

Comparative Safety and Soundness Industrial Bank Industry

October 2024



Overview

The Stena Center for Financial Technology 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 by highlighting the following metrics: Equity to Assets, Troubled Loans, Allowance to Loans, Return on Assets, and Return on Equity.

Underlying financial information is drawn from call report data from 2021 - 2024 for individual banks and for aggregated banking industry segments. Details are presented on the attached reports.

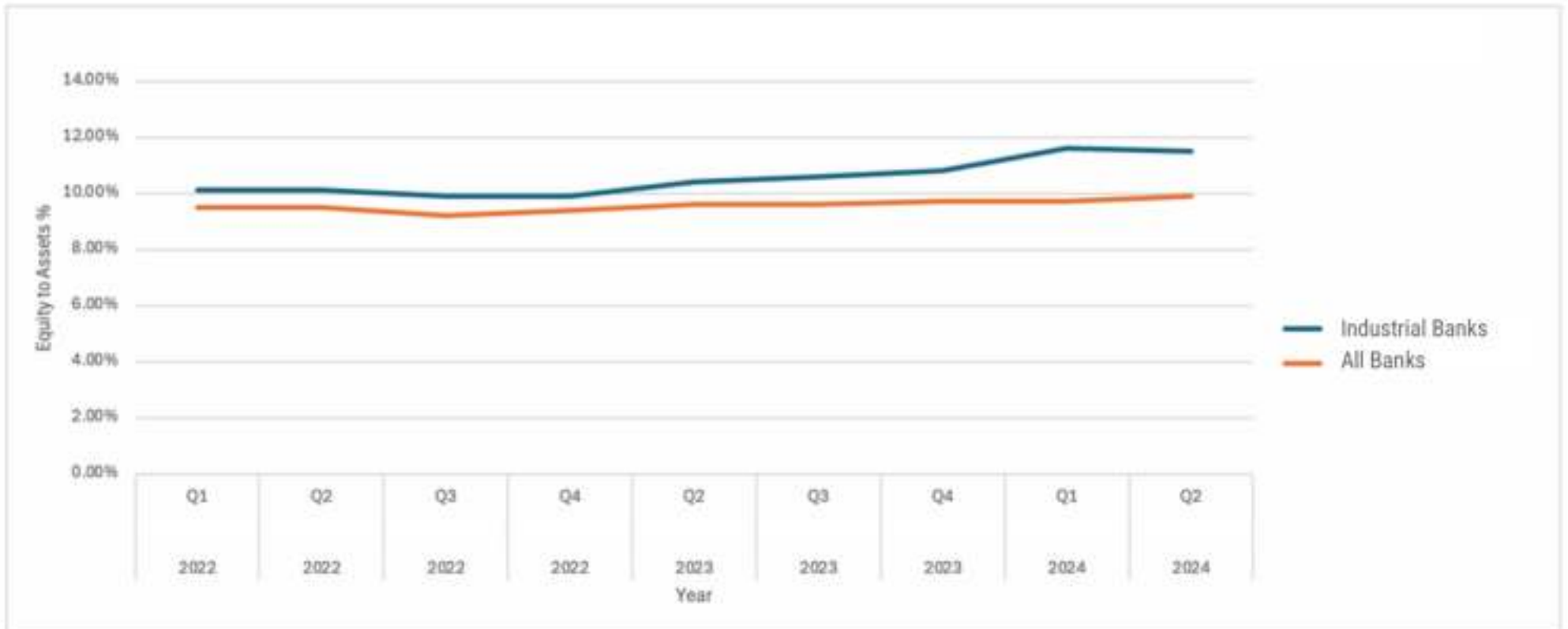
Conclusion

The steady equity-to-assets ratio shows that industrial banks have maintained a strong capital position, which is critical for absorbing potential losses. This is generally more favorable compared to other financial institutions with lower capital reserves.

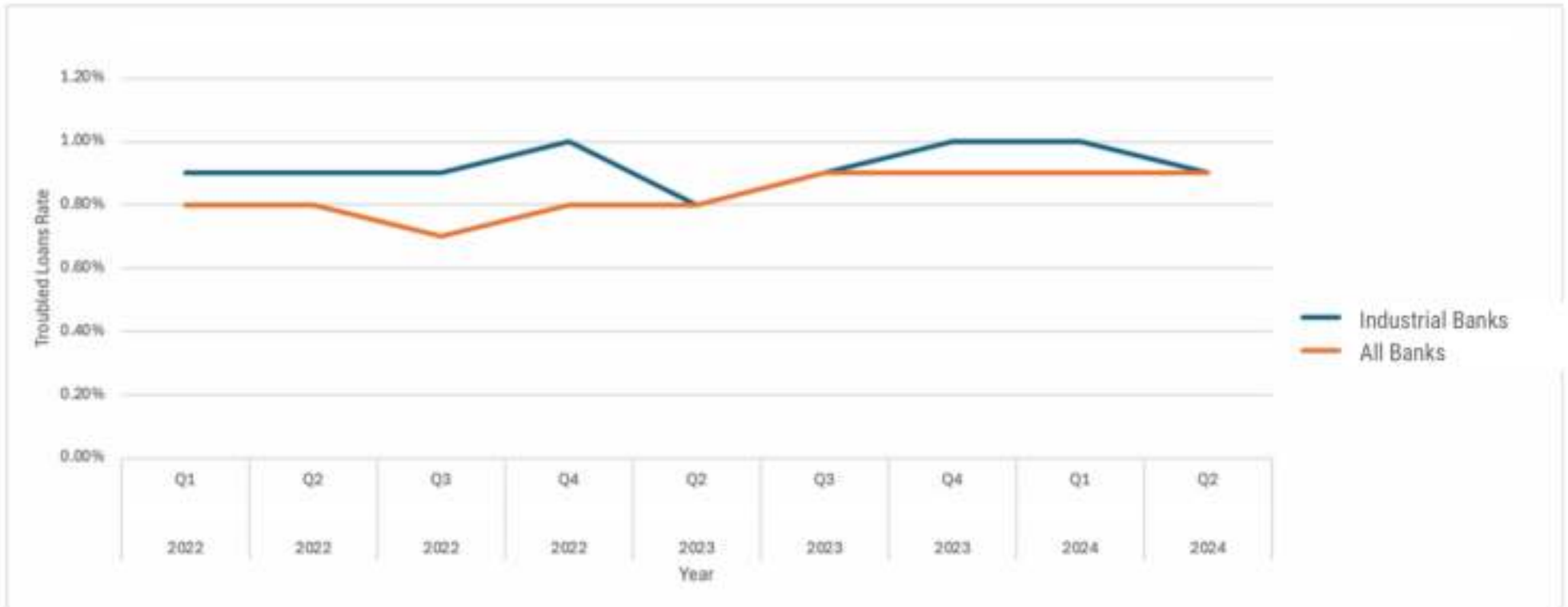
The improved asset quality, reflected by lower troubled loans and reduced loan loss allowances, suggests a low-risk profile, contributing positively to the safety of industrial banks.

Although profitability has decreased, industrial banks still show positive returns. Overall, industrial banks seem to remain safe and stable from a capital and asset quality perspective. The industrial bank sector continued to achieve superior earnings and strong capital and asset quality ratios.

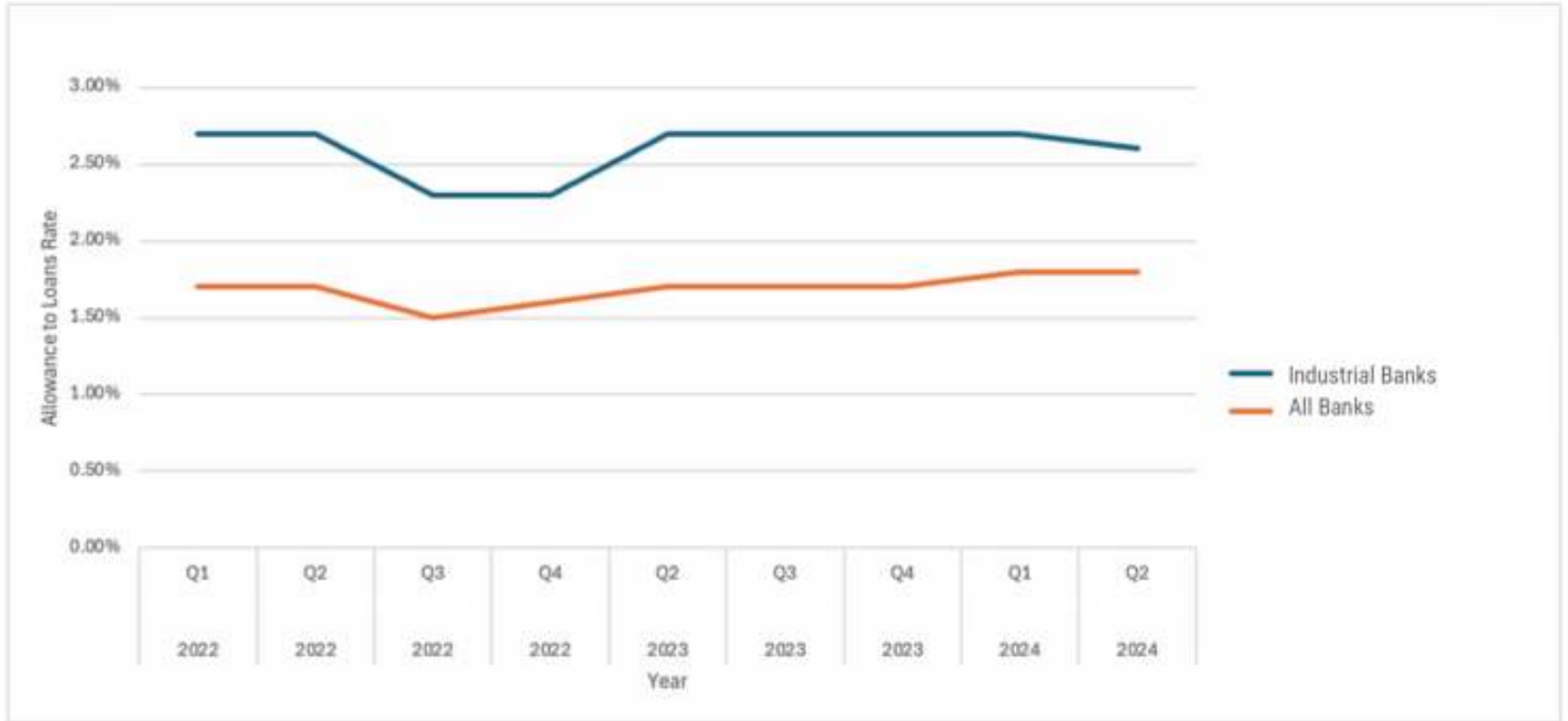
Equity to Assets



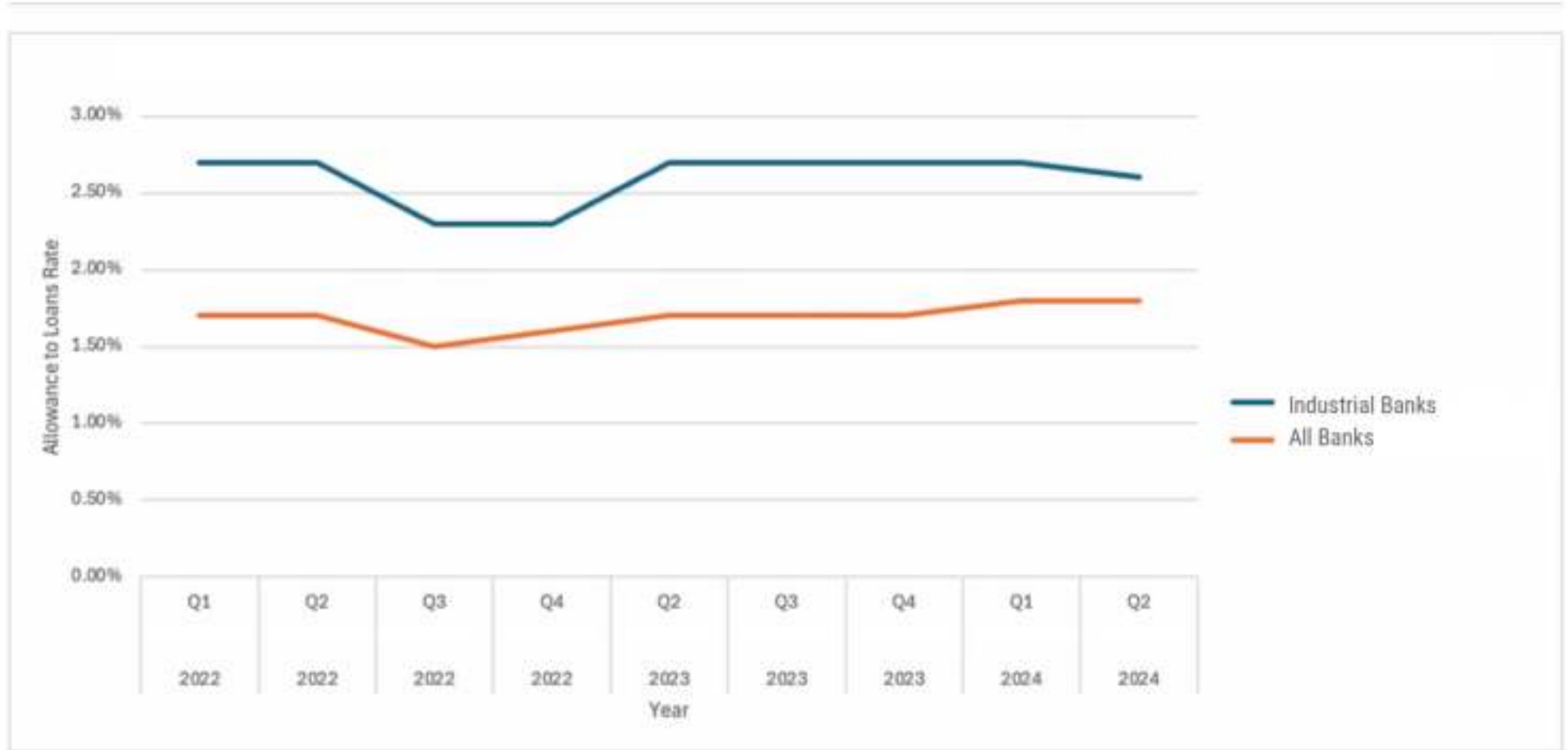
Troubled Loans



Allowance to Loans



Return on Assets



Return on Equity

