

# EXAMINER'S BANKING PRACTICES SURVEY

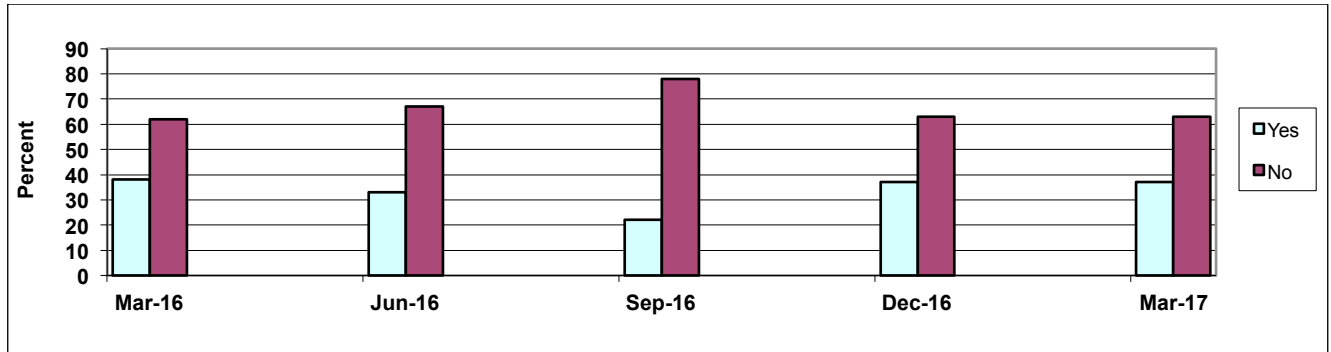
First Quarter 2017

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2017** results are compiled from **27** 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	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
RE/Const/Land Devel	16%	13%	25%	10%	7%
RE/Agricultural	11%	7%	13%	10%	15%
RE/Commercial/Indust	5%	13%	12%	9%	15%
RE/Residential	10%	7%	0%	9%	7%
Agricultural	21%	13%	12%	24%	7%
Commercial/Industrial	16%	34%	38%	19%	22%
Consumer	21%	13%	0%	19%	27%

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

Of Yes Responses-Loan type	Jun-16		Sep-16		Dec-16		Mar-17	
	Yes 10%	No 90%	Yes 9%	No 91%	Yes 0%	No 100%	Yes 18%	No 82%
Sub-prime/Predatory lending	0%		33%		0%		50%	
Dealer paper	100%		67%		0%		25%	
Low or No-doc bus. lending	0%		0%		0%		13%	
High LTV home eq. lending	0%		0%		0%		12%	

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

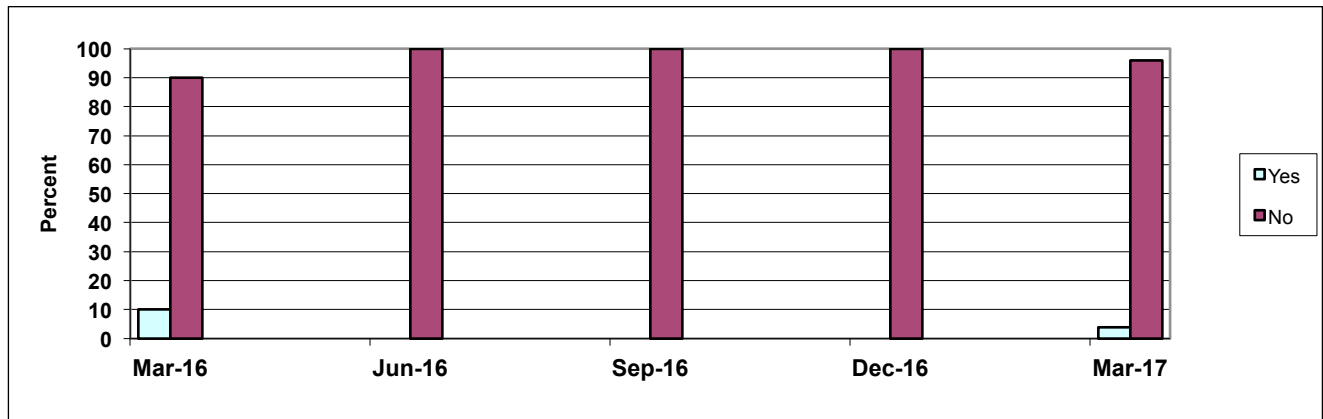
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Yes	0%	0%	4%	0%	0%
No	100%	100%	96%	100%	100%

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

Of Yes Responses - Loan type	Jun-16		Sep-16		Dec-16		Mar-17	
	Yes 5%	No 95%	Yes 9%	No 91%	Yes 13%	No 87%	Yes 19%	No 81%
Credit card	33%		0%		17%		17%	
Consumer	33%		67%		33%		42%	
Residential mortgage	33%		33%		33%		33%	
Small business	0%		0%		17%		8%	
Other	0%		0%		0%		0%	

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



Of yes responses:

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Making collateral based loans?	20%	0%	0%	0%	50%
Reduced collateral margins?	20%	0%	0%	0%	0%
Not requiring cash flow projections?	40%	0%	0%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	20%	0%	0%	0%	50%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Agricultural Loans</b>					
Minimal	81%	86%	91%	87%	78%
Moderate	14%	14%	9%	13%	22%
Substantial	5%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	71%	95%	87%	87%	78%
Moderate	19%	5%	13%	13%	19%
Substantial	10%	0%	0%	0%	3%
<b>Consumer Loans</b>					
Minimal	86%	95%	87%	92%	89%
Moderate	9%	5%	13%	8%	7%
Substantial	5%	0%	0%	0%	4%
<b>Residential Loans</b>					
Minimal	86%	100%	91%	100%	93%
Moderate	9%	0%	9%	0%	7%
Substantial	5%	0%	0%	0%	0%

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

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Agricultural Loans</b>					
Minimal	86%	90%	96%	87%	85%
Moderate	9%	10%	4%	13%	11%
Substantial	5%	0%	0%	0%	4%
<b>Commercial Loans</b>					
Minimal	81%	90%	87%	96%	89%
Moderate	9%	10%	13%	4%	7%
Substantial	10%	0%	0%	0%	4%
<b>Consumer Loans</b>					
Minimal	91%	95%	87%	96%	89%
Moderate	0%	5%	13%	4%	11%
Substantial	9%	0%	0%	0%	0%
<b>Residential Loans</b>					
Minimal	90%	100%	87%	92%	100%
Moderate	5%	0%	13%	8%	0%
Substantial	5%	0%	0%	0%	0%

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

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Carryover Debt</b>					
Minimal	67%	71%	83%	83%	85%
Moderate	33%	29%	17%	17%	15%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	86%	95%	87%	100%	85%
Moderate	14%	5%	13%	0%	15%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	71%	90%	87%	83%	78%
Moderate	29%	10%	13%	17%	22%
Substantial	0%	0%	0%	0%	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 (%)	Jun-16		Sep-16		Dec-16		Mar-17	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	5.3	(5.0)	12.2	(7.5)	4.2	(6.0)	9.9	(10.0)
<b>Cause of Increase</b>								
Eased underwriting standards	0%		17%		0%		0%	
Deterioration in new loans	0%		33%		0%		9%	
Deterioration in older loans	73%		50%		75%		72%	
Participations or out-of-territory	9%		0%		0%		0%	
Economic conditions	9%		0%		13%		0%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	9%		0%		12%		19%	

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

Loan Type	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
RE/Const/Land Development	15%	9%	26%	14%	9%
RE/Agriculture	12%	4%	4%	3%	3%
RE/Commercial/Industrial	45%	43%	31%	14%	40%
RE/Residential	17%	11%	19%	9%	18%
Agricultural	3%	6%	1%	1%	2%
Commercial/Industrial	5%	20%	13%	57%	23%
Consumer	3%	7%	6%	2%	5%

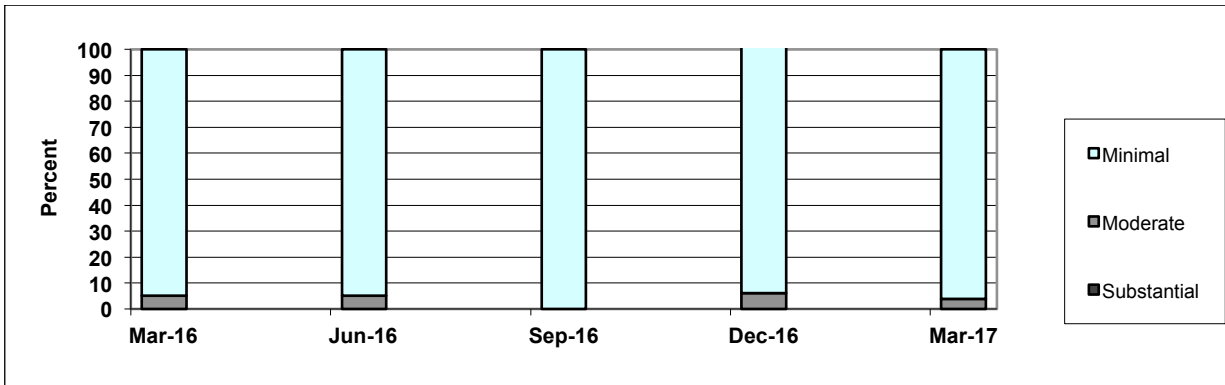
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**INVESTMENTS**

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

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
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?

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Yes	95%	95%	87%	96%	93%
No	5%	5%	13%	4%	7%
If yes, does the bank actively borrow from the FHLB?					
Yes	65%	70%	60%	52%	67%
No	35%	30%	40%	48%	33%

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

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Yes	0%	24%	26%	12%	26%
No	100%	76%	74%	88%	74%

15. List nontraditional activity the institution is engaged in.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Yes	100%	83%	88%	88%	100%
No	0%	17%	12%	12%	0%
Of those that do:					
Nondeposit Investment Sales	35%	38%	37%	19%	27%
Insurance Sales	10%	29%	26%	10%	8%
Real Estate Loan Secondary Market Sales	65%	57%	63%	48%	54%
Non-transactional Web Site	15%	0%	11%	5%	8%
Transactional Web Site	90%	95%	95%	91%	81%
Other	5%	0%	11%	5%	4%