

Edgar Filing: Bank of Marin Bancorp - Form 10-Q

Bank of Marin Bancorp
Form 10-Q
May 09, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

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 001-33572

Bank of Marin Bancorp
(Exact name of Registrant as specified in its charter)

California 20-8859754
(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

504 Redwood Blvd., Suite 100, Novato, CA 94947
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (415) 763-4520

Indicate by check mark whether the registrant (1) has filed all reports 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

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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 Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark if the registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act.

Yes No

As of April 30, 2016, there were 6,116,515 shares of common stock outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF CONDITION
at March 31, 2016 and December 31, 2015

(in thousands, except share data; unaudited)	March 31, 2016	December 31, 2015
Assets		
Cash and due from banks	\$39,770	\$ 26,343
Investment securities		
Held-to-maturity, at amortized cost	63,246	69,637
Available-for-sale, at fair value	336,234	417,787
Total investment securities	399,480	487,424
Loans, net of allowance for loan losses of \$15,028 and \$14,999 at March 31, 2016 and December 31, 2015, respectively	1,426,811	1,436,229
Bank premises and equipment, net	8,909	9,305
Goodwill	6,436	6,436
Core deposit intangible	2,980	3,113
Interest receivable and other assets	59,216	62,284
Total assets	\$1,943,602	\$ 2,031,134
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Non-interest-bearing	\$758,869	\$ 770,087
Interest-bearing		
Transaction accounts	102,829	114,277
Savings accounts	145,874	141,316
Money market accounts	514,274	541,089
Time accounts	159,500	161,457
Total deposits	1,681,346	1,728,226
Federal Home Loan Bank ("FHLB") and other borrowings	19,350	67,000
Subordinated debentures	5,445	5,395
Interest payable and other liabilities	15,815	16,040
Total liabilities	1,721,956	1,816,661
Stockholders' Equity		
Preferred stock, no par value	—	—
Authorized - 5,000,000 shares, none issued		
Common stock, no par value		
Authorized - 15,000,000 shares;		
Issued and outstanding - 6,116,473 and 6,068,543 at March 31, 2016 and December 31, 2015, respectively	86,133	84,727
Retained earnings	133,681	129,553
Accumulated other comprehensive income, net	1,832	193
Total stockholders' equity	221,646	214,473
Total liabilities and stockholders' equity	\$1,943,602	\$ 2,031,134

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

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BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share amounts; unaudited)	Three months ended	
	March 31, 2016	March 31, 2015
Interest income		
Interest and fees on loans	\$ 17,141	\$ 15,379
Interest on investment securities		
Securities of U.S. government agencies	1,352	1,035
Obligations of state and political subdivisions	586	540
Corporate debt securities and other	105	205
Interest on Federal funds sold and short-term investments	11	21
Total interest income	19,195	17,180
Interest expense		
Interest on interest-bearing transaction accounts	27	30
Interest on savings accounts	14	12
Interest on money market accounts	111	127
Interest on time accounts	196	231
Interest on FHLB and other borrowings	100	78
Interest on subordinated debentures	109	104
Total interest expense	557	582
Net interest income	18,638	16,598
Provision for loan losses	—	—
Net interest income after provision for loan losses	18,638	16,598
Non-interest income		
Service charges on deposit accounts	456	525
Wealth Management and Trust Services	566	638
Debit card interchange fees	338	347
Merchant interchange fees	113	130
Earnings on bank-owned life insurance	201	203
Dividends on FHLB stock	169	148
Gains on investment securities, net	110	8
Other income	210	190
Total non-interest income	2,163	2,189
Non-interest expense		
Salaries and related benefits	6,748	6,790
Occupancy and equipment	1,281	1,342
Depreciation and amortization	453	421
Federal Deposit Insurance Corporation insurance	261	236
Data processing	856	786
Professional services	498	564
Directors' expense	189	191
Information technology	193	152
Reversal of losses on off-balance sheet commitments	—	(201)
Other expense	1,531	1,567
Total non-interest expense	12,010	11,848
Income before provision for income taxes	8,791	6,939
Provision for income taxes	3,145	2,482
Net income	\$ 5,646	\$ 4,457

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Net income per common share:		
Basic	\$0.93	\$0.75
Diluted	\$0.93	\$0.74
Weighted average shares used to compute net income per common share:		
Basic	6,048	5,921
Diluted	6,090	6,048
Dividends declared per common share	\$0.25	\$0.22
Comprehensive income:		
Net income	\$5,646	\$4,457
Other comprehensive income		
Change in net unrealized gain on available-for-sale securities	2,923	1,317
Reclassification adjustment for gains on available-for-sale securities included in net income	(110)	(8)
Net change in unrealized gain on available-for-sale securities, before tax	2,813	1,309
Deferred tax expense	1,174	554
Other comprehensive income, net of tax	1,639	755
Comprehensive income	\$7,285	\$5,212
The accompanying notes are an integral part of these consolidated financial statements (unaudited).		

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BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
for the year ended December 31, 2015 and the three months ended March 31, 2016

(in thousands, except share data; unaudited)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Total
	Shares	Amount			
Balance at December 31, 2014	5,939,482	\$82,436	\$116,502	\$ 1,088	\$200,026
Net income	—	—	18,441	—	18,441
Other comprehensive loss	—	—	—	(895) (895)
Stock options exercised	37,071	1,139	—	—	1,139
Excess tax benefit - stock-based compensation	—	212	—	—	212
Stock issued under employee stock purchase plan	339	17	—	—	17
Restricted stock granted	15,970	—	—	—	—
Restricted stock forfeited / cancelled	(450) —	—	—	—
Stock-based compensation - stock options	—	252	—	—	252
Stock-based compensation - restricted stock	—	384	—	—	384
Cash dividends paid on common stock	—	—	(5,390) —	(5,390)
Stock purchased by directors under director stock plan	245	12	—	—	12
Stock issued in payment of director fees	5,295	275	—	—	275
Stock issued from exercise of warrants	70,591	—	—	—	—
Balance at December 31, 2015	6,068,543	\$84,727	\$129,553	\$ 193	\$214,473
Net income	—	—	5,646	—	5,646
Other comprehensive income	—	—	—	1,639	1,639
Stock options exercised	28,075	956	—	—	956
Excess tax benefit - stock-based compensation	—	79	—	—	79