Bancorp, Inc.
Form S-1
May 13, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

6712
(Primary Standard Industrial Classification Code Number)

23-3016517
(I.R.S. Employer Identification No.)

405 Silverside Road
Wilmington, Delaware 19809
(302) 385-5000
(Address, including zip code, and telephone number,
including area code, of registrant s principal executive offices)

Betsy Z. Cohen
Chief Executive Officer
The Bancorp, Inc.
405 Silverside Road
Wilmington, Delaware 19809
(302) 385-5000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Mark E. Rosenstein, Esq.
Ledgewood, A Professional Corporation
1521 Locust Street
Philadelphia, Pennsylvania 19102
Telephone: (215) 731-9450
Facsimile: (215) 735-2513

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $1.00 per share	253,126	$ 14.61	$ 3,698,171	$ 436

(1) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low prices for the common stock of The Bancorp, Inc. as reported on the NASDAQ National Market on May 9, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, May 13, 2005

PROSPECTUS

253,126 Shares

Common Stock

This prospectus relates to the sale, from time to time, of up to 253,126 shares of common stock, par value $1.00 per share, of The Bancorp, Inc., by the selling shareholders described in the section entitled Selling Shareholders on page 16 of this prospectus. The selling shareholders identified in this prospectus may offer the shares from time to time through public or private transactions at prevailing market prices or at privately negotiated prices.

We will not receive any of the proceeds from the sale of the shares of our common stock by the selling shareholders. We have agreed to bear all of the expenses incurred in connection with the registration of these shares. The selling shareholders will pay or assume brokerage commissions and similar charges incurred in connection with the sale of these shares.

Investing in our common stock involves a high degree of risk. You should read the Risk Factors section of this prospectus, beginning at page 6, for a discussion of factors you should consider before buying shares of our common stock.

Our common stock is listed on the Nasdaq National Market under the symbol TBBK. On May 12, 2005, the last reported sale price of our common stock was $15.11 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is___________, 2005

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You should rely only on the information provided in this prospectus and the information set forth in the registration statement of which this prospectus is a part. We have not authorized anyone to provide you with different information. Information contained on our website is not part of this prospectus. The selling shareholders are offering to sell and seeking offers to buy shares of our common stock only in jurisdictions in which offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and may not contain all the information that is important to you. We urge you to read this entire prospectus, including the section captioned Risk Factors and the consolidated financial statements and the notes thereto included elsewhere in this prospectus. In this prospectus, the terms we , us , our , and the company refer to The Bancorp, Inc. and its subsidiaries except where the context indicates otherwise.

Our Business

We are a Delaware financial holding company with a wholly-owned subsidiary, The Bancorp Bank, which we refer to as the Bank. We were formed in 1999 and commenced operations in July 2000. From our formation until February 2004 we were the sole stockholder of the Bank. In February 2004, the Bank completed a public offering of its common stock which resulted in our holding 32.7% of the Bank s common stock. On December 22, 2004, we completed a reorganization in which the Bank once again became our wholly-owned subsidiary.

Our target market is the greater Philadelphia-Wilmington metropolitan area. To serve our customers, we provide a full range of retail and commercial banking services, including a variety of checking, savings and other interest-bearing accounts. Our business lending services focus on secured loans and lines of credit, construction loans and customized equipment and vehicle leasing programs. Our consumer lending services focus on home equity loans, personal and home equity lines of credit, personal installment loans and vehicle leasing.

We have a continuing program of providing banking services to the members and employees of organizations or businesses, which we all affinity group banking. We provide these services through a private-label website under the affinity group s name, and offer an affinity group the ability to customize the banking services offered on the website to respond to the needs and preferences of its members.

As part of our private-label programs, we have developed a system for processing credit and debit card transactions for independent sales organizations and their merchant members that is a source of fee income for us and, because the merchant members must maintain accounts with us, a source of low-cost deposits. Our infrastructure allows us to process high volume transactions that permit merchant customers to access the card associations and debit networks at a significantly lower cost. We offer end-to-end services, which means that we believe we have the ability to fulfill all of our customers needs with respect to merchant card services and funds transfers. We market our services through a variety of sales channels that includes affinity groups and independent sales organizations and financial institutions.

Our customers access our banking services through our website, or the website of their affinity group, from any personal computer with a web browser, and obtain cash withdrawals from automated teller machines. As a result, we do not maintain a branch bank system. Our web address is *www.thebancorp.com*.

Our address and telephone number is:

405 Silverside Road
Wilmington, Delaware 19809
(302) 385-5000

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Recent Developments

On December 31, 2004 we entered into an agreement and plan of merger with the Bank and Mears Motor Livery Corp. Pursuant to the agreement, Mears was merged with and into the Bank and the Bank acquired all of Mears assets and liabilities effective January 3, 2005. Mears is an automobile leasing business based in Orlando, Florida. Consideration for the acquisition was $1.0 million in cash plus the 253,126 shares of our common stock being included in this prospectus. For more information about the merger and the selling shareholders, see Selling Shareholders.

The Offering

Common stock offered by selling shareholders	Up to 253,126 shares.
Use of proceeds	We will not receive any proceeds from this offering.
Nasdaq symbol	Our common stock is listed on the Nasdaq National Market under the symbol TBBK.
Risk factors	An investment in our common stock involves risks. For a discussion of these risks, you should read Risk Factors beginning on page 6 of this prospectus.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth selected financial data as of and for the years ended December 31, 2004, 2003, 2002 and 2001, and for the period July 28, 2000 (date of inception of operations) through December 31, 2000. We derived the selected financial data for the years ended December 31, 2004, 2003, 2002 and 2001 and for the period July 28, 2000 (date of inception of operations) through December 31, 2000 from our financial statements for those periods, which have been audited by Grant Thornton LLP, independent registered public accounting firm. You should read the selected financial data in this table together with, and such selected financial data is qualified by reference to our financial statements, the notes to those financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	As of or for the year ended				For the period July 28, 2000 through December 31, 2000
	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	
Income Statement Data:					
Interest income	$ 24,673	$ 14,797	$ 12,060	$ 7,474	$ 2,458
Interest expense	7,077	5,423	4,590	3,566	1,295
Net interest income	17,596	9,374	7,470	3,908	1,163
Provision for loan and lease losses	1,632	685	600	435	350
Net interest income after provision for loan and lease losses	15,964	8,689	6,870	3,473	813
Non-interest income	8,904	10,487	4,342	1,719	518
Non-interest expense	22,193	18,355	11,703	8,706	5,673
Net income (loss) from continuing operations	2,675	821	(491)	(3,514)	(4,342)
Income tax benefit	(1,043)	(250)	(500)		
Discontinued operations				(104)	(1,877)
Net income (loss)	3,718	1,071	9	(3,618)	(6,219)
Less preferred stock dividends and accretion	(817)	(881)	(750)	(278)	
Income allocated to Series A preferred shareholders	(323)	(61)			
Net income (loss) available to common stock	$ 2,578	$ 129	$ (741)	$ (3,896)	$ (6,219)
Balance Sheet Data:					
Total assets	$ 576,279	$ 304,161	$ 233,424	$ 155,006	$ 84,823
Total loans, net of unearned costs (fees)	427,881	232,397	163,337	106,208	27,926
Allowance for loan and lease losses	3,593	1,991	1,379	780	350
Total cash and cash equivalents	19,503	42,183	30,148	5,866	51,542
Deposits	388,081	276,765	209,443	137,517	72,516
Federal Home Loan Bank advances	55,000				
Shareholders equity	121,402	21,673	16,969	14,239	10,963

Selected Operating Ratios:					
Return on average assets	0.79%	0.41%	nm	nm	nm
Return on average common equity	3.94%	4.93%	nm	nm	nm
Net interest margin	3.86%	3.77%	4.05%	3.73%	3.13%
Selected Capital and Asset Quality Ratios:					
Equity/assets	21.07%	7.13%	7.27%	9.19%	12.92%
Tier 1 capital to average assets	22.88%	8.46%	9.76%	10.19%	14.86%
Tier 1 capital to total risk-weighted assets	26.29%	10.26%	11.60%	11.65%	23.29%
Total capital to total risk-weighted assets	27.04%	11.05%	12.33%	12.23%	24.10%
Allowance for loan and lease losses to total loans	0.84%	0.86%	0.84%	0.73%	1.25%

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RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this prospectus before buying shares in this offering. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose part or all of your investment.

Risks Relating to Our Business and Operations

Because the Bank is our wholly-owned subsidiary, our profitability will depend on the profitability of the Bank. As a result, the following risk factors relating to banking operations will directly affect our consolidated financial condition and results of operations.

Our profitability will depend upon the profitability of the Bank.

We do not conduct any operations of our own other than acting as a holding company for the Bank. Although we have registered with the Board of Governors of the Federal Reserve System, which we refer to as the Federal Reserve, as a financial holding company, which permits us to engage in a wide range of financial activities, we currently have formulated no plans to expand our financial activities beyond acting as a holding company for the Bank. As a result, for the foreseeable future our profitability will depend upon that of the Bank.

We have a limited operating history, which makes it difficult to predict our future prospects and financial performance following the reorganization.

We were formed in 1999 and began banking operations in July 2000. Because of our limited operating history, it may be difficult to evaluate our business prospects or performance. Our prospects are subject to the risks and uncertainties frequently encountered by companies in their early stages of development, including the risk that we will not be able to implement our business strategies. Accordingly, our financial performance to date may not be representative of our long-term future performance or indicative of whether our business strategies will be successful.

We may have difficulty managing our growth, which may divert resources and limit our ability to successfully expand our operations.

On a consolidated basis, we have grown substantially, from $84.8 million of total assets and $72.5 million of total deposits at December 31, 2000 to $576.3 million of total assets and $388.1 million of total deposits at December 31, 2004. We expect to continue to experience significant growth in the amount of our assets, the level of our deposits and the scale of our operations. Our future profitability will depend in part on our continued ability to grow; however, we may not be able to sustain our historical growth rate or even be able to grow at all.

In our first years of operation, we incurred substantial expenses to build our management team and personnel, develop our delivery systems and establish our infrastructure to support our future growth. Our future success will depend on the ability of our officers and key employees to continue to implement and improve our operational, financial and management controls, reporting systems and procedures, and manage a growing number of customer relationships. We may not implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Consequently, our continued growth may place a strain on

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our administrative and operational infrastructure. Any such strain could increase our costs, reduce or eliminate our profitability and reduce the price at which our common shares trade.

Changes in interest rates could reduce our income, cash flows and asset values.

Our consolidated income and cash flows and the value of our consolidated assets will depend to a great extent on the difference between the interest rates we earn on interest-earning assets, such as loans and investment securities, and the interest rates we pay on interest-bearing liabilities such as deposits and borrowings. We discuss the effects of interest rate changes on the market value of our portfolio equity and net interest income in Management s Discussion and Analysis of Financial Condition and Results of Operations Asset and Liability Management. Interest rates are highly sensitive to many factors which are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve. Changes in monetary policy, including changes in interest rates, will influence not only the interest we receive on our loans and investment securities and the amount of interest we pay on deposits, it will also affect our ability to originate loans and obtain deposits and our costs in doing so. If the rate of interest we pay on our deposits and other borrowings increases more than the rate of interest we earn on our loans and other investments, our consolidated net interest income and, therefore, our consolidated earnings, could be reduced. These earnings could also be reduced if the rates on our loans and other investments fall more quickly than those on our deposits and other borrowings.

We are subject to lending risks.

There are risks inherent in making all loans. These risks include interest rate changes over the time period in which loans may be repaid and changes in the national economy or the economy of our regional market that impact the ability of our borrowers to repay their loans or the value of the collateral securing those loans. Our loan portfolio contains a high percentage of commercial, construction and commercial mortgage loans in relation to its total loans and total assets. At December 31, 2004, commercial loans were 20.9% of total loans, construction loans were 22.7% of total loans and commercial mortgage loans were 32.9% of total loans. These types of loans are generally viewed as having more risk of default than residential real estate loans or consumer loans. These types of loans are also typically larger than residential real estate loans and consumer loans. Because our loan portfolio contains a significant number of commercial, construction and commercial mortgage loans with relatively large balances, the deterioration of one or a few of these loans would cause a significant increase in nonperforming loans. On a consolidated basis, an increase in nonperforming loans could result in an increase in our provision for loan losses or in loan charge-offs and a consequent reduction of our earnings.

Lack of seasoning of our loan portfolio may increase the risk of credit defaults in the future.

All of the loans in our loan portfolio were originated within the past four years. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time, a process referred to as seasoning. As a result, a portfolio of older loans will usually behave more predictably than a portfolio of recently originated loans. Because our loan portfolio is relatively unseasoned, the current level of delinquencies and defaults may be below the level that will prevail when the portfolio becomes more seasoned.

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Until our portfolio becomes more seasoned, we must rely in part on the historical loan loss experience of other financial institutions and our management s past experience in determining the allowance for loan and lease losses, which may result in our having inadequate reserves.

Because most of our loans were originated relatively recently, our loan portfolio does not provide an adequate history of loan losses for management to rely upon in establishing its allowance for loan and lease losses. We therefore rely to a significant extent upon other financial institutions histories of loan losses and their allowance for loan and lease losses, as well as management s estimates based on their experience in the banking industry, when determining our loss allowance. The history of loan and lease losses, the reserving policies of other financial institutions and management s judgment may not result in reserving policies that will be adequate for our consolidated business and operations.

Our operations are concentrated in the Philadelphia-Wilmington metropolitan area and, therefore, are susceptible to changes in the economic condition and real estate values in that area.

Our loan activities are largely based in the Philadelphia-Wilmington metropolitan area. To a lesser extent, our deposit base is also generated from this area. As a result, our consolidated financial performance depends largely upon economic conditions in this area. Adverse local economic conditions could cause us to experience an increase in loan delinquencies, a reduction in deposits, an increase in the number of borrowers who default on their loans and a reduction in the value of the collateral securing their loans, all of which would reduce our consolidated profitability.

We depend to a significant extent upon wholesale and brokered deposits to satisfy our funding needs.

We have relied to a significant extent on funds provided by wholesale and brokered deposits to support the growth of our loan portfolio. These funding sources amounted to 41.4% of our total deposits at December 31, 2004. If we are not successful in obtaining wholesale funding or increasing our current deposit base to a level commensurate with our funding needs, we may be unable to continue our growth, or could experience contraction in our total assets. Moreover, to the extent that we are unable to match the maturities of the interest rates we pay for wholesale and brokered funds to the maturities of the loans we make using those funds, increases in the interest rates we pay for such funds could decrease our consolidated net interest income.

Our future success will depend on our ability to compete effectively in a highly competitive market and geographic area.

We will face substantial competition in all phases of our operations from a variety of different competitors, including commercial banks and their holding companies, savings and loan associations, mutual savings banks, credit unions, consumer finance companies, factoring companies, insurance companies and money market mutual funds. Competition for financial services in the Philadelphia-Wilmington metropolitan area is very strong. This geographic area includes offices of many of the largest financial institutions in the nation. Most of those competing institutions have much greater financial and marketing resources than we have and, because we are relatively newly-formed, far greater name recognition. Due to their size, many of our competitors can achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing structures for those products and services. Moreover, because we are smaller and less well-established, we may have to pay higher rates on its deposits or offer more free or reduced-cost services in order to attract and retain customers. Some of the financial services organizations with which we compete are not subject to the same degree of regulation as federally-insured and regulated financial institutions such as ours. As a result, those

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competitors may be able to access funding and provide various services more easily or at less cost than we can.

Our affinity group marketing strategy has been adopted by other institutions with which we compete.

As a result of the high costs encountered by Internet banks in acquiring customers through traditional marketing and advertising or for other reasons, several online banking operations as well as the online banking programs of conventional banks have instituted affinity group marketing strategies similar to ours. As a consequence, we have encountered competition in this area and anticipate that we will continue to do so in the future. This competition may, on a consolidated basis, increase our costs, reduce our revenues or revenue growth or, because we are a relatively new banking operation without the name recognition of other, more established banking operations, make it difficult for us to compete effectively in obtaining affinity group relationships.

Our lending limit may make us less competitive.

Our regulatory lending limit as of December 31, 2004 to any one customer or related group of customers was $17.6 million. Our lending limit is substantially smaller than those of most financial institutions with which we compete. While we believe that our lending limit is sufficient for our targeted market of small to mid-size businesses, individuals and affinity group members, it may affect our ability to attract or maintain customers or to compete with other financial institutions. Moreover, to the extent that we incur losses and do not obtain additional capital, our lending limit, which depends upon the amount of our capital, will decrease.

Environmental liability associated with lending activities could result in losses.

In the course of our business, we may foreclose on and take title to properties securing our loans. If hazardous substances are discovered on any of these properties, we may be liable to governmental entities or third parties for the costs of remediation of the hazard, as well as for personal injury and property damage. Many environmental laws can impose liability regardless of whether we knew of, or were responsible for, the contamination. In addition, if we arrange for the disposal of hazardous or toxic substances at another site, we may be liable for the costs of cleaning up and removing those substances from the site, even if we neither own nor operate the disposal site. Environmental laws may require us to incur substantial expenses and may materially limit use of properties that we acquire through foreclosure, reduce their value or limit our ability to sell them in the event of a default on the loans they secure. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability.

As a financial institution whose principal medium for delivery of banking services is the Internet, we are subject to risks particular to that medium.

We operate an independent Internet bank, as distinguished from the Internet banking service of an established conventional bank. Independent Internet banks often have found it difficult to achieve profitability and revenue growth. Several factors contribute to the unique problems that Internet banks face. These include concerns for the security of personal information, the absence of personal relationships between bankers and customers, the absence of loyalty to a conventional hometown bank, the customer s difficulty in understanding and assessing the substance and financial strength of an Internet bank, a lack of confidence in the likelihood of success and permanence of Internet banks and many individuals unwillingness to trust their personal assets to a relatively new technological medium

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such as the Internet. As a result, many potential customers may be unwilling to establish a relationship with us.

Most conventional financial institutions now offer the option of Internet banking and financial services to their existing and prospective customers. The public may perceive conventional financial institutions as being safer, more responsive, more comfortable to deal with and more accountable as providers of their banking and financial services, including their Internet banking services. We may not be able to offer Internet banking and financial services and personal relationship characteristics that have sufficient advantages over the Internet banking and financial services and other characteristics of established conventional financial institutions to enable us to compete successfully.

Moreover, both the Internet and the financial services industry are undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to improving the ability to serve customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to implement effectively new technology-driven products and services or be successful in marketing these products and services to our customers.

Our operations may be interrupted if our network or computer systems, or those of our providers, fail.

Because we deliver our products and services over the Internet and outsource several critical functions to third parties, our operations depend on our ability, as well as that of our service providers, to protect computer systems and network infrastructure against interruptions in service due to damage from fire, power loss, telecommunications failure, physical break-ins, computer hacking or similar catastrophic events. Our operations also depend upon our ability to replace a third-party provider if it experiences difficulties that interrupt our operations or if an operationally essential third-party service terminates. Service interruptions to customers may impair our ability to obtain or retain customers and could result in regulatory sanctions. Moreover, if a customer were unable to access his or her account or complete a financial transaction due to a service interruption, we could be subject to a claim by the customer for his or her loss. While our account and other agreements contain disclaimers of liability for these kinds of losses, we cannot predict the outcome of litigation if a customer were to make a claim against us.

Security concerns may inhibit Internet banking.

A significant barrier to on-line financial transactions is the secure transmission of confidential information over public networks. The systems we use rely on encryption and authentication technology to provide secure transmission of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments could result in a compromise or breach of the algorithms used to protect customer transaction data. If we, or another provider of financial services through the Internet, were to suffer damage from a security breach, public acceptance and use of the Internet as a medium for financial transactions could suffer. Any security breach could deter potential customers or cause existing customers to leave, thereby inhibiting our ability to grow and maintain profitability and, possibly, our ability to continue delivering our products and services through the Internet. Although we, with the help of third-party service providers, intend to continue to implement security technology and establish operational procedures to prevent security breaches, these measures may not be successful.

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We outsource many essential services to third-party providers who may terminate their agreements with us, resulting in interruptions to our banking operations.

We obtain essential technological and customer services support for the systems we use from third-party providers. We outsource our check processing, check imaging, electronic bill payment, statement rendering, internal audit and other services to third party vendors. For a description of these services, you should read Our Business Other Operations Third Party Service Providers. Our agreements with each service provider are generally cancelable without cause by either party upon specified notice periods. If one of our third-party service providers terminates its agreement with us and we are unable to replace it with another service provider, our operations may be interrupted. If an interruption were to continue for a significant period of time, our consolidated operations, revenues and profitability could be materially impaired.

Government regulation may inhibit our operations.

We are subject to extensive federal and state banking regulation and supervision. The regulations are intended primarily to protect our depositors funds, the federal deposit insurance funds and the safety and soundness of the Bank, not our shareholders. Regulatory requirements affect lending practices, capital structure, investment practices, dividend policy and growth. Our failure to meet minimum capital requirements will result in the imposition of limitations on our operations that would adversely impact our operations and could, if capital levels drop significantly, result in our being required to cease operations. Changes in governing law, regulations or regulatory practices could impose additional costs on us or limit our ability to obtain deposits or make loans and, as a consequence, reduce our consolidated revenues and profitability.

As a Delaware-chartered bank whose depositors and financial services customers are located in several states, the Bank may be subject to additional licensure requirements or other regulation of its activities by state regulatory authorities and laws outside of Delaware. If the Bank s compliance with licensure requirements or other regulation becomes overly burdensome, we may seek to convert its state charter to a federal charter in order to gain the benefits of federal preemption of some of those laws and regulations. Conversion of the Bank to a federal charter will require the prior approval of the relevant federal bank regulatory authorities, which we may not be able to obtain. Moreover, even if we obtain approval, there could be a significant period of time between our application and receipt of the approval, and/or any approval we do obtain may be subject to burdensome conditions or restrictions.

Our success will depend on our ability to retain Betsy Z. Cohen, our chief executive officer.

We believe that our future success will depend upon the expertise of, and customer relationships established by Betsy Z. Cohen, our chief executive officer. If Mrs. Cohen were to become unavailable for any reason, or if we are unable to hire highly qualified and experienced personnel with similar relationships to replace her, our ability to attract deposits or loan customers may be materially impaired. We do not have an employment agreement with, nor do we have key man life insurance on, Mrs. Cohen.

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Risks Relating to Our Common Stock

We do not plan to pay cash dividends in the foreseeable future; our ability in the future to pay dividends is subject to restrictions.

We intend to retain any future earnings to fund the development and growth of our operations and, as a result, do not anticipate paying any cash dividends for the foreseeable future. Our ability to pay dividends is, in any event, subject to substantial regulatory restrictions and other limitations. We describe the regulatory restrictions in Regulation Under Banking Law and describe the other limitations in The holders of our trust preferred securities have rights senior to those of our common shareholders, The holders of our Series A preferred stock have dividend rights which may dilute the interest of our common shareholders, and Market and Dividend Information.

The holders of our trust preferred securities have rights senior to those of our common shareholders.

In 2002, The Bancorp Capital Trust I, an affiliated business trust, issued $5.3 million of 10.5% trust preferred securities, which are backed by our junior subordinated debenture in the same amount and bearing the same interest rate. We contributed the proceeds of the issuance, after expenses, to the Bank s capital. We must make debt service payments on the debenture before we can pay any dividends on our common shares. Moreover, in the event of our bankruptcy, dissolution or liquidation, the debenture must be repaid before any distributions can be made to our common shareholders. We have the right to defer payments under the debenture for up to five years, during which time we will not be permitted to pay dividends to holders of our common shares.

The holders of our Series A preferred stock have dividend rights which may dilute the interest of our common shareholders, and also have liquidation rights senior to those of our common shareholders.

We have 1,035,513 Series A preferred shares outstanding as of the date of this prospectus. Our Series A preferred shares have a non-cumulative quarterly dividend of $.15 per share. If we do not pay the dividend in cash we must pay the dividend by issuing additional shares of Series A preferred stock, priced at $10.00 per share. Through the third quarter of 2004, we paid all Series A preferred share dividends by such issuances. In the fourth quarter of 2004 we began to pay those dividends in cash. If we pay future dividends through share issuances rather than cash, the interests of our common shareholders would be diluted. The potential dilution of ownership over a one year period following the reorganization, assuming all Series A preferred share dividends were paid in additional shares, and assuming no exercise of any outstanding warrants or options, would be 63,000 shares or approximately .51%. Moreover, any such future issuances would increase the cash dividends payable on our Series A preferred shares or the number of Series A preferred shares payable in lieu of a cash dividend. The Series A preferred shares also have a liquidation preference of $10.00 per share which, upon our bankruptcy, dissolution or liquidation, we must pay before any distributions we can pay on our common shares.

Forward-Looking Statements

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about our business strategy, financial strategy, future operating results, plans, objectives, expectations and intentions that are not historical.

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All statements, other than statements of historical fact, included in this prospectus regarding strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words could, believe, anticipate, intend, estimate, expect, project, and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this prospectus. We disclose important factors that could cause our actual results to differ materially from our expectations under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this prospectus. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares by the selling shareholders or their transferees pursuant to this offering.

MARKET AND DIVIDEND INFORMATION

The Company. Until the completion of the reorganization in December 2004 whereby the Bank became our wholly-owned subsidiary, there was no public market for our common stock. Immediately after the reorganization, our common stock temporarily traded on the Nasdaq National Market under the symbol TBBKD from December 23, 2004 to January 24, 2005. Our common stock is now traded on the Nasdaq National Market under the symbol TBBK. The following table sets forth the range of high and low bid prices for the indicated periods for our common stock after the reorganization.

	High	Low
2005		
Second quarter (through May 11, 2005)	$ 15.55	$ 13.55
First quarter	15.99	12.97
2004		
Fourth quarter (beginning December 23, 2004)	16.38	14.50

As of May 9, 2005, there were approximately 177 holders of record of our common stock.

We have not paid cash dividends on our common stock since our inception, and do not plan to pay cash dividends on our common stock for the foreseeable future. We intend to retain earnings, if any, to fund the development and growth of our operations. Our board of directors will determine any changes in our dividend policy based upon its analysis of factors it deems relevant. We expect that these factors will include our earnings, financial condition, cash requirements and available investment opportunities.

Our payment of dividends is subject to restrictions which we discuss in Regulation Under Banking Law. Our payment of dividends is also subject to limitations imposed by our Series A preferred stock and trust preferred securities which we describe in Risk Factors Risks Relating to Our Common Stock The holders of our trust preferred securities have rights senior to those of our common shareholders and The holders of our Series A preferred stock have rights senior to those of our common shareholders.

The Bank. From the Bank s public offering in February 2004 until completion of the reorganization in December 2004, its common stock was traded on the Nasdaq National Market under the symbol TBBK. In the reorganization, the Bank s common stock was exchanged for our common stock on the basis of 1.15 shares of our common stock for each share of Bank common stock held.

The following table sets forth the range of high and low bid prices for the indicated periods for the Bank s common stock during the period that it was publicly traded:

	High	Low
2004		
Fourth quarter (through December 21, 2004)	$ 20.43	$ 16.35
Third quarter	20.50	16.62
Second quarter	20.60	16.65
First quarter (beginning February 3, 2004)	18.11	15.00

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Following its public offering and until it was reorganized back into our wholly-owned subsidiary, the bank did not pay any dividends on its common stock. Before its public offering, the bank paid inter-company dividends to us, as its then sole shareholder, and has resumed paying inter-company dividends to us after completion of the reorganization.

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SELLING SHAREHOLDERS

This prospectus relates to the resale from time to time of up to a total of 253,126 shares of our common stock by the selling shareholders. We issued all of the shares being registered by this prospectus in a private placement as consideration for our acquisition of Mears Motor Livery Corp.

The following table, to our knowledge, sets forth information regarding the beneficial ownership of our common stock by the selling shareholders as of May 9, 2005, and the number of shares being offered hereby by each selling shareholder. For purposes of the following description, the term selling shareholder includes pledgees, donees, permitted transferees or other permitted successors-in-interest selling shares received after the date of this prospectus from the selling shareholders. We will not receive any of the proceeds from the sale of our common stock by the selling shareholders.

Shareholder	Number of shares beneficially owned prior to the offering	Number of shares being offered	Shares beneficially owned after the offering(1)	
			Number	Percent of class
Arrow Holdings LP	126,563	126,563	0	
James C. Hartman(2)	126,563	126,563	0	

(1) We do not know when or in what amounts a selling shareholder may offer shares of common stock for sale. The selling shareholders might not sell any or all of the shares offered by this prospectus. Because the selling shareholders may offer all or some of the shares pursuant to this offering, we cannot estimate the number of the shares that will be held by the selling shareholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares covered by this prospectus will be held by the selling shareholders.

(2) James C. Hartman is our Vice-President Leasing.

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SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth selected financial data as of and for the years ended December 31, 2004, 2003, 2002 and 2001, and for the period July 28, 2000 (date of inception of operations) through December 31, 2000. We derived the selected financial data for the years ended December 31, 2004, 2003, 2002 and 2001 and for the period July 28, 2000 (date of inception of operations) through December 31, 2000 from our financial statements for those periods, which have been audited by Grant Thornton LLP, independent registered public accounting firm. You should read the selected financial data in this table together with, and such selected financial data is qualified by reference to our financial statements, the notes to those financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations.

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	As of or for the year ended				For the period July 28, 2000 through December 31, 2000
	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	
Income Statement Data:					
Interest income	$ 24,673	$ 14,797	$ 12,060	$ 7,474	$ 2,458
Interest expense	7,077	5,423	4,590	3,566	1,295
Net interest income	17,596	9,374	7,470	3,908	1,163
Provision for loan and lease losses	1,632	685	600	435	350
Net interest income after provision for loan and lease losses	15,964	8,689	6,870	3,473	813
Non-interest income	8,904	10,487	4,342	1,719	518
Non-interest expense	22,193	18,355	11,703	8,706	5,673
Net income (loss) from continuing operations	2,675	821	(491)	(3,514)	(4,342)
Income tax benefit	(1,043)	(250)	(500)		
Discontinued operations				(104)	(1,877)
Net income (loss)	3,718	1,071	9	(3,618)	(6,219)
Less preferred stock dividends and accretion	(817)	(881)	(750)	(278)	
Income allocated to Series A preferred shareholders	(323)	(61)			
Net income (loss) available to common stock	$ 2,578	$ 129	$ (741)	$ (3,896)	$ (6,219)
Balance Sheet Data:					
Total assets	$ 576,279	$ 304,161	$ 233,424	$ 155,006	$ 84,823
Total loans, net of unearned costs (fees)	427,881	232,397	163,337	106,208	27,926
Allowance for loan and lease losses	3,593	1,991	1,379	780	350
Total cash and cash equivalents	19,503	42,183	30,148	5,866	51,542
Deposits	388,081	276,765	209,443	137,517	72,516
Federal Home Loan Bank advances	55,000				
Shareholders equity	121,402	21,673	16,969	14,239	10,963
Selected Operating Ratios:					
Return on average assets	0.79%	0.41%	nm	nm	nm
Return on average common equity	3.94%	4.93%	nm	nm	nm
Net interest margin	3.86%	3.77%	4.05%	3.73%	3.13%
Selected Capital and Asset Quality Ratios:					
Equity/assets	21.07%	7.13%	7.27%	9.19%	12.92%
Tier 1 capital to average assets	22.88%	8.46%	9.76%	10.19%	14.86%

Tier 1 capital to total risk-weighted assets	26.29%	10.26%	11.60%	11.65%	23.29%
Total capital to total risk-weighted assets	27.04%	11.05%	12.33%	12.23%	24.10%
Allowance for loan and lease losses to total loans	0.84%	0.86%	0.84%	0.73%	1.25%

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UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined balance sheet combines the historical consolidated statement of financial condition of us and Mears Motor Livery Corp. giving effect to the completion of the merger on December 31, 2004, using the purchase method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes to the unaudited pro forma condensed combined balance sheet. The following unaudited pro forma condensed combined statements of income for the year ended December 31, 2004 combine the historical statements of income of us and Mears giving effect to the merger as if the merger had become effective at the beginning of the period presented, using the purchase method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes to the unaudited pro forma condensed combined balance sheet.

Although pro forma financial information is not a measurement of performance calculated in accordance with accounting principles generally accepted in the United States, we believe that pro forma financial information is important because it gives effect to the merger as if the merger had become effective at the beginning of the period presented. The manner in which we calculate pro forma financial information may differ from similarly titled measures reported by other companies.

The unaudited pro forma combined condensed consolidated financial statements included in this document are presented for informational purposes only. This information includes various estimates and may not necessarily be indicative of the financial condition or results of operations that would have occurred if the merger had been completed on the date or at the beginning of the period indicated or which may be obtained in the future. The unaudited pro forma combined condensed balance sheet and accompanying notes should be read in conjunction with our financial statements, the notes to those financial statements, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Where You Can Find More Information” and “Risk Factors Forward-Looking Statements.”

	The Bancorp, Inc. December 31, 2004	Mears Motor Livery December 31, 2004	Adjustments	December 31 2004 (as adjusted)
		(in thousands)		
ASSETS				
Cash and cash equivalents				
Cash and due from banks	$ 10,184	$ 334	(1,000)(1)	$ 9,518
Interest bearing deposits	1,028			1,028
Federal funds sold	8,291			8,291
Total cash and cash equivalents	19,503	334		18,837
Investment securities, available-for-sale	120,252			120,252
Loans, net of unearned fees (costs)	427,881	25,734	(19,574)(2)	434,041
Allowance for loan and lease losses	(3,593)	(51)		(3,644)
Loans, net	424,288	25,683		430,397
Premises and equipment, net	2,958	176		3,134
Accrued interest receivable	3,439		(49)(3)	3,390
Other assets	5,839	1,450	2,769(1)	10,058
Total assets	$ 576,279	$ 27,643		$ 586,068
LIABILITIES				
Deposits				
Demand (non-interest bearing)	$ 51,832	$		$ 51,832

Savings, money market and interest checking	153,417			153,417
Time deposits	166,682			166,682
Time deposits, $100,000 and over	16,150			16,150
Total deposits	388,081			388,081
Securities sold under agreements to repurchase	5,052			5,052
Federal Home Loan Bank advances	55,000			55,000
Accrued interest payable	407			407
Subordinated debt	5,413			5,413
Notes payable		24,600	(19,574)(2)	5,026
Other liabilities	924	843	(49)(3)	1,718
Total liabilities	454,877	25,443		460,697
SHAREHOLDER S EQUITY				
Preferred stock authorized 5,000,000 shares of $0.01 par value; issued and outstanding, 1,133,237 and 1,133,237 shares for 2004 and as adjusted, respectively	11			11
Common stock - authorized, 20,000,000 shares of $1.00 par value; issued shares 11,888,061 and 12,141,187 shares for 2004 and as adjusted, respectively	11,888	285	(285)(3)	12,141
			253(1)	
Additional paid-in capital	117,668		3,716(1)	121,384
Retained earnings (Accumulated deficit)	(7,934)	1,915	(1,915)(3)	(7,934)
Accumulated other comprehensive loss	(231)			(231)
Total shareholder s equity	121,402	2,200		125,371
Total liabilities and shareholder s equity	$ 576,279	$ 27,643		$ 586,117

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(1) The adjustment for conversion of the Mears stock to Bancorp stock and the associated goodwill.

Purchase price calculation				
Cash			$	1,000,000
Value of common stock based on January 3, 2005 closing price of $15.68 of Bancorp common stock Common shares issued to Mears		253,126		
Price	$	15.68		
			$	3,969,015