

REPUBLIC BANCORP INC /KY/
Form 10-Q
November 08, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

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
(State of other jurisdiction of incorporation or organization)

61-0862051
(I.R.S. Employer Identification No.)

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

40202
(Zip Code)

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

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.

Yes 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).

Yes 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 Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes 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 31, 2012, was 18,674,767 and 2,271,346, respectively.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED BALANCE SHEETS (in thousands) (unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 96,187	\$ 362,971
Securities available for sale	533,236	645,948
Securities to be held to maturity (fair value of \$48,448 in 2012 and \$28,342 in 2011)	48,026	28,074
Mortgage loans held for sale	3,385	4,392
Loans, net of allowance for loan losses of \$24,100 and \$24,063 (2012 and 2011)	2,618,257	2,261,232
Federal Home Loan Bank stock, at cost	28,784	25,980
Premises and equipment, net	32,984	34,681
Goodwill	10,168	10,168
Other real estate owned	25,148	10,956
Other assets and accrued interest receivable	39,601	35,589
TOTAL ASSETS	\$ 3,435,776	\$ 3,419,991
LIABILITIES		
Deposits		
Non interest-bearing	\$ 514,893	\$ 408,483
Interest-bearing	1,540,717	1,325,495
Total deposits	2,055,610	1,733,978
Securities sold under agreements to repurchase and other short-term borrowings	169,839	230,231
Federal Home Loan Bank advances	553,487	934,630
Subordinated note	41,240	41,240
Other liabilities and accrued interest payable	57,844	27,545
Total liabilities	2,878,020	2,967,624
STOCKHOLDERS' EQUITY		
Preferred stock, no par value	-	-
Class A Common Stock and Class B Common Stock, no par value	4,945	4,947
Additional paid in capital	132,797	131,482
Retained earnings	414,133	311,799
Accumulated other comprehensive income	5,881	4,139
Total stockholders' equity	557,756	452,367
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,435,776	\$ 3,419,991

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(in thousands, except per share data)¹

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
INTEREST INCOME:				
Loans, including fees	\$31,292	\$30,225	\$137,118	\$148,229
Taxable investment securities	2,483	3,864	8,654	11,549
Federal Home Loan Bank stock and other	353	337	1,757	1,730
Total interest income	34,128	34,426	147,529	161,508
INTEREST EXPENSE:				
Deposits	1,197	2,057	3,949	7,267
Securities sold under agreements to repurchase and other short-term borrowings	110	111	340	535
Federal Home Loan Bank advances	3,619	4,467	11,245	13,857
Subordinated note	630	628	1,891	1,886
Total interest expense	5,556	7,263	17,425	23,545
NET INTEREST INCOME	28,572	27,163	130,104	137,963
Provision for loan losses	2,083	(140)	13,719	17,503
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	26,489	27,303	116,385	120,460
NON INTEREST INCOME:				
Service charges on deposit accounts	3,438	3,421	10,027	10,581
Refund transfer fees	231	425	78,127	88,071
Mortgage banking income	2,274	1,352	5,591	3,092
Debit card interchange fee income	1,390	1,415	4,387	4,392
Bargain purchase gain - Tennessee Commerce Bank	(189)	-	27,614	-
Bargain purchase gain - First Commercial Bank	27,112	-	27,112	-
Gain on sale of banking center	-	2,856	-	2,856
Gain on sale of securities available for sale	-	301	56	2,208
Total impairment losses on investment securities	-	-	-	(279)
Gain recognized in other comprehensive income	-	-	-	-
Net impairment loss recognized in earnings	-	-	-	(279)
Other	589	706	2,826	2,235
Total non interest income	34,845	10,476	155,740	113,156
NON INTEREST EXPENSES:				
Salaries and employee benefits	14,921	13,145	46,205	43,634
Occupancy and equipment, net	5,718	5,138	16,936	16,436
Communication and transportation	1,045	1,081	4,667	4,468
Marketing and development	828	736	2,670	2,508
FDIC insurance expense	287	918	1,008	3,718
Bank franchise tax expense	729	713	3,363	2,992
Data processing	1,030	787	3,446	2,352
Debit card interchange expense	648	566	1,909	1,690
Supplies	270	409	1,748	1,617
Other real estate owned expense	1,328	608	2,488	1,467
Charitable contributions	232	178	3,110	5,710
Legal expense	388	784	1,283	3,123

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FDIC civil money penalty	-	-	-	2,000
FHLB advance prepayment expense	-	-	2,436	-
Other	2,338	1,375	7,097	6,067
Total non interest expenses	29,762	26,438	98,366	97,782
INCOME BEFORE INCOME TAX EXPENSE	31,572	11,341	173,759	135,834
INCOME TAX EXPENSE	10,904	3,471	61,041	47,889
NET INCOME	\$20,668	\$7,870	\$112,718	\$87,945
BASIC EARNINGS PER SHARE:				
Class A Common Stock	\$0.99	\$0.38	\$5.38	\$4.20
Class B Common Stock	0.97	0.36	5.34	4.16
DILUTED EARNINGS PER SHARE:				
Class A Common Stock	\$0.98	\$0.38	\$5.36	\$4.19
Class B Common Stock	0.97	0.36	5.32	4.15

See accompanying footnotes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	\$ 20,668	\$ 7,870	\$ 112,718	\$ 87,945
OTHER COMPREHENSIVE INCOME				
Unrealized gain on securities available for sale	649	3,588	2,324	5,474
Change in unrealized losses on securities available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings	374	143	411	(75)
Realized amount on securities sold	-	(300)	(55)	(2,208)
Reclassification adjustment for losses realized in income	-	-	-	(279)
Net unrealized gains	1,023	3,431	2,680	2,912
Tax effect	(358)	(1,201)	(938)	(1,019)
Net of tax amount	665	2,230	1,742	1,893
COMPREHENSIVE INCOME	\$ 21,333	\$ 10,100	\$ 114,460	\$ 89,838

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(UNAUDITED)
NINE MONTHS ENDED
SEPTEMBER 30, 2012

(in thousands, except per share data)	Common Stock			Additional Paid In Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Class A Shares Outstanding	Class B Shares Outstanding	Amount				
Balance, January 1, 2012	18,652	2,300	\$ 4,947	\$ 131,482	\$ 311,799	\$ 4,139	\$ 452,367
Net income	-	-	-	-	112,718	-	112,718
Net change in accumulated other comprehensive income	-	-	-	-	-	1,742	1,742
Dividend declared Common Stock:							
Class A (\$0.484 per share)	-	-	-	-	(9,033)	-	(9,033)
Class B (\$0.440 per share)	-	-	-	-	(1,007)	-	(1,007)
Stock options exercised, net of shares redeemed	8	-	2	213	(68)	-	147