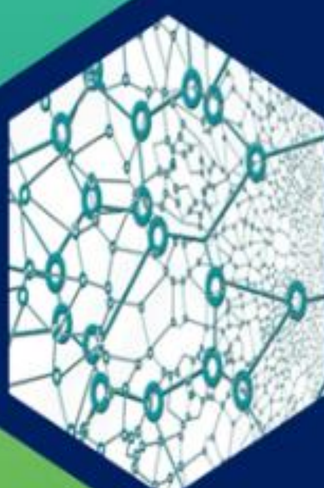
MITIGATE AND PREVENT EXCESSIVE CREDIT GROWTH AND LEVERAGE

MITIGATE AND PREVENT EXCESSIVE MATURITY MISMATCHES AND MARKET ILLIQUIDITY

LIMIT DIRECT AND INDIRECT EXPOSURE CONCENTRATIONS

LIMIT THE IMPACT OF INTERCONNECTED-NESS, SYSTEMIC IMPORTANCE AND MISALIGNED INCENTIVES



STRENGTHEN THE RESILIENCE OF THE FINANCIAL SYSTEM & INFRASTRUCTURE

BANK OF JAMAICA

Macroprudential Policy Report

Highlights

February 2022

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Preface

Bank of Jamaica frequently conducts assessments of the resilience and strength of the financial system. These financial system stability assessments inform the Bank's macroprudential policy. This report provides highlights of those assessments for the reporting quarter. The document is organized into five objective assessment areas, the analysis of which utilizes leading and coincident indicators relevant to the specific type of vulnerability. The aim of the report is to:

- *Convey Bank of Jamaica's financial system stability assessment.*
- *Make clear the link between the Bank's assessment and any policy action taken.*
- *Provide information on matters related to financial system stability.*

Overview

Notwithstanding the on-going effects of the COVID-19 pandemic, domestic real economic activity is projected to improve for FY2021/22. In this context, financial soundness indicators have remained robust. More specifically, the financial system continued to be well-capitalized and reflected trend improvements in liquidity.

Systemic risks associated with the financial cycles have moderated. In particular, the credit-to-GDP gap indicator is estimated to have declined for the December 2021 quarter, reflecting a faster pace of growth in GDP relative to the growth in credit. At the same time, maturity mismatch and liquidity ratios have been stable and in line with historical averages.

Regarding structural exposures, households accounted for the bulk of deposit-taking institutions' lending. At the same time, the household sector recorded good asset quality even as the stock of loans under moratoria provided by banks continued to fall as payment accommodations expired.

Uncertainties remain concerning the duration of the COVID-19 pandemic and its potential impact on the debt servicing capacity of households and businesses. The current phase of inflation in Jamaica and globally, accompanied by monetary tightening, also presents some uncertainties, albeit manageable, for the financial system.

Objective 1 – Mitigate and prevent excessive credit growth and leverage

1.1 Credit growth decelerated slightly over the review period. Total credit, which includes corporate bond issues and public sector credit, grew by 5.3 per cent for the year ended-October 2021. This growth in total credit was unchanged when compared to the annual growth of 5.3 per cent for the year-ended June 2021 (see Chart 1.0).[1] Private sector credit grew by 7.7 per cent for the year-ended October 2021, which was slower than the 9.1 per cent growth recorded for the year ended-June 2021.[2] The growth in total credit resulted in the provision of additional financing of $24.4 billion to the private sector for the 4-month period ended October 2021 (see Chart 1.1).

1.2 The credit-to-GDP gap indicator fell by 2.9 percentage points, relative to end-June 2021, to 4.5 per cent at end-September 2021 (see Chart 1.2).[3] The gap indicator continued to remain below the Bank of International Settlements' (BIS) upper threshold of 10.0 per cent, which suggests the absence of risks related to the trade cycle. The credit-to-GDP gap is estimated to have fallen further by 0.6 percentage point to 3.9 per cent at end-December 2021.[4]

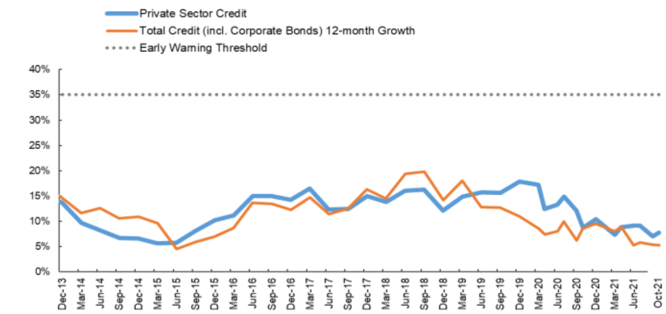
[1] The annual growth in corporate bond issues at end-April 2021 was 9.0 per cent while public sector credit decreased by 8.2 per cent over the same period.

[2] Private Sector Credit is measured as DTIs' loans and advances to the private sector excluding credit to overseas residents and other financial institutions. Total DTI credit includes private sector credit plus credit issued to the public sector plus DTIs' holdings of corporate securities.

[3] The credit-to-GDP gap indicator measures the deviation of credit-to-GDP from its long-term trend which is a systemic risk indicator associated with financial cycles. It signals the extent of credit risk accumulation. Total credit used to calculate the credit-to-GDP gap is comprised of private sector credit plus corporate securities held by DTIs plus public sector credit. Nominal GDP is annualised by calculating a 4-quarter moving sum.

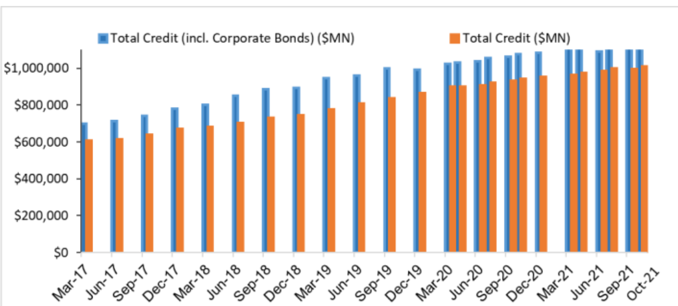
[4] This estimate is based on estimated growth in credit and nominal GDP for the quarter of 2.0 per cent and 2.1 per cent, respectively. These variables grew by 0.1 per cent and 6.3 per cent for the September 2021 quarter.

Chart 1.0 Annual Growth in Credit



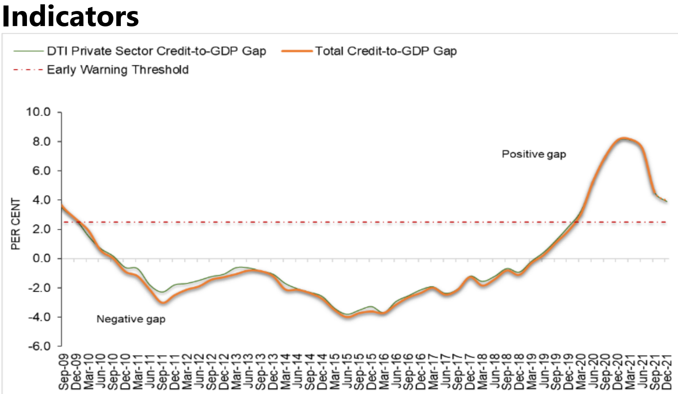
Source: Bank of Jamaica

Chart 1.1 DTI Credit plus Corporate Bond Issues via Exempt Distribution



Source: Bank of Jamaica and Financial Services Commission

Chart 1.2 Evolution of Credit-to-GDP Gap Indicators

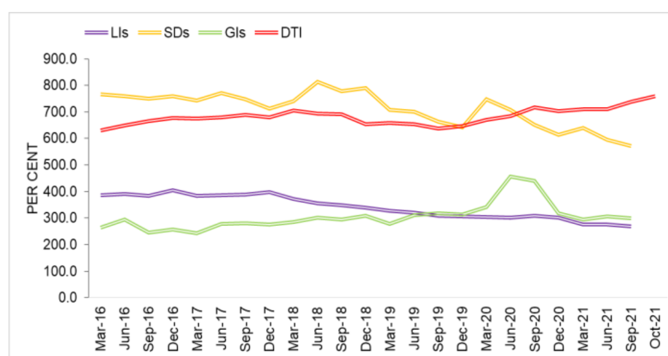


Source: Bank of Jamaica

1.3 The leverage metric for the DTI sector, which measures the extent to which financial institutions use debt to fund expansion, increased by 6.9 per cent for the 4-month period ended-October 2021 (see Chart 1.3)[5]. This expansion in the sector's leverage was due to the larger than proportional growth in total financial assets relative to equity, which reflected DTIs' increased use of debt to fund operations.[6] The increase in total financial assets was driven by deposits (in local and foreign institutions) as well as the purchase of GOJ securities, which reflected the portfolio decisions of entities to acquire-low risk assets.

1.4 The leverage metric for the non-deposit taking financial institutions (NDTFI) sub-sectors showed improvements for the period ended September 2021. Specifically, leverage for the securities dealer, general insurance and life insurance sub-sectors all declined by 3.8 per cent, 2.6 per cent and 2.1 respectively. This reduction in NDTFIs' leverage was primarily driven by a more significant increase in equity relative to the increase in total financial assets (see Chart 1.3).[7]

Chart 1.3 Leverage – DTIs, securities dealers, life and general insurance companies



Source: Bank of Jamaica

[5] Leverage is calculated as total financial assets/equity.

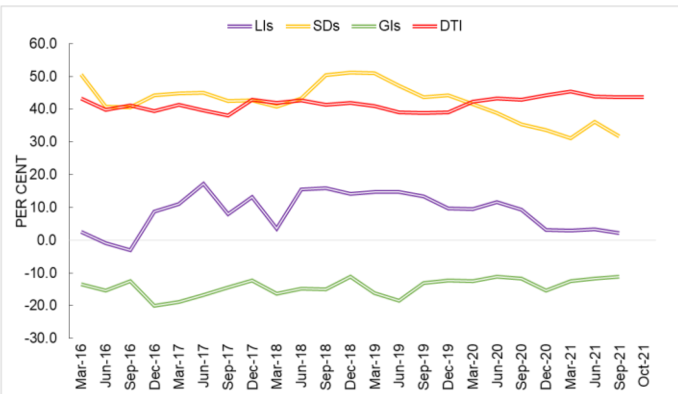
[6] At end October 2021 total financial assets increased by 5.7 per cent, while there was a 1.2 per cent decline in equity.

[7] Equity grew for the SD, LI and GI sub-sector by 9.4 per cent, 4.9 per cent and 4.4 per cent respectively, while total financial assets also increased for the SD, LI and GI sub-sectors by 5.2 per cent, 2.8 per cent and 1.7 per cent at end September 2021.

Objective 2 – Mitigate and prevent excessive maturity mismatches and market illiquidity

2.1 The maturity transformation ratio, which measures the maturity mismatch between assets and liabilities, remained relatively stable at 43.7 per cent for the DTI sector at end-October 2021 relative to 43.8 per cent at end-June 2021 (see Chart 2.0).[8] This outturn is in line with historical averages.

Chart 2.0 Maturity Transformation (long term) DTIs, securities dealers, life insurance and general insurance companies



Source: Bank of Jamaica and Financial Services Commission

2.2 The liquidity transformation risk metric for the DTI sector, which measures the extent of coverage of short-term liabilities by liquid assets, declined by 5.2 percentage points to 276.5 per cent at end-October 2021 and reflected a noted improvement relative to end-June 2021. This performance reflected a faster pace in growth of liquid assets relative to short-term liabilities resulting from continued risk aversion and weak loan demand in the context of the COVID-19 pandemic (see Chart 2.1).[9]

2.3 The liquidity coverage ratio (LCR) also showed that DTIs' liquidity levels remained robust.[10] At end-October 2021, all DTIs exceeded the LCR benchmark of 100.0 per cent with a median ratio of 256.6 per cent, relative to 237.5 per cent at end-June 2021.

2.4 The liquidity transformation risk metric for the securities dealers and insurance sectors reflected a general improvement for the quarter ended-September 2021. [11] The decline in the ratios were mainly due to a faster pace of growth in liquid assets, relative to short-term liabilities due to the uncertainty surrounding the pandemic in addition to policy changes (see Chart 2.1).[12] Liquid assets for the securities dealers, general insurance and life insurance sub-sectors increased by 21.1 per cent, 13.5 per cent and 5.6 per cent respectively at end September 2021.

[8] Maturity Transformation (Long term) = (long term assets - long term liabilities - nonredeemable equity) / total financial assets. Long-term assets, long-term liabilities and total financial assets increased by 4.1 per cent, 6.4 per cent, and 5.6 per cent respectively, while equity decline by 1.2 per cent.

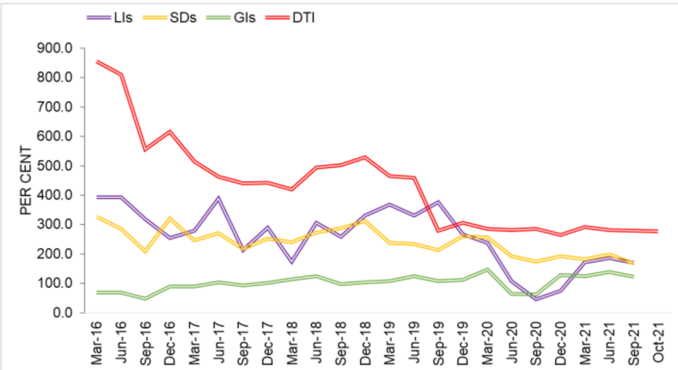
[9] Liquid assets and short-term liabilities for the DTI subsector increased by 8.6 per cent and 6.6 respectively at end October, relative to June 2021.

[10] LCR is a requirement under Basel III whereby banks are required to hold an amount of high-quality liquid assets that's enough to fund cash outflows for 30 days.

[11] The liquidity transformation metric for the securities dealers, general insurance and life insurance sub-sectors all declined by 15.9 per cent, 11.5 per cent and 9.5 per cent respectively at end September 2021 relative to end June 2021.

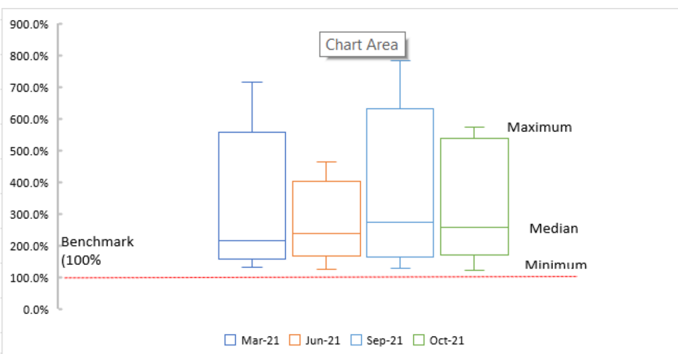
[12] Liquidity Transformation = short term liabilities [≤ 30 days] / liquid assets. Liquid assets include high quality liquid assets, such as cash and equivalents, short-term investments and government securities with a 0% risk-weight.

Chart 2.1 Liquidity Transformation – DTIs, securities dealers, life and general insurance companies



Source: Bank of Jamaica and Financial Services Commission

Chart 2.2 Liquidity Coverage Ratio at end-October 2021 – DTIs

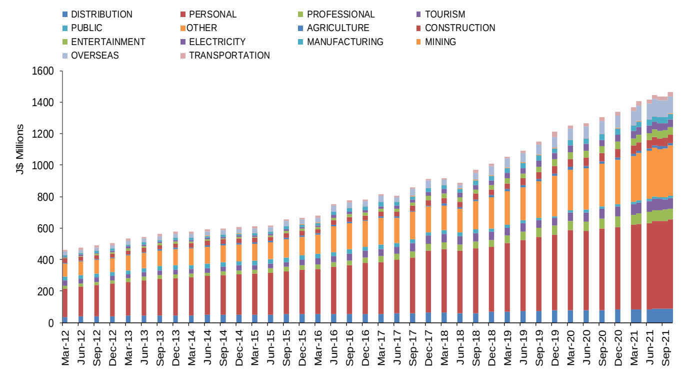


Source: Bank of Jamaica

Objective 3 – Limit direct and indirect exposure concentrations & misaligned incentives

3.1 Personal loans, which consists of consumer and residential mortgage loans, increased by 3.2 per cent over the 4-month review period ended-October 2021 (see Chart 3.0) and continued to account for the largest share of the DTIs' loan portfolio.[13] The increase in personal loans over the review period reflected growth of 5.3 per cent in residential mortgage loans. The growth in residential mortgage loans was due to increases in both the number and value of these transactions, driven by the continued initiative on the part of some DTIs to aggressively offer attractive mortgage financing.[14]

Chart 3.0 Loan Concentration- Selected Industries



Source: Bank of Jamaica

Chart 3.1 Decomposition of Household Debt

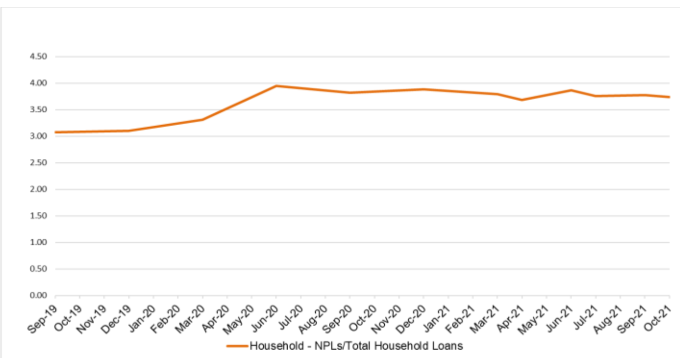
Source: Bank of Jamaica

[13] Personal Loans is used as a measure of household debt. It excludes NHT loans.

[14] The growth in residential mortgage loans contributed to an increase in mortgage loans as a share of overall personal loans to 43.31 per cent at end-October 2021 relative to 40.5 per cent at end-September 2020 (see Chart 3.2). This increased exposure is reflective of a greater appetite for this type of lending among some of the DTIs.

3.2 The household sector's loan quality remained relatively unchanged over the review period. The ratio of household's non-performing loans (NPLs) to total household loans for the DTI sector declined by 0.1 percentage point to 3.7 per cent at end-October 2021, relative to end-June 2021 (see Chart 3.2). Furthermore, the ratio of household past due loans to total household loans fell to 3.7 per cent at end-October 2021, compared with 4.0 per cent at end-June 2021. This performance reflects continued credit risk mitigation strategies by the DTIs, within the context of the negative impact of the COVID-19 pandemic on households' balance sheet.[15, 16]

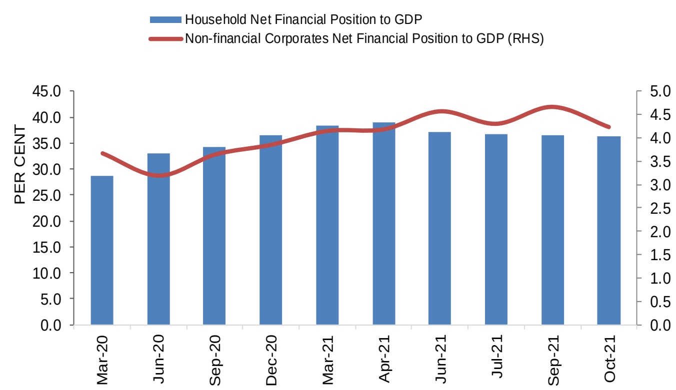
Chart 3.2 Household Loan Quality



3.3 Debt sustainability measures for households' and non-financial corporates (NFCs) showed mixed results over the review period. More specifically, households' net financial position to GDP for the September 2021 quarter declined by 0.7 percentage point to 36.5 per cent. This decline was due to a stronger increase in GDP, relative to an increase in households' net financial position

3.4 As it relates to NFCs, the sector's net financial position to GDP increased marginally relative to the previous quarter by 0.1 percentage point to 4.7 per cent. The increase in the ratio was primarily due to an increase in NFC's net financial position, due to an increase in repo investments by these entities (see Chart 3.3).

Chart 3.3 Household and NFC Net Financial Positions[17]



Source: Bank of Jamaica

3.5 At end-October 2021, the DTI sector recorded a net open *short* position of 11.0 per cent relative to a short position of 21.5 per cent at end-June 2021. This was within the prescribed range of +15.0 per cent/-25.0 per cent established by the Bank (see Chart 3.4). On the other hand, securities dealers' net open *long* position decreased to 9.2 per cent of capital at end September 2021 from a long position of 19.1 per cent at end-June 2021, due to reduced

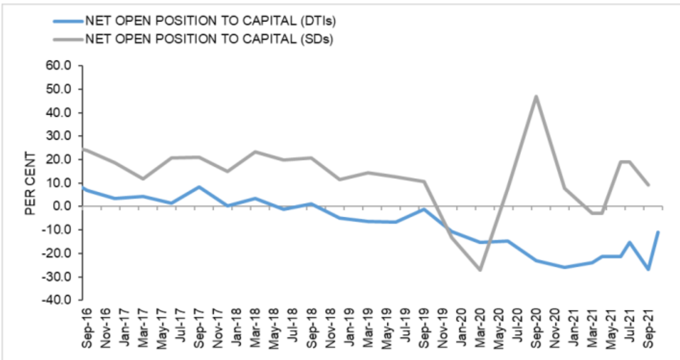
[15] At end October 2021, households accounted for 18.0 per cent of the outstanding loans offered by DTIs which were under moratoria, while large corporates accounted for approximately 68.1 per cent.

[16] These strategies include establishing sound and well-defined credit granting criteria as well as increased monitoring of the overall composition and quality of credit portfolios.

[17] (i) Net financial position = financial assets minus financial liabilities; (ii) financial assets for NFCs include: deposits and repo liabilities; (iii) financial liabilities for NFSCs include: NFC loans and non-exempt distributions; (iv) financial assets for households include: pension holdings, deposits, retail repos, life assurance and annuity contracts and policyholder funds on deposit; (v) financial liabilities for households include: consumer loans and mortgage loans.

holdings of USD-denominated assets by two entities affiliated to DTI groups.[18]

Chart 3.4 Net Open Position to Capital[19]

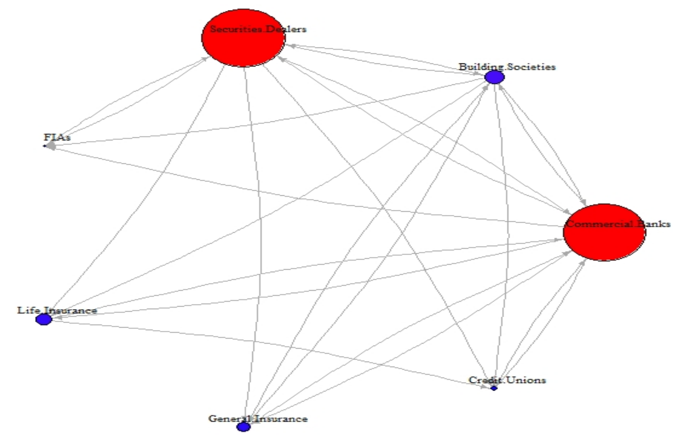


Source: Bank of Jamaica

Objective 4 – Limit the impact of interconnectedness and systemic importance

4.0 During the September 2021 quarter, interconnectivity and counterparty risks were relatively stable. Commercial banks and securities dealers continued to be the central players in the network (see Chart 4.0). Furthermore, credit unions and life insurance companies showed a decreased role in the network at end-September 2021 relative to at end-June 2021, as the dollar value of their exposure fell.

Chart 4.0 Network of gross credit exposures among financial subsectors



Source: Bank of Jamaica

Table 4.0 Descriptive statistics of the financial institutions "funding to" exposures network[20,21]

J$'000	Jun-21	Sep-21
Total System Funding To Exposure	249,631,740	340,821,856
Total Funding of Highest Lender	39,962,238	47,605,067
Maximum Single Transaction	21,173,453	26,342,284
Network Mean	540,328	737,710
Reciprocity (%)	44.4	57.5
Density (%)	29.2	31.6
Systemic Risk Score	5.8	5.5
Fragility Score	15.6	17.1
Diameter[22]	6	6
Articulation Points	0	1

Source: Bank of Jamaica

[18] The higher volatility in the securities dealers' NOP during the pandemic is largely attributable to the actions of a few large players in the market and is reflective of portfolio adjustments to meet client needs.

[19] The increase in Oct 2020 was mainly attributable to an entity affiliated to a DTI group holding a significant amount of "Other currency" assets

[20] Network Metrics (reciprocity, density, systemic and fragility score, diameter and articulation points) are based on a network without foreign transactions.

[21] Network Metrics as at March 2021 include DTIs and the ten main SDs.

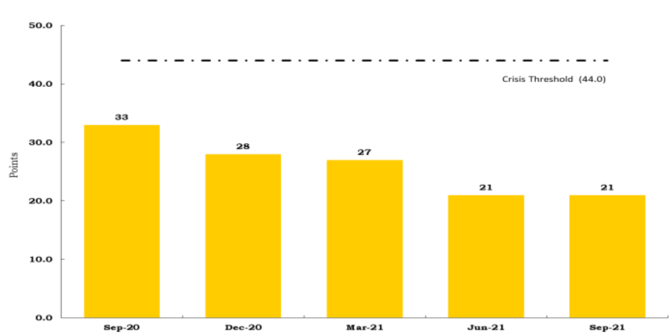
[22] Diameter indicates the "speed" of contagion, the more institutions on the diameter the slower the "speed" of contagion.

Objective 5 – Strengthen the resilience of the financial system

5.1 There was a marginal reduction in financial institutions' earnings and profitability for the September 2021 quarter. DTIs' and securities dealers' return on assets (ROA) both decreased to 0.6 per cent for the September 2021 quarter, relative to 0.9 per cent for the two sub-sectors for the June 2021 quarter. These outturns were primarily due to lower growth in profits, relative to growth in assets.

5.2 Aggregate measures of financial stability in Jamaica showed mixed results for the September 2021 quarter. The macro-financial index (MaFI) was unchanged at 21.0 points for the September 2021 quarter. There was increased volatility in inflation, moving to a signal of 5.0 points at September 2021, from no signal at June 2021. However, this result was offset by reduced signals from the exchange rate and private sector credit. (see Chart 5.0).

Chart 5.0 Macro-Financial Index[23]



Source: Bank of Jamaica

[23] The MaFI is a signal-based index computed using scores for indicators based on the number of standard deviations of each indicator from its 'tranquil period' mean value. The tranquil period for both indices spans the period March 2002 to March 2003. The scores range from 0 to 5 with a score of 5 representing the most severe signal. The higher the aggregate score, the more severe the signal.

Stress Test Findings:

5.3 Stress test results for a range of shocks to DTIs' balance sheets showed that DTIs' susceptibility to interest rate shocks improved, largely due to strengthened capital positions.

5.4 Based on data at end-September 2021, stress test results for securities dealers indicated that this sub-sector was generally resilient to foreign exchange and liquidity risk shocks.

5.5 Reverse stress tests showed that, as it relates to credit risk, an increase of 112.0 per cent in non-performing loans would be necessary for the first DTI to fall below the prudential CAR benchmark at end-October 2021, compared to an increase of 178.0 per cent at end-July 2021. Securities dealers' liquidity stress test results at end-September 2021 showed that it would take a 30.0 per cent decline in repo liabilities for the CAR of the first securities dealer to fall below the 10.0 per cent CAR benchmark.

Outlook

6.1 Jamaica's economic activity continues to recover and is estimated to have grown by 5.8 per cent for the September 2021 quarter. For FY2021/2022, real GDP is anticipated to recover by 7.0 – 10.0 per cent. The key drivers of this rebound are expected to be tourism and related sectors, driven largely by increasing foreign national arrivals.

6.2 In the context of this recovery, financial soundness indicators have remained robust. In addition, stress tests suggest that the financial sector remains largely resilient to the contemplated tail events.

6.3 However, uncertainties remain concerning the duration of the COVID-19 pandemic and the potential impact on the debt servicing capacity of households and businesses. The current phase of inflation in Jamaica and globally, accompanied by monetary tightening, also presents some uncertainties, albeit manageable, for the financial system.

Appendix

Table 1.0 Select Financial Soundness Indicators

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Oct-21	Nov-21
Asset to GDP (%)							
DTI	100.64	102.89	106.91	105.42	104.37	113.60	108.40
SDs	33.49	35.21	36.18	35.64	35.70	n/a	n/a
LIs	18.11	18.67	19.08	18.35	17.99	n/a	n/a
GIs	4.75	4.67	4.65	5.13	4.92	n/a	n/a
Capital Adequacy (%)							
DTI (CAR)	14.23	14.31	14.33	14.26	14.35	14.37	14.09
SDs (CAR)	22.37	22.33	21.77	19.82	21.64	n/a	n/a
LIs (MCSSR)	207.21	214.63	214.98	204.97	210.77	n/a	n/a
GIs (MCT)	263.14	281.14	266.41	277.37	276.73	n/a	n/a
ROA (%)							
DTI	0.27	0.56	0.36	0.89	0.62	0.05	0.03
SDs	0.91	0.74	0.63	0.87	0.62	n/a	n/a
LIs	4.73	3.42	1.31	1.23	2.66	n/a	n/a
GIs	0.63	0.65	0.38	0.63	0.40	n/a	n/a
Liquidity (%)							
DTIs Liquidity Coverage Ratio (LCR)	204.43	211.33	211.78	258.20	259.20	253.97	249.89
DTIs (liquid assets to short term liabilities)	28.14	30.54	28.56	28.19	28.34	n/a	n/a
SDs (liquid assets to total assets)	15.59	14.63	14.89	13.99	15.33	n/a	n/a
LIs (liquid assets to total liabilities)	23.39	21.08	23.52	22.67	22.17	n/a	n/a
GIs (liquid assets to total liabilities)	64.68	63.86	65.16	65.56	64.81	n/a	n/a
Non-Performing Loans to Total Loans (%)							
DTIs	2.65	2.84	2.89	2.90	2.99	2.95	2.95
SDs	0.00	2.40	2.60	2.50	1.37	n/a	n/a
Past Due Loans to Total Loans (%)							
DTIs	4.85	2.99	3.36	3.74	2.99	4.73	4.08

NB: DTIs ROA for October 2021 and November 2021 represents monthly calculations and not quarterly as represented prior.

Source: Bank of Jamaica and Financial Services Commission

Heat Maps of Core Indicators

The below tables provide the values over time of core indicators associated with macro-prudential assessment objectives. Each indicator is ranked according to five percentiles based on the empirical distribution of historical values. Each percentile is shaded according to the below key.

0 – 20%, 21% – 40%, 41% – 60%, 61% – 80%, 81% – 100%

Objective 1: Core indicators associated asset price and credit boom-bust cycles

			Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Objective 1: Mitigate and prevent excessive credit growth and leverage	**Credit-to-GDP measures** [1/]	DTI private credit-to-GDP gap	5.01	7.52	8.07	8.13	7.53	6.37
		Total credit-to-GDP gap	4.92	7.45	8.12	8.18	7.55	6.32
	Credit Indicators: year-on-year growth (%)	Total Credit	12.44	11.15	10.05	6.83	6.83	7.08
		DTI Credit to Households	10.48	9.66	8.71	5.06	6.40	4.80
		DTI Credit to Non-financial Corporates	15.12	13.78	11.98	10.44	5.36	1.74
	Leverage 2/	DTI	684.38	716.62	702.72	709.42	710.89	737.13
		SDs	708.75	650.39	612.68	638.61	594.53	571.96
		LIs	300.90	309.84	301.99	297.12	297.00	269.28
		GIs	456.21	440.14	317.96	293.74	306.52	298.63

[1/] Total credit is DTI credit plus public sector credit (gross loans to public sector)

[2/] Leverage = (total financial assets) / equity

Objective 2: Core indicators associated with the intermediation of funds

			Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Objective 2: Mitigate and prevent excessive maturity mismatches and market illiquidity	Cumulative Maturity Gap to Total Assets (%)	DTIs - up to 30 days	-42.71	-38.24	-40.26	-40.36	-41.32	-40.04
		DTIs - up to 90 days	-44.96	-42.23	-42.92	-44.02	-45.90	-45.23
		DTIs - up to 365 days	-44.36	-43.73	-44.87	-44.42	-45.92	-44.29
		SDs - up to 30 days	-16.01	-9.11	-13.79	-15.86	-14.82	-11.16
		SDs - up to 90 days	-30.35	-24.93	-28.82	-31.38	-28.48	-24.26
		SDs - up to 365 days	-37.28	-31.06	-32.74	-31.82	-33.73	-27.85
	Maturity Transformation (%)[1/]	DTI - MT1	43.35	42.84	44.24	45.42	43.78	43.71
		SDs - MT1	38.77	35.28	33.53	31.14	36.03	31.71
		LIs - MT1	11.68	9.31	3.07	2.16	2.75	2.12
		GIs - MT1	-11.12	-11.81	-15.36	-12.51	-11.68	-11.13
	Liquidity Transformation (%)[2/]	DTI - LT3	281.91	286.00	265.37	292.44	281.72	280.18
		SDs - LT3	193.07	173.47	193.14	183.13	199.27	167.46
		LIs - LT3	107.74	46.68	74.28	86.97	88.60	169.50
		GIs - LT3	64.65	61.61	128.32	123.72	138.47	122.59

[1/] MT1 = (long term assets - long term liabilities - nonredeemable equity) / total financial assets
[2/] LT3 = short term liabilities [≤ 30 days] / liquid assets [broad]

Objective 3: Core indicators associated with exposure concentrations

			Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Objective 3: Limit direct and indirect exposure concentrations	Exposure to Financial Markets (%)	Composite Indicator of Systemic Stress	0.34	0.38	0.39	0.38	0.32	0.29
		DTIs - Net open position to capital	-14.63	-23.10	-26.02	-23.94	-21.47	-26.78
		Securities Dealers - Net open position to capital	7.75	46.87	7.75	-2.96	19.14	9.16
	Exposure to Sovereign Risk (%)	DTIs - Public Sector Debt to total assets	9.40	9.65	10.11	9.88	9.72	10.00
		Securities Dealers - Public Sector Debt to total assets	16.05	14.98	14.63	15.47	15.14	15.27
		Insurance Companies - Public Sector Debt to total assets	37.78	37.48	24.39	36.47	35.29	35.62
	Exposure to Households and Corporates (%)	Household debt to GDP	31.72	34.62	35.66	36.85	38.44	37.29
		Household Net Financial Position to GDP	20.05	24.75	25.60	36.65	38.97	36.54
		Corporate debt to GDP	14.00	15.26	15.90	20.22	20.67	19.65
		Corporate Net Financial Position to GDP	5.44	7.72	8.03	4.14	4.79	4.67
	Exposure to Real Estate (%)	DTIs - Mortgages to Assets	10.94	10.77	11.14	11.26	11.19	11.31

Objective 4 Core indicators associated with systemic importance and interconnectedness

			Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Objective 4: Limit the impact of interconnectedness, systemic importance and misaligned incentives	Systemically Important Financial Institutions (SIFIs)	Total SIFI group assets to total system assets	64.37	67.90	66.58	76.95	77.26	76.87
	Non-Deposit Taking Financial Institution (NDTFIs)	NDTFIs asset share to total system assets	36.50	35.89	36.27	35.98	35.93	35.96
	Dollarization Indicators (%)	FX investment holdings to total investment - SDs	54.87	55.77	55.95	53.35	55.98	53.14
		FX loan & investment holdings to total investment - DTIs	32.14	30.82	30.44	31.97	31.73	30.83
		FX deposits to total deposits - DTIs	39.41	39.42	38.65	38.50	38.90	38.82

Objective 5 Core indicators associated with resilience of financial institutions and the macro-financial environment.

			Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Objective 5: Strengthen the resilience of the financial system & infrastructure	**Composite Indices**	Macro-Financial Index	34.00	34.00	34.00	22.00	21.00	21.00
		Micro-Prudential Index - DTIs	27.00	25.00	23.00	26.00	21.00	26.00
		Banking Stability Index	-0.23	-0.01	0.35	-0.11	0.41	0.39
		Aggregate Financial Stability Index	0.46	0.55	0.50	0.58	0.60	0.54

[1/] The interest stress test scenario applies interest rate increases of 1100 bps/ 100 bps & 275 bps/ 15 bps on domestic and foreign rate sensitive assets.