

EXAMINER'S BANKING PRACTICES SURVEY

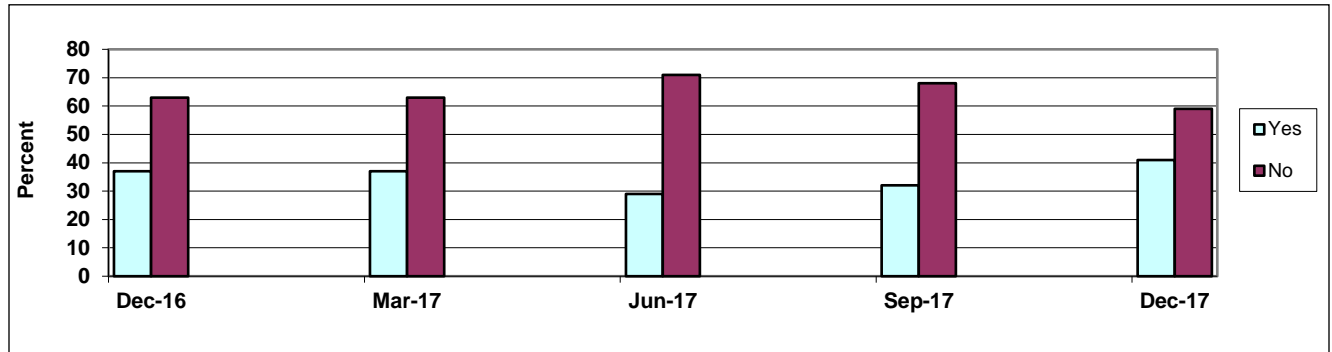
Fourth Quarter 2017

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2017** 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	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
RE/Const/Land Devel	10%	7%	22%	22%	15%
RE/Agricultural	10%	15%	29%	7%	12%
RE/Commercial/Indust	9%	15%	14%	21%	12%
RE/Residential	9%	7%	7%	7%	19%
Agricultural	24%	7%	7%	7%	15%
Commercial/Industrial	19%	22%	14%	29%	12%
Consumer	19%	27%	7%	7%	15%

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

Of Yes Responses-Loan type	Mar-17		Jun-17		Sep-17		Dec-17	
	Yes 18%	No 82%	Yes 8%	No 92%	Yes 4%	No 96%	Yes 10%	No 90%
Sub-prime/Predatory lending	50%		0%		0%		0%	
Dealer paper	25%		0%		100%		67%	
Low or No-doc bus. lending	13%		50%		0%		0%	
High LTV home eq. lending	12%		50%		0%		33%	

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

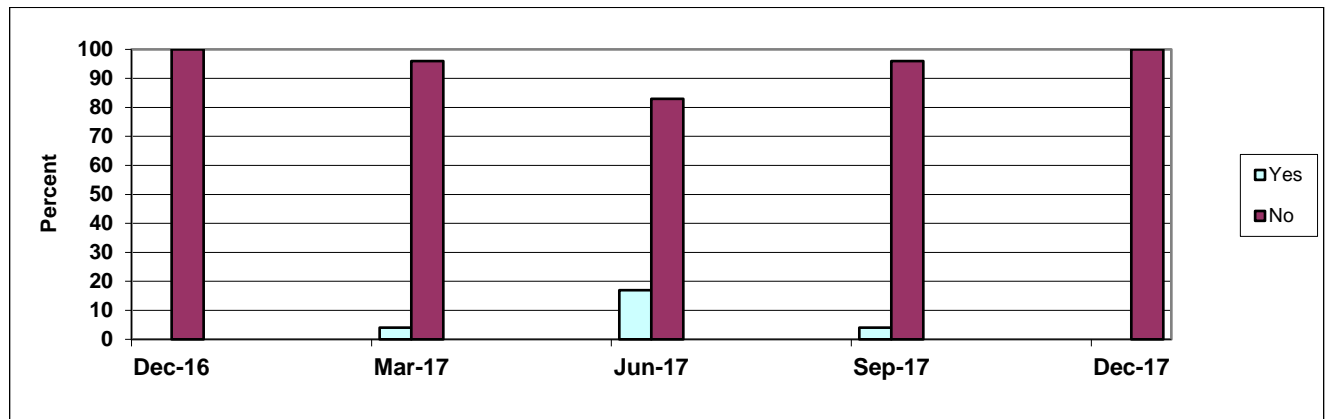
	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Yes	0%	0%	0%	4%	3%
No	100%	100%	100%	96%	97%

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

	Mar-17		Jun-17		Sep-17		Dec-17	
	Yes 19%	Yes 13%	No 87%	Yes 19%	Yes 4%	No 96%	Yes 21%	No 79%
Of Yes Responses - Loan type								
Credit card	17%		17%		50%		13%	
Consumer	33%		42%		50%		37%	
Residential mortgage	33%		33%		0%		25%	
Small business	17%		8%		0%		19%	
Other	0%		0%		0%		6%	

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



Of yes responses:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Making collateral based loans?	0%	50%	30%	50%	0%
Reduced collateral margins?	0%	0%	10%	0%	0%
Not requiring cash flow projections?	0%	0%	30%	50%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	50%	20%	0%	0%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	0%	0%	10%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Agricultural Loans					
Minimal	87%	78%	75%	92%	93%
Moderate	13%	22%	25%	4%	7%
Substantial	0%	0%	0%	4%	0%
Commercial Loans					
Minimal	87%	78%	79%	80%	83%
Moderate	13%	19%	21%	20%	17%
Substantial	0%	3%	0%	0%	0%
Consumer Loans					
Minimal	92%	89%	83%	88%	97%
Moderate	8%	7%	17%	12%	3%
Substantial	0%	4%	0%	0%	0%
Residential Loans					
Minimal	100%	93%	87%	88%	93%
Moderate	0%	7%	13%	12%	7%
Substantial	0%	0%	0%	0%	0%

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Agricultural Loans					
Minimal	87%	85%	88%	92%	93%
Moderate	13%	11%	12%	4%	7%
Substantial	0%	4%	0%	4%	0%
Commercial Loans					
Minimal	96%	89%	88%	84%	97%
Moderate	4%	7%	12%	12%	3%
Substantial	0%	4%	0%	4%	0%
Consumer Loans					
Minimal	96%	89%	88%	96%	100%
Moderate	4%	11%	12%	0%	0%
Substantial	0%	0%	0%	4%	0%
Residential Loans					
Minimal	92%	100%	88%	96%	100%
Moderate	8%	0%	12%	0%	0%
Substantial	0%	0%	0%	4%	0%

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Carryover Debt					
Minimal	83%	85%	79%	84%	90%
Moderate	17%	15%	21%	16%	10%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	100%	85%	96%	92%	97%
Moderate	0%	15%	4%	8%	3%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	83%	78%	88%	88%	86%
Moderate	17%	22%	12%	12%	14%
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-17		Jun-17		Sep-17		Dec-17	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	9.9	(10.0)	7.4	(5.4)	4.8	(6.7)	5.9	(9.8)
Cause of Increase								
Eased underwriting standards	0%		13%		0%		0%	
Deterioration in new loans	9%		13%		0%		0%	
Deterioration in older loans	72%		60%		78%		75%	
Participations or out-of-territory	0%		0%		0%		0%	
Economic conditions	0%		0%		11%		8%	
Changes in lending personnel	0%		7%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	19%		7%		11%		17%	

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

Loan Type	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
RE/Const/Land Development	14%	9%	3%	8%	14%
RE/Agriculture	3%	3%	9%	5%	8%
RE/Commercial/Industrial	14%	40%	38%	25%	42%
RE/Residential	9%	18%	19%	13%	19%
Agricultural	1%	2%	12%	1%	3%
Commercial/Industrial	57%	23%	17%	46%	5%
Consumer	2%	5%	2%	2%	9%

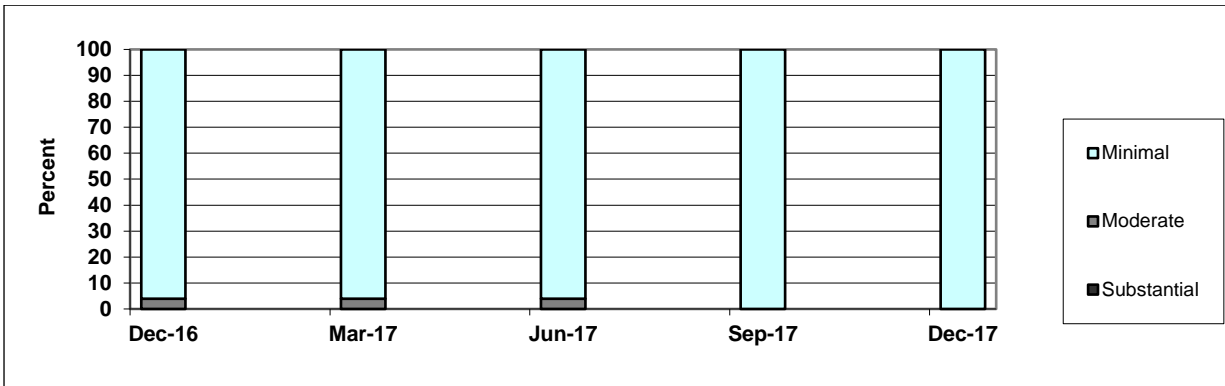
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INVESTMENTS

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
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-16	Mar-17	Jun-17	Sep-17	Dec-17
Yes	96%	93%	92%	92%	97%
No	4%	7%	8%	8%	3%
If yes, does the bank actively borrow from the FHLB?					
Yes	52%	67%	58%	57%	71%
No	48%	33%	42%	43%	29%

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Yes	12%	26%	8%	21%	14%
No	88%	74%	92%	79%	86%

15. List nontraditional activity the institution is engaged in.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Yes	88%	100%	92%	88%	97%
No	12%	0%	8%	12%	3%
Of those that do:					
Nondeposit Investment Sales	19%	27%	18%	41%	54%
Insurance Sales	10%	8%	23%	23%	25%
Real Estate Loan Secondary Market Sales	48%	54%	64%	64%	68%
Non-transactional Web Site	5%	8%	0%	5%	0%
Transactional Web Site	91%	81%	96%	91%	100%
Other	5%	4%	0%	14%	4%