

Comparative Safety and Soundness The Industrial Banking Industry Second Quarter 2021

Key measures of an insured institution's safety and soundness are capital adequacy, asset quality and profitability. We have compiled and analyzed data related to these measures to provide an objective view of the US banking industry or a banking industry segment's safety and soundness profile. Industry segments in our report include: all insured institutions; industrial banks (a/k/a industrial loan companies or ILC's); commercially-owned industrial banks; and insured institutions net of industrial banks ("Other Banks"). All data is derived from FDIC quarterly call reports as of June 30, 2021. Our findings are summarized below and, along with the data, are contained in the attached report.

CAPITAL RATIOS

As of June 30, 2021, the US banking industry had \$22.8 trillion in Assets and \$2.3 trillion in Capital¹ resulting in a Capital to Asset Ratio of 10.1%. Industrial banks have \$191.0 billion in Assets and Capital of \$21.9 billion resulting in a Capital to Assets Ratio of 11.5%. Commercially owned industrial banks have \$18.5 billion in Assets and \$3.0 billion in Capital resulting in a Capital to Assets Ratio of 16.3%. Other Banks have substantially the same ratio as the banking industry. Commercially-owned Industrial banks have a higher Capital to Assets Ratio than the banking industry as a whole.

TROUBLED ASSET RATIOS

We define Troubled Assets as the sum of a) loans 90 days or more past due, b) non-accrual loans, and c) other real estate owned (net of any federally guaranteed loans) ("Total Troubled Assets"). Our report combines a) and b) into Non-current Loans and Leases which is then added to Other Real Estate Owned to equal Total Troubled Assets. The Troubled Asset Ratio is a measure of the stress placed on banks by non-performing assets. It compares loans that are not being paid on time and property already acquired by the bank against the bank's capital and loan loss reserves.

As of June 30, 2021, the banking industry had \$113.8 billion in Total Troubled Assets and \$2.5 trillion in Capital Plus Reserves resulting in a Troubled Asset Ratio of 4.6%. Industrial banks have Total Troubled Assets of \$1.3 billion and Capital Plus Reserves of \$24.8 billion resulting in a Troubled Asset Ratio of 8.6%. Commercially-owned industrial banks have Total Troubled Assets of \$22.2 million and Capital Plus Reserves of \$3.2 billion resulting in a Troubled Asset Ratio of 0.7%. Other Banks have substantially the same ratio as the banking industry. Commercially-owned Industrial banks have a significantly lower Troubled Asset Ratio than the banking industry as a whole.

¹ Total Bank Equity Capital as reported in FDIC quarterly call reports.

PROFITABILITY

For the six months ended June 30, 2021, the banking industry reported Net Income totaling \$146.7 billion resulting in an annualized ROA of 1.31%. Industrial banks reported Net Income for the period totaling \$2.5 billion resulting in an annualized ROA of 2.68%. Commercially owned industrial banks reported Net Income for the period totaling \$107.6 million resulting in an annualized ROA of 2.30%.

CONCLUSION

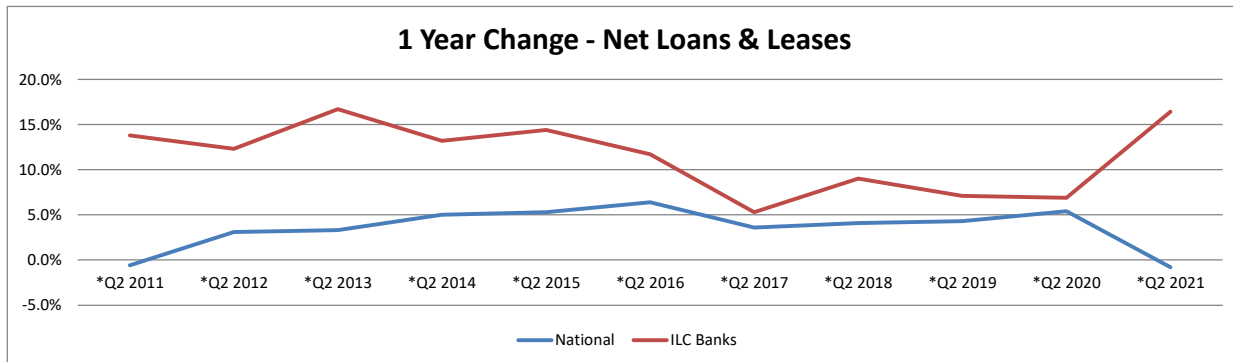
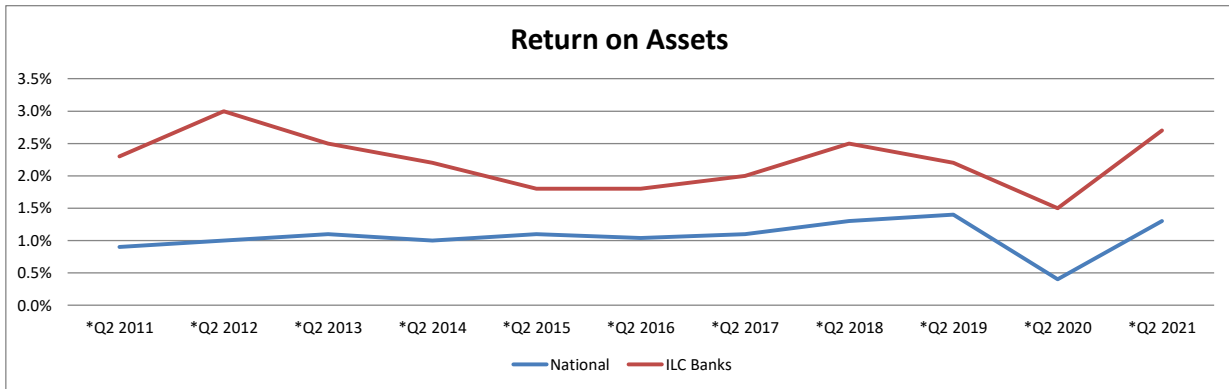
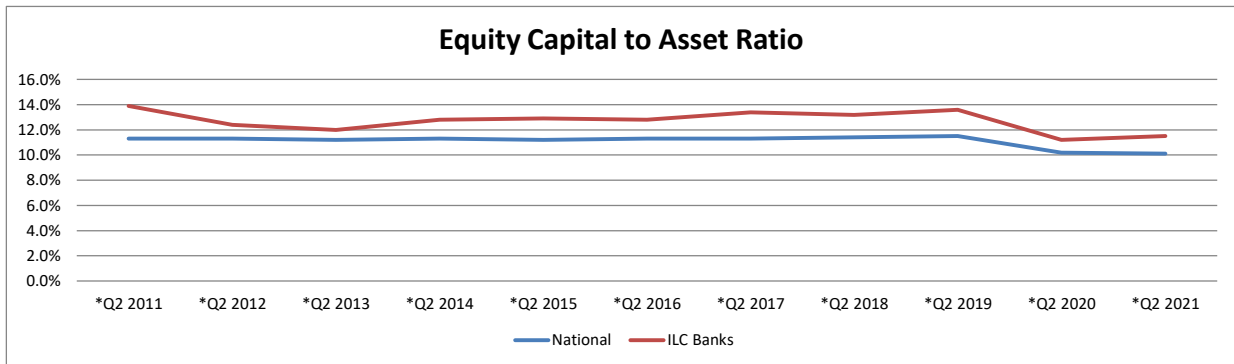
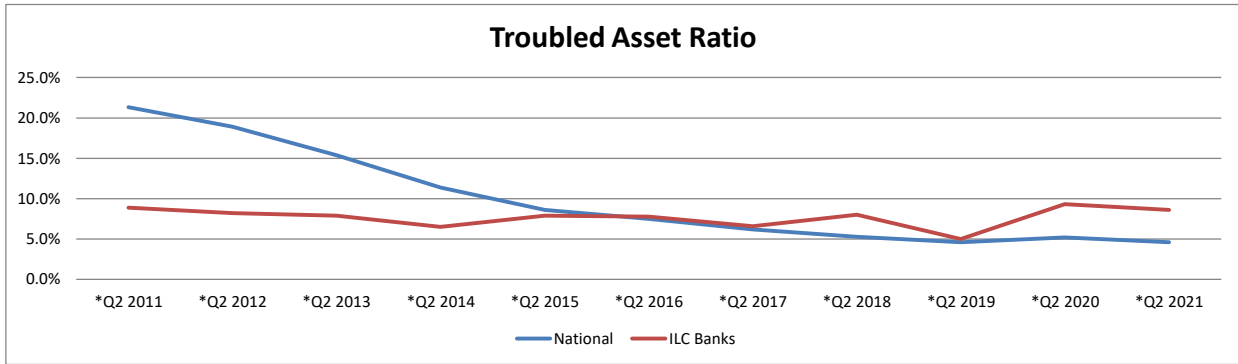
Compared to Other Banks, as of June 30, 2021, industrial banks remain safer and sounder institutions, having a stronger Capital to Assets Ratio and a higher annualized ROA. Commercially-owned industrial banks have 60.0% more capital compared to the national banking industry (16.3% compared to 10.1%); a Troubled Asset Ratio that is over five times lower than that of the national banking industry (0.7% compared to 4.6%); and an annualized ROA that is almost twice that of the national banking industry (2.30% compared to 1.31%).

Data Source: FDIC Quarterly Call Reports

Attachments:

- *Safety and Soundness Statistics – Industrial Banking Industry*

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* Adjusted for banks no longer ILC

Safety and Soundness Statistics
Industrial Banking Industry
 Information Date: 6/30/2021
 Data Source: FDIC Reports of Condition and Income

	# FTE Employees	Securities/ CRA Investments	YTD Net Income	Deposits	Assets	Loans 90 Days or More Past Due	Non-Accruing Loans	Noncurrent Loans and Leases	Other Real Estate Owned	Total Troubled Assets	Reserves	Total Bank Equity Capital	Bank Equity Capital Plus Reserves	Troubled Asset Ratio	Reserves to Total Troubled Asset Ratio	Equity Capital to Asset Ratio	Equity Capital + Reserve to Asset Ratio	Deposit to Asset Ratio	ROA	ROE	Operating Efficiency Ratio			
National Totals	2,058,714	\$ 5,729,191,693,000	\$ 146,554,748,000	\$ 18,730,697,399,000	\$ 22,789,003,236,000	\$ -	\$ -	\$ 108,661,598,000	\$ 4,149,233,000	\$ 113,810,832,000	\$ 195,172,842,000	\$ 2,305,721,900,000	\$ 2,500,993,942,000	4.6%	171.6%	10.1%	11.0%	82.2%	1.31%	13.0%	60.96%			
National Median Troubled Asset Ratio														N/A										
Financial ILC Bank Totals	4,289	\$ 22,369,689,000	\$ 2,313,397,000	\$ 138,868,573,000	\$ 172,526,283,000	\$ 327,650,000	\$ 545,006,000	\$ 872,858,000	\$ 429,428,000	\$ 1,302,084,000	\$ 2,726,985,000	\$ 18,882,828,000	\$ 21,589,813,000	6.0%	209.4%	10.9%	12.5%	80.5%	2.72%	25.2%	40.53%			
Financial ILC Bank Median														1.9%										
Commercial ILC Bank Totals	764	\$ 3,202,875,000	\$ 207,634,000	\$ 12,691,041,000	\$ 18,482,259,000	\$ 5,142,000	\$ 17,092,000	\$ 22,234,000	\$ -	\$ 22,234,000	\$ 202,604,000	\$ 3,019,034,000	\$ 3,221,638,000	0.7%	911.2%	16.3%	17.4%	68.7%	2.30%	15.3%	29.34%			
Commercial ILC Bank Median														0.9%										
All ILC Bank Totals	5,033	\$ 25,572,564,000	\$ 2,521,031,000	\$ 151,559,614,000	\$ 191,008,542,000	\$ 332,792,000	\$ 562,098,000	\$ 894,890,000	\$ 429,428,000	\$ 1,324,318,000	\$ 2,929,589,000	\$ 21,881,862,000	\$ 24,811,451,000	4.6%	221.2%	11.5%	13.0%	79.3%	2.68%	23.9%	39.77%			
ILC Bank Median Troubled Asset Ratio														3.8%										
National Totals without ILC Bank Totals	2,053,681	\$ 5,702,619,129,000	\$ 144,133,715,000	\$ 18,579,137,785,000	\$ 22,597,994,694,000	\$ (32,792,000)	\$ (562,098,000)	\$ 108,766,709,000	\$ 3,719,805,000	\$ 112,486,614,000	\$ 192,243,053,000	\$ 2,283,839,438,000	\$ 2,476,082,481,000	4.5%	170.9%	10.1%	11.0%	82.2%	1.30%	12.9%	61.25%			
ILC Banks	ST	Type	Commercial Backed	# FTE Employees	Securities/ CRA Investments	YTD Net Income	Deposits	Assets	Loans 90 Days or More Past Due	Non-Accruing Loans	Noncurrent loans and leases	Other Real Estate Owned	Total Troubled Assets	Reserves	Total Bank Equity Capital	Bank Equity Capital Plus Reserves	Troubled Asset Ratio	Reserves to Total Troubled Asset Ratio	Equity Capital to Asset Ratio	Equity Capital + Reserve to Asset Ratio	Deposit to Asset Ratio	ROA	ROE	Operating Efficiency Ratio
Salle Mae Bank	UT	Financial	No	1,623	\$ 2,072,308,000	\$ 795,448,000	\$ 21,690,781,000	\$ 28,835,787,000	\$ 93,070,000	\$ 26,000	\$ 93,096,000	\$ -	\$ 93,096,000	\$ 1,160,244,000	\$ 2,335,524,000	\$ 3,495,768,000	2.7%	1246.3%	8.1%	12.1%	75.2%	5.28%	65.4%	21.09%
UBS Bank USA	UT	Financial	No	481	\$ 7,358,460,000	\$ 476,457,000	\$ 86,192,020,000	\$ 94,957,060,000	\$ 645,000	\$ 37,135,000	\$ 37,780,000	\$ -	\$ 37,780,000	\$ 93,831,000	\$ 7,547,450,000	\$ 7,611,281,000	0.5%	189.0%	7.9%	8.0%	90.8%	1.05%	19.1%	19.15%
OptumHealth Bank, Inc	UT	Healthcare	No	440	\$ 10,927,725,000	\$ 136,035,000	\$ 11,587,835,000	\$ 14,445,969,000	\$ 79,000	\$ 77,000	\$ 159,000	\$ -	\$ 159,000	\$ 23,963,000	\$ 2,039,568,000	\$ 2,093,531,000	0.0%	15360.9%	14.1%	14.3%	80.2%	1.53%	13.6%	30.58%
Hatch Bank	CA	Financial	No	6	\$ 31,438,000	\$ 626,000	\$ 356,995,000	\$ 386,626,000	\$ 11,000	\$ -	\$ 11,000	\$ -	\$ 11,000	\$ 760,000	\$ 27,442,000	\$ 28,202,000	0.0%	8906.1%	7.1%	7.3%	92.3%	0.45%	4.5%	65.08%
USAIA Savings Bank	NV	Financial	No	9	\$ 193,543,000	\$ 109,693,000	\$ 189,247,000	\$ 1,892,111,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,410,000	\$ 452,410,000	0.0%	100.0%	24.3%	24.3%	10.2%	11.36%	52.5%	73.14%
LCA Bank Corporation	UT	Leasing	No	59	\$ 926,000	\$ 2,427,000	\$ 124,576,000	\$ 211,298,000	\$ -	\$ 2,419,000	\$ 2,419,000	\$ -	\$ 2,419,000	\$ 4,918,000	\$ 28,054,000	\$ 32,972,000	7.3%	203.3%	13.3%	15.6%	59.0%	2.27%	18.0%	57.22%
Metallion Bank	UT	Financial	No	88	\$ 50,276,000	\$ 31,291,000	\$ 1,154,984,000	\$ 1,413,994,000	\$ 19,577,000	\$ -	\$ 19,577,000	\$ -	\$ 19,577,000	\$ 52,798,000	\$ 242,184,000	\$ 294,982,000	6.8%	269.7%	17.1%	20.9%	81.7%	4.64%	27.2%	27.50%
Commonly Capital Bank	UT	Financial	No	152	\$ 113,356,000	\$ 217,790,000	\$ 6,417,448,000	\$ 8,919,858,000	\$ 291,000	\$ 136,706,000	\$ -	\$ -	\$ 136,706,000	\$ 804,583,000	\$ 1,208,182,000	\$ 2,012,765,000	6.8%	588.5%	13.5%	22.6%	71.9%	5.07%	39.7%	52.76%
WEY Bank	UT	Transportation	No	67	\$ 27,930,000	\$ 57,990,000	\$ 2,545,504,000	\$ 2,982,035,000	\$ 17,998,000	\$ 535,000	\$ 18,533,000	\$ -	\$ 18,533,000	\$ 27,827,000	\$ 291,969,000	\$ 319,796,000	5.8%	150.1%	9.8%	10.7%	65.4%	4.0%	40.2%	82.83%
Monis Plan Co-Terre Haute	IN	Financial	No	28	\$ 819,000	\$ 3,299,000	\$ 89,703,000	\$ 121,276,000	\$ 63,000	\$ 521,000	\$ 584,000	\$ 42,000	\$ 628,000	\$ 6,348,000	\$ 30,308,000	\$ 36,657,000	1.7%	1014.2%	25.0%	30.2%	74.0%	5.46%	22.3%	27.84%
Minnesota First Credit And Savings	MN	Financial	No	10	\$ -	\$ 45,000	\$ 20,204,000	\$ 25,332,000	\$ 96,000	\$ 18,000	\$ 74,000	\$ -	\$ 74,000	\$ 396,000	\$ 4,216,000	\$ 4,612,000	1.8%	535.1%	16.6%	18.2%	79.8%	0.25%	2.1%	92.76%
Balboa Thrift and Loan Association	CA	Insurance	No	92	\$ -	\$ 2,487,000	\$ 276,489,000	\$ 323,661,000	\$ 34,000	\$ 444,000	\$ 478,000	\$ -	\$ 478,000	\$ 7,932,000	\$ 48,404,000	\$ 54,336,000	0.9%	1659.4%	14.3%	16.8%	85.4%	1.50%	10.9%	49.56%
Menick Bank Corporation	UT	Financial	No	399	\$ 94,222,000	\$ 231,642,000	\$ 3,093,751,000	\$ 4,349,513,000	\$ 52,962,000	\$ 12,986,000	\$ 65,948,000	\$ -	\$ 65,948,000	\$ 998,130,000	\$ 1,207,203,000	\$ 1,605,333,000	4.1%	603.7%	27.8%	36.9%	71.1%	10.45%	40.3%	30.00%
Finance Factors, Ltd	HI	Financial	No	123	\$ 65,570,000	\$ 3,344,000	\$ 649,905,000	\$ 599,233,000	\$ 814,000	\$ 1,099,000	\$ 1,893,000	\$ -	\$ 1,893,000	\$ 11,932,000	\$ 74,582,000	\$ 86,414,000	2.2%	629.4%	13.3%	15.5%	80.5%	1.16%	9.1%	69.82%
Beal Bank USA	NV	Financial	No	108	\$ 1,051,371,000	\$ 158,548,000	\$ 2,806,324,000	\$ 5,709,661,000	\$ 21,654,000	\$ 457,121,000	\$ 478,775,000	\$ 428,348,000	\$ 905,123,000	\$ 100,555,000	\$ 2,552,840,000	\$ 2,653,395,000	34.1%	11.1%	44.7%	46.5%	49.2%	4.92%	12.6%	39.45%
Celtic Bank	UT	Financial	No	275	\$ 156,538,000	\$ 53,009,000	\$ 876,476,000	\$ 3,905,054,000	\$ -	\$ 12,373,000	\$ 12,373,000	\$ 320,000	\$ 12,693,000	\$ 43,090,000	\$ 319,249,000	\$ 362,339,000	3.5%	339.5%	8.2%	9.3%	22.4%	2.48%	36.7%	33.18%
Community Commerce Bank	CA	Community Develop	No	48	\$ 6,194,000	\$ 1,821,000	\$ 232,838,000	\$ 334,088,000	\$ -	\$ 424,000	\$ 424,000	\$ 2,718,000	\$ 3,142,000	\$ 2,987,000	\$ 55,191,000	\$ 58,178,000	5.4%	95.1%	16.5%	17.4%	69.7%	1.10%	6.7%	62.16%
WebBank	UT	Financial	No	137	\$ 22,935,000	\$ 33,313,000	\$ 410,985,000	\$ 2,650,606,000	\$ 3,839,000	\$ -	\$ 3,839,000	\$ -	\$ 3,839,000	\$ 15,380,000	\$ 235,605,000	\$ 250,985,000	1.5%	400.6%	8.9%	9.5%	15.5%	2.35%	29.8%	36.79%
Nehret (ETA Q4 2020)	UT	Financial	No	24	\$ 196,078,000	\$ (1,170,000)	\$ 299,371,000	\$ 407,611,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,000	\$ 103,065,000	\$ 103,874,000	0.0%	100.0%	25.3%	25.3%	73.4%	-0.76%	-2.3%	137.03%
Equare Financial Services, Inc. (ETA Q1 2021)	UT	Financial	No	100	\$ -	\$ 4,354,000	\$ 53,937,000	\$ 125,430,000	\$ -	\$ -	\$ -	\$ -	\$ 61,402,000	\$ 62,003,000	\$ 62,003,000	0.0%	100.0%	49.0%	49.0%	42.3%	13.88%	14.9%	71.46%	
Rancho Santa Fe Thrift & Loan changed name to Hatch Bank				4,289	\$ 22,369,689,000	\$ 2,313,397,000	\$ 138,868,573,000	\$ 172,526,283,000	\$ 327,650,000	\$ 545,006,000	\$ 872,858,000	\$ 429,428,000	\$ 1,302,084,000	\$ 2,726,985,000	\$ 18,882,828,000	\$ 21,589,813,000	6.0%	209.4%	10.9%	12.5%	80.5%	2.72%	25.2%	40.53%
Eaglemark Savings Bank	NV	Automotive	Yes	111	\$ 40,000,000	\$ 4,606,000	\$ 262,180,000	\$ 392,181,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,797,000	\$ 46,797,000	\$ 46,797,000	0.0%	100.0%	12.9%	12.9%	72.4%	3.68%	31.3%	56.88%
First Electronic Bank	UT	Commercial	Yes	53	\$ 31,000	\$ 3,589,000	\$ 50,348,000	\$ 74,233,000	\$ -	\$ -	\$ -	\$ -	\$ 26,000	\$ 21,112,000	\$ 21,086,000	0.0%	100.0%	28.4%	28.4%	67.8%	13.04%	37.9%	56.94%	
EnaBank USA	UT	Energy	Yes	470	\$ 32,124,000	\$ 55,417,000	\$ 2,688,849,000	\$ 3,074,824,000	\$ 5,142,000	\$ -	\$ 5,142,000	\$ -	\$ 5,142,000	\$ 119,608,000	\$ 341,037,000	\$ 460,645,000	1.1%	232.1%	11.1%	15.0%	86.8%	3.57%	35.2%	34.83%
BMW Bank of North America	UT	Automotive	Yes	30	\$ 2318,651,000	\$ 112,582,000	\$ 7,486,417,000	\$ 11,509,256,000	\$ -	\$ 12,848,000	\$ 12,848,000	\$ -	\$ 12,848,000	\$ 67,485,000	\$ 1,640,540,000	\$ 1,708,025,000	0.8%	525.1%	14.3%	14.8%	65.0%	1.96%	13.9%	25.12%
Toyota Financial Savings Bank	NV	Automotive	Yes	76	\$ 455,322,000	\$ 6,711,000	\$ 1,585,569,000	\$ 2,682,602,000	\$ -	\$ 2,247,000	\$ 2,247,000	\$ -	\$ 2,247,000	\$ 9,752,000	\$ 909,093,000	\$ 909,845,000	0.2%	434.0%	13.8%	13.9%	58.4%	0.56%	2.0%	51.95%
The Pines Savings Bank	UT	Commercial	Yes	24	\$ 398,747,000	\$ 24,729,000	\$ 657,878,000	\$ 779,163,000	\$ -	\$ 1,997,000	\$ 1,997,000	\$ -	\$ 1,997,000	\$ 6,755,000	\$ 69,511,000	\$ 75,266,000	2.7%	289.2%	8.9%	9.7%	84.4%	6.47%	17.3%	5.79%
Rancho Santa Fe Thrift & Loan changed name to Hatch Bank				764	\$ 3,202,875,000	\$ 207,634,000	\$ 12,691,041,000	\$ 18,482,259,000	\$ 5,142,000	\$ 17,092,000	\$ 22,234,000	\$ -	\$ 22,234,000	\$ 202,604,000	\$ 3,019,034,000	\$ 3,221,638,000	0.7%	911.2%	16.3%	17.4%	68.7%	2.30%	15.3%	29.34%
American Express Centurion Bank removed from reports as of Q3-2020				5,033	\$ 25,572,564,000	\$ 2,521,031,000	\$ 151,559,614,000	\$ 191,008,542,000	\$ 332,792,000	\$ 562,098,000	\$ 894,890,000	\$ 429,428,000	\$ 1,324,318,000	\$ 2,929,589,000	\$ 21,881,862,000	\$ 24,811,451,000	5.3%	221.2%	11.5%	13.0%	79.3%	2.68%	23.9%	39.77%

Troubled Asset Ratio: Total Troubled Assets / Capital Plus Reserves
 Reserve to Total Troubled Asset Ratio: Reserves/Total Troubled Assets