

Madison County Financial, Inc.

Reports 2015 Financial Results

MADISON, Nebraska, February 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 the year ended December 31, 2015.

The Company's net income for the three months ended December 31, 2015 was \$935,000 or \$0.32 per diluted share, compared to net income of \$800,000 or \$0.29 per diluted share for the same period in 2014.

For the year ended December 31, 2015, net income was \$3.4 million or \$1.22 per diluted share, compared to net income of \$3.0 million or \$1.05 per diluted share for the year ended December 31, 2014.

Total assets increased \$45.8 million to \$360.1 million at December 31, 2015, compared to \$314.3 million at December 31, 2014, due in part to the Company's acquisition of Winside Bancshares Incorporated, the holding company of Winside State Bank, and the purchase of substantially all assets and assumption of all liabilities of Warnemunde Insurance & Real Estate Agency, Inc. on October 12, 2015. As of December 31, 2015, there were 3,122,394 issued and outstanding shares of common stock, par value \$0.01 per share, and as of February 24, 2016, there were 3,020,994 issued and outstanding shares. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at December 31, 2015.

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 December 31,</u>		<u>Years Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Unaudited)		(Unaudited)	
Operating Data:				
Total interest income	\$ 3,775	\$ 3,294	\$ 13,793	\$ 12,593
Total interest expense	<u>492</u>	<u>453</u>	<u>1,835</u>	<u>1,791</u>
Net interest income	3,283	2,841	11,958	10,802
Provision for loan losses	<u>315</u>	<u>315</u>	<u>1,330</u>	<u>1,245</u>
Net interest income after provision for loan losses	2,968	2,526	10,628	9,557
Total non-interest income	534	442	2,127	1,817
Total non-interest expense	<u>2,254</u>	<u>1,898</u>	<u>8,086</u>	<u>7,435</u>
Income before income taxes	1,248	1,070	4,669	3,939
Income tax expense	<u>313</u>	<u>270</u>	<u>1,233</u>	<u>965</u>
Net income	<u>\$ 935</u>	<u>\$ 800</u>	<u>\$ 3,436</u>	<u>\$ 2,974</u>
Net income per share, basic	\$ 0.32	\$ 0.29	\$ 1.23	\$ 1.05
Average common shares outstanding, basic	2,828,384	2,697,233	2,703,656	2,732,745
Net income per share, diluted	\$ 0.32	\$ 0.29	\$ 1.22	\$ 1.05
Average common shares outstanding, diluted	2,853,170	2,702,571	2,726,172	2,734,080
Performance ratios (annualized for 3 month periods)				
Return on average assets	1.06%	1.04%	1.06%	1.01%
Return on average equity	5.46%	5.10%	5.35%	4.81%
Efficiency ratio	59.05%	57.81%	57.41%	58.92%
Interest rate spread	3.73%	3.68%	3.68%	3.64%
Net interest margin	3.92%	3.87%	3.87%	3.85%

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FINANCIAL CONDITION DATA:

	December 31, <u>2015</u>	December 31, <u>2014</u>
	(Unaudited)	
Total assets	\$ 360,104	\$ 314,314
Loans held for sale	900	-
Loans receivable, net of allowance for losses of \$8,746 and \$7,413, respectively	275,574	246,101
Deposits	244,884	209,979
Borrowings	42,700	39,800
Total liabilities	292,040	252,778
Stockholders' equity	68,064	61,536
Non-performing assets:		
Nonaccrual loans	412	305
Accruing loans past due 90 days	166	173
Asset quality ratios:		
Allowance for loan losses as a percent of total gross loans	3.08%	2.92%
Allowance for loan losses as a percent of non-performing loans	1513.15%	1550.84%
Non-performing loans as a percent of total loans	0.20%	0.19%
Non-performing loans as a percent of total assets	0.16%	0.15%
Regulatory capital ratios (Bank only):		
Total capital (to risk-weighted assets)	17.64%	17.56%
Tier 1 capital (to risk-weighted assets)	16.38%	16.30%
Tier 1 capital (to average assets)	17.21%	16.87%
Common Equity Tier 1 capital	16.38%	N/A

SOURCE: Madison County Financial, Inc.