
Section 1: 8-K (REPUBLIC FIRST BANCORP, INC. FORM 8-K)

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): January 28, 2019

REPUBLIC FIRST BANCORP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation)

000-17007
(Commission File Number)

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

50 South 16th Street, Suite 2400, Philadelphia, PA 19102
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (215) 735-4422

N/A
Former name, former address, and former fiscal year, if changed since last report

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On January 28, 2019, Republic First Bancorp, Inc. issued a press release announcing its results of operations and financial condition at and for the period ended December 31, 2018. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this report, including the exhibit attached hereto, is furnished solely pursuant to Item 2.02 of this Form 8-K. Consequently, it is not deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press Release issued on January 28, 2019 regarding financial results for the period ended December 31, 2018.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REPUBLIC FIRST BANCORP, INC.

Date: January 28, 2019

By: /s/ Frank A. Cavallaro

Frank A. Cavallaro
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--|
| 99.1 | Press Release issued on January 28, 2019 regarding financial results for the period ended December 31, 2018. |

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



News Release
Republic First Bancorp, Inc.
January 28, 2019

REPUBLIC FIRST BANCORP, INC. REPORTS FOURTH QUARTER FINANCIAL RESULTS LOANS INCREASE BY 24% AND DEPOSITS GROW 16%

Philadelphia, PA, January 28, 2019 (GlobeNewswire) – Republic First Bancorp, Inc. (NASDAQ: FRBK), the holding company for Republic Bank, today announced its financial results for the period ended December 31, 2018.

Q4-2018 Highlights

- Income before tax increased by 70% to \$10.2 million for the twelve months ended December 31, 2018 compared to \$6.0 million for the twelve months ended December 31, 2017. We continue to open new stores and increase profitability despite the additional costs associated with the expansion strategy.
- Total deposits increased by \$330 million, or 16%, to \$2.4 billion as of December 31, 2018 compared to \$2.1 billion as of December 31, 2017.
- New stores opened since the beginning of the “Power of Red is Back” expansion campaign are currently growing deposits at an average rate of \$27 million per year, while the average deposit growth for all stores over the last twelve months was approximately \$14 million per store.
- Total loans grew \$274 million, or 24%, to \$1.4 billion as of December 31, 2018 compared to \$1.2 billion at December 31, 2017.
- Total revenue grew by 24% during the year ended December 31, 2018 while non-interest expense increased by 11% when compared to the year ended December 31, 2017.

“**The Power of Red is Back**” expansion strategy continues to build momentum. As recently announced, Republic Bank is moving forward with plans to expand into New York City. Sites for several new stores have been identified in Manhattan with two to four stores projected to open during 2019.

Vernon W. Hill, II, Chairman of Republic First Bancorp said:

“2018 was another exceptional year for ‘The Power of **Red** is Back’ growth campaign. Four new stores were opened during 2018 using our distinctive glass prototype building. **Despite the significant investments required to execute our growth and expansion strategy, we were able to demonstrate significant improvement in profitability as net income before taxes increased by 70% year over year.** Loans increased by 24% and deposits grew by 16%. Customer accounts increased 29% as we continue to welcome new Fans every day. With the momentum we have generated in the Metro Philadelphia market combined with our expansion in to New York City during 2019 we believe the best is yet to come.”

Harry D. Madonna, President and Chief Executive Officer of Republic First Bancorp added:

“To support our growth and expansion efforts, we continue to add top talent to our team. We’ve recently announced the addition of Joe Tredinnick as the Market President of Pennsylvania. In addition, we continue to invest in technology and enhance our product offerings. It is our goal to deliver the best banking experience through every channel.....in-store, online, and mobile options.”

A summary of the financial results for the period ended December 31, 2018 can be found in the following table:

| (\$ in millions, except per share data) | Twelve Months Ended | | |
|---|---------------------|-----------------|-----------------|
| | <u>12/31/18</u> | <u>12/31/17</u> | <u>% Change</u> |
| Assets | \$ 2,753.3 | \$ 2,322.3 | 19% |
| Loans | 1,436.6 | 1,162.3 | 24% |
| Deposits | 2,392.9 | 2,063.3 | 16% |
| Total Revenue | \$ 112.4 | \$ 90.9 | 24% |
| Income Before Tax | 10.2 | 6.0 | 70% |
| Net Income * | 8.6 | 8.9 | (3%) |
| Net Income per Share | \$ 0.15 | \$ 0.15 | -% |

* Note: Net income for the period ended 12/31/18 reflects an increased provision for federal and state income taxes which did not have the same impact on 2017 results due to an adjustment to the deferred tax asset valuation allowance recorded by the Company.

Financial Highlights for the Period Ended December 31, 2018

- Total assets increased by \$431 million, or 19%, to \$2.8 billion as of December 31, 2018 compared to \$2.3 billion as of December 31, 2017.
- Demand deposits represent the fastest growing segment of the Company’s deposit base. These deposits grew by \$315 million to \$1.6 billion over the last 12 months, including growth of 18% in non-interest bearing demand deposit balances.
- Net income before tax grew by 70% to \$10.2 million for the twelve months ended December 31, 2018 compared to \$6.0 million for the twelve months ended December 31, 2017.
- We have twenty-five convenient store locations open today. During the fourth quarter of 2018 we opened new stores in Evesboro and Somers Point, NJ. Construction is underway on sites in Lumberton, NJ and Feasterville, PA. There are also multiple sites in various stages of development for future store locations.

- Expansion into New York City is scheduled to begin in 2019. The Company is planning to open two to four new stores in Manhattan in the coming year.
- Asset quality continues to improve. The ratio of non-performing assets to total assets declined to 0.60% as of December 31, 2018 compared to 0.94% as of December 31, 2017.
- The Company converted \$10.6 million of outstanding trust preferred securities to 1.6 million shares of common stock during the first quarter of 2018. This conversion will result in a reduction of interest expense of approximately \$0.9 million on an annual basis going forward.
- The Company's residential mortgage division, Oak Mortgage, is serving the home financing needs of customers throughout its footprint. Oak has originated more than \$360 million in loans during the twelve month period ended December 31, 2018.
- Meeting the needs of small business customers continued to be an important part of the Company's lending strategy. More than \$10 million in new SBA loans were originated during the three month period ended December 31, 2018. Republic Bank is currently ranked as the #1 SBA lender in New Jersey based on the dollar volume of loan originations.
- The Company's Total Risk-Based Capital ratio was 15.03% and Tier I Leverage Ratio was 9.35% at December 31, 2018.
- Book value per common share increased to \$4.17 as of December 31, 2018 compared to \$3.97 as of December 31, 2017.

Income Statement

The major components of the income statement are as follows (dollars in thousands, except per share data):

| | Three Months Ended | | | Twelve Months Ended | | |
|-------------------------------|--------------------|-----------|----------|---------------------|-----------|----------|
| | 12/31/18 | 12/31/17 | % Change | 12/31/18 | 12/31/17 | % Change |
| Total Revenue | \$ 30,181 | \$ 24,421 | 24% | \$ 112,396 | \$ 90,946 | 24% |
| Provision for Loan Losses | 600 | 400 | 50% | 2,300 | 900 | 156% |
| Non-interest Expense | 22,057 | 21,622 | 2% | 83,721 | 75,276 | 11% |
| Income (Loss) Before Taxes | 2,211 | (143) | n/m | 10,205 | 5,986 | 70% |
| Provision (Benefit) for Taxes | 54 | (2,881) | n/m | 1,578 | (2,919) | n/m |
| Net Income | 2,157 | 2,738 | (21%) | 8,627 | 8,905 | (3%) |
| Net Income per Share | \$ 0.04 | \$ 0.05 | (20%) | \$ 0.15 | \$ 0.15 | -% |

The Company reported net income of \$2.2 million, or \$0.04 per share, for the three month period ended December 31, 2018, compared to \$2.7 million, or \$0.05 per share, for the three month period ended December 31, 2017. Net income for the twelve month period ended December 31, 2018 was \$8.6 million, or \$0.15 per share, compared to net income of \$8.9 million, or \$0.15 per share, for the twelve months ended December 31, 2017.

During 2017, the Company recorded a benefit for federal and state income taxes due to the reversal of the deferred tax asset valuation allowance recorded on the balance sheet in the fourth quarter of last year. Income Before Taxes grew by 70% to \$10.2 million during the year ended December 31, 2018, compared to \$6.0 million for the year ended December 31, 2017. The significant improvement in pre-tax profitability has been achieved despite the ongoing investments and expenditures required for the growth and expansion strategy.

Total revenue increased by \$5.8 million, or 24%, to \$30.2 million for the three month period ended December 31, 2018, compared to \$24.4 million for the three month period ended December 31, 2017. Total revenue for the twelve month period ended December 31, 2018 increased by \$21.5 million, or 24%, to \$112.4 million. The increase in revenue is primarily attributable to higher interest income as a result of the strong growth in interest-earning assets over the last twelve months driven by the Company's "Power of Red is Back" expansion program.

The increase in total revenue for both the three month period (24%) and twelve month period (24%) ended December 31, 2018 exceeded the growth in non-interest expense for the three month period (2%) and the twelve month period (11%) ended December 31, 2018 which demonstrates the effect that our growth strategy will have on the profitability of the Bank.

Non-interest expenses increased by 2%, to \$22.1 million during the quarter ended December 31, 2018 compared to \$21.6 million during the quarter ended December 31, 2017. Non-interest expenses increased by 11%, to \$83.7 million during the twelve month period ended December 31, 2018 compared to \$75.3 million during the twelve months ended December 31, 2017. The growth in expenses were mainly caused by an increase in salaries and employee benefits driven by annual merit increases along with increased staffing levels related to our growth and expansion strategy. Occupancy and equipment expenses associated with the growth strategy also contributed to the increase in non-interest expenses.

The provision for income taxes was \$54 thousand for the three month period ended December 31, 2018 compared to a benefit for income taxes in the amount of \$2.9 million for the three month period ended December 31, 2017. The Company began recognizing an increased provision for federal and state income taxes during 2018 after reversing its deferred tax asset valuation allowance during the fourth quarter of 2017.

Balance Sheet

The major components of the balance sheet are as follows (dollars in thousands):

| Description | 12/31/18 | 12/31/17 | % Change | 09/30/18 | % Change |
|-------------------|--------------|--------------|----------|--------------|----------|
| Total assets | \$ 2,753,297 | \$ 2,322,347 | 19% | \$ 2,657,206 | 4% |
| Total loans (net) | 1,427,983 | 1,153,679 | 24% | 1,370,704 | 4% |
| Total deposits | 2,392,867 | 2,063,295 | 16% | 2,400,358 | -% |

Total assets increased by \$431.0 million, or 19%, as of December 31, 2018 when compared to December 31, 2017. Deposits grew by \$329.6 million to \$2.4 billion as of December 31, 2018 compared to \$2.1 billion as of December 31, 2017. The number of deposit accounts has grown by 29% during the past twelve months. The strong growth in assets, loans and deposits has been driven by the addition of new stores and the successful execution of the Company's aggressive growth strategy referred to as "The Power of Red is Back."

Deposits

Deposits by type of account are as follows (dollars in thousands):

| Description | 12/31/18 | 12/31/17 | % Change | 09/30/18 | % Change | 4th Qtr 2018 Cost of Funds |
|----------------------------|--------------|--------------|----------|--------------|----------|----------------------------|
| Demand noninterest-bearing | \$ 519,056 | \$ 438,500 | 18% | \$ 509,188 | 2% | 0.00% |
| Demand interest-bearing | 1,042,561 | 807,736 | 29% | 1,058,670 | (2%) | 1.18% |
| Money market and savings | 676,993 | 700,322 | 3% | 703,358 | (4%) | 0.82% |
| Certificates of deposit | 154,257 | 116,737 | 32% | 129,142 | 19% | 1.39% |
| Total deposits | \$ 2,392,867 | \$ 2,063,295 | 16% | \$ 2,400,358 | -% | 0.83% |

Deposits increased to \$2.4 billion at December 31, 2018 compared to \$2.1 billion at December 31, 2017 as the Company moves forward with its growth strategy to increase the number of stores and expand the reach of its banking model which focuses on high levels of customer service and convenience and drives the gathering of low-cost, core deposits. The Company recognized strong growth in demand deposit balances, including an increase in non-interest bearing demand deposits of 18%, year over year as a result of the successful execution of its strategy.

Lending

Loans by type are as follows (dollars in thousands):

| Description | % of | | % of | | % of | |
|-----------------------------------|-------------|-------|-------------|-------|-------------|-------|
| | 12/31/18 | Total | 12/31/17 | Total | 09/30/18 | Total |
| Commercial real estate | \$ 515,738 | 36% | \$ 433,304 | 37% | \$495,529 | 36% |
| Construction and land development | 121,042 | 8% | 104,617 | 9% | 125,512 | 9% |
| Commercial and industrial | 200,423 | 14% | 173,343 | 15% | 195,493 | 14% |
| Owner occupied real estate | 367,895 | 26% | 309,838 | 27% | 358,956 | 26% |
| Consumer and other | 91,136 | 6% | 76,412 | 7% | 86,922 | 6% |
| Residential mortgage | 140,364 | 10% | 64,764 | 5% | 116,376 | 9% |
| Gross loans | \$1,436,598 | 100% | \$1,162,278 | 100% | \$1,378,788 | 100% |

Gross loans increased by \$274 million, or 24%, to \$1.4 billion at December 31, 2018 compared to \$1.2 billion at December 31, 2017 as a result of the steady flow in quality loan demand over the last twelve months and continued success with the relationship banking model. The Company experienced strong growth across all loan categories.

Asset Quality

The Company's asset quality ratios are highlighted below:

| | Three Months Ended | | |
|--|--------------------|----------|----------|
| | 12/31/18 | 09/30/18 | 12/31/17 |
| Non-performing assets / capital and reserves | 7% | 8% | 9% |
| Non-performing assets / total assets | 0.60% | 0.76% | 0.94% |
| Quarterly net loan charge-offs / average loans | 0.02% | (0.01%) | 0.02% |
| Allowance for loan losses / gross loans | 0.60% | 0.59% | 0.74% |
| Allowance for loan losses / non-performing loans | 83% | 60% | 58% |

The percentage of non-performing assets to total assets decreased to 0.60% at December 31, 2018, compared to 0.94% at December 31, 2017. The ratio of non-performing assets to capital and reserves decreased to 7% at December 31, 2018 compared to 9% at December 31, 2017 primarily as a result of decreases in non-performing assets over the last 12 months.

Capital

The Company's capital ratios at December 31, 2018 were as follows:

| | Actual 12/31/18 Bancorp | Actual 12/31/18 Bank | Regulatory Guidelines "Well Capitalized" |
|---------------------------|--|-------------------------------------|---|
| Leverage Ratio | 9.35% | 8.21% | 5.00% |
| Common Equity Ratio | 13.90% | 12.77% | 6.50% |
| Tier 1 Risk Based Capital | 14.53% | 12.77% | 8.00% |
| Total Risk Based Capital | 15.03% | 13.26% | 10.00% |
| Tangible Common Equity | 8.74% | 7.88% | n/a |

Total shareholders' equity increased to \$245 million at December 31, 2018 compared to \$226 million at December 31, 2017. Book value per common share increased to \$4.17 at December 31, 2018 compared to \$3.97 per share at December 31, 2017.

Analyst and Investor Call

An analyst and investor call will be held on the following date and time:

| | |
|---------------------|--|
| Date: | January 28, 2019 |
| Time: | 10:00am (EDT) |
| From the U.S. dial: | (866) 436-9172 [Toll Free] or (630) 691-2760 |
| Participant Pin: | 48161934# |

An operator will assist you in joining the call.

About Republic Bank

Republic Bank, a subsidiary of Republic First Bancorp, Inc., is a full-service, state-chartered commercial bank, whose deposits are insured up to the applicable limits by the Federal Deposit Insurance Corporation (FDIC). The Bank provides diversified financial products through its twenty-five stores located in the Greater Philadelphia and Southern New Jersey market place. Republic Bank stores are open 7 days a week, 361 days a year, with extended lobby and drive-thru hours providing customers with the most convenient hours compared to any bank in its market. The Bank offers free checking, free coin counting, ATM/Debit cards issued on the spot and access to more than 55,000 surcharge free ATMs worldwide via the Allpoint Network. The Bank also offers a wide range of residential mortgage products through its mortgage division which does business under the name of Oak Mortgage Company. For more information about Republic Bank, visit www.myrepublicbank.com.

Forward Looking Statements

The Company may from time to time make written or oral “forward-looking statements”, including statements contained in this release and in the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained herein, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. For example, risks and uncertainties can arise with changes in: general economic conditions, including turmoil in the financial markets and related efforts of government agencies to stabilize the financial system; the adequacy of our allowance for loan losses and our methodology for determining such allowance; adverse changes in our loan portfolio and credit risk-related losses and expenses; concentrations within our loan portfolio, including our exposure to commercial real estate loans, and to our primary service area; changes in interest rates; business conditions in the financial services industry, including competitive pressure among financial services companies, new service and product offerings by competitors, price pressures and similar items; deposit flows; loan demand; the regulatory environment, including evolving banking industry standards, changes in legislation or regulation; impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act; our securities portfolio and the valuation of our securities; accounting principles, policies and guidelines as well as estimates and assumptions used in the preparation of our financial statements; rapidly changing technology; litigation liabilities, including costs, expenses, settlements and judgments; and other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services. You should carefully review the risk factors described in the Form 10-K for the year ended December 31, 2017 and other documents the Company files from time to time with the Securities and Exchange Commission. The words “would be,” “could be,” “should be,” “probability,” “risk,” “target,” “objective,” “may,” “will,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” and similar expressions or variations on such expressions are intended to identify forward-looking statements. All such statements are made in good faith by the Company pursuant to the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company, except as may be required by applicable law or regulations.

Source: Republic First Bancorp, Inc.

Contact: Frank A. Cavallaro, CFO
(215) 735-4422

Republic First Bancorp, Inc.
Consolidated Balance Sheets
(Unaudited)

| | December 31, 2018 | September 30, 2018 | December 31, 2017 |
|---|-------------------------|--------------------------|-------------------------|
| <i>(dollars in thousands, except per share amounts)</i> | | | |
| ASSETS | | | |
| Cash and due from banks | \$ 35,685 | \$ 37,303 | \$ 36,073 |
| Interest-bearing deposits and federal funds sold | 36,788 | 108,996 | 25,869 |
| Total cash and cash equivalents | 72,473 | 146,299 | 61,942 |
| Securities - Available for sale | 321,014 | 487,524 | 464,430 |
| Securities - Held to maturity | 761,563 | 485,291 | 472,213 |
| Restricted stock | 5,754 | 1,916 | 1,918 |
| Total investment securities | 1,088,331 | 974,731 | 938,561 |
| Loans held for sale | 26,291 | 32,839 | 45,700 |
| Loans receivable | 1,436,598 | 1,378,788 | 1,162,278 |
| Allowance for loan losses | (8,615) | (8,084) | (8,599) |
| Net loans | 1,427,983 | 1,370,704 | 1,153,679 |
| Premises and equipment | 87,661 | 81,912 | 74,947 |
| Other real estate owned | 6,223 | 6,768 | 6,966 |
| Other assets | 44,335 | 43,953 | 40,552 |
| Total Assets | <u>\$ 2,753,297</u> | <u>\$ 2,657,206</u> | <u>\$ 2,322,347</u> |
| LIABILITIES | | | |
| Non-interest bearing deposits | \$ 519,056 | \$ 509,188 | \$ 438,500 |
| Interest bearing deposits | 1,873,811 | 1,891,170 | 1,624,795 |
| Total deposits | 2,392,867 | 2,400,358 | 2,063,295 |
| Short-term borrowings | 91,422 | - | - |
| Subordinated debt | 11,259 | 11,257 | 21,681 |
| Other liabilities | 12,560 | 9,767 | 10,911 |
| Total Liabilities | <u>2,508,108</u> | <u>2,421,382</u> | <u>2,095,887</u> |
| SHAREHOLDERS' EQUITY | | | |
| Common stock - \$0.01 par value | 593 | 593 | 575 |
| Additional paid-in capital | 269,147 | 268,613 | 256,285 |
| Accumulated deficit | (8,716) | (10,873) | (18,983) |
| Treasury stock at cost | (3,725) | (3,725) | (3,725) |
| Stock held by deferred compensation plan | (183) | (183) | (183) |
| Accumulated other comprehensive loss | (11,927) | (18,601) | (7,509) |
| Total Shareholders' Equity | <u>245,189</u> | <u>235,824</u> | <u>226,460</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 2,753,297</u> | <u>\$ 2,657,206</u> | <u>\$ 2,322,347</u> |

Republic First Bancorp, Inc.
Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended | | | Twelve Months Ended | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| <i>(in thousands, except per share amounts)</i> | | | | | |
| INTEREST INCOME | | | | | |
| Interest and fees on loans | \$ 17,555 | \$ 16,764 | \$ 13,576 | \$ 64,045 | \$ 50,094 |
| Interest and dividends on investment securities | 7,279 | 6,641 | 5,568 | 27,182 | 20,178 |
| Interest on other interest earning assets | 459 | 153 | 265 | 847 | 577 |
| Total interest income | 25,293 | 23,558 | 19,409 | 92,074 | 70,849 |
| INTEREST EXPENSE | | | | | |
| Interest on deposits | 5,103 | 3,642 | 2,222 | 14,432 | 7,418 |
| Interest on borrowed funds | 210 | 770 | 320 | 1,738 | 1,366 |
| Total interest expense | 5,313 | 4,412 | 2,542 | 16,170 | 8,784 |
| Net interest income | 19,980 | 19,146 | 16,867 | 75,904 | 62,065 |
| Provision for loan losses | 600 | 500 | 400 | 2,300 | 900 |
| Net interest income after provision for loan losses | 19,380 | 18,646 | 16,467 | 73,604 | 61,165 |
| NON-INTEREST INCOME | | | | | |
| Service fees on deposit accounts | 1,589 | 1,386 | 1,084 | 5,476 | 3,904 |
| Mortgage banking income | 2,285 | 2,580 | 2,619 | 10,233 | 11,170 |
| Gain on sale of SBA loans | 451 | 816 | 1,063 | 3,105 | 3,378 |
| Loss on sale of investment securities | (66) | - | (85) | (67) | (146) |
| Other non-interest income | 629 | 349 | 331 | 1,575 | 1,791 |
| Total non-interest income | 4,888 | 5,131 | 5,012 | 20,322 | 20,097 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries and employee benefits | 11,351 | 11,203 | 10,159 | 44,082 | 37,959 |
| Occupancy and equipment | 3,410 | 3,260 | 2,947 | 13,493 | 11,774 |
| Legal and professional fees | 642 | 773 | 953 | 3,033 | 2,877 |
| Foreclosed real estate | 707 | 378 | 2,388 | 1,588 | 4,092 |
| Regulatory assessments and related fees | 417 | 396 | 359 | 1,675 | 1,367 |
| Other operating expenses | 5,530 | 4,823 | 4,816 | 19,850 | 17,207 |
| Total non-interest expense | 22,057 | 20,833 | 21,622 | 83,721 | 75,276 |
| Income (loss) before benefit for income taxes | 2,211 | 2,944 | (143) | 10,205 | 5,986 |
| Provision (benefit) for income taxes | 54 | 622 | (2,881) | 1,578 | (2,919) |
| Net income | \$ 2,157 | \$ 2,322 | \$ 2,738 | \$ 8,627 | \$ 8,905 |
| Net Income per Common Share | | | | | |
| Basic | \$ 0.04 | \$ 0.04 | \$ 0.05 | \$ 0.15 | \$ 0.16 |
| Diluted | \$ 0.04 | \$ 0.04 | \$ 0.05 | \$ 0.15 | \$ 0.15 |
| Average Common Shares Outstanding | | | | | |
| Basic | 58,789 | 58,774 | 56,988 | 58,358 | 56,933 |
| Diluted | 59,672 | 59,774 | 58,360 | 59,407 | 58,250 |

Republic First Bancorp, Inc.
Average Balances and Net Interest Income
(unaudited)

| <i>(dollars in thousands)</i> | For the three months ended December 31, 2018 | | | For the three months ended September 30, 2018 | | | For the three months ended December 31, 2017 | | |
|--|---|--------------------------------|----------------|--|--------------------------------|----------------|---|--------------------------------|----------------|
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate |
| Interest-earning assets: | | | | | | | | | |
| Federal funds sold and other interest-earning assets | \$ 80,416 | \$ 459 | 2.26% | \$ 29,163 | \$ 153 | 2.08% | \$ 82,918 | \$ 265 | 1.27% |
| Securities | 1,068,065 | 7,315 | 2.74% | 1,018,910 | 6,676 | 2.62% | 888,862 | 5,616 | 2.53% |
| Loans receivable | 1,427,260 | 17,660 | 4.91% | 1,390,894 | 16,873 | 4.81% | 1,171,771 | 13,743 | 4.65% |
| Total interest-earning assets | 2,575,741 | 25,434 | 3.92% | 2,438,967 | 23,702 | 3.86% | 2,143,551 | 19,624 | 3.63% |
| Other assets | 134,411 | | | 135,139 | | | 126,904 | | |
| Total assets | <u>\$ 2,710,152</u> | | | <u>\$ 2,574,106</u> | | | <u>\$ 2,270,455</u> | | |
| Interest-bearing liabilities: | | | | | | | | | |
| Demand non interest-bearing | \$ 528,568 | | | \$ 513,292 | | | \$ 421,841 | | |
| Demand interest-bearing | 1,073,140 | 3,192 | 1.18% | 861,607 | 1,948 | 0.90% | 776,203 | 945 | 0.48% |
| Money market & savings | 702,322 | 1,444 | 0.82% | 699,081 | 1,308 | 0.74% | 693,684 | 942 | 0.54% |
| Time deposits | 133,675 | 467 | 1.39% | 126,378 | 386 | 1.21% | 120,067 | 335 | 1.11% |
| Total deposits | 2,437,705 | 5,103 | 0.83% | 2,200,358 | 3,642 | 0.66% | 2,011,795 | 2,222 | 0.44% |
| Total interest-bearing deposits | 1,909,137 | 5,103 | 1.06% | 1,687,066 | 3,642 | 0.86% | 1,589,954 | 2,222 | 0.55% |
| Other borrowings | 24,354 | 210 | 3.42% | 127,150 | 770 | 2.40% | 23,621 | 320 | 5.37% |
| Total interest-bearing liabilities | 1,933,491 | 5,313 | 1.09% | 1,814,216 | 4,412 | 0.96% | 1,613,575 | 2,542 | 0.63% |
| Total deposits and other borrowings | 2,462,059 | 5,313 | 0.86% | 2,327,508 | 4,412 | 0.75% | 2,035,416 | 2,542 | 0.50% |
| Non interest-bearing liabilities | 9,690 | | | 10,363 | | | 9,560 | | |
| Shareholders' equity | 238,403 | | | 236,235 | | | 225,479 | | |
| Total liabilities and shareholders' equity | <u>\$ 2,710,152</u> | | | <u>\$ 2,574,106</u> | | | <u>\$ 2,270,455</u> | | |
| Net interest income | | <u>\$ 20,121</u> | | | <u>\$ 19,290</u> | | | <u>\$ 17,082</u> | |
| Net interest spread | | | <u>2.83%</u> | | | <u>2.90%</u> | | | <u>3.00%</u> |
| Net interest margin | | | <u>3.10%</u> | | | <u>3.14%</u> | | | <u>3.16%</u> |

Note: The above tables are presented on a tax equivalent basis.

Republic First Bancorp, Inc.
Average Balances and Net Interest Income
(unaudited)

| <i>(dollars in thousands)</i> | For the twelve months ended December 31, 2018 | | | For the twelve months ended December 31, 2017 | | |
|---|--|--------------------------------|----------------|--|--------------------------------|----------------|
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate |
| Interest-earning assets: | | | | | | |
| Federal funds sold and other interest-earning assets | \$ 40,931 | \$ 847 | 2.07% | \$ 48,148 | \$ 577 | 1.20% |
| Securities | 1,037,810 | 27,316 | 2.63% | 811,269 | 20,466 | 2.52% |
| Loans receivable | 1,340,117 | 64,455 | 4.81% | 1,090,851 | 50,687 | 4.65% |
| Total interest-earning assets | 2,418,858 | 92,618 | 3.83% | 1,950,268 | 71,730 | 3.68% |
| Other assets | 131,369 | | | 115,770 | | |
| Total assets | <u>\$ 2,550,227</u> | | | <u>\$ 2,066,038</u> | | |
| Interest-bearing liabilities: | | | | | | |
| Demand non interest-bearing | \$ 488,995 | | | \$ 372,171 | | |
| Demand interest-bearing | 918,508 | 7,946 | 0.87% | 687,586 | 3,020 | 0.44% |
| Money market & savings | 697,135 | 4,898 | 0.70% | 629,464 | 3,160 | 0.50% |
| Time deposits | 128,892 | 1,588 | 1.23% | 110,952 | 1,238 | 1.12% |
| Total deposits | 2,233,530 | 14,432 | 0.65% | 1,800,173 | 7,418 | 0.41% |
| Total interest-bearing deposits | 1,744,535 | 14,432 | 0.83% | 1,428,002 | 7,418 | 0.52% |
| Other borrowings | 73,573 | 1,738 | 2.36% | 35,429 | 1,366 | 3.86% |
| Total interest-bearing liabilities | 1,818,108 | 16,170 | 0.89% | 1,463,431 | 8,784 | 0.60% |
| Total deposits and other borrowings | 2,307,103 | 16,170 | 0.70% | 1,835,602 | 8,784 | 0.48% |
| Non interest-bearing liabilities | 9,431 | | | 8,942 | | |
| Shareholders' equity | 233,693 | | | 221,494 | | |
| Total liabilities and shareholders' equity | <u>\$ 2,550,227</u> | | | <u>\$ 2,066,038</u> | | |
| Net interest income | | <u>\$ 76,448</u> | | | <u>\$ 62,946</u> | |
| Net interest spread | | | <u>2.94%</u> | | | <u>3.08%</u> |
| Net interest margin | | | <u>3.16%</u> | | | <u>3.23%</u> |

Note: The above tables are presented on a tax equivalent basis.

Republic First Bancorp, Inc.
Summary of Allowance for Loan Losses and Other Related Data
(unaudited)

| | Three months ended | | | Twelve months ended | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| <i>(dollars in thousands)</i> | | | | | |
| Balance at beginning of period | \$ 8,084 | \$ 7,566 | \$ 8,258 | \$ 8,599 | \$ 9,155 |
| Provision charged to operating expense | 600 | 500 | 400 | 2,300 | 900 |
| | <u>8,684</u> | <u>8,066</u> | <u>8,658</u> | <u>10,899</u> | <u>10,055</u> |
| Recoveries on loans charged-off: | | | | | |
| Commercial | 5 | 18 | 1 | 152 | 119 |
| Consumer | - | 1 | - | 2 | 1 |
| Total recoveries | <u>5</u> | <u>19</u> | <u>1</u> | <u>154</u> | <u>120</u> |
| Loans charged-off: | | | | | |
| Commercial | (68) | - | (19) | (2,219) | (1,523) |
| Consumer | <u>(6)</u> | <u>(1)</u> | <u>(41)</u> | <u>(219)</u> | <u>(53)</u> |
| Total charged-off | <u>(74)</u> | <u>(1)</u> | <u>(60)</u> | <u>(2,438)</u> | <u>(1,576)</u> |
| Net (charge-offs) recoveries | <u>(69)</u> | <u>18</u> | <u>(59)</u> | <u>(2,284)</u> | <u>(1,456)</u> |
| Balance at end of period | <u>\$ 8,615</u> | <u>\$ 8,084</u> | <u>\$ 8,599</u> | <u>\$ 8,615</u> | <u>\$ 8,599</u> |
| Net (charge-offs) recoveries as a percentage of average loans outstanding | 0.02% | (0.01%) | 0.02% | 0.17% | 0.13% |
| Allowance for loan losses as a percentage of period-end loans | 0.60% | 0.59% | 0.74% | 0.60% | 0.74% |

Republic First Bancorp, Inc.
Summary of Non-Performing Loans and Assets
(unaudited)

(dollars in thousands)

| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
| Non-accrual loans: | | | | | |
| Commercial real estate | \$ 9,463 | \$ 12,661 | \$ 13,297 | \$ 13,322 | \$ 13,973 |
| Consumer and other | 878 | 818 | 809 | 810 | 872 |
| Total non-accrual loans | <u>10,341</u> | <u>13,479</u> | <u>14,106</u> | <u>14,132</u> | <u>14,845</u> |
| Loans past due 90 days or more and still accruing | | | | | |
| | - | - | - | - | - |
| Total non-performing loans | 10,341 | 13,479 | 14,106 | 14,132 | 14,845 |
| Other real estate owned | | | | | |
| | <u>6,223</u> | <u>6,768</u> | <u>6,559</u> | <u>6,966</u> | <u>6,966</u> |
| Total non-performing assets | <u>\$ 16,564</u> | <u>\$ 20,247</u> | <u>\$ 20,665</u> | <u>\$ 21,098</u> | <u>\$ 21,811</u> |
| | | | | | |
| Non-performing loans to total loans | 0.72% | 0.98% | 1.07% | 1.13% | 1.28% |
| Non-performing assets to total assets | 0.60% | 0.76% | 0.81% | 0.85% | 0.94% |
| Non-performing loan coverage | 83.31% | 59.97% | 53.64% | 47.06% | 57.93% |
| Allowance for loan losses as a percentage of total period-end loans | | | | | |
| | 0.60% | 0.59% | 0.57% | 0.53% | 0.74% |
| Non-performing assets / capital plus allowance for loan losses | | | | | |
| | 6.53% | 8.30% | 8.51% | 8.76% | 9.28% |