

EXAMINER'S BANKING PRACTICES SURVEY

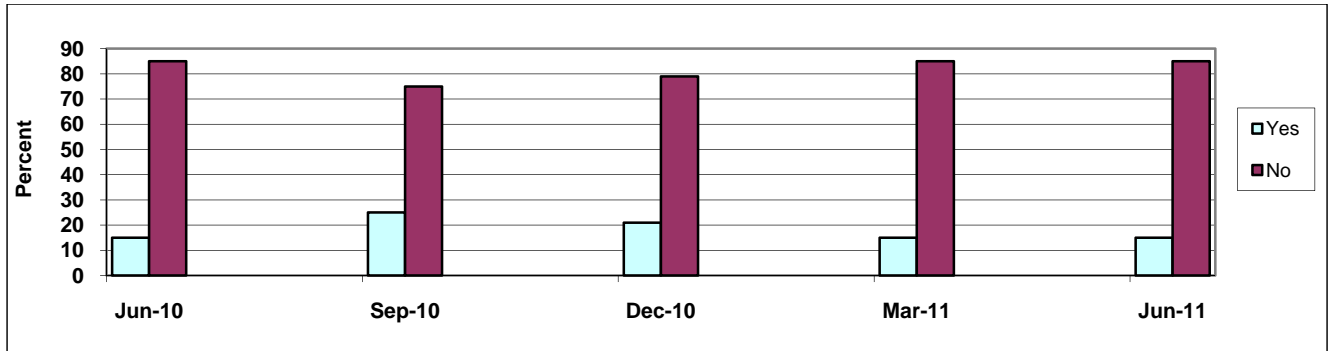
Second Quarter 2011

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2011** results are compiled from **34** 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	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
RE/Const/Land Devel	13%	18%	29%	11%	12%
RE/Agricultural	12%	10%	7%	0%	13%
RE/Commercial/Indust	25%	18%	7%	0%	25%
RE/Residential	13%	18%	7%	22%	25%
Agricultural	12%	18%	14%	11%	12%
Commercial/Industrial	13%	18%	14%	45%	13%
Consumer	12%	0%	22%	11%	0%

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

Of Yes Responses-Loan type	Sep-10		Dec-10		Mar-11		Jun-11	
	Yes 6%	No 94%	Yes 3%	No 97%	Yes 3%	No 97%	Yes 6%	No 94%
Sub-prime/Predatory lending	33%		0%		0%		50%	
Dealer paper	67%		100%		100%		50%	
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?

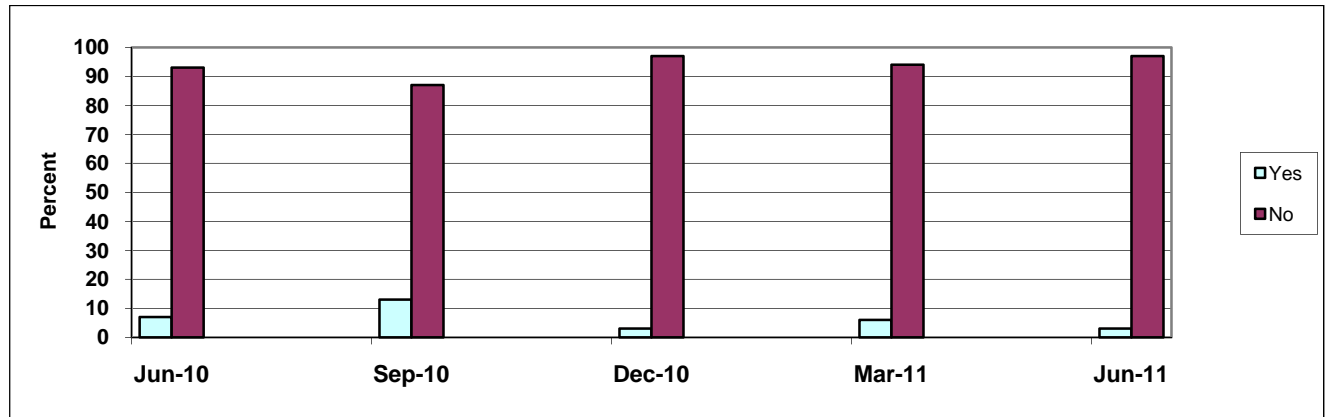
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	0%	6%	6%	0%	0%
No	100%	94%	94%	100%	100%

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

Of Yes Responses - Loan type	Sep-10		Dec-10		Mar-11		Jun-11	
	Yes 16%	No 84%	Yes 12%	No 88%	Yes 9%	No 91%	Yes 12%	No 88%
Credit card	16%		0%		12%		0%	
Consumer	26%		30%		33%		40%	
Residential mortgage	21%		40%		33%		30%	
Small business	21%		20%		22%		30%	
Other	16%		10%		0%		0%	

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



Of yes responses:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Making collateral based loans?	38%	29%	20%	25%	33%
Reduced collateral margins?	12%	0%	20%	0%	0%
Not requiring cash flow projections?	25%	29%	20%	25%	33%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	29%	20%	25%	33%
Waiving guarantees or other documentation?	0%	13%	20%	0%	0%
Other	0%	0%	0%	25%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Agricultural Loans					
Minimal	92%	75%	91%	76%	82%
Moderate	8%	25%	9%	21%	15%
Substantial	0%	0%	0%	3%	3%
Commercial Loans					
Minimal	54%	47%	59%	58%	62%
Moderate	33%	47%	38%	39%	32%
Substantial	13%	6%	3%	3%	6%
Consumer Loans					
Minimal	77%	66%	77%	85%	76%
Moderate	23%	34%	20%	12%	21%
Substantial	0%	0%	3%	3%	3%
Residential Loans					
Minimal	77%	66%	74%	85%	74%
Moderate	23%	34%	20%	12%	23%
Substantial	0%	0%	6%	3%	3%

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

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Agricultural Loans					
Minimal	97%	91%	94%	91%	91%
Moderate	3%	9%	6%	9%	6%
Substantial	0%	0%	0%	0%	3%
Commercial Loans					
Minimal	77%	62%	79%	88%	79%
Moderate	18%	38%	21%	12%	18%
Substantial	5%	0%	0%	0%	3%
Consumer Loans					
Minimal	97%	91%	91%	100%	88%
Moderate	0%	9%	6%	0%	9%
Substantial	3%	0%	3%	0%	3%
Residential Loans					
Minimal	97%	91%	94%	91%	85%
Moderate	0%	9%	3%	9%	12%
Substantial	3%	0%	3%	0%	3%

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

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Carryover Debt					
Minimal	85%	78%	97%	94%	88%
Moderate	15%	22%	3%	6%	12%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	92%	84%	97%	94%	91%
Moderate	8%	16%	3%	6%	9%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	80%	81%	91%	82%	76%
Moderate	20%	19%	6%	18%	21%
Substantial	0%	0%	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 (%)	Sep-10		Dec-10		Mar-11		Jun-11	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	19.8	(8.6)	13.3	(14.3)	15.1	(14.3)	14.0	(9.1)
Cause of Increase								
Eased underwriting standards	6%		3%		8%		3%	
Deterioration in new loans	4%		11%		3%		3%	
Deterioration in older loans	45%		45%		48%		41%	
Participations or out-of-territory	8%		0%		3%		8%	
Economic conditions	33%		38%		27%		32%	
Changes in lending personnel	0%		3%		3%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	4%		0%		8%		13%	

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

Loan Type	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
RE/Const/Land Development	26%	35%	42%	32%	19%
RE/Agriculture	2%	3%	1%	3%	4%
RE/Commercial/Industrial	44%	38%	38%	44%	57%
RE/Residential	11%	9%	7%	8%	9%
Agricultural	1%	0%	1%	2%	1%
Commercial/Industrial	13%	13%	9%	9%	8%
Consumer	3%	2%	2%	2%	2%

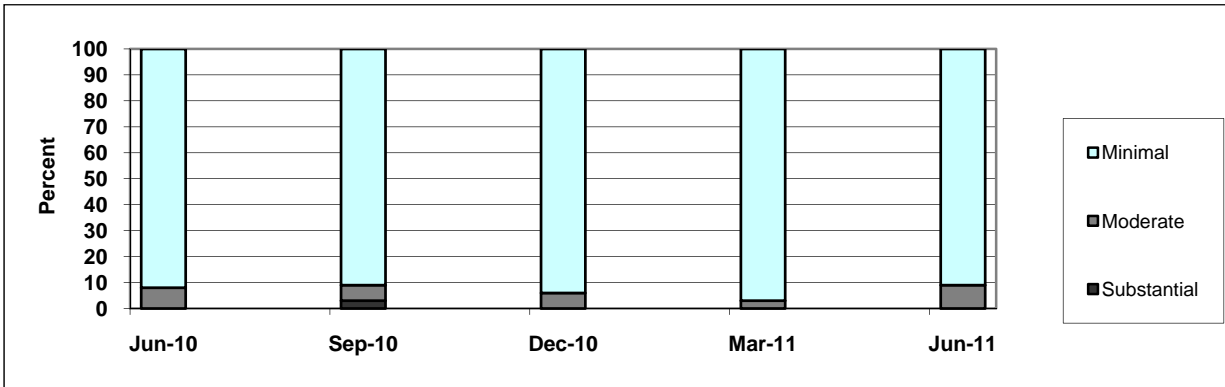
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INVESTMENTS

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

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	3%	3%	0%	0%	3%
No	97%	97%	100%	100%	97%

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



OTHER

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

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	87%	81%	85%	97%	94%
No	13%	19%	15%	3%	6%
If yes, does the bank actively borrow from the FHLB?					
Yes	82%	89%	76%	75%	75%
No	18%	11%	24%	25%	25%

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

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	15%	12%	9%	6%	15%
No	85%	88%	91%	94%	85%

15. List nontraditional activity the institution is engaged in.

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	85%	75%	97%	91%	94%
No	15%	25%	3%	9%	6%
Of those that do:					
Nondeposit Investment Sales	13%	15%	12%	19%	14%
Insurance Sales	10%	9%	6%	8%	12%
Real Estate Loan Secondary Market Sales	29%	25%	33%	24%	23%
Non-transactional Web Site	7%	7%	6%	3%	5%
Transactional Web Site	40%	40%	41%	43%	45%
Other	1%	4%	2%	3%	1%