Indicator 17.13.1

Indicator Name, Target and Goal

Indicator 17.13.1 Macroeconomic Dashboard

Target 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence

Goal 17 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Bank capital to assets ratio

Definition and Rationale

○ Definition

Bank nonperforming loans to total gross loans ratio: The value of nonperforming loans divided by the total value of the loan portfolio (including nonperforming loans (NPLs) and before deducting specific loan-loss provisions).

Bank capital to assets ratio: Ratio of core capital (Tier 1) to total assets (on balance sheet).

○ Concepts

Bank nonperforming loans to total gross loans ratio: A loan is classified as an NPL if payment of the principal or interest on the loan is 90 days or more overdue, or if there is evidence indicating that recovery of all or part of the loan is unlikely. The denominator is the total value of the loan portfolio (including NPLs, and before deducting individual loan-loss provisions).

Bank capital to assets ratio: Regulatory Tier 1 capital is calculated based on Basel I, II or III depending on the supervisory practice of each country. The denominator is the total assets on the balance sheet (rather than risk-weighted assets).

○ Rationale and Interpretation:

Bank nonperforming loans to total gross loans ratio: Often used as an indicator for asset quality, the purpose of this ratio is to identify problems associated with the quality of assets in a loan portfolio.

Bank capital to assets ratio: A more stringent indicator than the leverage ratio, this ratio is an indicator of the capital adequacy ratio of a deposit-taking institution, indicating the percentage of assets that are not self-financed.

Data Sources and Collection Method

○ Explanation

In general, data is sourced from data reported by each bank to the supervisory authorities. Specifically, this includes balance sheets, profit and loss statements and supervisory information (Tier 1 capital, Tier 2 capital, risk-weighted assets, etc.).

○ Collection process

This data is collected for supervisory purposes by each country's central bank or supervisory authorities, and is used in compilation.

Method of Computation and Other Methodological Considerations

○ Computation Method

The computation method is described in detail in the "Definition" section above. In general, data is sourced from data reported by each financial institution to the supervisory authorities, which in many cases, is the organization that compiles Financial Soundness Indicators (FSIs).

○ Comments and limitations

In most countries, data is reported monthly or quarterly. In a few countries, data is reported semiannually with a delay of at least three months.

Data Disaggregation

N/A

References

URL: http://data.imf.org/FSI

Custodian Ministries of Data

Financial Services Agency

Custodian Ministries of Related Policies

Cabinet Office

Ministry of Finance

International Organizations

World Bank