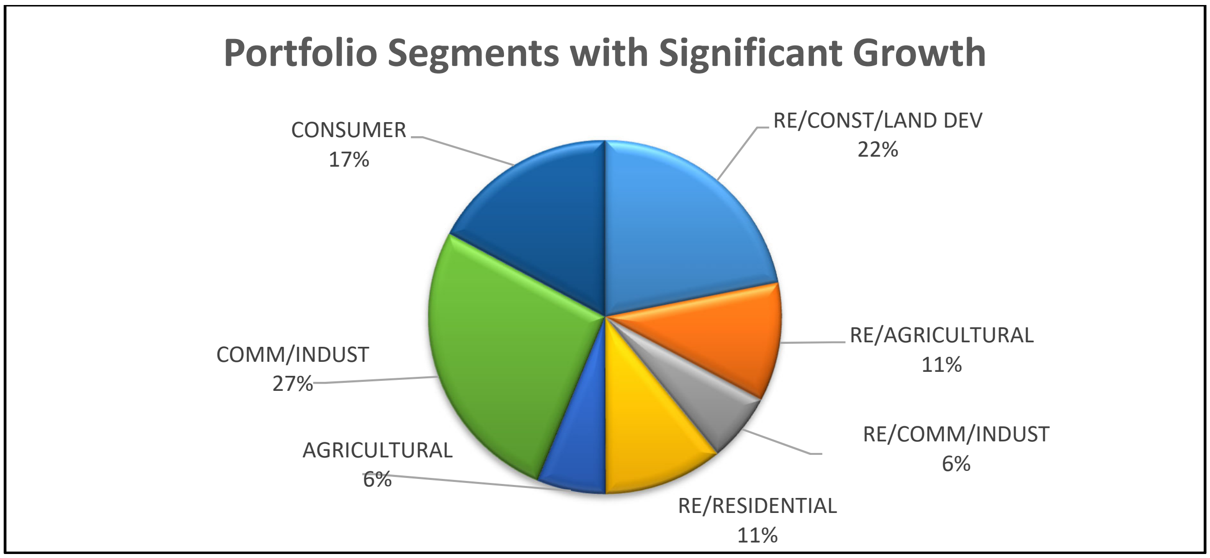
This survey is completed by bank examiners at the conclusion of each examination. Results are compiled from all banks examined each quarter. This report compiles information from all 4 quarters in 2020 to provide a full picture of the banks that were examined during the year.

Date: **FULL YEAR 2020** Number of Banks Examined: **79**

LENDING

1. Since the last examinations, **35** banks had significant growth in at least one segment of the portfolio. Significant is defined as an increase of 20% or more. The following graph illustrates the portfolio segmentation in the **35** banks for the identified growth. The two largest growth areas were C&I and RE/Const/Land Development.



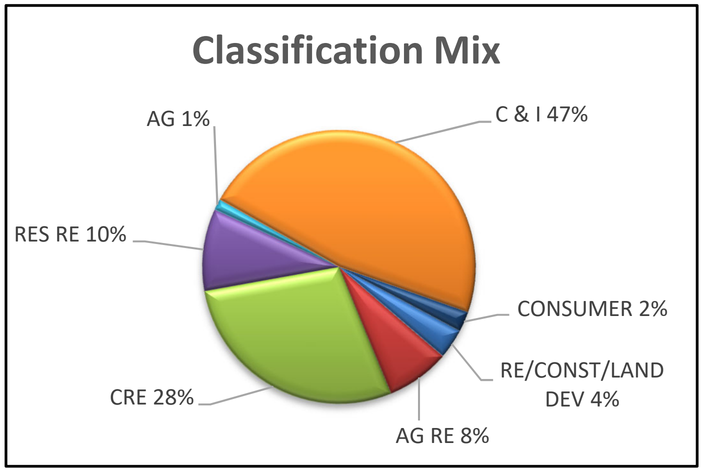
2. Banks examined during the year are not incurring "more than normal" risk when booking new loans or modifying existing credits as risk indicators were only noted in a total of **6** banks. The primary risk being incurred was the absence of cash flow projections.

3. The majority of the banks examined remain conservative in underwriting practices across all loan types reviewed. Moderate risk in commercial loan underwriting was noted in **24%** of the banks. While still a limited risk level, this is an area of increased concern as it is also the loan type with the highest growth during the year.

4. Agriculture loans represent more than 20% of total loans in **26** banks examined. Despite the increased concern over this type of lending and the related economy, the potential exposure to Ag risks in these banks is mostly minimal, with **82%** of these banks reflecting low risk to drops in value, phase out, or carryover.

5. The Adversely Classified Items Coverage ratio increased in **24** of the banks examined. The average increase was **5.7%**, with the primary reason for the increase attributed to deterioration in existing loans.

6. The mix of total loan classifications for all **79** banks is illustrated in the adjacent pie chart. Total commercial loans make up **75%** of total classifications. While C&I loans appear to comprise nearly half of all classifications, the chart is somewhat skewed due to a large bank examined during the year. Excluding this bank results in CRE rising to the majority at **42%** with all others at nominal levels.



OPERATIONAL

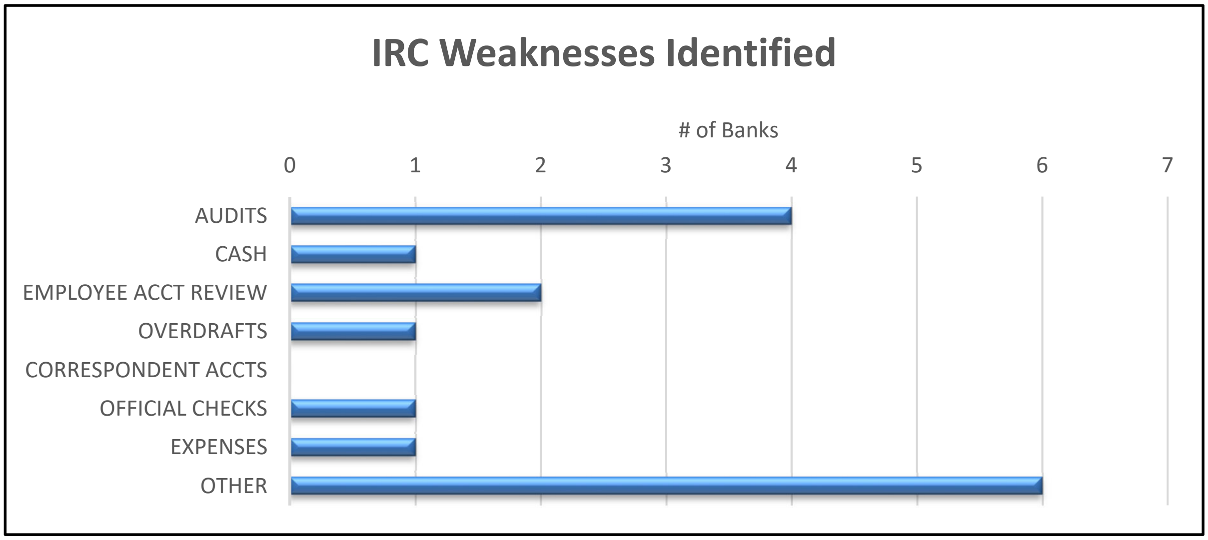
7. Banks examined primarily exhibit conservative policies and practices in relation to investments. Only **12** banks were considered to have moderate risk, with none in the liberal category.

8. Banks examined also exhibited conservative policies and practices in relation to funds management. **15** banks were identified as moderate, but **3** were noted in the liberal category.

9. Examinations identified funding concentrations in **12** of the banks examined.

10. Examinations also identified only **3** banks that hold a significant position in off-balance sheet derivatives. Significant is considered 10% of total assets.

11. The overall level of banks with Internal Routine and Control weaknesses is limited with no weaknesses noted in **67** banks. The chart below represents the frequency that the following types of IRC weaknesses were observed.



12. The majority of the banks examined engage in nontraditional activities, with **39%** participating in secondary market lending. The following chart shows all the types of activity observed.