

EXAMINER'S BANKING PRACTICES SURVEY

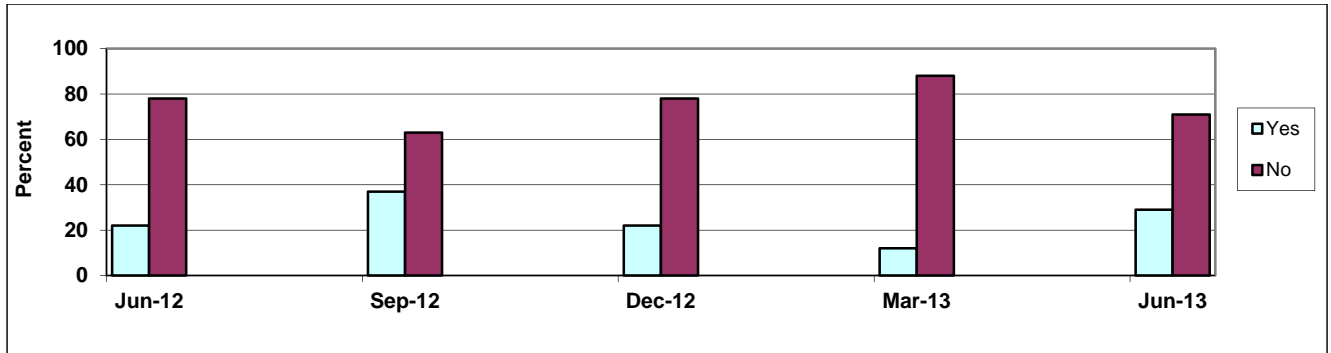
Second Quarter 2013

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2013** results are compiled from **31** 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-12	Sep-12	Dec-12	Mar-13	Jun-13
RE/Const/Land Devel	10%	19%	7%	25%	10%
RE/Agricultural	15%	5%	21%	0%	20%
RE/Commercial/Indust	15%	19%	21%	0%	15%
RE/Residential	5%	5%	7%	0%	10%
Agricultural	20%	14%	30%	0%	20%
Commercial/Industrial	20%	24%	7%	50%	20%
Consumer	15%	14%	7%	25%	5%

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

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

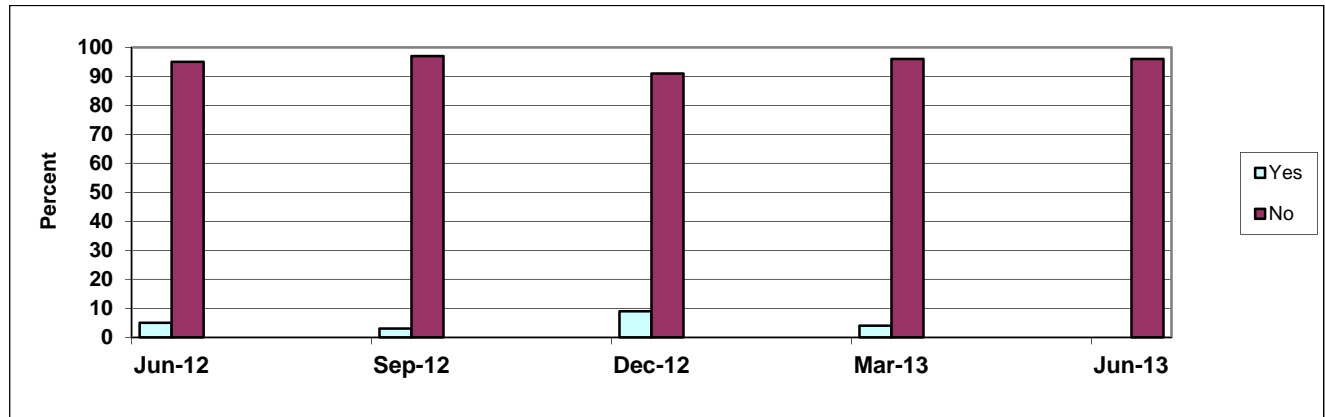
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Yes	0%	0%	0%	0%	10%
No	100%	100%	100%	100%	90%

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

	Sep-12		Dec-12		Mar-13		Jun-13	
	Yes 13%	No 87%	Yes 9%	No 91%	Yes 16%	No 84%	Yes 7%	No 93%
Of Yes Responses - Loan type								
Credit card	0%		13%		13%		29%	
Consumer	33%		37%		50%		29%	
Residential mortgage	33%		37%		25%		29%	
Small business	33%		13%		12%		13%	
Other	0%		0%		0%		0%	

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



Of yes responses:

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

6. Describe potential risk in current underwriting practices for:

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Agricultural Loans					
Minimal	88%	87%	84%	96%	90%
Moderate	12%	13%	16%	4%	10%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	75%	77%	75%	80%	74%
Moderate	25%	20%	25%	20%	23%
Substantial	0%	3%	0%	0%	3%
Consumer Loans					
Minimal	88%	83%	78%	84%	87%
Moderate	12%	17%	19%	16%	10%
Substantial	0%	0%	3%	0%	3%
Residential Loans					
Minimal	88%	87%	78%	88%	87%
Moderate	12%	13%	22%	12%	10%
Substantial	0%	0%	0%	0%	3%

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

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Agricultural Loans					
Minimal	95%	97%	97%	92%	100%
Moderate	5%	3%	3%	8%	0%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	88%	83%	84%	88%	90%
Moderate	12%	13%	13%	12%	10%
Substantial	0%	4%	3%	0%	0%
Consumer Loans					
Minimal	90%	90%	91%	84%	93%
Moderate	10%	10%	6%	16%	7%
Substantial	0%	0%	3%	0%	0%
Residential Loans					
Minimal	95%	90%	91%	88%	97%
Moderate	5%	10%	9%	12%	3%
Substantial	0%	0%	0%	0%	0%

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

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Carryover Debt					
Minimal	85%	93%	84%	92%	97%
Moderate	15%	7%	13%	8%	3%
Substantial	0%	0%	3%	0%	0%
Phase-out of Farm Subsidies					
Minimal	80%	93%	91%	96%	87%
Moderate	20%	7%	9%	4%	13%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	72%	87%	88%	88%	81%
Moderate	28%	13%	12%	12%	16%
Substantial	0%	0%	0%	0%	3%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Sep-12		Dec-12		Mar-13		Jun-13	
	+	-	+	-	+	-	+	-
No. Banks with Inc/(Dec) in ratio (%)	13%	87%	28%	72%	20%	80%	16%	84%
Average Inc/(Dec) in Ratio	34.2	(15.4)	37.9	(11.5)	4.1	(17.2)	4.5	(15.6)
Cause of Increase								
Eased underwriting standards	0%		0%		0%		0%	
Deterioration in new loans	0%		0%		0%		0%	
Deterioration in older loans	67%		58%		56%		71%	
Participations or out-of-territory	0%		0%		22%		0%	
Economic conditions	0%		17%		11%		29%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	33%		25%		11%		0%	

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

Loan Type	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
RE/Const/Land Development	23%	20%	21%	21%	15%
RE/Agriculture	3%	1%	1%	3%	3%
RE/Commercial/Industrial	42%	47%	54%	50%	54%
RE/Residential	14%	13%	12%	13%	15%
Agricultural	3%	1%	1%	0%	0%
Commercial/Industrial	13%	6%	8%	10%	10%
Consumer	2%	12%	3%	3%	3%

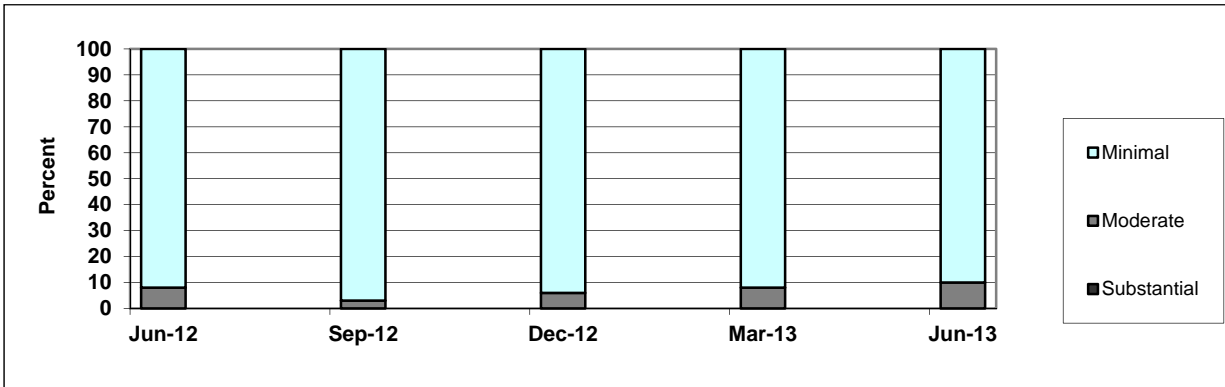
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INVESTMENTS

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

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

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



OTHER

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

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Yes	95%	83%	88%	80%	93%
No	5%	17%	12%	20%	7%
If yes, does the bank actively borrow from the FHLB?					
Yes	68%	72%	75%	65%	79%
No	32%	28%	25%	35%	21%

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

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

15. List nontraditional activity the institution is engaged in.

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Yes	98%	90%	87%	92%	93%
No	2%	10%	13%	8%	7%
Of those that do:					
Nondeposit Investment Sales	15%	12%	14%	15%	17%
Insurance Sales	16%	12%	10%	11%	9%
Real Estate Loan Secondary Market Sales	30%	32%	32%	28%	33%
Non-transactional Web Site	3%	2%	3%	0%	3%
Transactional Web Site	36%	40%	40%	46%	37%
Other	0%	2%	1%	0%	1%