Risk Factors Comparison 2022-10-26 to 2021-03-11 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Any one ~~A substantial portion of our~~ **or a combination of the factors identified above, or other factors, could materially and adversely affect our business, financial condition, results of operations and prospects. Risks Related to our Lending Activities We are subject to credit risk in connection with our lending activities, and our financial condition and results of operations may be negatively impacted by economic conditions and other factors that adversely affect our borrowers. Our financial condition and results of operations are affected by the ability of our borrowers to repay their loans, and in a timely manner. Lending money is a significant part of our banking business. Borrowers, however, do not always repay their loans. The risk of non- payment is assessed through our underwriting and** loan ~~portfolio is comprised~~ **review procedures based on several factors including credit risks of a particular borrower, changes in economic conditions, the duration of the loan, and in the case of a collateralized loan, uncertainties as to the future value of the collateral and other factors. Despite our efforts, we do and will experience loan losses, and our financial condition and results of operations will be adversely affected. Our non- performing assets were approximately $ 12. 5 million at December 31, 2021. Our allowance for loan losses was approximately $ 19. 0 million at December 31, 2021. Our loans between 30- 89 days delinquent totaled $ 9. 6 million at December 31, 2021. Our concentration** of commercial real estate loans **could result in increased loan losses and costs of compliance** . **At December 31, 2021, commercial real estate loans totaled $ 780. 3 million, or 31. 0 % of our loan portfolio. Given their larger balances and the complexity of the underlying collateral, commercial real estate loans generally have more risk than the single- family residential loans that we originate. Because the repayment of commercial real estate loans depends on the successful management and operation of the borrower' s properties or related businesses, repayment of such loans can be affected by adverse conditions in the local real estate market or economy. If we foreclose on these loans, our holding period for the collateral typically is longer than for a single- family residential property because there are fewer potential purchasers of the collateral. In addition, commercial real estate loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to single- family residential loans. Accordingly, charge- offs on commercial real estate loans may be larger on a per loan basis than those incurred by our single- family residential real estate or consumer loan portfolios. 13** The commercial real estate market is cyclical and poses risks of loss to us because of the concentration of commercial real estate loans in our loan portfolio, and the lack of diversity in risk associated with such a concentration. Banking regulators have been giving and continue to give commercial real estate lending greater scrutiny, and banks with larger commercial real estate loan portfolios are expected by their regulators to implement improved underwriting, internal controls, risk management policies and portfolio stress- testing practices to manage risks associated with commercial real estate lending. In addition, commercial real estate lenders are making greater provisions for ~~loan~~ **credit** losses and accumulating higher capital levels as a result of commercial real estate lending exposures. Additional losses or regulatory requirements related to our commercial real estate loan concentration could materially adversely affect our business, financial condition and results of operations. ~~12~~ Our allowance for ~~loan~~ **credit** losses may not be adequate to absorb actual loan losses, and we may be required to make further provisions for ~~loan~~ **credit** losses and charge off additional loans in the future, which could materially and adversely affect our business. We ~~attempt to~~ maintain an allowance for ~~loan~~ **credit** losses, established through a provision for ~~loan~~ **credit** losses accounted for as an expense, which is adequate to absorb losses inherent in our loan portfolio. If our allowance for ~~loan~~ **credit** losses is inadequate, it may have a material adverse effect on our financial condition and results of operations. The determination of the allowance for ~~loan~~ **credit** losses ~~inherently~~ involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our allowance for ~~loan~~ **credit** losses. Increases in nonperforming loans have a significant impact on our allowance for ~~loan~~ **credit** losses. Our allowance for ~~loan~~ **credit** losses may not be adequate to absorb actual loan losses. If trends in the real estate markets were to deteriorate, we could experience increased delinquencies and credit losses, particularly with respect to real estate construction and land acquisition and development loans and one- to **four** - ~~four~~ family residential mortgage loans. As a result, we may have to make provisions for ~~loan~~ **credit** losses and charge off loans in the future, which could materially adversely affect our financial condition and results of operations. In addition to our internal processes for determining loss allowances, bank regulatory agencies periodically review our allowance for ~~loan~~ **credit** losses and may require us to increase the provision for ~~loan~~ **credit** losses or recognize further loan charge- offs, based on judgments that differ from those of our management. **Any increases** ~~If loan charge- offs~~ in **our** ~~future periods exceed the~~ allowance for **credit** ~~loan losses, we will need to increase our allowance for loan losses. Furthermore, growth in our loan portfolio would generally lead to an increase in the provision for loan losses. Any increases in our allowance for loan~~ losses will result in a decrease in net income and capital, and may have a material adverse effect on our financial condition, results of operations and cash flows. **Our mortgage banking revenue and the value of our mortgage servicing rights can be volatile. In 2021, we originated $ 579. 8 million residential mortgage loans and sold $ 398. 7 million of those loans to investors in the secondary market. The residential mortgage business is highly competitive, and highly susceptible to changes in market interest rates, consumer confidence levels, employment statistics, the capacity and willingness of secondary market purchasers to acquire and hold or securitize loans, and other factors beyond our control. 14 Because we sell a substantial number of the mortgage loans we originate, the profitability of our mortgage banking business also depends**

in large part on our ability to originate a high volume of loans and sell them in the secondary market at a gain. In fact, as rates rise, we expect (1) the demand for mortgage loans to fall thereby reducing loan origination volume and (2) increasing industry- wide competitive pressures reducing our pricing margins, both of which would reduce our mortgage revenues. Thus, in addition to our dependence on the interest rate environment, we are dependent upon (1) the existence of an active secondary market and (2) our ability to profitably sell loans or securities into that market. If our level of mortgage production declines, the profitability will depend upon our ability to reduce our costs commensurate with the reduction of revenue from our mortgage operations. Our ability to originate and sell mortgage loans readily is dependent upon the availability of an active secondary market for single- family mortgage loans, which in turn depends in part upon the continuation of programs currently offered by government- sponsored entities (" GSEs ") and other institutional and non- institutional investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. We are highly dependent on these purchasers continuing their mortgage purchasing programs. Additionally, because the largest participants in the secondary market are Ginnie Mae, Fannie Mae and Freddie Mac, GSEs whose activities are governed by federal law, any future changes in laws that significantly affect the activity of these GSEs could, in turn, adversely affect our operations. In September 2008, Fannie Mae and Freddie Mac were placed into conservatorship by the U. S. government. The federal government has for many years considered proposals to reform Fannie Mae and Freddie Mac, but the results of any such reform, and their impact on us, are difficult to predict. To date, no reform proposal has been enacted. We may be required to repurchase mortgage loans or indemnify buyers against losses in some circumstances, which could harm liquidity, results of operations and financial condition. We sell a large portion of the mortgage loans that we originate. When mortgage loans are sold, whether as whole loans or pursuant to a securitization, we are required to make customary representations and warranties to purchasers, guarantors and insurers, including the GSEs, about the mortgage loans and the manner in which they were originated. Whole loan sale agreements require that we repurchase or substitute mortgage loans or indemnify buyers against losses in the event we breach these representations or warranties. In addition, we may be required to repurchase mortgage loans as a result of early payment default of the borrower on a mortgage loan, resulting in these mortgage loans being placed on our books and subjecting us to the risk of a potential default. A subsequent sale of a repurchased mortgage loan could be at a significant discount to the unpaid principal balance. The Company maintains a reserve for repurchased loans. If repurchase and indemnity demands increase and such demands are valid claims and are in excess of our provision for potential losses, our liquidity, results of operations and financial condition may be adversely affected. We may be exposed to environmental liabilities with respect to real estate that we have or had title to in the past. A significant portion of our loan portfolio is secured by real property. In the course of our business, we may foreclose, accept deeds in lieu of foreclosure, or otherwise acquire real estate in connection with our lending activities. We also acquire real estate in connection with our store expansion plans and growth strategy. As a result, we could become subject to environmental liabilities with respect to these properties. We may become responsible to a governmental agency or third parties for property damage, personal injury, investigation and clean- up costs incurred by those 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 environmental investigation or remediation activities could be substantial. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Although we have policies and procedures to perform an environmental review before acquiring title to any real property, these may not be sufficient to detect all potential environmental hazards. If we were to become subject to significant environmental liabilities, it could materially and adversely affect us. 15 Risks Related to Accounting and Disclosure Matters We are required to make significant estimates and assumptions in the preparation of our financial statements, including our allowance for loan losses, and our estimates and assumptions may not be accurate. The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or **"** GAAP, **"** require our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. **These estimates and assumptions are subject to substantial risk and uncertainty. Materially different results may occur as circumstances change and additional information becomes known. The** ~~Critical~~ **critical** estimates are made by management in determining, among other things, the allowance for loan losses ~~, carrying values of other real estate owned, assessment of other than temporary impairment (" OTTI ") of investment securities, fair value of financial instruments,~~ and the realization of deferred income taxes. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely affected. ~~13~~ **Our assets as of December 31, 2021 included a deferred tax asset and we may not be able to realize the full amount of such asset. We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. At December 31, 2021, the net deferred tax asset was $ 14. 2 million, compared to a balance of $ 12. 0 million at December 31, 2020. We regularly review our deferred tax assets for recoverability to determine whether it is more likely than not (i. e. likelihood of more than 50 %) that some portion, or all, of the deferred tax asset will not be realized within its life cycle, based on the weight of available evidence. If management makes a determination based on the available evidence that it is more likely than not that some portion or all of the deferred tax assets will not be realized in future periods, a valuation allowance is calculated and recorded. These determinations are inherently subjective and dependent upon estimates and judgments concerning management' s evaluation of both positive and negative evidence. Based on the analysis of the available positive and negative evidence, we determined that a valuation allowance should not be recorded as of December 31,**

2021. We used projections of future taxable income, exclusive of reversing temporary timing differences and carryforwards, as a factor to project recoverability of the deferred tax asset balance. There can be no assurance as to when or whether we will be in a position to fully recapture the benefits of our deferred tax asset. Further discussion on the analysis of our deferred tax asset can be found in the " Provision (Benefit) for Income Taxes " section of Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. Our failure to maintain an effective system of internal control over financial reporting and disclosure controls and procedures related to the structure and operations of our corporate governance may result in current and potential shareholders losing confidence in our financial reporting and disclosures and could subject us to regulatory scrutiny. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, referred to as Section 404, we are required to include in our Annual Reports on Form 10- K, our management' s report on internal control over financial reporting. As part of our ongoing monitoring of internal and disclosure controls for the year ended December 31, 2021, we discovered material weaknesses in our internal and disclosure controls that required remediation. See " Item 9A. Controls and Procedures. " Effective internal controls and disclosure controls and procedures are necessary for us to provide reliable financial reports and disclosures to shareholders, to prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports and disclosures or prevent fraud, our business may be adversely affected, our reputation and operating results could be harmed could and our current and potential shareholders and customers could lose confidence in our financial reporting and disclosure required under the Exchange Act, which could adversely affect our business. 16 Control processes that involve human diligence and compliance, such as our disclosure controls and procedures and internal control over financial reporting, are subject to lapses in judgment and breakdowns resulting from human failures. Controls can also be circumvented by collusion or improper management override. Because of such limitations, there are risks that material misstatements due to error or fraud may not be prevented or detected and that information may not be reported on a timely basis. If our controls are not effective, it could have a material adverse effect on our financial condition, results of operations, and market for our common stock, and could subject us to regulatory scrutiny. Management concluded there were deficiencies in the Company' s internal control over financial reporting that represented material weaknesses in the Company' s internal control over financial reporting as of December 31, 2021, including from a failure to maintain an effective control environment, which resulted in deficiencies in the communication of certain relevant information to the Board of Directors of the Company, including information related to branch expenditures. While the material weaknesses did not result in a misstatement of the Company' s financial statements, effective internal controls and disclosure controls and procedures are necessary for us to provide reliable financial reports and disclosures to shareholders, to prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports and disclosures or prevent fraud, our business may be adversely affected, our reputation and operating results could be harmed and our current and potential shareholders and customers could lose confidence in our financial reporting and disclosure required under the Exchange Act, which could adversely affect our business. For more information, see " Item 9A: Disclosure Controls and Procedures. " Continued delays in the filing of our periodic reports with the SEC could impact our listing on Nasdaq, which would materially and adversely affect our stock price, financial condition and / or results of operations. As a result of an independent review concerning related party transactions, the Company' s internal controls, and the associated financial statement and disclosure implications, and the evaluation of such independent review by the Company' s Audit Committee and management and by the Company' s independent registered public accounting firm in connection with the audit of the Company' s financial statements as of an for the year ended December 31, 2021, we were unable to file this Annual Report on Form 10- K with the SEC on a timely basis. We have not filed our Quarterly Reports on Forms 10- Q for the quarters ended March 31, 2022 and June 30, 2022, which were due in May 2022 and August 2022, respectively. Nasdaq Listing Rule 5250 (c) (1) requires listed companies to timely file all required periodic financial reports with the SEC. If we are not able to file our delinquent Quarterly Reports on Form 10- Q, our common stock may be subject to delisting by Nasdaq. Risks Related to our Business Our results of operations may be materially and adversely affected by other- than- temporary impairment charges relating to our investment portfolio. In prior years we recorded other- than- temporary impairment charges for certain bank pooled trust preferred securities, and we may be required to record future impairment charges on our investment securities if they suffer declines in value that we determine are other- than- temporary. Numerous factors, including the lack of liquidity for re- sales of certain investment securities, the absence of reliable pricing information for investment securities, adverse changes in the business climate, adverse regulatory actions or unanticipated changes in the competitive environment, could have a negative effect on our investment portfolio in future periods. If an impairment charge is significant enough, it could affect the Bank' s ability to pay dividends, which could materially adversely affect us. Significant impairment charges could also negatively impact our regulatory capital ratios and result in us not being classified as " well- capitalized " for regulatory purposes. **A significant percentage of our assets is invested in securities, which typically have a lower yield than our loan portfolio. Our results of operations depend substantially on our net interest income. At December 31, 2021, 50. 7 % of our assets were invested in investment securities and cash and cash equivalents. These investments yield substantially less than the loans we hold in our portfolio. While we intend to invest a greater proportion of our assets in loans with the goal of increasing our net interest income, we may not be able to increase originations of loans that are acceptable to us. Further, at December 31, 2021, $ 1. 7 billion, or 60. 7 %, of our securities portfolio was designated as held to maturity. As a result, we are unable to sell these securities to respond to changes in interest rates that may occur in the future. 17 Unfavorable economic and financial market conditions may adversely affect our financial position and results of operations. Economic pressure on consumers and businesses, the impact of inflation, any resulting lack of confidence in the financial markets, the ongoing impact of COVID- 19 and the responses thereto, risks related to the conflict between**

Ukraine and Russia, including, but not limited to, the impact from, and compliance with, economic sanctions, and concerns surrounding the long term fiscal position of the United States may adversely affect our business, financial condition, results of operations and stock price. A worsening of current economic conditions would likely exacerbate the adverse effects of market conditions on us and others in the industry. In particular, we may face the following risks in connection with these events: ● increased regulation of our industry and increased compliance costs; ● hampering our ability to assess the creditworthiness of customers and to estimate the losses inherent in our credit exposure, as such assessments are made more complex by these difficult market and economic conditions; ● increasing our credit risk, by increasing the likelihood that our customers are unable to satisfy their obligations to us; ● impairing our ability to originate loans, by making our customers and prospective customers less willing to borrow, and making loans that meet our underwriting criteria difficult to find; and ● limiting our interest income, by depressing the yields we are able to earn on our investment portfolio. Our business is concentrated in and dependent upon the continued growth and welfare of our primary market area. Our primary service area consists of Greater Philadelphia, Southern New Jersey, and New York City. Our success depends upon the business activity, population, income levels, deposits and real estate activity in this area. Although our customers' businesses and financial interests may extend well beyond this area, adverse economic conditions that affect our primary service area could reduce our growth rate, affect the ability of our customers to repay their loans to us, and generally adversely affect our financial condition and results of operations. Because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets. 18 A transition away from the London Interbank Offered Rate (" LIBOR") as a reference rate for financial instruments could negatively affect our income and expenses and the value of various financial instruments. LIBOR is used extensively in the United States and globally as a benchmark for various commercial and financial contracts, including adjustable rate mortgages, corporate debt, interest rate swaps and other derivatives. LIBOR is set based on interest rate information reported by certain banks, which may stop reporting such information after 2021. On July 27, 2017, the United Kingdom' s Financial Conduct Authority (" FCA") announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. On November 30, 2020, to facilitate an orderly LIBOR transition, the OCC, the FDIC, and the Federal Reserve Board jointly announced that entering into new contracts using LIBOR as a reference rate after December 31, 2021 would create a safety and soundness risk. On March 5, 2021, the FCA announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of 1- week and 2- month LIBOR, and immediately after June 30, 2023, in the case of the remaining LIBOR settings. In the United States, efforts to identify a set of alternative U. S. dollar reference interest rates are ongoing, and the Alternative Reference Rate Committee (" ARRC") has recommended the use of a Secured Overnight Funding Rate (" SOFR"). SOFR is different from LIBOR in that it is a backward- looking secured rate rather than a forward- looking unsecured rate. There are operational issues, which may create a delay in the transition to SOFR or other substitute indices, leading to uncertainty across the industry. These consequences cannot be entirely predicted and could have an adverse impact on the market value for or value of LIBOR- linked securities, loans, derivatives over loans and other financial obligations or extensions of credit. Risks Related to Market Interest Rates Our net interest income, net income and results of operations are sensitive to fluctuations in interest rates. Our net income depends on the net income of Republic, and Republic is dependent primarily upon its net interest income, which is the difference between the interest earned on its interest- earning assets, such as loans and investments, and the interest paid on its interest- bearing liabilities, such as deposits and borrowings. Our results of operations will be affected by changes in market interest rates and other economic factors beyond our control. If our interest- earning assets have longer effective maturities than our interest- bearing liabilities, the yield on our interest- earning assets generally will adjust more slowly than the cost of our interest- bearing liabilities, and, as a result, our net interest income generally will be adversely affected by material and prolonged increases in interest rates, and positively affected by comparable declines in interest rates. Conversely, if liabilities re- price more slowly than assets, net interest income would be adversely affected by declining interest rates, and positively affected by increasing interest rates. At any time, our assets and liabilities will reflect interest rate risk of some degree. ~~Potential concerns~~ **In addition, changes in interest rates can affect the average life of loans and mortgage- backed and related securities. A decline in interest rates generally results in increased prepayments of loans and mortgage- backed and related securities as borrowers refinance their debt to reduce their borrowing costs. This creates reinvestment risk, which is the risk that we may not be able to reinvest prepayments at rates that are comparable to the rates we earned on the prepaid loans** ~~for~~ - **or securities. Furthermore, an inverted interest rate** ~~the longer term economic outlook include the continued flattening of the~~ yield curve ~~or an inverted yield curve~~ **, where short- term interest rates** (which ~~may or may not signal a future recession~~ **are usually the rates at which financial institutions borrow funds**) ~~,~~ **are higher than long- term interest rates (which are usually** the **rates at which financial institutions lend funds for fixed- rate loans) can reduce a financial institution' s net interest margin and create financial** risk **for financial institutions that originate** ~~of economic overheating in the near future, and concerns surrounding the long~~ **longer -** term ~~fiscal position of the United States~~ **, fixed- rate mortgage loans** . In addition to affecting interest income and expense, changes in interest rates also can affect the value of our interest- earning assets, comprising fixed and adjustable- rate instruments, as well as the ability to realize gains from the sale of such assets. Generally, the value of fixed- rate instruments fluctuates inversely with changes in interest rates, and changes in interest rates may therefore have a material adverse effect on our results of operations. **19 Risks Related** ~~We are a holding company dependent for liquidity on payments from our banking subsidiary, which payments are subject~~ to ~~restrictions. We are a holding company and depend on dividends, distributions and other payments from Republic to fund dividend payments, if any, and to fund all payments on obligations. Republic and its subsidiaries are subject to laws that restrict dividend payments or~~ **our** ~~authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to us.~~

~~Restrictions or regulatory actions of that kind could impede our access to funds that we may need to make payments on our obligations or dividend payments, if any. In addition, our right to participate in a distribution of assets upon a subsidiary' s liquidation or reorganization is subject to the prior claims of the subsidiary' s creditors. 14 Our business~~ **Business Strategy** ~~is concentrated in and dependent upon the continued growth and welfare of our primary market area. Our primary service area consists of Greater Philadelphia, Southern New Jersey, and New York City. Our success depends upon the business activity, population, income levels, deposits and real estate activity in this area. Although our customers' businesses and financial interests may extend well beyond this area, adverse economic conditions that affect our primary service area could reduce our growth rate, affect the ability of our customers to repay their loans to us, and generally adversely affect our financial condition and results of operations. Because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets. Unfavorable economic and financial market conditions may adversely affect our financial position and results of operations. Economic pressure on consumers and businesses and any resulting lack of confidence in the financial markets may adversely affect our business, financial condition, results of operations and stock price. A worsening of current economic conditions would likely exacerbate the adverse effects of market conditions on us and others in the industry. In particular, we may face the following risks in connection with these events: ● increased regulation of our industry and increased compliance costs; ● hampering our ability to assess the creditworthiness of customers and to estimate the losses inherent in our credit exposure, as such assessments are made more complex by these difficult market and economic conditions; ● increasing our credit risk, by increasing the likelihood that our major customers become insolvent and unable to satisfy their obligations to us; ● impairing our ability to originate loans, by making our customers and prospective customers less willing to borrow, and making loans that meet our underwriting criteria difficult to find; and ● limiting our interest income, by depressing the yields we are able to earn on our investment portfolio. Our ability to use net operating loss carryforwards to reduce future tax payments may be limited. As of December 31, 2020, we had no U. S. Federal net operating loss carryforwards, referred to as " NOLs, " available to reduce taxable income in future years. However, this condition could change in future periods. Utilization of the NOLs may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended, referred to as the " Code. " These ownership changes may limit the amount of NOLs that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 of the Code results from a transaction or series of transactions over a three- year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. In the event of an ownership change, Section 382 imposes an annual limitation on the amount of post- ownership change taxable income a corporation may offset with pre- ownership change NOLs. The limitation imposed by Section 382 for any post- change year would be determined by multiplying the value of our stock immediately before the ownership change (subject to certain adjustments) by the applicable long- term tax- exempt rate. Any unused annual limitation may be carried over to later years, and the limitation may under certain circumstances be increased by built- in gains which may be present with respect to assets held by us at the time of the ownership change that are recognized in the five- year period after the ownership change. 15 In addition, the ability to use NOLs will be dependent on our ability to generate taxable income. The NOLs may expire before we generate sufficient taxable income. There were no NOLs that expired in the fiscal years ended December 31, 2020 and December 31, 2019. There are no NOLs that could expire if not utilized for the year ending December 31, 2021. Our assets as of December 31, 2020 included a deferred tax asset and we may not be able to realize the full amount of such asset. We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. At December 31, 2020, the net deferred tax asset was $ 12. 0 million, compared to a balance of $ 12. 6 million at December 31, 2019. We regularly review our deferred tax assets for recoverability to determine whether it is more likely than not (i. e. likelihood of more than 50 %) that some portion, or all, of the deferred tax asset will not be realized within its life cycle, based on the weight of available evidence. If management makes a determination based on the available evidence that it is more likely than not that some portion or all of the deferred tax assets will not be realized in future periods, a valuation allowance is calculated and recorded. These determinations are inherently subjective and dependent upon estimates and judgments concerning management' s evaluation of both positive and negative evidence. Based on the analysis of the available positive and negative evidence, we determined that a valuation allowance should not be recorded as of December 31, 2020. We used projections of future taxable income, exclusive of reversing temporary timing differences and carryforwards, as a factor to project recoverability of the deferred tax asset balance. There can be no assurance as to when we will be in a position to fully recapture the benefits of our deferred tax asset. Further discussion on the analysis of our deferred tax asset can be found in the " Provision (Benefit) for Income Taxes " section of Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. We are required to adopt the FASB' s accounting standard which requires measurement of certain financial assets (including loans) using the current expected credit losses (CECL) beginning in calendar year 2022. Current GAAP requires an incurred loss methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. The FASB' s amendment replaces the current incurred loss methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonableness and supportable information to inform credit loss estimates. We are currently evaluating the impact of ASU 2016- 13, continuing our implementation efforts and reviewing the loss modeling requirements consistent with lifetime expected loss estimates. Calculations of expected losses under the new guidance were run parallel to the calculations under existing guidance to assess and evaluate the potential impact to our financial statements. The new model includes different assumptions used in calculating credit losses, such as estimating losses over the estimated life of a financial asset and considers expected future changes in macroeconomic conditions. The adoption of this ASU may result in an increase or decrease to our allowance for loan losses which will depend upon the nature and characteristics of our loan portfolio at the adoption date, as well as the macroeconomic conditions and forecasts at that date. At~~

~~the present time, we do not expect a material increase to the allowance for credit losses. When finalized, any adjustment to the allowance for credit losses as a result of the adoption of ASU 2016- 13 will be recorded, net of tax, as an adjustment to retained earnings effective January 1, 2022. This estimate is subject to change based on continuing refinement and validation of the model and methodologies. This ASU will become effective for us as of January 1, 2022. 16 Our mortgage lending business may not provide us with significant noninterest income. In 2020, we originated more than $ 700 million residential mortgage loans and sold $ 480 million of those loans to investors on the secondary market. The residential mortgage business is highly competitive, and highly susceptible to changes in market interest rates, consumer confidence levels, employment statistics, the capacity and willingness of secondary market purchasers to acquire and hold or securitize loans, and other factors beyond our control. Because we sell a substantial number of the mortgage loans we originate, the profitability of our mortgage banking business also depends in large part on our ability to aggregate a high volume of loans and sell them in the secondary market at a gain. In fact, as rates rise, we expect increasing industry- wide competitive pressures related to changing market conditions to reduce our pricing margins and mortgage revenues generally. Thus, in addition to our dependence on the interest rate environment, we are dependent upon (i) the existence of an active secondary market and (ii) our ability to profitably sell loans or securities into that market. If our level of mortgage production declines, the profitability will depend upon our ability to reduce our costs commensurate with the reduction of revenue from our mortgage operations. Our ability to originate and sell mortgage loans readily is dependent upon the availability of an active secondary market for single- family mortgage loans, which in turn depends in part upon the continuation of programs currently offered by government- sponsored entities (" GSEs ") and other institutional and non- institutional investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. We are highly dependent on these purchasers continuing their mortgage purchasing programs. Additionally, because the largest participants in the secondary market are Ginnie Mae, Fannie Mae and Freddie Mac, GSEs whose activities are governed by federal law, any future changes in laws that significantly affect the activity of these GSEs could, in turn, adversely affect our operations. In September 2008, Fannie Mae and Freddie Mac were placed into conservatorship by the U. S. government. The federal government has for many years considered proposals to reform Fannie Mae and Freddie Mac, but the results of any such reform, and their impact on us, are difficult to predict. To date, no reform proposal has been enacted. We may be required to repurchase mortgage loans or indemnify buyers against losses in some circumstances, which could harm liquidity, results of operations and financial condition. We sell a large portion of the mortgage loans that we originate. When mortgage loans are sold, whether as whole loans or pursuant to a securitization, we are required to make customary representations and warranties to purchasers, guarantors and insurers, including the GSEs, about the mortgage loans and the manner in which they were originated. Whole loan sale agreements require repurchase or substitute mortgage loans, or indemnify buyers against losses, in the event we breach these representations or warranties. In addition, we may be required to repurchase mortgage loans as a result of early payment default of the borrower on a mortgage loan, resulting in these mortgage loans being placed on our books and subjecting us to the risk of a potential default. If repurchase and indemnity demands increase and such demands are valid claims and are in excess of our provision for potential losses, our liquidity, results of operations and financial condition may be adversely affected. 17~~ Potential acquisitions may disrupt our business and dilute shareholder value. We regularly evaluate opportunities to acquire and invest in banks and in other complementary businesses. As a result, we may engage in negotiations or discussions that, if they were to result in a transaction, ~~could have a material effect on our operating results and financial condition, including short and long- term liquidity and capital structure. Our acquisition activities could be material to us. For example, we could issue additional shares of common stock in a purchase transaction, which could dilute current shareholders' ownership interest. These activities could require us to use a substantial amount of cash, other liquid assets, and / or incur debt. In addition, if goodwill recorded in connection with our prior or potential future acquisitions were determined to be impaired, then we would be required to recognize a charge against our earnings, which could materially and adversely affect our results of operations during the period in which the impairment was recognized. Any potential charges for impairment related to goodwill would not impact cash flow, tangible capital or liquidity but would decrease shareholders' equity. Our acquisition activities~~ could involve a number of additional risks, including the risks of: ● incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions; ● using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target institution or its assets **; ● diluting our tangible book value and earnings per share in the short- and long- term by payment of a premium over book and market values; ● incurring potential exposure to unknown or contingent liabilities of the target company; ● exposing ourselves to potential asset quality problems of the target company; ● diluting current shareholders' ownership interest by issuing additional shares of common stock; ● recording goodwill, which if impaired would be required to recognize a charge against our earnings; ● failing to realize the expected revenue increases, cost savings, increases in geographic or product presence, and / or other projected benefits of the acquisition; ● potential disrupting our business** ; ● the time and expense required to integrate the operations and personnel of the combined businesses; ● creating an adverse short- term effect on our results of operations; and ● losing key employees and customers as a result of an acquisition that is poorly conceived. We may not be successful in overcoming these risks or any other problems encountered in connection with potential acquisitions. Our inability to overcome these risks could have an adverse effect on our ability to achieve our business strategy and maintain our market value. We may not be able to manage our growth, which may adversely impact our financial results. As part of our retail growth strategy, we may expand into additional communities or attempt to strengthen our position in our current markets by opening new stores and acquiring existing ~~stores~~ **branches** of other financial institutions. To the extent that we undertake additional stores openings and acquisitions, we are likely to experience the effects of higher operating expenses relative to operating income from the new operations, which may have an adverse effect on our levels of reported net income, return on average equity and return on average assets. Other effects of engaging in such growth strategies may include potential diversion of our management' s time and attention and general disruption to our

business. As part of our retail strategy, we plan to open new stores in our primary service area, including Southern New Jersey, the Greater Philadelphia area, and New York City. We may not, however, be able to identify attractive locations on terms favorable to us, obtain regulatory approvals, or hire qualified management to operate new stores. In addition, the organizational and overhead costs may be greater than we anticipate. New stores may take longer than expected to reach profitability, or may not become profitable. The additional costs of starting new stores may adversely impact our financial results. Our ability to manage growth successfully will depend on whether we can continue to fund our growth while maintaining cost controls, as well as on factors beyond our control, such as national and regional economic conditions and interest rate trends. If we are not able to control costs, such growth could adversely impact our earnings and financial condition. ~~18~~ **20** Our retail strategy relies heavily on our management team, and the unexpected loss of key managers may adversely affect our operations. In recent years, we have been successful in attracting new and talented employees to ~~Republic, to add to~~ our management team. We believe that our ability to successfully ~~implement~~ **execute** our ~~retail~~ **growth** strategy will require us to retain and attract additional management experienced in banking and financial services, and familiar with the communities in our market. Our ability to retain executive officers, the current management team, branch managers and loan officers of Republic will continue to be important to the successful implementation of our strategy. It is also critical, as we grow, to be able to attract and retain additional members of the management team and qualified loan officers with the appropriate level of experience and knowledge about our market areas to implement the community- based operating strategy. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations. We are subject to numerous governmental regulations...... financial condition and results of operations. If we want to, or are compelled to, raise additional capital in the future, that capital may not be available to us when it is needed or on terms that are favorable to us or current shareholders. Federal banking regulators require us, and Republic, to maintain capital to support our operations. Regulatory capital ratios are defined and required ratios are established by laws and regulations promulgated by banking regulatory agencies. At December 31, ~~2020~~ **2021** , our regulatory capital ratios were above " well capitalized " levels under current bank regulatory guidelines. To be " well capitalized, " banking companies generally must maintain a Tier 1 leverage ratio of at least 5 %, a Common Equity Tier 1 ratio of at least 6. 5 %, a Tier 1 risk- based capital ratio of at least 8 %, and a total risk- based capital ratio of at least 10 %. Regulators, however, may require us, or Republic, to maintain higher regulatory capital ratios. **We may need to raise additional capital in the future to provide us with sufficient capital resources to meet our commitments and business needs. We may also at some point need to raise additional capital to support our continued growth.** Our ability to raise additional capital in the future will depend on conditions in the capital markets at that time, which are outside of our control, on our financial performance and on other factors. Accordingly, we may not be able to raise additional capital on terms and time frames acceptable to us, or at all. If we cannot raise additional capital in sufficient amounts when needed, our ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts may adversely affect our operations, financial condition and results of operations. Our ability to ~~borrow~~ **raise capital** could also be impaired by factors that are nonspecific to us, such as disruption of the financial markets or negative news and expectations about the prospects for the financial services industry. If we raise capital through the issuance of additional shares of our common stock or other securities, we would ~~likely~~ dilute the ownership interests of ~~investors~~ **existing shareholders** , and could dilute the per share book value and earnings per share of our common stock. Furthermore, a capital raise through issuance of additional shares may have an adverse impact on our stock price. **Risks Related to Laws and Regulations** We ~~We~~ are subject to numerous governmental regulations and to comprehensive examination and supervision by regulators,which could have an adverse impact on our operations and could restrict the scope of our operations.Both the Company and Republic operate in a highly regulated environment and are subject to supervision and regulation by several governmental regulatory agencies,including the Board of Governors of the Federal Reserve System,the FDIC and the Pennsylvania Department of Banking and Securities (" PDB ").We are subject to federal and state regulations governing virtually all aspects of our activities,including lines of business,capital,liquidity,investments,payment of dividends,and others.Regulations that apply to us are generally intended to provide protection for depositors and customers rather than investors. **21** We are subject to extensive regulation and supervision under federal and state laws and regulations.See Item 1.Business- Supervision and Regulation.The requirements and limitations imposed by such laws and regulations limit the manner in which we conduct our business,undertake new investments and activities and obtain financing.Financial institution regulation has been the subject of significant legislation in recent years and may be ~~exposed to environmental liabilities~~ **the subject of further significant legislation in the future, none of which is within our control. Compliance** with ~~respect~~ **these rules could impose additional costs on banking entities and their holding companies. Management has reviewed the new standards and will continue** to ~~real~~ **evaluate all options and strategies to ensure ongoing compliance with the new standards, notwithstanding Republic' s current status as well- capitalized. New programs and proposals may subject us and other financial institutions to additional restrictions, oversight and costs that may have an adverse impact on our business, financial condition, results of operations or the price of our common stock. Federal and** ~~estate~~ - ~~additional restrictions,oversight and costs that may have an adverse impact on our business,financial condition,results of operations or the price of our common stock.Federal and~~ state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied or enforced.We cannot predict the substance or impact of future legislation,regulation or the application thereof.Compliance with such current and potential regulation and scrutiny may significantly increase our costs,impede the efficiency of our internal business processes,require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner. ~~19~~ **Any change in regulation and oversight,whether in the form of regulatory policy,regulations,legislation or supervisory action,may have a material impact on our operations.Further,changes in accounting standards can be both difficult to predict and involve judgment and discretion in their interpretation by us**

and our independent accounting firm.These changes could materially impact,potentially even retroactively,how we report our financial condition and results of operations.Risks Related to Competition We face significant competition in our market from other banks and financial institutions.The banking and financial services industry in our market area is highly competitive. **Many** ~~We may not be able to compete effectively in our markets,which could adversely affect our results~~ of **our competitors** ~~operations.The increasingly competitive environment is a result of changes in regulation,changes in technology and product delivery systems,and consolidation among financial service providers.Larger institutions~~ have **substantially** greater **resources and** ~~access to capital markets,with~~ higher lending limits **than we have** and **offer certain** ~~a broader array of~~ services ~~.Competition may~~ that we **do not or cannot provide. We may not be able to compete effectively in our markets, which could adversely affect our results of operations. The increasingly competitive environment is a result of changes in regulation, changes in technology and product delivery systems, and consolidation among financial service providers. Larger institutions** have **greater access** ~~or had title~~ to ~~in the past. A significant portion~~ **capital markets, with higher lending limits and a broader array** of ~~our~~ **services. Competition may require increases in deposit rates and decreases in** loan **rates** ~~portfolio is secured by real property. In the course of our business~~ , **and adversely impact** ~~we may foreclose, accept deeds in lieu of foreclosure, or~~ **our net interest margin** ~~otherwise acquire real estate in connection with our lending activities~~ . ~~We~~ **Competition** also ~~acquire~~ **makes it increasingly difficult and costly to attract and retain qualified employees. Our profitability depends upon our continued ability to successfully compete in our market** ~~real~~ - **area** ~~estate in connection with our store expansion plans and growth strategy~~ . **The financial services industry** ~~As a result, we~~ could become ~~subject~~ **even more competitive as a result of new legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers** to ~~environmental liabilities~~ **entry and made it possible for non- banks, such as financial technology companies, securities companies and specialty finance companies to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Many of our competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than we can. 22 Risks Related to Operational Matters We may not have the resources to effectively implement new technologies, which could adversely affect our competitive position and results of operations. The financial services industry is constantly undergoing technological changes** with ~~respect~~ **frequent introductions of new technology- driven products and services. In addition** to **better serving customers,** ~~these~~ -- **the** ~~properties. We may become responsible~~ **effective use of technology increases efficiency and enables financial institutions** to ~~a governmental agency~~ **reduce costs. Our future success will depend in part upon** ~~or~~ **our** ~~third parties~~ **ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands** for ~~property damage, personal injury, investigation~~ **convenience as well as to create additional efficiencies in our operations as we continue to grow** and ~~clean~~ **expand in our market. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, we may not be able to effectively implement new technology** - **driven products and services** ~~up costs incurred by those parties in connection with environmental contamination,~~ or ~~may~~ be ~~required~~ **successful in marketing such products and services** to ~~investigate or~~ **our** ~~clean- up hazardous~~ **customers. If we are unable to do so,** ~~or~~ **our competitive position and results of operations** ~~toxic substances, or chemical releases at a property. The costs associated with environmental investigation or remediation activities~~ could be ~~substantial~~ **adversely affected** . ~~In addition~~ **We are subject to certain operational risks** , ~~as the owner~~ **including, but not limited to, customer or employee fraud and data processing system failures and errors. Employee or customer errors and misconduct could subject us to financial losses or regulatory sanctions and seriously harm** ~~or~~ **our** ~~former owner of a contaminated site~~ **reputation. Misconduct by our employees could include hiding unauthorized activities from us** , **improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee or customer errors and misconduct, and the precautions** we **take** ~~may be subject~~ to **prevent** ~~common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Although we have policies and procedures to perform an~~ **and detect this activity** ~~environmental review before acquiring title to any real property, these~~ may not be ~~sufficient~~ **effective in all cases. Employee errors could also subject us** to **financial claims for negligence. We maintain a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors, and customer or employee fraud. Should our internal controls fail to prevent or** detect ~~all potential environmental hazards. If we were to become subject to significant environmental liabilities, it could materially and~~ - **an occurrence, or if any resulting loss** ~~adversely affect us. 21 Our common stock~~ is not insured **or** exceeds applicable insurance limits,it could have a material adverse effect on our business,financial condition and results of operations. ~~20~~ System failure or breaches of our network security could subject us to increased operating costs as well as litigation and other liabilities.The computer systems and network infrastructure we use could be vulnerable to unforeseen problems.Our operations are dependent upon our ability to protect our computer equipment against damage from physical theft,fire,power loss,telecommunications failure or a similar catastrophic event,as well as from security breaches,denial of service attacks,viruses,worms and other disruptive problems caused by ~~any governmental entity and, therefore,~~ **hackers. Any damage or failure that causes** an ~~investment~~ **interruption in our operations could have a material adverse effect on our financial condition and results of operations. Computer break-** ~~in~~ **ins , phishing and other disruptions could also jeopardize the security of information stored in and transmitted through** our ~~common stock involves risk~~ **computer systems and network**

infrastructure, which may result in significant liability to us and may cause existing and potential customers to refrain from doing business with us . ~~Our common stock is~~ **Although we, with the help of third- party service providers, intend to continue to implement security technology and establish operational procedures to prevent such damage, these security measures may** not ~~a deposit account~~ **be successful. In addition, advances in computer capabilities, new discoveries in the field of cryptography** or other ~~obligation~~ **developments could result in a compromise or breach** of ~~any bank, and is not insured by~~ the ~~FDIC~~ **algorithms we and** ~~or~~ **our third- party service providers use** ~~any other governmental entity, and is subject~~ to ~~investment risk, including possible loss~~ **encrypt and protect customer transaction data** . **A failure of such security measures could have a material adverse effect on our financial condition and results of operations. 23 Risks Related to our Common Stock** There may be future sales of our common stock, which may materially and adversely affect the market price of our common stock. We are not restricted from issuing additional shares of our common **or preferred** stock, including securities that are convertible into or exchangeable or exercisable for shares of our common stock. Our issuance of shares of common stock **, preferred stock or securities convertible into or exchangeable or exercisable for our common stock** in the future will dilute the ownership interests of our existing shareholders. Additionally, the sale of substantial amounts of ~~our common stock or securities convertible into or exchangeable or exercisable for~~ our common stock, whether directly by us or by existing common shareholders in the secondary market, the perception that such sales could occur or the availability for future sale of shares of our common stock or securities convertible into or exchangeable or exercisable for our common stock could, in turn, materially and adversely affect the market price of our common stock **. Risks** ~~and our ability to raise capital through future offerings of equity or equity- related~~ **Related** ~~securities. In addition, our Board of Directors is authorized~~ to **Governance Matters** ~~designate and issue preferred stock without further shareholder approval, and we may issue other equity securities that are senior to our common stock in the future for a number of reasons, including, without limitation, to support operations and growth, to maintain our capital ratios and to comply with any future changes in regulatory standards. Our common stock is currently traded on the Nasdaq Global Market. During 2020, the average daily trading volume for our common stock was approximately 224, 200 shares. Sales of our common stock may place significant downward pressure on the market price of our common stock. Furthermore, it may be difficult for holders to resell their shares at prices they find attractive, or at all. Our common stock is subordinate to our existing and future indebtedness and any preferred stock and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries. Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any classes or series of preferred stock that our Board of Directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary' s creditors and preferred shareholders. As of December 31, 2020, we had $ 11. 3 million of outstanding debt related to trust preferred securities and $ 50. 0 million of perpetual non- cumulative preferred stock outstanding. 22 Our ability to pay dividends depends upon the results of operations of our subsidiaries. We have never declared or paid cash dividends on our common stock. Our Board of Directors intends to follow a policy of retaining earnings related to common stock for the purpose of increasing our capital for the foreseeable future. Holders of our common stock are entitled to receive dividends if, as and when declared from time to time by our Board of Directors in its sole discretion out of funds legally available for that purpose, after debt service payments and payments of dividends required to be paid on our outstanding preferred stock, if any. In August 2020, we issued 2. 0 million shares of perpetual non- cumulative convertible preferred stock. Each holder is entitled to receive, if declared by the Board of Directors, non- cumulative cash dividends on a quarterly basis at an annual accrual rate of 7. 00 % of the liquidation preference. While we, as a bank holding company, are not subject to certain restrictions on dividends applicable to Republic, our ability to pay dividends to the holders of our common stock will depend to a large extent upon the amount of dividends paid by Republic to us. Regulatory authorities restrict the amount of cash dividends Republic can declare and pay without prior regulatory approval. Presently, Republic cannot declare or pay dividends in any one- year in excess of retained earnings for that year subject to risk based capital requirements. If we fail to maintain an effective system of internal control over financial reporting and disclosure controls and procedures, current and potential shareholders may lose confidence in our financial reporting and disclosures and could subject us to regulatory scrutiny. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, referred to as Section 404, we are required to include in our Annual Reports on Form 10- K, our management' s report on internal control over financial reporting. While we have reported no material weaknesses in the Form 10- K for the fiscal year ended December 31, 2020, we cannot guarantee that we will not have any material weaknesses in the future. Compliance with the requirements of Section 404 is expensive and time- consuming. If, in the future, we fail to complete this evaluation in a timely manner we could be subject to regulatory scrutiny and a loss of public confidence in our internal control over financial reporting. In addition, any failure to maintain an effective system of disclosure controls and procedures could cause our current and potential shareholders and customers to lose confidence in our financial reporting and disclosure required under the Exchange Act, which could adversely affect our business.~~ Our governing documents, Pennsylvania law, and current policies of our Board of Directors contain provisions, which may reduce the likelihood of a change in control transaction, which may otherwise be available and attractive to shareholders. Our articles of incorporation and bylaws contain certain anti- takeover provisions that may make it more difficult or expensive or may discourage a tender offer, change in control or takeover attempt that is opposed by our Board of Directors. In particular, the articles of incorporation and bylaws **:** classify our Board of Directors into three groups, so that shareholders elect only approximately one- third of the Board each year; permit shareholders to remove directors only for cause and only upon the vote of the holders of at least 75 % of the voting shares; require our shareholders to give us advance notice to nominate candidates for election to the Board of Directors or to make shareholder proposals at a shareholders' meeting; require the vote of the holders of at least 75 % of our voting shares for shareholder amendments to our bylaws; require the vote of the holders of at least 75 % of our voting shares to approve certain

business combinations; and restrict the holdings and voting rights of shareholders who would acquire more than 10 % of our outstanding common stock without the approval of two- thirds of our Board of Directors. These provisions of our articles of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of our shareholders may consider such proposals desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of our Board of Directors. Moreover, these provisions could diminish the opportunities for shareholders to participate in certain tender offers, including tender offers at prices above the then- current market value of our common stock, and may also ~~inhibit~~ **prevent** increases in the trading price of our common stock that could result from takeover attempts or speculation. ~~23~~ In addition, anti- takeover provisions in Pennsylvania **and federal** law could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of our common stock and could reduce the amount that shareholders might receive if we are sold. For example, Pennsylvania **and federal** law may restrict a third party' s ability to obtain control of us and may prevent shareholders from receiving a premium for their shares of our common stock. **24 Our business could be impacted** ~~Pennsylvania law also provides that our shareholders are not entitled~~ by ~~statute to propose amendments to our articles~~ **a potential proxy contest for the election** of ~~incorporation~~ **directors at our 2022 Annual Meeting of Shareholders** . ~~Uncertainty about~~ **In December 2021, Driver Management Company LLC (together with its affiliates, the" Activist Investor"), announced the nomination of** ~~the~~ **three** ~~future~~ **candidates for election to our Board** of ~~LIBOR~~ **Directors at our 2022 Annual Meeting of Shareholders. A proxy contest with the Activist Investor for the election of directors could result in us incurring substantial costs, including proxy solicitation, public relations, and legal fees. Further, such a proxy contest could divert the attention of our Board of Directors, management, and employees, and** may ~~adversely affect~~ **disrupt the momentum in** our business ~~. LIBOR and certain other interest rate " benchmarks " are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. On July 27, 2017, the United Kingdom' s Financial Conduct Authority, which regulates LIBOR, publicly announced that it intends to stop persuading or compelling banks to submit information to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021. While there is no consensus on what rate or rates may become accepted alternatives to LIBOR, a group of market participants convened by the Federal Reserve, the Alternative Reference Rate Committee, has selected the Secured Overnight Finance Rate (" SOFR ") as its recommended alternative to LIBOR. The Federal Reserve Bank of New York started to publish the SOFR rate in April 2018. SOFR is a broad measure of the cost of overnight borrowings collateralized by Treasury securities that was selected by the Alternative Reference Rate Committee due to the depth and robustness of the U. S. Treasury repurchase market. At this time, it is impossible to predict whether SOFR will become an~~ **and** ~~accepted alternative to LIBOR. The market transition away from LIBOR to an alternative reference rate, such as SOFR, is complex and could have a range of adverse effects on our business, financial condition and results of~~ operations ~~. In particular, any such transition could: • adversely affect the interest rates paid or received on, the revenue and expenses associated with or the value of our LIBOR- based assets and liabilities, which include certain variable rate loans and subordinated debt; • adversely affect the interest rates paid or received on, the revenue and expenses associated with or the value of other securities or financial arrangements, given LIBOR' s role in determining market interest rates globally; • prompt inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with an alternative reference rate; and 24 • result in disputes, litigation or other actions with counterparties regarding the interpretation and enforceability of certain fallback language in LIBOR- based contracts and securities. The transition away from LIBOR to an alternative reference rate will require the transition to or development of appropriate systems and analytics to effectively transition our risk management and other processes from LIBOR- based products to those based on the applicable alternative reference rate, such as the Secured Overnight Financing Rate. There can be no guarantee that these efforts will successfully mitigate the operational risks associated with the transition away from LIBOR to an alternative reference rate. The manner and impact of the transition from LIBOR to an alternative reference rate~~ , as well as ~~the effect of these developments on~~ our ~~funding costs, loan and investment and trading securities portfolios, asset- liability~~ -- **ability** ~~management, and~~ **to execute our strategic plan. The actions of the Activist Investor may also create perceived uncertainties as to the future direction of our** business **or strategy** , **which** ~~is uncertain. Our financial results~~ may be **exploited** ~~adversely affected~~ by **our competitors** ~~changes in U. S.~~ and ~~non- U. S. tax and other laws and regulations. On December 22, 2017, H. R. 1, commonly known as the Tax Cuts and Jobs Act, was signed into law. The Tax Act includes many~~ - **may make** ~~provisions that effected our income tax expenses, including reducing its~~ - **it more difficult** ~~corporate federal tax rate from 35 %~~ to **attract** ~~21 % effective January 1, 2018. As a result of the rate reduction, we were required to re- measure, through income tax expense in the period of enactment, our deferred tax assets~~ and **retain** ~~liabilities using the enacted rate at which we expected them to be recovered or settled. The re- measurement of the net deferred tax asset resulted in additional income tax expense of $ 7. 7 million recorded in fourth quarter 2017. Also on December 22, 2017, the SEC released SAB 118 to address any uncertainty or diversity of views in practice in accounting for the income tax effects of the Act in situations where a registrant does not have the necessary information available, prepared or analyzed in reasonable detail to complete this accounting in the reporting period that includes the enactment date. SAB 118 allowed for a measurement period not to extend beyond one year from the Act' s enactment date to complete the necessary accounting. We recorded provisional amounts of deferred income taxes using reasonable estimates in three areas where information necessary to complete the accounting was not available, prepared or analyzed as follows: (i) the deferred tax liability for temporary differences between the tax and financial reporting bases of fixed assets principally due to the accelerated depreciation under the Act which allowed for full expensing of~~ qualified **personnel** ~~property purchased and placed in service after September 27~~ , **and may impact our relationship** ~~2017; (ii) the deferred tax asset for temporary differences associated~~ with **investors** ~~accrued compensation was awaiting final determinations of amounts that were paid and deducted on the 2017 income tax returns and (iii) the deferred tax~~

liability for temporary differences associated with equity investments in partnerships were awaiting receipt of Schedules K- 1 from outside preparers , **vendors** which was necessary to determine the 2017 tax impact from these investments. In a fourth area , we made no adjustments to deferred tax assets representing future deductions for accrued compensation that were subject to new limitations under Internal Revenue Code Section 162 (m) which, generally, limits the annual deduction for certain compensation paid to certain team members to $ 1 million. There was uncertainty in applying the newly enacted rules to existing contracts, and we were seeking further clarifications before completing its analysis. We completed the calculations for the provisional items with the completion of the 2017 tax returns and completed the analysis of the Section 162 (m) rules after further guidance was issued. The impact of the completed calculations to the re- measurement of the deferred taxes resulted in an immaterial change and the analysis of the 162 (m) rules resulted in no adjustment. 25 The COVID- 19 pandemic, and the measures taken to control its spread, will continue to adversely impact our employees, customers, business operations and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted. The COVID- 19 pandemic has impacted and is likely to continue to impact the national economy and the regional and local markets in which we operate, lower equity market valuations, create significant volatility and disruption in capital and debt markets, and increase unemployment levels. Our business operations may be disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. We are subject to heightened cybersecurity, information security and operational risks as a result of work- from- home arrangements that we have put in place for our employees. Federal Reserve actions to combat the economic contraction caused by the COVID- 19 pandemic, including the reduction of the target federal funds rate and quantitative easing programs, could, if prolonged, adversely affect our net interest income and margins, and our profitability. The continued closures of many businesses and the institution of social distancing, shelter in place and stay home orders in the states and communities we serve, have reduced business activity and financial transactions. While certain of these restrictions have been eased and workplaces in the communities we serve are beginning to reopen, the pace of reopening is measured, and these government policies and directives are subject to change as the effects and spread of the COVID- 19 pandemic continue to evolve. It is unclear whether any COVID- 19 pandemic- related businesses losses that we or our customers may suffer will be recovered by existing insurance policies. Changes in customer behavior due to worsening business and economic conditions or legislative or regulatory initiatives may impact the demand for our products and services, which could adversely affect our revenue, increase the recognition of credit losses in our loan portfolios and increase our allowance for credit losses. The measures we have taken to aid our customers, including short- term loan payment deferments, may be insufficient to help our customers who have been negatively impacted by the economic fallout from the COVID- 19 pandemic. Loans that are currently in deferral status may become nonperforming loans. Because of adverse economic and market conditions affecting issuers, we may be required to recognize impairments on the securities we hold as well as reductions in other comprehensive income. While the COVID- 19 pandemic negatively impacted our results of operations for the first half of 2020, the extent to which the COVID- 19 pandemic will continue to impact our business, results of operations, and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic, as well as further actions we may take as may be required by government authorities or that we determine is in the best interests of our employees and customers . **A proxy contest could also** There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic. The COVID- 19 pandemic is a highly unusual, unprecedented and evolving public health and economic crisis that may have a significant adverse impact on the economy, the banking industry and the Company in future fiscal periods, all subject to a high degree of uncertainty. The CARES Act. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the " CARES Act ") was enacted to address the economic effects of the COVID- 19 pandemic. Among other -- **the** things, the CARES Act provides for the following: • Paycheck Protection Program (" PPP "). The CARES Act appropriated $ 349 billion for " paycheck protection loans " through the PPP. The amount appropriated was subsequently increased to $ 659 billion. Loans under the PPP that meet U. S. Small Business Administration (" SBA ") requirements may be forgiven in certain circumstances, and are 100 % guaranteed by the SBA. In conjunction with the PPP, the Board of Governors of the Federal Reserve System (the " Federal Reserve ") has created a lending facility for qualified financial institutions. The Paycheck Protection Program Liquidity Facility (" PPPLF ") will extend credit to depository institutions with a term equal to the term of the pledged loans at an interest rate of 0. 35 %. Only loans issued under the PPP can be pledged as collateral to access the facility. The Company participated in both the PPP loan program and the PPPLF in 2020. • Troubled Debt Restructuring Relief. From March 1, 2020 through the earlier of December 31, 2020 or 60 days after the termination date of the national emergency declared by the President on March 13, 2020 concerning the COVID – 19 outbreak (the " national emergency "), a financial institution may elect to suspend the requirements under accounting principles generally accepted in the U. S. for loan modifications related to the COVID – 19 pandemic that would otherwise be categorized as a troubled debt restructured (" TDR "), including impairment accounting. This TDR relief is applicable for the term of the loan modification that occurs during the applicable period for a loan that was not more than 30 days past due as of December 31, 2019. Financial institutions are required to maintain records of the volume of loans involved in modifications to which TDR relief is applicable. The Company elected to exclude modifications meeting these requirements from TDR classification. 26 • CECL Delay. Banks, savings associations, credit unions, bank holding companies and their affiliates are not required to comply with the Financial Accounting Standards Board Accounting Standards Update No. 2016 – 13 (" Measurement of Credit Losses on Financial Instruments "), including the current expected credit losses methodology for estimating allowances for credit losses (" CECL "), from the date of the law' s enactment until the earlier of the end of the national emergency or December 31, 2020. On March 27, 2020, the Federal Reserve, the Federal Deposit Insurance Corporation (the " FDIC "), and the Office of the Comptroller of the Currency issued an interim final rule that allows banking organizations that are required to adopt CECL this year to mitigate the estimated

~~cumulative regulatory capital effects for up to two years. The relief afforded by the CARES Act and interim final rule is in addition to the three- year transition period already in place. The Company has elected to delay the adoption of CECL. • Forbearance. The CARES Act codified in part guidance from state and federal regulators and government- sponsored enterprises, including the 60- day suspension of foreclosures on federally- backed mortgages and requirements that servicers grant forbearance to borrowers affected by COVID- 19. The Economic Aid Act. COVID- 19 Response Efforts Republic is committed to providing the financial resources necessary to support the economic recovery in our~~ market **price** ~~. We took an active role in participating in the first round of the Paycheck Protection Program. We quickly developed a process to accept PPP loan applications not only from our valued small business customers, but from non- customers throughout our community as well. During the first round of the PPP program we processed and obtained SBA approval for nearly 5, 000 PPP loan applications resulting in more than $ 680 million in loans. We are now assisting the recipients of those loans through the application process for forgiveness of the outstanding loan balance with the SBA. In addition, we are processing applications for the second round of the PPP which was authorized by the Economic Aid Act in December 2020. During 2020, we also took a number of steps to mitigate the potential spread of the coronavirus and to assist our customers, employees and other members of the community during this pandemic crisis. As of December 31, 2020 we have: ● Put procedures and supplies in place at all of our store locations such as plastic shields, notices, hand -~~ - **and** ~~sanitizer, etc., in accordance with CDC guidelines. While temporarily closed for a period of time, all of our store lobbies have been re- opened for all transactions including new account openings. ● Encouraged customers to utilize our online, mobile and telephone banking systems. In addition, we continue to offer more than 55, 000 surcharge free ATM machines to all of our customers. ● Directed our commercial lenders to contact each of their -~~ -- **the volatility** ~~customers to discuss the impact~~ of ~~the current economic conditions on their business and to develop a plan for assistance if required. ● Implemented a work from home policy for all employees whose primary responsibilities can be completed in this manner. ● Initiated additional preventative measures by providing guidance and proper supplies to all employees to support appropriate hygiene and social distancing. Our participation in the U. S. Small Business Administration (" SBA ") Paycheck Protection Program (" PPP ") may expose us to certain additional risks, including risks relating to alleged noncompliance with PPP rules and regulations, which could have a material adverse impact on the Company' s business, financial condition and results of operations. The Coronavirus Aid, Relief, and Economic Security Act (" CARES Act "), enacted on March 27, 2020, included a $ 349 billion loan program administered through the SBA referred to as the PPP. Additional funding was provided for the PPP on April 24, 2020. Under the PPP, small businesses and other entities and individuals were permitted to apply for loans from existing SBA lenders and other approved lenders. We are a participating lender under the PPP, and, as of December 31, 2020, had processed and received SBA approval for more than 5, 000 loan applications resulting in approximately $ 680 million in loans. There is some ambiguity in the laws, rules, and guidance regarding the operation of the PPP, which may expose us to compliance risks relating to the PPP. We may also have credit risk on PPP loans if a determination is later made by the SBA that a deficiency exists in the manner in which a particular loan was originated, funded, or~~ **our common stock** ~~serviced, such as an issue with the eligibility of a borrower to receive a PPP loan~~ . ~~In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded, or serviced, the SBA may deny its liability under the guaranty relating to the loan, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency. 27~~