

FARMERS & MERCHANTS BANCORP
Form 10-Q
August 08, 2017

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, 2017

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)

Emerging Growth

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 808,704 outstanding as of July 31, 2017.

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, 2017, December 31, 2016 and June 30, 2016.</u>	3
<u>Consolidated Statements of Income (Unaudited) for the Three and Six Months Ended June 30, 2017 and 2016.</u>	4
<u>Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Months Ended June 30, 2017 and 2016.</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity (Unaudited) for the Six Months Ended June 30, 2017 and 2016.</u>	6
<u>Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2017 and 2016.</u>	7
<u>Notes to the Consolidated Financial Statements (Unaudited)</u>	8
Item 2 - <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	35
Item 3 - <u>Quantitative and Qualitative Disclosures About Market Risk</u>	56
Item 4 - <u>Controls and Procedures</u>	59
<u>PART II. - OTHER INFORMATION</u>	
Item 1 - <u>Legal Proceedings</u>	60
Item 1A <u>Risk Factors</u>	60
Item 2 - <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	60
Item 3 - <u>Defaults Upon Senior Securities</u>	60
Item 4 - <u>Mine Safety Disclosures</u>	60
Item 5 - <u>Other Information</u>	60
Item 6 - <u>Exhibits</u>	61
<u>Signatures</u>	61

Index to Exhibits

61

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 share data)

	June 30, 2017 (Unaudited)	December 31, 2016	June 30, 2016 (Unaudited)
Assets			
Cash and Cash Equivalents:			
Cash and Due from Banks	\$ 50,004	\$ 54,896	\$ 46,524
Interest Bearing Deposits with Banks	97,187	43,964	23,232
Total Cash and Cash Equivalents	147,191	98,860	69,756
Investment Securities:			
Available-for-Sale	461,867	448,263	362,223
Held-to-Maturity	56,381	58,109	60,949
Total Investment Securities	518,248	506,372	423,172
Loans & Leases:			
Loans & Leases	2,204,082	2,177,601	2,068,107
Less: Allowance for Credit Losses	49,064	47,919	44,118
Loans & Leases, Net	2,155,018	2,129,682	2,023,989
Premises and Equipment, Net	29,312	29,229	26,055
Bank Owned Life Insurance	58,671	57,761	56,846
Interest Receivable and Other Assets	104,159	100,217	91,047
Total Assets	\$ 3,012,599	\$ 2,922,121	\$ 2,690,865
Liabilities			
Deposits:			
Demand	\$ 736,077	\$ 756,236	\$ 646,408
Interest Bearing Transaction	527,568	495,063	452,758
Savings and Money Market	801,506	760,119	726,580
Time	596,727	570,293	502,200
Total Deposits	2,661,878	2,581,711	2,327,946
Subordinated Debentures	10,310	10,310	10,310
Interest Payable and Other Liabilities	48,691	50,119	87,337
Total Liabilities	2,720,879	2,642,140	2,425,593
Shareholders' Equity			
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, 808,704, 807,329 and 792,387 Shares Issued and Outstanding at June 30, 2017, December 31, 2016 and June 30, 2016, Respectively	8	8	8
Additional Paid-In Capital	91,482	90,671	82,004
Retained Earnings	199,862	189,313	179,382
Accumulated Other Comprehensive (Loss) Income	368	(11) 3,878

Edgar Filing: FARMERS & MERCHANTS BANCORP - Form 10-Q

Total Shareholders' Equity	291,720	279,981	265,272
Total Liabilities and Shareholders' Equity	\$3,012,599	\$ 2,922,121	\$2,690,865

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,		Ended June 30,	
	2017	2016	2017	2016
Interest Income				
Interest and Fees on Loans & Leases	\$25,248	\$22,492	\$49,779	\$44,386
Interest on Deposits with Banks	258	36	507	82
Interest on Investment Securities:				
Taxable	2,124	1,301	4,136	