

# **LABUAN IBFC INDUSTRY PERFORMANCE 2018**

**25 March 2019**



# 28-year journey: Trust and Confidence remained in Labuan IBFC

01

**Evolving with international business landscape and regulatory changes**

02

**Adopted midshore approach to combine regulatory upscaling with business dynamism**

03

**Ensure sustainability by undertaking strategic transformation**

04

**Greater contribution to regional business growth**

# Key Highlights in 2018



- Double-digit growth of **12.5%** in new company incorporations
- Labuan IBFC remains in the radar of Far Eastern investors - Japan, China and South Korea



- Foreign insurance business – major source of six-year high for gross premiums underwritten
- ✓ **19.1%** growth in gross premiums
- ✓ **67.4%** of captive premiums derived from out-out business



- Lending activities by banks recorded historical high
- ✓ **19.1%** growth in loans
- ✓ **14.6%** growth in total deposits



- Recovery of oil prices spur commodity trading and leasing activities
- ✓ **40.4%** growth in LITCs' revenue
- ✓ **88.6%** growth in new leased assets value



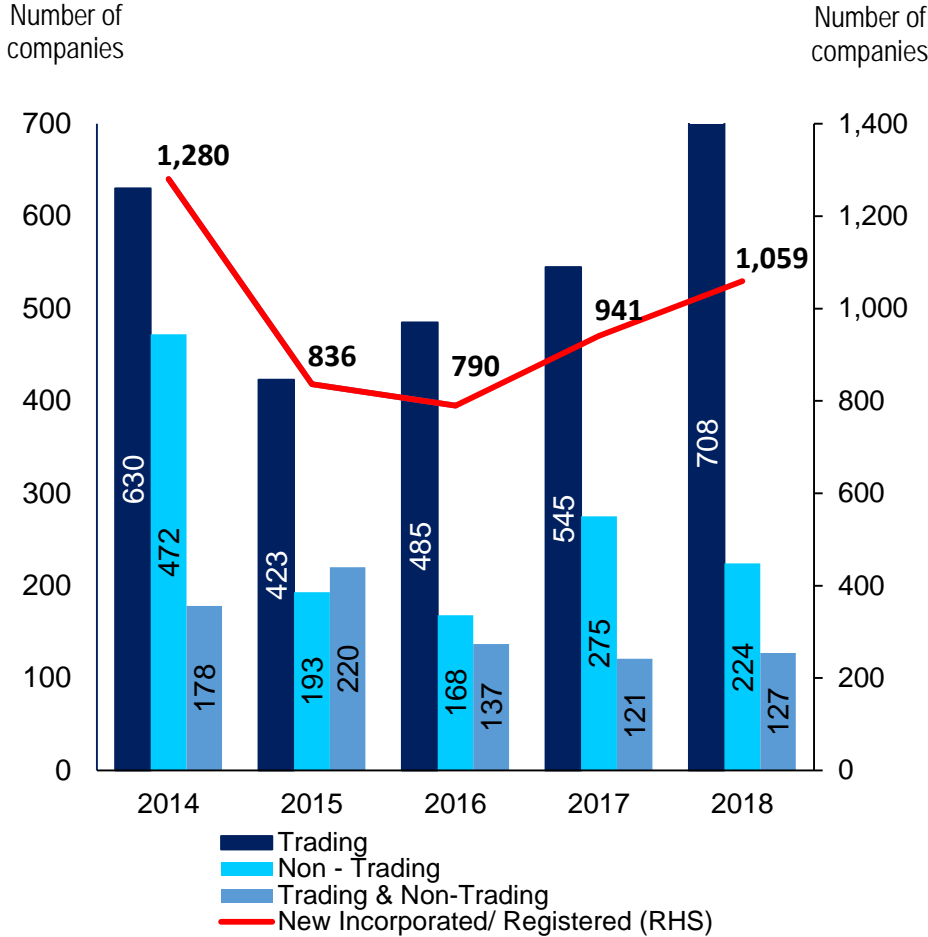
- Digital market - hybridisation of FinTech solutions and conventional financial products to create more innovative offerings
- Digital exchanges, securities token, payment system, robo-advisors

# Labuan IBFC Sectoral Business Performance 2018

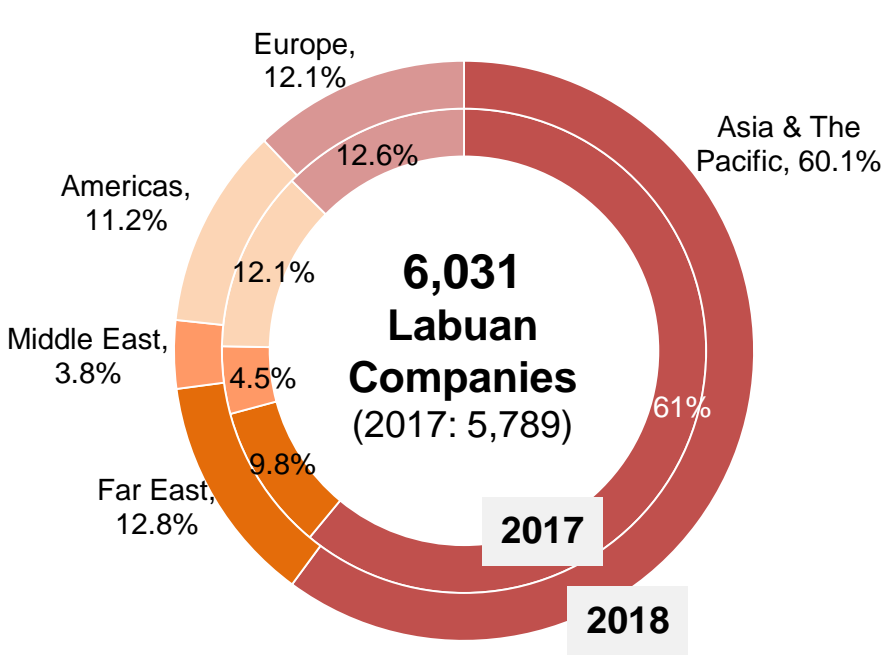


# Labuan companies continued the growing trend

Newly Registered Companies

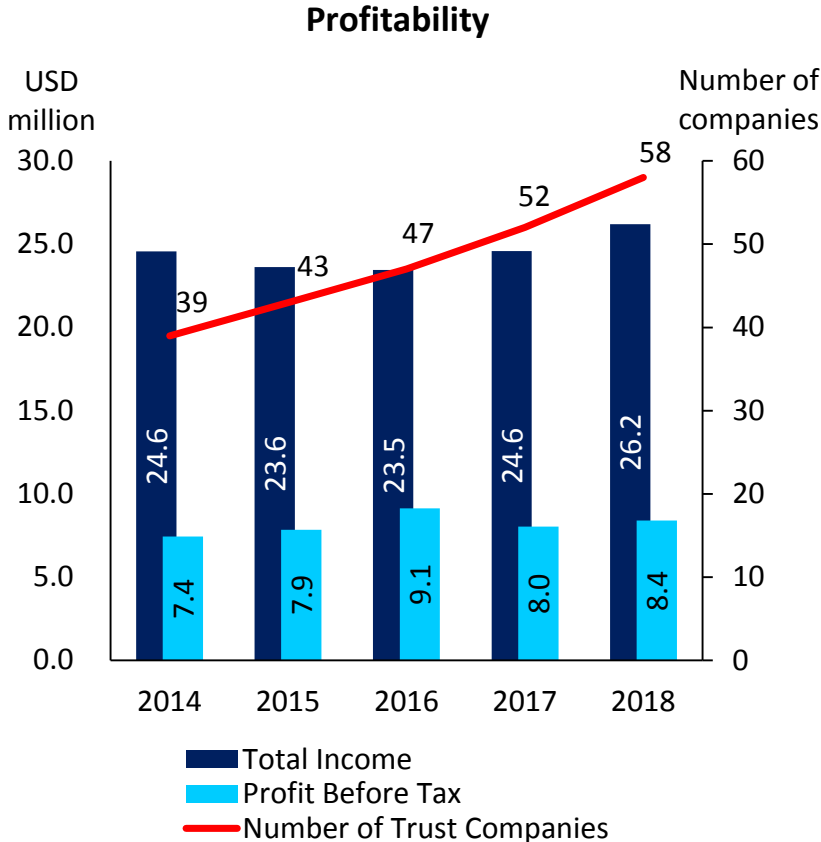


Origin of Labuan Companies

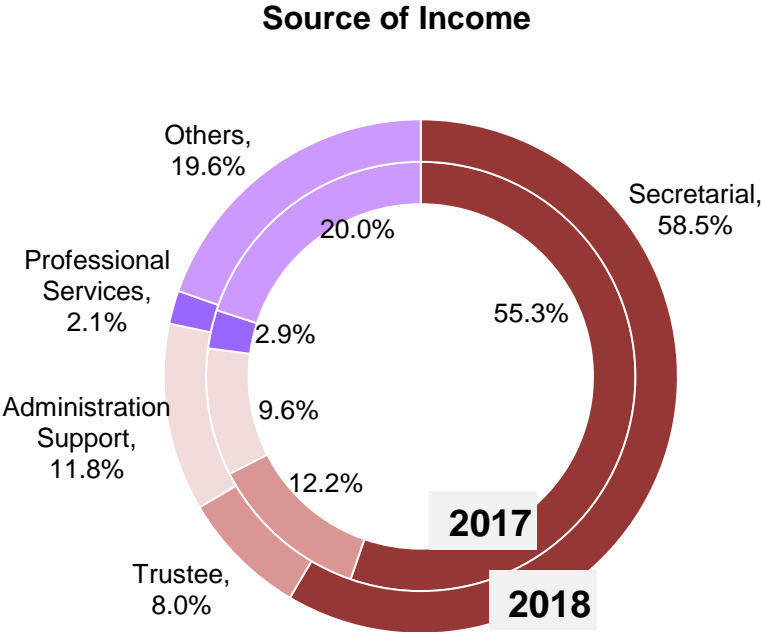


# Trust companies positioned to expand service offerings

## Profitability trend improved

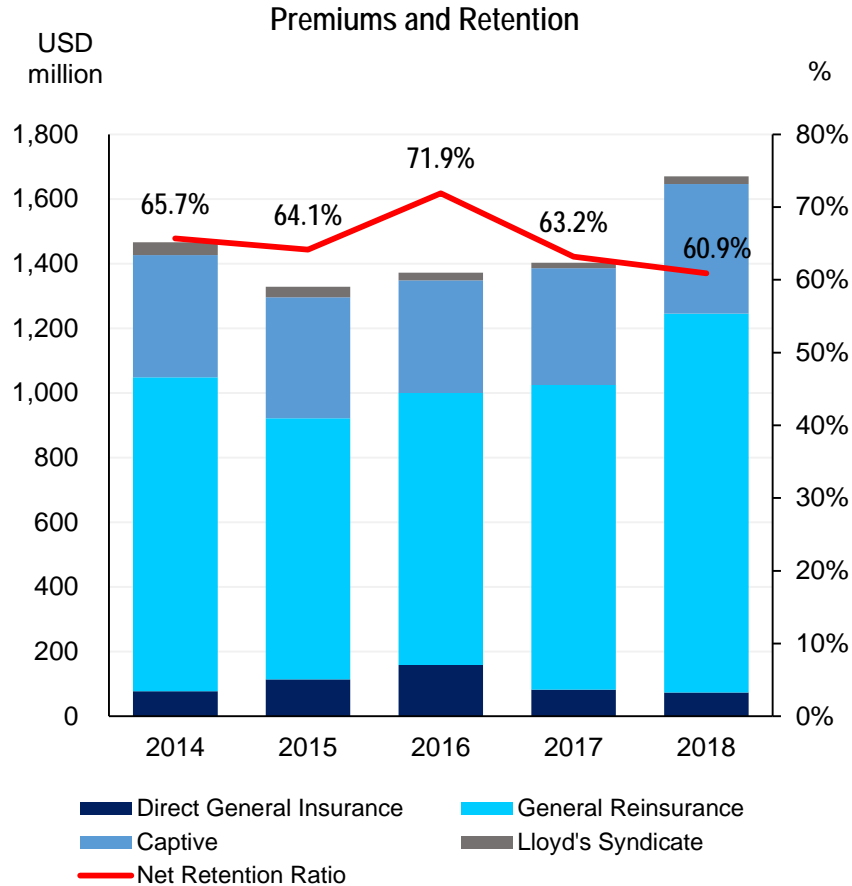


## Main source of income from secretarial services

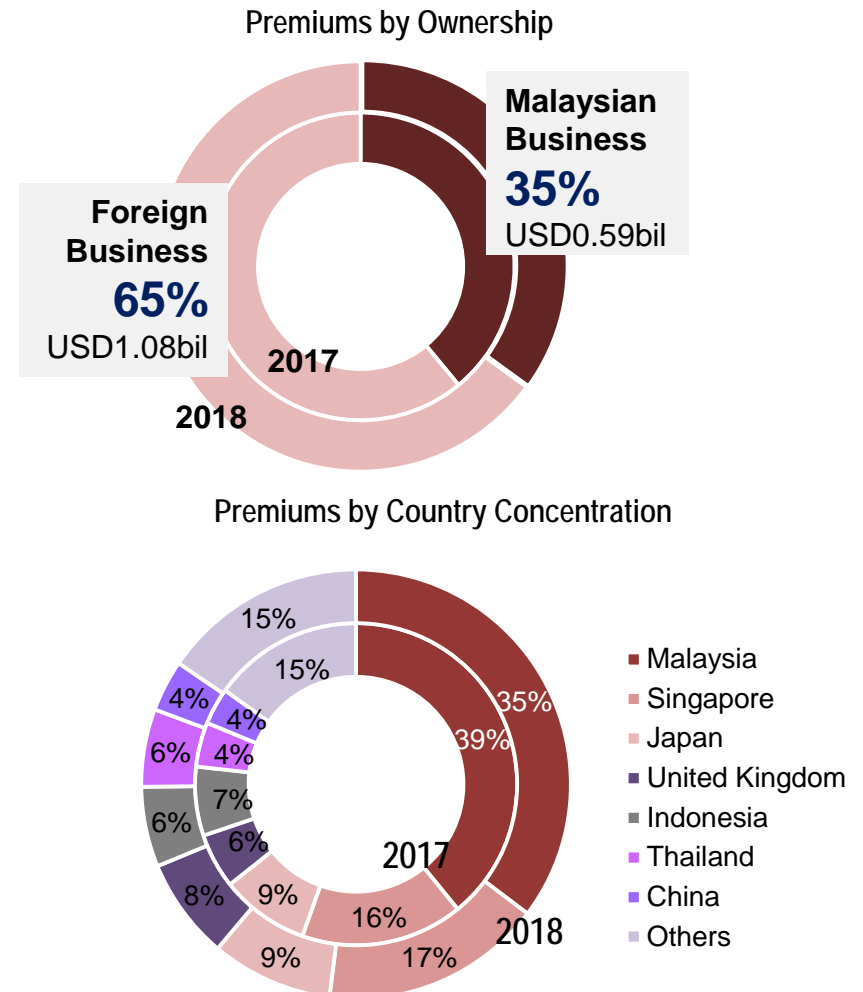


# Insurance premiums at a six-year high

Driven by significant growth in reinsurance sector



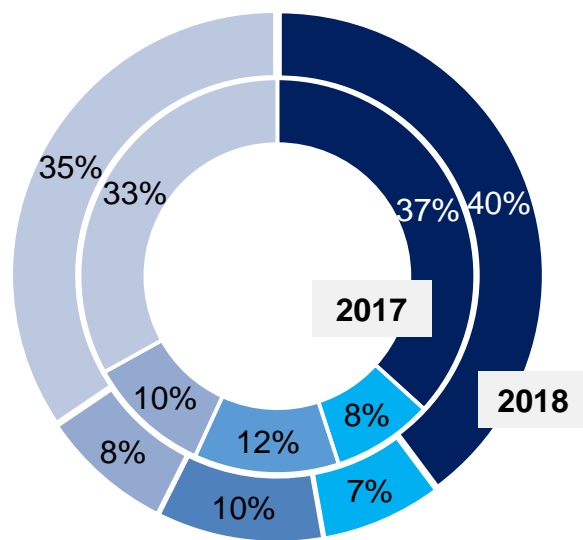
Largely contributed by ASEAN markets



# Insurance profitability remained strong despite higher claims experience

## Fire business remained the largest sub-sector

Premiums by Sector



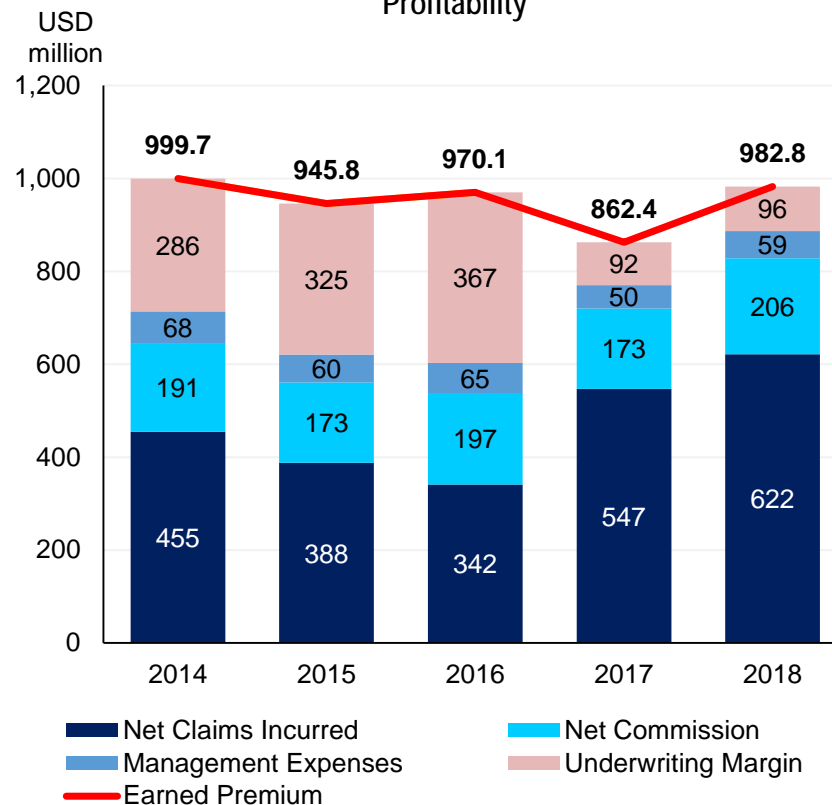
■ Fire ■ Marine ■ Engineering ■ Motors ■ Misc.

## (Re)takaful Business

- Total Gross Contribution: +4.4% to USD95.9 mil
- Underwriting Margin: Improved from underwriting losses USD1mil to profit USD26.2 mil

## Higher claims narrowed underwriting margin growth

Profitability

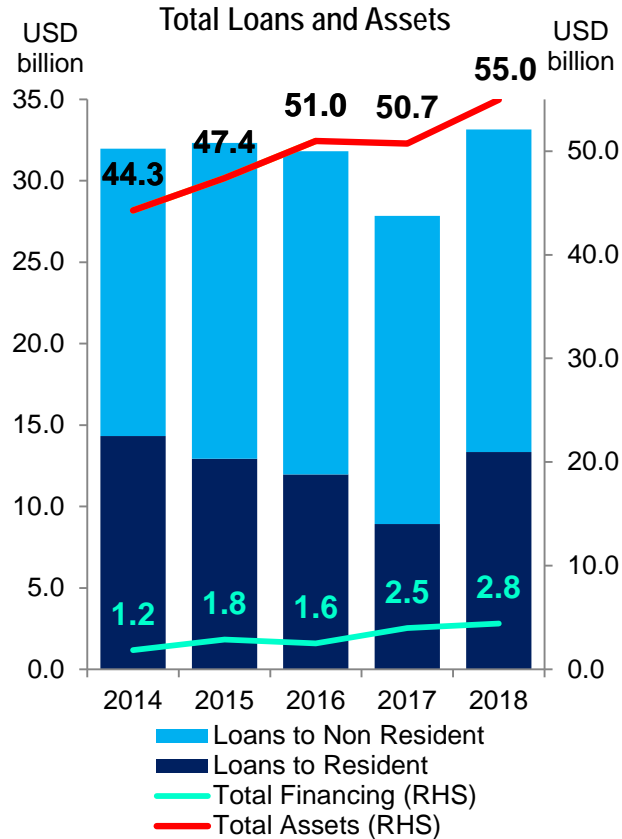


■ Net Claims Incurred ■ Management Expenses ■ Net Commission ■ Underwriting Margin  
 — Earned Premium



# Banking sector maintained its business momentum

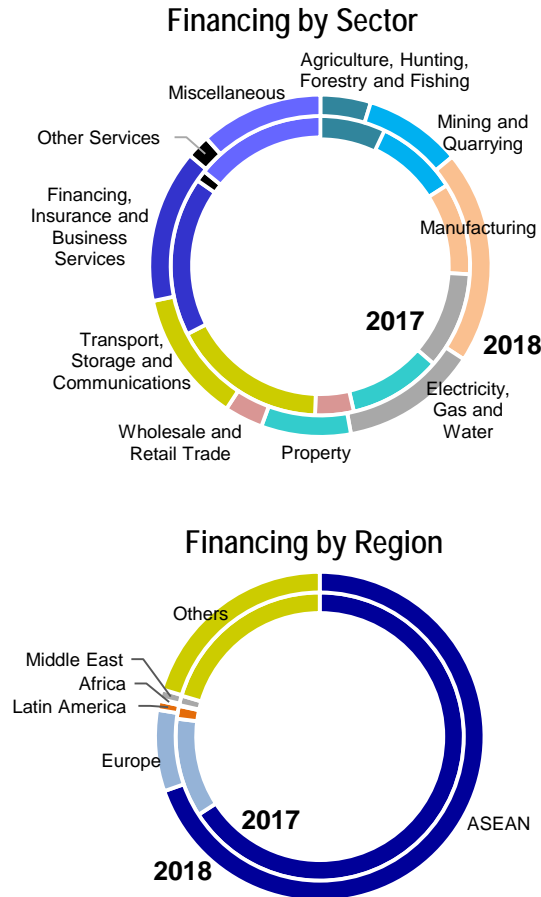
## Driven by lending to residents



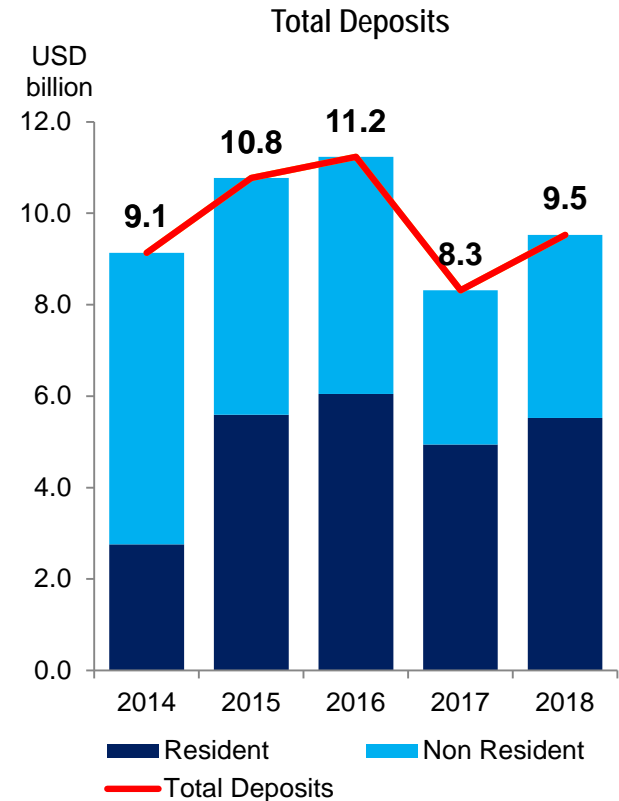
## Islamic Business

- Financing: +8.4% to USD2.7 bil
- Deposits: +10% to USD212.7 mil
- Assets: +2.4% to USD3.2 bil

## Predominantly to oil and gas related sector



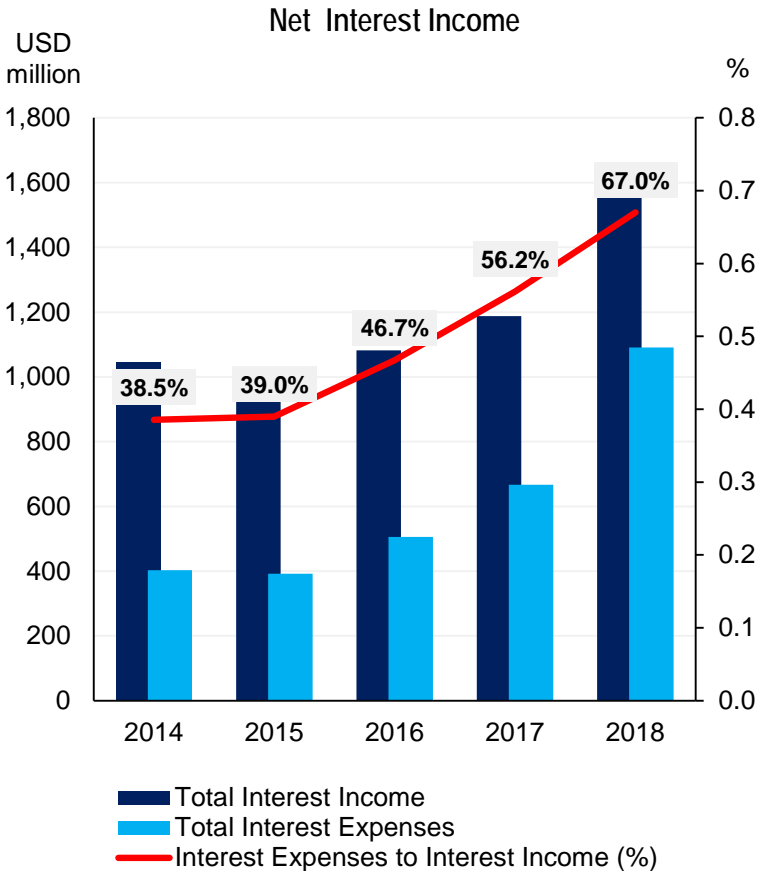
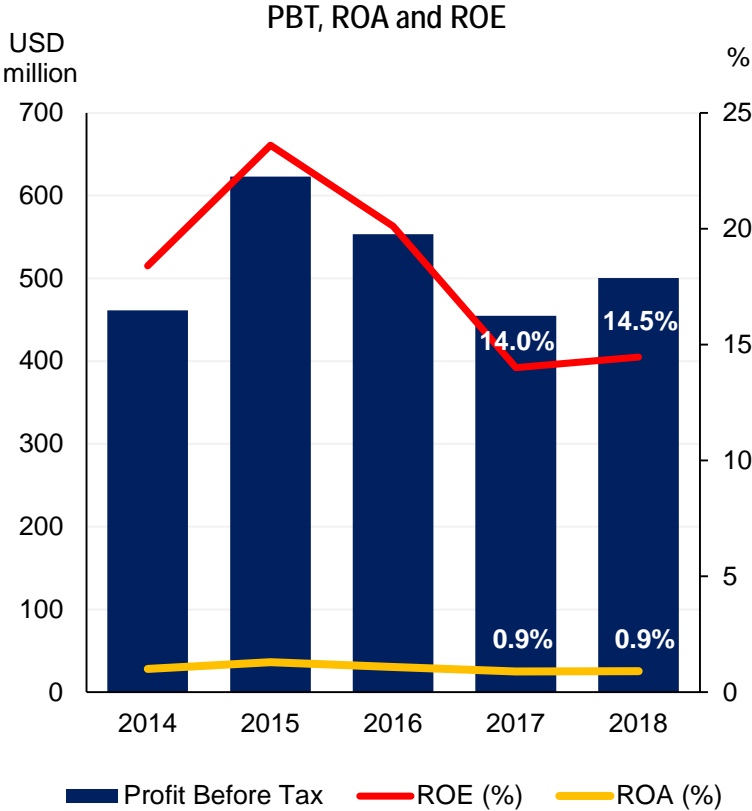
## Growth in deposits, however funding still primarily supported by Head Office



# Banks profit margin reduced due to high interest expense

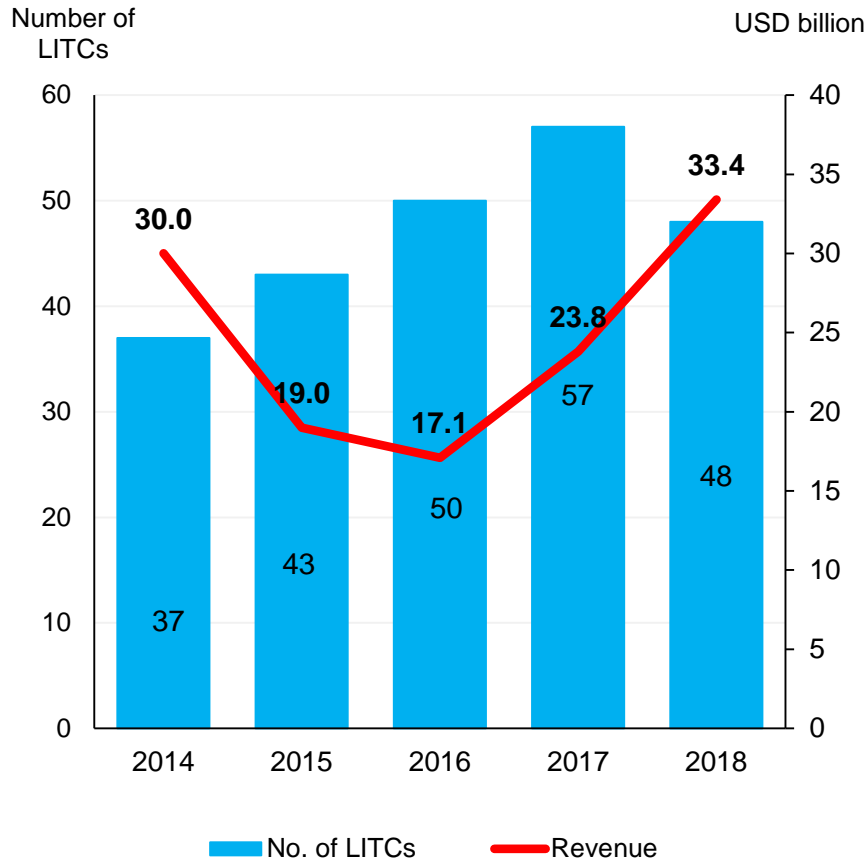
Slower growth in PBT due to higher interest expenses and trading losses

Interest expenses to interest income ratio grew significantly over the last 5 years

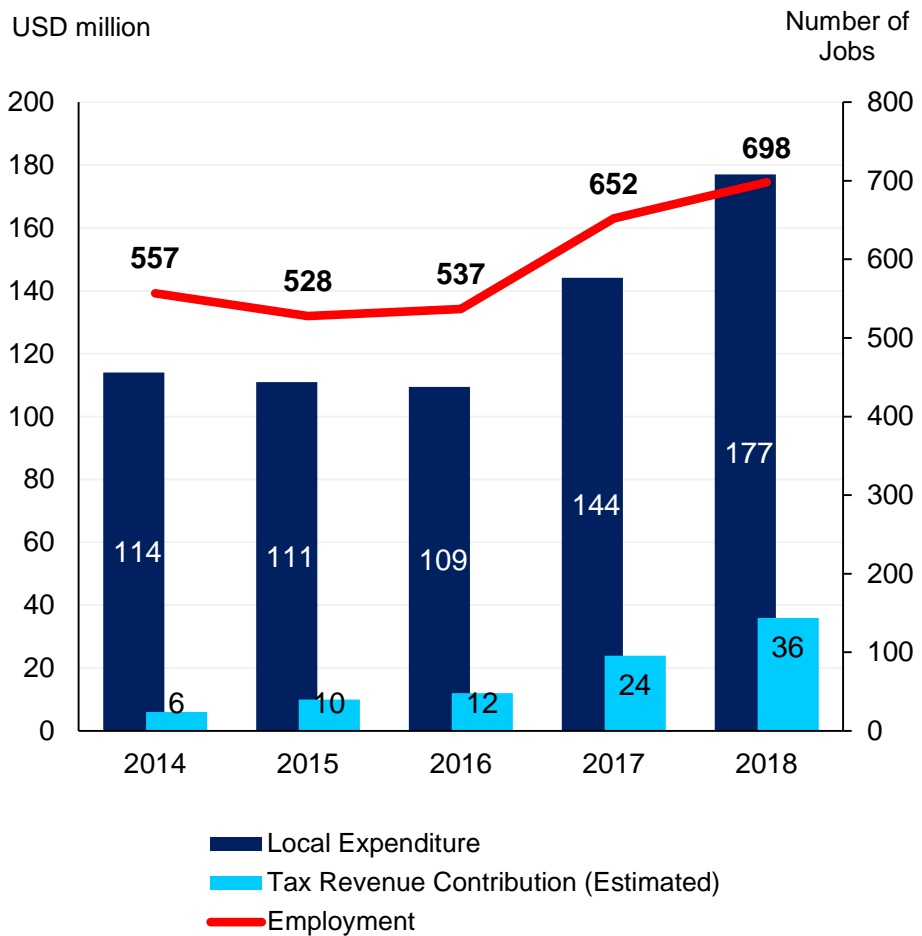


# Labuan international commodity trading expanded in tandem with oil prices recovery

### Total Revenue

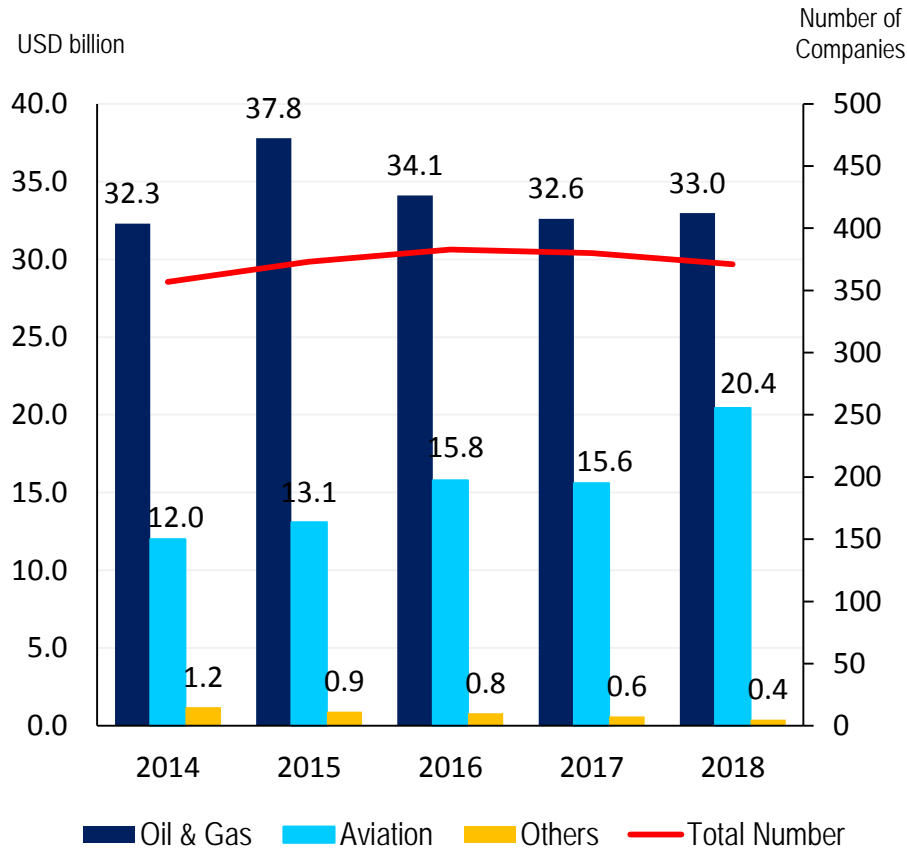


### Local Spending and Employment

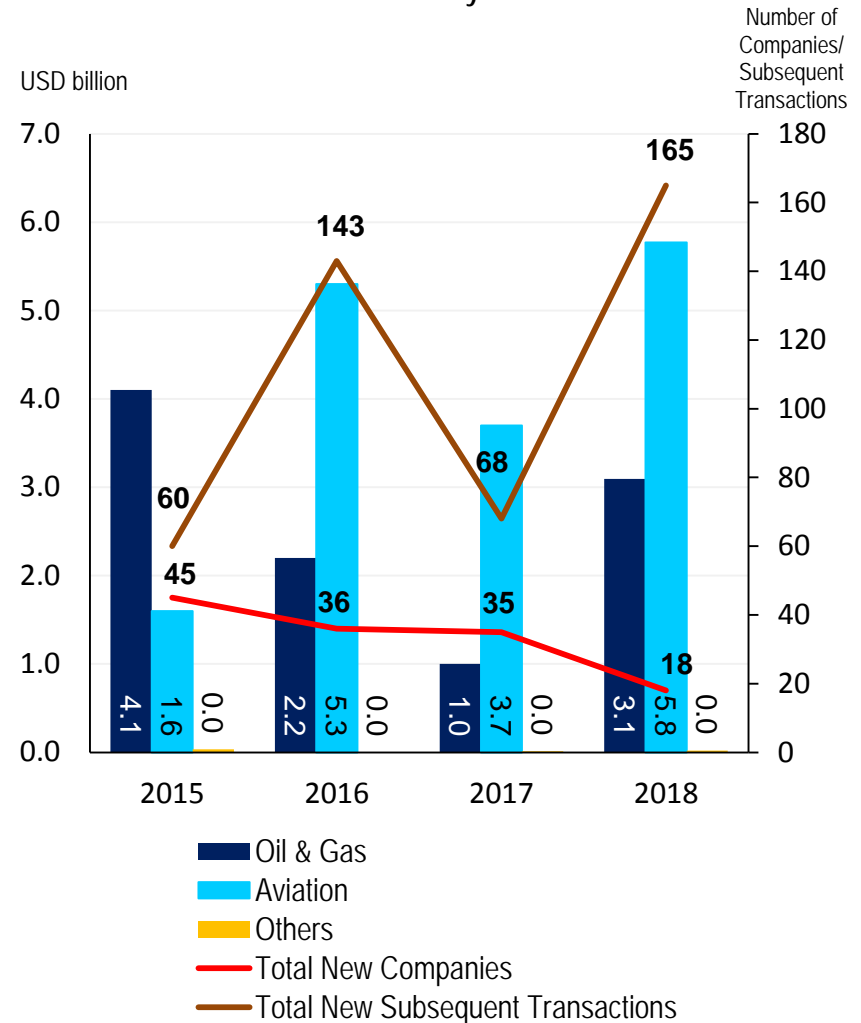


# Leasing market rationalising under the new Labuan Tax Framework

## Leasing Companies and Leased Assets by Sectors



## New Lease Assets by sectors



# Emerging businesses continued to draw regional investors especially FinTech-based business solutions

## Money Broking

- 9 new money brokers (2017: 7)
- Of the total 35, 37.1% are from Far East region, mainly from Japan and Hong Kong
- Digitised platform to improve clients trade experience and further expand on product range
- Circular on Innovative Financial Services in Labuan IBFC was issued to facilitate FinTech-related business

## Capital Market

### Private Fund

- 10 new private funds (2017: 10)
- USD0.9bil approved fund size mostly served as investment vehicles for infrastructure projects in ASEAN region

### Intermediaries

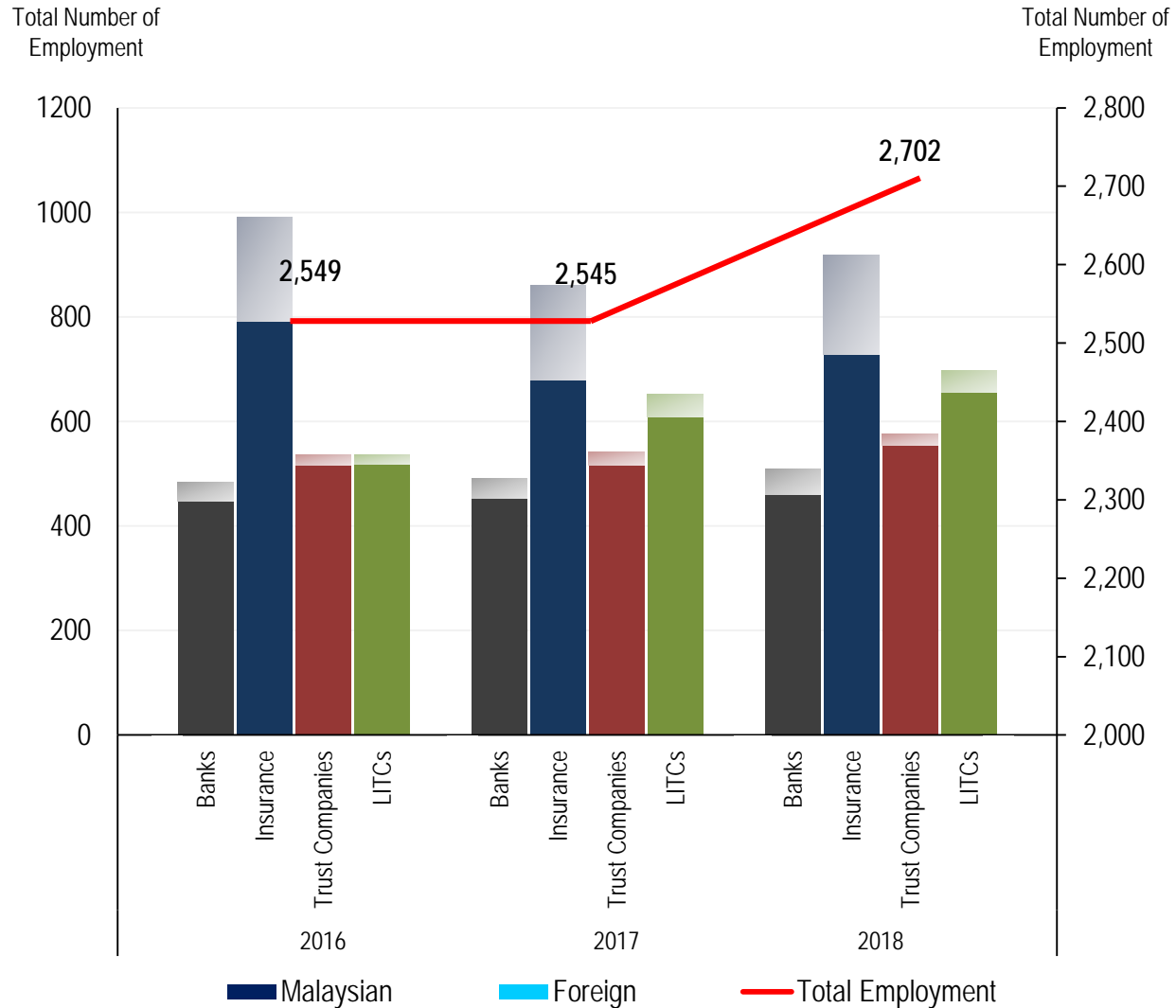
- FinTech help to deliver innovative solutions with cost efficiency for better investment decisions



## Wealth Management

- 38 new foundations (2017: 29)
- Of total 162, 31 are Charitable and 131 are Non-Charitable Foundations
- Mainly from Asia & the Pacific region
- 105 Labuan trusts: 14 registered and 91 unregistered

# Employment across key industries



# Key strategies moving forward

## EMBRACE TECHNOLOGICAL-BASED SOLUTIONS

Attract new players and enhance products offerings

01

## STRENGTHEN SUBSTANCE FOR BUSINESSES

Leveraging on substance requirements

02

## UPSCALE SUPERVISION AND ENFORCEMENT

Enhance supervisory and regulatory functions for market stability, business confidence and reputation

03

Reputable  
Sustainable

