

FARMERS & MERCHANTS BANCORP INC
Form 10-Q
May 01, 2019
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 March 31, 2019

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 001-38084

FARMERS & MERCHANTS BANCORP, INC.

(Exact name of registrant as specified in its charter)

OHIO 34-1469491
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

307 North Defiance Street, Archbold, Ohio 43502
(Address of principal executive offices) (Zip Code)

(419) 446-2501

Registrant's telephone number, including area code

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(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

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.

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares of each of the issuers' classes of common stock, as of the latest practicable date:

Common Stock, No Par Value	11,106,183
Class	Outstanding as of April 26, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10Q

FARMERS & MERCHANTS BANCORP, INC.

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(1) Pursuant to Rule 406T of Regulation S-T, the interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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ITEM 1 FINANCIAL STATEMENTS

FARMERS & MERCHANTS BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	(in thousands of dollars)	
	March 31, 2019	December 31, 2018
	(Unaudited)	
Assets		
Cash and due from banks	\$48,740	\$ 37,492
Federal funds sold	33,109	873
Total cash and cash equivalents	81,849	38,365
Interest-bearing time deposits	4,509	4,019
Securities - available-for-sale	174,682	168,447
Other securities, at cost	5,789	3,679
Loans held for sale	859	495
Loans, net	1,091,829	839,599
Premises and equipment	25,205	22,615
Goodwill	47,340	4,074
Mortgage servicing rights	2,397	2,385
Other real estate owned	510	600
Bank owned life insurance	14,963	14,884
Other assets	15,729	17,001
Total Assets	\$1,465,661	\$ 1,116,163
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$236,847	\$ 215,422
Interest-bearing		
NOW accounts	418,773	298,254
Savings	272,875	227,701
Time	258,929	187,413
Total deposits	1,187,424	928,790
Federal funds purchased and securities sold under agreements to repurchase	25,521	32,181
Federal Home Loan Bank (FHLB) advances	24,682	-
Dividend payable	1,654	1,379
Accrued expenses and other liabilities	9,446	10,526
Total liabilities	1,248,727	972,876
Commitments and Contingencies		
Stockholders' Equity		
Common stock - No par value 20,000,000 shares authorized; issued and outstanding 12,230,000 shares 3/31/19, 10,400,000 shares 12/31/18		
	81,760	10,823
Treasury stock - 1,122,937 shares 3/31/19, 1,114,739 shares 12/31/18	(12,680)	(12,409)
Retained earnings	149,466	147,887

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Accumulated other comprehensive loss	(1,612)	(3,014)
Total stockholders' equity	216,934	143,287
Total Liabilities and Stockholders' Equity	\$1,465,661	\$ 1,116,163

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2018, Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of that date.

FARMERS & MERCHANTS BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	(in thousands of dollars, except per share data)	
	Three Months Ended	
	March 31, 2019	March 31, 2018
Interest Income		
Loans, including fees	\$ 14,680	\$ 10,102
Debt securities:		
U.S. Treasury and government agencies	713	623
Municipalities	211	281
Dividends	88	55
Federal funds sold and other	170	75
Total interest income	15,862	11,136
Interest Expense		
Deposits	2,613	1,319
Federal funds purchased and securities sold under agreements to repurchase	185	124
Borrowed funds	287	20
Total interest expense	3,085	1,463
Net Interest Income - Before Provision for Loan Losses	12,777	9,673
Provision for Loan Losses	30	40
Net Interest Income After Provision For Loan Losses	12,747	9,633
Noninterest Income		
Customer service fees	1,578	1,466
Other service charges and fees	1,041	1,012
Net gain on sale of loans	102	132
Net loss on sale of available-for-sale securities	(26)	-
Total noninterest income	2,695	2,610
Noninterest Expense		
Salaries and wages	4,312	3,310
Employee benefits	1,594	1,136
Net occupancy expense	667	387
Furniture and equipment	696	507
Data processing	1,299	331
Franchise taxes	258	239
ATM expense	447	312
Advertising	260	186
Net loss on sale of other assets owned	15	17
FDIC assessment	96	87
Mortgage servicing rights amortization	75	85
Consulting fees	113	110
Other general and administrative	1,679	933

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Total noninterest expense	11,511	7,640
Income Before Income Taxes	3,931	4,603
Income Taxes	707	836
Net Income	\$3,224	\$ 3,767
Basic and Diluted Earnings Per Share	\$0.29	\$ 0.41
Dividends Declared	\$0.15	\$ 0.13

See Notes to Condensed Consolidated Unaudited Financial Statements

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FARMERS & MERCHANTS BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	(in thousands of dollars)	
	Three Months Ended	
	March 31, 2019	March 31, 2018
Net Income	\$3,224	\$ 3,767
Other Comprehensive Income (Loss) (Net of Tax):		
Net unrealized gain (loss) on available-for-sale		
securities	1,749	(2,471)
Reclassification adjustment for loss on sale of		
available-for-sale securities	26	-
Net unrealized gain (loss) on available-for-sale		
securities	1,775	(2,471)
Tax expense (benefit)	373	(519)
Other comprehensive income (loss)	1,402	(1,952)
Comprehensive Income	\$4,626	\$ 1,815

See Notes to Condensed Consolidated Unaudited Financial Statements

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Farmers & Merchants Bancorp, Inc. and Subsidiaries

CONDENSED Consolidated StatementS of Changes TO Stockholders' Equity

For the Three Months Ended March 31, 2018 and 2019

(000's Omitted, Except Per Share Data)

	Shares of Common Stock	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance - January 1, 2018	9,265,880	\$ 11,546	\$(12,160)	\$ 136,547	\$ (1,826)	\$ 134,107
Net income				3,767		3,767
Other comprehensive loss					(1,952)	(1,952)
Adoption of ASU 2018-02				360	(360)	-
Issuance of 100 shares of restricted stock	100					