

Metadata	
Table code	EC_FS_001
Title	Financial Soundness Indicators (FSIs)
Frequency ,Lag time and Release schedule	<p><b>Frequency</b> Quarterly  <b>Lag time</b> 1 quarter  <b>Release schedule</b> The last business day of the following quarter</p>
<p><b>Summary Methodology</b></p> <ul style="list-style-type: none"> <li>• Analytical Framework, Concepts, Definitions, and Classifications</li> <li>• Scope of the data</li> <li>• Accounting Conventions</li> <li>• Nature of the Basic Data Sources</li> <li>• Compilation Practices</li> </ul>	<p>FSIs are indicators of the financial health and soundness of financial institutions. Within the CAMELS analysis framework, these indicators are used by banking supervisors in combination with other measures; both quantitative and qualitative measures, to assess and monitor the stability of financial institutions. The compilation methodology is in line with Financial Soundness Indicators Compilation Guide 2006 provided by the International Monetary Fund.</p> <p>This table presents 23 FSIs as following;</p> <p><b>FSIs for Deposit takers</b> covered only commercial banks registered in Thailand.</p> <p>Core FSIs for Domestically incorporated commercial banks</p> <ol style="list-style-type: none"> <li>1. <i>Regulatory Capital-to-Risk Weighted Assets ratio</i> to measure the adequacy of commercial banks' capital <p>Regulatory Capital means the total regulatory capital that commercial banks must maintain to be in line with the Bank of Thailand (BOT)'s regulations. While, Risk-Weighted Assets mean assets or off-balance sheet exposures weighted according to risk level defined by the BOT which is in accordance with Basel Accord.</p> </li> <li>2. <i>Regulatory Tier1 Capital-to-Risk Weighted Assets ratio</i> to measure the adequacy of Tier1 Capital which is considered as the commercial banks' core capital <p>Regulatory Tier1 Capital consists of paid up capital including stock surplus, fund received from issuing warrants (the right to buy common shares), fund received from issuing noncumulative preferred stocks, statutory reserve, net profit after appropriation and subordinated debts which can be account for Regulatory Tier 1 Capital according to the BOT's regulation.</p> </li> <li>3. <i>Nonperforming Loans (NPLs) Net of Provisions-to-Capital ratio</i> to measure the capacity of commercial banks' capital to withstand NPLs <p>The NPLs net of provisions are the outstanding of gross NPLs, net of actual provisioning. According to the BOT's notification, NPLs comprises four categories of loans - "substandard", "doubtful", "doubtful-loss" and "loss". Capital; a denominator, means the total regulatory capital that commercial banks must maintain to be in line with the BOT's regulations.</p> </li> <li>4. <i>NPLs-to-Total Gross Loans ratio</i> to measure the quality of commercial banks' loan portfolio <p>According to the BOT's notification, NPLs comprises four categories of loans - "substandard", "doubtful", "doubtful-loss" and "loss". While, total gross loans mean the outstanding of loan including accrued interest.</p> </li> <li>5. <i>Sectoral Distribution of Loans to Total Loans ratio</i> to measure on the distribution of loan portfolio. Total loans mean the outstanding of loans before the deduction of specific loan loss provisions (including accrued interest and hedging revaluation). While, sectoral Distribution of Loans as following; <p style="margin-left: 40px;">: Residents sector (consist of Deposit-takers, Central bank, Other financial corporations (including Money Market Funds), General government, Nonfinancial corporations and Other domestic sectors)</p> </li> </ol>

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: Non-residents sector

6. *Return on Assets ratio (ROA)* to measure commercial banks' efficiency in using their assets

ROA is calculated by dividing income before extraordinary items and taxes by the average value of total assets over the same period.

7. *Return on Equity ratio (ROE)* to measure commercial banks' efficiency in using their capital

ROE is calculated by dividing income before extraordinary items and taxes by the average value of total capital and reserves over the same period.

8. *Interest Margin to Gross Income ratio* to measure profitability of commercial banks by the relative share of net interest earnings within gross income

Interest margin is net interest income. Interest income does not include the accrued interest on nonperforming loans. Fees and commissions receivable, which are directly related to loans that earn interest, are included in interest income. While, gross income consists of net interest income and other gross income. Other gross income includes both realized and unrealized gains and losses arising during the reporting period on financial instruments that are measured at market or fair value.

9. *Non-interest Expenses to Gross Income ratio* to measure the size of administrative expenses to gross income

Noninterest expenses cover all expenses other than interest expenses, provisions and income tax. While, gross income consists of net interest income and other gross income. Other gross income includes both realized and unrealized gains and losses arising during the reporting period on financial instruments that are measured at market or fair value.

10. *Liquid Assets-to-Total Assets ratio* to measure commercial banks' liquidity available to meet expected/unexpected demands for cash

Liquid assets are those assets that can be converted into cash without significant loss. Liquid assets used to calculate this ratio consist of deposits at the Bank of Thailand, Interbank, cash in hand and unencumbered debt securities, subject to the Bank of Thailand's notification.

From 2016, Liquid assets refer to the high-quality liquid assets which are based on the LCR requirement. The high-quality liquid assets shall comprise 2 groups; level 1 and level 2 (see:

<https://www.bot.or.th/Thai/FIPCS/Documents/FPG/2558/ThaiPDF/25580129.pdf> for more details (available in Thai only))

Total assets consist of nonfinancial assets and financial assets owned by the bank.

11. *Liquid Assets-to-Short Term Liabilities ratio* to measure the commercial banks' capacity to meet a short-term outflow funds

Short term liabilities consist of deposits, borrowings, debt securities, net market value financial derivatives position and other short-term liabilities are due within 3 months.

From 2016, Liquid assets refer to the high-quality liquid assets which are based on the LCR requirement. The high-quality liquid assets shall comprise 2 groups; level 1 and level 2 (see:

<https://www.bot.or.th/Thai/FIPCS/Documents/FPG/2558/ThaiPDF/25580129.pdf> for more details (available in Thai only))

Additional FSIs for Domestically incorporated commercial banks

12. *Capital-to-Assets ratio* to measure the capital adequacy of commercial banks to

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absorb losses

This ratio is calculated by dividing regulatory tier1 capital by the total assets.

13. *Gross Asset Position in Financial Derivatives to Capital ratio* to measure the exposure of deposit takers' financial derivative positions relative to capital

Gross Asset Position in Financial Derivatives are derivatives with positive fair value held for trading and derivatives with positive fair value held for hedging, including the embedded derivative which can be separated from the host contract.

This ratio is calculated by dividing gross asset position in financial derivatives by the total regulatory capital.

14. *Gross Liability Position in Financial Derivatives to Capital ratio* to measure the exposure of deposit takers' financial derivative negative relative to capital

Gross Liability Position in Financial Derivatives are derivatives with negative fair value held for trading and derivatives with negative fair value held for hedging, including the embedded derivative which can be separated from the host contract.

This ratio is calculated by dividing gross liability position in financial derivatives by the total regulatory capital.

15. *Trading Income to Total Income* to measure the share of deposit takers' income from financial market activities, including currency trading

Trading Income are realized gains and losses arising during the reporting period on financial instruments (including forex instruments) that are measured at market or fair value in the balance sheet and only unrealized gains and losses on trading securities are included. While, total income consists of net interest income and other gross income. Other gross income includes both realized and unrealized gains and losses arising during the reporting period on financial instruments that are measured at market or fair value.

16. *Personnel Expenses to Non-interest Expenses ratio* to measure the incidence of personnel costs in total administrative costs

Personnel expenses consist of salaries, wages, overtime, bonuses and pension cost of living, welfare and funds or other financial benefits paid to officers and employees, and so on. While, total income consists of net interest income and other gross income. Other gross income includes both realized and unrealized gains and losses arising during the reporting period on financial instruments that are measured at market or fair value.

17. *Spread Between Highest and Lowest Interbank Rate (basis points)* to measure the cost of funds to deposit takers in the domestic interbank market

Spread between highest and lowest interbank rates is calculated as the different between "average highest interbank overnight rates" and "average lowest interbank overnight rates".

Average highest and lowest interbank overnight rates are calculated as the daily average (for one quarter) of highest and lowest interbank overnight rates.

18. *Customer Deposits to Total Non-interbank Loans ratio* to measure a measure of liquidity

Customer deposits cover all deposits (resident and nonresident) except deposits from deposit takers and other financial corporations. While, total gross loans include accrued interests and hedging revaluation (excluding interbank loans).

**FSIs for Other Financial Corporations** : Additional FSIs for Other Financial Corporations

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19. *Financial Assets to Gross Domestic Product (GDP) ratio* to measure the size of the other financial corporations subsector relative to the size of the economy.

OFCs' consist of insurance companies, pension funds, investment fund (including money market mutual fund), asset management companies, the Secondary mortgage corporation, the Thai Credit guarantee corporations and the Financial Institutions Development Fund (FIDF).

OFCs's all financial assets, both tradeable and nontradable asset, consist of currency and deposits, loans, debt securities, shares and other equity, insurance technical reserves, financial derivatives and other assets.

This ratio is calculated by dividing OFCs's all financial assets by GDP.

The technique used to link quarterly data between years is annual overlaps technique. Rolling 4-quarter sum of GDP is the method of calculating GDP by accumulating the sum of gross domestic product at current prices of the past 4 quarters, starting from the reference quarter backwards.

### **FSIs for Household** : Additional FSIs

20. *Household Debt to Gross Domestic Product (GDP) ratio* to measure the overall level of household indebtedness (commonly related to consumer loans and mortgages) as a share of GDP

Household debt consists of overdrafts, general loans, non-negotiable bills and investments in receivables from deposit-taking corporations and other financial corporations. This amount does not include accrued interest receivable.

This ratio is calculated by dividing household debt by GDP.

The technique used to link quarterly data between years is annual overlaps technique. Rolling 4-quarter sum of GDP is the method of calculating GDP by accumulating the sum of gross domestic product at current prices of the past 4 quarters, starting from the reference quarter backwards.

### **FSIs for Real Estate Markets** : Additional FSIs

21. *Single-Detached House Index (including Land)* compiled by using hedonic regression method (attached link available for more details:  
<http://www2.bot.or.th/statistics/ReportPage.aspx?reportID=680&language=eng>)

22. *Residential Real Estate Loans to Total Loans ratio* to measure deposit takers' exposure to the residential real estate sector

Residential real estate loans include accrued interests and hedging revaluation (if any), following IFRS 9. While, total loans mean the outstanding of loans before the deduction of specific loan loss provisions (including accrued interest and hedging revaluation).

23. *Commercial Real Estate Loans to Total Loans ratio* to measure deposit takers' exposure to the commercial real estate sector

Commercial real estate loans include accrued interests and hedging revaluation (if any), following IFRS 9. While, total loans mean the outstanding of loans before the deduction of specific loan loss provisions (including accrued interest and hedging revaluation).

This data series starts from the Q1/2006 onwards.

Metadata	
<b>Source of data</b>	<ol style="list-style-type: none"> <li>1. Commercial banks registered in Thailand</li> <li>2. Financial Institutions Development Fund (FIDF)</li> <li>3. Fiscal Policy Office Ministry of Finance</li> <li>4. Thai Asset Management Corporation</li> <li>5. Asset Management Companies</li> <li>6. Office of Insurance Commission (OIC)</li> <li>7. Securities and Exchange Commission (SEC)</li> <li>8. Government Pension Fund (GPF)</li> <li>9. Deposit Protection Agency (DPA)</li> <li>10. Bangkok Metropolitan Administration of Pawnshop</li> <li>11. Office of the Government Pawnshop, Ministry of Social Development and Human Security</li> <li>12. Department of Business Development (DBD), Ministry of Commerce</li> <li>13. Office of the National Economic and Social Development Board (NESDB)</li> <li>14. Credit Card and Personal Loan Companies</li> <li>15. Leasing Companies</li> <li>16. Financial Market Instrument Information System of the BOT.</li> </ol>
<b>Accessibility</b>	BOT's website ( <a href="https://www.bot.or.th/App/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=858&amp;language=eng">https://www.bot.or.th/App/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=858&amp;language=eng</a> )
<b>Revision policy</b>	Revision is made when updated data become available.

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