

PARKE BANCORP, INC.
Form 10-Q
November 13, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30 2009.

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **000-51338**

PARKE BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation or organization)

65-1241959

(IRS Employer Identification No.)

601 Delsea Drive, Washington Township, New Jersey

(Address of principal executive offices)

08080

(Zip Code)

856-256-2500

(Registrant's telephone number, including area code)

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N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 13, 2009, there were issued and outstanding 4,033,138 shares of the registrant's common stock.

PARKE BANCORP, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Parke Bancorp Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(unaudited)

| | September 30, 2009 | December 31, 2008 |
|--|----------------------------------|----------------------|
| | (in thousands except share data) | |
| ASSETS | | |
| Cash and due from financial institutions | \$ 19,179 | \$ 6,700 |
| Federal funds sold and cash equivalents | 27 | 570 |
| Cash and cash equivalents | 19,206 | 7,270 |
| Investment securities available for sale, at fair value | 29,078 | 31,930 |
| Investment securities held to maturity (fair value of \$2,608 at September 30, 2009 and \$2,324 at December 31, 2008) | 2,502 | 2,482 |
| Loans, net of unearned income | 594,669 | 547,660 |
| Less: Allowance for loan and lease losses | 10,915 | 7,777 |
| Net loans and leases | 583,754 | 539,883 |
| Accrued interest receivable | 3,100 | 2,976 |
| Premises and equipment, net | 2,939 | 3,014 |
| Restricted stock, at cost | 2,554 | 2,583 |
| Bank owned life insurance (BOLI) | 5,138 | 5,004 |
| Other assets | 7,141 | 6,810 |
| Total Assets | \$ 655,412 | \$ 601,952 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing deposits | \$ 21,114 | \$ 22,261 |
| Interest-bearing deposits | 510,068 | 473,066 |
| Total deposits | 531,182 | 495,327 |
| FHLB borrowings | 32,438 | 38,540 |
| Other borrowed funds | 10,000 | 10,000 |
| Subordinated debentures | 13,403 | 13,403 |
| Accrued interest payable | 1,342 | 1,563 |
| Other liabilities | 4,383 | 2,818 |
| Total liabilities | 592,748 | 561,651 |
| Shareholders' Equity | | |
| Preferred stock, \$1,000 liquidation value; authorized 1,000,000 shares; Issued: 16,288 shares at September 30, 2009; and 0 at December 31, 2008 | 15,468 | — |
| Common stock, \$.10 par value; authorized 10,000,000 shares; Issued: 4,224,867 shares at September 30, 2009; and 4,140,231 shares at December 31, 2008 | 421 | 414 |
| Additional paid-in capital | 37,015 | 35,656 |

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| | | |
|--|-------------------|------------|
| Retained earnings | 12,618 | 8,870 |
| Accumulated other comprehensive loss | (678) | (2,791) |
| Treasury stock, 191,729 shares at September 30, 2009 ; and 130,270 shares at December 31, 2008, at cost | (2,180) | (1,848) |
| Total shareholders' equity | 62,664 | 40,301 |
| Total liabilities and shareholders' equity | \$ 655,412 | \$ 601,952 |

See accompanying notes to consolidated financial statements

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Parke Bancorp Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

| | For the nine months ended September 30, | | For the three months ended September 30, | |
|---|---|-----------|--|----------|
| | 2009 | 2008 | 2009 | 2008 |
| | (in thousands except share data) | | | |
| Interest income: | | | | |
| Interest and fees on loans | \$ 28,646 | \$ 25,184 | \$ 9,680 | \$ 8,658 |
| Interest and dividends on investments | 1,462 | 1,710 | 448 | 575 |
| Interest on federal funds sold a cash equivalents | 1 | 197 | — | 22 |
| Total interest income | 30,109 | 27,091 | 10,128 | 9,255 |
| Interest expense: | | | | |
| Interest on deposits | 10,858 | 12,765 | 3,291 | 4,046 |
| Interest on borrowings | 1,578 | 1,684 | 474 | 621 |
| Total interest expense | 12,436 | 14,449 | 3,765 | 4,667 |
| Net interest income | 17,673 | 12,642 | 6,363 | 4,588 |
| Provision for loan losses | 3,200 | 1,519 | 1,450 | 595 |
| Net interest income after provision for loan losses | 14,473 | 11,123 | 4,913 | 3,993 |
| Noninterest income (loss) | | | | |
| Loan fees | 201 | 393 | 62 | 146 |
| Net income from BOLI | 135 | 143 | 45 | 49 |
| Service fees on deposit accounts | 138 | 142 | 48 | 54 |
| Other than temporary impairment losses | (2,401) | (947) | (1,120) | (459) |
| Portion of loss recognized in other comprehensive income (OCI) (before taxes) | 863 | — | 770 | — |
| Net impairment losses recognized in earnings | (1,538) | (947) | (350) | (459) |
| Gain (loss) on sale of real estate owned | (149) | — | 10 | — |
| Other | 223 | 70 | 26 | 19 |
| Total noninterest income (loss) | (990) | (199) | (159) | (191) |
| Noninterest expense | | | | |
| Compensation and benefits | 2,966 | 2,534 | 953 | 800 |
| Professional services | 631 | 612 | 180 | 204 |
| Occupancy and equipment | 637 | 555 | 201 | 193 |
| Data processing | 255 | 214 | 87 | 74 |
| FDIC Insurance | 627 | 178 | 185 | 65 |
| Loss on write down of foreclosed assets | 68 | 238 | 14 | 163 |
| Other operating expense | 1,109 | 959 | 372 | 353 |
| Total noninterest expense | 6,293 | 5,290 | 1,992 | 1,852 |
| Income before income tax expense | 7,190 | 5,634 | 2,762 | 1,950 |
| Income tax expense | 2,787 | 2,260 | 1,067 | 877 |
| Net income | 4,403 | 3,374 | 1,695 | 1,073 |
| Preferred stock dividend and discount accretion | 655 | — | 245 | — |
| Net income available to common shareholders | \$ 3,748 | \$ 3,374 | \$ 1,450 | \$ 1,073 |
| Earnings per common share | | | | |
| Basic | \$ 0.93 | \$ 0.90 | \$ 0.36 | \$ 0.29 |
| Diluted | \$ 0.93 | \$ 0.82 | \$ 0.36 | \$ 0.27 |

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Weighted average shares outstanding

| | | | | |
|---------|------------------|-----------|------------------|-----------|
| Basic | 4,030,754 | 3,732,464 | 4,033,138 | 3,760,695 |
| Diluted | 4,036,070 | 4,114,351 | 4,063,090 | 4,028,033 |

See accompanying notes to consolidated financial statements

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Parke Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

(unaudited)

| | Preferred Stock | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total Shareholders' Equity |
|--|--------------------|-----------------|----------------------------------|----------------------|---|-------------------|----------------------------------|
| (in thousands) | | | | | | | |
| Balance, December 31, 2007 | \$ 0 | \$ 325 | \$ 26,804 | \$ 11,897 | \$ (790) | \$ (1,819) | \$ 36,417 |
| Stock warrants exercised | | 16 | 443 | | | | 459 |
| Stock compensation | | | (17) | | | | (17) |
| 15% common stock dividend | | 48 | 7,223 | (7,275) | | | (4) |
| Comprehensive income (loss): | | | | | | | |
| Net income | | | | 3,374 | | | 3,374 |
| Change in unrealized loss on securities available for sale, net of tax | | | | | (1,727) | | (1,727) |
| Pension liability adjustments, net of tax | | | | | 23 | | 23 |
| Total comprehensive income | | | | | | | 1,670 |
| Balance, September 30, 2008 | \$ 0 | \$ 389 | \$ 34,453 | \$ 7,996 | \$ (2,494) | \$ (1,819) | \$ 38,525 |
| | | | | | | | |
| Balance, December 31, 2008 | \$ 0 | \$ 414 | \$ 35,656 | \$ 8,870 | \$ (2,791) | \$ (1,848) | \$ 40,301 |
| Stock warrants exercised | | 7 | 415 | | | | 422 |
| Stock compensation | | | 14 | | | | 14 |
| Treasury stock purchased (61,459 shares) | | | | | | (332) | (332) |
| Comprehensive income (loss): | | | | | | | |
| Net income | | | | | | | |