

# EXAMINER'S BANKING PRACTICES SURVEY

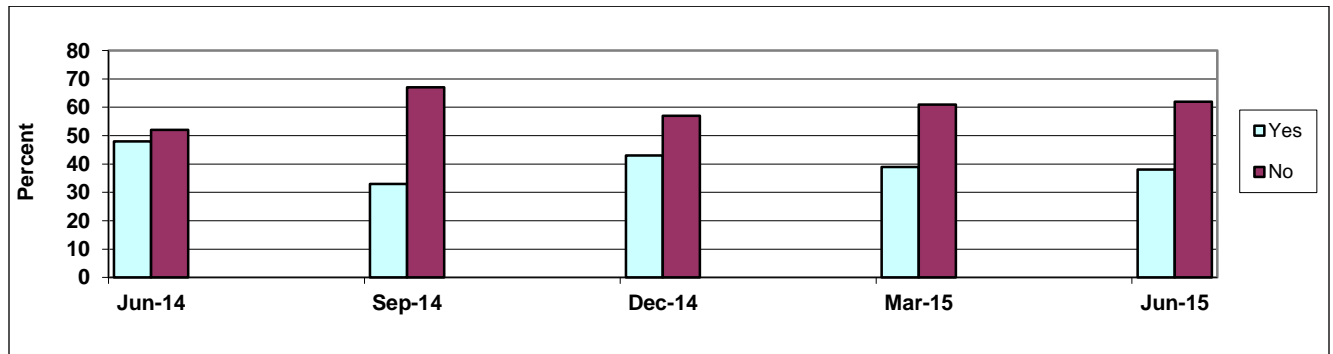
Second Quarter 2015

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2015** 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	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
RE/Const/Land Devel	16%	23%	22%	27%	22%
RE/Agricultural	5%	23%	10%	18%	11%
RE/Commercial/Indust	16%	15%	10%	9%	11%
RE/Residential	5%	15%	3%	9%	6%
Agricultural	16%	8%	16%	14%	17%
Commercial/Industrial	37%	8%	26%	14%	33%
Consumer	5%	8%	13%	9%	0%

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

	Sep-14		Dec-14		Mar-15		Jun-15	
	Yes 7%	No 93%	Yes 7%	No 93%	Yes 16%	No 84%	Yes 10%	No 90%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		16%		33%	
Dealer paper	100%		100%		68%		67%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		16%		0%	

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

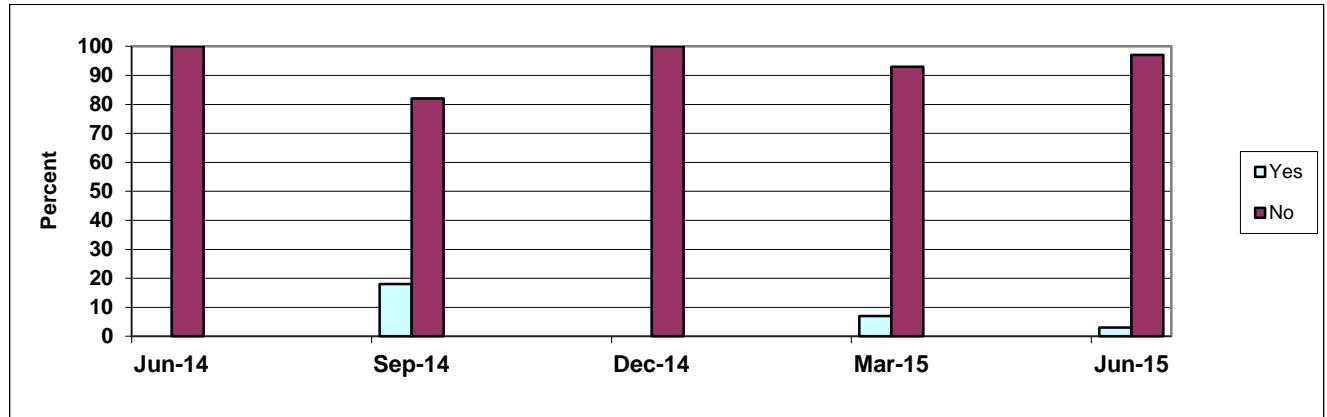
	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Yes	0%	0%	7%	7%	0%
No	100%	100%	93%	93%	100%

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

Of Yes Responses - Loan type	Sep-14		Dec-14		Mar-15		Jun-15	
	Yes 15%	No 85%	Yes 14%	No 86%	Yes 16%	No 84%	Yes 20%	No 80%
Credit card	0%		11%		15%		16%	
Consumer	40%		33%		39%		42%	
Residential mortgage	40%		45%		23%		42%	
Small business	20%		11%		23%		%	
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-14	Sep-14	Dec-14	Mar-15	Jun-15
Making collateral based loans?	0%	38%	0%	20%	0%
Reduced collateral margins?	0%	12%	0%	20%	0%
Not requiring cash flow projections?	0%	12%	0%	40%	50%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	38%	0%	20%	50%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>Agricultural Loans</b>					
Minimal	95%	89%	100%	94%	94%
Moderate	5%	11%	0%	3%	3%
Substantial	0%	0%	0%	3%	3%
<b>Commercial Loans</b>					
Minimal	76%	70%	86%	78%	83%
Moderate	19%	22%	14%	19%	14%
Substantial	5%	8%	0%	3%	3%
<b>Consumer Loans</b>					
Minimal	86%	82%	93%	90%	90%
Moderate	14%	15%	7%	10%	7%
Substantial	0%	3%	0%	0%	3%
<b>Residential Loans</b>					
Minimal	86%	82%	93%	90%	86%
Moderate	14%	15%	7%	10%	10%
Substantial	0%	3%	0%	0%	4%

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

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>Agricultural Loans</b>					
Minimal	100%	93%	100%	94%	94%
Moderate	0%	7%	0%	6%	3%
Substantial	0%	0%	0%	0%	3%
<b>Commercial Loans</b>					
Minimal	95%	85%	93%	94%	86%
Moderate	5%	15%	7%	3%	10%
Substantial	0%	0%	0%	3%	4%
<b>Consumer Loans</b>					
Minimal	100%	93%	96%	90%	94%
Moderate	0%	7%	4%	7%	3%
Substantial	0%	0%	0%	3%	3%
<b>Residential Loans</b>					
Minimal	95%	89%	93%	93%	90%
Moderate	5%	11%	7%	7%	7%
Substantial	0%	0%	0%	0%	3%

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

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>Carryover Debt</b>					
Minimal	100%	93%	89%	90%	72%
Moderate	0%	7%	11%	7%	28%
Substantial	0%	0%	0%	3%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	100%	100%	93%	97%	97%
Moderate	0%	0%	7%	3%	3%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	90%	93%	89%	84%	86%
Moderate	10%	7%	11%	13%	14%
Substantial	0%	0%	0%	3%	0%

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

	Sep-14		Dec-14		Mar-15		Jun-15	
	+	-	+	-	+	-	+	-
No. Banks with Inc/(Dec) in ratio (%)	52%	48%	18%	82%	29%	71%	14%	86%
Average Inc/(Dec) in Ratio	10.4	(10.5)	4.3	(17.2)	11.2	(9.2)	11.4	(7.6)
<b>Cause of Increase</b>								
Eased underwriting standards	5%		11%		7%		20%	
Deterioration in new loans	17%		11%		15%		0%	
Deterioration in older loans	67%		45%		62%		60%	
Participations or out-of-territory	0%		0%		8%		0%	
Economic conditions	11%		11%		8%		20%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	0%		22%		0%		0%	

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

Loan Type	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
RE/Const/Land Development	23%	42%	10%	21%	15%
RE/Agriculture	4%	1%	4%	3%	1%
RE/Commercial/Industrial	42%	22%	55%	46%	51%
RE/Residential	14%	20%	19%	14%	18%
Agricultural	1%	1%	0%	1%	1%
Commercial/Industrial	14%	11%	10%	7%	10%
Consumer	2%	3%	2%	8%	4%

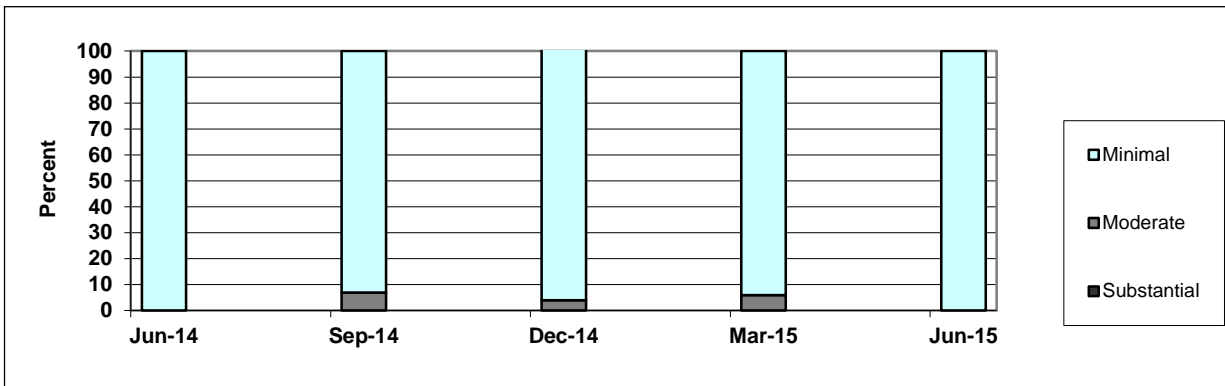
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**INVESTMENTS**

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

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
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?

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Yes	95%	93%	86%	97%	93%
No	5%	7%	14%	3%	7%
If yes, does the bank actively borrow from the FHLB?					
Yes	65%	68%	58%	47%	67%
No	35%	32%	42%	53%	33%

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

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Yes	10%	15%	18%	13%	3%
No	90%	85%	82%	87%	97%

15. List nontraditional activity the institution is engaged in.

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Yes	100%	96%	100%	94%	97%
No	0%	4%	0%	6%	3%
Of those that do:					
Nondeposit Investment Sales	38%	27%	43%	35%	43%
Insurance Sales	19%	23%	11%	24%	29%
Real Estate Loan Secondary Market Sales	62%	62%	61%	69%	64%
Non-transactional Web Site	0%	4%	18%	3%	11%
Transactional Web Site	100%	89%	89%	93%	89%
Other	0%	0%	11%	0%	4%