Industrial banks (IBs) can be owned by nonfinancial firms and are somewhat limited in the types of activities they can conduct. They employ different business models and individual performance can vary widely from the average. As of year-end 2018, 14 of the nation's 24 IBs (58%) were based in Utah; they largely engaged in nationwide consumer lending, but some focused on business-based lending.

Utah IBs maintained good performance in the second half of 2018. Profitability increased from a year ago as lower average tax expenses, slightly wider margins, and lower noninterest expenses offset reduced noninterest income, while provisions were roughly flat. Although average loan growth can be volatile due to the diversity of business models, it remained robust as strong consumer sentiment enabled faster consumer loan growth. Capital ratios edged up amid slightly lower year-end dividend payout ratios than in 2017, while asset quality remained stable despite a slight uptick in national-level credit card delinquencies since the second quarter of 2018. The average share of consumer loans in total loans was stable in the second half of 2018, with a decline from 2017 levels largely due to adjustments in a few banks (including the April 2018 conversion of American Express Centurion Bank to a national bank charter).

**Key Economic Metrics - Nation**

### Year-over-Year Job Growth: 1.8%

![Chart](chart-url)

Source: Bureau of Labor Statistics

### Unemployment: 3.9%

![Chart](chart-url)

Source: Bureau of Labor Statistics

### Year-over-Year Home Price Growth: 6.4%

![Chart](chart-url)

Source: Federal Housing Finance Agency

### Household Financial Obligation Payments / Disposable Personal Income: 15.3%

![Chart](chart-url)

Ratio of all household financial obligations payments as a percentage of disposable personal income, seasonally adjusted. Source: Federal Reserve

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The opinions expressed in this publication are those of the authors. Opinions are intended only for informational purposes, and are not formal opinions of, nor binding on, the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.
**Banks at a Glance: Utah Industrial Banks**

### Key Banking Metrics (averages across Industrial banks)

#### Year to Date Return on Average Assets: 3.8%

![Graph showing Year to Date Return on Average Assets](image)

- **Utah-Industrial:** 3.8%
- **Nation-Industrial:** 3.3%

Net income / average assets, adjusted for S-Corps, annualized

#### Year-over-Year Net Loan Growth: 16.1%

![Graph showing Year-over-Year Net Loan Growth](image)

- **Utah-Industrial:** 16.1%
- **Nation-Industrial:** 12.5%

#### Nonperforming Assets / Total Assets: 0.56%

![Graph showing Nonperforming Assets / Total Assets](image)

- **Utah-Industrial:** 0.56%
- **Nation-Industrial:** 0.47%

90+ days past due + nonaccruals + other real estate owned / total assets

#### Total Risk-Based Capital Ratio: 18.8%

![Graph showing Total Risk-Based Capital Ratio](image)

- **Utah-Industrial:** 25.3%
- **Nation-Industrial:** 18.8%

Total capital / risk-weighted assets

#### Consumer Loan Mix: 55.5%

![Graph showing Consumer Loan Mix](image)

- **Utah-Industrial:** 55.5%
- **Nation-Industrial:** 48.4%

Total consumer loans / total loans and leases; commercial & industrial loans accounted for 19.0% of total loans, on average, as of 12/31/18.

#### Securities and Liquid Invest. / Total Assets: 20.6%

![Graph showing Securities and Liquid Invest. / Total Assets](image)

- **Utah-Industrial:** 22.3%
- **Nation-Industrial:** 20.6%

Liquid investments = cash, due from balances, interest bearing bank balances, and Fed funds sold and securities purchased under agreements to resell

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**Source:** Call Report data for industrial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude “De Novo” banks (banks less than five years old). As of the latest period, the count of industrial banks included in these statistics were 14 for the state and 24 for the nation.

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