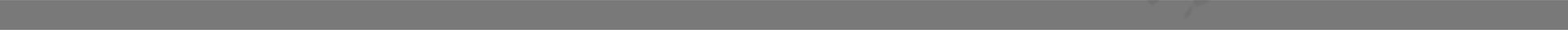




**LABUAN IBFC
INDUSTRY PERFORMANCE 2019**



HIGHLIGHTS OF THE YEAR

981 New incorporations
2.1% Growth in operating entities



58.8%
Labuan companies originated from Asia and the Pacific



Implementation of new tax framework for Labuan IBFC

A PREFERRED CHOICE OF JURISDICTION FOR ASIAN COMPANIES

26.9% Increase in banking profitability



> 55%
Out-out banking and insurance business



Substance requirements pushed demand for office space and talent

43.7% Increase in insurance profitability

BEST ASIAN DOMICILE AWARD FOR CAPTIVE



28
Licences approved for Digital Financial Services



> 6,000
Employment in Labuan IBFC

HIGHLIGHTS OF THE YEAR (cont'd)

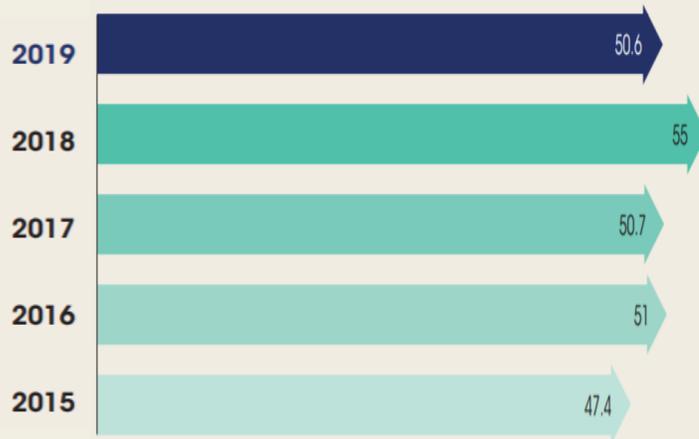
- **New company incorporations** continued to grow albeit at a slower pace with 981 new incorporations in 2019. Companies hailing from Far East continued to show positive trending over the last three years with a significant increase of 33.3% growth in 2019.
- The positive trend in company incorporations was in tandem with the increase in **Labuan trust companies**, with five new licences issued in 2019, bringing the total number of trust companies to 61.
- **Labuan banking industry** remained financially strong to support their businesses in the region. Labuan's strategic position in the Asian region sharing similar time zone with major cities and its broad based financial market players have given the Centre the edge to continue providing effective financial intermediation in Asia. This is reflected by the 80.9% of the banks' total financing being channeled to the region. Profitability of the industry grew by 26.9% to USD634.8 million.
- **Labuan insurance industry** showed a modest topline growth but higher profitability performance for 2019. Total gross premiums were transacted at USD1.5 billion with 89% of the total premiums originating from the Asian market. The industry's profitability grew by 43.7% to USD190.5 million mainly due to improved underwriting performance and better cost management.

HIGHLIGHTS OF THE YEAR (cont'd)

- Labuan IBFC is the **second largest captive market in Asia** with 52 captives operating in the Centre. Increasingly Asian companies are embracing the use of captive as alternative risk management. Labuan IBFC will continue to tap on this potential with suitable captive structures supported by a strong pool of intermediaries and insurers.
- Labuan IBFC continued to attract **digital financial services (DFS)** setups with its facilitative regulation with 28 new licences being approved. A total of 34 DFS provide digital-based services including insurtech, payment services, and digital exchange in Labuan IBFC.
- The **Labuan wealth management business** continued to trend upward with registration of new foundations increasing by 36.8%, bringing the total number of active foundations to 192. Majority of these are vehicles for private wealth management.

BANKING... Remained Financially Strong With Positive Liquidity And Increased Profitability

TOTAL ASSETS (In USD Billion)



LOANS AND DEPOSITS (In USD Billion)

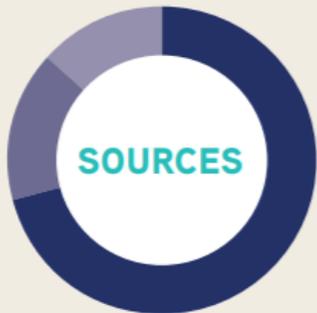
LOANS



DEPOSITS



SOURCES OF FUNDS (%)



71.1% Amount due to financial institutions/
interbank borrowings

15.7% Deposits

13.2% Others

Resident

33.1% USD 8,477.7Mil

Non-Resident

66.9% USD 17,157.1Mil

Resident

45.3% USD 3,610Mil

Non-Resident

54.7% USD 4,350.9Mil

Loan Portfolio Predominantly Asia and The Pacific

BY SECTORS



BY LOAN EXPOSURES

ASIA & THE PACIFIC

76.8%

Main Sectors
Manufacturing
Utilities
Transport and communication

EUROPE

14.4%

Main Sectors
Property
Financial services
Special purpose vehicles

FAR EAST

4.1%

Main Sectors
Manufacturing
Other services
Property

AMERICA

3%

Main Sectors
Agriculture and forestry
Transport and communication
Utilities

MIDDLE EAST & AFRICA

1.7%

Main Sectors
Mining and quarrying
Utilities
Transport and communication

22.2%

FINANCING TO
PROPERTY SECTOR

Financing to all major sectors declined aside for real estate and property which grew by 22.2%, mainly to fund commercial and residential projects in the United Kingdom, Australia and Vietnam.

Banking Profitability Improved Due To Lower Non-interest Expenses

NET INTEREST INCOME

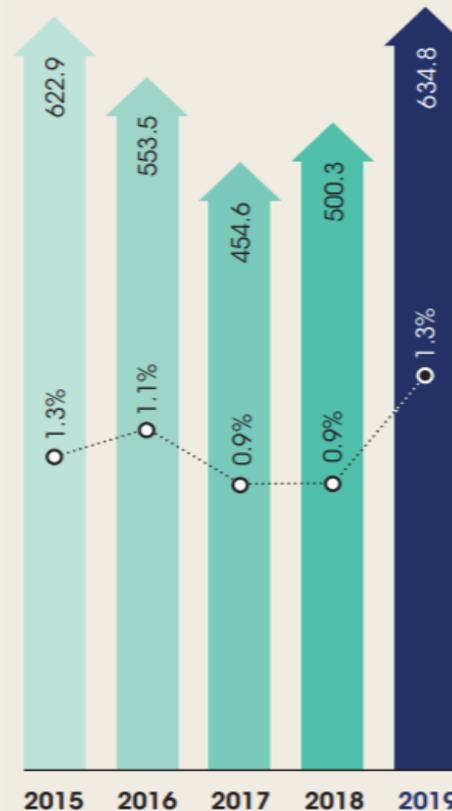
(In USD Million)



● Total Interest Income ● Total Interest Expenses
○ Interest Expense to Interest Income Ratio

PROFITABILITY

(In USD Million)

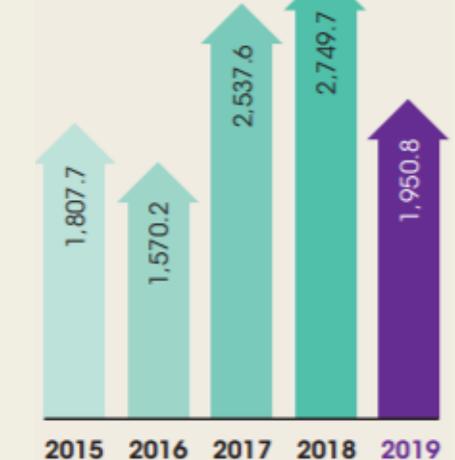


● Profit Before Tax
○ Return on Assets

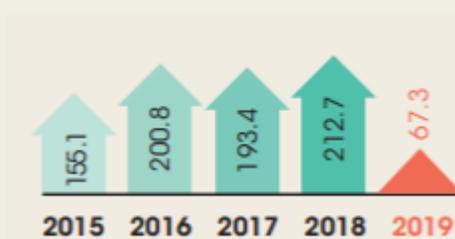
ISLAMIC BANKING

(In USD Million)

FINANCING



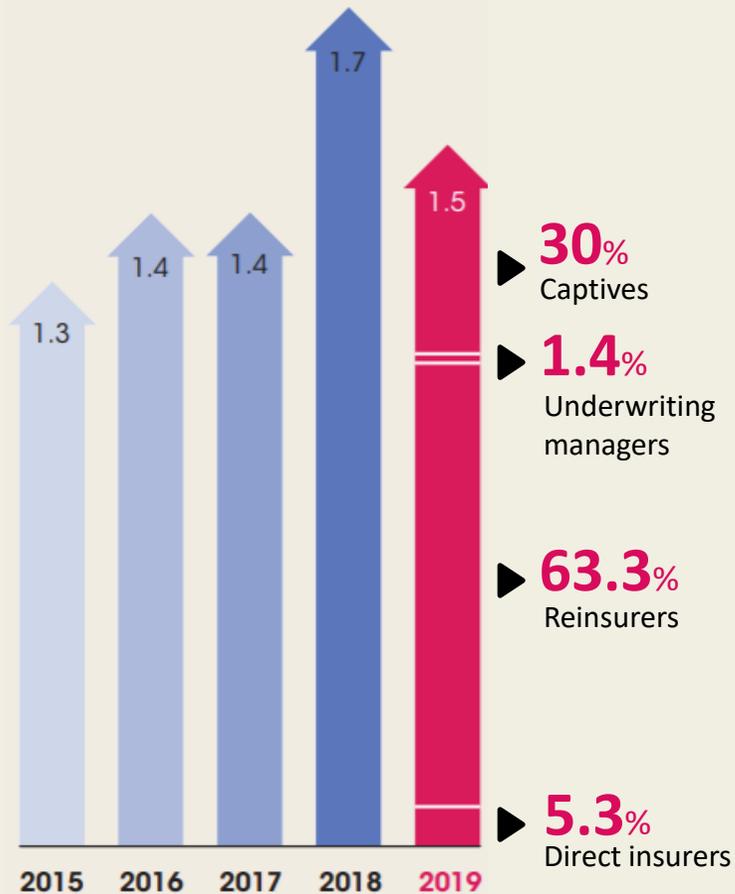
DEPOSITS



INSURANCE... Modest Topline Growth But Higher Profitability

TOTAL GROSS PREMIUMS

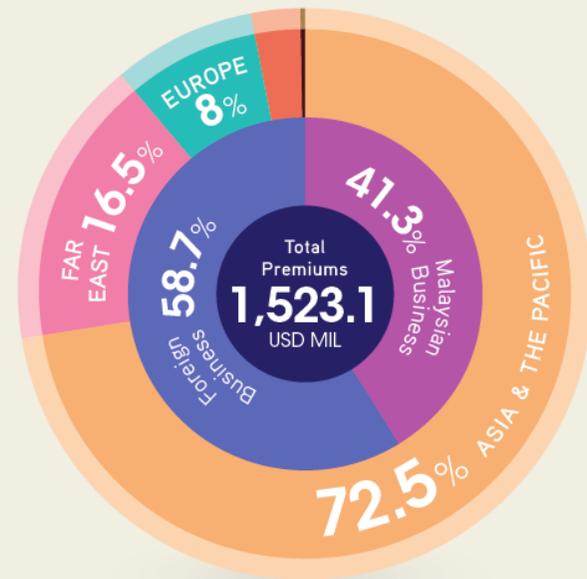
(In USD Billion)



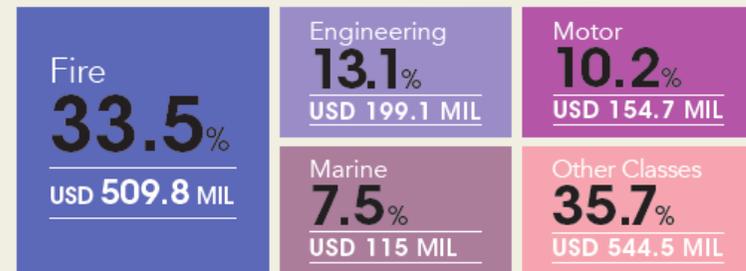
DISTRIBUTION OF GROSS PREMIUMS

By Region

MIDDLE EAST & AFRICA 2.9% ●● 0.1% AMERICA



By Sector



Improved Underwriting Performance and Better Cost Management Boosted Insurance Profitability To 3-Year High

NET RETENTION RATIO

(In %)

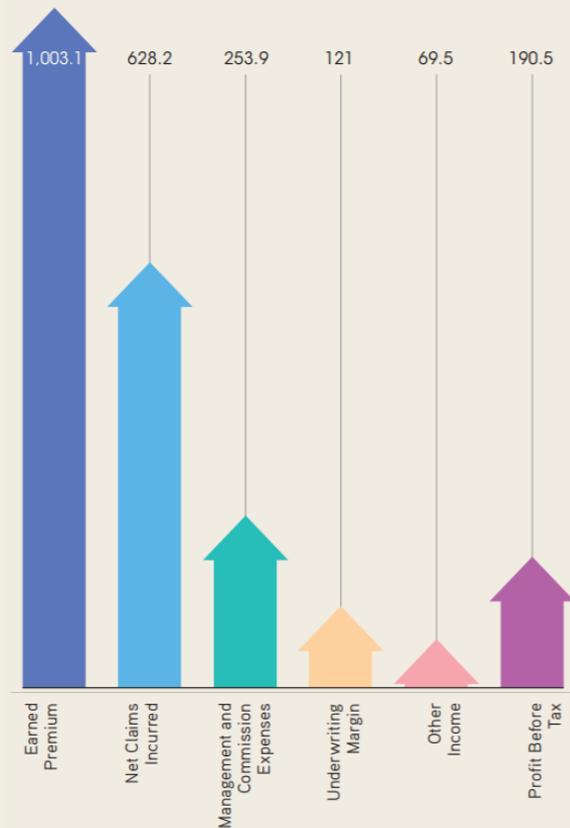


2015 2016 2017 2018 2019

● Total ● Malaysian Business
○ Foreign Business

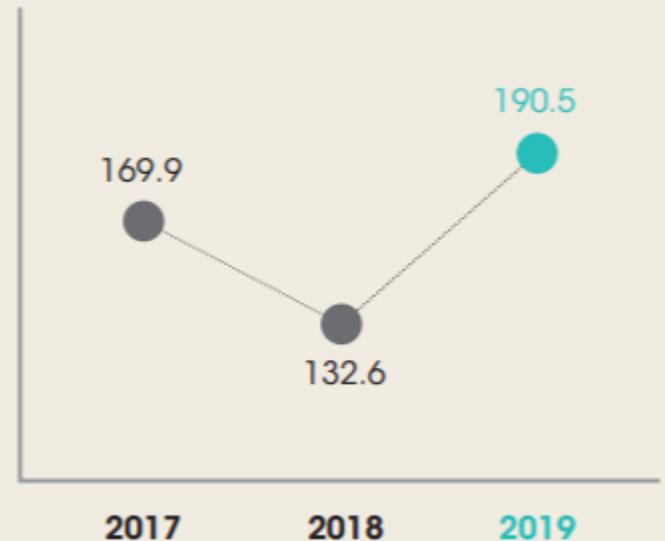
UNDERWRITING MARGIN

(In USD million)



PROFITABILITY

(In USD million)

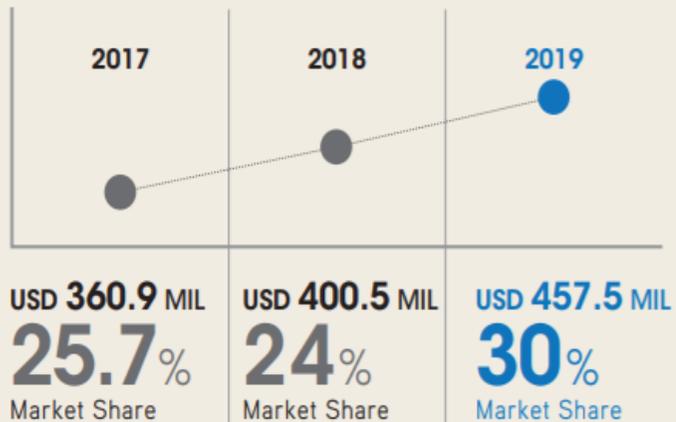


2017 2018 2019

Captive Business Continued To Grow, Predominantly International Markets

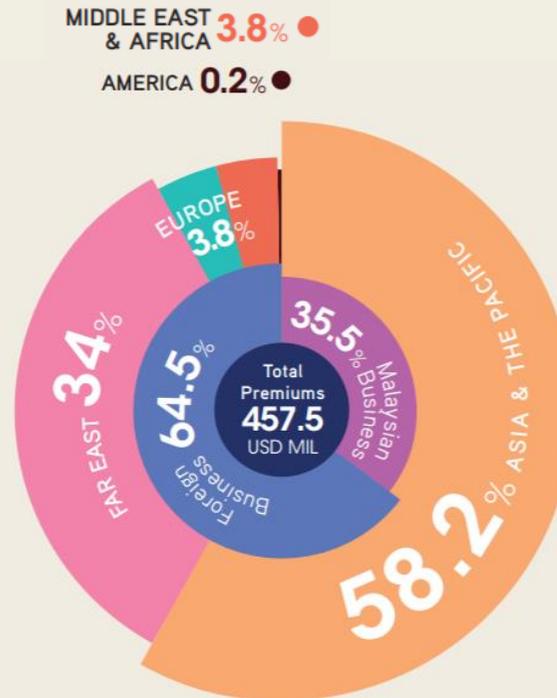
TOTAL GROSS PREMIUMS

(In USD Billion)



DISTRIBUTION OF GROSS PREMIUMS

By Region



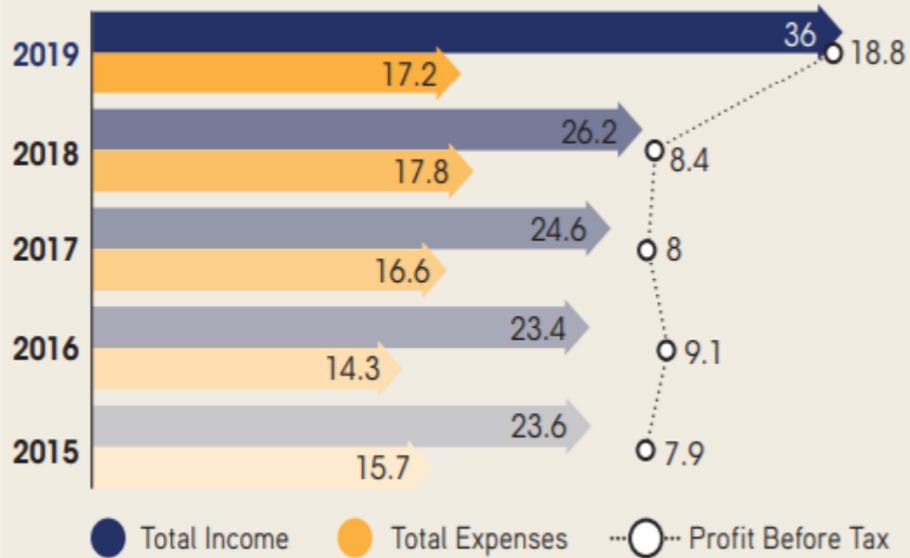
By Sector



TRUST COMPANIES... Profitability Increased Mainly From Investment Gain

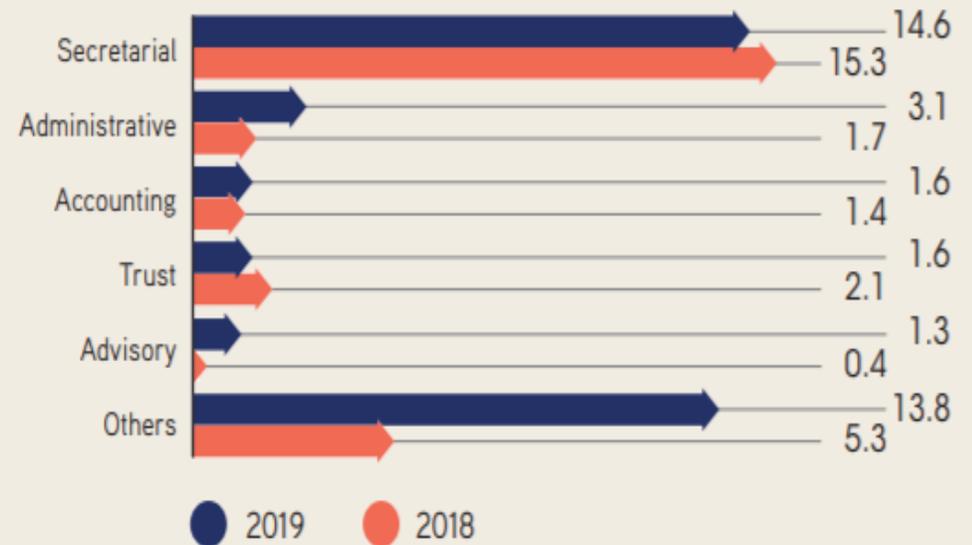
PROFITABILITY

(In USD Million)



Source of Income

(In USD Million)



Labuan IBFC Continued To Facilitate Trade Flow Within Asian Economies

TOTAL COMPANIES



NEW INCORPORATIONS



ORIGIN OF LABUAN COMPANIES

AMERICA

10.6%

EUROPE

12.4%

FAR EAST

14.7%



MIDDLE EAST &
AFRICA

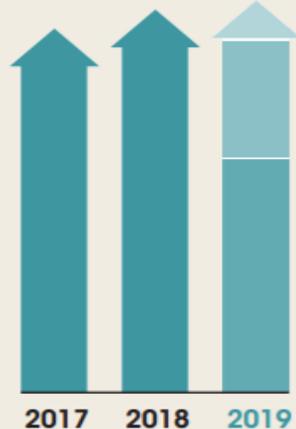
3.5%

ASIA &
THE PACIFIC

58.8%

OPERATING COMPANIES

5,789 6,031 6,158

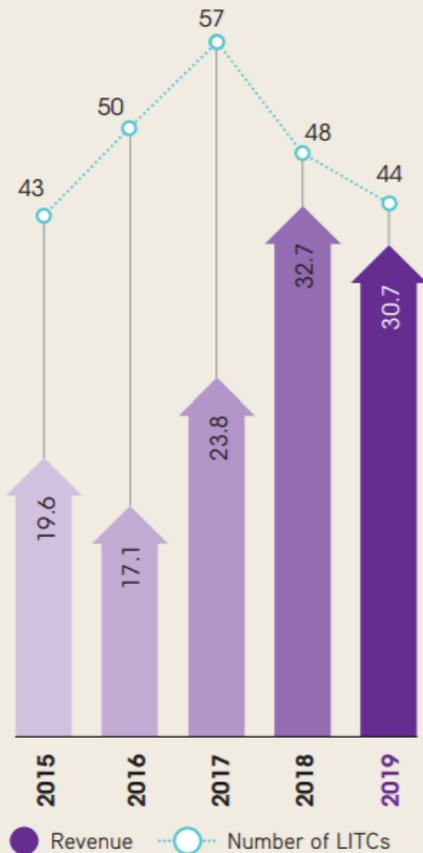


- ▶ 584 Both
- ▶ 1,906 Non-trading
- ▶ 3,668 Trading

COMMODITY TRADING AND LEASING.. Despite Slowdown, Prospects Remain Positive

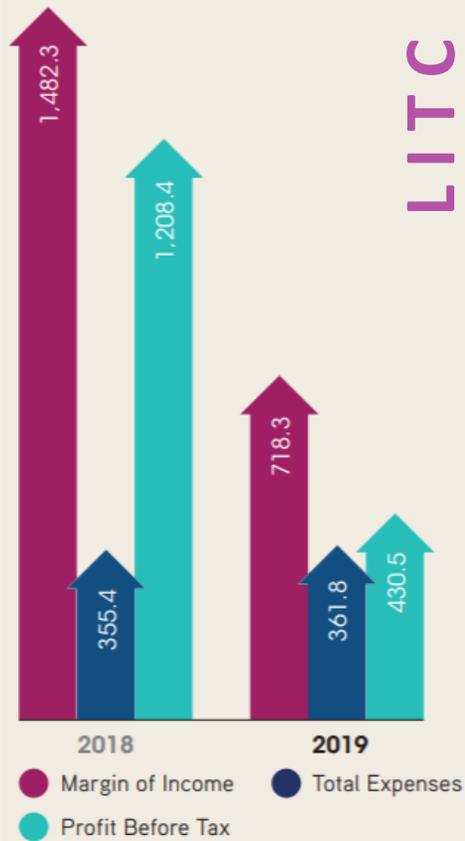
TOTAL REVENUE

(In USD Billion)



PROFITABILITY

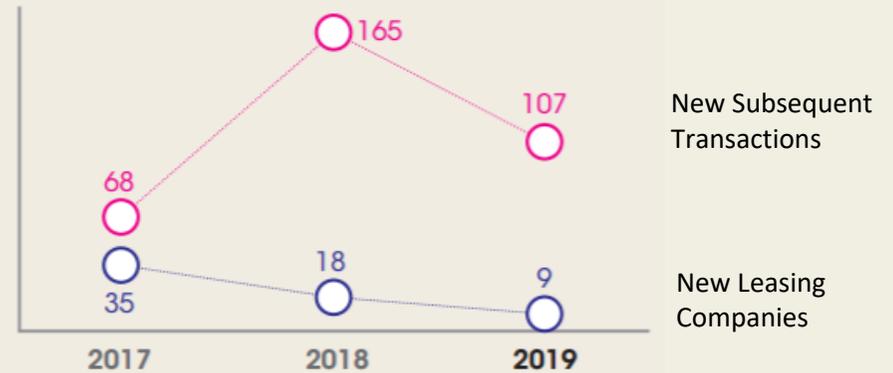
(In USD Million)



LITC

LEASING

NEW APPROVALS

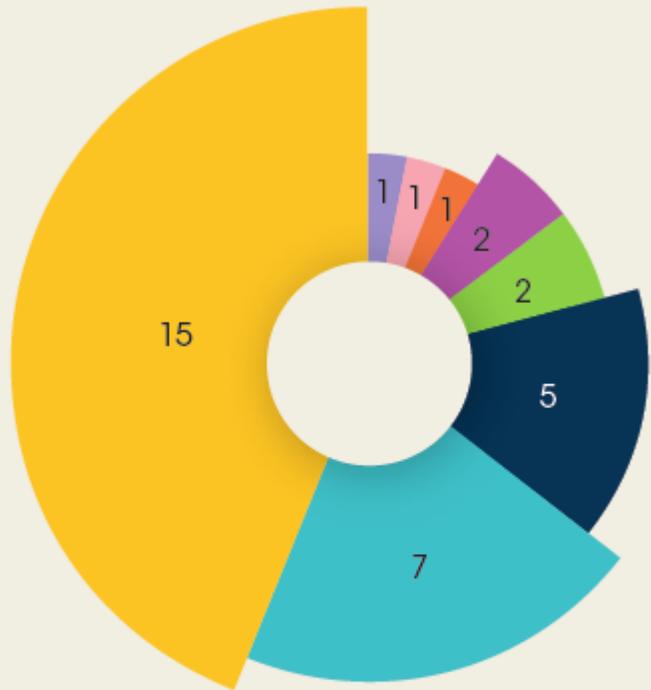


NEW ASSETS LEASED (In USD Million)



OTHER EMERGING BUSINESSES...

DIGITAL FINANCIAL SERVICE PROVIDERS



Money Broking
 Payment System
 Credit Token Business
 Fund Management
 Banking
 Insurance
 Securities Licensee
 Exchange

OTHER FINANCIAL INTERMEDIARIES



**LABUAN INTERNATIONAL BUSINESS AND
FINANCIAL CENTRE**



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Thank You

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