



Madison National Bancorp, Inc. Reports Fourth Quarter 2010 Results Highlighted by Solid Earnings

Performance Highlights

- **Net Interest Margin:** Net interest margin of 3.97% for the fourth quarter of 2010 increased 19 basis points compared to the third quarter of 2010.
- **Improved Capital Ratios:** The Bank's leverage capital and total risk based capital ratios were 10.52% and 13.83% at December 31st, compared to 8.90% and 12.80% on a linked quarter basis. These ratios are in compliance with all numerical requirements to qualify as a well capitalized institution.
- **Net Interest Income Growth:** Fourth quarter 2010 net interest income of \$2.8 million, an increase of 4.0% compared to \$2.7 million for the third quarter of 2010. On a year over year basis, net interest income grew by \$951,999, or 9.1%.
- **Year over Year Net Income Growth:** Fourth quarter 2010 net income was \$234,752, an increase of 13.3% compared to \$207,137 for the fourth quarter of 2009.
- **Allowance for Loan Losses:** The allowance for loan losses of \$5.1 million at December 31, 2010 represents 2.08% of gross loans.

Hauppauge, N.Y. — (Business Wire) – February 17, 2011 – 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 December 31, 2010, highlighted by the Company's solid earnings, an expanded net interest margin and continued capital levels.

Solid Quarterly Earnings

Net income for the quarter ended December 31, 2010 was \$234,752, or \$.06 per share compared to \$207,137, or \$.06 per share on a linked quarter basis. Included in the 2010 fourth quarter income statement was approximately \$220,000 in one-time merger related expenses which, on a tax effected basis, impacted earnings per share by \$.03 per share. On a full-year basis, the Bank's net interest income grew by \$951,999, or 9.1%, to \$11.4 million.

On a year over year pre-tax basis, the Company earned \$115,536 in 2010 versus a pre-tax loss of \$607,518 in 2009. Management believes the pre-tax basis is more reflective of comparison due to the prior year's inclusion in tax expense of a \$3.2 million tax benefit relating to the recognition of a net operating loss tax recapture. Excluding this benefit, the Company realized a net loss for 2009 of \$287,394 as compared to the current year net loss of \$50,748.

Improved Capital Ratios

The Bank's tier one leverage capital ratio at December 31, 2010 was 10.52% and represents an increase of 98 basis points from September 30, 2010. The Bank's total risk based capital ratio at December 31, 2010 was 13.83%, an increase of 103 basis points from September 30, 2010. The increase is largely attributable to a capital infusion of \$1.5 million as per the terms of the merger agreement with FBNBY Bancorp, Inc. ("FBNBY"). Pursuant to the agreement, FBNBY purchased 182,260 newly issued shares of Madison's common stock (or approximately 4.95% of outstanding shares) at \$8.23 per share.

Balance Sheet

Total assets for the quarter decreased by \$7.1 million, or 2.3%, to \$296.6 million. On a year-over-year basis, total assets decreased by \$28.7 million, or 8.8% from \$325.3 million to \$296.6 million. Cash and cash equivalents decreased by \$3.5 million and net loans increased by \$3.1 million during the quarter. Funding liabilities declined by \$9.4 million primarily in savings accounts and certificates of deposit.

The Company's overall average cost of interest bearing liabilities decreased from 2.10% for the quarter ended December 2009 to 1.86% for the current quarter. More importantly, given the Bank's retail focus, the cost of deposits for the fourth quarter of 2010 decreased to 1.49% from 1.83% for the same quarter of 2009, a decrease of 18.6%. During the fourth quarter, the Bank utilized the brokered certificate of deposit market to secure long-term funding at attractive cyclical rates.

Loan Portfolio and Asset Quality

Non-accrual loans and leases totaled \$14.8 million or 6.0% of loans and leases outstanding at December 31, 2010 compared to \$15.4 million or 6.2% at September 30, 2010. Net charge-offs of \$630,676 were recorded during the fourth quarter of 2010 and represents charge-offs/write-downs of two loans and a small recovery on another loan. Subsequent to the end of the quarter, the Bank sold two non-performing loan notes totaling \$5.0 million at their carrying values as of December 31, 2010. Currently, non-accrual loans as a percent of loans and leases outstanding is 4.45%. The Bank continues to be proactive in managing its loan portfolio and aggressively addressing any issues arising during this difficult credit cycle. The Bank experienced no loan charge-offs during 2009.

The allowance for loan losses decreased by approximately \$130,676 to end the quarter at \$5.1 million, or 2.08%, of gross loans. On a year-over-year basis, the allowance for loan losses has decreased by \$203,457 but increased by 10 basis points relative to gross loans.

Provision for Income Taxes

The provision for income tax expense is unusually high in 2010 due to the Company incurring various non-deductible permanent items including various one-time merger related expenses.

About Madison National Bank

With assets of \$296.6 million at December 31, 2010, 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 three New York branch offices in Merrick, Melville, and Massapequa.

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.

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631-348-6999

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

	<u>12/31/10</u>	<u>9/30/10</u>	<u>12/31/09</u>	<u>12/31/08</u>
ASSETS				
Cash and cash equivalents	\$ 18,634,053	\$ 22,165,042	\$ 22,482,568	\$ 12,392,839
Debt and Equity Securities available for sale	24,276,816	10,265,649	8,903,140	30,451,328
Securities held to maturity	-	13,761,788	17,636,900	19,537,366
Total securities	<u>24,276,816</u>	<u>24,027,437</u>	<u>26,540,040</u>	<u>49,988,694</u>
Loans held for sale	-	-	17,982,245	-
Loans, net of deferred loan fees and costs	247,321,254	250,561,360	252,286,292	197,752,286
Less: allowance for loan losses	(5,131,543)	(5,262,219)	(5,335,000)	(1,575,000)
Loans, net	<u>242,189,711</u>	<u>245,299,141</u>	<u>246,951,292</u>	<u>196,177,286</u>
Premises and equipment, net	5,915,853	6,014,568	4,836,789	4,941,935
Other assets	5,542,737	6,182,689	6,467,506	8,034,898
Total Assets	<u>\$ 296,559,170</u>	<u>\$ 303,688,878</u>	<u>\$ 325,260,440</u>	<u>\$ 271,535,651</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 24,084,481	\$ 27,728,601	\$ 28,330,751	\$ 12,888,185
Money market accounts	51,286,163	50,366,320	55,662,664	84,077,553
Savings accounts	20,046,380	28,051,176	20,973,070	4,259,023
Certificates of deposit	102,128,898	106,740,977	127,361,679	95,358,644
Brokered deposits	11,945,045	5,971,808	5,960,589	12,993,993
Total Deposits	<u>209,490,967</u>	<u>218,858,882</u>	<u>238,288,754</u>	<u>209,577,398</u>
Federal Home Loan Bank Advances	53,500,000	53,500,000	55,000,000	31,000,000
Other Liabilities	795,212	638,558	989,231	2,601,882
Total Liabilities	<u>263,786,179</u>	<u>272,997,441</u>	<u>294,277,985</u>	<u>243,179,280</u>
Total Shareholders' Equity	<u>32,772,991</u>	<u>30,691,437</u>	<u>30,982,455</u>	<u>28,356,371</u>
Total Liabilities and Shareholders' Equity	<u>\$ 296,559,170</u>	<u>\$ 303,688,878</u>	<u>\$ 325,260,440</u>	<u>\$ 271,535,651</u>

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

	Quarter Ended 12/31/10	Quarter Ended 9/30/10	Quarter Ended 6/30/10	Quarter Ended 12/31/2009
Total interest income	\$ 4,008,247	\$ 4,001,066	\$ 4,077,538	\$ 4,491,616
Total interest expense	1,176,452	1,279,357	1,310,132	1,533,648
Net interest income	<u>2,831,795</u>	<u>2,721,709</u>	<u>2,767,406</u>	<u>2,957,968</u>
Provision for loan losses	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>425,000</u>
Net interest income after provision for loan loss	2,331,795	2,721,709	2,767,406	2,532,968
Total non-interest income	648,618	116,120	102,363	95,783
Compensation and benefits	1,063,898	1,053,964	1,189,495	1,166,725
Occupancy and equipment	474,895	487,382	485,802	446,329
FDIC Assessment	127,980	133,286	130,174	100,901
Other operating expenses	876,473	654,907	661,194	570,917
Total non-interest expense	<u>2,543,246</u>	<u>2,329,539</u>	<u>2,466,665</u>	<u>2,284,872</u>
Income Before Taxes	437,167	508,290	403,104	343,879
Provision for income taxes	202,415	223,794	194,802	136,742
Net income	<u>\$ 234,752</u>	<u>\$ 284,496</u>	<u>\$ 208,302</u>	<u>\$ 207,137</u>
Basic Earnings per Share	\$ 0.06	\$ 0.08	\$ 0.06	\$ 0.06
Diluted Earnings per Share	\$ 0.06	\$ 0.08	\$ 0.06	\$ 0.06
	Year to Date 12/31/10	Year to Date 12/31/09	Year to Date 12/31/08	Year to Date 12/31/07
Total interest income	\$ 16,509,836	\$ 16,651,845	\$ 11,584,776	\$ 3,756,936
Total interest expense	5,136,174	6,230,182	5,484,944	2,023,842
Net interest income	<u>11,373,662</u>	<u>10,421,663</u>	<u>6,099,832</u>	<u>1,733,094</u>
Provision for loan losses	<u>2,700,000</u>	<u>3,760,000</u>	<u>1,300,000</u>	<u>275,000</u>
Net interest income after provision for loan loss	8,673,662	6,661,663	4,799,832	1,458,094
Total non-interest income	1,138,771	942,482	437,640	11,606
Compensation and benefits	4,503,894	4,206,829	3,007,591	2,710,283
Occupancy and equipment	1,912,269	1,506,589	1,216,663	859,211
FDIC Assessment	494,823	512,817	88,216	20,971
Other operating expenses	2,785,912	1,985,428	1,626,142	2,382,874
Total non-interest expense	<u>9,696,898</u>	<u>8,211,663</u>	<u>5,938,612</u>	<u>5,973,339</u>
Income Before Taxes	115,536	(607,518)	(701,140)	(4,503,639)
Provision for income taxes	166,284	(2,870,172)	11,192	-
Net income	<u>\$ (50,748)</u>	<u>\$ 2,262,654</u>	<u>\$ (712,332)</u>	<u>\$ (4,503,639)</u>
Basic Earnings per Share	\$ (0.01)	\$ 0.58	\$ (0.18)	\$ (1.16)
Diluted Earnings per Share	\$ (0.01)	\$ 0.58	\$ (0.18)	\$ (1.16)

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

	<u>12/31/10</u>	<u>9/30/10</u>	<u>12/31/09</u>	<u>12/31/08</u>
Asset Quality				
Allowance for Loan Losses	\$ 5,131,543	\$ 5,262,219	\$ 5,335,000	\$ 1,575,000
Nonperforming Loans/Total Loans	6.0%	6.2%	2.9%	0.0%
Quarterly Charge-offs (Recoveries)	\$ 630,676	\$ (233,705)	\$ -	\$ -
Quarterly Provision for Loan Loss	500,000	0	425,000	375,000
ALL/Loans, Gross	2.08%	2.10%	1.98%	0.80%
Capital				
Shares Issue - Basic	3,868,060	3,685,800	3,685,800	3,685,800
Book Value per Share	\$ 8.47	\$ 8.33	\$ 8.41	\$ 7.69
Tier 1 Capital Ratio	10.52%	8.90%	8.90%	11.17%
Tier 1 Risk Based Capital Ratio	13.83%	12.80%	12.56%	12.70%
	<u>Quarter Ended</u> <u>12/31/2010</u>	<u>Quarter Ended</u> <u>9/30/10</u>	<u>Quarter Ended</u> <u>6/30/10</u>	<u>Quarter Ended</u> <u>12/31/2009</u>
Profitability				
Yield on Average Earning Assets	5.67%	5.60%	5.70%	5.66%
Cost of Avg. Interest Bearing Liabilities	1.86%	1.94%	1.99%	2.10%
Net Spread	3.81%	3.66%	3.71%	3.56%
Net Margin	3.97%	3.78%	3.92%	3.78%