

EXAMINER'S BANKING PRACTICES SURVEY

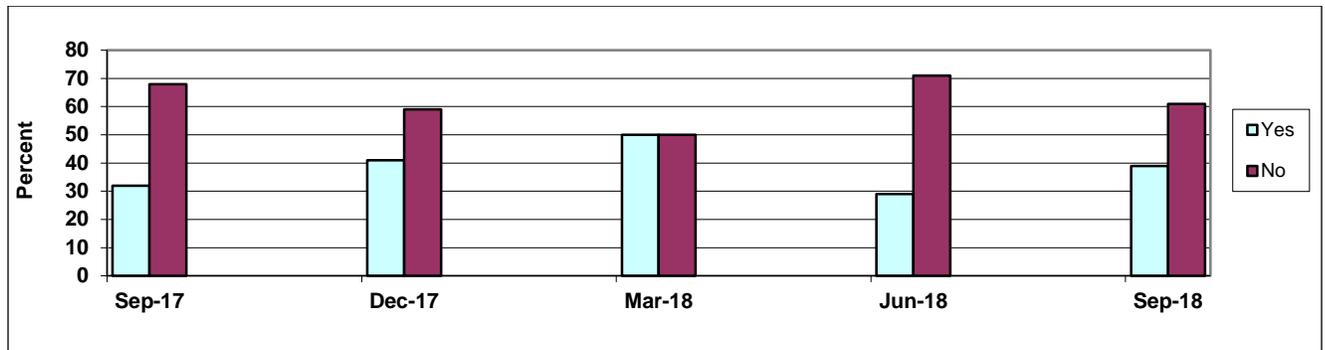
Third Quarter 2018

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2018** results are compiled from **23** 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-17	Dec-17	Mar-18	Jun-18	Sep-18
RE/Const/Land Devel	22%	15%	24%	22%	21%
RE/Agricultural	7%	12%	12%	22%	16%
RE/Commercial/Indust	21%	12%	12%	14%	16%
RE/Residential	7%	19%	16%	0%	21%
Agricultural	7%	15%	16%	21%	5%
Commercial/Industrial	29%	12%	8%	7%	5%
Consumer	7%	15%	12%	14%	16%

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

	Dec-17		Mar-18		Jun-18		Sep-18	
	Yes 10%	No 90%	Yes 0%	No 100%	Yes 12%	No 88%	Yes 0%	No 100%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		33%		0%	
Dealer paper	100%		0%		67%		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?

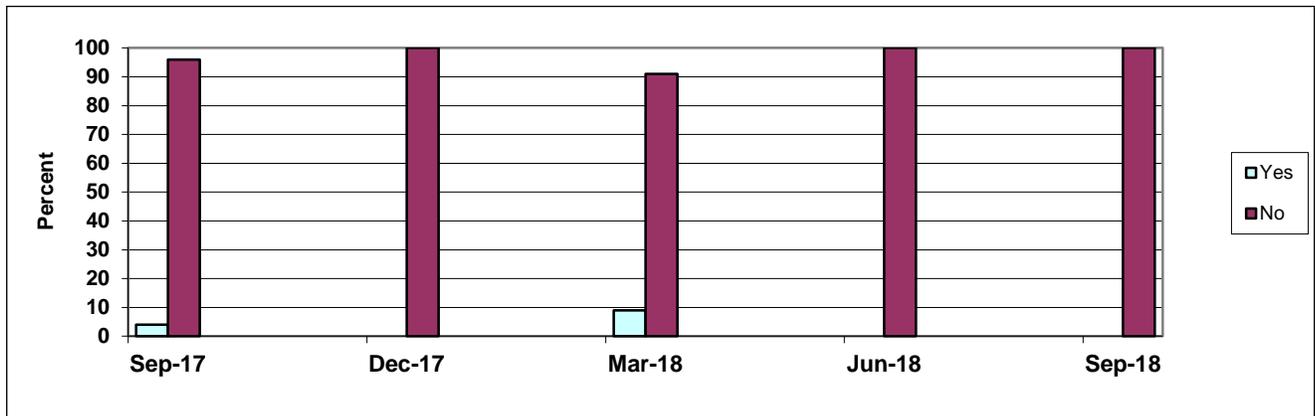
	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Yes	4%	3%	0%	4%	0%
No	96%	97%	100%	96%	100%

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

	Dec-17		Mar-18		Jun-18		Sep-18	
	Yes 19%	Yes 4%	Yes 23%	No 77%	Yes 8%	No 92%	Yes 9%	No 91%
Of Yes Responses - Loan type								
Credit card	50%		10%		25%		20%	
Consumer	50%		40%		50%		40%	
Residential mortgage	0%		40%		25%		40%	
Small business	0%		10%		0%		0%	
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-17	Dec-17	Mar-18	Jun-18	Sep-18
Making collateral based loans?	50%	0%	0%	0%	0%
Reduced collateral margins?	0%	0%	0%	0%	0%
Not requiring cash flow projections?	50%	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	0%	0%	100%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Agricultural Loans					
Minimal	92%	93%	91%	79%	87%
Moderate	4%	7%	9%	21%	13%
Substantial	4%	0%	0%	0%	0%
Commercial Loans					
Minimal	80%	83%	82%	92%	78%
Moderate	20%	17%	18%	8%	22%
Substantial	0%	0%	0%	0%	0%
Consumer Loans					
Minimal	88%	97%	100%	96%	96%
Moderate	12%	3%	0%	0%	4%
Substantial	0%	0%	0%	4%	0%
Residential Loans					
Minimal	88%	93%	91%	96%	91%
Moderate	12%	7%	9%	0%	9%
Substantial	0%	0%	0%	4%	0%

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

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	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Agricultural Loans					
Minimal	92%	93%	96%	92%	87%
Moderate	4%	7%	4%	8%	13%
Substantial	4%	0%	0%	0%	0%
Commercial Loans					
Minimal	84%	97%	91%	88%	83%
Moderate	12%	3%	9%	8%	17%
Substantial	4%	0%	0%	4%	0%
Consumer Loans					
Minimal	96%	100%	100%	96%	96%
Moderate	0%	0%	0%	0%	4%
Substantial	4%	0%	0%	4%	0%
Residential Loans					
Minimal	96%	100%	96%	96%	100%
Moderate	0%	0%	4%	0%	0%
Substantial	4%	0%	0%	4%	0%

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

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Carryover Debt					
Minimal	84%	90%	100%	79%	70%
Moderate	16%	10%	0%	21%	30%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	92%	97%	96%	96%	87%
Moderate	8%	3%	4%	4%	13%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	88%	86%	96%	79%	74%
Moderate	12%	14%	4%	21%	26%
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?

	Dec-17		Mar-18		Jun-18		Sep-18	
	+	-	+	-	+	-	+	-
No. Banks with Inc/(Dec) in ratio (%)	35%	65%	59%	41%	33%	67%	39%	61%
Average Inc/(Dec) in Ratio	5.9	(9.8)	7.3	(18.1)	6.1	(7.4)	2.8	(6.4)
Cause of Increase								
Eased underwriting standards	0%		6%		9%		7%	
Deterioration in new loans	0%		0%		9%		7%	
Deterioration in older loans	75%		70%		73%		50%	
Participations or out-of-territory	0%		0%		0%		0%	
Economic conditions	8%		0%		0%		7%	
Changes in lending personnel	0%		6%		0%		7%	
New types of lending activity	0%		6%		0%		0%	
Other	17%		12%		9%		22%	

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

Loan Type	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
RE/Const/Land Development	8%	14%	6%	27%	4%
RE/Agriculture	5%	8%	6%	9%	7%
RE/Commercial/Industrial	25%	42%	41%	28%	52%
RE/Residential	13%	19%	15%	18%	15%
Agricultural	1%	3%	9%	4%	3%
Commercial/Industrial	46%	5%	20%	9%	17%
Consumer	2%	9%	3%	5%	2%

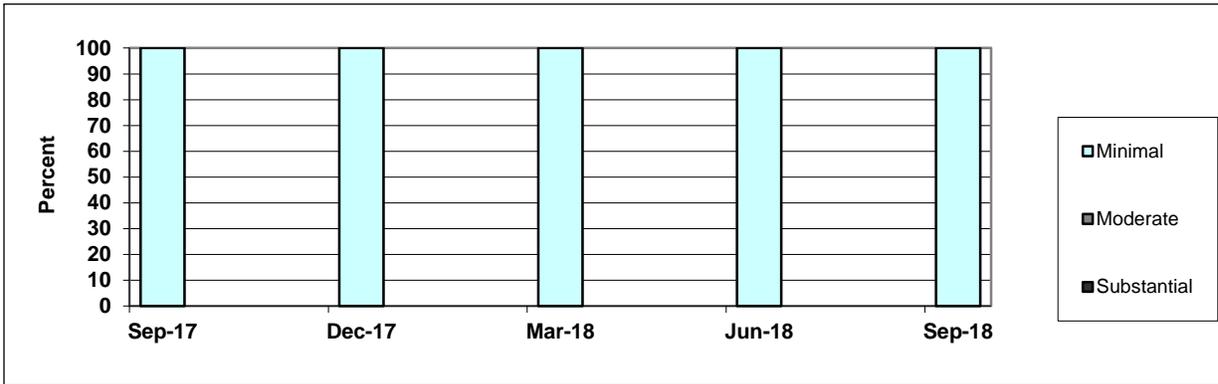
INVESTMENTS

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

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-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?

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Yes	92%	97%	96%	88%	83%
No	8%	3%	4%	12%	17%
If yes, does the bank actively borrow from the FHLB?					
Yes	57%	71%	48%	67%	58%
No	43%	29%	52%	33%	42%

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

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Yes	21%	14%	0%	21%	13%
No	79%	86%	100%	79%	87%

15. List nontraditional activity the institution is engaged in.

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Yes	88%	97%	86%	100%	91%
No	12%	3%	14%	0%	9%
Of those that do:					
Nondeposit Investment Sales	41%	54%	26%	29%	24%
Insurance Sales	23%	25%	5%	29%	14%
Real Estate Loan Secondary Market Sales	64%	68%	63%	54%	71%
Non-transactional Web Site	5%	0%	0%	8%	0%
Transactional Web Site	91%	100%	84%	71%	86%
Other	14%	4%	5%	13%	0%