



Madison National Bank Announces Major Achievements for First Quarter 2008

Performance Highlights

- **Company Exceeds \$160 million in Assets:** Assets totaled \$160.0 million at March 31, 2008, up \$44.7 million, or 38.7%, from December 31, 2007.
- **Total Deposits Surpass \$100 million:** Total deposits up \$14.8 million, or 69.4% on an annualized basis, from December 31, 2007.
- **Deposit Accounts top 3,000:** In its first full year of operations, Company has added more than 3,000 accounts including 1,000 during the quarter.
- **Record Loan Originations for First Quarter 2008:** Loan originations for the quarter were a record \$44.3 million, up 53.7% from the prior quarter. Loan pipeline at March 31, 2008 was a record \$47.7 million.
- **Net Interest Margin Expansion:** Madison's 1Q 2008 margin of 2.97%, up from 2.02% and 2.15% for the quarters ending December 31, 2007 and September 30, 2007. Margin for March 2008 reaches 3.20%.
- **Capital Strength:** The Company's tier one capital ratio was 22.36% at March 31st, significantly above the regulatory minimum for a well capitalized institution.
- **Branch Expansion to Levittown, N.Y.:** Pending regulatory and municipal approvals, Madison plans to open another state-of-the-art branch location in Levittown, N.Y. by late 2008 or early 2009.

HAUPPAUGE, N.Y.--([BUSINESS WIRE](#))--Madison National Bank (the "Company") (OTCBB:MNBX), today announced that it has achieved significant performance milestones for the quarter ended March 31, 2008, culminating with total assets and deposits reaching \$160.0 million and \$100.4 million, respectively. Since its official grand opening in March 2007, Madison continues to achieve significant growth by delivering an ultimate combination of personalized customer service and home-based decision making, which has been left void by larger regional and out-of-state institutions and recently merged mega-banks. Importantly, this impressive growth has been carefully managed and the Bank is well capitalized and poised for future expansion in terms of increasing its asset base and adding additional branches.

Madison's first quarter operating achievements are reflective of the strong execution of the Company's overall growth strategies which center around

superior retail gathering capabilities and a thorough knowledge of its lending market which recognizes the desirability of prompt local decision making.

Creating a Premier Retail Franchise

The Company's overall deposit growth continues to accelerate with total deposits at March 31, 2008 of \$100.4 million and core deposits of \$47.8 million. Total retail deposits increased \$14.8 million for the quarter, representing annualized growth of 69.4%. On a linked quarter basis, core deposits increased at an annualized rate of 91.8%, or \$8.9 million.

The Company is pleased to report that its first two locations in Merrick and Melville, New York, have now reached profitability. The early profitability of these branches serves as a testament to management's ability to select superior sites, deliver unparalleled service, and tailor creative financial products and customized solutions backed by the latest in advanced technology. Madison will continue its expansion with the addition of a state-of-the-art, fully integrated, extended service facility to be located on Hempstead Turnpike in Levittown, New York. The branch will feature Madison's branding amenities, including award-winning architecture, customer lounge with fireplace, plasma screen TVs, Wi-Fi, and gourmet coffee and popcorn stations. Pending regulatory and municipal approvals, Management expects to open this branch by late 2008 or early 2009.

Management continues to identify significant opportunities for further de novo branch expansion in its marketplace and expects to continue this highly successful strategy into the foreseeable future. The Company believes that the continuation of this program, combined with Madison's growing reputation for being a foremost leader in customer service, provides the Company with an unequivocal advantage in dealing with existing competition. Madison's continued focus on the deposit franchise will yield a branch network of superior locations, demographics, performance, and will continue to provide a platform upon which the Bank will build sustained growth for years to come.

Madison's goal is to become the number one deposit accumulator in townships where it possesses a branch location and when measured against the competition, Madison's model of service and convenience provides a clear opportunity to fortify growth. Madison is fast becoming the community bank of choice for Long Island residents and businesses for its dedication to unparalleled service, high quality products and the latest in advanced technology.

Exceptional First Quarter Loan Growth

Loan originations for the quarter were a record \$44.3 million, up 53.7% from the prior quarter to \$79.1 million.

Madison's lending opportunities remain robust as many of the nation's largest lenders continue to experience setbacks from massive sub-prime losses, causing them to suspend or significantly curtail major portions of their lending activities. Management believes that this scenario will continue to provide increased lending opportunities on permanent commercial and multi-family mortgages.

Management continues to employ a strategy of concentrating its loan growth in multi-family funding, which provides the Company with historically safe credit quality at rational spreads, greater liquidity and an enhanced interest-rate-risk profile.

The loan pipeline of approved applications for loans not yet closed and loan applications awaiting approval at March 31, 2008, was \$47.7 million, the strongest it has ever been at any quarter-end. From December 31, 2007, the pipeline grew by \$20.1 million and at quarter-end \$45.4 million of the pipeline was in permanent commercial and multi-family mortgage loans. Today, the Bank's pipeline amounts to \$62.2 million, including \$50.0 million of permanent commercial and multi-family loans. The Company generally closes most of the loans in the pipeline within 90 days.

Asset quality remains pristine. Madison has insulated itself from the adversities plaguing sub-prime lenders by remaining focused on conservative underwriting standards. The Bank has absolutely no sub-prime or Alt-A loans in its portfolio, nor does the Company hold any securities backed by those types of loans.

Net Interest Income and Margin Expansion

Net interest income was \$891,000 for the three months ended March 31, 2008, compared to \$533,000 on a linked quarter basis and \$449,000 for the quarter ended September 30, 2007. Of equal importance, is the significant increase in the Company's net interest rate spread and margin. During the first quarter of 2008, the Bank's net interest rate spread increased 118 basis points to 2.00%, as compared to 0.82% for the fourth quarter of 2007. The Bank's net interest rate margin experienced similar growth, evidenced by a 95 basis point increase to 2.97% from the fourth quarter of 2007. For the month of March 2008, the Bank's net interest margin was 3.20%, which reflects the continued repricing of deposits to lower rates and the leveraging of capital into favorable lending products and pricing.

The Federal Open Market Committee of the Federal Reserve Bank (the FOMC) decreased the overnight lending rate by 200 basis points to 2.25% during the first quarter. As a result, short-term market interest rates dramatically decreased in the first quarter of 2008. Concurrently, longer-term market interest rates decreased at a much slower pace with credit spreads returning to levels more reflective of traditional risk adjusted yields for multi-family and commercial real estate loans. These factors, coupled with the continuation of the Company's

growth strategy, should bode favorably for Madison in terms of reaching its profitability goals within its first two years of operation.

In a joint statement, Madison's Executives Daniel L. Murphy and Michael P. Puorro commented, "Current market conditions have played favorably for Madison as we continue to enjoy the multiple benefits of a steepening yield curve. While we remain vigilant in our pursuit of high quality assets, the Bank enjoys a market whose return to rational pricing and underwriting standards continues to provide our institution with unparalleled opportunities. Deposit product and loan inventory remain robust with favorable pricing affording net interest rate spreads not available in recent years."

About Madison National Bank

With assets of \$160.0 million at March 31, 2008, Madison National Bank is a locally owned and operated commercial bank, focusing on highly personalized and efficient services and products, which are responsive to local needs. Management and the Board of Directors is comprised of a select group of successful local businessmen and women who are committed to the success of the Company by knowing and understanding Long Island's financial needs and opportunities. Backed by state-of-the-art technology, Madison offers a full range of modern financial services. Madison employs a complete suite of consumer and commercial banking products and services, including residential and commercial mortgages, construction loans, home equity lines of credit, business loans and lines of credit. Madison also offers 24-hour ATM service with no fees attached, free checking, checking with interest, telephone banking, the most advanced technologies in internet banking for our consumer and business customers, safe deposit boxes and much more. As a direct complement to our products and delivery channels, our customers are afforded a personalized walk-up and drive-up facility that enables face-to-face retail services until 8:00 PM on weekdays, availing our client base the luxury of 67 hours of direct service per week. Madison National Bank maintains its corporate offices in Hauppauge, New York, and currently operates two branch offices in Merrick and Melville, New York.

Madison National Bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information, call (631)348-6999 or visit the Company's recently redesigned website at www.madisonnational.com.

Forward-Looking Statements

This release may contain certain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and may be identified by the use of such words as "may," "believe," "expect," "anticipate," "should," "plan," "estimate," "predict," "continue," and "potential" or the negative of these terms or

other comparable terminology. Examples of forward-looking statements include, but are not limited to, estimates with respect to the financial condition, results of operations and business of Madison National Bank. Any or all of the forward-looking statements in this release and in any other public statements made by Madison National Bank may turn out to be incorrect. They can be affected by inaccurate assumptions Madison National Bank might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. Madison National Bank does not intend to update any of the forward-looking statements after the date of this release or to conform these statements to actual events.

MADISON NATIONAL BANK**STATEMENTS OF CONDITION**

(Unaudited)

	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
ASSETS					
Cash and cash equivalents	15,830,980	16,155,047	35,693,446	55,574,647	31,750,849
Debt and equity securities available for sale	46,975,212	41,120,354	42,139,405	6,404,282	1,055,250
Securities held to maturity	12,750,952	13,116,517	13,430,951	-	-
Total securities	59,726,164	54,236,871	55,570,356	6,404,282	1,055,250
Loans, net of deferred loan fees and costs	79,063,772	37,360,596	8,253,992	2,526,487	1,247,210
Less: allowance for loan losses	(600,000)	(275,000)	(42,500)	-	-
Loans, net	78,463,772	37,085,596	8,211,492	2,526,487	1,247,210
Other assets	6,011,973	7,869,569	5,770,789	4,212,540	3,410,872
Total assets	<u>\$ 160,032,889</u>	<u>\$ 115,347,083</u>	<u>\$ 105,246,083</u>	<u>\$ 68,717,956</u>	<u>\$ 37,464,181</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Total deposits	100,393,537	85,554,787	75,262,597	35,671,861	6,334,281
Federal Home Loan Bank of N.Y. advances	30,000,000	-	-	-	-
Other liabilities	1,160,338	344,343	180,561	2,539,834	46,882
Total liabilities	131,553,875	85,899,130	75,443,158	38,211,695	6,381,163
Total shareholders' equity	28,479,014	29,447,953	29,802,925	30,506,261	31,083,018
Total liabilities and shareholders' equity	<u>\$ 160,032,889</u>	<u>\$ 115,347,083</u>	<u>\$ 105,246,083</u>	<u>\$ 68,717,956</u>	<u>\$ 37,464,181</u>

MADISON NATIONAL BANK

QUARTERLY STATEMENTS OF INCOME

(Unaudited)

	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
Total interest income	1,823,989	1,503,759	1,192,217	669,598	391,361
Total interest expense	932,536	970,952	742,971	287,100	22,818
Net interest income	891,453	532,807	449,246	382,498	368,543
Provision for loan losses	325,000	232,500	42,500	-	-
Net interest income after provision for loan losses	566,453	300,307	406,746	382,498	368,543
Total non-interest income	13,167	3,987	4,324	2,348	947
Non-interest expense:					
General and administrative	1,349,276	1,337,048	1,312,744	1,011,257	843,378
Warrants (1)	-	-	-	-	480,000
Foundation (2)	-	-	-	-	999,000
Total non-interest expense	1,349,276	1,337,048	1,312,744	1,011,257	2,322,378
Provision for income taxes	-	-	-	-	-
Net income	<u>\$ (769,656)</u>	<u>\$ (1,032,754)</u>	<u>\$ (901,674)</u>	<u>\$ (626,411)</u>	<u>\$ (1,952,888)</u>

- (1) Upon organization of the Bank, each organizer who provided "at risk" money for the Bank received one share of the Bank common stock for each \$10.00 of organizational funds contributed by such organizer and one warrant for each such share of common stock for a total of 250,000 warrants. This resulted in a non-recurring charge of \$480,000.
- (2) In connection with the organization of the Bank, the Bank established The Madison National Foundation, a charitable organization formed to support charitable causes and community development in the Bank's market area. Following completion of its initial public offering, the Bank contributed 100,000 shares of its authorized but unissued common stock to the Foundation which resulted in a non-recurring charge of \$999,000.

**MADISON NATIONAL BANK
PERFORMANCE RATIOS**

(Unaudited)

	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
Asset Quality:					
Allowance for loan losses	\$600,000	\$275,000	\$42,500	\$0	\$0
Non-performing loans/total loans	0%	0%	0%	0%	0%
Net charge-offs/recoveries	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for loan losses	\$325,000	\$232,500	\$42,500	\$0	\$0
Allowance/loans, gross	0.76%	0.74%	0.51%	0.00%	0.00%
Capital:					
Shares issued - basic	3,350,720	3,350,720	3,350,720	3,350,720	3,350,720
Book value per share	\$8.50	\$8.79	\$8.89	\$9.15	\$11.18
Tier one capital ratio	19.32%	25.73%	32.99%	56.25%	100.66%
Profitability:					
Yield on average earning assets	6.05%	5.66%	5.62%	5.37%	5.10%
Cost of avg. interest bearing liabilities	4.05%	4.84%	5.07%	5.05%	4.88%
Net spread	2.00%	0.82%	0.55%	0.32%	0.22%
Net margin	2.97%	2.02%	2.15%	2.48%	4.59%

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