

APPENDIX

Table A1. List of bank financial variables used in building the proposed bank FSR group membership models

Financial indicators	Variables
Asset quality	The ratio of loan loss provision to net interest revenue (LLPNIR)
	The ratio of loan loss reserve to impaired loans (LLRIL)
	The ratio of impaired loans to gross loans (ILGL)
Capital adequacy	The total capital ratio (TCR)
	The ratio of equity to total assets (CS)
	The ratio of equity to net loans (ENL)
	The equity multiplier (EM)
Profitability	The net interest margin (NIM)
	The ratio of non interest expense to total average assets (NIEAA)
	The recurring earning power ratio (REP)
	The asset utilization ratio (AU)
	The tax management efficiency ratio (TME)
Credit risk	The ratio of loan loss provisions to total loans (LLPTL)
Liquidity	The ratio of liquid assets to deposit and short term funding (LADSTF)*

Note: * liquid assets are short-term assets that can be easily converted into cash, such as cash itself and deposits with the central bank, treasury bills, other government securities and interbank deposits.