

REPUBLIC BANCORP INC /KY/
Form 10-Q
October 27, 2010

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, 2010

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.

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	<input type="radio"/>	Accelerated filer	<input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>

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 26, 2010, was 18,627,220 and 2,308,101, respectively.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED BALANCE SHEETS (in thousands) (unaudited)

	September 30, 2010	December 31, 2009
ASSETS:		
Cash and cash equivalents	\$ 171,024	\$ 1,068,179
Securities available for sale	561,483	416,311
Securities to be held to maturity (fair value of \$39,695 in 2010 and \$51,135 in 2009)	39,351	50,924
Mortgage loans held for sale	5,783	5,445
Loans, net of allowance for loan losses of \$24,566 and \$22,879 (2010 and 2009)	2,132,764	2,245,353
Federal Home Loan Bank stock, at cost	26,274	26,248
Premises and equipment, net	38,171	39,380
Goodwill	10,168	10,168
Other assets and accrued interest receivable	50,751	56,760
TOTAL ASSETS	\$3,035,769	\$3,918,768
LIABILITIES		
Deposits		
Non interest-bearing	\$ 328,083	\$ 318,275
Interest-bearing	1,409,019	2,284,206
Total deposits	1,737,102	2,602,481
Securities sold under agreements to repurchase and other short-term borrowings	286,510	299,580
Federal Home Loan Bank advances	565,424	637,607
Subordinated note	41,240	41,240
Other liabilities and accrued interest payable	34,668	21,840
Total liabilities	2,664,944	3,602,748
STOCKHOLDERS' EQUITY		
Preferred stock, no par value	-	-
Class A Common Stock and Class B Common Stock, no par value	4,944	4,917
Additional paid in capital	129,429	126,376
Retained earnings	229,552	178,944
Accumulated other comprehensive income	6,900	5,783
Total stockholders' equity	370,825	316,020
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,035,769	\$3,918,768

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
INTEREST INCOME:				
Loans, including fees	\$31,021	\$33,413	\$146,212	\$159,136
Taxable investment securities	3,788	4,441	11,252	14,283
Tax exempt investment securities	-	5	11	17
Federal Home Loan Bank stock and other	461	406	1,911	1,692
Total interest income	35,270	38,265	159,386	175,128
INTEREST EXPENSE:				
Deposits	2,946	3,630	10,366	18,584
Securities sold under agreements to repurchase and other short-term borrowings	262	238	746	819
Federal Home Loan Bank advances	4,978	6,027	15,014	17,371
Subordinated note	632	634	1,883	1,881
Total interest expense	8,818	10,529	28,009	38,655
NET INTEREST INCOME	26,452	27,736	131,377	136,473
Provision for loan losses	(1,804)	1,427	17,966	28,778
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	28,256	26,309	113,411	107,695
NON INTEREST INCOME:				
Service charges on deposit accounts	3,847	4,990	11,728	14,404
Electronic refund check fees	293	137	58,513	25,272
Net RAL securitization income	8	26	228	498
Mortgage banking income	1,679	1,667	4,094	9,358
Debit card interchange fee income	1,213	1,321	3,745	3,792
Total impairment losses on investment securities	-	(850)	(126)	(5,871)
Loss recognized in other comprehensive income	-	-	-	-
Net impairment loss recognized in earnings	-	(850)	(126)	(5,871)
Other	783	597	1,822	1,844
Total non interest income	7,823	7,888	80,004	49,297
NON INTEREST EXPENSES:				
Salaries and employee benefits	13,399	12,652	43,743	39,815

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Occupancy and equipment, net	5,114	5,474	16,585	16,811
Communication and transportation	887	1,056	4,075	4,000
Marketing and development	722	722	10,116	12,362
FDIC insurance expense	586	999	2,485	4,053
Bank franchise tax expense	642	685	2,432	1,957
Data processing	660	766	1,978	2,315
Debit card interchange expense	299	702	1,234	2,070
Supplies	219	463	1,597	1,739
Other real estate owned expense	562	82	1,365	2,065
Charitable contributions	282	343	6,064	1,085
FHLB advance prepayment expense	-	-	1,531	-
Other	1,750	1,795	7,701	7,663
Total non interest expenses	25,122	25,739	100,906	95,935
INCOME BEFORE INCOME TAX EXPENSE	10,957	8,458	92,509	61,057
INCOME TAX EXPENSE	3,647	2,797	32,174	22,770
NET INCOME	\$7,310	\$5,661	\$60,335	\$38,287

(continued)

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,	
	2010	2009	2010	2009
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gain (loss) on securities available for sale, net	\$(385) \$1,606	\$693	\$(130
Other-than-temporary-impairment on available for sale securities recorded on other comprehensive income, net	-	-	-	1,800
Change in unrealized losses on securities available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings	81	-	506	-
Reclassification adjustment for losses (gains) realized in income	-	553	(82) 3,816
Other comprehensive income (loss)	(304) 2,159	1,117	5,486
COMPREHENSIVE INCOME	\$7,006	\$7,820	\$61,452	\$43,773
BASIC EARNINGS PER SHARE:				
Class A Common Stock	\$0.35	\$0.27	\$2.90	\$1.85
Class B Common Stock	0.34	0.26	2.86	1.82
DILUTED EARNINGS PER SHARE:				
Class A Common Stock	\$0.35	\$0.27	\$2.89	\$1.84
Class B Common Stock	0.34	0.26	2.85	1.80

See accompanying footnotes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except per share data)	Common Stock		Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Class A Shares Outstanding	Class B Shares Outstanding					
Balance, January 1, 2010	18,499	2,309	\$4,917	\$126,376	\$178,944	\$ 5,783	\$ 316,020
Net income	-	-	-	-	60,335	-	60,335
Net change in accumulated other comprehensive income	-	-	-	-	-	1,117	1,117
Dividend declared Common Stock: Class A (\$0.418 per share)							