



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 8, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Investors National Bank
Charter Number 23232

522 Washington
Chillicothe, Missouri 64601-0110

Office of the Comptroller of the Currency

Kansas City South Field Office
7101 College Boulevard, Suite 1600
Overland Park, Kansas 66210

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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Satisfactory.

Investors National Bank (Investors) lending performance helps meet the community credit needs of its assessment area. We reached this conclusion based on the following:

- The bank's loan-to-deposit ratio reflects excellent performance. Investors' average ratio exceeded all comparative institutions in our review.
- The bank originated a majority of its loans inside its assessment area.
- Lending activities represent a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank has received no consumer complaints concerning its performance in meeting the community's credit needs.

SCOPE OF EXAMINATION

Examiners evaluated Investors under the Small Bank examination procedures, which includes a lending test. Our objectives were to assess the bank's ability and record to serve and meet the community's needs within their assessment area (AA). We based our analyses and conclusions on data provided by the bank, which we verified during our review. We identified the bank's primary products as business loans and 1-4 family residential real estate by the dollar amount of loans originated. The lending test covers the bank's performance from January 1, 2006 through May 31, 2008, as this is representative of its lending strategy since the last CRA examination. We selected a random sample of 67 home and 20 business loans made from January 1, 2006 through May 31, 2008.

DESCRIPTION OF INSTITUTION

Investors is an intrastate bank headquartered in Chillicothe, Missouri. As of December 31, 2007, Investors had total assets of \$60 million and tier one capital of \$6.3 million. Investors is wholly owned by IFB Holdings, Inc., a one-bank holding company. In addition to the main office, Investors operates two non deposit-taking ATMs. The bank is located in a middle-income non-metropolitan geography. Since the last CRA examination, the bank closed two branches (located in Hamilton and Gallatin, Missouri) and opened no other branches. There has not been any significant change to Investors' corporate structure, including merger or acquisition activities.

The bank offers a full range of deposit and loan products and services. Residential mortgage and business lending are Investors' primary business focus, with farm loans comprising a small portion of the loan portfolio. Within the residential mortgage portfolio, the bank originates long-term mortgage loans for sale on the secondary market. Deposit products and services include basic banking accounts.

As of December 31, 2007, Investors reported net loans of \$41 million, which represents 70 percent of total assets. The loan portfolio composition is as follows:

Loan Portfolio Summary by Loan Product December 31, 2007	
Loan Category	% of Outstanding Dollars
Home Loans	62.31%
Business Loans	16.87%
Farm Loans	13.89%
Consumer Loans	6.93%

There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its AA. The bank received a Satisfactory rating at its last CRA examination dated May 27, 2003. The bank is not required to file Home Mortgage Disclosure information. Please refer to the bank's Public File for more details.

DESCRIPTION OF ASSESSMENT AREA

Investors has one AA, which is comprised of five complete counties, Livingston, Linn, Carroll, Daviess, and Grundy. These counties are located in north central Missouri and are adjacent to the Kansas City MSA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Demographic Information for the Investors AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	19	0.00%	0.00%	89.47%	10.53%
Population by Geography	57,045	0.00%	0.00%	89.25%	10.75%
Owner-Occupied Housing by Geography	17,121	0.00%	0.00%	89.64%	10.36%
Businesses by Geography	5,141	0.00%	0.00%	90.16%	9.84%
Farms by Geography	832	0.00%	0.00%	90.50%	9.50%
Family Distribution by Income Level	15,756	0.00%	0.00%	89.53%	10.47%
Household Distribution by Income Level	23,285	0.00%	0.00%	89.49%	10.51%
Census Median Family Income (MFI)		\$36,175	Median Housing Value		\$55,192
HUD-Adjusted MFI: 2008		\$43,800	Families Below the Poverty Level		10.60%
HUD- Adjusted MFI: 2007		\$42,800	Unemployment Rate		1.83%
HUD – Adjusted MFI: 2006		\$44,800			

Source: 2000 U.S. Census Data

The current local economy is characterized as stable. Economic activity in the area is relatively diverse with agriculture, services, and small manufacturing companies as the primary economic activities. Average unemployment for the area is low.

A number of financial institutions compete for deposits and loans. The bank's competitors include several local community banks and one branch of a large regional institution.

In assessing the bank's performance, we contacted two local community development organization representatives. The community contacts indicated the community's biggest need is high quality jobs to attract new citizens and maintain their current citizens. There is also a slight need for low- and moderate-income housing units. Both contacts indicated the financial institutions are meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Investor's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and credit needs of the AA. The bank's net LTD ratio averaged 90 percent over 20 quarters from June 30, 2003 to March 31, 2008, with a quarterly low of 81 percent and a quarterly high of 100 percent.

The bank's net LTD ratio compares favorably with other community banks of similar size, location, and product offerings. Investors ranks second among five similarly situated banks serving its AA. The other five banks had an average net LTD ratio of 66 percent, with a range from 50 percent to 91 percent over the 20 quarters.

Lending in Assessment Area

Investors lending to customers within the AA for residential and business loans is satisfactory. Management originated a majority of the bank's primary loan products to borrowers within its AA. The following table details the bank's lending within the AA by number and dollar amount of loans originated during the sampling period.

Lending in Investors' AA										
Loan Type	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	19	79.17%	5	20.83%	24	\$1,010	58.50%	\$717	41.50%	\$1,727
Home Refinance	20	86.96%	3	13.04%	23	\$1,806	80.10%	\$449	19.90%	\$2,255
Home Improvement	17	85.00%	3	15.00%	20	\$563	50.76%	\$546	49.24%	\$1,109
Business	15	75.00%	5	25.00%	20	\$1,765	74.39%	\$607	25.61%	\$2,372
Totals	71	81.61%	16	18.39%	87	\$5,144	68.93%	\$2,319	31.07%	\$7,463

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Investors has a good record of lending to borrowers of different income levels within its AA. The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes, given the bank's product offerings and local economic conditions.

Home Loans

The distribution of home loans reflects reasonable penetration among borrowers of different income levels. Investors' home lending (purchase, refinancing, and home improvement) to low-income borrowers is excellent. Our review indicates the bank's home lending to low-income customers exceeds the AA's demographics in all categories. The distribution of home loans to moderate-income borrowers is reasonable, as two of the three loan types are below demographics. Even when taking into account the AA's poverty rate of 10.6 percent, the bank's level of lending to low- and moderate-income borrowers is comparable to the demographic comparator. The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2006 through March 31, 2008 as compared to the percentage of families in each income category.

Borrower Distribution of Residential Real Estate Loans in Investors AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	17.76%	26.32%	18.21%	15.79%	24.75%	36.84%	39.28%	21.05%
Home Refinance	17.76%	25.00%	18.21%	10.00%	24.75%	20.00%	39.28%	45.00%
Home Improvement	17.76%	23.53%	18.21%	35.29%	24.75%	11.76%	39.28%	29.41%

Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. All of the bank's loans to businesses originated and purchased during the sampling period were made to small businesses with gross annual revenues of \$1 million or less. This is considered more than reasonable compared to demographic data that show 52 percent of the area's businesses are considered small businesses. Because revenue data was lacking on 45 percent of the businesses within the AA, we also looked at the distribution of loans by dollar amount. We found 80 percent of the business loans in our sample were loans under \$200 thousand.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses in Investors AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	51.59%	3.37%	45.05%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Geographic Distribution of Loans

An analysis of Investors' geographic distribution of credit is not meaningful. There are no low- or moderate-income geographies in the bank's AA.

Responses to Complaints

Investors did not receive any complaints about its performance in helping to meet the credit needs in the AA during the evaluation period. No further follow up or response is necessary.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.