

Bancorp, Inc.
Form 10-Q
November 09, 2012

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: September 30, 2012

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
(Address of principal
executive offices)

19809
(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.

Yes No

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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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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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
(Do not check if a smaller reporting company)

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 2, 2012 there were 33,101,281 outstanding shares of common stock, \$1.00 par value.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

THE BANCORP, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED BALANCE SHEETS

	September 30, 2012	December 31, 2011
	(in thousands)	
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$4,648	\$96,228
Interest earning deposits at Federal Reserve Bank	540,010	652,946
Total cash and cash equivalents	544,658	749,174
Investment securities, available-for-sale, at fair value	634,894	448,204
Investment securities, held-to-maturity (fair value \$18,634 and \$13,826, respectively)	22,707	18,044
Federal Home Loan and Atlantic Central Bankers Bank stock	4,160	5,088
Loans held for sale	7,970	-
Loans, net of deferred loan costs	1,856,992	1,744,828
Allowance for loan and lease losses	(33,071)	(29,568)
Loans, net	1,823,921	1,715,260
Premises and equipment, net	9,802	8,358
Accrued interest receivable	10,061	8,476
Intangible assets, net	7,254	8,004
Other real estate owned	3,065	7,405
Deferred tax asset, net	19,708	21,941
Other assets	24,925	20,727
Total assets	\$3,113,125	\$3,010,681
LIABILITIES		
Deposits		
Demand and interest checking	\$2,300,025	\$2,192,938
Savings and money market	459,725	454,343
Time deposits	12,606	25,528
Time deposits, \$100,000 and over	8,819	9,742
Total deposits	2,781,175	2,682,551
Securities sold under agreements to repurchase	18,802	33,177
Accrued interest payable	100	123
Subordinated debenture	13,401	13,401
Other liabilities	10,662	9,950
Total liabilities	2,824,140	2,739,202

SHAREHOLDERS' EQUITY

Common stock - authorized, 50,000,000 shares of \$1.00 par value; 33,208,781 and 33,196,281

shares issued at September 30, 2012 and December 31, 2011, respectively

Treasury stock, at cost (100,000 shares)

Additional paid-in capital

Retained earnings (accumulated deficit)

Accumulated other comprehensive income

Total shareholders' equity

33,209		33,196
(866)	(866
243,954		241,997
2,110		(9,277
10,578		6,429
288,985		271,479

Total liabilities and shareholders' equity

\$3,113,125 \$3,010,681

The accompanying notes are an integral part of these statements.

THE BANCORP, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
	(in thousands, except per share data)			
Interest income				
Loans, including fees	\$19,787	\$19,011	\$57,993	\$55,448
Interest on investment securities:				
Taxable interest	3,507	2,732	10,068	6,629
Tax-exempt interest	709	651	2,114	1,993
Interest bearing deposits	356	296	2,014	1,041
	24,359	22,690	72,189	65,111
Interest expense				
Deposits	2,556	2,783	8,104	8,238
Securities sold under agreements to repurchase	24	96	75	173
Short-term borrowings	-	-	-	3
Subordinated debenture	218	216	652	647
	2,798	3,095	8,831	9,061
Net interest income	21,561	19,595	63,358	56,050
Provision for loan and lease losses	5,540	5,019	15,047	16,654
Net interest income after provision for loan and lease losses	16,021	14,576	48,311	39,396
Non-interest income				
Service fees on deposit accounts	928	589	2,512	1,813
Merchant credit card processing and ACH fees	740	591	2,222	1,750
Prepaid card fees	7,459	4,030	23,570	13,175
Gain on sales of investment securities	107	20	107	623
Other than temporary impairment on securities held-to-maturity (1)	-	-	(126)	(75)
Leasing income	552	538	2,345	1,887
Debit card income	98	129	402	532
Affinity fees	792	547	1,979	1,081
Other	557	229	961	1,357
Total non-interest income	11,233	6,673	33,972	22,143
Non-interest expense				
Salaries and employee benefits	9,991	8,030	28,706	22,560
Depreciation and amortization	854	767	2,508	2,219
Rent and related occupancy cost	895	749	2,487	2,182
Data processing expense	2,547	2,080	7,915	6,646
Printing and supplies	422	395	1,336	1,075
Audit expense	284	295	859	805
Legal expense	1,243	662	2,386	1,858
Amortization of intangible assets	250	250	750	750
Losses on sale and write downs on other real estate owned	533	64	2,405	555

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FDIC Insurance	716	705	2,404	2,628
Software, maintenance and equipment	411	429	1,325	1,176
Other real estate owned expense	(30) 357	509	841
Other	3,782	2,975	11,134	9,685
Total non-interest expense	21,898	17,758	64,724	52,980
Net income before income tax	5,356	3,491	17,559	8,559
Income tax provision	1,795	1,209	6,172	2,929
Net income available to common shareholders	\$3,561	\$2,282	\$11,387	\$5,630

Net income per share - basic	\$0.11	\$0.07	\$0.34	\$0.18
Net income per share - diluted	\$0.11	\$0.07	\$0.34	\$0.18

(1) Other than temporary impairment was due to credit loss and therefore did not include amounts due to market conditions.

The accompanying notes are an integral part of these statements.

THE BANCORP INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the nine months ended September 30,	
	2012	2011
	(in thousands)	
Net income	\$11,387	\$5,630
Other comprehensive income, net of tax		
Unrealized gains on securities		
Unrealized holding gains arising during the period	6,403	12,598
Reclassification adjustment for gains included in net income	(27) (623
Amortization of losses previously held as available-for-sale	8	855
	6,384	12,830
Deferred tax expense		
Unrealized holding gain arising during the period	2,232	4,191
Amortization of losses previously held as available-for-sale	3	273
	2,235	4,464
Other comprehensive income	4,149	8,366
Comprehensive income	\$15,536	\$13,996

The accompanying notes are an integral part of these statements.

THE BANCORP INC. AND SUBSIDIARY
 UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 For the nine months ended September 30, 2012
 (in thousands, except share data)

	Common stock shares	Common stock	Treasury stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income	Total
Balance at January 1, 2012	33,196,281	33,196	(866)	241,997	(9,277)	6,429	271,479
Net income					11,387		11,387
Common stock issued from option exercises, net of tax benefits	12,500	13	-	85	-	-	98
Stock-based compensation	-	-	-	1,872	-	-	1,872
Other comprehensive income, net of reclassification adjustments and tax	-	-	-	-	-	4,149	4,149
Balance at September 30, 2012	33,208,781	\$33,209	\$(866)	\$243,954	\$ 2,110	\$ 10,578	\$288,985

The accompanying notes are an integral part of this statement.

THE BANCORP, INC. AND SUBSIDIARY
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (dollars in thousands)

	For the nine months ended September 30,	
	2012	2011
Operating activities		
Net income	\$ 11,387	\$ 5,630
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,258	2,969
Provision for loan and lease losses	15,047	16,654
Net amortization of investment securities discounts/premiums	1,360	483
Stock-based compensation expense	1,872	1,276
Mortgage loans originated for sale	(233)	(458)
Sale of mortgage loans originated for resale	237	462
Gain on sale of mortgage loans originated for resale	(4)	(4)
Net change in commercial loans held for sale	(7,970)	-
Deferred income tax expense	2	-
Gain on sales of fixed assets	(29)	(26)
Other than temporary impairment on securities held-to-maturity	126	75
Losses on sale and writedowns of other real estate owned	2,405	