

Securities

As at June 30, 2016, there were 42 licensed securities dealers. Of these 42 licensed dealers, the analysis will focus on 32 securities firms whose core business is dealing in securities.

The capital base of the securities firms increased over the reported period. Balance sheet capital moved from \$75.3 billion as at March 31, 2016 to \$77.6 billion as at June 30, 2016; a \$2.3 billion or 3.1 percent increase. Similarly, total Funds under Management (“FUM”) increased by 5.7 per cent for the reported period.

Despite the increase in FUM, total repo liabilities declined by 3.3 per cent between the quarters ended March 31, 2016 and June 30, 2016. This was also evident in the intermediation ratio declining by 6.5 percentage points from the amount recorded as at the end of June 2015 (See table 2).

During the June 2016 quarter, there was an increase in reported revenue for securities firms. Total revenue increased from \$10.9 billion for the quarter ended June 30, 2015 to \$12.5 billion for the quarter ended June 30, 2016. Similarly, net profit after tax increased by \$1.0 billion or 43.5 per cent, moving from \$2.3 billion in June 30, 2015 to \$3.3 billion in June 30, 2016. This gave rise to a return on equity (“ROE”) of 4.3 per cent for the quarter ended June 2016 compared to 3.1 per cent for the corresponding quarter last year.

As at	Jun 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	Jun 16 \$'B	%age Change between Mar '16 & Jun '16
Balance Sheet						
Total Assets	528.1	533.4	532.4	545.7	555.1	1.7
Total Liabilities	452.6	461.9	458.7	470.4	477.5	1.5
Total Capital	75.5	71.5	73.7	75.3	77.6	3.1
Funds Under Management	856.0	892.3	909	928.5	981.2	5.7
Total Repo Liabilities	403.3	406.2	401	402.2	388.8	-3.3
Profit and loss						
	Jun 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	Jun 16 \$'B	%age Change between Jun '15 & Jun '16
Total Revenue	10.9	9.4	11.6	6.7	12.5	14.7
Total Expense	7.1	6.9	9.3	5.7	7.3	2.8
Total Interest Income	7.2	6.7	8.3	4.5	6.8	-5.6
Total Interest Expense	4.2	4.0	5.1	3.0	3.9	-7.1
Net Interest Income	3.0	2.7	3.2	2.0	2.8	-6.7
Net Profit	2.3	1.9	2.1	0.6	3.3	43.5

Table 2: Selected Prudential Ratio for Securities Firms, June 2015 to June 2016

Ratio	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	FSC Benchmark
Capital/Risk Weighted Asset	22%	21.6%	21%	21.2%	21.5%	≥ 10%
Capital/Total Assets	14%	13.4%	14%	14%	14%	≥ 6%
Intermediation Ratio	31%	29%	27.7%	27.4%	24.5%	≤ 50%