

Risk Factors Comparison 2025-03-06 to 2024-03-14 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 be affected by any such proposals or initiatives. ~~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. **Risks Related to Republic's Business and Industry** **ECONOMIC, INTEREST 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.~~ ~~25~~ **Fluctuations** -- **Fluctuations** in interest rates could reduce profitability. The Bank's asset / liability management strategy may not be able to prevent changes in interest rates from having a material adverse effect on results of operations and financial condition. The Bank's primary source of income is from the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. The Bank expects to periodically experience "gaps" in the interest rate sensitivities of its assets and liabilities, meaning that either interest-bearing liabilities will be more sensitive to changes in market interest rates than interest-earning assets, or vice versa. In either event, if market interest rates should move contrary to the Bank's balance sheet position, earnings may be negatively affected. A 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 generally 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 ~~6-7~~ **6-7**% 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. 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. 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 response to these failures, many large depositors across the industry have withdrawn deposits in excess of applicable deposit insurance limits and deposited these funds in other financial institutions and, in many instances, moved these funds into money market mutual funds or other similar securities accounts in an effort to diversify the risk of further bank failure(s). Uninsured deposits historically have been less stable than insured deposits. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. The Company estimates that 35-37% of its total deposits as of December 31, 2023-2024, were uninsured as they were above the FDIC's insurance limit. If a significant portion of these uninsured deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, Republic may be unable to obtain funding at favorable terms, which may have an adverse effect on its net interest margin. Moreover, obtaining adequate funding to meet Republic's deposit obligations may be more challenging during periods of elevated prevailing interest rates, such as the present period. The Bank's ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for borrowings generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. 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 continuing rising interest rate environment. Mortgage With the continued elevated inflation levels during 2023, the FOMC continued a more aggressive and hawkish approach to its monetary policies during the year and has signaled these policies could continue into the future until inflation decreases to, and remains at, acceptable levels. Included in its actions 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 to reduce the size of its balance sheet by selling certain types of bonds in the market. The FOMC's continuance of these actions caused market interest rates for U. S. Treasury bonds and mortgages to remain elevated during throughout 2023-2024 leading to continued low mortgage rates. With the elevated mortgage rates during 2023, mortgage refinance activity remained low, and as a result, continued low mortgage demand during usage continued to decline throughout the year. Any increases in mortgage interest rates in 2024-2025 will likely further decrease mortgage demand and Warehouse line usage funding volume. In addition, a decrease in usage across the Warehouse industry could also cause competitive pricing pressure on the Bank to lower its pricing to its Warehouse clients in order to maintain higher volumes. The Bank could likely experience decreased earnings on its Warehouse lines of credit during 2024-2025 due to the expected elevated long-term interest rate rates environment combined with strong industry competition and pricing pressures. Such decreased earnings could materially impact the Company's results of operations. The Company may lose Warehouse clients due to mergers and acquisitions in the industry. The Bank's Warehouse clients are primarily mortgage companies across the United States. Mergers and acquisitions affecting such clients may lead to an end to the client relationship with the Bank. The loss of a significant number of clients, or large significant clients, may materially impact the Company's results of operations. Mortgage Banking revenue will likely continue to decline due to low mortgage 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 elevated level of inflation during 2023, the FOMC continued its more aggressive and hawkish approach to its monetary policies. Included in its actions 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 of these actions caused market interest rates for treasury bonds and mortgages to remain elevated during 2023. With the higher mortgage rates, mortgage refinance activity remained low during 2023, and as a result, mortgage origination volume remained low. Continued or additional monetary tightening by the FOMC in 2024 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 factors could further materially and negatively impact the Company's results of operations. CREDIT RISKS RAs represent a significant credit risk, and if the Bank is unable to collect a significant portion of its RAs, it would materially, negatively impact the Company's financial 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 the taxpayer customer if the RA is not 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 RAs when the Bank does not receive payment due to several reasons, such as IRS revenue protection strategies, including audits of returns, errors in the tax return, tax return fraud and tax debts not previously disclosed to the Bank during its underwriting process. While the Bank's underwriting during the RA approval process takes these factors into consideration based on prior years' payment patterns, if the IRS significantly alters its revenue protection strategies, if refund payment patterns for a given tax season meaningfully change, if the federal government fails to ~~27~~²⁵timely-- **timely** deliver refunds, or if the Bank is incorrect in its underwriting assumptions, the Bank could experience higher loan loss provisions above those projected. The provision for loan losses is a significant determining factor of the RPG operations' overall net earnings. In addition, the federal government, specifically as a result of the PATH Act, mandates that tax refunds for tax returns with certain characteristics cannot receive their corresponding refunds before February 15th each year. Substantially all the tax returns driving TRS' s product volume meet the criteria of those subject to this later funding under the PATH Act. These funding delays effectively restrict the Bank's ability to make in- season modifications to its RA underwriting model based on then- current year tax refund funding patterns, because the substantial majority of all RAs are issued prior to February 15th. As a result, the underwriting criteria that TRS establishes for the RA product at the beginning of the tax season could have a material negative impact on the performance of the RA before mitigating revisions can be made. ERAs represent a significant credit risk, and if RB & T is unable to collect a significant portion of its ERAs, it would materially, negatively impact earnings and results of operations. In addition to all the risks associated with its other RA products, ERAs carry additional credit risks. ERAs are substantially all originated during December prior to the upcoming first quarter tax season with the expectation the taxpayer client will return to the Bank's Tax Provider during the first quarter tax filing season to file the taxpayer's tax ~~return~~²⁵**return**, allowing the Bank to potentially receive the taxpayer's tax refund from the federal government to repay the ERA with the Bank. In addition, TRS originates ERAs without the taxpayer client's final fiscal year taxable income documentation, e. g., W- 2, and the filing of the taxpayer's actual federal tax return. As with other RAs, the Bank has no recourse to the borrower if the ERA is not repaid by the taxpayer client's tax refund. If the taxpayer client fails to return to the Bank's Tax Provider or if the taxpayer client's final tax return is substantially different than the early season estimate used to make the ERA, ERA losses could be substantially higher than estimated, which could cause a material adverse impact to TRS' s earnings and the overall results of operations of the Company.

Consumer loans originated through the RCS segment represent a higher credit risk. Loss rates for some RCS products have consistently been significantly higher than Traditional Bank loss rates for unsecured consumer loans. A material increase in RCS loan charge- offs would have a material adverse effect on the Bank's financial condition and results of operations and, if such increase in RCS loan charge- offs persisted for an extended period of time, could lead to the discontinuation of the underlying products. Consumer installment loans originated for sale through the RCS segment represent a higher risk of loss on sale. RCS originates its installment loan product for sale and sells this product at a loss if the originated loan defaults on its first payment to RCS, which is generally 16 days following the loan's origination date. A material increase in first payment defaults for RCS installment loans would result in a material increase in these loans being sold at a loss. Such an increase could have a material adverse impact on the program, and if such losses persisted for an extended period, it could lead to the discontinuation of the underlying product. Management's changes to RPG product parameters could have a material negative impact on the performance of the RPG products. In response to changes in the legal, regulatory, and competitive environment, management annually reviews and revises product parameters. Further changes in product parameters do not ensure positive results and could have an overall material negative impact on the performance of the product and therefore on the Company's financial condition and results of operations. The Warehouse Lending business is subject to numerous risks that may have a material adverse impact on the Bank's financial statements and results of operations. Risks associated with warehouse loans include, without limitation, (i) credit risks relating to the mortgage bankers that borrow from the Bank, including but not limited to bankruptcy, (ii) the risk of intentional misrepresentation or fraud by any of such mortgage bankers and their third- party service providers, (iii) changes in the market value of mortgage loans originated by the mortgage banker during the time in warehouse, the sale of which is the expected source of repayment of the borrowings under a warehouse line of credit, or (iv) unsalable or impaired mortgage loans so originated, which could lead to decreased collateral value and the failure of a purchaser of the mortgage loan to purchase the loan from the mortgage banker. Failure to mitigate these risks could have a material adverse impact on the Bank's financial statements and results of operations. The ACLL could be insufficient to cover the Bank's actual loan losses. The Bank makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of its loans. In determining the amount of the ACLL, among other things, the Bank reviews its loss and delinquency experience, economic conditions, etc. If its assumptions are incorrect, the ACLL may not be ~~28~~²⁵sufficient-- **sufficient** to cover losses inherent in its loan portfolio, resulting in additions to its ACLL. In addition, regulatory agencies periodically review the ACLL and may require the Bank to increase its Provision or recognize further loan charge- offs. A material increase in the ACLL or loan charge- offs would have a material adverse effect on the Bank's financial condition and results of operations. Deterioration in the quality of the Traditional Banking loan portfolio may result in additional charge- offs, which would adversely impact the Bank's operating results 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 Bank's 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 26~~The Bank's financial condition and earnings could be negatively impacted to the extent the Bank relies on borrower information that is false, misleading, or inaccurate. The Bank relies on the accuracy and completeness of information provided by vendors, clients, and other parties in deciding whether to extend credit and / or enter transactions with other parties. If the Bank relies on incomplete and / or inaccurate information, the Bank may incur additional charge-offs that adversely affect its operating results and financial condition. The Bank uses appraisals as part of the decision process to make a loan for, or secured by, real property. In addition, appraisals are used to value a loan if it becomes "collateral dependent" as a problem credit. Appraisals do not ensure the value of the real property collateral. As part of the new loan process or in valuing a collateral dependent problem credit, the Bank generally requires an independent third-party appraisal of the real property. An appraisal, however, is only an estimate of the value of the property at the time the appraisal is made. An error in fact or judgment could adversely affect the reliability of the appraisal. In addition, events occurring after the appraisal may cause the value of the real estate to decrease. As a result of any of these factors, the value of collateral securing a loan may be less than supposed, and if a default occurs, the Bank may not recover the outstanding balance of the loan. Approximately ~~34~~~~31~~31% of the Bank's portfolio is secured by residential real estate and ~~34~~~~33~~33% is secured by commercial real estate properties. Both of these loan types are heavily dependent upon third-party appraisals in the decision process. Additional charge-offs in either of these portfolios as a result of inaccurate appraisals could adversely affect the Bank's operating results and financial condition. The Bank is exposed to risk of environmental liabilities with respect to properties to which it takes title. In the course of its business, the Bank may own or foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. The Bank may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation, and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if the Bank is the owner or former owner of a contaminated site, the Bank may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. These costs and claims could adversely affect the Bank. The Bank holds a significant amount of BOLI, which creates credit risk relative to the insurers and liquidity risk relative to the product. As of December 31, ~~2023~~~~2024~~2024, the Bank held BOLI on certain employees. The eventual repayment of the cash surrender value is subject to the ability of the various insurance companies to pay death benefits or to return the cash surrender value to the Bank if needed for liquidity purposes. The Bank continually monitors the financial strength of the various insurance companies that carry these policies. However, any one of these companies could experience a decline in financial strength, which could impair its ability to pay benefits or return the Bank's cash surrender value. If the Bank needs to liquidate these policies for liquidity purposes, it would be subject to taxation on the increase in cash surrender value and penalties for early termination, both of which would adversely impact earnings. ~~29~~~~OPERATIONAL~~
OPERATIONAL AND STRATEGIC RISKS RPG products represent a significant operational risk, and RPG relies heavily on the accuracy and timeliness of data received from the Bank's third-party marketers and service providers. To conduct its RPG businesses, the Bank must implement and test new systems, train associates for new products and changes to existing products, and process information and data received from third-party marketers and service providers. Due to the high volume of transaction activity across all the RPG product lines, the Bank relies heavily on the communications and information systems of the Bank as well as the communications and information systems of its third-party providers to operate these products. Any failure, sustained interruption, or breach in security, including the cybersecurity, of these systems could result in failures or disruptions in client relationship management and other systems. If the Bank were unable to properly service this business as a result of inaccurate or untimely data from its third-party marketers and service providers, it could materially impact earnings. RCS revenues and earnings are highly concentrated in its line-of-credit products. The discontinuation of these line-of-credit products, or a substantial change in the terms under which these products are offered, would have a material adverse effect on the Company's financial condition and results of operations. Many of the RCS programs are heavily reliant on the ability of the Bank to sell all or a significant portion of the loans originated to a third party in order to fund the programs. If the Bank were unable to sell these loans to a third-party purchaser for any ~~reason~~~~27~~~~reason~~reason, RCS would likely cease originating new loans under that product line, which would significantly and negatively impact the overall earnings of RCS. RCS originates installment loans and lines of credits through its various product lines. For some of its installment products, RCS sells 100% of the balances after its origination. For its line of credit products, the Bank sells a 90% or 95% participation in the product after origination, depending upon the product. If the Bank were unable to sell these loan balances for any reason, RCS would likely cease originating new loans for that particular product as soon as practical under the terms of its various agreements. The inability of RCS to originate new loans under any of its higher-yield RCS products would cause a material adverse impact to the results of operation of RCS. In addition, the agreement between the Bank and the consumer for many of its line of credit products do not allow RCS to stop originating new customer draws on that product if RCS chooses to exit the product line. For these products, if the Bank were unable to sell these balances for any reason, RCS would retain 100% of the balances it originates on those products. In those circumstances, the credit risk for the Bank would increase substantially as it would then be responsible for 100% of any charge-offs for these loans, as opposed to 5% or 10% of the charge-offs when it is able to sell participating balances to a third-party purchaser. While the Bank would also be retaining 100% of the revenue from these

balances as well, there is no guarantee the additional revenue would offset the charge-offs in the event of an economic downturn. Such an increase in charge-offs could have a material adverse impact on the results of operations of the RCS segment and the Company, as a whole. The Bank is highly dependent upon programs administered by Freddie Mac and Fannie Mae. Changes in existing U. S. government- sponsored mortgage programs or servicing eligibility standards could materially and adversely affect its business, financial position, results of operations, and cash flows. The Bank's ability to generate revenues through mortgage loan sales to institutional investors depends significantly on programs administered by Freddie Mac and Fannie Mae. These entities play powerful roles in the residential mortgage industry, and the Bank has significant business relationships with them. The Bank's status as an approved seller / servicer for both is subject to compliance with their selling and servicing guides. Any discontinuation of, or significant reduction or material change in, the operation of Freddie Mac or Fannie Mae or any significant adverse change in the level of activity in the secondary mortgage market or the underwriting criteria of Freddie Mac or Fannie Mae would likely prevent the Bank from originating and selling most, if not all, of its mortgage loan originations, which would materially and adversely affect its business, financial position, results of operations, and cash flows. 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. ~~30Prepayment~~ **Prepayment** of loans may negatively impact the Bank's results of operations and financial condition. 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 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 retaining and recruiting key qualified personnel and the loss of one or more of these key individuals could curtail its growth and adversely affect its prospects. The Company is materially 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 28~~ **its 28** key personnel would have an adverse effect on operations. Management believes that future results also will depend in part upon attracting and retaining highly skilled and qualified management as well as sales and marketing personnel. The failure to attract or retain, including as a result of an untimely death or illness, key personnel, or to find suitable replacements for them, could have a negative effect on our operating results. Competition for such personnel is intense, and management cannot be sure that the ~~Bank Company~~ **Bank Company** will be successful in attracting or retaining such personnel. 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, **including a cybersecurity incident**, or terminate their services and the Company is unable to replace them with other providers, its operations could be interrupted, which would adversely impact its business. The Company's operations, including third- party and client interactions, are increasingly done via electronic means, and this has increased the risks related to cybersecurity threats. The Company is exposed to the risk of cyber- attacks in the normal course of business and incurs substantial cybersecurity 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. **Further, the rapid evolution and increased adoption of artificial intelligence technologies may further intensify our cybersecurity risks by making cyberattacks more difficult to detect, contain or mitigate.** Cyber- attacks may be carried out directly against the Company, or against the Company's clients or service providers / 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, to its knowledge, 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 cybersecurity 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 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. ~~The~~ **29** ~~The~~ Bank may experience goodwill impairment, which could reduce its earnings. Under current accounting standards, goodwill is not amortized but, instead, is subject to impairment tests on at least an annual basis or more frequently if an event occurs or circumstances change that reduce the fair value of a reporting unit below its carrying amount. A decline in our stock price or occurrence of a triggering event following any of our quarterly earnings releases and prior to the filing of the periodic report for that period could, under certain circumstances, cause us to perform a goodwill impairment test and result in an impairment charge being recorded for that period which was not reflected in such earnings release. In the event that we conclude that all or a portion of our goodwill may be impaired, a non-cash charge for the amount of such impairment would be recorded to earnings. Such a charge would have no impact on tangible capital. The Bank performed its annual goodwill impairment test during the fourth quarter of ~~2023~~ **2024** as of September 30, ~~2023~~ **2024**. 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.

REGULATORY AND LEGAL RISKS The Bank's RPG products represent a significant legal, compliance, and regulatory risk, and if the Bank fails to comply with all statutory and regulatory requirements, it could have a material negative impact on earnings. Federal and state laws and regulations govern numerous matters relating to the offering of consumer loan products and consumer deposit. Failure to comply with disclosure requirements or with laws relating to the permissibility of interest rates and fees charged could have a material negative impact on earnings. In addition, failure to comply with applicable laws and regulations could also expose the Bank to civil money penalties and litigation risk, including shareholder actions. Various states and consumer groups have, from time to time, questioned the fairness of the products offered by RPG. Initiatives at the federal and state level, including by 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 RPG operations. If the Company can no longer offer or must substantially alter its RPG products, it will have a material negative impact on earnings. 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. The Bank, including RPG, 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 the Bank's third-party service providers or failure of the Bank 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 the Bank's earnings. Such penalties could also include the discontinuance of any or all third-party program manager products and services. ~~32~~ ~~The~~ **The** Bank's "Overdraft Honor" program represents a significant business risk, and if the Bank terminated the program, it would materially impact the earnings of the Bank. There can be no assurance that Congress, the Bank's regulators, or others, will not impose additional limitations on this program or prohibit the Bank from offering the program. The Bank's "Overdraft Honor" program permits eligible customers to opt into the Bank's overdraft program and overdraft their checking accounts up to a limit that is calculated and assigned each day for the Bank's customary overdraft fee (s). Generally, to be eligible for the Overdraft Honor program, customers must qualify for one of the Bank's traditional checking products when the account is opened and have recurring deposit activity. During the first 30 days after an account is opened, a client may participate in the Overdraft Honor program with a small, fixed limit amount depending upon the account type. After the initial 30-day period a daily overdraft limit is calculated based upon deposits and other activity in the account. If an overdraft occurs, the Bank may pay the overdraft, at its discretion, up to the client's individual overdraft limit. Under regulatory guidelines, customers utilizing the Overdraft Honor program may remain in overdraft status for no more than 60 days before it must be closed and charged off. **During 2024, the Bank recorded overdraft-related fee income, including daily overdraft fees included in interest income on loans, of \$ 1.2 million. Substantially altering this program, or terminating it altogether, would have a material adverse impact to the Company's results of operations.** Loans

originated through the Bank's Consumer Direct and Correspondent Lending channels subject the Bank to regulatory and legal risks that the Bank does not have through its historical origination and servicing channels. Loans serviced outside the Bank's traditional footprint also subject the Bank to various state- level servicing laws and regulations that are different than those within the **Bank-30Bank**'s traditional footprint and may impact the Bank's ability to collect a deficiency and timely foreclose on a loan. Failure by the Bank to properly comply with these various state- level laws and regulations could subject the Bank to fines and penalties that materially and adversely affect the Bank's earnings. Such penalties could also include the discontinuance of the Consumer Direct Channel or Corresponding Lending operations. Failure to appropriately manage these additional risks could lead to regulatory and compliance risks, as well as create burdens that reduce profitability or cause operating losses from these origination channels. The Company is significantly impacted by the regulatory, fiscal, and monetary policies of federal and state governments that could negatively impact the Company's liquidity position and earnings. These policies can materially affect the value of the Company's financial instruments and can also adversely affect the Company's clients and their ability to repay their outstanding loans. In addition, failure to comply with laws, regulations or policies, or adverse examination findings, could result in significant penalties, negatively impact operations, or result in other sanctions against the Company. The Board of Governors of the Federal Reserve System regulates the supply of money and credit in the U. S. Its policies determine, in large part, the Company's cost of funds for lending and investing and the return the Company earns on these loans and investments, all of which impact net interest margin. The Company and the Bank are heavily regulated at both the federal and state levels and are subject to various routine and non- routine examinations by federal and state regulators. This regulatory oversight is primarily intended to protect depositors, the DIF, and the banking system, not the shareholders of the Company. Changes in policies, regulations and statutes, or the interpretation thereof, could significantly impact the product offerings of Republic causing the Company to terminate or modify its product offerings in a manner that could materially adversely affect the earnings of the Company. Federal and state laws and regulations govern numerous matters including changes in the ownership or control of banks and bank holding companies, maintenance of adequate capital and the financial condition of a financial institution, permissible types, amounts and terms of extensions of credit and investments, permissible non- banking activities, the level of reserves against deposits and restrictions on dividend payments. Various federal and state regulatory agencies possess cease and desist powers and other authority to prevent or remedy unsafe or unsound practices or violations of law by banks subject to their regulations. The FRB possesses similar powers with respect to bank holding companies. These, and other restrictions, can limit in varying degrees, the way Republic conducts its business. Federal 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 the Bank 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. ~~Republic may experience additional increases in FDIC insurance assessments. The DIF has recently incurred losses with the resolution of bank failures during the first quarter of 2023. As a result, the FDIC imposed a special assessment in November 2023, which is to become effective in April 2024. It is possible that Republic's regular deposit insurance assessment rates will further increase should the FDIC alter its assessment rate schedule or calculation methodology for financial institutions as a result of these recent bank failures. Although Republic cannot predict the specific timing and terms of any special assessment or any other increase in its deposit insurance assessment rates, any increase in Republic's assessment fees could have a materially adverse effect on its results of operations and financial condition.~~ Legislative and regulatory actions taken now or in the future may increase Republic's costs and impact its business, governance structure, financial condition, or results of operations. 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. Federal and state regulatory agencies frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Regulatory or legislative changes to laws applicable to the financial industry, if enacted or adopted, may impact the profitability of our business activities, require more oversight or change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans and achieve satisfactory interest spreads and could expose Republic to additional costs, including increased compliance costs. These changes also may require Republic to invest significant management attention and resources to make any necessary changes to operations to comply and could have an adverse effect on its business, financial condition, and results of operations. 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, the Company is **required-31required** 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, 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. 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 price 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 further discussions- **discussion of the identified material weaknesses.** As described in Part II, Item 9A, Controls and Procedures, included in the Form 10-K for the year ended on December 31, 2022, the Company disclosed material weaknesses in the Company's internal control over financial reporting as of December 31, 2022 related to (i) the initial implementation of new products offered through third parties within RPG, (ii) the maintenance of effective controls over the information and communication as it relates to the reconciliation function, and (iii) the design and maintenance of effective controls over the financial analysis of RCS products' yields. Throughout the 2023 calendar year, the Company implemented remediation measures with respect to all three of these material weaknesses. During the fourth quarter of 2023, management concluded that Material Weakness (ii) and Material Weakness (iii) noted above were remediated. With respect to Material Weakness (i), no new material third-party products were offered through RPG during 2023 and as such, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023 as set forth in Item 9A. A material weakness, however, cannot be considered fully remediated until the enhanced controls related to that material weakness are fully implemented and operate for a sufficient period and management has concluded that these 34controls are operating effectively. As such, Material Weakness (i) will not be considered remediated until the Company's enhanced controls and procedures can be tested in the future through the implementation of a new material third-party product at RPG. The Company's remediation efforts to address Material Weakness (i) are ongoing, and management cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective in the future with respect to material new third-party products offered through RPG. The Company is required to use judgment in applying accounting policies and different estimates and assumptions in the application of these policies could result in a decrease in capital and / or other material changes to the reports of financial condition and results of operations. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the fair value of certain financial instruments, particularly securities, and goodwill and purchase accounting. While the Company has identified those accounting policies that we consider critical and have procedures in place to facilitate the associated judgments, different assumptions in the application of these policies could have a material adverse effect on our financial condition and results of operations. The Company may be subject to examinations by taxing authorities that could adversely affect the Company's financial condition and results of operations. **Republic is subject to multiple taxing jurisdictions outside of those in which its branches are located.** In the normal course of business, the Company may be subject to examinations from federal and state taxing authorities regarding the amount of taxes due in connection with investments it has made and the businesses in which the Company is engaged. Federal and state taxing authorities have continued to be aggressive in challenging tax positions taken by financial institutions. The challenges made by taxing authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in the Company's favor, they could have an adverse effect on the Company's financial condition and results of operations. **Transactions between the Company and its insurance subsidiary, the Captive, may be subject to certain IRS responsibilities and penalties.** The Captive was a Nevada-based, wholly owned insurance subsidiary of the Company that provided property and casualty insurance coverage to the Company and the Bank as well as a group of other third-party insurance captives for which insurance may not have been available or economically feasible. The Treasury Department of the United States and the IRS by way of Notice 2016-66 have stated that transactions believed similar in nature to transactions between the Company and the Captive may be deemed "transactions of interest" because such transactions may have potential for tax avoidance or evasion. While the Captive was dissolved by the Company in November 2023, if the IRS ultimately concludes such transactions created tax avoidance or evasion issues prior to November 2023, the Company could be subject to the payment of penalties and interest. As the parent company of the Bank, the Federal Reserve may require the Company to commit capital resources to support the Bank. The Federal Reserve requires the Company to act as a source of strength to the Bank and to commit capital and financial resources to support the Bank. This support may be required at times when the Company might otherwise determine not to provide it. In addition, if the Company commits to a federal bank regulator that it will maintain the capital of the Bank, whether in response to the Federal Reserve's invoking its source-of-strength authority or in response to other regulatory measures, that commitment will be assumed by a bankruptcy trustee and, as a result, the Bank will be entitled to priority payment in respect of that commitment, ahead of our other creditors. Thus, any borrowing that must be done by the Company in order to support the Bank may adversely impact the Company's cash flow, financial condition, results of operations, or prospects. **Risks Related to Acquisition Activity** 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~~ **32intends** 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~~ **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. Risks Related to the Company's Common Stock The Company's common stock generally has a low average daily trading volume, which limits a 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. 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 **, but are not limited to**: • 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 **, including but not limited to international conflicts, government trade restrictions, sanctions, and tariffs,** 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** **33notwithstanding** 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~~ **general**. 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 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 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 shareholders' ability to influence Company actions through their vote may be limited and the non-insider 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 shareholders may not vote their shares in accordance with minority 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 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 ~~34~~ the same market forces that affect the price of common stock in any company. As a result, if an individual acquires the Company's common stock, the shareholder could lose some or all of that investment. ~~37~~ ~~Item --~~ **Item 1B.** Unresolved Staff Comments. None ~~Item 1C. Cybersecurity Risk management and strategy~~ ~~strategy~~ ~~The~~ ~~The~~ ~~Company~~ employs a multi-layered approach in an effort to assess, identify and manage risks from cybersecurity threats: 1. Risk Assessment: On a regular basis, the Company conducts assessments to identify potential cybersecurity threats and vulnerabilities within ~~our~~ ~~its~~ 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 ~~and account takeover~~. This includes conducting tabletop exercises, fostering preparedness and effective response within the 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 a~~ potential attack. 5. Regular Audits and Monitoring: The Company conducts periodic audits and continuous monitoring of systems intended to detect any anomalies or potential security breaches. This involves using advanced tools to ~~monitor~~ ~~monitor~~ network traffic and behavior for suspicious activities. 6. Disclosure and Transparency: The Company has implemented policies and procedures related to disclosing ~~their~~ ~~its~~ cybersecurity risks and management strategies in ~~their~~ ~~its~~ 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 its operational framework. During the periods covered by this report, there were no cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or 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 ~~35~~ condition, see ~~Item 1A. Risk Factors~~ ~~"The Company's operations, including third-party and client interactions, are increasingly done via electronic means, and this has increased the risks related to cyber security," which are incorporated by reference into this~~ ~~Item 1C.~~ 38