



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 14, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Riddell National Bank
Charter Number 5267**

**1 East National Avenue
Brazil, IN 47834**

**Comptroller of the Currency
Central Illinois & Central Ind
8777 Purdue Road Suite 105
Indianapolis, IN 46268**

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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The major factors that support this rating include:

- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- A majority of the bank's loans are made within the assessment area (AA).
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes.
- The bank meets the standard for satisfactory performance for the distribution of loans in the various income tract levels.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

Riddell National Bank of Brazil, Indiana is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Disclosure.

DESCRIPTION OF INSTITUTION

The Riddell National Bank of Brazil (Riddell) is a \$141 million institution located in Brazil, Indiana. Brazil is the county seat of Clay County. The population of the assessment area is approximately 57,000 residents. The institution is wholly-owned by RNB Corp., a one bank holding company.

The main bank, drive-thru, and Automated Teller Machine (ATM) are located at 1 East National Avenue, Brazil, Indiana. Full-service branches with a drive-thru are located at 2211 East National Avenue in Brazil and 500 E. Main Street in Center Point, Indiana. An additional branch with deposit services and an ATM is located at 100 Forest Park Plaza in the Kroger grocery store in Brazil. An ATM is also located at the Brazil branch and a Cash Dispensing Machine is located at the Citgo gas station in Brazil. Riddell has not opened or closed any branches since the previous CRA examination. Riddell's primary focus is to serve commercial, consumer, and agricultural customers in the AA. Riddell meets these needs by providing various types of loan and deposit products and services.

As of December 31, 2003, Riddell's total assets equaled \$141 million, of which \$72 million, or 51 percent, were composed of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consists of the following:

Loan Category	\$ (000)	%
Residential Real Estate Loans	34,988	48.32%
Consumer Loans	20,787	28.71%
Commercial Loans	10,507	14.51%
Agricultural Loans	2,891	3.99%
Commercial Real Estate Loans	1,846	2.56%
Other	1,384	1.91%
Total	72,403	100%

Other products that the bank uses to serve the community include Federal National Mortgage Administration (FNMA) guaranteed loans. The bank offers 10, 15, 20 and 30 year fixed rate mortgage loans that are sold, but the bank continues to service all of the loans. As of December 31, 2003, the bank was servicing 373 loans totaling \$30 million. An additional loan product offered since the last evaluation is the First Time Homebuyers Equity Builder Program that began in 2003. The bank has 5 loans in the program totaling \$357 thousand. Eighty percent of the loans are sold to FNMA and the bank finances the balance. The bank has allotted \$1 million to the program.

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the AA. The bank received a "Satisfactory" rating at the prior CRA examination, dated September 22, 1998.

DESCRIPTION OF ASSESSMENT AREA

The AA adopted by Riddell consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- and moderate-income geographies. It meets the requirements of the CRA regulation.

Terre Haute Metropolitan Statistical Area (MSA) Assessment Area

The bank's AA is within the Terre Haute MSA and includes all of Clay County (census tracts #401 - #406) and the central and southwest portions of Vigo County (census tracts #106 and #107). Census tract #401 is moderate-income, #403 and #107 are upper-income and the remainder of census tracts are middle-income. The main office and the three branches are located in Clay County. Based on new 2000 census data, census tract #107 in Vigo County has been divided into #107.01 and #107.02. The following demographic information for the AA is based on 1990 census data:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	11,233
Number of Households	15,282
<i>Geographies</i>	
Number of Census Tracts	8
#/% Low-Income Census Tracts	0 / 0%
#/% Moderate-Income Census Tracts	1 / 13%
#/% Middle-Income Census Tracts	5 / 63%
#/% Upper-Income Census Tracts	2 / 25%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	29,561
2002 HUD-Adjusted MFI	47,400
<i>Economic Indicators</i>	
Unemployment Rate	2%
1990 Median Housing Value	44,586
% of Households Below Poverty Level	11%

Non-MSA Assessment Area

The non-MSA AA consists of the southeast portion of Parke County (census tract #304), a contiguous county to the north of Clay County and the southern portion of Putnam County (census tract #9566), a contiguous county to the northeast of Clay County. An additional non-MSA AA is the northwest corner of Greene County (census tract # 9550), a contiguous county to the south of Clay County. Census tract #9550 is moderate-income and #304 and #9566 are middle-income tracts. The following demographic information for the AA is based on 1990 census data:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA

<i>Population</i>	
Number of Families	3,243
Number of Households	4,151
<i>Geographies</i>	
Number of Census Tracts	3
#/% Low-Income Census Tracts	0 / 0%
#/% Moderate-Income Census Tracts	1 / 33%
#/% Middle-Income Census Tracts	2 / 67%
#/% Upper-Income Census Tracts	0 / 0%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	30,800
2002 HUD-Adjusted MFI	50,300
<i>Economic Indicators</i>	
Unemployment Rate	3%
1990 Median Housing Value	38,831
% of Households Below Poverty Level	12%

Riddell's Assessment Area

The local economy is stagnant. Brazil has a large population of retired residents and residents that commute to Terre Haute or Indianapolis for employment. The major employers in Clay County are Great Dane (manufacturer of semi-trailers), Clay County school system, and the local hospital.

Riddell faces competition from community banks and financial institutions within the area and local branches of larger financial institutions headquartered outside of the AA.

A community contact was conducted during this review to help ascertain the credit needs of the AA. The contact reported that the economy is stable, with a need for more industry, jobs, and affordable housing. The contact stated that the credit needs are generally met and that the area banks are involved in the various community development activities and projects in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This review concentrated on the bank's primary loan products. As of December 31, 2003, the bank's primary loan products are residential refinance real estate and consumer loans. Therefore, we utilized 2001 and 2002 originations for these loan types to evaluate the lending performance component.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is satisfactory given the institution's size, financial condition, and AA credit needs. From September 30, 1998 through March 31, 2004, the bank's average quarterly loan-to-deposit ratio was 84%. The twenty-three quarter average of the eight banks chartered in the five county area is 93%, ranging from 69% to 136%. The bank's loan-to-deposit ratio is lower than the average of the other bank's in the area and has declined since 2001, but does not consider the high volume of residential real estate loans sold to FNMA. The bank began selling loans in late 2000. As mentioned above, the bank is servicing more than \$30 million in residential real estate loans that they have originated in the past few years and sold to FNMA.

Lending in Assessment Area

Riddell's lending in their AA meets the standards for satisfactory performance. This conclusion is based on the sample of 40 consumer and refinance residential real estate loans, as depicted in the following table:

Lending in Riddell's Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Consumer	17	85%	3	15%	20	\$149	74%	\$53	26%	\$202
Refinance Residential RE	15	75%	5	25%	20	\$1,641	71%	\$657	29%	\$2,298
Totals	32	80%	8	20%	40	\$1,790	72%	\$710	28%	\$2,500

Source: sample of loans and demographic data from 1990 U.S. Census data.

Lending to Borrowers of Different Incomes

The distribution of loans reflects, given the demographics of the assessment area, satisfactory penetration among individuals of different income levels (including low- and moderate-income).

The following tables represent a reasonable distribution of lending based on the random sample of 20 refinance residential real estate loans and 20 consumer loans within the AA.

Borrower Distribution of Refinance Residential Real Estate Loans in Riddell's Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
2001 and 2002 Loan Sample	16.74%	5%	17.78%	15%	24.29%	30%	41.20%	50%

Source: sample of loans and demographic data from 1990 U.S. Census data.

The bank's performance with low-income borrowers for residential real estate loan refinances is less than favorable compared with the 1990 demographic data which shows that 16.74% of the AA is made up of low-income families. The low number of low-income borrowers in which the bank has extended residential real estate refinanced loans, can be attributed to the fact that lower income individuals have less resources to enable them to own residential real estate. The bank's performance with moderate-income borrowers for residential real estate loan refinances is reasonable compared to the 1990 demographic data.

Borrower Distribution of Consumer Loans in Riddell's Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
2001 and 2002 Loan Sample	20.4%	15%	15%	40%	20.2%	25%	44.4%	20%

Source: Sample of loans and demographic data from 1990 U.S. Census data.

The number of consumer loans extended to low-income households is reasonable compared to the percentages of those households represented in the AA. The number of consumer loans extended to moderate-income households compares very favorable to those households represented in the AA.

Geographic Distribution of Loans

A comparison of the two primary loan types reveals that Riddell's geographic distribution of loans throughout the AA meets the standard for satisfactory performance. This conclusion is based on the analysis of the 20 refinance residential real estate loans and 20 consumer loans extended within the AA, as depicted in the following tables:

Geographic Distribution of Refinance Residential Real Estate Loans in Riddell's Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
2001 and 2002 Loan Sample	0%	0%	10.87%	15%	55.64%	55%	33.50%	30%

Source: Sample of loans and demographic data from 1990 U.S. Census data.

The number of refinance real estate loans originated in moderate-income tracts compares favorably to percent of owner occupied housing units in the AA.

Geographic Distribution of Consumer Loans in Riddell's Assessment Area

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
2001 and 2002 Loan Sample	0%	0%	16.8%	40%	57.3%	50%	25.9%	10%

Source: Sample of loans and demographic data from 1990 U.S. Census data.

The number of consumer loans originated in moderate-income tracts compares very favorably to percent of moderate-income households in the AA.

Responses to Complaints

Riddell did not receive any consumer complaints regarding its CRA performance during the assessment period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.