

Comparative Safety and Soundness
The Industrial Bank Industry
Quarter End March 31, 2023





**Comparative Safety and Soundness
The Industrial Bank Industry
Quarter End March 31, 2023**

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 ratios for the US banking industry and the industrial banking sectors. The underlying financial information is drawn from the March 31, 2023 call report data for individual banks and for aggregated banking industry segments.

Bank ratios as of and for the quarter ended March 31, 2023 and 2022

	<u>Banks--2023</u>		<u>Banks--2022</u>	
	Industrial	All	Industrial	All
Equity to Assets	10.1%	9.5%	10.5%	9.4%
Asset Quality				
Troubled Loans	0.9%	0.8%	0.9%	0.9%
Allowance to Loans	2.7%	1.7%	2.7%	1.6%
Profitability				
Return on Assets	2.31%	1.35%	2.01%	1.00%
Return on Equity	22.9%	14.1%	19.1%	11.6%

Conclusion

The banking industry, in general, enjoyed strong profitability and solid financial condition in both quarters. The banking industry, in general, was sound and safe as of March 31, 2023. The industrial bank sector continues to achieve superior earnings and strong capital and asset quality ratios. While the condition and performance of the banking industry were strong, concerns about the economy and the failure of three commercial banks due to liquidity concerns have heightened attention on selected banks.