

Republic First Bancorp, Inc. NasdaqGM:FRBK Shareholder/Analyst Call

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Call Participants

EXECUTIVES

Andrew J. Logue
President & COO

Harry D. Madonna
President, CEO & Director

Jay M. Neilon
Executive VP & Chief Credit Officer

Tracie A. Young
Executive VP & Chief Risk Officer

Unknown Executive

Presentation

Operator

Good afternoon, and welcome to the 2020 Annual Meeting of the shareholders of Republic First Bank Corporation. The 2020 Annual Meeting of Shareholders will please come to order.

I am Harry Madonna, CEO and President of the company. The agenda for this afternoon is, one, the introduction of directors and officers. Second, we'll have comments from our Chairman, Vernon Hill. The third will be the formal portion of the meeting.

As you know, due to the unprecedented health impact of the current pandemic, we are conducting our 2020 annual meeting as a virtual meeting for the first time. Shareholders are able to attend the virtual meeting via the web portal information that was distributed previously. As in the past, we will conduct the business portion of the meeting first and then respond to any general questions or comments at the end of the meeting. Shareholders can submit questions and comments by typing the question or comment in the designated field on the web portal. Only valid shareholders may ask questions or make comments through the portal.

We have posted some rules of conduct for this year's annual meeting, and they are available for review on the web portal. Please note that this meeting is being recorded and a replay will be available for review on this portal. No one attending the virtual meeting webcast is permitted to use any audio recording device.

I would now like to introduce the members of the Board of Directors and Senior Management participating in our meeting today. The Board of Directors are: Vernon Hill, Chairman; Andrew Collin; Ted Flacco; Lisa Jacobs; Harry Madonna; Barry [indiscernible]; Brian Cherny; and Harris [indiscernible]. From our Senior Management team, we have aside for myself, Andy Logue, President and Chief Operating Officer of the Bank; Brian Frank Cavallaro, Executive Vice President, Chief Financial Officer of the company and the bank; Jay Neilon, Executive Vice President, Chief Credit Officer of the Republic Bank; and Tracie Young, Executive Vice President and Chief Risk Officer of Republic Bank; Mike [Zones] of BDO, our independent registered public accounting firm is also available today.

With that, I'll turn it over to Ms. [Mihail].

Unknown Executive

Welcome to all of you joining us on this call. This is a first for us doing it only by web. I'd like to make a few -- give you a few thoughts about where we [indiscernible] bank is and where we think we're going. I hope you're looking at your screens and you have a copy of our slides. The first page is the power of red is back. And of course, we have 2 great looking dogs on the front page. This is a combination we report under our results in 2019 and then the unusual events of the first half of 2020. Just to remind everybody what we're all about.

Our entire business model has been and is about building fans. Fans are so important to building a growth business. Fans joined our brand, they remain loyal and they bring their friends. Everything we do is about building fans.

If you go to the next page with the yellow box on, how do you create a brand from scratch? Well, when you talk about brand, there are really 3 types. Basic brands on the bottom level, if you say a name of a company, you know it. There's a second level of brand, if you say if you feel good about it. But the third level is legit where the customer and the brand become one. Apple is the obvious example. The customer and the brand become one. And we call it fans. And we're going to talk about all the things we have been doing to serve our current fans and to build new fans in 2020.

The next page is a photo of our new store look. And our slogan is the power of red is back. I hope many of you know that refers to the year's [indiscernible]. And Republic is has a lot of the qualities of that bank and a lot of the team we brought over from commerce.

In 2019, we began our [march] into New York. We opened our first 2 stores at 14th and fifth, and you see a slide and 51st and third is the next slide, and we will be opening new stores this year in Manhattan.

Going on, there's a map that shows our stores. We're building new stores in our current Metropolitan area and expanding in the New York market. But the world is about delivering a great customer experience every way through every channel,

whether it's in store, online, mobile or by phone. And the brands at win has the best of each one of those channels and they unite the experience. Again, the experience builds fans.

And you can go to the next page, and I just talked about, we deliver online, in-store, through the app on the phone. It's about uniting the experience. And some of you will remember a model I bought from my old days at commerce to kill every stupid bank rule that we can find. And here's some of the fun rules we pill. Why shouldn't our retail stores be open every day, we want to be open when the customer wants it. You might remember we had a commerce-free Coin County, Toronto Dominion Bank bought commerce. They've shut down the Coin County. And of course, we're back with our new stores with Republic for free coin counting.

On the bottom left, you see pens there and Republic follows in our experience at Commerce, where the last year, we gave away 28 million pens. And of course, Republic is also well-known for our dogs. We want you to bring your dogs in. We know its name, we make it fun. And we hope that customers take that to mean you love my dog and you must love me.

Now the new part is the Paycheck Protection Program [indiscernible] the CARES Act in March. These -- this is small business loans to support small business and midsized businesses through this virus. Republic has taken a tremendous lead in that. We will expend approximately 500 -- \$800 million in loans to customers that exist, and we welcome new clients. We probably will have the largest percentage of new loans of any bank of America. It's another way that we can support our fans and create new fans. If those of you on this call wish to apply for the PPP loan program, there is still a short time to apply. You can go on the Republic Bank website and apply and we'll do everything to get it through before the funding ends.

A couple of charts about how our growth has been in 2019. You can see the next chart, which shows our assets have been growing 23% a year. Republic has become a growth machine. So this shows you the charts in assets. The next chart is in the deposits are growing at 23% a year. That's a tremendous growth rate. And some of you know from the days of commerce, we believe that low-cost core deposits are our core value.

Like a retailer, we report our deposit growth per store, just like a retailer reports comparable store deposit growth. So our new stores the glass cube, I hope you've all seen, are growing \$24 million a year. And when you blend in our older stores at Republic, we're growing \$16 million in deposits per year. The average American bank gross deposits \$1 million to \$2 million each year. You can see how far ahead we are on this growth curve. And of course, we're in the business of making loans, and the next chart shows you our average annual growth rate [at] 17%, and that number is on its way up.

Profitability, we had good years up to 2018. We had a small loss in 2019. We have 2 sets of [indiscernible] together. We began our New York expansion with the expenses of building a new markets. And the yield on -- the interest rates went to a flat or inverted yield curve, and the time for banks don't make money is when the yield curve gets inverted. That's what happened in 2019. We're coming out of that. And in this year, we expect to have a tremendous uplift from our participation in the PPP loan program.

This is a -- next photo is our team. Harry, me, Frank Cavallaro, Andy Logue, Tracie Young, it's our team.

Thank you all. That's where we are, and that's where we think we're going, and we'll be happy to open up the floor.

Harry D. Madonna
President, CEO & Director

I will now go through the formal motions of the meeting. The agenda will include the matters set forth in the notice of the annual meeting. These matters include: one, the election of 2 Class I directors to the company to serve until 2023 annual meeting of the shareholders and until their successors are elected and qualified. The Board of Directors nominated 2 incumbent directors, Harry Madonna and Brian [Cherty] for reelection.

Second, the advisory vote to approve the compensation of the company's named executive officers, commonly referred to as a [say and pay].

And third, the ratification of the appointment of BDO USA, LLP as the company's independent registered public accounting firm for the fiscal year ended December 31, 2020. In Kim Brown, Secretary of the company, will act as secretary of the meeting, and I will serve as Chairman of the meeting. The secretary of this meeting has in a possession sworn affidavit of mailing of notice of this meeting together with the proxy statement, the formal proxy, the 2019 annual report to the shareholders sent to all shareholders of record as of the close of business on March 10, 2020.

Ms. Brown, will you as secretary of the meeting, report to us concerning the delivery of notice of this meeting?

Unknown Executive

The 4 affidavit in my possession provides that on or out the second day of April, 2020 [Computershare], the company's transfer agent commenced mailing the notice of this meeting together with the proxy statement, the form of proxy and the 2019 annual report to shareholders, to the shareholders of record as of the close of business on March 10, 2020, the record date for shareholders entitled to notice of and to vote at this meeting.

Harry D. Madonna
President, CEO & Director

Thank you. A complete list of the shareholders of the company on the record date is in the possession of the secretary of this meeting and available for use by the judge of election for this meeting. Mr. Jay Neilon and Mr. Andy Logue will service proxy holders and will vote the proxies solicited by the Board at this meeting.

As Chairman of the meeting, I hereby appoint Ms. Tracie Young to act as judge of election at this meeting. The judge has executed an oath of impartiality, which will be filed with the secretary.

I will now ask the judge of election to report to us with our quorum is present in person or by proxy at this meeting.

Tracie A. Young
Executive VP & Chief Risk Officer

Based upon information provided by the company's transfer agent, 58,850,778 shares of the company's common stock were outstanding on the record date and entitled to vote at this meeting. Each of which has the right to 1 vote on any proposal which comes before the meeting. The holders of 43,074,047 shares, more than a majority of the outstanding shares of common stock, are present in person or represented by proxy. I therefore report that a quorum of shareholders is represented at this meeting.

Harry D. Madonna
President, CEO & Director

The secretary of the meeting has in her possession a copy of the minutes of the 2019 annual meeting of the shareholders held on May 2, 2019, which will be made available for inspection by any shareholder upon request.

The next order of business at this meeting is introduced and consider vote upon the matters which are set forth in the notice of annual meeting delivered to shareholders, along with the proxy statement, former proxy, and the 2019 annual report to shareholders. In the interest of time, we will have all matters come before the meeting introduced for consideration by shareholders prior to the opening of the polls for voting. Questions and comments on a matter to be considered -- may be submitted by typing a question or comment in a designated field on the web portal.

The polls will be open after all matters are introduced and seconded.

The first item of business to come before the meeting is the election of 2 Class I directors of the company to serve until 2023 annual meeting of the shareholders. And so their successes are elected and qualified. The following of the names are nominated by the Board of Directors: Harry D. Madonna, [Brian P. Chenny]. The background and experience of the Board of Director nominees as well as on the relevant information are included in the company's proxy materials previously distributed to shareholders. No other nominations were made. I will now entertain a motion to elect the aforesaid persons.

Andrew J. Logue
President & COO

I so move.

Jay M. Neilon
Executive VP & Chief Credit Officer

And second.

Harry D. Madonna

President, CEO & Director

We will now respond to any questions or comments submitted through the web photo concerning the election of directors. Nothing?

Andrew J. Logue
President & COO

There are no questions at this time.

Harry D. Madonna
President, CEO & Director

There being no other question. No other shareholder questions concerning nominees. We will move to the next item of business.

The second item business come before the meeting is the advisory vote to approve the named Executive Officer compensation. The company is required to submit a say-on-pay proposal to shareholders for approval in accordance with the Securities Exchange Act of 1934. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the company's named executive Officers and the principles, policies and practices described in a proxy statement. Accordingly, the following resolution was submitted to the shareholder of resolved that the shareholders of Republic First Bank Corp. approve on an advisory basis, the compensation of its named executive officers as described in its proxy statement dated March 23, 2020, pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation and discussion analysis and the compensation tables regarding named executive officer compensation and the narrative disclosures that accompany the compensation table. As this is an advisory vote, the result will not be binding on the company, the Board of Directors or the compensation committee. Although the Board of Directors and compensation [indiscernible] will consider the outcome of the vote when making future compensation decisions for the named executive.

I will now entertain a motion to approve on an advisory basis, the compensation of the company's named executive officers as described in the proxy statement.

Andrew J. Logue
President & COO

I so move.

Jay M. Neilon
Executive VP & Chief Credit Officer

I second.

Harry D. Madonna
President, CEO & Director

At this time, we'll find any questions and comments submitted through the web portal concerning the advisory vote of executive compensation.

Andrew J. Logue
President & COO

There are no questions at this time.

Harry D. Madonna
President, CEO & Director

The final item of business to come before the meeting is the ratification and the appointment of BDO USA as the company's independent registered public accounting firm for the fiscal year ended December 31, 2020. I will now entertain a motion to ratify the appointment of BDO as the company's independent registered public accounting for the fiscal year ended December 31, 2020.

Andrew J. Logue

President & COO

So move.

Jay M. Neilon

Executive VP & Chief Credit Officer

I second.

Harry D. Madonna

President, CEO & Director

We now entertain any questions or comments concerning the appointment of independent advisers.

Andrew J. Logue

President & COO

There are no questions at this time.

Harry D. Madonna

President, CEO & Director

To being no further questions or discussion, I declare the polls to be open for recordation and telling of the shareholder votes. Any shareholder has not yet voted or wishes to change their vote, may do so now. Clicking on the voting button on the web portal and following the instructions listed there. Shareholders who have previously sent in proxies or voted one of the methods described in the proxy materials and who do not wish to change their vote, do not need to take any further action at this time.

[Voting]

Harry D. Madonna

President, CEO & Director

As it appears all voting is completed, I will now declare that the polls closed. The judge of elections will tabulate the votes. Is anybody in?

Andrew J. Logue

President & COO

No questions at this time.

Harry D. Madonna

President, CEO & Director

No vote change?

Jay M. Neilon

Executive VP & Chief Credit Officer

There's 1 vote for 258 shares.

Harry D. Madonna

President, CEO & Director

Okay. Is it for, for, against or what? All right. So Tracie, you want to...

Tracie A. Young

Executive VP & Chief Risk Officer

I Tracie Young, the judge of election, having conducted the election and vote at the annual meeting of shareholders held on April 29, 2020, based on information provided by the company's transfer agent, hereby certify that. Harry D. Madonna and Brian P. [indiscernible] were elected as Class I directors, each to serve until the 2023 annual meeting of shareholders and until his successor is duly elected and qualified. The compensation of the company's named executive officers, as disclosed in the proxy statement was approved on an advisory basis.

And the appointment of BDO USA, LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2020, was ratified.

Harry D. Madonna
President, CEO & Director

The judge of election is requested to make a written report after this meeting on the exact results of the voting and submit the report to the secretary a company for attachment to the minutes of this meeting.

At this time, we will respond to any general questions or comments that have been submitted through the web portal. We will only address matters that may concern all shareholders. Any matter of individual concern to a shareholder can be raised after the meeting by contacting one of the representatives of the company, who will respond to your question.

Are there any questions?

Andrew J. Logue
President & COO

We have no active questions at this time.

Harry D. Madonna
President, CEO & Director

This completes our agenda. I will now entertain a motion to Adjourn.

Thank you. The 2020 Annual Meeting of the Shareholders is hereby adjourned.

Operator

Thank you for attending today's presentation. The conference has now concluded, and you may now disconnect.

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