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## Republic Bancorp, Inc. Reports Second Quarter Net Income of \$23.9 Million

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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”) reported second quarter 2022 net income of \$23.9 million, equaling its net income for the second quarter of 2021 and resulting in Diluted Earnings per Class A Common Share (“Diluted EPS”) of \$1.20. Year-to-date net income was \$51.8 million, a \$1.9 million, or 4%, increase from the same period in 2021, resulting in return on average assets (“ROA”) and return on average equity (“ROE”) of 1.64% and 12.21% for the first six months of 2022.

[Logan Pichel](#), President and CEO of Republic Bank & Trust Company, commented, “Our second quarter results benefitted from a one-time payment received as a result of concluding our legal issue with Green Dot. That payment helped offset the expected decline in PPP<sup>(3)</sup> fee income and reductions in mortgage banking and Warehouse Lending revenues resulting from significantly higher interest rates.”

The following chart presents the Company’s second quarter 2022 net income for each operating segment compared to the second quarter of 2021.

Reportable Segment	NET INCOME			
	Three Months Ended Jun. 30,		\$ Change	% Change
	2022	2021		
Traditional Banking - excluding PPP net income impact*	\$ 6,657	\$ 4,396	\$ 2,261	51 %
Traditional Banking - PPP net income impact*	125	3,437	(3,312)	(96)
Total Traditional Bank	6,782	7,833	(1,051)	(13)
Warehouse Lending	2,405	4,110	(1,705)	(41)
Mortgage Banking	(679)	1,065	(1,744)	(164)
Total Core Bank	8,508	13,008	(4,500)	(35)
Tax Refund Solutions - excluding TRS Transaction items*	2,919	7,928	(5,009)	(63)
Tax Refund Solutions - TRS Transaction items*	9,226	(752)	9,978	NM
Total Tax Refund Solutions*	12,145	7,176	4,969	69
Republic Credit Solutions	3,248	3,738	(490)	(13)
Total Republic Processing Group	15,393	10,914	4,479	41
Total Company	\$ 23,901	\$ 23,922	\$ (21)	—

\*See Footnote 1 for a reconciliation of non-GAAP measures to their most comparable GAAP measures.

Pichel continued, “We are encouraged by the continued growth in the fundamentals of our Traditional Bank, as evidenced by:

- +51% growth in net income, excluding PPP<sup>(1)</sup>
- Year-to-date loan growth of \$213 million, or 6%, excluding PPP, with notable growth from our Northern Kentucky/Cincinnati market, our Private, CRE, and Commercial Banking division, and our Corporate Banking division
- 16-basis-point growth in net interest margin from the first to the second quarter of 2022
- Retention of deposit balances and account relationships
- Prudent expense control
- Pristine credit quality

“Given the strength of our current balance sheet, as well as the many opportunities we continue to see across our various business segments, we are pleased overall with how we are positioned for this operating environment and are optimistic for a strong second half of 2022, and beyond,” concluded Pichel.

The following table highlights Republic’s key metrics for the three and six months ended June 30, 2022 and 2021. Additional financial details, including segment-level data, are provided in the financial supplement to this release. *The attached digital version of this release includes the financial supplement as an appendix. The financial supplement may also be found as Exhibit 99.2 of the Company’s Form 8-K filed with the SEC on July 22, 2022.*

(dollars in thousands, except per share data)	Total Company Financial Performance Highlights							
	Three Months Ended Jun. 30,				Six Months Ended Jun. 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Income Before Income Tax Expense	\$ 30,440	\$ 30,561	\$ (121)	— %	\$ 66,254	\$ 64,305	\$ 1,949	3 %
Net Income	23,901	23,922	(21)	—	51,827	49,975	1,852	4
Diluted EPS	1.20	1.16	0.04	3	2.59	2.41	0.18	7
Return on Average Assets (“ROA”)	1.53 %	1.49 %	NA	3	1.64 %	1.57 %	NA	4
Return on Average Equity (“ROE”)	11.23	11.27	NA	—	12.21	11.86	NA	3

NA – Not applicable

## **Results of Operations for the Second Quarter of 2022 Compared to the Second Quarter of 2021**

### **Core Bank<sup>(2)</sup>**

Net income from Core Banking was \$8.5 million for the second quarter of 2022 compared to \$13.0 million for the second quarter of 2021. The decrease in net income at the Core Bank was primarily driven by a \$4.4 million decrease in pre-tax PPP loan fees and interest, a \$2.4 million decline in net interest income from the Warehouse Lending segment (“Warehouse”), and a \$2.4 million decrease in Mortgage Banking income, with these decreases partially offset by an increase of \$5.3 million in non-PPP-related Traditional Bank net interest income. The decreases in both Warehouse and Mortgage Banking income were driven by a reduction in industry-wide demand for home mortgage refinancing following a dramatic rise in long-term interest rates. The increase in non-PPP Traditional Bank net interest income was driven by strong Traditional Bank loan growth coupled with a recent rise in short-term interest rates.

*Net Interest Income* – Core Bank net interest income was \$43.2 million for the second quarter of 2022, a \$1.5 million, or 3%, decrease from the second quarter of 2021. This change was driven primarily by the following:

#### Traditional Bank, Excluding PPP

Excluding PPP fees and interest<sup>(3)</sup>, from the second quarter of 2021 to the second quarter of 2022, the Traditional Bank's net interest income increased \$5.3 million, or 16%, and its net interest margin ("NIM") expanded 25 basis points to 3.06%. This increase in net interest income and related expansion in NIM resulted primarily from the following:

- Increases in the Federal Funds Target Rate ("FFTR") during 2022 have benefitted the Traditional Bank's high level of interest-earning cash on its balance sheet, as well as its loan and investment portfolio yields, although to a lesser degree. As a result, the Traditional Bank's yield on interest-earning assets, excluding PPP, increased 20 basis points from the second quarter of 2021 to the second quarter of 2022.
- Average non-PPP Traditional Bank loans grew from \$3.3 billion during the second quarter of 2021 to \$3.6 billion during the second quarter of 2022.

#### Traditional Bank, PPP

The Core Bank recognized \$167,000 of fees and interest on its PPP portfolio during the second quarter of 2022 compared to \$4.6 million of similar fees and interest during the second quarter of 2021. The \$4.4 million decrease in PPP fees and interest primarily highlighted the short-term nature of the PPP, as approximately 97% of all fees and interest eligible to be recognized under the program by the Core Bank were recognized during 2020 and 2021. As of June 30, 2022, total PPP loans of \$15 million remained on the Core Bank's balance sheet out of the original \$738 million originated during 2020 and 2021, with less than \$350,000 of PPP fee income left to be recognized over the remaining lives of the loans.

#### Warehouse Lending

Net interest income within the Core Bank's Warehouse segment decreased \$2.4 million, or 39%, from the second quarter of 2021 to the second quarter of 2022. Overall, average outstanding Warehouse balances declined from \$727 million during the second quarter of 2021 to \$579 million for the second quarter of 2022, with the Warehouse net interest margin decreasing 79 basis points from 3.48% during the second quarter of 2021 to 2.69% during the second quarter of 2022. Committed Warehouse lines of credit remained at \$1.4 billion from June 30, 2021 to June 30, 2022, while average usage rates for Warehouse lines were 41% and 51%, respectively, during the second quarters of 2022 and 2021.

In general, the decline in net interest income within Warehouse Lending was driven largely by a sharp rise in long-term interest rates during the first half of 2022, which led to a decrease in mortgage refinancing demand, a sharp drop in Warehouse line usage, and an overall decrease in outstanding Warehouse balances. In addition, Warehouse's net interest margin was negatively impacted during the second quarter of 2022, as many adjustable rate Warehouse lines remained below their interest rate floors. These interest rate floors, which benefitted Warehouse's net interest margin significantly during 2020 and 2021 when market rates declined to historical lows, negatively impacted its net interest margin during the first half of 2022, as its cost of funding rose while its loan yield remained relatively stable. The negative impact of these floors is expected to diminish in the near term as interest rates on many Warehouse lines are expected to begin exceeding their floors during the third quarter of 2022, assuming currently projected FFTR increases come to fruition.

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:

(dollars in thousands) Reportable Segment	Net Interest Income			Net Interest Margin		
	Three Months Ended Jun. 30,			Three Months Ended Jun. 30,		
	2022	2021	Change	2022	2021	Change
Traditional Banking - excluding PPP	\$ 38,991	\$ 33,696	\$ 5,295	3.06 %	2.81 %	0.25 %
Traditional Banking - PPP	167	4,582	(4,415)	NM	NM	NM
Warehouse Lending	3,886	6,324	(2,438)	2.69	3.48	(0.79)
Mortgage Banking*	153	140	13	NM	NM	NM
Total Core Bank	<u>\$ 43,197</u>	<u>\$ 44,742</u>	<u>\$ (1,545)</u>	3.02	3.03	(0.01)

(dollars in thousands) Reportable Segment	Average Loan Balances				Period-End Loan Balances			
	Three Months Ended Jun. 30,				Jun. 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Traditional Banking - excluding PPP	\$ 3,603,093	\$ 3,302,374	\$ 300,719	9 %	\$ 3,658,933	\$ 3,348,161	\$ 310,772	9 %
Traditional Banking - PPP	16,668	349,643	(332,975)	(95)	14,657	250,933	(236,276)	(94)
Warehouse Lending	578,676	727,091	(148,415)	(20)	596,678	840,155	(243,477)	(29)
Mortgage Banking*	10,189	28,740	(18,551)	(65)	8,491	32,401	(23,910)	(74)
Total Core Bank	<u>\$ 4,208,626</u>	<u>\$ 4,407,848</u>	<u>\$ (199,222)</u>	(5)	<u>\$ 4,278,759</u>	<u>\$ 4,471,650</u>	<u>\$ (192,891)</u>	(4)

\*Includes loans held for sale

NM – Not meaningful

*Provision for Expected Credit Loss Expense* – The Core Bank's Provision<sup>(4)</sup> was a net credit of \$88,000 for the second quarter of 2022 compared to a net credit of \$142,000 for the second quarter of 2021. The net credit during the second quarter of 2022 was primarily driven by the following:

- The Core Bank recorded a credit to the Provision of \$1.4 million during the second quarter of 2022 following the payoff or upgrade of loans previously downgraded during the height of the pandemic.
- The Core Bank recorded a credit to the Provision of \$234,000 during the second quarter of 2022 resulting from formula reserves applied to a decrease in outstanding Warehouse balances from \$690 million as of March 31, 2022 to \$597 million as of June 30, 2022.
- Offsetting the above, the Core Bank recorded a net charge to the Provision of \$1.5 million during the second quarter of 2022 resulting primarily from formula reserves applied to \$106 million of growth in non-PPP Traditional Bank loans from March 31, 2022 to June 30, 2022.

The credit to the Core Bank Provision during the second quarter of 2021 generally reflected an improving economy following the lifting of many pandemic-related restrictions. As of June 30, 2022, while the Core Bank's credit metrics remained solid, the Company's Allowance<sup>(4)</sup> remained generally elevated compared to historical levels due to continued economic uncertainty resulting from inflation not seen in the United States since the early 1980s.

As a percentage of total loans, the Core Bank's Allowance increased from 1.16% as of June 30, 2021 to 1.20% as of June 30, 2022. The table below provides a view of the Company's percentage of Allowance-to-total-loans by reportable segment.

(dollars in thousands) Reportable Segment	As of Jun. 30, 2022			As of Jun. 30, 2021			Year-over-Year Change	
	Gross Loans	Allowance	Allowance to Loans	Gross Loans	Allowance	Allowance to Loans	Allowance to Loans	% Change
<b>Traditional Bank, Less PPP</b>	<b>\$ 3,658,933</b>	<b>\$ 49,727</b>	<b>1.36 %</b>	<b>\$ 3,348,161</b>	<b>\$ 49,362</b>	<b>1.47 %</b>	<b>(0.11)%</b>	<b>(7)%</b>
Plus: Paycheck Protection Program	14,657	—		250,933	—			
<b>Traditional Bank</b>	<b>\$ 3,673,590</b>	<b>\$ 49,727</b>	<b>1.35</b>	<b>3,599,094</b>	<b>49,362</b>	<b>1.37</b>	<b>(0.02)</b>	<b>(1)</b>
Warehouse Lending	596,678	1,491	0.25	840,155	2,100	0.25	—	—
<b>Total Core Bank</b>	<b>4,270,268</b>	<b>51,218</b>	<b>1.20</b>	<b>4,439,249</b>	<b>51,462</b>	<b>1.16</b>	<b>0.04</b>	<b>3</b>
Tax Refund Solutions	149	—	—	23	—	—	—	—
Republic Credit Solutions	91,816	13,231	14.41	114,949	8,829	7.68	6.73	88
<b>Total Republic Processing Group</b>	<b>91,965</b>	<b>13,231</b>	<b>14.39</b>	<b>114,972</b>	<b>8,829</b>	<b>7.68</b>	<b>6.71</b>	<b>87</b>
<b>Total Company</b>	<b>\$ 4,362,233</b>	<b>\$ 64,449</b>	<b>1.48</b>	<b>\$ 4,554,221</b>	<b>\$ 60,291</b>	<b>1.32</b>	<b>0.16</b>	<b>12</b>

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

Core Banking Credit Quality Ratios	Quarters Ended:		Years Ended:		
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Nonperforming loans to total loans	0.38 %	0.40 %	0.47 %	0.50 %	0.54 %
Nonperforming assets to total loans (including OREO)	0.42	0.44	0.51	0.56	0.54
Delinquent loans* to total loans	0.13	0.14	0.17	0.21	0.30
Net charge-offs to average loans (Quarterly rates annualized)	—	0.01	0.01	0.03	0.11
OREO = Other Real Estate Owned					

\*Loans 30-days-or-more past due

**Noninterest Income** – Core Bank noninterest income was \$9.5 million during the second quarter of 2022, a decrease of \$2.7 million, or 22%, from the second quarter of 2021. The decrease in noninterest income was driven primarily by the following:

- A significant and rapid rise in long-term interest rates during 2022 led to a significant slowdown in the origination and subsequent sale of mortgage loans into the secondary market for the Core Bank. As of June 30, 2022, the 30-year mortgage rate was hovering near levels not generally seen since 2008. As a result, Mortgage Banking income decreased from \$4.2 million during the second quarter of 2021 to \$1.8 million for the second quarter of 2022.

For the second quarter of 2022, the Core Bank sold \$68 million in secondary market loans and achieved an average cash-gain-as-a-percent-of-loans-sold during the quarter of 2.85%. During the second quarter of 2021, however, with long-term mortgage interest rates substantially lower, secondary market loan sales were \$176 million with comparable cash-gain-as-a-percent-of-loans-sold consistent at 2.85%.

- Additionally, the Core Bank's Other Noninterest Income for the second quarter of 2021 included a \$399,000 non-recurring gain recognized from the sale of a former banking center property in Hudson, Florida.

*Noninterest Expense* – Core Bank noninterest expense was \$42.2 million for the second quarter of 2022 compared to \$41.0 million for the second quarter of 2021, an increase of 3%. The increase in noninterest income was driven primarily by the following:

- Salaries and Benefits expense increased \$817,000, or 3%, to \$25.0 million for the second quarter of 2022, driven primarily by higher health-benefits costs and annual merit increases and partially offset by a 52-count reduction in full-time equivalent employees.
- Other noninterest expense increased \$744,000, or 25%, to \$3.7 million for the second quarter of 2022, driven primarily by an increase in the following:
  - Meals, Entertainment, and Travel expenses increased \$309,000, with in-person community outreach and business related travel increasing toward pre-pandemic levels during 2022.
  - Provision for losses on off-balance sheet commitments increased \$141,000, driven primarily by an increase in the Bank’s committed but unused lines of credit during the previous 12 months.

### **Republic Processing Group<sup>(5)</sup>**

The Republic Processing Group (“RPG”) reported net income of \$15.4 million for the second quarter of 2022 compared to \$10.9 million for the same period in 2021. RPG adjusted net income<sup>(1)</sup> for the second quarter of 2022, which excludes a previously disclosed \$13.0 million pre-tax legal settlement paid to Republic Bank & Trust Company (“RB&T”), as well as \$699,000 in related expenses, was \$6.2 million. Notable items impacting net income for each of the RPG reporting segments during the second quarters of 2022 and 2021 were as follows:

### **Tax Refund Solutions (“TRS”)**

The TRS segment derives substantially all of its revenues during the first and second quarters of the year. TRS recorded net income of \$12.1 million for the second quarter of 2022 compared to \$7.2 million for the same period in 2021. The following primarily drove the increase in TRS’s net income for the quarter:

- TRS recorded \$13.0 million of noninterest income during the second quarter of 2022, partially offset by \$699,000 in related expenses, resulting from the previously disclosed legal-settlement payment to RB&T. This second quarter 2022 legal-settlement payment to RB&T was in addition to the related \$5.0 million contract termination fee paid to RB&T during the first quarter of 2022. For more information on RB&T’s now-settled lawsuit, see the Company’s Form 8-K filed with the SEC on June 3, 2022.
- Partially offsetting the above, TRS recorded a \$6.1 million negative swing in its Provision expense from the second quarter of 2021 to the second quarter of 2022. While the overall net total Provision is a positive benefit on a year-to-date basis, the later timing of payments received during 2021 versus 2022 resulted in a large credit to the Provision during the second quarter of 2021 versus a minimal additional expense to the Provision during the second quarter of 2022. Easy Advances (“EAs”) are originated only during the first two months of each year, with losses on those originations initially estimated during the same two-month origination period. All unpaid EAs are charged off by June 30<sup>th</sup> of each year, with first quarter loss estimates trued-up to actual charge-offs incurred through a second quarter Provision charge or credit. EAs collected during the second half of each year are recorded as recoveries of previously charged-off loans.

During the second quarter of 2022, TRS trued-up its first quarter EA loss estimate with a charge to the Provision of \$564,000, increasing its weighted average net EA loss rate from an estimated 2.67% as of March 31, 2022 to 2.85% as of June 30, 2022. During the second quarter of 2021, TRS trued-up its first quarter EA loss estimate with a credit to the Provision of \$5.8 million, decreasing its estimated net EA loss rate from 6.41% as of March 31, 2021 to 4.10% as of June 30, 2021. The significant true-up credit to the Provision during the second quarter of 2021 resulted primarily from a higher volume of loan payments received by the Company during the second quarter, exceeding the conservative estimates originally made by the Company during the first quarter of 2021 when the tax season experienced a two-week delay to its start.

For the 2022 and 2021 tax seasons, the following table presents information regarding EA originations, actual charge-offs, first quarter Provision estimates, and second quarter Provision true-ups:

(dollars in thousands)		2022 Tax Season	2021 Tax Season	2022/2021 Change
<b>EAs originated during the first two months of the year</b>	(a)	\$ 311,207	\$ 250,045	\$ 61,162
<b>Actual EA losses incurred compared to loss estimates (\$):</b>				
Actual losses recognized for the first six months ended June 30,	(b)	\$ 8,879	\$ 10,226	\$ (1,347)
First quarter Provision estimate made during three months ended March 31,	(c)	8,315	16,019	(7,704)
Second quarter Provision true-up for three months ended June 30,	(d)	\$ 564	\$ (5,793)	\$ 6,357
<b>EA actual losses incurred compared to loss estimates (%):</b>				
Actual losses recognized for the first six months ended June 30,	(b)/(a)	2.85 %	4.09 %	(1.24)%
First quarter Provision estimate made during three months ended March 31,	(c)/(a)	2.67	6.41	(3.74)
Second quarter Provision true-up for three months ended June 30,	(d)/(a)	0.18 %	(2.32)%	2.50 %

- TRS's Net Refund Transfer ("RT") fees decreased \$2.0 million, or 33%, from \$5.9 million for the second quarter of 2021 to \$4.0 million for the same period in 2022. The decrease was primarily driven by an 8% overall decrease in RT volume from the 2021 to the 2022 tax season, with 4% of that decrease driven by the loss of one of TRS's tax providers following the announcement of the now-cancelled May 2021 Asset Purchase Agreement. Also impacting the decrease in net RT fees from the second quarter of 2021 to the second quarter of 2022 was the previously mentioned two-week delay in the 2021 tax season, which pushed a greater percentage of RT volume into the second quarter of 2021.

### Republic Credit Solutions ("RCS")

Net income at RCS decreased to \$3.2 million for the second quarter of 2022 from \$3.7 million for the second quarter of 2021. The decrease in RCS's net income primarily resulted from higher Provisions on its line-of-credit products, as the net charge-offs and the required up-front loan loss reserves for the programs have increased as the combined total outstanding balances of the programs approach pre-pandemic levels.

*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 throughout five states: twenty-eight banking centers in eight Kentucky communities – Covington, Crestview Hills, Florence, Georgetown, Lexington, Louisville, Shelbyville, and Shepherdsville; three banking centers in southern Indiana – Floyds 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; two banking centers in two Tennessee communities (Nashville MSA) – Cool Springs and Green Hills; and two banking centers in two Ohio communities (Cincinnati MSA) – Norwood and West Chester. The Bank offers internet banking at [www.republicbank.com](http://www.republicbank.com). The Company has \$6.1 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, other future conditions, and the impact of the COVID 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, 2021. 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 financial measures in accordance with GAAP to the Company's adjusted results, which are non-GAAP measures that exclude significant, unusual items. Management uses these non-GAAP measures to evaluate the on-going performance of the Company. Non-GAAP measures are not formally defined by GAAP or codified in the federal banking regulations, and other entities may use calculation methods that differ from those used by the Company.

Reportable Segment	NON-GAAP RECONCILIATION BY SEGMENT			
	Three Months Ended Jun. 30,		\$ Change	% Change
	2022	2021		
Income Before Income Tax Expense:				
Traditional Banking - GAAP	\$ 8,429	\$ 9,388	\$ (959)	(10)%
Less: Net interest income from PPP fees and interest	167	4,582	(4,415)	(96)
Traditional Banking - Non-GAAP	<u>\$ 8,262</u>	<u>\$ 4,806</u>	<u>\$ 3,456</u>	72
TRS - GAAP	\$ 15,610	\$ 9,502	\$ 6,108	64 %
Less: Noninterest income related to TRS Transaction*	13,000	—	13,000	NM
Add: Noninterest expense related to TRS Transaction*	699	1,000	(301)	NM
TRS - Non-GAAP	<u>\$ 3,309</u>	<u>\$ 10,502</u>	<u>\$ (7,193)</u>	(68)
RPG - GAAP	\$ 19,784	\$ 14,470	\$ 5,314	37 %
Less: Noninterest income related to TRS Transaction*	13,000	—	13,000	NM
Add: Noninterest expense related to TRS Transaction*	699	1,000	(301)	NM
RPG - Non-GAAP	<u>\$ 7,483</u>	<u>\$ 15,470</u>	<u>\$ (7,987)</u>	(52)
Net Income:				
Traditional Banking - GAAP	\$ 6,782	\$ 7,833	\$ (1,051)	(13)%
Less: Impact of net interest income from PPP fees and interest	125	3,437	(3,312)	(96)
Traditional Banking - Non-GAAP	<u>\$ 6,657</u>	<u>\$ 4,396</u>	<u>\$ 2,261</u>	51
TRS - GAAP	\$ 12,145	\$ 7,176	\$ 4,969	69 %
Less: Noninterest income related to TRS Transaction* (tax effected)	9,750	—	9,750	NM
Add: Noninterest expense related to TRS Transaction* (tax effected)	524	752	(228)	NM
TRS - Non-GAAP	<u>\$ 2,919</u>	<u>\$ 7,928</u>	<u>\$ (5,009)</u>	(63)
RPG - GAAP	\$ 15,393	\$ 10,914	\$ 4,479	41 %
Less: Noninterest income related to TRS Transaction* (tax effected)	9,750	—	9,750	NM
Add: Noninterest expense related to TRS Transaction* (tax effected)	524	752	(228)	NM
RPG - Non-GAAP	<u>\$ 6,167</u>	<u>\$ 11,666</u>	<u>\$ (5,499)</u>	(47)

\*The TRS Transaction relates to the now-cancelled May 13, 2021 Asset Purchase Agreement for the sale of substantially all of TRS assets and operations. During the second quarter of 2022, RB&T received a pre-tax \$13 million legal settlement payment and incurred \$699,000 of related expenses in relation to the TRS Transaction. During the second quarter of 2021, RB&T incurred \$1.0 million of expenses related to the TRS Transaction.

NM – Not meaningful

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



(3) *PPP – The U.S. Small Business Administration's Paycheck Protection Program*

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

<i>(dollars in thousands)</i>	Net Interest Income				Interest-Earning Assets				Net Interest Margin		
	Three Months Ended Jun. 30,		\$ Change	% Change	Three Months Ended Jun. 30,		\$ Change	% Change	Three Months Ended Jun. 30,		% Change
	2022	2021			2022	2021			2022	2021	
Traditional Banking - GAAP	\$ 39,158	\$ 38,278	\$ 880	2 %	\$ 5,121,492	\$ 5,149,602	\$ (28,110)	(1)%	3.06 %	2.97 %	0.09 %
Less: Impact of PPP fees and interest	167	4,582	(4,415)	(96)	16,668	349,643	(332,975)	(95)	—	0.16	(0.16)
Traditional Banking ex PPP fees and interest - non-GAAP	\$ 38,991	\$ 33,696	\$ 5,295	16	\$ 5,104,824	\$ 4,799,959	\$ 304,865	6	3.06	2.81	0.25

(4) *Provision – Provision for Expected Credit Loss Expense  
Allowance – Allowance for Credit Losses on Loans*

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

NM – Not meaningful

NA – Not applicable

CONTACT:

Republic Bancorp, Inc.

Kevin Sipes

Executive Vice President & Chief Financial Officer

(502) 560-8628



# **EARNINGS RELEASE FINANCIAL SUPPLEMENT**

## **SECOND QUARTER 2022**

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# **Republic Bancorp, Inc.** **Earnings Release Financial Supplement** **Second Quarter 2022**

(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**

	As of				
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
<b>Assets:</b>					
Cash and cash equivalents	\$ 795,143	\$ 1,077,158	\$ 756,971	\$ 1,011,247	\$ 747,007
Investment securities, net of allowance for credit losses	655,296	614,836	542,045	543,449	573,027
Loans held for sale	39,727	28,037	52,077	40,546	56,833
Loans	4,362,233	4,390,243	4,496,562	4,343,806	4,554,221
Allowance for credit losses	(64,449)	(71,656)	(64,577)	(63,024)	(60,291)
Loans, net	4,297,784	4,318,587	4,431,985	4,280,782	4,493,930
Federal Home Loan Bank stock, at cost	10,311	10,311	10,311	10,311	11,670
Premises and equipment, net	33,886	34,358	36,073	37,499	38,682
Right-of-use assets	41,364	42,402	38,825	39,257	40,698
Goodwill	16,300	16,300	16,300	16,300	16,300
Other real estate owned ("OREO")	1,687	1,740	1,792	1,845	1,898
Bank owned life insurance ("BOLI")	100,396	99,773	99,161	99,634	99,008
Other assets and accrued interest receivable	120,582	106,367	108,092	106,764	104,257
Total assets	<u>\$ 6,112,476</u>	<u>\$ 6,349,869</u>	<u>\$ 6,093,632</u>	<u>\$ 6,187,634</u>	<u>\$ 6,183,310</u>
<b>Liabilities and Stockholders' Equity:</b>					
<b>Deposits:</b>					
Noninterest-bearing	\$ 2,094,436	\$ 2,226,714	\$ 1,990,781	\$ 2,086,548	\$ 2,062,433
Interest-bearing	<u>2,733,093</u>	<u>2,860,392</u>	<u>2,849,637</u>	<u>2,861,399</u>	<u>2,955,145</u>
Total deposits	4,827,529	5,087,106	4,840,418	4,947,947	5,017,578
Securities sold under agreements to repurchase ("SSUAR") and other short-term borrowings	303,315	287,818	290,967	260,583	142,895
Operating lease liabilities	42,163	43,204	39,672	40,151	41,621
Federal Home Loan Bank advances	20,000	20,000	25,000	25,000	25,000
Subordinated note	—	—	—	—	41,240
Other liabilities and accrued interest payable	<u>77,295</u>	<u>71,412</u>	<u>63,343</u>	<u>75,296</u>	<u>69,886</u>
Total liabilities	5,270,302	5,509,540	5,259,400	5,348,977	5,338,220
Stockholders' equity	842,174	840,329	834,232	838,657	845,090
Total liabilities and stockholders' equity	<u>\$ 6,112,476</u>	<u>\$ 6,349,869</u>	<u>\$ 6,093,632</u>	<u>\$ 6,187,634</u>	<u>\$ 6,183,310</u>

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**Republic Bancorp, Inc.**
**Earnings Release Financial Supplement**
**Second Quarter 2022 (continued)**

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

**Average Balance Sheet Data**

	Three Months Ended					Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
<b>Assets:</b>							
<b>Interest-earning assets:</b>							
Federal funds sold and other interest-earning deposits	\$ 813,956	\$ 861,822	\$ 848,215	\$ 924,859	\$ 938,728	\$ 837,757	\$ 725,764
Investment securities, including FHLB stock	691,427	606,182	540,227	555,934	562,509	649,040	563,243
Loans, including loans held for sale	4,339,432	4,355,255	4,385,547	4,404,270	4,546,747	4,347,299	4,645,662
Total interest-earning assets	5,844,815	5,823,259	5,773,989	5,885,063	6,047,984	5,834,096	5,934,669
Allowance for credit losses	(72,037)	(69,287)	(63,711)	(61,562)	(74,258)	(70,670)	(70,390)
<b>Noninterest-earning assets:</b>							
Noninterest-earning cash and cash equivalents	172,382	354,165	137,556	140,037	144,327	262,772	196,793
Premises and equipment, net	34,322	35,460	37,055	38,377	39,119	34,888	39,152
Bank owned life insurance	100,152	99,532	99,978	99,386	97,257	99,844	82,837
Other assets	164,090	180,779	192,755	187,286	186,133	172,389	188,785
Total assets	\$ 6,243,724	\$ 6,423,908	\$ 6,177,622	\$ 6,288,587	\$ 6,440,562	\$ 6,333,319	\$ 6,371,846
<b>Liabilities and Stockholders' Equity:</b>							
<b>Interest-bearing liabilities:</b>							
Interest-bearing deposits	\$ 2,779,941	\$ 2,827,496	\$ 2,857,403	\$ 2,908,135	\$ 3,020,168	\$ 2,803,587	\$ 2,964,900
SSUARs and other short-term borrowings	294,388	300,169	318,785	242,867	169,888	297,263	181,216
Federal Home Loan Bank advances	20,000	23,333	25,000	25,000	25,000	21,657	34,033
Subordinated note	—	—	—	40,791	41,240	—	41,240
Total interest-bearing liabilities	3,094,329	3,150,998	3,201,188	3,216,793	3,256,296	3,122,507	3,221,389
<b>Noninterest-bearing liabilities and Stockholders' equity:</b>							
Noninterest-bearing deposits	2,197,300	2,313,549	2,028,910	2,118,200	2,226,070	2,255,104	2,186,274
Other liabilities	100,937	112,331	102,694	104,659	108,891	106,603	121,357
Stockholders' equity	851,158	847,030	844,830	848,935	849,305	849,105	842,826
Total liabilities and stock-holders' equity	\$ 6,243,724	\$ 6,423,908	\$ 6,177,622	\$ 6,288,587	\$ 6,440,562	\$ 6,333,319	\$ 6,371,846

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**Republic Bancorp, Inc.**
**Earnings Release Financial Supplement**
**Second Quarter 2022 (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					Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Total interest income (1)	\$ 52,320	\$ 63,555	\$ 51,379	\$ 54,469	\$ 51,815	\$ 115,875	\$ 121,458
Total interest expense	1,088	943	1,038	1,340	1,511	2,031	3,288
Net interest income	51,232	62,612	50,341	53,129	50,304	113,844	118,170
Provision for expected credit loss expense (2)	3,705	9,226	2,577	1,292	(4,323)	12,931	10,939
Noninterest income:							
Service charges on deposit accounts	3,363	3,226	3,332	3,277	3,071	6,589	5,944
Net refund transfer fees	3,950	12,051	326	1,280	5,923	16,001	18,644
Mortgage banking income (3)	1,763	2,657	3,339	5,280	4,182	4,420	11,375
Interchange fee income	3,461	3,070	3,291	3,263	3,481	6,531	6,508
Program fees (3)	3,885	3,854	4,668	4,018	3,342	7,739	5,551
Increase in cash surrender value of BOLI	623	612	626	626	600	1,235	990
Net losses on OREO	(52)	(53)	(53)	(52)	(44)	(105)	(55)
Contract termination fee	—	5,000	—	—	—	5,000	—
Legal settlement	13,000	—	—	—	—	13,000	—
Other	573	584	1,552	1,133	1,093	1,157	1,712
Total noninterest income	30,566	31,001	17,081	18,825	21,648	61,567	50,669
Noninterest expense:							
Salaries and employee benefits	28,896	29,312	26,350	26,991	27,410	58,208	56,747
Technology, equipment, and communication	7,229	7,214	7,342	7,498	7,444	14,443	14,511
Occupancy	3,224	3,440	3,188	3,195	3,251	6,664	6,810
Marketing and development	1,720	1,348	1,291	1,233	1,094	3,068	1,866
FDIC insurance expense	399	419	402	325	418	818	864
Interchange related expense	1,264	1,117	1,253	1,275	1,288	2,381	2,432
Legal and professional fees	804	1,365	1,360	884	1,466	2,169	2,680
Other (2)	4,117	4,358	3,850	3,034	3,343	8,475	7,685
Total noninterest expense	47,653	48,573	45,036	44,435	45,714	96,226	93,595
Income before income tax expense	30,440	35,814	19,809	26,227	30,561	66,254	64,305
Income tax expense	6,539	7,888	3,004	6,218	6,639	14,427	14,330
Net income	\$ 23,901	\$ 27,926	\$ 16,805	\$ 20,009	\$ 23,922	\$ 51,827	\$ 49,975

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**Republic Bancorp, Inc.**
**Earnings Release Financial Supplement**
**Second Quarter 2022 (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**

	As of and for the Three Months Ended					As of and for the Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
<b>Per Share Data:</b>							
Basic weighted average shares outstanding	20,107	20,145	20,270	20,508	20,894	20,131	20,951
Diluted weighted average shares outstanding	20,169	20,225	20,379	20,591	20,949	20,202	21,016
Period-end shares outstanding:							
Class A Common Stock	17,629	17,834	17,816	18,040	18,421	17,629	18,421
Class B Common Stock	2,161	2,165	2,165	2,165	2,166	2,161	2,166
Book value per share (4)	\$ 42.56	\$ 42.02	\$ 41.75	\$ 41.51	\$ 41.05	\$ 42.56	\$ 41.05
Tangible book value per share (4)	41.26	40.73	40.48	40.26	39.85	41.26	39.85
Earnings per share ("EPS"):							
Basic EPS - Class A Common Stock	\$ 1.20	\$ 1.40	\$ 0.84	\$ 0.99	\$ 1.16	\$ 2.60	\$ 2.42
Basic EPS - Class B Common Stock	1.09	1.27	0.77	0.90	1.05	2.37	2.20
Diluted EPS - Class A Common Stock	1.20	1.40	0.84	0.99	1.16	2.59	2.41
Diluted EPS - Class B Common Stock	1.09	1.27	0.76	0.90	1.05	2.36	2.19
Cash dividends declared per Common share:							
Class A Common Stock	\$ 0.341	\$ 0.341	\$ 0.308	\$ 0.308	\$ 0.308	\$ 0.682	\$ 0.616
Class B Common Stock	0.310	0.310	0.280	0.280	0.280	0.620	0.560
<b>Performance Ratios:</b>							
Return on average assets	1.53 %	1.74 %	1.09 %	1.27 %	1.49 %	1.64 %	1.57 %
Return on average equity	11.23	13.19	7.96	9.43	11.27	12.21	11.86
Efficiency ratio (5)	68	55	66	61	62	61	55
Yield on average interest-earning assets (1)	3.58	4.37	3.56	3.65	3.41	3.97	4.09
Cost of average interest-bearing liabilities	0.14	0.12	0.13	0.17	0.19	0.13	0.20
Cost of average deposits (6)	0.08	0.07	0.08	0.09	0.10	0.07	0.11
Net interest spread (1)	3.44	4.25	3.43	3.48	3.22	3.84	3.89
Net interest margin - Total Company (1)	3.51	4.30	3.49	3.56	3.33	3.90	3.98
Net interest margin - Core Bank	3.02	2.92	3.08	3.25	3.03	2.97	3.24
<b>Other Information:</b>							
End of period FTEs (7) - Total Company	1,020	1,040	1,045	1,052	1,072	1,020	1,072
End of period FTEs - Core Bank	929	955	958	966	981	929	981
Number of full-service banking centers	42	42	42	42	42	42	42

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**Republic Bancorp, Inc.**
**Earnings Release Financial Supplement**
**Second Quarter 2022 (continued)**

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

**Loan Composition and Allowance for Credit Losses on Loans**

	As of				
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
<b>Loan Composition</b>					
<b>Traditional Banking:</b>					
Residential real estate:					
Owner occupied	\$ 832,137	\$ 808,658	\$ 820,731	\$ 827,898	\$ 852,947
Nonowner occupied	313,534	314,933	306,323	294,818	289,290
Commercial real estate	1,569,119	1,556,575	1,456,009	1,393,241	1,389,003
Construction & land development	137,452	129,970	129,337	105,968	95,180
Commercial & industrial	394,175	342,175	340,363	333,795	330,302
Paycheck Protection Program	14,657	18,276	56,014	126,271	250,933
Lease financing receivables	11,345	10,396	8,637	9,427	9,249
Aircraft	159,958	151,284	142,894	130,398	121,112
Home equity	214,069	210,364	210,578	215,282	217,621
Consumer:					
Credit cards	15,419	14,654	14,510	14,781	14,754
Overdrafts	901	716	683	753	717
Automobile loans	9,579	11,846	14,448	17,533	21,190
Other consumer	1,245	939	1,432	6,223	6,796
<b>Total Traditional Banking</b>	<b>3,673,590</b>	<b>3,570,786</b>	<b>3,501,959</b>	<b>3,476,388</b>	<b>3,599,094</b>
Warehouse lines of credit	596,678	690,200	850,550	750,682	840,155
<b>Total Core Banking</b>	<b>4,270,268</b>	<b>4,260,986</b>	<b>4,352,509</b>	<b>4,227,070</b>	<b>4,439,249</b>
<b>Republic Processing Group:</b>					
Tax Refund Solutions:					
Easy Advances	—	16,475	—	—	—
Other TRS loans	149	25,132	50,987	25	23
Republic Credit Solutions	91,816	87,650	93,066	116,711	114,949
<b>Total Republic Processing Group</b>	<b>91,965</b>	<b>129,257</b>	<b>144,053</b>	<b>116,736</b>	<b>114,972</b>
<b>Total loans - Total Company</b>	<b>\$ 4,362,233</b>	<b>\$ 4,390,243</b>	<b>\$ 4,496,562</b>	<b>\$ 4,343,806</b>	<b>\$ 4,554,221</b>
<b>Allowance for Credit Losses on Loans ("Allowance")</b>					
Traditional Banking	\$ 49,727	\$ 49,616	\$ 49,407	\$ 49,487	\$ 49,362
Warehouse Lending	1,491	1,725	2,126	1,877	2,100
<b>Total Core Banking</b>	<b>51,218</b>	<b>51,341</b>	<b>51,533</b>	<b>51,364</b>	<b>51,462</b>
Tax Refund Solutions	—	8,370	96	—	—
Republic Credit Solutions	13,231	11,945	12,948	11,660	8,829
<b>Total Republic Processing Group</b>	<b>13,231</b>	<b>20,315</b>	<b>13,044</b>	<b>11,660</b>	<b>8,829</b>
<b>Total Allowance - Total Company</b>	<b>\$ 64,449</b>	<b>\$ 71,656</b>	<b>\$ 64,577</b>	<b>\$ 63,024</b>	<b>\$ 60,291</b>
<b>Allowance to Total Loans</b>					
Traditional Banking	1.35 %	1.39 %	1.41 %	1.42 %	1.37 %
Warehouse Lending	0.25	0.25	0.25	0.25	0.25
<b>Total Core Banking</b>	<b>1.20</b>	<b>1.20</b>	<b>1.18</b>	<b>1.22</b>	<b>1.16</b>
Tax Refund Solutions	—	20.12	0.19	—	—
Republic Credit Solutions	14.41	13.63	13.91	9.99	7.68
<b>Total Republic Processing Group</b>	<b>14.39</b>	<b>15.72</b>	<b>9.06</b>	<b>9.99</b>	<b>7.68</b>
<b>Total Company</b>	<b>1.48</b>	<b>1.63</b>	<b>1.44</b>	<b>1.45</b>	<b>1.32</b>

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**Republic Bancorp, Inc.**
**Earnings Release Financial Supplement**
**Second Quarter 2022 (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					As of and for the Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
<b>Credit Quality Asset Balances and Net Charge-off ("NCO") Data:</b>							
<b>Nonperforming Assets - Total Company:</b>							
Loans on nonaccrual status	\$ 16,168	\$ 16,935	\$ 20,504	\$ 20,252	\$ 21,621	\$ 16,168	\$ 21,621
Loans past due 90-days-or-more and still on accrual	42	31	48	691	723	42	723
Total nonperforming loans	16,210	16,966	20,552	20,943	22,344	16,210	22,344
OREO	1,687	1,740	1,792	1,845	1,898	1,687	1,898
Total nonperforming assets	\$ 17,897	\$ 18,706	\$ 22,344	\$ 22,788	\$ 24,242	\$ 17,897	\$ 24,242
<b>Nonperforming Assets - Core Bank:</b>							
Loans on nonaccrual status	\$ 16,168	\$ 16,935	\$ 20,504	\$ 20,252	\$ 21,621	\$ 16,168	\$ 21,621
Loans past due 90-days-or-more and still on accrual	—	—	1	—	—	—	—
Total nonperforming loans	16,168	16,935	20,505	20,252	21,621	16,168	21,621
OREO	1,687	1,740	1,792	1,845	1,898	1,687	1,898
Total nonperforming assets	\$ 17,855	\$ 18,675	\$ 22,297	\$ 22,097	\$ 23,519	\$ 17,855	\$ 23,519
<b>Delinquent Loans:</b>							
Delinquent loans - Core Bank	\$ 5,352	\$ 5,863	\$ 7,430	\$ 7,692	\$ 9,909	\$ 5,352	\$ 9,909
RPG	6,099	10,352	6,035	9,701	8,809	6,099	8,809
Total delinquent loans - Total Company	\$ 11,451	\$ 16,215	\$ 13,465	\$ 17,393	\$ 18,718	\$ 11,451	\$ 18,718
<b>NCOs (Recoveries) by Segment:</b>							
Traditional Bank	\$ (5)	\$ 118	\$ 175	\$ (167)	\$ (5)	\$ 113	\$ 377
Warehouse Lending loans	—	—	—	—	—	—	—
Core Bank loans	(5)	118	175	(167)	(5)	113	377
Tax Refund Solutions	8,728	(362)	(1,263)	(2,261)	10,256	8,366	10,269
Republic Credit Solutions	2,149	2,398	2,119	989	518	4,547	1,191
RPG	10,877	2,036	856	(1,272)	10,774	12,913	11,460
Total NCOs (recoveries) - Total Company	\$ 10,872	\$ 2,154	\$ 1,031	\$ (1,439)	\$ 10,769	\$ 13,026	\$ 11,837
<b>Credit Quality Ratios - Total Company:</b>							
Nonperforming loans to total loans	0.37 %	0.39 %	0.46 %	0.48 %	0.49 %	0.37 %	0.49 %
Nonperforming assets to total loans (including OREO)	0.41	0.43	0.50	0.52	0.53	0.41	0.53
Nonperforming assets to total assets	0.29	0.29	0.37	0.37	0.39	0.29	0.39
Allowance for credit losses to total loans	1.48	1.63	1.44	1.45	1.32	1.48	1.32
Allowance for credit losses to nonperforming loans	398	422	314	301	270	398	270
Delinquent loans to total loans (8)	0.26	0.37	0.30	0.40	0.41	0.26	0.41
NCOs (recoveries) to average loans (annualized)	1.00	0.20	0.09	(0.13)	0.95	0.60	0.51
<b>Credit Quality Ratios - Core Bank:</b>							
Nonperforming loans to total loans	0.38 %	0.40 %	0.47 %	0.48 %	0.49 %	0.38 %	0.49 %
Nonperforming assets to total loans (including OREO)	0.42	0.44	0.51	0.52	0.53	0.42	0.53
Nonperforming assets to total assets	0.32	0.33	0.40	0.39	0.42	0.32	0.42
Allowance for credit losses to total loans	1.20	1.20	1.18	1.22	1.16	1.20	1.16
Allowance for credit losses to nonperforming loans	317	303	251	254	238	317	238
Delinquent loans to total loans	0.13	0.14	0.17	0.18	0.22	0.13	0.22
NCOs (recoveries) to average loans (annualized)	—	0.01	0.02	(0.02)	—	0.01	0.02
<b>TRS Easy Advances ("EAs")</b>							
EAs originated	\$ —	\$ 311,207	\$ —	\$ —	\$ —	\$ 311,207	\$ 250,045
Net (credit) charge to the Provision for EAs	564	8,315	(1,261)	(2,242)	(5,793)	8,879	10,226
Net Provision to YTD EAs originated	0.18 %	2.67 %	(0.50)%	(0.90)%	(2.32)%	2.85 %	4.09 %
EAs NCOs (recoveries)	\$ 8,879	\$ —	\$ (1,261)	\$ (2,242)	\$ 10,226	\$ 8,879	\$ 10,226
EA NCOs (recoveries) to YTD EAs originated	2.85 %	— %	(0.50)%	(0.90)%	4.09 %	2.85 %	4.09 %



**Republic Bancorp, Inc.**  
**Earnings Release Financial Supplement**  
**Second Quarter 2022 (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 June 30, 2022, 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.

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

<b>Reportable Segment:</b>	<b>Nature of Operations:</b>	<b>Primary Drivers of Net Revenue:</b>
<b>Core Banking:</b>		
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
<b>Republic Processing Group:</b>		
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 2021 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

### Second Quarter 2022 *(continued)*

Segment information for the quarters and six months ended June 30, 2022 and 2021 follows:

(dollars in thousands)	Three Months Ended June 30, 2022							
	Core Banking				Republic Processing Group			Total Company
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	
Net interest income	\$ 39,158	\$ 3,886	\$ 153	\$ 43,197	\$ 1,638	\$ 6,397	\$ 8,035	\$ 51,232
Provision for expected credit loss expense	146	(234)	—	(88)	360	3,433	3,793	3,705
Net refund transfer fees	—	—	—	—	3,950	—	3,950	3,950
Mortgage banking income	—	—	1,763	1,763	—	—	—	1,763
Program fees	—	—	—	—	736	3,149	3,885	3,885
Legal settlement	—	—	—	—	13,000	—	13,000	13,000
Other noninterest income	7,731	12	46	7,789	179	—	179	7,968
Total noninterest income	7,731	12	1,809	9,552	17,865	3,149	21,014	30,566
Total noninterest expense	38,314	1,035	2,832	42,181	3,533	1,939	5,472	47,653
Income (loss) before income tax expense	8,429	3,097	(870)	10,656	15,610	4,174	19,784	30,440
Income tax expense (benefit)	1,647	692	(191)	2,148	3,465	926	4,391	6,539
Net income (loss)	\$ 6,782	\$ 2,405	\$ (679)	\$ 8,508	\$ 12,145	\$ 3,248	\$ 15,393	\$ 23,901
Period-end assets	\$ 4,997,734	\$ 596,031	\$ 22,342	\$ 5,616,107	\$ 382,156	\$ 114,213	\$ 496,369	\$ 6,112,476
Net interest margin	3.06 %	2.69 %	NM	3.02 %	NM	NM	NM	3.51 %
Net-revenue concentration*	57 %	5 %	2 %	64 %	24 %	12 %	36 %	100 %

  

(dollars in thousands)	Three Months Ended June 30, 2021							
	Core Banking				Republic Processing Group			Total Company
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	
Net interest income	\$ 38,278	\$ 6,324	\$ 140	\$ 44,742	\$ 623	\$ 4,939	\$ 5,562	\$ 50,304
Provision for expected credit loss expense	(77)	(65)	—	(142)	(5,773)	1,592	(4,181)	(4,323)
Net refund transfer fees	2	—	—	2	5,921	—	5,921	5,923
Mortgage banking income	—	—	4,182	4,182	—	—	—	4,182
Program fees	—	—	—	—	715	2,627	3,342	3,342
Other noninterest income	7,970	14	50	8,034	167	—	167	8,201
Total noninterest income	7,972	14	4,232	12,218	6,803	2,627	9,430	21,648
Total noninterest expense	36,939	1,066	3,006	41,011	3,697	1,006	4,703	45,714
Income before income tax expense	9,388	5,337	1,366	16,091	9,502	4,968	14,470	30,561
Income tax expense	1,555	1,227	301	3,083	2,326	1,230	3,556	6,639
Net income	\$ 7,833	\$ 4,110	\$ 1,065	\$ 13,008	\$ 7,176	\$ 3,738	\$ 10,914	\$ 23,922
Period-end assets	\$ 4,774,765	\$ 840,083	\$ 46,816	\$ 5,661,664	\$ 389,999	\$ 131,647	\$ 521,646	\$ 6,183,310
Net interest margin	2.97 %	3.48 %	NM	3.03 %	NM	NM	NM	3.33 %
Net-revenue concentration*	64 %	9 %	6 %	79 %	10 %	11 %	21 %	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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(dollars in thousands)	Six Months Ended June 30, 2022							
	Core Banking				Republic Processing Group			Total Company
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	
Net interest income	\$ 75,306	\$ 8,401	\$ 357	\$ 84,064	\$ 17,042	\$ 12,738	\$ 29,780	\$ 113,844
Provision for expected credit loss expense	466	(635)	—	(169)	8,272	4,828	13,100	12,931
Net refund transfer fees	—	—	—	—	16,001	—	16,001	16,001
Mortgage banking income	—	—	4,420	4,420	—	—	—	4,420
Program fees	—	—	—	—	1,463	6,276	7,739	7,739
Contract termination fee	—	—	—	—	5,000	—	5,000	5,000
Legal settlement	—	—	—	—	13,000	—	13,000	13,000
Other noninterest income	14,965	25	80	15,070	337	—	337	15,407
Total noninterest income	14,965	25	4,500	19,490	35,801	6,276	42,077	61,567
Total noninterest expense	76,533	1,987	5,522	84,042	8,678	3,506	12,184	96,226
Income (loss) before income tax expense	13,272	7,074	(665)	19,681	35,893	10,680	46,573	66,254
Income tax expense (benefit)	2,119	1,596	(146)	3,569	8,371	2,487	10,858	14,427
Net income (loss)	\$ 11,153	\$ 5,478	\$ (519)	\$ 16,112	\$ 27,522	\$ 8,193	\$ 35,715	\$ 51,827
Period-end assets	\$ 4,997,734	\$ 596,031	\$ 22,342	\$ 5,616,107	\$ 382,156	\$ 114,213	\$ 496,369	\$ 6,112,476
Net interest margin	2.98 %	2.89 %	NM	2.97 %	NM	NM	NM	3.90 %
Net-revenue concentration*	51 %	5 %	3 %	59 %	30 %	11 %	41 %	100 %

(dollars in thousands)	Six Months Ended June 30, 2021							
	Core Banking				Republic Processing Group			Total Company
	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Tax Refund Solutions	Republic Credit Solutions	Total RPG	
Net interest income	\$ 79,380	\$ 13,096	\$ 549	\$ 93,025	\$ 15,299	\$ 9,846	\$ 25,145	\$ 118,170
Provision for expected credit loss expense	(82)	(307)	—	(389)	10,111	1,217	11,328	10,939
Net refund transfer fees	2	—	—	2	18,642	—	18,642	18,644
Mortgage banking income	—	—	11,375	11,375	—	—	—	11,375
Program fees	—	—	—	—	1,611	3,940	5,551	5,551
Other noninterest income	14,754	28	78	14,860	239	—	239	15,099
Total noninterest income	14,756	28	11,453	26,237	20,492	3,940	24,432	50,669
Total noninterest expense	74,267	2,094	6,127	82,488	8,999	2,108	11,107	93,595
Income before income tax expense	19,951	11,337	5,875	37,163	16,681	10,461	27,142	64,305
Income tax expense	3,680	2,661	1,293	7,634	4,096	2,600	6,696	14,330
Net income	\$ 16,271	\$ 8,676	\$ 4,582	\$ 29,529	\$ 12,585	\$ 7,861	\$ 20,446	\$ 49,975
Period-end assets	\$ 4,774,765	\$ 840,083	\$ 46,816	\$ 5,661,664	\$ 389,999	\$ 131,647	\$ 521,646	\$ 6,183,310
Net interest margin	3.21 %	3.45 %	NM	3.24 %	NM	NM	NM	3.98 %
Net-revenue concentration*	56 %	8 %	7 %	71 %	21 %	8 %	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.

**Republic Bancorp, Inc.**  
**Earnings Release Financial Supplement**  
**Second Quarter 2022 (continued)**

**Footnotes:**

(1) The amount of loan fee income can meaningfully impact total interest income, loan yields, net interest margin, and net interest spread. The following table presents the Company's loan fees by segment:

(dollars in thousands)	Three Months Ended					Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Traditional Bank excluding PPP fees	\$ 1,545	\$ 1,451	\$ 1,126	\$ 1,152	\$ 963	\$ 2,996	\$ 1,858
Traditional Bank - PPP fees	124	879	2,850	5,182	3,676	1,003	9,433
Warehouse Lending	500	574	662	779	789	1,074	1,660
<b>Total Core Bank</b>	<b>2,169</b>	<b>2,904</b>	<b>4,638</b>	<b>7,113</b>	<b>5,428</b>	<b>5,073</b>	<b>12,951</b>
TRS - Easy Advances	81	13,444	43	76	294	13,525	13,083
TRS - Other Loan Fees	2	662	—	—	4	664	1,656
RCS	5,782	5,702	5,695	4,862	3,832	11,484	7,688
<b>Total RPG</b>	<b>5,865</b>	<b>19,808</b>	<b>5,738</b>	<b>4,938</b>	<b>4,130</b>	<b>25,673</b>	<b>22,427</b>
<b>Total loan fees - Total Company</b>	<b>\$ 8,034</b>	<b>\$ 22,712</b>	<b>\$ 10,376</b>	<b>\$ 12,051</b>	<b>\$ 9,558</b>	<b>\$ 30,746</b>	<b>\$ 35,378</b>

(2) Provision for expected credit loss expense includes provisions for losses on on-balance sheet loans and investment securities. Provision expense for off-balance sheet credit exposures is a component of "Other" noninterest expense.

(3) In the ordinary course of business, the Bank originates for sale mortgage loans and consumer loans. Mortgage loans originated for sale are primarily originated and sold into the secondary market through the Bank's Mortgage Banking segment, while consumer loans originated for sale are originated and sold through the RCS segment. Gains on sale of mortgage loans are recorded as a component of Mortgage Banking income. Gains on sale of consumer loans are recorded as a component of Program Fees.

(dollars in thousands)	As of and for the Three Months Ended					As of and for the Six Months Ended	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
<b>Mortgage Loans Held for Sale</b>							
Balance, beginning of period	\$ 13,302	\$ 29,393	\$ 25,791	\$ 32,401	\$ 63,636	\$ 29,393	\$ 46,867
Originations	61,489	100,661	155,468	170,482	141,177	162,150	354,764
Proceeds from sales	(67,759)	(119,212)	(155,186)	(182,422)	(176,424)	(186,971)	(380,239)
Net gain on sale	1,459	2,460	3,320	5,330	4,012	3,919	11,009
Balance, end of period	<u>\$ 8,491</u>	<u>\$ 13,302</u>	<u>\$ 29,393</u>	<u>\$ 25,791</u>	<u>\$ 32,401</u>	<u>\$ 8,491</u>	<u>\$ 32,401</u>
<b>RCS Consumer Loans Held for Sale</b>							
Balance, beginning of period	\$ 14,735	\$ 22,684	\$ 14,755	\$ 24,432	\$ 15,671	\$ 22,684	\$ 4,776
Originations	282,782	245,214	321,118	257,018	186,771	527,996	304,045
Proceeds from sales	(269,429)	(256,280)	(316,597)	(270,463)	(180,826)	(525,709)	(288,510)
Net gain on sale	3,148	3,117	3,408	3,768	2,816	6,265	4,121
Balance, end of period	<u>\$ 31,236</u>	<u>\$ 14,735</u>	<u>\$ 22,684</u>	<u>\$ 14,755</u>	<u>\$ 24,432</u>	<u>\$ 31,236</u>	<u>\$ 24,432</u>

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- (4) 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.

(dollars in thousands, except per share data)	As of				
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Total stockholders' equity - GAAP (a)	\$ 842,174	\$ 840,329	\$ 834,232	\$ 838,657	\$ 845,090
Less: Goodwill	16,300	16,300	16,300	16,300	16,300
Less: Mortgage servicing rights	9,407	9,502	9,196	8,867	8,335
Tangible stockholders' equity - Non-GAAP (c)	<u>\$ 816,467</u>	<u>\$ 814,527</u>	<u>\$ 808,736</u>	<u>\$ 813,490</u>	<u>\$ 820,455</u>
Total assets - GAAP (b)	\$ 6,112,476	\$ 6,349,869	\$ 6,093,632	\$ 6,187,634	\$ 6,183,310
Less: Goodwill	16,300	16,300	16,300	16,300	16,300
Less: Mortgage servicing rights	9,407	9,502	9,196	8,867	8,335
Tangible assets - Non-GAAP (d)	<u>\$ 6,086,769</u>	<u>\$ 6,324,067</u>	<u>\$ 6,068,136</u>	<u>\$ 6,162,467</u>	<u>\$ 6,158,675</u>
Total stockholders' equity to total assets - GAAP (a/b)	13.78 %	13.23 %	13.69 %	13.55 %	13.67 %
Tangible stockholders' equity to tangible assets - Non-GAAP (c/d)	13.41 %	12.88 %	13.33 %	13.20 %	13.32 %
Number of shares outstanding (e)	<u>19,790</u>	<u>19,999</u>	<u>19,981</u>	<u>20,205</u>	<u>20,587</u>
Book value per share - GAAP (a/e)	\$ 42.56	\$ 42.02	\$ 41.75	\$ 41.51	\$ 41.05
Tangible book value per share - Non-GAAP (c/e)	41.26	40.73	40.48	40.26	39.85

- (5) 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 a non-recurring contract termination fee and net gains (losses) on sales, calls, and impairment of investment securities.

(dollars in thousands)	Three Months Ended					Six Months Ended June 30, 2022	
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Net interest income - GAAP	\$ 51,232	\$ 62,612	\$ 50,341	\$ 53,129	\$ 50,304	\$ 113,844	\$ 118,170
Noninterest income - GAAP	30,566	31,001	17,081	18,825	21,648	61,567	50,669
Less: Contract termination fee related to TRS Transaction	—	5,000	—	—	—	5,000	—
Less: Legal settlement related to TRS Transaction	13,000	—	—	—	—	13,000	—
Less: Net gain (loss) on securities	(102)	(120)	(23)	(10)	(1)	(222)	(35)
Total adjusted income - Non-GAAP (a)	<u>\$ 68,900</u>	<u>\$ 88,733</u>	<u>\$ 67,445</u>	<u>\$ 71,964</u>	<u>\$ 71,953</u>	<u>\$ 157,633</u>	<u>\$ 168,874</u>
Noninterest expense - GAAP	\$ 47,653	\$ 48,573	\$ 45,036	\$ 44,435	\$ 45,714	\$ 96,226	\$ 93,595
Less: Expenses related to TRS Transaction	699	127	611	300	1,000	826	1,000
Adjusted noninterest expense - Non-GAAP (b)	<u>\$ 46,954</u>	<u>\$ 48,446</u>	<u>\$ 44,425</u>	<u>\$ 44,135</u>	<u>\$ 44,714</u>	<u>\$ 95,400</u>	<u>\$ 92,595</u>
Efficiency Ratio - Non-GAAP (b/a)	68 %	55 %	66 %	61 %	62 %	61 %	55 %

- (6) 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.
- (7) FTEs – Full-time-equivalent employees.
- (8) 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. Delinquent loans as of March 31, 2022 included \$4.7 million of Easy Advances, which do not have a contractual due date but the Company considered an EA delinquent in 2022 if it remained unpaid 35 days after the taxpayer's tax return was submitted to the applicable taxing authority.

NM – Not meaningful

NA – Not applicable

YTD – Year to date

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