SECTION 5

Fiscal Risk and Liability

SECTION 5

Fiscal Risk and Liability

Overview

The COVID-19 pandemic has inflicted a huge scar on the people as well as to the economy and public finances. While risks related to the pandemic have receded, emerging macroeconomic risk from growth volatility has intensified due to the slowdown in global economy, geopolitical tensions and soaring inflation. Moreover, environmental risk arising from climate change has necessitated governments around the world to further strengthen disaster mitigation and adaptation efforts. These include strengthening prevention, preparedness and response capacity; upgrading infrastructure; and investing in natural disaster fund. While grappling with the aftermath impacts and addressing various vulnerabilities primarily on fiscal risk, the Government is also striving to restore public finances to ensure sufficient fiscal buffer to cope with future shocks.

Malaysia is embarking on a comprehensive fiscal risk management initiative to further improve risk assessment by mitigating exposures to the existing and emerging risks. The Government's post pandemic recovery strategy has led to an increase in the Federal Government debt, while liabilities moderated for the past two years. Nevertheless, the Government will continue to pursue the implementation of numerous infrastructure projects which is vital for growth momentum while taking into consideration the fiscal position and financial affordability in the medium and long term.

Debt and Liabilities Exposure

Malaysia began disclosing debt and liabilities comprehensively since 2019 in compliance with the standards and statistical treatments under the International Public Sector Accounting Standards (IPSAS) and IMF's Public Sector Debt Statistics. Debt and liabilities exposure consist of Federal Government debt, committed guarantees and other liabilities, namely financial commitment from public-private partnership (PPP) and private finance initiatives (PFI) projects. As at end-June 2023, total debt and liabilities exposure were at RM1,508.6 billion or 81.6% of GDP.

TABLE 5.1. *Federal Government Debt and Liabilities Exposure, 2022 – 2023*

COMPONENT	RM BILLION		SHARE OF GDP (%)	
	2022	2023[1]	2022	2023[1]
Federal Government debt	1,079.6	1,145.0	*60.3*	*61.9*
Committed guarantees	224.1	221.4	*12.5*	*12.0*
Other liabilities	142.2	142.2	*7.9*	*7.7*
Total	**1,445.9**	**1,508.6**	***80.7***	***81.6***

[1] End-June 2023
Source: Ministry of Finance, Malaysia

Government Guarantees

Government guarantee (GG) is a quasi-fiscal tool administered under the Loans Guarantee (Bodies Corporate) Act 1965 [*Act 96*]. The Government provides guarantees as a form of financing support to execute public infrastructure projects or strategic ventures which contribute to nation's development and well-being of the rakyat. Generally, programmes or projects funded under the GG arrangement, while financially feasible, often proved to be less commercially viable due to high implementation cost, long gestation period and subjected to specific regulation by the Government.

As at end-June 2023, total outstanding GGs stood at RM317.9 billion or 17.2% of GDP. During the first half of 2023, there were several GG financing disbursements for the continuation of public transportation infrastructure projects under DanaInfra Nasional Berhad, Prasarana Malaysia Berhad and Malaysia Rail Link Sdn. Bhd. Nonetheless, these disbursements were offset with repayments by other GG recipients, namely Lembaga Pembiayaan Perumahan Sektor Awam, Perbadanan Tabung Pendidikan Tinggi Nasional, Suria Strategic Energy Resources Sdn. Bhd. and Pengurusan Air SPV Berhad.

The infrastructure segment remains the highest GG recipient at 57.5% mainly on public transportation projects such as Mass Rapid Transit (MRT), East Coast Rail Link (ECRL), Light Rail Transit 3 (LRT3) and highways. Services segment represents the second largest of GG recipient at 28.8% particularly for education, housing and finance. The remaining segments include investment holdings (6.2%), utilities (5%) and plantation (2.5%). The ten main GG recipients represent more than 85% of total outstanding guarantees. In addition, more than 90% of the GGs is denominated in ringgit hence minimising currency risk exposure to the Government. The weighted average maturity for GG financing stood at 11.4 years, in which 52% of total GGs' maturity period is more than ten years.

TABLE 5.2. *Major Recipients of Government Guarantees, 2022 – 2023*

ENTITY	RM MILLION		SHARE (%)		SHARE OF GDP (%)	
	2022	2023[1]	2022	2023[1]	2022	2023[1]
DanaInfra Nasional Berhad	82,680	82,860	*26.0*	*26.1*	*4.6*	*4.5*
Prasarana Malaysia Berhad	42,369	42,869	*13.3*	*13.5*	*2.4*	*2.3*
Lembaga Pembiayaan Perumahan Sektor Awam	42,250	41,950	*13.3*	*13.2*	*2.4*	*2.3*
Perbadanan Tabung Pendidikan Tinggi Nasional	41,500	41,030	*13.1*	*12.9*	*2.3*	*2.2*
Malaysia Rail Link Sdn. Bhd.	30,851	34,886	*9.7*	*10.9*	*1.7*	*1.9*
Projek Lebuhraya Usahasama Berhad	11,000	11,000	*3.5*	*3.5*	*0.6*	*0.6*
Federal Land Development Authority (FELDA)	7,918	7,918	*2.5*	*2.5*	*0.4*	*0.4*
Khazanah Nasional Berhad	6,500	6,500	*2.1*	*2.0*	*0.4*	*0.4*
Suria Strategic Energy Resources Sdn. Bhd.	6,485	6,393	*2.0*	*2.0*	*0.4*	*0.3*
Pengurusan Air SPV Berhad	6,775	6,070	*2.1*	*1.9*	*0.4*	*0.3*
Total of major recipients	**278,328**	**281,476**	***87.6***	***88.5***	***15.6***	***15.2***
Other Recipients	39,289	36,507	*12.4*	*11.5*	*2.2*	*2.0*
Total government guarantees	**317,617**	**317,983**	***100.0***	***100.0***	***17.8***	***17.2***

[1] End-June 2023
Source: Ministry of Finance, Malaysia

TABLE 5.3. *Committed Guarantees, 2022 – 2023*

ENTITY	RM MILLION		SHARE (%)	
	2022	2023[3]	2022	2023[3]
DanaInfra Nasional Berhad	82,680	82,860	*36.9*	*37.4*
Prasarana Malaysia Berhad	42,369	42,869	*18.9*	*19.4*
Malaysia Rail Link Sdn. Bhd.[1]	30,851	34,886	*13.8*	*15.8*
Urusharta Jamaah Sdn. Bhd.[2]	22,403	22,649	*10.0*	*10.2*
Federal Land Development Authority (FELDA)	-	7,918	-	*3.6*
Suria Strategic Energy Resources Sdn. Bhd.[1]	6,485	6,393	*2.9*	*2.9*
Jambatan Kedua Sdn. Bhd.[1]	5,421	5,421	*2.4*	*2.4*
1Malaysia Development Berhad [1]	18,200	5,000	*8.1*	*2.3*
GovCo Holdings Berhad	4,625	4,325	*2.1*	*2.0*
Turus Pesawat Sdn. Bhd.	4,810	4,185	*2.1*	*1.9*
MKD Kencana Sdn. Bhd.	4,500	3,200	*2.0*	*1.4*
TRX City Sdn. Bhd.	1,150	1,150	*0.5*	*0.5*
Sentuhan Budiman Sdn. Bhd.	600	550	*0.3*	*0.2*
Assets Global Network Sdn. Bhd.	51	-	*0.0*	-
Total	**224,145**	**221,406**	***100.0***	***100.0***

[1] Subject to exchange rate valuation
[2] Guarantee approved under Section 14, Act 61
[3] End-June 2023
Source: Ministry of Finance, Malaysia

Committed Guarantees

Committed guarantees are defined as financial assistances provided by the Government to GG recipient entities for various purposes including temporary cash flow injection, working capital assistance, interest repayment and other operational aids to sustain ongoing projects. Currently, committed guarantees comprise 65% of total GG issuances, which are provided under Act 96 and Section 14 of the Financial Procedure Act 1957 [*Act 61*]. As at end-June 2023, committed guarantees have reduced to RM221.4 billion as compared to RM224.1 billion in 2022. Although there were new issuances by GG recipients for infrastructure projects, the increase was offset mainly by the extensive payment of 1MDB's loan amounting to RM13.2 billion in March 2023. Currently, FELDA's outstanding GG financing is categorised as committed guarantee due to financial support provided by the Government for its recovery plan.

Other Liabilities

Apart from committed guarantees, the Government also continues to provide funding through other quasi-fiscal instruments. These instruments are obligations categorised as other liabilities, namely financial commitments from the implementation of PPP projects and financial obligations of PFI projects.

Public-Private Partnership

Public-private partnership (PPP) is a form of cooperation between the public and private sectors whereby a stand-alone business is created, funded and managed by the private sector to develop infrastructures and assets as well as provide services to the government and public. This partnership is characterised by investment percentage, risk sharing, responsibility of contracted parties and element of mutual returns. The PPP initiative plays an important role in the national development agenda mainly by the provision of supportive public services and physical infrastructures. Presently, the Government implements two different modes of PPP, namely the user-pay method which is fully funded by the private sector, and jointly financed by the Government and the private sector. As at end-June 2023, total outstanding financial commitment of 105 PPP projects increased slightly to RM93.8 billion (2022: RM92.1 billion).

Private Finance Initiative

Private finance initiative (PFI) was introduced in 2008 to complement the Government's efforts in accelerating the development agenda against the backdrop of economic slowdown. Financing is provided for projects related to public utilities and amenities, education, affordable housing, skills development as well as maintenance of government buildings. The sources of fund for PFI are from the Employees Provident Fund and the Retirement Fund (Incorporated). The Government on the other hand, is required to provide financial commitment for various payment obligation. As at end-June 2023, the financial obligation arising from PFI was at RM45.9 billion (2022: RM47.1 billion).

Meanwhile, PBLT Sdn. Bhd. (PBLT) was incorporated in 2005 to improve housing quarters, construct training centres and refurbish police stations as recommended by the Royal Commission to Enhance the Operation and Management of the Royal Malaysia Police. As at end-June 2023, the outstanding obligation of PBLT was at RM2.5 billion (2022: RM3 billion).

Risk Mitigation on Liabilities Exposure

Given the limited fiscal space, the Government will continue to support ongoing people-centric infrastructure projects financed through quasi-fiscal instruments while mitigating further liabilities exposure. Meanwhile, GG issuances are being re-evaluated and further prudent measures have been imposed on new GG issuances to manage risks and exposures. The Government will enhance the reporting of financial risks, including guarantees approved under Act 61 and Act 96 in line with the upcoming Public Finance and Fiscal Responsibility Act (FRA). Furthermore, numerical limits on government financial guarantees will be introduced, in accordance to international best practices on prudent fiscal and risk management.

In the medium term, other liabilities are expected to moderate due to measures which include re-evaluating the PPP approach through PPP 3.0 framework, enhancing the existing policy frameworks and guidelines, as well as ensuring sufficient allocations for repayment of obligations and commitments. The PPP 3.0 will emphasise on implementing user-pay projects with minimal financial requirements from the Government. In addition, the upcoming FRA will impose the need to assess the Government's risk exposure and formulate the corresponding mitigation plan.

Conclusion

As Malaysia continues its journey towards becoming a developed economy, the establishment of an extensive infrastructure network becomes imperative for nation-building and economic advancements, necessitating substantial fiscal backing from the Government. Nevertheless, the Government will cautiously use quasi-fiscal instruments to finance strategic projects or unsolicited vendor-driven arrangements to reduce risk exposure and unnecessary fiscal burden. In addition, the Government has outlined fiscal sustainability reforms to improve governance and enhance public finances as key enablers towards achieving sustainable and inclusive growth, in line with the Ekonomi MADANI framework.

FEATURE ARTICLE

Sovereign Credit Ratings: Unravelling Concerns and Challenges Towards a Resilient Nation

Introduction

A sovereign credit rating (rating) is an independent third-party opinion of a country's creditworthiness by recognised credit rating agencies (CRAs). Rating provides a forward-looking assessment involving both quantitative and qualitative indicators which gauges a government's ability and willingness to make full and timely payments of its debt commitments. In a nutshell, rating reflects the relative credit strength and a snapshot of macroeconomic fundamentals that cuts across all sectors in the country.

Importance of Sovereign Credit Rating

Rating is one of the important factors in determining bond or sukuk pricing, in addition to tenure, policy rate as well as supply and demand of issuances. Generally, investors use ratings to evaluate an issuer's creditworthiness, which also underlines sovereign risk. Similarly, ratings serve as one of the references by investors when considering foreign direct investment (FDI) in a country and provide a measure of relative counterparty risks in various international financial transactions. Regulators often refer to ratings when considering different asset risk weights. Governments also use ratings as a third-party opinion to benchmark their own economic and fiscal progress. Furthermore, sovereign credit rating sets the benchmark for other issuers, such as state-owned enterprises, companies and banks, thereby enhancing access to international funding sources. Ratings are an important source of information for investors when considering the relative size or pricing of new issuances.

Meanwhile, in terms of pricing, there is an inverse correlation between coupon or profit rate and the level of rating. The rating assigned is based on a standard scale and reflects the creditworthiness as indicated by the grade, either investment or speculative. Generally, investment grade refers to bonds or securities that are viewed as suitable investments or low risk, whereas speculative grade suggests uncertainties regarding an issuer's circumstances or high risk. The sovereign credit rating scale by leading international CRAs is as shown in Figure 1.

FIGURE 1. *Sovereign Credit Rating Scale*

CREDIT RATING SCALE

RATINGS	FITCH	S&P	MOODY'S	CREDIT RISK
INVESTMENT GRADE	AAA	AAA	Aaa	LOW
	AA+	AA+	Aa1	
	AA	AA	Aa2	
	AA-	AA-	Aa3	
	A+	A+	A1	
	A	A	A2	
	A-	A-	A3	
	BBB+	BBB+	Baa1	
	BBB	BBB	Baa2	
	BBB-	BBB-	Baa3	
SPECULATIVE GRADE	BB+	BB+	Ba1	
	BB	BB	Ba2	
	BB-	BB-	Ba3	
	B+	B+	B1	
	B	B	B2	
	B-	B-	B3	
	CCC+	CCC+	Caa1	
	CCC	CCC	Caa2	
	CCC-	CCC-	Caa3	
	CC	CC	Ca	
	C	C	C	
	RD/D	D		HIGH

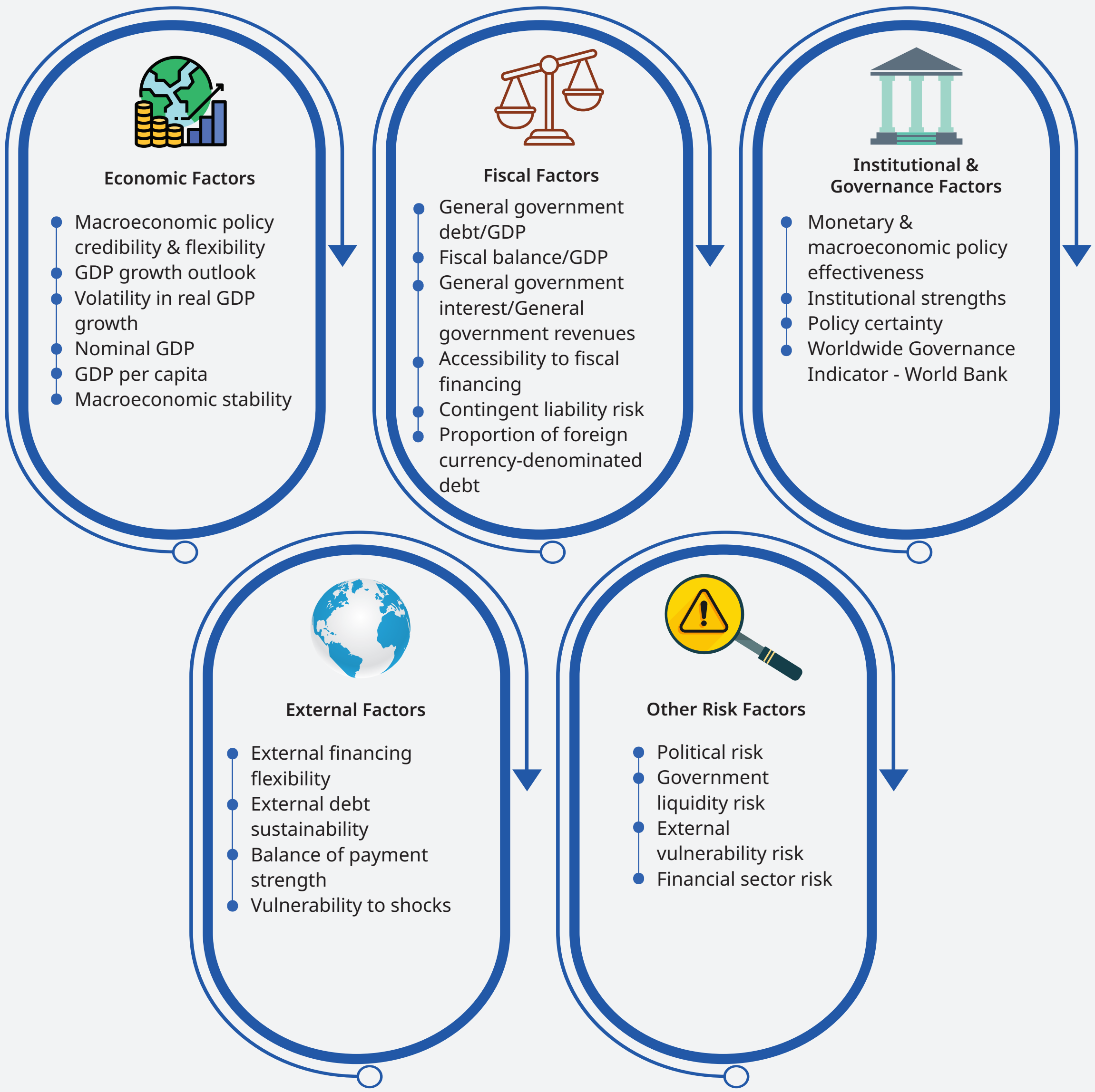
Source: Fitch Ratings, S&P Global Ratings and Moody's Investors Service

Sovereign Credit Rating Methodology

Ratings are published by various independent CRAs in which the three main global agencies are Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and S&P Global Ratings (S&P). These CRAs use a transparent methodology for assessing national credit risk. The fundamental factors that drive the rating are similar across CRAs covering broad key areas namely, macroeconomic, fiscal, monetary, external factors, as well as institutional and governance. CRAs utilise published data and information obtained through formal engagements with governments, authorities and various stakeholders for assessment purposes.

Each CRA has a complex scoring model comprising both quantitative and qualitative indicators which are allocated in different weights respectively according to the model. The typical quantitative measures include fiscal and external indebtedness; debt affordability; economic growth; foreign reserves; external liquidity; and international investment position. Whereas, qualitative measures among others, are macroeconomic fundamentals; political stability; certainty of government policies; good governance and transparency; as well as monetary policy effectiveness. While the scoring is a mechanical output, the final rating is influenced by qualitative judgements. These include considerations of the country's position relative to other sovereigns, with similar geographic and economic profiles, as well as key peers. Figure 2 highlights key determinants of the rating methodology by the CRAs.

FIGURE 2. *Key Determinants of Sovereign Credit Rating Assessment*

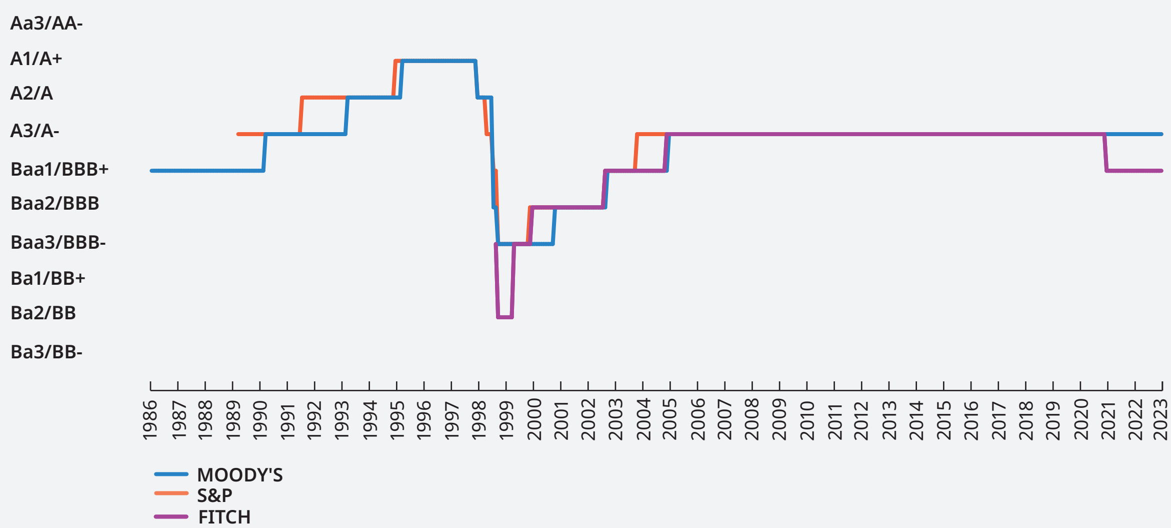


Source: Fitch Ratings, S&P Global Ratings and Moody's Investors Service

Review of Malaysia's Sovereign Credit Rating

Malaysia's rating was initiated by Moody's in 1986 at Baa1, which was subsequently upgraded to A3 in 1990, and peaked at A1 in 1995. S&P began rating Malaysia at A- in 1989, whereas Fitch first issued the rating of BBB- in 1998. Consequently, the Asian Financial Crisis in 1997/98 caused significant pressure on Malaysia's ratings as well as most of the nations in the region which resulted in several notches of rating downgrade. Malaysia's ratings have since improved, demonstrating a fundamental resilience that has withstood credit setbacks. The trajectory of Malaysia's ratings by the three CRAs is as shown in Figure 3.

FIGURE 3. *Malaysia's Sovereign Credit Rating, 1986 – 2023*

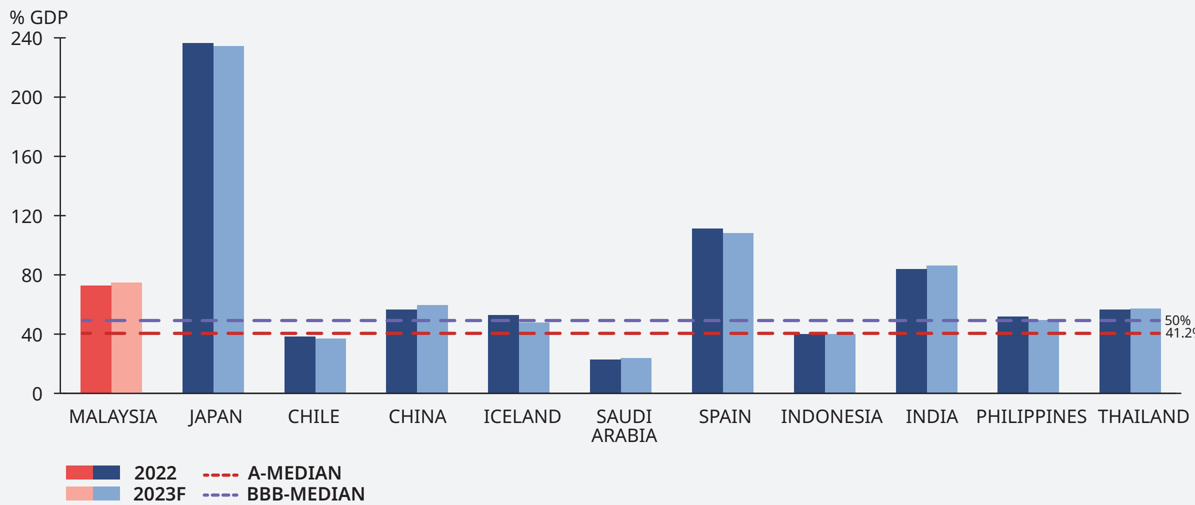


Source: Fitch Ratings, S&P Global Ratings and Moody's Investors Service

Currently, Malaysia is rated at A3 (Moody's), A- (S&P) and BBB+ (Fitch) which carry a 'Stable' outlook. According to these CRAs, while there are various drivers for the present rating, fiscal performance is emphasised as the most important element for Malaysia, cited as a credit weakness. This is mainly a result of COVID-19 stimulus and recovery packages that saw a deviation from the previous focus on fiscal consolidation, compounded by low revenue base. Therefore, fiscal performance is closely monitored as the CRAs are expecting Malaysia to revert to its previous path of consolidation. Malaysia's key rating strengths identified by the CRAs include diversified economy; resilient growth; overall predictable and stable institutions; established and strong banking system; as well as low exposure to foreign currency-denominated government debt.

As sovereign credit rating reflects Malaysia's creditworthiness, it also sets the bar for domestic issuers who are seeking to tap international markets. Hence, market participants and the Government continuously observe the stability and momentum of the rating as any change could affect the economy. A sovereign credit rating downgrade can have an adverse impact to the bond market, which may also trigger negative sentiment in the foreign exchange as well as stock markets and influence FDI decisions. Malaysia remains vigilant to safeguard and ultimately improve the country's relative standing with the CRAs as well as strengthen its position among rated peers as shown in Figure 4.

FIGURE 4. *Comparison of Gross General Government Debt-to-GDP among Sovereign Rated Peers*



F - Forecast
Source: Ministry of Finance, Malaysia and S&P Global Ratings

Addressing Concerns and Challenges

The COVID-19 pandemic and ensuing economic ramifications have led to an almost unprecedented worldwide sovereign borrowing boom causing governments debt levels breaking all-time high. Notwithstanding, Federal Government debt level has also surged from 52.4% of GDP before the pandemic to 60.3% in 2022 to finance COVID-19 stimulus and recovery packages. Meanwhile, Federal Government tax revenue stood at an average of 12.8% of GDP in the past 10 years. As a result, rating will be under pressure if there is a continuous rise in public debt and contingent liabilities, lower revenues, slower fiscal consolidation and unpredictable political circumstances. Hence, fiscal performance is a crucial driver that can steer Malaysia back to the previous path of fiscal consolidation.

Moreover, despite the strong economic performance at 8.7% of GDP in 2022, growth is expected to slow down in 2023 amid weakening external demand, volatility of commodity prices, high global inflation, tightening monetary policies and geopolitical tensions. Thus, these circumstances will pose further challenges to the sustainability of growth outlook. Nevertheless, improvements of the institutional framework will enhance governance by strengthening the credibility and effectiveness of policies, notably in the management of public finances, which raises potential growth.

The Government is cautious of the key risks that continues to rattle global and domestic markets which may affect investor sentiments. Thus, the stability of the rating and any probable changes are closely monitored. Meanwhile, appropriate measures have been undertaken to mitigate risk exposures in addressing vulnerabilities and improve fiscal capacity to manage shocks. Key remarks on Malaysia's rating are as shown in Figure 5.

FIGURE 5. *Malaysia's Sovereign Credit Rating Issues*

Moody's Investors Service	S&P Global Ratings	Fitch Ratings
A3 / Outlook Stable	A- / Outlook Stable	BBB+ / Outlook Stable
Upside Rating Triggers		
• **Significantly improved prospects for fiscal consolidation** – broaden revenue base, sustain decline in debt burden & improve debt affordability • **Improvement in institutional framework** – enhance governance standards & increase policy credibility/ effectiveness	• **Fiscal outcomes outperform forecasts** – continuous political stability & narrowing deficit sustainably • **Net debt falls < 60% of GDP** • **Interest payments decline < 10% revenues**	• **Downward trend in general government debt/GDP** – closer to peer medians • **Improvement in governance standards relative to peers** – greater transparency & control of corruption
Downside Rating Triggers		
• **Further weakening in debt & debt affordability metrics** • **Sharp rise in contingent liabilities** • **Reversal in medium-term fiscal commitment** • **Long-term decline in revenue** • **Volatile politics** – undermine credibility & effectiveness of institutions • **Weakened medium-term growth prospects**	• **Economic growth suffers prolonged downturn** – lowering trend growth in real GDP per capita to levels vs peers • **Political stability deteriorates** – less predictable policymaking	• **Further increase in the government debt ratio over medium term** – insufficient fiscal consolidation & crystallisation of contingent liabilities • **Deterioration in medium-term growth prospects** – subdued investment in manufacturing sector

Source: Malaysia's Rating Report 2023 by Fitch Ratings, S&P Global Ratings and Moody's Investors Service

Approach towards Enhancing National Resilience

The Government will ensure that the growth momentum is continuously supported by strategic reforms to focus on the well-being of the rakyat, increase competitiveness of businesses and sustain growth trajectory towards strengthening the nation's resilience. As such, the Government will continue to pursue fiscal reform initiatives to further strengthen public finance framework towards long-term fiscal sustainability. The proposed fiscal reforms include:

i. introduction of the Public Finance and Fiscal Responsibility Act to further enhance governance, accountability and transparency in fiscal management;

ii. enactment of the Government Procurement Act to further improve transparency in public procurement;

iii. initiatives to broaden revenue base and improve expenditure management through the development of the Medium-Term Revenue Strategy, the Medium-Term Expenditure Framework, the Public Expenditure Review as well as pension and subsidy reforms; and

iv. institutional reforms to further enhance governance and reporting through the introduction of several new publications such as the fiscal risk statement, the tax expenditure statement and the mid-year expenditure performance report.

These reforms are tailored to the Ekonomi MADANI policy framework to drive economic momentum forward and strengthen fiscal position. This framework will provide the required thrust to propel Malaysia towards sustainable economic growth and prosperity as well as to institutionalise sound public finance thus yielding better rating. An improvement in rating will benefit the nation through increased foreign investments, reduced borrowing costs and enhanced economic prospects.

Conclusion

Malaysia has undergone extensive progress over the years which has strengthened macroeconomic frameworks and fiscal management. The nation's resilience in facing adversity has demonstrated that growth fundamentals are strong. However, further fortification is required to enable the country's transition into an advanced economy. As such, the Government's commitment under the Ekonomi MADANI framework will provide a long-term comprehensive plan to elevate and transform economic growth; promote investment and new opportunities; and strengthen local businesses' competitiveness. The strategic initiatives will contribute towards an improved sovereign credit rating for the nation, as well as provide the required impetus to propel Malaysia towards sustainable economic growth, robust public finance and prosperity for all.

References

Afonso, A., Gomes, P., & Rother, P. (2007). *What 'hides' behind sovereign debt ratings?* Working paper series, No 711. European Central Bank.

Bhatia, A. V. (2002). *Sovereign credit ratings methodology. An evaluation*. Washington D.C. International Monetary Fund.

Chen, J. (2023). *Sovereign Bond Yield: What It Is, How It Works*. Investopedia. Retrieved from https://www.investopedia.com/terms/s/sovereign-bond-yield.asp

Elkhoury, M. (2008). *Credit rating agencies and their potential impact on developing countries*. Geneva, Switzerland; United Nations Conference on Trade and Development Compendium on Debt Sustainability.

Fitch Ratings. (2023). *Rating action commentary - Fitch Affirms Malaysia at 'BBB+'; Outlook Stable.* Retrieved from https://www.fitchratings.com/research/sovereigns/fitch-affirms-malaysia-at-bbb-outlook-stable-15-02-2023

Fitch Ratings. *Ratings definitions*. (2023, August 17). Retrieved from https://your.fitch.group/rating-definitions.html

Fitch Ratings: *Sovereign rating criteria*. (2023, April 6). Retrieved from https://www.fitchratings.com/research/sovereigns/sovereign-rating-criteria-06-04-2023

Holmes, F. (2023). *The implications of Fitch Ratings' U.S. credit downgrade*. USGI. Retrieved from https://www.usfunds.com/resource/the-implications-of-fitch-ratings-u-s-credit-downgrade

Moody's Investors Service. (2023). *Issuer in-depth - Government of Malaysia - A3: Stable. Update following rating affirmation, outlook unchanged.* Retrieved from https://www.moodys.com/research/Government-of-Malaysia-A3-stable-Update-following-rating-affirmation-outlook-Credit-Opinion--PBC_1357224

Moody's Investors Service. *Rating methodology: Sovereigns*. (2022, November 22). Retrieved from https://ratings.moodys.com/api/rmc-documents/395819

Moody's Investors Service. *Understanding ratings*. (2023, August 17). Retrieved from https://ratings.moodys.io/ratings

Stawasz-Grabowska, E. (2020). *Sovereign credit rating determinants of the EU countries: The role of the euro area crisis and its legacy.* Entrepreneurial Business and Economics Review, 8(2), 47-69.

S&P Global Ratings. *How we rate sovereigns*. (2019, February 15). Retrieved from https://www.spglobal.com/ratings/_division-assets/pdfs/021519_howweratesovereigns.pdf

S&P Global Ratings. *Intro to credit ratings*. (2023, August 17). Retrieved from https://www.spglobal.com/ratings/en/about/intro-to-credit-ratings

S&P Global Ratings (2023). *Research update: Malaysia 'A-/A-2' Foreign Currency And 'A/A-1' Local Currency Ratings Affirmed; Outlook Stable*.

Wahhab, A. M. A., Gatea, A. K., & Mohammed Abd Ali, M. A. (2020). *Sovereign credit rating and its impact on foreign investment and government debt: A case study of Iraq as a model.* PalArch's Journal of Archaeology of Egypt/Egyptology, 17(3), 2170-2184.

FIGURE 5.1. *Outstanding Government Guarantees*

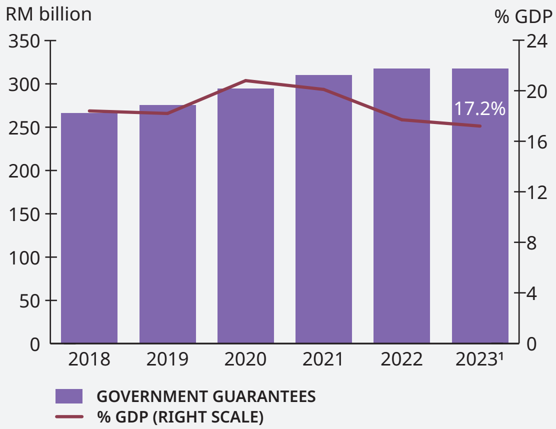


FIGURE 5.2. *Maturity Profile of Government Guarantees*[1]

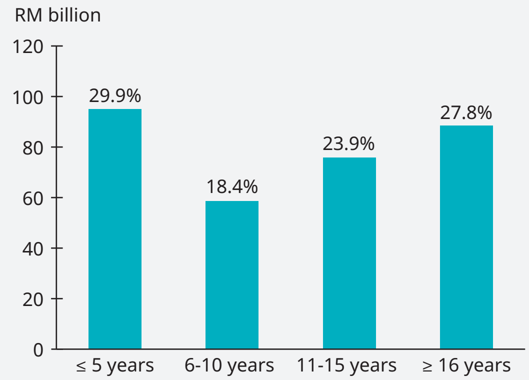


FIGURE 5.3. *Government Guarantees by Segment*[1]

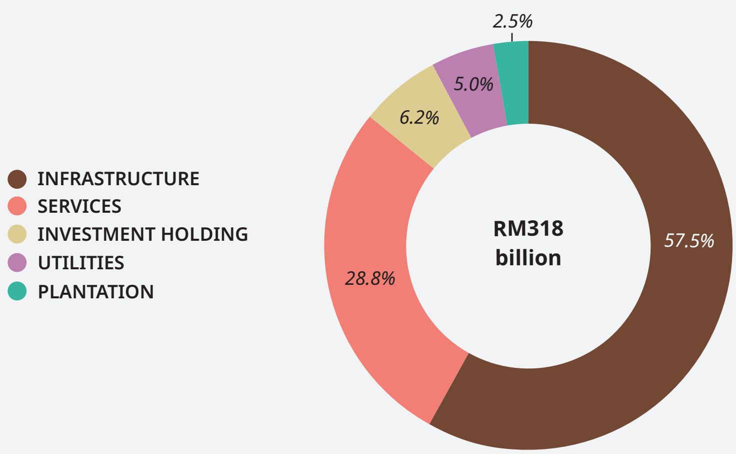
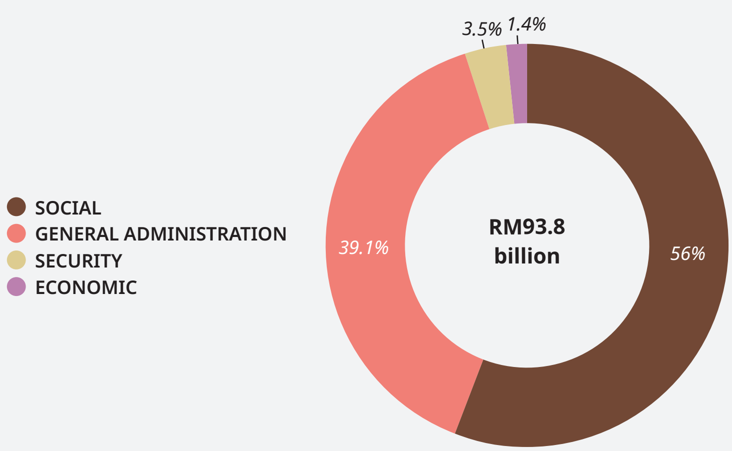


FIGURE 5.4. *Outstanding PPP Obligations by Sector*[1]



[1] End-June 2023
Source: Ministry of Finance, Malaysia and Public Private Partnership Unit (UKAS), Prime Minister's Department