

## **Comparative Safety and Soundness The Industrial Banking Industry Third 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 September 30, 2021. Our findings are summarized below and, along with the data, are contained in the attached report.

### **CAPITAL RATIOS**

As of September 30, 2021, the US banking industry had \$23.3 trillion in Assets and \$2.3 trillion in Capital<sup>1</sup> resulting in a Capital to Asset Ratio of 10.1%. Industrial banks have \$191.0 billion in Assets and Capital of \$22.6 billion resulting in a Capital to Assets Ratio of 11.8%. Commercially owned industrial banks have \$18.5 billion in Assets and \$3.1 billion in Capital resulting in a Capital to Assets Ratio of 16.9%. 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 September 30, 2021, the banking industry had \$106.6 billion in Total Troubled Assets and \$2.5 trillion in Capital Plus Reserves resulting in a Troubled Asset Ratio of 4.2%. Industrial banks have Total Troubled Assets of \$1.3 billion and Capital Plus Reserves of \$25.6 billion resulting in a Troubled Asset Ratio of 8.6%. Commercially-owned industrial banks have Total Troubled Assets of \$20.0 million and Capital Plus Reserves of \$3.3 billion resulting in a Troubled Asset Ratio of 0.6%. 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.

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<sup>1</sup> Total Bank Equity Capital as reported in FDIC quarterly call reports.

## **PROFITABILITY**

For the nine months ended September 30, 2021, the banking industry reported Net Income totaling \$216.0 billion resulting in an annualized ROA of 1.27%. Industrial banks reported Net Income for the period totaling \$3.7 billion resulting in an annualized ROA of 2.58%. Commercially owned industrial banks reported Net Income for the period totaling \$326.9 million resulting in an annualized ROA of 2.40%.

## **CONCLUSION**

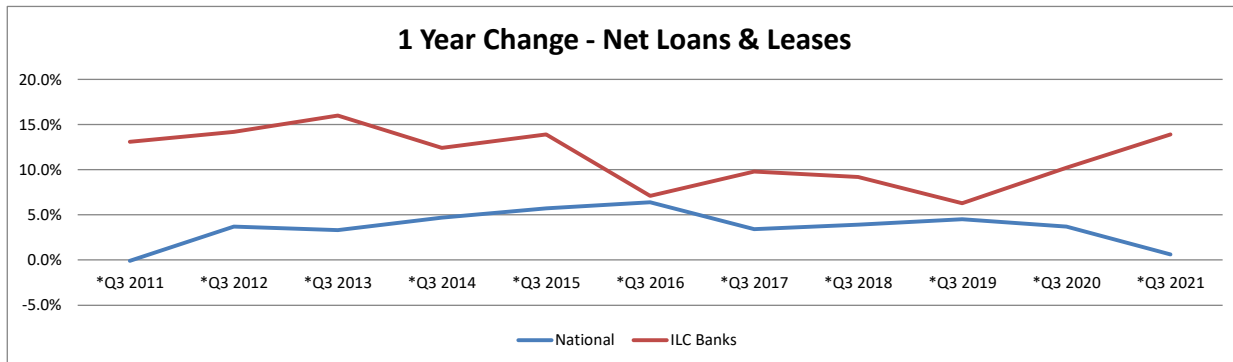
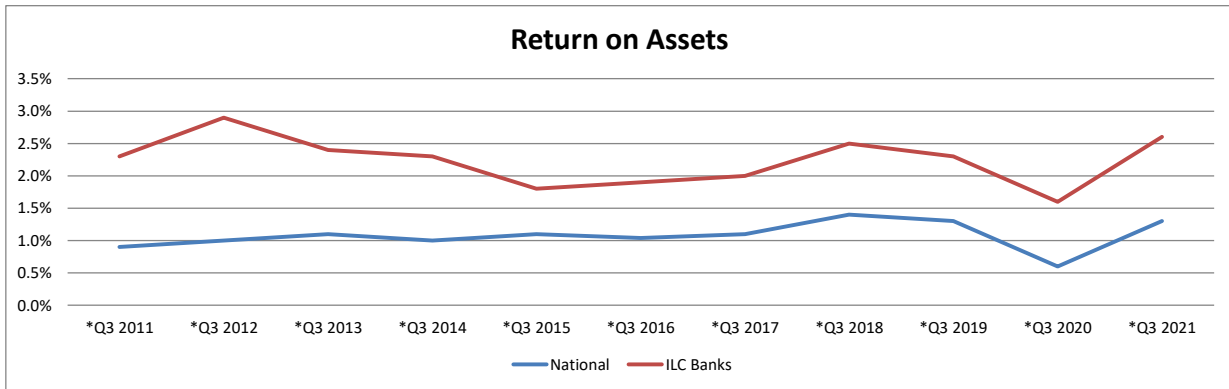
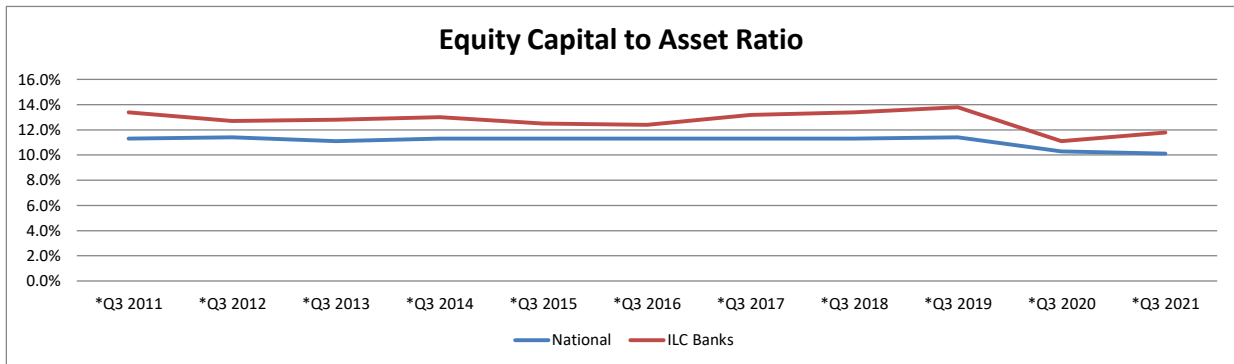
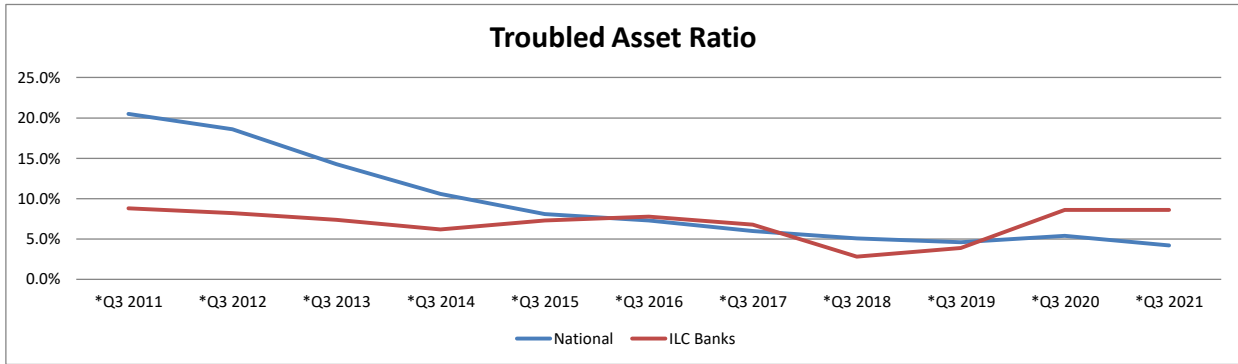
Compared to Other Banks, as of September 30, 2021, industrial banks remain safer and sounder institutions, having a stronger Capital to Assets Ratio and a higher annualized ROA. Commercially-owned industrial banks have 60.0% more capital compared to the national banking industry (16.9% compared to 10.1%); a Troubled Asset Ratio that is over seven times lower than that of the national banking industry (0.6% compared to 4.2%); and an annualized ROA that is almost twice that of the national banking industry (2.40% compared to 1.27%).

Data Source: FDIC Quarterly Call Reports

Attachments:

- *Safety and Soundness Statistics – Industrial Banking Industry*

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\* Adjusted for banks no longer ILC

**FDIC Statistics on Depository Institutions Report**

**Net Loans & Leases (\$ in 000's)**

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	1 yr Change	2 yr Change
All Institutions - National	10,274,052,709	10,394,239,939	10,764,291,864	10,752,224,506	10,666,337,830	10,626,534,508	10,610,677,641	10,662,996,265	10,735,820,260	0.6%	4.3%
Financial ILC Bank Totals	93,872,313	95,894,207	91,529,713	96,827,966	103,491,955	107,053,918	111,724,753	117,759,129	121,818,991	15.0%	22.9%
Commercial ILC Bank Totals	11,103,628	11,466,775	12,170,972	12,969,079	13,347,071	13,498,643	13,445,222	13,645,728	13,937,313	4.2%	20.3%
All ILC Bank Totals	104,975,941	107,360,982	103,700,685	109,797,045	116,839,026	120,552,561	125,169,975	131,404,857	135,756,304	13.9%	22.7%
National Totals without ILC Bank Totals	10,169,076,768	10,286,878,957	10,660,591,179	10,642,427,461	10,549,498,804	10,505,981,947	10,485,507,666	10,531,591,408	10,600,063,956	0.5%	4.1%

**ILC Banks**

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	1 yr Change	2 yr Change
Sallie Mae Bank	24,724,621	24,678,812	21,707,092	21,180,514	21,726,171	22,090,561	20,391,119	20,138,717	21,303,701	-2.0%	-16.1%
UBS Bank USA	47,876,989	49,385,501	49,156,413	50,792,726	56,217,022	59,426,359	64,679,387	70,768,560	75,050,652	25.1%	36.2%
OptumHealth Bank, Inc	1,213,193	1,329,435	1,486,021	1,590,623	1,700,953	2,024,604	2,235,679	2,607,488	2,854,160	40.4%	57.5%
Hatch Bank	62,585	56,955	58,281	53,336	49,003	45,635	50,453	71,755	66,855	26.7%	6.4%
LCA Bank Corporation	145,151	140,245	135,460	195,490	193,116	183,531	200,072	184,532	161,272	-19.7%	10.0%
Medallion Bank	1,003,138	1,019,668	1,039,882	1,102,806	1,108,335	1,102,191	1,138,709	1,222,048	1,298,285	14.6%	22.7%
World Financial Capital Bank	7,400,589	7,310,681	6,553,085	5,832,901	5,985,509	6,718,095	6,542,093	6,994,937	7,409,148	19.2%	0.1%
Wright Express Financial Services	2,593,200	2,170,272	1,758,881	1,594,344	1,787,958	1,695,671	2,145,157	2,478,617	2,681,663	33.3%	3.3%
The Morris Plan Co-Terre Haute	81,972	85,924	95,271	102,714	108,137	109,911	112,157	114,288	116,179	6.9%	29.4%
Minnesota First Credit And Savings	22,822	22,878	22,326	21,806	22,312	21,990	21,650	21,313	21,737	-2.6%	-5.0%
Balboa Thrift and Loan Association	296,372	299,334	299,681	301,836	298,657	291,695	293,383	286,692	279,639	-6.8%	-6.0%
Merrick Bank Corporation	3,230,463	3,320,330	3,222,701	3,060,480	3,103,641	3,205,975	3,061,845	3,174,901	3,350,268	7.4%	3.6%
Finance Factors, Ltd	399,272	395,156	393,613	388,285	385,581	381,792	385,329	386,022	381,911	-1.0%	-4.5%
Beal Bank Nevada	3,146,884	3,910,100	4,060,946	4,092,647	4,150,285	3,272,287	3,045,179	2,981,243	2,922,014	-42.0%	-7.7%
Celtic Bank	784,519	818,923	761,404	3,704,183	3,814,223	3,735,222	4,215,823	3,503,401	2,160,368	-76.6%	63.7%
Community Commerce Bank	200,689	206,940	208,872	240,632	251,274	241,804	237,134	237,760	226,708	-10.8%	11.5%
WebBank	689,854	743,053	569,784	2,572,643	2,589,778	2,489,108	2,890,098	2,357,679	1,250,611	-107.1%	44.8%
Nelnet (ETA Q4 2020)						17,487	79,486	191,165	193,084	100.0%	100.0%
Square Financial Services, Inc. (ETA Q1 2021)						-	-	38,011	90,736	100.0%	100.0%
	93,872,313	95,894,207	91,529,713	96,827,966	103,491,955	107,053,918	111,724,753	117,759,129	121,818,991	15.0%	22.9%
Eaglemark Savings Bank	25,143	11,758	10,560	33,278	37,188	77,414	191,676	285,255	289,758	87.2%	91.3%
First Electronic Bank	15,810	18,376	7,147	9,416	12,138	16,447	22,850	31,192	29,869	59.4%	47.1%
EnerBank USA	2,463,853	2,500,570	2,443,357	2,596,022	2,906,633	2,886,811	2,709,426	2,821,184	2,906,622	0.0%	15.2%
BMW Bank of North America	7,493,903	7,775,259	8,467,457	8,593,218	8,575,456	8,616,693	8,609,315	8,621,344	8,750,147	2.0%	14.4%
Toyota Financial Savings Bank	884,900	928,220	1,011,036	1,536,926	1,606,505	1,687,610	1,697,030	1,677,526	1,741,783	7.8%	49.2%
The Pitney Bowes Bank	220,019	232,592	231,415	200,219	209,151	213,668	214,925	209,227	219,134	4.6%	-0.4%
Rancho Santa Fe Thrift & Loan changed name to Hatch Bank	11,103,628	11,466,775	12,170,972	12,969,079	13,347,071	13,498,643	13,445,222	13,645,728	13,937,313	4.2%	20.3%
American Express Centurion Bank removed from reports as of Q3-2020											

**ILC Banks - Nevada**

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	1 yr Change	2 yr Change
Beal Bank Nevada	3,146,884	3,910,100	4,060,946	4,092,647	4,150,285	3,272,287	3,045,179	2,981,243	2,922,014	-42.0%	-7.7%
Eaglemark Savings Bank	25,143	11,758	10,560	33,278	37,188	77,414	191,676	285,255	289,758	87.2%	91.3%
Toyota Financial Savings Bank	884,900	928,220	1,011,036	1,536,926	1,606,505	1,687,610	1,697,030	1,677,526	1,741,783	7.8%	49.2%
	4,056,927	4,850,078	5,082,542	5,662,851	5,793,978	5,037,311	4,933,885	4,944,024	4,953,555	-17.0%	18.1%

**ILC Banks - Utah**

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	1 yr Change	2 yr Change
American Express Centurion	93,739,874	97,132,094	92,218,563	80,489,584	80,606,736	84,201,186	81,755,341	89,830,553	91,970,256	12.4%	-1.9%
BMW Bank of North America	7,493,903	7,775,259	8,467,457	8,593,218	8,575,456	8,616,693	8,609,315	8,621,344	8,750,147	2.0%	14.4%
Celtic Bank	784,519	818,923	761,404	3,704,183	3,814,223	3,735,222	4,215,823	3,503,401	2,160,368	-76.6%	63.7%
EnerBank USA	2,463,853	2,500,570	2,443,357	2,596,022	2,906,633	2,886,811	2,709,426	2,821,184	2,906,622	0.0%	15.2%
First Electronic Bank	15,810	18,376	7,147	9,416	12,138	16,447	22,850	31,192	29,869	59.4%	47.1%
LCA Bank Corporation	145,151	140,245	135,460	195,490	193,116	183,531	200,072	184,532	161,272	-19.7%	10.0%
Medallion Bank	1,003,138	1,019,668	1,039,882	1,102,806	1,108,335	1,102,191	1,138,709	1,222,048	1,298,285	14.6%	22.7%
Merrick Bank Corporation	3,230,463	3,320,330	3,222,701	3,060,480	3,103,641	3,205,975	3,061,845	3,174,901	3,350,268	7.4%	3.6%
OptumHealth Bank, Inc	1,213,193	1,329,435	1,486,021	1,590,623	1,700,953	2,024,604	2,235,679	2,607,488	2,854,160	40.4%	57.5%
Sallie Mae Bank	24,724,621	24,678,812	21,707,092	21,180,514	21,726,171	22,090,561	20,391,119	20,138,717	21,303,701	-2.0%	-16.1%
The Pitney Bowes Bank	220,019	232,592	231,415	200,219	209,151	213,668	214,925	209,227	219,134	4.6%	-0.4%
UBS Bank USA	47,876,989	49,385,501	49,156,413	50,792,726	56,217,022	59,426,359	64,679,387	70,768,560	75,050,652	25.1%	36.2%
WebBank	689,854	743,053	569,784	2,572,643	2,589,778	2,489,108	2,890,098	2,357,679	1,250,611	-107.1%	44.8%
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Wright Express Financial Services	2,593,200	2,170,272	1,758,881	1,594,344	1,787,958	1,695,671	2,145,157	2,478,617	2,681,663	33.3%	3.3%
Nelnet (ETA Q4 2020)						17,487	79,486	191,165	193,084	100.0%	100.0%
Square Financial Services, Inc. (ETA Q1 2021)						-	-	38,011	90,736	100.0%	100.0%
	193,595,176	198,575,811	189,758,662	183,515,169	190,536,820	198,623,609	200,891,325	215,173,556	221,679,976	14.0%	12.7%

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
	\$ 102,744,761,000	\$ 3,819,480,000	\$ 106,564,241,000	\$ 185,064,049,000	\$ 2,339,483,324,000	\$ 2,524,547,373,000	4.2%	173.7%	10.1%	10.9%	82.4%	1.27%	12.63%	60.92%
N/A														
\$ 475,221,000	\$ 858,529,000	\$ 381,478,000	\$ 1,240,007,000	\$ 2,824,860,000	\$ 19,481,586,000	\$ 22,306,446,000	5.6%	227.8%	11.3%	12.9%	85.3%	2.60%	23.75%	41.56%
							1.5%							
\$ 13,947,000	\$ 20,041,000	\$ -	\$ 20,041,000	\$ 174,728,000	\$ 3,123,049,000	\$ 3,297,777,000	0.6%	871.9%	16.9%	17.8%	75.1%	2.40%	15.47%	29.60%
							0.4%							
\$ 489,168,000	\$ 878,570,000	\$ 381,478,000	\$ 1,260,048,000	\$ 2,999,588,000	\$ 22,604,635,000	\$ 25,604,223,000	8.6%	238.1%	11.8%	13.4%	84.3%	2.58%	22.67%	40.76%
1.2%														
\$ (489,168,000)	\$ 101,866,191,000	\$ 3,438,002,000	\$ 105,304,193,000	\$ 182,064,461,000	\$ 2,316,878,689,000	\$ 2,498,943,150,000	4.2%	172.9%	10.3%	11.1%	84.1%	1.27%	12.53%	61.20%

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
\$ 19,000	\$ 106,179,000	\$ -	\$ 106,179,000	\$ 1,215,407,000	\$ 2,380,290,000	\$ 3,595,697,000	3.0%	1144.7%	8.3%	12.5%	73.9%	3.95%	48.65%	24.55%
\$ 23,256,000	\$ 23,980,000	\$ 517,000	\$ 24,497,000	\$ 54,852,000	\$ 7,730,404,000	\$ 7,785,256,000	0.3%	223.9%	7.5%	7.5%	90.6%	1.08%	13.70%	18.81%
\$ 57,000	\$ 251,000	\$ -	\$ 251,000	\$ 24,358,000	\$ 2,070,231,000	\$ 2,094,589,000	0.0%	9704.4%	14.2%	14.3%	80.5%	1.93%	13.65%	31.59%
\$ -	\$ 76,000	\$ -	\$ 76,000	\$ 796,000	\$ 28,544,000	\$ 29,340,000	0.3%	1047.4%	6.1%	6.3%	93.5%	0.51%	5.94%	62.05%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,383,000	\$ 485,383,000	0.0%	100.0%	24.7%	24.7%	9.2%	11.52%	51.31%	72.84%
\$ 1,527,000	\$ 1,527,000	\$ -	\$ 1,527,000	\$ 4,838,000	\$ 27,198,000	\$ 32,036,000	4.8%	316.8%	15.1%	17.8%	68.7%	2.21%	16.81%	58.73%
\$ 18,045,000	\$ 18,045,000	\$ -	\$ 18,045,000	\$ 52,954,000	\$ 257,707,000	\$ 310,661,000	5.8%	293.5%	17.4%	21.0%	81.1%	4.92%	28.72%	26.42%
\$ 576,000	\$ 169,413,000	\$ -	\$ 169,413,000	\$ 861,070,000	\$ 1,284,136,000	\$ 2,145,206,000	7.9%	508.3%	13.6%	22.7%	72.1%	4.44%	34.28%	52.08%
\$ 570,000	\$ 21,222,000	\$ -	\$ 21,222,000	\$ 32,288,000	\$ 326,558,000	\$ 358,846,000	5.9%	152.1%	9.9%	10.9%	82.4%	4.54%	42.12%	81.90%
\$ 636,000	\$ 689,000	\$ -	\$ 689,000	\$ 6,391,000	\$ 32,054,000	\$ 38,445,000	1.8%	927.6%	26.0%	31.2%	70.8%	5.82%	23.40%	27.15%
\$ 22,000	\$ 49,000	\$ -	\$ 49,000	\$ 399,000	\$ 4,230,000	\$ 4,629,000	1.1%	814.3%	16.8%	18.4%	79.5%	0.37%	2.21%	91.80%
\$ 566,000	\$ 591,000	\$ -	\$ 591,000	\$ 7,552,000	\$ 48,265,000	\$ 55,817,000	1.1%	1277.8%	15.1%	17.4%	84.7%	1.77%	12.56%	50.09%
\$ 13,807,000	\$ 76,541,000	\$ -	\$ 76,541,000	\$ 425,200,000	\$ 1,250,608,000	\$ 1,675,808,000	4.6%	555.5%	28.7%	38.5%	69.7%	9.87%	37.08%	29.50%
\$ 318,000	\$ 318,000	\$ -	\$ 318,000	\$ 12,015,000	\$ 74,378,000	\$ 86,393,000	0.4%	3778.3%	13.5%	15.7%	81.0%	0.93%	7.16%	72.15%
\$ 403,228,000	\$ 423,573,000	\$ 377,934,000	\$ 801,507,000	\$ 66,918,000	\$ 2,664,340,000	\$ 2,731,258,000	29.3%	8.3%	46.3%	47.5%	49.8%	8.16%	20.06%	39.01%
\$ 12,365,000	\$ 12,365,000	\$ 309,000	\$ 12,674,000	\$ 40,323,000	\$ 337,492,000	\$ 377,815,000	3.4%	318.2%	12.4%	13.9%	33.7%	2.55%	32.22%	36.57%
\$ 229,000	\$ 229,000	\$ 2,718,000	\$ 2,947,000	\$ 2,987,000	\$ 55,947,000	\$ 58,934,000	5.0%	101.4%	17.3%	18.2%	71.5%	1.16%	6.98%	60.18%
\$ -	\$ 3,234,000	\$ -	\$ 3,234,000	\$ 13,671,000	\$ 245,995,000	\$ 259,666,000	1.2%	422.7%	17.1%	18.0%	34.0%	2.60%	28.23%	39.57%
\$ -	\$ 247,000	\$ -	\$ 247,000	\$ 699,000	\$ 104,626,000	\$ 105,325,000	0.2%	283.0%	25.3%	25.5%	73.1%	-0.21%	-0.69%	119.11%
\$ -	\$ -	\$ -	\$ -	\$ 2,142,000	\$ 73,200,000	\$ 75,342,000	0.0%	100.0%	44.7%	46.0%	43.2%	19.94%	30.31%	56.73%
\$ 475,221,000	\$ 858,529,000	\$ 381,478,000	\$ 1,240,007,000	\$ 2,824,860,000	\$ 19,481,586,000	\$ 22,306,446,000	5.6%	227.8%	11.3%	12.9%	85.3%	2.60%	23.75%	41.56%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,869,000	\$ 55,869,000	0.0%	100.0%	14.4%	14.4%	75.3%	3.84%	30.34%	53.19%
\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 24,428,000	\$ 24,434,000	0.0%	100.0%	38.2%	38.2%	53.1%	16.14%	45.47%	51.72%
\$ -	\$ 6,094,000	\$ -	\$ 6,094,000	\$ 112,154,000	\$ 372,669,000	\$ 484,823,000	1.3%	1840.4%	11.9%	15.5%	86.8%	3.73%	35.24%	35.67%
\$ 9,563,000	\$ 9,563,000	\$ -	\$ 9,563,000	\$ 48,733,000	\$ 1,702,748,000	\$ 1,751,481,000	0.5%	509.6%	14.6%	15.0%	65.9%	2.03%	14.31%	23.23%
\$ 2,428,000	\$ 2,428,000	\$ -	\$ 2,428,000	\$ 10,689,000	\$ 899,152,000	\$ 909,841,000	0.3%	440.2%	25.0%	25.3%	69.1%	0.53%	1.98%	48.66%
\$ 1,956,000	\$ 1,956,000	\$ -	\$ 1,956,000	\$ 3,146,000	\$ 68,183,000	\$ 71,329,000	2.7%	160.8%	8.6%	9.0%	83.8%	6.56%	73.31%	7.44%
\$ 13,947,000	\$ 20,041,000	\$ -	\$ 20,041,000	\$ 174,728,000	\$ 3,123,049,000	\$ 3,297,777,000	0.6%	871.9%	16.9%	17.8%	75.1%	2.40%	15.47%	29.60%
\$ 489,168,000	\$ 878,570,000	\$ 381,478,000	\$ 1,260,048,000	\$ 2,999,588,000	\$ 22,604,635,000	\$ 25,604,223,000	4.9%	238.1%	11.8%	13.4%	84.3%	2.58%	22.67%	40.76%

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