REPUBLIC FIRST BANCORP INC
Form S-1/A
May 19, 2010

As filed with the Securities and Exchange Commission on May 19 , 2010

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

PRE-EFFECTIVE
AMENDMENT NO. 1 TO
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

Pennsylvania	6022	23-2486815
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

50 South 16th Street, Suite 2400
Philadelphia, PA 19102
(215) 735-4422
(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

Harry D. Madonna
President and Chief Executive Officer
50 South 16th Street, Suite 2400
Philadelphia, PA 19102
(215) 735-4422
(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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 þ
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Calculation Of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Common stock (2)			$40,000,000	$2,852.00

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (previously paid in full).

(2) Includes shares of common stock that may be purchased by the underwriters to cover over-allotments, if any.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED May 19 , 2010

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

_________ Shares

Common Stock

We are offering shares of our common stock, par value $.01 per share. Our common stock is listed on the Nasdaq Global Market under the symbol "FRBK." On May 18, 2010, the last reported sale price of our common stock on the Nasdaq Global Market was $3.12 per share.

The shares of common stock are not deposits or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental entity.

Investing in our common stock involves significant risks. See "Risk Factors" beginning on page 5 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount and commissions (1)	$	$
Proceeds, before expenses, to Republic First Bancorp, Inc.	$	$

(1) The underwriting discounts and commissions will be $ per share. However, the underwriters have agreed that the underwriting discounts and commissions will be $ per share for sales to certain of our officers, directors and securities holders. The total underwriting discounts and commissions and the total proceeds to us, before expenses, reflect the reduced discount for sales to certain of our officers, directors and securities holders.

The underwriters may purchase up to an additional shares of common stock within 30 days of the date of this prospectus to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on or about , 2010.

Sandler O'neill + partners, l.p. RBC Capital Markets

The date of this prospectus is , 2010.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus and any permitted free writing prospectuses we have authorized for use with respect to this offering. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters have not, making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. You should not assume that the information in this prospectus or any permitted free writing prospectus is accurate or complete as of any date other than the dates of the applicable documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

It is important for you to read and consider all of the information contained in this prospectus before making your investment decision to purchase shares of our common stock in this offering. See "Where You Can Find More Information" in this prospectus for instructions on how you can access additional information.

Unless the context requires otherwise, or unless otherwise noted, all references to the "Company," "we," "our," or "us" refe collectively to Republic First Bancorp, Inc. and its consolidated subsidiary, and all references to the "Bank" or "Republic" refer to our wholly-owned subsidiary, Republic First Bank.

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus and any prospectus supplement are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act. All statements other than statements of historical facts contained in this prospectus and any prospectus supplement, including statements regarding our plans, objectives, goals, strategies, future events, capital expenditures, future results, our competitive strengths, our business strategy and the trends in our industry are forward-looking statements. The words "believe," "may," "could," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," " "likely," "probably," "suggest," "goal," "potential" and similar expressions, as they relate to us, are intended to ident forward-looking statements. All statements, other than statements of historical fact, included in this prospectus and any prospectus supplement regarding our financial position, business strategy and plans or objectives for future operations are forward-looking statements.

Forward-looking statements 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, and in addition to the "Risk Factors" discussed elsewhere in this prospectus, risks and uncertainties can arise with changes in:

- general economic conditions, including current turmoil in the financial markets and the 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;
- our securities portfolio and the valuation of our securities;
- changes in 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.

Readers are cautioned not to place undue reliance on any forward-looking statement, which reflects management's analysis only as of the date of the statement. Except as required by applicable law or regulation, we do not undertake, and specifically disclaim any obligation to update or revise any forward-looking statements to reflect any changed assumptions, any unanticipated events or any changes in the future.

In addition, you should refer to the "Risk Factors" section of this prospectus beginning on page 8 for a discussion of factors that may cause our actual results to differ materially from those which may be inferred from our forward-looking statements. As a result of these factors, the forward-looking statements in this prospectus and any prospectus supplement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, if at all. Accordingly, you should not place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or the persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements.

PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. Because it is a summary, it does not contain all the information you should consider before investing in our common stock. Before making any investment decision, you should read the entire prospectus carefully, including the "Risk Factors" section of this prospectus beginning on page 8, and the financial statements and notes to the financial statements beginning on page F-1.

The Company

Republic First Bancorp, Inc. is a corporation incorporated under the laws of the Commonwealth of Pennsylvania, and a registered bank holding company. We offer a variety of retail and commercial banking services to individuals and businesses throughout the Greater Philadelphia and Southern New Jersey area through our wholly-owned subsidiary, Republic First Bank. As of March 31, 2010, we had approximately $968 million in total assets, $679 million in loans, $846 million in deposits and $65 million in equity capital. We currently have eleven store locations in Philadelphia, Montgomery and Delaware Counties in Pennsylvania, and one in Camden County, New Jersey, and plan to open additional stores in 2010 and beyond.

Beginning in 2005, our primary objective had been to be an alternative to the large banks for commercial banking services in the Greater Philadelphia and Southern New Jersey area. Since the second quarter of 2008, we began to redirect our strategic efforts toward retail banking and creating a major regional retail and commercial bank with a distinct brand, by focusing on innovation, customer satisfaction, brand building and shareholder value creation. To achieve this transformation, the Bank hired a number of former senior Commerce Bank employees: Andrew Logue, President and Chief Operating Officer; Rhonda Costello, Chief Retail Officer; Jay Neilon, Chief Credit Officer and Frank Cavallaro, Chief Financial Officer. With this management team in place and additional new employees for support, we believe Republic First Bank has the foundation and commitment to become a leading financial institution in the Philadelphia metropolitan area.

Additionally, the Bank hired two experienced and former Commerce Bank regional market managers, Stephen McWilliams and Robert Worley. Messrs. McWilliams and Worley focus on our commercial lending initiatives and lead the Bank's lending efforts in the Greater Philadelphia and Southern New Jersey area. They in turn have hired a number of experienced lenders with the same focus and the Bank is beginning to see the results of these teams in many new opportunities for loan and deposit relationships.

In November 2008, we entered into a merger agreement with Metro Bancorp, Inc., then known as Pennsylvania Commerce Bancorp, Inc., which we had hoped would accelerate our strategic plans. Because of uncertainties over regulatory approvals, however, we did not complete that merger. With the termination of the Metro agreement in March 2010, we have re-focused to our strategic plans to develop our franchise as an independent institution. We believe we have a strong management team and adequate capital resources and liquidity to deal with current economic conditions and plan for the future. In connection with the change in strategy to internally grow our brand, we are planning to rebrand our stores and begin operating under the name, "Republic Bank," the name under which the Bank was incorporated and under which it did business from 1988 until 1996.

During 2009, we renovated, refurbished and remodeled most of our existing stores, including significant capital improvements, as part of our ongoing efforts to adopt a more retail customer focus and attract additional retail business. We have plans to expand customer services hours, enhance our banking systems to better serve the retail customer, and expand our retail product offerings.

The success of these efforts is already being observed in the growth of our core deposits, which we define as total deposits less public and brokered certificates of deposit. Core deposits have grown by $217 million, or 43%, for the twelve month period ended December 31, 2009 compared to the same period in 2008. This growth has allowed us to reduce Federal Home Loan Bank advances and short-term borrowings by $77 million, or 75%, from December 31, 2008, to $25 million at March 31, 2009, and also reduce brokered deposits by $116.1 million, or 85%, over the same period. We believe core deposits are the best measure of the deposit gathering strength of our branch network and the success of strategic effort to transform our banking model.

On the lending side, we historically focused efforts on business banking and commercial lending transactions, in particular commercial real estate loans. We have begun to restructure our loan portfolio and deemphasize commercial real estate loans. To further these efforts, during 2009, we undertook detailed reviews of our more significant credit relationships with an emphasis on reducing exposure, enhanced our allowance for loan loss methodology, and committed to originate fewer commercial real estate loans in order to reduce credit concentrations in that loan category. As a result of these initiatives, our commercial real estate portfolio has decreased by $ 88.6 million, or 15 %, during the twelve month period ended December 31, 2009. This reduction together with deposit growth has reduced the loan to deposit ratio to 77% at December 31, 2009 compared to 105% at December 31, 2008. This will afford the Bank the opportunity to initiate more commercial and industrial and consumer lending.

We continue to believe that an attractive niche exists serving small to medium-sized business customers not adequately served by our larger competitors, and we will continue to seek opportunities to build commercial relationships to complement our retail strategy. We believe small to medium-sized businesses will respond very positively to the attentive and highly personalized service we provide.

We are subject to federal and state laws and regulations governing virtually all aspects of our activities, including our lines of business, capital, liquidity, investments, payment of dividends, and others. These laws and regulations and the costs of compliance can have a significant impact on our business, financial condition, and results of operations.

Our principal executive offices are located at Two Liberty Place, 50 South 16th Street, Suite 2400, Philadelphia, PA 19102. Our telephone number is (215) 735-4422 and our website address is www.rfbkonline.com. Information included or referred to on our website is not a part of this prospectus.

Service Area/Market Overview

Our primary service area consists of Greater Philadelphia and Southern New Jersey, and we currently have eleven store locations in Philadelphia, Montgomery and Delaware Counties in Pennsylvania, and one in Camden County, New Jersey, to serve this area. Our commercial lending activities extend beyond our primary service area, to include other counties in Pennsylvania and New Jersey, as well as parts of Delaware, Maryland, New York and other out-of-market opportunities.

We will carefully evaluate growth opportunities throughout 2010, as we believe the national and local economies will begin to recover. We have applied to open one new store in 2010 in Haddonfield, New Jersey, which is subject to regulatory approval, and anticipate pursuing additional de novo branching opportunities in our primary service area in 2010 and beyond.

Competition

We face substantial competition from other financial institutions in our service area. Competitors include Wells Fargo, Citizens, PNC, Sovereign, TD Bank and Bank of America, as well as local commercial banks. In addition, we compete directly with savings banks, savings and loan associations, finance companies, credit unions, factors, mortgage brokers, insurance companies, securities brokerage firms, mutual funds, money market funds, private lenders and other institutions for deposits, commercial loans, mortgages and consumer loans, as well as other services. Competition among financial institutions is based upon a number of factors, including the quality of services rendered, interest rates offered on deposit accounts, interest rates charged on loans and other credit services, service charges, the convenience of banking facilities, locations and hours of operation and, in the case of loans to larger commercial borrowers, applicable lending limits. Many of the financial institutions with which we compete have greater financial resources than we do, and offer a wider range of deposit and lending products.

Credit Risk and Asset Quality

As a commercial lender, we are subject to credit risk and recent economic and financial conditions have adversely effected our borrowers and our business. To manage this challenging environment, we have adopted a more conservative loan classification system, enhanced our allowance for loan loss methodology, and undertaken a comprehensive review of our loan portfolio. Although we follow established underwriting policies, and monitor loans through our loan review program, we remain subject to credit risk. Although the majority of our loan portfolio is collateralized with real estate or other collateral, a portion of the loan portfolio is unsecured.

We have been impacted by the challenging conditions in the economy and financial markets. Since mid-2008, like many other commercial lenders, we have experienced significant charge-offs, provisions for loan losses, and increased non-performing loans and other real estate owned, and continue to manage a significant amount of non-performing assets. We do, however, believe that the markets that we serve and the local economy are showing signs of stabilizing and during 2009 we instituted a vigilant credit administration process in which we reviewed over 40% of our loan portfolio and will continue to review our loan portfolio on a quarterly basis in order to closely monitor our borrowers.

Products and Services

We offer a range of competitively priced banking products and services, including consumer and commercial deposit accounts, including checking accounts, interest-bearing demand accounts, money market accounts, certificates of deposit, savings accounts, sweep accounts, lockbox services and individual retirement accounts (and other traditional banking services), secured and unsecured commercial loans, real estate loans, construction and land development loans, automobile loans, home improvement loans, mortgages, home equity and overdraft lines of credit, and other products. We attempt to offer a high level of personalized service to both our retail and commercial customers.

THE OFFERING

Issuer	Republic First Bancorp, Inc.
Securities offered in underwritten offering	shares of common stock (or shares if the underwriters exercise in full the over-allotment option to purchase additional shares).
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to an additional 15 % of the offered amount, or shares of common stock, to cover over-allotments, if any.
Offering price	$ per share
Common stock outstanding after the offering(1)	shares (shares if the underwriters exercise their over-allotment option in full).
Use of proceeds	We estimate that the net proceeds of this offering (after deducting offering expenses payable by us) will be approximately $ (or $ if the underwriters exercise their over-allotment option in full). We intend to contribute the net proceeds of this offering to our subsidiary, Republic First Bank, for its general corporate purposes.
Transfer Agent and Registrar	Registrar and Transfer Company
Nasdaq Global Market symbol	FRBK

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(1) The number of shares of our common stock to be outstanding after this offering is based on shares outstanding on , 2010. Unless otherwise indicated, the number of outstanding shares of common stock presented in this prospectus excludes: shares of our common stock issuable pursuant to the exercise of the underwriters' over-allotment option; shares of our common stock issuable upon conversion, exchange or exercise in respect of outstanding options and other securities; and shares of our common stock that may be issued under our amended and restated stock option plan and restricted stock plan, referred to as our stock option plan.

Risk Factors

Investing in our securities involves risks. You should carefully consider the information under “Risk Factors” beginning on page 5 before investing in our securities.

SUMMARY SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary selected consolidated income statement data for the fiscal years ended December 31, 2009, 2008 and 2 balance sheet data, asset quality ratios and liquidity and capital ratios for the fiscal years ended December 2009 and 2008 are de and qualified by reference to, our audited consolidated financial statements and related notes appearing elsewhere in this prosp following summary selected consolidated income statement data for the fiscal years ended December 31, 2006 and 2005, the ba data, asset quality ratios and liquidity and capital ratios for the fiscal years ended December 2007, 2006 and 2005 and performa the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005 are derived from our audited consolidated financial state related notes not appearing in this prospectus. The summary historical financial information as of and for the three months end 2010 and 2009 is derived from, and qualified by reference to our unaudited consolidated financial statements and related notes elsewhere in this prospectus. The unaudited financial information as of and for the three months ended March 31, 2010 and 200 prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments, co normal recurring adjustments, necessary to fairly present the data for such periods. The results of operations for the three mont 31, 2010 are not necessarily indicative of the results of operations to be expected for the full year or any future period. This in should be read in conjunction with our consolidated financial statements and related notes, “Management’s Discussion and An Financial Condition and Results of Operations,” included in this prospectus.

(dollars in thousands, except per share data)	As Of or For the Three Months Ended March 31, 2010	2009	As Of or For the Years Ended December 31, 2009	2008	2007	2006
Balance Sheet Data						
Total assets	$ 967,507	$ 911,380	$ 1,008,642	$ 951,980	$ 1,016,308	$ 1,008,824
Total loans, net	665,711	741,822	680,977	774,673	813,041	784,002
Total investment securities	183,400	79,608	192,395	90,066	90,299	109,176
Total deposits	846,232	779,128	882,894	739,167	780,855	754,773
FHLB & overnight advances	25,000	25,000	25,000	102,309	133,433	159,723
Subordinated debt	22,476	22,476	22,476	22,476	11,341	6,186
Total shareholders’ equity	65,182	76,487	70,264	79,327	80,467	74,734
Income Statement Data						
Total interest income	$ 10,435	$ 11,128	$ 43,470	$ 53,976	$ 68,346	$ 62,745
Total interest expense	3,026	4,270	16,055	25,081	38,307	28,679
Net interest income	7,409	4,270	27,415	28,895	30,039	34,066
Provision for loan loss	5,500	4,800	14,200	7,499	1,590	1,364
Non-interest income	475	652	79	1,242	3,073	3,640
Non-interest expenses	8,405	8,485	30,959	23,887	21,364	21,017
	(6,021	(5,775)	(17,665)	(1,249)	10,158	15,325

Income (loss) before provision (benefit) for income taxes						
Provision (benefit) for income taxes	(2,159	(2,015)	(6,223)	(777)	3,273	5,207
Net income (loss)	(3,862)	(3,760)	(11,442)	(472)	6,885	10,118
Per Share Data						
Basic earnings per share						
Net income (loss)	$ (.37)	$ (.35)	$ (1.07)	$ (0.04)	$ 0.66	$ 0.97
Diluted earnings per share						
Net income (loss)	(.37)	(.35)	(1.07)	(0.04)	0.65	0.95
Book value per share	6.13	7.19	6.59	7.46	7.80	7.16
Performance Ratios						
Return on average assets on continuing operations	(1.61)%	(1.66)	(1.22)	(0.05)%	0.71%	1.19%
Return on average shareholders’ equity on continuing operations	(22.65)%	(19.44)	(15.32)	(0.60)%	8.86%	14.59%
Net interest margin	3.38%	3.23%	3.13%	3.28%	3.26%	4.20%
Total non-interest expenses as a percentage of average assets	3.51%	3.75%	3.29%	2.54%	2.20%	2.48%
Asset Quality Ratios						
Allowance for loan losses as a percentage of loans	2.02%	1.13%	1.85%	1.07%	1.04%	1.02%
Allowance for loan losses as a percentage of non-performing loans	37.37%	46.22%	49.32%	48.51%	38.19%	116.51%
Non-performing loans as a percentage of total loans	5.41%	2.43%	3.75%	2.21%	2.71%	0.87%
Non-performing assets as a percentage of total assets	4.94%	3.10%	3.93%	2.72%	2.55%	0.74%
Net charge-offs as a percentage of average loans, net	2.74%	2.51%	1.33%	0.96%	0.14%	0.13%
Liquidity And Capital Ratios						
Average equity to average assets	7.11%	8.57%	7.94%	8.44%	8.01%	8.17%
Leverage ratio	8.35%	10.88%	9.36%	11.14%	9.44%	8.75%
Tier 1 capital to risk-weighted assets	10.43%	12.35%	11.89%	12.26%	10.07%	9.46%
Total capital to risk-weighted assets	11.90%	13.39%	13.14%	13.26%	11.01%	10.30%

RISK FACTORS

In addition to the other information included in this prospectus and any prospectus supplement, the following factors should be carefully considered in evaluating an investment in our common stock, our business, financial condition, results of operations, and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial condition, results of operations, or future prospects. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may be materially adversely affected. There may be additional risks that we do not presently know or that we currently believe are immaterial which could also materially adversely affect our business, financial condition, results of operations, or future prospects. In any such case, the market price of our common stock could decline substantially and you could lose all or a part of your investment.

Risks Related to Our Business

We are subject to credit risk in connection with our lending activities, and our financial condition and results of operations may be negatively impacted by economic conditions and other factors that adversely affect our borrowers.

Our financial condition and results of operations are affected by the ability of our borrowers to repay their loans, and in a timely manner. Lending money is an significant part of the banking business. Borrowers, however, do not always repay their loans. The risk of non-payment is assessed through our underwriting and loan review procedures based on several factors including credit risks of a particular borrower, changes in economic conditions, the duration of the loan and in the case of a collateralized loan, uncertainties as to the future value of the collateral and other factors. Despite our efforts, we do and will experience loan losses, and our financial condition and results of operations will be adversely effected. Our non-performing assets were approximately $47.8 million and $39.6 million on March 31, 2010 and December 31, 2009, respectively. Our allowance for loan losses was approximately $13.7 million and $12.8 million on March 31, 2010 and December 31, 2009, respectively. Our loans which were between thirty and fifty-nine days delinquent totaled $23.1 million and $13.4 million on March 31, 2010 and December 31, 2009, respectively.

Our concentration of commercial real estate loans could result in increased loan losses and costs of compliance.

A substantial portion of our loan portfolio —71.9% as of March 31, 2010— is comprised of commercial real estate loans. The commercial real estate market is cyclical and poses risks of loss to us because of the concentration of commercial real estate loans in our loan portfolio, and the lack of diversity in risk associated with such a concentration. Banking regulators have been giving and continue to give commercial real estate lending greater scrutiny, and banks with larger commercial real estate loan portfolios are expected by their regulators to implement improved underwriting, internal controls, risk management policies and portfolio stress-testing practices to manage risks associated with commercial real estate lending. In addition, commercial real estate lenders are making greater provisions for loan losses and accumulating higher capital levels as a result of commercial real estate lending exposures. Additional losses or regulatory requirements related to our commercial real estate loan concentration could materially adversely affect or business, financial condition and results of operations.

Our allowance for loan losses may not be adequate to absorb actual loan losses, and we may be required to make further provisions for loan losses and charge off additional loans in the future, which could materially and adversely affect our business.

We attempt to maintain an allowance for loan losses, established through a provision for loan losses accounted for as an expense, which is adequate to absorb losses inherent in our loan portfolio. If our allowance for loan losses is inadequate, it may have a material adverse effect on our financial condition and results of operations.

The determination of the allowance for loan losses inherently involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our allowance for loan losses. Increases in nonperforming loans have a significant impact on our allowance for loan losses. Our allowance for loan losses may not be adequate to absorb actual loan losses. If current trends in the real estate markets continue, we could continue to experience increased delinquencies and credit losses, particularly with respect to real estate construction and land acquisition and development loans and one-to-four family residential mortgage loans. Moreover, we expect that the current recession will negatively impact economic conditions in our market areas and that we could experience significantly higher delinquencies and credit losses. As a result, we will continue to make provisions for loan losses and to charge off additional loans in the future, which could materially adversely affect our financial conditions and results of operations.

In addition to our internal processes for determining loss allowances, bank regulatory agencies periodically review our allowance for loan losses and may require us to increase the provision for loan losses or to recognize further loan charge-offs, based on judgments that differ from those of our management. If loan charge-offs in future periods exceed the allowance for loan losses, we will need to increase our allowance for loan losses. Furthermore, growth in our loan portfolio would generally lead to an increase in the provision for loan losses. Any increases in our allowance for loan losses will result in a decrease in net income and capital, and may have a material adverse effect on our financial condition, results of operations and cash flows.

We are required to make significant estimates and assumptions in the preparation of our financial statements, including with respect to our allowance for loan losses, and our estimates and assumptions may not be accurate.

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, require our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. Critical estimates are made by management in determining, among other things, the allowance for loan losses, carrying values of other real estate owned, and income taxes. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely effected.

Our results of operations may be materially and adversely affected by other-than-temporary impairment charges relating to our investment portfolio.

During 2008 and 2009, we recorded other-than-temporary impairment charges for certain bank pooled trust preferred securities, and we may be required to record future impairment charges on our investment securities if they suffer declines in value that we determine are other-than-temporary. Numerous factors, including the lack of liquidity for re-sales of certain investment securities, the absence of reliable pricing information for investment securities, adverse changes in the business climate, adverse regulatory actions or unanticipated changes in the competitive environment, could have a negative effect on our investment portfolio in future periods. If an impairment charge is significant enough, it could affect the Bank’s ability pay dividends, which could materially adversely affect us and our ability to pay dividends to shareholders. Significant impairment charges could also negatively impact our regulatory capital ratios and result in us not being classified as “well-capitalized” for regulatory purposes.

Our net interest income, net income and results of operations are sensitive to fluctuations in interest rates.

Our net income depends on the net income of the Bank, and the Bank is dependent primarily upon its net interest income, which is the difference between the interest earned on its interest-earning assets, such as loans and investments, and the interest paid on its interest-bearing liabilities, such as deposits and borrowings.

Our results of operations will be effected by changes in market interest rates and other economic factors beyond our control. If our interest-earning assets have longer effective maturities than our interest-bearing liabilities, the yield on our interest-earning assets generally will adjust more slowly than the cost of our interest-bearing liabilities, and, as a result, our net interest income generally will be adversely affected by material and prolonged increases in interest rates, and positively affected by comparable declines in interest rates. Conversely, if liabilities reprice more slowly than assets, net interest income would be adversely affected by declining interest rates, and positively affected by increasing interest rates. At any time, our assets and liabilities will reflect interest rate risk of some degree.

In addition to affecting interest income and expense, changes in interest rates also can affect the value of our interest-earning assets, comprising fixed- and adjustable-rate instruments, as well as the ability to realize gains from the sale of such assets. Generally, the value of fixed-rate instruments fluctuates inversely with changes in interest rates, and changes in interest rates may therefore have a material adverse affect on our results of operations.

We are a holding company dependent for liquidity on payments from our banking subsidiary, which payments are subject to restrictions.

We are a holding company and depend on dividends, distributions and other payments from the Bank to fund dividend payments, if any, and to fund all payments on obligations. The Bank and its subsidiaries are subject to laws that restrict dividend payments or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to us. Restrictions or regulatory actions of that kind could impede our access to funds that we may need to make payments on our obligations or dividend payments, if any. In addition, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

Increases in FDIC insurance premiums may have a material adverse effect on our results of operations.

During 2008 and 2009, higher levels of bank failures have dramatically increased resolution costs of the Federal Deposit Insurance Corporation, or the FDIC, and depleted the deposit insurance fund. In addition, the FDIC and the U.S. Congress have taken action to increase federal deposit insurance coverage, placing additional stress on the deposit insurance fund.

In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund, the FDIC increased assessment rates of insured institutions uniformly by seven cents for every $100 of deposits beginning with the first quarter of 2009, with additional changes beginning April 1, 2009, which require riskier institutions to pay a larger share of premiums by factoring in rate adjustments based on secured liabilities and unsecured debt levels.

To further support the rebuilding of the deposit insurance fund, the FDIC imposed a special assessment on each insured institution, equal to five basis points of the institution's total assets minus Tier 1 capital as of September 30, 2009. For us, this represents an aggregate charge of approximately $0.4 million, which was recorded as a pre-tax charge during the second quarter of 2009. The FDIC has indicated that future special assessments are possible, although it has not determined the magnitude or timing of any future assessments.

In November 2009, the FDIC also imposed a 13-quarter prepayment of FDIC premiums. The prepayment will be used to offset future FDIC premiums beginning with the March 31, 2010 payment.

We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, we may be required to pay even higher FDIC premiums. Our expenses for the year ended December 31, 2009 have been significantly and adversely affected by these increased premiums and the special assessment. These increases and assessment and any future increases in insurance premiums or additional special assessments may materially adversely affect our results of operations.

Our business is concentrated in and dependent upon the continued growth and welfare of our primary market area.

Our primary service area consists of Greater Philadelphia and Southern New Jersey. Our success depends upon the business activity, population, income levels, deposits and real estate activity in this area. Although our customers' businesses and financial interests may extend well beyond this area, adverse economic conditions that affect our primary service area could reduce our growth rate, affect the ability of our customers to repay their loans to us, and generally adversely affect our financial condition and results of operations. Because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

Unfavorable economic and financial market conditions may adversely affect our financial position and results of operations.

Economic and financial market conditions in the United States and around the world may remain depressed for the foreseeable future. Conditions such as slow or negative growth and the sub-prime debt devaluation crisis have resulted in a low level of liquidity in many financial markets and extreme volatility in credit, equity and fixed income markets. These economic developments could have various effects on our business, including:

- increasing our credit risk, by increasing the likelihood that major customers of ours become insolvent and unable to satisfy their obligations to us;

- impairing our ability to originate loans, by making our customers and prospective customers less willing to borrow, and making loans that meet our underwriting criteria difficult to find; and

- limiting our interest income, by depressing the yields we are able to earn on our investment portfolio.

These potential effects are difficult to forecast and mitigate. Distress in the credit markets and issues relating to liquidity among financial institutions have resulted in the failure of some financial institutions and others have been forced to seek acquisition partners. The United States and other governments have taken unprecedented steps in an effort to stabilize the financial system, including investing in financial institutions. These efforts, however, may not succeed. Our business and our financial condition and results of operations could be adversely affected by continued or accelerated disruption and volatility in financial markets, continued capital and liquidity concerns regarding financial institutions, limitations resulting from further governmental action in an effort to stabilize or provide additional regulation of the financial system, and recessionary conditions that are deeper or longer lasting than currently anticipated.

Our ability to use net operating loss carryforwards to reduce future tax payments may be limited.

As of March 31, 2010, we had approximately $3.9 million of U.S. Federal net operating loss carryforwards, referred to as "NOLs," available to reduce taxable income in future years.

Utilization of the NOLs may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended, referred to as the "Code." These ownership changes may limit the amount of NOLs that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. The issuance of securities in connection with this offering may have resulted in an ownership change, or could result in an ownership change in the future upon subsequent dispositions of our stock. In the event of an ownership change, Section 382 imposes an annual limitation on the amount of post-ownership change taxable income a corporation may offset with pre-ownership change NOLs. The limitation imposed by Section 382 for any post-change year would be determined by multiplying the value of our stock immediately before the ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Any unused annual limitation may be carried over to later years, and the limitation may under certain circumstances be increased by built-in gains which may be present with respect to assets held by us at the time of the ownership change that are recognized in the five-year period after the ownership change. Our use of NOLs arising after the date of an ownership change would not be affected.

In addition, the ability to use NOLs will be dependent on our ability to generate taxable income. The NOLs may expire before we generate sufficient taxable income. There were no NOLs that expired in the fiscal years ended December 31, 2009 and December 31, 2008. There are no NOLs that could expire if not utilized for the year ending December 31, 2010.

Our assets as of March 31, 2010 included a deferred tax asset and we may not be able to realize the full amount of such asset.

We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. At March 31, 2010, the net deferred tax asset was approximately $9.7 million, up from a balance of approximately $6.3 million at March 31, 2009. The increase in net deferred tax asset resulted mainly from the allowance for loan losses recorded for financial reporting purposes, which are not currently deductible for federal income tax reporting purposes. The net deferred tax asset balance at March 31, 2010 attributable to the allowance for loan losses was $4.9 million.

We regularly review our deferred tax assets for recoverability based on history of earnings, expectations for future earnings and expected timing of reversals of temporary differences. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income, including taxable income in prior carryback years, as well as future taxable income. We believe the recorded net deferred tax asset at March 31, 2010 is fully realizable; however, if we determine that we will be unable to realize all or part of the net deferred tax asset, we would adjust this deferred tax asset, which would negatively impact our earnings or increase our net loss.

We may not be able to manage our growth, which may adversely impact our financial results.

As part of our retail growth strategy, we may expand into additional communities or attempt to strengthen our position in our current markets by opening new stores and acquiring existing stores of other financial institutions. To the extent that we undertake additional stores openings and acquisitions, we are likely to experience the effects of higher operating expenses relative to operating income from the new operations, which may have an adverse effect on our levels of reported net income, return on average equity and return on average assets. Other effects of engaging in such growth strategies may include potential diversion of our management's time and attention and general disruption to our business.

As part of our retail strategy, we plan to open new stores in our primary service area, including Southern New Jersey. We may not, however, be able to identify attractive locations on terms favorable to us, obtain regulatory approvals, or hire qualified management to operate new stores. In addition, the organizational and overhead costs may be greater than we anticipate. New stores may take longer than expected to reach profitability, or may not become profitable. The additional costs of starting new stores may adversely impact our financial results.

Our ability to manage growth successfully will depend on whether we can continue to fund our growth while maintaining cost controls, as well as on factors beyond our control, such as national and regional economic conditions and interest rate trends. If we are not able to control costs, such growth could adversely impact our earnings and financial condition.

We are planning to rebrand Republic First Bank as “Republic Bank” and the rebranding may be more costly than anticipated or may fail to achieve its intended result.

In connection with our change in strategy to internally grow our brand, we are planning to rebrand our stores and begin operating under the name, “Republic Bank,” the name under which the Bank was incorporated and under which it did business from 1988 until 1996. The rebranding is expected to occur during the next several months. Several companies in the United States, including companies in the banking and financial services industries, use variations of the word “Republic,” as well as a stylized "R," as part of a trademark or trade name. As such, we face potential objections to our use of these marks. If there are any objections, we may incur additional costs to defend our use, and may be required to further rebrand our banking business. Our rebranding efforts may not achieve their intended results, which include enhancing our brand and increasing our retail business.

Our retail strategy relies heavily on our management team, and the unexpected loss of key managers may adversely affect our operations.

Since June 2008, we have been successful in attracting new, talented management to the Bank, to add to our management team. Many of these new people joined us when we were planning to merge with Metro Bancorp, Inc. We believe that our ability to successfully implement our retail strategy will require us to retain and attract additional management experienced in banking and financial services, and familiar with the communities in our market. Our ability to retain executive officers, the current management teams, branch managers and loan officers of the Bank will continue to be important to the successful implementation of our strategy. It is also critical, as we grow, to be able to attract and retain qualified additional management and loan officers with the appropriate level of experience and knowledge about our market areas to implement our community-based operating strategy. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations.

We are subject to numerous governmental regulations and to comprehensive examination and supervision by regulators, which could have an adverse impact on our operations and could restrict the scope of our operations.

We and the Bank operate in a highly regulated environment and are subject to supervision and regulation by several governmental regulatory agencies, including the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Company, or FDIC, and the Pennsylvania Department of Banking. We are subject to federal and state regulations governing virtually all aspects of our activities, including lines of business, capital, liquidity, investments, payment of dividends, and others. Regulations that apply to us are generally intended to provide protection for depositors and customers rather than for investors.

We are also subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, growth, and profitability of our businesses. In response to our May 2009 examination, the Bank and its board entered into an informal agreement with the FDIC and the Pennsylvania Department of Banking to enhance a variety of the Bank's policies, procedures and processes regarding asset quality, earnings and loan concentrations. Similarly, following our March 2008 compliance examination, the Bank and its board entered into an informal agreement with the FDIC. The Bank was required to improve its policies, procedures and processes relating to its compliance monitoring functions. We have implemented a number of changes to the Bank's policies, procedures and processes, which we believe address most of the issues raised in these informal agreements. A failure to have adequate procedures to comply with regulatory requirements could expose us to damages, fines and regulatory penalties, which could be significant, and could also injure our reputation with customers and others with whom we do business.

We are subject to extensive regulation and supervision under federal and state laws and regulations. The requirements and limitations imposed by such laws and regulations limit the manner in which we conduct our business, undertake new investments and activities and obtain financing. Financial institution regulation has been the subject of significant legislation in recent years and may be the subject of further significant legislation in the future, none of which is within our control. New programs and proposals may subject us and other financial institutions to additional restrictions, oversight and costs that may have an adverse impact on our business, financial condition, results of operations or the price of our common stock. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied or enforced. We cannot predict the substance or impact of future legislation, regulation or the application thereof. Compliance with such current and potential regulation and scrutiny may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner.

We face significant competition in our market from other banks and financial institutions.

The banking and financial services industry in our market area is highly competitive. We may not be able to compete effectively in our markets, which could adversely affect our results of operations. The increasingly competitive environment is a result of changes in regulation, changes in technology and product delivery systems, and consolidation among financial service providers. Larger institutions have greater access to capital markets, with higher lending limits and a broader array of services. Competition may require increases in deposit rates and decreases in loan rates, and adversely impact our net interest margin.

We may not have the resources to effectively implement new technologies, which could adversely affect our competitive position and results of operations.

The financial services industry is constantly undergoing technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand in our market. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, we may not be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers. If we are unable to do so, our competitive position and results of operations could be adversely affected.

Our disclosure controls and procedures and our internal control over financial reporting may not achieve their intended objectives.

We maintain disclosure controls and procedures designed to ensure that we timely report information as specified in the rules and forms of the Securities and Exchange Commission, although we have not always so reported. We also maintain a system of internal control over financial reporting. These controls may not achieve their intended objectives. Control processes that involve human diligence and compliance, such as our disclosure controls and procedures and internal control over financial reporting, are subject to lapses in judgment and breakdowns resulting from human failures. Controls can also be circumvented by collusion or improper management override. Because of such limitations, there are risks that material misstatements due to error or fraud may not be prevented or detected and that information may not be reported on a timely basis. If our controls are not effective, it could have a material adverse effect on our financial condition, results of operations, and market for our common stock, and could subject us to regulatory scrutiny.

We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors, and customer or employee fraud. Should our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on our business, financial condition and results of operations.

System failure or breaches of our network security could subject us to increased operating costs as well as litigation and other liabilities.

The computer systems and network infrastructure we use could be vulnerable to unforeseen problems. Our operations are dependent upon our ability to protect our computer equipment against damage from physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, as well as from security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. Any damage or failure that causes an interruption in our operations could have a material adverse effect on our financial condition and results of operations. Computer break-ins, phishing and other disruptions could also jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability to us and may cause existing and potential customers to refrain from doing business with us. Although we, with the help of third-party service providers, intend to continue to implement security technology and establish operational procedures to prevent such damage, these security measures may not be successful. In addition, advances in computer capabilities, new discoveries in the field of cryptography or other developments could result in a compromise or breach of the algorithms we and our third-party service providers use to encrypt and protect customer transaction data. A failure of such security measures could have a material adverse effect on our financial condition and results of operations.

If we want to, or are compelled to, raise additional capital in the future, that capital may not be available to us when it is needed or on terms that are favorable to us or current shareholders.

Federal banking regulators require us and the Bank to maintain capital to support our operations. Regulatory capital ratios are defined and required ratios are established by laws and regulations promulgated by banking regulatory agencies. At March 31, 2010 , our regulatory capital ratios were above “well capitalized” levels under current bank regulatory guidelines. To be “well capitalized,” banking companies generally must maintain a Tier 1 leverage ratio of at least 5%, a Tier 1 risk-based capital ratio of at least 6%, and a total risk-based capital ratio of at least 10%. Regulators, however, may require us or the Bank to maintain higher regulatory capital ratios. For example, regulators recently have required some banks to attain a Tier 1 leverage ratio of at least 8%, a Tier 1 risk-based capital ratio of at least 10%, and a total risk-based capital ratio of at least 12%.

Our ability to raise additional capital in the future will depend on conditions in the capital markets at that time, which are outside of our control, on our financial performance and on other factors. Accordingly, we may not be able to raise additional capital on terms and time frames acceptable to us, or at all. If we cannot raise additional capital in sufficient amounts when needed, our ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts may adversely affect our operations, financial condition and results of operations. Our ability to borrow could also be impaired by factors that are nonspecific to us, such as disruption of the financial markets or negative news and expectations about the prospects for the financial services industry. If we raise capital through the issuance of additional shares of our common stock or other securities, we would likely dilute the ownership interests of investors, and could dilute the per share book value and earnings per share of our common stock. Furthermore, a capital raise through issuance of additional shares may have an adverse impact on our stock price.

We are exposed to environmental liabilities with respect to real estate that we have or had title to in the past.

A significant portion of our loan portfolio is secured by real property. In the course of our business, we may foreclose, accept deeds in lieu of foreclosure, or otherwise acquire real estate, and in doing so could become subject to environmental liabilities with respect to these properties. We may become responsible to a governmental agency or third parties for property damage, personal injury, investigation and clean-up costs incurred by those parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with environmental investigation or remediation activities could be substantial. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Although we have policies and procedures to perform an environmental review before acquiring title to any real property, these may not be sufficient to detect all potential environmental hazards. If we were to become subject to significant environmental liabilities, it could materially and adversely effect us.

A substantial decline in the value of our Federal Home Loan Bank of Pittsburgh common stock may adversely affect our financial condition.

We own common stock of the Federal Home Loan Bank of Pittsburgh, or the FHLB, in order to qualify for membership in the Federal Home Loan Bank system, which enables us to borrow funds under the Federal Home Loan Bank advance program. The carrying value and fair market value of our FHLB common stock was $6.7 million as of March 31, 2010.

Published reports indicate that certain member banks of the Federal Home Loan Bank system may be subject to asset quality risks that could result in materially lower regulatory capital levels. In December 2008, the FHLB had notified its member banks that it had suspended dividend payments and the repurchase of capital stock until further notice is provided. In an extreme situation, it is possible that the capitalization of a Federal Home Loan Bank, including the FHLB, could be substantially diminished or reduced to zero. Consequently, given that there is no market for our FHLB common stock, we believe that there is a risk that our investment could be deemed other-than-temporarily impaired at some time in the future. If this occurs, it may adversely affect our results of operations and financial condition. If the FHLB were to cease operations, or if we were required to write-off our investment in the FHLB, our business, financial condition, liquidity, capital and results of operations may be materially adversely affected.

Risks Related to this Offering and Our Shares

Our share price may fluctuate and this may make it difficult for you to resell shares of our common stock owned by you at times or at prices you find attractive.

The market price of our common stock could be subject to significant fluctuations in response to many factors, including, but not limited to:

- actual or anticipated variations in our results of operations, liquidity or financial condition;
- changes in analysts’ estimates of our earnings;
- publication of research reports about us or the banking industry generally;
- changes in market valuations of similar companies;
- the effects of, and changes in, trade, monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve System and the Federal Open Market Committee;
- general economic or business conditions, either nationally, regionally or in the communities in which we do business, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and loan performance or a reduced demand for credit;

- continued levels of asset quality and loan origination volume;
- the adequacy of our allowance for loan losses;
- the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);
- the willingness of customers to substitute competitors' products and services for our products and services and vice versa, based on price, quality, relationship or otherwise;
- unanticipated regulatory or judicial proceedings, and related liabilities and costs;
- interest rate, market and monetary fluctuations;
- the timely development of competitive new products and services by us and the acceptance of such products and services by customers;
- changes in consumer spending and saving habits relative to the financial services we provide;
- the loss of certain key officers or other employees;
- continued relationships with major customers;
- our ability to continue to grow our business internally and through acquisition and successful integration of new or acquired entities while controlling costs;
- compliance with laws and regulatory requirements of federal, state and local agencies;
- the ability to hedge certain risks economically;
- effect of terrorist attacks and threats of actual war;
- deposit generation and flows;
- changes in accounting principles, policies and guidelines;
- rapidly changing technology;
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services;
- other news, announcements or disclosures (whether by us or others) related to us or Republic; and
- our success at managing the risks involved in the foregoing.

Stock markets, in general, have experienced over the past year, and continue to experience, significant price and volume volatility, and the market price of our common stock may continue to be subject to similar market fluctuations that may be unrelated to our operating performance or prospects. Increased market volatility could result in a substantial decline in the market price of our common stock.

Our common stock is not insured by any governmental entity and, therefore, an investment in our common stock involves risk.

Our common stock is not a deposit account or other obligation of any bank, and is not insured by the FDIC or any other governmental entity, and is subject to investment risk, including possible loss.

There may be future sales of our common stock, which may materially and adversely affect the market price of our common stock.

Except as described under the section titled, "Underwriting," beginning at page 85 of this prospectus, we are not restricted from issuing additional shares of our common stock, including securities that are convertible into or exchangeable or exercisable for shares of our common stock. Our issuance of shares of common stock in the future will dilute the ownership interests of our existing shareholders.

Additionally, the sale of substantial amounts of our common stock or securities convertible into or exchangeable or exercisable for our common stock, whether directly by us in this offering or future offerings or by existing common shareholders in the secondary market, the perception that such sales could occur or the availability for future sale of shares of our common stock or securities convertible into or exchangeable or exercisable for our common stock could, in turn, materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. We are party to a registration rights agreement with the holders of the convertible trust preferred securities of Republic First Bancorp Capital Trust IV, which requires us, under certain circumstances, to register up to 1.7 million shares of our common stock into which the trust preferred securities may be converted for resale under the Securities Act.

In addition, our board of directors is authorized to designate and issue preferred stock without further shareholder approval, and we may issue other equity securities that are senior to our common stock in the future for a number of reasons, including, without limitation, to support operations and growth, to maintain our capital ratios and to comply with any future changes in regulatory standards.

Our common stock is currently traded on the Nasdaq Global Market. During the twelve months ended March 31, 2010 , the average daily trading volume for our common stock was approximately 32,696 shares. As a result, sales of our common stock may place significant downward pressure on the market price of our common stock. Furthermore, it may be difficult for holders to resell their shares at prices they find attractive, or at all.

Our common stock is subordinate to our existing and future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any classes or series of preferred stock that our board of directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors and preferred shareholders. As of March 31, 2010, we had $47.5 million of outstanding debt.

Our ability to pay dividends depends upon the results of operations of our subsidiaries.

Neither the Company nor the Bank has declared or paid cash dividends on its common stock since the Bank began operations. Our board of directors intends to follow a policy of retaining earnings for the purpose of increasing our capital for the foreseeable future.

Holders of our common stock are entitled to receive dividends if, as and when declared from time to time by our board of directors in its sole discretion out of funds legally available for that purpose, after debt service payments and payments of dividends required to be paid on our outstanding preferred stock, if any.

While we, as a bank holding company, are not subject to certain restrictions on dividends applicable to the Bank, our ability to pay dividends to the holders of our common stock will depend to a large extent upon the amount of dividends paid by the Bank to us. Regulatory authorities restrict the amount of cash dividends the Bank can declare and pay without prior regulatory approval. Presently, the Bank cannot declare or pay dividends in any one year in excess of retained earnings for that year subject to risk based capital requirements.

This offering is expected to be dilutive.

Giving effect to the issuance of common stock in this offering, we expect that this offering will have a dilutive effect on our expected earnings per common share. The actual amount of dilution cannot be determined at this time and will be based on numerous factors.

If we fail to maintain an effective system of internal control over financial reporting and disclosure controls and procedures, current and potential shareholders may lose confidence in our financial reporting and disclosures and could subject us to regulatory scrutiny.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, referred to as Section 404, we are required to include in our Annual Reports on Form 10-K, our management’s report on internal control over financial reporting. While we have reported no material weaknesses in the Form 10-K for the fiscal year ended December 31, 2009, or in our Form 10-Q for the quarter ended March 31, 2010 , we cannot guarantee that we will not have any material weaknesses reported by our independent registered public accounting firm in the future.

Compliance with the requirements of Section 404 is expensive and time-consuming. If, in the future, we fail to complete this evaluation in a timely manner, or if our independent registered public accounting firm cannot timely attest to our evaluation, we could be subject to regulatory scrutiny and a loss of public confidence in our internal control over financial reporting. In addition, any failure to maintain an effective system of disclosure controls and procedures could cause our current and potential shareholders and customers to lose confidence in our financial reporting and disclosure required under the Exchange Act, which could adversely affect our business.

Our governing documents, Pennsylvania law, and current policies of our board of directors contain provisions which may reduce the likelihood of a change in control transaction that may otherwise be available and attractive to shareholders.

Our articles of incorporation and bylaws contain certain anti-takeover provisions that may make it more difficult or expensive or may discourage a tender offer, change in control or takeover attempt that is opposed by our board of directors. In particular, the articles of incorporation and bylaws: classify our board of directors into three groups, so that shareholders elect only approximately one-third of the board each year; permit shareholders to remove directors only for cause and only upon the vote of the holders of at least 75% of the voting shares; require our shareholders to give us advance notice to nominate candidates for election to the board of directors or to make shareholder proposals at a shareholders' meeting; require the vote of the holders of at least 60% of the Company's voting shares for shareholder amendments to our bylaws; require the vote of the holders of at least 75% of the Company's voting shares to approve certain business combinations; and restrict the holdings and voting rights of shareholders who would acquire more than 10% of our outstanding common stock without the approval of two-thirds of our board of directors. These provisions of our articles of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of our shareholders may consider such proposals desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of our board of directors. Moreover, these provisions could diminish the opportunities for shareholders to participate in certain tender offers, including tender offers at prices above the then-current market value of our common stock, and may also inhibit increases in the trading price of our common stock that could result from takeover attempts or speculation.

In addition, anti-takeover provisions in Pennsylvania law could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of our common stock and could reduce the amount that shareholders might receive if we are sold. For example, Pennsylvania law may restrict a third party's ability to obtain control of the Company and may prevent shareholders from receiving a premium for their shares of our common stock. Pennsylvania law also provides that our shareholders are not entitled by statute to propose amendments to our articles of incorporation.

Our executive officers, directors and principal shareholders own a significant percentage of our common stock, may purchase additional shares in this offering, and can significantly influence matters requiring approval by our shareholders.

As of May 18, 2010, our executive officers and directors, in the aggregate, beneficially owned approximately 23.1 % of our common stock, and had the right to vote approximately 19.5% of our outstanding common stock, and other principal shareholders, those beneficially owning five percent or more of our common stock, beneficially owned approximately 8.3% of our common stock, owned and had the right to vote approximately 0% of our outstanding common stock. These shareholders, acting together, would be able to influence matters requiring approval by our shareholders, including the election of directors. This concentration of ownership might also have the effect of delaying or preventing a change in control of the company.

At our request, the underwriters have reserved for sale shares of our common stock to be sold in this offering, to certain of our directors, officers and securities holders. In the event that these persons purchase all or most of the reserved shares, but the offering is otherwise not fully subscribed, they may increase the percentage of our common stock they hold, and their influence over matters requiring approval by our shareholders, including the election of directors.

USE OF PROCEEDS

We estimate that, after deducting the underwriting discounts and commissions and other expenses of this offering payable by us, our net proceeds from this offering will be approximately $ (or approximately $ if the underwriters exercise their over-allotment option in full). We intend to contribute the net proceeds from the sale of our common stock to the Bank, and intend for the Bank to use the contributed proceeds for its general corporate purposes, which may include implementing our retail and rebranding strategies, improving our branches and adding branch locations, and funding loans. The amount of the proceeds to be used for each of the intended purposes will be determined by marketing, branching, and lending opportunities, other sources of funds, and other factors.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2010, on an actual basis and on an as adjusted basis as if the offering had been completed as of March 31, 2010 and assuming:

- the sale of ___ shares of common stock at a price of $___ per share;
- the underwriters' overallotment option is not exercised; and
- the net proceeds to us in the offering, after deducting underwriting discounts and commissions and offering expenses payable to us in the offering of $___, are $____.

The following data is qualified in its entirety by, and should be read in conjunction with our consolidated financial statements and notes thereto included in this prospectus.

	As of March 31, 2010			
		Actual		As Adjusted(1)
	(dollars in thousands)			
Long-Term Subordinated Debt		22,476		
Shareholders' Equity:				
Preferred stock(2)		-		
Common stock(3)		111		
Additional paid in capital		77,128		
Retained earnings (accumulated deficit)		(6,312)		
Treasury stock at cost(4)		(3,099)		
Stock held by deferred compensation plan(5)		(709)		
Accumulated other comprehensive loss		(1,937)		
Total Shareholders' Equity		65,182		
Total Long-term subordinated debt and shareholders' equity	$	87,658	$	
Selected Ratios:				
Leverage ratio		8.35%		
Tier 1 risk-based capital ratio		10.43%		
Total risk-based capital ratio		11.90%		
Book value per share	$	6.18		
Tangible book value per share	$	6.18		

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(1) Consolidated capitalization giving effect to the sale of shares of common stock in this offering at a public offering price of $ per share, for total net proceeds of approximately $ million (after deducting the underwriting discount and estimated offering expenses payable by us).

(2) At March 31, 2010 , we had 10,000,000 shares of preferred stock, par value $0.01 per share, authorized and no shares of preferred stock issued.

(3) At March 31, 2010 , we had 20,000,000 shares of common stock, par value $0.01 per share, authorized and 11,081,938 shares of common stock issued.

(4) At March 31, 2010 , we had 416,303 shares of common stock held as treasury stock.

(5) At March 31, 2010 , we had 88,053 shares of common stock held by deferred compensation plan.

MARKET FOR COMMON EQUITY AND DIVIDEND POLICY

Market Information

Our common stock is listed on the Global Market of The NASDAQ Stock Market, LLC, or Nasdaq, under the symbol "FRBK." As of May 18, 2010, we had 10,533,093 shares of common stock issued and outstanding, held by approximately 300 record holders. The last reported sales price per share of our common stock on May 18, 2010, was $3.12. The following table sets forth the high and low sales price for our common stock on the Nasdaq Global Market during the periods indicated.

	Price Range	
	High	Low
2010:		
Second Quarter (through May 18, 2010)	$ 4.49	$ 3.01
First Quarter	$ 5.30	$ 2.98
2009:		
Fourth Quarter	$	