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, 2024

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 0-24649

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, 2024 was 17,295,748 and 2,150,090 .

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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
2023 Tax Season	December 2022 through February 2023
2024 Tax Season	December 2023 through February 2024
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
CECL	Current Expected Credit Losses
CMO	Collateralized Mortgage Obligation
Core Bank	The Traditional Banking and Warehouse Lending 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
HEAL	Home Equity Amortizing Loan
HELOC	Home Equity Line of Credit
HTM	Held to Maturity
IRS	Internal Revenue Service
ITM	Interactive Teller Machine
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 Credit Deteriorated
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
SBA	U.S. Small Business Administration

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
TRUP	Trust Preferred Security Investment
Warehouse	Warehouse Lending segment

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED BALANCE SHEETS (*UNAUDITED*) (*in thousands, except share data)*

	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 530,865	$ 316,567
Available-for-sale debt securities, at fair value (amortized cost of$ 481,933 in 2024 and $ 618,525 in 2023, allowance for credit losses of $ 0 in 2024 and 2023)	466,916	591,313
Held-to-maturity debt securities (fair value of$ 10,882 in 2024 and $ 76,167 in 2023, allowance for credit losses of $ 5 in 2024 and $ 10 in 2023)	10,909	76,387
Equity securities with readily determinable fair value	239	174
Mortgage loans held for sale, at fair value	8,526	3,227
Consumer loans held for sale, at fair value	6,080	7,914
Consumer loans held for sale, at the lower of cost or fair value	19,801	16,094
Loans (loans carried at fair value of $ 0 in 2024 and $ 0 in 2023)	5,296,917	5,239,861
Allowance for credit losses	(82,158)	(82,130)
Loans, net	5,214,759	5,157,731
Federal Home Loan Bank stock, at cost	23,981	23,770
Premises and equipment, net	33,007	33,411
Right-of-use assets	35,897	34,691
Goodwill	40,516	40,516
Other real estate owned	1,212	1,370
Bank owned life insurance	106,288	103,916
Other assets and accrued interest receivable	193,474	187,810
TOTAL ASSETS	$ 6,692,470	$ 6,594,891
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 1,260,086	$ 1,676,998
Interest-bearing	3,841,610	3,376,165
Total deposits	5,101,696	5,053,163
Securities sold under agreements to repurchase and other short-term borrowings	79,383	97,618
Operating lease liabilities	36,797	35,539
Federal Home Loan Bank advances	370,000	380,000
Other liabilities and accrued interest payable	124,889	115,815
Total liabilities	5,712,765	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, 17,293,183 shares (2024) and 17,295,968 shares (2023) issued and outstanding; Class B Common Stock, no par value, 5,000,000 shares authorized, 2,150,090 shares (2024) and 2,156,662 shares (2023) issued and outstanding	4,585	4,553
Additional paid in capital	146,838	142,124
Retained earnings	842,515	786,487
Accumulated other comprehensive (loss) income	(14,233)	(20,408)
Total stockholders' equity	979,705	912,756
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,692,470	$ 6,594,891

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (*UNAUDITED*)
(*in thousands, except per share data*)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
INTEREST INCOME:				
Loans, including fees	$ 90,594	$ 78,175	$ 296,723	$ 242,984
Taxable investment securities	4,167	4,792	13,147	14,179
Federal Home Loan Bank stock and other	6,785	2,901	20,008	8,115
Total interest income	101,546	85,868	329,878	265,278
INTEREST EXPENSE:				
Deposits	25,802	15,664	78,571	31,758
Securities sold under agreements to repurchase and other short-term borrowings	141	29	403	451
Federal Home Loan Bank advances	4,298	5,350	14,144	11,073
Total interest expense	30,241	21,043	93,118	43,282
NET INTEREST INCOME	71,305	64,825	236,760	221,996
Provision for expected credit loss expense for on-balance sheet exposures (loans and investment securities)	5,660	3,730	41,425	36,635
NET INTEREST INCOME AFTER PROVISION	65,645	61,095	195,335	185,361
NONINTEREST INCOME:				
Service charges on deposit accounts	3,693	3,559	10,532	10,385
Net refund transfer fees	582	242	15,213	15,528
Mortgage banking income	2,062	852	3,984	2,559
Interchange fee income	3,286	3,282	9,794	9,752
Program fees	4,962	4,041	13,539	11,021
Increase in cash surrender value of bank owned life insurance	826	690	2,372	2,014
Net losses on other real estate owned	(53)	(53)	(154)	(158)
Death benefits in excess of cash surrender value of life insurance	—	—	—	1,728
Other	1,455	1,732	3,252	3,848
Total noninterest income	16,813	14,345	58,532	56,677
NONINTEREST EXPENSE:				
Salaries and employee benefits	28,792	28,747	87,651	89,472
Technology, equipment, and communication	7,544	7,311	22,374	21,459
Occupancy	3,224	3,503	10,455	10,500
Marketing and development	1,983	2,055	6,612	6,142
FDIC insurance expense	764	677	2,284	2,038
Interchange related expense	1,540	1,580	4,250	4,429
Legal and professional fees	870	803	2,695	2,693
Merger expense	—	(132)	41	2,068
Other	3,892	3,824	12,852	13,543
Total noninterest expense	48,609	48,368	149,214	152,344
INCOME BEFORE INCOME TAX EXPENSE	33,849	27,072	104,653	89,694
INCOME TAX EXPENSE	7,306	5,501	22,298	18,979
NET INCOME	$ 26,543	$ 21,571	$ 82,355	$ 70,715
BASIC EARNINGS PER SHARE:				
Class A Common Stock	$ 1.37	$ 1.11	$ 4.25	$ 3.61
Class B Common Stock	1.25	1.01	3.87	3.28
DILUTED EARNINGS PER SHARE:				
Class A Common Stock	$ 1.37	$ 1.10	$ 4.24	$ 3.60
Class B Common Stock	1.24	1.01	3.85	3.27

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(UNAUDITED)*
(*in thousands*)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 26,543	$ 21,571	$ 82,355	$ 70,715
OTHER COMPREHENSIVE INCOME (LOSS)				
Change in fair value of derivatives	(3,134)	—	(3,580)	—
Reclassification amount for net derivative losses realized in income	(289)	—	(380)	—
Unrealized gain (loss) on AFS debt securities	9,503	1,017	12,195	1,839
Total other comprehensive income (loss) before income tax	6,080	1,017	8,235	1,839
Income tax benefit (expense) related to items of other comprehensive income	(1,520)	(250)	(2,060)	(461)
Total other comprehensive income (loss), net of tax	4,560	767	6,175	1,378
COMPREHENSIVE INCOME	$ 31,103	$ 22,338	$ 88,530	$ 72,093

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY *(UNAUDITED)*

	Three Months Ended September 30, 2024						
	Common Stock						
(in thousands, except per share data)	Class A Shares Outstanding	Class B Shares Outstanding	Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, July 1, 2024	17,275	2,150	$ 4,581	$ 144,139	$ 825,496	$ (18,793)	$ 955,423
Net income	—	—	—	—	26,543	—	26,543
Net change in AOCI	—	—	—	—	—	4,560	4,560
Dividends declared on Common Stock:							
Class A Shares ($ 0.407 per share)	—	—	—	—	(7,007)	—	(7,007)
Class B Shares ($ 0.370 per share)	—	—	—	—	(796)	—	(796)
Stock options exercised, net of shares withheld	17	—	4	1,767	(1,601)	—	170
Conversion of Class B to Class A Common Shares	—	—	—	—	—	—	—
Net change in notes receivable on Class A Common Stock	—	—	—	60	—	—	60
Deferred compensation - Class A Common Stock:							
Directors	—	—	—	109	—	—	109
Designated key employees	—	—	—	164	—	—	164
Employee stock purchase plan - Class A Common Stock	3	—	1	177	—	—	178
Stock-based awards - Class A Common Stock:							
Performance stock units	—	—	—	36	—	—	36
Restricted stock, net of shares withheld	(2)	—	(1)	262	(120)	—	141
Stock options	—	—	—	124	—	—	124
Balance, September 30, 2024	17,293	2,150	$ 4,585	$ 146,838	$ 842,515	$ (14,233)	$ 979,705

	Three Months Ended September 30, 2023						
	Common Stock						
(in thousands, except per share data)	Class A Shares Outstanding	Class B Shares Outstanding	Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, July 1, 2023	17,449	2,157	$ 4,617	$ 142,462	$ 771,260	$ (31,368)	$ 886,971
Net income	—	—	—	—	21,571	—	21,571
Net change in AOCI	—	—	—	—	—	767	767
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)
Stock options exercised, net of shares withheld	—	—	—	(10)	—	—	(10)
Conversion of Class B to Class A Common Shares	—	—	—	—	—	—	—
Repurchase of Class A Common Stock	(206)	—	(46)	(1,509)	(7,841)	—	(9,396)
Net change in notes receivable on Class A Common Stock	—	—	—	—	—	—	—
Deferred compensation - Class A Common Stock:							
Directors	—	—	—	123	—	—	123
Designated key employees	—	—	—	36	—	—	36
Employee stock purchase plan - Class A Common Stock	4	—	1	172	—	—	173
Stock-based awards - Class A Common Stock:							
Performance stock units	—	—	—	—	—	—	—
Restricted stock, net of shares withheld	49	—	—	172	—	—	172
Stock options	—	—	—	175	—	—	175
Balance, September 30, 2023	17,296	2,157	$ 4,572	$ 141,621	$ 777,808	$ (30,601)	$ 893,400

(in thousands, except per share data)	Common Stock Class A Shares Outstanding	Common Stock Class B Shares Outstanding	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Nine Months Ended September 30, 2024							
Balance, January 1, 2024	17,203	2,155	$ 4,553	$ 142,124	$ 786,487	$ (20,408)	$ 912,756
Net income	—	—	—	—	82,355	—	82,355
Net change in AOCI	—	—	—	—	—	6,175	6,175
Dividends declared on Common Stock:							
Class A Shares ($ 1.221 per share)	—	—	—	—	(20,989)	—	(20,989)
Class B Shares ($ 1.110 per share)	—	—	—	—	(2,388)	—	(2,388)
Stock options exercised, net of shares withheld	65	—	32	1,784	(2,510)	—	(694)
Conversion of Class B to Class A Common Shares	5	(5)	—	—	—	—	—
Net change in notes receivable on Class A Common Stock	—	—	—	106	—	—	106
Deferred compensation - Class A Common Stock:							
Directors	—	—	—	620	—	—	620
Designated key employees	11	—	—	560	—	—	560
Employee stock purchase plan - Class A Common Stock	10	—	3	573	—	—	576
Stock-based awards - Class A Common Stock:							
Performance stock units	—	—	—	108	—	—	108
Restricted stock, net of shares withheld	(1)	—	(3)	507	(440)	—	64
Stock options	—	—	—	456	—	—	456
Balance, September 30, 2024	17,293	2,150	$ 4,585	$ 146,838	$ 842,515	$ (14,233)	$ 979,705

(in thousands, except per share data)	Common Stock Class A Shares Outstanding	Common Stock Class B Shares Outstanding	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Nine Months Ended September 30, 2023							
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)
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:							
Restricted stock, net of shares withheld	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

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(UNAUDITED)*
(in thousands)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
OPERATING ACTIVITIES:		
Net income	$ 82,355	$ 70,715
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization on investment securities and low-income housing investments	4,617	4,176
Net accretion and amortization on loans	(2,266)	(2,756)
Unrealized and realized losses on equity securities with readily determinable fair value	(65)	(26)
Depreciation of premises and equipment	5,278	4,930
Amortization of mortgage servicing rights	1,271	1,440
Provision for on-balance sheet exposures	41,425	36,635
Provision for off-balance sheet exposures	(340)	90
Net gain on sale of mortgage loans held for sale	(2,430)	(1,453)
Origination of mortgage loans held for sale	(137,891)	(53,750)
Proceeds from sale of mortgage loans held for sale	135,022	53,794
Net gain on sale of consumer loans held for sale	(11,221)	(8,880)
Origination of consumer loans held for sale	(940,901)	(756,714)
Proceeds from sale of consumer loans held for sale	950,249	761,497
Net gain realized on sale of other real estate owned	(4)	—
Writedowns of other real estate owned	158	158
Deferred compensation expense - Class A Common Stock	1,180	844
Stock-based awards and ESPP expense - Class A Common Stock	714	1,407
Amortization of right-of-use assets	4,076	4,590
Repayment of operating lease liabilities	(4,024)	(4,580)
Increase in cash surrender value of bank owned life insurance	(2,372)	(1,324)
Gain from death benefits received in excess of cash surrender value of BOLI	—	(1,728)
Net change in other assets and liabilities:		
Accrued interest receivable	557	(5,366)
Accrued interest payable	1,106	1,778
Other assets	(7,687)	(25,675)
Other liabilities	6,666	6,452
Net cash provided by operating activities	125,473	86,254
INVESTING ACTIVITIES:		
Net cash proceeds paid in acquisition	—	(40,970)
Purchases of available-for-sale debt securities	(110,000)	(30,000)
Purchases of held-to-maturity debt securities	—	(25,000)
Proceeds from calls, maturities and paydowns of equity and available-for-sale debt securities	246,769	67,571
Proceeds from calls, maturities and paydowns of held-to-maturity debt securities	65,483	10,736
Net change in outstanding warehouse lines of credit	(255,440)	(54,472)
Net change in other loans	92,377	(323,283)
Proceeds from sale of mortgage loans transferred to held for sale	67,176	—
Net purchases of Federal Home Loan Bank stock	(211)	(22,274)
Proceeds from sale of other real estate owned	172	—
Proceeds of principal and earnings from bank-owned life insurance	—	1,528
Investments in low-income housing tax partnerships	(10,018)	10,221
Net purchases of premises and equipment	(4,874)	(5,278)
Net cash (used in) provided by investing activities	91,434	(411,221)
FINANCING ACTIVITIES:		
Net change in deposits	48,533	34,059
Net change in securities sold under agreements to repurchase and other short-term borrowings	(18,235)	(136,159)
Payments of Federal Home Loan Bank advances	(815,000)	(538,000)
Proceeds from Federal Home Loan Bank advances	805,000	908,000
Repurchase of Class A Common Stock	—	(16,110)
Net proceeds from Class A Common Stock purchased through employee stock purchase plan	490	514
Net proceeds from option exercises and equity awards vested - Class A Common Stock	(694)	(194)
Cash dividends paid	(22,703)	(21,179)
Net cash (used in) provided by financing activities	(2,609)	230,931
NET CHANGE IN CASH AND CASH EQUIVALENTS	214,298	(94,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	316,567	313,689
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 530,865	$ 219,653
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 92,013	$ 41,504
Income taxes	20,955	17,279
SUPPLEMENTAL NONCASH DISCLOSURES:		
Mortgage servicing rights capitalized	$ 913	$ 381
Transfers from loans to real estate acquired in settlement of loans	169	2
Net transfers from loans held for investment to loans held for sale	67,176	—
New unfunded obligations in low-income-housing investments	11,000	27,000
Right-of-use assets recorded	5,282	3,480

See accompanying footnotes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS –SEPTEMBER 30, 2024 and 2023 AND DECEMBER 31, 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. During the fourth quarter of 2023, the Company dissolved its Captive, a Nevada-based, wholly owned insurance subsidiary of the Company. The Captive provided property and casualty insurance coverage to the Company and the Bank, as well as a group of unrelated third-party insurance 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 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, 2024 are not necessarily indicative of the results that may be expected for the full year ending 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, 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, 2024, the Company was divided into five reportable segments: Traditional Banking, Warehouse 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 and now includes these results in the Traditional Banking segment. All prior period mortgage banking results of operations have been reclassified into the Traditional Banking segment, as well.

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

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, 2024, Republic had 47 banking centers with locations as follows:

- Kentucky — 29
  - Metropolitan Louisville — 19
  - Central Kentucky — 6
    - Georgetown — 1
    - Lexington — 5
  - 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 — 4
  - Metropolitan Nashville — 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 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.

Republic Processing Group

Tax Refund Solutions segment — Through the TRS segment, the Bank 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 that offer Republic Bank ERAs, RAs, and RTs (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 originated $ 103 million of ERAs related to tax returns that were anticipated to be filed during the first quarter 2024 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 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 2024 and 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 $ 6,500 ;
- No requirement that the taxpayer pays for another bank product, such as an RT;
- Multiple disbursement methods were available through 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.

Since its introduction in December of 2022, the ERA loan product has been structured similarly to the RA with the primary differences being the timing of when the ERAs are originated and the documentation available to underwrite the ERAs. 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. As such, the Company generally uses paystub information 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 had the following features during the 2023 and 2024 tax filing seasons:

- Only offered during December and the up-coming January in connection with the upcoming first quarter tax business for each period;
- The taxpayer had the option to choose from multiple 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 available through most Tax Providers, including direct deposit or prepaid card, based on the taxpayer-customer's election;
- Repayment of the ERA to the Bank deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the ERA, including the failure to file a final federal tax return through a Republic Tax Provider:
    - 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 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 an RA delinquent during the first nine months of 2024 if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority.

Provisions on RAs are estimated when advances are made. Unpaid RAs, including ERAs, related to the first quarter tax filing season of a given year are considered delinquent at June 30th of that year and charged-off. In addition, as of June 30, 2024, RAs that were subject to Tax Provider loan loss guarantees were charged off and immediately recorded as recoveries of previously charged-off loans with corresponding receivables recorded in other assets for the Tax Provider guarantees. Those corresponding receivables were settled during the third quarter of 2024. 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 Payment Solutions segment - The RPS segment offers a range of payment-related products and services to consumers through third party service providers. 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 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, as well as, generally facilitating the movement of money for the TRS and RCS Divisions.

The Company reports its share of client-related charges and fees 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.

    1) 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 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 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.

2) Similar to its LOC I product, the 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 the LOC II product. These 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.

- 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.

For 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 "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."

Recently Adopted Accounting Standards

The following ASUs were adopted by the Company during the nine months ended September 30, 2024:

ASU. No.	Topic	Nature of Update	Date Adopted	Method of Adoption	Financial Statement Impact
2022-03	Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	This ASU clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.	January 1, 2024	Prospectively	Immaterial
2023-02	Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)	This ASU allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits.	January 1, 2024	Prospectively	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 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	Immaterial

Accounting Standards Update

The following not-yet-effective ASUs are considered relevant to the Company's financial statements.

ASU. No.	Topic	Nature of Update	Date Adoption Required	Adoption Method	Expected Financial Impact
2024-02	Codification Improvements—Amendments to Remove References to the Concepts Statements	This ASU contains amendments to the Codification that remove references to various Concepts Statements. In most instances the references are extraneous and not required to understand or apply the guidance. In other instances the references were used in prior Statements to provide guidance in certain topical areas.	January 1, 2025	Prospectively	Immaterial
2023-09	Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Among other things, these amendments require that public business entities on an annual basis (1) disclose specific categories in the 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 or greater than 5 percent of the amount computed by multiplying pretax income [or loss] by the applicable statutory income tax rate).	January 1, 2025	Prospectively	The Company will update its income tax disclosures upon adoption.
2023-07	Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	The amendments in the ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses.	October 1, 2024	Retrospectively	The Company will update its segment related disclosures upon adoption.
2023-03	Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC 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)	This ASU amends the FASB Accounting Standards Codification™ for SEC paragraphs pursuant to SEC 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.	Upon addition to the FASB Codification.	Prospectively	Immaterial

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 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 finalized the fair values of the acquired assets and assumed liabilities.

	March 15, 2023						
	As Previously Reported			As Recasted			
Years Ended December 31, (in thousands)	As Recorded by CBank	Fair Value Adjustments		Recast Adjustments		As Recorded 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	

Explanation of fair value and recast adjustments:

a. Adjustment reflects the fair value adjustment based on the Company's evaluation of the investment securities.
b. Adjustments to loans to reflect estimated fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
c. 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.
d. Adjustment reflects the fair value adjustment to eliminate the recorded goodwill.
e. Adjustment reflects the fair value adjustment for the core deposit intangible asset recorded as a result of the acquisition.
f. Adjustment reflects the fair value adjustment based on the Company's evaluation of the premises and equipment, net.
g. Adjustment reflects the fair value adjustment based on the Company's evaluation of the other assets and accrued interest receivable.
h. Adjustment reflects the fair value adjustment based on the Company's evaluation of the assumed time deposits.
i. Adjustment reflects the fair value adjustment based on the Company's evaluation of the other liabilities and accrued interest payable.
j. 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:

September 30, 2024 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
U.S. Treasury securities and U.S. Government agencies	$ 311,140	$ 31	$ (6,774)	$ —	$ 304,397
Private label mortgage-backed security	233	1,432	—	—	1,665
Mortgage-backed securities - residential	143,903	361	(9,601)	—	134,663
Collateralized mortgage obligations	20,804	44	(692)	—	20,156
Corporate bonds	2,007	5	—	—	2,012
Trust preferred security	3,846	177	—	—	4,023
Total available-for-sale debt securities	$ 481,933	$ 2,050	$ (17,067)	$ —	$ 466,916

December 31, 2023 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
U.S. Treasury securities and U.S. Government agencies	$ 421,576	$ —	$ (14,543)	$ —	$ 407,033
Private label mortgage-backed security	443	1,330	—	—	1,773
Mortgage-backed securities - residential	167,996	176	(13,462)	—	154,710
Collateralized mortgage obligations	22,698	36	(1,075)	—	21,659
Corporate bonds	2,012	8	—	—	2,020
Trust preferred security	3,800	318	—	—	4,118
Total available-for-sale debt securities	$ 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:

September 30, 2024 (in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
U.S. Treasury securities and U.S. Government agencies	$ —	$ —	$ —	$ —	$ —
Mortgage-backed securities - residential	23	1	—	24	—
Collateralized mortgage obligations	5,896	45	(82)	5,859	—
Corporate bonds	4,995	4	—	4,999	(5)
Obligations of state and political subdivisions	—	—	—	—	—
Total held-to-maturity debt securities	$ 10,914	$ 50	$ (82)	$ 10,882	$ (5)

December 31, 2023 (in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for 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)

Sales of Available-for-Sale Debt Securities

During the three and nine months ended September 30, 2024 and 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, 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	
September 30, 2024 (in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 166,174	$ 163,666	$ —	$ —
Due from one year to five years	131,973	127,738	4,996	4,999
Due from five years to ten years	15,000	15,005	—	—
Due beyond ten years	3,846	4,023	—	—
Private label mortgage-backed security	233	1,665	—	—
Mortgage-backed securities - residential	143,903	134,663	23	24
Collateralized mortgage obligations	20,804	20,156	5,895	5,859
Total debt securities	$ 481,933	$ 466,916	$ 10,914	$ 10,882

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, 2024 and December 31, 2023, aggregated by investment category and length of time in a continuous unrealized loss position:

September 30, 2024 (in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale debt securities:						
U.S. Treasury securities and U.S. Government agencies	$ 49,622	$ (1,231)	$ 179,801	$ (5,543)	$ 229,423	$ (6,774)
Mortgage-backed securities - residential	29,809	(3,709)	83,205	(5,892)	113,014	(9,601)
Collateralized mortgage obligations	356	(3)	16,382	(689)	16,738	(692)
Trust preferred security	—	—	—	—	—	—
Total available-for-sale debt securities	$ 79,787	$ (4,943)	$ 279,388	$ (12,124)	$ 359,175	$ (17,067)

December 31, 2023 (in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized 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, 2024, the Bank's security portfolio consisted of 174 securities, 92 of which were in an unrealized loss position.

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

As of September 30, 2024 and 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 $ 1.7 million as of September 30, 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 10 "Fair Value" in this section of the filing.

Mortgage-Backed Securities and Collateralized Mortgage Obligations

As of September 30, 2024, with the exception of the $ 1.7 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, 2024 and December 31, 2023, there were gross unrealized losses of $ 10.3 million and $ 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 not consider these securities to have credit-related impairment that would require a provision adjustment to the ACLS.

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

The tables below present a roll-forward for the three and nine months ended September 30, 2024 and 2023 of the ACLS on AFS and HTM debt securities:

	ACLS Roll-forward — Three Months Ended September 30,									
	2024					2023				
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Available-for-Sale Securities:										
Corporate Bonds	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Held-to-Maturity Securities:										
Corporate Bonds	4	1	—	—	5	10	—	—	—	10
Total	$ 4	$ 1	$ —	$ —	$ 5	$ 10	$ —	$ —	$ —	$ 10

	ACLS Roll-forward — Nine Months Ended September 30,									
	2024					2023				
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Available-for-Sale Securities:										
Corporate Bonds	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Held-to-Maturity Securities:										
Corporate Bonds	10	(5)	—	—	5	10	—	—	—	10
Total	$ 10	$ (5)	$ —	$ —	$ 5	$ 10	$ —	$ —	$ —	$ 10

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

There were no HTM debt securities considered collateral dependent as of September 30, 2024 and 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 $ 2 million and $ 2 million as of September 30, 2024 and December 31, 2023. Accrued interest receivable on HTM debt securities totaled $ 68,000 for the nine months ended and $ 384,000 as of September 30, 2024 and 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)	September 30, 2024	December 31, 2023
Amortized cost	$ 82,037	$ 106,169
Fair value	80,903	99,530
Carrying amount	80,903	99,530

Equity Securities

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

September 30, 2024 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Freddie Mac preferred stock	$ —	$ 239	$ —	$ 239
Total equity securities with readily determinable fair values	$ —	$ 239	$ —	$ 239

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

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:

	Gains (Losses) Recognized on Equity Securities					
	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
(in thousands)	Realized	Unrealized	Total	Realized	Unrealized	Total
Freddie Mac preferred stock	$ —	$ 42	$ 42	$ —	$ 16	$ 16
Total equity securities with readily determinable fair value	$ —	$ 42	$ 42	$ —	$ 16	$ 16

	Gains (Losses) Recognized on Equity Securities					
	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
(in thousands)	Realized	Unrealized	Total	Realized	Unrealized	Total
Freddie Mac preferred stock	$ —	$ 65	$ 65	$ —	$ 26	$ 26
Total equity securities with readily determinable fair value	$ —	$ 65	$ 65	$ —	$ 26	$ 26

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 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 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Balance, beginning of period	$ 8,341	$ 5,757	$ 7,914	$ 4,706
Origination of consumer loans held for sale	43,268	34,280	120,668	87,224
Proceeds from the sale of consumer loans held for sale	(46,704)	(32,545)	(125,795)	(85,994)
Net gain on sale of consumer loans held for sale	1,175	951	3,293	2,507
Balance, end of period	$ 6,080	$ 8,443	$ 6,080	$ 8,443

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Balance, beginning of period	$ 23,860	$ 15,787	$ 16,094	$ 13,169
Origination of consumer loans held for sale	307,145	252,808	820,233	669,490
Proceeds from the sale of consumer loans held for sale	(314,206)	(257,452)	(824,454)	(675,503)
Net gain on sale of consumer loans held for sale	3,002	2,386	7,928	6,373
Balance, end of period	$ 19,801	$ 13,529	$ 19,801	$ 13,529

5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The composition of the loan portfolio follows:

(in thousands)	September 30, 2024	December 31, 2023
Traditional Banking:		
Residential real estate:		
Owner-occupied	$ 1,046,385	$ 1,144,684
Nonowner-occupied	326,273	345,965
Commercial real estate (1)	1,813,303	1,785,289
Construction & land development	247,730	217,338
Commercial & industrial	437,911	464,078
Lease financing receivables	89,653	88,591
Aircraft	235,327	250,051
Home equity	341,204	295,133
Consumer:		
Credit cards	16,762	16,654
Overdrafts	827	694
Automobile loans	1,340	2,664
Other consumer	10,181	7,428
Total Traditional Banking	4,566,896	4,618,569
Warehouse lines of credit*	595,163	339,723
Total Core Banking	5,162,059	4,958,292
Republic Processing Group*:		
Tax Refund Solutions:		
Refund Advances	—	103,115
Other TRS commercial & industrial loans	302	46,092
Republic Credit Solutions	134,556	132,362
Total Republic Processing Group	134,858	281,569
Total loans**	5,296,917	5,239,861
Allowance for credit losses	(82,158)	(82,130)
Total loans, net	$ 5,214,759	$ 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 September 30, 2024 and December 31, 2023. The approximate percentage of Owner-occupied CRE loans to total CRE loans was 36% and 37%, respectively, for September 30, 2024 and December 31, 2023.

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

(in thousands)	September 30, 2024	December 31, 2023
Contractually receivable	$ 5,304,509	$ 5,246,621
Unearned income	(3,126)	(2,556)
Unamortized premiums	224	1,060
Unaccreted discounts	(1,809)	(2,533)
Other net unamortized deferred origination (fees) and costs	(2,881)	(2,731)
Carrying value of loans	$ 5,296,917	$ 5,239,861

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, 2024 remain unchanged from those defined in the Company's Annual Report on Form 10-K for the year ended 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. Loan extensions and renewals classified as loan modifications generally receive no change in origination date upon extension or renewal.

(in thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized	Revolving Loans Converted	
As of September 30, 2024	2024	2023	2022	2021	2020	Prior	Cost Basis	to Term	Total
Residential real estate owner-occupied:									
Risk Rating									
Pass or not rated	$ 66,466	$ 242,069	$ 189,402	$ 161,944	$ 156,724	$ 201,870	$ —	$ 5,825	$ 1,024,300
Special Mention	—	—	—	—	96	5,488	—	—	5,584
Substandard	11	715	1,939	2,260	2,018	9,558	—	—	16,501
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 66,477	$ 242,784	$ 191,341	$ 164,204	$ 158,838	$ 216,916	$ —	$ 5,825	$ 1,046,385
YTD Gross Charge-offs	$ —	$ 10	$ 39	$ 13	$ —	$ —	$ —	$ —	$ 62
Residential real estate nonowner-occupied:									
Risk Rating									
Pass or not rated	$ 11,204	$ 54,563	$ 58,719	$ 70,475	$ 59,171	$ 62,420	$ —	$ 7,808	$ 324,360
Special Mention	—	—	1,841	—	—	20	—	—	1,861
Substandard	—	—	—	—	—	52	—	—	52
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 11,204	$ 54,563	$ 60,560	$ 70,475	$ 59,171	$ 62,492	$ —	$ 7,808	$ 326,273
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate:									
Risk Rating									
Pass or not rated	$ 86,991	$ 219,028	$ 345,505	$ 278,035	$ 306,211	$ 327,303	$ 33,192	$ 178,283	$ 1,774,548
Special Mention	1,182	—	—	4,840	5,964	24,930	317	—	37,233
Substandard	—	—	—	—	1,090	432	—	—	1,522
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 88,173	$ 219,028	$ 345,505	$ 282,875	$ 313,265	$ 352,665	$ 33,509	$ 178,283	$ 1,813,303
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development:									
Risk Rating									
Pass or not rated	$ 24,164	$ 110,382	$ 88,554	$ 16,886	$ 2,532	$ 4,109	$ 862	$ —	$ 247,489
Special Mention	—	241	—	—	—	—	—	—	241
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 24,164	$ 110,623	$ 88,554	$ 16,886	$ 2,532	$ 4,109	$ 862	$ —	$ 247,730
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	—
Commercial and industrial:									
Risk Rating									
Pass or not rated	$ 54,742	$ 80,322	$ 67,288	$ 51,615	$ 27,939	$ 27,519	$ 115,632	$ 4,815	$ 429,872
Special Mention	74	38	387	1,400	1,056	2,303	1,850	—	7,108
Substandard	—	—	105	2	—	339	141	344	931
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 54,816	$ 80,360	$ 67,780	$ 53,017	$ 28,995	$ 30,161	$ 117,623	$ 5,159	$ 437,911
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease financing receivables:									
Risk Rating									
Pass or not rated	$ 23,107	$ 37,526	$ 17,812	$ 6,883	$ 2,813	$ 740	$ —	$ —	$ 88,881
Special Mention	—	151	23	67	88	67	—	—	396
Substandard	—	—	343	33	—	—	—	—	376
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 23,107	$ 37,677	$ 18,178	$ 6,983	$ 2,901	$ 807	$ —	$ —	$ 89,653
YTD Gross Charge-offs	$ —	$ 45	$ 13	$ —	$ —	$ 32	$ —	$ —	$ 90
Aircraft:									
Risk Rating									
Pass or not rated	$ 25,211	$ 80,760	$ 48,925	$ 36,720	$ 25,287	$ 18,051	$ —	$ —	$ 234,954
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	315	—	58	—	—	373
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 25,211	$ 80,760	$ 48,925	$ 37,035	$ 25,287	$ 18,109	$ —	$ —	$ 235,327
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity:									
Risk Rating									
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ —	$ 339,134	$ —	$ 339,134

Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	2,070	—	2,070
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 341,204	$ —	$ 341,204
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 29	$ —	$ 29

(in thousands) As of September 30, 2024	Term Loans Amortized Cost Basis by Origination Year (Continued) 2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Consumer:									
Risk Rating									
Pass or not rated	$ 5,480	$ 2,714	$ 274	$ 110	$ 32	$ 1,728	$ 18,764	$ —	$ 29,102
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	8	—	—	8
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 5,480	$ 2,714	$ 274	$ 110	$ 32	$ 1,736	$ 18,764	$ —	$ 29,110
YTD Gross Charge-offs	$ 823	$ 1,169	$ —	$ 1	$ —	$ —	$ 848	$ —	$ 2,841
Warehouse:									
Risk Rating									
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ —	$ 595,163	$ —	$ 595,163
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 595,163	$ —	$ 595,163
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
TRS:									
Risk Rating									
Pass or not rated	$ 302	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 302
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 302	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 302
YTD Gross Charge-offs	$ 32,692	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 32,692
RCS:									
Risk Rating									
Pass or not rated	$ 10,167	$ 12,450	$ 3,701	$ 334	$ 334	$ 41,201	$ 66,110	$ —	$ 134,297
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	259	—	259
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 10,167	$ 12,450	$ 3,701	$ 334	$ 334	$ 41,201	$ 66,369	$ —	$ 134,556
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 13,882	$ —	$ 13,882
Grand Total:									
Risk Rating									
Pass or not rated	$ 307,834	$ 839,814	$ 820,180	$ 623,002	$ 581,043	$ 684,941	$ 1,168,857	$ 196,731	$ 5,222,402
Special Mention	1,256	430	2,251	6,307	7,204	32,808	2,167	—	52,423
Substandard	11	715	2,387	2,610	3,108	10,447	2,470	344	22,092
Doubtful	—	—	—	—	—	—	—	—	—
Grand Total	$ 309,101	$ 840,959	$ 824,818	$ 631,919	$ 591,355	$ 728,196	$ 1,173,494	$ 197,075	$ 5,296,917
YTD Gross Charge-offs	$ 33,515	$ 1,224	$ 52	$ 14	$ —	$ 32	$ 14,759	$ —	$ 49,596

(in thousands) As of December 31, 2023	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted 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	—	—	—	—	—	—	—	—	—

(in thousands) As of December 31, 2023	Term Loans Amortized Cost Basis by Origination Year (Continued) 2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Commercial and industrial:									
Risk Rating									
Pass or not rated	$ 140,753	$ 87,497	$ 70,149	$ 13,150	$ 10,175	$ 10,782	$ 120,069	$ 3,968	$ 456,543
Special Mention	349	423	3,473	—	—	1,476	542	—	6,263
Substandard	49	36	3	—	339	—	25	820	1,272
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 141,151	$ 87,956	$ 73,625	$ 13,150	$ 10,514	$ 12,258	$ 120,636	$ 4,788	$ 464,078
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease financing receivables:									
Risk Rating									
Pass or not rated	$ 45,824	$ 23,956	$ 10,265	$ 4,571	$ 2,344	$ 545	$ —	$ —	$ 87,505
Special Mention	429	30	162	183	27	88	—	—	919
Substandard	—	102	—	—	—	65	—	—	167
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 46,253	$ 24,088	$ 10,427	$ 4,754	$ 2,371	$ 698	$ —	$ —	$ 88,591
YTD Gross Charge-offs	$ 20	$ 113	$ —	$ —	$ —	$ 8	$ —	$ —	$ 141
Aircraft:									
Risk Rating									
Pass or not rated	$ 97,761	$ 55,896	$ 44,721	$ 30,628	$ 14,195	$ 6,850	$ —	$ —	$ 250,051
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 97,761	$ 55,896	$ 44,721	$ 30,628	$ 14,195	$ 6,850	$ —	$ —	$ 250,051
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity:									
Risk Rating									
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ —	$ 292,890	$ —	$ 292,890
Special Mention	—	—	—	—	—	—	235	—	235
Substandard	—	—	—	—	—	—	2,008	—	2,008
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 295,133	$ —	$ 295,133
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ 2
Consumer:									
Risk Rating									
Pass or not rated	$ 3,947	$ 1,194	$ 181	$ 74	$ 1,186	$ 2,234	$ 18,611	$ —	$ 27,427
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	1	12	—	—	13
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 3,947	$ 1,194	$ 181	$ 74	$ 1,187	$ 2,246	$ 18,611	$ —	$ 27,440
YTD Gross Charge-offs	$ 9	$ 11	$ 8	$ —	$ —	$ 7	$ 1,147	$ —	$ 1,182
Warehouse:									
Risk Rating									
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ —	$ 339,723	$ —	$ 339,723
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 339,723	$ —	$ 339,723
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
TRS:									
Risk Rating									
Pass or not rated (1)	$ 149,207	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 149,207
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total (1)	$ 149,207	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 149,207
YTD Gross Charge-offs (1)	$ 20,418	$ 5,533	$ —	$ —	$ —	$ —	$ —	$ —	$ 25,951
RCS:									
Risk Rating									
Pass or not rated	$ 30,607	$ 7,203	$ 579	$ 454	$ 996	$ 36,372	$ 54,634	$ —	$ 130,845
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	1,517	—	1,517
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 30,607	$ 7,203	$ 579	$ 454	$ 996	$ 36,372	$ 56,151	$ —	$ 132,362
YTD Gross Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 13,912	$ —	$ 13,912
Grand Total:									
Risk Rating									
Pass or not rated	$ 1,328,184	$ 975,037	$ 752,275	$ 438,155	$ 201,876	$ 451,439	$ 858,643	$ 160,406	$ 5,166,015

Special Mention	24,841	3,444	4,009	183	3,695	13,229	2,493	—	51,894
Substandard	49	2,664	1,904	1,226	1,380	10,359	3,550	820	21,952
Doubtful	—	—	—	—	—	—	—	—	—
Grand Total	$ 1,353,074	$ 981,145	$ 758,188	$ 439,564	$ 206,951	$ 475,027	$ 864,686	$ 161,226	$ 5,239,861
YTD Gross Charge-offs	$ 20,447	$ 5,667	$ 24	$ —	$ —	$ 15	$ 15,061	$ —	$ 41,214

(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 Three Months Ended September 30,										
	2024					2023					
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	CBank Adjustment*	Provision	Charge-offs	Recoveries	Ending Balance
Traditional Banking:											
Residential real estate:											
Owner-occupied	$ 9,544	$ (141)	$ (10)	$ 24	$ 9,417	$ 9,899	$ —	$ 318	$ (9)	$ 23	$10,231
Nonowner-occupied	2,957	(52)	—	1	2,906	3,086	—	(51)	—	1	3,036
Commercial real estate	26,161	(135)	—	313	26,339	25,089	—	251	—	7	25,347
Construction & land development	6,922	(261)	—	—	6,661	4,811	—	325	—	—	5,136
Commercial & industrial	4,133	(122)	—	1	4,012	4,322	—	(148)	—	7	4,181
Lease financing receivables	1,116	8	(32)	24	1,116	825	—	265	—	10	1,100
Aircraft	601	(13)	—	—	588	521	—	46	—	—	567
Home equity	6,059	310	(29)	10	6,350	4,770	—	375	—	1	5,146
Consumer:											
Credit cards	1,067	24	(59)	48	1,080	1,103	—	3	(30)	16	1,092
Overdrafts	658	181	(231)	51	659	706	—	128	(243)	49	640
Automobile loans	19	(25)	—	20	14	53	—	16	(30)	2	41
Other consumer	628	1,714	(1,947)	12	407	382	—	39	(20)	13	414
Total Traditional Banking	59,865	1,488	(2,308)	504	59,549	55,567	—	1,567	(332)	129	56,931
Warehouse lines of credit	1,370	116	—	—	1,486	1,346	—	(203)	—	—	1,143
Total Core Banking	61,235	1,604	(2,308)	504	61,035	56,913	—	1,364	(332)	129	58,074
Republic Processing Group:											
Tax Refund Solutions:											
Refund Advances	—	(2,311)	—	2,311	—	—	—	(1,939)	—	1,939	—
Other TRS commercial & industrial loans	—	1	—	—	1	—	—	(28)	—	29	1
Republic Credit Solutions	19,452	6,365	(5,022)	327	21,122	15,289	—	4,333	(3,340)	219	16,501
Total Republic Processing Group	19,452	4,055	(5,022)	2,638	21,123	15,289	—	2,366	(3,340)	2,187	16,502
Total	$80,687	$ 5,659	$(7,330)	$ 3,142	$82,158	$ 72,202	$ —	$ 3,730	$(3,672)	$ 2,316	$74,576

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

ACLL Roll-forward

Nine Months Ended September 30,

(in thousands)	2024 Beginning Balance	2024 Provision	2024 Charge-offs	2024 Recoveries	2024 Ending Balance	2023 Beginning Balance	2023 CBank Adjustment*	2023 Provision	2023 Charge-offs	2023 Recoveries	2023 Ending Balance
Traditional Banking:											
Residential real estate:											
Owner-occupied	$10,337	$ (961)	$ (62)	$ 103	$ 9,417	$ 8,909	$ —	$ 1,298	$ (24)	$ 48	$10,231
Nonowner-occupied	3,047	(143)	—	2	2,906	2,831	—	203	—	2	3,036
Commercial real estate	25,830	173	—	336	26,339	23,739	—	1,542	—	66	25,347
Construction & land development	6,060	601	—	—	6,661	4,123	—	1,013	—	—	5,136
Commercial & industrial	4,236	(227)	—	3	4,012	3,976	—	89	—	116	4,181
Lease financing receivables	1,061	99	(90)	46	1,116	110	216	764	—	10	1,100
Aircraft	625	(37)	—	—	588	449	—	118	—	—	567
Home equity	5,501	867	(29)	11	6,350	4,628	—	516	—	2	5,146
Consumer:											
Credit cards	1,074	133	(190)	63	1,080	996	—	158	(103)	41	1,092
Overdrafts	694	443	(658)	180	659	726	—	437	(676)	153	640
Automobile loans	32	(41)	—	23	14	87	—	(16)	(37)	7	41
Other consumer	501	1,860	(1,993)	39	407	135	—	289	(62)	52	414
Total Traditional Banking	58,998	2,767	(3,022)	806	59,549	50,709	216	6,411	(902)	497	56,931
Warehouse lines of credit	847	639	—	—	1,486	1,009	—	134	—	—	1,143
Total Core Banking	59,845	3,406	(3,022)	806	61,035	51,718	216	6,545	(902)	497	58,074
Republic Processing Group:											
Tax Refund Solutions:											
Refund Advances	3,929	22,249	(32,555)	6,377	—	3,797	—	19,615	(25,823)	2,411	—
Other TRS commercial & industrial loans	61	33	(137)	44	1	91	—	7	(128)	31	1
Republic Credit Solutions	18,295	15,742	(13,882)	967	21,122	14,807	—	10,468	(9,459)	685	16,501
Total Republic Processing Group	22,285	38,024	(46,574)	7,388	21,123	18,695	—	30,090	(35,410)	3,127	16,502
Total	$82,130	$41,430	$(49,596)	$ 8,194	$82,158	$ 70,413	$ 216	$36,635	$(36,312)	$ 3,624	$74,576

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

The cumulative loss rate used as the basis for the estimate of the Company's ACLL as of September 30, 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.

Nonperforming Loans and Nonperforming Assets

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

(dollars in thousands)	September 30, 2024	December 31, 2023
Loans on nonaccrual status*	$ 19,381	$ 19,150
Loans past due 90-days-or-more and still on accrual**	164	1,468
Total nonperforming loans	19,545	20,618
Other real estate owned	1,212	1,370
Total nonperforming assets	$ 20,757	$ 21,988
Credit Quality Ratios - Total Company:		
Nonperforming loans to total loans	0.37 %	0.39 %
Nonperforming assets to total loans (including OREO)	0.39	0.42
Nonperforming assets to total assets	0.31	0.33
Credit Quality Ratios - Core Bank:		
Nonperforming loans to total loans	0.38 %	0.39 %
Nonperforming assets to total loans (including OREO)	0.40	0.41
Nonperforming assets to total assets	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 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, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Traditional Banking:				
Residential real estate:				
Owner-occupied	$ 15,660	$ 15,056	$ —	$ —
Nonowner-occupied	64	64	—	—
Commercial real estate	737	850	—	—
Construction & land development	—	—	—	—
Commercial & industrial	854	1,221	—	—
Lease financing receivables	134	—	—	—
Aircraft	—	—	—	—
Home equity	1,868	1,948	—	—
Consumer:				
Credit cards	—	—	—	—
Overdrafts	—	—	—	—
Automobile loans	5	10	—	—
Other consumer	59	1	—	—
Total Traditional Banking	19,381	19,150	—	—
Warehouse lines of credit	—	—	—	—
Total Core Banking	19,381	19,150	—	—
Republic Processing Group:				
Tax Refund Solutions:				
Refund Advances	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—
Republic Credit Solutions	—	—	164	1,468
Total Republic Processing Group	—	—	164	1,468
Total	$ 19,381	$ 19,150	$ 164	$ 1,468

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

(in thousands)	As of September 30, 2024			Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
	Nonaccrual Loans with ACLL	Nonaccrual Loans without ACLL	Total Nonaccrual Loans	Interest Income Recognized on Nonaccrual Loans*	Interest Income Recognized on Nonaccrual Loans*
Residential real estate:					
Owner-occupied	$ 373	$ 15,287	$ 15,660	$ 273	$ 813
Nonowner-occupied	27	37	64	—	15
Commercial real estate	737	—	737	43	112
Construction & land development	—	—	—	—	—
Commercial & industrial	713	141	854	9	9
Lease financing receivables	—	134	134	—	—
Aircraft	—	—	—	—	—
Home equity	—	1,868	1,868	84	241
Consumer	5	59	64	100	101
Total	$ 1,855	$ 17,526	$ 19,381	$ 509	$ 1,291

** 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, 2023 Nonaccrual Loans with ACLL	Nonaccrual Loans without ACLL	Total Nonaccrual Loans	Three Months Ended September 30, 2023 Interest Income Recognized on Nonaccrual Loans*	Nine Months Ended September 30, 2023 Interest Income Recognized on Nonaccrual Loans*
Residential real estate:					
Owner-occupied	$ 376	$ 14,680	$ 15,056	$ 224	$ 664
Nonowner-occupied	20	44	64	7	8
Commercial real estate	850	—	850	31	142
Construction & land development	—	—	—	—	—
Commercial & industrial	1,221	—	1,221	23	23
Lease financing receivables	—	—	—	—	—
Aircraft	—	—	—	—	—
Home equity	—	1,948	1,948	45	106
Consumer	8	3	11	—	6
Total	$ 2,475	$ 16,675	$ 19,150	$ 330	$ 949

* *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 on nonaccrual status are reviewed for return to accrual status on an individual basis, with additional consideration given to performance under the modified terms.

Delinquent Loans

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

September 30, 2024 (dollars in thousands)	30 - 59 Days Delinquent	60 - 89 Days Delinquent	90 or More Days Delinquent*	Total Delinquent**	Total Current	Total
Traditional Banking:						
Residential real estate:						
Owner-occupied	$ 3,137	$ 2,161	$ 1,805	$ 7,103	$ 1,039,282	$ 1,046,385
Nonowner-occupied	—	—	—	—	326,273	326,273
Commercial real estate	90	433	—	523	1,812,780	1,813,303
Construction & land development	—	—	—	—	247,730	247,730
Commercial & industrial	168	27	854	1,049	436,862	437,911
Lease financing receivables	3	—	33	36	89,617	89,653
Aircraft	—	—	—	—	235,327	235,327
Home equity	824	67	219	1,110	340,094	341,204
Consumer:						
Credit cards	37	7	—	44	16,718	16,762
Overdrafts	137	6	—	143	684	827
Automobile loans	—	—	—	—	1,340	1,340
Other consumer	32	7	1	40	10,141	10,181
Total Traditional Banking	4,428	2,708	2,912	10,048	4,556,848	4,566,896
Warehouse lines of credit	—	—	—	—	595,163	595,163
Total Core Banking	4,428	2,708	2,912	10,048	5,152,011	5,162,059
Republic Processing Group:						
Tax Refund Solutions:						
Refund Advances	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	302	302
Republic Credit Solutions	8,587	2,151	164	10,902	123,654	134,556
Total Republic Processing Group	8,587	2,151	164	10,902	123,956	134,858
Total	$ 13,015	$ 4,859	$ 3,076	$ 20,950	$ 5,275,967	$ 5,296,917
Delinquency ratio* **	0.25 %	0.09 %	0.06 %	0.40 %		

* *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.*

December 31, 2023 (dollars in thousands)	30 - 59 Days Delinquent	60 - 89 Days Delinquent	90 or More Days Delinquent*	Total Delinquent**	Total Current	Total
Traditional Banking:						
Residential real estate:						
Owner-occupied	$ 3,396	$ 769	$ 1,638	$ 5,803	$ 1,138,881	$ 1,144,684
Nonowner-occupied	—	—	—	—	345,965	345,965
Commercial real estate	—	—	—	—	1,785,289	1,785,289
Construction & land development	—	—	—	—	217,338	217,338
Commercial & industrial	140	36	1,184	1,360	462,718	464,078
Lease financing receivables	18	—	—	18	88,573	88,591
Aircraft	—	—	—	—	250,051	250,051
Home equity	417	96	254	767	294,366	295,133
Consumer:						
Credit cards	31	4	—	35	16,619	16,654
Overdrafts	129	1	1	131	563	694
Automobile loans	—	—	2	2	2,662	2,664
Other consumer	53	7	—	60	7,368	7,428
Total Traditional Banking	4,184	913	3,079	8,176	4,610,393	4,618,569
Warehouse lines of credit	—	—	—	—	339,723	339,723
Total Core Banking	4,184	913	3,079	8,176	4,950,116	4,958,292
Republic Processing Group:						
Tax Refund Solutions:						
Refund Advances	—	—	—	—	103,115	103,115
Other TRS commercial & industrial loans	—	—	—	—	46,092	46,092
Republic Credit Solutions	9,387	3,061	1,468	13,916	118,446	132,362
Total Republic Processing Group	9,387	3,061	1,468	13,916	267,653	281,569
Total	$ 13,571	$ 3,974	$ 4,547	$ 22,092	$ 5,217,769	$ 5,239,861
Delinquency ratio***	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.*

Collateral-Dependent Loans

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

(in thousands)	September 30, 2024 Secured by Real Estate	September 30, 2024 Secured by Personal Property	December 31, 2023 Secured by Real Estate	December 31, 2023 Secured by Personal Property
Traditional Banking:				
Residential real estate:				
Owner-occupied	$ 19,704	$ —	$ 18,602	$ —
Nonowner-occupied	52	—	64	—
Commercial real estate	1,525	—	870	—
Construction & land development	—	—	—	—
Commercial & industrial	930	—	1,273	—
Lease financing receivables	—	376	—	108
Aircraft	—	373	—	—
Home equity	2,086	—	2,008	—
Consumer	—	7	—	13
Total Traditional Banking	$ 24,297	$ 756	$ 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 tables show the amortized cost of loans and leases as of September 30, 2024 and September 30, 2023 that were both experiencing financial difficulty and modified during the three months and nine months ended September 30, 2024 and September 30,2023, segregated by portfolio segment and type of modification. The following tables show the amortized cost of loans and leases modified by type. The average deferral period was three months , the average rate reduction was one percent, and the average extension was twelve years as of September 30, 2024.

	Amortized Cost Basis of Modified Financing Receivables							
	Three Months Ended September 30, 2024							
(dollars in thousands)	Loans (#)	Rate Reduction ($)	Loans (#)	Term Extension ($)	Loans (#)	Principal Deferral ($)	Loans	Combination-Term Extension and Rate Reduction
Residential real estate:								
Owner-occupied	—	$ —	—	$ —	—	$ —	—	$ —
Nonowner-occupied	—	—	—	—	—	—	—	—
Home equity	—	—	—	—	2	26	—	—
Republic Processing Group	—	—	—	—	248	60	—	—
Total Loan Modifications	—	$ —	—	$ —	250	$ 86	—	$ —

	Amortized Cost Basis of Modified Financing Receivables							
	Nine Months Ended September 30, 2024							
(dollars in thousands)	Loans (#)	Rate Reduction ($)	Loans (#)	Term Extension ($)	Loans (#)	Principal Deferral ($)	Loans	Combination-Term Extension and Rate Reduction
Residential real estate:								
Owner-occupied	—	$ —	—	$ —	1	$ 11	1	$ 152
Nonowner-occupied	—	—	—	—	—	—	—	—
Commercial & industrial	—	—	—	—	2	26	—	—
Republic Processing Group	—	—	—	—	383	95	—	—
Total Loan Modifications	—	$ —	—	$ —	386	$ 132	1	$ 152

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

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

The following tables show the amortized cost of loans and leases as of September 30, 2024 and September 30, 2023 that were both experiencing financial difficulty and modified during the three months and nine months ended September 30, 2024 and September 30,2023, segregated by type of modification. The following tables shows the amortized cost of loans and leases modified by type.

(dollars in thousands)	Total Loan Modification by Type — Three Months Ended September 30, 2024				Total Loan Modification by Type — Nine Months Ended September 30, 2024			
	Accruing		Nonaccruing		Accruing		Nonaccruing	
	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)
Term extension	—	$ —	—	$ —	—	$ —	—	$ —
Principal deferral	250	86	—	—	386	132	—	—
Combination- term extension and principal deferral	—	—	—	—	—	—	—	—
Combination- term extension and rate reduction	—	—	—	—	—	—	1	152
Total Loan Modifications	250	$ 86	—	$ —	386	$ 132	1	$ 152

(dollars in thousands)	Total Loan Modification by Type — Three Months Ended September 30, 2023				Total Loan Modification by Type — Nine Months Ended September 30, 2023			
	Accruing		Nonaccruing		Accruing		Nonaccruing	
	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)	Loans (#)	Recorded investment ($)
Term extension	—	$ —	—	$ —	—	$ —	—	$ —
Principal deferral	383	84	5	672	383	84	19	1,830
Total Loan Modifications	383	$ 84	5	$ 672	383	$ 84	19	$ 1,830

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, 2024 Loans (#)	Amortized Cost Basis ($)	% of Total of Financing Receivable	Accruing Loan Modifications Nine Months Ended September 30, 2024 Loans	Amortized Cost Basis	% of Total of Financing Receivable
Residential real estate:						
Owner occupied	—	$ —	— %	1	$ 11	0.00 %
Commercial & industrial	2	26	0.01	2	26	0.01
Republic Processing Group	248	60	0.04	383	95	0.07
Total Accruing Loan Modifications	250	$ 86	0.00 %	386	$ 132	NM %

(dollars in thousands)	Nonaccruing Loan Modifications Three Months Ended September 30, 2024 Loans (#)	Amortized Cost Basis ($)	% of Total of Financing Receivable	Nonaccruing Loan Modifications Nine Months Ended September 30, 2024 Loans	Amortized Cost Basis	% of Total of Financing Receivable
Residential real estate:						
Owner-occupied	—	$ —	— %	1	$ 152	0.01 %
Home equity	—	—	—	—	—	—
Total Nonaccruing Loan Modifications	—	$ —	— %	1	$ 152	0.00 %

(dollars in thousands)	Accruing Loan Modifications Three Months Ended September 30, 2023 Loans (#)	Amortized Cost Basis ($)	% of Total of Financing Receivable	Nine Months Ended September 30, 2023 Loans	Amortized Cost Basis	% of Total of Financing Receivable
Residential real estate:						
Owner occupied	—	$ —	— %	—	$ —	— %
Commercial & industrial	—	—	—	—	—	—
Republic Processing Group	383	$ 84	0.07	383	84	0.07
Total Accruing Loan Modifications	383	$ 84	NM %	383	$ 84	NM %

(dollars in thousands)	Nonaccruing Loan Modifications Three Months Ended September 30, 2023 Loans (#)	Amortized Cost Basis ($)	% of Total of Financing Receivable	Nine Months Ended September 30, 2023 Loans	Amortized Cost Basis	% of Total 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 loan modification tables.

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 tables show the performance of such loans and leases that have been modified during the past twelve months as of September 30, 2024 and as of September 30, 2023.

	Accruing Loan Modifications At September 30, 2024		
(in thousands)	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner occupied	$ 11	$ —	$ —
Nonowner occupied	—	—	—
Commercial & industrial	26	—	—
Home equity	22	—	—
Republic Processing Group	95	—	—
Total accruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended September 30, 2024	$ 154	$ —	$ —

	Nonaccruing Loan Modifications At September 30, 2024		
(in thousands)	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner-occupied	$ 437	$ —	$ —
Nonowner occupied	—	—	—
Home equity	65	—	—
Total nonaccruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended September 30, 2024	$ 502	$ —	$ —

	Accruing Loan Modifications At September 30, 2023		
(in thousands)	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner occupied	$ —	$ —	$ —
Nonowner occupied	—	—	—
Commercial & industrial	—	—	—
Home equity	—	—	—
Republic Processing Group	84	—	—
Total accruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended September 30, 2023	$ 84	$ —	$ —

	Nonaccruing Loan Modifications At September 30, 2023		
(in thousands)	Current	30-89 Days Past Due	90+ Days Past Due
Residential real estate:			
Owner-occupied	$ 932	$ 188	$ 168
Nonowner occupied	—	—	—
Home equity	542	—	—
Total nonaccruing loan modifications to borrowers experiencing financial difficulty in which modifications were made in the twelve months ended September 30, 2023	$ 1,474	$ 188	$ 168

There were no modified loans and leases that had a payment default during the nine months ended September 30, 2024 or September 30, 2023 that were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

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.

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, 2024	December 31, 2023
Commercial real estate	$ 1,212	$ 1,370
Total other real estate owned	$ 1,212	$ 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)	September 30, 2024	December 31, 2023
Recorded investment in consumer residential real estate mortgage loans in the process of foreclosure	$ 1,735	$ 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, along with its ERA product 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. 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2024	2023	2024	2023
Refund Advances originated	$ —	$ —	$ 771,091	$ 737,047
Net charge to the Provision for RAs, including ERAs	(2,311)	(1,939)	22,249	19,615
Provision as a percentage of RAs, including ERAs, originated	NA	NA	2.89 %	2.66 %
Refund Advances net charge-offs (recoveries)	$ (2,311)	$ (1,939)	$ 26,178	$ 23,412
Refund Advances net charge-offs (recoveries) to total Refund Advances originated	NA	NA	3.39 %	3.18 %

6. DEPOSITS

The composition of the deposit portfolio follows:

(in thousands)	September 30, 2024	December 31, 2023
Core Bank:		
Demand	$ 1,158,108	$ 1,158,051
Money market accounts	1,232,060	1,007,356
Savings	259,076	263,238
Reciprocal money market	263,602	188,078
Individual retirement accounts (1)	35,555	33,793
Time deposits, $250 and over (1)	118,043	101,787
Other certificates of deposit (1)	241,025	225,614
Reciprocal time deposits (1)	100,888	90,857
Wholesale brokered deposits (1)	87,252	88,767
Total Core Bank interest-bearing deposits	3,495,609	3,157,541
Total Core Bank noninterest-bearing deposits	1,157,979	1,239,466
Total Core Bank deposits	4,653,588	4,397,007
Republic Processing Group:		
Wholesale brokered deposits (1)	—	199,960
Interest-bearing prepaid card deposits	321,681	—
Money market accounts	24,320	18,664
Total RPG interest-bearing deposits	346,001	218,624
Noninterest-bearing prepaid card deposits	—	318,769
Other noninterest-bearing deposits	102,107	118,763
Total RPG noninterest-bearing deposits	102,107	437,532
Total RPG deposits	448,108	656,156
Total deposits	$ 5,101,696	$ 5,053,163

(1) Includes time deposits.

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, 2024 and 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, 2024	December 31, 2023
Outstanding balance at end of period	$ 79,383	$ 97,618
Weighted average interest rate at end of period	0.72 %	0.50 %
Fair value of securities pledged:		
U.S. Treasury securities and U.S. Government agencies	$ 80,903	$ 99,530
Total securities pledged	$ 80,903	$ 99,530

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2024	2023	2024	2023
Average outstanding balance during the period	$ 73,660	$ 90,063	$ 88,140	$ 136,528
Weighted average interest rate during the period	0.76 %	0.13 %	0.61 %	0.44 %
Maximum outstanding at any month end during the period	$ 79,383	$ 88,862	$ 113,281	$ 224,067

8. FEDERAL HOME LOAN BANK ADVANCES

FHLB advances were as follows:

(in thousands)	September 30, 2024	December 31, 2023
Overnight advances	$ —	$ 110,000
Fixed interest rate advances	370,000	270,000
Total FHLB advances	$ 370,000	$ 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, 2024 and December 31, 2023, Republic had available borrowing capacity of $ 775 million and $ 730 million, respectively, from the FHLB. In addition to its borrowing capacity with the FHLB, Republic also had unsecured lines of credit totaling $ 100 million available through various other financial institutions as of September 30, 2024 and 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
2024	$ —	— %
2025	100,000	5.05
2026	30,000	4.82
2027	80,000	4.01
2028	160,000	4.39
Total	$ 370,000	4.52 %

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2024	2023	2024	2023
Average outstanding balance during the period	$ 17,989	$ 250,348	$ 96,058	$ 150,833
Weighted average interest rate during the period	5.42 %	5.20 %	5.46 %	7.75 %
Maximum outstanding at any month end during the period	$ 55,000	$ 365,000	$ 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, 2024	December 31, 2023
First-lien, single family residential real estate	$ 1,208,147	$ 1,345,752
Home equity lines of credit	300,719	266,389
Multi-family commercial real estate	100,759	133,565
Commercial real estate	352,639	—

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 loan commitments, for each period ended:

(in thousands)	September 30, 2024	December 31, 2023
Unused warehouse lines of credit	$ 307,837	$ 623,277
Unused home equity lines of credit	471,527	446,006
Unused loan commitments - other	1,113,019	1,159,284
Standby letters of credit	10,761	11,012
Total commitments	$ 1,903,144	$ 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.

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

	ACLC Roll-forward Three Months Ended									
	2024					2023				
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Loan Commitments										
Unused warehouse lines of credit	$ 77	$ 2	$ —	$ —	$ 79	$ 145	$ (43)	$ —	$ —	$ 102
Unused home equity lines of credit	110	24	—	—	134	353	(315)	—	—	38
Unused construction lines of credit	591	(64)	—	—	527	633	225	—	—	858
Unused loan commitments - other	332	(72)	—	—	260	399	(57)	—	—	342
Total	$ 1,110	$ (110)	$ —	$ —	$ 1,000	$ 1,530	$ (190)	$ —	$ —	$ 1,340

	ACLC Roll-forward Nine Months Ended September 30,									
	2024					2023				
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Loan Commitments										
Unused warehouse lines of credit	$ 116	$ (37)	$ —	$ —	$ 79	$ 190	$ (88)	$ —	$ —	$ 102
Unused home equity lines of credit	55	79	—	—	134	332	(294)	—	—	38
Unused construction lines of credit	820	(293)	—	—	527	384	474	—	—	858
Unused loan commitments - other	349	(89)	—	—	260	344	(2)	—	—	342
Total	$ 1,340	$ (340)	$ —	$ —	$ 1,000	$ 1,250	$ 90	$ —	$ —	$ 1,340

The Company decreased its ACLC during the three and nine months ended September 30, 2024 as unused commitments decreased $ 336 million from December 31, 2023.

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.

The Company acquired its TRUP investment in 2015 and considered the most recent bid price for the same instrument to approximate market value as of September 30, 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 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: The 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.

Mortgage banking derivatives: Mortgage 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: 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 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 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).

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, 2024 is presented net of any applicable ACL.

(in thousands)	Fair Value Measurements at September 30, 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
Financial assets:				
Available-for-sale debt securities:				
U.S. Treasury securities and U.S. Government agencies	$ 70,069	$ 234,328	$ —	$ 304,397
Private label mortgage-backed security	—	—	1,665	1,665
Mortgage-backed securities - residential	—	134,663	—	134,663
Collateralized mortgage obligations	—	20,156	—	20,156
Corporate bonds	—	2,012	—	2,012
Trust preferred security	—	—	4,023	4,023
Total available-for-sale debt securities	$ 70,069	$ 391,159	$ 5,688	$ 466,916
Equity securities with readily determinable fair value:				
Freddie Mac preferred stock	$ —	$ 239	$ —	$ 239
Total equity securities with readily determinable fair value	$ —	$ 239	$ —	$ 239
Mortgage loans held for sale	$ —	$ 8,526	$ —	$ 8,526
Consumer loans held for sale	—	—	6,080	6,080
Rate lock commitments	—	535	—	535
Mandatory forward contracts	—	—	—	—
Interest rate swap agreements - Bank clients and institutional swap dealer	—	9,073	—	9,073
Financial liabilities:				
Rate lock commitments	$ —	$ —	$ —	$ —
Mandatory forward contracts	$ —	$ 113	$ —	$ 113
Interest rate swap agreements - Bank clients and institutional swap dealer	—	9,073	—	9,073
Interest rate swap agreements on FHLB advances	—	3,960	—	3,960

(in thousands)	Fair Value Measurements at December 31, 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
Financial assets:				
Available-for-sale debt securities:				
U.S. Treasury securities and U.S. Government agencies	$ 177,784	$ 229,249	$ —	$ 407,033
Private label mortgage-backed security	—	—	1,773	1,773
Mortgage-backed securities - residential	—	154,710	—	154,710
Collateralized mortgage obligations	—	21,659	—	21,659
Corporate bonds	—	2,020	—	2,020
Trust preferred security	—	—	4,118	4,118
Total available-for-sale debt securities	$ 177,784	$ 407,638	$ 5,891	$ 591,313
Equity securities with readily determinable fair value:				
Freddie Mac preferred stock	$ —	$ 174	$ —	$ 174
Total equity securities with readily determinable fair value	$ —	$ 174	$ —	$ 174
Mortgage loans held for sale	$ —	$ 3,227	$ —	$ 3,227
Consumer loans held for sale	—	—	7,914	7,914
Rate lock commitments	—	243	—	243
Interest rate swap agreements - Bank clients and institutional swap dealer	—	8,933	—	8,933
Financial liabilities:				
Mandatory forward contracts	$ —	$ 61	$ —	$ 61
Interest rate swap agreements - Bank clients and institutional swap dealer	—	8,933	—	8,933

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 and nine months ended September 30, 2024 and 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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	$ 1,716	$ 1,988	$ 1,773	$ 2,127
Total gains or losses included in earnings:				
Net change in unrealized gain (loss)	54	(6)	102	26
Principal paydowns	(105)	(97)	(210)	(268)
Balance, end of period	$ 1,665	$ 1,885	$ 1,665	$ 1,885

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, 2024 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range
Private label mortgage-backed security	$ 1,665	Discounted cash flow	(1) Constant prepayment rate	1.8 % - 2.3 %
			(2) Probability of default	0.2 % - 9.3 %
			(3) Loss severity	25 %

December 31, 2023 (dollars in thousands)	Fair Value	Valuation 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 %

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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	$ 4,092	$ 3,746	$ 4,118	$ 3,855
Total gains or losses included in earnings:				
Discount accretion	16	15	46	44
Net change in unrealized gain (loss)	(85)	234	(141)	96
Balance, end of period	$ 4,023	$ 3,995	$ 4,023	$ 3,995

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, 2024 and December 31, 2023.

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

(in thousands)	September 30, 2024	December 31, 2023
Aggregate fair value	$ 8,526	$ 3,227
Contractual balance	8,290	3,168
Unrealized gain	236	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, 2024 and 2023 for mortgage loans held for sale are presented in the following table:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Interest income	$ 179	$ 84	$ 456	$ 206
Change in fair value	70	(36)	177	3
Total included in earnings	$ 249	$ 48	$ 633	$ 209

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, 2024 and 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.

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

September 30, 2024 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Rate
Consumer loans held for sale	$ 6,080	Contract Terms	(1) Net Premium	0.15 %
			(2) Discounted Sales	10.00 %

December 31, 2023 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Rate
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)	September 30, 2024	December 31, 2023
Aggregate fair value	$ 6,080	$ 7,914
Contractual balance	6,120	7,964
Unrealized loss	(40)	(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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Interest income	$ 1,464	$ 1,077	$ 3,995	$ 2,790
Change in fair value	13	(16)	10	(23)
Total included in earnings	$ 1,477	$ 1,061	$ 4,005	$ 2,767

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

	Fair Value Measurements at September 30, 2024 Using:			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Collateral-dependent loans:				
Residential real estate:				
Owner-occupied	$ —	$ —	$ 201	$ 201
Total collateral-dependent loans*	$ —	$ —	$ 201	$ 201
Other real estate owned:				
Commercial real estate	$ —	$ —	$ 1,212	$ 1,212
Total other real estate owned	$ —	$ —	$ 1,212	$ 1,212

(in thousands)	Fair Value Measurements at December 31, 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
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, 2024 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans - residential real estate owner-occupied	$ 201	Sales comparison approach	Adjustments determined for differences between comparable sales	2 % (2 %)
Other real estate owned - commercial real estate	$ 1,212	Sales comparison approach	Adjustments determined for differences between comparable sales	39 % (39 %)

December 31, 2023 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans - residential real estate owner-occupied	$ 1,580	Sales comparison approach	Adjustments determined for differences between comparable sales	0 % - 27 % (4 %)
Collateral-dependent loans - commercial real estate	$ 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	$ 1,370	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 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 loans follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Provision on collateral-dependent loans	$ 25	$ —	$ 56	$ (20)

Other Real Estate Owned

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

(in thousands)	**September 30, 2024**	**December 31, 2023**
Other real estate owned carried at fair value	$ 1,212	$ 1,370
Total carrying value of other real estate owned	$ 1,212	$ 1,370

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Other real estate owned write-downs during the period	$ 53	$ 53	$ 154	$ 158

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

(in thousands)	Carrying Value	Fair Value Measurements at September 30, 2024: Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 530,865	$ 530,865	$ —	$ —	$ 530,865
Available-for-sale debt securities	466,916	70,069	391,159	5,688	466,916
Held-to-maturity debt securities	10,909	—	10,882	—	10,882
Equity securities with readily determinable fair values	239	—	239	—	239
Mortgage loans held for sale, at fair value	8,526	—	8,526	—	8,526
Consumer loans held for sale, at fair value	6,080	—	—	6,080	6,080
Consumer loans held for sale, at the lower of cost or fair value	19,801	—	—	19,801	19,801
Loans, net	5,214,759	—	—	5,053,585	5,053,585
Federal Home Loan Bank stock	23,981	—	—	—	NA
Accrued interest receivable	17,890	—	2,425	15,465	17,890
Mortgage servicing rights	7,052	—	15,753	—	15,753
Rate lock commitments	535	—	535	—	535
Mandatory forward contracts	—	—	—	—	—
Interest rate swap agreements - Bank clients and institutional swap dealer	9,073	—	9,073	—	9,073
Liabilities:					
Noninterest-bearing deposits	$ 1,260,086	$ —	$ 1,260,086	$ —	$ 1,260,086
Transaction deposits	3,346,099	—	3,346,099	—	3,346,099
Time deposits	495,511	—	498,513	—	498,513
Securities sold under agreements to repurchase and other short-term borrowings	80,903	—	80,903	—	80,903
Federal Home Loan Bank advances	370,000	—	376,509	—	376,509
Accrued interest payable	5,179	—	5,179	—	5,179
Rate lock commitments	535	—	535	—	535
Interest rate swap agreements - Bank clients and institutional swap dealer	9,073	—	9,073	—	9,073
Interest rate swap agreements on FHLB advances	3,960	—	3,960	—	3,960

(in thousands)	Carrying Value	Fair Value Measurements at December 31, 2023: Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 316,567	$ 316,567	$ —	$ —	$ 316,567
Available-for-sale debt securities	591,313	177,784	407,638	5,891	591,313
Held-to-maturity debt securities	76,387	—	76,167	—	76,167
Equity securities with readily determinable fair values	174	—	174	—	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 - Bank clients and institutional swap dealer	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	99,530	—	99,530	—	99,530
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 - Bank clients and institutional swap dealer	8,933	—	8,933	—	8,933

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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	$ 9,703	$ 4,038	$ 3,227	$ 1,302
Origination of mortgage loans held for sale	57,142	23,860	137,891	53,750
Transferred from held for investment to held for sale	—	—	67,176	—
Proceeds from the sale of mortgage loans held for sale	(59,732)	(25,681)	(202,198)	(53,794)
Net gain (loss) on mortgage loans held for sale	1,413	494	2,430	1,453
Balance, end of period	$ 8,526	$ 2,711	$ 8,526	$ 2,711

The following table presents the components of mortgage banking income:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net gain realized on sale of mortgage loans held for sale	$ 1,325	$ 608	$ 3,010	$ 1,213
Fair value adjustment for correspondent loans reclassified to held for sale	—	—	(997)	—
Net change in fair value recognized on loans held for sale	70	(36)	177	3
Net change in fair value recognized on rate lock loan commitments	90	(94)	292	93
Net change in fair value recognized on forward contracts	(72)	16	(52)	144
Net gain (loss) recognized	1,413	494	2,430	1,453
Loan servicing income	1,071	824	2,825	2,546
Amortization of mortgage servicing rights	(422)	(466)	(1,271)	(1,440)
Change in mortgage servicing rights valuation allowance	—	—	—	—
Net servicing income recognized	649	358	1,554	1,106
Total mortgage banking income	$ 2,062	$ 852	$ 3,984	$ 2,559

Activity for capitalized mortgage servicing rights was as follows:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	$ 7,030	$ 7,995	$ 7,411	$ 8,770
Additions	445	182	913	381
Amortized to expense	(422)	(466)	(1,271)	(1,440)
Change in valuation allowance	—	—	—	—
Balance, end of period	$ 7,053	$ 7,711	$ 7,053	$ 7,711

Activity in the valuation allowance for capitalized mortgage servicing rights follows:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Beginning valuation allowance	$ —	$ —	$ —	$ —
Charge during the period	—	—	—	—
Ending valuation allowance	$ —	$ —	$ —	$ —

Other information relating to mortgage servicing rights follows:

(dollars in thousands)	September 30, 2024	December 31, 2023
Fair value of mortgage servicing rights portfolio	$ 15,753	$ 16,054
Monthly weighted average prepayment rate of unpaid principal balance*	142 %	128 %
Discount rate	10.05 %	10.26 %
Weighted average foreclosure rate	0.10 %	0.16 %
Weighted average life in years	7.23	7.52

* *Rates are applied to individual tranches with similar characteristics.*

Mortgage 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 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:

	September 30, 2024		December 31, 2023	
(in thousands)	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Included in Mortgage loans held for sale:				
Mortgage loans held for sale, at fair value	$ 8,290	$ 8,526	$ 3,168	$ 3,227
Included in other assets:				
Rate lock loan commitments	$ 23,386	$ 535	$ 9,275	$ 243
Mandatory forward contracts	—	—	—	—
Included in other liabilities:				
Mandatory forward contracts	$ 25,939	$ 113	$ 9,092	$ 61

12. INTEREST RATE SWAPS

Interest rate swap derivatives are reported at fair value in other assets or other liabilities. The accounting for changes in the fair value of a derivative depends on whether it has been designated and qualifies for hedge accounting as part of a cash flow hedging relationship. For a derivative designated as a cash flow hedge, the effective portion of the derivative's unrealized gain or loss is recorded as a component of other comprehensive income ("OCI"). The amount included in AOCI would be reclassified to current earnings should the hedge no longer be considered effective. Derivatives not designated as hedges are economic derivatives with the gain or loss recognized in current period earnings.

Interest Rate Swaps Used as Cash Flow Hedges

The Bank entered into three interest rate swap agreements ("swaps") during the second quarter of 2024 related to FHLB advances tied to the 1-month SOFR. The counterparty for all three swaps met the Bank's credit standards and the Bank believes that the credit risk inherent in the swap contracts is not significant. As of August 8, 2024 the Bank designated the swaps to be effective for hedge accounting purposes. The Bank expects the hedges to remain fully effective during the remaining term of the swaps.

The following tables reflect information about swaps designated as cash flow hedges as of September 30, 2024 and December 31, 2023:

		September 30, 2024		December 31, 2023	
(dollars in thousands)	Bank Position	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate swap on FHLB advances - Liabilities	Pay fixed/receive variable	$ 100,000	$ (3,960)	$ —	$ —
Total		$ 100,000	$ (3,960)	$ —	$ —

						September 30, 2024		December 31, 2023	
(dollars in thousands)	Notional Amount	Pay Rate	Receive Rate	Term	Bank Position	Assets / (Liabilities)	Unrealized Gain (Loss) in AOCI	Assets / (Liabilities)	Unrealized Gain (Loss) in AOCI
Interest rate swap on FHLB advances - Liabilities	$ 100,000	4.14 %	1M SOFR	5/2024 - 6/2029	Pay fixed/receive variable	$ 100,000	$ (3,960)	$ —	$ —
Total	$ 100,000					$ 100,000	$ (3,960)	$ —	$ —

The following table reflects the total interest expense recorded on these swap transactions in the consolidated statements of income for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Interest rate swap on FHLB advances	$ (289)	$ —	$ (380)	$ —
Total interest (benefit) expense on swap transactions	$ (289)	$ —	$ (380)	$ —

The following table presents the net gains (losses) recorded in OCI and the consolidated statements of income relating to the swaps designated as cash flow hedges for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Gains (losses) recognized in OCI on derivative (effective portion)	$ (3,134)	$ —	$ (3,580)	$ —
Gains (losses) reclassified from OCI on derivative (effective portion)	289	—	380	—
Gains (losses) recognized in income on derivative (ineffective portion)	—	—	—	—

Non-hedge Interest Rate Swaps

The Bank also 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:

		September 30, 2024		December 31, 2023	
(in thousands)	Bank Position	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate swaps with Bank clients - Assets	Pay variable/receive fixed	$ 156,162	$ 5,803	$ 120,442	$ 4,066
Interest rate swaps with Bank clients - Liabilities	Pay variable/receive fixed	83,252	(3,270)	95,820	(4,867)
Interest rate swaps with Bank clients - Total	Pay variable/receive fixed	$ 239,414	$ 2,533	$ 216,262	$ (801)
Offsetting interest rate swaps with institutional swap dealer - Assets	Pay fixed/receive variable	83,252	3,270	95,820	4,867
Offsetting interest rate swaps with institutional swap dealer - Liabilities	Pay fixed/receive variable	156,162	(5,803)	120,442	(4,066)
Offsetting interest rate swaps with institutional swap dealer - Total	Pay fixed/receive variable	$ 239,414	$ (2,533)	$ 216,262	$ 801
Total		$ 478,828	$ —	$ 432,524	$ —

The Bank and its counterparties are required to pledge securities or cash as collateral when either party is in a net loss position exceeding $ 250,000 with the other party. As of September 30, 2024 and December 31, 2023, the Bank's counterparties had cash of $ 0 and $ 1.9 million pledged to the Bank, which were included in Interest-bearing deposits on the Company's Balance Sheet. Conversely, the Bank had $ 6.8 million and $ 1.0 million pledged to its counterparties as of September 30, 2024 and December 31, 2023, which were included in Cash and cash equivalents on the Company's Balance Sheet.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Years Ended December 31, (in thousands, except per share data)	**2024**	**2023**	**2024**	**2023**
Net income	$ 26,543	$ 21,571	$ 82,355	$ 70,715
Dividends declared on Common Stock:				
Class A Shares	(7,007)	(6,456)	(20,989)	(19,574)
Class B Shares	(796)	(733)	(2,388)	(2,200)
Undistributed net income for basic earnings per share	18,740	14,382	58,978	48,941
Weighted average potential dividends on Class A shares upon exercise of dilutive options	(33)	(25)	(88)	(62)
Undistributed net income for diluted earnings per share	$ 18,707	$ 14,357	$ 58,890	$ 48,879
Weighted average shares outstanding:				
Class A Shares	17,504	17,549	17,487	17,697
Class B Shares	2,150	2,157	2,150	2,158
Effect of dilutive securities on Class A Shares outstanding	81	68	72	55
Weighted average shares outstanding including dilutive securities	19,735	19,774	19,709	19,910
Basic earnings per share:				
Class A Common Stock:				
Per share dividends distributed	$ 0.41	$ 0.37	$ 1.22	$ 1.12
Undistributed earnings per share*	0.96	0.74	3.03	2.49
Total basic earnings per share - Class A Common Stock	$ 1.37	$ 1.11	$ 4.25	$ 3.61
Class B Common Stock:				
Per share dividends distributed	$ 0.37	$ 0.34	$ 1.11	$ 1.02
Undistributed earnings per share*	0.88	0.67	2.76	2.26
Total basic earnings per share - Class B Common Stock	$ 1.25	$ 1.01	$ 3.87	$ 3.28
Diluted earnings per share:				
Class A Common Stock:				
Per share dividends distributed	$ 0.41	$ 0.37	$ 1.22	$ 1.12
Undistributed earnings per share*	0.96	0.73	3.02	2.48
Total diluted earnings per share - Class A Common Stock	$ 1.37	$ 1.10	$ 4.24	$ 3.60
Class B Common Stock:				
Per share dividends distributed	$ 0.37	$ 0.34	$ 1.11	$ 1.02
Undistributed earnings per share*	0.87	0.67	2.74	2.25
Total diluted earnings per share - Class B Common Stock	$ 1.24	$ 1.01	$ 3.85	$ 3.27

* *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.*

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Antidilutive stock options	—	121,781	22,388	193,398
Average antidilutive stock options	—	117,998	22,388	193,398

14. OTHER COMPREHENSIVE INCOME

OCI components and related tax effects were as follows:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Available-for-Sale Debt Securities:				
Unrealized gain (loss) on AFS debt securities	$ 9,503	$ 1,017	$ 12,195	$ 1,839
Net gains (losses)	9,503	1,017	12,195	1,839
Income tax benefit (expense) related to items of other comprehensive income	(2,376)	(250)	(3,050)	(461)
Net of tax	7,127	767	$ 9,145	$ 1,378
Derivatives:				
Change in fair value of derivatives	(3,134)	—	(3,580)	—
Reclassification amount for net derivative losses realized in income	(289)	—	(380)	—
Net gains (losses)	(3,423)	—	(3,960)	—
Tax effect	856	—	990	—
Net of tax	(2,567)	—	(2,970)	—
Total other comprehensive (loss) income components, net of tax	$ 4,560	$ 767	$ 6,175	$ 1,378

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

(in thousands)	December 31, 2023	2024 Change	September 30, 2024
Unrealized gain (loss) on AFS debt securities	$ (20,408)	$ 9,145	$ (11,263)
Unrealized gain (loss) on derivatives	—	(2,970)	(2,970)
Total unrealized gain (loss)	$ (20,408)	$ 6,175	$ (14,233)

(in thousands)	December 31, 2022	2023 Change	September 30, 2023
Unrealized gain (loss) on AFS debt securities	$ (31,979)	$ 1,378	$ (30,601)
Unrealized gain (loss) on derivatives	—	—	—
Total unrealized gain (loss)	$ (31,979)	$ 1,378	$ (30,601)

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, 2024							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income (1)	$ 51,023	$ 3,580	$ 54,603	$ 440	$ 2,783	$ 13,479	$ 16,702	$ 71,305
Noninterest income:								
Service charges on deposit accounts	3,676	16	3,692	—	—	1	1	3,693
Net refund transfer fees	—	—	—	582	—	—	582	582
Mortgage banking income (1)	2,062	—	2,062	—	—	—	—	2,062
Interchange fee income	3,267	—	3,267	19	—	—	19	3,286
Program fees (1)	—	—	—	—	786	4,176	4,962	4,962
Increase in cash surrender value of BOLI (1)	826	—	826	—	—	—	—	826
Net losses on OREO	(53)	—	(53)	—	—	—	—	(53)
Other	1,300	—	1,300	8	147	—	155	1,455
Total noninterest income	11,078	16	11,094	609	933	4,177	5,719	16,813
Total net revenue	$ 62,101	$ 3,596	$ 65,697	$ 1,049	$ 3,716	$ 17,656	$ 22,421	$ 88,118
Net-revenue concentration (2)	71 %	4 %	75 %	1 %	4 %	20 %	25 %	100 %

	Three Months Ended September 30, 2023							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income (1)	$ 47,493	$ 2,467	$ 49,960	$ 401	$ 4,124	$ 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	22	1	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
Net losses on OREO	(53)	—	(53)	—	—	—	—	(53)
Death benefits in excess of cash surrender value of life insurance	—	—	—	—	—	—	—	—
Other	1,647	—	1,647	50	9	26	85	1,732
Total noninterest income	9,941	11	9,952	314	715	3,364	4,393	14,345
Total net revenue	$ 57,434	$ 2,478	$ 59,912	$ 715	$ 4,839	$ 13,704	$ 19,258	$ 79,170
Net-revenue concentration (2)	73 %	3 %	76 %	1 %	6 %	17 %	24 %	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.

(dollars in thousands)	Core Banking: Traditional Banking	Core Banking: Warehouse Lending	Total Core Banking	Republic Processing Group: Tax Refund Solutions	Republic Processing Group: Republic Payment Solutions	Republic Processing Group: Republic Credit Solutions	Total RPG	Total Company
Nine Months Ended September 30, 2024								
Net interest income (1)	$ 149,197	$ 8,751	$ 157,948	$ 32,173	$ 9,221	$ 37,418	$ 78,812	$ 236,760
Noninterest income:								
Service charges on deposit accounts	10,488	42	10,530	—	—	2	2	10,532
Net refund transfer fees	—	—	—	15,213	—	—	15,213	15,213
Mortgage banking income (1)	3,984	—	3,984	—	—	—	—	3,984
Interchange fee income	9,697	—	9,697	94	2	1	97	9,794
Program fees (1)	—	—	—	—	2,319	11,220	13,539	13,539
Increase in cash surrender value of BOLI (1)	2,372	—	2,372	—	—	—	—	2,372
Net losses on OREO	(154)	—	(154)	—	—	—	—	(154)
Other	3,034	—	3,034	71	147	—	218	3,252
Total noninterest income	29,421	42	29,463	15,378	2,468	11,223	29,069	58,532
Total net revenue	$ 178,618	$ 8,793	$ 187,411	$ 47,551	$ 11,689	$ 48,641	$ 107,881	$ 295,292
Net-revenue concentration (2)	61 %	3 %	64 %	16 %	4 %	16 %	36 %	100 %

(dollars in thousands)	Core Banking: Traditional Banking	Core Banking: Warehouse Lending	Total Core Banking	Republic Processing Group: Tax Refund Solutions	Republic Processing Group: Republic Payment Solutions	Republic Processing Group: Republic Credit Solutions	Total RPG	Total Company
Nine Months Ended September 30, 2023								
Net interest income (1)	$ 146,404	$ 7,196	$ 153,600	$ 28,778	$ 11,522	$ 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	109	3	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
Net losses on OREO	(158)	—	(158)	—	—	—	—	(158)
Death benefits in excess of cash surrender value of life insurance	1,728	—	1,728	—	—	—	—	1,728
Other	3,543	—	3,543	205	9	91	305	3,848
Total noninterest income	29,676	33	29,709	15,842	2,152	8,974	26,968	56,677
Total net revenue	$ 176,080	$ 7,229	$ 183,309	$ 44,620	$ 13,674	$ 37,070	$ 95,364	$ 278,673
Net-revenue concentration (2)	63 %	3 %	66 %	16 %	5 %	13 %	34 %	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.*

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 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 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 fulfilment 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 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 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.

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, 2024, the Company was divided into five reportable segments: Traditional Banking, Warehouse Lending, TRS, RPS, and RCS. Management considers the first two segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last 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
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. TRS products are primarily provided to clients outside of the Bank's market footprint.	Loans and refund transfers
Republic Payment Solutions	RPS offers general-purpose reloadable cards. RPS products are primarily provided to clients outside of the Bank's market footprint.	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 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, 2024							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	$ 51,023	$ 3,580	$ 54,603	$ 440	$ 2,783	$ 13,479	$ 16,702	$ 71,305
Provision for expected credit loss expense	1,489	116	1,605	(2,310)	—	6,365	4,055	5,660
Net refund transfer fees	—	—	—	582	—	—	582	582
Mortgage banking income	2,062	—	2,062	—	—	—	—	2,062
Program fees	—	—	—	—	786	4,176	4,962	4,962
Other noninterest income	9,016	16	9,032	27	147	1	175	9,207
Total noninterest income	11,078	16	11,094	609	933	4,177	5,719	16,813
Total noninterest expense	41,266	889	42,155	2,251	947	3,256	6,454	48,609
Income (loss) before income tax expense	19,346	2,591	21,937	1,108	2,769	8,035	11,912	33,849
Income tax expense (benefit)	4,189	584	4,773	189	595	1,749	2,533	7,306
							—	
Net income (loss)	$ 15,157	$ 2,007	$ 17,164	$ 919	$ 2,174	$ 6,286	$ 9,379	$ 26,543
Period-end assets	$ 5,559,357	$ 595,624	$ 6,154,981	$ 26,503	$ 367,857	$ 143,129	$ 537,489	$ 6,692,470
Net interest margin	3.61 %	2.70 %	3.53 %	NM	4.91 %	NM	NM	4.49 %
Net-revenue concentration*	71 %	4 %	75 %	1 %	4 %	20 %	25 %	100 %

	Three Months Ended September 30, 2023							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	$ 47,493	$ 2,467	$ 49,960	$ 401	$ 4,124	$ 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
Death benefits in excess of cash surrender value of life insurance	—	—	—	—	—	—	—	—
Other noninterest income	9,089	11	9,100	72	10	28	110	9,210
Total noninterest income	9,941	11	9,952	314	715	3,364	4,393	14,345
Total noninterest expense	41,500	640	42,140	2,242	874	3,112	6,228	48,368
Income before income tax expense	14,367	2,041	16,408	440	3,965	6,259	10,664	27,072
Income tax expense	2,757	456	3,213	22	874	1,392	2,288	5,501
Net income	$ 11,610	$ 1,585	$ 13,195	$ 418	$ 3,091	$ 4,867	$ 8,376	$ 21,571
Period-end assets	$ 5,390,105	$ 458,542	$ 5,848,647	$ 32,747	$ 370,986	$ 134,095	$ 537,828	$ 6,386,475
Net interest margin	3.52 %	2.33 %	3.43 %	NM	4.97 %	NM	NM	4.35 %
Net-revenue concentration*	73 %	3 %	76 %	1 %	6 %	17 %	24 %	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.*

	Nine Months Ended September 30, 2024							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	$ 149,197	$ 8,751	$ 157,948	$ 32,173	$ 9,221	$ 37,418	$ 78,812	$ 236,760
Provision for expected credit loss expense	2,762	639	3,401	22,282	—	15,742	38,024	41,425
Net refund transfer fees	—	—	—	15,213	—	—	15,213	15,213
Mortgage banking income	3,984	—	3,984	—	—	—	—	3,984
Program fees	—	—	—	—	2,319	11,220	13,539	13,539
Other noninterest income	25,437	42	25,479	165	149	3	317	25,796
Total noninterest income	29,421	42	29,463	15,378	2,468	11,223	29,069	58,532
Total noninterest expense	124,372	2,694	127,066	8,787	2,919	10,442	22,148	149,214
Income (loss) before income tax expense	51,484	5,460	56,944	16,482	8,770	22,457	47,709	104,653
Income tax expense (benefit)	10,417	1,231	11,648	3,699	1,930	5,021	10,650	22,298
Net income (loss)	$ 41,067	$ 4,229	$ 45,296	$ 12,783	$ 6,840	$ 17,436	$ 37,059	$ 82,355
Period-end assets	$ 5,559,357	$ 595,624	$ 6,154,981	$ 26,503	$ 367,857	$ 143,129	$ 537,489	$ 6,692,470
Net interest margin	3.49 %	2.64 %	3.43 %	NM	5.01 %	NM	NM	4.92 %
Net-revenue concentration*	61 %	3 %	64 %	16 %	4 %	16 %	36 %	100 %

	Nine Months Ended September 30, 2023							
	Core Banking			Republic Processing Group				
(dollars in thousands)	Traditional Banking	Warehouse Lending	Total Core Banking	Tax Refund Solutions	Republic Payment Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	$ 146,404	$ 7,196	$ 153,600	$ 28,778	$ 11,522	$ 28,096	$ 68,396	$ 221,996
Provision for expected credit loss expense	6,411	134	6,545	19,622	—	10,468	30,090	36,635
Net refund transfer fees	—	—	—	15,528	—	—	15,528	15,528
Mortgage banking income	2,559	—	2,559	—	—	—	—	2,559
Program fees	—	—	—	—	2,140	8,881	11,021	11,021
Death benefits in excess of cash surrender value of life insurance	1,728	—	1,728	—	—	—	—	1,728
Other noninterest income	25,389	33	25,422	314	12	93	419	25,841
Total noninterest income	29,676	33	29,709	15,842	2,152	8,974	26,968	56,677
Total noninterest expense	129,381	2,616	131,997	9,184	2,723	8,440	20,347	152,344
Income before income tax expense	40,288	4,479	44,767	15,814	10,951	18,162	44,927	89,694
Income tax expense	8,119	1,001	9,120	3,401	2,427	4,031	9,859	18,979
Net income	$ 32,169	$ 3,478	$ 35,647	$ 12,413	$ 8,524	$ 14,131	$ 35,068	$ 70,715
Period-end assets	$ 5,390,105	$ 458,542	$ 5,848,647	$ 32,747	$ 370,986	$ 134,095	$ 537,828	$ 6,386,475
Net interest margin	3.78 %	2.37 %	3.68 %	NM	4.43 %	NM	NM	5.09 %
Net-revenue concentration*	63 %	3 %	66 %	16 %	5 %	13 %	34 %	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.*

17. LOW-INCOME HOUSING TAX CREDIT INVESTMENTS

The Company is a limited partner in several low-income housing partnerships whose purpose is to invest in qualified affordable housing. The Company expects to recover its remaining investments in these partnerships through the use of tax credits that are generated by the investments. These investments are included in other assets and accrued interest receivable on the Consolidated Balance Sheets, with any unfunded obligations included in other liabilities and accrued interest payable. The investments are amortized as a component of income tax expense.

The following table summarizes information related to the Company's qualified low-income housing investments and obligations:

(in thousands)		September 30, 2024		December 31, 2023	
Investment	Accounting Method	Investments	Unfunded Obligations	Investments	Unfunded Obligations
Low-income housing tax credit - Gross	Proportional amortization	$ 67,614	$ 59,598	$ 57,596	$ 58,619
Life-to-date amortization		(20,699)	NA	(15,904)	NA
Low-income housing tax credit - Net		$ 46,915	$ 59,598	$ 41,692	$ 58,619

The following table summarizes the amortization expense and tax credits recognized in income tax expense for the Company's qualified low-income housing investments for the three and nine months ended September 30, 2024 and 2023, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Amortization expense	$ 1,616	$ 1,407	$ 4,795	$ 4,305
Tax credits recognized	(2,363)	(2,027)	(7,215)	(5,860)

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. During the last quarter of 2023, the Company dissolved its Captive, a Nevada-based, wholly owned insurance subsidiary of the Company. The Captive provided property and casualty insurance coverage to the Company and the Bank, as well as a group of third-party insurance 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 results of operations;
- changes in political and economic conditions;
- 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 steepness of the U.S. Treasury yield curve, as well as their impact on the Company's net interest income and 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;

- 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 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 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, 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, 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, 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.

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.

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, 2024, the Company was divided into five reportable segments: Traditional Banking, Warehouse 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 and now includes these results in the Traditional Banking segment. In addition, all prior period mortgage banking results of operations have been reclassified into the Traditional Banking segment, as well.

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

(I) Traditional Banking segment

The Traditional Banking segment provides traditional banking products primarily to customers in the Company's market footprint. As of September 30, 2024, Republic had 47 banking centers with locations as follows:

- Kentucky — 29
  - Metropolitan Louisville — 19
  - Central Kentucky — 6
    - Georgetown — 1
    - Lexington — 5
  - 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 — 4
  - Metropolitan Nashville — 4

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

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.

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

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 avionic 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 the Correspondent Lending channel are 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 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 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 16 "Segment Information" of Part I Item 1 "Financial Statements."

(III) Tax Refund Solutions segment

Through the TRS segment, the Bank 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 that offer Republic Bank ERAs, RAs, and RTs (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 originated $103 million of ERAs related to tax returns that were anticipated to be filed during the first quarter 2024 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 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 2024 and 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 $6,500;
- No requirement that the taxpayer pays for another bank product, such as an RT;
- Multiple disbursement methods were available through 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:
  - o there is no recourse to the taxpayer,
  - o no negative credit reporting on the taxpayer, and
  - o no collection efforts against the taxpayer.

Since its introduction in December of 2022, the ERA loan product has been structured similarly to the RA with the primary differences being the timing of when the ERAs are originated and the documentation available to underwrite the ERAs. 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. As such, the Company generally uses paystub information 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 had the following features during the 2023 and 2024 tax filing seasons:

- Only offered during December and the succeeding January in connection with the ensuing first quarter tax business for each period;
- The taxpayer had the option to choose from multiple 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 available through most Tax Providers, including direct deposit or prepaid card, based on the taxpayer-customer's election;
- Repayment of the ERA to the Bank deducted from the taxpayer's tax refund proceeds; and
- If an insufficient refund to repay the ERA, including the failure to file a final federal tax return through a Republic Tax Provider:
  - o no recourse to the taxpayer,
  - o no negative credit reporting on the taxpayer, and
  - o 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 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 an RA delinquent during the first nine months of 2024 if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority.

Provisions on RAs are estimated when advances are made. Unpaid RAs, including ERAs, related to the first quarter tax filing season of a given year are considered delinquent at June 30th of that year and charged-off. In addition, as of June 30, 2024, RAs that were subject to Tax Provider loan loss guarantees were charged off and immediately recorded as recoveries of previously charged-off loans with corresponding receivables recorded in other assets for the Tax Provider guarantees. Those corresponding receivables were settled during the third quarter of 2024. 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.

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. In addition, the Bank's ability to control losses for the ERA product is highly dependent upon the taxpayer returning to a Tax Provider for the filing of their final 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 product parameters do not ensure positive results and could have an overall material negative impact on the performance of all RA 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."

(IV) Republic Payment Solutions segment

Through the RPS segment, the Bank offers a range of payment-related products and services to consumers through third-party service providers. 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 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, as well as, generally facilitating the movement of money for the TRS and RCS Divisions.

The Company reports its share of client-related charges and fees for RPS programs under 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) 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 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 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.

4) Similar to its LOC I product, the 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 the LOC II product. These 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.

- 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.

For 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 "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, 2024 Compared to Three Months Ended September 30, 2023)

Total Company net income for the third quarter of 2024 was $26.5 million, an increase of $5.0 million over the same period in 2023. Diluted EPS also increased to $1.37 for the third quarter of 2024 compared to $1.10 for the same period in 2023. The increase in net income primarily reflected the following by reportable segment:

Traditional Banking segment

- Net income increased $3.5 million, 31%, from the third quarter of 2023 to the third quarter of 2024.

- Net interest income increased $3.5 million, or 7%, from the third quarter of 2023 to the third quarter of 2024.

- Provision was a net charge of $1.5 million for the third quarter of 2024 compared to a net charge of $1.6 million for the same period in 2023.

- Noninterest income increased $1.1 million, or 11%, from the third quarter of 2023 to the third quarter of 2024.

- Noninterest expense decreased $234,000, or 1%, from the third quarter of 2023 to the third quarter of 2024.

Warehouse

- Net income increased $422,000, or 27%, from the third quarter of 2023 to the third quarter of 2024.
- Net interest income increased $1.1 million, or 45%, from the third quarter of 2023 to the third quarter of 2024.
- The Warehouse Provision was a net charge of $116,000 for the third quarter of 2024 compared to a net credit of $203,000 for the same period in 2023.
- Average committed Warehouse lines declined to $940 million for the third quarter of 2024 from $1.0 billion for the third quarter of 2023.
- Average line usage was 56% during the third quarter of 2024 compared to 42% during the same period in 2023.

Tax Refund Solutions segment

- Net income increased $501,000 from the third quarter of 2023 to the third quarter of 2024.
- Net interest income increased $39,000 from the third quarter of 2023 to the third quarter of 2024.
- Overall, TRS recorded a net credit to the Provision of $2.3 million during the third quarter of 2024 compared to a net credit to the Provision of $2.0 million for the same period in 2023.
- Noninterest income increased $295,000 from the third quarter of 2023 to the third quarter of 2024.
- Within noninterest income, net RT revenue increased $340,000 from the third quarter of 2023 to the third quarter of 2024.
- Noninterest expense was $2.3 million for the third quarter of 2024 compared to $2.2 million for the same period in 2023.

Republic Payment Solutions segment

- Net income decreased $917,000 from the third quarter of 2023 to the third quarter of 2024 .
- Net interest income decreased $1.3 million from the third quarter of 2023 to the third quarter of 2024 .
- Noninterest income was $933,000 for the third quarter of 2024 compared to $715,000 for the third quarter of 2023.
- Noninterest expense was $947,000 for the third quarter of 2024 and compared to $874,000 for the third quarter of 2023.

Republic Credit Solutions segment

- Net income increased $1.4 million, or 29%, from the third quarter of 2023 to the third quarter of 2024.
- Net interest income increased $3.1 million, or 30%, from the third quarter of 2023 to the third quarter of 2024.
- Overall, RCS recorded a net charge to the Provision of $6.4 million during the third quarter of 2024 compared to a net charge of $4.3 million for the same period in 2023.
- Noninterest income increased $813,000, or 24%, from the third quarter of 2023 to the third quarter of 2024.
- Noninterest expense was $3.3 million for the third quarter of 2024 and $3.1 million for the same period in 2023.

RESULTS OF OPERATIONS (Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 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.

A large amount of the Company's financial instruments track closely with, or are primarily indexed to, either the FFTR, Prime, or SOFR. These 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 beginning in March 2022 repeatedly increasing the FFTR until it reached its peak of 5.50% in July 2023.

While long-term interest rates initially rose in tandem with the increases to the FFTR through the middle part of 2022, they trended lower than short-term rates during the second half of 2022. Long-term rates generally maintained this lower level relative to short-term rates throughout 2023 and the first two quarters of 2024, which was generally negative for banks' net interest income and net interest margins during that time period.

On September 19, 2024, the FOMC lowered the FFTR by 50 basis points bringing the FFTR to 5.00% as of September 30, 2024. The FOMC also issued commentary to lead many in the market to believe additional rate cuts in the near term are forthcoming. Management currently believes the 50-basis-point decrease to the FFTR in September 2024 will be beneficial to the Company's net interest income and net interest margin in the near term. Management also believes that any future reductions to the FFTR will likely not benefit the Company's net interest income and net interest margin. The amount of such impact to the Company's net interest income and net interest margin resulting from the most recent change and any future changes to the FFTR will be dependent upon many factors including, but not limited to, the magnitude of the continuing shift from noninterest-bearing deposits into interest-bearing deposits, the actual steepness and shape of the yield curve, future demand for the Company's financial products, the Company's ability to lower its deposit costs in conjunction with, and in line with the magnitude to, the decreases to the FFTR, as well as the Company's overall future liquidity needs.

Total Company net interest income was $71.3 million during the third quarter of 2024 compared to $64.8 million during the third quarter of 2023, representing a $6.5 million or 10% increase. The Total Company net interest margin increased 14 basis points to 4.49% during the third quarter of 2024 compared to 4.35% during the third quarter of 2023.

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

Traditional Banking segment

The Traditional Bank's net interest income was $51.0 million for the third quarter of 2024, a $3.5 million, or 7%, increase from $47.5 million during the third quarter of 2023 and was driven generally by period-over-period growth in average interest-earning assets and a higher net interest margin. The increase in the Traditional Bank's total dollars of net interest income represented the second consecutive quarter-over-same-quarter-last-year increase following two consecutive quarterly declines in net interest income for the fourth quarter of 2023 and the first quarter of 2024.

The Traditional Bank's NIM increased from 3.52% during the third quarter of 2023 to 3.61% during the third quarter of 2024. This increase represented the first rise in the Traditional Bank's quarter-over-same-quarter-last-year NIM since the second quarter of 2023. The increase in the Traditional Bank's NIM occurred as the rise in its interest-earning asset yields outpaced the rise in its funding costs. While the Traditional Bank's cost of interest bearing liabilities did demonstrate a notable increase of 40 basis points from the third quarter of 2023 to the third quarter of 2024, the pace of the increase on a linked-quarter basis began to slow meaningfully during the second quarter of 2024, growing 117 basis points from the first quarter of 2024 to the second quarter of 2024 and only 73 basis points from the second quarter of 2024 to the third quarter of 2024.

Additional items of note impacting the Traditional Bank's change in net interest income and NIM between the third quarter of 2023 and the third quarter of 2024 were as follows:

- Traditional Bank average loans grew from $4.4 billion with a weighted-average yield of 5.23% during the third quarter of 2023 to $4.6 billion with a weighted average yield of 5.63% during the third quarter of 2024. In general, the growth in average loan balances was primarily attributable to loan growth achieved during the last three months of 2023, as the spot balances for Traditional Bank loans decreased $52 million, or 1%, from December 31, 2023 to September 30, 2024. *For additional discussion of the stricter pricing strategy for new loan originations, see section titled "Loan Portfolio" in the "COMPARISON OF FINANCIAL CONDITION" of this document*.

- Average interest-earning cash, which is managed as a separate but complementary component of the Traditional Bank's overall investment portfolio, was $458 million with a weighted-average yield of 5.36% during the third quarter of 2024 compared to $178 million with a weighted-average yield of 5.38% for the third quarter of 2023.

  The increase in average interest-earning cash was a strategic decision primarily resulting from the inverted yield curve as the yield for overnight cash remained a more appealing option throughout the first nine months of 2024 than longer-term investment alternatives. Additionally, management also chose to maintain supplemental on-balance sheet liquidity during the first nine months of the year, above required minimums, in response to the uncertainty of the economic environment.

- Average investments were $593 million with a weighted-average yield of 3.20% during the third quarter of 2024 compared to $771 million with a weighted-average yield of 2.75% for the third quarter of 2023. As noted above, the more attractive yield for cash generally led to a decrease in the Traditional Bank's average investments throughout 2024. Overall, the Traditional Bank continued to maintain an investment portfolio with a short overall duration as part of its total balance sheet interest rate risk management strategy.

- Further segmenting the Traditional Bank's increased cost of interest-bearing liabilities:

  - The weighted-average cost of total interest-bearing deposits increased from 2.09% during the third quarter of 2023 to 2.77% for the third quarter of 2024, while average interest-bearing deposits grew $506 million over the same periods. Included within this $506 million of growth in interest-bearing deposits was a $145 million increase in the average balances for higher-costing, short-term brokered deposits and third-party listing service deposits, which the Traditional Bank utilized for excess liquidity purposes.

  - The average balance of FHLB borrowings decreased from $442 million for the third quarter of 2023 to $388 million for the third quarter of 2024. In addition, the weighted-average cost of these borrowings decreased from 4.85% to 4.41% for the same time periods. The decrease in the average balance of borrowings was driven by the above noted growth in period-to-period average interest-bearing deposits, while the decrease in the overall weighted-average cost of FHLB borrowings resulted from term-extension strategies to take advantage of the inverted yield curve during the period.

- Average noninterest-bearing deposits decreased $178 million from the third quarter of 2023 to the third quarter of 2024. The decline in noninterest-bearing deposits continued a trend dating back to the fourth quarter of 2022, as the inverted yield curve and competition for deposits continued to make interest-bearing deposits a more attractive on-going alternative for consumer and business deposit accounts.

Management believes that any future reductions to the FFTR will likely not benefit the Traditional Bank's net interest income and net interest margin. The amount of such impact to the Traditional Bank's net interest income and net interest margin resulting from the most recent change and any future changes to the FFTR will be dependent upon many factors including, but not limited to, the magnitude of the continuing shift from noninterest-bearing deposits into interest-bearing deposits, the actual steepness and shape of the yield curve, future demand for the Company's financial products, the Company's ability to lower its deposit costs in conjunction with, and in line with the magnitude to, the decreases to the FFTR, as well as the Company'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

Net interest income within Warehouse increased $1.1 million, or 45%, from the third quarter of 2023 to the third quarter of 2024. The rise in Warehouse net interest income was primarily driven by a 37-basis point increase in its net interest margin as its loan yields increased by 33 basis points from period-to-period, while its internally assigned net FTP funding costs decreased 8 basis points for the same period. The expansion in Warehouse loan yield over its cost of funds was generally driven by an improvement in pricing with some clients resulting from their annual line of credit renewals.

In addition to the improvement in net interest margin, Warehouse balances increased from $458 million during the third quarter of 2023 to $595 million for the third quarter of 2024. During these same periods, average committed Warehouse lines declined from $1.0 billion to $940 million from September 30, 2023 to September 30, 2024, while a decline in long-term interest rates during the quarter caused an up-tick in demand and average usage rates for Warehouse lines from 42% for the third quarter of 2023 to 56% for the third quarter of 2024.

Because consumer mortgage demand drives the usage of Warehouse lines of credit, overall line usage for the Warehouse segment has been sensitive, historically, to changes in interest rates on the long end of the yield curve. As a result, a decreasing interest rate environment for the long end of the yield curve could positively impact Warehouse demand if the long term interest rate declines are substantial. Alternatively, if interest rates only decline substantially on the short-end of the yield curve, Warehouse demand would not likely be materially impacted.

Republic Payment Solutions

Net interest income from the Company’s prepaid card division decreased $1.3 million from the third quarter of 2023 to the third quarter of 2024. During the quarter, RPS earned a slightly lower yield of 4.91% applied to the $351 million average of prepaid program balances for the third quarter of 2024 compared to a yield of 4.97% for the $343 million in average prepaid card balances for the third quarter of 2023. In addition, net interest income at RPS was also negatively impacted by a $1.3 million charge to interest expense for a revenue sharing arrangement that began in January 2024.

Overall customer demand for the RPS segment has historically not been interest rate sensitive and therefore management does not believe a changing interest rate environment would impact origination volume for its prepaid card products. A decreasing interest rate environment, however, would likely negatively impact the Company’s internal FTP credit more than it would impact the revenue share the Company pays for the product, decreasing the segment's net interest margin. The exact amount of impact for either scenario would depend on the final internal FTP credit assigned, as well as the overall volume of balances, as the revenue share payouts are also based on overall balances tiers.

Republic Credit Solutions segment

RCS’s net interest income increased $3.1 million, or 30%, from the third quarter of 2023 to the third quarter of 2024. The increase was driven primarily by an increase in fee income from RCS’s LOC II product as net interest income increased $2.4 million to $7.7 million from the third quarter of 2023 to the third quarter of 2024. The rise in net interest income for this LOC product was driven primarily by a period-to-period increase in average outstanding loan balances of approximately $8 million.

Overall customer demand for the RCS segment’s products has historically not been interest rate sensitive and therefore management does not believe a changing interest rate environment would materially impact origination volume for its various consumer loan products. A decreasing interest rate environment likely would positively impact the Company’s internal FTP cost allocated to this segment, which would increase the NIM for the segment. The exact amount of the impact would depend on the final internal FTP cost assigned, as well as the overall volume and mix of loans the segment generates.

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

Table 1 — Total Company Average Balance Sheets and Interest Rates

(dollars in thousands)	Three Months Ended September 30, 2024 Average Balance	Interest	Average Rate	Three Months Ended September 30, 2023 Average Balance	Interest	Average Rate
ASSETS						
Interest-earning assets:						
Federal funds sold and other interest-earning deposits	$ 457,797	$ 6,172	5.36 %	$ 177,003	$ 2,395	5.41 %
Investment securities, including FHLB stock (a)	593,449	4,780	3.20	771,453	5,298	2.75
RCS LOC products (b)	46,805	12,935	109.94	37,319	9,762	104.63
Other RPG loans (c) (f)	106,634	2,133	7.96	99,036	2,079	8.40
Outstanding Warehouse lines of credit (d) (f)	528,363	10,672	8.04	423,141	8,154	7.71
All other Core Bank loans (e) (f)	4,579,371	64,854	5.63	4,446,585	58,180	5.23
Total interest-earning assets	6,312,419	101,546	6.40	5,954,537	85,868	5.77
Allowance for credit losses	(81,567)			(73,438)		
Noninterest-earning assets:						
Noninterest-earning cash and cash equivalents	82,969			96,303		
Premises and equipment, net	33,319			34,013		
Bank owned life insurance	105,974			102,825		
Other assets (a)	258,704			220,595		
Total assets	$ 6,711,818			$ 6,334,835		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction accounts	$ 1,754,355	$ 5,882	1.33 %	$ 1,455,193	$ 3,719	1.02 %
Money market accounts	1,215,354	10,770	3.53	905,089	6,391	2.82
Time deposits	390,413	3,952	4.03	328,071	2,706	3.30
Reciprocal money market and time deposits	372,725	4,030	4.30	281,277	2,748	3.91
Brokered deposits	87,231	1,168	5.33	7,222	100	5.54
Total interest-bearing deposits	3,820,078	25,802	2.69	2,976,852	15,664	2.08
SSUARs and other short-term borrowings	73,660	141	0.76	90,063	29	0.13
Federal Home Loan Bank advances and other long-term borrowings	387,989	4,298	4.41	441,543	5,350	4.85
Total interest-bearing liabilities	4,281,727	30,241	2.81	3,508,458	21,043	2.40
Noninterest-bearing liabilities and Stockholders' equity:						
Noninterest-bearing deposits	1,313,207			1,794,874		
Other liabilities	140,761			133,237		
Stockholders' equity	976,123			898,266		
Total liabilities and stockholders' equity	$ 6,711,818			$ 6,334,835		
Net interest income		$ 71,305			$ 64,825	
Net interest spread			3.59 %			3.37 %
Net interest margin			4.49 %			4.35 %

a) *For the purpose of this calculation, the fair market value adjustment on debt securities is included as a component of other assets.*
b) *Interest income for Refund Advances and RCS line-of-credit products is composed entirely of loan fees.*
c) *Interest income includes loan fees of $0 and $0 for the three months ended September 30, 2024 and 2023.*
d) *Interest income includes loan fees of $392,000 and $254,000 for the three months ended September 30, 2024 and 2023.*
e) *Interest income includes loan fees of $1.5 million and $1.7 million for the three months ended September 30, 2024 and 2023.*
f) *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.*

Table 2 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 2 — Total Company Volume/Rate Variance Analysis

	Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023		
	Total Net	Increase / (Decrease) Due to	
(in thousands)	**Change**	**Volume**	**Rate**
Interest income:			
Federal funds sold and other interest-earning deposits	$ 3,777	$ 3,786	$ (9)
Investment securities, including FHLB stock	(518)	(1,348)	830
TRS Refund Advance loans	—	—	—
RCS LOC products	3,173	2,600	573
Other RPG loans	54	155	(101)
Outstanding Warehouse lines of credit	2,518	2,113	405
All other Core Bank loans	6,674	1,784	4,890
Net change in interest income	15,678	9,090	6,588
Interest expense:			
Transaction accounts	2,163	863	$ 1,300
Money market accounts	4,379	2,520	1,859
Time deposits	1,246	570	676
Reciprocal money market and time deposits	1,282	968	314
Brokered deposits	1,068	1,072	(4)
SSUARs and other short-term borrowings	112	(6)	118
Federal Home Loan Bank advances	(1,052)	(619)	(433)
Net change in interest expense	9,198	5,368	3,830
Net change in net interest income	$ 6,480	$ 3,722	$ 2,758

Provision

Total Company Provision was a net charge of $5.7 million for the third quarter of 2024 compared to a net charge of $3.7 million for the same period in 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 quarter of 2024 was a net charge of $1.5 million compared to a net charge of $1.6 million for the third quarter of 2023.

The net charge of $1.5 million during the third quarter of 2024 was primarily driven by the following:

- The Traditional Bank recorded a net credit to the Provision of $315,000 during the third quarter of 2024 primarily related to a decline in Traditional Bank loan balances, which decreased by $22 million for the quarter.
- The Traditional Bank recorded a loan loss Provision of $1.9 million for the charge-off of three linked, broker-related marine loans. The Company discontinued originating broker-related marine loans during the third quarter of 2024. As of September 30, 2024, the Bank had $4.9 million of broker-related marine loans remaining in its loan portfolio.

The net charge of $1.6 million during the third quarter of 2023 was primarily driven by the following:

- The Traditional Bank recorded a net charge to the Provision of $1.6 million primarily for general formula reserves applied to $101 million of Traditional Bank loan growth for the quarter.

As a percentage of total Traditional Bank loans, the Traditional Banking ACLL was 1.30% as of September 30, 2024 compared to 1.28% as of December 31, 2023 and 1.27% as of September 30, 2023. The Company believes, based on information presently available, that it has adequately provided for Traditional Banking loan losses as of September 30, 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

Warehouse recorded a net charge to the Provision of $116,000 for the third quarter of 2024 compared to a net credit of $203,000 for the same period in 2023. Provision for both periods reflected changes in general reserves consistent with changes in outstanding period-end balances. Outstanding Warehouse period-end balances increased $46 million during the third quarter of 2024 compared to a decrease of $81 million during the third quarter of 2023.

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

Tax Refund Solutions segment

TRS recorded a net credit to the Provision of $2.3 million during the third quarter of 2024 compared to a net credit of $2.0 million for the same period in 2023. Substantially all TRS Provision in both periods was related to its RA product.

RAs related to the first quarter 2024 tax filing season were only originated during December of 2023 and the first two months of 2024, while RAs related to the first quarter 2023 tax filing season were only originated during December of 2022 and the first two months of 2023. 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. RAs collected during the second half of a year are recorded as recoveries of previously charged-off loans, unless they are 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.

TRS’s incurred loss rate for RAs as of September 30, 2023 was 3.09% of total originations and it finished 2023 with a final RA loss rate of 2.84% of total RAs originated. As of September 30, 2024, TRS’s incurred loss rate related to RAs that were associated with the first quarter 2024 tax filing season was 3.40% of the $874 million of the total loans originated during December 2023 and the first two months of 2024.

For factors affecting the comparison of the TRS results of operations for the third quarter of 2024 and the third quarter of 2023, see section titled *“OVERVIEW (Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 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.”

Republic Credit Solutions segment

As illustrated in Table 3 below, RCS recorded a net charge to the Provision of $6.4 million during the third quarter of 2024 compared to a net charge to the Provision of $4.3 million for the same period in 2023. The increase in the Provision was driven primarily by a $1.5 million increase in net charge-offs for RCS’s LOC II product. The 83% increase in net charge-offs within the LOC II product for the third quarter of 2024 was generally in-line with the 47% increase in average outstanding balances for the same periods.

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 15.70% as of September 30, 2024, 13.82% as of December 31, 2023, and 13.00% as of September 30, 2023. The segment continued to experience a change in loan mix, growing in categories with higher loan loss reserve requirements thus driving its higher ACLL for the quarter. The Company believes, based on information presently available, that it has adequately provided for RCS loan losses as of September 30, 2024.

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

Table 3 — RCS Provision by Product

(dollars in thousands)	Three Months Ended Sep. 30, 2024	Three Months Ended Sep. 30, 2023	$ Change	% Change
Product:				
Lines of credit	$ 6,351	$ 4,320	$ 2,031	47 %
Healthcare receivables	14	13	1	8
Total	$ 6,365	$ 4,333	$ 2,032	47 %

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Table 4 — Summary of Loan and Lease Loss Experience

(dollars in thousands)	Three Months Ended September 30, 2024	2023
ACLL at beginning of period	$ 80,687	$ 72,202
CBank Fair Value Adjustment	—	—
Charge-offs:		
Traditional Banking:		
Residential real estate	(10)	(9)
Lease financing receivables	(32)	—
Home equity	(29)	—
Consumer	(2,237)	(323)
Total Traditional Banking	(2,308)	(332)
Warehouse lines of credit	—	—
Total Core Banking	(2,308)	(332)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	—	—
Other TRS loans	—	—
Republic Credit Solutions	(5,022)	(3,340)
Total Republic Processing Group	(5,022)	(3,340)
Total charge-offs	(7,330)	(3,672)
Recoveries:		
Traditional Banking:		
Residential real estate	25	24
Commercial real estate	313	7
Commercial & industrial	1	7
Lease financing receivables	24	10
Home equity	10	1
Consumer	131	80
Total Traditional Banking	504	129
Warehouse lines of credit	—	—
Total Core Banking	504	129
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	2,311	1,939
Other TRS commercial & industrial loans	—	29
Republic Credit Solutions	327	219
Total Republic Processing Group	2,638	2,187
Total recoveries	3,142	2,316
Net loan recoveries (charge-offs)	(4,188)	(1,356)
Provision - Core Bank Loans	1,604	1,364
Provision - RPG Loans	4,055	2,366
Total Provision for All Loans	5,659	3,730
ACLL at end of period	$ 82,158	$ 74,576
Credit Quality Ratios - Total Company:		
ACLL to total loans	1.55 %	1.47 %
ACLL to nonperforming loans	420	389
Net loan charge-offs (recoveries) to average loans	0.32	0.11
Credit Quality Ratios - Core Banking:		
ACLL to total loans	1.18 %	1.17 %
ACLL to nonperforming loans	315	320
Net loan charge-offs (recoveries) to average loans	0.14	0.02

Table 5 — 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, 2024	2023
Traditional Banking:		
Residential real estate:		
Owner-occupied	(0.01)%	(0.01)%
Nonowner-occupied	—	—
Commercial real estate	—	—
Construction & land development	—	—
Commercial & industrial	—	(0.01)
Lease financing receivables	0.04	(0.05)
Aircraft	—	—
Home equity	0.02	—
Consumer:		
Credit cards	0.24	0.30
Overdrafts	80.85	89.88
Automobile loans	(9.87)	3.78
Other consumer	72.14	0.41
Total Traditional Banking	0.16	0.02
Warehouse lines of credit	—	—
Total Core Banking	0.14	0.02
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances*	NM	NM
Other TRS commercial & industrial loans	NM	NM
Republic Credit Solutions	3.40	2.45
Total Republic Processing Group	1.73	0.91
Total	0.32 %	0.11 %

* *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 0.11% during the third quarter of 2023 to 0.32% during the third quarter of 2024, with net charge-offs increasing $2.8 million, or 209%, and average total Company loans increasing $255 million, or 5%. The increase in net charge-offs was primarily driven by $1.9 million of charge-offs within the Traditional Bank's broker-related marine product. The net charge-offs within broker-related marine portfolio were isolated to three linked loans. As previously noted, the Company discontinued the origination of this product during the third quarter of 2024 and had $4.9 million broker-related marine loans remaining in its loan portfolio as of September 30, 2024.

In addition to the increase in net charge-offs within the Traditional Bank, the Company also experienced a $1.5 million increase in net charge-offs within the LOC II product of the Company's RCS operations. As previously noted, the net charge-offs within LOC II product was primarily driven by a similar increase in the average outstanding balances for the product. RCS's line of credit products generally include significantly higher risk lending activities than the Company's Core Banking operations.

Noninterest Income

Total Company noninterest income increased $2.5 million during the third quarter of 2024 compared to the same period in 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 $1.1 million, or 11%, from the third quarter of 2023 compared to the third quarter of 2024. The increase in noninterest income was primarily driven by a $1.2 million increase in mortgage banking income, which resulted from a reduction in long-term interest rates during the third quarter of 2024 leading to an up-tick in consumer loan demand for 15- and 30-year fixed rate mortgage loans. Altogether, the Core Bank experienced a $47.5 million, or 99%, increase in fixed-rate, secondary market loan rate-lock applications from the third quarter of 2023 to the third quarter of 2024.

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, 2024 and 2023 were $2.0 million and $1.9 million. The total daily overdraft charges, net of refunds, included in interest income for the three months ended September 30, 2024 and 2023 were $328,000 and $327,000.

R**epublic Credit Solutions segment**

RCS's noninterest income increased $813,000, or 24%, during the third quarter of 2024 compared to the same period in 2023, with program fees representing the entirety of RCS's noninterest income. The increase in program fees at RCS primarily reflected higher sales volume from RCS's LOC II and installment products. Proceeds from the sale of RCS's LOC II product totaled $163 million for the third quarter of 2024, compared to $133 million for the third quarter of 2023. Proceeds from the sale of RCS's installment product totaled $47 million for the third quarter of 2024, compared to $33 million for the third quarter of 2023.

The following table presents RCS program fees by product:

Table 6 — RCS Program Fees by Product

(dollars in thousands)	Three Months Ended Sep. 30, 2024	Three Months Ended Sep. 30, 2023	$ Change	% Change
Product:				
Lines of credit	$ 2,955	$ 2,335	$ 620	27 %
Healthcare receivables	46	50	(4)	(8)
Installment loans*	1,175	951	224	24
Total	$ 4,176	$ 3,336	$ 840	25 %

* *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 $241,000 during the third quarter of 2024 compared to the same period in 2023.

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

Traditional Banking segment

Traditional Banking noninterest expense decreased $234,000, or 1%, for the third quarter of 2024 compared to the same period in 2023. Notable line-item variances within the noninterest expense category included:

- Salaries and benefits decreased $221,000 as a 40-count reduction in Traditional Bank FTEs from September 30, 2023 to September 30, 2024 was able to substantially offset the increase in salaries over the same periods resulting from annual merit increases.

- Technology expenses declined $358,000 from period-to-period, primarily the result of a $450,000 credit the Traditional Bank received during the third quarter of 2024 for a contract billing dispute with one of its technology providers.

Republic Credit Solutions segment

Noninterest expense at the RCS segment increased $144,000, or 5%, during the third quarter of 2024 compared to the same period in 2023. The most notable items driving this increase were in the LOC II product, including a $377,000 increase in third-party servicing costs for growth in the product and an $88,000 increase in marketing and development expenses related to the Company's share of these expenses based on overall origination volume. 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.

OVERVIEW (Nine months ended September 30, 2024 Compared to Nine months ended September 30, 2023)

Total Company net income for the first nine months of 2024 was $82.4 million, an $11.6 million, or 16%, increase from the same period in 2023. Diluted EPS increased to $4.24 for the first nine months of 2024 compared to $3.60 for the same period in 2023. The increase in net income primarily reflected the following:

Traditional Banking segment

- Net income increased $8.9 million, or 28%, for the first nine months of 2024 compared to the same period in 2023.
- Net interest income increased $2.8 million, or 2%, for the first nine months of 2024 compared to the same period in 2023.
- Provision was a net charge of $2.8 million for the first nine months of 2024 compared to a net charge of $6.4 million for the same period in 2023.
- Noninterest income decreased $255,000, or 1%, for the first nine months of 2024 compared to the same period in 2023.
- Noninterest expense decreased $5.0 million, or 4%, for the first nine months of 2024 compared to the same period in 2023.
- Total Traditional Bank loans decreased $52 million, or 1%, during the first nine months of 2024.
- Total nonperforming loans to total loans for the Traditional Banking segment was 0.42% as of September 30, 2024 compared to 0.41% as of December 31, 2023.
- Delinquent loans to total loans for the Traditional Banking segment was 0.22% as of September 30, 2024 compared to 0.18% as of December 31, 2023.
- Total Traditional Bank deposits increased $254 million from December 31, 2023 to $4.6 billion as of September 30, 2024.

Warehouse

- Net income increased $751,000, or 22%, for the first nine months of 2024 compared to the same period in 2023.
- Net interest income increased $1.6 million, or 22%, for the first nine months of 2024 compared to the same period in 2023.
- The Warehouse Provision was a net charge of $639,000 for the first nine months of 2024 compared to a net charge of $134,000 for the same period in 2023.
- Average committed Warehouse lines declined to $936 million for the first nine months of 2024 from $1.0 billion for first nine months of 2023.
- Average line usage was 47% during the first nine months of 2024 compared to 41% during the same period in 2023.

Tax Refund Solutions segment

- Net income increased $370,000, or 3%, for the first nine months of 2024 compared to the same period in 2023.
- Net interest income increased $3.4 million, or 12%, for the first nine months of 2024 compared to the same period in 2023.
- Total RA originations were $771 million during the first nine months of 2024 compared to $737 million for the first nine months of 2023. 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 2024 and 2023, TRS originated $ 103 million of ERAs during the 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 fourth quarter of 2022 related to the anticipated filing of tax returns for the first quarter of 2023.
- Overall, TRS recorded a net charge to the Provision of $22.3 million during the first nine months of 2024 compared to a net charge to the Provision of $19.6 million for the same period in 2023.
- Noninterest income decreased $464,000 for the first nine months of 2024 compared to the same period in 2023.
- Net RT revenue decreased $315,000 for the first nine months of 2024 compared to the same period in 2023.
- Noninterest expense was $8.8 million for the first nine months of 2024 compared to $9.2 million for the same period in 2023.

Republic Payment Solutions segment

- Net income decreased $1.7 million for the nine months of 2024 compared to the same period in 2023.
- Net interest income decreased $2.3 million for the nine months of 2024 compared to the same period in 2023.
- Noninterest income was $2.5 million for the first nine months of 2024 compared to $2.2 million for the first nine months of 2023.
- Noninterest expense was $2.9 million for the first nine months of 2024 compared to $2.7 million for the first nine months of 2023.

Republic Credit Solutions segment

- Net income increased $3.3 million, or 23%, for the first nine months of 2024 compared to the same period in 2023.
- Net interest income increased $9.3 million, or 33%, for the first nine months of 2024 compared to the same period in 2023.
- Overall, RCS recorded a net charge to the Provision of $15.7 million during the first nine months of 2024 compared to a net charge of $10.5 million for the same period in 2023.
- Noninterest income increased $2.2 million, or 25%, from the first nine months of 2023 to the first nine months of 2024.
- Noninterest expense was $10.4 million for the first nine months of 2024 and $8.4 million for the same period in 2023.
- Total nonperforming loans to total loans for the RCS segment was 0.12% as of September 30, 2024 compared to 1.11% as of December 31, 2023.
- Delinquent loans to total loans for the RCS segment was 8.10% as of September 30, 2024 compared to 10.51% as of December 31, 2023.

RESULTS OF OPERATIONS (Nine months ended September 30, 2024 Compared to Nine months ended September 30, 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.

A large amount of the Company's financial instruments track closely with, or are primarily indexed to, either the FFTR, Prime, or SOFR. These 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 beginning in March 2022 repeatedly increasing the FFTR until it reached its peak of 5.50% in July 2023.

While long-term interest rates initially rose in tandem with the increases to the FFTR through the middle part of 2022, they trended lower than short-term rates during the second half of 2022. Long-term rates generally maintained this lower level relative to short-term rates throughout 2023 and the first two quarters of 2024, which was generally negative for banks' net interest income and net interest margins during that time period.

On September 19, 2024, the FOMC lowered the FFTR by 50 basis points bringing the FFTR to 5.00% as of September 30, 2024. The FOMC also issued commentary to lead many in the market to believe additional rate cuts in the near term are forthcoming. Management currently believes the 50-basis-point decrease to the FFTR in September 2024 will be beneficial to the Company's net interest income and net interest margin in the near term. Management also believes that any future reductions to the FFTR will likely not benefit the Company's net interest income and net interest margin. The amount of such impact to the Company's net interest income and net interest margin resulting from the most recent change and any future changes to the FFTR will be dependent upon many factors including, but not limited to, the magnitude of the continuing shift from noninterest-bearing deposits into interest-bearing deposits, the actual steepness and shape of the yield curve, future demand for the Company's financial products, the Company's ability to lower its deposit costs in conjunction with, and in line with the magnitude to, the decreases to the FFTR, as well as the Company's overall future liquidity needs.

Total Company net interest income was $236.8 million during the first nine months of 2024 and represented an increase of $14.8 million from the first nine months of 2023. Total Company net interest margin decreased to 4.92% during the first nine months of 2024 from 5.09% for the first nine months of 2023.

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

Traditional Banking segment

The Traditional Bank's net interest income increased $2.8 million, or 2%, for the first nine months of 2024 compared to the same period in 2023. Traditional Banking's net interest margin was 3.49% for the first nine months of 2024, a decrease of 29 basis points from the first nine months of 2023.

The increase in the Traditional Bank's net interest income during the first nine months of 2024 was primarily attributable to the following factors:

- Traditional Bank average loans grew from $4.2 billion with a weighted-average yield of 4.95% during the first nine months of 2023 to $4.6 billion with a weighted average yield of 5.55% during the first nine months of 2024. In general, the growth in average loan balances was primarily attributable to loan growth achieved during the last three months of 2023, as the spot balances for Traditional Bank loans decreased $52 million, or 1%, from December 31, 2023 to September 30, 2024. *For additional discussion of the stricter pricing strategy for new loan originations, see section titled "Loan Portfolio" in the "COMPARISON OF FINANCIAL CONDITION" of this document*.

- Average interest-earning cash, which is managed as a separate but complementary component of the Company's overall investment portfolio, was $435 million with a weighted-average yield of 5.46% during the first nine months of 2024 compared to $178 million with a weighted-average yield of 4.99% for the first nine months of 2023.

  The increase in average interest-earning cash was a strategic decision primarily resulting from the inverted yield curve as the yield for overnight cash remained a more appealing option throughout the first nine months of 2024 than longer-term investment alternatives. Additionally, management also chose to maintain supplemental on-balance sheet liquidity during the first nine months of the year, above required minimums, in response to the uncertainty of the economic environment.

- Average investments decreased to $665 million with a weighted-average yield of 3.08% during the first nine months of 2024 from $773 million with a weighted-average yield of 2.70 % for the first nine months of 2023. As part of its overall interest rate risk management strategy, the Traditional Bank generally maintains an investment portfolio with a short overall duration. As noted above, the more attractive yield for cash generally led to a decrease in the Traditional Bank's average investments throughout 2024. Overall, the Traditional Bank continued to maintain an investment portfolio with a short overall duration as part of its total balance sheet interest rate risk management strategy.

  - The Traditional Bank's average cost of interest-bearing liabilities increased from 1.32% during the first nine months of 2023 to 2.56% for the first nine months of 2024. The following two bullets further segments this impact in the Traditional Bank's cost of interest-bearing liabilities.

  - The weighted-average cost of total interest-bearing deposits increased from 1.50% during the first nine months of 2023 to 2.75% for the first nine months of 2024. In addition, average interest-bearing deposits increased $638 million from the first nine months of 2023 to the first nine months of 2024. Included within growth in interest-bearing deposits was a $225 million increase in the average balances for higher-cost, short-term brokered deposits and third-party listing service deposits, which the Company utilized for excess liquidity purposes.

  - The average balance of FHLB borrowings increased from $315 million for the first nine months of 2023 to $410 million for the first nine months of 2024. The weighted-average cost of these borrowings decreased from 4.69% to 4.61% for the same time periods.

  - The Traditional Bank's average noninterest-bearing deposits decreased from $1.4 billion during the first nine months of 2023 to $1.2 billion for the first nine months of 2024, as the inverted yield curve and competition for deposits continued to make interest-bearing deposits a more attractive on-going alternative for consumer and business deposit accounts.

Management believes the Traditional Bank could experience a benefit to its net interest income and net interest margin during the fourth quarter of 2024 resulting from the decrease to the FFTR The amount of this benefit, if any, will be dependent upon several factors including, but not limited to, the magnitude of the continuing shift from noninterest-bearing deposits into interest-bearing deposits, the actual steepness and shape of the yield curve, future demand for the Company's financial products, the Company's ability to lower its deposit costs in conjunction with, and in line with the magnitude to, the decreases to the FFTR, as well as the Company's overall future liquidity needs.

Warehouse

Net interest income within Warehouse rose $1.6 million, or 22%, from the first nine months of 2023 to the first nine months of 2024, driven primarily by an increase in the Warehouse net interest margin, which increased 27 basis points from 2.37% during the first nine months of 2023 to 2.64% during the first nine months of 2024. The improvement in Warehouse net interest margin occurred as its loan yields increased by 64 basis points from period-to-period, while its internally assigned net FTP funding costs rose 81 basis points for the same period. The expansion in Warehouse loan yield over its cost of funds was generally driven by an improvement in pricing with some clients resulting from their annual line of credit renewals.

Overall average outstanding Warehouse balances also increased from $406 million during the first nine months of 2023 to $442 million for the first nine months of 2024. Average committed Warehouse lines-of-credit decreased from $1.0 billion as September 30, 2023 to $936 million as of September 30, 2024, while average usage rates for Warehouse lines were 47% and 41% during the first nine months of 2024 and 2023.

Because consumer mortgage demand drives the usage of Warehouse lines of credit, overall line usage for the Warehouse segment has historically been sensitive to changes in interest rates on the long end of the yield curve. As a result, a decreasing interest rate environment for the long end of the yield curve could positively impact Warehouse demand if the long term interest rate declines are substantial. Alternatively, if interest rates only decline substantially on the short-end of the yield curve, Warehouse demand would not likely be materially impacted.

Tax Refund Solutions segment

Net interest income within the TRS segment was up $3.4 million from the first nine months of 2023 to the first nine months of 2024. Loan-related interest and fees increased $4.2 million for the period and was generally driven by a 4.75% increase in tax season loan origination volume from period to period. In addition, loan fees included a $560,000 payment received during the second quarter of 2024 representing a Tax Provider yield enhancement for the RA program to help offset the Company's higher funding costs. This yield enhancement was new for the 2024 tax season. The increase in loan interest and fees was partially offset by an $841,000 increase to the segment's cost of funds net of its FTP credit for its deposit accounts.

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 decreased $2.3 million for the first nine months of 2024 compared to the same period in 2023. Overall, RPS earned a higher yield of 5.01% applied to the $362 million average of prepaid program balances for the first nine months of 2024 compared to a yield of 4.43% for the $361 million in average prepaid card balances for the first nine months of 2023. The increase in this higher yield, however, was substantially offset by a $3.1 million charge to interest expense for a new revenue sharing arrangement for the program which began in January 2024.

Overall customer demand for the RPS segment has historically not been interest rate sensitive and therefore management does not believe a changing interest rate environment would impact origination volume for its prepaid card products. A decreasing interest rate environment, however, would likely negatively impact the Company's internal FTP credit more than it would impact the revenue share the Company pays for the product, decreasing the segment's net interest margin. The exact amount of impact for either scenario would depend on the final internal FTP credit assigned, as well as the overall volume of balances, as the revenue share payouts are also based on overall balances tiers.

Republic Credit Solutions segment

RCS's net interest income increased $9.3 million, or 33%, from the first nine months of 2023 to the first nine months of 2024. 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 $9.0 million during the first nine months of 2024 to $22.1 million, an 68% increase compared to the $13.2 million recorded during the first nine months of 2023. As a result, average loan balances outstanding increased by $9.0 million or 64% from the first nine months of 2023 to the first nine months of 2024.

Overall customer demand for the RCS segment's products has historically not been interest rate sensitive and therefore management does not believe a changing interest rate environment would materially impact origination volume for its various consumer loan products. A decreasing interest rate environment likely would positively impact the Company's internal FTP cost allocated to this segment, which would increase the NIM for the segment. The exact amount of the impact would depend on the final internal FTP cost assigned, as well as the overall volume and mix of loans the segment generates.

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

Table 7 — Total Company Average Balance Sheets and Interest Rates

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
(dollars in thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						
Interest-earning assets:						
Federal funds sold and other interest-earning deposits	$ 435,189	$ 17,795	5.46 %	$ 177,292	$ 6,653	5.00 %
Investment securities, including FHLB stock (a)	665,151	15,360	3.08	773,145	15,641	2.70
TRS Refund Advance loans (b)	107,742	35,436	43.93	91,493	31,476	45.87
RCS LOC products (b)	43,398	35,579	109.51	33,783	26,141	103.17
Other RPG loans (c) (f)	120,280	7,455	8.28	113,954	6,621	7.75
Outstanding Warehouse lines of credit (d) (f)	442,217	26,489	8.00	405,546	22,395	7.36
All other Core Bank loans (e) (f)	4,612,204	191,764	5.55	4,215,069	156,351	4.95
Total interest-earning assets	6,426,181	329,878	6.86	5,810,282	265,278	6.09
Allowance for credit loss	(95,352)			(84,415)		
Noninterest-earning assets:						
Noninterest-earning cash and cash equivalents	155,169			167,960		
Premises and equipment, net	33,553			33,411		
Bank owned life insurance	105,138			102,479		
Other assets (a)	254,126			205,828		
Total assets	$ 6,878,815			$ 6,235,545		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction accounts	$ 1,802,805	$ 17,935	1.33 %	$ 1,526,490	$ 8,025	0.70 %
Money market accounts	1,134,374	29,228	3.44	830,731	13,236	2.12
Time deposits	383,626	11,392	3.97	280,715	5,466	2.60
Reciprocal money market and time deposits	339,495	10,776	4.24	171,481	4,469	3.47
Brokered deposits	230,496	9,240	5.35	14,626	562	5.12
Total interest-bearing deposits	3,890,796	78,571	2.70	2,824,043	31,758	1.49
SSUARs and other short-term borrowings	88,140	403	0.61	136,528	451	0.44
Federal Home Loan Bank advances and other long-term borrowings	409,854	14,144	4.61	315,015	11,073	4.69
Total interest-bearing liabilities	4,388,790	93,118	2.83	3,275,586	43,282	1.76
Noninterest-bearing liabilities and Stockholders' equity:						
Noninterest-bearing deposits	1,389,759			1,936,096		
Other liabilities	145,883			133,081		
Stockholders' equity	954,383			890,782		
Total liabilities and stock-holders' equity	$ 6,878,815			$ 6,235,545		
Net interest income		$ 236,760			$ 221,996	
Net interest spread			4.03 %			4.33 %
Net interest margin			4.92 %			5.09 %

a) *For the purpose of this calculation, the fair market value adjustment on debt securities is included as a component of other assets.*
b) *Interest income for Refund Advances and RCS line-of-credit products is composed entirely of loan fees.*
c) *Interest income includes loan fees of $1.2 million and $957,000 for the nine months ended September 30, 2024 and 2023.*
d) *Interest income includes loan fees of $977,000 and $796,000 for the nine months ended September 30, 2024 and 2023.*
e) *Interest income includes loan fees of $4.2 million and $4.2 million for the nine months ended September 30, 2024 and 2023.*
f) *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.*

Table 8 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 8 — Total Company Volume/Rate Variance Analysis

	Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023		
	Total Net	Increase / (Decrease) Due to	
(in thousands)	**Change**	**Volume**	**Rate**
Interest income:			
Federal funds sold and other interest-earning deposits	$ 11,142	$ 11,168	$ (26)
Investment securities, including FHLB stock	(281)	(2,984)	2,703
TRS Refund Advance loans*	3,960	7,373	(3,413)
RCS LOC products	9,438	9,533	(95)
Other RPG loans	834	525	309
Outstanding Warehouse lines of credit	4,094	2,825	1,269
All other Core Bank loans	35,413	20,545	14,868
Net change in interest income	64,600	48,985	15,615
Interest expense:			
Transaction accounts	9,910	2,408	$ 7,502
Money market accounts	15,992	7,720	8,272
Time deposits	5,926	3,053	2,873
Reciprocal money market and time deposits	6,307	5,528	779
Brokered deposits	8,678	8,729	(51)
SSUARs and other short-term borrowings	(48)	(225)	177
Federal Home Loan Bank advances	3,071	4,189	(1,118)
Net change in interest expense	49,836	31,402	18,434
Net change in net interest income	$ 14,764	$ 17,583	$ (2,819)

** 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.*

Provision

Total Company Provision was a net charge of $41.4 million for the first nine months of 2024 compared to a net charge of $36.6 million for the same period in 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 first nine months of 2024 was a net charge of $2.8 million compared to a net charge of $6.4 million for the first nine months of 2023. An analysis of the Provision for the first nine months of 2024 compared to the same period in 2023 follows:

For the first nine months of 2024, the net charge of $2.8 million to the Provision for the Traditional Bank primarily reflected the following:

- The Traditional Bank recorded a net charge to the Provision of $ 545,000 during the first nine months of 2024 related to general formula reserves applied to Traditional Bank loans. While loan balances at the Traditional Bank decreased by $52 million during the first nine months of 2024, the segment continued to experience a change in loan mix, growing in categories with higher loan loss reserve requirements thus driving its higher Provision for the quarter.

- The Traditional Bank recorded a loan loss Provision of $1.9 million for the charge-off of three linked, broker-related marine loans. The Company discontinued originating broker-related marine loans during the third quarter of 2024. As of September 30, 2024, the Bank had $4.9 million of broker-related marine loans remaining in its loan portfolio.

For the first nine months of 2023, the net charge of $6.4 million to the Provision for the Traditional Bank 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.

As a percentage of total Traditional Bank loans, the Traditional Banking ACLL was 1.30% as of September 30, 2024 compared to 1.28% as of December 31, 2023 and 1.27% as of September 30, 2023. The Company believes, based on information presently available, that it has adequately provided for Traditional Banking loan losses as of September 30, 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

Warehouse recorded a net charge to the Provision of $639,000 for the first nine months of 2024 compared to a net charge of $134,000 for the same period in 2023. Provision for both periods reflected changes in general reserves consistent with changes in outstanding period-end balances. Outstanding Warehouse period-end balances increased $255 million during the first nine months of 2024 compared to an increase of $53 million during the first nine months of 2023.

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

Tax Refund Solutions segment

TRS recorded a net charge to the Provision of $22.3 million during the first nine months of 2024 compared to a net charge of $19.6 million for the same period in 2023. Substantially all TRS Provision in both periods was related to its RA product.

RAs related to the first quarter 2024 tax filing season were only originated during December of 2023 and the first two months of 2024, while RAs related to the first quarter 2023 tax filing season were only originated during December of 2022 and the first two months of 2023. 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. RAs collected during the second half of a year are recorded as recoveries of previously charged-off loans, unless they are 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.

TRS's incurred loss rate for RAs as of September 30, 2023 was 2.95% of total originations and it finished 2023 with a final RA loss rate of 2.84% of total RAs originated. As of September 30, 2024, TRS's incurred loss rate related to RAs that were associated with the first quarter 2024 tax filing season was 3.40% of the $874 million of the total loans originated during December 2023 and the first two months of 2024.

Net charge-offs and net Provision were significantly higher for TRS during the first nine months of 2024 compared to the first nine months of 2023 as payments on a year-to-date basis from the US Treasury to pay off RAs and ERAs continued to significantly lag payments received during the same time period in 2023. At this time, management believes the final payment performance for the 2024 Tax Season will remain significantly below the 2023 Tax Season. With all unpaid RAs charged off as of June 30, 2024, any payments received for unguaranteed RAs during the fourth quarter of 2024 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 9 below, RCS recorded a net charge to the Provision of $15.7 million during the first nine months of 2024 compared to a net charge to the Provision of $10.5 million for the same period in 2023. The increase in the Provision was driven primarily by a $4.1 million increase in net charge-offs within the LOC II product, which resulted in a higher reserve percentage being applied to the outstanding balances, and a $419,000 increase in formula reserves applied to the LOC II product. The increase in Provision within the LOC II product was generally in line with the 64% increase in average outstanding loan balances for the same periods.

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 15.70% as of September 30, 2024, 13.82% as of December 31, 2023, and 13.00% as of September 30, 2023. The segment continued to experience a change in loan mix, growing in categories with higher loan loss reserve requirements thus driving its higher ACLL for the quarter. The Company believes, based on information presently available, that it has adequately provided for RCS loan losses as of September 30, 2024.

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

Table 9 — RCS Provision by Product

(dollars in thousands)	Nine Months Ended Sep. 30, 2024	Nine Months Ended Sep. 30, 2023	$ Change	% Change
Product:				
Lines of credit	$ 15,746	$ 10,431	$ 5,315	51 %
Hospital receivables	(4)	37	(41)	(111)
Total	$ 15,742	$ 10,468	$ 5,274	50 %

Table 10 — Summary of Loan and Lease Loss Experience

(dollars in thousands)	Nine Months Ended September 30, 2024	2023
ACLL at beginning of period	$ 82,130	$ 70,413
CBank Initial Recognition of ACLL and Fair Value Adjustment	—	216
Charge-offs:		
Traditional Banking:		
Residential real estate	(62)	(24)
Lease financing receivables	(90)	—
Home equity	(29)	—
Consumer	(2,841)	(878)
Total Traditional Banking	(3,022)	(902)
Warehouse lines of credit	—	—
Total Core Banking	(3,022)	(902)
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	(32,555)	(25,823)
Other TRS commercial & industrial loans	(137)	(128)
Republic Credit Solutions	(13,882)	(9,459)
Total Republic Processing Group	(46,574)	(35,410)
Total charge-offs	(49,596)	(36,312)
Recoveries:		
Traditional Banking:		
Residential real estate	105	50
Commercial real estate	336	66
Commercial & industrial	3	116
Lease financing receivables	46	10
Home equity	11	2
Consumer	305	253
Total Traditional Banking	806	497
Warehouse lines of credit	—	—
Total Core Banking	806	497
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances	6,377	2,411
Other TRS commercial & industrial loans	44	31
Republic Credit Solutions	967	685
Total Republic Processing Group	7,388	3,127
Total recoveries	8,194	3,624
Net loan charge-offs	(41,402)	(32,688)
Provision - Core Banking	3,406	6,545
Provision - RPG	38,024	30,090
Total Provision	41,430	36,635
ACLL at end of period	$ 82,158	$ 74,576
Credit Quality Ratios - Total Company:		
ACLL to total loans	1.55 %	1.47 %
ACLL to nonperforming loans	420	389
Net loan charge-offs to average loans	1.04	0.90
Credit Quality Ratios - Core Banking:		
ACLL to total loans	1.18 %	1.17 %
ACLL to nonperforming loans	315	320
Net loan charge-offs to average loans	0.06	0.01

Table 11 — 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,	
	2024	2023
Traditional Banking:		
Residential real estate:		
Owner occupied	— %	— %
Nonowner occupied	—	—
Commercial real estate	(0.02)	(0.01)
Construction & land development	—	—
Commercial & industrial	—	(0.03)
Lease financing receivables	0.08	(0.04)
Aircraft	—	—
Home equity	—	—
Consumer:		
Credit cards	1.28	0.46
Overdrafts	74.84	84.97
Automobile loans	(0.43)	1.01
Other consumer	0.44	0.22
Total Traditional Banking	0.02	0.01
Warehouse lines of credit	—	—
Total Core Banking	0.06	0.01
Republic Processing Group:		
Tax Refund Solutions:		
Refund Advances*	34.58	32.93
Other TRS loans	0.78	0.67
Republic Credit Solutions	12.19	9.74
Total Republic Processing Group	22.76	18.37
Total	1.04 %	0.90 %

* *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 0.90% during the first nine months of 2023 to 1.04% during the first nine months of 2024, with net charge-offs increasing $8.7 million, or 27%, and average total Company loans increasing $466 million, or 10% over the same periods. As discussed in more detail above, the increase in net charge-offs was primarily driven by a $2.8 million increase in period-over-period net charge-offs within the Company's TRS operations, and a $4.1 million increase in period-over-period net charge-offs within the Company's RCS operations.

The Company's net charge-offs also included a $1.8 million increase in net charge-offs within the Traditional Bank. The increase in net charge-offs within the Traditional Bank was primarily driven by $1.9 million of charge-offs within the Traditional Bank's broker-related marine product. The net charge-offs within marine lending were isolated to three linked loans. As previously noted, the Company discontinued the origination of this product during the third quarter of 2024 and had $4.9 million broker-related marine loans outstanding as of September 30, 2024.

Noninterest Income

Total Company noninterest income increased $1.9 million during the first nine months of 2024 compared to the same period in 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 decreased $255,000, or 1%, for the first nine months of 2024 compared to the same period in 2023, driven primarily by a $1.7 million payment received during the second quarter of 2023 related to a death benefit payment in excess of the cash surrender value for 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, 2024 and 2023 were $5.5 million and $5.3 million. The total daily overdraft charges, net of refunds, included in interest income for the nine months ended September 30, 2024 and 2023 were $928,000 and $937,000.

Tax Refund Solutions segment

TRS's noninterest income decreased $464,000, or 3%, during the first nine months of 2024 compared to the same period in 2023, driven by a 2%, or $315,000, decrease net RT revenue. Net RT revenue for 2024 was negatively impacted by a year-to year decline in payment volume received from the US Treasury, as the number of RTs processed during the first nine months of 2024 declined approximately 3% from the nine months of 2023. In addition, net RT revenue was also negatively impacted comparing the first nine months of 2024 versus the first nine months of 2023 as the volume mix shifted toward Tax Providers with revenue sharing arrangements that were less favorable to Republic.

Republic Credit Solutions segment

RCS's noninterest income increased $2.2 million, or 25%, during the first nine months of 2024 compared to the same period in 2023, with program fees representing the substantial majority of RCS's noninterest income. The increase in program fees at RCS primarily reflected higher sales volume from RCS's LOC II and installment products. Proceeds from the sale of RCS's LOC II product totaled $449 million for the first nine months of 2024, compared to $363 million for the first nine months of 2023. Proceeds from the sale of RCS's installment product totaled $126 million for the first nine months of 2024 compared to $86 million for the first nine months of 2023. The higher sales volume in both products was driven by an increase in marketing activity for the products.

The following table presents RCS program fees by product:

Table 12 — RCS Program Fees by Product

(dollars in thousands)	Nine Months Ended Sep. 30, 2024	Nine Months Ended Sep. 30, 2023	$ Change	% Change
Product:				
Lines of credit	$ 7,789	$ 6,227	$ 1,562	25 %
Hospital receivables	139	147	(8)	(5)
Installment loans*	3,292	2,507	785	31
Total	$ 11,220	$ 8,881	$ 2,339	26 %

* *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 decreased $3.1 million, or 2%, during the first nine months of 2024 compared to the same period in 2023.

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

Traditional Banking segment

Traditional Bank noninterest expense decreased $5.0 million for the first nine months of 2024 compared to the same period in 2023. The following primarily drove the change in noninterest expense:

- Noninterest expenses associated with the acquired CBank operations were $3.6 million across all categories for the first nine months of 2024 and $5.4 million for the first nine months of 2023. 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.

- Legacy Salaries and Benefits expense decreased a net $ 2.0 million, or 3%, to $73.8 million for the first nine months of 2024. The most notable changes within this category were as follows:

  - Direct legacy salaries increased a net $ 1.2 million, or 2%, due primarily to the cost of annual merit increases of approximately 4%, partially offset by a 40-count decrease in the number of FTEs from September 30, 2023 to September 30, 2024.

  - Estimated Legacy incentive compensation accruals decreased $ 2 million due to above noted decrease in FTEs, with a notable number of these associates having annual bonus opportunities.

  - Legacy Employee benefits declined $708,000, or 6%, due primarily to the above noted decrease in the number of FTEs and associated incentive compensation accruals.

- Legacy Marketing expenses declined $ 502,000 primarily due to a reduced focus on media related marketing during the first nine months of 2024.

- Legacy Technology expenses declined $350,000 from period-to-period, primarily the result of a $450,000 credit the Traditional Bank received during the third quarter of 2024 for a contract billing dispute with one of its technology providers.

- Within the other category, provision for off-balance sheet exposures declined by $ 430,000 due to an overall decrease in these unfunded commitments for the first nine months of 2024, while the first nine months of 2023 had an increase in these commitments.

Republic Credit Solutions segment

Noninterest expense at the RCS segment increased $2.0 million, or 24%, during the first nine months of 2024 compared to the same period in 2023. The most notable items driving this increase were in the LOC II product, including a $1.3 million increase in third-party servicing costs for growth in the product and a $1.2 million increase in marketing and development expenses related to the Company's share of these expenses based on overall origination volume. 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.

COMPARISON OF FINANCIAL CONDITION AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 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 $531 million in cash and cash equivalents as of September 30, 2024 compared to $317 million as of December 31, 2023. Comparing average balances for the first nine months of 2024 and 2023, the Company had average interest-earning cash and cash equivalent balances of $458 million for the first nine months of 2024 compared to $177 million for the first nine months of 2023.

The increase in average interest-earning cash was a strategic decision primarily resulting from the inverted yield curve as the yield for overnight cash remained a more appealing option throughout the first nine months of 2024 than longer-term investment alternatives. Additionally, management also chose to maintain supplemental on-balance sheet liquidity during the first nine months of the year, above required minimums, in response to the uncertainty of the economic environment.

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 5.47% during the first nine months of 2024 with a spot balance yield of approximately 5.00% on September 30, 2024. For cash held within the Bank's banking center and ATM networks, the Bank does not earn interest.

Investment Securities

Table 13 — Purchases of Investment Securities

	Nine Months Ended September 30, 2024		
(in thousands)	**Purchase Cost**	**Yield to Maturity**	**Average Life**
Purchases by Class for the Three Months Ended March 31, 2024			
U.S. Government Agencies	$ 50,000	5.58	2.34 yrs
Total	$ 50,000	5.58	2.34 yrs
Purchases by Class for the Three Months Ended June 30, 2024			
U.S. Government Agencies	$ —	— %	— yrs
Total	$ —	—	— yrs
Purchases by Class for the Three Months Ended September 30, 2024			
U.S. Government Agencies	$ 40,000	5.31 %	3.10 yrs
U.S. Treasuries	20,000	4.02	1.02 yrs
Total	$ 60,000	4.88	2.41 yrs
Total Purchases for the Nine Months Ended September 30, 2024	$ 110,000	5.20 %	2.38 yrs

Republic's investment portfolio decreased $192 million from December 31, 2023 to September 30, 2024. The decrease was driven by $276 million in calls and maturities of debt securities and $26 million in paydowns on mortgage-backed securities, which were partially offset by the purchase of $110 million in securities. The Company elected to generally maintain the excess cash it received from the decline in its investment portfolio in interest-earning cash due to its more attractive yield as compared to longer-term investment options.

Loan Portfolio

The composition of the loan portfolio follows:

Table 14 — Loan Portfolio Composition

(dollars in thousands)	September 30, 2024	December 31, 2023	$ Change	% Change
Traditional Banking:				
Residential real estate:				
Owner-occupied	$ 1,046,385	$ 1,144,684	$ (98,299)	(9)%
Nonowner-occupied	326,273	345,965	(19,692)	(6)
Commercial real estate (1)	1,813,303	1,785,289	28,014	2
Construction & land development	247,730	217,338	30,392	14
Commercial & industrial	437,911	464,078	(26,167)	(6)
Lease financing receivables	89,653	88,591	1,062	1
Aircraft	235,327	250,051	(14,724)	(6)
Home equity	341,204	295,133	46,071	16
Consumer:				
Credit cards	16,762	16,654	108	1
Overdrafts	827	694	133	19
Automobile loans	1,340	2,664	(1,324)	(50)
Other consumer	10,181	7,428	2,753	37
Total Traditional Banking	4,566,896	4,618,569	(51,673)	(1)
Warehouse lines of credit*	595,163	339,723	255,440	75
Total Core Banking	5,162,059	4,958,292	203,767	4
Republic Processing Group*:				
Tax Refund Solutions:				
Refund Advances	—	103,115	(103,115)	(100)
Other TRS commercial & industrial loans	302	46,092	(45,790)	(99)
Republic Credit Solutions	134,556	132,362	2,194	2
Total Republic Processing Group	134,858	281,569	(146,711)	(52)
Total loans**	5,296,917	5,239,861	57,056	1
Allowance for credit losses	(82,158)	(82,130)	(28)	0
Total loans, net	$ 5,214,759	$ 5,157,731	$ 57,028	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 September 30, 2024 and December 31, 2023. The approximate percentage of Owner-occupied CRE loans to total CRE loans was 36% and 37%, respectively, for September 30, 2024 and December 31, 2023.

Gross loans increased by $57 million, or 1%, during the first nine months of 2023 to $5.3 billion as of September 30, 2024. The most significant components comprising the change in loans by reportable segment follow:

Traditional Banking segment

Period-end balances for Traditional Banking loans decreased $52 million, or 1%, from December 31, 2023 to September 30, 2024. Primarily driving this change, during the last half of March 2024, Management made the decision to sell $69 million of correspondent loans that were previously classified as held for investment. The sale of these loans was completed during the third quarter of 2024 with the final dollar amount of loans sold being $67 million.

In addition to the loan sale, management has generally implemented a stricter pricing strategy across all loan types due to the inverted yield curve and elevated funding costs in the market. This stricter pricing strategy has led to a general slowdown in overall origination volume across most product types. Management believes it will maintain this stricter pricing strategy as long as the yield curve remains inverted and incremental funding costs remain elevated, most likely causing new loan production to remain well below 2023 levels for the remainder of 2024. It is also possible this stricter pricing policy could cause loan payoffs and paydowns to outpace new originations leading to a decline in the Traditional Bank's loan balances for the fourth quarter of 2024 and potentially 2025 as well.

Warehouse

Outstanding Warehouse period-end balances increased $255 million from December 31, 2023 to September 30, 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 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 usage rates on the Bank's Warehouse lines have ranged from a low of 39% during 2022 to a high of 66% during 2020.

Tax Refund Solutions segment

Outstanding TRS loans decreased $149 million from December 31, 2023 to September 30, 2024 primarily reflecting the substantial paydown and charge-offs of ERAs originated during December 2023. In addition, TRS also received substantial paydowns of commercial loans made during the fourth quarter of 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, 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 remained at $82 million from December 31, 2023 to September 30, 2024. As a percent of total loans, the total Company's ACLL decreased to 1.55% as of September 30, 2024 compared to 1.57% as of December 31, 2023. An analysis of the ACL by reportable segment follows:

Traditional Banking segment

The Traditional Banking ACLL increased approximately $550,000 to $60 million as of September 30, 2024 driven primarily by general formula reserves applied to Traditional Bank loans. While loan balances at the Traditional Bank decreased in total during the first nine months of 2024, 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 reclassed $69 million of correspondent mortgage loans from held for investment into held for sale.

Warehouse

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

Tax Refund Solutions

The TRS ACLL decreased $4 million from December 31, 2023 to $1,000 as of September 30, 2024, with this decrease driven by the September 30, 2024 charge-off of all unpaid RAs originated during December 2023.

Republic Credit Solutions segment

The RCS ACLL increased $3 million to $21 million as of September 30, 2024, with this increase driven by an increase in the RCS LOC II spot loan balances and a change in the RCS loan mix as the outstanding RCS LOC I and healthcare receivables spot loan balances decreased.

RCS maintained an ACLL for two distinct credit products offered as of September 30, 2024, including its line-of-credit products and its healthcare-receivables products. As of September 30, 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 54.69% 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 15 — Management's Allocation of the Allowance for Credit Losses on Loans

	September 30, 2024			December 31, 2023		
(in thousands)	ACLL	Percent of Loans to Total Loans*	Percent of ACLL to Total Loan Class	ACLL	Percent of Loans to Total Loans*	Percent of ACLL to Total Loan Class*
Traditional Banking:						
Residential real estate:						
Owner-occupied	$ 9,417	20 %	0.90 %	$ 10,337	22 %	0.90
Nonowner-occupied	2,906	6	0.89	3,047	7	0.88
Commercial real estate	26,339	35	1.45	25,830	33	1.45
Construction & land development	6,661	5	2.69	6,060	4	2.79
Commercial & industrial	4,012	8	0.92	4,236	9	0.91
Lease financing receivables	1,116	2	1.24	1,061	2	1.20
Aircraft	588	4	0.25	625	5	0.25
Home equity	6,350	6	1.86	5,501	6	1.86
Consumer:	—	—	—			
Credit cards	1,080	—	6.44	1,074	—	6.45
Overdrafts	659	—	79.69	694	—	100.00
Automobile loans	14	—	1.04	32	—	1.20
Other consumer	407	—	4.00	501	—	6.74
Total Traditional Banking	59,549	86	1.30	58,998	88	1.28
Warehouse lines of credit	1,486	11	0.25	847	6	0.25
Total Core Banking	61,035	97	1.18	59,845	94	1.21
Republic Processing Group:						
Tax Refund Solutions:						
Refund Advances	—	—	—	3,929	2	3.81
Other TRS commercial & industrial loans	1	—	0.33	61	1	0.13
Republic Credit Solutions	21,122	3	15.70	18,295	3	13.82
Total Republic Processing Group	21,123	3	15.66	22,285	6	7.91
Total	$ 82,158	100	1.55	$ 82,130	100	1.57

** 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 increased approximately $669,000 during the first nine months of 2024, driven primarily by commercial-purpose loans repaid or upgraded to a Pass rating during the first nine months of 2023.

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 16 — Classified and Special Mention Loans

(dollars in thousands)	September 30, 2024	December 31, 2023	$ Change	% Change
Loss	$ —	$ —	$ —	— %
Doubtful	—	—	—	—
Substandard	20,631	20,253	378	2
PCD - Substandard	1,461	1,699	(238)	(14)
Total Classified Loans	22,092	21,952	140	1
Special Mention	52,042	51,447	595	1
PCD - Special Mention	381	447	(66)	(15)
Total Special Mention Loans	52,423	51,894	529	1
Total Classified and Special Mention Loans	$ 74,515	$ 73,846	$ 669	1 %

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 loan modifications totaling approximately $152,000 and $2 million as of September 30, 2024 and December 31, 2023.

Nonperforming loans to total loans decreased to 0.37% as of September 30, 2024 from 0.39% as of December 31, 2023, as the total balance of nonperforming loans decreased by $1 million, or 5%, while total loans increased $57 million during the first nine months of 2024.

The ACLL to total nonaccrual loans decreased to 424% as of September 30, 2024 from 429% as of December 31, 2023, as the total ACLL increased $28,000 and the balance of nonaccrual loans increased by $231,000.

Table 17 — Nonperforming Loans and Nonperforming Assets Summary

(dollars in thousands)	September 30, 2024	December 31, 2023
Loans on nonaccrual status*	$ 19,381	$ 19,150
Loans past due 90-days-or-more and still on accrual**	164	1,468
Total nonperforming loans	19,545	20,618
Other real estate owned	1,212	1,370
Total nonperforming assets	$ 20,757	$ 21,988
Credit Quality Ratios - Total Company:		
ACLL to total loans	1.55 %	1.57 %
Nonaccrual loans to total loans	0.37	0.37
ACLL to nonaccrual loans	424	429
Nonperforming loans to total loans	0.37	0.39
Nonperforming assets to total loans (including OREO)	0.39	0.42
Nonperforming assets to total assets	0.31	0.33
Credit Quality Ratios - Core Bank:		
ACLL to total loans	1.18 %	1.21 %
Nonaccrual loans to total loans	0.38	0.39
ACLL to nonaccrual loans	315	313
Nonperforming loans to total loans	0.38	0.39
Nonperforming assets to total loans (including OREO)	0.40	0.41
Nonperforming assets to total assets	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 18 — Nonperforming Loan Composition

	September 30, 2024		December 31, 2023	
(dollars in thousands)	Balance	Percent of Total Loan Class	Balance	Percent of Total Loan Class
Traditional Banking:				
Residential real estate:				
Owner-occupied	$ 15,660	1.50 %	$ 15,056	1.32 %
Nonowner-occupied	64	0.02	64	0.02
Commercial real estate	737	0.04	850	0.05
Construction & land development	—	—	—	—
Commercial & industrial	854	0.20	1,221	0.26
Lease financing receivables	134	0.15	—	—
Aircraft	—	—	—	—
Home equity	1,868	0.55	1,948	0.66
Consumer:				
Credit cards	—	—	—	—
Overdrafts	—	—	—	—
Automobile loans	5	0.37	10	0.38
Other consumer	59	0.58	1	0.01
Total Traditional Banking	19,381	0.42	19,150	0.41
Warehouse lines of credit	—	—	—	—
Total Core Banking	19,381	0.38	19,150	0.39
Republic Processing Group:				
Tax Refund Solutions:				
Refund Advances	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—
Republic Credit Solutions	164	0.12	1,468	1.11
Total Republic Processing Group	164	0.12	1,468	0.52
Total nonperforming loans	$ 19,545	0.37 %	$ 20,618	0.39 %

Table 19 — Stratification of Nonperforming Loans

September 30, 2024 (dollars in thousands)	No.	Balance <= $100	No.	Balance > $100 & <= $500	No.	Balance > $500	No.	Total Balance
	Number of Nonperforming Loans and Recorded Investment							
Traditional Banking:								
Residential real estate:								
Owner-occupied	140	$ 5,057	56	$ 8,552	2	$ 2,051	198	$ 15,660
Nonowner-occupied	2	64	—	—	—	—	2	64
Commercial real estate	—	—	1	190	1	547	2	737
Construction & land development	—	—	—	—	—	—	—	—
Commercial & industrial	1	30	3	824	—	—	4	854
Lease financing receivables	1	33	1	101	—	—	2	134
Aircraft	—	—	—	—	—	—	—	—
Home equity	34	1,151	5	717	—	—	39	1,868
Consumer:								
Credit cards	—	—	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—	—	—
Automobile loans	1	5	—	—	—	—	1	5
Other consumer	2	59	—	—	—	—	2	59
Total Traditional Banking	181	6,399	66	10,384	3	2,598	250	19,381
Warehouse lines of credit	—	—	—	—	—	—	—	—
Total Core Banking	181	6,399	66	10,384	3	2,598	250	19,381
Republic Processing Group:								
Tax Refund Solutions:								
Refund Advances	—	—	—	—	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—	—	—	—	—
Republic Credit Solutions	NM	—	—	—	NM	164	NM	164
Total Republic Processing Group	NM	—	—	—	—	164	NM	164
Total	181	$ 6,399	66	$ 10,384	3	$ 2,762	250	$ 19,545

December 31, 2023 (dollars in thousands)	No.	Balance <= $100	No.	Balance > $100 & <= $500	No.	Balance > $500	No.	Total Balance
	Number of Nonperforming Loans and Recorded Investment							
Traditional Banking:								
Residential real estate:								
Owner-occupied	125	$ 4,569	45	$ 7,200	3	$ 3,287	173	$ 15,056
Nonowner-occupied	3	64	—	—	—	—	3	64
Commercial real estate	—	—	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	36	1,236	3	712	—	—	39	1,948
Consumer:								
Credit cards	—	—	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—	—	—
Automobile loans	3	10	—	—	—	—	3	10
Other consumer	1	1	—	—	—	—	1	1
Total Traditional Banking	170	5,941	50	8,442	5	4,767	225	19,150
Warehouse lines of credit	—	—	—	—	—	—	—	—
Total Core Banking	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	—	—	—	NM	1,468	NM	1,468
Total Republic Processing Group	NM	—	—	—	—	1,468	NM	1,468
Total	170	$ 5,941	50	$ 8,442	5	$ 6,235	225	$ 20,618

Table 20 — Roll-forward of Nonperforming Loans

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Nonperforming loans at the beginning of the period	$ 20,541	$ 17,504	$ 20,618	$ 16,318
Loans added to nonperforming status during the period that remained nonperforming at the end of the period	2,007	2,564	5,565	7,345
Loans removed from nonperforming status during the period that were nonperforming at the beginning of the period *(see table below)*	(1,599)	(949)	(3,919)	(3,798)
Principal balance paydowns of loans nonperforming at both period ends	(1,071)	(457)	(1,549)	(997)
Net change in principal balance of other nonperforming loans*	(333)	502	(1,170)	296
Nonperforming loans at the end of the period	$ 19,545	$ 19,164	$ 19,545	$ 19,164

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

Table 21 — Detail of Loans Removed from Nonperforming Status

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Loans charged off	$ —	$ —	$ (13)	$ —
Loans transferred to OREO	—	2	(168)	—
Loan payoffs and paydowns	—	—	(155)	(1,521)
Loans returned to accrual status	(1,599)	(951)	(3,583)	(2,277)
Total loans removed from nonperforming status during the period that were nonperforming at the beginning of the period	$ (1,599)	$ (949)	$ (3,919)	$ (3,798)

Based on the Bank’s review as of September 30, 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 decreased to 0.40% as of September 30, 2024 from 0.42% as of December 31, 2023. Core Bank delinquent loans to total Core Bank loans increased to 0.19% as of September 30, 2024 from 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, 2024 and December 31, 2023 were on nonaccrual status.

Table 22 — Delinquent Loan Composition*

(dollars in thousands)	September 30, 2024 Balance	September 30, 2024 Percent of Total Loan Class	December 31, 2023 Balance	December 31, 2023 Percent of Total Loan Class
Traditional Banking:				
Residential real estate:				
Owner-occupied	$ 7,103	0.68 %	$ 5,803	0.51 %
Nonowner-occupied	—	—	—	—
Commercial real estate	523	0.03	—	—
Construction & land development	—	—	—	—
Commercial & industrial	1,049	0.24	1,360	0.29
Lease financing receivables	36	0.04	18	0.02
Aircraft	—	—	—	—
Home equity	1,110	0.33	767	0.26
Consumer:				
Credit cards	44	0.26	35	0.21
Overdrafts	143	17.29	131	18.88
Automobile loans	—	—	2	0.08
Other consumer	40	0.39	60	0.81
Total Traditional Banking	10,048	0.22	8,176	0.18
Warehouse lines of credit	—	—	—	—
Total Core Banking	10,048	0.19	8,176	0.16
Republic Processing Group:				
Tax Refund Solutions:				
Refund Advances	—	—	—	—
Other TRS commercial & industrial loans	—	—	—	—
Republic Credit Solutions	10,902	8.10	13,916	10.51
Total Republic Processing Group	10,902	8.08	13,916	4.94
Total delinquent loans	$ 20,950	0.40 %	$ 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.*

Table 23 — Roll-forward of Delinquent Loans

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Delinquent loans at the beginning of the period	$ 19,283	$ 15,918	$ 22,092	$ 15,260
Loans that became delinquent during the period - Refund Advances*	—	—	—	—
Loans added to delinquency status during the period and remained in delinquency status at the end of the period	4,678	3,076	5,606	5,668
Loans removed from delinquency status during the period that were in delinquency status at the beginning of the period *(see table below)*	(3,253)	(2,087)	(3,073)	(4,833)
Principal balance paydowns of loans delinquent at both period ends	(738)	(61)	(704)	(52)
Net change in principal balance of other delinquent loans*	980	2,288	(2,971)	3,091
Delinquent loans at the end of period	$ 20,950	$ 19,134	$ 20,950	$ 19,134

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

Table 24 — Detail of Loans Removed from Delinquent Status

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Loans charged off	$ —	$ —	$ (15)	$ (1)
Loans transferred to OREO	—	2	(168)	—
Loan payoffs and paydowns	(360)	—	(640)	(1,629)
Loans paid current	(2,893)	(2,089)	(2,250)	(3,203)
Total loans removed from delinquency status during the period that were in delinquency status at the beginning of the period	$ (3,253)	$ (2,087)	$ (3,073)	$ (4,833)

Deposits

Table 25 — Deposit Composition

(in thousands)	September 30, 2024	December 31, 2023	$ Change	% Change
Core Bank:				
Demand	$ 1,158,108	$ 1,158,051	$ 57	0 %
Money market accounts	1,232,060	1,007,356	224,704	22
Savings	259,076	263,238	(4,162)	(2)
Reciprocal money market	263,602	188,078	75,524	40
Individual retirement accounts (1)	35,555	33,793	1,762	5
Time deposits, $250 and over (1)	118,043	101,787	16,256	16
Other certificates of deposit (1)	241,025	225,614	15,411	7
Reciprocal time deposits (1)	100,888	90,857	10,031	11
Wholesale brokered deposits (1)	87,252	88,767	(1,515)	(2)
Total Core Bank interest-bearing deposits	3,495,609	3,157,541	338,068	11
Total Core Bank noninterest-bearing deposits	1,157,979	1,239,466	(81,487)	(7)
Total Core Bank deposits	4,653,588	4,397,007	256,581	6
Republic Processing Group:				
Wholesale brokered deposits (1)	—	199,960	(199,960)	(100)
Interest-bearing prepaid card deposits	321,681	—	321,681	—
Money market accounts	24,320	18,664	5,656	30
Total RPG interest-bearing deposits	346,001	218,624	127,377	58
Noninterest-bearing prepaid card deposits	—	318,769	(318,769)	(100)
Other noninterest-bearing deposits	102,107	118,763	(16,656)	(14)
Total RPG noninterest-bearing deposits	102,107	437,532	(335,425)	(77)
Total RPG deposits	448,108	656,156	(208,048)	(32)
Total deposits	$ 5,101,696	$ 5,053,163	$ 48,533	1 %

(1) *Includes time deposits*

Total deposits increased $49 million from December 31, 2023 to $5.1 billion as of September 30, 2024. Total Core Bank deposits increased by $257 million, or 6%, from December 31, 2023. Within the Core Bank's deposits, interest-bearing deposits increased $338 million and noninterest-bearing deposits decreased $81 million.

The increase in Core Bank interest-bearing deposits was driven by $225 million of growth in money market deposits and, a $76 million increase in reciprocal money market deposits, and a $16 million increase in time deposits. The growth in money market and reciprocal money market deposits was primarily in exception-priced accounts as well as those products marketed with standard higher offering rates. The growth in savings deposit balances was driven primarily by funds received from a third-party listing service.

During the first nine months of 2024, noninterest-bearing deposit balances continued their downward trend, while interest-bearing categories generally increased. This trend was generally the result of the attractive yields available on interest-bearing deposit accounts as compared to noninterest-bearing alternatives, which provide no yield to the depositor.

RPG Deposits

As previously noted in the Company's 2023 Report on Form 10-K filed on March 14, 2024, RPS began sharing a significant portion of the interest revenue it earns on its prepaid card balances with its prepaid card marketer-servicers during the first quarter of 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.

As a result of all the factors noted above, Management believes the Company is more likely to experience slower overall growth and possibly, a continuing decline in its noninterest-bearing deposits over the foreseeable future.

Federal Home Loan Bank Advances

The Bank's total FHLB advances were $370 million as of September 30, 2024 compared to $380 million as of December 31, 2023. There were no overnight borrowings as of September 30, 2024 compared to $110 million as of December 31, 2023. The Company has utilized FHLB advances over the past year to partially fund its noninterest-bearing deposit outflow and overall loan growth.

During the second quarter of 2024, the Bank elected to extend $100 million of FHLB borrowings during May and June through a third-party, fixed rate swap to take advantage of the inverted yield curve and lower its overall borrowing costs. As a result of this swap, the Bank was able to lock in an annualized cost of 4.42% for this $100 million over a five-year term.

As of September 30, 2024, the Company's $370 million of FHLB advances had a weighted-average maturity of 2.53 years and a weighted-average cost of 4.52%, both including the impact of the related swaps. 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 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.

In addition, as noted in the section above, the Company entered into $100 million of notional amount balance sheet related interest rate swaps during the second quarter of 2024 in order to take advantage of the more attractive long-term pricing resulting from the inverted yield.

See Footnote 12 "Interest Rate Swaps" of Part I Item 1 "Financial Statements" for additional discussion regarding the Bank's interest rate swaps.

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.

Table 26 — Liquid Assets and Borrowing Capacity

The Bank's liquid assets and borrowing capacity included the following:

(in thousands)	September 30, 2024	December 31, 2023
Cash and cash equivalents	$ 530,865	$ 316,567
Unencumbered debt securities	386,013	491,783
Total liquid assets	916,878	808,350
Available borrowing capacity with the FHLB	775,241	730,265
Available borrowing capacity with the Federal Reserve	45,551	53,611
Available borrowing capacity through unsecured credit lines	100,000	100,000
Total available borrowing capacity	920,792	883,876
Total liquid assets and available borrowing capacity	$ 1,837,670	$ 1,692,226

The Company generally carried higher average interest-earning cash balances during the first nine months 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 Bank had a period-end loan-to-deposit ratio (excluding brokered deposits) of 106% as of September 30, 2024 and 106% as of 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 of September 30, 2024, the Bank had approximately $1.0 billion in deposits from 191 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 $1.9 billion, or 37%, of total deposits as of September 30, 2024. The 20 largest non-sweep deposit relationships represented approximately $378 million, or 7%, of the Company's total deposit balances as of as of September 30, 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 purposes, as required by law. As of September 30, 2024 and December 31, 2023, these pledged investment securities had a fair value of $81 million and $100 million.

Capital

Total stockholders' equity increased from $913 million as of December 31, 2023 to $980 million as of September 30, 2024. The increase in stockholders' equity was primarily attributable to net income earned during the first nine months of 2024 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, 2024, RB&T could, without prior approval, declare dividends of approximately $120 million. Any payment of dividends in the future will depend, in large 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 13.87% as of September 30, 2024 and 14.21% as of December 31, 2023. Formal measurements of the capital ratios for Republic and the Bank are performed by the Company at each quarter end.

Table 27 — Capital Ratios (1)

	As of September 30, 2024		As of December 31, 2023	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital to risk-weighted assets				
Republic Bancorp, Inc.	$ 1,028,549	16.99 %	$ 968,844	16.10 %
Republic Bank & Trust Company	980,354	16.21	931,923	15.50
Common equity tier 1 capital to risk-weighted assets				
Republic Bancorp, Inc.	$ 952,798	15.74 %	$ 893,658	14.85 %
Republic Bank & Trust Company	904,679	14.96	856,744	14.25
Tier 1 (core) capital to risk-weighted assets				
Republic Bancorp, Inc.	$ 952,798	15.74 %	$ 893,658	14.85 %
Republic Bank & Trust Company	904,679	14.96	856,744	14.25
Tier 1 leverage capital to average assets				
Republic Bancorp, Inc.	$ 952,798	14.28 %	$ 893,658	13.89 %
Republic Bank & Trust Company	904,679	13.54	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, 2024 and approximately 6 basis points lower than those presented in the table above as of December 31, 2023.

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 deposit and 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.

As of September 30, 2024, a dynamic simulation model was run for interest rate changes from “Down 400” basis points to “Up 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, 2024 and ending September 30, 2025 based on instantaneous movements in interest rates from Down 400 to Up 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 28 — Bank Interest Rate Sensitivity

	Change in Rates							
	-400 Basis Points	**-300 Basis Points**	**-200 Basis Points**	**-100 Basis Points**	**+100 Basis Points**	**+200 Basis Points**	**+300 Basis Points**	**+400 Basis Points**
% Change from base net interest income as of September 30, 2024	1.5 %	2.7 %	(1.3)%	(0.3)%	1.9 %	3.8 %	5.5 %	7.3 %
% 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)%	(4.1)%

Notable changes for the Bank’s interest rate sensitivity projections from December 31, 2023 to September 30, 2024 occurred in all the scenarios. In general, the period-to-period improvements in the up-rate scenarios were generally tied to the Company’s average interest-earning cash balances, which increased from December 2023 to September 2024. As a result, the Bank’s earnings are more sensitive to fluctuations in short-term interest rates. Additionally, a reduction in short-term variable rate borrowings also contributed to the improvement. The benefit from the higher interest-earning cash balances was partially offset by lower projected interest income on loans as loan growth assumptions were lowered based on recent loan growth trends.

In the down rate scenarios, the Company’s interest rate risk position notably 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 also negatively impacted by revisions to the Bank’s deposit beta assumptions, as the Bank was assumed to lower deposit costs in line with decreases in the Fed Funds Target Rate by the FOMC. As a result, many deposit products reached their rate “floor” sooner than in previous simulations, negatively impacting most down rate scenarios as assets begin to reprice more quickly than deposits. The lower net interest income is in the down rate scenarios is partially offset by assumed increases in mortgage banking income as rates fall and more borrowers gain incentive to refinance.

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, 2024 Compared to Three Months Ended September 30, 2023) and "RESULTS OF OPERATIONS (Nine months ended September 30, 2024 Compared to Nine months ended September 30, 2023)."

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.

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 effective as of the end of the period covered by this report. In addition, 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.

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

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, 2023. You should carefully consider the risk factors discussed in Republic's 2023 Form 10-K, which could materially affect its business, financial condition, or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Details of Republic's Class A Common Stock purchases during the third quarter of 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	—	$ —	—	434,410
August 1 - August 31	—	—	—	434,410
September 1 - September 30	—	—	—	434,410
Total	—	$ —	—	434,410

The Company did not repurchase any of its shares during the third quarter of 2024. In addition, in connection with employee stock awards, there were no shares withheld upon exercise of stock options to satisfy the withholding taxes. On 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 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, 2024 the Company had 434,410 shares which could be repurchased under its current share repurchase programs.

During the third quarter of 2024, there were no 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, 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.

Item 6. Exhibits.

The following exhibits are filed or furnished as a part of this report:

Exhibit Number	Description of Exhibit
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 eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, (ii) Consolidated Statements of Income and Comprehensive Income for the Three and nine months ended September 30, 2024 and 2023, (iii) Consolidated Statements of Stockholders' Equity for the Three and nine months ended September 30, 2024 and 2023, (iv) Consolidated Statements of Cash Flows for the Nine months ended September 30, 2024 and 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.*

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 7, 2024

/s/ Steven E. Trager
By: Steven E. Trager
Executive Chair and Chief Executive Officer

Principal Financial Officer:

Date: November 7, 2024

/s/ Kevin Sipes
By: Kevin Sipes
Executive Vice President, Chief Financial Officer and Chief Accounting Officer

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 7, 2024

/s/ Steven E. Trager
Steven E. Trager
Executive Chair and Chief Executive Officer

EXHIBIT 31.2

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 7, 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, 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 7, 2024	/s/ Steven E. Trager Steven E. Trager Executive Chair and Chief Executive Officer
Date: November 7, 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.