

# EXAMINER'S BANKING PRACTICES SURVEY

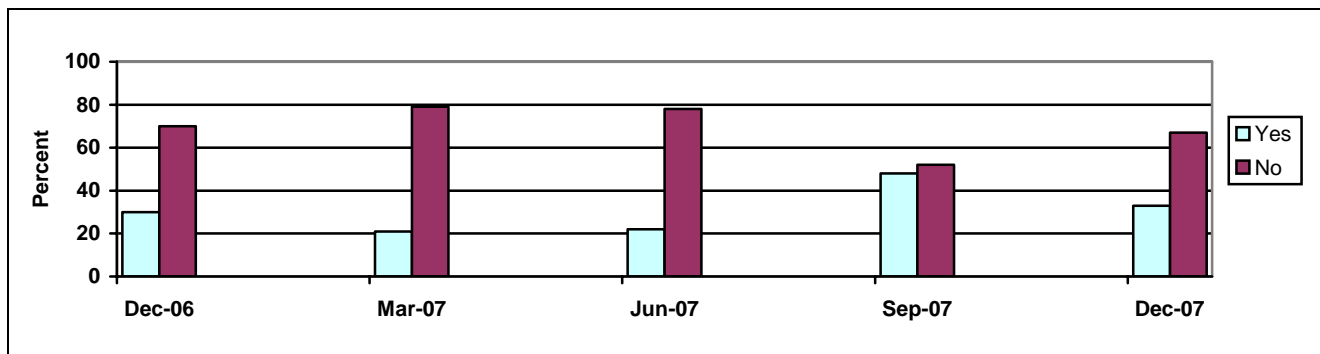
Fourth Quarter 2007

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2007** results are compiled from **33** 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	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
RE/Const/Land Devel	38%	29%	29%	17%	7%
RE/Agricultural	0%	6%	9%	8%	14%
RE/Commercial/Indust	31%	12%	19%	25%	24%
RE/Residential	13%	17%	14%	14%	7%
Agricultural	6%	6%	5%	11%	14%
Commercial/Industrial	6%	12%	19%	22%	20%
Consumer	6%	18%	5%	3%	14%

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

	Mar-07		Jun-07		Sep-07		Dec-07	
	Yes 17%	No 83%	Yes 3%	No 97%	Yes 19%	No 81%	Yes 12%	No 88%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	20%		0%		50%		25%	
Dealer paper	80%		0%		33%		25%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		100%		17%		50%	

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

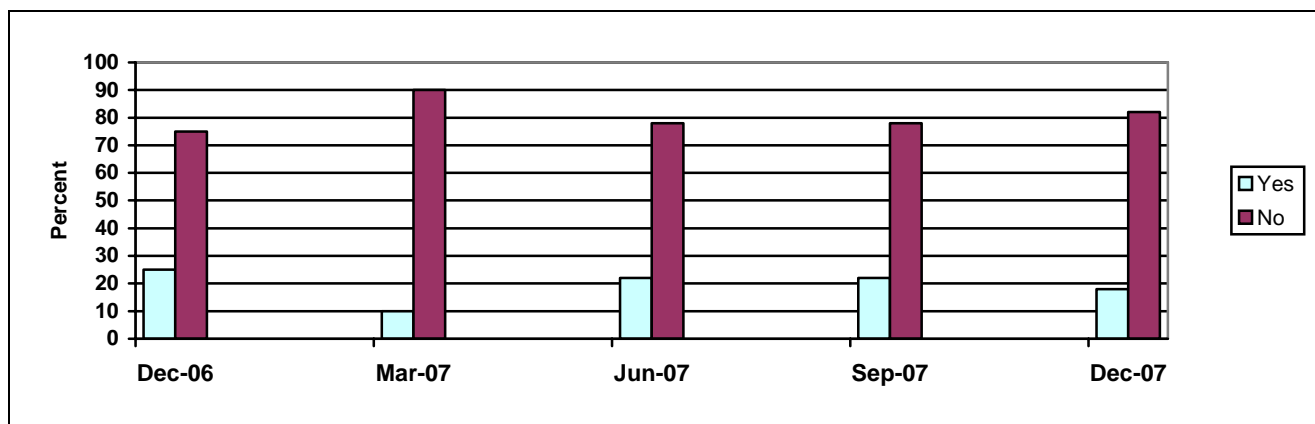
	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Yes	5%	3%	3%	7%	12%
No	95%	97%	97%	93%	88%

Examiner's Banking Practices Survey

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

Of Yes Responses - Loan type	Mar-07		Jun-07		Sep-07		Dec-07	
	Yes 10%	No 90%	Yes 13%	No 87%	Yes 15%	No 85%	Yes 9%	No 91%
Credit card	13%		8%		14%		0%	
Consumer	25%		31%		21%		29%	
Residential mortgage	37%		31%		29%		42%	
Small business	25%		23%		21%		29%	
Other	0%		7%		15%		0%	

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



Of yes responses:

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Making collateral based loans?	31%	37%	22%	31%	31%
Reduced collateral margins?	15%	25%	17%	19%	13%
Not requiring cash flow projections?	23%	13%	27%	25%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	15%	25%	17%	19%	25%
Waiving guarantees or other documentation?	8%	0%	17%	6%	0%
Other	8%	0%	0%	0%	6%

6. Describe potential risk in current underwriting practices for:

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
<b>Agricultural Loans</b>					
Minimal	90%	86%	84%	78%	76%
Moderate	10%	14%	16%	22%	21%
Substantial	0%	0%	0%	0%	3%
<b>Commercial Loans</b>					
Minimal	75%	59%	63%	52%	58%
Moderate	20%	38%	28%	37%	33%
Substantial	5%	3%	9%	11%	9%
<b>Consumer Loans</b>					
Minimal	80%	79%	88%	78%	76%
Moderate	20%	21%	9%	11%	21%
Substantial	0%	0%	3%	11%	3%
<b>Residential Loans</b>					
Minimal	80%	72%	78%	82%	76%
Moderate	15%	24%	19%	18%	21%
Substantial	5%	4%	3%	0%	3%

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

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
<b>Agricultural Loans</b>					
Minimal	100%	90%	97%	93%	85%
Moderate	0%	10%	3%	7%	15%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	80%	72%	75%	74%	82%
Moderate	15%	21%	22%	22%	15%
Substantial	5%	7%	3%	4%	3%
<b>Consumer Loans</b>					
Minimal	90%	83%	91%	85%	88%
Moderate	10%	14%	9%	11%	12%
Substantial	0%	3%	0%	4%	0%
<b>Residential Loans</b>					
Minimal	85%	79%	84%	82%	85%
Moderate	10%	14%	16%	18%	15%
Substantial	5%	7%	0%	0%	0%

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

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
<b>Carryover Debt</b>					
Minimal	80%	93%	88%	89%	79%
Moderate	20%	7%	12%	11%	21%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	90%	100%	94%	89%	79%
Moderate	10%	0%	6%	11%	21%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	80%	86%	84%	82%	70%
Moderate	20%	10%	13%	18%	27%
Substantial	0%	4%	3%	0%	3%

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 (%)	Mar-07		Jun-07		Sep-07		Dec-07	
	+	-	+	-	+	-	+	-
<b>Average Inc/(Dec) in Ratio</b>	7.5	(10.1)	14.1	(7.0)	12.5	(5.0)	18.4	(17.2)
<b>Cause of Increase</b>								
Eased underwriting standards	5%		7%		15%		2%	
Deterioration in new loans	23%		18%		18%		14%	
Deterioration in older loans	52%		43%		44%		47%	
Participations or out-of-territory	0%		5%		3%		7%	
Economic conditions	10%		7%		10%		28%	
Changes in lending personnel	0%		7%		5%		0%	
New types of lending activity	5%		2%		0%		0%	
Other	5%		11%		5%		2%	

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

Loan Type	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
RE/Const/Land Development	32%	19%	21%	33%	46%
RE/Agriculture	3%	6%	3%	2%	2%
RE/Commercial/Industrial	26%	38%	29%	24%	32%
RE/Residential	15%	23%	12%	15%	7%
Agricultural	1%	1%	1%	2%	1%
Commercial/Industrial	18%	8%	31%	18%	9%
Consumer	5%	5%	3%	6%	3%

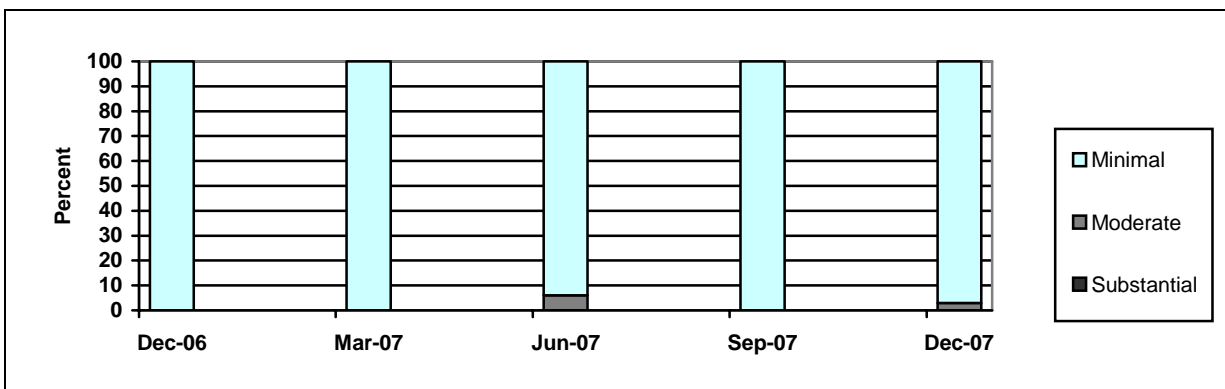
Examiner's Banking Practices Survey

**INVESTMENTS**

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

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
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?

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Yes	90%	76%	82%	89%	82%
No	10%	24%	18%	11%	18%
If yes, does the bank actively borrow from the FHLB?					
Yes	83%	73%	81%	71%	81%
No	17%	27%	19%	29%	19%

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

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Yes	10%	0%	6%	11%	0%
No	90%	100%	94%	89%	100%

15. List nontraditional activity the institution is engaged in.

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Yes	85%	76%	81%	78%	88%
No	15%	24%	19%	22%	12%
Of those that do:					
Nondeposit Investment Sales	19%	12%	23%	16%	17%
Insurance Sales	5%	8%	12%	7%	11%
Real Estate Loan Secondary Market Sales	27%	37%	19%	28%	18%
Non-transactional Web Site	8%	5%	6%	5%	11%
Transactional Web Site	41%	35%	38%	44%	39%
Other	0%	3%	2%	0%	4%