

REPUBLIC BANCORP INC /KY/
Form 10-Q
August 09, 2006

**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 June 30, 2006

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)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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.

Edgar Filing: REPUBLIC BANCORP INC /KY/ - Form 10-Q

17,284,323 shares of Class A Common Stock, no par value and 2,243,823 shares of Class B Common Stock, no par value were outstanding at July 31, 2006, the latest practicable date.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

| | |
|----------------|---|
| <u>Item 1.</u> | <u>Financial Statements.</u> |
| <u>Item 2.</u> | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u> |
| <u>Item 3.</u> | <u>Quantitative and Qualitative Disclosures about Market Risk.</u> |
| <u>Item 4.</u> | <u>Controls and Procedures.</u> |

PART II OTHER INFORMATION

| | |
|-----------------|---|
| <u>Item 1.</u> | <u>Legal Proceedings.</u> |
| <u>Item 1A.</u> | <u>Risk Factors.</u> |
| <u>Item 2.</u> | <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u> |
| <u>Item 6.</u> | <u>Exhibits.</u> |
| <u>EX-31.1</u> | <u>Section 302 Certification of Principal Executive Officer</u> |
| <u>EX-31.2</u> | <u>Section 302 Certification of Principal Financial Officer</u> |
| <u>EX-32.1</u> | <u>Certification of Principal Executive Officer Pursuant to 18 U.S.C Section 1350</u> |
| <u>EX-32.2</u> | <u>Certification of Principal Financial Officer Pursuant to 18 U.S.C Section 1350</u> |

SIGNATURES

PART I FINANCIAL INFORMATION**Item 1. Financial Statements.****REPUBLIC BANCORP, INC.****CONSOLIDATED BALANCE SHEETS** *(in thousands)*

| | June 30, 2006 (unaudited) | December 31, 2005 |
|---|--|------------------------------|
| ASSETS: | | |
| Cash and cash equivalents | \$ 74,843 | \$ 77,169 |
| Securities available for sale | 384,232 | 447,865 |
| Securities to be held to maturity (fair value of \$57,791 in 2006 and \$64,402 in 2005) | 58,141 | 64,298 |
| Mortgage loans held for sale | 4,162 | 6,582 |
| Loans, net of allowance for loan losses of \$10,760 and \$11,009 (2006 and 2005) | 2,182,722 | 2,049,647 |
| Federal Home Loan Bank stock, at cost | 22,351 | 21,595 |
| Premises and equipment, net | 32,062 | 31,786 |
| Other assets and accrued interest receivable | 42,166 | 36,614 |
| TOTAL ASSETS | \$ 2,800,679 | \$ 2,735,556 |
| LIABILITIES: | | |
| Deposits: | | |
| Non-interest-bearing | \$ 279,800 | \$ 286,484 |
| Interest-bearing | 1,321,336 | 1,316,081 |
| Total deposits | 1,601,136 | 1,602,565 |
| Securities sold under agreements to repurchase and other short-term borrowings | 323,334 | 292,259 |
| Federal Home Loan Bank borrowings | 582,378 | 561,133 |
| Subordinated note | 41,240 | 41,240 |
| Other liabilities and accrued interest payable | 26,977 | 24,785 |
| Total liabilities | 2,575,065 | 2,521,982 |
| STOCKHOLDERS EQUITY: | | |
| Preferred stock, no par value | | |
| Class A Common Stock and Class B Common Stock, no par value | 4,666 | 4,475 |
| Additional paid in capital | 96,331 | 77,295 |
| Retained earnings | 129,663 | 136,381 |
| Unearned shares in Employee Stock Ownership Plan | (1,244) | (1,468) |
| Accumulated other comprehensive loss | (3,802) | (3,109) |
| Total stockholders equity | 225,614 | 213,574 |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | \$ 2,800,679 | \$ 2,735,556 |

See accompanying footnotes to consolidated financial statements.

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|---------------|-------------------------|---------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| INTEREST INCOME: | | | | |
| Loans, including fees | \$ 35,360 | \$ 28,320 | \$ 73,219 | \$ 63,221 |
| Securities | 5,116 | 4,462 | 10,251 | 8,927 |
| Federal Home Loan Bank stock and other | 609 | 620 | 1,383 | 1,402 |
| Total interest income | 41,085 | 33,402 | 84,853 | 73,550 |
| INTEREST EXPENSE: | | | | |
| Deposits | 10,502 | 7,373 | 20,509 | 14,265 |
| Securities sold under agreements to repurchase and other short-term borrowings | 3,724 | 2,450 | 6,992 | 4,577 |
| Federal Home Loan Bank borrowings | 5,870 | 4,612 | 10,979 | 9,246 |
| Subordinated note | 627 | | 1,247 | |
| Total interest expense | 20,723 | 14,435 | 39,727 | 28,088 |
| NET INTEREST INCOME | 20,362 | 18,967 | 45,126 | 45,462 |
| Provision for loan losses | 573 | (867) | 1,903 | 723 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 19,789 | 19,834 | 43,223 | 44,739 |
| NON INTEREST INCOME: | | | | |
| Service charges on deposit accounts | 4,615 | 3,793 | 8,728 | 7,055 |
| Electronic refund check fees | 523 | 833 | 3,951 | 5,828 |
| Net gain on sale of refund anticipation loans | 404 | | 2,418 | |
| Mortgage banking income | 487 | 726 | 942 | 1,352 |
| Debit card interchange fee income | 899 | 794 | 1,739 | 1,524 |
| Title insurance commissions | 403 | 435 | 695 | 785 |
| Other | 370 | 312 | 651 | 694 |
| Total non interest income | 7,701 | 6,893 | 19,124 | 17,238 |
| NON INTEREST EXPENSES: | | | | |
| Salaries and employee benefits | 10,056 | 9,430 | 21,424 | 18,965 |
| Occupancy and equipment, net | 3,660 | 3,332 | 7,383 | 6,688 |
| Communication and transportation | 595 | 633 | 1,302 | 1,503 |
| Marketing and development | 605 | 513 | 1,185 | 1,044 |
| Bankshares tax | 546 | 430 | 1,102 | 860 |
| Data processing | 564 | 431 | 1,094 | 850 |
| Debit card interchange expense | 385 | 344 | 773 | 655 |
| Supplies | 310 | 284 | 658 | 525 |
| Other | 1,472 | 1,431 | 3,113 | 2,993 |
| Total non interest expenses | 18,193 | 16,828 | 38,034 | 34,083 |

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------|------------------|--------|
| | June 30, | 2005 | June 30, | 2005 |
| | 2006 | | 2006 | |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE | 9,297 | 9,899 | 24,313 | 27,894 |
| INCOME TAX EXPENSE FROM CONTINUING OPERATIONS | 3,335 | 3,318 | 8,504 | 9,528 |
| INCOME FROM CONTINUING OPERATIONS BEFORE DISCONTINUED OPERATIONS, NET OF INCOME TAX EXPENSE | 5,962 | 6,581 | 15,809 | 18,366 |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS BEFORE INCOME TAX EXPENSE | (3) | 2,057 | (177) | 4,398 |
| INCOME TAX EXPENSE (BENEFIT) FROM DISCONTINUED OPERATIONS | (2) | 694 | (62) | 1,502 |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX EXPENSE (BENEFIT) | (1) | 1,363 | (115) | 2,896 |
| | | | &nb | |