

EXAMINER'S BANKING PRACTICES SURVEY

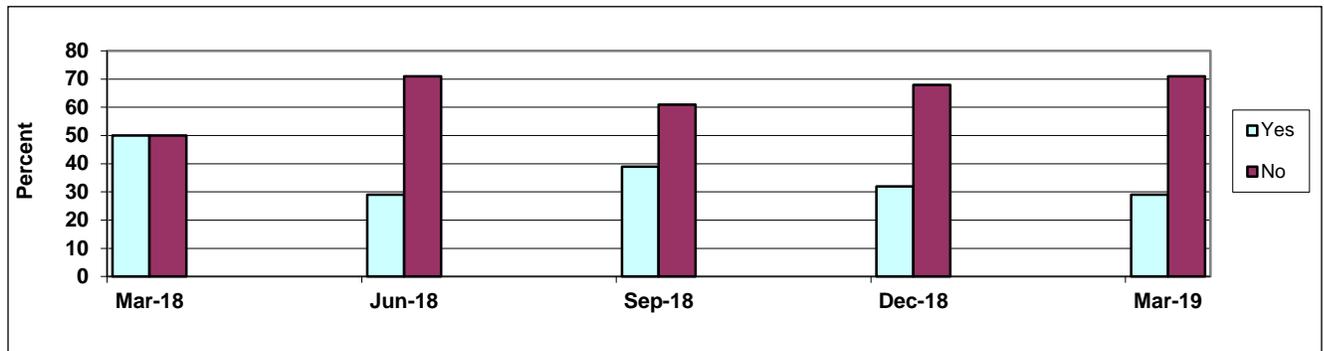
First Quarter 2019

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2019** results are compiled from **24** 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-18	Jun-18	Sep-18	Dec-18	Mar-19
RE/Const/Land Devel	24%	22%	21%	27%	20%
RE/Agricultural	12%	22%	16%	20%	20%
RE/Commercial/Indust	12%	14%	16%	20%	0%
RE/Residential	16%	0%	21%	13%	0%
Agricultural	16%	21%	5%	7%	10%
Commercial/Industrial	8%	7%	5%	13%	50%
Consumer	12%	14%	16%	0%	0%

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

	Jun-18		Sep-18		Dec-18		Mar-19	
	Yes 12%	No 88%	Yes 0%	No 100%	Yes 9%	No 91%	Yes 0%	No 100%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	33%		0%		50%		0%	
Dealer paper	67%		0%		25%		0%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		25%		0%	

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

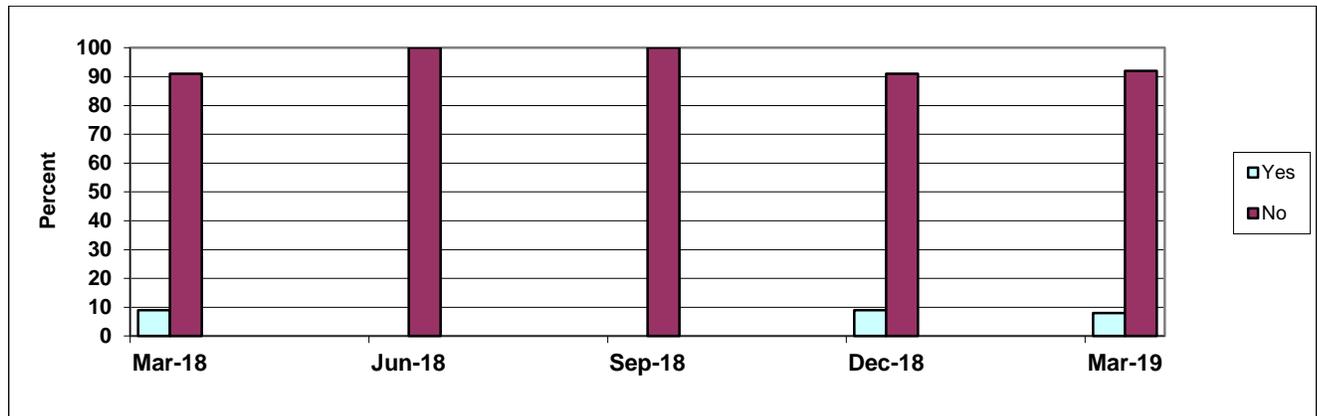
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Yes	0%	4%	0%	0%	8%
No	100%	96%	100%	100%	92%

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

Of Yes Responses - Loan type	Jun-18		Sep-18		Dec-18		Mar-19	
	Yes 8%	No 92%	Yes 9%	No 91%	Yes 23%	No 77%	Yes 4%	No 96%
Credit card	25%		20%		14%		100%	
Consumer	50%		40%		14%		0%	
Residential mortgage	25%		40%		43%		0%	
Small business	0%		0%		14%		0%	
Other	0%		0%		15%		0%	

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



Of yes responses:

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Making collateral based loans?	0%	0%	0%	0%	0%
Reduced collateral margins?	0%	0%	0%	50%	0%
Not requiring cash flow projections?	0%	0%	0%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	0%	0%	0%	0%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	100%	0%	0%	50%	100%

6. Describe potential risk in current underwriting practices for:

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Agricultural Loans					
Minimal	91%	79%	87%	91%	100%
Moderate	9%	21%	13%	9%	0%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	82%	92%	78%	59%	83%
Moderate	18%	8%	22%	41%	17%
Substantial	0%	0%	0%	0%	0%
Consumer Loans					
Minimal	100%	96%	96%	86%	96%
Moderate	0%	0%	4%	14%	4%
Substantial	0%	4%	0%	0%	0%
Residential Loans					
Minimal	91%	96%	91%	82%	92%
Moderate	9%	0%	9%	18%	8%
Substantial	0%	4%	0%	0%	0%

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

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Agricultural Loans					
Minimal	96%	92%	87%	96%	100%
Moderate	4%	8%	13%	0%	0%
Substantial	0%	0%	0%	4%	0%
Commercial Loans					
Minimal	91%	88%	83%	82%	92%
Moderate	9%	8%	17%	14%	4%
Substantial	0%	4%	0%	4%	4%
Consumer Loans					
Minimal	100%	96%	96%	96%	96%
Moderate	0%	0%	4%	0%	0%
Substantial	0%	4%	0%	4%	4%
Residential Loans					
Minimal	96%	96%	100%	96%	96%
Moderate	4%	0%	0%	4%	4%
Substantial	0%	4%	0%	0%	0%

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

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Carryover Debt					
Minimal	100%	79%	70%	86%	79%
Moderate	0%	21%	30%	14%	21%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	96%	96%	87%	86%	83%
Moderate	4%	4%	13%	14%	17%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	96%	79%	74%	86%	71%
Moderate	4%	21%	26%	14%	29%
Substantial	0%	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 (%)	Jun-18		Sep-18		Dec-18		Mar-19	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	6.1	(7.4)	2.8	(6.4)	4.9	(4.8)	4.2	(9.4)
Cause of Increase								
Eased underwriting standards	9%		7%		0%		0%	
Deterioration in new loans	9%		7%		17%		0%	
Deterioration in older loans	73%		50%		25%		80%	
Participations or out-of-territory	0%		0%		0%		0%	
Economic conditions	0%		7%		17%		0%	
Changes in lending personnel	0%		7%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	9%		22%		41%		20%	

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

Loan Type	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
RE/Const/Land Development	6%	27%	4%	4%	9%
RE/Agriculture	6%	9%	7%	13%	13%
RE/Commercial/Industrial	41%	28%	52%	23%	35%
RE/Residential	15%	18%	15%	13%	19%
Agricultural	9%	4%	3%	2%	6%
Commercial/Industrial	20%	9%	17%	41%	14%
Consumer	3%	5%	2%	4%	4%

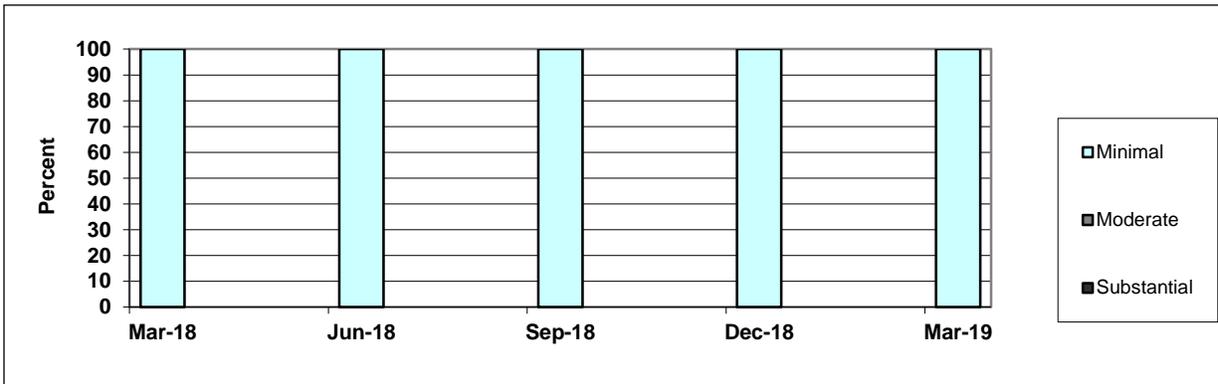
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INVESTMENTS

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

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-18
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?

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Yes	96%	88%	83%	91%	96%
No	4%	12%	17%	9%	4%
If yes, does the bank actively borrow from the FHLB?					
Yes	48%	67%	58%	59%	78%
No	52%	33%	42%	41%	22%

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

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Yes	0%	21%	13%	18%	8%
No	100%	79%	87%	82%	92%

15. List nontraditional activity the institution is engaged in.

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Yes	86%	100%	91%	91%	92%
No	14%	0%	9%	9%	8%
Of those that do:					
Nondeposit Investment Sales	26%	29%	24%	35%	36%
Insurance Sales	5%	29%	14%	15%	14%
Real Estate Loan Secondary Market Sales	63%	54%	71%	80%	68%
Non-transactional Web Site	0%	8%	0%	5%	5%
Transactional Web Site	84%	71%	86%	85%	91%
Other	5%	13%	0%	0%	5%