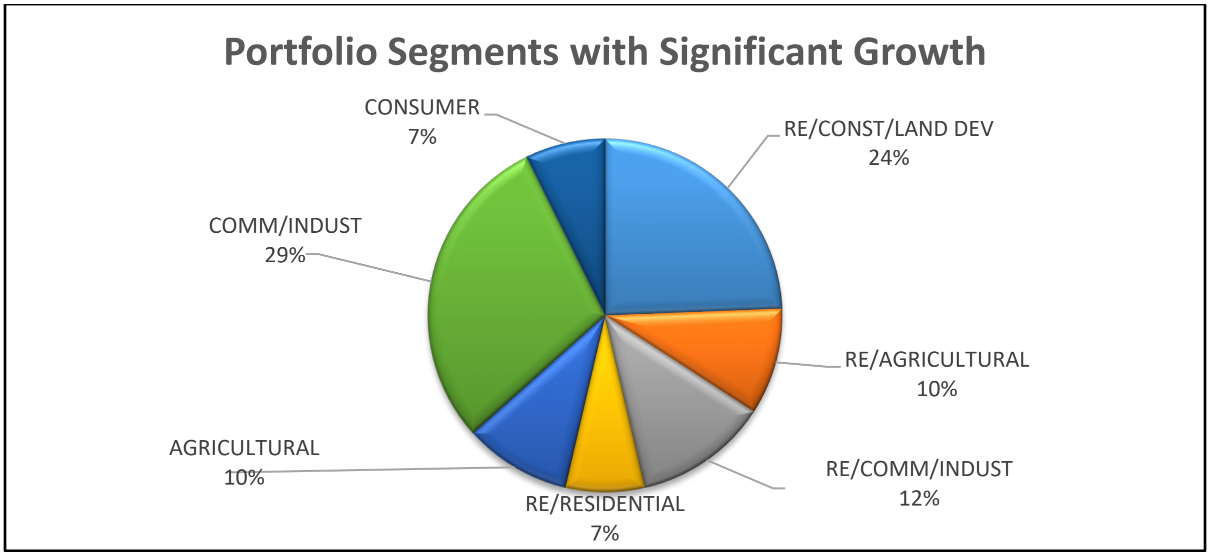
This survey is completed by bank examiners at the conclusion of each examination. Results are compiled from all banks examined each quarter. This report compiles information from all 4 quarters in 2019 to provide a full picture of the banks that were examined during the year.

Date: **FULL YEAR 2019** Number of Banks Examined: **90**

LENDING

1. Since the last examinations, **24** 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 **24** banks for the identified growth. The two largest growth areas were C&I and RE/Const/Land Development.



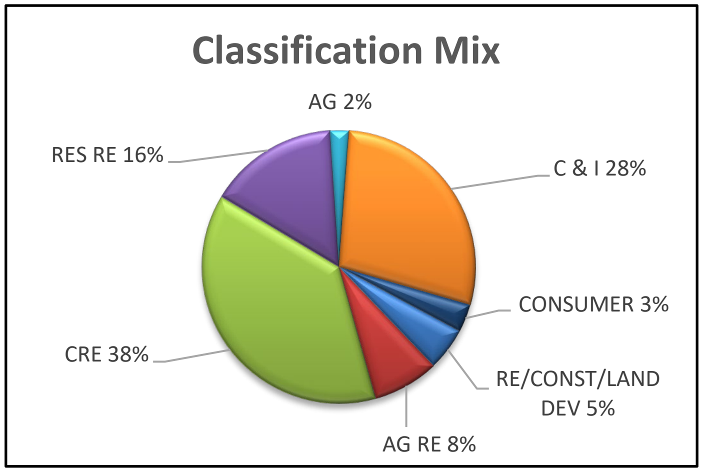
2. Banks examined during the year are not incurring "more than normal" risk when booking new loans or modifying existing credits as risk indicators were only noted in a total of **4** banks.

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 30% 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 **21** 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 **75%** of the banks reflecting low risk to drops in land values, phase-out of farm subsidies, or carryover debt.

5. The Adversely Classified Items Coverage ratio increased in **30** of the banks examined. The reason for the increase in the majority of these banks was deterioration in existing loans.

6. The mix of total loan classifications for all **90** banks is illustrated in the adjacent pie chart. CRE loans make up the majority of classifications with C&I the next largest segment. These segments combined comprise 66% of total classifications in the banks examined. C&I lending has been a large growth area in the last year as reflected in Question #1.



OPERATIONAL

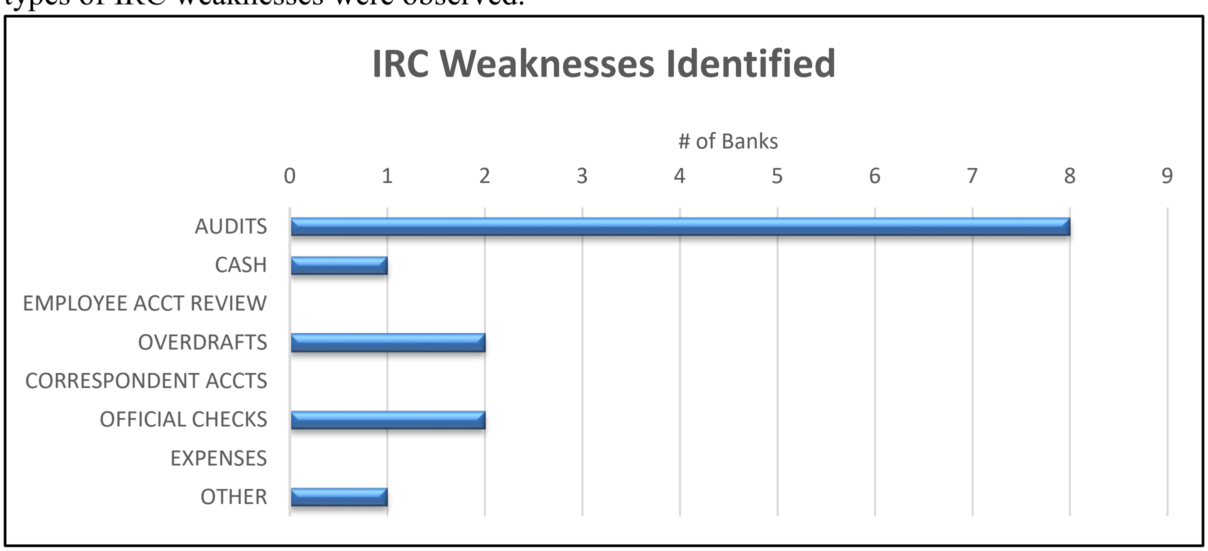
7. Banks examined primarily exhibit conservative policies and practices in relation to investments. Only **9** banks were considered to have moderate risk, with none in the liberal category.

8. Banks examined also exhibited conservative policies and practices in relation to funds management. **12** banks were identified as moderate with none in the liberal category.

9. Examinations identified funding concentrations in only **3** of the banks examined.

10. Examinations also identified only **4** 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 **53** 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 **54%** participating in secondary market lending. The following chart shows all the types of activity observed.