

FARMERS & MERCHANTS BANCORP
Form 10-Q
May 09, 2011

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 March 31, 2011

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
(State or other jurisdiction of incorporation or organization)

94-3327828
(I.R.S. Employer Identification No.)

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

95240
(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):

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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

Number of shares of common stock of the registrant: Par value \$0.01, authorized 20,000,000 shares; issued and outstanding 779,424 as of April 30, 2011.

FARMERS & MERCHANTS BANCORP

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FARMERS & MERCHANTS BANCORP

Consolidated Balance Sheets

(in thousands)

	March 31, 2011 (Unaudited)	December 31, 2010	March 31, 2010 (Unaudited)
Assets			
Cash and Cash Equivalents:			
Cash and Due From Banks	\$ 29,223	\$ 28,484	\$ 29,575
Federal Funds Sold and Securities Purchased Under Agreements to Resell	28,816	32,176	63,937
Total Cash and Cash Equivalents	58,039	60,660	93,512
Investment Securities:			
Available-for-Sale	467,627	434,856	327,855
Held-to-Maturity	65,316	64,937	69,218
Total Investment Securities	532,943	499,793	397,073
Loans			
Loans	1,167,617	1,176,002	1,165,998
Less: Allowance for Loan Losses	32,331	32,261	33,192
Loans, Net	1,135,286	1,143,741	1,132,806
Premises and Equipment, Net	23,989	24,214	24,697
Bank Owned Life Insurance	46,035	45,584	44,209
Interest Receivable and Other Assets	64,870	67,499	59,596
Total Assets	\$ 1,861,162	1,841,491	\$ 1,751,893
Liabilities			
Deposits:			
Demand	\$ 317,053	\$ 343,482	\$ 289,012
Interest Bearing Transaction	205,679	195,576	170,555
Savings and Money Market	496,146	453,531	452,607
Time	559,370	573,914	573,880
Total Deposits	1,578,248	1,566,503	1,486,054
Securities Sold Under Agreements to Repurchase	60,000	60,000	60,000
Federal Home Loan Bank Advances	576	591	635
Subordinated Debentures	10,310	10,310	10,310
Interest Payable and Other Liabilities	33,377	30,846	25,408
Total Liabilities	1,682,511	1,668,250	1,582,407
Shareholders' Equity			
Common Stock	8	8	8
Additional Paid-In Capital	75,590	75,590	76,198
Retained Earnings	102,156	96,030	89,817
Accumulated Other Comprehensive Income	897	1,613	3,463
Total Shareholders' Equity	178,651	173,241	169,486

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Total Liabilities and Shareholders' Equity	\$1,861,162	\$1,841,491	\$1,751,893
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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)

	2011	Three Months Ended March 31, 2010
Interest Income		
Interest and Fees on Loans	\$ 17,507	\$ 18,081
Interest on Federal Funds Sold and Securities Purchased		
Under Agreements to Resell	34	20
Interest on Investment Securities:		
Taxable	2,342	2,661
Exempt from Federal Tax	648	712
Total Interest Income	20,531	21,474
Interest Expense		
Deposits	1,546	1,976
Borrowed Funds	538	539
Subordinated Debentures	81	80
Total Interest Expense	2,165	2,595
Net Interest Income	18,366	18,879
Provision for Loan Losses	525	4,115
Net Interest Income After Provision for Loan Losses	17,841	14,764
Non-Interest Income		
Service Charges on Deposit Accounts	1,375	1,596
Net Gain on Investment Securities	-	2,846
Increase in Cash Surrender Value of Life Insurance	451	450
Debit Card and ATM Fees	666	599
Net Gain on Deferred Compensation Investments	405	195
Other	437	557
Total Non-Interest Income	3,334	6,243
Non-Interest Expense		
Salaries and Employee Benefits	7,242	7,274
Net Gain on Deferred Compensation Investments	405	195
Occupancy	633	640
Equipment	714	601
ORE Holding Costs	525	404
FDIC Insurance	474	801
Other	1,443	1,438
Total Non-Interest Expense	11,436	11,353
Income Before Income Taxes	9,739	9,654
Provision for Income Taxes	3,613	3,604
Net Income	\$ 6,126	\$ 6,050
Earnings Per Share	\$ 7.86	\$ 7.75

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 (Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2011	2010
Net Income	\$6,126	\$6,050
Other Comprehensive Income -		
Unrealized (Losses) Gains on Securities:		
Unrealized holding (losses) gains arising during the period, net of income tax effects of \$(520) and \$259 for the quarters ended March 31, 2011 and 2010, respectively.	(716)	358
Less: Reclassification adjustment for realized gains included in net income, net of related income tax effects of \$0 and \$(1,197) for the quarters ended March 31, 2011 and 2010, respectively.	-	(1,649)
Total Other Comprehensive Loss	(716)	(1,291)
Comprehensive Income	\$5,410	\$4,759

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

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BANCORP

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(in thousands

except share data)

	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2010	780,944	\$ 8	\$ 76,198	\$ 83,767	\$ 4,754	\$ 164,727
Net Income		-	-	6,050	-	