PARKE BANCORP, INC.
Form 10-Q
May 14, 2010

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

FORM 10-Q

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

For the quarterly period ended: March 31, 2010.

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	65-1241959
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
601 Delsea Drive, Washington Township, New Jersey	08080
(Address of principal executive offices)	(Zip Code)

856-256-2500
(Registrant's telephone number, including area code)

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 [X] 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 [X]

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

Yes [ ]   No [X]

As of May 14, 2010, there were issued and outstanding 4,034,639 shares of the registrant's common stock.

PARKE BANCORP, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2010

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(unaudited)

		March 31, 2010		December 31, 2009
		(in thousands except share data)		
ASSETS				
Cash and due from financial institutions	$	9,676	$	4,099
Federal funds sold and cash equivalents		280		55
Cash and cash equivalents		9,956		4,154
Investment securities available for sale, at fair value		31,317		29,420
Investment securities held to maturity (fair value of $2,397 at March 31, 2010 and $2,404 at December 31, 2009)		2,517		2,509
Total investment securities		33,834		31,929
Loans, net of unearned income		613,159		603,401
Less: Allowance for loan and lease losses		13,136		12,404
Net loans and leases		600,023		590,997
Accrued interest receivable		3,050		2,808
Premises and equipment, net		2,860		2,861
Restricted stock, at cost		3,001		3,094
Bank owned life insurance (BOLI)		5,228		5,184
Other assets		16,117		13,171
Total Assets	$	674,069	$	654,198
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Deposits				
Noninterest-bearing deposits	$	19,274	$	21,488
Interest-bearing deposits		518,611		498,825
Total deposits		537,885		520,313
FHLB borrowings		42,368		44,428
Other borrowed funds		10,000		10,000
Subordinated debentures		13,403		13,403
Accrued interest payable		872		821
Other liabilities		3,981		3,260
Total liabilities		608,509		592,225
Shareholders' Equity				
Preferred stock, $1,000 liquidation value; authorized 1,000,000 shares; Issued: 16,288 shares at March 31, 2010 and December 31, 2009		15,551		15,508
Common stock, $.10 par value; authorized 10,000,000 shares; Issued: 4,649,004 shares at March 31, 2010; and 4,224,867 shares at December 31, 2009		465		421
Additional paid-in capital		41,912		37,020

Retained earnings		10,688		14,071
Accumulated other comprehensive loss		(1,072)		(2,867)
Treasury stock, 210,901 shares at March 31, 2010 and 191,729 shares at December 31, 2009, at cost		(2,180)		(2,180)
Total shareholders' equity		65,364		61,973
Noncontrolling (minority) interest in consolidated subsidiaries		196		—
Total liabilities and shareholders' equity	$	674,069	$	654,198

See accompanying notes to consolidated financial statements

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Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	For the three months ended March 31,	
	2010	2009
	(in thousands except share data)	
Interest income:		
Interest and fees on loans	$9,650	$9,254
Interest and dividends on investments	427	519
Interest on federal funds sold and cash equivalents	—	—
Total interest income	10,077	9,773
Interest expense:		
Interest on deposits	2,504	4,019
Interest on borrowings	450	580
Total interest expense	2,954	4,599
Net interest income	7,123	5,174
Provision for loan losses	2,101	770
Net interest income after provision for loan losses	5,022	4,404
Noninterest income (loss)		
Loan fees	49	84
Net income from BOLI	44	44
Service fees on deposit accounts	62	46
Other than temporary impairment losses	(44)	—
Portion of loss recognized in other comprehensive income (OCI) (before taxes)	26	—
Net impairment losses recognized in earnings	(18)	—
Other	23	156
Total noninterest income	160	171
Noninterest expense		
Compensation and benefits	1,193	1,010
Professional services	260	243
Occupancy and equipment	212	248
Data processing	72	82
FDIC Insurance	225	71
Loss on write down of foreclosed assets	—	35
Other operating expense	340	363
Total noninterest expense	2,302	2,052
Income before income tax expense	2,880	2,523
Income tax expense	1,152	994
Net income attributable to Company and noncontrolling (minority) interests interests	1,728	1,529
Net (income) loss attributable to noncontrolling (minority) interests	64	—
Net income attributable to Company	1,792	1,529
Preferred stock dividend and discount accretion	246	166
Net income available to common shareholders	$1,546	$1,363
Earnings per common share		
Basic	$0.35	$0.31
Diluted	$0.35	$0.31

Weighted average shares outstanding		
Basic	4,437,773	4,421,155
Diluted	4,464,237	4,421,155

See accompanying notes to consolidated financial statements

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, 2008	$ —	$ 414	$ 35,656	$ 8,870	$ (2,791)	$ (1,848)	$ 40,301
Stock warrants exercised		7	415				422
Stock compensation			7				7
Treasury stock purchased (61,459 shares)						(332)	(332)
Comprehensive income (loss):							
Net income				1,529			1,529
Change in unrealized loss on securities available for sale, net of tax					90		90
Pension liability adjustments, net of tax					(27)		(27)
Total comprehensive income							1,592
Preferred stock issued	15,358		930				16,288
Dividend on preferred stock (5% annually)				(139)			(139)
Accretion of discount on preferred stock	27			(27)			—
Balance, March 31, 2009	$ 15,385	$ 421	$ 37,008	$ 10,233	$ (2,728)	$ (2,180)	$ 58,139
Balance, December 31, 2009	$ 15,508	$ 421	$ 37,020	$ 14,071	$ (2,867)	$ (2,180)	$ 61,973
Stock options exercised			8				8
10% common stock dividend		44	4,884	(4,928)			—

Comprehensive income (loss):							
Net income				1,728			1,728
Non-credit unrealized losses on debt securities with OTTI, net of taxes					(16)		(16)
Net unrealized gains on available for sale securities without OTTI, net of taxes					1,800		1,800
Pension liability adjustments, net of taxes					11		11
Total comprehensive income							3,523
Comprehensive loss attributable to non-controlling interest				64			64
Comprehensive income attributable to Company							3,587
Dividend on preferred stock (5% annually)				(204)			(204)
Accretion of discount on preferred stock	43			(43)			—
Balance, March 31, 2010	$ 15,551	$ 465	$ 41,912	$ 10,688	$ (1,072)	$ (2,180)	$ 65,364

See accompanying notes to consolidated financial statements

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Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31, 2010	2009
	(in thousands)	
Cash Flows from Operating Activities		
Net income	$1,792	$1,529
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74	77
Provision for loan losses	2,101	770
Stock compensation	—	7
Bank owned life insurance	(44)	(44)
Supplemental executive retirement plan	111	62
Loss on sale of other real estate owned	—	159
Loss on write down of foreclosed assets	—	35
Other than temporary decline in value of investments	18	—
Net accretion of purchase premiums and discounts on securities	(19)	(31)
Changes in operating assets and liabilities:		
Increase in accrued interest receivable and other assets	(626)	(588)
Increase (decrease) in accrued interest payable and other accrued liabilities	772	(429)
Net cash provided by operating activities	4,179	1,547
Cash Flows from Investing Activities		
Purchases of investment securities available for sale	(796)	—
Redemptions (purchases) of restricted stock	93	227
Principal payments on mortgage-backed securities	1,867	1,084
Proceeds from sale of other real estate owned	—	700
Net increase in loans	(14,784)	(33,571)
Purchases of bank premises and equipment	(73)	(31)
Net cash used in investing activities	(13,693)	(31,591)
Cash Flows from Financing Activities		
Proceeds from issuance of preferred stock	—	16,288
Payment of dividend on preferred stock	(204)	—
Proceeds from exercise of stock options and warrants	8	422
Purchase of treasury stock	—	(332)
Net decrease in Federal Home Loan Bank short term borrowings	(2,025)	(5,000)
Payments of Federal Home Loan Bank advances	(35)	(34)
Net decrease in noninterest-bearing deposits	(2,214)	(2,754)
Net increase in interest-bearing deposits	19,786	25,769
Net cash provided by financing activities	15,316	34,359
Increase in cash and cash equivalents	5,802	4,315
Cash and Cash Equivalents, January 1,	4,154	7,270
Cash and Cash Equivalents, March 31,	$9,956	$11,585
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the three months for:		
Interest on deposits and borrowed funds	$2,903	$4,704
Income taxes	$1,800	$1,351

Supplemental Schedule of Noncash Activities:		
Real estate acquired in settlement of loans	$3,572	$—

See accompanying notes to consolidated financial statements

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 1. ORGANIZATION

Parke Bancorp, Inc. ("Parke Bancorp" or the "Company") is a bank holding company incorporated under the laws of the State of New Jersey in January 2005 for the sole purpose of becoming the holding company of Parke Bank (the "Bank").

The Bank is a commercial bank which commenced operations on January 28, 1999. The Bank is chartered by the New Jersey Department of Banking and insured by the Federal Deposit Insurance Corporation ("FDIC"). Parke Bancorp and the Bank maintain their principal offices at 601 Delsea Drive, Washington Township, New Jersey. The Bank also conducts business through branches in Northfield and Washington Township, New Jersey and Philadelphia, Pennsylvania.

The Bank competes with other banking and financial institutions in its primary market areas. Commercial banks, savings banks, savings and loan associations, credit unions and money market funds actively compete for savings and time certificates of deposit and all types of loans. Such institutions, as well as consumer financial and insurance companies, may be considered competitors of the Bank with respect to one or more of the services it renders.

The Bank is subject to regulations of certain state and federal agencies, and accordingly, the Bank is periodically examined by such regulatory authorities. As a consequence of the regulation of commercial banking activities, the Bank's business is particularly susceptible to future state and federal legislation and regulations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation: The accounting and reporting policies of the Bank conform to accounting principles generally accepted in the United States of America (GAAP) and predominant practices within the banking industry.

The financial statements include the accounts of Parke Bancorp, Inc. and its wholly owned subsidiaries, Parke Bank, Parke Capital Markets, Farm Folly LLC, 601 Sewell Walnut LLC, 601 Sewell Sturdy LLC, 601 Sewell Seafar LLC, 601 Sewell Baker LLC and Woolwich Lots LLC. Parke Capital Markets and Farm Folly LLC are presently inactive. Parke Capital Trust I, Parke Capital Trust II and Parke Capital Trust III are wholly-owned subsidiaries but are not consolidated because they do not meet the consolidation requirements. Parke Bank has entered into a joint venture, 44 Capital Partners LLC, with a 51% ownership interest. The LLC was formed to originate, sell and service Small Business Administration (SBA) loans. All significant inter-company balances and transactions have been eliminated.

The accompanying interim financial statements should be read in conjunction with the annual financial statements and notes thereto included in Parke Bancorp Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 since they do not include all of the information and footnotes required by U.S. generally accepted accounting principles. The accompanying interim financial statements for the three months ended March 31, 2010 and 2009 are unaudited. The balance sheet as of December 31, 2009, was derived from the audited financial statements. In the opinion of management, these financial statements include all normal and recurring adjustments necessary for a fair statement of the results for such interim periods. Results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results for the full year.

Use of Estimates: In preparing the interim financial statements, management makes estimates and assumptions based on available information that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and reported amounts of expenses and revenues. Actual results could differ from such estimates. The allowance for loan losses, deferred taxes, evaluation of investment securities for other-than-temporary impairment and fair values of financial instruments are significant estimates and particularly subject to change.

Recently Issued Accounting Pronouncements:

On July 1, 2009, the Accounting Standards Codification became FASB's officially recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public non-governmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ASC Topic 320, "Investments Debt and Equity Securities."

Effective April 1, 2009, ASC Topic 320 clarifies the interaction of the factors that should be considered when determining whether a debt security is other-than-temporarily impaired. For debt securities, management must assess whether (a) it has the intent to sell the security and (b) it is more likely than not that it will be required to sell the security prior to its anticipated recovery.

In instances when a determination is made that an other-than-temporary impairment exists but the investor does not intend to sell the debt security or it is not more likely than not that it will not be required to sell the debt security prior to its anticipated recovery, ASC Topic 320 changes the presentation and amount of the other-than-temporary impairment recognized in the income statement for debt securities. The other-than-temporary impairment is separated into (a) the amount of the total other-than-temporary impairment related to a decrease in cash flows expected to be collected from the debt security (the credit loss) and (b) the amount of the total other-than-temporary impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total other-than-temporary impairment related to all other factors is recognized in other comprehensive income. Accordingly, management has expanded the presentation and disclosure of OTTI of investment securities as more fully described in Note 3.

FASB ASC Topic 820, "Fair Value Measurements and Disclosures."

New authoritative accounting guidance under ASC Topic 820,"Fair Value Measurements and Disclosures," affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. ASC Topic 820 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. The new accounting guidance amended prior guidance to expand certain disclosure requirements. The Company adopted the new authoritative accounting guidance under ASC Topic 820 during the first quarter of 2009 and has, accordingly, expanded the fair value disclosures presented.

Further new authoritative accounting guidance (Accounting Standards Update No. 2010-6), which became effective January 1, 2010, provides amendments to ASC Topic 820 that require new disclosures as follows: 1) A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

The new authoritative guidance also clarifies existing disclosures as follows:

1) A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.

2) A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3.

These new disclosures and clarifications of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009 and did not have a significant impact of the Company's consolidated financial statements. The disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. See Note 8, "Fair Value".

FASB ASC Topic 855, "Subsequent Events."

The Company adopted ASC Topic 855, "Subsequent Events", as of June 30, 2009. This new accounting guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Accordingly, Management has evaluated subsequent events after March 31, 2010 through the date the financial statements were issued and determined that no subsequent events, except as discussed in Note 9, warranted recognition in or disclosure in the interim financial statements.

FASB ASC Topic 860, "Transfers and Servicing."

New authoritative accounting guidance under ASC Topic 860, "Transfers and Servicing" amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. The new authoritative accounting guidance eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets. The new authoritative accounting guidance also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The new authoritative accounting guidance under ASC Topic 860 was effective January 1, 2010 and accordingly, impacted the manner in which the Company accounts for the sale of the guaranteed portion on SBA loans. Gains of $312,000 for the three months ended March 31, 2010 were deferred to the second quarter as a result of this new guidance.

NOTE 3. INVESTMENT IN DEBT AND MARKETABLE EQUITY SECURITIES

The following is a summary of the Company's investment in available-for-sale and held-to-maturity securities as of March 31, 2010 and December 31, 2009:

As of March 31, 2010	Amortized cost	Gross unrealized gains	Gross unrealized losses	Other-than-temporary impairments in OCI	Fair value
	(amounts in thousands)				
Available-for-sale:					
U.S. Government sponsored entities	$ 3,268	$ 5	$ 16	$ —	$ 3,257
Corporate debt obligations	2,000	17	47	—	1,970
Residential mortgage-backed securities	17,496	676	49	—	18,123
Collateralized mortgage obligations	4,388	74	68	96	4,298
Collateralized debt obligations	5,562	—	1,214	679	3,669
Total available-for-sale	$ 32,714	$ 772	$ 1,394	$ 775	$ 31,317
Held to maturity:					
States and political subdivisions	$ 2,517	$ 4	$ 124	$ —	$ 2,397

As of December 31, 2009	Amortized cost	Gross unrealized gains	Gross unrealized losses	Other-than-temporary impairments in OCI	Fair value
	(amounts in thousands)				
Available-for-sale:					
U.S. Government sponsored entities	$ 3,273	$ —	$ 41	$ —	$ 3,232
Corporate debt obligations	2,000	17	47	—	1,970
Residential mortgage-backed securities	19,098	679	79	—	19,698
Collateralized mortgage obligations	3,859	68	50	68	3,809
Collateralized debt obligations	5,562	—	4,166	685	711
Total available-for-sale	$ 33,792	$ 764	$ 4,383	$ 753	$ 29,420
Held to maturity:					
States and political subdivisions	$ 2,509	$ 10	$ 115	$ —	$ 2,404

The Company’s unrealized loss on investments in collateralized debt obligations (CDOs) relates to four securities issued by financial institutions, totaling $4.8 million. The unrealized loss decreased from $4.2 million at December 31, 2009 to $1.2 million at March 31, 2010. In the first quarter of 2010, the Company engaged an independent third party valuation firm to assess three of its pooled trust preferred collateralized debt obligations for other than temporary impairment (“OTTI”). The OTTI analysis is based on a best estimate of cash flows, including potential credit losses and prepayments, discounted at the securities' effective yields. The valuation firm also discounts the best estimate cash flows using a discount rate derived through the build-up method to estimate fair value. The fair value discount rate is based on the appropriate risk free rate, given the estimated duration of the security, plus a spread for liquidity under normal market conditions, plus a spread to account for the uncertainty of the cash flows. Prior to the first quarter, the Company had relied on a pricing service that utilized a matrix pricing approach to estimate fair value. The Company believes that a fair value derived from best estimate cash flows represents a better estimate of the fair values of the securities.

The amortized cost and fair value of debt securities classified as available-for-sale and held-to-maturity, by contractual maturity, as of March 31, 2010 are as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Available-for-sale:		
Due within one year	$ —	$ —
Due after one year through three years	—	—
Due after three years through five years	998	1,004
Due after five years	9,832	7,892
Residential mortgage-backed securities and collateralized mortgage obligations	21,884	22,421
Total available-for-sale	$ 32,714	$ 31,317
Held-to-maturity:		
Due within one year	$ 540	$ 545
Due after one year through three years	—	—
Due after three years through five years	—	—
Due after five years	1,977	1,852
Total held-to-maturity	$ 2,517	$ 2,397

Expected maturities will differ from contractual maturities for mortgage related securities because the issuers of certain debt securities do have the right to call or prepay their obligations without any penalties.

The following tables show the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2010 and December 31, 2009:

As of March 31, 2010	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(amounts in thousands)			
Available-for-sale:						
U.S. Government sponsored entities	$ 2,247	$ 16	$ —	$ —	$ 2,247	$ 16
Corporate debt obligations	—	—	953	47	953	47
Residential mortgage-backed securities and collateralized mortgage obligations	6,139	117	—	—	6,139	117
Collateralized debt obligations	—	—	3,536	1,214	3,536	1,214
Total available-for-sale	$ 8,386	$ 133	$ 4,489	$ 1,2612	$ 12,875	$ 1,394
Held-to-maturity:						
States and political subdivisions	$ —	$ —	$ 2,397	$ 120	$ 2,397	$ 120

As of December 31, 2009	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(amounts in thousands)			
Available-for-sale:						
U.S. Government sponsored entities	$ 3,225	$ 41	$ —	$ —	$ 3,225	$ 41
Corporate debt obligations	—	—	653	47	653	47
Residential mortgage-backed securities and collateralized mortgage obligations	6,289	129	—	—	6,289	129
Collateralized debt obligations	—	—	585	4,166	585	4,166
Total available-for-sale	$ 9,514	$ 170	$ 1,238	$ 4,213	$ 10,752	$ 4,383
Held-to-maturity:						
States and political subdivisions	$ —	$ —	$ 610	$ 115	$ 610	$ 115

U.S. Government Sponsored Entities: The unrealized losses on the Company's one investment in U.S. Government sponsored entities were caused by movement in interest rates. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell this investments before recovery of its amortized cost basis, which may be maturity, it does not consider the investment to be other-than-temporarily impaired at March 31, 2010 or December 31, 2009.

Corporate Debt Obligations: The Company's unrealized loss on investments in corporate bonds relates to three trust preferred securities (TruPS) issued by financial institutions, totaling $2.0 million. The unrealized loss was primarily caused by an illiquid market for this sector of security. All three issues have been rated A or above by Moody's. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell the investment before recovery of its amortized cost basis, which may be maturity, it does not consider the investment to be other-than-temporarily impaired at March 31, 2010 or December 31, 2009.

Residential Mortgage-Backed Securities: The unrealized losses on the Company's investment in mortgage-backed securities were caused by movement in interest rates. The four securities were issued by FNMA and FHLMC, government sponsored entities. It is expected that the U.S. government will guarantee all contractual cash flows. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell the investment before recovery of its amortized cost basis, which may be maturity, it does not consider the investment in these securities to be other-than-temporarily impaired at March 31, 2010 or December 31, 2009.

Collateralized Debt Obligations: CDOs are pooled securities primarily secured by trust preferred securities (TruPS), subordinated debt and surplus notes issued by small and mid-sized banks and insurance companies. These securities are generally floating rate instruments with 30-year maturities, and are callable at par by the issuer after five years. The current economic downturn has had a significant adverse impact on the financial services industry, consequently, TruPS CDOs do not have an active trading market. With the assistance of a competent third-party valuation specialist, the Company utilized the following methodology to determine the fair value:

Cash flows were developed based on the estimated speeds at which the trust preferred securities are expected to prepay, the estimated rates at which the trust preferred securities are expected to defer payments, the estimated rates at which the trust preferred securities are expected to default, and the severity of the losses on securities which default. Trust preferred securities generally allow for prepayment by the issuer without a prepayment penalty any time after five years. Due to the lack of new trust preferred issuances and the relatively poor conditions of the financial institution industry, a relatively modest rate of prepayment was assumed going forward. Estimates for conditional default rates are based on the payment characteristics of the trust preferred securities themselves (e.g. current, deferred, or defaulted) as well as the financial condition of the trust preferred issuers in the pool. Estimates for the near-term rates of deferral and CDR are based on key financial ratios relating to the financial institutions' capitalization, asset quality, profitability and liquidity. Finally, we consider whether or not the financial institution has received TARP funding, and if it has, the amount. Longer-term rates of deferral and defaults are based on historical averages. The estimated cash flows were than discounted. The fair value of each bond was assessed by discounting their projected cash flows by a discount rate ranging from 10% to 20%. The discount rates were based on the yields of publicly traded TruPS and preferred stock issued by comparably rated banks. The fair value for previous reporting periods was based on indicative market bids and resulted in much lower values due to the inactive trading market.

The underlying issuers have been analyzed, and projections have been made regarding the future performance, considering factors including defaults and interest deferrals. The analysis indicates that the

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Company should expect to receive all contractual cash flows. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of its amortized cost basis, which may be maturity, it does not consider these investments to be other-than-temporarily impaired at March 31, 2010 or December 31, 2009.

Other-Than-Temporarily Impaired Debt Securities

We assess whether we intend to sell or it is more likely than not that we will be required to sell a security before recovery of its amortized cost basis less any current-period credit losses. For debt securities that are considered other-than-temporarily impaired and that we do not intend to sell and will not be required to sell prior to recovery of our amortized cost basis, we separate the amount of the impairment into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings and is the difference between the security's amortized cost basis and the present value of its expected future cash flows. The remaining difference between the security's fair value and the present value of future expected cash flows is due to factors that are not credit related and is recognized in other comprehensive income.

The present value of expected future cash flows is determined using the best estimate cash flows discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete an asset-backed or floating rate security. The methodology and assumptions for establishing the best estimate cash flows vary depending on the type of security. The asset-backed securities cash flow estimates are based on bond specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity and prepayment speeds and structural support, including subordination and guarantees. The corporate bond cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using bond specific facts and circumstances including timing, security interests and loss severity.

We have a process in place to identify debt securities that could potentially have a credit impairment that is other than temporary. This process involves monitoring late payments, pricing levels, downgrades by rating agencies, key financial ratios, financial statements, revenue forecasts and cash flow projections as indicators of credit issues. On a quarterly basis, we review all securities to determine whether an other-than-temporary decline in value exists and whether losses should be recognized. We consider relevant facts and circumstances in evaluating whether a credit or interest rate-related impairment of a security is other than temporary. Relevant facts and circumstances considered include: (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in value; (3) the financial position and access to capital of the issuer, including the current and future impact of any specific events and (4) for fixed maturity securities, our intent to sell a security or whether it is more likely than not we will be required to sell the security before the recovery of its amortized cost which, in some cases, may extend to maturity and for equity securities, our ability and intent to hold the security for a period of time that allows for the recovery in value.

The following table presents a roll-forward of the credit loss component of the amortized cost of debt securities that we have written down for OTTI and the credit component of the loss that is recognized in earnings. OTTI recognized in earnings subsequent to adoption in 2009 for credit-impaired debt securities is presented as additions in two components based upon whether the current period is the first time the debt security was credit-impaired (initial credit impairment) or is not the first time the debt security was credit impaired (subsequent credit impairments). The credit loss component is reduced if we sell, intend to sell or believe we will be required to sell previously credit-impaired debt securities. Additionally, the credit loss component is reduced if we receive cash flows in excess of what we expected to receive over the remaining life of the credit-impaired debt security, the security matures or is fully written down.

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Changes in the credit loss component of credit-impaired debt securities were as follows for the three month period ended March 31, 2010.

	For the Three Months Ended March 31, 2010 (in thousands)	
Beginning balance	$	4,008
Initial credit impairment		—
Subsequent credit impairments		18
Reductions for amounts recognized in earnings due to intent or requirement to sell		—
Reductions for securities deemed worthless		1,069
Reductions for increases in cash flows expected to be collected		—
Ending balance	$	2,957

A summary of investment gains and losses recognized in income during the three months ended March 31, 2010 are as follows:

	For the Three Months Ended March 31, 2010 (in thousands)	
Available-for-sale securities:		
Realized gains	$	—
Realized (losses)		—
Other than temporary impairment		(18)
Total available-for-sale securities	$	(18)
Held-to-maturity securities:		
Realized gains	$	—
Realized (losses)		—
Other than temporary impairment		—
Total held-to-maturity securities	$	0

During the first three months of 2010, the Company recognized $18,000 of other-than-temporary impairment losses on available-for-sale securities, attributable to impairment charges recognized on a privately issued CMO.

The impairment charges for the CMOs was recognized in light of significant deterioration of housing values in the residential real estate market, the significant rise in delinquencies and charge-offs of underlying mortgage loans and resulting decline in market value of the securities.

With the assistance of competent third-party valuation specialist, the Company utilized the following methodologies to quantify the other-than-temporary-impairment. The underlying mortgage collateral was analyzed in order to project future cash flows and to calculate the credit component of the OTTI. Four major assumptions were utilized;

prepayment (CPR), constant default rate (CDR), loss severity and risk adjusted discount rate. The methodologies for the four assumptions are:

CPR assumptions were based on an evaluation of the lifetime conditional prepayment rates; 3 month CPR over the most recent period, past 6 months and past 12 months; estimated prepayment rates provided by the Securities Industry & Financial Markets Association (SIFMA), forecasts from other industry experts, and judgment given the recent deterioration in credit conditions and declines in property values

CDR estimates were based on the status of the loans – current, 30-59 days delinquent, 60-89 days delinquent, 90+ days delinquent, foreclosure or REO – and proprietary loss migration models (i.e. percentage of 30 day delinquents that will ultimately migrate to default, percentage of 60 day delinquents that will ultimately migrate to default, etc.). The model assumes that the 60 day plus population will move to repossession inventory subject to the loss migration assumptions and liquidate over the next 36 months. Defaults vector from month 37 to month 48 to the month 49 CDR value and ultimately vector to zero over an extended period of time of at least 15 years.

Loss severity estimates are based on the initial loan to value ratio, the loan's lien position, private mortgage insurance proceeds available (if any), and the estimated change in the price of the property since origination. The loss severity assumption is static for twelve months then decreases monthly based on future market appreciation. Our annual market appreciation assumption is 3.5% after 12 months. Our loss severity is subject to a floor value of 23.0%.

The risk adjusted discount rate was derived based on the spread from the most recent active market indication for either the instrument in question or a proxy of the instrument. The resulting spread was then used in conjunction with the swap curve to discount the expected cash flow stream.

NOTE 4. LOANS

The portfolio of the loans outstanding consists of:

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Gross Loans	Amount	Percentage of Gross Loans
	(amounts in thousands)			
Commercial	$ 20,651	3.4%	$ 20,174	3.3%
Real estate construction:				
Residential	81,445	13.3	89,006	14.8
Commercial	27,800	4.5	27,327	4.5
Real estate mortgage:				
Residential	153,115	25.0	143,385	23.8
Commercial	317,056	51.7	310,484	51.4
Consumer	13,092	2.1	13,025	2.2
Total Loans	$613,159	100.0%	$ 603,401	100.0%

Loans on non-accrual were $22.7 million at March 31, 2010 and $25.5 million at December 31, 2009. No loans with interest past due 90 days or more were still accruing at March 31, 2010 or December 31, 2009. The Company has created interest reserves for the purpose of making periodic and timely interest payments for borrowers that qualify. Total loans with interest reserves were $76.2 million at March 31, 2010 and $74.8 million at December 31, 2010. On a monthly basis management reviews loans with

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interest reserves to assess current and projected performance and determines whether such reserves will continue to be funded.

Activity in the allowance for loan losses is as follows:

	Three months ended March 31,	
	2010	2009
	(amounts in thousands)	
Balance at beginning of period	$12,404	$7,777
Provisions charged to operations	2.101	770
Charge-offs	(1,369)	(4)
Recoveries	—	—
Balance at end of period	$13,136	$8,543

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NOTE 5. REGULATORY RESTRICTIONS

The Company and the Bank are subject to various regulatory capital requirements of federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined).

		Actual			For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
Parke Bancorp, Inc.		Amount	Ratio		Amount	Ratio	Amount	Ratio
As of March 31, 2010 (amounts in thousands except ratios)								
Total Risk Based Capital (to Risk Weighted Assets)	$	87,120	14.3%	$	48,758	8%	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	$	79,435	13.0%	$	24,379	4%	N/A	N/A
Tier 1 Capital (to Average Assets)	$	79,435	12.0%	$	26,411	4%	N/A	N/A

		Actual			For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
Parke Bancorp, Inc.		Amount	Ratio		Amount	Ratio	Amount	Ratio
As of December 31, 2009 (amounts in thousands except ratios)								
Total Risk Based Capital (to Risk Weighted Assets)	$	85,394	14.3%	$	47,892	8%	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	$	77,840	13.7%	$	22,674	4%	N/A	N/A

Tier 1 Capital (to Average Assets)	$	77,840	11.9%	$	26,108	4%	N/A	N/A

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Parke Bank		Actual Amount	Actual Ratio		For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio		To be Well-Capitalized Under Prompt Corrective Action Provisions Amount	To be Well-Capitalized Under Prompt Corrective Action Provisions Ratio
As of March 31, 2010 (amounts in thousands except ratios)									
Total Risk Based Capital (to Risk Weighted Assets)	$	87,382	14.3%	$	48,746	8%	$	60,932	10%
Tier 1 Capital (to Risk Weighted Assets)	$	79,697	13.1%	$	24,373	4%	$	36,559	6%
Tier 1 Capital (to Average Assets)	$	79,697	11.9%	$	26,752	4%	$	33,441	5%

Parke Bank		Actual Amount	Actual Ratio		For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio		To be Well-Capitalized Under Prompt Corrective Action Provisions Amount	To be Well-Capitalized Under Prompt Corrective Action Provisions Ratio
As of December 31, 2009 (amounts in thousands except ratios)									
Total Risk Based Capital (to Risk Weighted Assets)	$	85,448	14.3%	$	47,890	8%	$	59,863	10%
Tier 1 Capital (to Risk Weighted Assets)	$	77,922	13.0%	$	23,945	4%	$	35,918	6%
Tier 1 Capital (to Average Assets)	$	77,922	11.9%	$	26,124	4%	$	32,655	5%

NOTE 6. CAPITAL

On October 3, 2008 Congress passed the Emergency Economic Stabilization Act of 2008 (EESA), which provides the U.S. Secretary of the Treasury with broad authority to implement certain actions to help restore stability and liquidity to the U.S. markets. One of the provisions resulting from the Act is the Treasury Capital Purchase Program (CPP) which provides for the direct equity investment of perpetual preferred stock by the U.S. Treasury in qualified financial institutions. This program is voluntary and requires an institution to comply with several restrictions and provisions, including limits on executive compensation, stock redemptions, and declaration of dividends. The CPP provides for a minimum investment of 1% of Risk-Weighted-Assets, with a maximum investment of the lesser of 3% of Risk-Weighted Assets or $25 billion. The perpetual preferred stock has a dividend rate of 5% per year until the fifth anniversary of the Treasury investment and a dividend of 9%, thereafter. The CPP also requires the Treasury to receive warrants for common stock equal to 15% of the capital invested by the U.S. Treasury. The Company received an investment in perpetual preferred stock of $16,288,000 on January 30, 2009. These proceeds were allocated between the preferred stock and warrants based on relative fair value in accordance with FASB ASC Topic 470-20, Debt with Conversion and Other Options. The allocation of proceeds resulted in a discount on the preferred stock that will be accreted over five years. The Company issued 299,779 common stock warrants to the U.S. Treasury and $930,000 of those proceeds were allocated to the warrants. The warrants are accounted for as equity securities. The warrants have a contractual life of 10 years and an exercise price of $8.15 per share of common stock.

NOTE 7. COMPREHENSIVE INCOME

The Company’s comprehensive income is presented in the following table:

	For the three months ended March 31, (amounts in thousands)	
	2010	2009
Net income	$ 1,792	$ 1,529
Non-credit unrealized losses on debt securities with OTTI:		
Available-for-sale	(22)	—
Unrealized gains (losses) on available for sale securities without OTTI	2,997	150
Minimum pension liability	18	(45)
Tax impact	(1,198)	(42)
	$ 3,587	$ 1,592

Accumulated other comprehensive loss consisted of the following at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
	(amounts in thousands)	
Securities		
Non-credit unrealized losses on debt securities with OTTI:		
Available for sale	$ (775)	$ (753)
Unrealized gains (losses) on available for sale securities without OTTI	(622)	(3,619)
Minimum pension liability	(389)	(407)
Tax impact	714	1,912
	$ (1,072)	$ (2,867)

NOTE 8. FAIR VALUE

Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures Topic 820 of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used,

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including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Company groups its assets and liabilities carried at fair value in three levels as follows:

Level 1 Inputs:

1) Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs:

1) Quoted prices for similar assets or liabilities in active markets.
2) Quoted prices for identical or similar assets or liabilities in markets that are not active.
3) Inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability (e.g., interest rates, yield curves, credit risks, prepayment speeds or volatilities) or “market corroborated inputs.”

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.
2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Financial Assets	Level 1	Level 2	Level 3	Total
		(amounts in thousands)		
Securities Available for Sale				
As of March 31, 2010				
U.S. Government sponsored entities	$ —	$ 3,257	$ —	$ 3,257
Corporate debt obligations	—	1,970	—	1,970
Residential mortgage-backed securities	—	18,123	—	18,123
Collateralized mortgage-backed securities		3,487	811	4,298
Collateralized debt obligations	—	—	3,669	3,669
Total	$ —	$ 26,837	$ 4,480	$ 31,317
As of December 31, 2009				
U.S. Government sponsored entities	$ —	$ 3,232	$ —	$ 3,232
Corporate debt obligations	—	1,970	—	1,970
Residential mortgage-backed securities	—	19,698	—	19,698
Collateralized mortgage-backed securities		2,669	1,140	3,809
Collateralized debt obligations	—	—	711	711
Total	$ —	$ 27,569	$ 1,851	$ 29,420

The fair value of securities available for sale is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers (Level 1). When listed prices or quotes are not available, fair value is based upon quoted market prices for similar or identical assets or other observable inputs (Level 2) or significant management judgment or estimation based upon unobservable inputs due to limited or no market activity of the instrument (Level 3).

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Securities Available for Sale	
	2010	2009
	(amounts in thousands)	
Beginning balance at January 1,	$ 1,851	$ 1,705
Total net gains (losses) included in:		
Net income	(18)	—
Other comprehensive income (loss)	2,647	441
Purchases, sales, issuances and settlements, net	—	—
Net transfers into Level 3	—	1,593
Ending balance March 31,	$ 4,480	$ 3,739

Fair Value on a Non-recurring Basis

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Financial Assets	Level 1	Level 2	Level 3	Total
		(amounts in thousands)		
As of March 31, 2010				
Impaired Loans	$ —	$ —	$ 18,600	$ 18,600
Other Real Estate Owned	—	—	3,572	3,572
As of December 31, 2009				
Impaired Loans	$ —	$ —	$ 19,126	$ 19,126

Impaired loans, which are measured in accordance with FASB ASC Topic 310 "Receivables", for impairment, had a carrying amount of $21.5 million and $22.9 million at March 31, 2010 and December 31, 2009 respectively, with a valuation allowance of $2.9 million and $3.6 million at March 31, 2010 and December 31, 2009 respectively. The valuation allowance for impaired loans is included in the allowance for loan losses in the balance sheet.

Other real estate owned (OREO) consists of commercial real estate properties which are recorded at fair value based upon current appraised value less estimated disposition costs, which is adjusted based upon Management's review and changes in market conditions (level 3 inputs).

Fair Value of Financial Instruments

The Company discloses estimated fair values for its significant financial instruments in accordance with FASB ASC Topic 825, "Disclosures about Fair Value of Financial Instruments". The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The methodologies for other financial assets and liabilities are discussed below.

Cash and Cash Equivalents: The carrying amount of cash, due from banks, and federal funds sold approximates fair value.

Investment Securities: Fair value of securities available for sale is described above. Fair value of held-to-maturity securities are based upon quoted market prices.

Restricted Stock: The carrying value of restricted stock approximates fair value based on redemption provisions.

Loans (other than impaired): Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial, residential mortgage and other consumer. Each loan category is further segmented into groups by fixed and adjustable rate interest terms and by performing and non-performing categories.

The fair value of performing loans is typically calculated by discounting scheduled cash flows through their estimated maturity, using estimated market discount rates that reflect the credit and interest rate risk inherent in each group of loans. The estimate of maturity is based on contractual maturities for loans

within each group, or on the Company's historical experience with repayments for each loan classification, modified as required by an estimate of the effect of current economic conditions.

For all loans, assumptions regarding the characteristics and segregation of loans, maturities, credit risk, cash flows, and discount rates are judgmentally determined using specific borrower and other available information.

Accrued Interest Receivable and Payable: The fair value of interest receivable and payable is estimated to approximate the carrying amounts.

Deposits: The fair value of deposits with no stated maturity, such as demand deposits, checking accounts, savings and money market accounts, is equal to the carrying amount. The fair value of certificates of deposit is based on the discounted value of contractual cash flows, where the discount rate is estimated using the market rates currently offered for deposits of similar remaining maturities.

Borrowings: The fair values of FHLB borrowings, other borrowed funds and subordinated debt are based on the discounted value of estimated cash flows. The discounted rate is estimated using market rates currently offered for similar advances or borrowings.

Off-Balance Sheet Instruments: Since the majority of the Company's off-balance sheet instruments consist of non fee-producing, variable rate commitments, the Company has determined they do not have a distinguishable fair value.

The following table summarizes carrying amounts and fair values for financial instruments at March 31, 2010 and December 31, 2009:

	March 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(amounts in thousands)			
Financial Assets:				
Cash and cash equivalents	$ 9,956	$ 9,956	$ 4,154	$ 4,154
Investment securities (available-for-sale and held-to-maturity)	33,834	33,714	31,929	31,824
Restricted stock	3,001	3,001	3,094	3,094
Loans, net	600,023	594,286	590,997	585,346
Accrued interest receivable	3,050	3,050	2,808	2,808
Financial Liabilities:				
Demand and savings deposits	$ 260,214	$ 260,214	$ 257,566	$ 257,566
Time deposits	277,671	280,872	261,882	264,901
Borrowings	65,771	66,768	67,831	68,859
Accrued interest payable	872	872	821	821

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NOTE 9. SUBSEQUENT EVENTS

On April 27, 2010, the Company declared a 10% common stock dividend. The stock dividend is payable on May 21, 2010, to stockholders of record as of May 11, 2010. The consolidated financial statements of the Company reflect this dividend, including both basic and diluted earnings per share calculations and shares outstanding.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The Company may from time to time make written or oral "forward-looking statements" including statements contained in this Report and in other communications by the Company which are made in good faith pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, such as statements of the Company's plans, objectives, expectations, estimates and intentions, involve risks and uncertainties and are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, among others, could cause the Company's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, inflation, interest rate, market and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services; the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance); technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing the risks involved in the foregoing.

The Company cautions that the foregoing list of important factors is not exclusive. The Company also cautions readers not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date on which they are given. The Company is not obligated to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after any such date. Readers should carefully review the risk factors described in other documents the Company files from time to time with the SEC, including quarterly reports on Form 10-Q, Annual Reports on Form 10-K and any current reports on Form 8-K.

General

The Company's results of operations are dependent primarily on net interest income, which is the difference between the interest income earned on its interest-earning assets, such as loans and securities, and the interest expense paid on its interest-bearing liabilities, such as deposits and borrowings. The Company also generates non-interest income such as service charges, earnings from bank owned life insurance (BOLI), loan exit fees and other fees. The Company's non-interest expenses primarily consist of employee compensation and benefits, occupancy expenses, marketing expenses, data processing costs and other operating expenses. The Company is also subject to losses in its loan portfolio if borrowers fail to meet their obligations. The Company's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in market interest rates, government policies and actions of regulatory agencies.

Comparison of Financial Condition at March 31, 2010 and December 31, 2009

At March 31, 2010, the Company's total assets increased to $674.1 million from $654.2 million at December 31, 2009, an increase of $19.9 million or 3.0%, attributable primarily to deposit growth resulting from successful product promotion, which was used to fund planned loan growth.

Cash and cash equivalents increased $5.8 million or 139.7%, to $10.0 million at March 31, 2010 from $4.2 million at December 31, 2009.

Total investment securities increased to $33.8 million at March 31, 2010 ($31.3 million classified as available-for-sale or 92.6%) from $31.9 million at December 31, 2009, an increase of $1.9 million or 6.0%. The Company received $1.9 million in cash flow from principal payments, offset by purchases of $796,000. In addition, the fair value of the available-for sale portfolio increased by $3.0 million, primarily related to the CDO portfolio, which reflected lower levels of unrealized losses.

Management evaluates the portfolio for other-than-temporary impairment (OTTI) on a quarterly basis. Factors considered in the analysis include but are not limited to whether an adverse change in cash flows has occurred, the length of time and the extent to which the fair value has been less than cost, whether the Company intends to sell, or will more likely than not be required to sell the investment before recovery of its amortized cost basis, which may be maturity, credit rating downgrades, the percentage of performing collateral that would need to default or defer to cause a break in yield or a temporary interest shortfall, and management's assessment of the financial condition of the underlying issuers. For the three months ended March 31, 2010, the Company recognized a credit related OTTI charge (pre-tax) of $18,000 on one private-label CMO.

Total loans increased to $613.2 million at March 31, 2010 from $603.4 million at December 31, 2009, an increase of $9.8 million or 1.6%, consistent with management's plan for loan growth.

Delinquent loans decreased $2.0 million to $30.8 million or 5.02% of total loans at March 31, 2010 from $32.8 million or 5.4% of total loans at December 30, 2009. Delinquent loan balances by number of days delinquent were: 31 to 59 days --- $5.6 million; 60 to 89 days --- $2.5 million; and 90 days and greater --- $22.7 million. Loans 90 days and more past due are no longer accruing interest.

At March 31, 2010, the Company had $22.7 million in non-performing loans or 3.7% of total loans, a decrease from $25.5 million or 4.2% of total loans at December 31, 2009. The decrease is attributable to the Company receiving deeds in settlement of six loan balances. The three largest relationships in non-performing loans are $5.5 million (residential construction), $4.5 million (residential construction), and $2.0 million (commercial real estate). Specific allowances for loan losses have been established in the amount of $2.9 million on impaired loans totaling $18.6 million. The Company had no troubled debt restructurings (TDRs) as of March 31, 2010 or December 31, 2009.

At March 31, 2010, Parke Bancorp's allowance for loan losses increased to $13.1 million from $12.4 million at December 31, 2009, an increase of $732,000 or 5.9%. The ratio of allowance for loan losses to total loans increased to 2.14% at March 31, 2010 from 2.06% at December 31, 2009. During the quarter the Company charged-off $1.4 million related to impaired loans that were transferred to Other Real Estate Owned in settlement of the loan balances.

We believe we have appropriately established adequate loss reserves on problem loans that we have identified and to cover credit risks that are inherent in the portfolio as of March 31, 2010. However, we believe that non-performing and delinquent loans will continue to increase as recessionary conditions persist. We are aggressively managing all loan relationships by enhancing our credit monitoring and

tracking systems. Updated appraisals are being obtained, where appropriate, to ensure that collateral values are sufficient to cover outstanding loan balances. Cash flow dependent commercial real estate properties are being visited to inspect current tenant lease status. Where necessary, we will apply our loan work-out experience to protect our collateral position and actively negotiate with borrowers to resolve these non-performing loans.

Other Real Estate Owned ("OREO"), included within other assets within the balance sheets, at March 31, 2010 was $3.6 million, compared to none at December 31, 2009.

At March 31, 2010, the Bank's total deposits increased to $537.9 million from $520.3 million at December 31, 2009, an increase of $17.6 million or 3.4%, largely due to an increase in the levels of retail certificates of deposit, offset by some declines in other types of deposits. Retail certificate of deposits increased $16.3 million, or 9.8%, to $182.1 million at March 31, 2010 from $165.8 million at December 31, 2009. This growth was generated through a successful marketing campaign, while brokered deposits decreased $525,000, or 0.5%, to $95.6 million at March 31, 2010 from $96.1 million at December 31, 2009.

Borrowings decreased $2.0 million, or 3.0%, to $65.8 million at March 31, 2010 from $67.8 million at December 31, 2009.

At March 31, 2010, total shareholders' equity increased to $65.6 million from $62.0 million at December 31, 2009, an increase of $3.6 million or 5.8%. A $1.8 million favorable change in comprehensive income related to the investment portfolio, and net income represented the majority of the increase.

Comparison of Operating Results for the Three Months Ended March 31, 2010 and 2009

General: Net income available to common shareholders for the three months ended March 31, 2010 was $1.5 million, compared to $1.4 million for the same period in 2009. The results for the 2010 period were impacted by a provision for loan losses of $2.1 million.

Interest Income: Interest income increased $304,000, or 3.1%, to $10.1 million for the three months ended March 31, 2010, from $9.8 million for the three months March 31, 2009. The increase is attributable to higher loan volumes, offset by a lower yield on loans. Average loans for the three month period ended March 31, 2010 were $610.7 million compared to $560.8 million for the same period last year. The average yield on loans was 6.41% for the three months ended March 31, 2010 compared to 6.69% for the same period in 2009.

Interest Expense: Interest expense decreased $1.6 million or 35.8%, to $3.0 million for the three months ended March 31, 2010, from $4.6 million for the three months March 31, 2009. The decrease is primarily attributable to a lower cost of deposits. The average rate paid on deposits for the three month period ended March 31, 2010 was 1.99% compared to 3.24% for the same period last year. The Bank has been able to re-price deposits due to the current, historically low, rate environment while still maintaining strong deposit growth. This strong growth has also allowed us to reduce our reliance on more expensive brokered deposits.

Net Interest Income: Net interest income increased $1.9 million, or 37.7%, to $7.1 million for the three months ended March 31, 2010, from $5.2 million for the three months ended March 31, 2009. We experienced an increase in our net interest rate spread of 92 basis points, to 4.26% for the three months ended March 31, 2010, from 3.34% for the same period last year. Our net interest margin increased 93 basis points, to 4.38% for the three months ended March 31, 2010, from 3.45% for the same period last year. Our ability to lower our cost of deposits, a change in deposit mix to lower cost core deposits and our practice of setting floors on commercial and real estate loans has allowed for this growth in net interest rate margin.

Provision for Loan Losses: We recorded a provision for loan losses of $2.1 million for the three months ended March 31, 2010 compared to $770,000 for the three months ended March 31, 2009. The increase in the provision for losses over the prior year correlates to credit deterioration within the loan portfolio and management's analysis of non-performing loans, and credit risk inherent in the overall loan portfolio.

Non-interest Income: Non-interest income was generally consistent at $160,000 for the three months ended March 31, 2010, compared with $171,000 for the three months ended March 31, 2009.

Non-interest Expense: Non-interest expense increased $250,000 to $2.3 million for the three months ended March 31, 2010, from $2.0 million for the three months ended March 31, 2009. Compensation and benefits expenses increased $183,000 due to increased staffing related to the SBA subsidiary, annual merit raises and higher fringe benefit costs. FDIC insurance premiums have increased by $154,000 compared with the first quarter in 2009.

Income Taxes: The Company recorded income tax expense of $1.2 million, on income before taxes of $2.9 million for the three months ended March 31, 2010, resulting in an effective tax rate of 40.0%, compared to income tax expense of $994,000 on income before taxes of $2.5 million for the same period of 2009, resulting in an effective tax rate of 39.4%.

The following table sets forth average balance sheets, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, and have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense. Yields and costs have been annualized.

	For the Three Months Ended March 31,					
	2010			2009		
	Average Balance	Interest Income/ Expense	Yield/Cost	Average Balance	Interest Income/ Expense	Yield/Cost
	(amounts in thousands, except percentages)					
Assets						
Loans	$ 610,665	$ 9,650	6.41%	$ 560,812	$ 9,254	6.69%
Investment securities	34,972	427	4.95%	35,628	519	5.91%
Federal funds sold and cash equivalents	101	—	0.00%	552	—	0.00%
Total interest-earning assets	645,738	10,077	6.33%	596,992	9,773	6.64%
Non-interest earning assets	31,955			50,884		
Allowance for loan losses	(12,889)			(7,960)		
Total assets	$ 664,804			$ 639,916		
Liabilities and Shareholders' Equity						
Interest bearing deposits						
NOWs	$ 10,981	31	1.14%	$ 10,326	44	1.73%
Money markets	88,444	264	1.21%	56,886	260	1.85%
Savings	143,904	583	1.64%	74,662	524	2.85%
Time deposits	169,841	937	2.24%	186,808	1,397	3.03%
Brokered certificates of deposit	96,680	689	2.89%	175,114	1,794	4.16%
Total interest-bearing deposits	509,850	2,504	1.99%	503,796	4,019	3.24%
Borrowings	67,933	450	2.69%	60,821	580	3.87%
Total interest-bearing liabilities	577,783	2,954	2.07%	564,617	4,599	3.30%
Non-interest bearing deposits	19,405			19,267		
Other liabilities	4,091			4,012		
Total liabilities	601,279			587,896		
Shareholders' equity	63,525			52,020		
Total liabilities and shareholders' equity	$ 664,804			$ 639,916		
Net interest income		$ 7,123			$ 5,174	
Interest rate spread			4.26%			3.34%
Net interest margin			4.38%			3.45%

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Critical Accounting Policies

In the preparation of our consolidated financial statements, management has adopted various accounting policies that govern the application of accounting principles generally accepted in the United States. The significant accounting policies are described in the Note 2 to the Consolidated Financial Statements.

Certain accounting policies involve significant judgments and assumptions by management that have a material impact on the carrying value of certain assets and liabilities. Management considers these accounting policies to be critical accounting policies. The judgments and assumptions used are based on historical experience and other factors, which management believes to be reasonable under the circumstances. Actual results could differ from these judgments and estimates under different conditions, resulting in a change that could have a material impact on the carrying values of assets and liabilities and results of operations.

Allowance for Loan Losses: The allowance for loan losses is considered a critical accounting policy. The allowance for loan losses is the amount estimated by management as necessary to cover losses inherent in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses, which is charged to income. Determining the amount of the allowance for loan losses necessarily involves a high degree of judgment.

In evaluating the allowance for loan losses, management considers historical loss factors, the mix of the loan portfolio (types of loans and amounts), geographic and industry concentrations, current national and local economic conditions and other factors related to the collectability of the loan portfolio, including underlying collateral values and estimated future cash flows. All of these estimates are susceptible to significant change. Large groups of smaller balance homogeneous loans, such as residential real estate, home equity loans, and consumer loans, are evaluated in the aggregate under FASB ASC Topic 450, “Accounting for Contingencies”, using historical loss factors adjusted for economic conditions and other factors. Other factors include trends in delinquencies and classified loans, loan concentrations by loan category and by property type, seasonality of the portfolio, internal and external analysis of credit quality, peer group data, and single and total credit exposure. Large balance and/or more complex loans, such as multi-family and commercial real estate loans, commercial business loans, and construction loans are evaluated individually for impairment in accordance with FASB ASC Topic 310 “Receivables”. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan’s existing rate or at the fair value of collateral if repayment is expected solely from the collateral. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available or as projected events change.

Management reviews the level of the allowance monthly. Although management used the best information available to establish the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluation. In addition, the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on judgments about information available to them at the time of their examination. A large loss could deplete the allowance and require increased provisions to replenish the allowance, which would adversely affect earnings.

Other Than Temporary Impairment on Investment Securities: Management periodically performs analyses to determine whether there has been an other-than-temporary decline in the value of one or more securities. The available-for-sale securities portfolio is carried at estimated fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive income or loss in stockholder’s equity. The held-to-maturity securities portfolio, consisting of debt securities for which there is a positive intent and ability to hold to maturity, is carried at amortized cost. Management conducts a quarterly review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. If such decline is deemed other-than-temporary, the cost basis of the security is adjusted by writing down the security to estimated fair market value through a charge to current period earnings to the extent that such decline is credit related.

Income Taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of deferred tax assets is dependent on generating sufficient taxable income in the future.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that ultimately would be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more-likely-than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. The evaluation of a tax position taken is considered by itself and not offset or aggregated with other positions. Tax positions that meet the more likely-than not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Liquidity: Liquidity describes the ability to meet the financial obligations that arise out of the ordinary course of business. Liquidity addresses the Company's ability to meet deposit withdrawals on demand or at contractual maturity, to repay borrowings as they mature, and to fund current and planned expenditures. Liquidity is derived from increased repayment and income from interest-earning assets. The loan to deposit ratio was 114.0% and 116.0% at March 31, 2010 and December 31, 2009, respectively. Funds received from new and existing depositors provided a large source of liquidity for the three month period ended March 31, 2010. The Company seeks to rely primarily on core deposits from customers to provide stable and cost-effective sources of funding to support loan growth. The Company also seeks to augment such deposits with longer term and higher yielding certificates of deposit. To the extent that retail deposits are not adequate to fund customer loan demand, liquidity needs can be met in the short-term funds market. As of March 31, 2010, the Company had short term lines of credit with PNC Bank for $13.0 million and Atlantic Central Bankers Bank for $3.0 million. There were no outstanding borrowings on these lines at March 31, 2010. Longer term funding can be obtained through advances from the FHLB. As of March 31, 2010, the Company maintained lines of credit with the FHLB of $91.5 million, of which $42.4 million was outstanding at March 31, 2010.

As of March 31, 2010, the Company's investment securities portfolio included $17.5 million of mortgage-backed securities that provide significant cash flow each month. The majority of the investment portfolio is classified as available for sale, is marketable, and is available to meet liquidity needs. The Company's residential real estate portfolio includes loans, which are underwritten to secondary market criteria, and accordingly could be sold in the secondary mortgage market if needed as an additional source of liquidity. The Company's management is not aware of any known trends, demands, commitments or uncertainties that are reasonably likely to result in material changes in liquidity.

Capital: A strong capital position is fundamental to support the continued growth of the Company. The Company and the Bank are subject to various regulatory capital requirements. Regulatory capital is defined in terms of Tier I capital (shareholders' equity as adjusted for unrealized gains or losses on

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available-for-sale securities), Tier II capital (which includes a portion of the allowance for loan losses) and total capital (Tier I plus Tier II). Risk-based capital ratios are expressed as a percentage of risk-weighted assets. Risk-weighted assets are determined by assigning various weights to all assets and off-balance sheet associated risk in accordance with regulatory criteria. Regulators have also adopted minimum Tier I leverage ratio standards, which measure the ratio of Tier I capital to total assets.

At March 31, 2010 management believes that the Company and the Bank are "well-capitalized" and in compliance with all applicable regulatory requirements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable as the Company is a smaller reporting company.

ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Evaluation of disclosure controls and procedures. Based on their evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, (the "Exchange Act")), the Company's principal executive officer and principal financial officer have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, such disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods specified in the SEC’s rules and forms.

Internal Controls

Changes in internal control over financial reporting. During the last quarter, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company was not a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

Not applicable as the Company is a smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. RESERVED

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1 Certification of CEO required by Rule 13a-14(a).
31.2 Certification of CFO required by Rule 13a-14(a).
32 Certification required by 18 U.S.C. §1350.

SIGNATURES

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

PARKE BANCORP, INC.

Date:	May 14, 2010	/s/ Vito S. Pantilione Vito S. Pantilione President and Chief Executive Officer (Principal Executive Officer)
Date:	May 14, 2010	/s/ John F. Hawkins John F. Hawkins Senior Vice President and Chief Financial Officer (Principal Financial Officer)