

EXAMINER'S BANKING PRACTICES SURVEY

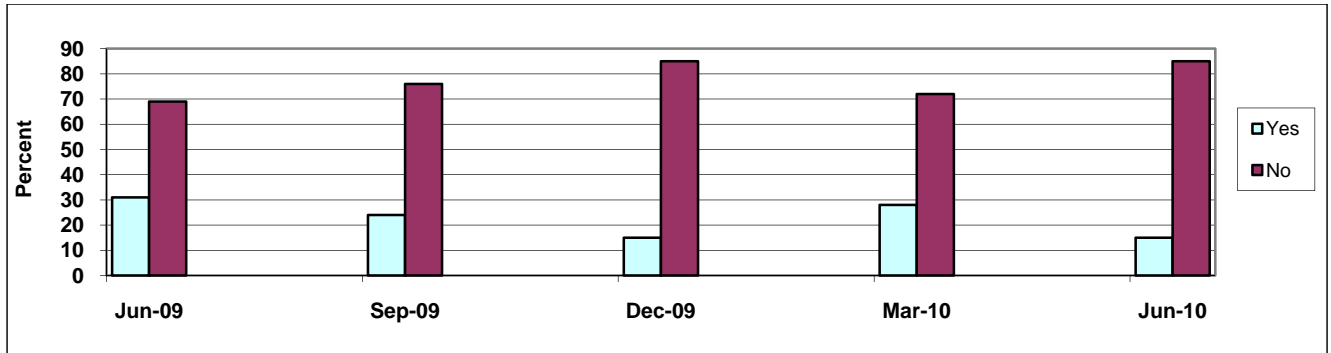
Second Quarter 2010

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2010** results are compiled from **39** 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	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
RE/Const/Land Devel	12%	22%	25%	19%	13%
RE/Agricultural	15%	17%	25%	12%	12%
RE/Commercial/Indust	21%	22%	25%	25%	25%
RE/Residential	12%	11%	0%	0%	13%
Agricultural	9%	6%	0%	6%	12%
Commercial/Industrial	24%	22%	17%	25%	13%
Consumer	7%	0%	8%	13%	12%

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

Of Yes Responses-Loan type	Sep-09		Dec-09		Mar-10		Jun-10	
	Yes 5%	No 95%	Yes 0%	No 100%	Yes 10%	No 90%	Yes 3%	No 97%
Sub-prime/Predatory lending	100%		0%		33%		0%	
Dealer paper	0%		0%		67%		100%	
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?

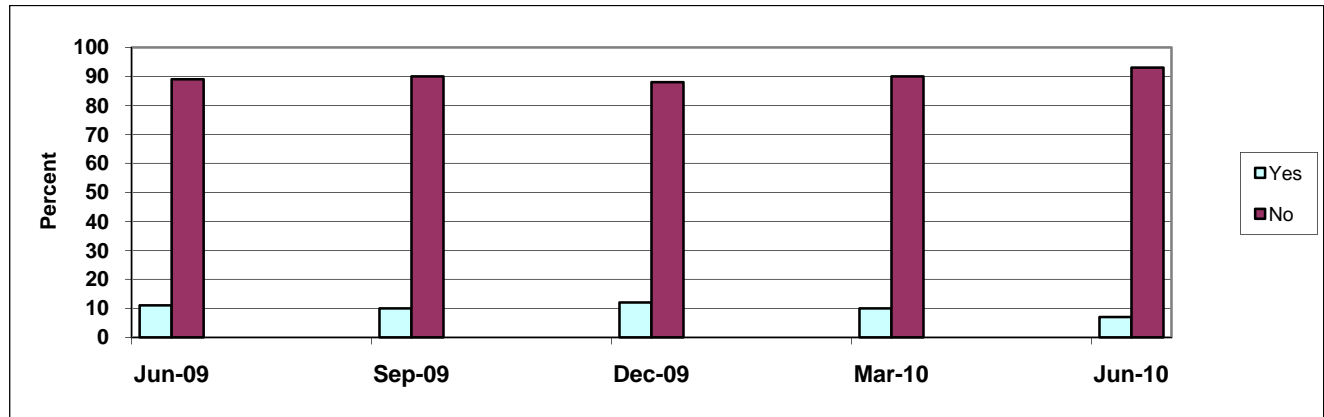
	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Yes	6%	0%	3%	0%	0%
No	94%	100%	97%	100%	100%

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

Of Yes Responses - Loan type	Sep-09		Dec-09		Mar-10		Jun-10	
	Yes 10%	No 90%	Yes 12%	No 88%	Yes 14%	No 86%	Yes 15%	No 85%
Credit card	8%		0%		0%		7%	
Consumer	31%		44%		43%		43%	
Residential mortgage	31%		44%		43%		36%	
Small business	23%		12%		14%		7%	
Other	7%		0%		0%		7%	

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



Of yes responses:

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Making collateral based loans?	11%	12%	22%	0%	38%
Reduced collateral margins?	22%	25%	11%	0%	12%
Not requiring cash flow projections?	22%	25%	34%	50%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	11%	13%	22%	25%	25%
Waiving guarantees or other documentation?	11%	12%	11%	0%	0%
Other	23%	13%	0%	25%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Agricultural Loans					
Minimal	88%	84%	88%	79%	92%
Moderate	9%	16%	12%	21%	8%
Substantial	3%	0%	0%	0%	0%
Commercial Loans					
Minimal	63%	47%	53%	55%	54%
Moderate	31%	44%	41%	31%	33%
Substantial	6%	9%	6%	14%	13%
Consumer Loans					
Minimal	83%	68%	79%	72%	77%
Moderate	14%	32%	18%	24%	23%
Substantial	3%	0%	3%	4%	0%
Residential Loans					
Minimal	80%	79%	76%	79%	77%
Moderate	20%	21%	21%	21%	23%
Substantial	0%	0%	3%	0%	0%

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

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Agricultural Loans					
Minimal	94%	95%	97%	83%	97%
Moderate	6%	5%	3%	17%	3%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	80%	74%	74%	72%	77%
Moderate	17%	21%	24%	24%	18%
Substantial	3%	5%	3%	4%	5%
Consumer Loans					
Minimal	94%	92%	94%	86%	97%
Moderate	6%	8%	6%	14%	0%
Substantial	0%	0%	0%	0%	3%
Residential Loans					
Minimal	91%	92%	82%	83%	97%
Moderate	6%	8%	18%	17%	0%
Substantial	3%	0%	0%	0%	3%

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

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Carryover Debt					
Minimal	89%	84%	91%	86%	85%
Moderate	11%	16%	9%	14%	15%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	91%	79%	91%	90%	92%
Moderate	9%	21%	9%	10%	8%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	80%	74%	97%	90%	80%
Moderate	17%	26%	3%	10%	20%
Substantial	3%	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 (%)	Sep-09		Dec-09		Mar-10		Jun-10	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	29.5	(9.7)	23.3	(16.0)	21.0	(13.2)	28.2	(12.3)
Cause of Increase								
Eased underwriting standards	0%		2%		2%		0%	
Deterioration in new loans	2%		4%		2%		2%	
Deterioration in older loans	43%		43%		43%		45%	
Participations or out-of-territory	8%		8%		17%		9%	
Economic conditions	40%		39%		32%		36%	
Changes in lending personnel	2%		2%		0%		2%	
New types of lending activity	0%		0%		2%		0%	
Other	5%		2%		2%		6%	

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

Loan Type	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
RE/Const/Land Development	25%	48%	53%	27%	26%
RE/Agriculture	2%	1%	1%	1%	2%
RE/Commercial/Industrial	35%	29%	29%	51%	44%
RE/Residential	15%	9%	6%	9%	11%
Agricultural	1%	0%	0%	1%	1%
Commercial/Industrial	16%	10%	9%	8%	13%
Consumer	6%	3%	2%	3%	3%

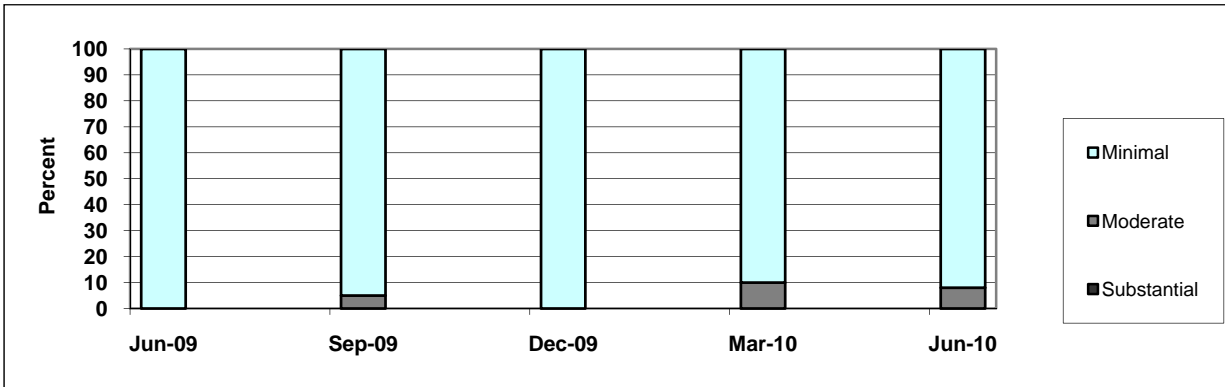
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INVESTMENTS

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

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Yes	0%	0%	0%	0%	3%
No	100%	100%	100%	100%	97%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Yes	91%	95%	94%	86%	87%
No	9%	5%	6%	14%	13%
If yes, does the bank actively borrow from the FHLB?					
Yes	78%	75%	84%	80%	82%
No	22%	25%	16%	20%	18%

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

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Yes	6%	5%	9%	3%	15%
No	94%	95%	91%	97%	85%

15. List nontraditional activity the institution is engaged in.

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Yes	91%	82%	85%	90%	85%
No	9%	18%	15%	10%	15%
Of those that do:					
Nondeposit Investment Sales	15%	18%	18%	13%	13%
Insurance Sales	8%	8%	7%	11%	10%
Real Estate Loan Secondary Market Sales	28%	31%	31%	34%	29%
Non-transactional Web Site	12%	6%	7%	8%	7%
Transactional Web Site	37%	37%	35%	34%	40%
Other	0%	0%	2%	0%	1%