

Madison County Financial, Inc.

Reports 2016 and 2015 Financial Results

MADISON, Nebraska, February 10, 2017. Madison County Financial, Inc. (OTC Pink: MCBK) ("Company"), the parent holding company of Madison County Bank ("Bank"), today announced its results of operations for the three months and the year ended December 31, 2016 and 2015.

The Company's net income for the three months ended December 31, 2016 was \$1.2 million or \$0.44 per diluted share, compared to net income of \$935,000 or \$0.32 per diluted share for the same period in 2015. The Company's net income for the year ended December 31, 2016 was \$4.6 million or \$1.68 per diluted share, compared to net income of \$3.4 million or \$1.22 per diluted share for the same period in 2015.

Total assets increased \$2.9 million to \$363.0 million at December 31, 2016, compared to \$360.1 million at December 31, 2015, resulting from increases in investment securities classified as available for sale and investment securities classified as held to maturity, offset by a decrease in net loans receivable. As of December 31, 2016, there were 2,902,821 issued and outstanding shares of common stock, par value \$0.01 per share, and at February 9, 2017, there were 2,900,021 issued and outstanding shares of common stock. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at December 31, 2016.

This release may contain forward-looking statements within the meaning of the federal securities laws. These statements are not historical facts; rather, they are statements based on the Company's current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements are preceded by terms such as "expects", "believes", "anticipates", "intends" and similar expressions.

Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties could cause or contribute to the Company's actual results, performance and achievements to be materially different from those expressed or implied by the forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, general economic conditions, including changes in market interest rates and changes in monetary and fiscal policies of the federal government, legislative and regulatory changes.

Because of the risks and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this report or made elsewhere from time to time by the Company or on its behalf. Except as may be required by applicable law or regulation, the Company assumes no obligation to update any forward-looking statements.

MADISON COUNTY FINANCIAL, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
	(Unaudited)			
Operating Data:				
Total interest income	\$ 3,675	\$ 3,775	\$ 14,777	\$ 13,793
Total interest expense	<u>527</u>	<u>492</u>	<u>2,090</u>	<u>1,835</u>
Net interest income	3,148	3,283	12,687	11,958
Provision for loan losses	<u>90</u>	<u>315</u>	<u>705</u>	<u>1,330</u>
Net interest income after provision for loan losses	3,058	2,968	11,982	10,628
Total non-interest income	741	534	2,609	2,127
Total non-interest expense	<u>2,170</u>	<u>2,254</u>	<u>8,328</u>	<u>8,086</u>
Income before income taxes	1,629	1,248	6,263	4,669
Income tax expense	<u>430</u>	<u>313</u>	<u>1,628</u>	<u>1,233</u>
Net income	<u>\$ 1,199</u>	<u>\$ 935</u>	<u>\$ 4,635</u>	<u>\$ 3,436</u>
Per Share Information:				
Net income per share, basic	\$ 0.44	\$ 0.32	\$ 1.69	\$ 1.23
Average common shares outstanding, basic	2,645,833	2,828,384	2,685,026	2,703,656
Net income per share, diluted	\$ 0.44	\$ 0.32	\$ 1.68	\$ 1.22
Average common shares outstanding, diluted	2,666,468	2,853,170	2,702,480	2,726,172
Basic tangible book value per share	\$ 22.52	\$ 20.89	\$ 22.52	\$ 20.89
Performance ratios (annualized for 3 month periods):				
Return on average assets	1.36%	1.06%	1.32%	1.06%
Return on average equity	7.03%	5.46%	6.91%	5.36%
Efficiency ratio	55.80%	59.05%	54.45%	57.41%
Interest rate spread	3.56%	3.73%	3.60%	3.68%
Net interest margin	3.75%	3.92%	3.78%	3.87%

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	December 31, 2016	December 31, 2015
(Unaudited)		
Financial Condition Data:		
Total assets	\$ 362,977	\$ 360,104
Securities, including FHLB Stock	66,309	57,078
Loans held for sale	-	900
Loans receivable, net of allowance for losses of \$9,450 and \$8,746, respectively	268,025	275,574
Deposits	248,391	244,884
Borrowings	42,400	42,700
Total liabilities	294,988	292,040
Stockholders' equity	67,989	68,064
Balance Sheet Ratios:		
Securities, including FHLB Stock, as a percent of total assets	18.27%	15.85%
Tangible common equity as a percent of tangible assets	18.14%	18.25%
Asset Quality Data:		
Nonaccrual loans	\$ 672	\$ 412
Accruing loans past due 90 days or more	88	166
Asset Quality Ratios:		
Nonperforming assets as a percent of total assets	0.21%	0.16%
Nonperforming loans as a percent of total assets	0.21%	0.16%
Nonperforming loans as a percent of total loans	0.27%	0.20%
Net chargeoffs as a percent of average loans	0.00%	0.00%
Allowance for loan losses as a percent of total loans	3.41%	3.08%
Allowance for loan losses as a percent of nonperforming loans	1243.42%	1513.15%
Regulatory Capital ratios (Bank only):		
Total capital (to risk-weighted assets)	20.77%	17.64%
Tier 1 capital (to risk-weighted assets)	19.50%	16.38%
Tier 1 capital (to average assets)	18.24%	17.21%
Common Equity Tier 1 capital	19.50%	16.38%