



BANK OF JAMAICA

News Release

12 October 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 & FIA
AND REGULATION (49) OF THE BANK OF JAMAICA (BUILDING SOCIETIES) REGULATIONS
31-Mar-01**

Overall Structure	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES			SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Mar-01	Mar-00 ^a	Mar-99 ^a	Mar-01 ^b	Mar-00 ^a	Mar-99 ^a	Mar-01	Mar-00 ^a	Mar-99	Mar-01	Mar-00 ^a	Mar-99 ^a
Number of Institutions in Operation	6	6	9	11	12	18	5	5	8	22	23	35
J\$MN												
¹ Total Assets (incl. contingent liabilities)	225,656	209,081	184,335	10,703	8,724	12,265	43,965	40,760	40,326	280,324	258,565	236,926
² Total Assets (excl. contingent liabilities)	219,822	202,755	177,002	9,909	7,750	10,776	43,921	40,760	40,326	273,652	251,265	228,104
Total Deposits	154,943	139,766	122,463	5,707	4,028	5,385	35,348	33,193	33,103	195,998	176,987	160,951
Total Loans (gross)	41,379	38,261	44,625	2,839	2,367	2,632	15,898	15,067	15,477	60,116	55,695	62,734
Total Loans (net of prov.)	36,264	32,837	36,326	2,687	2,184	2,239	14,760	14,188	15,026	53,711	49,209	53,591
Past Due Loans (PDL) (3 Mths & >)	3,715	5,155	11,675	202	203	722	1,487	1,458	1,525	5,404	6,816	13,922
Provision For Loan Losses	5,115	5,424	8,299	152	183	393	1,138	880	451	6,405	6,487	9,143
Investments [incl. Secs.Purchased] (net of prov.)	112,950	90,871	70,078	4,297	2,621	4,405	21,817	19,754	15,056	139,064	113,246	89,539
³ Capital Base	18,396	14,577	4,613	2,086	1,684	2,522	4,236	3,590	1,242	24,718	19,851	8,377
Contingent Liabilities												
[Acceptances.LC's & Guarantees]	5,834	6,326	7,333	794	974	1,489	44	0	0	6,672	7,300	8,822
Funds Under Management	49	50	n.a.	25,958	17,985	16,453	0	0	0	26,007	18,035	16,453
Repos on behalf of or for on-trading to clients	707	376	n.a.	41,794	37,190	31,864	0	0	0	42,501	37,566	31,864
%												
² Rate of Asset Growth	8.4%	14.5%	21.1%	27.9%	-28.1%	-32.6%	7.8%	1.1%	-1.7%	8.9%	10.2%	12.3%
Rate of Deposit Growth	10.9%	14.1%	12.5%	41.7%	-25.2%	-15.5%	6.5%	0.3%	3.7%	10.7%	10.0%	9.4%
Rate of Loan Growth (gross)	8.1%	-14.3%	-12.1%	19.9%	-10.1%	-52.0%	5.5%	-2.6%	-5.8%	7.9%	-11.2%	-13.7%
Rate of Capital Base Growth	26.2%	216.0%	25.1%	23.9%	-33.2%	318.2%	18.0%	189.0%	-16.0%	24.5%	137.0%	45.2%
Rate of PDL (3 Mths & >) Growth	-27.9%	-55.8%	-12.1%	-0.5%	-71.9%	-72.7%	2.0%	-4.4%	-21.5%	-20.7%	-51.0%	-22.1%
Investments: Total Assets ²	51.4%	44.8%	39.6%	43.4%	33.8%	40.9%	49.7%	48.5%	37.3%	50.8%	45.1%	39.3%
Fixed Assets: Total Assets ²	2.1%	2.3%	2.7%	2.7%	3.4%	3.2%	2.7%	2.9%	3.1%	2.2%	2.5%	2.8%
Loans (net of prov.): Total Assets ²	16.5%	16.2%	20.5%	27.1%	28.2%	20.8%	33.6%	34.8%	37.3%	19.6%	19.6%	23.5%
Loans (gross) : Deposits	26.7%	27.4%	36.4%	49.7%	58.8%	48.9%	45.0%	45.4%	46.8%	30.7%	31.5%	39.0%
Liquidity												
Average Domestic Currency Cash Reserve:												
Average Prescribed Liabilities ⁴	12.0%	15.0%	19.0%	12.0%	15.2%	18.5%	1.0%	1.0%	4.3%	9.6%	11.9%	15.4%
Average Domestic Currency Liquid Assets												
Average Prescribed Liabilities ⁴	50.1%	50.6%	52.3%	141.8%	111.5%	48.0%	20.7%	18.2%	21.6%	44.7%	44.1%	44.6%
Asset Quality												
Prov. For Loan Losses Total Loans (gross)	12.4%	14.2%	18.6%	5.4%	7.7%	14.9%	7.2%	5.8%	2.9%	10.7%	11.6%	14.6%
Prov. For Loan Losses PDL (3 Mths & >)	137.7%	105.2%	71.1%	75.2%	90.1%	54.4%	76.5%	60.4%	29.6%	118.5%	95.2%	65.7%
PDL (3 Mths & >) Total Loans (gross)	9.0%	13.5%	26.2%	7.1%	8.6%	27.4%	9.4%	9.7%	9.9%	9.0%	12.2%	22.2%
PDL (3 Mths & >) (Total Assets ² + Provision For Loan Losses)	1.7%	2.5%	6.3%	2.0%	2.6%	6.5%	3.3%	3.5%	3.7%	1.9%	2.6%	5.9%
Capital Adequacy												
Deposits+Borrowings.: Capital Base (:1)	10.1	11.8	34.7	3.1	2.8	2.8	8.9	9.9	30.2	9.3	10.7	24.4
Capital Base: Total Assets ²	8.4%	7.2%	2.6%	21.1%	21.7%	23.4%	9.6%	8.8%	3.1%	9.0%	7.9%	3.7%
⁵ Risk Asset Ratio [RAR] (estimated)	21.2%	17.4%	4.3%	38.3%	33.7%	20.8%	16.3%	14.4%	2.5%	21.1%	17.6%	5.1%
PDL (3 Mths & >) (Capital Base + Provision For Loan Losses)	15.8%	25.8%	90.4%	9.0%	10.9%	24.8%	27.7%	32.6%	90.1%	17.4%	25.9%	79.5%
Profitability												
⁶ Pre-Tax Profit Margin (for the Calendar Quarter.)	18.4%	12.1%	6.0%	33.3%	16.1%	7.5%	17.9%	13.6%	-3.1%	19.1%	12.7%	4.6%
Return on Average Assets (for the Calendar Quarter.)	0.7%	0.5%	0.3%	2.1%	1.9%	0.7%	0.7%	0.7%	-0.1%	0.8%	0.6%	0.2%
⁷ Income Assets/Expense Liabilities (as at 31 March.)	99.6%	91.7%	81.7%	127.0%	128.4%	94.7%	101.6%	101.2%	91.0%	100.7%	94.1%	83.8%

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
 31-Mar-01

Notes:

- Based on unaudited data submitted to BOJ by supervised institutions up to 13 September 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.
- ^a - Reduction in loans and past due loans in 2000/1999 resulted largely from the purchase of non performing loans by FINSAC. Additionally, the significant increase in statutory capital base during the 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 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 2000/1999) 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.
- ^b - Reduction in the number of institutions in operation resulted largely from the amalgamation of Knutsford Capital Merchant Bank (KCMB) and Pan Caribbean Merchant Bank (PCMB).

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

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

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 [§]		
	Mar-01	Mar-00	Mar-99	Mar-01	Mar-00	Mar-99	Mar-01	Mar-00	Mar-99
Required Cash Reserve ratio	12.0%	15.0%	19.0%	12.0%	15.0%	17.0%	1% / 12%	1% / 15%	1% / 15%
Required Liquid Assets ratio (incl Cash Reserve)	30.0%	33.0%	41.0%	30.0%	33.0%	35.0%	5% / 30%	5% / 35%	5% / 30%

* 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.