

FARMERS & MERCHANTS BANCORP
Form 10-Q
August 08, 2014

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, 2014

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 x

Number of shares of common stock of the registrant: Par value \$0.01, authorized 7,500,000 shares; issued and
outstanding 777,882 as of July 31, 2014

FARMERS & MERCHANTS BANCORP

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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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FARMERS & MERCHANTS BANCORP
Consolidated Balance Sheets*(in thousands)*

	June 30, 2014	December 31, 2013	June 30, 2013
Assets	(Unaudited)		(Unaudited)
Cash and Cash Equivalents:			
Cash and Due from Banks	\$44,567	\$40,966	\$43,917
Interest Bearing Deposits with Banks	3,434	42,711	1,389
Total Cash and Cash Equivalents	48,001	83,677	45,306
Investment Securities:			
Available-for-Sale	401,732	404,639	475,414
Held-to-Maturity	70,340	68,505	67,059
Total Investment Securities	472,072	473,144	542,473
Loans & Leases	1,499,709	1,388,236	1,295,056
Less: Allowance for Credit Losses	34,290	34,274	34,235
Loans & Leases, Net	1,465,419	1,353,962	1,260,821
Premises and Equipment, Net	23,918	22,887	22,306
Bank Owned Life Insurance	53,037	52,109	51,180
Interest Receivable and Other Assets	90,404	90,294	84,008
Total Assets	\$2,152,851	\$2,076,073	\$2,006,094
Liabilities			
Deposits:			
Demand	\$499,133	\$495,963	\$429,526
Interest Bearing Transaction	313,879	291,795	248,447
Savings and Money Market	630,194	589,511	588,009
Time	418,829	430,422	444,175
Total Deposits	1,862,035	1,807,691	1,710,157
Federal Home Loan Bank Advances	12,000	-	43,300
Subordinated Debentures	10,310	10,310	10,310
Interest Payable and Other Liabilities	46,684	48,168	39,271
Total Liabilities	1,931,029	1,866,169	1,803,038
Shareholders' Equity			
Preferred Stock: No Par Value, 1,000,000 Shares Authorized, None Issued or Outstanding	-	-	-
	8	8	8

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Common Stock: Par Value \$0.01, 7,500,000 Shares Authorized,
777,882 Shares Issued and Outstanding at June 30, 2014, December 31,
2013 and June 30, 2013, respectively

Additional Paid-In Capital	75,014	75,014	75,014
Retained Earnings	144,836	137,350	130,005
Accumulated Other Comprehensive Income (Loss)	1,964	(2,468)	(1,971)
Total Shareholders' Equity	221,822	209,904	203,056
Total Liabilities and Shareholders' Equity	\$2,152,851	\$2,076,073	\$2,006,094

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

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FARMERS & MERCHANTS BANCORP

Consolidated Statements of Income (Unaudited)

(in thousands except per share data)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2014	2013	2014	2013
Interest Income				
Interest and Fees on Loans & Leases	\$ 16,741	\$ 15,906	\$ 33,012	\$ 31,351
Interest on Deposits with Banks	41	3	105	47
Interest on Investment Securities:				
Taxable	2,109	2,382	4,224	4,488
Exempt from Federal Tax	567	654	1,164	1,314
Total Interest Income	19,458	18,945	38,505	37,200
Interest Expense				
Deposits	598	628	1,198	1,311
Borrowed Funds	-	9	-	9
Subordinated Debentures	80	82	160	163
Total Interest Expense	678	719	1,358	1,483
Net Interest Income	18,780	18,226	37,147	35,717
Provision for Credit Losses	-	250	-	250
Net Interest Income After Provision for Credit Losses	18,780	17,976	37,147	35,467
Non-Interest Income				
Service Charges on Deposit Accounts	984	1,069	1,922	2,173
Net Gain on Sale of Investment Securities	31	154	34	889
Increase in Cash Surrender Value of Life Insurance	473	469	928	926
Debit Card and ATM Fees	790	794	1,525	1,521
Net Gain (Loss) on Deferred Compensation Investments	1,087	(286)	1,530	1,404
Other	578	764	1,166	1,548
Total Non-Interest Income	3,943	2,964	7,105	8,461
Non-Interest Expense				
Salaries and Employee Benefits	9,137	8,895	17,374	16,940
Net Gain (Loss) on Deferred Compensation Investments	1,087	(286)	1,530	1,404
Occupancy	635	629	1,257	1,250
Equipment	700	678	1,403	1,373
FDIC Insurance	262	246	514	486
Other	1,213	1,940	2,596	3,608
Total Non-Interest Expense	13,034	12,102	24,674	25,061
Income Before Income Taxes	9,689	8,838	19,578	18,867
Provision for Income Taxes	3,585	3,273	7,192	7,051
Net Income	\$ 6,104	\$ 5,565	\$ 12,386	\$ 11,816
Basic Earnings Per Common Share	\$ 7.84	\$ 7.15	\$ 15.92	\$ 15.19

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

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FARMERS & MERCHANTS BANCORP

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands)	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2014	2013	2014	2013
Net Income	\$6,104	\$5,565	\$12,386	\$11,816
Other Comprehensive Income (Loss)				