



BANK OF JAMAICA

News Release
03 July 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
31-Mar-02**

Overall Structure	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES			SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Mar-02	Mar-01	Mar-00 ^a	Mar-02	Mar-01 ^b	Mar-00 ^c	Mar-02 ^d	Mar-01	Mar-00 ^e	Mar-02	Mar-01	Mar-00 ^a
Number of Institutions in Operation	6	6	6	11	11	12	4	5	5	21	22	23
J\$MN												
¹ Total Assets (incl. contingent liabilities)	257,964	225,656	209,081	21,799	10,703	8,724	51,183	43,965	40,760	330,946	280,324	258,565
² Total Assets (excl. contingent liabilities)	248,437	219,822	202,755	19,666	9,909	7,750	51,137	43,921	40,760	319,240	273,652	251,265
Total Deposits	165,541	154,943	139,766	7,543	5,707	4,028	40,556	35,348	33,193	213,640	195,998	176,987
Borrowings (incl. repos)	44,057	28,647	30,046	7,116	617	672	2,078	1,624	1,467	53,251	30,888	32,185
Total Loans (gross)	51,355	41,379	38,261	3,328	2,839	2,367	17,857	15,898	15,067	72,540	60,116	55,695
Total Loans (net of prov.)	46,884	36,264	32,837	3,187	2,687	2,184	16,691	14,760	14,188	66,762	53,711	49,209
Past Due Loans [PDL] (3 Mths >)	2,863	3,715	5,155	153	202	203	1,553	1,487	1,458	4,569	5,404	6,816
Provision For Loan Losses	4,471	5,115	5,424	141	152	183	1,166	1,138	880	5,778	6,405	6,487
Investments [incl. Secs.Purchased](net of prov.)	109,090	112,950	90,871	11,670	4,297	2,621	25,361	21,817	19,754	146,121	139,064	113,246
³ Capital Base	20,209	18,396	14,577	2,689	2,086	1,684	4,792	4,236	3,590	27,690	24,718	19,851
Contingent Liabilities												
[Acceptances,LC's & Guarantees]	9,527	5,834	6,326	2,133	794	974	46	44	0	11,706	6,672	7,300
Funds Under Management	697	49	50	45,602	26,008	17,985	0	0	0	46,299	26,057	18,035
Repos on behalf of or for on-trading to clients	1,422	707	376	50,341	41,794	37,190	0	0	0	51,763	42,501	37,566
%												
² Rate of Asset Growth	13.0%	8.4%	14.5%	98.5%	27.9%	-28.1%	16.4%	7.8%	1.1%	16.7%	8.9%	10.2%
Rate of Deposit Growth	6.8%	10.9%	14.1%	32.2%	41.7%	-25.2%	14.7%	6.5%	0.3%	9.0%	10.7%	10.0%
Rate of Loan Growth (gross)	24.1%	8.1%	-14.3%	17.2%	19.9%	-10.1%	12.3%	5.5%	-2.6%	20.7%	7.9%	-11.2%
Rate of Capital Base Growth	9.9%	26.2%	216.0%	28.9%	23.9%	-33.2%	13.1%	18.0%	189.0%	12.0%	24.5%	137.0%
Rate of PDL (3 Mths >) Growth	-22.9%	-27.9%	-55.8%	-24.3%	-0.5%	-71.9%	4.4%	2.0%	-4.4%	-15.5%	-20.7%	-51.0%
Investments: Total Assets ²	43.9%	51.4%	44.8%	59.3%	43.4%	33.8%	49.6%	49.7%	48.5%	45.8%	50.8%	45.1%
Fixed Assets: Total Assets ²	1.9%	2.1%	2.3%	0.9%	2.7%	3.4%	2.4%	2.7%	2.9%	1.9%	2.2%	2.5%
Loans (net of prov.): Total Assets ²	18.9%	16.5%	16.2%	16.2%	27.1%	28.2%	32.6%	33.6%	34.8%	20.9%	19.6%	19.6%
Loans (gross) : Deposits	31.0%	26.7%	27.4%	44.1%	49.7%	58.8%	44.0%	45.0%	45.4%	34.0%	30.7%	31.5%
Liquidity												
Average Domestic Currency Cash Reserve:												
Average Prescribed Liabilities ⁴	9.0%	12.0%	15.0%	9.0%	12.0%	15.2%	1.0%	1.0%	1.0%	7.3%	9.6%	11.9%
Average Domestic Currency Liquid Assets:												
Average Prescribed Liabilities ⁴	43.7%	50.1%	50.6%	107.1%	141.8%	111.5%	27.0%	20.7%	18.2%	41.3%	44.7%	44.1%
Asset Quality												
Prov. For Loan Losses: Total Loans (gross)	8.7%	12.4%	14.2%	4.2%	5.4%	7.7%	6.5%	7.2%	5.8%	8.0%	10.7%	11.6%
Prov. For Loan Losses:PDL (3 Mths >)	156.2%	137.7%	105.2%	92.2%	75.2%	90.1%	75.1%	76.5%	60.4%	126.5%	118.5%	95.2%
PDL (3 Mths >): Total Loans (gross)	5.6%	9.0%	13.5%	4.6%	7.1%	8.6%	8.7%	9.4%	9.7%	6.3%	9.0%	12.2%
PDL (3 Mths >): (Total Assets ² + Provision For Loan Losses)	1.1%	1.7%	2.5%	0.8%	2.0%	2.6%	3.0%	3.3%	3.5%	1.4%	1.9%	2.6%
Capital Adequacy												
⁵ Deposits+Borrowings.:Capital Base (:1)	10.5	10.1	11.8	5.5	3.1	2.8	9.1	8.9	9.9	9.8	9.3	10.7
Capital Base: Total Assets ²	8.1%	8.4%	7.2%	13.7%	21.1%	21.7%	9.4%	9.6%	8.8%	8.7%	9.0%	7.9%
⁶ Risk Asset Ratio [RAR] (estimated)	17.5%	21.2%	17.4%	24.1%	38.3%	33.7%	16.2%	16.3%	14.4%	17.8%	21.1%	17.6%
PDL (3 Mths >):(Capital Base + Provision For Loan Losses)	11.6%	15.8%	25.8%	5.4%	9.0%	10.9%	26.1%	27.7%	32.6%	13.7%	17.4%	25.9%
Profitability												
⁷ Pre-Tax Profit Margin (for the Calendar Quarter.)	18.4%	18.4%	12.1%	33.4%	29.4%	16.1%	14.5%	17.7%	13.6%	18.9%	18.9%	12.7%
Return on Average Assets (for the Calendar Quarter.)	0.6%	0.7%	0.5%	1.7%	1.9%	1.9%	0.6%	0.7%	0.7%	0.7%	0.8%	0.6%
⁸ Income Assets/Expense Liabilities (as at 31 March.)	101.3%	99.8%	91.9%	114.3%	127.3%	128.5%	106.4%	105.8%	104.6%	102.8%	101.5%	94.9%

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Notes:

- Based on unaudited data submitted to BOJ by supervised institutions up to 21 May 2002. Prior years indicators may have minor revisions arising from post publications amendments.
- Aggregated system balances reflect the domestic operations of supervised institutions and do not include balances in respect of overseas branch operations.
- ^a - Reduction in loans and past due loans in 2000 resulted largely from the purchase of non performing loans by FINSAC. Additionally, the significant increase in statutory capital base during 2000 was due to the transfer of only selected assets and liabilities of specific institutions under the merger of certain FINSAC intervened entities. Consequently, the capital impairment amassed by these particular FINSAC intervened entities up to March 1999 is excluded from statutory capital base.
- ^b - During May 2000, Pan Caribbean Merchant Bank acquired and subsumed Knutsford Capital Merchant Bank, thereby reducing the number of licensees in operation to eleven (11).
- ^c - 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.
- ^d - 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).
- ^e - 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 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).

⁴Prescribed 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 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.

⁷Data 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).

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

Statutory reserve requirements :

	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES*		
	Mar-02	Mar-01	Mar-00	Mar-02	Mar-01	Mar-00	Mar-02	Mar-01	Mar-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 Reser	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.