# Stability Signals Emerge — But Elevated Risk Persists Across the Portfolio

Criticized exposure stabilized at 4.4%, yet Classified levels, Covenant Stress, and CRE Concentrations continue to demand close monitoring.

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| **CREDIT QUALITY** | Criticized/Portfolio: **4.4%** (↓ from 4.7%) • Classified: **2.5%** • **20.0%** of banks exceed 4% classified |
| **CAPITAL COVERAGE** | Criticized/Tier 1+LLR: **24.8%** • Classified/Tier 1+LLR: **14.7%** • More institutions in 25-35% band |
| **NONPERFORMING LOANS** | Non accruals: **1.3%** overall • Tri-state: **1.5%** • CRE delinquencies ↑ • C&I short-term improvement |
| **RESERVES** | LLR/Portfolio: **1.2%** • Reserve coverage of classified: **85.0%** • potential CECL overlay needs indicated |
| **RISK RATING VARIANCES** | 6.2% of dollars reviewed • **7.4%** of loans • internal ratings may be lagging |
| **COVENANT STRESS** | 34–35% non-compliant • Waivers/amendments: **11–12%** • Technical exceptions: **17–21%** |
| **CRE CONCENTRATIONS** | Avg **60.0%** of portfolio • NOO CRE largest segment • Construction & multifamily exposures rising |
| **CRE METRICS & UNDERWRITING** | Avg LTV: **59–60%** • Weighted DSCR: **1.1x** • Non-recourse share: **20–24%** • Exceptions: **22–23%** of decisions |