

REPUBLIC FIRST BANCORP INC
Form 10-Q
May 10, 2011

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934 for the quarterly period ended March 31, 2011.

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____ to ____.

Commission File Number: 000-17007

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

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2486815
(I.R.S. Employer Identification No.)

50 South 16th Street, Philadelphia, Pennsylvania
(Address of principal executive offices)

19102
(Zip code)

215-735-4422
Registrant's telephone number, including area code
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-Accelerated filer

Smaller reporting company

(Do not check if a smaller reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the Registrant’s classes of common stock, as of the latest practicable date.

Common Stock, \$0.01 per share
Title of Class

25,972,897
Number of Shares Outstanding as of May 09, 2011

REPUBLIC FIRST BANCORP, INC. AND SUBSIDIARIES
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Republic First Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2011 and December 31, 2010
(Dollars in thousands, except share data)
(unaudited)

	March 31, 2011	December 31, 2010
ASSETS		
Cash and due from banks	\$7,095	\$6,146
Interest bearing deposits with banks	19,784	29,620
Federal funds sold	2,162	99
Cash and cash equivalents	29,041	35,865
Investment securities available for sale, at fair value	139,638	143,439
Investment securities held to maturity, at amortized cost (fair value of \$157 and \$157, respectively)	148	147
Restricted stock, at cost	6,183	6,501
Loans held for sale	6,156	-
Loans receivable (net of allowance for loan losses of \$14,450 and \$11,444, respectively)	616,360	608,911
Premises and equipment, net	24,623	25,496
Other real estate owned, net	14,077	15,237
Accrued interest receivable	3,216	3,119
Bank owned life insurance	12,586	12,555
Other assets	25,053	24,827
Total Assets	\$877,081	\$876,097
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Demand – non-interest bearing	\$78,221	\$128,578
Demand – interest bearing	76,349	66,283
Money market and savings	333,458	329,742
Time Deposits	273,049	233,127
Total Deposits	761,077	757,730
Accrued interest payable	1,097	953
Other liabilities	6,047	6,792
Subordinated debt	22,476	22,476
Total Liabilities	790,697	787,951
Shareholders' Equity		
Preferred stock, par value \$0.01 per share: 10,000,000 shares authorized; no shares issued as of March 31, 2011 and December 31, 2010	-	-
Common stock, par value \$0.01 per share: 50,000,000 shares authorized; shares issued 26,501,742 as of March 31, 2011 and December 31, 2010	265	265
Additional paid in capital	106,110	106,024
Accumulated deficit	(15,648)	(13,140)
Treasury stock at cost (416,303 shares)	(3,099)	(3,099)

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Stock held by deferred compensation plan	(809)	(809)
Accumulated other comprehensive loss	(435)	(1,095)
Total Shareholders' Equity	86,384		88,146	
Total Liabilities and Shareholders' Equity	\$877,081		\$876,097	

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Operations
For the Three Months Ended March 31, 2011 and 2010
(Dollars in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2011	2010
Interest income:		
Interest and fees on loans	\$8,211	\$8,759
Interest and dividends on taxable investment securities	996	1,542
Interest and dividends on tax-exempt investment securities	113	114
Interest on federal funds sold and other interest-earning assets	14	20
Total interest income	9,334	10,435
Interest expense:		
Demand- interest bearing	98	82
Money market and savings	799	1,050
Time deposits	721	1,405
Other borrowings	296	489
Total interest expense	1,914	3,026
Net interest income	7,420	7,409
Provision for loan losses	3,550	5,500
Net interest income after provision for loan losses	3,870	1,909
Non-interest income:		
Loan advisory and servicing fees	37	57
Gain on sale of loans	697	-
Service fees on deposit accounts	169	282
Other-than-temporary impairment losses	-	(1,448)
Portion recognized in other comprehensive income (before taxes)	-	1,299
Net impairment loss on investment securities	-	(149)
Gain on sale of other real estate owned	-	200
Bank owned life insurance income	31	51
Other non-interest income	193	34
Total non-interest income	1,127	475
Non-interest expenses:		
Salaries and employee benefits	3,338	2,930
Occupancy	855	1,521
Depreciation and amortization	528	482
Legal	295	535
Other real estate owned	1,359	540
Advertising	105	65
Data processing	247	218
Insurance	217	162
Professional fees	434	511
Regulatory assessments and costs	483	511
Taxes, other	213	226
Other operating expenses	918	704

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Total non-interest expense	8,992	8,405
Loss before benefit for income taxes	(3,995)	(6,021)
Benefit for income taxes	(1,487)	(2,159)
Net loss	\$(2,508)	\$(3,862)
Net loss per share:		
Basic	\$(0.10)	\$(0.37)
Diluted	\$(0.10)	\$(0.37)

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2011 and 2010
(Dollars in thousands)
(unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net loss	\$(2,508)	\$(3,862)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Provision for loan losses	3,550	5,500
Writedown of other real estate owned	1,099	488
Net gain on sale of other real estate owned	-	(200)
Depreciation and amortization	528	482
Share based compensation	86	42
Impairment charges on investment securities	-	149
Amortization of premiums/(discounts) on investment securities	45	13
Proceeds from sales of SBA loans	8,225	-
SBA loans originated for sale	(13,684)	-
Gains on sales of SBA loans originated for sale	(697)	-
Increase in value of bank owned life insurance	(31)	(51)
Increase in accrued interest receivable and other assets	(693)	(1,931)
(Decrease) increase in accrued interest payable and other liabilities	(135)	609
Net cash (used in) provided by operating activities	(4,215)	1,239
Cash flows from investing activities:		
Proceeds from the maturity or call of securities available for sale	4,785	6,857
Proceeds from the maturity or call of securities held to maturity	-	7
Proceeds from redemption of FHLB stock	318	-
Net (increase) decrease in loans	(10,999)	9,103
Net proceeds from sale of other real estate owned	61	2,942
Premises and equipment expenditures	(121)	(172)
Net cash (used in) provided by investing activities	(5,956)	18,737
Cash flows from financing activities:		
Net decrease in demand, money market and savings deposits	(36,575)	(9,419)
Net increase (decrease) in time deposits	39,922	(27,243)
Net cash provided by (used in) financing activities	3,347	(36,662)
Net decrease in cash and cash equivalents	(6,824)	(16,686)
Cash and cash equivalents, beginning of year	35,865	55,618
Cash and cash equivalents, end of year	\$29,041	\$38,932
Supplemental disclosures:		
Interest paid	\$1,770	\$2,633
Non-cash transfers from loans to other real estate owned	-	663

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2011 and 2010
(Dollars in thousands, except per share data)
(unaudited)

Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Stock Held by Deferred Compensation Plan	Accumulated
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