

MIDDLEFIELD BANC CORP
Form 10-Q
November 14, 2017
**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, 2017

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 001-36613

Middlefield Banc Corp.

(Exact Name of Registrant as Specified in its Charter)

Ohio 34-1585111
State or Other Jurisdiction of I.R.S. Employer Identification No.
Incorporation or Organization

15985 East High Street, Middlefield, Ohio 44062-0035
Address of Principal Executive Offices Zip Code

440-632-1666
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, 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 (Do not check if a smaller reporting company) 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class: Common Stock, without par value
Outstanding at November 14, 2017: 3,214,784

MIDDLEFIELD BANC CORP.

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MIDDLEFIELD BANC CORP.

CONSOLIDATED BALANCE SHEET

(Dollar amounts in thousands, except share data)

(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$47,731	\$31,395
Federal funds sold	1,200	1,100
Cash and cash equivalents	48,931	32,495
Investment securities available for sale, at fair value	98,334	114,376
Loans held for sale	5,930	634
Loans	878,541	609,140
Less allowance for loan and lease losses	6,852	6,598
Net loans	871,689	602,542
Premises and equipment, net	11,768	11,203
Goodwill	15,299	4,559
Core deposit intangibles	2,848	36
Bank-owned life insurance	15,542	13,540
Other real estate owned	557	934
Accrued interest and other assets	9,928	7,502
TOTAL ASSETS	\$1,080,826	\$787,821
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$181,550	\$133,630
Interest-bearing demand	91,184	59,560
Money market	161,101	74,940
Savings	212,371	172,370
Time	251,449	189,434
Total deposits	897,655	629,934
Short-term borrowings	20,274	68,359
Other borrowings	39,273	9,437
Accrued interest and other liabilities	5,130	3,131
TOTAL LIABILITIES	962,332	710,861
STOCKHOLDERS' EQUITY		
Common stock, no par value; 10,000,000 shares authorized, 3,600,902 and 2,640,418 shares issued; 3,214,737 and 2,254,253 shares outstanding	84,722	47,943

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Retained earnings	45,913	41,334
Accumulated other comprehensive income	1,377	1,201
Treasury stock, at cost; 386,165 shares	(13,518)	(13,518)
TOTAL STOCKHOLDERS' EQUITY	118,494	76,960
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,080,826	\$787,821

See accompanying notes to unaudited consolidated financial statements.

MIDDLEFIELD BANC CORP.

CONSOLIDATED STATEMENT OF INCOME

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans	\$ 10,443	\$ 6,459	\$ 29,539	\$ 18,949
Interest-bearing deposits in other institutions	107	15	248	42
Federal funds sold	5	7	9	16
Investment securities:				
Taxable interest	159	235	600	865
Tax-exempt interest	579	687	1,846	2,227
Dividends on stock	37	17	189	74
Total interest and dividend income	11,330	7,420	32,431	22,173
INTEREST EXPENSE				
Deposits	1,468	921	3,820	2,665
Short-term borrowings	202	49	652	288
Other borrowings	148	56	413	164
Total interest expense	1,818	1,026	4,885	3,117
NET INTEREST INCOME	9,512	6,394	27,546	19,056
Provision for loan losses	280	105	615	315
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,232	6,289	26,931	18,741
NONINTEREST INCOME				
Service charges on deposit accounts	479	505	1,397	1,443
Investment securities gains, net	398	-	886	303
Earnings on bank-owned life insurance	109	101	316	297
Gain on sale of loans	255	129	720	322
Other income	200	242	622	694
Total noninterest income	1,441	977	3,941	3,059
NONINTEREST EXPENSE				
Salaries and employee benefits	3,725	2,677	10,624	7,740
Occupancy expense	476	306	1,397	933
Equipment expense	242	221	789	700

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Data processing costs	468	334	1,376	928
Ohio state franchise tax	186	186	558	448
Federal deposit insurance expense	165	132	368	396
Professional fees	434	547	1,230	1,057
Net loss on other real estate owned	18	48	88	247
Advertising expense	248	206	660	604
Core deposit intangible amortization	101	10	276	30
Merger expense	338	-	1,032	-
Other expense	896	995	2,870	2,832
Total noninterest expense	7,297	5,662	21,268	15,915
Income before income taxes	3,376	1,604	9,604	5,885
Income taxes	914	261	2,535	1,129
NET INCOME	\$2,462	\$1,343	\$7,069	\$4,756
EARNINGS PER SHARE				
Basic	\$0.77	\$0.60	\$2.38	\$2.31
Diluted	0.76	0.60	2.37	2.30
DIVIDENDS DECLARED PER SHARE	\$0.27	\$0.27	\$0.81	\$0.81

See accompanying notes to unaudited consolidated financial statements.

MIDDLEFIELD BANC CORP.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Dollar amounts in thousands)

(Unaudited)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016		2016	
Net income	\$2,462	\$1,343	\$7,069	\$4,756
Other comprehensive income:				
Net unrealized holding gain (loss) on available-for-sale securities	(264)	(400)	1,153	2,153
Tax effect	89	137	(392)	(732)
Reclassification adjustment for investment securities gain included in net income	(398)	-	(886)	(303)
Tax effect	135	-	301	103
Total other comprehensive income (loss)	(438)	(263)	176	1,221
Comprehensive income	\$2,024	\$1,080	\$7,245	\$5,977

See accompanying notes to unaudited consolidated financial statements.

MIDDLEFIELD BANC CORP.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(Dollar amounts in thousands, except share and per share data)

(Unaudited)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2016	\$ 47,943	\$ 41,334	\$ 1,201	\$(13,518)	\$ 76,960
Net income		7,069			