

FARMERS & MERCHANTS BANCORP
Form 10-Q
August 07, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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: 000-26099

FARMERS & MERCHANTS BANCORP
(Exact name of registrant as specified in its charter)

Delaware 94-3327828
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

111 W. Pine Street, Lodi, California 95240
(Address of principal Executive offices) (Zip Code)

Registrant's telephone number, including area code (209) 367-2300

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 definition 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)

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

Number of shares of common stock of the registrant 785,782 outstanding as of July 31, 2015.

FARMERS & MERCHANTS BANCORP

FORM 10-Q

TABLE OF CONTENTS

<u>PART I. - FINANCIAL INFORMATION</u>	<u>Page</u>
Item 1 - Financial Statements	
<u>Consolidated Balance Sheets (Unaudited) as of June 30, 2015, December 31, 2014 and June 30, 2014</u>	3
<u>Consolidated Statements of Income (Unaudited) for the Three and Six Months Ended June 30, 2015 and 2014</u>	4
<u>Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Months Ended June 30, 2015 and 2014</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity (Unaudited) for the Six Months Ended June 30, 2015 and 2014</u>	6
<u>Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2015 and 2014</u>	7
<u>Notes to the Consolidated Financial Statements (Unaudited)</u>	8
<u>Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
<u>Item 3 - Quantitative and Qualitative Disclosures About Market Risk</u>	56
<u>Item 4 - Controls and Procedures</u>	59
<u>PART II. - OTHER INFORMATION</u>	
<u>Item 1 - Legal Proceedings</u>	59
<u>Item 1A – Risk Factors</u>	59
<u>Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds</u>	60
<u>Item 3 - Defaults Upon Senior Securities</u>	60
<u>Item 4 – Mine Safety Disclosures</u>	61
<u>Item 5 - Other Information</u>	61
<u>Item 6 - Exhibits</u>	61
<u>Signatures</u>	61
<u>Index</u>	
<u>to</u>	62
<u>Exhibits</u>	

31(a) Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(b) Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

2

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FARMERS & MERCHANTS BANCORP

Consolidated Balance Sheets

(in thousands, except shares)	June 30, 2015 (Unaudited)	December 31, 2014	June 30, 2014 (Unaudited)
Assets			
Cash and Cash Equivalents:			
Cash and Due from Banks	\$45,017	\$42,375	\$44,567
Interest Bearing Deposits with Banks	46,322	34,750	3,434
Total Cash and Cash Equivalents	91,339	77,125	48,001
Investment Securities:			
Available-for-Sale	351,424	366,542	401,732
Held-to-Maturity	67,401	63,863	70,340
Total Investment Securities	418,825	430,405	472,072
Loans & Leases			
Loans & Leases	1,818,642	1,712,244	1,499,709
Less: Allowance for Credit Losses	39,037	35,401	34,290
Loans & Leases, Net	1,779,605	1,676,843	1,465,419
Premises and Equipment, Net			
Premises and Equipment, Net	27,195	25,821	23,918
Bank Owned Life Insurance	54,933	53,990	53,037
Interest Receivable and Other Assets	84,862	96,367	90,404
Total Assets	\$2,456,759	\$2,360,551	\$2,152,851
Liabilities			
Deposits:			
Demand	\$613,042	\$610,133	\$499,133
Interest Bearing Transaction	349,404	341,397	313,879
Savings and Money Market	706,121	644,260	630,194
Time	494,569	468,283	418,829
Total Deposits	2,163,136	2,064,073	1,862,035
Federal Home Loan Bank Advances			
Federal Home Loan Bank Advances	-	-	12,000
Subordinated Debentures			
Subordinated Debentures	10,310	10,310	10,310
Interest Payable and Other Liabilities			
Interest Payable and Other Liabilities	42,149	52,990	46,684
Total Liabilities	2,215,595	2,127,373	1,931,029
Shareholders' Equity			
Preferred Stock: No Par Value, 1,000,000 Shares Authorized, None Issued or Outstanding			
Preferred Stock: No Par Value, 1,000,000 Shares Authorized, None Issued or Outstanding	-	-	-
Common Stock: Par Value \$0.01, 7,500,000 Shares Authorized, 785,782, 784,082 and 777,882			
Common Stock: Par Value \$0.01, 7,500,000 Shares Authorized, 785,782, 784,082 and 777,882	-	-	-
Shares Issued and Outstanding at June 30, 2015, December 31, 2014 and June 30, 2014, Respectively			
Shares Issued and Outstanding at June 30, 2015, December 31, 2014 and June 30, 2014, Respectively	8	8	8
Additional Paid-In Capital			
Additional Paid-In Capital	78,569	77,804	75,014

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Retained Earnings	160,956	152,833	144,836
Accumulated Other Comprehensive Income	1,631	2,533	1,964
Total Shareholders' Equity	241,164	233,178	221,822
Total Liabilities and Shareholders' Equity	\$2,456,759	\$2,360,551	\$2,152,851

The accompanying notes are an integral part of these unaudited consolidated financial statements

3

Table of Contents

FARMERS & MERCHANTS BANCORP

Consolidated Statements of Income (Unaudited)

(in thousands except per share data)	Three Months		Six Months	
	Ended June 30, 2015	2014	Ended June 30, 2015	2014
Interest Income				
Interest and Fees on Loans & Leases	\$ 19,606	\$ 16,741	\$ 38,733	\$ 33,012
Interest on Deposits with Banks	65	41	123	105
Interest on Investment Securities:				
Taxable	1,582	2,109	3,168	4,224
Exempt from Federal Tax	503	567	1,025	1,164
Total Interest Income	21,756	19,458	43,049	38,505
Interest Expense				
Deposits	754	598	1,466	1,198
Subordinated Debentures	81	80	161	160
Total Interest Expense	835	678	1,627	1,358
Net Interest Income	20,921	18,780	41,422	37,147
Provision for Credit Losses	50	-	650	-
Net Interest Income After Provision for Credit Losses	20,871	18,780	40,772	37,147
Non-Interest Income				
Service Charges on Deposit Accounts	865	984	1,763	1,922
Net Gain on Sale of Investment Securities	5	31	6	34
Increase in Cash Surrender Value of Life Insurance	479	473	943	928
Debit Card and ATM Fees	804	790	1,581	1,525
Net (Loss) Gain on Deferred Compensation Investments	(216)	1,087	549	1,530
Other	889	578	2,648	1,166
Total Non-Interest Income	2,826	3,943	7,490	7,105
Non-Interest Expense				
Salaries and Employee Benefits	9,566	9,137	19,665	17,374
Net (Loss) Gain on Deferred Compensation Investments	(216)	1,087	549	1,530
Occupancy	746	635	1,385	1,257
Equipment	776	700	1,508	1,403
FDIC Insurance	297	262	581	514
Other	1,592	1,213	3,291	2,596
Total Non-Interest Expense	12,761	13,034	26,979	24,674
Income Before Income Taxes	10,936	9,689	21,283	19,578
Provision for Income Taxes	4,187	3,585	8,131	7,192
Net Income	\$ 6,749	\$ 6,104	\$ 13,152	\$ 12,386
Basic Earnings Per Common Share	\$ 8.59	\$ 7.84	\$ 16.74	\$ 15.92

The accompanying notes are an integral part of these unaudited consolidated financial statements

Table of Contents

FARMERS & MERCHANTS BANCORP

Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands)	Three Months		Six Months	
	Ended June 30, 2015	2014	Ended June 30, 2015	2014
Net Income	\$6,749	\$6,104	\$13,152	\$12,386
Other Comprehensive Income (Loss)				
Change in Net Unrealized Gain (Loss) on Available-for-Sale Securities	(3,177)	4,633	(1,550)	7,681
Deferred Tax Benefit (Expense) Related to Unrealized Gains	1,335	(1,947)	651	(3,229)
Reclassification Adjustment for Realized Gains on Available-for-Sale Securities Included in Net Income	(5)	(31)	(6)	(34)
Deferred Tax Benefit Related to Reclassification Adjustment	4	12	3	14
Change in Net Unrealized Gain (Loss) on Available-for-Sale Securities, Net of Tax	(1,843)	2,667	(902)	4,432