

Madison County Financial, Inc.

Reports Third Quarter 2016 Financial Results

MADISON, Nebraska, October 25, 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 nine months ended September 30, 2016 and 2015.

The Company's net income for the three months ended September 30, 2016 was \$1.3 million or \$0.47 per diluted share, compared to net income of \$949,000 or \$0.34 per diluted share for the same period in 2015. The Company's net income for the nine months ended September 30, 2016 was \$3.4 million or \$1.24 per diluted share, compared to net income of \$2.5 million or \$0.90 per diluted share for the same period in 2015.

Total assets decreased \$8.0 million to \$352.1 million at September 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 September 30, 2016, there were 2,915,131 issued and outstanding shares of common stock, par value \$0.01 per share, and at October 24, 2016, there were 2,913,131 issued and outstanding shares of common stock. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at September 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)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Unaudited)			
Operating Data:				
Total interest income	\$ 3,679	\$ 3,445	\$ 11,102	\$ 10,018
Total interest expense	<u>526</u>	<u>455</u>	<u>1,563</u>	<u>1,343</u>
Net interest income	3,153	2,990	9,539	8,675
Provision for loan losses	<u>90</u>	<u>315</u>	<u>615</u>	<u>1,015</u>
Net interest income after provision for loan losses	3,063	2,675	8,924	7,660
Total non-interest income	726	575	1,868	1,593
Total non-interest expense	<u>2,054</u>	<u>1,882</u>	<u>6,158</u>	<u>5,832</u>
Income before income taxes	1,735	1,368	4,634	3,421
Income tax expense	<u>460</u>	<u>419</u>	<u>1,198</u>	<u>920</u>
Net income	<u>\$ 1,275</u>	<u>\$ 949</u>	<u>\$ 3,436</u>	<u>\$ 2,501</u>
Per Share Information:				
Net income per share, basic	\$ 0.47	\$ 0.35	\$ 1.24	\$ 0.91
Average common shares outstanding, basic	2,652,284	2,666,643	2,698,210	2,661,657
Net income per share, diluted	\$ 0.47	\$ 0.34	\$ 1.24	\$ 0.90
Average common shares outstanding, diluted	2,662,853	2,683,370	2,714,605	2,683,416
Basic tangible book value per share	\$ 22.09	\$ 21.21	\$ 22.09	\$ 21.21
Performance ratios (annualized for 3 month and 9 month periods):				
Return on average assets	1.45%	1.17%	1.31%	1.07%
Return on average equity	7.60%	5.92%	6.87%	5.31%
Efficiency ratio	52.95%	52.79%	53.98%	56.80%
Interest rate spread	3.56%	3.67%	3.60%	3.66%
Net interest margin	3.75%	3.84%	3.79%	3.85%

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	September 30, 2016	December 31, 2015
(Unaudited)		
Financial Condition Data:		
Total assets	\$ 352,080	\$ 360,104
Securities, including FHLB Stock	62,985	57,078
Loans held for sale	600	900
Loans receivable, net of allowance for losses of \$9,361 and \$8,746, respectively	262,719	275,574
Deposits	243,203	244,884
Borrowings	36,500	42,700
Total liabilities	285,023	292,040
Stockholders' equity	67,057	68,064
Balance Sheet Ratios:		
Securities, including FHLB Stock, as a percent of total assets	17.89%	15.85%
Tangible common equity as a percent of tangible assets	18.43%	18.25%
Asset Quality Data:		
Nonaccrual loans	\$ 1,120	\$ 412
Accruing loans past due 90 days or more	3	166
Asset Quality Ratios:		
Nonperforming assets as a percent of total assets	0.32%	0.16%
Nonperforming loans as a percent of total assets	0.32%	0.16%
Nonperforming loans as a percent of total loans	0.41%	0.20%
Net chargeoffs as a percent of average loans	0.00%	0.00%
Allowance for loan losses as a percent of total loans	3.44%	3.08%
Allowance for loan losses as a percent of nonperforming loans	833.57%	1513.15%
Regulatory Capital ratios (Bank only):		
Total capital (to risk-weighted assets)	17.78%	17.64%
Tier 1 capital (to risk-weighted assets)	16.52%	16.38%
Tier 1 capital (to average assets)	18.18%	17.21%
Common Equity Tier 1 capital	16.52%	16.38%

SOURCE: Madison County Financial, Inc.