



**BANK OF JAMAICA**

**News Release**

**22 December 2000**

**PRUDENTIAL INDICATORS OF COMMERCIAL BANKS,  
LICENSEES UNDER THE FINANCIAL INSTITUTIONS ACT (FIA) AND BUILDING SOCIETIES  
PUBLISHED PURSUANT TO SECTION 16 (6) OF THE BANKING ACT AND THE FIA  
AND REGULATION 49 OF THE BANK OF JAMAICA (BUILDING SOCIETIES) REGULATIONS, 1995  
30-Jun-00**

Overall Structure	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES			System Total (consolidation of all 3 sectors)		
	Jun-00	Jun-99 *	Jun-98	Jun-00 **	Jun-99 *	Jun-98	Jun-00 ***	Jun-99	Jun-98	Jun-00	Jun-99 *	Jun-98
Number of institutions in operation	6	6	9	11	14	23	5	6	10	22	26	42
<b>J\$MN</b>												
<sup>1</sup> Total Assets (incl. contingent liabilities)	206,946	185,360	159,206	8,742	11,124	17,138	41,669	41,071	43,623	257,357	237,555	219,967
<sup>2</sup> Total Assets (excl. contingent liabilities)	200,495	178,222	149,727	7,896	9,672	15,081	41,669	41,071	43,623	250,060	228,965	208,431
Total Deposits	137,631	123,008	112,200	4,095	4,176	6,248	33,701	33,446	33,693	175,427	160,630	152,141
Total Loans (gross)	38,755	38,204	44,449	2,270	2,343	5,613	15,307	15,587	17,004	56,332	56,134	67,066
Total Loans (net of prov.)	33,049	34,579	36,804	2,125	2,001	4,375	14,408	15,129	16,474	49,582	51,709	57,653
Investments (net of prov.)	93,796	76,452	53,683	2,654	3,566	5,161	20,436	16,237	13,677	116,886	96,255	72,521
<sup>3</sup> Capital Base	15,662	14,927	1,925	1,814	3,327	282	3,601	1,243	1,372	21,077	19,497	3,579
Past Due Loans [PDL] (3 mths & >)	4,951	5,257	12,409	288	631	3,021	1,401	1,480	2,902	6,640	7,368	18,332
Provision for Loan Losses	5,706	3,625	7,644	145	342	1,238	899	458	531	6,750	4,425	9,413
Contingent Liabilities												
[Accept.LC's & Guarantees]	6,451	7,138	9,479	846	1,452	2,057	0	0	0	7,297	8,590	11,536
Funds Under Management	50	1,701	d.n.a.	20,519	13,227	10,988	0	0	0	20,569	14,928	10,988
Repos on behalf of or for on-trading to clients	394	2,906	d.n.a.	38,130	36,430	27,533	0	0	0	38,524	39,336	27,533
%												
Rate of Asset <sup>2</sup> Growth	12.5%	19.0%	13.2%	-18.4%	-35.9%	-2.3%	1.5%	-5.9%	22.4%	9.2%	9.9%	13.7%
Rate of Deposit Growth	11.9%	9.6%	10.3%	-1.9%	-33.2%	2.0%	0.8%	-0.7%	16.6%	9.2%	5.6%	11.2%
Rate of Loan (gross) Growth	1.4%	-14.0%	-15.2%	-3.1%	-58.3%	-4.9%	-1.8%	-8.3%	1.6%	0.4%	-16.3%	-10.7%
Rate of Capital Base Growth	4.9%	675.4%	-65.7%	-45.5%	1079.8%	-83.2%	189.7%	-9.4%	-28.8%	8.1%	444.8%	-61.2%
Rate of PDL (3 Mths &>) Growth	-5.8%	-57.6%	-3.0%	-54.4%	-79.1%	5.9%	-5.3%	-49.0%	56.9%	-9.9%	-59.8%	4.8%
Investments : Total Assets <sup>2</sup>	46.8%	42.9%	35.9%	33.6%	36.9%	34.2%	49.0%	39.5%	31.4%	46.7%	42.0%	34.8%
Fixed Assets: Total Assets <sup>2</sup>	2.3%	2.5%	2.9%	3.3%	3.2%	2.2%	2.9%	3.0%	2.9%	2.5%	2.6%	2.8%
Loans (net of prov.): Total Assets <sup>2</sup>	16.5%	19.4%	24.6%	26.9%	20.7%	29.0%	34.6%	36.8%	37.8%	19.8%	22.6%	27.7%
Loans (gross) : Deposits	28.2%	31.1%	39.6%	55.4%	56.1%	89.8%	45.4%	46.6%	50.5%	32.1%	34.9%	44.1%
<b>Liquidity</b>												
Average Domestic Currency Cash Reserve : Average Prescribed Liabilities <sup>4</sup>	14.0%	17.0%	25.2%	14.0%	18.1%	16.6%	1.0%	4.6%	3.9%	11.2%	14.1%	19.4%
Average Domestic Currency Liquid Assets : Average Prescribed Liabilities <sup>4</sup>	49.9%	46.1%	53.5%	124.8%	64.3%	45.4%	21.1%	23.5%	20.4%	44.5%	41.2%	44.8%
<b>Asset Quality</b>												
Prov. For Loan Losses: Total Loans (gross)	14.7%	9.5%	17.2%	6.4%	14.6%	22.1%	5.9%	2.9%	3.1%	12.0%	7.9%	14.0%
Prov. For Loan Losses:PDL(3 Mths &>)	115.2%	69.0%	61.6%	50.3%	54.2%	41.0%	64.2%	30.9%	18.3%	101.7%	60.1%	51.3%
PDL (3 Mths &>): Total Loans (gross)	12.8%	13.8%	27.9%	12.7%	26.9%	53.8%	9.2%	9.5%	17.1%	11.8%	13.1%	27.3%
PDL (3 Mths &>): (Total Assets <sup>2</sup> + Provision for loan losses)	2.4%	2.9%	7.9%	3.6%	6.3%	18.5%	3.3%	3.5%	6.6%	2.6%	3.2%	8.4%
<b>Capital Adequacy</b>												
Deposits + Borrowings: Capital:(1)	10.9	10.1	72.4	2.5	1.6	45.3	10.0	30.7	29.8	10.0	10.0	53.9
Capital Base: Total Assets <sup>2</sup>	7.8%	8.4%	1.3%	23.0%	34.4%	1.9%	8.6%	3.0%	3.1%	8.4%	8.5%	1.7%
<sup>5</sup> Risk Asset Ratio[RAR] (estimated)	20.8%	17.5%	0.9%	34.0%	36.4%	-8.8%	13.9%	2.9%	1.7%	20.1%	15.9%	0.1%
PDL (3 mths & >) : (Capital Base + Provision for losses)	23.2%	28.3%	129.7%	14.7%	17.2%	198.8%	31.1%	87.0%	152.5%	23.9%	30.8%	141.1%
<b>Profitability</b>												
<sup>6</sup> Pre - tax Profit Margin (for the Calendar Quarter)	19.6%	13.8%	-18.9%	23.9%	16.7%	11.7%	15.0%	7.9%	-5.6%	19.2%	13.0%	-12.9%
Return on Average Assets (for the Calendar Quarter)	0.8%	0.6%	-0.8%	3.0%	1.9%	0.8%	0.7%	0.4%	-0.3%	0.9%	0.6%	-0.6%
<sup>7</sup> Income Assets/Expense Liabilities (as at 30 June)	96.0%	89.3%	74.7%	126.8%	119.7%	62.7%	101.6%	93.3%	87.5%	97.6%	90.9%	76.6%

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**Notes:**

- Based on unaudited data submitted to BoJ by supervised institutions up to 3 November 2000
- Aggregated system balances reflect the domestic operations of supervised institutions and do not include balances in respect of overseas branch operations.
- d.n.a. - Data re Funds Under Management and Repurchase Agreements (Repos) on behalf of or for on-trading to clients is not available prior to June 1999 in respect of commercial banks.
- \* - Reduction in past due loans reflected in 1999 data resulted largely from the further purchase of non performing loans by FINSAC. Additionally, the significant increase in statutory capital base during this period was due to the merger of selected FINSAC intervened entities resulting in the transfer of only selected assets and liabilities of specific institutions. Consequently, the capital impairment amassed and previously reported by these particular FINSAC intervened entities up to end March 1999 is excluded from subsequent system statutory capital base.
- \*\* - Negative growth trends reported in respect of licensees under the Financial Institutions Act (FIA) (for the review period 1999/2000) were due to Eagle Merchant Bank and NCB Trust and Merchant Bank exiting the FIA sub-system in January 2000.
- \*\*\* - Significant improvement in the statutory capital base of building societies reflected in 2000 data was influenced by the exclusion of the capital impairment amassed by the FINSAC intervened societies (Eagle Permanent Building Society, Capital Assurance Building Society and Citizens Building Society) which all ceased operations at the end of September 1999.

<sup>1</sup> Total Assets inclusive of Contingent Liabilities and net of Provisions for Losses.

<sup>2</sup> Total Assets net of Contingent Liabilities and Provisions for Losses.

<sup>3</sup> Capital Base = (Paid - up Capital + Reserve Fund + Retained Earnings Reserve Fund + Share Premium) minus impairment by net losses of individual institutions (Banks/ FIAs).  
 = (Permanent Capital Fund + Deferred Shares + Capital Shares + Reserve Fund + Retained Earnings Reserved Fund ) minus impairment by net losses of individuals societies (Building Societies).

<sup>4</sup> Prescribed Liabilities include:

(1) deposit liabilities, (2) reservable borrowings and interest accrued and payable on (1) & (2).

<sup>5</sup> Capital Base used in the estimated Risk Asset Ratio (RAR) computation excludes investments in subsidiaries.

Risk based capital ratio: Qualifying Capital in relation to risk weighted assets.

<sup>6</sup> Data includes extraordinary income/expenditure and adjustments for prior period.

<sup>7</sup> Income Assets comprise FC Cash Reserves, Placements, Investments, Repo Assets and Loans less Past Due Loans (3 months & over).

Expense Liabilities comprise Deposits and Borrowings including Repo Liabilities (from BOJ, Banks, OFI etc).

**Statutory reserve requirements :**

	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES <sup>***</sup>		
	Jun-00	Jun-99	Jun-98	Jun-00	Jun-99	Jun-98	Jun-00	Jun-99	Jun-98
Required Cash Reserve ratio	14.0%	17.0%	25.0%	14.0%	17.0%	17.0%	1% / 14%	1% / 17%	1% / 11%
Required Liquid Assets ratio(incl Cash Reserve)	32.0%	35.0%	47.0%	32.0%	35.0%	35.0%	5% / 32%	5% / 35%	5% / 11%

\*\*\*\* The requirements are differentially applied to societies not meeting the prescribed threshold of residential mortgage lending in relation to savings funds. Societies that meet the prescribed 'qualifying assets' threshold attract lower reserve requirements.