOC I represented the substantial majority of RCS activity during 2022 and 2023. Elastic Marketing, LLC and Elevate Decision Sciences, LLC are third-party service providers for the LOC I product and are subject to the Bank's oversight and supervision. Together, these companies provide the Bank with certain marketing, servicing, technology, and support services, while a separate third-party third party provides customer support, servicing, and other services on the Bank's behalf. The Bank is the lender for this product and is marketed as such, up to a maximum amount of \$3,500. such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of the product.

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The Bank sells participation interests in this product. These participations sold represent participation interests are a 90% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 10% participation interest in each advance, it maintains 100% ownership of the underlying LOC I account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

02 One of RCS's third-party service providers, subject Similar to its LOC I product, the Bank's Bank provides oversight and supervision to a third party for its LOC II product. In return, this third party provides the Bank with marketing services and loan servicing for the LOC II product. The Bank is the lender for this product and is marketed as such, up to a maximum amount of \$10,000. such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of this product.

The Bank sells 95% participation interests in this the LOC II product. These participations sold represent a 95% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 5% participation interest in each advance, it maintains 100% ownership of the underlying LOC II account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

- RCS installment loan product – Through RCS, the Bank offers installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. The same third-party service provider for RCS's LOC II is the third-party provider for the installment loans. This third-party provider is subject to the Bank's oversight and supervision and provides the Bank with marketing services and loan servicing for these RCS installment loans. The Bank is the lender for these RCS installment loans and is marketed as such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of this RCS installment loan product. Currently, all loan balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intention to sell these loans to a third-party, who is an affiliate of the Bank's third-party service provider, generally within sixteen days following the Bank's origination of the loans. Loans originated under this RCS installment loan program are carried at fair value under a fair-value option, with the portfolio marked to market monthly.

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- RCS healthcare receivables products – The Bank originates healthcare-receivables products across the U.S. through three different third-party service providers.
 - For two of the programs, the Bank retains 100% of the receivables, with recourse in the event of default.
 - For the remaining program, in some instances the Bank retains 100% of the receivables originated, with recourse in the event of default, and in other instances, the Bank sells 100% of the receivables generally within one month of origination. Loan balances held for sale through this program are carried at the lower of cost or fair value.

TheFor the RCS line of credit and healthcare receivable products, the Company reports interest income and loan origination fees earned on RCS loans under "Loans, including fees," while any net gains or losses on sale and mark-to-market adjustments of RCS loans are reported as noninterest income under "Program "RCS Program fees." The Company has elected fair value accounting for its RCS installment loan product that it sells after an initial holding period. As a result, interest income on loans, loan origination fees, net gains or losses on sale, and mark-to-market adjustments for the RCS installment product are reported as noninterest income under "RCS Program fees."

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Recently Adopted Accounting Standards

The following ASUs were adopted by the Company during the **nine three** months ended **September 30, 2023** **March 31, 2024**:

ASU. No.	Topic	Nature of Update	Date Adopted	Method of Adoption	Financial Statement Impact
2022-02 2022-03	Financial Instruments—Credit Losses Fair Value Measurement (Topic 326) 820): Troubled Debt Restructurings and Vintage Disclosures Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	This ASU eliminates clarifies that a contractual restriction on the TDR recognition and measurement guidance and, instead, requires the Company to evaluate (consistent with the accounting for other loan modifications) whether a modification represents a new loan or a continuation sale of an existing loan. This ASU also enhances existing disclosure requirements and introduces new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. This ASU requires the Company to disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases within the scope of Subtopic 326-20. Gross writeoff information must be included in the vintage disclosures required for the Company in accordance with ASC 326-20-50-6, which requires that the Company disclose the amortized cost basis of financing receivables by credit quality indicator and class of financing receivable by year of origination. (see Note 5 in this section equity security is not considered part of the filing) unit of account of the equity security and, therefore, is not considered in measuring fair value.	January 1, 2023 2024	Prospectively	Immaterial
2022-06 2023-02	Reference Rate Reform Investments—Equity Method and Joint Ventures (Topic 848) 323): Deferral Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Sunset Date of Topic 848 Emerging Issues Task Force)	This ASU extends allows reporting entities to elect to account for qualifying tax equity investments using the period of time preparers can utilize the reference rate reform relief guidance in Topic 848. The objective proportional amortization method, regardless of the guidance in Topic 848 is program giving rise to provide relief during the temporary transition period, so the FASB included a sunset provision within Topic 848 based on expectations of when the London Interbank Offered Rate (LIBOR) would cease being published. In 2021, the UK Financial Conduct Authority (FCA) delayed the intended cessation date of certain tenors of USD LIBOR to June 30, 2023, related income tax credits.	January 1, 2023 2024	Prospectively	Immaterial. The Company ceased making new loans Immaterial
2023-01	Leases (Topic 842): Common Control Arrangements	This ASU requires entities to determine whether a related party arrangement between entities under common control is a lease. If the arrangement is determined to be a lease, an entity must classify and renewing loans indexed to LIBOR account for the lease on January 1, 2022 the same basis as an arrangement with a related party (on the basis of legally enforceable terms and conditions).	January 1, 2024	Prospectively	Immaterial

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Accounting Standards Update

The following not-yet-effective ASUs **are** **were** **issued prior to March 31, 2024, and** considered relevant to the Company's financial statements.

Date Adoption

Adoption

Expected

ASU. No.	Topic	Nature of Update	Required	Method	Financial Impact			
2022-03	2024-02	Fair Value	This ASU	January 1, 2024	2025	Prospectively	Immaterial	The
		Measurement	clarifies contains				Company	is
		(Topic 820): Fair	amendments to the				currently	
		Value	Codification that a				analyzing	the
		Measurement	of contractual restriction				impact of this	
		Equity Securities	on remove references				ASU	on its
		Subject	Codification to various Concepts				financial	
		Improvements—	Statements. In most				statements.	
		Amendments to	instances, the sale of					
		Contractual	Sale an equity security					
		Restrictions	is references are					
		Remove	extraneous and not					
		References to the	considered part					
		Concepts	of required to					
		Statements	understand or apply					
			the unit of account					
			of guidance. In other					
			instances, the equity					
			security and,					
			therefore, is not					
			considered references					
			were used in					
			measuring fair					
			value, prior					
			Statements to provide					
			guidance in certain					
			topical areas.					

2023-06 2023-09	Disclosure	This ASU The date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, January 1, 2025	Prospectively	Immaterial	The
Improvements:	incorporates certain			Company	is
Codification	SEC disclosure			currently	
Amendments	in requirements into the			analyzing the	
Response Income	FASB Accounting			impact of this	
Taxes (Topic 740):	Standards			ASU on its	
Improvements	to Codification™.			financial	
the SEC's	The Among other			statements.	
Disclosure Update	things, these				
and Simplification	amendments require				
Initiative Income	that public business				
Tax Disclosures	entities on an annual				
	basis (1) disclose				
	specific categories in				
	the ASU are				
	expected rate				
	reconciliation and (2)				
	provide additional				
	information for				
	reconciling items that				
	meet a quantitative				
	threshold (if the effect				
	of those reconciling				
	items is equal to				
	clarify or improve				
	disclosure and				
	presentation				
	requirements greater				
	than 5 percent of a				
	variety of Codification				
	Topics, allow users to				
	more easily compare				
	entities subject to the				
	SEC's existing				
	disclosures with those				
	entities that were not				
	previously subject				
	to amount computed				
	by multiplying pretax				
	income [or loss] by				
	the requirements, and				
	align the requirements				
	in the Codification				
	with the SEC's				
	regulations, applicable				
	statutory income tax				
	rate).				

2023-07	Segment ReportingThe amendments in (Topic 280);the ASU are intended Improvements to improve reportable Reportable segment disclosure Segment requirements primarily Disclosures through enhanced disclosures about significant segment expenses.	October 1, 2024	RetrospectivelyThe Company is currently analyzing the impact of this ASU on its financial statements.
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2023-03	Presentation ofThis ASU amends the Financial FASB Accounting Statements (TopicStandards 205), IncomeCodification™ for Statement— SEC paragraphs Reporting pursuant to SEC Staff Comprehensive Accounting Bulletin Income (Topic 220),No. 120, SEC Staff Distinguishing Announcement at the Liabilities fromMarch 24, 2022 EITF Equity (Topic 480),Meeting, and Staff Equity (Topic 505),Accounting Bulletin and CompensationTopic 6.B, Accounting —Stock Series Release 280— Compensation General Revision of (Topic 718);Regulation S-X: Amendments toIncome or Loss SEC ParagraphsApplicable to Pursuant to SECCommon Stock. Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280— General Revision of Regulation S-X: Income or Loss Applicable to Common Stock (SEC Update)	Upon addition to the FASB Codification.	Prospectively The Company is currently analyzing the impact of this ASU on its financial statements.
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2023-02	Investments— This ASU allows Equity Method and reporting entities to Joint Ventures elect to account for (Topic 323) qualifying tax equity Accounting for investments using the Investments in Tax proportional Credit Structures amortization method, Using the regardless of the Proportional program giving rise to Amortization the related income tax Method (accredits, consensus of the Emerging Issues Task Force)	January 1, 2024	Prospectively	The Company is currently analyzing the impact of this ASU on its financial statements.
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2023-01	Leases (Topic 842): This ASU requires Common Control entities to determine Arrangements whether a related party arrangement between entities under common control is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with a related party (on the basis of legally enforceable terms and conditions).	January 1, 2024	Prospectively	The Company is currently analyzing the impact of this ASU on its financial statements.
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2.ACQUISITION OF CBANK

OVERVIEW

On March 15, 2023, the Company completed its acquisition of CBank (“CBank”), and its wholly owned bank subsidiary Commercial Industrial Finance Inc. (“CIF”), for approximately \$51 million \$51 million in cash. The primary reason for the acquisition of CBank was to expand the Company's footprint in the Cincinnati, Ohio metropolitan statistical area.

ACQUISITION SUMMARY

The following table provides a summary of the assets acquired and liabilities assumed as recorded by CBank, the previously reported preliminary fair value adjustments necessary to adjust those acquired assets and assumed liabilities to fair value, final recast adjustments to those previously reported preliminary fair values, and the expected fair values of those assets and liabilities as recorded by the Company. Effective September 30, 2023, management **has** finalized the fair values of the acquired assets and assumed liabilities.

(in thousands)	March 15, 2023			
	As Previously Reported		As Recasted	
	As Recorded	Fair Value	Recast	As Recorded
	by CBank	Adjustments	Adjustments	by Republic
Assets acquired:				
Cash and cash equivalents	\$ 10,030	\$ —	\$ —	\$ 10,030
Investment securities	16,463	(4) a	(65) a	16,394
Loans	221,707	(4,219) b	(150) b	217,338
Allowance for loan and lease losses	(2,953)	1,353 c	1,391 c, j	(209)
Loans, net	218,754	(2,866)	1,241	217,129
Goodwill	954	(954) d	—	—
Core deposit intangible	—	2,844 e	—	2,844
Premises and equipment, net	162	35 f	(24) f	173
Other assets and accrued interest receivable	7,067	(320) g	—	6,747
Total assets acquired	\$ 253,430	\$ (1,265)	\$ 1,152	\$ 253,317
Liabilities assumed:				
Deposits:				
Noninterest-bearing	\$ 42,160	\$ —	\$ —	\$ 42,160
Interest-bearing	179,487	31 h	—	179,518
Total deposits	221,647	31	—	221,678
Other liabilities and accrued interest payable	4,709	96 i	50 i	4,855
Total liabilities assumed	226,356	127	50	226,533
Net assets acquired	\$ 27,074	\$ (1,392)	\$ 1,102	26,784
Cash consideration paid				(51,000)
Goodwill				\$ 24,216

Years Ended December 31, (in thousands)	March 15, 2023			
	As Previously Reported		As Recasted	
	As Recorded	Fair Value	Recast	As Recorded
	by CBank	Adjustments	Adjustments	by Republic
Assets acquired:				
Cash and cash equivalents	\$ 10,030	\$ —	\$ —	\$ 10,030
Investment securities	16,463	(4) a	(65) a	16,394

Loans	221,707	(4,219)	b	(150)	b	217,338
Allowance for loan and lease losses	(2,953)	1,353	c	1,391	c, j	(209)
Loans, net	218,754	(2,866)		1,241		217,129
Goodwill	954	(954)	d	—		—
Core deposit intangible	—	2,844	e	—		2,844
Premises and equipment, net	162	35	f	(24)	f	173
Other assets and accrued interest receivable	7,067	(320)	g	—		6,747
Total assets acquired	\$ 253,430	\$ (1,265)		\$ 1,152		\$ 253,317
Liabilities assumed:						
Deposits:						
Noninterest-bearing	\$ 42,160	\$ —		\$ —		\$ 42,160
Interest-bearing	179,487	31	h	—		179,518
Total deposits	221,647	31		—		221,678
Other liabilities and accrued interest payable	4,709	96	i	50	i	4,855
Total liabilities assumed	226,356	127		50		226,533
Net assets acquired	\$ 27,074	\$ (1,392)		\$ 1,102		26,784
Cash consideration paid						(51,000)
Goodwill						\$ 24,216

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Explanation of fair value and recast adjustments:

- Adjustment reflects the fair value adjustment based on the Company's evaluation of the investment securities.
- Adjustments to loans to reflect estimated fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
- Adjustments to the Allowance reflect the fair value adjustment to eliminate the acquiree's recorded allowance for loan losses and other fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
- Adjustment reflects the fair value adjustment to eliminate the recorded goodwill.
- Adjustment reflects the fair value adjustment for the core deposit intangible asset recorded as a result of the acquisition.
- Adjustment reflects the fair value adjustment based on the Company's evaluation of the premises and equipment, net.
- Adjustment reflects the fair value adjustment based on the Company's evaluation of the other assets and accrued interest receivable.
- Adjustment reflects the fair value adjustment based on the Company's evaluation of the assumed time deposits.
- Adjustment reflects the fair value adjustment based on the Company's evaluation of the other liabilities and accrued interest payable.
- Adjustment reflects a change in estimated fair value based upon further evaluation of PCD loans, including cash payments received subsequent to the date of acquisition.

Goodwill of approximately \$24 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the CBank acquisition and is the result of expected operational synergies and other factors. This goodwill is all attributable to the Company's Traditional Banking segment

and is expected to be deductible for tax purposes.

3. INVESTMENT SECURITIES

Available-for-Sale Debt Securities

The following tables summarize the amortized cost, fair value, and ACLS of AFS debt securities and the corresponding amounts of related gross unrealized gains and losses recognized in AOCI:

	Amortized	Gross Unrealized	Gross Unrealized	Allowance for Credit Losses	Fair	Amortized	Gross Unrealized	Gross Unrealized	Allowance for	Fair
	Cost	Gains	Losses	Losses	Value	Cost	Gains	Losses	Credit Losses	Value
September 30, 2023 (in thousands)										
March 31, 2024 (in thousands)										
U.S. Treasury securities and U.S. Government agencies	\$ 436,512	\$ 1	\$ (20,901)	\$ —	\$ 415,612	\$ 426,414	\$ —	\$ (13,289)	\$ —	\$ 413,125
Private label mortgage-backed security	574	1,311	—	—	1,885	385	1,387	—	—	1,772
Mortgage-backed securities - residential	175,693	16	(20,160)	—	155,549	159,666	106	(13,950)	—	145,822
Collateralized mortgage obligations	23,441	29	(1,307)	—	22,163	22,077	39	(1,076)	—	21,040
Corporate bonds	2,014	2	—	—	2,016	2,011	8	—	—	2,019
Trust preferred security	3,785	210	—	—	3,995	3,815	212	—	—	4,027
Total available-for-sale debt securities	\$ 642,019	\$ 1,569	\$ (42,368)	\$ —	\$ 601,220	\$ 614,368	\$ 1,752	\$ (28,315)	\$ —	\$ 587,805

	Amortized	Gross Unrealized	Gross Unrealized	Allowance for Credit Losses	Fair	Amortized	Gross Unrealized	Gross Unrealized	Allowance for	Fair
	Cost	Gains	Losses	Losses	Value	Cost	Gains	Losses	Credit Losses	Value
December 31, 2022 (in thousands)										
December 31, 2023 (in thousands)										
U.S. Treasury securities and U.S. Government agencies	\$ 436,333	\$ 1	\$ (25,193)	\$ —	\$ 411,141	\$ 421,576	\$ —	\$ (14,543)	\$ —	\$ 407,033
Private label mortgage-backed security	843	1,284	—	—	2,127	443	1,330	—	—	1,773
Mortgage-backed securities - residential	189,312	16	(17,455)	—	171,873	167,996	176	(13,462)	—	154,710
Collateralized mortgage obligations	22,774	21	(1,427)	—	21,368	22,698	36	(1,075)	—	21,659
Corporate bonds	10,000	1	—	—	10,001	2,012	8	—	—	2,020
Trust preferred security	3,741	114	—	—	3,855	3,800	318	—	—	4,118
Total available-for-sale debt securities	\$ 663,003	\$ 1,437	\$ (44,075)	\$ —	\$ 620,365	\$ 618,525	\$ 1,868	\$ (29,080)	\$ —	\$ 591,313

Held-to-Maturity Debt Securities

The following tables summarize the amortized cost, fair value, and ACLS of HTM debt securities and the corresponding amounts of related gross unrecognized gains and losses:

	Amortized	Gross		Fair	Allowance for		Amortized	Gross		Fair	Allowance for
		Unrecognized	Unrecognized					Unrecognized	Unrecognized		
September 30, 2023 (in thousands)	Cost	Gains	Losses	Value	Credit Losses		Cost	Gains	Losses	Value	Credit Losses
March 31, 2024 (in thousands)											
U.S. Treasury securities and U.S. Government agencies	\$ 90,000	\$ —	\$ (368)	\$ 89,632	\$ —		\$ 65,000	\$ —	\$ (116)	\$ 64,884	\$ —
Mortgage-backed securities - residential	25	—	(1)	24	—		24	—	—	24	—
Collateralized mortgage obligations	6,652	40	(155)	6,537	—		6,251	45	(104)	6,192	—
Corporate bonds	4,983	26	—	5,009	(10)		4,989	30	—	5,019	(10)
Obligations of state and political subdivisions	—	—	—	—	—		—	—	—	—	—
Total held-to-maturity debt securities	\$ 101,660	\$ 66	\$ (524)	\$ 101,202	\$ (10)		\$ 76,264	\$ 75	\$ (220)	\$ 76,119	\$ (10)

	Amortized	Gross		Fair	Allowance for
		Unrecognized	Unrecognized		
December 31, 2023 (in thousands)	Cost	Gains	Losses	Value	Credit Losses
U.S. Treasury securities and U.S. Government agencies	\$ 65,000	\$ —	\$ (163)	\$ 64,837	\$ —
Mortgage-backed securities - residential	25	—	—	25	—
Collateralized mortgage obligations	6,386	48	(121)	6,313	—
Corporate bonds	4,986	6	—	4,992	(10)
Obligations of state and political subdivisions	—	—	—	—	—
Total held-to-maturity debt securities	\$ 76,397	\$ 54	\$ (284)	\$ 76,167	\$ (10)

	Amortized	Gross		Fair	Allowance for
		Unrecognized	Unrecognized		
December 31, 2022 (in thousands)	Cost	Gains	Losses	Value	Credit Losses
U.S. Treasury securities and U.S. Government agencies	\$ 75,000	\$ 106	\$ —	\$ 75,106	\$ —
Mortgage-backed securities - residential	27	—	(1)	26	—
Collateralized mortgage obligations	7,270	54	(148)	7,176	—
Corporate bonds	4,974	—	(49)	4,925	(10)
Obligations of state and political subdivisions	125	—	(1)	124	—
Total held-to-maturity debt securities	\$ 87,396	\$ 160	\$ (199)	\$ 87,357	\$ (10)

Sales of Available-for-Sale Debt Securities

During the three and nine months ended September 30, 2023, March 31, 2024 and 2022, 2023, there were no material gains or losses on sales or calls of AFS debt securities.

Debt Securities by Contractual Maturity

The amortized cost and fair value of debt securities by contractual maturity as of **September 30, 2023** **March 31, 2024** follow. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are detailed separately.

	Available-for-Sale Debt Securities				Held-to-Maturity Debt Securities				Available-for-Sale Debt Securities		Held-to-Maturity Debt Securities					
	Amortized		Fair	Amortized		Fair	Amortized		Fair	Amortized		Fair				
September 30, 2023 (in thousands)	Cost		Value	Cost		Value										
March 31, 2024 (in thousands)							Cost	Value	Cost	Value						
Due in one year or less	\$	169,819	\$	165,862	\$	25,000	\$	24,917	\$	191,117	\$	189,114	\$	50,000	\$	49,897
Due from one year to five years		268,707		251,766		69,983		69,724		237,308		226,030		19,989		20,006
Due from five years to ten years		—		—		—		—		—		—		—		—
Due beyond ten years		3,785		3,995		—		—		3,815		4,027		—		—
Private label mortgage-backed security		574		1,885		—		—		385		1,772		—		—
Mortgage-backed securities - residential		175,693		155,549		25		24		159,666		145,822		24		24
Collateralized mortgage obligations		23,441		22,163		6,652		6,537		22,077		21,040		6,251		6,192
Total debt securities	\$	642,019	\$	601,220	\$	101,660	\$	101,202	\$	614,368	\$	587,805	\$	76,264	\$	76,119

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Unrealized-Loss Analysis on Debt Securities

The following tables summarize AFS debt securities in an unrealized loss position for which an ACLS had 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 in a continuous unrealized loss position:

	Less than 12 months		12 months or more		Total		Less than 12 months		12 months or more		Total	
	Unrealized		Unrealized		Unrealized		Unrealized		Unrealized		Unrealized	
September 30, 2023 (in thousands)	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses						
March 31, 2024 (in thousands)							Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Available-for-sale debt securities:												
U.S. Treasury securities and U.S. Government agencies	\$ 26,661	\$ (128)	\$ 373,950	\$ (20,773)	\$ 400,611	\$ (20,901)	\$ 61,177	\$ (430)	\$ 351,949	\$ (12,859)	\$ 413,126	\$ (13,289)
Mortgage-backed securities - residential	11,905	(628)	141,948	(19,532)	153,853	(20,160)	9,818	(194)	129,370	(13,756)	139,188	(13,950)
Collateralized mortgage obligations	3,341	(123)	16,892	(1,184)	20,233	(1,307)	1,608	(72)	16,765	(1,004)	18,373	(1,076)
Trust preferred security	—	—	—	—	—	—	—	—	—	—	—	—
Total available-for-sale debt securities	\$ 41,907	\$ (879)	\$ 532,790	\$ (41,489)	\$ 574,697	\$ (42,368)	\$ 72,603	\$ (696)	\$ 498,084	\$ (27,619)	\$ 570,687	\$ (28,315)

December 31, 2022 (in thousands)	Less than 12 months		12 months or more		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Available-for-sale debt securities:						
U.S. Treasury securities and U.S. Government agencies	\$ 229,372	\$ (7,139)	\$ 171,676	\$ (18,054)	\$ 401,048	\$ (25,193)
Mortgage-backed securities - residential	105,274	(7,434)	65,520	(10,021)	170,794	(17,455)
Collateralized mortgage obligations	20,418	(1,426)	6	(1)	20,424	(1,427)
Total available-for-sale debt securities	\$ 355,064	\$ (15,999)	\$ 237,202	\$ (28,076)	\$ 592,266	\$ (44,075)

December 31, 2023 (in thousands)	Less than 12 months		12 months or more		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Available-for-sale debt securities:						
U.S. Treasury securities and U.S. Government agencies	\$ 26,707	\$ (84)	\$ 380,326	\$ (14,459)	\$ 407,033	\$ (14,543)
Mortgage-backed securities - residential	1,911	(23)	136,180	(13,439)	138,091	(13,462)
Collateralized mortgage obligations	1,668	(52)	17,239	(1,023)	18,907	(1,075)
Trust preferred security	—	—	—	—	—	—
Total available-for-sale debt securities	\$ 30,286	\$ (159)	\$ 533,745	\$ (28,921)	\$ 564,031	\$ (29,080)

As of **September 30, 2023** **March 31, 2024**, the Bank's security portfolio consisted of **191** **194** securities, **172** **155** of which were in an unrealized loss position.

As of **December 31, 2022** **December 31, 2023**, the Bank's security portfolio consisted of **179** **191** securities, **163** **144** of which were in an unrealized loss position.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there were no holdings of debt securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of stockholders' equity.

Private Label Mortgage-Backed Security

The Bank owns one private label mortgage-backed security with a total carrying value of **\$2 million** **\$1.8 million** as of **September 30, 2023** **March 31, 2024**. This security is mostly backed by "Alternative A" first-lien mortgage loans, but also has an insurance "wrap" or guarantee as an added layer of protection to the security holder. This asset is illiquid, and as such, the Bank determined it to be a Level 3 security in accordance with ASC Topic 820, *Fair Value Measurement*. Based on this determination, the Bank utilized an income valuation model ("present value model") approach in determining the fair value of the security. This approach is beneficial for positions that are not traded in active markets or are subject to transfer restrictions, and/or where valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used. Management's best estimate consists of both internal and external support for this investment.

See additional discussion regarding the Bank's private label mortgage-backed security under Footnote **11** **10** "Fair Value" in this section of the filing.

Mortgage-Backed Securities and Collateralized Mortgage Obligations

As of **September 30, 2023** **March 31, 2024**, with the exception of the **\$2 million** **\$1.8 million** private label mortgage-backed security, all other mortgage-backed securities and CMOs held by the Bank were issued by U.S. government-sponsored entities and agencies, primarily the FHLMC and FNMA. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there were gross unrealized losses of **\$21.5 million** **\$15.0 million** and **\$18.9 million** **\$14.5 million** related to AFS mortgage-backed securities and CMOs. Because these unrealized losses are attributable to changes in interest rates and illiquidity, and not credit quality, and because the Bank does not have the intent to sell these securities, and it is likely that it will not be required to sell the securities before their anticipated recovery, management **does** believes the unrealized losses detailed above do not **consider** require an allowance for credit losses relating to these securities to **have OTTI**. be recognized.

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Roll-forward of the Allowance for Credit Losses on Debt Securities

The table below presents a roll-forward for the three months ended **September 30, 2023**, **March 31, 2024** and **2022 2023** of the ACLS on AFS and HTM debt securities:

ACLS Roll-forward										
Three Months Ended September 30,										
(in thousands)	2023				Ending	2022				Ending
	Beginning Balance	Charge- Provision	offs	Recoveries		Beginning Balance	Charge- Provision	offs	Recoveries	
Available-for-Sale Securities:										
Corporate Bonds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30	\$ (30)	\$ —	\$ —	\$ —
Held-to-Maturity Securities:										
Corporate Bonds	10	—	—	—	10	50	(40)	—	—	10
Total	\$ 10	\$ —	\$ —	\$ —	\$ 10	\$ 80	\$ (70)	\$ —	\$ —	\$ 10

ACLS Roll-forward										
Nine Months Ended September 30,										
(in thousands)	2023				Ending	2022				Ending
	Beginning Balance	Charge- Provision	offs	Recoveries		Beginning Balance	Charge- Provision	offs	Recoveries	
Available-for-Sale Securities:										
Corporate Bonds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Held-to-Maturity Securities:										
Corporate Bonds	10	—	—	—	10	47	(37)	—	—	10
Total	\$ 10	\$ —	\$ —	\$ —	\$ 10	\$ 47	\$ (37)	\$ —	\$ —	\$ 10

The Company's ACLS on its HTM corporate bonds during the three and nine months ended September 30, 2023 remained March 31, 2024 remains unchanged from December 31, 2022 December 31, 2023.

There were no HTM debt securities on nonaccrual or past due 90 days or more as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. All of the Company's HTM corporate bonds were rated investment grade as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

There were no HTM debt securities considered collateral dependent as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Accrued interest on AFS debt securities is presented as a component of other assets on the Company's balance sheet and is excluded from the ACLS. Accrued interest on AFS debt securities totaled \$3 million \$2 million and \$2 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Accrued interest receivable on HTM debt securities totaled \$1 million \$837,000 and \$92,000 \$384,000 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Pledged Debt Securities

Debt securities pledged to secure public deposits, securities sold under agreements to repurchase, and debt securities held for other purposes, as required or permitted by law, were as follows:

(in thousands)					March	December
	September 30, 2023		December 31, 2022		31, 2024	31, 2023
Amortized cost	\$	90,170	\$	236,047	\$87,238	\$ 106,169
Fair value		82,376		217,562	86,171	99,530
Carrying amount		82,376		217,562	86,178	99,530

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Equity Securities

The carrying value, gross unrealized gains and losses, and fair value of equity securities with readily determinable fair values were as follows:

	Amortized	Gross	Gross	Fair	Amortized	Gross	Gross	Fair
September 30, 2023 (in thousands)	Cost	Unrealized	Unrealized	Value	Cost	Unrealized	Unrealized	Value
March 31, 2024 (in thousands)	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Freddie Mac preferred stock	\$ —	\$ 137	\$ —	\$ 137	\$ —	\$ 235	\$ —	\$ 235
Total equity securities with readily determinable fair values	\$ —	\$ 137	\$ —	\$ 137	\$ —	\$ 235	\$ —	\$ 235
	Amortized	Gross	Gross	Fair	Amortized	Gross	Gross	Fair
December 31, 2022 (in thousands)	Cost	Gains	Losses	Value	Cost	Unrealized	Unrealized	Value

December 31, 2023 (in thousands)					Cost	Gains	Losses	Value
Freddie Mac preferred stock	\$	—	\$	111	\$	—	\$	174
Total equity securities with readily determinable fair values	\$	—	\$	111	\$	—	\$	174

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For equity securities with readily determinable fair values, the gross realized and unrealized gains and losses recognized in the Company's consolidated statements of income were as follows:

(in thousands)	Gains (Losses) Recognized on Equity Securities					
	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Realized	Unrealized	Total	Realized	Unrealized	Total
Freddie Mac preferred stock	\$ —	\$ 16	\$ 16	\$ —	\$ (14)	\$ (14)
Community Reinvestment Act mutual fund	—	—	—	—	—	—
Total equity securities with readily determinable fair value	\$ —	\$ 16	\$ 16	\$ —	\$ (14)	\$ (14)

(in thousands)	Gains (Losses) Recognized on Equity Securities					
	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Realized	Unrealized	Total	Realized	Unrealized	Total
Freddie Mac preferred stock	\$ —	\$ 26	\$ 26	\$ —	\$ 5	\$ 5
Community Reinvestment Act mutual fund	—	—	—	(209)	—	(209)
Total equity securities with readily determinable fair value	\$ —	\$ 26	\$ 26	\$ (209)	\$ 5	\$ (204)

(in thousands)	Gains (Losses) Recognized on Equity Securities					
	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Realized	Unrealized	Total	Realized	Unrealized	Total
Freddie Mac preferred stock	\$ —	\$ 61	\$ 61	\$ —	\$ (4)	\$ (4)
Total equity securities with readily determinable fair value	\$ —	\$ 61	\$ 61	\$ —	\$ (4)	\$ (4)

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4. LOANS HELD FOR SALE

In the ordinary course of business, the Bank originates for sale mortgage loans and consumer loans. Mortgage loans originated for sale are primarily originated and sold into the secondary market through the Bank's Mortgage Traditional Banking segment, while consumer loans originated for sale are originated and sold through the RCS segment.

Mortgage Loans Held for Sale, at Fair Value

See additional detail regarding mortgage loans originated for sale, at fair value under Footnote 12.11 "Mortgage Banking Activities" of this section of the filing.

Consumer Loans Held for Sale, at Fair Value

The Bank offers RCS installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. Balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intent to sell generally within sixteen days following the Bank's origination of the loans. Loans originated under this RCS installment loan program are carried at fair value under a fair-value option, with the portfolio marked to market monthly.

Activity for consumer loans held for sale and carried at fair value was as follows:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 5,757	\$ 17,459	\$ 4,706	\$ 19,747	\$ 7,914	\$ 4,706
Origination of consumer loans held for sale	34,280	85,172	87,224	280,608	35,159	22,797
Proceeds from the sale of consumer loans held for sale	(32,545)	(96,169)	(85,994)	(297,253)	(38,011)	(23,560)
Net gain on sale of consumer loans held for sale	951	2,334	2,507	5,694	1,031	745
Balance, end of period	<u>\$ 8,443</u>	<u>\$ 8,796</u>	<u>\$ 8,443</u>	<u>\$ 8,796</u>	<u>\$ 6,093</u>	<u>\$ 4,688</u>

Consumer Loans Held for Sale, at the Lower of Cost or Fair Value

RCS originates for sale 90% or 95% of the balances from its line-of-credit products and 100% for some of its healthcare receivables products. Ordinary gains or losses on the sale of these RCS products are reported as a component of "Program fees."

Activity for consumer loans held for sale and carried at the lower of cost or market value was as follows:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 15,787	\$ 13,777	\$ 13,169	\$ 2,937	\$ 16,094	\$ 13,169
Origination of consumer loans held for sale	252,808	206,959	669,490	539,519	153,188	184,425
Proceeds from the sale of consumer loans held for sale	(257,452)	(209,924)	(675,503)	(534,549)	(158,573)	(186,639)
Net gain on sale of consumer loans held for sale	2,386	1,867	6,373	4,772	2,374	1,789
Balance, end of period	<u>\$ 13,529</u>	<u>\$ 12,679</u>	<u>\$ 13,529</u>	<u>\$ 12,679</u>	<u>\$ 13,083</u>	<u>\$ 12,744</u>

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5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The composition of the loan portfolio follows:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Traditional Banking:				
Residential real estate:				
Owner occupied	\$ 1,128,745	\$ 911,427		
Nonowner occupied	344,682	321,358		
Owner-occupied			\$ 1,064,071	\$ 1,144,684
Nonowner-occupied			342,481	345,965
Commercial real estate ⁽¹⁾	1,745,187	1,599,510	1,800,801	1,785,289
Construction & land development	189,756	153,875	237,998	217,338
Commercial & industrial	473,790	413,387	453,971	464,078
Lease financing receivables	85,242	10,505	88,272	88,591
Aircraft	226,947	179,785	246,060	250,051
Home equity	275,750	241,739	309,083	295,133
Consumer:				
Credit cards	16,950	15,473	16,858	16,654
Overdrafts	640	726	629	694
Automobile loans	3,380	6,731	2,054	2,664
Other consumer	5,674	626	11,372	7,428
Total Traditional Banking	4,496,743	3,855,142	4,573,650	4,618,569
Warehouse lines of credit*	457,033	403,560	463,249	339,723
Total Core Banking	4,953,776	4,258,702	5,036,899	4,958,292
Republic Processing Group*:				
Tax Refund Solutions:				
Refund Advances	—	97,505	52,101	103,115
Other TRS commercial & industrial loans	354	51,767	5,396	46,092
Republic Credit Solutions	126,969	107,828	129,896	132,362
Total Republic Processing Group	127,323	257,100	187,393	281,569
Total loans**	5,081,099	4,515,802	5,224,292	5,239,861
Allowance for credit losses	(74,576)	(70,413)	(108,702)	(82,130)
Total loans, net	\$ 5,006,523	\$ 4,445,389	\$ 5,115,590	\$ 5,157,731

*Identifies loans to borrowers located primarily outside of the Bank's market footprint.

**Total loans are presented inclusive of premiums, discounts, and net loan origination fees and costs. See table directly below for expanded detail.

⁽¹⁾ The approximate percentage of Nonowner-occupied CRE loans to total CRE loans was 64% and 63%, respectively, for March 31, 2024 and December 31, 2023. The approximate percentage of Owner-occupied CRE loans to total CRE loans was 36% and 37%, respectively, for March 31, 2024 and December 31, 2023.

The following table reconciles the contractually receivable and carrying amounts of loans:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
----------------	--------------------	-------------------	----------------	-------------------

Contractually receivable	\$	5,088,035	\$	4,519,136	\$	5,231,943	\$	5,246,621
Unearned income		(2,325)		(835)		(2,830)		(2,556)
Unamortized premiums		1,209		99		257		1,060
Unaccreted discounts		(2,859)		(479)		(2,264)		(2,533)
Other net unamortized deferred origination (fees) and costs		(2,961)		(2,119)		(2,814)		(2,731)
Carrying value of loans	\$	5,081,099	\$	4,515,802	\$	5,224,292	\$	5,239,861

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Credit Quality Indicators

The following tables include loans by segment, risk category, and, for non-revolving loans, origination year. Loan segments and risk categories as of September 30, 2023 March 31, 2024 remain unchanged from those defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Regarding origination year, loan extensions and renewals are generally considered originated in the year extended or renewed unless the loan is classified as a loan modification (formerly TDR.) TDR). Loan extensions and renewals classified as loan modifications (formerly TDRs) generally receive no change in origination date upon extension or renewal.

(in thousands)	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans	Revolving Loans	Total
	2023	2022	2021	2020	Prior	Amortized Cost Basis	Converted to Term	
As of September 30, 2023								
Residential real estate owner occupied:								
Risk Rating								
Pass or not rated	\$ 307,179	\$ 208,209	\$ 178,744	\$ 172,850	\$ 238,598	\$ —	\$ 1,500	\$ 1,107,080
Special Mention	—	—	—	—	6,482	—	—	6,482
Substandard	—	1,544	1,667	1,138	10,834	—	—	15,183
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 307,179	\$ 209,753	\$ 180,411	\$ 173,988	\$ 255,914	\$ —	\$ 1,500	\$ 1,128,745
YTD Gross Charge-offs	\$ —	\$ 8	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ 24
Residential real estate nonowner occupied:								
Risk Rating								
Pass or not rated	\$ 48,424	\$ 72,749	\$ 85,990	\$ 49,442	\$ 80,307	\$ —	\$ 7,675	\$ 344,587
Special Mention	—	—	—	—	27	—	—	27
Substandard	—	—	20	—	48	—	—	68
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 48,424	\$ 72,749	\$ 86,010	\$ 49,442	\$ 80,382	\$ —	\$ 7,675	\$ 344,682
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate:								
Risk Rating								
Pass or not rated	\$ 176,925	\$ 466,888	\$ 375,172	\$ 197,435	\$ 338,991	\$ 24,663	\$ 125,735	\$ 1,705,809
Special Mention	573	1,684	4,376	—	30,319	1,520	—	38,472
Substandard	—	—	—	—	906	—	—	906

Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 177,498	\$ 468,572	\$ 379,548	\$ 197,435	\$ 370,216	\$ 26,183	\$ 125,735	\$ 1,745,187	
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Construction and land development:									
Risk Rating									
Pass or not rated	\$ 53,267	\$ 113,557	\$ 21,167	\$ 521	\$ 252	\$ —	\$ 992	\$ 189,756	
Special Mention	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ 53,267	\$ 113,557	\$ 21,167	\$ 521	\$ 252	\$ —	\$ 992	\$ 189,756	
YTD Gross Charge-offs	—	—	—	—	—	—	—	—	
Commercial and industrial:									
Risk Rating									
Pass or not rated	\$ 99,935	\$ 96,064	\$ 76,604	\$ 15,758	\$ 61,574	\$ 102,820	\$ 3,744	\$ 456,499	
Special Mention	—	452	13,186	438	1,613	376	—	16,065	
Substandard	—	38	3	—	337	27	821	1,226	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ 99,935	\$ 96,554	\$ 89,793	\$ 16,196	\$ 63,524	\$ 103,223	\$ 4,565	\$ 473,790	
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Lease financing receivables:									
Risk Rating									
Pass or not rated	\$ 36,895	\$ 26,631	\$ 11,907	\$ 5,554	\$ 2,973	\$ —	\$ —	\$ 83,960	
Special Mention	—	—	—	—	981	—	—	981	
Substandard	—	—	—	—	301	—	—	301	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ 36,895	\$ 26,631	\$ 11,907	\$ 5,554	\$ 4,255	\$ —	\$ —	\$ 85,242	
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Aircraft:									
Risk Rating									
Pass or not rated	\$ 67,327	\$ 58,637	\$ 47,885	\$ 31,206	\$ 21,892	\$ —	\$ —	\$ 226,947	
Special Mention	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ 67,327	\$ 58,637	\$ 47,885	\$ 31,206	\$ 21,892	\$ —	\$ —	\$ 226,947	
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Home equity:									
Risk Rating									
Pass or not rated	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 273,803	\$ —	\$ 273,803	
Special Mention	—	—	—	—	—	295	—	295	
Substandard	—	—	—	—	—	1,652	—	1,652	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 275,750	\$ —	\$ 275,750	
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
						Revolving Loans	Revolving Loans		
						Amortized	Converted		
(in thousands)	Term Loans Amortized Cost Basis by Origination Year								

As of March 31, 2024	2024	2023	2022	2021	2020	Prior	Cost Basis	to Term	Total
Residential real estate owner-occupied:									
Risk Rating									
Pass or not rated	\$ 20,990	\$ 257,598	\$ 199,426	\$ 171,956	\$ 164,679	\$ 223,861	\$ —	\$ 2,434	\$ 1,040,944
Special Mention	—	—	—	—	—	5,757	—	—	5,757
Substandard	—	240	3,609	1,763	1,476	10,282	—	—	17,370
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 20,990	\$ 257,838	\$ 203,035	\$ 173,719	\$ 166,155	\$ 239,900	\$ —	\$ 2,434	\$ 1,064,071
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ 13
Residential real estate nonowner-occupied:									
Risk Rating									
Pass or not rated	\$ 2,567	\$ 57,493	\$ 63,182	\$ 74,295	\$ 65,051	\$ 70,075	\$ —	\$ 7,636	\$ 340,299
Special Mention	—	169	1,928	—	—	25	—	—	2,122
Substandard	—	—	—	—	—	60	—	—	60
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 2,567	\$ 57,662	\$ 65,110	\$ 74,295	\$ 65,051	\$ 70,160	\$ —	\$ 7,636	\$ 342,481
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate:									
Risk Rating									
Pass or not rated	\$ 38,884	\$ 217,232	\$ 350,566	\$ 295,191	\$ 330,055	\$ 347,829	\$ 35,856	\$ 148,684	\$ 1,764,297
Special Mention	—	—	—	4,860	5,809	23,247	1,770	—	35,686
Substandard	—	—	7	—	640	171	—	—	818
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 38,884	\$ 217,232	\$ 350,573	\$ 300,051	\$ 336,504	\$ 371,247	\$ 37,626	\$ 148,684	\$ 1,800,801
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction and land development:									
Risk Rating									
Pass or not rated	\$ 5,061	\$ 79,899	\$ 117,704	\$ 22,655	\$ 2,689	\$ 5,217	\$ 385	\$ 4,388	\$ 237,998
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 5,061	\$ 79,899	\$ 117,704	\$ 22,655	\$ 2,689	\$ 5,217	\$ 385	\$ 4,388	\$ 237,998
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial and industrial:									
Risk Rating									
Pass or not rated	\$ 15,456	\$ 100,658	\$ 76,782	\$ 64,531	\$ 33,713	\$ 32,042	\$ 115,105	\$ 3,793	\$ 442,080
Special Mention	—	138	5,397	1,290	1,347	2,737	187	—	11,096
Substandard	—	—	85	2	—	340	25	343	795
Doubtful	—	—	—	—	—	—	—	—	—
Total	\$ 15,456	\$ 100,796	\$ 82,264	\$ 65,823	\$ 35,060	\$ 35,119	\$ 115,317	\$ 4,136	\$ 453,971
YTD Gross Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Lease financing receivables:

Risk Rating																		
Pass or not rated	\$	7,362	\$	42,950	\$	21,864	\$	9,023	\$	3,979	\$	2,117	\$	—	\$	—	\$	87,295
Special Mention		—		412		28		108		156		17		—		—		721
Substandard		—		—		187		38		—		31		—		—		256
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	7,362	\$	43,362	\$	22,079	\$	9,169	\$	4,135	\$	2,165	\$	—	\$	—	\$	88,272
YTD Gross Charge-offs	\$	—	\$	24	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	24

Aircraft:

Risk Rating																		
Pass or not rated	\$	8,049	\$	93,208	\$	55,071	\$	42,213	\$	27,419	\$	20,100	\$	—	\$	—	\$	246,060
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	8,049	\$	93,208	\$	55,071	\$	42,213	\$	27,419	\$	20,100	\$	—	\$	—	\$	246,060
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

Home equity:

Risk Rating																		
Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	306,523	\$	—	\$	306,523
Special Mention		—		—		—		—		—		—		250		—		250
Substandard		—		—		—		—		—		—		2,310		—		2,310
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	309,083	\$	—	\$	309,083
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

(in thousands)	Term Loans Amortized Cost Basis by Origination Year (Continued)					Revolving Loans	Revolving Loans		
						Amortized	Converted		
	2023	2022	2021	2020	Prior	Cost Basis	to Term	Total	
As of September 30, 2023									
Consumer:									
Risk Rating									
Pass or not rated	\$ 1,813	\$ 1,309	\$ 243	\$ 92	\$ 4,270	\$ 18,897	\$ —	\$ 26,624	
Special Mention	—	—	—	—	—	—	—	—	
Substandard	—	—	2	—	18	—	—	20	
Doubtful	—	—	—	—	—	—	—	—	
Total	\$ 1,813	\$ 1,309	\$ 245	\$ 92	\$ 4,288	\$ 18,897	\$ —	\$ 26,644	
YTD Gross Charge-offs	\$ —	\$ 11	\$ 8	\$ —	\$ 7	\$ 852	\$ —	\$ 878	

Warehouse:														
Risk Rating														
Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$ 457,033	\$	—	\$ 457,033		
Special Mention		—		—		—		—	—		—	—		
Substandard		—		—		—		—	—		—	—		
Doubtful		—		—		—		—	—		—	—		
Total	\$	—	\$	—	\$	—	\$	—	\$ 457,033	\$	—	\$ 457,033		
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$ —	\$	—	\$ —		
TRS:														
Risk Rating														
Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$ 354	\$	—	\$ 354		
Special Mention		—		—		—		—	—		—	—		
Substandard		—		—		—		—	—		—	—		
Doubtful		—		—		—		—	—		—	—		
Total	\$	—	\$	—	\$	—	\$	—	\$ 354	\$	—	\$ 354		
YTD Gross Charge-offs	\$	126	\$	—	\$	—	\$	—	\$ 25,825	\$	—	\$ 25,951		
RCS:														
Risk Rating														
Pass or not rated	\$	—	\$	—	\$	—	\$	—	73,196	\$	52,650	\$ 125,846		
Special Mention		—		—		—		—	—		—	—		
Substandard		—		—		—		—	1,123		—	1,123		
Doubtful		—		—		—		—	—		—	—		
Total	\$	—	\$	—	\$	—	\$	—	73,196	\$	53,773	\$ 126,969		
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$ 9,459	\$	—	\$ 9,459		
Grand Total:														
Risk Rating														
Pass or not rated	\$	791,765	\$	1,044,044	\$	797,712	\$	472,858	\$ 822,053	\$	930,220	\$ 139,646	\$ 4,998,298	
Special Mention		573		2,136		17,562		438	39,422		2,191		—	62,322
Substandard		—		1,582		1,692		1,138	12,444		2,802		821	20,479
Doubtful		—		—		—		—	—		—		—	—
Grand Total	\$	792,338	\$	1,047,762	\$	816,966	\$	474,434	\$ 873,919	\$	935,213	\$	140,467	\$ 5,081,099
YTD Gross Charge-offs	\$	126	\$	19	\$	24	\$	—	\$ 7	\$	36,136	\$	—	\$ 36,312

Pass or not rated	\$	78,337	\$	91,778	\$	55,058	\$	32,803	\$	57,053	\$	—	\$	6,147	\$	321,176
Special Mention		—		—		—		—		32		—		—		32
Substandard		—		30		—		—		120		—		—		150
Doubtful		—		—		—		—		—		—		—		—
Total	\$	78,337	\$	91,808	\$	55,058	\$	32,803	\$	57,205	\$	—	\$	6,147	\$	321,358
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Commercial real estate:																
Risk Rating																
Pass or not rated	\$	451,327	\$	394,317	\$	210,055	\$	117,928	\$	253,213	\$	25,499	\$	99,791	\$	1,552,130
Special Mention		3,124		11,870		—		21,296		9,967		318		—		46,575
Substandard		—		—		—		—		805		—		—		805
Doubtful		—		—		—		—		—		—		—		—
Total	\$	454,451	\$	406,187	\$	210,055	\$	139,224	\$	263,985	\$	25,817	\$	99,791	\$	1,599,510
YTD Gross Charge-offs	\$	—	\$	9	\$	—	\$	—	\$	—	\$	—	\$	—	\$	9
Construction and land development:																
Risk Rating																
Pass or not rated	\$	107,153	\$	43,289	\$	638	\$	641	\$	373	\$	1,781	\$	—	\$	153,875
Special Mention		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—
Total	\$	107,153	\$	43,289	\$	638	\$	641	\$	373	\$	1,781	\$	—	\$	153,875
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

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										Revolving Loans	Revolving Loans							
(in thousands)	Term Loans Amortized Cost Basis by Origination Year (Continued)						Amortized	Converted										
As of March 31, 2024	2024	2023	2022	2021	2020	Prior	Cost Basis	to Term	Total									
Consumer:																		
Risk Rating																		
Pass or not rated	\$	3,331	\$	4,554	\$	1,124	\$	144	\$	54	\$	2,888	\$	18,807	\$	—	\$	30,902
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		11		—		—		—		11
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	3,331	\$	4,554	\$	1,124	\$	144	\$	54	\$	2,899	\$	18,807	\$	—	\$	30,913
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	345	\$	—	\$	345
Warehouse:																		
Risk Rating																		

Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	463,249	\$	—	\$	463,249
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	463,249	\$	—	\$	463,249
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
TRS:																		
Risk Rating																		
Pass or not rated	\$	41,099	\$	16,398	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	57,497
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	41,099	\$	16,398	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	57,497
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
RCS:																		
Risk Rating																		
Pass or not rated	\$	8,836	\$	23,834	\$	5,546	\$	452	\$	1,209	\$	35,351	\$	52,483	\$	—	\$	127,711
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		2,185		—		2,185
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	8,836	\$	23,834	\$	5,546	\$	452	\$	1,209	\$	35,351	\$	54,668	\$	—	\$	129,896
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	4,545	\$	—	\$	4,545
Grand Total:																		
Risk Rating																		
Pass or not rated	\$	151,635	\$	893,824	\$	891,265	\$	680,460	\$	628,848	\$	739,480	\$	992,408	\$	166,935	\$	5,144,855
Special Mention		—		719		7,353		6,258		7,312		31,783		2,207		—		55,632
Substandard		—		240		3,888		1,803		2,116		10,895		4,520		343		23,805
Doubtful		—		—		—		—		—		—		—		—		—
Grand Total	\$	151,635	\$	894,783	\$	902,506	\$	688,521	\$	638,276	\$	782,158	\$	999,135	\$	167,278	\$	5,224,292
YTD Gross Charge-offs	\$	—	\$	24	\$	—	\$	13	\$	—	\$	—	\$	4,890	\$	—	\$	4,927

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving Loans	
(in thousands)								Amortized	Converted	
As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Cost Basis	to Term	Total	
Residential real estate owner-occupied:										
Risk Rating										
Pass or not rated	\$ 346,195	\$ 200,715	\$ 175,030	\$ 167,493	\$ 59,982	\$ 170,402	\$ —	\$ 2,474	\$ 1,122,291	
Special Mention	41	—	—	—	—	6,309	—	—	6,350	
Substandard	—	2,526	1,885	1,226	1,040	9,366	—	—	16,043	
Doubtful	—	—	—	—	—	—	—	—	—	
Total	\$ 346,236	\$ 203,241	\$ 176,915	\$ 168,719	\$ 61,022	\$ 186,077	\$ —	\$ 2,474	\$ 1,144,684	
YTD Gross Charge-offs	\$ —	\$ 10	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26	
Residential real estate nonowner-occupied:										
Risk Rating										

Pass or not rated	\$	63,405	\$	69,827	\$	82,814	\$	47,395	\$	28,416	\$	44,280	\$	—	\$	7,597	\$	343,734
Special Mention		170		1,971		—		—		—		26		—		—		2,167
Substandard		—		—		16		—		—		48		—		—		64
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	63,575	\$	71,798	\$	82,830	\$	47,395	\$	28,416	\$	44,354	\$	—	\$	7,597	\$	345,965
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Commercial real estate:																		
Risk Rating																		
Pass or not rated	\$	342,658	\$	439,643	\$	351,600	\$	174,093	\$	84,457	\$	179,849	\$	32,491	\$	143,670	\$	1,748,461
Special Mention		23,852		1,020		374		—		3,668		5,330		1,716		—		35,960
Substandard		—		—		—		—		—		868		—		—		868
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	366,510	\$	440,663	\$	351,974	\$	174,093	\$	88,125	\$	186,047	\$	34,207	\$	143,670	\$	1,785,289
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Construction and land development:																		
Risk Rating																		
Pass or not rated	\$	107,827	\$	89,106	\$	16,936	\$	297	\$	125	\$	125	\$	225	\$	2,697	\$	217,338
Special Mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—		—
Total	\$	107,827	\$	89,106	\$	16,936	\$	297	\$	125	\$	125	\$	225	\$	2,697	\$	217,338
YTD Gross Charge-offs		—		—		—		—		—		—		—		—		—

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																Revolving Loans		Revolving Loans															
(in thousands)																Amortized		Converted															
Term Loans Amortized Cost Basis by Origination Year (Continued)																																	
As of December																																	
31, 2022 December																																	
31, 2023																2023		2022		2021		2020		2019		Prior		Cost Basis		to Term		Total	
Commercial and industrial:																																	
Risk Rating																																	
Pass or not rated		\$	116,483	140,753	\$	82,431	87,497	\$	17,944	70,149	\$	36,254	13,150	\$	36,367	10,175	\$	103,257	10,782	\$	4,865	120,069	\$	397,601	3,968	\$	456,543						
Special Mention			536	349		13,239	423		3,473		—		—		1,756	1,476		255	542		—		15,786	6,263									
Substandard			49			36		3		—		339		—		25			820				1,272										
Doubtful			—			—		—		—		—		—		—			—			—											
Doubtful			—			—		—		—		—		—		—			—			—											
Total		\$	117,019	141,151	\$	95,670	87,956	\$	17,944	73,625	\$	36,254	13,150	\$	38,123	10,514	\$	103,512	12,258	\$	4,865	120,636	\$	413,387	4,788	\$	464,078						

YTD	Gross	Charge-								
offs	\$	—	\$	—	\$	—	\$	—	\$	—
Lease financing										
receivables:										
Risk Rating										
Pass or not rated	\$	5,469	45,824	\$	1,964	23,956	\$	542	10,265	\$
Special Mention		429			30			162		
Substandard		—			102			—		
Doubtful		—			—			—		
Substandard		—			—			—		
Doubtful		—			—			—		
Total	\$	5,469	46,253	\$	1,964	24,088	\$	542	10,427	\$
YTD	Gross	Charge-								
offs	\$	20	\$	113	\$	—	\$	—	\$	—
Aircraft:										
Risk Rating										
Pass or not rated	\$	65,399	97,761	\$	54,749	55,896	\$	35,085	44,721	\$
Special Mention		—			—			—		
Substandard		—			—			210		
Doubtful		—			—			—		
Total	\$	65,399	97,761	\$	54,749	55,896	\$	35,085	44,721	\$
YTD	Gross	Charge-								
offs	\$	—	\$	—	\$	—	\$	—	\$	—
Home equity:										
Risk Rating										
Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$	—
Special Mention		—			—			—		
Substandard		—			—			—		
Doubtful		—			—			—		
Total	\$	—	\$	—	\$	—	\$	—	\$	—
YTD	Gross	Charge-								
offs	\$	—	\$	—	\$	—	\$	—	\$	—
Consumer:										
Risk Rating										
Pass or not rated	\$	415	3,947	\$	499	1,194	\$	168	181	\$
Special Mention		—			—			—		
Substandard		—			—			9		
Doubtful		—			—			—		
Total	\$	415	3,947	\$	499	1,194	\$	168	181	\$
YTD	Gross	Charge-								
offs	\$	9	\$	11	\$	8	\$	—	\$	—
Warehouse:										
Risk Rating										

Pass or not rated	\$	—	\$	—	\$	—	\$	—	\$	—	\$	403,560	—	\$	339,723	\$	—	\$	403,560	339,723
Special Mention		—		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—		—		—
Total	\$	—	\$	—	\$	—	\$	—	\$	—	\$	403,560	—	\$	339,723	\$	—	\$	403,560	339,723
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

TRS:

Risk Rating															
Pass or not rated															
(1)	\$	149,207	\$	—	\$	—	\$	—	\$	149,272	\$	—	\$	149,272	149,207
Special Mention				—		—		—		—		—		—	—
Substandard				—		—		—		—		—		—	—
Doubtful				—		—		—		—		—		—	—
Total (1)	\$	149,207	\$	—	\$	—	\$	—	\$	—	\$	149,272	\$	—	\$ 149,272 149,207
YTD Gross Charge-															
offs (1)	\$	20,418	\$	5,533	\$	—	\$	—	\$	—	\$	—	\$	11,659	\$

RCS:

Risk Rating																									
Pass or not rated	\$	22,357	30,607	\$	2,273	7,203	\$	1,264	579	\$	602	454	\$	29,594	996	\$	50,589	36,372	\$	54,634	\$	—	\$106,678	130,845	
Special Mention																									
Substandard																	1,149			1,517				1,149	1,517
Doubtful																									
Total	\$	22,357	30,607	\$	2,273	7,203	\$	1,264	579	\$	602	454	\$	29,594	996	\$	51,738	36,372	\$	56,151	\$	—	\$107,828	132,362	
YTD Gross Charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	11,390	\$	13,912	\$	—	\$	11,390	13,912	

Grand Total:

Risk Rating																										
Pass or not rated	\$	1,078,578	1,328,184	\$	860,795	975,037	\$	508,758	752,275	\$	280,501	438,155	\$	597,660	201,876	\$	990,235	451,439	\$	110,803	858,643	\$	4,427,330	160,406	\$	5,166,015
Special Mention		3,660	24,841		25,269	3,444		4,009		183		3,695		13,229		2,493		—			21,296					
Substandard		1,230	49		1,133	2,664		1,501	1,904		1,469	1,226		11,162	1,380		2,013	10,359		3,550		820		21,952		
Doubtful		—			18,508																					
Doubtful		—			—			—		—		—		—		—		—		—						
Grand Total	\$	1,083,468	1,353,074	\$	887,197	981,145	\$	510,259	758,188	\$	303,266	439,564	\$	627,817	206,951	\$	992,992	475,027	\$	110,803	864,686	\$	4,515,802	161,226	\$	5,239,861
YTD Gross Charge-offs	\$	21	20,447	\$	14	5,667	\$	24		\$	—		\$	11	—	\$	15		\$	15,061		\$	—		\$	24,323

(1) Loans and YTD Gross Charge-offs have been revised for an immaterial correction into Term Loan categories from a Revolving Loan category as previously reported in the 2023 Annual Report on Form 10-K.

Allowance for Credit Losses on Loans

The following table presents the activity in the ACLL by portfolio class:

	ACLL Roll-forward										ACLL Roll-forward										
	Three Months Ended September 30,										Three Months Ended March 31,										
	2023					2022					2024					2023					
	Beginning	Charge-			Ending	Beginning	Charge-			Ending	Beginning	Charge-			Ending	Beginning	CBank	Charge-			Ending
(in thousands)	Balance	Provision	offs	Recoveries	Balance	Balance	Provision	offs	Recoveries	Balance	Balance	Provision	offs	Recoveries	Balance	Balance	Adjustment*	Provision	offs	Recoveries	Balance
Traditional Banking:																					
Residential real estate:																					
Owner occupied	\$ 9,899	\$ 318	\$ (9)	23	\$10,231	\$ 8,445	\$ (3)	\$ —	24	\$ 8,466											
Nonowner occupied	3,086	(51)	—	1	3,036	2,733	63	—	—	2,796											
Owner-occupied											\$ 10,337	\$ (800)	(13)	58	\$ 9,582	\$ 8,909	\$ —	(120)	(6)	15	\$
Nonowner-occupied											3,047	3	—	1	3,051	2,831	—	64	—	—	
Commercial real estate	25,089	251	—	7	25,347	24,341	(1,413)	—	275	23,203	25,830	145	—	20	25,995	23,739	—	1,041	—	47	2
Construction & land development	4,811	325	—	—	5,136	3,591	331	—	—	3,922	6,060	640	—	—	6,700	4,123	—	329	—	—	
Commercial & industrial	4,322	(148)	—	7	4,181	3,768	82	—	124	3,974	4,236	(79)	—	1	4,158	3,976	1,008	602	—	90	
Lease financing receivables	825	265	—	10	1,100	119	—	—	—	119	1,061	22	(24)	13	1,072	110	592	648	—	—	
Aircraft	521	46	—	—	567	400	16	—	—	416	625	(10)	—	—	615	449	—	12	—	—	
Home equity	4,770	375	—	1	5,146	4,113	279	—	7	4,399	5,501	247	—	1	5,749	4,628	—	31	—	1	
Consumer:																					
Credit cards	1,103	3	(30)	16	1,092	994	(41)	(27)	33	959	1,074	83	(81)	11	1,087	996	—	112	(40)	12	
Overdrafts	706	128	(243)	49	640	901	57	(288)	53	723	694	27	(238)	80	563	726	—	52	(247)	64	
Automobile loans	53	16	(30)	2	41	122	(30)	—	9	101	32	(10)	—	2	24	87	—	(16)	(7)	2	
Other consumer	382	39	(20)	13	414	200	(24)	(38)	15	153	501	90	(26)	15	580	135	—	229	(31)	23	
Total Traditional Banking	55,567	1,567	(332)	129	56,931	49,727	(683)	(353)	540	49,231	58,998	358	(382)	202	59,176	50,709	1,600	2,984	(331)	254	5
Warehouse lines of credit	1,346	(203)	—	—	1,143	1,491	(386)	—	—	1,105	847	309	—	—	1,156	1,009	—	135	—	—	
Total Core Banking	56,913	1,364	(332)	129	58,074	51,218	(1,069)	(353)	540	50,336	59,845	667	(382)	202	60,332	51,718	1,600	3,119	(331)	254	5
Republic Processing Group:																					
Tax Refund Solutions:																					

Refund																								
Advances	—	(1,939)	—	1,939	—	—	(1,296)	—	1,296	—	3,929	25,718	—	275	29,922	3,797	—	21,715	—	285	2			
Other TRS commercial & industrial loans	—	(28)	—	29	1	—	—	—	—	—	61	56	—	30	147	91	—	93	—	—				
Republic Credit Solutions	15,289	4,333	(3,340)	219	16,501	13,231	4,008	(2,922)	266	14,583	18,295	4,181	(4,545)	370	18,301	14,807	—	1,839	(3,099)	233	1			
Total Republic Processing Group	15,289	2,366	(3,340)	2,187	16,502	13,231	2,712	(2,922)	1,562	14,583	22,285	29,955	(4,545)	675	48,370	18,695	—	23,647	(3,099)	518	3			
Total	\$ 72,202	\$ 3,730	\$(3,672)\$	\$ 2,316	\$ 74,576	\$ 64,449	\$ 1,643	\$(3,275)\$	\$ 2,102	\$ 64,919	\$ 82,130	\$ 30,622	\$(4,927)\$	\$ 877	\$ 108,702	\$ 70,413	\$ 1,600	\$ 26,766	\$(3,430)\$	\$ 772	\$ 9			

* The net fair value adjustment to ACLL includes an estimate of lifetime credit losses for Purchased Credit Deteriorated loans.

The cumulative loss rate used as the basis for the estimate of the Company's ACLL as of March 31, 2024 was primarily based on a static pool analysis of each of the Company's loan pools using the Company's loss experience from 2013 through 2023, supplemented by qualitative factor adjustments for current and forecasted conditions. The Company employs one-year forecasts of unemployment and CRE values within its ACLL model, with reversion to long-term averages following the forecasted period. The cumulative loss rate within the Company's ACLL also includes estimated losses based on an individual evaluation of loans which are either collateral dependent or which do not share risk characteristics with pooled loans, e.g., Loan Modifications.

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ACLL Roll-forward											
Nine Months Ended September 30,											
(in thousands)	2023					2022					
	Beginning	CBank	Charge-			Ending	Beginning	Charge-			Ending
	Balance	Adjustment*	Provision	offs	Recoveries	Balance	Balance	Provision	offs	Recoveries	Balance
Traditional Banking:											
Residential real estate:											
Owner occupied	\$ 8,909	\$ —	\$ 1,298	\$ (24)	\$ 48	\$ 10,231	\$ 8,647	\$ (272)	\$ —	\$ 91	\$ 8,466
Nonowner occupied	2,831	—	203	—	2	3,036	2,700	94	—	2	2,796
Commercial real estate	23,739	—	1,542	—	66	25,347	23,769	(843)	—	277	23,203
Construction & land development	4,123	—	1,013	—	—	5,136	4,128	(206)	—	—	3,922
Commercial & industrial	3,976	—	89	—	116	4,181	3,487	346	—	141	3,974
Lease financing receivables	110	216	764	—	10	1,100	91	28	—	—	119
Aircraft	449	—	118	—	—	567	357	59	—	—	416
Home equity	4,628	—	516	—	2	5,146	4,111	169	—	119	4,399
Consumer:											
Credit cards	996	—	158	(103)	41	1,092	934	50	(97)	72	959
Overdrafts	726	—	437	(676)	153	640	683	560	(696)	176	723
Automobile loans	87	—	(16)	(37)	7	41	186	(98)	—	13	101
Other consumer	135	—	289	(62)	52	414	314	(137)	(68)	44	153

Total Traditional Banking	50,709	216	6,411	(902)	497	56,931	49,407	(250)	(861)	935	49,231
Warehouse lines of credit	1,009	—	134	—	—	1,143	2,126	(1,021)	—	—	1,105
Total Core Banking	51,718	216	6,545	(902)	497	58,074	51,533	(1,271)	(861)	935	50,336
Republic Processing Group:											
Tax Refund Solutions:											
Refund Advances	3,797	—	19,615	(25,823)	2,411	—	—	7,583	(11,505)	3,922	—
Other TRS commercial & industrial loans	91	—	7	(128)	31	1	96	(607)	(154)	665	—
Republic Credit Solutions	14,807	—	10,468	(9,459)	685	16,501	12,948	8,836	(8,005)	804	14,583
Total Republic Processing Group	18,695	—	30,090	(35,410)	3,127	16,502	13,044	15,812	(19,664)	5,391	14,583
Total	\$ 70,413	\$ 216	\$ 36,635	\$ (36,312)	\$ 3,624	\$ 74,576	\$ 64,577	\$ 14,541	\$ (20,525)	\$ 6,326	\$ 64,919

The cumulative loss rate used as the basis for the estimate of the Company's ACLL as of September 30, 2023 was primarily based on a static pool analysis of each of the Company's loan pools using the Company's loss experience from 2013 through 2023, supplemented by qualitative factor adjustments for current and forecasted conditions. The Company employs one-year forecasts of unemployment and CRE values within its ACLL model, with reversion to long-term averages following the forecasted period. The cumulative loss rate within the Company's ACLL also includes estimated losses based on an individual evaluation of loans which are either collateral dependent or which do not share risk characteristics with pooled loans, e.g., Loan Modifications.

Nonperforming Loans and Nonperforming Assets

Detail of nonperforming loans, nonperforming assets, and select credit quality ratios follows:

(dollars in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Loans on nonaccrual status*	\$ 18,127	\$ 15,562	\$ 19,258	\$ 19,150
Loans past due 90-days-or-more and still on accrual**	1,037	756	2,116	1,468
Total nonperforming loans	19,164	16,318	21,374	20,618
Other real estate owned	1,423	1,581	1,486	1,370
Total nonperforming assets	\$ 20,587	\$ 17,899	\$ 22,860	\$ 21,988
Credit Quality Ratios - Total Company:				
Nonperforming loans to total loans	0.38 %	0.36 %	0.41 %	0.39 %
Nonperforming assets to total loans (including OREO)	0.41	0.40	0.44	0.42
Nonperforming assets to total assets	0.32	0.31	0.33	0.33
Credit Quality Ratios - Core Bank:				
Nonperforming loans to total loans	0.37 %	0.37 %	0.38 %	0.39 %
Nonperforming assets to total loans (including OREO)	0.39	0.40	0.41	0.41
Nonperforming assets to total assets	0.33	0.32	0.33	0.35

* Loans on nonaccrual status include collateral-dependent loans.

** Loans past due 90-days-or-more and still accruing consist of smaller balance consumer loans.

The following tables present the recorded investment in nonaccrual loans and loans past due 90-days-or-more and still on accrual by class of loans:

(in thousands)	Nonaccrual		Past Due 90-Days-or-More and Still Accruing Interest*	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023

Traditional Banking:					
Residential real estate:					
Owner-occupied	\$	15,533	\$	15,056	\$ — \$ —
Nonowner-occupied		60		64	— —
Commercial real estate		795		850	— —
Construction & land development		—		—	— —
Commercial & industrial		744		1,221	— —
Lease financing receivables		15		—	— —
Aircraft		—		—	— —
Home equity		2,103		1,948	— —
Consumer:					
Credit cards		—		—	— —
Overdrafts		—		—	— —
Automobile loans		8		10	— —
Other consumer		—		1	— —
Total Traditional Banking		19,258		19,150	— —
Warehouse lines of credit		—		—	— —
Total Core Banking		19,258		19,150	— —
Republic Processing Group:					
Tax Refund Solutions:					
Refund Advances		—		—	— —
Other TRS commercial & industrial loans		—		—	— —
Republic Credit Solutions		—		—	2,116 1,468
Total Republic Processing Group		—		—	2,116 1,468
Total	\$	19,258	\$	19,150	\$ 2,116 \$ 1,468

* Loans past due 90-days-or-more and still accruing consist of smaller balance consumer loans.

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The following tables present the recorded investment in nonaccrual loans and loans past due 90-days-or-more and still on accrual by class of loans:

(in thousands)	Nonaccrual		Past Due 90-Days-or-More and Still Accruing Interest*	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Traditional Banking:				
Residential real estate:				
Owner occupied	\$ 14,396	\$ 13,388	\$ —	\$ —
Nonowner occupied	68	117	—	—
Commercial real estate	883	1,001	—	—
Construction & land development	—	—	—	—
Commercial & industrial	1,159	—	—	—

Lease financing receivables	13	—	—	—
Aircraft	—	—	—	—
Home equity	1,591	815	—	—
Consumer:				
Credit cards	—	—	—	—
Overdrafts	—	—	—	—
Automobile loans	16	31	—	—
Other consumer	1	210	—	—
Total Traditional Banking	18,127	15,562	—	—
Warehouse lines of credit	—	—	—	—
Total Core Banking	18,127	15,562	—	—
Republic Processing Group:				
Tax Refund Solutions:				
Refund Advances	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—
Republic Credit Solutions	—	—	1,037	756
Total Republic Processing Group	—	—	1,037	756
Total	\$ 18,127	\$ 15,562	\$ 1,037	\$ 756

* Loans past due 90-days-or-more and still accruing consist of smaller balance consumer loans.

(in thousands)	As of September 30, 2023			Three Months Ended	Nine Months Ended	Three Months Ended			
	September 30, 2023			September 30, 2023	September 30, 2023	As of March 31, 2024			
	Nonaccrual	Nonaccrual	Total	Interest Income	Interest Income	Nonaccrual	Nonaccrual	Total	Interest Income
	Loans with	Loans without	Nonaccrual	Recognized	Recognized	Loans with	Loans without	Nonaccrual	Recognized
	ACLL	ACLL	Loans	on Nonaccrual Loans*	on Nonaccrual Loans*	ACLL	ACLL	Loans	on Nonaccrual Loans*
Residential real estate:									
Owner occupied	\$ 624	\$ 13,772	\$ 14,396	\$ 224	\$ 664				
Nonowner occupied	22	46	68	7	8				
Owner-occupied						\$ 303	\$ 15,230	\$ 15,533	\$ 246
Nonowner-occupied						19	41	60	15
Commercial real estate	883	—	883	31	142	795	—	795	42
Construction & land development	—	—	—	—	—	—	—	—	—
Commercial & industrial	338	821	1,159	23	23	744	—	744	—
Lease financing receivables	13	—	13	—	—	15	—	15	—
Aircraft	—	—	—	—	—	—	—	—	—
Home equity	—	1,591	1,591	45	106	—	2,103	2,103	49
Consumer	8	9	17	—	6	6	2	8	—
Total	\$ 1,888	\$ 16,239	\$ 18,127	\$ 330	\$ 949	\$ 1,882	\$ 17,376	\$ 19,258	\$ 352

* Includes interest income for loans on nonaccrual as of the beginning of the period that were paid off during the period.

(In thousands)	As of December 31, 2022			Three Months Ended	Nine Months Ended	Three Months Ended			
				September 30, 2022	September 30, 2022	As of December 31, 2023			
	Nonaccrual	Nonaccrual	Total	Interest Income	Interest Income	Nonaccrual	Nonaccrual	Total	Interest Income
	Loans with	Loans without	Nonaccrual	Recognized	Recognized	Loans with	Loans without	Nonaccrual	Recognized
	ACLL	ACLL	Loans	on Nonaccrual Loans*	on Nonaccrual Loans*	ACLL	ACLL	Loans	on Nonaccrual Loans*
Residential real estate:									
Owner occupied	\$ 2,252	\$ 11,136	\$ 13,388	\$ 154	\$ 257				
Nonowner occupied	56	61	117	1	1				
Owner-occupied						\$ 376	\$ 14,680	\$ 15,056	\$ 181
Nonowner-occupied						20	44	64	1
Commercial real estate	1,001	—	1,001	14	644	850	—	850	23
Construction & land development	—	—	—	—	—	—	—	—	—
Commercial & industrial	—	—	—	—	—	1,221	—	1,221	—
Lease financing receivables	—	—	—	—	—	—	—	—	—
Aircraft	—	—	—	—	—	—	—	—	—
Home equity	—	815	815	84	146	—	1,948	1,948	23
Consumer	15	226	241	48	52	8	3	11	3
Total	\$ 3,324	\$ 12,238	\$ 15,562	\$ 301	\$ 1,100	\$ 2,475	\$ 16,675	\$ 19,150	\$ 231

* Includes interest income for loans on nonaccrual as of the beginning of the period that were paid off during the period.

Nonaccrual loans and loans past due 90-days-or-more and still on accrual both include smaller balance, primarily retail, homogeneous loans. Nonaccrual loans are typically returned to accrual status when all the principal and interest amounts contractually due are brought current and held current for six consecutive months and future contractual payments are reasonably assured. Loan Modifications (formerly TDRs prior to the adoption of ASU 2022-02) on nonaccrual status are reviewed for return to accrual status on an individual basis, with additional consideration given to performance under the modified terms.

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Delinquent Loans

The following tables present the aging of the recorded investment in loans by class of loans:

	30 - 59	60 - 89	90 or More				30 - 59	60 - 89	90 or More			
	Days	Days	Days	Total	Total		Days	Days	Days	Total	Total	
September 30, 2023							March 31, 2024					
March 31, 2024							Days					
(dollars in thousands)	Delinquent	Delinquent	Delinquent*	Delinquent**	Current	Total	Delinquent	Delinquent	Delinquent*	Delinquent**	Current	Tot
Traditional Banking:												
Residential real estate:												
Owner occupied	\$ 2,241	\$ 1,521	\$ 822	\$ 4,584	\$ 1,124,161	\$ 1,128,745						

Nonowner occupied	231	—	—	231	344,451	344,682											
Owner-occupied							\$	2,861	\$	1,453	\$	1,507	\$	5,821	\$	1,058,250	\$1,064
Nonowner-occupied								—		—		—		—		342,481	342
Commercial real estate	23	—	—	23	1,745,164	1,745,187		—		—		—		—		1,800,801	1,800
Construction & land development	—	—	—	—	189,756	189,756		—		—		—		—		237,998	237
Commercial & industrial	186	27	1,159	1,372	472,418	473,790		2		—		744		746		453,225	453
Lease financing receivables	4	—	12	16	85,226	85,242		7		—		15		22		88,250	88
Aircraft	—	—	—	—	226,947	226,947		—		—		—		—		246,060	246
Home equity	137	147	83	367	275,383	275,750		464		309		217		990		308,093	309
Consumer:																	
Credit cards	11	16	1	28	16,922	16,950		22		13		—		35		16,823	16
Overdrafts	131	—	1	132	508	640		114		4		—		118		511	
Automobile loans	—	—	4	4	3,376	3,380		—		—		2		2		2,052	2
Other consumer	38	10	1	49	5,625	5,674		52		10		—		62		11,310	11
Total Traditional Banking	3,002	1,721	2,083	6,806	4,489,937	4,496,743		3,522		1,789		2,485		7,796		4,565,854	4,573
Warehouse lines of credit	—	—	—	—	457,033	457,033		—		—		—		—		463,249	463
Total Core Banking	3,002	1,721	2,083	6,806	4,946,970	4,953,776		3,522		1,789		2,485		7,796		5,029,103	5,036
Republic Processing Group:																	
Tax Refund Solutions:																	
Refund Advances	—	—	—	—	—	—		—		—		—		—		52,101	52
Other TRS commercial & industrial loans	—	—	—	—	354	354		283		—		—		283		5,113	5
Republic Credit Solutions	8,020	3,271	1,037	12,328	114,641	126,969		8,211		3,006		2,116		13,333		116,563	129
Total Republic Processing Group	8,020	3,271	1,037	12,328	114,995	127,323		8,494		3,006		2,116		13,616		173,777	187
Total	\$ 11,022	\$ 4,992	\$ 3,120	\$ 19,134	\$ 5,061,965	\$5,081,099		\$ 12,016		\$ 4,795		\$ 4,601		\$ 21,412		\$ 5,202,880	\$5,224
Delinquency ratio***	0.22 %	0.10 %	0.06 %	0.38 %				0.23 %		0.09 %		0.09 %		0.41 %			

* All loans past due 90-days-or-more, excluding small balance consumer loans, were on nonaccrual status.

** Delinquent status may be determined by either the number of days past due or number of payments past due.

*** Represents total loans 30-days-or-more past due by aging category divided by total loans.

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	30 - 59	60 - 89	90 or More				30 - 59	60 - 89	90 or More			
December 31, 2022	Days	Days	Days	Total	Total		December 31, 2023	Days	Days	Days	Total	Total
(dollars in thousands)	Delinquent	Delinquent	Delinquent*	Delinquent**	Current	Total	Delinquent	Delinquent	Delinquent*	Delinquent**	Current	Total
Traditional Banking:												
Residential real estate:												
Owner-occupied	\$ 2,382	\$ 1,185	\$ 1,267	\$ 4,834	\$ 906,593	\$ 911,427						
Nonowner-occupied	—	—	—	—	321,358	321,358						
Owner-occupied							\$ 3,396	\$ 769	\$ 1,638	\$ 5,803	\$ 1,138,881	\$1
Nonowner-occupied							—	—	—	—	345,965	
Commercial real estate	604	—	—	604	1,598,906	1,599,510	—	—	—	—	1,785,289	1
Construction & land development	—	—	—	—	153,875	153,875	—	—	—	—	217,338	
Commercial & industrial	177	—	—	177	413,210	413,387	140	36	1,184	1,360	462,718	
Lease financing receivables	—	—	—	—	10,505	10,505	18	—	—	18	88,573	
Aircraft	—	—	—	—	179,785	179,785	—	—	—	—	250,051	
Home equity	56	93	26	175	241,564	241,739	417	96	254	767	294,366	
Consumer:												
Credit cards	50	5	—	55	15,418	15,473	31	4	—	35	16,619	
Overdrafts	158	1	1	160	566	726	129	1	1	131	563	
Automobile loans	8	—	3	11	6,720	6,731	—	—	2	2	2,662	
Other consumer	43	1	—	44	582	626	53	7	—	60	7,368	
Total Traditional Banking	3,478	1,285	1,297	6,060	3,849,082	3,855,142	4,184	913	3,079	8,176	4,610,393	4
Warehouse lines of credit	—	—	—	—	403,560	403,560	—	—	—	—	339,723	
Total Core Banking	3,478	1,285	1,297	6,060	4,252,642	4,258,702	4,184	913	3,079	8,176	4,950,116	4
Republic Processing Group:												
Tax Refund Solutions:												

Refund														
Advances	—	—	—	—	97,505	97,505	—	—	—	—	—	—	103,115	
Other TRS commercial & industrial loans	—	—	—	—	51,767	51,767	—	—	—	—	—	—	46,092	
Republic Credit Solutions	6,488	1,956	756	9,200	98,628	107,828	9,387	3,061	1,468	13,916	118,446			
Total Republic Processing Group	6,488	1,956	756	9,200	247,900	257,100	9,387	3,061	1,468	13,916	267,653			
Total	\$ 9,966	\$ 3,241	\$ 2,053	\$ 15,260	\$ 4,500,542	\$4,515,802	\$ 13,571	\$ 3,974	\$ 4,547	\$ 22,092	\$ 5,217,769	\$5		
Delinquency ratio***	0.22 %	0.07 %	0.05 %	0.34 %			0.25 %	0.08 %	0.09 %	0.42 %				

* All loans past due 90-days-or-more, excluding smaller balance consumer loans, were on nonaccrual status.

** Delinquent status may be determined by either the number of days past due or number of payments past due.

*** Represents total loans 30-days-or-more past due by aging category divided by total loans.

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Collateral-Dependent Loans

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

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Secured by Real Estate	Secured by Personal Property	Secured by Real Estate	Secured by Personal Property	Secured by Real Estate	Secured by Personal Property	Secured by Real Estate	Secured by Personal Property
(in thousands)								
Traditional Banking:								
Residential real estate:								
Owner occupied	\$ 16,122	\$ —	\$ 18,057	\$ —				
Nonowner occupied	68	—	150	—				
Owner-occupied					\$17,287	\$ —	\$18,602	\$ —
Nonowner-occupied					60	—	64	—
Commercial real estate	909	—	1,041	—	820	—	870	—
Construction & land development	—	—	—	—	—	—	—	—
Commercial & industrial	—	1,226	—	—	795	—	1,273	—
Lease financing receivables	—	—	—	—	—	256	—	108
Aircraft	—	—	—	210	—	—	—	—
Home equity	1,548	—	967	—	2,310	—	2,008	—
Consumer	—	20	—	26	—	11	—	13
Total Traditional Banking	\$ 18,647	\$ 1,246	\$ 20,215	\$ 236	\$21,272	\$ 267	\$22,817	\$ 121

Collateral-dependent loans are generally secured by real estate or personal property. If there is insufficient collateral value to secure the Company's recorded investment in these loans, they are charged down to collateral value less estimated selling costs, when selling costs are applicable. Selling costs range from

10% to 13%, with those percentages based on annual studies performed by the Company.

Loan and Lease Modification Disclosures Pursuant to ASU 2022-02

The following table shows the amortized cost of loans and leases as of September 30, 2023 the identified period that were both experiencing financial difficulty and modified during the three months ended September 30, 2023, prior, segregated by portfolio segment and type of modification. The following tables shows the amortized cost of loans and leases modified by type.

(in thousands)	Amortized Cost Basis of Modified Financing Receivables						Amortized Cost Basis of Modified Financing Receivables					
	Three Months Ended September 30, 2023						Three Months Ended March 31, 2024					
	Loans (#)	Rate Reduction (\$)	Loans (#)	Term Extension (\$)	Loans (#)	Principal Deferral (\$)	Loans (#)	Rate Reduction (\$)	Loans (#)	Term Extension (\$)	Loans (#)	Principal Deferral (\$)
(dollars in thousands)												
Residential real estate:												
Owner occupied	—	\$ —	—	\$ —	4	\$ 239						
Nonowner occupied	—	—	—	—	—	—						
Owner-occupied							—	\$ —	—	\$ —	—	\$ —
Nonowner-occupied							—	—	—	—	—	—
Home equity	—	—	—	—	1	\$ 433	—	—	—	—	—	—
Republic Processing Group	—	—	—	—	383	\$ 84	—	—	—	—	349	\$ 75
Total Loan Modifications	—	\$ —	—	\$ —	388	\$ 756	—	\$ —	—	\$ —	349	\$ 75

	Total Loan Modification by Type				Amortized Cost Basis of Modified Financing Receivables					
	Accruing		Nonaccruing		Three Months Ended March 31, 2023					
	Three Months Ended September 30, 2023									
(in thousands)	Loans (#)	Recorded investment (\$)	Loans (#)	Recorded investment (\$)						
(dollars in thousands)					Loans (#)	Rate Reduction (\$)	Loans (#)	Term Extension (\$)	Loans (#)	Principal Deferral (\$)
Term extension	—	\$	—	\$	—					
Principal deferral	383		84		5					
Residential real estate:										
Owner-occupied					—	\$	—	2	\$	265
Home equity					—		—	—	1	
Republic Processing Group					—		—	—	537	
Total Loan Modifications	383	\$	84	\$	672	—	\$	—	2	\$

(dollars in thousands)	Total Loan Modification by Type			
	Three Months Ended March 31, 2024			
	Accruing		Nonaccruing	
	Loans (#)	Recorded investment (\$)	Loans (#)	Recorded investment (\$)
Term extension	—	\$ —	—	\$ —
Principal deferral	349	75	—	—
Total Loan Modifications	349	\$ 75	—	\$ —

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(dollars in thousands)	Total Loan Modification by Type			
	Three Months Ended March 31, 2023			
	Accruing		Nonaccruing	
	Loans (#)	Recorded investment (\$)	Loans (#)	Recorded investment (\$)
Term extension	—	\$ —	2	\$ 265
Principal deferral	537	105	5	416
Total Loan Modifications	537	\$ 105	7	\$ 681

The following table shows the percentage of the amortized cost of loans and leases as of September 30, 2023 that were both experiencing modified to borrowers in financial difficulty and modified during the nine months ended September 30, 2023, segregated by portfolio segment and type of modification. The following tables show distress as compared to the amortized cost of loans and leases modified by type, each segment of financing receivable.

(in thousands)	Amortized Cost Basis of Modified Financing Receivables					
	Nine Months Ended September 30, 2023					
	Loans (#)	Rate Reduction (\$)	Loans (#)	Term Extension (\$)	Loans (#)	Principal Deferral (\$)
Residential real estate:						
Owner occupied	—	\$ —	2	\$ 258	13	\$ 1,006
Nonowner occupied	—	—	—	—	—	—
Home equity	—	—	—	—	4	566
Republic Processing Group	—	—	—	—	383	84
Total Loan Modifications	—	\$ —	2	\$ 258	400	\$ 1,656

(dollars in thousands)	Accruing Loan Modifications		
	Three Months Ended March 31, 2024		
	% of Total		
	Loans	Amortized Cost Basis	of Financing Receivable
Republic Processing Group	349	\$ 75	0.04 %
Total Accruing Loan Modifications	349	\$ 75	NM

(dollars in thousands)	Nonaccruing Loan Modifications		
	Three Months Ended March 31, 2024		
	% of Total		
	Loans	Amortized Cost Basis	of Financing Receivable
Residential real estate:			
Owner-occupied	—	\$ —	— %
Home equity	—	—	—

Total Nonaccruing Loan Modifications		\$	
--------------------------------------	--	----	--

(dollars in thousands)	Three Months Ended March 31, 2023		
			% of Total
	Amortized		of Financing
	Loans	Cost Basis	Receivable
Republic Processing Group	537	\$ 105	0.07 %
Total Accruing Loan Modifications	537	\$ 105	NM

(dollars in thousands)	Three Months Ended March 31, 2023		
			% of Total
	Amortized		of Financing
	Loans	Cost Basis	Receivable
Residential real estate:			
Owner-occupied	6	\$ 609	0.06 %
Home equity	1	72	0.03
Total Nonaccruing Loan Modifications	7	\$ 681	0.01

There were no commitments to lend additional amounts to the borrowers included in the previous table. The financial impact of loan modifications was not material for the three months ended March 31, 2024 or March 31, 2023.

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Total Loan Modification by Type				

The following tables show the percentage of the amortized cost of loans and leases that were modified to borrowers in financial distress as compared to the amortized cost of each segment of financing receivable.

(dollars in thousands)	Accruing Loan Modifications					
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	% of Total			% of Total		
	Amortized	of Financing		Amortized	of Financing	
	Loans (#)	Cost Basis (\$)	Receivable	Loans	Cost Basis	Receivable
Republic Processing Group	383	\$ 84	0.07 %	383	84	0.07
Total Accruing Loan Modifications	383	\$ 84	0.00	383	\$ 84	0.00

(dollars in thousands)	Nonaccruing Loan Modifications					
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Loans (#)	Cost Basis (\$)	% of Total	Loans	Cost Basis	% of Total
			Amortized of Financing Receivable			Amortized of Financing Receivable
Residential real estate:						
Owner occupied	4	\$ 239	0.02 %	4	\$ 566	0.05 %
Home equity	1	433	0.16	15	1,264	0.46
Total Nonaccruing Loan Modifications	5	\$ 672	0.01 %	19	\$ 1,830	0.04

There were no commitments to lend additional amounts to the borrowers included in the previous table.

The Company closely monitors the performance of loans and leases that have been modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table shows the performance of such loans and leases that have been modified during the **three and nine months ended September 30, 2023** identified period.

(in thousands)	Accruing Loan Modifications						Accruing Loan Modifications		
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023			At March 31, 2024		
	30-89 Days		90+ Days	30-89 Days		90+ Days	30-89 Days		90+ Days
	Current	Past Due	Past Due	Current	Past Due	Past Due	Current	Past Due	Past Due
Residential real estate:									
Owner occupied							\$ 475	\$ —	\$ —
Republic Processing Group	\$ 84	\$ —	\$ —	84	—	—	75	\$ —	\$ —
Total Accruing Loan Modifications	\$ 84	\$ —	\$ —	\$ 84	\$ —	\$ —			
Total accruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended March 31, 2024							\$ 550	\$ —	\$ —

(in thousands)	Nonaccruing Loan Modifications						Nonaccruing Loan Modifications		
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023			At March 31, 2024		
	30-89 Days		90+ Days	30-89 Days		90+ Days	30-89 Days		90+ Days
	Current	Past Due	Past Due	Current	Past Due	Past Due	Current	Past Due	Past Due
Residential real estate:									
Owner occupied	\$ 75	\$ 164	\$ —	\$ 932	\$ 188	\$ 168			
Nonowner occupied	—	—	—	—	—	—			
Owner-occupied							\$ 267	\$ —	\$ 109
Home equity	433	—	—	542	—	—	617	—	25

Total Nonaccruing Loan Modifications	\$ 508	\$ 164	\$ —	\$ 1,474	\$ 188	\$ 168
Total nonaccruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended March 31, 2024					\$ 884	\$ — \$ 134

(in thousands)	Accruing Loan Modifications		
	At March 31, 2023		
	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner occupied	\$ —	\$ —	\$ —
Republic Processing Group	105	\$ —	\$ —
Total accruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended March 31, 2023	\$ 105	\$ —	\$ —

(in thousands)	Nonaccruing Loan Modifications		
	At March 31, 2023		
	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner-occupied	\$ 609	\$ —	\$ —
Home equity	72	—	—
Total nonaccruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended March 31, 2023	\$ 681	\$ —	\$ —

There were three no modified loans and leases with a total balance of \$188,000 that had a payment default during the three months ended September 30, 2023 and were modified in the twelve months prior to March 31, 2024 or March 31, 2023 that default to borrowers experiencing financial difficulty. There were five loans and leases with a total balance of \$356,000 that had a payment default during the nine months ended September 30, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

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Upon the Company's determination that a modified loan or lease has subsequently been deemed uncollectible, the loan or lease is written off. Therefore, the amortized cost of the loan is reduced by the uncollectible amount and the allowance for loan and lease losses is adjusted by the same amount.

Troubled Debt Restructuring (TDR) Disclosures Prior to the Adoption of ASU 2022-02

A summary of the categories of TDR loan modifications by respective performance as of September 30, 2022 that were modified during the three months ended September 30, 2022 follows:

Troubled Debt Restructurings Performing to	Troubled Debt Restructurings Not Performing to	Total Troubled Debt
--	--	---------------------

September 30, 2022 (dollars in thousands)	Modified Terms		Modified Terms		Restructurings	
	Number of	Recorded	Number of	Recorded	Number of	Recorded
	Loans	Investment	Loans	Investment	Loans	Investment
Residential real estate loans (including home equity loans):						
Legal modification	10	\$ 443	1	\$ 47	11	\$ 490
Total residential TDRs	10	443	1	47	11	490
Consumer loans:						
Principal deferral	332	62	—	—	332	62
Total consumer TDRs	332	62	—	—	332	62
Total troubled debt restructurings	342	\$ 505	1	\$ 47	343	\$ 552

A summary of the categories of TDR loan modifications by respective performance as of September 30, 2022 that were modified during the nine months ended September 30, 2022 follows:

September 30, 2022 (dollars in thousands)	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of	Recorded	Number of	Recorded	Number of	Recorded
	Loans	Investment	Loans	Investment	Loans	Investment
Residential real estate loans (including home equity loans):						
Legal modification	17	\$ 954	1	\$ 47	18	\$ 1,001
Total residential TDRs	17	954	1	47	18	1,001
Consumer loans:						
Principal deferral	605	109	—	—	605	109
Total consumer TDRs	605	109	—	—	605	109
Total troubled debt restructurings	622	\$ 1,063	1	\$ 47	623	\$ 1,110

The classification between nonperforming and performing was determined at the time of modification. Modification programs focus on extending maturity dates or modifying payment patterns with most TDRs experiencing a combination of concessions. Modifications do not result in the contractual forgiveness of principal or interest. There were no modifications during the three months or nine months ended September 30, 2022 that resulted in an interest rate below market rate.

There was one TDRs with a recorded investment of \$47,000 which had a payment default within the twelve months following modification during the three months ended September 30, 2022. There were four TDRs with a recorded investment of \$93,000 which had a payment default within the twelve months following modification during the nine months ended September 30, 2022. Default occurs when a loan or lease is 90 days or more past due under the modified terms or transferred to nonaccrual.

The following table shows the recorded investment of loans and leases classified as troubled debt restructurings as of December 31, 2022.

	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of	Recorded	Number of	Recorded	Number of	Recorded
	Loans	Investment	Loans	Investment	Loans	Investment
December 31, 2022 (dollars in thousands)						
Residential real estate loans (including home equity loans):						
Rate reduction	67	\$ 6,305	3	\$ 242	70	\$ 6,547
Principal deferral	7	699	—	—	7	699
Legal modification	67	3,149	6	377	73	3,526
Total residential TDRs	141	10,153	9	619	150	10,772
Commercial related and construction/land development loans:						
Rate reduction	1	847	—	—	1	847
Principal deferral	1	1	—	—	1	1
Total commercial TDRs	2	848	—	—	2	848
Consumer loans:						
Principal deferral	2,320	393	—	—	2,320	393
Legal modification	3	13	—	—	3	13
Total consumer TDRs	2,323	406	—	—	2,323	406
Total troubled debt restructurings	2,466	\$ 11,407	9	\$ 619	2,475	\$ 12,026

There was no significant change between the pre and post modification loan balances for the three months ending September 30, 2022.

Foreclosures

The following table presents the carrying amount of foreclosed properties held as a result of the Bank obtaining physical possession of such properties:

(in thousands)	September 30, 2023	December 31, 2022
Commercial real estate	\$ 1,423	\$ 1,581
Total other real estate owned	\$ 1,423	\$ 1,581

The following table presents the recorded investment in consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process according to requirements of the applicable jurisdiction:

(in thousands)	September 30, 2023	December 31, 2022
Recorded investment in consumer residential real estate mortgage loans in the process of foreclosure	\$ 1,067	\$ 909

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Foreclosures

The following table presents the carrying amount of foreclosed properties held as a result of the Bank obtaining physical possession of such properties:

(in thousands)	March 31, 2024	December 31, 2023
Commercial real estate	\$ 1,486	\$ 1,370
Total other real estate owned	\$ 1,486	\$ 1,370

The following table presents the recorded investment in consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process according to requirements of the applicable jurisdiction:

(in thousands)	March 31, 2024	December 31, 2023
Recorded investment in consumer residential real estate mortgage loans in the process of foreclosure	\$ 1,746	\$ 1,556

Refund Advances

The Company's TRS segment offered (i) its RA product during the first two months of 2024, along with its ERA product during December 2023 and the first two weeks of 2024 and (ii) its RA product during the first two months of 2023, and 2022, along with its ERA product which was offered during December 2022 and the first two weeks of 2023. The ERA originations during December 2023 and the first two weeks of 2024 were made in relation to estimated tax returns that were anticipated to be filed during the first quarter 2024 tax season, while the ERA originations during December 2022 and the first two weeks of 2023 were made in relation to estimated tax returns that were anticipated to be filed during the first quarter 2023 tax season. The Company originated \$98 million of ERAs during December 2022 that were made in anticipation of the first quarter 2023 tax season. Each year, all unpaid RAs, including ERAs, are charged off by June 30th, and each quarter thereafter, any credits to the Provision for RAs, including ERAs, match the recovery of previously charged-off accounts.

Information regarding calendar year activities for RAs follows:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Refund Advances originated	\$ —	\$ —	\$ 737,047	\$ 311,207	\$ 771,091	\$ 737,047
Net charge to the Provision for RAs, including ERAs	(1,939)	(1,296)	19,615	7,583	25,718	21,715
Provision as a percentage of RAs, including ERAs, originated during the first quarter	NA	NA	2.66 %	2.44 %		
Provision as a percentage of RAs, including ERAs, originated					3.34 %	2.95 %
Refund Advances net charge-offs (recoveries)	\$ (1,939)	\$ (1,296)	\$ 23,412	\$ 7,583	\$ (275)	\$ (285)
Refund Advances net charge-offs (recoveries) to total Refund Advances originated	NA	NA	3.18 %	2.44 %	(0.04)%	(0.04)%

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6. DEPOSITS

The composition of the deposit portfolio follows:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Core Bank:				
Demand	\$ 1,233,328	\$ 1,336,082	\$ 1,179,771	\$ 1,158,051
Money market accounts	939,499	707,272	1,078,549	1,007,356
Savings	263,249	323,015	355,260	263,238
Reciprocal money market	206,347	28,635	221,779	188,078
Individual retirement accounts (1)	33,823	38,640	34,208	33,793
Time deposits, \$250 and over (1)	94,521	54,855	113,096	101,787
Other certificates of deposit (1)	207,481	129,324	239,258	225,614
Reciprocal time deposits (1)	94,629	7,405	90,857	90,857
Wholesale brokered deposits (1)	805	—	349,298	88,767
Total Core Bank interest-bearing deposits	3,073,682	2,625,228	3,662,076	3,157,541
Total Core Bank noninterest-bearing deposits	1,269,643	1,464,493	1,180,237	1,239,466
Total Core Bank deposits	4,343,325	4,089,721	4,842,313	4,397,007
Republic Processing Group:				
Wholesale brokered deposits (1)			—	199,960
Interest-bearing prepaid card deposits			379,677	—
Money market accounts	16,921	3,849	19,380	18,664
Total RPG interest-bearing deposits	16,921	3,849	399,057	218,624
Brokered prepaid card deposits	326,505	328,655		
Noninterest-bearing prepaid card deposits			—	318,769
Other noninterest-bearing deposits	106,831	115,620	179,279	118,763
Total RPG noninterest-bearing deposits	433,336	444,275	179,279	437,532
Total RPG deposits	450,257	448,124	578,336	656,156
Total deposits	\$ 4,793,582	\$ 4,537,845	\$ 5,420,649	\$ 5,053,163

(1) Includes time deposits deposit.

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7. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND OTHER SHORT-TERM BORROWINGS

Securities sold under agreements to repurchase consist of short-term excess funds from correspondent banks, repurchase agreements, and overnight liabilities to deposit clients arising from the Bank's treasury management program. While comparable to deposits in their transactional nature, these overnight liabilities to clients are in the form of repurchase agreements. Repurchase agreements collateralized by securities are treated as financings; accordingly, the securities involved with the agreements are recorded as assets and are held by a safekeeping agent and the obligations to repurchase the securities are reflected as liabilities. Should the fair value of currently pledged securities fall below the associated repurchase agreements, the Bank would be required to pledge additional securities. To mitigate the risk of under collateralization, the Bank typically pledges at least two percent more in securities than the associated repurchase agreements. All such securities are under the Bank's control.

As of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**, all securities sold under agreements to repurchase had overnight maturities. Additional information regarding securities sold under agreements to repurchase **and other short-term borrowings** follows:

(dollars in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Outstanding balance at end of period	\$ 80,797	\$ 216,956	\$ 84,522	\$ 97,618
Weighted average interest rate at end of period	0.56 %	0.41 %	0.59 %	0.50 %
Fair value of securities pledged:				
U.S. Treasury securities and U.S. Government agencies	\$ 82,376	\$ 254,296	\$ 86,171	\$ 99,530
Total securities pledged	\$ 82,376	\$ 254,296	\$ 86,171	\$ 99,530

(dollars in thousands)	Three Months Ended	
	March 31,	
	2024	2023
Average outstanding balance during the period	\$ 102,592	\$ 202,910
Weighted average interest rate during the period	0.51 %	0.49 %
Maximum outstanding at any month end during the period	\$ 113,281	\$ 224,067

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Average outstanding balance during the period	\$ 90,063	\$ 220,149	\$ 136,528	\$ 271,276
Weighted average interest rate during the period	0.87 %	0.17 %	0.60 %	0.08 %
Maximum outstanding at any month end during the period	\$ 88,862	\$ 209,376	\$ 224,067	\$ 303,315

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8. RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITIES

The Company records as operating lease liabilities the present value of its required minimum lease payments plus any amounts probable of being owed under a residual value guarantee. Offsetting these operating lease liabilities, the Company records right-of-use assets for the underlying leased property.

As of September 30, 2023, the Company was under 45 separate and distinct operating lease contracts to lease the land and/or buildings for 40 of its offices, with 12 such operating leases contracted with a related party of the Company. As of September 30, 2023, payments on 22 of the Company's operating leases were considered variable because such payments were adjustable based on periodic changes in the Consumer Price Index.

The Company recorded two third-party lease renewals during the first nine months of 2023 with a total right-of-use asset value of \$1.5 million and recorded five new third-party leases during the first nine months of 2023 with a total right-of-use asset value of \$2.0 million.

The following table presents information concerning the Company's operating lease expense recorded as a noninterest expense within the "Occupancy" category for the three and nine months ended September 30, 2023 and 2022:

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating lease expense:				
Related Party:				
Variable lease expense	\$ 1,202	\$ 1,101	\$ 3,631	\$ 3,635
Fixed lease expense	58	57	175	149
Third-Party:				
Variable lease expense	390	222	1,070	639
Fixed lease expense	409	346	1,184	1,040
Total operating lease expense	<u>\$ 2,059</u>	<u>\$ 1,726</u>	<u>\$ 6,060</u>	<u>\$ 5,463</u>
Other information concerning operating leases:				
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,667	\$ 1,709	\$ 5,168	\$ 5,121
Cash paid for variable rent payments not included in measurement of operating lease liabilities	151	151	453	453
Short-term lease payments not included in the measurement of lease liabilities	—	—	—	—

The following table presents the weighted average remaining term and weighted average discount rate for the Company's non-short-term operating leases as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Weighted average remaining term in years	7.78	8.44
Weighted average discount rate	2.28 %	2.10 %

The following table presents a maturity schedule of the Company's operating lease liabilities based on undiscounted cash flows, and a reconciliation of those undiscounted cash flows to the operating lease liabilities recognized on the Company's balance sheet as of September 30, 2023:

Year (in thousands)	Related Party	Third-Party	Total
2023	\$ 961	\$ 720	\$ 1,681
2024	3,726	2,826	6,552
2025	3,569	2,244	5,813
2026	3,640	1,925	5,565
2027	3,680	1,603	5,283
Thereafter	11,750	4,698	16,448
Total undiscounted cash flows	\$ 27,326	\$ 14,016	\$ 41,342
Discount applied to cash flows	(2,884)	(1,732)	(4,616)
Total discounted cash flows reported as operating lease liabilities	<u>\$ 24,442</u>	<u>\$ 12,284</u>	<u>\$ 36,726</u>

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9. FEDERAL HOME LOAN BANK ADVANCES

FHLB advances were as follows:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Overnight advances	\$ 195,000	\$ 75,000	\$ —	\$ 110,000
Fixed interest rate advances	270,000	20,000	270,000	270,000
Total FHLB advances	\$ 465,000	\$ 95,000	\$ 270,000	\$ 380,000

Each FHLB advance is payable at its maturity date, with a prepayment penalty for fixed rate advances that are paid off earlier than maturity. FHLB advances are collateralized by a blanket pledge of eligible real estate loans. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, Republic had available borrowing capacity of **\$639 million** **\$1.0 billion** and **\$900 million** **\$730 million**, respectively, from the FHLB. In addition to its borrowing capacity with the FHLB, Republic also had unsecured lines of credit totaling **\$125 million** **\$100 million** available through various other financial institutions as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Aggregate future principal payments on FHLB advances based on contractual maturity and the weighted average cost of such advances are detailed below:

Year (dollars in thousands)	Principal	Weighted Average Rate	Principal	Weighted Average Rate
2023	\$ 195,000	5.37 %		
2024	—	—	\$ —	— %
2025	—	—	—	—
2026	30,000	4.82	30,000	4.82
2027	80,000	4.01	80,000	4.01
2028	160,000	4.39	160,000	4.39
Total	\$ 465,000	4.76 %	\$270,000	4.33 %

Due to their nature, the Bank considers average balance information more meaningful than period-end balances for its overnight borrowings from the FHLB. Information regarding overnight FHLB advances follows:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Average outstanding balance during the period	\$ 250,348	\$ —	\$ 150,833	\$ 5,641	\$266,209	\$225,344
Weighted average interest rate during the period	5.20 %	— %	7.75 %	0.15 %	5.44 %	4.43 %
Maximum outstanding at any month end during the period	\$ 365,000	\$ —	\$ 485,000	\$ 25,000	\$760,000	\$485,000

The following table illustrates real estate loans pledged to collateralize advances and letters of credit with the FHLB:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
First lien, single family residential real estate	\$ 1,336,038	\$ 1,106,287		
First-lien, single family residential real estate			\$1,250,774	\$1,345,752
Home equity lines of credit	249,819	219,644	268,442	266,389
Multi-family commercial real estate	141,133	—	133,908	133,565
Commercial real estate			377,934	—

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10.9. OFF BALANCE SHEET RISKS, COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to Extend Credit

The Company, in the normal course of business, is party to financial instruments with off balance sheet risk. These financial instruments primarily include commitments to extend credit and standby letters of credit. The contract or notional amounts of these instruments reflect the potential future obligations of the Company pursuant to those financial instruments. Creditworthiness for all instruments is evaluated on a case-by-case basis in accordance with the Company's credit policies. Collateral from the client may be required based on the Company's credit evaluation of the client and may include business assets of commercial clients, as well as personal property and real estate of individual clients or guarantors.

The Company also extends binding commitments to clients and prospective clients. Such commitments assure a borrower of financing for a specified period of time at a specified rate. The risk to the Company under such loan commitments is limited by the terms of the contracts. For example, the Company may not be obligated to advance funds if the client's financial condition deteriorates or if the client fails to meet specific covenants.

An approved but unfunded loan commitment represents a potential credit risk and a liquidity risk, since the Company's client(s) may demand immediate cash that would require funding. In addition, unfunded loan commitments represent interest rate risk as market interest rates may rise above the rate committed to the Company's client. Since a portion of these loan commitments normally expire unused, the total amount of outstanding commitments at any point in time may not require future funding.

The following table presents the Company's commitments, exclusive of Mortgage Banking mortgage banking loan commitments, for each period ended:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Unused warehouse lines of credit	\$ 557,467	\$ 733,940	\$ 469,751	\$ 623,277
Unused home equity lines of credit	439,107	410,057	460,311	446,006
Unused loan commitments - other	1,202,822	951,021	1,146,352	1,159,284
Standby letters of credit	11,921	9,735	11,091	11,012
FHLB letter of credit	—	643	—	—
Total commitments	\$ 2,211,317	\$ 2,105,396	\$ 2,087,505	\$ 2,239,579

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a client to a third-party. The terms and risk of loss involved in issuing standby letters of credit are similar to those involved in issuing loan commitments and extending credit. In addition to credit risk, the Company also has liquidity risk associated with standby letters of credit because funding for these obligations could be required immediately. The Company does not deem this risk to be material.

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The following tables present a roll-forward of the ACLC for the three and nine months ended September 30, 2023, March 31, 2024 and 2022, 2023:

ACLC Roll-forward											
Three Months Ended											
(in thousands)	2023					2022					Ending Balance
	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	
Loan Commitments											
Unused warehouse lines of credit	\$ 145	\$ (43)	\$ —	\$ —	\$ 102	\$ 162	\$ 28	\$ —	\$ —	\$ 190	
Unused home equity lines of credit	353	(315)	—	—	38	277	20	—	—	297	
Unused construction lines of credit	633	225	—	—	858	—	—	—	—	—	
Unused loan commitments - other	399	(57)	—	—	342	661	32	—	—	693	
Total	\$ 1,530	\$ (190)	\$ —	\$ —	\$ 1,340	\$ 1,100	\$ 80	\$ —	\$ —	\$ 1,180	

ACLC Roll-forward											
Nine Months Ended September 30,											
(in thousands)	2023					2022					Ending Balance
	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	
Loan Commitments											
Unused warehouse lines of credit	\$ 190	\$ (88)	\$ —	\$ —	\$ 102	\$ 154	\$ 36	\$ —	\$ —	\$ 190	
Unused home equity lines of credit	332	(294)	—	—	38	247	50	—	—	297	
Unused construction lines of credit	384	474	—	—	858	—	—	—	—	—	
Unused loan commitments - other	344	(2)	—	—	342	651	42	—	—	693	
Total	\$ 1,250	\$ 90	\$ —	\$ —	\$ 1,340	\$ 1,052	\$ 128	\$ —	\$ —	\$ 1,180	

ACLC Roll-forward											
Three Months Ended March 31,											
(in thousands)	2024					2023					Ending Balance
	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	Beginning Balance	Charge-offs	Provision	Recoveries	Ending Balance	
Loan Commitments											
Unused warehouse lines of credit	\$ 116	\$ (8)	\$ —	\$ —	\$ 108	\$ 190	\$ 8	\$ —	\$ —	\$ 198	
Unused home equity lines of credit	55	31	—	—	86	332	9	—	—	341	
Unused construction lines of credit	820	(179)	—	—	641	384	163	—	—	547	
Unused loan commitments - other	349	46	—	—	395	344	30	—	—	374	
Total	\$ 1,340	\$ (110)	\$ —	\$ —	\$ 1,230	\$ 1,250	\$ 210	\$ —	\$ —	\$ 1,460	

The Company **increased** **decreased** its ACLC during the three **and nine** months ended **September 30, 2023** **March 31, 2024** based **primarily** on a **change** **decrease** in the **loan mix to loans with higher reserve rates**.

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11 **10**. FAIR VALUE

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Bank used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Available-for-sale debt securities: Except for the Bank's U.S. Treasury securities, its private label mortgage-backed security, and its TRUP investment, the fair value of AFS debt securities is typically determined by matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The Bank's U.S. Treasury securities are based on quoted market prices (Level 1 inputs) and considered highly liquid.

The Bank's private label mortgage-backed security remains illiquid, and as such, the Bank classifies this security as a Level 3 security in accordance with ASC Topic 820, *Fair Value Measurement*. Based on this determination, the Bank utilized an income valuation model (present value model) approach in determining the fair value of this security.

See in this section of the filing under Footnote 3 "Investment Securities" for additional discussion regarding the Bank's private label mortgage-backed security.

For **The Company** **acquired** its TRUP investment **the Company** **in 2015** **and** considered the most recent bid price for the same instrument to approximate market value as of **September 30, 2023** **March 31, 2024**. The Company's TRUP investment is considered highly illiquid and also valued using Level 3 inputs, as the most recent bid price for this instrument is not always considered generally observable.

Equity securities with readily determinable fair value: Quoted market prices in an active market are available for the Bank's **Community Reinvestment Act** **CRA** mutual fund investment and fall within Level 1 of the fair value hierarchy.

The fair value of the Company's Freddie Mac preferred stock is determined by matrix pricing, as described above (Level 2 inputs).

Mortgage loans held for sale, at fair value: The fair value of mortgage loans held for sale is determined using quoted secondary market prices. Mortgage loans held for sale are classified as Level 2 in the fair value hierarchy.

Consumer loans held for sale, at fair value: In December 2019, the Bank began offering RCS installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. Balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intent to sell within sixteen days following the Bank's origination of the loans. Loans originated under this RCS installment loan program are carried at The fair value under a fair-value option, with the portfolio marked to market monthly. Fair value for these loans is based on contractual sales terms, Level 3 inputs.

Consumer loans held for investment, at fair value: The Bank held an immaterial amount of consumer loans at fair value through a consumer loan program the Company is currently unwinding. The fair value of these loans was based on the discounted cash flows of the underlying loans, Level 3 inputs. Further disclosure of these loans is considered immaterial and thus omitted.

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Mortgage Banking banking derivatives: Mortgage Banking banking derivatives used in the ordinary course of business primarily consist of mandatory forward sales contracts ("forward contracts") and interest rate lock loan commitments. The fair value of the Bank's derivative instruments is primarily measured by obtaining pricing from broker-dealers recognized to be market participants. The pricing is derived from market observable inputs that can generally be verified and do not typically involve significant judgment by the Bank. Forward contracts and rate lock loan commitments are classified as Level 2 in the fair value hierarchy.

Interest rate swap agreements: Interest rate swaps are recorded at fair value on a recurring basis. The Company values its interest rate swaps using a third-party valuation service and classifies such valuations as Level 2. Valuations of these interest rate swaps are also received from the relevant dealer counterparty and validated against the Company's calculations. The Company has considered counterparty credit risk in the valuation of its interest rate swap assets and has considered its own credit risk in the valuation of its interest rate swap liabilities.

Collateral-dependent loans: Collateral-dependent loans generally reflect partial charge-downs to their respective fair value, which is commonly based on recent real estate appraisals or BPOs. These appraisals or BPOs may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the process by the independent experts to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Collateral-dependent loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Other Real Estate Owned: real estate owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals or BPOs. These appraisals or BPOs may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Adjustments are routinely made in the process by the independent experts to adjust for differences between the comparable sales and income data available. Such adjustments are usually may be significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for collateral-dependent loans, impaired premises and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Bank. Once the appraisal is received, a member of the Bank's CCAD reviews the assumptions and approaches utilized in the appraisal, as well as the overall resulting fair value in comparison with independent data sources, such as recent market data or industry-wide statistics. On at least an annual basis, the Bank performs a back test of collateral appraisals by comparing actual selling prices on recent collateral sales to the most recent appraisal of such collateral. Back tests are performed for each collateral class, e.g., residential real estate or commercial real estate, and may lead to additional adjustments to the value of unliquidated collateral of similar class.

Mortgage servicing rights: At least quarterly, MSRs are evaluated for impairment based upon the fair value of the MSRs as compared to carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded, and the respective individual tranche is carried at fair value. If the carrying amount of an individual tranche does not exceed fair value, impairment is reversed if previously recognized and the carrying value of the individual tranche is based on the amortization method. The valuation model utilizes assumptions that market participants would use in estimating future net servicing income and can generally be validated against available market data (Level 2).

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Assets and liabilities measured at fair value on a **recurring basis**, including financial assets and liabilities for which the Bank has elected the fair value option, are summarized below. Information as of **September 30, 2023** **March 31, 2024** is presented net of any applicable ACL.

	Fair Value Measurements at September 30, 2023 Using:				Fair Value Measurements at March 31, 2024 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
(in thousands)								
Financial assets:								
Available-for-sale debt securities:								
U.S. Treasury securities and U.S. Government agencies	\$ 175,623	\$ 239,989	\$ —	\$ 415,612	\$ 148,755	\$ 264,370	\$ —	\$ 413,125
Private label mortgage-backed security	—	—	1,885	1,885	—	—	1,772	1,772
Mortgage-backed securities - residential	—	155,549	—	155,549	—	145,822	—	145,822
Collateralized mortgage obligations	—	22,163	—	22,163	—	21,040	—	21,040
Corporate bonds	—	2,016	—	2,016	—	2,019	—	2,019
Trust preferred security	—	—	3,995	3,995	—	—	4,027	4,027
Total available-for-sale debt securities	\$ 175,623	\$ 419,717	\$ 5,880	\$ 601,220	\$ 148,755	\$ 433,251	\$ 5,799	\$ 587,805
Equity securities with readily determinable fair value:								
Freddie Mac preferred stock	\$ —	\$ 137	\$ —	\$ 137	\$ —	\$ 235	\$ —	\$ 235
Total equity securities with readily determinable fair value	\$ —	\$ 137	\$ —	\$ 137	\$ —	\$ 235	\$ —	\$ 235
Mortgage loans held for sale	\$ —	\$ 2,711	\$ —	\$ 2,711	\$ —	\$ 80,884	\$ —	\$ 80,884
Consumer loans held for sale	—	—	8,443	8,443	—	—	6,093	6,093
Rate lock loan commitments	—	95	—	95	—	466	—	466
Rate lock commitments	—	8,935	—	8,935	—	7,870	—	7,870
Interest rate swap agreements	—	77	—	77	—	77	—	77
Financial liabilities:								
Mandatory forward contracts	\$ —	\$ 77	\$ —	\$ 77	\$ —	\$ 77	\$ —	\$ 77
Interest rate swap agreements	—	8,935	—	8,935	—	7,870	—	7,870

(in thousands)	Fair Value Measurements at December 31, 2022 Using:				Fair Value Measurements at December 31, 2023 Using:			
	Quoted Prices in		Significant		Quoted Prices in		Significant	
	Active Markets	Other	Significant		Active Markets	Other	Significant	
	for Identical	Observable	Unobservable	Total	for Identical	Observable	Unobservable	Total
	Assets	Inputs	Inputs	Fair	Assets	Inputs	Inputs	Fair
(Level 1)	(Level 2)	(Level 3)	Value	(Level 1)	(Level 2)	(Level 3)	Value	
Financial assets:								
Available-for-sale debt securities:								
U.S. Treasury securities and U.S. Government agencies	\$ 193,385	\$ 217,756	\$ —	\$ 411,141	\$ 177,784	\$ 229,249	\$ —	\$407,033
Private label mortgage-backed security	—	—	2,127	2,127	—	—	1,773	1,773
Mortgage-backed securities - residential	—	171,873	—	171,873	—	154,710	—	154,710
Collateralized mortgage obligations	—	21,368	—	21,368	—	21,659	—	21,659
Corporate bonds	—	10,001	—	10,001	—	2,020	—	2,020
Trust preferred security	—	—	3,855	3,855	—	—	4,118	4,118
Total available-for-sale debt securities	\$ 193,385	\$ 420,998	\$ 5,982	\$ 620,365	\$ 177,784	\$ 407,638	\$ 5,891	\$591,313
Equity securities with readily determinable fair value:								
Freddie Mac preferred stock	\$ —	\$ 111	\$ —	\$ 111	\$ —	\$ 174	\$ —	\$ 174
Total equity securities with readily determinable fair value	\$ —	\$ 111	\$ —	\$ 111	\$ —	\$ 174	\$ —	\$ 174
Mortgage loans held for sale	\$ —	\$ 1,302	\$ —	\$ 1,302	\$ —	\$ 3,227	\$ —	\$ 3,227
Consumer loans held for sale	—	—	4,706	4,706	—	—	7,914	7,914
Consumer loans held for investment	—	—	2	2				
Rate lock loan commitments	—	2	—	2				
Rate lock commitments					—	243	—	243
Interest rate swap agreements	—	8,128	—	8,128	—	8,933	—	8,933
Financial liabilities:								
Mandatory forward contracts	\$ —	\$ 67	\$ —	\$ 67	\$ —	\$ 61	\$ —	\$ 61
Interest rate swap agreements	—	8,128	—	8,128	—	8,933	—	8,933

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All transfers between levels are generally recognized at the end of each quarter. There were no transfers into or out of Level 1, 2, or 3 assets during the three months ended March 31, 2024 and nine months ended September 30, 2023 and 2022. 2023.

Private Label Mortgage-Backed Security

The following table presents a reconciliation of the Bank's private label mortgage-backed security measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 1,988	\$ 2,478	\$ 2,127	\$ 2,731	\$ 1,773	\$ 2,127
Total gains or losses included in earnings:						
Net change in unrealized gain	(6)	1	26	10		
Net change in unrealized gain (loss)					57	5
Principal paydowns	(97)	(195)	(268)	(457)	(58)	(122)
Balance, end of period	\$ 1,885	\$ 2,284	\$ 1,885	\$ 2,284	\$ 1,772	\$ 2,010

The fair value of the Bank's single private label mortgage-backed security is supported by analysis prepared by an independent third party. The third party's approach to determining fair value involved several steps: 1) detailed collateral analysis of the underlying mortgages, including consideration of geographic location, original loan-to-value and the weighted average FICO score of the borrowers; 2) collateral performance projections for each pool of mortgages underlying the security (probability of default, severity of default, and prepayment probabilities) and 3) discounted cash flow modeling.

The significant unobservable inputs in the fair value measurement of the Bank's single private label mortgage-backed security are prepayment rates, probability of default and loss severity in the event of default. Significant fluctuations in any of those inputs in isolation would result in a significantly different fair value measurement.

Quantitative information about recurring Level 3 fair value measurement inputs for the Bank's single private label mortgage-backed security follows:

September 30, 2023 (dollars in thousands)	Fair Valuation				March 31, 2024 (dollars in thousands)	Fair Valuation			
	Value	Technique	Unobservable Inputs	Range		Value	Technique	Unobservable Inputs	Range
Private label mortgage-backed security	\$1,885	Discounted cash flow	(1) Constant prepayment rate	2.8% - 4.5%		\$1,772	Discounted cash flow	(1) Constant prepayment rate	3.9% - 4.6%
			(2) Probability of default	1.8% - 9.3%				(2) Probability of default	1.8% - 9.4%
			(3) Loss severity	12% - 35%				(3) Loss severity	22% - 35%

December 31, 2022 (dollars in thousands)	Fair Valuation			
	Value	Technique	Unobservable Inputs	Range
Private label mortgage-backed security	\$ 2,127	Discounted cash flow	(1) Constant prepayment rate	4.5% - 4.7%
			(2) Probability of default	1.8% - 9.3%
			(3) Loss severity	25% - 35%

Fair Valuation	
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December 31, 2023 (dollars in thousands)	Value	Technique	Unobservable Inputs	Range
Private label mortgage-backed security	\$ 1,773	Discounted cash flow	(1) Constant prepayment rate	3.9% - 4.5%
			(2) Probability of default	1.8% - 9.4%
			(3) Loss severity	25% - 35%

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Trust Preferred Security

The following table presents a reconciliation of the Company's TRUP measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 3,746	\$ 3,824	\$ 3,855	\$ 3,847	\$ 4,118	\$ 3,855
Total gains or losses included in earnings:						
Discount accretion	15	14	44	42	15	14
Net change in unrealized gain	234	72	96	21		
Net change in unrealized gain (loss)					(106)	132
Balance, end of period	\$ 3,995	\$ 3,910	\$ 3,995	\$ 3,910	\$ 4,027	\$ 4,001

The fair value of the Company's TRUP investment is based on the most recent bid price for this instrument, as provided by a third-party broker.

Mortgage Loans Held for Sale

The Bank has elected the fair value option for mortgage loans held for sale. These loans are intended for sale and the Bank believes that the fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loans and in accordance with Bank policy for such instruments. None of these loans were past due 90-days-or-more or on nonaccrual as of **September 30, 2023**, **March 31, 2024** and **December 31, 2023**.

The aggregate fair value, contractual balance, and unrealized gain were as follows:

(in thousands)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
Aggregate fair value	\$	2,711	\$	1,302	\$ 80,884	\$ 3,227
Contractual balance		2,671		1,265	80,681	3,168
Unrealized gain		40		37	203	59

The total amount of gains and losses from changes in fair value included in earnings for the three **and nine** months ended **September 30, 2023**, **March 31, 2024** and **2022**, **2023** for mortgage loans held for sale are presented in the following table:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Interest income	\$ 84	\$ 112	\$ 206	\$ 469	\$ 86	\$ 61
Change in fair value	(36)	(141)	3	(738)	145	(8)
Total included in earnings	\$ 48	\$ (29)	\$ 209	\$ (269)	\$ 231	\$ 53

Consumer Loans Held for Sale

RCS carries loans originated through its installment loan program at fair value. Interest income is recorded based on the contractual terms of the loan and in accordance with Bank policy for such instruments. None of these loans were past due 90-days-or-more or on nonaccrual as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

The significant unobservable inputs in the fair value measurement of the Bank's short-term installment loans are the net contractual premiums and level of loans sold at a discount price. Significant fluctuations in any of those inputs in isolation would result in a significantly lower/higher fair value measurement.

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The following table presents quantitative information about recurring Level 3 fair value measurement inputs for installment loans:

March 31, 2024 (dollars in thousands)	Fair	Valuation	Unobservable Inputs	Rate
	Value	Technique		
Consumer loans held for sale	\$ 6,093	Contract Terms	(1) Net Premium	0.15%
			(2) Discounted Sales	10.00%

December 31, 2023 (dollars in thousands)	Fair	Valuation	Unobservable Inputs	Rate
	Value	Technique		
Consumer loans held for sale	\$ 7,914	Contract Terms	(1) Net Premium	0.15%
			(2) Discounted Sales	10.00%

The aggregate fair value, contractual balance, and unrealized gain on consumer loans held for sale, at fair value, were as follows:

(in thousands)	March 31, 2024		December 31, 2023	
Aggregate fair value	\$	6,093	\$	7,914
Contractual balance		6,129		7,964
Unrealized loss		(36)		(50)

The total amount of net gains from changes in fair value included in earnings for consumer loans held for sale, at fair value, are presented in the following table:

(in thousands)	Three Months Ended	
	March 31,	
	2024	2023
Interest income	\$ 1,173	\$ 765
Change in fair value	14	3
Total included in earnings	\$ 1,187	\$ 768

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The following table presents quantitative information about recurring Level 3 fair value measurement inputs for installment loans:

September 30, 2023 (dollars in thousands)	Fair	Valuation	Unobservable Inputs	Rate
	Value	Technique		
Consumer loans held for sale	\$ 8,443	Contract Terms	(1) Net Premium	0.15%
			(2) Discounted Sales	10.00%

December 31, 2022 (dollars in thousands)	Fair	Valuation	Unobservable Inputs	Rate
	Value	Technique		
Consumer loans held for sale	\$ 4,706	Contract Terms	(1) Net Premium	0.15%
			(2) Discounted Sales	10.00%

The aggregate fair value, contractual balance, and unrealized gain on consumer loans held for sale, at fair value, were as follows:

(in thousands)	September 30, 2023	December 31, 2022
Aggregate fair value	\$ 8,443	\$ 4,706
Contractual balance	8,494	4,734
Unrealized loss	(51)	(28)

The total amount of net gains from changes in fair value included in earnings for consumer loans held for sale, at fair value, are presented in the following table:

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest income	\$ 1,077	\$ 3,009	\$ 2,790	\$ 8,889
Change in fair value	(16)	32	(23)	(186)
Total included in earnings	\$ 1,061	\$ 3,041	\$ 2,767	\$ 8,703

Assets measured at fair value on a **non-recurring basis** are summarized below:

	Fair Value Measurements at September 30, 2023 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
(in thousands)				
Collateral-dependent loans:				
Residential real estate:				
Owner occupied	\$ —	\$ —	\$ 973	\$ 973
Commercial real estate	—	—	818	818
Total collateral-dependent loans*	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,791</u>	<u>\$ 1,791</u>
Other real estate owned:				
Commercial real estate	\$ —	\$ —	\$ 1,423	\$ 1,423
Total other real estate owned	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,423</u>	<u>\$ 1,423</u>

* The difference between the carrying value and the fair value of collateral-dependent loans measured at fair value is reconciled in a subsequent table of this Footnote.

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	Fair Value Measurements at December 31, 2022 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
(in thousands)				
Collateral-dependent loans:				
Residential real estate:				
Owner occupied	\$ —	\$ —	\$ 1,456	\$ 1,456
Commercial real estate	—	—	906	906
Total collateral-dependent loans*	\$ —	\$ —	\$ 2,362	\$ 2,362
Other real estate owned:				
Residential real estate	\$ —	\$ —	\$ 1,581	\$ 1,581
Total other real estate owned	\$ —	\$ —	\$ 1,581	\$ 1,581

*

The difference between the carrying value and the fair value of collateral-

Assets measured at fair value on a non-recurring basis are summarized below: dependent loans measured at fair value is reconciled in a subsequent table of this Footnote.

Fair Value Measurements at				
March 31, 2024 Using:				
(in thousands)	Quoted Prices in	Significant		Total
	Active Markets	Other	Significant	
	for Identical	Observable	Unobservable	
	Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Other real estate owned:				
Commercial real estate	\$ —	\$ —	\$ 1,486	\$ 1,486
Total other real estate owned	\$ —	\$ —	\$ 1,486	\$ 1,486

Fair Value Measurements at				
December 31, 2023 Using:				
(in thousands)	Quoted Prices in	Significant		Total
	Active Markets	Other	Significant	
	for Identical	Observable	Unobservable	
	Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Collateral-dependent loans:				
Residential real estate:				
Owner-occupied	\$ —	\$ —	\$ 1,580	\$ 1,580
Commercial real estate	—	—	795	795
Home equity	—	—	104	104
Total collateral-dependent loans*	\$ —	\$ —	\$ 2,479	\$ 2,479
Other real estate owned:				
Residential real estate	\$ —	\$ —	\$ 1,370	\$ 1,370
Total other real estate owned	\$ —	\$ —	\$ 1,370	\$ 1,370

The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis:

September 30, 2023 (dollars in thousands)	Fair	Valuation	Unobservable	Range	Fair	Valuation	Unobservable	Range
	Value	Technique	Inputs	(Weighted	Average)	Average)	Average)	Average)
Collateral-dependent loans - residential real estate owner occupied	\$ 973	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 27% (5%)				

Collateral-dependent commercial real estate	loans	-	\$	818	Sales comparison approach	Adjustments determined for differences between comparable sales	11% (11%)				
March 31, 2024 (dollars in thousands)											
								Value	Technique	Inputs	Average)
Other real estate owned - commercial real estate			\$	1,423	Sales comparison approach	Adjustments determined for differences between comparable sales	39% (39%)	\$ 1,486	Sales comparison approach	Adjustments determined for differences between comparable sales	39% (39%)

				Fair	Valuation	Unobservable	Range (Weighted				
December 31, 2022 (dollars in thousands)				Value	Technique	Inputs	Average)	Fair	Valuation	Unobservable	Range (Weighted
December 31, 2023 (dollars in thousands)								Value	Technique	Inputs	Average)
Collateral-dependent residential real estate owner occupied	loans	-	\$	1,456	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 41% (11%)				
Collateral-dependent residential real estate owner-occupied	loans	-						\$ 1,580	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 27% (4%)
Collateral-dependent commercial real estate	loans	-	\$	906	Sales comparison approach	Adjustments determined for differences between comparable sales	16% (16%)	\$ 795	Sales comparison approach	Adjustments determined for differences between comparable sales	11% (11%)
Collateral-dependent loans - home equity								\$ 104	Sales comparison approach	Adjustments determined for differences between comparable sales	5% (5%)
Other real estate owned - commercial real estate			\$	1,581	Sales comparison approach	Adjustments determined for differences between comparable sales	39% (39%)	\$ 1,370	Sales comparison approach	Adjustments determined for differences between comparable sales	39% (39%)

Collateral-Dependent Loans

Collateral-dependent loans are generally measured for loss using the fair value for reasonable disposition of the underlying collateral. The Bank's practice is to obtain new or updated appraisals or BPOs on the loans subject to the initial review and then to evaluate the need for an update to this value on an **as necessary as-necessary** or possibly annual basis thereafter (depending on the market conditions impacting the value of the collateral). The Bank may discount the valuation amount as necessary for selling costs and past due real estate taxes. If a new or updated appraisal or BPO is not available at the time of a loan's loss review, the Bank may apply a discount to the existing value of an old valuation to reflect the property's current estimated value if it is believed to have deteriorated in either: (i) the physical or economic aspects of the subject property or (ii) material changes in market conditions. The review generally results in a partial charge-off of the loan if fair value, less selling costs, are below the loan's carrying value. Collateral-dependent loans are valued within Level 3 of the fair value hierarchy.

The Provision on collateral-dependent Collateral-dependent loans are as follows:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Provision on collateral-dependent loans	\$ —	\$ (7)	\$ (20)	\$ (11)	\$ (7)	\$ (19)

Other Real Estate Owned

Details of other real estate owned carrying value and write downs follows:

(in thousands)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
Other real estate owned carried at fair value	\$ 1,423	\$ 1,581	\$ 1,486	\$ 1,370		
Total carrying value of other real estate owned	\$ 1,423	\$ 1,581	\$ 1,486	\$ 1,370		
Other real estate owned write-downs during the years ended	\$ 158	\$ 211				

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Other real estate owned write-downs during the period	\$ 53	\$ 53	\$ 158	\$ 158	\$ 53	\$ 52

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The carrying amounts and estimated exit price fair values of all financial instruments follow:

Fair Value Measurements at						
September 30, 2023:						
(in thousands)	Carrying Value	Level 1	Level 2	Level 3	Total	
					Fair Value	
Assets:						
Cash and cash equivalents	\$ 219,653	\$ 219,653	\$ —	\$ —	\$	219,653
Available-for-sale debt securities	601,220	175,623	419,717	5,880		601,220
Held-to-maturity debt securities	101,650	—	101,202	—		101,202
Equity securities with readily determinable fair values	137	—	137	—		137
Mortgage loans held for sale, at fair value	2,711	—	2,711	—		2,711
Consumer loans held for sale, at fair value	8,443	—	—	8,443		8,443
Consumer loans held for sale, at the lower of cost or fair value	13,529	—	—	13,529		13,529
Loans, net	5,006,523	—	—	4,692,640		4,692,640
Federal Home Loan Bank stock	31,420	—	—	—		NA
Accrued interest receivable	18,938	—	4,588	14,350		18,938
Mortgage servicing rights	7,710	—	17,300	—		17,300
Rate lock loan commitments	95	—	95	—		95
Interest rate swap agreements	8,935	—	8,935	—		8,935
Liabilities:						
Noninterest-bearing deposits	\$ 1,702,979	\$ —	\$ 1,702,979	\$ —	\$	1,702,979
Transaction deposits	2,660,149	—	2,660,149	—		2,660,149
Time deposits	430,454	—	426,808	—		426,808
Securities sold under agreements to repurchase and other short-term borrowings	82,376	—	82,376	—		82,376
Federal Home Loan Bank advances	465,000	—	458,487	—		458,487
Accrued interest payable	2,017	—	2,017	—		2,017
Rate lock loan commitments	95	—	95	—		95
Mandatory forward contracts	77	—	77	—		77
Interest rate swap agreements	8,935	—	8,935	—		8,935

Fair Value Measurements at						
March 31, 2024:						
(in thousands)	Carrying					Total
	Value	Level 1	Level 2	Level 3	Fair Value	
Assets:						
Cash and cash equivalents	\$ 546,363	\$ 546,363	\$ —	\$ —	\$ 546,363	
Available-for-sale debt securities	587,805	148,755	433,251	5,799	587,805	
Held-to-maturity debt securities	76,254	—	76,119	—	76,119	
Equity securities with readily determinable fair values	235	—	235	—	235	
Mortgage loans held for sale, at fair value	80,884	—	80,884	—	80,884	
Consumer loans held for sale, at fair value	6,093	—	—	6,093	6,093	
Consumer loans held for sale, at the lower of cost or fair value	13,083	—	—	13,083	13,083	
Loans, net	5,115,590	—	—	4,843,728	4,843,728	
Federal Home Loan Bank stock	43,729	—	—	—	NA	
Accrued interest receivable	20,325	—	4,111	16,214	20,325	
Mortgage servicing rights	7,102	—	16,054	—	16,054	

Rate lock commitments	466	—	466	—	466
Interest rate swap agreements	7,870	—	7,870	—	7,870
Liabilities:					
Noninterest-bearing deposits	\$ 1,359,516	\$ —	\$ 1,359,516	\$ —	\$ 1,359,516
Transaction deposits	3,583,714	—	3,583,714	—	3,583,714
Time deposits	477,419	—	473,818	—	473,818
Securities sold under agreements to repurchase and other short-term borrowings	86,171	—	86,171	—	86,171
Federal Home Loan Bank advances	270,000	—	270,565	—	270,565
Accrued interest payable	6,905	—	6,905	—	6,905
Rate lock commitments	466	—	466	—	466
Mandatory forward contracts	(77)	—	(77)	—	(77)
Interest rate swap agreements	7,870	—	7,870	—	7,870

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Fair Value Measurements at						
December 31, 2022:						
(in thousands)	Carrying Value	Level 1	Level 2	Level 3	Total	
					Fair Value	
Assets:						
Cash and cash equivalents	\$ 313,689	\$ 313,689	\$ —	\$ —	\$	313,689
Available-for-sale debt securities	620,365	193,385	420,998	5,982		620,365
Held-to-maturity debt securities	87,386	—	87,357	—		87,357
Equity securities with readily determinable fair values	111	—	111	—		111
Mortgage loans held for sale, at fair value	1,302	—	1,302	—		1,302
Consumer loans held for sale, at fair value	4,706	—	—	4,706		4,706
Consumer loans held for sale, at the lower of cost or fair value	13,169	—	—	13,169		13,169
Loans, net	4,445,389	—	—	4,276,423		4,276,423
Federal Home Loan Bank stock	9,146	—	—	—		NA
Accrued interest receivable	13,572	—	2,462	11,110		13,572
Mortgage servicing rights	8,769	—	17,592	—		17,592
Rate lock loan commitments	2	—	2	—		2
Interest rate swap agreements	8,128	—	8,128	—		8,128
Liabilities:						
Noninterest-bearing deposits	\$ 1,908,768	\$ —	\$ 1,908,768	\$ —	\$	1,908,768
Transaction deposits	2,398,853	—	2,398,853	—		2,398,853
Time deposits	230,224	—	223,912	—		223,912

Securities sold under agreements to repurchase and other short-term borrowings	216,956	—	216,956	—	216,956
Federal Home Loan Bank advances	95,000	—	93,044	—	93,044
Accrued interest payable	239	—	239	—	239
Mandatory forward contracts	67	—	67	—	67
Interest rate swap agreements	8,128	—	8,128	—	8,128

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(in thousands)	Fair Value Measurements at				
	December 31, 2023:				
					Total
	Carrying				Fair
	Value	Level 1	Level 2	Level 3	Value
Assets:					
Cash and cash equivalents	\$ 316,567	\$ 316,567	\$ —	\$ —	\$ 316,567
Available-for-sale debt securities	—	—	—	—	—
Held-to-maturity debt securities	76,387	—	76,167	—	76,167
Equity securities with readily determinable fair values	174	—	—	—	—
Mortgage loans held for sale, at fair value	3,227	—	3,227	—	3,227
Consumer loans held for sale, at fair value	7,914	—	—	7,914	7,914
Consumer loans held for sale, at the lower of cost or fair value	16,094	—	—	16,094	16,094
Loans, net	5,157,731	—	—	4,874,974	4,874,974
Federal Home Loan Bank stock	23,770	—	—	—	NA
Accrued interest receivable	18,447	—	4,097	14,350	18,447
Mortgage servicing rights	7,411	—	16,054	—	16,054
Rate lock commitments	243	—	243	—	243
Interest rate swap agreements	8,933	—	8,933	—	8,933
Liabilities:					
Noninterest-bearing deposits	\$ 1,676,998	\$ —	\$ 1,676,998	\$ —	\$ 1,676,998
Transaction deposits	2,924,114	—	2,924,114	—	2,924,114
Time deposits	452,051	—	446,218	—	446,218
Securities sold under agreements to repurchase and other short-term borrowings	—	—	—	—	—
Federal Home Loan Bank advances	380,000	—	382,062	—	382,062
Accrued interest payable	4,073	—	4,073	—	4,073
Rate lock commitments	243	—	243	—	243
Mandatory forward contracts	61	—	61	—	61
Interest rate swap agreements	8,933	—	8,933	—	8,933

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12.11. MORTGAGE BANKING ACTIVITIES

Mortgage Banking activities primarily include residential mortgage originations and servicing.

Activity for mortgage loans held for sale, at fair value, was as follows:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 4,038	\$ 8,491	\$ 1,302	\$ 29,393	\$ 3,227	\$ 1,302
Origination of mortgage loans held for sale	23,860	32,856	53,750	195,006	27,046	15,942
Transferred from held for investment to held for sale					69,464	—
Proceeds from the sale of mortgage loans held for sale	(25,681)	(39,220)	(53,794)	(226,191)	(18,773)	(16,630)
Net gain on sale of mortgage loans held for sale	494	785	1,453	4,704		
Net gain (loss) on mortgage loans held for sale					(80)	420
Balance, end of period	\$ 2,711	\$ 2,912	\$ 2,711	\$ 2,912	\$ 80,884	\$ 1,034

The following table presents the components of Mortgage Banking income:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Net gain realized on sale of mortgage loans held for sale	\$ 608	\$ 1,041	\$ 1,213	\$ 6,448	\$ 565	\$ 248
Net loss realized on fair value adjustment for correspondent loans reclassified to held for sale					(997)	—
Net change in fair value recognized on loans held for sale	(36)	(141)	3	(738)	145	(8)
Net change in fair value recognized on rate lock loan commitments	(94)	(395)	93	(1,579)	223	94
Net change in fair value recognized on forward contracts	16	280	144	573	(16)	86
Net gain recognized	494	785	1,453	4,704		
Net gain (loss) recognized					(80)	420
Loan servicing income	824	894	2,546	2,643	816	870
Amortization of mortgage servicing rights	(466)	(525)	(1,440)	(1,773)	(426)	(490)
Change in mortgage servicing rights valuation allowance	—	—	—	—	—	—
Net servicing income recognized	358	369	1,106	870	390	380
Total Mortgage Banking income	\$ 852	\$ 1,154	\$ 2,559	\$ 5,574		
Total mortgage banking income					\$ 310	\$ 800

Activity for capitalized mortgage servicing rights was as follows:

Three Months Ended	Nine Months Ended	Three Months Ended
September 30,	September 30,	March 31,

(in thousands)	2023	2022	2023	2022	2024	2023
Balance, beginning of period	\$ 7,995	\$ 9,407	\$ 8,770	\$ 9,196	\$7,411	\$8,769
Additions	182	296	381	1,755	118	127
Amortized to expense	(466)	(525)	(1,440)	(1,773)	(426)	(490)
Change in valuation allowance	—	—	—	—	—	—
Balance, end of period	\$ 7,711	\$ 9,178	\$ 7,711	\$ 9,178	\$7,103	\$8,406

Activity in the There was no valuation allowance for capitalized mortgage servicing rights follows: for the three months ended March 31, 2024 and 2023.

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Beginning valuation allowance	\$ —	\$ —	\$ —	\$ —
Charge during the period	—	—	—	—
Ending valuation allowance	\$ —	\$ —	\$ —	\$ —

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Other information relating to mortgage servicing rights follows:

(dollars in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Fair value of mortgage servicing rights portfolio	\$ 17,300	\$ 17,145	\$ 16,704	\$ 16,054
Monthly weighted average prepayment rate of unpaid principal balance*	120 %	127 %	124 %	128 %
Discount rate	10.39 %	10.21 %	10.09 %	10.26 %
Weighted average foreclosure rate	0.11 %	0.10 %	0.16 %	0.16 %
Weighted average life in years	7.69	7.54	7.58	7.52

* Rates are applied to individual tranches with similar characteristics.

Mortgage Banking banking derivatives used in the ordinary course of business primarily consist of mandatory forward sales contracts and interest rate lock loan commitments. Mandatory forward contracts represent future commitments to deliver loans at a specified price and date or to purchase TBA securities and are used to manage interest rate risk on loan commitments and mortgage loans held for sale. Interest rate lock loan commitments represent commitments to fund loans at a specific rate. These derivatives involve underlying items, such as interest rates, and are designed to transfer risk. Substantially all of these instruments expire within 90 days from the date of issuance. Notional amounts are amounts on which calculations and payments are based, but which do not represent credit exposure, as credit exposure is limited to the amounts required to be received or paid.

Mandatory forward contracts also contain an element of risk in that the counterparties may be unable to meet the terms of such agreements. In the event the counterparties fail to deliver commitments or are unable to fulfill their obligations, the Bank could potentially incur significant additional costs by replacing the positions at then current market rates. The Bank manages its risk of exposure by limiting counterparties to those banks and institutions deemed appropriate by management and the Board of Directors. The Bank does not expect any counterparty to default on their obligations and therefore, the Bank does not expect to incur any cost related to counterparty default.

The Bank is exposed to interest rate risk on loans held for sale and rate lock loan commitments. As market interest rates fluctuate, the fair value of mortgage loans held for sale and rate lock commitments will decline or increase. To offset this interest rate risk the Bank enters into derivatives, such as mandatory forward contracts to sell loans or purchase TBA securities. The fair value of these mandatory forward contracts will fluctuate as market interest rates fluctuate, and the change in the value of these instruments is expected to largely, though not entirely, offset the change in fair value of loans held for sale and rate lock commitments. The objective of this activity is to minimize the exposure to losses on rate loan lock commitments and loans held for sale due to market interest rate fluctuations. The net effect of derivatives on earnings will depend on risk management activities and a variety of other factors, including: market interest rate volatility; the amount of rate lock commitments that close; the ability to fill the forward contracts before expiration; and the time period required to close and sell loans.

The following table includes the notional amounts and fair values of mortgage loans held for sale and mortgage banking derivatives as of the period ends presented:

(in thousands)	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Notional		Notional		Notional		Notional	
	Amount	Fair Value	Amount	Fair Value	Amount	Fair Value	Amount	Fair Value
Included in Mortgage loans held for sale:								
Mortgage loans held for sale, at fair value	\$ 2,671	\$ 2,711	\$ 1,265	\$ 1,302	\$80,681	\$80,884	\$3,168	\$ 3,227
Included in other assets:								
Rate lock loan commitments	\$ 9,487	\$ 95	\$ 4,118	\$ 2	\$16,380	\$ 466	\$9,275	\$ 243
Mandatory forward contracts	—	—	—	—				
Included in other liabilities:								
Mandatory forward contracts	\$ 9,325	\$ 77	\$ 4,009	\$ 67	\$22,317	\$ 77	\$9,092	\$ 61

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13. 12. INTEREST RATE SWAPS

Non-hedge Interest Rate Swaps

The Bank enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments, the Bank enters into offsetting positions in order to minimize the Bank's interest rate risk. These swaps are derivatives, but are not designated as hedging instruments, and therefore changes in fair value are reported in current year earnings.

Interest rate swap contracts involve the risk of dealing with counterparties and their ability to meet contractual terms. When the fair value of a derivative instrument contract is positive, this generally indicates that the counterparty or client owes the Bank, and results in credit risk to the Bank. When the fair value of a derivative instrument contract is negative, the Bank owes the client or counterparty, and therefore, has no credit risk.

A summary of the Bank's interest rate swaps related to clients is included in the following table:

(in thousands)	Bank Position	September 30, 2023		December 31, 2022		Bank Position	March 31, 2024		December 31, 2023	
		Notional		Notional			Notional			
		Amount	Fair Value	Amount	Fair Value		Amount	Fair Value		
Interest rate swaps with Bank clients - Assets	Pay variable/receive fixed	\$ 13,413	\$ 202	\$ 40,032	\$ 1,386	Pay variable/receive fixed	\$131,515	\$ 1,602	\$120,442	\$ 4,066
Interest rate swaps with Bank clients - Liabilities	Pay variable/receive fixed	155,242	(8,733)	91,636	(6,742)	Pay variable/receive fixed	100,463	(6,311)	95,820	(4,867)
Total	Pay variable/receive fixed	\$ 168,655	\$ (8,531)	\$ 131,668	\$ (5,356)	Pay variable/receive fixed	\$231,978	\$ (4,709)	\$216,262	\$ (801)
Offsetting interest rate swaps with institutional swap dealer - Assets	Pay fixed/receive variable	153,132	8,733	91,636	6,742	Pay fixed/receive variable	100,463	6,311	95,820	4,867
Offsetting interest rate swaps with institutional swap dealer - Liabilities	Pay fixed/receive variable	15,523	(202)	40,032	(1,386)	Pay fixed/receive variable	131,515	(1,602)	120,442	(4,066)
Total	Pay fixed/receive variable	\$ 168,655	\$ 8,531	\$ 131,668	\$ 5,356	Pay fixed/receive variable	\$231,978	\$ 4,709	\$216,262	\$ 801
Total		\$ 337,310	\$ —	\$ 263,336	\$ —		\$463,956	\$ —	\$432,524	\$ —

The Bank is and its counterparties are required to pledge securities or cash as collateral when the Bank either party is in a net loss position for all swaps exceeding \$250,000 with dealer the other party. As of March 31, 2024 and December 31, 2023, the Bank's counterparties when such net loss positions exceed \$250,000. The fair value had cash of cash or investment securities \$5.3 million and \$1.9 million pledged as collateral by to the Bank, which were included in Interest-bearing deposits on the Company's Balance Sheet. Conversely, the Bank had \$178,000 and \$1.0 million pledged to cover such net loss positions totaled \$9 million and \$560,000 its counterparties as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, which were included in Cash and cash equivalents on the Company's Balance Sheet.

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14.13. EARNINGS PER SHARE

The Company calculates earnings per share under the two-class method. Under the two-class method, earnings available to common shareholders for the period are allocated between Class A Common Stock and Class B Common Stock according to dividends declared (or accumulated) and participation rights in undistributed earnings. The difference in earnings per share between the two classes of common stock results from the 10% per share cash dividend premium paid on Class A Common Stock over that paid on Class B Common Stock.

A reconciliation of the combined Class A and Class B Common Stock numerators and denominators of the earnings per share and diluted earnings per share computations is presented below:

(in thousands, except per share data)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Years Ended December 31, (in thousands, except per share data)						
Net income	\$ 21,571	\$ 19,896	\$ 70,715	\$ 72,593	\$ 30,606	\$ 28,092
Dividends declared on Common Stock:						

Class A Shares	(6,456)	(5,995)	(19,574)	(18,123)	(6,986)	(6,581)
Class B Shares	(733)	(669)	(2,200)	(2,010)	(796)	(734)
Undistributed net income for basic earnings per share	14,382	13,232	48,941	52,460	22,824	20,777
Weighted average potential dividends on Class A shares upon exercise of dilutive options	(25)	(21)	(62)	(70)	(36)	(21)
Undistributed net income for diluted earnings per share	\$ 14,357	\$ 13,211	\$ 48,879	\$ 52,390	\$ 22,788	\$ 20,756
Weighted average shares outstanding:						
Class A Shares	17,549	17,759	17,697	17,904	17,456	17,776
Class B Shares	2,157	2,160	2,158	2,162	2,151	2,159
Effect of dilutive securities on Class A Shares outstanding	68	62	55	68	87	55
Weighted average shares outstanding including dilutive securities	19,774	19,981	19,910	20,134	19,694	19,990
Basic earnings per share:						
Class A Common Stock:						
Per share dividends distributed	\$ 0.37	\$ 0.34	\$ 1.12	\$ 1.02	\$ 0.41	\$ 0.37
Undistributed earnings per share*	0.74	0.67	2.49	2.64	1.18	1.05
Total basic earnings per share - Class A Common Stock	\$ 1.11	\$ 1.01	\$ 3.61	\$ 3.66	\$ 1.59	\$ 1.42
Class B Common Stock:						
Per share dividends distributed	\$ 0.34	\$ 0.31	\$ 1.02	\$ 0.93	\$ 0.37	\$ 0.34
Undistributed earnings per share*	0.67	0.61	2.26	2.40	1.07	0.96
Total basic earnings per share - Class B Common Stock	\$ 1.01	\$ 0.92	\$ 3.28	\$ 3.33	\$ 1.44	\$ 1.30
Diluted earnings per share:						
Class A Common Stock:						
Per share dividends distributed	\$ 0.37	\$ 0.34	\$ 1.12	\$ 1.02	\$ 0.41	\$ 0.37
Undistributed earnings per share*	0.73	0.67	2.48	2.63	1.17	1.05
Total diluted earnings per share - Class A Common Stock	\$ 1.10	\$ 1.01	\$ 3.60	\$ 3.65	\$ 1.58	\$ 1.42
Class B Common Stock:						
Per share dividends distributed	\$ 0.34	\$ 0.31	\$ 1.02	\$ 0.93	\$ 0.37	\$ 0.34
Undistributed earnings per share*	0.67	0.61	2.25	2.39	1.06	0.95
Total diluted earnings per share - Class B Common Stock	\$ 1.01	\$ 0.92	\$ 3.27	\$ 3.32	\$ 1.43	\$ 1.29

* To arrive at undistributed earnings per share, undistributed net income is first prorated between Class A and Class B Common Shares, with Class A Common Shares receiving a 10% premium. The resulting pro-rated, undistributed net income for each class is then divided by the weighted average shares for each class.

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Stock options excluded from the detailed earnings per share calculation because their impact was antidilutive are as follows:

Three Months Ended

Nine Months Ended

Three Months Ended

	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Antidilutive stock options	121,781	180,000	193,398	180,000	52,781	245,898
Average antidilutive stock options	117,998	177,000	193,398	174,000	52,781	245,898

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15, 14. OTHER COMPREHENSIVE INCOME

OCI components and related tax effects were as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Available-for-Sale Debt Securities:						
Unrealized gain (loss) on AFS debt securities	\$ 1,024	\$ (15,510)	\$ 1,812	\$ (46,892)	\$ 592	\$ 5,205
Unrealized gain (loss) on AFS debt security for which a portion of OTTI has been recognized in earnings	(7)	1	27	10	57	5
Net gains (losses)	1,017	(15,509)	1,839	(46,882)	649	5,210
Income tax benefit (expense) related to items of other comprehensive income	(250)	3,875	(461)	11,720	(163)	(1,305)
Net of tax	767	(11,634)	\$ 1,378	\$ (35,162)	\$ 486	\$ 3,905

The following is a summary of the AOCI balances, net of tax:

(in thousands)	2023			2024		
	December 31, 2022	Change	September 30, 2023	December 31, 2023	Change	March 31, 2024
Unrealized gain (loss) on AFS debt securities	\$ (32,934)	\$ 1,351	\$ (31,583)	\$ (21,409)	\$ 429	\$ (20,980)
Unrealized gain on AFS debt security for which a portion of OTTI has been recognized in earnings	955	27	982	1,001	57	1,058
Total unrealized gain (loss)	\$ (31,979)	\$ 1,378	\$ (30,601)	\$ (20,408)	\$ 486	\$ (19,922)

(in thousands)	2022			2023		
	December 31, 2021	Change	September 30, 2022	December 31, 2022	Change	March 31, 2023
Unrealized gain (loss) on AFS debt securities	\$ 890	\$ (35,169)	\$ (34,279)	\$ (32,934)	\$ 3,900	\$ (29,034)
Unrealized gain on AFS debt security for which a portion of OTTI has been recognized in earnings	984	7	991	955	5	960
Total unrealized gain (loss)	\$ 1,874	\$ (35,162)	\$ (33,288)	\$ (31,979)	\$ 3,905	\$ (28,074)

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16, 15. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables present the Company's net revenue and net revenue concentration by reportable segment:

Three Months Ended September 30, 2023								
(dollars in thousands)	Core Banking				Republic Processing Group			Total Company
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	
	Banking	Lending	Banking	Core Banking	Refund Solutions	Credit Solutions	RPG	
Net interest income (1)	\$ 47,409	\$ 2,467	\$ 84	\$ 49,960	\$ 4,525	\$ 10,340	\$ 14,865	\$ 64,825
Noninterest income:								
Service charges on deposit accounts	3,547	11	—	3,558	—	1	1	3,559
Net refund transfer fees	—	—	—	—	242	—	242	242
Mortgage banking income (1)	—	—	852	852	—	—	—	852
Interchange fee income	3,258	—	—	3,258	23	1	24	3,282
Program fees (1)	—	—	—	—	705	3,336	4,041	4,041
Increase in cash surrender value of BOLI (1)	690	—	—	690	—	—	—	690
Death benefits in excess of cash surrender value of life insurance	—	—	—	—	—	—	—	—
Net losses on OREO	(53)	—	—	(53)	—	—	—	(53)
Legal settlement	—	—	—	—	—	—	—	—
Other	1,306	—	15	1,321	59	26	85	1,406
Total noninterest income	8,748	11	867	9,626	1,029	3,364	4,393	14,019
Total net revenue	\$ 56,157	\$ 2,478	\$ 951	\$ 59,586	\$ 5,554	\$ 13,704	\$ 19,258	\$ 78,844
Net-revenue concentration (2)	72 %	3 %	1 %	76 %	7 %	17 %	24 %	100 %

Three Months Ended March 31, 2024								
(dollars in thousands)	Core Banking			Republic Processing Group				Total Company
	Traditional	Warehouse	Total	Tax	Republic	Republic	Total	
	Banking	Lending	Core Banking	Refund Solutions	Payment Solutions	Credit Solutions	RPG	

Net interest income (1)	\$ 48,259	\$ 2,257	\$ 50,516	\$ 30,910	\$ 3,508	\$ 11,985	\$ 46,403	\$ 96,919
Noninterest income:								
Service charges on deposit accounts	3,299	13	3,312	—	—	1	1	3,313
Net refund transfer fees	—	—	—	10,820	—	—	10,820	10,820
Mortgage banking income (1)	310	—	310	—	—	—	—	310
Interchange fee income	3,117	—	3,117	39	1	—	40	3,157
Program fees (1)	—	—	—	—	773	3,406	4,179	4,179
Increase in cash surrender value of BOLI (1)	754	—	754	—	—	—	—	754
Net losses on OREO	(53)	—	(53)	—	—	—	—	(53)
Other	869	—	869	24	—	—	24	893
Total noninterest income	8,296	13	8,309	10,883	774	3,407	15,064	23,373
Total net revenue	\$ 56,555	\$ 2,270	\$ 58,825	\$ 41,793	\$ 4,282	\$ 15,392	\$ 61,467	\$ 120,292
Net-revenue concentration (2)	46 %	2 %	48 %	35 %	4 %	13 %	52 %	100 %

	Three Months Ended September 30, 2022								Three Months Ended March 31, 2023									
	Core Banking				Republic Processing Group				Total	Core Banking				Republic Processing Group				Total
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	Traditional		Warehouse	Total	Tax	Republic	Republic	Total			
				Core	Refund	Credit					Refund	Payment	Credit					
(dollars in thousands)	Banking	Lending	Banking	Banking	Solutions	Solutions	RPG	Company	Banking	Lending	Banking	Solutions	Solutions	Solutions	RPG	Company		
Net interest income (1)	\$ 46,562	\$ 3,011	\$ 112	\$49,685	\$ 1,709	\$ 7,203	\$ 8,912	\$ 58,597	\$ 50,168	\$ 2,087	\$52,255	\$ 28,307	\$ 3,458	\$ 8,622	\$40,387	\$ 92,642		
Noninterest income:																		
Service charges on deposit accounts	3,397	13	—	3,410	(1)	—	(1)	3,409	3,288	11	3,299	—	—	—	—	3,299		
Net refund transfer fees	—	—	—	—	593	—	593	593	—	—	—	10,807	—	—	10,807	10,807		
Mortgage banking income (1)	—	—	1,154	1,154	—	—	—	1,154	800	—	800	—	—	—	—	800		
Interchange fee income	3,292	—	—	3,292	30	—	30	3,322	3,006	—	3,006	44	1	—	45	3,051		
Program fees (1)	—	—	—	—	724	4,208	4,932	4,932	—	—	—	—	707	2,534	3,241	3,241		
Increase in cash surrender value of BOLI (1)	617	—	—	617	—	—	—	617	635	—	635	—	—	—	—	635		
Net losses on OREO	(53)	—	—	(53)	—	—	—	(53)	(53)	—	(53)	—	—	—	—	(53)		
Other	1,068	—	33	1,101	33	—	33	1,134	795	—	795	71	10	25	106	901		

Total noninterest income	8,321	13	1,187	9,521	1,379	4,208	5,587	15,108	8,471	11	8,482	10,922	718	2,559	14,199	22,681
Total net revenue	\$ 54,883	\$ 3,024	\$ 1,299	\$59,206	\$ 3,088	\$ 11,411	\$14,499	\$ 73,705	\$ 58,639	\$ 2,098	\$60,737	\$ 39,229	\$ 4,176	\$ 11,181	\$54,586	\$115,323
Net-revenue concentration (2)	75 %	4 %	2 %	81 %	4 %	15 %	19 %	100 %	50 %	2 %	52 %	34 %	4 %	10 %	48 %	100 %

(1) This revenue is not subject to ASC 606.

(2) Net revenue represents net interest income plus total noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

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Nine Months Ended September 30, 2023								
(dollars in thousands)	Core Banking				Republic Processing Group			Total Company
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	
Net interest income (1)	\$ 146,198	\$ 7,196	\$ 206	\$ 153,600	\$ 40,300	\$ 28,096	\$ 68,396	\$ 221,996
Noninterest income:								
Service charges on deposit accounts	10,351	33	—	10,384	—	1	1	10,385
Net refund transfer fees	—	—	—	—	15,528	—	15,528	15,528
Mortgage banking income (1)	—	—	2,559	2,559	—	—	—	2,559
Interchange fee income	9,639	—	—	9,639	112	1	113	9,752
Program fees (1)	—	—	—	—	2,140	8,881	11,021	11,021
Increase in cash surrender value of BOLI (1)	2,014	—	—	2,014	—	—	—	2,014
Death benefits in excess of cash surrender value of life insurance (1)	1,728	—	—	1,728	—	—	—	1,728
Net losses on OREO	(158)	—	—	(158)	—	—	—	(158)
Other	3,158	—	59	3,217	214	91	305	3,522
Total noninterest income	26,732	33	2,618	29,383	17,994	8,974	26,968	56,351
Total net revenue	\$ 172,930	\$ 7,229	\$ 2,824	\$ 182,983	\$ 58,294	\$ 37,070	\$ 95,364	\$ 278,347
Net-revenue concentration (2)	62 %	3 %	1 %	66 %	21 %	13 %	34 %	100 %

Nine Months Ended September 30, 2022								
(dollars in thousands)	Core Banking				Republic Processing Group			Total Company
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	
	Banking	Lending	Banking	Core Banking	Refund Solutions	Credit Solutions	RPG	
Net interest income (1)	\$ 121,868	\$ 11,412	\$ 469	\$ 133,749	\$ 18,751	\$ 21,078	\$ 39,829	\$ 173,578
Noninterest income:								
Service charges on deposit accounts	9,971	38	—	10,009	(11)	—	(11)	9,998
Net refund transfer fees	—	—	—	—	16,594	—	16,594	16,594
Mortgage banking income (1)	—	—	5,574	5,574	—	—	—	5,574
Interchange fee income	9,693	—	—	9,693	160	—	160	9,853
Program fees (1)	—	—	—	—	2,187	10,484	12,671	12,671
Increase in cash surrender value of BOLI (1)	1,852	—	—	1,852	—	—	—	1,852
Net losses on OREO	(158)	—	—	(158)	—	—	—	(158)
Contract termination fee	—	—	—	—	5,000	—	5,000	5,000
Legal settlement	—	—	—	—	13,000	—	13,000	13,000
Other	1,939	—	113	2,052	250	—	250	2,302
Total noninterest income	23,297	38	5,687	29,022	37,180	10,484	47,664	76,686
Total net revenue	\$ 145,165	\$ 11,450	\$ 6,156	\$ 162,771	\$ 55,931	\$ 31,562	\$ 87,493	\$ 250,264
Net-revenue concentration (2)	58 %	5 %	2 %	65 %	22 %	13 %	35 %	100 %

(3) This revenue is not subject to ASC 606.

(4) Net revenue represents net interest income plus total noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

The following represents information for significant revenue streams subject to ASC 606:

Service charges on deposit accounts – The Company earns revenue for account-based and event-driven services on its retail and commercial deposit accounts. Contracts for these services are generally in the form of deposit agreements, which disclose fees for deposit services. Revenue for event-driven services is recognized in close proximity or simultaneously with service performance. Revenue for certain account-based services may be recognized at a point in time or over the period the service is rendered, typically no longer than a month. Examples of account-based and event-driven service charges on deposits include per item fees, paper-statement fees, check-cashing fees, and analysis fees.

Net refund transfer fees – An RT is a fee-based product offered by the Bank through third-party tax preparers located throughout the United States, as well as tax-preparation software providers (collectively, the “Tax Providers”), with the Bank acting as an independent contractor of the Tax Providers. An RT allows a taxpayer to pay any applicable tax preparation and filing related fees directly from the taxpayer’s his federal or state government tax refund, with the remainder of the tax refund disbursed directly to the taxpayer. RT

fees and all applicable tax preparation, transmitter, audit, and any other taxpayer authorized amounts are deducted from the tax refund by either the Bank or the Bank's service provider and automatically forwarded to the appropriate party as authorized by

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the taxpayer. RT fees generally receive first priority when applying fees against the taxpayer's refund, with the Bank's share of RT fees generally superior to the claims of other third-party service providers, including the Tax Providers. The remainder of the refund is disbursed to the taxpayer by a Bank check, direct deposit to the taxpayer's personal bank account, or loaded to a prepaid card.

The Company executes contracts with individual Tax Providers to offer RTs to their taxpayer customers. RT revenue is recognized by the Bank immediately after the taxpayer's refund is disbursed in accordance with the RT contract with the taxpayer customer. The fee paid by the taxpayer for the RT is shared between the Bank and the Tax Providers based on contracts executed between the parties.

The Company presents RT revenue net of any amounts shared with the Tax Providers. The Bank's share of RT revenue is generally based on the obligations undertaken by the Tax Provider for each individual RT program, with more obligations generally corresponding to higher RT revenue share. The significant majority of net RT revenue is recognized and obligations under RT contracts fulfilled by the Bank during the first half of each year. Incremental expenses associated with the fulfillment of RT contracts are generally expensed during the first half of the year.

Interchange fee income – As an "issuing bank" for card transactions, the Company earns interchange fee income on transactions executed by its cardholders with various third-party merchants. Through third-party intermediaries, merchants compensate the Company for each transaction for the ability to efficiently settle the transaction, and for the Company's willingness to accept certain risks inherent in the transaction. There is no written contract between the merchant and the Company, but a contract is implied between the two parties by customary business practices. Interchange fee income is recognized almost simultaneously by the Company upon the completion of a related card transaction.

The Company compensates its cardholders by way of cash or other "rewards" for generating card transactions. These rewards are disclosed in cardholder agreements between the Company and its cardholders. Reward costs are accrued over time based on card transactions generated by the cardholder. Interchange fee income is presented net of reward costs within noninterest income.

Net gains/(losses) on other real estate – The Company routinely sells OREO it has acquired through loan foreclosure. Net gains/(losses) on OREO reflect both 1) the gain or loss recognized upon an executed deed and 2) mark-to-market **writedowns write-downs** the Company takes on its OREO inventory.

The Company generally recognizes gains or losses on OREO at the time of an executed deed, although gains may be recognized over a financing period if the Company finances the sale. For financed OREO sales, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on sale, the Company adjusts the transaction price and related gain/(loss) on sale if a significant financing component is present.

Mark-to-market **writedowns write-downs** taken by the Company during the property's holding period are generally at least 10% per year but may be higher based on updated real estate appraisals or BPOs. Incremental expenditures to bring OREO to salable condition are generally expensed **as incurred**.

Contract termination fee – During the first quarter of 2022, RB&T provided Green Dot a notice of termination for the May 2021 Purchase Agreement for the sale of substantially all of RB&T's TRS assets and operations to Green Dot. As a result of this contract termination, Green Dot paid RB&T a contract termination fee of \$5.0 million during the same quarter.

Legal settlement – During the second quarter of 2022, Green Dot paid Republic Bank \$13 million in settlement of a lawsuit **as-incurred**.

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17, 16. SEGMENT INFORMATION

Reportable segments are determined by the type of products and services offered and the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business (such as banking centers and business units), which are then aggregated if operating performance, products/services, and clients are similar.

As of **September 30, 2023** **March 31, 2024**, the Company was divided into five reportable segments: Traditional Banking, Warehouse **Mortgage Banking, Lending**, TRS, **RPS**, and RCS. Management considers the first **three two** segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last **two three** segments collectively constitute RPG operations.

The nature of segment operations and the primary drivers of net revenue by reportable segment are provided below:

Reportable Segment:	Nature of Operations:	Primary Drivers of Net Revenue:
Core Banking:		
Traditional Banking	Provides traditional banking products to clients in its market footprint primarily via its network of banking centers and to clients outside of its market footprint primarily via its digital delivery channels.	Loans, investments, and deposits
Warehouse Lending	Provides short-term, revolving credit facilities to mortgage bankers across the United States.	Mortgage warehouse lines of credit
Mortgage Banking	Primarily originates, sells, and services long-term, single-family, first-lien residential real estate loans primarily to clients in the Bank's market footprint.	Loan sales and servicing
Republic Processing Group:		
Tax Refund Solutions	TRS offers tax-related credit products and facilitates the receipt and payment of federal and state tax refunds through Refund Transfer products. The RPS division TRS products are primarily provided to clients outside of TRS the Bank's market footprint.	Loans and refund transfers
Republic Payment Solutions	RPS offers general-purpose reloadable cards. TRS and RPS products are primarily provided to clients outside of the Bank's market footprint.	Loans, refund transfers, and prepaid cards. Prepaid cards
Republic Credit Solutions	Offers consumer credit products. RCS products are primarily provided to clients outside of the Bank's market footprint, with a substantial portion of RCS clients considered subprime or near-prime borrowers.	Unsecured, consumer loans

The accounting policies used for Republic's reportable segments are generally the same as those described in the summary of significant accounting policies in the Company's **2022 2023** Annual Report on Form 10-K. Republic evaluates segment performance using operating income. The Company allocates goodwill to the Traditional Banking segment. Republic generally allocates income taxes based on income before income tax expense unless reasonable and specific segment allocations can be made. The Company makes transactions among reportable segments at carrying value.

Segment information follows:

Three Months Ended September 30, 2023								
(dollars in thousands)	Core Banking				Republic Processing Group			Total Company
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	
	Banking	Lending	Banking	Core Banking	Refund Solutions	Credit Solutions	RPG	
Net interest income	\$ 47,409	\$ 2,467	\$ 84	\$ 49,960	\$ 4,525	\$ 10,340	\$ 14,865	\$ 64,825
Provision for expected credit loss expense	1,567	(203)	—	1,364	(1,967)	4,333	2,366	3,730
Net refund transfer fees	—	—	—	—	242	—	242	242
Mortgage banking income	—	—	852	852	—	—	—	852
Program fees	—	—	—	—	705	3,336	4,041	4,041
Other noninterest income	8,748	11	15	8,774	82	28	110	8,884
Total noninterest income	<u>8,748</u>	<u>11</u>	<u>867</u>	<u>9,626</u>	<u>1,029</u>	<u>3,364</u>	<u>4,393</u>	<u>14,019</u>
Total noninterest expense	<u>39,381</u>	<u>640</u>	<u>1,793</u>	<u>41,814</u>	<u>3,116</u>	<u>3,112</u>	<u>6,228</u>	<u>48,042</u>
Income (loss) before income tax expense	15,209	2,041	(842)	16,408	4,405	6,259	10,664	27,072
Income tax expense (benefit)	<u>2,942</u>	<u>456</u>	<u>(185)</u>	<u>3,213</u>	<u>896</u>	<u>1,392</u>	<u>2,288</u>	<u>5,501</u>
Net income (loss)	<u>\$ 12,267</u>	<u>\$ 1,585</u>	<u>\$ (657)</u>	<u>\$ 13,195</u>	<u>\$ 3,509</u>	<u>\$ 4,867</u>	<u>\$ 8,376</u>	<u>\$ 21,571</u>
Period-end assets	\$ 5,375,648	\$ 458,542	\$ 14,457	\$ 5,848,647	\$ 403,733	\$ 134,095	\$ 537,828	\$ 6,386,475
Net interest margin	3.52 %	2.33 %	NM	3.43 %	NM	NM	NM	4.35 %
Net-revenue concentration*	72 %	3 %	1 %	76 %	7 %	17 %	24 %	100 %

Three Months Ended September 30, 2022								
(dollars in thousands)	Core Banking				Republic Processing Group			Total Company
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	
	Banking	Lending	Banking	Core Banking	Refund Solutions	Credit Solutions	RPG	
Net interest income	\$ 46,562	\$ 3,011	\$ 112	\$ 49,685	\$ 1,709	\$ 7,203	\$ 8,912	\$ 58,597
Provision for expected credit loss expense	(753)	(386)	—	(1,139)	(1,296)	4,008	2,712	1,573
Net refund transfer fees	—	—	—	—	593	—	593	593
Mortgage banking income	—	—	1,154	1,154	—	—	—	1,154
Program fees	—	—	—	—	724	4,208	4,932	4,932
Other noninterest income	8,321	13	33	8,367	62	—	62	8,429

Total noninterest income	8,321	13	1,187	9,521	1,379	4,208	5,587	15,108
Total noninterest expense	37,838	851	2,005	40,694	3,248	2,224	5,472	46,166
Income before income tax expense	17,798	2,559	(706)	19,651	1,136	5,179	6,315	25,966
Income tax expense	4,299	572	(156)	4,715	202	1,153	1,355	6,070
Net income	\$ 13,499	\$ 1,987	\$ (550)	\$ 14,936	\$ 934	\$ 4,026	\$ 4,960	\$ 19,896
Period-end assets	\$ 5,036,343	\$ 441,885	\$ 16,418	\$ 5,494,646	\$ 395,873	\$ 109,144	\$ 505,017	\$ 5,999,663
Net interest margin	3.63 %	2.54 %	NM	3.54 %	NM	NM	NM	4.09 %
Net-revenue concentration*	75 %	4 %	2 %	81 %	4 %	15 %	19 %	100 %

* Net revenue represents net interest income plus total noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

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Segment information follows:

	Nine Months Ended September 30, 2023								Three Months Ended March 31, 2024							
	Core Banking				Republic Processing Group				Core Banking				Republic Processing Group			
	Traditional	Warehouse	Mortgage	Total	Tax	Republic	Total	Total	Traditional	Warehouse	Total	Tax	Republic	Republic	Total	Total
	Banking	Lending	Banking	Core Banking	Refund Solutions	Credit Solutions	RPG	Company	Banking	Lending	Banking	Refund Solutions	Payment Solutions	Credit Solutions	RPG	Company
Net interest income	\$ 146,198	\$ 7,196	\$ 206	\$ 153,600	\$ 40,300	\$ 28,096	\$ 68,396	\$ 221,996	\$ 48,259	\$ 2,257	\$ 50,516	\$ 30,910	\$ 3,508	\$ 11,985	\$ 46,403	\$ 96,919
Provision for expected credit loss expense	6,411	134	—	6,545	19,622	10,468	30,090	36,635	358	309	667	25,774	—	4,181	29,955	30,622
Net refund transfer fees	—	—	—	—	15,528	—	15,528	15,528	—	—	—	10,820	—	—	10,820	10,820
Mortgage banking income	—	—	2,559	2,559	—	—	—	2,559	310	—	310	—	—	—	—	310
Program fees	—	—	—	—	2,140	8,881	11,021	11,021	—	—	—	—	773	3,406	4,179	4,179

Contract termination fee	—	—	—	—	—	—	—	—								
Legal settlement	—	—	—	—	—	—	—	—								
Other noninterest income	26,732	33	59	26,824	326	93	419	27,243	7,986	13	7,999	63	1	1	65	8,064
Total noninterest income	26,732	33	2,618	29,383	17,994	8,974	26,968	56,351	8,296	13	8,309	10,883	774	3,407	15,064	23,373
Total noninterest expense	122,386	2,616	6,669	131,671	11,907	8,440	20,347	152,018	41,394	878	42,272	4,512	954	3,233	8,699	50,971
Income (loss) before income tax expense	44,133	4,479	(3,845)	44,767	26,765	18,162	44,927	89,694	14,803	1,083	15,886	11,507	3,328	7,978	22,813	38,699
Income tax expense (benefit)	8,965	1,001	(846)	9,120	5,828	4,031	9,859	18,979	2,520	244	2,764	2,714	761	1,854	5,329	8,093
Net income (loss)	\$ 35,168	\$ 3,478	\$ (2,999)	\$ 35,647	\$ 20,937	\$ 14,131	\$ 35,068	\$ 70,715	\$ 12,283	\$ 839	\$ 13,122	\$ 8,793	\$ 2,567	\$ 6,124	\$ 17,484	\$ 30,606
Period-end assets	\$5,375,648	\$ 458,542	\$ 14,457	\$5,848,647	\$403,733	\$134,095	\$537,828	\$6,386,475	\$5,766,166	\$ 463,664	\$6,229,830	\$106,401	\$406,847	\$132,514	\$645,762	\$6,875,592
Net interest margin	3.76 %	2.37 %	NM	3.68 %	NM	NM	NM	5.09 %	3.33 %	2.67 %	3.30 %	NM	5.07 %	NM	NM	5.87 %
Net-revenue concentration*	62 %	3 %	1 %	66 %	21 %	13 %	34 %	100 %	46 %	2 %	48 %	35 %	4 %	13 %	52 %	100 %

Nine Months Ended September 30, 2022									Three Months Ended March 31, 2023								
Core Banking			Republic Processing Group						Core Banking			Republic Processing Group					
Traditional	Warehouse	Mortgage	Total	Tax	Republic				Traditional	Warehouse	Total	Tax	Republic	Republic			
Banking	Lending	Banking	Core	Refund	Credit	Total		Total	Banking	Lending	Core	Refund	Payment	Credit	Total		Total
(dollars in thousands)			Banking	Solutions	Solutions	RPG		Company	Banking		Banking	Solutions	Solutions	Solutions	RPG		Company
Net interest income	\$ 121,868	\$ 11,412	\$ 469	\$ 133,749	\$ 18,751	\$ 21,078	\$ 39,829	\$ 173,578	\$ 50,168	\$ 2,087	\$ 52,255	\$ 28,307	\$ 3,458	\$ 8,622	\$ 40,387		\$ 92,642
Provision for expected credit loss expense	(287)	(1,021)	—	(1,308)	6,976	8,836	15,812	14,504	2,984	135	3,119	21,808	—	1,839	23,647		26,766
Net refund transfer fees	—	—	—	—	16,594	—	16,594	16,594	—	—	—	10,807	—	—	10,807		10,807

Mortgage banking income	—	—	5,574	5,574	—	—	—	5,574	800	—	800	—	—	—	—	800
Program fees	—	—	—	—	2,187	10,484	12,671	12,671	—	—	—	—	707	2,534	3,241	3,241
Contract termination fee	—	—	—	—	5,000	—	5,000	5,000								
Legal settlement	—	—	—	—	13,000	—	13,000	13,000								
Other noninterest income	23,297	38	113	23,448	399	—	399	23,847	7,671	11	7,682	115	11	25	151	7,833
Total noninterest income	23,297	38	5,687	29,022	37,180	10,484	47,664	76,686	8,471	11	8,482	10,922	718	2,559	14,199	22,681
Total noninterest expense	114,381	2,838	7,527	124,746	11,928	5,729	17,657	142,403	43,406	968	44,374	4,782	866	2,421	8,069	52,443
Income before income tax expense	31,071	9,633	(1,371)	39,333	37,027	16,997	54,024	93,357	12,249	995	13,244	12,639	3,310	6,921	22,870	36,114
Income tax expense	6,419	2,168	(302)	8,285	8,573	3,906	12,479	20,764	2,713	223	2,936	2,806	735	1,545	5,086	8,022
Net income	\$ 24,652	\$ 7,465	\$ (1,069)	\$ 31,048	\$ 28,454	\$ 13,091	\$ 41,545	\$ 72,593	\$ 9,536	\$ 772	\$ 10,308	\$ 9,833	\$ 2,575	\$ 5,376	\$ 17,784	\$ 28,092
Period-end assets	\$5,036,343	\$ 441,885	\$ 16,418	\$5,494,646	\$395,873	\$109,144	\$505,017	\$5,999,663	\$4,987,423	\$ 458,675	\$5,446,098	\$ 95,462	\$415,688	\$116,843	\$627,993	\$6,074,091
Net interest margin	3.20 %	2.79 %	NM	3.16 %	NM	NM	NM	3.99 %	4.07 %	2.53 %	3.98 %	NM	3.84 %	NM	NM	6.52 %
Net-revenue concentration*	58 %	5 %	2 %	65 %	22 %	13 %	35 %	100 %	50 %	2 %	52 %	34 %	4 %	10 %	48 %	100 %

* Net revenue represents net interest income plus total noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

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

The consolidated financial statements include the accounts of Republic Bancorp, Inc. (the "Parent Company") and its wholly owned subsidiaries, Republic Bank & Trust Company and Republic Insurance Services, Inc. As used in this filing, the terms "Republic," the "Company," "we," "our," and "us" refer to Republic Bancorp, Inc., and, where the context requires, Republic Bancorp, Inc. and its subsidiaries. The term the "Bank" refers to the Company's subsidiary bank: Republic Bank & Trust Company. The term the "Captive" refers to the Company's insurance subsidiary: Republic Insurance Services, Inc. All significant intercompany balances and transactions are eliminated in consolidation.

Republic is a financial holding company headquartered in Louisville, Kentucky. The Bank is a Kentucky-based, state-chartered non-member financial institution that provides both traditional and non-traditional banking products through five reportable segments using a multitude of delivery channels. While the Bank operates primarily in its geographical market footprint where it has physical locations, its non-brick-and-mortar delivery channels allow it to reach clients across the U.S. The During the last quarter of 2023, the Company dissolved its Captive, is a Nevada-based, wholly owned insurance subsidiary of the Company. The Captive provides provided property and casualty insurance coverage to the Company and the Bank, as well as a group of third-party insurance captives for which insurance may not be available or economically feasible. In May 2023, the Company's Board of Directors voted to dissolve the Captive. The dissolution of the Captive is expected to occur during the fourth quarter of 2023.captives.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Republic should be read in conjunction with Part I Item 1 "Financial Statements."

Forward-looking statements discuss matters that are not historical facts. As forward-looking statements discuss future events or conditions, the statements often include words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would," "potential," or similar expressions. Do not rely on forward-looking statements. Forward-looking statements detail management's expectations regarding the future and are not guarantees. Forward-looking statements are assumptions based on information known to management only as of the date the statements are made and management undertakes no obligation to update forward-looking statements, except as required by applicable law.

Broadly speaking, forward-looking statements include:

- the potential impact of inflation on Company operations;
- projections of revenue, income, expenses, losses, earnings per share, capital expenditures, dividends, capital structure, loan volume, loan growth, deposit growth, or other financial items;
- descriptions of plans or objectives for future operations, products, or services;
- descriptions and projections related to management strategies for loans, deposits, investments, and borrowings;
- forecasts of future economic performance; and
- descriptions of assumptions underlying or relating to any of the foregoing.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by the forward-looking statements. Actual results may differ materially from those expressed or implied as a result of certain risks and uncertainties, including, but not limited to the following:

- the impact of inflation on the Company's operations and credit losses;
- litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
- natural disasters impacting the Company's operations;
- changes in political and economic conditions;
- the impact of bank failures and potential bank failures to the industry, the Bank's deposit base and the FDIC's deposit insurance fund;
- the discontinuation of LIBOR;
- the magnitude and frequency of changes to the FFTR implemented by the FOMC of the FRB;
- long-term and short-term interest rate fluctuations and the overall shape and steepness of the U.S. Treasury yield curve, as well as their impact on the Company's net interest income and Mortgage Banking mortgage banking operations;
- competitive product and pricing pressures in each of the Company's five reportable segments;
- equity and fixed income market fluctuations;
- client bankruptcies and loan defaults;
- recession;
- future acquisitions;
- integrations of acquired businesses;
- changes in technology;

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- recession;
- future acquisitions;
- integrations of acquired businesses;
- changes in technology;
- changes in applicable laws and regulations or the interpretation and enforcement thereof;
- changes in fiscal, monetary, regulatory, and tax policies;
- changes in accounting standards;
- monetary fluctuations;
- changes to the Company's overall internal control environment;
- the ability of the Company to remediate its material weaknesses in its internal control over financial reporting;
- the Company's ability to qualify for future R&D federal tax credits;
- the ability for Tax Providers to successfully market and realize the expected RA and RT volume anticipated by TRS;
- information security breaches or cyber security cybersecurity attacks involving either the Company or one of the Company's third-party service providers; and
- other risks and uncertainties reported from time to time in the Company's filings with the SEC, including Part 1 Item 1A "Risk Factors." of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and Part II Item 1A "Risk Factors" of the current filing.

Accounting Standards Update

For disclosure regarding the impact to the Company's financial statements of ASUs, see Footnote 1 "Basis of Presentation and Summary of Significant Accounting Policies" of Part I Item 1 "Financial Statements."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Republic's consolidated financial statements and accompanying footnotes have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported periods.

A summary of the Company's significant accounting policies is set forth in Part II "Item 8. Financial Statements and Supplementary Data" of its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Management continually evaluates the Company's accounting policies and estimates that it uses to prepare the consolidated financial statements. In general, management's estimates and assumptions are based on historical experience, accounting and regulatory guidance, and information obtained from independent third-party professionals. Actual results may differ from those estimates made by management.

Critical accounting policies are those that management believes are the most important to the portrayal of the Company's financial condition and operating results and require management to make estimates that are difficult, subjective and complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of the financial statements. These factors include, among other things, whether the estimates have a significant impact on the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including independent third parties or available pricing, sensitivity of the estimates to changes in economic conditions and whether alternative methods of accounting may be utilized under GAAP. Management has discussed each critical accounting policy and the methodology for the identification and determination of critical accounting policies with the Company's Audit Committee.

Republic believes its critical accounting policies and estimates relate to its ACLL and Provision.

ACLL and Provision — As of September 30, 2023 March 31, 2024, the Bank maintained an ACLL for expected credit losses inherent in the Bank's loan portfolio, which includes overdrawn deposit accounts. Management evaluates the adequacy of the ACLL monthly and presents and discusses the ACLL with

the Audit Committee and the Board of Directors quarterly.

Management's evaluation of the appropriateness of the ACLL is often the most critical accounting estimate for a financial institution, as the ACLL requires significant reliance on the use of estimates and significant judgment as to the reliance on historical loss rates, consideration of quantitative and qualitative economic factors, and the reliance on a reasonable and supportable forecast.

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Adjustments to the historical loss rate for current conditions include differences in underwriting standards, portfolio mix or term, delinquency level, as well as for changes in environmental conditions, such as changes in property values or other relevant factors. One-year forecast adjustments to the historical loss rate are based on the U.S. national unemployment rate and CRE values. Subsequent to the one-year forecasts, loss rates are assumed to immediately revert back to long-term historical averages.

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The ACLL is significantly influenced by the composition, characteristics and quality of the Company's loan portfolio, as well as the prevailing economic conditions and forecasts utilized. Material changes to these and other relevant factors may result in greater volatility to the ACLL, and therefore, greater volatility to the Company's reported earnings.

BUSINESS SEGMENT COMPOSITION

As of **September 30, 2023** **March 31, 2024**, the Company was divided into five reportable segments: Traditional Banking, Warehouse **Mortgage Banking**, Lending, TRS, RPS, and RCS. Republic had previously reported mortgage banking as a separate reportable segment prior to the first quarter of 2024. Due to the quantitative and qualitative immateriality of this division, Management concluded its mortgage banking operations no longer constitutes a separate reportable segment for SEC reporting purposes.

Management considers the first **three** **two** segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last **two** **three** segments collectively constitute RPG operations.

(I) Traditional Banking segment

(I) Traditional Banking segment

The Traditional Banking segment, which also includes the results of the former mortgage banking segment, provides traditional banking products primarily to customers in the Company's market footprint. As of **September 30, 2023** **March 31, 2024**, Republic had **46** **47** banking centers with locations as follows:

- Kentucky — 29
 - Metropolitan Louisville — **18** **19**
 - Central Kentucky — **7** **6**
 - Georgetown — 1
 - Lexington — 5
 - **Shelbyville** — **1**
 - Northern Kentucky (**Metropolitan Cincinnati**) — 4

- Bellevue — 1
 - Covington — 1
 - Crestview Hills — 1
 - Florence — 1
- Indiana — 3
 - Southern Indiana (Metropolitan Louisville) — 3
 - Floyds Knobs — 1
 - Jeffersonville — 1
 - New Albany — 1
- Florida — 7
 - Metropolitan Tampa — 7
- Ohio — 4
 - Metropolitan Cincinnati — 4
- Tennessee — 34
 - Metropolitan Nashville — 34

Republic's headquarters are in Louisville, which is the largest city in Kentucky based on population.

The Bank's principal lending activities consist of the following:

Retail Mortgage Lending — Through its retail banking centers and its online Consumer Direct channel, the Bank originates single-family, residential real estate loans and HELOCs. In addition, the Bank originates HEALS through its retail banking centers. Such loans are generally collateralized by owner-occupied, residential real estate properties. For those loans originated through the Bank's retail banking centers, the collateral is predominately located in the Bank's market footprint, while loans originated through its Consumer Direct channel are generally secured by owner-occupied collateral located outside of the Bank's market footprint.

Mortgage banking — Mortgage banking activities primarily include 15-, 20- and 30-year fixed-term single-family, first-lien residential real estate loans that are originated and sold into the secondary market, primarily to the FHLMC and the FNMA. The Bank typically retains servicing on loans sold into the secondary market. Administration of loans with servicing retained by the

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Bank includes collecting principal and interest payments, escrowing funds for property taxes and property insurance, and remitting payments to secondary market investors. The Bank receives fees for performing these standard servicing functions.

As part of the sale of loans with servicing retained, the Bank records MSR. MSRs represent an estimate of the present value of future cash servicing income, net of estimated costs, which the Bank expects to receive on loans sold with servicing retained by the Bank. MSRs are capitalized as separate assets. This transaction is posted to net gain on sale of loans, a component of "Mortgage banking income" in the income statement. Management considers all relevant factors, in addition to pricing considerations from other servicers, to estimate the fair value of the MSRs to be recorded when the loans are initially sold with servicing retained by the Bank. The carrying value of MSRs is initially amortized in proportion to and over the estimated period of net servicing income and subsequently adjusted quarterly based on the weighted average remaining life of the underlying loans. The MSR amortization is recorded as a reduction to net servicing income, a component of Mortgage banking income.

With the assistance of an independent third party, the MSR asset is reviewed at least quarterly for impairment based on the fair value of the MSRs using groupings of the underlying loans based on predominant risk characteristics. Any impairment of a grouping is reported as a valuation allowance. A primary factor influencing the fair value is the estimated life of the underlying loans serviced. The estimated life of the loans serviced is significantly influenced by market interest rates. During a period of declining interest rates, the fair value of the MSRs is expected to decline due to increased anticipated prepayment

speeds within the portfolio. Alternatively, during a period of rising interest rates, the fair value of MSRs would be expected to increase as prepayment speeds on the underlying loans would be expected to decline.

Commercial Lending — The Bank conducts commercial lending and commercial leasing activities primarily through Corporate Banking, Commercial Banking, Business Banking, Republic Bank Finance, and Retail Banking channels.

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In general, commercial lending credit approvals and processing are prepared and underwritten through the Bank's Commercial Credit Administration Department. Clients are generally located within the Bank's market footprint or in areas nearby the market footprint.

Construction and Land Development Lending — The Bank originates business loans for the construction of both single-family, residential properties and commercial properties (apartment complexes, shopping centers, office buildings). While not a focus for the Bank, the Bank may originate loans for the acquisition and development of residential or commercial land into buildable lots.

Consumer Lending — Traditional Banking consumer loans made by the Bank include home improvement and home equity loans, other secured and unsecured personal loans, and credit cards. Except for home equity loans, which are actively marketed in conjunction with single family, first lien residential real estate loans, other Traditional Banking consumer loan products (not including products offered through RPG), while available, are not and have not been actively promoted in the Bank's markets.

Aircraft Lending — Aircraft loans are typically made to purchase or refinance personal aircrafts, along with engine overhauls and avionics upgrades. Loans range between \$200,000 and \$4,000,000 in size and have terms up to 20 years. The aircraft loan program is open to all fifty states. The credit characteristics of an aircraft borrower are higher than a typical consumer in that they must demonstrate and indicate a higher degree of credit worthiness for approval.

The Bank's other Traditional Banking activities generally consist of the following:

Private Banking — The Bank provides financial products and services to high-net-worth individuals through its Private Banking department. The Bank's Private Banking officers have extensive banking experience and are trained to meet the unique financial needs of this clientele.

Treasury Management Services — The Bank provides various deposit products designed for commercial business clients located throughout its market footprint. Lockbox processing, remote deposit capture, business on-line banking, account reconciliation, and ACH processing are additional services offered to commercial businesses through the Bank's Treasury Management department. Treasury Management officers work closely with commercial and retail officers to support the cash management needs of Bank clients.

Correspondent Lending — The Bank began acquiring single family, first lien mortgage loans for investment through its Correspondent Lending channel during the first quarter of 2023. Correspondent Lending generally involves the Bank acquiring, primarily from its Warehouse Lending clients, closed loans that meet the Bank's specifications. Substantially all loans purchased through the Correspondent Lending channel are purchased at a premium. Premiums on loans held for investment acquired through

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the Correspondent Lending channel will be amortized into interest income on the level-yield method over the expected life of the loan. Loans acquired through the Correspondent Lending channel are generally made to borrowers outside of the Bank's historical market footprint.

Internet Banking — The Bank expands its market penetration and service delivery of its RB&T brand by offering clients Internet Banking services and products through its website, www.republicbank.com.

Mobile Banking — The Bank allows clients to easily and securely access and manage their accounts through its mobile banking application.

Other Banking Services — The Bank also provides title insurance and other financial institution related products and services.

Bank Acquisitions — The Bank maintains an acquisition strategy to selectively grow its franchise as a complement to its organic growth strategies.

See additional detail regarding the Traditional Banking segment under Footnote 17 16 "Segment Information" of Part I Item 1 "Financial Statements."

(II) Warehouse Lending segment

The Core Bank provides short-term, revolving credit facilities to mortgage bankers across the United States through mortgage warehouse lines of credit. These credit facilities are primarily secured by single-family, first-lien residential real estate loans. The credit facility enables the mortgage banking clients to close single-family, first-lien residential real estate loans in their own name and

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temporarily fund their inventory of these closed loans until the loans are sold to investors approved by the Bank. Individual loans are expected to remain on the warehouse line for an average of 15 to 30 days. Advances for Reverse mortgage loans and construction loans typically remain on the line longer than conventional mortgage loans. Interest income and loan fees are accrued for each individual advance during the time the advance remains on the warehouse line and collected when the loan is sold. The Core Bank receives the sale proceeds of each loan directly from the investor and applies the funds to pay off the warehouse advance and related accrued interest and fees. The remaining proceeds are credited to the mortgage-banking client.

See additional detail regarding the Warehouse Lending segment under Footnote 17 16 "Segment Information" of Part I Item 1 "Financial Statements."

(III) Mortgage Banking segment

Mortgage Banking activities primarily include 15-, 20- and 30-year fixed-term, single-family, first-lien residential real estate loans that are originated and sold into the secondary market, primarily to the FHLMC and the FNMA. The Bank typically retains servicing on loans sold into the secondary market. Administration of loans with servicing retained by the Bank includes collecting principal and interest payments, escrowing funds for property taxes and property insurance, and remitting payments to secondary market investors. The Bank receives fees for performing these standard servicing functions.

As part of the sale of loans with servicing retained, the Bank records MSR. MSRs represent an estimate of the present value of future cash servicing income, net of estimated costs, which the Bank expects to receive on loans sold with servicing retained by the Bank. MSRs are capitalized as separate assets. This transaction is posted to net gain on sale of loans, a component of "Mortgage Banking income" in the income statement. Management considers all relevant factors, in addition to pricing considerations from other servicers, to estimate the fair value of the MSRs to be recorded when the loans are initially sold with servicing retained by the Bank. The carrying value of MSRs is initially amortized in proportion to and over the estimated period of net servicing income and subsequently adjusted quarterly based on the weighted average remaining life of the underlying loans. The MSR amortization is recorded as a reduction to net servicing income, a component of Mortgage Banking income.

With the assistance of an independent third-party, the MSR asset is reviewed at least quarterly for impairment based on the fair value of the MSRs using groupings of the underlying loans based on predominant risk characteristics. Any impairment of a grouping is reported as a valuation allowance. A primary factor influencing the fair value is the estimated life of the underlying loans serviced. The estimated life of the loans serviced is significantly influenced by

market interest rates. During a period of declining interest rates, the fair value of the MSRs is expected to decline due to increased anticipated prepayment speeds within the portfolio. Alternatively, during a period of rising interest rates, the fair value of MSRs would be expected to increase as prepayment speeds on the underlying loans would be expected to decline.

See additional detail regarding the Mortgage Banking segment under Footnote 12 "Mortgage Banking Activities" and Footnote 17 "Segment Information" of Part I Item 1 "Financial Statements."

(IV) Tax Refund Solutions segment

Through the TRS segment, the Bank is one of a limited number of financial institutions that facilitates the receipt and payment of federal and state tax refund products and offers a credit product through third-party tax preparers located throughout the U.S., as well as tax-preparation software providers (collectively, the "Tax Providers"). The majority of all the business generated by the TRS business occurs during the first half of each year. During the second half of each year, TRS generates limited revenue and incurs costs preparing for the next year's tax season. During December 2023, TRS also originated \$98 million \$103 million of ERAs during December 2022 related to tax returns that were anticipated to be filed during the first quarter 2023 2024 tax filing season. Of these ERAs, \$11 million remained outstanding as of March 31, 2024.

RTs are fee-based products whereby a tax refund is issued to the taxpayer after the Bank has received the refund from the federal or state government. There is no credit risk or borrowing cost associated with these products because they are only delivered to the taxpayer upon receipt of the tax refund directly from the governmental paying authority. Fees earned by the Company on RTs, net of revenue share, are reported as noninterest income under the line item "Net refund transfer fees."

The RA credit product is a loan made in conjunction with the filing of a taxpayer's federal tax return, which allows the taxpayer to borrow funds as an advance of a portion of their tax refund. The RA product had the following features during the first quarters of 2023 2024 and 2022: 2023:

- Offered only during the first two months of each year;
- The taxpayer was given the option to choose from multiple loan-amount tiers, subject to underwriting, up to a maximum advance amount of \$6,250; \$6,500;

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- No requirement that the taxpayer pays for another bank product, such as an RT;

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- Multiple disbursement methods were available with most Tax Providers, including direct deposit, prepaid card, or check, based on the taxpayer-customer's election;
- Repayment of the RA to the Bank is deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the RA occurs:
 - there is no recourse to the taxpayer,
 - no negative credit reporting on the taxpayer, and
 - no collection efforts against the taxpayer.

The ERA credit product is also a loan that allows a taxpayer to borrow funds as an advance of a portion of their tax refund. Unlike the RA product described immediately above, however, which is originated in conjunction with the filing primary differences being the timing of when the taxpayer's federal tax return, an ERA is originated and the documentation available to underwrite the ERA credits. The ERA is originated prior to the taxpayer receiving their fiscal year taxable income documentation, e.g., W-2, and the filing of the taxpayer's final federal tax return and prior to the taxpayer receiving their year-end taxable income documentation, e.g., W-2, return. As such, the Company generally uses paystub information to estimate the tax refund and underwrite the ERA. The repayment of the ERA is incumbent upon the taxpayer client returning to the Bank's Tax Provider for the filing of their final federal tax return in order for the tax refund to potentially be received by the Bank from the federal government to pay off the advance. The ERA product related to the first quarter 2023 tax filing season had the following features: features during the 2023 and 2024 tax filing seasons:

- Offered only during December 2022 and the up-coming January 2023; in connection with the upcoming first quarter tax business for each period;
- The taxpayer had the option to choose from multiple loan-amount loan tiers, subject to underwriting, up to a maximum advance amount of \$1,000;
- No requirement that the taxpayer pays for another bank product, such as an RT;
- Multiple disbursement methods were available with most Tax Providers, including direct deposit or prepaid card, based on the taxpayer-customer's election;
- Repayment of the ERA to the Bank is deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the ERA, occurs, including the failure to file a final federal tax return through a Republic Tax Provider:
 - there is no recourse to the taxpayer,
 - no negative credit reporting on the taxpayer, and
 - no collection efforts against the taxpayer.

The Company reports fees paid for the RAs, including ERAs, as interest income on loans. The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times. RAs, including ERAs that were originated related to the first quarter 2022 2023 tax filing season were repaid, on average, within 32 days after the taxpayer's tax return was submitted to the applicable taxing authority. RAs do not have a contractual due date, but as it did during 2023, the Company considered a will consider an RA related to the first quarter 2022 tax season, delinquent in 2024 if it remained remains unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. In 2023, the Company also considered a RA, related to the first quarter 2023 tax season, delinquent if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. For the ERA product originated in December of 2022 and January 2023, the Company considered it delinquent if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times.

Provisions on RAs and ERAs are estimated when advances are made. Unpaid RAs, including ERAs, related to the first quarter tax filing season of a given year are charged-off by June 30th 30th of that year, with unless they are deemed to be uncollectible earlier than June 30th, at which time they are charged off. RAs collected during the second half of that year, not subject to loan loss guarantee arrangements, are recorded as recoveries of previously charged-off loans, unless they were covered under a loss guaranty arrangement. Any RAs subject to a loss guaranty arrangement that are recovered during the second half of the year are distributed to the guarantor. loans.

Related to the overall credit losses on RAs, including ERAs, the Bank's ability to control losses is highly dependent upon its ability to predict the taxpayer's likelihood to receive the tax refund as claimed on the taxpayer's tax return. Each year, the Bank's RA approval model is based primarily on the prior-year's tax refund payment patterns. Because the substantial majority of the RA volume occurs each year before that year's tax refund payment patterns can be analyzed and subsequent underwriting changes made, credit losses during a current year could be higher than management's predictions if tax refund payment patterns change materially between years.

In response to changes in the legal, regulatory, and competitive environment, management annually reviews and revises the RA, including the ERA, product parameters. Further changes in the RA and ERA product parameters do not ensure positive results and could have an overall material negative impact on the performance of all RA and ERA product offerings and therefore on the Company's financial condition and results of operations.

See additional detail regarding the RA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

Cancelled Sale Transaction - As previously disclosed, Green Dot Corporation paid RB&T a contract termination fee of \$5.0 million during the first quarter of 2022 and a legal settlement of \$13.0 million during the second quarter of 2022 related to the cancelled Sale Transaction.

(IV) Republic Payment Solutions division segment

Through the RPS is currently managed segment, the Bank offers a range of payment-related products and operated within the TRS segment. The RPS division offers general-purpose reloadable prepaid cards, payroll debit cards, and limited-purpose demand deposit accounts with linked debit cards as an issuing bank services to consumers through third-party service providers. Until The Bank offers both issuing solutions and money movement capabilities.

Issuing Solutions:

The RPS segment offers prepaid and debit solutions primarily marketed to consumers through third-party marketer-servicers.

Prepaid solutions include the operating results issuing of payroll and general purpose reloadable ("GPR") cards. Characteristics of these cards include the following:

- Similar to a traditional debit card with features including traditional point of sale purchasing, ATM withdrawals and direct deposit;
- Funds associated with these products are typically held in pooled accounts at the Bank with the Bank maintaining records of individual balances within these pooled accounts; and
- Payroll cards facilitate the loading of an employer's payroll onto a card via direct deposit with GPR cards generally distributed through retail locations and reloadable through participating retail load networks.

Debit solutions include the issuing of demand deposit accounts, savings accounts and/or debit cards. In addition to offering traditional point of sale purchasing, ATM withdrawals, and direct deposit options, these accounts may include overdraft protection.

Money Movement:

The Bank participates in traditional money movement solutions including ACH transactions, wire transfer, check processing, and the Mastercard Remote Payment and Presentment Service ("RPPS"). These capabilities are complementary to issuing within RPS, division are material to as well as, generally facilitating the Company's overall results movement of operations, they will be reported as part of money for the TRS segment. The Company does not expect to report the RPS division as a separate reportable segment until such time, if any, that it meets quantitative reporting thresholds and RCS Divisions.

The Company reports its share of client-related charges and fees related to for RPS programs under Program RPS program fees. Additionally, the Company's portion of interchange revenue generated by prepaid card transactions is reported as noninterest income under "Interchange fee income."

(V) Republic Credit Solutions segment

Republic Credit Solutions segment — Through the RCS segment, the Bank offers consumer credit products. In general, the credit products are unsecured, small dollar consumer loans that are dependent on various factors. RCS loans typically earn a higher yield but also have higher credit risk compared to loans originated through the Traditional Banking segment, with a significant portion of RCS clients considered subprime or near-prime borrowers. The Bank uses third-party service providers for certain services such as marketing and loan servicing of RCS loans. Additional information regarding consumer loan products offered through RCS follows:

- RCS line-of-credit products – Using separate third-party service providers, the Bank originates two line-of-credit products to generally subprime borrowers in multiple states.

3 RCS's LOC I represented the substantial majority of RCS activity during 2022 and 2023. Elastic Marketing, LLC and Elevate Decision Sciences, LLC are third-party service providers for the LOC I product and are subject to the Bank's oversight and supervision. Together, these companies provide the Bank with certain marketing, servicing, technology, and support services, while a separate third-party third party provides customer support, servicing, and other services on the Bank's behalf. The Bank is the lender for this product and is marketed as such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of the product.

The Bank sells participation interests in this product. These participations sold represent participation interests are a 90% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 10% participation interest in each advance, it maintains 100% ownership of the underlying LOC I account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

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04 One of RCS's existing third-party service providers, subject Similar to its LOC I product, the Bank's Bank provides oversight and supervision to a third party for its LOC II product. In return, this third party provides the Bank with marketing services and loan servicing for the LOC II product. The Bank is the lender for this product and is marketed as such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of this product.

The Bank sells 95% participation interests in this the LOC II product. These participations sold represent a 95% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 5% participation interest in each advance, it maintains 100% ownership of the underlying LOC II account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

- RCS installment loan product – Through RCS, the Bank offers installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. The same third-party service provider for RCS's LOC II is the third-party provider for the installment loans. This third-party provider is subject to the Bank's oversight and supervision and provides the Bank with marketing services and loan servicing for these RCS installment loans. The Bank is the lender for these RCS installment loans and is marketed as such. Furthermore, the Bank controls the loan terms and underwriting guidelines, and the Bank exercises consumer compliance oversight of this RCS installment loan product. Currently, all loan balances originated under

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this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intention to sell these loans to a third-party, who is an affiliate of the Bank's third-party service provider, generally within sixteen days following the Bank's origination of the loans. Loans originated under this RCS installment loan program are carried at fair value under a fair-value option, with the portfolio marked to market monthly.

- RCS healthcare receivables products – The Bank originates healthcare-receivables products across the U.S. through three different third-party service providers.
 - For two of the programs, the Bank retains 100% of the receivables, with recourse in the event of default.
 - For the remaining program, in some instances the Bank retains 100% of the receivables originated, with recourse in the event of default, and in other instances, the Bank sells 100% of the receivables generally within one month of origination. Loan balances held for sale through this program are carried at the lower of cost or fair value.

TheFor the RCS line of credit and healthcare receivable products, the Company reports interest income and loan origination fees earned on RCS loans under "Loans, including fees," while any net gains or losses on sale and mark-to-market adjustments of RCS loans are reported as noninterest income under

"Program" "RCS Program fees." The Company has elected fair value accounting for its RCS installment loan product that it sells after an initial holding period. As a result, interest income on loans, loan origination fees, net gains or losses on sale, and mark-to-market adjustments for the RCS installment product are reported as noninterest income under "RCS Program fees."

OVERVIEW (Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023)

Total Company net income for the third first quarter of 2023 2024 was \$21.6 million \$30.6 million, an a \$2.5 million, or 9%, increase of \$1.7 million over the same period in 2022 2023. Diluted EPS also increased was \$1.58 for first quarter of 2024 compared to \$1.10 \$1.42 for the third first quarter of 2023 compared to \$1.01 for the same period in 2022. 2023.

The increase in net income primarily reflected the following are general highlights by reportable segment:

Traditional Banking segment

- Net income decreased \$1.2 million increased \$2.7 million, 9% or 29%, for the third first quarter of 2023 2024 compared to the same period in 2022 2023.
- Net interest income increased \$847,000, decreased \$1.9 million, or 2% 4%, for the third first quarter of 2023 2024 compared to the same period in 2022 2023.
- Provision was a net charge of \$1.6 million \$358,000 for the third first quarter of 2023 2024 compared to a net credit charge of \$753,000 \$3.0 million for the same period in 2022 2023.
- Noninterest income increased \$427,000, decreased \$175,000, or 5% 2%, for the third first quarter of 2023 2024 compared to the same period in 2022 2023.
- Noninterest expense increased \$1.5 million decreased \$2.0 million, or 4% 5%, for the third first quarter of 2023 2024 compared to the same period in 2022 2023.

Warehouse

- Net income decreased \$402,000 or 20%, for the third quarter of 2023 compared to the same period in 2022.
- Net interest income decreased \$544,000, or 18%, for the third quarter of 2023 compared to the same period in 2022.
- The Warehouse Provision was a net credit of \$203,000 for the third quarter of 2023 compared to a net credit of \$386,000 for the same period in 2022.
- Average committed Warehouse lines decreased to \$1.0 billion in the third quarter of 2023 compared to \$1.3 billion in the third quarter of 2022.
- Average line usage was 42% during the third quarter of 2023 compared to 38% during the same period in 2022.

Mortgage Banking segment

- Within the Mortgage Banking segment, mortgage banking income decreased \$302,000, or 26%, during the third quarter of 2023 compared to the same period in 2022.

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- Overall, Republic's proceeds from the sale of secondary market Total Traditional Bank loans totaled \$26 million decreased \$45 million, or 1%, during the third first quarter of 2024.
- Total nonperforming loans to total loans for the Traditional Banking segment was 0.42% as of March 31, 2024 compared to 0.41% as of December 31, 2023.
- Delinquent loans to total loans for the Traditional Banking segment was 0.18% as of March 31, 2024 compared to 0.18% as of December 31, 2023.
- Total Traditional Bank deposits increased \$444 million, or 10%, during the first quarter of 2024.

Warehouse Lending segment

- Net income increased \$67,000, or 9%, for the first quarter of 2024 compared to the same period in 2023.
- Net interest income increased \$170,000, or 8%, for the first quarter of 2024 compared to the same period in 2023.
- The Warehouse Provision was a net charge of \$309,000 for the first quarter of 2024 compared to a net charge of \$135,000 for the same period in 2023.
- Average committed Warehouse lines decreased from \$1.0 billion in the first quarter of 2023 to \$929 million the first quarter of 2024.
- Average line usage was 37% during the first quarter of 2024 compared to \$39 million 31% during the same period in 2022, with the Company's cash-gain-as-a-percent-of-loans-sold increased to 2.33% for the third quarter of 2023 from 2.23% for the third quarter of 2022. 2023.

Tax Refund Solutions segment

- Net income increased \$2.6 million decreased \$1.0 million, or 276% 11%, for from the third first quarter of 2023 compared to the same period in 2022. first quarter of 2024.
- Net interest income increased \$2.8 million for \$2.6 million, or 9%, from the third first quarter of 2023 compared to the same period in 2022. first quarter of 2024.
- Overall, TRS recorded a net credit to the Provision of \$2.0 million Total RA originations were \$771 million during the third first quarter of 2023 2024 compared to a net credit to the Provision of \$1.3 million \$737 million for the same period in 2022. first quarter of 2023.
- Noninterest income decreased \$350,000, or 25%, for TRS originated \$103 million of ERAs during the third fourth quarter of 2023 related to the anticipated filing of tax returns for the upcoming first quarter 2024 tax filing season compared to \$98 million during the same period in 2022. fourth quarter of 2022 related to the anticipated filing of tax returns for the first quarter of 2023.
- Within noninterest income, net RT revenue decreased \$351,000, or 59%, The TRS Provision was \$25.8 million for the third first quarter of 2023 2024, compared to \$21.8 million for the same period in 2022. first quarter of 2023.
- Noninterest income was \$10.9 million for the first quarter of 2024 compared to \$10.9 million for the first quarter of 2023.
- Net RT revenue was flat at \$10.8 million, for the first quarters of 2024 and 2023.
- Noninterest expense was \$3.1 million \$4.5 million for the third first quarter of 2023 2024 compared to \$3.2 million \$4.8 million for the same period in 2022. first quarter of 2023.

Republic Payment Solutions segment

- Net income was flat at \$2.6 million for the first quarters of 2024 and 2023.
- Net interest income was flat at \$3.5 million for the first quarters of 2024 and 2023.

- Noninterest income was \$774,000 for the first quarter of 2024 compared to \$718,000 for the first quarter of 2023.
- Noninterest expense was \$954,000 for the first quarter of 2024 and compared to \$866,000 for the first quarter of 2023.

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Republic Credit Solutions segment

- Net income increased \$841,000, or 21%, was \$6.1 million for the third first quarter of 2023 2024, a \$748,000, or 14%, increase over the first quarter of 2023.
- Net interest income increased \$3.4 million, or 39%, to \$12.0 million for the first quarter of 2024 compared to the same period in 2022, 2023.
- Net interest income increased \$3.1 million, or 44%, for the third quarter of 2023 compared to the same period in 2022.
- Overall, RCS recorded a net charge to the Provision of \$4.3 million \$4.2 million during the third first quarter of 2023 2024 compared to a net charge of \$4.0 million \$1.8 million for the same period in 2022.
- Noninterest income decreased \$844,000, or 20%, from the third quarter of 2022 to the third quarter of 2023.
- Noninterest income increased \$848,000, or 33%, from the first quarter of 2023 to the first quarter of 2024.
- Noninterest expense was \$3.1 million \$3.2 million for the third first quarter of 2023 2024 and \$2.2 million \$2.4 million for the same period in 2022, 2023.
- Total nonperforming loans to total loans for the RCS segment was 1.63% as of March 31, 2024 compared to 1.11% as of December 31, 2023.
- Delinquent loans to total loans for the RCS segment was 10.26% as of March 31, 2024 compared to 10.51% as of December 31, 2023.

RESULTS OF OPERATIONS (Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023)

Net Interest Income

Banking operations are significantly dependent upon net interest income. Net interest income is the difference between interest income on interest-earning assets, such as loans and investment securities, and the interest expense on interest-bearing liabilities used to fund those assets, such as interest-bearing deposits, securities sold under agreements to repurchase, and FHLB advances. Net interest income is impacted by both changes in the amount and composition of interest-earning assets and interest-bearing liabilities, as well as market interest rates.

See the section titled "Asset/Liability Management and Market Risk" in this section of the filing regarding the Bank's interest rate sensitivity.

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A large amount of the Company's financial instruments **tracks track** closely with, or **is are** primarily indexed to, either the FFTR, **Prime, or Prime, SOFR**. These **rates indices** trended lower beginning in the first quarter of 2020 with the onset of the COVID pandemic, as the FOMC reduced the FFTR to approximately 25 basis points. During 2022 inflation rose to levels not seen in approximately 40 years. In response, the FOMC began executing a quantitative tightening program by reducing its balance sheet, selling certain types of bonds in the market, and repeatedly increasing the FFTR. The FOMC's increases to the FFTR **during 2022 and the first nine months of 2023 since January 1, 2022** included the following:

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Table 1 — Increases to the Federal Funds Target Rate from January 1, 2022 through September 30, 2023 during 2022, 2023 and the first quarter of 2024

Date	Increase to the FFTR	FFTR after Increase
March 17, 2022	0.25 %	0.50 %
May 5, 2022	0.50	1.00
June 16, 2022	0.75	1.75
July 27, 2022	0.75	2.50
September 21, 2022	0.75	3.25
November 2, 2022	0.75	4.00
December 15, 2022	0.50	4.50
February 2, 2023	0.25	4.75
March 23, 2023	0.25	5.00
May 4, 2023	0.25	5.25
July 26, 2023	0.25	5.50

The FOMC's actions and signals continued to place upward pressure on short-term market interest rates throughout the **second half of 2022 and the first nine months of 2023, prior two years**. While long-term interest rates initially rose in tandem with the increases to the FFTR through the middle part of 2022, they generally moved lower than short-term rates during the second half of **2022 and 2022**. Long-term rates generally maintained **a relative this** lower level **into relative to short-term rates throughout** 2023 as the market generally began **to anticipate anticipating** a recession to take place in **2023, the near-term future**. As a result of the **increase in higher** short-term interest rates and the **moderation of lower** long-term interest rates, the yield curve has been inverted for several months, with short-term rates generally higher than long-term rates on the yield curve.

During the third quarter of 2023, long-term rates began to increase meaningfully with short-term rates remaining relatively stable by comparison. As a result, the inversion of the yield curve became less extreme during the third quarter of 2023 as the yields on longer-term interest rates approached the yields on shorter-term interest rates. While the inversion did become less extreme during the quarter, the yield curve remained inverted as of September 30, 2023. Because banks generally price customer deposits based on the shorter-end of the yield curve and price many loans based on the longer-end of the yield curve, an inverted yield curve is generally negative for banks' net interest income while a steep yield curve, in which long-term rates exceed short-term rates, is generally **more** favorable for banks.

At As of the date of this time, filing, the near-term shape of the yield curve is uncertain. The Federal Reserve continues to signal its willingness to implement appropriate monetary policy to **reduce inflation, maintain inflation at an acceptable level**. Many market forecasters, however, believe that **near-term interest rate cuts by the FOMC are more likely than near-term interest rate increases or no change to the FFTR at all**. Any further monetary tightening by the FOMC in the future will likely cause short-term interest rates to increase. **The It is unknown what** impact additional short-term rate increases by the FOMC could have on

long-term market interest rates. Alternatively, future rate cuts are likely to decrease interest rates on the shorter end of the yield curve. Similarly, it is unknown how corresponding long-term rates will move, if at all, if the FOMC does cut short-term interest rates in the near-term. Additionally, if the FFTR experiences no changes in the near-term, it is uncertain if long term rates will remain generally below short-term interest rates or if the yield curve could begin to steepen.

Total Company net interest income was \$64.8 million \$96.9 million during the third first quarter of 2023 2024 and represented an increase of \$6.2 million \$4.3 million, or 11% 5%, from the third first quarter of 2022. The 2023. Total Company net interest margin increased decreased to 4.35% 5.87% during the third first quarter of 2023 2024 compared to 4.09% 6.52% for the same period in 2022 2023.

The following were the most significant components affecting the Company's net interest income by reportable segment:

Traditional Banking segment

Net interest income within the Traditional Bank was slightly higher from the third quarter of 2022 to the third quarter of 2023 with a slight decrease in NIM over the same periods. Overall, the Traditional Bank's Banking's net interest income increased \$847,000, decreased \$1.9 million, or 2% 4%, while its NIM declined 13 basis points from the third quarter of 2022 to 3.50% for the third quarter of 2023.

The small increase in net interest income at the Traditional Bank from the third quarter of 2022 to the third quarter of 2023 is a continuing change in trend from early 2023, when the Traditional Bank's net interest income was much higher on a period-over-same-period-last-year basis. The on-going drivers of this change in trend, which began to emerge late in the first quarter of 2023, were a reduction in average interest-earning cash balances 2024 compared to the same period in 2023. Traditional Banking's net interest margin was 3.33% for the prior year combined with first quarter of 2024, a decrease of 74 basis points from the same period in 2023.

The primary driver of this decrease in net interest income and net interest margin at the Traditional Bank was an on-going shift in funding mix away from noninterest-bearing deposit balances into higher-costing, interest-bearing deposits and Federal Home Loan Bank advances. FHLB borrowings. As a result of these factors, continuance in trend from 2023, the Traditional Bank's yield on its interest earning assets increased 120 basis points average noninterest-bearing deposits decreased from \$1.6 billion during the third quarter of 2022 to the third first quarter of 2023 while to \$1.2 billion for the cost first quarter of its interest-bearing liabilities increased 203 basis points over 2024. In addition to this change in funding mix, the same periods.

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of interest-bearing liabilities increased 230 basis points from the first quarter of 2023 to the first quarter of 2024, notably more than the 88-basis-point increase to its yield on interest-earning assets for the same periods.

Further detailing this impacting the Traditional Bank's change in net interest income and NIM between the third first quarter of 2022 2023 and the third first quarter of 2023 2024 were the following:

- Traditional Bank average loans grew from \$3.7 billion \$3.9 billion with a weighted-average yield of 4.23% 4.59% during the third first quarter of 2022 2023 to \$4.4 billion \$4.6 billion with a weighted average weighted-average yield of 5.23% 5.45% during the third first quarter of 2023. As previously noted, 2024. In general, the growth in average loan balances was primarily attributable to loan growth remained particularly strong within the Core Bank achieved during the first last nine months of 2023, with as the acquisition of CBank adding approximately \$217 million spot balances for Traditional Bank loans decreased \$45 million, or 1%, from December 31, 2023 to the Core Bank's average loans during the third quarter of 2023. March 31, 2024.

- Average investments were \$772 million \$733 million with a weighted-average yield of 2.75% 2.98% during the third first quarter of 2023 2024 compared to \$695 million \$773 million with a weighted-average yield of 1.88% 2.61% for the third first quarter of 2022. As part 2023. During the first quarter of its overall interest rate risk management strategy, 2024, the Traditional Bank generally maintains continued to maintain an investment portfolio with a shorter generally short overall duration, as compared to part of its peers. This strategy is generally favorable to net interest income in a rising interest rate environment. risk management strategy.
- The Traditional Bank's average noninterest-bearing deposits decreased from \$1.6 billion during the third quarter of 2022 to \$1.4 billion for the third quarter of 2023. This decrease in average noninterest-bearing deposits was primarily funded through a decrease in interest-earning cash balances and an increase in FHLB borrowings.
- The Traditional Bank's weighted-average cost of interest-bearing liabilities increased from 0.02% during the third quarter of 2022 to 2.05% for the third quarter of 2023. Further segmenting the Traditional Bank's increased cost of interest-bearing liabilities:
 - The weighted-average cost of total interest-bearing deposits increased from 0.26% 0.74% during the third first quarter of 2022 2023 to 2.08% 2.68% for the third first quarter of 2023. In addition, 2024, while average interest-bearing deposits grew \$199 million from \$746 million for the third same periods. In addition to offsetting the decrease in its noninterest bearing deposits since 2023, the Traditional Bank also raised additional non-retail, higher-costing interest-bearing deposits since the first quarter of 2022 2023 to maintain strong liquidity during the third first quarter of 2023. 2024 tax season at RPG.
 - The average balance of FHLB borrowings increased from \$20 million \$245 million for the third first quarter of 2022 2023 to \$442 million \$536 million for the third first quarter of 2023 2024. In addition, the weighted-average cost of these borrowings increased from 1.91% 4.22% to 4.85% 4.94% for the same time periods. As noted above, this This increase in the average balance of borrowings was generally driven by a the above noted growth in period-to-period decline in average deposit balances. loans.
- Average interest-earning cash was \$173 million \$454 million with a weighted-average yield of 5.53% 5.57% during the third first quarter of 2023 2024 compared to \$724 million \$241 million with a weighted-average yield of 2.31% 4.48% for the third first quarter of 2022 2023. The decline change in average cash balances was driven generally by a decrease in average deposit balances in combination with a an strategic increase in average loans for on-balance sheet liquidity above required minimums in response to the same periods. uncertainty of the economic environment.

As previously disclosed, short-term interest rates have risen dramatically since March of 2022 as a result of FOMC monetary actions. From March 2022 through December 2022, increases in short-term interest rates were generally favorable to the Traditional Bank's net interest income and net interest margin primarily as a result of the substantial amount of immediately-repricing, interest-earning cash it maintained on its balance sheet and its ability to sustain a low cost of deposits in relation to the rising FFTR. During the third quarter of 2022, however, the Traditional Bank began to use its excess cash to fund a decline in deposit balances. This trend of declining interest-earning cash to fund decreasing deposit balances continued into the second quarter of 2023. In addition, during the first quarter of 2023, the cost of the Traditional Bank's interest-bearing deposits began to increase more significantly during the latter part of the quarter due to customer pricing pressures. This trend of increasing deposit costs continued into the third quarter of 2023.

As a result of the declining cash balances, the increasing cost of deposits and the increasing balances of higher costing FHLB advances, the Bank began to experience a diminishing benefit to its net interest income and net interest margin with additional increases in the FFTR during the first quarter of 2023. This trend continued during the third quarter of 2023, as the increase in Traditional Bank interest income only slightly exceeded the increase in Traditional Bank interest expense.

Management believes the Traditional Bank will could likely continue to experience net interest margin compression during the fourth quarter remainder of 2023 2024 as a result of the negative impact of 1) lower interest-earning cash and low-cost deposit balances; a continuing shift from noninterest-bearing deposits into interest-bearing deposits; 2) larger, higher-costing average balances of FHLB borrowings; and 3) a continuing rise in the cost of interest-bearing deposits in order to maintain client balances. Additional variables which may also impact the Traditional Bank's net interest income and net interest margin in the future include, but are not limited to, the actual steepness and shape of the yield curve, future demand for the Traditional Bank's financial products, and the Traditional Bank's overall future liquidity needs.

For additional discussion of the factors impacting interest-earning cash and deposit balances as well as deposit betas, see sections titled "Cash and Cash Equivalents" and "Deposits" in the "COMPARISON OF FINANCIAL CONDITION" of this document.

Warehouse Lending segment

- Net interest income within the Warehouse segment increased \$170,000, or 8%, from the first quarter of 2023 to the first quarter of 2024, driven by an increase in average outstanding balances. Overall, average outstanding Warehouse balances increased from \$330 million during the first quarter of 2023 to \$340 million for the first quarter of 2024. Committed Warehouse lines declined from \$1.0 billion to \$932 million from March 31, 2023 to March 31, 2024, while an up-tick in demand caused average usage rates for Warehouse lines to increase from 31% during the first quarter of 2023 to 37% for the first quarter of 2024.

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Warehouse Tax Refund Solutions segment

Net interest income within Warehouse decreased \$544,000, or 18%, the TRS segment was up \$2.6 million from the third quarter of 2022 to the third first quarter of 2023 driven by decreases in both average outstanding balances and net interest margin. Overall average outstanding Warehouse balances declined from \$474 million during to the third first quarter of 2022 to \$423 million 2024

Loan-related interest and fees increased \$3.5 million for the third quarter and was driven primarily by a \$40 million increase in RA origination volume. This increase in loan revenue was partially offset by a \$1.1 million increase in the TRS's loan funding costs, net of 2023, the interest revenue the segment earned as home-mortgage refinancing dipped a credit to interest income for its average deposit balances.

See additional detail regarding the RA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

Republic Payment Solutions

Net interest income from the Company's prepaid card division was flat at \$3.5 million for the first quarters of 2024 and 2023. RPS earned a significantly higher volume in early 2022. Driving this decrease in yield of 5.07% applied to the \$375 million average outstanding of prepaid program balances was a decline in committed lines-of-credit to \$1.0 billion as September 30, 2023 from \$1.2 billion as of September 30, 2022. Concurrent with the decline in committed lines of credit, the average usage rates for Warehouse lines increased to 42% during the third quarter of 2023 from 38% for the first quarter of 2022.

The Warehouse net interest margin compressed 21 basis points from 2.54% during 2024 compared to a yield of 3.84% for the third quarter of 2022 to 2.33% during \$377 million in average prepaid card balances for the third first quarter of 2023. The decline increase in this higher yield, however, was substantially offset by a \$969,000 charge to interest expense for a new revenue sharing arrangement for the program which began in January 2024, as previously disclosed within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Warehouse net interest margin occurred as its funding costs, as charged through the Company's internal FTP methodology, generally rose in tandem with the increase in short-term interest rates since rates began rising in March 2022, while its yield increases were delayed until the adjustable rates 2023 Annual Report on its clients' lines of credit surpassed their contractual interest rate floors. These interest rate floors benefited the Warehouse's net interest margin substantially during 2020 and 2021 when market rates declined to historical lows but have produced margin compression since the onset of the FFTR increases during the first quarter of 2022.

Additional increases in long-term market interest rates will likely lead to a continued reduction in average outstanding balances driven by a decline in demand from Warehouse clients, as higher long-term interest rates generally drive lower demand for Warehouse borrowings. In addition, because the yields on Warehouse lines of credit are generally tied to short-term interest rates, additional increases in short-term interest rates could cause further competitive pricing pressures for the industry and the Core Bank, driving down the yield Warehouse earns on its lines of credits.

Tax Refund Solutions segment

TRS's net interest income increased \$2.8 million for the third quarter of 2023 compared to the same period in 2022, driven primarily by an increase interest income on TRS's prepaid card balances as a function of the Company's FTP methodology and a rise in interest rates.

The prepaid card product component of TRS drove a \$3 million increase to net interest income for the segment. This increase was generally driven by a higher crediting rate applied through the Company's internal FTP. The prepaid card FTP credit yield was 5.00% for average prepaid card-related balances of \$343

million during the third quarter of 2023 compared to 1.70% for average prepaid card-related balances of \$338 million during the third quarter of 2022.

Republic Credit Solutions segment

RCS's net interest income increased \$3.1 million \$3.4 million, or 44% 39%, from the third first quarter of 2022 2023 to the third first quarter of 2023. 2024. The increase was driven primarily by an increase in fee income from RCS's LOC II product.

RCS's LOC II loan Loan fees which are on this product, recorded as interest income on loans, increased to \$9.8 million during the third quarter of 2023 compared to \$6.6 million during the same period in 2022. The Company first piloted this product during \$3.5 million from the first quarter of 2021 with limited outstanding balances during the pilot phase. It began to ramp up origination volume for the product during early 2022 and has steadily increased its volume since then, leading to corresponding higher year-over-year revenue.

Overall customer demand for the RCS segment's products is not assumed to be interest rate sensitive and therefore management does not believe a rising interest rate environment will impact origination volume for its various consumer loan products. A rising interest rate environment, however, likely will impact the Company's internal FTP cost allocated to this segment. As a result, the impact of rising interest rates to RCS during 2023 will be negative to the segment's financial results, although the exact amount first quarter of the negative impact will depend on the internal FTP cost assigned as well as the overall volume and mix of loans it generates.

2024.

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The following table presents the average balance sheets for the three-month periods ended September 30, 2023 March 31, 2024 and 2022. 2023, along with the related calculations of tax-equivalent net interest income, net interest margin and net interest spread for the related periods.

Table 2 — Total Company Average Balance Sheets and Interest Rates

(dollars in thousands)	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Average	Average		Average	Average	
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Interest-earning assets:						
Federal funds sold and other interest-earning deposits	\$ 177,003	\$ 2,395	5.41 %	\$ 727,626	\$ 4,175	2.30 %
Investment securities, including FHLB stock (1)	771,453	5,298	2.75	694,781	3,275	1.89
RCS LOC products (2)	37,319	9,762	104.63	30,919	7,196	93.09
Other RPG loans (3) (6)	99,036	2,079	8.40	77,429	1,102	5.69
Outstanding Warehouse lines of credit (4) (6)	423,141	8,154	7.71	473,923	5,491	4.63
All other Core Bank loans (5) (6)	4,446,585	58,180	5.23	3,723,898	39,378	4.23
Total interest-earning assets	5,954,537	85,868	5.77	5,728,576	60,617	4.23
Allowance for credit losses	(73,438)			(65,262)		
Noninterest-earning assets:						
Noninterest-earning cash and cash equivalents	96,303			108,069		

Premises and equipment, net	34,013			33,307		
Bank owned life insurance	102,825			100,740		
Other assets (1)	220,595			170,693		
Total assets	<u>\$ 6,334,835</u>			<u>\$ 6,076,123</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction accounts	\$ 1,455,193	\$ 3,552	0.98 %	\$ 1,703,020	\$ 495	0.12 %
Money market accounts	905,089	6,391	2.82	787,523	601	0.31
Time deposits	328,071	2,706	3.30	238,149	703	1.18
Reciprocal money market and time deposits	281,277	2,748	3.91	48,432	31	0.26
Brokered deposits	<u>7,222</u>	<u>100</u>	5.54	<u>—</u>	<u>—</u>	—
Total interest-bearing deposits	2,976,852	15,497	2.08	2,777,124	1,830	0.26
SSUARs and other short-term borrowings	90,063	196	0.87	220,149	94	0.17
Federal Home Loan Bank advances and other long-term borrowings	<u>441,543</u>	<u>5,350</u>	4.85	<u>20,000</u>	<u>96</u>	1.92
Total interest-bearing liabilities	<u>3,508,458</u>	<u>21,043</u>	2.40	<u>3,017,273</u>	<u>2,020</u>	0.27
Noninterest-bearing liabilities and Stockholders' equity:						
Noninterest-bearing deposits	1,794,874			2,096,206		
Other liabilities	133,237			108,965		
Stockholders' equity	<u>898,266</u>			<u>853,679</u>		
Total liabilities and stockholders' equity	<u>\$ 6,334,835</u>			<u>\$ 6,076,123</u>		
Net interest income		<u>\$ 64,825</u>			<u>\$ 58,597</u>	
Net interest spread			3.37 %			3.96 %
Net interest margin			4.35 %			4.09 %

(dollars in thousands)	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Average	Average		Average	Average	
	Balance	Interest	Rate	Balance	Interest	Rate
ASSETS						
Interest-earning assets:						
Federal funds sold and other interest-earning deposits	\$ 454,426	\$ 6,289	5.57 %	\$ 241,211	\$ 2,700	4.48 %
Investment securities, including FHLB stock (a)	732,678	5,436	2.98	773,172	5,047	2.61
TRS Refund Advance loans (b)	287,806	34,652	48.42	249,378	31,405	50.37
RCS LOC products (b)	41,339	11,372	110.64	31,086	7,962	102.45
Other RPG loans (c) (f)	149,818	3,295	8.85	141,975	2,625	7.40
Outstanding Warehouse lines of credit (d) (f)	340,433	6,753	7.98	329,716	5,720	6.94
All other Core Bank loans (e) (f)	<u>4,634,948</u>	<u>62,835</u>	5.45	<u>3,913,388</u>	<u>44,897</u>	4.59
Total interest-earning assets	6,641,448	<u>130,632</u>	7.91	5,679,926	<u>100,356</u>	7.07

Allowance for credit loss	(96,446)			(83,195)		
Noninterest-earning assets:						
Noninterest-earning cash and cash equivalents	280,618			295,905		
Premises and equipment, net	33,889			32,232		
Bank owned life insurance	104,305			102,004		
Other assets (a)	255,758			186,169		
Total assets	<u>\$ 7,219,572</u>			<u>\$ 6,213,041</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction accounts	\$ 1,833,566	\$ 5,729	1.26 %	\$ 1,644,777	\$ 1,742	0.42 %
Money market accounts	1,066,046	8,807	3.32	748,623	2,106	1.13
Time deposits	373,240	3,581	3.86	225,847	859	1.52
Reciprocal money market and time deposits	310,898	3,232	4.18	43,852	171	1.56
Brokered deposits	<u>421,096</u>	<u>5,647</u>	5.39	<u>—</u>	<u>—</u>	—
Total interest-bearing deposits	4,004,846	26,996	2.71	2,663,099	4,878	0.73
SSUARs and other short-term borrowings	102,592	130	0.51	202,910	248	0.49
Federal Reserve PPP Liquidity Facility	—	—	—	—	—	—
Federal Home Loan Bank advances and other long-term borrowings	<u>536,209</u>	<u>6,587</u>	4.94	<u>245,344</u>	<u>2,588</u>	4.22
Total interest-bearing liabilities	<u>4,643,647</u>	<u>33,713</u>	2.92	<u>3,111,353</u>	<u>7,714</u>	0.99
Noninterest-bearing liabilities and Stockholders' equity:						
Noninterest-bearing deposits	1,490,048			2,089,162		
Other liabilities	152,835			133,321		
Stockholders' equity	933,042			879,205		
Total liabilities and stock-holders' equity	<u>\$ 7,219,572</u>			<u>\$ 6,213,041</u>		
Net interest income		<u>\$ 96,919</u>			<u>\$ 92,642</u>	
Net interest spread			4.99 %			6.08 %
Net interest margin			5.87 %			6.52 %

- (1) For the purpose of this calculation, the fair market value adjustment on debt securities is included as a component of other assets.
- (2) Interest income for Refund Advances and RCS line-of-credit products is composed entirely of loan fees.
- (3) Interest income includes loan fees of \$0 \$1.2 million and \$0 \$933,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023.
- (4) Interest income includes loan fees of \$254,000 \$263,000 and \$402,000 \$248,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023.
- (5) Interest income includes loan fees of \$1.7 million \$1.4 million and \$911,000 \$946,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023.
- (6) Average balances for loans include the principal balance of nonaccrual loans and loans held for sale, and are inclusive of all loan premiums, discounts, fees and costs.

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Table 3 illustrates the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities impacted Republic's interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) changes attributable to changes in volume (changes in volume multiplied by prior rate), (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (iii) net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

Table 3 — Total Company Volume/Rate Variance Analysis

(in thousands)	Three Months Ended September 30, 2023		
	Compared to		
	Three Months Ended September 30, 2022		
	Total Net Change	Increase / (Decrease) Due to	
		Volume	Rate
Interest income:			
Federal funds sold and other interest-earning deposits	\$ (1,780)	\$ (4,695)	\$ 2,915
Investment securities, including FHLB stock	2,023	394	1,629
RCS LOC products	2,566	1,605	961
Other RPG loans	977	362	615
Outstanding Warehouse lines of credit	2,663	(643)	3,306
All other Core Bank loans	18,802	8,458	10,344
Net change in interest income	25,251	5,481	19,770
Interest expense:			
Transaction accounts	3,057	(82)	3,139
Money market accounts	5,790	103	5,687
Time deposits	2,003	348	1,655
Reciprocal money market and time deposits	2,717	685	2,032
Brokered deposits	100	100	—
SSUARs and other short-term borrowings	102	(84)	186
Federal Home Loan Bank advances	5,254	4,900	354
Net change in interest expense	19,023	5,970	13,053
Net change in net interest income	\$ 6,228	\$ (489)	\$ 6,717

(in thousands)	Three Months Ended March 31, 2024		
	Compared to		
	Three Months Ended March 31, 2023		
	Total Net Change	Increase / (Decrease) Due to	
		Volume	Rate
Interest income:			
Federal funds sold and other interest-earning deposits	\$ 3,589	\$ 2,832	\$ 757
Investment securities, including FHLB stock	389	(274)	663
TRS Refund Advance loans	3,247	4,674	(1,427)

RCS LOC products	3,410	2,564	846
Other RPG loans	670	167	503
Outstanding Warehouse lines of credit	1,033	190	843
All other Core Bank loans	17,938	9,033	8,905
Net change in interest income	30,276	19,186	11,090
Interest expense:			
Transaction accounts	3,945	222	3,723
Money market accounts	6,702	1,203	5,499
Time deposits	2,721	818	1,903
Reciprocal money market and time deposits	3,061	2,404	657
Brokered deposits	5,647	5,647	—
SSUARs and other short-term borrowings	(76)	(116)	40
Federal Home Loan Bank advances	3,999	3,512	487
Subordinated note			
Net change in interest expense	25,999	13,690	12,309
Net change in net interest income	\$ 4,277	\$ 5,496	\$ (1,219)

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Provision

Total Company Provision was a net charge of **\$3.7 million** **\$30.6 million** for the **third** first quarter of **2023** **2024** compared to a net charge of **\$1.6 million** **\$26.8 million** for the same period in **2022** **2023**.

The following were the most significant components comprising the Company's Provision by reportable segment:

Traditional Banking segment

The Traditional Banking Provision during the **third** first quarter of **2023** **2024** was a net charge of **\$1.6 million** **\$358,000** compared to a net **credit** charge of **\$753,000** **\$3.0 million** for the **third** first quarter of **2022** **2023**. An analysis of the Provision for the first quarter of 2024 compared to the same period in 2023 follows:

The net charge during the **third** first quarter of 2024 was primarily driven by the following:

- The Traditional Bank recorded a net charge to the Provision of \$820,000 during the first quarter of 2024 related to general formula reserves applied to Traditional Bank loans. While loan balances at the Traditional Bank decreased in total during the first quarter, the segment experienced a change in loan mix growing in loan categories, such as construction and land development, with higher loan loss reserve requirements.
- Partially offsetting the above charges to the Provision, the Traditional Bank recorded a net credit to the Provision of \$631,000 as a result of the reclass of \$69 million of correspondent mortgage loans from loans held for investment into loans held for sale.

The net charge during the **first** quarter of 2023 was primarily driven by the following:

- The Traditional Bank recorded a net charge to the Provision of \$1.6 million for \$430,000 million during the first quarter of 2023 related to general formula reserves applied to \$101 million \$92 million of Traditional Bank loan growth for the quarter, first quarter of 2023.

The net credit during the third quarter of 2022 was primarily driven by the following:

- The Traditional Bank recorded a net credit to the Provision of \$1.7 million during the quarter substantially all of which was related to the favorable payoff of one large, classified loan.
- Offsetting the above, the Traditional Bank recorded a Day-1 net charge to the Provision of \$974,000 resulting primarily from general formula reserves applied \$2.7 million during the first quarter of 2023 related to \$81 million its acquisition of growth for the quarter in non-PPP Traditional Bank loans. CBank.

As a percentage of total Traditional Bank loans, the Traditional Banking ACLL was 1.27% 1.29% as of September 30, 2023 March 31, 2024 compared to 1.32% 1.28% as of December 31, 2022 December 31, 2023 and 1.31% 1.33% as of September 30, 2022 March 31, 2023. The Company believes, based on information presently available, that it has adequately provided for Traditional Banking loan losses as of September 30, 2023 March 31, 2024.

See the sections titled "Allowance for Credit Losses" and "Asset Quality" in this section of the filing under "Comparison of Financial Condition" for additional discussion regarding the Provision and the Bank's credit quality.

Warehouse Lending segment

Warehouse recorded a net credit charge to the Provision of \$203,000 \$309,000 for the third first quarter of 2023 2024 compared to a net credit charge of \$386,000 \$135,000 for the same period in 2022, 2023. Provision for both periods reflected changes in general reserves consistent with changes in outstanding period-end balances. Outstanding Warehouse period-end balances increased \$81 million \$124 million during the third first quarter of 2023 2024 compared to a decrease an increase of \$93 million \$54 million during the third first quarter of 2022, 2023.

As a percentage of total Warehouse outstanding balances, the Warehouse ACLL was 0.25% as of September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023, and September 30, 2022 March 31, 2023. The Company believes, based on information presently available, that it has adequately provided for Warehouse loan losses as of September 30, 2023 March 31, 2024.

Tax Refund Solutions segment

TRS recorded a net credit charge to the Provision of \$2.0 million \$25.8 million during the third first quarter of 2023 2024 compared to a net credit charge of \$1.3 million \$21.8 million for the same period in 2022, 2023. Substantially all TRS Provision in both periods was related to its RA product.

RAs related In addition to an increase in RA volume driving higher estimated loan losses during the quarter, the increase in Provision from the first quarter of 2023 to the first quarter 2023 of 2024 primarily occurred because payments received from the U.S. Treasury to fund federal tax

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refunds through March 31, 2024 lagged the payments received through March 31, 2023. As a result, TRS recorded a charge to the Provision for RAs, including ERAs, of \$26.0 million, or 3.37% of its \$771 million in RAs originated during the first quarter of 2024 compared to a net charge to the Provision of \$22.0 million, or 2.98% of its \$737 million of RAs originated during the first quarter of 2023.

RAs related to a first quarter tax filing season were only originated during December of 2022 the previous year and the first two months of 2023. RAs related to the first quarter 2022 tax filing season were only originated during the first two months of 2022, current year. As is the case each year as of March 31st, the Allowance related to RAs is an estimate with that estimate finalized during the second quarter when all uncollected RAs are ultimately charged off as of June 30th. The final charge-off figures posted during the second quarter of a calendar year can be meaningfully different (higher or lower) than its March 31st

estimate based on actual paydowns received from the U.S. Treasury during the second quarter. RAs collected during the second half of a that year, not subject to loan loss guarantee arrangements, are recorded as recoveries of previously charged-off loans unless they were covered under a loss guaranty arrangement. Any RAs subject to a loss guaranty arrangement that are recovered during the second half of the year are distributed to the guarantor.

As of September 30, 2023, loans, TRS's incurred loss rate related to RAs that were associated with the first quarter 2023 tax filing season was 3.79% of the \$835 million of the total loans originated during December 2022 and the first two months of 2023. TRS's incurred

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loss rate for RAs as of September 30, 2022 June 30, 2023 was 2.87% 3.22% of total originations and it finished 2022 2023 with a final RA loss rate of 2.20% 2.84% of total RAs originated.

For factors affecting the comparison of the TRS results of operations for the third first quarter of 2023 2024 and the third first quarter of 2022, 2023, see section titled "OVERVIEW (Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023) - Tax Refund Solutions."

See additional detail regarding the RA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

Table 4 — Refund Advance Performance

(dollars in thousands)		2023 Tax Season	2022 Tax Season	2023/2022 Change
RAs originated during the tax season (1)	(a)	\$ 834,552	\$ 311,207	\$ 523,345
RA net charge-offs (recoveries) recorded (\$):				
RA net losses recognized for the six months ended June 30,	(b)	\$ 25,823	\$ 7,583	\$ 18,240
Provision expense recorded during the six months ended June 30,	(c)	25,798	8,879	16,919
Second quarter Provision true-up for three months ended June 30,	(d)	\$ 25	\$ (1,296)	\$ 1,321
RA net charge-offs (recoveries) recorded (%):				
RA net losses recognized for the six months ended June 30,	(b)/(a)	3.09 %	2.44 %	0.65 %
Provision expense recorded during the six months ended June 30,	(c)/(a)	3.09	2.85	0.24
Second quarter Provision true-up for three months ended June 30,	(d)/(a)	- %	(0.41)%	0.41 %

(1) The Company originated \$98 million of ERAs in December of 2022 related to the 2023 Tax Season. ERAs were not offered in December of 2021 related to the 2022 Tax Season.

See additional detail regarding the RA EA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

Republic Credit Solutions segment

As illustrated in Table 4 below, RCS recorded a net charge to the Provision of \$4.3 million \$4.2 million during the third first quarter of 2023 2024 compared to a net charge to the Provision of \$4.0 million \$1.8 million for the same period in 2022, 2023. The increase in the Provision was driven primarily by a \$965,000 \$1.4 million increase in net charge-offs for RCS's LOC II product, which resulted in a higher reserve percentage being applied to the outstanding balances. Partially offsetting the product. The \$1.4 million, or 117%, increase in Provision related to net charge-offs within the RCS LOC II product net charge-offs for RCS's LOC I product decreased \$500,000 for was driven by a \$9.9 million, or 88%, increase in average outstanding balances from the third first quarter of 2023 compared to third the first quarter of 2022.2024.

While RCS loans generally return higher yields, they also present a greater credit risk than Traditional Banking loan products, particularly within RCS's unsecured LOC I and LOC II products. As a percentage of total RCS loans, the RCS ACLL was 13.00% 14.09% as of September 30, 2023 March 31, 2024, 12.88% 13.82% as of June 30, 2023 December 31, 2023, 13.73% and 12.34% as of December 31, 2022, and 14.73% as of September 30, 2022 March 31, 2023. The Company believes, based on information presently available, that it has adequately provided for RCS loan losses as of September 30, 2023 March 31, 2024.

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The following table presents net charges to the RCS Provision by product:

Table 54 — RCS Provision by Product

(dollars in thousands)	Three Months Ended Sep. 30,				Three Months Ended Mar. 31,			
	2023	2022	\$ Change	% Change	2024	2023	\$ Change	% Change
Product:								
Lines of credit	\$ 4,320	\$ 3,996	\$ 324	8 %	\$ 4,185	\$ 1,825	\$ 2,360	129 %
Healthcare receivables	13	12	1	8	(4)	14	(18)	(129)
Total	\$ 4,333	\$ 4,008	\$ 325	8 %	\$ 4,181	\$ 1,839	\$ 2,342	127 %

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Table 5 — Summary of Loan and Lease Loss Experience

(dollars in thousands)	Three Months Ended	
	March 31,	
	2024	2023
ACLL at beginning of period	\$ 82,130	\$ 70,413
CBank Initial Recognition of ACLL and Fair Value Adjustment	—	1,600
Charge-offs:		

Traditional Banking:		
Residential real estate	(13)	(6)
Commercial real estate	—	—
Construction & land development	—	—
Commercial & industrial	—	—
Lease financing receivables	(24)	—
Home equity	—	—
Consumer	(345)	(325)
Total Traditional Banking	(382)	(331)
Warehouse lines of credit	—	—
Total Core Banking	(382)	(331)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	—	—
Refund Anticipation Loans	—	—
Other TRS commercial & industrial loans	—	—
Republic Credit Solutions	(4,545)	(3,099)
Total Republic Processing Group	(4,545)	(3,099)
Total charge-offs	(4,927)	(3,430)
Recoveries:		
Traditional Banking:		
Residential real estate	59	15
Commercial real estate	20	47
Construction & land development	—	—
Commercial & industrial	1	90
Lease financing receivables	13	—
Home equity	1	1
Consumer	108	101
Total Traditional Banking	202	254
Warehouse lines of credit	—	—
Total Core Banking	202	254
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	275	285
Refund Anticipation Loans	—	—
Other TRS commercial & industrial loans	30	—
Republic Credit Solutions	370	233
Total Republic Processing Group	675	518
Total recoveries	877	772
Net loan charge-offs	(4,050)	(2,658)
Provision - Core Banking	667	3,119
Provision - RPG	29,955	23,647

Total Provision	<u>30,622</u>	<u>26,766</u>
ACLL at end of period	<u>\$ 108,702</u>	<u>\$ 96,121</u>
<u>Credit Quality Ratios - Total Company:</u>		
ACLL to total loans	2.08 %	2.01 %
ACLL to nonperforming loans	509	579
Net loan charge-offs to average loans	0.30	0.23
<u>Credit Quality Ratios - Core Banking:</u>		
ACLL to total loans	1.20 %	1.22 %
ACLL to nonperforming loans	313	356
Net loan charge-offs to average loans	0.01	0.01

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Table 6 — Summary of Loan and Lease Loss Experience

(dollars in thousands)	Three Months Ended	
	September 30,	
	2023	2022
ACLL at beginning of period	\$ 72,202	\$ 64,449
Charge-offs:		
Traditional Banking:		
Residential real estate	(9)	—
Consumer	(323)	(353)
Total Traditional Banking	(332)	(353)
Warehouse lines of credit	—	—
Total Core Banking	(332)	(353)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	—	—
Other TRS loans	—	—
Republic Credit Solutions	(3,340)	(2,922)
Total Republic Processing Group	(3,340)	(2,922)
Total charge-offs	(3,672)	(3,275)
Recoveries:		

Traditional Banking:		
Residential real estate	24	24
Commercial real estate	7	275
Commercial & industrial	7	124
Lease financing receivables	10	—
Home equity	1	7
Consumer	80	110
Total Traditional Banking	129	540
Warehouse lines of credit	—	—
Total Core Banking	129	540
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	1,939	1,296
Other TRS commercial & industrial loans	29	—
Republic Credit Solutions	219	266
Total Republic Processing Group	2,187	1,562
Total recoveries	2,316	2,102
Net loan recoveries (charge-offs)	(1,356)	(1,173)
Provision - Core Banking	1,364	(1,069)
Provision - RPG	2,366	2,712
Total Provision	3,730	1,643
ACLL at end of period	\$ 74,576	\$ 64,919
Credit Quality Ratios - Total Company:		
ACLL to total loans	1.47 %	1.51 %
ACLL to nonperforming loans	389	397
Net loan charge-offs (recoveries) to average loans	0.11	0.11
Credit Quality Ratios - Core Banking:		
ACLL to total loans	1.17 %	1.20 %
ACLL to nonperforming loans	320	308
Net loan charge-offs (recoveries) to average loans	0.02	(0.02)

Table 7 — Annualized Net Loan Charge-offs (Recoveries) to Average Loans by Loan Category

	Net Loan Charge-Offs (Recoveries) to Average Loans	
	Three Months Ended	
	September 30,	
	2023	2022
Traditional Banking:		
Residential real estate:		
Owner occupied	(0.01)%	(0.01)%
Nonowner occupied	—	—
Commercial real estate	—	(0.07)
Construction & land development	—	—
Commercial & industrial	(0.01)	(0.13)
Lease financing receivables	(0.05)	—
Aircraft	—	—
Home equity	—	(0.01)
Consumer:		
Credit cards	0.30	0.15
Overdrafts	89.88	111.26
Automobile loans	3.78	(0.47)
Other consumer	0.41	3.49
Total Traditional Banking	0.02	(0.02)
Warehouse lines of credit	—	—
Total Core Banking	0.02	(0.02)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances*	NM	NM
Other TRS commercial & industrial loans	NM	NM
Republic Credit Solutions	2.45	2.77
Total Republic Processing Group	0.91	1.42
Total	0.11 %	0.11 %

	Net Loan Charge-Offs (Recoveries) to Average Loans	
	Three Months Ended	
	March 31,	
	2024	2023
Traditional Banking:		
Residential real estate:		
Owner-occupied	(0.02)%	— %
Nonowner-occupied	—	—
Commercial real estate	—	(0.01)
Construction & land development	—	—
Commercial & industrial	—	(0.09)
Lease financing receivables	0.05	—
Aircraft	—	—
Home equity	—	—
Consumer:		
Credit cards	1.54	0.65
Overdrafts	79.01	95.97
Automobile loans	(0.49)	0.40

Other consumer	0.48	0.84
Total Traditional Banking	0.02	0.01
Warehouse lines of credit	—	—
Total Core Banking	0.01	0.01
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances*	NM	NM
Other TRS commercial & industrial loans	NM	NM
Republic Credit Solutions	12.21	10.14
Total Republic Processing Group	3.25	2.45
Total	0.30 %	0.23 %

* All loss rates above are based on net charge-offs as a function of average outstanding portfolio balances. Refund Advances are originated during the first two months of each year, with all year. In December 2022 and the first two weeks of 2023, ERAs were originated in relation to estimated tax returns that were anticipated to be filed during the first quarter 2023 tax season. In December 2023 and the first two weeks of 2024, ERAs were originated in relation to estimated tax returns that were anticipated to be filed during the first quarter 2024 tax season. All RAs, including ERAs, are charged-off by June 30th of each year. Due to their relatively short life, RA net charge-offs are typically analyzed by the Company as a percentage of total RA originations, not as a percentage of average outstanding balances.

The Company's net charge-offs to average total average Company loans remained at 0.11% increased from 0.23% during the third quarter of 2022 to the third quarter of 2023.

From the third quarter of 2022 to the third first quarter of 2023 TRS experienced a \$643,000 to 0.30% during the first quarter of 2024, with net charge-offs increasing \$1.4 million, or 52%, and average total Company loans increasing \$789 million, or 17%. The increase in net RA recoveries due to the \$523 million increase in year-over-year tax-season origination volume.

From the third quarter of 2022 to the third quarter of 2023, RCS experienced charge-offs was primarily driven by a \$465,000 \$1.3 million increase in net charge-offs within the Company's RCS operations, which generally conducts significantly higher risk lending activities that the Company's Core Banking operations. As previously noted above, the net charge-offs within the RCS division was primarily driven by an increase in net charge-offs within RCS's LOC II product. Net charge-offs within this product increased \$965,000 from the third quarter of 2022 to the third quarter of 2023. This product was first piloted during the first quarter of 2021. RCS began to ramp up origination volume average outstanding balances for the RCS LOC II product during early 2022 and has steadily increased its volume since then, leading to a continuing increase in the period-over-previous-period net charge-offs for the product.

During the third first quarters of 2023 2024 and 2022, 2023, the Company's Core Bank net charge-offs to average Core Bank loans remained near zero.

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Noninterest Income

Total Company noninterest income decreased \$1.1 million \$692,000 during the third first quarter of 2023 2024 compared to the same period in 2022, 2023.

The following were the most significant components comprising the total Company's noninterest income by reportable segment:

Traditional Banking segment

Traditional Banking's noninterest income increased \$427,000, decreased \$175,000, or 5% 2%, for the third first quarter of 2023 2024 compared to the same period in 2022, with no material fluctuations 2023. The most notable change was within the mortgage banking income category of the income statement, which declined \$490,000 from the first quarter of 2023.

Mortgage banking activities and the associated revenue from those activities was generally more favorable during first quarter of 2024 compared to note, the first quarter of 2023. During the last half of March 2024, however, Management decided to sell \$69 million of correspondent loans that were previously classified as held for investment. As a result of this decision, the Company reclassified these

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loans into the mortgage loans held-for-sale category on the balance sheet and recorded a \$1.0 million fair value impairment charge within mortgage banking income in order to write these loans down to their estimated net realizable value.

As it relates to the Company's standard, recurring mortgage banking activities, which excludes the \$1.0 million charge recorded for the reclassification of correspondent loans into the loans held for sale, Mortgage Banking income increased from \$800,000 during the first quarter of 2023 to \$1.3 million for the first quarter of 2024. For the first quarter of 2024, the Bank sold \$18.8 million in secondary market loans and achieved an average cash-gain-as-a-percent-of-loans-sold during the quarter of 2.97%, while during the first quarter of 2023, the Bank sold \$16.6 million in secondary market loans and achieved an average cash-gain-as-a-percent-of-loans-sold during the quarter of 1.74%.

With the FOMC ending its quantitative easing program and continuing to signal a more aggressive and hawkish approach to its monetary policies, Management believes it is likely that the Core Bank's mortgage origination volume will continue to be immaterial and the Company could experience further declines in mortgage banking income on a year-to-year basis if long-term interest rates were to further increase.

The Traditional Bank earns a substantial majority of its fee income related to its overdraft service program from the per item fee it assesses its customers for each insufficient-funds check or electronic debit presented for payment. The total per item fees, net of refunds, included in service charges on deposits for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$1.9 million \$1.7 million and \$1.8million, \$1.7 million. The total daily overdraft charges, net of refunds, included in interest income for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$327,000 \$301,000 and \$337,000. \$294,000.

Mortgage Banking Tax Refund Solutions segment

TRS's noninterest income was flat at \$10.9 A million for the first quarters of 2024 and 2023. RT fees constituted the substantial majority of all TRS noninterest income for each of these quarters. Total RT fees were flat at \$10.8 million from quarter to quarter as a 5.6% increase in the net revenue earned for each RT product was offset by a 5.2% decrease in Mortgage banking income the number of funded RTs from quarter to quarter. The 5.6% improvement in per-unit net RT revenue was the result of pricing adjustments made by the Company since the last tax season while the decrease in funded RTs was the result of a decrease in the level of payments received from the US Treasury for tax payer refunds during the third first quarter of 2023 was generally caused by substantially higher long-term market interest rates, which led 2024 compared to a significant slowdown in the origination level of mortgage loans to be sold into payments received during the secondary market. For the third first quarter of 2023, the 30-year mortgage rate was fluctuating within a range between 7.0% and 7.50% for most of the entire quarter. As a result, the Core Bank sold \$26 million in secondary market loans and achieved an average cash-gain-as-a-percent-of-loans-sold of 2.33% during the third quarter of 2023 compared to sales of \$39 million with comparable cash-gain-as-a-percent-of-loans-sold of 2.23% during the third quarter of 2022 when mortgage rates were notably lower.2023.

With long term interest rates trending during For factors affecting the third comparison of the TRS results of operations for the first quarter of 2024 and the first quarter of 2023, management believes it is likely that the Core Bank's mortgage origination volume will continue see section titled "OVERVIEW (Three Months Ended March 31, 2024 Compared to be negatively impacted by higher interest rates causing additional declines in mortgage banking income during the fourth quarter of 2023. Three Months Ended March 31, 2023) - Tax Refund Solutions."

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Republic Credit Solutions segment

RCS's noninterest income decreased \$844,000, increased \$848,000, or 20% 33%, during the third first quarter of 2023 2024 compared to the same period in 2022, with program fees representing the entirety of RCS's noninterest income. The decrease in RCS program fees primarily reflected lower sales volume and corresponding gains from RCS's installment loan product which were substantially offset by higher sales volume and gains from RCS's LOC II product.

Proceeds from the sale of RCS's installment loan products totaled \$33 million during the third quarter of 2023, a 66% decrease from the same period in 2022. Proceeds from the sale of RCS's loan products totaled \$290 million during the third quarter of 2023, a 21% decrease from the same period in 2022. Partially offsetting the decrease, RCS sold approximately \$133 million of balances for the LOC II product during the third quarter of 2023, an increase of 109% over the third quarter of 2022. This increase in sales volume for the LOC II product contributed to a \$702,000 increase in RCS program fee revenue, which partially offset the decline in revenue from the installment product. RCS began to ramp up origination volume for the LOC II product during early 2022 and has steadily increased its volume since then, leading to corresponding higher year-over-year net program revenue.

The following table presents RCS program fees by product:

Table 8 — RCS Program Fees by Product

(dollars in thousands)	Three Months Ended Sep. 30,			
	2023	2022	\$ Change	% Change
Product:				
Lines of credit	\$ 2,335	\$ 1,828	\$ 507	28 %
Healthcare receivables	50	38	12	32
Installment loans*	951	2,342	(1,391)	(59)
Total	<u>\$ 3,336</u>	<u>\$ 4,208</u>	<u>\$ (872)</u>	<u>(21)%</u>

* The Company has elected the fair value option for this product, with mark-to-market adjustments recorded as a component of program fees.

Noninterest Expense

Total Company noninterest expense increased \$1.9 million, or 4%, during the third quarter of 2023 compared to the same period in 2022.

The following were the most significant components comprising the increase in noninterest expense by reportable segment:

Traditional Banking segment

Traditional Banking noninterest expense increased \$1.5 million, or 4%, for the third quarter of 2023 compared to the same period in 2022. The following primarily drove the change in noninterest expense:

- Noninterest expense associated with the former CBank operations acquired in March 2023 totaled \$913,000 across all categories for the third quarter of 2023, with no such expenses for the third quarter of 2022.
- Legacy Salaries and Benefits expense increased \$1.2 million, or 6%, to \$23.6 million for the third quarter of 2023. The most notable changes within this category were as follows:
 - o Direct Legacy salaries increased a net \$1.4 million, or 8%, due primarily to the additional cost of annual merit increases.
 - o Legacy Overhead salaries increased \$244,000, as a greater portion of overhead salaries was allocated to the Traditional Banking segment than the Mortgage Banking segment during the third quarter of 2023 compared to the same period in 2022. Overhead salaries are allocated to the Traditional Banking and the Mortgage Banking segments each period based on each segment's pro rata mortgage production, with Mortgage Banking production disproportionately and negatively impacted more during 2023 following a rise in interest rates.

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Mortgage Banking segment

Noninterest expense at the Mortgage Banking segment decreased \$212,000, or 27%, during the third quarter of 2023 compared to the same period in 2022, primarily due to a \$128,000 reduction in overhead salaries allocated to the Mortgage Banking segment and a \$65,000 decrease in other overhead shared costs, with both reductions resulting from the previously discussed slowdown in mortgage origination volume.

Republic Credit Solutions segment

Noninterest expense at the RCS segment increased \$888,000, or 40%, during the third quarter of 2023 compared to the same period in 2022. Approximately \$792,000 of this increase was concentrated within the LOC II product and was primarily a result of a year-over-year increase in marketing activity for the product.

OVERVIEW (Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022)

Total Company net income for the first nine months of 2023 was \$70.7 million, a \$1.9 million, or 3%, decrease from the same period in 2022. Diluted EPS decreased to \$3.60 for the first nine months of 2023 compared to \$3.65 for the same period in 2022. The decrease in net income primarily reflected the following:

Traditional Banking segment

- Net income increased \$10.5 million, or 43%, for the first nine months of 2023 compared to the same period in 2022.
- Net interest income increased \$24.3 million, or 20%, for the first nine months of 2023 compared to the same period in 2022.
- Provision was a net charge of \$6.4 million for the first nine months of 2023 compared to a net credit of \$287,000 for the same period in 2022.
- Noninterest income increased \$3.5 million, or 15%, for the first nine months of 2023 compared to the same period in 2022.
- Noninterest expense increased \$8.1 million, or 7%, for the first nine months of 2023 compared to the same period in 2022.
- Total Traditional Bank loans increased \$642 million, or 17%, during the first nine months of 2023.
- Total nonperforming loans to total loans for the Traditional Banking segment was 0.40% as of September 30, 2023 compared to 0.40% as of December 31, 2022.
- Delinquent loans to total loans for the Traditional Banking segment was 0.15% as of September 30, 2023 compared to 0.16% as of December 31, 2022.
- Total Traditional Bank deposits increased \$254 million from December 31, 2022 to \$4.3 billion as of September 30, 2023.

Warehouse

- Net income decreased \$4.0 million, or 53%, for the first nine months of 2023 compared to the same period in 2022.
- Net interest income decreased \$4.2 million, or 37%, for the first nine months of 2023 compared to the same period in 2022.
- The Warehouse Provision was a net charge of \$134,000 for the first nine months of 2023 compared to a net credit of \$1.0 million for the same period in 2022.

- Average committed Warehouse lines declined to \$1.0 billion for the first nine months of 2023 from \$1.4 billion for first nine months of 2022.
- Average line usage was 41% during the first nine months of 2023 compared to 40% during the same period in 2022.

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Mortgage Banking segment

- Within the Mortgage Banking segment, mortgage banking income decreased \$3.0 million, or 54%, during the first nine months of 2023 compared to the same period in 2022.
- Overall, Republic's proceeds from sale of secondary market loans totaled \$54 million during the first nine months of 2023 compared to \$226 million during the same period in 2022, with the Company's cash-gain-as-a-percent-of-loans-sold increasing to 2.25% from 2.23% from period to period.

Tax Refund Solutions segment

- Net income decreased \$7.5 million, or 26%, for the first nine months of 2023 compared to the same period in 2022.
- Net interest income increased \$21.5 million, or 115%, for the first nine months of 2023 compared to the same period in 2022.
- Total RA originations were \$737 million during the first nine months of 2023 compared to \$311 million for the first nine months of 2022. Originations for both nine month periods all occurred during the first quarter of these periods.
- In addition to the originations for the first nine months of 2023 and 2022 noted in the preceding bullet, TRS originated \$98 million of ERAs related to the first quarter 2023 tax season during December 2022. No ERAs were originated during December 2021 related to the first quarter 2022 tax season.
- Overall, TRS recorded a net charge to the Provision of \$19.6 million during the first nine months of 2023 compared to a net charge to the Provision of \$7.0 million for the same period in 2022.
- Noninterest income decreased \$19.2 million for the first nine months of 2023 compared to the same period in 2022.
- Net RT revenue decreased \$1.1 million for the first nine months of 2023 compared to the same period in 2022.
- Noninterest expense was \$11.9 million for the first nine months of 2023 compared to \$11.9 million for the same period in 2022.

Republic Credit Solutions segment

- Net income increased \$1.0 million, or 8%, for the first nine months of 2023 compared to the same period in 2022.
- Net interest income increased \$7.0 million, or 33%, for the first nine months of 2023 compared to the same period in 2022.
- Overall, RCS recorded a net charge to the Provision of \$10.5 million during the first nine months of 2023 compared to a net charge of \$8.8 million for the same period in 2022.
- Noninterest income decreased \$1.5 million, or 14%, from the first nine months of 2022 to the first nine months of 2023.
- Noninterest expense was \$8.4 million for the first nine months of 2023 and \$5.7 million for the same period in 2022.
- Total nonperforming loans to total loans for the RCS segment was 0.82% as of September 30, 2023 compared to 0.70% as of December 31, 2022.
- Delinquent loans to total loans for the RCS segment was 9.71% as of September 30, 2023 compared to 8.53% as of December 31, 2022.

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RESULTS OF OPERATIONS (Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022)
Net Interest Income

Banking operations are significantly dependent upon net interest income. Net interest income is the difference between interest income on interest-earning assets, such as loans and investment securities and the interest expense on interest-bearing liabilities used to fund those assets, such as interest-bearing deposits, securities sold under agreements to repurchase, and FHLB advances. Net interest income is impacted by both changes in the amount and composition of interest-earning assets and interest-bearing liabilities, as well as market interest rates.

See the section titled "Asset/Liability Management and Market Risk" in this section of the filing regarding the Bank's interest rate sensitivity.

A large amount of the Company's financial instruments tracks closely with, or is primarily indexed to, either the FFTR or Prime, or LIBOR. These rates trended lower beginning in the first quarter of 2020 with the onset of the COVID pandemic, as the FOMC reduced the FFTR to approximately 25 basis points. During 2022 inflation rose to levels not seen in approximately 40 years. In response, the FOMC began executing a quantitative tightening program by reducing its balance sheet, selling certain types of bonds in the market, and repeatedly increasing the FFTR. The FOMC's increases to the FFTR during 2022 and the first nine months of 2023 included the following:

Table 9 — Increases to the Federal Funds Target Rate since January 1, 2022

Date	Increase to the FFTR	FFTR after Increase
March 17, 2022	0.25 %	0.50 %
May 5, 2022	0.50	1.00
June 16, 2022	0.75	1.75
July 27, 2022	0.75	2.50
September 21, 2022	0.75	3.25
November 2, 2022	0.75	4.00
December 15, 2022	0.50	4.50
February 2, 2023	0.25	4.75
March 23, 2023	0.25	5.00
May 4, 2023	0.25	5.25
July 26, 2023	0.25	5.50

The FOMC's actions and signals continued to place upward pressure on short-term market interest rates throughout the second half of 2022 and the first nine months of 2023. While long-term interest rates initially rose in tandem with the increases to the FFTR through the middle part of 2022, they generally moved lower than short-term rates during the second half of 2022 and maintained a relative lower level into 2023 as the market generally began to anticipate a recession to take place in 2023. As a result of the increase in short-term interest rates and the moderation of long-term interest rates, the yield curve has been inverted for several months, with short-term rates generally higher than long-term rates on the yield curve.

During the third quarter of 2023, long-term rates began to increase meaningfully with short-term rates remaining relatively stable by comparison. As a result, the inversion of the yield curve became less extreme during the third quarter of 2023 as the yields on longer-term interest rates approached the yields on shorter-term interest rates. While the inversion did become less extreme during the quarter, the yield curve remained inverted as of September 30, 2023. Because banks generally price customer deposits based on the shorter-end of the yield curve and price many loans based on the longer-end of the yield curve,

an inverted yield curve is generally negative for banks' net interest income while a steep yield curve, in which long-term rates exceed short-term rates, is generally favorable for banks.

At this time, the near-term shape of the yield curve is uncertain. The Federal Reserve continues to signal its willingness to implement appropriate monetary policy to reduce inflation. Any further monetary tightening by the FOMC in the future will likely cause short-term interest rates to increase. The impact additional short-term rate increases by the FOMC could have on long-term market interest rates is unknown.

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Total Company net interest income was \$222.0 million during the first nine months of 2023 and represented an increase of \$48.4 million from the first nine months of 2022. Total Company net interest margin expanded to 5.09% during the first nine months of 2022 compared to 3.99% for the same period in 2022.

The following were the most significant components affecting the Company's net interest income by reportable segment:

Traditional Banking segment

The Traditional Banking's net interest income increased \$24.3 million, or 20%, for the first nine months of 2023 compared to the same period in 2022. Traditional Banking's net interest margin was 3.76% for the first nine months of 2023, an increase of 56 basis points from the same period in 2022.

The increase in the Traditional Bank's net interest income during the first nine months of 2023 was primarily attributable to the following factors:

- Traditional Bank average loans grew from \$3.6 billion with a weighted-average yield of 4.03% for the first nine months of 2022 to \$4.2 billion with a weighted average yield of 4.91% for the first nine months of 2023. In addition, the acquisition of CBank added approximately \$111 million to the Traditional Bank's average loans during the first nine months of 2023. As discussed in the section titled "Loans" within this document, loan growth remained particularly strong within the Traditional Bank during the first nine months of 2023.
- Average investments grew to \$773 million with a weighted-average yield of 2.70% during the first nine months of 2023 from \$664 million with a weighted-average yield of 1.64% for the first nine months of 2022. As part of its overall interest rate risk management strategy, the Traditional Bank generally maintains an investment portfolio with a shorter overall duration as compared to its peers.
- The Traditional Bank's average noninterest bearing deposits decreased from \$1.6 billion during the first nine months of 2022 to \$1.4 billion for the first nine months of 2023. This decrease in average noninterest-bearing deposits was funded through a decrease in interest-earning cash balances and an increase in FHLB borrowings.
- The Traditional Bank's average cost of interest-bearing liabilities increased from 0.09% during the first nine months of 2022 to 1.28% for the first nine months of 2023. The following two bullets further segments this impact in the Traditional Bank's cost of interest-bearing liabilities.
 - o The weighted-average cost of total interest-bearing deposits increased from 0.17% during the first nine months of 2022 to 1.49% for the first nine months of 2023. In addition, average interest-bearing deposits increased \$33 million from the first nine months of 2022 to the first nine months of 2023.
 - o The average balance of FHLB borrowings increased from \$21 million for the first nine months of 2022 to \$315 million for the first nine months of 2023. In addition, the weighted-average cost of these borrowings increased from 1.43% to 4.69% for the same time periods. This increase in the average balance of borrowings was generally driven by the period-to-period decline in average deposit balances.
- Average interest-earning cash was \$174 million with a weighted-average yield of 5.11% during the first nine months of 2023 compared to \$797 million with a weighted-average yield of 1.04% for the first nine months of 2022. The decline in average cash balances was driven generally by a decline in average deposit balances for the same periods.

As previously disclosed, short-term interest rates have risen dramatically since March of 2022 as a result of FOMC monetary actions. From March 2022 through December 2022, increases in short-term interest rates were generally favorable to the Traditional Bank's net interest income and net interest margin

primarily as a result of the substantial amount of immediately-repricing, interest-earning cash it maintained on its balance sheet and its ability to sustain a low cost of deposits in relation to the rising FFTR. During the third quarter of 2022, however, the Traditional Bank began to use its excess cash to fund a decline in deposit balances. This trend of declining interest-earning cash to fund decreasing deposit balances continued into the second quarter of 2023. In addition, during the first quarter of 2023, the cost of the Traditional Bank's interest-bearing deposits began to increase more significantly during the latter part of the quarter due to customer pricing pressures. This trend of increasing deposit costs continued into the third quarter of 2023.

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As a result of the declining cash balances, the increasing cost of deposits and the increasing balances of higher costing FHLB advances, the Bank began to experience a diminishing benefit to its net interest income and net interest margin with additional increases in the FFTR during the first quarter of 2023. This trend continued during the third quarter of 2023, as the increase in Traditional Bank interest income only slightly exceeded the increase in Traditional Bank interest expense.

Management believes the Traditional Bank will continue to experience net interest margin compression during the fourth quarter of 2023 as a result of the negative impact of 1) lower interest-earning cash and low-cost deposit balances; 2) larger, higher-costing average balances of FHLB borrowings; and 3) a continuing rise in the cost of interest-bearing deposits in order to maintain client balances. Additional variables which may also impact the Traditional Bank's net interest income and net interest margin in the future include, but are not limited to, the actual steepness and shape of the yield curve, future demand for the Traditional Bank's financial products, and the Traditional Bank's overall future liquidity needs.

Warehouse

Net interest income within Warehouse decreased \$4.2 million, or 37%, from the first nine months of 2022 to the first nine months of 2023, driven by decreases in both average outstanding balances and net interest margin. Overall average outstanding Warehouse balances declined from \$545 million during the first nine months of 2022 to \$406 million for the first nine months of 2023, driven largely by the sharp rise in long-term interest rates during 2022, which depressed mortgage-refinancing demand and resulted in a sharp drop in Warehouse line usage.

In addition, the Warehouse net interest margin decreased 42 basis points from 2.79% during the first nine months of 2022 to 2.37% during the first nine months of 2023. The decline in the Warehouse net interest margin occurred as its funding costs, as charged through the Company's internal FTP methodology, generally rose in tandem with the increase in short-term interest rates since rates began rising in March 2022, while its yield increases were delayed until the adjustable rates on its clients' lines of credit surpassed their contractual interest rate floors. These interest rate floors benefited the Warehouse net interest margin substantially during 2020 and 2021 when market rates declined to historical lows but have produced margin compression since the onset of the FFTR increases during the first quarter of 2022.

Committed Warehouse lines-of-credit decreased from \$1.2 billion as September 30, 2022 to \$1.0 billion as of September 30, 2023, while average usage rates for Warehouse lines were 41% and 40%, respectively, during the first nine months of 2023 and 2022.

Additional increases in long-term market interest rates will likely lead to a continued reduction in average outstanding balances driven by a decline in demand from Warehouse clients, as higher long-term interest rates generally drive lower demand for Warehouse borrowings. In addition, because the yield on Warehouse lines of credit are generally tied to short-term interest rates, additional increases in short-term interest rates could cause further competitive pricing pressures for the industry and the Core Bank, driving down the yield Warehouse earns on its lines of credits.

Tax Refund Solutions segment

Net interest income within the TRS segment was up \$21.5 million from the first nine months of 2022 to the first nine months of 2023. Net interest income at TRS includes income from its prepaid card products as well as the income associated with its tax-related credit products.

The prepaid card product component of TRS drove a \$9.0 million increase to net interest income for the segment. This increase was generally driven by a higher crediting rate applied through the Company's internal FTP. The prepaid card FTP credit yield was 3.26% for average prepaid card-related balances of

\$350 million during the first nine months of 2023 compared to 0.62% for average prepaid card-related balances of \$359 million during the first nine months of 2022.

Related to the segment's tax-related products, net interest income increased \$21.5 million for the first nine months of 2023 compared to the first nine months of 2022. Loan-related interest and fees increased \$17.0 million for the period and was driven primarily by a \$426 million increase in RA origination volume, most of which resulted from a new contract with a large national tax preparation provider. This increase in loan revenue was partially offset by a \$4.7 million increase to the segment's net cost of funds as applied through its internal FTP.

See additional detail regarding the RA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

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Republic Credit Solutions segment

RCS's net interest income increased \$7.0 million, or 33%, from the first nine months of 2022 to the first nine months of 2023. The increase was driven primarily by an increase in fee income from RCS's LOC II product.

RCS's LOC II loan fees, which are recorded as interest income on loans, increased to \$13.2 million during the first nine months of 2023 compared to \$5.7 million during the same period in 2022. The Company first piloted this product during the first quarter of 2021 with limited outstanding balances during the pilot phase. It began to ramp up origination volume for the product during early 2022 and has steadily increased its volume since then, leading to corresponding higher year-over-year revenue.

Overall customer demand for the RCS segment's products is not assumed to be interest rate sensitive and therefore management does not believe a rising interest rate environment will impact origination volume for its various consumer loan products. A rising interest rate environment, however, likely will impact the Company's internal FTP cost allocated to this segment. As a result, the impact of rising interest rates to RCS during 2023 will be negative to the segment's financial results, although the exact amount of the negative impact will depend on the internal FTP cost assigned, as well as the overall volume and mix of loans it generates.

The following table presents the average balance sheets for the nine-month periods ended September 30, 2023 and 2022, along with the related calculations of tax-equivalent net interest income, net interest margin and net interest spread for the related periods.

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Table 11 — Total Company Average Balance Sheets and Interest Rates

(dollars in thousands)	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Average		Average	Average		Average
	Balance	Interest	Rate	Balance	Interest	Rate

ASSETS						
Interest-earning assets:						
Federal funds sold and other interest-earning deposits	\$ 177,292	\$ 6,653	5.00 %	\$ 800,643	\$ 6,242	1.04 %
Investment securities, including FHLB stock (1)	773,145	15,641	2.70	664,455	8,152	1.64
TRS Refund Advance loans (2)	91,493	31,476	45.87	31,946	13,606	56.79
RCS LOC products (2)	33,783	26,141	103.17	28,123	19,817	93.95
Other RPG loans (3) (6)	113,954	6,621	7.75	96,448	4,392	6.07
Outstanding Warehouse lines of credit (4) (6)	405,546	22,395	7.36	545,301	15,444	3.78
All other Core Bank loans (5) (6)	4,215,069	156,351	4.95	3,631,621	109,976	4.04
Total interest-earning assets	5,810,282	265,278	6.09	5,798,537	177,629	4.08
Allowance for credit loss	(84,415)			(68,847)		
Noninterest-earning assets:						
Noninterest-earning cash and cash equivalents	167,960			210,637		
Premises and equipment, net	33,411			34,355		
Bank owned life insurance	102,479			100,146		
Other assets (1)	205,828			171,819		
Total assets	\$ 6,235,545			\$ 6,246,647		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction accounts	\$ 1,526,490	\$ 7,858	0.69 %	\$ 1,698,005	\$ 762	0.06 %
Money market accounts	830,731	13,236	2.12	791,625	862	0.15
Time deposits	280,715	5,466	2.60	244,412	1,917	1.05
Reciprocal money market and time deposits	171,481	4,469	3.47	60,627	113	0.25
Brokered deposits	14,626	562	5.12	—	—	—
Total interest-bearing deposits	2,824,043	31,591	1.49	2,794,669	3,654	0.17
SSUARs and other short-term borrowings	136,528	618	0.60	271,276	171	0.08
Federal Home Loan Bank advances and other long-term borrowings	315,015	11,073	4.69	21,099	226	1.43
Total interest-bearing liabilities	3,275,586	43,282	1.76	3,087,044	4,051	0.17
Noninterest-bearing liabilities and Stockholders' equity:						
Noninterest-bearing deposits	1,936,096			2,200,953		
Other liabilities	133,081			107,214		
Stockholders' equity	890,782			851,436		
Total liabilities and stock-holders' equity	\$ 6,235,545			\$ 6,246,647		
Net interest income		\$ 221,996			\$ 173,578	
Net interest spread			4.33 %			3.91 %
Net interest margin			5.09 %			3.99 %

- (1) For the purpose of this calculation, the fair market value adjustment on debt securities is included as a component of other assets.
- (2) Interest income for Refund Advances and RCS line-of-credit products is composed entirely of loan fees.
- (3) Interest income includes loan fees of \$957,000 and \$663,000 for the nine months ended September 30, 2023 and 2022.
- (4) Interest income includes loan fees of \$796,000 and \$1.5 million for the nine months ended September 30, 2023 and 2022.
- (5) Interest income includes loan fees of \$4.2 million and \$5.1 million for the nine months ended September 30, 2023 and 2022.
- (6) Average balances for loans include the principal balance of nonaccrual loans and loans held for sale, and are inclusive of all loan premiums, discounts, fees and costs.

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Table 12 illustrates the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities impacted Republic's interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) changes attributable to changes in volume (changes in volume multiplied by prior rate), (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (iii) net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

Table 12 — Total Company Volume/Rate Variance Analysis

(in thousands)	Nine Months Ended September 30, 2023		
	Compared to		
	Nine Months Ended September 30, 2022		
	Total Net	Increase / (Decrease) Due to	
	Change	Volume	Rate
Interest income:			
Federal funds sold and other interest-earning deposits	\$ 411	\$ (8,003)	\$ 8,414
Investment securities, including FHLB stock	7,489	1,508	5,981
TRS Refund Advance loans*	17,870	20,942	(3,072)
RCS LOC products	6,324	4,252	2,072
Other RPG loans	2,229	884	1,345
Outstanding Warehouse lines of credit	6,951	(4,757)	11,708
All other Core Bank loans	46,375	19,325	27,050
Net change in interest income	87,649	34,151	53,498
Interest expense:			
Transaction accounts	7,096	(85)	7,181
Money market accounts	12,374	45	12,329
Time deposits	3,549	323	3,226
Reciprocal money market and time deposits	4,356	537	3,819
Brokered deposits	562	562	—
SSUARs and other short-term borrowings	447	(124)	571
Federal Home Loan Bank advances	10,847	9,320	1,527
Net change in interest expense	39,231	10,578	28,653
Net change in net interest income	\$ 48,418	\$ 23,573	\$ 24,845

* Since interest income for Refund Advances is composed entirely of loan fees and RAs are only offered during the first two months of each year, volume and rate measurements for this product are not a meaningful metric for the periods presented above.

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Provision

Total Company Provision was a net charge of \$36.6 million for the first nine months of 2023 compared to a net charge of \$14.5 million for the same period in 2022.

The following were the most significant components comprising the Company's Provision by reportable segment:

Traditional Banking segment

The Traditional Banking Provision during the first nine months of 2023 was a net charge of \$6.4 million compared to a net credit of \$287,000 for the first nine months of 2022. An analysis of the Provision for the first nine months of 2023 compared to the same period in 2022 follows:

- For the first nine months of 2023, the Traditional Bank Provision primarily reflected the following:
 - The Traditional Bank incurred a net charge of \$2.7 million during the first quarter of 2023 for the Day-1 Provision associated with the acquired CBank non-PCD loans. A net credit of \$1.4 million was recorded during the second quarter of 2023 to reflect a change in estimated fair value based upon further evaluation of PCD loans.
 - The Traditional Bank recorded approximately \$5.0 million in general formula reserves for \$642 million of loan growth during the first nine months of 2023. Approximately \$1.0 million of these general formula reserves was due to an increase in the Traditional Bank's qualitative factor reserves generally related to uncertain market conditions brought about by high inflation, government actions to combat inflation, and elevated vacancy rates for commercial office space.
 - Offsetting the above, the Traditional Bank recognized a \$2.7 million credit to the Provision during the first nine months of 2023 driven primarily by the release of \$1.5 million in COVID-related reserves. The release of these reserves coincided with the federal government's declaration of the official end to the COVID pandemic in May of 2023.
- For the first nine months of 2022, the Traditional Bank Provision primarily reflected the following:
 - Approximately \$3.4 million of additional Provision driven by formula reserves tied to general loan growth. Non-PPP Traditional Bank loans grew \$294 million from December 31, 2021 to September 30, 2022.
 - Offsetting the above was the release of approximately \$3.7 million of reserves following the payoff or upgrade of loans previously downgraded during the height of the pandemic.

As a percentage of total Traditional Bank loans, the Traditional Banking ACLL was 1.27% as of September 30, 2023 compared to 1.32% as of December 31, 2022 and 1.31% as of September 30, 2022. The Company believes, based on information presently available, that it has adequately provided for Traditional Banking loan losses as of September 30, 2023.

See the sections titled "Allowance for Credit Losses" and "Asset Quality" in this section of the filing under "Comparison of Financial Condition" for additional discussion regarding the Provision and the Bank's credit quality.

Warehouse

Warehouse recorded a net charge to the Provision of \$134,000 for the first nine months of 2023 compared to a net credit of \$1.0 million for the same period in 2022. Provision for both periods reflected changes in general reserves consistent with changes in outstanding period-end balances. Outstanding Warehouse period-end balances increased \$53 million during the first nine months of 2023 compared to a decrease of \$408 million during the first nine months of 2022.

As a percentage of total Warehouse outstanding balances, the Warehouse ACLL was 0.25% as of September 30, 2023, December 31, 2022, and September 30, 2022. The Company believes, based on information presently available, that it has adequately provided for Warehouse loan losses as of September 30, 2023.

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Tax Refund Solutions segment

TRS recorded a net charge to the Provision of \$19.6 million during the first nine months of 2023 compared to a net charge of \$7.0 million for the same period in 2022. Substantially all TRS Provision in both periods was related to its RA product.

TRS recorded a charge to the Provision for RA loans of \$21.6 million, or 2.92% of its \$737 million in RAs originated during the first nine months of 2022 compared to a charge to the Provision of \$7.6 million, or 2.44% of its \$311 million of RAs originated during the first nine months of 2022. The increase in Provision for the first nine months of 2023 was primarily due to the increased volume from the previously mentioned new contract with a large national tax preparation provider, which generated approximately \$462 million in new RA volume related to the first quarter 2023 tax filing season.

With all unpaid RAs charged off as of June 30, 2023, any payments received for unguaranteed RAs during the third and fourth quarter of 2023 will represent recovery credits directly to income.

See additional detail regarding the RA product under Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements."

Republic Credit Solutions segment

As illustrated in Table 13 below, RCS recorded a net charge to the Provision of \$10.5 million during the first nine months of 2023 compared to a net charge to the Provision of \$8.8 million for the same period in 2022. The increase in the Provision was driven primarily by a \$2.1 million increase in net charge-offs, which resulted in a higher reserve percentage being applied to the outstanding balances, and a \$401,000 Allowance build for RCS's LOC II product. Net charge-offs for RCS's LOC II product were \$4.3 million for the first nine months of 2023 compared to \$2.2 million of net charge-offs during the first nine months of 2022. As previously disclosed in the quarterly discussion, this product was first piloted during the first quarter of 2021. RCS began to ramp up origination volume for the RCS LOC II product during early 2022 and has steadily increased its volume since then leading to corresponding higher year-over-year net charge-offs in the product.

While RCS loans generally return higher yields, they also present a greater credit risk than Traditional Banking loan products. As a percentage of total RCS loans, the RCS ACLL was 13.0% as of September 30, 2023, 12.88% as of June 30, 2023, 13.73% as of December 31, 2022, and 14.73% as of September 30, 2022. The Company believes, based on information presently available, that it has adequately provided for RCS loan losses as of September 30, 2023.

The following table presents net charges to the RCS Provision by product:

Table 13 — RCS Provision by Product

	Nine Months Ended Sep. 30,			
(in thousands)	2023	2022	\$ Change	% Change
Product:				
Lines of credit	\$ 10,431	\$ 8,827	\$ 1,604	18 %

Hospital receivables	37	9	28	311
Total	\$ 10,468	\$ 8,836	\$ 1,632	18 %

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Table 14 — Summary of Loan and Lease Loss Experience

(dollars in thousands)	Nine Months Ended	
	September 30,	
	2023	2022
ACLL at beginning of period	\$ 70,413	\$ 64,577
CBank Initial Recognition of ACLL and Fair Value Adjustment	216	—
Charge-offs:		
Traditional Banking:		
Residential real estate	(24)	—
Consumer	(878)	(861)
Total Traditional Banking	(902)	(861)
Warehouse lines of credit	—	—
Total Core Banking	(902)	(861)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	(25,823)	(11,505)
Other TRS commercial & industrial loans	(128)	(154)
Republic Credit Solutions	(9,459)	(8,005)
Total Republic Processing Group	(35,410)	(19,664)
Total charge-offs	(36,312)	(20,525)
Recoveries:		
Traditional Banking:		
Residential real estate	50	93
Commercial real estate	66	277
Commercial & industrial	116	141
Lease financing receivables	10	—
Home equity	2	119
Consumer	253	305
Total Traditional Banking	497	935
Warehouse lines of credit	—	—

Total Core Banking	<u>497</u>	<u>935</u>
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	2,411	3,922
Other TRS commercial & industrial loans	31	665
Republic Credit Solutions	<u>685</u>	<u>804</u>
Total Republic Processing Group	<u>3,127</u>	<u>5,391</u>
Total recoveries	<u>3,624</u>	<u>6,326</u>
Net loan charge-offs	<u>(32,688)</u>	<u>(14,199)</u>
Provision - Core Banking	6,545	(1,271)
Provision - RPG	<u>30,090</u>	<u>15,812</u>
Total Provision	<u>36,635</u>	<u>14,541</u>
ACLL at end of period	<u>\$ 74,576</u>	<u>\$ 64,919</u>
<u>Credit Quality Ratios - Total Company:</u>		
ACLL to total loans	1.47 %	1.51 %
ACLL to nonperforming loans	389	397
Net loan charge-offs to average loans	0.90	0.44
<u>Credit Quality Ratios - Core Banking:</u>		
ACLL to total loans	1.17 %	1.20 %
ACLL to nonperforming loans	320	308
Net loan charge-offs to average loans	0.01	(0.00)

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Table 15 — Annualized Net Loan Charge-offs (Recoveries) to Average Loans by Loan Category

	Net Loan Charge-Offs (Recoveries) to Average Loans	
	Nine Months Ended	
	September 30,	
	2023	2022
Traditional Banking:		
Residential real estate:		
Owner occupied	— %	(0.01)%
Nonowner occupied	—	—
Commercial real estate	(0.01)	(0.02)
Construction & land development	—	—

Commercial & industrial	(0.03)	(0.05)
Lease financing receivables	(0.04)	—
Aircraft	—	—
Home equity	—	(0.07)
Consumer:		
Credit cards	0.46	0.21
Overdrafts	84.97	90.38
Automobile loans	1.01	(0.02)
Other consumer	0.22	1.19
Total Traditional Banking	0.01	—
Warehouse lines of credit	—	—
Total Core Banking	0.01	—
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances*	32.93	30.29
Other TRS loans	0.67	(6.49)
Republic Credit Solutions	9.74	10.32
Total Republic Processing Group	18.37	13.89
Total	0.90 %	0.44 %

* All loss rates above are based on net charge-offs as a function of average outstanding portfolio balances. Refund Advances are originated during the first two months of each year, with all RAs charged-off by June 30th of each year. Due to their relatively short life, RA net charge-offs are typically analyzed by the Company as a percentage of total RA originations, not as a percentage of average outstanding balances.

The Company's net charge-offs to average total Company loans increased from 0.44% during the first nine months of 2022 to 0.90% during the first nine months of 2023, with net charge-offs increasing \$18.5 million and average total Company loans increasing \$4.9 million, or 12%. As discussed in more detail above, the increase in net charge-offs was primarily driven by a \$18.0 million increase in net charge-offs within the Company's TRS and RCS operations.

During the first nine months of 2023 and 2022, the Company's Core Bank net charge-offs to average Core Bank loans remained near zero.

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Noninterest Income

Total Company noninterest income decreased \$20.3 million during the first nine months of 2023 compared to the same period in 2022.

The following were the most significant components comprising the total Company's noninterest income by reportable segment:

Traditional Banking segment

Traditional Banking's noninterest income increased \$3.4 million, or 15%, for the first nine months of 2023 compared to the same period in 2022, driven primarily by a \$1.7 million death benefit payment received during the second quarter of 2023 in excess of the cash surrender value of a BOLI policy.

The Traditional Bank also earns a substantial majority of its fee income related to its overdraft service program from the per item fee it assesses its customers for each insufficient-funds check or electronic debit presented for payment. The total per item fees, net of refunds, included in service charges on deposits for

the nine months ended September 30, 2023 and 2022 were \$5.3 million and \$5.1 million. The total daily overdraft charges, net of refunds, included in interest income for the nine months ended September 30, 2023 and 2022 were \$937,000 and \$933,000.

Mortgage Banking segment

A decrease in Mortgage banking income for the first nine months of 2023 was generally caused by substantially higher market long-term interest rates, which led to a significant slowdown in the origination of mortgage loans to be sold into the secondary market. For the first nine months of 2023, the 30-year mortgage rate fluctuated in a range between 6.00% and 7.50% for most of the entire period. As a result, the Bank sold \$53 million in secondary market loans and achieved an average cash-gain-as-a-percent-of-loans-sold of 2.25% during the first nine months of 2023. During the first two months of 2022, however, long-term interest rates were closer to historical lows, driving secondary market loan sales of \$226 million with comparable cash-gain-as-a-percent-of-loans-sold of 2.23%. With the FOMC continuing its quantitative tightening program during the second half of 2023, management believes it is likely that the Core Bank's mortgage origination volume will continue to be negatively impacted by higher interest rates causing additional declines in mortgage banking income throughout 2023.

Tax Refund Solutions segment

TRS's noninterest income decreased \$19.2 million, or 52%, during the first nine months of 2023 compared to the same period in 2022. Green Dot paid RB&T a total of \$18 million in nonrecurring payments during the first nine months of 2022 related to the now-cancelled TRS Purchase Agreement. These nonrecurring payments included the following:

- A contract termination fee of \$5.0 million in January 2022 after RB&T provided Green Dot a notice of termination of the May 2021 TRS Purchase Agreement for the sale of substantially all of RB&T's TRS assets and operations to Green Dot.
- A legal settlement of \$13.0 million in June 2022 regarding RB&T's lawsuit against Green Dot.

Regarding the noninterest income from TRS's RT product, net RT revenue decreased 6% from \$16.6 million during the first nine months of 2022 to \$15.5 million during the same period in 2023. RT revenue for 2023 was negatively impacted by a general decline in overall RT demand across the industry.

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Republic Credit Solutions segment

RCS's noninterest income decreased \$1.5 million, or 14%, during the first nine months of 2023 compared to the same period in 2022, with program fees representing the substantial majority of RCS's noninterest income. The decrease in RCS program fees at RCS primarily reflected lower sales volume and corresponding gains from RCS's installment loan product which were substantially offset by higher sales volume and gains from RCS's LOC II product, and to a lesser degree, higher sales volume for its installment loan product.

Proceeds from the sale of RCS LOC II product totaled \$136 million for the first quarter of 2024 compared to \$77 million for the first quarter of 2023, while proceeds from the sale of RCS's installment loan products totaled \$86 million during the third quarter of 2023, a 71% decrease from the same period in 2022. Proceeds from the sale of RCS's loan products totaled \$761 million \$197 million during the first nine months quarter of 2023, a 8% decrease from the same period in 2022. Partially offsetting the decrease, RCS sold approximately \$363 million of balances 2024 compared to \$210 million for the LOC II product during the first nine months 2023, an increase quarter of 137% over the first nine months of 2022. This increase in sales volume for the LOC II product contributed to a \$1.8 million increase in RCS program fee revenue, which partially offset the decline in revenue from the installment product. RCS began to ramp up origination volume for the LOC II product during early 2022 and has steadily increased its volume since then, leading to corresponding higher year-over-year net program revenue. 2023.

The following table presents RCS program fees by product:

Table 167 — RCS Program Fees by Product

(dollars in thousands)	Nine Months Ended Sep. 30,				Three Months Ended Mar. 31,			
	2023	2022	\$ Change	% Change	2024	2023	\$ Change	% Change
Product:								
Lines of credit	\$ 6,227	\$ 4,647	\$ 1,580	34 %	\$ 2,326	\$ 1,740	\$ 586	34 %
Hospital receivables	147	125	22	18				
Healthcare receivables					47	49	(2)	(4)
Installment loans*	2,507	5,712	(3,205)	(56)	1,033	745	288	39
Total	\$ 8,881	\$ 10,484	\$ (1,603)	(15)%	\$ 3,406	\$ 2,534	\$ 872	34 %

* The Company has elected the fair value option for this product, with mark-to-market adjustments recorded as a component of program fees.

Noninterest Expense

Total Company noninterest expense increased \$9.7 million decreased \$1.5 million, or 7% 3%, during the first nine months quarter of 2023 2024 compared to the same period in 2022 2023.

The following were the most significant components comprising the increase decrease in noninterest expense by reportable segment:

Traditional Banking segment

Traditional Banking noninterest expense increased \$8.1 million decreased \$2.0 million for the first nine months quarter of 2023 2024 compared to the same period in 2022 2023. The following primarily drove most notable item driving this decrease was \$2.1 million of merger related expenses for the change in noninterest expense: CBank acquisition recorded during the first quarter of 2023.

- Noninterest expenses associated with the acquired CBank operations were \$5.4 million across all categories for the first nine months of 2023, with no such expenses for the first nine months of 2022. The figure for the first nine months of 2023 includes \$2.2 million in merger related expenses that are not expected to recur in the future.

Republic Credit Solutions

- Legacy Salaries and Benefits expense increased a net \$2.5 million, or 3.69%, to \$70.9 million for the first nine months of 2022. The most notable changes within this category were as follows:

RCS noninterest expense increased \$812,000 for the first quarter of 2024 compared to the same period in 2023. The most notable item driving this increase was a \$770,000 increase in marketing development expenses and was driven primarily by a higher volume of originations for RCS's LOC II product. Under the terms of the Company's contract with its LOC II marketer-servicer, Republic reimburses the marketer-servicer a certain dollar amount for marketing costs based on each new line of credit originated during the period.

- Direct legacy salaries increased a net \$697,000, or 1%, due primarily to the cost of annual merit increases.
- Legacy Overhead salaries increased \$2.1 million, as a greater portion of overhead salaries was allocated to the Traditional Banking segment than the Mortgage Banking segment during the first nine months 2023 compared to the same period in 2022. Overhead salaries are allocated to the Traditional Banking and the Mortgage Banking segments each period based on each segment's pro rata mortgage production, with Mortgage Banking production disproportionately and negatively impacted during 2022 following a rise in interest rates.

- Legacy technology expenses declined \$887,000 as the Traditional Bank continued to combine technology platforms as part of a Company-wide efficiency initiative.
- Interchange related expenses increased \$709,000 due to higher debit card and credit card purchasing activity.
- FDIC Insurance expense increased \$443,000 due to higher premiums charged by the FDIC in 2023.

Mortgage Banking segment

Noninterest expense at the Mortgage Banking segment decreased \$858,000, or 11%, during the first nine months of 2023 compared to the same period in 2022, primarily due to a \$383,000 reduction in overhead salaries allocated to the Mortgage Banking segment and a \$369,000 decrease in other shared overhead costs.

The Company records a credit offset to salary expense for each loan it originates and recognizes the cost of that credit as an adjustment to the loan's yield over its estimated life. The amount of credit benefit to salary expense during a given period is determined by the overall loan origination volume during that period.

Republic Credit Solutions segment

Noninterest expense at the RCS segment increased \$2.7 million, or 47%, during the first nine months of 2023 compared to the same period in 2022. Approximately \$2.0 of this increase was concentrated within the LOC II product and was a result of a year-over-year increase in marketing activity for the product. Approximately \$538,000 of the increase was within Salaries and Benefits and was primarily the result of annual merit increases and an increase in headcount.

COMPARISON OF FINANCIAL CONDITION AS OF SEPTEMBER 30, 2023 MARCH 31, 2024 AND DECEMBER 31, 2022 2023

Cash and Cash Equivalents

Cash and cash equivalents include cash, deposits with other financial institutions with original maturities less than 90 days, and federal funds sold. Republic had \$220 million \$546 million in period-end cash and cash equivalents as of September 30, 2023 March 31, 2024 compared to \$314 million \$317 million as of December 31, 2022 December 31, 2023. Comparing average balances for the third first quarters of 2023 2024 and 2022, 2023, the Company had average interest-earning cash and cash equivalent balances of \$177 million \$454 million for the third first quarter of 2023 2024 compared to \$801 million \$241 million for the third first quarter of 2022, 2023. The decline in Company generally carried higher average interest-earning cash balances from period during the first quarter of 2024 as the result of a strategic decision to period was driven generally by a decrease maintain additional on-balance sheet liquidity above required minimums in average deposits and an increase in average loan balances. response to the uncertainty of the economic environment.

See Footnote 6 "Deposits" of Part I Item 1 "Financial Statements" for additional discussion regarding Deposits

For cash held at the FRB, the Bank earns a yield on amounts more than required reserves. This cash earned a weighted-average yield of 5.00% 4.94% during the first nine months quarter of 2023 2024 with a spot balance yield of approximately 5.40% on September 30, 2023 March 31, 2024. For cash held within the Bank's banking center and ATM networks, the Bank does not earn interest.

Investment Securities

Table 17 — Purchases of Investment Securities

(in thousands)	Nine Months Ended September 30, 2023		
	Purchase	Yield to	Average
	Cost	Maturity	Life
Purchases by Class for the Three Months Ended March 31, 2023			
Corporate (acquired as a part of the CBank acquisition)	\$ 2,017	6.05 %	2.60 yrs
U.S. Government Agencies	25,000	5.38	2.50
Mortgage-backed securities - residential (acquired as a part of the CBank acquisition)	14,442	4.56	9.10
Total	\$ 41,459	5.38	2.50 yrs
Purchases by Class for the Three Months Ended June 30, 2023			
U.S. Government Agencies	\$ 15,000	5.75 %	2.91 yrs
Total	\$ 15,000	5.75	2.91 yrs
Purchases by Class for the Three Months Ended September 30, 2023			
U.S. Government Agencies	\$ 15,000	6.00 %	3.00 yrs
Total	\$ 15,000	6.00	3.00 yrs
Total Purchases for the Nine Months Ended September 30, 2023	\$ 71,459	5.44 %	4.03 yrs

Republic's investment portfolio increased \$17 million \$16 million from December 31, 2022 December 31, 2023 to September 30, 2023, March 31, 2024. The increase was driven by \$55 million the purchase of \$50 million in portfolio purchases, \$16 million of investments acquired as part of the CBank merger, agency securities and a \$22 million increase \$20 million in FHLB stock. These increases were stock, partially offset by portfolio declines of \$50 million from \$45 million in calls and maturities of debt securities \$28 million and \$9 million in paydowns on mortgage-backed securities, and a \$2 million increase in the portfolio market value. securities.

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Table 188 — Loan Portfolio Composition

(dollars in thousands)	September 30, 2023	December 31, 2022	\$ Change	% Change	March 31, 2024	December 31, 2023	\$ Change	% Change
Traditional Banking:								
Residential real estate:								
Owner occupied	\$ 1,128,745	\$ 911,427	\$ 217,318	24 %				
Nonowner occupied	344,682	321,358	23,324	7				
Owner-occupied					\$ 1,064,071	\$ 1,144,684	\$ (80,613)	(7)%
Nonowner-occupied					342,481	345,965	(3,484)	(1)
Commercial real estate (1)	1,745,187	1,599,510	145,677	9	1,800,801	1,785,289	15,512	1
Construction & land development	189,756	153,875	35,881	23	237,998	217,338	20,660	10
Commercial & industrial	473,790	413,387	60,403	15	453,971	464,078	(10,107)	(2)
Lease financing receivables	85,242	10,505	74,737	711	88,272	88,591	(319)	(0)
Aircraft	226,947	179,785	47,162	26	246,060	250,051	(3,991)	(2)
Home equity	275,750	241,739	34,011	14	309,083	295,133	13,950	5

Consumer:								
Credit cards	16,950	15,473	1,477	10	16,858	16,654	204	1
Overdrafts	640	726	(86)	(12)	629	694	(65)	(9)
Automobile loans	3,380	6,731	(3,351)	(50)	2,054	2,664	(610)	(23)
Other consumer	5,674	626	5,048	806	11,372	7,428	3,944	53
Total Traditional Banking	4,496,743	3,855,142	641,601	17	4,573,650	4,618,569	(44,919)	(1)
Warehouse lines of credit*	457,033	403,560	53,473	13	463,249	339,723	123,526	36
Total Core Banking	4,953,776	4,258,702	695,074	16	5,036,899	4,958,292	78,607	2
Republic Processing Group*:								
Tax Refund Solutions:								
Refund Advances	—	97,505	(97,505)	(100)	52,101	103,115	(51,014)	(49)
Other TRS commercial & industrial loans	354	51,767	(51,413)	(99)	5,396	46,092	(40,696)	(88)
Republic Credit Solutions	126,969	107,828	19,141	18	129,896	132,362	(2,466)	(2)
Total Republic Processing Group	127,323	257,100	(129,777)	(50)	187,393	281,569	(94,176)	(33)
Total loans**	5,081,099	4,515,802	565,297	13	5,224,292	5,239,861	(15,569)	(0)
Allowance for credit losses	(74,576)	(70,413)	(4,163)	6	(108,702)	(82,130)	(26,572)	32
Total loans, net	\$ 5,006,523	\$ 4,445,389	\$ 561,134	13	\$ 5,115,590	\$ 5,157,731	\$ (42,141)	(1)

*Identifies loans to borrowers located primarily outside of the Bank's market footprint.

**Total loans are presented inclusive of premiums, discounts and net loan origination fees and costs.

(1) The approximate percentage of Nonowner-occupied CRE loans to total CRE loans was 64% and 63%, respectively, for March 31, 2024 and December 31, 2023. The approximate percentage of Owner-occupied CRE loans to total CRE loans was 36% and 37%, respectively, for March 31, 2024 and December 31, 2023.

Gross loans increased decreased by \$565 million \$16 million, or 13% less than 1%, during the first nine months quarter of 2022 2024 to \$5.1 billion \$5.2 billion as of September 30, 2023 March 31, 2024. The most significant components comprising the change in loans by reportable segment follow:

Traditional Banking segment

Period-end balances for Traditional Banking loans increased \$642 million decreased \$45 million, or 17% 1%, from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024. The following primarily drove the change in loan balances during the first nine months quarter of 2023:

- The Traditional Bank acquired During the last half of March 2024, Management made the decision to sell \$69 million of correspondent loans and leases with a fair value of \$216 million in connection with the CBank acquisition that were previously classified as of September 30, 2023, CBank related loan balances were approximately \$211 million.
- The Traditional Bank's legacy CRE portfolio, which excludes the CRE loans acquired from CBank, grew \$143 million, or 9%, during the first nine months of 2023, as the Traditional Bank experienced strong loan demand within its Corporate Lending, Private Banking and Commercial Real Estate divisions in its Louisville market.
- With mortgage refinance volume at all-time record levels during 2020 and 2021, balances of 1-4 family loans, including HELOCs, generally declined as the vast majority of the volume of refinancings was sold into the secondary market. This trend began to change in mid to late 2022, however, as a significant rise in long-term, fixed-rate mortgages caused portfolio level ARM loans to become generally more attractive than secondary market loans. held for investment. As a result of this decision, the Traditional Bank's

legacy residential real estate portfolio, which excludes Company reclassified these loans into the residential real estate mortgage loans acquired from CBank, increased \$227 million during held-for-sale category on the first nine months balance sheet as of 2023.

- After a multi-year pause in operations, the Traditional Bank's Corresponding Lending Division began purchasing loans again during the first quarter of 2023. The loans purchased are all 1-4 Family, first-lien mortgages with fixed rate terms of generally five or seven years. Through September 30, 2023, this division had acquired approximately \$111 million of loans with an expected average yield of approximately 5.94% March 31, 2024.

Warehouse Lending segment

Outstanding Warehouse period-end balances increased \$53 million \$124 million from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024. Due to the volatility and seasonality of the mortgage market, it is difficult to project future outstanding balances of Warehouse lines of credit. The growth of the Bank's Warehouse Lending business greatly depends on the overall mortgage market and typically follows industry

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trends. Since its entrance into this business during 2011, the Bank has experienced volatility in the Warehouse portfolio consistent with overall demand for mortgage products. Weighted average quarterly usage rates on the Bank's Warehouse lines have ranged from a low of 31% during the first quarter of 2023 to a high of 71% during the fourth quarter of 2019. On an annual basis, weighted average weighted-average usage rates on the Bank's Warehouse lines have ranged from a low of 40% 39% during 2013 2022 to a high of 66% during 2020.

As previously discussed, additional increases in long-term market interest rates will likely lead to a continued reduction in average outstanding balances driven by a decline in demand from Warehouse clients, as higher long-term interest rates generally drive lower demand for Warehouse borrowings. In addition, because the yield on Warehouse lines of credit are generally tied to short-term interest rates, additional increases in short-term interest rates could cause further competitive pricing pressures for the industry and the Core Bank, driving down the yield Warehouse earns on its lines of credits.

Tax Refund Solutions segment

Outstanding TRS loans decreased \$149 million \$92 million from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024 primarily reflecting the substantial paydown of RAs ERAs originated during the 2023 tax season. December 2023. In addition, TRS also received substantial paydowns of commercial loans made during the fourth quarter of 2022 2023 to third-party tax-related businesses for their cash flow needs for the first quarter tax season. RAs, including ERAs, are only made during the December of the previous year and the first two months of each year, with all unpaid RAs charged off by June 30th of each year.

Allowance for Credit Losses

As of September 30, 2023 March 31, 2024, the Bank maintained an ACLL for expected credit losses inherent in the Bank's loan portfolio, which includes overdrawn deposit accounts. The Bank also maintained an ACLS and an ACLC for expected losses in its securities portfolio and its off-balance sheet credit exposures, respectively. Management evaluates the adequacy of the ACLL monthly, and the adequacy of the ACLS and ACLC quarterly. All ACLs are presented and discussed with the Audit Committee and the Board of Directors quarterly.

The Company's ACLL increased \$26.6 million from \$70 million \$82.1 million as of December 31, 2022 December 31, 2023 to \$75 million \$108.7 million as of September 30, 2023 March 31, 2024. As a percent of total loans, the total Company's ACLL decreased increased to 1.47% 2.08% as of September 30, 2023 March 31, 2024 compared to 1.56% 1.57% as of December 31, 2022 December 31, 2023. An analysis of the ACL by reportable segment follows:

Traditional Banking segment

The Traditional Banking ACLL increased approximately \$6 million \$178,000 to \$57 million \$59.2 million as of September 30, 2023, generally March 31, 2024 driven primarily by general formula reserves tied applied to Traditional Bank loans. While loan growth balances at the Traditional Bank decreased in total during

the first **nine months** quarter, the segment experienced a change in loan mix growing in loan categories, such as construction and land development, with higher loan loss reserve requirements. Partially offsetting the change in loan mix, the Traditional Bank reclassified \$69 million of **2023** partially offset by the \$1.5 million release of COVID-related reserves. The release of these reserves coincided with the federal government's declaration of the official end to the COVID pandemic in May of 2023. correspondent mortgage loans from held for investment into held for sale.

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Warehouse Lending segment

The Warehouse ACLL **remained at increased** approximately **\$1 million** \$309,000 to **\$1.2 million** as of **March 31, 2024**, and the Warehouse ACLL to total Warehouse loans remained at 0.25% when comparing **September 30, 2023** **March 31, 2024** to **December 31, 2022** **December 31, 2023**. As of **September 30, 2023** **March 31, 2024**, the Warehouse ACLL was entirely qualitative in nature with no adjustments to the qualitative reserve percentage required for the first **nine months** quarter of **2023, 2024**.

Tax Refund Solutions segment

The TRS **recorded an increase to its ACLL decreased \$4 million from December 31, 2022 to \$1,000 as of September 30, 2023**, with this decrease driven by the **June 30, 2023 charge-off of all unpaid** primarily for estimated RAs originated during the first quarter of 2024. Including ERAs originated during the fourth quarter of 2023, TRS had a total Allowance for RAs of \$26.0 million as of March 31, 2024, representing 3.37% of all RAs originated related to the first quarter 2024 tax season. TRS's loss rate as of June 30, 2023 was 3.22% of total originations and TRS finished 2023 with a final RA loss rate of 2.84% of total RAs originated.

RAs are only originated during December **2022** of the previous year and the first two months of the current year related to the first quarter tax season of a year. As is the case each year as of March 31st, the Allowance related to RAs is an estimate with that estimate finalized during the second quarter when all uncollected RAs are ultimately charged off as of June 30th. The final charge-off figures posted during the second quarter of a calendar year can be meaningfully different (higher or lower) than its March 31st estimate based on actual paydowns received during the second quarter. RAs collected during the second half of that year, not subject to loan loss guarantee arrangements, are recorded as recoveries of previously charged-off loans.

Republic Credit Solutions segment

The RCS ACLL **increased \$2 million to \$17 million was \$18.3 million** as of **September 30, 2023**, with this increase driven by an increase in the RCS LOC II spot balance and a change in the RCS loan mix **March 31, 2024 compared to \$18.3 million** as **the outstanding healthcare receivables spot balance increased and the RCS LOC I spot balance decreased**.

of **December 31, 2023**. RCS maintained an **ACLL ACLLs** for two distinct credit products offered as of **September 30, 2023** **March 31, 2024**, including its line-of-credit products and its **healthcare-receivables healthcare-**

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receivables products. As of September 30, 2023 March 31, 2024, the ACLL to total loans estimated for each RCS product ranged from as low as 0.25% for its healthcare-receivables products to as high as 48.96% 53.64% for its line-of-credit products. The lower reserve percentage of 0.25% was provided for RCS's healthcare receivables, as such receivables have recourse back to the third-party providers.

Table 19 — Management's Allocation of the Allowance for Credit Losses on Loans

(in thousands)	September 30, 2023			December 31, 2022		
	Percent of	Percent of		Percent of	Percent of	
	Loans to	ACLL to		Loans to	ACLL to	
	Total	Total		Total	Total	
	ACLL	Loans*	Loan Class	ACLL	Loans*	Loan Class*
Traditional Banking:						
Residential real estate:						
Owner occupied	\$ 10,231	22 %	0.91 %	\$ 8,909	21 %	0.98 %
Nonowner occupied	3,036	7	0.88	2,831	7	0.88
Commercial real estate	25,347	35	1.45	23,739	36	1.48
Construction & land development	5,136	4	2.71	4,123	3	2.68
Commercial & industrial	4,181	9	0.88	3,976	9	0.97
Lease financing receivables	1,100	2	1.29	110	—	1.05
Aircraft	567	4	0.25	449	4	0.25
Home equity	5,146	5	1.87	4,628	5	1.91
Consumer:						
Credit cards	1,092	—	6.44	996	—	6.44
Overdrafts	640	—	100.00	726	—	100.00
Automobile loans	41	—	1.21	87	—	1.29
Other consumer	414	—	7.30	135	—	21.57
Total Traditional Banking	56,931	88	1.27	50,709	85	1.32
Warehouse lines of credit	1,143	9	0.25	1,009	9	0.25
Total Core Banking	58,074	97	1.17	51,718	94	1.18
Republic Processing Group:						
Tax Refund Solutions:						
Refund Advances	—	—	—	3,797	2	4
Other TRS commercial & industrial loans	1	—	0.28	91	1	0.18
Republic Credit Solutions	16,501	3	13.00	14,807	3	13.73
Total Republic Processing Group	16,502	3	12.96	18,695	6	7.27
Total	\$ 74,576	100	1.47	\$ 70,413	100	1.56

* Values of less than 50 basis points are rounded down to zero.

Asset Quality

Classified and Special Mention Loans

The Bank applies credit quality indicators, or ratings, to individual loans based on internal Bank policies. Such internal policies are informed by regulatory standards. Loans rated "Loss," "Doubtful," "Substandard," and **PCD-Substandard** are considered "Classified." Loans rated "Special Mention" or **PCD-Special Mention** are considered Special Mention. The Bank's Classified and Special Mention loans **decreased** approximately **\$6 million** during the first **nine months** of **2023**, driven primarily by **commercial-purpose loans** repaid or upgraded to a Pass rating during **commercial loan downgrades** at the **first nine months** of **2022**. **Core Bank**.

See Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements" for additional discussion regarding Classified and Special Mention loans.

Table 209 — Classified and Special Mention Loans

(dollars in thousands)	September 30, 2023	December 31, 2022	\$ Change	% Change	March 31, 2024	December 31, 2023	\$ Change	% Change
Loss	\$ —	\$ —	\$ —	— %	\$ —	\$ —	\$ —	— %
Doubtful	—	—	—	—	—	—	—	—
Substandard	18,659	17,010	1,649	10	22,193	20,253	1,940	10
PCD - Substandard	1,820	1,498	322	21	1,612	1,699	(87)	(5)
Total Classified Loans	20,479	18,508	1,971	11	23,805	21,952	1,853	8
Special Mention	61,853	69,246	(7,393)	(11)	55,194	51,447	3,747	7
PCD - Special Mention	469	718	(249)	(35)	438	447	(9)	(2)
Total Special Mention Loans	62,322	69,964	(7,642)	(11)	55,632	51,894	3,738	7
Total Classified and Special Mention Loans	\$ 82,801	\$ 88,472	\$ (5,671)	(6)%	\$ 79,437	\$ 73,846	\$ 5,591	8 %

Nonperforming Loans

Nonperforming loans include loans on nonaccrual status and loans past due 90-days-or-more and still accruing. The nonperforming loan category includes **TDRs** loan modifications (formerly TDRs) totaling approximately \$0 million and \$2 million as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**.

Nonperforming loans to total loans increased to **0.38%** **0.41%** at **September 30, 2023**, **March 31, 2024** from **0.36%** at **December 31, 2022**, **December 31, 2023**, as the total balance of nonperforming loans increased by **\$3 million**, **\$756,000**, or **17%** **4%**, while total loans **increased** **\$561 million**, or **13%**, **decreased** **\$16 million** during the first **nine months** of **2023**, **2024**.

The ACLL to total **nonaccrual nonperforming** loans **decreased** **increased** to **412%** **509%** as of **September 30, 2023**, **March 31, 2024** from **452%** **398%** as of **December 31, 2022**, **December 31, 2023**, as the total ACLL increased **\$4 million**, **\$26.6 million**, or **32%**, and the balance of **nonaccrual nonperforming** loans increased by **\$3 million**, **\$756,000**, or **16%** **4%**. The driver of the increase in ACLL was primarily **formula reserves applied to \$565 million RAs** originated through the Company's TRS segment while the driver of **loan growth** from **December 31, 2022** to **September 30, 2023**, the increase in nonperforming loans was primarily a **\$647,000** increase in **RCS nonperforming** loans.

Table 21 10 — Nonperforming Loans and Nonperforming Assets Summary

(dollars in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Loans on nonaccrual status*	\$ 18,127	\$ 15,562	\$ 19,258	\$ 19,150
Loans past due 90-days-or-more and still on accrual**	1,037	756	2,116	1,468
Total nonperforming loans	19,164	16,318	21,374	20,618
Other real estate owned	1,423	1,581	1,486	1,370
Total nonperforming assets	\$ 20,587	\$ 17,899	\$ 22,860	\$ 21,988
Credit Quality Ratios - Total Company:				
ACLL to total loans	1.47 %	1.56 %	2.08 %	1.57 %
Nonaccrual loans to total loans	0.36	0.34	0.37	0.37
ACLL to nonaccrual loans	411	452	564	429
Nonperforming loans to total loans	0.38	0.36	0.41	0.39
Nonperforming assets to total loans (including OREO)	0.41	0.40	0.44	0.42
Nonperforming assets to total assets	0.32	0.31	0.33	0.33
Credit Quality Ratios - Core Bank:				
ACLL to total loans	1.17 %	1.21 %	1.20 %	1.21 %
Nonaccrual loans to total loans	0.37	0.37	0.38	0.39
ACLL to nonaccrual loans	320	332	313	313
Nonperforming loans to total loans	0.37	0.37	0.38	0.39
Nonperforming assets to total loans (including OREO)	0.39	0.40	0.41	0.41
Nonperforming assets to total assets	0.33	0.32	0.33	0.35

* Loans on nonaccrual status include collateral-dependent loans. See Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements" for additional discussion regarding collateral-dependent loans.

** Loans past due 90-days-or-more and still accruing consist of smaller balance consumer loans.

Table 22 11 — Nonperforming Loan Composition

(dollars in thousands)	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Percent of Total		Percent of Total		Percent of Total		Percent of Total	
	Balance	Loan Class	Balance	Loan Class	Balance	Loan Class	Balance	Loan Class
Traditional Banking:								
Residential real estate:								
Owner occupied	\$ 14,396	1.28 %	\$ 13,388	1.47 %				
Nonowner occupied	68	0.02	117	0.04				
Owner-occupied					\$ 15,533	1.46 %	\$ 15,056	1.32 %
Nonowner-occupied					60	0.02	64	0.02
Commercial real estate	883	0.05	1,001	0.06	795	0.04	850	0.05
Construction & land development	—	—	—	—	—	—	—	—
Commercial & industrial	1,159	0.24	—	—	744	0.16	1,221	0.26
Lease financing receivables	13	0.02	—	—	15	0.02	—	—
Aircraft	—	—	—	—	—	—	—	—
Home equity	1,591	0.58	815	0.34	2,103	0.68	1,948	0.66
Consumer:								

Credit cards	—	—	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—	—	—
Automobile loans	16	0.47	31	0.46	8	0.39	10	0.38
Other consumer	1	0.02	210	33.55	—	—	1	0.01
Total Traditional Banking	18,127	0.40	15,562	0.40	19,258	0.42	19,150	0.41
Warehouse lines of credit	—	—	—	—	—	—	—	—
Total Core Banking	18,127	0.37	15,562	0.37	19,258	0.38	19,150	0.39
Republic Processing Group:								
Tax Refund Solutions:								
Refund Advances	—	—	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	—	—	—	—
Republic Credit Solutions	1,037	0.82	756	0.70	2,116	1.63	1,468	1.11
Total Republic Processing Group	1,037	0.81	756	0.29	2,116	1.13	1,468	0.52
Total nonperforming loans	\$ 19,164	0.38 %	\$ 16,318	0.36 %	\$ 21,374	0.41 %	\$ 20,618	0.39 %

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Table 23.12 — Stratification of Nonperforming Loans

	Number of Nonperforming Loans and Recorded Investment								Number of Nonperforming Loans and Recorded Investment							
	Balance		Balance		Balance		Total			Balance		Balance		Total		
September 30, 2023	Balance		> \$100 &		Balance		Total									
March 31, 2024									Balance		> \$100 &		Balance		Total	
(dollars in thousands)	No.	<= \$100	No.	<= \$500	No.	> \$500	No.	Balance	No.	<= \$100	No.	<= \$500	No.	> \$500	No.	Balance
Traditional Banking:																
Residential real estate:																
Owner occupied	130	\$ 4,677	47	\$ 7,424	2	\$ 2,295	179	\$ 14,396								
Nonowner occupied	3	68	—	—	—	—	3	68								
Owner-occupied									133	\$ 4,979	46	\$ 7,341	3	\$ 3,213	182	\$15,533
Nonowner-occupied									3	60	—	—	—	—	3	60
Commercial real estate	—	—	1	201	1	682	2	883	—	—	1	180	1	615	2	795
Construction & land development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial & industrial	—	—	1	339	1	820	2	1,159	2	61	2	683	—	—	4	744
Lease financing receivables	2	13	—	—	—	—	2	13	1	15	—	—	—	—	1	15
Aircraft	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Home equity	31	911	3	680	—	—	34	1,591	42	1,408	3	695	—	—	45	2,103
Consumer:																
Credit cards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Overdrafts	NM	—	—	—	—	—	NM	—	—	—	—	—	—	—	—	—

Automobile loans	5	16	—	—	—	—	5	16	2	8	—	—	—	—	2	8
Other consumer	1	1	—	—	—	—	1	1	—	—	—	—	—	—	—	—
Total Traditional Banking	172	5,686	52	8,644	4	3,797	228	18,127	183	6,531	52	8,899	4	3,828	239	19,258
Warehouse lines of credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Core Banking	172	5,686	52	8,644	4	3,797	228	18,127	183	6,531	52	8,899	4	3,828	239	19,258
Republic Processing Group:																
Tax Refund Solutions:																
Refund Advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Republic Credit Solutions	NM	—	—	—	—	1,037	NM	1,037	NM	—	—	—	NM	2,116	NM	2,116
Total Republic Processing Group	NM	—	—	—	—	1,037	NM	1,037	NM	—	—	—	—	2,116	NM	2,116
Total	172	\$ 5,686	52	\$ 8,644	4	\$ 4,834	228	\$ 19,164	183	\$ 6,531	52	\$ 8,899	4	\$ 5,944	239	\$21,374

	Number of Nonperforming Loans and Recorded Investment								Number of Nonperforming Loans and Recorded Investment							
	Balance		Balance		Balance		Total			Balance		Balance		Total		
December 31, 2022	Balance		> \$100 &		Balance		Total									
December 31, 2023									Balance		> \$100 &		Balance		Total	
(dollars in thousands)	No.	<= \$100	No.	<= \$500	No.	> \$500	No.	Balance	No.	<= \$100	No.	<= \$500	No.	> \$500	No.	Balance
Traditional Banking:																
Residential real estate:																
Owner occupied	134	\$ 4,650	45	\$ 7,353	1	\$ 1,385	180	\$ 13,388								
Nonowner occupied	4	117	—	—	—	—	4	117								
Owner-occupied									125	\$ 4,569	45	\$ 7,200	3	\$ 3,287	173	\$15,056
Nonowner-occupied									3	64	—	—	—	—	3	64
Commercial real estate	—	—	1	232	1	769	2	1,001	—	—	1	191	1	659	2	850
Construction & land development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial & industrial	—	—	—	—	—	—	—	—	2	61	1	339	1	821	4	1,221
Lease financing receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Aircraft	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Home equity	28	711	1	104	—	—	29	815	36	1,236	3	712	—	—	39	1,948
Consumer:																
Credit cards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Overdrafts	NM	—	—	—	—	—	NM	—	—	—	—	—	—	—	—	—
Automobile loans	6	31	—	—	—	—	6	31	3	10	—	—	—	—	3	10
Other consumer	—	—	1	210	—	—	1	210	1	1	—	—	—	—	1	1
Total Traditional Banking	172	5,509	48	7,899	2	2,154	222	15,562	170	5,941	50	8,442	5	4,767	225	19,150
Warehouse lines of credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Core Banking	172	5,509	48	7,899	2	2,154	222	15,562	170	5,941	50	8,442	5	4,767	225	19,150
Republic Processing Group:																
Tax Refund Solutions:																
Refund Advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Republic Credit Solutions	NM	—	—	—	—	756	NM	756	NM	—	—	—	NM	1,468	NM	1,468
Total Republic Processing Group	NM	—	—	—	—	756	NM	756	NM	—	—	—	—	1,468	NM	1,468

Total	172	\$ 5,509	48	\$ 7,899	2	\$ 2,910	222	\$ 16,318	170	\$ 5,941	50	\$ 8,442	5	\$ 6,235	225	\$ 20,618
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Table 24.13 — Roll-forward of Nonperforming Loans

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Nonperforming loans at the beginning of the period	\$ 17,504	\$ 16,210	\$ 16,318	\$ 20,552	\$ 20,618	\$ 16,318
Loans added to nonperforming status during the period that remained nonperforming at the end of the period	2,564	3,554	7,345	5,778	1,791	2,669
Loans removed from nonperforming status during the period that were nonperforming at the beginning of the period (see table below)	(949)	(3,051)	(3,798)	(9,021)	(686)	(2,015)
Principal balance paydowns of loans nonperforming at both period ends	(457)	(349)	(997)	(940)	(1,012)	(383)
Net change in principal balance of other loans nonperforming at both period ends*	502	(5)	296	(10)		
Net change in principal balance of other nonperforming loans*					663	21
Nonperforming loans at the end of the period	\$ 19,164	\$ 16,359	\$ 19,164	\$ 16,359	\$ 21,374	\$ 16,610

* Includes relatively small consumer portfolios, e.g., RCS loans.

Table 25.14 — Detail of Loans Removed from Nonperforming Status

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Loans charged off	\$ —	\$ —	\$ —	\$ —	\$ (13)	\$ —
Loans transferred to OREO	—	—	—	—	(169)	—
Loan payoffs and paydowns	—	(2,431)	(1,521)	(8,125)	(154)	(770)
Loans returned to accrual status	(949)	(620)	(2,277)	(1)	(350)	(1,245)
Total loans removed from nonperforming status during the period that were nonperforming at the beginning of the period	\$ (949)	\$ (3,051)	\$ (3,798)	\$ (8,126)	\$ (686)	\$ (2,015)

Based on the Bank's review as of **September 30, 2023** **March 31, 2024**, management believes that its reserves are adequate to absorb expected losses on all nonperforming loans.

Delinquent Loans

Total Company delinquent loans to total loans ~~increased~~ decreased to ~~0.38%~~ 0.41% as of ~~September 30, 2023~~ March 31, 2024 from ~~0.34%~~ 0.42% as of ~~December 31, 2022~~ December 31, 2023. Core Bank delinquent loans to total Core Bank loans ~~remained unchanged at 0.14%~~ decreased to 0.15% as of ~~September 30, 2023~~ March 31, 2024 from ~~December 31, 2022~~ 0.16% as of December 31, 2023. With the exception of small-dollar consumer loans, all Traditional Bank loans past due 90-days-or-more as of ~~September 30, 2023~~ March 31, 2024 and ~~December 31, 2022~~ December 31, 2023 were on nonaccrual status.

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Table 26 15 — Delinquent Loan Composition*

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Balance	Percent of Total Loan Class	Balance	Percent of Total Loan Class	Balance	Percent of Total Loan Class	Balance	Percent of Total Loan Class
(dollars in thousands)								
Traditional Banking:								
Residential real estate:								
Owner occupied	\$ 4,584	0.41 %	\$ 4,834	0.53 %				
Nonowner occupied	231	0.07	—	—				
Owner-occupied					\$ 5,821	0.55 %	\$ 5,803	0.51 %
Nonowner-occupied					—	—	—	—
Commercial real estate	23	0.00	604	0.04	—	—	—	—
Construction & land development	—	—	—	—	—	—	—	—
Commercial & industrial	1,372	0.29	177	0.04	746	0.16	1,360	0.29
Lease financing receivables	16	0.02	—	—	22	0.02	18	0.02
Aircraft	—	—	—	—	—	—	—	—
Home equity	367	0.13	175	0.07	990	0.32	767	0.26
Consumer:								
Credit cards	28	0.17	55	0.36	35	0.21	35	0.21
Overdrafts	132	20.63	160	22.04	118	18.76	131	18.88
Automobile loans	4	0.12	11	0.16	2	0.10	2	0.08
Other consumer	49	0.86	44	7.03	62	0.55	60	0.81
Total Traditional Banking	6,806	0.15	6,060	0.16	7,796	0.17	8,176	0.18
Warehouse lines of credit	—	—	—	—	—	—	—	—
Total Core Banking	6,806	0.14	6,060	0.14	7,796	0.15	8,176	0.16
Republic Processing Group:								
Tax Refund Solutions:								
Refund Advances	—	—	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	283	5.24	—	—
Republic Credit Solutions	12,328	9.71	9,200	8.53	13,333	10.26	13,916	10.51
Total Republic Processing Group	12,328	9.68	9,200	3.58	13,616	7.27	13,916	4.94
Total delinquent loans	\$ 19,134	0.38 %	\$ 15,260	0.34 %	\$21,412	0.41 %	\$22,092	0.42 %

* Represents total loans 30-days-or-more past due. Delinquent status may be determined by either the number of days past due or number of payments past due.

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Table 27 16 — Roll-forward of Delinquent Loans

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Delinquent loans at the beginning of the period	\$ 15,918	\$ 11,451	\$ 15,260	\$ 13,465	\$ 22,092	\$ 15,260
Loans that became delinquent during the period - Refund Advances*					—	18,450
Loans added to delinquency status during the period and remained in delinquency status at the end of the period	3,076	2,531	5,668	3,767	2,499	2,675
Loans removed from delinquency status during the period that were in delinquency status at the beginning of the period (see table below)	(2,087)	(3,466)	(4,833)	(6,803)	(2,250)	(3,094)
Principal balance paydowns of loans delinquent at both period ends	(61)	(20)	(52)	(24)	(598)	(31)
Net change in principal balance of other loans delinquent at both period ends*	2,288	1,394	3,091	1,485		
Net change in principal balance of other delinquent loans*					(331)	2,864
Delinquent loans at the end of period	\$ 19,134	\$ 11,890	\$ 19,134	\$ 11,890	\$ 21,412	\$ 36,124

* RAs do not have a contractual due date but the Company considered a RA delinquent in 2023, and will do so again in 2024, if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority.

** Includes relatively small relatively-small consumer portfolios, e.g., RCS loans.

Table 28 17 — Detail of Loans Removed from Delinquent Status

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Loans charged off	\$ —	\$ —	\$ (1)	\$ (1)	\$ (15)	\$ (1)
Refund Advances paid off or charged off	—	—	—	—		
Loans transferred to OREO	—	—	—	—	(169)	—
Loan payoffs and paydowns	—	(2,620)	(1,629)	(6,186)	(89)	(510)
Loans paid current	(2,087)	(846)	(3,203)	(616)	(1,977)	(2,583)
Total loans removed from delinquency status during the period that were in delinquency status at the beginning of the period	\$ (2,087)	\$ (3,466)	\$ (4,833)	\$ (6,803)	\$ (2,250)	\$ (3,094)

Collateral-Dependent Loans and Loan Modifications Deposits

When management determines that a loan is collateral dependent and foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs, if appropriate. The Bank's policy is to charge-off all or that portion of its recorded investment in collateral-dependent loans upon a determination that it expects the full amount of contractual principal and interest will not be collected.

A loan modification (formerly a TDR prior to the adoption of ASU 2022-02) is a situation where, due to a borrower's financial difficulties, the Bank grants a concession to the borrower that the Bank would not otherwise have considered. The majority of the Bank's loan modifications involve a restructuring of loan terms such as a temporary reduction in the payment amount to require only interest and escrow (if required), reducing the loan's interest rate, and/or extending the maturity date of the debt. Nonaccrual loans modified as loan modifications remain on nonaccrual status and continue to be reported as nonperforming loans. Accruing loans modified as loan modifications are evaluated for nonaccrual status based on a current evaluation of the borrower's financial condition and ability and willingness to service the modified debt. With the adoption of ASU 2022-02 in 2023, all loan modifications will now be recognized as collateral-dependent. As of September 30, 2023 there were \$1.9 million collateral-dependent loan modifications.

Table 29 18 — Collateral-Dependent Loans and Troubled Debt Restructurings Deposit Composition

(dollars in thousands)	December 31, 2022
Cashflow-dependent TDRs	\$ 5,761
Collateral-dependent TDRs	6,265
Total TDRs	12,026
Collateral-dependent loans (which are not TDRs)	14,186
Total recorded investment in TDRs and collateral-dependent loans	\$ 26,212

(in thousands)	March 31, 2024	December 31, 2023	\$ Change	% Change
Core Bank:				
Demand	\$ 1,179,771	\$ 1,158,051	\$ 21,720	2 %
Money market accounts	1,078,549	1,007,356	71,193	7
Savings	355,260	263,238	92,022	35
Reciprocal money market	221,779	188,078	33,701	18
Individual retirement accounts (1)	34,208	33,793	415	1
Time deposits, \$250 and over (1)	113,096	101,787	11,309	11
Other certificates of deposit (1)	239,258	225,614	13,644	6
Reciprocal time deposits (1)	90,857	90,857	—	—
Wholesale brokered deposits (1)	349,298	88,767	260,531	293
Total Core Bank interest-bearing deposits	3,662,076	3,157,541	504,535	16
Total Core Bank noninterest-bearing deposits	1,180,237	1,239,466	(59,229)	(5)
Total Core Bank deposits	4,842,313	4,397,007	445,306	10
Republic Processing Group:				
Wholesale brokered deposits (1)	—	199,960	(199,960)	(100)
Interest-bearing prepaid card deposits	379,677	—	379,677	—
Money market accounts	19,380	18,664	716	4
Total RPG interest-bearing deposits	399,057	218,624	180,433	83
Noninterest-bearing prepaid card deposits	—	318,769	(318,769)	(100)
Other noninterest-bearing deposits	179,279	118,763	60,516	51
Total RPG noninterest-bearing deposits	179,279	437,532	(258,253)	(59)
Total RPG deposits	578,336	656,156	(77,820)	(12)
Total deposits	\$ 5,420,649	\$ 5,053,163	\$ 367,486	7 %

(1) Includes time deposit

See Footnote 5 "Loans and Allowance for Credit Losses" of Part I Item 1 "Financial Statements" for additional discussion regarding collateral-dependent loans and TDRs.

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Deposits

Table 30 — Deposit Composition

(in thousands)	September 30, 2023	December 31, 2022	\$ Change	% Change
Core Bank:				
Demand	\$ 1,233,328	\$ 1,336,082	\$ (102,754)	(8)%
Money market accounts	939,499	707,272	232,227	33
Savings	263,249	323,015	(59,766)	(19)
Reciprocal money market	206,347	28,635	177,712	621
Individual retirement accounts (1)	33,823	38,640	(4,817)	(12)
Time deposits, \$250 and over (1)	94,521	54,855	39,666	72
Other certificates of deposit (1)	207,481	129,324	78,157	60
Reciprocal time deposits (1)	94,629	7,405	87,224	1,178
Wholesale brokered deposits (1)	805	—	805	—
Total Core Bank interest-bearing deposits	3,073,682	2,625,228	448,454	17
Total Core Bank noninterest-bearing deposits	1,269,643	1,464,493	(194,850)	(13)
Total Core Bank deposits	4,343,325	4,089,721	253,604	6
Republic Processing Group:				
Money market accounts	16,921	3,849	13,072	340
Total RPG interest-bearing deposits	16,921	3,849	13,072	340
Brokered prepaid card deposits	326,505	328,655	(2,150)	(1)
Other noninterest-bearing deposits	106,831	115,620	(8,789)	(8)
Total RPG noninterest-bearing deposits	433,336	444,275	(10,939)	(2)
Total RPG deposits	450,257	448,124	2,133	0
Total deposits	\$ 4,793,582	\$ 4,537,845	\$ 255,737	6 %

(1) Includes time deposits

Total Bank deposits increased \$256 million \$367 million from December 31, 2022 December 31, 2023 to \$4.8 billion \$5.4 billion as of September 30, March 31, 2023, 2024. Total Core Bank deposits increased by \$250 million with the March 2023 CBank acquisition resulting in \$182 million of this growth. Core Bank legacy deposits, which excludes the deposits assumed from the CBank acquisition, increased \$68 million \$445 million, or 2% 10%, from December 31, 2022 December 31, 2023. Within the Core Bank's legacy deposits, interest-bearing deposits increased \$302 million \$505 million and noninterest-bearing deposits decreased \$234 million \$59 million. The increase in Core Bank deposits was primarily driven by a \$261 million increase in brokered deposits and a \$110 million increase in transaction deposits obtained from a third-party listing service.

As it relates to Retail-related categories continued a trend from the decrease second half of 2023 in Core Bank legacy noninterest-bearing which noninterest bearing deposits declined while interest bearing categories increased. Overall, Management believes two factors generally drove, and continue to drive this overall decline trend. The first is a general decline in liquidity among both businesses and consumers as the excess liquidity created during the COVID pandemic continued to wane. Second, Management believes that the substantial increase in market interest rates over the past year has caused the difference between what a client can earn for an interest-bearing deposit versus the client's lack of a financial return for a noninterest-bearing deposit to become large enough to cause some clients to pursue other opportunities for their cash both inside and outside the Bank.

RPG Deposits

Related to As previously noted in the \$302 million increase in Core Bank legacy interest-bearing deposits, much Company's 2023 Report on Form 10-K filed on March 14, 2024, RPS began sharing a significant portion of this increase occurred the interest revenue it earns on its prepaid card balances with its prepaid card marketer-servicers during the second and third quarters of 2023 as Core Bank legacy interest-bearing deposits were down \$61 million for the first quarter of 2023. The majority of this increase was in the Bank's CDARs and ICS product types. 2024. This revenue share is being reported as interest expense on deposits. As a result, all prepaid card deposit balances subject to a revenue share arrangement will be reported as interest-bearing deposits on an on-going basis, as long as they remain subject to a revenue share arrangement. Conversely, for any periods reported prior to 2024, these deposits will remain noninterest-bearing as they were not subject to a revenue share arrangement during those periods.

CDARs accounts represent reciprocal, term certificate-of-deposit accounts As a result of all the factors noted above, Management believes the Company is more likely to experience slower overall growth and ICS accounts represent liquid money market accounts possibly, a continuing decline in which:

- 1) The Bank receives large client deposits above the FDIC insurance limit of \$250,000;
- 2) The Bank places these large deposits into like term CDs or money market accounts in a nationwide network of banks in amounts under the FDIC insurance threshold of \$250,000 in order to receive full FDIC insurance on the total deposit amount; and
- 3) The Bank receives an equivalent amount of deposits back from the network of banks from numerous clients of theirs, under the \$250,000 FDIC insurance limit for each of those clients.

These balances grew \$228 million for its noninterest-bearing deposits over the first nine months of the year with \$167 million of this growth occurring during the second and third quarters when the Bank offered significantly higher rates on these products in order to combat deposit run-off. In addition to

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the higher offering rates available through these two products, CDARs and ICS accounts are also attractive to clients because they offer clients the ability to receive full FDIC insurance for their deposit balances up to \$50 million per client. foreseeable future.

Management believes the higher offering rates it is paying for its interest-bearing deposits as of September 30, 2023 will continue to raise the Traditional Bank's overall cost of funds into the second half of 2023 and cause further contraction to its net interest margin on a linked-quarter basis. This strategy is subject to change depending upon several factors including, but not limited to, the Bank's current and projected overall liquidity positions, its clients' demand for its loans and deposit products, the Bank's overall interest rate risk position, the interest rate environment at the time, as well as the projected interest rate environment for the near term and the long term.

Securities Sold Under Agreements to Repurchase and Other Short-term Borrowings

SSUARs are collateralized by securities and are treated as financings; accordingly, the securities involved with the agreements are recorded as assets and are held by a safekeeping agent and the obligations to repurchase the securities are reflected as liabilities. All securities underlying the agreements are under the Bank's control.

SSUARs decreased \$136 million, or 63%, during the first nine months of 2023 to \$81 million as of September 30, 2023. SSUARs generally represent large customer relationships deposited into the Bank that require security collateral above the \$250,000 FDIC insurance limit of the Bank. Due to the size of the underlying relationships, large fluctuations in the underlying account balances from period to period are common.

While the Bank has changed its pricing strategy with deposits in order to retain and attract funds, it has not generally changed its pricing strategy with SSUARs. As a result, its SSUAR balances have continued to decline during the first nine months of 2023. At this time, management is not contemplating a change in its pricing strategy for SSUARs, and as a result, a further decline in outstanding balances is possible. The Bank's SSUAR pricing strategy, however, is subject to change depending upon several factors including, but not limited to, the Bank's current and projected overall liquidity positions, its clients' demand for its loans

and deposit products, the Bank's overall interest rate risk position, the interest rate environment at the time, as well as the projected interest rate environment for the near term and the long term.

Federal Home Loan Bank Advances

The Bank's total FHLB advances were \$465 million \$270 million as of September 30, 2023 March 31, 2024 compared to \$95 million \$380 million as of December 31, 2022 December 31, 2023. During the third quarter of 2023, the Bank extended the term of an additional \$200 million in There were no overnight borrowings into longer-term, fixed rate as of March 31, 2024 compared to \$110 million as of December 31, 2023. The Company has utilized FHLB advances with a weighted average term of 4.33 years over the past year to fund its deposit outflow and a weighted average cost of 4.61%. With overnight borrowings costing approximately 5.40% during the quarter, the Bank extended these borrowings to mitigate the risk of rising interest rates to its balance sheet, while also taking advantage of the inverted yield curve by lowering its total borrowings costs. overall loan growth. As of September 30, 2023 March 31, 2024, approximately the Company's \$270 million of the Bank's FHLB advances were fixed terms with had a weighted average weighted-average maturity of 4.5 3.72 years and a weighted-average cost of 4.33%. In addition, the Bank had remaining \$195 million of overnight borrowings with a cost of 5.37% as of September 30, 2023.

Overall use of FHLB advances during a given year is dependent upon many factors including asset growth, deposit growth, current earnings, and expectations of future interest rates, among others.

Interest Rate Swaps

The Bank maintains sufficient liquidity enters into interest rate swaps to fund routine loan demand facilitate client transactions and routine deposit withdrawal activity. Liquidity is managed by maintaining sufficient liquid assets, primarily meet their financing needs. Upon entering into these instruments, the Bank enters into offsetting positions in order to minimize the form of cash, cash equivalents, Bank's interest rate risk. These swaps are derivatives, but are not designated as hedging instruments, and unencumbered investment securities. Funding and cash flows can also be realized through deposit product promotions, the sale of AFS debt securities, principal paydowns on loans and mortgage-backed securities, and proceeds realized from loans held for sale. therefore changes in fair value are reported in current year earnings.

See Footnote 13 12 "Interest Rate Swaps" of Part I Item 1 "Financial Statements" for additional discussion regarding the Bank's interest rate swaps.

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Liquidity

The Bank maintains sufficient liquidity to fund routine loan demand and routine deposit withdrawal activity. Liquidity is managed by maintaining sufficient liquid assets, primarily in the form of cash, cash equivalents, and unencumbered investment securities. Funding and cash flows can also be realized through deposit product promotions, the sale of AFS debt securities, principal paydowns on loans and mortgage-backed securities, and proceeds realized from loans held for sale.

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Table 31.19 — Liquid Assets and Borrowing Capacity

The Bank's Company's liquid assets and borrowing capacity included the following:

(in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 219,653	\$ 313,689	\$ 546,363	\$ 316,567
Unencumbered debt securities	518,844	438,052	501,634	491,783
Total liquid assets	738,497	751,741	1,047,997	808,350
Available borrowing capacity with the FHLB	638,554	899,362	1,007,633	730,265
Available borrowing capacity through unsecured credit lines	125,000	125,000	100,000	100,000
Total available borrowing capacity	763,554	1,024,362	1,107,633	830,265
Total liquid assets and available borrowing capacity	\$ 1,502,051	\$ 1,776,103	\$ 2,155,630	\$ 1,638,615

The Company generally carried higher average interest-earning cash balances during the first quarter of 2024 as the result of a strategic decision to maintain additional on-balance sheet liquidity above required minimums in response to the uncertainty of the economic environment.

The Company Bank had a loan to deposit ratio (excluding wholesale brokered deposits) of 103% as of March 31, 2024 and 106% as of September 30, 2023 and 99% as of December 31, 2022 December 31, 2023. Republic's banking centers and its website, www.republicbank.com, provide access to retail deposit markets. These retail deposit products, if offered at attractive rates, have historically been a source of additional funding when needed. If the Bank were to lose a significant funding source, such as a few major depositors, or if any of its lines of credit were cancelled, or if the Bank cannot obtain brokered deposits, the Bank would be compelled to offer market leading deposit interest rates to meet its funding and liquidity needs.

As noted in the sections above titled "Deposits" and "Securities Sold Under Agreements to Repurchase and Other Short-term Borrowings," the Bank implemented a general strategy during 2022 and most of the first quarter of 2023 to maintain a low beta for its client-related interest-bearing liabilities as part of its overall strategy to increase its net interest margin and net interest income. As a result of this strategy, however, the Bank did experience a decline in both personal and business deposit balances and SSUAR balances as some clients moved their funds to more attractive offerings outside of the Bank. In response to this deposit outflow, during the third quarter of 2023 the Bank began marketing some deposit products, such as money market accounts and short-term certificates of deposit, with higher offering rates. This strategy appears to have generally reversed the outflow of deposits during late May and June of 2023. These higher offering rates also raised the Traditional Bank's overall cost of funds meaningfully during the third quarter of 2023 and caused contraction to its net interest margin on a linked-quarter basis. Management is unsure if these higher offering rates will continue to prevent future deposit outflows or if the Bank may be required to raise its offering rates more in order to prevent future deposit outflows. The Bank's overall deposit and SSUAR pricing strategies are subject to change depending upon several factors including, but not limited to, the Bank's current and projected overall liquidity positions, its clients' demand for its loans and deposit products, the Bank's overall interest rate risk position, the interest rate environment at the time, as well as the projected interest rate environment for the near term and the long term.

March 31,

As of September 30, 2023, 2024, the Bank had approximately \$681 million \$746 million in deposits from 133 175 large non-sweep deposit relationships, including reciprocal deposits, where the individual relationship exceeded \$2 million, for a depositor's taxpayer identification number. Total uninsured deposits for the Bank were \$1.7 billion \$1.8 billion, or 36% 34%, of total deposits as of September 30, 2023 March 31, 2024. The 20 largest non-sweep deposit relationships represented approximately \$224 million \$228 million, or 5% 4%, of the Bank's Company's total deposit balances as of September 30, 2023 as of March 31, 2024. These accounts do not require collateral; therefore, cash from these accounts can generally be utilized to fund the loan portfolio. If any of these balances were moved from the Bank, the Bank would likely utilize overnight borrowing lines in the short-term to replace the balances. On a longer-term basis, the Bank would likely utilize wholesale-brokered deposits to replace withdrawn balances, or alternatively, higher-cost internet-sourced deposits. Based on past experience utilizing brokered deposits and internet-sourced deposits, the Bank believes it can quickly obtain these types of deposits if needed. The overall cost of gathering these types of deposits, however, could be substantially higher than the Traditional Bank deposits they replace, potentially decreasing the Bank's earnings.

The Bank's liquidity is impacted by its ability to sell certain investment securities, which is limited due to the level of investment securities that are needed to secure public deposits, securities sold under agreements to repurchase, FHLB borrowings, and for other

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purposes, as required by law. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, these pledged investment securities had a fair value of **\$82 million** **\$86 million** and **\$218 million** **\$100 million**.

Capital

Total stockholders' equity increased from **\$857 million** **\$913 million** as of **December 31, 2022** **December 31, 2023** to **\$893 million** **\$936 million** as of **September 30, 2023** **March 31, 2024**. The increase in stockholders' equity was primarily attributable to net income earned during 2023 reduced primarily by cash dividends declared.

Common Stock — The Class A Common shares are entitled to cash dividends equal to 110% of the cash dividend paid per share on Class B Common Stock. Class A Common shares have one vote per share and Class B Common shares have ten votes per share. Class B Common shares may be converted, at the option of the holder, to Class A Common shares on a share for share basis. The Class A Common shares are not convertible into any other class of Republic's capital stock.

Dividend Restrictions — The Parent Company's principal source of funds for dividend payments are dividends received from RB&T. Banking regulations limit the amount of dividends that may be paid to the Parent Company by the Bank without prior approval of the respective states' banking regulators. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year's net profits, combined with the retained net profits of the preceding two years. As of **October 1, 2023** **April 1, 2024**, RB&T could, without prior approval, declare dividends of approximately **\$126 million** **\$92 million**. Any payment of dividends in the future will depend, in large

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part, on the Company's earnings, capital requirements, financial condition, and other factors considered relevant by the Company's Board of Directors.

Regulatory Capital Requirements — The Company and the Bank are subject to capital regulations in accordance with Basel III, as administered by banking regulators. Regulatory agencies measure capital adequacy within a framework that makes capital requirements, in part, dependent on the individual risk profiles of financial institutions. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on Republic's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Parent Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items, as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators regarding components, risk weightings, and other factors.

Banking regulators have categorized the Bank as well capitalized. For prompt corrective action, the regulations in accordance with Basel III define "well capitalized" as a 10.0% Total Risk-Based Capital ratio, a 6.5% Common Equity Tier 1 Risk-Based Capital ratio, an 8.0% Tier 1 Risk-Based Capital ratio, and a 5.0% Tier 1 Leverage ratio. Additionally, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, the Company and Bank must hold a capital conservation buffer of 2.5% composed of Common Equity Tier 1 Risk-Based Capital above their minimum risk-based capital requirements.

Republic continues to exceed the regulatory requirements for Total Risk-Based Capital, Common Equity Tier I Risk-Based Capital, Tier I Risk Based-Capital and Tier I Leverage Capital. Republic and the Bank intend to maintain a capital position that meets or exceeds the "well-capitalized" requirements as defined by

the FRB and the FDIC, in addition to the Capital Conservation Buffer. Republic's average stockholders' equity to average assets ratio was 14.29% 12.92% as of September 30, 2023 and 13.82% March 31, 2024 compared to 14.21% as of December 31, 2022 December 31, 2023. Formal measurements of the capital ratios for Republic and the Bank are performed by the Company at each quarter end.

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Table 32 20 — Capital Ratios (1)

(dollars in thousands)	As of September 30, 2023		As of December 31, 2022		As of March 31, 2024		As of December 31, 2023	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets								
Republic Bancorp, Inc.	\$ 953,455	16.24 %	\$ 941,865	17.92 %	\$989,290	16.44 %	\$ 968,844	16.10 %
Republic Bank & Trust Company	920,004	15.68	904,592	17.23	949,574	15.88	931,923	15.50
Common equity tier 1 capital to risk-weighted assets								
Republic Bancorp, Inc.	\$ 884,368	15.06 %	\$ 877,735	16.70 %	\$914,053	15.19 %	\$ 893,658	14.85 %
Republic Bank & Trust Company	848,512	14.47	840,462	16.01	874,421	14.62	856,744	14.25
Tier 1 (core) capital to risk-weighted assets								
Republic Bancorp, Inc.	\$ 884,368	15.06 %	\$ 877,735	16.70 %	\$914,053	15.19 %	\$ 893,658	14.85 %
Republic Bank & Trust Company	848,512	14.47	840,462	16.01	874,421	14.62	856,744	14.25
Tier 1 leverage capital to average assets								
Republic Bancorp, Inc.	\$ 884,368	14.05 %	\$ 877,735	14.81 %	\$914,053	12.73 %	\$ 893,658	13.89 %
Republic Bank & Trust Company	848,512	13.42	840,462	14.09	874,421	12.15	856,744	13.25

(1) The Company and the Bank elected in 2020 to defer the impact of CECL on regulatory capital. The deferral period is five years, with the total estimated CECL impact 100% deferred for the first two years, then phased in over the next three years. If not for this election, the Company's regulatory capital ratios would have been approximately 6 basis points lower than those presented in the table above as of September 30, 2023 and approximately 10 6 basis points lower than those presented in the table above as of December 31, 2022 March 31, 2024 and December 31, 2023.

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Asset/Liability Management and Market Risk

Asset/liability management is designed to ensure safety and soundness, maintain liquidity, meet regulatory capital standards, and achieve acceptable net interest income based on the Bank's risk tolerance. Interest rate risk is the exposure to adverse changes in net interest income as a result of market fluctuations in interest rates. The Bank, on an ongoing basis, monitors interest rate and liquidity risk in order to implement appropriate funding and balance sheet strategies. Management considers interest rate risk to be a significant risk to the Bank's overall earnings and balance sheet.

The interest sensitivity profile of the Bank at any point in time will be impacted by a number of factors. These factors include the mix of interest sensitive assets and liabilities, as well as their relative pricing schedules. It is also influenced by changes in market interest rates, deposit and loan balances, and other factors.

The Bank utilizes earnings simulation models as tools to measure interest rate sensitivity, including both a static and dynamic earnings simulation model. A static simulation model is based on current exposures and assumes a constant balance sheet. In contrast, a dynamic simulation model relies on detailed assumptions regarding changes in existing business lines, new business, and changes in management and customer behavior. While the Bank runs the static simulation model as one measure of interest rate risk, historically, the Bank has utilized its dynamic earnings simulation model as its primary interest rate risk tool to measure the potential changes in market interest rates and their subsequent effects on net interest income for a one-year time period. This dynamic model projects a "Base" case net interest income over the next 12 months and the effect on net interest income of instantaneous movements in interest rates between various basis point increments equally across all points on the yield curve. Many assumptions based on growth expectations and on the historical behavior of the Bank's **loans deposit** and **deposits loan rates** and their related balances in relation to changes in interest rates are incorporated into this dynamic model. These assumptions are inherently uncertain and, as a result, the dynamic model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to the actual timing, magnitude and frequency of interest rate changes, the actual timing and magnitude of changes in loan and deposit balances, as well as the actual changes in market conditions and the application and timing of various management strategies as compared to those projected in the various simulated models. Additionally, actual results could differ materially from the model if interest rates do not move equally across all points on the yield curve.

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As of **September 30, 2023** **March 31, 2024**, a dynamic simulation model was run for interest rate changes from "Down **200**" **400**" basis points to "Up **300**" **400**" basis points. The following table illustrates the Bank's projected percent change from its Base net interest income over the period beginning **October 1, 2023** **April 1, 2024** and ending **September 30, 2024** **March 31, 2025** based on instantaneous movements in interest rates from Down **200** **400** to Up **300** **400** basis points equally across all points on the yield curve. The Bank's dynamic earnings simulation model includes secondary market loan fees, **which are a component of mortgage banking income within noninterest income**, and excludes Traditional Bank loan fees.

Table 33 21 — Bank Interest Rate Sensitivity

	Change in Rates					Change in Rates							
	-200	-100	+100	+200	+300	-400	-300	-200	-100	+100	+200	+300	+400
	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis Points	Basis P
% Change from base net interest income as of September 30, 2023	3.0 %	1.8 %	(0.6)%	(1.2)%	(1.6)%								

% Change from base net interest income as of December 31, 2022	(2.8)%	(0.6)%	1.8 %	3.7 %	5.7 %								
% Change from base net interest income as of March 31, 2024						2.1 %	0.2 %	(4.3)%	(2.6)%	1.2 %	0.7 %	0.9 %	1
% Change from base net interest income as of December 31, 2023						6.4 %	5.0 %	0.1 %	0.2 %	(1.0)%	(2.1)%	(3.1)%	(4

Notable changes for the Bank's interest rate sensitivity projections from **December 31, 2022** **December 31, 2023** to **September 30, 2023** **March 31, 2024** occurred in all the scenarios.

In general, the period-to-period **declines** **improvements** in the up-rate scenarios were **generally** tied to the **following three main factors**.

- **The Company's average interest-earning cash balances further declined from December to September. As a result, the benefit the Company expects to receive from rising short-term interest rates, as a result of its immediately repricing interest-earning cash, decreased.**
- **The Company increased its assumed deposit betas from December to September in anticipation of a more competitive deposit gathering and retention environment. These higher deposit betas resulted in higher projected costs for the Company's interest-bearing deposits in a rising rate environment.**
- **Lastly, net interest income is projected to decline in the up-rate scenarios due to the increased amount of immediately repricing overnight borrowings on the Company's balance sheet as of September 30, 2023 as compared to December 31, 2022.**

Conversely in the down rate scenarios, the Company's interest rate risk position notably **improved**. **This improvement deteriorated as the higher interest-earning cash balances that benefited net interest income in the up-rate scenarios are projected to cause similar corresponding declines to net interest income in the down-rate rate scenarios. In addition, the Company's projected net interest income in down-rate scenarios was generally tied also negatively impacted by revisions to the following four factors.**

- **The Company expects to achieve a notable increase above current levels for mortgage banking income as refinance activity is assumed to increase with a decline in interest rates.**
- **Net interest income is expected to improve due to the assumed benefit for interest rate floors related to loans, which are projected to take effect with a substantial drop in interest rates.**
- **Net interest income is projected to improve in the down rate scenarios due to the increased amount of immediately repricing overnight borrowings on the Company's balance sheet as of September 30, 2023 as compared to December 31, 2022.**
- **Lastly, a significant portion of the Company's interest-bearing deposits have repriced higher since December 31, 2022, bringing them more in-line with current market rates. As a result, the Company's interest sensitivity model as of September 30, 2023 assumes the Company will reprice a significant amount of its deposits lower in the event of a decline in market interest rates. Conversely, as of December 31, 2022, a significant amount of the Company's deposits was priced below then-current market rates, and as a result, the Company's interest rate sensitivity model assumed the Company did not have the ability to reprice many of its deposits lower in the event of a decline in market rates.**

For further discussion of interest-bearing Bank's deposit betas, see section titled "Deposits" in this Form 10-Q.

LIBOR Exposure

In July 2017, beta assumptions, as these assumptions were lowered, meaning deposit costs would remain higher, due to the Financial Conduct Authority ("FCA"), the authority regulating LIBOR, along with various other regulatory bodies, announced that LIBOR would likely be discontinued at the end of 2021. Subsequent to that announcement, in November 2020, the FCA announced that many tenors of LIBOR would continue to be published through June 2023. In compliance with regulatory Bank's current competitive environment for deposits.

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guidance, the Bank discontinued referencing LIBOR for new financial instruments during 2021 and chose SOFR to be its primary alternative reference rate for most transaction types upon the discontinuance or unavailability of LIBOR.

Regarding its legacy assets that reference LIBOR, the Bank has previously disclosed that the underlying contracts for these assets may not include adequate "fallback" language to use alternative indexes and margins when LIBOR ceased. However, on March 15, 2022, President Biden signed into law the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Law"). The LIBOR Law provides for a statutory transition to a replacement rate selected by the Board of Governors of the Federal Reserve System (the "FRS Board") based on the SOFR for contracts referencing LIBOR that contain no or ineffective fallback provisions, unless a replacement rate is selected by a determining person as outlined in the statute.

On December 16, 2022, under the LIBOR Law, the FRS Board issued final regulations (the "LIBOR Regulations") that included the selection of an FRS Board-selected benchmark replacement rate based on SOFR and incorporated an applicable tenor spread adjustment ("Selected Benchmark Rate"). The Selected Benchmark Rate replaced LIBOR in certain financial contracts after September 30, 2023. Substantially all of the Company's financial instruments transitioned to the Selected Benchmark as of July 1, 2023.

For additional discussion regarding the Bank's net interest income, see the sections titled "Net Interest Income" in this section of the filing under "RESULTS OF OPERATIONS (Three Months Ended September 30, 2023 months ended March 31, 2024 Compared to Three Months Ended September 30, 2022 months ended March 31, 2023.)" and "RESULTS OF OPERATIONS (Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022.)"

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Information required by this item is included under Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by Republic Bancorp, Inc.'s management, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were not effective as of the end of the period covered by this report because of material weaknesses in our internal control over financial reporting, as described in Management's Report on Internal Control over Financial Reporting in "Item 9A. Controls and Procedures" in its Annual Report on Form 10-K for the year ended December 31, 2022.

report. In addition, other than the measures described below taken in response to the material weaknesses, no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Material Weakness Remediation Efforts

The Company has commenced the implementation of some remediation measures with respect to the material weaknesses as outlined in its Annual Report on Form 10-K for the year ended December 31, 2022. As part of its remediation efforts for its material weaknesses, Management has completed the following:

- Enhanced its internal monthly financial reporting during the first quarter of 2023 to provide a more detailed yield analysis at the product level for the performance of each RCS product.
- In July 2023, the Company hired and designated a new Chief Accounting Officer for the RPG operations. This new position reports up through the Chief Financial Officer of the Company and not to the business unit. This position has day-to-day responsibilities overseeing the financial reporting of the RPG segment.

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- In July 2023, the Company's Board of Directors approved a new policy with enhanced reconciliation policies and procedures. This revised policy provides better guidance to reconciliation personnel for escalation requirements of reconciliation items as well as internal responsibilities for resolving reconciliation issues.
- Consistent with the Company's new policy approved by the Board in July 2023, the Company's accounting and reconciliation team established a process of regular meetings, with enhanced documentation, to identify and appropriately escalate potential issues within the Company's reconciliations. In addition, the Company's accounting and reconciliation team continues to partner with an outside technology company to automate select reconciliation processes to facilitate the timely identification and escalation of reconciling items.

Moreover, the Company continues to evaluate and enhance its product implementation policies and procedures for new third-party products offered through RPG to ensure proper implementation and design, as well as adequate reviews and approvals from all required stakeholders within the Company.

Management cannot determine when all its remediation plans will be fully completed, and Management cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of operations, Republic and the Bank are defendants in various legal proceedings. There is no proceeding, pending, or threatened litigation in which Republic and the Bank are a defendant, to the knowledge of management, in which an adverse decision could result in a material adverse change in the business or consolidated financial position of Republic or the Bank.

Item 1A. Risk Factors.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Except for the additional risk factor information described below, there **There** have been no material changes in the Company's risk factors as previously disclosed in Part 1, "Item 1A. Risk Factors" of its Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**. You should carefully consider the risk factors discussed below and in Republic's **2022** **2023** Form 10-K, which could materially affect the Company's **its** business, financial condition, and results of operations in the future, or future results.

Recent negative developments in the banking industry could adversely affect our current and projected business operations and our financial condition and results of operations. Recent bank failures and their related negative media attention have generated significant market trading volatility among publicly traded bank holding companies and, in particular, bank holding companies for regional, and community banks. These developments have negatively impacted customer confidence in regional and community

banks, which could prompt customers to maintain their deposits with larger financial institutions. Further, competition for deposits has increased in recent periods, and the cost of funding has similarly increased, putting pressure on our net interest margin. If we were required to sell a portion of our securities portfolio to address liquidity needs, we may incur losses, including as a result of the negative impact of rising interest rates on the value of our securities portfolio, which could negatively affect our earnings.

The proportion of our deposit account balances that exceed FDIC insurance limits may expose the Bank to enhanced liquidity risk and earnings risks in times of financial distress. A significant factor in the two recent bank failures that occurred during the first quarter of 2023 appears to have been the proportion of the deposits held by each institution that exceeded FDIC insurance limits. In these two failures, the estimated percentage of uninsured deposits to total deposits, as previously disclosed, were at, or approaching, 90%. In response to these failures, many large depositors across the industry have withdrawn deposits in excess of applicable deposit insurance limits and deposited these funds in other financial institutions and, in many instances, moved these funds into money market mutual funds or other similar securities accounts in an effort to diversify the risk of further bank failure(s).

Uninsured deposits historically have been less stable than insured deposits. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. The Company estimates that 36% of its total deposits as of September 30, 2023, were uninsured as they were above the FDIC's insurance limit. If a significant portion of these uninsured deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet

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withdrawal demands, RB&T may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of elevated prevailing interest rates, such as the present period. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for borrowings generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates.

We may experience additional increases in FDIC insurance assessments. The FDIC deposit insurance fund has recently incurred losses with the resolution of bank failures during the first quarter of 2023. As a result, the FDIC issued a notice of proposed rulemaking for a special assessment in May 2023. It is possible that our regular deposit insurance assessment rates, which were already expected to increase significantly during 2023 over 2022, will further increase should the FDIC alter its assessment rate schedule or calculation methodology for financial institutions as a result of these recent bank failures. Although we cannot predict the specific timing and terms of any special assessment or any other increase in our deposit insurance assessment rates, any increase in our assessment fees could have a materially adverse effect on our results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Details of Republic's Class A Common Stock purchases during the **third first** quarter of **2023 2024** are included in the following table:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs
July 1 - July 31	59,152	\$ 44.57	59,152	334,187
August 1 - August 31	85,357	45.87	85,357	248,830
September 1 - September 30	62,323	44.14	62,323	186,507
Total	206,832	\$ 44.98	206,832	186,507
			Total Number of Shares Purchased	Maximum Number of Shares that May

Period	Total Number of Shares Purchased	Average Price Paid Per Share	as Part of Publicly Announced Plans or Programs	Yet Be Purchased Under the Plan or Programs
January 1 - January 31	—	\$ —	—	434,410
February 1 - February 29	—	—	—	434,410
March 1 - March 31	—	—	—	434,410
Total	—	\$ —	—	434,410

The Company repurchased 206,832 shares did not repurchase any of its Class A Common Stock shares during the third first quarter of 2023, 2024. In addition, in connection with employee stock awards, there were no 22,993 shares withheld upon exercise of stock options to satisfy the withholding taxes. On October 25, 2022 January 24, 2024, the Board of Directors of Republic Bancorp, Inc. increased the Company's existing authorization to purchase shares of its Class A Common Stock to 500,000 by 400,000 shares. The repurchase program will remain effective until the total number of shares authorized is repurchased or until Republic's Board of Directors terminates the program. As of September 30, 2023 March 31, 2024, the Company had 186,507 434,410 shares which could be repurchased under its current share repurchase programs.

During the third first quarter of 2023, 2024, there were no 3,893 shares of Class A Common Stock issued upon conversion of shares of Class B Common Stock by stockholders of Republic in accordance with the share-for-share conversion option of the Class B Common Stock. The exemption from registration of newly issued Class A Common Stock relies upon Section (3)(a)(9) of the Securities Act of 1933.

There were no equity securities of the registrant sold without registration during the quarter covered by this report.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2023 March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

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Item 6. Exhibits.

The following exhibits are filed or furnished as a part of this report:

Exhibit Number	Description of Exhibit
10.1	Early Termination Agreement for lease between Jaytee-Springhurst, LLC, and Republic Bank & Trust Company, dated March 15, 2024, relating to 9600 Brownsboro Road, Louisville, KY
31.1	Certification of Principal Executive Officer pursuant to the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to the Sarbanes-Oxley Act of 2002

32* [Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

101 The following financial statements from the Company's quarterly report on Form 10-Q were formatted in iXBRL (Inline iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, (ii) Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2024 and nine months ended September 30, 2023 and 2022, 2023, (iii) Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2024 and nine months ended September 30, 2023 and 2022, 2023, (iv) Consolidated Statements of Cash Flows for the Nine months ended September 30, 2023 Three Months Ended March 31, 2024 and 2022 2023 and (v) Notes to Consolidated Financial Statements

104 Cover Page Interactive Data File formatted in iXBRL and contained in Exhibit 101.

* This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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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.

REPUBLIC BANCORP, INC.

(Registrant)

Principal Executive Officer:

Date: November 3, 2023 May 9, 2024

/s/ Steven E. Trager

By: Steven E. Trager

Executive Chair and Chief Executive Officer

Principal Financial Officer:

Date: November 3, 2023 May 9, 2024

/s/ Kevin Sipes

By: Kevin Sipes

Executive Vice President, Chief Financial

Officer and Chief Accounting Officer

EARLY TERMINATION AGREEMENT

THIS EARLY TERMINATION AGREEMENT (the "Agreement") is made as of March 15, 2024 (the "Effective Date"), by and between Jaytee-Springhurst, LLC ("Landlord") and Republic Bank & Trust Company ("Tenant").

WHEREAS, pursuant to that certain Office Lease dated August 1, 1999, by and between Jaytee Properties, a Kentucky general partnership (predecessor in interest to Landlord) and Tenant (as thereafter amended, the "Lease"), Landlord leased to Tenant, and Tenant leased from Landlord, space on the lower level (the "Lower Level Space"), first floor (the "First Floor Space"), second floor (namely, "Suite 200," "Suite 240," and "Suite 250") (collectively, Suites 200, 240, and 250 are hereinafter collectively referred to as the "Second Floor Space"), and third floor (namely, "Suite 300," "Suite 320," and "Suite 330") (collectively, Suites 300, 320, and 330 are hereinafter referred to as the Third Floor Space) of the Republic Bank Building located at 9600 Brownsboro Road (the "Property");

WHEREAS, the Lease terminates by its terms on July 31, 2024;

WHEREAS, Tenant intends to enter into a new lease with respect to Suite 100 on the first floor, as well as the entire lower level, but does not wish to continue leasing Suite 200 or Suite 240 as of the Early Termination Date, and intends to allow the Lease to terminate by its terms on July 31, 2024 for the remaining leased space; and

WHEREAS, Landlord is willing to allow Tenant to surrender and vacate Suite 200 and Suite 240 and terminate the Lease with respect to Suite 200 and Suite 240 as of March 15, 2024 (the "Early Termination Date"), pursuant to the terms and conditions contained herein; and

WHEREAS, Tenant is willing to surrender and vacate Suite 200 and Suite 240 and allow the Lease to be terminated on or before the Early Termination Date, pursuant to the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Tenant shall vacate and surrender Suite 200 and Suite 240 on the Early Termination Date.
 2. Tenant shall continue to pay Rent for Suite 250 as set forth in the Lease.
 3. Landlord shall abate all of Tenant's Rent with respect to Suite 200 and Suite 240 beginning on the Early Termination Date.
-
4. Tenant shall, in consideration of Landlord abating Tenant's Rent with respect to Suite 200 and Suite 240, leave in Suite 200 and Suite 240 that furniture listed on Exhibit A attached hereto and made a part hereof.
 5. Time is of the essence with respect to this Agreement.
 6. Except as modified by this Agreement, the Lease shall continue in full force and effect.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date set forth above, but actually on the dates set forth below.

LANDLORD:

JAYTEE-SPRINGHURST, LLC

By: /s/ Steven E. Trager

Name: Steven E. Trager, Member

Date: 3/15/2024

By: Makbe, LLC

By: /s/ Michael Trager-Kusman

Name: Michael Trager-Kusman

Date: 3/15/2024

By: /s/ Andrew Trager-Kusman

Name: Andrew Trager-Kusman

Date: 3/16/2024

By: /s/ Kevin Trager

Name: Kevin Trager

Date: 3/15/2024

By: /s/ Brett Trager

Name: Brett Trager

Date: 3/15/2024

By: /s/ Emily Trager

Name: Emily Trager

Date: 3/18/2024

TENANT:

Republic Bank & Trust Co.

By: /s/ Kevin Sipes

Name: Kevin Sipes

Date: 3/15/2024

Exhibit A

[insert list of furniture to stay]

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Steven E. Trager, certify that:

- 1.) I have reviewed this quarterly report on Form 10-Q of Republic Bancorp, Inc.;
- 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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
- 5.) The registrant's other certifying officer(s) 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
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023 May 9, 2024

/s/ Steven E. Trager

Steven E. Trager

Executive Chair and Chief Executive Officer

SECTION 302 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kevin Sipes, certify that:

- 1.) I have reviewed this quarterly report on Form 10-Q of Republic Bancorp, Inc.;
- 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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
- 5.) The registrant's other certifying officer(s) 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
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023 May 9, 2024

/s/ Kevin Sipes

Kevin Sipes

Executive Vice President, Chief Financial Officer and Chief Accounting Officer

EXHIBIT 32

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Republic Bancorp, Inc. (the "Company"), hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 3, 2023** **May 9, 2024**

/s/ Steven E. Trager

Steven E. Trager

Executive Chair and Chief Executive Officer

Date: **November 3, 2023** **May 9, 2024**

/s/ Kevin Sipes

Kevin Sipes

Executive Vice President, Chief Financial Officer and Chief Accounting Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

DISCLAIMER

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