

Comparative Safety and Soundness
The Industrial Bank Industry
Second Quarter June 30, 2023





Comparative Safety and Soundness The Industrial Bank Industry Quarter Ended June 30, 2023

The Utah Center for Financial Services at the University of Utah prepared this report to highlight the safety and soundness of Industrial Banks.

Key measures of safety and soundness in banking are Capital, Asset Quality and Profitability. We have compared levels of Capital, Asset Quality and Profitability ratios for the US banking industry and the industrial banking sectors. The underlying financial information is drawn from the June 30, 2023 call report data for individual banks and for aggregated banking industry segments. Details are presented on the attached reports.

Ratios of Banks as of and for the quarters ended June 30 and March 31, 2023.

	<u>Banks--2023</u>		<u>Banks--2022</u>	
	Industrial	All	Industrial	All
Equity to Assets	10.4%	9.6%	10.1%	9.5%
Asset Quality				
Troubled Loans	0.8%	0.8%	0.9%	0.8%
Allowance to Loans	2.7%	1.7%	2.7%	1.7%
Profitability				
Return on Assets	2.57%	1.21%	2.31%	1.35%
Return on Equity	24.77%	12.56%	22.9%	14.1%

Industrial Banks, like many other banks, gather deposits through deposit brokers. At June 30, 2023, Industrial Banks report that 99.95% of their brokered deposits qualify for FDIC insurance.

Conclusion

The banking industry continued to produce strong profitability with solid financial condition in the second quarter, though concerns about segments of our economy continue. The industrial bank sector continues to achieve superior earnings, with strong capital and asset quality ratios.

Safety and Soundness Statistics - Balance Sheet
Industrial Banking Industry
June 30, 2023

(\$ in 000's)

	Assets	Securities/ CRA		Loans	Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled			Loan to Deposits	Allowances to Loans	Troubled	
		Investments						Assets	Deposits	Equity			Assets to Loans	Equity to Assets
National Totals	\$23,465,090,424	\$5,436,350,601	\$12,298,521,312	\$209,023,378	\$93,819,342	\$2,841,337	\$96,660,679	\$18,643,918,600	\$2,253,340,957	66.0%	1.7%	0.8%	9.6%	
All Industrial Bank Totals	\$239,865,024	\$48,111,727	\$152,679,400	\$4,054,007	\$1,255,777	\$7,621	\$1,263,398	\$181,530,689	\$24,886,069	84.1%	2.7%	0.8%	10.4%	
National Totals w/o Industrial Bank Totals	\$23,225,225,400	\$5,388,238,874	\$12,145,841,912	\$204,969,371	\$92,563,565	\$2,833,716	\$95,397,281	\$18,462,387,911	\$2,228,454,888	65.8%	1.7%	0.8%	9.6%	
Nevada (4) Industrial Bank Totals	\$34,354,250	\$21,371,312	\$5,297,388	\$21,005	\$388,128	\$3,810	\$391,938	\$17,874,963	\$4,623,656	29.6%	0.4%	7.4%	13.5%	
Utah (15) Industrial Bank Totals	\$203,921,820	\$26,608,796	\$146,135,605	\$4,010,749	\$865,002	\$1,093	\$866,095	\$162,430,800	\$20,050,347	90.0%	2.7%	0.6%	9.8%	
All States w/o NV & UT (5) Bank Totals	\$1,588,954	\$131,619	\$1,246,407	\$22,253	\$2,647	\$2,718	\$5,365	\$1,224,926	\$212,066	101.8%	1.8%	0.4%	13.3%	
ILC Banks	ST	Assets	Securities/ CRA Investments	Loans	Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled			Loan to Deposits	Allowances to Loans	Troubled Assets to Loans	Equity to Assets
UBS Bank USA	UT	\$114,356,199	\$7,495,500	\$86,482,435	\$131,641	\$20,049	\$0	\$20,049	\$94,051,143	\$9,142,902	92.0%	0.2%	0.0%	8.0%
Sallie Mae Bank	UT	\$27,667,921	\$2,372,846	\$20,613,519	\$1,364,716	\$197,981	\$0	\$197,981	\$20,520,063	\$2,475,144	100.5%	6.6%	1.0%	8.9%
OptumHealth Bank, Inc	UT	\$15,825,000	\$10,262,000	\$4,493,000	\$37,000	\$1,000	\$0	\$1,000	\$13,414,000	\$1,458,000	33.5%	0.8%	0.0%	9.2%
BMW Bank of North America	UT	\$11,942,205	\$2,243,945	\$9,123,384	\$31,189	\$12,183	\$0	\$12,183	\$8,094,691	\$1,671,386	112.7%	0.3%	0.1%	14.0%
Comenity Capital Bank	UT	\$11,790,868	\$121,777	\$10,310,111	\$1,277,088	\$351,354	\$0	\$351,354	\$8,787,624	\$1,898,165	117.3%	12.4%	3.4%	16.1%
Beal Bank USA	NV	\$26,129,810	\$18,160,529	\$2,340,357	\$9,818	\$388,128	\$3,810	\$391,938	\$12,943,228	\$3,036,110	18.1%	0.4%	16.7%	11.6%
		\$207,712,003	\$40,656,597	\$133,362,806	\$2,851,452	\$970,695	\$3,810	\$974,505	\$157,810,749	\$19,681,707	84.5%	2.1%	0.7%	9.5%
Merrick Bank Corporation	UT	\$5,521,254	\$169,167	\$4,766,368	\$923,630	\$211,005	\$0	\$211,005	\$4,309,671	\$1,141,125	110.6%	19.4%	4.4%	20.7%
Toyota Financial Savings Bank	NV	\$5,375,247	\$2,423,198	\$2,447,157	\$11,078	\$0	\$0	\$4,336,208	\$780,882	\$69,234	56.4%	0.5%	0.0%	14.5%
WEX Bank	UT	\$6,902,602	\$2,680,071	\$3,243,038	\$70,943	\$23,524	\$0	\$23,524	\$5,573,759	\$521,995	58.2%	2.2%	0.7%	7.6%
USAA Savings Bank	NV	\$2,274,070	\$748,585	\$0	\$0	\$0	\$0	\$152,963	\$720,727	\$0	0.0%	0.0%	31.7%	
Celtic Bank	UT	\$2,521,884	\$311,561	\$1,809,625	\$39,383	\$19,751	\$1,093	\$20,844	\$1,842,139	\$485,157	98.2%	2.2%	1.2%	19.2%
Medallion Bank	UT	\$2,223,911	\$55,416	\$2,063,964	\$71,447	\$9,555	\$0	\$9,555	\$1,817,827	\$325,665	113.5%	3.5%	0.5%	14.6%
WebBank	UT	\$2,338,623	\$144,842	\$1,925,123	\$34,111	\$14,072	\$0	\$14,072	\$1,917,862	\$326,279	100.4%	1.8%	0.7%	14.0%
Nelnet	UT	\$1,005,043	\$531,643	\$449,872	\$5,871	\$1,384	\$0	\$1,384	\$871,422	\$128,958	51.6%	1.3%	0.3%	12.8%
		\$28,162,634	\$7,064,483	\$16,705,147	\$1,156,463	\$279,291	\$1,093	\$280,384	\$20,821,851	\$4,430,788	80.2%	6.9%	1.7%	15.7%
The Pitney Bowes Bank	UT	\$823,387	\$216,127	\$298,582	\$6,393	\$1,438	\$0	\$1,438	\$701,276	\$45,188	42.6%	2.1%	0.5%	5.5%
Finance Factors, Ltd	HI	\$636,950	\$86,270	\$458,130	\$11,618	\$1,100	\$0	\$1,100	\$505,828	\$69,234	90.6%	2.5%	0.2%	10.9%
Hatch Bank	CA	\$186,586	\$32,489	\$138,652	\$875	\$166	\$0	\$166	\$120,732	\$27,822	114.8%	0.6%	0.1%	14.9%
Eaglemark Savings Bank	NV	\$575,123	\$39,000	\$509,874	\$109	\$0	\$0	\$0	\$442,564	\$85,937	115.2%	0.0%	0.0%	14.9%
Balboa Thrift and Loan Association	CA	\$384,360	\$0	\$359,032	\$5,763	\$1,170	\$0	\$1,170	\$329,651	\$52,245	108.9%	1.6%	0.3%	13.6%
Community Commerce Bank	CA	\$356,364	\$12,860	\$268,189	\$3,598	\$110	\$2,718	\$2,828	\$249,257	\$58,520	107.6%	1.3%	1.1%	16.4%
Square Financial Services, Inc.	UT	\$555,113	\$1,436	\$263,425	\$12,199	\$850	\$0	\$850	\$204,898	\$319,510	128.6%	4.6%	0.3%	57.6%
LCA Bank Corporation	UT	\$251,157	\$1,963	\$224,003	\$5,138	\$856	\$0	\$856	\$202,504	\$42,915	110.6%	2.3%	0.4%	17.1%
First Electronic Bank	UT	\$196,653	\$502	\$69,156	\$0	\$0	\$0	\$0	\$121,921	\$67,958	56.7%	0.0%	0.0%	34.6%
Minnesota First Credit And Savings	MN	\$24,694	\$0	\$22,404	\$399	\$101	\$0	\$101	\$19,458	\$4,245	115.1%	1.8%	0.5%	17.2%
		\$3,990,387	\$390,647	\$2,611,447	\$46,092	\$5,791	\$2,718	\$8,509	\$2,898,089	\$773,574	90.1%	1.8%	0.3%	19.4%
		\$239,865,024	\$48,111,727	\$152,679,400	\$4,054,007	\$1,255,777	\$7,621	\$1,263,398	\$181,530,689	\$24,886,069	84.1%	2.7%	0.8%	10.4%

Source: FDIC Reports of Condition as of September 12, 2023



Safety and Soundness Statistics - Income
Industrial Banking Industry
Quarter ended June 30, 2023

(\$ in 000's)

		# FTE	Net Interest Income	Non-Interest Income	Non-Interest Expense	Pre-provision Pre-tax Net	Provision	Taxes	Net Income	Annualized ROA	ROE	Efficiency Ratio	Provisions to Loans
National Totals		2,114,605	\$ 174,331,010	\$ 76,948,294	\$ 141,894,432	\$ 109,384,872	\$ 21,464,105	\$ 17,016,606	\$ 70,771,777	1.21%	12.56%	56.47%	0.17%
All Industrial Bank Totals		5,314	\$ 2,556,482	\$ 1,298,874	\$ 1,389,660	\$ 2,465,696	\$ 420,569	\$ 503,831	\$ 1,541,296	2.57%	24.77%	36.04%	0.28%
National Totals w/o Industrial Banks		2,109,291	\$ 171,774,528	\$ 75,649,420	\$ 140,504,772	\$ 106,919,176	\$ 21,043,536	\$ 16,512,775	\$ 69,230,481	1.19%	12.43%	56.79%	0.17%
Nevada (4) Industrial Bank Totals		308	\$ 118,000	\$ 698,767	\$ 309,742	\$ 507,025	\$ (1,945)	\$ 119,446	\$ 389,524	4.54%	33.70%	37.92%	-0.04%
Utah (15) Industrial Bank Totals		4,729	\$ 2,425,836	\$ 597,205	\$ 1,068,219	\$ 1,954,822	\$ 421,303	\$ 383,661	\$ 1,149,858	2.26%	22.94%	35.34%	0.29%
All States w/o NV & UT (5) Bank Totals		277	\$ 12,646	\$ 2,902	\$ 11,699	\$ 3,849	\$ 1,211	\$ 724	\$ 1,914	0.48%	3.61%	75.24%	0.10%
ILC Banks	ST	# FTE	Net Interest Income	Non-Interest Income	Non-Interest Expense	Pre-provision Pre-tax Net	Provision	Taxes	Net Income	Annualized ROA	ROE	Efficiency Ratio	Provisions to Loans
UBS Bank USA	UT	702	\$ 592,350	\$ 24,351	\$ 117,666	\$ 499,035	\$ (462)	\$ 131,188	\$ 368,309	1.29%	16.11%	19.08%	0.00%
Sallie Mae Bank	UT	1,750	\$ 397,516	\$ 148,236	\$ 141,764	\$ 403,988	\$ 17,729	\$ 94,622	\$ 291,637	4.22%	47.13%	25.98%	0.09%
OptumHealth Bank, Inc	UT	526	\$ 139,492	\$ 57,441	\$ 54,329	\$ 142,604	\$ 6,420	\$ 32,019	\$ 104,165	2.63%	28.58%	27.59%	0.14%
BMW Bank of North America	UT	30	\$ 81,582	\$ 24,069	\$ 21,417	\$ 84,234	\$ 1,441	\$ 20,272	\$ 62,521	2.09%	14.96%	20.27%	0.02%
Comenity Capital Bank	UT	114	\$ 522,518	\$ 62,018	\$ 311,981	\$ 272,555	\$ 227,001	\$ 11,481	\$ 34,073	1.16%	7.18%	53.37%	2.20%
Beal Bank USA	NV	97	\$ 82,253	\$ 397,040	\$ 86,257	\$ 393,036	\$ (3,107)	\$ 91,251	\$ 304,892	4.67%	40.17%	18.00%	-0.13%
		3,219	\$ 1,815,711	\$ 713,155	\$ 733,414	\$ 1,795,452	\$ 249,022	\$ 380,833	\$ 1,165,597	2.2%	23.7%	29.0%	0.2%
Merrick Bank Corporation	UT	504	\$ 277,790	\$ 51,919	\$ 94,252	\$ 235,457	\$ 130,789	\$ 25,809	\$ 78,859	5.71%	27.64%	28.59%	2.74%
Toyota Financial Savings Bank	NV	109	\$ 10,389	\$ 887	\$ 8,491	\$ 2,785	\$ 1,147	\$ 449	\$ 1,189	0.09%	0.61%	75.30%	0.05%
WEX Bank	UT	83	\$ 196,008	\$ 120,704	\$ 185,594	\$ 131,118	\$ 14,948	\$ 27,337	\$ 88,833	5.15%	68.07%	58.60%	0.46%
USAA Savings Bank	NV	6	\$ 17,309	\$ 297,110	\$ 210,668	\$ 103,751	\$ -	\$ 25,915	\$ 77,836	13.69%	43.20%	67.00%	0.00%
Celtic Bank	UT	307	\$ 45,113	\$ 25,668	\$ 24,399	\$ 46,382	\$ 2,655	\$ 10,960	\$ 32,767	5.20%	27.02%	34.47%	0.15%
Medallion Bank	UT	130	\$ 46,844	\$ 369	\$ 11,745	\$ 35,468	\$ 8,858	\$ 7,282	\$ 19,328	3.48%	23.74%	24.88%	0.43%
WebBank	UT	239	\$ 73,248	\$ 13,734	\$ 56,972	\$ 30,010	\$ 3,671	\$ 6,951	\$ 19,388	3.32%	23.77%	65.50%	0.19%
Nelnet	UT	52	\$ 5,582	\$ 612	\$ 4,064	\$ 2,130	\$ 1,493	\$ 131	\$ 506	0.20%	1.57%	65.61%	0.33%
		1,430	\$ 672,283	\$ 511,003	\$ 596,185	\$ 587,101	\$ 163,561	\$ 104,834	\$ 318,706	4.5%	28.8%	50.4%	1.0%
The Pitney Bowes Bank	UT	28	\$ 12,486	\$ 6,851	\$ 2,354	\$ 16,983	\$ 1,869	\$ 3,614	\$ 11,500	5.59%	101.80%	12.17%	0.63%
Finance Factors, Ltd	HI	118	\$ 4,347	\$ 1,498	\$ 4,418	\$ 1,427	\$ -	\$ 340	\$ 1,087	0.68%	6.28%	75.59%	0.00%
Hatch Bank	CA	17	\$ 809	\$ 959	\$ 1,617	\$ 151	\$ 236	\$ -	\$ (85)	-0.18%	-1.22%	91.46%	0.17%
Eaglemark Savings Bank	NV	96	\$ 8,049	\$ 3,730	\$ 4,326	\$ 7,453	\$ 15	\$ 1,831	\$ 5,607	3.90%	26.10%	36.73%	0.00%
Balboa Thrift and Loan Association	CA	92	\$ 4,530	\$ 216	\$ 3,385	\$ 1,361	\$ 980	\$ 150	\$ 231	0.24%	1.77%	71.32%	0.27%
Community Commerce Bank	CA	42	\$ 2,669	\$ 214	\$ 1,995	\$ 888	\$ (5)	\$ 229	\$ 664	0.75%	4.54%	69.20%	0.00%
Square Financial Services, Inc.	UT	123	\$ 21,115	\$ 55,212	\$ 32,273	\$ 44,054	\$ 3,844	\$ 9,557	\$ 30,653	22.09%	38.38%	42.28%	1.46%
LCA Bank Corporation	UT	62	\$ 3,766	\$ 83	\$ 2,844	\$ 1,005	\$ 1,047	\$ (7)	\$ (35)	-0.06%	-0.33%	73.89%	0.47%
First Electronic Bank	UT	79	\$ 10,426	\$ 5,938	\$ 6,565	\$ 9,799	\$ -	\$ 2,445	\$ 7,354	14.96%	43.29%	40.12%	0.00%
Minnesota First Credit And Savings	MN	8	\$ 291	\$ 15	\$ 284	\$ 22	\$ -	\$ 5	\$ 17	0.28%	1.60%	92.81%	0.00%
		665	\$ 68,488	\$ 74,716	\$ 60,061	\$ 83,143	\$ 7,986	\$ 18,164	\$ 56,993	5.7%	29.5%	41.9%	0.3%
		5,314	\$ 2,556,482	\$ 1,298,874	\$ 1,389,660	\$ 2,465,696	\$ 420,569	\$ 503,831	\$ 1,541,296	2.57%	24.77%	36.04%	0.28%

Source: FDIC Reports of Income as of September 12, 2023

