



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 22, 1997

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Chester National Bank of Missouri
Charter # 23159

1010 North Main
Perryville, Missouri 63775

Comptroller of the Currency

Fairview Heights Duty Station
13 Executive Drive, Suite 7
Fairview Heights, Illinois 62208

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 Community Reinvestment Act (CRA) performance of **Chester National Bank of Missouri** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 22, 1997**. 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.

Chester National Bank of Missouri's CRA performance demonstrates:

- o A high loan-to-deposit ratio.
- o A majority of the bank's loans are generated in its assessment area.
- o The level of lending to borrowers of different income levels is reasonable.

The following table indicates the performance level of Chester National Bank of Missouri with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	CHESTER NATIONAL BANK OF MISSOURI PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Not rated as the entire assessment area is middle and upper income.		
Response to Complaints	No complaints were received.		

DESCRIPTION OF INSTITUTION

Chester National Bank of Missouri (CNBM) is an \$11 million financial institution which operates from one office in Perryville, Missouri. The bank was incorporated as a national bank in October 1996. In addition to the Perryville bank, a loan production office is located in Cape Girardeau, Missouri. CNBM is wholly owned by Chester Bancorp, Inc., a two-bank holding company with headquarters in Chester, Illinois. Chester Bancorp, Inc. had total assets of \$146 million as of December 31, 1996.

The bank's primary loan products are residential mortgages. Residential mortgage loans are available for the purposes of purchase, refinance, or construction. In addition, home improvement loans are available. The loan portfolio mix as of March 31, 1997 is: 1-4 family residential 76%, consumer loans 15%, and nonresidential real estate loans 8%. There are no financial or legal constraints which impede the bank's ability to meet community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

CNBM has designated Perry County as its assessment area. Perry County is located in a non-Metropolitan Statistical Area (MSA) of southeastern Missouri. The assessment area consists of five Block Numbering Areas (BNAs). Two of the BNAs are middle-income geographies and three of the BNAs are upper-income geographies. There are no low- or moderate-income BNAs in the assessment area.

The 1990 population of the assessment area was 16,648. In 1990, the median family income for the assessment area was \$30,345. The 1997 non-MSA median family income for Missouri was \$31,900. The total number of families in the assessment area is 4,512. The family breakdown by income levels is: 14% low-income families, 13% moderate-income families, 23% middle-income families, and 50% upper-income families. Local housing is 84% single family units of which 72% is owner occupied. The median housing value is \$41,600 with a median year built of 1961.

Economic conditions in Perry County are good. As of April 1997, the unemployment rate in Perry County was 3.1%. The April 1997 unemployment rate for the state of Missouri was 4.2% and the March 1997 unemployment rate for the United States was 5.6%. Major industries in the assessment area include manufacturing, services, and retail trade. Overall industry employment has been stable, with only minimal growth over the last two years. Approximately 11% of the households are farmers. Major employers are: Gilster-Mary Lee Corporation, a cereal grain products processor employing 1,300; TG (USA) Corporation, an automobile parts manufacturer employing 720; and Solar Communications, Inc., a printing and direct mail company employing 325.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1997 state non-MSA median family income. Moderate income is defined as income that is at least 50%, but less than 80%, of the 1997 state non-MSA median family income. Middle income is at least 80%, but less than 120%, of the 1997 state non-MSA median family income. Upper income is income that is 120% or more of the 1997 state non-MSA median income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

CNBM has the highest loan-to-deposit ratio in Perry County. The bank’s average quarterly loan-to-deposit ratio for the two quarters of December 31, 1996 and March 31, 1997 was 119%. The December 31, 1996 average loan-to-deposit ratio for all other financial institutions in Perry County was 56%.

Lending in the Assessment Area:

A majority of the bank’s loans are generated in its assessment area. An analysis of 30 home mortgages originated since October 1996 indicated that 57% of the number and 55% of the dollar volume of these loans were made in the bank’s assessment area (Table A).

Table A - Home Mortgage Loan Distribution Inside/Outside the Assessment Area (AA)

	# of Loans	% of Loans	Loan \$	% of Loan \$
<i>Loans inside the AA</i>	17	57%	\$764	55%
<i>Loans outside the AA</i>	13	43%	\$616	45%
<i>Total</i>	30	100%	\$1,380	100%

Dollars are in 000's

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

CNBM has a reasonable distribution of home mortgage loans to borrowers of different income levels in relation to the percentage of low- and moderate-income families living in the assessment area. Twenty-seven percent of the families in the assessment area are low- or moderate-income. An analysis of the 17 home mortgage loans originated within the assessment area was performed to determine the number and dollar volume of loans made to the four income levels. The following table shows that 24% of the number of home mortgage loans and 15% of the dollar volume of home mortgage loans were made to low- and moderate-income individuals in CNBM’s assessment area (Table B).

Table B - Home Mortgage Loan Distribution by Borrower Income

	# of Loans	% of Loans	Loan \$	% of Loan \$
<i>Low income</i>	1	6%	\$33	4%
<i>Moderate income</i>	3	18%	\$82	11%
<i>Middle income</i>	7	41%	\$294	38%
<i>Upper income</i>	6	35%	\$355	47%
<i>Total</i>	17	100%	\$764	100%

Dollars are in 000's

Geographic Distribution of Loans:

The BNAs comprising the assessment area are middle- and upper-income geographies. An analysis of the geographic distribution of loans within the assessment area would not provide meaningful information.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending Examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No substantive violations of these antidiscrimination laws and regulations were identified.