

EXAMINER'S BANKING PRACTICES SURVEY

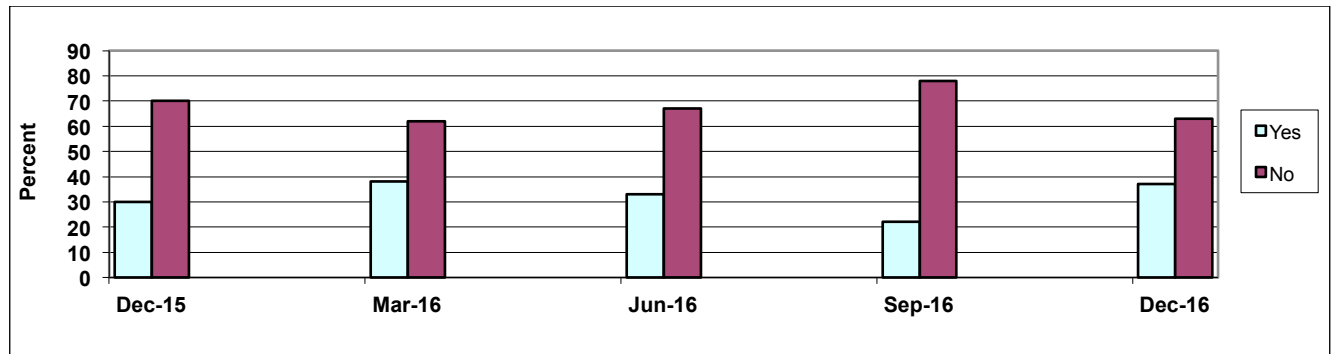
Fourth Quarter 2016

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2016** results are compiled from **24** 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-15	Mar-16	Jun-16	Sep-16	Dec-16
RE/Const/Land Devel	0%	16%	13%	25%	10%
RE/Agricultural	25%	11%	7%	13%	10%
RE/Commercial/Indust	6%	5%	13%	12%	9%
RE/Residential	25%	10%	7%	0%	9%
Agricultural	13%	21%	13%	12%	24%
Commercial/Industrial	31%	16%	34%	38%	19%
Consumer	0%	21%	13%	0%	19%

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

Of Yes Responses-Loan type	Mar-16		Jun-16		Sep-16		Dec-16	
	Yes 0%	No 100%	Yes 10%	No 90%	Yes 9%	No 91%	Yes 0%	No 100%
Sub-prime/Predatory lending	0%		0%		33%		0%	
Dealer paper	0%		100%		67%		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?

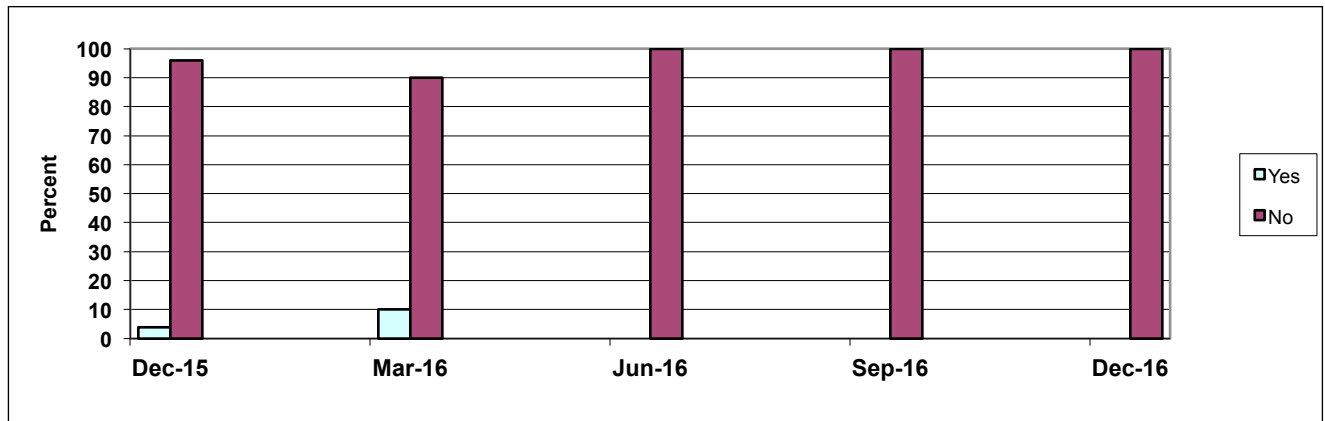
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Yes	0%	0%	0%	4%	0%
No	100%	100%	100%	96%	100%

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

Of Yes Responses - Loan type	Mar-16		Jun-16		Sep-16		Dec-16	
	Yes 24%	No 76%	Yes 5%	No 95%	Yes 9%	No 91%	Yes 13%	No 87%
Credit card	0%		33%		0%		17%	
Consumer	50%		33%		67%		33%	
Residential mortgage	40%		33%		33%		33%	
Small business	10%		0%		0%		17%	
Other	0%		0%		0%		0%	

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



Of yes responses:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Making collateral based loans?	100%	20%	0%	0%	0%
Reduced collateral margins?	0%	20%	0%	0%	0%
Not requiring cash flow projections?	0%	40%	0%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	20%	0%	0%	0%
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:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Agricultural Loans					
Minimal	78%	81%	86%	91%	87%
Moderate	22%	14%	14%	9%	13%
Substantial	0%	5%	0%	0%	0%
Commercial Loans					
Minimal	86%	71%	95%	87%	87%
Moderate	14%	19%	5%	13%	13%
Substantial	0%	10%	0%	0%	0%
Consumer Loans					
Minimal	89%	86%	95%	87%	92%
Moderate	11%	9%	5%	13%	8%
Substantial	0%	5%	0%	0%	0%
Residential Loans					
Minimal	89%	86%	100%	91%	100%
Moderate	11%	9%	0%	9%	0%
Substantial	0%	5%	0%	0%	0%

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

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Agricultural Loans					
Minimal	89%	86%	90%	96%	87%
Moderate	11%	9%	10%	4%	13%
Substantial	0%	5%	0%	0%	0%
Commercial Loans					
Minimal	85%	81%	90%	87%	96%
Moderate	15%	9%	10%	13%	4%
Substantial	0%	10%	0%	0%	0%
Consumer Loans					
Minimal	93%	91%	95%	87%	96%
Moderate	7%	0%	5%	13%	4%
Substantial	0%	9%	0%	0%	0%
Residential Loans					
Minimal	93%	90%	100%	87%	92%
Moderate	7%	5%	0%	13%	8%
Substantial	0%	5%	0%	0%	0%

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

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Carryover Debt					
Minimal	70%	67%	71%	83%	83%
Moderate	26%	33%	29%	17%	17%
Substantial	4%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	96%	86%	95%	87%	100%
Moderate	4%	14%	5%	13%	0%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	78%	71%	90%	87%	83%
Moderate	18%	29%	10%	13%	17%
Substantial	4%	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-16		Jun-16		Sep-16		Dec-16	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	8.8	(12.8)	5.3	(5.0)	12.2	(7.5)	4.2	(6.0)
Cause of Increase								
Eased underwriting standards	13%		0%		17%		0%	
Deterioration in new loans	25%		0%		33%		0%	
Deterioration in older loans	44%		73%		50%		75%	
Participations or out-of-territory	0%		9%		0%		0%	
Economic conditions	6%		9%		0%		13%	
Changes in lending personnel	6%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	6%		9%		0%		12%	

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

Loan Type	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
RE/Const/Land Development	7%	15%	9%	26%	14%
RE/Agriculture	13%	12%	4%	4%	3%
RE/Commercial/Industrial	32%	45%	43%	31%	14%
RE/Residential	20%	17%	11%	19%	9%
Agricultural	4%	3%	6%	1%	1%
Commercial/Industrial	19%	5%	20%	13%	57%
Consumer	5%	3%	7%	6%	2%

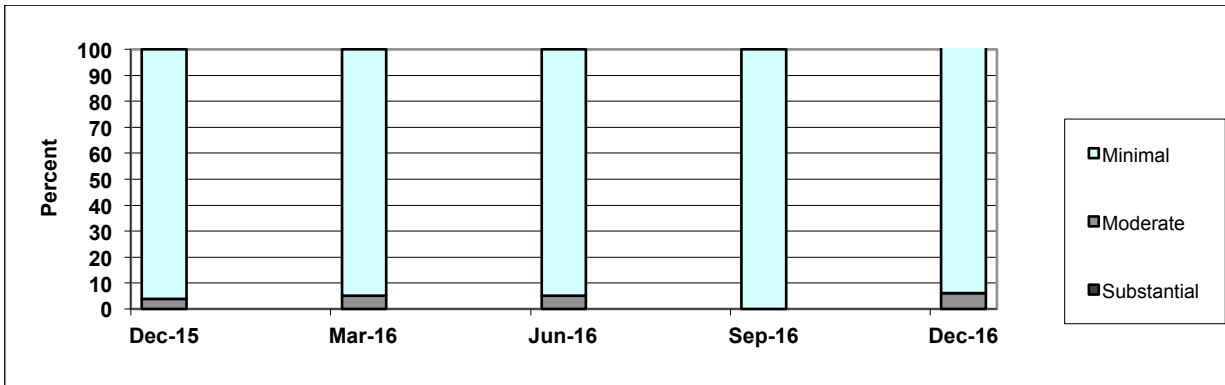
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INVESTMENTS

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

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
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-15	Mar-16	Jun-16	Sep-16	Dec-16
Yes	89%	95%	95%	87%	96%
No	11%	5%	5%	13%	4%
If yes, does the bank actively borrow from the FHLB?					
Yes	60%	65%	70%	60%	52%
No	40%	35%	30%	40%	48%

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

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Yes	11%	0%	24%	26%	12%
No	89%	100%	76%	74%	88%

15. List nontraditional activity the institution is engaged in.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Yes	88%	95%	100%	83%	88%
No	12%	5%	0%	17%	12%
Of those that do:					
Nondeposit Investment Sales	22%	35%	38%	37%	19%
Insurance Sales	4%	10%	29%	26%	10%
Real Estate Loan Secondary Market Sales	28%	65%	57%	63%	48%
Non-transactional Web Site	9%	15%	0%	11%	5%
Transactional Web Site	48%	90%	95%	95%	91%
Other	20%	5%	0%	11%	5%