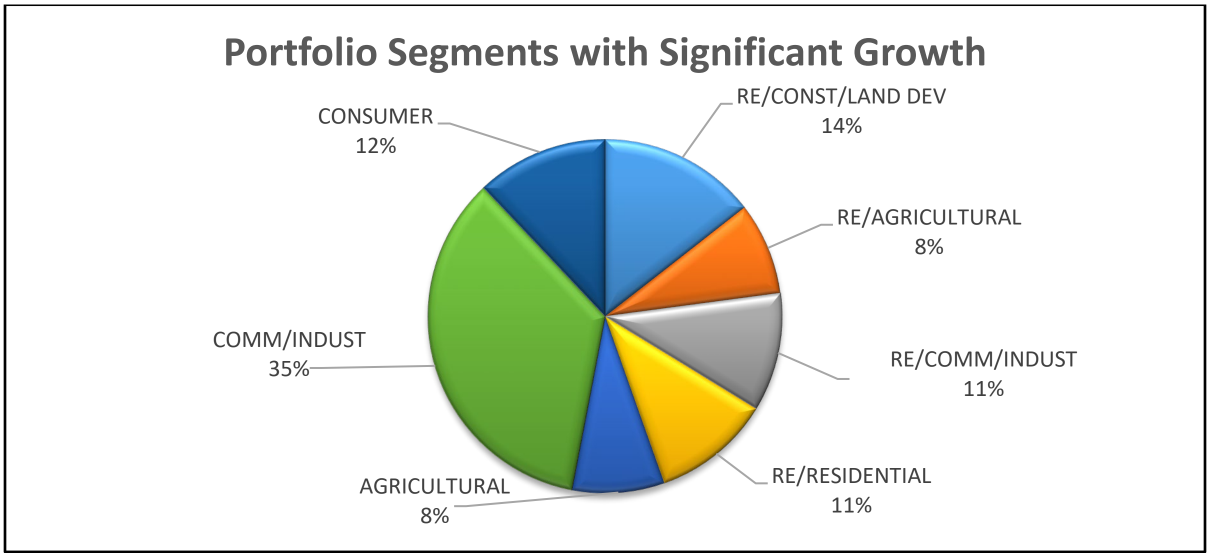
This survey is completed by bank examiners at the conclusion of each examination. Results are compiled from all banks examined each quarter. This report compiles information from all 4 quarters in 2021 to provide a full picture of the banks that were examined during the year.

Date: **FULL YEAR 2021** Number of Banks Examined: **87**

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 largest growth area was C&I likely contributed to PPP loans.



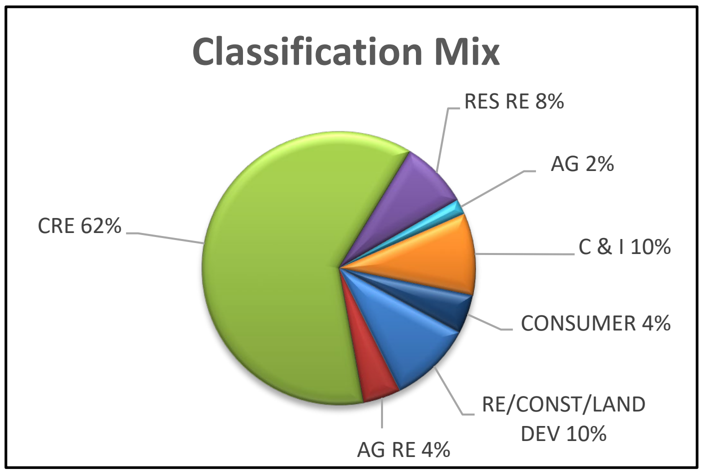
2. Banks examined during the year are not incurring "more than normal" risk when booking new loans or modifying existing credits as risk indicators were only noted in a total of **6** banks. Risks noted were diversified among collateral dependency, high LTV lending, lack of CF analysis, liberal repayment terms, and waiving of guarantees.

3. The majority of the banks examined remain conservative in underwriting practices across all loan types reviewed. Moderate practices were noted in an average of **20%** of all loan types, while **1** bank was identified as having liberal underwriting practices in consumer lending.

4. Agriculture loans represent more than 20% of total loans in **38** banks examined. Despite the continued concern over this type of lending and the related economy, the potential exposure to Ag risks in these banks is mostly minimal, with the majority noting low risk related to drop in values, phase out, or carryover. However, drop in land values was identified as a moderate or substantial risk in **31%** of these banks.

5. The Adversely Classified Items Coverage ratio decreased or remained unchanged in **66** of the banks examined. The average decrease was **5.4%**. An average increase of only **3.6%** was observed in the remaining banks, primarily attributed to deterioration in existing loans.

6. The mix of total loan classifications for all **87** banks is illustrated in the adjacent pie chart. Total commercial loans make up **72%** of total classifications with CRE loans the majority at **62%**. This is expected due to the size of the commercial portfolios and effects of the pandemic on businesses.



OPERATIONAL

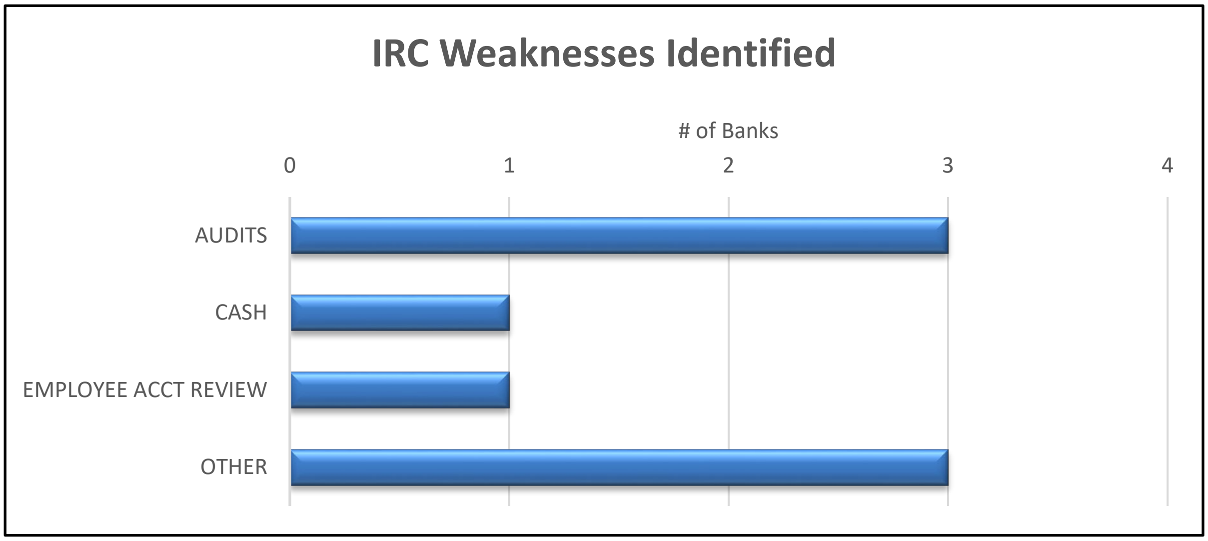
7. Banks examined primarily exhibit conservative policies and practices in relation to investments. Only **5** banks were considered to have moderate risk, with none in the liberal category.

8. Banks examined also exhibited conservative policies and practices in relation to funds management. **10** banks were identified as moderate, with none in the liberal category.

9. Examinations identified funding concentrations in only **7** of the banks examined. The low volume is primarily the result of additional liquidity in the banks due to pandemic-related government assistance funds.

10. Examinations also identified only **1** bank that holds 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 **79** banks. The chart below represents the frequency that the following types of IRC weaknesses were observed. The other category weaknesses involved segregation of duties, file maintenance reviews, and account reconciliation practices.



12. The majority of the banks examined engage in nontraditional activities, with **59%** participating in secondary market lending. The following chart shows all the types of activity observed. Other nontraditional activities consisted of credit card services, FinTech, MRBs, leveraged lending, third party lending arrangements, and broker dealer activities.