



BANK OF JAMAICA

News Release

20 September 2002

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 & FIA
 AND REGULATION (49) OF THE BANK OF JAMAICA (BUILDING SOCIETIES) REGULATIONS
 30-Jun-02

	COMMERCIAL BANKS			F I A LICENSEES			BUILDING SOCIETIES			SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Jun-02 6	Jun-01 6	Jun-00 6	Jun-02 11	Jun-01 11	Jun-00 ^a 11	Jun-02 4	Jun-01 ^b 4	Jun-00 ^c 5	Jun-02 21	Jun-01 21	Jun-00 22
Number of institutions in operation												
J\$MN												
¹ Total Assets (incl. contingent liabilities)	257,635	220,467	206,946	27,602	12,363	8,742	53,102	44,792	41,669	338,339	277,622	257,357
² Total Assets (excl. contingent liabilities)	247,368	215,041	200,495	25,349	11,399	7,896	53,055	44,748	41,669	325,772	271,188	250,060
Total Deposits	169,908	150,950	137,631	8,309	5,991	4,095	41,847	36,158	33,701	220,064	193,099	175,427
Borrowings (incl. repos)	39,248	28,782	31,534	11,503	1,655	445	2,189	1,586	1,610	52,940	32,023	33,589
Total Loans (gross)	58,101	41,883	38,755	3,875	2,749	2,502	18,644	16,184	15,307	80,620	60,816	56,564
Total Loans (net of prov.)	53,652	36,919	33,049	3,719	2,594	2,357	17,495	15,014	14,408	74,866	54,527	49,814
Past Due Loans [PDL] (3 mths & >)	2,762	3,564	4,951	146	193	288	1,315	1,603	1,401	4,223	5,360	6,640
Provision for Loan Losses	4,449	4,964	5,706	156	155	145	1,149	1,170	899	5,754	6,289	6,750
Investments [incl. Securities Purch.] (net of prov.)	105,060	108,317	93,796	15,822	5,492	2,654	26,114	22,240	20,437	146,996	136,049	116,887
³ Capital Base	20,971	18,983	15,662	2,972	2,256	1,814	4,919	4,256	3,601	28,862	25,495	21,077
Contingent Liabilities [Accept.LC's & Guarantees]	10,267	5,426	6,451	2,253	964	846	47	44	0	12,567	6,434	7,297
Funds Under Management	850	49	50	42,463	28,702	20,519	0	0	0	43,313	28,751	20,569
Repos on behalf of or for on-trading to clients	1,425	759	394	57,865	44,797	38,130	0	0	0	59,290	45,556	38,524
%												
Rate of Asset ² Growth	15.0%	7.3%	12.5%	122.4%	44.4%	-18.4%	18.6%	7.4%	1.5%	20.1%	8.4%	9.2%
Rate of Deposit Growth	12.6%	9.7%	11.9%	38.7%	46.3%	-1.9%	15.7%	7.3%	0.8%	14.0%	10.1%	9.2%
Rate of Loans Growth (gross)	38.7%	8.1%	1.4%	41.0%	9.9%	6.8%	15.2%	5.7%	-1.8%	32.6%	7.5%	0.8%
Rate of Capital Base Growth	10.5%	21.2%	4.9%	31.7%	24.4%	-45.5%	15.6%	18.2%	189.7%	13.2%	21.0%	8.1%
Rate of PDL (3 Mths & >) Growth	-22.5%	-28.0%	-5.8%	-24.4%	-33.0%	-54.4%	-18.0%	14.4%	-5.3%	-21.2%	-19.3%	-9.9%
Investments :Total Assets ²	42.5%	50.4%	46.8%	62.4%	48.2%	33.6%	49.2%	49.7%	49.0%	45.1%	50.2%	46.7%
Fixed Assets:Total Assets ²	2.1%	2.1%	2.3%	0.7%	2.2%	3.3%	2.6%	2.7%	2.9%	2.1%	2.2%	2.5%
Loans (net of prov.):Total Assets ²	21.7%	17.2%	16.5%	14.7%	22.8%	29.9%	33.0%	33.6%	34.6%	23.0%	20.1%	19.9%
Loans (gross) : Deposits	34.2%	27.7%	28.2%	46.6%	45.9%	61.1%	44.6%	44.8%	45.4%	36.6%	31.5%	32.2%
Liquidity												
Average Domestic Currency Cash												
Reserve: Average Prescribed Liabilities ⁴	9.0%	11.0%	14.0%	9.0%	11.0%	14.0%	1.0%	1.0%	1.0%	7.2%	8.9%	11.6%
Average Domestic Currency Liquid												
Assets : Average Prescribed Liabilities ⁴	41.6%	44.9%	49.9%	103.3%	126.2%	124.8%	31.4%	25.4%	21.1%	40.6%	42.1%	44.0%
Asset Quality												
Prov. for loan losses:Total Loans (gross)	7.7%	11.9%	14.7%	4.0%	5.6%	5.8%	6.2%	7.2%	5.9%	7.1%	10.3%	11.9%
Prov. For Loan Losses:PDL(3 Mths & >)	161.1%	139.3%	115.2%	106.8%	80.3%	50.3%	87.4%	73.0%	64.2%	136.3%	117.3%	101.7%
PDL (3 Mths & >):Total Loans (gross)	4.8%	8.5%	12.8%	3.8%	7.0%	11.5%	7.1%	9.9%	9.2%	5.2%	8.8%	11.7%
PDL (3 Mths & >): (Total Assets ² + Provision for loan losses)	1.1%	1.6%	2.4%	0.6%	1.7%	3.6%	2.4%	3.5%	3.3%	1.3%	1.9%	2.6%
Capital Adequacy												
⁵ Deposits + Borrowings: Capital (:1)	10.1	9.6	10.9	6.7	3.4	2.5	9.1	9.1	10.0	9.6	8.9	10.0
Capital Base:Total Assets ²	8.5%	8.8%	7.8%	11.7%	19.8%	23.0%	9.3%	9.5%	8.6%	8.9%	9.4%	8.4%
⁶ Risk Asset Ratio [RAR] (estimated)	17.4%	20.9%	20.8%	18.0%	37.5%	34.0%	15.8%	16.1%	13.9%	17.2%	20.8%	20.1%
PDL(3 mths & >) :Capital Base+Prov for loan losses	10.9%	14.9%	23.2%	4.7%	8.0%	14.7%	21.7%	29.5%	31.1%	12.2%	16.9%	23.9%
Profitability												
⁷ Pre - tax Profit Margin (for the Calendar Quarter)	18.5%	15.8%	19.8%	46.7%	44.5%	39.9%	16.2%	10.1%	15.0%	21.2%	17.0%	20.1%
Return on Average Assets (for the Calendar Quarter)	0.6%	0.6%	0.8%	2.6%	3.3%	3.1%	0.6%	0.4%	0.7%	0.8%	0.7%	0.9%
⁸ Income Assets/Expense Liabilities (as at 30 June)	101.6%	99.7%	96.1%	112.0%	122.1%	131.9%	107.3%	105.3%	105.0%	103.3%	101.4%	98.4%

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Notes:

- Based on unaudited data submitted to BOJ by supervised institutions up to 2 September 2002. Prior years indicators may have minor revisions arising from post publication amendments.
- Aggregated system balances reflect the domestic operations of supervised institutions and do not include balances in respect of overseas branch operations.
- ^a - 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.
- ^b - Effective 12 June 2001, Jamaica Savings & Loans Building Society (JSLB) merged its operation with Jamaica National Building Society (JNBS), thereby reducing the total number of societies in operation to four (4).
- ^c - 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 merged into one at the end of April 1999 and ceased operations at the end of September 1999.

¹Total Assets include Contingent Liabilities but are net of Provisions for Losses.

²Total Assets net of Contingent Liabilities and Provisions for Losses.

³ 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 individual societies (Building Societies).

⁴ Prescribed Liabilities include:

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

⁵ Data includes interest accrued and payable on deposits and borrowings.

⁶ Capital Base used in the estimated Risk Asset Ratio (RAR) computation excludes investments in subsidiaries.

⁷ Data includes extraordinary income/expenditure and adjustments for prior period.

⁸ Income Assets comprise FC Cash Reserves, Placements, Investments, Repo Assets and Loans less Past Due Loans (3 months & over).

Statutory reserve requirements :

	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES*		
	Jun-02	Jun-01	Jun-00	Jun-02	Jun-01	Jun-00	Jun-02	Jun-01	Jun-00
Required Cash Reserve ratio	9.0%	12.0%	15.0%	9.0%	12.0%	15.0%	1% / 9%	1% / 12%	1% / 15%
Required Liquid Assets ratio (incl Cash Reserve)	27.0%	30.0%	33.0%	27.0%	30.0%	33.0%	5% / 27%	5% / 30%	5% / 33%

* 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 the lower reserve requirements indicated above. Societies which do not, are requested to meet the requirements which apply to banks and FIA licensees.

SUBSEQUENT EVENT

Effective 1 August 2002, the liquid assets ratio was reduced to 23%. However, the cash reserve ratio remains at 9.0%.