

REPUBLIC BANCORP INC /KY/

Form 8-K/A

April 12, 2012

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

FORM 8-K/A
(Amendment No. 2)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2012

Republic Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Kentucky
(State or other jurisdiction of
incorporation)

0-24649
(Commission File Number)

61-0862051
(IRS Employer Identification No.)

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

40202
(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Explanatory Note

On January 27, 2012, as amended on February 1, 2012, Republic Bancorp, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original Report”) to report that Republic Bank & Trust Company (“RB&T”), a wholly-owned subsidiary of the Company, had entered into a Purchase and Assumption Agreement on January 27, 2012 (the “Agreement”) without loss share with the Federal Deposit Insurance Corporation (the “FDIC”) as Receiver. Pursuant to the Agreement, RB&T acquired select assets and assumed substantially all of the deposits and certain liabilities of Tennessee Commerce Bank (“TCB”), headquartered in Franklin, Tennessee. The final list and values of acquired assets and assumed liabilities remain subject to adjustment and revision by the FDIC and RB&T. Once such terms are finalized and agreed to, the acquisition will be deemed to be effective as of January 27, 2012.

This Current Report on Form 8-K/A (this “Amendment”) amends, updates, supplements and replaces in its entirety, the disclosure provided in Item 2.01 and Item 9.01 of the Original Report. Except as otherwise provided herein, the other disclosures made in the Original Report remain unchanged. All financial and other numeric measures of TCB as described in this Current Report were based upon information as of April 11, 2012 and may be subject to change.

Statements made in this Amendment, other than those concerning historical financial information, may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties. These forward-looking statements include, without limitation, statements regarding the Company’s expectations concerning its financial condition, operating results, cash flows, liquidity and capital resources. A discussion of risks, uncertainties and other factors that could cause actual results to differ materially from management’s expectations is set forth under the captions “Cautionary Statement Regarding Forward-Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

Item 2.01 Completion of Acquisition or Disposition of Assets

The following discussion of assets acquired and liabilities assumed are presented at estimated fair value on the date of the Agreement. The fair values of the assets acquired and liabilities assumed were determined as described in Note 3 to the Statement of Assets Acquired and Liabilities Assumed, dated as of January 27, 2012, and the accompanying notes thereto, which is attached hereto as Exhibit 99.1 and incorporated herein by reference (the “Audited Statements”). These fair value estimates are considered preliminary, and are subject to change for up to one year after the closing date of the acquisition as additional information relative to closing date fair values becomes available. RB&T and the FDIC are engaged in on-going discussions that may impact which assets and liabilities are ultimately acquired or assumed by RB&T and the purchase price. In addition, the tax treatment of FDIC assisted acquisitions is complex and subject to interpretations that may result in future adjustments of deferred taxes as of the acquisition date. The disclosure set forth in this Item 2.01 reflects the status of these items to the best of management’s knowledge as of April 11, 2012.

Under the terms of the Agreement, effective as of January 27, 2012, RB&T acquired assets and assumed liabilities as presented in the following table:

(in thousands)	Contractual Amount	Fair Value Adjustments	Fair Value
ASSETS			
Cash and cash equivalents	\$ 61,943	(89)	\$ 61,854
Securities available for sale	42,646		42,646
Loans to be repurchased by the FDIC, net of discount	19,800	(2,797)	17,003
Loans	79,112	(22,666)	56,446
Federal Home Loan Bank stock, at cost	2,491		2,491
Other assets and accrued interest receivable	945	(60)	885
Other real estate owned	14,189	(3,359)	10,830
Core deposit intangible	-	64	64
Discount	(56,970)	56,970	-
FDIC settlement receivable	784,545	-	784,545
TOTAL ASSETS ACQUIRED	\$ 948,701	\$ 28,063	\$ 976,764
LIABILITIES			
Deposits			
Non interest-bearing	\$ 19,754	\$ -	\$ 19,754
Interest-bearing	927,641	54	927,695
Total deposits	947,395	54	947,449
Accrued income taxes payable	-	9,988	9,988
Other liabilities and accrued interest payable	1,306	110	1,416
TOTAL LIABILITIES ASSUMED	\$ 948,701	\$ 10,152	\$ 958,853
EQUITY			
Bargain purchase gain, net of taxes	-	17,911	17,911
TOTAL LIABILITIES ASSUMED AND EQUITY	\$ 948,701	\$ 28,063	\$ 976,764

The foregoing summary of the Agreement is not complete and is qualified in its entirety by reference to the full text of the Agreement and certain exhibits attached thereto and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

Discussion

As set forth in Item 2.01 above, on January 27, 2017 (the "Acquisition Date"), Republic Bank & Trust Company ("RB&T") acquired certain assets and assumed substantially all of the deposits and certain liabilities of Tennessee Commerce Bank ("TCB") pursuant to the Purchase and Assumption Agreement with the Federal Deposit Insurance Corporation (the "FDIC"). A narrative description of the anticipated effects of the TCB acquisition on the Company's financial condition, liquidity, capital resources and operating results is presented below. This discussion should be read in conjunction with the historical financial statements and the related notes of the Company, which were filed with the Commission on Form 10-K on March 7, 2012 and the Audited Statement, which is attached hereto as Exhibit 99.1.

The Company has determined that the acquisition of the net assets of TCB constitutes a business acquisition as defined by the Business Combinations topic of the FASB ASC. Accordingly, the assets acquired and liabilities assumed as of January 27, 2012, are presented at their fair values in the table below as required by that topic. In many cases, the determination of these fair values required management to make estimates about discount rates, expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. The amount that RB&T realizes on these assets could differ materially from the carrying value reflected in the attached Audited Statement primarily as a result of changes in the timing and amount of collections on the acquired loans in future periods. The acquisition was completed without a loss sharing agreement. Additionally, RB&T and the FDIC are engaged in ongoing discussions that may impact the purchase price and which assets and liabilities are ultimately acquired or assumed by RB&T and/or the purchase price.

The TCB acquisition increased RB&T's total assets and total deposits, which are expected to positively affect RB&T's long-term operating results, as RB&T earns more from interest earned on its loans and investments than it pays in interest on deposits and other borrowings. The ability of RB&T to successfully collect interest and principal on loans acquired will also impact RB&T's cash flows and operating results.

On January 30, 2012, TCB's sole location re-opened as a division of RB&T.

RB&T expects to incur acquisition and integration costs of approximately \$2.0 million related to this transaction, with \$636,000 of these costs incurred during the quarter ended March 31, 2012. Included in the total amount is \$728,000 for estimated short-term retention bonuses for certain former TCB employees and short-term incentive bonuses for existing RB&T employees related to a successful branch consolidation and core system conversion scheduled for July 2012. In addition, the total also includes \$315,000 for estimated professional and consulting fees, as well as \$945,000 for a long-term incentive program for RB&T employees based upon a 2-year profitability target for the overall TCB operation. Management believes that RB&T will likely achieve on-going direct operating expenses for the one-location TCB franchise, in addition to the acquisition and integration costs just discussed, in a range of \$60,000 to \$70,000 per month subsequent to the branch consolidation and core system conversion scheduled for July 2012.

Financial Condition

In the TCB acquisition, RB&T purchased approximately \$99 million in loans with a fair value of approximately \$73 million. Subsequent to the Acquisition Date, the FDIC agreed to repurchase approximately \$20 million of these loans at a price of approximately \$17 million. The remaining TCB loans acquired represent approximately 3% of RB&T's total loans and leases (net of the allowance for loan losses) as of December 31, 2011. Other real estate acquired had an

estimated fair value of \$11 million on the Acquisition Date.

RB&T acquired \$62 million in cash and cash equivalents and \$43 million in securities at fair value. The substantial majority of the securities acquired were subsequently sold during the first quarter of 2012 with RB&T realizing a net gain on the corresponding sales of approximately \$56,000.

The following table presents information with respect to the carrying value of certain earning-assets acquired, as well as their principal amount and average effective yield and term, and the amounts of acquired loans with credit-related impairment that are accounted for in accordance with the provisions of the FASB Codification Topic 310-30: "Loans and Debt Securities Acquired with Deteriorated Credit Quality," formerly SOP 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer."

Schedule of Earning Assets Acquired

January 27, 2012, (in thousands)	Contractual Amount	Fair Value (2)	Average Months to Maturity	Effective Interest Rate
Earning Assets				
Money market, federal funds sold and other interest- earning investments	\$ 61,943	\$ 61,854	N/A	0.25 %