



Middlefield Banc Corp.

2019 Second Quarter Investor Presentation



(Nasdaq: MBCN)

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995 concerning Middlefield Banc Corp.'s plans, strategies, objectives, expectations, intentions, financial condition and results of operations. These forward-looking statements reflect management's current views and intentions and are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the actual results to differ materially from those contemplated by the statements. The significant risks and uncertainties related to Middlefield Banc Corp. of which management is aware are discussed in detail in the periodic reports that Middlefield Banc Corp. files with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors" section of its Annual Report on Form 10-K and its Quarterly Report on Form 10-Q. Investors are urged to review Middlefield Banc Corp.'s periodic reports, which are available at no charge through the SEC's website at www.sec.gov and through Middlefield Banc Corp.'s website at www.middlefieldbank.bank on the "Investor Relations" page. Middlefield Banc Corp. assumes no obligation to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this presentation.

Middlefield Banc Corp.
(Nasdaq: MBCN)



Providing financial services throughout
Central and Northeast Ohio communities

Profitably serving its communities,
customers, employees, and shareholders
by its commitment to quality, safety and
soundness, and maximizing shareholder
value

Middlefield: A community bank that is safe, strong and committed

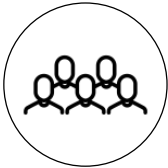
Highlights



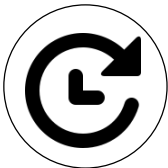
15
Branches



2
Ohio
Markets



#1
Community
Bank in Core
Markets



118
Years of Service



31%
Increase in 2018
Net Income

Strategic Strengths

People:

- Average tenure at Middlefield of leadership team is 11 years
- Strong bench with new management talent added over the past two years

Communities:

- Serving two of Ohio's most attractive banking markets
- Optimally positioned between rural and metropolitan communities

Customers:

- Balanced mix of retail and commercial customers
- Geauga County is the center of the 4th largest Amish population in the world

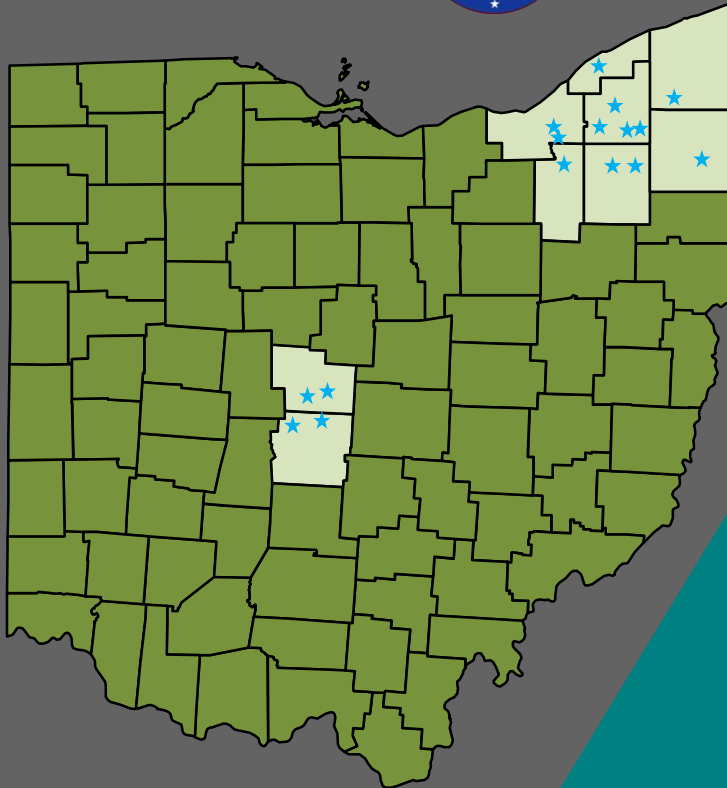
Community Banking Values and Focus:

- Providing superior and responsive financial services since 1901
- Committed to quality, safety and soundness

Financial Strength:

- Profitable throughout the economic cycle
- Never reported a quarterly loss
- Maintained dividend during the recession

Compelling Ohio Banking Franchise



Largest independent community bank in its core northeast Ohio Market

Only independent community bank with exposure to both Central and Northeast Ohio Markets

Branches located in counties that have above average median household income, median value of owner-occupied housing, and employment rates

History of Financial Success

From 2014 to 2018...

Asset growth driven by higher loans, new locations and accretive acquisition

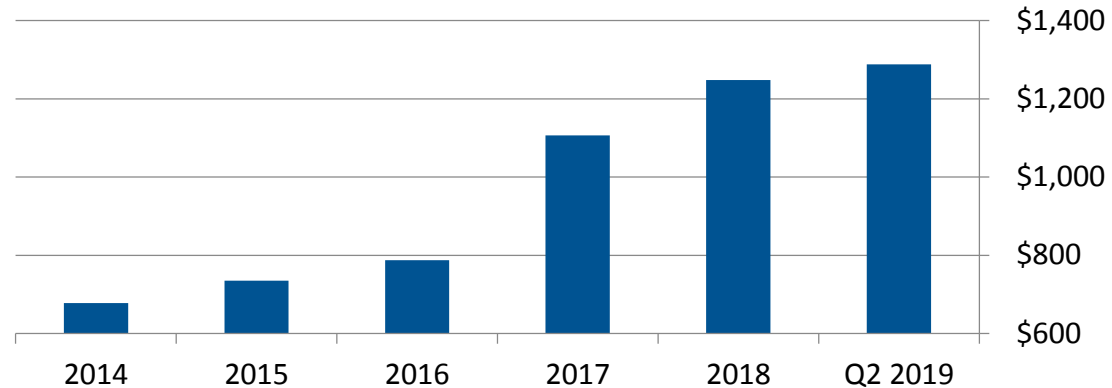
Expanded footprint by 50%

Enhanced infrastructure to support growth

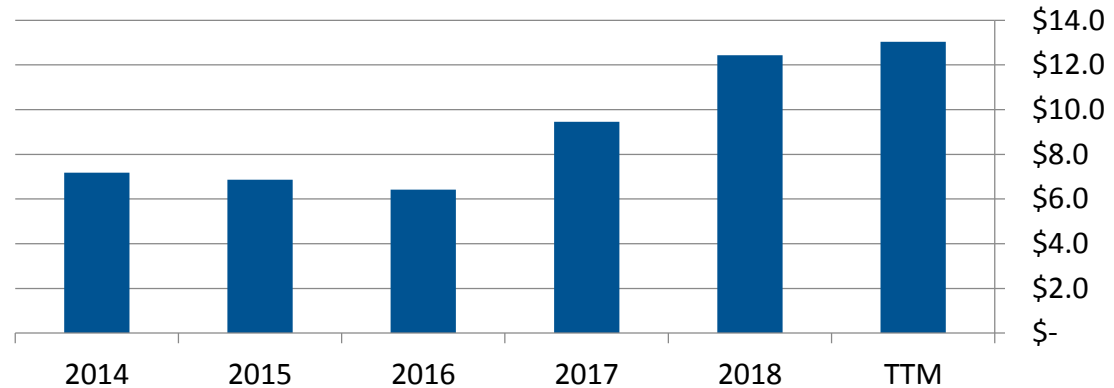
Earnings growth has reaccelerated since 2016

Listed on American Bankers Top 200 Publicly Traded Community Banks for 7th Consecutive Year

Asset Growth (in millions)



Net Income Growth (in millions)



Growth Oriented Platform Supports Updated Strategic Plan

Platform and Growth Strategies

Attract, Develop and Retain Talent

- Strengthen and empower associates
- Added important members to leadership team

Enhance Products and Services

- Expanding product and service offerings
- Strategic focus on products and services that grow noninterest income

Advance Customer Interactions

- Enhancing online and digital banking
- New modern bank layout and engagement

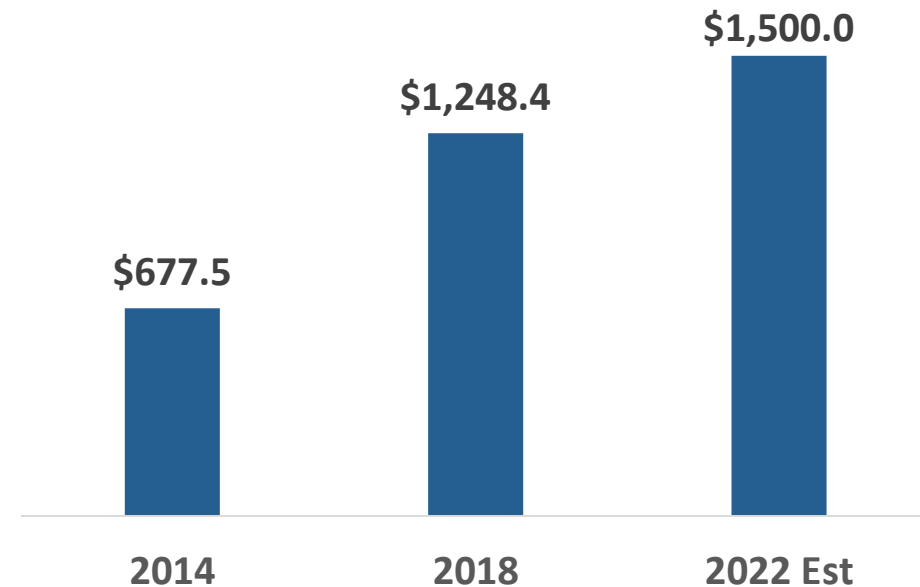
Expand Geographies and Market Share

- Focus on growth in compelling Central Ohio Market
- Increase share in core Northeast Ohio Markets

Invest in Systems and Security

- Continual investments in security, privacy, and compliance

Middlefield is focused on expanding in high growth markets with favorable demographics and exploiting changing market dynamics. Middlefield has invested in creating an infrastructure to support a bank in excess of \$1.5 billion in assets.



Graph in millions

Strategy Focused on Creating Value For Shareholders

Compelling Valuation & Ownership

10.3x Price to TTM EPS⁽¹⁾

1.0x Price to Book Value⁽¹⁾

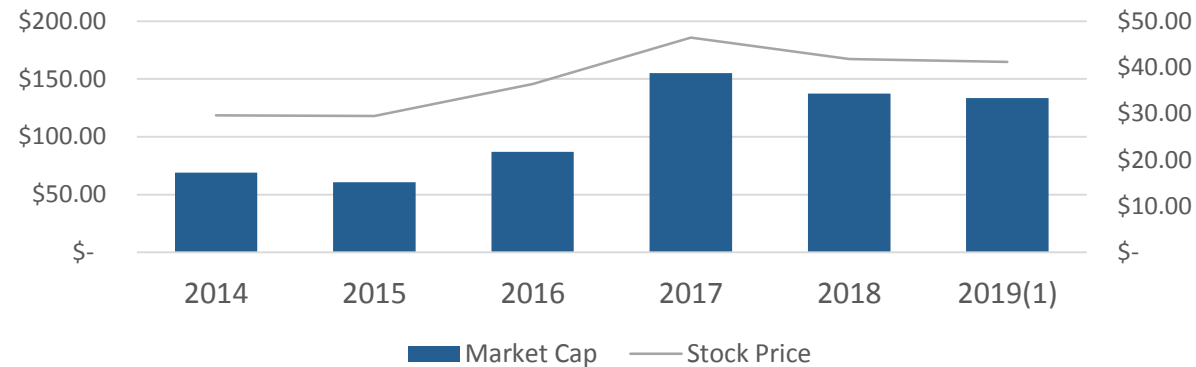
\$133.5 Million Market Cap⁽¹⁾

**150,000 Share Repurchase Program
Announced on April 16, 2019**

2.7% Dividend Yield⁽¹⁾

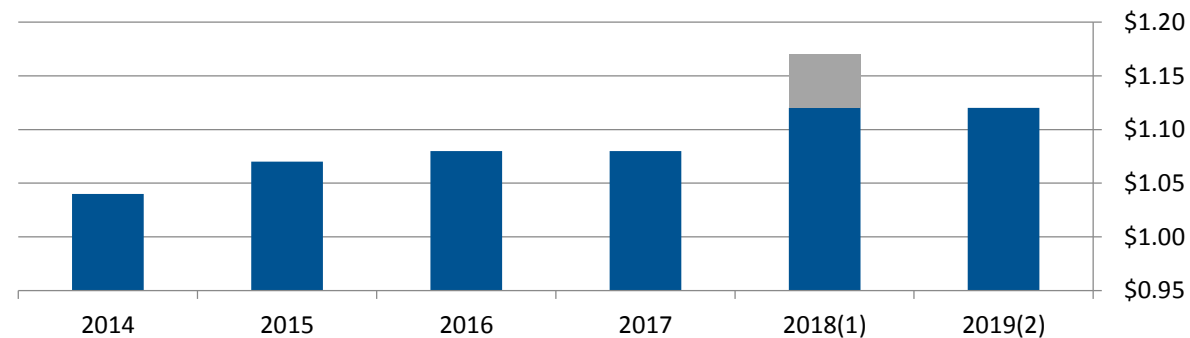
⁽¹⁾ Stock price at July 22, 2019 and Financial data at June 30, 2019

Market Cap and Stock Price



⁽¹⁾ 2019 at July 22, 2019

Annual Cash Dividends Per Share



⁽¹⁾ 2018 dividend included \$0.05 per share special dividend

⁽²⁾ 2019 dividend amount annualized

Strategy Dependent on Customers and Communities



Local

"In 2008 I put together an aggressive growth strategy for my business Exscape Designs. The need for a local relationship-based approach made clear sense. In my experience over the years with Middlefield Bank we have been able to achieve a lot of growth together. With Middlefield you're not just numbers, it's the relationship and community that matters to them."



Strong

"Ease Logistics was looking for a small community bank to help us grow our business. We needed a credit line to support our 40% growth. Middlefield bank was able to step up and provide us the working capital we needed, and the process was seamless. When Ease Logistics needed a mortgage for their new headquarters in Dublin, Middlefield Bank was there. We love the staff too!"



Committed

"It has been a pleasure to do business with Middlefield Bank for these past 20 years. When all of the other local major banks turned away from the business, Middlefield Bank welcomed it with open arms. This relationship started with trust and that trust is the foundation in which we continue to use Middlefield for all of our banking needs."

Loan Growth Driven by Local Decision Making and Individual Service

Middlefield's markets have seen significant industry consolidation in the past ten years and in most cases, large national and regional banks cannot deliver the same level of community service that Middlefield can offer customers

Highlights



>30
Local
Lenders



1
Highly
Productive LPO

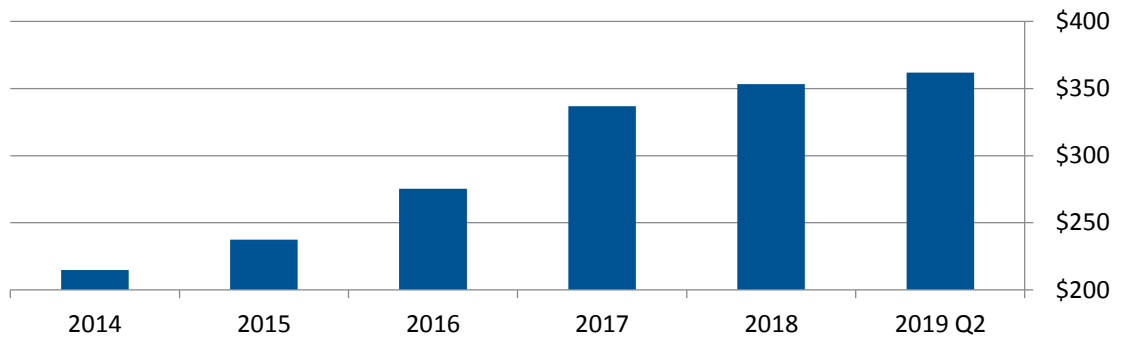


10.5%
Personal Loan
5-yr. CAGR



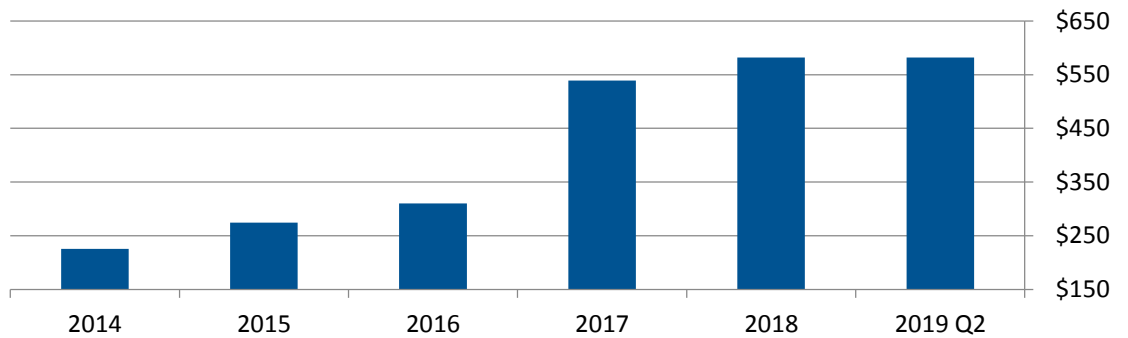
24.4%
Comcl. Loan
5-yr. CAGR

Annual Personal Loan Growth⁽¹⁾



⁽¹⁾ In millions, personal loans are consumer installment plus residential real estate loans

Annual Commercial Loan Growth⁽²⁾

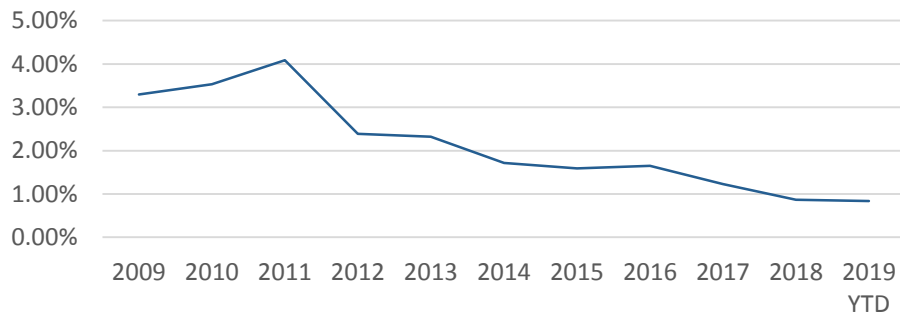


⁽²⁾ In millions, commercial loans are C&I plus commercial real estate loans

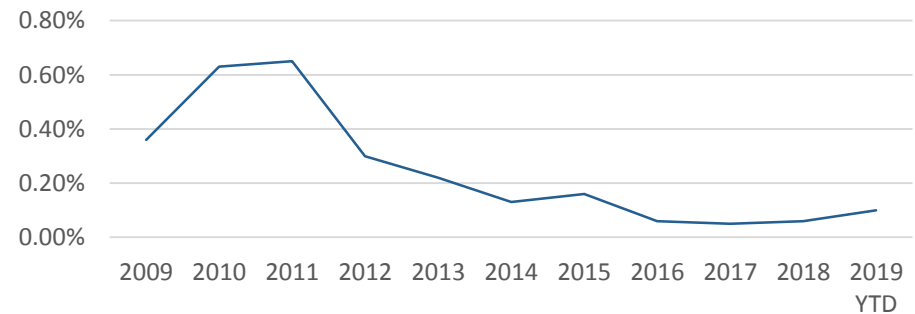
Strategic Focus on Asset Quality Supported by Stable Local Economies

Middlefield's focus on asset quality, versus growth has created a financially strong and stable organization. In fact, during the 2008 to 2009 recession, Middlefield remained profitable, never reported a quarterly loss, did not participate in TARP, and maintained its dividend.

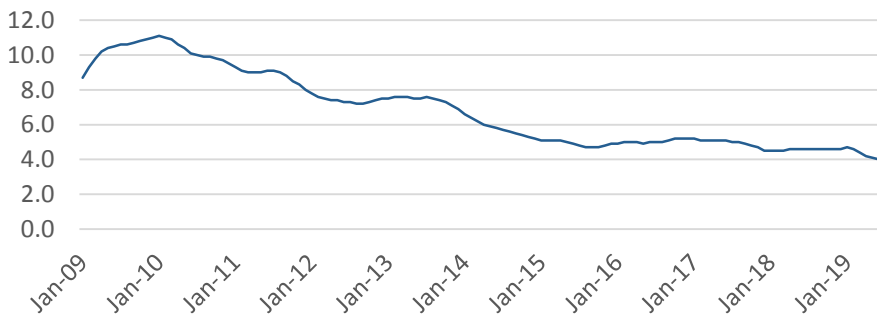
Nonperforming Assets / Total Assets



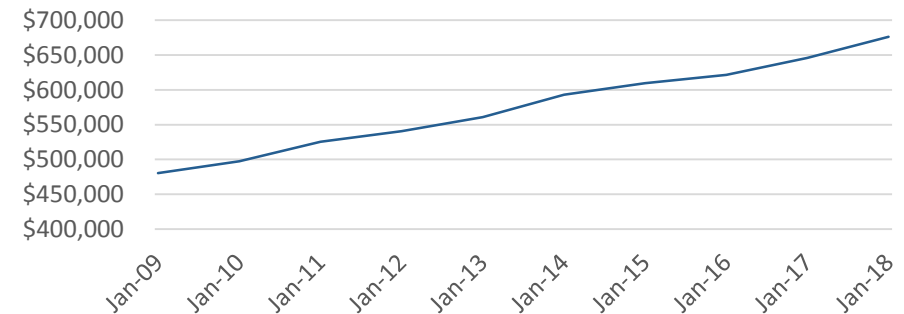
Annualized Net Charge Off



Ohio Unemployment Rate



Ohio Gross Domestic Product (in billions)



Source: https://www.bls.gov/eag/eag.oh.htm#eag_oh.f.2

Source: <https://fred.stlouisfed.org/series/OHNGSP>

Controlled Balance Sheet Growth

Highlights

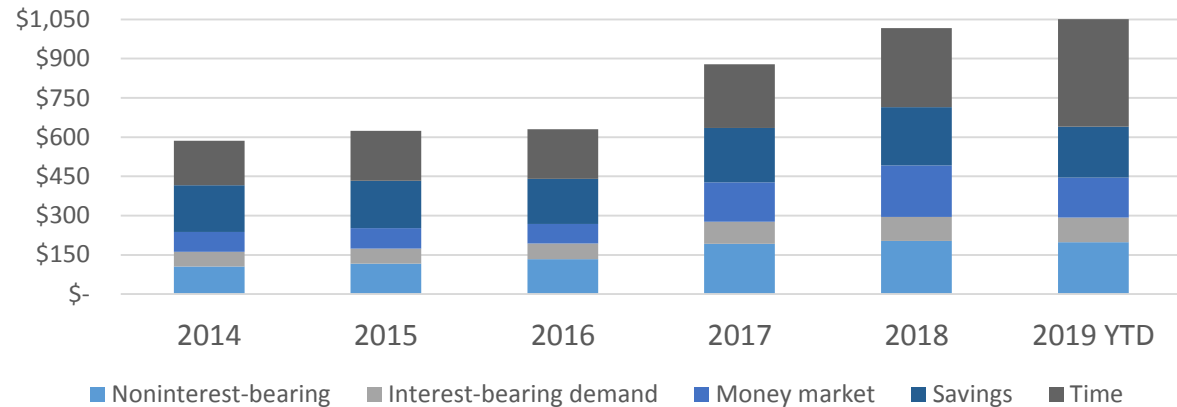
Introduced new products to attract more deposits and drive noninterest income

Continuing to enhance delivery in both personal and commercial channels

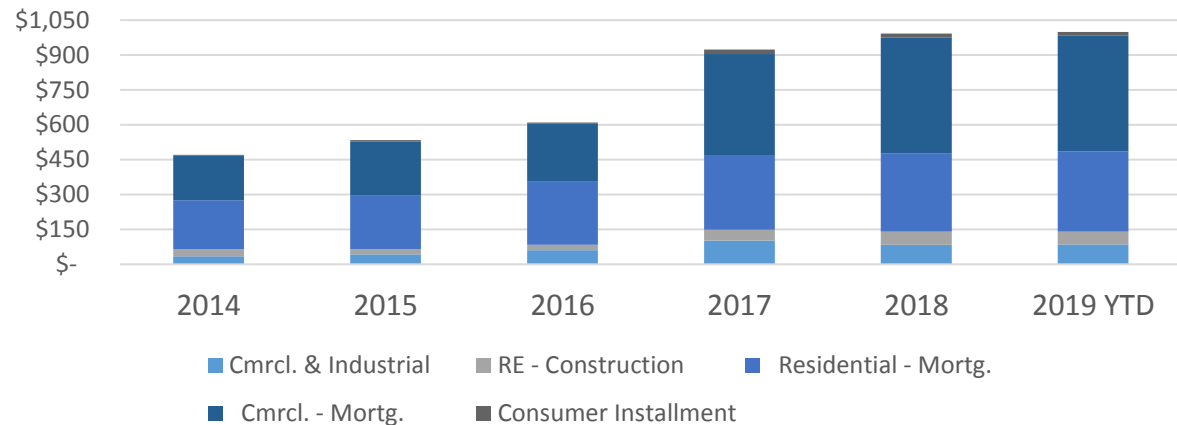
Improved loan to deposit ratio

Balancing loan growth and asset quality

Deposit Growth (in millions)



Loan Growth (in millions)





Annual Supplemental Data



(Nasdaq: MBCN)

Annual Financial Summary

Dollars in thousands	2014	2015	2016	2017	2018
Net interest income	\$ 23,804	\$ 24,775	\$ 25,804	\$ 37,348	\$ 40,448
Provision for loan losses	370	315	570	1,045	840
Noninterest income	3,588	4,044	3,959	4,859	3,728
Noninterest expense	<u>17,850</u>	<u>20,077</u>	<u>20,872</u>	<u>27,485</u>	<u>28,743</u>
Income before income taxes	9,172	8,427	8,321	13,677	14,593
Income taxes	<u>1,992</u>	<u>1,562</u>	<u>1,905</u>	<u>4,222</u>	<u>2,162</u>
Net income	<u>\$ 7,180</u>	<u>\$ 6,865</u>	<u>\$ 6,416</u>	<u>\$ 9,455</u>	<u>\$ 12,431</u>
Net interest margin	3.93%	3.94%	3.79%	3.82%	3.77%
Total assets	\$ 677,531	\$ 735,139	\$ 787,821	\$1,106,336	\$1,248,398
Loans outstanding, net	\$ 463,738	\$ 527,325	\$ 602,542	\$ 916,023	\$ 984,681
Deposits	\$ 586,112	\$ 624,447	\$ 629,934	\$ 878,194	\$1,016,067
Equity capital	\$ 63,867	\$ 62,304	\$ 76,960	\$ 119,863	\$ 128,290
Earnings per share	\$ 3.52	\$ 3.41	\$ 3.04	\$ 3.12	\$ 3.85
Cash dividend (per share)	\$ 1.04	\$ 1.07	\$ 1.08	\$ 1.08	\$ 1.17
Dividend pay-out ratio	29.54%	30.90%	36.13%	35.52%	30.40%
Return on average assets	1.07%	0.97%	0.85%	0.88%	1.09%
Return on average equity	12.17%	10.62%	9.33%	8.52%	9.94%
Return on tangible common equity	13.21%	11.44%	10.01%	10.15%	11.57%

Excellent Asset Quality and Capital Levels

**Strong reserve coverage provides flexibility in managing potential losses
with reduced impact on net income**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Nonperforming Loans	\$9,048	\$10,263	\$12,043	\$13,415	\$10,571
Real Estate Owned	<u>2,590</u>	<u>1,412</u>	<u>934</u>	<u>212</u>	<u>270</u>
Nonperforming Assets	<u>\$11,638</u>	<u>\$11,675</u>	<u>\$12,977</u>	<u>\$13,627</u>	<u>\$10,841</u>
Nonperforming Assets/ Total Assets (%)	1.72%	1.59%	1.65%	1.23%	0.87%
Allowance for Loan Losses	\$6,846	\$6,385	\$6,598	\$7,190	\$7,428
Allowance/Total Loans (%)	1.45%	1.20%	1.08%	0.78%	0.75%
Net Charge-off Ratio (%)	0.13%	0.16%	0.06%	0.05%	0.06%