

REPUBLIC FIRST BANCORP INC
Form 10-Q
May 09, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2018.

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 23-2486815
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

50 South 16th Street, Philadelphia, Pennsylvania 19102
(Address of principal executive offices) (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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-Accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 58,747,478

Title of Class Number of Shares Outstanding as of May 8, 2018

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Republic First Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2018 and December 31, 2017
(Dollars in thousands, except per share data)
(unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Cash and due from banks	\$21,927	\$36,073
Interest bearing deposits with banks	9,142	25,869
Cash and cash equivalents	31,069	61,942
Investment securities available for sale, at fair value	519,692	464,430
Investment securities held to maturity, at amortized cost (fair value of \$502,591 and \$463,799, respectively)	519,295	472,213
Restricted stock, at cost	5,435	1,918
Mortgage loans held for sale, at fair value	19,685	43,375
Other loans held for sale	5,968	2,325
Loans receivable (net of allowance for loan losses of \$6,650 and \$8,599 respectively)	1,244,262	1,153,679
Premises and equipment, net	77,153	74,947
Other real estate owned, net	6,966	6,966
Accrued interest receivable	7,756	7,009
Goodwill	5,011	5,011
Other assets	29,172	28,532
Total Assets	\$2,471,464	\$2,322,347
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Demand – non-interest bearing	\$464,383	\$438,500
Demand – interest bearing	826,726	807,736
Money market and savings	703,263	700,322
Time deposits	129,079	116,737
Total Deposits	2,123,451	2,063,295
Short-term borrowings	93,915	-
Accrued interest payable	339	293
Other liabilities	8,431	10,618
Subordinated debt	11,254	21,681
Total Liabilities	2,237,390	2,095,887
Shareholders' Equity		
Preferred stock, par value \$0.01 per share: 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$0.01 per share: 100,000,000 shares authorized; shares issued 59,252,198 as of March 31, 2018 and 57,518,609 as of December 31, 2017; shares outstanding 58,723,353 as of March 31, 2018 and 56,989,764 as of December 31, 2017	592	575
Additional paid in capital	267,313	256,285
Accumulated deficit	(15,566)	(18,983)
Treasury stock at cost (503,408 shares as of March 31, 2018 and December 31, 2017)	(3,725)	(3,725)

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Stock held by deferred compensation plan (25,437 shares as of March 31, 2018 and December 31, 2017)	(183)	(183)
Accumulated other comprehensive loss	(14,357)	(7,509)
Total Shareholders' Equity	234,074	226,460
Total Liabilities and Shareholders' Equity	\$2,471,464	\$2,322,347

(See notes to consolidated financial statements)

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Republic First Bancorp, Inc. and Subsidiaries
 Consolidated Statements of Income
 For the Three Months Ended March 31, 2018 and 2017
 (Dollars in thousands, except per share data)
 (unaudited)

	Three Months Ended March 31,	
	2018	2017
Interest income		
Interest and fees on taxable loans	\$ 13,907	\$ 10,941
Interest and fees on tax-exempt loans	362	258
Interest and dividends on taxable investment securities	6,349	4,733
Interest and dividends on tax-exempt investment securities	109	194
Interest on federal funds sold and other interest-earning assets	172	61
Total interest income	20,899	16,187
Interest expense		
Demand-interest bearing	1,257	608
Money market and savings	972	698
Time deposits	369	296
Other borrowings	185	366
Total interest expense	2,783	1,968
Net interest income	18,116	14,219
Provision for loan losses	400	-
Net interest income after provision for loan losses	17,716	14,219
Non-interest income		
Loan and servicing fees	147	337
Mortgage banking income	2,186	2,421
Gain on sales of SBA loans	992	688
Service fees on deposit accounts	1,175	846
Other non-interest income	35	46
Total non-interest income	4,535	4,338
Non-interest expenses		
Salaries and employee benefits	10,645	8,582
Occupancy	2,113	1,715
Depreciation and amortization	1,357	1,175
Legal	291	252
Other real estate owned	311	346
Appraisal and other loan expenses	278	442
Advertising	329	245
Data processing	824	785
Insurance	292	273
Professional fees	468	428
Regulatory assessments and costs	467	329
Taxes, other	245	236
Other operating expenses	2,482	1,996
Total non-interest expense	20,102	16,804
Income before provision (benefit) for income taxes	2,149	1,753
Provision (benefit) for income taxes	372	(34)

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Net income	\$1,777	\$1,787
Net income per share		
Basic	\$0.03	\$0.03
Diluted	\$0.03	\$0.03

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
 Consolidated Statements of Comprehensive Income (Loss)
 For the Three Months Ended March 31, 2018 and 2017
 (Dollars in thousands)
 (unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	\$1,777	\$1,787
Other comprehensive income (loss), net of tax		
Unrealized gains (losses) on securities (pre-tax (\$6,708), and \$971 respectively)	(5,239)	623
Amortization of net unrealized holding losses during the period (pre-tax \$39, and \$42 respectively)	31	27
Total other comprehensive income (loss)	(5,208)	650
Total comprehensive income (loss)	\$(3,431)	\$2,437

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2018 and 2017
(Dollars in thousands)
(unaudited)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities		
Net income	\$1,777	\$1,787
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	400	-
Write down of other real estate owned	-	110
Depreciation and amortization	1,357	1,175
Stock based compensation	521	302
Amortization of premiums on investment securities	756	676
Accretion of discounts on retained SBA loans	(346)	(267)
Fair value adjustments on SBA servicing assets	504	265
Proceeds from sales of SBA loans originated for sale	13,904	8,378
SBA loans originated for sale	(16,555)	(8,881)
Gains on sales of SBA loans originated for sale	(992)	(688)
Proceeds from sales of mortgage loans originated for sale	87,037	76,740
Mortgage loans originated for sale	(61,998)	(70,507)
Fair value adjustment for mortgage loans originated for sale	663	(218)
Gains on mortgage loans originated for sale	(2,185)	(1,857)
Amortization of intangible assets	-	26
Amortization of debt issuance costs	2	7
Increase in accrued interest receivable and other assets	(504)	(1,501)
Decrease in accrued interest payable and other liabilities	(2,229)	(1,223)
Net cash provided by operating activities	22,112	4,324
Cash flows from investing activities		
Purchase of investment securities available for sale	(75,142)	(909)
Purchase of investment securities held to maturity	(61,083)	-
Proceeds from the maturity or call of securities available for sale	12,716	8,955
Proceeds from the maturity or call of securities held to maturity	13,740	10,352
Net purchase of restricted stock	(3,517)	-
Net increase in loans	(90,637)	(60,878)
Net proceeds from sale of other real estate owned	-	120
Premises and equipment expenditures	(3,563)	(3,061)
Net cash used in investing activities	(207,486)	(45,421)
Cash flows from financing activities		
Net proceeds from exercise of stock options	430	292
Net increase in demand, money market and savings deposits	47,814	47,573
Net increase (decrease) in time deposits	12,342	(4,731)
Increase in short-term borrowings	93,915	-
Net cash provided by financing activities	154,501	43,134

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Net (decrease) increase in cash and cash equivalents	(30,873)	2,037
Cash and cash equivalents, beginning of year	61,942	34,554
Cash and cash equivalents, end of period	\$31,069	\$36,591
Supplemental disclosures		
Interest paid	\$2,849	\$1,992
Conversion of subordinated debt to common stock	\$10,094	\$240

(See notes to consol