

# Charter of the Audit Committee of the Board of Directors of The Bancorp, Inc.

## I. Committee Purpose & Mandate:

The Audit Committee is appointed by the Board of Directors (“the Board”) of The Bancorp, Inc., (individually or together with its bank and non-bank subsidiaries, as the case may be, the “Company”) 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 the listing rules of the Nasdaq Stock Market, Inc. (the “Nasdaq Listing Rules”) or any securities exchange or other interdealer automated quotation system on which the Company’s securities are traded; (iii) the independent auditor’s qualifications and independence; (iv) the performance of the Company’s Internal Audit Department and independent auditors; and (v) addressing other accounting, legal, or regulatory matters as set forth in this Charter, or as may be requested by the Board. The Audit Committee also shall produce the report of the Audit Committee required to be included in the Company’s annual proxy statement or Annual Report on Form 10-K in accordance with the rules of the U.S. Securities and Exchange Commission (the “SEC”).

## II. Committee Authority and Responsibilities:

The primary responsibility of the Audit Committee is to oversee the Company’s accounting and financial reporting processes on behalf of the Board and report the results of its activities to the Board. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company.

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.

The Audit Committee shall preapprove all auditing services (including the fees and material terms thereof) and permitted non-audit services (as defined in the Sarbanes-Oxley Act) proposed to be carried out by the independent auditor.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members of the Audit Committee, when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may consult with management but shall not delegate preapproval 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 advisors to advise the Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, (ii) compensation to any advisors employed by the Audit Committee, and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. In order to take appropriate action and carry out its duties, the Audit Committee may also, to the extent it deems necessary or appropriate, obtain additional details from or consult with other committees of the Board.

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 may be required by Nasdaq Listing Rule 5605©. The Audit Committee shall annually review the Audit Committee's own performance and periodically re-evaluate members' competencies and the overall balance of skills on the Audit Committee in response to emerging needs.

Consistent with the duties and obligations stated above, the Audit Committee, to the extent it deems necessary or appropriate, shall also:

#### **Financial Statement and Disclosure Matters**

1. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations made the Company's Annual Report on Form 10-K and recommend to the Board whether the audited financial statements should be included in any regulatory or other filings, including the Company's 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 the Company's quarterly report on Form 10-Q, including (i) disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations and (ii) 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 U.S. generally accepted accounting principles (“GAAP”) methods on the Company’s financial statements.

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 types of presentations 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 is not the sole body responsible for risk assessment and management as the Risk Committee also oversees this function but 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 applicable Public Company Accounting Oversight Board (“PCAOB”) Auditing Standards, including, but not limited to (i) any new accounting standards or pronouncements; (ii) standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, restrictions on the scope of activities or access to requested information and any significant disagreements with management, and management’s response; and (iii) standards related to communications with the Audit Committee. Additionally, discuss 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.
8. Review the experience and qualifications of the senior members of the independent auditor team.
9. Obtain the written disclosures and letter from the independent auditor required by applicable requirements of the PCAOB regarding the independent accountant’s communications with the Audit Committee concerning independence and discuss with the independent auditor its independence.
10. Obtain and review, at least annually, a written report from the independent auditor describing (a) the independent auditor’s internal quality control procedures, (b) any material issues raised by the most recent internal 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 with respect to one or more independent audits carried out by the firm, (c) any steps taken to address any such issues, and (d) all relationships between the auditor and the Company. Actively engage in a dialogue with the independent 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 independent auditor's quality controls are adequate, and the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence, and taking into account the opinions of management and the internal auditors. This evaluation shall 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 independent auditor. The Audit Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor.

11. Consider whether, in addition to assuring the regular rotation of the lead audit partner as required by the Sarbanes-Oxley Act, in the interest of assuring continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm itself on a regular basis.
12. As appropriate, define limits regarding the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
13. 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.
14. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit including coordination of audit effort with the Internal Audit Department.

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

15. Annually review and approve the Internal Audit Department's Charter, which includes the Internal Audit's purpose, mandate, organizational position, reporting relationships, scope of work, types of services, commitment to adhering to the Global Internal Audit Standards promulgated by the Institute of Internal Auditors (the "Global Internal Audit Standards"), and other specifications, such as accountability, authority, and responsibilities.
16. Periodically discuss with the Chief Audit Executive other topics or changes that should be made to the Internal Audit Department's mandate or other aspects of the Internal Audit Charter.
17. Annually review and approve the Internal Audit Department's Ethics and Professionalism principles and standards.
18. Ensure proper independence of the Internal Audit Department.
19. Annually review and approve the Internal Audit Department Plan, budget and resources, to ensure it provides an appropriate control process for reviewing and approving the Company's compliance with applicable laws, regulations, and supervisory guidance (including, but not limited to, safety and soundness, consumer protection, Bank Security Act/Anti-Money Laundering compliance, sanctions, and third-party risk management requirements), internal transactions and accounting, including any outsourcing of some or all of this function.

20. Review the Internal Audit Department's performance relative to the Internal Audit Plan, and approve all major changes to the Internal Audit Plan in response to significant interim changes (changes in the organization's business, risks, operations, programs, systems, and controls) and the impact of resource limitations.
21. Review audit report (or summaries thereof) and other significant reports prepared by the Internal Audit Department (or on behalf of the Internal Audit by the external consultants) or senior members of the Company's management, and review management's responses.
22. Seek feedback from the Company's independent auditor or other independent advisor, as the Audit Committee may deem appropriate, regarding the Company's Internal Audit Department and sufficiency of the Internal Audit Plan.
23. Through the Audit Committee's Chair, conduct an annual performance review and recommend any changes to the compensation of the Company's Chief Audit Executive in consultation with the Company's Chief Executive Officer and the Compensation Committee of the Board.
24. Approve decisions for hiring, retaining, or dismissing the Company's Chief Audit Executive.
25. Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
26. Collaborate with the Company's Chief Executive Officer to determine the qualifications and competencies the organization expects in a Chief Audit Executive, as described in the Global Internal Audit Standards.
27. Ensure Internal Audit Department's quality assurance and improvement program has been established and review the results annually to ensure Internal Audit Department's conformance with the Global Internal Audit Standards and, if applicable, action plans to address the Internal Audit Department's deficiencies and opportunities for improvement.

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

28. Obtain from the independent auditor assurance that no reporting obligation under Section 10A of the Exchange Act ("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.
29. Obtain reports from management (including but not limited to the Internal Audit Department), the Company's independent auditor, and other advisors (including, but not limited to its legal advisors) confirming that the Company and its subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. 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.

30. Review reports and disclosures as set forth in the Company's Related Party Transactions Policy and conduct an annual review of Related Transactions Policy.
31. Discuss and consult 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.
32. Review the findings of any examination by regulatory agencies such as the SEC, the Federal Reserve, the Office of the Comptroller of the Currency, or such other U.S. or foreign regulator with supervisory authority over the Company or any of its subsidiaries, and interface with other committees of the Board with respect to any responses thereto by the Company or any of its subsidiaries.
33. Review management's responses to regulatory examinations and evaluate such responses in light of the Audit Committee function; confirm management's implementation of required corrective action through the audit process.
34. Discuss and consult with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
35. 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.

### **III. Committee Membership:**

The Audit Committee shall consist of no fewer than three (3) members. All members of the Audit Committee shall meet the independence and experience requirements of the Listing Rules, the Exchange Act, the rules and regulations of the SEC and the Federal Deposit Insurance Corporation, the Company's Director Independence Categorical Standards, and any standards of independence as may be prescribed by any applicable listing standards, laws, and regulations relating to the Audit Committee's duties and responsibilities, including but not limited to Nasdaq Listing Rules 5605©(2)(A) and 5604(a)(2), and subject to any exceptions or cure periods as the Listing Rules may from time to time permit. At least one member of the Audit Committee shall have past employment 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. At least one member of the Audit Committee shall satisfy the definition of, and be designated by the Board as, an "audit committee financial expert," as that term is defined in applicable SEC rules.

Audit Committee members may not serve simultaneously on the audit committees of more than two (2) other public companies, unless a waiver of this requirement is affirmatively granted by the Board before the Audit Committee member accepts any additional audit committee positions.

The Chair and members of the Audit Committee shall be appointed by the majority of the Board based on the recommendation of the Nominating and Governance Committee of the Board. The Chair and members of the Audit Committee shall serve for such term or terms as the Board may determine or until earlier resignation. If the Board does not designate a Chair, the members of the Audit Committee, by a majority vote, may designate a Chair. The majority of the independent directors of the full Board may remove any member from the Audit Committee at any time with or without cause.

#### **IV. Meetings:**

The Audit Committee shall meet at least six (6) times a year and shall also meet at least once each quarter, at such times and places as it deems necessary to fulfill its responsibilities. At least two (2) members of the Audit Committee shall be present in person, telephonically, or by video conferencing, at any meeting and this shall constitute a quorum for purposes of any actions taken at the meeting. When present, the Chair of the Audit Committee shall preside at all meetings of the Audit Committee and shall have the authority to convene meetings, set agendas for meetings and determine the information needs of the Audit Committee, except as otherwise provided by the Board. In the absence of the Chair at a duly convened meeting, the Audit Committee shall select a temporary substitute from among its members to serve as Chair of the meeting. Written minutes documenting such actions taken shall be maintained for each meeting and 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 Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee shall meet in separate executive sessions periodically as required by Nasdaq Listing Rule 5605(b) (2) and Nasdaq Listing Rule IM-5605, and shall also be permitted to invite with management, member of the Internal Audit Department, members of the Legal Department, and the independent auditor to such executive sessions as may be appropriate.