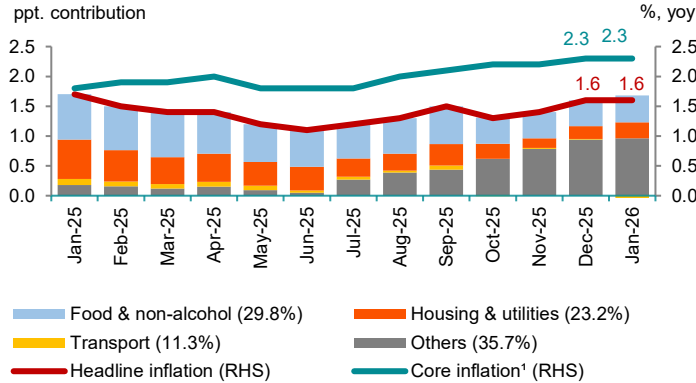


Headline and core inflation remained stable in January

Contribution to Inflation

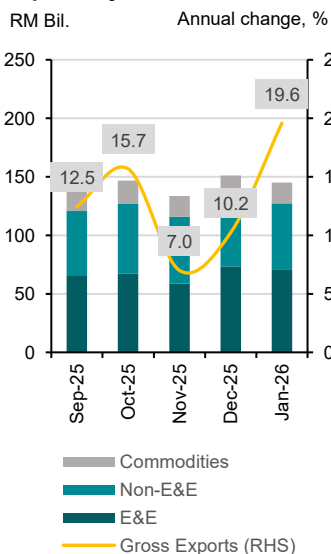


¹ Core inflation is computed by excluding price-volatile and price-administered items.
Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

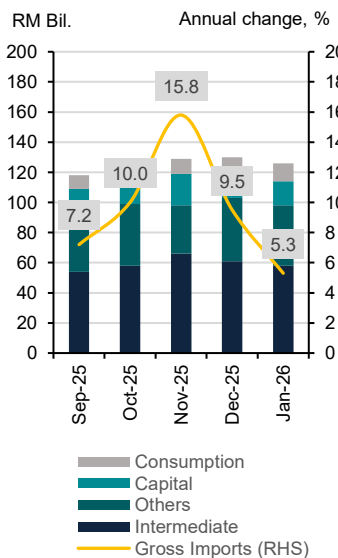
- In January, headline and core inflation¹ were unchanged at 1.6% and 2.3%, respectively.
- Higher inflation was observed in jewellery and watches, in line with higher prices of precious metals, while electricity prices declined at a slower pace following lower discounts related to generation costs.
- These effects were offset by lower inflation in petrol (RON97) and selected core CPI services, including home maintenance & repair services and streaming services.

Strong export performance while imports moderated

Exports by Sector



Imports by End Use

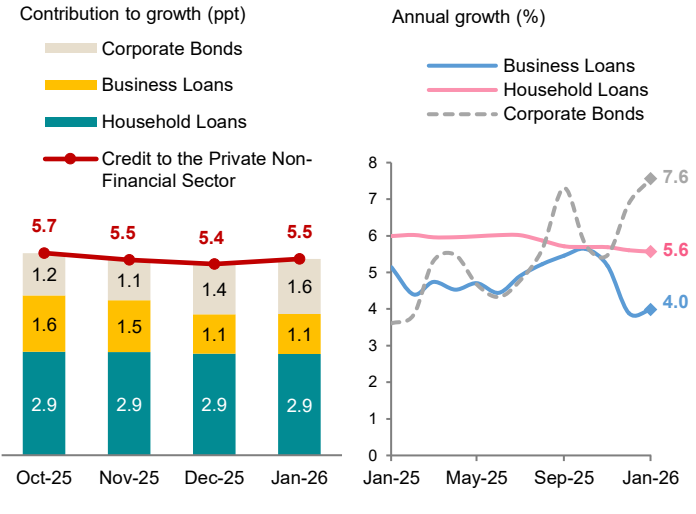


Source: Department of Statistics Malaysia (DOSM), MATRADE

- Exports growth accelerated to 19.6% (December 2025: 10.2%), amid strong growth in the electrical and electronics (E&E) sector.
- Imports growth moderated to 5.3% (December 2025: 9.5%) following a broad-based moderation across all components.
- The trade surplus was slightly lower at RM21.4 billion (December 2025: RM22.1 billion) as strong export performance was partly offset by elevated import levels.

Sustained growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector

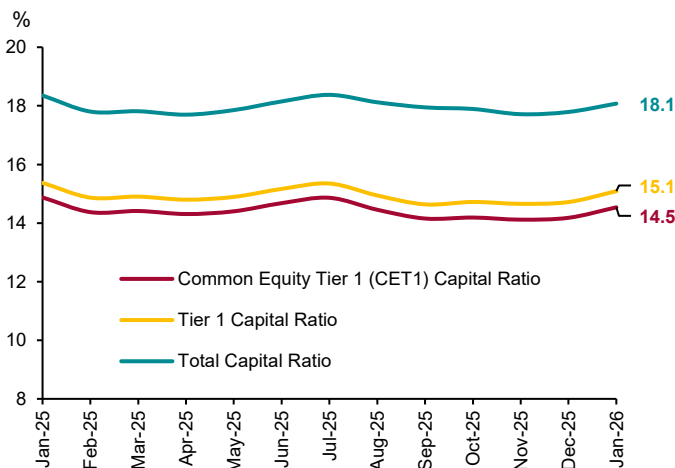


- Credit to the private non-financial sector grew by 5.5% (December 2025: 5.4%), mainly reflecting higher growth in outstanding corporate bonds (7.6%; December 2025: 6.9%). Growth in outstanding loans was sustained during the month (5%; December 2025: 5%).
- Business loans expanded by 4% (December 2025: 3.9%), supported by higher growth for investment-related loans,¹ particularly among non-SMEs. Meanwhile, SME loan growth was broadly sustained.
- Household loan growth remained stable at 5.6% (December 2025: 5.6%) amid steady loan growth across most purposes.

¹ 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

Banks remain well-capitalised to support credit growth

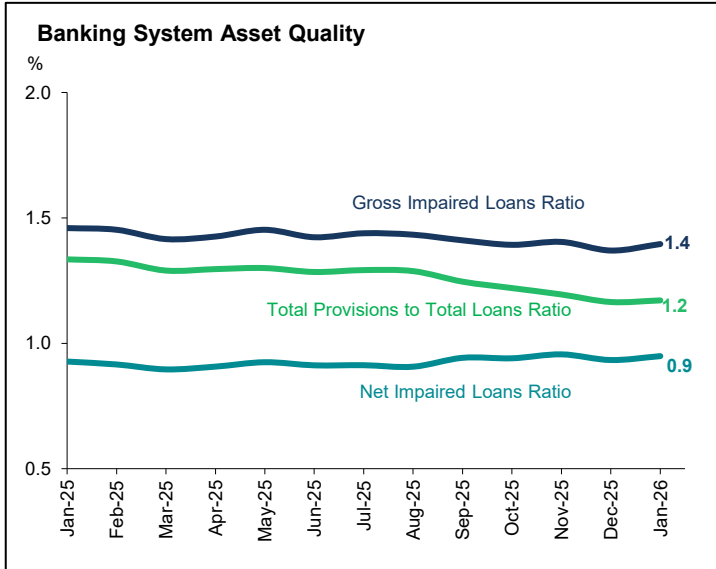
Banking System Capital Adequacy



- Banks' capital position remained strong at 18.1%, enabling continued support for credit intermediation and providing buffers to absorb unexpected losses.
- The banking system recorded excess capital buffers¹ of RM139.6 billion as of January 2026.

¹ Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements.
Source: Bank Negara Malaysia

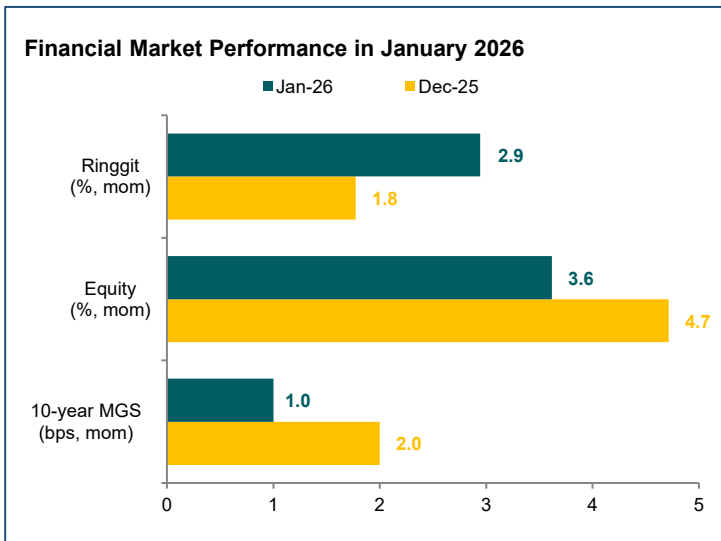
Asset quality in the banking system remained sound



- Both gross and net impaired loans ratios remained stable at 1.4% and 0.9%, respectively.
- Loan loss coverage ratio (including regulatory reserves) remained sufficient to cover oan losses, standing at 125.9% of gross impaired loans (December 2025: 127.2%).

Source: Bank Negara Malaysia

Domestic financial markets were influenced by both domestic and external developments



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

¹NEER refers to the ringgit nominal effective exchange rate, which measures the ringgit's movement against a basket of currencies of Malaysia's major trading partners.

²Regional countries comprise Singapore, Thailand, the Philippines, Indonesia and South Korea.

Source: Bank Negara Malaysia, Bursa Malaysia, Bloomberg

- Global financial markets were influenced by weaker sentiment towards the US dollar amid geopolitical and tariff uncertainties. These external developments, alongside positive sentiment towards Malaysia's economic fundamentals and favourable economic outlook, supported foreign portfolio inflows into domestic markets.
- Amid this backdrop, the ringgit appreciated by 2.9% against the US dollar (NEER¹: 2.2%; regional average²: 0.3%) and the FBM KLCI increased by 3.6% (regional average²: 7.1%).
- Despite higher net issuance of MGS during the month, yields remained broadly stable. Sustained demand from non-resident investors absorbed the additional supply, limiting the upward pressure on the 10-year MGS yield, which increased marginally by just 1 bps (regional average²: 9 bps).