Risk Factors Comparison 2024-03-14 to 2023-03-03 Form: 10-K

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

The monetary and fiscal policies of regulatory authorities, including the FRB **, also affect the banking industry. Through changes in the reserve requirements against bank deposits, open market operations in U. S. Government securities and changes in the discount rate on bank borrowings, the FRB influences the cost and availability of funds obtained for lending and investing. No prediction can be made with respect to possible future changes in interest rates, deposit levels, or loan demand or with respect to the impact of such changes on the business, results of operations, or earnings of the Company or the Bank. Future Regulatory and Legislative Initiatives Future changes in the laws and regulations affecting the Company' s or the Bank' s operations are not predictable and could affect the Company' s and the Bank' s operations and profitability. The U. S. Congress and state legislative bodies 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 other regulatory initiatives will be adopted, the impact any such proposals or initiatives would 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 ~~order divestiture of~~ **be affected by** 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 **proposals** ~~other operational and managerial standards as the agency determines to be appropriate, and standards for~~ - **or initiatives** ~~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. The following are the material risk factors that impact us of which we are currently aware. 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. REGULATORY AND LEGAL RISKS The Bank...... the Bank to regulatory and legal risks **Risks** that the Bank does not have through...... Company and the Bank are heavily regulated -- **Related** ~~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 **' s** causing the Company to terminate or modify......, the way Republic conducts its business **Business** ~~- 24Federal and state laws and regulations govern numerous matters relating to the offering of banking products. Failure to comply with disclosure requirements or with laws, including those 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. 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. Use of third parties creates a third- party management risk. 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. RB & T 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. 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~~ **and** adverse effect on the Company' s...... powerful roles in the residential mortgage industry **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. 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. 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 essentially 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 28free 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. ● 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. 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. 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. 29The 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 and incurs substantial cyber security protection costs. 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 control. 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. 30The proposed acquisition and integration of CBank pursuant to the CBank Agreement includes certain acquisition- related risks to the Company and the Bank. These risks include: ● the possibility that some or all of the anticipated benefits of the proposed acquisition will not be realized or will not be realized within the anticipated timelines; ● the risk that integration of CBank' s operations with those of the Company will be materially delayed or will be more costly or difficult than expected; the parties' inability to meet expectations regarding the timing, completion and accounting and tax treatments of the acquisition; ● the failure to satisfy other conditions to completion of the acquisition, including receipt of required regulatory and other approvals; the failure of the proposed transaction to close for any other reason; diversion of management' s attention from ongoing business operations and opportunities due to the acquisition; ● the challenges of integrating and retaining key employees; ● the effect of the announcement of the merger on the Bank' s or CBank' s respective customer and employee relationships and operating results; ● the possibility that the acquisition may be more expensive to complete than anticipated, including as a result of unexpected factors or events; and ● the magnitude and duration of inflation; as well as the results of operations and financial condition of the Company following the acquisition. 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 strategic growth through acquisitions to supplement organic 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.~~ ECONOMIC, ~~FINANCIAL MARKETS,~~ INTEREST ~~RATES~~ - **RATE** , AND LIQUIDITY RISKS Mortgage Banking activities have been adversely impacted by increasing 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 products which are typically cross- sold with mortgages. ~~31Fluctuations~~ **25Fluctuations** 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 **balance sheet** position, earnings may be negatively affected. A ~~flattening~~ **continued** or **further** 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~~ **generally** ~~decrease~~ **decreases** as its cost of funds rises higher and at a faster pace than the yield on its interest- earning assets. ~~A~~ **An additional** 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 (with approximately ~~7~~ **6** % of deposits concentrated with the Bank' s top 20 depositors), 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 would have an adverse impact on the Company' s net interest income and overall results of operations. ~~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. ~~Government~~ **Recent negative developments in the banking industry could adversely affect Republic' s current and future business operations and its financial condition and results of operations. Recent bank failures and their related negative media attention have generated significant market trading volatility among publicly traded bank holding companies and, in particular, bank holding companies for regional and community banks. These developments have negatively impacted customer confidence in regional and community banks, which could prompt customers to maintain their deposits with larger financial institutions. Further, competition for deposits has increased in recent periods, and the cost of funding has similarly increased, putting pressure on net interest margin. If Republic were required to sell a portion of its securities portfolio to address liquidity needs, it may incur losses, including as a result of the negative impact of rising interest rates on the value of our securities portfolio, which could negatively affect its earnings. The proportion of Republic' s deposit account balances that exceed FDIC insurance limits may expose the**

Bank to enhanced liquidity risk and earnings risks in times of financial distress. A significant factor in the two bank failures that occurred during the first quarter of 2023 appears to have been the proportion of the deposits held by each institution that exceeded FDIC insurance limits. In these two failures, the estimated percentage of uninsured deposits to total deposits, as previously disclosed, were at, or approaching, 90 %. In ~~responses~~ - **response** to **a rising** ~~demand resulting from an elevated~~ 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** ~~elevated level~~ of inflation during ~~2023~~ **2022** ,the FOMC ~~continued its~~ **has implemented a** more aggressive and hawkish approach to its monetary policies.Included in its actions **are** ~~since early 2022 have been~~ 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 ~~continuance~~ **implementation** of these actions caused market interest rates for treasury bonds and mortgages to ~~remain elevated~~ **rise rapidly** during ~~2023~~ **2022** .With the ~~higher~~ **rise in** mortgage rates,mortgage refinance activity ~~remained low~~ **slowed dramatically** during ~~2023~~ **2022** ,and as a result,mortgage origination volume ~~remained low~~ **declined significantly** . **Further** ~~Continued or additional~~ monetary tightening by the FOMC in ~~2024~~ **2023** 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. ~~These~~ -- **The** ~~factors~~ **Bank will likely experience decreased Mortgage Banking revenue during 2023 due to expected rising market interest rates and strong industry competition,housing supply shortages,and pricing pressures.Such decreased earnings** could ~~further~~ materially ~~and negatively~~ impact the Company' s results of operations. ~~CREDIT~~ **34FINANCIAL REPORTING** RISKS ~~RAs represent a significant credit risk,~~ **Management has identified material weaknesses in the Company' s internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain** ~~and~~ - **an** ~~if~~ **effective system of internal control,which may result in material misstatements of** the ~~Bank~~ **Company' s consolidated financial statements or cause the Company to fail to meet its periodic reporting obligations.Management identified material weaknesses in the Company' s internal control over financial reporting as of December 31,2022.A material weakness** is ~~unable to collect~~ a **deficiency** ~~significant portion of its RAs~~ , ~~it would materially~~ **or a combination of deficiencies** , **in internal control over** ~~negatively impact the Company' s~~ financial **reporting such that** ~~condition and results of operations.There is credit risk associated with an RA because the funds are disbursed to the taxpayer customer prior to the Bank receiving the taxpayer customer' s refund as claimed on the return.Management annually reviews and revises the RAs underwriting criteria.These changes in the RAs underwriting criteria do not ensure positive results and could have an overall material negative impact on the performance of the RA and therefore on the Company' s financial condition and results of operations. Because~~ there is ~~no recourse to~~ **a reasonable possibility that a material misstatement of** the ~~taxpayer customer if the RA is~~ **Company' s annual or interim financial statements will** not **be prevented or detected** ~~paid off by the taxpayer customer' s tax refund,the Bank must collect all its payments related to RAs through the refund process.Losses will generally occur~~ on **a timely basis. The material weaknesses that Management identified were the following** economic conditions **, etc. If its assumptions are incorrect, the ACLL** may ~~the ACLL may~~ not be ~~sufficient~~ **28sufficient** 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 **and financial condition** .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 ~~Company~~ **Bank** ' s ~~operations~~ - **operating** ~~,~~ **results and** financial condition **. Loans originated through the Bank' s Consumer Direct and Correspondent Lending channels subject the Bank to credit risks that the Bank does not have through its historical origination and servicing channels. The dollar volume of loans originated through the Bank' s Consumer Direct and Correspondent Lending channels and loans serviced as the result of the Correspondent Lending channel are primarily out- of- market. Loans originated out of the Bank' s market footprint inherently carry additional credit 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 additional fraud losses. The Bank' s financial condition** and earnings 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 ~~.~~. 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 is required to maintain internal control over financial reporting and to report any material weaknesses in such internal control.Section 404 of the Sarbanes- Oxley Act requires that Management evaluate and determine the effectiveness of the Company' s internal control over financial reporting.Additionally,the Company' s independent registered public accounting firm is required to deliver an attestation report on the effectiveness of the Company' s internal control over financial reporting.In order to maintain and improve the effectiveness of the Company' s disclosure controls and procedures and internal control over financial reporting,the Company has expended,and anticipates that it will continue to expend,significant resources ~~,~~The Company' s common stock generally has a low average daily trading volume, which limits a ~~stockholder~~ **shareholder** ' 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. ~~32The~~ -- **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. 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~~ **36general** . There can be no assurance about the level of the market price of the Company' s common stock in the future or that investors will be able to resell their shares at times or at prices they find attractive. The Company' s insiders hold voting rights that give them significant control over matters requiring ~~stockholder~~ **shareholder** 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~~ **shareholders** 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~~ **shareholders** ' ability to influence Company actions through their vote may be limited and the non- insider ~~stockholders~~ **shareholders** 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~~ **shareholders** may not vote their shares in accordance with minority ~~stockholder~~ **shareholder** interests **. The Company is classified as a " controlled company " for purposes of the Nasdaq Listing Rules and, as a result, it qualifies for certain exemptions from certain corporate governance requirements. Shareholders may not have the same protections afforded to shareholders of companies that are subject to such requirements. As of the date of this report, the Trager family controls a majority of the voting power of our outstanding common stock. As a result, the Company is a " controlled company " within the meaning of the corporate governance standards of the Nasdaq Listing Rules. Under the Nasdaq Listing Rules, a company of which more than 50 % of the outstanding voting power is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain stock exchange corporate governance requirements, including: ● the requirement that a majority of the board of directors consists of independent directors; ● the requirement that nominating matters be decided solely by independent directors; and ● the requirement that executive and officer compensation matters be decided solely by independent directors. Accordingly, although the Company has not historically elected to reduce its corporate governance requirements, Company shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements. The Company' s ability to pay cash dividends is limited, and Republic may be unable to pay future dividends even if it desires to do so. Even though the Company' s board of directors has approved the payment of cash dividends on Republic' s common stock in recent years, there can be no assurance as to whether or when the Company**

may pay dividends on the Company' s common stock in the future. Future dividends, if any, will be declared and paid at the discretion of Republic' s board of directors and will depend on a number of factors. Republic' s principal source of funds used to pay cash dividends on its common stock will be dividends that Republic receives from the Bank. The Bank' s asset quality, earnings performance, liquidity, and capital requirements generally will be taken into account before the Bank board of directors declares or pays future dividends to Republic. The Republic board of directors will also consider Republic' s liquidity and capital requirements when considering whether to declare and pay dividends on Republic' s common stock, and, to the extent there is available cash on hand, Republic' s board of directors could determine to declare and pay dividends without relying on dividend payments from the Bank. Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends the Company may declare and pay and that the Bank may declare and pay to Republic. 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 . An investment in the Company' s ~~Common~~ **common** ~~Stock~~ **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~~ **an individual** ~~acquire~~ **acquires** the Company' s common stock, ~~you~~ **the shareholder** could lose some or all of ~~your~~ **that** investment. **37Item 1B. Unresolved Staff Comments. None** ~~33COMPETITIVE RISKS~~ **Item 1C** ~~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~~ . **Cybersecurity Risk management** ~~With the rise of inflation during 2022, the FOMC implemented a more aggressive~~ and **strategy** ~~hawkish approach to its monetary policies during 2022 and has signaled these policies could continue into the future until inflation decreases to acceptable levels. Included in its actions are raising the FFTR, ending its quantitative easing program of buying certain types of bonds in the open market, and implementing a quantitative tightening program to reduce the size of its balance sheet by selling certain types of bonds in the market.~~ The FOMC' s signaling of these actions...... Such decreased earnings could materially impact the Company **employs a multi- layered approach** ~~' 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~~ **effort** to **assess, identify and manage risks** ~~the client relationship with the Bank. The loss of a significant number of clients may materially impact the Company' s results of operations. Mortgage Banking revenue will likely decline due to declining mortgage demand resulting~~ from **cybersecurity threats** a rising interest rate environment, which...... weaknesses that Management identified were the following : 1 ~~)~~ **. Risk Assessment: On a regular basis,** the Company ~~did not maintain~~ **conducts assessments to identify potential cybersecurity threats and vulnerabilities within our systems and networks. This includes evaluating the impact of potential breaches and the likelihood of occurrence. 2. Security Measures: The Company has implemented various security measures like firewalls, encryption, intrusion detections systems, and access controls to mitigate potential risks. Further, the Company also regularly updates software and security protocols to stay ahead of any emerging threats. 3. Employee Training: The Company provides associates with cybersecurity training and awareness programs. These initiatives are intended to help employees recognize and respond appropriately to potential threats like phishing attempts or social engineering. This includes conducting tabletop exercises, fostering preparedness and** effective ~~controls over~~ **response within** the ~~initial implementation of new~~ **Company. 4. Incident Response Plan: The Company has established an incident response plan in an effort to address and contain any breaches or cybersecurity incidents. This plan includes defining roles, responsibilities, and steps to recover from any potential attack. 5. Regular Audits and Monitoring: The Company** ~~products~~ **conducts** ~~offered~~ **periodic audits and continuous monitoring of systems intended to detect any anomalies or potential security breaches. This involves using advanced tools to monitory network traffic and behavior for suspicious activities. 6. Disclosure and Transparency: The Company has implemented policies and procedures related to disclosing their cybersecurity risks and management strategies in their annual report, SEC filings, or other regulatory filings providing investors with an understanding of the potential impact on the Company' s operations and financials. This multi- layered approach has been integrated into the Company' s overall risk management system and processes. Integrating cybersecurity risk management into the overall risk management system demonstrates the Company' s commitment to addressing threats that could significantly impact its operations, financial stability, and reputation. This integration is intended to provide a holistic approach to risk management and helps in creating a more resilient organization against cybersecurity threats. The Company, as an integral aspect of its regular operations and risk management processes, engages third- party entities and service organizations. The Company evaluates and selects these external partners** through **its due diligence process. This scrutiny is intended to provide alignment with the Company' s standards for security, reliability, and compliance. Additionally, the Company engages third- party firms to augment the Company' s cybersecurity defenses, leveraging external expertise to mitigate and prevent potential threats. Furthermore, the Company maintains ongoing oversight and monitoring of these** third parties **in an effort to mitigate potential risks and provide continued adherence to established protocols in order to foster an ecosystem of trusted collaborations** within ~~RPG~~ **its operational framework** . ~~Specifically~~ **During the periods covered by this report** , ~~Management identified~~ **there were no cybersecurity incidents** that **have** ~~an RCS product' s contractual terms were not sufficiently communicated internally, and the controls were not designed to identify and test all relevant transactional data posting to the Company' s financial~~

~~statements for the product; 2) the Company did not maintain effective controls over the information and communication as it relates to the reconciliation function. Specifically, the controls were not precisely designed to identify, communicate, resolve, and timely escalate reconciliation issues to the appropriate levels within the organization; and 3) the Company did not design and maintain effective controls over the financial analysis of RCS products' yields. Specifically, the Company reviewed the weighted average yield of all RCS products on a segment basis rather than an individual product basis. Management cannot guarantee that the Company' s efforts will remediate these material~~ **materially** ~~weaknesses~~ **affected** or ~~that additional~~ **are reasonably likely to** ~~material~~ **materially affect** ~~weaknesses in~~ the ~~Company' s internal control over financial reporting will not be identified in the future. The Company' s failure to implement and maintain effective internal control over financial reporting could result in errors in the Company' s consolidated financial statements that could result in a restatement of its financial statements and could cause the Company to fail to meet its reporting obligations, any of which could diminish investor confidence and cause a decline in the price of the Company' s Class A common stock. See Item 9A. " Controls and Procedures " for further discussions of the identified material weaknesses and the Company' s remediation efforts. Republic' s Management is required to evaluate the effectiveness of the Company' s disclosure controls and internal control over financial reporting. If the Company is unable to maintain effective disclosure controls and internal control over financial reporting, investors may lose confidence in the accuracy of the Company' s financial reports. As a public company~~ **Company** , the Company is required to maintain...... will continue to expend, significant resources , including ~~accounting- related costs and significant management oversight. If any of these new or improved controls and systems do not perform as expected, the Company may experience further deficiencies in its controls. The Company' s current controls and any new controls that it develops may become inadequate because of changes in conditions in~~ its business **strategy,** ~~. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm the Company' s~~ results of operations, ~~cause the Company to fail to meet its reporting obligations, and adversely affect the results of periodic management evaluations and the Company' s independent registered public accounting firm' s attestation reports required by the SEC. Ineffective internal control over financial reporting could diminish investor confidence, negatively affect the 35price of the Company' s Class A common stock, and could result in the Company' s delisting on the Nasdaq. See Item 9A. " Controls and Procedures " for~~ - **or** ~~further discussions of the identified material weaknesses. 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 **. For a discussion of whether** and **how any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including its business strategy,** results **of operations or financial** ~~. 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~~ - **condition, see Item 1A** ~~or using different assumptions or estimates~~ . -**Risk Factors –"** The **Company' s operations** ~~Bank may experience goodwill impairment~~ , **including third- party and client interactions, are increasingly done via electronic means, and this has increased the risks related to cyber security,"** which **are incorporated by reference into this** ~~could reduce its earnings. The Bank performed its annual goodwill impairment test during the fourth quarter of 2022 as of September 30, 2022. 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~~ **1C** . **38** ~~Unresolved Staff Comments. None 36~~