

Annex



Table A.1

Key Financial Soundness Indicators

	As at end				
	2015	2016	2017	2018	1H 2019 ^p
	% (or otherwise stated)				
Banking System					
Total Capital Ratio	16.6	16.5	17.8	18.1	17.4
Tier 1 Capital Ratio	14.2	14.0	14.9	14.6	14.1
Common Equity Tier 1 Capital Ratio	13.3	13.1	14.0	13.8	13.4
Return on Assets	1.3	1.3	1.5	1.4	1.5
Return on Equity	12.3	12.5	13.1	12.7	13.0
Liquidity Coverage Ratio	127.4	124.3	134.9	143.2	153.0
Net Impaired Loans Ratio	1.2	1.2	1.1	0.9	1.0
Capital Charge on Interest Rate Risk in the Trading Book to Total Capital	1.2	1.1	1.0	1.1	1.1
Net Open Position in FCY to Total Capital	6.1	6.3	6.1	5.8	4.9
Equity Holdings to Total Capital	0.7	1.5	1.9	0.9	0.7
Insurance and Takaful Sector					
Capital Adequacy Ratio	245.2	243.1	233.0	243.9	230.0
Life Insurance and Family Takaful					
Excess Income over Outgo (RM billion)	12.0	13.3	19.0	9.4	16.5
New Business Premium / Contribution (RM billion)	13.2	14.2	15.1	15.8	9.7
Capital Adequacy Ratio ¹	242.5	238.4	226.2	234.8	212.8
General Insurance and General Takaful					
Underwriting Profit (RM billion)	1.3	1.8	1.3	1.7	0.5
Operating Profit (RM billion)	2.7	3.4	2.7	2.9	1.4
Gross Direct Premium / Contribution (RM billion)	19.5	19.7	19.9	20.1	10.6
Claims Ratio	60.2	55.9	58.6	56.7	59.3
Capital Adequacy Ratio ¹	258.2	266.2	268.8	278.3	269.2
Household (HH) Sector					
HH Debt (RM billion)	1,023.2	1,080.5	1,133.8	1,186.6	1,216.7
HH Financial Assets (RM billion)	2,119.3	2,232.4	2,420.5	2,543.5	2,627.6
HH Debt-to-GDP Ratio ²	86.9	86.5	82.7	82.0	82.2
HH Financial Asset-to-Total HH Debt Ratio	207.1	206.6	213.5	214.4	216.0
HH Liquid Financial Asset-to-Total HH Debt Ratio	143.4	141.4	145.7	143.4	145.7
Impaired Loans Ratio of HH Sector	1.5	1.5	1.4	1.2	1.3
Business Sector					
Return on Assets	3.0	2.5	2.6	1.5	1.3
Return on Equity	5.1	4.2	4.6	3.0	2.6
Debt-to-Equity Ratio	23.1	21.5	22.0	24.7	24.9
Interest Coverage Ratio (times)	7.2	6.2	6.7	4.8	4.5
Operating Margin	7.8	6.4	6.8	5.4	5.6
Impaired Loans Ratio of Business Sector	2.5	2.5	2.6	2.4	2.6
Development Financial Institutions³					
Lending to Targeted Sectors (% change)	5.5	5.7	0.1	-0.3	0.4
Deposits Mobilised (% change)	2.0	6.4	4.8	0.4	1.8
Impaired Loans Ratio	4.8	5.9	5.1	5.8	6.7
Return on Assets	1.4	1.0	1.4	1.1	1.5

¹ Figures from 2015 to 2017 include composite insurers and takaful operators. Figures from 2018 onwards, reflect the capital position after splitting of composite licenses, hence, they are not comparable to those in 2015-2017

² Reflects the higher nominal GDP, following the rebasing of GDP from 2010=100 to 2015=100; HH debt-to-GDP ratio was 83% as reported in the Financial Stability and Payment Systems Report 2018

³ Refers to development financial institutions under the Development Financial Institutions Act 2002

^p Preliminary

Note : Figures may not necessarily add up due to rounding

Source: Bank Negara Malaysia, Securities Commission Malaysia, Bursa Malaysia, Department of Statistics, Malaysia, S&P Capital IQ and internal computation

Table A.2

List of New Standards and Guidelines Issued in 1H 2019

No.	Sector/Area	Standard/Guideline	Type	Description
1	Banks, insurers and takaful operators	Publishing Open Data using Open Application Programming Interface	Policy Document	Sets out the Bank's guidance on the development and publication of Open Application Programming Interface (Open API) for open data by financial institutions.
2		Equity Investments	Exposure Draft	Sets out regulatory requirements relating to equity investments by financial institutions. The proposals seek to ensure that equity investments do not expose financial institutions to undue risks.
3	Banks	Domestic Systemically Important Banks Framework	Exposure Draft	Consultation on the proposed assessment methodology to identify Domestic Systemically Important Banks (DSIBs) in Malaysia, as well as the applicable capital surcharge and reporting requirements for the identified DSIBs.
4	Insurers and takaful operators	Investment-linked Business	Policy Document	Sets out requirements on the conduct of investment-linked (IL) business with the objective to protect the interests of consumers. It aims to promote high corporate governance and professionalism in the administration of IL business, ensure professional and proper conduct in the sales and marketing of IL policies/takaful certificates and enhance product transparency and disclosure.
5		Trade Credit Insurance/Trade Credit Takaful		Sets out the approval process and requirements on the offering of trade credit insurance and trade credit takaful by licensed insurers and takaful operators. This is to ensure the insurance and takaful products meet the protection needs of businesses.
6		Insurance and Takaful Aggregation Business Registration Procedure and Requirements	Exposure Draft	Consultation on requirements for registered insurance and takaful aggregators relating to registration procedures, business conduct and disclosure.
7	Insurers	Universal Life Business	Exposure Draft	Consultation on the proposed prudential and conduct requirements for insurance companies that offer universal life insurance products relating to governance, risk management and disclosure.
8	Others	Shareholder Suitability – Notification and Application Procedures (for approved person)	Policy Document	Sets out the regulatory requirements for shareholders of approved insurance brokers, approved takaful brokers, approved money brokers, approved financial advisers and approved Islamic financial advisers to meet on an ongoing basis, as well as the notification and application procedures as required under the Financial Services Act 2013 or Islamic Financial Services Act 2013.
9		Electronic Trading Platforms	Exposure Draft	Consultation on requirements and expectations on market participants that offer electronic trading platform services within the Malaysian wholesale financial market, specifically money and foreign exchange markets.

Note: Banks include conventional, Islamic and investment banks. All documents are available on the Bank's website.

Table A.3**List of Revised Standards and Guidelines in 1H 2019**

No.	Sector/Area	Standard/Guideline	Type	Description
1	Banks, DFIs, insurers, takaful operators and payment system regulatees	Responsible Financing	Policy Document	Updated to include new requirements on the repricing or revision of financing facilities that are in arrears (excluding credit card and hire purchase financing).
2	Banks, insurers, and takaful operators	Intercompany Charges Paid to Related Entities	Policy Document	Revised to ensure adequacy of controls and governance requirements on intercompany charges paid to related entities and disclosure requirements for such transactions.
3	Banks	Capital Adequacy Framework (Basel II – Risk-Weighted Assets)	Policy Document	Updated to include requirements for the recognition of trade credit insurance and trade credit takaful as credit risk mitigation.
4		Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets)		
5	Takaful operators	Takaful Operational Framework	Policy Document	Updated to include: i) Flexibility to adopt policy documents on Shariah contracts issued by the Bank; ii) Strengthened regulatory expectations on establishment and consolidation of takaful funds; and iii) Requirement for the separate management of Participant Individual Fund for savings and investment.

Note: Banks include conventional, Islamic and investment banks. All documents are available on the Bank's website.