UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2009

or

¨ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-24649

REPUBLIC BANCORP, INC.
(Exact name of registrant as specified in its charter)

Kentucky	61-0862051
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

601 West Market Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

(502) 584-3600
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

o Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	þ
Non-accelerated filer	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes þ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

The number of shares outstanding of the registrant's Class A Common Stock and Class B Common Stock, as of October 22, 2009, was 18,487,535 and 2,308,974, respectively.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION		3
Item 1.	Financial Statements.	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	39
Item 3.	Quantitative and Qualitative Disclosures about Market Risk.	71
Item 4.	Controls and Procedures.	71
PART II – OTHER INFORMATION		71
Item 1.	Legal Proceedings.	71
Item 1A.	Risk Factors.	71
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	79
Item 6.	Exhibits.	80
	SIGNATURES	81

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED BALANCE SHEETS (in thousands) (unaudited)

	September 30, 2009	December 31, 2008
ASSETS:		
Cash and cash equivalents	$ 138,906	$ 616,303
Securities available for sale	433,025	853,909
Securities to be held to maturity (fair value of $65,329 in 2009 and $49,224 in 2008)	65,304	50,765
Mortgage loans held for sale	8,597	11,298
Loans, net of allowance for loan losses of $19,793 and $14,832 (2009 and 2008)	2,273,120	2,289,025
Federal Home Loan Bank stock, at cost	26,248	25,082
Premises and equipment, net	39,629	42,885
Goodwill	10,168	10,168
Other assets and accrued interest receivable	42,424	39,933
TOTAL ASSETS	$ 3,037,421	$ 3,939,368
LIABILITIES:		
Deposits:		
Non-interest-bearing	$ 325,641	$ 273,203
Interest-bearing	1,352,792	2,470,166
Total deposits	1,678,433	2,743,369
Securities sold under agreements to repurchase and other short-term borrowings	280,841	339,012
Federal Home Loan Bank advances	699,689	515,234
Subordinated note	41,240	41,240
Other liabilities and accrued interest payable	22,295	24,591
Total liabilities	2,722,498	3,663,446
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value	-	-
Class A Common Stock and Class B Common Stock, no par value	4,913	4,878
Additional paid in capital	125,978	123,441
Retained earnings	177,926	146,983
Accumulated other comprehensive income	6,106	620
Total stockholders' equity	314,923	275,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,037,421	$ 3,939,368

See accompanying footnotes to consolidated financial statements.

3

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
INTEREST INCOME:				
Loans, including fees	$ 33,413	$ 37,380	$ 159,136	$ 133,922
Taxable investment securities	4,441	6,150	14,283	19,642
Tax exempt investment securities	5	6	17	51
Federal Home Loan Bank stock and other	406	391	1,692	3,745
Total interest income	38,265	43,927	175,128	157,360
INTEREST EXPENSE:				
Deposits	3,630	7,931	18,584	30,241
Securities sold under agreements to repurchase and other short-term borrowings	238	1,439	819	5,622
Federal Home Loan Bank advances	6,027	6,077	17,371	17,862
Subordinated note	634	634	1,881	1,888
Total interest expense	10,529	16,081	38,655	55,613
NET INTEREST INCOME	27,736	27,846	136,473	101,747
Provision for loan losses	1,427	324	28,778	14,452
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	26,309	27,522	107,695	87,295
NON INTEREST INCOME:				
Service charges on deposit accounts	4,990	5,117	14,404	14,595
Electronic refund check fees	137	738	25,272	17,668
Net RAL securitization income	26	157	498	13,030
Mortgage banking income	1,667	1,071	9,358	3,806
Debit card interchange fee income	1,321	1,194	3,792	3,589
Net gain on sales and calls of securities	-	-	-	461
Total impairment losses	(850)	(5,273)	(8,640)	(9,341)
Loss recognized in other comprehensive income	-	-	2,769	-
Net impairment loss recognized in earnings	(850)	(5,273)	(5,871)	(9,341)
Other	597	410	1,844	1,162
Total non interest income	7,888	3,414	49,297	44,970
NON INTEREST EXPENSES:				
Salaries and employee benefits	12,652	12,611	39,815	39,726
Occupancy and equipment, net	5,474	4,878	16,811	14,304
Communication and transportation	1,056	1,024	4,000	3,246

Marketing and development	722	853	12,362	8,342
FDIC insurance expense	999	150	4,053	272
Bank franchise tax expense	685	599	1,957	2,025
Data processing	766	646	2,315	2,032
Debit card interchange expense	702	624	2,070	1,812
Supplies	463	328	1,739	1,257
Other real estate owned expense	82	19	2,065	169
Other	2,138	2,251	8,748	8,181
Total non interest expenses	25,739	23,983	95,935	81,366
INCOME BEFORE INCOME TAX EXPENSE	8,458	6,953	61,057	50,899
INCOME TAX EXPENSE	2,797	2,451	22,770	17,851
NET INCOME	$ 5,661	$ 4,502	$ 38,287	$ 33,048

(continued)

4

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED) (continued)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gain (loss) on securities available for sale	$ 1,606	$ 94	$ (130)	$ (5,361)
Other-than-temporary-impairment on available for sale securities recorded in other comprehensive income, net	-	-	1,800	-
Other-than-temporary-impairment on available for sale securities associated with credit loss realized in income, net	553	3,427	3,816	6,072
Realized amount on securities sold, net	-	-	-	(300)
Other comprehensive income (loss)	2,159	3,521	5,486	411
COMPREHENISVE INCOME	$ 7,820	$ 8,023	$ 43,773	$ 33,459
BASIC EARNINGS PER SHARE:				
Class A Common Stock	$ 0.27	$ 0.22	$ 1.85	$ 1.62
Class B Common Stock	0.26	0.21	1.82	1.59
DILUTED EARNINGS PER SHARE:				
Class A Common Stock	$ 0.27	$ 0.22	$ 1.84	$ 1.59
Class B Common Stock	0.26	0.20	1.80	1.56

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except per share data)	Common Stock Class A Shares Outstanding	Common Stock Class B Shares Outstanding	Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, January 1, 2009	18,318	2,310	$ 4,878	$ 123,441	$ 146,983	$ 620	$ 275,922
Cumulative effect of change in accounting principle, adoption of FASB ASC 320	-	-	-	-	1,800	(1,800)	-
Net income	-	-	-	-	38,287	-	38,287
Net change in accumulated other comprehensive income	-	-	-	-	-	7,286	7,286
Dividend declared Common Stock:							
Class A ($0.385 per share)	-	-	-	-	(7,100)	-	(7,100)
Class B ($0.350 per share)	-	-	-	-	(809)	-	(809)
Stock options exercised, net of shares redeemed	196	-	42	2,246	(596)	-	1,692
Repurchase of Class A Common Stock	(35)	-	(7)	(221)	(639)	-	(867)
Conversion of Class B Common Stock to Class A Common Stock	1	(1)	-	-	-	-	-
Notes receivable on Common Stock, net of cash payments	-	-	-	(155)	-	-	(155)
Deferred director compensation expense - Company Stock	5	-	-	128	-	-	128
Stock based compensation expense	-	-	-	539	-	-	539
Balance, September 30, 2009	18,485	2,309	$ 4,913	$ 125,978	$ 177,926	$ 6,106	$ 314,923

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (in thousands)

	2009	2008
OPERATING ACTIVITIES		
Net income	$ 38,287	$ 33,048
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion, net	8,615	5,535
Federal Home Loan Bank stock dividends	-	(956)
Provision for loan losses	28,778	14,452
Net gain on sale of mortgage loans held for sale	(9,814)	(3,572)
Origination of mortgage loans held for sale	(507,757)	(196,150)
Proceeds from sale of mortgage loans held for sale	520,272	197,242
Net realized recovery of mortgage servicing rights impairment	(1,255)	-
Net gain on sale of RALs	-	(8,313)
Increase in RAL securitization residual	(498)	(4,717)
Origination of RALs held for sale	-	(1,098,717)
Proceeds from sale of RALs	-	1,009,698
Paydown of trading securities	498	106,776
Net realized loss on sales, calls and impairment of securities	8,640	8,880
Net gain on sale of other real estate owned	(7)	(71)
Write downs of other real estate owned	1,873	76
Net gain on sale of premises and equipment	-	(43)
Deferred director compensation expense – Company Stock	128	111
Employee Stock Ownership Plan compensation expense	-	851
Stock based compensation expense	539	453
Net change in other assets and liabilities:		
Accrued interest receivable	2,769	(3,160)
Accrued interest payable	(3,881)	(3,399)
Other assets	(10,128)	(3,657)
Other liabilities	(5,626)	(874)
Net cash provided by operating activities	71,433	53,493
INVESTING ACTIVITIES:		
Purchases of securities available for sale	(427,600)	(1,891,435)
Purchases of securities to be held to maturity	(18,525)	-
Purchases of Federal Home Loan Bank stock	(1,166)	(531)
Proceeds from calls, maturities and paydowns of securities available for sale	853,136	1,916,724
Proceeds from calls, maturities and paydowns of securities to be held to maturity	4,000	865
Proceeds from sales of Federal Home Loan Bank stock	-	360
Proceeds from sales of other real estate owned	6,365	3,103
Net (increase) decrease in loans	(16,665)	61,143
Purchases of premises and equipment	(2,885)	(7,259)
Proceeds from sales of premises and equipment	-	848
Net cash provided by investing activities	396,660	83,818
FINANCING ACTIVITIES:		
Net decrease in deposits	(1,064,936)	(167,948)
Net decrease in securities sold under agreements to repurchase and other short-term borrowings	(58,171)	(75,688)

Payments on Federal Home Loan Bank advances	(50,545)	(123,256)
Proceeds from Federal Home Loan Bank advances	235,000	222,000
Repurchase of Common Stock	(867)	(443)
Net proceeds from Common Stock options exercised	1,692	1,473
Cash dividends paid	(7,663)	(6,891)
Net cash used in financing activities	(945,490)	(150,753)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(477,397)	(13,442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	616,303	86,177
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 138,906	$ 72,735

(continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (in thousands)

	2009	2008
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 42,536	$ 59,012
Income taxes	24,029	20,055
SUPPLEMENTAL NONCASH DISCLOSURES:		
Transfers from loans to real estate acquired in settlement of loans	$ 3,637	$ 4,330
Retained securitization residual	-	102,059

See accompanying footnotes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2009 AND 2008 (UNAUDITED) AND DECEMBER 31, 2008

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The consolidated financial statements include the accounts of Republic Bancorp, Inc. (the "Parent Company") and its wholly-owned subsidiaries: Republic Bank & Trust Company ("RB&T") and Republic Bank (collectively referred together with RB&T as the "Bank"), Republic Funding Company and Republic Invest Co. Republic Invest Co. includes its subsidiary, Republic Capital LLC. The consolidated financial statements also include the wholly-owned subsidiaries of RB&T: Republic Financial Services, LLC, TRS RAL Funding, LLC and Republic Insurance Agency, LLC. Republic Bancorp Capital Trust ("RBCT") is a Delaware statutory business trust that is a wholly-owned unconsolidated finance subsidiary of Republic Bancorp, Inc. All companies are collectively referred to as "Republic" or the "Company." All significant intercompany balances and transactions are eliminated in consolidation.

Republic operates 44 banking centers, primarily in the retail banking industry, and conducts its operations predominately in metropolitan Louisville, Kentucky, central Kentucky, northern Kentucky, southern Indiana, metropolitan Tampa, Florida, metropolitan Cincinnati, Ohio and through an Internet banking delivery channel. Republic's consolidated results of operations are primarily dependent upon net interest income, which represents the difference between the interest income and fees on interest-earning assets and the interest expense on interest-bearing liabilities. Principal interest-earning assets represent securities and real estate mortgage, commercial and consumer loans. Interest-bearing liabilities primarily consist of interest-bearing deposit accounts, as well as short-term and long-term borrowing sources.

Other sources of banking income include service charges on deposit accounts, debit card interchange fee income, title insurance commissions, fees charged to customers for trust services and revenue generated from Mortgage Banking activities. Mortgage Banking activities represent both the origination and sale of loans in the secondary market and the servicing of loans for others.

Republic's operating expenses consist primarily of salaries and employee benefits, occupancy and equipment expenses, communication and transportation costs, marketing and development expenses, Federal Deposit Insurance Corporation ("FDIC") insurance expense, bank franchise tax expense, data processing, debit card interchange expense and other general and administrative costs. Republic's results of operations are significantly impacted by general economic and competitive conditions, particularly changes in market interest rates, government laws and policies and actions of regulatory agencies.

Republic, through its Tax Refund Solutions ("TRS") segment, is one of a limited number of financial institutions which facilitates the payment of federal and state tax refunds through third party tax-preparers located throughout the U.S., as well as tax-preparation software providers. The Company facilitates the payment of these tax refunds through three primary products: Electronic Refund Checks ("ERCs"), Electronic Refund Deposits ("ERDs") and Refund Anticipation Loans ("RALs"). Substantially all of the business generated by TRS occurs in the first quarter of the year. TRS traditionally operates at a loss during the second half of the year during which the segment incurs costs preparing for the upcoming tax season.

ERCs/ERDs are products whereby a tax refund is issued to the taxpayer after the Company has received the refund from the federal or state government. There is no credit risk or borrowing cost for the Company associated with these products because they are only delivered to the taxpayer upon receipt of the refund directly from the Internal Revenue Service ("IRS"). Fees earned on ERCs/ERDs are reported as non interest income under the line item "Electronic Refund Check fees."

RALs are short-term consumer loans offered to taxpayers that are secured by the customer’s anticipated tax refund, which represents the source of repayment. The Company underwrites the RAL application through an automated credit review process utilizing information contained in the taxpayer’s tax return and the tax-preparer’s history. If the application is approved, the Company advances the amount of the refund due on the taxpayer’s return up to specified amounts less the loan fee due to the Company and, if requested by the taxpayer, the fees due for preparation of the return to the tax-preparer. As part of the RAL application process, each taxpayer signs an agreement directing the IRS to send the taxpayer’s refund directly to the Company. The refund received from the IRS is used by the Company to pay off the RAL. Any amount due the taxpayer above the amount of the RAL is remitted to the taxpayer once the refund is received by the Company. The funds advanced by the Company are generally repaid by the IRS within two weeks. The fees earned on RALs are reported as interest income under the line item “Loans, including fees.”

Securitization – During 2008, 2007 and 2006, the Company utilized a securitization structure to fund a portion of the RALs originated during the respective tax seasons. From mid January to the end of February of each year, RALs which, upon origination, met certain underwriting criteria related to refund amount and Earned Income Tax Credit amount, were classified as loans held for sale and sold into the securitization. All other RALs originated were retained by the Company. There were no RALs held for sale as of any quarter end. The Company retained a related residual value in the securitization, which was classified on the balance sheet as a trading security. The initial residual interest had a weighted average life of approximately one month, and as such, substantially all of its cash flows were received by the end of the first quarter. The disposition of the remaining anticipated cash flows occurred within the remainder of the calendar year. At its initial valuation, and on a quarterly basis thereafter, the Company adjusted the carrying amount of the residual value to its fair value, which was determined based on expected future cash flows and was significantly influenced by the anticipated credit losses of the underlying RALs.

The Company chose not to utilize a securitization structure to fund its RAL portfolio during the first quarter 2009 tax season. During the first quarter 2008 tax season, the securitization consisted of a total of $1.1 billion of RALs originated and sold. The Company's continuing involvement in RALs sold into the securitization was limited to only servicing of the RALs. Compensation for servicing of the securitized RALs was not contingent upon performance of the securitized RALs.

The Company concluded that the securitization was a sale as defined in Statement of Financial Accounting Standard ("SFAS") 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125," which was subsequently incorporated into FASB Accounting Standards Codification ("ASC"), topic 860 "Transfers and Servicing." This conclusion was based on, among other things, legal isolation of assets, the ability of the purchaser to pledge or sell the assets and the absence of a right or obligation of the Company to repurchase the financial assets.

For additional discussion regarding TRS, see the following sections:

- Part I Item 1 "Financial Statements:"
  - Footnote 3 "Loans and Allowance for Loan Losses"
  - Footnote 10 "Segment Information"
  - Footnote 11 "Securitization"
- Part II Item 1A "Risk Factors"

Recently Issued Accounting Pronouncements

In April 2009, the FASB issued Staff Position ("FSP") SFAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," which was subsequently incorporated into FASB ASC topic 820, "Fair Value Measurements and Disclosures." This ASC emphasizes that even if there has been a significant decrease in the volume and level of activity, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants. The ASC provides a number of factors to consider when evaluating whether there has been a significant decrease in the volume and level of activity for an asset or liability in relation to normal market activity. In addition, when transactions or quoted prices are not considered orderly, adjustments to those prices based on the weight of available information may be needed to determine the appropriate fair value. The ASC also requires increased disclosures. This ASC is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this ASC did not have a material impact on the Company's results of operations or financial position.

In April 2009, the FASB issued FSP SFAS 115-2 and SFAS 124-2, "Recognition and Presentation of Other-than-temporary impairments," which was subsequently incorporated into ASC topic 320, "Investments – Debt and Equity Securities." The purpose of this ASC was to provide greater clarity to investors about the credit and noncredit

component of an other-than-temporary impairment event and to communicate more effectively when an other-than-temporary impairment event has occurred. This ASC amends the other-than-temporary impairment guidance in GAAP for debt securities and improves the presentation and disclosure of other-than-temporary impairment on investment securities and changes the calculation of the other-than-temporary impairment recognized in earnings in the financial statements. This ASC does not amend existing recognition and measurement guidance related to other-than-temporary impairment of equity securities.

For debt securities, ASC topic 320 requires an entity to assess whether (a) it has the intent to sell the debt security, or (b) it is more likely than not that it will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an other-than-temporary impairment on the security must be recognized.

In instances in which a determination is made that a credit loss (defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis) exists but the entity does not intend to sell the debt security and it is not more likely than not that the entity will be required to sell the debt security before the anticipated recovery of its remaining amortized cost basis (i.e., the amortized cost basis less any current-period credit loss), ASC topic 320 changes the presentation and amount of the other-than-temporary impairment recognized in the income statement.

In these instances, the impairment is separated into (a) the amount of the total impairment related to the credit loss, and (b) the amount of the total impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total impairment related to all other factors is recognized in other comprehensive loss and will be amortized over the remaining life of the debt security as an increase in the carrying value of the security (with no effect on earnings unless the security is subsequently sold or there is additional other-than-temporary impairment losses recognized). The total other-than-temporary impairment is presented in the income statement with an offset for the amount of the total other-than-temporary impairment that is recognized in other comprehensive loss. Previously, in all cases, if an impairment was determined to be other-than-temporary, an impairment loss was recognized in earnings in an amount equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date of the reporting period for which the assessment was made. The new presentation provides additional information about the amounts that the entity does not expect to collect related to a debt security.

ASC topic 320 is effective and is to be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009. When adopting ASC topic 320, an entity is required to record a cumulative-effect adjustment as of the beginning of the period of adoption to reclassify the noncredit component of a previously recognized other-than-temporary impairment from retained earnings to accumulated other comprehensive loss if the entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before the anticipated recovery of its amortized cost basis.

For the three months ended March 31, 2009, the Company recognized other-than-temporary impairment ("OTTI") charges of $3.1 million ($2.0 million net of tax) for its private label mortgage backed securities and other private label mortgage-related securities. This brought the pre tax cumulative life-to-date OTTI charge recognized for the private label securities to $17.4 million ($11.3 million net of tax). The Company adopted this ASC effective April 1, 2009 and reversed $2.8 million ($1.8 million net of tax) for the non-credit portion of the cumulative life-to-date OTTI charge. The adoption was recognized as a cumulative effect adjustment that increased retained earnings and decreased accumulated other comprehensive income as of April 1, 2009. As of September 30, 2009 As a result of implementing the new standard, the Company recognized total non cash OTTI charges to the income statement of $2.7 million ($1.7 million net of tax) resulting from anticipated credit losses for its private label mortgage backed securities and other private label mortgage-related securities.

In May 2009, the FASB issued SFAS 165 "Subsequent Events," which was subsequently incorporated into FASB ASC topic 855 "Subsequent Events." This ASC establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this ASC sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. In accordance with this ASC, an entity should apply the requirements to interim or annual

financial periods ending after June 15, 2009. Subsequent events were evaluated through October 23, 2009 which is the date the financial statements were issued. The impact of adoption of this ASC did not have a material impact on the results of operations or financial position of the Company.

In June 2009, the FASB issued SFAS 166 "Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140." SFAS 166 amends SFAS 140 and removes the concept of a qualifying special-purpose entity and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. The new standard will become effective for the Company on January 1, 2010. The Company is currently evaluating the impact of adopting SFAS 166 on the consolidated financial statements.

In June 2009, the FASB issued SFAS 167 "Amendments to FASB Interpretation No. 46(R)." SFAS 167 amends tests under Interpretation No. 46(R) for variable interest entities to determine whether a variable interest entity must be consolidated. SFAS 167 requires an entity to perform an analysis to determine whether an entity's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS 167 requires ongoing reassessments of whether an entity is the primary beneficiary of a variable interest entity and enhanced disclosures that provide more transparent information about an entity's involvement with a variable interest entity. The new standard will become effective for the Company on January 1, 2010. The Company is currently evaluating the impact of adopting SFAS 167 on the consolidated financial statements.

Reclassifications – Certain amounts presented in prior periods have been reclassified to conform to the current period presentation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for three and nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in Republic's Form 10-K for the year ended December 31, 2008.

2. INVESMENT SECURITIES

Securities available for sale:

The amortized cost and fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

September 30, 2009 (in thousands)	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and U.S.Government agencies	$ 40,997	$ 183	$ -	$ 41,180
Private label mortgage backed and other private label mortgage-related securities	8,610	457	(2,451)	6,616
Mortgage backed securities	247,437	11,042	(70)	258,409
Collateralized mortgage obligations	126,588	479	(247)	126,820
Total securities available for sale	$ 423,632	$ 12,161	$ (2,768)	$ 433,025

December 31, 2008 (in thousands)	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and U.S.Government agencies	$ 458,245	$ 596	$ (1)	$ 458,840
Private label mortgage backed and other private label mortgage-related securities	14,678	-	-	14,678
Mortgage backed securities	305,902	2,829	(496)	308,235
Collateralized mortgage obligations	74,130	-	(1,974)	72,156
Total securities available for sale	$ 852,955	$ 3,425	$ (2,471)	$ 853,909

Mortgage-backed Securities

At September 30, 2009, with the exception of the $6.6 million private label mortgage backed and other private label mortgage-related securities, all of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies, primarily Fannie Mae and Freddie Mac, institutions which the government has affirmed its commitment to support. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at September 30, 2009.

As mentioned throughout this filing, the Company’s mortgage-backed securities portfolio includes private label mortgage backed and other private label mortgage-related securities with a fair value of $6.6 million which had net unrealized losses of approximately $2.0 million at September 30, 2009. As of September 30, 2009, the Company believes there is no further credit loss component of OTTI. In addition, the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery.

Securities to be held to maturity:

The carrying value, gross unrecognized gains and losses, and fair value of securities to be held to maturity were as follows:

September 30, 2009 (in thousands)	Carrying Value	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
U.S. Treasury securities and U.S.Government agencies	$ 22,715	$ 38	$ -	$ 22,753
Obligations of states and political subdivisions	384	34	-	418
Mortgage backed securities	2,886	99	(1)	2,984
Collateralized mortgage obligations	39,319	-	(145)	39,174
Total securities to be held to maturity	$ 65,304	$ 171	$ (146)	$ 65,329

December 31, 2008 (in thousands)	Carrying Value	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
U.S. Treasury securities and U.S.Government agencies	$ 4,670	$ 7	$ -	$ 4,677
Obligations of states and political subdivisions	384	17	-	401
Mortgage backed securities	3,527	63	(2)	3,588
Collateralized mortgage obligations	42,184	-	(1,626)	40,558
Total securities to be held to maturity	$ 50,765	$ 87	$ (1,628)	$ 49,224

Proceeds from sales and calls of securities available for sale were $0 and $14 million for the nine months ended September 30, 2009 and 2008, respectively. Gross gains of $0 and $461,000 were realized on these sales and calls during the nine months ended September 30, 2009 and 2008, respectively. There were no gross losses realized on these sales and calls during these same respective periods. In 2008, $311,000 of the realized gain related to the mandatory partial redemption of the Company’s Visa, Inc. Class B Common Stock with the remaining $150,000 related to unamortized discount accretion on a portion of callable U.S. Government agencies that were called before their maturity.

Proceeds from sales and calls of securities available for sale were $0 for the three months ended September 30, 2009 and 2008, respectively. There were no gross gains or losses realized on sales and calls during the third quarters of 2009 and 2008, respectively.

Securities with unrealized losses at September 30, 2009 and December 31, 2008, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less than 12 months		12 months or more		Total	
September 30, 2009 (in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and U.S. Government agencies	$ -	$ -	$ -	$ -	$ -	$ -
Private label mortgage backed and other private label mortgage-related securities	5,385	(2,451)	-	-	5,385	(2,451)
Mortgage backed securities, including Collateralized mortgage obligations	83,349	(247)	17,489	(216)	100,838	(463)
Total	$ 88,734	$ (2,698)	$ 17,489	$ (216)	$ 106,223	$ (2,914)

	Less than 12 months		12 months or more		Total	
December 31, 2008 (in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and U.S. Government agencies	$ 24,999	$ (1)	$ -	$ -	$ 24,999	$ (1)
Private label mortgage backed and other private label mortgage-related securities	-	-	-	-	-	-
Mortgage backed securities, including Collateralized mortgage obligations	178,864	(4,092)	77	(6)	178,941	(4,098)
Total	$ 203,863	$ (4,093)	$ 77	$ (6)	$ 203,940	$ (4,099)

As of September 30, 2009, the Company’s security portfolio consisted of 137 securities, 26 of which were in an unrealized loss position. The majority of unrealized losses were related to the Company’s mortgage-backed securities, as discussed throughout this filing.

The amortized cost/carrying value and fair value of all investment securities segregated by expected maturity follows:

September 30, 2009 (in thousands)	Gross Amortized Cost/ Carrying Value	Fair Value
Securities available for sale:		
Within one year	$ 4,350	$ 4,480
One to five years	46,109	46,616
Five to ten years	36	38
Beyond ten years	373,137	381,891
Total securities available for sale:	$ 423,632	$ 433,025
Securities to be held to maturity:		
Within one year	$ 3,181	$ 3,181
One to five years	20,522	20,603
Five to ten years	515	515
Beyond ten years	41,086	41,030
Total securities to be held to maturity:	$ 65,304	$ 65,329

Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Securities pledged to secure public deposits, securities sold under agreements to repurchase and securities held for other purposes, as required or permitted by law are as follows:

(in thousands)	September 30, 2009	December 31, 2008
Amortized cost	$ 437,509	$ 595,156
Fair value	437,415	593,922

Other-than-temporary impairment ("OTTI")

Unrealized losses for all investment securities are reviewed to determine whether the losses are "other-than-temporary." Investment securities are evaluated for OTTI on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether a decline in their value below amortized cost is other-than-temporary. In conducting this assessment, the Company evaluates a number of factors including, but not limited to:

- The length of time and the extent to which fair value has been less than the amortized cost basis;
- Its intent to hold until maturity or sell the debt security prior to maturity;
- An analysis of whether it is more likely than not that the Company will be required to sell the debt security before its anticipated recovery;
- Adverse conditions specifically related to the security, an industry, or a geographic area;
- The historical and implied volatility of the fair value of the security;
- The payment structure of the security and the likelihood of the issuer being able to make payments;

- Failure of the issuer to make scheduled interest or principal payments;
- Any rating changes by a rating agency; and
- Recoveries or additional decline in fair value subsequent to the balance sheet date.

The term “other-than-temporary” is not intended to indicate that the decline is permanent, but indicates that the prospects for a near-term recovery of value are not necessarily favorable, or that there is a general lack of evidence to support a realizable value equal to or greater than the carrying value of the investment. Once a decline in value is determined to be other-than-temporary, the value of the security is reduced and a corresponding charge to earnings is recognized for the anticipated credit losses.

Nationally, residential real estate values have declined significantly since 2007. These declines in value, coupled with the reduced ability of certain homeowners to refinance or repay their residential real estate obligations, have led to elevated delinquencies and losses in residential real estate loans. Many of these loans have previously been securitized and sold to investors as private label mortgage backed and other private label mortgage-related securities. The Company owned and continues to own five private label mortgage backed and other private label mortgage-related securities with an amortized cost of $8.6 million at September 30, 2009. These securities are not guaranteed by government agencies. Approximately $2.6 million (Securities 1 through 4 in the table below) of these securities are mostly backed by "Alternative A" first lien mortgage loans. The remaining $6.0 million (Security 5 in the table below) represents an asset backed security with an insurance "wrap" or guarantee. The average life of these securities is currently estimated to be approximately five years. Due to current market conditions, all of these assets are extremely illiquid, and as such, the Company determined that these securities are Level 3 securities in accordance with FASB ASC topic 820, "Fair Value Measurements and Disclosures." Based on this determination, the Company utilized an income valuation model (present value model) approach, in determining the fair value of these securities. This approach is beneficial for positions that are not traded in active markets or are subject to transfer restrictions, and/or where valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used. Management's best estimate consists of both internal and external support for these investments. See Footnote 6, "Fair Value" for additional discussion.

Prior to the second quarter of 2009, all unrealized losses related to the private label mortgage backed and other private label mortgage-related securities were transferred from accumulated other comprehensive loss to an immediate reduction of earnings classified as net loss on sales, calls and impairments of securities in the consolidated statement of income and comprehensive income. With the adoption of the ASCs as of April 1, 2009, the Company recorded a cumulative effect adjustment to retained earnings for all unrealized losses in the Company's private label securities which were deemed to be non-credit in nature with a corresponding adjustment to accumulated other comprehensive loss.

During the first quarter of 2009, prior to the adoption of the ASCs, the Company recognized total non cash OTTI charges to the income statement of $3.1 million for its private label mortgage backed securities and other private label mortgage-related securities. During the second quarter of 2009, the Company recognized total non cash OTTI charges to the income statement of $1.9 million resulting from anticipated credit losses for its private label mortgage backed securities and other private label mortgage-related securities. During the third quarter of 2009, the Company recognized total non cash OTTI charges to the income statement of $850,000 resulting from anticipated credit losses for its private label mortgage backed securities and other private label mortgage-related securities.

See Footnote 1 "Basis of Presentation and Summary of Significant Accounting Policies" for additional discussion regarding the ASCs referenced above.

The following table details the five private label mortgage backed and other private label mortgage-related securities with OTTI at September 30, 2009 and the related credit losses recognized in earnings:

(in thousands)	Security 1	Security 2	Security 3	Security 4	Security 5	Total
Amount of other-than-temporary-impairment related to credit loss at April 1, 2009	$ 8,413	$ 1,743	$ 2,102	$ 802	$ 1,509	$ 14,569
Addition for the quarter ended June 30, 2009	60	47	784	882	123	1,896
Addition for the quarter ended September 30, 2009	291	92	235	48	184	850
Total addition for the six month period April 1, 2009 - September 30, 2009	351	139	1,019	930	307	2,746
Amount of other-than-temporary-impairment related to credit loss at September 30, 2009	$ 8,764	$ 1,882	$ 3,121	$ 1,732	$ 1,816	$ 17,315

Further deterioration in economic conditions could cause the Company to record additional impairment charges related to credit losses of up to $8.6 million, which is the current gross amortized cost of the Company’s private label mortgage backed securities and other private label mortgage-related securities.

The following table details the credit ratings and the total impairment loss related to “all other factors” recorded as a component of accumulated other comprehensive income for the Company’s private label mortgage backed and other private label mortgage-related securities as of September 30, 2009:

				Ratings as of September 30, 2009		
(in thousands)	Gross Amortized Cost	Fair Value	Gross Unrealized Gains / (Losses)	S&P	Fitch	Moody's
Security 1	$ 774	$ 1,231	$ 457	CC	-	Ca
Security 2	-	-	-	CCC	-	Ca
Security 3	1,476	1,330	(146)	CCC	C	-
Security 4	343	308	(35)	CCC	C	-
Security 5	6,017	3,747	(2,270)	AA	-	-
	-	-	-			
Total	$ 8,610	$ 6,616	$ (1,994)			

The ratings above range from default (Fitch C) to high grade (S&P AA).

3. LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of the loan portfolio follows:

(in thousands)	September 30, 2009	December 31, 2008
Residential real estate	$ 1,109,832	$ 1,095,540
Commercial real estate	639,580	653,048
Real estate construction	94,633	99,395
Commercial	102,419	111,604
Consumer	23,371	28,056
Overdrafts	1,198	2,796
Home equity	321,880	313,418
Total loans	2,292,913	2,303,857
Less: Allowance for loan losses	19,793	14,832
Loans, net	$ 2,273,120	$ 2,289,025

Activity in the allowance for loan losses follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2009	2008	2009	2008
Allowance for loan losses at beginning of period	$ 19,886	$ 17,995	$ 14,832	$ 12,735
Charge offs - Banking	(2,588)	(3,331)	(5,114)	(5,325)
Charge offs - Tax Refund Solutions	-	(1,335)	(31,179)	(9,208)
Total charge offs	(2,588)	(4,666)	(36,293)	(14,533)
Recoveries - Banking	186	356	650	743
Recoveries - Tax Refund Solutions	882	238	11,826	850
Total recoveries	1,068	594	12,476	1,593
Net loan charge offs/recoveries - Banking	(2,402)	(2,975)	(4,464)	(4,582)
Net loan charge offs/recoveries - Tax Refund Solutions	882	(1,097)	(19,353)	(8,358)
Net loan charge offs/recoveries	(1,520)	(4,072)	(23,817)	(12,940)
Provision for loan losses	1,427	324	28,778	14,452
Allowance for loan losses at end of period	$ 19,793	$ 14,247	$ 19,793	$ 14,247

Information regarding Republic's impaired loans follows:

(in thousands)	September 30, 2009	December 31, 2008

Loans with no allocated allowance for loan losses	$	-	$	-
Loans with allocated allowance for loan losses		44,940		12,108
Total	$	44,940	$	12,108
Amount of the allowance for loan losses allocated	$	5,125	$	1,998
Average of individually impaired loans during periods		33,753		13,355
Interest income recognized during impairment		-		-
Cash basis interest income recognized		-		-

Detail of non-performing loans and non-performing assets follows:

(dollars in thousands)	September 30, 2009	December 31, 2008
Loans on non-accrual status	$ 40,355	$ 11,324
Loans past due 90 days or more and still on accrual	2	2,133
Total non-performing loans	40,357	13,457
Other real estate owned	3,239	5,737
Total non-performing assets	$ 43,596	$ 19,194
Non-performing loans to total loans	1.76%	0.58%
Non-performing assets to total loans (including OREO)	1.90	0.83

The composition of non-performing loans follows:

(in thousands)	September 30, 2009	December 31, 2008
Residential real estate	$ 13,580	$ 7,147
Commercial real estate	14,585	2,665
Real estate construction	10,059	2,749
Commercial	839	243
Consumer	2	86
Home equity	1,292	567
Total non-performing loans	$ 40,357	$ 13,457

The following table details RAL originations and loss reserves for three and nine months ended September 30, 2009 and 2008:

(in thousands)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Originations:				
RALs originated and retained on balance sheet	$ -	$ 773	$ 2,472,708	$ 682,877
RALs originated and securitized	-	-	-	1,098,717
Total RALs originated	$ -	$ 773	$ 2,472,708	$ 1,781,594
Estimated RAL losses:				
Estimated losses for retained RALs, net	$ (882)	$ 133	$ 19,353	$ 8,358
Net reduction to estimated future expected cash flows for securitized RALs	-	(132)	-	6,697
Total Estimated RALs losses, net	$ (882)	$ 1	$ 19,353	$ 15,055

RAL Loss Reserves and Provision for Loan Losses:

Due to the excessive costs of securitization structures, which resulted from a significant lack of liquidity in the credit markets during the latter half of 2008, the Company elected not to obtain funding from a securitization structure for the first quarter 2009 tax season. Instead, the Company utilized its traditional borrowing sources, including brokered certificates of deposit, as its primary RAL funding source for the first quarter 2009 tax season. The corresponding accounting for this change in funding strategy caused, and will continue to cause throughout the year, differences among some income and expense items when comparing results of operations for 2009 to 2008. The securitization had the effect during 2008 of reclassifying for securitized RALs the fee income earned, interest expense paid and provision expense into "Net RAL securitization income," which is a component of non interest income. During 2009, these items were, and will continue to be, classified in interest income on loans, interest expense on deposits and provision for loan losses, respectively.

Substantially all RALs issued by the Company each year are made during the first quarter. Losses associated with RALs result from the IRS not remitting taxpayer refunds to the Company associated with a particular tax return. This occurs for a number of reasons, including errors in the tax return, tax return fraud and tax debts not disclosed to the Company during its underwriting process. While the RAL application form is completed by the taxpayer in the tax-preparer's office, the credit approval criteria is established by TRS and the underwriting decision is made by TRS. TRS reviews and evaluates all tax returns to determine the likelihood of IRS payment. If any attribute of the tax return appears to fall outside of predetermined parameters, TRS will not originate the RAL.

Profitability in the Company's TRS segment is primarily driven by the volume of RAL transactions processed and the loss rate incurred on RALs, and is particularly sensitive to both measures. During 2009 (primarily the first quarter), the Company processed 39% more in dollars of RALs compared to the same period in 2008. The TRS segment's provision for loan losses increased from $8.4 million during the first nine months of 2008 (with $7.5 million related to the first quarter of 2008) to $19.4 million during the first nine months of 2009 (with $22.0 related to the first quarter of 2009). Included as a reduction to the 2009 TRS provision for loan losses was $2.5 million representing a limited preparer-provided guarantee for RAL product performance. Substantially all of this credit was recorded during the first quarter of 2009. Not included in the nine months ended September 30, 2008 provision for loan losses was $6.7 million for estimated losses associated with securitized RALs, which were recorded as a reduction to Net RAL securitization income because they represented a decrease in the net present value of the future estimated cash flows of the residual interest. The increase in losses associated with RALs during 2009 was primarily due to the increased overall volume coupled with higher estimated RAL losses as a percent of total originations related to an increase in the amount of refunds held by the IRS for reasons such as errors in the tax return, tax return fraud and tax debts not disclosed to the Company.

At March 31st of each year the Company reserves for its estimated RAL losses for the year based on current year and historical funding patterns and based on information received from the IRS on current year payment processing. The Company charges off substantially all outstanding RALs by June 30th each year with subsequent collections recorded as recoveries. As of September 30, 2009, $24.4 million of charged-off RALs originated during 2009 remained uncollected compared to $15.9 million (includes $6.9 million of securitized RALs) at September 30, 2008 for RALs originated during 2008, representing 0.99% and 0.89% of total gross RALs originated during the respective tax years by the Company.

For the three months ended September 30, 2009, the TRS provision for loan losses was a net credit of $882,000 compared to a net provision of $133,000 for the three months ended September 30, 2008. The net credit during the third quarter 2009 resulted primarily from payments received from the IRS which represented payments on RALs charged off through June 30, 2009.

For additional discussion regarding TRS, see the following sections:

- Part I Item 1 "Financial Statements:"
  - o Footnote 1 "Summary of Significant Accounting Policies"
  - o Footnote 10 "Segment Information"
  - o Footnote 11 "Securitization"
- Part II Item 1A "Risk Factors"

4. DEPOSITS

Deposit composition was as follows at September 30, 2009 and December 31, 2008:

(in thousands)	September 30, 2009	December 31, 2008
Demand (NOW and SuperNOW)	$ 220,091	$ 202,607
Money market accounts	591,057	555,346
Brokered money market accounts	75,807	163,965
Internet money market accounts	6,398	6,253
Savings	33,515	32,599
Individual retirement accounts	35,385	38,142
Time deposits, $100,000 and over	169,100	202,058
Other certificates of deposit	145,139	221,179
Brokered certificates of deposits	76,300	1,048,017
Total interest-bearing deposits	1,352,792	2,470,166
Total non interest-bearing deposits	325,641	273,203
Total	$ 1,678,433	$ 2,743,369

5. FEDERAL HOME LOAN BANK (“FHLB”) ADVANCES

At September 30, 2009 and December 31, 2008, FHLB advances outstanding were as follows:

(in thousands)	September 30, 2009	December 31, 2008
Putable fixed interest rate advances with a weighted average interest rate of 4.51%(1)	$ 150,000	$ 150,000
Overnight advances	50,000	-
Fixed interest rate advances with a weighted average interest rate of 3.39% due through 2035	499,689	365,234
Total FHLB advances	$ 699,689	$ 515,234

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(1) Represents putable advances with the FHLB. These advances have original fixed rate periods ranging from one to five years with original maturities ranging from three to ten years if not put back to the Company earlier by the FHLB. At the end of their respective fixed rate periods and on a quarterly basis thereafter, the FHLB has the right to require payoff of the advances by the Company at no penalty. During the first quarter of 2007, the Company entered into $100 million of putable advances with a final maturity of 10 years and a fixed rate period of 3 years. Based on market conditions at this time, the Company does not believe that any of its putable advances are likely to be “put back” to the Company in the short-term by the FHLB.

Each FHLB advance is payable at its maturity date, with a prepayment penalty for fixed rate advances paid off earlier than maturity. FHLB advances are collateralized by a blanket pledge of eligible real estate loans. At September 30, 2009, Republic had available collateral to borrow an additional $159 million from the FHLB. In addition to its borrowing line with the FHLB, Republic also had unsecured lines of credit totaling $200 million available through various other financial institutions.

22

Aggregate future principal payments on FHLB advances, based on contractual maturity dates are detailed below:

Year	(in thousands)
2009	$ 107,000
2010	92,000
2011	100,000
2012	85,000
2013	91,000
Thereafter	224,689
Total	$ 699,689

The following table illustrates real estate loans pledged to collateralize advances and letters of credit from the FHLB:

(in thousands)	September 30, 2009	December 31, 2008
First lien, single family residential	$ 725,858	$ 799,932
Home equity lines of credit	89,880	121,470
Multi-family, commercial real estate	40,167	38,082

6. FAIR VALUE

FASB ASC topic 820, “Fair Value Measurements and Disclosures,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This ASC also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Securities available for sale: For all securities available for sale, excluding private label mortgage backed and other private label mortgage-related securities, fair value is typically determined by matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities’ relationship to other benchmark quoted securities (Level 2 inputs). With the exception of private label mortgage backed and other private label mortgage-related securities securities, all securities available for sale are classified as Level 2 in the fair value hierarchy.

In April 2009, the FASB finalized three ASCs regarding the accounting treatment for investments including mortgage-backed securities. These ASCs changed the method for determining if an other-than-temporary impairment (“OTTI”) exists and the amount of OTTI to be recorded through an entity’s income statement. The changes brought about by the ASCs provide greater clarity and reflect a more accurate representation of the credit and noncredit components of an OTTI event. These ASCs were effective for financial statements issued for periods ending after June 15, 2009. The Company recognized the $1.8 million cumulative effect of initially applying FASB ASC topic 320 “Investments – Debt and Equity Securities,” as an adjustment to retained earnings at April 1, 2009, with a corresponding adjustment to accumulated other comprehensive income. See Footnote 1 “Basis of Presentation and Summary of Significant Accounting Policies” for additional discussion regarding the recently issued ASCs.

See Footnote 2 “Investment Securities” for additional discussion regarding the Company’s private label mortgage backed and other private label mortgage-related securities.

Derivative instruments: Mortgage Banking derivatives used in the ordinary course of business consist of mandatory forward sales contracts (“forward contracts”) and rate lock loan commitments. The fair value of the Company’s derivative instruments is primarily measured by obtaining pricing from broker-dealers recognized to be market participants. The pricing is derived from market observable inputs that can generally be verified and do not typically involve significant judgment by the Company. Forward contracts and rate lock loan commitments are classified as Level 2 in the fair value hierarchy.

Mortgage loans held for sale: The fair value of mortgage loans held for sale is determined using quoted secondary-market prices. Mortgage loans held for sale are classified as Level 2 in the fair value hierarchy.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Mortgage Servicing Rights: The fair value of mortgage servicing rights is based on a valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income. The Company is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. Mortgage servicing rights are classified as Level 2 in the fair value hierarchy.

Assets and liabilities measured at fair value under FASB ASC Topic 820 “Fair Value Measurements and Disclosures” on a recurring basis, including financial assets and liabilities for which the Company has elected the fair value option, are summarized below:

September 30, 2009 (in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
Securities available for sale:				
U.S. Treasury securities and U.S. Government agencies	$ -	$ 41,180	$ -	$ 41,180
Private label mortgage backed and other private label mortgage-related securities	-	-	6,616	6,616
Mortgage backed securities	-	258,409	-	258,409
Collateralized mortgage obligations	-	126,820	-	126,820
Total securities available for sale	-	426,409	6,616	433,025
Mandatory forward contracts	-	(232)	-	(232)
Rate lock loan commitments	-	435	-	435
Mortgage loans held for sale	-	8,597	-	8,597

December 31, 2008 (in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
Securities available for sale:				
U.S. Treasury securities and U.S. Government agencies	$ -	$ 458,840	$ -	$ 458,840
Private label mortgage backed and other private label mortgage-related securities	-	-	14,678	14,678
Mortgage backed securities	-	308,235	-	308,235
Collateralized mortgage Obligations	-	72,156	-	72,156
Total securities available for sale	-	839,231	14,678	853,909
Mandatory forward contracts	-	(451)	-	(451)
Rate lock loan commitments	-	543	-	543
Mortgage loans held for sale	-	11,298	-	11,298

The tables below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three month and nine month periods ended September 30, 2009 and 2008:

Securities available for sale - Private label mortgage backed and other private label mortgage-related securities

(in thousands)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Balance, beginning of period	$ 8,095	$ 20,554	$ 14,678	$ -
Transfer into Level 3		-		22,085
Total gains or losses included in earnings:				
Net realized OTTI loss	(850)	(5,273)	(8,640)	(9,341)
Net change in unrealized gain / loss	117	7,241	3,542	11,378
Premium amortization	-	(14)	-	(47)
Principle paydowns	(746)	(1,389)	(2,964)	(2,956)
Balance, end of period	$ 6,616	$ 21,119	$ 6,616	$ 21,119

Trading Securities - Residual interest in the RAL securitization

As detailed above in Footnote 3 “Loans and Allowance for Loan Losses,” the Company elected not to obtain funding from a securitization structure for the first quarter 2009 tax season.

Activity for the three and nine months ended September 30, 2008 follows:

(in thousands)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Balance, beginning of period	$ -	$ 177	$ -	$ -
Increase in RAL securitization residual	26	-	498	4,717
Retained securitization residual	-	-	-	102,059
Paydown of trading securities	(26)	(177)	(498)	(106,776)
Balance, September 30, 2008	$ -	$ -	$ -	$ -

Assets measured at fair value on a non-recurring basis are summarized below:

September 30, 2009 (in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2009
Impaired loans	$ -	$ -	$ 39,815	$ 39,815
Mortgage servicing rights	-	10,964	-	10,964

December 31, 2008 (inthousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2008
Impaired loans	$ -	$ -	$ 10,110	$ 10,110
Mortgage servicing rights	-	6,952	-	6,952

The following section details impairment charges recognized during the period:

The Company recorded realized impairment losses related to its Level 3 private label mortgage backed and other private label mortgage-related securities totaling $850,000 and $5.3 million for the three months ended September 30, 2009 and 2008. The Company recorded realized impairment losses related to its Level 3 private label mortgage backed and other private label mortgage-related securities totaling $8.6 million and $9.3 million for the nine months ended September 30, 2009 and 2008. See Footnote 2 “Investment Securities” for additional detail.

Due primarily to a decline in the expected prepayment speed of the Company’s sold loan portfolio with servicing retained, the fair value of the Company’s Mortgage Servicing Rights (“MSR”) increased during 2009. As a result of this increase, the Company reduced its corresponding valuation allowance by $1.1 million during the first quarter of 2009 and an additional $122,000 during the second quarter of 2009. No MSR valuation allowance existed at June 30, 2009 and September 30, 2009.

At September 30, 2009, impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a carrying amount of $45 million, with a valuation allowance of $5 million, resulting in an additional provision for loan losses of $1.7 million for the three months ended September 30, 2009 and $3.3 million for the nine months ended September 30, 2009 and 2008, respectively.

In accordance with FASB ASC topic 825, the carrying amounts and estimated fair values of financial instruments, at September 30, 2009 and December 31, 2008 are as follows:

(in thousands)	September 30, 2009 Carrying Amount	September 30, 2009 Fair Value	December 31, 2008 Carrying Amount	December 31, 2008 Fair Value
Assets:				
Cash and cash equivalents	$ 138,906	$ 138,906	$ 616,303	$ 616,303
Securities available for sale	423,632	433,025	852,955	853,909
Securities to be held to maturity	65,304	65,329	50,765	49,224
Mortgage loans held for sale	8,597	8,597	11,298	11,298
Loans	2,292,913	2,350,622	2,303,857	2,349,777
Allowance for loan losses	(19,793)	(19,793)	(14,832)	(14,832)
Federal Home Loan Bank stock	26,248	26,248	25,082	25,082
Accrued interest receivable	10,483	10,483	13,252	13,252
Liabilities:				
Deposits:				
Non interest-bearing accounts	$ 325,641	$ 325,641	$ 273,203	$ 273,203
Transaction accounts	926,868	926,868	960,770	960,770
Time deposits	425,924	432,257	1,509,396	1,547,830
Securities sold under agreements to repurchase and other short-term borrowings	280,841	280,841	339,012	339,012
Subordinated note	41,240	41,148	41,240	41,154
Federal Home Loan Bank advances	699,689	725,267	515,234	546,391
Accrued interest payable	2,711	2,711	6,592	6,592

The methods and assumptions used to estimate fair value are described as follows:

Cash and Cash Equivalents – The carrying amount represents a reasonable estimate of fair value.

Securities Available for Sale and Mortgage Loans Held for Sale – See earlier discussion under Footnote 6 “Fair Value” for methods and assumptions used to estimate fair value.

Securities to be Held to Maturity and Federal Home Loan Bank Stock – Fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The fair value of FHLB Stock is valued at par due to restrictions placed on its transferability.

Accrued Interest Receivable/Payable – The carrying amount represents management’s estimate of fair value.

Loans, Net – The fair value is estimated by discounting the future cash flows using the interest rates at which similar loans would be made to borrowers with similar credit ratings for the same remaining maturities.

Deposits – The fair value of demand deposits, savings accounts and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the interest rates offered for deposits of similar remaining maturities.

Securities Sold Under Agreements to Repurchase and Other Short-term Borrowings – The carrying amount represents management's estimate of fair value.

Subordinated Note – Rates currently available to the Company with similar terms and remaining maturities are used to establish fair value of existing debt.

Federal Home Loan Bank Advances – The fair value is estimated based on the estimated present value of future cash outflows using the rates at which similar loans with the same remaining maturities could be obtained.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2009 and December 31, 2008. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and, therefore, estimates of fair value may differ significantly from the amounts presented.

7. MORTGAGE BANKING ACTIVITIES

Activity for mortgage loans held for sale was as follows:

September 30, (in thousands)	2009	2008
Balance, beginning of period	$ 11,298	$ 4,278
Origination of mortgage loans held for sale	507,757	196,150
Proceeds from the sale of mortgage loans held for sale	(520,272)	(197,242)
Net gain on sale of mortgage loans held for sale	9,814	3,572
Balance, end of period	$ 8,597	$ 6,758

Mortgage Banking activities primarily include residential mortgage originations and servicing. The following table presents the components of Mortgage Banking income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2009	2008	2009	2008
Net gain on sale of mortgage loans held for sale	$ 1,692	$ 894	$ 9,814	$ 3,572
Decrease in valuation allowance for MSR impairment	-	-	1,255	-
Net loan servicing income, net of amortization	(25)	177	(1,711)	234
Mortgage Banking income	$ 1,667	$ 1,071	$ 9,358	$ 3,806

Activity for capitalized mortgage servicing rights was as follows:

September 30, (in thousands)	2009	2008
Balance, January 1	$ 5,809	$ 6,706
Additions	5,239	2,305
Amortized to expense	(3,823)	(1,689)
Change in valuation allowance	1,255	-
Balance, September 30	$ 8,480	$ 7,322

Activity for the valuation allowance for capitalized mortgage servicing rights was as follows:

September 30, (in thousands)	2009	2008
Balance, January 1	$ (1,255)	$ -
Additions to expense	-	-
Decrease in valuation allowance for MSR impairment	1,255	-
Direct write downs	-	-

Balance, September 30	$ -	$ -

The fair value of MSRs was $11 million and $7 million at September 30, 2009 and December 31, 2008, respectively. The fair value at September 30, 2009 was calculated using a discount rate of 9% with prepayment speeds ranging from 172% to 384%, depending on the stratification of the specific MSR, and a weighted average default rate of 1.50%. The fair value for the year ended December 31, 2008 was calculated using a discount rate of 12% with prepayment speeds ranging from 187% to 509%, depending on the stratification of the specific MSR, and a weighted average default rate of 1.50%.

Due to the significant reduction in long-term interest rates during December of 2008, the fair value of the MSR portfolio declined as pre-payment speed assumptions were adjusted upwards resulting in an impairment charge of $1.3 million for the fourth quarter and year ended December 31, 2008. During the first quarter of 2009, prepayment speed assumptions stabilized to levels similar to those assumed in the third quarter of 2008 and the Company reversed $1.1 million from the valuation allowance. During the second quarter of 2009, the Company reversed the remaining impairment charge of $122,000. There were no impairment charges recorded prior to the fourth quarter of 2008 and no MSR valuation allowance existed at June 30, 2009 and September 30, 2009.

Mortgage Banking derivatives used in the ordinary course of business consist of mandatory forward sales contracts and rate lock loan commitments. Forward contracts represent future commitments to deliver loans at a specified price and date and are used to manage interest rate risk on loan commitments and mortgage loans held for sale. Rate lock commitments represent commitments to fund loans at a specific rate. These derivatives involve underlying items, such as interest rates, and are designed to transfer risk. Substantially all of these instruments expire within 90 days from the date of issuance. Notional amounts are amounts on which calculations and payments are based, but which do not represent credit exposure, as credit exposure is limited to the amounts required to be received or paid.

The Company adopted FASB ASC topic 815, “Derivative and Hedging” at the beginning of the first quarter of 2009, and has included the expanded disclosures required by that statement.

The following tables include the notional amounts and realized gain (loss) for Mortgage Banking derivatives recognized in Mortgage Banking income as of September 30, 2009 and December 31, 2008:

(in thousands)	September 30, 2009	December 31, 2008
Mandatory forward contracts:		
Notional amount	$ 27,075	$ 43,865
Change in fair value of forward contracts	(232)	(451)
Rate lock loan commitments:		
Notional amount	$ 23,137	$ 66,902
Change in fair value of rate loan lock commitments	207	84

Forward contracts also contain an element of risk in that the counterparties may be unable to meet the terms of such agreements. In the event the counterparties fail to deliver commitments or are unable to fulfill their obligations, the Company could potentially incur significant additional costs by replacing the positions at then current market rates. The Company manages its risk of exposure by limiting counterparties to those banks and institutions deemed appropriate by management and the Board of Directors. The Company does not expect any counterparty to default on their obligations and therefore, the Company does not expect to incur any cost related to counterparty default.

The Company is exposed to interest rate risk on loans held for sale and rate lock loan commitments. As market interest rates increase or decrease, the fair value of mortgage loans held for sale and rate lock commitments will decline or increase. To offset this interest rate risk, the Company enters into derivatives such as forward contracts to sell loans. The fair value of these forward contracts will change as market interest rates change, and the change in the value of these instruments is expected to largely, though not entirely, offset the change in fair value of loans held for sale and rate lock commitments. The objective of this activity is to minimize the exposure to losses on rate lock commitments and loans held for sale due to market interest rate fluctuations. The net effect of derivatives on earnings will depend on risk management activities and a variety of other factors, including market interest rate volatility, the amount of rate lock commitments that close, the ability to fill the forward contracts before expiration, and the time period required to close and sell loans.

8. OFF BALANCE SHEET RISKS, COMMITMENTS AND CONTINGENT LIABILITIES

Republic, in the normal course of business, is party to financial instruments with off balance sheet risk. These financial instruments primarily include commitments to extend credit and standby letters of credit. The contract or notional amounts of these instruments reflect the potential future obligations of Republic pursuant to those financial instruments. Creditworthiness for all instruments is evaluated on a case by case basis in accordance with Republic's credit policies. Collateral from the customer may be required based on the Company's credit evaluation of the customer and may include business assets of commercial customers, as well as personal property and real estate of individual customers or guarantors.

Republic also extends binding commitments to customers and prospective customers. Such commitments assure the borrower of financing for a specified period of time at a specified rate. The risk to Republic under such loan commitments is limited by the terms of the contracts. For example, Republic may not be obligated to advance funds if the customer's financial condition deteriorates or if the customer fails to meet specific covenants. An approved but unfunded loan commitment represents a potential credit risk once the funds are advanced to the customer. Unfunded loan commitments also represent liquidity risk since the customer may demand immediate cash that would require funding and interest rate risk as market interest rates may rise above the rate committed. In addition, since a portion of these loan commitments normally expire unused, the total amount of outstanding commitments at any point in time may not require future funding.

As of September 30, 2009, exclusive of Mortgage Banking loan commitments, Republic had outstanding loan commitments of $439 million, which included unfunded home equity lines of credit totaling $310 million. At December 31, 2008, Republic had outstanding loan commitments of $550 million, which included unfunded home equity lines of credit totaling $331 million. These commitments generally have open ended maturities and variable rates. At September 30, 2009 rates primarily ranged from 4.00% to 7.50% with a weighted average rate of 4.81%.

Standby letters of credit are conditional commitments issued by Republic to guarantee the performance of a customer to a third party. The terms and risk of loss involved in issuing standby letters of credit are similar to those involved in issuing loan commitments and extending credit. Commitments outstanding under standby letters of credit totaled $12 million and $14 million at September 30, 2009 and December 31, 2008. In addition to credit risk, the Company also has liquidity risk associated with standby letters of credit because funding for these obligations could be required immediately. The Company does not deem this risk to be material.

At September 30, 2009 and December 31, 2008, Republic had a $12 million letter of credit from the FHLB issued on behalf of one RB&T client. This letter of credit was used as a credit enhancement for a client bond offering and reduced RB&T's available borrowing line at the FHLB. The Company uses a blanket pledge of eligible real estate loans to secure the letter of credit.

9. EARNINGS PER SHARE

Class A and Class B shares participate equally in undistributed earnings. The difference in earnings per share between the two classes of common stock results solely from the 10% per share cash dividend premium paid on Class A Common Stock over that paid on Class B Common Stock. The Class A Common shares are entitled to cash dividends equal to 110% of the cash dividend paid per share on Class B Common Stock. Class A Common shares have one vote per share and Class B Common shares have ten votes per share. Class B Common shares may be converted, at the option of the holder, to Class A Common shares on a share for share basis. The Class A Common shares are not convertible into any other class of Republic's capital stock.

A reconciliation of the combined Class A and Class B Common Stock numerators and denominators of the earnings per share and diluted earnings per share computations is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	2009	2008	2009	2008
Net income	$ 5,661	$ 4,502	$ 38,287	$ 33,048
Weighted average shares outstanding	20,779	20,591	20,731	20,485
Effect of dilutive securities	143	387	160	314
Average shares outstanding including dilutive securities	20,922	20,978	20,891	20,799
Basic earnings per share:				
Class A Common Share	$ 0.27	$ 0.22	$ 1.85	$ 1.62
Class B Common Share	0.26	0.21	1.82	1.59
Diluted earnings per share:				
Class A Common Share	$ 0.27	$ 0.22	$ 1.84	$ 1.59
Class B Common Share	0.26	0.20	1.80	1.56

Stock options excluded from the detailed earnings per share calculation because their impact was antidilutive are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Antidilutive stock options	627,977	10,500	642,797	301,697

32

10. SEGMENT INFORMATION

The reportable segments are determined by the type of products and services offered, distinguished between Traditional Banking, Mortgage Banking and Tax Refund Solutions ("TRS"). Loans, investments and deposits provide the majority of the net revenue from Traditional Banking operations; servicing fees and loan sales provide the majority of revenue from Mortgage Banking operations; RAL fees, ERC/ERD fees and Net RAL securitization income provide the majority of the revenue from TRS. All Company segments are domestic.

The accounting policies used for Republic's reportable segments are the same as those described in the summary of significant accounting policies. Income taxes are allocated based on income before income tax expense. Transactions among reportable segments are made at fair value.

For additional discussion regarding TRS, see the following sections:

- Part I Item 1 "Financial Statements:"
  - Footnote 1 "Summary of Significant Accounting Policies"
  - Footnote 3 "Loans and Allowance for Loan Losses"
  - Footnote 11 "Securitization"
- Part II Item 1A "Risk Factors"

Segment information for the three and nine months ended September 30, 2009 and 2008 follows:

Three Months Ended September 30, 2009

(dollars in thousands)