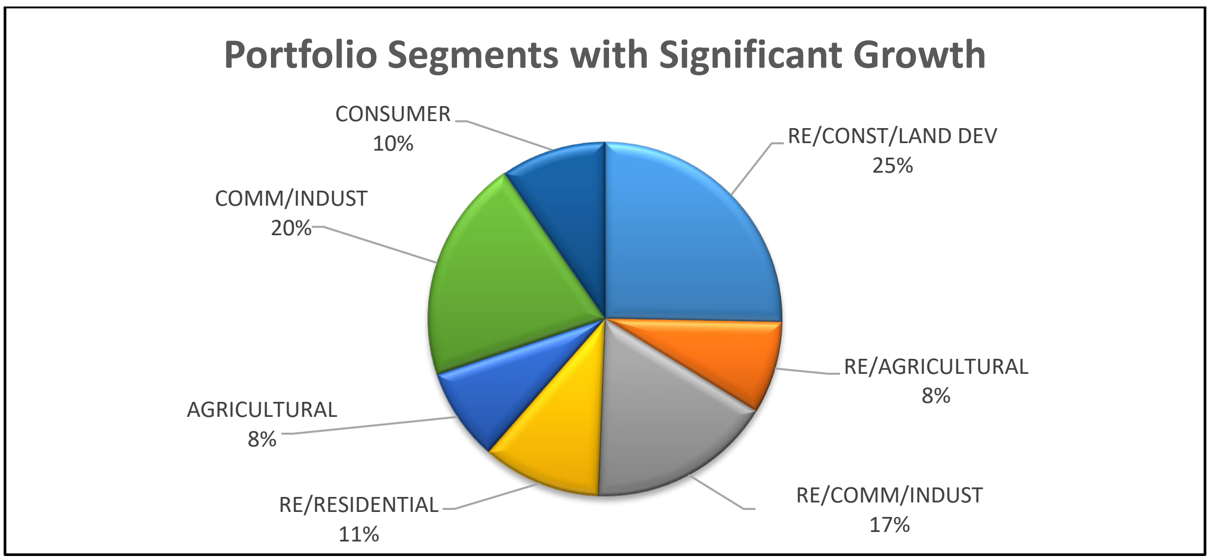
This survey is completed by bank examiners at the conclusion of each examination. Results are compiled from all banks examined each quarter. This report compiles information from all 4 quarters in 2024 to provide a full picture of the banks that were examined during the year.

Date: **FULL YEAR 2024** Number of Banks Examined: **77**

LENDING

1. Since their last examinations, **44%** 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 **44** banks for the identified growth. Growth was identified in all segments, with commercial-related segments comprising **37%** of the growth and construction and land development the largest individual segment at **25%**.



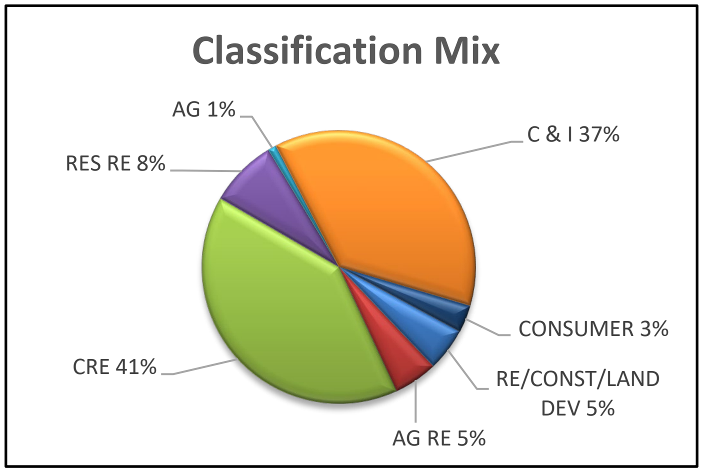
2. Only **6%** of banks examined during the year are incurring "more than normal" risk when booking new loans or modifying existing credits, this is down from **13%** of banks in 2023. Risk indicators were only noted in **five** banks and included collateral dependency, a lack of cash flow analysis, and sub-prime and unsecured lending.

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 **13%** of the banks across all loan types, with only **one** bank exhibiting liberal underwriting practices.

4. Agriculture loans represented more than 20% of total loans in **24** of the banks examined. The potential exposure to Ag risks in these banks is mostly minimal, with the majority noting low risk. However, moderate or substantial risks were noted in carryover debt in **eight** banks, subsidy phase-outs in **three** banks, and drop in land values in **seven** banks.

5. The Adversely Classified Items Coverage ratio increased in **56%** of the banks examined. The average increase was **5%**, and primarily attributed to deterioration in existing credits.

6. The mix of total loan classifications for all **77** banks is illustrated in the adjacent pie chart. Total commercial loans continue to comprise the largest portion at **78%** of total classifications.



OPERATIONAL

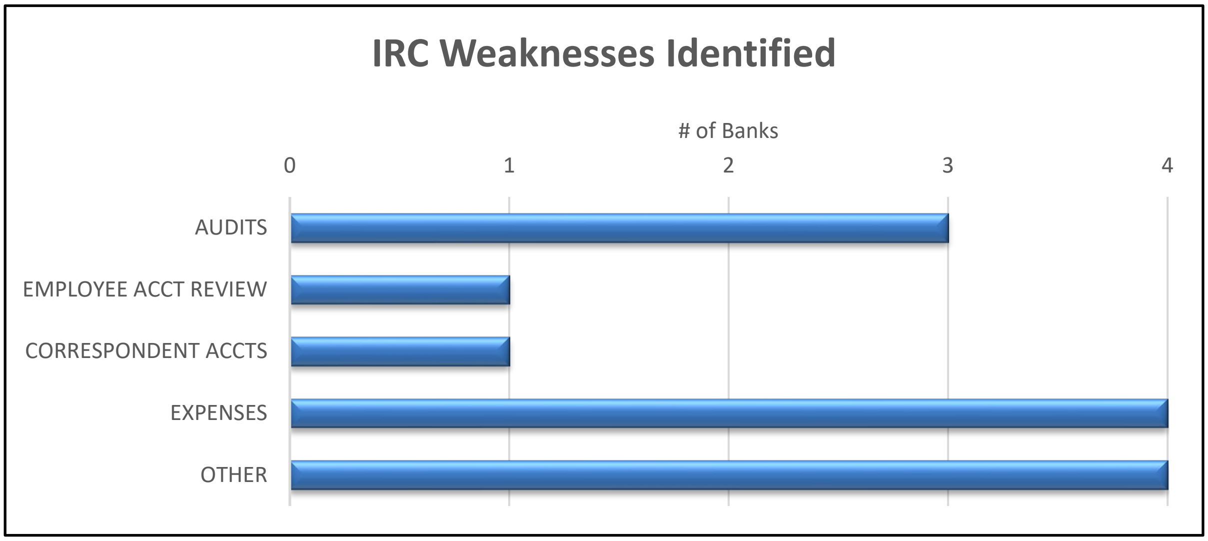
7. Banks examined primarily exhibit conservative policies and practices in relation to investments. Moderate risk was noted in **ten** banks, with only **one** in the liberal category.

8. Banks examined mostly exhibited conservative policies and practices in relation to funds management. Increased risk is noted in some banks, with **14** banks identified as moderate risk and **two** reflecting liberal practices. These numbers are consistent with those in 2023 and continue to be the result of overall liquidity tightening in the industry.

9. Examinations noted funding concentrations in **18** of the banks examined. This volume has increased each year since 2022 as noncore funding use has become more prevalent.

10. Examinations identified **three** 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 **66** banks. 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.



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 health sharing accounts and FinTech activities.