PARKE BANCORP, INC.
Form 10-Q
May 15, 2006

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, 2006

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [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]

APPLICABLE ONLY TO CORPORATE ISSUERS

As of May 4, 2006, there were issued and outstanding 2,830,811 shares of the registrant's common stock.

PARKE BANCORP, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2006

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2006 (Unaudited)	December 31, 2005
Assets		
Cash and cash due from banks	$ 3,759,026	$ 4,377,196
Federal funds sold	687,097	2,840

Cash and cash equivalents	4,446,123	4,380,036
Investment securities available for sale, at market value	21,118,393	22,022,944
Investment securities held to maturity, at amortized cost (market value $2,362,043 at March 31, 2006 and $2,322,985 at December 31, 2005)	2,413,397	2,405,841
Total investment securities	23,531,790	24,428,785
Restricted stock, at cost	1,072,400	1,348,900
Loans	271,966,530	259,035,088
Less: allowance for loan losses	(3,808,812)	(3,573,812)
Total net loans	268,157,718	255,461,276
Bank premises and equipment, net	3,023,429	3,079,876
Accrued interest receivable and other assets	8,940,041	9,111,571
Total assets	$ 309,171,501	$ 297,810,444

See Notes to Consolidated Financial Statements

PARKE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2006	December 2005
	(Unaudited)	
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing demand	$ 21,033,447	$ 17,918,
Interest-bearing	227,283,148	214,137,
Total deposits	248,316,595	232,056,
Borrowed funds	5,049,750	5,082,
Federal Home Loan Bank advances	14,418,978	20,574,
Subordinated debentures	10,310,000	10,310,
Accrued interest payable and other accrued liabilities	2,590,780	2,593,
Total liabilities	280,686,103	270,617,

Commitments and Contingencies (Note 1)		
Shareholders' Equity		
Common stock, $0.10 par value, 10,000,000 shares authorized; 2,825,107 shares issued and outstanding at March 31, 2006 and 2,317,364 shares issued and outstanding at December 31, 2005	282,511	231,
Preferred stock, 1,000,000 shares authorized; no shares issued and outstanding	--	-
Additional paid-in capital	20,749,046	20,511,
Retained earnings	7,862,581	6,787,
Accumulated other comprehensive (loss)	(350,720)	(286,
Treasury stock, at cost (3,288 shares at March 31, 2006 and 2,380 shares at December 31, 2005)	(58,020)	(50,
Total shareholders' equity	28,485,398	27,193,
Total liabilities and shareholders' equity	$ 309,171,501	$ 297,810,

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PARKE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months ended March 31,	
	2006	2005
Interest and Dividend Income		
Loans, including fees	$5,249,988	$3,399,121
Investment securities	302,452	297,248
Federal funds sold	17,057	118
Total interest and dividend income	5,569,497	3,696,487
Interest Expense		
Deposits	2,023,658	1,115,880
Borrowings	390,330	149,321
Total interest expense	2,413,988	1,265,201
Net interest income	3,155,509	2,431,286
Provision for Loan Losses	235,000	232,134
Net interest income after provision for loan losses	2,920,509	2,199,152

Noninterest Income		
Service charges on deposit accounts	36,132	42,644
Other fee income	219,718	110,063
Total noninterest income	255,850	152,707
Noninterest Expenses		
Compensation and benefits	676,497	526,032
Occupancy, equipment and data processing	212,711	195,078
Marketing and business development	53,428	33,827
Professional services	149,029	197,408
Other operating expenses	265,011	181,497
Total noninterest expenses	1,376,676	1,133,842
Income Before Income Tax Expense	1,799,683	1,218,017
Income Tax Expense	724,220	486,000
Net Income	$1,075,463	$ 732,017
Net Income Per Common Share:		
Basic	$ 0.39	$ 0.28
Diluted	$ 0.33	$ 0.23
Weighted Average Shares Outstanding:		
Basic	2,786,659	2,645,734
Diluted	3,283,668	3,153,211

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PARKE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(Unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	T
Balance, December 31, 2004	$217,556	$19,390,102	$3,292,697	$ (71,204)	
Stock options and warrants exercised	5,757	468,438	-	-	
Comprehensive income:					
Net income for the period	-	-	732,017	-	
Change in net unrealized gain on					

securities available for sale, net of reclassification adjustment and tax effects, if any	-	-	-	(159,275)
Total comprehensive income				
Balance, March 31, 2005	$223,313	$19,858,540	$4,024,714	$(230,479)
Balance, December 31, 2005	$231,736	$20,511,410	$6,787,118	$(286,296)
Stock options and warrants exercised	3,805	284,606	-	-
Treasury stock purchased	-	-	-	-
20% stock dividend	46,970	(46,970)	-	-
Comprehensive income:				
Net income for the period	-	-	1,075,463	-
Change in net unrealized gain on securities available for sale, net of reclassification adjustment and tax effects, if any	-	-	-	(64,424)
Total comprehensive income				
Balance, March 31, 2006	$282,511	$20,749,046	$7,862,581	$(350,720)

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PARKE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months End	
	2006	
Operating Activities		
Net income	$ 1,075,463	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	63,125	
Provision for loan losses	235,000	
Net accretion of investment securities premiums/discounts	(5,530)	
Changes in operating assets and liabilities:		
Increase (Decrease) in accrued interest receivable and other assets	714,479	
(Decrease) Increase in accrued interest payable and other liabilities	(3,169)	
Net cash provided by operating activities	2,079,368	1
Investing Activities		

Purchases of investment securities available for sale	-	(1
Proceeds from redeemed restricted stock	276,500	
Principal payments on mortgage-backed securities	295,152	
Net increase in loans	(12,931,442)	(11
Purchase of building premises and equipment	(6,678)	
Net cash used in investing activities	(12,366,468)	(12
Financing Activities		
Proceeds from exercise of stock options and warrants	288,411	
Purchase of treasury stock	(7,379)	
Proceeds from borrowings	1,500,000	
Repayment of borrowings	(7,688,132)	
Net increase in interest-bearing deposits	13,145,179	14
Net increase in noninterest-bearing deposits	3,115,108	
Net cash provided by financing activities	10,353,187	13
Increase in cash and cash equivalents	66,087	1
Cash and Cash Equivalents, January 1,	4,380,036	1
Cash and Cash Equivalents, March 31,	$ 4,446,123	$ 3
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest on deposits and borrowings	$ 2,146,876	$ 1
Income taxes	$ 850,000	$

PARKE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. GENERAL

Business

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"). Parke Bancorp recognized the assets and liabilities transferred at the carrying amounts in the accounts of the Bank as of June 1, 2005, the effective date of the reorganization. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are presented as if the exchange of shares occurred as of January 1, 2005. Pursuant to the Plan of Acquisition, each outstanding share of Parke Bank was converted automatically by operation of law into one share of Parke Bancorp. Parke Bancorp had no activity prior to the completion of this reorganization. Parke Bancorp is authorized to issue 10,000,000 shares of common stock, par value $0.10 per share and 1,000,000 shares of serial preferred stock, par value $0.10 per share. Options and warrants outstanding under the Bank's various Plans were converted automatically by operation of law into options and warrants to purchase shares of Parke Bancorp on the same terms and conditions.

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 offices in Northfield and Washington Township, New Jersey. In addition, the Bank also has a Loan Production Office in Philadelphia, Pennsylvania maintained exclusively for loan production.

Financial Statements

The financial statements as of March 31, 2006 and for the three-month periods ended March 31, 2006 and 2005 included herein have not been audited. Comparison to 2005 interim period financial data relate to the financial condition and results of operations of Parke Bank. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted; therefore, these financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the years ended December 31, 2005 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as filed with the SEC. The accompanying financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim periods presented. Such adjustments are of a normal recurring nature. The results for the three months ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006 or any other periods.

Basis of Financial Statement Presentation

The financial statements include the accounts of Parke Bancorp Inc. and its wholly owned subsidiaries, Parke Bank and Parke Capital Markets. All significant inter-company balances and transactions have been eliminated. Such statements have been prepared in accordance with GAAP and general practice within the banking industry.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Investments

The Company has identified investment securities that will be held for indefinite periods of time, including securities that will be used as a part of the Bank's asset/liability management strategy and may be sold in response to changes in interest rates, prepayments and similar factors. These securities are classified as "available-for-sale" and are carried at fair value, with temporary unrealized gains or losses reported as a separate component of accumulated other comprehensive income (losses), net of the related income tax effect. Declines in the fair value of the individual available-for-sale securities below their cost that are other than temporary result in write downs of the individual securities to their fair value and are included in noninterest income in the consolidated statements of operations. Factors affecting the determination of whether an other-than-temporary impairment has occurred include a downgrading of the security by a rating agency, a significant deterioration in the financial condition of the issuer, or that the Company would not have the intent and ability to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value. The unrealized losses that existed as of March 31, 2006 are the result of market changes in interest rates since the securities where purchased. This factor coupled with the fact the Company has both the intent and ability to hold securities for a period of time sufficient to allow for any anticipated recovery in fair value substantiates that the unrealized losses in the available-for-sale portfolio are temporary.

Commitments

In the general course of business, there are various outstanding commitments to extend credit, such as letters of credit and un-advanced loan commitments, which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these commitments.

Contingencies

The Company is from time to time a party to routine litigation in the normal course of its business. Management does not believe that the resolution of this litigation will have a material adverse effect on the financial condition or results of operations of the Company. However, the ultimate outcome of any such litigation, as with litigation generally, is inherently uncertain and it is possible that some litigation matters may be resolved adversely to the Company.

NOTE 2. EARNINGS PER SHARE

Basic earnings per share is computed by dividing income available to holders of common stock (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Shares issued during the period are weighted for the portion of the period that they were outstanding. The weighted average number of common shares outstanding for the three months ended March 31, 2006 and 2005 were 2,786,659 and 2,645,734, respectively.

Diluted earnings per share are similar to the computation of basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive options and warrants outstanding had been exercised. The assumed conversion of dilutive options and warrants resulted in 496,679 and 507,477 additional shares for the three months period ended March 31, 2006 and 2005, respectively.

NOTE 3. STOCK-BASED EMPLOYEE COMPENSATION

Effective January 1, 2006, the Company adopted Financial Accounting Standards Board ("FASB") Statement No. 123 Share-Based Payment (Revised 2004)("SFAS 123R") utilizing the modified prospective approach. Under the modified prospective transition method, the Company is required to recognize compensation cost for 1) all share-based payments granted prior to, but not vested as of, January 1, 2006 based on the grant date fair value estimated in accordance with the original provisions of SFAS 123; and 2) for all share-based payments granted on or after January 1, 2006 based on

PARKE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

the grant date fair value estimated in accordance with SFAS 123R. In accordance with the modified prospective method, the Company has not restated prior period results.

Prior to January 1, 2006, the Company accounted for share-based payments under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations, as permitted by FASB Statement No. 123, Accounting for Stock-Based Compensation. Because options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of the grant, no stock-based employee compensation cost was included in determining net income for the three months ended March 31, 2005.

All outstanding stock options as of January 1, 2006 were fully vested (in prior years, all options vested upon issuance), thus no compensation expense was recognized during the three months ended March 31, 2006 for such options. During the three months ended March 31, 2006, the Company did not issue any options. The Company will use the Black-Scholes option pricing model to estimate the fair value of any stock-based awards in 2006.

As of March 31, 2006, there were no unvested options and, accordingly, no unrecognized compensation cost related to share-based payments to be recognized in the future.

The following table illustrates the effect on net income and earnings per share for the three months ended March 31, 2005, if the Company had applied the fair value recognition provisions of Financial Accounting Standards Board ("FASB") Statement No. 123, Accounting for Stock-Based Employee Compensation, to stock-based employee compensation. Both basic and diluted calculations give retroactive effect to stock dividends declared.

	Three months ended March 31, 2005
Net income, as reported	$ 732,017
Deduct total stock-based compensation expense determined under the fair value method for all awards, net of related tax effects	(90,000)
Pro-forma net income	$ 642,017
Basic earnings per share:	
As reported	$ 0.28
Pro-forma	$ 0.24

Diluted earnings per share:		
As reported	$	0.23
Pro-forma	$	0.20

NOTE 4. REGULATORY RESTRICTIONS

Both 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 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 Bank's capital amounts and classification are also subject to

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PARKE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

qualitative judgments by the regulators about components, risk weightings, and other factors.

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).

Parke Bank

	Actual		For Capital Adequacy Purpos	
	Amount	Ratio	Amount	Rat
As of March 31, 2006:				
(amounts in thousands)				
Total Risk Based Capital (to Risk Weighted Assets)	$41,084	15%	$21,768	8
Tier 1 Capital (to Risk Weighted Assets)	$37,678	14%	$10,884	4
Tier 1 Capital (to Average Assets)	$37,678	12%	$12,138	4

	Actual		For Capital Adequacy Purpos	
	Amount	Ratio	Amount	Rat
As of December 31, 2005:				

(amounts in thousands)				
Total Risk Based Capital (to Risk Weighted Assets)	$39,416	15%	$20,825	8
Tier 1 Capital (to Risk Weighted Assets)	$36,158	14%	$10,413	4
Tier 1 Capital (to Average Assets)	$36,158	13%	$11,370	4

Parke Bancorp, Inc.

	Actual Amount	Actual Ratio	For Capital Adequacy Purpos Amount	For Capital Adequacy Purpos Rat
As of March 31, 2006:				
(amounts in thousands)				
Total Risk Based Capital (to Risk Weighted Assets)	$42,217	17%	$21,637	8
Tier 1 Capital (to Risk Weighted Assets)	$35,705	13%	$9,822	4
Tier 1 Capital (to Average Assets)	$35,705	12%	$12,138	4

PARKE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Actual Amount	Actual Ratio	For Capital Adequacy Purpos Amount	For Capital Adequacy Purpos Rat
As of December 31, 2005:				
(amounts in thousands)				
Total Risk Based Capital (to Risk Weighted Assets)	$40,737	16%	$20,856	8
Tier 1 Capital (to Risk Weighted Assets)	$34,349	13%	$10,428	4
Tier 1 Capital (to Average Assets)	$34,349	12%	$11,370	4

Management believes, as of March 31, 2006 and December 31, 2005, that the Bank and the Company met all capital adequacy requirements to which either of them was subject.

NOTE 5. SUBORDINATED DEBENTURES

On August 23, 2005, Parke Capital Trust I, a Delaware statutory business trust and a wholly-owned subsidiary of the Company, issued $5 million of variable rate capital trust pass-through securities to investors. The variable interest rate re-prices quarterly at the three-month LIBOR plus 1.66% and was 6.43% at March 31, 2006. Parke Capital Trust I purchased $5.2 million of variable rate junior subordinated deferrable interest debentures from The Company. The debentures are the sole asset of the Trust. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after November 23, 2010, at par or earlier if the deduction of related interest for federal income taxes is prohibited, classification as Tier 1 Capital is no longer allowed, or certain other contingencies arise. The capital securities must be redeemed upon final maturity of the subordinated debentures on November 23, 2035. Proceeds of approximately $4.2 million were contributed to paid-in capital at the Bank. The remaining $800,000 was retained at the Company for future use.

On August 23, 2005, Parke Capital Trust II, a Delaware statutory business trust and a wholly-owned subsidiary of the Company, issued $5 million of fixed/variable rate capital trust pass-through securities to investors. Currently, the interest rate is fixed at 6.25%. The fixed/variable interest rate re-prices quarterly at the three-month LIBOR plus 1.66% beginning November 23, 2010. Parke Capital Trust II purchased $5.2 million of variable rate junior subordinated deferrable interest debentures from the Company. The debentures are the sole asset of the Trust. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after November 23, 2010, at par or earlier if the deduction of related interest for federal income taxes is prohibited, classification as Tier 1 Capital is no longer allowed, or certain other contingencies arise. The capital securities must be redeemed upon final maturity of the subordinated debentures on November 23, 2035. Proceeds of approximately $4.2 million were contributed to paid-in capital at the Bank. The remaining $800,000 was retained at the Company for future use.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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 noninterest income such as service charges, earnings from bank owned life insurance (BOLI), loan exit fees and other fees. The Company's noninterest 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.

Results of Operations
Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005
(Unaudited)

The following discussion compares the results of operations for the three month period ended March 31, 2006 to the results of operations for the three month period ended March 31, 2005. This discussion should be read in conjunction with the accompanying financial statements and related notes as well as the financial information included in the 2005 Annual Report on Form 10-K.

Net Income. For the three months ended March 31, 2006, net income totaled $1,075,463, compared to $732,017 for the three months ended March 31, 2005. Diluted earnings per share for the three months ended March 31, 2006 totaled $0.33, compared to $0.23 per share for the same period of 2005. Increased net income for the three months ended March 31, 2006 was attributable primarily to increases in revenue (net interest income and non interest income) of $827,366, partially offset by an

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increase in the provision for loan losses of $2,866, an increase in non interest expenses of $242,834 and an increase in income tax expense of $238,220.

Net Interest Income. Our primary source of earnings is net interest income, which is the difference between income earned on interest-earning assets, such as loans and investment securities, and interest expense incurred on the interest-bearing sources of funds, such as deposits and borrowings. The level of net interest income is determined primarily by the average balances ("volume") and the rate spreads between the interest-earning assets and our funding sources.

Net interest income for the three months ended March 31, 2006 totaled $3.2 million, an increase of 29.8% compared to $2.4 million for the three months ended March 31, 2005. The increase is primarily attributable to the growth in loan balances. The net interest margin for the three months ended March 31, 2006 was 4.3%, compared to 4.5% for the comparable period of 2005.

Interest income increased by $1.9 million for the three months ended March 31, 2006, primarily as a result of an increase of $73.3 million in average interest-earning assets. Average loans outstanding increased by $71.2 million and average investment securities and federal funds increased by $2.1 million. Yields on earning assets for the three months ended March 31, 2006 increased to 7.6% from 6.8% for the same period of 2005. Interest expense increased by $1.1 million, which is primarily attributable to average interest-bearing liabilities increasing by $65.6 million coupled with a general rise in interest rates. Average interest-bearing deposits increased by $52.5 million and average borrowings increased by $13.1 million. The average rate paid on interest-bearing liabilities increased to 3.8% for the three months ended March 31, 2006 from 2.7% for the same period of 2005.

Provision for Loan Losses. The provision for loan losses was $235,000 for the three months ended March 31, 2006, compared to $232,134 for the same period in 2005.

Noninterest Income. Noninterest income increased $103,143, or 67.6%, for the three months ended March 31, 2006 to $255,850, up from $152,707 for the same period of 2005, reflecting mainly an increase in other fee income.

Noninterest Expenses. For the three months ended March 31, 2006, noninterest expenses increased by $242,834, or 21.4%, to $1.4 million compared to $1.1 million for the same period of 2005. A 28.6% increase in compensation expenses was related to personnel costs for staffing increases to support loan and deposit growth. Marketing costs increased for new promotional deposit programs.

Income Taxes. The Company recorded income tax expense of $724,220, on income before taxes of $1.8 million for the three months ended March 31, 2006, resulting in an effective tax rate of 40.3%, compared to income tax expense of $486,000 on income before taxes of $1.2 million for the same period of 2005, resulting in an effective tax rate of 39.9%.

Financial Condition
At March 31, 2006 and December 31, 2005
(Unaudited)

The following discussion compares the financial condition at March 31, 2006 to the financial statements at December 31, 2005. This discussion should be read in conjunction with the accompanying financial statements and related notes as well as statistical information included in this Form 10-Q.

Total assets increased to $309.2 million at March 31, 2006, compared to $297.8 million at December 31, 2005, increasing $11.4 million, or 3.8%. Gross loans outstanding increased to $272.0 million, or 5.0% from $259.0 million at December 31, 2005. Deposits increased by $16.3 million, or 7.0%. Borrowed funds decreased by $6.2 million, or 17.2%. Shareholders' equity increased by $1.3 million, or 4.8%, driven by net income of $1.1 million for the three months ended March 31, 2006, and the exercise of warrants and options in the amount of

$288,411.

The increase in total loans was primarily due to increases in the commercial loans, which grew by $10.9 million and totaled $246.9 million as of March 31, 2006. This increase is in line with management's strategic plan and reflects increased origination activity over the past year and a strong local real estate market. All other categories of loans increased in the aggregate by $2.0 million.

Allowance for Loan Losses. The allowance for loan losses was $3.8 million at March 31, 2006 as compared to $3.6 million at December 31, 2005. The ratio of the allowance for loan losses to total loans increased to 1.40% at March 31, 2006 from 1.38% at December 31, 2005. The Company's management has considered non-performing assets and other assets of concern in establishing the allowance for loan losses. The Company continues to monitor its allowance for loan losses and will make future additions or reductions in light of the level of loans in its portfolio and as economic conditions dictate. The current level of the allowance for loan losses is a result of the Company's management's assessment of the risks within the portfolio based on the information revealed in credit reporting processes. The Company utilizes a risk-rating system on all commercial, business, agricultural, construction and multi-family and commercial real estate loans, including purchased loans. A periodic credit review is performed on all types of loans to establish the necessary reserve based on the estimated risk within the portfolio. This assessment of risk takes into account the composition of the loan portfolio, historical loss experience for each loan category, previous loan experience, concentrations of credit, current economic conditions, and other factors that in management's judgment deserve recognition.

Although the Company's management believes that it uses the best information available to determine the allowances, unforeseen market conditions could result in adjustments and net earnings being significantly affected if circumstances differ substantially from the assumptions used in making the final determinations. Future additions to the Company's allowances may result from periodic loan, property and collateral reviews and thus cannot be predicted in advance.

Non-performing assets, expressed as a percentage of total assets, remained the same at 0.6% at March 31, 2006 and December 31, 2005. At March 31, 2006, the Company had $2.0 million in non-accruing loans, which increased from $1.9 million in non-accruing loans at December 31, 2005. One loan became non-accrual during the quarter ended March 31, 2006.

Deposits. Deposits totaled $248.3 million at March 31, 2006, increasing $16.3 million, or 7.0%, from the December 31, 2005 balance of $232.1 million. The increase in deposits is attributable to the Company's management's growth strategy, which includes significant marketing, promotion and cross selling of additional products to existing customers.

Included in deposits at March 31, 2006 and December 31, 2005 were $64.9 million and $67.2 million, respectively, of brokered deposits.

Borrowings. Total borrowings, consisting of borrowed funds, Federal Home Loan Bank (FHLB) advances and subordinated debentures, totaled $29.8 million at March 31, 2006, decreasing $6.2 million, or 17.2%, from December 31, 2005. The decrease was a result of maturities of FHLB advances during 2006.

Comparative Average Balances, Interest and Yields

The following table provides information regarding the average balances and yield/rates on interest-earning assets and interest-bearing liabilities during the periods indicated:

	Three Months Ended			
	March 31, 2006			
	Average Balance	Interest Income/ Expense	Annual Yield	Average Balance
Assets				
Loans	$264,439,833	$5,249,988	7.9%	$193,250,2
Investment securities	25,473,809	302,452	4.8	24,950,3
Federal funds sold	1,573,196	17,057	4.3	21,5
Total interest-earning assets	291,486,838	$5,569,497	7.6	218,222,1
Allowance for loan losses	(3,642,812)			(2,702,3
Other assets	15,950,334			14,421,0
Total assets	$303,794,360			$229,940,8
Liabilities and Shareholders' Equity				
Regular savings deposits	$ 34,264,053	$ 273,148	3.2%	$ 22,967,6
NOW & money market	22,755,372	126,117	2.2	28,052,2
Time deposits	166,697,709	1,624,393	3.9	120,180,5
Total interest-bearing deposits	223,717,134	2,023,658	3.6	171,200,4
Borrowings	32,090,464	390,330	4.9	18,978,7
Total interest-bearing liabilities	255,807,598	$2,413,988	3.8	190,179,2
Non interest-bearing demand deposits	17,416,621			14,671,6
Other liabilities	2,602,665			1,587,4
Shareholders' equity	27,967,476			23,502,5
Total liabilities and shareholders' equity	$303,794,360			$229,940,8
Net interest income		$3,155,509		
Interest rate spread			3.8%	
Net interest margin			4.3%	

Critical Accounting Policy

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The financial information contained within these statements is, to a significant extent, financial information that is used on approximate measures of the financial effects of transactions and events that have already occurred. Based on its consideration of accounting policies that involve the most complex and subjective decisions and assessments, management has identified its most critical accounting policy to be related to the allowance for loan losses. The Company's allowance for loan loss methodology incorporates a variety of risk considerations, both quantitative and qualitative in establishing an allowance for loan loss that management believes is appropriate at each reporting date. Quantitative factors include the Company's historical loss experience,

delinquency and charge-offs trends, collateral values, changes in nonperforming loans, and other factors. Quantitative factors also incorporate known information about individual loans, including borrowers' sensitivity to increase rate movements. Qualitative factors include the general economic environment in the Company's market area. Size and complexity of individual credits in relation to loan structure, existing loan policies and pace of portfolio growth are other qualitative factors that are considered in the methodology. Management may report a materially different amount for the provision for loan losses in the statement of operations to change the allowance for loan losses if its assessment of the above factors were different. This discussion and analysis should be read in conjunction with the Company's financial statements and the accompanying notes presented elsewhere herein, as well as the portion of this Managements Discussion and Analysis, which discusses the allowance for loan losses in this section, entitled "Financial Condition". Although management believes the level of this allowance as of March 31, 2006 was adequate to absorb losses inherent in the loan portfolio, a decline in local economic conditions, or other factors, could result in increasing losses that can not be reasonably predicated at this time.

Liquidity and Capital Resources

Liquidity describes our 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 108.1% and 110.0% at March 31, 2006 and December 31, 2005, respectively. Funds received from new and existing depositors provided a large source of liquidity for the three-month period ended March 31, 2006. The Company seeks to rely primarily on core deposits from customers to provide stable and cost-effective sources of funding to support local 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. Longer term funding can be obtained through the issuance of trust preferred securities and advances from the FHLB. As of March 31, 2006, the Company maintained lines of credit with the FHLB of $23.9 million.

As of March 31, 2006, the Company's investment securities portfolio included $8.9 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 readily 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 is 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 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. Regulators have also adopted minimum Tier I leverage ratio standards, which measure the ratio of Tier I capital to total assets.

At March 31, 2006, the Company's management believes that the Bank and the Company are "well-capitalized" and in compliance with all applicable regulatory requirements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes from the information regarding market risk disclosed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Interest Rate Sensitivity and Liquidity -- Rate Sensitivity Analysis" in the Company's Annual Report for the fiscal year ended December 31, 2005.

ITEM 4. 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.

Internal Controls

Changes in internal control over financial reporting. During the last fiscal 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

On December 27, 2004, Republic First Bank filed an action captioned Republic First Bank v. Parke Bank and Vito S. Pantilione in the Superior Court of New Jersey Law Division, Gloucester County. The Bank believes that the action is without merit and intends to vigorously defend against it. The suit alleges, among other things, fraud, negligent misrepresentation, breach of fiduciary duty and breach of contract in connection with certain loans to two Parke Bank customers in which Republic First Bank became a participant. Republic First Bank is seeking unspecified damages and requesting that a receivership be appointed for certain collateral. The complaint in the action was served on us in January 2005. The Bank filed an answer to the complaint, and the case is currently in the discovery phase.

On June 1, 2005, Atlantic Central Bankers Bank and New Century Bank filed an action captioned Atlantic Central Bankers Bank and New Century Bank v. Parke Bank and Parke Capital Markets in the Superior Court of New Jersey Chancery Division, Cape May County. The Bank believes that the action is without merit and intends to vigorously defend against it. The suit alleges breach of participation agreements and fraudulent misrepresentation in connection with the plaintiffs' participations in loans to the same Parke Bank customers as the Republic First Bank matter discussed above. In August 2005, the plaintiffs' motion for a preliminary injunction was denied, and they were ordered to pay the Bank's expenses. This case has been consolidated with the Republic First Bank case, and is currently in the discovery phase.

On November 4, 2004, Stephen P. Magenta and other parties filed an action captioned Stephen P. Magenta, et. al. v. General Insulation Services, Inc., et. al. in the Superior Court of New Jersey Law Division, Gloucester County, related to the alleged embezzlement of over $1 million by an employee of one of our customers of funds maintained in accounts at the Bank. All but one of the claims against the Bank have been dismissed. The Bank believes that the action is without merit and intends to vigorously defend against it. In addition, the Bank believes that this action is covered by its insurance.

Other than the foregoing, at March 31, 2006, the Company was not a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes from the Risk Factors disclosed in Company's Annual Report for the fiscal year ended December 31, 2005.

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

None.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

31	Certifications required by Rule 13a-14(a).
32	Certification required by 18 U.S.C. ss.1350.

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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 15, 2006

/s/VITO S. PANTILIONE

Vito S. Pantilione
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2006

/s/ERNEST D. HUGGARD

Ernest D. Huggard
Senior Vice President and
Chief Financial Officer
(Principal Accounting Officer)