

Madison County Financial, Inc.

Reports Third Quarter 2017 Financial Results

MADISON, Nebraska, October 30, 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 nine months ended September 30, 2017 and 2016.

The Company's net income for the three months ended September 30, 2017 was \$1.3 million or \$0.48 per diluted share, compared to net income of \$1.3 million or \$0.47 per diluted share for the same period in 2016. The Company's net income for the nine months ended September 30, 2017 was \$3.5 million or \$1.26 per diluted share, compared to net income of \$3.4 million or \$1.24 per diluted share for the same period in 2016.

Total assets increased \$18.1 million to \$381.1 million at September 30, 2017, compared to \$363.0 million at December 31, 2016, resulting from increases in investment securities classified as available for sale, investment securities classified as held to maturity, Federal Home Loan Bank stock, Federal Reserve Bank stock, and net loans, offset in part by a decrease in cash and cash equivalents. Effective June 19, 2017, the Bank converted to a Nebraska state-chartered member bank from a federal savings bank. As a state-chartered member bank, the Bank is now regulated by the Board of Governors of the Federal Reserve System. Federal Reserve Bank stock and Federal Home Loan Bank stock are required investments for institutions that are members of the Federal Reserve and Federal Home Loan Bank systems. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

As of September 30, 2017, there were 2,848,521 issued and outstanding shares of common stock, par value \$0.01 per share, and at October 27, 2017, the number of issued and outstanding shares of common stock remained at 2,848,521. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at September 30, 2017.

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)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Unaudited)			
Operating Data:				
Total interest income	\$ 3,965	\$ 3,679	\$ 11,364	\$ 11,102
Total interest expense	<u>726</u>	<u>526</u>	<u>1,870</u>	<u>1,563</u>
Net interest income	3,239	3,153	9,494	9,539
Provision for loan losses	<u>45</u>	<u>90</u>	<u>275</u>	<u>615</u>
Net interest income after provision for loan losses	3,194	3,063	9,219	8,924
Total non-interest income	640	726	1,797	1,868
Total non-interest expense	<u>2,066</u>	<u>2,054</u>	<u>6,431</u>	<u>6,158</u>
Income before income taxes	1,768	1,735	4,585	4,634
Income tax expense	<u>470</u>	<u>460</u>	<u>1,131</u>	<u>1,198</u>
Net income	<u>\$ 1,298</u>	<u>\$ 1,275</u>	<u>\$ 3,454</u>	<u>\$ 3,436</u>
Per Share Information:				
Net income per share, basic	\$ 0.49	\$ 0.47	\$ 1.29	\$ 1.24
Average common shares outstanding, basic	2,620,574	2,652,284	2,643,613	2,698,210
Net income per share, diluted	\$ 0.48	\$ 0.47	\$ 1.26	\$ 1.24
Average common shares outstanding, diluted	2,687,937	2,662,853	2,701,182	2,714,605
Basic tangible book value per share	\$ 23.63	\$ 22.09	\$ 23.63	\$ 22.09
Performance ratios (annualized for 3 month and 6 month periods):				
Return on average assets	1.37%	1.45%	1.26%	1.31%
Return on average equity	7.41%	7.60%	6.67%	6.87%
Efficiency ratio	53.26%	52.95%	56.96%	53.98%
Interest rate spread	3.34%	3.56%	3.40%	3.60%
Net interest margin	3.57%	3.75%	3.61%	3.79%

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	September 30, 2017	December 31, 2016
(Unaudited)		
Financial Condition Data:		
Total assets	\$ 381,119	\$ 362,977
Securities, including FHLB and FRB Stock	73,722	66,309
Loans held for sale	-	-
Loans receivable, net of allowance for losses of \$9,725 and \$9,450, respectively	279,808	268,025
Deposits	254,568	248,391
Borrowings	50,800	42,400
Total liabilities	311,370	294,988
Stockholders' equity	69,749	67,989
Balance Sheet Ratios:		
Securities, including FHLB Stock and FRB Stock, as a percent of total assets	19.34%	18.27%
Tangible common equity as a percent of tangible assets	17.77%	18.14%
Asset Quality Data:		
Nonaccrual loans	\$ 51	\$ 672
Accruing loans past due 90 days or more	-	88
Asset Quality Ratios:		
Nonperforming assets as a percent of total assets	0.01%	0.21%
Nonperforming loans as a percent of total assets	0.01%	0.21%
Nonperforming loans as a percent of total loans	0.02%	0.27%
Net chargeoffs as a percent of average loans	0.00%	0.00%
Allowance for loan losses as a percent of total loans	3.36%	3.41%
Allowance for loan losses as a percent of nonperforming loans	19068.63%	1243.42%
Regulatory Capital ratios (Bank only):		
Total capital (to risk-weighted assets)	20.86%	20.77%
Tier 1 capital (to risk-weighted assets)	19.59%	19.50%
Tier 1 capital (to average assets)	17.54%	18.24%
Common Equity Tier 1 capital	19.59%	19.50%

SOURCE: Madison County Financial, Inc.