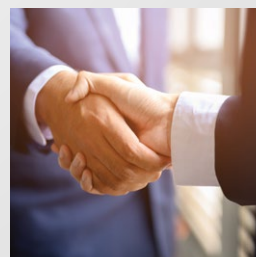
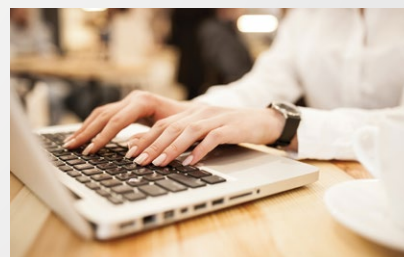
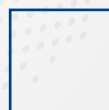


LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE



MARKET REPORT 2022

WHAT'S INSIDE



Scan the QR code to view our Market Report 2022 online version.

BANKING

07

BOX ARTICLE 1:

Islamic Digital Asset Centre -
*Pioneering New Asset Class,
Players and Infrastructure*

15

INSURANCE

18

INTERNATIONAL COMMODITY TRADING

37

LEASING

40





COMPANIES

04

BOX ARTICLE 2:
Labuan Insurance Capital
Adequacy Framework -
*Transforming into A
Risk-discerning Market*

27

TRUST COMPANIES

31

BOX ARTICLE 3:
Ten Decades of Existence -
Captive is Still Relevant

34

WEALTH MANAGEMENT

43

DIGITAL MARKET

45



BOX ARTICLE 4:
ESG -
*Catalysing Asia's Sustainability
via Labuan IBFC*

48

CAPITAL MARKET

53

FINANCIAL EXCHANGE

56

2022: YEAR IN REVIEW

The year 2022 started on an upbeat note in global recovery after two years of navigating through pandemic-related disruptions and uncertainties. Economic activities had gained pace fuelled by wider deployment of vaccination, reopening of borders and unlocking mobility. At the same time, the optimism for economic recovery was further boosted by supportive policies pursued by many countries, including a range of pro-growth measures and wide-spread embracement of digitisation in business and financial sector. This positive impetus heralded optimism for a return to pre-pandemic trends in the short term which augured well for the international financial environment.

As the year progressed, the world economy nevertheless was simultaneously faced with several macroeconomic challenges and geopolitical conflicts, confronted with global supply-chain disruptions, higher global fuel prices, rising inflation and shadow of a global recession. The persistent and broadening pressures triggered many economies to take a reversal in their policy decision in order to contain inflationary pressures. Policy trade-offs exacerbated fragilities in the financial industry and dampened investors' confidence. The elevating geopolitical instability and lingering pandemic risks also led to intensified volatility in the international financial system which brought with it concerns on the sustainability of the global economic recovery.

While the global environment continued to be characterised by shifting dynamics in the economic and policy landscape, Labuan IBFC was progressively emerging from pandemic-associated repercussions and acclimatising to the new reality. The Labuan financial services industry had demonstrated its ability to navigate the unprecedented levels of uncertainty with remarkable resilience and adaptability. Businesses were being manoeuvred beyond their conventional modus operandi via embracement of digitisation to drive innovation and enhance operations. The more frictionless operating environment has enabled the players to continue integrating and supporting their growing international client base. Digital advancements have also broadened the current financial alternative solutions, paving ways for greater financial inclusivity. This can be reflected in terms of accessibility and equality of opportunities to financial services towards bringing greater social and business benefits to the wider community.

Notwithstanding the onset of a new wave of uncertainties, Labuan IBFC continued to record encouraging growth across key business sectors that included the key focus sectors of insurance, Islamic finance and digital financial services. The positive momentum reflected the sustained

interest from international institutions and the return of investors' confidence in Labuan IBFC. In particular, interests from other regional-based investors looking for alternative domiciles for their investments in Asia, prominent among them have been institutional investors in the areas of insurance, leasing and commodity trading.

During the year, there has been a surging interest in Labuan's digital market and exchanges especially with more digital financial services providers utilising Labuan as a platform for the provision of innovative digital businesses. This has carved out a niche for Labuan as an efficient, facilitative and innovative centre for virtual asset business. The digital ecosystem, which grew rapidly over the last few years, continued to show encouraging growth and currently encompassed a community of 111 digital financial services providers. Market participants comprised regional and international entities - among others, including digital banks and investment banks, money brokers, credit token issuers, payment system operators, exchanges and fund managers.

While prevailing hard conditions in the traditional commercial insurance market had continued to put upward pressure on premiums and limitations on coverage, Labuan captive insurance formations remained strong. Labuan IBFC is now home to 67 captives and it is also the only jurisdiction in Asia that offers protected cell company (PCC) structure, with 13 PCCs approved to-date. Labuan IBFC's recognition in Europe is certainly growing and over the last few years, there have been significant interests and captive establishments from European entities, some of which have a presence in Asia. The sound regulatory framework, proportionality in prudential requirements and reputation makes Labuan IBFC an ideal "home" for captive insurance to thrive. The Highly Commended Award for International Captive Domicile at the European Captive Review Awards 2022 is a strong testament to Labuan IBFC's increasing prominence as the captive domicile of choice.

As a financial centre at the forefront in Islamic finance, Labuan IBFC is envisaged to play a more significant role as a fundraising and investment hub in the global digital space, with a niche in Environmental, Social and Governance (ESG) and Shariah-compliant activities. Further extending its leadership in Islamic finance, Labuan FSA had unveiled Labuan as an Islamic Digital Asset Centre or IDAC, to serve as a complete digital ecosystem, bringing together technology driven solutions in terms of fundraising and promoting economic development in other sectors within Islamic finance. The IDAC, the first of its kind in the world, will provide the availability of virtual listing using blockchain technology and smart contracts to enable global investors who are looking for new asset classes including ESG and Shariah-compliant investment products, to leverage on Labuan IBFC for raising funds via Securities Token Offering (STO). This potentially positions Labuan as the digital gateway with Islamic finance capabilities for all types of global investors and players.

Coinciding with the creation of the IDAC ecosystem was the launch of the first Labuan Islamic/ESG digital asset exchange and possibly the world's first of such exchange, in 2022. This exchange enables entities especially the small and medium-size enterprises to raise funds cost effectively and tap the ESG and Islamic investors from South East Asia, Middle East and beyond. The assets or commodities that can be digitally securitised or tokenised include gold, property real estate or even carbon credit, via STO to back their fundraising exercise. Global investors who are looking to expand across geographical borders for fundraising, Labuan IBFC is certainly the choice of jurisdiction.

During the year, Labuan IBFC had made important progress in the area of legal enhancement where three Labuan laws governing the financial business and services were enhanced and passed by the Parliament of Malaysia. In particular, the enhancement of the Labuan Companies Act complements the progress achieved in corporate transparency through requirements on disclosure of beneficial ownership information introduced under the anti-money laundering framework. This bodes well for the Centre in maintaining a good reputation in upholding international regulatory and tax standards.

As part of Malaysia, Labuan IBFC has always been party to the international conventions ratified by Malaysia including the commitment to OECD and other multilateral organisations, particularly the anti-money laundering rules that apply to onshore Malaysia, is also applicable to Labuan IBFC. Its regulation and supervision of the financial sector, which meets global standards, has been assessed by the

National Coordinated Committee on Combating Money Laundering or NCC, reinforcing Labuan IBFC as a low risk jurisdiction.

In laying the foundation for a more sustainable financial industry that aligns with international best practice, while being mindful of the Centre's competitive position, Labuan FSA launched the Labuan IBFC 5-year Strategic Roadmap in 2022. The Strategic Roadmap outlines 46 initiatives and priorities to be pursued over short and medium term, which are aimed at:

- 1 Creating greater business sustainability and efficiency with defined niches where specific strategic initiatives are put in place to expand targeted sectors that have growth potential;
- 2 Achieving higher market relevancy and inclusiveness;
- 3 Strengthening and modernising regulatory and supervisory approach to ensure ongoing market stability, certainty and orderliness; and
- 4 Fostering closer synergy and complementing Malaysia's financial markets to ensure continuous economic contribution and relevancy of the Centre to the nation.

WHAT'S AHEAD OF 2023?

As we enter the next phase of the recovery, the financial landscape is expected to remain challenging with a confluence of geopolitical turmoil, soaring inflation, rising interest rates, and high energy prices. The growing prominence of the emerging factors of ESG and digitalisation will potentially have a far-reaching influence on Labuan's appeal as an IBFC moving forward. Specifically, the Strategic Roadmap's initiatives and measures will be actively pursued in the focused areas of captive, insurance, Islamic finance and digitalisation. Labuan FSA will continue to work together with the Labuan IBFC industry and other stakeholders to shape the industry's future for the better.

COMPANIES

4,847
OPERATING
COMPANIES

Easing pandemic control measures accompanied by re-opening of economies had brought normalcy to business activities. New business establishments showed 17% growth in 2022.



Economic recovery in Asia was more apparent in 2022 with incorporation downtrends reversing as compared to COVID-19 pandemic period in the prior two years. This was driven by stronger underlying economic fundamentals with higher consumer spendings, optimistic investment appetite and resumption of physical economic activities. The recovery waves were further boosted by implementation of stimulus policies pursued by many jurisdictions to maintain the economic recovery momentum.

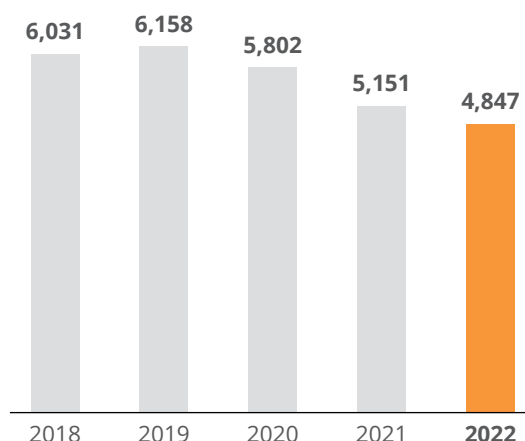
Riding on the improving economic outlook, new incorporations in Labuan IBFC showed double digit growth, which is a contrast to the prior years' declining trend. This reflects the Centre's agility and intensive business promotional activities to capture business potentials. In addition, greater clarity on the economic substance that covers other Labuan trading activities has provided fiscal certainties to investors on Labuan IBFC's tax incentives.

COMPANIES

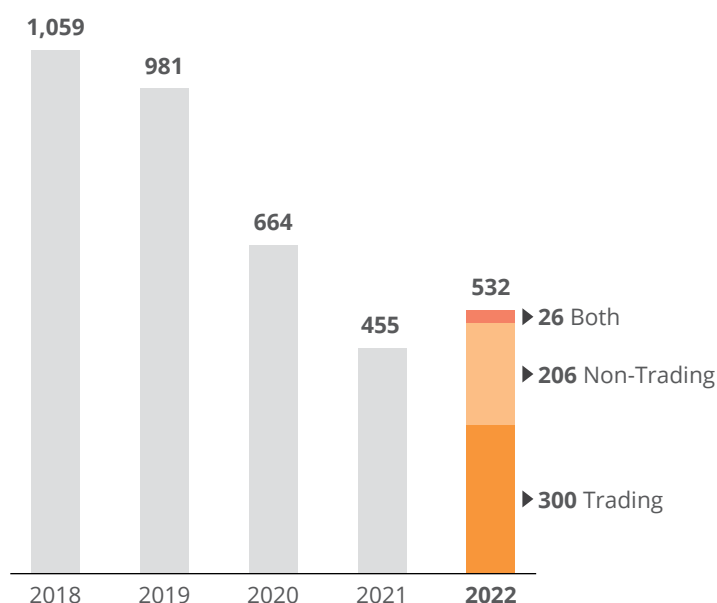
During the year, the Labuan Registrar of Companies had modernised its facilities which included:

- Expanding the scope of the Registrar's e-search engine, the "*Real Time Search of Company Status*" (REEFS) to enable public to access up-to-date corporate information on Labuan trusts and partnerships in the Registry's record. In 2022, REEFS recorded more than 180,000 visitors, a tripling of the prior year's.
- Enhancing the E-Payment platform for annual fees to facilitate USD-denominated payments by the market to Labuan FSA. This serves as an efficient means for businesses to transact with Labuan FSA in settling their statutory financial obligations.
- Ensuring the integrity and resilience of the Registry system, COR@L, through maintaining the Information Security Management System certification.

TOTAL OPERATING COMPANIES



TOTAL NEW INCORPORATIONS

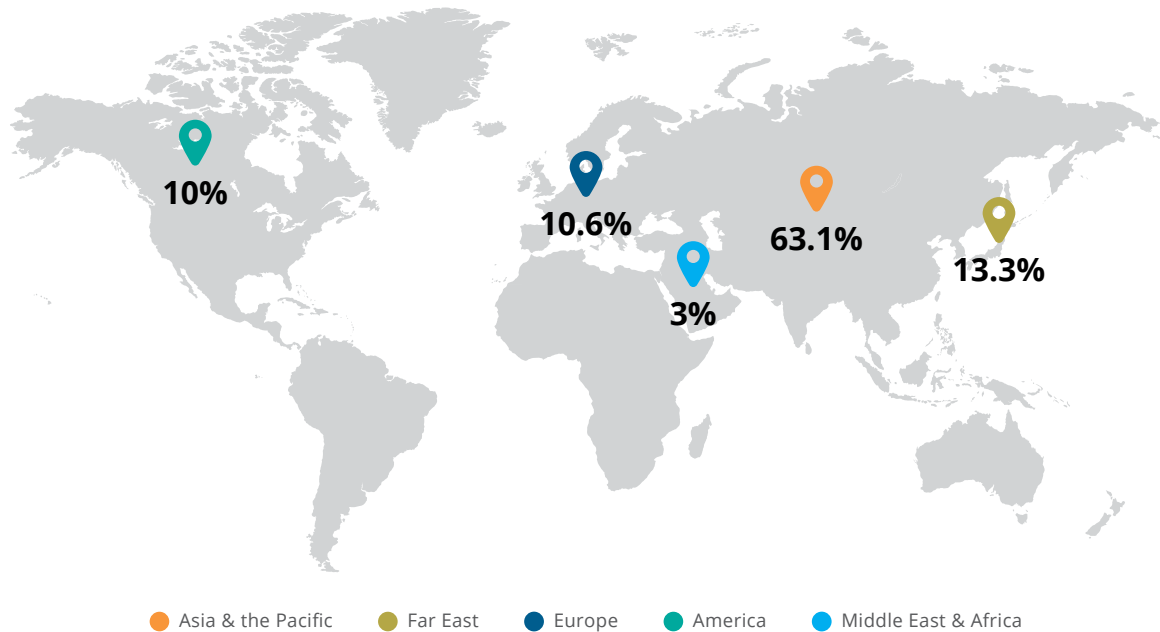


- Labuan companies comprised trading and non-trading entities. In 2022, new incorporations increased by 17% to 532.
 - Incorporations from Asia and the Pacific region grew by 24% to 350. Aside from domestic investors, new incorporations were mainly from Singapore and India.
 - 61% of new incorporations relate to financial business and professional services.



COMPANIES

OPERATING COMPANIES BY REGION



- 63.1% of the total operating companies were from Asia and the Pacific region. The remainder originated mainly from the Far East, Europe and America.
- In terms of corporate ownership, majority (53.6%) of Labuan companies hailed mainly from Singapore, Japan and Virgin Islands, British.

COMPOSITION OF FOREIGN OWNED COMPANIES



BANKING

68

NUMBER OF BANKS

38 Commercial Banks

30 Investment Banks

The banking industry continued to grow with two new investment banks and one commercial bank.

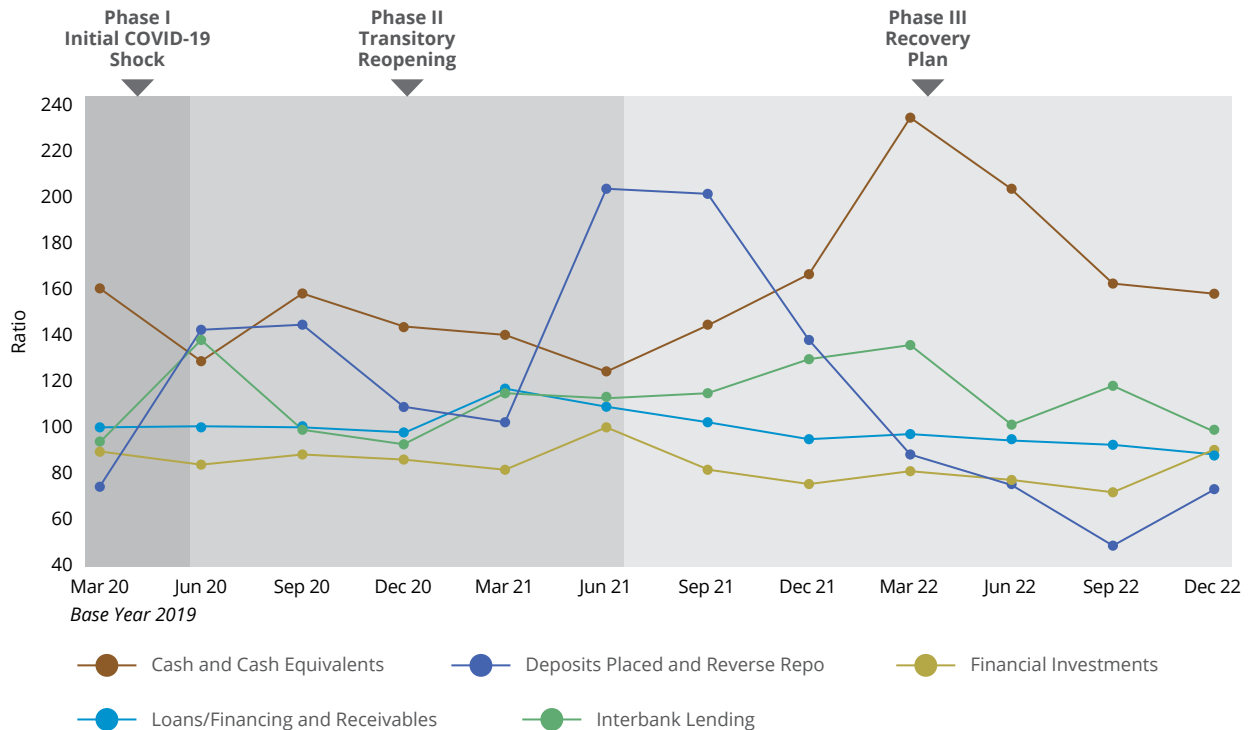


The global banking landscape continued to evolve over the years in response to heightened regulatory requirements, technological advancements and post-pandemic recovery. Labuan banking industry continued to attract new players as evident by three new banking licences approved in 2022, of which two were approved to undertake digital banking business. This brings the industry total to 68 banks.

The financial position of the Labuan banking industry was impacted by COVID-19's debilitating effects in the prior years. Challenging external headwinds to the banking industry came in the form of geopolitical uncertainties, supply chain disruptions and inflationary pressures from US dollar appreciation. The adverse market climate significantly affected the banks' overall financial performance particularly in the industry's assets and bottom line position during the year.

BANKING

KEY BANKING TRENDS: PRE AND POST COVID-19



The trends for banking industry's asset composition can be analysed more granularly during and post-pandemic time period:

Phase I:

At the inception of the COVID-19 outbreak, cash and bank balances reduced sharply; while deposits placed and interbank lending showed a hike. This is mainly due to the banks' prudent financing and investment practices; coupled by weakening asset quality and large provisioning.

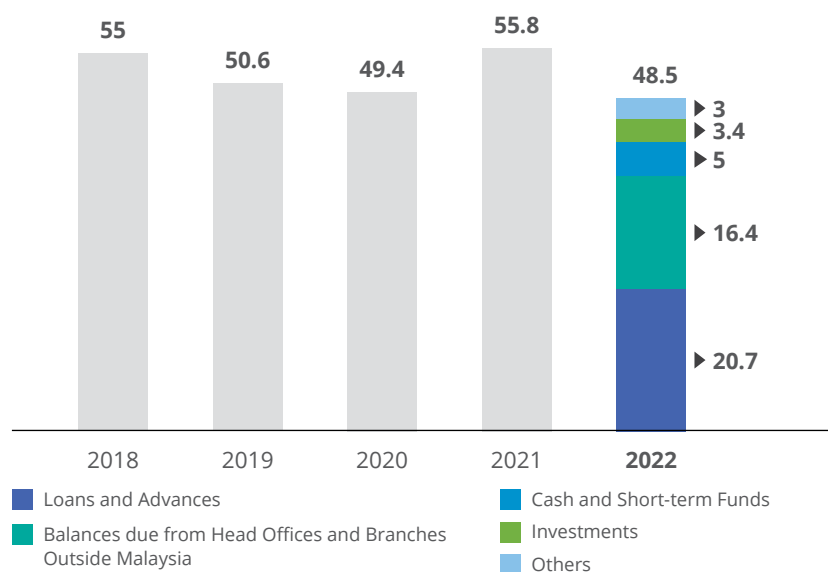
Phase II:

In the transitory market reopening phase with gradual uplift of movement restrictions, deposit placements and financial investment growth indicating the banks' improved risk appetite. The loans and advances activities continued to be stagnant until end-2020, followed by marginal growth toward end-2021.

Phase III:

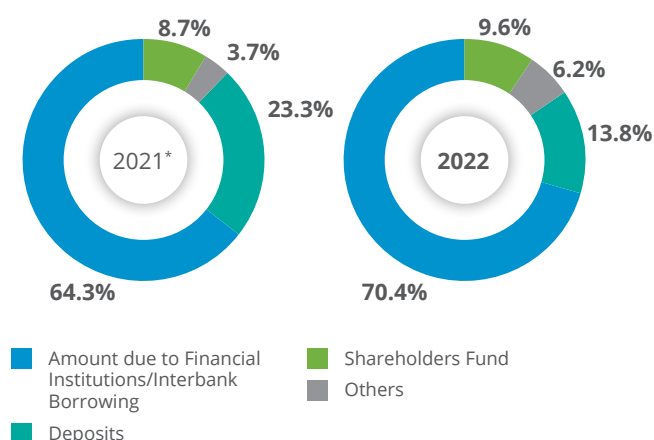
During post-pandemic recovery phase, significant growth was visible in cash and bank balances in early 2022 before declining sharply at the end of the year. The financing trends were dampened by higher loan settlement for mega projects on the back of lacklustre economic activities and business pessimism. Deposit placements and financial investments also showed moderating trend in 2022.

BANKING

TOTAL ASSETS
(USD Billion)

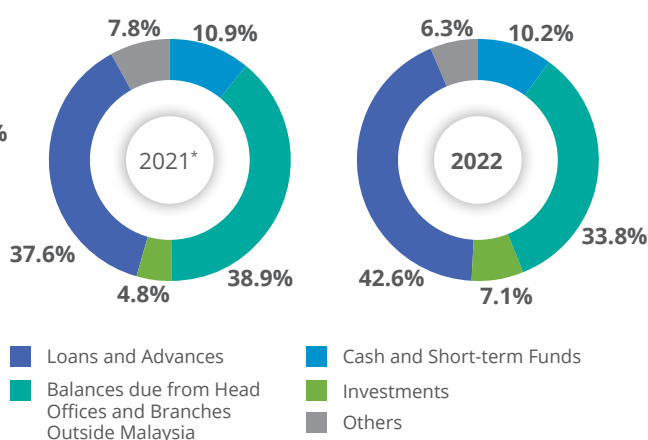
- Total assets contracted to USD48.5 billion mainly due to lower interbank placement in line with reduction in source of funding. Pessimistic investment climate with increasing market volatility of short-term financial instruments; coupled with anticipated interest rate hikes had resulted in higher cost of funding experienced by the banks. This was further exacerbated by the industry's difficulties in securing sufficient source for their funding.

SOURCES OF FUND



* Restated

USES OF FUND

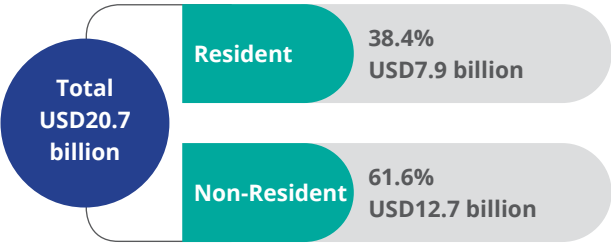


* Restated

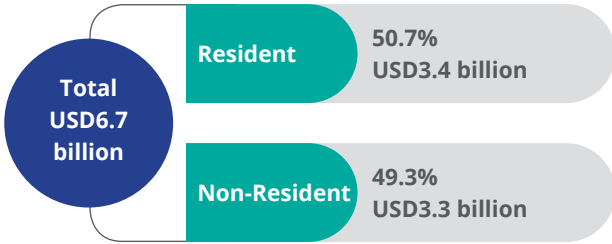
- Borrowings from head offices and financial institutions remained as the main sources of funding for Labuan banks amounting to 70.4% (USD34.2 billion) of the total funding.
- The bulk of the funds were used for loans and advances (42.6%) as well as interbank placements to financial institutions (33.8%).

BANKING

LOANS



DEPOSITS



- The total loan portfolios contracted by 11.5% to USD20.7 billion. This was mainly due to settlement of non-resident loans upon maturity amounting to USD2.6 billion.
- The total customer deposits decreased by 48.4% to USD6.7 billion. Resident depositors constituted the major market share of 50.7% (USD3.4 billion), primarily from the oil and gas sector.

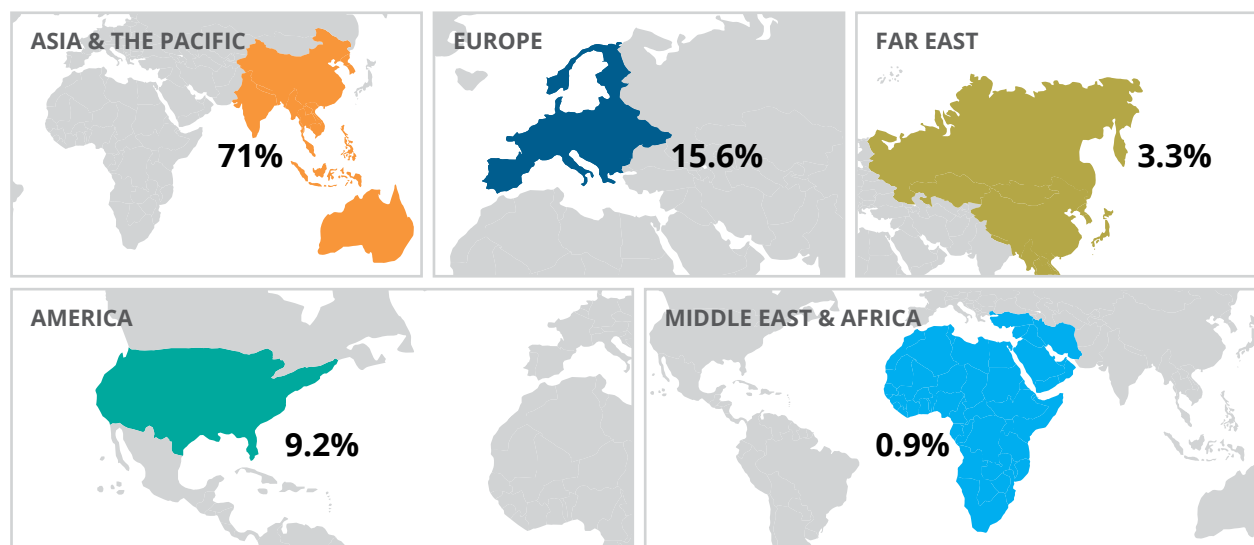


BANKING

LOAN PORTFOLIOS

By Region











ORIGIN OF BORROWERS



LOAN EXPOSURES

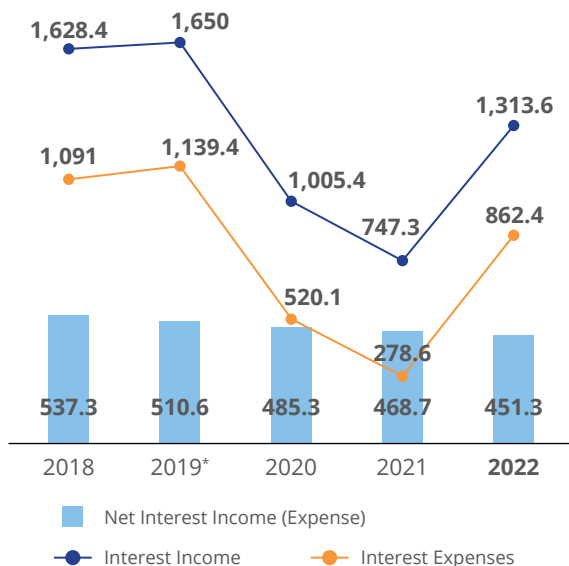
81.7%	10.2%	4.3%	2.7%	1.1%
ASIA & THE PACIFIC <ul style="list-style-type: none"> • Manufacturing • Financial Services 	EUROPE <ul style="list-style-type: none"> • Property • Financial Services • Manufacturing 	FAR EAST <ul style="list-style-type: none"> • Other Services • Property • Transport and Communication 	AMERICA <ul style="list-style-type: none"> • Manufacturing • Financial Services • Transport and Communication 	MIDDLE EAST & AFRICA <ul style="list-style-type: none"> • Mining • Utilities • Property

By Sector

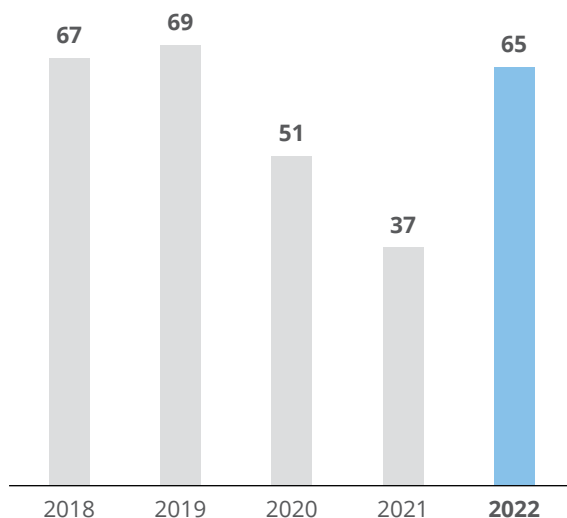
 Manufacturing	23.4%	 Mining	4.3%
 Property	14.3%	 Primary Agriculture	3.9%
 Financial Services	13.8%	 Trading	2.7%
 Transport and Communication	10.8%	 Other Services	2.1%
 Utilities	9.3%	 Miscellaneous	15.4%

- Financial Services continued to grow by 7.7% mainly due to higher resident financing.

BANKING

INTEREST INCOME AND INTEREST EXPENSES
(USD Million)

* Restated

INTEREST EXPENSES TO INTEREST INCOME RATIO
(%)NON-INTEREST INCOME
(USD Million)

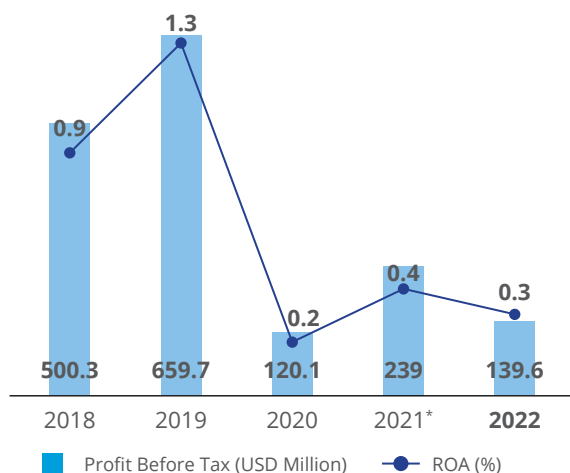
Market share	Description	Amount	Growth
100%	Total Non-Interest Income	715.2	11.3%
23.2%	Impairment Reversals	165.7	-40.1%
69.9%	Gains on Financial Instruments	499.6	127.5%
12.6%	Fee and Commission Income	90	-4.7%
-5.7%	Others	-40.3	-178.9%
0%	Dividend Income	0.1	-80.6%

NON-INTEREST EXPENSES
(USD Million)

Market share	Description	Amount	Growth
100%	Total Non-Interest Expenses	1,026.9	17.7%
54.2%	Losses on Financial Instruments	556.5	79.8%
31%	Impairment Losses	317.9	-3.3%
7.4%	Others	77	15.1%
4.4%	Administration Costs	44.8	-65.2%
3%	External Services Arrangement Costs	30.8	-19.6%
	Net Non-interest Income (Expenses)	-311.7	35.8%

BANKING

PROFITABILITY



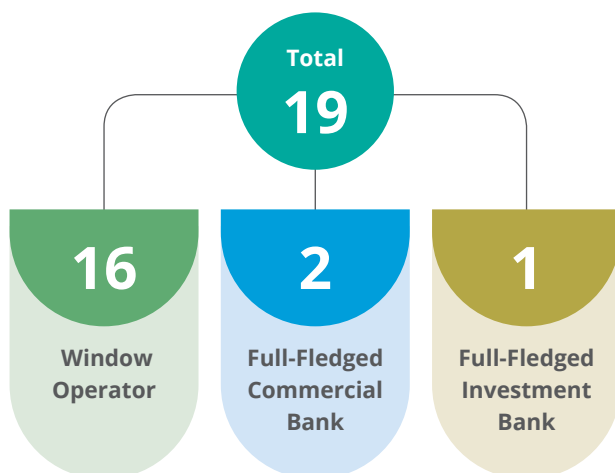
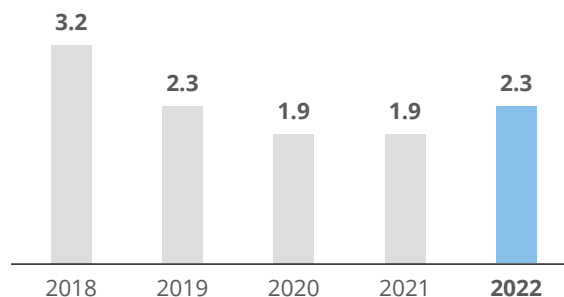
* Restated

- The banking industry's profitability declined sharply by 41.6% mainly attributable to higher expenses incurred.
- Interest income increased significantly by 75.8% driven by interest income from interbank placements to financial institutions. These may be due to additional interest income earned from financing extended beyond their original tenure following the increasing interest rate lending trend in Malaysia and US markets.

ISLAMIC BANKING

The Labuan Islamic banking industry has demonstrated resilience towards external challenges and managed to show healthy growth in term of assets and financings. The murabahah financing was preferred by loan borrowers and able to attract borrowers across the globe. With rapid growth of Islamic finance globally, the potential market to be penetrated by Labuan Islamic banks remains promising. Labuan IBFC is also embracing digital solutions and aggressively promoting them, such as an e-wallet, digital exchange, among others. Labuan Islamic banks are also modernising their banking operations by integrating technology to cater and serve the digital market.

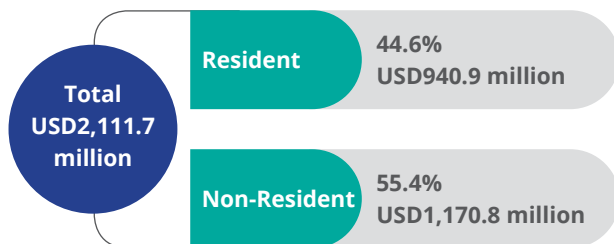
NUMBER OF OPERATORS

TOTAL ISLAMIC ASSETS
(USD Billion)

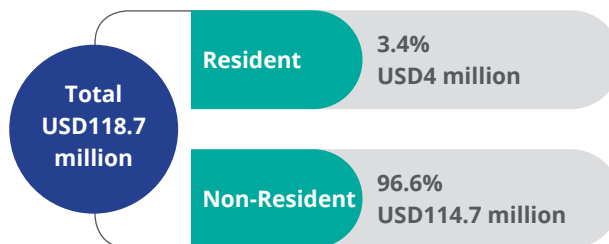
- The Islamic assets increased noticeably by 21.1% where 94.9% were contributed by Islamic window operators. Islamic assets constituted 4.7% of the industry's total assets.

BANKING

FINANCINGS



DEPOSITS



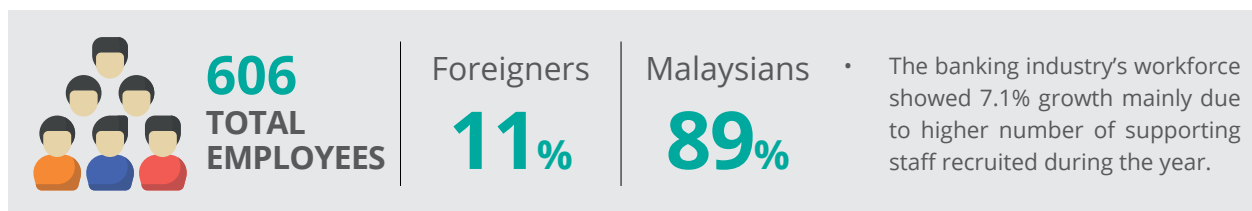
- The Islamic banks financing grew by 25.4% which was contributed by 27.3% growth in non-resident borrowings in relation mainly to the financial services sector. Islamic financing constituted 10.2% of the industry's total loans/financing and advances.
- Non-resident depositors declined by 19%* to USD114.7 million. Islamic deposits accounted for 1.8% market share of the Labuan bank deposits.

* Adjustment in 2021 figure

BY SECTOR

	Financial Services	54.3%		Utilities	1.9%
	Primary Agriculture	18.5%		Wholesale & Retail Trade and Restaurants & Hotels	1.9%
	Property	18.1%		Transport and Communication	1.1%
	Mining	3.9%		Manufacturing	0.3%

EMPLOYEE COMPOSITION



ISLAMIC DIGITAL ASSET CENTRE - PIONEERING NEW ASSET CLASS, PLAYERS AND INFRASTRUCTURE

In tandem with the rapidly expanding Labuan digital financial market, Labuan IBFC aims to be the leading and innovative international Islamic financial hub for Asia. The Labuan IBFC's Islamic Digital Asset Centre (IDAC) which was launched in October 2022, aims to attract more digital assets, fintech investors and techno-preneurs as a business gateway into Asia. IDAC is a unique business proposition for the region as it enables global community to transact digitally via Shariah-compliant way. As an alternative platform to the conventional digital finance landscape, IDAC provides a broad spectrum of Shariah-compliant digital activities such as banking, fundraising and investment, Islamic social-based finance instruments, trade settlement platform and serving new sectors through captives takaful.

The IDAC catalyst for fundraising and investment will be **RAMZ** (which means “token” in Arabic). RAMZ is a Shariah-compliant Securities Token Offering (STO) which is asset-backed with the following features:

- it has features of a security as defined under the Labuan legislations;
- complies with Shariah principles recognised by the Labuan regulatory framework;
- underlying assets can be any Shariah-acceptable assets including its sukuk.

In essence, similar to sukuk in the Islamic capital market, RAMZ is the alternative fundraising platform via asset tokenisation in the digital space.

Globally, asset tokenisation market is expected to grow 50 times from USD310 billion in 2021, to over USD16 trillion by 2030, driven by demand from a wide range of investors for greater access to private markets¹. Riding on this market potential, RAMZ would reap the benefits of asset tokenisation such as security, liquidity, accessibility and transparency.



¹ https://www.addx.co/files/bcg_ADDX_report_Asset_tokenization_trillion_opportunity_by_2030_de2aaa41a4.pdf

ISLAMIC DIGITAL ASSET CENTRE - PIONEERING NEW ASSET CLASS, PLAYERS AND INFRASTRUCTURE

IDAC in Perspective

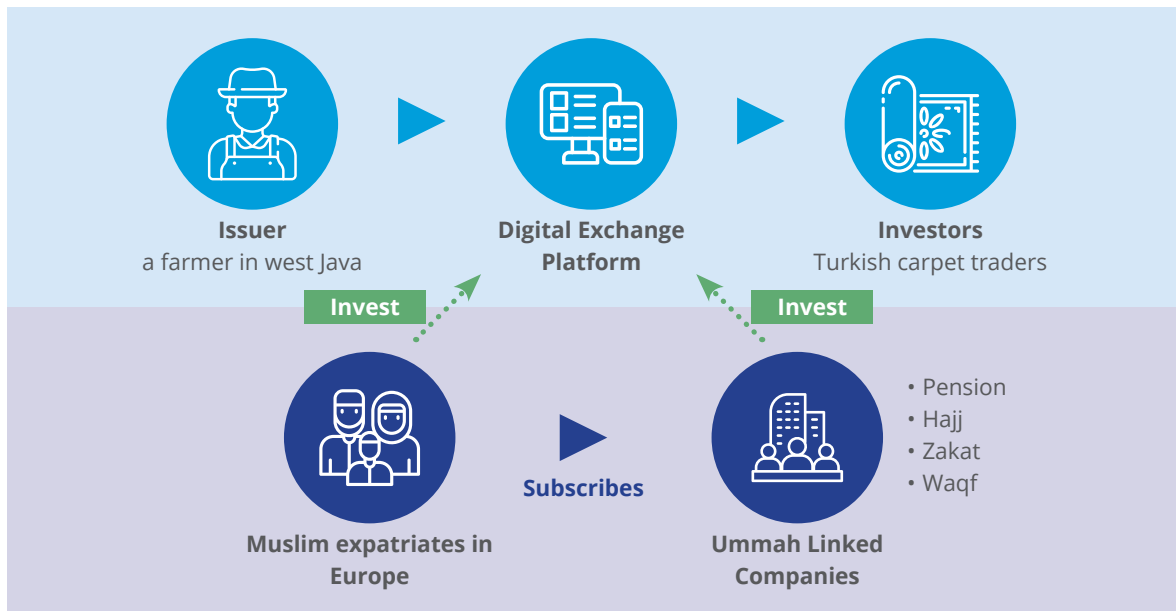


Diagram 1: IDAC – A Shariah-Compliant Digital Asset Ecosystem Supported by Blockchain Technology

Labuan IBFC through IDAC, offers a suitable environment for RAMZ issuance as outlined below:

- The Centre's comprehensive infrastructure supports and accords certainty as well as integrity for Shariah-based business structures;
- RAMZ's appealing factor is that it can cater for a more diverse investment universe as it is available to both conventional and Islamic investors;
- As the new asset class, RAMZ would provide a new avenue for fundraising and meeting investments goals for both issuers and investors, respectively. For example, a farmer in West Java, Indonesia can raise capital fund through issuing of RAMZ, by tokenised his farm as the underlying asset. RAMZ will be traded on the digital exchange platform and subscribed by individual investors i.e. the carpet traders from Turkey; and
- In IDAC, there will be gamut of digital solutions providers termed as Ummah linked companies offering social based finance solutions such as pension, hajj, zakat and waqf amount others, to enable the global Muslim community fulfill their religious requirements. For instance, the Ummah linked companies will use blockchain technology to provide Shariah-compliant pension schemes to Muslim expatriates and Muslim minorities in non-Muslim countries. The pension fund will invest in financial instruments such as RAMZ to preserve and increase the value of capital contributed by members. Furthermore, RAMZ allows people from all over the world, including Muslim expatriates, to invest in small increments, giving small investors the opportunity to earn capital gains in a capital market that they are currently excluded from.

The Progress Thus Far

IDAC holds a big agenda for Labuan IBFC as it paves the way towards an integrated blockchain-based of the Islamic finance ecosystem. To kick start IDAC, the world's first Shariah-compliant and Environmental, Social and Governance (ESG) based blockchain digital exchange was established in 2022. Since the launch of this Islamic/ ESG exchange, Labuan IBFC has received various interests from both private and public sector on the issuances of RAMZ through the Centre.

The IDAC will also carry the ESG banner which includes sustainable investments agenda. Its objectives correlate with the financial inclusion drive by providing innovative, seamless digital solutions to the underserved and unserved segments including the 1.9 billion Muslim population globally.

IDAC has made a profound mark on the international marketing space, with *"The BrandLaureate BestBrands e-Branding Award 2022 for Fintech Islamic Financial Services"* conferred to Labuan FSA. This is in recognition for the Authority's contribution in advancing of the international Islamic finance, particularly in relation to the initiative to promote Labuan as an Islamic Digital Asset Centre for Asia and beyond. This prestigious award indeed affirms the uniqueness of IDAC branding in the global landscape.



THE BRANDLAUREATE BESTBRANDS e-BRANDING AWARD 2022

LABUAN FINANCIAL SERVICES AUTHORITY

Brand of The Year
Fintech Islamic Financial Services



INSURANCE

230

NUMBER OF
INSURERS

131 Insurers

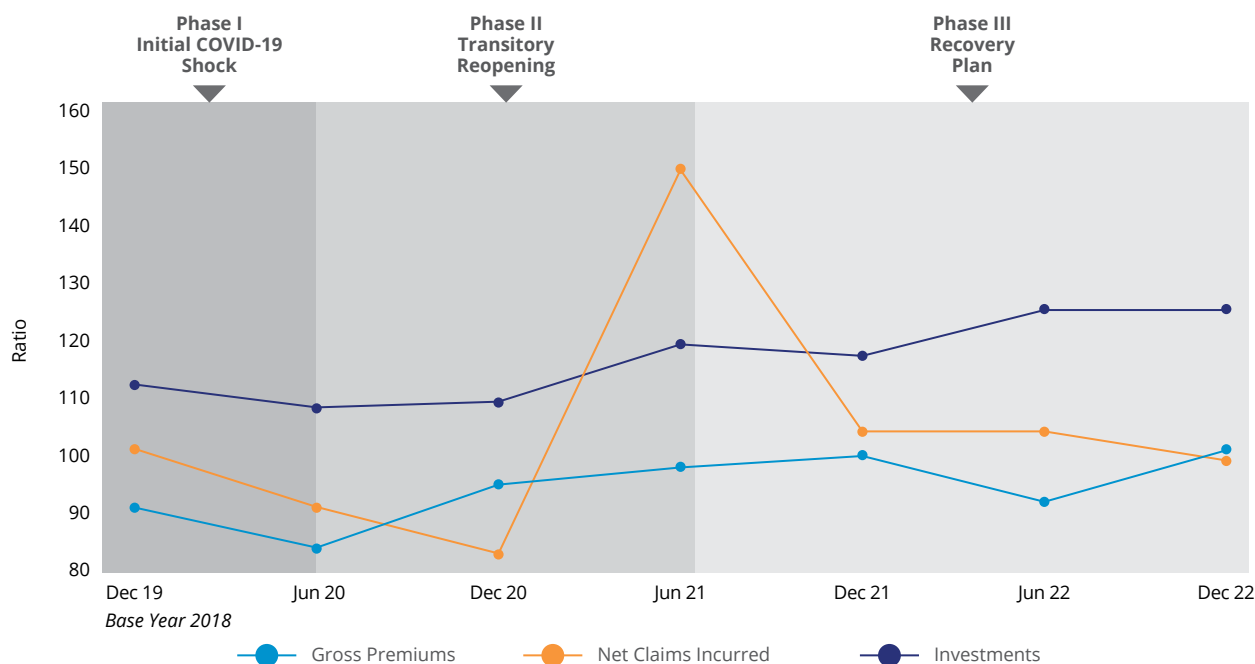
99 Intermediaries

The insurance industry continued to expand with eleven new approvals comprising four general (re)insurers, a life insurer, five captives and an insurance broker.



The insurance industry's recovery phase in Asia appeared somewhat favourable despite the challenging economic downturn globally, the pandemic and impact from Russia-Ukraine conflict. Overall the Labuan insurance industry performance improved in terms of the higher underwriting margin riding on moderate premium growth and positive claims experience. Notwithstanding this, Labuan insurers continued to be vigilant by adopting conservative underwriting appetite including prudent investment strategies and risks management, amidst market uncertainties.

KEY INSURANCE TREND: PRE AND POST COVID-19



Phase I:

Topline and underwriting performance showed downward trend in tandem with business slowdown during COVID-19 inception. Investments shifted toward shorter term placement reflecting insurers' conservatism vis-à-vis unfavourable market conditions.

Phase II:

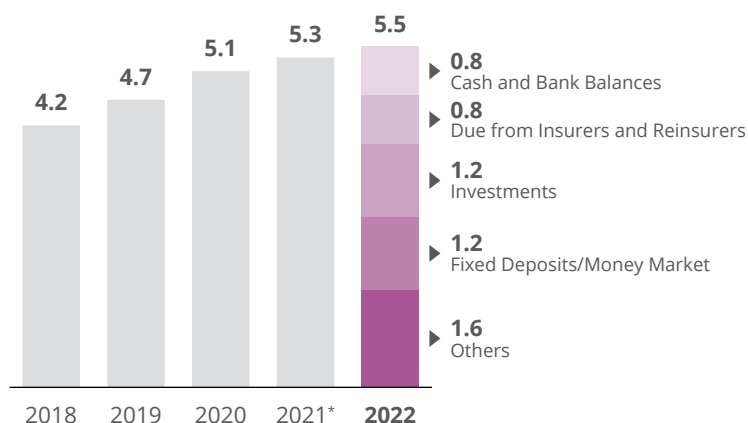
Pessimism trend gradually improved as market began to acclimatise to COVID-19 effects. This is overshadowed by claim spikes especially from losses arising from floods in Malaysia in late-2020. Investments trended positively as in tandem with higher business optimism with the reopening of major markets.

Phase III:

In line with recovery phase, industry's premiums grew steadily especially with new captives entering the market. Investments grew in tandem with strong growth sentiments.

INSURANCE

TOTAL ASSETS (USD Billion)

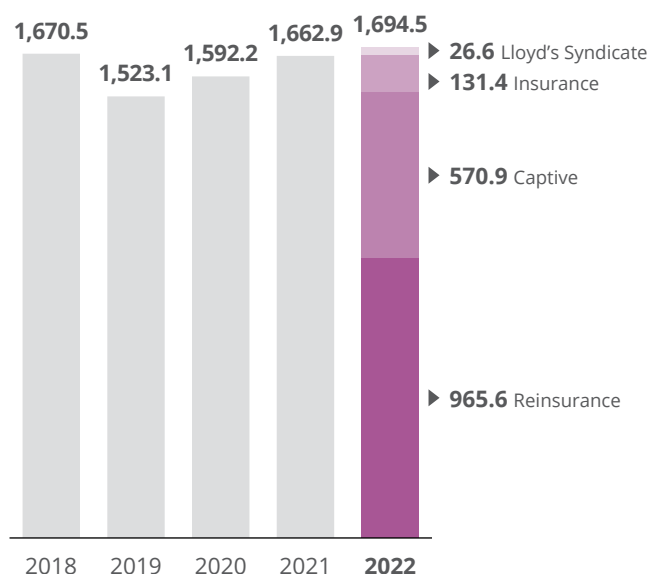


- The industry's asset portfolio grew by 3.2% to USD5.5 billion mainly attributable to placement in more prudent, secured investments representing 36.7% of the total. Longer term investments in debt securities remained stable in terms of asset share.
- Overall, asset profile was mainly driven by general (re)insurance (47.2%) and captives' business (26.3%) segments.

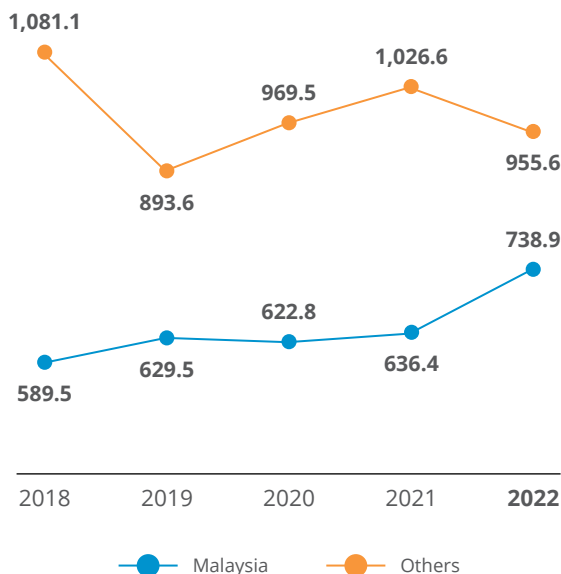
* Restated

GENERAL BUSINESS

DISTRIBUTION OF GROSS PREMIUMS (USD Million)



TOTAL GROSS PREMIUMS (USD Million)



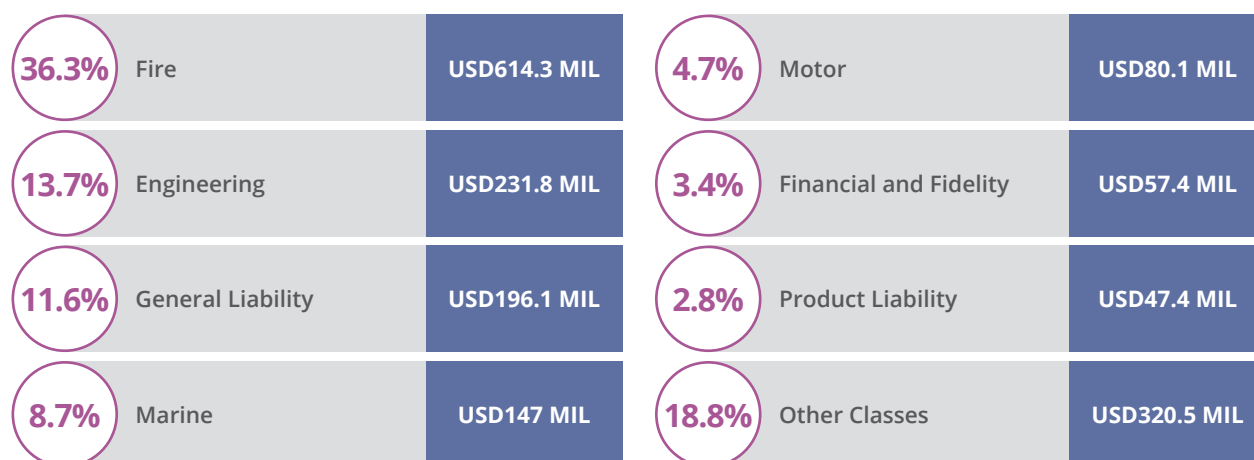
- Gross premiums for 2022 continued to reflect growth momentum - the highest recorded in the past five years. This reflects strong demands for Labuan reinsurance business from the region. Malaysian business underwritten increased by 16.1% mainly due to new fire (24.7% growth) and engineering (16.2% growth) underwritten.
- Foreign business continued to be the major component of the industry's premiums with a share of 56.4%.

INSURANCE

By Region



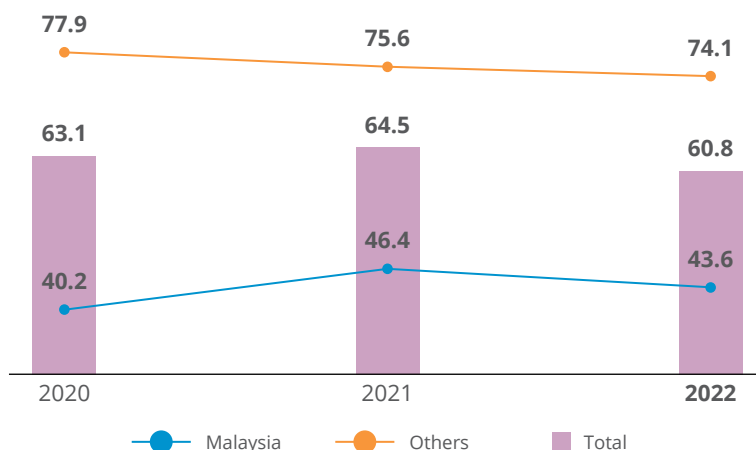
By Sector



- Fire, engineering and general liability insurance remained the major sectors with a market share of 61.6%.

NET RETENTION RATIO

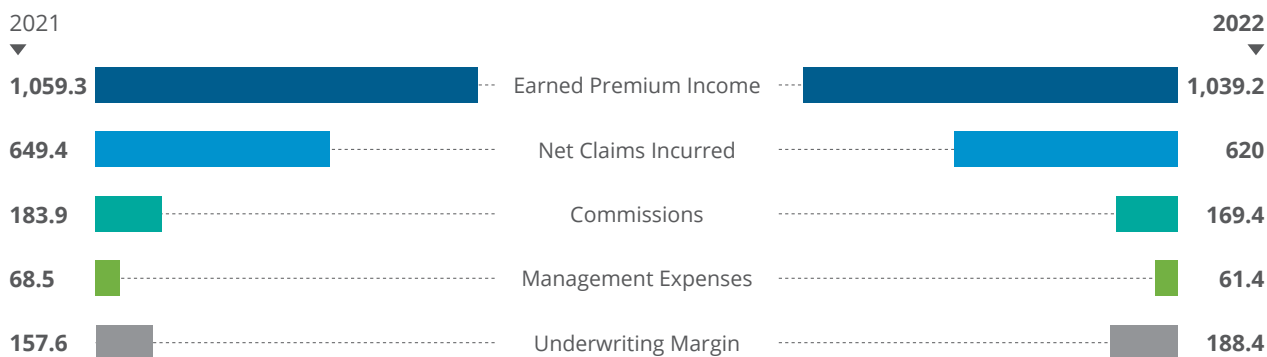
(%)



- The overall net retention ratio of the industry decreased to 60.8% mainly attributable to higher retrocessions for fire, marine and motor lines. This may be influenced by softening of the global reinsurance market post-pandemic.

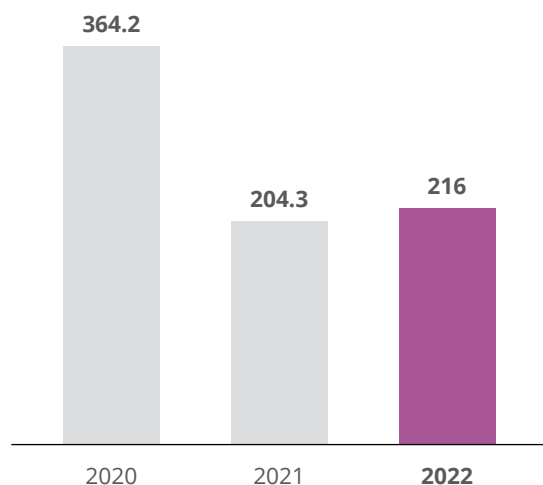
INSURANCE

UNDERWRITING MARGIN (USD Million)

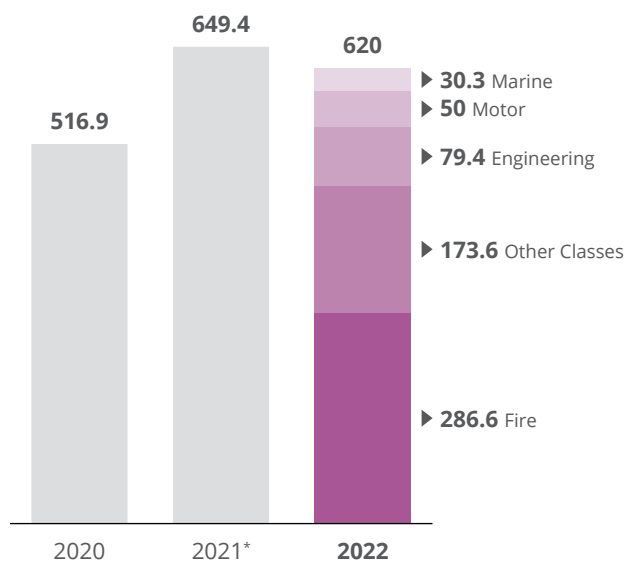


- The industry underwriting margin rebounded with 19.5% growth driven by lower claims, management expenses and commissions incurred. Consequently, the industry's profitability grew by 5.7% mainly attributed to captive sector's experience.
- Underwriting performance improvements are expected to continue with growing positive business sentiments in the region.

PROFITABILITY (USD Million)



NET CLAIMS INCURRED (USD Million)

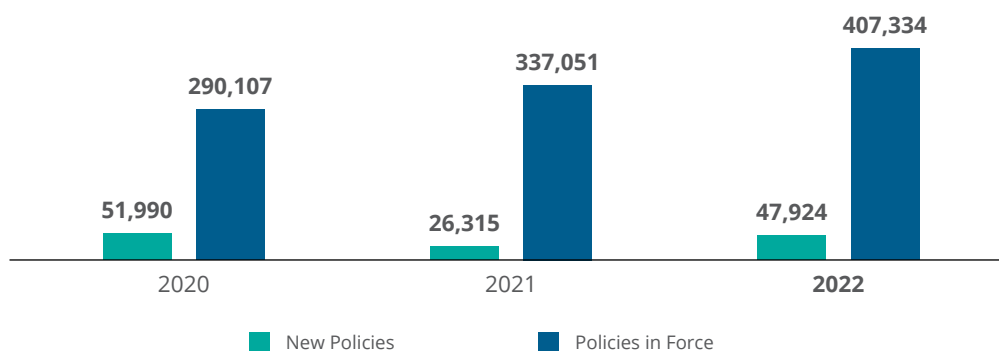


* Restated

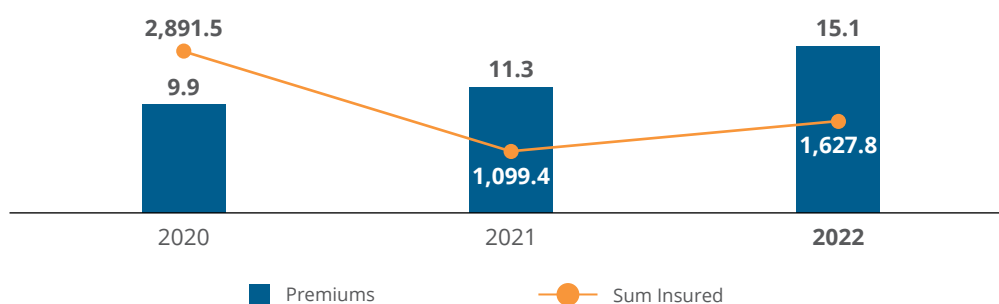
- Net claims incurred moderated by 4.5% to USD620 million. In terms of claims composition, fire sector contributed 46.2% of the industry's total which can be attributable to Malaysian flood losses experienced at end-2020.

LIFE INSURANCE BUSINESS

NUMBER OF INVESTMENT-LINKED POLICIES



PREMIUMS AND SUM INSURED NEW INVESTMENT-LINKED POLICIES (USD Million)



- For life insurance business, new investment-linked policies grew by 82.1%. This may be induced by improving investment climate and policyholders' confidence in line with the gradual post-pandemic market recovery.
- The life sector's new business growth is reflected in USD15.1 million worth of premiums and USD1.6 billion of sum insured recorded during the year. Consequently, the number of policies in force grew by 20.9%.

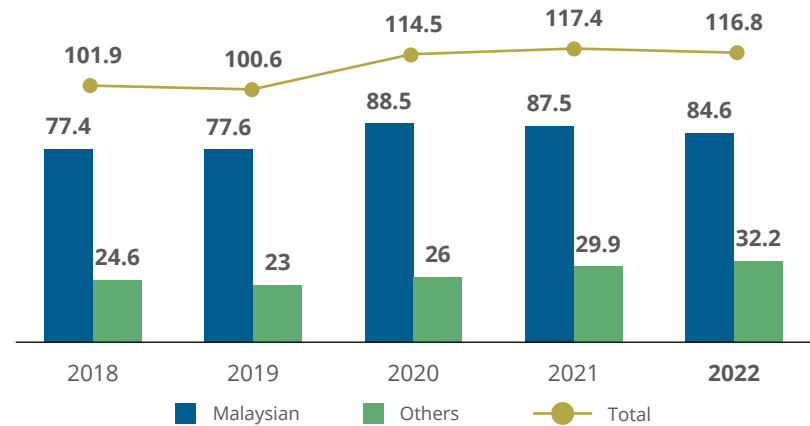
INSURANCE

(RE)TAKAFUL BUSINESS

Takaful is rapidly gaining momentum, particularly in the Asia and the Pacific and the Gulf Cooperation Council region, owing to a large Muslim population. There are huge opportunities to increase takaful market penetration that could serve the underserved or unserved market segments. The Labuan (re)takaful sector is growing well and has a total of 58 takaful and takaful related operators, mostly driven by (re)takaful windows.

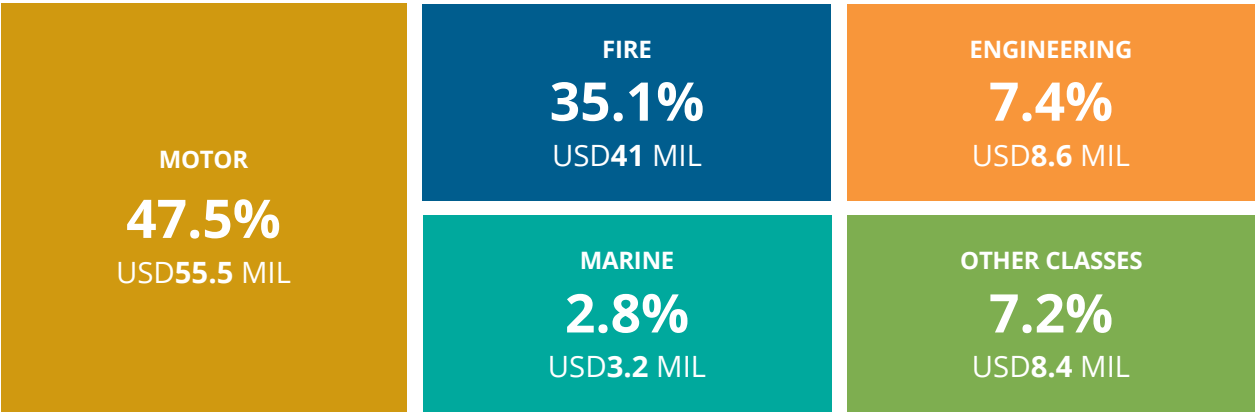
Captive takaful is a useful risk management tool strategy. It can be innovative and tailor-made - making it an ideal vehicle for protecting major multinational corporations from risk. The uniqueness of the captive takaful concept, which is based on solidarity, would entice captive owners to establish Labuan captive takaful and be used to penetrate the market as one of the best solutions for risk management that is Shariah-compliant. To keep Labuan IBFC on par with global development, the Centre is promoting and creating more awareness on the underwriting of more contemporary risks, such as unserved and underserved risks as well as new emerging risks which relate to cyber and ESG-related risks.

TOTAL GROSS CONTRIBUTIONS
(USD Million)



- The (re)takaful gross contributions moderated slightly by 0.5% in 2022, with a reduction of 3.3% in Malaysian business. Nevertheless, Malaysian business continued to drive (re)takaful business with 72.5% contribution. Foreign (re)takaful contributions mainly from Middle East recorded a slight increase of 7.7% to USD32.2 million.

DISTRIBUTION OF GROSS CONTRIBUTIONS

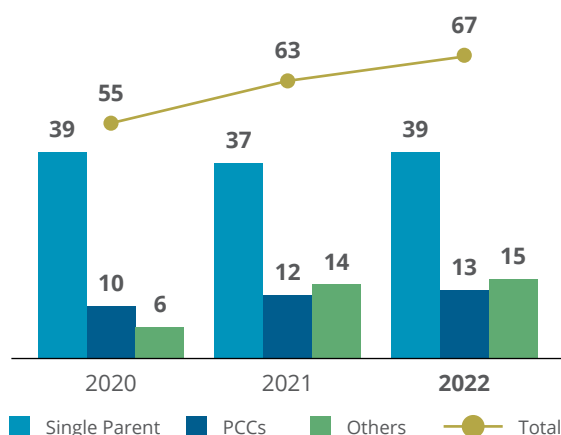


- Gross contributions were mainly from motor and fire sectors with a market share of 47.5% and 35.1%, respectively.

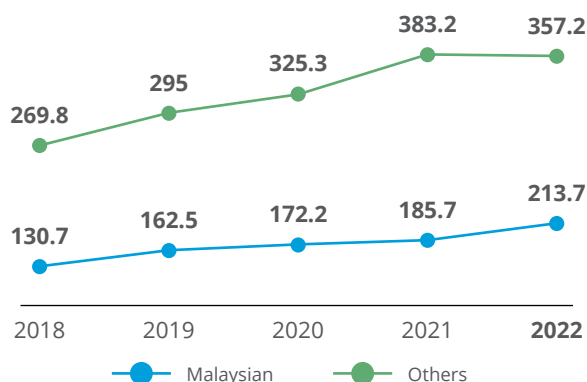
CAPTIVE BUSINESS

The year continued with the encouraging market expansion and positive trend for Labuan captives segment. In 2022, insurance captives grew with five entrants which were approved to underwrite agricultural risks and fire-related perils.

NUMBER OF CAPTIVES

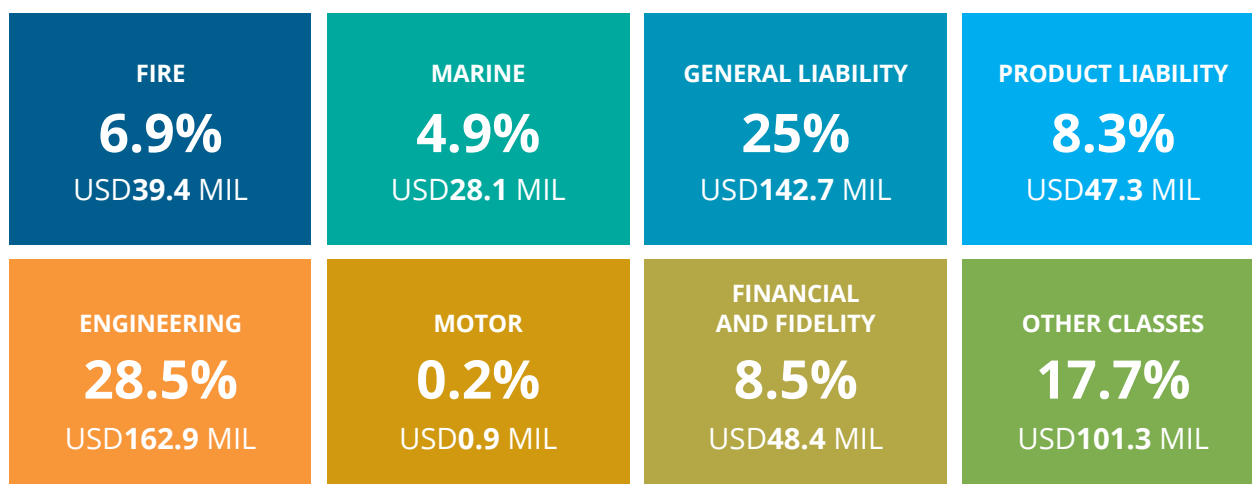


TOTAL GROSS PREMIUMS (USD Million)



- Captive premiums continued with its positive trend to record a 0.4% growth in 2022. This reflects the expanding Labuan captive market which had grown at an average rate of 10.7% per annum since 2018.
- Premiums from the captive business are dominated by international markets with a share of 62.6% mainly from Indonesia and Japan.

DISTRIBUTION OF CAPTIVE PREMIUMS

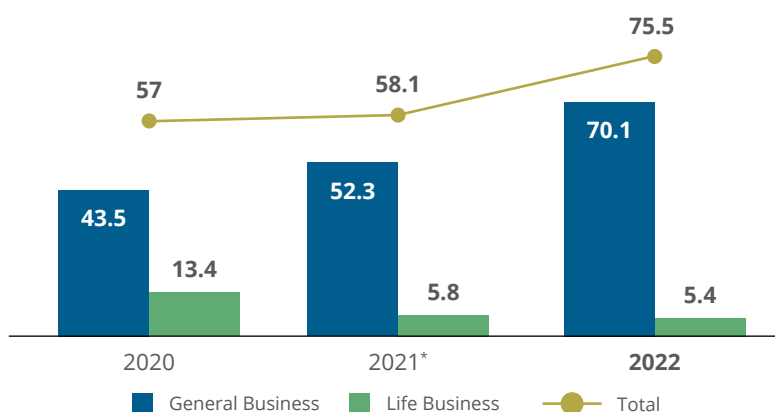


- The engineering and general liability business remained the major risks (53.5%) underwritten by Labuan captives.

INSURANCE

INSURANCE BROKING BUSINESS

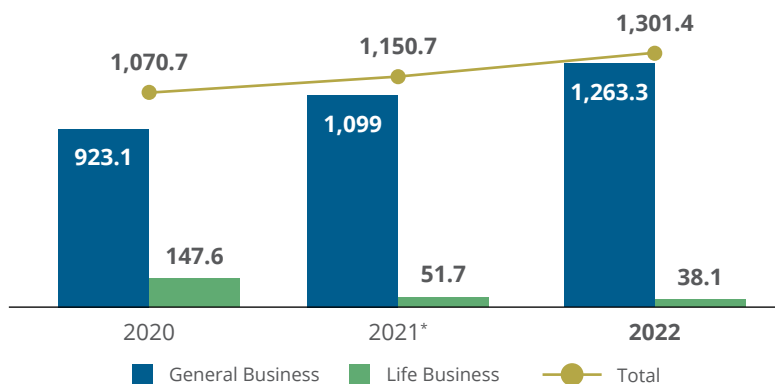
BROKERAGE FEES EARNED (USD Million)



* Restated

- The brokerage fees of Labuan broking sector increased by 30.1%.
- The trend hike can be attributed to the corresponding growth in general and life insurance market's topline performance during the year.
- (Re)takaful windows constituted 8.1% of the total brokerage fees earned.

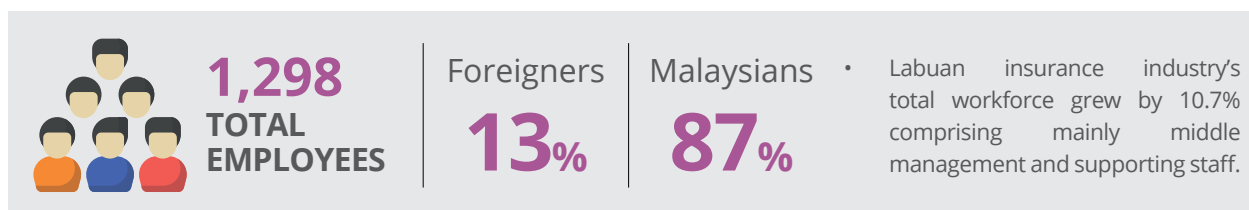
PREMIUMS PLACEMENT (USD Million)



* Restated

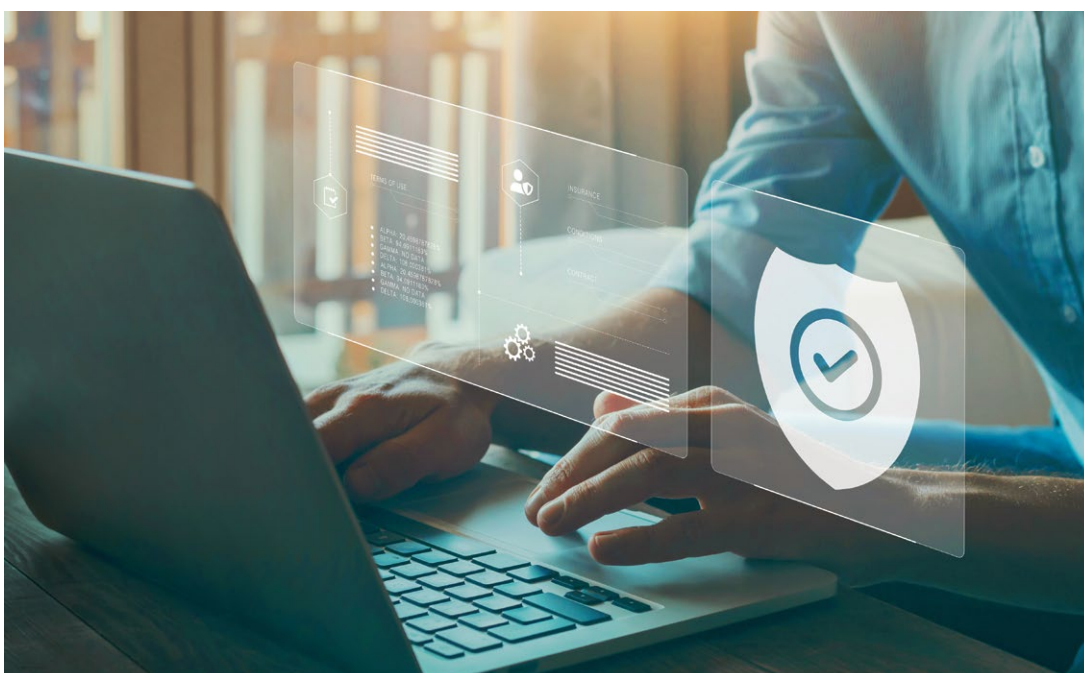
- In 2022, total premium placements by Labuan brokers increased by 13.1% predominantly driven by out-out general insurance business.
- (Re)takaful windows constituted 14.2% of the total premiums placement.

EMPLOYEE COMPOSITION



LABUAN INSURANCE CAPITAL ADEQUACY FRAMEWORK - *TRANSFORMING INTO A RISK-DISCERNING MARKET*

The Labuan market transitioning into a risk-based insurance solvency regime was a concerted initiative between Labuan FSA and the Labuan insurance industry since 2014. Through a series of market engagements, field testings and financial simulations over eight years, the Insurance Capital Adequacy Framework (ICAF) was finalised in 2022. It was intended to be a contemporary, risk-focused and future-proof capital adequacy regulations that can ensure Labuan IBFC continues to be an internationally compliant insurance centre while enhancing its market stability and resilience.



ICAF is a fundamental regulatory shift to Labuan insurance landscape as insurers now need to ensure that their business risks are sufficiently covered by financial resources based on their exposures. ICAF essentially is a financial health barometer that shows how much capital Labuan insurers would need to hold in proportion to their risks. In principle, well-capitalised insurers would now have the financial freedom to operate as long as their solvency footing is strong as compared to those with weaker solvency. Such business freedom was not possible under the

previously conservative margin of solvency requirement which imposed a “one-size-fits-all” capital treatment for all insurers regardless of their solvency strength. ICAF therefore ensures the insurers provide the appropriate financial outlay for the set of appropriate risks that they face. In essence, should insurers cumulate capital beyond the minimum level that ICAF expects them to hold, they are, in principle able to underwrite any business or invest assets in accordance to their strategies and commercial appetite.

LABUAN INSURANCE CAPITAL ADEQUACY FRAMEWORK - TRANSFORMING INTO A RISK-DISCERNING MARKET

Revitalising the Insurance Value Chain via ICAF

ICAF was intended to strengthen Labuan insurance market fundamentals by:

- Modernising insurers' financial practices with international solvency requirements and sound capital management practices;
- Enhancing market stability through expanding industry's financial resilience against external shocks;
- Protecting policyholders' interests with the insurers' enhanced financial capability to better honour their policy obligations; and
- Increasing quality and security of reinsurance provided to Labuan reinsurers' client cedants.

From the insurance value chain perspective, ICAF offers specific market advantages as outlined in Diagram I.

Policyholders' & Cedants' Segment

- Strengthen policyholder and cedant protection and confidence

Complementary Services Sector

- Enhance technical capability
- Greater demand for support functions



Diagram I: Market advantages of ICAF

I. Policyholders' & Cedants' Segment

ICAF builds up an enhanced level of policyholder and cedant protection across the market. ICAF's robust solvency measures would confer greater confidence to policyholders and cedants in terms of "longevity" of insurance and reinsurance protection that they purchased respectively. This is reflected in Diagram II.



Diagram II: ICAF's advantages to policyholders and cedants

II. (Re)insurers' Segment

In today's challenging environment, effective capital management can be regarded as an ICAF's quick win for (re)insurers in maintaining financial discipline and sufficient financial position. ICAF provides for better alignment between (re)insurers' capital allocation vis-à-vis their business strategy and investment management. Furthermore, ICAF would enhance:

- (re)insurers' governance and risk management functions through the framework's emphasis on forward-looking assessment of their financial condition reporting as a means of ensuring ongoing capital sufficiency.
- transparency of (re)insurers' solvency and facilitate common understanding with Labuan FSA. This would allow for specific institution's financial soundness to be better aligned with supervisory expectations based on the risks assessed.
- the use of effective capital management techniques as advocated by ICAF. This is outlined in Diagram III.



Diagram III: ICAF's strategic capital management benefits to (re)insurers

LABUAN INSURANCE CAPITAL ADEQUACY FRAMEWORK - TRANSFORMING INTO A RISK-DISCERNING MARKET

III. Complementary Services Sector

ICAF is expected to drive greater demand for requisite technical skillsets and other support functions as shown in Diagram IV to keep up with ICAF's regulatory expectations.



Technical Know-How

- ◆ Actuarial expertise
- ◆ Advisory and consultancy on capital management and risk management
- ◆ Data analytics for financial simulations



Support Functions

- ◆ Back office and administration
- ◆ Regulatory reporting
- ◆ Statutory compliance

Diagram IV: Potential ICAF Cross-sectoral Effects

IV. Overall Market

The introduction of ICAF has begun to modernise the Labuan insurance market landscape to the next level by:

- incentivising the use of contemporary, sophisticated risk methodologies that expands “run-of-the-mill” insurance business analysis to include macro external risk factors as part of (re)insurers corporate planning; and
- promoting the use of financial technologies within Labuan insurance businesses. This includes InsurTech that allows for more granular financial simulations using “Big Data” in developing pragmatic scenario simulations.

Conclusion

The shift towards ICAF's solvency regime was indeed timely to bring about a more risk-discerning Labuan insurance market that can withstand challenging externalities. In the post-pandemic era, effective capital risk management coupled with innovative financial strategies are the catalysts needed to strengthen the Labuan business fundamentals and further promote the Centre's vibrancy as the locus for regional (re)insurance activities.

TRUST COMPANIES

68

NUMBER OF TRUST COMPANIES

39 Full-Fledged

25 Managed Trust

4 Private Trust

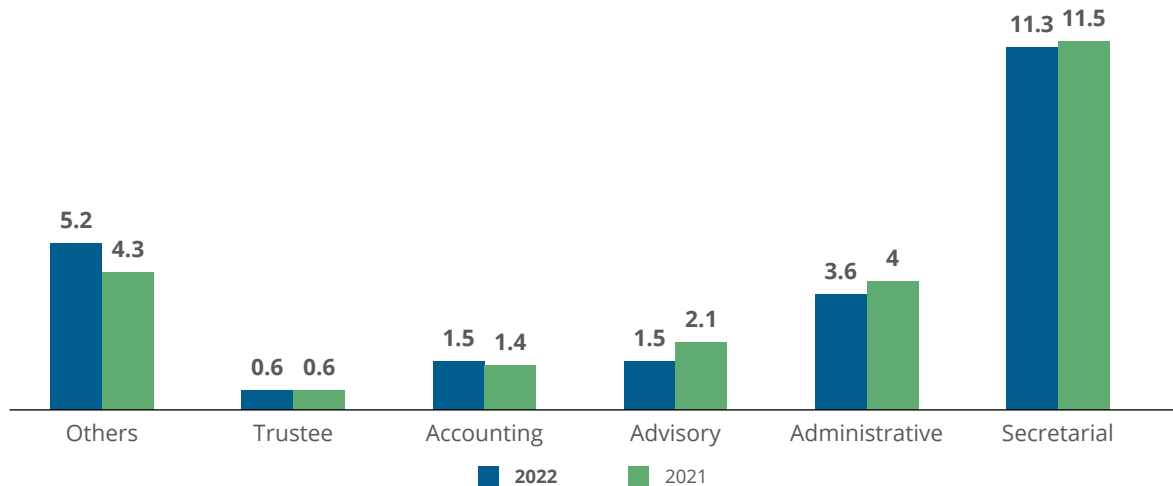
With the reopening of market post-pandemic, there was a growing demand for Labuan structures and corporate vehicles. This bodes well with the growth impetus to Labuan trust company sector. In 2022, four new Labuan managed trust companies were approved.



Labuan Trust Companies (LTCs) continued to play an important role in promoting the Centre and facilitating new incorporations. With the slew of market dynamics that swept the regional landscape, LTCs have begun to review their business models. This entails re-strategisations and digitalisation to ensure their operations remain sustainable, cost-efficient and competitive.

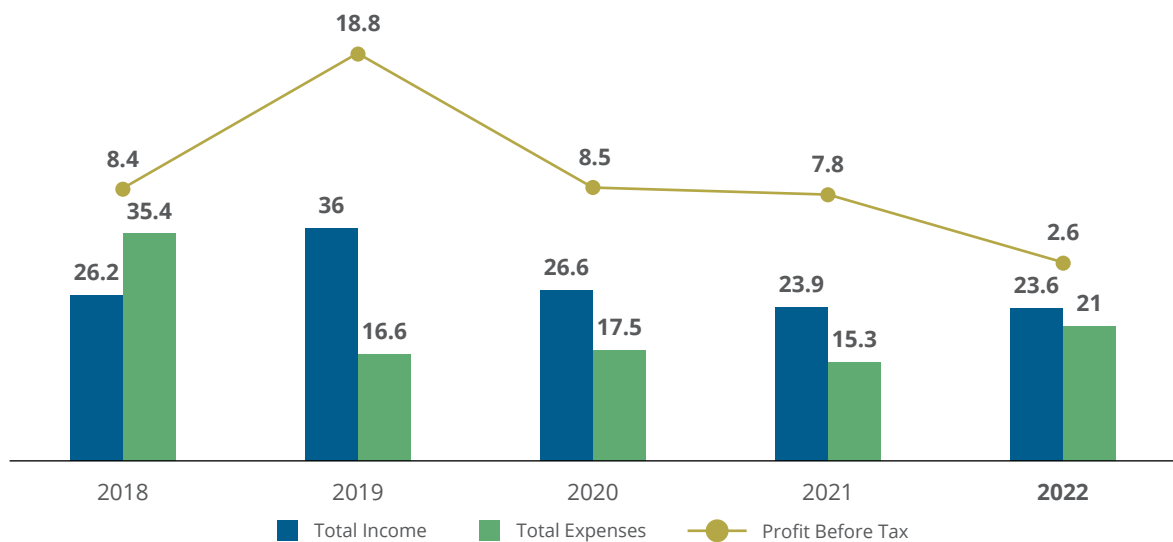
TRUST COMPANIES

SOURCE OF INCOME (USD Million)



- LTCs' revenue moderated to USD23.6 million mainly due to lower advisory and administrative fees earned.
- Secretarial and administrative services remained as the major business portfolio of LTCs.

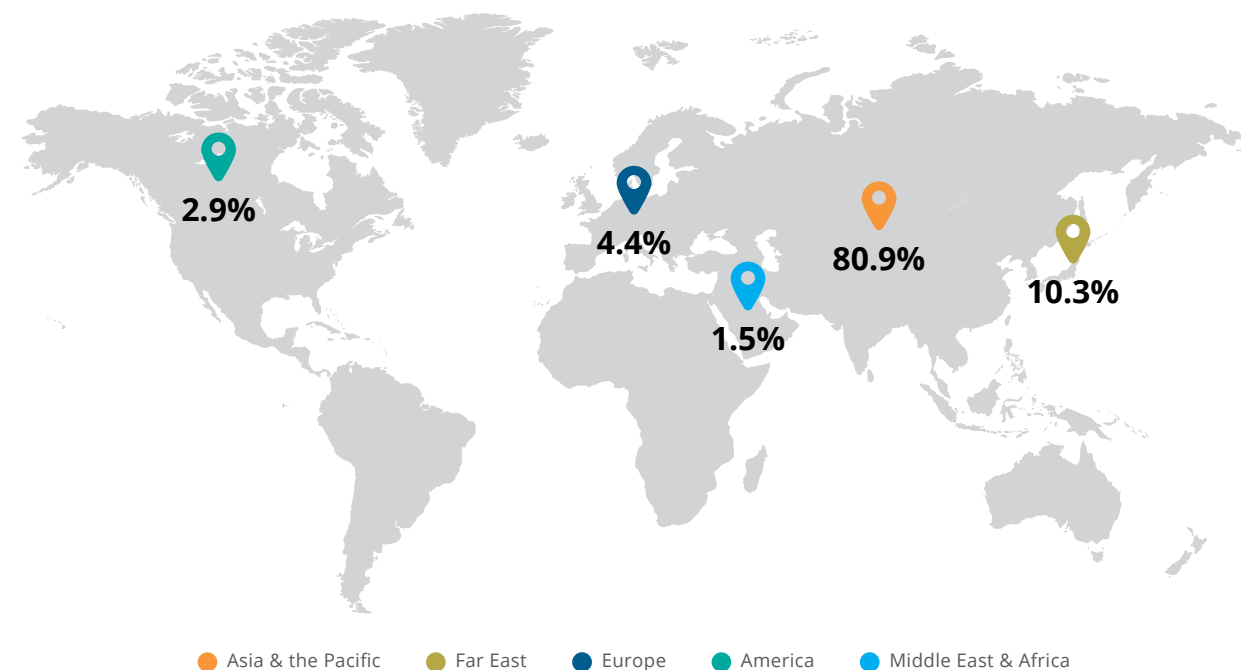
PROFITABILITY (USD Million)



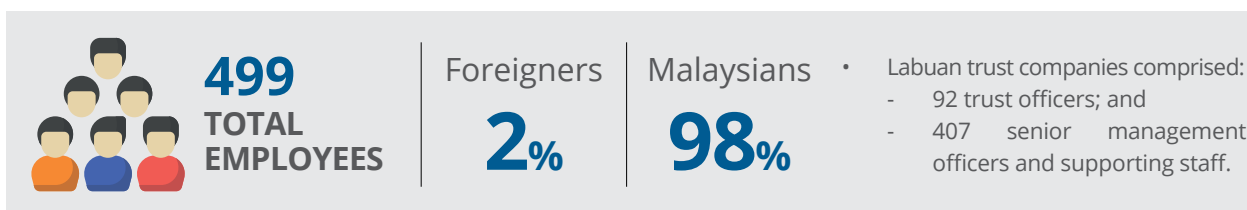
- The industry's profitability declined sharply mainly due to investment provisioning impairment recorded.

TRUST COMPANIES

THE ORIGIN OF TRUST COMPANIES



EMPLOYEE COMPOSITION



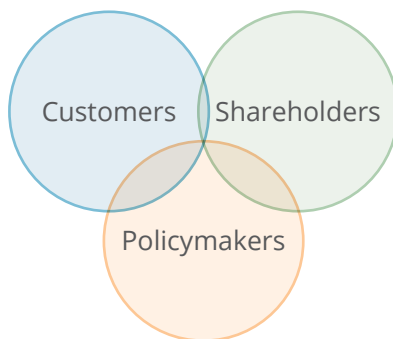
TEN DECADES OF EXISTENCE – CAPTIVE IS STILL RELEVANT



Of late, captive insurance has grown in prominence as businesses leverage on its use as an effective risk management tool. Captives generally offer flexibility in managing risk exposure of an entity or its related parties. In practice, multinational corporations are able to design protection covers suited to their group's pecuniary insurance needs with commercial underwriting in mind. Captive solutions are innovative, self-risk management vehicle in lieu of insurance coverage that are not available or limitation on coverage in the traditional commercial insurance market.

Use of Captives in Managing New Exposures

As innovation waves swept through the financial landscape, the use of captives has also evolved from traditional risk management vehicles to sophisticated arrangements entailing alternative risk transfers beyond plain-vanilla reinsurance. Many captives around the world were leveraged on for emerging exposures that include cyber threats, impact of climate change, and greater expectations on financial inclusion agenda.



Insurance Product Innovation

- Cyber Insurance
- Net Zero Insurance
- Climate Insurance
- Agricultural Insurance
- Employee Benefit Insurance

Diagram I: Driving forces for insurance product innovation

Customers, policymakers and shareholders are among the driving forces creating the demand and opportunity for insurance product innovation as depicted Diagram I. Contemporary insurance innovation that can leverage on captive vehicles include:



- Cyber risk has become an emerging concern globally particularly with the expanding fintech and digital-based businesses. This resulted in unfulfilled demands for cyber covers which cannot be absorbed by commercial insurance segment. Captives are therefore the natural choice to fill up the vacuum.
- During and post-pandemic, business supply-chains suffered large financial losses due to cyber attacks and consequential business disruptions. This has become more rampant as corporates opted for remote working arrangements whilst consumers relied heavily on online transactions. Dedicated cyber risk policy provided via captives can therefore alleviate such financial risk exposures.



- Net zero insurance is a new business innovation which is part of the net zero global economy concept. There is a huge potential for captive insurers in designing its underwriting approaches to support net zero insurance cycle that comprises underwriting, investments and claims.



- Effects of climate change have become an increasing concern as there has been heightened awareness on the importance of sustainability to be promoted by the international financial markets. The International Association of Insurance Supervisors reported that climate change is widely identified as a source of financial risk that can affect both the resilience of individual insurer and overall financial stability, if not checked.
- In view of potential financial losses arising from climate change risk can be impactful for businesses, commercial insurance may be insufficient or limited in cover. Here, captives can play a role as an alternative source of protection to supplement the conventional insurance supply.



- Concerns on food security vis-à-vis climate change is on an increasing trend. Although majority of the world's agricultural crop production is insured, these are substantially covered by highly subsidised insurance schemes - which may put a financial strain to some affected jurisdictions.
- In this instance, captives can play a role as a means for designing appropriate insurances with unique parameters and sufficient covers for damages due to natural disasters. The captive underwriting can even be tailor-made and employ sophisticated technical mechanism for such purposes; which would otherwise be very costly if these were to be undertaken by commercial agriculture insurance.

TEN DECADES OF EXISTENCE – *CAPTIVE IS STILL RELEVANT*

Labuan IBFC's Strategic Roadmap 2022-2026

Captive insurance has been around for about ten decades and has grown tremendously, with over 6,000 captives established worldwide.

Labuan captive insurance has shown an impressive business track record over the last three decades. The gross premium underwritten by Labuan captive segment has been on a steady increase comprising mainly from Asia and this demonstrates the increasing maturity of Labuan captives sector. With expanded asset base, Labuan captives are not only able to withstand external shocks but also possess high retention capacity. For the past ten years, the Centre's retention ratio reflected double digit growth.

Over the recent years, captive insurance has proven to be a niche sector within Labuan IBFC. Taking cognisance of this fact, captive promotion is one of the focus areas of the Labuan IBFC's Strategic Roadmap 2022-2026. The following key initiatives have been identified specifically for Labuan captives, aimed at accelerating the expansion of Labuan captive market:

01

Formulate omnibus captive policies to ensure comprehensive business offerings.

02

Intensifying market growth of Labuan insurance through targeted marketing/promotion.

03

Foster collaboration with other target international insurance markets through forging new partnership.

INTERNATIONAL COMMODITY TRADING

43

NUMBER OF COMPANIES

Six new Labuan international commodity trading companies were approved in 2022.

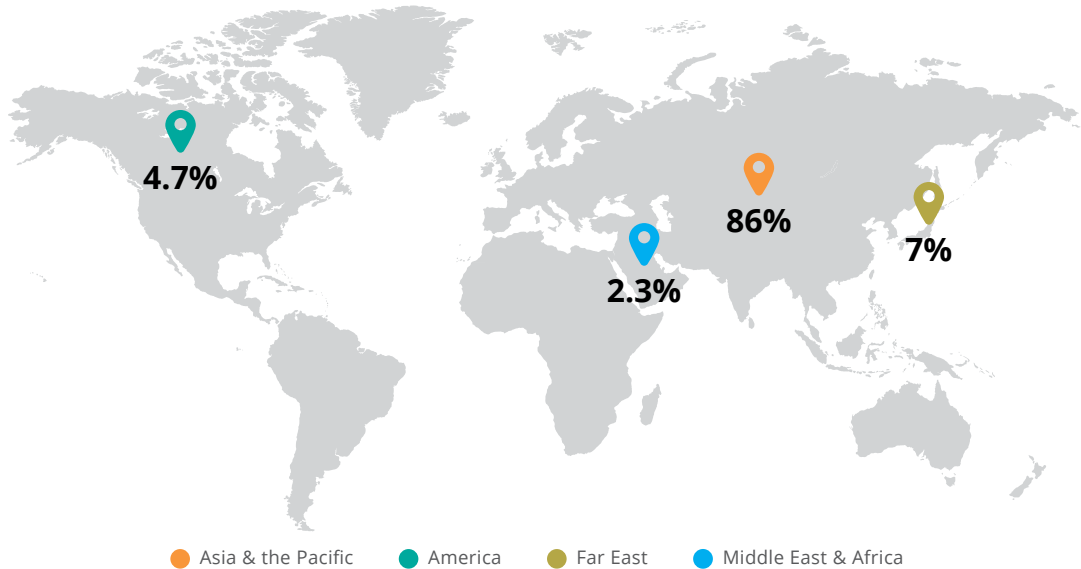


The Labuan international commodity trading companies (LITCs) sector recorded the largest trading amount of USD51.1 billion in 2022 - reflecting a significant 30.7% growth. The major market movement can be attributed to price hikes in global oil and liquefied natural gas. Consequently, LITCs' profitability surged by 55.1% to USD5.5 billion surpassing the pre-pandemic level.

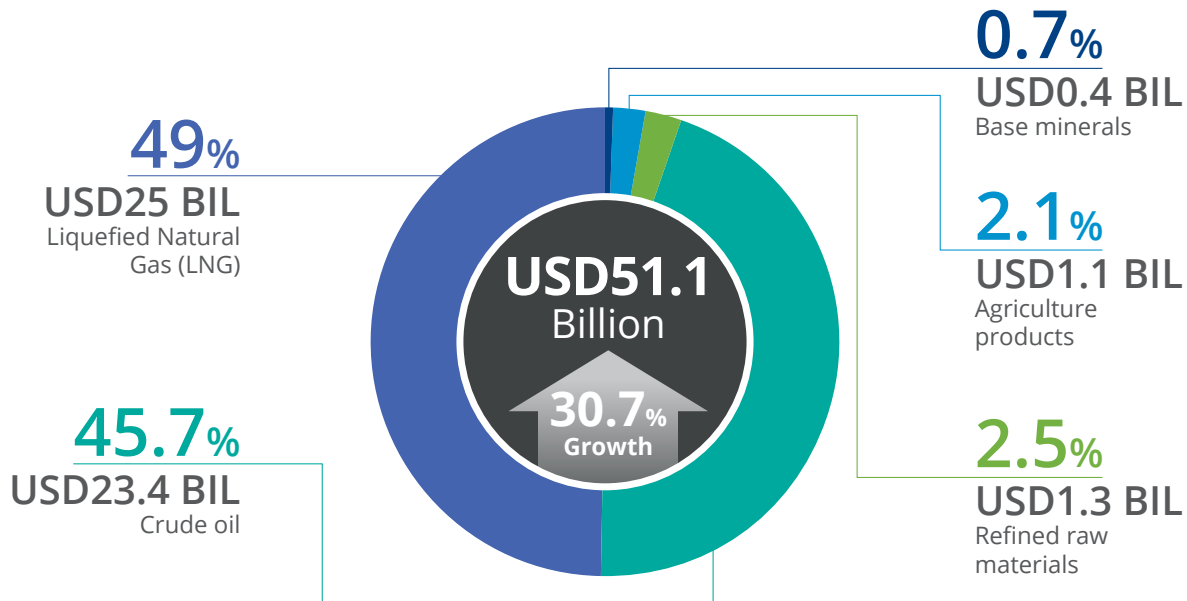
Although the number of LITCs remained constant over the recent years, the sector's asset volume grew by 16.6% to USD14.8 billion. This showed the sector's increasing maturity with the expanded size of LITCs.

INTERNATIONAL COMMODITY TRADING

THE ORIGIN OF LITCS



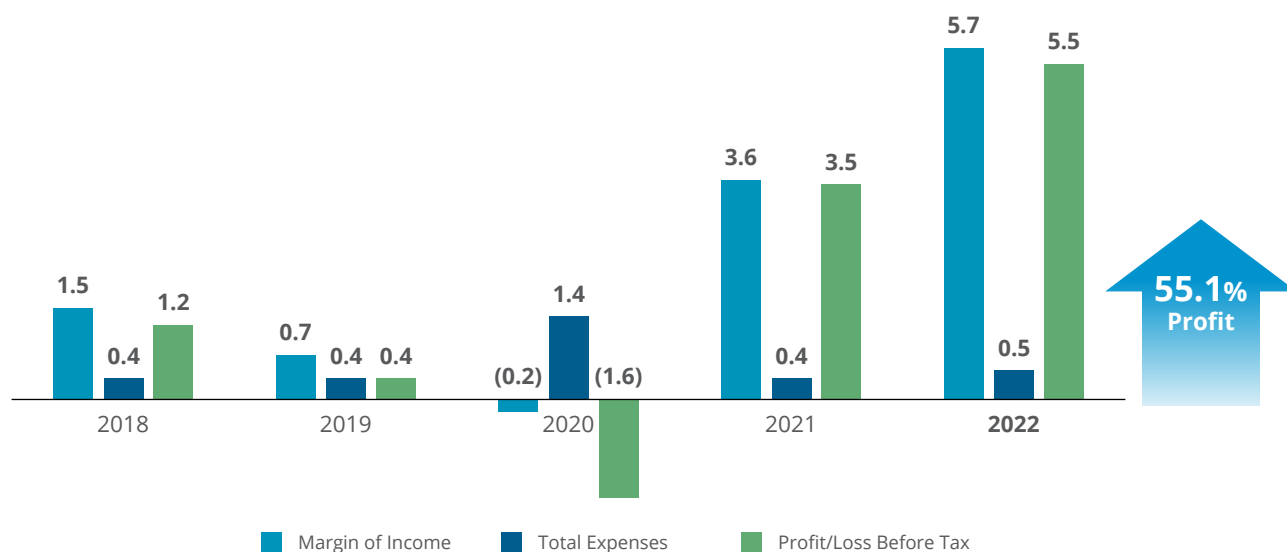
COMMODITIES TRADED BY TYPES



- Total commodities traded were mainly crude oil and LNG which grew by 40.1% to USD48.3 billion.

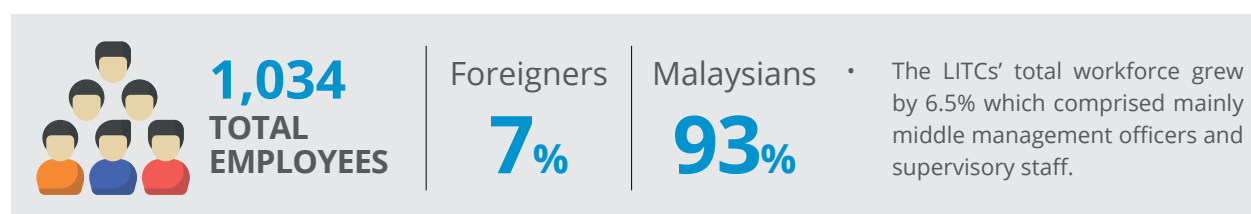
INTERNATIONAL COMMODITY TRADING

PROFITABILITY (USD Billion)



- The sector recorded the highest profitability for the first time in five years which can be attributable to positive oil and gas market performance.
- The encouraging sector's performance was also supported by intra-Labuan business developments with the availability of trade financing offered by Labuan banks.

EMPLOYEE COMPOSITION



LEASING

247**NUMBER OF
COMPANIES****179** Oil & Gas**55** Aviation**13** Others

During the year, 18 new leasing companies were approved, among others due to approvals for new aviation leasing.

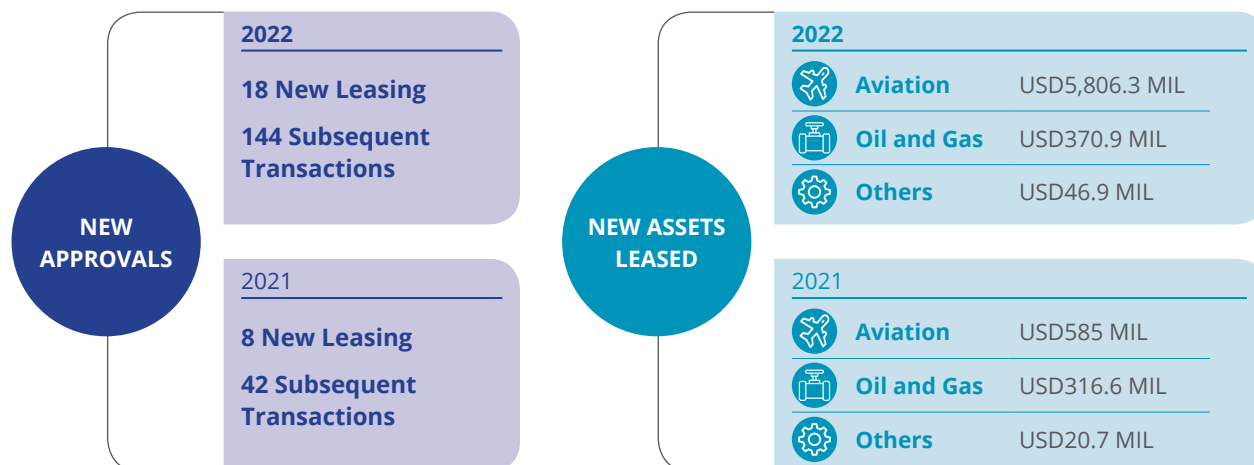


The reopening of international borders post-pandemic had kick-started the recovery in aviation industry. This is evident by the increasing flights, higher air passenger traffic and resumption of pre-COVID routes.

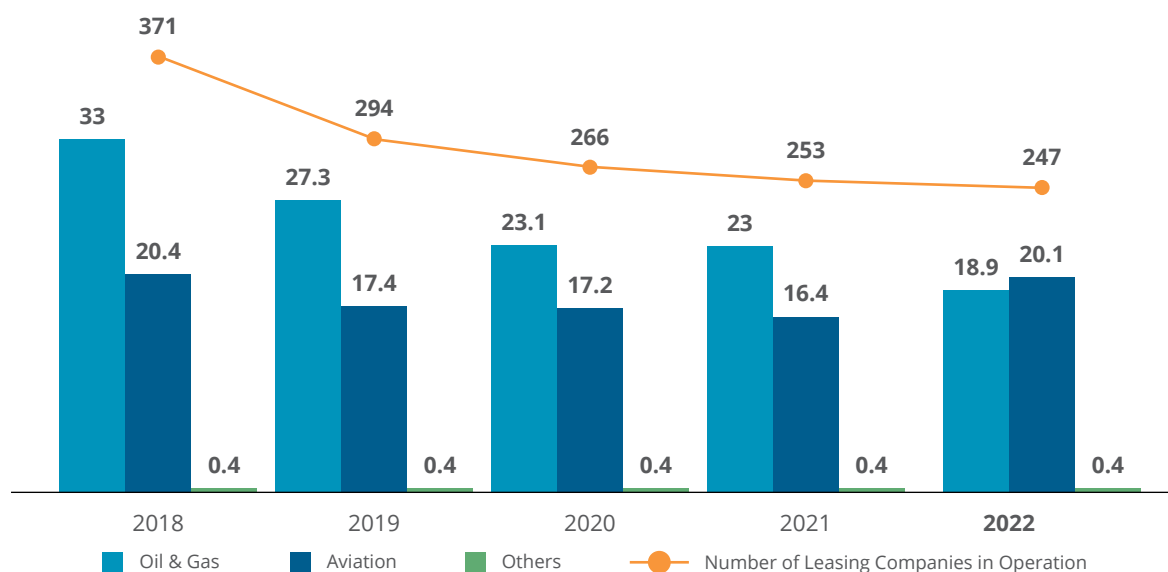
The total number of leasing companies moderated to 247 due to cessation of a few entities mainly those that dealt with oil and gas business. Despite this, the cumulative approved leased assets remained stable at USD39.1 billion. The aviation and oil and gas sectors remained the primary business users of Labuan leasing structures (more than 90% of the total).

LEASING

NUMBER OF NEW APPROVALS AND LEASED ASSETS



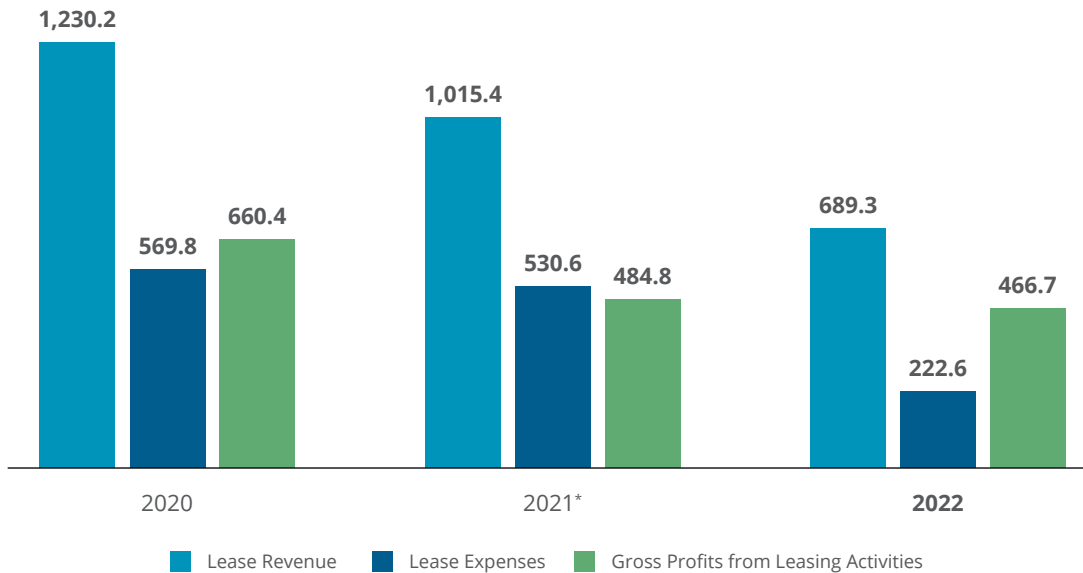
- 18 new leasing companies and 144 new subsequent transactions were approved - majority of them were in relation to aviation leases. Consequently, new aviation assets leased grew tenfold to USD5,806.3 million.

TOTAL COMPANIES AND LEASED ASSETS BY SECTOR
(USD Billion)

- In terms of leased assets, aviation leases had gained in term of market share and contributed more than half of the sector's portfolio.

LEASING

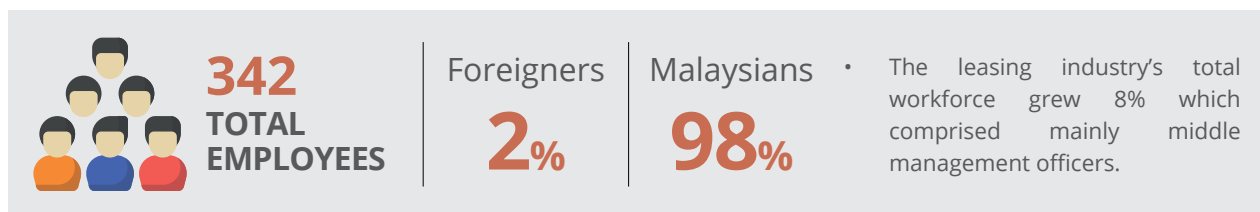
PROFITABILITY (USD Million)



* Restated

- The industry was able to maintain strong profitability position despite the sector's dampened. This was buoyed by the greater tightening of lease expenses which shrunk by almost 60%.

EMPLOYEE COMPOSITION



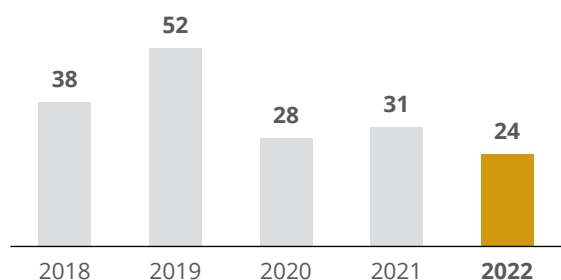
WEALTH MANAGEMENT



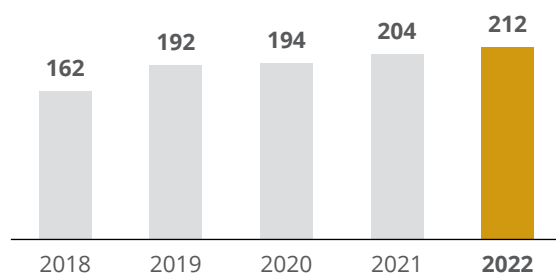
The rapid growth in High-Net-Worth Individuals in Asia and increasing investment positive appetite had fuelled the growing demands for Labuan wealth management structures. Labuan IBFC offers a diverse choice of investment vehicles from either Common Law's trusts or Civil Law's foundations. These vehicles were used to manage private wealth, estate planning, investment holding as well as for charitable purposes.

FOUNDATIONS

NEW REGISTRATIONS



TOTAL FOUNDATIONS



- Labuan foundations are mainly established for private estate management purposes.
- The total number of foundations increased by 3.9% in 2022. These foundations comprised 205 conventional vehicles and seven Shariah-compliant vehicles.

WEALTH MANAGEMENT

ASSETS ENDOWMENT



- The non-cash endowments which was the major asset component of the sector, were mainly in the form of equities and properties.

TRUSTS

ASSETS UNDER MANAGEMENT













- Currently there are 14 Labuan trusts registered which comprised seven purpose trusts, three charitable trusts, two private beneficiary trusts, one discretionary trust and one protective trust.
- Total assets under management were USD188.8 million comprising mainly properties held in trust.

DIGITAL MARKET



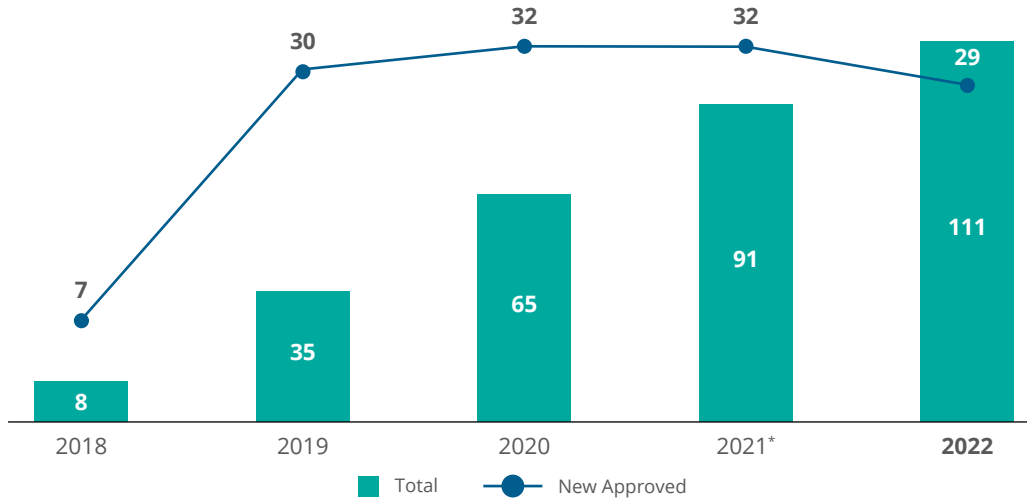
Digital Financial Services (DFS) in Labuan IBFC encompass a wide array of financial offerings ranging from simple e-platforms for trading fiat and digital currencies to the more complex digital asset exchanges and fundraising blockchain-based tokenisation. In 2022, Labuan DFS continued to show rapid expansion with a 22% growth.

DIGITAL FINANCIAL SERVICES PROVIDERS

	42	Money Broker		3	Fund Manager
	22	Credit Token Business		3	Digital Bank
	21	Payment System		2	Issuance of Securities
	10	Investment Bank		2	(Re)insurer
	5	Exchange		1	Securities Licensee

DIGITAL MARKET

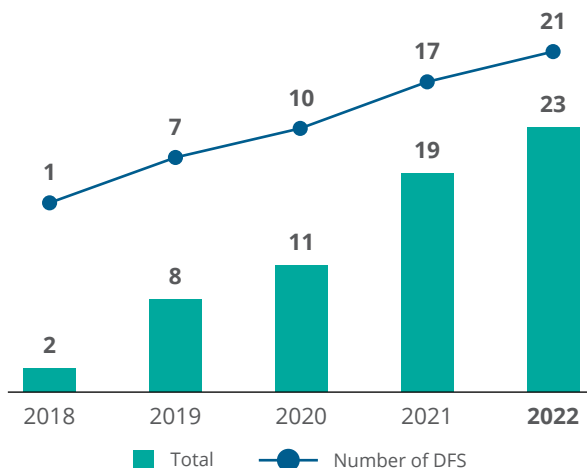
TOTAL NUMBER OF DFS PROVIDERS



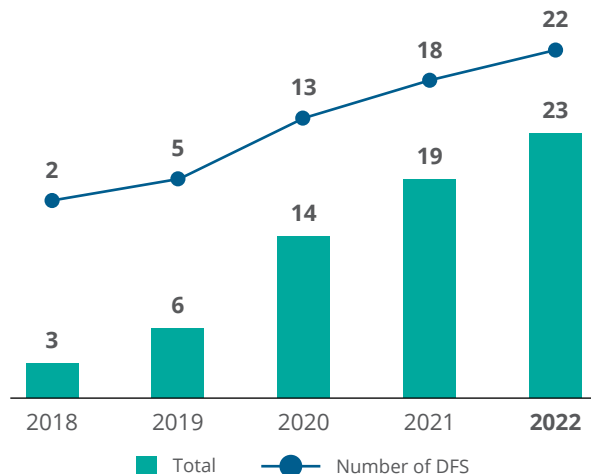
* Restated

- During the year, 29 approvals were granted to conduct DFS business. Majority were approved to operate digital banking business (4), exchange (3), digital currency trading platform (11), credit token business (5) and e-payment systems (6).

NUMBER OF PAYMENT SYSTEM OPERATORS



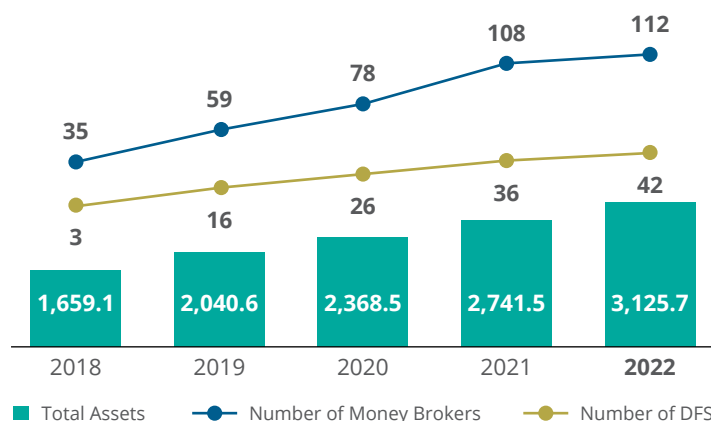
NUMBER OF CREDIT TOKEN ISSUERS



- Six new payment systems were approved to undertake fund clearing and settlement.
- Five new credit token issuers were approved mainly for issuance of digital tokens.

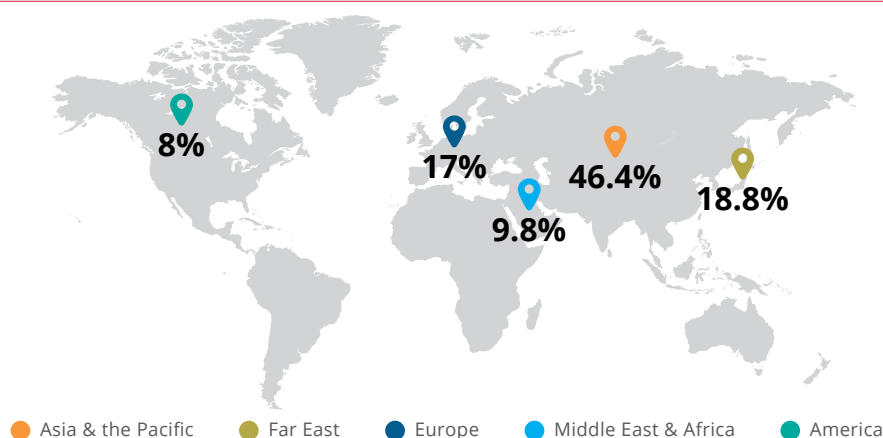
DIGITAL MARKET

MONEY BROKERS

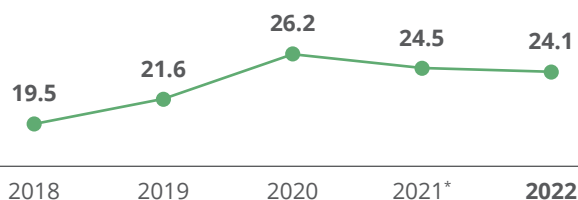
TOTAL ASSETS AND NUMBER OF MONEY BROKERS
(USD Million)

- Money broking sector's assets expanded by 14% with 20 new money brokers approved.
- 37.5% of money brokers were digital financial intermediaries offering, among others, asset trading platforms and digital currency pairing.
- Major clients managed were mainly from United Arab Emirates, Malaysia, and United Kingdom.

THE ORIGIN OF MONEY BROKERS



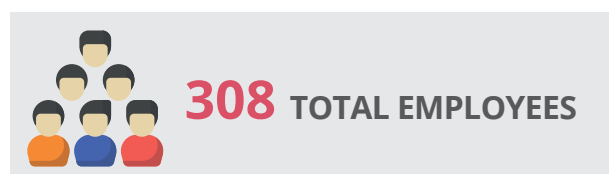
- Nearly half of Labuan money brokers were originated from Asia and the Pacific region.

PROFITABILITY
(USD Million)

* Restated

- The sector's profitability moderated by 1.6% due to higher expenses incurred by the industry.

EMPLOYEE COMPOSITION



ESG - CATALYSING ASIA'S SUSTAINABILITY VIA LABUAN IBFC

Environmental, social and governance (ESG) considerations were often seen as an afterthought by businesses in the past; driven by profit-making objectives and pursuits for investment gains. Today, this trend has reversed as ESG awareness amongst business entities are increasingly promoted particularly on keeping a balancing act between sustainability development vis-à-vis commercial goals. They are now broadly considered relevant for financial institutions to incorporate this as part of their corporate strategies especially to tackle the implication of climate change to their business vulnerabilities.



Conceptually, ESG tenets can be broadly explained in Diagram I below.



Diagram I: Key Components of ESG

ESG Milestones Thus Far

In pursuing the ESG agenda under the United Nations' (UN) 17 Sustainable Development Goals (SDGs) and the Paris Agreement, Malaysia is committed to achieving net zero greenhouse gas emission by 2050. As part of the initiatives to accelerate the ESG momentum, the Joint Committee on Climate Change (JC3) was established to preserve the national monetary and financial stability to be more sustainable and climate resilient. Being a regulatory body overseeing Labuan IBFC that has a fair share of domestic and international exposures, Labuan FSA supports Malaysia's initiatives by participating in JC3 together with Bank Negara Malaysia (BNM) and Securities Commission Malaysia (SCM).

The key milestones of Malaysia's commitments towards the SDGs are as illustrated in Diagram II.

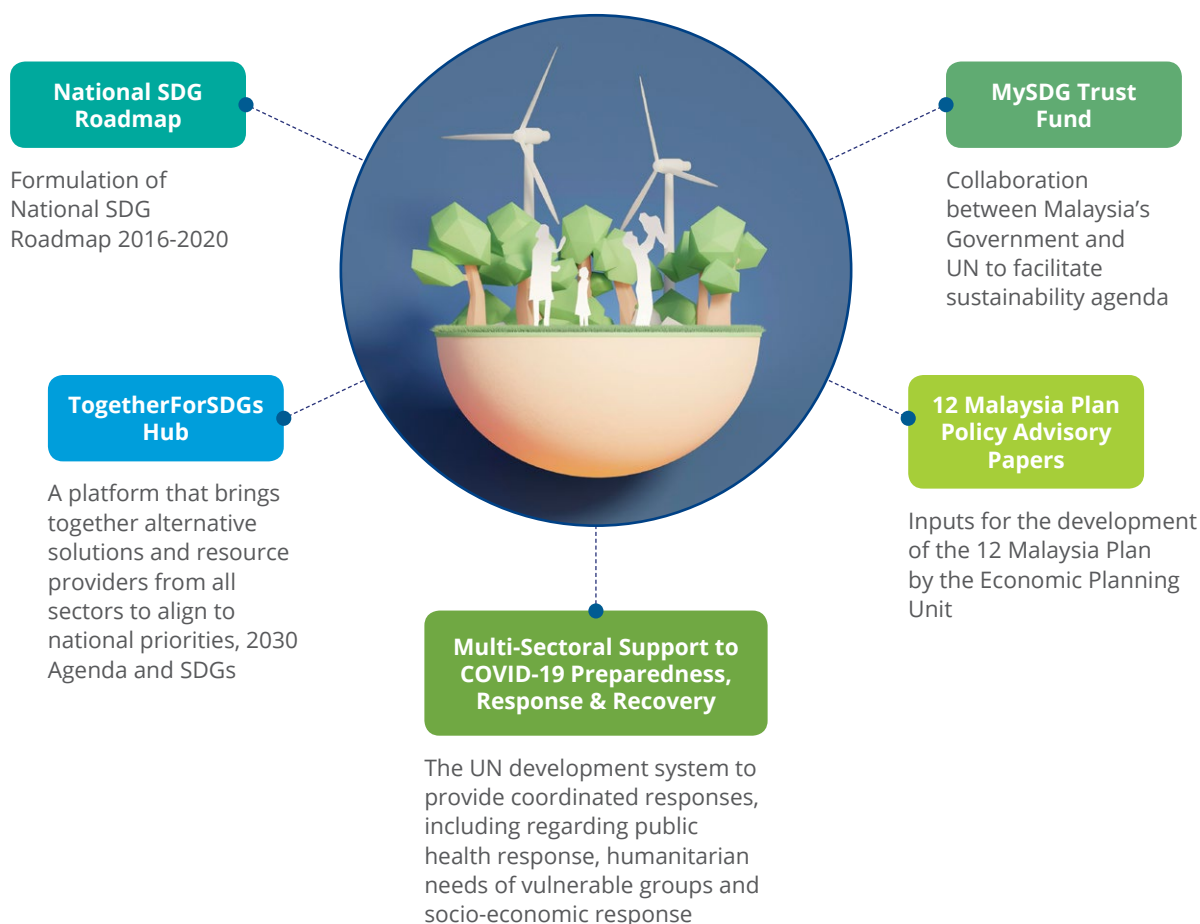


Diagram II: Key Milestones of National ESG Implementation

ESG - CATALYSING ASIA'S SUSTAINABILITY VIA LABUAN IBFC

Dual-Approach for Sustainability

In promulgating sustainability-sensitivity within the Centre, Labuan FSA has conceptualised broad strategies that are aimed at promoting sound practices to ensure that the Labuan financial institutions (FIs) adopt and implement ESG practices in their business decision making. In this regard, ESG-related initiatives have been overlaid within broad business development strategies under the Labuan IBFC Strategic Roadmap 2022-2026 as illustrated in Diagram III.



Diagram III: ESG Initiatives for Labuan IBFC



Thrust I: Fostering ESG Market Enablers

The immediate priority for Labuan IBFC was to ensure that it serves the ESG needs of the region that the Centre serves. This comprises:

- (i) leveraging on the Labuan's unique business structures and platforms to facilitate ESG-related propositions whether for conventional or Shariah-compliant businesses. The latter, in particular, is part of the Centre's efforts to use fintech innovations to strengthen Labuan Islamic finance's linkages to sustainability agenda;
- (ii) cultivating ESG as part of the Labuan FIs' sound corporate culture and good risk management practices; and
- (iii) promoting greater adoption of financial technologies to extend market reach to the unserved or underserved market segments as part of financial inclusion initiative.



Thrust I: Fostering ESG Market Enablers

1

Launching of the First Shariah and ESG-Compliant Digital Asset Exchange
Provide a supportive ecosystem to invigorate ESG driven activities in the forms of fundraising platform and exchanges.

2

Facilitating ESG-related Business Propositions for Sound Governance and Risk Management Practices including through Islamic Finance Offerings
Leverage on Labuan unique structures such as sukuk issuance and liquidity platform to facilitate ESG-related business propositions including social-based finance solutions such as retirement plan and religious fulfilment purposes.

3

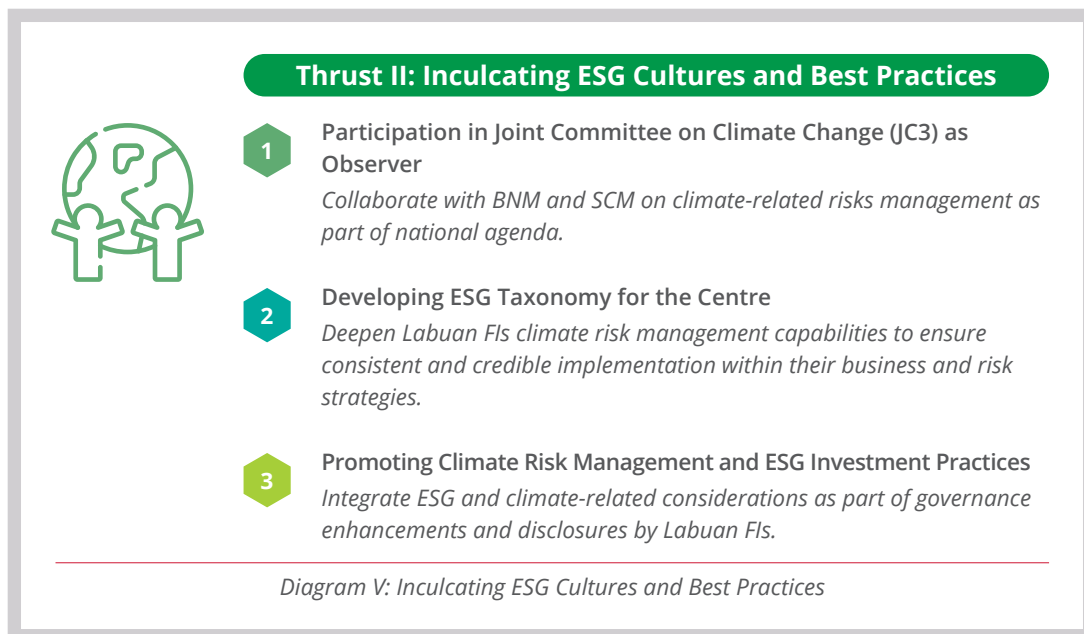
Promoting the adoption of financial technologies for greater market reach to the Unserved and Underserved Segments
Collaborate with domestic agencies/ministries to support national initiatives such as disaster relief management programmes, special funds and financing schemes establishment through Labuan IBFC.

Diagram IV: Fostering ESG Market Enablers

ESG - CATALYSING ASIA'S SUSTAINABILITY VIA LABUAN IBFC

Thrust II: Inculcating ESG Cultures and Best Practices

In order to inculcate sound ESG cultures and best practices amongst the Labuan FIs, Labuan FSA will collaborate with domestic regulatory bodies responsible for pursuing the national ESG agenda. This will be further complemented by the development of ESG taxonomy to deepen climate risk management capabilities within the financial industry as well as integrating ESG as part of Labuan FIs' governance enhancements, investment practices and disclosure. Further details are provided under Diagram V below.



Conclusion

As a progressive, responsible international financial centre, Labuan IBFC is committal in pursuing the sustainability agenda by promulgating an ESG-conscious business environment and supporting ecosystem. The initiatives planned are intended not to only create a sustainable financial market for the Centre, but to expand Labuan IBFC's role to become a key business hub in driving the ESG agenda for Asia.

CAPITAL MARKET



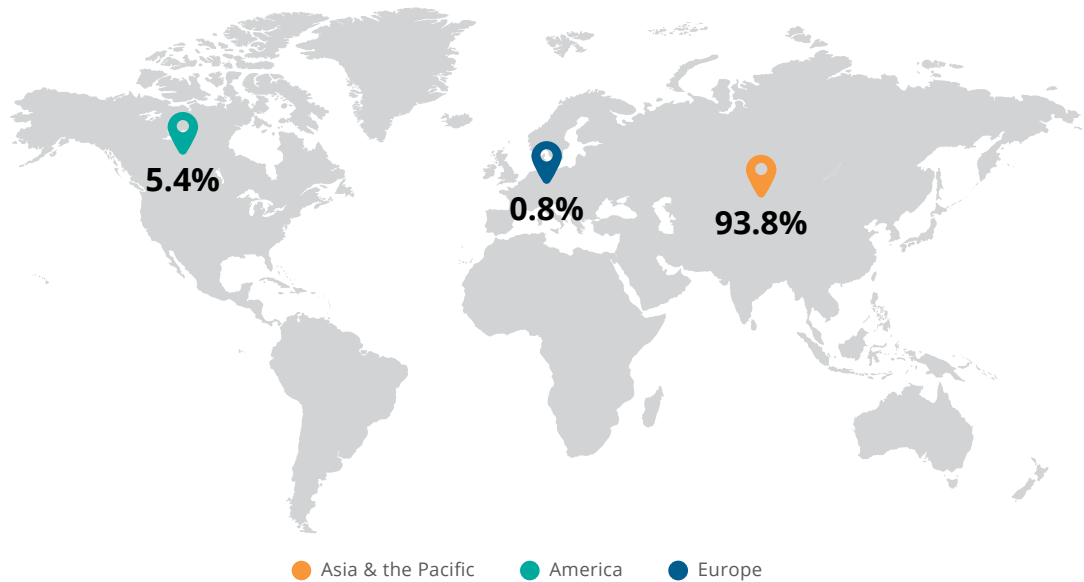
With its parallel conventional and Islamic offerings, Labuan IBFC's capital market has the potential to grow. The industry hosted a variety of capital market intermediaries, which operate to facilitate investment dealings and placements in the Centre. Particularly over the last two years, there has been a positive interest in using Labuan IBFC as a platform to mediate investments and fundraising exercises within Asia and beyond.

NUMBER OF INTERMEDIARIES



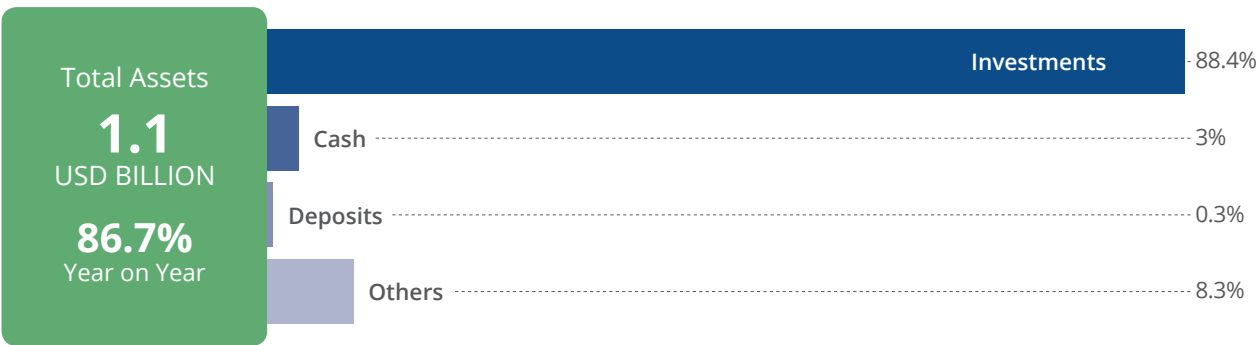
CAPITAL MARKET

THE ORIGIN OF FUNDS MANAGED BY LABUAN FUND MANAGERS



- Seven new fund managers were approved during the year.
- 64% of the fund managers were from Asia and the Pacific region, mainly from Malaysia and Singapore.
- The funds managed by Labuan fund managers were mainly of Asia and the Pacific origins.

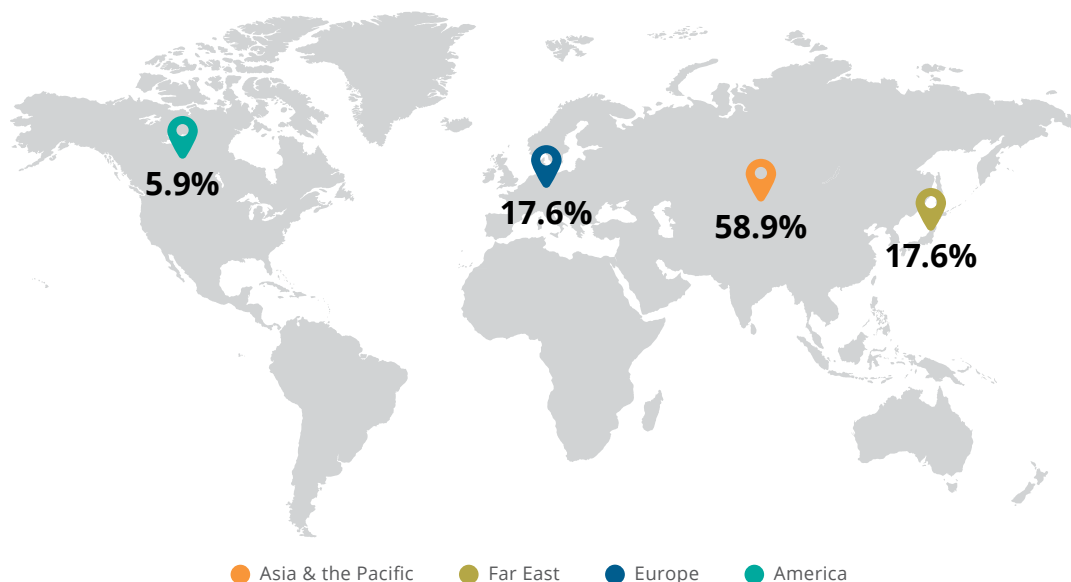
ASSETS UNDER MANAGEMENT BY FUND MANAGERS



- Total assets under management by Labuan fund managers showed almost a doubling in growth to USD1.1 billion. Most of the assets invested were in equities and debt instruments which were subscribed by investors from Indonesia and Virgin Islands, British.

CAPITAL MARKET

THE ORIGIN OF SECURITIES LICENSEES



- Seven new securities licensees were approved during the year.
- Nearly 60% of the securities licensees were Asia and the Pacific-owned entities.

EMPLOYEE COMPOSITION



135 TOTAL EMPLOYEES

Fund
Managers

107

Securities
Licensees

28

FINANCIAL EXCHANGE



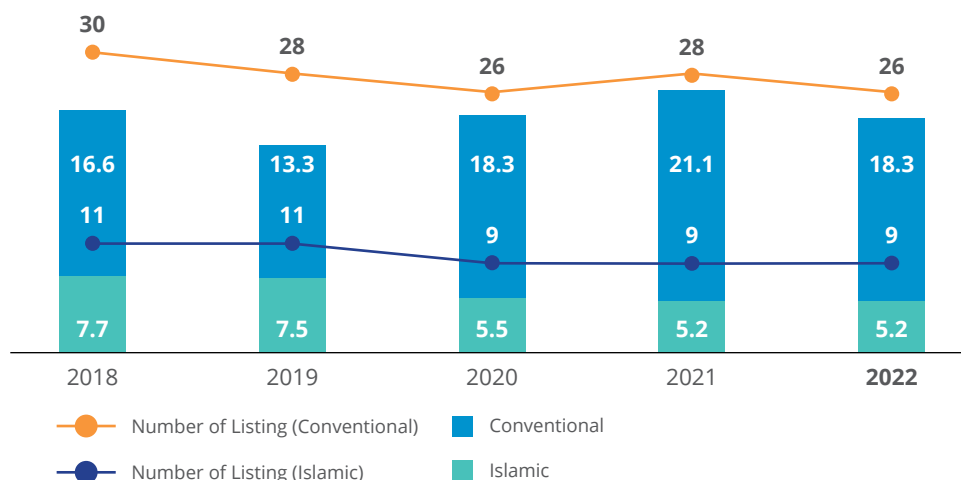
Undeterred by the global challenges, fundraising in international currencies continued apace in Asia. This can be driven by the dynamic and innovative companies with large fundraising needs in the region, increasing investor allocation with large pool of capital looking for investment opportunities in the region - making Asia a favourable market for global investors.

These have added to the attractiveness of Labuan IBFC as a multi-currency issuance platform where a variety of debt and equity securities instruments can be issued via Labuan IBFC financial exchange platforms. Notable new trend evolving developments in the blockchain landscape is the innovative approach for leveraging on blockchain technology in securitisation of assets. This bodes well with the launch of the first Shariah-compliant ESG-based digital exchange in Labuan IBFC which focuses on tokenisation of securities including digital sukuk, allowing for immediate

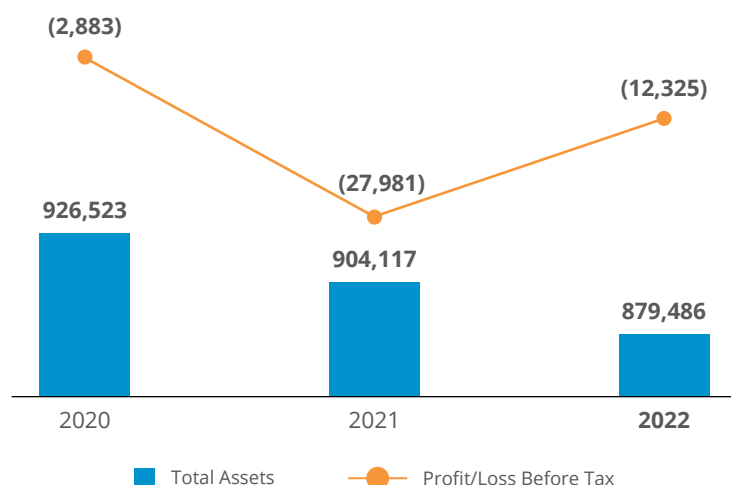
buying and selling of securities through its integrated blockchain technology solution. Global investors who are looking for new asset classes including ESG and Shariah-compliant investment products, can look to Labuan where those seeking financing can raise funds via securities token offering such as commodities, real estate and carbon credit. This augurs well for Labuan IBFC to create a competitive market environment as a fundraising and investment hub in the digital space.

FINANCIAL EXCHANGE

NUMBER OF LISTINGS AND MARKET CAPITALISATION (USD Billion)



PROFIT BEFORE TAX AND TOTAL ASSETS (USD Million)



- In 2022, two loan notes worth USD1 billion were raised through the Labuan International Financial Exchange, with a 5-year maturity tenure.
- In terms of market capitalisation, the volume declined by 10.6% mainly attributable to maturing bonds. Composition-wise, 22.2% were related to sukuk issuances.
- Profitability performance rebounded by 56% to record the lower losses mainly due to stronger listing revenue performance and cost control measures.

CONTACTS

LABUAN FINANCIAL SERVICES AUTHORITY

Level 17, Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 FT Labuan, Malaysia

Tel : +603 8873 2000
Fax : +603 8873 2209
E-mail : communication@labuanfsa.gov.my

LABUAN IBFC INC. SDN BHD

Suite 3A-2, Level 2
Block 3A, Plaza Sentral
Jalan Stesen Sentral, KL Sentral
50470 Kuala Lumpur

Executive Chairman: **Datuk Iskandar Mohd Nuli**
Deputy Director: **Ms. Serene Liaw**

Tel : +603 2773 8977
Fax : +603 2780 2077
E-mail : info@libfc.com

INDUSTRY ASSOCIATIONS

ASSOCIATION OF LABUAN BANKS

Level 8(D), Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 FT Labuan, Malaysia

Chairman: **Mr. Nor Rashidi Mohammad**
Secretary: **Mr. Noor E Akbar Bin Ali Akbar**

Tel : +6087 452 778
Fax : +6087 452 779
E-mail : admin@alb-labuan.com

ASSOCIATION OF LABUAN TRUST COMPANIES

c/o Noblehouse International Trust Ltd
Ltd Level 1, Lot 7, Block F
Saguking Commercial Building
Jalan Patau-Patau
87000 FT Labuan, Malaysia

Chairman: **Datuk Chin Chee Kee**
Secretary: **Mrs. Rita Mohd Sharif**

Tel : +6087 410 745
Fax : +6087 419 799
E-mail : cck@noblehouse-labuan.com

LABUAN INTERNATIONAL INSURANCE ASSOCIATION

Level 16(A), Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 FT Labuan, Malaysia

Chairman: **Mr. Gerard Roy Suresh Sharma**
Secretary: **Mr. Ahmed Farouk Aripin**

Tel : +6087 584 797
Fax : +6087 584 788
E-mail : secretariat@liia-labuan.org

LABUAN INVESTMENT BANKS GROUP

c/o IBH Investment Bank Limited
Unit A-6-5, Block A, Megan Avenue 1
No. 189, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

Chairman: **Dato' Howard Choo Kah Hoe**
Secretary: **Mr. Jason S Fung Chi Vun**

Tel : +603 2161 1005/1002
Fax : +603 2181 3550
E-mail : howard@ibhinvestmentbank.com

