

MIDDLEFIELD BANC CORP
Form S-4/A
November 22, 2016
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As filed with the Securities and Exchange Commission on November 22, 2016

Registration No. 333-213889

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 2 of
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MIDDLEFIELD BANC CORP.

(Exact name of Registrant as Specified in its Charter)

Ohio
(State or other Jurisdiction of
Incorporation or Organization)

6712
(Primary Standard Industrial
Classification Code Number)

34-1585111
(IRS Employer
Identification Number)

Edgar Filing: MIDDLEFIELD BANC CORP - Form S-4/A

15985 East High Street

Middlefield, Ohio 44062-0035

(440) 632-1666

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

James R. Heslop, II

15985 East High Street

Middlefield, Ohio 44062-0035

(440) 632-1666

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for service of process)

with copies to:

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Grady & Associates

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Rocky River, Ohio 44116-3501

(440) 356-7255

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Cleveland, Ohio 44113

(216) 696-4149

Approximate date of commencement of proposed sale of the securities to the public: as soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

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 definitions of large accelerated filer, accelerated filer and smaller reporting 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

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus and proxy statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED NOVEMBER 22, 2016

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Proxy Statement and Prospectus of

Middlefield Banc Corp.

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Proxy Statement of

Liberty Bank, N.A.

Middlefield Banc Corp. (Middlefield) and Liberty Bank, N.A. (Liberty) entered into an Agreement and Plan of Reorganization on July 28, 2016. We refer to the agreement as the Reorganization Agreement. A copy is attached to this joint proxy statement/prospectus as Annex A. The Reorganization Agreement provides that Liberty will merge into The Middlefield Banking Company, which is Middlefield's bank subsidiary. The merger is subject to a number of conditions, including but not limited to obtaining approval of Middlefield stockholders and approval of Liberty stockholders.

Approximately 45% of the Liberty shares of common stock exchanged in the merger will be exchanged for Middlefield common stock, and the remaining Liberty shares of common stock exchanged in the merger (approximately 55%) will be exchanged for cash. Each share of Liberty common stock not owned by Middlefield will be converted at the effective time of the merger into the right to receive either: (x) \$37.96 in cash or (y) 1.1934 shares of Middlefield common stock, subject to allocation procedures to ensure that approximately 45% of the outstanding shares of Liberty common stock are converted into Middlefield common stock and the remaining Liberty common stock is converted into cash. Excluding the 23,218 Liberty shares owned by Middlefield, which will be cancelled in the merger without consideration, the aggregate consideration payable to Liberty stockholders is approximately \$20.8 million in cash and approximately 557,079 shares of Middlefield common stock. On July 27, 2016, the day before execution of the Reorganization Agreement, the per share closing price of Middlefield common stock on the Nasdaq Capital Market was \$33.74. At that price the stock portion of the merger consideration would have a value of approximately \$18.8 million, and combined with the approximately \$20.8 million cash payable for 55% of Liberty common stock, the total merger consideration would be \$39.6 million, before the special dividend discussed below. Because the 1.1934 exchange ratio is fixed, the value of the stock portion of the total merger consideration will fluctuate with changes in the price of Middlefield stock. Holders of Liberty stock options and phantom shares also will receive cash for cancellation of those interests. Finally, in addition to the cash and stock merger consideration, Liberty

stockholders will receive a special dividend of approximately \$3.0 million in the aggregate, or \$3.13 per share, before merger closing. Middlefield will receive no merger consideration for its 23,218 Liberty shares but it will be entitled to a proportionate share of the special dividend payment. See *SUMMARY What Liberty stockholders will receive in the Merger*.

Middlefield will not issue fractional shares. A holder of Liberty common stock who would otherwise be entitled to a fractional share will instead receive cash, without interest, equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

Middlefield and Liberty will each hold a meeting of stockholders to vote on adoption and approval of the Reorganization Agreement. The meeting of Middlefield's stockholders will be held at: 10:00 a.m. local time on January 10, 2017 at Middlefield, Ohio. The meeting of Liberty's stockholders will be held at: 9:00 a.m. local time on December 22, 2016 at Corporate College East, 4400 Richmond Road, Warrensville Heights, Ohio. At these meetings stockholders will be asked to approve and adopt the Reorganization Agreement and the merger transaction. Stockholders will also be asked to approve adjournment of the meeting, if adjournment is necessary to allow Middlefield or Liberty time to solicit additional proxies in favor of the Reorganization Agreement and the merger transaction. Liberty's stockholder meeting is an annual meeting, so Liberty stockholders will also be asked to act upon routine annual meeting proposals, including election of directors and ratification of the appointment of independent auditors.

This document is a proxy statement of both Middlefield and Liberty. It is also a prospectus for Middlefield's issuance of common stock in the merger. This joint proxy statement/prospectus describes Middlefield's special meeting, Liberty's annual meeting, and the merger proposal.

The board of directors of Middlefield and the board of directors of Liberty approved the Reorganization Agreement and the merger transaction. They recommend that their stockholders vote FOR adoption and approval of the Reorganization Agreement and FOR adjournment of the meeting if adjournment is necessary.

Middlefield's common stock trades on the Nasdaq Capital Market under the symbol MBCN. On July 27, 2016, the day before execution of the Reorganization Agreement, the closing price of Middlefield common stock was \$33.74 per share. On November 18, 2016 the closing price of Middlefield common stock was \$35.05 per share. Liberty common stock is privately held, not listed on a stock exchange, and not traded in the over-the-counter market.

You are encouraged to read this document carefully, including the materials incorporated by reference into this document. In particular, you should read the Risk Factors section beginning on page 28 for a discussion of the risks related to the merger and the risks of owning Middlefield common stock.

Regardless of whether you plan to attend your company's stockholder meeting, you are urged to vote by completing, signing, and returning the enclosed proxy card in the enclosed postage-paid envelope.

If you are a Liberty stockholder as of the November 25, 2016 record date but your shares are not voted in favor of adoption and approval of the Reorganization Agreement, you have the right to demand the fair cash value for your Liberty common stock but to do so you must adhere to the specific requirements of the National Bank Act, 12 U.S.C. §215, paragraphs (b), (c), and (d). See *DISSENTERS RIGHTS* on page 48 of this joint proxy statement/prospectus and the complete text of the National Bank Act dissenters' rights provision attached to this joint proxy statement/prospectus as Annex B. Holders of Middlefield common stock do not have dissenters' rights.

Not voting in person or by proxy or at the stockholder meeting will have the same effect as voting against adoption and approval of the Reorganization Agreement. We urge you to read carefully this joint proxy statement/prospectus, which contains a detailed description of your company's stockholder meeting, the merger proposal, and Middlefield common stock to be issued in the merger.

Sincerely,

Thomas G. Caldwell

President and Chief Executive Officer

Middlefield Banc Corp.

Sincerely,

William A. Valerian

Chairman, President and Chief Executive Officer

Liberty Bank, N.A.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of Middlefield common stock to be issued in the merger. Neither the Securities and Exchange Commission nor any state securities commission has determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger described in this joint proxy statement/prospectus are not savings accounts, deposit accounts, or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other federal or state governmental agency.

This joint proxy statement/prospectus is dated November 22, 2016 and it is first being mailed to Middlefield Banc Corp. stockholders and Liberty Bank, N.A. stockholders on or about November 28, 2016.

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NOTICE OF ANNUAL MEETING

To the Stockholders of Liberty Bank, N.A.:

Liberty Bank, N.A.'s Annual Meeting will be held on December 22, 2016 at 9:00 a.m. Eastern Time at Corporate College East, 4400 Richmond Road, Warrensville Heights, Ohio 44128. The meeting is for the purpose of considering and acting upon proposals to:

1. adopt and approve the July 28, 2016 Agreement and Plan of Reorganization entered into by Middlefield Banc Corp., The Middlefield Banking Company, and Liberty Bank, N.A. and approve the transactions contemplated thereby,
2. adjourn the annual meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Agreement and Plan of Reorganization and approve the transactions contemplated thereby,
3. elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) Liberty Bank's 2017 Annual Meeting and until their successors are elected and qualified,
4. ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and
5. transact any other business properly presented at the Meeting or at any adjournment.

Record holders of Liberty's common stock at the close of business on November 25, 2016 are entitled to receive notice of and to vote at the meeting and any adjournment or postponement. The affirmative vote of the holders of at least two-thirds of Liberty's outstanding common stock is required for adoption and approval of the Agreement and Plan of Reorganization and approval of the transactions contemplated thereby.

A joint proxy statement/prospectus and proxy card for the meeting are enclosed. A copy of the Agreement and Plan of Reorganization is attached as Annex A to the joint proxy statement/prospectus.

Your vote is very important regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. If you are a holder of record, you may cast your vote in person at the meeting or, to ensure that your shares are represented at the meeting, you may vote your shares by completing, signing, and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions of your broker, bank, or nominee.

The Liberty board of directors recommends that you vote (1) FOR adoption and approval of the Agreement and Plan of Reorganization, (2) FOR adjournment of the meeting, (3) FOR election of the identified director nominees, and (4) FOR ratification of the selection of independent auditors.

By order of the Board of Directors,

William A. Valerian

Chairman of the Board, President &

Chief Executive Officer

Beachwood, Ohio
November 22, 2016

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NOTICE OF SPECIAL MEETING

To the Stockholders of Middlefield Banc Corp.:

Middlefield Banc Corp.'s Special Meeting will be held on January 10, 2017 at 10:00 a.m. Eastern Time at The Middlefield Banking Company, 15985 East High Street, Middlefield, Ohio 44062. The meeting is for the purpose of considering and acting upon proposals to:

- 1) approve the transactions under the July 28, 2016 Agreement and Plan of Reorganization entered into by Middlefield Banc Corp., The Middlefield Banking Company, and Liberty Bank, N.A.,
- 2) approve issuance of up to 563,261 shares of Middlefield common stock in the merger,
- 3) adjourn the special meeting if adjournment is necessary to allow solicitation of additional proxies if there are insufficient votes to adopt and approve the Agreement and Plan of Reorganization, and
- 4) transact any other business properly presented at the Meeting or at any adjournment.

Record holders of Middlefield's common stock at the close of business on November 17, 2016 are entitled to vote at the meeting and any adjournment or postponement. The affirmative vote of the holders of at least two-thirds of Middlefield's outstanding common stock is required for adoption and approval of the Agreement and Plan of Reorganization.

A joint proxy statement/prospectus and proxy card for the meeting are enclosed. A copy of the Agreement and Plan of Reorganization is attached as Annex A to the joint proxy statement/prospectus.

Your vote is very important regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. If you are a holder of record, you may cast your vote in person at the meeting or, to ensure that your shares are represented at the meeting, you may vote your shares by completing, signing, and returning the enclosed proxy card. You may also use the Internet to vote by following the instructions on your proxy card. If you vote by the Internet you do not need to return your proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions of your broker, bank, or nominee.

The Middlefield board of directors recommends that you vote (1) FOR the Agreement and Plan of Reorganization, (2) FOR issuance of Middlefield common stock in the merger, and (3) FOR adjournment of the meeting.

By order of the Board of Directors,

Kathleen M. Johnson

Secretary

Middlefield, Ohio
November 22, 2016

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WHERE YOU CAN FIND MORE INFORMATION

Middlefield is a publicly traded company filing annual, quarterly, and other reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (SEC). You may read and obtain copies of these documents at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 for additional information about the public reference room. Middlefield files its annual, quarterly, and other reports, proxy statements, and other business and financial information with the SEC electronically. The SEC maintains a web site located at www.sec.gov containing this information. Information filed by Middlefield with the SEC is also available without charge through Middlefield's website at www.middlefieldbank.com under the Investor Relations tab.

Middlefield filed with the SEC a registration statement on Form S-4 to register the issuance of common stock to Liberty stockholders in the merger. This joint proxy statement/prospectus is part of that Form S-4 registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and request a copy of the registration statement, including any amendments, schedules, and exhibits at the address given below. Statements contained in this document regarding the contents of any contract or other document filed as an exhibit to the registration statement are not necessarily complete. In each case you should refer to the contract or other document filed as an exhibit. These documents are available without charge to you upon written or oral request at the following address and telephone number:

Middlefield Banc Corp.

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

Attention: Investor Relations

(440) 632-1666

To obtain timely delivery of these documents, you must request the information no later than January 3, 2017 to receive them before the Middlefield special meeting and no later than December 15, 2016 to receive them before the Liberty annual meeting.

Liberty is privately-held and does not file reports with the SEC.

Neither Middlefield nor Liberty has authorized anyone to provide you with information other than the information included in this document and any documents incorporated by reference. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this document and any documents incorporated by reference are accurate only as of their respective dates. Each of Middlefield's and Liberty's business, financial condition, results of operations, and prospects could have changed since those dates.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE STOCKHOLDER MEETINGS

The following questions and answers cover some of the questions most likely to arise about the stockholder meetings. We urge you to read carefully the remainder of this joint proxy statement/prospectus, including the annexes, because this section does not necessarily contain all information that is important to you.

Q: Why am I receiving this joint proxy statement/prospectus?

A: You are receiving this joint proxy statement/prospectus because Liberty Bank, N.A. (Liberty) agreed to merge into The Middlefield Banking Company by the terms of a July 28, 2016 Agreement and Plan of Reorganization (the Reorganization Agreement) entered into by Liberty, Middlefield Banc Corp. (Middlefield), and The Middlefield Banking Company, and to be executed by MBC Interim Bank, an interim state-chartered commercial bank to be incorporated under the laws of the state of Ohio (MBC Interim Bank). The Middlefield Banking Company is and will remain a wholly owned subsidiary of Middlefield. Pursuant to the Reorganization Agreement, Liberty and MBC Interim Bank will merge with and into Liberty with Liberty surviving that merger (the Interim Merger), and immediately thereafter Liberty will merge with and into The Middlefield Banking Company with The Middlefield Banking Company surviving that merger (the Bank Merger, and considered together with the Interim Merger, the Merger). The Reorganization Agreement is attached to this joint proxy statement/prospectus as Annex A and is an integral part of this joint proxy statement/prospectus. The Merger cannot be completed unless Liberty stockholders and Middlefield Banc Corp. stockholders vote to approve and adopt the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement. This joint proxy statement/prospectus contains important information about the Merger and the stockholder meetings of Middlefield and Liberty. You should read the joint proxy statement/prospectus, including its annexes, carefully. The enclosed proxy voting materials allow you to vote your company's common stock without attending the meeting.

Q: What will Liberty stockholders receive in the Merger?

A: Liberty stockholders will receive a combination of cash and Middlefield common stock, in addition to a special dividend of approximately \$3.13 per share in cash immediately prior to the completion of the Merger. Subject to Reorganization Agreement allocation procedures ensuring that approximately 45% of the outstanding Liberty common stock is converted into the right to receive Middlefield common stock and the remaining outstanding Liberty common stock is converted into the right to receive cash, at the effective time of the Merger Liberty common stock not owned by Middlefield will be converted into the right to receive either:

\$37.96 in cash, or

1.1934 shares of Middlefield common stock

On July 27, 2016, which was the day before public announcement of the proposed Merger, the closing price of Middlefield common stock on the Nasdaq Capital Market was \$33.74. Based on that price for the stock portion of the Merger consideration and \$37.96 per share for the cash portion, a Liberty stockholder who receives stock for 45% of

his or her common stock at the 1.1934 fixed exchange ratio and cash for 55% would receive total Merger consideration with an implied value of approximately \$39.00 per share, in addition to a special dividend of approximately \$3.13 per share in cash. As of November 18, 2016, the closing price for Middlefield common stock was \$35.05. At that price and giving effect to the 1.1934 fixed exchange ratio, the implied value of a share of Liberty common stock exchanged for Middlefield common stock is \$41.83. At this more recent price for Middlefield common stock, a Liberty stockholder who receives stock for 45% of his or her shares and cash for 55% would receive total Merger consideration with an implied value of approximately \$39.70 per share.

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Middlefield will not issue fractional shares. Instead, a holder of Liberty common stock who would otherwise be entitled to a fractional share (after taking into account all shares of Liberty common stock owned by the holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

It is not part of the Merger consideration, but the Reorganization Agreement also provides that Liberty will declare a special dividend to stockholders before the Merger closes (or becomes effective). The special dividend is currently estimated to be approximately \$3.0 million in the aggregate, or \$3.13 per share. Middlefield will receive no Merger consideration for its 23,218 Liberty shares but will be entitled to a proportionate share of the special dividend payment.

Q: Will Liberty stockholders be able to make an election for the form of merger consideration they desire to receive?

A: Yes. If you are a Liberty stockholder you will have the opportunity to elect the form of consideration to be received for your shares, but your election will be subject to adjustment and allocation procedures set forth in the Reorganization Agreement ensuring that approximately 45% of the outstanding Liberty common stock is converted into the right to receive Middlefield common stock and the remaining outstanding Liberty shares are converted into the right to receive cash. Therefore, your ability to receive the cash or stock elections of your choice depends on the elections made by other Liberty stockholders. The allocation of the mix of consideration payable to Liberty stockholders in the Merger will not be known until Middlefield tallies the results of the cash and stock elections made by all Liberty stockholders, which will likely not occur until shortly after Merger closing.

It is unlikely that Liberty stockholders as a group will elect to receive precisely 55% of the Merger consideration in cash and the remainder in Middlefield common stock. For that reason the Reorganization Agreement contains procedures to be followed if Liberty stockholders in the aggregate elect to receive more or less of the Middlefield common stock than Middlefield has agreed to issue

If Stock Is Oversubscribed: If Liberty stockholders elect to receive more shares of Middlefield common stock than Middlefield is issuing, all Liberty stockholders who elect to receive cash or who make no election will receive cash for their Liberty shares; stockholders who elect to receive Middlefield common stock will receive a *pro rata* portion of the available Middlefield shares, receiving cash for shares not converted into Middlefield common stock.

If Stock Is Undersubscribed: If Liberty stockholders elect to receive fewer shares of Middlefield common stock than Middlefield is issuing, all Liberty stockholders who elect to receive Middlefield common stock will receive Middlefield common stock; stockholders who elect to receive cash or who make no election will be treated in the following manner:

if the number of shares held by Liberty stockholders who make no election is sufficient to make up the shortfall in the number of shares of Middlefield common stock that Middlefield is issuing, Liberty stockholders who elect cash will receive cash; stockholders who make no election will receive Middlefield common stock in such proportion as is necessary to make up the shortfall, receiving cash for the remainder, and

if the number of shares held by Liberty stockholders who make no election is not sufficient to make up the shortfall, Liberty stockholders who make no election will receive Middlefield common stock; Liberty stockholders who elect to receive cash will receive Middlefield common stock in such proportion as is necessary to make up the shortfall, receiving cash for the remainder.

You might not receive the amount of cash or stock you elect. As a result of the allocation procedures and other limitations outlined in this document and in the Reorganization Agreement, you may receive Middlefield common stock or cash in amounts that vary from the amounts you elect to receive.

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Q: How do Liberty stockholders make their election to receive cash, Middlefield common stock, or a combination of both?

A: Each Liberty stockholder of record will receive an election form to be completed and returned. The election deadline will be 5:00 p.m., Eastern Time, on January 3, 2017, which we refer to as the election deadline. A copy of the election form is being mailed separately to Liberty stockholders on or about the date of this joint proxy statement/prospectus.

If you own Liberty shares in street name through a bank, broker, or other nominee and you wish to make an election, you should seek instructions from the bank, broker, or other nominee holding your shares concerning how to make an election. If you do not send in the election form with your stock certificate(s) by the election deadline, you will be treated as though you made no election.

If a Liberty stockholder submits a valid election form and subsequently transfers any or all of the shares as to which an election has been made, that election will continue to apply to those shares in the hands of the transferee unless that election is changed or revoked in a timely fashion in the manner described below.

Q: Will I be allowed to change my election?

A: Yes. Until the election deadline you may change your election by submitting to American Stock Transfer & Trust Company, LLC, acting as Exchange Agent, written notice accompanied by a properly completed and signed, revised election form. After the election deadline you will not be allowed to change or revoke your election. If you instructed a bank, broker, or other financial institution to submit an election for your shares, you must follow their directions for changing those instructions.

Q: What happens if I do not make a valid election to receive cash or Middlefield common stock?

A: If you do not return a properly completed election form by the election deadline specified in the election form, your Liberty common stock will be considered non-election shares and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the Reorganization Agreement. Generally, if one form of consideration (cash or Middlefield common stock) is undersubscribed, Liberty common stock for which no election is validly made will be allocated to the undersubscribed form before shares electing the oversubscribed form are allocated to the undersubscribed form. If proration becomes necessary, shares for which a valid election is made will have priority over non-electing shares, although electing a particular form of consideration does not guarantee that your election will be honored in full.

Q: What are the material U.S. federal income tax consequences of the Merger to Liberty stockholders?

A: Tucker Ellis LLP has delivered its legal opinion, dated September 26, 2016, to the effect that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended

(which we refer to as the Internal Revenue Code). In addition, the completion of the Merger is conditioned on receipt of a tax opinion from Tucker Ellis LLP, dated as of the closing date, to the same effect. However, neither Liberty nor Middlefield has requested or received a ruling from the Internal Revenue Service that the Merger will qualify as a reorganization or as to any other aspect of the Reorganization Agreement or the transactions contemplated by it. The U.S. federal income tax consequences of the Merger to a Liberty stockholder will depend on the relative mix of cash and Middlefield common stock received by that Liberty stockholder. Liberty stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their Liberty shares solely for shares of Middlefield common stock in the Merger, except with respect to cash received in lieu of fractional shares of Middlefield common stock. Liberty stockholders will recognize gain or loss if they exchange their Liberty shares solely for cash in the Merger. Liberty stockholders will recognize gain, but not loss, if they exchange their Liberty shares for a combination of Middlefield common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the Merger. The special dividend is not part of the Merger consideration. It will be taxable to Liberty stockholders as ordinary income, taxable at preferential rates applicable to qualified dividends. Any gain recognized on the Merger consideration and any ordinary

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income from the special dividend could be subject to an additional tax on net investment income, depending on the individual's adjusted gross income, as described below under *THE MERGER Material U.S. Federal Income Tax Consequences Medicare Tax on Net Investment Income*. You should consult with your tax advisor for the specific tax consequences of the Merger and the special dividend to you. See *THE MERGER Material U.S. Federal Income Tax Consequences* on page 73.

The consequences of the Merger to each Liberty stockholder depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine the tax consequences of the Merger to you.

Q: Is Liberty allowed to pay dividends before the effective date of the Merger?

A: Yes. Under the terms of the Reorganization Agreement, Liberty is permitted to pay usual and customary cash dividends. The Reorganization Agreement also requires Liberty to declare a special dividend before closing. The amount of the special dividend may change, but it currently is estimated at approximately \$3.0 million in the aggregate, or \$3.13 per share.

Q: When and where will the Middlefield and Liberty stockholder meetings be?

A: Middlefield's special meeting of stockholders will be held at 10:00 a.m., local time, on January 10, 2017 at The Middlefield Banking Company, 15985 East High Street, Middlefield, Ohio 44062. The annual meeting of Liberty stockholders will be held at 9:00 a.m., local time, on December 22, 2016 at Corporate College East, 4400 Richmond Road, Warrensville Heights, Ohio 44128.

Q: What proposals will be acted on at the Middlefield and Liberty stockholder meetings?

A: Middlefield stockholders will be asked to (1) approve the transactions under the Reorganization Agreement, (2) approve issuance of up to 563,261 shares of Middlefield common stock in the Merger, (3) approve adjournment of the special meeting to allow additional time for proxy solicitation if there are not sufficient votes to approve the Reorganization Agreement transactions, and (4) vote on any other business properly presented.

Liberty stockholders will be asked to (1) adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, (2) approve adjournment of the annual meeting to allow additional time for proxy solicitation if there are not sufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, (3) elect twelve directors for the term expiring at the earlier of (i) completion of the Merger or (ii) the 2017 annual meeting and until their successors are elected and qualified, (4) ratify the selection of independent auditors, and (5) vote on any other business properly presented.

Q: What do the Board of Directors of Middlefield and the Board of Directors of Liberty recommend regarding the proposals to be acted on at the stockholder meetings?

Middlefield's board of directors believes that the Merger and other transactions under the Reorganization Agreement are in the best interests of Middlefield and its stockholders and recommends that Middlefield stockholders vote FOR the proposal to approve the transactions under the Reorganization Agreement, FOR the proposal to issue Middlefield common stock in the Merger, and FOR the proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes to approve the Reorganization Agreement transactions.

Liberty's board of directors also determined that the Reorganization Agreement is in the best interests of Liberty and its stockholders and recommends that Liberty stockholders vote FOR the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and FOR the proposal to adjourn the annual meeting to solicit additional proxies if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement. Regarding the other proposals to be presented at the annual meeting, Liberty's board of directors recommends that stockholders vote FOR election of the identified director nominees and FOR ratification of the selection of the independent auditor.

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Q: Is my vote needed to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and to approve the other proposals?

A: Adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement requires the affirmative vote of the holders of at least two-thirds of the shares of Liberty common stock outstanding. When Liberty's stockholder meeting is held, if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment. All of Liberty's directors entered into voting agreements with Middlefield as a condition to Middlefield's agreement to the Reorganization Agreement (the "Voting Agreements"), agreeing to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement and in favor of the adjournment proposal. Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 354,986 shares of Liberty common stock, or approximately 34.3% of the shares outstanding. The form of Voting Agreement is an exhibit to the Reorganization Agreement included as Annex A to this joint proxy statement/prospectus. As a holder of 23,218 shares of Liberty common stock, or 2.2%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement, in favor of the adjournment proposal, in favor of election of the identified director nominees, and in favor of ratifying the selection of independent accountants.

For the proposal to elect directors at Liberty's annual meeting, directors are elected by plurality vote, which means the directors receiving the greatest number of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent auditor.

Similar to the approval standard applicable to the Liberty stockholder meeting, approval of the transactions under the Reorganization Agreement by Middlefield stockholders requires the affirmative vote of the holders of at least two-thirds of the shares of Middlefield common stock outstanding. If there are insufficient votes to approve the Reorganization Agreement transactions when Middlefield's stockholder meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the votes cast is necessary to approve adjournment. To approve issuance of Middlefield common stock in the Merger, the affirmative vote of a majority of the votes cast is necessary. Middlefield directors did not enter into agreements regarding voting of their shares of Middlefield common stock. Collectively they own approximately 102,153 shares, or approximately 4.6% of Middlefield's outstanding common stock, with the right to acquire 20,674 additional shares.

Q: How do I vote?

A: If you were the record holder of Middlefield common stock on the November 17, 2016 record date for the Middlefield special meeting or Liberty common stock on the November 25, 2016 record date for the Liberty annual meeting, you may vote by signing and returning your company's enclosed proxy card in the postage-paid envelope provided. If you are a Middlefield voter, you may vote through the Internet. Information for voting by the Internet is set forth in the enclosed proxy card instructions. You may also vote in person by attending your company's meeting.

If you hold Middlefield or Liberty common stock beneficially through a broker, bank, or other nominee, please see the discussion below regarding shares held in street name.

Q: What will happen if I fail to vote or if I abstain from voting?

A: If you are a Liberty stockholder and you do not return a proxy card or vote in person at the Liberty annual meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, this will have the same effect as a vote **AGAINST** that proposal. Marking your proxy card or ballot **ABSTAIN** will have the same effect as a vote **AGAINST** the adjournment proposal and the auditor

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ratification proposal. Failure to return your proxy card or vote in person will have no effect on the adjournment proposal, the proposal to elect directors, or the proposal to ratify the auditor selection. If you are a Middlefield stockholder and you do not return a proxy card or vote in person at the Middlefield special meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to approve the transactions under the Reorganization Agreement, this will have the same effect as a vote **AGAINST** that proposal, but failing to vote or abstaining will have no effect on the adjournment proposal or the proposal to approve issuance of shares.

Q: How will my shares be voted if I return a signed proxy card without marking voting instructions?

A: If you are a Liberty stockholder and you sign, date, and return a proxy card without stating how you want your shares to be voted, your shares will be voted **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment. Similarly, your shares will be voted **FOR** election of the identified director nominees and **FOR** ratification of the auditor selection if you return a valid proxy card without giving voting instructions.

If you are a Middlefield stockholder and you sign, date, and return a proxy card without giving voting instructions, your shares will be voted **FOR** approval of the transactions under the Reorganization Agreement and **FOR** approval of the share issuance, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment.

Q: If my shares are held in a stock brokerage account or by a bank or other nominee in street name, will my broker, bank, or other nominee vote shares for me?

A: No. If you do not provide the broker, bank, or nominee (the record holder of your shares) with instructions for voting your shares, the broker, bank, or other nominee will not be able to vote on any proposal other than ratification of independent auditors. Please follow the broker, bank, or other nominee's directions for giving voting instructions to the broker, bank, or nominee.

if you hold Liberty shares in street name through a broker, bank, or other nominee but do not give voting instructions to the broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to adopt and approve the Reorganization Agreement and the Merger or the proposal to adjourn the meeting, which broker non-votes will have the same effect as votes **AGAINST** those proposals. Failing to give voting instructions also will prevent the broker, bank, or other nominee from voting on the director election proposal, but directors nevertheless will be elected because directors are elected by a plurality; however, your broker, bank, or other nominee will be able to vote on the auditor ratification proposal without voting instructions,

if you are a Middlefield stockholder but do not give voting instructions to your broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to approve the transactions under the Reorganization Agreement, which broker non-vote will have the same effect as a vote

AGAINST that proposal. Although failing to give voting instructions also will prevent your broker, bank, or other nominee from voting on the proposal to issue common stock or the adjournment proposal, broker non-votes on those proposals have no effect because under Middlefield's regulations the proposals will be decided by a majority of votes actually cast.

Under applicable Financial Industry Regulatory Authority (FINRA) and stock exchange rules, brokers who hold shares in street name for a beneficial owner are allowed to vote in their discretion on routine proposals, even without voting instructions from beneficial owners. For proposals stock exchanges consider non-routine, however, brokers are not allowed to exercise voting discretion and cannot vote on those non-routine proposals unless the beneficial owner gives specific voting instructions. Except for the auditor ratification proposal to be acted on at the Liberty stockholder meeting, Middlefield and Liberty believe the

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proposals to be voted on at the stockholder meetings are non-routine and that brokers therefore will not be able to vote without specific voting instructions. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

Q: May I change my vote after submitting a proxy?

A: Yes, but only until a vote is taken. Middlefield stockholders who hold directly, not in street name, may revoke a proxy at any time before a vote is taken by (x) filing a written notice of revocation with Middlefield's Secretary, at 15985 East High Street, Middlefield, Ohio 44062-0035, (y) executing and returning another proxy card with a later date, or (z) attending the meeting and giving notice of revocation in person. Liberty stockholders may revoke a proxy at any time before a vote is taken by (x) filing a written notice of revocation with Liberty's Secretary, at 25201 Chagrin Boulevard, Suite 120, Beachwood, Ohio 44122, (y) executing and returning another proxy card with a later date, or (z) attending the meeting and giving notice of revocation in person. A revocation notice or a later dated proxy will not be effective unless actually received by Liberty prior to the vote.

Your attendance at the meeting will not, by itself, revoke your proxy.

If you hold shares in street name and gave voting instructions to the broker, bank, or nominee, you must follow the broker, bank or nominee's directions for changing your vote.

Q: If I do not favor adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, what are my dissenters' rights?

A: Under federal banking law Liberty stockholders may dissent from the Merger and elect to have the fair market value of their shares appraised, receiving payment for their shares in cash. To assert dissenters' right of appraisal, a stockholder must comply with the provisions of federal law, which include voting against the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement or giving notice to the presiding officer in writing at or before Liberty's meeting that the stockholder dissents. For more information see *DISSENTERS' RIGHTS* and the copy of the applicable statutory provision included as Annex B to this joint proxy statement/prospectus.

Q: When will the Merger be completed?

A: Middlefield and Liberty desire to complete the Merger in the first quarter of 2017, but achieving that goal is contingent on obtaining stockholder approvals and applicable governmental approvals and on satisfying all other conditions precedent to the Merger.

Q: Should Liberty stockholders send in their share certificates now?

A: No. Within five business days after the Merger is completed, the Exchange Agent for the Merger will send Liberty stockholders a letter of transmittal with instructions for delivering share certificates to the Exchange Agent. American Stock Transfer & Trust Company, LLC will act as Exchange Agent. Liberty stockholders must use the letter of transmittal to exchange Liberty share certificates for Merger consideration. Do not send in share certificates with your proxy form.

Q: What do I need to do now?

A: After carefully reviewing this joint proxy statement/prospectus, including its Annexes, please complete, sign, and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy, you authorize the individuals named in your company's proxy to vote your shares at your company's meeting of stockholders in accordance with your instructions. ***Your vote is very important. Regardless of whether you plan to attend the meeting, please submit your proxy with voting instructions to ensure that your shares are voted.***

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Q: Are there risks that I should consider in deciding whether to vote in favor of the Reorganization Agreement and the other proposals?

A: Yes. You should read and carefully consider the section of this joint proxy statement/prospectus captioned *RISK FACTORS*, which begins on page 28.

Q: Who can answer my questions?

A: If you have questions about the Merger or desire additional copies of this joint proxy statement/prospectus or additional proxy cards, please contact your company or its proxy solicitor at the applicable address below:

Middlefield stockholders:

Middlefield Banc Corp.

Attention: Investor Relations

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

(440) 632-1666

D.F. King & Co. (Middlefield's Proxy Solicitor)

48 Wall Street

New York, New York 10005

Toll-Free: (800) 967-5084

Liberty stockholders:

Liberty Bank, N.A.

Attention: Stockholder Relations

25201 Chagrin Boulevard, Suite 120

Beachwood, Ohio 44122

(216) 359-5500

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It does not necessarily contain all of the information that is important to you. You should read carefully this entire document, including its Annexes, and all other documents to which this joint proxy statement/prospectus refers before you decide how to vote. This summary includes page references directing you to more detailed information.

The Companies

Middlefield Banc Corp.

15985 East High Street

P.O. Box 35

Middlefield, Ohio 44062-0035

Phone: (440) 632-1666

Middlefield is a one-bank holding company. Middlefield's principal subsidiary is The Middlefield Banking Company, an Ohio-chartered, nonmember commercial bank. Middlefield's other subsidiary, EMORECO Inc., is an asset resolution corporation dedicated to the resolution and disposition of troubled assets of a central-Ohio bank that Middlefield acquired in 2007, specifically nonperforming loans and other real estate owned (OREO) held by the acquired bank as the result of borrower defaults on real estate-secured loans. That bank, Emerald Bank, operated as a separate subsidiary of Middlefield from 2007 through 2013, merging into The Middlefield Banking Company on January 20, 2014. At the end of September 2016 The Middlefield Banking Company had total assets of \$760.6 million and more than 140 employees.

The Middlefield Banking Company offers a broad range of banking services, including online banking and bill payment services for individuals and online cash management services for business customers at www.middlefieldbank.com. The Middlefield Banking Company's customers are small and medium-sized businesses, professionals, small business owners, and retail customers. Loan products include operational and working capital loans, loans to finance capital purchases, term business loans, residential construction loans, selected guaranteed or subsidized loan programs for small businesses, professional loans, residential and mortgage loans, and consumer installment loans to purchase automobiles or boats, make home improvements, and for other personal expenditures. The bank makes available customary deposit-related products and services, such as checking, savings, negotiable order of withdrawal accounts, money market accounts, time certificates of deposit, safe deposit facilities, and travelers' checks.

The Middlefield Banking Company operates in two distinct and very competitive markets, one in the northeastern Ohio counties of Geauga, Portage, Trumbull, Ashtabula, and Lake. The other market is central Ohio, specifically the Columbus area and Franklin County, the result of the 2007 acquisition of Emerald Bank. Ohio has a high concentration of financial service firms, many of which are significantly larger institutions with greater financial resources. Savings banks, savings and loan associations, commercial banks, mortgage banking companies, credit unions, insurance companies and other financial service companies compete to make loans. Savings and loan associations, savings banks, commercial banks, and credit unions compete for deposits, but non-depository entities such as mutual funds, securities and brokerage firms, and insurance companies also compete for depositors' funds.

The Middlefield Banking Company's operations have historically been concentrated in the area east of Liberty's market, in largely rural areas with a large Amish population. The Middlefield Banking Company's business originated in this market and was not an outgrowth of the nearby Cleveland-area or Akron-area markets. This includes Geauga County, where The Middlefield Banking Company's business began in 1901 and where four of its ten offices are located, and northern Portage County, where two offices are located, with a

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seventh office in Cortland in Trumbull County, an office in Orwell in southern Ashtabula County, and two offices in central Ohio, in Franklin County. The Middlefield Banking Company's eleventh banking office opened in October 2016 in Sunbury, also in central Ohio, in Delaware County. It also has a loan production office in Mentor, in Lake County. The Middlefield Banking Company's northeast Ohio market adjoins the market of Liberty, which is to the immediate west.

Middlefield common stock trades on the Nasdaq Capital Market under the symbol **MBCN**. Middlefield is subject to reporting requirements under the Securities Exchange Act of 1934, filing annual, quarterly, and current reports, proxy statements, and other information with the SEC.

Liberty Bank, N.A.

25201 Chagrin Boulevard, Suite 120

Beachwood, Ohio 44122

Phone: (216) 359-5500

Liberty is a national bank established in October 1990. Liberty currently has approximately 40 employees. Liberty's three bank offices are in Twinsburg in northern Summit County and Beachwood and Solon in eastern Cuyahoga County, Ohio. Liberty common stock is not listed on an exchange or traded over the counter. From inception, Liberty has been associated with the Akron and Cleveland business community and has sought to be a community banking resource for individuals and small business customers seeking the personalized service and local decision-making that distinguish community banks from the much larger regional and national banking institutions dominating the banking markets in Akron and Cleveland.

After the Merger, The Middlefield Banking Company will conduct through Liberty's three bank offices the typical community banking business The Middlefield Banking Company has conducted through its offices since 1901. Both banks are community banks, and although Liberty serves the credit and deposit needs not only of local small businesses but also individuals, Liberty's identity, its physical branch presence, and its marketing focus are more characteristic of a small business bank. The Middlefield Banking Company actively seeks to serve the lending and deposits needs not only of business customers but also individuals, for example individuals seeking home mortgage credit who do not have a preexisting commercial borrowing or deposit relationship with The Middlefield Banking Company. Middlefield believes the Merger will have the consequence of Liberty's office locations being occupied by a community bank with a broader customer focus, with more active consumer marketing of The Middlefield Banking Company's products and services in its new market in Cuyahoga County and Summit County.

The Reorganization Agreement (page 78)

If all of the Reorganization Agreement conditions are satisfied or waived, Liberty will merge into The Middlefield Banking Company, with The Middlefield Banking Company surviving. The Reorganization Agreement is Annex A to this joint proxy statement/prospectus and forms part of this joint proxy statement/prospectus. ***We encourage you to read the Reorganization Agreement carefully. It is the principal legal document governing the Merger.*** Immediately before Liberty merges into The Middlefield Banking Company, an interim bank subsidiary organized by Middlefield will merge into Liberty, with Liberty surviving momentarily before Liberty immediately thereafter merges into The Middlefield Banking Company.

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What Liberty stockholders will receive in the Merger (page 79)

Liberty stockholders will be entitled to receive from Middlefield a combination of cash and Middlefield common stock when the Merger is completed, in addition to a special dividend of approximately \$3.13 per share in cash immediately prior to the completion of the Merger. Subject to allocation procedures in the Reorganization Agreement ensuring that approximately 45% of the outstanding Liberty common stock is converted into Middlefield common stock and the remaining outstanding Liberty common stock is converted into cash, at the effective time of the Merger Liberty common stock not owned by Middlefield will be converted into the right to receive either:

\$37.96 in cash, or

1.1934 shares of Middlefield common stock

Liberty stockholders will own up to approximately 20% of the Middlefield common stock outstanding after the Merger. Middlefield will not issue fractional shares. Instead, a holder of Liberty common stock who would otherwise be entitled to a fractional share (after taking into account all Liberty common stock owned by the holder at the effective time of the Merger) will receive cash, without interest, equal to the product of the fractional share to which the holder would otherwise be entitled multiplied by the volume-weighted average closing sale price of Middlefield common stock for the 30 trading days immediately before the effective time.

It technically is not part of the Merger consideration, but pursuant to the Reorganization Agreement, Liberty must declare a special dividend to stockholders before Merger closing. The special dividend is currently estimated to be approximately \$3.0 million in the aggregate, or \$3.13 per share. Middlefield will not receive Merger consideration for its 23,218 Liberty shares but will be entitled to a proportionate share of the special dividend payment.

What holders of Liberty stock options and phantom shares will receive (page 79)

Liberty's compensation arrangements for officers and employees include equity-based awards, including stock options and phantom awards. There are option awards outstanding for 13,572 shares, all of which are vested, including options held by Liberty's Chief Credit Officer to acquire a total of 4,000 shares. At the effective time of the Merger each outstanding and unexercised option to purchase Liberty common stock will be cancelled in exchange for a cash payment equal to (x) the positive difference between \$41.09 and the exercise price of the option, multiplied by (y) the number of shares of Liberty common stock acquirable by option exercise. There are also outstanding 2,000 phantom share awards made in 2013. The phantom share awards consist of the right to a cash payment equal to the positive difference between Liberty's stock value on December 31, 2016 and the stock value on the award date, multiplied by the number of phantom shares awarded, with value being determined by Liberty's board of directors. The total cash payment for cancellation of the options and phantom awards is estimated to be \$161,931, of which \$62,986 is payable to Liberty's Chief Credit Officer. The \$41.09 figure is the sum of the \$37.96 per share cash Merger consideration and the \$3.13 per share special dividend.

Exchange of Liberty common stock certificates (page 79)

When the Merger is complete, acting as exchange agent, American Stock Transfer & Trust Company, LLC will mail to Liberty stockholders transmittal materials and instructions for exchanging Liberty share certificates for Middlefield common stock to be issued by book-entry transfer.

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Liberty annual meeting of stockholders (page 34)

The Liberty annual meeting of stockholders will be held at 9:00 a.m., local time, on December 22, 2016 at Corporate College East, 4400 Richmond Road, Warrensville Heights, Ohio 44128 for the purpose of considering and voting on proposals to

adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

adjourn the annual meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Reorganization Agreement,

elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) the 2017 annual meeting and until their successors are elected and qualified,

ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and

transact any other business properly presented at the meeting or at any adjournment or postponement. The Liberty board of directors currently is not aware of any other business to be presented at the meeting. You are entitled to vote at the annual meeting if you owned Liberty common stock as of the close of business on the November 25, 2016 record date. As of that date a total of 1,035,272 shares of Liberty common stock were outstanding and eligible to vote at the Liberty annual meeting.

Middlefield special meeting of stockholders (page 44)

A special meeting of stockholders of Middlefield will be held at 10:00 a.m., local time, on January 10, 2017 at The Middlefield Banking Company, 15985 East High Street, Middlefield, Ohio, 44062 for the purpose of considering and voting on proposals to

approve the transactions under the Reorganization Agreement,

issue up to 563,261 shares of Middlefield common stock in the Merger,

adjourn the special meeting if adjournment is necessary to allow solicitation of additional proxies because of insufficient votes to adopt and approve the Reorganization Agreement, and

transact any other business properly presented at the special meeting or any adjournment or postponement. The Middlefield board of directors currently is not aware of any other business to be presented at the meeting.

You are entitled to vote at the special meeting if you owned Middlefield common stock as of the close of business on the November 17, 2016 record date. As of that date a total of 2,250,893 shares were outstanding and eligible to vote at the Middlefield special meeting.

Required vote (pages 34, 44)

Liberty. A quorum will exist at Liberty's annual meeting if a majority of the outstanding common stock is represented in person or by proxy. The Reorganization Agreement will be adopted and approved and the transactions contemplated by the Reorganization Agreement will be approved if they receive the affirmative vote of the holders of at least two-thirds of Liberty's outstanding common stock. If there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement when the meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment.

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All of Liberty's directors agreed to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, in favor of the adjournment proposal and in favor of entering into voting agreements with Middlefield as a condition to Middlefield's agreement to enter into the Reorganization Agreement (*Voting Agreements*). Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 354,986 shares of Liberty common stock, or approximately 34.3% of the shares outstanding. The form of Voting Agreement is an exhibit to the Reorganization Agreement attached as Annex A to this joint proxy statement/prospectus. As a group, Liberty's directors, executive officers, and affiliates own 357,889 shares of Liberty common stock, or 34.6% of shares outstanding, with the right to acquire an additional 4,000 shares. As a holder of 23,218 shares of Liberty common stock, or 2.2%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated under the Reorganization Agreement and in favor of the adjournment proposal.

For the proposal to elect directors at Liberty's annual meeting, directors are elected by plurality vote, which means the directors receiving the greatest number of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent auditor. Middlefield intends to vote in favor of electing the director nominees identified in this joint proxy statement/prospectus and in favor of ratifying the selection of Liberty's independent auditor.

Middlefield. A quorum at Middlefield's special meeting is a majority of the shares outstanding, whether present in person or by proxy. The Reorganization Agreement will be adopted and approved if it receives the affirmative vote of the holders of at least two-thirds of Middlefield's outstanding common stock. If there are insufficient votes to adopt and approve the Reorganization Agreement when the meeting is held, the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the votes cast is necessary to approve adjournment. To approve issuance of Middlefield common stock in the Merger, the affirmative vote of a majority of the votes cast is necessary.

As a group, Middlefield's directors, executive officers, and affiliates own 106,138 shares of Middlefield common stock, or 4.72% of shares outstanding, with the right to acquire 28,249 additional shares.

Recommendation to Liberty stockholders (page 55)

Liberty's board of directors unanimously approved the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement. Liberty's board believes the Merger is in the best interests of Liberty and its stockholders. The board unanimously recommends that Liberty stockholders vote **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement and, if the adjournment proposal is presented for a vote, **FOR** adjournment to allow additional proxy solicitation. Liberty's board considered many factors in this decision, which are described in the section captioned *THE MERGER Background of the Merger* beginning on page 49 and *THE MERGER Liberty's Reasons for the Merger* beginning on page 53 of this joint proxy statement/prospectus. Liberty's board also recommends that stockholders vote **FOR** election of the identified director nominees and **FOR** ratification of the selection of independent accountants.

Opinion of Liberty's Financial Advisor (page 55)

On July 27, 2016 Liberty's financial advisor, Boenning & Scattergood, Inc. (*Boenning*), delivered to Liberty's board of directors a written opinion concerning the fairness, from a financial point of view, of the Merger consideration to be received by the holders of Liberty common stock. The full text of the opinion,

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describing the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Boenning, is attached as Annex C to this joint proxy statement/prospectus.

Boenning's opinion was for the information of and was directed to Liberty's board for the board's consideration of the financial terms of the Merger. The opinion does not pertain to Liberty's underlying business decision to engage in the Merger or enter into the Reorganization Agreement. The opinion does not constitute a recommendation to the Liberty board regarding the Merger and it does not constitute a recommendation to any holder of Liberty common stock or any stockholder of any other entity regarding how to vote on the Merger or on any other proposal.

Recommendation to Middlefield stockholders (page 63)

Middlefield's board of directors also unanimously approved the Reorganization Agreement. Middlefield's board believes the Merger is in the best interests of Middlefield and its stockholders. The board unanimously recommends that Middlefield stockholders vote **FOR** approval of the transactions contemplated by the Reorganization Agreement, **FOR** issuance of up to 563,261 shares of common stock in the Merger, and **FOR** adjournment to allow additional proxy solicitation if the adjournment proposal is presented for a vote. In reaching this decision Middlefield's board of directors considered many factors as described in the section captioned *THE MERGER Background of the Merger* beginning on page 49 and *THE MERGER Middlefield's Reasons for the Merger* beginning on page 62 of this joint proxy statement/prospectus.

Opinion of Middlefield's Financial Advisor (page 63)

Middlefield's financial advisor, Donnelly Penman & Partners Inc., delivered to Middlefield's board of directors a July 27, 2016 opinion concerning the fairness to Middlefield stockholders, from a financial point of view, of the consideration being paid. Describing the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Donnelly Penman & Partners Inc., the full text of the opinion is attached as Annex D to this joint proxy statement/prospectus.

Donnelly Penman & Partners Inc.'s opinion was for the information of and was directed to Middlefield's board for its consideration of the financial terms of the Merger. The opinion does not pertain to Middlefield's underlying business decision to engage in the Merger or enter into the Reorganization Agreement. The opinion does not constitute a recommendation to the Middlefield board regarding the Merger and it does not constitute a recommendation to any Middlefield stockholder regarding how to vote on the Merger or on any other proposal.

Material U.S. federal income tax consequences (page 73)

The U.S. federal income tax consequences of the Merger to a Liberty stockholder will depend on the relative mix of cash and Middlefield common stock received by such Liberty stockholder. Liberty stockholders should not recognize any gain or loss for U.S. federal income tax purposes if they exchange their Liberty shares solely for shares of Middlefield common stock in the Merger, except with respect to cash received in lieu of fractional shares of Middlefield common stock. Liberty stockholders will recognize gain or loss if they exchange their Liberty shares solely for cash in the Merger. Liberty stockholders will recognize gain, but not loss, if they exchange their Liberty shares for a combination of Middlefield common stock and cash, but their taxable gain in that case will not exceed the cash they receive in the Merger. **The tax consequences of the Merger to each Liberty stockholder will depend on such Liberty stockholder's own situation. Liberty stockholders should consult with their own tax advisors for a full understanding of the tax consequences of the Merger to them.** Tucker Ellis LLP has delivered a tax opinion,

dated September 26, 2016, to the effect that the Merger qualifies as a reorganization under Section 368(a) of the Internal Revenue Code. In addition, the completion of

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the Merger is conditioned on receipt of a tax opinion from Tucker Ellis LLP, dated the closing date, to the same effect as the opinion described in the preceding sentence. The opinion will not bind the Internal Revenue Service, which could take a different view.

See *THE MERGER Material U.S. Federal Income Tax Consequences* for a more detailed discussion of the tax consequences of the Merger.

Interests of directors and certain executive officers of Liberty (page 72)

Directors and certain executive officers of Liberty have employment and other compensation agreements or economic interests that give them interests in the Merger that are somewhat different from or in addition to their interests as Liberty stockholders. These interests and agreements include:

two members of the Liberty board of directors will be appointed to Middlefield's board of directors. These directors are Chairman, President, and CEO William A. Valerian and Director Thomas W. Bevan,

all outstanding stock options issued by Liberty to officers and employees will be cancelled in exchange for cash equal to (x) the positive difference between \$41.09 and the exercise price of the option, multiplied by (y) the number of shares of Liberty common stock acquirable by option exercise; of the \$161,931 total payable in cancellation of options and phantom stock, \$62,986 will be paid to Senior Vice President and Chief Credit Officer Craig E. Reay. Mr. Valerian's son holds 1,000 phantom shares, which will be cancelled in exchange for \$15,200 in cash,

Liberty's CEO William A. Valerian and CFO Richard C. Ebner have employment agreements with Liberty. The employment agreements provide that they are entitled to a payment equal to 2.5 times salary when a change in control occurs, payable in equal installments over 30 months, plus payments for the cost of life insurance, long-term disability, and medical benefits over those 30 months. The Merger will constitute a change in control under those employment agreements. Mr. Valerian's total payments are estimated to be \$929,502 and Mr. Ebner's are estimated to be \$716,900,

certain Liberty officers will receive retention bonuses to remain with Liberty through consummation of the Merger,

the Reorganization Agreement provides that Middlefield will consult with Liberty about forming a Northeast Ohio Advisory Board, which would include some of Liberty's current directors, and

the Reorganization Agreement preserves for six years the rights of Liberty's officers and directors to continued indemnification coverage and continued coverage under directors' and officers' liability insurance policies. Each of Middlefield's and Liberty's board of directors was aware of these interests and considered them in approving the Reorganization Agreement and the transactions contemplated by the Reorganization Agreement. See *THE MERGER Interests of Liberty Directors and Executive Officers in the Merger* beginning on page 72 of this joint

proxy statement/prospectus.

Dissenters' rights of Liberty stockholders (page 48)

The National Bank Act gives Liberty stockholders the right to dissent from the Merger and elect to have the fair market value of their shares appraised, receiving payment for their shares in cash. To assert dissenters' rights of appraisal, a stockholder must comply with the requirements of the National Bank Act, which include voting against the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement or giving notice in writing at or before Liberty's meeting that the

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stockholder dissents by giving notice to the presiding officer. For more information, see *DISSENTERS RIGHTS* and the copy of the applicable statutory provision attached as Annex B to this joint proxy statement/prospectus.

A Liberty stockholder who has questions regarding dissenters' rights should consult his or her legal advisers.

Differences in stockholder rights (page 91)

Liberty stockholders who receive Middlefield common stock will be Middlefield stockholders when the Merger is completed. As such, their rights will be governed by Middlefield's Second Amended and Restated Articles of Incorporation and Regulations, as well as Ohio law. For a summary of significant differences between the rights of Middlefield stockholders and the rights of Liberty stockholders, see *COMPARISON OF RIGHTS OF LIBERTY AND MIDDLEFIELD STOCKHOLDERS* beginning on page 91 of this joint proxy statement/prospectus.

Conditions to the Merger (page 88)

As more fully described in this joint proxy statement/prospectus and in the Reorganization Agreement, completion of the Merger depends on adoption and approval of the Reorganization Agreement by Middlefield stockholders and by Liberty stockholders, and satisfaction or waiver of other customary merger closing conditions. Middlefield and Liberty desire to complete the Merger in the first quarter of 2017. See *THE REORGANIZATION AGREEMENT Conditions to the Merger* beginning on page 88 of this joint proxy statement/prospectus.

Termination; Termination Fee (page 89)

The Reorganization Agreement may be terminated before the effective time of the Merger, whether before or after approval by Liberty stockholders and Middlefield stockholders:

by mutual written consent of Middlefield and Liberty,

by either Middlefield or Liberty if the other party breaches its covenants or representations and warranties and the breach is not cured within 30 days after written notice or by its nature cannot be cured (provided the terminating party is not also in breach of its covenants or representations and warranties),

by either Middlefield or Liberty if the Merger does not occur by May 30, 2017 (or a later date the parties may agree to), unless the failure to close by that date is the result of the terminating party's breach of covenants or representations and warranties in the Reorganization Agreement,

by either Middlefield or Liberty if the Liberty stockholders or the Middlefield stockholders do not vote to approve the Reorganization Agreement,

by either party if a required governmental approval is denied by final, non-appealable action, or if a governmental entity issues a final, non-appealable order, injunction, or ruling enjoining or otherwise prohibiting consummation of the Merger,

by Middlefield if Liberty becomes subject to a formal bank regulatory enforcement action,

by Middlefield if Liberty's board fails to recommend adoption and approval of the Reorganization Agreement to Liberty stockholders or withdraws or adversely changes the recommendation in favor of the Reorganization Agreement, or if Liberty accepts a competing acquisition proposal, and

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by Liberty if it accepts a superior acquisition proposal, but Liberty's termination right is conditioned on Liberty giving to Middlefield notice of the superior proposal and the opportunity to modify Middlefield's merger proposal.

Liberty may be required to pay a termination fee of \$1.65 million to Middlefield if (i) the Reorganization Agreement is terminated as described in the seventh and eighth bullet points above or (ii) if a competing acquisition proposal is made known to Liberty, Middlefield subsequently terminates the Reorganization Agreement, and Liberty enters into a definitive agreement relating to the competing acquisition proposal within one year of the termination of the Reorganization Agreement. See *THE REORGANIZATION AGREEMENT Termination; Termination Fee* beginning on page 89.

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma condensed combined consolidated balance sheet as of September 30, 2016 and the unaudited pro forma condensed combined consolidated statements of income for the nine months ended September 30, 2016 and for the year ended December 31, 2015 are based on the historical financial statements of Middlefield and Liberty after giving effect to the Merger. The Merger will be accounted for using the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, Business Combinations (ASC 805).

The unaudited pro forma condensed combined consolidated statements of income for the nine months ended September 30, 2016 and for the year end December 31, 2015 give effect to the Merger as of the beginning of all periods presented. The unaudited pro forma condensed combined consolidated balance sheet as of September 30, 2016 assumes that the Merger took place on September 30, 2016.

The unaudited condensed combined consolidated balance sheet and statement of income as of and for the nine months ended September 30, 2016 were derived from Middlefield s unaudited condensed financial statements and Liberty s unaudited condensed financial statements and as of and for the nine months ended September 30, 2016. The unaudited condensed statement of income for the year ended December 31, 2015 was derived from Middlefield s and Liberty s audited statements of income for the year ended December 31, 2015.

The pro forma condensed combined consolidated financial statements reflect management s best estimate of the fair value of the tangible and intangible assets acquired and liabilities assumed. As final valuations are performed, increases or decreases in the fair value of assets acquired and liabilities assumed will result in adjustments, which may be material, to the balance sheet and/or statement of income.

As required, the unaudited pro forma condensed combined consolidated financial data includes adjustments which give effect to the events that are directly attributable to the Merger, expected to have a continuing impact and are factually supportable. We expect that we will incur reorganization and restructuring expenses as a result of combining our companies. We also anticipate that the Merger will provide the combined company with financial benefits that include reduced operating expenses (as compared to the sum of expenses from each company while operating separately) and the opportunity to earn more revenue. The pro forma information does not take into account these expected expenses or anticipated financial benefits, and does not attempt to predict or suggest future results.

The unaudited pro forma condensed combined consolidated financial statements are provided for informational purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the companies actual performance or financial position would have been had the Merger occurred on the dates indicated and does not purport to indicate the financial position or results of operations as of any date or for any future period.

Please refer to the following information in conjunction with the accompanying notes to these pro forma financial statements and the historical financial statements and the accompanying notes thereto and the section MANAGEMENT S DISCUSSION AND ANALYSIS OF MIDDLEFIELD S FINANCIAL CONDITION AND RESULTS OF OPERATIONS in this joint proxy statement/prospectus.

The unaudited pro forma stockholders equity and net income are qualified by the statements set forth under this caption and should not be considered indicative of the market value of Middlefield common stock or the actual or future results of operations of Middlefield for any period. Actual results may be materially different from the pro forma information presented.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED BALANCE SHEET****AS OF SEPTEMBER 30, 2016**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				
	Middlefield				
	Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		Combined Pro Forma
ASSETS					
Cash and due from banks	\$ 21,976	\$ 22,804	\$ (2,933)	A	\$ 32,627
			(1,487)	B	
			(7,166)	C	
			(567)	D	
Fed funds sold	1,300				1,300
Cash and cash equivalents	23,276	22,804	(12,153)		33,927
Investment securities available for sale, at fair value	123,054		(580)	E	122,474
Loans held for sale	880	358			1,238
Loans	586,329	197,400	(3,860)	F	779,869
Less allowance for loan and lease losses	6,334	3,276	(3,276)	G	6,334
Net loans	579,995	194,124	(584)		773,535
Premises and equipment, net	9,921	358			10,279
Goodwill	4,559		11,357	H	15,916
Core deposit intangibles	46		582	I	628
Bank owned life insurance	13,438	1,653			15,091
Other real estate owned	1,205				1,205
Accrued interest and other assets	5,884	2,171	79	J	8,134
TOTAL ASSETS	\$ 762,258	\$ 221,468	\$ (1,299)		\$ 982,427
LIABILITIES					
Noninterest-bearing demand	\$ 136,320	\$ 29,515			\$ 165,835
Interest-bearing demand	67,061	30,197			97,258
Money market	77,774	82,886			160,660
Savings	173,272	9,953			183,225
Time	184,915	35,689	224	K	220,828
Total deposits	639,342	188,240	224		827,806
Short-term borrowings	32,803				32,803
Other borrowings	9,713		12,000	L	21,713
Accrued interest and other liabilities	2,208	1,806			4,014
TOTAL LIABILITIES	\$ 684,066	\$ 190,046	\$ 12,224		\$ 886,336

EQUITY					
Common stock	\$ 47,812	\$ 9,603	\$ (9,603)	M	\$ 65,887
			18,075	N	
Surplus / additional paid in capital		16,977	(16,977)	M	
Retained earnings	40,282	4,842	(4,842)	M	40,106
			(567)	D	
			391	E	
Accumulated other comprehensive income	3,616				3,616
Treasury stock	(13,518)				(13,518)
TOTAL STOCKHOLDERS EQUITY	\$ 78,192	\$ 31,422	\$ (13,523)		\$ 96,091
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY					
	\$ 762,258	\$ 221,468	\$ (1,299)		\$ 982,427

See accompanying notes to the unaudited pro forma condensed combined consolidated financial statements.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				Combined Pro Forma
	Middlefield Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		
INTEREST INCOME					
Interest and fees on originated loans	\$ 18,949	\$ 7,202	\$ 271	F	\$ 26,422
Interest-bearing deposits in other institutions	42	119			161
Federal funds sold	16				16
Investment securities:	3,092				3,092
Dividends on stock	74	34			108
Total interest income	22,173	7,355	271		29,799
INTEREST EXPENSE					
Deposits	2,665	621	(146)	K	3,140
Short-term borrowings	282				282
Other borrowings	53		348	L	401
Trust preferred securities	117				117
Total interest expense	3,117	621	202		3,940
Net interest income	19,056	6,734	69		25,859
Provision for loan losses	315				315
Net interest income after provision for loan and lease losses	18,741	6,734	69		25,544
NONINTEREST INCOME					
Service charges on deposit accounts	1,443	240			1,683
Investment securities gains, net	303				303
Earnings on bank-owned life insurance	298	27			325
Gains on sale of loans	322	530			852
Other income	693	285			978
Total noninterest income	3,059	1,082			4,141
NONINTEREST EXPENSE					
Salaries and employee benefits	7,740	3,258			10,998
Occupancy expense	933	390			1,323
Equipment expense	700	152			852

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Data processing costs	928	315			1,243
Core deposit intangible amortization	30		50	I	80
Other expense	5,584	1,185			6,769
Total noninterest expense	15,915	5,300	50		21,265
Income before taxes	5,885	2,516	19		8,420
Income taxes	1,129	856	7	O	1,992
NET INCOME	\$ 4,756	\$ 1,660	\$ 12		\$ 6,428
Less: Income attributable to common stock subject to possible conversion					
Pro forma net income attributable to common stock not subject to possible conversion	\$ 4,756	\$ 1,660	\$ 12		\$ 6,428
Pro forma net income per common share basic	\$ 2.31	\$ 1.73			\$ 2.59
Pro forma net income per common share diluted	2.30	1.71			2.58
Weighted average number of shares outstanding basic	2,059,656	959,115	515,695	N	2,480,352
Weighted average number of shares outstanding diluted	2,068,532	969,433	515,695	N	2,488,874

See accompanying notes to the unaudited pro forma condensed combined financial statements.

Table of Contents**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015**

(Dollars in Thousands, Except Per Share Amounts)

	HISTORICAL				Combined Pro Forma
	Middlefield Banc Corp.	Liberty Bank, N.A.	Pro Forma Adjustments		
INTEREST INCOME					
Interest and fees on originated loans	\$ 23,824	\$ 8,282	\$ 359	F	\$ 32,465
Interest-bearing deposits in other institutions	33	91			124
Federal funds sold	13				13
Investment securities:	4,627				4,627
Dividends on stock	98	66			164
Total interest income	28,595	8,439	359		37,393
INTEREST EXPENSE					
Deposits	3,426	950	(167)	K	4,209
Short-term borrowings	194				194
Other borrowings	83		464	L	547
Trust preferred securities	117				117
Total interest expense	3,820	950	297		5,067
Net interest income	24,775	7,489	62		32,326
Provision for loan losses	315				315
Net interest income after provision for loan and lease losses	24,460	7,489	62		32,011
NONINTEREST INCOME					
Service charges on deposit accounts	1,874	282			2,156
Investment securities gains, net	323				323
Earnings on bank-owned life insurance	624	54			678
Gains on sale of loans	329	476			805
Other income	894	330			1,224
Total noninterest income	4,044	1,142			5,186
NONINTEREST EXPENSE					
Salaries and employee benefits	9,751	3,703			13,454
Occupancy expense	1,253	493			1,746
Equipment expense	944	212			1,156

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Data processing costs	1,071	418			1,489
Core deposit intangible amortization	40		67	I	107
Other expense	7,018	1,070			8,088
Total noninterest expense	20,077	5,896	67		26,040
Income before taxes	8,427	2,735	(5)		11,157
Income taxes	1,562	943	(2)	O	2,503
NET INCOME	\$ 6,865	\$ 1,792	\$ (3)		\$ 8,654
Less: Income attributable to common stock subject to possible conversion	\$	\$	\$		\$
Pro forma net income attributable to common stock not subject to possible conversion	\$ 6,865	\$ 1,792	\$ (3)		\$ 8,654
Pro forma net income per common share basic	\$ 3.41	\$ 1.88			\$ 3.42
Pro forma net income per common share diluted	3.39	1.86			3.41
Weighted average number of shares outstanding basic	2,014,966	954,033	515,695	N	2,530,130
Weighted average number of shares outstanding diluted	2,024,120	962,091	515,695	N	2,539,284

See accompanying notes to the unaudited pro forma condensed combined financial statements.

Table of Contents**Notes to Unaudited Pro Forma Condensed Combined Consolidated Balance Sheets and Income Statements****(Dollars in thousands)****1) Description of the Merger and Basis of Preparation****The Merger**

Upon consummation of the Merger Middlefield Banc Corp. will continue to operate as a bank holding company under that name. Pursuant to the Reorganization Agreement, Liberty will merge with and into The Middlefield Banking Company, a subsidiary of Middlefield, with The Middlefield Banking Company being the surviving entity and remaining Middlefield s wholly owned subsidiary.

Basis of Presentation

The unaudited pro forma condensed combined consolidated financial statements have been prepared based on Middlefield s and Liberty s historical financial information. Certain disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted as permitted by SEC rules and regulations.

These unaudited pro forma condensed combined consolidated financial statements are not necessarily indicative of the results of operations that would have been achieved had the Merger actually taken place at the dates indicated and do not purport to be indicative of future financial condition or operating results.

2) Acquisition Method

The pro forma condensed combined consolidated financial statements reflect the accounting for the transaction in accordance with ASC 805. Under the acquisition method, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values, with any excess of the purchase price over the estimated fair value of the identifiable net assets acquired recorded as goodwill.

The purchase price allocation for Liberty is summarized as follows (in thousands):

Cash to holders of Liberty common stock	\$ 19,166
Value of Liberty common stock owned by Middlefield	971
Middlefield common stock to holders of Liberty common stock	18,075
Total purchase price	38,212
Allocated to:	
Historical book value of Liberty s assets and liabilities	31,422
Pre-closing special dividend to Liberty s common stockholders	(2,933)
Pre-closing cash out of existing Liberty stock options	(1,487)
Historical book value of Liberty s assets and liabilities to be allocated	27,002

To adjust Liberty's assets and liabilities to fair value:

Loans	(3,860)
Elimination of allowance for loan and lease losses	3,276
Core deposit intangible	582
Net deferred tax asset	79
Time deposits	(224)
Total allocation of purchase price	(147)
Excess of purchase price over allocation of identifiable assets and liabilities	\$ 11,357

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- A. Represents payment of special dividend to Liberty common stockholders prior to execution of the transaction.

Special dividend per share	\$ 3.13
Outstanding number of shares	960,273
Total special dividends	\$ 3,006
Liberty shares held by Middlefield	23,218
Special dividends paid in cash	\$ 2,933

- B. Represents cashing out of existing Liberty stock options and phantom stock existing as of September 30, 2016.

Special dividend per share	\$ 3.13
Consideration per share (market value of \$35.05, 1.1934 exchange rate)	41.83
Total consideration per share	\$ 44.96
Stock options and phantom stock weighted average strike price	28.54
Cash out of options and phantom stock per share	16.42
Stock options and phantom stock outstanding	90,571
Total option and phantom stock consideration	\$ 1,487

- C. Represents the cash component of the purchase price.

Cash consideration per share	\$ 37.96
Outstanding number of shares	960,273
Anticipated cash conversion rate	52.58%
Total cash consideration	\$ 19,166
Cash proceeds from new debt	12,000
Net cash outflow	\$ 7,166

- D. Represents payment of \$872 of fees to financial advisors, net of 35% anticipated tax effect, payable upon the closing of the acquisition. The fees are non-recurring items directly attributable to the closing of the transaction and are not expected to have a continuing impact on operations and therefore are not included in the Unaudited Pro Forma Statement of Income.

- E. Reflects elimination of Middlefield's minority investment in Liberty, carried at \$580, and related gain realized as a result of the transaction.

Carrying value of Liberty stock	\$ 580
Closing price of common stock as of November 18, 2016	35.05
Liberty shares held by Middlefield	23,218
Fixed exchange ratio of common stock	1.1934
Middlefield realized gain on Liberty stock	\$ 391

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- F. Reflects the pro forma purchase accounting adjustment of Liberty's loan portfolio to fair value. The preliminary fair value adjustment will be accreted over the loans' remaining life on a level yield basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent accretion, including the related impact to the provision for loan losses, are as follows:

Book value:	\$ 197,400
Fair value:	193,540
Fair value adjustment:	(3,860)
Accretion:	
For the year ended December 31, 2015	359
For the nine months ended September 30, 2016	271

- G. Represents elimination of Liberty's allowance for loan and lease losses of \$3,276 as of the acquisition date.
- H. Reflects the pro forma adjustment to goodwill of \$11,357, representing the excess of the purchase price over the fair value of net assets to be acquired.
- I. Reflects the pro forma impact of the core deposit intangible asset of Liberty. The preliminary fair value adjustment will be amortized over ten years on an accelerated basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent amortization are as follows:

Fair value:	\$ 582
Amortization:	
For the year ended December 31, 2015	67
For the nine months ended September 30, 2016	50

- J. Reflects creation of a net deferred tax asset resulting from purchase accounting adjustments, estimating a 35% tax rate.
- K. Reflects the pro forma purchase accounting adjustment of Liberty's time deposits to fair value. The preliminary fair value adjustment will be accreted over the life of the time deposits on a level yield basis. The initial pro forma amount recorded to the balance sheet as of the acquisition date and subsequent accretion are as follows:

Book value:	\$ 35,689
Fair value:	35,913
Fair value adjustment:	224
Accretion:	

For the year ended December 31, 2015	167
For the nine months ended September 30, 2016	146

- L. Reflects new Middlefield debt of \$12,000 at a blended interest rate of 3.86% utilized to finance the transaction. Borrowings include an \$8,000 facility at 3.78% (1-month LIBOR plus 325 basis points) and a \$4,000 facility at 4.03% (1-month LIBOR plus 350 basis points).

- M. Reflects the elimination of Liberty's historical net equity of approximately \$31,422 as a result of the acquisition.

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N. Represents the common stock component of the purchase price.

Closing price of common stock as of November 18, 2016	\$ 35.05
Outstanding number of shares	960,273
Fixed exchange ratio of common stock	1.1934
Anticipated stock conversion rate	45.00%
Total stock consideration	\$ 18,075
New shares of common stock issued	515,695

O. Reflects tax impact of accretion and amortization of purchase accounting adjustments, assuming a 35% tax rate.

Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

The following table summarizes selected share and per share information about Middlefield and Liberty, giving effect to the Merger (known as pro forma information). The data in the table should be read together with the financial information and the financial statements of Middlefield and Liberty incorporated by reference or included in this joint proxy statement/prospectus. The pro forma information is presented as an illustration only, does not represent actual combined financial position per share or combined results of operations per share, and is not a forecast of the combined financial position or combined results of operations for any future period.

The information about book value per share and shares outstanding assumes that the Merger took place as of the dates presented and is based on the assumptions set forth in the preceding unaudited pro forma condensed combined consolidated balance sheets. The information about dividends and earnings per share assumes that the Merger took place as of the beginning of the periods presented and is based on the assumptions set forth in the preceding unaudited pro forma condensed combined consolidated income statements. No pro forma adjustments have been included to reflect potential effects of the Merger related to integration expenses, cost savings, or operational synergies Middlefield expects by combining the operations of Middlefield and Liberty, or to reflect the costs of combining the companies and their operations other than Merger-related expenses. It is further assumed that Middlefield will pay a cash dividend after completion of the Merger at the annual rate of \$1.20 per share. The actual payment of dividends is subject to numerous factors, and no assurance can be given that Middlefield will pay dividends after the Merger or that dividends will not be reduced in the future.

	Middlefield Historical	Liberty Historical	Pro Forma Combined (1)(2)(3)	Equivalent Pro Forma Liberty (4)
Basic Net Income Per Share				
Nine Months Ended September 30, 2016	2.31	1.73	2.59	3.09
Diluted Income Per Share				
Nine Months Ended September 30, 2016	2.30	1.71	2.58	3.08
Dividends Declared Per Share				
Nine Months Ended September 30, 2016	0.81	0.60	0.68	0.81
Book Value Per Share				
September 30, 2016	34.80	32.72	34.78	41.51

	Middlefield Historical	Liberty Historical	Pro Forma Combined (1)(2)(3)	Equivalent Pro Forma Liberty (4)
Basic Net Income Per Share				
Year Ended December 31, 2015	3.41	1.88	3.42	4.08
Diluted Income Per Share				
Year Ended December 31, 2015	3.39	1.86	3.41	4.07
Dividends Declared Per Share				
Year Ended December 31, 2015	1.07	0.60	1.08	1.29
Book Value Per Share				
December 31, 2015	33.19	31.59	33.52	40.00

(1)

The pro forma combined book value per share of Middlefield common stock is based on the pro forma combined common stockholders' equity for the merged entities divided by total pro forma shares of the combined entities.

- (2) Pro forma dividends per share represent Middlefield historical dividends per share.
- (3) The pro forma combined diluted net income per share of Middlefield common stock is based on the pro forma combined diluted net income for the merged entities divided by total pro forma diluted shares of the combined entities.
- (4) Represents the Pro Forma Combined information multiplied by the 1.1934 exchange ratio.

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Middlefield's common stock trades on the Nasdaq Capital Market under the symbol MBCN. Liberty's common stock does not trade in an established market. Trades in Liberty common stock that occur are the result of direct, private negotiation between buyers and sellers. Accordingly, the management of Liberty does not have information with respect to the price at which all of its common stock has traded. Liberty has 272 stockholders of record.

Liberty paid total cash dividends on its common stock of \$0.60 per share in 2015 and \$0.40 per share for the first six months of 2016. Liberty has not declared any stock dividends on its common stock during the two most recently completed fiscal years.

A summary of the high and low bid prices of and cash dividends paid on Middlefield common stock for the first nine months of 2016 and for the 2015 and 2014 fiscal years follows. This information does not reflect retail mark-up, markdown or commissions, and does not necessarily represent actual transactions.

	High Bid	Low Bid	Dividend
2014			
First Quarter	28.00	26.00	0.26
Second Quarter	30.50	27.05	0.26
Third Quarter	35.70	28.55	0.26
Fourth Quarter	34.50	33.00	0.26
2015			
First Quarter	34.82	31.50	0.26
Second Quarter	33.65	31.60	0.27
Third Quarter	34.00	30.20	0.27
Fourth Quarter	34.75	28.90	0.27
2016			
First Quarter	34.00	30.00	0.27
Second Quarter	33.00	30.00	0.27
Third Quarter	33.95	31.35	0.27

On July 27, 2016, the last trading day before the Merger was announced, the closing price of Middlefield common stock was \$33.74. The closing price was \$35.05 on the more recent date of November 18, 2016. The table to follow presents the implied value of Liberty common stock based on those prices for Middlefield common stock and the 1.1934 fixed exchange ratio. We can give no assurance of what the market price of Middlefield common stock will be if and when the Merger is completed.

closing price of Middlefield common stock on Nasdaq	implied value per share of Liberty common stock at the 1.1934 fixed exchange
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		ratio
July 27, 2016	33.74	40.27
November 18, 2016	35.05	41.83

Table of Contents**RISK FACTORS**

This RISK FACTORS section identifies some of the significant factors that make investment in Middlefield common stock speculative or risky, but it does not purport to present an exhaustive description of all significant risks. You should carefully consider the following risk factors before you decide how to vote concerning the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus, including but not limited to the section captioned FORWARD-LOOKING STATEMENTS, and information in any documents incorporated by reference in this joint proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION in the forepart of this document.

Because the market value of Middlefield common stock fluctuates, Liberty stockholders cannot be sure of the value of the stock portion of the Merger consideration they may receive.

Approximately 45% of the Liberty shares of common stock exchanged in the Merger will be exchanged for Middlefield common stock, and the remaining Liberty shares of common stock exchanged in the Merger (approximately 55%) will be exchanged for cash. This does not take into account the special dividend of approximately \$3.0 million, to be declared before closing of the Merger. The cash portion of the Merger consideration is fixed at \$37.96 per share, and the stock portion also is fixed at 1.1934 shares of Middlefield common stock for each share of Liberty common stock exchanged for stock. Changes in the price of Middlefield common stock before the Merger is completed will affect the value of the stock portion of the Merger consideration. Changes may result from many factors, including but not limited to general market and economic conditions and changes in Middlefield's business, operations, and prospects. Therefore, when Liberty stockholders vote on the Merger they will not know the final aggregate value of the Merger consideration to be received. Liberty stockholders should obtain current sale prices for Middlefield common stock before voting at the Liberty annual meeting.

You may receive a form of consideration different from the form of consideration you elect.

Under the terms of the Reorganization Agreement, stockholders of Liberty will be entitled to receive, for each share of Liberty common stock: (i) \$37.96 in cash, or (ii) 1.1934 Middlefield common shares, or (iii) a combination of both. The form of consideration to be received by each Liberty stockholder is subject to reallocation in order to ensure that approximately 45% of the Liberty shares of common stock exchanged in the merger will be exchanged for Middlefield's common shares and 55% of the Liberty shares of common stock exchanged in the merger will be exchanged for cash. The Reorganization Agreement contains proration and allocation methods to achieve this result. If you elect to receive all cash and the available cash is oversubscribed, then you may receive a portion of the Merger consideration in the form of Middlefield common shares. If you elect to receive all Middlefield common shares and the available common shares are oversubscribed, then you may receive a portion of the Merger consideration in cash. If you elect a combination of cash and Middlefield's common shares, you may not receive the specific combination you request.

Middlefield could experience difficulties managing its growth and effectively integrating the operations of Liberty.

The earnings, financial condition and prospects of Middlefield after the Merger will depend in part on Middlefield's ability to integrate successfully the operations of Liberty and continue to implement Middlefield's business plan. Middlefield may not be able to fully achieve its strategic objectives and projected operating efficiencies. The costs or difficulties of integrating Liberty with the Middlefield organization may be greater than expected or the cost savings from anticipated economies of scale of the combined organization may be lower or take longer to realize than expected. Inherent uncertainties exist in integrating the operations of an acquired entity, and Middlefield may encounter difficulties, including but not limited to loss of key employees and customers, disruption of its ongoing

business, or possible inconsistencies in standards, controls, procedures, and policies. These factors could contribute to Middlefield not fully achieving its anticipated benefits of the Merger.

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The Reorganization Agreement limits Liberty's ability to pursue alternatives to the Merger.

With limited exceptions, the Reorganization Agreement prohibits Liberty from soliciting, negotiating, or providing confidential information to any third party relating to competing proposals for acquisition of Liberty. In addition, Liberty must pay \$1.65 million to Middlefield for termination of the Reorganization Agreement if (a) Middlefield terminates the Reorganization Agreement because Liberty accepts another acquisition proposal, or withdraws its recommendation or fails to recommend to the stockholders adoption of the Reorganization Agreement, or breaches the prohibition against soliciting other acquisition proposals, or (b) Liberty terminates the Reorganization Agreement with the intention of accepting an alternate, superior proposal. Liberty's obligation to make the payment could discourage another company from making a competing proposal.

The circumstances of Liberty and Middlefield may have changed since the date of the fairness opinions obtained from Liberty's and Middlefield's financial advisors.

Liberty's board of directors received an opinion dated July 27, 2016 from its financial advisor and Middlefield's board received a July 27, 2016 opinion from its financial advisor concerning the fairness of the Merger consideration from a financial point of view. Subsequent changes in the operation and prospects of Liberty or Middlefield, changes in general market and economic conditions, and other factors that may be beyond the control of Liberty or Middlefield could significantly alter the value of Liberty or Middlefield or the price of Middlefield common stock by the time the Merger is completed. The opinions state that the Merger consideration is fair from a financial point of view on the date of the opinion, not as of the date the Merger is finally completed or as of any other date. The opinion of Liberty's financial advisor is attached as Annex C to this joint proxy statement/prospectus. The opinion of Middlefield's financial advisor is attached as Annex D. For a description of the opinions, see *THE MERGER Opinion of Liberty's Financial Advisor* on page 55 and *THE MERGER Opinion of Middlefield's Financial Advisor* on page 63 of this joint proxy statement/prospectus.

Middlefield and Liberty stockholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management of the combined organization.

The Merger will dilute the ownership position of Middlefield stockholders and result in Liberty's stockholders having an ownership stake in the combined company that is smaller than their current 100% stake in Liberty. Upon completion of the Merger, we estimate that continuing Middlefield stockholders will own approximately 80% of the issued and outstanding common stock of Middlefield, while former Liberty stockholders will own approximately 20%. Middlefield stockholders and Liberty stockholders will therefore have less influence over the management and policies of the post-Merger organization than they currently have.

Failure to complete the Merger could adversely affect the value of Liberty common stock and future businesses and financial results of both Middlefield and Liberty.

If the Merger is not completed, the ongoing businesses of Middlefield and Liberty could be adversely affected. Middlefield and Liberty would be subject to several risks, including:

Middlefield and Liberty will have to pay costs even if the Merger is not completed, such as legal, accounting, financial advisor, and printing fees,

under the Reorganization Agreement, Liberty is subject to restrictions regarding the conduct of its business before completing the Merger, which could adversely affect Liberty's ability to execute business strategies, and

the Merger requires substantial commitments of time and resources by Middlefield and Liberty management, which would instead be devoted to other opportunities that could be beneficial to Middlefield and Liberty as independent companies.

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In addition, if the Merger is not completed, Middlefield and Liberty may experience negative reactions from their respective customers and employees. Employees could resign and obtain other employment as a result of the potential Merger or failure to complete the Merger. Middlefield or Liberty also could be subject to litigation related to failure to complete the Merger.

The Middlefield common stock received by Liberty stockholders upon completion of the Merger will have different rights from Liberty shares.

When the Merger is completed, Liberty stockholders receiving the stock form of Merger consideration will no longer be stockholders of Liberty but will instead be Middlefield stockholders, with rights governed by the Ohio Revised Code and Middlefield's articles of incorporation and regulations, which are in some respects materially different from the terms of Liberty's Bylaws and Amended and Restated Articles of Association. See *COMPARISON OF RIGHTS OF LIBERTY AND MIDDLEFIELD STOCKHOLDERS* on page 91 of this joint proxy statement/prospectus.

Liberty directors and certain of Liberty's officers have interests that are different from, or in addition to, interests of Liberty's stockholders generally.

The directors and certain executive officers of Liberty have interests in the Merger that are different from, or in addition to, the interests of Liberty stockholders generally. These interests include covenants in the Reorganization Agreement providing for the election of two current Liberty directors (Messrs. Valerian and Bevan), to the Middlefield board of directors immediately after the Merger is consummated, indemnification and insurance for directors and officers of Liberty for events occurring before the Merger as well as the possible formation of a Northeast Ohio Advisory Board that would include some current Liberty directors. In addition, the Reorganization Agreement provides for retention payments to be made to certain officers and the payment of amounts due under employment agreements with Liberty's Chairman and President and with its Chief Operating Officer and Chief Financial Officer.

Liberty will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on Liberty and consequently on Middlefield. These uncertainties may impair Liberty's ability to attract, retain and motivate key personnel until the Merger is consummated, and could cause customers and others that deal with Liberty to seek to change existing business relationships with Liberty. Retention of certain employees may be challenging during the pendency of the Merger, as certain employees may experience uncertainty about their future roles with Middlefield. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Middlefield, Middlefield's business following the Merger could be harmed. In addition, the Reorganization Agreement restricts Liberty from making certain acquisitions and taking other specified actions until the Merger occurs without the consent of Middlefield. These restrictions may prevent Liberty from pursuing attractive business opportunities that may arise prior to the completion of the Merger. Please see the section entitled *THE REORGANIZATION AGREEMENT - Covenants and Agreements* beginning on page 79 of this proxy statement/prospectus for a description of the restrictive covenants to which Liberty is subject under the Reorganization Agreement.

Completion of the Merger is subject to many conditions and if these conditions are not satisfied or waived, the Merger will not be completed.

The obligation of Middlefield and Liberty to complete the Merger is subject to the fulfillment or written waiver of many conditions, including approval by the requisite vote of Middlefield and Liberty stockholders, absence of orders

prohibiting completion of the Merger, effectiveness of the registration statement of which this document is a part, approval for Nasdaq Stock Market (Nasdaq) listing of the Middlefield shares to be issued, continued accuracy of the representations and warranties of the parties, and performance by the parties of

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covenants and agreements. See *THE REORGANIZATION AGREEMENT Conditions to the Merger* on page 88 of this joint proxy statement/prospectus. These conditions to the consummation of the Merger might not be fulfilled, and the Merger therefore might not be completed. If the Merger is not completed by May 30, 2017 (or a later date the parties may agree to), either Middlefield or Liberty could choose not to proceed with the Merger. The parties also could mutually decide to terminate the Reorganization Agreement at any time, before or after approval by stockholders. In addition, Middlefield or Liberty could elect to terminate the Reorganization Agreement in other circumstances. See *THE REORGANIZATION AGREEMENT Termination; Termination Fee* on page 89 of this joint proxy statement/prospectus for details or refer to Article 10 of the Reorganization Agreement attached as Annex A.

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FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus contains forward-looking statements, including statements about Middlefield's, Liberty's, and the post-Merger organization's financial condition, results of operations, earnings outlook, asset quality trends, and profitability. Forward-looking statements express Middlefield and Liberty management's current expectations or forecasts of future events. By their nature the forward-looking statements are subject to assumptions, risks, and uncertainties. Statements contained in this joint proxy statement/prospectus that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, even if the statements are not specifically identified as forward looking. In addition, statements in future filings of Middlefield with the SEC, in press releases, and in oral and written statements made by or with the approval of Middlefield or Liberty that are not statements of historical fact constitute forward-looking statements within the meaning of the Reform Act. Examples of forward-looking statements include but are not limited to:

statements about the benefits of the Merger, including future financial and operating results, cost savings, enhanced revenues, and accretion to reported earnings that may be realized from the Merger,

statements regarding plans, objectives, and expectations of Middlefield or Liberty or their respective management or boards of directors,

statements regarding future economic performance, and

statements regarding underlying assumptions.

Words such as believes, anticipates, expects, intends, targeted, continue, remain, will, should, may expressions are intended to identify forward-looking statements but are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve certain risks, uncertainties, and assumptions that are difficult to predict with confidence. Therefore, actual outcomes and results could differ materially from what is expressed or forecasted in the forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include but are not limited to:

the risk that the businesses of The Middlefield Banking Company and Liberty will not be integrated successfully or that integration is more difficult, time-consuming, or costly than expected,

the risk that revenue synergies and cost savings from the Merger are not fully realized or are not realized within the expected time frame,

the risk that post-Merger revenues or earnings are lower than expected,

deposit attrition, operating costs, customer loss, business disruption, or employee loss after the Merger could be greater than anticipated,

failure of Middlefield or Liberty stockholders to approve the Merger,

local, regional, national, and international economic conditions and the impact they may have on The Middlefield Banking Company and Liberty and their customers and Middlefield's and Liberty's assessments of that impact,

changes in the level of non-performing assets, delinquent loans, and charge-offs,

material changes in the value of Middlefield common stock,

changes in estimates of future loan loss reserve requirements based upon periodic review in accordance with regulatory and accounting requirements,

the risk that management's assumptions and estimates used in applying critical accounting policies prove unreliable, inaccurate, or not predictive of actual results,

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inflation, interest rate, securities market, and monetary fluctuations,

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity,

competitive pressures among depository and other financial institutions could increase and adversely affect pricing, spending, third-party relationships, and revenues,

changes in applicable laws and regulations (including laws and regulations concerning taxes, banking, and securities),

the effects of and changes in trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve,

legislation affecting the financial services industry as a whole, and/or Middlefield and its subsidiaries, individually or collectively,

governmental and public policy changes, and

the impact of various domestic or international military or terrorist actions or conflicts.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Middlefield or Liberty or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements made or referred to above. Forward-looking statements are made only as of the date on which they are made. Middlefield and Liberty are not undertaking to update forward-looking statements.

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THE ANNUAL MEETING OF LIBERTY STOCKHOLDERS

Time, Date and Place

This joint proxy statement/prospectus is provided to Liberty stockholders by Liberty's board of directors for solicitation of proxies to be used at the annual meeting of stockholders. The annual meeting will be held at 9:00 a.m. local time on December 22, 2016 at Corporate College East, 4400 Richmond Road, Warrensville Heights, Ohio 44128, including any adjournment. This joint proxy statement/prospectus is also being furnished by Middlefield to Liberty stockholders as a prospectus for issuance of Middlefield common stock in the proposed Merger.

Matters to be Considered

Liberty stockholders will be asked at the annual meeting to consider and vote upon proposals to

adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

adjourn the meeting to allow solicitation of additional proxies if there are insufficient votes at the meeting to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement,

elect twelve directors to serve until the earlier of (i) completion of the Merger or (ii) Liberty's 2017 annual meeting and until their successors are elected and qualified,

ratify the appointment of Maloney + Novotny LLC as independent public accountants for the fiscal year ending December 31, 2016, and

transact any other business properly presented at the annual meeting or at any adjournment. Liberty's board of directors is not aware of any other business to be transacted at the meeting.

Liberty's board of directors believes the Merger with Middlefield is in the best interests of Liberty stockholders. The board recommends that you vote (1) **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, (2) if the adjournment proposal is presented for a vote, **FOR** adjournment to allow additional proxy solicitation, (3) **FOR** election of the identified director nominees, and (4) **FOR** ratification of the selection of independent accountants.

Record Date; Shares Outstanding and Entitled to Vote

November 25, 2016 is the record date for determining Liberty stockholders entitled to vote at the annual meeting. Only holders of Liberty common stock at the close of business on the record date are entitled to vote at the meeting. As of the close of business on the record date there were 1,035,272 shares of Liberty common stock outstanding and entitled to vote. Liberty common stock is held of record by 272 stockholders. Each share of Liberty common stock entitles the holder to one vote on all matters properly presented at the meeting. Stockholders are not

entitled to vote cumulatively in the election of directors.

Votes Required; Quorum

Adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement require the affirmative vote of the holders of at least two-thirds of the shares of Liberty common stock outstanding. When the stockholder meeting is held, if there are insufficient votes to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement the meeting may be adjourned to allow solicitation of additional proxies. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to approve adjournment. For the proposal to elect directors, directors are elected by plurality vote,

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which means the directors receiving the greatest numbers of votes are elected. The affirmative vote of the holders of a majority of the shares represented at the meeting in person or by proxy and entitled to vote is necessary to ratify selection of Liberty's independent accountants.

If you are a Liberty stockholder and you do not return a proxy card or vote in person at the Liberty annual meeting or if you mark the proxy card or ballot **ABSTAIN** for the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, this will have the same effect as a vote **AGAINST** the proposal. Marking your proxy card or ballot **ABSTAIN** will have the same effect as a vote **AGAINST** the adjournment proposal and the auditor ratification proposal. Failure to return your proxy card or vote in person will have no effect on the adjournment proposal, the proposal to elect directors, or the proposal to ratify the auditor selection.

If you hold your Liberty stock in street name through a broker, bank, or other nominee, you must provide your broker, bank, or nominee with voting instructions. Under applicable FINRA and stock exchange rules, brokers who hold shares in street name for a beneficial owner are allowed to vote in their discretion on routine proposals, even without voting instructions from beneficial owners. For proposals stock exchanges consider non-routine, however, brokers are not allowed to exercise voting discretion and cannot vote on those non-routine proposals unless the beneficial owner gives specific voting instructions. Broker non-votes occur when a broker or nominee does not receive voting instructions from the beneficial owner. Except for the auditor ratification proposal, Liberty believes the proposals to be voted on at Liberty's annual meeting are non-routine and that brokers therefore will not be able to vote on those proposals without specific voting instructions. Therefore, if you hold Liberty shares in street name but do not give voting instructions to your broker, bank, or other nominee, the broker, bank, or other nominee may not vote your shares on the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement, the proposal to adjourn the meeting, or the proposal to elect directors.

Broker non-votes will have the same effect as votes **AGAINST** the proposal to adopt and approve the Reorganization Agreement and approve the transactions contemplated by the Reorganization Agreement and the proposal to adjourn the meeting. Failing to give voting instructions also will prevent the broker, bank, or other nominee from voting on the director election proposal, but directors nevertheless will be elected because directors are elected by a plurality. Your broker, bank, or other nominee will be able to vote on the auditor selection proposal without voting instructions. Your broker, bank, or other nominee will provide you with a proxy card and directions for giving voting instructions. Please follow the broker, bank, or other nominee's directions to give voting instructions.

A quorum will exist at Liberty's annual meeting if a majority of the outstanding common stock is represented in person or by proxy. A quorum must be present in person or by proxy at the meeting before any action other than adjournment can be taken. A properly executed proxy card marked **ABSTAIN** will be counted for purposes of determining whether a quorum is present.

All of Liberty's directors agreed to vote their Liberty shares in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, in favor of the adjournment proposal and in favor of entering into Voting Agreements with Middlefield as a condition to Middlefield's agreement to enter into the Reorganization Agreement. Excluding Liberty shares held by their immediate family members, Liberty's directors collectively own 354,986 shares of Liberty common stock, or approximately 34.3% of the shares outstanding. As a holder of 23,218 shares of Liberty common stock, or 2.2%, Middlefield intends to vote in favor of adoption and approval of the Reorganization Agreement and approval of the transactions contemplated therein, in favor of the adjournment proposal if applicable, in favor of electing the director nominees identified in this joint proxy statement/prospectus, and in favor of ratifying the selection of independent auditors.

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Solicitation and Revocation of Proxies

A proxy card accompanies this joint proxy statement/prospectus. If you are a Liberty stockholder your proxy is being solicited by Liberty's board of directors. Regardless of whether you attend the annual meeting, the Liberty board of directors urges you to return your properly executed proxy card as soon as possible. If you return your properly executed proxy card before the meeting and do not revoke it, the shares of Liberty common stock represented by the proxy card will be voted at the annual meeting or adjournment.

The Liberty common stock will be voted as specified on the proxy card. If you are a Liberty stockholder and you sign, date, and return a proxy card without stating how you want your shares to be voted, your shares will be voted **FOR** adoption and approval of the Reorganization Agreement and approval of the transactions contemplated by the Reorganization Agreement, and if adjournment of the meeting is necessary to allow time for solicitation of additional proxies your shares will be voted **FOR** adjournment. Similarly, your shares will be voted **FOR** election of the identified director nominees and **FOR** ratification of the auditor selection if you return a valid proxy card without giving voting instructions. Although Liberty's board currently does not expect any other proposals to be presented at the meeting, if any other proposals are properly presented the Liberty common stock represented by properly executed proxy cards will, to the extent permitted by applicable law, be voted in the discretion of the persons named in the proxy card in accordance with their best judgment.

If you return a properly executed proxy card, you may revoke it at any time before a vote is taken at the meeting by:

filing a written notice of revocation with Richard C. Ebner, Secretary of Liberty, at 25201 Chagrin Boulevard, Suite 120, Beachwood, Ohio 44122,

executing and returning another proxy card with a later date, or

attending the meeting and giving notice of revocation in person.

Attending Liberty's annual meeting will not, by itself, revoke your proxy. If you instructed your broker, bank, or other nominee to vote your shares but you wish to change or revoke those voting instructions, you must follow your broker, bank, or other nominee's directions for changing or revoking your vote.

Liberty will bear its own cost of solicitation of proxies. Proxies will be solicited by mail and may also be solicited by personal contact, telephone, facsimile, or electronic mail by directors, officers, and employees, none of whom will receive additional compensation for their solicitation activities. Liberty will pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations, and other custodians, nominees, and fiduciaries who are record holders of Liberty common stock not beneficially owned by them for forwarding this joint proxy statement/prospectus and other proxy solicitation materials to and obtaining voting instructions from the beneficial owners of Liberty common stock.

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PROPOSALS SUBMITTED TO LIBERTY STOCKHOLDERS

Director Election Proposal

The board of directors of Liberty, elected by Liberty's stockholders, oversees the business and management of Liberty. Members of the board monitor and evaluate Liberty's business performance through regular communication with the CEO and senior management, and by participating in board and board committee meetings. The Liberty board is committed to sound and effective corporate governance policies and high ethical standards. Under Liberty's Amended and Restated Articles of Association and By-Laws, the board must consist of at least 5 directors, but may not exceed 25 directors. The By-Laws provide that the number of directors constituting the board may be changed from time to time, either pursuant to a resolution adopted by a majority of the board, or pursuant to the affirmative vote of a majority of the stockholders present in person or by proxy at any meeting of stockholders which has as one of its purposes the election of directors, provided that a quorum is present. The board has fixed the number of authorized directors at thirteen (13). There is currently one vacancy on the board. The board will fill that vacancy when a suitable candidate is identified unless the Merger is consummated prior to that time. Twelve seats on the board are currently filled by the individuals identified as directors in the table below, each of whom has been nominated by the board for re-election. Each such nominee has consented to being named in this proxy statement and has agreed to serve if elected.

Term of Office

Each director serves for a term ending at the next Annual Meeting of Stockholders following his appointment or election as a director, and until his or her successor is elected and qualified. The term of each of Liberty's twelve current directors expires at the annual meeting, upon the election of their successors. The board has nominated the twelve current directors for re-election to the board for a term ending upon the earliest of the completion of the Merger, the 2017 annual meeting and until his successor is elected and qualified, or until he resigns or is otherwise removed and his successor is duly elected and qualified.

Nominations of Directors

Upon the recommendation of the Corporate Governance/Nominating Committee, the board has nominated the twelve individuals identified below for election as directors. The board believes that the qualifications and experience of the 2016 director nominees will contribute to an effective and well-functioning board. The board and the Corporate Governance/Nominating Committee believe that, individually and as a whole, the directors possess the necessary qualifications to provide effective oversight of Liberty's business and quality advice and counsel to Liberty's management.

Nominations of candidates for election as directors at the meeting are governed by Liberty's By-Laws. The By-Laws provide that such nominations may be made either by the board or by any stockholders entitled to vote at a meeting of stockholders at which directors are elected. The By-Laws require that such nominations, if not made by or on behalf of the board, be made in writing and delivered in person or mailed to Liberty's Secretary and to the Office of the Comptro