



Madison National Bancorp, Inc. Reports Third Quarter 2009 Results

Performance Highlights

- **Solid Earnings:** Net income for the third quarter was \$201,000 or \$.05 per share compared with net income of \$78,000 or \$.02 per share for the third quarter of 2008.
- **Balance Sheet Growth:** Assets totaled \$335.6 million at September 30, 2009, up \$102.9 million, or 44.2%, from September 30, 2008.
- **Continued Capital Strength:** The Bank's tier one capital ratio was 9.79% at September 30th, significantly above the regulatory requirement to qualify as a "well capitalized" institution.
- **Net Interest Margin Expands:** Net interest margin expanded to 3.98% from 3.64% in the third quarter of 2008 and from 3.68% in the second quarter of 2009.
- **Net Interest Income Growth:** Madison reports third quarter 2009 net interest income of \$2.8 million, an increase of 15.5%, compared to \$2.5 million for the second quarter of 2009.
- **Continued Value Creation:** Tangible Book Value increased by \$.76 per share to \$8.32, or an increase of 10.1% year-over-year.
- **Madison Receives OCC approval for New Branch:** The Bank received approval from the Office of the Comptroller of the Currency for a new branch to be located in Massapequa, NY.

Hauppauge, N.Y. — (Business Wire) – November 4, 2009 – Madison National Bancorp, Inc. ("Madison", "the Company")(stock symbol MNBZ,OTCBB), the parent company of Madison National Bank, today reported its financial results for the quarter ended September 30, 2009, highlighted by the Company's strong net interest margin, solid earnings and continued capital strength.

Solid Quarterly Earnings

Net income for the quarter ended September 30, 2009 was \$201,000, or \$.05 per share compared to \$1.7 million or \$.45 per share on a linked quarter basis and \$78,000 or \$.02 per share for the same period in 2008. The company has reported positive net income for five consecutive quarters since first achieving the profitability milestone after only eighteen months of operation. We believe this is well ahead of the national average of approximately three years to attain profitability for a de novo bank.

Balance Sheet Growth

Total assets for the quarter grew by \$49.7 million or 17.4% to \$335.6 million. On a year-over-year basis, total assets grew by \$102.9 million, or 44.2%. This included growth of \$32.6 million, or 14.2%, in the loan portfolio for the third quarter of 2009. The loan portfolio grew by \$92.7 million, or 54.3%, from the same period the prior year.

Asset growth on a year-over-year basis was funded primarily through growth in the deposit franchise of approximately \$75.0 million or 43.2%. The company's overall average cost of interest bearing liabilities has decreased from 3.61% for the quarter ended September 2008 to 2.16% for the current quarter.

Continued Capital Strength

The Bank's tier one leverage capital ratio for the quarter ended September 2009 was 9.79%. This compares to the regulatory requirement of 5.00% to qualify as a "well capitalized" institution.

Loan Portfolio and Asset Quality

The Bank's loan portfolio grew by \$32.6 million, or 14.2%, during the third quarter of 2009 with growth concentrated in multi-family loans, providing the Company with traditionally safe credit quality at historically wide credit spreads, greater liquidity and an enhanced interest-rate-risk profile. Multi-family loan originations for the quarter were \$25.1 million, bringing the portfolio to \$153.0 million at quarter-end. Multi-family loans originated during the quarter had an average loan-to-appraised-value ratio of 65.6%.

Although specific national economic data indicates that the economy is beginning to reflect signs of improvement and that the recession has ended, the Metro New York demographic continues to exhibit challenges with regard to employment and the resultant impact on real estate values. Further, the Federal banking regulators, including the Office of the Comptroller of the Currency (OCC), which is the primary federal regulator of the Bank, have begun to require institutions to review their loan loss reserve methodologies. In light of these events, the Bank updated its methodology and proactively restated its second quarter regulatory filing by recording an additional \$1.8 million provision for loan losses. The effect of the additional provision lowered net income for the restated second quarter by \$1.0 million to \$1.7 million, but increased the Bank's allowance for loan losses to \$4.2 million or 1.81% as a percentage of gross loans. During the third quarter, the Bank set aside provision for loan losses of \$745,000, bringing the nine-month loan loss provision to \$3.3 million. Reflecting this nine-month loan loss provision and no charge-offs year-to-date, the allowance for loan losses rose from \$1.6 million at December 31, 2008 to \$4.9 million at September 30, 2009. The allowance as a percentage of loans outstanding during the same period-ends increased from .80% to 1.87%.

The provision for loan losses is based on management's assessment of the adequacy of the loan loss allowance. Certain aspects of this assessment reflect local economic conditions, the current and historical performance of the loan portfolio and its inherent risk factors, the level of non-performing loans and charge-offs and recent trends in regulatory oversight.

Net Interest Margin

The Bank's net interest margin expanded from 3.68% in the second quarter of 2009 to 3.98% for the current quarter. On a year-over-year basis, the net interest margin expanded by 34 basis points to 3.98% from 3.64%. The expansion in the net interest margin is attributable to a significant decline in the Bank's overall cost of funds and a modest improvement in asset yields. Further, in enhancing its interest-rate-risk profile, the Company continues to be proactive in utilizing low-cost wholesale borrowings to lock in long-term funding at historically low rates.

Opportunities for Madison National Bank

Management believes that despite the financial instability of our marketplace, opportunities for growth exist for well capitalized community banks. With this in mind, the Company is pleased to announce regulatory approval and a projected opening of a full-service branch located at 750 Hicksville Road, in Massapequa, NY early in the first quarter of 2010. Further, branch consolidation within the banking industry will continue to provide us prudent opportunities to expand our successful franchise strategy into new marketplaces.

In a joint statement, Madison's Co-Chairmen, Daniel L. Murphy and Michael P. Puorro stated, "The recent economic malaise presented a rare opportunity for an institution to gird itself for future growth. Having taken a number of proactive measures that serve to strengthen winning combinations, Madison is uniquely poised to capitalize on significant opportunities likely to be abundant in the near term. Madison's primary focus continues to be maximizing value for each of its constituents."

About Madison National Bank

With assets of \$335.6 million at September 30, 2009, Madison National Bank is a locally owned and operated commercial bank, focusing on highly personalized and efficient services and products, 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 multifamily 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 with interest, telephone banking, the most advanced technologies in internet banking for our consumer and business customers, safe deposit boxes and much more. 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 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.

Contact: Michael P. Puorro, Co-Chairman & President

Bonnie Seider, Senior Vice President

631-348-6999

MADISON NATIONAL BANCORP, INC.
STATEMENTS OF CONDITION
(Unaudited)

	September 30, 2009	June 30, 2009	September 30, 2008
ASSETS			
Cash and cash equivalents	\$ 40,130,450	\$ 14,317,604	\$ 9,467,921
Debt and Equity Securities available for sale	9,014,733	12,431,812	27,183,904
Securities held to maturities	17,974,166	18,477,145	19,897,208
Total securities	<u>26,988,899</u>	<u>30,908,957</u>	<u>47,081,112</u>
Loans, net of deferred loan fees and costs	263,273,004	230,654,993	170,602,366
Less: allowance for loan losses	<u>(4,910,000)</u>	<u>(4,165,000)</u>	<u>(1,200,000)</u>
Loans, net	258,363,004	226,489,993	169,402,366
Other assets	<u>10,160,997</u>	<u>14,205,400</u>	<u>6,788,067</u>
Total Assets	<u>\$ 335,643,350</u>	<u>\$285,921,954</u>	<u>\$ 232,739,466</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total Deposits	\$ 248,680,675	\$203,822,312	\$ 173,632,337
Federal Home Loan Bank Advances	55,000,000	49,000,000	29,000,000
Other Liabilities	1,314,503	2,689,225	2,272,350
Total Liabilities	<u>304,995,178</u>	<u>255,511,537</u>	<u>204,904,687</u>
Total Shareholders' Equity	<u>30,648,172</u>	<u>30,410,417</u>	<u>27,834,779</u>
Total Liabilities and Shareholders' Equity	<u>\$ 335,643,350</u>	<u>\$285,921,954</u>	<u>\$ 232,739,466</u>

MADISON NATIONAL BANCORP, INC.
STATEMENTS OF INCOME
(Unaudited)

	Quarter to Date 9/30/09	Quarter to Date 9/30/08	Year to Date 9/30/09	Year to Date 9/30/08
Total interest income	\$ 4,250,630	\$ 3,236,474	\$ 12,160,228	\$ 7,835,442
Total interest expense	1,403,075	1,426,478	4,696,533	3,655,704
Net interest income	2,847,555	1,809,996	7,463,695	4,179,738
Provision for loan losses	745,000	315,000	3,335,000	925,000
Net interest income after provision for loan loss	2,102,555	1,494,996	4,128,695	3,254,738
Total non-interest income	239,491	35,794	846,699	204,013
Compensation and benefits	1,082,382	766,623	3,040,105	2,151,206
Occupancy and equipment	370,326	302,706	1,060,260	845,963
FDIC Assessment	87,344	24,729	411,916	57,876
Other operating expenses	469,920	353,396	1,414,511	1,195,423
Total non-interest expense	2,009,972	1,447,454	5,926,792	4,250,468
Income Before Taxes	332,074	83,336	(951,398)	(791,717)
Provision for income taxes	131,396	5,250	(3,006,915)	12,000
Net income	<u>\$ 200,678</u>	<u>\$ 78,086</u>	<u>\$ 2,055,517</u>	<u>\$ (803,717)</u>
	Quarter Ended 9/30/09	Quarter Ended 6/30/09	Quarter Ended 3/31/09	Quarter Ended 12/31/08
Total interest income	\$ 4,250,630	\$ 4,038,634	\$ 3,870,964	\$ 3,749,334
Total interest expense	1,403,075	1,573,659	1,719,799	1,829,241
Net interest income	2,847,555	2,464,975	2,151,165	1,920,093
Provision for loan losses	745,000	2,270,000	320,000	375,000
Net interest income after provision for loan loss	2,102,555	194,975	1,831,165	1,545,093
Total non-interest income	239,491	372,051	235,157	233,627
Compensation and benefits	1,082,382	995,601	962,122	856,385
Occupancy and equipment	370,326	356,419	333,515	370,700
FDIC Assessment	87,344	210,000	114,573	30,340
Other operating expenses	469,920	490,521	454,069	423,161
Total non-interest expense	2,009,972	2,052,541	1,864,279	1,680,586
Income Before Taxes	332,074	(1,485,515)	202,043	98,134
Provision for income taxes	131,396	(3,138,311)	-	6,750
Net income	<u>\$ 200,678</u>	<u>\$ 1,652,796</u>	<u>\$ 202,043</u>	<u>\$ 91,384</u>
Basic Earnings per Share	\$ 0.05	\$ 0.45	\$ 0.05	\$ 0.02
Diluted Earnings per Share	\$ 0.05	\$ 0.45	\$ 0.05	\$ 0.02

**MADISON NATIONAL
BANCORP, INC.
STATEMENTS OF
CONDITION
(Unaudited)**

	September 30, 2009	June 30, 2009	September 30, 2008	
Asset Quality				
Allowance for Loan Losses	\$ 4,910,000	\$ 4,165,000	\$ 1,200,000	
Nonperforming Loans/Total Loans	2.8%	1.6%	0.0%	
Charge-offs Provision for Loan Loss	\$ -	\$ -	\$ -	
ALL/Loans, Gross	\$ 745,000 1.87%	\$ 2,270,000 1.81%	\$ 315,000 0.70%	
Capital				
Shares Issue - Basic Book Value per Share	3,685,800 \$ 8.32	3,685,800 \$ 8.25	3,685,800 \$ 7.56	
Tier 1 Capital Ratio	9.79%	11.99%	14.05%	
Tier 1 Risk Based Capital Ratio	11.18%	13.24%	14.64%	
	Quarter Ended 9/30/09	Quarter Ended 6/30/09	Quarter Ended 12/31/08	Quarter Ended 9/30/08
Profitability				
Yield on Average Earning Assets	5.86%	5.94%	6.15%	6.37%
Cost of Avg. Interest Bearing Liabilities	2.16%	2.55%	3.37%	3.61%
Net Spread	3.70%	3.40%	2.78%	2.76%
Net Margin	3.98%	3.68%	3.23%	3.64%