

**Comparative Safety and Soundness**  
**The Industrial Bank Industry**  
**Third Quarter 2023**





## **Comparative Safety and Soundness The Industrial Bank Industry Quarter Ended September 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 September 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 quarter ended September 30, 2023 and 2022**

	<u>Banks-2023</u>		<u>Banks-2022</u>	
	Industrial	All	Industrial	All
<b>Equity to Assets</b>	10.6%	9.6%	9.9%	9.2%
<b>Asset Quality</b>				
<b>Troubled Loans</b>	0.9%	0.9%	0.9%	0.7%
<b>Allowance to Loans</b>	2.7%	1.7%	2.3%	1.5%
<b>Profitability</b>				
<b>Return on Assets</b>	2.33%	1.17%	2.68%	1.21%
<b>Return on Equity</b>	21.9%	12.2%	27.1%	13.2%

Some industrial banks continue to gather deposits through brokers. At September 30, 2023 industrial banks reported that 99.85% of the brokered deposits were within deposit insurance limits.

### **Conclusion**

The banking industry, in general, enjoyed strong profitability and solid financial condition in both quarters. The industrial bank sector continues to achieve superior earnings and strong capital and asset quality ratios.

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

(\$ in 000's)

	Assets	Securities/ CRA Investments	Loans	Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled Assets	Deposits	Equity	Loan to Deposits	Allowances to Loans	Troubled Assets to Loans	Equity to Assets
<b>National Totals</b>	\$23,408,839,466	\$5,303,809,847	\$12,344,430,191	\$213,124,358	\$102,305,748	\$2,891,027	\$105,196,775	\$18,553,520,531	\$2,245,224,017	66.5%	1.7%	0.9%	9.6%
<b>All Industrial Bank Totals</b>	\$241,553,226	\$46,341,445	\$154,922,661	\$4,179,686	\$1,447,998	\$7,392	\$1,455,390	\$178,331,621	\$25,657,918	86.9%	2.7%	0.9%	10.6%
<b>National Totals w/o Industrial Bank Totals</b>	\$23,167,286,240	\$5,257,468,402	\$12,189,507,530	\$208,944,672	\$100,857,750	\$2,883,635	\$103,741,385	\$18,375,188,910	\$2,219,566,099	66.3%	1.7%	0.9%	9.6%
<b>Nevada (4) Industrial Bank Totals</b>	\$33,210,581	\$19,882,978	\$5,476,227	\$26,105	\$388,636	\$3,581	\$392,217	\$15,705,569	\$4,990,945	34.9%	0.5%	7.2%	15.0%
<b>Utah (15) Industrial Bank Totals</b>	\$206,731,098	\$26,322,185	\$148,187,053	\$4,128,147	\$1,056,918	\$1,093	\$1,058,011	\$161,383,459	\$20,459,362	91.8%	2.8%	0.7%	9.9%
<b>All States w/o NV &amp; UT (5) Bank Totals</b>	\$1,611,547	\$136,282	\$1,259,381	\$25,434	\$2,444	\$2,718	\$5,162	\$1,242,593	\$207,611	101.4%	2.0%	0.4%	12.9%

ILC Banks	ST	Assets	Securities/ CRA Investments	Loans	Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled Assets	Deposits	Equity	Loan to Deposits	Allowances to Loans	Troubled Assets to Loans	Equity to Assets
UBS Bank USA	UT	\$114,351,610	\$7,408,926	\$85,616,855	\$120,196	\$29,945	\$0	\$29,945	\$90,958,609	\$9,482,684	94.1%	0.1%	0.0%	8.3%
Sallie Mae Bank	UT	\$29,151,282	\$2,315,978	\$22,351,191	\$1,416,048	\$188,813	\$0	\$188,813	\$21,749,515	\$2,416,412	102.8%	6.3%	0.8%	8.3%
OptumHealth Bank, Inc	UT	\$15,984,000	\$9,910,000	\$4,771,000	\$41,000	\$11,000	\$0	\$11,000	\$13,595,000	\$1,431,000	35.1%	0.9%	0.2%	9.0%
BMW Bank of North America	UT	\$11,917,761	\$2,221,224	\$9,094,043	\$39,881	\$15,119	\$0	\$15,119	\$7,814,430	\$1,720,015	116.4%	0.4%	0.2%	14.4%
Comenity Capital Bank	UT	\$11,949,273	\$126,329	\$10,372,763	\$1,293,373	\$427,676	\$0	\$427,676	\$9,059,743	\$1,935,034	114.5%	12.5%	4.1%	16.2%
Beal Bank USA	NV	\$24,703,672	\$16,958,106	\$2,347,125	\$15,258	\$388,636	\$3,581	\$392,217	\$10,951,689	\$3,402,542	21.4%	0.7%	16.7%	13.8%
		\$208,057,598	\$38,940,563	\$134,552,977	\$2,925,756	\$1,061,189	\$3,581	\$1,064,770	\$154,128,986	\$20,387,687	87.3%	2.2%	0.8%	9.8%
Merrick Bank Corporation	UT	\$5,578,808	\$167,369	\$4,908,977	\$937,300	\$268,292	\$0	\$268,292	\$4,322,891	\$1,167,557	113.6%	19.1%	5.5%	20.9%
Toyota Financial Savings Bank	NV	\$5,473,355	\$2,222,168	\$2,575,349	\$10,725	\$0	\$0	\$0	\$4,117,536	\$752,897	62.5%	0.4%	0.0%	13.8%
WEX Bank	UT	\$7,304,154	\$2,662,941	\$3,628,553	\$63,019	\$20,347	\$0	\$20,347	\$5,785,874	\$472,745	62.7%	1.7%	0.6%	6.5%
USAA Savings Bank	NV	\$2,423,579	\$672,704	\$0	\$0	\$0	\$0	\$0	\$154,769	\$743,462	0.0%	0.0%	0.0%	30.7%
Celtic Bank	UT	\$2,605,899	\$322,290	\$1,965,137	\$42,729	\$28,294	\$1,093	\$29,387	\$1,839,609	\$513,578	106.8%	2.2%	1.5%	19.7%
Medallion Bank	UT	\$2,262,139	\$54,846	\$2,101,785	\$75,094	\$10,482	\$0	\$10,482	\$1,859,279	\$340,097	113.0%	3.6%	0.5%	15.0%
WebBank	UT	\$2,523,152	\$328,047	\$1,983,365	\$65,040	\$51,691	\$0	\$51,691	\$2,099,517	\$323,502	94.5%	3.3%	2.6%	12.8%
Nelnet	UT	\$1,089,565	\$593,709	\$474,403	\$7,081	\$1,447	\$0	\$1,447	\$947,379	\$137,199	50.1%	1.5%	0.3%	12.6%
		\$29,260,651	\$7,024,074	\$17,637,569	\$1,200,988	\$380,553	\$1,093	\$381,646	\$21,126,854	\$4,451,037	83.5%	6.8%	2.2%	15.2%
The Pitney Bowes Bank	UT	\$867,476	\$206,864	\$305,730	\$6,756	\$1,565	\$0	\$1,565	\$740,279	\$41,210	41.3%	2.2%	0.5%	4.8%
Finance Factors, Ltd	HI	\$667,048	\$86,925	\$484,233	\$11,748	\$672	\$0	\$672	\$520,988	\$68,012	92.9%	2.4%	0.1%	10.2%
Hatch Bank	CA	\$150,811	\$29,632	\$109,133	\$807	\$309	\$0	\$309	\$82,611	\$27,002	132.1%	0.7%	0.3%	17.9%
Eaglemark Savings Bank	NV	\$609,975	\$30,000	\$553,753	\$122	\$0	\$0	\$0	\$481,575	\$92,044	115.0%	0.0%	0.0%	15.1%
Balboa Thrift and Loan Association	CA	\$393,823	\$0	\$368,151	\$9,082	\$1,278	\$0	\$1,278	\$341,943	\$49,345	107.7%	2.5%	0.3%	12.5%
Community Commerce Bank	CA	\$375,466	\$19,725	\$275,560	\$3,398	\$100	\$2,718	\$2,818	\$277,890	\$59,020	99.2%	1.2%	1.0%	15.7%
Square Financial Services, Inc.	UT	\$635,292	\$1,236	\$272,301	\$14,904	\$771	\$0	\$771	\$230,407	\$362,244	118.2%	5.5%	0.3%	57.0%
LCA Bank Corporation	UT	\$286,508	\$1,945	\$257,269	\$5,726	\$1,476	\$0	\$1,476	\$236,913	\$42,976	108.6%	2.2%	0.6%	15.0%
First Electronic Bank	UT	\$224,179	\$481	\$83,681	\$0	\$0	\$0	\$0	\$144,014	\$73,109	58.1%	0.0%	0.0%	32.6%
Minnesota First Credit And Savings	MN	\$24,399	\$0	\$22,304	\$399	\$85	\$0	\$85	\$19,161	\$4,232	116.4%	1.8%	0.4%	17.3%
		\$4,234,977	\$376,808	\$2,732,115	\$52,942	\$6,256	\$2,718	\$8,974	\$3,075,781	\$819,194	88.8%	1.9%	0.3%	19.3%
		\$241,553,226	\$46,341,445	\$154,922,661	\$4,179,686	\$1,447,998	\$7,392	\$1,455,390	\$178,331,621	\$25,657,918	86.9%	2.7%	0.9%	10.6%

Source: FDIC Reports of Condition as of January 9, 2023



**Safety and Soundness Statistics - Income  
Industrial Banking Industry  
Quarter ended September 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
<b>National Totals</b>		2,098,463	\$ 175,228,338	\$ 74,103,841	\$ 140,915,828	\$ 108,416,351	\$ 19,513,229	\$ 16,215,798	\$ 68,393,064	1.17%	12.18%	56.52%	0.16%
<b>All Industrial Bank Totals</b>		5,290	\$ 2,585,493	\$ 1,361,859	\$ 1,419,692	\$ 2,527,660	\$ 656,741	\$ 465,149	\$ 1,405,770	2.33%	21.92%	35.97%	0.42%
<b>National Totals w/o Industrial Banks</b>		2,093,173	\$ 172,642,845	\$ 72,741,982	\$ 139,496,136	\$ 105,888,691	\$ 18,856,488	\$ 15,750,649	\$ 66,987,294	1.16%	12.07%	56.85%	0.15%
<b>Nevada (4) Industrial Bank Totals</b>		311	\$ 81,481	\$ 886,077	\$ 336,533	\$ 631,025	\$ 5,874	\$ 144,905	\$ 480,246	5.78%	38.49%	34.78%	0.11%
<b>Utah (15) Industrial Bank Totals</b>		4,701	\$ 2,492,031	\$ 474,853	\$ 1,071,051	\$ 1,895,833	\$ 649,159	\$ 320,325	\$ 926,349	1.79%	18.11%	36.10%	0.44%
<b>All States w/o NV &amp; UT (5) Bank Totals</b>		278	\$ 11,981	\$ 929	\$ 12,108	\$ 802	\$ 1,708	\$ (81)	\$ (825)	-0.20%	-1.59%	93.79%	0.14%
<b>ILC Banks</b>	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	704	\$ 567,708	\$ 26,548	\$ 109,994	\$ 484,262	\$ (8,459)	\$ 129,114	\$ 363,607	1.27%	15.34%	18.51%	-0.01%
Sallie Mae Bank	UT	1,719	\$ 395,833	\$ 27,404	\$ 148,628	\$ 274,609	\$ 198,023	\$ 22,186	\$ 54,400	0.75%	9.01%	35.12%	0.89%
OptumHealth Bank, Inc	UT	516	\$ 141,000	\$ 53,000	\$ 54,000	\$ 140,000	\$ 5,000	\$ 31,000	\$ 104,000	2.60%	29.07%	27.84%	0.10%
BMW Bank of North America	UT	30	\$ 83,699	\$ 24,303	\$ 21,676	\$ 86,326	\$ 11,087	\$ 18,528	\$ 56,711	1.90%	13.19%	20.07%	0.12%
Comenity Capital Bank	UT	124	\$ 571,809	\$ 63,112	\$ 311,036	\$ 323,885	\$ 203,955	\$ 30,245	\$ 89,685	3.00%	18.54%	48.99%	1.97%
Beal Bank USA	NV	97	\$ 42,890	\$ 588,777	\$ 114,567	\$ 517,100	\$ 5,434	\$ 116,112	\$ 395,554	6.40%	46.50%	18.14%	0.23%
		3,190	\$ 1,802,939	\$ 783,144	\$ 759,901	\$ 1,826,182	\$ 415,040	\$ 347,185	\$ 1,063,957	2.0%	20.9%	29.4%	0.3%
Merrick Bank Corporation	UT	505	\$ 302,926	\$ 51,796	\$ 97,201	\$ 257,521	\$ 168,416	\$ 21,678	\$ 67,427	4.83%	23.10%	27.40%	3.43%
Toyota Financial Savings Bank	NV	109	\$ 11,033	\$ 839	\$ 7,505	\$ 4,367	\$ 427	\$ 1,091	\$ 2,849	0.21%	1.51%	63.22%	0.02%
WEX Bank	UT	84	\$ 199,573	\$ 117,439	\$ 199,308	\$ 117,704	\$ 4,809	\$ 29,522	\$ 83,373	4.57%	70.54%	62.87%	0.13%
USAA Savings Bank	NV	6	\$ 18,595	\$ 292,702	\$ 209,798	\$ 101,499	\$ -	\$ 25,763	\$ 75,736	12.50%	40.75%	67.39%	0.00%
Celtic Bank	UT	319	\$ 48,011	\$ 23,808	\$ 24,493	\$ 47,326	\$ 4,290	\$ 11,615	\$ 31,421	4.82%	24.47%	34.10%	0.22%
Medallion Bank	UT	131	\$ 48,855	\$ 858	\$ 12,315	\$ 37,398	\$ 14,023	\$ 6,221	\$ 17,154	3.03%	20.18%	24.77%	0.67%
WebBank	UT	248	\$ 70,504	\$ 13,491	\$ 49,341	\$ 34,654	\$ 38,513	\$ (1,082)	\$ (2,777)	-0.44%	-3.43%	58.74%	1.94%
Nelnet	UT	52	\$ 5,926	\$ 549	\$ 4,197	\$ 2,278	\$ 1,927	\$ 84	\$ 267	0.10%	0.78%	64.82%	0.41%
		1,454	\$ 705,423	\$ 501,482	\$ 604,158	\$ 602,747	\$ 232,405	\$ 94,892	\$ 275,450	3.8%	24.8%	50.1%	1.3%
The Pitney Bowes Bank	UT	20	\$ 14,357	\$ 6,480	\$ 2,427	\$ 18,410	\$ 947	\$ 4,254	\$ 13,209	6.09%	128.21%	11.65%	0.31%
Finance Factors, Ltd	HI	118	\$ 4,216	\$ (246)	\$ 4,500	\$ (530)	\$ -	\$ (210)	\$ (320)	-0.19%	-1.88%	113.35%	0.00%
Hatch Bank	CA	17	\$ 624	\$ 773	\$ 1,704	\$ (307)	\$ 40	\$ -	\$ (347)	-0.92%	-5.14%	121.98%	0.04%
Eaglemark Savings Bank	NV	99	\$ 8,963	\$ 3,759	\$ 4,663	\$ 8,059	\$ 13	\$ 1,939	\$ 6,107	4.00%	26.54%	36.65%	0.00%
Balboa Thrift and Loan Association	CA	90	\$ 4,244	\$ 169	\$ 3,672	\$ 741	\$ 1,869	\$ (163)	\$ (965)	-0.98%	-7.82%	83.21%	0.51%
Community Commerce Bank	CA	45	\$ 2,612	\$ 220	\$ 1,945	\$ 887	\$ (201)	\$ 286	\$ 802	0.85%	5.44%	68.68%	-0.07%
Square Financial Services, Inc.	UT	123	\$ 25,803	\$ 60,232	\$ 27,058	\$ 58,977	\$ 5,117	\$ 14,222	\$ 39,638	24.96%	43.77%	31.45%	1.88%
LCA Bank Corporation	UT	47	\$ 4,482	\$ 90	\$ 2,980	\$ 1,592	\$ 1,511	\$ 20	\$ 61	0.09%	0.57%	65.18%	0.59%
First Electronic Bank	UT	79	\$ 11,545	\$ 5,743	\$ 6,397	\$ 10,891	\$ -	\$ 2,718	\$ 8,173	14.58%	44.72%	37.00%	0.00%
Minnesota First Credit And Savings	MN	8	\$ 285	\$ 13	\$ 287	\$ 11	\$ -	\$ 6	\$ 5	0.08%	0.47%	96.31%	0.00%
		646	\$ 77,131	\$ 77,233	\$ 55,633	\$ 98,731	\$ 9,296	\$ 23,072	\$ 66,363	6.3%	32.4%	36.0%	0.3%
		<b>5,290</b>	<b>\$ 2,585,493</b>	<b>\$ 1,361,859</b>	<b>\$ 1,419,692</b>	<b>\$ 2,527,660</b>	<b>\$ 656,741</b>	<b>\$ 465,149</b>	<b>\$ 1,405,770</b>	<b>2.33%</b>	<b>21.92%</b>	<b>35.97%</b>	<b>0.42%</b>

