

# EXAMINER'S BANKING PRACTICES SURVEY

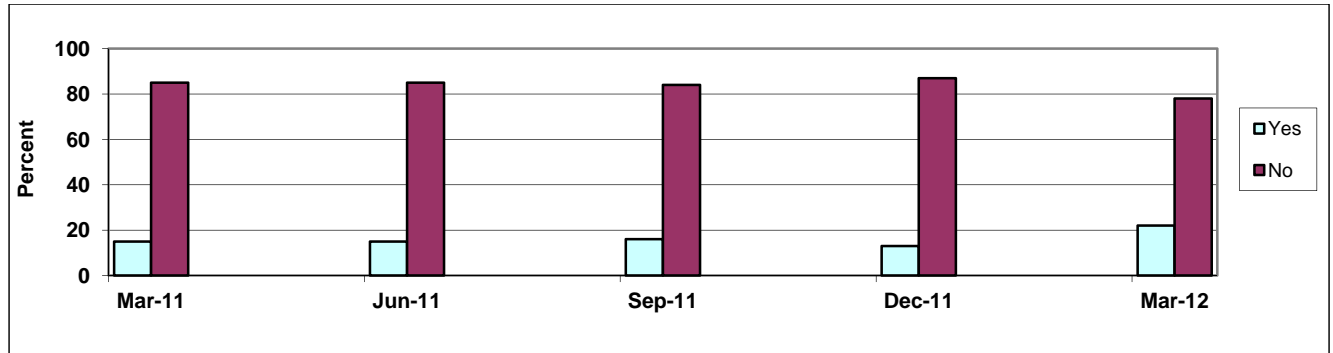
First Quarter 2012

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First 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	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
RE/Const/Land Devel	11%	12%	7%	20%	50%
RE/Agricultural	0%	13%	14%	0%	13%
RE/Commercial/Indust	0%	25%	29%	0%	0%
RE/Residential	22%	25%	0%	0%	0%
Agricultural	11%	12%	14%	40%	12%
Commercial/Industrial	45%	13%	22%	0%	13%
Consumer	11%	0%	14%	40%	12%

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

Of Yes Responses-Loan type	Jun-11		Sep-11		Dec-11		Mar-12	
	Yes 6%	No 94%	Yes 9%	No 91%	Yes 3%	No 97%	Yes 13%	No 87%
Sub-prime/Predatory lending	50%		25%		100%		25%	
Dealer paper	50%		75%		0%		75%	
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?

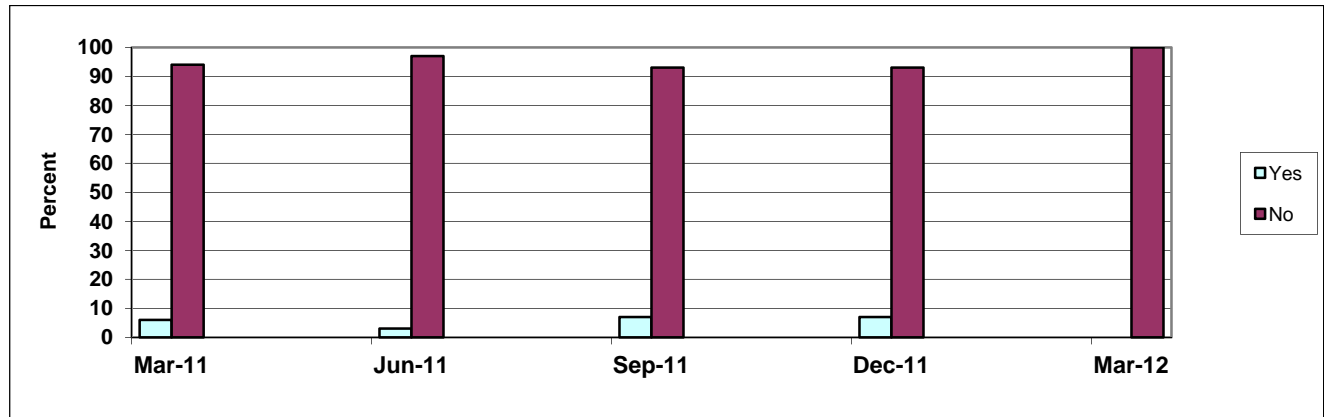
	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

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

	Jun-11		Sep-11		Dec-11		Mar-12	
	Yes 12%	No 88%	Yes 20%	No 80%	Yes 19%	No 81%	Yes 9%	No 91%
Of Yes Responses - Loan type								
Credit card	0%		6%		17%		12%	
Consumer	40%		29%		28%		33%	
Residential mortgage	30%		29%		22%		33%	
Small business	30%		18%		22%		11%	
Other	0%		18%		11%		11%	

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



Of yes responses:

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Making collateral based loans?	25%	33%	25%	25%	0%
Reduced collateral margins?	0%	0%	25%	0%	0%
Not requiring cash flow projections?	25%	33%	25%	50%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	33%	13%	25%	0%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	25%	0%	12%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
<b>Agricultural Loans</b>					
Minimal	76%	82%	69%	84%	94%
Moderate	21%	15%	29%	16%	6%
Substantial	3%	3%	2%	0%	0%
<b>Commercial Loans</b>					
Minimal	58%	62%	60%	61%	72%
Moderate	39%	32%	33%	36%	25%
Substantial	3%	6%	7%	3%	3%
<b>Consumer Loans</b>					
Minimal	85%	76%	67%	84%	75%
Moderate	12%	21%	26%	16%	25%
Substantial	3%	3%	7%	0%	0%
<b>Residential Loans</b>					
Minimal	85%	74%	71%	84%	75%
Moderate	12%	23%	24%	16%	22%
Substantial	3%	3%	5%	0%	3%

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

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
<b>Agricultural Loans</b>					
Minimal	91%	91%	93%	100%	97%
Moderate	9%	6%	7%	0%	3%
Substantial	0%	3%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	88%	79%	71%	90%	88%
Moderate	12%	18%	29%	10%	12%
Substantial	0%	3%	0%	0%	0%
<b>Consumer Loans</b>					
Minimal	100%	88%	87%	97%	88%
Moderate	0%	9%	13%	3%	12%
Substantial	0%	3%	0%	0%	0%
<b>Residential Loans</b>					
Minimal	91%	85%	84%	94%	81%
Moderate	9%	12%	16%	6%	16%
Substantial	0%	3%	0%	0%	3%

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

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
<b>Carryover Debt</b>					
Minimal	94%	88%	87%	90%	94%
Moderate	6%	12%	13%	10%	6%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	94%	91%	84%	90%	91%
Moderate	6%	9%	16%	10%	9%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	82%	76%	73%	84%	81%
Moderate	18%	21%	22%	16%	19%
Substantial	0%	3%	5%	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 (%)	Jun-11		Sep-11		Dec-11		Mar-12	
	+ 50%	- 50%	+ 49%	- 51%	+ 45%	- 55%	+ 25%	- 75%
<b>Average Inc/(Dec) in Ratio</b>	14.0	(9.1)	15.3	(14.2)	11.4	(14.4)	13.8	(10.2)
<b>Cause of Increase</b>								
Eased underwriting standards	3%		3%		0%		0%	
Deterioration in new loans	3%		3%		4%		14%	
Deterioration in older loans	41%		56%		52%		57%	
Participations or out-of-territory	8%		8%		7%		7%	
Economic conditions	32%		25%		30%		22%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	13%		5%		7%		0%	

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

Loan Type	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
RE/Const/Land Development	32%	19%	22%	24%	26%
RE/Agriculture	3%	4%	2%	1%	3%
RE/Commercial/Industrial	44%	57%	50%	53%	48%
RE/Residential	8%	9%	12%	12%	12%
Agricultural	2%	1%	1%	1%	1%
Commercial/Industrial	9%	8%	12%	6%	8%
Consumer	2%	2%	1%	3%	2%

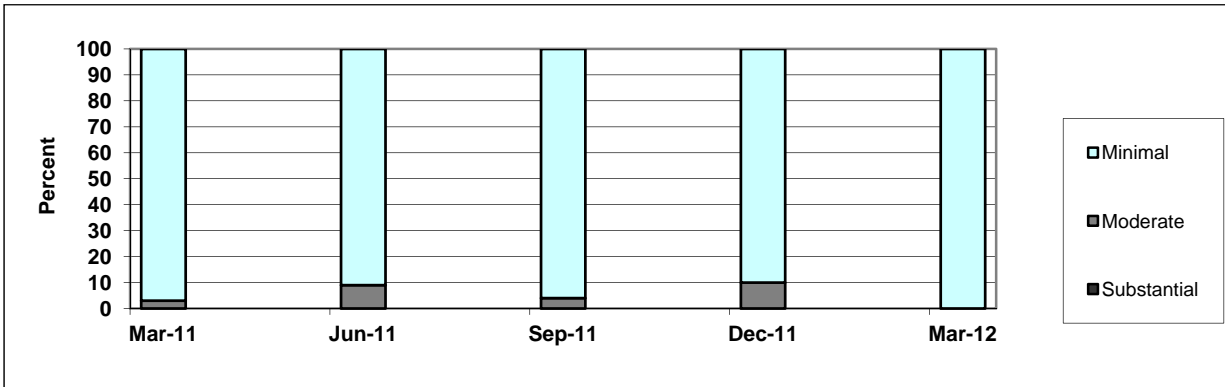
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**INVESTMENTS**

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

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Yes	0%	3%	0%	0%	0%
No	100%	97%	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-11	Jun-11	Sep-11	Dec-11	Mar-12
Yes	97%	94%	93%	81%	88%
No	3%	6%	7%	19%	12%
If yes, does the bank actively borrow from the FHLB?					
Yes	75%	75%	67%	68%	68%
No	25%	25%	33%	32%	32%

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

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Yes	6%	15%	9%	3%	6%
No	94%	85%	91%	97%	94%

15. List nontraditional activity the institution is engaged in.

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Yes	91%	94%	89%	87%	97%
No	9%	6%	11%	13%	3%
Of those that do:					
Nondeposit Investment Sales	19%	14%	13%	19%	15%
Insurance Sales	8%	12%	13%	10%	5%
Real Estate Loan Secondary Market Sales	24%	23%	29%	23%	29%
Non-transactional Web Site	3%	5%	10%	2%	11%
Transactional Web Site	43%	45%	35%	42%	39%
Other	3%	1%	0%	4%	1%