

PUBLIC DISCLOSURE

April 22, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Madison Bank
RSSD #2552099

1001 Gibson Bay Drive, Suite #101
Richmond, Kentucky 40475

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, OH 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution’s CRA Rating	1
Scope of Examination	2
Description of Institution	4
Description of Assessment Area	5
Conclusions with Respect to Performance Criteria	10
Appendix A: Assessment Area Map	18
Appendix B: Lending Tables	19
Appendix C: Glossary of Terms	21

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities were made inside the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;
- The distributions of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income),
- The distributions of loans to businesses reflects a reasonable penetration among businesses of different sizes given the demographics of the assessment area and;
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

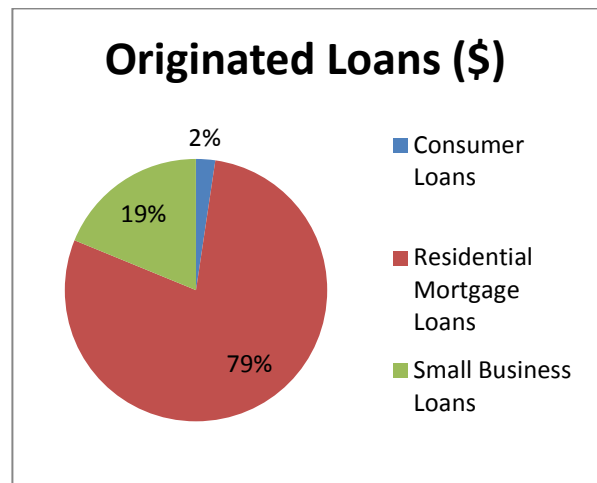
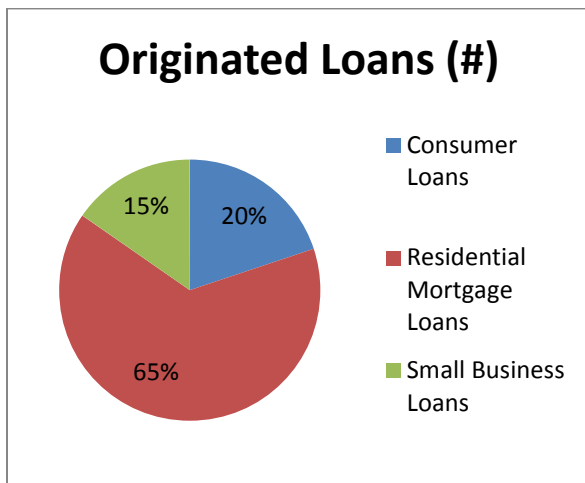
SCOPE OF EXAMINATION

Madison Bank (Madison) was evaluated using the interagency small bank procedures. The bank’s CRA performance included lending data from January 1, 2011 to December 31, 2011.

The loan products evaluated included consumer loans, residential mortgage loans and small business loans.

The following table and charts illustrate the volume and distribution of loans originated during the evaluation period.

Number of Loans	Loan Type	Dollar Amount of Loans (000s)
92	Consumer Loans	1,694
300	Residential Mortgage Loans	56,920
71	Small Business Loans	13,566
463	Total	72,181



As the charts indicate, residential mortgage loans accounted for the majority of originated loans by number and dollar amount; therefore, residential mortgage loans were given greater weight than consumer loans and small business loans. Consumer loans and residential mortgage loans were given equal weight.

The bank’s assessment area lacks economic diversity, as approximately 14.0% of the census tracts in the assessment area are either low- or moderate-income. Therefore, borrower distribution analyses were given greater weight than geographic distribution.

The bank did not collect revenue or income for a significant number of its residential mortgage loans and consumer loans. As a result, the totals used to calculate percentages in the borrower distribution analysis for these loan products will not match the total loans originated in the assessment area.

The size and financial condition of the institution, lending opportunities in the assessment area, and competition with other financial institutions were also considered in the bank's performance context.

Lastly, one community contact interview was conducted in conjunction with this examination. The community contact provided context to the demographic and economic characteristics of the assessment area.

DESCRIPTION OF INSTITUTION

Madison Bank (Madison) is a state-member bank and the sole banking subsidiary of Madison Financial Corp. Both the bank and holding company are headquartered in Richmond, Kentucky. As of December 31, 2012, Madison reported approximately \$122 million in assets, a 17.6% decrease since the previous examination in 2009.

Madison's main office is located at 1001 Gibson Bay Dr., Richmond, Kentucky, in an upper-income tract. The bank has three additional branches: two in upper-income tracts in Richmond and one branch in a middle-income tract in Berea, Kentucky. Since the previous examination, the bank has closed one full-service branch located in the Richmond Downtown Banking Center. All four of the remaining branches have full-service ATMs.

Madison is a full-service, retail community bank that offers business and consumer deposit accounts and commercial, residential mortgage, and consumer loans. According to the December 31, 2012 Uniform Bank Performance Report (UBPR), Madison's loan portfolio accounts for approximately 70.0% of the bank's assets.

The following chart represents the bank's loan portfolio as of December 31, 2012.

Loan Type	Percent of Total Loans
Commercial / Industrial & Non-Farm Non-Residential Real Estate	54.9%
Loans for Agricultural Production & Secured by Farmland	4.6%
Secured by 1-4 Family Residential Real Estate	31.9%
Consumer Loans	1.6%
Construction and Land Development	6.8%
All Other Loans	0.2%
Total (gross)	100.0%

As of December 31, 2012, Madison's investment portfolio was approximately \$36 million. The investment portfolio for the most part is evenly divided between U.S. Treasury and Agencies securities (30.4%), Federal Funds Sold and Resale (28.2%), and All Other Securities (28.2%). The remaining investments are Interest-Bearing Bank Balances (13.1%).

There are no legal or financial constraints preventing Madison from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

DESCRIPTION OF NON-MSA KENTUCKY MADISON COUNTY

Madison has designated its assessment area as all of Madison County, which consists of two townships, Richmond and Berea. The bank's assessment area is comprised of 14 census tracts and is distributed as follows:

- Low-income: 1
- Moderate-income: 1
- Middle-income: 4
- Upper-income: 8

Since 86.0% of the bank's assessment area is comprised of middle- and upper-income census tracts, it would be expected that a majority of the bank's lending would be concentrated in those tracts.

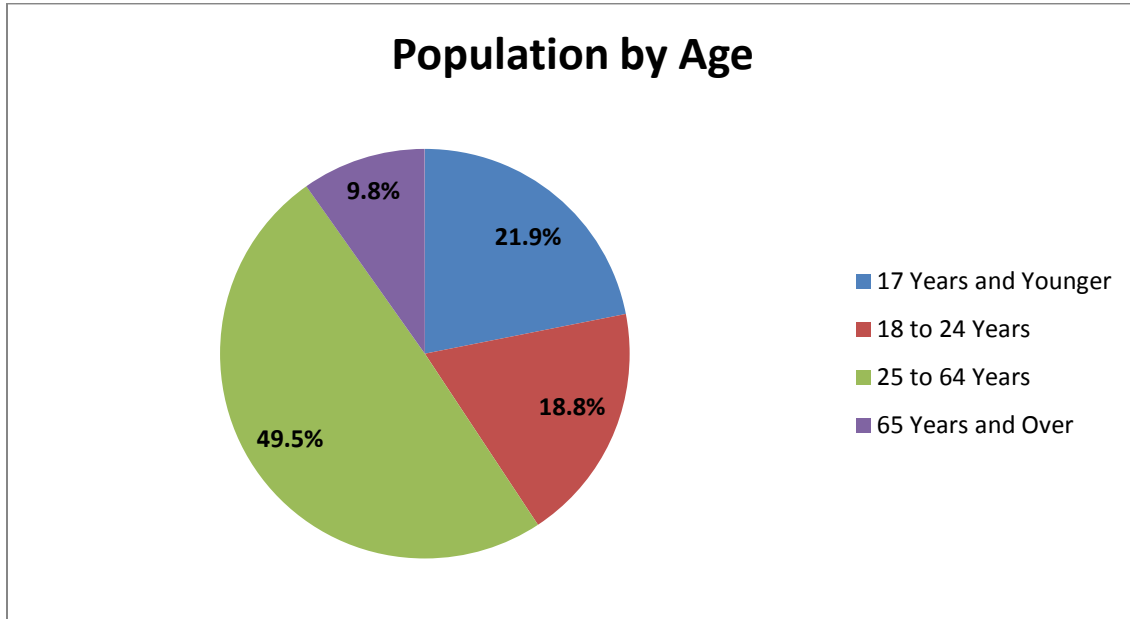
There is a significant amount of competition throughout the bank's assessment area. As of June 30, 2012, The Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits reported there are 13 FDIC-insured financial institutions operating 37 offices within Madison County.¹ The FDIC's market share report indicates that Madison ranks third, holding approximately 11.5% of the share of deposits in the area. The following table shows the deposit market share for the thirteen financial institutions in Madison County.

Rank	Financial Institution	Deposit Market Share
1	Peoples Bank and Trust Company of Madison County	31.99%
2	Community Trust Bank, Inc.	12.58%
3	Madison Bank	11.49%
4	JPMorgan Chase Bank, National Association	10.43%
5	Central Bank & Trust Co.	7.38%
6	PNC Bank, National Association	6.34%
7	U.S. Bank National Association	6.21%
8	Cumberland Valley National Bank & Trust Company	4.24%
9	First Southern National Bank	3.15%
10	Citizens Guaranty Bank	2.96%
11	Fifth Third Bank	2.57%
12	FORCHT BANK, NATIONAL ASSOCIATION	0.59%
13	Woodforest National Bank	0.06%

Population

According to data provided by the 2000 U.S. Census report, the total population living in Madison's assessment area was 70,872. The population by age is distributed as follows:

¹ <http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2>



As the chart indicates, 21.9% of the population is under the age of 18, the legal age to enter into a contract. Approximately 68.3% of the population is between the ages of 18 and 64, the prime ages when individuals are generally in need of loans.

Income Characteristics

According to 2000 U.S. Census data, there are 27,181 households in the assessment area, of which 18,303 (67%) are families. Of these families, 15.5% are low-income, 14.1% are moderate-income, 18% are middle-income, and 52.5% are upper-income.

The median family income for the assessment area is \$41,253, which is higher than the median family income for Kentucky (\$40,939).

Based on 2000 U.S. Census data, approximately 12.0% of families in the assessment area live below the poverty level. According to 2011 estimates, the percentage of people living below the poverty level in Madison County is 20.8%, which is slightly higher than the Commonwealth of Kentucky at 19.1%².

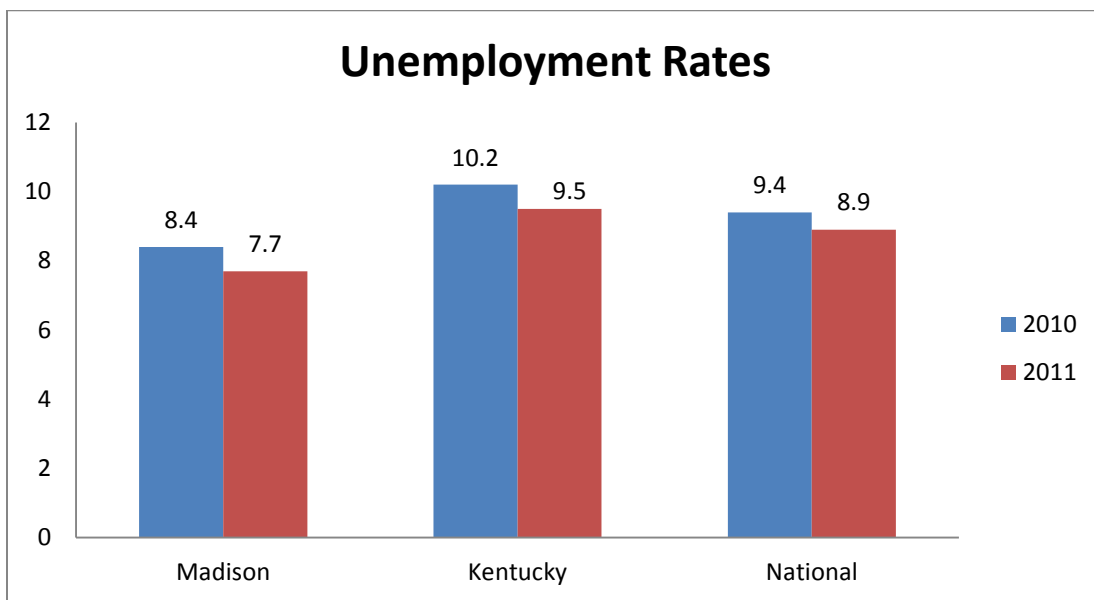
² <http://www.ers.usda.gov/data-products/county-level-data-sets/poverty>

Labor, Employment, and Economics

The following table³ shows the top four employment sectors (by number of persons employed in the county) and some of the major employers in Madison County.

County	Primary Employment Sectors	Major Employers
Madison	Higher Education; Manufacturing; Healthcare; Federal Government	Eastern Kentucky University; Tokico Inc.; Pattie A. Clay Infirmary; NACCO Materials Handling Group; Blue Grass Chemical Agent Destruction Plant

The following chart compares the 2010 and 2011 (not seasonally adjusted) unemployment rates in Madison County to the state unemployment rates.



As indicated in the chart, the unemployment rate in Madison County is lower than the state and national levels. A community contact from Richmond indicated that Madison County fared well compared to national statistics for unemployment during the recent economic recession.

Housing

Based on 2000 U.S. Census data, there are 29,595 total housing units within the assessment area. Of these units, 54.8% are owner-occupied, 37.0% are rental units, and 8.3% are vacant. Single family units account for 59.5% of the units and two-to-four family units account for 12.8%. Approximately 95.0% of the housing units are located in middle and upper-income census tracts, while only 5.0% of the housing units are located in low-to moderate income census tracts.

The median age of the housing stock in the assessment area is 20 years, while the median age of the housing stock in the Commonwealth of Kentucky is 27 years.

³ <http://www.locateinlexington.com/Data-Facts---Figures-Major-Employers.aspx>

The median housing value in the assessment area is \$87,528. Of the 16,216 owner-occupied housing units in the assessment area, approximately 39.0% are valued at \$100,000 or more and 14.5% are valued at \$150,000 or more.

Based on the median family income for the assessment area (\$41,383), roughly 43.6% of homes valued up to \$79,149 would be affordable for low-income individuals and 74.1% of homes valued up to \$126,639 would be affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio of 28.0% of gross income for a 3.625% fixed rate, 30-year loan.

The median gross rent for the assessment area is \$428, which is lower than the median gross rent for the Commonwealth of Kentucky.

According to RealtyTrac, an online database that tracks and provides foreclosure statistics, as of March 2013, the Commonwealth of Kentucky has one of the lowest foreclosure rates in the country, with one in every 3,551 units receiving a foreclosure filing.⁴

⁴ www.realtytrac.com

Combined Demographics Report

Assessment Area(s): Madison Bank AA 2011

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	1	7.1	174	1.0	54	31.0	2,829	15.5	
Moderate-income	1	7.1	382	2.1	140	36.6	2,584	14.1	
Middle-income	4	28.6	5,460	29.8	837	15.3	3,287	18.0	
Upper-income	8	57.1	12,287	67.1	1,173	9.5	9,603	52.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	14	100.0	18,303	100.0	2,204	12.0	18,303	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	396	22	0.1	5.6	302	76.3	72	18.2	
Moderate-income	1,070	208	1.3	19.4	716	66.9	146	13.6	
Middle-income	9,405	4,373	27.0	46.5	4,143	44.1	889	9.5	
Upper-income	18,724	11,613	71.6	62.0	5,775	30.8	1,336	7.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	29,595	16,216	100.0	54.8	10,936	37.0	2,443	8.3	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	21	0.5	20	0.5	1	0.6	0	0.0	
Moderate-income	198	4.7	178	4.6	9	5.2	11	7.6	
Middle-income	1,156	27.5	1,064	27.4	45	25.9	47	32.6	
Upper-income	2,833	67.3	2,628	67.6	119	68.4	86	59.7	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	4,208	100.0	3,890	100.0	174	100.0	144	100.0	
Percentage of Total Businesses:				92.4		4.1		3.4	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	30	25.6	29	25.4	0	0.0	1	50.0	
Upper-income	87	74.4	85	74.6	1	100.0	1	50.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	117	100.0	114	100.0	1	100.0	2	100.0	
Percentage of Total Farms:				97.4		.9		1.7	

Based on 2011 D&B information according to 2000 Census Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank is rated “Satisfactory” under the lending test.

Loan-to-Deposit Ratio

A financial institution’s loan-to-deposit ratio compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows Madison’s quarterly loan-to-deposit ratios for 16 quarters since the previous evaluation, along with the average loan-to-deposit for the same period.

Madison’s Quarterly Loan-to-Deposit Ratios					
As of Date	Bank Ratio	Peer Ratio ⁵	Peoples B&TC of Madison County ⁶	Cumberland Valley NB&TC ⁷	Citizens Guaranty Bank ⁸
December 31, 2012	72.48	72.03	86.41	69.23	89.57
September 30, 2012	71.01	72.50	87.77	69.71	88.32
June 30, 2012	77.25	72.81	85.47	69.23	88.29
March 31, 2012	72.68	71.92	84.79	69.80	87.24
December 31, 2011	73.09	73.89	82.61	71.71	87.27
September 30, 2011	73.81	74.44	81.32	72.63	86.29
June 30, 2011	75.26	74.99	83.28	72.06	81.02
March 31, 2011	71.84	74.88	81.90	69.50	77.63
December 31, 2010	73.46	76.71	80.45	69.59	80.65
September 30, 2010	78.11	77.77	79.88	70.36	86.09
June 30, 2010	89.14	78.75	80.10	68.58	89.70
March 31, 2010	90.60	79.33	80.33	65.71	90.04
December 31, 2009	83.82	81.08	81.18	68.24	95.25
September 30, 2009	93.86	82.60	82.85	69.45	94.02
June 30, 2009	93.41	83.71	82.35	69.94	102.57
March 31, 2009	96.77	84.26	82.64	70.95	104.23
Quarterly Loan-to-Deposit Ratio Average since the previous examination	80.41	76.98	82.71	69.79	89.26

5 National peer group consists of all commercial banks having assets between \$100 and \$300 million in nonmetropolitan areas with three or more full service offices.

6 Peoples Bank & Trust Company of Madison County, Berea, Kentucky. Peoples’ peer group is insured commercial banks having assets between \$300 million and \$1 billion.

7 Cumberland Valley National Bank & Trust Company, East Bernstadt, Kentucky. Cumberland’s peer group is insured commercial banks having assets between \$300 million and \$1 billion.

8 Citizens Guaranty Bank, Richmond, Kentucky. Citizens’ peer group is insured commercial banks having assets between \$100 million and \$300 million, with 3 or more full service banking offices and located in a metropolitan statistical area.

Madison Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank has averaged 80.41% over the past 16 quarters of operation and is above the peer group average ratio of 76.98%. The loan-to-deposit ratio experienced a drop in 2010, but has only seen slight fluctuations since that time.

Lending in the Assessment Area

The table below depicts Madison’s volume of loans extended inside and outside of the assessment area.

Lending Inside and Outside the Assessment Area

Exam: Madison Bk, Richmond - 2013

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
RL - Residential Loans	207	69.0	39,222	68.9	93	31.0	17,699	31.1	300	100.0	56,920	100.0
XX - Installment/Revolving	83	90.2	1,510	89.1	9	9.8	184	10.9	92	100.0	1,694	100.0
Total Consumer related	290	74.0	40,731	69.5	102	26.0	17,883	30.5	392	100.0	58,614	100.0
SB - Small Business	60	84.5	6,983	51.5	11	15.5	6,583	48.5	71	100.0	13,566	100.0
Total Small Bus. related	60	84.5	6,983	51.5	11	15.5	6,583	48.5	71	100.0	13,566	100.0
TOTAL LOANS	350	75.6	47,715	66.1	113	24.4	24,466	33.9	463	100.0	72,181	100.0

* The table illustrates that a majority of the bank’s loans by number and dollar amount were originated within the assessment area.

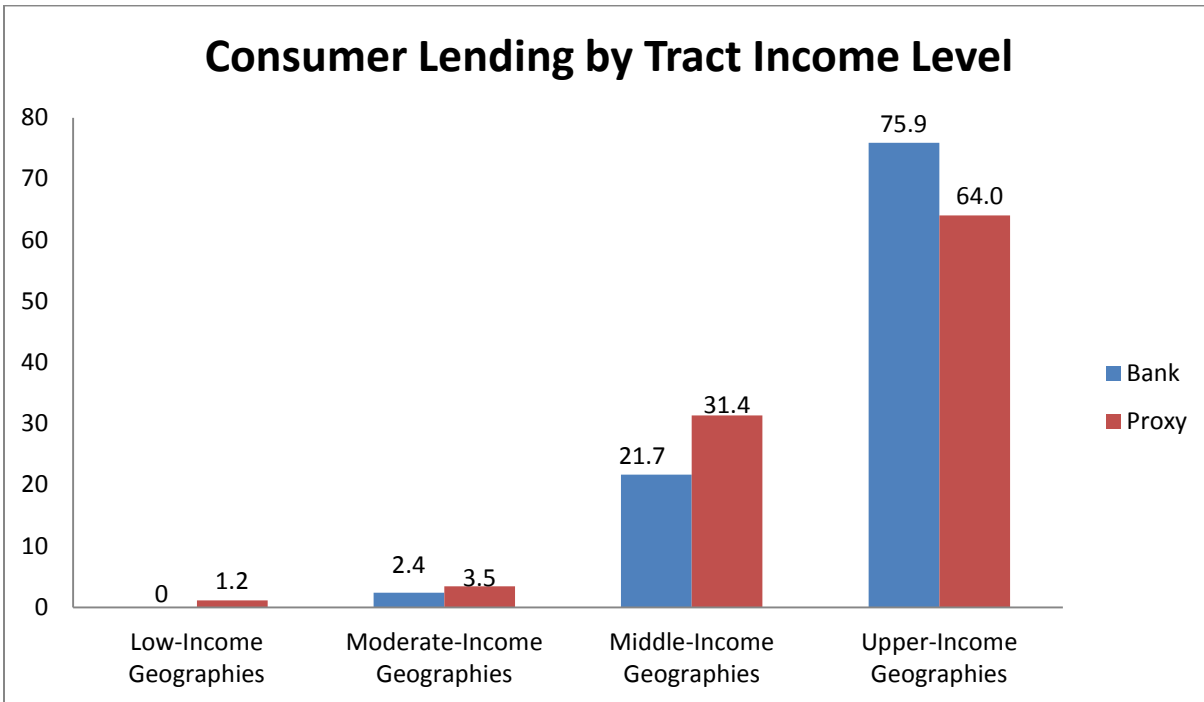
Geographic Distribution of Lending

The geographic distribution of lending is considered reasonable.

Consumer Loans

During the evaluation period, Madison originated 83 consumer loans. Of these 83 loans, no loans were in low-income census tracts, two were in moderate-income census tracts, 18 were in middle-income census tracts, and 63 were in upper-income census tracts.

The following table compares the percentage of loans originated by tract income levels to the demographics of the assessment area.



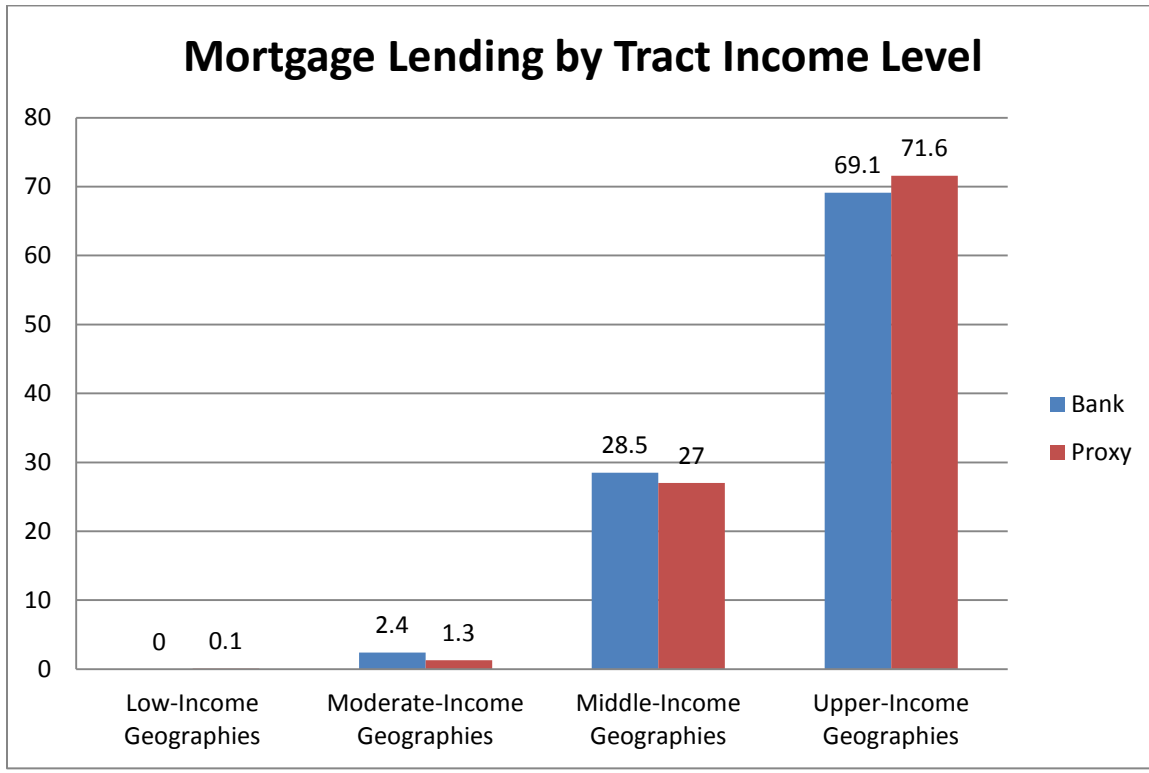
Consumer lending in low- and moderate-income census tracts was below the proxy at less than 3.0%, with no loans originated in low-income tracts. Lending in middle-income census tracts was below the proxy, while lending in upper-income census tracts was above the proxy.

Based on the fact that low- and moderate-income tracts make up only 14.3% of the entire assessment area, it is reasonable to believe that the opportunities to lend in these tracts are minimal. Although lending was poor in low- and moderate-income tracts, there are very few households concentrated in these tracts and lending is generally consistent with the demographics of the area. Also, Madison does not have any branches located in low- and moderate-income areas, thus making it more difficult to make loans in these areas. Therefore, the geographic distribution of consumer lending is reasonable.

Residential Mortgage Loans

Madison originated 207 residential mortgage loans in the assessment area during the evaluation period. Of these 207 loans, no loans were in low-income tracts, five were in moderate-income tracts, 59 were in middle-income tracts, and 143 were in upper-income tracts.

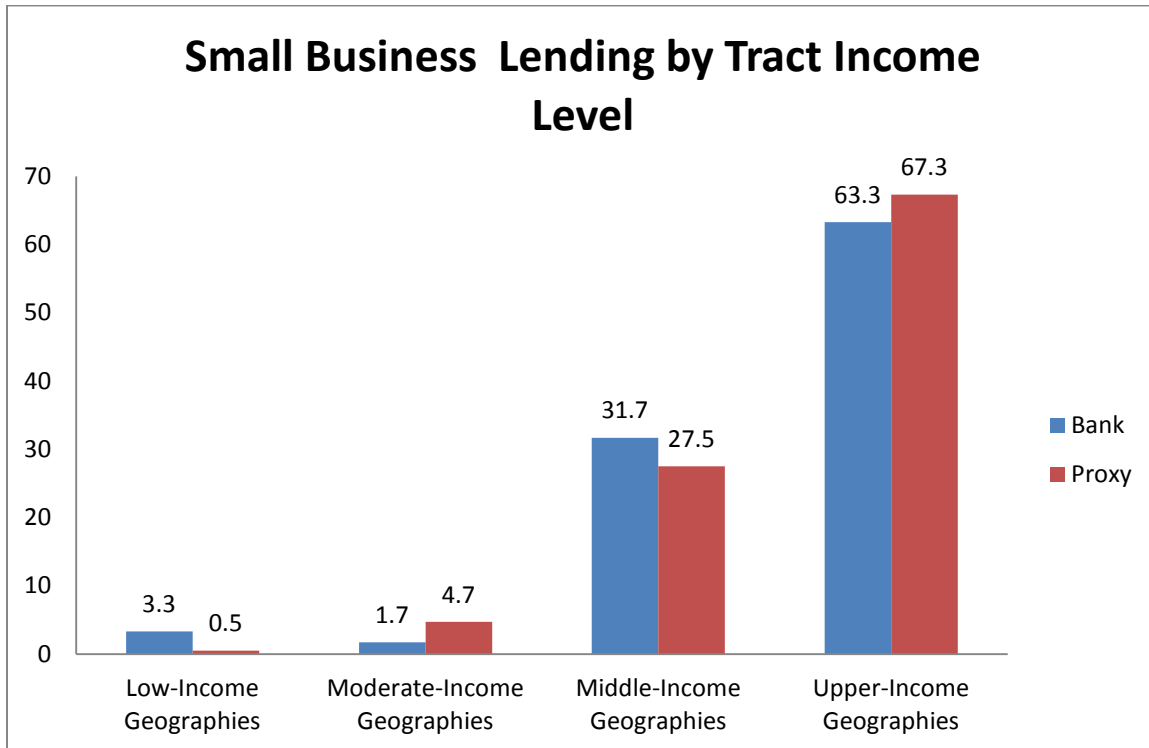
The following table compares the percentage of loans originated by tract income levels to the demographics of the assessment area.



Residential mortgage lending in low- and moderate-income census tracts was comparable to the individual proxies used to analyze the bank’s lending. Even though the bank did not make any mortgage loans in the low-income tract, very few of the owner-occupied units in the assessment area are located in the low-income tract. There is a large student population located in the low- and moderate-income tracts, which tends to indicate more individuals are living in dormitories and apartments, as opposed to owner-occupied units. In the bank’s moderate-income tract, the bank originated five loans (2.4%), which is considered excellent when compared to the percentage of owner-occupied housing units in the moderate-income tract at 1.3%. Lending in the middle-income census tracts was slightly above the proxy, while lending in upper-income census tracts was marginally below the proxy. Furthermore, considering the absence of branches in the low- and moderate-income areas, Madison’s residential mortgage lending is adequate for these tracts. Therefore, the geographic distribution of residential lending is reasonable.

Small Business Loans

Madison originated 60 small business loans within the assessment area during the evaluation period. Of these loans, two were in the low-income tract, one was in the moderate-income tract, 19 were in middle-income tracts, and 38 were in upper-income tracts. The following chart shows the percentage of loans originated in low-, moderate-, middle-, and upper-income census tracts as compared to the demographics of the assessment area.



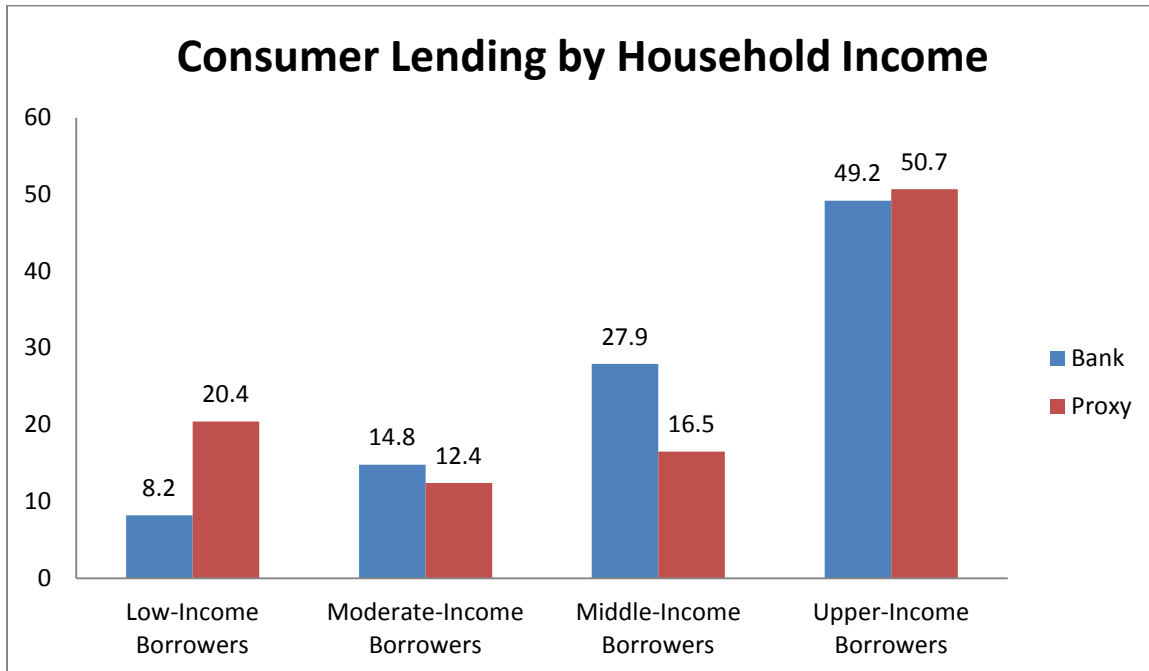
Small business lending in low- and moderate-income census tracts was comparable to the individual proxies used to analyze the bank’s lending. In the bank’s low-income tract, it originated two loans (3.3%), which is considered excellent when compared to the percentage of total businesses in its low-income tract at 0.5%. The bank originated only one loan (1.7%) in its moderate-income tract, which is considered poor due to the fact that 4.7% of small businesses are found within that tract. Lending in the middle-income census tracts was slightly above the proxy, while lending in upper-income census tracts was marginally below the proxy. Considering the combined lending in low- and moderate-income tracts, Madison’s geographic distribution of small business lending is reasonable.

Borrower Distribution of Lending

The borrower distribution of lending is reasonable.

Consumer Loans

Of the 61 consumer loans originated in the assessment area during the evaluation period for which income was reported, five were to low-income borrowers, nine were to moderate-income borrowers, 17 were to middle-income borrowers, and 30 were to upper-income borrowers. The following chart compares the percentage of loans originated by household income to the demographics of the assessment area.

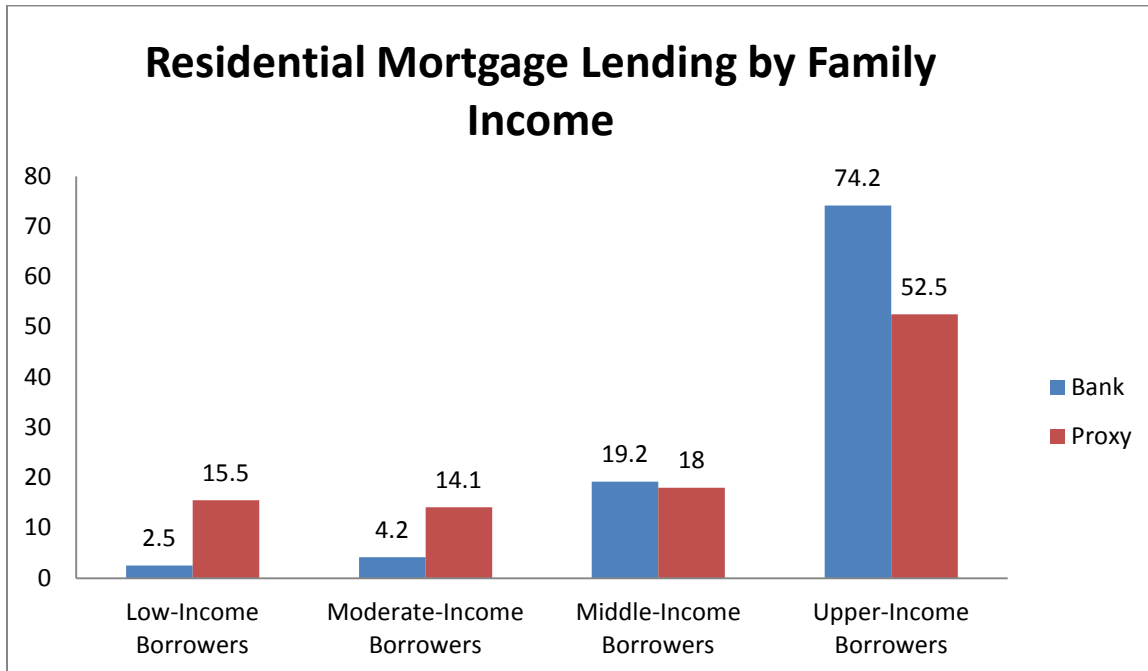


The chart shows that consumer lending to low-income borrowers was well below the percentage of low-income families in the assessment area and is considered poor. Consumer lending to moderate- and middle-income borrowers exceeded the proxy, while consumer lending to upper-income borrowers was comparable to the proxy.

There are several factors that could contribute to a bank's inability to make consumer loans to low-income individuals. Specifically, Madison County has a high percentage of households living below the poverty level at 20.8%. This factor limits the bank's ability to lend, as families living below the poverty level are less likely to qualify for consumer loans. In addition, there is a large student population in the low- and moderate-income tracts. Students are typically low- to moderate-income individuals, thus the demand for consumer loans would not be high. Considering these factors, the borrower distribution of consumer loans is reasonable.

Residential Mortgage Lending

Of the 120 residential mortgage loans originated in the assessment area during the evaluation period for which income was reported, three were to low-income borrowers, five were to moderate-income borrowers, 23 were to middle-income borrowers, and 89 were to upper-income borrowers. The following chart compares the percentage of loans originated by family income to the demographics of the assessment area.



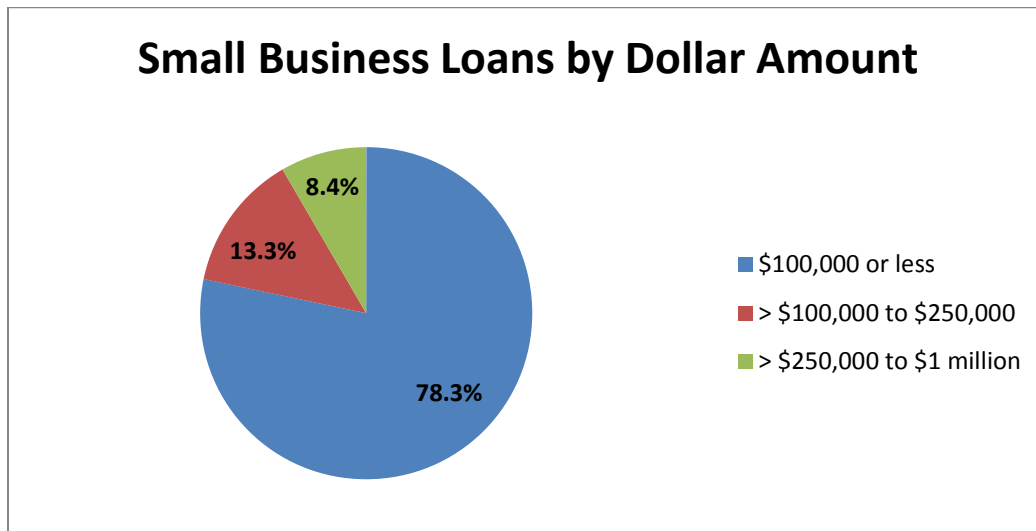
Residential mortgage lending to low- and moderate-income borrowers is considerably below the percentage of low- and moderate-income families in the assessment area. Conversely, residential mortgage lending to middle- and upper-income borrowers exceeded the proxies.

Although residential mortgage lending to low- and moderate-income borrowers was below the proxy, there are several factors that could contribute to a bank’s inability to make home mortgage loans to these individuals. Due to Eastern Kentucky University and Berea College being located in Madison’s assessment area, the population of 18 to 24 year olds is 18.8%, which is almost twice the state’s population at 9.9%. Of the 18.8% of 18 to 24 year olds living in Madison County, 6.7% of these individuals are living in college dormitories. Historically, college students are low- to moderate-income, which reduces the demand for new home purchases and refinancing of homes.

Furthermore, only 43.6% of the housing stock in the assessment area would be affordable for low-income individuals. Lastly, over 20.0% of the families in the assessment area are below the poverty level. Many of these families are likely to be low- or moderate-income and possibly unable to qualify for residential mortgage loans. Considering these factors, the borrower distribution of residential mortgage loans is reasonable.

Small Business Loans

Of the 60 small business loans originated in the assessment area during the evaluation period, 46 loans (76.7%) were made to businesses with revenue less than \$1 million. In the assessment area, businesses with revenue less than \$1 million account for 92.4% of businesses. The size of the loans was also considered, as smaller loans are typically commensurate with the borrowing need of smaller businesses. The following chart shows the loans by original loan amount regardless of business size.



The chart indicates that approximately 78.3% of the small business loans were for loan amounts less than \$100,000 and approximately 91.6% of the loans were for \$250,000 or less, indicating the bank's willingness to make smaller dollar loans. Given these factors, the borrower distribution of small business loans is reasonable.

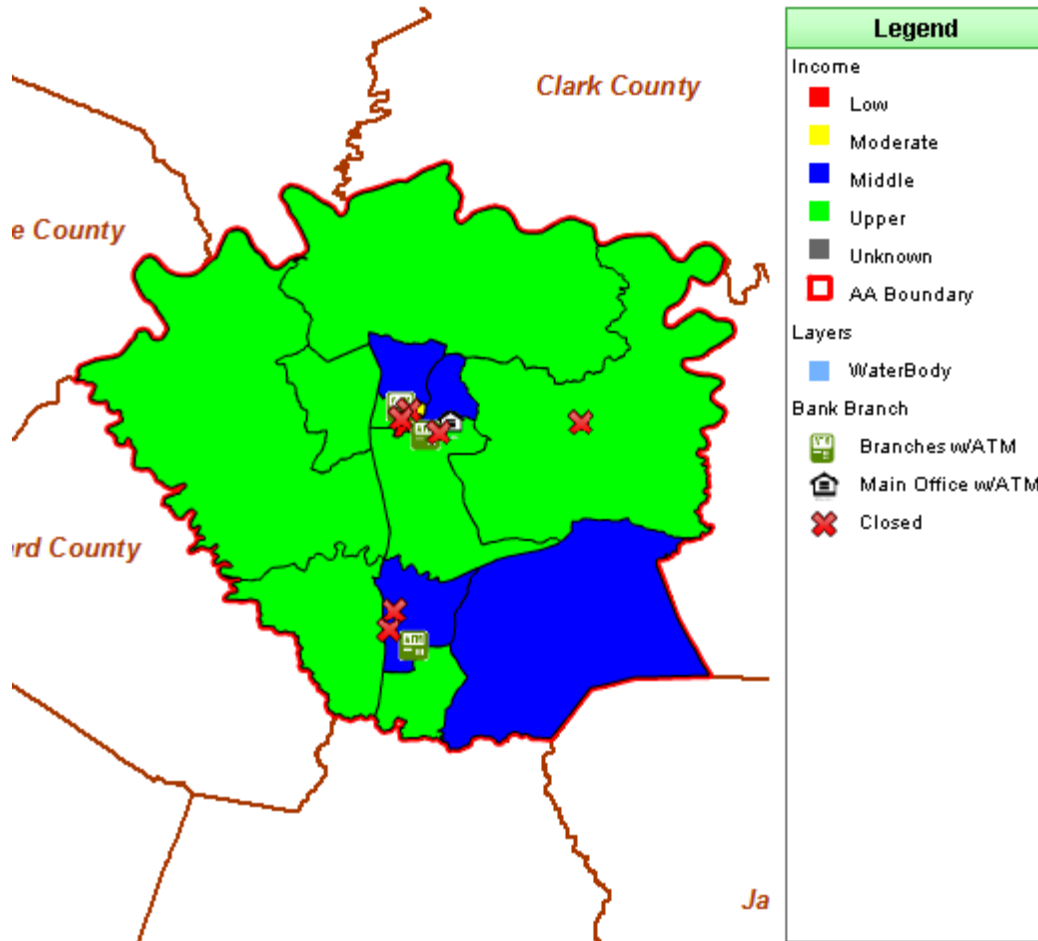
Response to Consumer Complaints

There were no CRA-related complaints filed against Madison Bank since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were identified.

APPENDIX A
ASSESSMENT AREA MAP



APPENDIX B
LENDING TABLES

Consumer Loan Distribution Table

Exam: Madison Bk, Richmond - 2013

Assessment Area/Group :Madison Bank AA 2011

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Installment/Revolving							
Low	0	0.0%	0	0.0%	5	6.0%	68	4.5%
Moderate	2	2.4%	27	1.8%	9	10.8%	71	4.7%
Low/Moderate Total	2	2.4%	27	1.8%	14	16.9%	139	9.2%
Middle	18	21.7%	356	23.6%	17	20.5%	324	21.5%
Upper	63	75.9%	1,126	74.6%	30	36.1%	762	50.5%
Unknown	0	0.0%	0	0.0%	22	26.5%	284	18.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	83	100.0%	1,510	100.0%	83	100.0%	1,510	100.1%
	Residential Loans							
Low	0	0.0%	0	0.0%	3	1.4%	148	0.4%
Moderate	5	2.4%	695	1.8%	5	2.4%	518	1.3%
Low/Moderate Total	5	2.4%	695	1.8%	8	3.9%	665	1.7%
Middle	59	28.5%	9,479	24.2%	23	11.1%	3,422	8.7%
Upper	143	69.1%	29,048	74.1%	89	43.0%	22,304	56.9%
Unknown	0	0.0%	0	0.0%	87	42.0%	12,831	32.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	207	100.0%	39,222	100.0%	207	100.0%	39,222	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	8	2.8%	216	0.5%
Moderate	7	2.4%	722	1.8%	14	4.8%	589	1.4%
Low/Moderate Total	7	2.4%	722	1.8%	22	7.6%	805	2.0%
Middle	77	26.6%	9,835	24.1%	40	13.8%	3,746	9.2%
Upper	206	71.0%	30,174	74.1%	119	41.0%	23,066	56.6%
Unknown	0	0.0%	0	0.0%	109	37.6%	13,115	32.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	290	100.0%	40,731	100.0%	290	100.0%	40,731	100.0%

CRA Loan Distribution Table

Exam: Madison Bk, Richmond - 2013

Assessment Area/Group: Madison Bank AA 2011

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income											
Low	2	3.3%	209	3.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	1.7%	100	1.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	3	5.0%	309	4.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	19	31.7%	4,247	60.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	38	63.3%	2,427	34.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	60	100.0%	6,984	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	By Revenue											
Total \$1 Million or Less	46	76.7%	2,193	31.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million	12	20.0%	4,574	65.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	2	3.3%	217	3.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	60	100.0%	6,984	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	By Loan Size											
\$100,000 or less	47	78.3%	1,699	24.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	8	13.3%	1,367	19.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	4	6.7%	1,917	27.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	1	1.7%	2,000	28.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	60	100.0%	6,984	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less											
\$100,000 or less	41	89.1%	1,376	62.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	5	10.9%	817	37.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	46	100.0%	2,193	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

*Information based on 2000 Census data

APPENDIX C

GLOSSARY OF TERMS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in ‘loans to small farms’ as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.