

Midland Capital Holdings (MCPH)

Doug Hughes

BankNewsletter



*Our top 2019 pick for more conservative investors is **Midland Capital Holding (MCPH)**, which is a Chicago-based bank with over \$100 million in assets, explains **Doug Hughes**, editor of **Bank Newsletter**, which specializes in small cap regional bank stocks.*

Midland Capital is run by two brothers and they own over 50% of the stock and they both are in their mid-sixties, so we simply think a sale is near. They have been with the bank for over 40 years.

The bank pays a small cash dividend; they never took TARP money, so it is as solid as they come. And they don't make any stupid loans. While they should be growing faster, they are playing it safe and earnings could double with another nearby bank taking them out very soon.

With their real estate, the book value is rock-solid at around \$39 a share. The stock is now trading at 33% under book. This is a rare find in today's world, with many banks getting beaten down. In my view, the stock is worth at least \$42 in a takeover — or 60% more than recent prices.

The bank is always making money — even with the CEO's pay high relative to other smaller banks. This leaves a lot of fat to cut.

The bank has been around for over 100 years. In my opinion, this stock is as safe as it gets near a market top. Load up under \$28 today; from there, we see limited downside risk.

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