

# **Madison County Financial, Inc.**

## **Reports Second Quarter 2016 Financial Results**

MADISON, Nebraska, August 1, 2016. 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 six months ended June 30, 2016 and 2015.

The Company's net income for the three months ended June 30, 2016 was \$1.2 million or \$0.42 per diluted share, compared to net income of \$807,000 or \$0.29 per diluted share for the same period in 2015. The Company's net income for the six months ended June 30, 2016 was \$2.2 million or \$0.77 per diluted share, compared to net income of \$1.6 million or \$0.56 per diluted share for the same period in 2015.

Total assets decreased \$10.2 million to \$349.9 million at June 30, 2016, compared to \$360.1 million at December 31, 2015, resulting from normal seasonal pay-downs from our farming customers and normal annual loan payments on agricultural real estate. As of June 30, 2016, there were 2,925,431 issued and outstanding shares of common stock, par value \$0.01 per share, and at July 29, 2016, there were 2,919,731 issued and outstanding shares of common stock. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at June 30, 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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Unaudited)			
<b>Operating Data:</b>				
Total interest income	\$ 3,739	\$ 3,295	\$ 7,423	\$ 6,573
Total interest expense	519	443	1,037	888
Net interest income	3,220	2,852	6,386	5,685
Provision for loan losses	210	315	525	700
Net interest income after provision for loan losses	3,010	2,537	5,861	4,985
Total non-interest income	548	538	1,142	1,018
Total non-interest expense	1,992	2,004	4,104	3,950
Income before income taxes	1,566	1,071	2,899	2,053
Income tax expense	405	264	738	501
Net income	\$ 1,161	\$ 807	\$ 2,161	\$ 1,552
<b>Per Share Information:</b>				
Net income per share, basic	\$ 0.42	\$ 0.29	\$ 0.78	\$ 0.57
Average common shares outstanding, basic	2,687,107	2,664,519	2,721,458	2,659,169
Net income per share, diluted	\$ 0.42	\$ 0.29	\$ 0.77	\$ 0.56
Average common shares outstanding, diluted	2,700,858	2,694,514	2,740,765	2,683,444
Basic tangible book value per share	\$ 21.57	\$ 20.81	\$ 21.57	\$ 20.81
<b>Performance ratios</b> (annualized for 3 month and 6 month periods):				
Return on average assets	1.34%	1.04%	1.23%	1.01%
Return on average equity	7.03%	5.15%	6.50%	5.00%
Efficiency ratio	52.87%	59.12%	54.52%	58.93%
Interest rate spread	3.67%	3.65%	3.62%	3.66%
Net interest margin	3.86%	3.83%	3.81%	3.85%

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		June 30, 2016		December 31, 2015
(Unaudited)				
<b>Financial Condition Data:</b>				
Total assets	\$	349,921	\$	360,104
Securities		61,109		57,078
Loans held for sale		1,022		900
Loans receivable, net of allowance for losses of \$9,271 and \$8,746, respectively		262,283		275,574
Deposits		247,938		244,884
Borrowings		31,300		42,700
Total liabilities		284,082		292,040
Stockholders' equity		65,839		68,064
 <b>Balance Sheet Ratios:</b>				
Securities, including FHLB Stock, as a percent of total assets		17.46%		15.85%
Tangible equity as a percent of tangible assets		18.18%		18.25%
Tangible common equity as a percent of tangible assets		18.18%		18.25%
 <b>Asset Quality Data:</b>				
Nonaccrual loans	\$	953	\$	412
Accruing loans past due 90 days or more		75		166
 <b>Asset Quality Ratios:</b>				
Nonperforming assets as a percent of total assets		0.29%		0.16%
Nonperforming loans as a percent of total assets		0.29%		0.16%
Nonperforming loans as a percent of total loans		0.38%		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		901.85%		1513.15%
 <b>Regulatory Capital ratios (Bank only):</b>				
Total capital (to risk-weighted assets)		18.35%		17.64%
Tier 1 capital (to risk-weighted assets)		17.08%		16.38%
Tier 1 capital (to average assets)		17.80%		17.21%
Common Equity Tier 1 capital		17.08%		16.38%

SOURCE: Madison County Financial, Inc.