



**AUDIT COMMITTEE CHARTER  
AS OF MARCH 17, 2020**

**COMMITTEE PURPOSE & MANDATE**

The Audit Committee is appointed by the Board of Directors (“the Board”) of The Bancorp, Inc., a Delaware financial holding company (the “Company” which shall include its bank and non-bank subsidiaries) to assist the Board in monitoring (i) the integrity of the financial statements of the Company, including, without limitation, overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, (ii) the compliance by the Company with legal and regulatory requirements, including, without limitation, those of relevant bank and non-bank regulatory authorities and of the NASDAQ Stock Market, Inc. or any securities exchange or other interdealer automated quotation system on which the Company’s securities are traded (the “Relevant Trading Market”), (iii) the independent auditor’s qualifications and independence, and (iv) the performance of the Company’s internal audit function and independent auditors.

The Audit Committee shall prepare the report required by the rules of the Federal Deposit Insurance Corporation (“FDIC”) to be included in the Company’s annual proxy statement if and when the Company’s common stock, or other equity securities, are registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

**COMMITTEE RESPONSIBILITIES**

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and each such registered public accounting firm shall report directly to the Audit Committee. The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification), and shall approve all audit engagement fees and terms and all significant non-audit engagements with the independent auditors. The Audit Committee shall have the sole authority to preapprove any auditing service or non-audit service (as defined in the Sarbanes-Oxley Act) performed by the independent auditor as provided by Section 202 of the Sarbanes-Oxley Act. The Audit Committee may delegate to one or more members of the Audit Committee the authority to grant preapprovals required under such Section. Each decision of any member to whom authority is so delegated to preapprove an activity under such Section shall be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may form and delegate authority to subcommittees when

appropriate. The Audit Committee shall consult with management but shall not delegate these responsibilities to management.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisers to advise the Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to (i) the registered public accounting firm employed by the Company for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company and (ii) any advisers employed by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval as required by NASDAQ Regulatory Requirement Rules 5605(c)(1) and 5605(c)(3). The Audit Committee shall annually review the Audit Committee's own performance.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in any regulatory or other filings, including (if the Company's securities are registered under the Exchange Act) its annual report on Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements included in any regulatory or other filings, including (if the Company's securities are registered under the Exchange Act) its quarterly report on Form 10-Q, including disclosures made in management's discussion and analysis and including the results of the independent auditors' reviews of the quarterly financial statements.
3. Review and discuss with management and/or the independent auditor (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies and (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements. In the event of a restatement of financial statements of the Company, the Audit Committee will consider whether it is appropriate to seek to claw back any executive incentive compensation paid on the basis of the restated numbers.

4. Discuss with management the Company's earnings press releases, including the use (if any) of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
5. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on or relating to the Company's financial statements.
6. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The Audit Committee must discuss guidelines and policies to govern the process by which risk assessment and management is undertaken.
7. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. Review with the independent auditor any audit problems or difficulties and management's response. In particular, discuss:
  - (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
  - (b) The management letter provided by the independent auditor and the Company's response to that letter.
  - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
8. Review the experience and qualifications of the senior members of the independent auditor team.
9. Obtain and review a formal written statement from the outside auditors at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the auditor and the Company (to assess the auditor's independence), consistent with Independent Standards Board Standard 1. Actively engage in a dialogue with the auditor with respect to disclosed relationships or services that may impact the objectivity and independence of the auditor. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate, and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditors. This evaluation should include the review and

evaluation of the lead partner of the independent auditor. The Audit Committee shall present its conclusions to the Board and, if so, determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor. The Audit Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the outside auditor.

10. In addition to assuring the regular rotation of the lead audit partner as required by Section 203 of the Sarbanes-Oxley Act, consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm itself on a regular basis.

11. Set policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account.

12. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.

13. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

#### Oversight of the Company's Internal Audit Function

14. Oversee the Company's Internal Audit function by annually reviewing the Internal Audit Department's Charter, budget, resources, and engaging in periodic review of the Internal Audit Plan to insure it is an appropriate control process for reviewing and approving the Company's compliance with applicable laws and regulations and supervisory guidance (including but not limited to safety and soundness, consumer protection, BSA/AML and Sanctions and third-party risk management requirements), internal transactions and accounting, including any outsourcing of some or all of this function.

15. Review the significant reports to management prepared by the internal auditors and management's responses.

16. Seek feedback from the Company's independent auditor or other independent advisor, as the Committee may deem appropriate, regarding the Company's Internal Audit function and sufficiency of the Internal Audit Plan.

17. Through the Committee's Chairman, conduct an annual performance review and recommend any changes to the compensation of the Company's Chief Audit Executive in consultation with the CEO and Compensation Committee.

18. Approve decisions for hiring, retaining, or dismissing the Company's Chief Audit Executive.

#### Oversight of the Company's Compliance-Related Functions

19. Obtain from the independent auditor assurance that no reporting obligation to management under Section 10A of the Securities Exchange Act of 1934 (“Section 10A”) has been triggered, including assurance that in the course of conducting its audit, the independent auditor did not detect or otherwise become aware of information indicating that an illegal act (whether or not perceived to have a material effect on the financial statements of the Company) has or may have occurred that would be required to be reported under Section 10A.

20. Obtain reports from management, the internal auditors, the independent auditor and legal advisers that the Company and its subsidiary entities are in conformity with applicable legal requirements and the Company’s Code of Business Conduct and Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company’s policies and procedures regarding compliance with applicable laws and regulations and with the Company’s Code of Business Conduct and Ethics.

21. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company’s financial statements or accounting policies.

22. Review the findings of any examination by regulatory agencies such as the Federal Reserve, FDIC, the Delaware Banking Commissioner, or such other U.S. or foreign regulator with supervisory authority of the Company, or any of its bank or non-bank subsidiaries and interface with other Committees of the Board with respect to any Company or subsidiary responses thereto.

23. Be familiar with Management’s response to regulatory examinations and evaluate such responses in light of the Audit Committee function; confirm Management’s implementation of required corrective action through the internal audit process.

24. Discuss with the Company’s counsel legal matters that may have a material impact on the financial statements or the Company’s compliance policies.

25. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### **COMMITTEE MEMBERSHIP**

The Audit Committee shall consist of no fewer than three (3) members. The members of the Audit Committee shall meet the independence and experience requirements of the Relevant Trading Market and Section 301 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and NASDAQ Regulatory Requirement Rules 5605(c)(2)(A) & 5605(a)(2) and SEC Rule 10A-3(b)(1). At least one member of the Audit Committee shall have past experience in finance or accounting, requisite professional certification in accounting or any other comparable

experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. To the extent practicable, at least one member of the Audit Committee shall be an "audit committee financial expert" as that term is defined in rules promulgated by the SEC pursuant to Section 407 of the Sarbanes-Oxley Act.

The Chairman and members of the Audit Committee shall be appointed by the Board on the recommendation of the Nominating Committee. Audit Committee members may be replaced by the Board.

#### **COMMITTEE REPORTING AND ACCOUNTABILITY**

The Audit Committee shall make regular reports to the Board.

#### **MEETINGS**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly, and at least 6 times annually. At least two (2) of members of the Committee shall be present (either in person or telephonically) at any meeting and this shall constitute a quorum for purposes any actions taken at the meeting. Written minutes shall be maintained for each meeting, shall document such actions taken, and shall be provided to the Board on a regular basis. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Audit Committee shall meet with management, the internal auditors and the independent auditor in separate executive sessions periodically as required by NASDAQ Rule 5605(b)(2) and IM-5605. The Audit Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.