

EXAMINER'S BANKING PRACTICES SURVEY

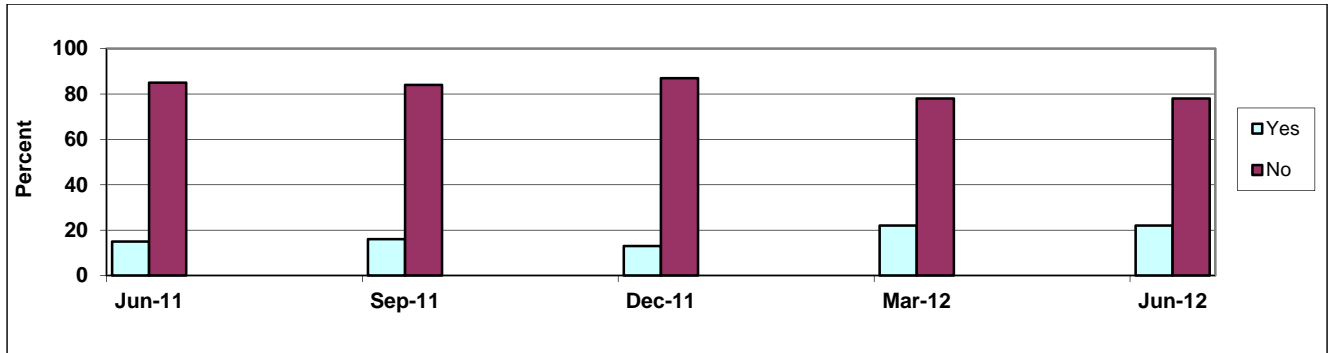
Second Quarter 2012

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2012** results are compiled from **40** 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-11	Sep-11	Dec-11	Mar-12	Jun-12
RE/Const/Land Devel	12%	7%	20%	50%	10%
RE/Agricultural	13%	14%	0%	13%	15%
RE/Commercial/Indust	25%	29%	0%	0%	15%
RE/Residential	25%	0%	0%	0%	5%
Agricultural	12%	14%	40%	12%	20%
Commercial/Industrial	13%	22%	0%	13%	20%
Consumer	0%	14%	40%	12%	15%

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

Of Yes Responses-Loan type	Sep-11		Dec-11		Mar-12		Jun-12	
	Yes 9%	No 91%	Yes 3%	No 97%	Yes 13%	No 87%	Yes 8%	No 92%
Sub-prime/Predatory lending	25%		100%		25%		0%	
Dealer paper	75%		0%		75%		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?

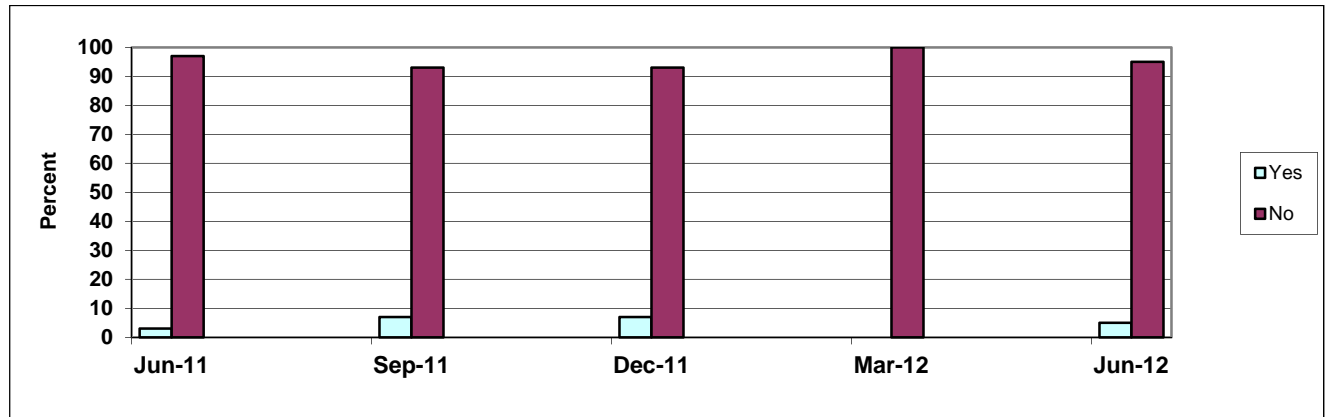
	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

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

	Sep-11		Dec-11		Mar-12		Jun-12	
	Yes 20%	No 80%	Yes 19%	No 81%	Yes 9%	No 91%	Yes 15%	No 85%
Of Yes Responses - Loan type								
Credit card	6%		17%		12%		12%	
Consumer	29%		28%		33%		38%	
Residential mortgage	29%		22%		33%		31%	
Small business	18%		22%		11%		12%	
Other	18%		11%		11%		7%	

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



Of yes responses:

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

6. Describe potential risk in current underwriting practices for:

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Agricultural Loans					
Minimal	82%	69%	84%	94%	88%
Moderate	15%	29%	16%	6%	12%
Substantial	3%	2%	0%	0%	0%
Commercial Loans					
Minimal	62%	60%	61%	72%	75%
Moderate	32%	33%	36%	25%	25%
Substantial	6%	7%	3%	3%	0%
Consumer Loans					
Minimal	76%	67%	84%	75%	88%
Moderate	21%	26%	16%	25%	12%
Substantial	3%	7%	0%	0%	0%
Residential Loans					
Minimal	74%	71%	84%	75%	88%
Moderate	23%	24%	16%	22%	12%
Substantial	3%	5%	0%	3%	0%

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

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Agricultural Loans					
Minimal	91%	93%	100%	97%	95%
Moderate	6%	7%	0%	3%	5%
Substantial	3%	0%	0%	0%	0%
Commercial Loans					
Minimal	79%	71%	90%	88%	88%
Moderate	18%	29%	10%	12%	12%
Substantial	3%	0%	0%	0%	0%
Consumer Loans					
Minimal	88%	87%	97%	88%	90%
Moderate	9%	13%	3%	12%	10%
Substantial	3%	0%	0%	0%	0%
Residential Loans					
Minimal	85%	84%	94%	81%	95%
Moderate	12%	16%	6%	16%	5%
Substantial	3%	0%	0%	3%	0%

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

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Carryover Debt					
Minimal	88%	87%	90%	94%	85%
Moderate	12%	13%	10%	6%	15%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	91%	84%	90%	91%	80%
Moderate	9%	16%	10%	9%	20%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	76%	73%	84%	81%	72%
Moderate	21%	22%	16%	19%	28%
Substantial	3%	5%	0%	0%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Sep-11		Dec-11		Mar-12		Jun-12	
	+	49%	-	51%	+	45%	-	55%
No. Banks with Inc/(Dec) in ratio (%)								
Average Inc/(Dec) in Ratio	15.3	(14.2)	11.4	(14.4)	13.8	(10.2)	4.4	(11.7)
Cause of Increase								
Eased underwriting standards	3%		0%		0%		0%	
Deterioration in new loans	3%		4%		14%		0%	
Deterioration in older loans	56%		52%		57%		63%	
Participations or out-of-territory	8%		7%		7%		4%	
Economic conditions	25%		30%		22%		25%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	5%		7%		0%		8%	

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

Loan Type	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
RE/Const/Land Development	19%	22%	24%	26%	23%
RE/Agriculture	4%	2%	1%	3%	3%
RE/Commercial/Industrial	57%	50%	53%	48%	42%
RE/Residential	9%	12%	12%	12%	14%
Agricultural	1%	1%	1%	1%	3%
Commercial/Industrial	8%	12%	6%	8%	13%
Consumer	2%	1%	3%	2%	2%

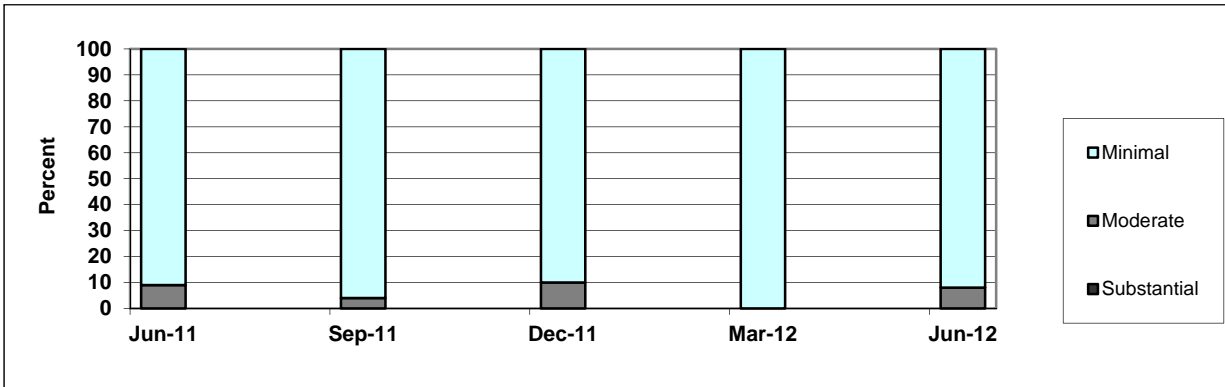
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INVESTMENTS

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

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Yes	3%	0%	0%	0%	0%
No	97%	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?

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Yes	94%	93%	81%	88%	95%
No	6%	7%	19%	12%	5%
If yes, does the bank actively borrow from the FHLB?					
Yes	75%	67%	68%	68%	68%
No	25%	33%	32%	32%	32%

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

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

15. List nontraditional activity the institution is engaged in.

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Yes	94%	89%	87%	97%	98%
No	6%	11%	13%	3%	2%
Of those that do:					
Nondeposit Investment Sales	14%	13%	19%	15%	15%
Insurance Sales	12%	13%	10%	5%	16%
Real Estate Loan Secondary Market Sales	23%	29%	23%	29%	30%
Non-transactional Web Site	5%	10%	2%	11%	3%
Transactional Web Site	45%	35%	42%	39%	36%
Other	1%	0%	4%	1%	0%