
Section 1: 8-K (THE BANCORP, INC. FORM 8-K)

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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 1/30/2020

The Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 000-51018

Delaware
(State or other jurisdiction of
incorporation)

23-3016517
(IRS Employer
Identification No.)

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

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	TBBK	Nasdaq Global Select

Item 2.02. Results of Operations and Financial Condition

On January 30, 2020, The Bancorp, Inc. (the "Company") issued a press release regarding its earnings for the three and twelve months ended December 31, 2019. A copy of this press release is furnished with this report as exhibit 99.1. The information in this Current Report, including the exhibit hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The exhibit furnished as part of this Current Report on Form 8-K is identified in the Exhibit Index immediately following the signature page of this report. Such Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
EX-99.1	Press release

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 hereunto duly authorized.

The Bancorp, Inc.

Date: January 30, 2020

By: /s/Paul Frenkiel

Paul Frenkiel
Chief Financial Officer and Secretary

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Section 2: EX-99.1 (EXHIBIT 99.1)

The Bancorp, Inc. Reports Fourth Quarter and Full Year 2019 Financial Results

Wilmington, DE – January 30, 2020 – The Bancorp, Inc. ("The Bancorp") (NASDAQ: TBBK), a financial holding company, today reported financial results for the fourth quarter and full year of 2019.

Highlights

- For the quarter ended December 31, 2019, The Bancorp earned net income of \$2.9 million from continuing operations, and \$0.03 diluted earnings per share from combined continuing and discontinued operations. That net income adjusted for a \$7.5 million non-deductible FDIC civil money penalty, was \$10.3 million, or \$0.18 per diluted share. This compares to \$0.11 diluted earnings per share from continuing operations for the quarter ended December 31, 2018.
- Net interest margin increased to 3.32% for the year ended December 31, 2019, compared to 3.19% for the year ended December 31, 2018.
- Net interest income increased 15% to \$35.2 million for the quarter ended December 31, 2019, compared to \$30.6 million for the quarter ended December 31, 2018.
- Average loans and leases, including loans held for sale, increased 31% to \$2.5 billion for the quarter ended December 31, 2019, compared to \$1.9 billion for the quarter ended December 31, 2018.
- Prepaid, debit card and related fees increased 30% to \$17.0 million for the quarter ended December 31, 2019, compared to \$13.1 million for the quarter ended December 31, 2018. Gross dollar volume (GDV), representing total spend on cards, increased 41%.
- Total year-end SBLOC (securities-backed lines of credit) and IBLOC (insurance backed lines of credit) loans increased 30% year over year and 11% quarter over third quarter 2019 to \$1.0 billion at December 31, 2019.
- Small Business Loans, including those held-for-sale, increased 22% year over year to \$572.6 million at December 31, 2019.
- The average rate on \$4.3 billion of average deposits and interest-bearing liabilities in the fourth quarter of 2019 was 0.77%. Average prepaid card deposits of \$2.7 billion for fourth quarter 2019, reflected an increase of 22% over the \$2.2 billion for the quarter ended December 31, 2018.
- Consolidated leverage ratio was 9.65% at December 31, 2019. The Bancorp and its subsidiary, The Bancorp Bank, remain well capitalized.

- Book value per common share at December 31, 2019 was \$8.52 per share compared to \$7.22 a year earlier, an increase of 18%.

Damian Kozlowski, The Bancorp's Chief Executive Officer, said, "This quarter we again experienced across the board increases in both spread and fee income driven by significantly higher loan balances and GDV growth. Performance in the 4th quarter positioned us well for continued progress in 2020. Based on our current momentum, we reaffirm a minimum of \$1.25 earnings per share and a \$1.34 EPS target for 2020."

The Bancorp reported net income of \$1.9 million, or \$0.03 income per diluted share, for the quarter ended December 31, 2019, compared to net income of \$7.1 million, or \$0.13 income per diluted share, for the quarter ended December 31, 2018. Results for the fourth quarter of 2019 reflect a \$7.5 million non-deductible FDIC civil money penalty. Tier one capital to assets (leverage), tier one capital to risk-weighted assets, total capital to risk-weighted assets and common equity-tier 1 to risk-weighted assets ratios were 9.65%, 18.94%, 19.34% and 18.94%, respectively, compared to well-capitalized minimums of 5%, 8%, 10% and 6.5%, respectively.

Conference Call Webcast

You may access the LIVE webcast of The Bancorp's Quarterly Earnings Conference Call at 8:00 AM ET Friday, January 31, 2020 by clicking on the webcast link on The Bancorp's homepage at www.thebancorp.com. Or, you may dial 844.775.2543, access code 7997238. You may listen to the replay of the webcast following the live call on The Bancorp's investor relations website or telephonically until Friday, February 7, 2020 by dialing 855.859.2056, access code 7997238.

The Bancorp, Inc. (NASDAQ: TBBK) is dedicated to serving the unique needs of non-bank financial service companies, ranging from entrepreneurial start-ups to those on the Fortune 500. The company's only subsidiary, The Bancorp Bank (Member FDIC, Equal Housing Lender), has been repeatedly recognized in the payments industry as the Top Issuer of Prepaid Cards (US), a top merchant sponsor bank and a top ACH originator. Specialized lending distinctions include National Preferred SBA Lender, a leading provider of securities-backed lines of credit, and one of the few bank-owned commercial vehicle leasing groups in the nation. For more information please visit www.thebancorp.com.

Forward-Looking Statements

Statements in this earnings release regarding The Bancorp's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. These statements may be identified by the use of forward-looking terminology, including but not limited to the words "may," "believe," "will," "expect," "look," "anticipate," "estimate," "continue," or similar words. For further discussion of the risks and uncertainties to which these forward-looking statements may be subject, see The Bancorp's filings with the Securities Exchange Commission, including the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of those filings. These risks and uncertainties could cause actual results, performance or achievements to differ materially from those projected in the forward-looking statements. The forward-looking statements speak only as of the date of this press release. The Bancorp does not undertake to publicly revise or update forward-looking statements in this press release to reflect events or circumstances that arise after the date of this earnings release, except as may be required under applicable law.

The Bancorp, Inc. Contact

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**Financial highlights
(unaudited)**

Condensed income statement	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	(dollars in thousands except per share data)			
Net interest income	\$ 35,179	\$ 30,609	\$ 141,288	\$ 120,849
Provision for loan and lease losses	1,450	925	4,400	3,585
Non-interest income				
Service fees on deposit accounts	6	—	75	3,622
ACH, card and other payment processing fees	1,962	2,378	9,376	8,653
Prepaid, debit card and related fees	17,004	13,068	65,141	54,627
Net realized and unrealized gains (losses) on commercial loans originated for sale	(247)	224	24,072	20,498
Change in value of investment in unconsolidated entity	—	(708)	—	(3,689)
Leasing related income	932	718	3,243	3,071
Affinity fees	—	10	—	281
Gain on sale of IRA portfolio	—	—	—	65,000
Other non-interest income	841	1,000	2,220	1,732
Total non-interest income	20,498	16,690	104,127	153,795
Non-interest expense				
Salaries and employee benefits	24,067	20,603	94,259	79,816
Data processing expense	1,210	1,446	4,894	6,187
Legal expense	995	2,034	5,319	7,845
FDIC Insurance	2,141	1,430	7,025	8,819
Software	3,551	3,425	12,731	13,304
Civil money penalties (recoveries)	7,500	—	8,900	(290)
Prepaid relationship exit expense	—	672	—	672
Lease termination expense	—	—	908	395
Other non-interest expense	8,258	8,010	34,485	34,530
Total non-interest expense	47,722	37,620	168,521	151,278
Income from continuing operations before income taxes	6,505	8,754	72,494	119,781
Income tax expense	3,641	2,691	21,226	32,241
Net income from continuing operations	2,864	6,063	51,268	87,540
Discontinued operations				
Income (loss) from discontinued operations before income taxes	(1,365)	1,755	510	1,491
Income tax expense (benefit)	(355)	699	219	354
Net income (loss) from discontinued operations, net of tax	(1,010)	1,056	291	1,137
Net income	\$ 1,854	\$ 7,119	\$ 51,559	\$ 88,677
Net income per share from continuing operations - basic	\$ 0.05	\$ 0.11	\$ 0.90	\$ 1.55
Net income (loss) per share from discontinued operations - basic	\$ (0.02)	\$ 0.02	\$ 0.01	\$ 0.02
Net income per share - basic	\$ 0.03	\$ 0.13	\$ 0.91	\$ 1.57
Net income per share from continuing operations - diluted	\$ 0.05	\$ 0.11	\$ 0.89	\$ 1.53
Net income (loss) per share from discontinued operations - diluted	\$ (0.02)	\$ 0.02	\$ 0.01	\$ 0.02
Net income per share - diluted	\$ 0.03	\$ 0.13	\$ 0.90	\$ 1.55
Weighted average shares - basic	56,924,543	56,446,088	56,765,635	56,343,845
Weighted average shares - diluted	57,847,509	56,964,074	57,338,985	57,068,306

Balance sheet

	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
		(dollars in thousands)		
Assets:				
Cash and cash equivalents				
Cash and due from banks	\$ 19,928	\$ 24,068	\$ 27,450	\$ 2,440
Interest earning deposits at Federal Reserve Bank	924,544	932,440	284,823	551,862
Total cash and cash equivalents	<u>944,472</u>	<u>956,508</u>	<u>312,273</u>	<u>554,302</u>
Investment securities, available-for-sale, at fair value	1,320,692	1,382,437	1,361,779	1,236,324
Investment securities, held-to-maturity	84,387	84,399	84,414	84,432
Commercial loans held for sale, at fair value	1,177,118	489,240	934,452	688,471
Loans, net of deferred fees and costs	1,827,673	1,683,377	1,561,451	1,501,976
Allowance for loan and lease losses	(10,238)	(10,360)	(9,989)	(8,653)
Loans, net	<u>1,817,435</u>	<u>1,673,017</u>	<u>1,551,462</u>	<u>1,493,323</u>
Federal Home Loan Bank & Atlantic Community Bancshares stock	5,342	4,342	6,342	1,113
Premises and equipment, net	17,538	17,857	17,380	18,895
Accrued interest receivable	13,619	13,898	14,567	12,753
Intangible assets, net	2,315	2,698	3,081	3,846
Deferred tax asset, net	14,145	13,006	14,574	21,622
Investment in unconsolidated entity	39,154	49,431	58,012	59,273
Assets held for sale from discontinued operations	140,657	162,098	169,109	197,831
Other assets	81,696	94,605	76,123	65,726
Total assets	<u>\$ 5,658,570</u>	<u>\$ 4,943,536</u>	<u>\$ 4,603,568</u>	<u>\$ 4,437,911</u>
Liabilities:				
Deposits				
Demand and interest checking	\$ 4,402,740	\$ 3,844,747	\$ 3,964,905	\$ 3,904,638
Savings and money market	174,290	25,950	26,841	31,076
Time deposits	475,000	475,000	—	—
Total deposits	<u>5,052,030</u>	<u>4,345,697</u>	<u>3,991,746</u>	<u>3,935,714</u>
Securities sold under agreements to repurchase	82	93	93	93
Short-term borrowings	—	—	45,000	—
Subordinated debenture	13,401	13,401	13,401	13,401
Long-term borrowings	40,991	41,166	41,334	41,674
Other liabilities	67,569	59,005	53,862	40,253
Total liabilities	<u>\$ 5,174,073</u>	<u>\$ 4,459,362</u>	<u>\$ 4,145,436</u>	<u>\$ 4,031,135</u>
Shareholders' equity:				
Common stock - authorized, 75,000,000 shares of \$1.00 par value; 56,940,521 and 56,446,088 shares issued and outstanding at December 31, 2019 and 2018, respectively	56,941	56,911	56,875	56,446
Treasury stock (100,000 shares)	(866)	(866)	(866)	(866)
Additional paid-in capital	371,633	370,113	368,771	366,181
Accumulated earnings (deficit)	50,742	48,888	28,463	(817)
Accumulated other comprehensive income (loss)	6,047	9,128	4,889	(14,168)
Total shareholders' equity	<u>484,497</u>	<u>484,174</u>	<u>458,132</u>	<u>406,776</u>
Total liabilities and shareholders' equity	<u>\$ 5,658,570</u>	<u>\$ 4,943,536</u>	<u>\$ 4,603,568</u>	<u>\$ 4,437,911</u>

Average balance sheet and net interest income

	Three months ended December 31, 2019			Three months ended December 31, 2018		
	(dollars in thousands)					
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Interest earning assets:						
Loans net of deferred fees and costs **	\$ 2,514,401	\$ 31,177	4.96%	\$ 1,905,089	\$ 24,782	5.20%
Leases - bank qualified*	12,633	229	7.25%	19,531	353	7.23%
Investment securities-taxable	1,441,895	9,636	2.67%	1,329,249	10,619	3.20%
Investment securities-nontaxable*	5,825	47	3.23%	7,814	60	3.07%
Interest earning deposits at Federal Reserve Bank	569,804	2,505	1.76%	436,501	2,571	2.36%
Federal funds sold and securities purchased under agreement to resell	—	—	—	44,093	340	3.08%
Net interest earning assets	<u>4,544,558</u>	<u>43,594</u>	<u>3.84%</u>	<u>3,742,277</u>	<u>38,725</u>	<u>4.14%</u>
Allowance for loan and lease losses	(10,162)			(7,973)		
Loans held for sale from discontinued operations	149,301	1,416	3.79%	204,354	1,921	3.76%
Other assets	<u>254,809</u>			<u>178,770</u>		
	<u>\$ 4,938,506</u>			<u>\$ 4,117,428</u>		
Liabilities and Shareholders' Equity:						
Deposits:						
Demand and interest checking	\$ 3,749,860	\$ 5,405	0.58%	\$ 3,602,089	\$ 7,522	0.84%
Savings and money market	66,151	51	0.31%	44,029	127	1.15%
Time	<u>406,730</u>	<u>2,217</u>	<u>2.18%</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deposits	<u>4,222,741</u>	<u>7,673</u>	<u>0.73%</u>	<u>3,646,118</u>	<u>7,649</u>	<u>0.84%</u>
Short-term borrowings	102,832	507	1.97%	29,184	190	2.60%
Securities sold under agreements to repurchase	84	—	0.00%	156	—	0.00%
Subordinated debentures	<u>13,401</u>	<u>177</u>	<u>5.28%</u>	<u>13,401</u>	<u>190</u>	<u>5.67%</u>
Total deposits and liabilities	<u>4,339,058</u>	<u>8,357</u>	<u>0.77%</u>	<u>3,688,859</u>	<u>8,029</u>	<u>0.87%</u>
Other liabilities	<u>115,112</u>			<u>29,244</u>		
Total liabilities	<u>4,454,170</u>			<u>3,718,103</u>		
Shareholders' equity	<u>484,336</u>			<u>399,325</u>		
	<u>\$ 4,938,506</u>			<u>\$ 4,117,428</u>		
Net interest income on tax equivalent basis*		<u>\$ 36,653</u>			<u>\$ 32,617</u>	
Tax equivalent adjustment		<u>58</u>			<u>87</u>	
Net interest income		<u>\$ 36,595</u>			<u>\$ 32,530</u>	
Net interest margin *			<u>3.12%</u>			<u>3.32%</u>

* Full taxable equivalent basis, using a statutory Federal tax rate of 21% for 2019 and 2018.

** Includes loans held for sale.

Average balance sheet and net interest income

	Year ended December 31, 2019			Year ended December 31, 2018		
	(dollars in thousands)					
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Interest earning assets:						
Loans net of deferred fees and costs **	\$ 2,402,686	\$ 126,176	5.25%	\$ 1,915,456	\$ 94,232	4.92%
Leases - bank qualified*	14,968	1,177	7.86%	20,025	1,370	6.84%
Investment securities-taxable	1,406,247	42,286	3.01%	1,375,566	41,994	3.05%
Investment securities-nontaxable*	6,533	215	3.29%	8,631	262	3.04%
Interest earning deposits at Federal Reserve Bank	472,279	10,007	2.12%	460,577	8,737	1.90%
Federal funds sold and securities purchased under agreement to resell	—	—	—	59,157	1,708	2.89%
Net interest earning assets	<u>4,302,713</u>	<u>179,861</u>	4.18%	<u>3,839,412</u>	<u>148,303</u>	3.86%
Allowance for loan and lease losses	(9,696)			(7,528)		
Loans held for sale from discontinued operations	169,986	6,710	3.95%	253,348	8,810	3.48%
Other assets	<u>254,674</u>			<u>190,252</u>		
	<u>\$ 4,717,677</u>			<u>\$ 4,275,484</u>		
Liabilities and Shareholders' Equity:						
Deposits:						
Demand and interest checking	\$ 3,817,176	\$ 30,664	0.80%	\$ 3,499,288	\$ 23,068	0.66%
Savings and money market	37,671	181	0.48%	362,267	2,878	0.79%
Time	<u>170,438</u>	<u>3,555</u>	2.09%	—	—	—
Total deposits	4,025,285	34,400	0.85%	3,861,555	25,946	0.67%
Short-term borrowings	129,031	3,131	2.43%	20,346	451	2.22%
Securities sold under agreements to repurchase	90	—	0.00%	173	—	0.00%
Subordinated debentures	<u>13,401</u>	<u>750</u>	5.60%	<u>13,401</u>	<u>714</u>	5.33%
Total deposits and liabilities	4,167,807	38,281	0.92%	3,895,475	27,111	0.70%
Other liabilities	<u>104,233</u>			<u>14,546</u>		
Total liabilities	4,272,040			3,910,021		
Shareholders' equity	<u>445,637</u>			<u>365,463</u>		
	<u>\$ 4,717,677</u>			<u>\$ 4,275,484</u>		
Net interest income on tax equivalent basis*		<u>\$ 148,290</u>			<u>\$ 130,002</u>	
Tax equivalent adjustment		<u>292</u>			<u>343</u>	
Net interest income		<u>\$ 147,998</u>			<u>\$ 129,659</u>	
Net interest margin *			<u>3.32%</u>			<u>3.19%</u>

* Full taxable equivalent basis, using a statutory Federal rate of 21% for 2019 and 2018.

** Includes loans held for sale.

Allowance for loan and lease losses:

	Year ended December 31, 2019	Year ended December 31, 2018
	(dollars in thousands)	
Balance in the allowance for loan and lease losses at beginning of period (1)	\$ 8,653	\$ 7,096
Loans charged-off:		
SBA non-real estate	1,362	1,348
SBA commercial mortgage	—	157
Direct lease financing	529	637
Other consumer loans	1,102	21
Total	<u>2,993</u>	<u>2,163</u>
Recoveries:		
SBA non-real estate	125	57
SBA commercial mortgage	—	13
Direct lease financing	51	64
Other consumer loans	2	1
Total	<u>178</u>	<u>135</u>
Net charge-offs	2,815	2,028
Provision charged to operations	<u>4,400</u>	<u>3,585</u>
Balance in allowance for loan and lease losses at end of period	<u>\$ 10,238</u>	<u>\$ 8,653</u>
Net charge-offs/average loans	0.12%	0.10%
Net charge-offs/average assets	0.06%	0.05%

(1) Excludes activity from assets held for sale from discontinued operations.

Loan portfolio:

	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
	(in thousands)			
SBL non-real estate	\$ 84,579	\$ 84,181	\$ 75,475	\$ 76,340
SBL commercial mortgage	218,110	209,008	189,427	165,406
SBL construction	45,310	38,116	29,298	21,636
Small business loans*	347,999	331,305	294,200	263,382
Direct lease financing	434,460	412,755	407,907	394,770
SBLOC / IBLOC**	1,024,420	920,463	837,672	785,303
Other specialty lending	3,055	3,167	3,432	31,836
Other consumer loans ***	4,554	6,388	7,898	16,302
	1,814,488	1,674,078	1,551,109	1,491,593
Unamortized loan fees and costs	13,185	9,299	10,342	10,383
Total loans, net of deferred fees and costs	<u>\$ 1,827,673</u>	<u>\$ 1,683,377</u>	<u>\$ 1,561,451</u>	<u>\$ 1,501,976</u>

Small business portfolio:

	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
	(in thousands)			
SBL, including deferred fees and costs	355,641	337,440	301,502	270,860
SBL, included in held-for-sale	216,930	222,007	215,064	199,977
Total small business loans	<u>\$ 572,571</u>	<u>\$ 559,447</u>	<u>\$ 516,566</u>	<u>\$ 470,837</u>

* The preceding table shows small business loans and small business loans held-for-sale, which consist of the government guaranteed portion of SBA loans, at the dates indicated (in thousands).

** Securities Backed Lines of Credit (SBLOC) are collateralized by marketable securities, while Insurance Backed Lines of Credit (IBLOC) are collateralized by the cash surrender value of insurance policies.

*** Included in the table above under Other consumer loans are demand deposit overdrafts reclassified as loan balances totaling \$882,000 and \$7.2 million at December 31, 2019 and December 31, 2018, respectively. Estimated overdraft charge-offs and recoveries are reflected in the allowance for loan and lease losses.

Capital ratios:	Tier 1 capital to average assets ratio	Tier 1 capital to risk-weighted assets ratio	Total capital to risk-weighted assets ratio	Common equity tier 1 to risk weighted assets
As of December 31, 2019				
The Bancorp, Inc.	9.65%	18.94%	19.34%	18.94%
The Bancorp Bank	9.46%	18.61%	19.01%	18.61%
"Well capitalized" institution (under FDIC regulations-Basel III)	5.00%	8.00%	10.00%	6.50%
As of December 31, 2018				
The Bancorp, Inc.	10.11%	20.64%	21.07%	20.64%
The Bancorp Bank	9.70%	20.18%	20.61%	20.18%
"Well capitalized" institution (under FDIC regulations)	5.00%	8.00%	10.00%	6.50%

	Three months ended		Year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Selected operating ratios:				
Return on average assets ⁽¹⁾	0.15%	0.69%	1.09%	2.07%
Return on average equity ⁽¹⁾	1.52%	7.07%	11.57%	24.26%
Net interest margin	3.12%	3.32%	3.32%	3.19%

(1) Annualized

NOTE: For continuing operations and excluding civil money penalties, return on assets for fourth quarter and full year 2019 was 0.83% and 1.28% while return on equity was 8.5% and 13.5%, respectively.

Book value per share table:	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
Book value per share	\$ 8.52	\$ 8.52	\$ 8.07	\$ 7.22
Loan quality table:	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
Nonperforming loans to total loans	0.50%	0.55%	0.57%	0.36%
Nonperforming assets to total assets	0.16%	0.19%	0.19%	0.12%
Allowance for loan and lease losses to total loans	0.56%	0.62%	0.64%	0.58%
Nonaccrual loans	\$ 5,796	\$ 6,420	\$ 6,456	\$ 4,516
Loans 90 days past due still accruing interest	3,264	2,788	2,373	954
Other real estate owned	—	—	—	—
Total nonperforming assets	<u>\$ 9,060</u>	<u>\$ 9,208</u>	<u>\$ 8,829</u>	<u>\$ 5,470</u>

	Three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
	(in thousands)			
Gross dollar volume (GDV) ⁽²⁾:				
Prepaid and debit card GDV	<u>\$ 19,104,327</u>	<u>\$ 17,264,890</u>	<u>\$ 16,611,551</u>	<u>\$ 13,526,647</u>

(2) Gross dollar volume represents the total dollar amount spent on prepaid and debit cards issued by The Bancorp Bank.

Business line quarterly summary:

Quarter ended December 31, 2019

(dollars in millions)

Major business lines	Average approximate rates	Balances			Non-interest income	
		Balances*	% Growth		Current quarter	% Growth
			Year over year	Linked quarter annualized		Year over year
Loans						
Institutional banking **	3.7%	\$ 1,024	30%	45%	na	na
SBA	5.7%	572	22%	10%	na	na
Leasing	6.5%	434	10%	21%	\$ 0.9	nm
Commercial real estate securitization	5.5%	960	nm	nm	nm	nm
Weighted average yield	5.1%	\$ 2,990				
Deposits						
Payment solutions (prepaid and debit card issuance) ***	0.7%	\$ 2,696	22%	nm	\$ 17.0	23%
Card payment and ACH processing	0.7%	735	-27%	nm	2.0	nm

* Loan categories are based on period end balance and deposits are based on average quarterly balances.

** Comprised of Securities Backed Lines of Credit (SBLOC), collateralized by marketable securities and Insurance Backed Lines of Credit (IBLOC), collateralized by the cash surrender value of insurance policies.

*** 2018 had been adjusted for an atypical \$739,000 writedown to revenue on one relationship

Analysis of Walnut Street* marks:

	Loan activity	Marks
	(dollars in millions)	
Original Walnut Street loan balance, December 31, 2014	\$ 267	
Marks through December 31, 2014 sale date	<u>(58)</u>	\$ (58)
Sales price of Walnut Street	209	
Equity investment from independent investor	<u>(16)</u>	
December 31, 2014 Bancorp book value	193	
Additional marks 2015 - 2018	(46)	(46)
2019 Marks	—	
Payments received	<u>(108)</u>	
December 31, 2019 Bancorp book value **	\$ 39	
Total marks		\$ (104)
Divided by:		
Original Walnut Street loan balance		\$ 267
Percentage of total mark to original balance		39%

* Walnut Street is the investment in unconsolidated entity on the balance sheet which reflects the Bank's investment in a securitization of certain loans from the bank's discontinued loan portfolio.

** Approximately 26% of expected principal recoveries were from loans and properties pending liquidation or other resolution as of December 31, 2019.

Walnut Street portfolio composition as of December 31, 2019

Collateral type	% of Portfolio
Commercial real estate non-owner occupied	
Retail	51.3%
Office	—
Other	13.3%
Construction and land	23.6%
First mortgage residential owner occupied	8.6%
First mortgage residential non-owner occupied	3.2%
Total	100.0%

Cumulative analysis of marks on discontinued commercial loan principal as of December 31, 2019

	Discontinued loan principal	Cumulative marks	% to original principal
(dollars in millions)			
Commercial loan discontinued principal before marks	\$ 75		
Florida mall held in discontinued other real estate owned	42	\$ (27)	
Previous mark charges	10	(10)	
Mark at December 31, 2019		(4)	
Total	\$ 127	\$ (41)	32%

Analysis of discontinued commercial loan relationships as of December 31, 2019

	Performing loan principal	Nonperforming loan principal	Total loan principal	Performing loan marks	Nonperforming loan marks	Total marks
(in millions)						
5 loan relationships > \$6 million	\$ 46	\$ —	\$ 46	\$ (3)	\$ —	\$ (3)
Loan relationships < \$6 million	18	7	25	(1)	—	(1)
	\$ 64	\$ 7	\$ 71	\$ (4)	\$ —	\$ (4)

Quarterly activity for discontinued commercial loan principal

	Commercial loan principal (in millions)
Commercial loan discontinued principal September 30, 2019 before marks	\$ 94
Quarterly paydowns and other reductions	(19)
Commercial loan discontinued principal December 31, 2019 before marks	\$ 75
Marks December 31, 2019	(4)
Net commercial loan exposure December 31, 2019	\$ 71
Residential mortgages	45
Net loans	\$ 116
Florida Mall in other real estate owned	15
12 Properties in other real estate owned	9
Total discontinued assets at December 31, 2019	\$ 140

Discontinued commercial loan composition as of December 31, 2019

Collateral type	Unpaid principal balance	Mark December 31, 2019	Mark as % of portfolio
	(dollars in millions)		
Commercial real estate - non-owner occupied:			
Retail	\$ 4	\$ (0.6)	15%
Office	3	—	—
Other	24	(0.3)	1%
Construction and land	12	—	0%
Commercial non-real estate and industrial	3	—	0%
1 to 4 family construction	11	(2.5)	23%
First mortgage residential non-owner occupied	9	(0.2)	2%
Commercial real estate owner occupied:			
Retail	7	—	—
Office	—	—	—
Other	—	—	—
Residential junior mortgage	1	—	—
Other	1	—	—
Total	\$ 75		
Less: mark	(4)		
Net commercial loan exposure December 31, 2019	\$ 71	\$ (3.6)	5%