



PUBLIC DISCLOSURE

March 9, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Chester National Bank
Charter Number: 23158

1112 State Street
Chester, IL 62233

Office of the Comptroller of the Currency

500 N. Broadway, Suite 1700
St. Louis, MO 63102

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, and should not 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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The Lending Test is rated: Outstanding.

The Lending Test rating is based on Chester National Bank's (CNB or bank) performance in the state of Illinois and the state of Missouri. The major factors that support this rating include:

- CNB's loan-to-deposit (LTD) ratio is reasonable based on the bank's size and consideration given to other performance context factors.
- A majority of CNB's loans are made inside its assessment areas (AA).
- CNB exhibits an excellent distribution of loans amongst borrowers of different income levels.
- CNB did not receive any CRA related complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

CNB's LTD ratio averaged 55.96 percent over the 21 quarters since the last CRA evaluation. Over the same evaluation period, the bank's LTD ratio ranged from a low of 43.6 percent at September 30, 2016 to a high of 84.2 percent at September 30, 2019. As of December 31, 2019, CNB's LTD ratio was 78.90 percent. In evaluating CNB's LTD ratio, we considered the bank's deposit market share and level of competition for loans in the AA. A declining deposit balance of the bank's largest depositor is the primary driver for the recent improvement in the bank's LTD ratio.

We compared CNB's LTD ratio with those of five other similar institutions within the same AAs. These institutions ranged in size from \$53.7 million to \$212.3 million with a combined quarterly average LTD ratio of 61.9 percent over the evaluation period. The table below lists the similarly situated institutions (including the bank) with the corresponding average LTD ratios.

Institution	Total Assets (\$000s) as of 12/31/2019	Average Quarterly LTD Ratio
First National Bank of Steeleville	\$205,890	54.73%
The First National Bank of Sparta	\$82,050	54.98%
Chester National Bank	\$64,118	55.96%
Buena Vista National Bank	\$212,348	57.92%
North County Savings Bank	\$53,681	59.59%
Peoples Bank of Altenburg	\$63,487	82.31%

*Source: Quarterly Call Reports from December 31, 2014 to December 31, 2019.
Note: The LTD ratio was calculated and evaluated on a bank-wide basis.*

Lending in Assessment Area

A majority of the bank's loans are made inside its AAs.

The bank originated and purchased 80 percent of the total number and 87.4 percent of the total dollar volume of its loans inside its AAs during the evaluation period. This ratio is a bank-wide calculation, and not calculated by individual rating area or AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	16	80	4	20	20	1,284	87.4	185	12.6	1,469
Total	16	80	4	20	20	1,284	87.4	185	12.6	1,469

Source: Evaluation Period: 1/1/2017 – 12/31/2019 Bank Data
Due to rounding, totals may not equal 100.00

Description of Institution

CNB is a nationally chartered, interstate bank headquartered in Chester, Illinois. Chester Bancorp, Inc., located in Chester, Illinois, is a one-bank holding company with \$9 million in assets that wholly owns CNB. The bank has three branches; two located in Chester and Sparta, which are both within Randolph County, Illinois. The third is in Perryville, which is located in Perry County, Missouri. In addition, the bank has three cash-withdrawal-only automated teller machines (ATMs). There has been no merger or acquisition activity since the prior CRA evaluation.

As of December 31, 2019, CNB reported total assets of \$64.1 million and common equity Tier 1 Capital of \$8.5 million. The bank maintains a conservative strategy focused on limiting overhead expenses, improving service charge income, and originating home mortgage loans. As of December 31, 2019, net loans and leases represented 68.3 percent of total assets (\$43.8 million) and consisted of residential real estate loans (82.4 percent), non-agricultural commercial and commercial real estate loans (14.2 percent), and consumer loans (3.4 percent). There are no agriculture production or agricultural real estate loans.

There are no legal, financial, or other factors impeding CNB's ability to meet the credit needs of its AAs. The bank's last CRA performance evaluation was on December 15, 2014. Utilizing Small Bank CRA examination procedures, the OCC concluded that the bank's performance in Illinois was "Satisfactory" and its performance in Missouri was "Outstanding."

For CRA purposes, CNB identified one AA in the state of Illinois and one AA in the state of Missouri. The AA in Illinois wholly encompasses Randolph County, which is a Non-Metropolitan Statistical Area (Non-MSA). The AA in Missouri wholly encompasses Perry County, which is also a Non-MSA. Both AAs are the same AAs utilized during the previous CRA evaluation. The AAs conform to regulatory requirements and do not arbitrarily exclude any low- and moderate-income geographies. Refer to Appendix A for further details on the bank's AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The scope of this evaluation includes an assessment of CNB under the Small Bank performance criteria, which consists only of a Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities.

The evaluation period is from December 16, 2014 through December 31, 2019. For the Lending Test, we determined loan data from January 1, 2017 to December 31, 2019 was representative of the evaluation period. CNB is not required, nor does it opt, to collect and report Home Mortgage Disclosure Act (HMDA) data on residential loans; therefore, lending performance was evaluated using data collected during our review of bank loan files.

Conclusions regarding CNB's lending performance are based on their primary loan product of home mortgage loans. Home mortgage loans comprise 76.8 percent of loans originated or purchased by dollar amount from January 1, 2017 through December 31, 2019. Our review included a random sample of:

- 20 home mortgage loans originated or purchased between 2017 and 2019 in the Illinois Non-MSA.
- 20 home mortgage loans originated or purchased between 2017 and 2019 in the Missouri Non-MSA.

For both samples, we used the comparators of demographic data from the 2015 American Community Survey (ACS) Census and 2019 D&B Data.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single AA. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, for a list of full- and limited-scope AAs.

Ratings

CNB's overall rating is based on its performance in the state of Illinois and the state of Missouri. We placed more weight on the Illinois rating given the amount of deposits (88.3 percent) from the state. The state of Illinois and state of Missouri ratings are derived from the bank's observed performance under the CRA Small Bank Lending Test, as well as related performance context information from the bank's Illinois Non-MSA and Missouri Non-MSA. With the exception of the bank's LTD ratio (based on the bank's entire lending portfolio), all weight for performance under the CRA Small Bank Lending Test was based on the bank's lending performance in relation to its primary product of home mortgage loans.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Illinois

CRA rating for the State of Illinois: Outstanding.

The Lending Test is rated: Outstanding.

The major factors that support this rating include:

- CNB exhibits an excellent distribution of loans among borrowers of different income levels.
- CNB did not receive any CRA related complaints during the evaluation period.

Description of Institution's Operations in Illinois

CNB's AA includes census tracts (CTs) 9505-9513 encompassing all of Randolph County. The bank's primary business focus is originating loans and obtaining deposits from local customers in the bank's AA. The bank has one branch outside of its main office and two ATMs, all located within the bank's AA.

Based on the FDIC Summary of Deposits Report as of June 30, 2019, CNB ranks sixth in market share in the county, with deposits totaling \$48.8 million, representing 6.2 percent of the market. The remaining deposits are generated in the bank's other AA located in Perry County, Missouri. Major competitors include other local institutions headquartered in Chester, Steeleville, and Sparta, as well as larger institutions with branches in the county.

Community Contact

As part of the evaluation process, we reviewed two recent community contacts from similarly situated banks within CNB's AA. One contact identified financial education as a primary need in the local community. This contact also stated that banks could provide pre-purchase counseling for customers or refer customers that need financial assistance to outside organizations. The contact said there are organizations within the community that can provide assistance to low-income individuals and individuals with poor credit scores.

Illinois Non-MSA

Demographic Information of the Illinois Non-MSA Assessment Area for 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	33,069	0.0	0.0	85.0	15.0	0.0
Housing Units by Geography	13,762	0.0	0.0	85.4	14.6	0.0
Owner-Occupied Units by Geography	9,209	0.0	0.0	84.0	16.0	0.0
Occupied Rental Units by Geography	2,686	0.0	0.0	86.7	13.3	0.0
Vacant Units by Geography	1,867	0.0	0.0	90.7	9.3	0.0
Businesses by Geography	1,599	0.0	0.0	78.2	21.8	0.0
Farms by Geography	178	0.0	0.0	81.5	18.5	0.0
Family Distribution by Income Level	7,860	17.1	20.0	21.3	41.6	0.0
Household Distribution by Income Level	11,895	20.7	17.2	18.0	44.1	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$99,673
			Median Gross Rent			\$624
			Families Below Poverty Level			7.2%
<i>Source: 2015 ACS Census and 2019 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2015 ACS Census recorded nine CTs in the AA, consisting of one (11 percent) upper-income tract and eight (89 percent) middle-income tracts.

There were 7,860 families in the AA. The distribution of families by income level was 1,344 (17.1 percent) low-income, 1,572 (20 percent) moderate-income, 1,674 (21.3 percent) middle-income, and 3,270 (41.6 percent) upper-income. The percentage of families in the AA living below the poverty level was 7.2 percent.

The 2019 FFIEC adjusted median family income for the AA was \$64,200, up from \$60,400 in 2017. Low-income families earned annual income of \$32,100 or less, and moderate-income families earned annual income of \$32,100 to \$51,360.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Illinois Non-MSA FFIEC Adjusted Median Family Income				
2017 (\$60,400)	<\$30,200	\$30,200 to <\$48,320	\$48,320 to <\$72,480	≥\$72,480
2018 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
2019 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
<i>Source FFIEC</i>				

Employment Factors

According to the U.S. Bureau of Labor Statistics (BLS) data, the unemployment rate in Randolph County ranged from a high of 4.5 percent in 2017 to a low of 3.9 percent in 2019. The unemployment rate for the state of Illinois ranged from a high of 4.9 percent in 2017 to a low of 4.0 percent in 2019, slightly worse than the national unemployment rate over the same period.

Annual Unemployment Rates 2017-2019			
Area	2017	2018	2019
Randolph County	4.5%	4.4%	3.9%
State of Illinois	4.9%	4.3%	4.0%
National	4.4%	3.9%	3.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Rates are not seasonally adjusted.

Housing Characteristics

The 2015 ACS Census reported totaling housing units of 13,762 in the AA. Of the total number of housing units, 9,209 or 66.9 percent were owner-occupied, 2,686 or 19.5 percent were renter-occupied, and 1,867 or 13.6 percent were vacant. There were no housing units located in low- or moderate-income CTs. The 2015 ACS census indicates that the weighted-average median housing value was \$99,673 and the weighted average monthly gross rent was \$624.

Assuming a 30-year mortgage with a five percent interest rate, and not accounting for a down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$32,100 (or less than 50 percent of the 2019 FFEIC adjusted median family income in the AA) could afford a \$149,491 mortgage with a payment of \$803 per month. A moderate-income borrower making \$51,360 per year (or less than 80 percent of the 2019 FFIEC adjusted median family income in the AA) could afford a \$239,186 mortgage with a payment of \$1,284 per month. This illustrates that low- and moderate-income borrowers would be within the range to qualify for a mortgage loan in the AA with an estimated payment of \$436. The median housing value in the AA was \$81,200 in 2017 and \$81,200 in 2019 reflecting no change according to Realtor.com data.

Economic Conditions

Moody's Analytics projects that Illinois will underperform compared to the rest of the United States over the long-term. According to the February 2019 report, the downstate region has few growth drivers. Additionally, the report notes that Illinois faces population loss and poor state finances, which will limit long-term growth. Major employers in the area include manufacturers such as Gilster-Mary Lee, Memorial Hospital, local school districts, Menard Correctional Center, and Chester Mental Health Center.

Scope of Evaluation in Illinois

We performed a full-scope review of this AA. Refer to Appendix A for more information.

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated Outstanding.

Based on a full-scope review, the bank's lending performance in the Illinois Non-MSA is excellent.

Distribution of Loans by Income Level of the Geography

CNB's Illinois Non-MSA does not include any low- or moderate-income geographies. Therefore, a geographic distribution or lending gap analysis would not be meaningful.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans amongst borrowers of different income levels in the Illinois Non-MSA.

Home Mortgage Loans

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of home mortgage loans to borrowers of different income levels is excellent. The bank originated 15 percent of its home mortgage loans to low-income borrowers, which is near to the percentage of low-income families (17.1 percent) in the AA and significantly exceeds the percentage of aggregate lending to low-income borrowers (7.7 percent). The bank originated 30 percent of its home mortgage loans to moderate-income borrowers, which significantly exceeds both the percentage of moderate-income families (20 percent) and the percentage of aggregate lending to moderate-income borrowers (19.4 percent) in its AA.

Responses to Complaints

During the evaluation period, neither the bank nor the OCC received any complaints in regards to the bank's CRA performance within the AA.

State Rating

State of Missouri

CRA rating for the State of Missouri: Outstanding.

The Lending Test is rated: Outstanding.

The major factors that support this rating include:

- CNB exhibits an excellent distribution of loans among borrowers of different income levels.
- CNB did not receive any CRA related complaints during the evaluation period.

Description of Institution's Operations in Missouri

CNB's AA includes CTs 4701-4705 in Perry County. The bank's primary business focus is originating loans and obtaining deposits from local customers in the bank's AA. The bank has one branch with an onsite ATM located in Perryville, Missouri.

Based on the FDIC Summary of Deposits Report as of June 30, 2019, CNB ranks seventh in market share in the county, with deposits totaling \$6.4 million, representing 1.3 percent of the market. CNB generates its remaining deposits from the Illinois AA. Major competitors include other local institutions headquartered in Perryville, Farmington, and Altenburg, as well as larger institutions with branches in the county.

Community Contact

As part of the evaluation process, we reviewed four community contact interviews that occurred with an organization that operates in Perry County. These contacts all occurred within the evaluation period. During each interview, the contact stated that there were no unmet credit needs within the community. Specifically, the contact stated that banks are meeting needs related to hours of operation, availability of ATMs, and adequacy of deposit products. During the most recent interview, the contact noted that the area could use more housing, particularly affordable housing. Additionally, the contact wanted to see increased partnerships between banks and community development organizations.

Missouri Non-MSA

Demographic Information of the Missouri Non-MSA Assessment Area for 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	40.0	60.0	0.0
Population by Geography	19,100	0.0	0.0	40.8	59.2	0.0
Housing Units by Geography	8,605	0.0	0.0	40.5	59.5	0.0
Owner-Occupied Units by Geography	5,816	0.0	0.0	36.1	63.9	0.0
Occupied Rental Units by Geography	1,579	0.0	0.0	65.8	34.2	0.0
Vacant Units by Geography	1,210	0.0	0.0	28.2	71.8	0.0
Businesses by Geography	1,243	0.0	0.0	49.6	50.4	0.0
Farms by Geography	145	0.0	0.0	17.9	82.1	0.0
Family Distribution by Income Level	5,366	11.5	14.9	19.5	54.1	0.0
Household Distribution by Income Level	7,395	15.3	13.2	16.8	54.6	0.0
Median Family Income Non-MSAs - MO		\$48,341	Median Housing Value			\$129,523
			Median Gross Rent			\$647
			Families Below Poverty Level			7.3%
<i>Source: 2015 ACS Census and 2019 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2015 ACS Census recorded five CTs in the AA, consisting of two (40 percent) upper-income tracts and three (60 percent) middle-income tracts.

There were 5,366 families in the AA. The distribution of families by income level was 617 (11.5 percent) low-income, 800 (14.9 percent) moderate-income, 1,046 (19.5 percent) middle-income, and 2,903 (54.1 percent) upper-income. The percentage of families in the AA living below the poverty level was 7.3 percent.

The 2019 FFIEC adjusted median family income for the AA was \$52,400, up from \$50,800 in 2017. Low-income families earned annual income of \$26,200 or less, and moderate-income families earned annual income of \$26,200 to \$41,920.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Missouri Non-MSA FFIEC Adjusted Median Family Income				
2017 (\$50,800)	<\$25,400	\$25,400 to <\$40,640	\$40,640 to <\$60,960	≥\$60,960
2018 (\$53,100)	<\$26,550	\$26,550 to <\$42,480	\$42,480 to <\$63,720	≥\$63,720
2019 (\$52,400)	<\$26,200	\$26,200 to <\$41,920	\$41,920 to <\$62,880	≥\$62,880
<i>Source FFIEC</i>				

Employment Factors

According to the U.S. BLS data, the unemployment rate in Perry County ranged from a high of 2.7 percent in 2017 to a low of 2.3 percent in 2018. The unemployment rate for the state of Missouri ranged from a high of 3.7 percent in 2017 to a low of 3.2 percent in 2018, slightly better than the national unemployment rate over the same period.

Annual Unemployment Rates 2017-2019			
Area	2017	2018	2019
Perry County	2.7%	2.3%	2.6%
State of Missouri	3.7%	3.2%	3.3%
National	4.4%	3.9%	3.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Rates are not seasonally adjusted.

Housing Characteristics

The 2015 ACS Census reported total housing units of 8,605 in the AA. Of the total number of housing units, 5,816 or 67.6 percent were owner-occupied, 1,579 or 18.3 percent were renter-occupied and 1,210 or 14.1 percent were vacant. There were no housing units located in low- or moderate-income CTs. The 2015 ACS Census indicates that the weighted average median housing value was \$129,523 and the weighted average monthly gross rent was \$647.

Assuming a 30-year mortgage with a five percent interest rate, and not accounting for a down payment, homeowners' insurance, real estate taxes, or any additional monthly expenses, a low income borrower making \$26,200 (or less than 50 percent of the 2019 FFIEC adjusted median family income in the AA) could afford a \$122,014 mortgage with a payment of \$655 per month. A moderate-income borrower making \$41,920 per year (or less than 80 percent of the 2019 FFIEC adjusted median family income in the AA) could afford a \$195,223 mortgage with a payment of \$1,048 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$759. The median housing value in the AA is \$125,000 and \$141,450 in 2017 and 2019 reflecting a 13.2 percent change from 2017 and 2019 according to Realtor.com data.

Economic Conditions

Moody's Analytics projects that Missouri will experience positive economic growth over the next few years, although this growth is lower than national averages. The October 2019 report states that Missouri has below-average worker productivity and per capita income. The report also notes that the state may experience weaknesses in manufacturing in the future, an important industry in Perry County. Major employers in the area include manufacturers such as Gilster-Mary Lee and TG Missouri Corporation, Perry County Memorial Hospital, local school districts, and Walmart.

Scope of Evaluation in Missouri

We performed a full-scope review of this AA. Refer to Appendix A for more information.

LENDING TEST

The bank's performance under the Lending Test in Missouri is rated Outstanding.

Based on a full-scope review, the bank's lending performance in the Missouri Non-MSA is excellent.

Distribution of Loans by Income Level of the Geography

CNB's Missouri Non-MSA does not include any low- or moderate-income geographies. Therefore, a geographic distribution or lending gap analysis would not be meaningful.

Distribution of Loans by Income Level of the Borrower

The bank exhibits excellent distribution of loans to individuals of different income levels in the Missouri Non-MSA. In evaluating the borrower distribution of home mortgage loans, we noted the number of families with incomes below the poverty level was 7.3 percent. People living in poverty, including low- and moderate-income families, often having difficulty qualifying for conventional home mortgage products without flexible terms or reduced closing costs. Additionally, we noted the bank's significant competition in this AA. As of June 30, 2019, the CNB's market share was only 1.27 percent.

Home Mortgage Loans

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of home mortgage loans is excellent. The bank originated five percent of its home mortgage loans to low-income borrowers, which is below the percentage of low-income families (11.5 percent) in its AA; however, the ratio exceeds the aggregate percentage of 3.8 percent. The bank originated 20 percent of its home mortgage loans to moderate-income borrowers, which exceeds both the percentage of moderate-income families (14.9 percent) and the percentage of aggregate lending to moderate-income borrowers (18.5 percent) in its AA.

Responses to Complaints

During the evaluation period, neither the bank nor the OCC received any complaints in regard to the bank's CRA performance within the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	(12/16/2014 to 12/31/2019)	
Bank Products Reviewed:	Home Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliates	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
States		
Illinois		
Illinois Non-MSA	Full Scope	Randolph County – CTs 9505-9513
Missouri		
Missouri Non-MSA	Full Scope	Perry County – CTs 4701-4705

Appendix B: Summary of MMSA and State Ratings

RATINGS: Chester National Bank	
Overall Bank:	Lending Test Rating
Chester National Bank	Outstanding
State:	
Illinois	Outstanding
Missouri	Outstanding

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2017-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Illinois Non-MSA	20	1,088	100.0	557	0.0	0.0	0.0	0.0	0.0	0.0	84.0	100.0	77.0	16.0	0.0	23.0	0.0	0.0	0.0	
Total	20	1,088	100.0	557	0.0	0.0	0.0	0.0	0.0	0.0	84.0	100.0	77.0	16.0	0.0	23.0	0.0	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2017-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Missouri Non-MSA	20	2,042	100.0	546	0.0	0.0	0.0	0.0	0.0	0.0	36.1	25.0	45.1	63.9	75.0	54.9	0.0	0.0	0.0	
Total	20	2,042	100.0	546	0.0	0.0	0.0	0.0	0.0	0.0	36.1	25.0	45.1	63.9	75.0	54.9	0.0	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Illinois Non-MSA	20	1,088	100.0	557	17.1	15.0	7.7	20.0	30.0	19.4	21.3	25.0	24.2	41.6	30.0	36.1	0.0	0.0	12.6
Total	20	1,088	100.0	557	17.1	15.0	7.7	20.0	30.0	19.4	21.3	25.0	24.2	41.6	30.0	36.1	0.0	0.0	12.6

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Missouri Non-MSA	20	2,042	100.0	546	11.5	5.0	3.8	14.9	20.0	18.5	19.5	10.0	23.1	54.1	65.0	35.5	0.0	0.0	19.0
Total	20	2,042	100.0	546	11.5	5.0	3.8	14.9	20.0	18.5	19.5	10.0	23.1	54.1	65.0	35.5	0.0	0.0	19.0

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*