

FARMERS & MERCHANTS BANCORP INC
Form 10-Q
November 04, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 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 0-14492

FARMERS & MERCHANTS BANCORP, INC.

(Exact name of registrant as specified in its charter)

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OHIO (State or other jurisdiction of incorporation or organization)	34-1469491 (I.R.S Employer Identification No.)
307-11 North Defiance Street, Archbold, Ohio (Address of principal executive offices)	43502 (Zip Code)
(419) 446-2501	

Registrant's telephone number, including area code

(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 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 (§ 232.405 of this chapter) 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 the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate 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 issuer's classes of common stock, as of the latest practicable date:

Common Stock, No Par Value Class	4,691,622 Outstanding as of October 27, 2011
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FORM 10Q

FARMERS & MERCHANTS BANCORP, INC.

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FARMERS & MERCHANTS BANCORP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands of dollars)

	September 30, 2011	December 31, 2010
ASSETS:		
Cash and due from banks	\$ 13,987	\$ 14,675
Interest bearing deposits with banks	16,668	14,312
Federal funds sold	7,749	14,392
Total cash and cash equivalents	38,404	43,379
Securities - available for sale (Note 2)	316,372	287,317
Other Securities, at cost	4,365	4,406
Loans, net (Note 4)	500,326	521,883
Bank premises and equipment	17,035	17,202
Goodwill	4,074	4,074
Mortgage Servicing Rights	2,118	2,178
Other Real Estate Owned	3,855	4,468
Accrued interest and other assets	21,173	21,456
TOTAL ASSETS	\$ 907,722	\$ 906,363
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES:		
Deposits:		
Noninterest bearing	\$ 75,511	\$ 70,554
Interest bearing		
NOW accounts	182,496	176,897
Savings	165,514	159,698
Time	296,064	317,364
Total deposits	719,585	724,513
Federal funds purchased and securities sold under agreement to repurchase	53,207	51,241
FHLB Advances	21,710	29,874
Dividend Payable	891	894
Accrued expenses and other liabilities	8,577	5,438
Total Liabilities	803,970	811,960
SHAREHOLDERS EQUITY:		
Common stock, no par value - authorized 6,500,000 shares; issued 5,200,000 shares	12,677	12,677
Treasury Stock - 478,663 shares 2011, 465,326 shares 2010	(9,809)	(9,799)
Unearned Stock Awards 29,715 shares 2011, 27,675 shares 2010	(564)	(580)
Retained Earnings	94,502	91,567
Accumulated other comprehensive income	6,946	538
Total Shareholders Equity	103,752	94,403

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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 907,722	\$ 906,363
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See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2010 Balance Sheet has been derived from the audited financial statements of that date.

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FARMERS & MERCHANTS BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in thousands of dollars, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
INTEREST INCOME:				
Loans, including fees	\$ 7,142	\$ 8,310	\$ 22,253	\$ 24,878
Debt Securities:				
U.S. Treasury securities	86	88	293	190
Securities of U.S. Government agencies	1,052	1,019	3,032	3,320
Obligations of states and political subdivisions	520	536	1,588	1,612
Dividends	43	48	140	144
Federal funds sold	3	11	12	17
Other	9	13	36	57
Total Interest Income	8,855	10,025	27,354	30,218
INTEREST EXPENSE:				
Deposits	1,686	2,241	5,341	7,017
Federal Funds purchased and securities sold under agreements to repurchase	76	70	227	204
Borrowed funds	229	366	753	1,185
Total Interest Expense	1,991	2,677	6,321	8,406
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	6,864	7,348	21,033	21,812
PROVISION FOR LOAN LOSSES (Note 4)	93	1,200	1,522	4,875
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	6,771	6,148	19,511	16,937
NONINTEREST INCOME				
Customer service fees	610	936	2,315	2,592
Other service charges and fees	908	789	2,521	2,212
Net gain (loss) on sale of other assets owned	(195)	(6)	(1,009)	(38)
Net gain on sale of loans	111	225	249	401
Net gain on sale of securities	132	438	504	956
Total Noninterest Income	1,566	2,382	4,580	6,123
NONINTEREST EXPENSE				
Salaries and wages	2,377	2,184	6,785	6,516
Pension and other employee benefits	636	640	1,997	2,209
Occupancy expense (net)	358	232	1,128	716
Furniture and Equipment	315	434	1,059	1,282
Data processing	258	233	718	754
Franchise Taxes	225	208	667	655
FDIC Assessment	161	256	601	780
Mortgage servicing rights amortization	133	214	314	410
Other general and administrative	1,074	1,111	3,402	3,394
Total Noninterest Expense	5,537	5,512	16,671	16,716

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INCOME BEFORE FEDERAL INCOME TAX	2,800	3,018	7,420	6,344
FEDERAL INCOME TAXES	719	821	1,791	1,548

NET INCOME