



BANK OF JAMAICA

News Release

23 November 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
30-Jun-01**

Overall Structure	COMMERCIAL BANKS			FIA LICENSEE ¹			BUILDING SOCIETIES			SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Jun-01	Jun-00 ^a	Jun-99 ^a	Jun-01	Jun-00 ^c	Jun-99 ^b	Jun-01 ^d	Jun-00	Jun-99	Jun-01	Jun-00 ^a	Jun-99 ^a
Number of Institutions in Operation	6	6	6	11	11	14	4	5	6	21	22	26
J\$MN												
¹ Total Assets (incl. contingent liabilities)	221,117	206,946	185,361	12,363	8,742	11,124	44,792	41,669	41,071	278,272	257,357	237,556
² Total Assets (excl. contingent liabilities)	215,691	200,495	178,223	11,399	7,896	9,672	44,748	41,669	41,071	271,838	250,060	228,966
Total Deposits	150,950	137,631	123,008	5,991	4,095	4,176	36,158	33,701	33,446	193,099	175,427	160,630
Total Loans (gross)	41,883	38,755	38,204	2,749	2,502	2,343	16,184	15,307	15,587	60,816	56,564	56,134
Total Loans (net of prov.)	36,919	33,049	34,579	2,594	2,357	2,001	15,014	14,408	15,129	54,527	49,814	51,709
Past Due Loans [PDL] (3 Mths &-)	3,564	4,951	5,257	193	288	631	1,603	1,401	1,480	5,360	6,640	7,368
Provision For Loan Losses	4,964	5,706	3,625	155	145	342	1,170	899	458	6,289	6,750	4,425
Investments [incl. Secs. Purchased (net of prov.)]	108,945	93,796	76,452	5,492	2,654	3,565	22,240	20,436	16,237	136,677	116,886	96,254
³ Capital Base	18,983	15,662	14,927	2,256	1,814	3,327	4,256	3,601	1,243	25,495	21,077	19,497
Contingent Liabilities												
[Acceptances, LC's & Guarantees]	5,426	6,451	7,138	964	846	1,452	44	0	0	6,434	7,297	8,590
Funds Under Management	49	50	1,701	28,702	20,519	13,227	0	0	0	28,751	20,569	14,928
Repos on behalf of or for on-trading to clients	759	394	2,906	44,797	38,130	36,430	0	0	0	45,556	38,524	39,336
%												
² Rate of Asset Growth	7.6%	12.5%	19.0%	44.4%	-18.4%	-35.9%	7.4%	1.5%	-5.9%	8.7%	9.2%	9.9%
Rate of Deposit Growth	9.7%	11.9%	9.6%	46.3%	-1.9%	-33.2%	7.3%	0.8%	-0.7%	10.1%	9.2%	5.6%
Rate of Loan Growth (gross)	8.1%	1.4%	-14.0%	9.9%	6.8%	-58.3%	5.7%	-1.8%	-8.3%	7.5%	0.8%	-16.3%
Rate of Capital Base Growth	21.2%	4.9%	675.4%	24.4%	-45.5%	1079.8%	18.2%	189.7%	-9.4%	21.0%	8.1%	444.8%
Rate of PDL (3 Mths &-) Growth	-28.0%	-5.8%	-57.6%	-33.0%	-54.4%	-79.1%	14.4%	-5.3%	-49.0%	-19.3%	-9.9%	-59.8%
Investments: Total Assets ²	50.5%	46.8%	42.9%	48.2%	33.6%	36.9%	49.7%	49.0%	39.5%	50.3%	46.7%	42.0%
Fixed Assets: Total Assets ²	2.1%	2.3%	2.5%	2.2%	3.3%	3.2%	2.7%	2.9%	3.0%	2.2%	2.5%	2.6%
Loans (net of prov.): Total Assets ²	17.1%	16.5%	19.4%	22.8%	29.9%	20.7%	33.6%	34.6%	36.8%	20.1%	19.9%	22.6%
Loans (gross) : Deposits	27.7%	28.2%	31.1%	45.9%	61.1%	56.1%	44.8%	45.4%	46.6%	31.5%	32.2%	34.9%
Liquidity												
Average Domestic Currency Cash Reserve:												
Average Prescribed Liabilities ^d	11.0%	14.0%	17.0%	11.0%	14.0%	18.1%	1.0%	1.0%	4.6%	8.9%	11.2%	14.1%
Average Domestic Currency Liquid Asset:												
Average Prescribed Liabilities ^d	45.0%	49.9%	46.1%	126.3%	124.8%	64.3%	25.4%	21.1%	23.5%	42.3%	44.5%	41.2%
Asset Quality												
Prov. For Loan Losses: Total Loans (gross)	11.9%	14.7%	9.5%	5.6%	5.8%	14.6%	7.2%	5.9%	2.9%	10.3%	11.9%	7.9%
Prov. For Loan Losses: PDL (3 Mths &-)	139.3%	115.2%	69.0%	80.3%	50.3%	54.2%	73.0%	64.2%	30.9%	117.3%	101.7%	60.1%
PDL (3 Mths &-): Total Loans (gross)	8.5%	12.8%	13.8%	7.0%	11.5%	26.9%	9.9%	9.2%	9.5%	8.8%	11.7%	13.1%
PDL (3 Mths &-): (Total Assets ² + Provision For Loan Losses)	1.6%	2.4%	2.9%	1.7%	3.6%	6.3%	3.5%	3.3%	3.6%	1.9%	2.6%	3.2%

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	COMMERCIAL BANKS			FIA LICENSEES			BUILDING SOCIETIES			SYSTEM TOTAL (CONSOLIDATION OF ALL 3 SECTORS)		
	Jun-01	Jun-00	Jun-99	Jun-01	Jun-00	Jun-99	Jun-01	Jun-00	Jun-99	Jun-01	Jun-00	Jun-99
Capital Adequacy												
Deposits+Borrowings:Capital Base (:1)	9.6	10.9	10.1	3.4	2.5	1.6	9.1	10.0	30.7	8.9	10.0	10.0
Capital Base:Total Assets ²	8.8%	7.8%	8.4%	19.8%	23.0%	34.4%	9.5%	8.6%	3.0%	9.4%	8.4%	8.5%
⁵ Risk Asset Ratio[RAR] (estimated)	21.0%	20.8%	17.5%	37.5%	34.0%	36.4%	16.1%	14.0%	2.9%	20.9%	20.1%	15.9%
PDL (3 Mths & >):(Capital Base + Provision For Loan Losses)	14.9%	23.2%	28.3%	8.0%	14.7%	17.2%	29.5%	31.1%	87.0%	16.9%	23.9%	30.8%
Profitability												
⁶ Pre-Tax Profit Margin (for the Calendar Quarter.)	23.1%	19.8%	13.8%	44.6%	39.9%	16.7%	10.4%	15.0%	7.9%	22.6%	20.1%	13.0%
Return on Average Assets(for the Calendar Quarter.)	0.9%	0.8%	0.6%	3.3%	3.1%	1.9%	0.4%	0.7%	0.4%	0.9%	0.9%	0.6%
⁷ Income Assets/Expense Liabilities(as at 30 June)	99.7%	96.0%	89.3%	119.4%	131.9%	119.7%	101.3%	101.6%	93.3%	100.7%	97.7%	90.9%

Notes:

- Based on unaudited data submitted to BOJ by supervised institutions up to 9 October 2001.
- 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 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.
- b** - 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.
- 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 all ceased operations at the end of September 1999.
- 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).

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Notes: cont'd

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

² Total 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 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*		
	Jun-01	Jun-00	Jun-99	Jun-01	Jun-00	Jun-99	Jun-01	Jun-00	Jun-99
Required Cash Reserve ratio	11.0%	14.0%	17.0%	11.0%	14.0%	17.0%	1% / 11%	1% / 14%	1% / 17%
Required Liquid Assets ratio(incl Cash Reserve)	29.0%	32.0%	35.0%	29.0%	32.0%	35.0%	5% / 29%	5% / 32%	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.