

COMPARATIVE SAFETY AND SOUNDNESS
THE INDUSTRIAL BANK INDUSTRY
QUARTER ENDED SEPTEMBER 30, 2024





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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, 2024 call report data for individual banks and for aggregated banking industry segments. Details are presented in the attached reports.

Key Ratios for Banks as of and for the quarters ended September 30, 2024 and 2023

	<u>Banks-2024</u>		<u>Banks-2023</u>	
	Industrial	All	Industrial	All
Equity to Assets	11.3%	10.1%	10.6%	9.6%
Asset Quality				
Troubled Loans	1.0%	1.0%	0.9%	0.9%
Allowance to Loans	2.7%	1.8%	2.7%	1.7%
Annualized Profitability				
Return on Assets	1.10%	1.08%	2.33%	1.17%
Return on Equity	9.8%	10.7%	21.9%	12.2%

Conclusion

The banking industry and industrial banks, in general, enjoyed strong profitability and solid financial condition in the third quarters of 2024 and 2023. One industrial bank, that reported an outsized income earlier in 2024, reported a significant loss in the third quarter of 2024. Without that industrial bank included, annualized return on assets and equity for industrial banks in the third quarter 2024 results were 1.66% and 15.66% respectively.

Safety and Soundness Statistics - Balance Sheet
Industrial Banking Industry
September 30, 2024

(\$ 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
National Totals		\$24,209,934,948	\$5,563,717,850	\$12,619,900,335	\$222,674,781	\$121,562,105	\$3,403,063	\$124,965,168	\$19,066,305,182	\$2,439,415,380	66.2%	1.8%	1.0%	10.1%
All Industrial Bank Totals		\$235,956,641	\$43,546,879	\$157,644,187	\$4,286,256	\$1,510,754	\$6,252	\$1,517,006	\$178,773,372	\$26,607,810	88.2%	2.7%	1.0%	11.3%
National Totals w/o Industrial Bank Totals		\$23,973,978,307	\$5,520,170,971	\$12,462,256,148	\$218,388,525	\$120,051,351	\$3,396,811	\$123,448,162	\$18,887,531,810	\$2,412,807,570	66.0%	1.8%	1.0%	10.1%
Nevada (3) Industrial Bank Totals		\$25,171,634	\$16,612,147	\$7,202,816	\$41,158	\$392,391	\$3,289	\$395,680	\$15,122,934	\$4,441,148	47.6%	0.6%	5.5%	17.6%
Utah (15) Industrial Bank Totals		\$209,133,391	\$26,805,651	\$149,159,259	\$4,217,905	\$1,115,615	\$245	\$1,115,860	\$162,389,556	\$21,949,316	91.9%	2.8%	0.7%	10.5%
All States w/o NV & UT (5) Bank Totals		\$1,651,616	\$129,081	\$1,282,112	\$27,193	\$2,748	\$2,718	\$5,466	\$1,260,882	\$217,346	101.7%	2.1%	0.4%	13.2%

	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
ILC Banks														
UBS Bank USA	UT	\$110,814,706	\$7,011,617	\$83,325,103	\$125,851	\$87,478	\$0	\$87,478	\$89,732,253	\$9,188,350	92.9%	0.2%	0.1%	8.3%
Sallie Mae Bank	UT	\$29,940,670	\$2,022,605	\$22,422,292	\$1,419,310	\$160,302	\$0	\$160,302	\$21,704,835	\$2,725,933	103.3%	6.3%	0.7%	9.1%
OptumHealth Bank, Inc	UT	\$18,181,000	\$9,778,000	\$6,178,000	\$88,000	\$18,000	\$0	\$18,000	\$14,558,000	\$2,154,000	42.4%	1.4%	0.3%	11.8%
BMW Bank of North America	UT	\$11,944,453	\$2,242,852	\$9,107,665	\$41,837	\$13,244	\$0	\$13,244	\$7,613,633	\$1,776,495	119.6%	0.5%	0.1%	14.9%
Comenity Capital Bank	UT	\$12,589,568	\$112,607	\$10,964,420	\$1,363,868	\$465,959	\$0	\$465,959	\$9,708,845	\$1,856,987	112.9%	12.4%	4.2%	14.8%
Beal Bank USA	NV	\$17,512,704	\$13,541,997	\$2,850,729	\$23,221	\$392,391	\$3,289	\$395,680	\$9,095,142	\$3,465,132	31.3%	0.8%	13.9%	19.8%
		\$200,983,101	\$34,709,678	\$134,848,209	\$3,062,087	\$1,137,374	\$3,289	\$1,140,663	\$152,412,708	\$21,166,897	88.5%	2.3%	0.8%	10.5%
Merrick Bank Corporation	UT	\$5,921,557	\$260,738	\$5,426,700	\$915,790	\$247,656	\$0	\$247,656	\$4,558,062	\$1,268,193	119.1%	16.9%	4.6%	21.4%
Toyota Financial Savings Bank	NV	\$6,943,221	\$3,036,150	\$3,699,192	\$17,790	\$0	\$0	\$0	\$5,475,906	\$857,321	67.6%	0.5%	0.0%	12.3%
WEX Bank	UT	\$7,717,549	\$3,783,410	\$3,329,046	\$47,432	\$19,709	\$0	\$19,709	\$5,502,673	\$655,339	60.5%	1.4%	0.6%	8.5%
Celtic Bank	UT	\$3,420,680	\$352,663	\$2,595,430	\$48,833	\$44,568	\$245	\$44,813	\$2,400,655	\$653,369	108.1%	1.9%	1.7%	19.1%
Medallion Bank	UT	\$2,572,332	\$58,539	\$2,374,673	\$90,784	\$12,559	\$0	\$12,559	\$2,112,953	\$375,700	112.4%	3.8%	0.5%	14.6%
WebBank	UT	\$2,172,107	\$308,583	\$1,691,562	\$24,636	\$31,982	\$0	\$31,982	\$1,734,292	\$366,049	97.5%	1.5%	1.9%	16.9%
		\$28,747,446	\$7,800,083	\$19,116,603	\$1,145,265	\$356,474	\$245	\$356,719	\$21,784,541	\$4,175,971	87.8%	6.0%	1.9%	14.5%
The Pitney Bowes Bank	UT	\$889,011	\$190,449	\$343,900	\$7,859	\$1,696	\$0	\$1,696	\$754,769	\$65,875	45.6%	2.3%	0.5%	7.4%
Finance Factors, Ltd	HI	\$683,650	\$94,145	\$492,586	\$11,923	\$1,376	\$0	\$1,376	\$525,696	\$74,420	93.7%	2.4%	0.3%	10.9%
Nelnet	UT	\$1,328,808	\$675,260	\$565,704	\$17,184	\$2,790	\$0	\$2,790	\$1,148,466	\$151,610	49.3%	3.0%	0.5%	11.4%
Hatch Bank	CA	\$121,817	\$30,433	\$76,079	\$2,620	\$74	\$0	\$74	\$37,933	\$30,680	200.6%	3.4%	0.1%	25.2%
Eaglemark Savings Bank	NV	\$715,709	\$34,000	\$652,895	\$147	\$0	\$0	\$0	\$551,886	\$118,695	118.3%	0.0%	0.0%	16.6%
Balboa Thrift and Loan Association	CA	\$425,709	\$0	\$395,478	\$8,843	\$1,176	\$0	\$1,176	\$375,892	\$47,621	105.2%	2.2%	0.3%	11.2%
Community Commerce Bank	CA	\$395,024	\$4,503	\$294,851	\$3,398	\$94	\$2,718	\$2,812	\$301,667	\$60,513	97.7%	1.2%	1.0%	15.3%
Square Financial Services, Inc.	UT	\$882,090	\$3,399	\$328,902	\$18,064	\$6,202	\$0	\$6,202	\$291,350	\$547,980	112.9%	5.5%	1.9%	62.1%
Milestone Bank (formerly LCA)	UT	\$403,035	\$2,450	\$313,077	\$8,457	\$3,470	\$0	\$3,470	\$342,358	\$45,758	91.4%	2.7%	1.1%	11.4%
First Electronic Bank	UT	\$355,825	\$2,479	\$192,785	\$0	\$0	\$0	\$0	\$226,412	\$117,678	85.1%	0.0%	0.0%	33.1%
Minnesota First Credit And Savings	MN	\$25,416	\$0	\$23,118	\$409	\$28	\$0	\$28	\$19,694	\$4,112	117.4%	1.8%	0.1%	16.2%
		\$6,226,094	\$1,037,118	\$3,679,375	\$78,904	\$16,906	\$2,718	\$19,624	\$4,576,123	\$1,264,942	80.4%	2.1%	0.5%	20.3%
		\$235,956,641	\$43,546,879	\$157,644,187	\$4,286,256	\$1,510,754	\$6,252	\$1,517,006	\$178,773,372	\$26,607,810	88.2%	2.7%	1.0%	11.3%

Source: FDIC Reports of Condition as of January 22, 2025

Note: USAA Savings Bank is no longer an Industrial Bank after the June 1, 2024 merger into its parent bank, USAA Federal Savings Bank.



Safety and Soundness Statistics - Income
Industrial Banking Industry
Quarter ended September 30, 2024

(\$ in 000's)

	# FTE	Net Interest Income	Non-Interest Income	Non-Interest Expense	Pre-provision Pre-tax Net	Provision	Taxes	Net Income	Annualized ROA	Annualized ROE	Efficiency Ratio	Provisions to Loans	
National Totals	2,054,861	\$ 175,905,700	\$ 74,756,988	\$ 144,367,488	\$ 106,295,200	\$ 23,540,444	\$ 17,236,464	\$ 65,426,897	1.08%	10.73%	57.59%	0.19%	
All ILC Bank Totals	5,401	\$ 2,596,261	\$ 336,914	\$ 1,190,424	\$ 1,742,751	\$ 859,093	\$ 232,214	\$ 651,444	1.10%	9.79%	40.58%	0.54%	
National Totals without ILC Bank Totals	2,049,460	\$ 173,309,439	\$ 74,420,074	\$ 143,177,064	\$ 104,552,449	\$ 22,681,351	\$ 17,004,250	\$ 64,775,453	1.08%	10.74%	57.80%	0.18%	
Nevada (3) Industrial Bank Totals	312	\$ 21,991	\$ (270,317)	\$ 42,481	\$ (290,807)	\$ 9,518	\$ (60,654)	\$ (239,671)	-3.81%	-21.59%	-17.11%	0.13%	
Utah (15) Industrial Bank Totals	4,818	\$ 2,561,881	\$ 603,881	\$ 1,135,646	\$ 2,030,116	\$ 847,692	\$ 292,750	\$ 889,674	1.70%	16.21%	35.87%	0.57%	
All States w/o NV & UT (5) Bank Totals	271	\$ 12,389	\$ 3,350	\$ 12,297	\$ 3,442	\$ 1,883	\$ 118	\$ 1,441	0.35%	2.65%	78.13%	0.15%	
ILC Banks	ST	# FTE	Net Interest Income	Non-Interest Income	Non-Interest Expense	Pre-provision Pre-tax Net	Provision	Taxes	Net Income	Annualized ROA	Annualized ROE	Efficiency Ratio	Provisions to Loans
UBS Bank USA	UT	631	\$ 575,776	\$ 28,394	\$ 125,808	\$ 478,362	\$ (1,135)	\$ 121,542	\$ 357,955	1.29%	15.58%	20.82%	0.00%
Sallie Mae Bank	UT	1,666	\$ 368,789	\$ 28,793	\$ 155,137	\$ 242,445	\$ 277,183	\$ (8,525)	\$ (26,213)	-0.35%	-3.85%	39.02%	1.24%
OptumHealth Bank, Inc	UT	722	\$ 173,000	\$ 146,000	\$ 69,000	\$ 250,000	\$ 60,000	\$ 43,000	\$ 147,000	3.23%	27.30%	21.63%	0.97%
BMW Bank of North America	UT	30	\$ 89,118	\$ 28,470	\$ 22,231	\$ 95,357	\$ 10,256	\$ 21,100	\$ 64,001	2.14%	14.41%	18.91%	0.11%
Comenity Capital Bank	UT	126	\$ 600,941	\$ 65,536	\$ 337,129	\$ 329,348	\$ 278,123	\$ 12,877	\$ 38,348	1.22%	8.26%	50.58%	2.54%
Beal Bank USA	NV	104	\$ (11,226)	\$ (275,525)	\$ 27,126	\$ (313,877)	\$ 6,416	\$ (65,577)	\$ (254,716)	-5.82%	-29.40%	-9.46%	0.23%
		3,279	\$ 1,796,398	\$ 21,668	\$ 736,431	\$ 1,081,635	\$ 630,843	\$ 124,417	\$ 326,375	0.6%	6.2%	40.5%	0.5%
Merrick Bank Corporation	UT	496	\$ 289,249	\$ 48,915	\$ 96,758	\$ 241,406	\$ 167,786	\$ 18,113	\$ 55,507	3.75%	17.51%	28.61%	3.09%
Toyota Financial Savings Bank	NV	118	\$ 22,607	\$ 1,549	\$ 10,724	\$ 13,432	\$ 3,095	\$ 2,612	\$ 7,725	0.45%	3.60%	44.39%	0.08%
WEX Bank	UT	82	\$ 195,013	\$ 127,641	\$ 171,120	\$ 151,534	\$ 6,370	\$ 35,693	\$ 109,471	5.67%	66.82%	53.04%	0.19%
Celtic Bank	UT	346	\$ 60,816	\$ 29,487	\$ 30,371	\$ 59,932	\$ 6,702	\$ 13,315	\$ 39,915	4.67%	24.44%	33.63%	0.26%
Medallion Bank	UT	134	\$ 52,899	\$ 906	\$ 12,512	\$ 41,293	\$ 20,153	\$ 5,661	\$ 15,479	2.41%	16.48%	23.25%	0.85%
WebBank	UT	238	\$ 72,893	\$ 17,477	\$ 58,374	\$ 31,996	\$ 7,185	\$ 6,457	\$ 18,354	3.38%	20.06%	64.59%	0.42%
		1,414	\$ 693,477	\$ 225,975	\$ 379,859	\$ 539,593	\$ 211,291	\$ 81,851	\$ 246,451	3.4%	23.6%	41.3%	1.1%
The Pitney Bowes Bank	UT	19	\$ 15,279	\$ 6,724	\$ 5,029	\$ 16,974	\$ 782	\$ 3,619	\$ 12,573	5.66%	76.34%	22.86%	0.23%
Finance Factors, Ltd	HI	111	\$ 3,648	\$ 1,411	\$ 4,319	\$ 740	\$ -	\$ 110	\$ 630	0.37%	3.39%	85.37%	0.00%
Nelnet	UT	58	\$ 9,999	\$ 808	\$ 6,646	\$ 4,161	\$ 6,142	\$ (465)	\$ (1,516)	-0.46%	-4.00%	61.50%	1.09%
Hatch Bank	CA	18	\$ 1,019	\$ 1,552	\$ 1,925	\$ 646	\$ 133	\$ -	\$ 513	1.68%	6.69%	74.87%	0.17%
Eaglemark Savings Bank	NV	90	\$ 10,610	\$ 3,659	\$ 4,631	\$ 9,638	\$ 7	\$ 2,311	\$ 7,320	4.09%	24.67%	32.45%	0.00%
Balboa Thrift and Loan Association	CA	91	\$ 4,501	\$ 131	\$ 3,692	\$ 940	\$ 1,750	\$ (212)	\$ (598)	-0.56%	-5.02%	79.71%	0.44%
Community Commerce Bank	CA	43	\$ 2,977	\$ 241	\$ 2,089	\$ 1,129	\$ -	\$ 220	\$ 909	0.92%	6.01%	64.92%	0.00%
Square Financial Services, Inc.	UT	135	\$ 30,033	\$ 69,048	\$ 34,819	\$ 64,262	\$ 6,131	\$ 15,011	\$ 43,120	19.55%	31.48%	35.14%	1.86%
Milestone Bank (formerly LCA)	UT	52	\$ 5,950	\$ 768	\$ 3,088	\$ 3,630	\$ 2,014	\$ 405	\$ 1,211	1.20%	10.59%	45.97%	0.64%
First Electronic Bank	UT	83	\$ 22,126	\$ 4,914	\$ 7,624	\$ 19,416	\$ -	\$ 4,947	\$ 14,469	16.27%	49.18%	28.20%	0.00%
Minnesota First Credit And Savings	MN	8	\$ 244	\$ 15	\$ 272	\$ (13)	\$ -	\$ -	\$ (13)	-0.20%	-1.26%	105.02%	0.00%
		708	\$ 106,386	\$ 89,271	\$ 74,134	\$ 121,523	\$ 16,959	\$ 25,946	\$ 78,618	5.1%	24.9%	37.9%	0.5%
		5,401	\$ 2,596,261	\$ 336,914	\$ 1,190,424	\$ 1,742,751	\$ 859,093	\$ 232,214	\$ 651,444	1.10%	9.79%	40.58%	0.54%

Source: FDIC Reports of Income as of January 22, 2025

Note: Security Gains (Losses) are included with Non-Interest Income. Extraordinary Items and Noncontrolling Interests are included in Net Income.

Note: USAA Savings Bank is no longer an Industrial Bank after the June 1, 2024 merger into its parent bank, USAA Federal Savings Bank.

