

MISSOURI LINKED DEPOSIT

Loans to Develop Our Future

2013 Annual Report



CLINT ZWEIFEL
MISSOURI STATE TREASURER

Program Overview

The Missouri Linked Deposit Program is a statutorily created lending program managed by State Treasurer Clint Zweifel and aimed at expanding and strengthening Missouri communities by providing low-interest loans to qualified borrowers for business enhancement, growth and development.

Eligible borrowers include:

- Farms
- Small businesses with up to 99 employees
- Local governments
- Multi-Family Housing
- Alternative-energy focused programs

Program Overview

- The Missouri Linked Deposit Program has been assisting Missouri businesses since 1985.
- Treasurer Zweifel deposits available funds with an approved borrower's banking institution at a below-market interest rate.
- This allows the lender to pass along up to a 30 percent interest-rate reduction to the borrower resulting in an overall savings to the borrower and economic growth for Missouri communities.
- Since taking office, Treasurer Zweifel cut bureaucracy and red tape in the application process while promoting the loan program directly to small businesses and farms through round tables, bank presentations, business group meetings and public outreach.

The Missouri Linked Deposit Program 2013 Annual Report provides a summary of loan activities from October 1, 2012 - September 30, 2013.

The Missouri Linked Deposit Program placed 972 loans in the 2013 program year (PY) for a total loan amount of \$322,358,584.

During the 2013 PY, the Missouri Linked Deposit Program provided a total of 70 loans totaling \$17,223,518 to women-owned businesses and 16 loans totaling \$6,898,436 to minority-owned businesses.

These numbers for women and minority-owned businesses are a significant increase from the 2012 PY, when 31 loans totaling \$11,390,434 were made to women-owned businesses and 6 loans totaling \$2,719,657 were made to minority-owned businesses.

During the 2013 PY, Treasurer Zweifel reached out to the following entities in order to increase minority participation in the Linked Deposit Program:

Minority & Women Outreach	
Office of Administration, Office of Equal Opportunity	
Missouri Legislative Black Caucus Foundation	
100 Black Men of Metropolitan St. Louis	
MODOT, External Civil Rights	
Green and Associates, LLC (Former Director of Office of Administration, Office of Equal Opportunity)	
St. Louis Development Corporation	
Minority Business Development of St. Louis Development Corporation	
Center for the Acceleration of African American Business (CAAAB)	
Disadvantaged Business Enterprise - Kansas City	
Missouri Coalition of Minority and Women Business Owners	
St. Louis Minority Supplier Development Council	
National Association of Women Business Owners- Kansas City	
National Association of Women Business Owners- St. Louis	
MOKAN	

Top Ten Women-Owned Business Loans

Loan Amount	MLDP Bank	Loan Type	Region
\$1,085,000.00	OakStar Bank	Small Business	Southwest
\$964,000.00	Bank of Missouri	Small Business	Central
\$857,692.00	First Midwest Bank Of Poplar Bluff	Small Business	Southwest
\$818,000.00	Adams Dairy Bank	Small Business	Kansas City
\$750,000.00	Guaranty Bank	Small Business	Southwest
\$660,785.00	Adams Dairy Bank	Small Business	Kansas City
\$602,900.00	Mid America Bank	Small Business	Central
\$550,000.00	Wood And Huston Bank	Small Business	Southwest
\$525,000.00	Mid Missouri Bank	Agriculture	Southwest
\$518,965.00	Commerce Bank	Small Business	Northwest

Women-Owned Business Loans by Region Totals

Region	Loan Amount	Number of Apps.
Northwest	\$884,061.00	4
Northeast	\$1,191,647.00	10
Kansas City	\$3,507,561.00	10
Central	\$5,206,644.00	25
St. Louis	\$1,538,033.00	7
Southwest	\$4,537,124.00	12
Southeast	\$358,448.00	2
Region Totals	\$17,223,518.00	70

Top Ten Minority-Owned Business Loans

Loan Amount	Bank Name	Loan Type	Region
\$1,346,000.00	Hawthorn Bank	Small Business	Kansas City
\$818,000.00	Adams Dairy Bank	Small Business	Kansas City
\$814,492.00	Commerce Bank	Small Business	Kansas City
\$660,785.00	Adams Dairy Bank	Small Business	Kansas City
\$551,753.00	Legends Bank	Small Business	Central
\$500,000.00	KCB Bank	Small Business	Kansas City
\$457,105.00	Adams Dairy Bank	Small Business	Kansas City
\$375,678.00	Commerce Bank	Small Business	St. Louis
\$354,806.00	Commerce Bank	Small Business	Kansas City
\$322,200.00	Bank of Kirksville	Small Business	Northeast

Minority-Owned Business Loans by Region Totals

Region	Loan Amount	Number of Loans
Northwest	\$54,000.00	1
Northeast	\$322,200.00	1
Kansas City	\$4,951,188.00	7
Central	\$874,694.00	4
St. Louis	\$696,354.00	3
Southwest	0	0
Southeast	0	0
Region Totals	\$6,898,436.00	16

A total of 59 loans totaling \$23,077,636 were provided to veteran-owned businesses within Missouri.

The number of veteran-owned business loans increased by 41 with a loan amount increase of \$13,488,498.

PY	Veteran Loans	% of MLDP Portfolio
2013	\$23,077,636.00	7.2%
2012	\$9,589,137.79	2.6%

During PY 2013, the Missouri Linked Deposit Program experienced a decrease of \$48,295,957.79.

The decrease can be attributed to the following factors:

- An uncertain economic environment for business owners,
- Market-wide, low-interest rates and
- Market-wide decrease in loan volume.

Economic Challenges

- Business owners are reluctant to take on more debt because of other pending matters such as other economic and political uncertainties.
- According to published reports, business owners feel that it is more challenging to get a loan now than it was four years ago.

Rate Environment

The Missouri Linked Deposit Program was created to lower interest rates. However, the low-interest rate climate we are experiencing has made it challenging for some banks to use the program.

Decrease in Loan Volume

According to the Federal Reserve Bank many banks decreased loan volume in the last year.

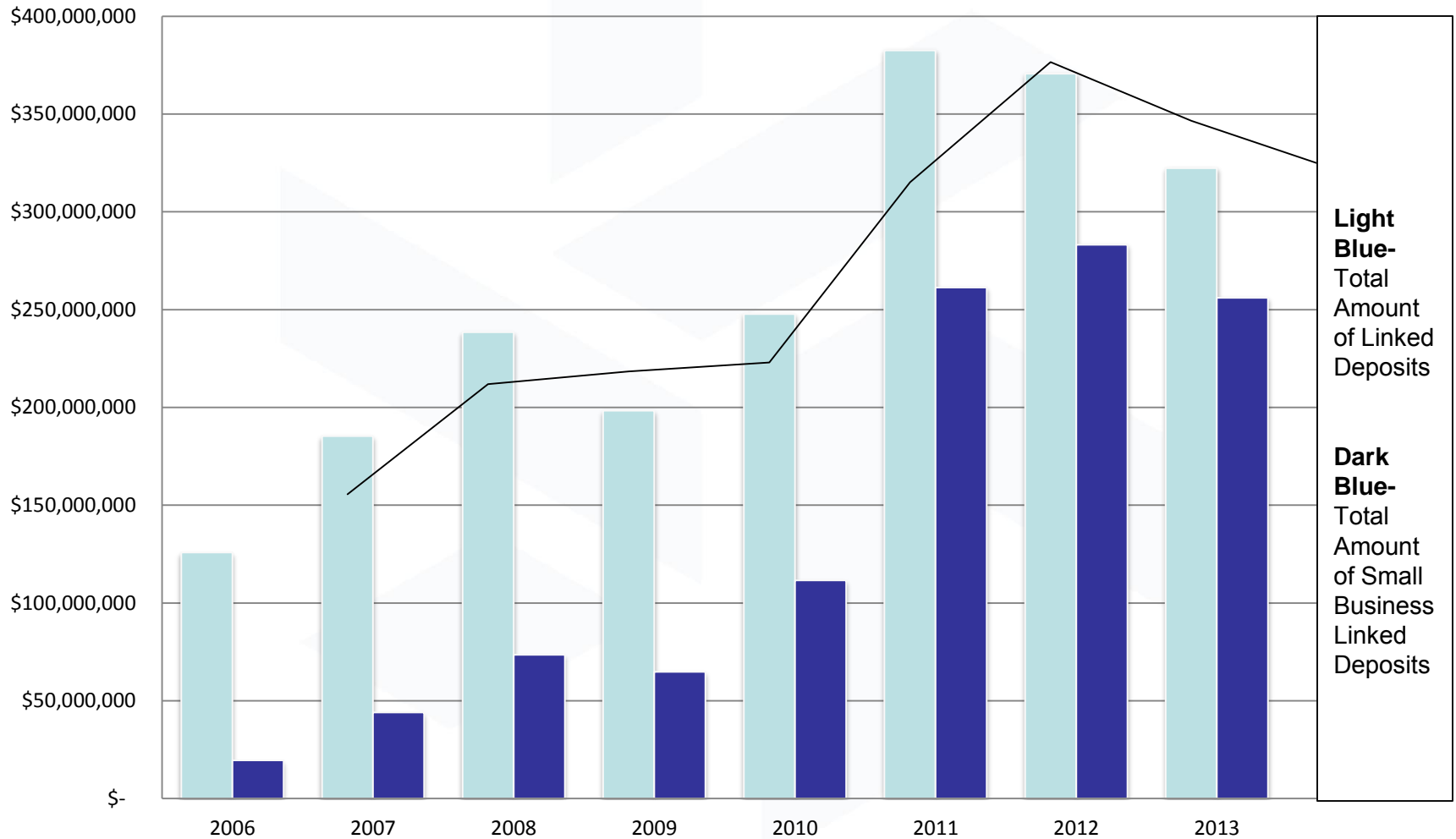
Treasurer Zweifel's Office will continue to talk with participating lenders, find new markets and under-utilized banks. The Missouri Linked Deposit Program continues to be an asset for Missouri qualified borrowers.

Total Missouri Linked Deposit Program loans in PY 2013 experienced a decrease of 13%.

Specifically, total Missouri Linked Deposit Program loans in PY 2013 totaled \$322,358,584 representing a decrease of \$48,295,957 from the PY 2012 total loan amount of \$370,654,541.

PROGRAM YEAR	TOTAL LOAN AMOUNTS	PERCENT INCREASE/DECREASE
PY2013	\$322,358,584	-13 %
PY 2012	\$ 370,654,541.79	-3%
PY 2011	\$ 382,572,219	54%
PY 2010	\$ 247,746,040	25%
PY 2009	\$ 198,300,000	-15%
PY 2008	\$ 234,027,616	26%
PY 2007	\$ 185,318,905	47%
PY2006	\$125,821,095	

Summary of Missouri Linked Deposit Loan Amounts by Year



Percentages of loan category allocations for PY 2013 compared to PY 2012:

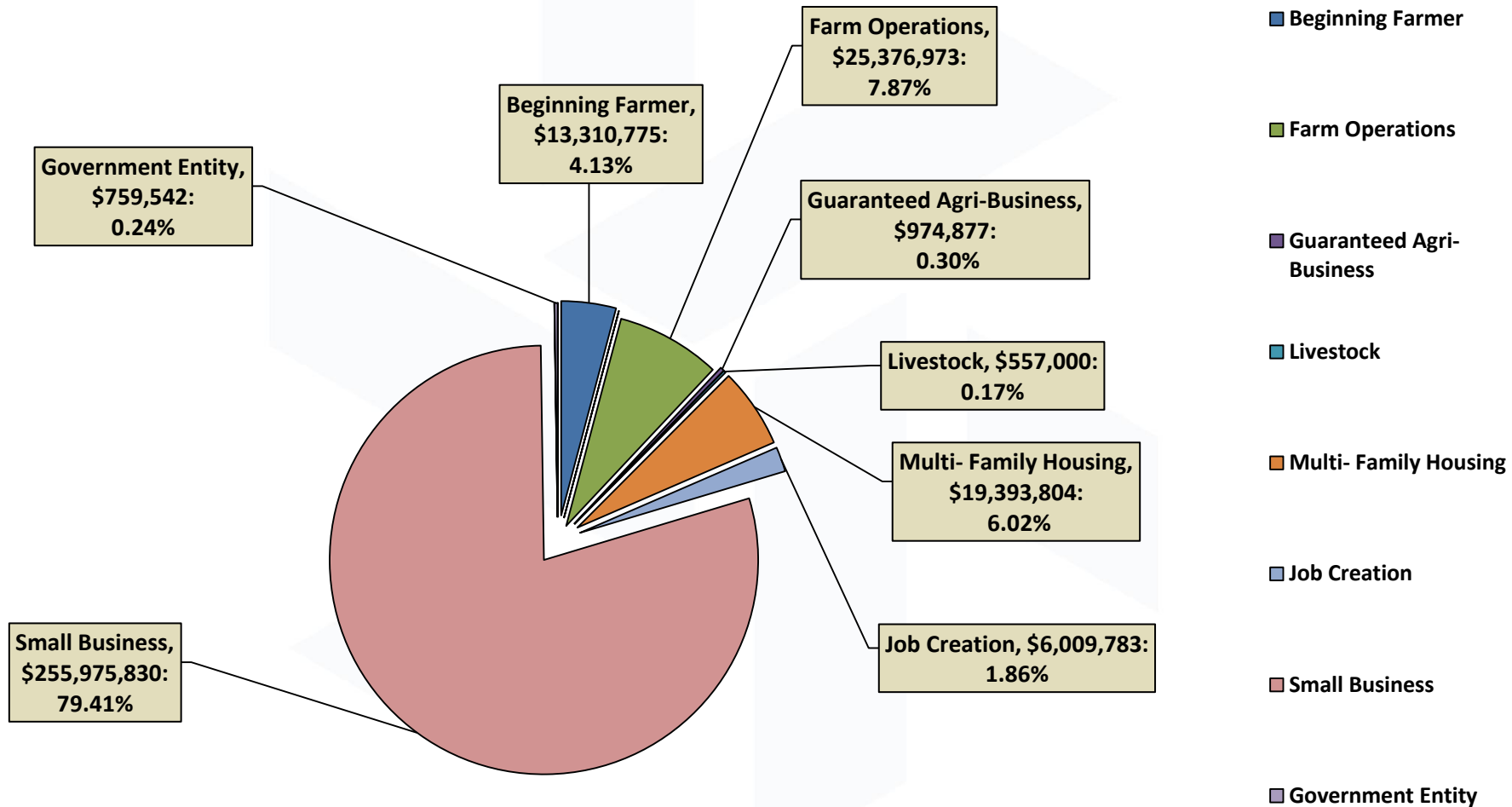
MLDP Category	2012	2013
Small Business	53%	78.41%
Guaranteed Agri-Business	18%	0.30%
Farm Operation	17%	7.87%
Beginning Farmer	8%	4.13%
Housing	2%	6.02%
Livestock	1%	0.17%
Government Entity	<1%	0.24%
Job Creation	<1%	1.86%

COMPARISON OF TOTAL LOAN AMOUNTS BY CATEGORY

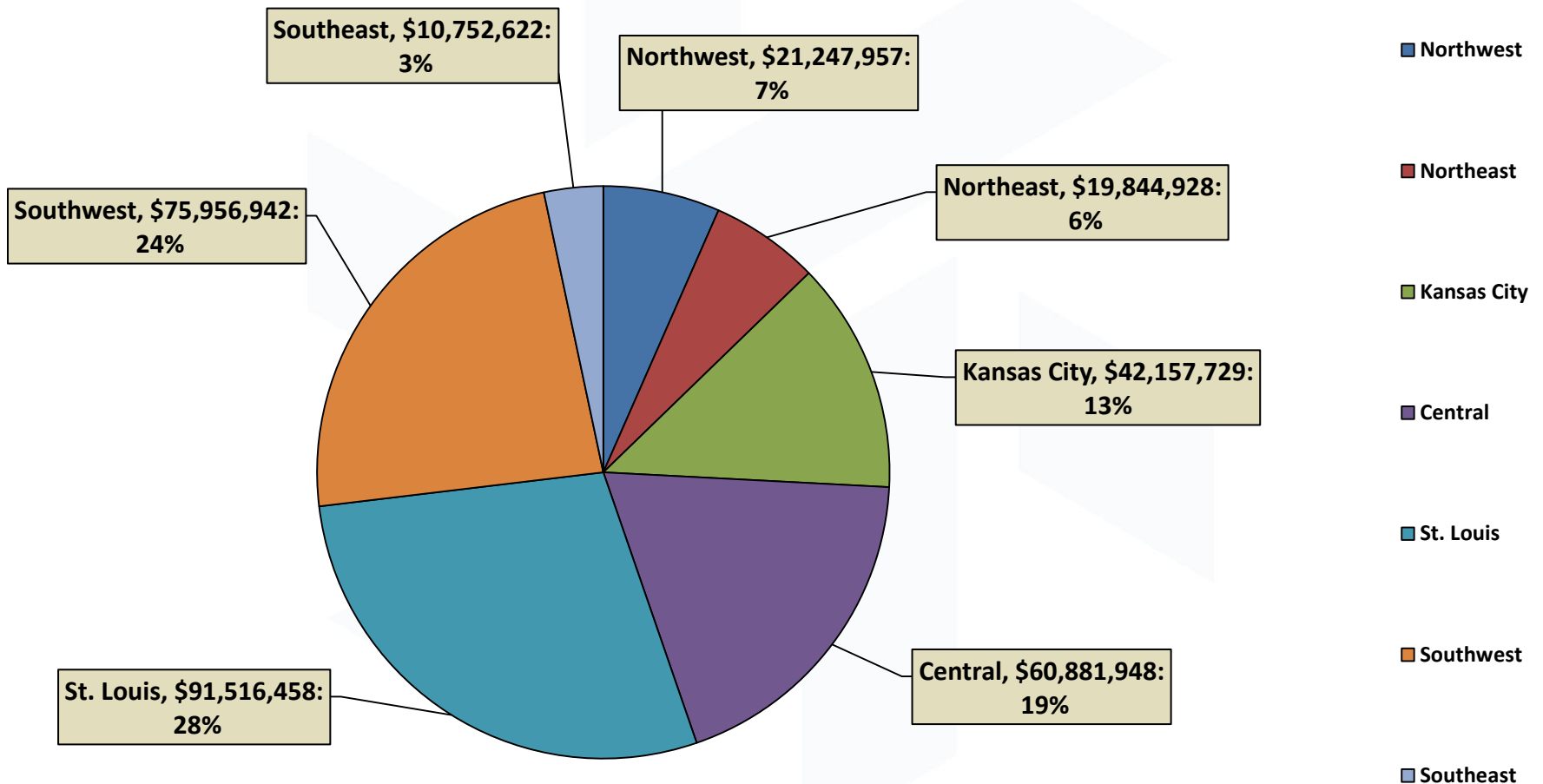
Program	PY Ending 9/30/2011	PY Ending 9/30/2012	PY Ending 9/30/2013
Beginning Farmer	\$23,767,427	\$ 18,707,385	\$13,310,775
Facility Borrower	\$0	\$ 0	\$0
Farm Operations	\$62,897,936	\$ 38,649,126	\$25,376,973
Guaranteed Agri-Business	\$5,843,821	\$ 3,344,905	\$974,877
Livestock	\$1,842,223	\$ 1,320,143	\$557,000
Multi-Family Housing	\$18,315,545	\$ 15,904,099	\$19,393,804
Job Creation	\$7,559,658	\$ 8,288,250	\$6,009,783
Small Business	\$261,286,143	\$ 283,179,091.79	\$255,975,830
Alternative Energy	\$0	\$ 0	\$0
Government Entity	\$1,059,466	\$ 831,542	\$759,542
Agri-Business	\$0	\$ 430,000	\$0

2013 Missouri Linked Deposit Program Loan by Category

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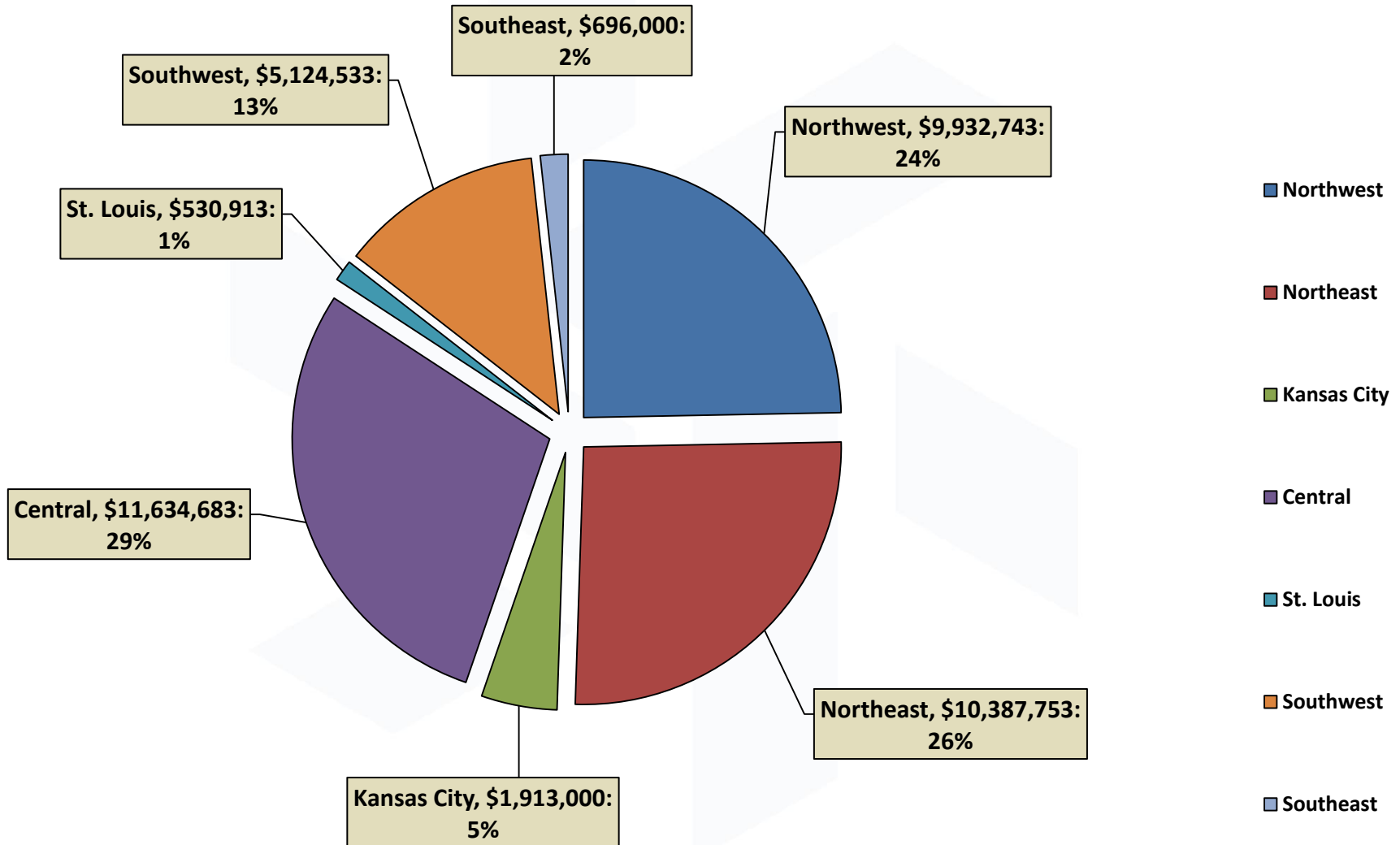


2013 Missouri Linked Deposit Loan Program by Region



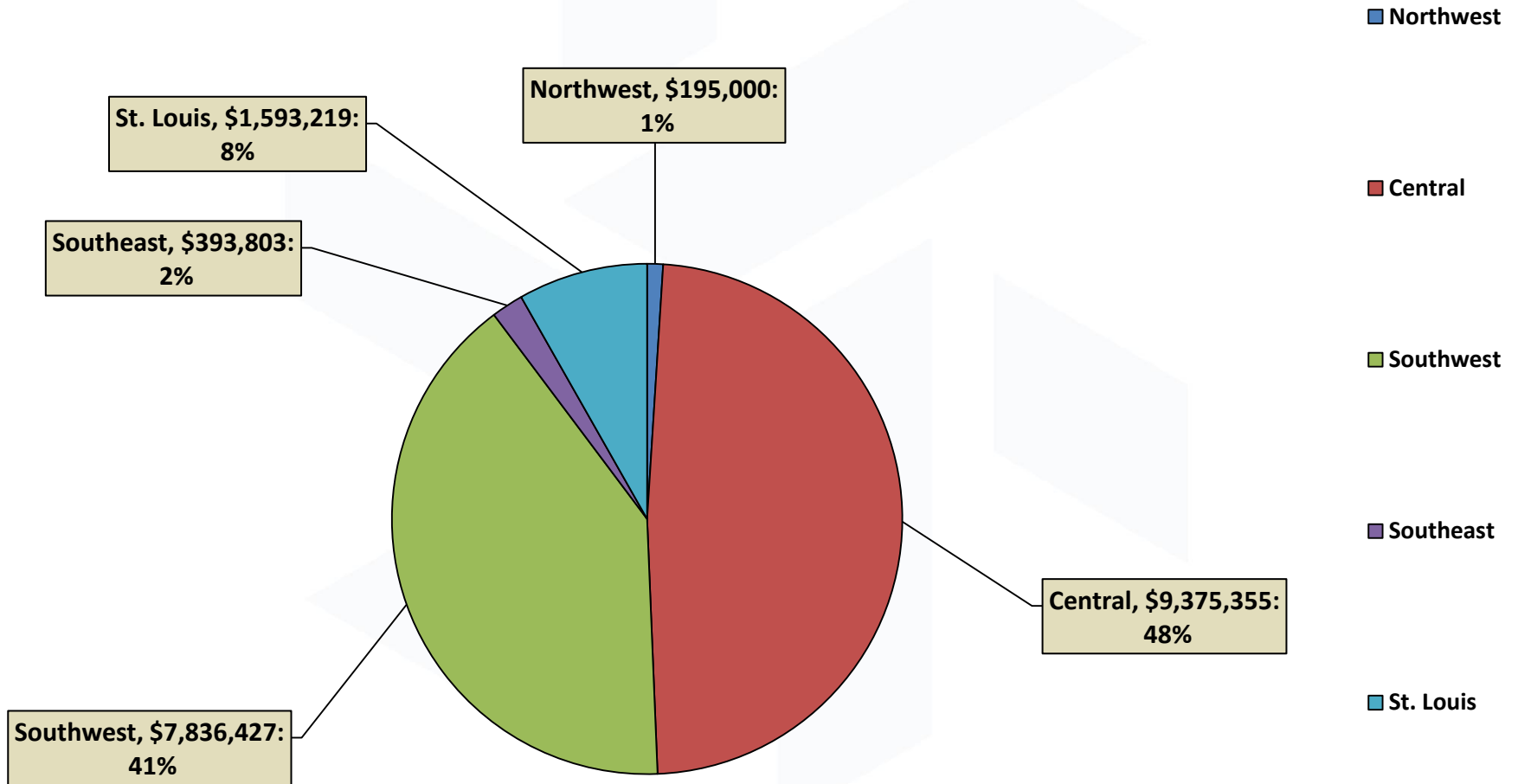
2013 Agriculture by Region

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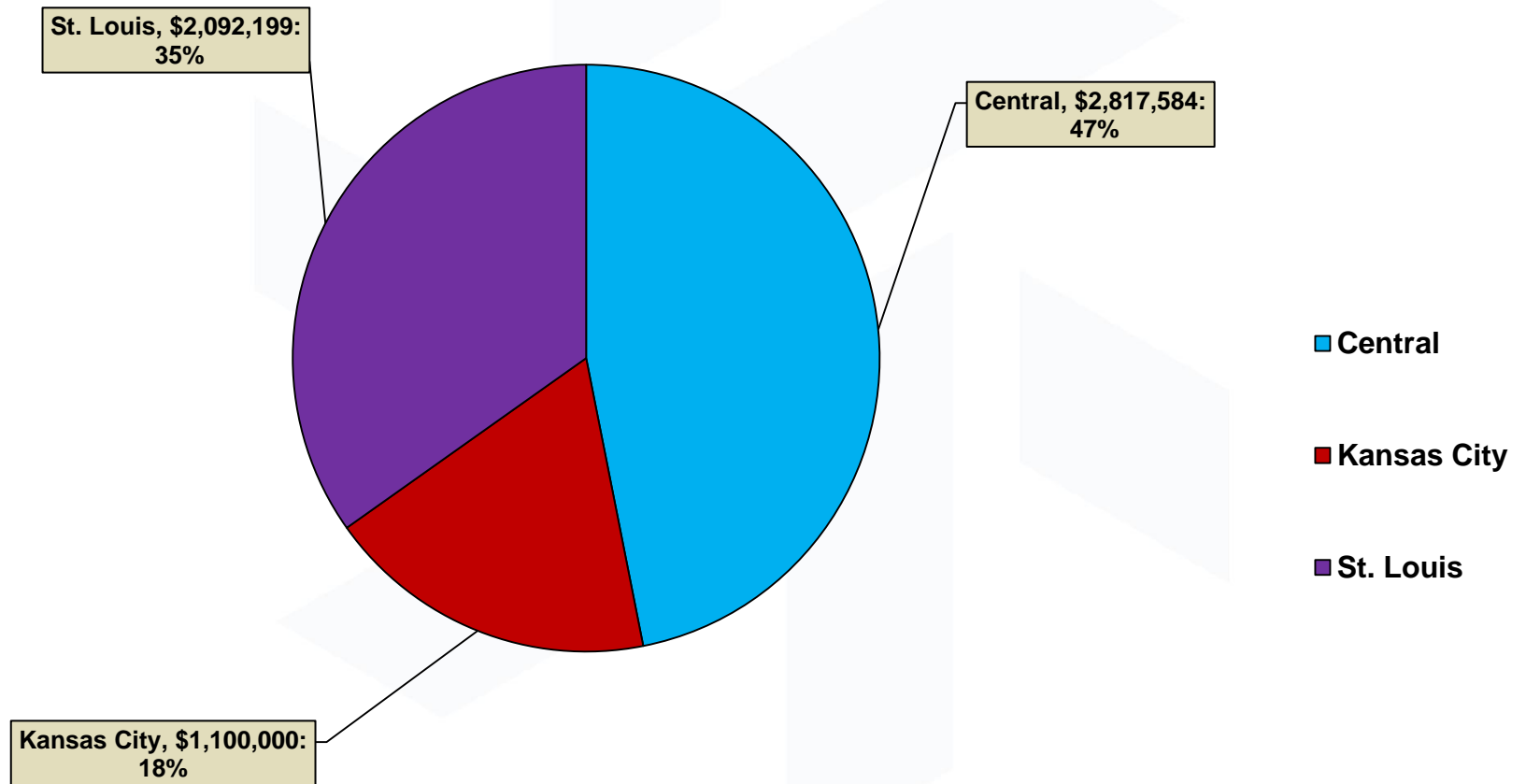


2013 Multi-Family Housing by Region

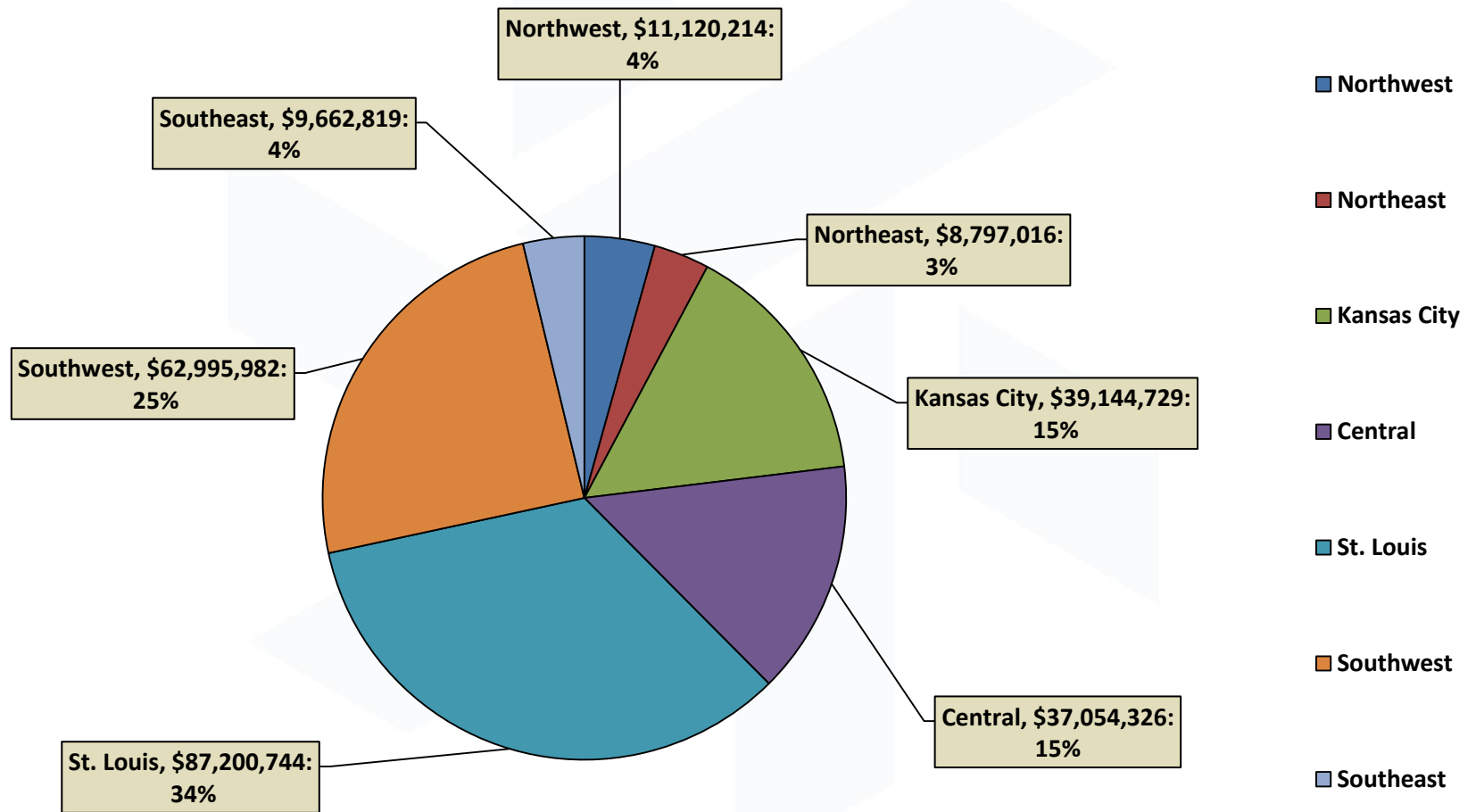
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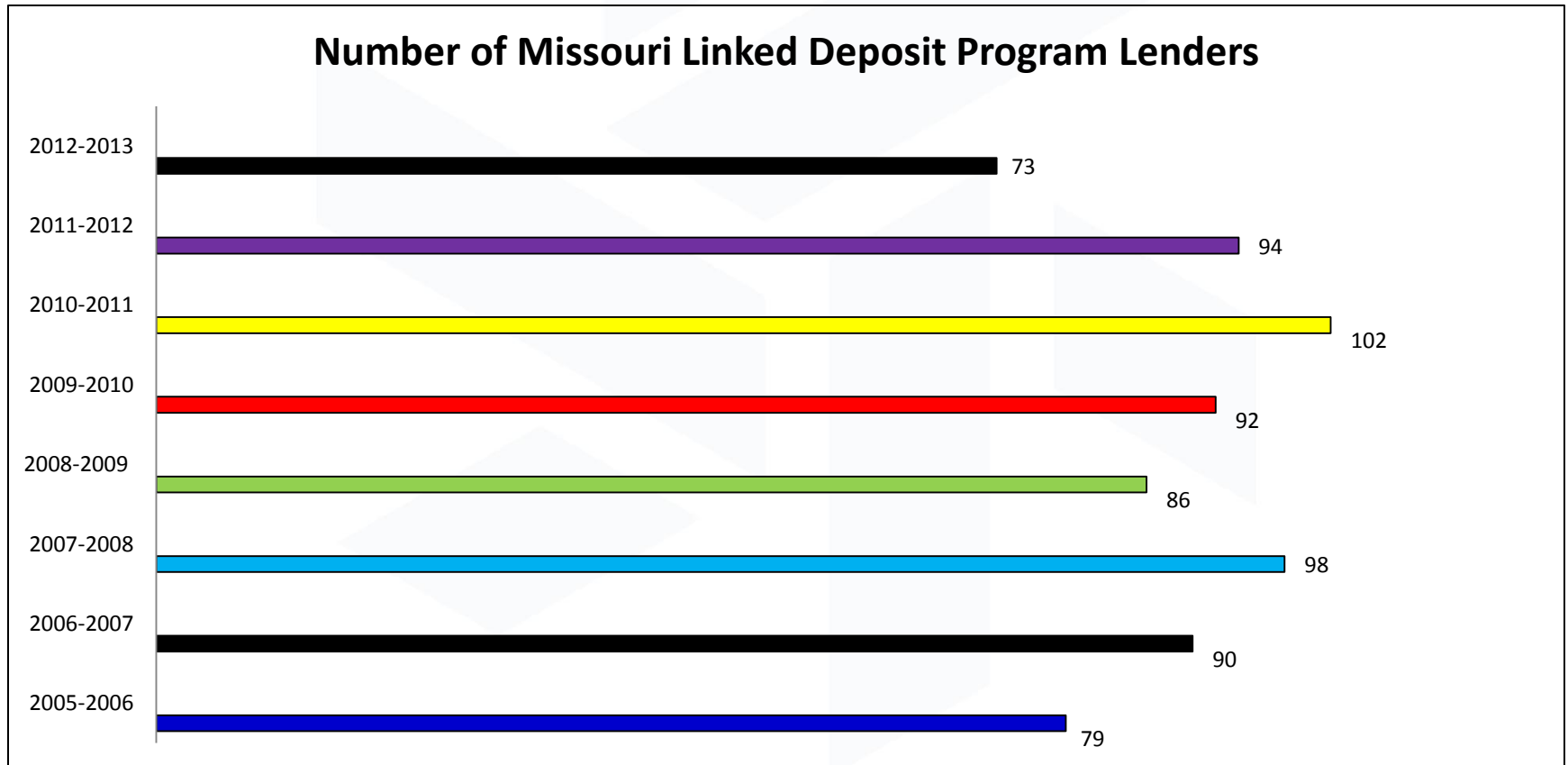
2013 Job Creation by Region



2013 Small Business by Region



Lender Information



Lender Information

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2013 PREFERRED PARTNERS

The Preferred Partners program continues to be popular with Missouri lenders. While all eligible lenders can participate in the Missouri Linked Deposit Program, lenders identified as Preferred Partners have at least 1% of their asset size in active Missouri Linked Deposit Program loans. Preferred Partners are well educated in Missouri Linked Deposit Program loan requirements and eligibility.

During PY 2013 one lender was added to the Preferred Partner status. OakStar Bank became a Preferred Partner in September 2013, increasing the overall number of Preferred Partners to 28.

PY 2011 PREFERRED PARTNERS	PY 2012 PREFERRED PARTNERS	PY 2013 PREFERRED PARTNERS
Adams Dairy Bank	Adams Dairy Bank	Adams Dairy Bank
Bank of Kirksville	Bank of Kirksville	Bank of Kirksville
Bank of St. Elizabeth	Bank of Monticello	Bank of Monticello
Bank of Monticello	Bank Of St. Elizabeth	Bank Of St. Elizabeth
Belgrade State Bank	Belgrade State Bank	Belgrade State Bank
Central Bank	Central Bank	Central Bank
Citizens Bank of Edina	Citizens Bank of Edina	Citizens Bank of Edina
Citizens – Farmers Bank of Cole Camp	Citizens-Farmers Bank of Cole Camp	Citizens-Farmers Bank of Cole Camp
Commerce Bank	Commerce Bank	Commerce Bank
Community First Bank	Community First Bank	Community First Bank
Enterprise Bank & Trust	Enterprise Bank & Trust	Enterprise Bank & Trust
FCS Financial	F&C Bank	F&C Bank
F&C Bank	FCS Financial	FCS Financial
First State Bank of St. Charles	First State Bank of St. Charles	First State Bank of St. Charles
Hawthorn Bank	Hawthorn Bank	Hawthorn Bank
Independent Farmers Bank	Independent Farmers Bank	Independent Farmers Bank
Legends Bank	Legends Bank	Legends Bank
Maries County Bank	Maries County Bank	Maries County Bank
Mid America Bank	Mid America Bank	Mid America Bank
Mid-Missouri Bank	Mid-Missouri Bank	Mid-Missouri Bank
O'Bannon Bank	O'Bannon Bank	O'Bannon Bank
Paris National Bank	Paris National Bank	OakStar Bank
Progressive FCS	Progressive FCS	Paris National Bank
Pulaski Bank	Pulaski Bank	Progressive FCS
Regional Missouri Bank	Regional Missouri Bank	Pulaski Bank
Southern Bank	Southern Bank	Regional Missouri Bank
United State Bank	United State Bank	Southern Bank
		United State Bank