



**BANK OF JAMAICA**

**News Release**

**28 March 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 AND THE FIA  
AND REGULATION 49 OF THE BANK OF JAMAICA (BUILDING SOCIETIES) REGULATIONS, 1995  
30-Sep-01

Overall Structure	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES			System Total (consolidation of all 3 sectors)		
	Sep-01	Sep-00 <sup>a</sup>	Sep-99 <sup>a</sup>	Sep-01	Sep-00 <sup>b</sup>	Sep-99 <sup>a</sup>	Sep-01 <sup>c</sup>	Sep-00 <sup>d</sup>	Sep-99	Sep-01	Sep-00 <sup>a</sup>	Sep-99 <sup>a</sup>
Number of institutions in operation	6	6	6	11	11	14	4	5	6	21	22	26
<b>J\$MN</b>												
<sup>1</sup> Total Assets (incl. contingent liabilities)	241,321	215,954	194,826	15,068	9,427	11,849	46,781	42,445	40,374	303,170	267,826	247,049
<sup>2</sup> Total Assets (excl. contingent liabilities)	236,065	209,434	188,136	13,874	8,799	10,404	46,737	42,445	40,374	296,676	260,678	238,914
Total Deposits	163,057	150,876	130,623	6,583	4,336	4,449	36,857	33,969	32,148	206,497	189,181	167,220
Total Loans (gross)	42,982	39,391	36,321	3,338	2,585	2,659	16,921	15,525	15,084	63,241	57,501	54,064
Total Loans (net of prov.)	38,335	33,631	32,174	3,166	2,447	2,301	15,763	14,630	14,535	57,264	50,708	49,010
Investments (net of prov.)	113,241	101,258	82,908	6,164	3,047	3,427	22,834	21,173	16,643	142,239	125,478	102,978
<sup>3</sup> Capital Base	19,646	16,427	15,183	2,607	1,858	3,420	4,274	3,621	1,177	26,527	21,906	19,780
Past Due Loans [PDL] (3 mths & >)	3,359	4,824	5,432	186	296	601	1,561	1,461	1,302	5,106	6,581	7,335
Provision for Loan Losses	4,646	5,760	4,147	172	138	358	1,158	896	549	5,976	6,794	5,054
Contingent Liabilities [Accept.LC's & Guarantees]	5,256	6,520	6,690	1,194	628	1,445	44	0	0	6,494	7,148	8,135
Funds Under Management	45	50	32	26,331	21,584	13,139	0	0	0	26,376	21,634	13,171
Repos on behalf of or for on-trading to clients	721	476	537	56,272	38,511	36,294	0	0	0	56,993	38,987	36,831
<b>%</b>												
Rate of Asset <sup>2</sup> Growth	12.7%	11.3%	22.1%	57.7%	-15.4%	-35.2%	10.1%	5.1%	-8.9%	13.8%	9.1%	11.4%
Rate of Deposit Growth	8.1%	15.5%	15.1%	51.8%	-2.5%	-24.8%	8.5%	5.7%	-3.5%	9.2%	13.1%	9.5%
Rate of Loan (gross) Growth	9.1%	8.5%	-19.8%	29.1%	-2.8%	-27.3%	9.0%	2.9%	-4.8%	10.0%	6.4%	-16.5%
Rate of Capital Base Growth	19.6%	8.2%	973.8%	40.3%	-45.7%	492.7%	18.0%	207.6%	-10.6%	21.1%	10.7%	498.1%
Rate of PDL (3 Mths & >) Growth	-30.4%	-11.2%	-50.7%	-37.2%	-50.7%	-59.8%	6.8%	12.2%	-34.8%	-22.4%	-10.3%	-49.4%
Investments : Total Assets <sup>2</sup>	48.0%	48.3%	44.1%	44.4%	34.6%	32.9%	48.9%	49.9%	41.2%	47.9%	48.1%	43.1%
Fixed Assets : Total Assets <sup>2</sup>	1.9%	2.3%	2.4%	1.7%	3.0%	3.0%	2.6%	2.8%	3.1%	2.0%	2.4%	2.5%
Loans (net of prov.) : Total Assets <sup>2</sup>	16.2%	16.1%	17.1%	22.8%	27.8%	22.1%	33.7%	34.5%	36.0%	19.3%	19.5%	20.5%
Loans (gross) : Deposits	26.4%	26.1%	27.8%	50.7%	59.6%	59.8%	45.9%	45.7%	46.9%	30.6%	30.4%	32.3%
<b>Liquidity</b>												
Average Domestic Currency Cash Reserve : Average Prescribed Liabilities <sup>4</sup>	10.0%	13.0%	16.8%	10.0%	13.0%	17.5%	1.0%	1.0%	3.8%	8.1%	10.4%	13.8%
Average Domestic Currency Liquid Assets : Average Prescribed Liabilities <sup>4</sup>	43.5%	49.2%	49.4%	110.0%	131.2%	67.3%	24.9%	21.7%	22.1%	40.9%	44.0%	43.4%
<b>Asset Quality</b>												
Prov. For Loan Losses : Total Loans (gross)	10.8%	14.6%	11.4%	5.2%	5.3%	13.5%	6.8%	5.8%	3.6%	9.4%	11.8%	9.3%
Prov. For Loan Losses : PDL (3 Mths & >)	138.3%	119.4%	76.3%	92.5%	46.6%	59.6%	74.2%	61.3%	42.2%	117.0%	103.2%	68.9%
PDL (3 Mths & >) : Total Loans (gross)	7.8%	12.2%	15.0%	5.6%	11.5%	22.6%	9.2%	9.4%	8.6%	8.1%	11.4%	13.6%
PDL (3 Mths & >) : (Total Assets <sup>2</sup> + Provision for loan losses)	1.4%	2.2%	2.8%	1.3%	3.3%	5.6%	3.3%	3.4%	3.2%	1.7%	2.5%	3.0%
<b>Capital Adequacy</b>												
Deposits + Borrowings : Capital (-1)	10.1	10.9	10.4	3.7	2.8	1.7	9.3	10.1	31.8	9.4	10.1	10.2
Capital Base : Total Assets <sup>2</sup>	8.3%	7.8%	8.1%	18.8%	21.1%	32.9%	9.1%	8.5%	2.9%	8.9%	8.4%	8.3%
<sup>5</sup> Risk Asset Ratio [RAR] (estimated)	19.8%	22.4%	18.8%	34.1%	35.9%	47.5%	15.3%	14.0%	2.2%	19.8%	21.3%	17.4%
PDL (3 mths & >) : (Capital Base + Provision for losses)	13.8%	21.7%	28.1%	6.7%	14.8%	15.9%	28.7%	32.3%	75.4%	15.7%	22.9%	29.5%
<b>Profitability</b>												
<sup>6</sup> Pre - tax Profit Margin (for the Calendar Quarter)	9.3%	22.2%	12.0%	42.3%	43.0%	22.8%	20.9%	13.6%	2.1%	14.5%	22.0%	11.6%
Return on Average Assets (for the Calendar Quarter)	0.3%	0.9%	0.5%	3.4%	3.3%	2.8%	0.9%	0.6%	0.1%	0.6%	0.9%	0.6%
<sup>7</sup> Income Assets/Expense Liabilities (as at 30 Sept.)	98.2%	97.8%	91.4%	116.9%	133.6%	124.9%	102.9%	103.1%	91.5%	99.6%	99.5%	92.3%

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**Notes:**

- Based on unaudited data submitted to BoJ by supervised institutions up to 15 January 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.
- <sup>a</sup> - Reduction in past due loans reflected in 1999/2000 data resulted largely from the further purchase of non performing loans by FINSAC. Additionally, the significant increase in statutory capital base during 1999 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.
- <sup>b</sup> - 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.
- <sup>c</sup> - 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).
- <sup>d</sup> - 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 and ceased operations at the end of September 1999.

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**Notes (cont'd):**

<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 *		
	Sep-01	Sep-00	Sep-99	Sep-01	Sep-00	Sep-99	Sep-01	Sep-00	Sep-99
Required Cash Reserve ratio	10.0%	13.0%	17.0%	10.0%	13.0%	17.0%	1% / 10%	1% / 13%	1% / 17%
Required Liquid Assets ratio (incl Cash Reserve)	28.0%	31.0%	35.0%	28.0%	31.0%	35.0%	5% / 28%	5% / 31%	5% / 35%

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

SUBSEQUENT EVENT

Effective 1 March 2002, the cash reserve and liquid assets ratios have been reduced to 9% and 27% respectively.