

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 2025 to provide a full picture of the banks that were examined during the year.

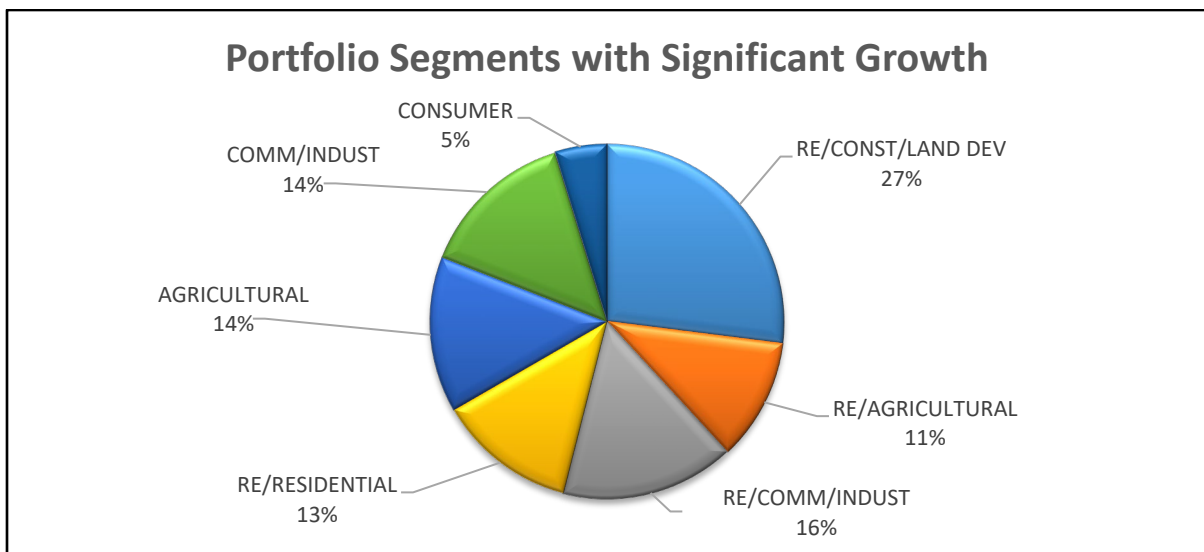
Date: **FULL YEAR 2025**

Number of Banks Examined: **63**

## ***LENDING***

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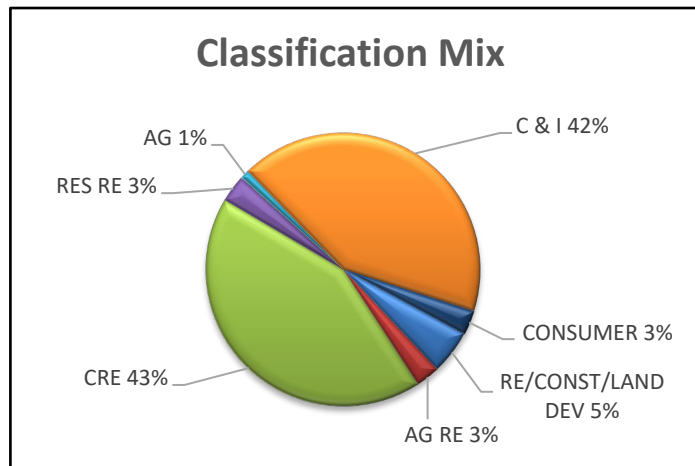
1. Since their last examinations, **56%** of the banks had significant growth in at least one segment of the portfolio. Significant is defined as an increase of 20% or more. The following graph illustrates the portfolio segmentation in the **35** banks for the identified growth. Growth was identified in all segments, with commercial-related segments comprising **30%** of the growth and construction and land development the largest individual segment at **27%**.



2. **11%** of banks examined during the year were incurring “more than normal” risk when booking new loans or modifying existing credits. While this is up from the 2024 percentage of **6%**, the number of banks only increased from **5** to **7**. Risk indicators identified included collateral dependency, a lack of cash flow analysis, and liberal repayment terms.
3. A majority of the banks examined remain conservative in underwriting practices across all loan types reviewed. Moderate practices were noted in an average of **14%** of the banks across all loan types, with only **two** banks exhibiting liberal underwriting practices. The liberal practices were identified in consumer and commercial lending.

- Agriculture loans represented more than 20% of total loans in **20** of the banks examined. The potential exposure to Ag risks in these banks is mostly minimal, with the majority noting low risk. However, moderate risks were noted in carryover debt in **9** banks, subsidy phase-outs in **7** banks, and drop in land values in **9** banks. No substantial risks were identified.
- The Adversely Classified Items Coverage ratio increased in **62%** of the banks examined. The average increase was **6%** and primarily attributed to deterioration in existing credits and economic conditions.

- The mix of total loan classifications for all **63** banks is illustrated in the adjacent pie chart. Total commercial loans continue to comprise the largest portion at **85%** of total classifications.



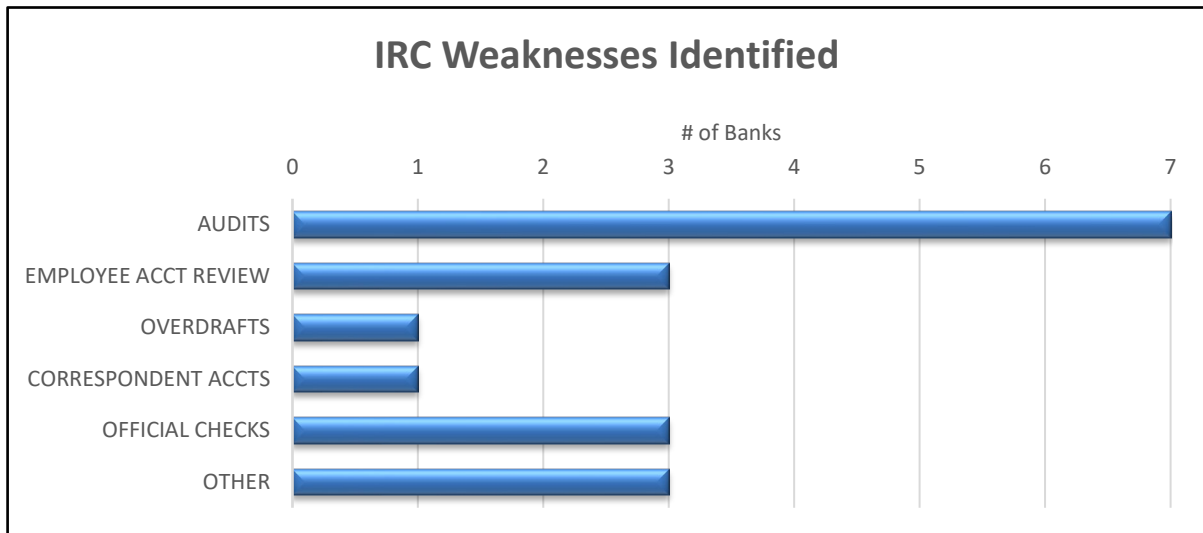
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## ***OPERATIONAL***

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- Banks examined primarily exhibit conservative policies and practices in relation to investments. Moderate risk was noted in **12** banks, with only **none** in the liberal category.
- Banks examined mostly exhibited conservative policies and practices in relation to funds management. Increased risk is noted in some banks, with **11** banks identified as moderate risk and **1** reflecting liberal practices. These numbers are down slightly from 2024 as liquidity has improved in the industry.
- Examinations noted funding concentrations in **11** of the banks examined. This volume decreased from 2024 levels likely due to improving liquidity positions.
- Examinations identified only **2** 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 **51** banks or **74%** of the banks examined. The chart below represents the frequency that the following types of IRC weaknesses were observed. The other category weaknesses involved issues with segregation of duties, BSA practices, and dormant account management.



12. The majority of the banks examined engage in nontraditional activities, with the most significant being **32%** participating in secondary market lending. The following chart shows the types of activity observed. Other nontraditional activities consisted of FinTech activities and fixed asset rentals.

