

EXAMINER'S BANKING PRACTICES SURVEY

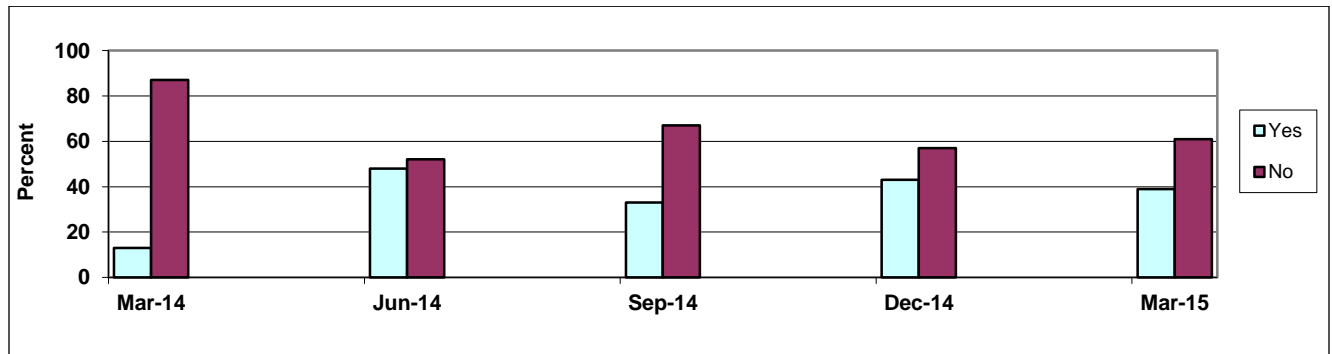
First Quarter 2015

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2015** 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	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
RE/Const/Land Devel	20%	16%	23%	22%	27%
RE/Agricultural	0%	5%	23%	10%	18%
RE/Commercial/Indust	0%	16%	15%	10%	9%
RE/Residential	0%	5%	15%	3%	9%
Agricultural	60%	16%	8%	16%	14%
Commercial/Industrial	20%	37%	8%	26%	14%
Consumer	0%	5%	8%	13%	9%

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

Of Yes Responses-Loan type	Jun-14		Sep-14		Dec-14		Mar-15	
	Yes 10%	No 90%	Yes 7%	No 93%	Yes 7%	No 93%	Yes 16%	No 84%
Sub-prime/Predatory lending	50%		0%		0%		16%	
Dealer paper	50%		100%		100%		68%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		16%	

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

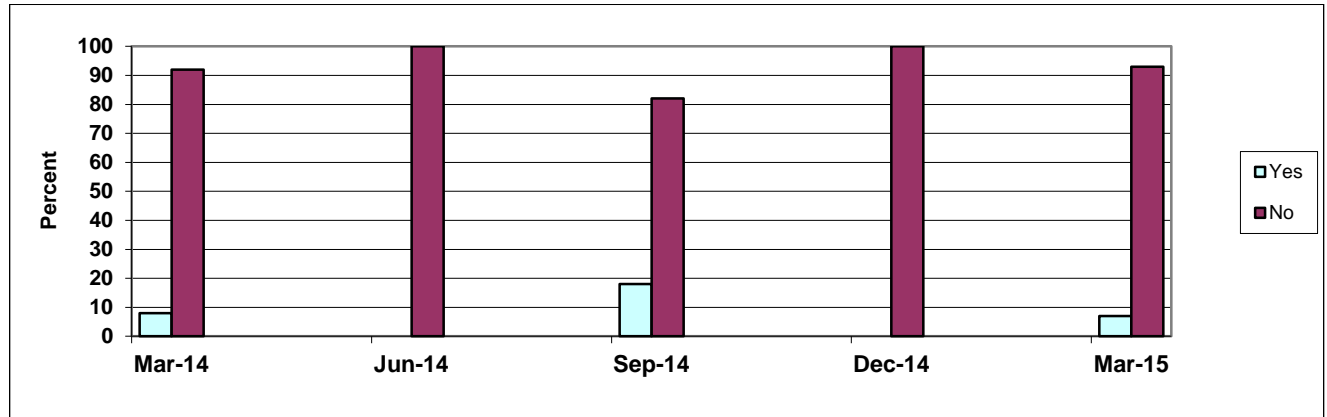
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Yes	8%	0%	0%	7%	7%
No	92%	100%	100%	93%	93%

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

	Jun-14		Sep-14		Dec-14		Mar-15	
	Yes 24%	No 76%	Yes 15%	No 85%	Yes 14%	No 86%	Yes 16%	No 84%
Of Yes Responses - Loan type								
Credit card	30%		0%		11%		15%	
Consumer	40%		40%		33%		39%	
Residential mortgage	30%		40%		45%		23%	
Small business	0%		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:

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Making collateral based loans?	0%	0%	38%	0%	20%
Reduced collateral margins?	33%	0%	12%	0%	20%
Not requiring cash flow projections?	0%	0%	12%	0%	40%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	33%	0%	38%	0%	20%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	33%	0%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Agricultural Loans					
Minimal	92%	95%	89%	100%	94%
Moderate	8%	5%	11%	0%	3%
Substantial	0%	0%	0%	0%	3%
Commercial Loans					
Minimal	83%	76%	70%	86%	78%
Moderate	17%	19%	22%	14%	19%
Substantial	0%	5%	8%	0%	3%
Consumer Loans					
Minimal	88%	86%	82%	93%	90%
Moderate	12%	14%	15%	7%	10%
Substantial	0%	0%	3%	0%	0%
Residential Loans					
Minimal	83%	86%	82%	93%	90%
Moderate	17%	14%	15%	7%	10%
Substantial	0%	0%	3%	0%	0%

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

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Agricultural Loans					
Minimal	96%	100%	93%	100%	94%
Moderate	4%	0%	7%	0%	6%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	92%	95%	85%	93%	94%
Moderate	8%	5%	15%	7%	3%
Substantial	0%	0%	0%	0%	3%
Consumer Loans					
Minimal	92%	100%	93%	96%	90%
Moderate	8%	0%	7%	4%	7%
Substantial	0%	0%	0%	0%	3%
Residential Loans					
Minimal	92%	95%	89%	93%	93%
Moderate	8%	5%	11%	7%	7%
Substantial	0%	0%	0%	0%	0%

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

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Carryover Debt					
Minimal	100%	100%	93%	89%	90%
Moderate	0%	0%	7%	11%	7%
Substantial	0%	0%	0%	0%	3%
Phase-out of Farm Subsidies					
Minimal	96%	100%	100%	93%	93%
Moderate	4%	0%	0%	7%	7%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	88%	90%	93%	89%	84%
Moderate	12%	10%	7%	11%	13%
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?

	Jun-14		Sep-14		Dec-14		Mar-15	
	+	-	+	-	+	-	+	-
No. Banks with Inc/(Dec) in ratio (%)	38%	62%	52%	48%	18%	82%	29%	71%
Average Inc/(Dec) in Ratio	7.1	(11.1)	10.4	(10.5)	4.3	(17.2)	11.2	(9.2)
Cause of Increase								
Eased underwriting standards	0%		5%		11%		7%	
Deterioration in new loans	0%		17%		11%		15%	
Deterioration in older loans	64%		67%		45%		62%	
Participations or out-of-territory	0%		0%		0%		8%	
Economic conditions	18%		11%		11%		8%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	18%		0%		22%		0%	

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

Loan Type	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
RE/Const/Land Development	28%	23%	42%	10%	21%
RE/Agriculture	2%	4%	1%	4%	3%
RE/Commercial/Industrial	31%	42%	22%	55%	46%
RE/Residential	20%	14%	20%	19%	14%
Agricultural	0%	1%	1%	0%	1%
Commercial/Industrial	14%	14%	11%	10%	7%
Consumer	5%	2%	3%	2%	8%

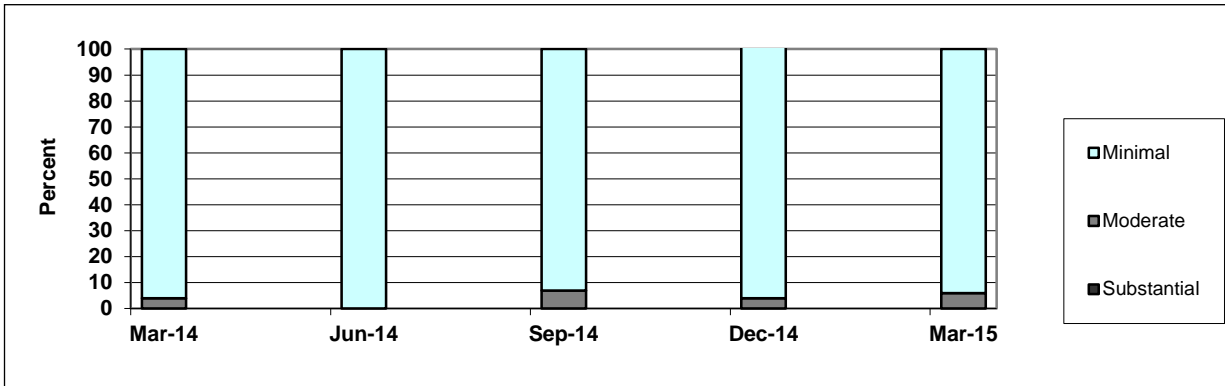
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INVESTMENTS

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

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Yes	4%	0%	0%	0%	0%
No	96%	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?

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Yes	92%	95%	93%	86%	97%
No	8%	5%	7%	14%	3%
If yes, does the bank actively borrow from the FHLB?					
Yes	64%	65%	68%	58%	47%
No	36%	35%	32%	42%	53%

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

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Yes	8%	10%	15%	18%	13%
No	92%	90%	85%	82%	87%

15. List nontraditional activity the institution is engaged in.

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Yes	100%	100%	96%	100%	94%
No	0%	0%	4%	0%	6%
Of those that do:					
Nondeposit Investment Sales	8%	38%	27%	43%	35%
Insurance Sales	13%	19%	23%	11%	24%
Real Estate Loan Secondary Market Sales	50%	62%	62%	61%	69%
Non-transactional Web Site	4%	0%	4%	18%	3%
Transactional Web Site	88%	100%	89%	89%	93%
Other	9%	0%	0%	11%	0%