



PUBLIC DISCLOSURE

September 22, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Riddell National Bank of Brazil, IN
Charter #5267**

**P.O. Box 340
Brazil, Indiana 47834**

Office of the Comptroller of the Currency

**8777 Purdue Rd., Suite 105
Indianapolis, IN 46268**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **The Riddell National Bank of Brazil, IN** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 22, 1998. Our assessment of the bank's performance covers the period since March 6, 1996. The rating received at that time was "Satisfactory Record of Meeting Community Credit Needs". The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING

This institution is rated **Satisfactory Record of Meeting Community Credit Needs**.

This rating is based on analyses of the bank's lending performance from March 31, 1996 - September 22, 1998. The evaluation test includes analysis of the bank's average loan-to-deposit ratio, the volume of total lending within the bank's assessment area, the distribution of credit to borrowers of different incomes and to businesses of different sizes, the distribution of credit among low- and moderate-income geographies within the assessment area, and the bank's level of compliance with Fair Lending laws and regulations.

The bank's Satisfactory Record of Meeting Community Credit Needs rating is supported by the following:

- The bank's loan-to-deposit ratio is satisfactory given the assessment area's credit needs.
- The bank's level of lending inside the assessment area is good.
- The distribution of loans inside the assessment area to individuals of different income levels is reasonable.
- The distribution of credit among different geographies within the assessment area is reasonable.

DESCRIPTION OF INSTITUTION

The Riddell National Bank of Brazil is a \$115 million institution located in Brazil, Indiana. Brazil is the county seat of Clay County. The population of the assessment area is approximately 52,000 residents. Brazil is located on U.S. Route 40 and State Highway 59 in southwestern Indiana, approximately 15 miles northeast of Terre Haute. The bank operates three branches in addition to the main facility. Two branches are located within Brazil and the third is located in Center Point, Indiana. The bank also operates four ATM facilities. The institution is 100% owned by RNB Corp., a one bank holding company.

Discussions with two community contacts revealed that local banking services and credit accessibility are available. Credit demand is centered in small business and affordable housing loans. The Riddell National Bank of Brazil serves these credit needs by offering a variety of loan products, which include small business and housing loans.

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community.

No significant changes in loan portfolio products or composition have occurred since the last Community Reinvestment Act examination. Gross loans have increased by \$151 thousand, or less than 1%, from December 31, 1995, to June 30, 1998. The following table represents the bank's loan portfolio mix as of June 30, 1998.

Loan Portfolio Mix Table 1		
Loan Type	Volume (\$ 000's)	% of Gross Loans
Loans to individuals	\$15,868	19%
Loans secured by real estate	\$58,877	73%
Commercial purpose loans	\$ 3,926	5%
Agricultural loans	\$ 2,207	3%
Other	\$ 41	0%
Total	\$80,919	100%

The following table shows the breakdown of loan originations made from April 1, 1996 through September 30, 1998. A total of 5,070 loans were made, for a total dollar volume of \$68,434,356. As illustrated in *Table 2*, residential real estate mortgages constitute a significant volume of the bank's lending activity. Therefore, only residential real estate mortgages are analyzed in this evaluation.

Total Originations Since April 1, 1996 Table 2		
Type of Loans	Number Made	Dollar Amount Made
Residential Real Estate	987	\$40,358,000
Consumer	3,506	\$21,966,122
Agricultural	210	\$1,719,064
Commercial	409	\$4,391,170
Total	5,112	\$68,434,356

Source: The Riddell National Bank of Brazil

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of 11 Block Numbering Areas (BNA's) in a five county area. The assessment area includes all six BNA's in Clay County, and five BNA's contiguous to Clay County (Greene, Parke, Putnam, and Vigo Counties). Brazil and portions of the assessment area are a part of the Terre Haute Metropolitan Statistical Area. Based on 1990 census data, two BNA's are designated moderate-income and two BNA's are designated as upper-income. The moderate-income BNA's are located in Clay and Greene Counties respectively. The upper-income BNA's are located in Clay and Vigo Counties. The other seven BNA's are designated middle-income. The following demographic information for the bank's assessment area is based on 1990 census data:

Housing Stock:	80% of the housing units are 1-4 family.
Occupancy:	Owner occupancy levels are 67%, with 18% of housing renter occupied.
Home Values:	Median home value is \$43,239.
Age of Homes:	Median age of homes is 37 years.
Income:	1998 Median family income is \$39,500.
Income Levels:	17% of families are designated low-income, 18% are moderate-income, 26% are middle-income, and 39% are upper-income.

The local economy has experienced moderate growth since the previous evaluation. There are 17 other financial institutions which provide banking services in the four county area which contains the bank's assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The Riddell National Bank of Brazil's loan-to-deposit ratio is reasonable. During the assessment period, the bank's net loan-to-deposit ratio ranged from 71% to 80%, and averaged 77%. This average ratio is comparable to the 75% average net loan-to-deposit ratio of 17 banks in Clay, Vigo, Parke, and Greene counties.

LENDING IN THE ASSESSMENT AREA

The bank's lending within the assessment area is at a satisfactory level, a majority of credit extended is inside the assessment area. As illustrated in *Table 3*, our analysis of bank prepared reports revealed that 84% of the dollar amount, and approximately 86% of the number of loans, were made inside the bank's assessment area.

RESIDENTIAL REAL ESTATE LOANS PENETRATION ANALYSIS Table 3				
	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
\$ Volume	\$34,001	84%	\$6,357	16%
Number of loans	815	86%	130	14%

Source: 1996 - 1998 HMDA-LAR. \$ (000's).

LENDING TO BORROWERS OF DIFFERENT INCOMES

Riddell National Bank of Brazil satisfactorily extends real estate mortgages to consumers of all income levels within its assessment area. Low-income families comprise 17% of the population within the assessment area, and an additional 18% are classified as moderate-income.

Income Analysis

Riddell National Bank of Brazil originates home loans to individuals of different income levels consistent with area's income characteristics. As illustrated in *Table 4*, our analysis of a residential real estate loan sample indicated that 32% of the number, and 15% of the dollars, of residential real estate loans were made to low and moderate-income borrowers. The amount of mortgage loans made to low- and moderate-income borrowers was lower than the population's characteristics.

DISTRIBUTION OF RESIDENTIAL MORTGAGE LOANS by Income Level Table 4					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	119	13%	\$1,939	5%	17%
Moderate - Income 50% - 79% of Median	177	19%	\$4,227	10%	18%
Middle - Income 80%-119% of Median	289	31%	\$10,573	26%	26%
Upper - Income 120% or more of Median	346	37%	\$24,106	59%	39%
Actual Totals	931		\$40,845		

Source: HMDA-LAR reports for 1996-1998. \$ (000's).

GEOGRAPHIC DISTRIBUTION OF LOANS

Within its assessment area, the bank reasonably provides real estate mortgages to geographies of varying income levels, including low- and moderate-income areas. Moderate income BNA's contain 17% of the owner-occupied housing units within the assessment area. Lending patterns are reasonable in comparison to the composition of the assessment area.

Geographic Distribution of Residential Real Estate Loans Table 5						
	Loans made in moderate-income BNA's		Loans made in middle-income BNA's		Loans made in upper-income BNA's	
\$ Volume	\$6,247	19%	\$18,583	55%	\$8,672	26%
Number of Loans	158	19%	455	56%	202	25%

Source: HMDA-LAR reports for 1996-1998. \$ (000's).

COMPLIANCE WITH FAIR LENDING LAWS

The Riddell National Bank of Brazil is in compliance with the substantive provisions of the anti-discriminatory laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit from all areas within its assessment area.

WRITTEN COMPLAINTS

We have not received any written complaints about Riddell National Bank's performance in meeting the community's credit needs.