

Safety & Soundness

Recent events in the banking industry have left many people with questions. We want to help answer those questions as they pertain to Luther Burbank Savings.

First and foremost, Luther Burbank Savings is a safe and sound financial institution, and our team members are here to serve your banking needs.

- Luther Burbank Savings was founded in 1983. As of 12/31/2022 Luther Burbank Savings had \$8.0 billion in assets, and the bank remains strong with capital ratios that exceed all regulatory capital requirements. The table below reflects Luther Burbank Savings' capital ratios as of 12/31/2022 compared to the required regulatory limits for a "well-capitalized" institution:

	Total Capital 12/31/2022	Actual Ratio 12/31/2022	Well Capitalized Minimum Ratio	Excess Capital 12/31/2022
Tier 1 Leverage Ratio	\$857	10.7%	5.0%	\$458
Common Equity Tier 1 (CET 1)	\$857	20.2%	7.0%	\$560
Tier 1 Risk Based Capital Ratio	\$857	20.2%	8.5%	\$496
Total Risk Based Capital Ratio	\$894	21.1%	10.5%	\$448

- Bauer Financial, an independent research firm, ranks banks based on financial information that is reported to their regulators. In March of 2023 Luther Burbank Savings received yet another 5-Star (Superior) quarterly rating from Bauer Financial.
- As of 12/31/2022 Luther Burbank Savings had sufficient liquidity to support customer withdrawals or transactions of more than \$600 million, and we have immediate access to other liquidity sources from the Federal Home Loan Bank and Federal Reserve Bank of over \$1.6 billion, as additional contingency funding sources if needed.
- We make loans primarily for residential housing, including multifamily and single family properties. The credit quality of our loan portfolio is extremely strong because of the significant gap between the supply and demand of affordable housing in our region, which results in high occupancy levels in the multifamily properties that collateralize the majority of our loans.



Luther Burbank Savings is different when compared to some of the banks in the news.

Luther Burbank Savings does not have (and has never had) any exposure to crypto-currency. We also do not have (and have never had) any exposure to venture capital.

At 12/31/2022, Luther Burbank Savings held more than \$600 million in available-for-sale investment securities on its balance sheet.

These assets are marked to fair market value each month. Luther Burbank Savings has a very small amount of investments totaling \$3.1 million (or less than 0.05% of total assets) in the "held to maturity" category. Investments that are in the "held to maturity" category are not marked to fair market value because the expectation is that the institution holding them has the intent and ability to hold these investments until they mature. Recently, some financial institutions have taken significant losses as a result of the need to sell investments in their "held to maturity" investment portfolio in order to generate liquidity. Since interest rates have been rising at an unprecedented pace and because these securities were not being held at fair market value, when they were sold, the institutions incurred significant losses. Again, Luther Burbank has a very small amount of "held to maturity" investments.

Luther Burbank Savings is an FDIC insured bank.

The standard FDIC insurance amount is \$250,000 per depositor for each account ownership category. In addition, our branch team members provide their expertise to our customers on a daily basis regarding how to secure additional FDIC coverage - either through appropriate account titling or through our Insured Deposit Marketplace (IDM) program that provides FDIC coverage for deposits up to \$50 million.

Federal regulators are confirming their support of the U.S. banking system.

On Sunday, the Department of the Treasury, Federal Reserve and FDIC issued a joint statement assuring the public that "...the U.S. banking system remains resilient and on a solid foundation..." Included in the statement was an explanation of the decisive actions being taken to protect the U.S. economy in light of recent events. These actions include making "...available additional funding to assure banks have the ability to meet the needs of all of their depositors." The statement was made with the express purpose of strengthening public confidence in the U.S. banking system.

Luther Burbank Savings is committed to providing best in class banking solutions for you and our team members are always available should you have any questions.