

# EXAMINER'S BANKING PRACTICES SURVEY

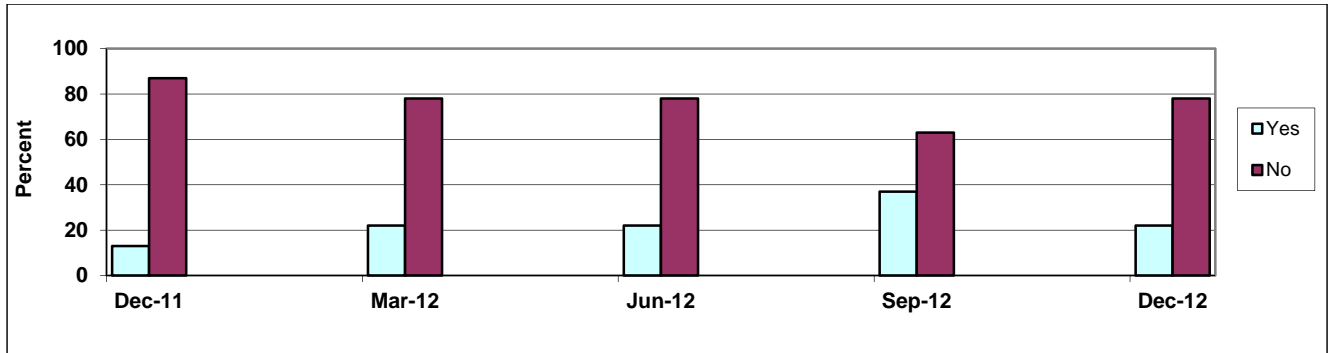
Fourth Quarter 2012

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2012** results are compiled from **32** 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	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
RE/Const/Land Devel	20%	50%	10%	19%	7%
RE/Agricultural	0%	13%	15%	5%	21%
RE/Commercial/Indust	0%	0%	15%	19%	21%
RE/Residential	0%	0%	5%	5%	7%
Agricultural	40%	12%	20%	14%	30%
Commercial/Industrial	0%	13%	20%	24%	7%
Consumer	40%	12%	15%	14%	7%

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

Of Yes Responses-Loan type	Mar-12		Jun-12		Sep-12		Dec-12	
	Yes 13%	No 87%	Yes 8%	No 92%	Yes 3%	No 97%	Yes 6%	No 94%
Sub-prime/Predatory lending	25%		0%		0%		50%	
Dealer paper	75%		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?

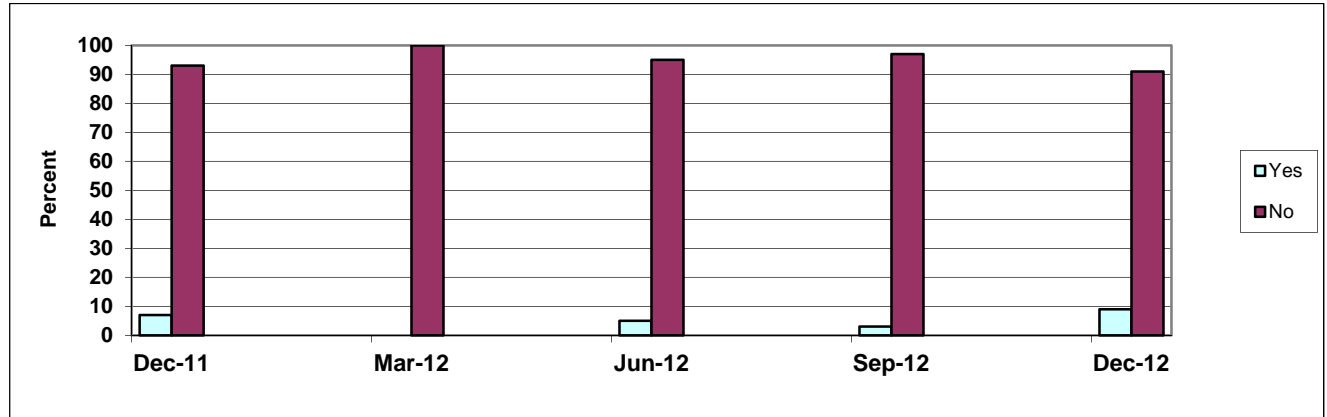
	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

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

	Mar-12		Jun-12		Sep-12		Dec-12	
	Yes 9%	No 91%	Yes 15%	No 85%	Yes 13%	No 87%	Yes 9%	No 91%
Of Yes Responses - Loan type								
Credit card	12%		12%		0%		13%	
Consumer	33%		38%		33%		37%	
Residential mortgage	33%		31%		33%		37%	
Small business	11%		12%		33%		13%	
Other	11%		7%		0%		0%	

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



Of yes responses:

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Making collateral based loans?	25%	0%	50%	0%	17%
Reduced collateral margins?	0%	0%	0%	0%	17%
Not requiring cash flow projections?	50%	0%	50%	33%	17%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	0%	0%	33%	49%
Waiving guarantees or other documentation?	0%	0%	0%	33%	0%
Other	0%	0%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
<b>Agricultural Loans</b>					
Minimal	84%	94%	88%	87%	84%
Moderate	16%	6%	12%	13%	16%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	61%	72%	75%	77%	75%
Moderate	36%	25%	25%	20%	25%
Substantial	3%	3%	0%	3%	0%
<b>Consumer Loans</b>					
Minimal	84%	75%	88%	83%	78%
Moderate	16%	25%	12%	17%	19%
Substantial	0%	0%	0%	0%	3%
<b>Residential Loans</b>					
Minimal	84%	75%	88%	87%	78%
Moderate	16%	22%	12%	13%	22%
Substantial	0%	3%	0%	0%	0%

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

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
<b>Agricultural Loans</b>					
Minimal	100%	97%	95%	97%	97%
Moderate	0%	3%	5%	3%	3%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	90%	88%	88%	83%	84%
Moderate	10%	12%	12%	13%	13%
Substantial	0%	0%	0%	4%	3%
<b>Consumer Loans</b>					
Minimal	97%	88%	90%	90%	91%
Moderate	3%	12%	10%	10%	6%
Substantial	0%	0%	0%	0%	3%
<b>Residential Loans</b>					
Minimal	94%	81%	95%	90%	91%
Moderate	6%	16%	5%	10%	9%
Substantial	0%	3%	0%	0%	0%

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

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
<b>Carryover Debt</b>					
Minimal	90%	94%	85%	93%	84%
Moderate	10%	6%	15%	7%	13%
Substantial	0%	0%	0%	0%	3%
<b>Phase-out of Farm Subsidies</b>					
Minimal	90%	91%	80%	93%	91%
Moderate	10%	9%	20%	7%	9%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	84%	81%	72%	87%	88%
Moderate	16%	19%	28%	13%	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 (%)	Mar-12		Jun-12		Sep-12		Dec-12	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	13.8	(10.2)	4.4	(11.7)	34.2	(15.4)	37.9	(11.5)
<b>Cause of Increase</b>								
Eased underwriting standards	0%		0%		0%		0%	
Deterioration in new loans	14%		0%		0%		0%	
Deterioration in older loans	57%		63%		67%		58%	
Participations or out-of-territory	7%		4%		0%		0%	
Economic conditions	22%		25%		0%		17%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	0%		8%		33%		25%	

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

Loan Type	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
RE/Const/Land Development	24%	26%	23%	20%	21%
RE/Agriculture	1%	3%	3%	1%	1%
RE/Commercial/Industrial	53%	48%	42%	47%	54%
RE/Residential	12%	12%	14%	13%	12%
Agricultural	1%	1%	3%	1%	1%
Commercial/Industrial	6%	8%	13%	6%	8%
Consumer	3%	2%	2%	12%	3%

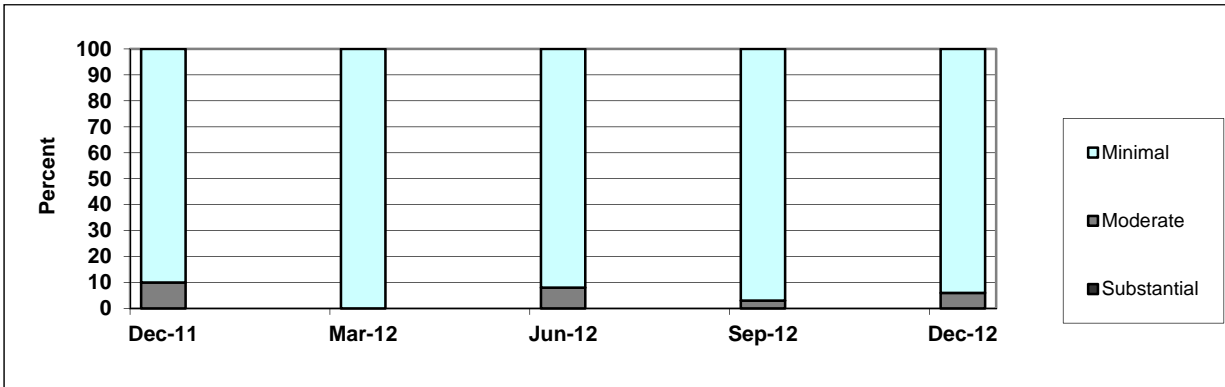
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**INVESTMENTS**

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

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
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?

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Yes	81%	88%	95%	83%	88%
No	19%	12%	5%	17%	12%
If yes, does the bank actively borrow from the FHLB?					
Yes	68%	68%	68%	72%	75%
No	32%	32%	32%	28%	25%

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

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Yes	3%	6%	15%	7%	16%
No	97%	94%	85%	93%	84%

15. List nontraditional activity the institution is engaged in.

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Yes	87%	97%	98%	90%	87%
No	13%	3%	2%	10%	13%
Of those that do:					
Nondeposit Investment Sales	19%	15%	15%	12%	14%
Insurance Sales	10%	5%	16%	12%	10%
Real Estate Loan Secondary Market Sales	23%	29%	30%	32%	32%
Non-transactional Web Site	2%	11%	3%	2%	3%
Transactional Web Site	42%	39%	36%	40%	40%
Other	4%	1%	0%	2%	1%