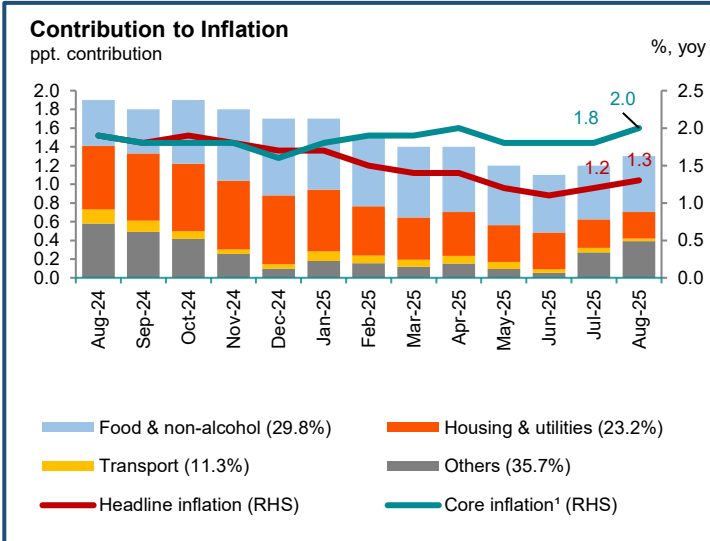


Both headline and core inflation increased in August



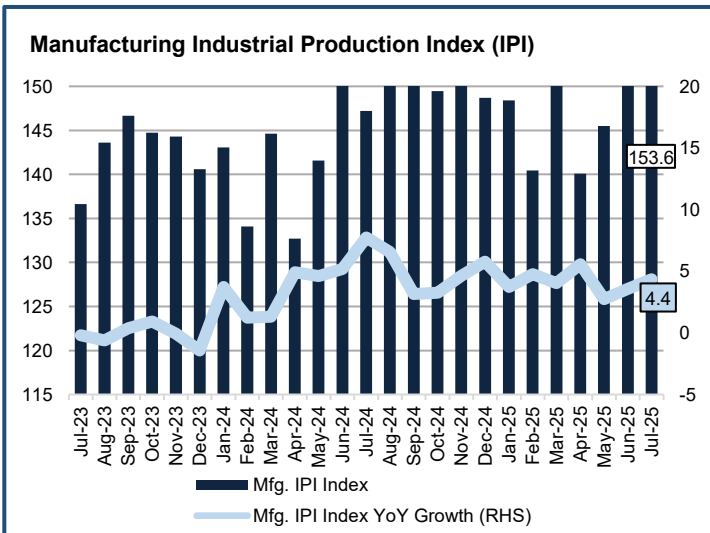
- In August, headline inflation rose to 1.3% (July: 1.2%), with higher increase in core inflation¹ (2%; July: 1.8%).
- The drivers of higher core inflation include streaming services, water supply, as well as jewellery and watches.² Certain non-core items, such as fresh fish, also recorded slight increases.
- At the same time, electricity CPI declined further, reflecting the ongoing impact of the tariff restructuring implemented in July.

¹ Core inflation is computed by excluding price-volatile and price-administered items.

² Except for water supply, these are under the 'Others' category.

Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

Continued growth in manufacturing production

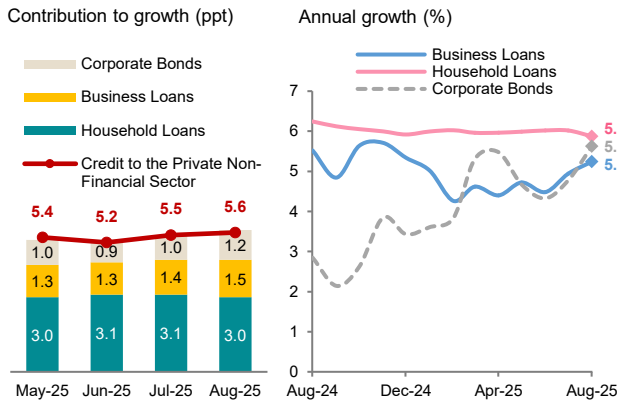


- The manufacturing industrial production index registered higher growth of 4.4% in July (June: 3.6%).
- Export-oriented clusters expanded by 4.1% in July (June: 2.9%) driven by higher production of both electrical and electronics (E&E), and machinery and equipment.
- Domestic-oriented clusters grew steadily at 5.0% in July (June: 5.1%) as strong growth in food and beverage (F&B) offset continued moderation in motor vehicle production.

Source: Department of Statistics, Malaysia

Sustained growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector

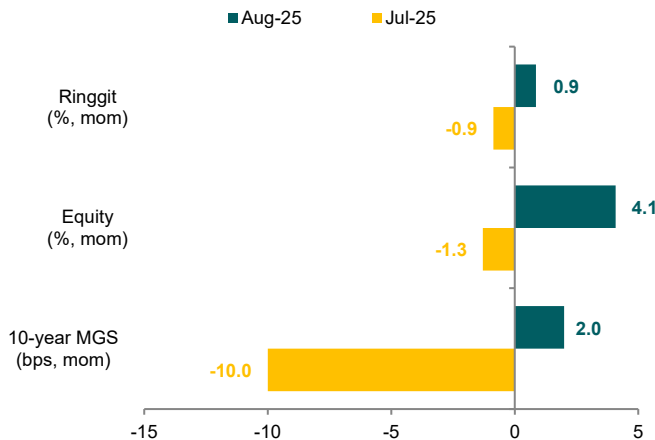


- Credit to the private non-financial sector grew by 5.6% (July: 5.5%), following higher growth in outstanding corporate bonds (5.6%; July: 4.8%) and steady growth in outstanding loans (5.6%; July: 5.6%).
- Growth in outstanding business loans increased to 5.2% (July: 4.9%), supported by higher growth for working capital loans, particularly among non-SMEs. Loan growth for investment-related³ purposes was sustained across all segments.
- Household loan growth was steady at 5.9% (July: 6%) amid broadly sustained loan growth across most purposes.

³ Comprises loans for the purchase of non-residential properties, residential properties for business use, fixed assets as well as for construction activities.
Source: Bank Negara Malaysia

Domestic financial markets were influenced by expectations for US monetary policy easing

Financial Market Performance in August 2025



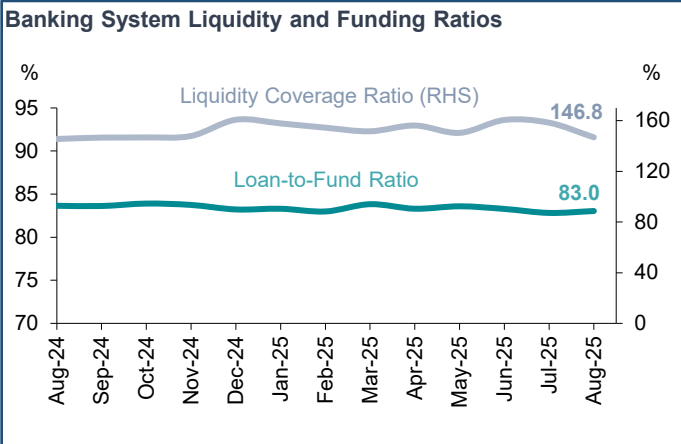
- In the US, weak labour market conditions and lower-than-expected July headline inflation raised market expectations for monetary policy easing by the US Federal Reserve.
- Against this backdrop, the ringgit appreciated by 0.9% against the US dollar (NEER: 0.2%; regional average⁴: 1%), in line with regional currencies. Despite the higher non-resident inflows into the domestic bond market, the 10-year MGS yield remained broadly stable, rising by a modest 2.0 bps (regional average⁴: -16.7 bps), due to an increase in the supply of Government bonds.
- Meanwhile, the FBM KLCI traded higher by 4.1% (regional average⁴: 0.6%), attributed to strong corporate earnings.

Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

⁴ Regional countries comprise Singapore, Thailand, Philippines, Indonesia, and South Korea.

Source: Bank Negara Malaysia, Bursa Malaysia

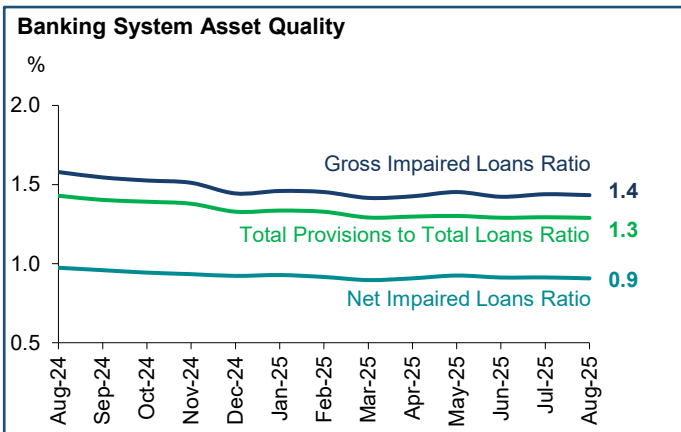
Banking system liquidity position remained supportive of financial intermediation



- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 146.8% (July: 158.4%)⁵.
- The aggregate loan-to-fund ratio remained broadly stable at 83% (July: 82.8%).

⁵ The lower Liquidity Coverage Ratio in August 2025 compared to July 2025 was mainly driven by higher expected net cash outflows, particularly from maturing interbank borrowings and deposits (past 12-month average: 153.1%).
Source: Bank Negara Malaysia

Banks' asset quality remained sound



- Both gross and net impaired loans ratios remained stable at 1.4% and 0.9%, respectively.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 128% of gross impaired loans (July: 128.9%).

Source: Bank Negara Malaysia