PUBLIC DISCLOSURE

July 24, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Advance
RSSD #879644

105 East Gabriel
Advance, Missouri 63730

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

The Bank of Advance meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.

- A majority of loans and other lending-related activities are in the assessment areas.

- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different revenue sizes.

- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act[1] Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) intermediate small bank procedures. The intermediate small bank examination procedures entail two performance tests—the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level, as well as by state levels. The bank maintains operations in two delineated assessment areas within two states, Missouri and Illinois. The bank's primary assessment area is located in southeastern Missouri, which is in a nonmetropolitan statistical area (nonMSA) portion of the state. The

[1] Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

assessment area is composed of Stoddard County in its entirety, five of ten tracts in Scott County, and a single tract in Cape Girardeau County.[2] The Illinois portion of the bank's assessment area is located in nonMSA Illinois and is composed of Hancock County in its entirety. Both of the assessment areas were analyzed using full-scope review procedures, and the bank received three sets of ratings—overall institution ratings and ratings for the states of Missouri and Illinois.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each rated area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2022.

State	Offices		Deposits	
	#	%	$ (000s)	%
Missouri	6	85.7%	$328,315	87.0%
Illinois	1	14.3%	$49,059	13.0%
TOTAL	**7**	**100%**	**$377,374**	**100%**

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the state of Missouri was given primary consideration, as it contains the majority of the bank's loan and deposit activity.

Furthermore, 1–4 family residential real estate, small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance in this loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	March 31, 2019 – June 30, 2023
Assessment Area Concentration	January 1, 2021 – December 31, 2021
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	January 7, 2019 – July 23, 2023
Community Development Activities	

[2] Inclusion of a single Cape Girardeau MSA census tract as part of the assessment area is not considered extending substantially beyond an MSA boundary.

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data by the U.S. Census Bureau, and certain business and farm demographics are based on 2021 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $344.1 million to $676.0 million as of June 30, 2023.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, two community contact interviews were used to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Institution's Operations* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

The Bank of Advance is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Miles Bancshares, Inc., a one-bank holding company; the bank and its holding company are both headquartered in Advance, Missouri. The bank's branch network consists of seven offices (including the main office), five of which are full-service facilities. The bank also offers cash-dispensing-only automated teller machines at five of its facilities. While the bank opened one branch office in December 2022 (Stoddard County), it did not close any branch offices during the review period. Based on this branch network, the bank is generally well positioned to deliver financial services to the entirety of its assessment areas.

As previously mentioned, the bank currently operates in two CRA assessment areas. In Missouri, the Southeastern Missouri assessment area consists of Stoddard County in its entirety, the northern half of Scott County (census tracts 7801.00, 7802.00, 7803.00, 7810.00, and 7811.00), and the adjoining census tract (8803.00) of contiguous Cape Girardeau County. In Illinois, the assessment area consists of Hancock County in its entirety.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of June 30, 2023, the bank reported total assets of $472.7 million. As of the same date, loans and leases outstanding were $367.6 million (77.8 percent of total assets), and deposits totaled $395.0 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2023		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$20,894	5.7%
Commercial Real Estate	$33,647	9.2%
Multifamily Residential	$16,345	4.4%
1–4 Family Residential	$133,934	36.4%
Farmland	$68,081	18.5%
Farm Loans	$19,888	5.4%
Commercial and Industrial	$44,021	12.0%
Loans to Individuals	$29,619	8.1%
Total Other Loans	$1,171	0.3%
TOTAL	**$367,600**	**100%**

As indicated by the above table, a significant portion of the bank's lending resources is directed to 1–4 family residential properties and commercial loans. While not reflected in the previous table, it is worth noting that commercial loans by number of loans originated was also substantial. In addition, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. These consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on January 7, 2019.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Rated Area	Lending Test Rating
Missouri	Satisfactory
Illinois	Satisfactory
OVERALL	**Satisfactory**

The bank meets the standards for a Satisfactory Lending Test rating under the intermediate small bank procedures that evaluate bank performance under the following five criteria as applicable. Furthermore, overall lending test performance was positively impacted by the bank's accommodating small businesses lending practices, which were demonstrated by participation in the PPP. This program is administered by the Small Business Administration as part of the CARES Act to help businesses retain employees during the pandemic-related economic hardship; in response to the COVID-19 pandemic, the bank originated 874 PPP loans, totaling $16.4 million.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents an 18-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of June 30, 2023**	**Average LTD Ratio**
The Bank of Advance	Advance, Missouri	$472,677	86.2%
Regional Banks	Peoria, Illinois	$676,037	93.0%
	Cape Girardeau, Missouri	$344,126	98.0%
	Caruthersville, Missouri	$587,108	77.1%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. The bank's LTD ratio was 87.6 percent at the start of the review period, and it ended at 91.7 percent, resulting in an 18-quarter average of 86.2 percent. In comparison, the average LTD ratios for the regional peers were similar, ranging from a high of 98.0 percent to a low of 77.1 percent. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside the Assessment Areas January 1, 2021 – December 31, 2021								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
1–4 Family Residential Real	90	69.8	8,925	71.1	39	30.2	3,635	28.9
Small Business	62	57.4	3,869	54.1	46	42.6	3,288	45.9
Consumer Motor Vehicle	91	65.5	1,455	69.8	48	34.5	629	30.2
TOTAL LOANS	**243**	**64.6**	**$14,249**	**65.4**	**133**	**35.4**	**7,552**	**34.6**
Note: Percentages may not total 100.0% due to rounding.								

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown above, 64.6 percent of the total loans were made inside the assessment areas, accounting for 65.4 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

As the bank's Missouri assessment area contains only one moderate-income census tract, and its Illinois assessment area contains no LMI census tracts, bank performance in borrower distribution carried more weight than geographic distribution in the Lending Test analyses. Overall, performance by borrower's income/revenue profile is reasonable as shown in the following table.

Rated Area	Loan Distribution by Borrower's Profile
Missouri	Reasonable
Illinois	Reasonable
OVERALL	**REASONABLE**

As displayed in the table below, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration.

Rated Area	Geographic Distribution of Loans
Missouri	Reasonable
Illinois	Reasonable
OVERALL	**REASONABLE**

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (January 7, 2019 through July 23, 2023).

COMMUNITY DEVELOPMENT TEST

The Bank of Advance's performance under the Community Development Test is rated Satisfactory. The bank demonstrates adequate responsiveness to the community development needs of the assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas.

Rated Area	Community Development Test Rating
Missouri	Satisfactory
Illinois	Satisfactory
OVERALL	**Satisfactory**

During the review period, the bank made 47 qualifying loans in its assessment areas totaling approximately $5.0 million. The bank's community development lending activity included 41 PPP loans totaling $963,367 to businesses located in LMI or distressed/underserved geographies. These PPP loans were deemed responsive to area community development needs and positively affected the bank's overall rating. Of the remaining qualified loans, a majority were to help community service organizations that primarily serve the LMI population.

During the review period, the bank made 45 qualifying investments totaling $8.1 million in its assessment areas, including 31 community development donations totaling $20,962. Many of the qualifying investments were bonds to school districts serving a majority of students from LMI families.

During the review period, bank employees used their financial expertise to log 20 service hours to 4 different community development organizations within the bank's assessment areas. Service activities included delivering financial education in schools that primarily serve LMI families.

In addition to adequately meeting the community development needs of its own assessment areas, the bank made 47 community development loans outside its assessment areas totaling $4.9 million, including 44 PPP loans totaling $1.6 million that were made to businesses located in either LMI or distressed/underserved geographies. The bank also made nine donations for a total of $8,077 to various organizations outside its assessment areas. Furthermore, two bank employees used their financial expertise to provide four service hours to one community development organization outside of the bank's assessment areas.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

MISSOURI

CRA RATING FOR MISSOURI: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

Major factors supporting the institution's Missouri rating include the following.

- The distribution of loans in the Missouri assessment area reflects reasonable penetration among individuals of different income levels (including LMI levels) and businesses of different sizes.

- Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Missouri assessment area.

- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability for such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of Missouri are consistent with the overall CRA examination scope as presented in the *Institution, Scope of Examination* section. The bank ratings in the state of Missouri reflect the bank's performance in one Missouri assessment area, the Southeastern Missouri assessment area, which was evaluated using full-scope review procedures.

To augment the evaluation of the Missouri assessment area, one community contact interview was conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interview was with a representative from an organization specializing in agricultural lending. Details from the interview are included in the next section, *Description of Institution's Operations*.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SOUTHEASTERN MISSOURI ASSESSMENT AREA

Bank Structure

The bank operates six of its seven offices (85.7 percent) in this assessment area. Of the six offices, one is located in a moderate-income census tract, and five are located in middle-income census tracts. Since the last examination, the bank opened one branch in a middle-income census tract but did not close any branches in this assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to the entire assessment area.

General Demographics

The assessment area is composed of Stoddard County in its entirety, the northern half of Scott County (five census tracts), and the southwestern portion of Cape Girardeau County (one census tract). This is the bank's primary assessment area, and it is located in the southeastern portion of nonMSA Missouri. Based on 2015 ACS data, the assessment area population was 51,160. Of the 20 FDIC-insured depository institutions with a branch presence in the three-county area, the bank ranked seventh in deposit market share, encompassing 6.4 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. No particular unmet credit needs were noted by the community contact due to a healthy amount of banking competition.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	1	12	1	0	**14**
	0.0%	7.1%	85.7%	7.1%	0.0%	**100%**
Family Population	0	757	12,050	870	0	**13,677**
	0.0%	5.5%	88.1%	6.4%	0.0%	**100%**

As shown above, there are no low-income census tracts and only one moderate-income census tract (7.1 percent) in the assessment area, where 5.5 percent of the family population resides; this moderate-income geography is in the city of Dexter, Missouri, which is centrally located in Stoddard County.

Based on 2015 ACS U.S. Census data, the median family income for the assessment area was $50,326. At the same time, the median family income was $48,341 for nonMSA Missouri. More recently, the FFIEC estimated the 2021 median family income for nonMSA Missouri to be $55,700. The following table displays population percentages of assessment area families by income level compared to the nonMSA Missouri family population as a whole.

Family Population by Income Level						
Dataset		**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area		2,566	2,386	3,020	5,705	**13,677**
		18.8%	17.4%	22.1%	41.7%	**100%**
NonMSA Missouri		81,150	72,084	84,064	159,212	**396,510**
		20.5%	18.2%	21.2%	40.2%	**100%**

As shown in the previous table, 36.3 percent of families in the assessment area are considered LMI, which is slightly below the LMI family percentage of 38.7 percent in all of nonMSA Missouri. In addition, the percentage of families living below the poverty level in the assessment area (11.9 percent) is less than the 14.2 percent level in nonMSA Missouri. Considering these factors, the assessment area appears slightly more affluent than all of nonMSA Missouri.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is more affordable compared to nonMSA Missouri in its entirety.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (Monthly)**
Assessment Area	$95,619	41.8%	$560
NonMSA Missouri	$100,293	38.0%	$611

The median housing value for the assessment area is slightly below that of nonMSA Missouri as a whole. In addition, the affordability ratio for the assessment area (41.8 percent) is higher than the nonMSA Missouri figure (38.0 percent), indicating that housing is relatively more affordable in the assessment area when considering income levels. Furthermore, based on median gross rent data, it is more affordable to rent in the assessment area compared to nonMSA Missouri.

Industry and Employment Demographics

The assessment area supports a large business community, including a strong small business sector, as evidenced by Dun & Bradstreet data that indicates 88.8 percent of assessment area businesses have gross annual revenues of $1 million or less. According to the Bureau of Labor Statistics (BLS), there are 67,735 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (14.1 percent), followed by government (14.0 percent), and then by healthcare and social assistance (13.9 percent).

The table below details unemployment data from the U.S. Department of Labor, BLS (not seasonally adjusted) for the assessment area compared to nonMSA Missouri.

Unemployment Levels for the Assessment Area				
Dataset	Time Period (Annual Average)			
	2019	2020	2021	2022
Assessment Area	3.3%	5.3%	3.6%	2.4%
NonMSA Missouri	3.9%	6.2%	4.2%	2.8%

As shown in the previous table, for each year of the review period, unemployment in the assessment area was below that of nonMSA Missouri. Overall, unemployment rates for both the assessment area and nonMSA Missouri experienced increases in 2020 due to the economic disruption resulting from the COVID-19 pandemic; however, it appears that both have since recovered to lower than pre-pandemic levels of unemployment.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in the Missouri assessment area were evaluated. The community contact interview was with an individual specializing in agricultural credit services. The interviewee indicated the local economies within small, rural towns are struggling due to a consolidation of small farms; however, some of the larger towns, including Cape Girardeau, are faring well and have been growing due to strong urban centers that attract businesses and customers. The largest industries in the area include agriculture and manufacturing with recent expansions in some manufacturing facilities. Lastly, the contact went on to mention that there is a healthy number of banks in the area serving the community well with no unmet credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTHEASTERN MISSOURI ASSESSMENT AREA

LENDING TEST

The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Similarly, geographic distribution of loans reflects reasonable penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from all three loan categories reviewed. In reaching overall conclusions, greater emphasis was placed on 1–4 family residential real estate lending, followed by small business and consumer motor vehicle loans.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($55,700 for nonMSA Missouri as of 2021). The following table shows the distribution of 1–4 family residential real estate reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2021 aggregate data for the assessment area is displayed.

Distribution of 2021 1–4 Residential Real Estate Lending By Borrower Income Level

Borrower Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	Families by Family Income %
	#	#%	#%	$	$%	$ %	
Low	7	8.3%	5.5%	355	4.1%	3.3%	18.8%
Moderate	14	16.7%	17.2%	867	10.1%	12.3%	17.4%
Middle	26	31.0%	18.4%	2,043	23.8%	16.0%	22.1%
Upper	36	42.9%	35.6%	5,157	60.1%	43.9%	41.7%
Unknown	1	1.2%	23.3%	158	1.8%	24.5%	0.0%
TOTAL	**84**	**100.0%**	**100.0%**	**8,579**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (8.3 percent) is substantially below the low-income family population figure (18.8 percent) but above the aggregate lending level to low-income borrowers (5.5 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (16.7 percent) is similar to both the moderate-income family population percentage (17.4 percent) and the aggregate lending level to moderate-income borrowers (17.2 percent), also reflecting reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2021 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of 2021 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size			2021						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$ %	$ %	%
Business Revenue		$1 Million or Less	47	78.3%	60.5%	$2,583	69.2%	52.8%	88.8%
		Over $1 Million/ Unknown	13	21.7%	39.5%	$1,150	30.8%	47.2%	11.2%
		TOTAL	**60**	**100.0%**	**100.0%**	**$3,733**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	50	83.3%	91.8%	$1,550	41.5%	35.9%	
		$100,001–$250,000	8	13.3%	4.7%	$1,503	40.3%	16.5%	
		$250,001–$1 Million	2	3.3%	3.5%	$680	18.2%	47.6%	
		Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
		TOTAL	**60**	**100.0%**	**100.0%**	**$3,733**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	40	85.1%		$1,236	47.9%		
		$100,001–$250,000	6	12.8%		$1,045	40.5%		
		$250,001–$1 Million	1	2.1%		$302	11.7%		
		Over $1 Million	0	0.0%		$0	0.0%		
		TOTAL	**47**	**100.0%**		**$2,583**	**100.0%**		

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (78.3 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.8 percent of businesses in the assessment area had annual revenues of $1 million or less, and the aggregate lending level to small businesses is 60.5 percent. Furthermore, the bank originated 85.1 percent of its small business loans in dollar amounts less than $100,000, further evidencing the bank's willingness to meet the credit needs of small businesses.

As with the two previous categories reviewed, the borrower distribution of consumer motor vehicle loans was also analyzed by the borrower's income profile. The table below displays the distribution of consumer motor vehicle loans by income level of borrower compared to household population income characteristics.

Distribution of 2021 Consumer Motor Vehicle Lending By Borrower Income Level					
Borrower Income Levels	2021				
	Count		Dollar		Households
	#	%	$ (000s)	$ %	%
Low	20	23.0%	$198	14.3%	22.1%
Moderate	32	36.8%	$539	38.9%	16.7%
Middle	18	20.7%	$352	25.4%	19.0%
Upper	15	17.2%	$265	19.1%	42.1%
Unknown	2	2.3%	$31	2.2%	0.0%
TOTAL	**87**	**100.0%**	**$1,385**	**100.0%**	**100.0%**

The bank originated 23.0 percent of its consumer motor vehicle loans to low-income borrowers. This reflects reasonable performance when compared to the household population level of 22.1 percent. However, the bank made 36.8 percent of its consumer motor vehicle loans to moderate-income borrowers. This reflects excellent performance when compared to the household population level of 16.7 percent. Therefore, when considering the combined performance in both income categories (59.8 percent), the overall distribution of loans is excellent.

Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and one moderate-income census tract, representing 7.1 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects reasonable penetration, based on the 1–4 family residential real estate, small business, and consumer motor vehicle loan categories.

The following table displays the bank's geographic distribution of 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of 2021 1–4 Family Residential Real Estate Lending By Income Level of Geography							
Census Tract Income Level	**Bank Loans**		**Aggregate HMDA Data**	**Bank Loans**		**Aggregate HMDA Data**	**% of Owner-Occupied Units**
	#	**#%**	**#%**	**$**	**$%**	**$ %**	
Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
Moderate	5	6.0%	4.3%	341	4.0%	3.8%	4.7%
Middle	68	81.0%	89.1%	6,483	75.6%	88.7%	88.4%
Upper	11	13.1%	6.5%	1,756	20.5%	7.5%	6.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	**84**	**100.0%**	**100.0%**	**8,579**	**100.0%**	**100.0%**	**100.0%**

As displayed in the above table, the bank's penetration of the moderate-income census tract by number of loans (6.0 percent) is comparable to the percentage of owner-occupied housing units in the moderate-income census tract (4.7 percent). Also, the bank's performance in the moderate-income census tract is similar to that of other lenders in the assessment area based on aggregate data (4.3 percent). As such, the bank's geographic distribution of 1–4 family residential real estate loans is reasonable.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2021 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2021 small business aggregate data.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Business Loans**		**Aggregate of Peer Data**	**Bank Small Business Loans**		**Aggregate of Peer Data**	**% of Businesses**
	#	**#%**	**%**	**$ 000s**	**$ %**	**$ %**	
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	3	5.0%	9.3%	$73	2.0%	14.3%	14.6%
Middle	47	78.3%	83.8%	$2,389	64.0%	81.2%	78.9%
Upper	10	16.7%	5.4%	$1,271	34.0%	4.0%	6.5%
Unknown	0	0.0%	1.5%	$0	0.0%	0.4%	0.0%
TOTAL	**60**	**100.0%**	**100.0%**	**$3,733**	**100.0%**	**100.0%**	**100.0%**

As displayed in the table above, the bank originated 5.0 percent of its small business loans in a moderate-income census tract. This reflects reasonable performance when compared to aggregate lending data (9.3 percent) and demographic data (14.6 percent).

As with the two previous loan categories, the bank's geographic distribution of consumer motor vehicle loans was also reviewed. The following table shows the bank's lending in the different geographies compared to the household population percentage.

Distribution of 2021 Consumer Motor Vehicle Lending By Income Level of Geography					
Tract Income Levels	**Bank Loans**				**% of Households**
	#	**#%**	**$ (000s)**	**$ %**	
Low	0	0.0%	$0	0.0%	0.0%
Moderate	8	9.2%	$120	8.7%	7.7%
Middle	74	85.1%	$1,198	86.6%	86.5%
Upper	5	5.7%	$66	4.8%	5.8%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**87**	**100.0%**	**$1,384**	**100.0%**	**100.0%**

As displayed in the previous table, of the bank's 87 total consumer loans, 9.2 percent were made in the moderate-income census tract. This reflects reasonable performance when compared to the household population in the moderate-income census tract (7.7 percent).

Lastly, based on reviews from all three loan categories, the bank had loan activity in all assessment area census tracts. Overall, no conspicuous lending gaps were identified, further supporting the conclusion that the bank's geographic distribution of loans in this assessment area is reasonable.

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need/availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, qualified investments, and community development services.

During the review period, the bank extended 46 community development loans totaling $4.7 million in this assessment area. Of these loans, 41 were PPP loans made to businesses located in LMI geographies, totaling $963,367. Of the remaining loans, two were made to help community service organizations primarily serving LMI individuals, including a $2.8 million loan to finance an assisted living facility.

The bank made 45 qualifying investments during the review period totaling $8.1 million, including 31 community development donations totaling $20,962. Of note, the bank made a $3,500 donation to a school district with a majority of students who qualify for the free or reduced lunch program.

Finally, bank employees used their financial expertise to contribute 15 service hours to 3 different schools having a majority of children who qualify for the free or reduced lunch program. The employees provided their financial expertise by teaching financial literacy to students.

ILLINOIS

CRA RATING FOR ILLINOIS: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

A major factor supporting the institution's Illinois rating includes that the bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans and community development services, considering the need and availability for such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of Illinois are consistent with the overall CRA examination scope as presented in the *Institution, Scope of Examination* section. The bank ratings in the state of Illinois reflect the bank's performance in one Illinois assessment area, which was evaluated using full-scope procedures.

To augment the evaluation of the assessment area, one community contact interview was conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interview was with a representative serving in a role in local government. Details from the interview are included in the next section, *Description of Institution's Operations*.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HANCOCK COUNTY ASSESSMENT AREA

Bank Structure

The Bank of Advance operates one office (14.3 percent of total branches) in this assessment area, which is a full-service branch located in the city of Bowen in a middle-income census tract. Since the previous evaluation, the bank has not opened or closed a branch in this assessment area. Given the bank's branch presence in the far southeastern portion of Hancock County, it can reasonably serve most portions of the assessment area but may face difficulties reaching the northwestern portions of the county.

General Demographics

The assessment area is composed of Hancock County in its entirety, which is located in west central Illinois near the Iowa and Missouri state borders. Based on 2015 ACS data, the assessment area population was 18,738. Of the seven FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked fifth in deposit market share, encompassing 6.8 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Other particular credit needs in the assessment area include agricultural loans, given the agricultural nature of the community, as noted primarily by the community contact.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population in those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	0	7	0	0	**7**
	0.0%	0.0%	100%	0.0%	0.0%	**100%**
Family Population	0	0	5,404	0	0	**5,404**
	0.0%	0.0%	100%	0.0%	0.0%	**100%**

As shown above, the assessment area is made up of no low- or moderate-income census tracts and seven middle-income census tracts.

Based on 2015 ACS U.S. Census data, the median family income for the assessment area was $57,504. At the same time, the median family income for nonMSA Illinois as a whole was $59,323. More recently, the FFIEC estimates the 2021 median family income for nonMSA Illinois to be $66,700. The following table displays population percentages of assessment area families by income level compared to the nonMSA Illinois family population.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	914	1,124	1,296	2,070	**5,404**
	16.9%	20.8%	24.0%	38.3%	**100%**
NonMSA Illinois	78,116	70,252	83,510	153,709	**385,587**
	20.3%	18.2%	21.7%	39.9%	**100%**

As shown in the table above, 37.7 percent of families in the assessment area are considered LMI, which is in line with the LMI family percentage of 38.5 percent in nonMSA Illinois. In addition, the percentage of families living below the poverty level in the assessment area (7.5 percent) is below that of nonMSA Illinois (10.4 percent). Overall, the assessment area has more middle-income families and fewer families on the income extremes (considering low-income and upper-income categories) as compared to nonMSA Illinois overall.

Housing Demographics

While income levels in the assessment area are generally in line with nonMSA Illinois, housing costs in the assessment area are more affordable than nonMSA comparisons. Housing demographics are displayed in the next table.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (Monthly)**
Assessment Area	$83,393	57.4%	$565
NonMSA Illinois	$93,478	49.0%	$604

The median housing value for the assessment area is below that of nonMSA Illinois as a whole. In addition, the affordability ratio for the assessment area (57.4 percent) is higher than the nonMSA Illinois figure (49.0 percent), indicating that housing is relatively more affordable in the assessment area when considering income levels. Finally, it is more affordable to rent in the assessment area compared to nonMSA Illinois.

Industry and Employment Demographics

The assessment area supports a diverse business community, including a strong small business sector, as evidenced by Dun & Bradstreet data that indicates 86.9 percent of assessment area businesses have gross annual revenues of $1 million or less. According to the BLS, there are 4,155 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are government (23.3 percent), followed by retail trade (12.0 percent), and then by manufacturing (7.9 percent).

The table below details unemployment data from the U.S. Department of Labor, BLS (not seasonally adjusted) for the assessment area compared to nonMSA Illinois.

Unemployment Levels for the Assessment Area				
Dataset	**Time Period (Annual Average)**			
	2019	**2020**	**2021**	**2022**
Assessment Area	4.5%	6.9%	4.4%	3.9%
NonMSA Illinois	4.2%	7.8%	5.2%	4.2%

As shown in the table above, with the exception of 2019, unemployment in the assessment area was below that of nonMSA Illinois for each year of the review period. Overall, unemployment rates for both the assessment area and nonMSA Illinois experienced increases in 2020 due to the economic disruption resulting from the COVID-19 pandemic; however, it appears that both have since recovered to pre-pandemic levels of unemployment.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in the assessment area were evaluated. The community contact interview was with an individual working in local government. The interviewee categorized the area as being a small, agriculturally based community with swine, cattle, and tilled crops among the major segments. In addition to the agricultural sector, manufacturing and healthcare are among the major industries. The contact went on to mention that the county fared well during the pandemic, only losing a few businesses that were quickly replaced by others. More recently, the contact highlighted a lack of housing stock and higher-than-normal housing prices in the county. The contact also indicated there is a lack of affordable housing. Lastly, the contact characterized the area as having low banking competition, with only a few small community banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HANCOCK COUNTY ASSESSMENT AREA

LENDING TEST

The bank had a low volume of lending activity in this assessment area during the review period, which did not support meaningful borrower and geographic distribution analyses. Nevertheless, based on the limited data available for review, the bank had reasonable penetration among borrowers of different income levels and businesses of different sizes. Similarly, geographic distribution of loans reflects reasonable penetration throughout the assessment area.

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need/availability of such opportunities for community development in the assessment area.

During the review period, the bank extended one community development loan totaling $247,425 in this assessment area. The funds were used to purchase school buses for a school district composed of a majority of students qualifying for the free or reduced lunch program.

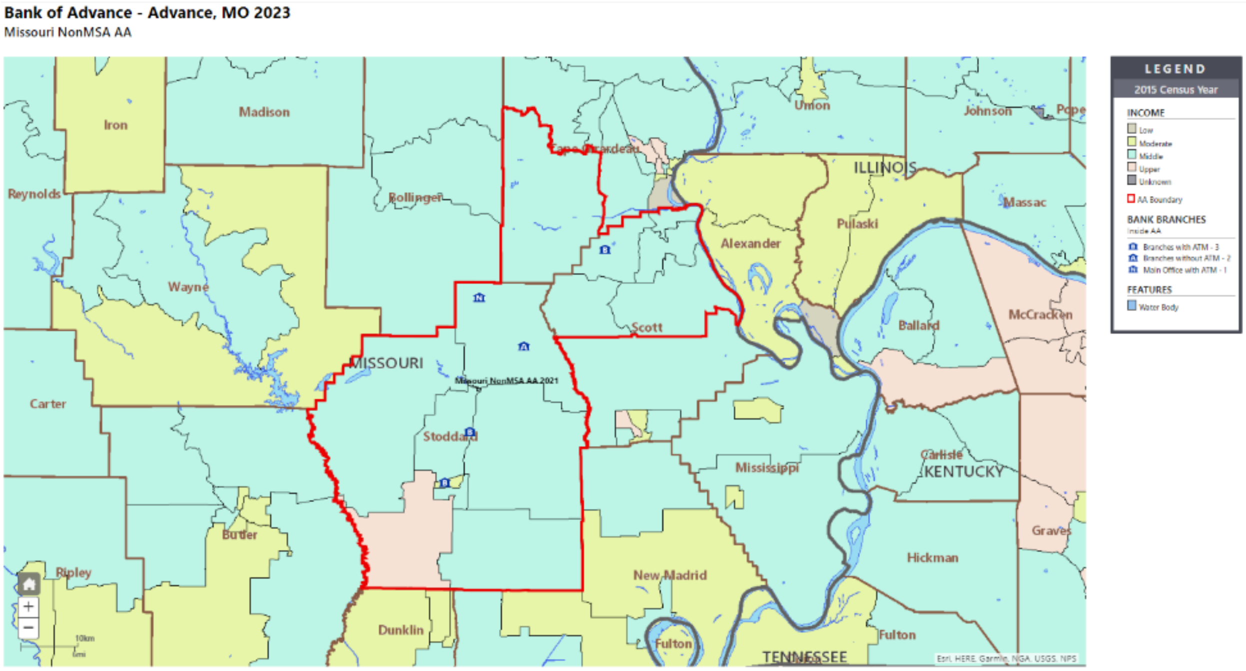
Although the bank did not make any qualifying investments during the review period, four bank employees used their financial expertise to log five service hours to one school serving a majority of children who qualify for the free or reduced lunch program. The employees provided their financial expertise by teaching financial literacy to students.

SCOPE OF EXAMINATION TABLES

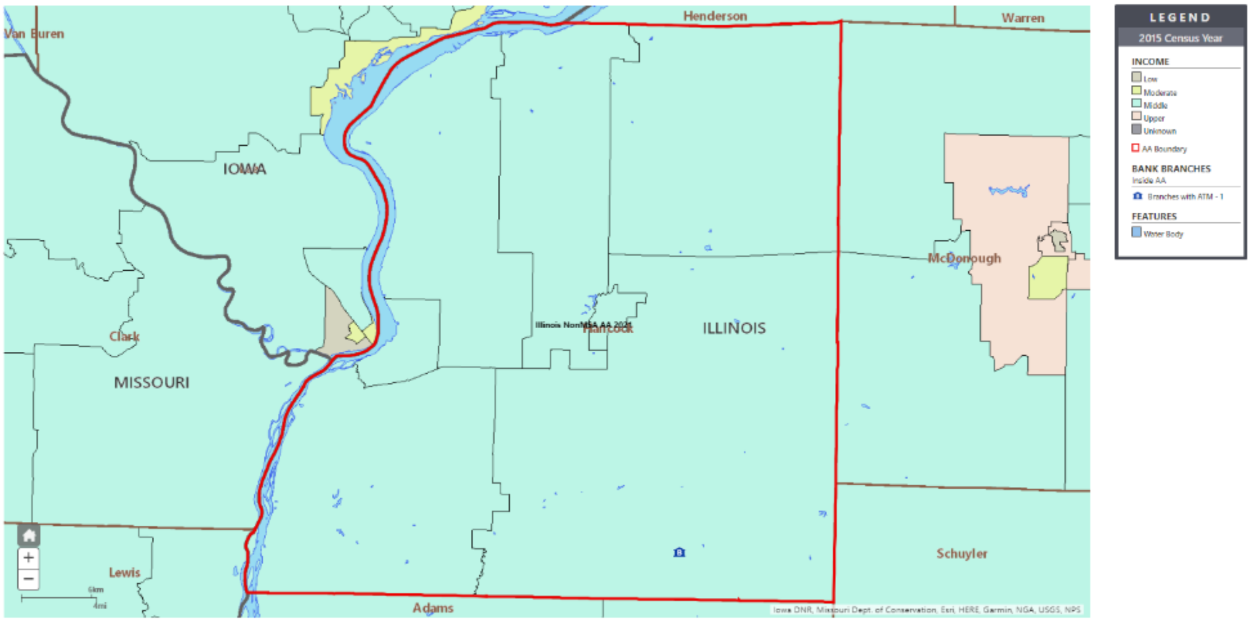
Scope of Examination			
TIME PERIOD REVIEWED	January 1, 2021 – December 31, 2021 for 1–4 family residential real estate, small business, and consumer motor vehicle lending. January 7, 2019 – July 23, 2023 for community development loans, investment, and service activities.		
FINANCIAL INSTITUTION The Bank of Advance Advance, Missouri			**PRODUCTS REVIEWED** 1-4 Family Residential Real Estate; Small Business; and Consumer Motor Vehicle
AFFILIATE(S) N/A	**AFFILIATE RELATIONSHIP** N/A		**PRODUCTS REVIEWED** N/A

Assessment Area – Examination Scope Details					
Assessment Area	**Rated Area**	**# of Offices**	**Deposits ($000s) (as of June 30, 2022)**	**Branches Visited**	**CRA Review Procedures**
Southeastern Missouri	Missouri	6	$328,315	1	Full Scope
Hancock County	Illinois	1	$49,059	0	Full Scope
OVERALL		**7**	**$377,374**	**1**	**2 Full Scope**

ASSESSMENT AREA DETAIL



Bank of Advance - Advance, MO 2023
Illinois NonMSA AA



SUMMARY OF STATE RATINGS

State	Lending Test Rating	Community Development Test Rating	Overall Rating
State of Missouri	Satisfactory	Satisfactory	**Satisfactory**
State of Illinois	Satisfactory	Satisfactory	**Satisfactory**

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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 who do business or have banking offices in a metropolitan statistical area (MSA) to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Rated area: A rated area is a state or multistate metropolitan 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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