



OVERVIEW OF THE SECURITIES INDUSTRY

As at March 31, 2017, there were 43 licensed securities dealers. Of these 43 licensed dealers, the analysis will focus on 33 securities firms whose core business is dealing in securities.

The quarter which ended March 31, 2017, reflected an increase of 1.0 per cent in aggregate total assets over the quarter ended December 31, 2016. The resilience of the securities firms' capital based continued to be evident with total capital for securities firms standing at \$80.3 billion as at March 31, 2017, compared to \$77.8 billion for December 31, 2016; representing a 3.2 per cent increase over the quarter. The increase in capital resulted in an improvement in the average industry capital to total assets ratio. The ratio increased from 14.1 per cent as at December 31, 2016 to 14.4 per cent as at March 31, 2017, a growth of 0.3 percentage points (see table 2).

Total revenue grew year over year by \$1.8 billion; from \$8.4 billion for the quarter ended March 31, 2016 to \$10.2 billion for the quarter ended March 31, 2017. This increase was mainly due to an extraordinary income from one company's proprietary equity portfolio. Similarly, net profit after tax increased by \$1.0 billion or 111.1 per cent, moving from \$0.9 billion in March 31, 2016 to \$1.9 billion in March 31, 2017. This resulted in a return on equity ("ROE") of 2.3 per cent for the quarter ended March 2017 compared to 1.2 per cent for the corresponding period last year.

Table 1: Statistical information of the Securities Firms, March 2016 to March 2017

As at	Mar 16 \$'B	Jun 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	%age Change between Dec '16 & Mar '17
Balance Sheet						
Total Assets	545.7	555.05	578.8	550.4	555.8	1.0
Total Liabilities	470.3	477.45	496.9	472.6	475.5	0.6
Total Capital	75.4	77.6	81.9	77.8	80.3	3.2
Funds Under Management	928.5	981.2	1,116	1,107.1	1,136.9	2.7
Total Repo Liabilities	402.2	388.8	396	378.4	364.4	-3.7
Profit and loss						
	Mar 16 \$'B	Jun 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	%age Change between Mar '16 & Mar '17
Total Revenue	8.4	12.5	18.1	11.2	10.2	21.4
Total Expense	6.9	7.3	11.8	8.7	7.7	11.6

Total Interest Income	5.9	6.8	11.4	7.4	6.2	5.9
Total Interest Expense	3.1	3.9	6.6	4.4	3.7	19.4
Net Interest Income	2.7	2.8	4.8	3.0	2.5	-7.4
Net Profit	0.9	3.3	4.7	2.0	1.9	111.1

Table 2: Selected Prudential Ratio for Securities Firms						
Ratio	Mar 16	Jun 16	Sept 16	Dec 16	Mar 17	FSC Benchmark
Capital/Risk Weighted Asset	21.2%	21.5%	21.0%	20.7%	20.4%	≥ 10%
Capital/Total Assets	14.0%	14.0%	14%	14.1%	14.4%	≥ 6%
Intermediation Ratio	27.4%	24.5%	22.3%	21.6%	21.2%	≤ 50%