

Bank of Marin Bancorp
Form 10-Q
November 07, 2007

**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 September 30, 2007

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

6(Exact name of Registrant as specified in its charter)

California
(State or other jurisdiction of incorporation)

20-8859754
(IRS Employer Identification No.)

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

94947
(Zip Code)

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

Not Applicable

(Former name or former address, if changes since last report)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes No (See Explanatory Note.)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark if the registrant is a shell company, in Rule 12b(2) of the Exchange Act. Yes No

As of October 31, 2007 there were 5,174,147 shares of common stock outstanding.

Explanatory Note

Bank of Marin Bancorp is the successor registrant to Bank of Marin pursuant to an 8-K filed with the SEC on June 29, 2007.

On July 1, 2007 (the “Effective Date”), a bank holding company reorganization was completed whereby Bank of Marin Bancorp became the parent holding company for Bank of Marin. On the Effective Date, each outstanding share of Bank of Marin common stock was converted into one share of Bank of Marin Bancorp common stock and Bank of Marin became a wholly-owned subsidiary of the holding company. Bancorp assumed the ticker symbol BMRC, which was formerly used by Bank of Marin. Prior to the Effective Date, Bank of Marin filed reports and proxy statements with the Federal Deposit Insurance Corporation (“FDIC”) pursuant to Sections 12 of the Securities Exchange Act of 1934 (the “’34 Act”).

The financial statements and discussion thereof contained in this report for periods subsequent to the reorganization relate to consolidated Bank of Marin Bancorp. Periods prior to the reorganization relate to Bank of Marin only. The information is comparable as the sole subsidiary of Bank of Marin Bancorp is the Bank of Marin.

This report refers to previous filings made by Bank of Marin with the FDIC pursuant to the ’34 Act. Copies of these filings are available by requesting them in writing or by phone from:

Corporate Secretary
Bank of Marin
504 Redwood Blvd., Suite 100
Novato, CA 94947
415-763-4523

Copies of such filings are also available on Bancorp’s website at www.bankofmarin.com. This website address is for information only and is not intended to be an active link, or to incorporate any website information into this document.

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CONDENSED CONSOLIDATED STATEMENT OF CONDITION
at September 30, 2007 and December 31, 2006

(in thousands, except share data - 2007 unaudited)	September 30, 2007	December 31, 2006
Assets		
Cash and due from banks	\$ 25,245	\$ 37,283
Fed funds sold	70,200	1,500
Other short-term investments	15,000	---
Cash and cash equivalents	110,445	38,783
Investment securities		
Held to maturity, at amortized cost	13,544	14,159
Available for sale (at fair market value, amortized cost \$85,591 at 9/30/07 and \$76,231 at 12/31/06)	85,076	75,214
Total investment securities	98,620	89,373
Loans, net of allowance for loan losses of \$7,227 at 9/30/07 and \$8,023 at 12/31/06	678,748	711,755
Bank premises and equipment, net	8,019	8,446
Interest receivable and other assets	28,212	28,221
Total assets	\$ 924,044	\$ 876,578
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Non-interest bearing	\$ 201,896	\$ 206,201
Interest bearing		
Transaction accounts	78,782	75,993
Savings and money market	446,865	365,850
Time	81,871	88,653
Total deposits	809,414	736,697
Federal funds purchased and Federal Home Loan Bank borrowings	15,300	39,400
Subordinated debenture	5,000	5,000
Interest payable and other liabilities	7,755	5,956
Total liabilities	837,469	787,053
Stockholders' Equity		
Common stock, no par value		
Authorized - 15,000,000 shares		
Issued and outstanding - 5,174,147 shares at 9/30/07 and 5,366,416 at 12/31/06	52,476	61,355

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Retained earnings	34,397	28,760
Accumulated other comprehensive loss, net	(298)	(590)
Total stockholders' equity	86,575	89,525
Total liabilities and stockholders' equity	\$ 924,044	\$ 876,578

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

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
for the nine months ended September 30, 2007 and September 30, 2006

(in thousands, except per share data - unaudited)	September 30, 2007	September 30, 2006
Interest income		
Interest and fees on loans held in portfolio	\$ 39,006	\$ 39,352
Interest on auto loans held for sale	2,062	---
Interest on investment securities		
U.S. Treasury securities	8	60
Securities of U.S. Government agencies	2,714	2,741
Obligations of state and political subdivisions (tax exempt)	358	435
Corporate debt securities and other	329	215
Interest on Federal funds sold and other short-term investments	1,664	218
Total interest income	46,141	43,021
Interest expense		
Interest on interest bearing transaction accounts	225	222
Interest on savings and money market deposits	11,052	7,650
Interest on time deposits	2,628	2,921
Interest on borrowed funds	973	1,060
Total interest expense	14,878	11,853
Net interest income	31,263	31,168
Provision for loan losses	340	789
Net interest income after provision for loan losses	30,923	30,379
Non-interest income		
Service charges on deposit accounts	894	757
Wealth Management Services	904	794
Net gain on indirect auto and Visa portfolios	1,097	---
Other income	1,592	1,384
Total non-interest income	4,487	2,935
Non-interest expense		
Salaries and related benefits	12,064	11,756
Occupancy and equipment	2,155	1,912
Depreciation and amortization	929	704
Data processing	1,254	1,139
Professional services	1,239	873
Other expense	3,004	3,036
Total non-interest expense	20,645	19,420
Income before provision for income taxes	14,765	13,894
Provision for income taxes	5,699	5,238

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Net income	\$	9,066	\$	8,656
Net income per common share:				
Basic	\$	1.74	\$	1.62
Diluted	\$	1.70	\$	1.55
Weighted average shares used to compute net income per common share:				
Basic		5,197		5,335
Diluted		5,347		5,602
Dividends declared per common share	\$	0.38	\$	0.34

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

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
for the three months ended September 30, 2007, June 30, 2007 and September 30, 2006

(in thousands, except per share data - unaudited)

September 30, 2007 June 30, 2007 September 30, 2006

Interest income

Interest and fees on loans held in portfolio	\$ 13,283	\$ 13,027	\$ 13,618
Interest on auto loans held for sale	---	954	---
Interest on investment securities			
U.S. Treasury securities	---	---	17
Securities of U.S. Government agencies	1,063	809	921
Obligations of state and political subdivisions (tax exempt)	129	111	118
Corporate debt securities and other	108	123	75
Interest on Federal funds sold and other short-term investments	1,247	415	126
Total interest income	15,830	15,439	14,875

Interest expense

Interest on interest bearing transaction accounts	74	74	70
Interest on savings and money market deposits	3,882	3,778	3,151
Interest on time deposits	877	882	976
Interest on borrowed funds	209	227	260
Total interest expense	5,042	4,961	4,457
Net interest income	10,788	10,478	10,418
Provision for loan losses	200	75	287
Net interest income after provision for loan losses	10,588	10,403	10,131

Non-interest income

Service charges on deposit accounts	325	321	259
Wealth Management Services	331	298	271
Net gain on indirect auto and Visa portfolios	387	190	---
Other income	543	584	466
Total non-interest income	1,586	1,393	996

Non-interest expense

Salaries and related benefits	3,938	4,163	3,732
Occupancy and equipment	716	729	741
Depreciation and amortization	318	310	261
Data processing	411	425	422
Professional Services	536	384	343
Other expense	1,007	1,019	1,086
Total non-interest expense	6,926	7,030	6,585
Income before provision for income taxes	5,248	4,766	4,542
Provision for income taxes	2,059	1,863	1,437
Net income	\$ 3,189	\$ 2,903	\$ 3,105

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Net income per common share:						
Basic	\$	0.62	\$	0.56	\$	0.57
Diluted	\$	0.60	\$	0.54	\$	0.55
Weighted average shares used to compute net income per common share:						
Basic		5,172		5,187		5,430
Diluted		5,301		5,329		5,630
Dividends declared per common share						
	\$	0.13	\$	0.13	\$	0.12

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
for the year ended December 31, 2006 and the nine months ended September 30, 2007

(dollar amounts in thousands - 2007 unaudited)	Common Stock		Retained	Accumulated Other Comprehensive Gain (Loss), Net of Taxes	Total
	Shares	Amount	Earnings		
Balance at December 31, 2005	4,960,248	\$ 50,957	\$ 28,030	\$ (766)	\$ 78,221
Comprehensive income:					
Net income	---	---	11,883	---	