



PRESS RELEASE

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Labuan IBFC's Performance 2018:

Growth Driven by Continued Uptick in Non-Resident Business; Entrenching Centre's role as Asia's Financial Intermediation Centre

- *12.5% growth in company incorporation*
- *11.5% growth in trust and corporate service providers servicing Labuan IBFC's business*
- *19.1% growth in insurance premiums written, 64.7% of which was foreign business*

Labuan, 25th March: The inaugural Market Report 2018 issued by the Labuan International Business and Financial Centre (Labuan IBFC) highlighted the Centre's continued growth with non-resident businesses driving the expansion in business conducted via the centre. Fuelled by robust business policies, the expansion and deepening of Labuan IBFC's intermediation role enabled Asian businesses to continue tapping into opportunities in the region.

The overarching growth in 2018 underscores Labuan IBFC's growing prominence as a regional financial hub, facilitating intra-Asian trade, investments and asset intermediation. Notable achievements in Labuan IBFC's business sectors in 2018 included:

- New company incorporation registered double-digit growth of 12.5% or 1,059 incorporations, mainly from the Far East region, with a majority from Japan, China and South Korea.
- Increased company incorporation boosted the growth of trust and corporate service providers, with a total of 58 trust companies, including the granting of six new licenses – an increase of 11.5% year on year providing value-added services to Labuan corporate entities and expanding the reach of Labuan IBFC across Asia.

- Labuan insurance sector remained strong with total gross written premiums posting a significant increase to USD1.7 billion, rising 19.1% from the previous year. Foreign insurance business accounted for 64.7% of the total premiums underwritten.
- The captive insurance business continued its growth in 2018, with total gross premium up by 11% to USD400.5 million; with 67.4% of premiums from foreign business. Six new captives were set up in 2018, all of which were Asian based.
- Labuan's banking sector maintained its business momentum with a steady level of earnings, positive liquidity and quality assets. The total assets increased by 8.4% to USD55 billion, while total loans rose by 19.1% to USD33.2 billion. Loans granted to non-residents accounted for 59.7%, with most from the Asia Pacific region.
- Islamic banking business also continued to grow in financing and customer deposits, with total assets up by 2.4% to USD3.2 billion, and total financing up by 8.4% from USD2.7 billion.
- The Labuan international commodity trading companies (LITCs) performed well in tandem with global oil prices recovery in 2018. This led to a significant improvement in the sector's profitability by 63.2% to USD1.2 billion. For 2018, the operating LITCs spent a total expenditure of USD177 million domestically, which is in line with the requirement on minimum annual business spending in Malaysia.
- Leasing companies rationalised their business operations in 2018 to comply with the global change in economic substance requirements. Despite this, the cumulative value of assets leased expanded by 10.2% to USD53.8 billion with oil and gas and aviation sectors contributing 61.3% and 37.9%, respectively, of the total assets leased.
- The Centre saw many FinTech start-ups establishing innovative financial services-related businesses in 2018; offering a ready suite of structures and solutions in the areas of money broking, capital market and wealth management business.
- A strong outlook in the Asian wealth management sector presented opportunities for Labuan IBFC's service providers to continue to offer wealth management solutions in the form of Labuan trusts and foundations, for private or charitable purposes. In 2018, 38 new foundations were registered, bringing the total number of active foundations to 162: this represents an increase of 31% in new registration. The total number of registered trusts in 2018 stood at 14.

The results show that despite challenges and changes in global operating environment, investors' trust and confidence in Labuan IBFC remains intact; and moving forward the Labuan IBFC is expected to benefit from international regulatory changes introduced to ensure substance and transparency in all cross-border transactions.

Labuan Financial Services Authority

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ABOUT LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE

Labuan IBFC offers a wide range of business and investment structures to facilitate cross-border transactions, business dealings and wealth management needs. Strategically located in the heart of Asia Pacific, Labuan IBFC is well positioned to tap into one of the fastest growing regions in the world, presenting the perfect opportunity for businesses seeking to connect with Asia's economies and beyond. Its business-friendly environment is well-supported by a robust, modern and internationally-recognised legal framework enforced by its regulator, Labuan Financial Services Authority (Labuan FSA).