

EXAMINER'S BANKING PRACTICES SURVEY

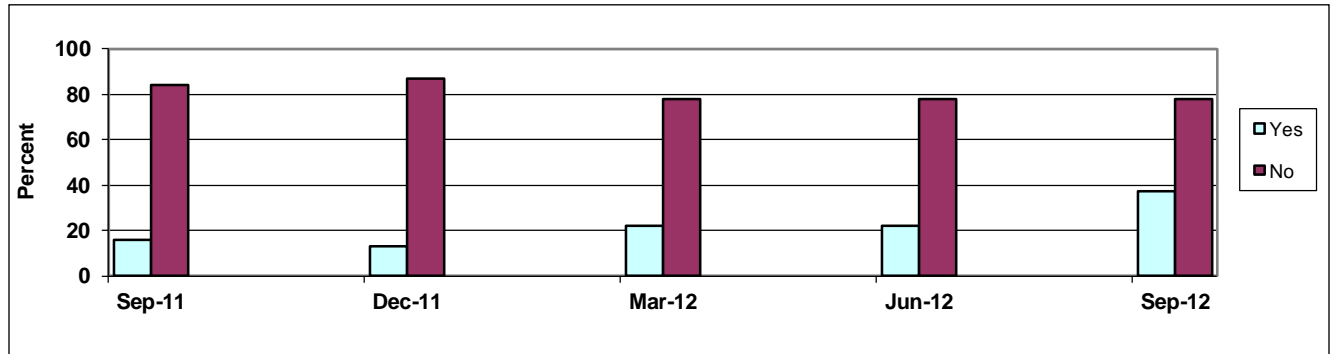
Third Quarter 2012

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2012** results are compiled from **30** 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	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
RE/Const/Land Devel	7%	20%	50%	10%	19%
RE/Agricultural	14%	0%	13%	15%	5%
RE/Commercial/Indust	29%	0%	0%	15%	19%
RE/Residential	0%	0%	0%	5%	5%
Agricultural	14%	40%	12%	20%	14%
Commercial/Industrial	22%	0%	13%	20%	24%
Consumer	14%	40%	12%	15%	14%

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

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

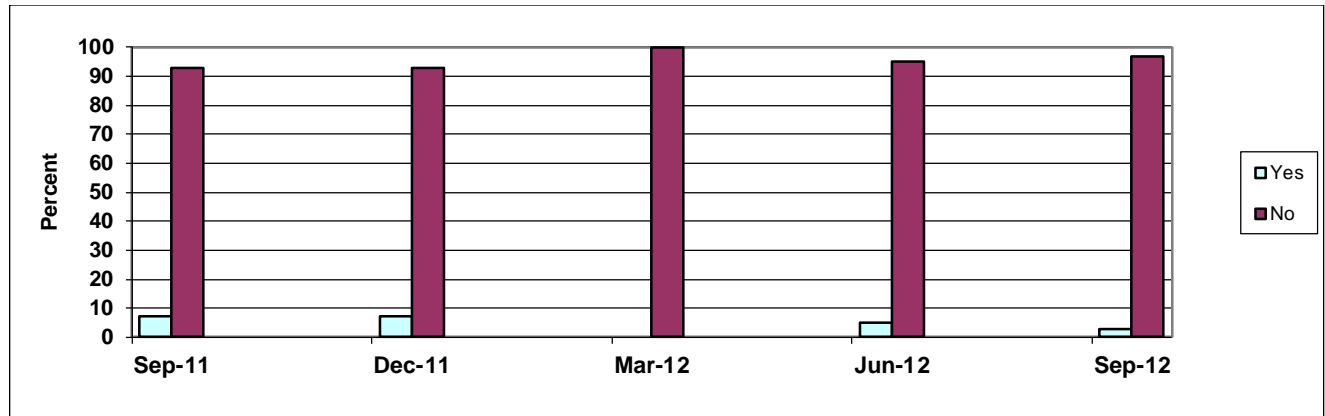
	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

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

	Dec-11		Mar-12		Jun-12		Sep-12	
	Yes 19%	No 81%	Yes 9%	No 91%	Yes 15%	No 85%	Yes 13%	No 87%
Of Yes Responses - Loan type								
Credit card	17%		12%		12%		0%	
Consumer	28%		33%		38%		33%	
Residential mortgage	22%		33%		31%		33%	
Small business	22%		11%		12%		33%	
Other	11%		11%		7%		0%	

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



Of yes responses:

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

6. Describe potential risk in current underwriting practices for:

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Agricultural Loans					
Minimal	69%	84%	94%	88%	87%
Moderate	29%	16%	6%	12%	13%
Substantial	2%	0%	0%	0%	0%
Commercial Loans					
Minimal	60%	61%	72%	75%	77%
Moderate	33%	36%	25%	25%	20%
Substantial	7%	3%	3%	0%	3%
Consumer Loans					
Minimal	67%	84%	75%	88%	83%
Moderate	26%	16%	25%	12%	17%
Substantial	7%	0%	0%	0%	0%
Residential Loans					
Minimal	71%	84%	75%	88%	87%
Moderate	24%	16%	22%	12%	13%
Substantial	5%	0%	3%	0%	0%

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

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Agricultural Loans					
Minimal	93%	100%	97%	95%	97%
Moderate	7%	0%	3%	5%	3%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	71%	90%	88%	88%	83%
Moderate	29%	10%	12%	12%	13%
Substantial	0%	0%	0%	0%	4%
Consumer Loans					
Minimal	87%	97%	88%	90%	90%
Moderate	13%	3%	12%	10%	10%
Substantial	0%	0%	0%	0%	0%
Residential Loans					
Minimal	84%	94%	81%	95%	90%
Moderate	16%	6%	16%	5%	10%
Substantial	0%	0%	3%	0%	0%

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

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Carryover Debt					
Minimal	87%	90%	94%	85%	93%
Moderate	13%	10%	6%	15%	7%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	84%	90%	91%	80%	93%
Moderate	16%	10%	9%	20%	7%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	73%	84%	81%	72%	87%
Moderate	22%	16%	19%	28%	13%
Substantial	5%	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 (%)	Dec-11		Mar-12		Jun-12		Sep-12	
	+ 45%	- 55%	+ 25%	- 75%	+ 37%	- 63%	+ 13%	- 87%
Average Inc/(Dec) in Ratio	11.4	(14.4)	13.8	(10.2)	4.4	(11.7)	34.2	(15.4)
Cause of Increase								
Eased underwriting standards	0%		0%		0%		0%	
Deterioration in new loans	4%		14%		0%		0%	
Deterioration in older loans	52%		57%		63%		67%	
Participations or out-of-territory	7%		7%		4%		0%	
Economic conditions	30%		22%		25%		0%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	7%		0%		8%		33%	

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

Loan Type	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
RE/Const/Land Development	22%	24%	26%	23%	20%
RE/Agriculture	2%	1%	3%	3%	1%
RE/Commercial/Industrial	50%	53%	48%	42%	47%
RE/Residential	12%	12%	12%	14%	13%
Agricultural	1%	1%	1%	3%	1%
Commercial/Industrial	12%	6%	8%	13%	6%
Consumer	1%	3%	2%	2%	12%

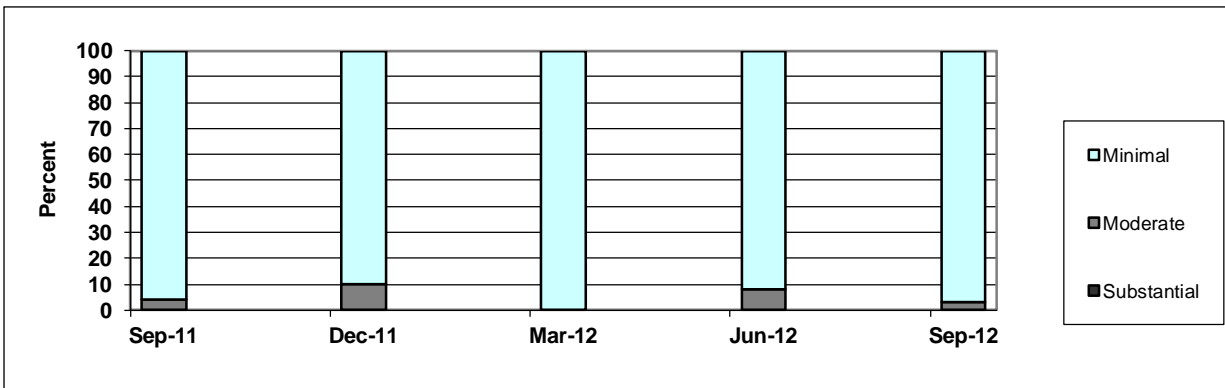
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INVESTMENTS

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

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
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?

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Yes	93%	81%	88%	95%	83%
No	7%	19%	12%	5%	17%
If yes, does the bank actively borrow from the FHLB?					
Yes	67%	68%	68%	68%	72%
No	33%	32%	32%	32%	28%

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

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Yes	9%	3%	6%	15%	7%
No	91%	97%	94%	85%	93%

15. List nontraditional activity the institution is engaged in.

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Yes	89%	87%	97%	98%	90%
No	11%	13%	3%	2%	10%
Of those that do:					
Nondeposit Investment Sales	13%	19%	15%	15%	12%
Insurance Sales	13%	10%	5%	16%	12%
Real Estate Loan Secondary Market Sales	29%	23%	29%	30%	32%
Non-transactional Web Site	10%	2%	11%	3%	2%
Transactional Web Site	35%	42%	39%	36%	40%
Other	0%	4%	1%	0%	2%