

Bancorp, Inc.  
Form 10-Q  
November 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: September 30, 2018

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.)

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409 Silverside Road, Wilmington, DE 19809  
(Address of principal executive offices and zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 5, 2018, there were 56,446,088 outstanding shares of common stock, \$1.00 par value.

## THE BANCORP, INC

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## THE BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (unaudited) (in thousands)	December 31, 2017
<b>ASSETS</b>		
Cash and cash equivalents		
Cash and due from banks	\$ 2,245	\$ 3,152
Interest earning deposits at Federal Reserve Bank	710,816	841,471
Securities purchased under agreements to resell	64,518	64,312
Total cash and cash equivalents	777,579	908,935
Investment securities, available-for-sale, at fair value	1,274,417	1,294,484
Investment securities, held-to-maturity (fair value \$83,751 and \$85,345, respectively)	84,433	86,380
Commercial loans held for sale, at fair value	308,470	503,316
Loans, net of deferred loan fees and costs	1,496,773	1,392,228
Allowance for loan and lease losses	(8,092)	(7,096)
Loans, net	1,488,681	1,385,132
Federal Home Loan Bank and Atlantic Central Bankers Bank stock	1,113	991
Premises and equipment, net	17,686	20,051
Accrued interest receivable	11,621	10,900
Intangible assets, net	4,229	5,377
Other real estate owned	405	450
Deferred tax asset, net	40,991	34,802
Investment in unconsolidated entity, at fair value	64,212	74,473
Assets held for sale from discontinued operations	226,026	304,313
Other assets	60,337	78,543
Total assets	\$ 4,360,200	\$ 4,708,147
<b>LIABILITIES</b>		
Deposits		
Demand and interest checking	\$ 3,540,605	\$ 3,806,965
Savings and money market	317,453	453,877
Total deposits	3,858,058	4,260,842

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Securities sold under agreements to repurchase	158	217
Subordinated debentures	13,401	13,401
Long-term borrowings	41,841	42,323
Other liabilities	54,868	67,215
Total liabilities	3,968,326	4,383,998
<b>SHAREHOLDERS' EQUITY</b>		
Common stock - authorized, 75,000,000 shares of \$1.00 par value; 56,446,088 and 55,861,150 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	56,446	55,861
Treasury stock, at cost (100,000 shares)	(866)	(866)
Additional paid-in capital	365,749	363,196
Accumulated deficit	(7,936)	(89,485)
Accumulated other comprehensive loss	(21,519)	(4,557)
Total shareholders' equity	391,874	324,149
Total liabilities and shareholders' equity	\$ 4,360,200	\$ 4,708,147

The accompanying notes are an integral part of these consolidated statements.

## THE BANCORP, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended September 30, 2018		2017		For the nine months ended September 30, 2018		2017	
	(in thousands, except per share data)							
Interest income								
Loans, including fees	\$	24,981	\$	21,420	\$	70,254	\$	59,066
Investment securities:								
Taxable interest		10,906		8,847		31,375		26,990
Tax-exempt interest		50		86		159		228
Federal funds sold/securities purchased under agreements to resell		480		371		1,369		931
Interest earning deposits		2,239		1,190		6,166		3,961
		38,656		31,914		109,323		91,176
Interest expense								
Deposits		7,690		3,688		18,298		10,554
Short-term borrowings		148		175		261		197
Subordinated debentures		186		150		524		432
		8,024		4,013		19,083		11,183
Net interest income		30,632		27,901		90,240		79,993
Provision for loan and lease losses		1,060		800		2,660		2,150
Net interest income after provision for loan and lease losses		29,572		27,101		87,580		77,843
Non-interest income								
Service fees on deposit accounts		402		1,700		3,624		4,895
ACH, card and other payment processing fees		2,281		1,564		6,275		4,596
Prepaid card fees		13,204		12,491		41,559		39,272
Net realized and unrealized gains on commercial loans originated for sale		8,999		11,394		20,274		17,535

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Gain on sale of investment securities	15	506	41	1,595
Change in value of investment in unconsolidated entity	(78)	(4)	(2,981)	(20)
Leasing income	758	705	2,353	2,088
Affinity fees	84	275	&nbs	