

Key Highlights

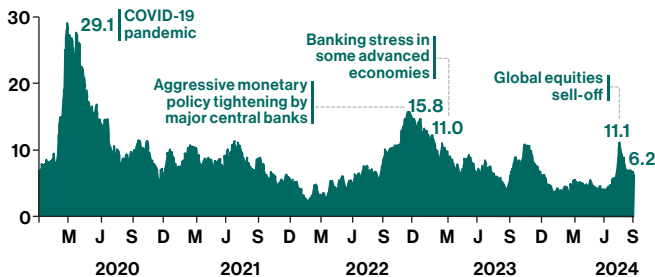
Financial Stability Review – First Half 2024

Domestic financial markets remained resilient despite heightened global market volatility

Market stress eased after a temporary global equity sell-off in August

Financial Market Stress Index (FMSI)

Stress level, % (Minimum=0, Maximum=100)

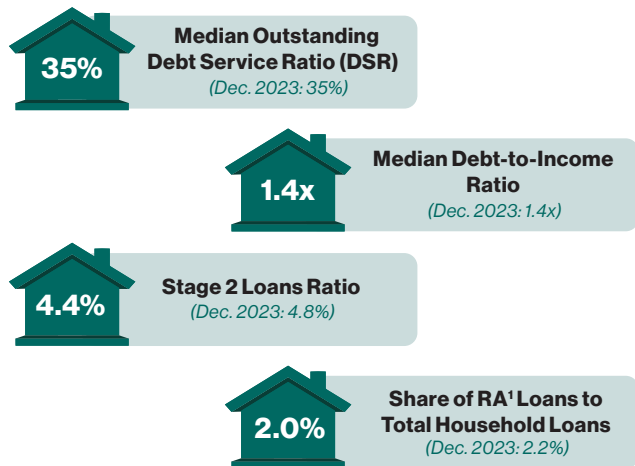


Orderly domestic market conditions continued to be preserved, supported by several key factors

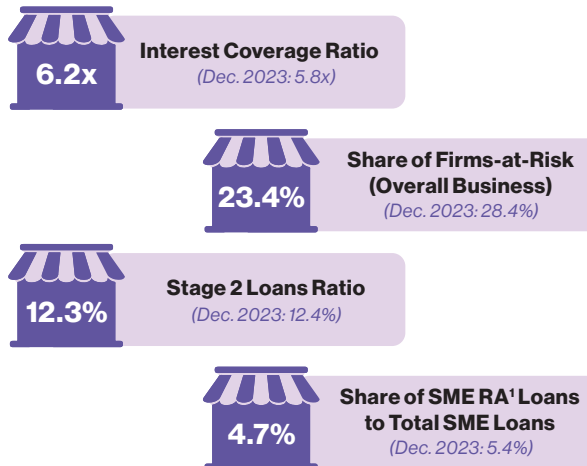
- Deep and liquid domestic capital markets
- Continued participation of domestic institutional investors
- Positive investor sentiment
- Manageable foreign exchange risk and adequate foreign exchange buffers

Credit quality of households and businesses remained sound, underpinned by favourable economic and labour market conditions

Households' repayment capacity continued to be sustained, with further improvements in loans with higher credit risks

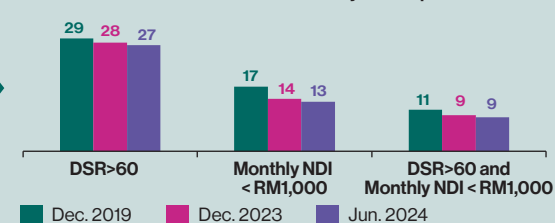


Businesses continued to demonstrate resilience



Overall household resilience is further affirmed by a lower share of borrowers that have both high DSR and low net disposable income (NDI)

Composition of Outstanding Borrowers in Default² and Distress³ by Borrowers' Debt Service Ratio and Monthly Net Disposable Income (%)



¹ Repayment assistance (RA) comprises restructured or rescheduled (R&R) programmes offered by banks and development financial institutions (DFIs) to both households and businesses respectively, as well as Credit Counselling and Debt Management Agency's (AKPK) Debt Management Programme (DMP) to households.

² Default is defined as loan accounts with three months or more in arrears.

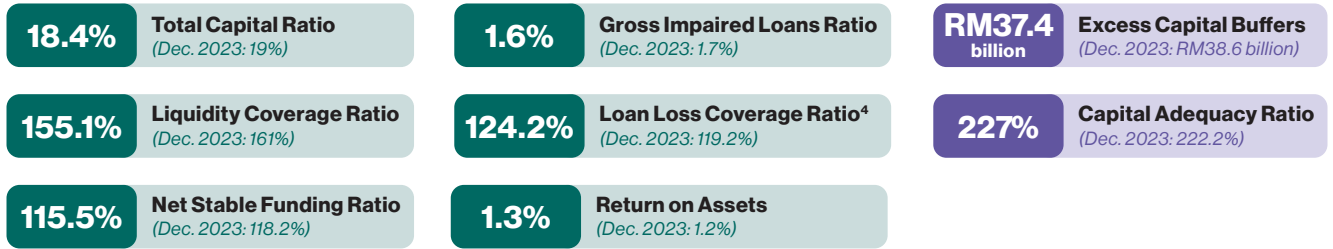
³ Distress is defined as loan accounts in delinquency or default, as well as loan accounts under repayment assistance from financial institutions or AKPK.

Financial institutions remained well-positioned to support financing and protection needs

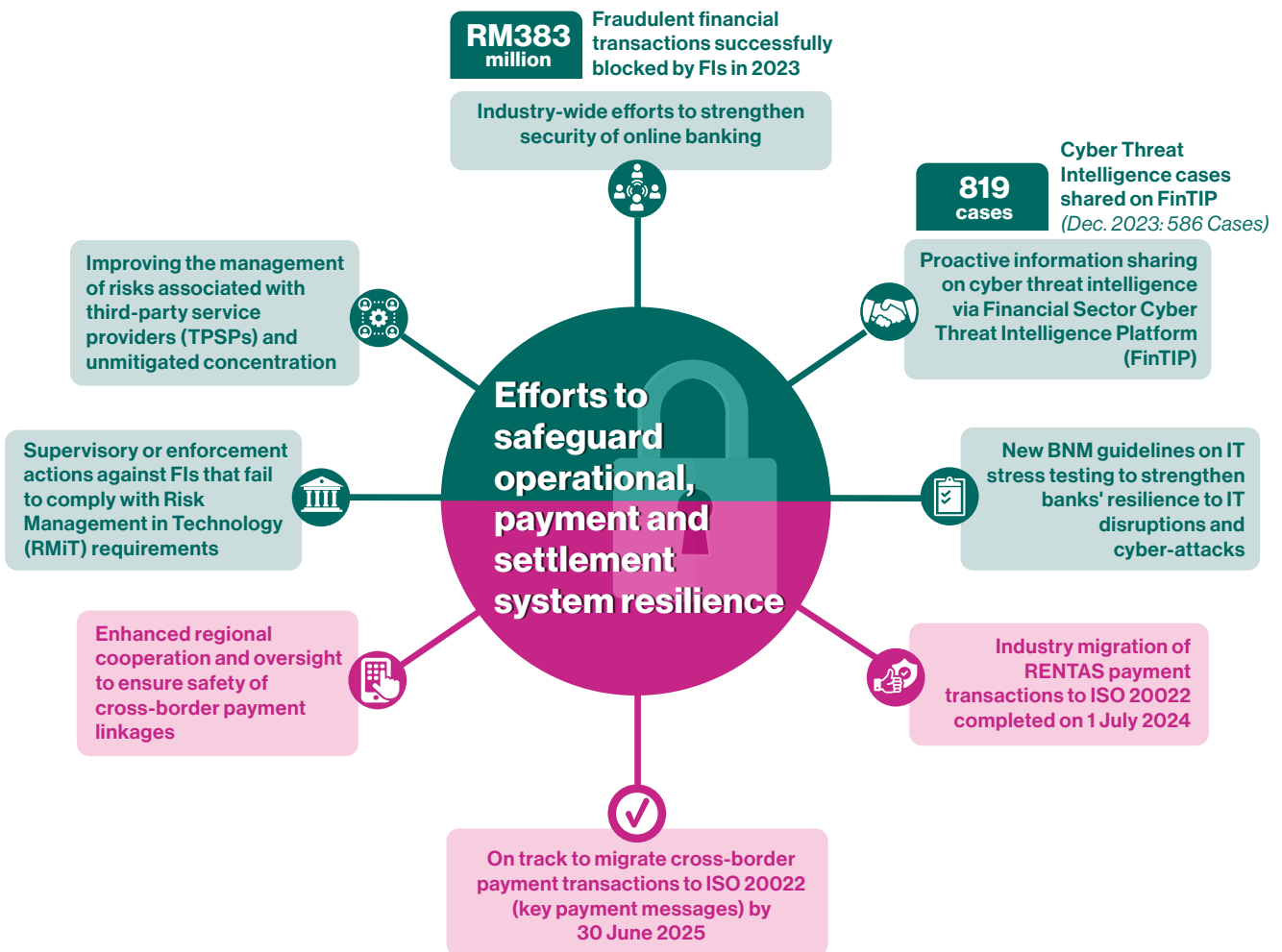
Banks maintained healthy capital and liquidity buffers...

... with potential loan losses expected to remain comfortably within available buffers

Insurers and takaful operators continued to be well-capitalised



Operational resilience remains a key priority for financial institutions (FIs)



⁴ Including regulatory reserves.