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KEMENTERIAN KEWANGAN MALAYSIA

MINISTRY OF FINANCE MALAYSIA

**Statement by YBhg. Tan Sri Dr. Mohd Irwan Serigar Abdullah,
Secretary General of Treasury on Fitch's Reaffirmation of
Malaysia's A- Rating and Revision of Outlook Upward to Stable**

The Government welcomes Fitch Ratings' announcement reaffirming Malaysia's long-term foreign currency IDR at 'A-' and revising the Outlook upward from Negative to Stable.

The reaffirmation with a stable outlook reflects a fair and balanced view of the Government's commitment to sound macroeconomic policies and significant fiscal reforms. Fitch Ratings has acknowledged the structural reforms that the Government has undertaken, such as the subsidy rationalisation and revenue diversification, particularly the implementation of the Goods and Services Tax (GST). The Government remains resolute in strengthening public finances and will stay the course of fiscal consolidation path towards achieving a balanced budget by 2020.

The Government's transformation programmes have benefited the economy and the rakyat. These initiatives will be continued through the 11th Malaysia Plan to transform Malaysia into a high-income, inclusive and sustainable economy.

Despite Fitch's concerns on 1MDB, the clarification on its rationalisation plan and options including monetisation of its assets, clearly indicates that 1MDB will not pose a systemic risk to the financial sector.

Notwithstanding the challenges in the external environment, the Malaysian economy remains resilient with the private sector driving growth. Investor confidence remains strong as seen in the over-subscription of Malaysia's US\$1.5 billion sukuk issuance in April 2015.

In our view, the latest assessment on Malaysia's credit rating is a recognition of the Government's continuous efforts in embracing structural reforms to build a sustainable, inclusive and competitive economy. It also reflects the strong economic fundamentals and the sound financial position of the country.

Ministry of Finance Malaysia

Putrajaya

1 July 2015