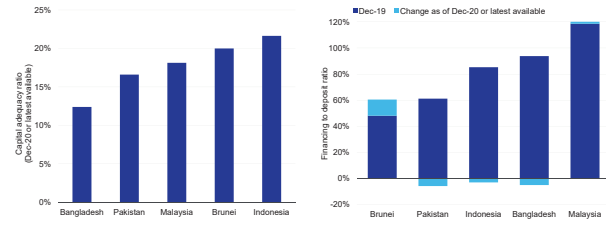


Islamic banking poised to expand across South and Southeast Asia post-pandemic

Tengfu Li, Analyst, Financial Institutions Group, Moody's Investors Services

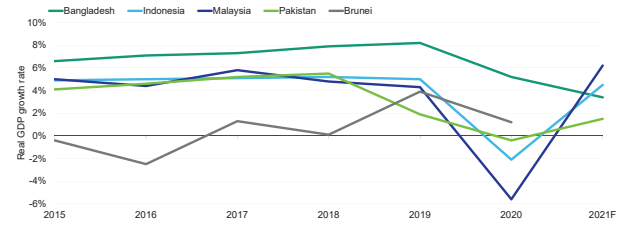


Islamic banks have sufficient capital and liquidity to expand financing



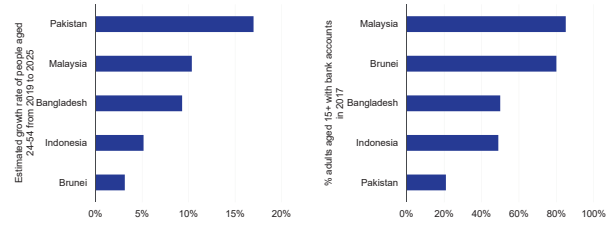
MOODY'S INVESTORS SERVICE Islamic banking poised to expand, April 2021 3

Economic recovery will aid growth of banking growth




MOODY'S INVESTORS SERVICE Islamic banking poised to expand, April 2021 4

Young, untapped demographics provide fuel for long-term expansion




MOODY'S INVESTORS SERVICE Islamic banking poised to expand, April 2021 5


Government efforts will remain backbone of growth




Adoption of Value-based Intermediation
The central bank will expand the set of guidelines that will help Islamic banks incorporate ESG considerations.



Merger of state-owned Islamic banks
The merger will create an Islamic megabank that will increase economies of scale and improve competitiveness.



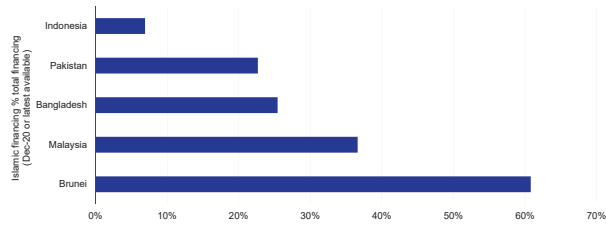
Conversions to Islamic banks and sukuk issuances
More conversions will raise awareness and drive demand. More sukuk will enhance liquidity management.



Expansion of financing products to windows
The introduction of financing products at Islamic windows will help expand the outreach of Islamic banking.

MOODY'S INVESTORS SERVICE Islamic banking poised to expand, April 2021 6

Penetration of Islamic banking will increase further



MOODY'S INVESTORS SERVICE Islamic banking poised to expand, April 2021 7

