

# Madison County Financial, Inc.

## Reports Third Quarter 2018 Financial Results

MADISON, Nebraska, October 23, 2018. 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, 2018 and 2017.

The Company's net income for the three months ended September 30, 2018 was \$1.5 million or \$0.54 per diluted share, compared to net income of \$1.3 million or \$0.48 per diluted share for the same period in 2017. The increase in net income included a \$1,000 increase in income before taxes and a \$0.2 million reduction in income tax expense. The Company's net income for the nine months ended September 30, 2018 was \$4.3 million or \$1.56 per diluted share, compared to net income of \$3.5 million or \$1.26 per diluted share for the same period in 2017. The increase in net income included a \$0.5 million increase in income before taxes and a \$0.3 million reduction in income tax expense. On December 22, 2017, the United States enacted tax reform legislation through the “Tax Cuts and Jobs Act Bill of 2017”, which significantly changed the existing U. S. tax laws, including a reduction in the corporate tax rate from 35% to 21%, as well as other changes.

Total assets increased \$10.7 million to \$400.0 million at September 30, 2018, compared to \$389.3 million at December 31, 2017, resulting from increases in investment securities classified as available for sale and net loans, offset in part by decreases in cash and cash equivalents and investment securities classified as held to maturity.

As of September 30, 2018, there were 2,813,521 issued and outstanding shares of common stock, par value \$0.01 per share, and at October 22, 2018 there were 2,807,421 issued and outstanding shares of common stock. The Bank was considered well-capitalized under applicable federal regulatory capital guidelines at September 30, 2018.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Unaudited)			
<b>Operating Data:</b>				
Total interest income	\$ 4,375	\$ 3,965	\$ 12,541	\$ 11,364
Total interest expense	<u>1,203</u>	<u>726</u>	<u>3,074</u>	<u>1,870</u>
Net interest income	3,172	3,239	9,467	9,494
Provision for loan losses	<u>-</u>	<u>45</u>	<u>-</u>	<u>275</u>
Net interest income after provision for loan losses	3,172	3,194	9,467	9,219
Total non-interest income	616	640	1,760	1,797
Total non-interest expense	<u>2,019</u>	<u>2,066</u>	<u>6,133</u>	<u>6,431</u>
Income before income taxes	1,769	1,768	5,094	4,585
Income tax expense	<u>292</u>	<u>470</u>	<u>800</u>	<u>1,131</u>
Net income	<u>\$ 1,477</u>	<u>\$ 1,298</u>	<u>\$ 4,294</u>	<u>\$ 3,454</u>
<b>Per Share Information:</b>				
Net income per share, basic	\$ 0.56	\$ 0.49	\$ 1.62	\$ 1.29
Average common shares outstanding, basic	2,635,221	2,620,574	2,635,004	2,643,613
Net income per share, diluted	\$ 0.54	\$ 0.48	\$ 1.56	\$ 1.26
Average common shares outstanding, diluted	2,729,171	2,687,937	2,724,866	2,701,182
Basic tangible book value per share	\$ 24.92	\$ 23.63	\$ 24.92	\$ 23.63
<b>Performance ratios</b> (annualized for 3 month and 9 month periods):				
Return on average assets	1.48%	1.37%	1.48%	1.26%
Return on average equity	8.08%	7.41%	8.02%	6.67%
Efficiency ratio	53.30%	53.26%	54.63%	56.96%
Interest rate spread	2.94%	3.34%	3.05%	3.40%
Net interest margin	3.30%	3.57%	3.38%	3.61%

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	September 30, 2018	December 31, 2017
(Unaudited)		
<b>Financial Condition Data:</b>		
Total assets	\$ 399,986	\$ 389,321
Securities, including FHLB, FRB and BBW Stock	74,673	73,898
Loans held for sale	683	295
Loans receivable, net of allowance for losses of \$9,725 and \$9,725, respectively	297,195	286,392
Deposits	278,601	260,762
Borrowings	43,700	54,600
Total liabilities	327,619	319,591
Stockholders' equity	72,367	69,730
 <b>Balance Sheet Ratios:</b>		
Securities, including FHLB Stock, FRB Stock, and BBW Stock, as a percent of total assets	18.67%	18.98%
Tangible common equity as a percent of tangible assets	17.63%	17.40%
 <b>Asset Quality Data:</b>		
Nonaccrual loans	\$ 2,065	\$ 127
Accruing loans past due 90 days or more	-	-
 <b>Asset Quality Ratios:</b>		
Nonperforming assets as a percent of total assets	0.52%	0.03%
Nonperforming loans as a percent of total assets	0.52%	0.03%
Nonperforming loans as a percent of total loans	0.67%	0.04%
Net chargeoffs as a percent of average loans	0.00%	0.00%
Allowance for loan losses as a percent of total loans	3.17%	3.28%
Allowance for loan losses as a percent of nonperforming loans	470.94%	7657.48%
 <b>Regulatory Capital ratios (Bank only):</b>		
Total capital (to risk-weighted assets)	20.93%	20.62%
Tier 1 capital (to risk-weighted assets)	19.66%	19.35%
Tier 1 capital (to average assets)	17.28%	17.12%
Common Equity Tier 1 capital	19.66%	19.35%

SOURCE: Madison County Financial, Inc.