

BERKSHIRE BANCORP INC /DE/

Form 10-Q

June 18, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-13649

BERKSHIRE BANCORP INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of

Incorporation or Organization)

94-2563513

(I.R.S. Employer

Identification No.)

160 Broadway, New York, New York

(Address of Principal Executive Offices)

10038

(Zip Code)

Registrant's Telephone Number, Including Area Code: (212) 791-5362

N/A

\_\_\_\_\_  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.) (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

As of June 17, 2010, there were 7,054,183 outstanding shares of the issuer's Common Stock, \$.10 par value.

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BERKSHIRE BANCORP INC. AND SUBSIDIARIES

FORWARD-LOOKING STATEMENTS

Forward-Looking Statements. Statements in this Quarterly Report on Form 10-Q that are not based on historical fact may be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believe", "may", "will", "expect", "estimate", "anticipate", "continue" or similar terms identify forward-looking statements. A wide variety of factors could cause the actual results and experiences of Berkshire Bancorp Inc. (the "Company") to differ materially from the results expressed or implied by the Company's forward-looking statements. Some of the risks and uncertainties that may affect operations, performance, results of the Company's business, the interest rate sensitivity of its assets and liabilities, and the adequacy of its loan loss allowance, include, but are not limited to: (i) deterioration in local, regional, national or global economic conditions which could result, among other things, in an increase in loan delinquencies, a decrease in property values, or a change in the housing turnover rate; (ii) changes in market interest rates or changes in the speed at which market interest rates change; (iii) changes in laws and regulations affecting the financial services industry; (iv) changes in competition; (v) changes in consumer preferences, (vi) changes in banking technology; (vii) ability to maintain key members of management, (viii) possible disruptions in the Company's operations at its banking facilities, (ix) cost of compliance with new corporate governance requirements, and other factors referred to in this Quarterly Report and in Item 1A, "Risk Factors", of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Certain information customarily disclosed by financial institutions, such as estimates of interest rate sensitivity and the adequacy of the loan loss allowance, are inherently forward-looking statements because, by their nature, they represent attempts to estimate what will occur in the future.

The Company cautions readers not to place undue reliance upon any forward-looking statement contained in this Quarterly Report. Forward-looking statements speak only as of the date they were made and the Company assumes no obligation to update or revise any such statements upon any change in applicable circumstances.

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BERKSHIRE BANCORP INC. AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q

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BERKSHIRE BANCORP INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in Thousands)  
(unaudited)

	March 31, 2010	December 31, 2009
<b>ASSETS</b>		
Cash and due from banks	\$ 4,974	\$ 5,427
Interest bearing deposits	67,546	55,376
Total cash and cash equivalents	72,520	60,803
<b>Investment Securities:</b>		
Available-for-sale	369,088	357,478
Held-to-maturity, fair value of \$338 in 2010 and \$337 in 2009	334	340
Total investment securities	369,422	357,818
Loans, net of unearned income	403,811	430,349
Less: allowance for loan losses	(11,900)	(11,416)
Net loans	391,911	418,933
Accrued interest receivable	4,314	4,253
Real estate owned	12,318	—
Premises and equipment, net	8,421	8,532
Goodwill, net	18,549	18,549
Other assets	37,570	40,379
Total assets	\$ 915,025	\$ 909,267
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Deposits:</b>		
Non-interest bearing	\$ 70,212	\$ 62,870
Interest bearing	646,283	650,574
Total deposits	716,495	713,444
Securities sold under agreements to repurchase	50,000	50,000
Borrowings	27,933	31,004
Subordinated debt	22,681	22,681
Accrued interest payable	4,015	3,578
Other liabilities	5,537	3,324
Total liabilities	826,661	824,031
<b>Stockholders' equity</b>		
<b>Preferred stock - \$.01 Par value:</b>		
Authorized — 2,000,000 shares		
Issued — 60,000 shares		
Outstanding —		
March 31, 2010, 60,000 shares	1	1
December 31, 2009, 60,000 shares		
<b>Common stock - \$.10 par value</b>		
Authorized — 25,000,000 shares		
Issued — 7,698,285 shares		
Outstanding —		&