

**Key Developments and Innovations in  
Malaysia's Islamic Finance**  
Growth drivers, challenges, and opportunities

# Agenda

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**Introduction**

**2**

**Panel Discussion**

**3**

**Q&A Session**

# Guest Speaker



**Elmer Lim**  
VP– Portfolio Head  
Financial institutions  
MARC Ratings

# Speakers from Moody's Ratings



**Nitish Bhojnagarwala**  
Associate MD  
Financial Institutions



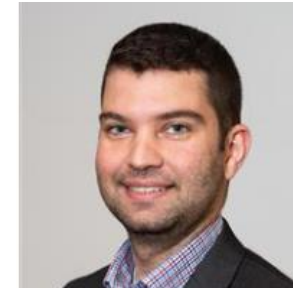
**Alexander Perjessy**  
VP– Senior Credit Officer  
Sovereign Risk



**Abdulla Al Hammadi**  
AVP– Analyst  
Financial Institutions  
**(Moderator)**



**Chong Jun Wong**  
AVP– Analyst  
Financial Institutions



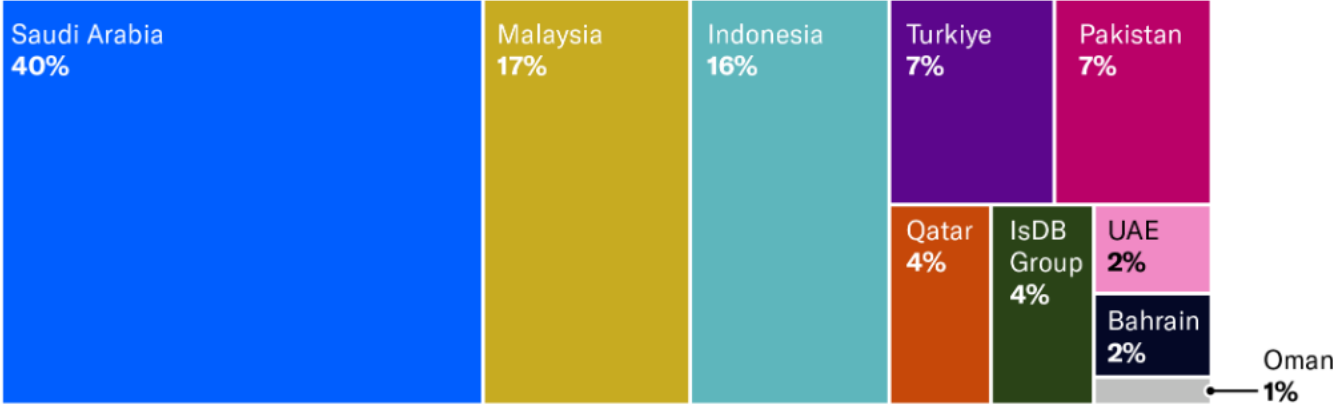
**Aziz Al Sammarai**  
AVP– Analyst  
Corporate Finance



**Muhammad Ibrahim**  
Associate Lead Analyst  
Sustainable Finance

# Malaysia's prominent role in global sovereign sukuk market

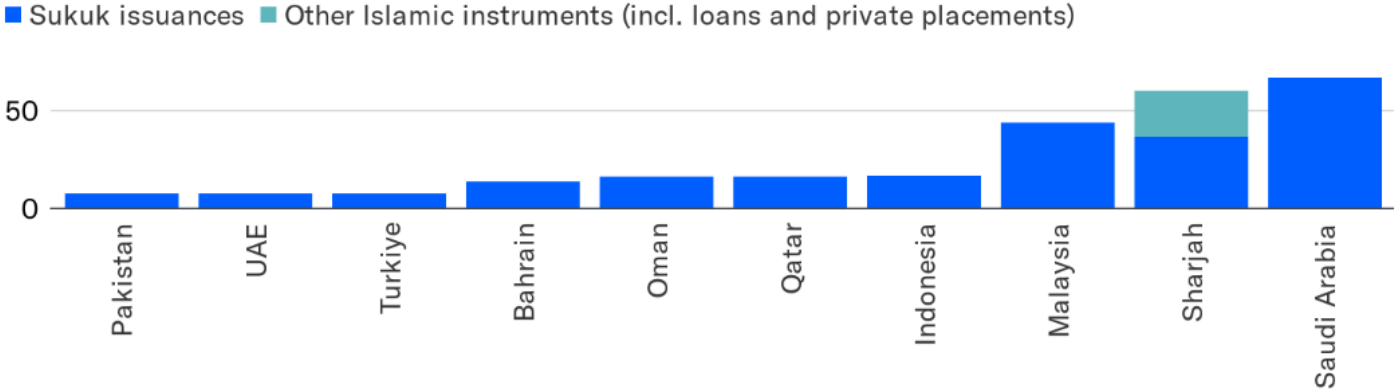
## Share of long-term sovereign sukuk issuances in 2024



- Government of Malaysia (A3 stable) is the second largest issuer of long-term sovereign sukuk globally

- Malaysia's outstanding long-term sukuk accounted for 44% of total government debt in 2024, compared to 67% for Saudi Arabia (Aa3 stable) and 17% for Indonesia (Baa2 stable)

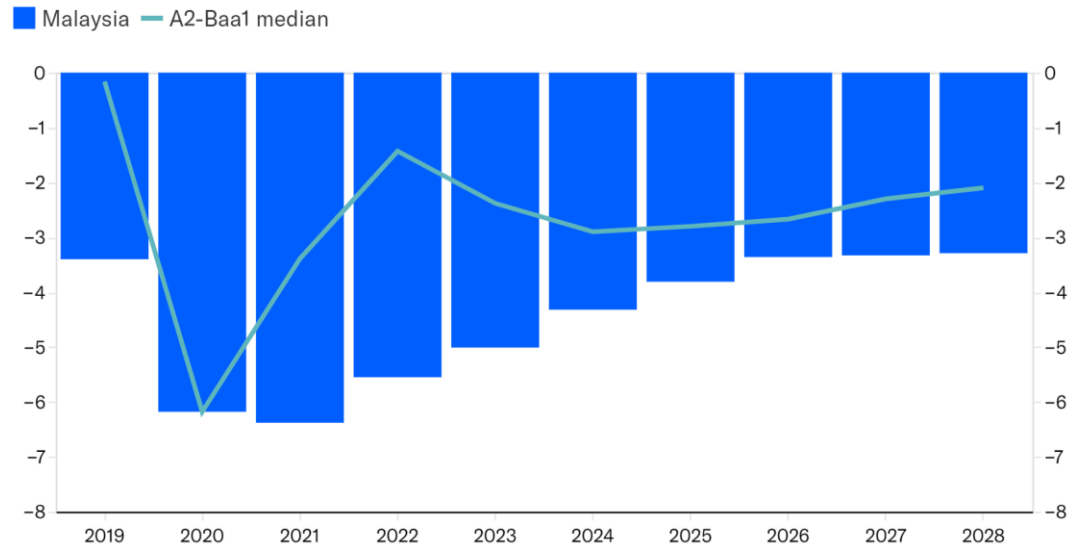
## Outstanding sukuk, % of government debt in 2024



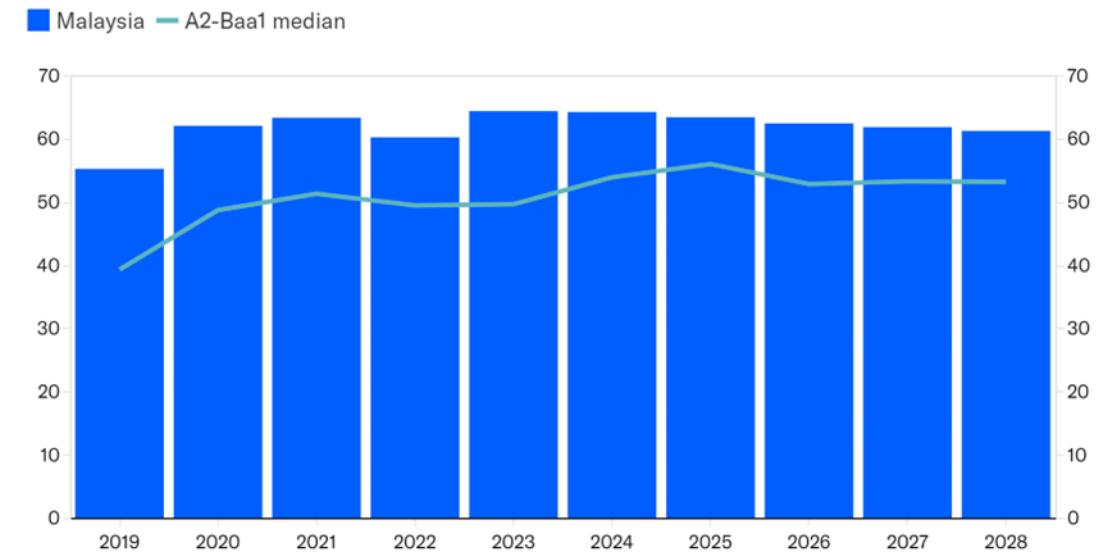
Source: Moody's Ratings

# Gradual fiscal consolidation to weigh on sukuk issuance volumes

## Fiscal balance, % of GDP



## Government debt, % of GDP

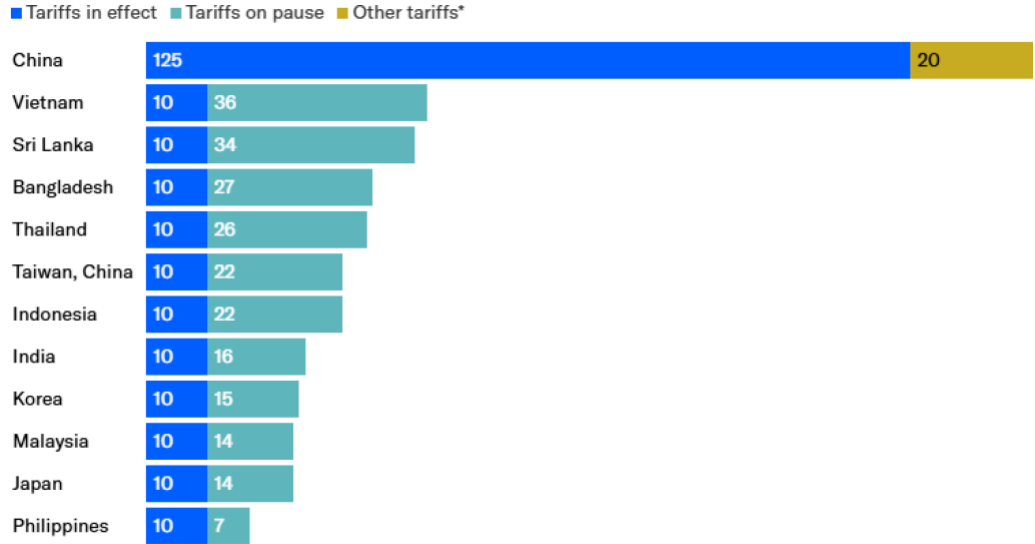


- **The government is on track to meet its medium-term fiscal deficit target of 3% of GDP by 2028, as per the Public and Fiscal Responsibility Act of 2023.** Revenue measures (1% of GDP), which include base broadening through an expansion of the services tax, an enhanced sales tax on non-essential items and new taxes dividend income, as well as improved tax compliance, will complement subsidy rationalization in gradually narrowing the fiscal deficit and stabilizing the debt burden at around 60% of GDP.

Source: Moody's Ratings

# Malaysia's exposure to US tariffs is significant

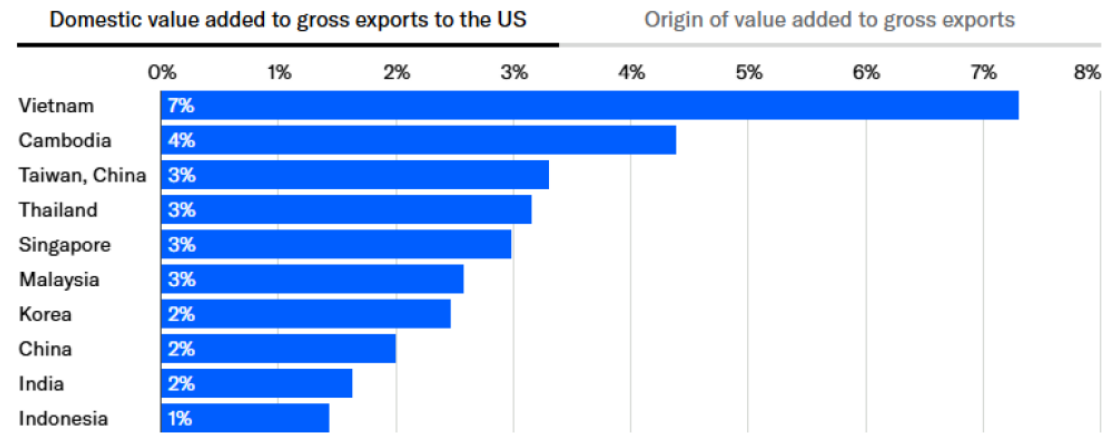
## US tariffs announced in 2025, %



\*As of 15 April 2025. Includes 20% fentanyl tariff and excludes new tariffs announced on 16 April.

- Notwithstanding its relatively small exports to the US, Malaysia is highly exposed to a slowdown in global trade given its export orientation and the commodity price channel

## APAC exposure to trade, % of GDP

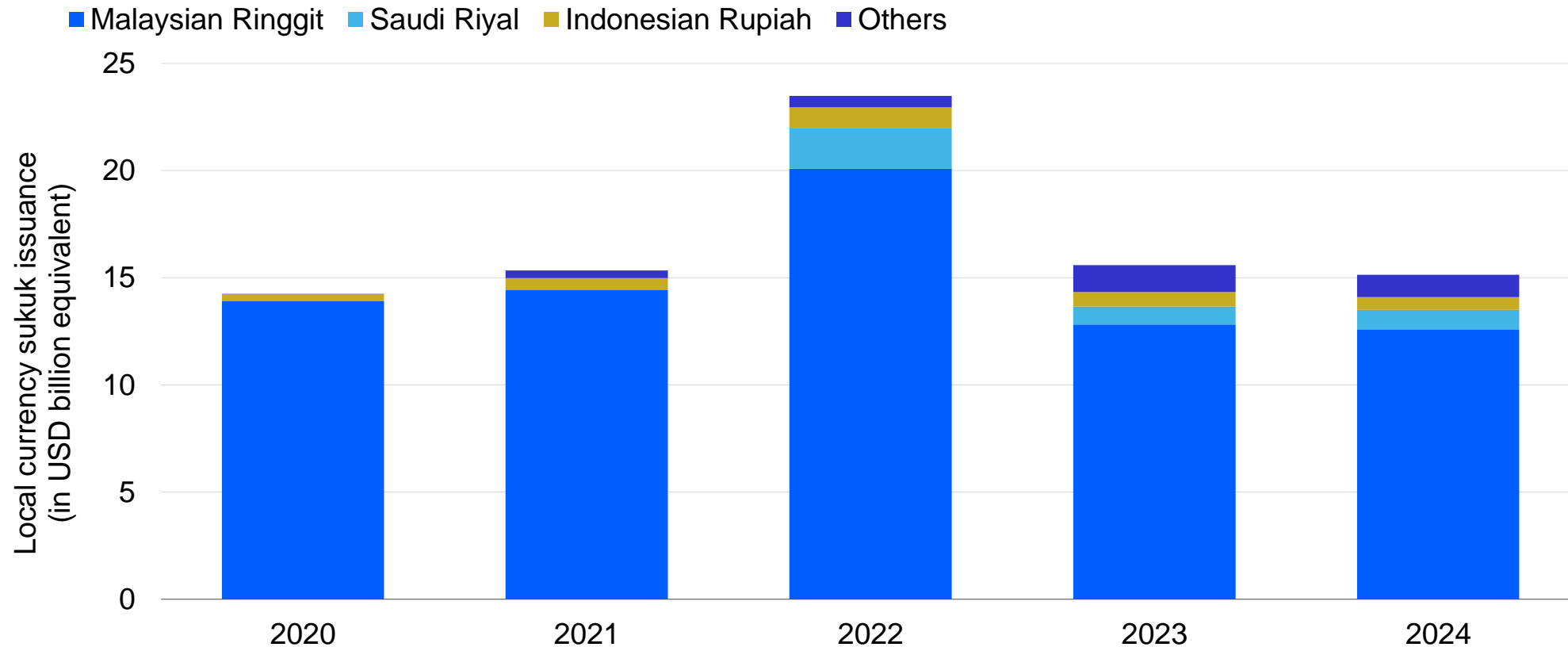


- Malaysia's domestic value added to its overall gross merchandise exports is more than 24% of GDP

Source: OECD and Moody's Ratings

# Malaysia will continue to dominate local currency corporate sukuk issuance

Infrastructure investments and refinancing activities supported solid issuance in 2024

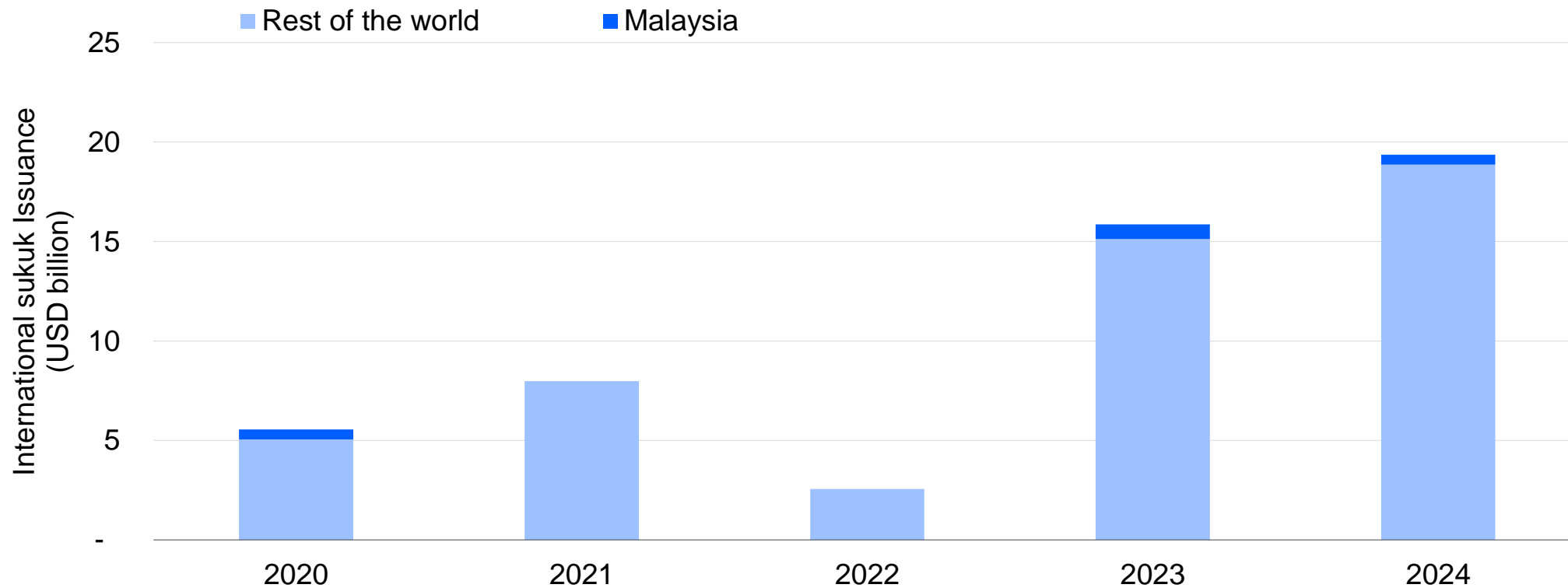


Sukuk Issuance (USD billion)

Sources: Thomson Reuters Eikon, Bloomberg, IFIS and Moody's Ratings

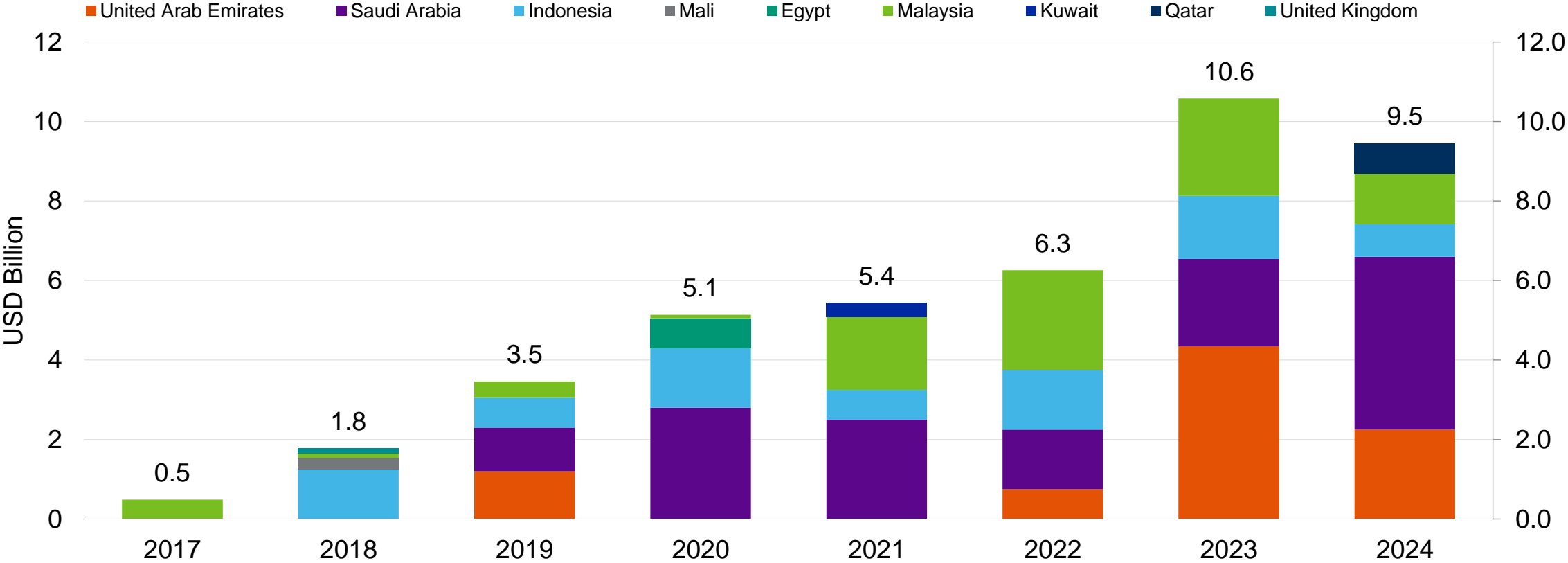
# ...but US dollar corporate sukuk issuance will remain opportunistic

Cross-border issuance reached record levels in 2024 driven by companies in the GCC



Sources: Thomson Thomson Reuters Eikon, Bloomberg, IFIS and Moody's Ratings

# Malaysian green sukuk issuance has slowed down; for 2025, we expect the global green sukuk issuance to stabilize



Source: Moody's Ratings and Dealogic

# Thank you.

**Nitish Bhojnagarwala**

Associate Managing Director  
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