

REPUBLIC FIRST BANCORP INC

Form FWP

June 02, 2010

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June 2010

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Registration Statement No. 333-166286

June 1, 2010

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Issuer: Republic First Bancorp, Inc.
Offering: Follow-on Common Stock
Gross Amount Offered: \$30.0 million
Over-Allotment Option: 15%
Exchange / Symbol: NASDAQ / FRBK
Market Capitalization (as of 5/28/10): \$31.3 million
Use of Proceeds: General corporate purposes
Book-Running Managers: Sandler O'Neill + Partners, L.P.
and RBC Capital Markets

Offering Summary

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History of Republic Bank

Timeline of Events

- 1987: Republic Bank founded by Harry D. Madonna, current Chairman and CEO
 - 1996: Republic Bank merges with Executive First Bank and becomes Republic First Bank
 - 2008: Engaged Vernon W. Hill, II as a consultant and began to hire former Commerce Bank management team
 - 2009: Initiated transformation of bank to Retail oriented, Customer friendly, Commerce model
 - 2010: Begin rebranding to Republic Bank
 - Headquarters: Philadelphia, PA
 - Store Count: 12
 - Assets: Approximately \$1.0B at March 31, 2010
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Republic Bank - Inside Ownership

Total Shares

Currently Held*

% of

Outstanding

Shares

Harry D. Madonna

1,196,322

9.8%

Vernon W. Hill, II

923,077

7.6%

All Other Directors,
Executive Officers and
Related Parties

1,603,040

13.1%

Total

3,722,439

30.5%

* Assumes full conversion of outstanding Trust Preferred Securities

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The Republic Difference

- Converting to a Power Retailer
 - Focus on customer service and convenience
 - Create a strong brand
- Invested \$8.3 million during 2009 in store renovations
 - Deposit Driven
 - Focus on core deposits*
 - 37% core deposit growth from 12/31/08 to 3/31/10
 - Manage loan growth with a focus on asset quality
 - Loan to deposit ratio reduced from 105% to 79% from 12/31/08 to 3/31/10

* Core Deposits are defined as Total Deposits less Public and Brokered Deposits

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Republic Store Footprint

* Prospective stores are subject to regulatory approvals

New Management Team

Andrew Logue President and Chief Operating Officer	1991 - 2008, Commerce Bancorp, Inc. Senior Operations Officer / Enterprise Risk Management
Rhonda Costello Chief Retail Officer	1985 - 2008, Commerce Bancorp, Inc. Senior Retail Officer & Dean of Commerce University
Jay Neilon Chief Credit Officer	1991 - 2008, Commerce Bancorp, Inc. Senior Philadelphia Credit Officer
Frank Cavallaro Chief Financial Officer	1997 - 2009, Commerce Bancorp, Inc. Vice President / Finance Department
Steve McWilliams Commercial & Industrial Loans	2001 - 2009, Commerce Bancorp, Inc. Regional Vice President / Pennsylvania Metro Market
Rob Worley New Jersey Market Manager	1992 - 2009, Commerce Bancorp, Inc. Market President / Washington, DC Metro Market Regional Vice President / South Jersey Market

Current Position Prior Experience

- Reuniting the old Commerce team; 30+ Commerce hires to date

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Rationale For Offering

- Excellent opportunity to gain market share
- Unique timing to capitalize on a proven retail model
 - Renovate & upgrade existing store network
 - Relocate certain existing stores
 - Roll-out Southern NJ growth strategy
 - Very strong capital ratios

Actual As

3/31/10 Adjusted*

- Leverage Ratio 8.35% 11.64%

- Tier I Capital 10.43% 14.53%

- Total Capital 11.90% 15.79%

* Giving effect to the sale of \$30 million of common stock

Republic Bank Strategy

- Build a platform that continues to attract experienced banking talent
 - Vernon Hill is an 7.6% owner and consultant to the Company
 - 33 strategic new hires since June 2008
 - 12 existing store locations in the metro Philadelphia market
 - Additional stores planned with a focus on the South Jersey region
 - Transform to a Retail oriented, Customer friendly model
 - Renovate and upgrade existing store network
 - Enhance the customer experience
 - Improve and expand product offerings
 - Strengthen the balance sheet
 - Increase core deposits
 - Reduce loan / deposit ratio
 - Maintain strong liquidity & reserve levels
 - Jay Neilon was hired as Chief Credit Officer in December 2008
 - Loan portfolio thoroughly examined by management in 2009
 - Continue to aggressively manage asset quality

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Organic Growth Opportunity

Source: SNL Financial; Deposit data as of 6/30/2009

(1) Pennsylvania counties: Delaware, Montgomery and Philadelphia; New Jersey counties: Atlantic, Burlington, Camden, Cape May and Salem

- Philadelphia metro market is experiencing a significant level of disruption
 - Republic First core deposits increased by 37% from 12/31/08 to 3/31/10
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Capital Summary

	Actual 3/31/10	As Adjusted*
Capital Ratios		
- Leverage Ratio	8.35%	11.64%
- Tier I Risk-Based	10.43%	14.53%
- Total Risk-Based	11.90%	15.79%
- Tangible Common Equity	6.74%	9.54%

* Giving effect to the sale of \$30 million of common stock

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	12/31/07	12/31/08	12/31/09	03/31/10	Change Since 12/31/08
Assets	\$ 1,016	\$ 952	\$ 1,009	\$ 968	+2%
Core Deposits	597	502	719	690	+37%
Loans	813	775	681	666	-14%
Loan / Deposit Ratio	104%	105%	77%	79%	-25%

Assets, Deposits & Loan Growth
(\$ in Millions)

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Total Cost of Funds

LTM Funding Costs (%)

- Republic's total funding costs are below the cost incurred by its peers
- In the long term, net interest margin will be enhanced by a stronger retail customer base

Source: SNL Financial; Financial data as of the quarter ended March 31, 2010

PA Peers include publicly traded banks headquartered in Pennsylvania with assets between \$500mm-\$2.5 bn

U.S. Peers include public banks with assets between \$500mm-\$2.5 bn

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Investment Securities Portfolio

March 31, 2010

* \$2.8 million in OTTI charges have been taken since the 4th quarter of 2008

	Book Value	Current Market Value	Unrealized Gain/(Loss)	% of Portfolio
Agency MBS	38,247	40,908	2,661	23%
Agency CMOs	99,000	97,985	(1,015)	56%
Agency Bonds	18,991	19,144	153	11%
Municipal Securities	10,390	9,533	(857)	5%
Corporate Bonds	5,990	6,214	224	4%
Pooled Trust Preferred Securities *	6,640	2,478	(4,162)	1%
Other Securities	181	156		