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SECTION 4

Debt Management

Overview

According to the IMF in its April 2026 Fiscal Monitor report, global public debt remains on a steep upward trajectory, projected to reach 95.3% of world GDP in 2026 and surpass the 100% threshold by 2029. This escalation is driven by large fiscal deficits in major economies, structural spending pressures and elevated interest burdens, which are further exacerbated by persistent geopolitical tensions and supply disruption risks. The fragility of this environment was evident in August and September 2026, when global bond markets experienced continued selling pressure. Concerns over inflation, heavy bond issuance and elevated sovereign debt pushed long-term yields to multi-year highs across economies, requiring policymakers to maintain heightened vigilance. These episodes amplify the sensitivity of market confidence and fiscal credibility on the sovereign borrowing.

Despite this volatile global environment, Malaysia has maintained a steadfast commitment to fiscal discipline, prioritising macroeconomic stability and structural resilience as stated in the Ekonomi MADANI framework. By institutionalising rigorous fiscal discipline in the Public Finance and Fiscal Responsibility Act 2023 [Act 850], the Government is driving progressive structural reforms, such as subsidy rationalisation and enhanced revenue collection, which will reduce the fiscal deficit in the medium-term. Through these measures, the Government has lowered its net borrowing requirements gradually, ensuring that debt remains within statutory limits. Complemented by sustained economic

growth, this consolidated fiscal path places the Federal Government's debt-to-GDP ratio on a firm downward trajectory toward the medium-term target of below 60%.

In navigating global market turbulence, which was further aggravated by the heavy global market sell-off, it is imperative for the Government to continue refining its borrowing strategies towards maintaining a prudent medium-term debt profile and retaining flexibility in issuance timing and tenure to balance portfolio cost and risk. The core strategy remains heavily weighted toward ringgit-denominated domestic issuances to shield from exchange rate volatility. In addition, the debt management strategy aims to smooth out maturity profile and mitigate rollover risks by prioritising medium-to-long tenure issuances amid a volatile global interest rate environment. Notwithstanding, Malaysia selectively re-entered the global dollar market in 2026 with a benchmark US dollar sukuk, capitalising on scarcity value and robust international demand to establish an updated pricing benchmark for its corporate issuers. Ultimately, this fiscal stance and borrowing strategy will further support the implementation of the Thirteenth Malaysia Plan, 2026 – 2030 (Thirteenth Plan) to attain the national development agenda while preserving fiscal sustainability and intergenerational equity.

Financing

The Federal Government's borrowing continues to serve two main purposes, which are financing the fiscal deficit and refinancing maturing debt. The issuance strategy will

continue to have a well-spread maturity profile while optimising cost of funding. The total gross borrowings for 2026 are projected to record RM207.1 billion or 9.5% of GDP (2025: RM181.7 billion; 9% of GDP), driven mainly by higher refinancing needs of RM128.5 billion (2025: RM106.1 billion). The principal repayments consist of Malaysian Government Securities (MGS) amounting to RM53.7 billion, Malaysian Government Investment Issues (MGII) of RM55 billion, Malaysian Treasury Bills (MTB) of RM5.5 billion, Malaysian Islamic Treasury Bills (MITB) of RM10 billion, as well as offshore borrowings redemption worth RM4.3 billion which includes USD1 billion in global sukuk.

Medium- and long-term securities are projected at 35.4% and 56.8% of total gross borrowings, respectively, and continue to anchor the borrowing programme against short-term paper of 7.8%, which is primarily utilised as a cash flow tool. As a result, the weighted average time to maturity of issuances during the year is expected to remain at around 12.3 years (2025: 13 years), reflecting the Government's continued commitment to managing borrowing costs while minimising rollover risk.

Issuances are predominantly executed through ringgit-denominated instruments, drawing on the deep and liquid domestic capital market. MGS and MGII issuances are estimated at RM90 billion and RM95 billion, or 43.4% and 45.9% of total gross borrowings, respectively, while MTB and MITB are projected to amount to RM16 billion or 7.8%. In addition, the Government returned to the international market with the issuance of the USD1.5 billion sukuk at the tightest-ever spreads, reaffirming Malaysia's standing in the global capital market.

In the first eight months of 2026, the Government raised RM150.6 billion or 72.7% of the annual gross borrowing requirements. Of this, RM130 billion was raised through MGS and MGII issuances, RM14.5 billion through issuances of MTB and MITB, while the balance

TABLE 4.1. *Federal Government Financing, 2025 – 2026*

	RM MILLION		SHARE (%)	
	2025	2026 ²	2025	2026 ²
Gross borrowings	181,704	207,089	100.0	100.0
Domestic	181,704	201,000	100.0	97.1
MGS	82,500	90,000	45.4	43.4
MGII	86,000	95,000	47.3	45.9
MTB	4,379	8,000	2.4	3.9
MITB	8,825	8,000	4.9	3.9
Offshore	-	6,089	-	2.9
Market loans	-	6,089	-	2.9
Project loans	-	-	-	-
Repayments	106,144	128,514	100.0	100.0
Domestic	101,510	124,243	95.6	96.7
Offshore	4,634	4,271	4.4	3.3
Net borrowings	75,560	78,575	-	-
Domestic	80,194	76,757	-	-
Offshore	-4,634	1,818	-	-
Change in assets¹	-271	-60	-	-
Total deficit financing	75,289	78,515	-	-

¹ (+) indicates drawdown of assets; (-) indicates accumulation of assets

² Estimate

Source: Ministry of Finance, Malaysia

through the offshore issuance. The proceeds were primarily utilised to finance RM71 billion in principal redemptions, with the remaining RM79.6 billion used for deficit financing and partial funding of upcoming maturities.

Issuances in 2026 continue to be conducted mainly through competitive public auctions and are expected to account for 83.8% of total issuances, while the remaining is raised via private placement, specifically for long-tenor instruments. Of the total planned issuances, RM85 billion is projected to be raised from seven new papers and RM100 billion from 10 re-openings. This combination is to improve tradability and strengthen benchmark issues.

The global interest rate environment continued to be influenced by the US Federal Reserve (Fed) monetary policy. Amid persistent inflationary pressures and heightened uncertainty surrounding the economic outlook, the Fed raised the Federal Funds Rate (FFR) by 25 basis points (bps) to a target range of 3.75% to 4.00% in September 2026, citing elevated inflation and resilient domestic spending. The latest policy decision, together with expectations for the future path of US interest rates, continued to influence global bond yields and portfolio allocation.

Domestically, the Monetary Policy Committee (MPC) of Bank Negara Malaysia maintained the Overnight Policy Rate (OPR) at 2.75% in September 2026 with the prevailing rate assessed as supportive of domestic economic activity while taking into account inflation and financial stability environments. The divergence in monetary stance between major economies and Malaysia, together with ongoing geopolitical tensions and shifts in global risk sentiment, continued to support the domestic bond market with net non-resident inflows into Federal Government debt securities reaching RM6.3 billion over the first eight months of 2026 (January – August 2025: RM15.9 billion). This shift in international capital flows and positive domestic economic prospects led to stable inflows into the domestic bond market.

Similar to the global trend, yields started to increase from March 2026, with benchmark yields for MGS across 3- to 10-year maturities rose by, between 35 and 48 bps, while for MGII across the same tenures increased between 29 and 49 bps. Nevertheless, both increases were smaller than those recorded globally, which allowed the Government to manage its financing costs by taking advantage of lower average coupon yields. Hence, the weighted average cost of borrowing stood lower at

around 3.71% in the period of January – August 2026 (January – August 2025: 3.79%), despite higher issuance volumes.

Investor demand for Government securities remained healthy throughout the period. From January to August 2026, total bids received for medium- and long-term Government securities amounted to RM255.4 billion against issuances of RM109 billion, translating into an average bid-to-cover (BTC) ratio of 2.34 times (January – August 2025: 2.72 times). Demand was broad-based across maturities, with medium-term papers recording an average BTC ratio of 2.33 times, while long-term papers registered 2.35 times (January – August 2025: 2.61 times; 2.51 times). The sustained bidding interest reflects continued investor appetite for Malaysian Government securities, supported by the resilient economic outlook, commitment to fiscal consolidation and a well-established domestic capital market.

Malaysia continues to maintain a strong position in the global Islamic capital market, supported by a comprehensive and established Shariah regulatory framework and ecosystem as well as a broad investor base for Shariah-compliant securities. In 2026, the combined issuance of MGII, MITB and global sukuk is projected to account for 52.7% of total gross borrowings, reflecting the Government's continued commitment to prioritise Islamic financing programmes. Demand for Islamic government securities remained resilient, with MGII auctions recording an average BTC ratio of 2.48 times (MGS: 2.21 times) while the USD-denominated sukuk attracted strong investor interest, with 4.7 times oversubscription. This sustained demand demonstrates the depth of the investor base for Shariah-compliant assets and the attractiveness of these instruments as a high-quality fixed-income investment.

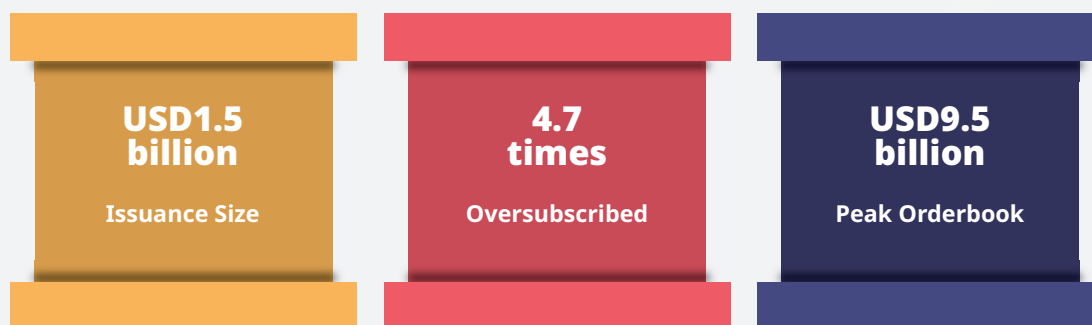
INFORMATION BOX

Highlights of the 2026 Government of Malaysia's Sovereign US Dollar Global Sukuk Issuance

Introduction

The Government of Malaysia achieved a historic milestone by successfully pricing a USD1.5 billion dual-tranche global sukuk offering in July 2026, marking a triumphant return to the international sovereign sukuk market after five years. This issuance achieved a record-breaking low spread, with 4.7 times oversubscription and a combined orderbook peaking at over USD9.5 billion from top-tier institutional accounts worldwide, as shown in Figure 1. Anchored by solid sovereign credit ratings of A3 from Moody's and A- from S&P Global Ratings, the overwhelming reception signified deep investors' confidence in Malaysia's credit standing, reflecting strong macroeconomic fundamentals, continuous commitment in fiscal discipline and ongoing structural reforms.

FIGURE 1. *Transaction Highlights*



Source: Ministry of Finance, Malaysia

The transaction was structured across two distinct tenures, comprising a USD850 million 5.75-year tranche and a USD650 million 10-year tranche. Robust investor demand allowed the Government to aggressively compress final pricing by 30 basis points (bps) across both tranches from the Initial Price Guidance. Consequently, the 5.75-year Trust Certificates settled at 15 bps over 5-year US Treasury with a profit rate of 4.612% per annum, while the 10-year Trust Certificates closed at 25 bps over 10-year US Treasury with a profit rate of 4.949% per annum. The final pricing terms are summarised in Figure 2.

FIGURE 2. Summary of the 2026 Global Sukuk Final Pricing

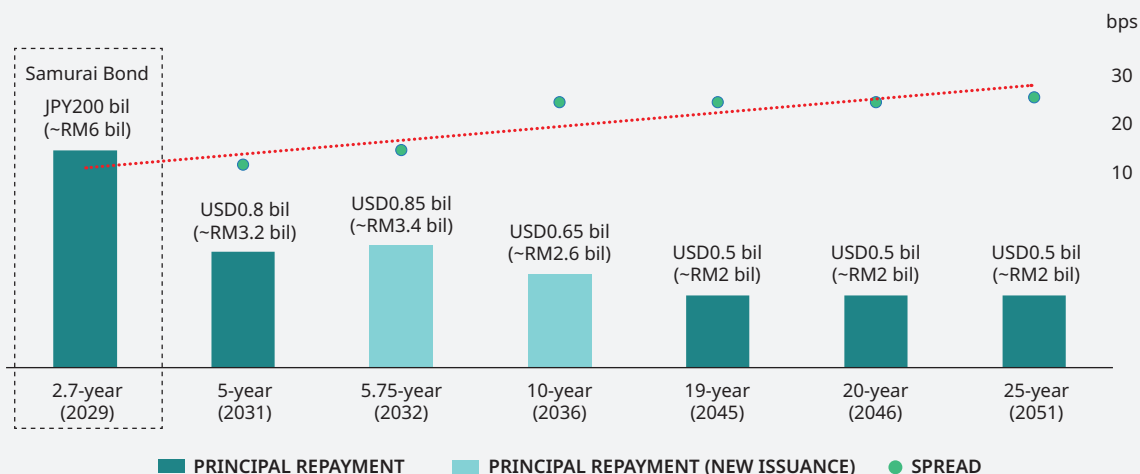
TRANCHE DETAILS		5.75 - year	10 - year
Size 		USD850 million	USD650 million
Profit Rate 		4.612% p.a.	4.949% p.a.
Spread 		T+15 bps	T+25 bps
Ratings (Moody's / S&P) 		A3 / A-	

Source: Ministry of Finance, Malaysia

Following the issuance of the global sukuk 2026, the Government's total outstanding offshore debt stood at RM23 billion. This remains below the RM35 billion statutory ceiling set under the External Loans Act 1963 [Act 403] and accounts for a minor share at approximately 1.7% of overall Federal Government debt. This small proportion reinforces a prudent debt strategy by minimising exposure to currency volatility and external market headwinds. Malaysia's offshore debt portfolio is largely denominated in the US dollar (approximately USD3.8 billion), with the balance spread across other currencies including the yen.¹

Strategic selection of the 5.75-year and 10-year tenors serves a dual objective of establishing active offshore benchmark reference points across the yield curve while optimising the Government's debt maturity profile. By spacing out foreign debt obligations, with the next major offshore redemption scheduled for 2029, it mitigates maturity concentration risk and supports long-term debt sustainability as shown in Figure 3.

¹ As at end-July 2026

FIGURE 3. Maturity Profile and Offshore Market Loan Spread

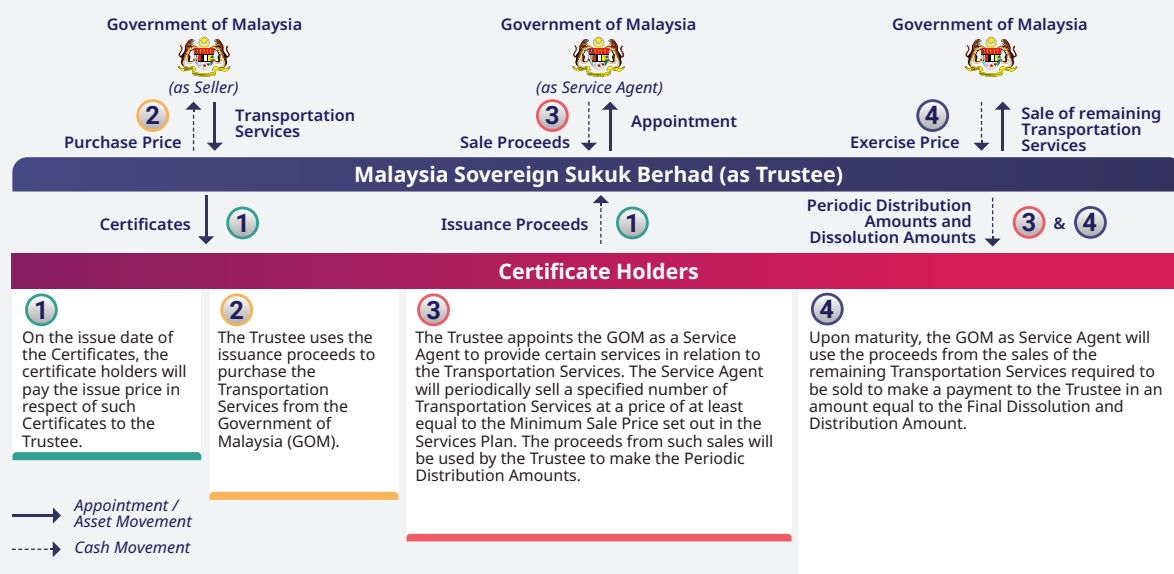
Source: Ministry of Finance, Malaysia

Structure and Transaction Flows

Underpinning the offering is an innovative Shariah structure based on rights to services within Malaysia's urban public rail transportation network. Structured under the Manafae concept in compliance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards, the transaction showcases Malaysia's leadership in Islamic financial development and reinforces its position as the premier global hub for sukuk issuances. There are three primary parties forming the framework of this issuance as follows:

- i. **Government of Malaysia:** Acts as the Obligor and agent to manage the underlying Wakala Manafae asset portfolio;
- ii. **Malaysia Sovereign Sukuk Berhad (MSSB):** A wholly-owned Special Purpose Vehicle (SPV) of the Government of Malaysia serving as the issuance conduit and Trustee on behalf of investors; and
- iii. **Investors:** The sukuk certificate holders who hold beneficial ownership in the Trust Certificates.

Under this structure, the underlying asset comprises service rights for the urban rail transit networks. Valued at the rail operating cost per passenger per kilometre, these service rights are entrusted to MSSB. Under this arrangement, investors have no direct recourse to the physical rail infrastructure, as no physical assets are transferred to them. Rather, MSSB, as Trustee, holds the operating rights which form the underlying value of the sukuk. The detailed sukuk structure and transaction flows are shown in Figure 4.

FIGURE 4. Sukuk Transaction Structure

Source: Ministry of Finance, Malaysia

Roadshow Overview

An extensive roadshow including virtual meetings with investors was conducted across major financial hubs. The roadshow drew strong engagement with over 230 local and global investors, representing around 150 institutions attending the sessions. This direct engagement translated into robust demand, as 35 institutions participated in the 5.75-year tranche and 40 in the 10-year tranche (of which 31 institutions participated in both tranches). Together, these roadshow-engaged institutions generated USD2.9 billion in total orders, representing 41% of the final orderbook and underscoring the resounding success of the roadshow campaign.

Investors Distribution

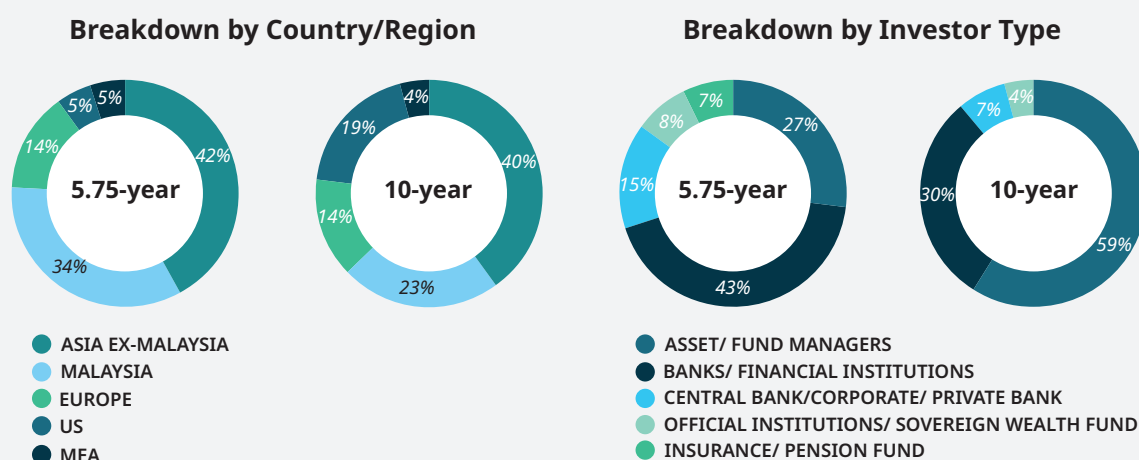
Geographical Allocation

The distribution of the issuance demonstrated a wide geographic demand across both tranches. Primary allocation for the 5.75-year tranche was to Asia ex-Malaysia investors, capturing 42% of the total orderbook, followed by Malaysia (34%), the Europe (14%), the US (5%), and the Middle East and Africa (MEA) (5%). Meanwhile, the 10-year tranche distribution saw Asia ex-Malaysia markets representing 40% of the allocation, complemented by Malaysia (23%), the US (19%), the Europe (14%) and MEA (4%).

Investor Type

A breakdown of the allocations further highlights distinct preferences across different market participants. In terms of investor profile, the 5.75-year paper saw primary absorption from banks and financial institutions at 43%, followed by asset and fund managers (27%); central banks, corporate and private banks (15%); official institutions and sovereign wealth funds (8%); and insurance and pension funds (7%). The 10-year tranche was also dominated by asset and fund managers at 59%, followed by banks and financial institutions (30%), with the remaining 11% allocated to central banks, corporate and private banks. The investor distribution is summarised in Figure 5.

FIGURE 5. *Investor Profiles*



Conclusion

This remarkable issuance secured the tightest spreads in the history of Malaysia's global sukuk programme. By maintaining an overall borrowing strategy that prioritises the domestic market and approaching international capital markets selectively, Malaysia made a highly anticipated offshore appearance, that catalysed intense orderbook momentum. The transaction reinforces the nation's standing in global Islamic finance and proves its ability to raise high-quality, long-term capital at optimal costs, even amid global market uncertainties.

Beyond its pricing success, the issuance of global sukuk 2026 establishes a vital reference yield curve for Malaysian entities, including government-linked companies and corporate issuers seeking offshore funding. Ultimately, this landmark issuance is not mere borrowing, but a manifestation of our commitment to the nation's future, firmly cementing Malaysia's sovereign stature while ensuring our presence in global financial market continues to resonate worldwide, all to build a more prosperous and resilient nation for the *rakyat*.

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Federal Government Debt

As at end-June 2026, the Federal Government debt stood at RM1,378.9 billion, equivalent to 63.1% of GDP. This demonstrates steady progress toward achieving the medium-term debt threshold of 60% established under Act 850. Concurrently, the Government maintained strict compliance to the statutory limits stipulated under the respective debt legislations, namely the Loan (Local) Act 1959 [Act 637], Government Funding Act 1983 [Act 275], Treasury Bills (Local) Act 1946 [Act 188] and External Loans Act 1963 [Act 403]. The outstanding debt for each instrument remained within the statutory limit, as illustrated in Table 4.2.

Malaysia's overall debt profile continues to demonstrate structural strength, reflecting ample domestic liquidity supported by a deep institutional investor base and prudent debt management practices. Domestic debt represented 98.8% of outstanding debt, while offshore borrowings stood at 1.2% (2025: 1.6%), ergo mitigating foreign exchange risk. The offshore borrowings which amounted to RM16.7 billion, comprise RM14.3 billion in

market loans and RM2.4 billion in project loans, denominated primarily in US dollars (56%) and yen (43.9%).

Shariah-compliant instruments continue to form a substantial component of the debt structure, accounting for 47.9% of total debt or RM660.6 billion. Domestic issuances represent 98.6% of this total, with the rest comprising global sukuk denominated in US dollar. Notably, the Government's Shariah-compliant instruments led the Islamic debt market with a 43.9% share as at end-June 2026, followed by the corporate sector at 37.3% and quasi-government entities at 18.8%. This composition underscores the Government's role and continued commitment to accelerate the growth of Malaysia's Islamic finance landscape.

Reflecting the Government's funding strategy, the share of outstanding debt with maturities above five years rose to 63.9%. MGS and MGII grew to RM706.4 billion and RM644.3 billion, respectively. Meanwhile, money market instruments issued through MTB and MITB stood at RM4.5 billion and RM7 billion, respectively. Consequently, the weighted average time to maturity of outstanding debt securities remained at 9.6 years by end-June 2026 (2025: 9.6 years), reflecting a proactive strategy to mitigate refinancing risks and optimise cost of financing.

TABLE 4.2. *Debt Legislation*

ACT	STATUTORY LIMIT	END-JUNE 2026
Loan (Local) Act 1959 [Act 637]¹ Government Funding Act 1983 [Act 275]²	Total MGS, MGII and MITB not exceeding 65% of GDP	62.1% of GDP
External Loans Act 1963 [Act 403]	Offshore borrowings not exceeding RM35 billion	RM16.7 billion
Treasury Bills (Local) Act 1946 [Act 188]	MTB not exceeding RM10 billion	RM4.5 billion

¹ MGS is issued under Act 637

² MGII and MITB are issued under Act 275

Source: Ministry of Finance, Malaysia

TABLE 4.3. *Federal Government Debt by Instrument, 2025 – 2026*

COMPONENT	RM MILLION		SHARE (%)		SHARE OF GDP (%)	
	2025	2026 ¹	2025	2026 ¹	2025	2026 ¹
Domestic debt	1,299,661	1,362,226	98.4	98.8	64.2	62.3
MGS	669,861	706,426	50.7	51.2	33.1	32.3
MGII	619,800	644,300	46.9	46.7	30.6	29.5
MTB	4,500	4,500	0.3	0.3	0.2	0.2
MITB	5,500	7,000	0.5	0.6	0.3	0.3
Offshore borrowings	21,116	16,668	1.6	1.2	1.0	0.8
Market loans	18,588	14,314	1.4	1.0	0.9	0.7
Project loans	2,528	2,354	0.2	0.2	0.1	0.1
Total	1,320,777	1,378,894	100.0	100.0	65.2	63.1
<i>Memorandum item:</i> Non-resident holdings of ringgit-denominated debt securities	279,218	280,800	21.5	20.6	13.8	12.8

¹ End-June 2026

Source: Ministry of Finance, Malaysia

The Government continues to prioritise all debt obligations to be serviced promptly as required under the Federal Constitution and debt-related legislations. For 2026, debt service charges (DSC) are estimated to increase by 6.7% to RM57.3 billion, accounting for 15.8% of total revenue (2025: RM53.7 billion; 16%). Domestic coupon and profit payments constitute the bulk of DSC at RM56.6 billion, while external borrowings account for RM0.7 billion. Following a relatively stable yield environment coupled with prudent funding strategy, the weighted average cost of overall debt eased slightly to 4.05% as at end-June 2026 (2025: 4.06%).

A strong domestic institutional investor base reinforces a resilient financial market as demonstrated by a sizeable resident holding of RM1,082.6 billion or 78.5% of total outstanding debt as at end-June 2026. These comprise of various entities with the Employees Provident

Fund (EPF) holding the largest share at 30.5%, followed by banking institutions at 28.5%. In addition, insurance companies held 5.2%, BNM (3.8%), the Retirement Fund (Incorporated) (KWAP) (2.2%), development financial institutions (2.1%) and others (6.2%).

Meanwhile, non-resident holdings remained generally stable at RM296.3 billion or 21.5% of total outstanding debt, reflecting continued interest from international long-term investors. Central bank/ government were the primary holders at 7.6%, followed by among others, asset management companies (7.3%), pension funds (3%) and banking institutions (2.8%). In maintaining this momentum, continuous engagement with the investment community remains vital to build investor confidence, sustain market demand and further broaden the sovereign debt investor base.

TABLE 4.4. *Federal Government Debt by Holder, 2025 – 2026*

COMPONENT	RM MILLION		SHARE (%)		SHARE OF GDP (%)	
	2025	2026 ³	2025	2026 ³	2025	2026 ³
Resident	1,023,466	1,082,624	77.5	78.5	50.5	49.5
Employees Provident Fund	386,900	420,785	29.3	30.5	19.1	19.2
Retirement Fund (Incorporated)	29,945	29,939	2.3	2.2	1.5	1.4
Insurance companies	72,901	71,111	5.5	5.2	3.6	3.3
Bank Negara Malaysia	43,446	52,825	3.3	3.8	2.1	2.4
Banking institutions	380,702	393,129	28.8	28.5	18.8	18.0
Development financial institutions	27,926	29,110	2.1	2.1	1.4	1.3
Others ¹	81,646	85,725	6.2	6.2	4.0	3.9
Non-resident	297,311	296,270	22.5	21.5	14.7	13.6
Asset management	93,010	100,698	7.0	7.3	4.6	4.6
Central bank/ government	95,842	104,936	7.3	7.6	4.7	4.8
Banking institutions	53,320	38,758	4.0	2.8	2.7	1.8
Pension funds	44,798	41,883	3.4	3.0	2.2	1.9
Insurance companies	6,468	6,180	0.5	0.5	0.3	0.3
Others ²	3,873	3,815	0.3	0.3	0.2	0.2
Total	1,320,777	1,378,894	100.0	100.0	65.2	63.1

¹ Include non-bank financial institutions, statutory bodies, nominees and trustee companies, co-operatives, securities placed by institutional investors at the central bank and unclassified items

² Include individuals, non-financial corporations, multilateral and bilateral institutions as well as unidentified sectors

³ End-June 2026

Source: Ministry of Finance, Malaysia and Bank Negara Malaysia

FEATURE ARTICLE

Developing the Local Currency Bond Market: Malaysia's Experience with Bonds and Sukuk

A deep and well-functioning local currency bond market is an essential element of economic resilience for emerging economies. By enabling governments and businesses to secure domestic funding without being heavily reliant on foreign-currency debt, it creates a predictable financing base, strengthens monetary policy transmission and finances major corporate and infrastructure projects. Ultimately, this drives sustainable national development while providing institutional investors with domestic assets thus facilitating investment strategies.

In practice, Malaysia maximises the utilisation of local currency bond market to mobilise financing for infrastructure, aligning with the priorities of the five-year development plans and broader national strategies. This simultaneously fit the investors demand and the financing needs of Malaysian companies. The depth and sophistication of the domestic capital market significantly reduce the nation's reliance on traditional funding channels and minimise concentration risks, providing Malaysia with greater autonomy and flexibility to fund its long-term growth and development.

From Early Foundations to Market Resilience

Malaysia's debt market development began with the introduction of key foundational measures since the late 1980s. This includes the issuance of Private Debt Securities Guidelines in 1989; the establishment of a domestic credit-rating agency in 1990; mandatory credit ratings for debt securities in 1992; the setup of the Securities Commission Malaysia (SC) in 1993; and the introduction of Real Time Electronic Transfer of Funds and Securities (RENTAS) in 1999. These measures alongside the Privatisation Master Plan established the legal, institutional and operational foundations in mobilising private capital, including for infrastructure and other long-term development needs.

The 1997 – 1999 Asian Financial Crisis (AFC) had exposed vulnerabilities associated with concentrated bank intermediation, short-term funding structures, limited market depth and foreign-currency exposure, thus underscored the urgent need for Malaysia's capital market development agenda. The policy response, therefore, extended beyond banking-sector rehabilitation and corporate debt restructuring toward the development of a deeper domestic capital market that is capable of mobilising savings and providing longer-term ringgit financing. This response was institutionalised in 2001 through the Financial Sector Masterplan and the Capital Market Masterplan, which provided strategic roadmaps for strengthening the financial system and expanding conventional bonds, sukuk and asset-backed securities, while improving market infrastructure, pricing, disclosure and information transparency (World Bank Group, 2017; 2024).

The 2008 – 2009 Global Financial Crisis (GFC) further tested this market architecture. The Ministry of Finance (MOF), Bank Negara Malaysia (BNM) and the SC responded with complementary fiscal, monetary and financial market regulatory measures aimed at preserving market confidence and maintaining access to financing. The Government established Danajamin Nasional Berhad in 2009 to provide credit enhancement for viable corporate bond and sukuk issuers as well as reactivated the Corporate Debt Restructuring Committee to facilitate orderly debt restructuring. BNM supported financial market liquidity and eased monetary conditions (Ministry of Finance, 2010), while the SC introduced measures to facilitate capital market access, streamline issuance terms and enhance market surveillance (Securities Commission Malaysia, 2009). These measures demonstrated the value of a domestic bond and sukuk market as a reliable alternative financing channel during periods of external stress.

Building Blocks of Malaysia's Deep and Liquid Bond and Sukuk Market

Malaysia's local currency bond and sukuk market is built on a mutually reinforcing ecosystem of public policy, regulation, infrastructure, institutional demand and market intermediation. BNM and the SC have progressively strengthened the issuance, disclosure, investor protection and Islamic capital market frameworks, while tax neutrality, selected incentives and broader development policies supported market participation and long-term ringgit financing. National projects including privatisation, highway development, large scale solar programmes, healthcare, education and water infrastructure, created a sustained pipeline of infrastructure and investment projects. As project revenues such as tariffs, tolls and power-purchase payments were generally denominated in ringgit, local currency financing helped eliminate currency mismatches and increase the attractiveness of domestic funding to sponsors, lenders and investors (World Bank Group, 2024).

This policy foundation is reinforced by robust market infrastructure and transparent pricing mechanisms. RENTAS provides secure, real-time settlement and custody, while the Fully Automated System for Issuing/Tendering (FAST) facilitates efficient and transparent primary market auctions. Together, these systems reduce transaction and settlement risk while providing the operational backbone for a scalable bond and sukuk market. Timely dissemination of transaction data and evaluated prices further strengthens transparency, price discovery and investor confidence.

To date, a deep and diversified institutional investor base remains a key source of resilience for Malaysia's Government debt market. Non-resident participation adds further depth and is geographically diversified across Europe and North America, East and Southeast Asia, Oceania and other regions, reducing reliance on any single source of external demand. Foreign holdings are concentrated mainly in Malaysian Government Securities (MGS), while Malaysian Government Investment Issues (MGII) and corporate sukuk remain predominantly domestically held. This diverse investor base supports longer-dated issuance, facilitates maturity smoothing and contributes to more liquid benchmark curves for both MGS and MGII.

The market is further supported by a broad network of financial intermediaries and specialised service providers. Principal dealers, investment banks, conventional and Islamic financial institutions, trustees, legal and Shariah advisers as well as other professionals provide the structuring, underwriting, distribution, due diligence, risk management and advisory capabilities required for increasingly sophisticated transactions. This intermediation capacity has been particularly important for sukuk, project bonds and infrastructure financing, enabling issuers to access diverse capital pools while broadening the range of instruments available to investors.

Complementing this network are institutions that strengthen credit assessment, valuation and market transparency. While domestic credit rating agencies provide independent assessments of issuer and instrument creditworthiness, Bond Pricing Agency Malaysia (BPAM) supports mark-to-market valuation, collateral management, portfolio reporting and price discovery through evaluated prices and yield information. The Bond and Sukuk Information Exchange (BIX) further improves transparency by consolidating issuance and market information. Together, these institutions reduce information asymmetry, reinforce market discipline and support a more disclosure-based and market-driven financing environment.

Market depth has also been enhanced by quasi-government and government-guaranteed bonds and sukuk. These instruments enable government-linked entities, infrastructure companies and development-related institutions to raise long-term ringgit financing while offering investors credit exposures between sovereign and pure corporate risk. Government guarantees (GG) and other forms of credit enhancement have supported strategic national projects, expanding the supply of longer-dated securities and created additional pricing points along the credit spectrum. Repurchase agreement (repo) activity, market-making arrangements and hedging instruments have further supported secondary-market liquidity.

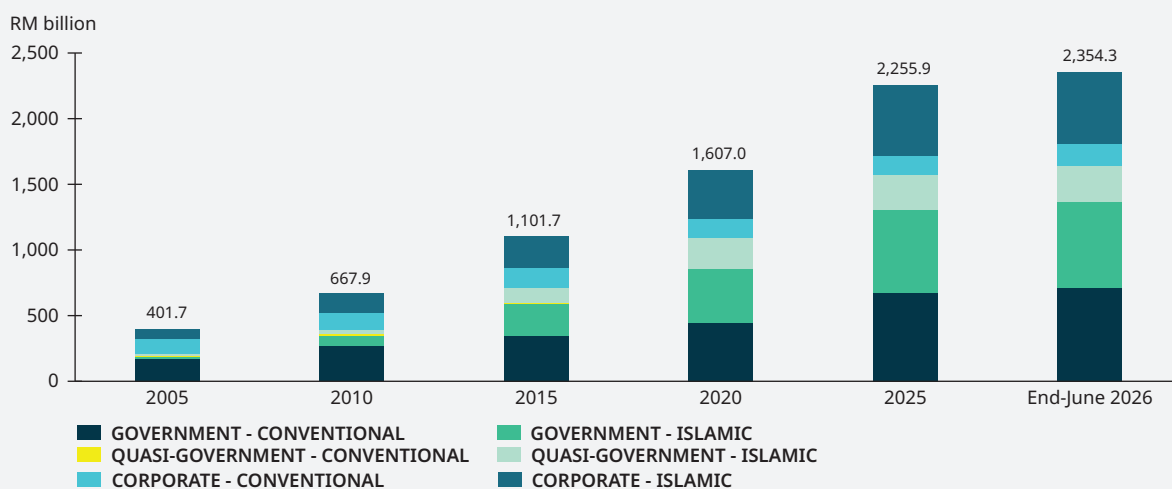
Taken together, these elements, as shown in Figure 1, form a reinforcing cycle of market development: policy and regulatory foundations; market infrastructure and transparency; deep and diversified investor base; intermediation and market expertise; pricing, credit assessment and market information; and liquidity and market depth. This integrated ecosystem has enabled sovereign, quasi-government and corporate issuers to access diversified sources of long-term local currency funding effectively reducing currency and refinancing risks.

FIGURE 1. Building Blocks of Malaysia's Local Currency Bond and Sukuk Market Ecosystem

Source: Ministry of Finance, Malaysia

Market Performance of Malaysia's Bond and Sukuk Market

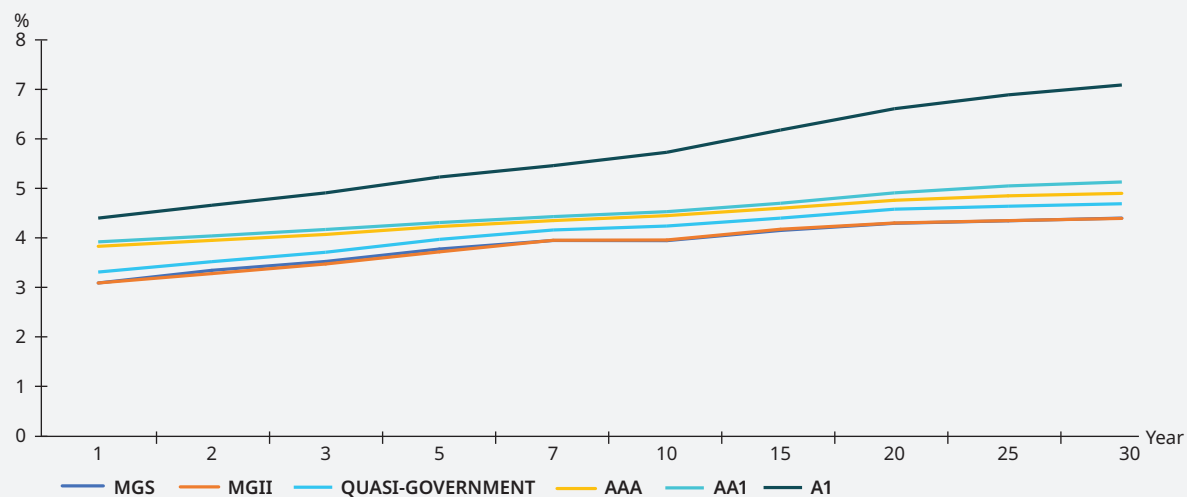
Malaysia's bond and sukuk market expanded substantially over the past two decades across sovereign, quasi-government and corporate segments as illustrated in Figure 2. The market's growth has been supported by the parallel development of MGS and MGII, GG and quasi-government instruments as well as corporate sukuk, allowing the market to diversify funding sources, extend maturities and mobilise long-term domestic capital for national development. The increase in outstanding local currency bonds and sukuk reflects not only greater issuance, but also the cumulative impact of regular sovereign benchmark issuances, strong institutional demand, credible regulation, efficient issuance and settlement infrastructure, capable intermediaries and sustained product innovation.

FIGURE 2. Outstanding Local Currency Bonds and Sukuk

Source: Ministry of Finance, Malaysia, Securities Commission Malaysia and Bond Pricing Agency Malaysia

The depth of the market is also reflected in the development of transparent and differentiated pricing across the credit spectrum. BNM publishes indicative Government security yields, while BPAM provides evaluated prices and yield curves for a broad range of ringgit-denominated securities. As shown in Figure 3, MGS and MGII form the sovereign benchmark curves and remain closely aligned across maturities, while quasi-government and AAA securities trade at modest premiums, with spreads widening progressively for AA1 and A1 credits. This orderly differentiation demonstrates the market's ability to price both term and credit risk. Yield curves extending up to 30 years further provide important pricing references for infrastructure, utilities and other capital intensive issuers, supporting the structuring, valuation and management of long-term local currency financing.

FIGURE 3. Constant Maturity Yield-To-Maturity Curves as at 25 September 2026



Source: Bond Pricing Agency Malaysia

Malaysia's favourable sovereign credit profile reinforces this pricing environment. The country maintains investment-grade sovereign ratings with stable outlooks, while market-based indicators continue to point towards contained sovereign risk. As at 25 September 2026, Malaysia's 5-year sovereign credit default swap (CDS) spread stood at 35 bps, compared with 88 bps for Indonesia, 40 bps for Thailand and 23 bps for Republic of Korea. Strong investor confidence was also evident in Malaysia's July 2026 global sukuk issuance, which was 4.7 times oversubscribed and priced at a record low spread of 15 bps and 25 bps over comparable US Treasuries for the 5.75-year and 10-year tranches, respectively.

Liquidity conditions further demonstrate the strength of the sovereign market. Government bond trading volume increased to RM383.3 billion in the first quarter of 2026 from RM282.2 billion in the fourth quarter of 2025, while bid-ask spreads remained relatively tight. Corporate bonds and sukuk were less actively traded, reflecting stronger buy-and-hold behaviour among institutional investors, although corporate bid-ask spreads narrowed to 12.3 bps in the first quarter of 2026 from 13.6 bps in the fourth quarter of 2025. Taken together, these indicators point to a deep and liquid Government securities market, complemented by a sizeable, though comparatively less liquid, corporate bond and sukuk segment (Asian Development Bank, 2026).

The robust performance of Malaysia's local currency bond market continues to be supported by a deep and diversified investor base, including sustained participation from non-resident investors. As at end-June 2026, non-resident holdings accounted for 20.6% of outstanding Government domestic

debt (2025: 21.5%), reflecting continued global demand for Malaysian sovereign paper, while foreign participation in the corporate bond market stood at 4.1% (2025: 3.2%). This combination of external demand for benchmark Government securities and strong domestic institutional absorption of corporate bonds provides a balanced source of market support across the yield curve. The resulting breadth of demand helps sustain liquidity across short- and long-term maturities, moderate yield volatility and reduce refinancing risk over the maturity spectrum.

Sukuk as a Key Driver of Malaysia's Local Currency Bond Market

Sukuk is a defining feature of Malaysia's local currency capital market development, evolving from a relatively small Shariah-compliant segment into a mainstream source of financing for sovereign, quasi-government and corporate issuers. The parallel expansion of MGII alongside MGS, combined with substantial corporate and GG sukuk issuance, broadened the supply of ringgit-denominated instruments and established a dual-track market where conventional bonds and sukuk operate side by side. This depth has translated into global leadership, with Malaysia accounting for approximately 37% of global sukuk outstanding, placing it among the world's largest sukuk markets (Bank Negara Malaysia, 2026). The country's position, therefore, reflects not only the scale of issuance but also the extent to which sukuk have become fully embedded within the broader domestic capital market architecture.

Regular sovereign sukuk issuance drove this development by establishing a credible Shariah-compliant benchmark curve. It provides transparent pricing references for corporate and quasi-government sukuk, allowing investors to effectively evaluate relative value against conventional bonds. Quasi-government and GG sukuk further broadened the supply of high quality Shariah-compliant instruments and enabled infrastructure companies, government-linked entities and development institutions to access long-term institutional capital. These developments were reinforced by consistent Shariah governance under BNM and the SC. In addition, tax neutrality and selected incentives and full integration into the same core market infrastructure used for conventional securities, including FAST, RENTAS, domestic credit rating agencies, BPAM and market information platforms. Sukuk, therefore, developed within, rather than alongside, Malaysia's wider fixed-income market.

Malaysia's sukuk market has also evolved in terms of Shariah structuring. Earlier issuances relied more heavily on sale- and lease-based contracts such as bai' bithaman ajil, murabahah and ijarah, while the market subsequently broadened to include musharakah, wakalah and hybrid structures, reflecting greater sophistication, standardisation and investor acceptance. A pivotal milestone has been the widespread adoption of Commodity murabahah or tawarruq. BNM introduced the Commodity Murabahah Programme in 2007, while MGII transitioned to a murabahah structure in 2013, after which murabahah-based structures became increasingly common across Government and corporate sukuk (Bank Negara Malaysia, 2026). This evolution has been supported by Bursa Suq Al-Sila' (BSAS), launched in 2009 as an end-to-end Shariah-compliant commodity trading platform. By providing a regulated mechanism for commodity-based murabahah and tawarruq transactions, including the use of physical Shariah-compliant commodities such as crude palm oil, BSAS has supported more efficient, transparent and standardised execution of sukuk murabahah structures across issuance and secondary-market transactions (Bursa Malaysia, 2016).

Malaysia's integrated market architecture and continued structural innovation have enabled sukuk to develop into a mainstream capital market instrument supported by a broad and diversified investor base appealing to Shariah and conventional investors. With a comparable underlying risk characteristics, sukuk can therefore be evaluated using broadly similar pricing and portfolio-

management considerations as conventional fixed-income instruments, reinforcing their role as funding instruments, benchmark securities and portfolio assets. This established ecosystem facilitated continued innovation, ranging from Sustainable and Responsible Investment (SRI) sukuk to digital and donation-linked structures such as Sukuk Prihatin issued in 2021. Malaysia's global sukuk leadership strongly reflects the combined elements of credible sovereign benchmarks, regulatory and Shariah certainty, efficient and evolving Shariah structures, deep institutional demand and sustained product innovation.

From Market Deepening to Sustainable Finance

With a mature bond and sukuk market in place, Malaysia has increasingly leveraged this established market infrastructure to support sustainability, transition and climate financing needs. The market is therefore evolving beyond its traditional role in financing Government, corporate and infrastructure activity towards a broader function of mobilising long-term capital for economic, social and environmental transformation. This evolution has been supported by a progressively expanding regulatory framework and targeted policy incentives. Malaysia's sustainable finance regulatory framework for sukuk and bond is summarised in Figure 4.

The SRI Sukuk Framework introduced in 2014, provided an early foundation for financing eligible environmental and social projects. Subsequently, the world's first corporate green sukuk was issued by Malaysia in 2017, followed by the first sovereign sustainability sukuk in 2021. To encourage greater corporate participation, the SRI Sukuk and Bond Grant Scheme and SRI-Linked Sukuk Framework were introduced in 2018 and 2022, respectively. Market activity has continued to expand, with 24 issuers tapping the market in 2025 through SRI Sukuk and SRI Sustainability-Linked Sukuk, bringing the cumulative number of SRI Sukuk issuers to 57 since inception. Corporate SRI sukuk issuances reached RM25.95 billion in 2025, representing 18.51% of total corporate sukuk issuances for the year, while corporate SRI sukuk outstanding rose to RM52.34 billion as at December 2025 from RM34.46 billion in 2024, equivalent to 6.48% of total corporate sukuk outstanding (Securities Commission Malaysia, 2026).

Green and sustainability sukuk can mobilise institutional capital for renewable energy, low-carbon infrastructure, climate adaptation and social priorities, while sustainability-linked sukuk's financing terms are conditional to measurable sustainability outcomes. This provides a platform for continued innovation, including social-impact and other development-oriented instruments that can broaden the role of the capital market in supporting national priorities.

Sustainable finance should therefore be viewed as a natural extension of Malaysia's broader bond and sukuk market development, enabling the issuance of thematic instruments at scale. This is premised on strong foundations built over the decades, namely credible sovereign benchmarks, deep institutional demand, regulatory and Shariah expertise, efficient issuance and settlement infrastructure, capable intermediaries as well as a matured sukuk ecosystem. These structural strengths have positioned Malaysia to leverage its established local currency market not only as a source of financing, but also as a platform for directing capital towards long-term sustainable development.

FIGURE 4. Sustainable Sukuk and Bond Regulatory Framework in Malaysia

Instrument	Framework	Core Concept
SRI Sukuk	Sustainable and Responsible Investment Sukuk Framework	Proceeds are used exclusively for eligible green, social, combination of green and social or waqf projects
SRI-linked Sukuk	Sustainable and Responsible Investment linked (SRI-linked) Sukuk Framework	Proceeds may be used for general purposes and the financial or structural terms of the sukuk are linked to the issuer's achievement of predefined sustainability KPIs and targets
ASEAN Green Bond/ Sukuk	ASEAN Green Bond Standards	Proceeds will be exclusively applied to finance or refinance, in part or in full, new and/ or existing eligible Green Projects
ASEAN Social Bond/ Sukuk	ASEAN Social Bond Standards	Proceeds will be exclusively applied to finance or refinance, in part or in full, new and/ or existing eligible Social Projects
ASEAN Sustainability Bond/Sukuk	ASEAN Sustainability Bond Standards	Proceeds will be used exclusively to finance or refinance a combination of both Green and Social Projects, each of which delivers environmental and social benefits, respectively
ASEAN Sustainability-Linked Bond/Sukuk	ASEAN Sustainability-Linked Bond Standards	Proceeds may be used for general purposes and the financial and/or structural characteristics may vary depending on the issuer's achievement of predefined sustainability, environmental, social and governance (ESG) objectives

Source: ASEAN Capital Markets Forum and Securities Commission Malaysia

Lessons from Malaysia's Experience and the Next Phase of Market Development

Malaysia's experience demonstrates that a deep local currency market is the result of sustained institution building rather than any single reform. The market's development was shaped by predictable sovereign issuance, parallel growth of bonds and sukuk, credible benchmark curves, efficient infrastructure, robust domestic institutional demand and progressive regulation. The AFC and GFC accelerated this process by demonstrating the value of diversified domestic funding channels and coordinated fiscal, monetary and regulatory strategies.

Islamic finance should be integrated into mainstream capital market development rather than as a separate niche. Sukuk have broadened Malaysia's funding pool, supported infrastructure and corporate financing as well as diversified investor base. The next phase should leverage existing foundations by extending the market's developmental role through social impact and waqf-linked sukuk. Proceeds from this issuance can be channelled towards affordable housing, healthcare, education, climate resilience and community development. As sukuk instruments continue to evolve, a strong governance, Shariah oversight and credible impact measurement are important to maintain investor confidence.

Market participation should also continue to broaden through a more accessible corporate bond and sukuk offerings. This could deepen retail participation, supported by adequate disclosure, suitable denomination sizes as well as effective distribution channels and investor education. Engagement with investors from underrepresented regions should be intensified to complement its established domestic and international base. Greater diversification across investor types and geographic regions would support market liquidity, reduce concentration risk and enhance funding resilience during periods of global volatility.

For emerging economies, the broader lesson is that local currency market development extends beyond the issuance of domestic debt. This development requires a coordinated ecosystem that combines macroeconomic credibility, robust sovereign benchmarks, effective regulation, reliable settlement and pricing infrastructure, capable intermediaries and a diversified investor base. Malaysia's three-decade experience demonstrates how these elements can transform a domestic bond market into a platform for financial resilience, long-term investment and sustainable national development.

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Malaysia's External Debt

As at end-June 2026, external debt increased by 8.2% to RM1,509.7 billion (equivalent to 69.1% of GDP) from RM1,395.5 billion as at end-2025, primarily driven by stronger corporate offshore issuance and expanded private sector debt. Offshore borrowings, the largest component of external debt, rose to RM784.5 billion (2025: RM727 billion), mainly attributed to sustained interbank borrowings for liquidity management operations and regional financial activities. Non-resident holdings of ringgit-denominated debt securities recorded RM309.6 billion (2025: RM299.4 billion), supported by renewed investor demand for Government debt securities. Meanwhile, non-resident deposits reached RM166.7 billion, largely driven by continued deposit acceptance by major market players.

Concurrently, other external debt increased to RM248.9 billion, mainly due to higher corporate trade credits for import-related transactions.

Malaysia's external debt position remains broadly manageable, supported by a favourable maturity structure and diversified currency composition, coupled with prudential safeguards such as foreign-exchange framework, which imposes limits and conditions on certain foreign currency borrowings. Refinancing risk is effectively contained, with 55.7% of total external debt maturing over the medium to long term. From a currency perspective, approximately one-third of the external debt is denominated in ringgit, with the remainder in foreign currencies, further reflecting the diversified structure of Malaysia's external debt portfolio.

TABLE 4.5. External Debt, 2025 – 2026

COMPONENT	RM MILLION		SHARE (%)		SHARE OF GDP (%)	
	2025	2026 ³	2025	2026 ³	2025	2026 ³
Offshore borrowings	726,989	784,505	52.1	52.0	35.9	35.9
Medium- and long-term debt	467,532	503,254	33.5	33.3	23.1	23.0
Public sector	146,814	142,251	10.5	9.4	7.3	6.5
Federal Government	18,090	15,469	1.3	1.0	0.9	0.7
Public corporations	128,724	126,782	9.2	8.4	6.4	5.8
Private sector	320,718	361,003	23.0	23.9	15.8	16.5
Short-term debt	259,458	281,252	18.6	18.7	12.8	12.9
Non-resident holdings of ringgit-denominated debt securities	299,448	309,595	21.4	20.5	14.8	14.2
Medium- and long-term debt	289,037	291,559	20.7	19.3	14.3	13.4
Federal Government	276,909	278,857	19.8	18.5	13.7	12.8
Others ¹	12,128	12,702	0.9	0.8	0.6	0.6
Short-term debt	10,412	18,036	0.7	1.2	0.5	0.8
Non-resident deposits	151,539	166,650	10.9	11.0	7.5	7.6
Others²	217,520	248,942	15.6	16.5	10.7	11.4
Total	1,395,497	1,509,693	100.0	100.0	68.9	69.1

¹ Include private sector and public corporations

² Comprise trade credits, IMF allocation of Special Drawing Rights and miscellaneous

³ End-June 2026

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

Public Sector Debt

As at end-June 2026, Malaysia's public sector debt rose by 3.2% to RM1,814.4 billion, equivalent to 83% of GDP (2025: RM1,758.0 billion; 86.8% of GDP). The increase was primarily driven by higher Federal Government debt, which accounted for 76% of total public sector debt.

Guaranteed debt of statutory bodies expanded to RM113.7 billion, reflecting new issuances by the Public Sector Home Financing Board (LPPSA) to support housing loan disbursements and the National Higher Education Fund Corporation

(PTPTN) for educational loans. Meanwhile, net debt of non-financial public corporations has slightly decreased to RM321.9 billion, mainly due to scheduled principal repayment undertaken by entities, including Tenaga Nasional Berhad (TNB), Pengurusan Air SPV Sdn. Bhd. and TRX City Sdn. Bhd. This reduction was partially offset by financing activities from entities such as Malaysia Rail Link Sdn. Bhd. and Prasarana Sdn. Bhd. Overall, the public sector's exposure to foreign exchange risk remains manageable, with 92.2% of total debt denominated in ringgit, underscoring prudent debt composition and effective currency risk management.

TABLE 4.6. *Public Sector Debt, 2025 – 2026*

COMPONENT	RM MILLION		SHARE (%)		SHARE OF GDP (%)	
	2025	2026 ¹	2025	2026 ¹	2025	2026 ¹
Federal Government	1,320,777	1,378,894	75.1	76.0	65.2	63.1
Domestic	1,299,661	1,362,226	73.9	75.1	64.2	62.3
Offshore	21,116	16,668	1.2	0.9	1.0	0.8
Statutory bodies	110,912	113,689	6.3	6.3	5.5	5.2
Domestic	110,912	113,689	6.3	6.3	5.5	5.2
of which: Guaranteed	110,912	113,689	6.3	6.3	5.5	5.2
Offshore	-	-	-	-	-	-
Non-financial public corporations	326,272	321,857	18.6	17.7	16.1	14.7
Domestic	199,510	197,032	11.4	10.8	9.8	9.0
of which: Guaranteed	199,510	197,032	11.4	10.8	9.8	9.0
Offshore	126,762	124,825	7.2	6.9	6.3	5.7
of which: Guaranteed	39,285	40,747	2.2	2.2	1.9	1.9
Total	1,757,961	1,814,440	100.0	100.0	86.8	83.0

¹ End-June 2026

Source: Ministry of Finance, Malaysia

Outlook for 2027

Looking ahead, the Federal Government's financing and debt management strategy will continue to balance the need to finance national development priorities with the imperative of preserving fiscal resilience and maintaining debt sustainability. Building on the progress achieved in fiscal consolidation, the Government will remain focused on moderating the pace of borrowing, thus managing debt accumulation and rebuilding fiscal buffers, consistent with the medium-term fiscal objectives established under Act 850.

Considering this, gross financing requirements and new borrowings will continue to be managed prudently, with domestic financing remains as the principal source of Government funding. Malaysia's deep and liquid domestic debt capital market provides a stable funding base which enables the Government to maintain a predominantly ringgit-denominated debt portfolio, thereby containing exposure to foreign exchange volatility. Hence, the financing programme will continue to be calibrated to market conditions, funding requirements and the objective of achieving an optimal balance between cost and risk.

At the same time, the Government will retain the flexibility to access international capital markets selectively and strategically where the benefits of pricing, market development and investor diversification are prevalent. This may include conventional and Islamic instruments as well as thematic issuances, which will complement rather than displace domestic financing, while reinforcing the country's position in global Islamic and sustainable finance markets.

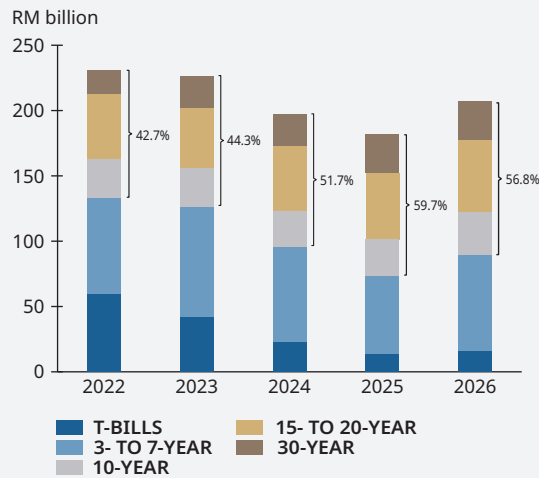
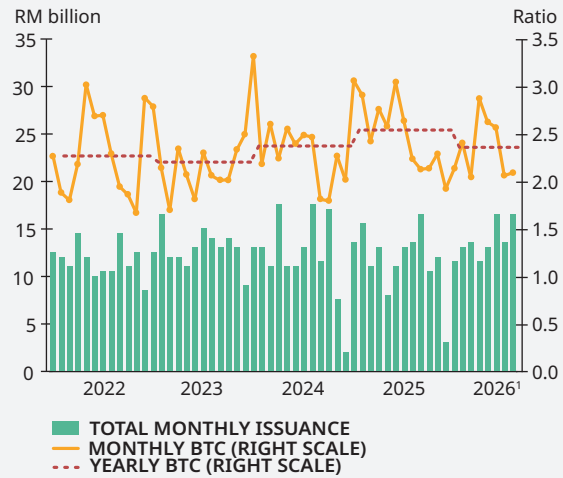
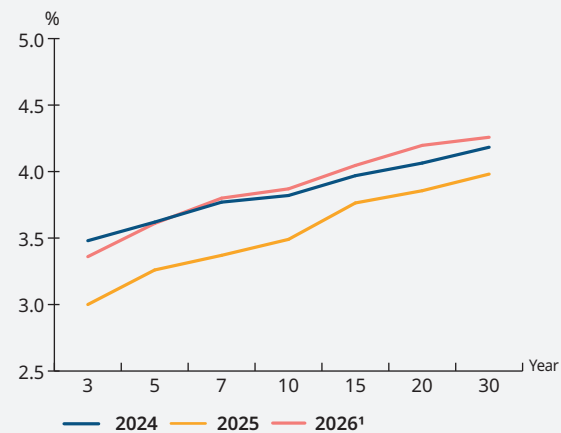
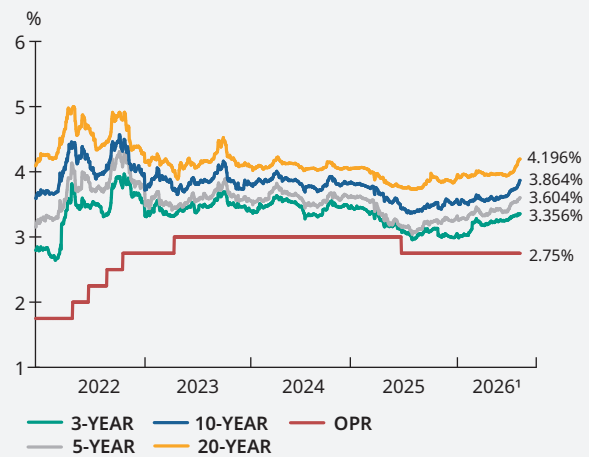
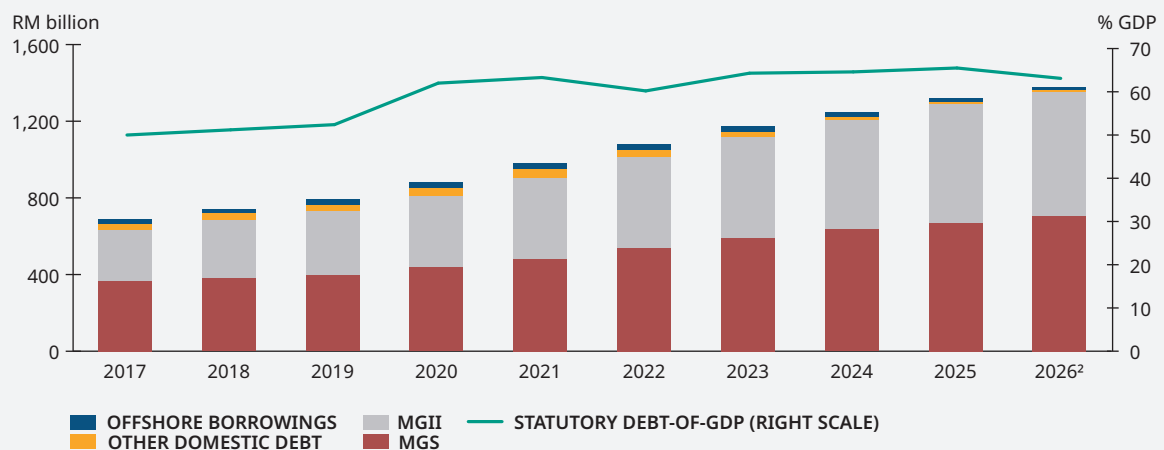
More broadly, the debt strategy is closely aligned with the Thirteenth Plan, under which public resources are expected to increasingly serve as a catalyst for higher-value investment

rather than the sole source of development financing. Therefore, greater mobilisation of private capital, government-linked investment companies, public-private partnerships and other alternative financing arrangements is pertinent as Malaysia expands productive capacity and infrastructure while reducing reliance on Government borrowing.

Observing international debt market conditions, global debt levels are expected to remain high, particularly in major economies, amid a high interest rates environment. In this regard, the Government's debt management and financing strategy in 2027 will remain responsive, supported by continuous surveillance of interest rates movements, investor demand and liquidity. Priority will be given to optimising borrowing costs while mitigating refinancing risks, with flexibility to adjust issuance timing, mix of instruments and maturities as conditions warrant.

Conclusion

As Malaysia advances with the Thirteenth Plan, maintaining a sound and sustainable fiscal position will be essential for development priorities to be pursued without compromising long-term fiscal resilience. The strengthened fiscal governance framework under Act 850, including its medium-term debt and deficit anchors, reinforces the Government's commitment to disciplined fiscal management, greater accountability and continued structural reforms. This will help ensure borrowing remains affordable, risks are well managed and fiscal space is progressively rebuilt, while directing public resources towards productive and high-impact investments. More importantly, close coordination between the fiscal and monetary authority remain essential to maintain an orderly Government financing operation, positioning Malaysia to better safeguard debt sustainability and macroeconomic stability.

FIGURE 4.1. Issuance by Maturity**FIGURE 4.2. BTC Ratios of MGS and MGII Issuances****FIGURE 4.3. MGS Benchmark Yield Curve****FIGURE 4.4. MGS Indicative Yields****FIGURE 4.5. Federal Government Debt Composition**¹ End-August 2026² End-June 2026

Source: Ministry of Finance, Malaysia, Bank Negara Malaysia and Bloomberg

FIGURE 4.6. Federal Government Debt by Holder

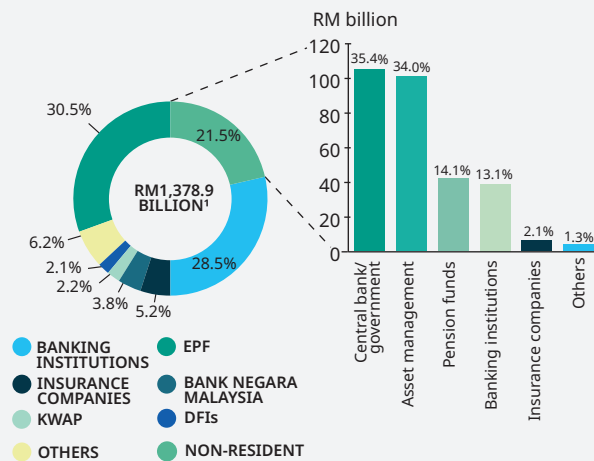


FIGURE 4.7. Non-Resident Holdings of Ringgit-Denominated Debt Securities

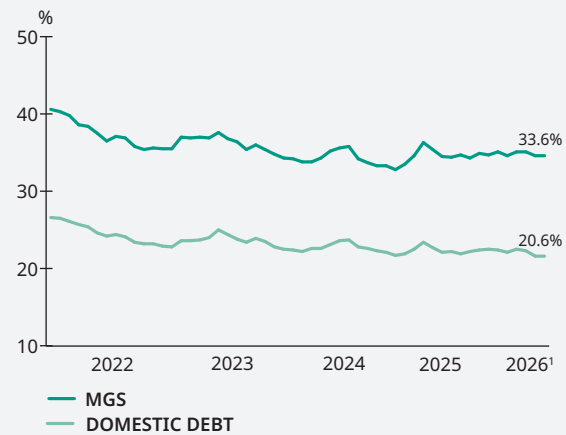


FIGURE 4.8. Federal Government Debt by Remaining Maturity

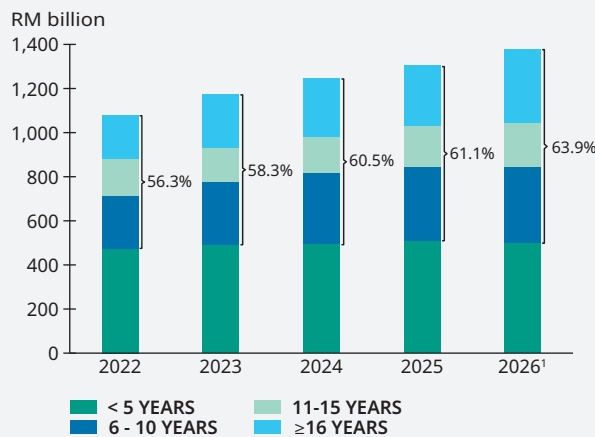


FIGURE 4.9. Debt Service Charges

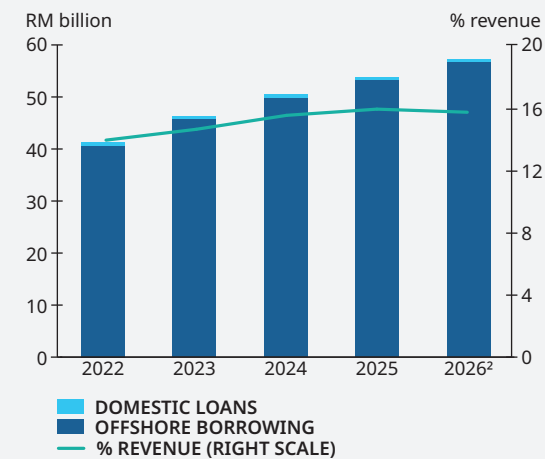
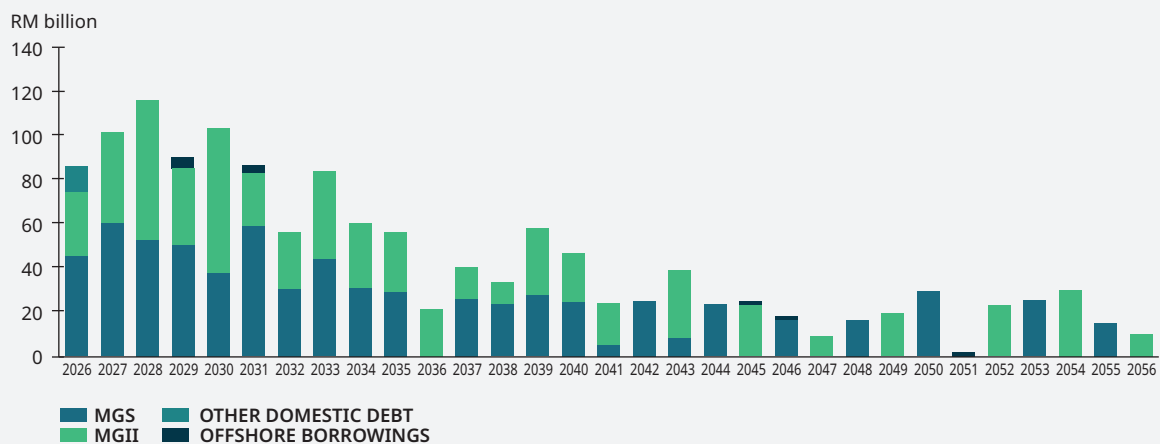


FIGURE 4.10. Debt Maturity Profile



¹ End-June 2026

² Revised estimate

Source: Ministry of Finance, Malaysia and Bank Negara Malaysia