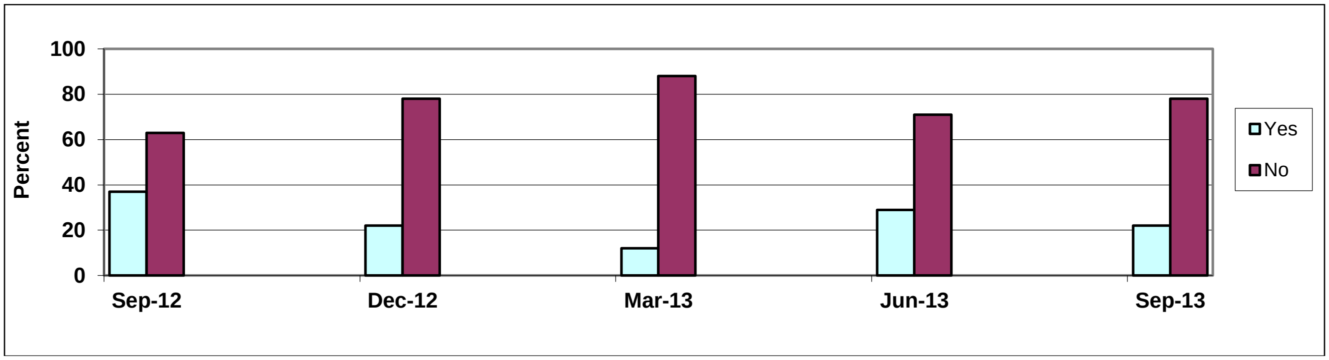
EXAMINER'S BANKING PRACTICES SURVEY

Third Quarter 2013
Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2013** results are compiled from **27** 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-12	Dec-12	Mar-13	Jun-13	Sep-13
RE/Const/Land Devel	19%	7%	25%	10%	34%
RE/Agricultural	5%	21%	0%	20%	13%
RE/Commercial/Indust	19%	21%	0%	15%	0%
RE/Residential	5%	7%	0%	10%	13%
Agricultural	14%	30%	0%	20%	13%
Commercial/Industrial	24%	7%	50%	20%	20%
Consumer	14%	7%	25%	5%	7%

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

	Dec-12		Mar-13		Jun-13		Sep-13	
	Yes 6%	No 94%	Yes 4%	No 96%	Yes 3%	No 97%	Yes 0%	No 100%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	50%		100%		0%		0%	
Dealer paper	50%		0%		100%		0%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

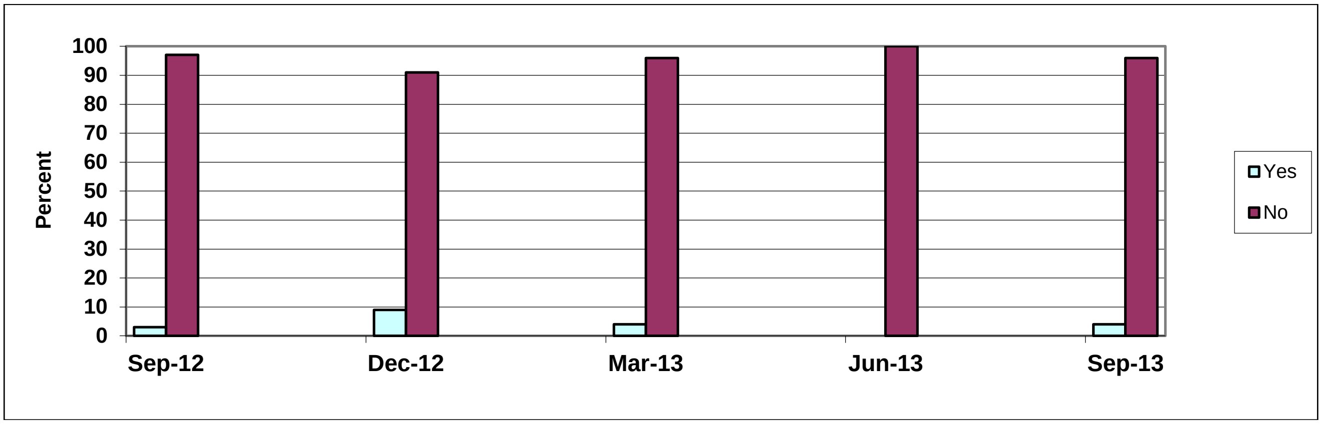
3. Is the bank offering below market interest rates or reduced fees to attract loans?

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Yes	0%	0%	0%	10%	0%
No	100%	100%	100%	90%	100%

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

	Dec-12		Mar-13		Jun-13		Sep-13	
	Yes 9%	No 91%	Yes 16%	No 84%	Yes 7%	No 93%	Yes 15%	No 85%
Of Yes Responses – Loan type								
Credit card	13%		13%		29%		0%	
Consumer	37%		50%		29%		44%	
Residential mortgage	37%		25%		29%		44%	
Small business	13%		12%		13%		12%	
Other	0%		0%		0%		0%	

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



Of yes responses:

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Making collateral based loans?	0%	17%	0%	0%	0%
Reduced collateral margins?	0%	17%	0%	0%	0%
Not requiring cash flow projections?	33%	17%	0%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	33%	49%	100%	0%	0%
Waiving guarantees or other documentation?	33%	0%	0%	0%	100%
Other	0%	0%	0%	0%	0%

6. Describe potential risk in <u>current</u> underwriting practices for:

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Agricultural Loans					
Minimal	87%	84%	96%	90%	93%
Moderate	13%	16%	4%	10%	7%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	77%	75%	80%	74%	74%
Moderate	20%	25%	20%	23%	26%
Substantial	3%	0%	0%	3%	0%
Consumer Loans					
Minimal	83%	78%	84%	87%	85%
Moderate	17%	19%	16%	10%	15%
Substantial	0%	3%	0%	3%	0%
Residential Loans					
Minimal	87%	78%	88%	87%	85%
Moderate	13%	22%	12%	10%	15%
Substantial	0%	0%	0%	3%	0%

Examiner's Banking Practices Survey

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

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Agricultural Loans					
Minimal	97%	97%	92%	100%	100%
Moderate	3%	3%	8%	0%	0%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	83%	84%	88%	90%	93%
Moderate	13%	13%	12%	10%	7%
Substantial	4%	3%	0%	0%	0%
Consumer Loans					
Minimal	90%	91%	84%	93%	96%
Moderate	10%	6%	16%	7%	4%
Substantial	0%	3%	0%	0%	0%
Residential Loans					
Minimal	90%	91%	88%	97%	96%
Moderate	10%	9%	12%	3%	4%
Substantial	0%	0%	0%	0%	0%

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

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Carryover Debt					
Minimal	93%	84%	92%	97%	85%
Moderate	7%	13%	8%	3%	15%
Substantial	0%	3%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	93%	91%	96%	87%	93%
Moderate	7%	9%	4%	13%	7%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	87%	88%	88%	81%	85%
Moderate	13%	12%	12%	16%	15%
Substantial	0%	0%	0%	3%	0%

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

	Dec-12		Mar-13		Jun-13		Sep-13	
No. Banks with Inc/(Dec) in ratio (%)	+ 28%	- 72%	+ 20%	- 80%	+ 16%	- 84%	+ 19%	- 81%
Average Inc/(Dec)in Ratio	37.9	(11.5)	4.1	(17.2)	4.5	(15.6)	8.5	(16.1)
Cause of Increase								
Eased underwriting standards	0%		0%		0%		0%	
Deterioration in new loans	0%		0%		0%		0%	
Deterioration in older loans	58%		56%		71%		83%	
Participations or out-of-territory	0%		22%		0%		0%	
Economic conditions	17%		11%		29%		0%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	25%		11%		0%		17%	

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

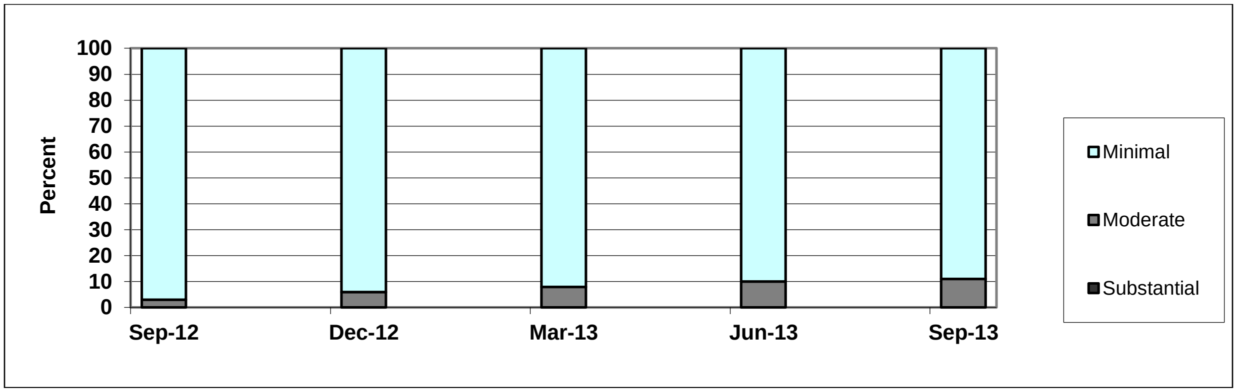
Loan Type	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
RE/Const/Land Development	20%	21%	21%	15%	23%
RE/Agriculture	1%	1%	3%	3%	2%
RE/Commercial/Industrial	47%	54%	50%	54%	45%
RE/Residential	13%	12%	13%	15%	11%
Agricultural	1%	1%	0%	0%	2%
Commercial/Industrial	6%	8%	10%	10%	16%
Consumer	12%	3%	3%	3%	1%

INVESTMENTS

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

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Yes	0%	0%	4%	0%	0%
No	100%	100%	96%	100%	100%

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



OTHER

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

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Yes	83%	88%	80%	93%	93%
No	17%	12%	20%	7%	7%
If yes, does the bank actively borrow from the FHLB?					
Yes	72%	75%	65%	79%	64%
No	28%	25%	35%	21%	36%

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

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Yes	7%	16%	12%	7%	11%
No	93%	84%	88%	93%	89%

15. List nontraditional activity the institution is engaged in.

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Yes	90%	87%	92%	93%	100%
No	10%	13%	8%	7%	0%
Of those that do:					
Nondeposit Investment Sales	12%	14%	15%	17%	16%
Insurance Sales	12%	10%	11%	9%	7%
Real Estate Loan Secondary Market Sales	32%	32%	28%	33%	31%
Non-transactional Web Site	2%	3%	0%	3%	3%
Transactional Web Site	40%	40%	46%	37%	41%
Other	2%	1%	0%	1%	2%