

REPUBLIC BANCORP INC /KY/
Form 11-K
June 26, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

Commission file number 0-24649

REPUBLIC BANCORP INC. 401(K) RETIREMENT PLAN

(Full title of the plan)

REPUBLIC BANCORP, INC.

(Name of issuer of the securities held pursuant to the plan)

601 West Market Street

Louisville, Kentucky 40202

(Address of principal executive office)

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN
Louisville, Kentucky

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

Louisville, Kentucky

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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Crowe Horwath LLP

Independent Member Crowe Horwath International

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Plan Administrator

Republic Bancorp Inc. 401(k) Retirement Plan

Louisville, Kentucky

We have audited the accompanying statements of net assets available for benefits of the Republic Bancorp Inc. 401(k) Retirement Plan (the Plan) as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

The supplemental Schedule H, Line 4i-Schedule of Assets (Held at End of Year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental schedule is the responsibility of the Plan s management. Our audit procedures included determining whether the information presented in the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental

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schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Crowe Horwath LLP

Louisville, Kentucky

June 26, 2015

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2014 and 2013

	2014	December 31,	2013
Assets:			
Investments at fair value:			
Republic Bancorp, Inc. Common Stock (Class A and B)	\$ 4,949,611	\$	5,180,247
Mutual funds	43,150,410		39,244,235
Guaranteed interest contract	6,545,374		6,714,444
Participant self-directed brokerage accounts:			
Republic Bancorp, Inc. Common Stock (Class A and B)	1,560,873		1,721,486
Other stocks	2,364,128		2,223,961
Mutual funds	1,466,421		1,527,579
Total investments, at fair value	60,036,817		56,611,952
Contribution receivable from Employer	46,708		40,514
Net assets available for benefits	\$ 60,083,525	\$	56,652,466

See accompanying notes to financial statements.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2014 and 2013

	Years Ended December 31,	
	2014	2013
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments (Note 4)	\$ 3,031,414	\$ 7,513,061
Interest and dividends	1,240,221	1,140,170
Total investment income	4,271,635	8,653,231
Contributions:		
Employer	1,513,988	1,619,565
Participants	2,799,442	3,018,856
Rollover	353,606	3,455,605
Total contributions	4,667,036	8,094,026
Total additions	8,938,671	16,747,257
Deductions from net assets attributed to:		
Benefits paid to participants:		
Qualified rollover	3,081,938	1,218,722
Other benefits	2,190,681	1,618,631
Administrative expenses	234,993	163,367
Total deductions	5,507,612	3,000,720
Net increase	3,431,059	13,746,537
Net assets available for benefits:		
Beginning of year	56,652,466	42,905,929
End of year	\$ 60,083,525	\$ 56,652,466

See accompanying notes to financial statements.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 1 PLAN DESCRIPTION

The following description of the Republic Bancorp Inc. 401(k) Retirement Plan (the Plan) is provided for general information. Participants should refer to the plan agreement for a complete description of the Plan's provisions. The sponsor of the Plan is Republic Bancorp, Inc. (the Company or Employer).

General: The Plan is a defined contribution plan covering all eligible employees of the Company. Employer matching contributions begin immediately, upon eligibility to participate in the plan. Eligibility requirements to participate in the Plan through December 31, 2013 included a minimum 21 years of age and 30 days of service. Effective January 1, 2014, the Company amended the Plan to remove the age and service requirements, with all employees prospectively eligible for Plan participation as soon as administratively feasible following their date of hire.

The Plan was amended and restated effective January 1, 2015. The amendment and restatement of the 401(k) plan was required by the IRS and incorporates prior amendments since the last restatement of the Plan in order to comply with the Internal Revenue Service's 2010 Cumulative List of Changes in Plan Qualification Requirements. In addition, the amendment of the trust agreement was intended to incorporate language also required by the Internal Revenue Service.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions: Participants in the Plan may contribute up to the maximum legal limit. If a participant elects to make a contribution to the Plan, the Employer may make a matching contribution of 100% of participant contributions up to 1% and an additional 75% for participant contributions between 2% and 5% of each participant's annual eligible compensation. In addition, the Employer may award a discretionary bonus match to eligible participants for meeting certain corporate financial performance goals. For the years ended December 31, 2014 and 2013, no discretionary bonus match was awarded.

Participant Accounts: Each participant's account is credited with the participant's contribution, any applicable Employer matching or bonus contribution and an allocation of plan earnings. Each participant's account is also charged with withdrawals and an allocation of administrative expenses. Forfeitures of terminated participants' non-vested accounts are used to offset Plan expenses (including the Employer contributions). Income is allocated on a basis proportional to

account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Retirement, Death and Disability: Participants are entitled to 100% of their account balance upon retirement, death or disability.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 1 PLAN DESCRIPTION (Continued)

Vesting: Participants are immediately vested in their contributions plus actual earnings thereon. Participants are 100% vested in the remainder of their accounts, including Company contributions plus earnings thereon, after two years of employment.

Payment of Benefits: On termination of service, a participant receives a lump-sum amount equal to the value of their vested interest in the account. If a participant's account balance exceeds \$5,000, no portion of the account balance will be distributed as a lump sum without the participant's consent. In addition, balances between \$1,000 and \$5,000 are automatically rolled over into an IRA product and balances under \$1,000 are automatically distributed in a cash lump sum payment.

Investment Options: All investment accounts are participant directed to either a) investments offered through the Plan or b) other permissible investments by way of participant self-directed brokerage accounts (Self-Directed). Employer matching and bonus contributions are allocated ratably based on each participant's contribution to their investment options.

Investments offered through the Plan include a guaranteed interest account, certain mutual funds, and shares of the Company's common stock. Participants may adjust their allocation on these investments up to 20 times per calendar year and may direct employee contributions in 1% increments.

Self-Directed investment options include any specific assets or investments permitted to be acquired by the trustee under the Plan. Self-Directed accounts are charged a transaction fee for any direct investments a participant makes, other than the investment options provided by the Plan.

Republic Bancorp, Inc. 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 Stock may be converted, at the option of the holder, to Class A Common Stock on a share for share basis. The Class A Common Stock is not convertible into any other class of Republic's capital stock. Class A and Class B shares participate equally in undistributed earnings.

Forfeitures: As of December 31, 2014 and 2013, approximately \$16,000 and \$75,000 of forfeited employer matching contributions were available to offset future plan expenses including Employer contributions.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared under the accrual basis of accounting.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect assets, liabilities, and changes therein and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year increase in or amount of net assets available for benefits.

Investment Valuation and Income Recognition: The Plan's investments are reported at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the plan's gains and losses on investments bought and sold, as well as, held during the year.

Payment of Benefits: Benefits are recorded when paid.

Risks and Uncertainties: The Plan provides for various investment options such as a guaranteed interest account, mutual funds, Company Stock and other securities. The investments are exposed to various risks, such as interest rate, market, liquidity and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in the value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits and participants' individual account balances.

Concentrations: Republic Bancorp, Inc. common stock represented 11% and 12% of the Plan's net assets available for benefits at December 31, 2014 and 2013. A change in the value of the Company's common stock can cause the value of the Plan's net assets available for benefits to change significantly due to this concentration.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fully Benefit-Responsive Investment Contracts: The Plan holds a direct interest in a fully benefit-responsive contract. While Plan investments are presented at fair value in the statement of net assets available for benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the statement of net assets available for benefits, because contract value is the relevant measurement attribute for that portion of the Plan's net assets available for benefits. Contract value represents contributions made to a contract, plus earnings, less participant withdrawals and administrative expenses. Participants in fully benefit-responsive contracts may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

NOTE 3 FAIR VALUE

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. The effect of a change in valuation technique or its application on a fair value estimate is accounted for prospectively as a change in accounting estimate. When evaluating indications of fair value resulting from the use of multiple valuation techniques, the Plan is to select the point within the resulting range of reasonable estimates of fair value that is most representative of fair value under current market conditions. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan 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 the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE 3 FAIR VALUE (Continued)

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The Plan recognizes transfers into and out of fair value hierarchy levels, if applicable, at the beginning of the period.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair values of investments apply to investments held directly by the Plan.

Mutual funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

Guaranteed Interest Account: The fair value of the Plan's investment contract has been determined to approximate contract value, as the terms of the contract prohibit transfer or assignment of rights under the contract and provide for all distributions at contract value, frequent re-setting of contractual interest rates based upon market conditions, no significant liquidity restrictions and no defined maturities. Generally, there are no events that could limit the ability of the plan to transact at contract value and there are no events that allow the issuer to terminate the contract and which require the Plan to settle at an amount different than contract value. In addition, management has determined that no adjustment from contract value is required for credit quality considerations (level 3 inputs).

Common stock: The fair values of Republic Bancorp, Inc. common stock and other common stocks are determined by obtaining quoted prices from nationally recognized exchanges (level 1 inputs).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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REPUBLIC BANCORP INC. 401(k) RETIREMENT PLAN

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NOTE 3 FAIR VALUE (Continued)

Investments measured at fair value on a recurring basis at December 31, 2014 and 2013 are summarized below:

	Fair Value Measurements at December 31, 2014 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total Fair Value
Participant-Directed investments, Other Than Self-Directed Brokerage Accounts:					
<i>Stocks:</i>					
Republic Bancorp, Inc. Common Stock Class (A and B)	\$ 4,949,611	\$	\$	\$	4,949,611
<i>Guaranteed interest account:</i>			6,545,374		6,545,374
<i>Mutual Funds:</i>					
Money Market	437,212				437,212
Equity	33,697,397				33,697,397
Fixed Income	9,015,801				9,015,801
Total Mutual Funds	43,150,410				43,150,410
Participant Self-Directed Brokerage Accounts:					
<i>Stocks:</i>					
Republic Bancorp, Inc. Common Stock Class (A and B)	1,560,873				1,560,873
Other financial Institutions	197,393				197,393
Energy Companies	348,651				348,651
Tobacco Companies	184,400				184,400
Pharmaceutical / Health Care Companies	192,903				192,903
Computer and Office Equipment, Services and Sales	375,629				375,629
Telephone Services	92,345				92,345
Real estate investment trusts	58,726				58,726
Other	914,081				914,081
Total Participant Self-Directed Stocks	3,925,001				3,925,001

Mutual Funds:

Money Market	1,279,853	1,279,853
Equity	149,651	149,651
Balanced	24,162	24,162
Fixed Income	12,755	12,755
Total Participant Self-Directed Mutual Funds	1,466,421	1,466,421

There were no transfers between Level 1 and Level 2 investments in 2014.

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NOTE 3 FAIR VALUE (Continued)

Fair Value Measurements at December 31, 2013 Using:				
Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total Fair Value