GUIDANCE NOTE FOR GUIDELINES ON BANKING AND ISLAMIC BANKING CAPITAL ADEQUACY FRAMEWORK (CAPITAL COMPONENTS)

1.0 General Instructions

1.1 This guidance note is applicable to all Labuan banks as listed below in completing the statutory reporting under the *Guidelines on Banking and Islamic Banking Capital Adequacy Framework (Capital Components)*:

(i) Labuan banks and Labuan investment banks licensed under Part VI of the Labuan Financial Services and Securities Act 2010 (LFSSA);

(ii) Labuan Islamic banks and Labuan Islamic investment banks licensed under Part VI of the Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA); and

(iii) Labuan banks and Labuan investment banks undertaking Labuan Islamic banking business or Labuan Islamic investment banking business approved under Part VI of the LIFSSA.

Unless otherwise stated, the term “Labuan bank(s)” under the guidance note refers collectively to all Labuan banking licensees as specified under paragraph 1.1.

1.2 Labuan banks are required to complete and submit the relevant reporting forms to Labuan Financial Services Authority (Labuan FSA) on a quarterly basis as follows:

(i) During the parallel run (1 July 2026 to 30 June 2027): submit a softcopy of the completed reporting forms to the Data Management & Analytics Unit of Labuan FSA via email (iru@labuanfsa.gov.my) within 30 days after the end of reporting period; and

(ii) Upon full implementation (from 1 July 2027 onwards): submit the completed reporting forms no later than 15 days after the quarter-end reporting date. Labuan FSA will notify Labuan banks of the applicable submission channel when the system is ready.

1.3 The cells are shaded to denote the requirement/function of the cell:

(i) All cells shaded in yellow must be filled. Where not relevant, a value of '0' shall be keyed-in.

(ii) Cells shaded in green have been pre-programmed with formulae.

(iii) Cells shaded in blue refer to other cell from different tab.

1.4 All amounts are to be reported and rounded up to the nearest US Dollar (USD).

1.5 Labuan FSA places significant emphasis on the accuracy of information submitted for the purpose of capital adequacy. In this regard, the Principal Officer of the Labuan bank is primarily responsible and will be held accountable for the accuracy of the information provided in the reporting form to Labuan FSA under this framework.

2.0 Components of the Reporting Forms for Capital Components

2.1 The reporting forms consist of the following worksheets:

(i) ***Entity Worksheet***

The worksheets in this part should be completed by all Labuan banks for entity level reporting, referring to the global operations of the Labuan bank (i.e. including its overseas branch operations) on a stand-alone basis.

(a) Conventional

The worksheets in this part i.e. CC-01 to CC-08 should be completed by Labuan banks and Labuan investment banks for their conventional banking operations.

(b) Islamic

The worksheets in this part i.e. CCi-01 to CCi-08 should be completed by Labuan Islamic banks, Labuan Islamic investment banks as well as Labuan banks and Labuan investment banks with Islamic window banking operations for their Islamic banking operations.

(ii) ***Consolidated Worksheet***[1]

The worksheets in this part i.e. CC-01 to CC-09 should be completed by Labuan banks for consolidated level reporting, which includes entities covered under the entity level requirement and the consolidation of all financial and non-financial subsidiaries, except insurance/takaful subsidiaries which shall be deducted in the calculation of Common Equity Tier 1 Capital.

[1] Labuan banks without subsidiaries are not required to complete the consolidated worksheet.

No.	Title	Entity Worksheet		Consolidated Worksheet
		Conventional	Islamic	
1	Summary of Risk-Weighted Assets	CC-01	CCi-01	CC-01
2	Summary of Regulatory Capital	CC-02	CCi-02	CC-02
3	Components of Capital	CC-03	CCi-03	CC-03
4	Regulatory Adjustments	CC-04	CCi-04	CC-04
5	Minority Interest and Capital Instruments Issued Out of Consolidated Subsidiaries and Held by Third Parties	Not Applicable (NA)	NA	CC-05
6	Capital Instruments Meeting All Relevant Criteria for Inclusion	CC-05 to CC-07	CCi-05 to CCi-07	CC-06 to CC-08
7	Countercyclical Buffer Requirement	CC-08	CCi-08	CC-09

3.0 Specific Instructions for Individual Worksheet

CC-01 AND CCi-01: SUMMARY OF RISK-WEIGHTED ASSETS

3.1 This worksheet computes the total risk-weighted assets (RWA) of the Labuan bank which is automated as the sum of total credit RWA, total market RWA, total operational RWA and large exposure risk RWA for equity holdings.

3.2 The values in the RWA table should be filled based on the relevant outputs from the other reporting forms in the *Guidelines on Banking and Islamic Banking Capital Adequacy Framework*. The relevant items, tabs and reporting forms are as follows:

	Entity Worksheet		Consolidated Worksheet
	Conventional	**Islamic**	
Item	**Reporting template, tab and item**		
Total Credit RWA			
Credit RWA	Credit Risk Reporting Template, tab CR-03, item *RWA for Total Performing and Defaulted Exposures*	Credit Risk Reporting Template, tab CRi-03, item *RWA for Total Performing and Defaulted Exposures*	Credit Risk Reporting Template, tab CR-03, item *RWA for Total Performing and Defaulted Exposures*
Less: Credit RWA Absorbed by Investment Account[1]	-	Credit Risk Reporting Template, tab CRi-22, item *Total RWA Reduction*	Credit Risk Reporting Template, tab CR-22, item *Total RWA Reduction*
Total Market RWA			
Market RWA	Market Risk Reporting Template, tab MR.2a-01, item *Total Risk Weighted Assets Equivalent for Market Risk*	Market Risk Reporting Template, tab MRi.1-01, sum of *Risk Weighted Assets Equivalent for Market Risk* for Specific Investment Account (SIA)[2], General Investment Account (GIA) and Non-Profit Sharing Investment Account (NPSIA)	Market Risk Reporting Template, tab MR.2a-01, item *Risk Weighted Assets Equivalent for Market Risk*
Less: Market RWA Absorbed by Investment Account[1]	-	Market Risk Reporting Template, tab MRi.1-01, sum of *Risk Weighted Assets Deductions* for SIA, GIA and NPSIA	Market Risk Reporting Template, tab MR.2a-01, item *Risk Weighted Assets Deductions*
Total Operational RWA	Operational Risk Reporting Template, tab OR-01, item *Risk Weighted Assets Equivalent for Operational Risk*	Operational Risk Reporting Template, tab ORi-01, item *Risk Weighted Assets Equivalent for Operational Risk*	Operational Risk Reporting Template, tab OR-01, item *Risk Weighted Assets Equivalent for Operational Risk*
Large Exposure Risk RWA for Equity Holdings	Refer to Part E of the *Guidelines on Banking and Islamic Banking Capital Adequacy Framework (Risk-Weighted Assets)*		

[2] SIA and GIA would refer to Restricted Investment Account (RA) and Unrestricted Investment Account (UA) accordingly.

CC-02 AND CCi-02: SUMMARY OF REGULATORY CAPITAL

3.3 This worksheet reports the headline indicators of the overall *Guidelines on Banking and Islamic Banking Capital Adequacy Framework*, which include regulatory capital base, capital adequacy ratios and capital buffer requirements.

3.4 The capital adequacy ratios of the Labuan bank are automated by dividing the relevant capital base with the total RWA.

CC-03 AND CCi-03: COMPONENTS OF CAPITAL

3.5 The total principal amounts of Additional Tier 1 and Tier 2 capital instruments that meet all relevant criteria for inclusion, based on detailed instrument information entered in CC-05 to CC-07 (entity worksheet), CCi-05 to CCi-07 (entity worksheet) and CC-06 to CC-08 (consolidated worksheet).

3.6 The share premium attributable to Additional Tier 1 and Tier 2 capital instruments meeting all relevant criteria for inclusion shall be reported under CC-03 (entity worksheet), CCi-03 (entity worksheet) and CC-03 (consolidated worksheet), respectively.

CC-04 AND CCi-04: REGULATORY ADJUSTMENTS

3.7 The amount of common equity for purposes of calculating the 10% threshold is provided to assist Labuan banks in reporting the amount of all capital investments held in excess of 10% of the Labuan bank’s common equity, as outlined in paragraph 27.2 (iii) of the *Guidelines on Banking and Islamic Banking Capital Adequacy Framework (Capital Components)*.

CC-05 (CONSOLIDATED WORKSHEET): MINORITY INTEREST AND CAPITAL INSTRUMENTS ISSUED OUT OF CONSOLIDATED SUBSIDIARIES AND HELD BY THIRD PARTIES

3.8 This worksheet is applicable only for consolidated level reporting.

CC-05 TO CC-07 (ENTITY WORKSHEET), CCi-05 TO CCi-07 (ENTITY WORKSHEET) AND CC-06 TO CC-08 (CONSOLIDATED WORKSHEET): CAPITAL INSTRUMENTS MEETING ALL RELEVANT CRITERIA FOR INCLUSION

3.9 In this worksheet, amounts reported for each capital instrument should exclude share premium amounts (Note: Share premium amounts shall be reported separately under CC-03 (entity worksheet), CCi-03 (entity worksheet) and CC-03 (consolidated worksheet) for Additional Tier 1 and Tier 2 capital instruments respectively).

3.10 The effective maturity date refers to the first date of the incentive to be redeemed (e.g. step-up) that a capital instrument may have.

CC-08 (ENTITY WORKSHEET), CCi-08 (ENTITY WORKSHEET) AND CC-09 (CONSOLIDATED WORKSHEET): COUNTERCYCLICAL BUFFER REQUIREMENT

3.11 This worksheet should be used to compute the weighted average Countercyclical Buffer (CCyB) requirement applicable to the Labuan bank. The prevailing CCyB rate is as announced by relevant national authority in each jurisdiction. For information, the Basel Committee on Banking Supervision publishes a CCyB dashboard which shows the pre-announced buffer decisions and the actual buffers in place for all Committee member jurisdictions, as well as non-member jurisdictions that have provided relevant data to the Committee. The dashboard is updated from time to time.