REPUBLIC BANCORP

2021 LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS,

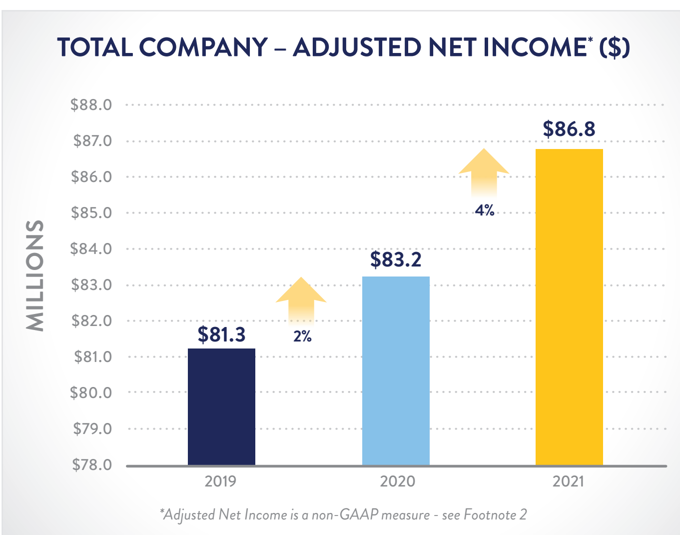
Here we are once again at the conclusion of another year. And like 2020 before it, 2021 represented a year in which the world continued to navigate challenges not seen in multiple generations. We all hoped that the world would return to some sense of normalcy when we began the widespread distribution of the COVID vaccines during early 2021. Unfortunately, that did not happen, and we now realize we may never return to the 'old normal,' and will ideally move into a better 'new normal.' People and businesses around the world continue to deal with supply-chain shortages. In addition, businesses continue to deal with the Great Resignation, an unprecedented reduction in the American workforce that has caused staffing challenges for every industry in the United States. And if those challenges were not enough for everyone, with each passing month of 2021, inflation grew, reaching levels not seen since the early 1980s.

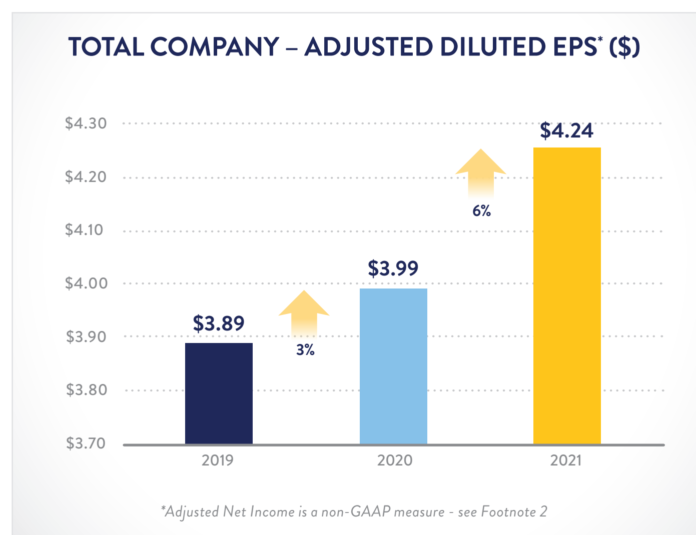
Despite these many challenges, we continued to **Thrive Together** at Republic[(1)] and have much to celebrate for 2021. We completed another successful year financially as we continued to support our communities, our clients, and our associates, and added to our Executive Leadership team. In addition, our stock price increased 41% from December 31, 2020 to December 31, 2021. While we have always been a company that focuses on the long-term value of our stock and not the week-to-week fluctuations that might occur in the market, it is certainly rewarding to see our hard work and successes pay off with such a strong return to our shareholders over the course of the past year.

> *The following expands upon some of our more notable accomplishments in 2021 and gives a glimpse at the future of our Company.*

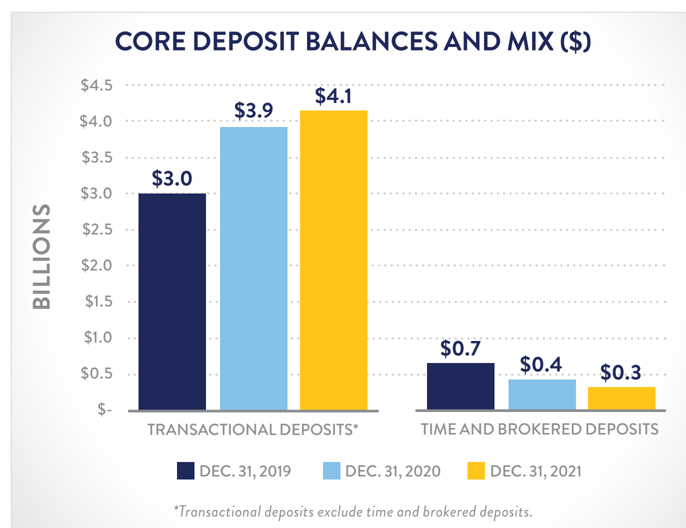
FINANCIAL PERFORMANCE

- As previously mentioned, we had another solid year of shareholder returns, increasing our net income in 2021 by 4% over 2020. In addition to the strong net income performance, our Diluted Earnings per Class A Common Stock increased by 6% over 2020.





- Our Core Bank finished 2021 with pristine credit quality metrics that place us among the very best banks in the country. Included among these favorable metrics were delinquent loans to total loans of 0.17% as of December 31, 2021 and net charge-offs to average loans of 0.01% for the year.
- Our Warehouse Lending segment, which we started from the ground-up in 2011, generated record earnings during 2021, contributing $16.4 million of net income to the Company's overall bottom line.
- Our Mortgage Banking segment produced the second-best year of Mortgage Banking revenue in our Company's history, second only to the unprecedented year of 2020.
- With a renewed focus on efficiency and expense management, we were able to reduce our noninterest expense by 2% from 2020.
- With the unprecedented deposit growth that we experienced over the past two years, we continued to position our balance sheet for the looming rising rate environment brought about by higher inflation. As part of this positioning, we paid off our $40 million variable-rate trust-preferred debt during the second half of the year, while still ending 2021 with $757 million of cash on our balance sheet.
- Further demonstrating our on-going confidence in the future of our stock, we expanded our stock buyback program significantly during 2021, repurchasing over 979,000 of our outstanding Class A Common shares at an average price of $48.52 per share.



- We continued to take advantage of the market opportunities, recording $17.5 million of Paycheck Protection Program ("PPP") fee income within our net interest income, on top of the $8.6 million of similar PPP fees we recorded in 2020.
- While loan growth within our Traditional Bank was below our high expectations for the first nine months of 2021, we are excited about the way we ended the year and the momentum it gives us as we enter 2022. Overall, non-PPP loan growth at the Traditional Bank was $123 million for 2021, with $96 million of that growth occurring in the fourth quarter. This solid growth momentum during the fourth quarter gives us great optimism for the opportunities that might lie ahead for us in 2022.

OUR ASSOCIATES AND OUR COMMUNITIES

- We once again provided solid support for our clients and communities by originating $210 million of COVID relief loans in early 2021, on top of the $528 million we originated during 2020. We could not be prouder of the way we stepped up for our clients, helping them obtain these much-needed loans to combat the pain caused by the pandemic.
- We have a mantra at Republic, "what we make in the communities we serve, stays in the communities we serve." We are very proud to report that Republic Bank and the Republic Bank Foundation, together, contributed over $2.1 million to various philanthropic organizations during 2021, proving once again, that we live by our mantra.
- We continued to deepen our impact through Inclusion & Diversity-focused efforts with our associates, in our communities, and through our client relationships – from dozens of significant educational/volunteer events across our markets, to our community Juneteenth celebration at the Republic Bank Foundation YMCA in Louisville, to various financial donations within our disadvantaged communities, and more. We leveraged, and continue to leverage, greater analytics capabilities to identify and address internal demographic and cultural gaps. In addition, we conducted quarterly listening sessions between executive management and our six Business Resources Groups ("BRGs") to surface and respond to needs, and we introduced the MasterCard True Name debit card for our non-binary and trans clients – the first community bank in the country to do so, gaining us national exposure and bringing in new business to the bank.
- In late 2020, we created a $3 million Community Loan Fund to support small businesses and promote business development and job creation in communities impacted by inequity and inadequate access to capital. During December 2021, we surpassed the $1 million mark in total

loans made to 26 borrowers. Each loan closed and funded represents a WIN for the business and the community where the business is located.

- Despite the various challenges and continued lockdowns brought on by the pandemic, our associates remained committed to generously giving their time to our communities. As a company we logged over 5,500 community service hours during 2021.
- Two of our Board members, Ernest W. Marshall, Jr. and George Nichols, III, were included in *SAVOY* magazine's 2021 Most Influential Black Corporate Directors list. Both Ernest and George bring a wealth of knowledge and leadership to our Company, and we are certainly fortunate to have them as a part of our team.
- For the 5th year in a row, Republic Bank was honored to be listed on the Kentucky Chamber of Commerce's "2021 Best Places to Work." When everything is said and done, culture remains the most important component to the long-term success of any organization, and we remain committed to a culture of caring at Republic.
- We continued to transition to a flexible work environment during 2021, which has benefitted our associate recruiting and retention efforts. Over the coming years, we plan to continue to enhance our flexible work environment to attract future associates, while providing efficiency opportunities for the Company.
- We continued to promote technology and innovation through the further expansion of our Interactive Teller Machine ("ITM") fleet. Not only do these ITMs increase the hours we are able to serve our clients at our banking centers, but the associates who support these clients also have the flexibility to perform these duties while working remotely.

EXECUTIVE LEADERSHIP

We added to and solidified our executive leadership during 2021; building upon one of our Company's strengths. Notable changes to the team during 2021 were as follows:

- In July, after an extensive national search, we brought aboard Jeff Starke, our new Chief Information Officer ("CIO"). Jeff comes to Republic with a treasure trove of knowledge and experience, managing many innovation teams and leading multiple system conversions for numerous mergers and acquisitions over his 22-year career.
- We elevated Logan Pichel to President & Chief Executive Officer ("CEO") of the Bank in October. While Logan will take over the day-to-day responsibilities of leading the Bank, I stepped into the role of Executive Chair for the Bank and maintained the title of Executive Chair & CEO of our holding company. I look forward to working closely with Logan and the entire executive leadership team as we execute our vision for the Bank.

THE FUTURE

While our past performance is important, perhaps more important is our future. As we look forward to 2022, we have already begun to execute on our long-term plans for success. At a high level, our strategies for 2022 are quite simple. They include:

1) **Increase Revenue Generating Opportunities.** We must continue to identify and build out new business lines, while being opportunistic during marketplace disruption.

2) **Seek operational efficiency.** We did a solid job of controlling our overhead expenses during 2021, as we successfully reduced our full-time equivalent associate head count by 49 associates from December 31, 2020 to December 31, 2021. We must continue to get more efficient, however, if we want to attain many of our long-term goals. Moving ahead, we have a significant focus on automating manual processes and increasing our speed of service.

3) **Improve customer satisfaction.** We continue to identify areas to help clients thrive, such as implementing changes that allow us to deliver commercial loans to our business clients more quickly. In addition, we continue to build a culture of customer service throughout the organization by focusing associates on our Customer Service Pillars: navigate the bank for our clients, help our clients build connections, be accountable, and commit to same-day resolution.

4) **Enhance our talent development and associate satisfaction.** We continue to survey our associates annually to make sure we are offering an environment in which we all can thrive together, while also ensuring that we are meeting career development and work-life-balance needs. In addition, we have expanded our leadership training across the Company over the past year, including those leaders at the senior-most levels.

5) Strengthen our Environmental, Social and Governance ("ESG") efforts. By their very nature, banks have traditionally been strong in the governance component of ESG. If the past two years have taught us anything, however, it has taught us that we all have work to do on the Environment and Social components of ESG. While we do not have all the answers, our shareholders and associates can rest assured that we will work hard to do our part to bring about positive social and environmental change for our Company and the communities we serve.

As we look ahead, we will execute on our 2022 Inclusion & Diversity Commitments around such topics as supplier diversity, talent attraction and retention, workplace inclusivity, education, and more. In addition, we have entered into new external partnerships with universities, suppliers and non-profits to increase our investments in minority-owned businesses and to recruit and develop associates who will bring more diverse perspectives to our business challenges.

6) Build on and improve our digital strategy. Moving ahead, we need to adapt and utilize technology to become more efficient, while also helping our clients adopt digital technologies and banking services. During the last quarter of 2021, we created a new position within our Information Technology team to lead the organization in developing and executing a digital strategy, which will improve customer satisfaction and associate productivity.

7) Plan for the future work environment. We learned a lot the past two years about the advantages and challenges of a flexible work environment. As a result of those learnings, we are committed to a work environment that supports work from the office, work from home and a hybrid work environment. Providing a flexible work environment has improved associate recruiting and retention and has enhanced work/life balance for our associates.

IN CONCLUSION

It was once said to me, "what got you here, won't get you there." My response to that was, "while that may be true, you better not forget what got you here, or you may get somewhere you don't want to be." More than ever, there is constant change going on everywhere we look. You can be confident, though, that we are dedicated to adapting to this change and innovating with the times, but we will never forget what got us here. Through it all, our vision will remain the same:

To be the most financially sound and trusted institution where people love to work, clients love to do business, and with whom community organizations love to partner.

We pledge to you that we will always do our best to provide you a solid return on your investment as a shareholder, while we make you proud of the work we do in our communities. Thank you for being a part of the Republic family.

All the Best,

Executive Chair – Republic Bancorp, Inc.

Footnotes:

1. As used in this letter, 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 "Republic Bank" or the "Bank" refers to the Company's subsidiary bank: Republic Bank & Trust Company.

2. NON-GAAP RECONCILIATION

(dollars in thousands, except per share data)	Years Ended Dec. 31, 2019	2020	2021
Net income:			
Net income - GAAP	$ 91,699	$ 83,246	$ 86,789
Less: one time and operating benefits attributed to sold branches	10,385	–	–
Adjusted net income - Non-GAAP	$ 81,314	$ 83,246	$ 86,789
Diluted earnings per share of Class A Common Stock ("Diluted EPS"):			
Diluted EPS of Class A Common Stock - GAAP	$ 4.39	$ 3.99	$ 4.24
Less: one time and operating benefits attributed to sold branches	0.50	–	–
Adjusted Diluted EPS - Non-GAAP	$ 3.89	$ 3.99	$ 4.24
Return on average assets ("ROA"):			
ROA - GAAP	1.64 %	1.38 %	1.38 %
Less: one time and operating benefits attributed to sold branches	0.15	–	–
Adjusted ROA - Non-GAAP	1.49 %	1.38 %	1.38 %
Return on average equity ("ROE"):			
ROE - GAAP	12.49 %	10.37 %	10.27 %
Less: one time and operating benefits attributed to sold branches	1.26	–	–
Adjusted ROE - Non-GAAP	11.23 %	10.37 %	10.27 %

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

FORM 10-K

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

For the fiscal year ended December 31, 2021
Commission File Number: 0-24649

REPUBLIC BANCORP™

REPUBLIC BANCORP, INC.

(Exact name of registrant as specified in its charter)

Kentucky	61-0862051
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
601 West Market Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(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**

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

None
(Title of Class)

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

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

Indicate by check mark whether the registrant (1) has filedg 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $437,098,629 (for purposes of this calculation, the market value of the Class B Common Stock was based on the market value of the Class A Common Stock into which it is convertible).

The number of shares outstanding of the registrant's Class A Common Stock and Class B Common Stock, as of January 31, 2022 was 17,824,472 and 2,164,903.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held April 21, 2022 are incorporated by reference into Part III of this Form 10-K.

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GLOSSARY OF TERMS

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

Term	Definition	Term	Definition	Term	Definition
ACH	Automated Clearing House	Economic Aid Act	Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act	NM	Not Meaningful
ACL	Allowance for Credit Losses	EFTA	Electronic Fund Transfers Act	OCI	Other Comprehensive Income
ACLC	Allowance for Credit Losses on Off-Balance Sheet Credit Exposures	EITC	Earned Income Tax Credit	OFAC	Office of Foreign Assets Control
ACLL	Allowance for Credit Losses on Loans	ESPP	Employee Stock Purchase Plan	OREO	Other Real Estate Owned
ACLS	Allowance for Credit Losses on Securities	EVP	Executive Vice President	Patriot Act	U.S. Patriot Act
AFS	Available for Sale	FASB	Financial Accounting Standards Board	PCD	Purchased Credit Deteriorated
Allowance	Allowance for Credit Losses	FCA	Financial Conduct Authority	PCI	Purchased Credit Impaired
AML	Anti-Money Laundering	FCRA	Fair Credit Reporting Act	PD	Probability of Default
AOCI	Accumulated Other Comprehensive Income	FDIA	Federal Deposit Insurance Act	PPP	Paycheck Protection Program
ARM	Adjustable Rate Mortgage	FDICIA	Federal Deposit Insurance Corporation Improvement Act	Prime	The *Wall Street Journal* Prime Interest Rate
ASC	Accounting Standards Codification	FFTR	Federal Funds Target Rate	Provision	Provision for Expected Credit Loss Expense
ASU	Accounting Standards Update	FHA	Federal Housing Administration	PSU	Performance Stock Unit
ATM	Automated Teller Machine	FHC	Financial Holding Company	Purchase Agreement	May 13, 2021 Asset Purchase Agreement for the sale of substantially all of the Bank's TRS assets and operations to Green Dot
ATR	Ability to Repay	FHLB	Federal Home Loan Bank	R&D	Research and Development
Basic EPS	Basic earnings per Class A Common Share	FHLMC	Federal Home Loan Mortgage Corporation or Freddie Mac	RB&T / the Bank	Republic Bank & Trust Company
BHC	Bank Holding Company	FICO	Fair Isaac Corporation	RBCT	Republic Bancorp Capital Trust
BHCA	Bank Holding Company Act	FNMA	Federal National Mortgage Association or Fannie Mae	RCS	Republic Credit Solutions
BOLI	Bank Owned Life Insurance	FOMC	Federal Open Market Committee	Republic / the Company	Republic Bancorp, Inc.
BPO	Brokered Price Opinion	FRA	Federal Reserve Act	RESPA	Real Estate Settlement Procedures Act
BSA	Bank Secrecy Act	FRB	Federal Reserve Bank	ROA	Return on Average Assets
C&D	Construction and Development	FTE	Full Time Equivalent	ROE	Return on Average Equity
C&I	Commercial and Industrial	FTP	Funds Transfer Pricing	RPG	Republic Processing Group
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009	GAAP	Generally Accepted Accounting Principles in the United States	RPS	Republic Payment Solutions
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	GLBA	Gramm-Leach-Bliley Act	RT	Refund Transfer
CCAD	Commercial Credit Administration Department	Green Dot	Green Dot Corporation	S&P	Standard and Poor's
CDI	Core Deposit Intangible	HEAL	Home Equity Amortizing Loan	SAC	Special Asset Committee
CEO	Chief Executive Officer	HELOC	Home Equity Line of Credit	Sale Transaction	Sale contemplated in the May 13, 2021 Purchase Agreement between the Bank and Green Dot
CFO	Chief Financial Officer	HMDA	Home Mortgage Disclosure Act	SBA	Small Business Administration
CFPB	Consumer Financial Protection Bureau	HTM	Held to Maturity	SEC	Securities and Exchange Commission
CFTC	Commodity Futures Trading Commission	IRS	Internal Revenue Service	SERP	Supplemental Executive Retirement Plan
CMO	Collateralized Mortgage Obligation	ITM	Interactive Teller Machine	SOFR	Secured Overnight Financing Rate
CMT	Constant Maturity Treasury Index	KDFI	Kentucky Department of Financial Institutions	SSUAR	Securities Sold Under Agreements to Repurchase
Core Bank	The Traditional Banking, Warehouse Lending, and Mortgage Banking reportable segments	LGD	Loss Given Default	SVP	Senior Vice President
COVID-19	Coronavirus Disease of 2019	LIBOR	London Interbank Offered Rate	TBA	To be Announced
CRA	Community Reinvestment Act	LOC I	RCS product introduced in 2014 for which the Bank participates out a 90% interest and holds a 10% interest	TDR	Troubled Debt Restructuring
CRE	Commercial Real Estate	LOC II	RCS product introduced in 2021 for which the Bank participates out a 95% interest and holds a 5% interest	The Captive	Republic Insurance Services, Inc.
DIF	Deposit Insurance Fund	Limestone	Limestone Bank	TILA	Truth in Lending Act
Diluted EPS	Diluted earnings per Class A Common Share	LPO	Loan Production Office	TPS	Trust Preferred Securities
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act	LTV	Loan to Value	TRS	Tax Refund Solutions
DTA	Deferred Tax Assets	MBS	Mortgage Backed Securities	TRUP	TPS Investment
DTL	Deferred Tax Liabilities	MSRs	Mortgage Servicing Rights	USDA	U.S. Department of Agriculture
EA	Easy Advance	NA	Not Applicable	VA	U.S. Department of Veterans Affairs
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	NASDAQ	NASDAQ Global Select Market®	Warehouse	Warehouse Lending

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains statements relating to future results of Republic Bancorp, Inc. that are considered "forward-looking" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are principally, but not exclusively, contained in Part I Item 1 "*Business,*" Part I Item 1A "*Risk Factors"* and Part II Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations."*

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.

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 the COVID-19 pandemic on Company operations;
- projections of revenue, income, expenses, losses, earnings per share, capital expenditures, dividends, capital structure, or other financial items;
- descriptions of plans or objectives for future operations, products, or services;
- 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 the COVID-19 pandemic on the Company's operations and credit losses;
- the ability of borrowers who received COVID-19 loan accommodations to resume repaying their loans upon maturity of such accommodations;
- litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
- natural disasters impacting the Company's operations;
- changes in political and economic conditions;
- the discontinuation of LIBOR;
- the magnitude and frequency of changes to the FFTR implemented by the FOMC of the FRB;
- long-term and short-term interest rate fluctuations and the overall 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;
- inflation;
- 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;
- success in gaining regulatory approvals when required;
- the Company's ability to qualify for future R&D federal tax credits;
- information security breaches or cyber security 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.*"

PART I

Item 1. Business.

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 market footprint, its non-brick-and-mortar delivery channels allow it to reach clients across the U.S. The Captive is a Nevada-based, wholly-owned insurance subsidiary of the Company. The Captive provides property and casualty insurance coverage to the Company and the Bank, as well as a group of third-party insurance captives for which insurance may not be available or economically feasible.

In 2005, Republic Bancorp Capital Trust, an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in TPS. The sole asset of RBCT represented the proceeds of the offering loaned to Republic in exchange for a subordinated note with similar terms to the TPS. On September 30, 2021, as permitted under the terms of RBCT's governing documents, Republic repaid the subordinated note and redeemed the TPS at par without penalty.

As of December 31, 2021, Republic had 42 full-service banking centers with locations as follows:

- Kentucky — 28
  - Metropolitan Louisville — 18
  - Central Kentucky — 7
    - Georgetown — 1
    - Lexington — 5
    - Shelbyville — 1
  - Northern Kentucky — 3
    - Covington — 1
    - Crestview Hills — 1
    - Florence — 1
- Southern Indiana — 3
  - Floyds Knobs — 1
  - Jeffersonville — 1
  - New Albany — 1
- Metropolitan Tampa, Florida — 7
- Metropolitan Cincinnati, Ohio — 2
- Metropolitan Nashville, Tennessee — 2

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

The principal business of Republic is directing, planning, and coordinating the business activities of the Bank. The financial condition and results of operations of Republic are primarily dependent upon the results of operations of the Bank. As of December 31, 2021, Republic had total assets of $6.1 billion, total deposits of $4.8 billion, and total stockholders' equity of $834 million. Based on total assets as of December 31, 2021, Republic ranked as the second largest Kentucky-based financial holding company. The executive offices of Republic are located at 601 West Market Street, Louisville, Kentucky 40202, telephone number (502) 584-3600. The Company's website address is www.republicbank.com.

Website Access to Reports

The Company makes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, available free of charge through its website, www.republicbank.com, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. The information provided on the Company's website is not part of this report, and is therefore not incorporated by reference, unless that information is otherwise specifically referenced elsewhere in this report. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

General Business Overview

As of December 31, 2021, the Company was divided into five reportable segments: Traditional Banking, Warehouse, Mortgage Banking, TRS, and RCS. Management considers the first three segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last two segments collectively constitute RPG operations.

(I) Traditional Banking segment

As of December 31, 2021 and through the date of this filing, generally all Traditional Banking products and services were offered through the Company's traditional RB&T brand.

Lending Activities

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.

The Bank offers single-family, first-lien residential real estate ARMs with interest rate adjustments tied to various market indices with specified minimum and maximum adjustments. The Bank generally charges a higher interest rate for its ARMs if the property is not owner occupied. The interest rates on the majority of ARMs are adjusted after their fixed rate periods on an annual basis, with most having annual and lifetime limitations on upward rate adjustments to the loan. These loans typically feature amortization periods of up to 30 years and have fixed interest-rate periods generally ranging from five to ten years, with demand dependent upon market conditions. In general, ARMs containing longer fixed-rate periods have historically been more attractive to the Bank's clients in a relatively low-rate environment, while ARMs with shorter fixed-rate periods have historically been more attractive to the Bank's clients in a relatively high-rate environment. While there is no requirement for clients to refinance their loans at the end of the fixed-rate period, clients have historically done so the majority of the time, as most clients are interest-rate-risk averse on their first mortgage loans.

Depending on the term and amount of the ARM, loans collateralized by single family, owner-occupied first lien residential real estate may be originated with an LTV up to 90% and a combined LTV up to 100%. The Bank also offers a 100% LTV product for home-purchase transactions within its primary markets. The Bank does not require the borrower to obtain private mortgage insurance for ARM loans. Except for its HEAL product under $150,000, the Bank requires mortgagee's title insurance on single

family, first lien residential real estate loans to protect the Bank against defects in its liens on the properties that collateralize the loans. The Bank normally requires title, fire, and extended casualty insurance to be obtained by the borrower and, when required by applicable regulations, flood insurance. The Bank maintains an errors and omissions insurance policy to protect the Bank against loss in the event a borrower fails to maintain proper fire and other hazard insurance policies.

Single-family, first-lien residential real estate loans with fixed-rate periods of 15, 20, and 30 years are primarily sold into the secondary market. MSRs attached to the sold portfolio are either sold along with the loan or retained. Loans sold into the secondary market, along with their corresponding MSRs, are included as a component of the Company's Mortgage Banking segment, as discussed elsewhere in this filing. The Bank, as it has in the past, may retain such longer-term, fixed-rate loans from time to time in the future to help combat net interest margin compression. Any such loans retained on the Company's balance sheet would be reported as a component of the Traditional Banking segment.

The Bank does, on occasion, purchase single-family, first-lien residential real estate loans made to low-to-moderate income borrowers and/or secured by property located in low-to-moderate income areas in order to meet its obligations under the CRA. In connection with loan purchases, the Bank receives various representations and warranties from the sellers regarding the quality and characteristics of the loans.

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.

Credit opportunities are generally driven by the following: companies expanding their businesses; companies acquiring new businesses; and/or companies refinancing existing debt from other institutions. The Bank has a focus on C&I lending, and owner-occupied and nonowner-occupied CRE lending. The targeted C&I credit size for client relationships is typically between $1 million and $10 million, with higher targets between $10 million and $20 million for large Corporate Banking borrowers of higher credit quality.

C&I loans typically include those secured by general business assets, which consist of equipment, accounts receivable, inventory, and other business assets owned by the borrower/guarantor. Credit facilities include annually renewable lines of credit and term loans with maturities typically from three to five years and may also involve financial covenant requirements. These requirements are monitored by the Bank's CCAD. Underwriting for C&I loans is based on the borrower's capacity to repay these loans from operating cash flows, typically measured by EBITDA, with capital strength, collateral, and management experience also important underwriting considerations.

Corporate Banking focuses on larger C&I and CRE opportunities. For CRE loans, Corporate Banking focuses on stabilized CRE with low leverage and strong cash flows. Borrowers are generally single-asset entities and loan sizes typically range from $5 million to $30 million. Primary underwriting considerations are project cash flow (current and historical), quality of leases, financial capacity of sponsors, and collateral value of property financed. The majority of interest rates offered are based on a floating rate index like term-SOFR and U.S. Treasuries. Fixed-rate terms of up to 10 years are available to borrowers by utilizing standard Bank products or interest rate swaps. In many cases, limited guarantees, or in certain instances, non-recourse (of owners) loans will be issued, with such cases based upon the equity/capital position, project cash flows, and stabilization of the borrowing entity.

Commercial Banking focuses on medium sized C&I and CRE opportunities. Borrowers are generally single-asset entities and loan sizes typically range from $1 million to $5 million. As with Corporate Banking, the primary underwriting considerations are project cash flow (current and historical), quality of leases, financial capacity of sponsors, and collateral value of property financed. Interest rates offered are based on both fixed and variable interest-rate formulas.

The Bank's CRE and multi-family loans are typically secured by improved property such as office buildings, medical facilities, retail centers, warehouses, apartment buildings, condominiums, schools, religious institutions, and other types of commercial use property.

The Business Banking and Business Development groups, reporting under Retail Banking, focus on locally based small-to-medium sized businesses in the Bank's market footprint with primary annual revenues up to $10 million, and borrowings between $200,000 and $1 million. The needs of these clients range from expansion or acquisition financing, equipment financing, owner-occupied real estate financing, and smaller operating lines of credit.

The Bank is an SBA Preferred Lending Partner, which allows the Bank to underwrite and approve its own SBA loans in an expedited manner. An experienced veteran lender oversees the Bank's SBA Department. The Bank makes loans to borrowers generally up to $3 million under the SBA "7A Program," as well as utilize the "504 Program" for owner-occupied CRE opportunities. The Bank's goal is to expand its SBA platform over time and support the opportunities that arise within its markets. The Bank's lenders utilize all appropriate programs of the SBA to reduce credit risk exposure. Throughout 2020 and 2021, the Bank provided pandemic-related assistance to over 5,500 borrowers through $738 million in SBA PPP loans.

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.

Single-family, residential-construction loans are made in the Bank's market area to established homebuilders with solid financial records. The majority of these loans are made for "contract" homes, which the builder has already pre-sold to a homebuyer. The duration of these loans is generally less than 12 months and repaid at the end of the construction period from the sale of the constructed property. Some loans are made on "speculative" homes, which the builder does not have pre-sold to a homebuyer but expects to execute a contract to sell during the construction period. These speculative homes are considered necessary to have in inventory for homebuilders, as not all homebuyers want to wait during the construction period to purchase and move into a newly built home.

Commercial-construction loans are made in the Bank's market to established commercial builders with solid financial records. Typically, these loans are made for investment properties and have tenants pre-committed for some or all of the space. Some projects may begin as speculative, with the builder contracting to lease or sell the property during the construction period. Generally, commercial-construction loans are made for the duration of the construction period and slightly beyond and will either convert to permanent financing with the Bank or with another lender at or before maturity.

Construction-to-permanent loans are another type of construction-related financing offered by the Bank. These loans are made to borrowers who are going to build a property and retain it for ownership after construction completion. The construction phase is handled just like all other construction loans, and the permanent phase offers similar terms to a permanent CRE loan while allowing the borrower a one-time closing process at loan origination. These loans are offered on both owner-occupied and nonowner-occupied CRE.

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 — In October 2017, the Bank created an Aircraft Lending division. Aircraft loans are typically made to purchase or refinance personal aircrafts, along with engine overhauls and avionic upgrades. Loans range between $55,000 and $3,000,000 in size and have terms up to 20 years. The aircraft loan program is open to all states, except for Alaska and Hawaii.

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.

See additional discussion regarding Lending Activities under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 4 "Loans and Allowance for Credit Losses"*

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 Department — 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 their client's cash management needs.

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 discussion regarding the Traditional Banking segment under Footnote 25 "Segment Information" of Part II Item 8 "Financial Statements and Supplementary Data."

(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. Reverse mortgage loans typically remain on the line longer than conventional mortgage loans. Interest income and loan fees are accrued for each individual loan during the time the loan 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 discussion regarding the Warehouse Lending segment under Footnote 25 "Segment Information" of Part II Item 8 "Financial Statements and Supplementary Data."

(III) Mortgage Banking segment

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

As part of the sale of loans with servicing retained, the Bank records 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.

See additional discussion regarding the Mortgage Banking segment under Footnote 25 "Segment Information" of Part II Item 8 "Financial Statements and Supplementary Data."

(IV) Tax Refund Solutions segment

Through the TRS segment, the Bank is one of a limited number of financial institutions that facilitates the receipt and payment of federal and state tax refund products and offers a credit product through third-party tax preparers located throughout the U.S., as well as tax-preparation software providers (collectively, the "Tax Providers"). Substantially all of 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.

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 EA tax credit product is a loan that allows a taxpayer to borrow funds as an advance of a portion of their tax refund. The EA product had the following features during 2021 and 2020:

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

The Company reports fees paid for the EA product as interest income on loans. During 2021, EAs were repaid, on average, within 32 days after the taxpayer's tax return was submitted to the applicable taxing authority. EAs do not have a contractual due date but the Company considered an EA delinquent in 2021 if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times. Provisions on EAs are estimated when advances are made. Unpaid EAs are charged-off by June 30th of each year, with EAs collected during the second half of each year recorded as recoveries of previously charged-off loans.

Related to the overall credit losses on EAs, the Bank's ability to control losses is highly dependent upon its ability to predict the taxpayer's likelihood to receive the tax refund as claimed on the taxpayer's tax return. Each year, the Bank's EA approval model is based primarily on the prior-year's tax refund payment patterns. Because the substantial majority of the EA 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 EAs product parameters. Further changes in EA product parameters do not ensure positive results and could have an overall material negative impact on the performance of the EA product offering and therefore on the Company's financial condition and results of operations.

See additional discussion regarding the EA product under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 4 "Loans and Allowance for Credit Losses"*

See Footnote 1 "Summary of Significant Accounting Policies" of Part II Item 8 "Financial Statements and Supplementary Data" for discussion regarding the cancelled sale of the TRS business and associated litigation.

Republic Payment Solutions division

RPS is currently managed and operated within the TRS segment. The RPS division offers general-purpose reloadable prepaid cards, payroll debit cards, and limited-purpose demand deposit accounts with linked debit cards as an issuing bank through third-party service providers. For the projected near-term, as the prepaid card program matures, the operating results of the RPS division are expected to be immaterial to the Company's overall results of operations and will be reported as part of the TRS segment. The RPS division will not be considered a separate reportable segment until such time, if any, that it meets quantitative reporting thresholds.

The Company reports fees related to 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."

See additional discussion regarding the TRS segment under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 25 "Segment Information"*

(V) 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. The first of these two products (the "LOC I") has been originated by the Bank since 2014. The second (the "LOC II") was introduced in January 2021.

    - RCS's LOC I represented the substantial majority of RCS activity during 2021. Elastic Marketing, LLC and Elevate Decision Sciences, LLC, are third-party service providers for the 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. Further, 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.

    - In January 2021, RCS began originating balances through its LOC II. One of RCS's existing third-party service providers, subject to the Bank's oversight and supervision, 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 participation interests in this product. These participation interests are a 95% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 5% participation interest in each advance, it maintains 100% ownership of the underlying LOC II account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

- RCS installment loan product – In December 2019, through RCS, the Bank began offering 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 two different third-party service providers. In one program, the Bank retains 100% of the receivables originated. In the other program, the Bank retains 100% of the receivables originated in some instances, and in other instances, sells 100% of the receivables within one month of origination. Loan balances held for sale through this program are carried at the lower of cost or fair value.

The Company reports interest income and loan origination fees earned on RCS loans under "Loans, including fees," while any gains or losses on sale and mark-to-market adjustments of RCS loans are reported as noninterest income under "Program fees."

See additional discussion regarding the RCS segment under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 25 "Segment Information"*

Employees and Human Capital Resources

As of December 31, 2021, Republic had 1,045 FTE employees. Altogether, Republic had 1,035 full-time and 19 part-time employees. None of the Company's employees are subject to a collective bargaining agreement, and Republic has never experienced a work stoppage. The Company believes that it has had and continues to have good employee relations.

Employee retention helps the Company operate efficiently and effectively. Management promotes its core values through prioritizing concern for employees' well-being, supporting employees' career goals, offering competitive wages, offering flexible schedules, and providing valuable fringe benefits. In addition, Bank employees may become stockholders of the Company through participation in its Employee Stock Purchase Plan and its 401(k) retirement plan, which offers a Company stock investment option.

The Company actively encourages and supports the growth and development of its employees. Management generally seeks to fill positions by promotion and transfer from within the organization, whenever practical. Career development is advanced through ongoing mentoring and development programs, as well as internally developed training programs, customized corporate training engagements and educational reimbursement programs. Reimbursement is available to employees enrolled in pre-approved degree or certification programs at accredited institutions that teach skills or knowledge relevant to the financial services industry and in compliance with the Internal Revenue Code.

The safety, health, and wellness of Republic's employees is considered a top priority. The COVID-19 pandemic presented a unique challenge with regard to maintaining employee safety while continuing successful operations. Through teamwork and the adaptability of its employees, the Company was able to transition, over a short period of time, the substantial majority of its non-customer-facing employees to effectively working from remote locations and ensure a safely-distanced working environment for employees

performing customer-facing activities at banking and operational centers. All employees have been asked not to come to work when they experience signs or symptoms of a possible COVID-19 illness and have been provided additional paid time off to cover compensation during such absences. On an ongoing basis, the Company promotes the health and wellness of its employees by encouraging work-life balance, offering flexible work schedules, and striving to keep the employee portion of health care premiums competitive with local competition. Additionally, Republic strives to clearly and frequently communicate expectations that all employee conduct must adhere to the highest ethical standards encompassed by its corporate values, including through town hall meetings and senior leadership messages.

Information about our Executive Officers

See Part III, Item 10. "Directors, Executive Officers and Corporate Governance." for information about the Company's executive officers.

Competition

Traditional Banking

The Traditional Bank encounters intense competition in its market footprint in originating loans, attracting deposits, and selling other banking related financial services. The deregulation of the banking industry, the ability to create financial services holding companies to engage in a wide range of financial services other than banking and the widespread enactment of state laws that permit multi-bank holding companies, as well as the availability of nationwide interstate banking, has created a highly competitive environment for financial institutions. In one or more aspects of the Bank's business, the Bank competes with local and regional retail and commercial banks, other savings banks, credit unions, finance companies, mortgage companies, fintech companies, and other financial intermediaries operating in Kentucky, Indiana, Florida, Tennessee, Ohio, and in other states where the Bank offers its products. The Bank also competes with insurance companies, consumer finance companies, investment banking firms, and mutual fund managers. Some of the Company's competitors are not subject to the same degree of regulatory review and restrictions that apply to the Company and the Bank. Many of the Bank's primary competitors, some of which are affiliated with large bank holding companies or other larger financial based institutions, have substantially greater resources, larger established client bases, higher lending limits, more extensive banking center networks, numerous ATMs or ITMs, and greater advertising and marketing budgets. They may also offer services that the Bank does not currently provide. These competitors attempt to gain market share through their financial product mix, pricing strategies, and banking center locations. Legislative developments related to interstate branching and banking in general, by providing large banking institutions easier access to a broader marketplace, can act to create more pressure on smaller financial institutions to consolidate. It is anticipated that competition from both bank and non-bank entities will continue to remain strong in the foreseeable future.

The primary factors in competing for bank products are convenient locations, ATMs, ITMs, flexible hours, deposit interest rates, services, internet banking, mobile banking, range of lending services offered, and lending fees. Additionally, the COVID-19 pandemic has created additional competitive demands, such as providing remote-only service. The Bank believes that an emphasis on highly personalized service tailored to individual client needs, together with the local character of the Bank's business and its "community bank" management philosophy will continue to enhance the Bank's ability to compete successfully in its market footprint.

Warehouse Lending

The Bank faces strong competition from financial institutions across the United States for mortgage banking clients in need of warehouse lines of credit. Competitors may have substantially greater resources, larger established client bases, higher lending limits, as well as underwriting standards and on-going oversight requirements that could be viewed more favorably by some clients. A few or all of these factors can lead to a competitive disadvantage to the Company when attempting to retain or grow its Warehouse client base.

Mortgage Banking

The Bank encounters intense competition from mortgage bankers, mortgage brokers, and financial institutions for the origination and funding of mortgage loans. Many competitors have branch offices in the same areas where the Bank's loan officers operate. The Bank also competes with mortgage companies whose focus is often on telemarketing and consumer-direct lending.

Tax Refund Solutions

The TRS segment encounters direct competition for RT and EA market share from a limited number of banks in the industry. The Bank promotes these products to Tax Providers using various revenue-share and pricing incentives, as well as product features and overall service levels.

Republic Payment Solutions (a division of TRS)

The prepaid card industry is subject to intense and increasing competition. The Bank competes with a number of companies that market different types of prepaid card products, such as general-purpose-reloadable, gift, incentive, and corporate disbursement cards. There is also competition from large retailers who are seeking to integrate more financial services into their product offerings. Increased competition is also expected from alternative financial services providers who are often well-positioned to service the "underbanked" and who may wish to develop their own prepaid card programs.

Republic Credit Solutions

The small-dollar consumer loan industry is highly competitive. Competitors for the Company's small-dollar loan programs include, but are not limited to, billers who accept late payments for a fee, overdraft privilege programs of other banks and credit unions, as well as payday lenders and fintech companies.

New entrants to the small-dollar consumer loan market must successfully implement underwriting and fraud prevention processes, overcome consumer brand loyalty, and have sufficient capital to withstand early losses associated with unseasoned loan portfolios. In addition, there are substantial regulatory and compliance costs, including the need for expertise to customize products associated with licenses to lend in various states across the United States.

Supervision and Regulation

The Company and the Bank are separate and distinct entities and are subject to extensive federal and state banking laws and regulations, which establish a comprehensive framework of activities in which the Company and the Bank may engage. These laws and regulations are primarily intended to provide protection to clients and depositors, not stockholders. The Company, as a public reporting company, is also subject to various securities laws and regulations.

As an umbrella supervisor under the GLBA's system of functional regulation, the FRB requires that FHCs operate in a safe and sound manner so that their financial condition does not threaten the viability of affiliated depository institutions. The FRB conducts periodic examinations to review the Company's safety and soundness, and compliance with various legal and safety and soundness requirements.

The Bank is a Kentucky-chartered commercial banking and trust corporation and as such, it is subject to supervision and regulation by the FDIC and the KDFI. The Bank also operates physical locations in Florida, Indiana, Ohio, and Tennessee, and originates and purchases loans on a national basis. All deposits, subject to regulatory prescribed limitations, held by the Bank are insured by the FDIC. The Bank is subject to restrictions, requirements, potential enforcement actions and examinations by the FDIC and KDFI. The FRB's regulation of the Company with monetary policies and operational rules directly impact the Bank. The Bank is a member of the FHLB System.

As a member of the FHLB system, the Bank must also comply with applicable regulations of the Federal Housing Finance Agency. Regulation by each of these agencies is intended primarily for the protection of the Bank's depositors and the DIF and not for the benefit of the Company's stockholders. The Bank's activities are also regulated under federal and state consumer protection laws applicable to the Bank's lending, deposit, and other activities. An adverse ruling or finding against the Company or the Bank under these laws could have a material adverse effect on results of operations.

The Company and the Bank are also subject to the regulations of the CFPB, which was established under the Dodd-Frank Act. The CFPB has consolidated rules and orders with respect to consumer financial products and services and has substantial power to define the rights of consumers and responsibilities of lending institutions, such as the Bank. The CFPB does not, however, examine or

supervise the Bank for compliance with such regulations; rather, based on the Bank's size (less than $10 billion in assets), enforcement authority remains with the FDIC although the Bank may be required to submit reports or other materials to the CFPB upon its request. Notwithstanding jurisdictional limitations set forth in the Dodd-Frank Act, the CFPB and federal banking regulators may endeavor to work jointly in investigating and resolving cases as they arise.

Regulators have extensive discretion in connection with their supervisory and enforcement authority and examination policies, including, but not limited to, policies that can materially impact the classification of assets and the establishment of adequate loan loss reserves. Any change in regulatory requirements and policies, whether by the FRB, the FDIC, the KDFI, the CFPB or state or federal legislation, could have a material adverse impact on Company operations.

Regulators also have broad enforcement powers over banks and their holding companies, including, but not limited to: the power to mandate or restrict particular actions, activities, or divestitures; impose monetary fines and other penalties for violations of laws and regulations; issue cease and desist or removal orders; seek injunctions; publicly disclose such actions; and prohibit unsafe or unsound practices. This authority includes both informal and formal actions to effect corrective actions and/or sanctions. In addition, the Bank is subject to regulation and potential enforcement actions by other state and federal agencies.

Certain regulatory requirements applicable to the Company and the Bank are referred to below or elsewhere in this filing. The description of statutory provisions and regulations applicable to banks and their holding companies set forth in this filing does not purport to be a complete description of such statutes and regulations. Their effect on the Company and the Bank is qualified in its entirety by reference to the actual laws and regulations.

The Dodd-Frank Act

The Dodd-Frank Act, among other things, implemented changes that affected the oversight and supervision of financial institutions, provided for a new resolution procedure for large financial companies, created the CFPB, introduced more stringent regulatory capital requirements and significant changes in the regulation of over-the-counter derivatives, reformed the regulation of credit rating agencies, increased controls and transparency in corporate governance and executive compensation practices, incorporated the Volcker Rule, required registration of advisers to certain private funds, and influenced significant changes in the securitization market. The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 (the "EGRRCPA") and its implementing regulations pulled back some of the more stringent requirements of the Dodd-Frank Act for community banks with total consolidated assets of less than $10 billion, such as the Bank. Due to exemptions in the Dodd-Frank Act, the EGRRCPA, and each Act's implementing regulations, the Company and Bank are not subject to several provisions of the Dodd-Frank Act including but not limited to 1) the Durbin Amendment that would otherwise limit the interchange fees the Bank could charge on debit card transactions, 2) the Volcker Rule that would affect the Company's ability to invest in or engage in certain trading activities, and 3) stricter regulatory capital requirements.

Incentive and Executive Compensation — In 2010, the FRB and other regulators jointly published final guidance for structuring incentive compensation arrangements at financial organizations. The guidance does not set forth any formulas or pay caps but contains certain principles that companies are required to follow with respect to employees and groups of employees that may expose the company to material amounts of risk. The three primary principles are (i) balanced risk-taking incentives, (ii) compatibility with effective controls and risk management, and (iii) strong corporate governance. The FRB monitors compliance with this guidance as part of its safety and soundness oversight.

I. The Company

Source of Strength Doctrine — The Dodd-Frank Act codifies the Federal Reserve Board's existing "source of strength" policy that holding companies act as a source of strength to their insured institution subsidiaries by providing capital, liquidity, and other support in times of distress. FRB policies and regulations also prohibit bank holding companies from engaging in unsafe and unsound banking practices. The FDIC and the KDFI have similar restrictions with respect to the Bank. Under the Dodd-Frank Act and in line with prior FRB policy, a BHC is expected to act as a source of financial strength to its banking subsidiaries and to commit resources for their support. This support may restrict the Company's ability to pay dividends, and may be required at times when, absent this FRB policy, a holding company may not be inclined to provide it. A BHC may also be required to guarantee the capital restoration plan of an undercapitalized banking subsidiary and any applicable cross-guarantee provisions that may apply to the Company. In addition, any capital loans by the Company to its bank subsidiary are subordinate in right of payment to deposits and to certain other indebtedness

of the bank subsidiary. In the event of a BHC's bankruptcy, any commitment by the BHC to a federal bank regulatory agency to maintain the capital of subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Acquisitions and Strategic Planning — The Company is required to obtain the prior approval of the FRB under the BHCA before it may, among other things, acquire all or substantially all of the assets of any bank, or ownership or control of any voting shares of any bank, if after such acquisition it would own or control, directly or indirectly, more than 5% of any class of the voting shares of such bank. In addition, the Bank must obtain regulatory approval before entering into certain transactions, such as adding new banking offices and mergers with, or acquisitions of, other financial institutions. This may affect the Company's or the Bank's acquisition or timely acquisition of interests in other banks, other merger and acquisition activity and banking office expansion.

The BHCA and the Change in Bank Control Act also generally require the approval of the Federal Reserve before any person or company can acquire control of a bank or BHC. Acquisition of control occurs if immediately after a transaction, the acquiring person or company owns, controls, or holds voting securities of the institution with the power to vote 25% or more of any class. Control is refutably presumed to exist if, immediately after a transaction, the acquiring person or company owns, controls, or holds voting securities of the institution with the power to vote 10% or more of any class, and (i) the institution has registered securities under Section 12 of the Securities Exchange Act of 1934; or (ii) no other person will own, control, or hold the power to vote a greater percentage of that class of voting securities immediately after the transaction.

Financial Activities — As an FHC, the Company is permitted to engage directly or indirectly in a broader range of activities than those permitted for a BHC under the BHCA. Permitted activities for an FHC include securities underwriting and dealing, insurance underwriting and brokerage, merchant banking and other activities that are declared by the FRB, in cooperation with the Treasury Department, to be "financial in nature or incidental thereto" or are declared by the FRB unilaterally to be "complementary" to financial activities. Permitted activities also include those determined to be "closely related to banking" activities by the FRB under the BHCA and permissible for any BHC. An FHC is allowed to conduct permissible new financial activities or acquire permissible non-bank financial companies with after-the-fact notice to the FRB. A BHC may elect to become an FHC if it and each of its banking subsidiaries is well capitalized, is well managed and has at least a "Satisfactory" rating under the CRA. To maintain FHC status, the Company and the Bank must continue to meet the well capitalized and well managed requirements. The failure to meet such requirements could result in material restrictions on the activities of the Company and may also adversely affect the Company's ability to enter into certain transactions (including mergers and acquisitions) or obtain necessary approvals in connection therewith, as well as loss of FHC status. If restrictions are imposed on the activities of an FHC, such information may not necessarily be available to the public.

II. The Bank

The Kentucky and federal banking statutes prescribe the permissible activities in which a Kentucky chartered bank may engage and where those activities may be conducted. Kentucky's statutes contain a super parity provision that permits a well-rated Kentucky bank to engage in any banking activity in which a national bank in Kentucky, a state bank, state thrift, or state savings association operating in any other state, a federal savings bank, or a federal thrift meeting the qualified thrift lender test engages, provided it first obtains a legal opinion from counsel specifying the statutory or regulatory provisions that permit the activity.

Safety and Soundness — The federal banking regulatory agencies have prescribed, by regulation, guidelines for all insured depository institutions relating to: (i) internal controls, information systems, and internal audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) interest rate risk exposure; (v) asset growth; (vi) asset quality; (vii) earnings; and (viii) compensation, fees, and benefits. The guidelines set forth safety and soundness standards that the federal banking regulatory agencies use to identify and address problems at FDIC member institutions before capital becomes impaired. If the FDIC determines that the Bank fails to meet any standard prescribed by the guidelines, the FDIC may require the Bank to submit to it an acceptable plan to achieve compliance with the standard. FDIC regulations establish deadlines for the submission and review of such safety and soundness compliance plans in response to any such determination. We are not aware of any conditions relating to these safety and soundness standards that would require us to submit a plan of compliance to the FDIC.

Branching — Kentucky law generally permits a Kentucky chartered bank to establish a branch office in any county in Kentucky. A Kentucky bank may also, subject to regulatory approval and certain restrictions, establish a branch office outside of Kentucky. Well-capitalized Kentucky state chartered banks that have been in operation at least three years and that satisfy certain criteria relating to, among other things, their composite and management exam ratings, may establish a branch in Kentucky without the approval of the

Commissioner of the KDFI, upon notice to the KDFI and any other state bank with its main office located in the county where the new branch will be located. Branching by banks not meeting these criteria requires the approval of the Commissioner of the KDFI, who must ascertain and determine that the public convenience and advantage will be served and promoted and that there is a reasonable probability of the successful operation of the branch. In any case, the proposed branch must also be approved by the FDIC, which considers a number of factors, including financial condition, capital adequacy, earnings prospects, character of management, needs of the community, and consistency with corporate powers. As a result of several legislative acts including the Dodd-Frank Act, the Bank, along with any other national or state-chartered bank generally may branch across state lines. Such unlimited branching authority has the potential to increase competition within the markets in which the Company and the Bank operate.

Affiliate Transaction Restrictions — Transactions between the Bank and its affiliates, and in some cases the Bank's correspondent banks, are subject to FDIC regulations, the FRB's Regulations O and W, and Sections 23A, 23B, 22(g), and 22(h) of the Federal Reserve Act ("FRA"). In general, these transactions must be on terms and conditions that are consistent with safe and sound banking practices and substantially the same, or at least as favorable to the bank or its subsidiary, as those for comparable transactions with non-affiliated parties. In addition, certain types of these transactions referred to as "covered transactions" are subject to quantitative limits based on a percentage of the Bank's capital, thereby restricting the total dollar amount of transactions the Bank may engage in with each individual affiliate and with all affiliates in the aggregate. Limitations are also imposed on loans and extensions of credit by a bank to its executive officers, directors, and principal stockholders and each of their related interests. The Dodd-Frank Act expanded the scope of these regulations, including by applying them to the credit exposure arising under derivative transactions, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions.

The FRB promulgated Regulation W to implement Sections 23A and 23B of the FRA. This regulation contains many of the foregoing restrictions and addresses derivative transactions, overdraft facilities, and other transactions between a bank and its non-bank affiliates.

Restrictions on Distribution of Subsidiary Bank Dividends and Assets — Bank regulators may declare a dividend payment to be unsafe and unsound even if the Bank continues to meet its capital requirements after the dividend. Dividends paid by the Bank provide substantially all of the Company's operating funds. Regulatory requirements limit the amount of dividends that may be paid by the Bank. Under federal regulations, the Bank cannot pay a dividend if, after paying the dividend, the Bank would be undercapitalized.

Under Kentucky and federal banking regulations, the dividends the Bank can pay during any calendar year are generally limited to its profits for that year, plus its retained net profits for the two preceding years, less any required transfers to surplus or to fund the retirement of preferred stock or debt, absent approval of the respective state or federal banking regulators. FDIC regulations also require all insured depository institutions to remain in a safe and sound condition, as defined in regulations, as a condition of having FDIC deposit insurance.

FDIC Deposit Insurance Assessments — All Bank deposits are insured to the maximum extent permitted by the DIF. These bank deposits are backed by the full faith and credit of the U.S. Government. As insurer, the FDIC is authorized to conduct examinations of, and to require reporting by, insured institutions. It also may prohibit any insured institution from engaging in any activity determined by regulation or order to pose a serious threat to the DIF.

The FDIC assesses all banks quarterly. A bank's assessment base and assessment rates are determined quarterly and are risk-based. For small banks (such as the Bank) post-Dodd-Frank and certain rule changes effective in 2016, individual assessment rates are individually assigned based on the FDIC's financial ratios method that estimates the probability of the bank's failure over three years using financial data and a weighted average of the bank's CAMELS component ratings, subject to adjustment. CAMELS composite ratings are used to set minimum and maximum assessment rates. The assessment base, post-Dodd-Frank, is the average consolidated total assets minus average tangible equity. Management cannot predict what insurance assessment rates will be in the future.

The FDIC may terminate the deposit insurance of any insured depository institution, including the Bank, if it determines that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, order or any condition imposed by an agreement with the FDIC. It may also suspend deposit insurance temporarily if the institution has no tangible capital. If insurance is terminated, the accounts at the institution at the time of the termination, less subsequent withdrawals, shall continue to be insured for a period of six months to two years, as determined by the FDIC. Management is aware of no existing circumstances that would result in termination of the Bank's FDIC deposit insurance.

Anti-Money Laundering, Patriot Act; OFAC Sanctions — The Company and the Bank are subject to federal laws that are designed to counter money laundering and terrorist financing, and transactions with persons, companies, or foreign governments sanctioned by the United States. These laws include the Bank Secrecy Act, the Money Laundering Control Act, the Anti-Money Laundering Act of 2020, and the USA Patriot Act, as administered by the United States Treasury Department's Financial Crimes Enforcement Network. These laws obligate depository institutions and broker-dealers to verify their customers' identity, conduct customer due diligence, report on suspicious activity, file reports of transactions in currency, and conduct enhanced due diligence on certain accounts. The United States Treasury Department's Office of Foreign Assets Control prohibits persons from engaging in transactions with certain designated restricted countries and persons. Depository institutions and broker-dealers are required by their federal regulators to maintain robust policies and procedures in order to ensure compliance with these anti-money laundering obligations.

Failure to comply with these laws or maintain an adequate compliance program can lead to significant monetary penalties and reputational damage. Federal regulators evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank merger, acquisition, restructuring, or other expansionary activity.

Consumer Laws and Regulations — The Bank is subject to a number of federal and state consumer protection laws, including, but not limited to, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Military Lending Act, the Real Estate Settlement Procedures Act, the Servicemembers Civil Relief Act, the Telephone Consumer Protection Act, and these laws' respective state-law counterparts, among many others. As discussed in more detail below, the Bank also complies with fair lending and privacy laws. Banks as well as nonbanks are subject to any rule, regulation or guideline created by the CFPB. The CFPB is an independent "watchdog" within the Federal Reserve System that regulates any person who offers or provides personal, family or household financial products or services. Congress established the CFPB to create one agency in charge of protecting consumers by overseeing the application and implementation of "Federal consumer financial laws," which includes (i) rules, orders, and guidelines of the CFPB, (ii) all consumer financial protection functions, powers, and duties transferred from other federal agencies, such as the Federal Reserve, the OCC, the FDIC, the Federal Trade Commission, and the Department of Housing and Urban Development, and (iii) a long list of consumer financial protection laws enumerated in the Dodd-Frank Act, including those listed above.

The CFPB is authorized to prescribe rules applicable to any covered person or service provider identifying and prohibiting acts or practices that are unfair, deceptive, or abusive in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The CFPB has engaged in rulemaking and taken enforcement actions that directly impact the business operations of financial institutions offering consumer financial products or services including the Bank and its divisions. Depository institutions with $10 billion or less in assets, such as the Bank, will continue to be examined for compliance with the consumer protection laws and regulations by their primary bank regulators (the FDIC for the Bank), rather than the CFPB. The FDIC also regulates what it considers unfair and deceptive practices under Section 5 of the Federal Trade Commission Act.

Such laws and regulations and the other consumer protection laws and regulations to which the Bank has been subject have historically mandated certain disclosure requirements and regulated the manner in which financial institutions must deal with customers when taking deposits from, making loans to, or engaging in other types of transactions with, such customers. The continued effect of the CFPB on the development and promulgation of consumer protection rules and guidelines and the enforcement of federal "consumer financial laws" on the Bank, if any, cannot be determined with certainty at this time.

Community Reinvestment Act and the Fair Lending Laws — Banks have a responsibility under the CRA and related regulations of the FDIC to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. An institution's failure to comply with the provisions of the CRA could, at a minimum, result in regulatory restrictions on its activities and the denial of applications. In addition, an institution's failure to comply with the Equal Credit Opportunity Act and the Fair Housing Act could result in the FDIC, other federal regulatory agencies, or the Department of Justice, taking enforcement actions against the institution. Failure by the Bank to fully comply with these laws could result in material penalties being assessed against the Bank. The Bank received a "Satisfactory" CRA Performance Evaluation in January 2020, its most recent evaluation. A copy of the public section of this CRA Performance Evaluation is available to the public upon request.

Privacy and Data Security — The FRB, FDIC, and other bank regulatory agencies have adopted guidelines for safeguarding confidential, personal customer information. These guidelines require each financial institution, under the supervision and ongoing oversight of its board of directors or an appropriate committee thereof, to create, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of such information and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. If the Bank fails to properly safeguard customer information or is the subject of a successful cyber-attack, it could result in material fines and/or liabilities that would materially affect the Company's results of operations.

In addition, various U.S. regulators, including the Federal Reserve and the SEC, have increased their focus on cyber-security through guidance, examinations, and regulations. The Company has adopted a customer information security program that has been approved by the Company's Board of Directors.

The GLBA requires financial institutions to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to non-affiliated third parties. In general, the statute requires explanations to consumers on policies and procedures regarding the disclosure of such nonpublic personal information, and, except as otherwise required by law, prohibits disclosing such information except as provided in the banking subsidiary's policies and procedures. In addition to the GLBA, the Company and the Bank are also subject to state privacy laws.

In November 2021, the FRB, FDIC, and Office of the Comptroller of the Currency issued a joint final rule establishing computer-security incident notification requirements for banking organizations and their bank service providers. Effective April 2022, with full compliance no later than May 2022, banking organizations will be required to notify its primary federal regulator as soon as possible and no later than 36 hours after the banking organization determines that a computer-security incident that rises to the level of a notification incident has occurred. The rule defines computer-security incident as an occurrence that results in actual harm to the confidentiality, integrity, or availability of an information system or the information that the system processes, stores, or transmits. A notification incident is defined as a computer-security incident that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, a banking organization's: (i) ability to carry out banking operations, activities, or processes, or deliver banking products and services to a material portion of its customer base, in the ordinary course of business; (ii) business line(s), including associated operations, services, functions, and support, that upon failure would result in a material loss of revenue, profit, or franchise value; or (iii) operations, including associated services, functions and support, as applicable, the failure or discontinuance of which would pose a threat to the financial stability of the United States. For example, a notification incident may include a major computer-system failure; a cyber-related interruption, such as a distributed denial of service or ransomware attack; or another type of significant operational interruption.

The rule also requires a bank service provider to notify at least one bank-designated point of contact at each affected banking organization customer as soon as possible when the bank service provider determines that it has experienced a computer-security incident that has materially disrupted or degraded, or is reasonably likely to disrupt or degrade, covered services provided to the banking organization for four or more hours. If the banking organization has not previously provided a designated point of contact, the notification must be made to the banking organization's chief executive officer and chief information officer or to two individuals of comparable responsibilities.

Prohibitions Against Tying Arrangements — The Bank is subject to prohibitions on certain tying arrangements. A depository institution is prohibited, subject to certain exceptions, from extending credit to or offering any other service, or fixing or varying the consideration for such extension of credit or service, on the condition that the client obtain some additional product or service from the institution or its affiliates or not obtain services of a competitor of the institution.

Depositor Preference — The FDIA provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors (including depositors whose deposits are payable only outside of the U.S.), and the parent BHC, with respect to any extensions of credit they have made to such insured depository institution.

Federal Home Loan Bank System — The FHLB offers credit to its members, which include savings banks, commercial banks, insurance companies, credit unions, and other entities. The FHLB system is currently divided into eleven federally chartered regional

FHLBs that are regulated by the Federal Housing Finance Agency. The Bank is a member and owns capital stock in the FHLB Cincinnati. The amount of capital stock the Bank must own to maintain its membership depends on its balance of outstanding advances. It is required to acquire and hold shares in an amount at least equal to 1% of the aggregate principal amount of its unpaid single-family, residential real estate loans and similar obligations at the beginning of each year, or 1/20th of its outstanding advances from the FHLB, whichever is greater. Advances are secured by pledges of loans, mortgage backed securities, and capital stock of the FHLB. FHLBs also purchase mortgages in the secondary market through their Mortgage Purchase Program,. The Bank has never sold loans to the Mortgage Purchase Program.

In the event of a default on an advance, the Federal Home Loan Bank Act establishes priority of the FHLB's claim over various other claims. If an FHLB falls below its minimum capital requirements, the FHLB may seek to require its members to purchase additional capital stock of the FHLB. If problems within the FHLB system were to occur, it could adversely affect the pricing or availability of advances, the amount and timing of dividends on capital stock issued by FHLB Cincinnati to its members, or the ability of members to have their FHLB capital stock redeemed on a timely basis. Congress continues to consider various proposals that could establish a new regulatory structure for the FHLB system, as well as for other government-sponsored entities. The Bank cannot predict at this time, which, if any, of these proposals may be adopted or what effect they would have on the Bank's business.

Federal Reserve System — Under regulations of the FRB, the Bank is required to maintain noninterest-earning reserves against its transaction accounts (primarily NOW and regular checking accounts). The Bank is in compliance with the foregoing reserve requirements. Required reserves must be maintained in the form of vault cash, a depository account at the FRB, or a pass-through account as defined by the FRB. The balances maintained to meet the reserve requirements imposed by the FRB may be used to satisfy liquidity requirements imposed by the FDIC. The Bank is also authorized to borrow from the FRB discount window.

Loans to One Borrower — Under current limits, loans and extensions of credit outstanding at one time to a single borrower and not fully secured generally may not exceed 15% of the institution's unimpaired capital and unimpaired surplus. Loans and extensions of credit fully secured by certain readily marketable collateral may represent an additional 10% of unimpaired capital and unimpaired surplus.

Loans to Insiders — The Bank's authority to extend credit to its directors, executive officers, and principal shareholders, as well as to entities controlled by such persons, is governed by the requirements of Sections 22(g) and 22(h) of the FRA and Regulation O of the Federal Reserve Board. Among other things, these provisions require that extensions of credit to insiders: (a) be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with non-insiders and that do not involve more than the normal risk of repayment or present other features that are unfavorable to the Bank; and (b) not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the Bank's capital. In addition, extensions of credit to insiders in excess of certain limits must be approved by the Bank's Board of Directors.

Capital Adequacy Requirements

Capital Guidelines — 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, including prompt corrective action as described below, 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 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 purposes of determining if prompt corrective action is called for, 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.

As of December 31, 2021 and 2020, the Company's capital ratios* were as follows:

December 31, (dollars in thousands)	2021 Amount	2021 Ratio	2020 Amount	2020 Ratio
Total capital to risk-weighted assets				
Republic Bancorp, Inc.	**$ 878,488**	**17.47** %	$ 896,053	18.52 %
Republic Bank & Trust Company	**861,815**	**17.14**	796,114	16.46
Common equity tier 1 capital to risk-weighted assets				
Republic Bancorp, Inc.	**$ 823,504**	**16.37** %	$ 803,682	16.61 %
Republic Bank & Trust Company	**806,831**	**16.05**	743,743	15.38
Tier 1 (core) capital to risk-weighted assets				
Republic Bancorp, Inc.	**$ 823,504**	**16.37** %	$ 843,682	17.43 %
Republic Bank & Trust Company	**806,831**	**16.05**	743,743	15.38
Tier 1 leverage capital to average assets				
Republic Bancorp, Inc.	**$ 823,504**	**13.35** %	$ 843,682	13.70 %
Republic Bank & Trust Company	**806,831**	**13.10**	743,743	12.11

** The Company and the Bank elected 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 15 basis points lower than those presented in the table above as of December 31, 2021 and 2020.*

Corrective Measures for Capital Deficiencies — The banking regulators are required to take "prompt corrective action" with respect to capital deficient institutions. Agency regulations define, for each capital category, the levels at which institutions are well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. A bank is undercapitalized if it fails to meet any one of the ratios required to be adequately capitalized.

Undercapitalized, significantly undercapitalized, and critically undercapitalized institutions are required to submit a capital restoration plan, which must be guaranteed by the holding company of the institution. In addition, agency regulations contain broad restrictions on certain activities of undercapitalized institutions including asset growth, acquisitions, branch establishment, and expansion into new lines of business. With certain exceptions, an insured depository institution is prohibited from making capital distributions, including dividends, and is prohibited from paying management fees to control persons if the institution would be undercapitalized after any such distribution or payment. A bank's capital classification will also affect its ability to accept brokered deposits. Under banking regulations, a bank may not lawfully accept, roll over, or renew brokered deposits unless it is either well capitalized or it is adequately capitalized and receives a waiver from its applicable regulator.

If a banking institution's capital decreases below acceptable levels, bank regulatory enforcement powers become more enhanced. A significantly undercapitalized institution is subject to mandated capital raising activities, restrictions on interest rates paid and transactions with affiliates, removal of management, and other restrictions. Banking regulators have limited discretion in dealing with a critically undercapitalized institution and are normally required to appoint a receiver or conservator. Banks with risk-based capital and leverage ratios below the required minimums may also be subject to certain administrative actions, including the termination of deposit insurance upon notice and hearing, or a temporary suspension of insurance without a hearing if the institution has no tangible capital.

In addition, a BHC may face significant consequences if its bank subsidiary fails to maintain the required capital and management ratings, including entering into an agreement with the FRB that imposes limitations on its operations and may even require divestitures. Until such deficiencies are corrected, the FRB may impose any limitations or conditions on the conduct or activities of the FHC and its affiliates that the FRB determines are appropriate, and the FHC may not commence any additional activity or acquire control of any company under Section 4(k) of the BHCA without prior FRB approval. Unless the period for compliance is extended by

the FRB, if an FHC fails to correct deficiencies in maintaining its qualification for FHC status within 180 days of notice to the FRB, the FRB may order divestiture of any depository institution controlled by the company. A company may comply with a divestiture order by ceasing to engage in any financial or other activity that would not be permissible for a BHC that has not elected to be treated as an FHC. The Company is currently classified as an FHC.

Under FDICIA, each federal banking agency has prescribed, by regulation, non-capital safety and soundness standards for institutions under its authority. These standards cover internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, such other operational and managerial standards as the agency determines to be appropriate, and standards for asset quality, earnings, and stock valuation. An institution that fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions.

Other Regulation and Legislative Initiatives

Any change in the laws and regulations affecting the Bank's operations is not predictable and could affect the Bank's operations and profitability. The U.S. Congress and state legislative bodies also continually consider proposals for altering the structure, regulation, and competitive relationships of financial institutions. It cannot be predicted whether, or in what form, any of these potential proposals or regulatory initiatives will be adopted, the impact the proposals will have on the financial institutions industry or the extent to which the business or financial condition and operations of the Company and its subsidiaries may be affected.

Statistical Disclosures

The statistical disclosures required by Part I Item 1 "*Business"* are located under Part II Item 7 *"Management's Discussion and Analysis of Financial Condition and Results of Operations."*

Item 1A. Risk Factors.

FACTORS THAT MAY AFFECT FUTURE RESULTS

An investment in Republic's common stock is subject to risks inherent in its business. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all the other information included in this filing. In addition to the risks and uncertainties described below, other risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially and adversely affect its business, financial condition, and results of operations in the future. The value or market price of the Company's common stock could decline due to any of these identified or other risks, and an investor could lose all or part of their investment.

There are factors, many beyond the Company's control, which may significantly change the results or expectations of the Company. Some of these factors are described below, however, many are described in the other sections of this Annual Report on Form 10-K.

COVID-19 AND THE PUBLIC RESPONSE

The COVID-19 pandemic and the public's response to this pandemic present unique risks to the Company's operations and the markets it serves. The Company's operations and the markets it serves have been and will continue to be significantly impacted by the COVID-19 pandemic and the public's response to this pandemic. The following are relevant to the Company and its operations:

- Adverse Economic Conditions – COVID-19 has significantly disrupted social and economic activity in many areas of the U.S., including areas where the Bank operates. The full impact of these disruptions is currently unknown. Additionally, these disruptions may lead to the impairment of the Company's intangible assets, including its goodwill and MSRs.

- Loan and Credit Losses – COVID-19 has restricted certain businesses, and the Bank's credit delinquencies and losses may rise steeply due to these restrictions. Specifically, concentrations of credit in certain markets and in certain industries have been, currently are, or may be more susceptible to delinquency and loss.

  - Industry Concentrations – The Bank lends to clients in industries that have had their business models upended by the pandemic; e.g., the hospitality and leisure industry. Further economic damage to these clients may leave them unable to repay their debt with the Bank.

  - Commercial Real Estate Concentration – The Company maintains a significant level of loans secured by CRE. COVID-19 has driven a remote work environment for many employers and accelerated the trend toward on-line shopping for consumers in the U.S. versus more traditional brick-and-mortar, in-store shopping. As a result, many businesses have publicly stated that they will be downsizing their CRE facilities. This downsizing could have a material negative impact on demand for certain CRE, which in turn could drive down CRE market values. The Bank could incur higher loan losses on its CRE secured loans if CRE market values decline.

  - Borrower Accommodations – In immediate response to the pandemic, and in some instances, governmental requirements, the Bank temporarily suspended residential property foreclosure sales, evictions, and involuntary automobile repossessions. The Bank also temporarily granted fee waivers, payment deferrals, and other expanded assistance for credit card, automobile, mortgage, small business, and personal loan clients. The Bank has resumed some collection activity as permitted by federal and state law, agency guidance, and other requirements. Future governmental actions may extend borrower protections such as eviction moratoriums and borrower-relief programs.

- Reliance on Forecasted Information – The Company's model for estimating credit losses relies on forecasted economic projections. Such projections could be materially inaccurate, with different projections leading to a material adverse impact on the Company's financial position and results of operations.

- Capital and Liquidity – A prolonged period of economic stress leading to increased borrower defaults and corresponding servicing obligations could substantially weaken the Company's capital and liquidity. As a result, the Company could lose access to capital markets and could suspend paying dividends.

- Cybersecurity – The Company and its third-party service providers have been and may continue to be subject to a heightened risk of cyber-attacks due to the number of employees working remotely.

- Reliance on Third Parties – The Company's third-party service providers may be unable to meet their service level commitments to the Company.

- Interconnectedness of Financial Institutions – The Company depends on other financial institutions. Negative events or publicity for other financial institutions may flow to the Bank due the interconnectedness of the financial industry.

- Governmental Restrictions on Operations – Certain loan collection efforts, such as loan foreclosures and evictions, have been and may continue to be prohibited by legal or regulatory bodies.

- Ability of Key Personnel to Perform Their Duties – Key Company personnel may be personally and directly impacted by COVID-19 and may be unable to perform their duties.

- Consumer Behavior – Consumers may behave differently in the aftermath of the pandemic, placing less value on face-to-face interaction. The Bank is a community bank that places high value on personal connection.

- Increased Litigation Risk – The Bank may experience an increase in litigation stemming from the COVID-19 pandemic.

- Company Reputation – The Company and the Bank's reputation could be negatively impacted by the public's perception of how the Company and Bank have operated during the pandemic.

REPUBLIC PROCESSING GROUP

The Company's lines of business and products not typically associated with traditional banking expose earnings to additional risks and uncertainties. The RPG operations are comprised of two reportable segments: TRS and RCS.

RPG's products represent a significant business risk and management believes the Company could be subject to legislative, regulatory, and public pressure to exit or otherwise modify these product lines, which may have a material adverse effect on the Company's operations.

Various states and consumer groups have, from time to time, questioned the fairness of the products offered by RPG. In addition, the 2020 election cycle led to a shift in political power within the executive and legislative branches of the federal government in January 2021. Initiatives of the current President and the current Congress, along with actions of the states, governmental agencies, and consumer groups, could result in regulatory, governmental, or legislative action or litigation, which could have a material adverse effect on the Company's operations. If the Company can no longer offer or must substantially alter its RPG products, it will have a material adverse effect on its profits.

TAX REFUND SOLUTIONS

The TRS segment represents a significant operational risk, and if the Bank were unable to properly service this business, it could materially impact earnings. To process its business, the Bank must implement and test new systems, as well as train new employees. The Bank relies heavily on communications and information systems to operate the TRS segment. Any failure, sustained interruption, or breach in security, including the cyber security, of these systems could result in failures or disruptions in client relationship management and other systems. Significant operational problems could also cause a material portion of the Bank's tax-preparer base to switch to a competitor to process their bank product transactions, significantly reducing the Bank's revenue without a corresponding decrease in expenses.

EAs represent a significant credit risk, and if RB&T is unable to collect a significant portion of its EAs, it would materially, negatively impact earnings. There is credit risk associated with an EA because the funds are disbursed to the taxpayer customer prior to RB&T receiving the taxpayer customer's refund as claimed on the return. Because there is no recourse to the taxpayer customer if the EA is

not paid off by the taxpayer customer's tax refund, RB&T must collect all its payments related to EAs through the refund process. Losses will generally occur on EAs when RB&T does not receive payment due to several reasons, such as IRS revenue protection strategies, including audits of returns, errors in the tax return, tax return fraud and tax debts not previously disclosed to RB&T during its underwriting process. While RB&T's underwriting during the EA approval process takes these factors into consideration based on prior years' payment patterns, if the IRS significantly alters its revenue protection strategies, if refund payment patterns for a given tax season meaningfully change, if the federal government fails to timely deliver refunds, or if RB&T is incorrect in its underwriting assumptions, RB&T could experience higher loan loss provisions above those projected. The provision for loan losses is a significant determining factor of the RPG operations' overall net earnings.

The Bank's EA and RT products represent a significant compliance and regulatory risk, and if RB&T fails to comply with all statutory and regulatory requirements, it could have a material negative impact on earnings. Federal and state laws and regulations govern numerous matters relating to the offering of consumer loan products, such as the EA, and consumer deposit products such as the RT. Failure to comply with disclosure requirements or with laws relating to the permissibility of interest rates and fees charged could have a material negative impact on earnings. In addition, failure to comply with applicable laws and regulations could also expose RB&T to civil money penalties and litigation risk, including shareholder actions.

The Bank's EA and RT products represent a significant third-party management risk, and if RB&T's third-party service providers fail to comply with all the statutory and regulatory requirements for these products or if RB&T fails to properly monitor its third-party service providers offering these products, it could have a material negative impact on earnings. TRS and its third-party service providers operate in a highly regulated environment and deliver products and services that are subject to strict legal and regulatory requirements. Failure by RB&T's third-party service providers or failure of RB&T to properly monitor the compliance of its third-party service providers with laws and regulations could result in fines and penalties that materially and adversely affect RB&T's earnings. Such penalties could also include the discontinuance of any or all third-party program manager products and services.

Due diligence measures implemented by the federal and state governments, which delay the timing of individual tax refund payments or possibly deny those individual payments outright, could present an increased credit risk to the Company. To protect against fraudulent tax returns, the federal government and many state governments have enacted laws and procedures that provide for additional due diligence by the applicable governmental authority prior to issuing an income tax refund. This additional due diligence has generally driven longer periods between the filing of a tax return and the receipt of the corresponding refund. The federal government, specifically as a result of the Protecting Americans from Tax Hikes Act of 2015, mandates that taxpayers filing tax returns with certain characteristics will not receive their corresponding refunds before February 15 each year. These funding delays negatively impact the Company's ability to make mid-season modifications to its EA underwriting model based on then-current year tax refund funding patterns, because the substantial majority of all EAs are traditionally issued prior to February 15. In addition, these enhanced due diligence measures implemented by the federal and state governments could prevent the taxpayer's refund from being issued altogether. These governmental changes by themselves, or in combination with management's changes to EA product parameters, could have a material negative impact on the performance of the EA product and therefore on the Company's financial condition and results of operations if the loss rate on the EA product increases materially.

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

A significant decline in the amount of EITC consumers receive could lead to a significant decline in usage of TRS's EA and RT tax products. Historically, a substantial number of clients utilizing TRS's EA and RT products are consumers that are eligible for the EITC when filing their income tax returns. Economic restrictions driven by the COVID-19 pandemic have substantially increased unemployment across the U.S. and many taxpayers did not have tax withheld from their unemployment benefits. These conditions may lead to a decrease in the amount of total EITC they receive. A decrease in the EITC amount could decrease demand for TRS's RT and EA products. A decrease in the demand for the RT and EA products could have a material negative impact on the Company's financial condition and results of operations.

Advance Child Tax Credit payments may have a significant, negative impact on demand for TRS's EA product. In mid-2021, eligible individuals began receiving periodic advance Child Tax Credit payments from the IRS. These periodic advance payments may lead to lower demand for TRS's EA product offerings because the majority of TRS's client base includes households eligible for the Child

Tax Credit. A significant decline in demand for TRS's products would have a material negative impact on the Company's financial condition and results of operations.

Economic impact (stimulus) payments by governmental agencies may have a significant, negative impact on demand for TRS's EA product. During the COVID-19 pandemic, governmental agencies have provided, and may continue to provide, economic support to certain consumers through stimulus payments and other benefits. Additionally, some federal stimulus payments were provided in January 2021 coinciding with the start of TRS's 2021 EA product offering. Management believes that these stimulus payments, along with a higher national consumer savings rate since the onset of the pandemic, caused lower demand for TRS's EA product offerings in 2021 because the majority of TRS's client base included beneficiaries of such stimulus payments. Further government stimulus programs could cause an additional decline in demand for TRS's products in 2022 and beyond, which would have a material negative impact on the Company's financial condition and results of operations.

EA and RT products are substantially offered through retail tax preparation locations. Usage of retail tax preparation services may be negatively impacted by COVID-19 related health concerns and/or state or local governmental lockdowns. TRS's EA and RT product offerings are substantially facilitated through third-party brick-and-mortar service providers. Usage of these brick-and-mortar service providers may be negatively impacted by COVID-19 related health concerns and state or local governmental lockdowns driving a decrease in TRS related EA and RT volume. A significant decrease in demand for TRS's EA and RT products would have a material negative impact on the Company's financial condition and results of operations.

REPUBLIC CREDIT SOLUTIONS

RCS revenues and earnings are highly concentrated in its line-of-credit products. While the Company expanded its RCS product offerings in 2021, for the year ended December 31, 2021, RCS's revenues and earnings were concentrated in its line-of-credit products. The discontinuation of these line-of-credit products, or a substantial change in the terms under which these products are offered, would have a material adverse effect on the Company's financial condition and results of operations.

Consumer loans originated through the RCS segment represent a higher credit risk. Loss rates for some RCS products have consistently been significantly higher than Traditional Bank loss rates for unsecured consumer loans. A material increase in RCS loan charge-offs could have a material adverse effect on the Bank's financial condition and results of operations and, if such increase in RCS loan charge-offs persisted for an extended period of time, could lead to the discontinuation of the underlying products.

Consumer installment loans originated for sale through the RCS segment represent a higher risk of loss on sale. RCS originates its installment loan product for sale and sells this product at a loss if the originated loan defaults on its first payment to RCS, which is generally 16 days following the loan's origination date. A material increase in first payment defaults for RCS installment loans would result in a material increase in these loans being sold at a loss. Such an increase could have a material adverse impact on the program, and if such losses persisted for an extended period of time, it could lead to the discontinuation of the underlying product.

RCS loans represent a significant compliance and regulatory risk, and if the Company fails to comply with all statutory and regulatory requirements it could have a material negative impact on the Company's earnings. Federal and state laws and regulations govern numerous matters relating to the offering of RCS loans. Changes in the federal or state legislative or regulatory framework governing and failure to comply with laws relating to the permissibility of interest rates and fees charged could have a material negative impact on the Company's earnings.

The Bank's RCS products represent a significant third-party management risk, and if RB&T's third-party service providers fail to comply with all the statutory and regulatory requirements for these products or if RB&T fails to properly monitor its third-party service providers offering these products, it could have a material negative impact on earnings. RCS and its third-party service providers operate in a highly regulated environment and deliver products and services that are subject to strict legal and regulatory requirements. Failure by RB&T's third-party service providers or failure of RB&T to properly monitor the compliance of its third-party service providers with laws and regulations could result in fines and penalties that materially and adversely affect RB&T's earnings.

WAREHOUSE LENDING

The Warehouse Lending business is subject to numerous risks that may result in losses. Risks associated with warehouse loans include, without limitation, (i) credit risks relating to the mortgage bankers that borrow from the Bank, including but not limited to bankruptcy, (ii) the risk of intentional misrepresentation or fraud by any of such mortgage bankers and their third-party service providers, (iii) changes in the market value of mortgage loans originated by the mortgage banker during the time in warehouse, the sale of which is the expected source of repayment of the borrowings under a warehouse line of credit, or (iv) unsalable or impaired mortgage loans so originated, which could lead to decreased collateral value and the failure of a purchaser of the mortgage loan to purchase the loan from the mortgage banker. Failure to mitigate these risks could have a material adverse impact on the Bank's financial statements and results of operations.

Outstanding Warehouse lines of credit and their corresponding earnings could decline due to several factors, such as intense industry competition, declining mortgage demand, and a rising interest rate environment. With the rise of inflation during the latter half of 2021, the FOMC has signaled a more aggressive and hawkish approach to its monetary policies over the next few years. Included in its expected actions is raising the FFTR multiple times, ending its quantitative easing program of buying certain types of bonds in the open market, and implementing a quantitative tightening program by reducing the size of its balance sheet and selling certain types of bonds in the market.

The FOMC's signaling of these actions caused market interest rates for U.S. Treasury bonds and mortgages to begin to rise rapidly during the last quarter of 2021 and the first few weeks of 2022. With the rise in mortgage rates, mortgage refinance activity began to slow dramatically late in the fourth quarter of 2021, and as a result, Warehouse usage began to decline significantly. Further monetary tightening by the FOMC in 2022 will likely further decrease mortgage demand and Warehouse line usage. In addition, a decrease in usage across the Warehouse industry could also cause competitive pricing pressure on the Bank to lower its pricing to its Warehouse clients in order to maintain higher volumes.

The Bank will likely experience decreased earnings on its Warehouse lines of credit during 2022 due to expected rising market interest rates and strong industry competition and pricing pressures. Such decreased earnings could materially impact the Company's results of operations.

The Company may lose Warehouse clients due to mergers and acquisitions in the industry. The Bank's Warehouse clients are primarily mortgage companies across the United States. Mergers and acquisitions affecting such clients may lead to an end to the client relationship with the Bank. The loss of a significant number of clients may materially impact the Company's results of operations.

TRADITIONAL BANK LENDING AND THE ALLOWANCE FOR CREDIT LOSSES ON LOANS

The ACLL could be insufficient to cover the Bank's actual loan losses. The Bank makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of its loans. In determining the amount of the ACLL, among other things, the Bank reviews its loss and delinquency experience, economic conditions, etc. If its assumptions are incorrect, the ACLL may not be sufficient to cover losses inherent in its loan portfolio, resulting in additions to its ACLL. In addition, regulatory agencies periodically review the ACLL and may require the Bank to increase its Provision or recognize further loan charge-offs. A material increase in the ACLL or loan charge-offs would have a material adverse effect on the Bank's financial condition and results of operations.

Deterioration in the quality of the Traditional Banking loan portfolio may result in additional charge-offs, which would adversely impact the Bank's operating results. When borrowers default on their loan obligations, it may result in lost principal and interest income and increased operating expenses associated with the increased allocation of management time and resources associated with the collection efforts. In certain situations where collection efforts are unsuccessful or acceptable "work-out" arrangements cannot be reached or performed, the Bank may charge-off loans, either in part or in whole. Additional charge-offs will adversely affect the Bank's operating results and financial condition.

Mortgage Banking revenue will likely decline due to declining mortgage demand resulting from a rising interest rate environment, which will also lead to more intense industry competition for a shrinking mortgage market. Mortgage Banking is a significant operating segment of the Company. With the rise of inflation during the latter half of 2021, the FOMC has signaled a more aggressive

and hawkish approach to its monetary policies over the next few years. Included in its expected actions is raising the FFTR multiple times, ending its quantitative easing program of buying certain types of bonds in the open market, and implementing a quantitative tightening program by reducing the size of its balance sheet and selling certain types of bonds in the market.

The FOMC's signaling of these actions caused market interest rates for treasury bonds and mortgages to begin to rise rapidly during the last quarter of 2021 and the first few weeks of 2022. With the rise in mortgage rates, mortgage refinance activity began to slow dramatically late in the fourth quarter of 2021, and as a result, mortgage origination volume began to decline significantly. Further monetary tightening by the FOMC in 2022 will likely further decrease mortgage demand. In addition, a decrease in mortgage demand across the mortgage industry could also cause competitive pricing pressure on the Bank to lower its mortgage pricing to maintain its volumes for a shrinking market, further causing its cash gains-as-a-percentage-of-loans-sold to decline.

The Bank will likely experience decreased Mortgage Banking revenue during 2022 due to expected rising market interest rates and strong industry competition and pricing pressures. Such decreased earnings could materially impact the Company's results of operations.

Loans originated through the Bank's Consumer Direct channel will subject the Bank to credit and regulatory risks that the Bank does not have through its historical origination channels. The dollar volume of loans originated through the Bank's Consumer Direct channel is expected to be increasingly out-of-market. Loans originated out of the Bank's market footprint inherently carry additional credit and regulatory risk, as the Bank will experience an increase in the complexity of the customer authentication requirements for such loans. Failure to appropriately identify the end-borrower for such loans could lead to fraud losses. Failure to appropriately identify the end-borrower could also result in regulatory sanctions resulting from failure to comply with various customer identification regulations. Failure to appropriately manage these additional risks could lead to additional regulatory and compliance risks and burdens and reduced profitability and/or operating losses through this origination channel.

The Bank is highly dependent upon programs administered by Freddie Mac and Fannie Mae. Changes in existing U.S. government-sponsored mortgage programs or servicing eligibility standards could materially and adversely affect its business, financial position, results of operations, and cash flows. The Bank's ability to generate revenues through mortgage loan sales to institutional investors depends significantly on programs administered by Freddie Mac and Fannie Mae. These entities play powerful roles in the residential mortgage industry, and the Bank has significant business relationships with them. The Bank's status as an approved seller/servicer for both is subject to compliance with their selling and servicing guides.

Any discontinuation of, or significant reduction or material change in, the operation of Freddie Mac or Fannie Mae or any significant adverse change in the level of activity in the secondary mortgage market or the underwriting criteria of Freddie Mac or Fannie Mae would likely prevent the Bank from originating and selling most, if not all, of its mortgage loan originations.

The Bank's financial condition and earnings could be negatively impacted to the extent the Bank relies on borrower information that is false, misleading, or inaccurate. The Bank relies on the accuracy and completeness of information provided by vendors, clients, and other parties in deciding whether to extend credit and/or enter transactions with other parties. If the Bank relies on incomplete and/or inaccurate information, the Bank may incur additional charge-offs that adversely affect its operating results and financial condition.

The Bank's use of appraisals as part of the decision process to make a loan on or secured by real property does not ensure the value of the real property collateral. As part of the decision process to make a loan secured by real property, the Bank generally requires an independent third-party appraisal of the real property. An appraisal, however, is only an estimate of the value of the property at the time the appraisal is made. An error in fact or judgment could adversely affect the reliability of the appraisal. In addition, events occurring after the initial appraisal may cause the value of the real estate to decrease. As a result of any of these factors, the value of collateral securing a loan may be less than supposed, and if a default occurs, the Bank may not recover the outstanding balance of the loan. Additional charge-offs will adversely affect the Bank's operating results and financial condition.

The Bank is exposed to risk of environmental liabilities with respect to properties to which it takes title. In the course of its business, the Bank may own or foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. The Bank may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if the Bank is the owner or former owner of a contaminated site, the Bank may be subject to

common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. These costs and claims could adversely affect the Bank.

Prepayment of loans may negatively impact the Bank's business. The Bank's clients may prepay the principal amount of their outstanding loans at any time. The speeds at which such prepayments occur, as well as the size of such prepayments, are within the Bank clients' discretion. If clients prepay the principal amount of their loans, and the Bank is unable to lend those funds to other clients or invest the funds at the same or higher interest rates, the Bank's interest income will be reduced. A significant reduction in interest income would have a negative impact on the Bank's results of operations and financial condition.

ASSET/LIABILITY MANAGEMENT AND LIQUIDITY

Mortgage Banking activities could be adversely impacted by increasing or stagnant long-term interest rates. The Company is unable to predict changes in market interest rates. Changes in interest rates can impact the gain on sale of loans, loan origination fees, and loan servicing fees, which account for a significant portion of Mortgage Banking income. A decline in market interest rates generally results in higher demand for mortgage products, while an increase in rates generally results in reduced demand. Generally, if demand increases, Mortgage Banking income will be positively impacted by more gains on sale; however, the valuation of existing mortgage servicing rights will decrease and may result in a significant impairment. A decline in demand for Mortgage Banking products resulting from rising interest rates could also adversely impact other programs/products such as home equity lending, title insurance commissions, and service charges on deposit accounts.

Fluctuations in interest rates could reduce profitability. The Bank's asset/liability management strategy may not be able to prevent changes in interest rates from having a material adverse effect on results of operations and financial condition. The Bank's primary source of income is from the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. The Bank expects to periodically experience "gaps" in the interest rate sensitivities of its assets and liabilities, meaning that either interest-bearing liabilities will be more sensitive to changes in market interest rates than interest-earning assets, or vice versa. In either event, if market interest rates should move contrary to the Bank's position, earnings may be negatively affected.

A flattening or inversion of the interest rate yield curve may reduce profitability. Changes in the slope of the "yield curve," or the spread between short-term and long-term interest rates, could reduce the Bank's net interest margin. Normally, the yield curve is upward sloping, meaning short-term rates are lower than long-term rates. Because the Bank's interest-bearing liabilities tend to be shorter in duration than its interest-earning assets, when the yield curve flattens or even inverts, the Bank's net interest margin could decrease as its cost of funds rises higher and at a faster pace than the yield on its interest-earning assets. A rise in the Bank's cost of interest-bearing liabilities without a corresponding increase in the yield on its interest-earning assets, would have an adverse effect on the Bank's net interest margin and overall results of operations.

The Bank may be compelled to offer market-leading interest rates to maintain sufficient funding and liquidity levels. The Bank has traditionally relied on client deposits, brokered deposits, and advances from the FHLB to fund operations. Such traditional sources may be unavailable, limited, or insufficient in the future. 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 curtailed, such as its borrowing line at the FHLB, or if the Bank cannot obtain brokered deposits, the Bank may be compelled to offer market-leading interest rates to meet its funding and liquidity needs. Obtaining funds at market-leading interest rates may have an adverse impact on the Company's net interest income and overall results of operations.

The planned discontinuance of LIBOR presents risks to the Company because the Bank uses LIBOR as a reference rate for a material portion of its financial instruments. In July 2017, the FCA, the authority regulating LIBOR, along with various other regulatory bodies, announced that LIBOR would likely be discontinued at the end of 2021. Subsequent to that announcement, in November 2020, the FCA announced that many tenors of LIBOR would continue to be published through June 2023. In compliance with regulatory guidance, the Bank discontinued referencing LIBOR for new financial instruments during 2021 and chose SOFR to be its primary alternative reference rate for most transaction types upon the discontinuance or unavailability of LIBOR.

Risks associated with the Bank's transition from LIBOR to SOFR or other alternative reference rates include the following:

- SOFR is viewed as a near risk free rate because it is derived from rates on overnight U.S. Treasury repurchase transactions. These transactions are essentially overnight loans secured by U.S. Treasury securities, thus practically risk free. Changing to

SOFR or a similar rate could result in a value transfer between contracting parties to instruments originally based on LIBOR. Historically, in periods of economic or financial industry stress, near risk free rates that are analogous to SOFR have been relatively stable. In contrast, LIBOR, which is designed to reflect the credit risk of banks, has widened relative to near risk free rates, reflecting increased uncertainty regarding the credit-worthiness of banks. Accordingly, assuming that SOFR will behave like its historical equivalents, an instrument that transitions from LIBOR to SOFR may not yield identical economic outcomes for each contracting party to an instrument had the instrument continued to reference LIBOR. Similarly, SOFR, because it is near risk free, tends to be a lower rate than LIBOR. To address these differences between LIBOR and SOFR, certain industry recommended LIBOR fallback provisions include a concept of an adjustment spread that is applied when a LIBOR-based contract transitions to SOFR and that is calculated based on a five-year median look-back of the historical spot difference between the applicable LIBOR tenor and the applicable SOFR tenor. However, because any such adjustment spread will be based on a historical median, it is likely that the adjustment spread may not reflect the spot difference between LIBOR and SOFR at certain points in time and there may be a value transfer between the contracting parties over the life of the instrument because the all-in rate applied to a contract, even taking into account the spread adjustment, might have behaved differently over the life of the instrument in the absence of LIBOR cessation.

Any value transfer could be financially adverse to the Bank or to its counterparties. Repercussions from a change in reference rate would likely include changes to the yield on, and value of, loans or securities held by the Bank, and amounts received and paid on derivative instruments the Bank has contracted. Any theoretical benefit to the Bank could result in counterparty dissatisfaction, which, in turn could lead to litigation, potentially as class actions, or other adverse consequences, including dissatisfied clients or counterparties, resulting in loss of business. As a result, over the life of a transaction that transitions from LIBOR to a new reference rate, the Bank's obligations to its counterparties or vice versa and the yield the Bank contractually receives or pays may change from that which would have resulted from a continuation of LIBOR.

- As of December 31, 2021, approximately $445 million of Bank loans were indexed to LIBOR and scheduled to mature after June 30, 2023. Contractual fallback/transition language within these LIBOR-based contracts may be deemed ambiguous or inadequate and may result in litigation, and in some cases may involve concession on the Bank's part that has the effect of reducing the value of the instrument to the Bank.

  Additionally, the Bank's LIBOR-based interest rate derivative contracts executed prior to January 25, 2021 may not include adequate "fallback" language to use alternative indexes and margins when LIBOR ceases. In response, the industry trade group for derivatives, ISDA, published a protocol pursuant to which industry participants can agree with any other industry participant that adheres to the protocol to include ISDA's new LIBOR fallback provisions into legacy derivatives contracts. Although the Bank has adhered to the ISDA protocol, it is possible that many "end users" of swaps, i.e., Bank loan clients who have hedged their interest rate payment obligations, may not adhere. In addition, there are differences between the new ISDA fallback provisions and the fallback provisions that have been proposed for loans, which differences could result in a mismatch between the reference rate or other economics in Bank borrowers' legacy derivative contracts and their loans for which such derivative contracts are intended as a hedge. For these end-user counterparties, one-on-one negotiation with each counterparty will be necessary in order to amend legacy swaps to adequately address LIBOR cessation. If the Bank is unable to agree to appropriate LIBOR cessation provisions with these swap counterparties, there will be uncertainty as to how to value and effect the Bank's rights and obligations under its legacy swap contracts. Although legislative solutions to address LIBOR cessation in derivative contracts have been proposed, there is no assurance such solutions will be implemented, and the Bank may seek to negotiate with impacted counterparties or, if not possible, effect reference rate transition through other means. Addressing transition under these circumstances may be challenging or ineffective, could result in litigation, and in some cases may involve concession on the Bank's part that has the effect of reducing the value of the instrument to the Bank.

- Transitioning from LIBOR to alternative indexes may result in operational errors during the transition such that the replacement index is not applied in a timely manner or is incorrectly applied. This is particularly true given the volume of contracts that will require transition, the variety of potential approaches to transition, and the possible short duration of the transition period.

  It is also possible that LIBOR quotes will become unavailable prior to the currently anticipated cessation date. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified. These risks may also be increased due to the shorter time for preparing for the transition.

The Bank's failure to successfully implement the transition from LIBOR to alternative indexes could result in reduced interest income on its loans that reprice with LIBOR, and/or increased regulatory scrutiny and actions by regulators, including fines and other supervisory sanctions.

DEPOSITS AND RELATED ITEMS

Clients could pursue alternatives to bank deposits, causing the Bank to lose a relatively inexpensive source of funding. Checking and savings account balances and other forms of client deposits could decrease if clients perceive alternative investments, such as the stock market, as providing superior expected returns. If clients move money out of bank deposits in favor of alternative investments, the Bank could lose a relatively inexpensive source of funds, increasing its funding costs and negatively impacting its overall results of operations.

The loss of large deposit relationships could increase the Bank's funding costs. The Bank has several large deposit relationships that do not require collateral; therefore, cash from these accounts can generally be utilized to fund the loan portfolio. If any of these balances are moved from the Bank, the Bank would likely utilize overnight borrowing lines on a short-term basis to replace the balances. The overall cost of gathering brokered deposits and/or FHLB advances, however, could be substantially higher than the Traditional Bank deposits they replace, increasing the Bank's funding costs and reducing the Bank's overall results of operations.

The Bank's "Overdraft Honor" program represents a significant business risk, and if the Bank terminated the program, it would materially impact the earnings of the Bank. There can be no assurance that Congress, the Bank's regulators, or others, will not impose additional limitations on this program or prohibit the Bank from offering the program. The Bank's "Overdraft Honor" program permits eligible clients to overdraft their checking accounts up to a predetermined dollar amount for the Bank's customary overdraft fee(s). Limitations or adverse modifications to this program, either voluntary or involuntary, would significantly reduce net income.

COMPANY COMMON STOCK

The Company's common stock generally has a low average daily trading volume, which limits a stockholder's ability to quickly accumulate or quickly sell large numbers of shares of Republic's stock without causing wide price fluctuations. Republic's stock price can fluctuate widely in response to a variety of factors, as detailed in the next risk factor. A low average daily stock trading volume can lead to significant price swings even when a relatively small number of shares are being traded.

The market price for the Company's common stock may be volatile. The market price of the Company's common stock could fluctuate substantially in the future in response to several factors, including those discussed below. The market price of the Company's common stock has fluctuated significantly in the past and is likely to continue to fluctuate significantly. Some of the factors that may cause the price of the Company's common stock to fluctuate include:

- Variations in the Company's and its competitors' operating results;
- Actual or anticipated quarterly or annual fluctuations in operating results, cash flows, and financial condition;
- Changes in earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to the Bank or other financial institutions;
- Announcements by the Company or its competitors of mergers, acquisitions, and strategic partnerships;
- Additions or departure of key personnel;
- The announced exiting of or significant reductions in material lines of business within the Company;
- Changes or proposed changes in banking laws or regulations or enforcement of these laws and regulations;
- Events affecting other companies that the market deems comparable to the Company;
- Developments relating to regulatory examinations;
- Speculation in the press or investment community generally or relating to the Company's reputation or the financial services industry;
- Future issuances or re-sales of equity or equity-related securities, or the perception that they may occur;
- General conditions in the financial markets and real estate markets in particular, developments related to market conditions for the financial services industry;
- Domestic and international economic factors unrelated to the Company's performance;

- Developments related to litigation or threatened litigation;
- The presence or absence of short selling of the Company's common stock; and,
- Future sales of the Company's common stock or debt securities.

In addition, the stock market, in general, has historically experienced extreme price and volume fluctuations. This is due, in part, to investors' shifting perceptions of the effect of changes and potential changes in the economy on various industry sectors. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their performance or prospects. These broad market fluctuations may adversely affect the market price of the Company's common stock, notwithstanding its actual or anticipated operating results, cash flows, and financial condition. The Company expects that the market price of its common stock will continue to fluctuate due to many factors, including prevailing interest rates, other economic conditions, operating performance, and investor perceptions of the outlook for the Company specifically and the banking industry in general. There can be no assurance about the level of the market price of the Company's common stock in the future or that you will be able to resell your shares at times or at prices you find attractive.

The Company's insiders hold voting rights that give them significant control over matters requiring stockholder approval. The Company's Executive Chair/CEO and Vice Chair hold substantial voting authority over the Company's Class A Common Stock and Class B Common Stock. Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to ten votes. This group generally votes together on matters presented to stockholders for approval. These actions may include, for example, the election of directors, the adoption of amendments to corporate documents, the approval of mergers and acquisitions, sales of assets, and the continuation of the Company as a registered company with obligations to file periodic reports and other filings with the SEC. Consequently, other stockholders' ability to influence Company actions through their vote may be limited and the non-insider stockholders may not have sufficient voting power to approve a change in control even if a significant premium is being offered for their shares. Majority stockholders may not vote their shares in accordance with minority stockholder interests.

An investment in the Company's Common Stock is not an insured deposit. The Company's common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in the Company's common stock is inherently risky for the reasons described in this section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire the Company's common stock, you could lose some or all of your investment.

GOVERNMENT REGULATION / ECONOMIC FACTORS

The Company is significantly impacted by the regulatory, fiscal, and monetary policies of federal and state governments that could negatively impact the Company's liquidity position and earnings. These policies can materially affect the value of the Company's financial instruments and can also adversely affect the Company's clients and their ability to repay their outstanding loans. In addition, failure to comply with laws, regulations or policies, or adverse examination findings, could result in significant penalties, negatively impact operations, or result in other sanctions against the Company. The Board of Governors of the Federal Reserve System regulates the supply of money and credit in the U.S. Its policies determine, in large part, the Company's cost of funds for lending and investing and the return the Company earns on these loans and investments, all of which impact net interest margin.

The Company and the Bank are heavily regulated at both the federal and state levels and are subject to various routine and non-routine examinations by federal and state regulators. This regulatory oversight is primarily intended to protect depositors, the Deposit Insurance Fund, and the banking system, not the stockholders of the Company. Changes in policies, regulations and statutes, or the interpretation thereof, could significantly impact the product offerings of Republic causing the Company to terminate or modify its product offerings in a manner that could materially adversely affect the earnings of the Company.

Federal and state laws and regulations govern numerous matters including changes in the ownership or control of banks and bank holding companies, maintenance of adequate capital and the financial condition of a financial institution, permissible types, amounts and terms of extensions of credit and investments, permissible non-banking activities, the level of reserves against deposits and restrictions on dividend payments. Various federal and state regulatory agencies possess cease and desist powers, and other authority to prevent or remedy unsafe or unsound practices or violations of law by banks subject to their regulations. The FRB possesses similar powers with respect to bank holding companies. These, and other restrictions, can limit in varying degrees, the way Republic conducts its business.

Government responses to economic conditions, including but not limited to those caused by the COVID-19 pandemic, may adversely affect the Company's operations, financial condition, and earnings. Enacted financial reform legislation has changed and will continue to change the bank regulatory framework. Ongoing uncertainty and adverse developments in the financial services industry and the domestic and international credit markets, and the effect of new legislation and regulatory actions in response to these conditions, may adversely affect Company operations by restricting business activities, including the Company's ability to originate or sell loans, modify loan terms, or foreclose on property securing loans. These measures are likely to increase the Company's costs of doing business and may have a significant adverse effect on the Company's lending activities, financial performance, and operating flexibility. In addition, these risks could affect the performance and value of the Company's loan and investment securities portfolios, which also would negatively affect financial performance.

The Company may be subject to examinations by taxing authorities that could adversely affect results of operations. In the normal course of business, the Company may be subject to examinations from federal and state taxing authorities regarding the amount of taxes due in connection with investments it has made and the businesses in which the Company is engaged. Federal and state taxing authorities have continued to be aggressive in challenging tax positions taken by financial institutions. The challenges made by taxing authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in the Company's favor, they could have an adverse effect on the Company's financial condition and results of operations.

The Company may be adversely affected by the soundness of other financial institutions. Financial services institutions are interrelated because of trading, clearing, counterparty, or other relationships. The Company has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's credit risk may be exacerbated when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to the Company. Any such losses could have a material adverse effect on the Company's financial condition and results of operations.

MANAGEMENT, INFORMATION SYSTEMS, ACQUISITIONS, ETC.

The Company is dependent upon the services of key qualified personnel. The Company is dependent upon the ability and experience of a number of its key management personnel who have substantial experience with Company operations, the financial services industry, and the markets in which the Company offers services. It is possible that the loss of the services of one or more of its key personnel would have an adverse effect on operations.

The Company's operations could be impacted if its third-party service providers experience difficulty. The Company depends on several relationships with third-party service providers, including core systems processing and web hosting. These providers are well-established vendors that provide these services to a significant number of financial institutions. If these third-party service providers experience difficulty or terminate their services and the Company is unable to replace them with other providers, its operations could be interrupted, which would adversely impact its business.

The Company's operations, including third-party and client interactions, are increasingly done via electronic means, and this has increased the risks related to cyber security. The Company is exposed to the risk of cyber-attacks in the normal course of business. In general, cyber incidents can result from deliberate attacks or unintentional events. Management has observed an increased level of attention in the industry focused on cyber-attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as by causing denial-of-service attacks on websites. Cyber-attacks may be carried out directly against the Company, or against the Company's clients or vendors by third parties or insiders using techniques that range from highly sophisticated efforts to electronically circumvent network security or overwhelm websites to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. While the Company has not incurred any material losses related to cyber-attacks, the Bank may incur substantial costs and suffer other negative consequences if the Bank, the Bank's clients, or one of the Bank's third-party service providers fall victim to successful cyber-attacks. Such negative consequences could include: remediation costs for stolen assets or information; system repairs; consumer protection costs; increased cyber security protection costs that may include organizational changes; deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; lost revenues resulting from

unauthorized use of proprietary information or the failure to retain or attract clients following an attack; litigation and payment of damages; and reputational damage adversely affecting client or investor confidence.

The Company's information systems may experience an interruption that could adversely impact the Company's business, financial condition, and results of operations. The Company relies heavily on communications and information systems to conduct its business. Any failure or interruption of these systems could result in failures or disruptions in client relationship management, general ledger, deposit, loan and other systems. While the Company has policies and procedures designed to prevent or limit the impact of the failure or interruption of information systems, there can be no assurance that any such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrences of any failures or interruptions of the Company's information systems could damage the Company's reputation, result in a loss of client business, subject the Company to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company's financial condition and results of operations.

New lines of business or new products and services may subject the Company to additional risks. From time to time, the Company may develop and grow new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, the Company may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of the Company's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on the Company's business, results of operations, and financial condition. All service offerings, including current offerings and those that may be provided in the future, may become riskier due to changes in economic, competitive, and market conditions beyond the Company's control.

Negative public opinion could damage the Company's reputation and adversely affect earnings. Reputational risk is the risk to Company operations from negative public opinion. Negative public opinion can result from the actual or perceived way the Company conducts its business activities, including product offerings, sales practices, practices used in origination and servicing operations, the management of actual or potential conflicts of interest and ethical issues, and the Company's protection of confidential client information. Negative public opinion can adversely affect the Company's ability to keep and attract clients and can expose the Company to litigation.

The Company's ability to successfully complete acquisitions will affect its ability to grow and compete effectively in its market footprint. The Company has announced plans to pursue a policy of growth through acquisitions to supplement internal growth. The Company's efforts to acquire other financial institutions and financial service companies or branches may not be successful. Numerous potential acquirers exist for many acquisition candidates, creating intense competition, which affects the purchase price for which the institution can be acquired. In many cases, the Company's competitors have significantly greater resources than the Company has, and greater flexibility to structure the consideration for the transaction. The Company may also not be the successful bidder in acquisition opportunities that it pursues due to the willingness or ability of other potential acquirers to propose a higher purchase price or more attractive terms and conditions than the Company is willing or able to propose. The Company intends to continue to pursue acquisition opportunities in its market footprint. The risks presented by the acquisition of other financial institutions could adversely affect the Bank's financial condition and results of operations.

Successful Company acquisitions present many risks that could adversely affect the Company's financial condition and results of operations. An institution that the Company acquires may have unknown asset quality issues or unknown or contingent liabilities that the Company did not discover or fully recognize in the due diligence process, thereby resulting in unanticipated losses. The acquisition of other institutions also typically requires the integration of different corporate cultures, loan and deposit products, pricing strategies, data processing systems and other technologies, accounting, internal audit and financial reporting systems, operating systems and internal controls, marketing programs and personnel of the acquired institution, to make the transaction economically advantageous. The integration process is complicated and time consuming and could divert the Company's attention from other business concerns and may be disruptive to its clients and the clients of the acquired institution. The Company's failure to successfully integrate an acquired institution could result in the loss of key clients and employees and prevent the Company from achieving expected synergies and cost savings. Acquisitions and failed acquisitions also result in professional fees and may result in creating

goodwill that could become impaired, thereby requiring the Company to recognize further charges. The Company may finance acquisitions with borrowed funds, thereby increasing the Company's leverage and reducing liquidity, or with potentially dilutive issuances of equity securities.

REPUBLIC INSURANCE SERVICES, INC.

Transactions between the Company and its insurance subsidiary, the Captive, may be subject to certain IRS responsibilities and penalties. The Company's Captive is a Nevada-based, wholly-owned insurance subsidiary of the Company that provides property and casualty insurance coverage to the Company and the Bank as well as a group of other third-party insurance captives for which insurance may not be available or economically feasible. The Treasury Department of the United States and the IRS by way of Notice 2016-66 have stated that transactions believed similar in nature to transactions between the Company and the Captive may be deemed "transactions of interest" because such transactions may have potential for tax avoidance or evasion. If the IRS ultimately concludes such transactions do create tax avoidance or evasion issues, the Company could be subject to the payment of penalties and interest.

BANK OWNED LIFE INSURANCE

The Bank holds a significant amount of BOLI, which creates credit risk relative to the insurers and liquidity risk relative to the product. As of December 31, 2021, the Bank held BOLI on certain employees. The eventual repayment of the cash surrender value is subject to the ability of the various insurance companies to pay death benefits or to return the cash surrender value to the Bank if needed for liquidity purposes. The Bank continually monitors the financial strength of the various insurance companies that carry these policies. However, any one of these companies could experience a decline in financial strength, which could impair its ability to pay benefits or return the Bank's cash surrender value. If the Bank needs to liquidate these policies for liquidity purposes, it would be subject to taxation on the increase in cash surrender value and penalties for early termination, both of which would adversely impact earnings.

ACCOUNTING POLICIES/ESTIMATES

The Company's accounting policies and estimates are critical components of the Company's presentation of its financial statements. Management must exercise judgment in selecting and adopting various accounting policies and in applying estimates. Actual outcomes may be materially different from amounts previously estimated. Management has identified certain accounting policies and estimates as being critical to the presentation of the Company's financial statements. These policies are described in Part II Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" under the section titled "*Critical Accounting Policies and Estimates.*" The Company's management must exercise judgment in selecting and applying many accounting policies and methods to comply with generally accepted accounting principles and reflect management's judgment of the most appropriate manner to report the Company's financial condition and results. In some cases, management may select an accounting policy that might be reasonable under the circumstances yet might result in the Company's reporting different results than would have been reported under a different alternative. Materially different amounts could be reported under different conditions or using different assumptions or estimates.

The Bank may experience goodwill impairment, which could reduce its earnings. The Bank performed its annual goodwill impairment test during the fourth quarter of 2021 as of September 30, 2021. The evaluation of the fair value of goodwill requires management judgment. If management's judgment was incorrect and goodwill impairment was later deemed to exist, the Bank would be required to write down its goodwill resulting in a charge to earnings, which could materially, adversely affect its results of operations.

Item 1B. Unresolved Staff Comments.

None

Item 2. Properties.

The Company's executive offices, principal support and operational functions are located at 601 West Market Street in Louisville, Kentucky. As of December 31, 2021, Republic had 28 banking centers located in Kentucky, seven banking centers in Florida, three banking centers in Indiana, two banking centers in Tennessee, and two banking centers in Ohio.

The location of Republic's facilities, their respective approximate square footage, and their form of occupancy are as follows:

Bank Offices	Approximate Square Footage	Owned (O)/ Leased (L)
Kentucky Banking Centers:		
Louisville Metropolitan Area		
2801 Bardstown Road, Louisville	5,000	L (1)
601 West Market Street, Louisville	57,000	L (1)
661 South Hurstbourne Parkway, Louisville	42,000	L (1)
9600 Brownsboro Road, Louisville	42,000	L (1)
5250 Dixie Highway, Louisville	5,000	O/L (2)
10100 Brookridge Village Boulevard, Louisville	5,000	O/L (2)
9101 U.S. Highway 42, Prospect	3,000	O/L (2)
11330 Main Street, Middletown	6,000	O/L (2)
3902 Taylorsville Road, Louisville	4,000	O/L (2)
3811 Ruckriegel Parkway, Louisville	4,000	O/L (2)
5125 New Cut Road, Louisville	4,000	O/L (2)
4808 Outer Loop, Louisville	4,000	O/L (2)
438 Highway 44 East, Shepherdsville	4,000	O/L (2)
1420 Poplar Level Road, Louisville	3,000	O
4921 Brownsboro Road, Louisville	3,000	L
3950 Kresge Way, Suite 108, Louisville	1,000	L
3726 Lexington Road, Louisville	4,000	L
1720 West Broadway, Suite 103, Louisville	3,000	L
Lexington		
3098 Helmsdale Place	5,000	O/L (2)
3608 Walden Drive	4,000	O/L (2)
2401 Harrodsburg Road	6,000	O
641 East Euclid Avenue	3,000	O
333 West Vine Street	4,000	L
Northern Kentucky		
535 Madison Avenue, Covington	4,000	L
25 Town Center Blvd., Suite 104, Crestview Hills	3,000	L
8513 U.S. Highway 42, Florence	4,000	L
(continued)		

Bank Offices	Approximate Square Footage	Owned (O)/ Leased (L)
(continued)		
Georgetown, 430 Connector Road	5,000	O/L (2)
Shelbyville, 1614 Midland Trail	6,000	L (2)
Florida Banking Centers:		
12933 Walsingham Road, Largo	4,000	O
10577 State Road 54, New Port Richey	3,000	L
6300 4th Street N, St. Petersburg	10,000	O
6600 Central Avenue, St. Petersburg	9,000	O
7800 Seminole Blvd., Seminole	3,000	O
6906 E. Fowler Avenue, Temple Terrace	2,000	L
1300 North West Shore Blvd. Suite 150, Tampa	3,000	L
Southern Indiana Banking Centers:		
4571 Duffy Road, Floyds Knobs	4,000	O/L(2)
3141 Highway 62, Jeffersonville	4,000	O
3001 Charlestown Crossing Way, New Albany	2,000	L
Tennessee Banking Centers:		
113 Seaboard Lane, Franklin	2,000	L
2034 Richard Jones Road, Nashville	3,000	L
Ohio Banking Center:		
4030 Smith Road, Norwood	5,000	L
9110 West Chester Towne Center Dr., West Chester	3,000	L
Support and Operations:		
200 South Seventh Street, Louisville, KY	80,000	L(1)

(1) Locations are leased from partnerships in which the Company's Executive Chair and Chief Executive Officer, Steven E. Trager, its Vice Chair and President, A. Scott Trager, or family members of Steven E. Trager and A. Scott Trager, have a financial interest. See additional discussion included under Part III Item 13 "Certain Relationships and Related Transactions, and Director Independence." For additional discussion regarding Republic's lease obligations, see Part II Item 8 "Financial Statements and Supplementary Data" Footnote 6 "Right-of-Use Assets and Operating Leases Liabilities."

(2) The banking centers at these locations are owned by Republic; however, the banking center is located on land that is leased through long-term agreements with third parties.

Item 3. Legal Proceedings.

See Footnote 1 "Summary of Significant Accounting Policies" of Part II Item 8 "Financial Statements and Supplementary Data" for discussion regarding the cancelled sale of the TRS business and associated litigation.

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 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market and Dividend Information

Republic's Class A Common Stock is traded on the NASDAQ under the symbol "RBCAA." There is no established public trading market for the Company's Class B Common Stock, however, the Company's Class B Common Stock is fully convertible into the Company's publicly-traded Class A Common Stock on a one-for-one basis.

The Company intends to continue its historical practice of paying quarterly cash dividends; however, there is no assurance by the Board of Directors that such dividends will continue to be paid in the future. The payment of dividends in the future is dependent upon future income, financial position, capital requirements, the discretion and judgment of the Board of Directors, and numerous other considerations.

For additional discussion regarding regulatory restrictions on dividends, see Part II Item 8 "Financial Statements and Supplementary Data" Footnote 14 "Stockholders' Equity and Regulatory Capital Matters."

Republic has made available to its employees participating in its 401(k) Plan the opportunity, at the employee's sole discretion, to invest funds held in their accounts under the plan in shares of Class A Common Stock of Republic. Shares are purchased by the independent trustee administering the plan from time to time in the open market in the form of broker's transactions. As of December 31, 2021, the trustee held 250,293 shares of Class A Common Stock and 1,215 shares of Class B Common Stock on behalf of the plan.

Details of Republic's Class A Common Stock purchases during the fourth quarter of 2021 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	Additional Shares Authorized Under Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - October 31	**—**	**$ —**	**—**	**—**	**251,248**
November 1 - November 30	**164,400**	**55.06**	**164,400**	**250,000**	**336,848**
December 1 - December 31	**66,520**	**53.69**	**66,520**	**—**	**270,328**
Total	**230,920**	**$ 54.67**	**230,920**	**250,000**	**270,328**

During 2021, the Company repurchased 979,672 shares. In addition, in connection with employee stock awards, there were 44,720 shares withheld upon exercise of stock options to satisfy the withholding taxes and exercise price. During 2011, the Company's Board of Directors amended its existing share repurchase program by approving the repurchase of 300,000 additional shares from time to time, as market conditions are deemed attractive to the Company. On January 27, 2021, the Board of Directors of Republic Bancorp, Inc. increased the Company's existing authorization to purchase shares of its Class A Common Stock to 1,000,000 shares. On November 17, 2021, the Board of Directors of Republic Bancorp, Inc. increased the Company's existing authorization to purchase shares of its Class A Common Stock by an additional 250,000 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 December 31, 2021, the Company had 270,328 shares which could be repurchased under its current share repurchase programs.

During 2021, there were approximately 34,000 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 provision option of the Class B Common Stock. The exemption from registration of the newly issued Class A Common Stock relied upon was Section (3)(a)(9) of the Securities Act of 1933.

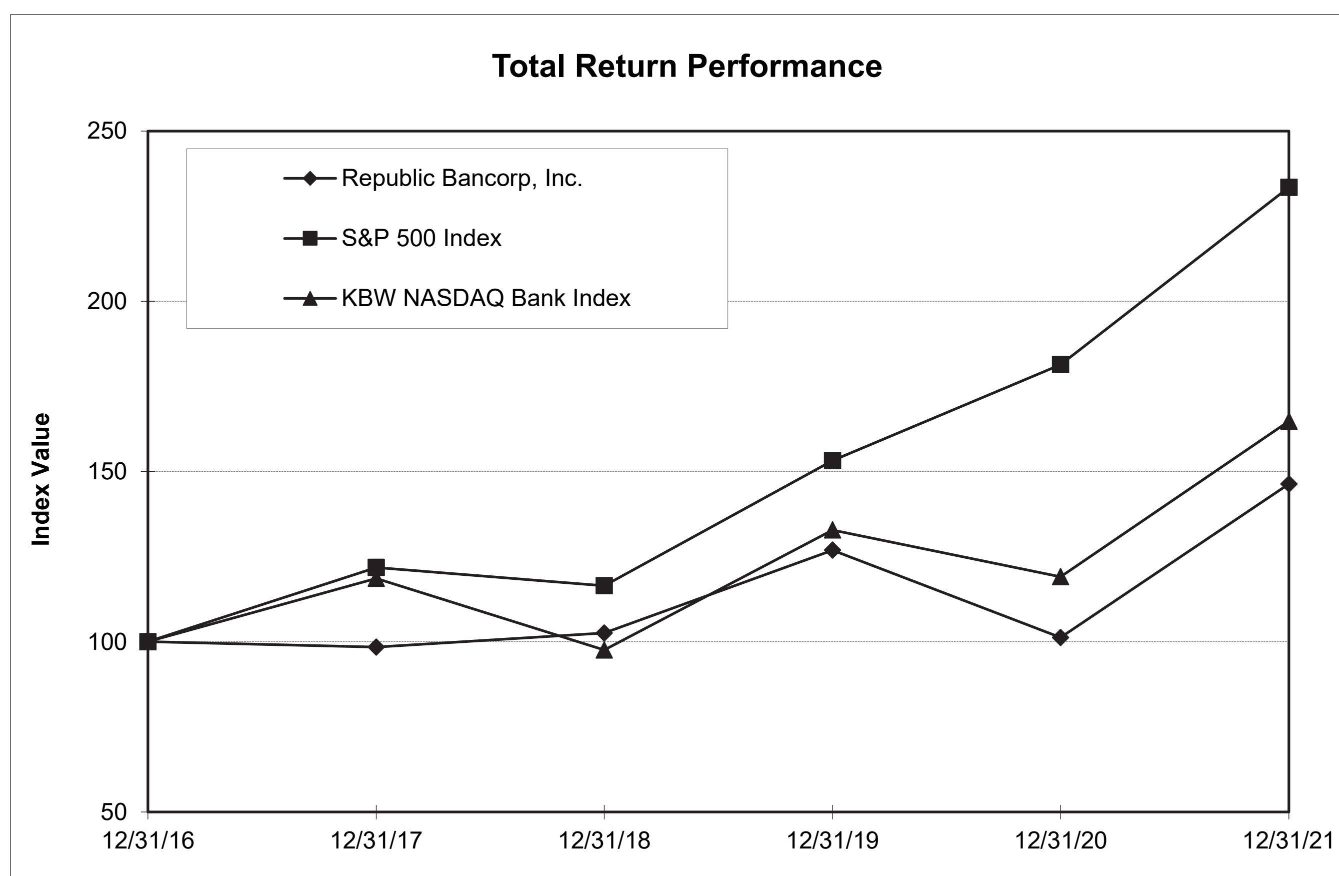
There were no equity securities of the registrant sold without registration during the quarter covered by this report.

STOCK PERFORMANCE GRAPH

The following stock performance graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates the performance graph by reference therein.

The following stock performance graph sets forth the cumulative total shareholder return (assuming reinvestment of dividends) on Republic's Class A Common Stock as compared to the NASDAQ Bank Stocks Index and the S&P 500 Index. The graph covers the period beginning December 31, 2016 and ending December 31, 2021. The calculation of cumulative total return assumes an initial investment of $100 in Republic's Class A Common Stock, the NASDAQ Bank Index and the S&P 500 Index on December 31, 2016. The stock price performance shown on the graph below is not necessarily indicative of future stock price performance.

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Republic Class A Common Stock (RBCAA)	$ 100.00	$ 98.45	$ 102.56	$ 126.88	$ 101.28	$ 146.38
S&P 500 Index	100.00	121.83	116.49	153.17	181.35	233.41
SNL Bank NASDAQ Index	100.00	118.59	97.58	132.84	119.14	164.80



Item 6. [Reserved]

Item 7. 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 market footprint, its non-brick-and-mortar delivery channels allow it to reach clients across the U.S. The Captive is a Nevada-based, wholly-owned insurance subsidiary of the Company. The Captive provides property and casualty insurance coverage to the Company and the Bank, as well as a group of third-party insurance captives for which insurance may not be available or economically feasible.

In 2005, Republic Bancorp Capital Trust, an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in TPS. On September 30, 2021, as permitted under the terms of RBCT's governing documents, Republic redeemed these securities at the par amount of approximately $40 million, without penalty. Although the TPS were treated as part of Republic's Tier I Capital while outstanding, Republic's capital ratios remained well above "well capitalized" levels following this redemption.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Republic should be read in conjunction with Part II Item 8 "*Financial Statements and Supplementary Data*."

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 the COVID-19 pandemic on Company operations;
- projections of revenue, income, expenses, losses, earnings per share, capital expenditures, dividends, capital structure, or other financial items;
- descriptions of plans or objectives for future operations, products, or services;
- 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 the COVID-19 pandemic on the Company's operations and credit losses;
- the ability of borrowers who received COVID-19 loan accommodations to resume repaying their loans upon maturity of such accommodations;
- litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
- natural disasters impacting the Company's operations;
- changes in political and economic conditions;

- the discontinuation of LIBOR;
- the magnitude and frequency of changes to the FFTR implemented by the FOMC of the FRB;
- long-term and short-term interest rate fluctuations and the overall 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;
- inflation;
- 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;
- success in gaining regulatory approvals when required;
- the Company's ability to qualify for future R&D federal tax credits;
- information security breaches or cyber security 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.*"

Accounting Standards Updates

For disclosure regarding the impact to the Company's financial statements of ASUs, see Footnote 1 "Summary of Significant Accounting Policies" of Part II Item 8 "Financial Statements and Supplementary Data."

Selected Financial Data

The following table sets forth Republic Bancorp Inc.'s selected financial data from 2019 through 2021. This information should be read in conjunction with Part II Item 8 "*Financial Statements and Supplementary Data.*" Certain amounts presented in prior periods have been reclassified to conform to the current period presentation.

	As of and for the Years Ended December 31,		
(in thousands)	**2021**	2020	2019
Balance Sheet Data:			
Cash and cash equivalents	**$ 756,971**	$ 485,587	$ 385,303
Investment securities	**542,045**	580,270	537,074
Loans held for sale	**52,077**	51,643	31,468
Gross loans	**4,496,562**	4,813,103	4,433,151
Allowance for credit losses	**(64,577)**	(61,067)	(43,351)
Right-of-use assets	**38,825**	43,345	35,206
Goodwill	**16,300**	16,300	16,300
Bank owned life insurance	**99,161**	68,018	66,433
Total assets	**6,093,632**	6,168,325	5,620,319
Noninterest-bearing deposits	**1,990,781**	1,890,416	1,033,379
Interest-bearing deposits	**2,849,637**	2,842,765	2,752,629
Total deposits	**4,840,418**	4,733,181	3,786,008
Securities sold under agreements to repurchase and other short-term borrowings	**290,967**	211,026	167,617
Operating lease liabilities	**39,672**	44,340	36,530
Federal Home Loan Bank advances	**25,000**	235,000	750,000
Subordinated note	**—**	41,240	41,240
Total liabilities	**5,259,400**	5,345,002	4,856,075
Total stockholders' equity	**834,232**	823,323	764,244
Average Balance Sheet Data:			
Federal funds sold and other interest-earning deposits	**$ 806,811**	$ 283,151	$ 260,131
Investment securities, including FHLB stock	**555,599**	584,300	564,631
Gross loans, including loans held for sale	**4,519,277**	4,796,841	4,470,347
Allowance for credit losses	**(66,481)**	(60,008)	(50,624)
Total assets	**6,301,905**	6,011,865	5,577,643
Noninterest-bearing deposits	**2,129,452**	1,672,442	1,120,608
Interest-bearing deposits	**2,923,497**	2,913,486	2,755,946
Total interest-bearing liabilities	**3,215,138**	3,415,231	3,629,682
Total stockholders' equity	**844,871**	802,726	734,281
Income Statement Data - Total Company:			
Total interest income	**$ 226,260**	$ 252,258	$ 280,883
Total interest expense	**5,666**	19,943	44,757
Net interest income	**220,594**	232,315	236,126
Provision for expected credit loss expense	**14,808**	31,278	25,758
Total noninterest income	**86,859**	87,053	75,008
Total noninterest expense	**182,304**	185,457	172,183
Income before income tax expense	**110,341**	102,633	113,193
Income tax expense	**23,552**	19,387	21,494
Net income	**86,789**	83,246	91,699
Income Statement Data - Core Bank (1):			
Total interest income	**$ 188,489**	$ 203,717	$ 223,914
Total interest expense	**4,941**	17,017	39,340
Net interest income	**183,548**	186,700	184,574
Provision for expected credit loss expense	**(319)**	16,870	3,066
Total noninterest income	**51,734**	59,378	48,219
Total noninterest expense	**161,942**	164,208	153,051
Income before income tax expense	**73,659**	65,000	76,676
Income tax expense	**14,603**	10,852	13,223
Net income	**59,056**	54,148	63,453

(continued)

Selected Financial Data *(continued)*

(in thousands, except per share data, FTEs and # of banking centers)	As of and for the Years Ended December 31, 2021	2020	2019
Per Share Data:			
Basic weighted average shares outstanding	**20,675**	21,039	21,023
Diluted weighted average shares outstanding	**20,757**	21,069	21,135
Period-end shares outstanding:			
Class A Common Stock	**17,816**	18,697	18,737
Class B Common Stock	**2,165**	2,199	2,206
Basic earnings per share:			
Class A Common Stock	**$ 4.25**	$ 4.00	$ 4.41
Class B Common Stock	**3.87**	3.64	4.01
Diluted earnings per share:			
Class A Common Stock	**$ 4.24**	$ 3.99	$ 4.39
Class B Common Stock	**3.85**	3.63	3.99
Cash dividends declared per share:			
Class A Common Stock	**$ 1.232**	$ 1.144	$ 1.056
Class B Common Stock	**1.120**	1.040	0.960
Market value per share at December 31,	**$ 50.84**	$ 36.07	$ 46.80
Book value per share at December 31, (2)	**41.75**	39.40	36.49
Tangible book value per share at December 31, (2)	**40.48**	38.27	35.41
Performance Ratios:			
Return on average assets	**1.38 %**	1.38 %	1.64 %
Return on average equity	**10.27**	10.37	12.49
Efficiency ratio (3)	**59**	58	57
Yield on average interest-earning assets	**3.85**	4.45	5.30
Cost of average interest-bearing liabilities	**0.18**	0.58	1.23
Cost of average deposits (4)	**0.10**	0.33	0.75
Net interest spread	**3.67**	3.87	4.07
Net interest margin - Total Company	**3.75**	4.10	4.46
Net interest margin - Core Bank	**3.20**	3.39	3.61
Capital Ratios - Total Company:			
Average stockholders' equity to average total assets	**13.41 %**	13.35 %	13.16 %
Total risk-based capital	**17.47**	18.52	17.01
Common equity tier 1 capital	**16.37**	16.61	15.29
Tier 1 risk-based capital	**16.37**	17.43	16.11
Tier 1 leverage capital	**13.35**	13.70	13.93
Dividend payout ratio	**29**	29	24
Dividend yield	**2.42**	3.17	2.26
Other Information:			
Period-end FTEs (5) - Total Company	**1,045**	1,094	1,080
Period-end FTEs - Core Bank	**958**	997	997
Number of banking centers	**42**	42	41

(continued)

Selected Financial Data *(continued)*

(dollars in thousands)	As of and for the Years Ended December 31, 2021	2020	2019
Credit Quality Data and Ratios:			
Credit Quality Asset Balances:			
Nonperforming Assets - Total Company:			
Loans on nonaccrual status	**$ 20,504**	$ 23,548	$ 23,332
Loans past due 90-days-or-more and still on accrual	**48**	47	157
Total nonperforming loans	**20,552**	23,595	23,489
Other real estate owned	**1,792**	2,499	113
Total nonperforming assets	**$ 22,344**	$ 26,094	$ 23,602
Nonperforming Assets - Core Bank (1):			
Loans on nonaccrual status	**$ 20,504**	$ 23,548	$ 23,332
Loans past due 90-days-or-more and still on accrual	**1**	5	—
Total nonperforming loans	**20,505**	23,553	23,332
Other real estate owned	**1,792**	2,499	113
Total nonperforming assets	**$ 22,297**	$ 26,052	$ 23,445
Delinquent loans:			
Delinquent loans - Core Bank	**$ 7,430**	$ 9,713	$ 13,042
Delinquent loans - RPG (6)	**6,035**	10,234	7,762
Total delinquent loans - Total Company	**$ 13,465**	$ 19,947	$ 20,804
Credit Quality Ratios - Total Company:			
ACLL to total loans	**1.44 %**	1.27 %	0.98 %
Nonaccrual loans to total loans	**0.46**	0.49	0.53
ACLL to nonaccrual loans	**315**	259	186
Nonperforming loans to total loans	**0.46**	0.49	0.53
Nonperforming assets to total loans (including OREO)	**0.50**	0.54	0.53
Nonperforming assets to total assets	**0.37**	0.42	0.42
ACLL to nonperforming loans	**314**	259	185
Delinquent loans to total loans (7)	**0.30**	0.41	0.47
Net loan charge-offs to average loans	**0.25**	0.42	0.61
Credit Quality Ratios - Core Bank:			
ACLL to total loans	**1.18 %**	1.11 %	0.70 %
Nonaccrual loans to total loans	**0.47**	0.50	0.54
ACLL to nonaccrual loans	**251**	221	129
Nonperforming loans to total loans	**0.47**	0.50	0.54
Nonperforming assets to total loans (including OREO)	**0.51**	0.56	0.54
Nonperforming assets to total assets	**0.40**	0.45	0.43
ACLL to nonperforming loans	**251**	221	129
Delinquent loans to total loans	**0.17**	0.21	0.30
Net charge-offs to average loans	**0.01**	0.03	0.11

(1) "Core Bank" or "Core Banking" operations consist of the Traditional Banking, Warehouse Lending, and Mortgage Banking segments. See Footnote 25 "Segment Information" under Part II Item 8 "Financial Statements and Supplemental Data" for additional information regarding the segments that constitute the Company's Core Banking operations.

Selected Financial Data *(continued)*

(2) *The following table provides a reconciliation of total stockholders' equity in accordance with GAAP to tangible stockholders' equity in accordance with applicable regulatory requirements, a non-GAAP measure. The Company provides the tangible book value per share, another non-GAAP measure, in addition to those defined by banking regulators, because of its widespread use by investors as a means to evaluate capital adequacy.*

Years Ended December 31, (dollars in thousands)		2021		2020		2019
Total stockholders' equity - GAAP (a)	**$**	**834,232**	$	823,323	$	764,244
Less: Goodwill		**16,300**		16,300		16,300
Less: Mortgage servicing rights		**9,196**		7,095		5,888
Less: Core deposit intangible		**—**		189		469
Tangible stockholders' equity - Non-GAAP (c)	**$**	**808,736**	$	799,739	$	741,587
Total assets - GAAP (b)	**$**	**6,093,632**	$	6,168,325	$	5,620,319
Less: Goodwill		**16,300**		16,300		16,300
Less: Mortgage servicing rights		**9,196**		7,095		5,888
Less: Core deposit intangible		**—**		189		469
Tangible assets - Non-GAAP (d)	**$**	**6,068,136**	$	6,144,741	$	5,597,662
Total stockholders' equity to total assets - GAAP (a/b)		**13.69 %**		13.35 %		13.60 %
Tangible stockholders' equity to tangible assets - Non-GAAP (c/d)		**13.33 %**		13.02 %		13.25 %
Number of shares outstanding (e)		**19,981**		20,896		20,943
Book value per share - GAAP (a/e)	**$**	**41.75**	$	39.40	$	36.49
Tangible book value per share - Non-GAAP (c/e)		**40.48**		38.27		35.41

(3) *The efficiency ratio, a non-GAAP measure with no GAAP comparable, equals total noninterest expense divided by the sum of net interest income and noninterest income. The ratio excludes net gains (losses) on sales, calls, and impairment of investment securities, if applicable, and the Company's net gain from its November 2019 branch divestiture.*

Years Ended December 31, (dollars in thousands)		2021		2020		2019
Net interest income - GAAP	**$**	**220,594**	$	232,315	$	236,126
Noninterest income - GAAP		**86,859**		87,053		75,008
Less: Net gain on branch divestiture		**—**		—		7,829
Less: Net gain (loss) on securities		**(69)**		49		78
Total adjusted income - Non-GAAP (a)	**$**	**307,522**	$	319,319	$	303,227
Noninterest expense - GAAP (b)	**$**	**182,304**	$	185,457	$	172,183
Efficiency Ratio - Non-GAAP (b/a)		**59 %**		**58** %		**57** %

(4) *The cost of average deposits ratio equals total interest expense on deposits divided by total average interest-bearing deposits plus total average noninterest-bearing deposits.*

(5) *FTEs – Full-time-equivalent employees.*

(6) *RPG operations consist of the TRS and RCS segments.*

(7) *The delinquent loans to total loans ratio equals loans 30-days-or-more past due divided by total loans. Depending on loan class, loan delinquency is determined by the number of days or the number of payments past due.*

Critical Accounting 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.

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 the following:

ACLL and Provision — As of December 31, 2021, 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.

Effective January 1, 2020, the Company adopted ASC 326 *Financial Instruments – Credit Losses,* which replaced the pre-January 1, 2020 "probable-incurred" method for calculating the Company's ACL with the CECL method. CECL is applicable to financial assets measured at amortized cost, including loan and lease receivables and held-to-maturity debt securities. CECL also applies to certain off-balance sheet credit exposures.

When measuring an ACL, CECL primarily differs from the probable-incurred method by: a) incorporating a lower "expected" threshold for loss recognition versus a higher "probable" threshold; b) requiring life-of-loan considerations; and c) requiring reasonable and supportable forecasts. The Company's CECL method is a "static-pool" method that analyzes historical closed pools of loans over their expected lives to attain a loss rate, which is then adjusted for current conditions and reasonable, supportable forecasts prior to being applied to the current balance of the analyzed pools. Due to its reasonably strong correlation to the Company's historical net loan losses, the Company has chosen to use the U.S. national unemployment rate as its primary forecasting tool. For its CRE loan pool, the Company employed a one-year forecast of CRE vacancy rates through March 31, 2021 but discontinued use of this forecast during the second quarter of 2021 in favor of a one-year forecast of general CRE values. This change in forecast method had no material impact on the Company's ACLL.

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 impact of utilizing the CECL approach to calculate 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.

See additional detail regarding the Company's adoption of ASC 326 and the CECL method under Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplementary Data."

Management's Evaluation of the ACLL

Management evaluates the ACLL for its Core Banking operations separately from its non-traditional RPG operations. Core Banking operations consist of the Company's Traditional Banking, Warehouse, and Mortgage Banking segments. RPG operations consist of the Company's TRS and RCS segments.

Prior to January 1, 2020, under the probable-incurred standard, management conducted two annual calculations to evaluate the reasonableness of its Core Bank ACLL:

- an absorption rate, which considered annual net loan losses for the year just ended as a percent of the beginning-of-the-year ACLL; and
- an exhaustion rate, which calculated how many years of charge-offs the beginning-of-year ACLL could withstand based on gross charge-offs for the year just ended.

Management considered these historic absorption and exhaustion formulas less meaningful as of December 31, 2021 and 2020 because of its January 1, 2020 CECL adoption and because Core Bank loan losses were substantially restrained during 2021 and 2020 by pandemic-related financial relief provided to borrowers.

Management evaluated the reasonableness of its Core Bank ACLL as of December 31, 2021 and 2020 by evaluating modified absorption and exhaustion rates that account for CECL life-of-loan considerations and the economic hardship and uncertainty brought about by the COVID-19 pandemic. The modified absorption rate considered total Core Bank net loan losses from 2008 to 2013 as a percent of the end-of-year Core Bank ACLL. The modified exhaustion rate considered how many years of gross Core Bank loan charge-offs the end-of-year Core Bank ACLL could withstand based on average annual net Core Bank loan losses from 2008 to 2013. The years 2008 to 2013 represent a six-year period during which the U.S. unemployment rate rose above 8% and the Core Bank incurred a historically high period of loan losses relative to an average year of loan losses for the Core Bank. Management believes Core Bank losses from 2008 to 2013 are more representative of current economic conditions than more recent years just prior to the onset of the COVID-19 pandemic.

As of December 31, 2021, the weighted average term of the Core Bank loan portfolio was approximately five years, with this term adjusted to approximately six years after exclusion of the Bank's short-term/government-guaranteed PPP portfolio and the Bank's short-term Warehouse portfolio. The Core Bank's modified absorption rate was 85% and its modified exhaustion rate was approximately 6.0 years as of December 31, 2021. Management considers these rates reasonable under current economic conditions. The table below reflects the Core Bank's modified and standard exhaustion and absorption rates for each of the last three years:

Years Ended December 31,	**2021**	2020	2019
Core Bank:			
Modified Exhaustion Rate (end-of-year ACLL / median annual charge-offs from 2008 to 2013)	**6.01 Yrs.**	6.07 Yrs.	3.50 Yrs.
Standard Exhaustion Rate (beginning-of-year ACLL / charge-offs for year)	**35.69 Yrs.**	13.27 Yrs.	5.52 Yrs.
Modified Absorption Rate (total net charge-offs from 2008 to 2013 / end-of-year ACLL)	**85 %**	84 %	146 %
Standard Absorption Rate (net charge-offs for the year / beginning-of-year ACLL)	**1 %**	4 %	15 %

Based on management's evaluation, a Core Bank ACLL of $52 million, or 1.18% of total Core Bank loans, was an adequate estimate of expected losses within the loan portfolio as of December 31, 2021 and resulted in Core Banking Provision for its loans of a net credit of $319,000 during 2021. This compares to an ACLL of $52 million as of December 31, 2020 and a loan Provision of $16.9 million for 2020. If the mix and amount of future charge-off percentages differ significantly from those assumptions used by management in making its determination, an adjustment to the Core Bank ACLL and the resulting effect on the income statement could be material.

The RPG ACLL as of December 31, 2021 primarily related to loans originated and held for investment through the RCS segment. RCS generally originates small-dollar, consumer credit products. In some instances, the Bank originates these products, sells 90%-95% of the balances within three days of loan origination, and retains a 5%-10% interest. RCS loans typically earn a higher yield but also have higher credit risk compared to loans originated through Core Banking operations, with a significant portion of RCS clients considered subprime or near-prime borrowers.

As of December 31, 2021, management only evaluated the ACLL on its active RCS products that had incurred meaningful losses since their inception, which were its line-of-credit products. Due to the general short-term nature of these products, management utilized its traditional absorption and exhaustion calculations using 2021 net charge-offs with the beginning-of-the-year ACLL. The absorption and exhaustion rates were 32% and 2.8 years, respectively, both of which were considered reasonable.

RPG maintained an ACLL for all the loan products held at amortized cost and offered through its RCS segment as of December 31, 2021, including its line-of-credit products and its healthcare-receivables products. As of December 31, 2021, the ACLL to total loans estimated for each RCS product ranged from as low as 0.25% for its healthcare-receivables portfolios to as high as 48.96% for its line-of-credit portfolios. A lower reserve percentage was provided for RCS's healthcare receivables as of December 31, 2021, as such receivables have recourse back to the Company's third-party service providers in the transactions. Based on management's calculation, an ACLL of $13.0 million, or 9.1%, of total RPG loans was an adequate estimate of expected losses within the RPG portfolio as of December 31, 2021.

RPG's TRS segment offered its EA tax-credit product during the first two months of 2021, 2020, and 2019. An ACLL for losses on EAs is estimated during the limited, short-term period the product is offered. EAs were repaid, on average, within 32 days of origination during 2021. Provisions for EA losses are estimated when advances are made during the first quarter of each year and adjusted to actual net charge-offs as of June 30th of each year. No ACLL for EAs existed as of December 31, 2021 and 2020, as all EAs originated during the first two months of each year had either been paid off or charged-off by June 30th of each year.

Related to the overall credit losses on EAs, the Bank's ability to control losses is highly dependent upon its ability to predict the taxpayer's likelihood to receive the tax refund as claimed on the taxpayer's tax return. Each year, the Bank's EA approval model is based primarily on the prior-year's tax refund funding patterns. Because much of the loan volume occurs each year before that year's tax refund funding 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 funding patterns change materially between years.

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

See additional discussion regarding the EA product under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 4 "Loans and Allowance for Credit Losses"*

RPG recorded a net charge of $15.1 million, $14.4 million, and $22.7 million to the Provision during 2021, 2020, and 2019, with the Provision for each year primarily due to net losses on EAs and growth in short-term, consumer loans originated through the RCS segment. If the number of future charge-offs on EAs and RCS loans differ significantly from assumptions used by management in making its determination, an adjustment to the RPG ACLL and the resulting effect on the income statement could be material.

Cancelled TRS Sale Transaction

See Footnote 1 "Summary of Significant Accounting Policies" of Part II Item 8 "Financial Statements and Supplementary Data" for discussion regarding the cancelled sale of the TRS business and associated litigation.

In connection with the litigation the Bank filed in Delaware Chancery court, the Bank concluded that the Sale Transaction would not be consummated, and on January 7, 2022, the Bank served Green Dot with a formal notice of termination of the Purchase Agreement pursuant to Section 7.1(c) of the Purchase Agreement. In response to the formal notice of termination, Green Dot paid the Termination Fee of $5 million to the Bank during the first quarter of 2022 pursuant to Section 7.2(b) of the Purchase Agreement. As

provided by Section 7.2(a) of the Purchase Agreement, the Bank maintains that the Bank's notice of termination of the Purchase Agreement and corresponding payment of the Termination Fee does not release Green Dot from any liability, in addition to the Termination Fee, related to the Sale Transaction occurring before the Bank's notice of termination. The Bank believes that Green Dot's actions have adversely affected the TRS operations, and the Bank is currently determining the extent of its damages. The Bank will continue to seek the additional monetary damages and equitable relief arising from Green Dot's actions in the litigation before the Court.

OVERVIEW

Total Company net income was $86.8 million and Diluted EPS was $4.24 for 2021, compared to net income of $83.2 million and Diluted EPS of $3.99 for 2020. Table 1 below presents Republic's financial performance for the years ended December 31, 2021, 2020, and 2019:

Table 1 — Summary

				Percent Increase/(Decrease)	
Years Ended December 31, (dollars in thousands, except per share data)	**2021**	2020	2019	**2021/2020**	2020/2019
Income before income tax expense	**$ 110,341**	$ 102,633	$ 113,193	**8 %**	(9)%
Net income	**86,789**	83,246	91,699	**4**	(9)
Diluted EPS of Class A Common Stock	**4.24**	3.99	4.39	**6**	(9)
ROA	**1.38 %**	1.38 %	1.64 %	**—**	(16)
ROE	**10.27**	10.37	12.49	**(1)**	(17)

Additional discussion follows in this section of the filing under *"Results of Operations."*

General highlights by reportable segment for the year ended December 31, 2021 consisted of the following:

Traditional Banking segment

- Traditional Banking net income increased $15.7 million or 78%.
- Driven primarily by net interest margin compression, which was partially offset by higher PPP loan fee revenue, net interest income decreased $2.1 million, or 1%, to $157.2 million during 2021. The Traditional Banking net interest margin decreased 24 basis points from 2020 to 2021 to 3.18%.
- Provision decreased $16.3 million to a credit of $38,000 for 2021 compared to a charge of $16.3 million for 2020.
- Noninterest income increased $4.1 million, or 15% during 2021.
- Noninterest expense decreased $3.7 million, or 2% during 2021.
- Gross Traditional Bank loans decreased by $214 million, or 6% from December 31, 2020 to December 31, 2021, driven primarily by a $336 million decrease in PPP loans.
- Traditional Bank period-end deposits grew $58 million, or 1%, from December 31, 2020 to December 31, 2021.
- Total nonperforming Traditional Bank loans to total Traditional Bank loans was 0.59% as of December 31, 2021 compared to 0.63% as of December 31, 2020.
- Delinquent Traditional Bank loans to total Traditional Bank loans was 0.21% as of December 31, 2021 compared to 0.26% as of December 31, 2020.

Warehouse Lending segment

- Warehouse net income increased $124,000, or 1%, over 2020 to $16.4 million during 2021.
- Warehouse net interest income decreased $739,000, from 2020 while its net interest margin increased to 3.37%, an 18 basis point rise from 2020 to 2021.
- The Warehouse Provision was a net credit of $281,000 for 2021 compared to net charge of $613,000 for 2020.
- Average committed Warehouse lines increased to $1.4 billion during 2021 from $1.2 billion during 2020.
- Average line usage was 53% during 2021 and 66% during 2020.

Mortgage Banking segment

- Within the Mortgage Banking segment, mortgage banking income decreased $11.9 million, or 37%, from 2020 to 2021.
- Overall, Republic's sales of secondary market loans totaled $718 million during 2021 compared to $788 million during the same period in 2020, with the Company's net cash gain recognized as a percent of total loans sold decreasing to 3.22% in 2021 from 3.64% in 2020.

Tax Refund Solutions segment

- TRS net income increased $902,000, or 8%, from 2020 to 2021.
- TRS net interest income decreased $7.1 million, or 31%, from 2020 to 2021.
- Total EA originations were $250 million for 2021 compared to $388 million for 2020.
- The TRS Provision was $6.7 million for 2021, compared to $13.2 million for 2020.
- Noninterest income was $23.8 million for 2021 compared to $22.8 million for 2020.
- Net RT revenue decreased $49,000, or less than 1%, from 2020 to 2021.
- Noninterest expense was $16.3 million for 2021 compared to $17.5 million for 2020.

Republic Credit Solutions segment

- RCS net income decreased $2.3 million, or 13%, from 2020 to 2021.
- RCS net interest income decreased $1.4 million, or 6%, from 2020 to 2021.
- The RCS Provision was $8.4 million for 2021 compared to $1.2 million for 2020.
- Noninterest income was $11.4 million for 2021 compared to $4.9 million for 2020.
- Noninterest expense increased $283,000, or 8%, during 2021.
- Total nonperforming RCS loans to total RCS loans was 0.05% as of December 31, 2021 compared to 0.04% as of December 31, 2020.
- Delinquent RCS loans to total RCS loans was 6.48% as of December 31, 2021 compared to 9.23% as of December 31, 2020.

RESULTS OF OPERATIONS

This section provides a comparative discussion of Republic's Results of Operations for the two-year period ended December 31, 2021, unless otherwise specified. Refer to Results of Operations on pages 52-61 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K") for a discussion of the 2020 versus 2019 results.

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.

A large amount of the Company's financial instruments track closely with, or are primarily indexed to, either the FFTR, Prime, or LIBOR. These market rates trended lower with the onset of the COVID-19 pandemic during 2020, as the FOMC reduced the FFTR to approximately 25 basis points during 2020. With the rise of inflation during the latter half of 2021, the FOMC has signaled a more aggressive and hawkish approach to its monetary policies over the next few years. Included in its expected actions is raising the FFTR multiple times, ending its quantitative easing program of buying certain types of bonds in the open market, and implementing a quantitative tightening program by reducing the size of its balance sheet and selling certain types of bonds in the market.

The FOMC's signaling of these actions caused long-term market interest rates for bonds and loans to begin to rise rapidly during the last quarter of 2021 and the first few weeks of 2022. Further monetary tightening by the Federal Reserve in the future will likely cause both short-term and long-term market interest rates to increase during 2022 and beyond. Increases in market interest rates are expected to impact the various business segments of the Company differently and will be discussed in further detail in the sections below.

For additional information on the potential future effect of changes in short-term interest rates on Republic's net interest income, see the table titled "Bank Interest Rate Sensitivity as of December 31, 2021 and 2020" under "Financial Condition."

Total Company net interest income decreased $11.7 million, or 5%, during 2021 compared to the same period in 2020. Total Company net interest margin decreased to 3.75% during 2021 compared to 4.10% in 2020.

The most significant components affecting the total Company's net interest income and net interest margin by reportable segment follow:

Traditional Banking segment

The Traditional Banking segment's net interest income decreased $2.1 million, or 1%, during 2021 compared to 2020. The Traditional Banking net interest margin decreased to 3.18% for 2021 compared to 3.42% for 2020.

The following factors primarily impacted the Traditional Bank's net interest income and net interest margin during 2021:

- Traditional Bank net interest income, excluding PPP fees and interest, decreased $10.0 million, or 7%, from 2020, as the Traditional Bank's net interest margin, excluding PPP loans and related fees and interest, declined from 3.41% for 2020 to 2.92% for 2021. The decline in the net interest margin was substantially driven by a 77-basis point decline in the Traditional Bank's yield on its average non-PPP interest-earning assets from 2020 to 2021, as the majority of the Traditional Bank's growth in interest-earning assets during the previous 12 months was in lower-yielding cash or cash equivalents instead of loans.

- Partially offsetting the Traditional Bank's net interest margin compression, the Traditional Bank recognized $20.0 million of fees and interest on its PPP portfolio during 2021 compared to $12.2 million of similar income during 2020. The $7.8 million

increase in PPP fees and interest was driven significantly by the forgiveness, payoff, and paydown of $553 million of PPP loans during 2021 compared to similar forgiveness, payoff, and paydowns of $127 million in 2020.

As of December 31, 2021, net PPP loans of $56 million remained on the Traditional Bank's balance sheet, including $15 million in loan balances originated during 2020, $42 million in loan balances originated during 2021, and $1 million of unaccreted PPP fees reported as a credit offset to these originated balances. Unaccreted PPP fees will generally be recognized into income over the estimated remaining life of the PPP portfolio, with fee recognition accelerated if loans are forgiven or repaid earlier than estimated.

The Company earns fees and a coupon interest rate of 1.0% on its PPP portfolio. Due to the short-term nature of the PPP, management believes Traditional Bank net interest income, excluding PPP fees and coupon interest, is a more appropriate measure to analyze the challenges within the Traditional Bank's net interest income and net interest margin. The following table reconciles Traditional Bank net interest income and net interest margin to Traditional Bank net interest income and net interest margin, excluding PPP fees and interest, a non-GAAP measure.

Table 2 — Traditional Bank Net Interest Income and Net Interest Margin Excluding PPP (Non-GAAP)

	Net Interest Income				Interest-Earning Assets				Net Interest Margin		
	Years Ended Dec. 31,				Years Ended Dec. 31,				Years Ended Dec. 31,		
(dollars in thousands)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change	**2021**	2020	% Change
Traditional Banking - GAAP	**$ 157,249**	$ 159,381	$ (2,132)	(1)%	**$ 4,945,316**	$ 4,654,315	$ 291,001	6 %	**3.18 %**	3.42 %	(0.24)%
Less: Impact of PPP fees and interest	**20,029**	12,178	7,851	64	**246,451**	341,704	(95,253)	(28)	**0.26**	0.01	0.25
Traditional Banking ex PPP fees and interest - non-GAAP	**$ 137,220**	$ 147,203	$ (9,983)	(7)	**$ 4,698,865**	$ 4,312,611	$ 386,254	9	**2.92**	3.41	(0.49)

As previously disclosed, both short-term and long-term market interest rates are expected to increase during 2022 and beyond as a result of expected monetary tightening by the FOMC. Additional increases in short-term interest rates and overall market rates are generally believed by management to be favorable to the Traditional Bank's net interest income and net interest margin in the near term, while additional decreases in short-term interest rates and overall market rates are generally believed by management to be unfavorable to the Traditional Bank's net interest income and net interest margin in the near term.

Increases in market interest rates, however, could have a negative impact on net interest income and net interest margin if the Traditional Bank is unable to maintain its deposit balances and the cost of those deposits at the levels assumed in its interest-rate-risk model. In addition, a flattening or inversion of the yield curve, causing the spread between long-term interest rates and short-term interest rates to decrease, could negatively impact the Traditional Bank's net interest income and net interest margin. Variables which may impact the Traditional Bank's net interest income and net interest margin in the future include, but are not limited to, the actual steepness of the yield curve, future demand for the Traditional Bank's financial products and the Traditional Bank's overall future liquidity needs.

Warehouse Lending segment

Net interest income decreased $739,000, or 3%, for 2021 compared to 2020. Average outstanding Warehouse balances decreased from $813 million during 2020 to $748 million during 2021, as falling mortgage rates during 2020 drove a surge in consumer refinance volume for Warehouse clients. Overall, committed Warehouse lines-of-credit grew from $1.2 billion in 2020 to $1.4 billion in 2021, while usage rates on those lines were 66% and 53%, respectively, during the same periods. In addition, the Warehouse net interest margin increased to 3.37% for 2021 compared to 3.19% for 2020, as many of the Bank's Warehouse clients reached contractual interest rate floors on their lines-of-credit during the second quarter of 2021, preventing further declines in the segment's loan yields, while the segment's cost of funds continued to decline.

Market interest rates for treasury bonds and mortgages began to rise rapidly, however, during the last quarter of 2021 and the first few weeks of 2022. With the rise in mortgage rates, mortgage refinance activity began to slow dramatically late in the fourth quarter of 2021, and as a result, Warehouse usage began to decline, as well. This decline in usage, combined with competitive pricing pressures, caused the Warehouse net interest income and net interest margin to decline meaningfully during the fourth quarter of 2021. Additional monetary tightening by the FOMC in 2022 will likely further decrease mortgage demand and Warehouse line usage and increase competitive pressures to the Warehouse segment. These factors are expected to cause a further decline in net interest income

and the net interest margin for the Warehouse segment during 2022. The exact amount of the decline in net interest income and net interest margin is unable to be predicted at this time.

Tax Refund Solutions segment

TRS's net interest income decreased $7.1 million from 2020 to 2021. TRS's EA product earned $13.2 million in interest income during 2021, a $6.4 million decrease from 2020 resulting primarily from a $138 million decrease in EA originations from period to period. Management believes that economic impact (stimulus) payments, pandemic health risks, and a two-week delay in the start to the 2021 tax season, all, in varying degrees, negatively impacted demand for its EA product during 2021.

See additional discussion regarding the EA product under the sections titled:

- *Part I Item 1A "Risk Factors"*
- *Part II Item 8 "Financial Statements and Supplementary Data," Footnote 4 "Loans and Allowance for Credit Losses"*

Overall product demand for the TRS segment is not assumed to be interest rate sensitive and therefore management does not believe a rising interest rate environment will impact demand for its Easy Advances. A rising interest rate environment, however, likely will impact the Company's internal FTP benefit and FTP cost allocated to each of its business segments, which could impact the overall profitability of a business segment. The impact of rising interest rates to TRS could be positive or negative depending on the exact change in the internal FTP benefit and FTP cost assigned, as well as, the overall volume and mix of loans and deposits for the segment.

Republic Credit Solutions segment

RCS's net interest income decreased $1.4 million, or 6%, from 2020 to 2021. The decrease was driven primarily by a decline in fee income from RCS's LOC I product. Loan fees on this product, recorded as interest income on loans, decreased to $16.2 million during 2021 compared to $18.5 million during the same period in 2020 and accounted for 75% and 78% of all RCS interest income on loans during the periods. The decrease in loan fees was the direct result of a decline in balances for RCS's LOC I product following a reduction of marketing for this product during the second and third quarters of 2020. While the marketing for this product was reinstated during the fourth quarter of 2020, management believes the ongoing impact of government stimulus payments continued to reduce demand for this product during the first six months of 2021. Demand for the product began returning closer to historical norms during the latter half of 2021.

Future loan fee income from RCS's LOC I product will likely continue to be negatively impacted by the on-going COVID-19 pandemic and any related stimulus programs implemented by the federal government.

Overall product demand for the RCS segment is not assumed to be interest rate sensitive and therefore management does not believe a rising interest rate environment will impact demand for its various consumer loan products. A rising interest rate environment, however, likely will impact the Company's internal FTP cost allocated to this segment. As a result, the impact of rising interest rates to RCS during 2022 will be negative to the segment's financial results, although the exact amount of the negative impact will depend on the internal FTP cost assigned, as well as, the overall volume and mix of loans it generates.

Table 3 — Total Company Average Balance Sheets and Interest Rates

(dollars in thousands)	Years Ended December 31, 2021			2020			2019		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Interest-earning assets:									
Federal funds sold and other interest-earning deposits	$ 806,811	$ 1,108	0.14 %	$ 283,151	$ 911	0.32 %	$ 260,131	$ 5,781	2.22 %
Investment securities, including FHLB stock (1)	555,599	7,706	1.39	584,300	10,303	1.76	564,631	15,038	2.66
TRS Easy Advance loans (2)	26,283	13,202	50.23	38,843	19,671	50.64	33,931	19,114	56.33
RCS LOC products (2)	20,662	17,199	83.24	20,217	18,522	91.62	28,110	25,591	91.04
Other RPG loans (3) (7)	107,129	5,991	5.59	105,569	6,101	5.78	92,721	7,478	8.07
Outstanding Warehouse lines of credit (4) (7)	747,840	27,169	3.63	812,862	31,199	3.84	653,865	30,815	4.71
Paycheck Protection Program loans (5) (7)	246,451	20,029	8.13	341,704	12,178	3.56	—	—	—
All other Core Bank loans (6) (7)	3,370,912	133,856	3.97	3,477,646	153,373	4.41	3,661,720	177,066	4.84
Total interest-earning assets	5,881,687	226,260	3.85	5,664,292	252,258	4.45	5,295,109	280,883	5.30
Allowance for credit losses	(66,481)			(60,008)			(50,624)		
Noninterest-earning assets:									
Noninterest-earning cash and cash equivalents	167,556			125,904			99,580		
Premises and equipment, net	38,428			42,991			45,276		
Bank owned life insurance	91,329			67,264			65,682		
Other assets (1)	189,386			171,422			122,620		
Total assets	$ 6,301,905			$ 6,011,865			$ 5,577,643		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Transaction accounts	$ 1,580,570	$ 361	0.02 %	$ 1,291,980	$ 1,201	0.09 %	$ 1,141,084	$ 5,626	0.49 %
Money market accounts	784,777	385	0.05	739,524	1,930	0.26	772,854	7,477	0.97
Time deposits	300,784	3,625	1.21	400,704	7,868	1.96	409,301	8,254	2.02
Reciprocal money market and time deposits	226,503	644	0.28	274,725	1,776	0.65	207,126	2,739	1.32
Brokered deposits	30,863	24	0.08	206,553	2,314	1.12	225,581	5,039	2.23
Total interest-bearing deposits	2,923,497	5,039	0.17	2,913,486	15,089	0.52	2,755,946	29,135	1.06
SSUARs	231,430	63	0.03	204,797	177	0.09	236,883	1,211	0.51
Federal Reserve PPP Liquidity Facility	—	—	—	43,932	153	0.35	—	—	—
Federal Home Loan Bank advances	29,479	57	0.19	211,776	3,524	1.66	595,613	12,791	2.15
Subordinated note	30,732	507	1.65	41,240	1,000	2.42	41,240	1,620	3.93
Total interest-bearing liabilities	3,215,138	5,666	0.18	3,415,231	19,943	0.58	3,629,682	44,757	1.23
Noninterest-bearing liabilities and Stockholders' equity:									
Noninterest-bearing deposits	2,129,452			1,672,442			1,120,608		
Other liabilities	112,444			121,466			93,072		
Stockholders' equity	844,871			802,726			734,281		
Total liabilities and stockholders' equity	$ 6,301,905			$ 6,011,865			$ 5,577,643		
Net interest income		$ 220,594			$ 232,315			$ 236,126	
Net interest spread			3.67 %			3.87 %			4.07 %
Net interest margin			3.75 %			4.10 %			4.46 %

(1) For the purpose of this calculation, the fair market value adjustment on debt securities is included as a component of other assets.
(2) Interest income for Easy Advances and RCS line-of-credit products is composed entirely of loan fees.
(3) Interest income includes loan fees of $2.6 million, $1.4 million, and $1.4 million for 2021, 2020, and 2019.
(4) Interest income includes loan fees of $3.1 million, $3.4 million, and $2.9 million for 2021, 2020, and 2019.
(5) Interest income includes loan fees of $17.5 and $8.6 million for 2021 and 2020.
(6) Interest income includes loan fees of $4.1 million, $3.4 million, and $5.4 million for 2021, 2020, and 2019.
(7) 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 4 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 4 — Total Company Volume/Rate Variance Analysis

	Year Ended December 31, 2021 Compared to Year Ended December 31, 2020			Year Ended December 31, 2020 Compared to Year Ended December 31, 2019		
	Total Net	**Increase / (Decrease) Due to**		Total Net	Increase / (Decrease) Due to	
(in thousands)	**Change**	**Volume**	**Rate**	Change	Volume	Rate
Interest income:						
Federal funds sold and other interest-earning deposits	**$ 197**	**$ 947**	**$ (750)**	$ (4,870)	$ 471	$ (5,341)
Investment securities, including FHLB stock	**(2,597)**	**(486)**	**(2,111)**	(4,735)	507	(5,242)
TRS Easy Advance loans*	**(6,469)**	**(7,242)**	**773**	557	(59)	616
RCS LOC products	**(1,323)**	**401**	**(1,724)**	(7,069)	(7,231)	162
Other RPG loans	**(110)**	**89**	**(199)**	(1,377)	939	(2,316)
Outstanding Warehouse lines of credit	**(4,030)**	**(2,416)**	**(1,614)**	384	6,704	(6,320)
Paycheck Protection Program loans	**7,851**	**(4,172)**	**12,023**	12,178	12,178	—
All other Core Bank loans	**(19,517)**	**(4,597)**	**(14,920)**	(23,693)	(8,616)	(15,077)
Net change in interest income	**(25,998)**	**(17,476)**	**(8,522)**	(28,625)	4,893	(33,518)
Interest expense:						
Transaction accounts	**(840)**	**222**	**(1,062)**	(4,425)	659	(5,084)
Money market accounts	**(1,545)**	**111**	**(1,656)**	(5,547)	(309)	(5,238)
Time deposits	**(4,243)**	**(1,665)**	**(2,578)**	(386)	(172)	(214)
Reciprocal money market and time deposits	**(1,132)**	**(270)**	**(862)**	(963)	716	(1,679)
Brokered deposits	**(2,290)**	**(1,093)**	**(1,197)**	(2,725)	(394)	(2,331)
SSUARs	**(114)**	**20**	**(134)**	(1,034)	(144)	(890)
Federal Reserve PPP Liquidity Facility	**(153)**	**(153)**	**—**	153	153	—
Federal Home Loan Bank advances	**(3,467)**	**(1,710)**	**(1,757)**	(9,267)	(6,868)	(2,399)
Subordinated note	**(493)**	**(219)**	**(274)**	(620)	—	(620)
Net change in interest expense	**(14,277)**	**(4,757)**	**(9,520)**	(24,814)	(6,359)	(18,455)
Net change in net interest income	**$ (11,721)**	**$ (12,719)**	**$ 998**	$ (3,811)	$ 11,252	$ (15,063)

**Since interest income for Easy Advances is composed entirely of loan fees and EAs are only offered during the first two months of each year, volume and rate measurements for this product are based on total EAs originated instead of average EA balances during the period. EA originations totaled $250 million, $388 million, and $389 million for the years ended December 31, 2021, 2020, and 2019. The unannualized EA yield as a function of total EA originations was 5.28%, 5.07%, and 4.91% for the years ended December 31, 2021, 2020, and 2019.*

Provision

The Company recorded a Provision of $14.8 million during 2021 compared to $31.3 million in 2020. The most significant components comprising the Company's Provision by reportable segment follow:

Traditional Banking segment

The Traditional Banking Provision during 2021 was a net credit of $38,000 compared to a net charge of $16.3 million for 2020. An analysis of the Provision for 2021 compared to the same period in 2020 follows:

- For 2021, there was a minimal net credit to the Traditional Bank Provision, generally based on an improving economic outlook in conjunction with limited net charge-offs incurred by the Traditional Bank, with significant life-of-loan loss reserves recorded during 2020 following the onset of the pandemic. The net credit recorded during 2021 primarily included ACLL releases for the residential real estate, HELOC, and consumer portfolios offset by additional reserves through December 31, 2021 for certain Special Mention loans with continued signs of pandemic-related hardships.

- During 2020, the Traditional Bank recorded $19.6 million of additional Provision due to the expected economic impact of the COVID-19 pandemic. Offsetting the increase in Provision due to the impact of the COVID-19 pandemic during 2020 was a reduction in Provision of $4.4 million consistent with a $274 million decrease in non-PPP Traditional Bank loan portfolio spot balances from December 31, 2019 to December 31, 2020.

As a percentage of total Traditional Bank loans, the Traditional Bank ACLL was 1.41% as of December 31, 2021 compared to 1.34% as of December 31, 2020. Traditional Bank ACLL to total non-PPP Traditional Bank loans, a non-GAAP measure, was 1.43% as of December 31, 2021 compared to 1.50% as of December 31, 2020. The Company believes, based on information presently available, that it has adequately provided for Traditional Bank loan losses as of December 31, 2021.

Due to the near risk-free nature of the Bank's PPP portfolio, management believes Traditional Bank ACLL to total non-PPP Traditional Bank loans is a more appropriate measure to analyze the Traditional Bank's ACLL adequacy. The following table reconciles Traditional Bank ACLL to total Traditional Bank loans to Traditional Bank ACLL to total non-PPP Traditional Bank loans, a non-GAAP measure.

Table 5 — Traditional Bank ACLL to Non-PPP Traditional Bank Loans (Non-GAAP)

	Years Ended December 31,					
	2021			2020		
(dollars in thousands)	**Gross Loans**	**Allowance**	**Allowance to Loans**	Gross Loans	Allowance	Allowance to Loans
Traditional Bank - GAAP	**$ 3,501,959**	**$ 49,407**	**1.41 %**	$ 3,715,649	$ 49,699	1.34 %
Less: Paycheck Protection Program	**56,014**	**—**		392,319	—	
Traditional Bank, Less PPP - non-GAAP	**$ 3,445,945**	**$ 49,407**	**1.43**	$ 3,323,330	$ 49,699	1.50

See the sections titled "Allowance for Credit Losses" and "Asset Quality" in this section of the filing under "Financial Condition" for additional discussion regarding the Provision and the Bank's delinquent, nonperforming, impaired, and TDR loans.

Warehouse Lending segment

The Warehouse Provision was a net credit of $281,000 for 2021 compared to a net charge of $613,000 for 2020. Provision expense for both 2021 and 2020 reflected the changes in general reserves for fluctuations in outstanding balances during the periods. Outstanding Warehouse balances decreased $112 million during 2021 and increased $246 million during 2020.

As a percentage of total Warehouse outstanding balances, the Warehouse ACLL was 0.25% as of December 31, 2021 and 2020. The Company believes, based on information presently available, that it has adequately provided for Warehouse loan losses as of December 31, 2021.

Tax Refund Solutions segment

TRS recorded a net charge to the Provision of $6.7 million during 2021 compared to a net charge of $13.2 million in 2020.

TRS's Provision for EA loan losses was $6.7 million, or 2.69% of its $250 million in EAs originated during 2021, compared to a Provision of $13.0 million, or 3.36% of its $388 million in EAs originated during 2020. The lower Provision during 2021 resulted from a $138 million decrease in EAs originated and better repayment rates on EA loans from the U.S. Treasury over those attained during 2020. Management believes that economic impact (stimulus) payments, pandemic health risks, and a two-week delay in the start to the 2021 tax season, all, in varying degrees, negatively impacted demand for its EA product during 2021. Management also believes the better repayment rates in 2021 as compared to 2020 were a result of the negative impact of the COVID-19 pandemic to the 2020 payments' process. As of December 31, 2021 and 2020, all unpaid EAs originated during each year had been charged-off.

See additional detail regarding the EA product under Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplemental Data."

Republic Credit Solutions segment

RCS recorded a Provision of $8.4 million during 2021, an increase of $7.2 million compared to 2020. The increase in the Provision was driven by an increase in outstanding balances for RCS's lines of credit during 2021 compared to a decrease in similar balances during 2020. The Company reduced marketing for its LOC I product during the second and third quarters of 2020 and reinstated such marketing during the fourth quarter of 2020. While management believes the ongoing impact of government stimulus payments continued to reduce demand for this product during the first six months of 2021, demand for the product began returning closer to historical norms during the latter half of 2021.

The Company began offering its LOC II product during the first quarter of 2021.

While RCS loans generally return higher yields, they also present a greater credit risk than Traditional Banking loan products. As a percentage of total RCS loans, the RCS ACLL was 13.91% and 7.94% as of December 31, 2021 and 2020. The Company believes, based on information presently available, that it has adequately provided for RCS loan losses as of December 31, 2021.

The following table presents RCS Provision by product:

Table 6 — RCS Provision by Product

				Percent Increase/(Decrease)	
Years Ended December 31, (in thousands)	**2021**	2020	2019	**2021/2020**	2020/2019
Product:					
Line of credit	**$ 8,509**	$ 1,178	$ 11,388	**622 %**	(90)%
Hospital receivables	**(65)**	41	55	**(259)**	(25)
Total	**$ 8,444**	$ 1,219	$ 11,443	**593**	(89)

Noninterest Income

Table 7 — Analysis of Noninterest Income

Years Ended December 31, (dollars in thousands)	2021	2020	2019	Percent Increase/(Decrease) 2021/2020	2020/2019
Service charges on deposit accounts	**$ 12,553**	$ 11,615	$ 14,197	**8 %**	(18)%
Net refund transfer fees	**20,248**	20,297	21,158	**—**	(4)
Mortgage banking income	**19,994**	31,847	9,499	**(37)**	235
Interchange fee income	**13,062**	11,188	11,859	**17**	(6)
Program fees	**14,521**	7,095	4,712	**105**	51
Increase in cash surrender value of bank owned life insurance	**2,242**	1,585	1,550	**41**	2
Death benefits in excess of cash surrender value of life insurance	**979**	—	—	**NM**	NM
Net (losses) gains on other real estate owned	**(160)**	(40)	540	**(300)**	(107)
Net gain on branch divestiture	**—**	—	7,829	**NM**	(100)
Other	**3,420**	3,466	3,664	**(1)**	(5)
Total noninterest income	**$ 86,859**	$ 87,053	$ 75,008	**—**	16

NM - Not meaningful

Total Company noninterest income decreased $194,000 for 2021 compared to 2020. The following were the most significant components comprising the total Company’s noninterest income by reportable segment:

Traditional Banking segment

Traditional Banking noninterest income increased $4.1 million, or 15%, for 2021 compared to 2020. Service Charges on Deposit Accounts increased $935,000 from 2020 to 2021, while Interchange Fee Income increased $1.8 million comparing the same years. Service Charges on Deposit Accounts were below normal levels during 2020, as a pandemic-driven rise in the consumer savings rate drove a reduction in the Bank’s overdraft-related fees. Both Interchange Fee Income and Service Charges on Deposits began to trend upward during the first quarter of 2021, following the removal of pandemic-related restrictions.

The 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 2021 and 2020 were $5.6 million and $5.5 million. The total daily overdraft charges, net of refunds, included in interest income in 2021 and 2020 were $1.1 million and $809,000. The Bank suspended its daily overdraft charges during the first eight months of 2020 to help mitigate the economic hardship of the COVID-19 pandemic on its clients. The Bank reinstituted the charging of its daily overdraft fee on September 1, 2020.

Mortgage Banking segment

Within the Mortgage Banking segment, mortgage banking income for 2021 decreased $11.9 million, or 37%, compared to 2020. For 2021, the Core Bank sold $718 million in secondary market loans and achieved an average gain-as-a-percent-of-loans-sold during the year of 3.22%, with comparable originations of $788 million and comparable gains of 3.64% during 2020. Favorable market conditions drove historically high gain percentages for the Core Bank and the mortgage industry, in general, during the last nine months of 2020 and into January 2021. These favorable conditions began to normalize during February 2021 causing the Core Bank’s gain-as-a-percent-of-loans-sold to trend toward more normal historical levels at or near 2.50%.

With the rise of inflation during the latter half of 2021, the FOMC has signaled a more aggressive and hawkish approach to its monetary policies over the next few years. Included in its expected actions is raising the FFTR multiple times, ending its quantitative easing program of buying certain types of bonds in the open market, and implementing a quantitative tightening program by reducing the size of its balance sheet and selling certain types of bonds in the market. The FOMC’s signaling of these actions caused market interest rates for treasury bonds and mortgages to begin to rise rapidly during the last quarter of 2021 and the first few weeks of 2022. With the rise in mortgage rates, mortgage refinance activity began to slow dramatically late in the fourth quarter of 2021, and as a result, mortgage origination volume began to decline significantly. Further monetary tightening by the FOMC in 2022 will likely further decrease mortgage demand. In addition, a decrease in mortgage demand across the mortgage industry could also cause competitive pricing pressure on the Bank to lower its mortgage pricing in order to maintain higher volumes, causing its cash-gains-as-

a-percentage-of-loans-sold to decline. The Bank will likely experience decreased Mortgage Banking revenue during 2022 due to expected rising market interest rates and strong industry competition and pricing pressures.

Tax Refund Solutions segment

Within the TRS segment, noninterest income increased $1.0 million, or 4%, during 2021 compared to 2020. This increase primarily reflected a $978,000 increase in prepaid card program fees. Prepaid card program fees benefited from government stimulus payments during 2021 and a full year's benefit of the Company's May 1, 2020 assumption of approximately $250 million in prepaid card balances.

Republic Credit Solutions segment

Within the RCS segment, noninterest income increased $6.4 million, with program fees representing the entirety of RCS's noninterest income. Pandemic-driven restrictions negatively impacted RCS program fees during 2020, with those program fees beginning to normalize during 2021 following the removal of the pandemic-driven restrictions.

The following table presents RCS program fees by product:

Table 8 — RCS Program Fees by Product

Years Ended December 31, (in thousands)	2021	2020	2019	Percent Increase/(Decrease) 2021/2020	2020/2019
Product:					
Line of credit	**$ 5,333**	$ 3,119	$ 4,392	**71 %**	(29)%
Hospital receivables	**268**	102	232	**163**	(56)
Installment loans*	**5,749**	1,681	(349)	**242**	(582)
Total	**$ 11,350**	$ 4,902	$ 4,275	**132**	15

**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

Table 9 — Analysis of Noninterest Expense

Years Ended December 31, (dollars in thousands)	2021	2020	2019	Percent Increase/(Decrease) 2021/2020	2020/2019
Salaries and employee benefits	**$ 110,088**	$ 106,166	$ 99,181	**4 %**	7 %
Technology, equipment, and communication	**28,900**	29,128	25,048	**(1)**	16
Occupancy	**13,193**	13,438	12,926	**(2)**	4
Marketing and development	**4,325**	4,031	5,023	**7**	(20)
FDIC insurance expense	**1,591**	1,010	743	**58**	36
State and local bank franchise tax expense	**1,329**	5,369	5,293	**(75)**	1
Interchange related expense	**4,960**	4,303	4,870	**15**	(12)
Other real estate owned and other repossession expense	**(30)**	46	326	**(165)**	(86)
Legal and professional fees	**4,924**	4,244	3,357	**16**	26
FHLB advances early termination penalties	**—**	2,108	—	**NM**	NM
Other	**13,024**	15,614	15,416	**(17)**	1
Total noninterest expense	**$ 182,304**	$ 185,457	$ 172,183	**(2)**	8

Total Company noninterest expense decreased $3.2 million, or 2%, during 2021 compared to 2020. The most significant components comprising the change in noninterest expense by reportable segment follow:

Traditional Banking segment

For 2021, compared to 2020, Traditional Banking noninterest expense decreased $3.7 million, or 2%. The following were the most significant categories affecting the change in noninterest expense:

- Bank Franchise Tax expense decreased $2.4 million. As previously reported, Kentucky enacted HB354 in March 2019 and as a result, the Bank transitioned from a capital-based bank franchise tax to the Kentucky corporate income tax on January 1, 2021.

- The Traditional Bank incurred $2.1 million in early termination penalties upon payoff of $60 million of FHLB term advances during the fourth quarter of 2020.

- Other expenses decreased $2.0 million. Within this decrease, Provision for credit losses on off-balance sheet credit exposures decreased $470,000, driven by lower expected usage rates on the Bank's committed credit lines coupled with a generally improving economic outlook. Additionally, within the other expenses line item, the following expenses experienced decreases: fraud-related expenses, supplies, freight, and ATM promotions, with most of these decreases generally driven by the impact of the ongoing COVID-19 pandemic.

- Partially offsetting the decreases above, Salaries and benefits expense increased approximately $1.8 million, or 2%, primarily driven by annual merit increases and increases in contract labor, equity compensation, payroll taxes, and health benefits.

- Interchange-related expense increased $688,000, or 16%, as transaction volume began rising to more normalized levels during the first quarter of 2021 following the removal of pandemic-related restrictions.

Tax Refund Solutions segment

TRS noninterest expense decreased $1.2 million, or 7%, during 2021 compared to 2020. The decline resulted primarily from a $1.5 million decrease in allocated bank franchise tax expense.

See additional detail regarding the Bank's lawsuit against Green Dot under Footnote 1 "Summary of Significant Accounting Policies" of Part II Item 8 "Financial Statements and Supplemental Data."

Income Tax Expense

The Company's effective tax rate was approximately 21% in 2021 and 19% in 2020.

The following items provided $2.4 million in federal income tax benefits during 2021 and drove the Total Company's federal effective tax rate for that period lower than the federal corporate tax rate of 21%. However, the overall Total Company's combined federal and state effective tax rate was 21.34%, which was higher than previous years due to the Kentucky corporate income tax filing requirement beginning in 2021.

- The Company recognized $2.0 million in income tax benefits for low-income-housing investments and R&D credits during 2021. The low-income-housing investments were attributable to the Company's Traditional Banking segment, while the R&D credits were allocated among the Traditional Banking, TRS, and RCS segments.

- The Company recognized $226,000 in income tax benefits associated with equity compensation during 2021. Substantially all of this benefit was attributed to the Company's Traditional Banking segment.

- The Company recognized $206,000 in income tax benefits for non-recurring death benefit revenue related to the Company's bank owned life insurance policies.

The following items provided $3.1 million in federal income tax benefits during 2020 and drove the Total Company's effective tax rate for that period lower than the federal corporate tax rate of 21%:

- Prior to January 1, 2021, as a financial institution doing business in Kentucky, the Bank was subject to a capital-based Kentucky bank franchise tax and exempt from Kentucky corporate income tax. In March 2019, Kentucky enacted HB354 and transitioned the Bank from the bank franchise tax to a corporate income tax beginning January 1, 2021. In 2020, the Company recorded an additional deferred tax asset, net of the federal benefit, of $1 million due to the enactment of HB354, with the majority of this benefit attributed to the Company's Traditional Banking segment.

- The Company recognized $2.1 million in income tax benefits for low-income-housing investments and R&D credits during 2020. The low-income-housing investments were attributable to the Company's Traditional Banking segment, while the R&D credits were allocated among the Traditional Banking, TRS, and RCS segments.

See additional detail regarding the Company's Income Tax Expense under Footnote 19 "Income Taxes" of Part II Item 8 "Financial Statements and Supplemental Data."

FINANCIAL CONDITION

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 $757 million in cash and cash equivalents as of December 31, 2021 compared to $486 million as of December 31, 2020. For cash held at the FRB, the Bank earns a yield on amounts more than required reserves. This yield increased from 0.10% at January 1, 2021 to 0.15% as of December 31, 2021. For cash held within the Bank's banking center and ATM networks, the Bank does not earn interest.

The growth in cash balances was driven by continued growth in deposit balances along with a continued general decline in loans, particularly within the PPP loan category. Given the near-term risk of inflation and rising market interest rates, combined with the requirement that the term of the investments would have to be extended in order to pick up a meaningful increase in the overall yield, management chose to not redeploy significant excess cash into the investment portfolio through October 31, 2021. During the fourth quarter of 2021, however, management began evaluating potential changes to its existing strategy to redeploy excess cash as a result of a recent steepening of the yield curve. Management believes the Company will likely start deploying some of its excess cash into longer-term, higher yielding securities, as compared to the overnight nature of its cash earning 0.15% at the Federal Reserve during 2021. The overall amount and timing of investments that could be purchased, as well as the term of the investments that could be purchased, will depend on many factors including, but not limited to, the Company's overall current and projected liquidity positions, its customers' demand for its loans and deposit products, the interest rate environment at the time, as well as the anticipated interest rate environment in the near and long term.

The Company's Captive maintains cash reserves to cover insurable claims. Captive cash reserves totaled approximately $4 million and $3 million as of December 31, 2021 and 2020.

Investment Securities

Table 10 — Investment Securities Portfolio

December 31, (in thousands)	2021	2020	2019
Available-for-sale debt securities (fair value):			
U.S. Treasury securities and U.S. Government agencies	**$ 237,459**	$ 246,909	$ 134,640
Private label mortgage-backed security	**2,731**	2,957	3,495
Mortgage-backed securities - residential	**210,749**	211,202	255,847
Collateralized mortgage obligations	**30,294**	48,952	63,371
Corporate bonds	**10,046**	10,043	10,002
Trust preferred security	**3,847**	3,800	4,000
Total available-for-sale debt securities	**495,126**	523,863	471,355
Held-to-maturity debt securities (carrying value):			
U.S. Treasury securities and U.S. Government agencies	**—**	—	—
Mortgage backed securities - residential	**46**	99	104
Collateralized mortgage obligations	**9,080**	13,061	16,970
Corporate bonds	**34,928**	39,808	44,995
Obligations of state and political subdivisions	**245**	356	462
Total held-to-maturity debt securities	**44,299**	53,324	62,531
Equity securities with a readily determinable fair value (fair value):			
Freddie Mac preferred stock	**170**	560	714
Community Reinvestment Act mutual fund	**2,450**	2,523	2,474
Total equity securities with a readily determinable fair value	**2,620**	3,083	3,188
Total investment securities	**$ 542,045**	$ 580,270	$ 537,074

AFS debt securities primarily consists of U.S. Treasury securities and U.S. Government agency obligations, including agency MBS and agency CMOs. The agency MBSs primarily consist of hybrid mortgage investment securities, as well as other adjustable rate mortgage investment securities, underwritten and guaranteed by the GNMA, the FHLMC and the FNMA. Agency CMOs held in the investment portfolio are substantially all floating rate securities that adjust monthly. The Bank uses a portion of the investment securities portfolio as collateral to Bank clients for SSUARs. The remaining eligible securities that are not pledged to secure client SSUARs may be pledged to the FHLB as collateral for the Bank's borrowing line.

During 2021, the Bank purchased $212 million in investment debt securities, allocated among $81 million in MBSs, $40 in U.S. Treasuries, and $91 million in U.S. government agencies. The mortgage-backed securities that were purchased had an expected weighted-average yield of approximately 1.30% and a weighted average maturity at purchase of 14.4 years. The U.S. Treasuries had an expected weighted-average yield of approximately 0.43% and a weighted average life at purchase of 2.3 years. The U.S. Government agencies purchased had an expected weighted average yield of approximately 1.16% and a weighted average life of 6.4 years.

From 2013 to 2019, the Bank purchased various floating-rate corporate bonds. These bonds were rated "investment grade" by accredited rating agencies as of their respective purchase dates. The total fair value of the Bank's corporate bonds represented 8% and 10% of the Bank's investment portfolio as of December 31, 2021 and 2020. During 2019, one of these bonds was downgraded to BBB+ (S&P/Fitch), driving a significant decrease in the bond's market value. As of December 31, 2021, this bond had recovered its lost value and reflected an unrealized gain of $46,000.

Strategies for the investment securities portfolio are influenced by economic and market conditions, loan demand, deposit mix, and liquidity needs. For the past several years, the Bank has continued to utilize a general strategy within the investment portfolio of purchasing securities with shorter-term durations or maintain a large amount cash at the Federal Reserve. The Bank has used this general strategy for liquidity purposes and as an interest rate risk management tool in what has been a long period of historically low interest rates. As discussed in the previous section, however, this strategy could likely change in 2022 with an opportunity to earn higher yields on investments with maturities longer than overnight cash. As previously noted, however, the overall amount and timing of investments that could be purchased, as well as the term of the investments that could be purchased, will depend on many factors including, but not limited to, the Company's overall current and projected liquidity positions, its customers' demand for its loans and deposit products, the interest rate environment at the time, as well as the anticipated interest rate environment in the near and long term.

Table 11 — Available-for-Sale Debt Securities

December 31, 2021 (dollars in thousands)	Amortized Cost	Fair Value	Weighted Average Yield	Weighted Average Maturity in Years
U.S. Treasury securities and U.S. Government agencies:				
Due in one year or less	**$ 30,058**	**$ 30,307**	**1.53 %**	**0.64**
Due from one year to five years	**189,822**	**187,570**	**0.85**	**3.46**
Due from five years to 10 years	**20,000**	**19,582**	**1.00**	**5.16**
Total U.S. Treasury securities and U.S. Government agencies	**239,880**	**237,459**	**0.95**	**3.25**
Corporate bonds:				
Due from one year to five years	**10,000**	**10,046**	**1.12**	**1.29**
Total Corporate bonds	**10,000**	**10,046**	**1.12**	**1.29**
Trust preferred security, due beyond ten years	**3,684**	**3,847**	**5.48**	**15.43**
Private label mortgage backed security	**1,418**	**2,731**	**7.96**	**11.63**
Total mortgage backed securities - residential	**207,697**	**210,749**	**1.87**	**12.60**
Total collateralized mortgage obligations	**29,947**	**30,294**	**1.37**	**16.35**
Total available-for-sale debt securities	**$ 492,626**	**$ 495,126**	**1.42**	**8.06**

Table 12 — Held-to-Maturity Debt Securities

December 31, 2021 (dollars in thousands)	Carrying Value	Fair Value	Weighted Average Yield	Weighted Average Maturity in Years
Corporate bonds:				
Due from one year to five years	**$ 34,975**	**$ 35,232**	**1.26 %**	**1.99**
Total corporate bonds	**34,975**	**35,232**	**1.26**	**1.99**
Obligations of state and political subdivisions:				
Due from one year or less	**120**	**121**	**1.80**	**0.58**
Due from one year to five years	**125**	**127**	**1.90**	**1.58**
Total obligations of state and political subdivisions	**245**	**248**	**1.85**	**1.09**
Total mortgage backed securities - residential	**46**	**46**	**2.34**	**8.44**
Total collateralized mortgage obligations	**9,080**	**9,238**	**0.88**	**12.74**
Total held-to-maturity debt securities	**$ 44,346**	**$ 44,764**	**1.18**	**4.19**

See Footnote 2 "Investment Securities" of Part II Item 8 "Financial Statements and Supplementary Data" for further information regarding the Bank's investment securities.

Loan Portfolio

Table 13 — Loan Portfolio Composition

December 31, (in thousands)	**2021**	2020	2019
Traditional Banking:			
Residential real estate:			
Owner occupied	**$ 820,731**	$ 879,800	$ 949,568
Nonowner occupied	**306,323**	264,780	258,803
Commercial real estate	**1,456,009**	1,349,085	1,303,000
Construction & land development	**129,337**	98,674	159,702
Commercial & industrial	**340,363**	325,596	465,674
Paycheck Protection Program	**56,014**	392,319	—
Lease financing receivables	**8,637**	10,130	14,040
Aircraft	**142,894**	101,375	70,443
Home equity	**210,578**	240,640	293,186
Consumer:			
Credit cards	**14,510**	14,196	17,836
Overdrafts	**683**	587	1,522
Automobile loans	**14,448**	30,300	52,923
Other consumer	**1,432**	8,167	9,234
Total Traditional Banking	**3,501,959**	3,715,649	3,595,931
Warehouse lines of credit*	**850,550**	962,796	717,458
Total Core Banking	**4,352,509**	4,678,445	4,313,389
Republic Processing Group*:			
Tax Refund Solutions:			
Easy Advances	**—**	—	—
Other TRS loans	**50,987**	23,765	14,365
Republic Credit Solutions	**93,066**	110,893	105,397
Total Republic Processing Group	**144,053**	134,658	119,762
Total loans**	**4,496,562**	4,813,103	4,433,151
Allowance for credit losses	**(64,577)**	(61,067)	(43,351)
Total loans, net	**$ 4,431,985**	$ 4,752,036	$ 4,389,800

* *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.*

Gross loans decreased by $317 million, or 7%, during 2021 to $4.5 billion as of December 31, 2021. The most significant components comprising the change in loans by reportable segment follow:

Traditional Banking segment

Period-end balances for Traditional Banking loans decreased $214 million, or 6%, during 2021. The following primarily drove the change in loan balances:

- The Traditional Bank's PPP portfolio decreased $336 million during 2021. To facilitate pandemic relief for the communities it serves, the Traditional Bank originated 3,700 PPP loans totaling $528 million during 2020 and another 1,900 PPP loans totaling $210 million in early 2021. As of December 31, 2021, net PPP loans of $56 million remained on the Traditional Bank's balance sheet, including $15 million in loan balances originated during 2020, $42 million in loan balances originated during 2021, and $1 million of yet-to-be-earned PPP lender fees reported as a credit offset to these originated balances.

PPP loans have a stated maturity of two to five years, an annualized fixed coupon rate of 1.0% to the client, are 100% guaranteed by the SBA, and 100% forgivable to the client if certain program metrics are met. The Bank earns an origination fee of 1%, 3%, or 5% based on the size of the loan.

- The owner-occupied residential real estate and home equity categories decreased $59 million and $30 million during 2021. These decreases largely reflected the impact of a sharp drop in long-term market interest rates during the previous 12 months that drove an increase in refinance volume for residential mortgages, with much of the refinance activity going into fixed-rate products sold on the secondary market.

- Offsetting the decreases above, the CRE category increased $106 million and the Aircraft category increased $42 million, as lending activity began normalizing following the removal of pandemic-driven restrictions during 2021.

Warehouse Lending segment

Outstanding Warehouse period end balances decreased $112 million during 2021. 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 fourth quarter of 2013 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 40% during 2013 to a high of 66% during 2020.

As discussed earlier in this document, management believes it is likely Warehouse usage and balances will likely decline in 2022 with an expected rise in market interest rates.

Republic Credit Solutions segment

Outstanding RCS loans decreased $18 million during 2021 primarily reflecting a $26 million decrease in hospital receivables partially offset by a $9 million increase in outstanding balances for RCS's line-of-credit products. The increase in balances for RCS's line-of-credit product was the direct result of incremental increases in marketing for its LOC I product since the third quarter of 2020. Marketing for this product had been limited during the first half of 2020 due to pandemic-related concerns.

The table below illustrates the Bank’s fixed and variable rate loan maturities:

Table 14 — Selected Loan Distribution

December 31, 2021 (in thousands)	Total	One Year Or Less	Over One Through Five Years	Over Five Through 15 Years	Over 15 Years
Fixed rate loan maturities:					
Residential real estate	$ 623,689	$ 17,475	$ 17,439	$ 294,434	$ 294,341
Commercial real estate	629,600	25,015	82,110	521,981	494
Construction & land development	48,609	11,988	22,064	14,557	—
Commercial & industrial	217,665	39,175	99,868	56,316	22,306
Paycheck Protection Program	56,014	14,636	41,378	—	—
Lease financing receivables	6,099	1,284	—	4,815	—
Aircraft	142,894	—	—	52,829	90,065
Warehouse lines of credit	—	—	—	—	—
Home equity	1,678	795	829	54	—
Consumer	42,649	28,105	14,134	340	70
Total fixed rate loans	$ 1,768,897	$ 138,473	$ 277,822	$ 945,326	$ 407,276
Variable rate loan maturities:					
Residential real estate	$ 503,365	$ 1,190	$ 22,645	$ 166,292	$ 313,238
Commercial real estate	826,409	55,157	150,281	593,759	27,212
Construction & land development	80,728	12,048	7,405	60,615	660
Commercial & industrial	173,685	50,876	78,385	24,424	20,000
Paycheck Protection Program	—	—	—	—	—
Lease financing receivables	2,538	865	—	1,673	—
Aircraft	—	—	—	—	—
Warehouse lines of credit	850,550	850,550	—	—	—
Home equity	208,900	9,298	60,433	139,169	—
Consumer	81,490	14,510	—	66,947	33
Total variable rate loans	$ 2,727,665	$ 994,494	$ 319,149	$ 1,052,879	$ 361,143
Total:					
Residential real estate	$ 1,127,054	$ 18,665	$ 40,084	$ 460,726	$ 607,579
Commercial real estate	1,456,009	80,172	232,391	1,115,740	27,706
Construction & land development	129,337	24,036	29,469	75,172	660
Commercial & industrial	391,350	90,051	178,253	80,740	42,306
Paycheck Protection Program	56,014	14,636	41,378	—	—
Lease financing receivables	8,637	2,149	—	6,488	—
Aircraft	142,894	—	—	52,829	90,065
Warehouse lines of credit	850,550	850,550	—	—	—
Home equity	210,578	10,093	61,262	139,223	—
Consumer	124,139	42,615	14,134	67,287	103
Total loans	$ 4,496,562	$ 1,132,967	$ 596,971	$ 1,998,205	$ 768,419
Loans at maturity interval to overall total loans	100 %	25 %	13 %	44 %	17 %

Allowance for Credit Losses

As of December 31, 2021, the Bank maintained an ACLL for expected credit losses inherent in the Bank’s loan portfolio, which includes overdrawn deposit accounts. The Bank also maintained an ACLS and an ACLC for expected losses in its securities portfolio and its off-balance sheet credit exposures, respectively. Management evaluates the adequacy of the ACLL monthly, and the adequacy of the ACLS and ACLC quarterly. All ACLs are presented and discussed with the Audit Committee and the Board of Directors quarterly.

The Company’s ACLL increased $4 million from $61 million as of December 31, 2020 to $65 million as of December 31, 2021. As a percent of total loans, the total Company’s ACLL increased to 1.44% as of December 31, 2021 compared to 1.27% as of December 31, 2020. An analysis of the ACL by reportable segment follows:

Traditional Banking segment

- The Traditional Banking ACLL decreased approximately $292,000 from December 31, 2020 to $49 million as of December 31, 2021 driven primarily by net charge-offs during 2021.

- The Traditional Bank decreased its ACLS $131,000 during 2021 to $47,000 as of December 31, 2021 based on improved PD and LGD expectations on its corporate bond portfolios.

- The Traditional Bank increased its ACLC $63,000 during 2021 to $1.1 million as of December 31, 2021 based on an increase in available credit lines.

Warehouse Lending segment

The Warehouse ACLL decreased to approximately $2.1 million, and the Warehouse ACLL to total Warehouse loans remained at 0.25% when comparing December 31, 2021 to December 31, 2020. As of December 31, 2021, the Warehouse ACLL was entirely qualitative in nature with no adjustments to the qualitative reserve percentage required for 2021.

Republic Credit Solutions segment

The RCS ACLL increased $4 million during 2021 from $9 million as of December 31, 2020 to $13 million as of December 31, 2021, with this increase driven by growth in balances on RCS's line-of-credit products.

RCS maintained an ACLL for two distinct credit products offered as of December 31, 2021, including its line-of-credit products and its healthcare-receivables products. As of December 31, 2021, 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 49% 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.

For additional discussion regarding Republic's methodology for determining the adequacy of the ACLL, see the section titled "Critical Accounting Policies and Estimates" in this section of the filing.

See additional detail regarding Republic Credit Solution's loan products under Item 1 "Business."

Table 15 — Summary of Loan and Lease Loss Experience

Years Ended December 31, (dollars in thousands)	2021	2020	2019
ACLL at beginning of period	**$ 61,067**	$ 43,351	$ 44,675
Adoption of ASC 326	**—**	6,734	—
Charge-offs:			
Traditional Banking:			
Residential real estate	**—**	(169)	(683)
Commercial real estate	**(428)**	(795)	(1,407)
Commercial & industrial	**(86)**	(310)	(1,505)
Home equity	**(51)**	(14)	(64)
Consumer	**(895)**	(1,481)	(2,054)
Total Traditional Banking	**(1,460)**	(2,769)	(5,713)
Warehouse lines of credit	**—**	—	—
Total Core Banking	**(1,460)**	(2,769)	(5,713)
Republic Processing Group:			
Tax Refund Solutions:			
Easy Advances	**(10,256)**	(19,575)	(13,425)
Other TRS loans	**(51)**	(234)	(692)
Republic Credit Solutions	**(4,707)**	(6,163)	(12,566)
Total Republic Processing Group	**(15,014)**	(25,972)	(26,683)
Total charge-offs	**(16,474)**	(28,741)	(32,396)
Recoveries:			
Traditional Banking:			
Residential real estate	**396**	182	414
Commercial real estate	**82**	472	4
Commercial & industrial	**76**	122	9
Home equity	**46**	115	72
Consumer	**475**	508	628
Total Traditional Banking	**1,075**	1,399	1,127
Warehouse lines of credit	**—**	—	—
Total Core Banking	**1,075**	1,399	1,127
Republic Processing Group:			
Tax Refund Solutions:			
Easy Advances	**3,533**	6,542	2,782
Other TRS loans	**29**	2	213
Republic Credit Solutions	**408**	629	1,192
Total Republic Processing Group	**3,970**	7,173	4,187
Total recoveries	**5,045**	8,572	5,314
Net loan recoveries (charge-offs)	**(11,429)**	(20,169)	(27,082)
Provision - Core Banking	**(188)**	16,743	3,066
Provision - RPG	**15,127**	14,408	22,692
Total Provision	**14,939**	31,151	25,758
ACLL at end of period	**$ 64,577**	$ 61,067	$ 43,351
Credit Quality Ratios - Total Company:			
ACLL to total loans	**1.44 %**	1.27 %	0.98 %
ACLL to nonperforming loans	**314**	259	185
Net loan charge-offs (recoveries) to average loans	**0.25**	0.42	0.61
Credit Quality Ratios - Core Banking:			
ACLL to total loans	**1.18 %**	1.11 %	0.70 %
ACLL to nonperforming loans	**251**	221	129
Net loan charge-offs (recoveries) to average loans	**0.01**	0.03	0.11

Table 16 — Net Loan Charge-offs (Recoveries) to Average Loans by Loan Category

	Net Loan Charge-Offs (Recoveries) to Average Loans		
Years ended December 31, (in thousands)	**2021**	2020	2019
Traditional Banking:			
Residential real estate:			
Owner occupied	**(0.04)%**	— %	0.02 %
Nonowner occupied	**—**	—	0.02
Commercial real estate	**0.03**	0.02	0.11
Construction & land development	**—**	—	—
Commercial & industrial	**—**	0.05	0.02
Paycheck Protection Program	**—**	—	—
Lease financing receivables	**—**	—	—
Aircraft	**—**	—	—
Home equity	**—**	(0.04)	—
Consumer:			
Credit cards	**0.65**	1.46	1.83
Overdrafts	**51.69**	93.94	94.31
Automobile loans	**(0.10)**	0.08	0.12
Other consumer	**0.27**	0.58	(0.98)
Total Traditional Banking	**0.01**	0.04	0.13
Warehouse lines of credit	**—**	—	—
Total Core Banking	**0.01**	0.03	0.11
Republic Processing Group:			
Tax Refund Solutions:			
Easy Advances*	**26.58**	33.55	31.37
Other TRS loans	**0.19**	2.32	5.77
Republic Credit Solutions	**3.93**	5.32	11.99
Total Republic Processing Group	**7.42**	12.20	16.18
Total	**0.25**	0.42	0.61

* *Easy Advances are originated during the first two months of each year, with all EAs charged-off by June 30th of each year. Due to their relatively short life, EA net charge-offs are typically analyzed by the Company as a percentage of total EA originations, not as a percentage of average outstanding balances. See additional detail regarding the EA product under Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplemental Data."*

From 2020 to 2021, the Company's net charge-offs to average total Company loans decreased 17 basis points to 0.25%, with net charge-offs decreasing $8.7 million, or 43%, and average total Company loans decreasing $278 million, or 6%. The decrease in net charge-offs was primarily driven by a $7.8 million decrease in net charge-offs within the Company's RPG operations, which has historically conducted higher-risk lending activities that the Company's Core Banking operations.

From 2020 to 2021, RPG experienced a $6.3 million decrease in EA net charge-offs at TRS and a $1.2 million decrease in RCS net charge-offs. The decrease in EA net charge-offs partially resulted from a $138 million reduction in EAs originated from 2020 to 2021 and partially from an improvement in the EA repayment rate from the US Treasury during 2021 as compared to 2020. A decrease in RCS net charge-offs resulted primarily from a lower charge-off rate on RCS's LOC I product during 2021 compared to 2020. Management believes the reduction in net charge-offs within the RCS LOC I product was attributable to the large amount of cash available to consumers from government stimulus payments over the past 18 months.

During 2021, the Company's Core Bank net charge-offs to average Core Bank loans remained near zero.

The following table sets forth management's allocation of the ACLL by loan class. The ACLL allocation is based on management's assessment of economic conditions, historical loss experience, and various other qualitative factors. Additionally, management began including life-of-loan and forecast considerations into its ACLL allocation upon adoption of the CECL method on January 1, 2020. Since these factors and management's assumptions are subject to change, the allocation is not necessarily indicative of future loan portfolio performance or future ACLL allocation.

Table 17 — Management's Allocation of the Allowance for Credit Losses on Loans

	2021			2020			2019		
December 31, (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*	ACLL	Percent of Loans to Total Loans*	Percent of ACLL to Total Loan Class*
Traditional Banking:									
Residential real estate:									
Owner occupied	**$ 8,647**	**19 %**	**1.05 %**	$ 9,715	19 %	1.10 %	$ 4,729	22 %	0.50 %
Nonowner occupied	**2,700**	**7**	**0.88**	2,466	6	0.93	1,737	6	0.67
Commercial real estate	**23,769**	**32**	**1.63**	23,606	28	1.75	10,486	29	0.80
Construction & land development	**4,128**	**3**	**3.19**	3,274	2	3.32	2,152	4	1.35
Commercial & industrial	**3,487**	**8**	**1.02**	2,797	7	0.86	2,882	11	0.62
Paycheck Protection Program	**—**	**1**	**—**	—	8	—	—	—	—
Lease financing receivables	**91**	**—**	**1.05**	106	—	1.05	147	—	1.05
Aircraft	**357**	**3**	**0.25**	253	2	0.25	176	1	0.25
Home equity	**4,111**	**5**	**1.95**	4,990	5	2.07	2,721	7	0.93
Consumer:									
Credit cards	**934**	**—**	**6.44**	929	—	6.54	1,020	—	5.72
Overdrafts	**683**	**—**	**100.00**	587	—	100.00	1,169	—	76.81
Automobile loans	**186**	**—**	**1.29**	399	1	1.32	612	1	1.16
Other consumer	**314**	**—**	**21.93**	577	—	7.07	374	1	4.05
Total Traditional Banking	**49,407**	**78**	**1.41**	49,699	78	1.34	28,205	82	0.78
Warehouse lines of credit	**2,126**	**19**	**0.25**	2,407	20	0.25	1,794	16	0.25
Total Core Banking	**51,533**	**97**	**1.18**	52,106	98	1.11	29,999	98	0.70
Republic Processing Group:									
Tax Refund Solutions:									
Easy Advances	**—**	**—**	**—**	—	—	—	—	—	—
Other TRS loans	**96**	**1**	**0.19**	158	—	0.66	234	—	1.63
Republic Credit Solutions	**12,948**	**2**	**13.91**	8,803	2	7.94	13,118	2	12.45
Total Republic Processing Group	**13,044**	**3**	**9.06**	8,961	2	6.65	13,352	2	11.15
Total	**$ 64,577**	**100**	**1.44**	$ 61,067	100	1.27	$ 43,351	100	0.98
Total Traditional Banking - GAAP	**$ 49,407**	**78**	**1.41**	$ 49,699	78	1.34	$ 28,205	82	0.78
Less: Paycheck Protection Program	**—**	**1**	**—**	—	8	—	—	—	—
Total Traditional Banking - Non-GAAP	**$ 49,407**	**77**	**1.43**	$ 49,699	70	1.50	$ 28,205	82	0.78

**See Table 13 in this section of the filing for loan portfolio balances. Values of less than 50 basis points are rounded down to zero.*

Management believes, based on information presently available, that it has adequately provided for loan and lease losses as of December 31, 2021.

For additional discussion regarding Republic's methodology for determining the adequacy of the ACLL, see the section titled "Critical Accounting Policies and Estimates" in this section of the filing.

Asset Quality

COVID-19 Loan Accommodations

The CARES Act provided several forms of economic relief designed to defray the impact of COVID-19. In April 2020, through its own independent relief efforts and CARES Act provisions, the Company began offering loan accommodations through deferrals and forbearances. These accommodations were generally under three-month terms for commercial clients, with residential and consumer accommodations in line with prevailing regulatory and legal parameters. Loans that received an accommodation were generally not considered troubled debt restructurings by the Company if such loans were not greater than 30 days past due as of December 31, 2019.

As of December 31, 2021, $2 million, or less than 1% of the Company's Traditional Bank portfolio remained under a COVID-19 hardship accommodation.

The ultimate long-term impact of the above accommodated loan balances on the Company's Classified, Special Mention, nonperforming, and delinquent loans is currently uncertain. When evaluating its borrowers for further accommodation, the Bank considers prudent options based on the borrower's credit risk; applicable federal and state laws and regulations, including COVID-related accommodations provided by applicable federal, state, and local laws; and the Bank's ability to ease cash flow pressures on the affected borrowers while improving the Bank's likelihood of collection on its loans. If enough borrowers were unable to meet their loan payment obligations at the end of their accommodation periods and were also unable to further extend their accommodation arrangements with the Bank, the Bank's Classified, Special Mention, nonperforming, and delinquent loans would increase and negatively impact the Company's overall operating performance.

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 $17 million during 2021, driven primarily by commercial-purpose loans within the hospitality and leisure industry downgraded to Special Mention during 2021. As previously mentioned, the ultimate long-term impact of loans accommodated due to COVID-19 on the Company's Classified and Special Mention loans is currently uncertain.

See Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplementary Data" for additional discussion regarding Classified and Special Mention loans.

Table 18 — Classified and Special Mention Loans

December 31, (in thousands)	**2021**	2020	2019
Loss	**$ —**	$ —	$ —
Doubtful	**—**	—	—
Substandard	**21,714**	30,193	33,297
PCD* - Substandard	**1,692**	1,887	1,289
Total Classified Loans	**23,406**	32,080	34,586
Special Mention	**114,496**	89,206	21,754
PCD* - Special Mention	**795**	895	797
Total Special Mention Loans	**115,291**	90,101	22,551
Total Classified and Special Mention Loans	**$ 138,697**	$ 122,181	$ 57,137

* *The Bank's PCI loans as of December 31, 2019 were reclassified to PCD loans on January 1, 2020 in connection with the Company's adoption of ASC 326.*

Nonperforming Loans

Nonperforming loans include loans on nonaccrual status and loans past due 90-days-or-more and still accruing. The nonperforming loan category included TDRs totaling approximately $6 million and $7 million as of December 31, 2021 and 2020.

Nonperforming loans to total loans decreased to 0.46% as of December 31, 2021 from 0.49% as of December 31, 2020, as the total balance of nonperforming loans decreased by $3 million, or 13%, while total loans decreased $317 million, or 7%, during 2021. As presented in Tables 22 and 23 below, the decrease in nonperforming loans during 2021, including the nonaccrual loan component, was primarily driven by the refinancing of $5 million of these loans to another financial institution.

The ACLL to total nonperforming loans increased to 315% as of December 31, 2021 from 259% as of December 31, 2020, as the total ACLL increased $4 million, or 6%, and the balance of nonperforming loans decreased by $3 million, or 13%. The driver of the increase in ACLL was primarily growth in higher risk loans originated through the RCS segment, while the driver of the decrease in nonperforming loans was primarily the refinancing out of the Bank of a meaningful portion of these loans during 2021.

Table 19 — Nonperforming Loans and Nonperforming Assets Summary

December 31, (in thousands)	**2021**	2020	2019
Loans on nonaccrual status*	**$ 20,504**	$ 23,548	$ 23,332
Loans past due 90-days-or-more and still on accrual**	**48**	47	157
Total nonperforming loans	**20,552**	23,595	23,489
Other real estate owned	**1,792**	2,499	113
Total nonperforming assets	**$ 22,344**	$ 26,094	$ 23,602
Credit Quality Ratios - Total Company:			
ACLL to total loans	**1.44 %**	1.27 %	0.98 %
Nonaccrual loans to total loans	**0.46**	0.49	0.53
ACLL to nonaccrual loans	**315**	259	186
Nonperforming loans to total loans	**0.46**	0.49	0.53
Nonperforming assets to total loans (including OREO)	**0.50**	0.54	0.53
Nonperforming assets to total assets	**0.37**	0.42	0.42
Credit Quality Ratios - Core Bank:			
ACLL to total loans	**1.18 %**	1.11 %	0.70 %
Nonaccrual loans to total loans	**0.47**	0.50	0.54
ACLL to nonaccrual loans	**251**	221	129
Nonperforming loans to total loans	**0.47**	0.50	0.54
Nonperforming assets to total loans (including OREO)	**0.51**	0.56	0.54
Nonperforming assets to total assets	**0.40**	0.45	0.43

* *Loans on nonaccrual status include collateral-dependent loans. See Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplementary Data" for the components within the nonaccrual loans to total loans and ACLL to nonaccrual loans ratios, as well as additional discussion regarding nonaccrual loans and collateral-dependent loans.*

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

Table 20 — Nonperforming Loan Composition

December 31, (in thousands)	2021 Balance	2021 Percent of Total Loan Class	2020 Balance	2020 Percent of Total Loan Class	2019 Balance	2019 Percent of Total Loan Class
Traditional Banking:						
Residential real estate:						
Owner occupied	**$ 12,039**	**1.47 %**	$ 14,328	1.63 %	$ 12,220	1.29 %
Nonowner occupied	**95**	**0.03**	81	0.03	623	0.24
Commercial real estate	**6,557**	**0.45**	6,762	0.50	6,865	0.53
Construction & land development	**—**	**—**	—	—	143	0.09
Commercial & industrial	**13**	**0.00**	55	0.02	1,424	0.30
Paycheck Protection Program	**—**	**—**	—	—	—	—
Lease financing receivables	**—**	**—**	—	—	—	—
Aircraft	**—**	**—**	—	—	—	—
Home equity	**1,700**	**0.81**	2,141	0.89	1,865	0.64
Consumer:						
Credit cards	**—**	**—**	5	0.04	—	—
Overdrafts	**1**	**0.15**	—	—	—	—
Automobile loans	**97**	**0.67**	170	0.56	179	0.34
Other consumer	**3**	**0.21**	11	0.13	13	0.14
Total Traditional Banking	**20,505**	**0.59**	23,553	0.63	23,332	0.65
Warehouse lines of credit	**—**	**—**	—	—	—	—
Total Core Banking	**20,505**	**0.47**	23,553	0.50	23,332	0.54
Republic Processing Group:						
Tax Refund Solutions:						
Easy Advances	**—**	**—**	—	—	—	—
Other TRS loans	**—**	**—**	—	—	53	0.37
Republic Credit Solutions	**47**	**0.05**	42	0.04	104	0.10
Total Republic Processing Group	**47**	**0.03**	42	0.03	157	0.13
Total nonperforming loans	**$ 20,552**	**0.46**	$ 23,595	0.49	$ 23,489	0.53

Table 21 — Stratification of Nonperforming Loans

December 31, 2021 (dollars in thousands)	No.	Balance <= $100	No.	Balance > $100 & <= $500	No.	Balance > $500	No.	Total Balance
	Number of Nonperforming Loans and Recorded Investment							
Traditional Banking:								
Residential real estate:								
Owner occupied	**146**	**$ 5,042**	**27**	**$ 4,857**	**2**	**$ 2,140**	**175**	**$ 12,039**
Nonowner occupied	**3**	**95**	**—**	**—**	**—**	**—**	**3**	**95**
Commercial real estate	**—**	**—**	**4**	**872**	**3**	**5,685**	**7**	**6,557**
Construction & land development	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Commercial & industrial	**1**	**13**	**—**	**—**	**—**	**—**	**1**	**13**
Paycheck Protection Program	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Lease financing receivables	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Aircraft	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Home equity	**25**	**695**	**5**	**1,005**	**—**	**—**	**30**	**1,700**
Consumer:								
Credit cards	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Overdrafts	**NM**	**1**	**—**	**—**	**—**	**—**	**NM**	**1**
Automobile loans	**13**	**97**	**—**	**—**	**—**	**—**	**13**	**97**
Other consumer	**4**	**3**	**—**	**—**	**—**	**—**	**4**	**3**
Total Traditional Banking	**192**	**5,946**	**36**	**6,734**	**5**	**7,825**	**233**	**20,505**
Warehouse lines of credit	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total Core Banking	**192**	**5,946**	**36**	**6,734**	**5**	**7,825**	**233**	**20,505**
Republic Processing Group:								
Tax Refund Solutions:								
Easy Advances	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other TRS loans	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Republic Credit Solutions	**NM**	**47**	**—**	**—**	**—**	**—**	**NM**	**47**
Total Republic Processing Group	**NM**	**47**	**—**	**—**	**—**	**—**	**NM**	**47**
Total	**192**	**$ 5,993**	**36**	**$ 6,734**	**5**	**$ 7,825**	**233**	**$ 20,552**

NM – Not meaningful. Loans from Republic Processing Group are generally small dollar homogenous consumer loans.

December 31, 2020 (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	146	$ 5,110	27	$ 4,966	5	$ 4,252	178	$ 14,328
Nonowner occupied	3	81	—	—	—	—	3	81
Commercial real estate	2	45	3	925	3	5,792	8	6,762
Construction & land development	—	—	—	—	—	—	—	—
Commercial & industrial	2	55	—	—	—	—	2	55
Paycheck Protection Program	—	—	—	—	—	—	—	—
Lease financing receivables	—	—	—	—	—	—	—	—
Aircraft	—	—	—	—	—	—	—	—
Home equity	26	867	6	1,274	—	—	32	2,141
Consumer:								
Credit cards	NM	5	—	—	—	—	NM	5
Overdrafts	—	—	—	—	—	—	—	—
Automobile loans	14	170	—	—	—	—	14	170
Other consumer	7	11	—	—	—	—	7	11
Total Traditional Banking	200	6,344	36	7,165	8	10,044	244	23,553
Warehouse lines of credit	—	—	—	—	—	—	—	—
Total Core Banking	200	6,344	36	7,165	8	10,044	244	23,553
Republic Processing Group:								
Tax Refund Solutions:								
Easy Advances	—	—	—	—	—	—	—	—
Other TRS loans	—	—	—	—	—	—	—	—
Republic Credit Solutions	NM	42	—	—	—	—	NM	42
Total Republic Processing Group	NM	42	—	—	—	—	NM	42
Total	200	$ 6,386	36	$ 7,165	8	$ 10,044	244	$ 23,595

NM – Not meaningful. Loans from Republic Processing Group are generally small dollar homogenous consumer loans.

Interest income that would have been recorded if nonaccrual loans were on a current basis in accordance with their original terms was $1.3 million, $1.3 million and $1.5 million in 2021, 2020, and 2019.

Based on the Bank's review as of December 31, 2021, management believes that its reserves are adequate to absorb expected losses on all nonperforming credits.

Table 22 — Rollforward of Nonperforming Loan

Years Ended December 31, (in thousands)	**2021**	2020	2019
Nonperforming loans at the beginning of the period	**$ 23,595**	$ 23,489	$ 16,138
Loans added to nonperforming status during the period that remained nonperforming at the end of the period	**3,627**	8,993	13,806
Loans removed from nonperforming status during the period that were nonperforming at the beginning of the period *(see table below)*	**(5,221)**	(7,959)	(4,242)
Principal balance paydowns of loans nonperforming at both period ends	**(1,450)**	(817)	(2,225)
Net change in principal balance of other loans nonperforming at both period ends*	**1**	(111)	12
Nonperforming loans at the end of the period	**$ 20,552**	$ 23,595	$ 23,489

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

Table 23 — Detail of Loans Removed from Nonperforming Status

Years Ended December 31, (in thousands)	**2021**	2020	2019
Loans charged off	**$ (57)**	$ (1,142)	$ (339)
Loans transferred to OREO	**—**	(2,254)	(1,174)
Loans refinanced at other institutions	**(4,884)**	(4,420)	(2,610)
Loans returned to accrual status	**(280)**	(143)	(119)
Total loans removed from nonperforming status during the period that were nonperforming at the beginning of the period	**$ (5,221)**	$ (7,959)	$ (4,242)

Delinquent Loans

Delinquent loans to total loans decreased to 0.30% as of December 31, 2021, from 0.41% as of December 31, 2020, primarily due to a $6 million, or 32%, decrease in delinquent loans and a $317 million, or 7%, decrease in total loans during 2021.

Core Bank delinquent loans to total Core Bank loans decreased to 0.17% as of December 31, 2021 from 0.21% as of December 31, 2020. With the exception of small-dollar consumer loans, all Traditional Bank loans past due 90-days-or-more as of December 31, 2021 and December 31, 2020 were on nonaccrual status. As previously mentioned, the ultimate impact of loans accommodated due to COVID-19 on the Company's delinquent loans is currently uncertain.

Table 24 — Delinquent Loan Composition*

December 31, (dollars in thousands)	2021 Balance	2021 Percent of Total Loan Class	2020 Balance	2020 Percent of Total Loan Class	2019 Balance	2019 Percent of Total Loan Class
Traditional Banking:						
Residential real estate:						
Owner occupied	**$ 1,599**	**0.19 %**	$ 3,260	0.37 %	$ 4,434	0.47 %
Nonowner occupied	**—**	**—**	—	—	539	0.21
Commercial real estate	**5,292**	**0.36**	5,457	0.40	3,300	0.25
Construction & land development	**—**	**—**	—	—	—	—
Commercial & industrial	**21**	**0.01**	12	0.00	1,355	0.28
Paycheck Protection Program	**—**	**—**	—	—	—	—
Lease financing receivables	**—**	**—**	—	—	—	—
Aircraft	**—**	**—**	—	—	—	—
Home equity	**314**	**0.15**	702	0.29	2,918	1.00
Consumer:						
Credit cards	**30**	**0.21**	73	0.51	155	0.87
Overdrafts	**164**	**24.01**	147	25.04	283	18.59
Automobile loans	**9**	**0.06**	56	0.18	49	0.09
Other consumer	**1**	**0.07**	6	0.07	9	0.01
Total Traditional Banking	**7,430**	**0.21**	9,713	0.26	13,042	0.36
Warehouse lines of credit	**—**	**—**	—	—	—	—
Total Core Banking	**7,430**	**0.17**	9,713	0.21	13,042	0.30
Republic Processing Group:						
Tax Refund Solutions:						
Easy Advances	**—**	**—**	—	—	—	—
Other TRS loans	**—**	**—**	—	—	119	0.83
Republic Credit Solutions	**6,035**	**6.48**	10,234	9.23	7,643	7.25
Total Republic Processing Group	**6,035**	**4.19**	10,234	7.60	7,762	6.48
Total delinquent loans	**$ 13,465**	**0.30**	$ 19,947	0.41	$ 20,804	0.47

**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 25 — Rollforward of Delinquent Loans

Years Ended December 31, (in thousands)	2021	2020	2019
Delinquent loans at the beginning of the period	**$ 19,947**	$ 20,804	$ 15,962
Loans added to delinquency status during the period and remained in delinquency status at the end of the period	**1,459**	6,681	9,947
Loans removed from delinquency status during the period that were in delinquency status at the beginning of the period *(see table below)*	**(3,559)**	(8,617)	(6,747)
Principal balance paydowns of loans delinquent at both period ends	**(158)**	(146)	(120)
Net change in principal balance of other loans delinquent at both period ends*	**(4,224)**	1,225	1,762
Delinquent loans at the end of period	**$ 13,465**	$ 19,947	$ 20,804

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

Table 26 — Detail of Loans Removed from Delinquent Status

Years Ended December 31, (in thousands)	2021	2020	2019
Loans charged off	**$ (58)**	$ (115)	$ (453)
Easy Advances paid off or charged off			
Loans transferred to OREO	**—**	(2,254)	(1,370)
Loans refinanced at other institutions	**(2,016)**	(4,052)	(1,988)
Loans paid current	**(1,485)**	(2,196)	(2,936)
Total loans removed from delinquency status during the period that were in delinquency status at the beginning of the period	**$ (3,559)**	$ (8,617)	$ (6,747)

Collateral-Dependent Loans and Troubled Debt Restructurings

When management determines that a loan is collateral dependent and foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs if appropriate. The Bank's policy is to charge-off all or that portion of its recorded investment in collateral-dependent loans upon a determination that it expects the full amount of contractual principal and interest will not be collected.

A TDR is a situation where, due to a borrower's financial difficulties, the Bank grants a concession to the borrower that the Bank would not otherwise have considered. The majority of the Bank's TDRs involve a restructuring of loan terms such as a temporary reduction in the payment amount to require only interest and escrow (if required), reducing the loan's interest rate and/or extending the maturity date of the debt. Nonaccrual loans modified as TDRs remain on nonaccrual status and continue to be reported as nonperforming loans. Accruing loans modified as TDRs are evaluated for nonaccrual status based on a current evaluation of the borrower's financial condition and ability and willingness to service the modified debt.

Table 27 — Collateral Dependent Loan Composition

December 31, (in thousands)	2021	2020	2019
Cashflow-dependent TDRs	**$ 5,960**	$ 10,938	$ 14,348
Collateral-dependent TDRs	**9,426**	9,840	16,433
Total TDRs	**15,386**	20,778	30,781
Collateral-dependent loans (which are not TDRs)	**14,645**	20,806	19,569
Total recorded investment in TDRs and collateral-dependent loans	**$ 30,031**	$ 41,584	$ 50,350

See Footnote 4 "Loans and Allowance for Credit Losses" of Part II Item 8 "Financial Statements and Supplementary Data" for additional discussion regarding collateral-dependent loans and TDRs.

Other Real Estate Owned

Table 28 — Rollforward of Other Real Estate Owned Activity

Years Ended December 31, (in thousands)	**2021**	2020	2019
OREO at beginning of period	**$ 2,499**	$ 113	$ 160
Transfer from loans to OREO	**64**	2,750	1,527
Proceeds from sale*	**(611)**	(324)	(2,114)
Net gain on sale	**51**	65	540
Writedowns	**(211)**	(105)	—
OREO at end of period	**$ 1,792**	$ 2,499	$ 113

**Inclusive of non-cash proceeds where the Bank financed the sale of the property.*

The fair value of OREO represents the estimated value that management expects to receive when the property is sold, net of related costs to sell. These estimates are based on the most recently available real estate appraisals, with certain adjustments made based on the type of property, age of appraisal, current status of the property and other relevant factors to estimate the current value of the property.

Bank Owned Life Insurance

BOLI offers tax advantaged noninterest income to help the Bank offset employee benefits expenses. The Company carried $99 million and $68 million of BOLI on its consolidated balance sheet as of December 31, 2021 and 2020.

Table 29 — Rollforward of Bank Owned Life Insurance

Years ended December 31, (in thousands)	**2021**	2020	2019
BOLI at beginning of period	**$ 68,018**	$ 66,433	$ 64,883
BOLI acquired	**30,000**	—	—
Death benefits paid	**(1,099)**	—	—
Increase in cash surrender value	**2,242**	1,585	1,550
BOLI at end of period	**$ 99,161**	$ 68,018	$ 66,433

Deposits

Table 30 — Deposit Composition

December 31, (in thousands)	2021	2020	2019
Core Bank:			
Demand	**$ 1,381,522**	$ 1,217,263	$ 922,972
Money market accounts	**789,876**	712,824	793,950
Savings	**311,624**	236,335	175,588
Individual retirement accounts (1)	**43,724**	47,889	51,548
Time deposits, $250 and over (1)	**81,050**	83,448	104,412
Other certificates of deposit (1)	**154,174**	199,214	248,161
Reciprocal money market and time deposits (1)	**77,950**	314,109	189,774
Brokered deposits (1)	**—**	25,010	200,072
Total Core Bank interest-bearing deposits	**2,839,920**	2,836,092	2,686,477
Total Core Bank noninterest-bearing deposits	**1,579,173**	1,503,662	981,164
Total Core Bank deposits	**4,419,093**	4,339,754	3,667,641
Republic Processing Group:			
Money market accounts	**9,717**	6,673	66,152
Total RPG interest-bearing deposits	**9,717**	6,673	66,152
Brokered prepaid card deposits	**320,907**	257,856	9,128
Other noninterest-bearing deposits	**90,701**	128,898	43,087
Total RPG noninterest-bearing deposits	**411,608**	386,754	52,215
Total RPG deposits	**421,325**	393,427	118,367
Total deposits	**$ 4,840,418**	$ 4,733,181	$ 3,786,008

(1) Includes time deposits.

Total Company deposits increased $107 million, or 2%, from December 31, 2020 to $4.8 billion as of December 31, 2021.

Total Core Bank deposits increased $79 million, or 2%, with the following primarily driving growth:

- Management believes its deposit balances continue to be the beneficiary of Federal government stimulus brought about by the COVID-19 pandemic. During 2021, the Federal government issued two rounds of economic stimulus payments. At this time, management is uncertain how long these stimulus funds may remain at the Bank.

- The Core Bank originated $210 million of PPP loans during 2021, with PPP borrowers generally retaining their loan proceeds within a deposit account at the Bank.

- Management believes that much of the growth in noninterest-bearing and interest-bearing deposits at the Core Bank has been a flight to safety brought about by the COVID-19 pandemic. At this time, management is unable to predict how long these funds might remain at the Bank due to the uncertain economic environment for many of the depositors, including the depositors' short-term and long-term cash needs.

- Offsetting the positive growth mentioned above, deposit balances were negatively impacted by a shift of approximately $140 million in balances from interest-bearing reciprocal money market accounts to SSUARs. This shift occurred as the Bank lowered the interest it paid to certain clients for their reciprocal money market accounts due to the high fees paid by the Bank for the product's participation in a third-party money market network. This third-party money market network allows clients to fully insure their deposits through FDIC insurance by spreading their funds across multiple banks.

Total RPG deposits increased $28 million, or 7%, during 2021, with the following primarily driving growth:

- RPG prepaid card balances within its RPS division, which are noninterest bearing, increased $63 million, driven by government stimulus funds applied to prepaid card deposit balances. At this time, management is uncertain how long these stimulus funds may remain at the Bank.

- Other noninterest-bearing deposits at RPG decreased $38 million, driven primarily by an outflow of commercial settlement deposits associated with the RCS segment's line-of-credit products.

Table 31 — Average Deposits

Years ended December 31, (dollars in thousands)	2021 Average Balance	2021 Average Rate	2020 Average Balance	2020 Average Rate	2019 Average Balance	2019 Average Rate
Transaction accounts	**$ 1,580,570**	**0.02 %**	$ 1,291,980	0.09 %	$ 1,141,084	0.49 %
Money market accounts	**784,777**	**0.05**	739,524	0.26	772,854	0.97
Time deposits	**300,784**	**1.21**	400,704	1.96	409,301	2.02
Reciprocal money market accounts	**185,922**	**0.18**	202,112	0.28	147,821	1.04
Reciprocal time deposits	**40,581**	**0.75**	72,613	1.66	59,305	2.03
Brokered money market accounts	**30,863**	**0.08**	104,460	0.50	81,923	2.04
Brokered time deposits	**—**	**—**	102,093	1.75	143,658	2.34
Total average interest-bearing deposits	**2,923,497**	**0.17**	2,913,486	0.52	2,755,946	1.06
Total average noninterest-bearing deposits	**2,129,452**	—	1,672,442	—	1,120,608	—
Total average deposits	**$ 5,052,949**	**0.10**	$ 4,585,928	0.33	$ 3,876,554	0.75

Table 32 — Maturity Schedule of Time Deposits in Excess of the FDIC Limit and Estimated Time Deposits that are Otherwise Uninsured as of December 31, 2021

Maturity (dollars in thousands)	Individual Instruments that Meet or Exceed the FDIC Insurance Limit	Estimated Otherwise Uninsured Time Deposits	Total
Three months or less	**$ 5,175**	**$ 5,170**	**$ 10,345**
Over three months through six months	**17,964**	**4,145**	**22,109**
Over six months through 12 months	**15,701**	**5,383**	**21,084**
Over 12 months	**42,210**	**8,634**	**50,844**
Total	**$ 81,050**	**$ 23,332**	**$ 104,382**

The Bank held total estimated uninsured deposits of $1.97 billion as of December 31, 2021.

Securities Sold Under Agreements to Repurchase and Other Short-term Borrowings

SSUARs are collateralized by securities and are treated as financings; accordingly, the securities involved with the agreements are recorded as assets and are held by a safekeeping agent and the obligations to repurchase the securities are reflected as liabilities. All securities underlying the agreements are under the Bank's control.

SSUARs increased $80 million, or 38%, during 2021 to $291 million as of December 31, 2021. As mentioned above, Bank clients shifted approximately $140 million in balances from interest-bearing reciprocal money market accounts to SSUARs after the Bank lowered the interest rate it paid on certain reciprocal money market accounts. The increase resulting from this shift was partially offset by a $94 million decrease in SSUARs during 2021, driven by the exit of one corporate client following the acquisition of this client by another company. The substantial majority of SSUARs are indexed to immediately repricing indices such as the FFTR.

Table 33 — Securities Sold Under Agreements to Repurchase

As of and for the Years Ended December 31, (dollars in thousands)	2021	2020	2019
Outstanding balance at end of period	**$ 290,967**	$ 211,026	$ 167,617
Weighted average interest rate at period end	**0.04 %**	0.04 %	0.32 %
Average outstanding balance during the period	**$ 231,430**	$ 204,797	$ 236,883
Average interest rate during the period	**0.03 %**	0.09 %	0.51 %
Maximum outstanding at any month end	**$ 432,047**	$ 295,698	$ 276,927

Federal Home Loan Bank Advances

FHLB advances declined by $210 million from December 31, 2020 to December 31, 2021, as the Bank continued to maintain sufficient deposit balances to meet its current liquidity needs. The Bank held $25 million in overnight advances at a rate of 0.14% as of December 31, 2021, compared to $225 million in overnight advances at a rate of 0.16% as of December 31, 2020. Given the overall amount of liquidity on the Company's balance sheet as of December 31, 2021, management does not anticipate that FHLB term or overnight advances will likely be utilized to any material extent over the near term.

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.

Table 34 — Federal Home Loan Bank Advances

As of and for the Years Ended December 31, (dollars in thousands)	**2021**	2020	2019
Outstanding balance at end of period	**$ 25,000**	$ 235,000	$ 750,000
Weighted average interest rate at period end	**0.14 %**	0.23 %	1.73 %
Average outstanding balance during the period	**$ 29,479**	$ 211,776	$ 595,613
Average interest rate during the period	**0.19 %**	1.66 %	2.15 %
Maximum outstanding at any month end	**$ 25,000**	$ 590,000	$ 1,170,000

Interest Rate Swaps

Interest Rate Swaps Used as Cash Flow Hedges

The Bank entered into two interest rate swap agreements during 2013 as part of its interest rate risk management strategy. The Bank designated the swaps as cash flow hedges intended to reduce the variability in cash flows attributable to either FHLB advances tied to the 3-month LIBOR or the overall changes in cash flows on certain money market deposit accounts tied to 1-month LIBOR. The counterparty for both swaps met the Bank's credit standards, and the Bank believes that the credit risk inherent in the swap contracts was not significant. Both swaps terminated in December 2020.

Non-hedge Interest Rate Swaps

During 2015, the Bank began entering 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.

See Footnote 8 "Interest Rate Swaps" of Part II Item 8 "Financial Statements and Supplementary Data" for further information 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 unincumbered 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 35 — Liquid Assets and Borrowing Capacity

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

December 31, (in thousands)	**2021**	2020	2019
Cash and cash equivalents	**$ 756,971**	$ 485,587	$ 385,303
Unincumbered debt securities	**219,775**	273,652	304,186
Total liquid assets	**976,746**	759,239	689,489
Borrowing capacity with the FHLB	**900,424**	682,992	265,551
Borrowing capacity through unsecured credit lines	**125,000**	125,000	125,000
Total borrowing capacity	**1,025,424**	807,992	390,551
Total liquid assets and borrowing capacity	**$ 2,002,170**	$ 1,567,231	$ 1,080,040

The Bank had a loan to deposit ratio (excluding brokered deposits) of 99% as of December 31, 2021 and 108% as of December 31, 2020. 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 December 31, 2021, the Bank had approximately $1.5 billion in deposits from 241 large non-sweep deposit relationships, including reciprocal deposits, where the individual relationship exceeded $2 million. The 20 largest non-sweep deposit relationships represented approximately $528 million, or 11%, of the Company's total deposit balances as of as of December 31, 2021. 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 December 31, 2021 and December 31, 2020, these pledged investment securities had a fair value of $320 million and $304 million.

Capital

Table 36 — Capital

Information pertaining to the Company's capital balances and ratios follows:

As of and for the Years Ended December 31, (dollars in thousands, except per share data)	**2021**	2020	2019
Stockholders' equity	**$ 834,232**	$ 823,323	$ 764,244
Book value per share at December 31,	**41.75**	39.40	36.49
Tangible book value per share at December 31,*	**40.48**	38.27	35.41
Dividends declared per share - Class A Common Stock	**1.232**	1.144	1.056
Dividends declared per share - Class B Common Stock	**1.120**	1.040	0.960
Average stockholders' equity to average total assets	**13.41 %**	13.35 %	13.16 %
Total risk-based capital	**17.47**	18.52	17.01
Common equity tier 1 capital	**16.37**	16.61	15.29
Tier 1 risk-based capital	**16.37**	17.43	16.11
Tier 1 leverage capital	**13.35**	13.70	13.93
Dividend payout ratio	**29**	29	24
Dividend yield	**2.42**	3.17	2.26

**For additional detail, see Footnote 2 of "Selected Financial Data" in this section of the filing.*

Total stockholders' equity increased from $823 million as of December 31, 2020 to $834 million as of December 31, 2021. The increase in stockholders' equity was primarily attributable to net income earned during 2021 reduced by cash dividends declared and common stock repurchases.

See Part II, Item 5. "Unregistered Sales of Equity Securities and Use of Proceeds" for additional detail regarding stock repurchases and stock buyback programs.

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 the Bank. 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 January 1, 2022, the Bank could, without prior approval, declare dividends of approximately $118 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. Formal measurements of the capital ratios for Republic and the Bank are performed by the Company at each quarter end.

In 2005, Republic Bancorp Capital Trust, an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in TPS. The sole asset of RBCT represented the proceeds of the offering loaned to Republic in exchange for a subordinated note with similar terms to the TPS. On September 30, 2021, as permitted under the terms of RBCT's governing documents, Republic repaid the subordinated note and redeemed the TPS at par without penalty. Republic's capital ratios remained well above "well capitalized" levels following this redemption.

Contractual Obligations and Commitments

The Company or the Bank has required future payments under various contractual obligations and other commitments.

See the following footnotes within Part II Item 8 "Financial Statements and Supplementary Data" for additional detail regarding contractual obligations and other commitments of the Company or Bank:

- *Footnote 6 "Right-of-Use Assets and Operating Lease Liabilities"*
- *Footnote 9 "Deposits"*
- *Footnote 10 "Securities Sold Under Agreements to Repurchase"*
- *Footnote 13 "Off Balance Sheet Risks, Commitments, and Contingent Liabilities"*
- *Footnote 18 "Benefit Plans"*

In addition, the Bank maintains contractual obligations for its technological needs, including its enterprise risk management application, customer relationship management application, internet banking platform, and its core accounting application. The total contractual commitment for these applications is approximately $13 million through May 2025.

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 December 31, 2021, a dynamic simulation model was run for interest rate changes from "Down 100" basis points to "Up 400" basis points. The following table illustrates the Bank's projected percent change from its Base net interest income plus secondary market loan fees over the period beginning January 1, 2022 and ending December 31, 2022 based on instantaneous movements in interest rates from Down 100 to Up 400 basis points equally across all points on the yield curve. The Bank's dynamic earnings simulation model, while including secondary market loan fees, excludes Traditional Bank loan fees.

Table 37 — Bank Interest Rate Sensitivity as of December 31, 2021 and 2020

	Change in Rates				
	-100 Basis Points	+100 Basis Points	+200 Basis Points	+300 Basis Points	+400 Basis Points
% Change from base net interest income as of December 31, 2021	1.3 %	(0.6)%	0.7 %	4.7 %	9.3 %
% Change from base net interest income as of December 31, 2020	0.4 %	(4.5)%	(7.0)%	(5.7)%	(4.2)%

The Bank's dynamic simulation model run for December 2021 projected an increase in the Bank's net interest income plus secondary market loan fees in the "Down-100," "Up-200," "Up-300," and "Up-400" rate scenarios and a decrease in the "Up-100" scenario. The projections as of December 2020 reflected a modest increase in the Down-100 scenario and decreases in all Up-rate scenarios.

As compared to December 2020, the improvement in the Up-rate scenarios was primarily due to the following:

- Growth in interest-earning cash balances from December 2020 to December 2021; and
- A smaller projected falloff in secondary market fees for the December 2021 simulation than previously projected for the December 2020 simulation.

LIBOR Exposure

In July 2017, the FCA, the authority regulating LIBOR, along with various other regulatory bodies, announced that LIBOR would likely be discontinued at the end of 2021. Subsequent to that announcement, in November 2020, the FCA announced that many tenors of LIBOR would continue to be published through June 2023. As instructed by bank regulators, the Bank discontinued new loan originations referencing LIBOR by December 31, 2021. To facilitate the transition process, management has instituted an enterprise-wide program to identify, assess, and monitor risks associated with the expected discontinuance or unavailability of LIBOR.

Management focuses on operational readiness, as well as instituting processes and systems to validate that contract risk is clearly identified and understood. New originations and any modifications or renewals of LIBOR-based contracts contain fallback language to assist in an orderly transition to an alternative reference rate. For Bank contracts that have a duration beyond December 31, 2021, and that reference LIBOR, all fallback provisions and variations are currently being identified and sorted into classifications based upon those provisions. Upon classification, the contracts are monitored and possibly remediated if fallback provisions are not deemed sufficiently robust. The Bank realizes that remediating certain contracts indexed to LIBOR may require consent from the counterparties, which could be difficult and costly to obtain in certain limited circumstances.

As of December 31, 2021, the Company had approximately $1.4 billion of assets that reference LIBOR, with short-term Warehouse balances representing $851 million of these assets and commercial and mortgage loans primarily making up the remainder. These amounts exclude derivative assets and liabilities on the Company's consolidated balance sheet. As of December 31, 2021, the notional amount of the Company's LIBOR-referenced interest rate derivative contracts was approximately $250 million. Each of the LIBOR-referenced amounts discussed above will vary in future periods as current contracts expire with potential replacement contracts using

either LIBOR or an alternative reference rate. In compliance with regulatory guidance, the Bank discontinued referencing LIBOR for new financial instruments during 2021 and chose SOFR to be its primary alternative reference rate for most transaction types upon the discontinuance or unavailability of LIBOR.

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 (Discussion of 2021 vs. 2020)."

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

See the section titled *"Asset/Liability Management and Market Risk"* included under Part II Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations."*

Item 8. Financial Statements and Supplementary Data.

The following are included in this section:

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management of Republic Bancorp, Inc. (the "Company") is responsible for the preparation, integrity, and fair presentation of the Company's annual consolidated financial statements. All information has been prepared in accordance with U.S. generally accepted accounting principles and, as such, includes certain amounts that are based on Management's best estimates and judgments.

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

Two of the objectives of internal control are to provide reasonable assurance to Management and the Board of Directors that transactions are properly authorized and recorded in the Company's financial records, and that the preparation of the Company's financial statements and other financial reporting is done in accordance with U.S. generally accepted accounting principles. There are inherent limitations in the effectiveness of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal control can provide only reasonable assurance with respect to reliability of financial statements. Furthermore, internal control can vary with changes in circumstances.

Management has made its own assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, in relation to the criteria described in the report, *Internal Control — Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on its assessment, Management believes that as of December 31, 2021, the Company's internal control was effective in achieving the objectives stated above. Crowe LLP has provided its report on the audited 2021 and 2020 consolidated financial statements and on the effectiveness of the Company's internal control in their report dated March 1, 2022.

Steven E. Trager
Executive Chair and Chief Executive Officer

Kevin Sipes
Chief Financial Officer and Chief Accounting Officer

March 1, 2022

Crowe LLP
Independent Member Crowe Global

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and the Board of Directors
of Republic Bancorp, Inc.
Louisville, Kentucky

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Republic Bancorp, Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

Change in Accounting Principle

As discussed in Note 4 to the consolidated financial statements, the Company has changed its method of accounting for credit losses effective January 1, 2020 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 326, Financial Instruments – Credit Losses (ASC 326).

Basis for Opinions

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matter

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

Allowance for Credit Losses on Loans – Adjustments to the Historical Loss Rate

As described in Note 1 and Note 4, the allowance for credit losses on loans ("ACLL") under ASC 326 requires the measurement of expected lifetime credit losses for financial assets measured at amortized cost at the reporting date. The measurement is based on historical loss rates, qualitative factors, and reasonable and supportable forecasts. The allowance for credit losses was $64.6 million as of December 31, 2021.

Management employs a process and methodology to estimate the ACLL that evaluates both quantitative and qualitative metrics. The methodology for evaluating quantitative loss rates consists of two basic components. The first component involves pooling loans into portfolio segments for loans that share similar risk characteristics. These loans are referred to as pooled loans and the methodology to estimate the ACLL is discussed below. The second component involves individually analyzed loans that do not share similar risk characteristics with loans that are pooled into portfolio segments.

For pooled loans, the Company utilizes a "static-pool" method to estimate credit losses over the expected life of the loan. The "static-pool" methodology analyzes historical closed pools of similar loans over their expected lives to attain a historical loss rate. Adjustments are made to the historical loss rate for current conditions including underwriting standards, portfolio mix or term, delinquency level as well as for changes in environmental conditions, such as changes in property value or other relevant factors. One-year forecast adjustments to the historical loss rate are based on the U.S. national unemployment rate and commercial real estate values. Subsequent to the one-year forecast, loss rates are assumed to immediately revert back to long-term historical averages.

We identified management's application of the allowance for credit losses on loans, specifically the adjustments to the historical loss rate, as a critical audit matter due to the degree of judgment applied to these adjustments. This critical audit matter requires the performance of audit procedures to evaluate the application of ASC 326 for loans and involved especially subjective auditor judgment and required significant audit effort, including the need to involve more experienced audit personnel. Management's analysis of the adjustments to the historical loss rates during the reasonable and supportable forecast period within the allowance for credit losses on loans requires a high degree of subjectivity and judgment and requires the Company to make significant estimates of the risks present for each portfolio segment. Changes in these assumptions could have a material effect on the Company's financial results.

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

Testing the design and operating effectiveness of controls over the evaluation of the ACLL, including controls addressing:

- Relevance and reliability of the underlying data inputs, judgments, and calculations used to determine the forecasts and adjustments to historical loss rates.
- Management's review of the reasonableness of forecasts and the adjustments to historical loss rates.

Substantively testing management's process, including evaluating their judgments and assumptions, to assess the estimate of the ACLL including:

- Evaluating the reasonableness of management's significant assumptions, judgments, and conclusions related to the reasonable and supportable forecasts and adjustments to historical loss rates. Our evaluation considered the weight of evidence from internal and external sources and loan portfolio performance.
- Testing the relevance and reliability of data inputs and mathematical accuracy of the forecasts and adjustments to historical loss rates within the ACLL calculation.

Crowe LLP

We have served as the Company's auditor since 1996.

Louisville, Kentucky
March 1, 2022

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, *(in thousands, except share data)*

	2021	2020
ASSETS		
Cash and cash equivalents	$ 756,971	$ 485,587
Available-for-sale debt securities, at fair value (amortized cost of $492,626 in 2021 and $512,518 in 2020, allowance for credit losses of $0 in 2021 and $0 in 2020)	495,126	523,863
Held-to-maturity debt securities (fair value of $44,764 in 2021 and $54,190 in 2020, allowance for credit losses of $47 in 2021 and $178 in 2020)	44,299	53,324
Equity securities with readily determinable fair value	2,620	3,083
Mortgage loans held for sale, at fair value	29,393	46,867
Consumer loans held for sale, at fair value	19,747	3,298
Consumer loans held for sale, at the lower of cost or fair value	2,937	1,478
Loans (loans carried at fair value of $170 in 2021 and $497 in 2020)	4,496,562	4,813,103
Allowance for credit losses	(64,577)	(61,067)
Loans, net	4,431,985	4,752,036
Federal Home Loan Bank stock, at cost	10,311	17,397
Premises and equipment, net	36,073	39,512
Right-of-use assets	38,825	43,345
Goodwill	16,300	16,300
Other real estate owned	1,792	2,499
Bank owned life insurance	99,161	68,018
Other assets and accrued interest receivable	108,092	111,718
TOTAL ASSETS	$ 6,093,632	$ 6,168,325
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 1,990,781	$ 1,890,416
Interest-bearing	2,849,637	2,842,765
Total deposits	4,840,418	4,733,181
Securities sold under agreements to repurchase and other short-term borrowings	290,967	211,026
Operating lease liabilities	39,672	44,340
Federal Home Loan Bank advances	25,000	235,000
Subordinated note	—	41,240
Other liabilities and accrued interest payable	63,343	80,215
Total liabilities	5,259,400	5,345,002
Commitments and contingent liabilities (Footnote 13)	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, no par value	—	—
Class A Common Stock, no par value, 30,000,000 shares authorized, 17,816,083 shares (2021) and 18,696,607 shares (2020) issued and outstanding; Class B Common Stock, no par value, 5,000,000 shares authorized, 2,164,903 shares (2021) and 2,199,455 shares (2020) issued and outstanding	4,702	4,899
Additional paid in capital	139,956	143,637
Retained earnings	687,700	666,278
Accumulated other comprehensive income	1,874	8,509
Total stockholders' equity	834,232	823,323
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,093,632	$ 6,168,325

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, *(in thousands, except per share data)*

	2021	2020	2019
INTEREST INCOME:			
Loans, including fees	**$ 217,446**	$ 241,044	$ 260,064
Taxable investment securities	**7,450**	9,798	13,546
Federal Home Loan Bank stock and other	**1,364**	1,416	7,273
Total interest income	**226,260**	252,258	280,883
INTEREST EXPENSE:			
Deposits	**5,039**	15,089	29,135
Securities sold under agreements to repurchase and other short-term borrowings	**63**	177	1,211
Federal Reserve Payment Protection Plan Liquidity Facility	**—**	153	—
Federal Home Loan Bank advances	**57**	3,524	12,791
Subordinated note	**507**	1,000	1,620
Total interest expense	**5,666**	19,943	44,757
NET INTEREST INCOME	**220,594**	232,315	236,126
Provision for expected credit loss expense for on-balance sheet exposures (loans and investment securities)	**14,808**	31,278	25,758
NET INTEREST INCOME AFTER PROVISION	**205,786**	201,037	210,368
NONINTEREST INCOME:			
Service charges on deposit accounts	**12,553**	11,615	14,197
Net refund transfer fees	**20,248**	20,297	21,158
Mortgage banking income	**19,994**	31,847	9,499
Interchange fee income	**13,062**	11,188	11,859
Program fees	**14,521**	7,095	4,712
Increase in cash surrender value of bank owned life insurance	**2,242**	1,585	1,550
Death benefits in excess of cash surrender value of life insurance	**979**	—	—
Net (losses) gains on other real estate owned	**(160)**	(40)	540
Net gain on branch divestiture	**—**	—	7,829
Other	**3,420**	3,466	3,664
Total noninterest income	**86,859**	87,053	75,008
NONINTEREST EXPENSE:			
Salaries and employee benefits	**110,088**	106,166	99,181
Technology, equipment, and communication	**28,900**	29,128	25,048
Occupancy	**13,193**	13,438	12,926
Marketing and development	**4,325**	4,031	5,023
FDIC insurance expense	**1,591**	1,010	743
State and local bank franchise tax expense	**1,329**	5,369	5,293
Interchange related expense	**4,960**	4,303	4,870
Other real estate owned and other repossession expense	**(30)**	46	326
Legal and professional fees	**4,924**	4,244	3,357
FHLB advances early termination penalties	**—**	2,108	—
Other	**13,024**	15,614	15,416
Total noninterest expense	**182,304**	185,457	172,183
INCOME BEFORE INCOME TAX EXPENSE	**110,341**	102,633	113,193
INCOME TAX EXPENSE	**23,552**	19,387	21,494
NET INCOME	**$ 86,789**	$ 83,246	$ 91,699
BASIC EARNINGS PER SHARE:			
Class A Common Stock	**$ 4.25**	$ 4.00	$ 4.41
Class B Common Stock	**3.87**	3.64	4.01
DILUTED EARNINGS PER SHARE:			
Class A Common Stock	**$ 4.24**	$ 3.99	$ 4.39
Class B Common Stock	**3.85**	3.63	3.99

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, *(in thousands)*

	2021	2020	2019
Net income	**$ 86,789**	$ 83,246	$ 91,699
OTHER COMPREHENSIVE INCOME (LOSS)			
Change in fair value of derivatives used for cash flow hedges	—	(177)	(199)
Reclassification amount for net derivative losses realized in income	—	281	(20)
Unrealized gains and (losses) on AFS debt securities	**(8,908)**	7,147	5,689
Unrealized gain (loss) of AFS debt security for which a portion of OTTI has been recognized in earnings	**63**	(35)	(79)
Total other comprehensive income (loss) before income tax	**(8,845)**	7,216	5,391
Tax effect	**2,210**	(1,805)	(1,296)
Total other comprehensive income (loss), net of tax	**(6,635)**	5,411	4,095
COMPREHENSIVE INCOME	**$ 80,154**	$ 88,657	$ 95,794

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED December 31, 2021, 2020, and 2019

(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
Balance, January 1, 2019	18,675	2,213	$ 4,900	$ 141,018	$ 545,013	$ (997)	$ 689,934
Adjustment for adoption of ASU 2016-02	—	—	—	—	126	—	126
Net income	—	—	—	—	91,699	—	91,699
Net change in accumulated other comprehensive income (loss)	—	—	—	—	—	4,095	4,095
Dividends declared on Common Stock:							
Class A Shares ($1.056 per share)	—	—	—	—	(19,771)	—	(19,771)
Class B Shares ($0.96 per share)	—	—	—	—	(2,121)	—	(2,121)
Stock options exercised, net of shares withheld	44	—	11	(202)	—	—	(191)
Conversion of Class B to Class A Common Shares	7	(7)	—	—	—	—	—
Repurchase of Class A Common Stock	(32)	—	(6)	(637)	(775)	—	(1,418)
Net change in notes receivable on Class A Common Stock	—	—	—	(222)	—	—	(222)
Deferred compensation - Class A Common Stock:							
Directors	6	—	—	213	—	—	213
Designated key employees	—	—	—	371	—	—	371
Employee stock purchase plan - Class A Common Stock	11	—	2	492	—	—	494
Stock-based awards - Class A Common Stock:							
Performance stock units, net of shares tendered back	23	—	—	(57)	—	—	(57)
Restricted stock, net of shares tendered back	3	—	—	728	—	—	728
Stock options	—	—	—	364	—	—	364
Balance, December 31, 2019	18,737	2,206	$ 4,907	$ 142,068	$ 614,171	$ 3,098	$ 764,244
Adjustment for adoption of ASU 2016-13	—	—	—	—	(4,291)	—	(4,291)
Net income	—	—	—	—	83,246	—	83,246
Net change in accumulated other comprehensive income (loss)	—	—	—	—	—	5,411	5,411
Dividends declared on Common Stock:							
Class A Shares ($1.144 per share)	—	—	—	—	(21,433)	—	(21,433)
Class B Shares ($1.04 per share)	—	—	—	—	(2,288)	—	(2,288)
Stock options exercised, net of shares withheld	25	—	13	197	—	—	210
Conversion of Class B to Class A Common Shares	7	(7)	—	—	—	—	—
Repurchase of Class A Common Stock	(115)	—	(26)	(782)	(3,127)	—	(3,935)
Net change in notes receivable on Class A Common Stock	—	—	—	(35)	—	—	(35)
Deferred compensation - Class A Common Stock:							
Directors	4	—	—	352	—	—	352
Designated key employees	—	—	—	566	—	—	566
Employee stock purchase plan - Class A Common Stock	20	—	4	623	—	—	627
Stock-based awards - Class A Common Stock:							
Performance stock units, net of shares tendered back	18	—	—	(200)	—	—	(200)
Restricted stock, net of shares tendered back	1	—	1	385	—	—	386
Stock options	—	—	—	463	—	—	463
Balance, December 31, 2020	18,697	2,199	$ 4,899	$ 143,637	$ 666,278	$ 8,509	$ 823,323
Net income	**—**	**—**	**—**	**—**	**86,789**	**—**	**86,789**
Net change in accumulated other comprehensive income (loss)	**—**	**—**	**—**	**—**	**—**	**(6,635)**	**(6,635)**
Dividends declared on Common Stock:							
Class A Shares ($1.232 per share)	**—**	**—**	**—**	**—**	**(22,451)**	**—**	**(22,451)**
Class B Shares ($1.12 per share)	**—**	**—**	**—**	**—**	**(2,435)**	**—**	**(2,435)**
Stock options exercised, net of shares withheld	**28**	**—**	**13**	**(155)**	**—**	**—**	**(142)**
Conversion of Class B to Class A Common Shares	**34**	**(34)**	**—**	**—**	**—**	**—**	**—**
Repurchase of Class A Common Stock	**(980)**	**—**	**(216)**	**(6,831)**	**(40,481)**	**—**	**(47,528)**
Net change in notes receivable on Class A Common Stock	**—**	**—**	**—**	**151**	**—**	**—**	**151**
Deferred compensation - Class A Common Stock:							
Directors	**4**	**—**	**—**	**417**	**—**	**—**	**417**
Designated key employees	**—**	**—**	**—**	**607**	**—**	**—**	**607**
Employee stock purchase plan - Class A Common Stock	**15**	**—**	**4**	**691**	**—**	**—**	**695**
Stock-based awards - Class A Common Stock:							
Performance stock units, net of shares tendered back	**—**	**—**	**—**	**129**	**—**	**—**	**129**
Restricted stock, net of shares tendered back	**18**	**—**	**2**	**736**	**—**	**—**	**738**
Stock options	**—**	**—**	**—**	**574**	**—**	**—**	**574**
Balance, December 31, 2021	**17,816**	**2,165**	**$ 4,702**	**$ 139,956**	**$ 687,700**	**$ 1,874**	**$ 834,232**

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, *(in thousands)*

	2021	2020	2019
OPERATING ACTIVITIES:			
Net income	$ 86,789	$ 83,246	$ 91,699
Adjustments to reconcile net income to net cash provided by operating activities:			
Net amortization on investment securities and low-income housing investments	4,414	3,204	761
Net accretion on loans and amortization of core deposit intangible and operating lease components	(13,973)	(13,084)	(3,655)
Unrealized losses on equity securities with readily determinable fair value	463	105	(382)
Depreciation of premises and equipment	8,986	9,725	9,230
Amortization of mortgage servicing rights	3,453	3,756	1,823
(Recovery) impairment of mortgage servicing rights	(500)	500	—
Provision for on-balance sheet exposures	14,808	31,278	25,758
Provision for off-balance sheet exposures	63	533	—
Net gain on sale of mortgage loans held for sale	(19,659)	(33,179)	(8,816)
Origination of mortgage loans held for sale	(680,714)	(782,939)	(356,097)
Proceeds from sale of mortgage loans held for sale	717,847	788,475	354,660
Net gain on sale of consumer loans held for sale	(11,298)	(4,980)	(5,102)
Origination of consumer loans held for sale	(882,180)	(518,873)	(710,640)
Proceeds from sale of consumer loans held for sale	875,570	531,321	716,336
Net gain realized on sale of other real estate owned	(51)	(65)	(540)
Writedowns of other real estate owned	211	105	—
Impairment of premises held for sale	—	—	256
Deferred compensation expense - Class A Common Stock	1,024	918	584
Stock-based awards and ESPP expense - Class A Common Stock	1,545	953	1,035
Net gain on branch divestiture	—	—	(7,829)
Net gain on sale of bank premises and equipment	(399)	(353)	(339)
Increase in cash surrender value of bank owned life insurance	(2,242)	(1,585)	(1,550)
Death benefits in excess of cash surrender value of life insurance	(979)	—	—
FHLB advances early termination penalties	—	2,108	—
Net change in other assets and liabilities:			
Accrued interest receivable	3,048	(14)	1,031
Accrued interest payable	(183)	(2,460)	1,718
Other assets	(940)	(19,391)	9,242
Other liabilities	(5,672)	(3,872)	(13,997)
Net cash provided by operating activities	99,431	75,432	105,186
INVESTING ACTIVITIES:			
Net cash provided from branch divestiture	—	—	6,071
Purchases of available-for-sale debt securities	(211,545)	(298,878)	(445,681)
Proceeds from calls, maturities and paydowns of available-for-sale debt securities	230,457	251,930	455,823
Proceeds from calls, maturities and paydowns of held-to-maturity debt securities	9,139	9,009	2,667
Net change in outstanding warehouse lines of credit	112,246	(245,338)	(248,763)
Net change in other loans	207,115	(142,811)	(188,708)
Proceeds from redemption of Federal Home Loan Bank stock	7,086	22,434	3,513
Purchase of Federal Home Loan Bank stock	—	(9,000)	(2,277)
Proceeds from sales of other real estate owned	611	324	2,063
Proceeds from sale of bank premises and equipment	637	894	909
Purchase of bank owned life insurance, net of death benefits received	(28,901)	—	—
Investments in low-income housing tax partnerships	(14,507)	(6,998)	(7,941)
Net purchases of premises and equipment	(5,785)	(3,582)	(12,883)
Net cash provided by (used in) investing activities	306,553	(422,016)	(435,207)
FINANCING ACTIVITIES:			
Net change in deposits	107,237	947,173	461,715
Net change in securities sold under agreements to repurchase and other short-term borrowings	79,941	43,409	(15,373)
Payments of Federal Home Loan Bank advances	(235,000)	(1,105,000)	(820,000)
Proceeds from Federal Home Loan Bank advances	25,000	590,000	760,000
FHLB advances early termination penalties	—	(2,108)	—
Payoff of subordinated note, net of common security interest	(40,000)	—	—
Repurchase of Class A Common Stock	(47,528)	(3,935)	(1,418)
Net proceeds from Class A Common Stock purchased through employee stock purchase plan	591	533	494
Net proceeds from option exercises and equity awards vested - Class A Common Stock	(142)	—	(191)
Cash dividends paid	(24,699)	(23,204)	(21,377)
Net cash (used in) provided by financing activities	(134,600)	446,868	363,850
NET CHANGE IN CASH AND CASH EQUIVALENTS	271,384	100,284	33,829
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	485,587	385,303	351,474
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 756,971	$ 485,587	$ 385,303
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 5,849	$ 22,403	$ 43,039
Income taxes	20,069	24,926	17,383
SUPPLEMENTAL NONCASH DISCLOSURES:			
Mortgage servicing rights capitalized	$ 5,054	$ 5,463	$ 2,792
Transfers from loans to real estate acquired in settlement of loans	64	2,750	1,527
Loans provided for sales of other real estate owned	—	—	51
Transfers from loans held for investment to held for sale	—	—	131,881
Unfunded commitments in low-income-housing investments	10,000	10,000	18,800
Right-of-use assets recorded	1,354	14,144	41,726
Allowance for credit losses recorded upon adoption of ASC 326	—	7,241	—

See accompanying footnotes to consolidated financial statements.

FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation — 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 market footprint, its non-brick-and-mortar delivery channels allow it to reach clients across the U.S. The Captive is a Nevada-based, wholly-owned insurance subsidiary of the Company. The Captive provides property and casualty insurance coverage to the Company and the Bank, as well as a group of third-party insurance captives for which insurance may not be available or economically feasible.

In 2005, Republic Bancorp Capital Trust, an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in TPS. The sole asset of RBCT represented the proceeds of the offering loaned to Republic in exchange for a subordinated note with similar terms to the TPS. On September 30, 2021, as permitted under the terms of RBCT's governing documents, Republic repaid the subordinated note and redeemed the TPS at par without penalty.

As of December 31, 2021, the Company was divided into five reportable segments: Traditional Banking, Warehouse, Mortgage Banking, TRS, and RCS. Management considers the first three segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last two segments collectively constitute RPG operations.

The Company's financial condition as of December 31, 2021 and 2020 and results of operations for the years ended December 31, 2021 and 2020 were impacted by the COVID-19 pandemic and the public's response to it.

For additional discussion regarding the COVID-19 pandemic and its impact to the Company, see the following Footnotes in this section of the filing:

- *Footnote 4 "Loans and Allowance for Credit Losses"*
- *Footnote 13 "Off Balance Sheet Risks, Commitments, and Contingent Liabilities"*

Core Bank

Traditional Banking segment — The Traditional Banking segment provides traditional banking products primarily to customers in the Company's market footprint. As of December 31, 2021, Republic had 42 full-service banking centers with locations as follows:

- Kentucky — 28
  - Metropolitan Louisville — 18
  - Central Kentucky — 7
    - Georgetown — 1
    - Lexington — 5
    - Shelbyville — 1
  - Northern Kentucky — 3
    - Covington — 1
    - Crestview Hills — 1
    - Florence — 1
- Southern Indiana — 3
  - Floyds Knobs — 1
  - Jeffersonville — 1
  - New Albany — 1
- Metropolitan Tampa, Florida — 7
- Metropolitan Cincinnati, Ohio — 2
- Metropolitan Nashville, Tennessee — 2

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. Reverse mortgage loans typically remain on the line longer than conventional mortgage loans. Interest income and loan fees are accrued for each individual loan during the time the loan 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.

Mortgage Banking segment — Mortgage Banking activities primarily include 15-, 20- and 30-year fixed-term single-family, first-lien residential real estate loans that are originated and sold into the secondary market, primarily to the FHLMC and the FNMA. The Bank typically retains servicing on loans sold into the secondary market for loans generated in states within its footprint and generally sells servicing for loans generated in states outside of its footprint. 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.

Republic Processing Group

Tax Refund Solutions segment — Through the TRS segment, the Bank is one of a limited number of financial institutions that facilitates the receipt and payment of federal and state tax refund products and offers a credit product through third-party tax preparers located throughout the U.S., as well as tax-preparation software providers (collectively, the "Tax Providers"). Substantially all of the business generated by the TRS segment occurs in the first half of the year. The TRS segment traditionally operates at a loss during the second half of the year, during which time the segment incurs costs preparing for the upcoming year's tax 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 EA tax credit product is a loan that allows a taxpayer to borrow funds as an advance of a portion of their tax refund. The EA product had the following features during 2021 and 2020:

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

The Company reports fees paid for the EA product as interest income on loans. During 2021, EAs were repaid, on average, within 32 days after the taxpayer's tax return was submitted to the applicable taxing authority. EAs do not have a contractual due date but the Company considered an EA delinquent in 2021 if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority. The number of days for delinquency eligibility is based on management's annual analysis of tax return processing times. Provisions on EAs are estimated when advances are made. Unpaid EAs are charged-off by June 30th of each year, with EAs collected during the second half of each year recorded as recoveries of previously charged-off loans.

Related to the overall credit losses on EAs, the Bank's ability to control losses is highly dependent upon its ability to predict the taxpayer's likelihood to receive the tax refund as claimed on the taxpayer's tax return. Each year, the Bank's EA approval model is based primarily on the prior-year's tax refund payment patterns. Because the substantial majority of the EA 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.

Cancelled TRS Sale Transaction

On May 13, 2021, the Bank entered into an Asset Purchase Agreement (the "Purchase Agreement") with Green Dot providing for the sale to Green Dot of substantially all of the assets and operations of the Bank's Tax Refund Solutions business (the "Sale Transaction").

On August 4, 2021, the Company disclosed that Green Dot had delayed the closing of the Sale Transaction, following a request to Green Dot from its primary regulator for information relating to the Sale Transaction and Green Dot's subsequent decision to seek from its primary regulator the approval of or non-objection to, as applicable, the Sale Transaction before its consummation.

On October 4, 2021, Green Dot announced that it had been unable to obtain the Federal Reserve's approval of or non-objection to the Sale Transaction and that, as a result, Green Dot would not consummate the Sale Transaction. On October 5, 2021, the Bank filed a lawsuit against Green Dot in the Delaware Court of Chancery (the "Court"), C.A. No. 2021-0854-SG, alleging breach of contract. In so doing, the Bank sought, among other relief, specific performance to require that Green Dot proceed with the Sale Transaction as the parties had agreed to in the Purchase Agreement.

On December 2, 2021, the Court denied the Bank's expedited motion for summary judgment seeking the remedy of specific performance from Green Dot related to the Sale Transaction. As the basis for its ruling denying specific performance as a remedy in this case, the Court held that the risk of regulatory action, including criminal and civil penalties, against Green Dot, its officers, directors, employees, and agents in the event of specific performance outweighed the harm to the Bank resulting from Green Dot's alleged breach of contract.

As a result of this ruling, the Bank concluded that the Sale Transaction would not be consummated, and on January 7, 2022, the Bank served Green Dot with a formal notice of termination of the Purchase Agreement. In response to the formal notice of termination, Green Dot paid the Termination Fee of $5 million to the Bank during the first quarter of 2022. The Bank maintains that the Bank's notice of termination of the Purchase Agreement and corresponding payment of the $5 million Termination Fee does not release Green Dot from any liability, in addition to the Termination Fee, related to the Sale Transaction occurring before the Bank's notice of termination.

Republic Payment Solutions — RPS is currently managed and operated within the TRS segment. The RPS division offers general-purpose reloadable prepaid cards as an issuing bank through third-party service providers. For the projected near-term, as the prepaid card program matures, the operating results of the RPS division are expected to be immaterial to the Company's overall results of operations and will be reported as part of the TRS segment. The RPS division will not be considered a separate reportable segment until such time, if any, that it meets quantitative reporting thresholds.

The Company reports fees related to 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. The first of these two products (the "LOC I") has been originated by the Bank since 2014. The second (the "LOC II") was introduced in January 2021.
    - RCS's LOC I represented the substantial majority of RCS activity during 2021. Elastic Marketing, LLC and Elevate Decision Sciences, LLC, are third-party service providers for the 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. Further, 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.

- In January 2021, RCS began originating balances through its LOC II. One of RCS's existing third-party service providers, subject to the Bank's oversight and supervision, 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 participation interests in this product. These participation interests are a 95% interest in advances made to borrowers under the borrower's line-of-credit account, and the participation interests are generally sold three business days following the Bank's funding of the associated advances. Although the Bank retains a 5% participation interest in each advance, it maintains 100% ownership of the underlying LOC II account with each borrower. Loan balances held for sale through this program are carried at the lower of cost or fair value.

- RCS installment loan product – In December 2019, through RCS, the Bank began offering 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 two different third-party service providers. In one program, the Bank retains 100% of the receivables originated. In the other program, the Bank retains 100% of the receivables originated in some instances, and in other instances, sells 100% of the receivables within one month of origination. Loan balances held for sale through this program are carried at the lower of cost or fair value.

The Company reports interest income and loan origination fees earned on RCS loans under "Loans, including fees," while any gains or losses on sale and mark-to-market adjustments of RCS loans are reported as noninterest income under "Program fees."

Use of Estimates — To prepare financial statements in conformity with GAAP management makes estimates and assumptions based on available information. These estimates affect the amounts reported in the financial statements and the disclosures provided. Actual amounts could differ from these estimates. The resulting change in estimates could be material to the financial statements.

Concentration of Credit Risk — With limited exception, the Company's Traditional Banking business activity is with clients located in Kentucky, Indiana, Florida, and Tennessee. The Company's Traditional Banking exposure to credit risk is significantly affected by changes in the economy in these specific areas.

The Bank's warehouse lines of credit are secured by single family, first lien residential real estate loans originated by the Bank's mortgage clients across the United States. As of December 31, 2021, 36% of collateral securing warehouse lines was located in California.

Earnings Concentration — For 2021, 2020, and 2019, approximately 24%, 23% and 25% of total Company net revenues (net interest income plus noninterest income) were derived from the RPG operations. Within RPG, the TRS segment accounted for 13%, 14% and 14%, while the RCS segment accounting for 11%, 9% and 11% of total Company net revenues.

For 2021, 2020, and 2019, approximately 8%, 8% and 5% of total Company net revenues (net interest income plus noninterest income) were derived from the Company's Warehouse segment.

Cash Flows — Cash and cash equivalents include cash, deposits with other financial institutions with original maturities less than 90 days and federal funds sold. Net cash flows are reported for client loan and deposit transactions, interest-bearing deposits in other financial institutions, repurchase agreements and income taxes.

Interest-Bearing Deposits in Other Financial Institutions — Interest-bearing deposits in other financial institutions mature within one year and are carried at cost.

Debt Securities — Debt securities are classified as AFS when they might be sold before maturity. AFS debt securities are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax. Debt securities are classified as HTM and carried at amortized cost less any applicable ACLS when management has the positive intent and ability to hold them to maturity.

Interest income includes amortization of purchase premiums and accretion of discounts. Premiums and discounts on securities are generally amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable securities are amortized to the earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

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

Equity Securities — Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without a readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Allowance for Credit Losses on Available-for-Sale Securities — For the Company's AFS corporate bond, the Company uses third-party PD and LGD data to estimate an ACLS, which is limited by the amount that the bond's fair value is less than its amortized cost basis.

For all other AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For other AFS debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACLS is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACLS is recognized in other comprehensive income.

Changes in ACLS are recorded as a charge or credit to the Provision. Losses are charged against the ACLS when management believes the lack of collectability of an AFS debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest on AFS debt securities totaled $1 million and $1 million as of December 31, 2021 and 2020 and is excluded from the ACLS. Accrued interest on AFS debt securities is presented as a component of other assets on the Company's balance sheet.

Allowance for Credit Losses on Held-to-Maturity Securities — The Company measures expected credit losses on HTM debt securities on a collective basis by major security type. Accrued interest receivable on HTM debt securities totaled $89,000 and $110,000 as of December 31, 2021 and 2020 and is excluded from the ACLS. Accrued interest on HTM debt securities is presented as a component of other assets on the Company's balance sheet.

The estimate of ACLS on HTM debt securities considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company classifies its HTM portfolio into the following major security types: MBS, corporate bonds, and municipal bonds. MBS securities include CMOs. Nearly all of the MBS portfolio is issued by U.S. government entities or government sponsored entities. These securities are highly rated by major rating agencies and have a long history of no credit losses. The MBS portfolio also carries ratings no lower than investment grade. The Company uses PD and LGD estimates provided by a third-party to estimate an ACLS for its corporate and municipal bond portfolios. These PD and LGD estimates are updated at least quarterly by the Company, with these estimates incorporating the most recent market expectations and forecasted information.

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

Mortgage Banking Activities — Mortgage loans originated and intended for sale in the secondary market are carried at fair value, as determined by outstanding commitments from investors. Net gains on mortgage loans held for sale are recorded as a component of Mortgage Banking income and represent the difference between the selling price and the carrying value of the loans sold. Substantially all of the gains or losses on the sale of loans are reported in earnings when the interest rates on loans are locked.

Commitments to fund mortgage loans ("interest rate lock commitments") to be sold into the secondary market and non-exchange traded mandatory forward sales contracts ("forward contracts") for the future delivery of these mortgage loans or the purchase of TBA securities are accounted for as free-standing derivatives. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the Bank enters into the derivative. Generally, the Bank enters into forward contracts for the future delivery of mortgage loans or the purchase of TBA securities when interest rate lock commitments are entered into, in order to hedge the change in interest rates resulting from its commitments to fund the loans. Changes in the fair values of these mortgage derivatives are included in net gains on sales of loans, which is a component of Mortgage Banking income on the income statement.

Mortgage loans held for sale are generally sold with the MSRs retained. When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded as a component of Mortgage Banking income. Fair value is based on market prices for comparable mortgage servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method, which requires servicing rights to be amortized into Mortgage Banking income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Amortization of MSRs are initially set at seven years and subsequently adjusted on a quarterly basis based on the weighted average remaining life of the underlying loans.

MSRs are evaluated for impairment quarterly based upon the fair value of the MSRs as compared to carrying amount. Impairment is determined by stratifying MSRs into groupings based on predominant risk characteristics, such as interest rate, loan type, loan terms and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Bank later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the valuation allowance is recorded as an increase to income. Changes in valuation allowances are reported within Mortgage Banking income on the income statement. The fair value of the MSR portfolios is subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates.

A primary factor influencing the fair value is the estimated life of the underlying serviced loans. The estimated life of the serviced loans is significantly influenced by market interest rates. During a period of declining interest rates, the fair value of the MSRs generally will decline due to higher expected prepayments within the portfolio. Alternatively, during a period of rising interest rates the fair value of MSRs generally will increase, as prepayments on the underlying loans would be expected to decline.

See Footnote 16 "Mortgage Banking Activities" in this section of the filing for management's determination of MSR impairment.

Loan servicing income is reported on the income statement as a component of Mortgage Banking income. Loan servicing income is recorded as loan payments are collected and includes servicing fees from investors and certain charges collected from borrowers. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan and are recorded as income when earned. Loan servicing income totaled $3.3 million, $2.9 million and $2.5 million for the years ended December 31, 2021, 2020, and 2019. Late fees and ancillary fees related to loan servicing are considered nominal.

Consumer Loans Held for Sale, at Fair Value — In December 2019, the Bank began offering RCS installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. Balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intent to sell 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.

Consumer Loans Held for Sale, at Lower of Cost or Fair Value — RCS originates for sale 90% to 95% of the balances from its line-of-credit products and a portion of its healthcare receivables product. Ordinary gains or losses on the sale of these RCS products are reported as a component of "Program fees."

Loans — The Bank's financing receivables consist primarily of loans and lease financing receivables (together referred to as "loans"). Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost net of the ACLL. Amortized cost is the principal balance outstanding, net of premiums and discounts, and deferred loan fees and costs. Accrued interest on loans, which is excluded from the ACLL, totaled $8 million and $11 million as of December 31, 2021 and 2020 and was reported as a component of other assets on the Company's balance sheet.

Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method. Premiums on loans held for investment are amortized into interest income on the level-yield method over the expected life of the loan.

Lease financing receivables, which are generally direct financing leases, are reported at their principal balance outstanding, including any lease residual amount, net of any unearned income, deferred loan fees and costs, and applicable ACLL. Leasing income is recognized on a basis that achieves a constant periodic rate of return on the outstanding lease financing balances over the lease terms.

Interest income on mortgage and commercial loans is typically discontinued at the time the loan is 80 days delinquent unless the loan is well secured and in process of collection. Past due status is based on the contractual terms of the loan, which may define past due status by the number of days or the number of payments past due. In most cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 80 days still on accrual include smaller balance, homogeneous loans that are evaluated collectively or individually for loss.

Interest accrued but not received for all classes of loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured, typically a minimum of six consecutive months of performance. Consumer and credit card loans are not placed on nonaccrual status but are reviewed periodically and charged-off when the loan is deemed uncollectible, generally no more than 120 days.

Purchased Credit Deteriorated Loans — The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. The Company will generally classify a loan acquired in a business acquisition as PCD if it meets any of the following criteria:

- Non-accretable discount assigned by the Bank
- Classified by either the acquired bank or the Bank as Special Mention or Substandard
- Nonaccrual status when purchased
- Past due 30 days or more when purchased
- Loans that have been at least one time over 30 days past due
- Past maturity date when purchased
- Select loans that are cross collateralized with any loans identified above

PCD loans are recorded at the amount paid. An ACLL is determined using the same methodology as other loans held for investment. The initial ACLL determined on a collective basis is allocated to individual loans. The sum of the loan's purchase price and ACLL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ACLL are recorded through the Provision.

Allowance for Credit Losses on Loans — The ACLL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the ACLL when management believes the lack of collectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACLL is measured on a collective or pooled basis when similar risk characteristics exist. The first table of Footnote 4 illustrates the Company's loan portfolio by ACLL risk pool. This pooling method is primarily based on the pool's collateral type or the pool's purpose and generally follows the Bank's loan segmentation for regulatory reporting. For each of its loan pools, the Company uses a "static-pool" method, which analyzes historical closed pools of similar loans over their expected lives to attain a loss rate. This loss rate is then adjusted for current conditions and reasonable and supportable forecasts prior to being applied to the current balance of the analyzed pools. Adjustments to the historical loss rate for current conditions include differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in property values or other relevant factors. A one-year forecast adjustment to the historical loss rate is based on a forecast of the U.S. national unemployment rate, which has shown a relatively strong historical correlation to the Bank's loan losses. For its CRE loan pool, the Company employed a one-year forecast of CRE vacancy rates through March 31, 2021 but discontinued use of this forecast during the second quarter of 2021 in favor of a one-year forecast of general CRE values. This change in forecast method related to the Company's CRE loan pool had no material impact on the Company's ACLL. Subsequent to one-year forecasts, loss rates are assumed to immediately revert back to long-term historical averages.

Loans that do not share risk characteristics are evaluated on an individual basis, with the Company choosing to individually evaluate all TDRs. Loans evaluated individually are not included in the pooled evaluation but are instead evaluated under a discounted cash flow or collateral-dependent method. A collateral dependent method is used when foreclosure is probable, with expected credit losses based on the fair value of the collateral at the reporting date, adjusted for selling costs if appropriate.

Determining Expected Loan Lives: Expected credit losses are estimated over the contractual loan term, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a TDR will be executed with an individual borrower, or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

See Footnote 4 "Loans and Allowance for Credit Losses" in this section of the filing for additional discussion regarding the Company's ACLL.

Troubled Debt Restructurings — A TDR is a situation where, due to a borrower's financial difficulties, the Bank grants a concession to the borrower that the Bank would not otherwise have considered. The Company measures the ACLL for TDRs individually using either a discounted cash-flow method or the collateral method, if the TDR is collateral dependent. TDRs whose ACLL is measured using a discounted cash flow method use the original pre-modification interest rate on the loan for discounting.

Generally, performing loans that have received a COVID-19 accommodation are not classified as TDRs.

- *For additional discussion regarding loans accommodated due to COVID-19, see Footnote 4 "Loans and Allowance for Credit Losses" in this section of the filing.*

Transfers of Financial Assets — Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Other Real Estate Owned — Assets acquired through loan foreclosures are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. The Bank's selling costs for OREO typically range from 10-13% of each property's fair value, depending on property class. Fair value is commonly based on recent real estate appraisals or broker price opinions. Operating costs after acquisition are expensed.

Appraisals for both collateral-dependent loans and OREO 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. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. 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.

Premises and Equipment, Net — Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the related assets on the straight-line method. Estimated lives typically range from 25 to 39 years for buildings and improvements, three to ten years for furniture, fixtures and equipment and three to five years for leasehold improvements.

Right of Use Assets and Operating Lease Liabilities — For its long-term operating leases, the Company records on its balance sheet operating lease liabilities equal to the present value of the required minimum lease payments plus any amounts probable of being owed under a residual value guarantee. Offsetting these operating lease liabilities, the Company records right-of-use assets for the underlying leased property.

Regarding lease terms, the Company's assumes the remaining lease term includes the fixed noncancelable term, plus all periods for which failure to renew the lease imposes a penalty on the Company, plus all periods for which the Company is reasonably certain to exercise a lease renewal option, plus all periods for which the Company is reasonably certain not to exercise a lease termination option. In determining whether it is reasonably certain to exercise a lease renewal or termination option, the Company considers its overall strategic plan and all economic and environmental circumstances connected to the leased property.

To discount its operating lease payments and guarantees, the Company employs the interest rate curve published by the FHLB of Cincinnati for the FHLB's collateralized term borrowings; matching expected lease term to borrowing term.

The Company does not place short-term leases on its balance sheet. Short-term leases have a lease term of 12 months or less and do not include a purchase option that the Company is reasonably certain to exercise.

Federal Home Loan Bank Stock — The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security and annually evaluated for impairment. Because this stock is viewed as a long-term investment, impairment is based on ultimate recovery of par value. Both cash and stock dividends are recorded as interest income.

Bank Owned Life Insurance — The Bank maintains BOLI policies on certain employees. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The Bank recognizes tax-free income from the periodic increases in cash surrender value of these policies and from death benefits in noninterest income. Credit ratings for the Bank's BOLI carriers are reviewed at least annually.

Goodwill and Other Intangible Assets — Goodwill resulting from business acquisitions represents the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets

assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase combination and determined to have an indefinite useful life are not amortized but tested annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed.

The Company has selected September 30th as the date to perform its annual goodwill impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the Bank's balance sheet.

All goodwill is attributable to the Company's Traditional Banking segment and is not expected to be deductible for tax purposes. Based on its assessment, the Company believes its goodwill of $16 million as of December 31, 2021 and 2020 was not impaired and is properly recorded in the consolidated financial.

Off Balance Sheet Financial Instruments — Financial instruments include off-balance sheet credit instruments, such as commitments to fund loans and standby letters of credit. The face amount for these items represents the exposure to loss, before considering client collateral or ability to repay. Such financial instruments are recorded upon funding. Instruments such as standby letters of credit are considered financial guarantees and are recorded at fair value.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures — The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Company. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The likelihood that funding will occur is based on the historical usage rate of such commitments.

For a listing of off-balance sheet credit exposures the Company generally considers for an ACLC, see Footnote 13 "Off Balance Sheet Risks, Commitments And Contingent Liabilities" in this section of the filing.

The ACLC is recorded as a component of other liabilities on the Company's balance sheet. Any provision for the ACLC is recorded on the Company's income statement as a component of other noninterest expense.

Derivatives —Derivatives are reported at fair value in other assets or other liabilities. The Company's derivatives include interest rate swap agreements. For asset/liability management purposes, the Bank uses interest rate swap agreements to hedge the exposure or to modify the interest rate characteristic of certain immediately repricing liabilities.

The accounting for changes in the fair value of a derivative depends on whether it has been designated and qualifies as part of a 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 (loss). For derivatives not designated as hedges, the gain or loss is recognized in current period earnings.

Net cash settlements on interest rate swaps are recorded in interest expense and cash flows related to the swaps are classified in the cash flow statement the same as the interest expense and cash flows from the liabilities being hedged. The Bank formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking cash flow hedges to specific assets and liabilities on the balance sheet. The Bank also formally assesses, both at the hedge's inception and on an ongoing basis, whether a swap is highly effective in offsetting changes in cash flows of the hedged items. The Bank discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in cash flows of the hedged item, the derivative is settled or terminates, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods that the hedged transactions will affect earnings.

The Bank enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments to meet client needs, the Bank enters into offsetting positions with dealer counterparties in order to minimize the Bank's

interest rate risk. These swaps are derivatives but are not designated as hedging instruments; 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 does not have credit risk.

Stock Based Compensation — For stock options and restricted stock awards issued to employees, compensation cost is recognized based on the fair value of these awards at the date of grant. The Company utilizes a Black-Scholes model to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards. Compensation expense is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures of stock-based awards are accounted for when incurred in lieu of using forfeiture estimates.

Income Taxes — Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. DTAs and DTLs are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces DTAs to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more-likely-than-not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more-likely-than-not" test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

Retirement Plans — 401(k) plan expense is recorded as a component of salaries and employee benefits and represents the amount of Company matching contributions. Deferred compensation and supplemental retirement plan expense allocates the benefits over years of service.

Earnings Per Common Share — Basic earnings per share is based on net income (in the case of Class B Common Stock, less the dividend preference on Class A Common Stock), divided by the weighted average number of shares outstanding during the period. Diluted earnings per share include the dilutive effect of additional potential Class A common shares issuable under stock options. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Earnings and dividends per share are restated for all stock dividends through the date of issuance of the financial statements.

Comprehensive Income — Comprehensive income consists of net income and OCI. OCI includes, net of tax, unrealized gains and losses on available-for-sale debt securities and unrealized gains and losses on cash flow hedges, which are also recognized as separate components of equity.

Loss Contingencies — Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there are any outstanding matters that would have a material effect on the financial statements.

Restrictions on Cash and Cash Equivalents — Republic has historically been required by the FRB to maintain average reserve balances. Effective March 15, 2020, the FRB reduced the Bank's reserve requirement ratio to zero percent, therefore, cash and due from banks on the consolidated balance sheet included no required reserve balances as of December 31, 2021 and 2020.

The Company's Captive maintains cash reserves to cover insurable claims. Reserves totaled $4 million and $3 million as of December 31, 2021 and 2020.

Equity — Stock dividends in excess of 20% are reported by transferring the par value of the stock issued from retained earnings to common stock. Stock dividends for 20% or less are reported by transferring the fair value, as of the ex-dividend date, of the stock issued from retained earnings to common stock and additional paid in capital. Fractional share amounts are paid in cash with a reduction in retained earnings.

Dividend Restrictions — Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to Republic or by Republic to shareholders.

Fair Value of Financial Instruments — Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Footnote 15 "*Fair Value"* in this section of the filing. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Revenue from Contracts with Customers - The Company's services that fall within the scope of ASC 606, *Revenue from Contracts with Customers*, are presented within noninterest income and are recognized as revenue as the Company satisfies its obligation to its client. The Company expenses as-incurred incremental costs of obtaining a contract when the amortization period of those costs would be less than one year.

Segment Information — Reportable segments represent parts of the Company evaluated by management with separate financial information. Republic's internal information is primarily reported and evaluated in five reportable segments – Traditional Banking, Warehouse, Mortgage Banking, TRS and RCS.

Reclassifications — 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.

Recently Adopted Accounting Standards

The following ASUs were adopted by the Company during the year ended December 31, 2021 and through the date of this filing:

ASU. No.	Topic	Nature of Update	Date Adopted	Method of Adoption	Financial Statement Impact
2020-06	Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity	This ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share calculation in certain areas.	January 1, 2022	Prospectively	Immaterial
2020-08	Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs	This ASU clarifies that an entity should re-evaluate whether a callable debt security is within the scope of ASC paragraph 310-20-35-33 for each reporting period.	January 1, 2021	Prospectively	Immaterial
2020-10	Codification Improvements	This ASU affects a wide variety of Topics in the Codification. More specifically, this ASU, among other things, contains amendments that improve the consistency of the Codification by including all disclosure guidance in the appropriate Disclosure Section (Section 50). Many of the amendments arose because the FASB provided an option to give certain information either on the face of the financial statements or in the notes to financial statements and that option only was included in the Other Presentation Matters Section (Section 45) of the Codification. The option to disclose information in the notes to financial statements should have been codified in the Disclosure Section as well as the Other Presentation Matters Section (or other Section of the Codification in which the option to disclose in the notes to financial statements appears). Those amendments are not expected to change current practice.	January 1, 2021	Prospectively	Immaterial
2021-01	Reference Rate Reform (Topic 848): Scope	This ASU clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The ASU also amends the expedients and exceptions in Topic 848 to capture the incremental consequences of the scope clarification and to tailor the existing guidance to derivative instruments affected by the discounting transition.	January 7, 2021	Prospectively	Immaterial
2021-04	Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options	This ASU provides guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another Topic. It specifically addresses: (1) How an entity should treat a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange; (2) How an entity should measure the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange; and (3) How an entity should recognize the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange.	January 1, 2022	Prospectively	Immaterial
2021-06	Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946)	This ASU amends the SEC sections of the Codification related to SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants.	August 9, 2021	Prospectively	Immaterial

Accounting Standards Updates

There were no issued-but-not-yet-effective ASUs considered relevant and material to the Company's financial statements since the Company's most recently filed Form 10-Q or Form 10-K and through the date of this filing. Generally, if an issued-but-not-yet-effective ASU with an expected immaterial impact to the Company has been disclosed in prior Company filings, that ASU will not be subsequently redisclosed.

2. 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:

December 31, 2021 (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	**$ 239,880**	**$ 473**	**$ (2,894)**	**$ —**	**$ 237,459**
Private label mortgage-backed security	**1,418**	**1,313**	**—**	**—**	**2,731**
Mortgage-backed securities - residential	**207,697**	**3,525**	**(473)**	**—**	**210,749**
Collateralized mortgage obligations	**29,947**	**377**	**(30)**	**—**	**30,294**
Corporate bonds	**10,000**	**46**	**—**	**—**	**10,046**
Trust preferred security	**3,684**	**163**	**—**	**—**	**3,847**
Total available-for-sale debt securities	**$ 492,626**	**$ 5,897**	**$ (3,397)**	**$ —**	**$ 495,126**

December 31, 2020 (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	$ 245,204	$ 1,730	$ (25)	$ —	$ 246,909
Private label mortgage-backed security	1,707	1,250	—	—	2,957
Mortgage-backed securities - residential	203,786	7,419	(3)	—	211,202
Collateralized mortgage obligations	48,190	772	(10)	—	48,952
Corporate bonds	10,000	43	—	—	10,043
Trust preferred security	3,631	169	—	—	3,800
Total available-for-sale debt securities	$ 512,518	$ 11,383	$ (38)	$ —	$ 523,863

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:

December 31, 2021 (in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Mortgage-backed securities - residential	**$ 46**	**$ —**	**$ —**	**$ 46**	**$ —**
Collateralized mortgage obligations	**9,080**	**158**	**—**	**9,238**	**—**
Corporate bonds	**34,975**	**263**	**(6)**	**35,232**	**(47)**
Obligations of state and political subdivisions	**245**	**3**	**—**	**248**	**—**
Total held-to-maturity debt securities	**$ 44,346**	**$ 424**	**$ (6)**	**$ 44,764**	**$ (47)**

December 31, 2020 (in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Mortgage-backed securities - residential	$ 99	$ 5	$ —	$ 104	$ —
Collateralized mortgage obligations	13,061	176	—	13,237	—
Corporate bonds	39,986	499	—	40,485	(178)
Obligations of state and political subdivisions	356	8	—	364	—
Total held-to-maturity debt securities	$ 53,502	$ 688	$ —	$ 54,190	$ (178)

Sales of Available-for-Sale Debt Securities

During 2021, 2020, and 2019 there were no material sales of AFS debt securities.

Debt Securities by Contractual Maturity

The following table presents the amortized cost and fair value of debt securities by contractual maturity as of December 31, 2021. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or early termination penalties. Securities not due at a single maturity date are detailed separately.

	Available-for-Sale Debt Securities		**Held-to-Maturity Debt Securities**	
December 31, 2021 (in thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	**$ 30,058**	**$ 30,307**	**$ 120**	**$ 121**
Due from one year to five years	**199,822**	**197,616**	**35,100**	**35,359**
Due from five years to ten years	**20,000**	**19,582**	**—**	**—**
Due beyond ten years	**3,684**	**3,847**	**—**	**—**
Private label mortgage-backed security	**1,418**	**2,731**	**—**	**—**
Mortgage-backed securities - residential	**207,697**	**210,749**	**46**	**46**
Collateralized mortgage obligations	**29,947**	**30,294**	**9,080**	**9,238**
Total debt securities	**$ 492,626**	**$ 495,126**	**$ 44,346**	**$ 44,764**

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 December 31, 2021 and 2020, aggregated by investment category and length of time in a continuous unrealized loss position:

	Less than 12 months		**12 months or more**		**Total**	
December 31, 2021 (in thousands)	**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	**$ 177,138**	**$ (2,622)**	**$ 9,728**	**$ (272)**	**$ 186,866**	**$ (2,894)**
Mortgage-backed securities - residential	**84,937**	**(473)**	**—**	**—**	**84,937**	**(473)**
Collateralized mortgage obligations	**4,495**	**(30)**	**—**	**—**	**4,495**	**(30)**
Total available-for-sale debt securities	**$ 266,570**	**$ (3,125)**	**$ 9,728**	**$ (272)**	**$ 276,298**	**$ (3,397)**

	Less than 12 months		12 months or more		Total	
December 31, 2020 (in thousands)	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	$ 59,971	$ (25)	$ —	$ —	$ 59,971	$ (25)
Mortgage-backed securities - residential	1,068	(3)	—	—	1,068	(3)
Collateralized mortgage obligations	2,788	(10)	—	—	2,788	(10)
Total available-for-sale debt securities	$ 63,827	$ (38)	$ —	$ —	$ 63,827	$ (38)

As of December 31, 2021, the Bank’s portfolio consisted of 173 securities, 29 of which were in an unrealized loss position.

As of December 31, 2020, the Bank's portfolio consisted of 173 securities, 19 of which were in an unrealized loss position.

As of December 31, 2021 and 2020, 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.

Mortgage Backed Securities and Collateralized Mortgage Obligations

As of December 31, 2021, with the exception of the $2.7 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 December 31, 2021 and 2020, there were gross unrealized losses of $503,000 and $13,000 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 OTTI.

Trust Preferred Security

During 2015, the Parent Company purchased a $3 million floating rate trust preferred security at a price of 68% of its $5 million par value. The coupon on this security is based on the 3-month LIBOR rate plus 159 basis points. The Company performed an initial analysis prior to acquisition and performs ongoing analysis of the credit risk of the underlying borrower in relation to its TRUP.

Private Label Mortgage-Backed Security

The Bank owns one private label mortgage-backed security with a total carrying value of $2.7 million as of December 31, 2021. 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 in this section of the filing under Footnote 15 "Fair Value."

The following table presents a rollforward of the Bank's private label mortgage-backed security credit losses recognized in earnings:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 1,462**	$ 1,462	$ 1,613
Recovery of losses previously recorded	**—**	—	(151)
Balance, end of period	**$ 1,462**	$ 1,462	$ 1,462

Further deterioration in economic conditions could cause the Bank to record an additional impairment charge related to credit losses of up to $1.4 million, which is the current gross amortized cost of the Bank's remaining private label mortgage-backed security.

Rollforward of the Allowance for Credit Losses on Debt Securities

The tables below present a rollforward for 2021 and 2020 of the ACLS on AFS and HTM debt securities:

	ACLS Rollforward Years Ended December 31,										
	2021					2020					
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	ASC 326 Adoption	Provision	Charge-offs	Recoveries	Ending Balance
Available-for-Sale Securities:											
Corporate Bonds	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Held-to-Maturity Securities:											
Corporate Bonds	178	(131)	—	—	47	—	51	127	—	—	178
Total	$ 178	$ (131)	$ —	$ —	$ 47	$ —	$ 51	$ 127	$ —	$ —	$ 178

The Company decreased the ACLS on its HTM corporate bonds during 2021 based on improved PD and LGD estimates on these bonds. PD and LGD estimates for these bonds were elevated during 2020 due to pandemic-driven economic concerns.

There were no HTM debt securities on nonaccrual or past due over 89 days as of December 31, 2021 and 2020. All of the Company's HTM corporate bonds were rated investment grade as of December 31, 2021 and 2020.

There were no HTM debt securities considered collateral dependent as of December 31, 2021 and 2020.

Pledged Debt Securities

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

December 31, (in thousands)	2021	2020
Carrying amount	$ 319,650	$ 303,535
Fair value	319,808	303,611

Equity Securities

The following tables present the carrying value, gross unrealized gains and losses, and fair value of equity securities with readily determinable fair values:

December 31, 2021 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Freddie Mac preferred stock	$ —	$ 170	$ —	$ 170
Community Reinvestment Act mutual fund	2,500	—	(50)	2,450
Total equity securities with readily determinable fair values	$ 2,500	$ 170	$ (50)	$ 2,620

December 31, 2020 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Freddie Mac preferred stock	$ —	$ 560	$ —	$ 560
Community Reinvestment Act mutual fund	2,500	23	—	2,523
Total equity securities with readily determinable fair values	$ 2,500	$ 583	$ —	$ 3,083

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					
	Year Ended December 31, 2021			Year Ended December 31, 2020		
(in thousands)	**Realized**	**Unrealized**	**Total**	Realized	Unrealized	Total
Freddie Mac preferred stock	**$ —**	**$ (390)**	**$ (390)**	$ —	$ (154)	$ (154)
Community Reinvestment Act mutual fund	**—**	**(73)**	**(73)**	—	49	49
Total equity securities with readily determinable fair value	**$ —**	**$ (463)**	**$ (463)**	$ —	$ (105)	$ (105)

3. LOANS HELD FOR SALE

In the ordinary course of business, the Bank originates for sale mortgage loans and consumer loans. Mortgage loans originated for sale are primarily originated and sold into the secondary market through the Bank's Mortgage 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 16 "Mortgage Banking Activities" of this section of the filing.

Consumer Loans Held for Sale, at Fair Value

In December 2019, the Bank began offering RCS installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. Balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intent to sell 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:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 3,298**	$ 598	$ —
Origination of consumer loans held for sale	**271,430**	58,833	598
Proceeds from the sale of consumer loans held for sale	**(260,730)**	(57,814)	—
Net gain on sale of consumer loans held for sale	**5,749**	1,681	—
Balance, end of period	**$ 19,747**	$ 3,298	$ 598

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

RCS originates for sale 90% of the balances from its line-of-credit product and a portion of its healthcare receivables product. 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:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 1,478**	$ 11,646	$ 12,838
Origination of consumer loans held for sale	**610,750**	460,040	709,768
Proceeds from the sale of consumer loans held for sale	**(614,840)**	(473,507)	(716,062)
Net gain on sale of consumer loans held for sale	**5,549**	3,299	5,102
Balance, end of period	**$ 2,937**	$ 1,478	$ 11,646

4. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The composition of the loan portfolio follows:

December 31, (in thousands)	2021	2020
Traditional Banking:		
Residential real estate:		
Owner occupied	**$ 820,731**	$ 879,800
Nonowner occupied	**306,323**	264,780
Commercial real estate	**1,456,009**	1,349,085
Construction & land development	**129,337**	98,674
Commercial & industrial	**340,363**	325,596
Paycheck Protection Program	**56,014**	392,319
Lease financing receivables	**8,637**	10,130
Aircraft	**142,894**	101,375
Home equity	**210,578**	240,640
Consumer:		
Credit cards	**14,510**	14,196
Overdrafts	**683**	587
Automobile loans	**14,448**	30,300
Other consumer	**1,432**	8,167
Total Traditional Banking	**3,501,959**	3,715,649
Warehouse lines of credit*	**850,550**	962,796
Total Core Banking	**4,352,509**	4,678,445
Republic Processing Group*:		
Tax Refund Solutions:		
Easy Advances	**—**	—
Other TRS loans	**50,987**	23,765
Republic Credit Solutions	**93,066**	110,893
Total Republic Processing Group	**144,053**	134,658
Total loans**	**4,496,562**	4,813,103
Allowance for credit losses	**(64,577)**	(61,067)
Total loans, net	**$ 4,431,985**	$ 4,752,036

**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.*

The following table reconciles the contractually receivable and carrying amounts of loans as of December 31, 2021 and 2020:

December 31, (in thousands)	2021	2020
Contractually receivable	**$ 4,498,671**	$ 4,821,062
Unearned income	**(542)**	(708)
Unamortized premiums	**116**	216
Unaccreted discounts	**(641)**	(988)
PPP net unamortized deferred origination fees and costs	**(1,203)**	(8,564)
Other net unamortized deferred origination fees and costs	**161**	2,085
Carrying value of loans	**$ 4,496,562**	$ 4,813,103

Paycheck Protection Program

The CARES Act was enacted in March 2020 and provided for the SBA's PPP, which allowed the Bank to lend to its qualifying small business clients to assist them in their efforts to meet their cash-flow needs during the COVID-19 pandemic. The Economic Aid Act was enacted in December 2020 and provided for a second round of PPP loans. PPP loans are fully backed by the SBA and may be entirely forgiven if the loan client uses loan funds for qualifying reasons. As of December 31, 2021, net PPP loans of $56 million remained on the Core Bank's balance sheet, including $15 million in loan balances originated during 2020, $42 million in loan

balances originated during 2021, and $1 million of yet-to-be-earned PPP lender fees reported as a credit offset to these originated balances.

To provide liquidity to banks administering the SBA's PPP, the FRB created the PPPLF, a lending facility secured by the PPP loans of the participating banks. As of December 31, 2021, the Bank had no outstanding borrowings from the FRB under the PPPLF.

Credit Quality Indicators

Bank procedures for assessing and maintaining credit gradings differs slightly depending on whether a new or renewed loan is being underwritten, or whether an existing loan is being re-evaluated for potential credit quality concerns. The latter usually occurs upon receipt of updated financial information, or other pertinent data, which would potentially cause a change in the loan grade. Specific Bank procedures follow:

- For new and renewed C&I, CRE and C&D loans, the Bank's CCAD assigns the credit quality grade to the loan.

- Commercial loan officers are responsible for monitoring their respective loan portfolios and reporting any adverse material changes to senior management. When circumstances warrant a review and possible change in the credit quality grade, loan officers are required to notify the Bank's CCAD.

- A senior officer meets at least monthly with commercial loan officers to discuss the status of past due loans and possible classified loans. These meetings are designed to give loan officers an opportunity to identify existing loans that should be downgraded.

- Monthly, members of senior management along with managers of Commercial Lending, CCAD, Accounting, Special Assets and Retail Collections attend a Special Asset Committee meeting. The SAC reviews C&I and CRE loans graded Special Mention or worse or loans potentially subject to downgrade into these classifications and discusses the relative trends and current status of these assets. In addition, the SAC reviews all classified and potentially classified residential real estate and home equity loans. SAC also reviews the actions taken by management regarding credit-quality grades, foreclosure mitigation, loan extensions, deferrals or forbearance, troubled debt restructurings, and collateral repossessions. Based on the information reviewed in this meeting, the SAC approves all specific loan loss allocations to be recognized by the Bank within the ACLL analysis.

- During 2021 and 2020, members of senior management performed periodic reviews, no less than monthly, of loans whose borrowers were negatively impacted by the COVID-19 pandemic. These reviews included borrowers in industries particularly harmed by pandemic-driven restrictions, such as the hospitality industry.

- All new and renewed warehouse lines of credit are approved by the Executive Loan Committee. The CCAD assigns the initial credit quality grade to warehouse facilities. Monthly, members of senior management review warehouse lending activity including data associated with the underlying collateral to the warehouse facilities, i.e., the mortgage loans associated with the balances drawn. Key performance indicators monitored include average days outstanding for each draw, average FICO credit report score for the underlying collateral, average LTV for the underlying collateral and other factors deemed relevant.

On at least an annual basis, the Bank's internal loan review department analyzes all individual loans with outstanding balances greater than $1 million that are internally classified as "Special Mention," "Substandard," "Doubtful" or "Loss." In addition, on an annual basis, the Bank analyzes a sample of "Pass" rated loans.

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, public information, and current economic trends. The Bank also

considers the fair value of the underlying collateral and the strength and willingness of the guarantor(s). The Bank analyzes loans individually, and based on this analysis, establishes a credit risk rating. The Bank uses the following definitions for risk ratings:

Risk Grade 1 — Excellent (Pass): Loans fully secured by liquid collateral, such as certificates of deposit, reputable bank letters of credit, or other cash equivalents; loans fully secured by publicly traded marketable securities where there is no impediment to liquidation; or loans to any publicly held company with a current long-term debt rating of A or better.

Risk Grade 2 — Good (Pass): Loans to businesses that have strong financial statements containing an unqualified opinion from a Certified Public Accounting firm and at least three consecutive years of profits; loans supported by unaudited financial statements containing strong balance sheets, five consecutive years of profits, a five-year satisfactory relationship with the Bank, and key balance sheet and income statement trends that are either stable or positive; loans that are guaranteed or otherwise backed by the full faith and credit of the U.S. government or an agency thereof, such as the Small Business Administration; or loans to publicly held companies with current long-term debt ratings of Baa or better.

Risk Grade 3 — Satisfactory (Pass): Loans supported by financial statements (audited or unaudited) that indicate average or slightly below average risk and having some deficiency or vulnerability to changing economic conditions; loans with some weakness but offsetting features of other support are readily available; loans that are meeting the terms of repayment, but which may be susceptible to deterioration if adverse factors are encountered.

Risk Grade 4 — Satisfactory/Monitored (Pass): Loans in this category are considered to be acceptable credit quality but contain greater credit risk than Satisfactory loans due to weak balance sheets, marginal earnings or cash flow, or other uncertainties. These loans warrant a higher-than-average level of monitoring to ensure that weaknesses do not advance. The level of risk in a Satisfactory/Monitored loan is within acceptable underwriting guidelines so long as the loan is given the proper level of management supervision. All revolving lines of credit will be placed in this category if a borrowing base is to be implemented as a condition of approval for the loan. Lastly, a start-up business venture will receive this rating due to the lack of any historical financial data.

Risk Grade 5 — Special Mention: Loans that possess some credit deficiency or potential weakness that deserves close attention. Such loans pose an unwarranted financial risk that, if not corrected, could weaken the loan by adversely impacting the future repayment ability of the borrower. The key distinctions of a Special Mention classification are that (1) it is indicative of an unwarranted level of risk and (2) credit weaknesses are considered potential and are not defined impairments to the primary source of repayment.

Purchased with Credit Deterioration Loans — Group 1: To the extent that a PCD, formerly PCI, loan's performance does not reflect an increased risk of loss of contractual principal beyond the ACLL established as part of its initial day-one evaluation, such loan would be classified in the PCD-1 category, whose credit risk is considered by management equivalent to a non-PCD "Special Mention" loan within the Bank's credit rating matrix.

Purchased with Credit Deterioration Loans — Substandard: If during the Bank's periodic evaluations of its PCD, formerly PCI, loan portfolio, management deems a PCD-1 loan to have an increased risk of loss of contractual principal beyond the ACLL established as part of its initial day-one evaluation, such loan would be classified PCD-Sub within the Bank's credit risk matrix. Management deems the risk of default and overall credit risk of a PCD-Sub loan to be greater than a PCD-1 loan and more analogous to a non-PCD "Substandard" loan within the Bank's credit rating matrix.

Risk Grade 6 — Substandard: One or more of the following characteristics may be exhibited in loans classified as Substandard:

- Loans that possess a defined credit weakness. The likelihood that a loan will be paid from the primary source of repayment is uncertain. Financial deterioration is under way and very close attention is warranted to ensure that the loan is collected without loss.
- Loans are inadequately protected by the current net worth and paying capacity of the obligor.
- The primary source of repayment is gone, and the Bank is forced to rely on a secondary source of repayment, such as collateral liquidation or guarantees.
- Loans have a distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.

- Unusual courses of action are needed to maintain a high probability of repayment.
- The borrower is not generating enough cash flow to repay loan principal; however, it continues to make interest payments.
- The Bank is forced into a subordinated or unsecured position due to flaws in documentation.
- The Bank is seriously contemplating foreclosure or legal action due to the apparent deterioration in the loan.
- There is significant deterioration in market conditions to which the borrower is highly vulnerable.

Risk Grade 7 — Doubtful: One or more of the following characteristics may be present in loans classified as Doubtful:

- Loans have all of the weaknesses of those classified as Substandard. However, based on existing conditions, these weaknesses make full collection of principal highly improbable.
- The primary source of repayment is gone, and there is considerable doubt as to the quality of the secondary source of repayment.
- The possibility of loss is high but because of certain important pending factors, which may strengthen the loan, loss classification is deferred until the exact status of repayment is known.

Risk Grade 8 — Loss: Loans are considered uncollectible and of such little value that continuing to carry them as assets is not feasible. Loans will be classified "Loss" when it is neither practical nor desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be possible at some time in the future.

For all real estate and consumer loans, including small-dollar RPG loans, which do not meet the scope above, the Bank uses a grading system based on delinquency and nonaccrual status. Loans that are 80 days or more past due or on nonaccrual are graded Substandard. Occasionally, a real estate loan below scope may be graded as "Special Mention" or "Substandard" if the loan is cross-collateralized with a classified C&I or CRE loan.

Amid the COVID-19 pandemic the Bank has granted loan deferral and forbearance relief to many retail mortgage loans. As loans under such relief will generally not reflect slow pay, retail mortgage clients requesting loan deferral and forbearance relief beyond six consecutive months may be scrutinized and adversely classified. Mortgage loans adversely classified following prolonged deferral or forbearance relief will be monitored for at least six consecutive months before qualifying to exit adverse classification.

Purchased loans are accounted for as any other Bank-originated loan, potentially becoming nonaccrual, as well as being risk rated under the Bank's standard practices and procedures. In addition, these loans are considered in the determination of the ACLL once day-one fair values are final.

Management separately monitors PCD, formerly PCI, loans and no less than quarterly reviews them against the factors and assumptions used in determining day-one fair values. In addition to its quarterly evaluation, a PCD loan is typically reviewed when it is modified or extended, or when information becomes available to the Bank that provides additional insight regarding the loan's performance, the status of the borrower, or the quality or value of the underlying collateral.

If a troubled debt restructuring is performed on a PCD loan, the loan is transferred out of the PCD population. The loan may require an additional Provision if its restructured cash flows are less than management's initial day-one expectations. PCD loans for which the Bank simply chooses to extend the maturity date are generally not considered TDRs and remain in the PCD population.

The following tables include loans by segment, risk category, and, for non-revolving loans, origination year. Regarding origination year, loan extensions and renewals are generally considered originated in the year extended or renewed unless the loan is classified as a TDR. Loan extensions and renewals classified as TDRs generally receive no change in origination date upon extension or renewal.

(in thousands)	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	
As of December 31, 2021	2021	2020	2019	2018	Prior			Total
Residential real estate owner occupied:								
Risk Rating								
Pass or not rated	$ 218,981	$ 213,010	$ 89,186	$ 50,301	$ 226,852	$ —	$ —	$ 798,330
Special Mention	301	—	—	33	8,209	—	—	8,543
Substandard	45	870	679	1,189	11,075	—	—	13,858
Doubtful	—	—	—	—	—	—	—	—
Total	$ 219,327	$ 213,880	$ 89,865	$ 51,523	$ 246,136	$ —	$ —	$ 820,731
Residential real estate nonowner occupied:								
Risk Rating								
Pass or not rated	$ 107,041	$ 65,947	$ 44,376	$ 29,292	$ 55,872	$ —	$ 3,568	$ 306,096
Special Mention	—	—	—	—	132	—	—	132
Substandard	—	—	—	—	95	—	—	95
Doubtful	—	—	—	—	—	—	—	—
Total	$ 107,041	$ 65,947	$ 44,376	$ 29,292	$ 56,099	$ —	$ 3,568	$ 306,323
Commercial real estate:								
Risk Rating								
Pass or not rated	$ 487,669	$ 260,182	$ 156,748	$ 94,212	$ 286,223	$ —	$ 82,158	$ 1,367,192
Special Mention	20,059	2,399	29,639	11,207	18,778	—	—	82,082
Substandard	—	111	266	2,453	3,905	—	—	6,735
Doubtful	—	—	—	—	—	—	—	—
Total	$ 507,728	$ 262,692	$ 186,653	$ 107,872	$ 308,906	$ —	$ 82,158	$ 1,456,009
Construction and land development:								
Risk Rating								
Pass or not rated	$ 89,078	$ 32,046	$ 2,599	$ 1,155	$ 265	$ —	$ —	$ 125,143
Special Mention	—	524	3,670	—	—	—	—	4,194
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 89,078	$ 32,570	$ 6,269	$ 1,155	$ 265	$ —	$ —	$ 129,337
Commercial and industrial:								
Risk Rating								
Pass or not rated	$ 150,820	$ 44,481	$ 59,186	$ 18,110	$ 44,972	$ —	$ 2,541	$ 320,110
Special Mention	15,365	1,921	785	34	1,956	—	—	20,061
Substandard	—	13	179	—	—	—	—	192
Doubtful	—	—	—	—	—	—	—	—
Total	$ 166,185	$ 46,415	$ 60,150	$ 18,144	$ 46,928	$ —	$ 2,541	$ 340,363
Paycheck Protection Program:								
Risk Rating								
Pass or not rated	$ 40,607	$ 15,407	$ —	$ —	$ —	$ —	$ —	$ 56,014
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 40,607	$ 15,407	$ —	$ —	$ —	$ —	$ —	$ 56,014
Lease financing receivables:								
Risk Rating								
Pass or not rated	$ 2,638	$ 839	$ 2,641	$ 1,264	$ 1,255	$ —	$ —	$ 8,637
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 2,638	$ 839	$ 2,641	$ 1,264	$ 1,255	$ —	$ —	$ 8,637
Aircraft:								
Risk Rating								
Pass or not rated	$ 65,886	$ 43,301	$ 22,933	$ 9,119	$ 1,655	$ —	$ —	$ 142,894
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 65,886	$ 43,301	$ 22,933	$ 9,119	$ 1,655	$ —	$ —	$ 142,894
Home equity:								
Risk Rating								
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ 208,429	$ —	$ 208,429
Special Mention	—	—	—	—	—	279	—	279
Substandard	—	—	—	—	—	1,870	—	1,870
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 210,578	$ —	$ 210,578

(in thousands) As of December 31, 2021	Term Loans Amortized Cost Basis by Origination Year (Continued) 2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Consumer:								
Risk Rating								
Pass or not rated	**$ 978**	**$ 417**	**$ 4,694**	**$ 4,326**	**$ 5,768**	**$ 14,613**	**$ —**	**$ 30,796**
Special Mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Substandard	**—**	**—**	**22**	**61**	**194**	**—**	**—**	**277**
Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$ 978**	**$ 417**	**$ 4,716**	**$ 4,387**	**$ 5,962**	**$ 14,613**	**$ —**	**$ 31,073**
Warehouse:								
Risk Rating								
Pass or not rated	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 850,550**	**$ —**	**$ 850,550**
Special Mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Substandard	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 850,550**	**$ —**	**$ 850,550**
TRS:								
Risk Rating								
Pass or not rated	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 50,987**	**$ —**	**$ 50,987**
Special Mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Substandard	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 50,987**	**$ —**	**$ 50,987**
RCS:								
Risk Rating								
Pass or not rated	**$ 5,524**	**$ 3,409**	**$ 1,642**	**$ 869**	**$ 3,699**	**$ 77,544**	**$ —**	**$ 92,687**
Special Mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Substandard	**—**	**—**	**—**	**—**	**—**	**379**	**—**	**379**
Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$ 5,524**	**$ 3,409**	**$ 1,642**	**$ 869**	**$ 3,699**	**$ 77,923**	**$ —**	**$ 93,066**
Grand Total:								
Risk Rating								
Pass or not rated	**$ 1,169,222**	**$ 679,039**	**$ 384,005**	**$ 208,648**	**$ 626,561**	**$ 1,202,123**	**$ 88,267**	**$ 4,357,865**
Special Mention	**35,725**	**4,844**	**34,094**	**11,274**	**29,075**	**279**	**—**	**115,291**
Substandard	**45**	**994**	**1,146**	**3,703**	**15,269**	**2,249**	**—**	**23,406**
Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Grand Total	**$ 1,204,992**	**$ 684,877**	**$ 419,245**	**$ 223,625**	**$ 670,905**	**$ 1,204,651**	**$ 88,267**	**$ 4,496,562**

(in thousands) As of December 31, 2020	Term Loans Amortized Cost Basis by Origination Year 2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Residential real estate owner occupied:								
Risk Rating								
Pass or not rated	$ 268,313	$ 132,018	$ 82,754	$ 67,430	$ 301,366	$ —	$ —	$ 851,881
Special Mention	—	364	42	1,610	8,730	—	—	10,746
Substandard	394	1,423	1,331	614	13,411	—	—	17,173
Doubtful	—	—	—	—	—	—	—	—
Total	$ 268,707	$ 133,805	$ 84,127	$ 69,654	$ 323,507	$ —	$ —	$ 879,800
Residential real estate nonowner occupied:								
Risk Rating								
Pass or not rated	$ 73,291	$ 63,102	$ 43,610	$ 45,759	$ 38,316	$ —	$ 621	$ 264,699
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	81	—	—	81
Doubtful	—	—	—	—	—	—	—	—
Total	$ 73,291	$ 63,102	$ 43,610	$ 45,759	$ 38,397	$ —	$ 621	$ 264,780
Commercial real estate:								
Risk Rating								
Pass or not rated	$ 315,550	$ 258,251	$ 166,542	$ 171,207	$ 315,336	$ —	$ 55,949	$ 1,282,835
Special Mention	3,397	30,969	236	11,355	9,659	—	—	55,616
Substandard	2,596	349	—	987	3,899	—	2,803	10,634
Doubtful	—	—	—	—	—	—	—	—
Total	$ 321,543	$ 289,569	$ 166,778	$ 183,549	$ 328,894	$ —	$ 58,752	$ 1,349,085
Construction and land development:								
Risk Rating								
Pass or not rated	$ 53,972	$ 31,756	$ 7,840	$ 701	$ 1,964	$ —	$ —	$ 96,233
Special Mention	—	2,397	—	—	—	—	—	2,397
Substandard	—	44	—	—	—	—	—	44
Doubtful	—	—	—	—	—	—	—	—
Total	$ 53,972	$ 34,197	$ 7,840	$ 701	$ 1,964	$ —	$ —	$ 98,674
Commercial and industrial:								
Risk Rating								
Pass or not rated	$ 105,985	$ 84,575	$ 33,391	$ 32,303	$ 46,697	$ —	$ 1,040	$ 303,991
Special Mention	18,195	800	—	—	2,215	—	—	21,210
Substandard	383	12	—	—	—	—	—	395
Doubtful	—	—	—	—	—	—	—	—
Total	$ 124,563	$ 85,387	$ 33,391	$ 32,303	$ 48,912	$ —	$ 1,040	$ 325,596

(in thousands) As of December 31, 2020	Term Loans Amortized Cost Basis by Origination Year (Continued) 2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Paycheck Protection Program:								
Risk Rating								
Pass or not rated	$ 392,319	$ —	$ —	$ —	$ —	$ —	$ —	$ 392,319
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 392,319	$ —	$ —	$ —	$ —	$ —	$ —	$ 392,319
Lease financing receivables:								
Risk Rating								
Pass or not rated	$ 1,117	$ 3,663	$ 1,814	$ 2,847	$ 689	$ —	$ —	$ 10,130
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 1,117	$ 3,663	$ 1,814	$ 2,847	$ 689	$ —	$ —	$ 10,130
Aircraft:								
Risk Rating								
Pass or not rated	$ 55,823	$ 30,529	$ 13,804	$ 1,219	$ —	$ —	$ —	$ 101,375
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 55,823	$ 30,529	$ 13,804	$ 1,219	$ —	$ —	$ —	$ 101,375
Home equity:								
Risk Rating								
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ 237,633	$ —	$ 237,633
Special Mention	—	—	—	—	—	127	—	127
Substandard	—	—	—	—	—	2,880	—	2,880
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 240,640	$ —	$ 240,640
Consumer:								
Risk Rating								
Pass or not rated	$ 425	$ 13,636	$ 8,563	$ 7,125	$ 8,648	$ 14,321	$ —	$ 52,718
Special Mention	—	—	—	—	5	—	—	5
Substandard	—	32	49	229	212	5	—	527
Doubtful	—	—	—	—	—	—	—	—
Total	$ 425	$ 13,668	$ 8,612	$ 7,354	$ 8,865	$ 14,326	$ —	$ 53,250
Warehouse:								
Risk Rating								
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ 962,796	$ —	$ 962,796
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 962,796	$ —	$ 962,796
TRS:								
Risk Rating								
Pass or not rated	$ —	$ —	$ —	$ —	$ —	$ 23,765	$ —	$ 23,765
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 23,765	$ —	$ 23,765
RCS:								
Risk Rating								
Pass or not rated	$ 27,683	$ 5,704	$ 2,485	$ 1,232	$ 19,095	$ 54,348	$ —	$ 110,547
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	346	—	346
Doubtful	—	—	—	—	—	—	—	—
Total	$ 27,683	$ 5,704	$ 2,485	$ 1,232	$ 19,095	$ 54,694	$ —	$ 110,893
Grand Total:								
Risk Rating								
Pass or not rated	$ 1,294,478	$ 623,234	$ 360,803	$ 329,823	$ 732,111	$ 1,292,863	$ 57,610	$ 4,690,922
Special Mention	21,592	34,530	278	12,965	20,609	127	—	90,101
Substandard	3,373	1,860	1,380	1,830	17,603	3,231	2,803	32,080
Doubtful	—	—	—	—	—	—	—	—
Grand Total	$ 1,319,443	$ 659,624	$ 362,461	$ 344,618	$ 770,323	$ 1,296,221	$ 60,413	$ 4,813,103

Subprime Lending

Both the Traditional Banking segment and the RCS segment of the Company have certain classes of loans that are considered to be “subprime” strictly due to the credit score of the borrower at the time of origination.

Traditional Bank loans considered subprime totaled approximately $48 million and $52 million as of December 31, 2021 and 2020. Approximately $28 million and $27 million of the outstanding Traditional Bank subprime loan portfolio as of December 31, 2021 and 2020 were originated for CRA purposes. Management does not consider these loans to possess significantly higher credit risk due to other underwriting qualifications.

The RCS segment originates two short-term line-of-credit products, with the second product introduced in January 2021. The Bank sells 90% to 95% of the balances maintained through these products within three days of loan origination and retains a 5% to 10% interest. These products are unsecured and made to borrowers with subprime or near prime credit scores. The aggregate outstanding balance held-for-investment for these products totaled $26 million and $18 million as of December 31, 2021 and 2020.

Allowance for Credit Losses

The following tables present the activity in the ACLL by portfolio class for the years ended December 31, 2021, 2020, and 2019:

ACLL Rollforward
Years Ended December 31,

	2021					2020					
(in thousands)	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	Beginning Balance	ASC 326 Adoption	Provision	Charge-offs	Recoveries	Ending Balance
Traditional Banking:											
Residential real estate:											
Owner occupied	**$ 9,715**	**$ (1,461)**	**$ —**	**$ 393**	**$ 8,647**	$ 4,729	$ 4,199	$ 785	$ (169)	$ 171	$ 9,715
Nonowner occupied	**2,466**	**231**	**—**	**3**	**2,700**	1,737	148	570	—	11	2,466
Commercial real estate	**23,606**	**509**	**(428)**	**82**	**23,769**	10,486	273	13,170	(795)	472	23,606
Construction & land development	**3,274**	**854**	**—**	**—**	**4,128**	2,152	1,447	(325)	—	—	3,274
Commercial & industrial	**2,797**	**700**	**(86)**	**76**	**3,487**	2,882	(1,318)	1,421	(310)	122	2,797
Paycheck Protection Program	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—
Lease financing receivables	**106**	**(15)**	**—**	**—**	**91**	147	—	(41)	—	—	106
Aircraft	**253**	**104**	**—**	**—**	**357**	176	—	77	—	—	253
Home equity	**4,990**	**(874)**	**(51)**	**46**	**4,111**	2,721	1,652	516	(14)	115	4,990
Consumer:											
Credit cards	**929**	**107**	**(163)**	**61**	**934**	1,020	33	111	(295)	60	929
Overdrafts	**587**	**425**	**(641)**	**312**	**683**	1,169	—	79	(886)	225	587
Automobile loans	**399**	**(233)**	**(19)**	**39**	**186**	612	(7)	(176)	(60)	30	399
Other consumer	**577**	**(254)**	**(72)**	**63**	**314**	374	307	(57)	(240)	193	577
Total Traditional Banking	**49,699**	**93**	**(1,460)**	**1,075**	**49,407**	28,205	6,734	16,130	(2,769)	1,399	49,699
Warehouse lines of credit	**2,407**	**(281)**	**—**	**—**	**2,126**	1,794	—	613	—	—	2,407
Total Core Banking	**52,106**	**(188)**	**(1,460)**	**1,075**	**51,533**	29,999	6,734	16,743	(2,769)	1,399	52,106
Republic Processing Group:											
Tax Refund Solutions:											
Easy Advances	**—**	**6,723**	**(10,256)**	**3,533**	**—**	—	—	13,033	(19,575)	6,542	—
Other TRS loans	**158**	**(40)**	**(51)**	**29**	**96**	234	—	156	(234)	2	158
Republic Credit Solutions	**8,803**	**8,444**	**(4,707)**	**408**	**12,948**	13,118	—	1,219	(6,163)	629	8,803
Total Republic Processing Group	**8,961**	**15,127**	**(15,014)**	**3,970**	**13,044**	13,352	—	14,408	(25,972)	7,173	8,961
Total	**$ 61,067**	**$ 14,939**	**$ (16,474)**	**$ 5,045**	**$ 64,577**	$ 43,351	$ 6,734	$ 31,151	$ (28,741)	$ 8,572	$ 61,067

(in thousands)	ACLL Rollforward Year Ended December 31, 2019 Beginning Balance	Provision for Credit Loss	Charge-offs	Recoveries	Ending Balance
Traditional Banking:					
Residential real estate:					
Owner occupied	$ 6,035	$ (1,087)	$ (610)	$ 391	$ 4,729
Nonowner occupied	1,662	125	(73)	23	1,737
Commercial real estate	10,030	1,859	(1,407)	4	10,486
Construction & land development	2,555	(403)	—	—	2,152
Commercial & industrial	2,873	1,505	(1,505)	9	2,882
Lease financing receivables	158	(11)	—	—	147
Aircraft	91	85	—	—	176
Home equity	3,477	(764)	(64)	72	2,721
Consumer:					
Credit cards	1,140	226	(402)	56	1,020
Overdrafts	1,102	1,155	(1,310)	222	1,169
Automobile loans	724	(42)	(79)	9	612
Other consumer	500	(204)	(263)	341	374
Total Traditional Banking	30,347	2,444	(5,713)	1,127	28,205
Warehouse lines of credit	1,172	622	—	—	1,794
Total Core Banking	31,519	3,066	(5,713)	1,127	29,999
Republic Processing Group:					
Tax Refund Solutions:					
Easy Advances	—	10,643	(13,425)	2,782	—
Other TRS loans	107	606	(692)	213	234
Republic Credit Solutions	13,049	11,443	(12,566)	1,192	13,118
Total Republic Processing Group	13,156	22,692	(26,683)	4,187	13,352
Total	$ 44,675	$ 25,758	$ (32,396)	$ 5,314	$ 43,351

The cumulative loss rate used as the basis for the estimate of the Company's ACLL as of December 31, 2021 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 2020, 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., TDRs.

For its CRE loan pool, the Company employed a one-year forecast of CRE vacancy rates through March 31, 2021 but discontinued use of this forecast during the second quarter of 2021 in favor of a one-year forecast of general CRE values. This change in forecast method had no material impact on the Company's ACLL.

Nonperforming Loans and Nonperforming Assets

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

December 31, (in thousands)	2021	2020
Loans on nonaccrual status*	**$ 20,504**	$ 23,548
Loans past due 90-days-or-more and still on accrual**	**48**	47
Total nonperforming loans	**20,552**	23,595
Other real estate owned	**1,792**	2,499
Total nonperforming assets	**$ 22,344**	$ 26,094
Credit Quality Ratios - Total Company:		
Nonperforming loans to total loans	**0.46 %**	0.49 %
Nonperforming assets to total loans (including OREO)	**0.50**	0.54
Nonperforming assets to total assets	**0.37**	0.42
Credit Quality Ratios - Core Bank:		
Nonperforming loans to total loans	**0.47 %**	0.50 %
Nonperforming assets to total loans (including OREO)	**0.51**	0.56
Nonperforming assets to total assets	**0.40**	0.45

**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 table presents the recorded investment in nonaccrual loans and loans past due 90-days-or-more and still on accrual by class of loans:

December 31, (in thousands)	Nonaccrual 2021	Nonaccrual 2020	Past Due 90-Days-or-More and Still Accruing Interest* 2021	Past Due 90-Days-or-More and Still Accruing Interest* 2020
Traditional Banking:				
Residential real estate:				
Owner occupied	**$ 12,039**	$ 14,328	**$ —**	$ —
Nonowner occupied	**95**	81	**—**	—
Commercial real estate	**6,557**	6,762	**—**	—
Construction & land development	**—**	—	**—**	—
Commercial & industrial	**13**	55	**—**	—
Paycheck Protection Program		—	**—**	
Lease financing receivables	**—**	—	**—**	—
Aircraft		—	**—**	
Home equity	**1,700**	2,141	**—**	—
Consumer:				
Credit cards	**—**	—	**—**	5
Overdrafts	**—**	—	**1**	—
Automobile loans	**97**	170	**—**	—
Other consumer	**3**	11	**—**	—
Total Traditional Banking	**20,504**	23,548	**1**	5
Warehouse lines of credit	**—**	—	**—**	—
Total Core Banking	**20,504**	23,548	**1**	5
Republic Processing Group:				
Tax Refund Solutions:				
Easy Advances	**—**	—	**—**	—
Other TRS loans	**—**	—	**—**	—
Republic Credit Solutions	**—**	—	**47**	42
Total Republic Processing Group	**—**	—	**47**	42
Total	**$ 20,504**	$ 23,548	**$ 48**	$ 47

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

(in thousands)	As of December 31, 2021 Nonaccrual Loans with ACLL	As of December 31, 2021 Nonaccrual Loans without ACLL	As of December 31, 2021 Total Nonaccrual Loans	Year Ended December 31, 2021 Interest Income Recognized on Nonaccrual Loans*
Residential real estate:				
Owner occupied	**$ 1,944**	**$ 10,095**	**$ 12,039**	**$ 874**
Nonowner occupied	**31**	**64**	**95**	**6**
Commercial real estate	**4,105**	**2,452**	**6,557**	**154**
Construction & land development	**—**	**—**	**—**	**—**
Commercial & industrial	**—**	**13**	**13**	**3**
Paycheck Protection Program	**—**	**—**	**—**	**—**
Lease financing receivables	**—**	**—**	**—**	**—**
Aircraft	**—**	**—**	**—**	**—**
Home equity	**—**	**1,700**	**1,700**	**152**
Consumer	**17**	**83**	**100**	**10**
Total	**$ 6,097**	**$ 14,407**	**$ 20,504**	**$ 1,199**

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

(in thousands)	As of December 31, 2020 Nonaccrual Loans with ACLL	Nonaccrual Loans without ACLL	Total Nonaccrual Loans	Year Ended December 31, 2020 Interest Income Recognized on Nonaccrual Loans*
Residential real estate:				
Owner occupied	$ 1,995	$ 12,333	$ 14,328	$ 824
Nonowner occupied	8	73	81	11
Commercial real estate	576	6,186	6,762	857
Construction & land development	—	—	—	—
Commercial & industrial	—	55	55	17
Paycheck Protection Program	—	—	—	—
Lease financing receivables	—	—	—	—
Aircraft	—	—	—	—
Home equity	91	2,050	2,141	94
Consumer	69	112	181	13
	$ 2,739	$ 20,809	$ 23,548	$ 1,816

** 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 include both 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. TDRs 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:

December 31, 2021 (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	$ 606	$ 383	$ 610	$ 1,599	$ 819,132	$ 820,731
Nonowner occupied	—	—	—	—	306,323	306,323
Commercial real estate	—	—	5,292	5,292	1,450,717	1,456,009
Construction & land development	—	—	—	—	129,337	129,337
Commercial & industrial	8	—	13	21	340,342	340,363
Paycheck Protection Program	—	—	—	—	56,014	56,014
Lease financing receivables	—	—	—	—	8,637	8,637
Aircraft	—	—	—	—	142,894	142,894
Home equity	38	35	241	314	210,264	210,578
Consumer:						
Credit cards	19	11	—	30	14,480	14,510
Overdrafts	160	3	1	164	519	683
Automobile loans	—	—	9	9	14,439	14,448
Other consumer	1	—	—	1	1,431	1,432
Total Traditional Banking	832	432	6,166	7,430	3,494,529	3,501,959
Warehouse lines of credit	—	—	—	—	850,550	850,550
Total Core Banking	832	432	6,166	7,430	4,345,079	4,352,509
Republic Processing Group:						
Tax Refund Solutions:						
Easy Advances	—	—	—	—	—	—
Other TRS loans	—	—	—	—	50,987	50,987
Republic Credit Solutions	5,010	978	47	6,035	87,031	93,066
Total Republic Processing Group	5,010	978	47	6,035	138,018	144,053
Total	$ 5,842	$ 1,410	$ 6,213	$ 13,465	$ 4,483,097	$ 4,496,562
Delinquency ratio* **	0.13 %	0.03 %	0.14 %	0.30 %		

**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, 2020 (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	$ 1,038	$ 668	$ 1,554	$ 3,260	$ 876,540	$ 879,800
Nonowner occupied	—	—	—	—	264,780	264,780
Commercial real estate	—	348	5,109	5,457	1,343,628	1,349,085
Construction & land development	—	—	—	—	98,674	98,674
Commercial & industrial	—	—	12	12	325,584	325,596
Paycheck Protection Program	—	—	—	—	392,319	392,319
Lease financing receivables	—	—	—	—	10,130	10,130
Aircraft	—	—	—	—	101,375	101,375
Home equity	93	14	595	702	239,938	240,640
Consumer:						
Credit cards	33	35	5	73	14,123	14,196
Overdrafts	140	5	2	147	440	587
Automobile loans	42	—	14	56	30,244	30,300
Other consumer	6	—	—	6	8,161	8,167
Total Traditional Banking	1,352	1,070	7,291	9,713	3,705,936	3,715,649
Warehouse lines of credit	—	—	—	—	962,796	962,796
Total Core Banking	1,352	1,070	7,291	9,713	4,668,732	4,678,445
Republic Processing Group:						
Tax Refund Solutions:						
Easy Advances	—	—	—	—	—	—
Other TRS loans	—	—	—	—	23,765	23,765
Republic Credit Solutions	6,572	3,620	42	10,234	100,659	110,893
Total Republic Processing Group	6,572	3,620	42	10,234	124,424	134,658
Total	$ 7,924	$ 4,690	$ 7,333	$ 19,947	$ 4,793,156	$ 4,813,103
Delinquency ratio***	0.16 %	0.10 %	0.15 %	0.41 %		

**All loans past due 90 days-or-more, excluding small-dollar 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 divided by total loans.*

Collateral-Dependent Loans

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2021 and 2020:

(in thousands)	**December 31, 2021**		December 31, 2020	
	Secured by Real Estate	**Secured by Personal Property**	Secured by Real Estate	Secured by Personal Property
Traditional Banking:				
Residential real estate:				
Owner occupied	**$ 14,798**	**$ —**	$ 17,212	$ —
Nonowner occupied	**95**	**—**	81	—
Commercial real estate	**6,736**	**—**	10,205	—
Construction & land development	**—**	**—**	—	—
Commercial & industrial	**—**	**192**	—	12
Paycheck Protection Program	**—**	**—**	—	—
Lease financing receivables	**—**	**—**	—	—
Aircraft	**—**	**—**	—	—
Home equity	**1,976**	**—**	2,899	—
Consumer	**—**	**274**	—	237
Total Traditional Banking	**$ 23,605**	**$ 466**	$ 30,397	$ 249

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 cost, when selling costs are applicable. Selling costs range from 10%-13%, with those percentages based on annual studies performed by the Company.

Impaired Loans

The following table presents loans individually evaluated for impairment by class of loans as of December 31, 2019. The difference between the "Unpaid Principal Balance" and "Recorded Investment" columns represents life-to-date partial write downs/charge-offs taken on individual impaired credits.

	As of December 31, 2019			Year Ended December 31, 2019		
(in thousands)	Unpaid Principal Balance	Recorded Investment	Allocated ACLL	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
Impaired loans with no allocated ACLL:						
Residential real estate:						
Owner occupied	$ 14,768	$ 13,893	$ —	$ 12,655	$ 191	$ —
Nonowner occupied	1,515	1,448	—	1,425	57	—
Commercial real estate	15,028	12,547	—	7,514	298	—
Construction & land development	198	198	—	65	2	—
Commercial & industrial	3,308	1,792	—	913	35	—
Lease financing receivables	—	—	—	—	—	—
Aircraft	—	—	—	—	—	—
Home equity	3,107	3,023	—	2,140	75	—
Consumer	206	160	—	76	4	—
Impaired loans with allocated ACLL:						
Residential real estate:						
Owner occupied	12,954	12,911	1,392	13,824	502	—
Nonowner occupied	—	—	—	108	—	—
Commercial real estate	3,228	3,228	432	3,624	151	—
Construction & land development	—	—	—	30	—	—
Commercial & industrial	197	197	22	2,054	3	—
Lease financing receivables	—	—	—	—	—	—
Aircraft	—	—	—	—	—	—
Home equity	263	263	174	417	8	—
Consumer	701	690	492	555	16	—
Total impaired loans	$ 55,473	$ 50,350	$ 2,512	$ 45,400	$ 1,342	$ —

Troubled Debt Restructurings

A TDR is a situation where, due to a borrower's financial difficulties, the Bank grants a concession to the borrower that the Bank would not otherwise have considered. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of their debt in the foreseeable future without the modification. This evaluation is performed in accordance with the Bank's internal underwriting policy.

The majority of the Bank's commercial-related and construction TDRs involve a restructuring of financing terms, such as a reduction in the payment amount to require only interest and escrow (if required) and/or extending the maturity date of the debt. The substantial majority of the Bank's residential real estate TDR concessions involve reducing the client's loan payment through a rate reduction for a set period based on the borrower's ability to service the modified loan payment. Retail loans may also be classified as TDRs due to legal modifications, such as bankruptcies.

Nonaccrual loans modified as TDRs typically remain on nonaccrual status and continue to be reported as nonperforming loans for a minimum of six consecutive months. Accruing loans modified as TDRs are evaluated for nonaccrual status based on a current evaluation of the borrower's financial condition and ability and willingness to service the modified debt. As of December 31, 2021 and 2020, $6 million and $7 million of TDRs were on nonaccrual status.

Detail of TDRs differentiated by loan type and accrual status follows:

December 31, 2021 (dollars in thousands)	Troubled Debt Restructurings on Nonaccrual Status		Troubled Debt Restructurings on Accrual Status		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate	**63**	**$ 3,179**	**89**	**$ 7,856**	**152**	**$ 11,035**
Commercial real estate	**2**	**2,575**	**2**	**1,239**	**4**	**3,814**
Commercial & industrial	**2**	**45**	**1**	**1**	**3**	**46**
Consumer	**1**	**12**	**2,269**	**479**	**2,270**	**491**
Total troubled debt restructurings	**68**	**$ 5,811**	**2,361**	**$ 9,575**	**2,429**	**$ 15,386**

December 31, 2020 (dollars in thousands)	Troubled Debt Restructurings on Nonaccrual Status		Troubled Debt Restructurings on Accrual Status		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate	61	$ 4,189	123	$ 11,041	184	$ 15,230
Commercial real estate	2	2,509	5	2,395	7	4,904
Construction & land development	—	—	1	44	1	44
Commercial & industrial	—	—	1	1	1	1
Consumer	1	14	2,194	585	2,195	599
Total troubled debt restructurings	64	$ 6,712	2,324	$ 14,066	2,388	$ 20,778

The Bank considers a TDR to be performing to its modified terms if the loan is in accrual status and not past due 30 days-or-more as of the reporting date. A summary of the categories of TDR loan modifications outstanding and respective performance under modified terms as of December 31, 2021 and 2020 follows:

December 31, 2021 (dollars in thousands)	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Rate reduction	**82**	**$ 7,461**	**4**	**$ 303**	**86**	**$ 7,764**
Principal deferral	**7**	**729**	**—**	**—**	**7**	**729**
Legal modification	**48**	**2,100**	**11**	**442**	**59**	**2,542**
Total residential TDRs	**137**	**10,290**	**15**	**745**	**152**	**11,035**
Commercial related and construction/land development loans:						
Rate reduction	**1**	**919**	**—**	**—**	**1**	**919**
Principal deferral	**5**	**477**	**1**	**2,464**	**6**	**2,941**
Total commercial TDRs	**6**	**1,396**	**1**	**2,464**	**7**	**3,860**
Consumer loans:						
Principal deferral	**2,266**	**470**	**—**	**—**	**2,266**	**470**
Legal modification	**4**	**21**	**—**	**—**	**4**	**21**
Total consumer TDRs	**2,270**	**491**	**—**	**—**	**2,270**	**491**
Total troubled debt restructurings	**2,413**	**$ 12,177**	**16**	**$ 3,209**	**2,429**	**$ 15,386**

December 31, 2020 (dollars in thousands)	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	1	$ 826	—	$ —	1	$ 826
Rate reduction	101	9,526	6	370	107	9,896
Principal deferral	9	858	2	166	11	1,024
Legal modification	58	3,068	7	416	65	3,484
Total residential TDRs	169	14,278	15	952	184	15,230
Commercial related and construction/land development loans:						
Interest only payments	1	488	—	—	1	488
Rate reduction	2	1,046	1	45	3	1,091
Principal deferral	4	906	1	2,464	5	3,370
Total commercial TDRs	7	2,440	2	2,509	9	4,949
Consumer loans:						
Principal deferral	2,193	578	—	—	2,193	578
Legal modification	2	21	—	—	2	21
Total consumer TDRs	2,195	599	—	—	2,195	599
Total troubled debt restructurings	2,371	$ 17,317	17	$ 3,461	2,388	$ 20,778

As of December 31, 2021 and 2020, 79% and 83% of the Bank's TDR balances were performing according to their modified terms. The Bank had provided $2 million and $1 million of specific reserve allocations to clients whose loan terms have been modified in TDRs as of December 31, 2021 and 2020. The Bank had no commitments to lend any additional material amounts to its existing TDR relationships as of December 31, 2021 and 2020.

A summary of the categories of TDR loan modifications and respective performance as of December 31, 2021, 2020, and 2019 that were modified during the years ended December 31, 2021, 2020, and 2019 follows:

December 31, 2021 (dollars in thousands)	**Troubled Debt Restructurings Performing to Modified Terms**		**Troubled Debt Restructurings Not Performing to Modified Terms**		**Total Troubled Debt Restructurings**	
	Number of Loans	**Recorded Investment**	**Number of Loans**	**Recorded Investment**	**Number of Loans**	**Recorded Investment**
Residential real estate loans (including home equity loans):						
Principal deferral	**1**	**$ 159**	**—**	**$ —**	**1**	**$ 159**
Legal modification	**9**	**309**	**5**	**272**	**14**	**581**
Total residential TDRs	**10**	**468**	**5**	**272**	**15**	**740**
Commercial related and construction/land development loans:						
Principal deferral	**2**	**45**	**—**	**—**	**2**	**45**
Total commercial TDRs	**2**	**45**	**—**	**—**	**2**	**45**
Consumer loans:						
Principal deferral	**621**	**92**	**—**	**—**	**621**	**92**
Legal modification	**2**	**4**	**—**	**—**	**2**	**4**
Total consumer TDRs	**623**	**96**	**—**	**—**	**623**	**96**
Total troubled debt restructurings	**635**	**$ 609**	**5**	**$ 272**	**640**	**$ 881**

December 31, 2020 (dollars in thousands)	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Rate reduction	2	$ 53	1	$ 3	3	$ 56
Legal modification	15	701	3	131	18	832
Total residential TDRs	17	754	4	134	21	888
Commercial related and construction/land development loans:						
Principal deferral	2	133	—	—	2	133
Total commercial TDRs	2	133	—	—	2	133
Consumer loans:						
Principal deferral	486	71	—	—	486	71
Legal modification	1	14	—	—	1	14
Total consumer TDRs	487	85	—	—	487	85
Total troubled debt restructurings	506	$ 972	4	$ 134	510	$ 1,106

The tables above are inclusive of loans that were TDRs at the end of previous years and were re-modified, e.g., a maturity date extension during the current year.

December 31, 2019 (dollars in thousands)	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Rate reduction	1	$ 365	—	$ —	1	$ 365
Principal deferral	—	—	—	—	—	—
Legal modification	26	1,958	5	417	31	2,375
Total residential TDRs	27	2,323	5	417	32	2,740
Commercial related and construction/land development loans:						
Rate reduction	2	1,423	—	—	2	1,423
Principal deferral	4	3,199	—	—	4	3,199
Legal modification	—	—	2	1,027	2	1,027
Total commercial TDRs	6	4,622	2	1,027	8	5,649
Consumer loans:						
Principal deferral	1,279	201	—	—	1,279	201
Legal modification	1	9	—	—	1	9
Total consumer TDRs	1,280	210	—	—	1,280	210
Total troubled debt restructurings	1,313	$ 7,155	7	$ 1,444	1,320	$ 8,599

The table above is inclusive of loans that were TDRs at the end of previous years and were re-modified, e.g., a maturity date extension during the current year.

As of December 31, 2021, 2020, and 2019, 69%, 88% and 83% of the Bank's TDR balances that occurred during the years ended December 31, 2021, 2020, and 2019 were performing according to their modified terms. The Bank provided approximately $45,000, $48,000 and $220,000 in specific reserve allocations to clients whose loan terms were modified in TDRs during 2021, 2020, and 2019.

There was no significant change between the pre and post modification loan balances as of December 31, 2021, 2020, and 2019.

The following tables present loans by class modified as troubled debt restructurings within the previous 12 months of December 31, 2021, 2020, and 2019 and for which there was a payment default during 2021, 2020, and 2019:

	Years Ended December 31,					
	2021		2020		2019	
(dollars in thousands)	**Number of Loans**	**Recorded Investment**	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate:						
Owner occupied	**5**	**$ 314**	5	$ 218	4	$ 248
Commercial real estate	**—**	**—**	—	—	1	541
Commercial & industrial	**—**	**—**	—	—	2	1,027
Home equity	**1**	**14**	2	32	—	—
Consumer	**—**	**—**	—	—	1,279	201
Total	**6**	**$ 328**	7	$ 250	1,286	$ 2,017

COVID-19 Loan Accommodations

The CARES Act provided several forms of economic relief designed to defray the impact of COVID-19. In April 2020, through its own independent relief efforts and CARES Act provisions, the Company began offering loan accommodations through deferrals and forbearances. These accommodations were generally under three-month terms for commercial clients, with residential and consumer accommodations in line with prevailing regulatory and legal parameters. Loans that received an accommodation were generally not considered troubled debt restructurings by the Company if such loans were not greater than 30 days past due as of December 31, 2019.

As of December 31, 2021, $2 million, or less than 1% of the Company's Traditional Bank portfolio remained under a COVID-19 hardship accommodation.

Foreclosures

The following table presents the carrying amount of foreclosed properties held as of December 31, 2021 and 2020 as a result of the Bank obtaining physical possession of such properties:

December 31, (in thousands)	**2021**	2020
Residential real estate	**$ —**	$ 496
Commercial real estate	**1,792**	2,003
Total other real estate owned	**$ 1,792**	$ 2,499

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 local requirements of the applicable jurisdiction as of December 31, 2021 and 2020:

December 31, (in thousands)	**2021**	2020
Recorded investment in consumer residential real estate mortgage loans in the process of foreclosure	**$ 508**	$ 981

Easy Advances

The Company's TRS segment offered its EA product during the first two months of 2021, 2020, and 2019. During the first quarter of each year, the Company bases its estimated Provision for EAs on the current year's EA delinquency information and the prior year's tax refund payment patterns subsequent to the first quarter. Each year, all unpaid EAs are charged off by June 30th, and each quarter thereafter, any credits to the Provision for EAs matches the recovery of previously charged-off accounts.

Information regarding EAs follows:

(dollars in thousands)	Years Ended December 31, 2021	2020	2019
Easy Advances originated	$ **250,045**	$ 387,762	$ 388,970
Net charge to the Provision for Easy Advances	**6,723**	13,033	10,643
Provision to total Easy Advances originated	**2.69** %	3.36 %	2.74 %
Easy Advances net charge-offs	$ **6,723**	$ 13,033	$ 10,643
Easy Advances net charge-offs to total Easy Advances originated	**2.69** %	3.36 %	2.74 %

5. PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment follows:

December 31, (in thousands)	2021	2020
Land	**$ 3,818**	$ 4,303
Buildings and improvements	**32,629**	33,225
Furniture, fixtures and equipment	**51,429**	51,467
Leasehold improvements	**22,430**	21,921
Construction in progress	**—**	—
Total premises and equipment	**110,306**	110,916
Less: Accumulated depreciation and amortization	**74,233**	71,404
Premises and equipment, net	**$ 36,073**	$ 39,512

Depreciation expense related to premises and equipment follows:

Years Ended December 31, (in thousands)	2021	2020	2019
Depreciation expense	**$ 8,986**	$ 9,725	$ 9,230

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

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

As of December 31, 2021, the Company was under 45 separate and distinct operating lease contracts to lease the land and/or buildings for 36 of its offices, with 14 such operating leases contracted with a related party of the Company. As of December 31, 2021, payments on 24 of the Company's operating leases were considered variable because such payments were adjustable based on periodic changes in the Consumer Price Index.

The Company executed no new operating leases during 2021. The Company renewed a related-party lease on one of its Louisville, Kentucky banking centers during the fourth quarter of 2020 that commenced in January 2021 with a right-of-use asset value of $392,000. During the second quarter of 2021, the Company extended one third-party lease for an additional five years, with the extended term beginning during the third quarter of 2021 and valued at approximately $263,000. During the fourth quarter of 2021, the Company recorded two amendments to one related-party lease to add leased space, with these amendments valued at approximately $1.1 million.

The following table presents information concerning the Company's operating lease expense recorded as a noninterest expense within the category "Occupancy and equipment, net" for years ended December 31, 2021, 2020, and 2019:

Years Ended December 31, (in thousands)	2021	2020	2019
Operating lease expense:			
Related Party:			
Variable lease expense	**$ 4,921**	$ 4,885	$ 4,690
Fixed lease expense	**137**	91	37
Third Party:			
Variable lease expense	**787**	786	883
Fixed lease expense	**1,372**	1,617	1,505
Short-term lease expense	**—**	—	62
Total operating lease expense	**$ 7,217**	$ 7,379	$ 7,177
Other information concerning operating leases:			
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 7,286**	$ 7,254	$ 7,175
Short-term lease payments not included in the measurement of lease liabilities	**—**	—	62

The following table presents the weighted average remaining term and weighted average discount rate for the Company's non-short-term operating leases as of December 31, 2021 and 2020:

December 31, (dollars in thousands)	2021	2020
Weighted average remaining term in years	**7.57**	**8.37**
Weighted average discount rate	**3.05 %**	**3.10** %

The following table presents a maturity schedule of the Company's operating lease liabilities based on undiscounted cash flows, and a reconciliation of those undiscounted cash flows to the operating lease liabilities recognized on the Company's balance sheet as of December 31, 2021:

Year (in thousands)	Related Party	Third Party	Total
2022	$ 4,767	$ 2,513	$ 7,280
2023	4,767	2,090	6,857
2024	4,633	1,558	6,191
2025	4,456	1,021	5,477
2026	3,504	883	4,387
Thereafter	12,696	1,908	14,604
Total undiscounted cash flows	$ 34,823	$ 9,973	$ 44,796
Discount applied to cash flows	(3,891)	(1,233)	(5,124)
Total discounted cash flows reported as operating lease liabilities	$ 30,932	$ 8,740	$ 39,672

7. GOODWILL AND CORE DEPOSIT INTANGIBLE ASSETS

A progression of the balance for goodwill follows:

Years Ended December 31, (in thousands)	2021	2020	2019
Beginning of period	**$ 16,300**	$ 16,300	$ 16,300
Acquired goodwill	**—**	—	—
Impairment	**—**	—	—
End of period	**$ 16,300**	$ 16,300	$ 16,300

The goodwill balance relates entirely to the Company's Traditional Banking segment and Core Banking operations.

The Company adopted ASU 2017-04 on January 1, 2020, which simplified goodwill impairment testing by eliminating Step 2 from the goodwill impairment test. The ASU also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test.

Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. As of December 31, 2021 and 2020, the Company's Core Banking reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more-likely-than-not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was not more-likely-than-not that the carrying value of the reporting unit exceeded its fair value.

8. INTEREST RATE SWAPS

Interest Rate Swaps Used as Cash Flow Hedges

The Bank entered into two interest rate swap agreements ("swaps") during 2013 as part of its interest rate risk management strategy. The Bank designated these swaps as cash flow hedges intended to reduce the variability in cash flows attributable to either FHLB advances tied to the 3-month LIBOR or the overall changes in cash flows on certain money market deposit accounts tied to the 1-month LIBOR. Both swaps matured in December 2020. The impact of these swap transactions on the consolidated statements of income and OCI during the years ended December 31, 2021, 2020, and 2019 is considered immaterial.

Non-hedge Interest Rate Swaps

The Bank enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments to meet client needs, 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 counter party 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 has no credit risk.

A summary of the Bank's interest rate swaps related to clients as of December 31, 2021 and 2020 is included in the following table:

December 31, (in thousands)	Bank Position	**2021** Notional Amount	**2021** Fair Value	2020 Notional Amount	2020 Fair Value
Interest rate swaps with Bank clients - Assets	Pay variable/receive fixed	**$ 107,502**	**$ 5,786**	$ 138,277	$ 12,545
Interest rate swaps with Bank clients - Liabilities	Pay variable/receive fixed	**16,423**	**(298)**	—	—
Interest rate swaps with Bank clients - Total	Pay variable/receive fixed	**$ 123,925**	**$ 5,488**	$ 138,277	$ 12,545
Offsetting interest rate swaps with institutional swap dealer	Pay fixed/receive variable	**123,925**	**(5,488)**	138,277	(12,545)
Total		**$ 247,850**	**$ —**	$ 276,554	$ —

The Bank is required to pledge securities as collateral when the Bank is in a net loss position for all swaps with dealer counterparties when such net loss positions exceed $250,000. The fair value of cash or investment securities pledged as collateral by the Bank to cover such net loss positions totaled $6.8 million and $13.3 million as of December 31, 2021 and 2020.

9. DEPOSITS

The composition of the deposit portfolio follows:

December 31, (in thousands)	**2021**	2020
Core Bank:		
Demand	**$ 1,381,522**	$ 1,217,263
Money market accounts	**789,876**	712,824
Savings	**311,624**	236,335
Individual retirement accounts (1)	**43,724**	47,889
Time deposits, $250 and over (1)	**81,050**	83,448
Other certificates of deposit (1)	**154,174**	199,214
Reciprocal money market and time deposits (1)	**77,950**	314,109
Brokered deposits (1)	**—**	25,010
Total Core Bank interest-bearing deposits	**2,839,920**	2,836,092
Total Core Bank noninterest-bearing deposits	**1,579,173**	1,503,662
Total Core Bank deposits	**4,419,093**	4,339,754
Republic Processing Group:		
Money market accounts	**9,717**	6,673
Total RPG interest-bearing deposits	**9,717**	6,673
Brokered prepaid card deposits	**320,907**	257,856
Other noninterest-bearing deposits	**90,701**	128,898
Total RPG noninterest-bearing deposits	**411,608**	386,754
Total RPG deposits	**421,325**	393,427
Total deposits	**$ 4,840,418**	$ 4,733,181

(1) Includes time deposits.

As of December 31, 2021, the scheduled maturities and weighted average rate of all time deposits, including brokered and reciprocal certificates of deposit, were as follows:

Years (dollars in thousands)		Principal	Weighted Average Rate
2022	$	199,167	0.53 %
2023		70,017	2.42
2024		18,845	1.40
2025		4,004	0.51
2026		4,163	0.30
Thereafter		18	0.44
Total	$	296,214	1.03

10. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

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 December 31, 2021 and 2020, all securities sold under agreements to repurchase had overnight maturities. Additional information regarding securities sold under agreements to repurchase follows:

December 31, (dollars in thousands)		2021		2020
Outstanding balance at end of period	**$**	**290,967**	$	211,026
Weighted average interest rate at end of period		**0.04 %**		0.04 %
Fair value of securities pledged:				
U.S. Treasury securities and U.S. Government agencies	**$**	**108,813**	$	60,059
Mortgage backed securities - residential		**167,561**		140,554
Collateralized mortgage obligations		**33,441**		29,656
Total securities pledged	**$**	**309,815**	$	230,269

Additional information regarding securities sold under agreements to repurchase for the years ended December 31, 2021, 2020, and 2019 follows:

Years Ended December 31, (in thousands)		2021		2020		2019
Average outstanding balance during the period	**$**	**231,430**	$	204,797	$	236,883
Average interest rate during the period		**0.03 %**		0.09 %		0.51 %
Maximum outstanding at any month end during the period	**$**	**432,047**	$	295,698	$	276,927

11. FEDERAL HOME LOAN BANK ADVANCES

As of December 31, 2021 and 2020, FHLB advances were as follows:

December 31, (in thousands)	2021	2020
Overnight advances	$ 25,000	$ 225,000
Fixed interest rate advances	—	10,000
Total FHLB advances	$ 25,000	$ 235,000

The Company incurred $2.1 million early termination penalties on the payoff of $60 million in FHLB advances during 2020, with no similar penalty incurred in 2021 or 2019.

FHLB advances are collateralized by a blanket pledge of eligible real estate loans. As of December 31, 2021 and 2020, Republic had available borrowing capacity of $900 million and $683 million, respectively, from the FHLB. In addition to its borrowing capacity with the FHLB, Republic also had unsecured lines of credit totaling $125 million and $125 million available through various other financial institutions as of December 31, 2021 and 2020.

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
2022	$ 25,000	0.14 %
2023	—	—
2024	—	—
2025	—	—
2026	—	—
Total	$ 25,000	0.14 %

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:

December 31, (dollars in thousands)	2021	2020
Outstanding balance at end of period	$ 25,000	$ 225,000
Weighted average interest rate at end of period	0.14 %	0.16 %

Years Ended December 31, (dollars in thousands)	2021	2020	2019
Average outstanding balance during the period	$ 28,767	$ 25,546	$ 270,992
Average interest rate during the period	0.15 %	0.81 %	2.43 %
Maximum outstanding at any month end during the period	$ 25,000	$ 250,000	$ 785,000

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

December 31, (in thousands)	2021	2020
First lien, single family residential real estate	$ 1,041,461	$ 1,048,236
Home equity lines of credit	186,396	208,944

12. SUBORDINATED NOTE

In 2005, Republic Bancorp Capital Trust, an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in TPS. The sole asset of RBCT represented the proceeds of the offering loaned to Republic in exchange for a subordinated note with similar terms to the TPS. On September 30, 2021, as permitted under the terms of RBCT's governing documents, Republic repaid the subordinated note and redeemed the TPS at par without penalty.

13. OFF BALANCE SHEET RISKS, COMMITMENTS AND CONTINGENT LIABILITIES

COVID-19 Pandemic

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. Since March 2020, to slow the spread of COVID-19, jurisdictions within the U.S. have imposed economic and social restrictions on the population in general and non-essential businesses in particular. These restrictions in combination with the public's response to them effectively suspended or curtailed economic activity for many industries across the U.S., with industries in the Company's market footprint impacted.

While vaccines for the virus began rolling out during 2021, the future potential financial impact of the COVID-19 pandemic is still unknown at this time. This pandemic and the public's response to it could cause the Company to experience a material adverse impact on its business operations, asset valuations, financial condition, and results of operations. Material adverse impacts may include all or a combination of valuation impairments on the Company's intangible assets, investments, loans, MSRs, deferred tax assets, or counterparty risk derivatives.

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 year ended:

December 31, (in thousands)	2021	2020
Unused warehouse lines of credit	**$ 565,950**	$ 456,004
Unused home equity lines of credit	**348,681**	353,322
Unused loan commitments - other	**828,229**	775,128
Standby letters of credit	**11,305**	10,949
FHLB letter of credit	**643**	643
Total commitments	**$ 1,754,808**	$ 1,596,046

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 rollforward of the ACLC for years ended December 31, 2021 and 2020:

	ACLC Rollforward Years Ended December 31,										
	2021					2020					
(in thousands)	**Beginning Balance**	**Provision**	**Charge-offs**	**Recoveries**	**Ending Balance**	Beginning Balance	ASC 326 Adoption	Provision	Charge-offs	Recoveries	Ending Balance
Loan Commitments											
Unused warehouse lines of credit	**$ 79**	**$ 75**	**$ —**	**$ —**	**$ 154**	$ —	$ 55	$ 24	$ —	$ —	$ 79
Unused home equity lines of credit	**173**	**74**	**—**	**—**	**247**	—	89	84	—	—	173
Unused loan commitments - other	**737**	**(86)**	**—**	**—**	**651**	—	312	425	—	—	737
Total	**$ 989**	**$ 63**	**$ —**	**$ —**	**$ 1,052**	$ —	$ 456	$ 533	$ —	$ —	$ 989

The Company decreased its ACLC during 2021 based on a decrease in the expected loss rate for its unused commitments.

14. STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL MATTERS

Common Stock — The Company's 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 the Bank. 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 January 1, 2022, the Bank could, without prior approval, declare dividends of approximately $118 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 Parent Company and the Bank are subject to various regulatory capital requirements administered by banking regulators. 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 about components, risk weightings, and other factors.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2021 and 2020, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

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.

	Actual		Minimum Requirement for Capital Adequacy Purposes		Minimum Requirement to be Well Capitalized Under Prompt Corrective Action Provisions	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2021						
Total capital to risk-weighted assets						
Republic Bancorp, Inc.	**$ 878,488**	**17.47 %**	**$ 402,327**	**8.00 %**	**NA**	**NA**
Republic Bank & Trust Company	**861,815**	**17.14**	**402,184**	**8.00**	**$ 502,730**	**10.00 %**
Common equity tier 1 capital to risk-weighted assets						
Republic Bancorp, Inc.	**823,504**	**16.37**	**226,309**	**4.50**	**NA**	**NA**
Republic Bank & Trust Company	**806,831**	**16.05**	**226,228**	**4.50**	**326,774**	**6.50**
Tier 1 (core) capital to risk-weighted assets						
Republic Bancorp, Inc.	**823,504**	**16.37**	**301,745**	**6.00**	**NA**	**NA**
Republic Bank & Trust Company	**806,831**	**16.05**	**301,638**	**6.00**	**402,184**	**8.00**
Tier 1 leverage capital to average assets						
Republic Bancorp, Inc.	**823,504**	**13.35**	**246,424**	**4.00**	**NA**	**NA**
Republic Bank & Trust Company	**806,831**	**13.10**	**246,334**	**4.00**	**307,917**	**5.00**

	Actual		Minimum Requirement for Capital Adequacy Purposes		Minimum Requirement to be Well Capitalized Under Prompt Corrective Action Provisions	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2020						
Total capital to risk-weighted assets						
Republic Bancorp, Inc.	$ 896,053	18.52 %	$ 387,163	8.00 %	NA	NA
Republic Bank & Trust Company	796,114	16.46	386,842	8.00	$ 483,553	10.00 %
Common equity tier 1 capital to risk-weighted assets						
Republic Bancorp, Inc.	803,682	16.61	217,779	4.50	NA	NA
Republic Bank & Trust Company	743,743	15.38	217,599	4.50	314,309	6.50
Tier 1 (core) capital to risk-weighted assets						
Republic Bancorp, Inc.	843,682	17.43	290,372	6.00	NA	NA
Republic Bank & Trust Company	743,743	15.38	290,132	6.00	386,842	8.00
Tier 1 leverage capital to average assets						
Republic Bancorp, Inc.	843,682	13.70	246,385	4.00	NA	NA
Republic Bank & Trust Company	743,743	12.11	245,723	4.00	307,154	5.00

15. 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 2 "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 December 31, 2021. 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: In December 2019, the Bank began offering RCS installment loans with terms ranging from 12 to 60 months to borrowers in multiple states. Balances originated under this RCS installment loan program are carried as "held for sale" on the Bank's balance sheet, with the intent to sell within sixteen days following the Bank's origination of the loans. Loans originated under this RCS installment loan program are carried at fair value under a fair-value option, with the portfolio marked to market monthly. Fair value for these loans is based on contractual sales terms, Level 3 inputs.

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

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:

	Fair Value Measurements at December 31, 2021 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
Financial assets:				
Available-for-sale debt securities:				
U.S. Treasury securities and U.S. Government agencies	$ 70,112	$ 167,347	$ —	$ 237,459
Private label mortgage-backed security	—	—	2,731	2,731
Mortgage-backed securities - residential	—	210,749	—	210,749
Collateralized mortgage obligations	—	30,294	—	30,294
Corporate bonds	—	10,046	—	10,046
Trust preferred security	—	—	3,847	3,847
Total available-for-sale debt securities	$ 70,112	$ 418,436	$ 6,578	$ 495,126
Equity securities with readily determinable fair value:				
Freddie Mac preferred stock	$ —	$ 170	$ —	$ 170
Community Reinvestment Act mutual fund	2,450	—	—	2,450
Total equity securities with readily determinable fair value	$ 2,450	$ 170	$ —	$ 2,620
Mortgage loans held for sale	$ —	$ 29,393	$ —	$ 29,393
Consumer loans held for sale	—	—	19,747	19,747
Consumer loans held for investment	—	—	170	170
Rate lock loan commitments	—	1,404	—	1,404
Mandatory forward contracts	—	66	—	66
Interest rate swap agreements	—	5,786	—	5,786
Financial liabilities:				
Interest rate swap agreements	$ —	$ 5,786	$ —	$ 5,786

(in thousands)	Fair Value Measurements at December 31, 2020 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	$ 66,634	$ 180,275	$ —	$ 246,909
Private label mortgage-backed security	—	—	2,957	2,957
Mortgage-backed securities - residential	—	211,202	—	211,202
Collateralized mortgage obligations	—	48,952	—	48,952
Corporate bonds	—	10,043	—	10,043
Trust preferred security	—	—	3,800	3,800
Total available-for-sale debt securities	$ 66,634	$ 450,472	$ 6,757	$ 523,863
Equity securities with readily determinable fair value:				
Freddie Mac preferred stock	$ —	$ 560	$ —	$ 560
Community Reinvestment Act mutual fund	2,523	—	—	2,523
Total equity securities with readily determinable fair value	$ 2,523	$ 560	$ —	$ 3,083
Mortgage loans held for sale	$ —	$ 46,867	$ —	$ 46,867
Consumer loans held for sale	—	—	3,298	3,298
Consumer loans held for investment	—	—	497	497
Rate lock loan commitments	—	4,540	—	4,540
Interest rate swap agreements	—	12,545	—	12,545
Financial liabilities:				
Mandatory forward contracts	$ —	$ 976	$ —	$ 976
Interest rate swap agreements	—	12,545	—	12,545

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 years ended December 31, 2021 and 2020.

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) for the periods ended December 31, 2021, 2020, and 2019:

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):

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 2,957**	$ 3,495	$ 3,712
Total gains or losses included in earnings:			
Net change in unrealized gain	**63**	(35)	(79)
Recovery of actual losses previously recorded	**—**	—	151
Principal paydowns	**(289)**	(503)	(289)
Balance, end of period	**$ 2,731**	$ 2,957	$ 3,495

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.

The following tables present quantitative information about recurring Level 3 fair value measurements as of December 31, 2021 and 2020:

December 31, 2021 (dollars in thousands)	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Range**
Private label mortgage-backed security	**$ 2,731**	**Discounted cash flow**	**(1) Constant prepayment rate**	**4.5% - 5.7%**
			(2) Probability of default	**1.8% - 9.3%**
			(3) Loss severity	**50% - 75%**

December 31, 2020 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range
Private label mortgage-backed security	$ 2,957	Discounted cash flow	(1) Constant prepayment rate	4.5% - 18.0%
			(2) Probability of default	1.8% - 9.0%
			(3) Loss severity	50% - 75%

Trust Preferred Security

The Company invested in its TRUP in November 2015. 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) for the years ending December 31, 2021, 2020, and 2019:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 3,800**	$ 4,000	$ 4,075
Total gains or losses included in earnings:			
Discount accretion	**53**	56	42
Net change in unrealized gain	**(6)**	(256)	(117)
Balance, end of period	**$ 3,847**	$ 3,800	$ 4,000

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 loan and in accordance with Bank policy for such instruments. None of these loans were past due 90-days-or-more nor on nonaccrual as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the aggregate fair value, contractual balance (including accrued interest), and unrealized gain was as follows:

December 31, (in thousands)	2021	2020
Aggregate fair value	**$ 29,393**	$ 46,867
Contractual balance	**28,668**	44,781
Unrealized gain	**725**	2,086

The total amount of gains and losses from changes in fair value of mortgage loans held for sale included in earnings for 2021, 2020, and 2019 are presented in the following table:

Years Ended December 31, (in thousands)	2021	2020	2019
Interest income	**$ 1,081**	$ 1,362	$ 697
Change in fair value	**(1,361)**	1,552	239
Total included in earnings	**$ (280)**	$ 2,914	$ 936

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 December 31, 2021 and 2020.

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:

December 31, 2021 (dollars in thousands)	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Rate**
Consumer loans held for sale	**$ 19,747**	**Contract Terms**	**(1) Net Premium**	**1.4%**
			(2) Discounted Sales	**5.00%**

December 31, 2020 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Rate
Consumer loans held for sale	$ 3,298	Contract Terms	(1) Net Premium	1.4%
			(2) Discounted Sales	5.00%

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

December 31, (in thousands)	2021	2020
Aggregate fair value	**$ 19,747**	$ 3,298
Contractual balance	**19,633**	3,284
Unrealized gain	**114**	14

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:

Years Ended December 31, (in thousands)	2021	2020	2019
Interest income	$ 7,708	$ 1,808	$ 13
Change in fair value	100	9	5
Total included in earnings	$ 7,808	$ 1,817	$ 18

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

(in thousands)	**Fair Value Measurements at December 31, 2021 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	**$ —**	**$ —**	**$ 1,626**	**$ 1,626**
Commercial real estate	**—**	**—**	**2,841**	**2,841**
Home equity	**—**	**—**	**378**	**378**
Total collateral-dependent loans*	**$ —**	**$ —**	**$ 4,845**	**$ 4,845**
Other real estate owned:				
Commercial real estate	**$ —**	**$ —**	**$ 1,792**	**$ 1,792**
Total other real estate owned	**$ —**	**$ —**	**$ 1,792**	**$ 1,792**

(in thousands)	Fair Value Measurements at December 31, 2020 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	$ —	$ —	$ 3,860	$ 3,860
Commercial real estate	—	—	4,107	4,107
Home equity	—	—	395	395
Total collateral-dependent loans*	$ —	$ —	$ 8,362	$ 8,362
Other real estate owned:				
Residential real estate	$ —	$ —	$ 2,003	$ 2,003
Total other real estate owned	$ —	$ —	$ 2,003	$ 2,003
Mortgage servicing rights	$ —	$ 3,233	$ —	$ 3,233

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

The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a **non-recurring basis** as of December 31, 2021 and 2020:

December 31, 2021 (dollars in thousands)		**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Range (Weighted Average)**
Collateral-dependent loans - residential real estate owner occupied	**$**	**1,626**	**Sales comparison approach**	**Adjustments determined for differences between comparable sales**	**0% - 51% (10%)**
Collateral-dependent loans - commercial real estate	**$**	**2,841**	**Sales comparison approach**	**Adjustments determined for differences between comparable sales**	**12% - 13% (12%)**
Collateral-dependent loans - home equity	**$**	**378**	**Sales comparison approach**	**Adjustments determined for differences between comparable sales**	**2%-4% (3%)**
Other real estate owned - commercial real estate	**$**	**1,792**	**Sales comparison approach**	**Adjustments determined for differences between comparable sales**	**33% (33%)**

December 31, 2020 (dollars in thousands)		Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans - residential real estate owner occupied	$	3,860	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 51% (8%)
Collateral-dependent loans - commercial real estate	$	4,107	Sales comparison approach	Adjustments determined for differences between comparable sales	7% - 31% (26%)
Collateral-dependent loans - home equity	$	395	Sales comparison approach	Adjustments determined for differences between comparable sales	2%-6% (5%)
Other real estate owned - commercial real estate	$	2,003	Sales comparison approach	Adjustments determined for differences between comparable sales	26% (26%)

Collateral Dependent/Impaired 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.

Collateral-dependent/impaired loans are as follows:

December 31, (in thousands)		**2021**		2020
Carrying amount of loans measured at fair value	**$**	**4,928**	$	7,110
Estimated selling costs considered in carrying amount		**842**		1,252
Valuation allowance		**(925)**		—
Total fair value	**$**	**4,845**	$	8,362

Years Ended December 31, (in thousands)		**2021**		2020		2019
Provision on collateral-dependent loans	**$**	**960**	$	559	$	3,039

Other Real Estate Owned

Other real estate owned, which is carried at the lower of cost or fair value, is periodically assessed for impairment based on fair value at the reporting date. Fair value is determined from external appraisals or BPOs using judgments and estimates of external professionals. Many of these inputs are not observable and, accordingly, these measurements are classified as Level 3.

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

December 31, (in thousands)	**2021**	2020	2019
Other real estate owned carried at fair value	**$ 1,792**	$ 2,003	$ —
Other real estate owned carried at cost	**—**	496	113
Total carrying value of other real estate owned	**$ 1,792**	$ 2,499	$ 113
Other real estate owned write-downs during the years ended	**$ 211**	$ 105	$ —

The carrying amounts and estimated exit price fair values of financial instruments, as of December 31, 2021 and 2020 follow:

		Fair Value Measurements at December 31, 2021:			
(in thousands)	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Cash and cash equivalents	**$ 756,971**	**$ 756,971**	**$ —**	**$ —**	**$ 756,971**
Available-for-sale debt securities	**495,126**	**70,112**	**418,436**	**6,578**	**495,126**
Held-to-maturity debt securities	**44,299**	**—**	**44,764**	**—**	**44,764**
Equity securities with readily determinable fair values	**2,620**	**2,450**	**170**	**—**	**2,620**
Mortgage loans held for sale, at fair value	**29,393**	**—**	**29,393**	**—**	**29,393**
Consumer loans held for sale, at fair value	**19,747**	**—**	**—**	**19,747**	**19,747**
Consumer loans held for sale, at the lower of cost or fair value	**2,937**	**—**	**—**	**2,937**	**2,937**
Loans, net	**4,431,985**	**—**	**—**	**4,445,244**	**4,445,244**
Federal Home Loan Bank stock	**10,311**	**—**	**—**	**—**	**NA**
Accrued interest receivable	**9,877**	**—**	**9,877**	**—**	**9,877**
Mortgage servicing rights	**9,196**	**—**	**11,540**	**—**	**11,540**
Rate lock loan commitments	**1,404**	**—**	**1,404**	**—**	**1,404**
Mandatory forward contracts	**66**	**—**	**66**	**—**	**66**
Interest rate swap agreements	**5,786**	**—**	**5,786**	**—**	**5,786**
Liabilities:					
Noninterest-bearing deposits	**$ 1,990,781**	**—**	**$ 1,990,781**	**—**	**$ 1,990,781**
Transaction deposits	**2,553,423**	**—**	**2,553,423**	**—**	**2,553,423**
Time deposits	**296,214**	**—**	**298,236**	**—**	**298,236**
Securities sold under agreements to repurchase and other short-term borrowings	**290,967**	**—**	**290,967**	**—**	**290,967**
Federal Home Loan Bank advances	**25,000**	**—**	**25,000**	**—**	**25,000**
Accrued interest payable	**159**	**—**	**159**	**—**	**159**
Interest rate swap agreements	**5,786**	**—**	**5,786**	**—**	**5,786**

NA - Not applicable

(in thousands)	Carrying Value	Fair Value Measurements at December 31, 2020: Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 485,587	$ 485,587	$ —	$ —	$ 485,587
Available-for-sale debt securities	523,863	66,634	450,472	6,757	523,863
Held-to-maturity debt securities	53,324	—	54,190	—	54,190
Equity securities with readily determinable fair values	3,083	2,523	560	—	3,083
Mortgage loans held for sale, at fair value	46,867	—	46,867	—	46,867
Consumer loans held for sale, at fair value	3,298	—	—	3,298	3,298
Consumer loans held for sale, at the lower of cost or fair value	1,478	—	—	1,478	1,478
Loans, net	4,752,036	—	—	4,749,831	4,749,831
Federal Home Loan Bank stock	17,397	—	—	—	NA
Accrued interest receivable	12,925	—	12,925	—	12,925
Mortgage servicing rights	7,095	—	8,318	—	8,318
Rate lock loan commitments	4,540	—	4,540	—	4,540
Interest rate swap agreements	12,545	—	12,545	—	12,545
Liabilities:					
Noninterest-bearing deposits	$ 1,890,416	—	$ 1,890,416	—	$ 1,890,416
Transaction deposits	2,444,361	—	2,444,361	—	2,444,361
Time deposits	398,404	—	404,773	—	404,773
Securities sold under agreements to repurchase and other short-term borrowings	211,026	—	211,026	—	211,026
Federal Home Loan Bank advances	235,000	—	235,009	—	235,009
Subordinated note	41,240	—	31,071	—	31,071
Accrued interest payable	342	—	342	—	342
Mandatory forward contracts	976	—	976	—	976
Interest rate swap agreements	12,545	—	12,545	—	12,545

NA - Not applicable

16. MORTGAGE BANKING ACTIVITIES

Mortgage Banking activities primarily include residential mortgage originations and servicing.

Activity for mortgage loans held for sale was as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 46,867**	$ 19,224	$ 8,971
Origination of mortgage loans held for sale	**680,714**	782,939	356,097
Proceeds from the sale of mortgage loans held for sale	**(717,847)**	(788,475)	(354,660)
Net gain on sale of mortgage loans held for sale	**19,659**	33,179	8,816
Balance, end of period	**$ 29,393**	$ 46,867	$ 19,224

Mortgage loans serviced for others are not reported as assets. The following table provides information for loans serviced by the Bank for the FHLMC and FNMA as of December 31, 2021 and 2020:

December 31, (in thousands)	**2021**	2020
FHLMC	**$ 1,004,199**	$ 949,249
FNMA	**378,942**	327,955
Total	**$ 1,383,141**	$ 1,277,204

Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and processing foreclosures. Custodial escrow account balances maintained in connection with serviced loans were approximately $14 million and $20 million as of December 31, 2021 and 2020.

The following table presents the components of Mortgage Banking income:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Net gain realized on sale of mortgage loans held for sale	**$ 23,114**	$ 28,721	$ 8,013
Net change in fair value recognized on loans held for sale	**(1,361)**	1,552	239
Net change in fair value recognized on rate lock loan commitments	**(3,136)**	3,751	433
Net change in fair value recognized on forward contracts	**1,042**	(845)	131
Net gain recognized	**19,659**	33,179	8,816
Loan servicing income	**3,288**	2,924	2,506
Amortization of mortgage servicing rights	**(3,453)**	(3,756)	(1,823)
Change in mortgage servicing rights valuation allowance	**500**	(500)	—
Net servicing income recognized	**335**	(1,332)	683
Total Mortgage Banking income	**$ 19,994**	$ 31,847	$ 9,499

Activity for capitalized mortgage servicing rights was as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 7,095**	$ 5,888	$ 4,919
Additions	**5,054**	5,463	2,792
Amortized to expense	**(3,453)**	(3,756)	(1,823)
Change in valuation allowance	**500**	(500)	—
Balance, end of period	**$ 9,196**	$ 7,095	$ 5,888

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

Years Ended December 31, (in thousands)	2021	2020	2019
Beginning valuation allowance	**$ 500**	$ —	$ —
Charge during the period	**(500)**	500	—
Ending valuation allowance	**$ —**	$ 500	$ —

Other information relating to mortgage servicing rights follows:

December 31, (in thousands)	2021	2020
Fair value of mortgage servicing rights portfolio	**$ 11,540**	$ 8,318
Monthly weighted average prepayment rate of unpaid principal balance*	**208 %**	308 %
Discount rate	**10.15 %**	10.08 %
Weighted average foreclosure rate	**0.19 %**	0.44 %
Weighted average life in years	**5.93**	4.85

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

Estimated future amortization expense of the MSR portfolio (net of any applicable impairment charge) follows; however, actual amortization expense will be impacted by loan payoffs and changes in estimated lives that occur during each respective year:

Year	**(in thousands)**
2022	$ 1,493
2023	1,489
2024	1,473
2025	1,357
2026	1,141
2027	866
Thereafter	1,377
Total	$ 9,196

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 or to purchase TBA securities and are used to manage interest rate risk on loan commitments and mortgage loans held for sale. Interest rate lock loan commitments represent commitments to fund loans at a specific rate. These derivatives involve underlying items, such as interest rates, and are designed to transfer risk. Substantially all of these instruments expire within 90 days from the date of issuance. Notional amounts are amounts on which calculations and payments are based, but which do not represent credit exposure, as credit exposure is limited to the amounts required to be received or paid.

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

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

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

	2021		2020	
December 31, (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	**$ 28,668**	**$ 29,393**	$ 44,781	$ 46,867
Included in other assets:				
Rate lock loan commitments	**$ 56,736**	**$ 1,404**	$ 105,395	$ 4,540
Mandatory forward contracts	**70,812**	**66**	—	—
Included in other liabilities:				
Mandatory forward contracts	**$ —**	**$ —**	$ 136,236	$ 976

17. STOCK PLANS AND STOCK BASED COMPENSATION

In January 2015, the Company's Board of Directors adopted the Republic Bancorp, Inc. 2015 Stock Incentive Plan (the "2015 Plan"), which replaced the 2005 Stock Incentive Plan. The number of authorized shares under the 2015 Plan is fixed at 3,000,000, with such number subject to adjustment in the event of certain events, such as stock dividends, stock splits, or the like. There is a minimum three-year vesting period for awards granted to employees under the 2015 Plan that vest based solely on the completion of a specified period of service, with options generally exercisable five to six years after the issue date. Stock options generally must be exercised within one year from the date the options become exercisable and have an exercise price that is at least equal to the fair market value of the Company's stock on their grant date.

All shares issued under the 2015 Plan were from authorized and reserved unissued shares. The Company has a sufficient number of authorized and reserved unissued shares to satisfy all anticipated option exercises. There are no Class B stock options outstanding or available for exercise under the Company's plans.

Stock Options

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes based stock option valuation model. This model requires the input of subjective assumptions that will usually have a significant impact on the fair value estimate. Expected volatilities are based on historical volatility of Republic's stock and other factors. Expected dividends are based on dividend trends and the market price of Republic's stock price at grant. Republic uses historical data to estimate option exercises and employee terminations within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

All share-based payments to employees, including grants of employee stock options, are recognized as compensation expense over the service period (generally the vesting period) in the consolidated financial statements based on their fair values.

The fair value of stock options granted was determined using the following weighted average assumptions as of grant date:

Years Ended December 31,	**2021**	2020	2019
Risk-free interest rate	**0.20 %**	0.44 %	1.85 %
Expected dividend yield	**3.18 %**	3.53 %	2.25 %
Expected stock price volatility	**31.71 %**	23.71 %	20.11 %
Expected life of options (in years)	**4**	5	5
Estimated fair value per share	**$ 6.26**	$ 4.06	$ 7.12

The following table summarizes stock option activity from January 1, 2020 through December 31, 2021:

	Options Class A Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2020	311,450	$ 36.43		
Granted	285,995	32.37		
Exercised	(64,850)	24.44		
Forfeited or expired	(26,650)	35.95		
Outstanding, December 31, 2020	505,945	$ 35.70	3.48	$ 1,925,343
Outstanding, January 1, 2021	**505,945**	**$ 35.70**		
Granted	**53,757**	**36.36**		
Exercised	**(72,350)**	**24.60**		
Forfeited or expired	**(26,850)**	**35.37**		
Outstanding, December 31, 2021	**460,502**	**$ 37.54**	**3.08**	**$ 6,126,647**
Unvested	**457,002**	**$ 37.57**	**3.08**	**$ 6,066,094**
Exercisable (vested) at December 31, 2021	**3,500**	**$ 33.54**	**0.49**	**$ 60,553**

Information related to the stock options during each year follows:

Years Ended December 31,	**2021**	2020	2019
Intrinsic value of options exercised	**$ 1,335**	$ 634	$ 2,249
Cash received from options exercised, net of shares redeemed	**(142)**	210	(191)

Loan balances of non-executive officer employees that were originated solely to fund stock option exercises were as follows:

December 31, (in thousands)	**2021**	2020
Outstanding loans	**$ 239**	$ 390

Restricted Stock Awards

Restricted stock awards generally vest within six years after issue, with accelerated vesting due to “change in control” or “death or disability of a participant” as defined and outlined in the 2015 Plan.

The following table summarizes restricted stock activity from January 1, 2020 through December 31, 2021:

	Restricted Stock Awards Class A Shares		Weighted-Average Grant Date Fair Value
Outstanding, January 1, 2020	41,110	$	37.37
Granted	1,218		34.02
Forfeited	—		—
Earned and issued	(2,828)		30.77
Outstanding, December 31, 2020	39,500	$	38.56
Outstanding, January 1, 2021	**39,500**	**$**	**38.56**
Granted	**26,473**		**41.43**
Forfeited	**(2,000)**		**38.30**
Earned and issued	**(7,914)**		**44.28**
Outstanding, December 31, 2021	**56,059**	**$**	**39.12**
Unvested	**56,059**	**$**	**39.12**

The fair value of the restricted stock awards is based on the closing stock price on the date of grant with the associated expense amortized to compensation expense over the vesting period, generally five to six years.

Performance Stock Units

The Company first granted PSUs under the 2015 Plan in January 2016. Half of the shares underlying these PSUs were earned and issued in the first quarter of 2019. The remaining half of the shares underlying these PSUs were earned and issued during the first quarter of 2020.

On, January 27, 2021, the Company granted PSUs to certain executive officers. These granted PSUs were subsequently forfeited, as their performance criteria were not met.

The following table summarizes PSU activity from January 1, 2020 through December 31, 2021:

	Performance Stock Units Class A Shares		Weighted-Average Grant Date Fair Value
Outstanding, January 1, 2020	23,000	$	23.08
Granted	—		—
Forfeited	—		—
Earned and issued	(23,000)		23.08
Outstanding, December 31, 2020	—	$	—
Outstanding, January 1, 2021	**—**	**$**	—
Granted	**10,667**		**36.29**
Forfeited	**(10,667)**		**36.29**
Earned and issued	**—**		**—**
Outstanding, December 31, 2021	**—**	**$**	**—**

Expense Related to Stock Incentive Plans

The Company recorded expense related to stock incentive plans for the years ended December 31, 2021, 2020, and 2019 as follows:

Years Ended December 31, (in thousands)	2021	2020	2019
Stock option expense	**$ 574**	$ 463	$ 364
Restricted stock award expense	**738**	396	728
Performance stock unit expense	**129**	—	(57)
Total expense	**$ 1,441**	$ 859	$ 1,035

Unrecognized expenses related to unvested awards under stock incentive plans are estimated as follows:

Year (in thousands)	Stock Options	Restricted Stock Awards	Total
2022	$ 590	$ 462	$ 1,053
2023	472	484	957
2024	96	378	475
2025	18	84	103
2026	2	28	30
2027 and beyond	—	11	11
Total	$ 1,178	$ 1,447	$ 2,629

Deferred Compensation

On April 19, 2018, the shareholders of Republic approved an amendment and restatement of the Non-Employee Director and Key Employee Deferred Compensation Plan (the "Plan"). Prior to the Plan's 2018 amendment and restatement, only directors participated in the plan, with the 2018 amendment and restatement initiating key-employee participation. The Plan provides non-employee directors and designated key employees the ability to defer compensation and have those deferred amounts paid later in the form of Company Class A Common shares based on the shares that could have been acquired as the deferrals were made. The Company maintains a bookkeeping account for each director or key-employee participant, and at the end of each fiscal quarter, deferred compensation is converted to "stock units" equal to the amount of compensation deferred during the quarter divided by the quarter-end fair market value of the Company's Class A Common stock. Stock units for each participant's account are also credited with an amount equal to the cash dividends that would have been paid on the number of stock units in the account if the stock units were deemed to be outstanding shares of stock. Any dividends credited are converted into additional stock units at the end of the fiscal quarter in which the dividends were paid.

DIRECTORS

Members of the Board of Directors may defer board and committee fees from two to five years, with each director participant retaining a nonforfeitable interest in his or her deferred compensation account.

The following table presents information on director deferred compensation under the Plan for the periods presented:

	Outstanding Stock Units	Weighted-Average Market Price at Date of Deferral
Outstanding, January 1, 2020	67,363	$ 27.65
Deferred fees and dividend equivalents converted to stock units	13,930	32.20
Stock units converted to Class A Common Shares	(4,967)	44.58
Outstanding, December 31, 2020	76,326	$ 27.38
Outstanding, January 1, 2021	**76,326**	**$ 27.38**
Deferred fees and dividend equivalents converted to stock units	**14,371**	**46.28**
Stock units converted to Class A Common Shares	**(3,897)**	**39.09**
Outstanding, December 31, 2021	**86,800**	**$ 29.98**
Vested	**86,800**	**$ 29.98**

Director deferred compensation has been expensed as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Director deferred compensation expense	**$ 417**	$ 352	$ 213

KEY EMPLOYEES

Designated key employees may defer a portion of their base salaries on a pre-tax basis under the Plan, with the Company matching employee deferrals up to a prescribed limit. With limited exception, the Company match amount remains unvested until December 31st of the year that is five years from the beginning of the year that the Company match is made.

The following table presents information on key-employee deferred compensation under the Plan for the periods presented:

	Outstanding Stock Units	Weighted-Average Market Price at Date of Deferral
Outstanding, January 1, 2020	23,378	$ 41.75
Deferred base salaries and dividend equivalents converted to stock units	12,754	32.17
Matching stock units credited	12,754	32.17
Matching stock units forfeited	—	—
Stock units converted to Class A Common Shares	—	—
Outstanding, December 31, 2020	48,886	$ 37.37
Outstanding, January 1, 2021	**48,886**	**$ 37.37**
Deferred base salaries and dividend equivalents converted to stock units	**9,186**	**47.69**
Matching stock units credited	**9,138**	**47.69**
Matching stock units forfeited	**(1,892)**	**47.92**
Stock units converted to Class A Common Shares	**—**	**—**
Outstanding, December 31, 2021	**65,318**	**$ 39.96**
Vested	**48,120**	**$ 39.96**
Unvested	**17,198**	**$ 39.96**

The following presents key-employee deferred compensation expense for the period presented:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Key-employee - base salary	**$ 429**	$ 408	$ 319
Key-employee - employer match	**178**	158	49
Total	**$ 607**	$ 566	$ 368

Employee Stock Purchase Plan

On April 19, 2018, the shareholders of Republic approved the ESPP. Under the ESPP, participating employees may purchase shares of the Company Class A Common Stock through payroll withholdings at a purchase price that cannot be less than 85% of the lower of the fair market value of the Company's Class A Common Stock on the first trading day of each offering period or on the last trading day of each offering period. Participating employees were able purchase the Company's Class A Common Stock through the ESPP at:

- 90% of its fair market value on the last day of the three-month offering periods ended March 31, 2019, June 30, 2019, September 30, 2019, and December 31, 2019; and
- 85% of fair market value on the last day of the three-month offering periods ended March 31, 2020, June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, September 30, 2021, and December 31, 2021.

The following presents expense under the ESPP for the period presented:

Years Ended December 31, (in thousands)	**2021**	2020	2019
ESPP expense	**$ 104**	$ 94	$ 49

18. BENEFIT PLANS

401(k) Plan

Republic maintains a 401(k) plan for eligible employees. All eligible employees are automatically enrolled at 6% of their eligible compensation within 30 days of their date of hire unless the eligible employee elects to enroll sooner. Participants in the plan have the option to contribute from 1% to 75% of their annual eligible compensation, up to the maximum allowed by the IRS. The Company matches 100% of participant contributions up to 1% and an additional 75% for participant contributions between 2% and 5% of each participant's annual eligible compensation. Participants are fully vested after two years of employment.

Republic may also contribute discretionary matching contributions in addition to the matching contributions if the Company achieves certain operating goals. Normal and discretionary contributions for each of the periods ended were as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Employer matching contributions	**$ 3,373**	$ 3,205	$ 3,185
Discretionary employer bonus matching contributions	**—**	117	207

Supplemental Executive Retirement Plan

In association with its May 17, 2016 Cornerstone acquisition, the Company inherited a SERP. The SERP requires the Company to pay monthly benefits following retirement of the SERP's four participants. The Company accrues the present value of such benefits monthly. The SERP liability was approximately $2 million and $2 million as of December 31, 2021 and 2020. Expense under the SERP was $232,000, $34,000, and $97,000 for the years ended December 31, 2021, 2020, and 2019.

19. INCOME TAXES

Allocation of federal and state income tax between current and deferred portion is as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Current expense:			
Federal	**$ 19,122**	$ 25,762	$ 18,906
State	**4,116**	2,450	1,751
Deferred expense:			
Federal	**(246)**	(7,249)	1,880
State	**560**	(1,576)	(1,043)
Total	**$ 23,552**	$ 19,387	$ 21,494

Effective tax rates differ from federal statutory rate applied to income before income taxes due to the following:

Years Ended December 31,	2021	2020	2019
Federal corporate tax rate	**21.00 %**	21.00 %	21.00 %
Effect of:			
State taxes, net of federal benefit	**3.35**	1.43	1.43
General business tax credits	**(1.80)**	(2.01)	(1.14)
Nontaxable income	**(1.09)**	(0.75)	(0.85)
Reversal of valuation allowance/establishment of net operating loss DTA	**—**	(0.04)	(0.74)
Tax benefit of vesting employee benefits	**(0.20)**	(0.15)	(0.42)
Deferred tax asset due to KY HB354	**—**	(0.97)	(0.20)
Other, net	**0.08**	0.38	(0.09)
Effective tax rate	**21.34**	18.89	18.99

Year-end DTAs and DTLs were due to the following:

December 31, (in thousands)	2021	2020
Deferred tax assets:		
Allowance for credit losses	**$ 16,071**	$ 14,999
Operating lease liabilities	**9,884**	10,911
Accrued expenses	**5,721**	5,062
Net operating loss carryforward(1)	**1,550**	2,577
Acquisition fair value adjustments	**124**	181
Other-than-temporary impairment	**402**	448
Paycheck Protection Program Fees	**337**	2,159
Other	**2,079**	1,655
Total deferred tax assets	**36,168**	37,992
Deferred tax liabilities:		
Right of use assets - operating leases	**(9,673)**	(10,667)
Depreciation and amortization	**(3,682)**	(3,612)
Federal Home Loan Bank dividends	**(709)**	(1,161)
Deferred loan costs	**(2,275)**	(2,235)
Lease Financing Receivables	**(2,094)**	(2,154)
Mortgage servicing rights	**(2,291)**	(1,746)
Unrealized investment securities gains	**(625)**	(2,836)
Bargain purchase gain	**—**	(659)
Total deferred tax liabilities	**(21,349)**	(25,070)
Less: Valuation allowance	**—**	—
Net deferred tax asset	**$ 14,819**	$ 12,922

(1) The Company has federal and state net operating loss carryforwards (acquired in its 2016 Cornerstone acquisition) of $6.6 million (federal) and $3.9 million (state). These carryforwards begin to expire in 2030 for both federal and state purposes. The use of these federal and state carryforwards is each limited under IRC Section 382 to $722,000 annually for federal and $634,000 annually for state. Finally, the Company has state AMT credit carryforwards of $15,000 with no expiration date and a state tax credit carryforward of $142,000 that is expected to be fully utilized in 2022.

Unrecognized Tax Benefits

The following table shows a reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Balance, beginning of period	**$ 1,941**	$ 1,707	$ 1,327
Additions based on tax related to the current period	**433**	455	364
Additions for tax positions of prior periods	**253**	24	55
Reductions for tax positions of prior periods	**—**	(72)	—
Reductions due to the statute of limitations	**(436)**	(82)	(39)
Settlements	**—**	(91)	—
Balance, end of period	**$ 2,191**	$ 1,941	$ 1,707

Of the 2021 total, $1.8 million represented the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

It is the Company's policy to recognize interest and penalties as a component of income tax expense related to its unrecognized tax benefits. Amounts related to interest and penalties recorded in the income statements for the years ended December 31, 2021, 2020, and 2019 and accrued on the balance sheets as of December 31, 2021, 2020, and 2019 are presented below:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Interest and penalties recorded in the income statement as a component of income tax expense	**$ 267**	$ 57	$ 173
Interest and penalties accrued on balance sheet	**777**	510	514

The Company files income tax returns in the U.S. federal jurisdiction. The Company is no longer subject to U.S. federal income tax examinations by taxing authorities for all years prior to and including 2017.

Low Income Housing Tax Credits

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.

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

December 31, (in thousands)		**2021**		2020	
Investment	Accounting Method	**Investment**	**Unfunded Commitment**	Investment	Unfunded Commitment
Low income housing tax credit investments - Gross	Proportional amortization	**$ 33,417**	**$ 23,383**	$ 18,909	$ 27,891
Life-to-date amortization		**(6,181)**	**NA**	(2,701)	NA
Low income housing tax credit investments - Net		**$ 27,236**	**$ 23,383**	$ 16,208	$ 27,891

20. 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. *See Footnote 14, "Stockholders' Equity and Regulatory Capital Matters" of this section of the filing.*

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:

Years Ended December 31, (in thousands, except per share data)		**2021**		2020		2019
Net income	**$**	**86,789**	$	83,246	$	91,699
Dividends declared on Common Stock:						
Class A Shares		**(22,451)**		(21,433)		(19,771)
Class B Shares		**(2,435)**		(2,288)		(2,121)
Undistributed net income for basic earnings per share		**61,903**		59,525		69,807
Weighted average potential dividends on Class A shares upon exercise of dilutive options		**(100)**		(35)		(118)
Undistributed net income for diluted earnings per share	**$**	**61,803**	$	59,490	$	69,689
Weighted average shares outstanding:						
Class A Shares		**18,497**		18,838		18,813
Class B Shares		**2,178**		2,201		2,210
Effect of dilutive securities on Class A Shares outstanding		**82**		30		112
Weighted average shares outstanding including dilutive securities		**20,757**		21,069		21,135
Basic earnings per share:						
Class A Common Stock:						
Per share dividends distributed	**$**	**1.23**	$	1.14	$	1.06
Undistributed earnings per share*		**3.02**		2.86		3.35
Total basic earnings per share - Class A Common Stock	$	**4.25**	$	4.00	$	4.41
Class B Common Stock:						
Per share dividends distributed	**$**	**1.12**	$	1.04	$	0.96
Undistributed earnings per share*		**2.75**		2.60		3.05
Total basic earnings per share - Class B Common Stock	**$**	**3.87**	$	3.64	$	4.01
Diluted earnings per share:						
Class A Common Stock:						
Per share dividends distributed	**$**	**1.23**	$	1.14	$	1.06
Undistributed earnings per share*		**3.01**		2.85		3.33
Total diluted earnings per share - Class A Common Stock	**$**	**4.24**	$	3.99	$	4.39
Class B Common Stock:						
Per share dividends distributed	**$**	**1.12**	$	1.04	$	0.96
Undistributed earnings per share*		**2.73**		2.59		3.03
Total diluted earnings per share - Class B Common Stock	**$**	**3.85**	$	3.63	$	3.99

**To arrive at undistributed earnings per share, undistributed net income is first pro rated 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:

Years Ended December 31,	**2021**	2020	2019
Antidilutive stock options	**144,000**	338,995	154,750
Average antidilutive stock options	**142,625**	282,489	151,260

21. TRANSACTIONS WITH RELATED PARTIES AND THEIR AFFILIATES

Republic leases office facilities under operating leases from limited liability companies in which Republic's Executive Chair/Chief Executive Officer and Vice Chair are partners. Rent expense and obligations under these leases are presented in Footnote 6 in this section of the filing.

Loans made to executive officers and directors of Republic and their related interests during 2021 were as follows:

	(in thousands)
Beginning balance	**$ 15,720**
Effect of changes in composition of related parties	**(3,338)**
New loans	**5,306**
Repayments	**(10,240)**
Ending balance	**$ 7,448**

Deposits from executive officers, directors, and their affiliates totaled $123 million and $124 million as of December 31, 2021 and 2020.

By an agreement dated December 14, 1989, as amended August 8, 1994, the Company entered into a split-dollar insurance agreement with a trust established by the Company's deceased former Chair, Bernard M. Trager. Pursuant to the agreement, from 1989 through 2002 the Company paid $690,000 in total annual premiums on the insurance policies held in the trust. The policies are joint-life policies payable upon the death of Mrs. Jean Trager, as the survivor of her husband Bernard M. Trager. The cash surrender value of the policies was approximately $2 million and $2 million as of December 31, 2021 and 2020.

Pursuant to the terms of the trust, the beneficiaries of the trust will each receive the proceeds of the policies after the repayment of any unreimbursed portion of the $690,000 annual premiums paid by the Company. The unreimbursed portion constitutes indebtedness from the trust to the Company and is secured by a collateral assignment of the policies. As of December 31, 2021 and 2020, the unreimbursed portion was $340,000 and $440,000, and the net death benefit under the policies was approximately $5 million. Upon the termination of the agreement, whether by the death of Mrs. Trager or earlier cancellation, the Company is entitled to be repaid by the trust the amount of indebtedness outstanding at that time.

22. OTHER COMPREHENSIVE INCOME

OCI components and related tax effects were as follows:

Years Ended December 31, (in thousands)	**2021**	2020	2019
Available-for-Sale Debt Securities:			
Unrealized gains and (losses) on AFS debt securities	**$ (8,908)**	$ 7,147	$ 5,689
Unrealized gain (loss) of AFS debt security for which a portion of OTTI has been recognized in earnings	**63**	(35)	(79)
Net unrealized (losses) gains	**(8,845)**	7,112	5,610
Tax effect	**2,210**	(1,778)	(1,348)
Net of tax	**(6,635)**	5,334	4,262
Cash Flow Hedges:			
Change in fair value of derivatives used for cash flow hedges	**—**	(177)	(199)
Reclassification amount for net derivative losses realized in income	**—**	281	(20)
Net gains (losses)	**—**	104	(219)
Tax effect	**—**	(27)	52
Net of tax	**—**	77	(167)
Total other comprehensive (loss) income components, net of tax	**$ (6,635)**	$ 5,411	$ 4,095

Amounts reclassified out of each component of accumulated OCI for the years ended December 31, 2021, 2020, and 2019:

Years Ended December 31, (in thousands)	Affected Line Items in the Consolidated Statements of Income	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss) 2021	2020	2019
Cash Flow Hedges:				
Interest rate swap on money market deposits	Interest expense on deposits	—	(138)	10
Interest rate swap on FHLB advance	Interest expense on FHLB advances	—	(143)	10
Total derivative losses on cash flow hedges	Total interest expense	—	(281)	20
Tax effect	Income tax expense	—	70	(5)
Net of tax	Net income	—	(211)	15

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

(in thousands)	December 31, 2020	2021 Change	December 31, 2021
Unrealized gain (loss) on AFS debt securities	**$ 7,571**	**$ (6,681)**	**$ 890**
Unrealized gain on AFS debt security for which a portion of OTTI has been recognized in earnings	**938**	**46**	**984**
Total unrealized gain (loss)	**$ 8,509**	**$ (6,635)**	**$ 1,874**

(in thousands)	December 31, 2019	2020 Change	December 31, 2020
Unrealized gain on AFS debt securities	$ 2,211	$ 5,360	$ 7,571
Unrealized gain (loss) on AFS debt security for which a portion of OTTI has been recognized in earnings	964	(26)	938
Unrealized (loss) gain on cash flow hedges	(77)	77	—
Total unrealized gain	$ 3,098	$ 5,411	$ 8,509

23. PARENT COMPANY CONDENSED FINANCIAL INFORMATION

BALANCE SHEETS

December 31, (in thousands)	2021	2020
Assets:		
Cash and cash equivalents	**$ 16,881**	$ 100,524
Security available for sale	**3,847**	3,800
Investment in bank subsidiary	**817,270**	761,929
Investment in non-bank subsidiaries	**2,409**	3,518
Other assets	**3,966**	3,203
Total assets	**$ 844,373**	$ 872,974
Liabilities and Stockholders' Equity:		
Subordinated note	**$ —**	$ 41,240
Other liabilities	**10,141**	8,411
Stockholders' equity	**834,232**	823,323
Total liabilities and stockholders' equity	**$ 844,373**	$ 872,974

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31, (in thousands)	2021	2020	2019
Income and expenses:			
Dividends from subsidiary	$ 28,300	$ 25,980	$ 24,249
Interest income	143	182	250
Other income	53	57	54
Less: Interest expense	507	1,000	1,620
Less: Other expenses	760	691	511
Income before income tax benefit	27,229	24,528	22,422
Income tax benefit	245	344	1,213
Income before equity in undistributed net income of subsidiaries	27,474	24,872	23,635
Equity in undistributed net income of subsidiaries	59,315	58,374	68,064
Net income	$ 86,789	$ 83,246	$ 91,699
Comprehensive income	$ 80,154	$ 88,657	$ 95,794

STATEMENTS OF CASH FLOWS

Years Ended December 31, (in thousands)	2021	2020	2019
Operating activities:			
Net income	$ 86,789	$ 83,246	$ 91,699
Adjustments to reconcile net income to net cash provided by operating activities:			
Accretion of investment security	(53)	(56)	(42)
Equity in undistributed net income of subsidiaries	(59,315)	(58,374)	(68,064)
Director deferred compensation - Parent Company	347	181	139
Change in other assets	(736)	1,609	(25)
Change in other liabilities	1,694	54	842
Net cash provided by operating activities	28,726	26,660	24,549
Investing activities:			
Investment in subsidiary bank	(591)	(533)	(494)
Net cash used in investing activities	(591)	(533)	(494)
Financing activities:			
Common Stock repurchases	(47,528)	(3,935)	(1,418)
Net proceeds from Class A Common Stock purchased through employee stock purchase plan	591	533	494
Net proceeds from Common Stock options exercised	(142)	—	(191)
Payoff of subordinated note, net of common security interest	(40,000)	—	—
Cash dividends paid	(24,699)	(23,204)	(21,377)
Net cash used in financing activities	(111,778)	(26,606)	(22,492)
Net change in cash and cash equivalents	(83,643)	(479)	1,563
Cash and cash equivalents at beginning of period	100,524	101,003	99,440
Cash and cash equivalents at end of period	$ 16,881	$ 100,524	$ 101,003

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables present the Company's net revenue by reportable segment for the years ended December 31, 2021, 2020, and 2019:

	Year Ended December 31, 2021							
	Core Banking				Republic Processing Group			
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income (1)	**$ 157,249**	**$ 25,218**	**$ 1,081**	**$ 183,548**	**$ 15,837**	**$ 21,209**	**$ 37,046**	**$ 220,594**
Noninterest income:								
Service charges on deposit accounts	**12,506**	**57**	**—**	**12,563**	**(10)**	**—**	**(10)**	**12,553**
Net refund transfer fees	**—**	**—**	**—**	**—**	**20,248**	**—**	**20,248**	**20,248**
Mortgage banking income (1)	**—**	**—**	**19,994**	**19,994**	**—**	**—**	**—**	**19,994**
Interchange fee income	**12,777**	**—**	**—**	**12,777**	**285**	**—**	**285**	**13,062**
Program fees (1)	**—**	**—**	**—**	**—**	**3,171**	**11,350**	**14,521**	**14,521**
Increase in cash surrender value of BOLI (1)	**2,242**	**—**	**—**	**2,242**	**—**	**—**	**—**	**2,242**
Death benefits in excess of cash surrender value of life insurance (1)	**979**	**—**	**—**	**979**	**—**	**—**	**—**	**979**
Net gains (losses) on OREO	**(160)**	**—**	**—**	**(160)**	**—**	**—**	**—**	**(160)**
Other	**3,148**	**—**	**191**	**3,339**	**81**	**—**	**81**	**3,420**
Total noninterest income	**31,492**	**57**	**20,185**	**51,734**	**23,775**	**11,350**	**35,125**	**86,859**
Total net revenue	**$ 188,741**	**$ 25,275**	**$ 21,266**	**$ 235,282**	**$ 39,612**	**$ 32,559**	**$ 72,171**	**$ 307,453**
Net-revenue concentration (2)	**61 %**	**8 %**	**7 %**	**76 %**	**13 %**	**11 %**	**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.*

	Years Ended December 31, 2020							
	Core Banking				Republic Processing Group			
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income (1)	$ 159,381	$ 25,957	$ 1,362	$ 186,700	$ 22,972	$ 22,643	$ 45,615	$ 232,315
Noninterest income:								
Service charges on deposit accounts	11,571	63	—	11,634	(19)	—	(19)	11,615
Net refund transfer fees	—	—	—	—	20,297	—	20,297	20,297
Mortgage banking income (1)	—	—	31,847	31,847	—	—	—	31,847
Interchange fee income	10,978	—	—	10,978	210	—	210	11,188
Program fees (1)	—	—	—	—	2,193	4,902	7,095	7,095
Increase in cash surrender value of BOLI (1)	1,585	—	—	1,585	—	—	—	1,585
Net gains (losses) on OREO	(40)	—	—	(40)	—	—	—	(40)
Other	3,310	(39)	103	3,374	92	—	92	3,466
Total noninterest income	27,404	24	31,950	59,378	22,773	4,902	27,675	87,053
Total net revenue	$ 186,785	$ 25,981	$ 33,312	$ 246,078	$ 45,745	$ 27,545	$ 73,290	$ 319,368
Net-revenue concentration (2)	59 %	8 %	10 %	77 %	14 %	9 %	23 %	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)	Year Ended December 31, 2019 Core Banking: Traditional Banking	Core Banking: Warehouse Lending	Core Banking: Mortgage Banking	Total Core Banking	Republic Processing Group: Tax Refund Solutions	Republic Processing Group: Republic Credit Solutions	Total RPG	Total Company
Net interest income (1)	$ 168,076	$ 15,801	$ 697	$ 184,574	$ 21,626	$ 29,926	$ 51,552	$ 236,126
Noninterest income:								
Service charges on deposit accounts	14,153	44	—	14,197	—	—	—	14,197
Net refund transfer fees	—	—	—	—	21,158	—	21,158	21,158
Mortgage banking income (1)	—	—	9,499	9,499	—	—	—	9,499
Interchange fee income	11,600	—	—	11,600	259	—	259	11,859
Program fees (1)	—	—	—	—	437	4,275	4,712	4,712
Increase in cash surrender value of BOLI (1)	1,550	—	—	1,550	—	—	—	1,550
Net gains (losses) on OREO	540	—	—	540	—	—	—	540
Gain on branch divestiture(1)	7,829	—	—	7,829	—	—	—	7,829
Other	2,881	(90)	213	3,004	1	659	660	3,664
Total noninterest income	38,553	(46)	9,712	48,219	21,855	4,934	26,789	75,008
Total net revenue	$ 206,629	$ 15,755	$ 10,409	$ 232,793	$ 43,481	$ 34,860	$ 78,341	$ 311,134
Net-revenue concentration (2)	67 %	5 %	3 %	75 %	14 %	11 %	25 %	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 printed at a tax office, 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.

25. 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 December 31, 2021, the Company was divided into five reportable segments: Traditional Banking, Warehouse, Mortgage Banking, TRS and RCS. Management considers the first three segments to collectively constitute "Core Bank" or "Core Banking" operations, while the last two segments collectively constitute RPG operations.

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

Reportable Segment:	Nature of Operations:	Primary Drivers of Net Revenue:
Core Banking:		
Traditional Banking	Provides traditional banking products to clients in its market footprint primarily via its network of banking centers and to clients outside of its market footprint primarily via its digital delivery channels.	Loans, investments, and deposits
Warehouse Lending	Provides short-term, revolving credit facilities to mortgage bankers across the United States.	Mortgage warehouse lines of credit
Mortgage Banking	Primarily originates, sells and services long-term, single-family, first-lien residential real estate loans primarily to clients in the Bank's market footprint.	Loan sales and servicing
Republic Processing Group:		
Tax Refund Solutions	TRS offers tax-related credit products and facilitates the receipt and payment of federal and state tax refunds through Refund Transfer products. The RPS division of TRS offers general-purpose reloadable cards. TRS and RPS products are primarily provided to clients outside of the Bank's market footprint.	Loans, refund transfers, and prepaid cards.
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 the same as those described in the summary of significant accounting policies. Segment performance is evaluated using operating income. Goodwill is allocated to the Traditional Banking segment. Income taxes are generally allocated based on income before income tax expense unless specific segment allocations can be reasonably made. Transactions among reportable segments are made at carrying value.

Segment information for the years ended December 31, 2021, 2020, and 2019 is as follows:

Year Ended December 31, 2021								
	Core Banking				**Republic Processing Group**			
(dollars in thousands)	**Traditional Banking**	**Warehouse Lending**	**Mortgage Banking**	**Total Core Banking**	**Tax Refund Solutions**	**Republic Credit Solutions**	**Total RPG**	**Total Company**
Net interest income	**$ 157,249**	**$ 25,218**	**$ 1,081**	**$ 183,548**	**$ 15,837**	**$ 21,209**	**$ 37,046**	**$ 220,594**
Provision for expected credit loss expense	**(38)**	**(281)**	**—**	**(319)**	**6,683**	**8,444**	**15,127**	**14,808**
Net refund transfer fees	**—**	**—**	**—**	**—**	**20,248**	**—**	**20,248**	**20,248**
Mortgage banking income	**—**	**—**	**19,994**	**19,994**	**—**	**—**	**—**	**19,994**
Program fees	**—**	**—**	**—**	**—**	**3,171**	**11,350**	**14,521**	**14,521**
Other noninterest income	**31,492**	**57**	**191**	**31,740**	**356**	**—**	**356**	**32,096**
Total noninterest income	**31,492**	**57**	**20,185**	**51,734**	**23,775**	**11,350**	**35,125**	**86,859**
Total noninterest expense	**145,376**	**4,210**	**12,356**	**161,942**	**16,344**	**4,018**	**20,362**	**182,304**
Income before income tax expense	**43,403**	**21,346**	**8,910**	**73,659**	**16,585**	**20,097**	**36,682**	**110,341**
Income tax expense	**7,681**	**4,962**	**1,960**	**14,603**	**3,964**	**4,985**	**8,949**	**23,552**
Net income	**$ 35,722**	**$ 16,384**	**$ 6,950**	**$ 59,056**	**$ 12,621**	**$ 15,112**	**$ 27,733**	**$ 86,789**
Period-end assets	**$ 4,717,836**	**$ 850,703**	**$ 43,929**	**$ 5,612,468**	**$ 371,647**	**$ 109,517**	**$ 481,164**	**$ 6,093,632**
Net interest margin	**3.18 %**	**3.37 %**	**NM**	**3.20 %**	**NM**	**NM**	**NM**	**3.75 %**
Net-revenue concentration*	**61 %**	**8 %**	**7 %**	**76 %**	**13 %**	**11 %**	**24 %**	**100 %**

Year Ended December 31, 2020								
	Core Banking				Republic Processing Group			
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	$ 159,381	$ 25,957	$ 1,362	$ 186,700	$ 22,972	$ 22,643	$ 45,615	$ 232,315
Provision for expected credit loss expense	16,257	613	—	16,870	13,189	1,219	14,408	31,278
Net refund transfer fees	—	—	—	—	20,297	—	20,297	20,297
Mortgage banking income	—	—	31,847	31,847	—	—	—	31,847
Program fees	—	—	—	—	2,193	4,902	7,095	7,095
Other noninterest income	27,404	24	103	27,531	283	—	283	27,814
Total noninterest income	27,404	24	31,950	59,378	22,773	4,902	27,675	87,053
Total noninterest expense	149,061	4,387	10,760	164,208	17,514	3,735	21,249	185,457
Income before income tax expense	21,467	20,981	22,552	65,000	15,042	22,591	37,633	102,633
Income tax expense	1,395	4,721	4,736	10,852	3,323	5,212	8,535	19,387
Net income	$ 20,072	$ 16,260	$ 17,816	$ 54,148	$ 11,719	$ 17,379	$ 29,098	$ 83,246
Period-end assets	$ 4,750,460	$ 962,692	$ 62,400	$ 5,775,552	$ 285,612	$ 107,161	$ 392,773	$ 6,168,325
Net interest margin	3.42 %	3.19 %	NM	3.39 %	NM	NM	NM	4.10 %
Net-revenue concentration*	59 %	8 %	10 %	77 %	14 %	9 %	23 %	100 %

(dollars in thousands)	Core Banking: Traditional Banking	Core Banking: Warehouse Lending	Core Banking: Mortgage Banking	Total Core Banking	Republic Processing Group: Tax Refund Solutions	Republic Processing Group: Republic Credit Solutions	Total RPG	Total Company
	Year Ended December 31, 2019							
Net interest income	$ 168,076	$ 15,801	$ 697	$ 184,574	$ 21,626	$ 29,926	$ 51,552	$ 236,126
Provision for expected credit loss expense	2,444	622	—	3,066	11,249	11,443	22,692	25,758
Net refund transfer fees	—	—	—	—	21,158	—	21,158	21,158
Mortgage banking income	—	—	9,499	9,499	—	—	—	9,499
Program fees	—	—	—	—	437	4,275	4,712	4,712
Gain on branch divestiture	7,829	—	—	7,829	—	—	—	7,829
Other noninterest income	30,724	(46)	213	30,891	260	659	919	31,810
Total noninterest income	38,553	(46)	9,712	48,219	21,855	4,934	26,789	75,008
Total noninterest expense	143,671	3,268	6,112	153,051	16,539	2,593	19,132	172,183
Income before income tax expense	60,514	11,865	4,297	76,676	15,693	20,824	36,517	113,193
Income tax expense	9,651	2,670	902	13,223	3,454	4,817	8,271	21,494
Net income	$ 50,863	$ 9,195	$ 3,395	$ 63,453	$ 12,239	$ 16,007	$ 28,246	$ 91,699
Period-end assets	$ 4,684,116	$ 717,994	$ 26,469	$ 5,428,579	$ 86,849	$ 104,891	$ 191,740	$ 5,620,319
Net interest margin	3.76 %	2.42 %	NM	3.61 %	NM	NM	NM	4.46 %
Net-revenue concentration*	67 %	5 %	3 %	75 %	14 %	11 %	25 %	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.*

NM - Not Meaningful

26. 2019 BRANCH DIVESTITURE

In July 2019, the Bank entered into a definitive agreement to sell its four banking centers located in the Kentucky cities of Owensboro, Elizabethtown, and Frankfort to Limestone Bank, a subsidiary of Limestone Bancorp, Inc. The agreement provided that Limestone acquire loans with balances of approximately $128 million as of November 15, 2019 and assume deposits with balances of approximately $132 million as of the Closing Date, associated with the four banking centers.

In addition to the sale of loans and assumption of deposits, Limestone also acquired substantially all of the fixed assets of these locations, which had a book value of $1.3 million as of the Closing Date. Based on the Closing Date deposits, the all-in blended premium for the transaction was 6.1% of the total deposits transferred. The final calculated premium was based on the trailing 10-day average amount of the deposits as of the Closing Date, as well as the branch location for the deposits.

The Company operated its divested branches for 10.5 months during 2019.

27. SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

Presented below is a summary of the consolidated quarterly financial data for the years ended December 31, 2021 and 2020.

	2021			
(dollars in thousands, except per share data)	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**First Quarter (1)**
Interest income	**$ 51,379**	**$ 53,772**	**$ 51,552**	**$ 69,557**
Interest expense	**1,038**	**1,340**	**1,511**	**1,777**
Net interest income	**50,341**	**52,432**	**50,041**	**67,780**
Provision for loan and lease losses (2)	**2,577**	**1,292**	**(4,323)**	**15,262**
Net interest income after provision	**47,764**	**51,140**	**54,364**	**52,518**
Noninterest income (3)	**16,630**	**19,339**	**21,853**	**29,037**
Noninterest expense (4)	**44,585**	**44,252**	**45,656**	**47,811**
Income before income taxes	**19,809**	**26,227**	**30,561**	**33,744**
Income tax expense (5)	**3,004**	**6,218**	**6,639**	**7,691**
Net income	**$ 16,805**	**$ 20,009**	**$ 23,922**	**$ 26,053**
Basic earnings per share:				
Class A Common Stock (6)	**$ 0.84**	**$ 0.99**	**$ 1.16**	**$ 1.26**
Class B Common Stock (6)	**0.77**	**0.90**	**1.05**	**1.14**
Diluted earnings per share:				
Class A Common Stock (6)	**$ 0.84**	**$ 0.99**	**$ 1.16**	**$ 1.25**
Class B Common Stock (6)	**0.76**	**0.90**	**1.05**	**1.14**
Dividends declared per common share:				
Class A Common Stock (6)	**$ 0.308**	**$ 0.308**	**$ 0.308**	**$ 0.308**
Class B Common Stock (6)	**0.280**	**0.280**	**0.280**	**0.280**

	2020			
(dollars in thousands, except per share data)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter(1)
Interest income	$ 57,970	$ 56,038	$ 57,091	$ 81,159
Interest expense	2,850	3,786	4,886	8,421
Net interest income	55,120	52,252	52,205	72,738
Provision for loan and lease losses(2)	484	1,500	6,534	22,760
Net interest income after provision	54,636	50,752	45,671	49,978
Noninterest income	17,136	20,597	18,751	30,569
Noninterest expense (4)	48,140	45,523	44,825	46,969
Income before income taxes	23,632	25,826	19,597	33,578
Income tax expense (5)	3,276	5,437	3,793	6,881
Net income	$ 20,356	$ 20,389	$ 15,804	$ 26,697
Basic earnings per share:				
Class A Common Stock (6)	$ 0.98	$ 0.98	$ 0.77	$ 1.29
Class B Common Stock (6)	0.89	0.89	0.69	1.17
Diluted earnings per share:				
Class A Common Stock (6)	$ 0.98	$ 0.98	$ 0.76	$ 1.28
Class B Common Stock (6)	0.89	0.89	0.69	1.16
Dividends declared per common share:				
Class A Common Stock (6)	$ 0.286	$ 0.286	$ 0.286	$ 0.286
Class B Common Stock (6)	0.260	0.260	0.260	0.260

(1) The first and second quarters of 2021 and the first quarter of 2020 were significantly impacted by the TRS segment of RPG.

(2) Provision expense:

The relatively higher levels of Provision expense during the first quarters of 2021 and 2020 were driven by the TRS segment's EA product. Provision expense for EAs during the first quarters of 2021 and 2020 was $16.0 million and $15.2 million.

Provision expense during 2020 was negatively impacted by economic conditions created by the COVID-19 pandemic.

(3) Noninterest income:

The Company's Mortgage Banking income is subject to volatility based on movements in mortgage interest rates and demand for mortgage products.

The fourth quarter of 2021 included $979,000 of death benefits in excess of cash surrender value of life insurance.

(4) Noninterest expense:

The Company traditionally adjusts its non-commissions based incentive compensation expense during the fourth quarter of each year based on certain performance metrics. Such incentive compensation expense for the previous eight quarters was: $1.2 million for the fourth quarter of 2021; $2.3 million for the third quarter of 2021; $2.3 million for the second quarter of 2021; $2.3 million for the first quarter of 2021; $2.0 million for the fourth quarter of 2020; $2.4 million for the third quarter of 2020; $2.1 million for the second quarter of 2020; and $1.8 million for the first quarter of 2020.

The fourth quarter of 2020 included $2.1 million of non-recurring FHLB advance early termination penalties.

(5) See Footnote 19 in this section of the filing for more information on the Company's income taxes for 2021 and 2020.

(6) Quarterly amounts may not sum to annual total due to rounding.

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

None

Item 9A. 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 the Company's Executive Chair/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 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 fourth quarter of the Company's fiscal year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting and on the Financial Statements, thereon are set forth under Part II Item 8 *"Financial Statements and Supplementary Data."*

Item 9B. Other Information.

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item appears under the headings "*PROPOSAL ONE: ELECTION OF DIRECTORS,*" "*DELINQUENT SECTION 16(a) REPORTS*" and "*THE BOARD OF DIRECTORS AND ITS COMMITTEES*" of the Proxy Statement of Republic for the 2022 Annual Meeting of Shareholders ("Proxy Statement") to be held April 21, 2022, all of which is incorporated herein by reference.

Set forth below is certain information with respect to the Company's executive officers:

Name	Age	Position with the Company
Steven E. Trager	61	Executive Chair and CEO of the Company; Executive Chair of RB&T
A. Scott Trager	69	Vice Chair and President of the Company; Director of the Company and RB&T
Kevin Sipes	50	EVP, CFO, and Chief Accounting Officer of the Company and RB&T
Logan Pichel	57	Director of the Company; President and CEO of RB&T
Andrew Trager-Kusman	35	Director of the Company and RB&T; SVP of RB&T
Christy Ames	49	Secretary of the Company; EVP of RB&T
John Rippy	61	Assistant Secretary of the Company; EVP of RB&T
William R. Nelson	58	President of RB&T's Republic Processing Group
Pedro Bryant	60	EVP of RB&T
Steven E. DeWeese	53	EVP of RB&T
Juan Montano	52	EVP of RB&T
Anthony T. Powell	54	EVP of RB&T
Jeff Starke	44	EVP of RB&T
Margaret Wendler	67	EVP of RB&T

Executive officers of the Company are elected by the Board of Directors and serve at the pleasure of the Board of Directors. Steven E. Trager and A. Scott Trager are cousins.

Steven E. Trager has served as Chair (now Executive Chair) and CEO of Republic since 2012. He was named Executive Chair of the Bank in September 2021, prior to which he served as Chair and CEO of the Bank since 1998. From 1994 to 1997 he served as Vice Chair of the Company. From 1994 to 1998 he served as Secretary, and from 1998 to 2012 he served as President and CEO of Republic.

A. Scott Trager has served as Vice Chair of Republic and the Bank since April 2017. He has also served as Director and President of Republic since 2012. He served as President of the Bank from 1984 to 2017 and Vice Chair of Republic from 1994 to 2012.

Kevin Sipes joined the Company in 1995 and has served as EVP and Treasurer of Republic and the Company since 2002 and CFO of Republic and the Company since 2000. He began serving as Chief Accounting Officer of the Company in 2000.

Andrew Trager-Kusman has served as the Bank's Chief Strategy Officer since October 2021. He previously served as Managing Director of Corporate Strategies for the Bank since 2016. He was named a Director of Republic in April 2019 and a Senior Vice President of the Bank in January 2020.

Logan Pichel was appointed CEO of the Bank effective October 1, 2021 and was elected to the boards of the Company and the Bank in September 2021. He joined the Company in June 2020 as the Bank's President and has over 25 years in the banking industry. Prior to joining Republic, he served from 2005 to 2020 at Regions Bank, most recently as their Executive Vice President, Head of Corporate Development and Financial Planning & Analysis and Mergers and Acquisitions.

Christy Ames joined Republic Bank & Trust Company on January 2, 2018 as the Bank's Senior Vice President, General Counsel. She also serves as the Secretary for the Bank and the Company. Ms. Ames has represented financial institutions for over twenty years, most recently serving as a member at Stites & Harbison, PLLC and Chair of the firm's Financial Institution Litigation Sub Group and

as General Counsel for First Residential Mortgage Network, Inc. d/b/a SurePoint Lending.. In January 2022, Ms. Ames was named an EVP of the Bank.

John Rippy joined the Company in 2005 as SVP and Risk Management Officer. In 2009, he was named SVP and Chief Legal and Compliance Officer. In 2013, he was named SVP and Chief Risk Management Officer. In 2018, he was named EVP and Chief Risk Officer. He also serves as assistant Secretary of the Company.

William R. Nelson has served as President of Republic Processing Group since 2007. He previously served as Director of Relationship Management of HSBC, Taxpayer Financial Services, in 2004 and was promoted to Group Director — Independent Program in 2006 through 2007. He previously served as Director of Sales, Marketing and Customer Service with the Bank from 1999 through 2004.

Pedro Bryant, who has almost 40 years in the banking industry, joined the Company in July 2020 as an EVP of the Bank and the Bank's Managing Director of Community Lending. Prior to joining Republic, he served from 2002 to 2020 as President and CEO of Metro Bank, a Louisville-based community development bank.

Steven E. DeWeese joined the Company in 1990 and has held various positions within the Company since then. In 2000, he was promoted to SVP. In 2003, he was promoted to Managing Director of Business Development. In 2006, he was promoted to Managing Director of Retail Banking, and in January 2010 he was promoted to EVP of the Company. In 2019, he was named the Company's Managing Director of Private and Business Banking.

Juan Montano has served as the Bank's EVP and Chief Mortgage Banking Officer since 2018. He previously served as SVP and Managing Director of Mortgage Lending from 2015 to 2018. He joined the Company in 2009 as SVP and Managing Director of Finance.

Anthony T. Powell joined the Company in 1999 as VP. In 2001, he was promoted to SVP and Senior Commercial Lending Officer. In 2005, he was promoted to SVP and Managing Director of Business Lending. In 2015, he assumed responsibility for the Retail Banking division of the Company and was named SVP and Chief Credit and Retail Officer. In January 2017, he was named EVP and Chief Lending Officer.

Jeff Starke joined Republic Bank & Trust Company on July 19, 2021 as the Bank's Executive Vice President, Chief Information Officer. He has held various technological and operational roles in the financial services vertical for over 20 years. Prior to joining Republic, he served from 2010 to 2021 at Bank OZK, most recently as Chief Technology Officer and Chair of the Information Systems Steering Committee.

Margaret S Wendler joined the Company in 1996. She has served the Company in human resources since 2005. Most recently, in 2019 she was named Chief Human Resources Officer. In 2021, she was also named an EVP of the Bank.

Item 11. Executive Compensation.

The compensation-related information required by this Item appears under the headings *"COMPENSATION DISCUSSION AND ANALYSIS,," COMPENSATION COMMITTEE REPORT,"* "*DIRECTOR COMPENSATION"* and "*CERTAIN INFORMATION AS TO MANAGEMENT*" of the Proxy Statement, all of which is incorporated herein by reference.

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

Equity Compensation Plan Information

The following table sets forth information regarding Republic's Common Stock that may be issued upon exercise of options, warrants and rights under all equity compensation plans as of December 31, 2021. Republic's security holders approved each of the equity compensation plans listed in the table below. There were no equity compensation plans not approved by security holders as of December 31, 2021.

	(a) (1)	(b)	(c)
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
2015 Stock Incentive Plan	460,502 (2)	$ 37.54	2,045,658
2018 Employee Stock Purchase Plan (3)	—	$ —	199,861

(1) Column (a) above includes options issued for Class A Common Stock only. Options for Class B Common Stock have been authorized but are not issued.

(2) Includes 152,118 shares of Class A Common Stock subject to issuance in accordance with the Republic Bancorp, Inc. Non-Employee Director and Key Employee Deferred Compensation Plan for service previously rendered. Republic's security holders previously approved this plan. These shares are to be issued from shares available for issuance under the 2015 Stock Incentive Plan; the weighted-average exercise price in Column (b) does not take these awards into account. For further information, see Footnote 17 "Stock Plans and Stock Based Compensation" of Part II Item 8 "Financial Statements and Supplementary Data."

(3) The 2018 Employee Stock Purchase Plan is a qualified Employee Stock Purchase Plan under Section 423 of the Code, pursuant to which up to 250,000 shares of Class A Common Stock were authorized for issuance. Under the ESPP, employees may purchase shares at a purchase price that cannot be less than 85% of the lower of the fair market value of the Company's Class A Common Stock on the first trading day of each offering period or on the last trading day of each offering period. No offering period may exceed 27 months in length. As of the close of business on December 31, 2021, there were no shares of Class A Common Stock subject to purchase during open offering periods.

Additional information required by this Item appears under the heading "*SHARE OWNERSHIP*" of the Proxy Statement, which is incorporated herein by reference.

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

Information required by this Item is under the headings "*PROPOSAL ONE: ELECTION OF DIRECTORS*" and "*CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS*" of the Proxy Statement, all of which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information required by this Item appears under the heading "*PROPOSAL TWO: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*" of the Proxy Statement which is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements:

The following are included under Item 8 *“Financial Statements and Supplementary Data:”*

Management’s Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated balance sheets — December 31, 2021 and 2020
Consolidated statements of income and comprehensive income — years ended December 31, 2021, 2020, and 2019
Consolidated statements of stockholders’ equity — years ended December 31, 2021, 2020, and 2019
Consolidated statements of cash flows — years ended December 31, 2021, 2020, and 2019
Notes to consolidated financial statements

(a)(2) Financial Statements Schedules:

Financial statement schedules are omitted because the information is not applicable.

(a)(3) Exhibits:

The Exhibit Index of this report is incorporated herein by reference. The management contracts and compensatory plans or arrangements required to be filed as exhibits to this Form 10-K pursuant to Item 15(b) are noted in the Exhibit Index.

Item 16. Form 10-K Summary.

Not applicable.

INDEX TO EXHIBITS

No.	Description
3(i)	Articles of Incorporation of Registrant, as amended (Incorporated by reference to Exhibit 3(i) to the Registrant’s Form 8-K filed October 13, 2016 (Commission File Number: 0-24649))
3(ii)	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.1 of Registrant’s Form 8-K filed April 26, 2021 (Commission File Number: 0-24649))
4.1	Provisions of Articles of Incorporation of Registrant defining rights of security holders (see Articles of Incorporation, as amended, of Registrant incorporated as Exhibit 3(i) herein)
4.2	Agreement Pursuant to Item 601 (b)(4)(iii) of Regulation S-K (Incorporated by reference to Exhibit 4.2 of the Registrant’s Form 10-K for the year ended December 31, 1997 (Commission File Number: 33-77324))
4.3	Description of Securities (Incorporated by reference to Exhibit 4.3 of Registrant’s Form 10-K for the year ended December 31, 2019 (Commission File Number: 0-24649))
10.01*	Agreement of Employment dated April 24, 2020, between Republic Bank & Trust Company and Logan Pichel (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed May 5, 2020 (Commission File Number: 0-24649))
10.02*	Termination of Employment Agreement dated September 15, 2021 between Republic Bank & Trust Company and Logan M. Pichel (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed September 15, 2021 (Commission File Number: 0-24649))
10.03*	Change in Control Severance Agreement dated January 27, 2021 between Republic Bank & Trust Company and William Nelson (Incorporated by reference to Exhibit 10.4 of Registrant’s Form 8-K filed February 1, 2021 (Commission File Number: 0-24649))
10.04*	Form of Executive Officer Change in Control Agreement between Republic Bank & Trust Company and designated Executive Officers (Incorporated by reference to Exhibit 10.5 of Registrant’s Form 8-K filed February 1, 2021 (Commission File Number: 0-24649))
10.05	Split Dollar Insurance Policy with Citizens Fidelity Bank and Trust Company as the Trustee of the Bernard Trager Irrevocable Trust, dated December 14, 1989, as amended August 8, 1994 (Incorporated by reference to Exhibit 10.70 to Registrant’s Form 10-K for the year ended December 31, 2012 (Commission File Number: 33-77324))
10.06	Right of First Offer Agreement by and among Republic Bancorp, Inc., Teebank Family Limited Partnership, Bernard M. Trager and Jean S. Trager. (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed September 19, 2007 (Commission File Number: 0-24649))
10.07	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 1982, relating to 2801 Bardstown Road, Louisville (Incorporated by reference to Exhibit 10.11 of Registrant’s Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.08	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 2008, relating to 2801 Bardstown Road, Louisville (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 8-K filed June 9, 2008 (Commission File Number: 0-24649))
10.09	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 2008, relating to 2801 Bardstown Road, Louisville (Incorporated by reference to Exhibit 10.23 of Registrant’s Form 10-K filed March 9, 2018 (Commission File Number: 0-24649))

No.	Description
10.10	Lease between Republic Bank & Trust Company and Teeco Properties, dated April 1, 1995, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.10 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.11	Lease between Republic Bank & Trust Company and Teeco Properties, dated October 1, 1996, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.10 of Registrant's Form S-1 (Commission File Number: 333-56583))
10.12	Lease extension between Republic Bank & Trust Company and Teeco Properties, dated September 25, 2001, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.25 of Registrant's Form 10-Q for the quarter ended September 30, 2001 (Commission File Number: 0-24649))
10.13	First Amendment to Lease between Republic Bank & Trust Company and Teeco Properties, dated May 1, 2002, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2002 (Commission File Number: 0-24649))
10.14	Lease between Republic Bank & Trust Company and Teeco Properties, dated October 1, 2005, relating to property at 601 West Market Street, Louisville, KY (Floor 4), amending and modifying previously filed exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2002 (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended September 30, 2005 (Commission File Number: 0-24649))
10.15	Lease between Republic Bank & Trust Company and Teeco Properties, as of October 1, 2006, relating to property at 601 West Market Street, Louisville, KY. (Incorporated by reference to exhibit 10.1 of Registrant's Form 8-K filed September 25, 2006 (Commission File Number: 0-24649))
10.16	First Amendment to Lease between Republic Bank & Trust Company and Teeco Properties, as of July 8, 2008, relating to property at 601 West Market Street (Floors 1,2,3,5 and 6), Louisville, KY. (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2008 (Commission File Number: 0-24649))
10.17	First Amendment to Lease between Republic Bank & Trust Company and Teeco Properties, as of July 8, 2008, relating to property at 601 West Market Street (Floor 4), Louisville, KY. (Incorporated by reference to exhibit 10.2 of Registrant's Form 10-Q for the quarter ended June 30, 2008 (Commission File Number: 0-24649))
10.18	Assignment of Lease relating to property at 601 West Market Street (Floors 1,2,3,5 and 6), Louisville, KY. (Incorporated by reference to exhibit 10.31 of Registrant's Form 10-K for the year ended December 31, 2016 (Commission File Number: 0-24649))
10.19	Assignment of Lease relating to property at 601 West Market Street (Floor 4), Louisville, KY. (Incorporated by reference to exhibit 10.32 of Registrant's Form 10-K for the year ended December 31, 2016 (Commission File Number: 0-24649))
10.20	Master Office Lease between Republic Bank & Trust Company and Makbe LLC, dated August 1, 2020, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2020 (Commission File Number: 0-24649))
10.21	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 3, 1993, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.12 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.22	Fifth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 1999, as amended, relating to 661 South Hurstbourne Parkway (Incorporated by reference to Exhibit 10.17 of Registrant's Form 10-Q for the quarter ended June 30, 1999 (Commission File Number: 0-24649))

No.	Description
10.23	Sixth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 2000, as amended, relating to 661 South Hurstbourne Parkway (Incorporated by reference to Exhibit 10.21 of Registrant's Form 10-K for the year ended December 31, 1999 (Commission File Number: 0-24649))
10.24	Seventh Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated July 1, 2003, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2003 (Commission File Number: 0-24649))
10.25	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 2, 1993, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.16 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.26	Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 1, 1995, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.18 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.27	Second Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 16, 1996, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.19 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.28	Third Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 21, 1998, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.20 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.29	Fourth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 11, 1998, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.21 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.30	Eighth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 2004, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2004 (Commission File Number: 0-24649))
10.31	Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 1, 2005, relating to 661 South Hurstbourne Parkway, Louisville, KY, amending and modifying previously filed exhibit 10.12 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended September 30, 2005 (Commission File Number: 0-24649))
10.32	Lease between Republic Bank & Trust Company and Jaytee Properties, dated July 1, 2008, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed June 9, 2008 (Commission File Number: 0-24649))
10.33	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 14, 2015, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10Q for the quarter ended September 30, 2015 (Commission File Number: 0-24649))
10.34	Second Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 31, 2018, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.47 of Registrant's Form 10-K filed March 9, 2018 (Commission File Number: 0-24649))
10.35	Lease between Republic Bank & Trust Company and Jaytee Properties, dated November 17, 1997, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.13 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))

No.	Description
10.36	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 1999, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.18 of Registrant’s Form 10-Q for the quarter ended June 30, 1999 (Commission File Number: 0-24649))
10.37	Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated October 30, 1999, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.20 of Registrant’s Form 10-K for the year ended December 31, 1999 (Commission File Number: 0-24649))
10.38	Third Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated May 1, 2003, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended June 30, 2003 (Commission File Number: 0-24649))
10.39	Lease between Republic Bank & Trust Company and Jaytee Properties, dated November 1, 2005, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.33 of Registrant’s Form 10-K for the year ended December 31, 2005 (Commission File Number: 0-24649))
10.40	Assignment and Assumption of Lease by Republic Bank & Trust Company with the consent of Jaytee Properties, dated May 1, 2006, relating to 9600 Brownsboro Road, Louisville, KY. (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended June 30, 2006 (Commission File Number: 0-24649))
10.41	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 17, 2008, as amended, relating to 9600 Brownsboro Road, Louisville, KY (Incorporated by reference to Exhibit 10.40 of Registrant’s Form 10-K for the year ended December 31, 2007 (Commission File Number: 0-24649))
10.42	Fourth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 15, 2014, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.47 of Registrant’s Form 10-K for the year ended December 31, 2013 (Commission File Number: 0-24649))
10.43	Fifth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated March 15, 2017, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended March 31, 2017 (Commission File Number: 0-24649))
10.44	Sixth Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 1999, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.35 of Registrant’s Form 10-K for the year ended December 31, 2019 (Commission File Number: 0-24649))
10.45	Seventh Amendment to Office Lease dated as of September 1, 2021 to the Office Lease dated August 1, 1999, as amended, by and between Jaytee-Springhurst, LLC and Republic Bank & Trust Company (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended September 30, 2021 (Commission Number: 0-24649))
10.46	Eighth Amendment to Office Lease dated as of November 17, 2021 to the Office Lease dated August 1, 1999, as amended, by and between Jaytee-Springhurst, LLC and Republic Bank & Trust Company
10.47	Ground lease between Republic Bank & Trust Company and Jaytee Properties, relating to 9600 Brownsboro Road, dated January 17, 2008, relating to 9600 Brownsboro Road, Louisville, KY (Incorporated by reference to Exhibit 10.41 of Registrant’s Form 10-K for the year ended December 31, 2007 (Commission File Number: 0-24649))
10.48	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated June 27, 2008, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed July 1, 2008 (Commission File Number: 0-24649))

No.	Description
10.49	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated March 1, 2011, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.66 of the Registrant's Form 10-K for the year ended December 31, 2010 (Commission File Number: 0-24649))
10.50	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated May 1, 2013, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended June 30, 2013 (Commission File Number: 0-24649))
10.51	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated January 15, 2014, as amended, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.54 of Registrant's Form 10-K for the year ended December 31, 2013 (Commission File Number: 0-24649))
10.52	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated March 18, 2015, as amended, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2015 (Commission File Number: 0-24649))
10.53	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated September 30, 2015, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended September 30, 2015 (Commission File Number: 0-24649))
10.54	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated March 15 2017 relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended March 31, 2017 (Commission File Number: 0-24649))
10.55	First Amendment to Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated September 20 2017, as amended, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended September 30, 2017 (Commission File Number: 0-24649))
10.56	Master Office Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated October 1 2020, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.56 of Registrant's Form 10-K for the year ended December 31, 2020 (Commission File Number: 0-24649))
10.57*	2015 Stock Incentive Plan (Incorporated by reference to Annex A of Registrant's 2015 Proxy Statement (Commission File Number: 0-24649))
10.58*	Option Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2015 (Commission File Number: 0-24649))
10.59*	Restricted Stock Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended June 30, 2015 (Commission File Number: 0-24649))
10.60*	Performance Stock Unit Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed January 27, 2016 (Commission File Number: 0-24649))
10.61*	Form of Restricted Stock Award Agreement (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed February 1, 2021 (Commission File Number: 0-24649))
10.62*	Form of Performance Stock Unit Award (Incorporated by reference to Exhibit 10.2 of Registrant's Form 8-K filed February 1, 2021 (Commission File Number: 0-24649))
10.63*	Form of Option Award Agreement (Incorporated by reference to Exhibit 10.3 of Registrant's Form 8-K filed February 1, 2021 (Commission File Number: 0-24649))

No.	Description
10.64*	Form of Agreement for TRS Transaction Bonus Program (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed May 19, 2021 (Commission File Number: 0-24649))
10.65*	Republic Bancorp, Inc. 401(k)/Profit Sharing Plan and Trust (Incorporated by reference to Form S-8 filed December 28, 2005 (Commission File Number: 0-24649))
10.66*	Republic Bancorp, Inc. 401(k) Retirement Plan, as Amended and Restated, effective April 1, 2011 (Incorporated by reference to Exhibit 23.2 to Form 11-K for the year ended December 31, 2011 (Commission File Number: 0-24649))
10.67*	Republic Bancorp, Inc. 401(k) Retirement Plan, as Amended and Restated, effective January 1, 2015 (Incorporated by reference to Exhibit 23.2 of Form 11-K for the year ended December 31, 2014 (Commission File Number: 0-24649))
10.68*	Republic Bancorp, Inc. 401(k) Retirement Plan, as Amended and Restated, effective May 1, 2021 (Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2021 (Commission File Number: 0-24649))
10.69*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation and the Republic Bank & Trust Company Non-Employee Director and Key Employee Deferred Compensation Plan (as adopted November 18, 2004) (Incorporated by reference to Form S-8 filed November 30, 2004 (Commission File Number: 333- 120857))
10.70*	Republic Bancorp, Inc. and Subsidiaries Non-Employee Director and Key Employee Deferred Compensation Plan Post-Effective Amendment No. 1 (Incorporated by reference to Form S-8 filed April 13, 2005 (Commission File Number: 333-120857))
10.71*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation, as amended and restated as of March 16, 2005 (Incorporated by reference to Exhibit 10.2 of Registrant's Form 8-K filed March 18, 2005 (Commission File Number: 333-120857))
10.72*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation as amended and restated as of March 19, 2008 (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2008 (Commission File Number: 0-24649))
10.73*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation, as adopted November 18 2004 and then amended and restated as on March 16, 2005, March 19, 2008, and again on January 24, 2018 (Incorporated by reference to Annex A of Registrant's 2018 Proxy Statement (Commission File Number: 0-24649))
10.74*	Amendment 2019-1 to the Republic Bancorp, Inc. and Subsidiaries Non-Employee Director and Key Employee Deferred Compensation Plan (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2020 (Commission File Number: 0-24649))
10.75*	Republic Bancorp, Inc. Employee Stock Purchase Plan (Incorporated by reference to Annex B of Registrant's 2018 Proxy Statement (Commission File Number: 0-24649))
10.76*	Consulting Agreement dated as of July 16, 2019, between David P. Feaster and Republic Bank & Trust Company (Incorporated by reference to Exhibit 10.70 of Registrant's Form 10-K for the year ended December 31, 2019 (Commission File Number: 0-24649))
10.77	Junior Subordinated Indenture, Amended and Restated Trust Agreement, and Guarantee Agreement (Incorporated by reference to Exhibit 4.1 of Registrant's Form 8-K filed August 19, 2005 (Commission File Number: 0-24649))

No.	Description
10.78*	Cash Bonus Plan for Acquisitions, effective November 7, 2012 (Incorporated by reference to Exhibit 10.3 of Registrant's Form 10-Q for the quarter ended September 30, 2012 (Commission File Number: 0-24649))
10.79**	Amended and Restated Joint Marketing Agreement, dated July 1, 2015, by and between Republic Bank & Trust Company and Elevate@Work, LLC (Incorporated by reference to Exhibit 10.87 of Registrant's Form 10-K for the year ended December 31, 2018 (Commission File Number: 0-24649))
10.80**	Written Consent to the Amended and Restated Joint Marketing Agreement, dated September 1, 2016, by and between Republic Bank & Trust Company and Elevate@Work, LLC (Incorporated by reference to Exhibit 10.88 of Registrant's Form 10-K for the year ended December 31, 2018 (Commission File Number: 0-24649))
10.81**	Amended and Restated License and Support Agreement, dated July 1, 2015, by and between Republic Bank & Trust Company and Elevate Decision Sciences, LLC (Incorporated by reference to Exhibit 10.89 of Registrant's Form 10-K for the year ended December 31, 2018 (Commission File Number: 0-24649))
10.82**	Participation Agreement, dated July 1, 2015, by and between Elastic SPV, Ltd. and Republic Bank & Trust Company (Incorporated by reference to Exhibit 10.90 of Registrant's Form 10-K for the year ended December 31, 2018 (Commission File Number: 0-24649))
10.83	Asset Purchase Agreement dated as of May 13, 2021, between Republic Bank & Trust Company and Green Dot Corporation (Incorporated by reference to Exhibit 2.1 of Registrant's Form 8-K filed May 19, 2021 (Commission File Number: 0-24649)) (*Termination of this agreement has been disclosed in Registrant's Form 8-K filed January 10, 2022)*
21	Subsidiaries of Republic Bancorp, Inc.
23	Consent of Independent Registered Public Accounting Firm
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 2003
101	The following financial statements from the Company's annual report on Form 10-K were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2021 and 2020, (ii) Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2021, 2020, and 2019, (iii) Consolidated Statement of Stockholders' Equity for the years ended December 31, 2021, 2020, and 2019, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020, and 2019 and (v) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**　Denotes management contracts and compensatory plans or arrangements required to be filed as exhibits to this Form 10-K pursuant to Item 15(b).*

***　Confidential treatment has been requested for the redacted portions of this agreement. A complete copy of the agreement, including the redacted portions, has been filed separately with the Securities and Exchange Commission.*

****　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 Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC BANCORP, INC.

March 1, 2022

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title	Date
/s/ Steven E. Trager Steven E. Trager	Executive Chair, Chief Executive Officer and Director	March 1, 2022
/s/ A. Scott Trager A. Scott Trager	Vice Chair, President and Director	March 1, 2022
/s/ Kevin Sipes Kevin Sipes	Chief Financial Officer and Chief Accounting Officer	March 1, 2022
/s/ Andrew Trager-Kusman Andrew Trager-Kusman	Director	March 1, 2022
/s/ Ronald F. Barnes Ronald F. Barnes	Director	March 1, 2022
/s/ Laura M. Douglas Laura M. Douglas	Director	March 1, 2022
/s/ David P. Feaster David P. Feaster	Director	March 1, 2022
/s/ Craig A. Greenberg Craig Greenberg	Director	March 1, 2022
/s/ Heather V. Howell Heather V. Howell	Director	March 1, 2022
/s/ Ernest W. Marshall, Jr. Ernest W. Marshall, Jr.	Director	March 1, 2022
/s/ W. Patrick Mulloy, II W. Patrick Mulloy, II	Director	March 1, 2022
/s/ George Nichols III George Nichols III	Director	March 1, 2022

SIGNATURES *(continued)*

/s/ W. Kenneth Oyler, III W. Kenneth Oyler, III	Director	March 1, 2022
/s/ Logan M. Pichel Logan M. Pichel	Director	March 1, 2022
/s/ Michael T. Rust Michael T. Rust	Director	March 1, 2022
/s/ Susan Stout Tamme Susan Stout Tamme	Director	March 1, 2022
/s/ Mark A. Vogt Mark A. Vogt	Director	March 1, 2022