



## **PUBLIC DISCLOSURE**

January 7, 2014

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Investors National Bank  
Charter Number 23232

522 Washington  
Chillicothe, MO 64601-0110

Office of the Comptroller of the Currency

7101 College Boulevard  
Suite 1600  
Overland Park, KS 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 CRA RATING: This institution is rated Satisfactory**

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

- Investors' loan-to-deposit ratio reflects reasonable performance, and the average ratio is comparable to comparative institutions in our review.
- Investors originated a substantial majority of its loans inside its assessment area (AA).
- Lending activities represent a reasonable penetration among individuals of different income levels.
- Lending activities represent excellent dispersion among geographies of different income levels.

**SCOPE OF EXAMINATION**

Examiners evaluated Investors under the Small Bank examination procedures, which includes only a lending test. Our objectives were to assess the bank's record of meeting the credit needs of communities within its AA. We identified the bank's primary products as 1-4 family residential real estate by dollar amount and consumer loans by number of loans originated. The lending test covers the bank's performance from January 1, 2011 through September 30, 2013, as this is representative of its lending strategy since the last CRA examination. We selected a random sample of 40 home and 40 consumer loans.

**DESCRIPTION OF INSTITUTION**

Investors is an intrastate bank headquartered in Chillicothe, Missouri. As of September 30, 2013, Investors had total assets of \$65 million and tier one capital of \$8 million. Investors is wholly owned by IFB Holdings, Inc., a one-bank holding company. In addition to the main office, Investors operates one nondeposit-taking ATM. The bank is located in a middle-income non-metropolitan geography. There has not been any significant change to Investors' corporate structure, including merger or acquisition activities and branch locations.

The bank offers a full range of deposit and loan products and services. Deposit products and services include basic banking accounts. As of September 30, 2013, Investors reported net loans of \$22.7 million, which represents 35 percent of total assets. The loan portfolio composition is as follows: 60 percent residential real estate, 11 percent farmland, 10 percent commercial real estate, 7 percent consumer, 6 percent agriculture, and 6 percent other.

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 July 8, 2008. Please refer to the bank's Public File for more details.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Investors has one AA, comprising the five complete counties of 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.

There were 19 census tracts in the AA. For the 2000 census information, 17 were middle-income and two were upper-income geographies. For the 2010 census information, one was low-income, 13 were middle-income and five were upper-income geographies. According to the 2010 census information, the AA had a population of 55,945 with 22,165 households and 14,583 families. The updated HUD non-MSA median family income is \$47,800.

We performed one community contact with a community development organization within the assessment area. The contact stated that banks are meeting the residential real estate and consumer needs of the community; however, small business loans are very difficult to obtain. There is a need for quality apartments and rental housing, as well.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

Investor's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the AA. The bank's net LTD ratio averaged 57 percent over 22 quarters from June 30, 2009 to September 30, 2013, with a quarterly low of 42 percent and a quarterly high of 89 percent.

The bank's net LTD ratio is comparable to other community banks of similar size, location, and product offerings. Investors ranks sixth among ten similarly situated banks serving its AA. The other nine banks had an average net LTD ratio of 64 percent, with a range from 39 percent to 97 percent over the 22 quarters.

### **Lending in Assessment Area**

A substantial majority of Investors lending for residential and consumer loans is to customers within the AA. The following table details the bank's lending within the AA by number and dollar amount of loans originated during the sampling period.

Table 1 – Lending in Investors AA										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		#	%	#	%	
Residential Real Estate	35	87.50	5	12.50	40	2,897	91.10	284	8.90	3,181
Consumer	37	92.50	3	7.50	40	387	90.60	40	9.40	427
Totals	72	90.00	8	10.00	80	3,284	91.00	324	9.00	3,608

Source: loan sample

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

The distribution of loans reflects a reasonable penetration among individuals of different income levels, 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 to low-income borrowers is reasonable. While the bank’s home lending to low-income customers is significantly below the AA’s demographics for both the 2011 and 2012-2013 loan samples, performance is reasonable when taking into account the percentage of families below the poverty level in the AA. The AA’s 2000 and 2010 poverty rates are 10.55 percent and 11.56 percent, respectively.

The distribution of home loans to moderate-income borrowers is excellent for the 2011 loan sample and reasonable for the 2012-2013 loan sample. The following tables show the distribution of home loan products among borrowers of different income levels for the periods of January 1, 2011 through December 31, 2011 and January 1, 2012 through September 30, 2013, as compared to the percentage of families in each income category.

Table 2A – Borrower Distribution of 2011 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
	17.76	5.00	18.21	20.00	24.75	15.00	39.28	60.00

Source: loan sample and 2000 U.S. census data

Table 2B – Borrower Distribution of 2012-2013 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
	17.48	5.00	16.83	15.00	21.35	15.00	44.35	65.00

Source: loan sample and 2010 U.S. Census data

*Consumer Loans*

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels.

The distribution of consumer loans to low-income borrowers is reasonable. For the 2011 loan sample, performance is excellent, especially when you consider the percentage of households below poverty level is 14.67 percent. However, distribution to low-income borrowers for the 2012-2013 loan sample is poor. The sample found no loans to low-income borrowers compared to 23.57 percent of the households being low-income. Even when considering the 15.27 percent poverty rate, performance is poor.

The distribution of consumer loans to moderate-income borrowers is reasonable. Performance is reasonable for the 2011 loan sample and excellent for the 2012-2013 loan sample. The following tables show the distribution of consumer loan products among borrowers of different income levels for the periods of January 1, 2011 through December 31, 2011 and January 1, 2012 through September 30, 2013, as compared to the percentage of households in each income category.

Table 2C – Borrower Distribution of 2011 Consumer Loans in Investors AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Loans	24.06	15.00	16.80	10.00	19.84	30.00	39.30	45.00

Source: loan sample and 2000 U.S. census data

Table 2D – Borrower Distribution of 2012-2013 Consumer Loans in Investors AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Loans	23.57	0.00	15.13	40.00	18.80	30.00	42.50	30.00

Source: loan sample and 2010 U.S. Census data

**Geographic Distribution of Loans**

Investors’ geographic dispersion of loans in low-income census tracts is excellent. The percentage of home and consumer loans in low-income tracts is excellent compared to demographics. There are no moderate-income census tracts.

The tables below illustrate Investors’ geographic dispersion of home and consumer loans compared to demographic data.

Table 3A – Geographic Distribution of 2012-2013 Residential Real Estate Loans in Investors AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
	1.58	5.00	0.00	0.00	70.00	15.00	28.42	80.00

Source: loan sample and 2010 U.S. census data

Table 3B – Geographic Distribution of 2012-2013 Consumer Loans in Investors AA								
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
Consumer Loans	3.30	15.00	0.00	0.00	70.14	45.00	26.56	40.00

Source: loan sample and 2010 U.S. census data

### Responses to Complaints

There were no CRA related complaints to review at this examination.

### 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.