



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 27, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Investors National Bank
Charter Number 23232**

**522 Washington Street
Chillicothe, Missouri 64601**

**Comptroller of the Currency
Assistant Deputy Comptroller-Kansas City South
6700 Antioch Road Suite 450
Merriam, Kansas 66204**

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

Investors National Bank (Investors) is rated Satisfactory.

Investors has a satisfactory record of lending to borrowers of different income levels.

The distribution of consumer installment loan borrowers reflects a reasonable penetration of borrowers of different incomes considering that 19% of the households in the AA are below poverty level. Based on the 25 consumer loans sampled, the bank originated 14.5 percent by dollar and 15 percent by number to low-income borrowers and 19.3 percent by dollar and 30 percent by number to moderate-income individuals. Demographic data from the 2000 census indicates 25.8 percent and 15.2 percent of the households in the assessment area are designated as low- and moderate-income, respectively.

Lending performance for 1-4 family owner occupied residential real estate is reasonable considering that 15% of families in the AA are below poverty level. Investors' lending for 1-4 family residential real estate is excellent to moderate-income borrowers. The bank's level of lending to moderate-income borrowers was 20.2 percent by dollar and 25 percent by number. Demographic data from the 2000 census indicates 20.6 percent and 17.3 percent of families in the assessment area are designated low- and moderate-income, respectively.

The bank's geographic distribution of credit within the assessment area is reasonable.

The bank's percentage of lending in moderate-income tracts is comparable to the demographic information. The bank's assessment area has no low-income tracts, and 19 percent of the households are below poverty level. From the sample of consumer loans, 2.81 percent by dollar and 5 percent by number were made to moderate-income tracts as compared to the 5.8 percent of total households in moderate-income census tracts. Based on the sample of 1-4 family mortgages, 9.99 percent by dollar and 5 percent by number were made in moderate-income tracts as compared to 4.15 percent of owner occupied housing in moderate-income census tracts.

Investors originated a majority of its loans in the assessment area.

We reviewed two types of loans to determine the location and pattern of loans originated in the assessment area: consumer installment loans and 1-4 family residential real estate mortgages. These loans comprise 71 percent of the portfolio by dollar volume. For consumer loans and 1-4 family mortgages sampled, the bank originated 95 percent by dollar and 89 percent by number within the assessment area.

The bank's quarterly average loan-to-deposit ratio since the last examination was excellent.

Investors' average loan-to-deposit ratio, over the past fifteen quarters, reflects excellent responsiveness to the credit needs of the bank's assessment area. The bank's average ratio of 88 percent outperforms the ratios of similarly situated banks in the assessment area. The average loan-to-deposit ratio for these similarly situated institutions was 62 percent.

We cited a violation of 12 C.F.R. §25.43 during a review of the bank's CRA Public File. The bank's CRA Public File must include the bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit. We noted the bank had not updated a quarterly loan-to-deposit ratio since the previous examination in 1999. Management agreed to update the information and maintain it going forward.

Investors has not received any consumer complaints regarding its CRA performance during the evaluation period.

There are no legal or financial constraints that impede the bank's CRA efforts.

An analysis of public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on the analysis of the information, the OCC decided a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

DESCRIPTION OF INSTITUTION

Investors has \$59 million in total assets, of which net loans were \$34 million (58 percent of total assets), according to the December 31, 2002 Report of Condition. It is headquartered in Chillicothe, Missouri and operates two limited service branches with offices in Hamilton and Gallatin, Missouri. Investors operates one Automatic Teller Machine, which does not accept deposits. The bank offers a full range of traditional personal and commercial banking services. Consumer lending and 1-4 family residential mortgages are the primary focus of the bank's loan portfolio. Investors is wholly owned by IFB Holdings, Inc., a one-bank holding company.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area encompasses all of Livingston, Daviess, Caldwell, and Grundy counties. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. This assessment area is comprised of 1 moderate-income, 10 middle-income and 2 upper-income tracts. There are five other independently owned banks of comparable size and operations, which provide competition in the bank's assessment area.

We conducted a community contact during this examination. The city government contact indicated all financial institutions in the area were helping to meet the primary credit needs and services for continued growth of the surrounding communities.

Please refer to the bank's CRA Public File for more information.