ATLAS AIR WORLDWIDE HOLDINGS INC
Form 424B7
May 13, 2009

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Filed Pursuant to Rule 424(B)(7)
Registration Number 333-142155

PROSPECTUS SUPPLEMENT
(to Prospectus dated April 30, 2007)

4,000,000 Shares

Common Stock

The selling stockholder is offering all of the shares of our common stock offered by this prospectus supplement. We will not receive any proceeds from the sale by the selling stockholder of shares of common stock in this offering. Our common stock is listed on The NASDAQ Global Select Market under the ticker symbol AAWW. On May 11, 2009, the closing price of our common stock on The NASDAQ Global Select Market was $29.32 per share.

Investing in our securities involves significant risks. Please read Risk Factors on page S-2 of this prospectus supplement and Risks Related to Our Business on page 2 of the accompanying prospectus, as well as the other information included and incorporated by reference herein and therein for a discussion of the factors that you should carefully consider before deciding to purchase our securities.

	Per Share	Total
Initial price to public	$ 24.00	$ 96,000,000
Underwriting discount	$ 1.02	$ 4,080,000
Proceeds, before expenses, to the selling stockholder	$ 22.98	$ 91,920,000

The selling stockholder has granted the underwriters a 30-day option to purchase up to 600,000 additional shares of common stock at the initial price to public less the underwriting discount.

Delivery of the shares will be made on or about May 18, 2009.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co. **Morgan Stanley**

The date of this prospectus supplement is May 12, 2009.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common stock. The second part is the accompanying prospectus or the base prospectus, which describes more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus , we are referring to both parts combined, and when we refer to the accompanying prospectus , we are referring to the base prospectus only. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described below under the heading Where You Can Find More Information.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Where You Can Find More Information.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the selling stockholder have not authorized anyone to provide you with different information. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate as of any date other than the respective dates of such documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, references to the company, AAWW, we, us and our are to Atlas Air Worldwide Holdings, Inc., a Delaware corporation, and its operating subsidiaries, unless the context requires otherwise.

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OUR COMPANY

We are the leading provider of leased wide-body freighter aircraft, furnishing outsourced air cargo operating services and solutions to the global air freight industry. As such, we manage and operate the world s largest fleet of 747 freighters. We provide unique value to our customers by giving them access to highly reliable new production freighters that deliver the lowest unit cost in the marketplace combined with outsourced aircraft operating services that lead the industry in terms of quality and global scale. Our customers include airlines, express delivery providers, freight forwarders, the U.S. military and charter brokers. We provide global services with operations in Asia, the Middle East, Australia, Europe, South America, Africa and North America.

We believe that the scale, scope and quality of our outsourced services are unparalleled in our industry. The relative operating cost efficiency of our current 747-400F aircraft and future 747-8F aircraft, including their superior fuel efficiency, capacity and loading capabilities, create a compelling value proposition for our customers.

Atlas Air Worldwide Holdings, Inc. is a holding company with a principal, wholly-owned, operating subsidiary, Atlas Air, Inc. (Atlas Air). We also have a 51% economic interest and 75% voting interest in Polar Air Cargo Worldwide, Inc. (Polar), which, since October 27, 2008, is accounted for under the equity method. On June 28, 2007, Polar issued shares representing a 49% economic interest and a 25% voting interest to DHL Network Operations (USA), Inc. (DHL), a subsidiary of Deutsche Post AG (DP). In February 2008, we formed Titan Aviation Leasing Limited (Titan) a wholly owned subsidiary based in Ireland, for the purpose of dry leasing aircraft and engines.

Our primary service offerings are:

Freighter aircraft leasing services, which encompass the following:

We provide outsourced operating solutions including the provision of crew, maintenance and insurance for the aircraft (hereinafter referred to as ACMI), while customers assume fuel, demand and yield risk. ACMI contracts typically range from three to six year periods for 747-400s and shorter periods for 747-200s. Included in ACMI is the provision of outsourced airport-to-airport wide-body cargo aircraft solutions to Polar for the benefit of DHL and other customers, which we refer to as Express Network ACMI services. Through this arrangement, we provide dedicated 747-400 aircraft servicing the requirements of DHL s global express operations through Polar as well as the requirements of Polar s other customers;

Dry leasing, whereby we provide aircraft and engine leasing solutions to third parties for one or more dedicated aircraft. We provide dry leasing services primarily to Global Supply Systems, a private company in which we own a 49% interest. We have also provided dry leasing services to other third party customers through both Atlas Air and our newly formed leasing subsidiary, Titan.

Charter services, which encompass the following:

Military charter services, whereby we provide air cargo services for the U.S. Air Mobility Command;

Commercial charters, whereby we provide all-inclusive cargo aircraft charters to brokers, freight forwarders, direct shippers and airlines. In addition, we have been providing airport-to-airport air cargo services to freight forwarders and other shipping customers in limited markets since October 2008.

AAWW was incorporated in Delaware in 2000. Our principal executive offices are located at 2000 Westchester Avenue, Purchase, New York 10577, and our telephone number is (914) 701-8000.

Our website is www.atlasair.com. The information on our website is not a part of this prospectus supplement.

Atlas and Polar hold various trademark registrations and have applications for additional registrations pending in several foreign jurisdictions. This prospectus supplement and the documents incorporated herein by reference also include trademarks, trade names and service marks of other companies. Use or display by us of other parties trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship of us by, these other parties.

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Recent Development

Increased Maintenance Expense. As we have previously disclosed, our maintenance, materials and repairs expense in the first quarter of 2009 was $29.2 million, and such expense in the second quarter of 2009 is expected to be significantly higher. This is primarily a result of the timing of certain expenditures in this period, which we anticipate will include at least three additional C Checks on our B747-400 aircraft and four additional engine overhauls. A C Check is a high level or heavy airframe maintenance check that is generally performed at 18 month intervals.

RISK FACTORS

Investing in our securities involves risk. You should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risk factors described below and other risk factors incorporated by reference from our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on February 26, 2009, as updated by our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009, filed with the SEC on May 5, 2009, and our other filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act filed after such annual report. The risk factors we have described are not the only ones we face. Our operations could also be impaired by additional risks and uncertainties. If any of these risks and uncertainties develop into actual events, our business, financial condition and results of operations could be materially and adversely affected.

U.S. citizenship requirements may limit common stock voting rights.

Under federal law and Department of Transportation (DOT) requirements, we must be owned and actually controlled by citizens of the United States, a statutorily defined term requiring, among other things, that not more than 25% of our issued and outstanding voting stock be owned and controlled, directly or indirectly, by non-U.S. citizens. DOT periodically conducts airline citizenship reviews and, if it finds that this requirement is not met, may require adjustment of the rights attendant to the airline s issued shares.

As one means to effect compliance, our certificate of incorporation and bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the Foreign Stock Record, results in a suspension of their voting rights. Our bylaws further limit the number of shares of our capital stock that may be registered on the Foreign Stock Record to 25% of our issued and outstanding shares. Registration on the Foreign Stock Record is made in chronological order based on the date we receive a written request for registration. As a result, if a non-U.S. citizen acquires shares of our common stock and does not or is not able to register those shares on our Foreign Stock Record, they may lose their ability to vote those shares. See Description of Capital Stock Foreign Ownership Restrictions for additional information on the foreign ownership restrictions applicable to the ownership of our shares.

Our financial condition may suffer if we experience unanticipated costs or enforcement action as a result of the ongoing Antitrust Division of the United States Department of Justice fuel surcharge investigation and other lawsuits and claims.

On February 14, 2006, the Antitrust Division of the United States Department of Justice (Antitrust Division) initiated a criminal investigation into the pricing practices of a number of cargo carriers, including Polar Air Cargo LLC (Polar LLC), a wholly owned subsidiary of the Company. The Antitrust Division is investigating whether during any part of January 2000 to February 2006 cargo carriers manipulated the market price for air cargo services sold in the U.S. and abroad, through the use of fuel surcharges, in violation of the U.S. federal antitrust laws. Polar LLC s counsel has been meeting periodically with the Antitrust Division staff. On April 28, 2009, Polar received a letter from the Antitrust Division staff informing it that it is a target of a grand jury investigation in the Northern District of Georgia in connection with the above referenced matters. This means that the Antitrust Division may ask the grand jury to indict Polar at some future time. While the letter was addressed to Polar, we believe it is more properly directed at Polar LLC, because, among other things, Polar was not an operating company during any of the periods subject to the investigation. The staff of the Antitrust Division has, however, to date declined to change the name of the target. As a result of the investigation, the Company and Polar LLC, along with a number of other cargo

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carriers, have been named co-defendants in a number of class action suits filed in multiple jurisdictions of the U.S. Federal District Court, and have been named in two civil class action suits in the provinces of Ontario and Quebec, Canada, which are substantially similar to the U.S. class action suits. Moreover, we have submitted relevant information and documentation to regulators in Australia, the European Union, Korea, New Zealand and Switzerland in connection with investigations initiated by such authorities into pricing practices of certain international air cargo carriers. These investigations and proceedings are continuing, and additional investigations and proceedings may be commenced and charges may be brought in these and other jurisdictions. Other parties may be added to these investigations and proceedings, and authorities may request additional information of the Company. If Polar LLC is unable to resolve the Antitrust Division investigation or is formally charged by the Antitrust Division as a result of this investigation, or if the Company were to incur an unfavorable outcome in connection with one or more of the related investigations or litigation, it could have a material adverse effect on the Company s business, results of operations and financial condition.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares by the selling stockholder.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Since May 31, 2006, our common stock has been traded on The NASDAQ Global Select Market under the symbol AAWW. The following table sets forth the closing high and low prices per share for our common stock for the periods indicated.

	High	Low
2009 Quarter Ended		
June 30 (through May 11, 2009)	$ 32.68	$ 17.54
March 31	$ 24.05	$ 10.03
2008 Quarter Ended		
December 31	$ 38.09	$ 9.05
September 30	$ 57.74	$ 37.94
June 30	$ 64.92	$ 49.46
March 31	$ 55.00	$ 47.13
2007 Quarter Ended		
December 31	$ 58.59	$ 52.02
September 30	$ 60.83	$ 48.94
June 30	$ 59.82	$ 53.69
March 31	$ 54.29	$ 44.00

The last reported sale price of our common stock on The NASDAQ Global Select Market on May 11, 2009 was $29.32 per share. As of March 31, 2009, there were 21,079,643 shares of our common stock issued and outstanding, excluding 886,438 shares held in treasury. There were 80 stockholders of record of our common stock on such date.

We have never paid a dividend with respect to our common stock, nor do we anticipate paying a dividend in the foreseeable future. Moreover, certain of our financing arrangements contain financial covenants that could limit our ability to pay cash dividends.

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DESCRIPTION OF CAPITAL STOCK

The following description summarizes important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. This description is in all respects subject to and qualified in its entirety by reference to: (i) our certificate of incorporation and our amended and restated bylaws, which are filed as exhibits to our Current Reports on Form 8-K dated February 16, 2001 (filed with the SEC on February 21, 2001) and June 27, 2006 (filed with the SEC on July 3, 2006), respectively, (ii) the certificate of designation relating to each series of preferred stock, which will be filed with the SEC in connection with an offering of such series of preferred stock and (iii) the relevant portions of the Delaware General Corporation Law.

Our authorized capital stock consists of 50,000,000 shares of common stock, $0.01 par value, and 10,000,000 shares of preferred stock, $1.00 par value.

Common Stock

General. As of March 31, 2009, there were 21,079,643 shares of common stock outstanding, excluding 886,438 shares held in treasury. There were 80 stockholders of record of our common stock on such date.

Voting Rights. The holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors, and they do not have cumulative voting rights. Accordingly, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose. Foreign Ownership Restrictions below contains a description of certain restrictions on voting by stockholders who are not U.S. citizens, as defined by applicable laws and regulations.

Dividends. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive ratably those dividends, if any, as may be declared by the board of directors out of legally available funds.

Liquidation, Dissolution and Winding Up. Upon our liquidation, dissolution or winding up, the holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the prior rights of any preferred stock then outstanding.

Preemptive Rights. Holders of our common stock have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking fund provisions applicable to our common stock.

Assessment. All outstanding shares of our common stock are fully paid and nonassessable.

Preferred Stock

As of the date of this prospectus, 10,000,000 shares of undesignated preferred stock are authorized, none of which is outstanding. The board of directors has the authority, without further action by the stockholders, to issue from time to time the undesignated preferred stock in one or more series and to fix the number of shares, designations, preferences, powers, and relative, participating, optional, or other special rights and the qualifications or restrictions thereof. The preferences, powers, rights, and restrictions of different series of preferred stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions, purchase funds, and other matters. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of our common stock or adversely affect the rights and powers, including voting rights, of the holders of our common stock and may have the effect of delaying, deferring or preventing a change in control of our company.

Registration Rights

On February 13, 2007, we entered into a registration rights agreement (and an amendment thereto that was made on March 12, 2007) with our largest stockholders, HMC Atlas Air, L.L.C. and Harbinger Capital Partners Special Situation Fund, L.P. (together, the Harbinger Entities) as required by our Final Modified Second Amended Joint Plan of Reorganization. As of March 4, 2009, and based on information filed with the SEC, the

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Harbinger Entities beneficially owned 8,406,290 shares (or approximately 39.9%) of our outstanding common stock, substantially all of which are covered by the registration rights agreement.

On April 16, 2007, we filed a shelf registration statement registering the resale of approximately 7.9 million shares of our common stock that are covered by the registration rights agreement and naming the Harbinger Entities as the selling security holders. In addition, HMC Atlas Air, L.L.C. has the right to request that we file with the SEC up to two additional registration statements, registering the resale of registrable shares by the Harbinger Entities, subject to certain limitations, including certain black-out rights. We also granted the Harbinger Entities piggyback registration rights with respect to registration statements filed by us for public offerings. The Harbinger Entities have agreed to enter into customary lock-up agreements that may be requested by an underwriter in connection with any offerings of common stock by us.

We have agreed to pay for certain registration expenses incurred in connection with any registration statement filed in accordance with the terms of the registration rights agreement and to reimburse the Harbinger Entities for certain legal expenses. The Harbinger Entities may transfer their rights under the registration rights agreement to certain U.S. persons that acquire at least 5% of our issued and outstanding common stock, provided that HMC Atlas Air, L.L.C. will retain the right (i) to request that we file a registration statement with the SEC and (ii) to amend, terminate or waive any term set forth in the registration rights agreement.

Certain Anti-Takeover Provisions of our Certificate of Incorporation and Bylaws and Delaware Law

Some provisions of Delaware law and our certificate of incorporation and bylaws contain provisions that could make the following transactions more difficult: (i) acquisition of us by means of a tender offer; (ii) acquisition of us by means of a proxy contest or otherwise; or (iii) removal of our incumbent officers and directors. These provisions, summarized below, are intended to encourage persons seeking to acquire control of us to first negotiate with our board of directors. These provisions also serve to discourage hostile takeover practices and inadequate takeover bids.

Issuance of Preferred Stock. As noted above, our board of directors, without stockholder approval, has the authority under our certificate of incorporation to issue preferred stock with rights superior to the rights of the holders of common stock. As a result, preferred stock could be issued quickly and easily, could adversely affect the rights of holders of common stock and could be issued with terms calculated to delay or prevent a change in control or make removal of management more difficult.

Stockholder Meetings. A majority of our board of directors, the chairman of the board or the chief executive officer may call special meetings of stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws contain advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee thereof.

Delaware Anti-Takeover Statute. We are subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits persons deemed interested stockholders from engaging in a business combination with a Delaware corporation for three years following the date these persons become interested stockholders, unless the business combination is approved in a prescribed manner. Generally, an interested stockholder is an entity or person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation s voting stock. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

The provisions of Delaware law and our certificate of incorporation and bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. Such provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make accomplishing transactions that stockholders may otherwise deem to be in their best interests more difficult.

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Other Measures that May Have an Anti-Taker Over Effect. In addition to the provisions discussed above, the Board of Directors plans to consider other measures that could have the effect of discouraging acquisitions of substantial blocks of Company common stock or otherwise discouraging acquisition transactions, including the adoption of a shareholder rights plan.

Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by the Delaware General Corporation Law and our bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by that law.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is BNY Mellon Shareowner Services.

NASDAQ Global Select Market

Our common stock is listed on The NASDAQ Global Select Market under the symbol AAWW.

Foreign Ownership Restrictions

Under federal law and DOT requirements, we must be owned and actually controlled by citizens of the United States as that term is defined in 49 U.S.C.§ 40102 (a)(15). In this regard, our President and at least two-thirds of our Board and officers must be U.S. citizens, at least 75% of our outstanding voting common stock must be owned and controlled, directly or indirectly, by persons who are citizens of the United States , and not more than 25% of our outstanding voting common stock may be owned and controlled, directly or indirectly, by persons who are not citizens of the United States. We believe that on the date of this prospectus supplement we are in compliance with these requirements.

Under our charter documents, consistent with U.S. law, there is a separate stock record, designated the Foreign Stock Record, for the registration of Voting Stock that is Beneficially Owned by persons who are not citizens of the United States. Voting Stock means all outstanding shares of our capital stock that we may issue from time to time which, by their terms, may vote. Beneficially Owned refers to owners of our securities who, directly or indirectly, have or share voting power and/or investment power.

At no time will ownership of our shares of common stock representing more than the Maximum Percentage be registered in the Foreign Stock Record. Maximum Percentage, which currently is 25%, refers to the maximum percentage of voting power of Voting Stock which may be voted by, or at the direction of, non-U.S. citizens without violating applicable statutory, regulatory or interpretative restrictions or adversely affecting Atlas s or Polar s operating certificates or authorities. If we find that the combined voting power of Voting Stock then registered in the Foreign Stock Record exceeds the Maximum Percentage, the registration of such shares will be removed from the Foreign Stock Record, in reverse chronological order based on the date of registration, and the voting rights of such Voting Stock removed from the Foreign Stock Record will be automatically suspended, sufficient to reduce the combined voting power of the shares so registered to an amount not in excess of the Maximum Percentage. It is the duty of each stockholder who is not a citizen of the United States to register his, her or its equity securities on our Foreign Stock Record.

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SELLING STOCKHOLDER

The information below with respect to beneficial ownership has been furnished by the selling stockholder and we have not sought to verify such information. Except as otherwise disclosed in this prospectus supplement and the accompanying prospectus, neither the selling stockholder nor any of its affiliates, officers, directors or principal equity holders has held any position or office or has had any material relationship with us or any of our predecessors or affiliates within the past three years.

The following table sets forth the name of the selling stockholder, the number of shares of common stock beneficially owned by the selling stockholder as of March 4, 2009, the number of shares of common stock that such selling stockholder may offer and sell pursuant to this prospectus supplement, and the number of shares of common stock and the percentage of the class of common stock to be beneficially owned by the selling stockholder after completion of this offering. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares.

	Shares Beneficially Owned Before the Offering		Number of Shares to be Sold in the Offering		Shares Beneficially Owned After the Offering			
					Assuming No Exercise of Overallotment Option	Assuming No Exercise of Overallotment Option	Assuming Exercise of Overallotment Option	Assuming Exercise of Overallotment Option
Name & Address Selling Stockholder	Number of Shares	Percentage of Outstanding(1)	Assuming No Exercise of Overallotment Option	Assuming Exercise of Overallotment Option	Number of Shares	Percentage of Outstanding(1)	Number of Shares	Percentage of Outstanding(1)
HMC Atlas Air, L.L.C.(2)	7,311,376	34.7%	4,000,000	4,600,000	3,311,376	15.7%	2,711,376	12.9%

(1) Calculated based on 21,079,643 shares of our common stock outstanding as of March 31, 2009.

(2) The securities owned by HMC Atlas Air, L.L.C., which we refer to as HMC Atlas Air, may also be deemed to be beneficially owned by Harbinger Capital Partners Offshore Manager, L.L.C., which we refer to as Harbinger Management, the Class A Shareholder of HMC Atlas Air, Harbinger Holdings, LLC, which we refer to as Harbinger Holdings, the managing member of Harbinger Management, and Philip Falcone, the managing member of Harbinger Holdings and the portfolio manager of HMC Atlas Air. The address for HMC Atlas Air is 555 Madison Avenue, 16th Floor, New York, New York 10022.

UNDERWRITING

Subject to the terms and conditions of an underwriting agreement, dated as of the date of this prospectus supplement, the underwriters named below have severally agreed with us and with the selling stockholder to purchase from the selling stockholder the number of shares of common stock set forth opposite their names below:

Underwriter	Number of Shares
Goldman, Sachs & Co.	2,400,000
Morgan Stanley & Co. Incorporated	1,600,000
Total	4,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than offered hereby, the underwriters have an option to buy up to an additional 600,000 shares from the selling stockholder. The underwriters may exercise that option for 30 days.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the selling stockholder. Such amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase 600,000 additional shares.

	Paid by the Selling Stockholder	
	No Exercise	Full Exercise
Per Share	$ 1.02	$ 1.02
Total	$ 4,080,000	$ 4,692,000

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $0.612 per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The offering of the shares by any underwriter is subject to receipt and acceptance and subject to such underwriter s right to reject any order in whole or in part.

We presently expect to incur expenses of approximately $250,000 in connection with this offering.

We have agreed with the underwriters that, subject to certain limited exceptions, without the prior written consent of the underwriters, we will not directly or indirectly, during the period commencing on the date hereof and ending 60 days after the date hereof, sell, offer to sell, grant any option for the sale of, enter into any agreement to sell, or otherwise dispose of any shares of our common stock.

The selling stockholder has agreed with the underwriters that, subject to certain limited exceptions, without the prior written consent of the underwriters, the selling stockholder will not directly or indirectly, during the period commencing on the date hereof and ending 60 days after the date hereof, sell, offer to sell, grant any option for the sale of, enter into any agreement to sell, or otherwise dispose of any shares of our common stock.

The underwriters, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release the common stock and other securities from lock-up agreements, the underwriters will consider, among other factors, the holder s reasons for requesting the release, the number of shares or other securities for which the release is being requested and market conditions at the time.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters option to purchase additional shares from the selling stockholder in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. Naked short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own account, may have the effect of preventing or retarding a decline in the market price of the common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on The NASDAQ Global Select Market, in the over-the-counter market or otherwise.

Neither we nor the selling stockholder and the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor the selling stockholder and the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy any security other than our shares offered hereby, and do not constitute an offer to sell or a solicitation of an offer to buy any shares to any person in any jurisdiction in which it is unlawful to make any such offer or solicitation to such person. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereby shall, under any circumstances, imply that there has been no change in our affairs or those of our subsidiaries or that the information contained herein is correct as of any date subsequent to the earlier of the date hereof and any earlier specified date with respect to such information. Any delivery of this prospectus supplement at any subsequent date does not imply that the information herein is correct at such subsequent date.

Shares of our common stock are listed on The NASDAQ Global Select Market under the ticker symbol AAWW.

A prospectus in electronic format may be made available on websites or through other online services maintained by the underwriters of this offering, or by their affiliates. Other than the prospectus in electronic format, the information on the underwriters websites and any information contained in any other website maintained by the underwriters or their affiliates is not part of this prospectus supplement and accompanying prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriters in their capacity as underwriters and should not be relied upon by investors.

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or if indemnification is not allowed, to contribute to payments the underwriters may be required to make because of those liabilities.

From time to time, the underwriters and certain of their affiliates have engaged, and may in the future engage, in transactions with, and perform investment banking and/or commercial banking services for, us and our affiliates in the ordinary course of business.

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LEGAL MATTERS

The legality of our common stock offered hereby will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts, and for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Paul, Weiss, Rifkind, Wharton & Garrison LLP will pass upon certain legal matters for the selling stockholder.

EXPERTS

The financial statements as of and for the years ended December 31, 2008 and 2007 and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) as of December 31, 2008, incorporated in this prospectus supplement by reference to Atlas Air Worldwide Holdings, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule for the year ended December 31, 2006 included in our Annual Report on Form 10-K for the year ended December 31, 2008, as set forth in their report, which is incorporated by reference in this prospectus supplement. Our financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP s report, given on their authority as experts in accounting and auditing.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

In this prospectus supplement, we incorporate by reference the information we file with the SEC, which means that we can disclose important business, financial and other information to you in this prospectus supplement by referring you to the documents containing this information. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file with the SEC after the date of this prospectus supplement will automatically update and supersede this information. However, any information contained herein shall modify or supersede information contained in documents we filed with the SEC before the date of this prospectus supplement.

We incorporate by reference in this prospectus supplement the documents listed below and any other documents we file with the SEC in the future (other than, in all cases, the portions of those documents deemed to be furnished to, and not filed with, the SEC) under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of all the securities that may be offered by this prospectus supplement is completed:

our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on February 26, 2009 (including the portions of our definitive Proxy Statement on Schedule 14A incorporated therein by reference);

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 filed with the SEC on May 5, 2009;

our Current Report on Form 8-K, filed with the SEC on February 6, 2009 (only with respect to Item 2.06 thereto); and

the description of our common stock which is contained in our registration statement on Form 8-A filed with the SEC on June 19, 2001 pursuant to Section 12 of the Exchange Act, including any subsequent amendments or reports filed for the purpose of updating that description.

THE INFORMATION CONTAINED ON OUR WEBSITE DOES NOT CONSTITUTE A PART OF, AND IS NOT INCORPORATED BY REFERENCE INTO, THIS PROSPECTUS SUPPLEMENT.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC s web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facility:

Public Reference Room
100 F Street, N.E.
Room 1580
Washington, DC 20549

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Room of the SEC at the above address. Please call 1-800-SEC-0330 for further information on the operations of the Public Reference Room and copying charges.

We will furnish without charge to each person to whom a copy of this prospectus supplement is delivered, upon written or oral request, a copy of the information that has been incorporated into this prospectus supplement by reference but not delivered with the prospectus supplement (except exhibits, unless they are specifically incorporated into this prospectus supplement by reference). You should direct any requests for copies to:

Atlas Air Worldwide Holdings, Inc.
2000 Westchester Avenue
Purchase, New York 10577
Ph: (914) 701-8000
Attention: Adam R. Kokas, Senior Vice President, General Counsel & Secretary

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PROSPECTUS

7,939,690 Shares

Common Stock

This prospectus relates to the offer and sale of up to 7,939,690 shares of the common stock of Atlas Air Worldwide Holdings, Inc. from time to time by the selling stockholders as described on page 3 of this prospectus. We will not receive any of the proceeds from the sale of shares being sold by the selling stockholders. The selling stockholders may offer the shares through public or private transactions at prevailing market prices or at privately negotiated prices, see the Plan of Distribution beginning on page 4 of this prospectus for more details. The selling shareholders may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, or the Securities Act. See Plan of Distribution on page 4 of this prospectus for more details. We have agreed to pay certain expenses in connection with the registration of the shares and to indemnify the selling shareholders against certain liabilities.

The shares are quoted on The NASDAQ Global Select Market under the ticker symbol AAWW. On April 12, 2007, the last sale price of the shares as reported by The NASDAQ Global Select Market was $56.77.

Investing in our common stock involves risks that are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the Securities and Exchange Commission, or the SEC , on March 15, 2007, and/or any risk factors set forth in our other filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act .

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 30, 2007.

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You should rely only on the information contained in or incorporated into this prospectus. We and the selling stockholders have not authorized anyone to provide you with different information. This prospectus may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus or incorporated by reference into this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

SUMMARY

This summary highlights information contained elsewhere in this prospectus and the information incorporated herein by reference. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the entire prospectus carefully and the information incorporated herein by reference, before deciding to invest in our common stock. In this prospectus, references to the company, AAWW, we, us and our are to Atlas Air Worldwide Holdings, Inc., a Delaware corporation, and its operating subsidiaries, unless the context requires otherwise.

Our Company

We are the leading provider of outsourced aircraft operations and related services, serving the global air freight industry by operating aircraft on behalf of the world s major international airlines, freight forwarders and the U.S. Military, as well as for our own account. Our geographic operating regions include Asia, Europe, the Middle East, South America and the United States. We are the world s largest operator of Boeing 747 freighter aircraft with an operating fleet totaling 37 aircraft at March 31, 2007 consisting of 17 Boeing 747 Classic freighters and 20 Boeing 747-400 aircraft. We will be adding to our operating fleet, having placed a firm order for 12 new Boeing 747-8 freighter aircraft in September 2006. All 12 aircraft are expected to be delivered in 2010 and 2011.

We create exceptional value by providing our customers a combination of highly reliable and proven aircraft, a large fleet and scale and scope of our network and operations. We provide flexibility to meet customer aircraft requirements, high-quality operations, and a track record for handling valuable cargo in a safe and timely manner.

Our principal business is aircraft operations outsourcing, with a focus in wide-body freighter operations. We operate aircraft on behalf of airlines, freight forwarders and the U.S. Military, as well as for our own account. Our primary services are:

- Aircraft operations outsourcing, where we provide major airline customers around the world with aircraft, crew, maintenance, insurance and related operations through long-term contracts or ACMI ;
- Scheduled service air-cargo, where we provide freight forwarders and other shippers with scheduled airport-to-airport cargo services;
- AMC charter, where we provide military air cargo services for the Air Mobility Command;
- Commercial charters, where we provide all-inclusive cargo aircraft charters to brokers, freight forwarders, direct shippers and airlines; and
- Dry leasing aircraft to aircraft operators with or without any other support services.

For additional information regarding our business, please see our Annual Report on Form 10-K for the year ended December 31, 2006 and our other filings with the SEC which are incorporated by reference into this prospectus. See, Where You Can Find More Information on page 7 of this prospectus.

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Risks Related to Our Business

You should carefully consider the risks that are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC on March 15, 2007, and/or any risk factors set forth in our other filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act.

Company Information

We were incorporated in Delaware in 2000. Our principal executive offices are located at 2000 Westchester Avenue, Purchase, New York 10577, and our telephone number is (914) 701-8000.

Our website is www.atlasair.com. The information on our website is not a part of this prospectus.

Our airline subsidiaries, Atlas and Polar, hold various trademark registrations and have applications for additional registrations pending in several foreign jurisdictions. This prospectus and the documents incorporated herein by reference also include trademarks, trade names and service marks of other companies. Use or display by us of other parties trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship of us by, these other parties.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in, or in documents incorporated into, this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you may identify forward-looking statements by words such as may, should, plan, intend, potential, continue, believe, exp anticipate, estimate, the negative of these words or other comparable words. These statements are only predictions. You should not place undue reliance on these forward-looking statements. Statements regarding the following subjects are forward-looking by their nature:

- our business strategy;
- our future operating results;
- our ability to obtain external financing;
- our understanding of our competition;
- industry and market trends;
- future capital expenditures;
- the impact of technology on our products, operations and business; and
- the details of our transaction with DHL which have not yet been settled.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information available to us as of March 31, 2007. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Neither we nor any other person assumes responsibility for the accuracy or completeness of these statements. We will update this prospectus only to the extent required under applicable securities laws. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements.

The forward-looking statements in this prospectus or incorporated into this prospectus by reference are not representations or guarantees of future performance and involve certain risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include, but are not limited to, any risk factors set forth in our other filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act. Many of such factors are beyond our control and are difficult to predict. As a result, our future actions, financial position, results of operations and the market price for shares of our common stock could differ materially from those expressed in any forward-looking statements made by us. Readers are therefore cautioned not to place undue reliance on forward-looking statements.

We also do not intend to publicly update any forward-looking statements that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

All net proceeds from the sale of the shares of common stock will go to the selling stockholders.

We will not receive any proceeds from the sale of shares by the selling stockholders. We are registering the shares for resale to provide the selling stockholders with freely tradable securities, but the registration of such shares does not necessarily mean that any of such shares will be offered or sold by the selling stockholders.

SELLING STOCKHOLDERS

The following table sets forth information regarding the selling stockholders beneficial ownership of our common stock as of March 12, 2007, the most recent date on which the selling stockholders filed an amendment to their Schedule 13D with the SEC. Neither the selling stockholders nor any of their affiliates has held a position or office, or had any other material relationship, with us in the last three years.

Name & Address Selling Stockholders	Number of Shares Beneficially Owned Before Offering	Percentage of Outstanding Shares Beneficially Owned Before Offering	Shares to be Sold in the Offering	Shares Beneficially Owned After Offering	Percentage of Outstanding Shares Owned After Offering
HMC Atlas Air, L.L.C.(1)	7,294,776	34.4%	7,294,776	0	0
Harbinger Capital Partners Special Situations Fund, L.P.(2)	644,914	3.0%	644,914	0	0

(1) The securities owned by HMC Atlas Air, L.L.C., which we refer to as HMC Atlas Air, may also be deemed to be beneficially owned by Harbinger Capital Partners Offshore Manager, L.L.C. , the class A shareholder of HMC Atlas Air, HMC Investors, L.L.C., its managing member, which we refer to as HMC Investors, Harbert Management Corporation, which we refer to as HMC, the managing member of HMC Investors, L.L.C., Philip Falcone, a shareholder of HMC and the portfolio manager of HMC Atlas Air, Raymond J. Harbert, a shareholder of HMC, and Michael D. Luce, a shareholder of HMC. Each such person disclaims beneficial ownership of the reported securities except to the extent of his or its pecuniary interest therein, and this report shall not be deemed an admission that such person is the beneficial owner of the securities for purposes of Section 13 or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose. The persons above may also be deemed to be affiliated with HMC Investments, Inc., a registered broker-dealer.

(2) The securities owned by Harbinger Capital Partners Special Situations Fund, L.P., which we refer to as Special Situations Fund, may also be deemed to be beneficially owned by Harbinger Capital Partners Special Situations GP, LLC, which we refer to as HCPSS, HMC-New-York, Inc., which we refer to as HMCNY, HMC, Philip Falcone, Raymond J. Harbert, and Michael D. Luce. HCPSS is the general partner of the Special Situations Fund, L.P. HMCNY is the managing member of HCPSS. HMC wholly owns HMCNY. Phillip Falcone is the portfolio manager of Special Situations Fund and is a shareholder of HMC. Raymond J. Harbert, and Michael D. Luce are shareholders of HMC. Each such person disclaims beneficial ownership of the reported securities except to the extent of his or its pecuniary interest therein, and this report shall not be deemed an admission that such person is the beneficial owner of the securities for purposes of Section 13 or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose. The persons above may also be deemed to be affiliated with HMC Investments, Inc., a registered broker-dealer.

On February 13, 2007, we entered into a registration rights agreement with our largest stockholder, HMC Atlas Air and its affiliate Harbinger Capital Partners Special Situations Fund, L.P. (together, the Harbinger Entities) as required by our Plan of Reorganization. As of March 12, 2007, the Harbinger Entities beneficially owned 7,939,690 shares (or approximately 37.4%) of our common stock, all of which are covered by the registration rights agreement.

Under the registration rights agreement, which was amended on March 12, 2007, we have agreed to file with the SEC, on the earlier of the date on which we become S-3 eligible or April 18, 2007, a shelf registration statement, registering the resale of shares of our common stock that are covered by the agreement and naming the Harbinger Entities as the selling security holders. In addition, at any time after we become eligible to file a registration statement on Form S-3, HMC Atlas Air will have the right to request that we file with the SEC up to two additional registration statements, registering the resale of registrable shares by the Harbinger Entities, subject to certain limitations, including certain black-out rights. We also granted the Harbinger Entities piggyback registration rights with respect to registration statements filed by us for public offerings. The Harbinger Entities have agreed to enter into customary lock-up agreements that may be requested by an underwriter in connection with any offerings of common stock by us.

We have agreed to pay for certain registration expenses incurred in connection with any registration statement filed in accordance with the terms of the registration rights agreement and to reimburse the Harbinger Entities for certain legal expenses. The Harbinger Entities may transfer their rights under the agreement to certain persons that acquire at least 5% of our issued and outstanding common stock, provided that HMC Atlas Air will retain the right (i) to request that we file a registration statement with the SEC and (ii) to amend, terminate or waive any term set forth in the agreement.

PLAN OF DISTRIBUTION

The common stock offered by this prospectus may be sold or distributed from time to time by the selling stockholders directly to one or more purchasers or through brokers, dealers, or underwriters who may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or the purchaser of the common stock, which discounts, concessions or commissions as to particular underwriters, brokers or agents may be in excess of those customary in the type of transactions involved.

The selling stockholders and any such broker-dealers or agents who participate in the distribution of the common stock may be deemed to be underwriters. As a result, any profits on the sale of the common stock by selling stockholders and any discounts, commissions or concessions received by any such broker-dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. If the selling stockholders were deemed to be underwriters, the selling stockholders may be subject to certain statutory liabilities as underwriters under the Securities Act.

If the common stock is sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent s commissions.

The sale of the common stock offered by this prospectus may be effected in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- prices related to prevailing market prices;
- varying prices determined at the time of sale; or
- negotiated prices.

The sale of the common stock offered by this prospectus may be effected in one or more of the following methods:

on any national securities exchange or quotation service on which the common stock may be listed or quoted at the time of the sale, including The NASDAQ Global Select Market;

transactions involving cross or block trades;

in the over-the counter market;

- through the distribution by any selling stockholder to its partners, members or shareholders;
- in other ways not involving market makers or established trading markets, including direct sales to purchasers or sales effected through agents;
- in privately negotiated transactions; or
- any combination of the foregoing.

In connection with the sales of the common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers. These broker-dealers may in turn engage in short sales of the common stock in the course of hedging their positions. The selling stockholders may also sell the common stock short and deliver the common stock to close out short positions, or loan or pledge the common stock to broker-dealers that in turn may sell the common stock.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualified for sale in the state or an exemption from the registration or qualification requirement is available and complied with.

We know of no existing arrangements between any selling stockholder, any other stockholder, broker, dealer, underwriter, or agent relating to the sale or distribution of the shares offered by this prospectus. To our knowledge, there are currently no plans, arrangements or understandings between any selling stockholders and any underwriter, broker-dealer or agent regarding the sale of the common stock by the selling stockholders. Selling stockholders may not sell any or all of the common stock offered by them pursuant to this prospectus. In addition, we cannot assure you that any such selling stockholders will not transfer, devise or gift the common stock by other means not described in this prospectus. There can be no assurance that any selling stockholders will sell any or all of the common stock pursuant to this prospectus. In addition, any common stock covered by this prospectus that qualifies for sale pursuant to Rule 144 of the Securities Act may be sold under Rule 144 rather than pursuant to this prospectus.

We will pay all of the expenses incident to the registration, offering, and sale of the shares to the public, other than commissions or discounts of underwriters, broker-dealers, or agents. We have also agreed to indemnify the selling stockholder and related persons against specified liabilities, including liabilities under the Securities Act.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons, we have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore, unenforceable.

We have advised each of the selling stockholders that while it is engaged in a distribution of the shares included in this prospectus it is required to comply with Regulation M promulgated under the Exchange Act. With certain exceptions, Regulation M precludes the selling stockholder, any affiliated purchasers, and any broker-dealer or other person who participates in the distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the shares offered hereby this prospectus.

This offering will terminate on the date that all shares offered by this prospectus have been sold by the selling stockholders.

LEGAL MATTERS

The legality of our common stock offered hereby will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts.

EXPERTS

The consolidated financial statements of Atlas Air Worldwide Holdings, Inc. appearing in Atlas Air Worldwide Holdings, Inc. s Annual Report (Form 10-K) for the year ended December 31, 2006 (including the schedule appearing therein), and Atlas Air Worldwide Holdings, Inc. management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management s assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC utilizing a shelf registration process, relating to the common stock described in this prospectus. This prospectus does not contain all of the information that is in the registration statement. We omitted certain parts of the registration statement for this prospectus as permitted by the SEC. We refer you to the registration statement and its exhibits for additional information about us and the securities that may be sold by the selling shareholders under this prospectus.

No person has been authorized to give any information or to make any representations other than those contained in this prospectus in connection with the offering made hereby, and if given or made, such information or representations must not be relied upon as having been authorized by us, any selling shareholder or by any other person. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that information herein is correct as of any time subsequent to the date hereof. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities covered by this prospectus, nor does it constitute an offer to or solicitation of any person in any jurisdiction in which such offer or solicitation may not lawfully be made.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

In this prospectus, we incorporate by reference the information we file with the SEC, which means that we can disclose important business, financial and other information to you in this prospectus by referring you to the documents containing this information. The information incorporated by reference is considered to be part of this prospectus, and information that we file with the SEC after the date of this prospectus will automatically update and supersede this information. However, any information contained herein shall modify or supersede information contained in documents we filed with the SEC before the date of this prospectus.

We incorporate by reference in this prospectus the documents listed below and any other documents we file with the SEC in the future (other than, in all cases, the portions of those documents deemed to be furnished to, and not filed with, the SEC) under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of all the securities that may be offered by this prospectus is completed:

our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 15, 2007;

our Current Reports on Form 8-K, filed with the SEC on January 16, 2007, February 16, 2007, February 27, 2007, March 7, 2007, March 19, 2007, March 22, 2007 and April 3, 2007; and the description of our common stock which is contained in our registration statement on Form 8-A filed with the SEC on June 19, 2001 pursuant to Section 12 of the Exchange Act, including any subsequent amendments or reports filed for the purpose of updating that description.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC s web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facility:

Public Reference Room
100 F Street, N.E.
Room 1580
Washington, DC 20549

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call 1-800-SEC-0330 for further information on the operations of the public reference facility and copying charges.

We will furnish without charge to each person to whom a copy of this prospectus is delivered, upon written or oral request, a copy of the information that has been incorporated into this prospectus by reference but not delivered with the prospectus (except exhibits, unless they are specifically incorporated into this prospectus by reference). You should direct any requests for copies to:

Atlas Air Worldwide Holdings, Inc.
2000 Westchester Avenue
Purchase, New York 10577
Ph: (914) 701-8000
Attention: Adam R. Kokas, Senior Vice President, General Counsel & Secretary

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Prospectus Supplement

Prospectus

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Years Ended December 31, (in thousands)

2016

2015

2014

Residential real estate:

Owner occupied - correspondent*

$

47,446

$

113,232

$

230,340

Consumer:

Other consumer*

4,422

4,284

5,484

Total purchased loans

$

51,868

$

117,516

$

235,824

*Represents origination amount, inclusive of applicable purchase premiums.

Loans Acquired in Cornerstone Acquisition

The following table summarizes loans acquired in the Company's May 17, 2016 Cornerstone acquisition, finalized as of October 1, 2016:

(in thousands)	May 17, 2016 Contractual Receivable	Non-accretable Discount	Accretable Discount	Acquisition-Day Fair Value
Residential real estate:				
Owner occupied	$ 15,487	$ —	$ (393)	$ 15,094
Nonowner occupied	11,196	—	(101)	11,095
Commercial real estate	106,089	—	(1,498)	104,591
Construction & land development	18,277	—	(502)	17,775
Commercial & industrial	11,462	—	(191)	11,271
Home equity	20,652	—	(350)	20,302
Consumer and other	2,347	—	(147)	2,200
Total loans - ASC 310-20	185,510	—	(3,182)	182,328
Residential real estate:				
Owner occupied	2,963	(822)	(15)	2,126
Nonowner occupied	1,721	(320)	(167)	1,234
Commercial real estate	4,315	(617)	(197)	3,501
Construction & land development	175	—	—	175
Commercial & industrial	66	(1)	1	66
Home equity	382	(178)	(11)	193
Consumer and other	4	(3)	—	1
Total loans - ASC 310-30 - PCI loans	9,626	(1,941)	(389)	7,296
Total loans acquired	$ 195,136	$ (1,941)	$ (3,571)	$ 189,624

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Purchased-Credit-Impaired (“PCI”) Loans

The Bank acquired PCI loans on May 17, 2016 in its Cornerstone acquisition and during the year ended December 31, 2012 in two FDIC-assisted transactions. PCI loans are accounted for under ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality.

Management utilized the following criteria in determining which loans were classified as PCI loans for its May 17, 2016 Cornerstone acquisition:

- Loans for which the Bank assigned a non-accretable discount
- Loans classified as nonaccrual when acquired
- Loans past due 90+ days when acquired

The following table reconciles the contractually required and carrying amounts of all PCI loans at December 31, 2016 and 2015:

December 31, (in thousands)	2016	2015
Contractually-required principal	$ 15,587	$ 18,250
Non-accretable amount	(1,713)	(1,582)
Accretable amount	(3,600)	(4,125)
Carrying value of loans	$ 10,274	$ 12,543

The following table presents a rollforward of the accretable amount on all PCI loans for years ended December 31, 2016, 2015 and 2014:

Years Ended December 31, (in thousands)	2016	2015	2014
Balance, beginning of period	$ (4,125)	$ (2,297)	$ (3,457)
Transfers between non-accretable and accretable	(206)	(4,055)	(3,783)
Net accretion into interest income on loans, including loan fees	1,120	2,227	4,943
Generated from acquisition of Cornerstone Bancorp, Inc. (recasted)	(389)	—	—
Balance, end of period	$ (3,600)	$ (4,125)	$ (2,297)

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Credit Quality Indicators

Bank procedures for assessing and maintaining credit gradings differs slightly depending on whether a new or renewed loan is being underwritten, or whether an existing loan is being re-evaluated for potential credit quality concerns. The latter usually occurs upon receipt of updated financial information, or other pertinent data, that would potentially cause a change in the loan grade. Specific Bank procedures follow:

- For new and renewed commercial and industrial (“C&I”), commercial real estate (“CRE”) and construction and land development loans, the Bank’s CAD assigns the credit quality grade to the loan.

- Commercial loan officers are responsible for monitoring their respective loan portfolios and reporting any adverse material changes to the senior management. When circumstances warrant a review and possible change in the credit quality grade, loan officers are required to notify the Bank’s CAD.

- A senior officer meets monthly with commercial loan officers to discuss the status of past due loans and possible classified loans. These meetings are designed to give loan officers an opportunity to identify existing loans that should be downgraded.

- Monthly, members of senior management along with managers of Commercial Lending, CAD, Accounting, Special Assets and Retail Collections attend a Special Asset Committee (“SAC”) meeting. The SAC reviews all C&I and CRE, classified, and impaired loans and discusses the relative trends and current status of these assets. In addition, the SAC reviews all classified and impaired retail residential real estate loans and all classified and impaired home equity loans. SAC also reviews the actions taken by management regarding credit quality grades, foreclosure mitigation, loan extensions, troubled debt restructurings and collateral repossessions. Based on the information reviewed in this meeting, the SAC approves all specific loan loss allocations to be recognized by the Bank within the Allowance analysis.

- All new and renewed warehouse lines of credit are approved by the Executive Loan Committee. The CAD assigns the initial credit quality grade to warehouse facilities. Monthly, members of senior management review warehouse lending activity including data associated with the underlying collateral to the Warehouse facilities, i.e., the mortgage loans associated with the balances drawn. Key performance indicators monitored include average days outstanding for each draw, average Fair Isaac Corporation (“FICO”) credit report score for the underlying collateral, average loan-to-value (“LTV”) for the underlying collateral and other factors deemed relevant.

On at least an annual basis, the Bank’s internal loan review department analyzes all aggregate lending relationships with outstanding balances greater than $1 million that are internally classified as “Special Mention,” “Substandard,” “Doubtful” or “Loss.” In addition, on an annual basis, the Bank analyzes a sample of “Pass” rated loans.

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, public information, and current economic trends. The Bank also considers the fair value of the underlying collateral and the strength and willingness of the guarantor(s). The Bank analyzes loans individually, and based on this analysis, establishes a credit risk rating. The Bank uses the following definitions for risk ratings:

Risk Grade 1 — Excellent (Pass): Loans fully secured by liquid collateral, such as certificates of deposit, reputable bank letters of credit, or other cash equivalents; loans fully secured by publicly traded marketable securities where there is no impediment to liquidation; or loans to any publicly held company with a current long-term debt rating of A or better.

Risk Grade 2 — Good (Pass): Loans to businesses that have strong financial statements containing an unqualified opinion from a Certified Public Accounting firm and at least three consecutive years of profits; loans supported by unaudited financial statements containing strong balance sheets, five consecutive years of profits, a five-year satisfactory relationship with the Bank, and key balance sheet and income statement trends that are either stable or positive; loans that are guaranteed or otherwise backed by the full faith and credit of the U.S. government or an agency thereof, such as the Small Business Administration; or loans to publicly held companies with current long-term debt ratings of Baa or better.

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Risk Grade 3 — Satisfactory (Pass): Loans supported by financial statements (audited or unaudited) that indicate average or slightly below average risk and having some deficiency or vulnerability to changing economic conditions; loans with some weakness but offsetting features of other support are readily available; loans that are meeting the terms of repayment, but which may be susceptible to deterioration if adverse factors are encountered.

Risk Grade 4 — Satisfactory/Monitored (Pass): Loans in this category are considered to be of acceptable credit quality, but contain greater credit risk than Satisfactory loans due to weak balance sheets, marginal earnings or cash flow, or other uncertainties. These loans warrant a higher than average level of monitoring to ensure that weaknesses do not advance. The level of risk in a Satisfactory/Monitored loan is within acceptable underwriting guidelines so long as the loan is given the proper level of management supervision.

Risk Grade 5 — Special Mention: Loans that possess some credit deficiency or potential weakness that deserves close attention. Such loans pose an unwarranted financial risk that, if not corrected, could weaken the loan by adversely impacting the future repayment ability of the borrower. The key distinctions of a Special Mention classification are that (1) it is indicative of an unwarranted level of risk and (2) credit weaknesses are considered potential and are not defined impairments to the primary source of repayment.

Purchased Credit Impaired Loans - Group 1 (“PCI-1”): To the extent that a PCI loan’s performance does not reflect an increased risk of loss of contractual principal beyond the non-accretable yield established as part of its initial day-one evaluation, such loan would be classified in the Purchased Credit Impaired - Group 1 (“PCI-1”) category, whose credit risk is considered by management equivalent to a non-PCI “Special Mention” loan within the Bank’s credit rating matrix. PCI-1 loans are considered impaired if, based on current information and events, it is probable that the future estimated cash flows of the loan have deteriorated from management’s initial acquisition day estimate. Provisions are made for impaired PCI-1 loans to further discount the loan and allow its yield to conform to at least management’s initial expectations. Any improvement in the expected performance of a PCI-1 loan would result in a reversal of the Provision to the extent of prior charges and then an adjustment to accretable yield, which would have a positive impact on interest income.

Purchased Credit Impaired Loans — Substandard (“PCI-Sub”): If during the Bank’s periodic evaluations of its PCI loan portfolio, management deems a PCI-1 loan to have an increased risk of loss of contractual principal beyond the non-accretable yield established as part of its initial day-one evaluation, such loan would be classified PCI-Substandard (“PCI-Sub”) within the Bank’s credit risk matrix. Management deems the risk of default and overall credit risk of a PCI-Sub loan to be greater than a PCI-1 loan and more analogous to a non-PCI “Substandard” loan within the Bank’s credit rating matrix. PCI-Sub loans are considered to be impaired. Any improvement in the expected performance of a PCI-Sub loan would result in a reversal of the Provision to the extent of prior charges and then an adjustment to accretable yield, which would have a positive impact on interest income.

Risk Grade 6 — Substandard: One or more of the following characteristics may be exhibited in loans classified as Substandard:

- Loans that possess a defined credit weakness. The likelihood that a loan will be paid from the primary source of repayment is uncertain. Financial deterioration is under way and very close attention is warranted to ensure that the loan is collected without loss.
- Loans are inadequately protected by the current net worth and paying capacity of the obligor.
- The primary source of repayment is gone, and the Bank is forced to rely on a secondary source of repayment, such as collateral liquidation or guarantees.
- Loans have a distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.
- Unusual courses of action are needed to maintain a high probability of repayment.
- The borrower is not generating enough cash flow to repay loan principal, however, it continues to make interest payments.
- The Bank is forced into a subordinated or unsecured position due to flaws in documentation.
- The Bank is seriously contemplating foreclosure or legal action due to the apparent deterioration in the loan.
  - There is significant deterioration in market conditions to which the borrower is highly vulnerable.

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Risk Grade 7 — Doubtful: One or more of the following characteristics may be present in loans classified as Doubtful:

- Loans have all of the weaknesses of those classified as Substandard. However, based on existing conditions, these weaknesses make full collection of principal highly improbable.
- The primary source of repayment is gone, and there is considerable doubt as to the quality of the secondary source of repayment.
- The possibility of loss is high but because of certain important pending factors, which may strengthen the loan, loss classification is deferred until the exact status of repayment is known.

Risk Grade 8 — Loss: Loans are considered uncollectible and of such little value that continuing to carry them as assets is not feasible. Loans will be classified “Loss” when it is neither practical nor desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be possible at some time in the future.

For all real estate and consumer loans, including small-dollar RGP loans, that do not meet the scope above, the Bank uses a grading system based on delinquency and nonaccrual status. Loans that are 90 days or more past due or on nonaccrual are graded Substandard. Occasionally, a real estate loan below scope may be graded as “Special Mention” or “Substandard” if the loan is cross-collateralized with a classified C&I or CRE loan.

Purchased loans accounted for under ASC Topic 310-20 are accounted for as any other Bank-originated loan, potentially becoming nonaccrual or impaired, as well as being risk rated under the Bank’s standard practices and procedures. In addition, these loans are considered in the determination of the Allowance once day-one fair values are final.

Management separately monitors PCI loans, and on at least a quarterly basis, reviews them against the factors and assumptions used in determining day-one fair values. In addition to its quarterly evaluation, a PCI loan is typically reviewed when it is modified or extended, or when information becomes available to the Bank that provides additional insight regarding the loan’s performance, the status of the borrower, or the quality or value of the underlying collateral.

If a troubled debt restructuring is performed on a PCI loan, the loan is considered impaired under the applicable TDR accounting standards and transferred out of the PCI population. The loan may require an additional Provision if its restructured cash flows are less than management’s initial day-one expectations. PCI loans for which the Bank simply chooses to extend the maturity date are generally not considered TDRs and remain in the PCI population.

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The following tables include loans by risk category based on the Bank's internal analysis performed:

December 31, 2016 (in thousands)	Pass	Special Mention*	Substandard*	Doubtful / Loss	Purchased Credit Impaired Loans - Group 1	Purchased Credit Impaired Loans - Substandard	Total Rated Loans**
Residential real estate:							
Owner occupied	$ —	$ 21,344	$ 13,117	$ —	$ 218	$ 2,267	$ 36,946
Owner occupied - correspondent	—	—	—	—	—	—	—
Nonowner occupied	—	656	1,115	—	523	—	2,294
Commercial real estate	1,005,622	7,086	4,224	—	7,049	—	1,023,981
Commercial real estate - purchased whole loans	36,515	—	—	—	—	—	36,515
Construction & land development	118,769	90	791	—	—	—	119,650
Commercial & industrial	264,274	1,270	154	—	23	—	265,721
Lease financing receivables	13,614			—	—	—	13,614
Warehouse lines of credit	585,439	—	—	—	—	—	585,439
Home equity	—	256	1,763	—	94	99	2,212
Consumer:							
RPG loans	—	—	82	—	—	—	82
Credit cards	—	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—	—
Other consumer	—	—	166	—	1	—	167
Total rated loans	$ 2,024,233	$ 30,702	$ 21,412	$ —	$ 7,908	$ 2,366	$ 2,086,621

Purchased Purchased

December 31, 2015 (in thousands)	Pass	Special Mention*	Substandard*	Doubtful Loss	Credit Impaired Loans - Group 1	Credit Impaired Loans - Substandard	Total Rated Loans**
Residential real estate:							
Owner occupied	$ —	$ 24,301	$ 14,577	$ —	$ 560	$ —	$ 39,438
Owner occupied - correspondent	—	—	—	—	—	—	—
Nonowner occupied	—	860	1,557	—	785	—	3,202
Commercial real estate	803,369	5,070	6,530	—	9,918	—	824,887
Commercial real estate - purchased whole loans	35,674	—	—	—	—	—	35,674
Construction & land development	63,750	96	2,621	—	33	—	66,500
Commercial & industrial	227,344	936	194	—	1,247	—	229,721
Lease financing receivables	8,905	—	—	—	—	—	8,905
Warehouse lines of credit	386,729	—	—	—	—	—	386,729
Home equity	—	21	2,296	—	—	—	2,317
Consumer:							
RPG loans	—	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—	—
Other consumer	—	28	58	—	—	—	86
Total rated loans	$ 1,525,771	$ 31,312	$ 27,833	$ —	$ 12,543	$ —	$ 1,597,459

*At December 31, 2016 and 2015, Special Mention loans included $2 million and $180,000 and Substandard loans included $928,000 and $1 million, which were removed from PCI accounting in accordance with ASC 310-30-35-13 due to a post-acquisition troubled debt restructuring.

**The above tables excludes all non-classified residential real estate, home equity and consumer loans at the respective period ends.

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Subprime Lending

Both the Traditional Banking segment and the RPG segment of the Company have certain classes of loans that are considered to be "subprime" strictly due to the credit score of the borrower at the time of origination.

Traditional Bank loans considered subprime totaled approximately $50 million and $51 million at December 31, 2016 and 2015. Approximately $13 million and $14 million of the outstanding Traditional Bank subprime loan portfolio at December 31, 2016 and 2015 were originated for Community Reinvestment Act ("CRA") purposes. Management does not consider these loans to possess significantly higher credit risk due to other underwriting qualifications.

The RCS division of the RPG segment originates both a short-term line-of-credit product and a credit card product. The Bank sells 90% of the balances maintained through these two products within two days of loan origination and retains a 10% interest. Both of these products are unsecured and made to borrowers with subprime or near prime credit scores. The aggregate outstanding balance held-for-investment for these two portfolios totaled $20 million and $7 million at December 31, 2016 and 2015.

Allowance for Loan and Lease Losses

Activity in the Allowance follows:

December 31, (in thousands)	2016	2015	2014
Allowance, beginning of period	$ 27,491	$ 24,410	$ 23,026
Charge-offs - Core Banking	(3,382)	(3,001)	(3,558)
Charge-offs - RPG	(8,474)	(971)	(5)
Total charge-offs	(11,856)	(3,972)	(3,563)
Recoveries - Core Banking	1,573	1,362	1,506
Recoveries - RPG	1,219	295	582
Total recoveries	2,792	1,657	2,088

Net (charge-offs) recoveries - Core Banking	(1,809)	(1,639)	(2,052)
Net (charge-offs) recoveries - RPG	(7,255)	(676)	577
Net (charge-offs) recoveries	(9,064)	(2,315)	(1,475)
Provision - Core Banking	3,945	3,065	3,392
Provision - RPG	10,548	2,331	(533)
Total provision	14,493	5,396	2,859
Allowance, end of period	$ 32,920	$ 27,491	$ 24,410

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The following tables present the activity in the Allowance by portfolio class for the years ended December 31, 2016, 2015 and 2014:

	Residential Real Estate				Commercial Real Estate -			
Year Ended December 31, 2016 (in thousands)	Owner Occupied	Owner Occupied Correspondent	Nonowner Occupied	Commercial Real Estate	Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receivables
Beginning balance	$ 8,301	$ 623	$ 1,052	$ 7,636	$ 36	$ 1,303	$ 1,455	$ 89
Provision	(1,148)	(250)	79	768	—	513	259	47
Charge-offs	(416)	—	—	(514)	—	(44)	(330)	—
Recoveries	421	—	8	152	—	78	127	—
Ending balance	$ 7,158	$ 373	$ 1,139	$ 8,042	$ 36	$ 1,850	$ 1,511	$ 136

			Consumer					
(continued)	Warehouse Lines of Credit	Home Equity	RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Consumer	Total
Beginning balance	$ 967	$ 2,996	$ 1,699	$ 448	$ 351	$ 56	$ 479	$ 27,491
Provision	497	961	10,548	154	898	481	686	14,493
Charge-offs	—	(351)	(8,474)	(164)	(816)	(12)	(735)	(11,856)
Recoveries	—	151	1,219	52	242	1	341	2,792
Ending balance	$ 1,464	$ 3,757	$ 4,992	$ 490	$ 675	$ 526	$ 771	$ 32,920

	Residential Real Estate				Commercial Real Estate -			
Year Ended December 31, 2015 (in thousands)	Owner Occupied	Owner Occupied Correspondent	Nonowner Occupied	Commercial Real Estate	Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receivables

Beginning balance	$ 8,565	$ 567	$ 837	$ 7,740	$ 34	$ 926	$ 1,167	$ 25
Provision	50	56	331	344	2	377	282	64
Charge-offs	(622)	—	(126)	(546)	—	—	(56)	—
Recoveries	308	—	10	98	—	—	62	—
Ending balance	$ 8,301	$ 623	$ 1,052	$ 7,636	$ 36	$ 1,303	$ 1,455	$ 89

(continued)	Warehouse Lines of Credit	Home Equity	Consumer RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Consumer	Total
Beginning balance	$ 799	$ 2,730	$ 44	$ 285	$ 382	$ 32	$ 277	$ 24,410
Provision	168	584	2,331	256	255	24	272	5,396
Charge-offs	—	(466)	(971)	(146)	(598)	—	(441)	(3,972)
Recoveries	—	148	295	53	312	—	371	1,657
Ending balance	$ 967	$ 2,996	$ 1,699	$ 448	$ 351	$ 56	$ 479	$ 27,491

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Year Ended December 31, 2014 (in thousands)	Residential Real Estate Owner Occupied	Owner Occupied - Correspondent	Nonowner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Leas Fina Rece
Beginning balance	$ 7,816	$ —	$ 1,023	$ 8,309	$ 34	$ 1,296	$ 1,089	$ –
Provision	1,448	567	(28)	144	—	(441)	(16)	25
Charge-offs	(836)	—	(185)	(868)	—	(18)	(20)	–
Recoveries	137	—	27	155	—	89	114	–
Ending balance	$ 8,565	567	$ 837	$ 7,740	$ 34	$ 926	$ 1,167	25

(continued)	Warehouse Lines of Credit	Home Equity	Consumer RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Consumer	Total
Beginning balance	$ 449	$ 2,396	$ —	$ 289	$ 199	$ 54	$ 72	$ 23,026
Provision	350	699	(533)	49	383	(22)	234	2,859
Charge-offs	—	(548)	(5)	(88)	(591)	—	(404)	(3,563)
Recoveries	—	183	582	35	391	—	375	2,088
Ending balance	$ 799	$ 2,730	$ 44	$ 285	$ 382	32	$ 277	$ 24,410

Nonperforming Loans and Nonperforming Assets

Detail of nonperforming loans and nonperforming assets and select credit quality ratios follows:

December 31, (dollars in thousands)	2016	2015
Loans on nonaccrual status*	$ 15,892	$ 21,712
Loans past due 90-days-or-more and still on accrual**	167	224
Total nonperforming loans	16,059	21,936

Other real estate owned	1,391	1,220
Total nonperforming assets	$ 17,450	$ 23,156
Credit Quality Ratios - Total Company:		
Nonperforming loans to total loans	0.42 %	0.66 %
Nonperforming assets to total loans (including OREO)	0.46	0.70
Nonperforming assets to total assets	0.36	0.55
Credit Quality Ratios - Core Bank:		
Nonperforming loans to total loans	0.42 %	0.66 %
Nonperforming assets to total loans (including OREO)	0.46	0.70
Nonperforming assets to total assets	0.36	0.55

*Loans on nonaccrual status include impaired loans.

**Loans past due 90-days-or-more and still accruing consist of PCI loans or smaller balance consumer loans.

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The following table presents the recorded investment in nonaccrual loans and loans past due 90-days-or-more and still on accrual by class of loans:

	Nonaccrual		Past Due 90-Days-or-More and Still Accruing Interest*	
December 31, (in thousands)	2016	2015	2016	2015
Residential real estate:				
Owner occupied	$ 10,955	$ 13,197	$ —	$ —
Owner occupied - correspondent	—	—	—	—
Nonowner occupied	852	935	—	—
Commercial real estate	2,725	3,941	—	224
Commercial real estate - purchased whole loans	—	—	—	—
Construction & land development	77	1,589	—	—
Commercial & industrial	154	194	—	—
Lease financing receivables	—	—	—	—
Warehouse lines of credit	—	—	—	—
Home equity	1,069	1,793	—	—
Consumer:				
RPG loans	—	—	82	—
Credit cards	—	—	—	—
Overdrafts	—	—	—	—
Automobile loans	—	—	—	—
Other consumer	60	63	85	—
Total	$ 15,892	$ 21,712	$ 167	$ 224

* Loans past due 90-days-or-more and still accruing consist of PCI loans or smaller balance consumer loans.

Nonaccrual loans and loans past due 90-days-or-more and still on accrual include both smaller balance, primarily retail, homogeneous loans that are individually evaluated for impairment and classified impaired loans. Nonaccrual loans are typically returned to accrual status when all the principal and interest amounts contractually due are brought current and held current for six consecutive months and future contractual payments are reasonably assured. TDRs on nonaccrual status are reviewed for return to accrual status on an individual basis, with additional consideration given to performance under the modified terms.

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The Bank considers the performance of the loan portfolio and its impact on the Allowance. For residential and consumer loan classes, the Bank also evaluates credit quality based on the aging status of the loan and by payment activity. The following tables present the recorded investment in residential and consumer loans based on payment activity as of December 31, 2016 and 2015:

	Residential Real Estate				Consumer				
er 31, 2016 sands)	Owner Occupied	Owner Occupied - Correspondent	Nonowner Occupied	Home Equity	RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Othe Con
ing	$ 989,193	$ 149,028	$ 155,753	$ 340,216	$ 32,170	$ 13,414	$ 803	$ 52,579	$
orming	10,955	—	852	1,069	82	—	—	—	
	$ 1,000,148	$ 149,028	$ 156,605	$ 341,285	$ 32,252	$ 13,414	$ 803	$ 52,579	$

	Residential Real Estate				Consumer				
ber 31, 2015 usands)	Owner Occupied	Owner Occupied - Correspondent	Nonowner Occupied	Home Equity	RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Cons
ning	$ 1,068,737	$ 249,344	$ 115,359	$ 287,401	$ 7,204	$ 11,068	$ 685	$ 6,473	$ 1
rforming	13,197	—	935	1,793	—	—	—	—	6
	$ 1,081,934	$ 249,344	$ 116,294	$ 289,194	$ 7,204	$ 11,068	$ 685	$ 6,473	$ 1

Delinquent Loans

The following tables present the aging of the recorded investment in loans by class of loans:

December 31, 2016 (dollars in thousands)	30 - 59 Days Delinquent	60 - 89 Days Delinquent	90 or More Days Delinquent*	Total Delinquent**	Total Current	Total
Residential real estate:						
Owner occupied	$ 1,696	$ 337	$ 2,521	$ 4,554	$ 995,594	$ 1,000,148
	—	—	—	—	149,028	149,028

Owner occupied - correspondent						
Nonowner occupied	—	—	46	46	156,559	156,605
Commercial real estate	8	—	417	425	1,023,556	1,023,981
Commercial real estate - purchased whole loans	—	—	—	—	36,515	36,515
Construction & land development	—	—	—	—	119,650	119,650
Commercial & industrial	342	—	—	342	265,379	265,721
Lease financing receivables	—	—	—	—	13,614	13,614
Warehouse lines of credit	—	—	—	—	585,439	585,439
Home equity	316	160	494	970	340,315	341,285
Consumer:						
RPG loans	1,751	304	82	2,137	30,115	32,252
Credit cards	14	4	—	18	13,396	13,414
Overdrafts	159	1	1	161	642	803
Automobile loans	—	—	—	—	52,579	52,579
Other consumer	114	106	85	305	19,439	19,744
Total	$ 4,400	$ 912	$ 3,646	$ 8,958	$ 3,801,820	$ 3,810,778
Delinquency ratio***	0.12 %	0.02 %	0.10 %	0.24 %		

*All loans past due 90 days-or-more, excluding PCI loans, were on nonaccrual status.

**Delinquent status may be determined by either the number of days past due or number of payments past due.

***Represents total loans 30-days-or-more past due divided by total loans.

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December 31, 2015 (dollars in thousands)	30 - 59 Days Delinquent	60 - 89 Days Delinquent	90 or More Days Delinquent*	Total Delinquent**	Total Current	Total
Residential real estate:						
Owner occupied	$ 1,960	$ 1,044	$ 3,878	$ 6,882	$ 1,075,052	$ 1,081,934
Owner occupied - correspondent	—	—	—	—	249,344	249,344
Nonowner occupied	14	—	39	53	116,241	116,294
Commercial real estate	178	—	933	1,111	823,776	824,887
Commercial real estate - purchased whole loans	—	—	—	—	35,674	35,674
Construction & land development	—	—	1,500	1,500	65,000	66,500
Commercial & industrial	299	—	—	299	229,422	229,721
Lease financing receivables	—	—	—	—	8,905	8,905
Warehouse lines of credit	—	—	—	—	386,729	386,729
Home equity	206	1	1,186	1,393	287,801	289,194
Consumer:						
RPG loans	246	—	—	246	6,958	7,204
Credit cards	10	2	—	12	11,056	11,068
Overdrafts	133	—	—	133	552	685
Automobile loans	—	—	—	—	6,473	6,473
Other consumer	42	60	—	102	11,896	11,998
Total	$ 3,088	$ 1,107	$ 7,536	$ 11,731	$ 3,314,879	$ 3,326,610
Delinquency ratio***	0.09 %	0.03 %	0.23 %	0.35 %		

*All loans past due 90 days-or-more, excluding PCI loans, were on nonaccrual status.

**Delinquent status may be determined by either the number of days past due or number of payments past due.

***Represents total loans 30-days-or-more past due divided by total loans.

Impaired Loans

Information regarding the Bank’s impaired loans follows:

December 31, (in thousands)	2016	2015	2014
Loans with no allocated Allowance	$ 21,416	$ 26,143	$ 32,560
Loans with allocated Allowance	31,268	39,980	53,620
Total impaired loans	$ 52,684	$ 66,123	$ 86,180
Amount of the Allowance	$ 4,925	$ 5,427	$ 5,564
Average of individually impaired loans during the year	56,981	74,482	92,428
Interest income recognized during impairment	1,466	1,882	4,279
Cash basis interest income recognized	—	—	—

Approximately $4 million and $7 million of impaired loans at December 31, 2016 and 2015 were PCI loans. Approximately $3 million and $1 million of impaired loans at December 31, 2016 and 2015 were formerly PCI loans which became classified as “impaired” through a post-acquisition troubled debt restructuring.

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The following tables present the balance in the Allowance and the recorded investment in loans by portfolio class based on impairment method as of December 31, 2016 and 2015:

ember 31, 2016 housands)	Residential Real Estate Owner Occupied	Owner Occupied - Correspondent	Nonowner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financin Receiva
owance: ing Allowance nce:								
vidually uated for airment, uding PCI s	$ 3,203	$ —	$ 65	$ 532	$ —	$ 120	$ 227	$ —
ectively uated for airment	3,797	373	1,067	7,465	36	1,730	1,284	136
loans with acquisition airment	158	—	7	45	—	—	—	—
loans without acquisition airment	—	—	—	—	—	—	—	—
l ending owance:	$ 7,158	$ 373	$ 1,139	$ 8,042	$ 36	$ 1,850	$ 1,511	$ 136
ns: aired loans vidually uated, uding PCI s	$ 31,908	$ —	$ 1,601	$ 11,769	$ —	$ 882	$ 686	$ —
ns collectively uated for airment	965,755	149,028	154,481	1,005,163	36,515	118,768	265,012	13,6
loans with acquisition airment	2,297	—	268	1,164	—	—	—	—
loans without acquisition airment	188	—	255	5,885	—	—	23	—

al ending loan nce	$ 1,000,148	$ 149,028	$ 156,605	$ 1,023,981	$ 36,515	$ 119,650	$ 265,721	$ 13,6

(continued)	Warehouse Lines of Credit	Home Equity	Consumer RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Consumer	Total
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$ —	$ 433	$ —	$ —	$ —	$ —	$ 36	$ 4,616
Collectively evaluated for impairment	1,464	3,225	4,992	490	675	526	735	27,995
PCI loans with post acquisition impairment	—	99	—	—	—	—	—	309
PCI loans without post acquisition impairment	—	—	—	—	—	—	—	—
Total ending Allowance:	$ 1,464	$ 3,757	$ 4,992	$ 490	$ 675	$ 526	$ 771	$ 32,920
Loans:								
Impaired loans individually evaluated, excluding PCI loans	$ —	$ 1,929	$ —	$ —	$ —	$ —	$ 81	$ 48,856
Loans collectively evaluated for impairment	585,439	339,163	32,252	13,414	803	52,579	19,662	3,751,648
	—	99	—	—	—	—	—	3,828

PCI loans with post acquisition impairment								
PCI loans without post acquisition impairment	—	94	—	—	—	—	1	6,446
Total ending loan balance	$ 585,439	$ 341,285	$ 32,252	$ 13,414	$ 803	$ 52,579	$ 19,744	$ 3,810,778

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ecember 31, 2015 n thousands)	Residential Real Estate Owner Occupied	Owner Occupied - Correspondent	Nonowner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receival
llowance:								
nding Allowance alance:								
ndividually valuated for npairment, xcluding PCI oans	$ 3,820	$ —	$ 78	$ 339	$ —	$ 159	$ 196	$ —
ollectively valuated for npairment	4,471	623	878	6,806	36	1,144	1,137	89
CI loans with ost acquisition npairment	10	—	96	491	—	—	122	—
CI loans without ost acquisition npairment	—	—	—	—	—	—	—	—
otal ending llowance:	$ 8,301	$ 623	$ 1,052	$ 7,636	$ 36	$ 1,303	$ 1,455	$ 89
oans:								
npaired loans ndividually valuated, xcluding PCI oans	$ 39,041	$ —	$ 2,351	$ 12,441	$ —	$ 2,717	$ 322	$ —
oans collectively valuated for npairment	1,042,334	249,344	113,158	802,528	35,674	63,750	228,151	8,905
CI loans with ost acquisition npairment	65	—	785	4,806	—	—	1,193	—
CI loans without ost acquisition npairment	494	—	—	5,112	—	33	55	—
otal ending loan alance	$ 1,081,934	$ 249,344	$ 116,294	$ 824,887	$ 35,674	$ 66,500	$ 229,721	$ 8,905

(continued)	Warehouse Lines of Credit	Home Equity	Consumer RPG Loans	Credit Cards	Overdrafts	Automobile Loans	Other Consumer	Total
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$ —	$ 100	$ —	$ —	$ —	$ —	$ 16	$ 4,708
Collectively evaluated for impairment	967	2,896	1,699	448	351	56	463	22,064
PCI loans with post acquisition impairment	—	—	—	—	—	—	—	719
PCI loans without post acquisition impairment	—	—	—	—	—	—	—	—
Total ending Allowance:	$ 967	$ 2,996	$ 1,699	$ 448	$ 351	$ 56	$ 479	$ 27,491
Loans:								
Impaired loans individually evaluated, excluding PCI loans	$ —	$ 2,316	$ —	$ —	$ —	$ —	$ 86	$ 59,274
Loans collectively evaluated for impairment	386,729	286,878	7,204	11,068	685	6,473	11,912	3,254,793
PCI loans with post acquisition impairment	—	—	—	—	—	—	—	6,849

PCI loans without post acquisition impairment	—	—	—	—	—	—	—	5,694
Total ending loan balance	$ 386,729	$ 289,194	$ 7,204	$ 11,068	$ 685	$ 6,473	$ 11,998	$ 3,326,610

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The following tables present loans individually evaluated for impairment by class of loans as of December 31, 2016, 2015 and 2014. The difference between the "Unpaid Principal Balance" and "Recorded Investment" columns represents life-to-date partial write downs/charge-offs taken on individual impaired credits.

	As of December 31, 2016			Twelve Months Ended December 31, 2016		
(in thousands)	Unpaid Principal Balance	Recorded Investment	Allowance Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
Impaired loans with no related allowance recorded:						
Residential real estate:						
Owner occupied	$ 13,727	$ 12,629	$ —	$ 13,219	$ 140	$ —
Owner occupied - correspondent	—	—	—	—	—	—
Nonowner occupied	1,399	1,376	—	1,293	20	—
Commercial real estate	6,610	5,536	—	6,462	106	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	476	476	—	476	20	—
Commercial & industrial	67	67	—	115	7	—
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—
Home equity	1,358	1,287	—	1,674	15	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	45	45	—	70	—	—
Impaired loans with an allowance recorded:						
Residential real estate:						
Owner occupied	21,595	21,576	3,361	22,867	782	—
Owner occupied - correspondent	—	—	—	—	—	—
Nonowner occupied	491	493	73	799	24	—
Commercial real estate	7,397	7,397	577	8,592	292	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	405	406	120	421	19	—
Commercial & industrial	619	619	227	621	1	—
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—

Home equity	742	741	532	331	39	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	37	36	35	41	1	—
Total impaired loans	$ 54,968	$ 52,684	$ 4,925	$ 56,981	$ 1,466	$ —

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	As of December 31, 2015			Twelve Months Ended December 31, 2015		
(in thousands)	Unpaid Principal Balance	Recorded Investment	Allowance Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
Impaired loans with no related allowance recorded:						
Residential real estate:						
Owner occupied	$ 14,287	$ 13,256	$ —	$ 10,907	$ 100	$ —
Owner occupied - correspondent	—	—	—	—	—	—
Non owner occupied	1,978	1,928	—	2,234	31	—
Commercial real estate	7,406	6,743	—	9,653	170	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	2,067	2,067	—	2,096	19	—
Commercial & industrial	18	18	—	1,682	3	—
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—
Home equity	2,263	2,087	—	2,222	23	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	44	44	—	32	—	—
Impaired loans with an allowance recorded:						
Residential real estate:						
Owner occupied	25,896	25,850	3,830	28,917	885	—
Owner occupied - correspondent	—	—	—	—	—	—
Non owner occupied	1,231	1,208	174	2,004	60	—
Commercial real estate	10,546	10,504	830	11,378	469	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	650	650	159	664	36	—
Commercial & industrial	1,497	1,497	318	2,351	81	—
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—
Home equity	258	229	100	292	4	—
Consumer:						
RPG loans	—	—	—	—	—	—

Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	42	42	16	50	1	—
Total impaired loans	$ 68,183	$ 66,123	$ 5,427	$ 74,482	$ 1,882	$ —

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(in thousands)	As of December 31, 2014 Unpaid Principal Balance	Recorded Investment	Allowance Allocated	Twelve Months Ended December 31, 2014 Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
Impaired loans with no related allowance recorded:						
Residential real estate:						
Owner occupied	$ 6,598	$ 6,196	$ —	$ 6,745	$ 351	$ —
Owner occupied - correspondent	—	—	—	—	—	—
Non owner occupied	2,368	2,215	—	1,758	130	—
Commercial real estate	17,282	16,248	—	16,809	912	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	2,144	2,144	—	2,118	165	—
Commercial & industrial	3,943	3,943	—	4,047	252	—
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—
Home equity	1,969	1,814	—	1,839	105	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—
Impaired loans with an allowance recorded:						
Residential real estate:						
Owner occupied	36,361	35,794	3,301	35,121	1,350	—
Owner occupied - correspondent	—	—	—	—	—	—
Non owner occupied	2,755	2,727	165	4,685	172	—
Commercial real estate	12,653	12,614	1,278	16,722	672	—
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	483	483	187	498	26	—
Commercial & industrial	1,534	1,534	367	1,495	115	—
Lease financing receivables	—	—	—	—	—	—

Warehouse lines of credit	—	—	—	—	—	—
Home equity	452	406	225	518	25	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	62	62	41	73	4	—
	$ 88,604	$ 86,180	$ 5,564	$ 92,428	$ 4,279	$ —

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Troubled Debt Restructurings

A TDR is a situation where, due to a borrower's financial difficulties, the Bank grants a concession to the borrower that the Bank would not otherwise have considered. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of their debt in the foreseeable future without the modification. This evaluation is performed in accordance with the Bank's internal underwriting policy.

All TDRs are considered "Impaired," including PCI loans subsequently restructured. The majority of the Bank's commercial related and construction TDRs involve a restructuring of financing terms such as a reduction in the payment amount to require only interest and escrow (if required) and/or extending the maturity date of the debt. The substantial majority of the Bank's residential real estate TDR concessions involve reducing the client's loan payment through a rate reduction for a set period based on the borrower's ability to service the modified loan payment. Retail loans may also be classified as TDRs due to legal modifications, such as bankruptcies.

Nonaccrual loans modified as TDRs typically remain on nonaccrual status and continue to be reported as nonperforming loans for a minimum of six months. Accruing loans modified as TDRs are evaluated for nonaccrual status based on a current evaluation of the borrower's financial condition and ability and willingness to service the modified debt. At December 31, 2016 and 2015, $10 million and $12 million of TDRs were on nonaccrual status.

Detail of TDRs differentiated by loan type and accrual status follows:

	Troubled Debt Restructurings on Nonaccrual Status		Troubled Debt Restructurings on Accrual Status		Total Troubled Debt Restructurings	
December 31, 2016 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate	79	$ 7,199	198	$ 21,554	277	$ 28,753
Commercial real estate	6	2,430	17	8,835	23	11,265
Construction & land development	1	77	4	804	5	881
Commercial & industrial	1	154	2	533	3	687
Total troubled debt restructurings	87	$ 9,860	221	$ 31,726	308	$ 41,586

	Troubled Debt Restructurings on Nonaccrual Status		Troubled Debt Restructurings on Accrual Status		Total Troubled Debt Restructurings	
December 31, 2015 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate	74	$ 7,365	233	$ 27,844	307	$ 35,209
Commercial real estate	9	3,324	17	8,008	26	11,332
Construction & land development	2	1,589	6	1,128	8	2,717
Commercial & industrial	1	194	5	128	6	322
Total troubled debt restructurings	86	$ 12,472	261	$ 37,108	347	$ 49,580

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The Bank considers a TDR to be performing to its modified terms if the loan is in accrual status and not past due 30 days-or-more as of the reporting date. A summary of the categories of TDR loan modifications outstanding and respective performance under modified terms at December 31, 2016 and 2015 follows:

	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
December 31, 2016 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	2	$ 155	1	$ 493	3	$ 648
Rate reduction	148	18,125	57	6,213	205	24,338
Principal deferral	7	616	7	306	14	922
Legal modification	17	806	38	2,039	55	2,845
Total residential TDRs	174	19,702	103	9,051	277	28,753
Commercial related and construction/land development loans:						
Interest only payments	5	2,666	1	413	6	3,079
Rate reduction	8	4,769	2	228	10	4,997
Principal deferral	10	2,737	5	2,020	15	4,757
Total commercial TDRs	23	10,172	8	2,661	31	12,833
Total troubled debt restructurings	197	$ 29,874	111	$ 11,712	308	$ 41,586

	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
December 31, 2015 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	2	$ 631	—	$ —	2	$ 631
Rate reduction	183	24,734	46	5,650	229	30,384

Principal deferral	9		789	7		771	16		1,560
Legal modification	30		1,226	30		1,408	60		2,634
Total residential TDRs	224		27,380	83		7,829	307		35,209
Commercial related and construction/land development loans:									
Interest only payments	6		1,517	1		481	7		1,998
Rate reduction	10		5,021	3		727	13		5,748
Principal deferral	12		2,726	8		3,899	20		6,625
Total commercial TDRs	28		9,264	12		5,107	40		14,371
Total troubled debt restructurings	252	$	36,644	95	$	12,936	347	$	49,580

As of December 31, 2016 and 2015, 72% and 74% of the Bank's TDRs were performing according to their modified terms. The Bank had provided $4 million and $5 million of specific reserve allocations to clients whose loan terms have been modified in TDRs as of December 31, 2016 and 2015. The Bank had no commitments to lend any additional material amounts to its existing TDR relationships at December 31, 2016 and 2015.

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A summary of the categories of TDR loan modifications and respective performance as of December 31, 2016, 2015 and 2014 that were modified during the years ended December 31, 2016, 2015 and 2014 follows:

	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
December 31, 2016 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	1	$ 146	—	$ —	1	$ 146
Rate reduction	6	566	3	149	9	715
Principal deferral	—	—	—	—	—	—
Legal modification	4	319	7	741	11	1,060
Total residential TDRs	11	1,031	10	890	21	1,921
Commercial related and construction/land development loans:						
Interest only payments	2	1,718	—	—	2	1,718
Rate reduction	2	749	1	135	3	884
Principal deferral	1	465	1	1,429	2	1,894
Total commercial TDRs	5	2,932	2	1,564	7	4,496
Total troubled debt restructurings	16	$ 3,963	12	$ 2,454	28	$ 6,417

	Troubled Debt Restructurings Performing to Modified Terms		Troubled Debt Restructurings Not Performing to Modified Terms		Total Troubled Debt Restructurings	
December 31, 2015 (dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	1	$ 617	—	$ —	1	$ 617
Rate reduction	17	2,148	5	519	22	2,667

Principal deferral	—	—	2	43	2	43
Legal modification	3	153	4	162	7	315
Total residential TDRs	21	2,918	11	724	32	3,642
Commercial related and construction/land development loans:						
Interest only payments	3	465	—	—	3	465
Rate reduction	1	815	—	—	1	815
Principal deferral	4	716	4	1,898	8	2,614
Total commercial TDRs	8	1,996	4	1,898	12	3,894
Total troubled debt restructurings	29	$ 4,914	15	$ 2,622	44	$ 7,536

The tables above are inclusive of loans that were TDRs at the end of previous years and were re-modified, e.g., a maturity date extension during the current year.

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December 31, 2014 (dollars in thousands)	Performing to Modified Terms		Not Performing to Modified Terms		Troubled Debt Restructurings	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate loans (including home equity loans):						
Interest only payments	—	$ —	4	$ 389	4	$ 389
Rate reduction	21	2,274	11	1,773	32	4,047
Principal deferral	5	820	1	28	6	848
Legal modification	20	1,846	15	559	35	2,405
Total residential TDRs	46	4,940	31	2,749	77	7,689
Commercial related and construction/land development loans:						
Interest only payments	4	1,185	2	385	6	1,570
Rate reduction	9	4,411	2	584	11	4,995
Principal deferral	7	1,102	2	1,726	9	2,828
Legal modification	—	—	—	—	—	—
Total commercial TDRs	20	6,698	6	2,695	26	9,393
Total troubled debt restructurings	66	$ 11,638	37	$ 5,444	103	$ 17,082

The table above is inclusive of loans that were TDRs at the end of previous years and were re-modified, e.g., a maturity date extension during the current year.

As of December 31, 2016, 2015 and 2014, 62%, 65% and 68% of the Bank's TDRs that occurred during the years ended December 31, 2016, 2015 and 2014 were performing according to their modified terms. The Bank provided approximately $377,000, $300,000 and $1 million in specific reserve allocations to clients whose loan terms were modified in TDRs during 2016, 2015 and 2014.

There was no significant change between the pre and post modification loan balances at December 31, 2016, 2015 and 2014.

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The following tables present loans by class modified as troubled debt restructurings within the previous 12 months of December 31, 2016, 2015 and 2014 and for which there was a payment default during 2016, 2015 and 2014:

	Years Ended December 31,					
	2016		2015		2014	
(dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential real estate:						
Owner occupied	5	$ 498	12	$ 724	10	$ 1,894
Owner occupied - correspondent	—	—	—	—	—	—
Nonowner occupied	—	—	—	—	6	580
Commercial real estate	—	—	2	1,704	7	3,429
Commercial real estate - purchased whole loans	—	—	—	—	—	—
Construction & land development	1	86	—	—	1	101
Commercial & industrial	—	—	1	194	1	207
Lease financing receivables	—	—	—	—	—	—
Warehouse lines of credit	—	—	—	—	—	—
Home equity	1	286	—	—	—	—
Consumer:						
RPG loans	—	—	—	—	—	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Automobile loans	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—
Total	7	$ 870	15	$ 2,622	25	$ 6,211

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Foreclosures

The following table presents the carrying amount of foreclosed properties held at December 31, 2016 and 2015 as a result of the Bank obtaining physical possession of such properties:

December 31, (in thousands)	2016	2015
Residential real estate	$ 1,391	$ 478
Commercial real estate	—	442
Construction & land development	—	300
Total other real estate owned	$ 1,391	$ 1,220

The following table presents the recorded investment in consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process according to local requirements of the applicable jurisdiction as of December 31, 2016 and 2015:

December 31, (in thousands)	2016	2015
Recorded investment in consumer residential real estate mortgage loans in the process of foreclosure	$ 1,677	$ 4,602

Easy Advances

The Company's RPG segment offered its new EA product through the TRS division during the first quarter of 2016. TRS originated $123 million in EAs during the first quarter of 2016. The provision for loss on EAs equated to 2.47% of total EA originations for the year ended December 31, 2016. The Company based its 2016 provision for loss on EAs on prior year tax refund funding patterns with adjustments based on current year tax refund funding patterns. At December 31, 2016, all EAs originated had been either charged-off or collected.

Information regarding EAs follows:

Year Ended December 31, (dollars in thousands)	2016
Easy Advances originated	$ 123,230
Provision for Easy Advances	3,048
Easy Advances net charge-offs	3,048
Easy Advances net charge-offs to total Easy Advances originated	2.47 %

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6.PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment follows:

December 31, (in thousands)	2016	2015
Land	$ 6,365	$ 3,055
Buildings and improvements	36,140	25,447
Furniture, fixtures and equipment	38,911	34,066
Leasehold improvements	17,246	15,830
Construction in progress	—	—
Total premises and equipment	98,662	78,398
Less: Accumulated depreciation and amortization	55,793	47,292
Premises and equipment, net	$ 42,869	$ 31,106

The Company held three former banking centers for sale as of December 31, 2016. The Company closed its Hudson, Florida banking center in January 2015 and has held the property for sale since closing. In addition, the Company obtained two Florida-based, former banking centers in its May 17, 2016 Cornerstone acquisition. The Company carried all three former banking centers for sale at a value of $2 million, inclusive of accumulated depreciation, at December 31, 2016.

In July 2015, the Company sold its banking center in Elizabethtown, Kentucky and recognized a $28,000 gain on the transaction. The premises of the banking center were carried at approximately $1 million, which equated to the total cost of the premises less accumulated depreciation.

Depreciation expense related to premises and equipment follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Depreciation expense	$ 7,495	$ 6,742	$ 6,363

7.GOODWILL AND CORE DEPOSIT INTANGIBLE ASSETS

A progression of the balance for goodwill follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Beginning of period	$ 10,168	$ 10,168	$ 10,168
Acquired goodwill	6,132	—	—
Impairment	—	—	—
End of period	$ 16,300	$ 10,168	$ 10,168

The goodwill balance relates entirely to the Company’s Traditional Banking operations. The Bank did not record any goodwill associated with its 2012 FDIC-assisted acquisitions.

Impairment exists when a reporting unit’s carrying value of goodwill exceeds its fair value. At December 31, 2016 and 2015, the Company’s Core Banking reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more-likely-than-not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was not more-likely-than-not that the carrying value of the reporting unit exceeded its fair value. Therefore, the Company did not complete the two-step impairment test as of December 31, 2016, 2015 and 2014.

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The Company recorded a $1 million core deposit intangible (“CDI”) asset in association with its May 17, 2016 Cornerstone acquisition. For the years ending December 31, 2016, 2015 and 2014, aggregate CDI amortization expense follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Core deposit amortization expense	$ 135	$ —	$ —

8.INTEREST RATE SWAPS

Interest rate swap derivatives are reported at fair value in other assets or other liabilities. The accounting for changes in the fair value of a derivative depends on whether it has been designated and qualifies as part of a cash flow hedging relationship. For a derivative designated as a cash flow hedge, the effective portion of the derivative’s unrealized gain or loss is recorded as a component of other comprehensive income (“OCI”). For derivatives not designated as hedges, the gain or loss is recognized in current period earnings.

Interest Rate Swaps Used as Cash Flow Hedges

The Bank entered into two interest rate swap agreements (“swaps”) during 2013 as part of its interest rate risk management strategy. The Bank designated the swaps as cash flow hedges intended to reduce the variability in cash flows attributable to either FHLB advances tied to the 3-month LIBOR or the overall changes in cash flows on certain money market deposit accounts tied to 1-month LIBOR. The counterparty for both swaps met the Bank’s credit standards and the Bank believes that the credit risk inherent in the swap contracts is not significant.

The swaps were determined to be fully effective during all periods presented; therefore, no amount of ineffectiveness was included in net income. The aggregate fair value of the swaps is recorded in other liabilities with changes in fair value recorded in OCI. The amount included in AOCI would be reclassified to current earnings should the hedge no longer be considered effective. The Bank expects the hedges to remain fully effective during the remaining term of the swaps.

The following table reflects information about swaps designated as cash flow hedges as of December 31, 2016 and 2015:

					December 31, 2016		December 31, 2015	
(dollars in thousands)	Notional Amount	Pay Rate	Receive Rate	Term	Assets / (Liabilities)	Unrealized Gain (Loss) AOCI	Assets / (Liabilities)	Unrealize Gain (Los in AOCI
Interest rate swap on money market deposits	$ 10,000	2.17 %	1M LIBOR	12/2013 - 12/2020	$ (186)	$ (121)	$ (289)	$ (188)
Interest rate swap on FHLB advance	10,000	2.33 %	3M LIBOR	12/2013 - 12/2020	(207)	(135)	(311)	(202)
	$ 20,000				$ (393)	$ (256)	$ (600)	$ (390)

The following table reflects the total interest expense recorded on these swap transactions in the consolidated statements of income during the years ended December 31, 2016, 2015 and 2014:

Years Ended December 31, (in thousands)	2016	2015	2014
Interest rate swap on money market deposits	$ 168	$ 198	$ 201
Interest rate swap on FHLB advance	164	204	223
Total interest expense on swap transactions	$ 332	$ 402	$ 424

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The following table presents the net gains (losses) recorded in accumulated OCI and the consolidated statements of income relating to the swaps for the years ended December 31, 2016, 2015 and 2014:

Years Ended December 31, (in thousands)	2016	2015	2014
Losses recognized in OCI on derivative (effective portion)	$ (125)	$ (514)	$ (1,082)
Losses reclassified from OCI on derivative (effective portion)	(332)	(402)	(424)
Gains (losses) recognized in income on derivative (ineffective portion)	—	—	—

The estimated net amount of the existing losses that are reported in accumulated OCI at December 31, 2016 that is expected to be reclassified into earnings within the next 12 months is $240,000.

Non-hedge Interest Rate Swaps

The Bank enters into interest rate swaps to facilitate client transactions and meet their financing needs. Upon entering into these instruments to meet client needs, the Bank enters into offsetting positions in order to minimize the Bank's interest rate risk. These swaps are derivatives, but are not designated as hedging instruments, and therefore changes in fair value are reported in current year earnings.

Interest rate swap contracts involve the risk of dealing with counterparties and their ability to meet contractual terms. When the fair value of a derivative instrument contract is positive, this generally indicates that the counter party or client owes the Bank, and results in credit risk to the Bank. When the fair value of a derivative instrument contract is negative, the Bank owes the client or counterparty, and therefore, has no credit risk.

A summary of the Bank's interest rate swaps related to clients as of December 31, 2016 and 2015 is included in the following table:

December 31, (in thousands)	2016 Notional Amount	Fair Value	2015 Notional Amount	Fair Value

Interest rate swaps with Bank clients	$ 31,553	$ 156	$ 25,927	$ 400
Offsetting interest rate swaps with institutional swap dealer	31,553	(55)	25,927	(400)
Total	$ 63,106	$ 101	$ 51,854	$ —

The Bank is required to pledge securities as collateral when the Bank is in a net loss position for all swaps with dealer counterparties when such net loss positions exceed $250,000. The fair value of cash or investment securities pledged as collateral by the Bank to cover such net loss positions totaled $1.8 million and $1.5 million at December 31, 2016 and 2015.

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9.DEPOSITS

Ending deposit balances at December 31, 2016 and 2015 were as follows:

December 31, (in thousands)	2016	2015
Demand	$ 872,709	$ 783,054
Money market accounts	541,622	501,059
Brokered money market accounts	360,597	200,126
Savings	164,410	117,408
Individual retirement accounts*	42,642	36,016
Time deposits, $250 and over*	37,200	42,775
Other certificates of deposit*	140,894	127,878
Brokered certificates of deposit*	28,681	44,298
Total interest-bearing deposits	2,188,755	1,852,614
Total noninterest-bearing deposits	971,937	634,863
Total deposits	$ 3,160,692	$ 2,487,477

*Represents a time deposit.

The following table summarizes deposits acquired in the Company's May 17, 2016 Cornerstone acquisition, finalized as of October 1, 2016:

(in thousands)	May 17, 2016 Contractual Principal	Fair Value Adjustment	Acquisition-Day Fair Value
Demand	$ 59,507	$ —	$ 59,507
Money market accounts	53,773	—	53,773
Savings	12,352	—	12,352
Individual retirement accounts*	3,897	13	3,910
Time deposits, $250 and over*	3,385	12	3,397
Other certificates of deposit*	19,343	67	19,410

Total interest-bearing deposits	152,257	92	152,349
Total noninterest-bearing deposits	52,908	—	52,908
Total deposits	$ 205,165	$ 92	$ 205,257

*Represents a time deposit.

Time deposits at or above the FDIC insured limit of $250,000 are presented in the table below:

December 31, (in thousands)	2016	2015
Time deposits of $250 or more	$ 37,200	$ 42,775

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At December 31, 2016, the scheduled maturities and weighted average rate of all time deposits, including brokered certificates of deposit, were as follows:

Year (dollars in thousands)	Principal	Weighted Average Rate	
2017	$ 108,890	0.40	%
2018	42,505	1.27	
2019	39,932	1.78	
2020	39,248	1.84	
2021	18,819	1.65	
Thereafter	23	1.68	
Total	$ 249,417	1.09	

10.SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase consist of short-term excess funds from correspondent banks, repurchase agreements and overnight liabilities to deposit clients arising from the Bank's treasury management program. While comparable to deposits in their transactional nature, these overnight liabilities to clients are in the form of repurchase agreements. Repurchase agreements collateralized by securities are treated as financings; accordingly, the securities involved with the agreements are recorded as assets and are held by a safekeeping agent and the obligations to repurchase the securities are reflected as liabilities. Should the fair value of currently pledged securities fall below the associated repurchase agreements, the Bank would be required to pledge additional securities. To mitigate the risk of under collateralization, the Bank typically pledges at least two percent more in securities than the associated repurchase agreements. All such securities are under the Bank's control.

At December 31, 2016 and 2015, all securities sold under agreements to repurchase had overnight maturities. Additional information regarding securities sold under agreements to repurchase follows:

December 31, (dollars in thousands)	2016	2015

Outstanding balance at end of period	$ 173,473	$ 395,433
Weighted average interest rate at end of period	0.05 %	0.02 %
Fair value of securities pledged:		
U.S. Treasury securities and U.S. Government agencies	$ 116,025	$ 244,707
Mortgage backed securities - residential	45,894	82,666
Collateralized mortgage obligations	41,155	130,821
Total securities pledged	$ 203,074	$ 458,194

Additional information regarding securities sold under agreements to repurchase for the years ended December 31, 2016, 2015 and 2014 follows:

Years Ended December 31, (dollars in thousands)	2016	2015	2014
Average outstanding balance during the period	$ 280,296	$ 379,477	$ 296,196
Average interest rate during the period	0.02 %	0.02 %	0.04
Maximum outstanding at any month end during the period	$ 367,373	$ 442,981	$ 408,891

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11.FEDERAL HOME LOAN BANK ADVANCES

At December 31, 2016 and 2015, FHLB advances were as follows:

December 31, (dollars in thousands)	2016	2015
Overnight advances	$ 285,000	$ 150,000
Variable interest rate advance indexed to 3-Month LIBOR plus 0.14% due on December 20, 2017	10,000	10,000
Fixed interest rate advances with a weighted average interest rate of 1.46% due through 2023	457,500	439,500
Putable fixed interest rate advances with a weighted average interest rate of 4.39% due through 2017*	50,000	100,000
Total FHLB advances	$ 802,500	$ 699,500

*On a quarterly basis, the FHLB has the right to require payoff of these advances by the Bank at no penalty.

Each FHLB advance is payable at its maturity date, with a prepayment penalty for fixed rate advances that are paid off earlier than maturity. The Company incurred an $846,000 prepayment penalty on the payoff of $50 million in FHLB advances during 2016, with no similar penalty incurred in 2015 and 2014.

FHLB advances are collateralized by a blanket pledge of eligible real estate loans. At December 31, 2016 and 2015, Republic had available borrowing capacity of $378 million and $567 million, respectively, from the FHLB. In addition to its borrowing capacity with the FHLB, Republic also had unsecured lines of credit totaling $150 million and $170 million available through various other financial institutions as of December 31, 2016 and 2015.

Aggregate future principal payments on FHLB advances based on contractual maturity and the weighted average cost of such advances are detailed below:

Year (dollars in thousands)	Principal	Weighted Average Rate
2017 (Overnight)	$ 285,000	0.64 %
2017 (Term)	205,000	1.78

2018	117,500	1.53
2019	100,000	1.80
2020	65,000	1.78
2021	20,000	1.86
2022	—	NA
Thereafter	10,000	2.14
Total	$ 802,500	1.35

NA - Not applicable

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Due to their nature, the Bank considers average balance information more meaningful than period end balances for its overnight borrowings from the FHLB. Information regarding short-term overnight FHLB advances follows:

December 31, (dollars in thousands)	2016	2015
Outstanding balance at end of period	$ 285,000	$ 150,000
Weighted average interest rate at end of period	0.64 %	0.35 %

Years Ended December 31, (dollars in thousands)	2016	2015	2014
Average outstanding balance during the period	$ 91,087	$ 63,327	$ 15,756
Average interest rate during the year	0.43 %	0.17 %	0.20 %
Maximum outstanding at any month end during the period	$ 495,000	$ 387,000	$ 198,000

The following table illustrates real estate loans pledged to collateralize advances and letters of credit with the FHLB:

December 31, (in thousands)	2016	2015
First lien, single family residential real estate	$ 1,172,161	$ 1,346,663
Home equity lines of credit	300,681	272,863
Multi-family commercial real estate	14,913	10,227

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12.SUBORDINATED NOTE

In 2005, Republic Bancorp Capital Trust (“RBCT”), an unconsolidated trust subsidiary of Republic, was formed and issued $40 million in Trust Preferred Securities (“TPS”). The sole asset of RBCT represents the proceeds of the offering loaned to Republic in exchange for a subordinated note with similar terms to the TPS. The TPS are treated as part of Republic’s Tier I Capital.

The subordinated note and related interest expense are included in Republic’s consolidated financial statements. The subordinated note paid a fixed interest rate of 6.015% through September 30, 2015 and adjusted to LIBOR + 1.42% thereafter. The subordinated note matures on December 31, 2035 and is now redeemable at the Company’s option on a quarterly basis. The Company chose not to redeem the subordinated note on January 1, 2017, and carried the note at a cost of LIBOR + 1.42% at December 31, 2016.

As a result of its acquisition of Cornerstone Bancorp, Inc. on May 17, 2016, Republic became the 100% successor owner of Cornerstone Capital Trust 1 (“CCT1”), an unconsolidated finance subsidiary. In 2006, CCT1 issued $4 million of adjustable-rate TPS due December 15, 2036. As permitted under the terms of CCT1’s governing documents, Republic redeemed these securities at the par amount of approximately $4 million, without penalty, on September 15, 2016.

13.OFF BALANCE SHEET RISKS, COMMITMENTS AND CONTINGENT LIABILITIES

The Company, in the normal course of business, is party to financial instruments with off balance sheet risk. These financial instruments primarily include commitments to extend credit and standby letters of credit. The contract or notional amounts of these instruments reflect the potential future obligations of the Company pursuant to those financial instruments. Creditworthiness for all instruments is evaluated on a case-by-case basis in accordance with the Company’s credit policies. Collateral from the client may be required based on the Company’s credit evaluation of the client and may include business assets of commercial clients, as well as personal property and real estate of individual clients or guarantors.

The Company also extends binding commitments to clients and prospective clients. Such commitments assure a borrower of financing for a specified period of time at a specified rate. Additionally, the Company makes binding purchase commitments to third party loan correspondent originators. These commitments assure that the Company will purchase a loan from such correspondent originators at a specific price for a specific period of time. The risk to the Company under such loan commitments is limited by the terms of the contracts. For example, the Company may not be obligated to advance funds if the client’s financial condition deteriorates or if the client fails to meet specific covenants.

An approved but unfunded loan commitment represents a potential credit risk and a liquidity risk, since the Company's client(s) may demand immediate cash that would require funding. In addition, unfunded loan commitments represent interest rate risk as market interest rates may rise above the rate committed to the Company's client. Since a portion of these loan commitments normally expire unused, the total amount of outstanding commitments at any point in time may not require future funding. These commitments generally have variable rates of interest.

The following table presents the Company's commitments, exclusive of Mortgage Banking loan commitments for each year ended:

December 31, (in thousands)	2016	2015
Unused warehouse lines of credit	$ 453,110	$ 304,379
Unused home equity lines of credit	341,434	282,007
Unused loan commitments - other	560,629	329,232
Commitments to purchase loans*	3,176	22,590
Standby letters of credit	15,568	12,740
Total commitments	$ 1,373,917	$ 950,948

*Commitments are made through the Company's Correspondent Lending channel.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a client to a third party. The terms and risk of loss involved in issuing standby letters of credit are similar to those involved in issuing loan commitments and extending credit. In addition to credit risk, the Company also has liquidity risk associated with standby letters of credit because funding for these obligations could be required immediately. The Company does not deem this risk to be material.

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14.STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL MATTERS

Common Stock — The Company's 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 shares may be converted, at the option of the holder, to Class A Common shares on a share for share basis. The Class A Common shares are not convertible into any other class of Republic's capital stock.

Dividend Restrictions — The Parent Company's principal source of funds for dividend payments are dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid to the Parent Company by the Bank without prior approval of the respective states' banking regulators. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year's net profits, combined with the retained net profits of the preceding two years. At December 31, 2016, the Bank could, without prior approval, declare dividends of approximately $60 million.

Regulatory Capital Requirements — The Parent Company and the Bank are subject to various regulatory capital requirements administered by banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on Republic's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Parent Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off balance sheet items, as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2016 and 2015, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

Effective January 1, 2015 the Company and the Bank became subject to the capital regulations in accordance with Basel III. These regulations established higher minimum risk-based capital ratio requirements, a new common equity Tier 1 Risk-Based Capital ratio and a new capital conservation buffer. The regulations included revisions to the definition of capital and changes in the risk weighting of certain assets. For prompt corrective action, the new regulations establish definitions of "well capitalized" as a 6.5% Common Equity Tier 1 Risk-Based Capital ratio, an

8.0% Tier 1 Risk-Based Capital ratio, a 10.0% Total Risk-Based Capital ratio and a 5.0% Tier 1 Leverage ratio.

Additionally, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, the Company and Bank must hold a capital conservation buffer composed of Common Equity Tier 1 Risk-Based Capital above their minimum Risk-Based Capital requirements. The capital conservation buffer phases in over time based on the following schedule: a capital conservation buffer of .625% effective January 1, 2016; 1.25% effective January 1, 2017; 1.875% effective January 1, 2018; and a fully phased in capital conservation buffer of 2.5% on January 1, 2019.

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(dollars in thousands)	Actual Amount	Ratio	Minimum Requirement for Capital Adequacy Purposes Amount	Ratio	Minimum Requirement to be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
As of December 31, 2016						
Total capital to risk weighted assets						
Republic Bancorp, Inc.	$ 655,908	16.37 %	$ 320,540	8.00 %	NA	NA
Republic Bank & Trust Company	553,905	13.86	319,785	8.00	$ 399,731	10.00 %
Common equity tier 1 capital to risk weighted assets						
Republic Bancorp, Inc.	584,530	14.59	180,304	4.50	NA	NA
Republic Bank & Trust Company	520,985	13.03	179,879	4.50	259,825	6.50
Tier 1 (core) capital to risk weighted assets						
Republic Bancorp, Inc.	622,988	15.55	240,405	6.00	NA	NA
Republic Bank & Trust Company	520,985	13.03	239,839	6.00	319,785	8.00
Tier 1 leverage capital to average assets						
Republic Bancorp, Inc.	622,988	13.54	184,087	4.00	NA	NA
Republic Bank & Trust Company	520,985	11.34	183,698	4.00	229,622	5.00

(dollars in thousands)	Actual Amount	Ratio	Minimum Requirement for Capital Adequacy Purposes Amount	Ratio	Minimum Requirement to be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
As of December 31, 2015						
Total capital to risk weighted assets						
Republic Bancorp, Inc.	$ 631,820	20.58 %	$ 245,556	8.00 %	NA	NA
Republic Bank & Trust Company	494,575	16.12	245,426	8.00	$ 306,782	10.00 %

Common equity tier 1 capital to risk weighted assets						
Republic Bancorp, Inc.	564,329	18.39	138,125	4.50	NA	NA
Republic Bank & Trust Company	467,084	15.23	138,052	4.50	199,408	6.50
Tier 1 (core) capital to risk weighted assets						
Republic Bancorp, Inc.	604,329	19.69	184,167	6.00	NA	NA
Republic Bank & Trust Company	467,084	15.23	184,069	6.00	245,426	8.00
Tier 1 leverage capital to average assets						
Republic Bancorp, Inc.	604,329	14.82	163,114	4.00	NA	NA
Republic Bank & Trust Company	467,084	11.46	163,018	4.00	203,772	5.00

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15.FAIR VALUE

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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

The Bank used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Securities available for sale: Quoted market prices in an active market are available for the Bank's Community Reinvestment Act ("CRA") mutual fund investment and fall within Level 1 of the fair value hierarchy.

Except for the Bank's CRA mutual fund investment, its private label mortgage backed security and its TRUP investment, the fair value of securities available for sale is typically determined by matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The Bank's private label mortgage backed security remains illiquid, and as such, the Bank classifies this security as a Level 3 security in accordance with ASC Topic 820, Fair Value Measurements and Disclosures. Based on this determination, the Bank utilized an income valuation model (present value model) approach in determining the fair value of this security.

See in this section of the filing under Footnote 3 “Investment Securities” for additional discussion regarding the Bank’s private label mortgage backed security.

The Company acquired its TRUP investment in November 2015 and considered the most recent bid price for the same instrument to approximate market value at December 31, 2016. The Company’s TRUP investment is considered highly illiquid and also valued using Level 3 inputs, as the most recent bid price for this instrument is not always considered generally observable.

Mortgage loans held for sale, at fair value: The fair value of mortgage loans held for sale is determined using quoted secondary market prices. Mortgage loans held for sale are classified as Level 2 in the fair value hierarchy.

Consumer loans held for sale, at fair value: During 2016, RCS initiated a short-term installment loan program and elected to carry all loans originated through this program at fair value. Such loans are generally sold within 21 days of origination, with their fair value based on contractual terms, Level 3 inputs.

Mortgage Banking derivatives: Mortgage Banking derivatives used in the ordinary course of business primarily consist of mandatory forward sales contracts (“forward contracts”) and interest rate lock loan commitments. The fair value of the Bank’s derivative instruments is primarily measured by obtaining pricing from broker-dealers recognized to be market participants. The pricing is derived from market observable inputs that can generally be verified and do not typically involve significant judgment by the Bank. Forward contracts and rate-lock loan commitments are classified as Level 2 in the fair value hierarchy.

Interest rate swap agreements: Interest rate swaps are recorded at fair value on a recurring basis. The Company values its interest rate swaps using a third-party valuation service and classifies such valuations as Level 2. Valuations of these interest rate swaps are also received from the relevant counterparty and validated against the Company’s calculations. The Company has considered counterparty credit risk in the valuation of its interest rate swap assets and has considered its own credit risk in the valuation of its interest rate swap liabilities.

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Impaired loans: Collateral-dependent impaired loans generally reflect partial charge-downs to their respective fair value, which is commonly based on recent real estate appraisals or broker price opinions (“BPOs”). These appraisals or BPOs may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the process by the independent experts to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower’s financial statements or aging reports, adjusted or discounted based on management’s historical knowledge, changes in market conditions from the time of the valuation, and management’s expertise and knowledge of the client and client’s business, resulting in a Level 3 fair value classification. Collateral-dependent loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Other real estate owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals or BPOs. These appraisals or BPOs may utilize a single approach or a combination of approaches, including comparable sales and the income approach. Adjustments are routinely made in the process by the independent experts to adjust for differences between the comparable sales and income data available. Such adjustments may be significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for collateral-dependent impaired loans, impaired premises and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Bank. Once the appraisal is received, a member of the Bank’s Credit Administration Department reviews the assumptions and approaches utilized in the appraisal, as well as the overall resulting fair value in comparison with independent data sources, such as recent market data or industry-wide statistics. On at least an annual basis, the Bank performs a back test of collateral appraisals by comparing actual selling prices on recent collateral sales to the most recent appraisal of such collateral. Back tests are performed for each collateral class, e.g., residential real estate or commercial real estate, and may lead to additional adjustments to the value of unliquidated collateral of similar class.

Mortgage servicing rights: On a quarterly basis, MSRs are evaluated for impairment based upon the fair value of the MSRs as compared to carrying amount. If the carrying amount of an individual grouping exceeds fair value, impairment is recorded and the respective individual tranche is carried at fair value. If the carrying amount of an individual grouping does not exceed fair value, impairment is reversed if previously recognized and the carrying value of the individual tranche is based on the amortization method. The valuation model utilizes assumptions that market participants would use in estimating future net servicing income and that can generally be validated against available market data (Level 2). There were no MSR tranches carried at fair value at December 31, 2016 and 2015.

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Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which the Bank has elected the fair value option, are summarized below:

(in thousands)	Fair Value Measurements at December 31, 2016 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
Financial assets:				
Securities available for sale:				
U.S. Treasury securities and U.S. Government agencies	$ —	$ 294,544	$ —	$ 294,544
Private label mortgage backed security	—	—	4,777	4,777
Mortgage backed securities - residential	—	73,004	—	73,004
Collateralized mortgage obligations	—	87,654	—	87,654
Freddie Mac preferred stock	—	483	—	483
Community Reinvestment Act mutual fund	2,455	—	—	2,455
Corporate bonds	—	15,158	—	15,158
Trust preferred security	—	—	3,200	3,200
Total securities available for sale	$ 2,455	$ 470,843	$ 7,977	$ 481,275
Mortgage loans held for sale	$ —	$ 11,662	$ —	$ 11,662
Consumer loans held for sale	—	—	2,198	2,198
Rate lock loan commitments	—	299	—	299
Mandatory forward contracts	—	204	—	204
Interest rate swap agreements	—	305	—	305
Financial liabilities:				
Interest rate swap agreements	$ —	$ 597	$ —	$ 597

(in thousands)	Fair Value Measurements at December 31, 2015 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
Financial assets:				
Securities available for sale:				
U.S. Treasury securities and U.S. Government agencies	$ —	$ 286,479	$ —	$ 286,479
Private label mortgage backed security	—	—	5,132	5,132

Mortgage backed securities - residential	—	92,268	—	92,268
Collateralized mortgage obligations	—	113,668	—	113,668
Freddie Mac preferred stock	—	173	—	173
Community Reinvestment Act mutual fund	1,011	—	—	1,011
Corporate bonds	—	14,922	—	14,922
Trust preferred security	—	—	3,405	3,405
Total securities available for sale	$ 1,011	$ 507,510	$ 8,537	$ 517,058
Mortgage loans held for sale	$ —	$ 4,083	$ —	$ 4,083
Rate lock loan commitments	—	306	—	306
Interest rate swap agreements	—	400	—	400
Financial liabilities:				
Mandatory forward contracts	$ —	$ 25	$ —	$ 25
Interest rate swap agreements	—	1,000	—	1,000

All transfers between levels are generally recognized at the end of each quarter. There were no transfers into or out of Level 1, 2 or 3 assets during the years ended December 31, 2016 and 2015.

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The following table presents a reconciliation of the Bank's Private Label Mortgage Backed Security measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the periods ended December 31, 2016, 2015 and 2014:

Private Label Mortgage Backed Security

Years Ended December 31, (in thousands)	2016	2015	2014
Balance, beginning of period	$ 5,132	$ 5,250	$ 5,485
Total gains or losses included in earnings:			
Net change in unrealized gain	(9)	(125)	475
Recovery of actual losses previously recorded	—	35	141
Principal paydowns	(346)	(28)	(851)
Balance, end of period	$ 4,777	$ 5,132	$ 5,250

The fair value of the Bank's single private label mortgage backed security is supported by analysis prepared by an independent third party. The third party's approach to determining fair value involved several steps: 1) detailed collateral analysis of the underlying mortgages, including consideration of geographic location, original loan-to-value and the weighted average FICO score of the borrowers; 2) collateral performance projections for each pool of mortgages underlying the security (probability of default, severity of default, and prepayment probabilities) and 3) discounted cash flow modeling.

The significant unobservable inputs in the fair value measurement of the Bank's single private label mortgage backed security are prepayment rates, probability of default and loss severity in the event of default. Significant fluctuations in any of those inputs in isolation would result in a significantly different fair value measurement.

The following tables present quantitative information about recurring Level 3 fair value measurements at December 31, 2016 and 2015:

December 31, 2016 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range

Private label mortgage backed security	$ 4,777	Discounted cash flow	(1) Constant prepayment rate	2.0% - 6.5%
			(2) Probability of default	3.0% - 9.0%
			(3) Loss severity	60% - 90%

December 31, 2015 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range
Private label mortgage backed security	$ 5,132	Discounted cash flow	(1) Constant prepayment rate	0.0% - 6.5%
			(2) Probability of default	3.0% - 9.0%
			(3) Loss severity	60% - 90%

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Trust Preferred Security

The Company invested in its TRUP in November 2015. The following table presents a reconciliation of the Company's TRUP measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ending December 31, 2016 and 2015:

December 31, 2016 (in thousands)	2016	2015
Balance, beginning of period	$ 3,405	$ —
Total gains or losses included in earnings:		
Net change in unrealized loss	(205)	—
Purchases	—	3,405
Balance, end of period	$ 3,200	$ 3,405

The fair value of the Company's TRUP investment is based on the most recent bid price for this instrument, as provided by a third-party broker.

Mortgage Loans Held for Sale

The Bank has elected the fair value option for mortgage loans held for sale. These loans are intended for sale and the Bank believes that the fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loan and in accordance with Bank policy for such instruments. None of these loans were past due 90-days-or-more nor on nonaccrual as of December 31, 2016 and 2015.

As of December 31, 2016 and 2015, the aggregate fair value, contractual balance (including accrued interest), and unrealized gain was as follows:

December 31, (in thousands)	2016	2015
Aggregate fair value	$ 11,662	$ 4,083
Contractual balance	11,568	3,993
Unrealized gain	94	90

The total amount of gains and losses from changes in fair value of mortgage loans held for sale included in earnings for 2016, 2015 and 2014 are presented in the following table:

Years Ended December 31, (in thousands)	2016	2015	2014
Interest income	$ 200	$ 219	$ 183
Change in fair value	4	(33)	34
Total included in earnings	$ 204	$ 186	$ 217

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Consumer Loans Held for Sale

During the first quarter of 2016, RCS initiated a short-term installment loan program and elected to carry all loans originated through this program at fair value. Such loans are generally sold within 21 days of origination, with their fair value based on contractual terms. Interest income is recorded based on the contractual terms of the loan and in accordance with Bank policy for such instruments. None of these loans were past due 90-days-or-more or on nonaccrual as of December 31, 2016.

A reconciliation of the Company's consumer loans held for sale measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2016 is included in Footnote 4 of this section of the filing.

The significant unobservable inputs in the fair value measurement of the Bank's short-term installment loans are the net contractual premiums and level of loans sold at a discount price. Significant fluctuations in any of those inputs in isolation would result in a significantly lower/higher fair value measurement.

The following table presents quantitative information about recurring Level 3 fair value measurement inputs for short-term installment loans as of December 31, 2016:

December 31, 2016 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range
Consumer loans held for sale	$ 2,198	Contractual Terms	(1) Net Premium	0.9%
			(2) Discounted Sales	5.0%

As of December 31, 2016, the aggregate fair value, contractual balance, and unrealized gain on consumer loans held for sale, at fair value, was as follows:

December 31, (in thousands)	2016
Aggregate fair value	$ 2,198
Contractual balance	2,084
Unrealized gain	114

Year Ended December 31, (in thousands)	2016
Interest income	$ 700
Change in fair value	114
Total included in earnings	$ 814

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Assets measured at fair value on a non-recurring basis are summarized below:

(in thousands)	Fair Value Measurements at December 31, 2016 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
Impaired loans:				
Residential real estate:				
Owner occupied	$ —	$ —	$ 4,787	$ 4,787
Nonowner occupied	—	—	8	8
Commercial real estate	—	—	2,643	2,643
Home equity	—	—	426	426
Total impaired loans*	$ —	$ —	$ 7,864	$ 7,864
Other real estate owned:				
Residential real estate	$ —	$ —	$ 400	$ 400
Total other real estate owned	$ —	$ —	$ 400	$ 400

(in thousands)	Fair Value Measurements at December 31, 2015 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
Impaired loans:				
Residential real estate:				
Owner occupied	$ —	$ —	$ 3,631	$ 3,631
Nonowner occupied	—	—	689	689
Commercial real estate	—	—	3,443	3,443
Home equity	—	—	1,245	1,245
Total impaired loans*	$ —	$ —	$ 9,008	$ 9,008
Other real estate owned:				

Residential real estate	$ —	$ —	$ 128	$ 128
Commercial real estate	—	—	442	442
Construction & land development	—	—	300	300
Total other real estate owned	$ —	$ —	$ 870	$ 870

* The difference between the carrying value and the fair value of impaired loans measured at fair value is reconciled in a subsequent table of this Footnote.

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The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2016 and 2015:

December 31, 2016 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Impaired loans - residential real estate owner occupied	$ 4,787	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 53% (6%)
Impaired loans - residential real estate nonowner occupied	$ 8	Sales comparison approach	Adjustments determined for differences between comparable sales	0% (0%)
Impaired loans - commercial real estate	$ 1,214	Sales comparison approach	Adjustments determined for differences between comparable sales	3% - 49% (30%)
Impaired loans - commercial real estate	$ 1,429	Income approach	Adjustments for differences between net operating income expectations	17% (17%)
Impaired loans - home equity	$ 426	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 29% (16%)
Other real estate owned - residential real estate	$ 400	Sales comparison approach	Adjustments determined for differences between comparable sales	17% (17%)

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December 31, 2015 (dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Impaired loans - residential real estate owner occupied	$ 3,631	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 53% (7%)
Impaired loans - residential real estate nonowner occupied	$ 689	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 1% (1%)
Impaired loans - commercial real estate	$ 1,839	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 58% (19%)
Impaired loans - commercial real estate	$ 1,604	Income approach	Adjustments for differences between net operating income expectations	17% (17%)
Impaired loans - home equity	$ 1,245	Sales comparison approach	Adjustments determined for differences between comparable sales	0% - 29% (20%)
Other real estate owned - residential real estate	$ 128	Sales comparison approach	Adjustments determined for differences between comparable sales	18% (18%)
Other real estate owned - commercial real estate	$ 442	Sales comparison approach	Adjustments determined for differences between comparable sales	12% - 23% (13%)
Other real estate owned - construction & land development	$ 300	Sales comparison approach	Adjustments determined for differences between comparable sales	49% (49%)

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Impaired Loans

Collateral-dependent impaired loans are generally measured for impairment using the fair value for reasonable disposition of the underlying collateral. The Bank's practice is to obtain new or updated appraisals or BPOs on the loans subject to the initial impairment review and then to evaluate the need for an update to this value on an as necessary or possibly annual basis thereafter (depending on the market conditions impacting the value of the collateral). The Bank may discount the valuation amount as necessary for selling costs and past due real estate taxes. If a new or updated appraisal or BPO is not available at the time of a loan's impairment review, the Bank may apply a discount to the existing value of an old valuation to reflect the property's current estimated value if it is believed to have deteriorated in either: (i) the physical or economic aspects of the subject property or (ii) material changes in market conditions. The impairment review generally results in a partial charge-off of the loan if fair value less selling costs are below the loan's carrying value. Impaired loans that are collateral-dependent are classified within Level 3 of the fair value hierarchy when impairment is determined using the fair value method.

Impaired collateral-dependent loans are as follows:

December 31, (in thousands)	2016	2015
Carrying amount of loans measured at fair value	$ 6,963	$ 8,162
Estimated selling costs considered in carrying amount	936	946
Valuation allowance	(35)	(100)
Total fair value	$ 7,864	$ 9,008

Years Ended December 31, (in thousands)	2016	2015	2014
Provisions for loss on collateral-dependent, impaired loans	$ 552	$ 88	$ 729

Other Real Estate Owned

Other real estate owned, which is carried at the lower of cost or fair value, is periodically assessed for impairment based on fair value at the reporting date. Fair value is determined from external appraisals or BPOs using judgments and estimates of external professionals. Many of these inputs are not observable and, accordingly, these measurements are classified as Level 3.

Details of other real estate owned carrying value and write downs follow:

December 31, (in thousands)	2016	2015	2014
Other real estate owned carried at fair value	$ 400	$ 870	$ 9,188
Other real estate owned carried at cost	991	350	2,055
Total carrying value of other real estate owned	$ 1,391	$ 1,220	$ 11,243
Other real estate owned write-downs during the years ended	$ 270	$ 1,257	$ 3,101

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The carrying amounts and estimated fair values of financial instruments, at December 31, 2016 and 2015 are as follows:

(in thousands)	Carrying Value	Fair Value Measurements at December 31, 2016: Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 289,309	$ 289,309	$ —	$ —	$ 289,309
Securities available for sale	481,275	2,455	470,843	7,977	481,275
Securities held to maturity	52,864	—	53,249	—	53,249
Mortgage loans held for sale, at fair value	11,662	—	11,662	—	11,662
Consumer loans held for sale, at fair value	2,198	—	—	2,198	2,198
Consumer loans held for sale, at the lower of cost or fair value	1,310	—	1,310	—	1,310
Loans, net	3,777,858	—	—	3,757,698	3,757,698
Federal Home Loan Bank stock	28,208	—	—	—	NA
Accrued interest receivable	10,356	—	10,356	—	10,356
Liabilities:					
Noninterest-bearing deposits	$ 971,937	—	$ 971,937	—	$ 971,937
Transaction deposits	1,939,338	—	1,939,338	—	1,939,338
Time deposits	249,417	—	248,684	—	248,684
Securities sold under agreements to repurchase and other short-term borrowings	173,473	—	173,473	—	173,473
Federal Home Loan Bank advances	802,500	—	798,594	—	798,594
Subordinated note	41,240	—	30,821	—	30,821
Accrued interest payable	948	—	948	—	948

NA - Not applicable

Fair Value Measurements at

December 31, 2015:

(in thousands)	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 210,082	$ 210,082	$ —	$ —	$ 210,082
Securities available for sale	517,058	1,011	507,510	8,537	517,058
Securities held to maturity	38,727	—	39,196	—	39,196
Mortgage loans held for sale, at fair value	4,083	—	4,083	—	4,083
Consumer loans held for sale, at the lower of cost or fair value	514	—	514	—	514
Loans, net	3,299,119	—	—	3,332,608	3,332,608
Federal Home Loan Bank stock	28,208	—	—	—	NA
Accrued interest receivable	9,233	—	9,233	—	9,233
Liabilities:					
Noninterest-bearing deposits	$ 634,863	—	$ 634,863	—	$ 634,863
Transaction deposits	1,601,647	—	1,601,647	—	1,601,647
Time deposits	250,967	—	250,882	—	250,882
Securities sold under agreements to repurchase and other short-term borrowings	395,433	—	395,433	—	395,433
Federal Home Loan Bank advances	699,500	—	708,722	—	708,722
Subordinated note	41,240	—	33,358	—	33,358
Accrued interest payable	1,229	—	1,229	—	1,229

NA - Not applicable

Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the Bank's estimates.

The assumptions used in the estimation of the fair value of the Company's financial instruments are explained below. Where quoted market prices are not available, fair values are based on estimates using discounted cash flow and other valuation techniques. Discounted cash flows can be significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The following fair value estimates cannot be substantiated by comparison to independent markets and should not be considered representative of the liquidation value of the Company's financial instruments, but rather a good-faith estimate of the fair value of financial instruments held by the Company.

In addition to those previously disclosed, the following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents — The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Consumer loans held for sale, at lower of cost or fair value – Consumer loans held for sale at the lower of cost or fair value constitute short-term consumer loans generally sold within two business days of origination. The carrying amounts of these loans, due to their short-term nature, approximate fair value and result in a Level 2 classification.

Loans, net of Allowance — The fair value of loans is calculated using discounted cash flows by loan type resulting in a Level 3 classification. The discount rate used to determine the present value of the loan portfolio is an estimated market rate that reflects the credit and interest rate risk inherent in the loan portfolio without considering widening credit spreads due to market illiquidity. The estimated maturity is based on the Bank's historical experience with repayments adjusted to estimate the effect of current market conditions. The Allowance is considered a reasonable discount for credit risk. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Federal Home Loan Bank stock — It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability.

Accrued interest receivable/payable — The carrying amounts of accrued interest, due to their short-term nature, approximate fair value and result in a Level 2 classification.

Deposits — Fair values for time deposits have been determined using discounted cash flows. The discount rate used is based on estimated market rates for deposits of similar remaining maturities and are classified as Level 2. The carrying amounts of all other deposits, due to their short-term nature, approximate their fair values and are also classified as Level 2.

Securities sold under agreements to repurchase and other short-term borrowings — The carrying amount for securities sold under agreements to repurchase and other short-term borrowings generally maturing within ninety days approximates its fair value resulting in a Level 2 classification.

Federal Home Loan Bank advances — The fair value of the FHLB advances is obtained from the FHLB and is calculated by discounting contractual cash flows using an estimated interest rate based on the current rates available to the Company for debt of similar remaining maturities and collateral terms resulting in a Level 2 classification.

Subordinated note — The fair value for the subordinated note is calculated using discounted cash flows based upon current market spreads to London Interbank Borrowing Rate ("LIBOR") for debt of similar remaining maturities and collateral terms resulting in a Level 2 classification.

The fair value estimates presented herein are based on pertinent information available to management as of the respective period ends. Although management is not aware of any factors that would dramatically affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and, therefore, estimates of fair value may differ significantly from the amounts presented.

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16.MORTGAGE BANKING ACTIVITIES

Mortgage Banking activities primarily include residential mortgage originations and servicing.

Activity for mortgage loans held for sale was as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Balance, beginning of period	$ 4,083	$ 6,388	$ 3,506
Origination of mortgage loans held for sale	216,812	160,989	82,457
Transferred from held for investment to held for sale	71,201	—	—
Proceeds from the sale of mortgage loans held for sale	(287,090)	(167,209)	(82,015)
Net gain on sale of mortgage loans held for sale	6,656	3,915	2,440
Balance, end of period	$ 11,662	$ 4,083	$ 6,388

Mortgage loans serviced for others are not reported as assets. The Bank serviced loans for others, primarily FHLMC, totaling $971 million and $883 million at December 31, 2016 and 2015. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and processing foreclosures. Custodial escrow account balances maintained in connection with serviced loans were approximately $7 million and $6 million at December 31, 2016 and 2015.

The following table presents the components of Mortgage Banking income:

Years Ended December 31, (in thousands)	2016	2015	2014
Net gain realized on sale of mortgage loans held for sale	$ 5,478	$ 3,882	$ 2,278
Net gain realized on sale of mortgage loans transferred from held for investment to held for sale	1,129	—	—
Net change in fair value recognized on loans held for sale	4	(33)	34
Net change in fair value recognized on rate lock loan commitments	(8)	57	173
Net change in fair value recognized on forward contracts	53	9	(45)
Net gain recognized	6,656	3,915	2,440
Loan servicing income	1,983	1,896	1,752
Amortization of mortgage servicing rights	(1,757)	(1,400)	(1,330)
Net servicing income recognized	226	496	422
Total Mortgage Banking income	$ 6,882	$ 4,411	$ 2,862

Activity for capitalized mortgage servicing rights was as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Balance, beginning of period	$ 4,912	$ 4,813	$ 5,409
Additions	2,025	1,499	734
Amortized to expense	(1,757)	(1,400)	(1,330)
Balance, end of period	$ 5,180	$ 4,912	$ 4,813

There was no balance or activity in the valuation allowance for capitalized mortgage servicing rights for the years ended December 31, 2016, 2015 and 2014.

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Other information relating to mortgage servicing rights follows:

December 31, (dollars in thousands)	2016	2015
Fair value of mortgage servicing rights portfolio	$ 7,478	$ 7,242
Monthly prepayment rate of unpaid principal balance*	104% - 419%	105% - 369%
Discount rate	13%	10%
Weighted average default rate	1.50%	1.50%
Weighted average life in years	6.75	6.38

* Rates are applied to individual tranches with similar characteristics.

Estimated future amortization expense of the MSR portfolio (net of any applicable impairment charge) follows; however, actual amortization expense will be impacted by loan payoffs and changes in estimated lives that occur during each respective year:

Year	(in thousands)
2017	$ 1,030
2018	1,029
2019	991
2020	871
2021	566
2022	473
2023	220
Total	$ 5,180

Mortgage Banking derivatives used in the ordinary course of business primarily consist of mandatory forward sales contracts and interest rate lock loan commitments. Mandatory forward contracts represent future commitments to deliver loans at a specified price and date and are used to manage interest rate risk on loan commitments and mortgage loans held for sale. Interest rate lock loan commitments represent commitments to fund loans at a specific rate. These derivatives involve underlying items, such as interest rates, and are designed to transfer risk. Substantially all of these instruments expire within 90 days from the date of issuance. Notional amounts are amounts on which calculations and payments are based, but which do not represent credit exposure, as credit exposure is limited to the amounts required to be received or paid.

Mandatory forward contracts also contain an element of risk in that the counterparties may be unable to meet the terms of such agreements. In the event the counterparties fail to deliver commitments or are unable to fulfill their obligations, the Bank could potentially incur significant additional costs by replacing the positions at then current market rates. The Bank manages its risk of exposure by limiting counterparties to those banks and institutions deemed appropriate by management and the Board of Directors. The Bank does not expect any counterparty to default on their obligations and therefore, the Bank does not expect to incur any cost related to counterparty default.

The Bank is exposed to interest rate risk on loans held for sale and rate lock loan commitments. As market interest rates fluctuate, the fair value of mortgage loans held for sale and rate lock commitments will decline or increase. To offset this interest rate risk the Bank enters into derivatives, such as mandatory forward contracts to sell loans. The fair value of these mandatory forward contracts will fluctuate as market interest rates fluctuate, and the change in the value of these instruments is expected to largely, though not entirely, offset the change in fair value of loans held for sale and rate lock commitments. The objective of this activity is to minimize the exposure to losses on rate loan lock commitments and loans held for sale due to market interest rate fluctuations. The net effect of derivatives on earnings will depend on risk management activities and a variety of other factors, including: market interest rate volatility; the amount of rate lock commitments that close; the ability to fill the forward contracts before expiration; and the time period required to close and sell loans.

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The following table includes the notional amounts and fair values of mortgage loans held for sale and mortgage banking derivatives as of the period ends presented:

December 31, (in thousands)	2016 Notional Amount	Fair Value	2015 Notional Amount	Fair Value
Included in Mortgage loans held for sale:				
Mortgage loans held for sale, at fair value	$ 11,568	$ 11,662	$ 3,993	$ 4,083
Included in other assets:				
Rate lock loan commitments	$ 19,521	$ 299	$ 21,580	$ 306
Mandatory forward contracts	25,618	204	—	—
Included in other liabilities:				
Mandatory forward contracts	$ —	$ —	$ 19,232	$ 25

17.STOCK PLANS AND STOCK BASED COMPENSATION

In January 2015, the Company's Board of Directors adopted the Republic Bancorp, Inc. 2015 Stock Incentive Plan (the "2015 Plan"), which became effective April 23, 2015 when the Company's shareholders approved the 2015 Plan. The 2015 Plan replaced the Company's 2005 Stock Incentive Plan, which expired on March 15, 2015.

The number of authorized shares under the 2015 Plan is fixed at 3,000,000, with such number subject to adjustment in the event of certain events, such as stock dividends, stock splits, or the like. There is a minimum three-year vesting period for awards granted to employees under the 2015 Plan that vest based solely on the completion of a specified period of service, with options generally exercisable five to six years after the issue date. Stock options generally must be exercised within one year from the date the options become exercisable and have an exercise price that is at least equal to the fair market value of the Company's stock on their grant date.

All shares issued under the above-mentioned plans were from authorized and reserved unissued shares. The Company has a sufficient number of authorized and reserved unissued shares to satisfy all anticipated option exercises. There are no Class B stock options outstanding or available for exercise under the Company's plans.

Stock Options

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes based stock option valuation model. This model requires the input of subjective assumptions that will usually have a significant impact on the fair value estimate. Expected volatilities are based on historical volatility of Republic's stock and other factors. Expected dividends are based on dividend trends and the market price of Republic's stock price at grant. Republic uses historical data to estimate option exercises and employee terminations within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

All share-based payments to employees, including grants of employee stock options, are recognized as compensation expense over the service period (generally the vesting period) in the consolidated financial statements based on their fair values.

The fair value of stock options granted was determined using the following weighted average assumptions as of grant date:

Years Ended December 31,	2016	2015	2014
Risk-free interest rate	1.43 %	1.54 %	2.11 %
Expected dividend yield	3.16 %	3.06 %	3.18 %
Expected stock price volatility	20.17%	22.66%	30.20%
Expected life of options (in years)	5	5	6
Estimated fair value per share	$ 3.27	$ 3.58	$ 5.16

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The following table summarizes stock option activity from January 1, 2015 through December 31, 2016:

	Options Class A Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2015	155,000	$ 20.15		
Granted	323,400	24.51		
Exercised	(97,750)	19.77		
Forfeited or expired	(57,250)	21.43		
Outstanding, December 31, 2015	323,400	$ 24.40	4.70	$ 650,000
Outstanding, January 1, 2016	323,400	$ 24.40		
Granted	5,000	26.43		
Exercised	(4,000)	20.12		
Forfeited or expired	(11,800)	24.47		
Outstanding, December 31, 2016	312,600	$ 24.49	3.77	$ 4,705,807
Fully vested and expected to vest	312,600	$ 24.49	3.77	$ 4,705,807
Exercisable (vested) at December 31, 2016	4,000	$ 20.77	0.22	$ 75,080

Information related to the stock options during each year follows:

Years Ended December 31, (in thousands, except per share data)	2016	2015	2014
Intrinsic value of options exercised	$ 18	$ 581	$ 356
Cash received from options exercised, net of shares redeemed	80	1,136	1,103
Weighted-average fair value per share of options granted	3.27	3.58	5.16

Loan balances of non-executive officer employees that were originated solely to fund stock option exercises were as follows:

December 31, (in thousands)	2016	2015
Outstanding loans	$ 371	$ 660

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Restricted Stock Awards

Restricted stock awards generally vest five to six years after issue, with accelerated vesting due to “change in control” or “death or disability of a participant” as defined and outlined in the 2015 Plan.

The following table summarizes restricted stock activity from January 1, 2015 through December 31, 2016:

	Restricted Stock Awards Class A Shares	Weighted-Average Grant Date Fair Value
Outstanding, January 1, 2015	80,500	$ 19.85
Granted	2,500	25.19
Forfeited	(4,000)	19.85
Earned and issued	—	—
Outstanding, December 31, 2015	79,000	$ 20.02
Outstanding, January 1, 2016	79,000	$ 20.02
Granted	—	—
Forfeited	(2,000)	19.85
Earned and issued	—	—
Outstanding, December 31, 2016	77,000	$ 20.02
Fully vested and expected to vest	77,000	$ 20.02
Vested at December 31, 2016	—	$ —

The fair value of the restricted stock awards is based on the closing stock price on the date of grant with the associated expense amortized to compensation expense over the vesting period, generally five to six years.

Performance Stock Units

The Company first granted performance stock units (“PSUs”) under the 2015 Plan in January 2016. Shares of stock underlying the PSUs may be earned over a four-year performance period commencing on January 1, 2017 and ending on December 31, 2020 as follows:

- If the Company achieves a Return on Average Assets ("ROAA"), as defined in the award agreement, of 1.25% for a calendar year in the performance period, then between March 1st and March 15th of the following year, provided that the recipient is still employed in good standing on the payment date, the Company will issue shares of fully-vested stock to the participant equal to 50% of the number of the PSUs initially granted to the participant; and

- If the ROAA of 1.25% is met again at the end of another calendar year during the remaining term of the performance period, the Company will similarly issue fully vested stock in an amount equal to the remaining 50% of the initial PSUs granted to the participant.

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The following table summarizes PSU activity from January 1, 2016 through December 31, 2016:

	Performance Stock Units Class A Shares	Weighted-Average Grant Date Fair Value
Outstanding, January 1, 2016	—	$ —
Granted	55,000	23.13
Forfeited	—	—
Earned and issued	—	—
Outstanding, December 31, 2016	55,000	$ 23.13
Fully vested and expected to vest	55,000	$ 23.13
Vested at December 31, 2016	—	$ —

Expense Related to Stock Incentive Plans

The Company recorded expense related to stock incentive plans for the years ended December 31, 2016, 2015 and 2014 as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Stock option expense	$ 248	$ 169	$ 53
Restricted stock award expense	258	253	405
Performance stock unit expense	524	—	—
Total expense	$ 1,030	$ 422	$ 458

Unrecognized expenses related to unvested awards (net of estimated forfeitures) under stock incentive plans are estimated as follows:

Year Ended (in thousands)	Stock Options	Restricted Stock Awards	Performance Stock Units	Total
2017	$ 253	$ 258	$ 528	$ 1,039
2018	251	120	220	591

2019	143	12	—	155
2020	32	8	—	40
2021	1	2	—	3
2022	—	—	—	—
Total	$ 680	$ 400	$ 748	$ 1,828

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Director Deferred Compensation

In November 2004, the Company's Board of Directors approved a Non-Qualified Deferred Compensation Plan (the "Plan"). The Plan governs the deferral of board and committee fees of non-employee members of the Board of Directors. Members of the Board of Directors may defer up to 100% of their board and committee fees for a specified period ranging from two to five years. The value of the deferred director compensation account is deemed "invested" in Company stock and is immediately vested. On a quarterly basis, the Company reserves shares of Republic's stock within the Company's stock option plan for ultimate distribution to Directors at the end of the deferral period.

The following table presents information on director deferred compensation shares reserved for the periods shown:

Years ended December 31,	2016 Shares Deferred Class A	Weighted Average Market Price at Date of Deferral	2015 Shares Deferred Class A	Weighted Average Market Price at Date of Deferral	2014 Shares Deferred Class A	Weighted Average Market Price at Date of Deferral
Balance, beginning of period	62,253	$ 22.12	58,604	$ 21.56	53,136	$ 21.23
Awarded	6,208	29.99	8,586	25.24	7,783	23.61
Released	(4,306)	21.13	(4,937)	21.00	(2,315)	20.76
Balance, end of period	64,155	$ 22.94	62,253	$ 22.12	58,604	$ 21.56

Director deferred compensation has been expensed as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Director deferred compensation expense	$ 170	$ 223	$ 187

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18.BENEFIT PLANS

401 (k) Plan

Republic maintains a 401(k) plan for eligible employees. All employees become eligible for the plan as soon as administratively feasible following their date of hire. Participants in the plan have the option to contribute from 1% to 75% of their annual eligible compensation, up to the maximum allowed by the Internal Revenue Service ("IRS"). The Company matches 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. Participants are fully vested after two years of employment.

Republic also contributes bonus contributions in addition to the aforementioned matching contributions if the Company achieves certain operating goals. Normal and bonus contributions for each of the periods ended were as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Employer matching contributions	$ 1,803	$ 1,517	$ 1,419
Discretionary employer bonus matching contributions	582	—	—

Supplemental Executive Retirement Plan

In association with its May 17, 2016 Cornerstone acquisition, the Company inherited a Supplemental Executive Retirement Plan ("SERP"). The SERP requires the Company to pay monthly benefits following retirement of the SERP's four participants. The Company accrues the present value of such benefits on a monthly basis. The SERP liability was approximately $2 million at December 31, 2016. Expense under the SERP was $81,000 for the year ended December 31, 2016.

19.INCOME TAXES

Allocation of federal income tax between current and deferred portion is as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Current expense:			
Federal	$ 24,295	$ 18,108	$ 22,143
State	465	1,125	2,469
Deferred expense:			
Federal	(1,753)	(1,262)	(8,637)
State	53	107	(447)
Total	$ 23,060	$ 18,078	$ 15,528

Effective tax rates differ from federal statutory rate of 35% applied to income before income taxes due to the following:

Years Ended December 31,	2016	2015	2014
Federal statutory rate times financial statement income	35.00 %	35.00 %	35.00 %
Effect of:			
State taxes, net of federal benefit	0.49	1.50	2.96
General business tax credits	(0.33)	(0.43)	(0.67)
Nontaxable income	(2.12)	(2.68)	(2.80)
Other, net	0.39	0.56	0.55
Effective tax rate	33.43	33.95	35.04

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Year-end deferred tax assets and liabilities were due to the following:

December 31, (in thousands)	2016	2015
Deferred tax assets:		
Allowance for loan and lease losses	$ 10,824	$ 9,595
Accrued expenses	5,733	3,913
Net operating loss carryforward*	5,417	1,574
Depreciation	—	1,289
Other-than-temporary impairment	746	750
Partnership losses	879	842
OREO writedowns	19	20
Fair value of cash flow hedges	138	210
Acquisition fair value adjustments	1,379	—
Other	2,237	2,061
Total deferred tax assets	27,372	20,254
Deferred tax liabilities:		
Unrealized investment securities gains	(711)	(1,314)
Federal Home Loan Bank dividends	(4,296)	(4,315)
Deferred loan fees	(162)	(317)
Mortgage servicing rights	(1,870)	(1,781)
Bargain purchase gain	(1,436)	(552)
New market tax credits	(831)	(707)
Depreciation and amortization	(138)	—
Other	(1,127)	(374)
Total deferred tax liabilities	(10,571)	(9,360)
Less: Valuation allowance	(1,635)	(1,564)
Net deferred tax asset	$ 15,166	$ 9,330

*The Company has federal and state net operating loss carryforwards (acquired in the Cornerstone acquisition) of $10.2 million (federal) and $7.2 million (state). These carryforwards begin to expire in 2030 for both federal and state purposes. The use of these federal and state carryforwards are each limited under IRC Section 382 to $722,000 annually for federal and $709,000 annually for state. The Company also has a Kentucky net operating loss of $26.6 million, which began to expire in 2013. The Company maintains a valuation allowance, as it does not anticipate generating taxable income in Kentucky to utilize these carryforwards prior to expiration. Finally, the Company has AMT credit carryforwards (acquired in the Cornerstone acquisition) of $84,000 with no expiration date.

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Unrecognized Tax Benefits

The Company has not filed tax returns in certain jurisdictions where it has conducted limited lending activity but had no offices; therefore, the Company is open to examination for all years in which the lending activity has occurred. The Company adopted the provisions of ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2007 and recognized a liability for the amount of tax which would be due to those jurisdictions should it be determined that income tax filings were required. It is the Company's policy to recognize interest and penalties as a component of income tax expense related to its unrecognized tax benefits.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Balance, beginning of period	$ 1,800	$ 1,977	$ 1,381
Additions based on tax related to the current period	268	109	81
Additions for tax positions of prior periods	—	15	750
Reductions for tax positions of prior periods	(90)	—	—
Reductions due to the statute of limitations	(340)	(301)	(235)
Settlements	(143)	—	—
Balance, end of period	$ 1,495	$ 1,800	$ 1,977

Of the 2016 total, $972,000 represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. The Company plans on recognizing a tax benefit of $357,000 during the first quarter of 2017 as the statute of limitations related to one jurisdiction has closed.

Amounts related to interest and penalties recorded in the income statements for the years ended December 31, 2016, 2015 and 2014 and accrued on the balance sheets as of December 31, 2016, 2015 and 2014 are presented below:

Years Ended December 31, (in thousands)	2016	2015	2014
Interest and penalties recorded in the income statement as a component of income tax expense	$ (290)	$ 19	$ 260
Interest and penalties accrued on balance sheet	557	847	827

The Company files income tax returns in the U.S. federal jurisdiction. The Company is no longer subject to U.S. federal income tax examinations by taxing authorities for all years prior to and including 2012.

The Company completed an IRS examination of its 2013 corporate income tax return during 2016 and was notified that the examination resulted in no significant adjustments to the Company's tax liability.

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20.EARNINGS PER SHARE

Class A and Class B shares participate equally in undistributed earnings. The difference in earnings per share between the two classes of common stock results solely from the 10% per share cash dividend premium paid on Class A Common Stock over that paid on Class B Common Stock. See Footnote 14, "Stockholders' Equity and Regulatory Capital Matters" of this section of the filing.

A reconciliation of the combined Class A and Class B Common Stock numerators and denominators of the earnings per share and diluted earnings per share computations is presented below:

Years Ended December 31, (in thousands, except per share data)	2016	2015	2014
Net income	$ 45,903	$ 35,166	$ 28,787
Weighted average shares outstanding	20,942	20,861	20,804
Effect of dilutive securities	12	81	95
Average shares outstanding including dilutive securities	20,954	20,942	20,899
Basic earnings per share:			
Class A Common Stock	$ 2.22	$ 1.70	$ 1.39
Class B Common Stock	2.02	1.55	1.32
Diluted earnings per share:			
Class A Common Stock	$ 2.22	$ 1.70	$ 1.38
Class B Common Stock	2.01	1.54	1.32

Stock options excluded from the detailed earnings per share calculation because their impact was antidilutive are as follows:

Years Ended December 31,	2016	2015	2014
Antidilutive stock options	5,000	318,400	16,250
Average antidilutive stock options	3,125	216,621	15,419

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21.TRANSACTIONS WITH RELATED PARTIES AND THEIR AFFILIATES

Republic leases office facilities under operating leases from limited liability companies in which Republic's Chairman/Chief Executive Officer and President are partners. Rent expense under these leases was as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Rent expense under leases from related parties	$ 3,791	$ 3,706	$ 3,646

Total minimum lease commitments under non-cancelable operating leases are as follows:

Year (in thousands)	Affiliate	Other	Total
2017	$ 3,508	2,301	5,809
2018	2,949	2,106	5,055
2019	2,165	1,723	3,888
2020	1,945	1,502	3,447
2021	1,477	1,407	2,884
Thereafter	1,780	3,605	5,385
Total	$ 13,824	$ 12,644	$ 26,468

A director of Republic Bancorp, Inc. is the President and Chief Executive Officer of a company that leases space to the Company. Fees paid by the Company totaled $15,000, $15,000 and $16,000 for years ended December 31, 2016, 2015 and 2014.

A director of Republic Bancorp, Inc. is designated as a staff attorney with a local law firm. While this director has an arrangement where a percentage of revenues paid to the law firm by certain clients is remitted to him, fees paid to the law firm by the Company are not included in this arrangement. Fees paid by the Company to this law firm totaled $183,000, $183,000 and $160,000 in 2016, 2015 and 2014.

A director of the Bank is an executive of two consulting firms and a local chamber of commerce. Fees paid by the Company to these entities totaled $122,000, $101,000 and $66,000 in 2016, 2015 and 2014.

A director of the Bank is a partner of an accounting firm that received fees from the Company of $1,000, $2,000 and $9,000 in 2016, 2015 and 2014.

Loans made to executive officers and directors of Republic and their related interests during 2016 were as follows:

	(in thousands)
Beginning balance	$ 52,070
Effect of changes in composition of related parties	(6,185)
New loans	21,618
Repayments	(29,549)
Ending balance	$ 37,954

Deposits from executive officers, directors, and their affiliates totaled $81 million and $82 million at December 31, 2016 and 2015.

By an agreement dated December 14, 1989, as amended August 8, 1994, the Company entered into a split-dollar insurance agreement with a trust established by the Company's deceased former Chairman, Bernard M. Trager. Pursuant to the agreement, from 1989 through 2002 the Company paid $690,000 in total annual premiums on the insurance policies held in the trust. The policies are joint-life policies payable upon the death of Mrs. Jean Trager, as the survivor of her husband Bernard M. Trager. The cash surrender value of the policies was approximately $2.1 million and $2.1 million as of December 31, 2016 and 2015.

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Pursuant to the terms of the trust, the beneficiaries of the trust will each receive the proceeds of the policies after the repayment of the $690,000 of indebtedness to the Company. The aggregate amount of such unreimbursed premiums constitutes indebtedness from the trust to the Company and is secured by a collateral assignment of the policies. As of December 31, 2016 and 2015, the net death benefit under the policies was approximately $3.5 million. Upon the termination of the agreement, whether by the death of Mrs. Trager or earlier cancellation, the Company is entitled to be repaid by the trust the amount of indebtedness outstanding at that time.

22.OTHER COMPREHENSIVE INCOME

OCI components and related tax effects were as follows:

Years Ended December 31, (in thousands)	2016	2015	2014
Available for Sale Securities:			
Change in unrealized gain (loss) on securities available for sale	$ (2,294)	$ (3,160)	$ 2,021
Reclassification adjustment for gain on security available for sale recognized in earnings	—	(88)	—
Change in unrealized gain on security available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings	(9)	(125)	475
Net unrealized gains (losses)	(2,303)	(3,373)	2,496
Tax effect	807	1,181	(875)
Net of tax	(1,496)	(2,192)	1,621
Cash Flow Hedges:			
Change in fair value of derivatives used for cash flow hedges	(125)	(514)	(1,082)
Reclassification amount for derivative losses realized in income	332	402	424
Net unrealized gains (losses)	207	(112)	(658)
Tax effect	(73)	38	231
Net of tax	134	(74)	(427)
Total other comprehensive income (loss) components, net of tax	$ (1,362)	$ (2,266)	$ 1,194

Significant amounts reclassified out of each component of accumulated OCI for the years ended December 31, 2016, 2015 and 2014:

Years Ended December 31, (in thousands)	Affected Line Items in the Consolidated Statements of Income	Amounts Reclassified From Accumulated Other Comprehensive Income 2016	2015	2014
Available for Sale Securities:				
Gain on call of security available for sale	Noninterest income	$ —	$ 88	$ —
Tax effect	Income tax expense	—	(31)	—
Net of tax	Net income	—	57	—
Cash Flow Hedges:				
Interest rate swap on money market deposits	Interest expense on deposits	(168)	(198)	(201)
Interest rate swap on FHLB advance	Interest expense on FHLB advances	(164)	(204)	(223)
Total derivative losses on cash flow hedges	Total interest expense	(332)	(402)	(424)
Tax effect	Income tax expense	116	141	70
Net of tax	Net income	(216)	(261)	(354)
Net of tax, total all reclassification amounts	Net income	$ (216)	$ (204)	$ (354)

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The following is a summary of the accumulated OCI balances, net of tax:

(in thousands)	December 31, 2015	2016 Change	December 31, 2016
Unrealized gain on securities available for sale	$ 1,727	$ (1,490)	$ 237
Unrealized gain on security available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings	712	(6)	706
Unrealized loss on cash flow hedge	(390)	134	(256)
Total unrealized gain	$ 2,049	$ (1,362)	$ 687

(in thousands)	December 31, 2014	2015 Change	December 31, 2015
Unrealized gain on securities available for sale	$ 3,839	$ (2,112)	$ 1,727
Unrealized gain on security available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings	792	(80)	712
Unrealized loss on cash flow hedge	(316)	(74)	(390)
Total unrealized gain	$ 4,315	$ (2,266)	$ 2,049

23.PARENT COMPANY CONDENSED FINANCIAL INFORMATION

BALANCE SHEETS

December 31, (in thousands)	2016	2015
Assets:		
Cash and cash equivalents	$ 95,755	$ 132,711
Security available for sale	3,200	3,405
Investment in bank subsidiary	541,972	479,302
Investment in non-bank subsidiaries	2,982	2,851

Other assets	6,838	4,945
Total assets	$ 650,747	$ 623,214
Liabilities and Stockholders' Equity:		
Subordinated note	$ 41,240	$ 41,240
Other liabilities	5,101	5,427
Stockholders' equity	604,406	576,547
Total liabilities and stockholders' equity	$ 650,747	$ 623,214

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STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31, (in thousands)	2016	2015	2014
Income and expenses:			
Dividends from subsidiary	$ 19,114	$ 17,340	$ 16,676
Interest income	162	17	2
Other income	45	45	45
Less: Interest expense	915	2,056	2,515
Less: Other expenses	446	568	392
Income before income tax benefit	17,960	14,778	13,816
Income tax benefit	394	876	976
Income before equity in undistributed net income of subsidiaries	18,354	15,654	14,792
Equity in undistributed net income of subsidiaries	27,549	19,512	13,995
Net income	$ 45,903	$ 35,166	$ 28,787
Comprehensive income	$ 44,541	$ 32,900	$ 29,981

STATEMENTS OF CASH FLOWS

Years Ended December 31, (in thousands)	2016	2015	2014
Operating activities:			
Net income	$ 45,903	$ 35,166	$ 28,787
Adjustments to reconcile net income to net cash provided by operating activities:			
Accretion of investment security	(44)	(4)	—
Equity in undistributed net income of subsidiaries	(27,549)	(19,512)	(13,995)
Director deferred compensation - Parent Company	103	108	98
Change in other assets	(1,366)	1,853	3,834
Change in other liabilities	(313)	201	(1,500)
Net cash provided by operating activities	16,734	17,812	17,224
Investing activities:			
Acquisition of Cornerstone Bancorp, Inc.	(31,795)	—	—
Investment in Republic Insurance Services, Inc.	—	—	(246)

Purchases of security available for sale	—	(3,401)	—
Net cash used in investing activities	(31,795)	(3,401)	(246)
Financing activities:			
Payoff of subordinated note, net of common security interest	(4,000)	—	—
Common Stock repurchases	(1,207)	(551)	(347)
Net proceeds from Common Stock options exercised	80	1,136	1,103
Cash dividends paid	(16,768)	(15,839)	(14,930)
Net cash used in financing activities	(21,895)	(15,254)	(14,174)
Net change in cash and cash equivalents	(36,956)	(843)	2,804
Cash and cash equivalents at beginning of period	132,711	133,554	130,750
Cash and cash equivalents at end of period	$ 95,755	$ 132,711	$ 133,554

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24.SEGMENT INFORMATION

Reportable segments are determined by the type of products and services offered and the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business (such as banking centers and business units), which are then aggregated if operating performance, products/services, and clients are similar.

As of December 31, 2016, the Company was divided into four distinct business operating segments: Traditional Banking, Warehouse, Mortgage Banking and RPG. Management considers the first three segments to collectively constitute "Core Bank" or "Core Banking" activities. Correspondent Lending operations and the Company's national branchless banking platform, MemoryBank, are considered part of Traditional Banking operations. The RPG segment includes the following divisions: TRS, RPS and RCS. TRS generates the majority of RPG's income, with the relatively smaller divisions of RPG, RPS and RCS, considered immaterial for separate and independent segment reporting. All divisions of the RPG segment operate through the Bank.

The nature of segment operations and the primary drivers of net revenues by reportable segment are provided below:

Segment:	Nature of Operations:	Primary Drivers of Net Revenues:
Traditional Banking	Provides traditional banking products to clients primarily in its market footprint via its network of banking centers and to clients outside of its market footprint primarily via its Digital and	Loans, investments and deposits

		Correspondent Lending delivery channels.	
	Warehouse Lending	Provides short-term, revolving credit facilities to mortgage bankers across the United States.	Mortgage warehouse lines of credit
Core Banking			
	Mortgage Banking	Primarily originates, sells and services long-term, single family, first lien residential real estate loans primarily to clients in its market footprint.	Gain on sale of loans and servicing fees
	Republic Processing Group	The TRS division facilitates the receipt and payment of federal and state tax refund products. The RPS division offers general-purpose reloadable cards. The RCS division offers short-term credit products. RPG products are primarily provided to clients outside of the Bank's market footprint.	Net refund transfer fees

The accounting policies used for Republic's reportable segments are the same as those described in the summary of significant accounting policies. Segment performance is evaluated using operating income. Goodwill is allocated to the Traditional Banking segment. Income taxes are generally allocated based on income before income tax expense unless specific segment allocations can be reasonably made. Transactions among reportable segments are made at carrying value.

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Segment information for the years ended December 31, 2016, 2015 and 2014 is as follows:

	Year Ended December 31, 2016					
	Core Banking					
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Republic Processing Group	Total Company
Net interest income	$ 121,692	$ 16,529	$ 200	$ 138,421	$ 17,633	$ 156,054
Provision for loan and lease losses	3,448	497	—	3,945	10,548	14,493
Net refund transfer fees	—	—	—	—	19,240	19,240
Mortgage banking income	—	—	6,882	6,882	—	6,882
Program fees	—	—	—	—	3,044	3,044
Other noninterest income	26,090	18	360	26,468	1,875	28,343
Total noninterest income	26,090	18	7,242	33,350	24,159	57,509
Total noninterest expenses	108,360	3,142	4,688	116,190	13,917	130,107
Income before income tax expense	35,974	12,908	2,754	51,636	17,327	68,963
Income tax expense	11,015	4,798	964	16,777	6,283	23,060
Net income	$ 24,959	$ 8,110	$ 1,790	$ 34,859	$ 11,044	$ 45,903
Segment end of period assets	$ 4,169,557	$ 584,916	$ 17,453	$ 4,771,926	$ 44,383	$ 4,816,309
Net interest margin	3.26 %	3.59 %	NM	3.30 %	NM	3.65 %

	Year Ended December 31, 2015					
	Core Banking					
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Republic Processing Group	Total Company
Net interest income	$ 108,303	$ 12,209	$ 219	$ 120,731	$ 3,239	$ 123,970
Provision for loan and lease losses	2,897	168	—	3,065	2,331	5,396
Net refund transfer fees	—	—	—	—	17,388	17,388
Mortgage banking income	—	—	4,411	4,411	—	4,411
Program fees	—	—	—	—	1,233	1,233
Gain on call of security available for sale	88	—	—	88	—	88
Other noninterest income	23,670	24	248	23,942	932	24,874
Total noninterest income	23,758	24	4,659	28,441	19,553	47,994
Total noninterest expenses	93,740	2,526	4,918	101,184	12,140	113,324
Income (loss) before income tax expense	35,424	9,539	(40)	44,923	8,321	53,244
Income tax expense (benefit)	11,505	3,575	(14)	15,066	3,012	18,078
Net income (loss)	$ 23,919	$ 5,964	$ (26)	$ 29,857	$ 5,309	$ 35,166
Segment end of period assets	$ 3,809,526	$ 386,414	$ 9,348	$ 4,205,288	$ 25,001	$ 4,230,289
Net interest margin	3.20 %	3.58 %	NM	3.24 %	NM	3.27 %

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	Year Ended December 31, 2014					
	Core Banking					
(dollars in thousands)	Traditional Banking	Warehouse Lending	Mortgage Banking	Total Core Banking	Republic Processing Group	Total Company
Net interest income	$ 104,832	$ 7,428	$ 183	$ 112,443	$ 330	$ 112,773
Provision for loan and lease losses	3,042	350	—	3,392	(533)	2,859
Net refund transfer fees	—	—	—	—	16,130	16,130
Mortgage banking income	—	—	2,862	2,862	—	2,862
Program fees	—	—	—	—	591	591
Other noninterest income	21,489	12	244	21,745	1,191	22,936
Total noninterest income	21,489	12	3,106	24,607	17,912	42,519
Total noninterest expenses	90,713	1,857	3,881	96,451	11,667	108,118
Income (loss) before income tax expense	32,566	5,233	(592)	37,207	7,108	44,315
Income tax expense (benefit)	11,251	1,831	(207)	12,875	2,653	15,528
Net income (loss)	$ 21,315	$ 3,402	$ (385)	$ 24,332	$ 4,455	$ 28,787
Segment end of period assets	$ 3,404,323	$ 319,153	$ 11,593	$ 3,735,069	$ 11,944	$ 3,747,013
Net interest margin	3.32 %	3.77 %	NM	3.35 %	NM	3.33 %

Segment assets are reported as of the respective period ends while income and margin data are reported for the respective periods.

NM ---Not Meaningful

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25.SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

Presented below is a summary of the consolidated quarterly financial data for the years ended December 31, 2016, 2015 and 2014.

(dollars in thousands, except per share data)	2016 Fourth Quarter	Third Quarter	Second Quarter	First Quarter(1)
Interest income	$ 45,903	$ 43,934	$ 40,140	$ 44,015
Interest expense	4,258	4,536	4,563	4,581
Net interest income	41,645	39,398	35,577	39,434
Provision for loan and lease losses(2)	5,004	2,489	1,814	5,186
Net interest income after provision	36,641	36,909	33,763	34,248
Noninterest income(3)	10,485	11,301	10,802	24,921
Noninterest expenses(4)	32,166	33,534	31,866	32,541
Income before income taxes	14,960	14,676	12,699	26,628
Income tax expense	4,960	4,848	4,359	8,893
Net income	10,000	9,828	8,340	17,735
Basic earnings per share:				
Class A Common Stock	0.48	0.47	0.40	0.86
Class B Common Stock	0.44	0.43	0.37	0.78
Diluted earnings per share:				
Class A Common Stock	0.48	0.47	0.40	0.85
Class B Common Stock	0.44	0.43	0.37	0.77
Dividends declared per common share:				
Class A Common Stock	0.209	0.209	0.209	0.198
Class B Common Stock	0.190	0.190	0.190	0.180

(dollars in thousands, except per share data)	2015 Fourth Quarter	Third Quarter	Second Quarter	First Quarter(1)
Interest income	$ 36,842	$ 36,107	$ 35,722	$ 33,761
Interest expense	4,376	4,683	4,664	4,739
Net interest income	32,466	31,424	31,058	29,022
Provision for loan and lease losses	2,074	2,233	904	185

Net interest income after provision	30,392	29,191	30,154	28,837
Noninterest income(3)	7,717	7,806	9,485	22,986
Noninterest expenses(4)	26,847	28,238	27,165	31,074
Income before income tax expense	11,262	8,759	12,474	20,749
Income tax expense	3,844	3,119	4,154	6,961
Net income	7,418	5,640	8,320	13,788
Basic earnings per share:				
Class A Common Stock	0.36	0.27	0.40	0.66
Class B Common Stock	0.33	0.25	0.37	0.65
Diluted earnings per share:				
Class A Common Stock	0.36	0.27	0.40	0.66
Class B Common Stock	0.33	0.25	0.36	0.64
Dividends declared per common share:				
Class A Common Stock	0.198	0.198	0.198	0.187
Class B Common Stock	0.180	0.180	0.180	0.170

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(1) The first quarters of 2016 and 2015 were significantly impacted by the TRS division of RPG.

(2) Provision expense:

The relatively higher levels of provision expense during the first and fourth quarters of 2016 were driven primarily by provision expense at the RPG segment. Provision expense at RPG was $4.7 million during the first quarter of 2016 and was primarily driven by the TRS division's EA product. Provision expense at RPG was $3.3 million during the fourth quarter of 2016 and was primarily driven by short-term consumer loans originated through the RCS division of RPG.

(3) Noninterest income:

During the third quarter of 2016, the Company recorded a $1.1 million gain on the bulk-loan sale of approximately $71 million of its correspondent loan portfolio.

(4) Noninterest expenses:

During the fourth quarters of 2016 and 2015, the Company reversed $1.7 million and $2.3 million of incentive compensation accruals based on revised payout estimates.

During the third quarter of 2015, the Company reversed $450,000 of incentive compensation accruals based on revised payout estimates.

During the third quarter of 2016, The Company incurred an $846,000 prepayment penalty on payoff of $50 million in FHLB advances.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None

Item 9A. Controls and Procedures.

As of the end of the period covered by this report, an evaluation was carried out by Republic Bancorp, Inc.'s management, with the participation of the Company's Chairman/Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the fourth quarter of the Company's fiscal year ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting and on the Financial Statements, thereon are set forth under Part II Item 8 "Financial Statements and Supplementary Data."

Item 9B. Other Information.

None

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item appears under the headings "PROPOSAL ONE: ELECTION OF DIRECTORS," "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" and "THE BOARD OF DIRECTORS AND ITS COMMITTEES" of the Proxy Statement of Republic Bancorp, Inc. ("Republic" or the "Company") for the 2016 Annual Meeting of Shareholders ("Proxy Statement") to be held April 20, 2017, all of which is incorporated herein by reference.

Set forth below is certain information with respect to the Company's executive officers:

Name	Age	Position with the Company
Steven E. Trager	56	Chairman and Chief Executive Officer ("CEO")
A. Scott Trager	64	Vice Chair and President
Kevin Sipes	45	Executive Vice President, Chief Financial Officer ("CFO") and Chief Accounting Officer
William R. Nelson	53	President, Republic Processing Group
Anthony T. Powell	49	Executive Vice President, Republic Bank & Trust Company
Steven E. DeWeese	48	Executive Vice President, Republic Bank & Trust Company
Robert J. Arnold	58	Senior Vice President, Republic Bank & Trust Company
John Rippy	56	Senior Vice President, Republic Bank & Trust Company
Juan Montano	47	Senior Vice President, Republic Bank & Trust Company

Executive officers of the Company are elected by the Board of Directors and serve at the pleasure of the Board of Directors. Steven E. Trager and A. Scott Trager are cousins.

Steven E. Trager began serving as Chairman and CEO of Republic in 2012 and has served as Chairman and CEO of Republic Bank & Trust Company (the "Bank") since 1998. From 1994 to 1997 he served as Vice Chairman of the Company. From 1994 to 1998 he served as Secretary, and from 1998 to 2012 he served as President and CEO of Republic.

A. Scott Trager has served as President of Republic since 2012 and as President of the Company since 1984. From 1994 to 2012, he served as Vice Chairman of Republic.

Kevin Sipes joined the Company in 1995 and has served as Executive Vice President and Treasurer of Republic and the Company since 2002 and CFO of Republic and the Company since 2000. He began serving as Chief Accounting Officer of the Company in 2000.

William R. Nelson has served as President of Republic Processing Group since 2007. He previously served as Director of Relationship Management of HSBC, Taxpayer Financial Services, in 2004 and was promoted to Group Director — Independent Program in 2006 through 2007. He previously served as Director of Sales, Marketing and Customer Service with RPG from 1999 through 2004.

Anthony T. Powell joined the Company in 1999 as VP. In 2001, he was promoted to SVP and Senior Commercial Lending Officer. In 2005, he was promoted to SVP and Managing Director of Business Banking. In 2015, he assumed responsibility for the Retail Banking division of the Company and was named SVP and Chief Credit and Retail Officer. In January 2017, he was named EVP and Chief Lending Officer.

Steven E. DeWeese joined the Company in 1990 and has held various positions within the Company since then. In 2000, he was promoted to SVP. In 2003, he was promoted to Managing Director of Business Development. In 2006, he was promoted to Managing Director of Retail Banking, and in January, 2010 he was promoted to Executive Vice President of the Company. In 2015, he was named the Company’s Managing Director of Private and Business Banking.

Robert J. Arnold joined the Company in 2006 as SVP and Chief Operating Officer of Commercial Banking. In 2015 he was named the Company’s Managing Director of Commercial and Corporate Banking.

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John Rippy joined the Company in 2005 as SVP and Risk Management Officer. In 2009, he was named SVP and Chief Legal and Compliance Officer. In 2013, he was named SVP and Chief Risk Management Officer.

Juan Montano joined the Company in 2009 as SVP and Managing Director of Finance. In 2015, he was named SVP and Managing Director of Mortgage Lending.

Item 11. Executive Compensation.

The information required by this Item appears under the sub-heading “Director Compensation” and under the headings “CERTAIN INFORMATION AS TO MANAGEMENT” and “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION” of the Proxy Statement all of which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information

The following table sets forth information regarding Republic’s Common Stock that may be issued upon exercise of options, warrants and rights under all equity compensation plans as of December 31, 2016. There were no equity compensation plans not approved by security holders at December 31, 2016.

Plan Category	(1) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(2) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(3) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (1))
2015 Stock Incentive Plan	358,100	$ 24.26	2,641,900
2005 Stock Incentive Plan	86,500	24.88	—

Column (1) above represents options issued for Class A Common Stock only. Options for Class B Common Stock have been authorized but are not issued.

Additional information required by this Item appears under the heading “SHARE OWNERSHIP” of the Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by this Item is under the headings “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION” and “CERTAIN OTHER RELATIONSHIPS AND RELATED TRANSACTIONS” of the Proxy Statement, all of which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information required by this Item appears under the heading “INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM” of the Proxy Statement which is incorporated herein by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements:

The following are included under Item 8 “Financial Statements and Supplementary Data:”

Management’s Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated balance sheets — December 31, 2016 and 2015

Consolidated statements of income and comprehensive income — years ended December 31, 2016, 2015 and 2014

Consolidated statements of stockholders’ equity — years ended December 31, 2016, 2015 and 2014

Consolidated statements of cash flows — years ended December 31, 2016, 2015 and 2014

Notes to consolidated financial statements

(a)(2) Financial Statements Schedules:

Financial statement schedules are omitted because the information is not applicable.

(a)(3) Exhibits:

The Exhibit Index of this report is incorporated herein by reference. The management contracts and compensatory plans or arrangements required to be filed as exhibits to this Form 10-K pursuant to Item 15(b) are noted in the Exhibit Index.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC BANCORP, INC.

March 10, 2017 By: Steven E. Trager
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Steven E. Trager Steven E. Trager	Chairman, Chief Executive Officer and Director	March 10, 2017
/s/ A. Scott Trager A. Scott Trager	President and Director	March 10, 2017
/s/ Kevin Sipes Kevin Sipes	Chief Financial Officer and Chief Accounting Officer	March 10, 2017
/s/ Craig A. Greenberg Craig Greenberg	Director	March 10, 2017
/s/ Michael T. Rust Michael T. Rust	Director	March 10, 2017
/s/ Mark A. Vogt Mark A. Vogt	Director	March 10, 2017
/s/ R. Wayne Stratton R. Wayne Stratton	Director	March 10, 2017
/s/ Susan Stout Tamme Susan Stout Tamme	Director	March 10, 2017

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INDEX TO EXHIBITS

No.	Description
3(i)	Articles of Incorporation of Registrant, as amended (Incorporated by reference to Exhibit 3(i) to the Registrant’s Form 8-K filed October 13, 2016 (Commission File Number: 0-24649))
3(ii)	Amended Bylaws (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended September 30, 2006 (Commission File Number: 0-24649))
4.1	Provisions of Articles of Incorporation of Registrant defining rights of security holders (see Articles of Incorporation, as amended, of Registrant incorporated as Exhibit 3(i) herein)
4.2	Agreement Pursuant to Item 601 (b)(4)(iii) of Regulation S-K (Incorporated by reference to Exhibit 4.2 of the Registrant’s Form 10-K for the year ended December 31, 1997 (Commission File Number: 33-77324))
10.01*	Officer Compensation Continuation Agreement with Steven E. Trager, dated January 12, 1995 (Incorporated by reference to Exhibit 10.1 to Registrant’s Form 10-K for the year ended December 31, 1995 (Commission File Number: 33-77324))
10.02*	Officer Compensation Continuation Agreement, as amended and restated, with Steven E. Trager effective January 1, 2006 (Incorporated by reference to Exhibit 10.34 of Registrant’s Form 10-K for the year ended December 31, 2005 (Commission File Number: 0-24649))
10.03*	Officer Compensation Continuation Agreement, as amended, with Steven E. Trager effective February 15, 2006 (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed February 21, 2006 (Commission File Number: 0-24649))
10.04*	Officer Compensation Continuation Agreement, as amended and restated, with Steven E. Trager effective April 30, 2008 (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended March 31, 2008 (Commission File Number: 0-24649))
10.05*	Officer Compensation Continuation Agreement with A. Scott Trager, dated January 12, 1995 (Incorporated by reference to Exhibit 10.5 to Registrant’s Form 10-K for the year ended December 31, 1995 (Commission File Number: 33-77324))
10.06*	Officer Compensation Continuation Agreement, as amended and restated, with A. Scott Trager effective January 1, 2006 (Incorporated by reference to Exhibit 10.35 of Registrant’s Form 10-K for the year ended December 31, 2005 (Commission File Number: 0-24649))
10.07*	Officer Compensation Continuation Agreement, as amended, with A. Scott Trager effective February 15, 2006 (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 8-K filed February 21, 2006 (Commission File Number: 0-24649))
10.08*	Officer Compensation Continuation Agreement, as amended and restated, with A. Scott Trager effective April 30, 2008 (Incorporated by reference to Exhibit 10.3 of Registrant’s Form 10-Q for the quarter ended

March 31, 2008 (Commission File Number: 0-24649))

10.09* Officer Compensation Agreement with A. Scott Trager, effective March 21, 2012 (Incorporated by reference to Exhibit 10.3 of Registrant's Form 10-Q for the quarter ended March 31, 2012 (Commission File Number: 0-24649))

10.10* Officer Compensation Continuation Agreement with Kevin Sipes, dated June 15, 2001 (Incorporated by reference to Exhibit 10.23 of Registrant's Form 10-Q for the quarter ended June 30, 2001 (Commission File Number: 0-24649))

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No.	Description
10.11*	Officer Compensation Continuation Agreement, as amended and restated, with Kevin Sipes effective January 1, 2006 (Incorporated by reference to Exhibit 10.38 of Registrant’s Form 10-K for the year ended December 31, 2005 (Commission File Number: 0-24649))
10.12*	Officer Compensation Continuation Agreement, as amended, with Kevin Sipes effective February 15, 2006 (Incorporated by reference to Exhibit 10.5 of Registrant’s Form 8-K filed February 21, 2006 (Commission File Number: 0-24649))
10.13*	Officer Compensation Continuation Agreement, as amended and restated, with Kevin Sipes effective April 30, 2008 (Incorporated by reference to Exhibit 10.4 of Registrant’s Form 10-Q for the quarter ended March 31, 2008 (Commission File Number: 0-24649))
10.14*	Officer Compensation Agreement with Kevin Sipes, effective March 21, 2012 (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended March 31, 2012 (Commission File Number: 0-24649))
10.15*	Officer Compensation Agreement with Kevin Sipes, effective March 21, 2012 (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended March 31, 2012 (Commission File Number: 0-24649))
10.16*	Officer Compensation Agreement with Kevin Sipes, effective November 7, 2012 (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended September 30, 2012 (Commission File Number: 0-24649))
10.17*	Officer Compensation Agreement with Kevin Sipes, effective November 7, 2012 (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended September 30, 2012 (Commission File Number: 0-24649))
10.18*	Death Benefit Agreement with Bernard M. Trager dated September 10, 1996 (Incorporated by reference to Exhibit 10.9 to Registrant’s Form 10-K for the year ended December 31, 1996 (Commission File Number: 33-77324))
10.19	Split Dollar Insurance Policy with Citizens Fidelity Bank and Trust Company as the Trustee of the Bernard Trager Irrevocable Trust, dated December 14, 1989, as amended August 8, 1994 (Incorporated by reference to Exhibit 10.70 to Registrant’s Form 10-K for the year ended December 31, 2012 (Commission File Number: 33-77324))
10.20	Right of First Offer Agreement by and among Republic Bancorp, Inc., Teebank Family Limited Partnership, Bernard M. Trager and Jean S. Trager. (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed September 19, 2007 (Commission File Number: 0-24649))
10.21	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 1982, relating to 2801 Bardstown Road, Louisville (Incorporated by reference to Exhibit 10.11 of Registrant’s Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.22	

Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 2008, relating to 2801 Bardstown Road, Louisville (Incorporated by reference to Exhibit 10.2 of Registrant's Form 8-K filed June 9, 2008 (Commission File Number: 0-24649))

10.23 Lease between Republic Bank & Trust Company and Teeco Properties, dated April 1, 1995, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.10 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))

10.24 Lease between Republic Bank & Trust Company and Teeco Properties, dated October 1, 1996, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.10 of Registrant's Form S-1 (Commission File Number: 333-56583))

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No.	Description
10.25	Lease extension between Republic Bank & Trust Company and Teeco Properties, dated September 25, 2001, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.25 of Registrant's Form 10-Q for the quarter ended September 30, 2001 (Commission File Number: 0-24649))
10.26	Lease between Republic Bank & Trust Company and Teeco Properties, dated May 1, 2002, relating to property at 601 West Market Street (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2002 (Commission File Number: 0-24649))
10.27	Lease between Republic Bank & Trust Company and Teeco Properties, dated October 1, 2005, relating to property at 601 West Market Street, Louisville, KY (Floor 4), amending and modifying previously filed exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2002 (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended September 30, 2005 (Commission File Number: 0-24649))
10.28	Lease between Republic Bank & Trust Company and Teeco Properties, as of October 1, 2006, relating to property at 601 West Market Street, Louisville, KY. (Incorporated by reference to exhibit 10.1 of Registrant's Form 8-K filed September 25, 2006 (Commission File Number: 0-24649))
10.29	Lease between Republic Bank & Trust Company and Teeco Properties, as of July 8, 2008, as amended, relating to property at 601 West Market Street (Floors 1,2,3,5 and 6), Louisville, KY. (Incorporated by reference to exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2008 (Commission File Number: 0-24649))
10.30	Lease between Republic Bank & Trust Company and Teeco Properties, as of July 8, 2008, as amended, relating to property at 601 West Market Street (Floor 4), Louisville, KY. (Incorporated by reference to exhibit 10.2 of Registrant's Form 10-Q for the quarter ended June 30, 2008 (Commission File Number: 0-24649))
10.31	Assignment of Lease relating to property at 601 West Market Street (Floors 1,2,3,5 and 6), Louisville, KY. (Commission File Number: 0-24649))
10.32	Assignment of Lease relating to property at 601 West Market Street (Floor 4), Louisville, KY. (Commission File Number: 0-24649))
10.33	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 3, 1993, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.12 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.34	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 1999, as amended, relating to 661 South Hurstbourne Parkway (Incorporated by reference to Exhibit 10.17 of Registrant's Form 10-Q for the quarter ended June 30, 1999 (Commission File Number: 0-24649))
10.35	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 2000, as amended, relating to 661 South Hurstbourne Parkway (Incorporated by reference to Exhibit 10.21 of Registrant's Form 10-K for the year ended December 31, 1999 (Commission File Number: 0-24649))

10.36 Lease between Republic Bank & Trust Company and Jaytee Properties, dated July 1, 2003, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2003 (Commission File Number: 0-24649))

10.37 Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 2, 1993, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.16 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))

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No.	Description
10.38	Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 1, 1995, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.18 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.39	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 16, 1996, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.19 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.40	Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 21, 1998, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.20 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.41	Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 11, 1998, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.21 of Registrant's Form 10-K for the year ended December 31, 2003 (Commission File Number: 0-24649))
10.42	Lease between Republic Bank & Trust Company and Jaytee Properties, dated February 1, 2004, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2004 (Commission File Number: 0-24649))
10.43	Lease between Republic Bank & Trust Company and Jaytee Properties, dated September 1, 2005, as amended, relating to 661 South Hurstbourne Parkway, Louisville, KY, amending and modifying previously filed exhibit 10.12 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended September 30, 2005 (Commission File Number: 0-24649))
10.44	Lease between Republic Bank & Trust Company and Jaytee Properties, dated July 1, 2008, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed June 9, 2008 (Commission File Number: 0-24649))
10.45	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 14, 2015, as amended, relating to 661 South Hurstbourne Parkway, Louisville (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10K for the quarter ended September 30, 2015 (Commission File Number: 0-24649))
10.46	Lease between Republic Bank & Trust Company and Jaytee Properties, dated November 17, 1997, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.18 of Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File Number: 0-24649))
10.47	Lease between Republic Bank & Trust Company and Jaytee Properties, dated August 1, 1999, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.18 of Registrant's Form 10-Q for the quarter ended June 30, 1999 (Commission File Number: 0-24649))
10.48	Lease between Republic Bank & Trust Company and Jaytee Properties, dated October 30, 1999, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.20 of Registrant's Form 10-K for the year ended December 31, 1999 (Commission File Number: 0-24649))

10.49	Lease between Republic Bank & Trust Company and Jaytee Properties, dated May 1, 2003, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended June 30, 2003 (Commission File Number: 0-24649))
10.50	Lease between Republic Bank & Trust Company and Jaytee Properties, dated November 1, 2005, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.33 of Registrant's Form 10-K for the year ended December 31, 2005 (Commission File Number: 0-24649))

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No.	Description
10.51	Assignment and Assumption of Lease by Republic Bank & Trust Company with the consent of Jaytee Properties, dated May 1, 2006, relating to 9600 Brownsboro Road, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended June 30, 2006 (Commission File Number: 0-24649))
10.52	Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 17, 2008, as amended, relating to 9600 Brownsboro Road, Louisville, KY (Incorporated by reference to Exhibit 10.40 of Registrant's Form 10-K for the year ended December 31, 2007 (Commission File Number: 0-24649))
10.53	Lease between Republic Bank & Trust Company and Jaytee Properties, dated January 15, 2014, as amended, relating to 9600 Brownsboro Road (Incorporated by reference to Exhibit 10.47 of Registrant's Form 10-K for the year ended December 31, 2013 (Commission File Number: 0-24649))
10.54	Ground lease between Republic Bank & Trust Company and Jaytee Properties, relating to 9600 Brownsboro Road, dated January 17, 2008, as amended, relating to 9600 Brownsboro Road, Louisville, KY (Incorporated by reference to Exhibit 10.41 of Registrant's Form 10-K for the year ended December 31, 2007 (Commission File Number: 0-24649))
10.55	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated June 27, 2008, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed July 1, 2008 (Commission File Number: 0-24649))
10.56	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated January 31, 2011, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.66 of the Registrant's Form 10-K for the year ended December 31, 2010 (Commission File Number: 0-24649))
10.57	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated May 1, 2013, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended June 30, 2013 (Commission File Number: 0-24649))
10.58	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated January 15, 2014, as amended, relating to 200 South Seventh Street, Louisville, KY (Incorporated by reference to Exhibit 10.54 of Registrant's Form 10-K for the year ended December 31, 2013 (Commission File Number: 0-24649))
10.59	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated March 18, 2015, as amended, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended March 31, 2015 (Commission File Number: 0-24649))
10.60	Lease between Republic Bank & Trust Company and Jaytee Properties II SPE, LLC, dated September 30, 2015, as amended, relating to 200 South Seventh Street, Louisville, KY. (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended September 30, 2015 (Commission File Number: 0-24649))
10.61*	Form of Stock Option Agreement for Directors and Executive Officers (Incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended September 30, 2004 (Commission File Number:

	0-24649))
10.62*	2005 Stock Incentive Plan (Incorporated by reference to Form 8-K filed March 18, 2005 (Commission File Number: 0-24649))
10.63*	2005 Stock Incentive Plan Amendment Number 1 (Incorporated by reference to Exhibit 10.61 of Registrant's Form 10-K for the year ended December 31, 2008 (Commission File Number: 0-24649))
10.64*	2005 Stock Incentive Plan Amendment, as amended November 14, 2012 (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed November 19, 2012 (Commission File Number: 0-24649))

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No.	Description
10.65*	2015 Stock Incentive Plan (Incorporated by reference to Annex A of Registrant’s 2015 Proxy Statement (Commission File Number: 0-24649))
10.66*	Option Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended June 30, 2015 (Commission File Number: 0-24649))
10.67*	Restricted Stock Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 10-Q for the quarter ended June 30, 2015 (Commission File Number: 0-24649))
10.68*	Performance Stock Unit Award Agreement for 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 8-K filed January 27, 2016 (Commission File Number: 0-24649))
10.69*	Restricted Stock Award Agreement, as amended November 14, 2012 (Incorporated by reference to Exhibit 10.2 of Registrant’s Form 8-K filed November 19, 2012 (Commission File Number: 0-24649))
10.70*	Republic Bancorp, Inc. 401(k)/Profit Sharing Plan and Trust (Incorporated by reference to Form S-8 filed December 28, 2005 (Commission File Number: 0-24649))
10.71*	Republic Bancorp, Inc. 401(k) Retirement Plan, as Amended and Restated, effective April 1, 2011 (Incorporated by reference to Form 11-K for the year ended December 31, 2011 (Commission File Number: 0-24649))
10.72*	Republic Bancorp, Inc. 401(k) Retirement Plan, as Amended and Restated, effective January 1, 2015 (Incorporated by reference to Exhibit 23.2 of Form 11-K for the year ended December 31, 2014 (Commission File Number: 0-24649))
10.73*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation and the Republic Bank & Trust Company Non-Employee Director and Key Employee Deferred Compensation Plan (as adopted November 18, 2004) (Incorporated by reference to Form S-8 filed November 30, 2004 (Commission File Number: 333-120857))
10.74*	Republic Bancorp, Inc. and Subsidiaries Non-Employee Director and Key Employee Deferred Compensation Plan Post-Effective Amendment No. 1 (Incorporated by reference to Form S-8 filed April 13, 2005 (Commission File Number: 333-120857))
10.75*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation, as amended and restated as of March 16, 2005 (Incorporated by reference to Form 8-K filed March 18, 2005 (Commission File Number: 333-120857))
10.76*	Republic Bancorp, Inc. and subsidiaries Non-Employee Director and Key Employee Deferred Compensation as amended and restated as of March 19, 2008 (Incorporated by reference to Exhibit 10.1 of Registrant’s Form 10-Q for the quarter ended March 31, 2008 (Commission File Number: 0-24649))
10.77	Junior Subordinated Indenture, Amended and Restated Trust Agreement, and Guarantee Agreement (Incorporated by reference to Exhibit 4.1 of Registrant’s Form 8-K filed August 19, 2005 (Commission File Number: 0-24649))

10.78*	Cash Bonus Plan for Acquisitions, effective November 7, 2012 (Incorporated by reference to Exhibit 10.3 of Registrant's Form 10-Q for the quarter ended September 30, 2012 (Commission File Number: 0-24649))
10.79	Purchase and Assumption Agreement — Whole Bank; All Deposits, among the Federal Deposit Insurance Corporation, receiver of Tennessee Commerce Bank, Franklin, Tennessee, the Federal Deposit Insurance Corporation and Republic Bank & Trust Company, dated as of January 27, 2012 (Incorporated by reference to Exhibit 2.1 of Registrant's Form 8-K filed February 1, 2012 (Commission File Number: 0-24649))

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No.	Description
21	Subsidiaries of Republic Bancorp, Inc.
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Principal Executive Officer, pursuant to the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer, pursuant to the Sarbanes-Oxley Act of 2002
32**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003
101	Interactive data files: (i) Consolidated Balance Sheets at December 31, 2016 and 2015, (ii) Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2016, 2015 and 2014, (iii) Consolidated Statement of Stockholders' Equity for the years ended December 31, 2016, 2015 and 2014, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014 and (v) Notes to Consolidated Financial Statements.

*Denotes management contracts and compensatory plans or arrangements required to be filed as exhibits to this Form 10-K pursuant to Item 15(b).

**This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.