

EXAMINER'S BANKING PRACTICES SURVEY

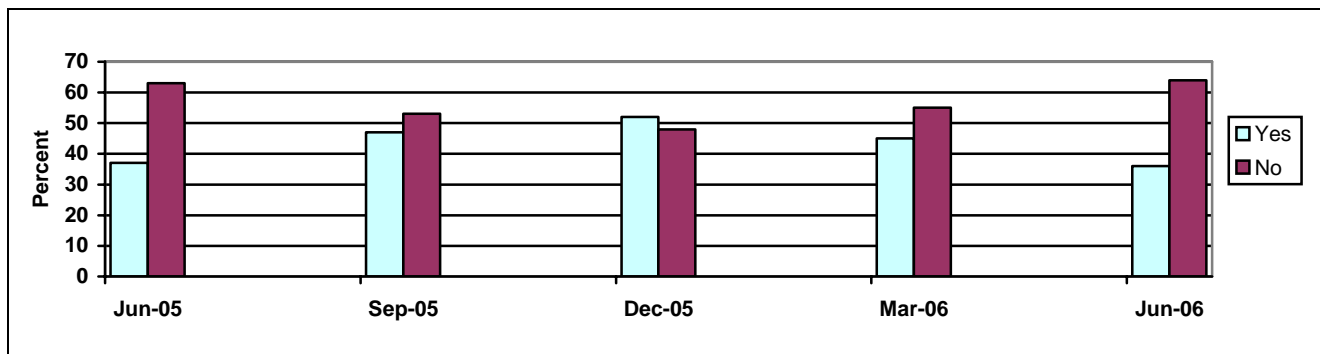
Second Quarter 2006

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2006** results are compiled from **31** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "Significantly" means growth of 20% or more.



Of yes responses:

| Loan Type | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|-----------------------|--------|--------|--------|--------|--------|
| RE/Const/Land Devel | 18% | 32% | 31% | 21% | 27% |
| RE/Agricultural | 9% | 5% | 15% | 18% | 23% |
| RE/Commercial/Indust | 18% | 21% | 23% | 18% | 11% |
| RE/Residential | 12% | 13% | 10% | 14% | 11% |
| Agricultural | 4% | 11% | 8% | 11% | 11% |
| Commercial/Industrial | 30% | 13% | 8% | 18% | 17% |
| Consumer | 9% | 5% | 5% | 0% | 0% |

2. Is the institution active in making the following types of loans?

| | Sep-05 | | Dec-05 | | Mar-06 | | Jun-06 | |
|-----------------------------|--------|--------|--------|---------|--------|---------|--------|--------|
| | Yes 6% | No 94% | Yes 0% | No 100% | Yes 0% | No 100% | Yes 7% | No 93% |
| Of Yes Responses-Loan type | | | | | | | | |
| Sub-prime/Predatory lending | 50% | | 0% | | 0% | | 0% | |
| Dealer paper | 50% | | 0% | | 0% | | 100% | |
| Low or No-doc bus. lending | 0% | | 0% | | 0% | | 0% | |
| High LTV home eq. lending | 0% | | 0% | | 0% | | 0% | |

3. Is the bank offering below market interest rates or reduced fees to attract loans?

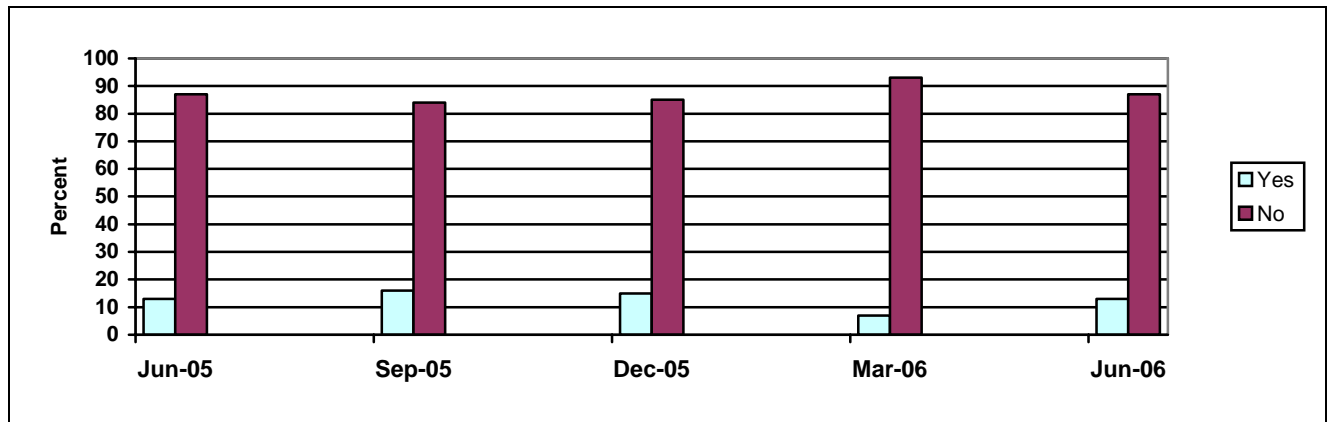
| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|-----|--------|--------|--------|--------|--------|
| Yes | 7% | 3% | 0% | 0% | 10% |
| No | 93% | 97% | 100% | 100% | 90% |

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4. Does the institution use credit scoring models for loan decisions?

| Of Yes Responses - Loan type | Sep-05 | | Dec-05 | | Mar-06 | | Jun-06 | |
|------------------------------|---------|--------|---------|--------|--------|--------|---------|--------|
| | Yes 19% | No 81% | Yes 15% | No 85% | Yes 3% | No 97% | Yes 13% | No 87% |
| Credit card | 8% | | 8% | | 20% | | 12% | |
| Consumer | 17% | | 31% | | 20% | | 44% | |
| Residential mortgage | 33% | | 31% | | 20% | | 22% | |
| Small business | 25% | | 23% | | 20% | | 22% | |
| Other | 17% | | 7% | | 20% | | 0% | |

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|--|--------|--------|--------|--------|--------|
| Making collateral based loans? | 43% | 37% | 25% | 33% | 44% |
| Reduced collateral margins? | 0% | 18% | 13% | 0% | 12% |
| Not requiring cash flow projections? | 14% | 9% | 25% | 34% | 22% |
| Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments) | 43% | 27% | 13% | 0% | 22% |
| Waiving guarantees or other documentation? | 0% | 0% | 13% | 33% | 0% |
| Other | 0% | 9% | 11% | 0% | 0% |

6. Describe potential risk in current underwriting practices for:

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|---------------------------|--------|--------|--------|--------|--------|
| Agricultural Loans | | | | | |
| Minimal | 90% | 78% | 76% | 90% | 74% |
| Moderate | 10% | 19% | 24% | 10% | 23% |
| Substantial | 0% | 3% | 0% | 0% | 3% |
| Commercial Loans | | | | | |
| Minimal | 70% | 56% | 67% | 68% | 61% |
| Moderate | 30% | 41% | 33% | 29% | 32% |
| Substantial | 0% | 3% | 0% | 3% | 7% |
| Consumer Loans | | | | | |
| Minimal | 77% | 88% | 88% | 87% | 74% |
| Moderate | 23% | 9% | 12% | 13% | 26% |
| Substantial | 0% | 3% | 0% | 0% | 0% |
| Residential Loans | | | | | |
| Minimal | 73% | 81% | 76% | 84% | 77% |
| Moderate | 27% | 16% | 24% | 16% | 23% |
| Substantial | 0% | 3% | 0% | 0% | 0% |

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7. Differences between actual lending practices and written policies are:

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|---------------------------|--------|--------|--------|--------|--------|
| Agricultural Loans | | | | | |
| Minimal | 97% | 84% | 97% | 87% | 94% |
| Moderate | 3% | 16% | 3% | 13% | 3% |
| Substantial | 0% | 0% | 0% | 0% | 3% |
| Commercial Loans | | | | | |
| Minimal | 83% | 75% | 76% | 84% | 81% |
| Moderate | 17% | 22% | 24% | 13% | 16% |
| Substantial | 0% | 3% | 0% | 3% | 3% |
| Consumer Loans | | | | | |
| Minimal | 93% | 94% | 94% | 90% | 84% |
| Moderate | 7% | 6% | 6% | 10% | 16% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Residential Loans | | | | | |
| Minimal | 97% | 84% | 85% | 93% | 93% |
| Moderate | 3% | 16% | 15% | 7% | 7% |
| Substantial | 0% | 0% | 0% | 0% | 0% |

8. With regard to agricultural loans, describe the potential risk the bank faces from:

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|------------------------------------|--------|--------|--------|--------|--------|
| Carryover Debt | | | | | |
| Minimal | 97% | 84% | 85% | 90% | 77% |
| Moderate | 3% | 16% | 15% | 10% | 23% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Phase-out of Farm Subsidies | | | | | |
| Minimal | 93% | 97% | 85% | 84% | 87% |
| Moderate | 7% | 3% | 12% | 10% | 13% |
| Substantial | 0% | 0% | 3% | 6% | 0% |
| Drop in Land Values | | | | | |
| Minimal | 90% | 81% | 76% | 74% | 84% |
| Moderate | 10% | 16% | 21% | 19% | 16% |
| Substantial | 0% | 3% | 3% | 7% | 0% |

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

| No. Banks with Inc/(Dec) in ratio (%) | Sep-05 | | Dec-05 | | Mar-06 | | Jun-06 | |
|---------------------------------------|--------|-------|--------|-------|--------|-------|--------|-------|
| | + | - | + | - | + | - | + | - |
| Average Inc/(Dec) in Ratio | 60% | 40% | 58% | 42% | 57% | 43% | 44% | 56% |
| | 9.4 | (9.0) | 9.6 | (6.9) | 6.4 | (8.3) | 8.1 | (5.8) |
| Cause of Increase | | | | | | | | |
| Eased underwriting standards | 4% | | 4% | | 4% | | 5% | |
| Deterioration in new loans | 9% | | 15% | | 24% | | 19% | |
| Deterioration in older loans | 61% | | 42% | | 60% | | 48% | |
| Participations or out-of-territory | 0% | | 8% | | 4% | | 0% | |
| Economic conditions | 4% | | 15% | | 8% | | 5% | |
| Changes in lending personnel | 0% | | 0% | | 0% | | 0% | |
| New types of lending activity | 4% | | 4% | | 0% | | 0% | |
| Other | 18% | | 12% | | 0% | | 23% | |

10. Estimate loan classifications at this examination into the following types:

| Loan Type | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|---------------------------|--------|--------|--------|--------|--------|
| RE/Const/Land Development | 7% | 9% | 25% | 15% | 4% |
| RE/Agriculture | 3% | 6% | 3% | 7% | 2% |
| RE/Commercial/Industrial | 36% | 37% | 25% | 30% | 54% |
| RE/Residential | 26% | 25% | 26% | 14% | 11% |
| Agricultural | 2% | 3% | 3% | 1% | 1% |
| Commercial/Industrial | 22% | 14% | 12% | 27% | 25% |
| Consumer | 4% | 6% | 6% | 6% | 3% |

Ratios from March 2005 and forward are weighted by dollar volume of classified loans for all respondents. Prior ratios are an average of percentages from each bank (not dollar weighted).

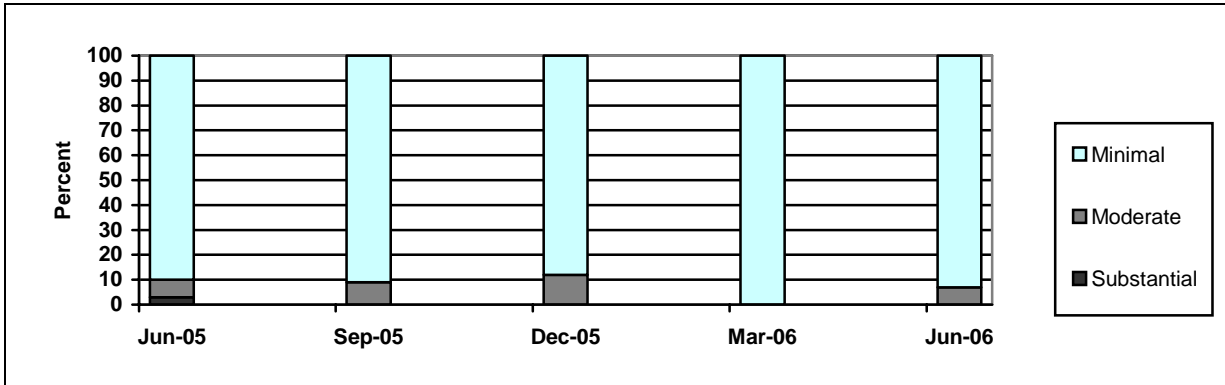
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|-----|--------|--------|--------|--------|--------|
| Yes | 0% | 0% | 0% | 0% | 0% |
| No | 100% | 100% | 100% | 100% | 100% |

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|--|--------|--------|--------|--------|--------|
| Yes | 87% | 87% | 73% | 81% | 58% |
| No | 13% | 13% | 27% | 19% | 42% |
| If yes, does the bank actively borrow from the FHLB? | | | | | |
| Yes | 77% | 89% | 75% | 76% | 89% |
| No | 23% | 11% | 25% | 24% | 11% |

14. Does the bank hold off-balance sheet derivatives?

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|-----|--------|--------|--------|--------|--------|
| Yes | 3% | 3% | 0% | 0% | 10% |
| No | 97% | 97% | 100% | 100% | 90% |

15. List nontraditional activity the institution is engaged in.

| | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 |
|---|--------|--------|--------|--------|--------|
| Yes | 77% | 75% | 70% | 84% | 81% |
| No | 23% | 25% | 30% | 16% | 19% |
| Of those that do: | | | | | |
| Nondeposit Investment Sales | 26% | 21% | 23% | 28% | 19% |
| Insurance Sales | 10% | 11% | 17% | 7% | 10% |
| Real Estate Loan Secondary Market Sales | 26% | 23% | 21% | 26% | 21% |
| Non-transactional Web Site | 2% | 9% | 9% | 4% | 6% |
| Transactional Web Site | 36% | 36% | 26% | 33% | 44% |
| Other | 0% | 0% | 4% | 2% | 0% |