

MIDDLEFIELD BANC CORP
Form 10-Q
August 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark
One)

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

For the quarterly period ended June 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 Incorporation or Organization	I.R.S. Employer Identification No.

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

440-632-1666

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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 **X** 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 **X** 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 X
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 **X**

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

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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 August 14, 2017: 3,211,830

MIDDLEFIELD BANC CORP.

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MIDDLEFIELD BANC CORP.

CONSOLIDATED BALANCE SHEET

(Dollar amounts in thousands, except share data)

(Unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$37,971	\$31,395
Federal funds sold	1,600	1,100
Cash and cash equivalents	39,571	32,495
Investment securities available for sale, at fair value	104,951	114,376
Loans held for sale	9,791	634
Loans	867,864	609,140
Less allowance for loan and lease losses	6,605	6,598
Net loans	861,259	602,542
Premises and equipment, net	11,511	11,203
Goodwill	15,435	4,559
Core deposit intangibles	2,948	36
Bank-owned life insurance	15,432	13,540
Other real estate owned	650	934
Accrued interest and other assets	9,528	7,502
TOTAL ASSETS	1,071,076	787,821
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$172,199	\$133,630
Interest-bearing demand	87,084	59,560
Money market	160,858	74,940
Savings	181,259	172,370
Time	245,383	189,434
Total deposits	846,783	629,934
Short-term borrowings	63,388	68,359
Other borrowings	39,346	9,437
Accrued interest and other liabilities	4,357	3,131
TOTAL LIABILITIES	953,874	710,861
STOCKHOLDERS' EQUITY		
Common stock, no par value; 10,000,000 shares authorized, 3,597,913 and 2,640,418 shares issued; 3,211,748 and 2,254,253 shares outstanding	84,587	47,943

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Retained earnings	44,318	41,334
Accumulated other comprehensive income	1,815	1,201
Treasury stock, at cost; 386,165 shares	(13,518)	(13,518)
TOTAL STOCKHOLDERS' EQUITY	117,202	76,960
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$1,071,076	 \$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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans	\$9,916	\$6,317	\$19,096	\$12,490
Interest-bearing deposits in other institutions	92	15	141	27
Federal funds sold	1	5	4	9
Investment securities:				
Taxable interest	223	290	441	630
Tax-exempt interest	630	750	1,267	1,540
Dividends on stock	40	28	152	57
Total interest and dividend income	10,902	7,405	21,101	14,753
INTEREST EXPENSE				
Deposits	1,227	889	2,352	1,744
Short-term borrowings	273	115	450	235
Other borrowings	125	62	265	112
Total interest expense	1,625	1,066	3,067	2,091
NET INTEREST INCOME	9,277	6,339	18,034	12,662
Provision for loan losses	170	105	335	210
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,107	6,234	17,699	12,452
NONINTEREST INCOME				
Service charges on deposit accounts	449	491	918	938
Investment securities gains, net	-	252	488	303
Earnings on bank-owned life insurance	98	97	207	196
Gain on sale of loans	231	106	465	193
Other income	211	227	422	452
Total noninterest income	989	1,173	2,500	2,082
NONINTEREST EXPENSE				
Salaries and employee benefits	3,203	2,283	6,899	5,063
Occupancy expense	433	292	921	627
Equipment expense	266	210	547	479

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Data processing costs	588	322	908	594
Ohio state franchise tax	186	162	372	262
Federal deposit insurance expense	135	132	203	264
Professional fees	423	218	796	510
Net loss on other real estate owned	15	141	70	199
Advertising expense	164	203	412	398
Directors fees	128	121	240	228
Core deposit intangible amortization	103	10	175	20
Appraiser fees	104	119	206	220
ATM fees	28	98	104	194
Merger expense	307	-	694	-
Other expense	621			