

# EXAMINER'S BANKING PRACTICES SURVEY

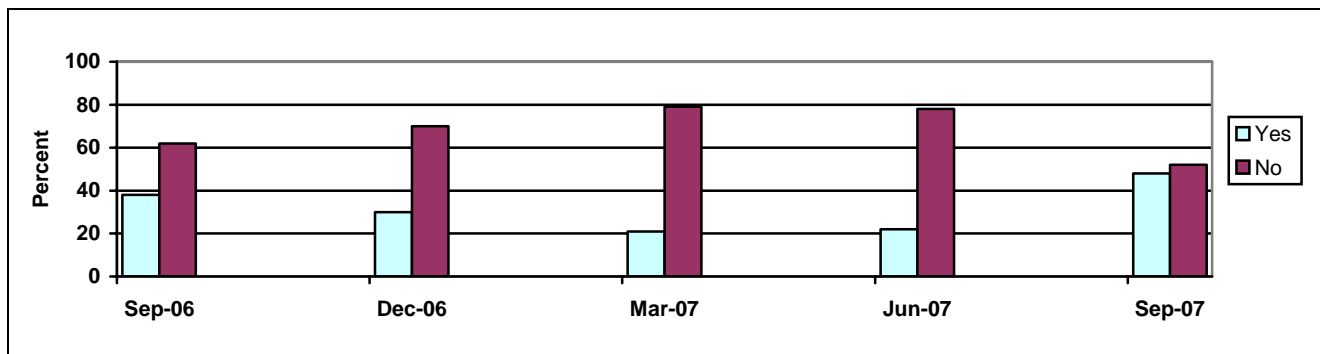
Third Quarter 2007

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2007** 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	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
RE/Const/Land Devel	26%	38%	29%	29%	17%
RE/Agricultural	16%	0%	6%	9%	8%
RE/Commercial/Indust	21%	31%	12%	19%	25%
RE/Residential	5%	13%	17%	14%	14%
Agricultural	11%	6%	6%	5%	11%
Commercial/Industrial	16%	6%	12%	19%	22%
Consumer	5%	6%	18%	5%	3%

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

Of Yes Responses-Loan type	Dec-06		Mar-07		Jun-07		Sep-07	
	Yes 0%	No 100%	Yes 17%	No 83%	Yes 3%	No 97%	Yes 19%	No 81%
Sub-prime/Predatory lending	0%		20%		0%		50%	
Dealer paper	0%		80%		0%		33%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		100%		17%	

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

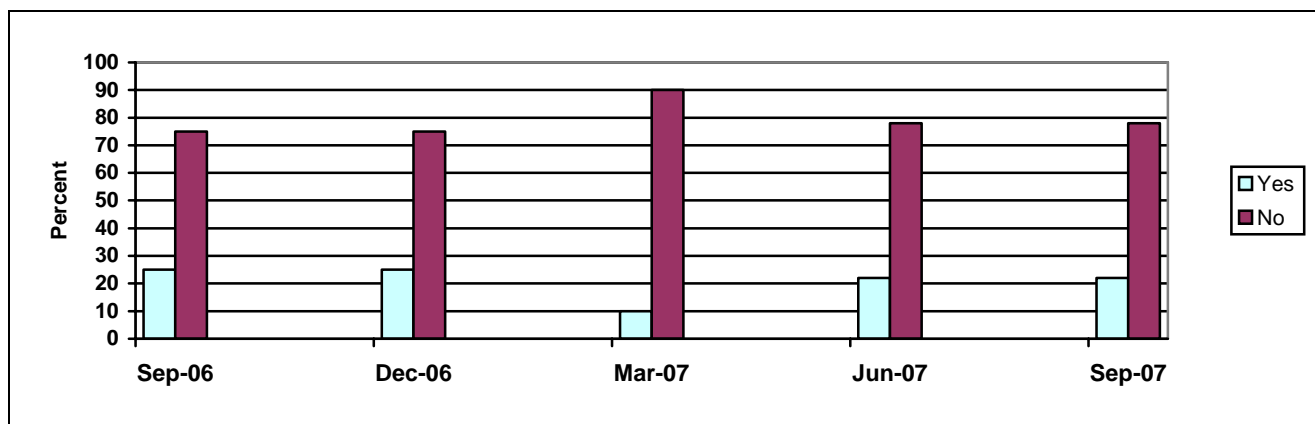
	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
Yes	4%	5%	3%	3%	7%
No	96%	95%	97%	97%	93%

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

	Dec-06		Mar-07		Jun-07		Sep-07	
	Yes 15%	No 85%	Yes 10%	No 90%	Yes 13%	No 87%	Yes 15%	No 85%
Of Yes Responses - Loan type								
Credit card	13%		13%		8%		14%	
Consumer	25%		25%		31%		21%	
Residential mortgage	38%		37%		31%		29%	
Small business	12%		25%		23%		21%	
Other	12%		0%		7%		15%	

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



Of yes responses:

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
Making collateral based loans?	44%	31%	37%	22%	31%
Reduced collateral margins?	0%	15%	25%	17%	19%
Not requiring cash flow projections?	44%	23%	13%	27%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	12%	15%	25%	17%	19%
Waiving guarantees or other documentation?	0%	8%	0%	17%	6%
Other	0%	8%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
<b>Agricultural Loans</b>					
Minimal	88%	90%	86%	84%	78%
Moderate	12%	10%	14%	16%	22%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	54%	75%	59%	63%	52%
Moderate	46%	20%	38%	28%	37%
Substantial	0%	5%	3%	9%	11%
<b>Consumer Loans</b>					
Minimal	92%	80%	79%	88%	78%
Moderate	4%	20%	21%	9%	11%
Substantial	4%	0%	0%	3%	11%
<b>Residential Loans</b>					
Minimal	92%	80%	72%	78%	82%
Moderate	8%	15%	24%	19%	18%
Substantial	0%	5%	4%	3%	0%

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

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
<b>Agricultural Loans</b>					
Minimal	88%	100%	90%	97%	93%
Moderate	8%	0%	10%	3%	7%
Substantial	4%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	79%	80%	72%	75%	74%
Moderate	17%	15%	21%	22%	22%
Substantial	4%	5%	7%	3%	4%
<b>Consumer Loans</b>					
Minimal	92%	90%	83%	91%	85%
Moderate	4%	10%	14%	9%	11%
Substantial	4%	0%	3%	0%	4%
<b>Residential Loans</b>					
Minimal	96%	85%	79%	84%	82%
Moderate	4%	10%	14%	16%	18%
Substantial	0%	5%	7%	0%	0%

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

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
<b>Carryover Debt</b>					
Minimal	88%	80%	93%	88%	89%
Moderate	12%	20%	7%	12%	11%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	88%	90%	100%	94%	89%
Moderate	12%	10%	0%	6%	11%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	75%	80%	86%	84%	82%
Moderate	25%	20%	10%	13%	18%
Substantial	0%	0%	4%	3%	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 (%)	Dec-06		Mar-07		Jun-07		Sep-07	
	+	-	+	-	+	-	+	-
<b>Average Inc/(Dec) in Ratio</b>	60%	40%	52%	48%	74%	26%	78%	22%
	9.6	(3.1)	7.5	(10.1)	14.1	(7.0)	12.5	(5.0)
<b>Cause of Increase</b>								
Eased underwriting standards	14%		5%		7%		15%	
Deterioration in new loans	14%		23%		18%		18%	
Deterioration in older loans	50%		52%		43%		44%	
Participations or out-of-territory	0%		0%		5%		3%	
Economic conditions	9%		10%		7%		10%	
Changes in lending personnel	9%		0%		7%		5%	
New types of lending activity	4%		5%		2%		0%	
Other	0%		5%		11%		5%	

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

Loan Type	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
RE/Const/Land Development	11%	32%	19%	21%	33%
RE/Agriculture	2%	3%	6%	3%	2%
RE/Commercial/Industrial	49%	26%	38%	29%	24%
RE/Residential	19%	15%	23%	12%	15%
Agricultural	1%	1%	1%	1%	2%
Commercial/Industrial	15%	18%	8%	31%	18%
Consumer	3%	5%	5%	3%	6%

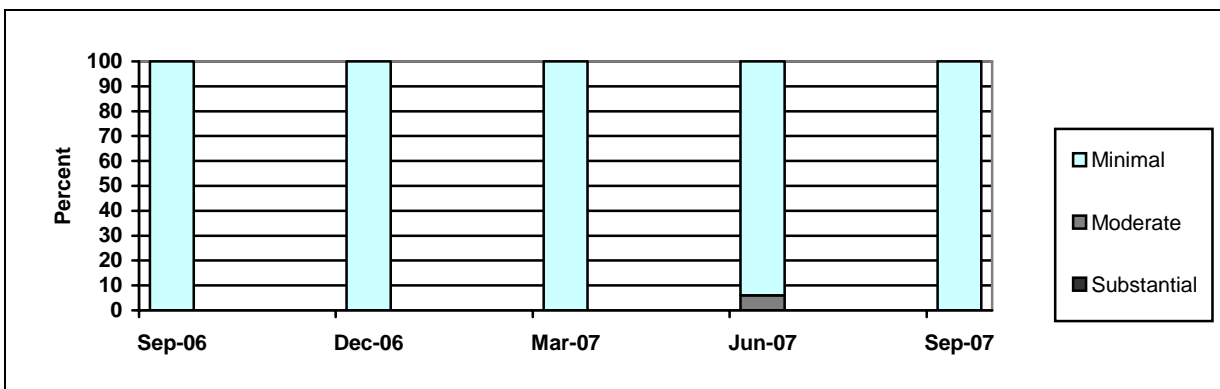
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**INVESTMENTS**

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

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

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
Yes	75%	90%	76%	82%	89%
No	25%	10%	24%	18%	11%
If yes, does the bank actively borrow from the FHLB?					
Yes	72%	83%	73%	81%	71%
No	28%	17%	27%	19%	29%

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

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
Yes	8%	10%	0%	6%	11%
No	92%	90%	100%	94%	89%

15. List nontraditional activity the institution is engaged in.

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
Yes	83%	85%	76%	81%	78%
No	17%	15%	24%	19%	22%
Of those that do:					
Nondeposit Investment Sales	29%	19%	12%	23%	16%
Insurance Sales	7%	5%	8%	12%	7%
Real Estate Loan Secondary Market Sales	19%	27%	37%	19%	28%
Non-transactional Web Site	10%	8%	5%	6%	5%
Transactional Web Site	33%	41%	35%	38%	44%
Other	2%	0%	3%	2%	0%