

Bancorp, Inc.
Form 10-Q
May 10, 2016

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, 2016

OR

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

For the transition period from: _____ to _____

Commission file number: 51018

THE BANCORP, INC.

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

23-3016517
(IRS Employer
Identification No.)

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

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

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

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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 Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 1, 2016 there were 37,945,153 outstanding shares of common stock, \$1.00 par value.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

THE BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2016 (unaudited) (in thousands)	December 31, 2015
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 8,542	\$ 7,643
Interest earning deposits at Federal Reserve Bank	757,773	1,147,519
Securities purchased under agreements to resell	10,208	-
Total cash and cash equivalents	776,523	1,155,162
Investment securities, available-for-sale, at fair value	1,252,754	1,070,098
Investment securities, held-to-maturity (fair value \$91,498 and \$91,599, respectively)	93,550	93,590
Commercial loans held for sale	313,595	489,938
Loans, net of deferred loan fees and costs	1,114,053	1,078,077
Allowance for loan and lease losses	(4,378)	(4,400)
Loans, net	1,109,675	1,073,677
Federal Home Loan Bank and Atlantic Community Bancshares stock	1,063	1,062
Premises and equipment, net	21,692	21,631
Accrued interest receivable	9,172	9,471
Intangible assets, net	4,672	4,929
Deferred tax asset, net	32,462	36,207
Investment in unconsolidated entity, at fair value	177,211	178,520
Assets held for sale from discontinued operations	536,548	583,909
Other assets	50,802	47,629
Total assets	\$ 4,379,719	\$ 4,765,823
LIABILITIES		
Deposits		
Demand and interest checking	\$ 3,610,003	\$ 3,602,376
Savings and money market	388,953	383,832
Time deposits	-	428,549
Total deposits	3,998,956	4,414,757

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Securities sold under agreements to repurchase	671	925
Subordinated debenture	13,401	13,401
Other liabilities	51,102	16,739
Total liabilities	4,064,130	4,445,822
SHAREHOLDERS' EQUITY		
Common stock - authorized, 50,000,000 shares of \$1.00 par value; 37,945,153 and 37,861,218 shares issued at March 31, 2016 and December 31, 2015, respectively	37,945	37,861
Treasury stock, at cost (100,000 shares)	(866)	(866)
Additional paid-in capital	301,018	300,549
Accumulated deficit	(26,361)	(15,449)
Accumulated other comprehensive income (loss)	3,853	(2,094)
Total shareholders' equity	315,589	320,001
Total liabilities and shareholders' equity	\$ 4,379,719	\$ 4,765,823

The accompanying notes are an integral part of these consolidated statements.

THE BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended March 31,	
	2016	2015
	(in thousands, except per share data)	
Interest income		
Loans, including fees	\$ 15,869	\$ 10,697
Interest on investment securities:		
Taxable interest	6,532	5,060
Tax-exempt interest	321	3,174
Federal funds sold/securities purchased under agreements to resell	27	164
Interest earning deposits	902	622
	23,651	19,717
Interest expense		
Deposits	2,971	3,099
Securities sold under agreements to repurchase	-	9
Subordinated debenture	124	95
	3,095	3,203
Net interest income	20,556	16,514
Provision for loan and lease losses	-	665
Net interest income after provision for loan and lease losses	20,556	15,849
Non-interest income		
Service fees on deposit accounts	847	1,760
Card payment and ACH processing fees	1,267	1,253
Prepaid card fees	13,574	13,132
Gain (loss) on sale of loans	(1,433)	1,676
Gain on sale of investment securities	2,026	80
Change in value of investment in unconsolidated entity	812	1,045
Leasing income	404	519
Debit card income (loss)	(92)	460
Affinity fees	1,094	412
Other	189	440
Total non-interest income	18,688	20,777
Non-interest expense		
Salaries and employee benefits	19,584	15,525
Depreciation and amortization	1,239	1,202
Rent and related occupancy cost	1,459	1,385

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Data processing expense	3,960		3,228
Printing and supplies	543		615
Audit expense	255		426
Legal expense	749		1,405
Amortization of intangible assets	294		297
FDIC insurance	2,350		2,853
Software	2,168		1,350
Insurance	510		458
Telecom and IT network communications	378		550
Securitization and servicing expense	569		479
Consulting	1,677		1,488
Bank Secrecy Act and lookback consulting expenses	14,315		5,744
Other	5,088		3,855
Total non-interest expense	55,138		40,860
Loss from continuing operations before income taxes	(15,894)		(4,234)
Income tax benefit	(5,272)		(2,427)
Net loss from continuing operations	\$	(10,622)	\$ (1,807)
Discontinued operations			

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Income (loss) from discontinued operations before income taxes	(369)		3,099
Income tax provision (benefit)	(79)		1,078
Income (loss) from discontinued operations, net of tax	(290)		2,021
Net income (loss) available to common shareholders	\$	(10,912)	\$ 214
Net loss per share from continuing operations - basic	\$	(0.28)	\$ (0.05)
Net income (loss) per share from discontinued operations - basic	\$	(0.01)	\$ 0.05
Net loss per share - basic	\$	(0.29)	\$ -
Net loss per share from continuing operations - diluted	\$	(0.28)	\$ (0.05)
Net income (loss) per share from discontinued operations - diluted	\$	(0.01)	\$ 0.05
Net loss per share - diluted	\$	(0.29)	\$ -

The accompanying notes are an integral part of these consolidated statements.

THE BANCORP INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the three months ended March 31,		
	2016	2015	
	(in thousands)		
Net income (loss)			
Other comprehensive income (loss) net of reclassifications into net income:	\$ (10,912)	\$	214
Other comprehensive income (loss)			
Change in net unrealized gain during the period	11,373	4,522	
Reclassification adjustments for losses included in income	(2,026)	(80)	
Reclassification adjustments for foreign currency translation (gains)/losses	335	(552)	
Amortization of losses previously held as available-for-sale	8	28	
Net unrealized gain	9,690	3,918	
Deferred tax expense			
Securities available-for-sale:			
Change in net unrealized gain during the period	4,550	1,583	
Reclassification adjustments for losses included in income	(810)	(28)	
Amortization of losses previously held as available-for-sale	3	10	
Income tax expense (benefit) related to items of other comprehensive income	3,743	1,565	
Other comprehensive income net of tax and reclassifications into net income	5,947	2,353	
Comprehensive income (loss)	\$ (4,965)	\$	2,567

The accompanying notes are an integral part of these consolidated statements.

THE BANCORP INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2016

(in thousands, except share data)

	Common stock shares	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
Balance at January 1, 2016	37,861,218	\$ 37,861	\$ (866)	\$ 300,549	\$ (15,449)	\$ (2,094)	\$ 320,000
Net loss					(10,912)		(10,912)
Common stock issued as restricted shares, net of tax benefits	83,935	84	-	(84)	-		-
Stock-based compensation	-	-	-	553	-	-	553
Other comprehensive income net of reclassification adjustments and tax	-	-	-	-	-	5,947	5,947
Balance at March 31, 2016	37,945,153	\$ 37,945	\$ (866)	\$ 301,018	\$ (26,361)	\$ 3,853	\$ 315,000

The accompanying notes are an integral part of this consolidated statement.

THE BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months ended March 31,	
	2016	2015
	(in thousands)	
Operating activities		
Net loss from continuing operations	\$ (10,622)	\$ (1,807)
Net income (loss) from discontinued operations	(290)	2,021
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,533	1,499
Provision for loan and lease losses	-	665
Net amortization of investment securities discounts/premiums	2,057	3,573
Stock-based compensation expense	553	464
Loans originated for sale	(75,313)	(125,923)
Sale of loans originated for resale	250,223	104,859
Loss (gain) on sales of loans originated for resale	1,433	(1,676)
Gain on sale of fixed assets	(6)	(2)
Fair value adjustment on investment in unconsolidated entity	179	-
Gain on sale of investment securities	(2,026)	(80)
Decrease (increase) in accrued interest receivable	299	(39)
(Increase) decrease in other assets	(2,873)	1,203
Decrease (increase) in discontinued assets held for sale	2,223	(20,392)
Increase in other liabilities	34,363	297
Net cash provided by (used in) operating activities	201,733	(35,338)
Investing activities		
Purchase of investment securities available-for-sale	(292,345)	(30,401)
Proceeds from sale of investment securities available-for-sale	78,971	35,226
Proceeds from redemptions and prepayments of securities held-to-maturity	28	89
Proceeds from redemptions and prepayments of securities available-for-sale	40,053	47,140
Net (increase) decrease in loans	(35,998)	3,632
Net decrease in discontinued loans held for sale	45,138	65,747
Proceeds from sale of fixed assets	8	144
Purchases of premises and equipment	(1,302)	(2,805)
Investment in unconsolidated entity	1,130	2,812
Net cash provided by (used in) investing activities	(164,317)	121,584
Financing activities		

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Net decrease in deposits	(415,801)	(129,740)
Net decrease in securities sold under agreements to repurchase	(254)	(11,455)
Net cash used in financing activities	(416,055)	(141,195)
Net decrease in cash and cash equivalents	(378,639)	(54,949)
Cash and cash equivalents, beginning of period	1,155,162	1,114,235
Cash and cash equivalents, end of period	\$ 776,523	\$ 1,059,286
Supplemental disclosure:		
Interest paid	\$ 3,268	\$ 3,129
Taxes paid	\$141	\$ -

The accompanying notes are an integral part of these consolidated statements.

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THE BANCORP, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Structure of Company

The Bancorp, Inc. (the Company) is a Delaware corporation and a registered financial holding company. Its primary subsidiary is The Bancorp Bank (the Bank) which is wholly owned by the Company. The Bank is a Delaware chartered commercial bank located in Wilmington, Delaware and is a Federal Deposit Insurance Corporation (FDIC) insured institution. In its continuing operations, the Bank has four primary lines of specialty lending: securities backed lines of credit (SBLOC), leasing, Small Business Administration (SBA) loans and loans generated for sale into capital markets primarily through commercial mortgage backed securities (CMBS). Through the Bank, the Company also provides banking services nationally, which include prepaid cards, private label banking, institutional banking, card payment and other payment processing. European operations are comprised of three operational service subsidiaries, Transact Payment Services Group Limited, Transact Payment Services Limited and Transact Payment Services Group-Bulgaria EOOD and one subsidiary, Transact Payments Limited, which offer prepaid card and electronic money issuing services.

The Company and the Bank are subject to regulation by certain state and federal agencies and, accordingly, they are examined periodically by those regulatory authorities. As a consequence of the extensive regulation of commercial banking activities, the Company's and the Bank's businesses may be affected by state and federal legislation and regulations.

Note 2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Company, as of March 31, 2016 and for the three month periods ended March 31, 2016 and 2015, are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted in this Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. However, in the opinion of management, these interim financial statements include all necessary adjustments to fairly present the results of the interim periods presented. The unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (Form 10-K report). The results of operations for the three month period ended March 31, 2016 may not necessarily be indicative of the results of operations for the full year ending December 31, 2016.

Note 3. Share-based Compensation

The Company recognizes compensation expense for stock options in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, "Stock Based Compensation". The expense of the option is generally measured at fair value at the grant date with compensation expense recognized over the service period, which is usually the vesting period. For grants subject to a service condition, the Company utilizes the Black-Scholes option-pricing model to estimate the fair value of each option on the date of grant. The Black-Scholes model takes into consideration the exercise price and expected life of the options, the current price of the underlying stock and its expected volatility, the expected dividends on the stock and the current risk-free interest rate for the expected life of the option. The Company's estimate of the fair value of a stock option is based on expectations derived from historical experience and may not necessarily equate to its market value when fully vested. In accordance with ASC 718, the Company estimates the number of options for which the requisite service is expected to be rendered. At March 31, 2016, the Company had three stock-based compensation plans, which are described in its Annual Report on Form 10-K for the year ended December 31, 2015.

The Company did not grant stock options during the three month periods ended March 31, 2016 or March 31, 2015. There were no common stock options exercised in the three month periods ended March 31, 2016 or March 31, 2015.

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A summary of the status of the Company's equity compensation plans is presented below.

	Shares	Weighted average exercise price		Weighted- average remaining contractual term (years)	Aggregate intrinsic value	
Outstanding at January 1, 2016	1,977,500	\$	8.58	5.47	\$	-
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Expired	(1,000)	20.98	-	-	-	-
Forfeited	-	-	-	-	-	-
Outstanding at March 31, 2016	1,976,500	\$	8.58	5.22	\$	-
Exercisable at March 31, 2016	1,901,500	\$	8.52	5.13	\$	-

The Company granted 489,000 restricted stock units (RSUs) in the first three months of 2016 of which 320,000 RSUs have a vesting period of three years and 169,000 have a vesting period of one year. All 489,000 RSUs have a fair value of \$4.50. The Company granted 86,992 RSUs with a vesting period of two years at a fair value of \$9.11 in the first three months of 2015. The total fair value of RSUs vested for the three months ended March 31, 2016 and 2015 was \$829,000 and \$430,000, respectively.

A summary of the status of the Company's RSUs is presented below.

	Shares	Weighted- average grant date fair value		Average remaining contractual term (years)
Outstanding at January 1, 2016	168,045	\$	9.88	1.12
Shares	-	-	-	-
Granted	489,000	4.50	-	2.14
Vested	(83,935)	9.88	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2016	573,110	-	-	1.96

As of March 31, 2016, there was a total of \$3.0 million of unrecognized compensation cost related to unvested awards under share-based plans. This cost is expected to be recognized over a weighted average period of approximately 1.6 years. Related compensation expense for the three months ended March 31, 2016 and 2015 was \$553,000 and \$464,000, respectively.

Note 4. Earnings Per Share

The Company calculates earnings per share under ASC 260, "Earnings Per Share". Basic earnings per share exclude dilution and are computed by dividing income available to common shareholders by the weighted average common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock.

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The following tables show the Company's earnings per share for the periods presented:

	For the three months ended March 31, 2016		
	Income (numerator)	Shares (denominator)	Per share amount
	(dollars in thousands except share and per share data)		
Basic loss per share from continuing operations			
Net loss available to common shareholders	\$ (10,622)	37,804,741	\$ (0.28)
Effect of dilutive securities			
Common stock options	-	-	-
Diluted loss per share			
Net loss available to common shareholders	\$ (10,622)	37,804,741	\$ (0.28)

	For the three months ended March 31, 2016		
	Income (numerator)	Shares (denominator)	Per share amount
	(dollars in thousands except share and per share data)		
Basic loss per share from discontinued operations			
Net loss available to common shareholders	\$ (290)	37,804,741	\$ (0.01)
Effect of dilutive securities			
Common stock options	-	-	-
Diluted loss per share			
Net loss available to common shareholders	\$ (290)	37,804,741	\$ (0.01)

	For the three months ended March 31, 2016		
	Income (numerator)	Shares (denominator)	Per share amount

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(dollars in thousands except share and per share data)

Basic loss per share				
Net loss available to common shareholders	\$	(10,912)	37,804,741	\$ (0.29)
Effect of dilutive securities				
Common stock options	-		-	-
Diluted loss per share				
Net loss available to common shareholders	\$	(10,912)	37,804,741	\$ (0.29)

Stock options for 1,976,500 shares, exercisable at prices between \$7.36 and \$25.43 per share, were outstanding at March 31, 2016, but were not included in the dilutive shares because the Company had a net loss available to common shareholders.

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For the three months ended
March 31, 2015

Income Shares Per share
(numerator) (denominator) amount

(dollars in thousands except share and per share
data)

Basic loss per share from continuing operations			
Net loss available to common shareholders	\$ (1,807)	37,745,619	\$ (0.05)
Effect of dilutive securities			
Common stock options	-	-	-
Diluted loss per share			
Net loss available to common shareholders	\$ (1,807)	37,745,619	\$ (0.05)

For the three months ended
March 31, 2015

Income Shares Per share
(numerator) (denominator) amount

(dollars in thousands except share and per share
data)

Basic earnings per share from continuing operations			
Net income available to common shareholders	\$ 2,021	37,745,619	\$ 0.05
Effect of dilutive securities			
Common stock options	-	312,782	-
Diluted income per share			
Net income available to common shareholders	\$ 2,021	38,058,401	\$ 0.05

For the three months ended
March 31, 2015

Income Shares Per share
(numerator) (denominator) amount

(dollars in thousands except share and per share
data)

Basic earnings per share			
Net income available to common shareholders	\$ 214	37,745,619	\$ -
Effect of dilutive securities			
Common stock options	-	312,782	-

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Diluted earnings per share

Net income available to common shareholders	\$	214	38,058,401	\$	-
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Stock options for 892,000 shares, exercisable at prices between \$9.58 and \$25.43 per share, were outstanding at March 31, 2015 but were not included in dilutive shares because the exercise price per share was greater than the average market price.

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Note 5. Investment Securities

The amortized cost, gross unrealized gains and losses, and fair values of the Company's investment securities classified as available-for-sale and held-to-maturity at March 31, 2016 and December 31, 2015 are summarized as follows (in thousands):

Available-for-sale	March 31, 2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Government agency securities	\$ 27,604	\$ 147	\$ (42)	\$ 27,709
Federally insured student loan securities	116,871	-	(3,789)	113,082
Tax-exempt obligations of states and political subdivisions	59,939	454	(34)	60,359
Taxable obligations of states and political subdivisions	88,810	4,353	-	93,163
Residential mortgage-backed securities	534,700	6,399	(1,217)	539,882
Commercial mortgage-backed securities	67,355	351	(493)	67,213
Collateralized loan obligation securities	195,065	280	(222)	195,123
Foreign debt securities	48,586	415	(70)	48,931
Corporate and other debt securities	105,975	1,499	(182)	107,292
	\$ 1,244,905	\$ 13,898	\$ (6,049)	\$ 1,252,754

Held-to-maturity	March 31, 2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other debt securities - single issuers	\$ 17,948	\$ 478	\$ (3,419)	\$ 15,007
Other debt securities - pooled	75,602	906	(17)	76,491
	\$ 93,550	\$ 1,384	\$ (3,436)	\$ 91,498

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Available-for-sale	December 31, 2015			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Government agency securities	\$ 29,315	\$ 18	\$ (95)	\$ 29,238
Federally insured student loan securities	118,651	28	(3,530)	115,149
Tax-exempt obligations of states and political subdivisions	94,572	2,665	(74)	97,163
Taxable obligations of states and political subdivisions	95,802	2,370	(476)	97,696
Residential mortgage-backed securities	451,432	1,540	(2,865)	450,107
Commercial mortgage-backed securities	58,512	361	(570)	58,303
Collateralized loan obligation securities	70,573	-	(81)	70,492
Foreign debt securities	57,375	65	(308)	57,132
Corporate and other debt securities	95,354	188	(724)	94,818
	\$ 1,071,586	\$ 7,235	\$ (8,723)	\$ 1,070,098

Held-to-maturity	December 31, 2015			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other debt securities - single issuers	\$ 17,934	\$ 569	\$ (3,456)	\$ 15,047
Other debt securities - pooled	75,656	938	(42)	76,552
	\$ 93,590	\$ 1,507	\$ (3,498)	\$ 91,599

Investments in Federal Home Loan Bank and Atlantic Community Bancshares stock are recorded at cost and amounted to \$1.1 million at March 31, 2016 and December 31, 2015.

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The amortized cost and fair value of the Company's investment securities at March 31, 2016, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-sale		Held-to-maturity	
	Amortized cost	Fair value	Amortized cost	Fair value
Due before one year	\$ 68,298	\$ 68,351	\$ -	\$ -
Due after one year through five years	213,082	214,504	7,015	7,400
Due after five years through ten years	468,106	471,849	-	-
Due after ten years	495,419	498,050	86,535	84,098
	\$ 1,244,905	\$ 1,252,754	\$ 93,550	\$ 91,498

At March 31, 2016 and December 31, 2015, investment securities with a book value of approximately \$529.3 million and \$472.3 million, respectively, were pledged as collateral to Federal Home Loan Bank advances and to secure securities sold under repurchase agreements as required or permitted by law.

Fair value of available-for-sale securities is based on the fair market value supplied by a third-party market data provider while the fair value of held-to-maturity securities is based on the present value of cash flows, which discounts expected cash flows from principal and interest using yield to maturity at the measurement date. The Company periodically reviews its investment portfolio to determine whether unrealized losses are other than temporary, based on an evaluations of the creditworthiness of the issuers/guarantors as well as the underlying collateral if applicable, in addition to the continuing performance of the securities. The amount of the credit impairment is calculated by estimating the discounted cash flows for those securities. The Company did not recognize any other-than-temporary impairment charges in the first three months of 2016.

The table below indicates the length of time individual securities had been in a continuous unrealized loss position at March 31, 2016 (dollars in thousands):

Available-for-sale	Number of	Less than 12 months		12 months or longer		Total Fair Value
		Fair Value	Unrealized losses	Fair Value	Unrealized losses	

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Description of Securities	securities										
U.S. Government agency securities	3	\$	10,879	\$	(42)	\$	-	\$	-	\$	10,8
Federally insured student loan securities	20		58,522		(1,667)		54,560		(2,122)		113,082
Tax-exempt obligations of states and political subdivisions	30		11,353		(5)		6,891		(29)		18,244
Residential mortgage-backed securities	53		151,221		(729)		38,867		(488)		190,088
Commercial mortgage-backed securities	33		34,149								