

Comparative Safety and Soundness The Industrial Banking Industry First 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 March 31, 2021. Our findings are summarized below and, along with the data, are contained in the attached report.

CAPITAL RATIOS

As of March 31, 2021, the US banking industry had \$22.6 trillion in Assets and \$2.3 trillion in Capital¹ resulting in a Capital to Asset Ratio of 10.0%. Industrial banks have \$189.5 billion in Assets and Capital of \$21.1 billion resulting in a Capital to Assets Ratio of 11.1%. Commercially owned industrial banks have \$18.2 billion in Assets and \$2.9 billion in Capital resulting in a Capital to Assets Ratio of 16.0%. 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 March 31, 2021, the banking industry had \$127.4 billion in Total Troubled Assets and \$2.5 trillion in Capital Plus Reserves resulting in a Troubled Asset Ratio of 5.2%. Industrial banks have Total Troubled Assets of \$1.5 billion and Capital Plus Reserves of \$24.2 billion resulting in a Troubled Asset Ratio of 8.6%. Commercially-owned industrial banks have Total Troubled Assets of \$34.4 million and Capital Plus Reserves of \$3.1 billion resulting in a Troubled Asset Ratio of 1.1%. 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 three months ended March 31, 2021, the banking industry reported Net Income totaling \$76.8 billion resulting in an annualized ROA of 1.38%. Industrial banks reported Net Income for the period totaling \$1.6 billion resulting in an annualized ROA of 3.44%. Commercially owned industrial banks reported Net Income for the period totaling \$102.9 million resulting in an annualized ROA of 2.30%.

CONCLUSION

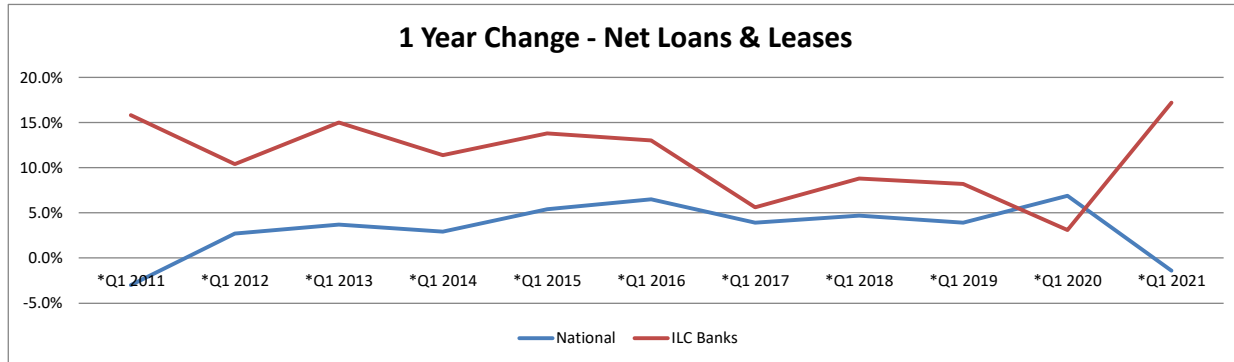
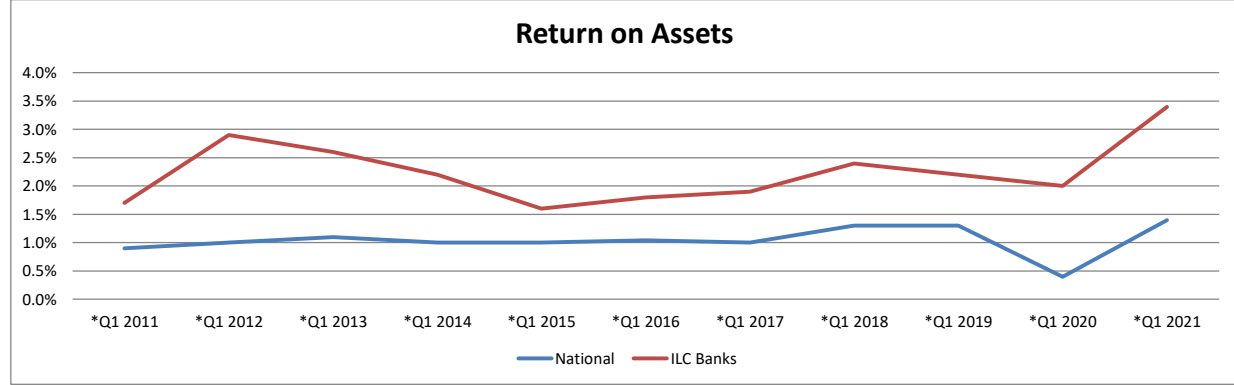
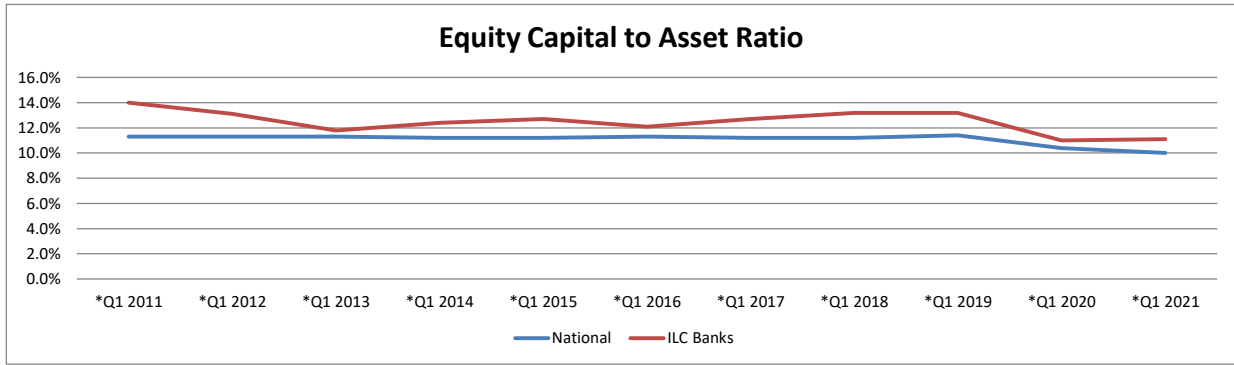
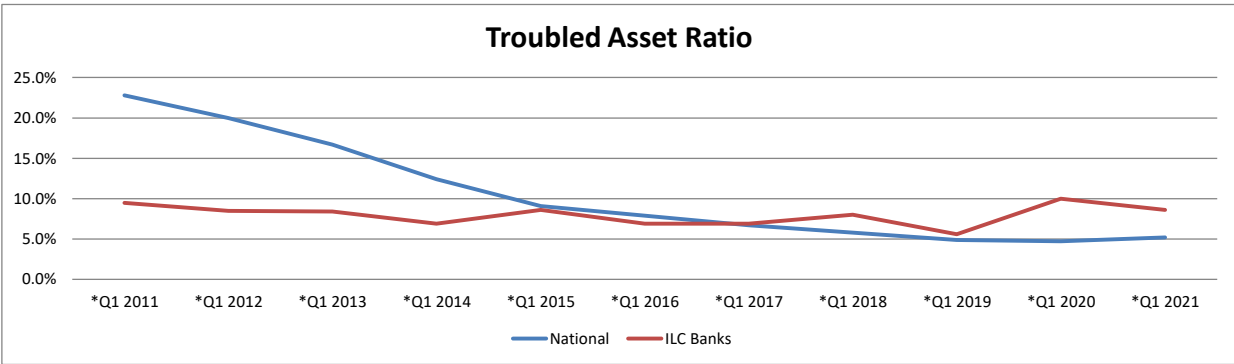
Compared to Other Banks, as of March 31, 2021, industrial banks remain safer and sounder institutions, having a stronger Capital to Assets Ratio and a higher annualized ROA. Commercially-owned industrial banks have 60.0% more capital compared to the national banking industry (16.0% compared to 10.0%); a Troubled Asset Ratio that is over four times lower than that of the national banking industry (1.1% compared to 5.2%); and an annualized ROA that is almost twice that of the national banking industry (2.30% compared to 1.38%).

Data Source: FDIC Quarterly Call Reports

Attachments:

- *Safety and Soundness Statistics – Industrial Banking Industry*

For more information, please contact Charlie Knadler
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* Adjusted for banks no longer ILC



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

Source: [Http://banktracker.investigativereportingworkshop.org](http://banktracker.investigativereportingworkshop.org)

FDIC Statistics on Depository Institutions Report		
Net Loans & Leases (\$ in 000's)		Q1 19
All Institutions - National		10,022,207,230
Financial ILC Bank Totals		89,965,461
Commercial ILC Bank Totals		10,508,646
All ILC Bank Totals		100,474,107
National Totals without ILC Bank Totals		9,921,733,123
ILC Banks		
		Q1 19
Sallie Mae Bank	UT	23,503,601
UBS Bank USA	UT	46,245,416
OptumHealth Bank, Inc	UT	1,049,024
Hatch Bank	CA	47,835
LCA Bank Corporation	UT	156,372
Medallion Bank	UT	897,744
World Financial Capital Bank	UT	7,122,024
Wright Express Financial Services	UT	2,306,190
The Morris Plan Co-Terre Haute	IN	71,350
Minnesota First Credit And Savings	MN	23,045
Balboa Thrift and Loan Association	CA	284,079
Merrick Bank Corporation	UT	3,031,944
Finance Factors, Ltd	HI	387,867
Beal Bank Nevada	NV	3,389,823
Celtic Bank	UT	715,322
Community Commerce Bank	CA	192,703
WebBank	UT	541,122
Nelnet (ETA Q4 2020)	UT	
Square Financial Services, Inc. (ETA Q1 2021)	UT	
		89,965,461
Eaglemark Savings Bank	NV	16,218
First Electronic Bank	UT	16,471
EnerBank USA	UT	2,017,694
BMW Bank of North America	UT	7,433,607
Toyota Financial Savings Bank	NV	804,833
The Pitney Bowes Bank	UT	219,823
Rancho Santa Fe Thrift & Loan changed name to Hatch Bank		10,508,646
American Express Centurion Bank removed from reports as of Q3-2020		
ILC Banks - Nevada		
		Q1 19
Beal Bank Nevada	NV	3,389,823

Eaglemark Savings Bank	NV	16,218
Toyota Financial Savings Bank	NV	804,833
		4,210,874
ILC Banks - Utah		
American Express Centurion	UT	91,053,569
BMW Bank of North America	UT	7,433,607
Celtic Bank	UT	715,322
EnerBank USA	UT	2,017,694
First Electronic Bank	UT	16,471
LCA Bank Corporation	UT	156,372
Medallion Bank	UT	897,744
Merrick Bank Corporation	UT	3,031,944
OptumHealth Bank, Inc	UT	1,049,024
Sallie Mae Bank	UT	23,503,601
The Pitney Bowes Bank	UT	219,823
UBS Bank USA	UT	46,245,416
WebBank	UT	541,122
World Financial Capital Bank	UT	7,122,024
Wright Express Financial Services	UT	2,306,190
Nelnet (ETA Q4 2020)	UT	
Square Financial Services, Inc. (ETA Q1 2021)	UT	
		186,309,923

Q2 19	Q3 19	Q4 19	Q1 20
10,174,793,124	10,274,052,709	10,394,239,939	10,764,291,864
91,659,230	93,872,313	95,894,207	91,529,713
10,578,315	11,103,628	11,466,775	12,170,972
102,237,545	104,975,941	107,360,982	103,700,685
10,072,555,579	10,169,076,768	10,286,878,957	10,660,591,179
Q2 19	Q3 19	Q4 19	Q1 20
23,275,144	24,724,621	24,678,812	21,707,092
46,971,173	47,876,989	49,385,501	49,156,413
1,131,638	1,213,193	1,329,435	1,486,021
50,737	62,585	56,955	58,281
151,142	145,151	140,245	135,460
953,608	1,003,138	1,019,668	1,039,882
7,408,386	7,400,589	7,310,681	6,553,085
2,643,212	2,593,200	2,170,272	1,758,881
76,327	81,972	85,924	95,271
22,736	22,822	22,878	22,326
292,073	296,372	299,334	299,681
3,127,915	3,230,463	3,320,330	3,222,701
389,479	399,272	395,156	393,613
3,626,823	3,146,884	3,910,100	4,060,946
721,711	784,519	818,923	761,404
198,398	200,689	206,940	208,872
618,728	689,854	743,053	569,784
91,659,230	93,872,313	95,894,207	91,529,713
12,395	25,143	11,758	10,560
12,514	15,810	18,376	7,147
2,231,195	2,463,853	2,500,570	2,443,357
7,278,964	7,493,903	7,775,259	8,467,457
820,333	884,900	928,220	1,011,036
222,914	220,019	232,592	231,415
10,578,315	11,103,628	11,466,775	12,170,972
Q2 19	Q3 19	Q4 19	Q1 20
3,626,823	3,146,884	3,910,100	4,060,946

12,395	25,143	11,758	10,560
820,333	884,900	928,220	1,011,036
4,459,551	4,056,927	4,850,078	5,082,542
93,480,475	93,739,874	97,132,094	92,218,563
7,278,964	7,493,903	7,775,259	8,467,457
721,711	784,519	818,923	761,404
2,231,195	2,463,853	2,500,570	2,443,357
12,514	15,810	18,376	7,147
151,142	145,151	140,245	135,460
953,608	1,003,138	1,019,668	1,039,882
3,127,915	3,230,463	3,320,330	3,222,701
1,131,638	1,213,193	1,329,435	1,486,021
23,275,144	24,724,621	24,678,812	21,707,092
222,914	220,019	232,592	231,415
46,971,173	47,876,989	49,385,501	49,156,413
618,728	689,854	743,053	569,784
7,408,386	7,400,589	7,310,681	6,553,085
2,643,212	2,593,200	2,170,272	1,758,881
190,228,719	193,595,176	198,575,811	189,758,662

Q2 20	Q3 20	Q4 20	Q1 21	1 yr Change
10,752,224,506	10,666,337,830	10,626,534,508	10,610,677,641	-1.4%
96,827,966	103,491,955	107,053,918	111,724,753	18.1%
12,969,079	13,347,071	13,498,643	13,445,222	9.5%
109,797,045	116,839,026	120,552,561	125,169,975	17.2%
10,642,427,461	10,549,498,804	10,505,981,947	10,485,507,666	-1.7%
Q2 20	Q3 20	Q4 20	Q1 21	1 yr Change
21,180,514	21,726,171	22,090,561	20,391,119	-6.5%
50,792,726	56,217,022	59,426,359	64,679,387	24.0%
1,590,623	1,700,953	2,024,604	2,235,679	33.5%
53,336	49,003	45,635	50,453	-15.5%
195,490	193,116	183,531	200,072	32.3%
1,102,806	1,108,335	1,102,191	1,138,709	8.7%
5,832,901	5,985,509	6,718,095	6,542,093	-0.2%
1,594,344	1,787,958	1,695,671	2,145,157	18.0%
102,714	108,137	109,911	112,157	15.1%
21,806	22,312	21,990	21,650	-3.1%
301,836	298,657	291,695	293,383	-2.1%
3,060,480	3,103,641	3,205,975	3,061,845	-5.3%
388,285	385,581	381,792	385,329	-2.1%
4,092,647	4,150,285	3,272,287	3,045,179	-33.4%
3,704,183	3,814,223	3,735,222	4,215,823	81.9%
240,632	251,274	241,804	237,134	11.9%
2,572,643	2,589,778	2,489,108	2,890,098	80.3%
		17,487	79,486	100.0%
		-	-	0.0%
96,827,966	103,491,955	107,053,918	111,724,753	18.1%
33,278	37,188	77,414	191,676	94.5%
9,416	12,138	16,447	22,850	68.7%
2,596,022	2,906,633	2,886,811	2,709,426	9.8%
8,593,218	8,575,456	8,616,693	8,609,315	1.6%
1,536,926	1,606,505	1,687,610	1,697,030	40.4%
200,219	209,151	213,668	214,925	-7.7%
12,969,079	13,347,071	13,498,643	13,445,222	9.5%
Q2 20	Q3 20	Q4 20	Q1 21	1 yr Change
4,092,647	4,150,285	3,272,287	3,045,179	-33.4%

33,278	37,188	77,414	191,676	94.5%
1,536,926	1,606,505	1,687,610	1,697,030	40.4%
5,662,851	5,793,978	5,037,311	4,933,885	-3.0%
80,489,584	80,606,736	84,201,186	81,755,341	-12.8%
8,593,218	8,575,456	8,616,693	8,609,315	1.6%
3,704,183	3,814,223	3,735,222	4,215,823	81.9%
2,596,022	2,906,633	2,886,811	2,709,426	9.8%
9,416	12,138	16,447	22,850	68.7%
195,490	193,116	183,531	200,072	32.3%
1,102,806	1,108,335	1,102,191	1,138,709	8.7%
3,060,480	3,103,641	3,205,975	3,061,845	-5.3%
1,590,623	1,700,953	2,024,604	2,235,679	33.5%
21,180,514	21,726,171	22,090,561	20,391,119	-6.5%
200,219	209,151	213,668	214,925	-7.7%
50,792,726	56,217,022	59,426,359	64,679,387	24.0%
2,572,643	2,589,778	2,489,108	2,890,098	80.3%
5,832,901	5,985,509	6,718,095	6,542,093	-0.2%
1,594,344	1,787,958	1,695,671	2,145,157	18.0%
		17,487	79,486	100.0%
		-	-	0.0%
183,515,169	190,536,820	198,623,609	200,891,325	5.5%

2 yr Change					
5.5%					
19.5%					
21.8%					
19.7%					
5.4%					
2 yr Change					
-15.3%					
28.5%					
53.1%					
5.2%					
21.8%					
21.2%					
-8.9%					
-7.5%					
36.4%					
-6.4%					
3.2%					
1.0%					
-0.7%					
-11.3%					
83.0%					
18.7%					
81.3%					
100.0%					
0.0%					
19.5%					
91.5%					
27.9%					
25.5%					
13.7%					
52.6%					
-2.3%					
21.8%					
2 yr Change					
-11.3%					

91.5%					
52.6%					
14.7%					
-11.4%					
13.7%					
83.0%					
25.5%					
27.9%					
21.8%					
21.2%					
1.0%					
53.1%					
-15.3%					
-2.3%					
28.5%					
81.3%					
-8.9%					
-7.5%					
100.0%					
0.0%					
7.3%					