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Republic Bancorp, Inc. Reports an 11% Increase in Third Quarter Net Income

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Republic Bancorp, Inc. (NASDAQ: RBCAA), headquartered in Louisville, Kentucky, is the holding company of Republic Bank & Trust Company (the “Bank”).

Louisville, KY – [Republic Bancorp, Inc.](#) (“Republic” or the “Company”) is pleased to report third quarter net income of \$20.4 million, an 11% increase over the third quarter of 2019, resulting in Diluted Earnings per Class A Common Share (“Diluted EPS”) of \$0.98. Year-to-date (“YTD”) net income was \$62.9 million, a 5% decrease from the same period in 2019, resulting in return on average assets (“ROA”) of 1.41% and return on average equity (“ROE”) of 10.54% for the nine months ended September 30, 2020.

[Steve Trager](#), Chairman & CEO of Republic commented, “I couldn’t be prouder of our performance given the current environment. We were able to grow our third quarter net income by 11% and keep our YTD operating metrics strong despite pandemic-related increases of \$7 million for the quarter and \$18 million YTD in our Allowance for Credit Losses (“Allowance”). These increases, along with our January 1, 2020 adoption of the Current Expected Credit Loss (“CECL”) methodology, lifted our ratio of Traditional Bank Allowance to Traditional Bank loans to 1.26% as of September 30, 2020, with this ratio reaching 1.46%⁽¹⁾ when you exclude our SBA-guaranteed PPP⁽²⁾ portfolio. Certainly, with the COVID-19 pandemic, overall credit quality is a primary concern for all banks and will be a strong focus until we come out of the pandemic.”

Trager continued, “Reflecting further on our YTD results, we have had our best nine months ever in gathering deposits and generating mortgage banking income. In addition, I am extremely proud of our efforts to help our clients through the SBA’s PPP loan process. Through this process we helped over 3,700 clients attain \$528 million of financial relief amid pandemic-driven hardship. During the coming months, we will be focused intensely on helping our clients complete the PPP forgiveness process and expanding our relationships with the many new clients we welcomed through the origination of PPP loans.”

The following table highlights Republic’s financial performance for the three and nine months ended September 30, 2020 and 2019. Additional financial details, including segment-level data and key metrics, are provided in the accompanying financial supplement to this release. See Exhibit 99.2 of the Company’s Form 8-K filed with the SEC on October 16, 2020 for the financial supplement.

(dollars in thousands, except per share data)	Total Company Financial Performance Highlights							
	Three Months Ended Sep. 30,				Nine Months Ended Sep. 30,			
	2020	2019	\$ Change	% Change	2020	2019	\$ Change	% Change
Income Before Income Tax Expense	\$ 25,826	\$ 22,733	\$ 3,093	14 %	\$ 79,001	\$ 80,892	\$ (1,891)	(2)%
Net Income	20,389	18,408	1,981	11	62,890	65,931	(3,041)	(5)
Diluted Earnings per Class A Common Share	0.98	0.88	0.10	11	3.02	3.15	(0.13)	(4)
Return on Average Assets	1.33 %	1.29 %	NA	3	1.41 %	1.58 %	NA	(11)
Return on Average Equity	10.05	9.92	NA	1	10.54	12.11	NA	(13)

NA – Not applicable

Results of Operations for the Third Quarter of 2020 Compared to the Third Quarter of 2019

Core Bank⁽³⁾

Net income from Core Banking was \$13.8 million for the third quarter of 2020, a 6% decrease from the same period in 2019. While the Core Bank’s Mortgage Banking and Warehouse Lending (“Warehouse”) segments reached record highs in net income during the third quarter of 2020, these strong performances were partially offset by an \$8.2 million decrease in net income within the Traditional Banking segment. Traditional Banking net income for the third quarter of 2020 was negatively impacted by continued net interest margin compression and an elevated Provision for Credit Loss Expense (“Provision”) driven by additional pandemic related considerations emerging during the quarter.

Net Interest Income – Core Bank net interest income was \$46.4 million for the third quarter of 2020, a 2% decrease from the same period in 2019. Industry-wide net interest margin compression was the primary driver of the decrease and was partially offset by the benefit to net interest income from growth of \$313 million, or 7%, in average Core Bank loan balances. The growth in average Core Bank loans was concentrated in the Core Bank’s Warehouse and PPP portfolios.

Average outstanding Warehouse balances grew from \$752 million during the third quarter of 2019 to \$860 million during the third quarter of 2020. During those same time periods, average committed Warehouse lines-of-credit grew from \$1.1 billion to \$1.3 billion and usage rates on those lines remained at a robust 68%. Meanwhile, Traditional Banking loan averages grew \$196 million during the third quarter of 2020 over the same period in 2019. PPP loans, which were all originated during the second quarter of 2020, contributed \$513 million to the Traditional Bank’s third quarter 2020 loan averages, offsetting a \$317 million decrease in average non-PPP Traditional Bank loans. The Company’s November 2019 branch divestiture contributed to approximately \$128 million of the non-PPP loan decrease.

Consistent with a 225 basis point decrease in the Federal Funds Target Rate from September 30, 2019 to September 30, 2020, the Core Bank’s net interest spread and net interest margin compressed 15 basis points and 31 basis points, respectively, from the third quarter of 2019 to the same period in 2020. The Core Bank’s net interest spread, the difference between the weighted average rate earned on its interest-earning assets less the weighted average cost paid on its interest-bearing liabilities, contracted primarily because the Core Bank’s liabilities had less room to reprice downward than its asset counterparts. The Core Bank’s net interest margin contracted 16 basis points further than its net interest spread due to the reduction in benefit the Bank sees from its noninterest-bearing funding sources, such as noninterest-bearing deposits and stockholders’ equity, in a falling rate environment.

The following tables present by reportable segment the overall changes in the Core Bank’s net interest income, net interest margin, as well as average and period-end loan balances:

<i>(dollars in thousands)</i> Reportable Segment	Net Interest Income			Net Interest Margin		
	Three Months Ended Sep. 30,			Three Months Ended Sep. 30,		
	2020	2019	Change	2020	2019	Change
Traditional Banking*	\$ 38,753	\$ 42,879	\$ (4,126)	3.22 %	3.76 %	(0.54)%
Warehouse Lending	7,345	4,329	3,016	3.41	2.30	1.11
Mortgage Banking*	300	212	88	NM	NM	NM
Core Bank	\$ 46,398	\$ 47,420	\$ (1,022)	3.25	3.56	(0.31)

<i>(dollars in thousands)</i> Reportable Segment	Average Loan Balances				Period-End Loan Balances			
	Three Months Ended Sep. 30,				Sep. 30,			
	2020	2019	\$ Change	% Change	2020	2019	\$ Change	% Change
Traditional Banking*	\$ 3,906,335	\$ 3,709,931	\$ 196,404	5 %	\$ 3,856,504	\$ 3,721,239	\$ 135,265	4 %
Warehouse Lending	860,420	752,089	108,331	14	1,028,675	973,588	55,087	6
Mortgage Banking*	26,127	17,500	8,627	49	44,860	32,739	12,121	37
Core Bank	\$ 4,792,882	\$ 4,479,520	\$ 313,362	7	\$ 4,930,039	\$ 4,727,566	\$ 202,473	4

*Includes loans held for sale
 NM – Not meaningful

Provision for Expected Credit Loss Expense – The Core Bank’s Provision increased to \$5.9 million for the third quarter of 2020 from \$2.2 million for the same period in 2019. The Provision for the third quarter of 2020 primarily reflected \$6.8 million of Provision related to additional COVID-19 considerations. As part of its Allowance modeling during the quarter, the Company factored in additional analysis of loans granted COVID-19 accommodations during the year along with rising vacancy rates on commercial real estate within the Core Bank’s market footprint. Partially offsetting these drivers was a \$1.2 million reduction in Provision due to an \$83 million decrease in non-PPP Traditional Bank loans during the quarter. In contrast, the Provision for the third quarter of 2019 included a \$1.4 million partial charge-off of one large commercial-related loan that defaulted during that quarter.

Along with the PPP, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act provided several forms of economic relief designed to defray the impact of COVID-19. In April 2020, through its own independent relief efforts and CARES Act provisions, the Company began offering loan accommodations through deferrals and forbearances. These accommodations were generally under three-month terms for commercial clients, with residential and consumer accommodations in line with prevailing regulatory and legal parameters. Loans modified as a result of pandemic-related requests are generally not considered troubled debt restructurings by the Company if, prior to the pandemic, the borrower was performing in accordance with loan terms.

The following table presents loan balances under COVID-19 accommodations as of June 30, 2020 and a rollforward of accommodated balances through September 30, 2020. The table reflects that approximately 97% of loan balances granted an accommodation during 2020 are out of their accommodation period and current on their contractual payments as of September 30, 2020.

(in thousands)	Jun. 30, 2020 COVID-19 Accm.*	Three Months Ended Sep. 30, 2020			Sep. 30, 2020 COVID-19 Accommodations			
		Additional Accm.	(Payments) Net (Pay)/Draw	Draws Made (Payoffs)	Out of Accommodation Current	Still under Accommodation Past Due**	1st Accm.	> 1st Accm.
Traditional Banking:								
Residential real estate:								
Owner occupied	\$ 51,570	\$ 6,780	\$ (525)	\$ (3,751)	\$ 45,761	\$ 51	\$ 1,804	\$ 6,458
Nonowner occupied	58,754	—	(667)	(536)	57,551	—	—	—
Commercial real estate	491,314	3,567	(5,840)	(15,939)	467,447	2,739	457	2,459
Commercial & industrial	141,720	—	(7,438)	(3,842)	118,784	12	—	11,644
Construction & land development	28,927	—	486	(9,214)	20,199	—	—	—
Lease financing receivables	2,443	—	409	—	2,852	—	—	—
Home equity	13,776	627	(173)	(2,835)	11,173	—	187	35
Consumer	4,678	58	(134)	(229)	4,283	—	41	49
Total Traditional Banking	\$ 793,182	\$ 11,032	\$ (13,882)	\$ (36,346)	\$ 728,050	\$ 2,802	\$ 2,489	\$ 20,645

*Accm. = Accommodation(s)

**Loans 30-days-or-more past due on their contractual payments following exit from their accommodation period.

The table below presents the Core Bank's credit quality metrics:

Core Banking Credit Quality Ratios	Quarters Ended:			Years Ended:		
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
	Nonperforming loans to total loans	0.43 %	0.40 %	0.46 %	0.54 %	0.40 %
Nonperforming assets to total loans (including OREO)	0.47	0.44	0.47	0.54	0.40	0.36
Delinquent loans* to total loans	0.23	0.16	0.27	0.30	0.22	0.21
Net charge-offs (recoveries) to average loans (Quarterly rates annualized)	0.03	0.04	(0.03)	0.11	0.06	0.04

OREO = Other Real Estate Owned

*Loans 30-days-or-more past due

Noninterest Income – Core Bank noninterest income was \$17.9 million during the third quarter of 2020, a \$6.8 million, or 61%, increase from the third quarter of 2019. Items significantly impacting noninterest income for the quarter included the following:

- Mortgage Banking income increased \$7.7 million over the third quarter of 2019 to a record high \$10.8 million for the third quarter of 2020, as both origination volume and pricing improved from the prior period. The Core Bank originated \$204 million in secondary market loans during the third quarter of 2020, a 64% increase over the same period in 2019, while the Bank's cash gain as a percentage of those originations increased approximately 250 basis points over the third quarter of 2019.
- Offsetting the increase in Mortgage Banking income was a \$731,000 decrease in Service Charges on Deposits resulting largely from a change in consumer savings and spending patterns during the pandemic-driven economic restrictions.

Noninterest Expense – Core Bank noninterest expense increased 7% when comparing the third quarter of 2020 to the same period in 2019. Items significantly impacting noninterest expense for the quarter included the following:

- Salaries and benefits expense increased \$1.5 million, or 7%. The overall increase was substantially driven by higher Mortgage Banking commissions, which rose \$1.2 million over the same period in 2019.
- Data Processing expense increased \$1.0 million, or 45%, driven by the Company’s increased investment in technology since September 30, 2019. Approximately 60% of the increase was driven by loan application system costs related to the PPP loan program and the substantial rise in mortgage refinance volume during the year.

Republic Processing Group⁽⁴⁾

Republic Processing Group (“RPG”) reported net income of \$6.6 million for the third quarter of 2020 compared to \$3.6 million for the same period in 2019, with a \$3.2 million positive swing in net income at RPG’s Tax Refund Solutions (“TRS”) segment partially offset by a \$265,000 decrease in net income at its Republic Credit Solutions (“RCS”) segment.

Tax Refund Solutions

Within TRS, a positive change in Provision from a net credit of \$2.0 million during the third quarter of 2019 to a net credit of \$4.3 million during the third quarter of 2020 primarily drove the segment’s overall positive swing in net income. These credits to the Provision primarily reflected recoveries on Easy Advance (“EA”) loans charged off during the first six months of the year. While TRS experienced a higher rate of EAs charged-off during the first six months of 2020 than the comparable six months in 2019, it also experienced a higher rate of EA recoveries during the third quarter of 2020 than the comparable quarter of 2019. Management believes the higher rate of EAs charged-off through the first six months of 2020 and recovered during the third quarter of 2020 was directly related to the impact of the COVID-19 pandemic and the ability of the IRS to facilitate payment processing within normal time frames for certain types of tax returns that require further taxpayer communication and verification.

With the third quarter EA paydowns, the percent of unpaid EAs to total EAs originated was 3.93% at September 30, 2020. This compares to 2.91% at September 30, 2019, a difference of 102 basis points. By comparison, the unpaid EA percentage was 5.05% at June 30, 2020, compared to 3.45% at June 30, 2019, representing a difference of 160 basis points. With all unpaid EAs having been charged off as of June 30, 2020, any EA payments received during the fourth quarter of 2020 will continue to represent recovery credits directly to income.

Republic Credit Solutions

Net income at RCS decreased slightly from \$3.8 million during the third quarter of 2019 to \$3.6 million for the third quarter of 2020. The decrease in RCS’s net income primarily reflected a \$3.1 million decrease in RCS’s revenues partially offset by a \$3.0 million reduction in Provision. Both decreases resulted from an \$11 million decrease in outstanding balances for RCS’s Elastic product from September 30, 2019 to September 30, 2020 following a reduction of marketing for this product during the first quarter of 2020. RCS began incrementally increasing its marketing for its line-of-credit product during the third quarter of 2020.

Republic Bancorp, Inc. (the “Company”) is the parent company of Republic Bank & Trust Company (the “Bank”). The Bank currently has 42 full-service banking centers and two loan production offices throughout five states: 28 banking centers in 8 Kentucky communities – Covington, Crestview Hills, Florence, Georgetown, Lexington, Louisville, Shelbyville, and Shepherdsville; three banking centers in southern Indiana – Floysds Knobs, Jeffersonville, and New Albany; seven banking centers in six Florida communities (Tampa MSA) – Largo, New Port Richey, St. Petersburg, Seminole, Tampa, and Temple Terrace, and one loan production office in Oldsmar; two banking centers in two Tennessee communities (Nashville MSA) – Cool Springs and Green Hills, and one loan production office in Brentwood; and two banking centers in two Ohio communities (Cincinnati MSA) – Norwood and West Chester. The Bank offers internet banking at www.republicbank.com. The Bank also offers separately branded, nation-wide digital banking at www.mymemorybank.com. The Company has \$6.2 billion in assets and is headquartered in Louisville, Kentucky. The Company’s Class A Common Stock is listed under the symbol “RBCAA” on the NASDAQ Global Select Market.

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Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in the preceding paragraphs are based on our current expectations and assumptions regarding our business, the future impact to our balance sheet and income statement resulting from changes in interest rates, the yield curve, the ability to develop products and strategies in order to meet the Company’s long-term strategic goals, the economy, and other future conditions, including, but not limited to, the timing of PPP loan forgiveness and the impact of the COVID-19 pandemic. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Actual results could differ materially based upon factors disclosed from time to time in the Company’s filings with the U.S. Securities and Exchange Commission, including those factors set forth as “Risk Factors” in the Company’s Annual Report on Form 10-K for the period ended December 31, 2019 and quarterly report on Form 10-Q for the period ended June 30, 2020. The Company undertakes no obligation to update any forward-looking statements, except as required by applicable law.

Footnotes:

(1) The following table provides a reconciliation of the Company’s ratio of Allowance to Traditional Bank loans in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) to its Allowance to non-PPP Traditional Bank loans, a non-GAAP measure. The Company believes this non-GAAP measure better reflects the level of Traditional Bank Allowance available to cover expected Traditional Bank loan losses. The Company has made no Allowance for PPP loans because these loans are guaranteed by the U.S. Small Business Administration.

(dollars in thousands)	As of Sep. 30, 2020		
	Gross Loans	Allowance	Allowance to Loans
Traditional Bank (GAAP)	\$ 3,856,504	\$ 48,657	1.26 %
Less: Paycheck Protection Program	514,550	—	
Traditional Bank, Less PPP (non-GAAP)	\$ 3,341,954	\$ 48,657	1.46

(2) PPP – The U.S. Small Business Administration’s Paycheck Protection Program.

(3) “Core Bank” or “Core Banking” operations consist of the Traditional Banking, Warehouse Lending, and Mortgage Banking segments.

(4) Republic Processing Group operations consist of the Tax Refund Solutions and Republic Credit Solutions segments.

NM – Not meaningful

NA – Not applicable

CONTACT:

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EARNINGS RELEASE FINANCIAL SUPPLEMENT
THIRD QUARTER 2020

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Balance Sheet Data

	<u>Sep. 30, 2020</u>	<u>Dec. 31, 2019</u>	<u>Sep. 30, 2019</u>
Assets:			
Cash and cash equivalents	\$ 342,028	\$ 385,303	\$ 397,072
Investment securities, net of allowance for credit losses (1)	607,556	537,074	638,697
Loans held for sale	56,752	31,468	51,243
Loans held for sale upon branch divestiture	—	—	130,770
Loans	4,994,374	4,433,151	4,664,054
Allowance for credit losses (1)	(59,891)	(43,351)	(46,932)
Loans, net	4,934,483	4,389,800	4,617,122
Federal Home Loan Bank stock, at cost	19,634	30,831	32,242
Premises and equipment, net	40,946	46,196	46,735
Right-of-use assets	43,643	35,206	36,051
Goodwill	16,300	16,300	16,300
Other real estate owned ("OREO")	2,056	113	119
Bank owned life insurance ("BOLI")	67,617	66,433	66,037
Other assets and accrued interest receivable	109,431	81,595	71,259
Total assets	<u>\$ 6,240,446</u>	<u>\$ 5,620,319</u>	<u>\$ 6,103,647</u>
Liabilities and Stockholders' Equity:			
Deposits:			
Noninterest-bearing	\$ 1,876,418	\$ 1,033,379	\$ 1,031,553
Interest-bearing	3,115,911	2,752,629	2,703,199
Deposits held for assumption upon branch divestiture	—	—	142,384
Total deposits	4,992,329	3,786,008	3,877,136
Securities sold under agreements to repurchase and other short-term borrowings	126,172	167,617	167,949
Operating lease liabilities	44,710	36,530	37,391
Federal Home Loan Bank advances	132,500	750,000	1,170,000
Subordinated note	41,240	41,240	41,240
Other liabilities and accrued interest payable	93,133	74,680	65,484
Total liabilities	5,430,084	4,856,075	5,359,200
Stockholders' equity	810,362	764,244	744,447
Total liabilities and stockholders' equity	<u>\$ 6,240,446</u>	<u>\$ 5,620,319</u>	<u>\$ 6,103,647</u>

Average Balance Sheet Data

	<u>Three Months Ended Sep. 30,</u>		<u>Nine Months Ended Sep. 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:				
Federal funds sold and other interest-earning deposits	\$ 313,281	\$ 302,156	\$ 273,604	\$ 296,474
Investment securities, including FHLB stock	600,943	547,281	575,575	541,739
Loans, including loans held for sale	4,907,106	4,606,139	4,756,507	4,430,518
Total interest-earning assets	5,821,330	5,455,576	5,605,686	5,268,731
Total assets	6,152,043	5,711,636	5,958,513	5,557,116
Liabilities and Stockholders' Equity:				
Noninterest-bearing deposits, including those held for assumption	\$ 1,846,552	\$ 1,065,904	\$ 1,598,635	\$ 1,140,355
Interest-bearing deposits, including those held for assumption	2,939,063	2,833,632	2,891,966	2,684,825
Securities sold under agreements to repurchase and other short-term borrowings	213,010	246,889	199,556	232,949
Federal Reserve Paycheck Protection Program Liquidity Facility	53,338	—	58,683	—
Federal Home Loan Bank advances	126,250	690,457	253,157	638,237
Subordinated note	41,240	41,240	41,240	41,240
Total interest-bearing liabilities	3,372,901	3,812,218	3,444,602	3,597,251
Stockholders' equity	811,351	742,176	795,883	726,019

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Republic Bancorp, Inc.
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Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Income Statement Data

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2020	2019	2020	2019
Total interest income (2)	\$ 56,038	\$ 68,059	\$ 194,288	\$ 216,356
Total interest expense	3,786	12,573	17,093	34,625
Net interest income	52,252	55,486	177,195	181,731
Provision for expected credit loss expense (1)	1,500	3,153	30,794	24,844
Noninterest income:				
Service charges on deposit accounts	3,017	3,749	8,604	10,650
Net refund transfer fees	1,152	317	19,888	21,046
Mortgage banking income	10,775	3,064	23,968	7,019
Interchange fee income	2,911	3,031	8,271	9,045
Program fees	1,487	1,317	5,249	3,428
Increase in cash surrender value of BOLI	400	394	1,184	1,154
Net gains on OREO	(14)	267	(10)	487
Net gain (loss) on branch divestiture	—	(119)	—	(119)
Other	869	791	2,763	2,643
Total noninterest income	20,597	12,811	69,917	55,353
Noninterest expense:				
Salaries and employee benefits	26,667	24,822	79,613	75,184
Occupancy and equipment, net	6,780	6,571	20,341	19,627
Communication and transportation	1,147	1,017	3,789	3,249
Marketing and development	919	1,420	2,770	3,800
FDIC insurance expense	345	—	644	743
Bank franchise tax expense	974	935	4,394	4,366
Data processing	3,340	2,344	8,632	6,657
Interchange related expense	1,056	1,138	3,305	3,755
Supplies	326	292	1,317	1,358
Other real estate owned and other repossession expense	6	130	45	324
Legal and professional fees	1,248	1,026	3,510	2,756
Other	2,715	2,716	8,957	9,529
Total noninterest expense	45,523	42,411	137,317	131,348
Income before income tax expense	25,826	22,733	79,001	80,892
Income tax expense	5,437	4,325	16,111	14,961
Net income	\$ 20,389	\$ 18,408	\$ 62,890	\$ 65,931

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Selected Data and Ratios

	<u>Three Months Ended Sep. 30,</u>		<u>Nine Months Ended Sep. 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Per Share Data:				
Basic weighted average shares outstanding	21,026	21,036	21,031	21,014
Diluted weighted average shares outstanding	21,046	21,137	21,068	21,132
Period-end shares outstanding:				
Class A Common Stock	18,715	18,744	18,715	18,744
Class B Common Stock	2,200	2,208	2,200	2,208
Book value per share (3)	\$ 38.75	\$ 35.53	\$ 38.75	\$ 35.53
Tangible book value per share (3)	37.63	34.47	37.63	34.47
Earnings per share ("EPS"):				
Basic EPS - Class A Common Stock	\$ 0.98	\$ 0.88	\$ 3.02	\$ 3.17
Basic EPS - Class B Common Stock	0.89	0.80	2.75	2.88
Diluted EPS - Class A Common Stock	0.98	0.88	3.02	3.15
Diluted EPS - Class B Common Stock	0.89	0.80	2.74	2.87
Cash dividends declared per Common share:				
Class A Common Stock	\$ 0.286	\$ 0.264	\$ 0.858	\$ 0.792
Class B Common Stock	0.260	0.240	0.780	0.720
Performance Ratios:				
Return on average assets	1.33 %	1.29 %	1.41 %	1.58 %
Return on average equity	10.05	9.92	10.54	12.11
Efficiency ratio (4)	62	62	56	55
Yield on average interest-earning assets (2)	3.85	4.99	4.62	5.48
Cost of average interest-bearing liabilities	0.45	1.32	0.66	1.28
Cost of average deposits (5)	0.24	0.82	0.38	0.76
Net interest spread (2)	3.40	3.67	3.96	4.20
Net interest margin - Total Company (2)	3.59	4.07	4.21	4.60
Net interest margin - Core Bank (6)	3.25	3.56	3.37	3.63
Other Information:				
End of period FTEs (7) - Total Company	1,085	1,093	1,085	1,093
End of period FTEs - Core Bank	993	1,013	993	1,013
Number of full-service banking centers	42	45	42	45

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Credit Quality Data and Ratios

	As of and for the		As of and for the	
	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2020	2019	2020	2019
Credit Quality Asset Balances:				
Nonperforming Assets - Total Company:				
Loans on nonaccrual status	\$ 20,910	\$ 20,574	\$ 20,910	\$ 20,574
Loans past due 90-days-or-more and still on accrual	175	175	175	175
Total nonperforming loans	21,085	20,749	21,085	20,749
OREO	2,056	119	2,056	119
Total nonperforming assets	\$ 23,141	\$ 20,868	\$ 23,141	\$ 20,868
Nonperforming Assets - Core Bank (6):				
Loans on nonaccrual status	\$ 20,910	\$ 20,574	\$ 20,910	\$ 20,574
Loans past due 90-days-or-more and still on accrual	—	—	—	—
Total nonperforming loans	20,910	20,574	20,910	20,574
OREO	2,056	119	2,056	119
Total nonperforming assets	\$ 22,966	\$ 20,693	\$ 22,966	\$ 20,693
Delinquent loans:				
Delinquent loans - Core Bank	\$ 11,069	\$ 13,496	\$ 11,069	\$ 13,496
Delinquent loans - RPG (8)	5,984	6,876	5,984	6,876
Total delinquent loans - Total Company	\$ 17,053	\$ 20,372	\$ 17,053	\$ 20,372

Credit Quality Ratios - Total Company:

Nonperforming loans to total loans	0.42 %	0.44 %	0.42 %	0.44 %
Nonperforming assets to total loans (including OREO)	0.46	0.45	0.46	0.45
Nonperforming assets to total assets	0.37	0.34	0.37	0.34
Allowance for credit losses to total loans	1.20	1.01	1.20	1.01
Allowance for credit losses to nonperforming loans	284	226	284	226
Delinquent loans to total loans (9)	0.34	0.44	0.34	0.44
Net charge-offs (recoveries) to average loans (annualized)	(0.27)	0.19	0.58	0.68

Credit Quality Ratios - Core Bank:

Nonperforming loans to total loans	0.43 %	0.45 %	0.43 %	0.45 %
Nonperforming assets to total loans (including OREO)	0.47	0.45	0.47	0.45
Nonperforming assets to total assets	0.39	0.35	0.39	0.35
Allowance for credit losses to total loans	1.05	0.73	1.05	0.73
Allowance for credit losses to nonperforming loans	245	163	245	163
Delinquent loans to total loans	0.23	0.30	0.23	0.30
Net charge-offs to average loans (annualized)	0.03	0.15	0.01	0.08

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Balance Sheet Data

	Quarterly Comparison				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Assets:					
Cash and cash equivalents	\$ 342,028	\$ 560,195	\$ 316,263	\$ 385,303	\$ 397,072
Investment securities, net of allowance for credit losses (1)	607,556	545,607	608,330	537,074	638,697
Loans held for sale	56,752	52,992	54,904	31,468	51,243
Loans held for sale upon branch divestiture	—	—	—	—	130,770
Loans	4,994,374	5,065,092	4,515,599	4,433,151	4,664,054
Allowance for credit losses (1)	(59,891)	(55,097)	(70,431)	(43,351)	(46,932)
Loans, net	4,934,483	5,009,995	4,445,168	4,389,800	4,617,122
Federal Home Loan Bank stock, at cost	19,634	25,629	38,900	30,831	32,242
Premises and equipment, net	40,946	42,753	44,215	46,196	46,735
Right-of-use assets	43,643	34,450	34,349	35,206	36,051
Goodwill	16,300	16,300	16,300	16,300	16,300
Other real estate owned	2,056	2,194	85	113	119
Bank owned life insurance	67,617	67,217	66,822	66,433	66,037
Other assets and accrued interest receivable	109,431	103,243	96,697	81,595	71,259
Total assets	\$ 6,240,446	\$ 6,460,575	\$ 5,722,033	\$ 5,620,319	\$ 6,103,647
Liabilities and Stockholders' Equity:					
Deposits:					
Noninterest-bearing	\$ 1,876,418	\$ 1,821,400	\$ 1,300,891	\$ 1,033,379	\$ 1,031,553
Interest-bearing	3,115,911	3,196,685	2,770,566	2,752,629	2,703,199
Deposits held for assumption upon branch divestiture	—	—	—	—	142,384
Total deposits	4,992,329	5,018,085	4,071,457	3,786,008	3,877,136
Securities sold under agreements to repurchase and other short-term borrowings	126,172	177,397	126,080	167,617	167,949
Operating lease liabilities	44,710	35,571	35,537	36,530	37,391
Federal Reserve Paycheck Protection Program Liquidity Facility	—	169,209	—	—	—
Federal Home Loan Bank advances	132,500	137,500	572,500	750,000	1,170,000
Subordinated note	41,240	41,240	41,240	41,240	41,240
Other liabilities and accrued interest payable	93,133	85,954	91,173	74,680	65,484
Total liabilities	5,430,084	5,664,956	4,937,987	4,856,075	5,359,200
Stockholders' equity	810,362	795,619	784,046	764,244	744,447
Total liabilities and stockholders' equity	\$ 6,240,446	\$ 6,460,575	\$ 5,722,033	\$ 5,620,319	\$ 6,103,647

Average Balance Sheet Data

	Quarterly Comparison				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Assets:					
Federal funds sold and other interest-earning deposits	\$ 313,281	\$ 299,760	\$ 207,335	\$ 152,286	\$ 302,156
Investment securities, including FHLB stock	600,943	605,776	519,726	632,559	547,281
Loans, including loans held for sale	4,907,106	4,867,622	4,493,137	4,588,538	4,606,139
Total interest-earning assets	5,821,330	5,773,158	5,220,198	5,373,383	5,455,576
Total assets	6,152,043	6,094,421	5,626,946	5,638,498	5,711,636
Liabilities and Stockholders' Equity:					
Noninterest-bearing deposits, including those held for assumption	\$ 1,846,552	\$ 1,697,603	\$ 1,249,025	\$ 1,062,010	\$ 1,065,904
Interest-bearing deposits, including those held for assumption	2,939,063	2,880,988	2,855,332	2,966,993	2,833,632
Securities sold under agreements to repurchase and other short-term borrowings	213,010	176,541	208,969	248,558	246,889
Federal Reserve Paycheck Protection Program Liquidity Facility	53,338	122,769	—	—	—
Federal Home Loan Bank advances	126,250	263,296	371,319	469,130	690,457
Subordinated note	41,240	41,240	41,240	41,240	41,240
Total interest-bearing liabilities	3,372,901	3,484,834	3,476,860	3,725,921	3,812,218
Stockholders' equity	811,351	797,227	778,900	758,740	742,176

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Income Statement Data

	Three Months Ended				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Total interest income (2)	\$ 56,038	\$ 57,091	\$ 81,159	\$ 64,527	\$ 68,059
Total interest expense	3,786	4,886	8,421	10,132	12,573
Net interest income	52,252	52,205	72,738	54,395	55,486
Provision for expected credit loss expense (1)	1,500	6,534	22,760	914	3,153
Noninterest income:					
Service charges on deposit accounts	3,017	2,451	3,136	3,547	3,749
Net refund transfer fees	1,152	2,913	15,823	112	317
Mortgage banking income	10,775	8,398	4,795	2,480	3,064
Interchange fee income	2,911	2,808	2,552	2,814	3,031
Program fees	1,487	1,138	2,624	1,284	1,317
Increase in cash surrender value of BOLI	400	395	389	397	394
Net gains on OREO	(14)	1	3	53	267
Net gain (loss) on branch divestiture	—	—	—	7,948	(119)
Other	869	647	1,247	1,020	791
Total noninterest income	20,597	18,751	30,569	19,655	12,811
Noninterest expense:					
Salaries and employee benefits	26,667	26,324	26,622	23,997	24,822
Occupancy and equipment, net	6,780	6,715	6,846	6,497	6,571
Communication and transportation	1,147	1,353	1,289	1,198	1,017
Marketing and development	919	1,018	833	1,223	1,420
FDIC insurance expense	345	299	—	—	—
Bank franchise tax expense	974	914	2,506	927	935
Data processing	3,340	2,753	2,539	2,532	2,344
Interchange related expense	1,056	1,173	1,076	1,115	1,138
Supplies	326	539	452	335	292
OREO expense	6	21	18	2	130
Legal and professional fees	1,248	1,025	1,237	601	1,026
Other	2,715	2,691	3,551	2,408	2,716
Total noninterest expense	45,523	44,825	46,969	40,835	42,411
Income before income tax expense	25,826	19,597	33,578	32,301	22,733
Income tax expense	5,437	3,793	6,881	6,533	4,325
Net income	\$ 20,389	\$ 15,804	\$ 26,697	\$ 25,768	\$ 18,408

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
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(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Selected Data and Ratios

	As of and for the Three Months Ended				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Per Share Data:					
Basic weighted average shares outstanding	21,026	21,004	21,035	21,036	21,036
Diluted weighted average shares outstanding	21,046	21,029	21,094	21,133	21,137
Period-end shares outstanding:					
Class A Common Stock	18,715	18,708	18,687	18,737	18,744
Class B Common Stock	2,200	2,200	2,200	2,206	2,208
Book value per share (3)	\$ 38.75	\$ 38.05	\$ 37.54	\$ 36.49	\$ 35.53
Tangible book value per share (3)	37.63	36.93	36.45	35.41	34.47
Earnings per share ("EPS"):					
Basic EPS - Class A Common Stock	\$ 0.98	\$ 0.77	\$ 1.29	\$ 1.23	\$ 0.88
Basic EPS - Class B Common Stock	0.89	0.69	1.17	1.13	0.80
Diluted EPS - Class A Common Stock	0.98	0.76	1.28	1.23	0.88
Diluted EPS - Class B Common Stock	0.89	0.69	1.16	1.12	0.80
Cash dividends declared per Common share:					
Class A Common Stock	\$ 0.286	\$ 0.286	\$ 0.286	\$ 0.264	\$ 0.264
Class B Common Stock	0.260	0.260	0.260	0.240	0.240
Performance Ratios:					
Return on average assets	1.33 %	1.04 %	1.90 %	1.83 %	1.29 %
Return on average equity	10.05	7.93	13.71	13.58	9.92
Efficiency ratio (4)	62	63	45	62	62
Yield on average interest-earning assets (2)	3.85	3.96	6.22	4.80	4.99
Cost of average interest-bearing liabilities	0.45	0.56	0.97	1.09	1.32
Cost of average deposits (5)	0.24	0.32	0.61	0.74	0.82
Net interest spread (2)	3.40	3.40	5.25	3.71	3.67
Net interest margin - Total Company (2)	3.59	3.62	5.57	4.05	4.07
Net interest margin - Core Bank (6)	3.25	3.23	3.65	3.56	3.56
Other Information:					
End of period FTEs (7) - Total Company	1,085	1,094	1,077	1,080	1,093
End of period FTEs - Core Bank	993	1,001	994	997	1,013
Number of full-service banking centers	42	42	42	41	45

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

(all amounts other than per share amounts, number of employees, and number of banking centers are expressed in thousands unless otherwise noted)

Credit Quality Data and Ratios

	As of and for the Three Months Ended				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Credit Quality Asset Balances:					
Nonperforming Assets - Total Company:					
Loans on nonaccrual status	\$ 20,910	\$ 19,884	\$ 20,358	\$ 23,332	\$ 20,574
Loans past due 90-days-or-more and still on accrual	175	535	495	157	175
Total nonperforming loans	21,085	20,419	20,853	23,489	20,749
OREO	2,056	2,194	85	113	119
Total nonperforming assets	<u>\$ 23,141</u>	<u>\$ 22,613</u>	<u>\$ 20,938</u>	<u>\$ 23,602</u>	<u>\$ 20,868</u>
Nonperforming Assets - Core Bank (6):					
Loans on nonaccrual status	\$ 20,910	\$ 19,884	\$ 20,358	\$ 23,332	\$ 20,574
Loans past due 90-days-or-more and still on accrual	—	—	—	—	—
Total nonperforming loans	20,910	19,884	20,358	23,332	20,574
OREO	2,056	2,194	85	113	119
Total nonperforming assets	<u>\$ 22,966</u>	<u>\$ 22,078</u>	<u>\$ 20,443</u>	<u>\$ 23,445</u>	<u>\$ 20,693</u>
Delinquent Loans:					
Delinquent loans - Core Bank	\$ 11,069	\$ 7,861	\$ 11,863	\$ 13,042	\$ 13,496
Delinquent loans - RPG (8) (10)	5,984	6,185	30,764	7,762	6,876
Total delinquent loans - Total Company	<u>\$ 17,053</u>	<u>\$ 14,046</u>	<u>\$ 42,627</u>	<u>\$ 20,804</u>	<u>\$ 20,372</u>

Credit Quality Ratios - Total Company:

Nonperforming loans to total loans	0.42 %	0.40 %	0.46 %	0.53 %	0.44 %
Nonperforming assets to total loans (including OREO)	0.46	0.45	0.46	0.53	0.45
Nonperforming assets to total assets	0.37	0.35	0.37	0.42	0.34
Allowance for credit losses to total loans	1.20	1.09	1.56	0.98	1.01
Allowance for credit losses to nonperforming loans	284	270	338	185	226
Delinquent loans to total loans (9) (10)	0.34	0.28	0.94	0.47	0.44
Net charge-offs (recoveries) to average loans (annualized)	(0.27)	1.80	0.19	0.39	0.19

Credit Quality Ratios - Core Bank:

Nonperforming loans to total loans	0.43 %	0.40 %	0.46 %	0.54 %	0.45 %
Nonperforming assets to total loans (including OREO)	0.47	0.44	0.47	0.54	0.45
Nonperforming assets to total assets	0.39	0.36	0.38	0.43	0.35
Allowance for credit losses to total loans	1.05	0.92	0.97	0.70	0.73
Allowance for credit losses to nonperforming loans	245	230	210	129	163
Delinquent loans to total loans	0.23	0.16	0.27	0.30	0.30
Net charge-offs (recoveries) to average loans (annualized)	0.03	0.04	(0.03)	0.19	0.15

Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

Segment Data:

Reportable segments are determined by the type of products and services offered and the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business (such as banking centers and business units), which are then aggregated if operating performance, products/services, and clients are similar.

As of September 30, 2020, the Company was divided into five reportable segments: Traditional Banking, Warehouse Lending (“Warehouse”), Mortgage Banking, Tax Refund Solutions (“TRS”), and Republic Credit Solutions (“RCS”). Management considers the first three segments to collectively constitute “Core Bank” or “Core Banking” operations, while the last two segments collectively constitute Republic Processing Group (“RPG”) operations. MemoryBank[®], the Company’s national branchless banking platform is part of the Traditional Banking segment.

The nature of segment operations and the primary drivers of net revenues by reportable segment are provided below:

<u>Reportable Segment:</u>	<u>Nature of Operations:</u>	<u>Primary Drivers of Net Revenue:</u>
Core Banking:		
Traditional Banking	Provides traditional banking products to clients in its market footprint primarily via its network of banking centers and to clients outside of its market footprint primarily via its digital delivery channels.	Loans, investments, and deposits.
Warehouse Lending	Provides short-term, revolving credit facilities to mortgage bankers across the United States.	Mortgage warehouse lines of credit.
Mortgage Banking	Primarily originates, sells and services long-term, single-family, first-lien residential real estate loans primarily to clients in the Bank's market footprint.	Loan sales and servicing.
Republic Processing Group:		
Tax Refund Solutions	TRS offers tax-related credit products and facilitates the receipt and payment of federal and state tax refunds through Refund Transfer products. The RPS division of TRS offers general-purpose reloadable cards. TRS and RPS products are primarily provided to clients outside of the Bank’s market footprint.	Loans, refund transfers, and prepaid cards.
Republic Credit Solutions	Offers consumer credit products. RCS products are primarily provided to clients outside of the Bank’s market footprint, with a substantial portion of RCS clients considered subprime or near-prime borrowers.	Unsecured, consumer loans.

The accounting policies used for Republic’s reportable segments are the same as those described in the summary of significant accounting policies in the Company’s 2019 Annual Report on Form 10-K. Republic evaluates segment performance using operating income. The Company allocates goodwill to the Traditional Banking segment. Republic generally allocates income taxes based on income before income tax expense unless reasonable and specific segment allocations can be made. The Company makes transactions among reportable segments at carrying value.

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Republic Bancorp, Inc.
Earnings Release Financial Supplement
Third Quarter 2020 (continued)

Segment information for the three and nine months ended September 30, 2020 and 2019 follows:

<i>(dollars in thousands)</i>	Three Months Ended September 30, 2020							
	Core Banking				Republic Processing Group ("RPG")			
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	\$ 38,753	\$ 7,345	\$ 300	\$ 46,398	\$ 878	\$ 4,976	\$ 5,854	\$ 52,252
Provision for expected credit loss expense	5,857	(3)	—	5,854	(4,342)	(12)	(4,354)	1,500
Net refund transfer fees	—	—	—	—	1,152	—	1,152	1,152
Mortgage banking income	—	—	10,775	10,775	—	—	—	10,775
Program fees	—	—	—	—	643	844	1,487	1,487
Other noninterest income	7,138	(21)	21	7,138	45	—	45	7,183
Total noninterest income	7,138	(21)	10,796	17,913	1,840	844	2,684	20,597
Total noninterest expense	36,415	1,875	2,832	41,122	3,226	1,175	4,401	45,523
Income before income tax expense	3,619	5,452	8,264	17,335	3,834	4,657	8,491	25,826
Income tax expense	558	1,226	1,736	3,520	843	1,074	1,917	5,437
Net income	\$ 3,061	\$ 4,226	\$ 6,528	\$ 13,815	\$ 2,991	\$ 3,583	\$ 6,574	\$ 20,389
Period-end assets	\$ 4,769,848	\$ 1,026,790	\$ 61,809	\$ 5,858,447	\$ 269,337	\$ 112,662	\$ 381,999	\$ 6,240,446
Net interest margin	3.22 %	3.41 %	NM	3.25 %	NM	NM	NM	3.59 %
Net-revenue concentration*	63 %	10 %	15 %	88 %	4 %	8 %	12 %	100 %

<i>(dollars in thousands)</i>	Three Months Ended September 30, 2019							
	Core Banking				Republic Processing Group ("RPG")			
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	\$ 42,879	\$ 4,329	\$ 212	\$ 47,420	\$ 295	\$ 7,771	\$ 8,066	\$ 55,486
Provision for expected credit loss expense	1,555	620	—	2,175	(2,008)	2,986	978	3,153
Net refund transfer fees	—	—	—	—	317	—	317	317
Mortgage banking income	—	—	3,064	3,064	—	—	—	3,064
Program fees	—	—	—	—	122	1,195	1,317	1,317
Net gain (loss) on branch divestiture	(119)	—	—	(119)	—	—	—	(119)
Other noninterest income	8,221	(79)	66	8,208	24	—	24	8,232
Total noninterest income	8,102	(79)	3,130	11,153	463	1,195	1,658	12,811
Total noninterest expense	35,882	886	1,637	38,405	3,047	959	4,006	42,411
Income (loss) before income tax expense	13,544	2,744	1,705	17,993	(281)	5,021	4,740	22,733
Income tax expense (benefit)	2,244	617	358	3,219	(67)	1,173	1,106	4,325
Net income (loss)	\$ 11,300	\$ 2,127	\$ 1,347	\$ 14,774	\$ (214)	\$ 3,848	\$ 3,634	\$ 18,408
Period-end assets	\$ 4,960,737	\$ 973,716	\$ 40,209	\$ 5,974,662	\$ 24,296	\$ 104,689	\$ 128,985	\$ 6,103,647
Net interest margin	3.76 %	2.30 %	NM	3.56 %	NM	NM	NM	4.07 %
Net-revenue concentration*	75 %	6 %	5 %	86 %	1 %	13 %	14 %	100 %

*Net revenues represent total net interest income plus noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

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Republic Bancorp, Inc.
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Third Quarter 2020 (continued)

(dollars in thousands)	Nine Months Ended September 30, 2020							
	Core Banking				Republic Processing Group ("RPG")			
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	\$ 118,409	\$ 17,715	\$ 932	\$ 137,056	\$ 22,484	\$ 17,655	\$ 40,139	\$ 177,195
Provision for expected credit loss expense	14,526	778	—	15,304	15,239	251	15,490	30,794
Net refund transfer fees	—	—	—	—	19,888	—	19,888	19,888
Mortgage banking income	—	—	23,968	23,968	—	—	—	23,968
Program fees	—	—	—	—	1,573	3,676	5,249	5,249
Other noninterest income	20,499	7	53	20,559	253	—	253	20,812
Total noninterest income	20,499	7	24,021	44,527	21,714	3,676	25,390	69,917
Total noninterest expense	109,750	3,489	7,517	120,756	13,589	2,972	16,561	137,317
Income before income tax expense	14,632	13,455	17,436	45,523	15,370	18,108	33,478	79,001
Income tax expense	1,747	3,027	3,662	8,436	3,487	4,188	7,675	16,111
Net income	\$ 12,885	\$ 10,428	\$ 13,774	\$ 37,087	\$ 11,883	\$ 13,920	\$ 25,803	\$ 62,890
Period-end assets	\$ 4,769,848	\$ 1,026,790	\$ 61,809	\$ 5,858,447	\$ 269,337	\$ 112,662	\$ 381,999	\$ 6,240,446
Net interest margin	3.41 %	3.07 %	NM	3.37 %	NM	NM	NM	4.21 %
Net-revenue concentration*	56 %	7 %	10 %	73 %	18 %	9 %	27 %	100 %

(dollars in thousands)	Nine Months Ended September 30, 2019							
	Core Banking				Republic Processing Group ("RPG")			
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	Total Company
Net interest income	\$ 126,103	\$ 11,181	\$ 484	\$ 137,768	\$ 21,443	\$ 22,520	\$ 43,963	\$ 181,731
Provision for expected credit loss expense	3,171	1,262	—	4,433	11,818	8,593	20,411	24,844
Net refund transfer fees	—	—	—	—	21,046	—	21,046	21,046
Mortgage banking income	—	—	7,019	7,019	—	—	—	7,019
Program fees	—	—	—	—	318	3,110	3,428	3,428
Net gain (loss) on branch divestiture	(119)	—	—	(119)	—	—	—	(119)
Other noninterest income	22,970	(56)	162	23,076	244	659	903	23,979
Total noninterest income	22,851	(56)	7,181	29,976	21,608	3,769	25,377	55,353
Total noninterest expense	109,196	2,436	4,311	115,943	13,010	2,395	15,405	131,348
Income before income tax expense	36,587	7,427	3,354	47,368	18,223	15,301	33,524	80,892
Income tax expense	4,753	1,671	704	7,128	4,251	3,582	7,833	14,961
Net income	\$ 31,834	\$ 5,756	\$ 2,650	\$ 40,240	\$ 13,972	\$ 11,719	\$ 25,691	\$ 65,931
Period-end assets	\$ 4,960,737	\$ 973,716	\$ 40,209	\$ 5,974,662	\$ 24,296	\$ 104,689	\$ 128,985	\$ 6,103,647
Net interest margin	3.75 %	2.49 %	NM	3.63 %	NM	NM	NM	4.60 %
Net-revenue concentration*	63 %	5 %	3 %	71 %	18 %	11 %	29 %	100 %

*Net revenues represent total net interest income plus noninterest income. Net-revenue concentration equals segment-level net revenue divided by total Company net revenue.

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Footnotes:

- (1) *Effective January 1, 2020, the Company adopted Accounting Standards Codification (“ASC”) 326 Financial Instruments – Credit Losses, which replaces the pre-January 1, 2020 “probable-incurred” method for calculating the Company’s Allowance for Credit Losses (“ACL”) with the current expected credit loss (“CECL”) method. CECL is applicable to financial assets measured at amortized cost, including loan and lease receivables and held-to-maturity debt securities. CECL also applies to certain off-balance sheet credit exposures. In addition to CECL, ASC 326 made changes to the accounting for Available-for-Sale (“AFS”) debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on AFS debt securities that the Company does not intend or will likely not be compelled to sell.*

When measuring an ACL, CECL primarily differs from the probable-incurred method by: a) incorporating a lower “expected” threshold for loss recognition versus a higher “probable” threshold; b) requiring life-of-loan considerations; and c) requiring reasonable and supportable forecasts. The Company’s CECL method is a “static-pool” method that analyzes historical closed pools of loans over their expected lives to attain a loss rate, which is then adjusted for current conditions and reasonable and supportable forecasts prior to being applied to the current balance of the analyzed pools. Due to its reasonably strong correlation to the Company’s historical net loan losses, the Company has chosen to use the national unemployment rate as its primary forecasting tool. During the third quarter of 2020, the Company began incorporating forecasted vacancy rates on commercial real estate into its CECL model.

In accord with the adoption of ASC 326 and CECL, the Company recorded on January 1, 2020 a \$6.7 million, or 16%, increase in the ACL for its loans and leases, a \$51,000 ACL for its investment debt securities, and an approximate \$456,000 ACL for its off-balance sheet exposures. This adoption also reduced the Company’s retained earnings on a tax-effected basis, with no impact on 2020 earnings. The adoption date increase in ACL for the Company’s loans and leases primarily reflects additional ACL for longer duration loan portfolios, such as the Company’s residential real estate and consumer loan portfolios. No additional segmentation of the Bank’s loan portfolios was deemed necessary upon adoption.

- (2) *The amount of loan fee income can meaningfully impact total interest income, loan yields, net interest margin, and net interest spread. The amount of loan fee income included in total interest income was \$7.9 million and \$9.1 million for the quarters ended September 30, 2020 and 2019. The amount of loan fee income included in total interest income was \$44.1 million and \$46.0 million for the nine months ended September 30, 2020 and 2019.*

The amount of loan fee income included in total interest income per quarter was as follows: \$7.9 million (quarter ended September 30, 2020); \$7.8 million (quarter ended June 30, 2020); \$28.5 million (quarter ended March 31, 2020); \$8.5 million (quarter ended December 31, 2019); and \$9.1 million (quarter ended September 30, 2019).

Included in the above totals, fee income recognized on PPP loans totaled \$2.1 million for the quarter and \$3.8 million for the nine months ended September 30, 2020.

Interest income for Easy Advances (“EAs”) is composed entirely of loan fees. The loan fees disclosed above included EA fees of \$19.6 million and \$19.1 million for the nine months ended September 30, 2020 and 2019. EA’s are only offered during the first two months of each year.

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

<i>(dollars in thousands, except per share data)</i>	Quarterly Comparison				
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Total stockholders' equity - GAAP (a)	\$ 810,362	\$ 795,619	\$ 784,046	\$ 764,244	\$ 744,447
Less: Goodwill	16,300	16,300	16,300	16,300	16,300
Less: Mortgage servicing rights	6,674	6,711	5,994	5,888	5,483
Less: Core deposit intangible	283	377	423	469	516
Tangible stockholders' equity - Non-GAAP (c)	\$ 787,105	\$ 772,231	\$ 761,329	\$ 741,587	\$ 722,148
Total assets - GAAP (b)	\$ 6,240,446	\$ 6,460,575	\$ 5,722,033	\$ 5,620,319	\$ 6,103,647
Less: Goodwill	16,300	16,300	16,300	16,300	16,300
Less: Mortgage servicing rights	6,674	6,711	5,994	5,888	5,483
Less: Core deposit intangible	283	377	423	469	516
Tangible assets - Non-GAAP (d)	\$ 6,217,189	\$ 6,437,187	\$ 5,699,316	\$ 5,597,662	\$ 6,081,348
Total stockholders' equity to total assets - GAAP (a/b)	12.99 %	12.31 %	13.70 %	13.60 %	12.20 %
Tangible stockholders' equity to tangible assets - Non-GAAP (c/d)	12.66 %	12.00 %	13.36 %	13.25 %	11.87 %
Number of shares outstanding (e)	20,915	20,908	20,887	20,943	20,952
Book value per share - GAAP (a/e)	\$ 38.75	\$ 38.05	\$ 37.54	\$ 36.49	\$ 35.53
Tangible book value per share - Non-GAAP (c/e)	37.63	36.93	36.45	35.41	34.47

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

<i>(dollars in thousands)</i>	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,		
	2020	2019	2020	2019	
Net interest income	\$ 52,252	\$ 55,486	\$ 177,195	\$ 181,731	
Noninterest income	20,597	12,811	69,917	55,353	
Less: Net loss on branch divestiture	—	(119)	—	(119)	
Less: Net gain (loss) on sales, calls, and impairment of debt and equity securities	5	19	5	89	
Total adjusted revenue - Non-GAAP (a)	\$ 72,844	\$ 68,397	\$ 247,107	\$ 237,114	
Noninterest expense (b)	\$ 45,523	\$ 42,411	\$ 137,317	\$ 131,348	
Efficiency Ratio - Non-GAAP (b/a)		62 %	62 %	56 %	55 %

<i>(dollars in thousands)</i>	Three Months Ended					
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020*	Dec. 31, 2019	Sep. 30, 2019	
Net interest income	\$ 52,252	\$ 52,205	\$ 72,738	\$ 54,395	\$ 55,486	
Noninterest income	20,597	18,751	30,569	19,655	12,811	
Less: Net gain (loss) on branch divestiture	—	—	—	7,948	(119)	
Less: Net gain (loss) on sales, calls, and impairment of debt and equity securities	5	16	40	(12)	19	
Total adjusted revenue - Non-GAAP (a)	\$ 72,844	\$ 70,940	\$ 103,267	\$ 66,114	\$ 68,397	
Noninterest expense (b)	\$ 45,523	\$ 44,825	\$ 46,969	\$ 40,835	\$ 42,411	
Efficiency Ratio - Non-GAAP (b/a)		62 %	63 %	45 %	62 %	62 %

*The Company's efficiency ratio for the first quarter of each year traditionally benefits from seasonal revenues from its TRS segment.

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

(6) *"Core Bank" or "Core Banking" operations consist of the Traditional Banking, Warehouse Lending, and Mortgage Banking segments.*

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- (7) *FTEs – Full-time-equivalent employees.*
- (8) *Republic Processing Group operations consist of the Tax Refund Solutions and Republic Credit Solutions segments.*
- (9) *The delinquent loans to total loans ratio equals loans 30-days-or-more past due divided by total loans. Depending on loan class, loan delinquency is determined by the number of days or the number of payments past due.*
- (10) *Delinquent loans for the RPG segment included \$23 million of EA 's at March 31, 2020. EA 's are only offered during the first two months of each year. EA 's do not have a contractual due date but are eligible for delinquency consideration three weeks after the taxpayer-customer's tax return is submitted to the applicable tax authority. All unpaid EA 's are charged-off by the end of the second quarter of each year.*

NM – Not meaningful

NA – Not applicable

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