



BANK OF JAMAICA

News Release

28 March 2001

**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-Sep-00

Overall Structure	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES				SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Sep-00	Sep-99 *	Sep-98	Sep-00 **	Sep-99 *	Sep-98	Sep-00 ***	Sep-99	Sep-98	Sep-00	Sep-99 *	Sep-98	
Number of Institutions in Operation	6	6	9	11	14	21	5	6	10	22	26	40	
J\$MN													
¹ Total Assets (incl. contingent liabilities)	215,954	194,826	162,927	9,427	11,849	17,485	42,445	40,374	44,311	267,826	247,049	224,723	
² Total Assets (excl. contingent liabilities)	209,434	188,136	154,071	8,799	10,404	16,056	42,445	40,374	44,311	260,678	238,914	214,438	
Total Deposits	150,876	130,623	113,482	4,336	4,449	5,920	33,969	32,148	33,307	189,181	167,220	152,709	
Total Loans (gross)	39,391	36,321	45,279	2,562	2,659	3,656	15,525	15,084	15,837	57,478	54,064	64,772	
Total Loans (net of prov.)	33,631	32,174	37,210	2,424	2,301	2,587	14,630	14,535	15,238	50,685	49,010	55,035	
Past Due Loans [PDL] (3 Mths &-)	4,824	5,432	11,016	296	601	1,495	1,461	1,302	1,997	6,581	7,335	14,508	
Provision For Loan Losses	5,760	4,147	8,069	138	358	1,070	896	549	599	6,794	5,054	9,738	
Investments [incl. Secs.Purchased] (net of prov.)	101,258	82,908	51,303	3,071	3,427	7,855	21,173	16,643	15,335	125,502	102,978	74,493	
³ Capital Base	16,427	15,183	1,414	1,858	3,420	577	3,621	1,177	1,316	21,906	19,780	3,307	
Contingent Liabilities													
[Acceptances.LC's & Guarantees]	6,520	6,690	8,856	628	1,445	1,429	0	0	0	7,148	8,135	10,285	
Funds Under Management	50	32	n.a.	21,584	13,139	13,927	0	0	0	21,634	13,171	13,927	
Repos on behalf of or for on-trading to clients	476	537	n.a.	38,511	36,294	28,564	0	0	0	38,987	36,831	28,564	
%													
² Rate of Asset Growth	11.3%	22.1%	11.2%	-15.4%	-35.2%	2.5%	5.1%	-8.9%	21.6%	9.1%	11.4%	12.5%	
Rate of Deposit Growth	15.5%	15.1%	8.8%	-2.5%	-24.8%	-8.6%	5.7%	-3.5%	13.0%	13.1%	9.5%	8.9%	
Rate of Loan Growth (gross)	8.5%	-19.8%	-18.5%	-3.6%	-27.3%	-38.8%	2.9%	-4.8%	-8.7%	6.3%	-16.5%	-17.9%	
Rate of Capital Base Growth	8.2%	973.8%	-73.6%	-45.7%	492.7%	-56.3%	207.6%	-10.6%	-33.4%	10.7%	498.1%	-61.8%	
Rate of PDL (3 Mths &-) Growth	-11.2%	-50.7%	-22.4%	-50.7%	-59.8%	-44.1%	12.2%	-34.8%	-25.5%	-10.3%	-49.4%	-25.8%	
Investments: Total Assets ²	48.3%	44.1%	33.3%	34.9%	32.9%	48.9%	49.9%	41.2%	34.6%	48.1%	43.1%	34.7%	
Fixed Assets: Total Assets ²	2.3%	2.4%	2.9%	3.0%	3.0%	2.4%	2.8%	3.1%	2.8%	2.4%	2.5%	2.9%	
Loans (net of prov.): Total Assets ²	16.1%	17.1%	24.2%	27.5%	22.1%	16.1%	34.5%	36.0%	34.4%	19.4%	20.5%	25.7%	
Loans (gross): Deposits	26.1%	27.8%	39.9%	59.1%	59.8%	61.8%	45.7%	46.9%	47.5%	30.4%	32.3%	42.4%	
Liquidity													
Average Domestic Currency Cash Reserve :													
Average Prescribed Liabilities ⁴	13.0%	16.8%	23.0%	13.0%	17.5%	18.3%	1.0%	3.8%	4.4%	10.4%	13.8%	18.2%	
Average Domestic Currency Liquid Assets :													
Average Prescribed Liabilities ⁴	49.2%	49.4%	51.7%	131.2%	67.3%	50.7%	21.7%	22.1%	20.9%	44.0%	43.4%	44.0%	
Asset Quality													
Prov. For Loan Losses : Total Loans (gross)	14.6%	11.4%	17.8%	5.4%	13.5%	29.3%	5.8%	3.6%	3.8%	11.8%	9.3%	15.0%	
Prov. For Loan Losses : PDL (3 Mths &-)	119.4%	76.3%	73.2%	46.6%	59.6%	71.6%	61.3%	42.2%	30.0%	103.2%	68.9%	67.1%	
PDL (3 Mths &-): Total Loans (gross)	12.2%	15.0%	24.3%	11.6%	22.6%	40.9%	9.4%	8.6%	12.6%	11.4%	13.6%	22.4%	
PDL (3 Mths &-): (Total Assets ²													
+ Provision For Loan Losses)	2.2%	2.8%	6.8%	3.3%	5.6%	8.7%	3.4%	3.2%	4.4%	2.5%	3.0%	6.5%	
Capital Adequacy													
Deposits+Borrowings : Capital Base (:1)	10.9	10.4	100.5	2.8	1.7	21.7	10.1	31.8	31.5	10.1	10.2	59.3	
Capital Base: Total Assets ²	7.8%	8.1%	0.9%	21.1%	32.9%	3.6%	8.5%	2.9%	3.0%	8.4%	8.3%	1.5%	
⁵ Risk Asset Ratio [RAR] (estimated)	22.4%	18.8%	0.2%	35.3%	47.5%	-3.6%	14.0%	2.2%	2.3%	21.3%	17.4%	0.3%	
PDL (3 Mths &-): (Capital Base													
+ Provision For Loan Losses)	21.7%	28.1%	116.2%	14.8%	15.9%	90.8%	32.3%	75.4%	104.3%	22.9%	29.5%	111.2%	
Profitability													
⁶ Pre-Tax Profit Margin (for the Calendar Quarter)	22.2%	12.0%	-0.3%	43.0%	22.8%	3.5%	13.6%	2.1%	2.0%	22.0%	11.6%	0.6%	
Return on Average Assets (for the Calendar Quarter)	0.9%	0.5%	0.0%	3.3%	2.8%	0.3%	0.6%	0.1%	0.1%	0.9%	0.6%	0.0%	
⁷ Income Assets/Expense Liabilities (as at 30 Sept.)	97.8%	91.4%	76.5%	133.6%	124.9%	81.9%	103.1%	91.5%	89.3%	99.5%	92.3%	79.5%	

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Notes:

- Based on unaudited data submitted to BOJ by supervised institutions up to 16 February 2001.
- Aggregated system balances reflect the domestic operations of supervised institutions and do not include balances in respect of overseas branch operations.
- 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 loans and past due loans in 1999 resulted largely from the purchase of non performing loans by FINSAC.
Additionally, the significant increase in statutory capital base in that year 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 by these particular FINSAC intervened entities up to April 1999 is excluded from 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.

¹Total Assets include Contingent Liabilities and 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 individuals societies (Building Societies).

⁴ Prescribed Liabilities include:

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

⁵ 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.

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

⁷ 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****		
	Sep-00	Sep-99	Sep-98	Sep-00	Sep-99	Sep-98	Sep-00	Sep-99	Sep-98
Required Cash Reserve ratio	13.0%	17.0%	23.0%	13.0%	17.0%	17.0%	1% / 13%	1% / 17%	1% / 12%
Required Liquid Assets ratio (incl Cash Reserve)	31.0%	35.0%	45.0%	31.0%	35.0%	35.0%	5% / 31%	5% / 35%	5% / 15%

**** 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.