

Bancorp, Inc.
Form 10-Q
May 11, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from: _____ to _____

Commission file number: 51018

THE BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

23-3016517
*(IRS Employer
Identification No.)*

409 Silverside Road

Wilmington, DE 19809

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (302) 385-5000

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.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial statements****THE BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**

	March 31, 2009 (unaudited)	December 31, 2008
	(dollars in thousands)	
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 117,669	\$ 90,744
Interest bearing deposits	2,046	1,033
Federal funds sold	18,114	87,729
Total cash and cash equivalents	137,829	179,506
Investment securities, available-for-sale, at fair value	86,045	82,929
Investment securities, held-to-maturity(fair value \$19,239 and \$18,408, respectively)	23,535	23,529
Loans, net of deferred loan costs	1,471,556	1,449,349
Allowance for loan and lease losses	(18,977)	(17,361)
Loans, net	1,452,579	1,431,988
Premises and equipment, net	8,496	8,279
Accrued interest receivable	6,872	7,799
Intangible assets, net	10,755	11,005
Other real estate owned	4,600	4,600
Deferred tax asset, net	22,794	22,847
Other assets	13,567	19,893
Total assets	\$ 1,767,072	\$ 1,792,375
LIABILITIES		
Deposits		
Demand (non-interest bearing)	\$ 484,813	\$ 340,013
Savings, money market and interest checking	860,584	804,502
Time deposits	116,046	357,831
Time deposits, \$100,000 and over	20,480	23,016
Total deposits	1,481,923	1,525,362
Securities sold under agreements to repurchase	3,364	9,419
Short-term borrowings	86,000	61,000
Accrued interest payable	414	2,475
Subordinated debenture	13,401	13,401
Other liabilities	808	315
Total liabilities	1,585,910	1,611,972

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SHAREHOLDERS EQUITY

Preferred stock -authorized 5,000,000 shares, Series A, \$0.01 par value, 108,136 shares issued and outstanding at March 31, 2009 and December 31, 2008;	1	1
Series B, \$1,000 liquidation value, 45,220 shares issued and outstanding at March 31, 2009 and December 31, 2008	39,293	39,028
Common stock - authorized, 20,000,000 shares of \$1.00 par value; 14,563,919 shares issued and outstanding at March 31, 2009 and December 31, 2008	14,563	14,563
Additional paid-in capital	145,183	145,156
Accumulated Deficit	(17,154)	(17,517)
Accumulated other comprehensive loss	(724)	(828)
Total shareholders equity	181,162	180,403
Total liabilities and shareholders equity	\$ 1,767,072	\$ 1,792,375

The accompanying notes are an integral part of these statements.

Table of Contents**THE BANCORP, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS**

	For the three months ended March 31,	
	2009	2008
	(dollar in thousands, except per share data)	
Interest income		
Loans, including fees	\$ 18,244	\$ 23,289
Investment securities	1,077	1,606
Interest bearing deposits	3	109
Federal funds sold	93	239
	19,417	25,243
Interest expense		
Deposits	4,214	11,110
Securities sold under agreements to repurchase	11	14
Short-term borrowings	49	974
Subordinated debt	227	249
	4,501	12,347
Net interest income	14,916	12,896
Provision for loan and lease losses	3,000	1,350
Net interest income after provision for loan and lease losses	11,916	11,546
Non-interest income		
Service fees on deposit accounts	277	149
Merchant credit card deposit fees	232	270
Stored value processing fees	2,359	2,531
Leasing income	61	216
ACH processing fees	126	58
Other	273	252
Total non-interest income	3,328	3,476
Non-interest expense		
Salaries and employee benefits	6,135	4,951
Occupancy expense	1,347	1,075
Data processing expense	1,728	976
Advertising	246	187
Professional fees	615	520
Amortization of intangibles	250	250
Other	2,932	2,403
Total non-interest expense	13,253	10,362
Net income before income tax	1,991	4,660
Income tax	781	1,833
Net income	1,210	2,827

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Less preferred stock dividends and accretion	(847)	(17)
Income allocated to Series A preferred shareholders		(21)
Net income available to common shareholders	\$ 363	\$ 2,789
Net income per share - basic	\$ 0.03	\$ 0.19
Net income per share - diluted	\$ 0.03	\$ 0.19

The accompanying notes are an integral part of these statements.

Table of Contents**THE BANCORP INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****For the three months ended March 31, 2009****(Dollars and share information in thousands)**

	Common Stock	Preferred Stock	Additional paid-in capital	Retained earnings (Accumulated deficit)	Accumulated other comprehensive loss	Comprehensive income	Total
	(Dollars and share information in thousands)						
Balance at December 31, 2008	\$ 14,563	\$ 39,029	\$ 145,156	\$ (17,517)	\$ (828)		\$ 180,403
Net Income				1,210		\$ 1,210	1,210
Cash dividends on preferred shares				(582)			(582)
Accretion of series B on preferred shares		265		(265)			
Stock-based compensation expense			27				27
Other comprehensive income, net of reclassification adjustments and tax					104	104	104
						\$ 1,314	
Balance at March 31, 2009	\$ 14,563	\$ 39,294	\$ 145,183	\$ (17,154)	\$ (724)		\$ 181,162

The accompanying notes are an integral part of these statements.

Table of Contents**THE BANCORP, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

(dollars in thousands)

	For the three months ended March 31,	
	2009	2008
Operating activities		
Net income	\$ 1,210	\$ 2,827
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	966	804
Provision for loan and lease losses	3,000	1,350
Net amortization of investment securities discounts/premiums	4	(4)
Stock-based compensation expense	27	15
Mortgage loans originated for sale	(1,787)	(3,615)
Sale of mortgage loans originated for resale	1,381	3,605
Gain on sale of mortgage loans originated for resale	(5)	(10)
Decrease in accrued interest receivable	661	1,589
(Decrease) increase in interest payable	(2,061)	264
Decrease (increase) in other assets	6,353	(1,683)
Increase (decrease) in other liabilities	270	(979)
Net cash provided by operating activities	10,019	