

Comparative Safety and Soundness The Industrial Bank Industry Quarter End March 31, 2022





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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 for the US banking industry and the industrial banking sectors. The underlying financial information is drawn from the March 31, 2022 call report data for individual banks and for aggregated banking industry segments. Details are presented on the attached reports.

Capital

Using a simple equity to assets ratio, all US banks had a ratio of 9.4% as of March 31, 2022. The industrial bank sector had a ratio of 10.5% as of March 31, 2022. Individual industrial bank ratios varied, from 7.0% to 47.2% at a newly organized bank.

Asset Quality

Using a ratio of troubled assets to loans, asset quality at all banks was very strong. Troubled assets (loans past due 90 days, nonaccrual loans and other real estate owned) at all US banks was 0.9% of loans as of March 31, 2022. For industrial banks the ratio was also 0.9%.

Profitability

Return on assets and return on equity are important measures of profitability. For all US banks, the ROA was 1.00% and ROE was 10.58% for the quarter ended March 31, 2022. For industrial banks, ROA was 2.01% and ROE was 19.11% for the quarter ended March 31, 2022.

Conclusion

While the banking industry is sound and safe as of March 31, 2022, the industrial bank sector continues to demonstrate superior financial strength.

Safety and Soundness Statistics - Balance Sheet
Industrial Banking Industry
March 31, 2022

(\$ in 000's)

	Assets	Securities/ CRA		Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled			Loan to Deposits	Allowances to Loans	Troubled	
		Investments	Loans				Assets	Deposits	Equity			Assets to Loans	Equity to Assets
National Totals	\$23,973,562,106	\$6,260,522,135	\$11,356,853,500	\$175,454,530	\$95,904,081	\$2,934,535	\$98,838,616	\$19,932,366,557	\$2,260,108,741	57.0%	1.5%	0.9%	9.4%
All ILC Bank Totals	\$222,634,401	\$30,300,511	\$145,684,419	\$3,102,510	\$1,324,191	\$6,696	\$1,330,887	\$182,731,594	\$23,477,255	79.7%	2.1%	0.9%	10.5%
National Totals without ILC Bank Totals	\$23,750,927,705	\$6,230,221,624	\$11,211,169,081	\$172,352,020	\$94,579,890	\$2,927,839	\$97,507,729	\$19,749,634,963	\$2,236,631,486	56.8%	1.5%	0.9%	9.4%
Nevada Bank Totals	\$16,241,316	\$5,736,948	\$5,247,465	\$46,846	\$666,814	\$3,068	\$669,882	\$7,463,848	\$4,348,625	70.3%	0.9%	12.8%	26.8%
Utah Bank Totals	\$204,856,755	\$24,441,737	\$139,403,925	\$3,031,803	\$654,754	\$910	\$655,664	\$174,041,801	\$18,889,886	80.1%	2.2%	0.5%	9.2%
All States without NV & UT Totals	\$1,459,313	\$121,809	\$1,007,064	\$24,264	\$2,628	\$2,718	\$5,346	\$1,187,523	\$210,099	84.8%	2.4%	0.5%	14.4%

ILC Banks	ST	Assets	Securities/ CRA		Allowance	Nonaccrual & 90 Day Past Due	Other Real Estate Owned	Total Troubled			Loan to Deposits	Allowances to Loans	Troubled	
			Investments	Loans				Assets	Deposits	Equity			Assets to Loans	Equity to Assets
UBS Bank USA	UT	\$122,409,837	\$6,921,923	\$82,935,621	\$69,800	\$18,104	\$505	\$18,609	\$112,746,787	\$8,576,445	73.6%	0.1%	0.0%	7.0%
Sallie Mae Bank	UT	\$28,924,742	\$2,341,551	\$22,541,889	\$1,227,362	\$187,414	\$0	\$187,414	\$21,549,496	\$2,488,692	104.6%	5.4%	0.8%	8.6%
OptumHealth Bank, Inc	UT	\$15,191,119	\$10,768,160	\$3,470,416	\$24,316	\$45	\$0	\$45	\$12,599,058	\$1,727,129	27.5%	0.7%	0.0%	11.4%
BMW Bank of North America	UT	\$11,764,783	\$2,286,588	\$8,922,204	\$26,000	\$10,565	\$0	\$10,565	\$7,705,104	\$1,616,666	115.8%	0.3%	0.1%	13.7%
Comenity Capital Bank	UT	\$10,317,827	\$102,981	\$9,104,064	\$1,004,276	\$233,629	\$0	\$233,629	\$7,225,625	\$1,630,157	126.0%	11.0%	2.6%	15.8%
Beal Bank USA	NV	\$9,168,938	\$3,493,171	\$3,071,309	\$35,514	\$665,989	\$3,068	\$669,057	\$3,427,889	\$2,882,956	89.6%	1.2%	21.8%	31.4%
		\$197,777,246	\$25,914,374	\$130,045,503	\$2,387,268	\$1,115,746	\$3,573	\$1,119,319	\$165,253,959	\$18,922,045	78.7%	1.8%	0.9%	9.6%
Merrick Bank Corporation	UT	\$4,600,811	\$93,540	\$4,199,730	\$520,550	\$141,556	\$0	\$141,556	\$3,294,800	\$1,208,642	127.5%	12.4%	3.4%	26.3%
Toyota Financial Savings Bank	NV	\$4,580,083	\$2,007,883	\$1,861,950	\$11,332	\$825	\$0	\$825	\$3,518,294	\$848,041	52.9%	0.6%	0.0%	18.5%
WEX Bank	UT	\$5,006,312	\$1,006,966	\$3,413,823	\$39,837	\$34,176	\$0	\$34,176	\$4,322,201	\$411,042	79.0%	1.2%	1.0%	8.2%
USAA Savings Bank	NV	\$2,016,331	\$175,894	\$0	\$0	\$0	\$0	\$0	\$166,776	\$555,083	0.0%	0.0%	0.0%	27.5%
Celtic Bank	UT	\$1,752,609	\$223,328	\$1,358,991	\$38,213	\$2,872	\$405	\$3,277	\$994,404	\$374,436	136.7%	2.8%	0.2%	21.4%
Medallion Bank	UT	\$1,644,946	\$48,935	\$1,493,763	\$52,955	\$18,466	\$0	\$18,466	\$1,335,639	\$273,002	111.8%	3.5%	1.2%	16.6%
WebBank	UT	\$1,348,904	\$69,404	\$1,051,307	\$13,816	\$4,360	\$0	\$4,360	\$819,663	\$259,637	128.3%	1.3%	0.4%	19.2%
		\$20,949,996	\$3,625,950	\$13,379,564	\$676,703	\$202,255	\$405	\$202,660	\$14,451,777	\$3,929,883	92.6%	5.1%	1.5%	18.8%
The Pitney Bowes Bank	UT	\$764,365	\$317,450	\$242,810	\$3,299	\$1,735	\$0	\$1,735	\$642,149	\$56,010	37.8%	1.4%	0.7%	7.3%
Finance Factors, Ltd	HI	\$543,722	\$76,242	\$377,653	\$12,111	\$1,068	\$0	\$1,068	\$449,212	\$71,808	84.1%	3.2%	0.3%	13.2%
Netnet	UT	\$656,242	\$259,845	\$373,089	\$1,493	\$378	\$0	\$378	\$546,669	\$103,206	68.2%	0.4%	0.1%	15.7%
Hatch Bank	CA	\$269,046	\$39,858	\$99,496	\$1,111	\$288	\$0	\$288	\$240,111	\$26,730	41.4%	1.1%	0.3%	9.9%
Eaglemark Savings Bank	NV	\$475,964	\$60,000	\$314,206	\$0	\$0	\$0	\$0	\$350,889	\$62,545	89.5%	0.0%	0.0%	13.1%
Balboa Thrift and Loan Association	CA	\$305,093	\$0	\$286,403	\$7,652	\$1,030	\$0	\$1,030	\$254,491	\$50,198	112.5%	2.7%	0.4%	16.5%
Community Commerce Bank	CA	\$316,372	\$5,709	\$221,430	\$2,987	\$237	\$2,718	\$2,955	\$223,768	\$57,091	99.0%	1.3%	1.3%	18.0%
Square Financial Services, Inc.	UT	\$278,777	\$0	\$116,663	\$4,640	\$325	\$0	\$325	\$107,214	\$131,545	108.8%	4.0%	0.3%	47.2%
LCA Bank Corporation	UT	\$170,401	\$1,066	\$157,473	\$4,843	\$1,124	\$0	\$1,124	\$133,051	\$29,005	118.4%	3.1%	0.7%	17.0%
First Electronic Bank	UT	\$102,097	\$17	\$48,047	\$0	\$0	\$0	\$0	\$58,363	\$32,917	82.3%	0.0%	0.0%	32.2%
Minnesota First Credit And Savings	MN	\$25,080	\$0	\$22,082	\$403	\$5	\$0	\$5	\$19,941	\$4,272	110.7%	1.8%	0.0%	17.0%
		\$3,907,159	\$760,187	\$2,259,352	\$38,539	\$6,190	\$2,718	\$8,908	\$3,025,858	\$625,327	74.7%	1.7%	0.4%	16.0%
		\$222,634,401	\$30,300,511	\$145,684,419	\$3,102,510	\$1,324,191	\$6,696	\$1,330,887	\$182,731,594	\$23,477,255	79.7%	2.1%	0.9%	10.5%

Source: FDIC Reports of Condition as of January 5, 2023



Safety and Soundness Statistics - Income
Industrial Banking Industry
YTD March 31, 2022

(\$ 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	2,088,158	\$ 138,028,066	\$ 76,070,934	\$ 133,869,663	\$ 80,229,337	\$ 5,211,931	\$ 15,206,724	\$ 59,754,367	1.00%	10.58%	62.53%	0.05%	
All ILC Bank Totals	4,637	\$ 2,156,572	\$ 912,232	\$ 1,205,977	\$ 1,862,827	\$ 364,963	\$ 376,376	\$ 1,121,488	2.01%	19.11%	39.30%	0.25%	
National Totals without ILC Bank Totals	2,083,521	\$ 135,871,494	\$ 75,158,702	\$ 132,663,686	\$ 78,366,510	\$ 4,846,968	\$ 14,830,348	\$ 58,632,879	0.99%	10.49%	62.86%	0.04%	
Nevada Bank Totals	262	\$ 75,541	\$ 476,108	\$ 247,230	\$ 304,419	\$ (7,312)	\$ 71,170	\$ 240,561	5.92%	22.13%	44.82%	-0.14%	
Utah Bank Totals	4,107	\$ 2,067,507	\$ 435,709	\$ 948,154	\$ 1,555,062	\$ 371,490	\$ 304,517	\$ 879,055	1.72%	18.61%	37.88%	0.27%	
All States without NV & UT Totals	268	\$ 13,524	\$ 415	\$ 10,593	\$ 3,346	\$ 785	\$ 689	\$ 1,872	0.51%	3.56%	76.00%	0.08%	
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	526	\$ 501,119	\$ 22,036	\$ 105,047	\$ 418,108	\$ 9,531	\$ 110,614	\$ 297,963	0.97%	13.90%	20.08%	0.01%
Sallie Mae Bank	UT	1,512	\$ 387,880	\$ 24,448	\$ 118,451	\$ 293,877	\$ 98,050	\$ 45,633	\$ 150,194	2.08%	24.14%	28.73%	0.43%
OptumHealth Bank, Inc	UT	534	\$ 77,000	\$ 62,990	\$ 47,867	\$ 92,123	\$ 442	\$ 21,400	\$ 70,281	1.85%	16.28%	34.19%	0.01%
BMW Bank of North America	UT	30	\$ 65,020	\$ 22,670	\$ 19,932	\$ 67,758	\$ (2,107)	\$ 17,301	\$ 52,564	1.79%	13.01%	22.73%	-0.02%
Comenity Capital Bank	UT	111	\$ 482,484	\$ 51,044	\$ 234,362	\$ 299,166	\$ 127,554	\$ 48,040	\$ 123,572	4.79%	30.32%	43.93%	1.40%
Beal Bank USA	NV	80	\$ 58,309	\$ 208,012	\$ 53,542	\$ 212,779	\$ (6,564)	\$ 51,863	\$ 167,480	7.31%	23.24%	20.10%	-0.21%
		2,793	\$ 1,571,812	\$ 391,200	\$ 579,201	\$ 1,383,811	\$ 226,906	\$ 294,851	\$ 862,054	1.7%	18.2%	29.5%	0.2%
Merrick Bank Corporation	UT	456	\$ 236,002	\$ 53,999	\$ 87,493	\$ 202,508	\$ 115,453	\$ 20,681	\$ 66,374	5.77%	21.97%	30.17%	2.75%
Toyota Financial Savings Bank	NV	77	\$ 10,648	\$ 781	\$ 6,574	\$ 4,855	\$ (748)	\$ 1,299	\$ 4,304	0.38%	2.03%	57.52%	-0.04%
WEX Bank	UT	78	\$ 202,077	\$ 104,038	\$ 249,061	\$ 57,054	\$ 16,410	\$ 10,057	\$ 30,587	2.44%	29.77%	81.36%	0.48%
USAA Savings Bank	NV	8	\$ 1,764	\$ 263,466	\$ 182,954	\$ 82,276	\$ -	\$ 16,971	\$ 65,305	12.96%	47.06%	68.98%	0.00%
Celtic Bank	UT	310	\$ 19,206	\$ 25,696	\$ 20,912	\$ 23,990	\$ 336	\$ 6,150	\$ 17,504	3.99%	18.70%	46.57%	0.02%
Medallion Bank	UT	99	\$ 37,088	\$ (127)	\$ 9,332	\$ 27,629	\$ 2,143	\$ 6,701	\$ 18,785	4.57%	27.52%	25.25%	0.14%
WebBank	UT	171	\$ 28,045	\$ 10,934	\$ 23,116	\$ 15,863	\$ 1,282	\$ 3,864	\$ 10,717	3.18%	16.51%	59.30%	0.12%
		1,199	\$ 534,830	\$ 458,787	\$ 579,442	\$ 414,175	\$ 134,876	\$ 65,723	\$ 213,576	4.1%	21.7%	58.3%	1.0%
The Pitney Bowes Bank	UT	26	\$ 10,808	\$ 9,893	\$ 2,244	\$ 18,457	\$ 621	\$ 4,225	\$ 13,611	7.12%	97.20%	10.84%	0.26%
Finance Factors, Ltd	HI	111	\$ 4,418	\$ (765)	\$ 4,063	\$ (410)	\$ -	\$ (118)	\$ (292)	-0.21%	-1.63%	111.22%	0.00%
Nelnet	UT	34	\$ 2,176	\$ 1,498	\$ 2,284	\$ 1,390	\$ 429	\$ 223	\$ 738	0.45%	2.86%	62.17%	0.11%
Hatch Bank	CA	13	\$ 895	\$ 798	\$ 1,317	\$ 376	\$ 314	\$ -	\$ 62	0.09%	0.93%	77.79%	0.32%
Eaglemark Savings Bank	NV	97	\$ 4,820	\$ 3,849	\$ 4,160	\$ 4,509	\$ -	\$ 1,037	\$ 3,472	2.92%	22.20%	47.99%	0.00%
Balboa Thrift and Loan Association	CA	87	\$ 5,174	\$ 169	\$ 2,966	\$ 2,377	\$ 471	\$ 590	\$ 1,316	1.73%	10.49%	55.51%	0.16%
Community Commerce Bank	CA	48	\$ 2,716	\$ 202	\$ 1,952	\$ 966	\$ -	\$ 214	\$ 752	0.95%	5.27%	66.90%	0.00%
Square Financial Services, Inc.	UT	104	\$ 9,274	\$ 41,034	\$ 21,370	\$ 28,938	\$ 1,084	\$ 7,522	\$ 20,332	29.17%	61.83%	42.48%	0.93%
LCA Bank Corporation	UT	57	\$ 3,671	\$ 132	\$ 2,136	\$ 1,667	\$ 262	\$ 351	\$ 1,054	2.47%	14.54%	56.17%	0.17%
First Electronic Bank	UT	59	\$ 5,657	\$ 5,424	\$ 4,547	\$ 6,534	\$ -	\$ 1,755	\$ 4,779	18.72%	58.07%	41.03%	0.00%
Minnesota First Credit And Savings	MN	9	\$ 321	\$ 11	\$ 295	\$ 37	\$ -	\$ 3	\$ 34	0.54%	3.18%	88.86%	0.00%
		645	\$ 49,930	\$ 62,245	\$ 47,334	\$ 64,841	\$ 3,181	\$ 15,802	\$ 45,858	4.7%	29.3%	42.2%	0.1%
		4,637	\$ 2,156,572	\$ 912,232	\$ 1,205,977	\$ 1,862,827	\$ 364,963	\$ 376,376	\$ 1,121,488	2.01%	19.11%	39.30%	0.25%

Source: FDIC Reports of Income as of January 5, 2023

