

MIDDLEFIELD BANC CORP
Form 10-Q
May 09, 2018

**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, 2018

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, a 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 Exchange Act). 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 May 9, 2018:
3,224,499

MIDDLEFIELD BANC CORP.

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MIDDLEFIELD BANC CORP.

CONSOLIDATED BALANCE SHEET

(Dollar amounts in thousands, except share data)

(Unaudited)

| | March 31, 2018 | December 31, 2017 |
|---|--------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$33,258 | \$39,886 |
| Equity securities, at fair value | 643 | - |
| Investment securities available for sale, at fair value | 91,262 | 95,283 |
| Loans held for sale | 937 | 463 |
| Loans | 932,374 | 923,213 |
| Less allowance for loan and lease losses | 7,551 | 7,190 |
| Net loans | 924,823 | 916,023 |
| Premises and equipment, net | 12,225 | 11,853 |
| Goodwill | 15,071 | 15,071 |
| Core deposit intangibles | 2,658 | 2,749 |
| Bank-owned life insurance | 15,764 | 15,652 |
| Other real estate owned | 212 | 212 |
| Accrued interest receivable and other assets | 9,911 | 9,144 |
| TOTAL ASSETS | \$1,106,764 | \$1,106,336 |
| LIABILITIES | | |
| Deposits: | | |
| Noninterest-bearing demand | \$194,203 | \$192,438 |
| Interest-bearing demand | 96,659 | 83,990 |
| Money market | 149,359 | 150,277 |
| Savings | 221,851 | 208,502 |
| Time | 282,501 | 242,987 |
| Total deposits | 944,573 | 878,194 |
| Short-term borrowings | 18,671 | 74,707 |
| Other borrowings | 19,028 | 29,065 |
| Accrued interest payable and other liabilities | 4,340 | 4,507 |
| TOTAL LIABILITIES | 986,612 | 986,473 |
| STOCKHOLDERS' EQUITY | | |
| Common stock, no par value; 10,000,000 shares authorized, 3,609,149 and 3,603,881 shares issued; 3,222,984 and 3,217,716 shares outstanding | 85,116 | 84,859 |

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| | | |
|---|-------------|-------------|
| Retained earnings | 48,927 | 47,431 |
| Accumulated other comprehensive (loss) income | (373) | 1,091 |
| Treasury stock, at cost; 386,165 shares | (13,518) | (13,518) |
| TOTAL STOCKHOLDERS' EQUITY | 120,152 | 119,863 |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$1,106,764 | \$1,106,336 |

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 March 31, | |
|--|------------------------------------|--------------|
| | 2018 | 2017 |
| INTEREST AND DIVIDEND INCOME | | |
| Interest and fees on loans | \$11,054 | \$9,180 |
| Interest-bearing deposits in other institutions | 119 | 49 |
| Federal funds sold | 14 | 3 |
| Investment securities: | | |
| Taxable interest | 169 | 218 |
| Tax-exempt interest | 525 | 637 |
| Dividends on stock | 59 | 112 |
| Total interest and dividend income | 11,940 | 10,199 |
| INTEREST EXPENSE | | |
| Deposits | 1,640 | 1,125 |
| Short-term borrowings | 276 | 177 |
| Other borrowings | 122 | 140 |
| Total interest expense | 2,038 | 1,442 |
| NET INTEREST INCOME | 9,902 | 8,757 |
| Provision for loan losses | 210 | 165 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 9,692 | 8,592 |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 453 | 469 |
| Investment securities gains on sale, net | - | 488 |
| Gain on equity securities | 18 | - |
| Earnings on bank-owned life insurance | 112 | 109 |
| Gain on sale of loans | 4 | 234 |
| Other income | 199 | 211 |
| Total noninterest income | 786 | 1,511 |
| NONINTEREST EXPENSE | | |
| Salaries and employee benefits | 3,979 | 3,696 |

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| | | |
|--------------------------------------|---------|---------|
| Occupancy expense | 536 | 488 |
| Equipment expense | 233 | 281 |
| Data processing costs | 477 | 320 |
| Ohio state franchise tax | 115 | 186 |
| Federal deposit insurance expense | 150 | 68 |
| Professional fees | 445 | 373 |
| Advertising expense | 228 | 248 |
| Core deposit intangible amortization | 91 | 72 |
| Merger expense | - | 387 |
| Other expense | 1,091 | 1,148 |
| Total noninterest expense | 7,345 | 7,267 |
| | | |
| Income before income taxes | 3,133 | 2,836 |
| Income taxes | 528 | 736 |
| | | |
| NET INCOME | \$2,605 | \$2,100 |
| | | |
| EARNINGS PER SHARE | | |
| Basic | \$0.81 | \$0.78 |
| Diluted | 0.80 | 0.78 |
| | | |
| DIVIDENDS DECLARED PER SHARE | \$0.33 | \$0.27 |

See accompanying notes to unaudited consolidated financial statements.

MIDDLEFIELD BANC CORP.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Dollar amounts in thousands)

(Unaudited)

| | Three Months Ended March 31, 2018 2017 | |
|--|--|---------|
| Net income | \$2,605 | \$2,100 |
| Other comprehensive loss: | | |
| Net unrealized holding (loss) gain on available-for-sale investment securities | (1,912) | 231 |
| Tax effect | 402 | (78) |
| Reclassification adjustment for investment securities gains included in net income | - | (488) |
| Tax effect | - | 166 |
| Total other comprehensive loss | (1,510) | (169) |
| Comprehensive income | \$1,095 | \$1,931 |

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 (Loss) | Treasury Stock | Total Stockholders' Equity |
|--|-----------------|----------------------|---|-------------------|----------------------------------|
| Balance, December 31, 2017 | \$ 84,859 | \$ 47,431 | \$ 1,091 | \$(13,518) | \$ 119,863 |
| Change in accounting principle for adoption of ASU 2016-01 | | 141 | (141) |) | - |
| Change in accounting principle for adoption of ASU 2018-02 | | (187) |) 187 | | - |
| Net income | | 2,605 | | | 2,605 |
| Other comprehensive loss | | | (1,510) |) | (1,510) |
| Dividend reinvestment and purchase plan (3,278 shares) | 161 | | | | 161 |
| Stock-based compensation expense (1,990 shares) | 96 | | | | 96 |
| Cash dividends (\$0.33 per share) | | (1,063) | | | (1,063) |
| Balance, March 31, 2018 | \$ 85,116 | \$ 48,927 | \$ (373) |) \$(13,518) | \$ 120,152 |

See accompanying notes to unaudited consolidated financial statements.

