

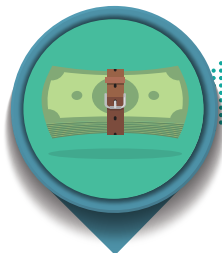
HIGHLIGHTS



In Summary:

- Against the backdrop of slowing global growth momentum, international agencies have identified key risks to global financial stability including the build-up of leverage in advanced economies and tighter financial conditions in emerging markets.
- Domestically, available information points to some improvement in economic activity in 2018.
- The local financial system remained sound and resilient in 2018.
- However, there is no room for complacency, as vulnerabilities and risks abound which emanate from the household sector, interactions with the sovereign and externally-influenced factors.
- The Central Bank works on an on-going basis with other domestic and regional supervisory agencies as well as financial institutions to ensure continued financial stability.

1. GLOBAL FINANCIAL STABILITY RISKS



Tightened financial conditions



Growing household and sovereign debt



Fintech, cyber-attacks



Environmental disasters

2. DOMESTIC MACRO-FINANCIAL CONDITIONS



Led by the energy sector, there was a moderate rebound in economic activity in 2018.



Bolstered by higher earnings and reduced expenditure, Government's fiscal position improved in FY 2017/18.



Private sector credit grew at a fair pace in 2018, owing in most part, to robust consumer lending.

3. FINANCIAL SYSTEM PERFORMANCE



Banking Sector
Highly capitalised and profitable, with non-performing loans well contained at around 3%.



Insurance Sector
Financial soundness indicators point to stability and resilience within the sector.

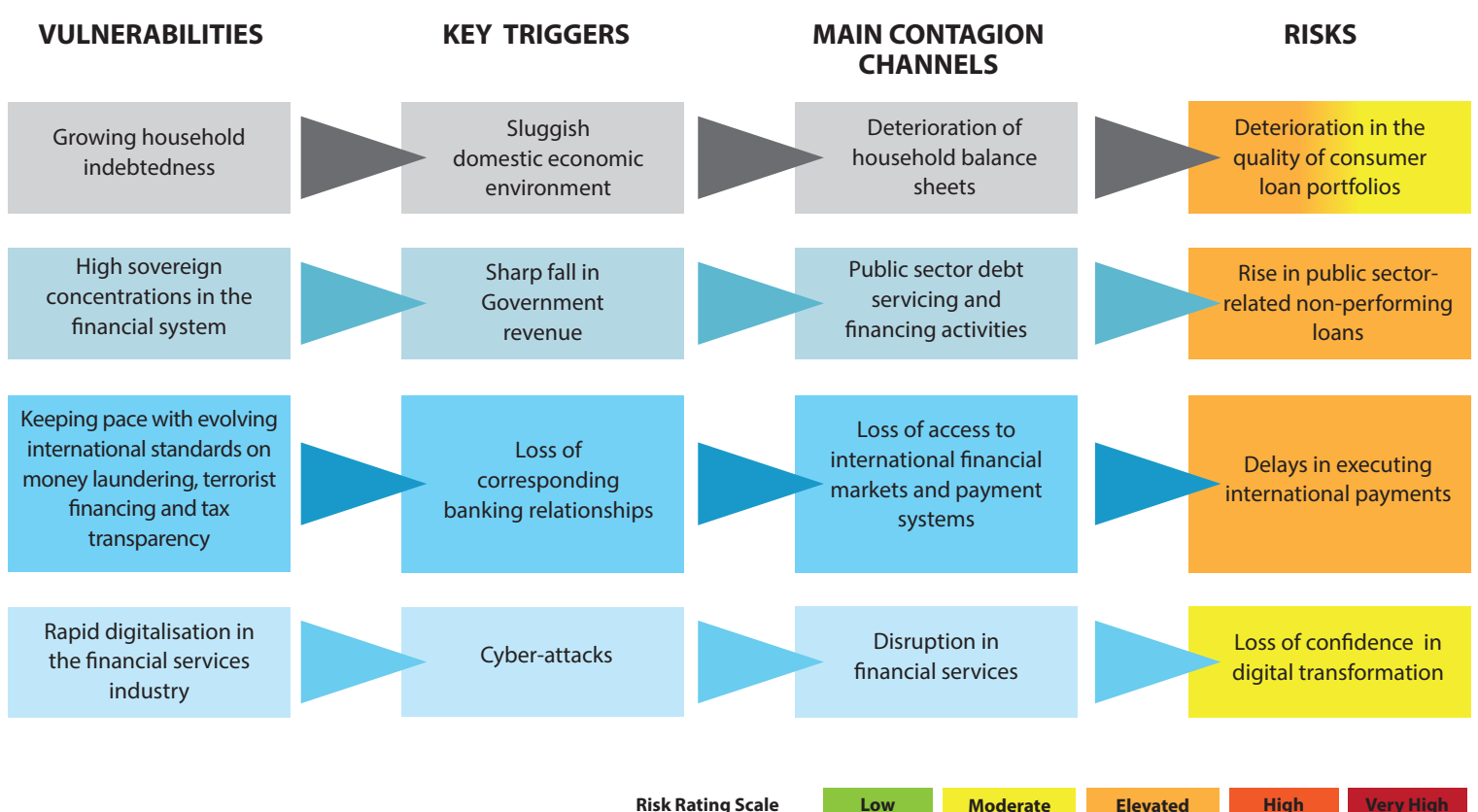


Pension Sector
Assets continued to grow, but low interest rates and an aging population represent some key challenges.



Payment Sector
The usage of electronic payment methods expanded in 2018, with card payments dominating the retail space.

4. VULNERABILITIES AND RISKS



5. EFFORTS TO ENSURE CONTINUED FINANCIAL STABILITY

