

# EXAMINER'S BANKING PRACTICES SURVEY

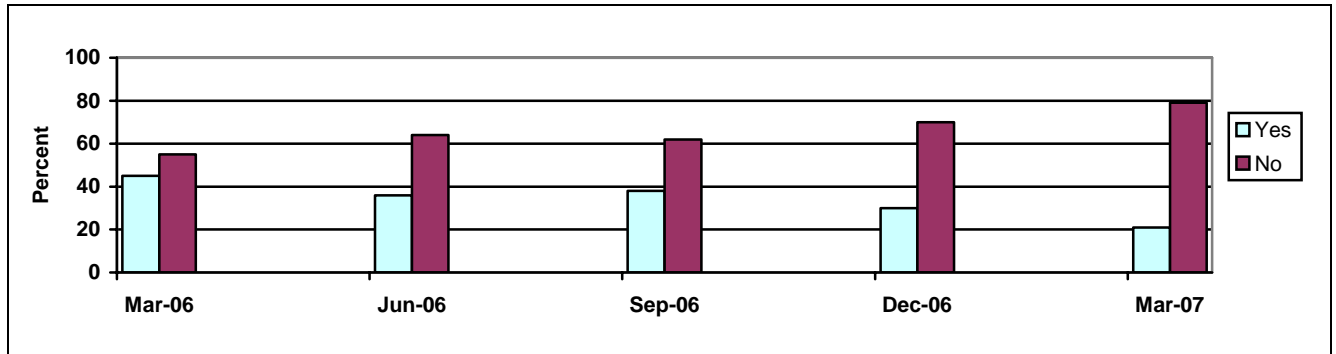
First Quarter 2007

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2007** results are compiled from **29** 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-06	Jun-06	Sep-06	Dec-06	Mar-07
RE/Const/Land Devel	21%	27%	26%	38%	29%
RE/Agricultural	18%	23%	16%	0%	6%
RE/Commercial/Indust	18%	11%	21%	31%	12%
RE/Residential	14%	11%	5%	13%	17%
Agricultural	11%	11%	11%	6%	6%
Commercial/Industrial	18%	17%	16%	6%	12%
Consumer	0%	0%	5%	6%	18%

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

Of Yes Responses-Loan type	Jun-06		Sep-06		Dec-06		Mar-07	
	Yes 7%	No 93%	Yes 13%	No 87%	Yes 0%	No 100%	Yes 17%	No 83%
Sub-prime/Predatory lending	0%		0%		0%		20%	
Dealer paper	100%		100%		0%		80%	
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?

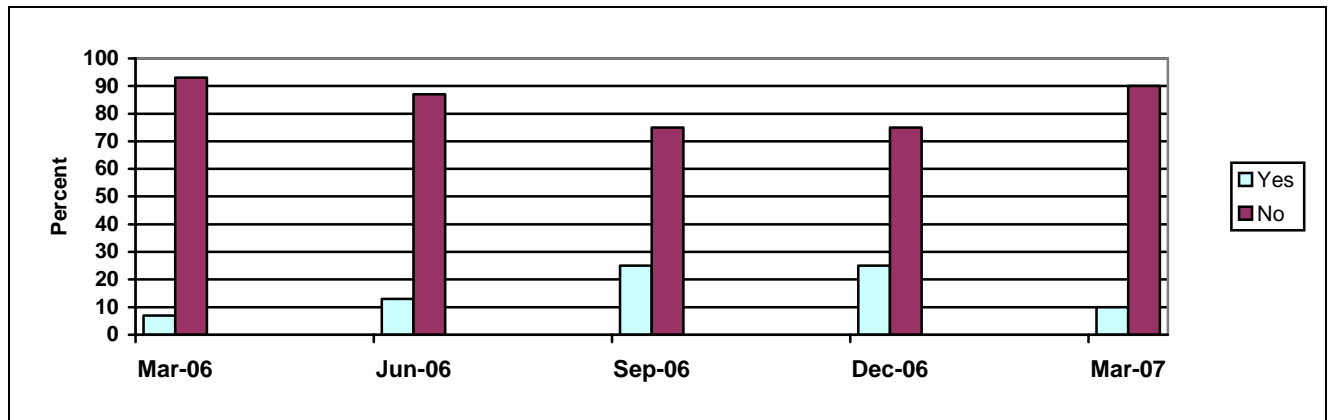
	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
Yes	0%	10%	4%	5%	3%
No	100%	90%	96%	95%	97%

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

Of Yes Responses - Loan type	Jun-06		Sep-06		Dec-06		Mar-07	
	Yes 13%	No 87%	Yes 8%	No 92%	Yes 15%	No 85%	Yes 10%	No 90%
Credit card	12%		0%		13%		13%	
Consumer	44%		40%		25%		25%	
Residential mortgage	22%		40%		38%		37%	
Small business	22%		20%		12%		25%	
Other	0%		0%		12%		0%	

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



Of yes responses:

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
Making collateral based loans?	33%	44%	44%	31%	37%
Reduced collateral margins?	0%	12%	0%	15%	25%
Not requiring cash flow projections?	34%	22%	44%	23%	13%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	22%	12%	15%	25%
Waiving guarantees or other documentation?	33%	0%	0%	8%	0%
Other	0%	0%	0%	8%	0%

6. Describe potential risk in current underwriting practices for:

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
<b>Agricultural Loans</b>					
Minimal	90%	74%	88%	90%	86%
Moderate	10%	23%	12%	10%	14%
Substantial	0%	3%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	68%	61%	54%	75%	59%
Moderate	29%	32%	46%	20%	38%
Substantial	3%	7%	0%	5%	3%
<b>Consumer Loans</b>					
Minimal	87%	74%	92%	80%	79%
Moderate	13%	26%	4%	20%	21%
Substantial	0%	0%	4%	0%	0%
<b>Residential Loans</b>					
Minimal	84%	77%	92%	80%	72%
Moderate	16%	23%	8%	15%	24%
Substantial	0%	0%	0%	5%	4%

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

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
<b>Agricultural Loans</b>					
Minimal	87%	94%	88%	100%	90%
Moderate	13%	3%	8%	0%	10%
Substantial	0%	3%	4%	0%	0%
<b>Commercial Loans</b>					
Minimal	84%	81%	79%	80%	72%
Moderate	13%	16%	17%	15%	21%
Substantial	3%	3%	4%	5%	7%
<b>Consumer Loans</b>					
Minimal	90%	84%	92%	90%	83%
Moderate	10%	16%	4%	10%	14%
Substantial	0%	0%	4%	0%	3%
<b>Residential Loans</b>					
Minimal	93%	93%	96%	85%	79%
Moderate	7%	7%	4%	10%	14%
Substantial	0%	0%	0%	5%	7%

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

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
<b>Carryover Debt</b>					
Minimal	90%	77%	88%	80%	93%
Moderate	10%	23%	12%	20%	7%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	84%	87%	88%	90%	100%
Moderate	10%	13%	12%	10%	0%
Substantial	6%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	74%	84%	75%	80%	86%
Moderate	19%	16%	25%	20%	10%
Substantial	7%	0%	0%	0%	4%

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-06		Sep-06		Dec-06		Mar-07	
	+	-	+	-	+	-	+	-
<b>Average Inc/(Dec) in Ratio</b>	44%	56%	71%	29%	60%	40%	52%	48%
	8.1	(5.8)	5.3	(5.2)	9.6	(3.1)	7.5	(10.1)
<b>Cause of Increase</b>								
Eased underwriting standards	5%		11%		14%		5%	
Deterioration in new loans	19%		4%		14%		23%	
Deterioration in older loans	48%		61%		50%		52%	
Participations or out-of-territory	0%		0%		0%		0%	
Economic conditions	5%		8%		9%		10%	
Changes in lending personnel	0%		0%		9%		0%	
New types of lending activity	0%		8%		4%		5%	
Other	23%		8%		0%		5%	

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

Loan Type	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
RE/Const/Land Development	15%	4%	11%	32%	19%
RE/Agriculture	7%	2%	2%	3%	6%
RE/Commercial/Industrial	30%	54%	49%	26%	38%
RE/Residential	14%	11%	19%	15%	23%
Agricultural	1%	1%	1%	1%	1%
Commercial/Industrial	27%	25%	15%	18%	8%
Consumer	6%	3%	3%	5%	5%

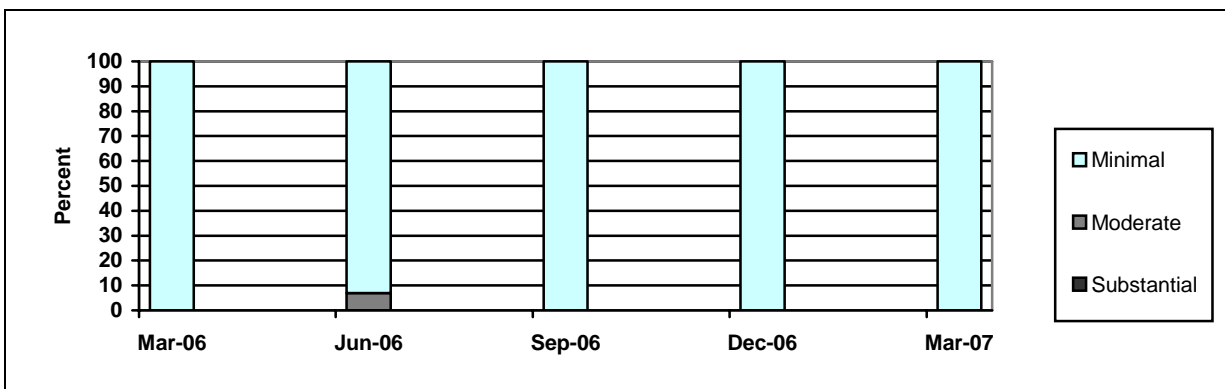
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**INVESTMENTS**

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

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

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
Yes	81%	58%	75%	90%	76%
No	19%	42%	25%	10%	24%
If yes, does the bank actively borrow from the FHLB?					
Yes	76%	89%	72%	83%	73%
No	24%	11%	28%	17%	27%

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

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
Yes	0%	10%	8%	10%	0%
No	100%	90%	92%	90%	100%

15. List nontraditional activity the institution is engaged in.

	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07
Yes	84%	81%	83%	85%	76%
No	16%	19%	17%	15%	24%
Of those that do:					
Nondeposit Investment Sales	28%	19%	29%	19%	12%
Insurance Sales	7%	10%	7%	5%	8%
Real Estate Loan Secondary Market Sales	26%	21%	19%	27%	37%
Non-transactional Web Site	4%	6%	10%	8%	5%
Transactional Web Site	33%	44%	33%	41%	35%
Other	2%	0%	2%	0%	3%