

SECURITIES INDUSTRY DECEMBER 2021 QUARTERLY SUMMARY

Market Intermediaries for the quarter ended December 2021

There were forty-seven (47) registered intermediaries¹ to operate in Jamaica as at December 31, 2021. Of the 47 regulated intermediaries, this analysis will concentrate on twenty-nine (29) securities dealers whose primary business activity is dealing in securities.

The aggregate total balance sheet assets as at December 31, 2021 stood at \$837.0 billion, a 2.4 per cent increase when compared to the previous quarter where assets amounted to \$817 billion. A year over year comparison showed an improvement of 13.5 per cent where total assets grew from \$736.9 billion as at December 31, 2020 (see Table 1).

The combined balance sheet capital as at the end of December 2021 stood at \$145.2 billion, a decline of 4 per cent from the \$148.9 billion reported for the previous quarter. On a year-over-year (y-o-y) basis, there was a 11.6 per cent increase in the total balance sheet capital for the 29 securities dealers. As a result, the capital to risk weighted asset ratio (CAR) and capital to total assets ratio (CTA) improved by 50 basis points and fell by 80 basis points respectively from the June 2021 quarter. When compared to the corresponding period of last year, the CAR increased by 220 basis points while the CTA decreased by 30 basis points percentage point (See Table 2).

Combined total funds under management (FUM) was approximately \$1.57 trillion as at December 31, 2021, representing 2.4 per cent increase over the previous quarter. The year-over-year comparison saw a 14.1 per cent increase in FUM as at December 2021. See Table 1.

There was a \$1.1 billion or 8.3 per cent year over year increase in aggregate total revenues (comprising of interest income and other income) reported for December 2021. This uptick was due to an increase in non-interest income (fees and commissions as well as trading gains). Cumulated non-interest income accounted for 58.9 per cent of total revenue for the December 2021 quarter. Total expenses for the 29 dealers grew sharply by \$2.5 billion or 22.9 per cent quarter over quarter; it increased by \$3.4 billion or 34 per cent when compared to the corresponding period of 2020.

Nonetheless, the 29 securities dealers reported an accumulated net profit of \$3.5 billion for the December 2021 quarter reflecting a \$4.7 billion increase quarter over quarter but a \$700 million decline over the December 2020 levels. This resulted in a return on equity ("ROE") of 2.3 per cent for the quarter ended December 2021 compared to 3.2 per cent for the corresponding period last year and a -0.8 per cent for the September 2021 quarter (see Table 2).

¹ (39) securities dealers (companies), (3) individual dealers, (2) investment adviser companies, (2) individual investment advisers

Table 1: Statistical information of the Securities Firms, December2020 to December 2021

As at	Dec 20 \$'B	Mar 21 \$'B	Jun 21 \$'B	Sep 21 \$'B	Dec 21 \$'B	%age Change between Dec '20 & Dec '21	%age Change between Sep'21 & Dec '21
Balance Sheet							
Total Assets	736.9	751.2	780.3	817.0	837	13.5%	2.4%
Total Liabilities	606.8	623.5	648.4	668.1	691.8	14%	3.5%
Total Capital	130.1	127.7	131.9	148.9	145.2	11.6%	-2.5%
Total Repo Liabilities (including COPs)	490.7	516.4	550.5	559.2	560	14.1%	0.14%
Funds Under Management	1,375.00	1,367.95	1,420.30	1,530.90	1,568.3	2.4%	14.1%
Profit and loss	Dec 20 \$'B	Mar 21 \$'B	Jun 21 \$'B	Sep 21 \$'B	Dec 21 \$'B	%age Change between Dec'20 & Dec '21	%age Change between Sep '21 & Dec'21
Total Revenue	17.1	16.5	18.6	17.4	18.5	8.2%	6.3%
Non-Interest Income	10.7	10.0	11.3	9.8	10.9	1.9%	11.2
Total Expense	10.0	11.0	10.9	10.9	13.4	34%	22.9%
Total Interest Income	6.4	6.5	7.3	7.6	7.6	18.8%	0%
Total Interest Expense	3.7	3.9	4.3	4.9	5	35.1%	2%
Net Interest Income	2.6	2.6	3.0	2.7	2.7	3.8%	0%
Net Profit	4.2	4.0	5.9	-1.2	3.5	-16%	-20%

Table 2: Selected Prudential Ratio for Securities Firms						
Ratio	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	FSC Benchmark
Capital/Risk Weighted Asset	22.8%	22.4%	22.3%	24.5%	25%	≥ 14%
Capital/Total Assets	17.7%	17.0%	16.9%	18.2%	17.4%	≥ 6%
Return on Equity	3.2%	3.1%	4.5%	-0.8%	2.33%	N/A