

MIDDLEFIELD BANC CORP
Form 10-Q
November 04, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20552

FORM 10 - Q

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

For the quarterly period ended September 30, 2014

Commission File Number 000-32561

**Middlefield
Banc Corp.
(Exact
name of
registrant
as specified
in its
charter)**

**Ohio
(State or other jurisdiction of incorporation or
organization)**

**34 - 1585111
(IRS Employer Identification No.)**

**15985 East High Street, Middlefield, Ohio 44062-9263
(Address of principal executive offices)**

**(440) 632-1666
(Registrant's telephone number, including area code)**

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 or a smaller reporting company. See the definition of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [] Accelerated filer [] Non-accelerated filer [] Smaller reporting company []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [] NO []

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

Class: Common Stock, without par value

Outstanding at November 4, 2014: 2,048,883

MIDDLEFIELD BANC CORP.

INDEX

Part I – Financial Information

Item 1.	Financial Statements (unaudited)	
	Consolidated Balance Sheet as of September 30, 2014 and December 31, 2013	3
	Consolidated Statement of Income for the Three and Nine Months ended September 30, 2014 and 2013	4
	Consolidated Statement of Comprehensive Income (Loss) for the Three and Nine Months ended September 30, 2014 and 2013	5
	Consolidated Statement of Changes in Stockholders' Equity for the Nine Months ended September 30, 2014	6
	Consolidated Statement of Cash Flows for the Nine Months ended September 30, 2014 and 2013	7
	Notes to Unaudited Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	37
Item 4.	Controls and Procedures	38

Part II – Other Information

Item 1.	Legal Proceedings	39
Item 1A.	Risk Factors	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	39

Item 3.	Defaults by the Company on its Senior Securities	39
Item 4.	Mine Safety Disclosures	39
Item 5.	Other Information	39
Item 6.	Exhibits and Reports on Form 8 – K	39
	Signatures	44
	Exhibit 31.1	
	Exhibit 31.2	
	Exhibit 32	

MIDDLEFIELD BANC CORP.

CONSOLIDATED BALANCE SHEET

(Dollar amounts in thousands, except share data)

(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Cash and due from banks	\$ 21,486	\$ 20,926
Federal funds sold	7,816	5,267
Cash and cash equivalents	29,302	26,193
Investment securities available for sale	156,021	157,143
Loans held for sale	201	-
Loans	468,007	435,725
Less allowance for loan and lease losses	7,288	7,046
Net loans	460,719	428,679
Premises and equipment, net	9,916	9,828
Goodwill	4,559	4,559
Core deposit intangible	126	156
Bank-owned life insurance	9,022	8,816
Accrued interest and other assets	10,396	11,716
TOTAL ASSETS	\$ 680,262	\$ 647,090
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 105,788	\$ 85,905
Interest-bearing demand	62,958	53,741
Money market	76,157	77,473
Savings	177,408	177,303
Time	177,709	174,414
Total deposits	600,020	568,836
Short-term borrowings	5,131	10,809
Other borrowings	11,105	11,609
Accrued interest and other liabilities	2,491	2,363
TOTAL LIABILITIES	618,747	593,617
STOCKHOLDERS' EQUITY		
Common stock, no par value; 10,000,000 shares authorized, 2,238,337 and 2,221,834 shares issued; 2,048,807 and 2,032,304 shares outstanding	35,455	34,979
Retained earnings	31,169	27,465
Accumulated other comprehensive income (loss)	1,625	(2,237)

Edgar Filing: MIDDLEFIELD BANC CORP - Form 10-Q

Treasury stock, at cost; 189,530 shares	(6,734)	(6,734)
TOTAL STOCKHOLDERS' EQUITY	61,515	53,473
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 680,262	\$ 647,090

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, 2014		Nine Months Ended September 30, 2014	
	2013	2014	2013	2014
INTEREST INCOME				
Interest and fees on loans	\$5,646	\$5,754	\$16,915	16,876
Interest-bearing deposits in other institutions	5	6	19	23
Federal funds sold	2	4	11	12
Investment securities:				
Taxable interest	441	610	1,476	1,909
Tax-exempt interest	798	782	2,336	2,259