

# EXAMINER'S BANKING PRACTICES SURVEY

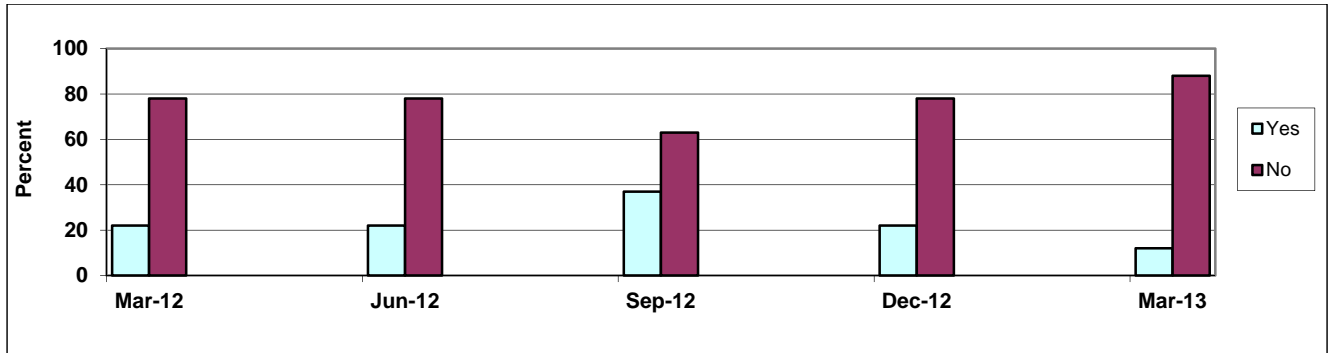
First Quarter 2013

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2013** results are compiled from **25** 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-12	Jun-12	Sep-12	Dec-12	Mar-13
RE/Const/Land Devel	50%	10%	19%	7%	25%
RE/Agricultural	13%	15%	5%	21%	0%
RE/Commercial/Indust	0%	15%	19%	21%	0%
RE/Residential	0%	5%	5%	7%	0%
Agricultural	12%	20%	14%	30%	0%
Commercial/Industrial	13%	20%	24%	7%	50%
Consumer	12%	15%	14%	7%	25%

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

Of Yes Responses-Loan type	Jun-12		Sep-12		Dec-12		Mar-13	
	Yes 8%	No 92%	Yes 3%	No 97%	Yes 6%	No 94%	Yes 4%	No 96%
Sub-prime/Predatory lending	0%		0%		50%		100%	
Dealer paper	100%		100%		50%		0%	
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?

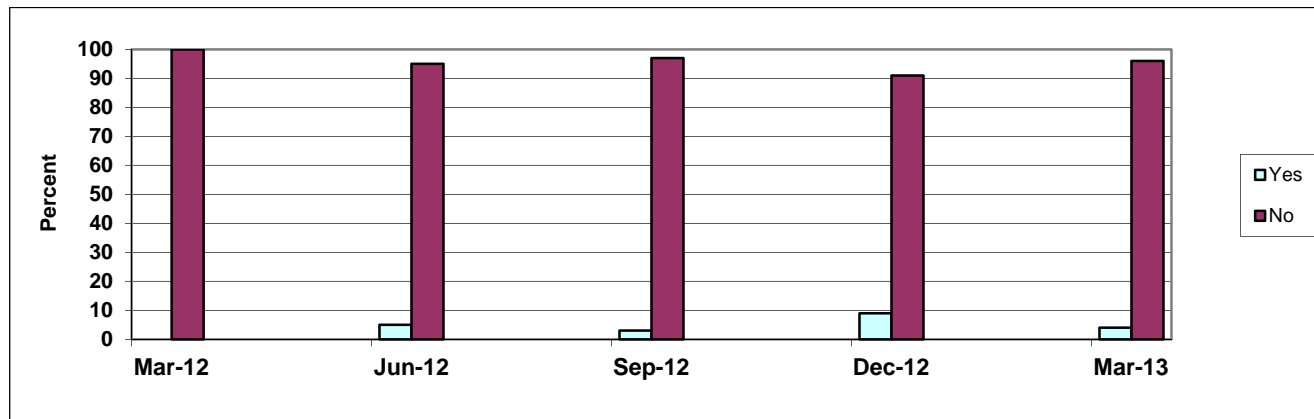
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

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

Of Yes Responses - Loan type	Jun-12		Sep-12		Dec-12		Mar-13	
	Yes 15%	No 85%	Yes 13%	No 87%	Yes 9%	No 91%	Yes 16%	No 84%
Credit card	12%		0%		13%		13%	
Consumer	38%		33%		37%		50%	
Residential mortgage	31%		33%		37%		25%	
Small business	12%		33%		13%		12%	
Other	7%		0%		0%		0%	

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



Of yes responses:

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Making collateral based loans?	0%	50%	0%	17%	0%
Reduced collateral margins?	0%	0%	0%	17%	0%
Not requiring cash flow projections?	0%	50%	33%	17%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	0%	33%	49%	100%
Waiving guarantees or other documentation?	0%	0%	33%	0%	0%
Other	0%	0%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
<b>Agricultural Loans</b>					
Minimal	94%	88%	87%	84%	96%
Moderate	6%	12%	13%	16%	4%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	72%	75%	77%	75%	80%
Moderate	25%	25%	20%	25%	20%
Substantial	3%	0%	3%	0%	0%
<b>Consumer Loans</b>					
Minimal	75%	88%	83%	78%	84%
Moderate	25%	12%	17%	19%	16%
Substantial	0%	0%	0%	3%	0%
<b>Residential Loans</b>					
Minimal	75%	88%	87%	78%	88%
Moderate	22%	12%	13%	22%	12%
Substantial	3%	0%	0%	0%	0%

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

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
<b>Agricultural Loans</b>					
Minimal	97%	95%	97%	97%	92%
Moderate	3%	5%	3%	3%	8%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	88%	88%	83%	84%	88%
Moderate	12%	12%	13%	13%	12%
Substantial	0%	0%	4%	3%	0%
<b>Consumer Loans</b>					
Minimal	88%	90%	90%	91%	84%
Moderate	12%	10%	10%	6%	16%
Substantial	0%	0%	0%	3%	0%
<b>Residential Loans</b>					
Minimal	81%	95%	90%	91%	88%
Moderate	16%	5%	10%	9%	12%
Substantial	3%	0%	0%	0%	0%

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

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
<b>Carryover Debt</b>					
Minimal	94%	85%	93%	84%	92%
Moderate	6%	15%	7%	13%	8%
Substantial	0%	0%	0%	3%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	91%	80%	93%	91%	96%
Moderate	9%	20%	7%	9%	4%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	81%	72%	87%	88%	88%
Moderate	19%	28%	13%	12%	12%
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-12		Sep-12		Dec-12		Mar-13	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	4.4	(11.7)	34.2	(15.4)	37.9	(11.5)	4.1	(17.2)
<b>Cause of Increase</b>								
Eased underwriting standards	0%		0%		0%		0%	
Deterioration in new loans	0%		0%		0%		0%	
Deterioration in older loans	63%		67%		58%		56%	
Participations or out-of-territory	4%		0%		0%		22%	
Economic conditions	25%		0%		17%		11%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	8%		33%		25%		11%	

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

Loan Type	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
RE/Const/Land Development	26%	23%	20%	21%	21%
RE/Agriculture	3%	3%	1%	1%	3%
RE/Commercial/Industrial	48%	42%	47%	54%	50%
RE/Residential	12%	14%	13%	12%	13%
Agricultural	1%	3%	1%	1%	0%
Commercial/Industrial	8%	13%	6%	8%	10%
Consumer	2%	2%	12%	3%	3%

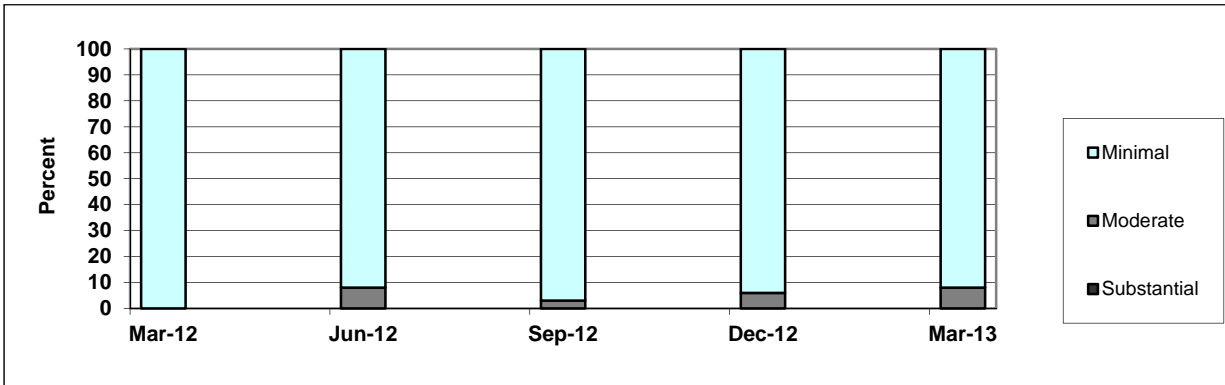
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**INVESTMENTS**

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

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Yes	0%	0%	0%	0%	4%
No	100%	100%	100%	100%	96%

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



**OTHER**

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

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Yes	88%	95%	83%	88%	80%
No	12%	5%	17%	12%	20%
If yes, does the bank actively borrow from the FHLB?					
Yes	68%	68%	72%	75%	65%
No	32%	32%	28%	25%	35%

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

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Yes	6%	15%	7%	16%	12%
No	94%	85%	93%	84%	88%

15. List nontraditional activity the institution is engaged in.

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Yes	97%	98%	90%	87%	92%
No	3%	2%	10%	13%	8%
Of those that do:					
Nondeposit Investment Sales	15%	15%	12%	14%	15%
Insurance Sales	5%	16%	12%	10%	11%
Real Estate Loan Secondary Market Sales	29%	30%	32%	32%	28%
Non-transactional Web Site	11%	3%	2%	3%	0%
Transactional Web Site	39%	36%	40%	40%	46%
Other	1%	0%	2%	1%	0%