

Financial Soundness Indicators¹ for the Banking Sector², 1998-2005

(In percent, unless otherwise indicated)

	Dec-98	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
Capital Adequacy								
Regulatory capital to risk-weighted assets ratio ³	11.9	13.2	12.3	13.0	12.3	14.2	15.0	15.4
Regulatory Tier I capital to risk-weighted assets ratio ⁴	11.8	12.6	12.5	12.7	13.0	13.7	13.7	13.5
Total (regulatory) capital to total assets ratio	7.1	8.1	7.6	8.4	7.2	8.0	7.8	7.8
Asset Composition and Quality								
Share of loans (exposures) per risk weight (RW) category								
RW=0 per cent	4.9	6.1	7.0	6.8	9.5	5.2	6.4	16.6
RW=20 per cent	0.7	0.6	0.6	0.4	0.4	4.8	6.7	0.2
RW=50 per cent	11.2	10.9	9.9	8.9	7.0	7.9	9.6	6.5
RW=100 per cent	83.2	82.4	82.5	83.8	83.2	82.1	77.3	76.7
Total exposures to total assets	54.6	54.8	56.5	59.2	51.6	47.8	45.9	53.6
Sectoral distribution of loans to total loans ⁵								
Agriculture	7.8	6.7	8.6	8.3	9.7	9.1	7.5	5.7
<i>of which: sugar</i>	6.7	5.8	7.7	7.0	8.6	8.0	6.4	5.6
Manufacturing	27.4	24.6	24.4	18.2	16.1	14.8	13.6	12.0
<i>of which: export enterprise certificate holders</i>	13.2	10.9	10.7	10.8	9.4	7.5	6.1	5.4
Traders	19.9	18.6	15.8	14.1	14.1	14.9	14.5	13.9
Personal and professional	13.1	13.3	12.3	9.5	9.2	9.8	10.0	9.4
Construction	17.7	18.7	16.9	14.2	13.9	14.2	16.2	15.2
<i>of which: housing</i>	12.2	12.8	11.6	11.0	10.5	9.0	10.8	10.7
Tourism /Hotels ⁶	4.4	7.3	8.3	14.1	15.0	15.9	15.4	13.2
Other	9.6	10.8	13.6	21.6	21.3	21.2	22.8	30.7
FX loans to total loans	10.6	10.1	10.6	13.1	10.3	10.9	12.2	51.1
NPLs to gross loans ⁷	9.1	8.3	7.0	8.0	8.3	9.6	8.1	4.0
NPLs net of provisions to capital	40.5	34.3	28.7	37.8	34.0	28.1	22.4	11.4
Large exposures to capital	212.4	248.6	225.6	270.1	263.7	220.9	200.0	250.3
Earnings and Profitability								
Return On Assets	2.4	2.2	2.3	2.3	2.0	2.1	2.1	1.9
Return On Equity	23.9	20.7	22.1	20.6	18.1	19.2	19.2	21.1
Interest margin to gross income	28.3	27.4	27.2	30.1	32.6	32.1	34.7	36.3
Non-interest expenses to gross income	22.3	20.8	20.6	20.8	23.1	23.9	27.7	20.1
Personnel expenses to noninterest expenses								
Expenses to revenues ratio	10.5	10.3	9.9	10.3	10.5	10.6	10.2	8.1
Average earnings per employee (in Rs' 000)	1,371	1,401	1,718	1,670	1,819	2,212	2,433	2,904
Trading and fee income to total income								
Spread between reference loan and deposit rates								

	Dec-98	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
Liquidity								
Liquid assets to total assets ratio	28.4	31.2	28.5	29.2	32.7	36.6	37.9	44.1
Liquid assets to total short-term liabilities ratio	63.1	73.2	67.0	60.2	65.3	71.0	71.7	88.6
Funding volatility ratio	16.4	11.6	14.1	21.1	16.4	13.9	14	-20.1
Demand deposits to total liabilities ratio	6.5	6.0	6.1	10.9	10.3	10.3	10.7	15.9
Customer deposits to total (non-interbank) loans								
FX liabilities to total liabilities								
FX deposits to total deposits ratio	9.6	11.3	12.1	12.1	11.7	11.0	13.8	57.3
Average bid-ask spread in the securities market 1/								
Average daily turnover ratio in the securities market 1/								
Sensitivity to market risk								
Duration (or average repricing period) of assets*								
Duration (or average repricing period) of liabilities*								
Net open positions in FX to capital	3.6	9.2	5.0	3.2	7.5	20.8	1.9	4.2
Net open positions in equities to capital								

Notes:

- 1 The ratios were computed using the standard definition provided in the IMF's Financial Soundness Indicators Manual. The ratios may be different from those used in other parts of the report.
- 2 Banking Sector refers to former Category 1 banks from 1998 to 2004 and to former Category 1 and former category 2 banks as from Dec 2005
- 3 Regulatory capital refers to Total of Tier 1 capital and Tier 2 capital less investments in subsidiaries and associates,
- 4 Tier 1 capital does not reflect deductions for investments in subsidiaries and associated companies
- 5 The definition used for sectoral classification was amended in 2001. The ratios were adjusted where possible to reflect the amendments.
- 6 Up to 2000 the definition was limited to exposure towards hotels and hotel management certificate companies. As from 2000, the definition encompasses all exposures towards the tourism industry
- 7 Gross loans exclude accrued interest.