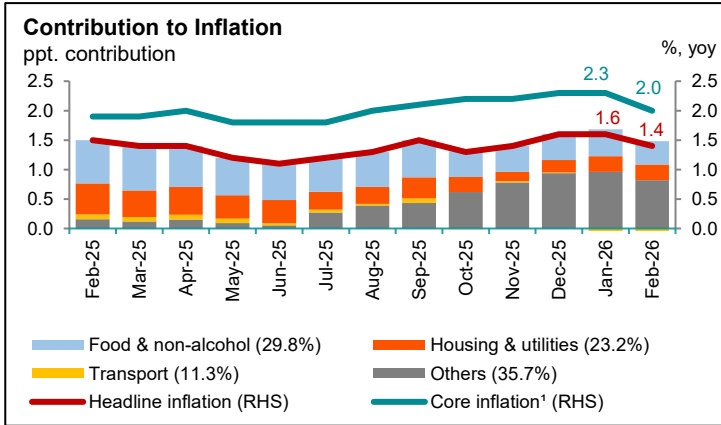


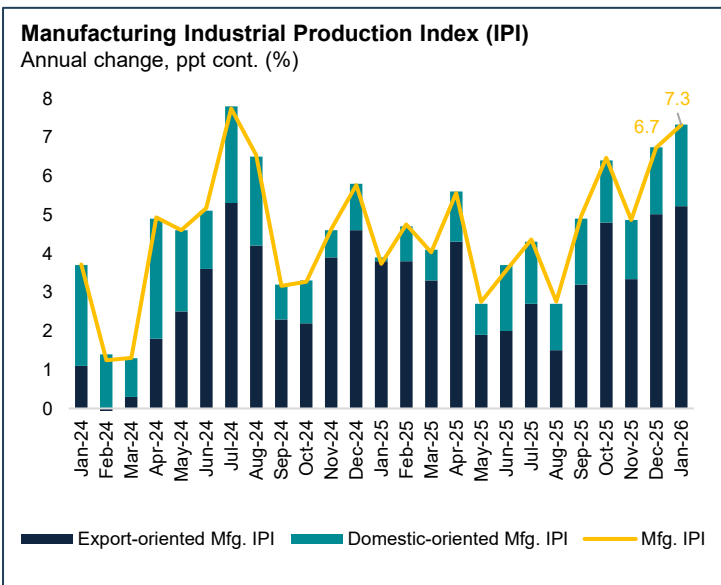
Both headline inflation and core inflation were lower in February



- In February, headline and core inflation¹ slowed to 1.4% (January 2026: 1.6%) and 2.0% (January 2026: 2.3%), respectively.
- The decline in headline inflation was mainly driven by easing core inflation, including lower inflation for streaming services and rental.
- This was partly offset by upward pressure from mobile communication services and electricity prices.²

¹ Core inflation is computed by excluding price-volatile and price-administered items.
² Automatic Fuel Adjustment (AFA) discount rate was lower than in January.
 Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Both export and domestic segments drove higher growth in manufacturing

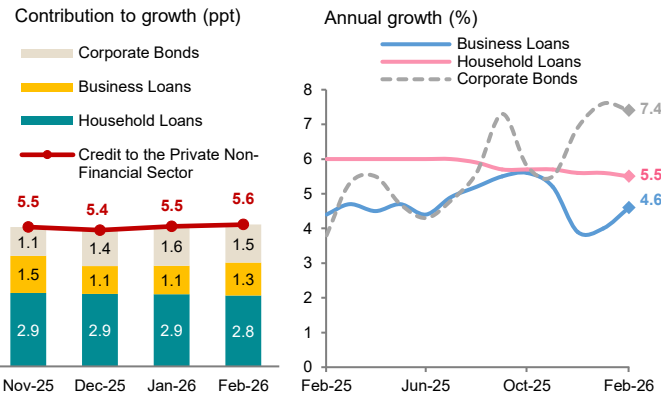


- The Manufacturing Industrial Production Index registered higher growth of 7.3% in January 2026 (December 2025: 6.7%).
- Export-oriented clusters expanded by 7.8% (December 2025: 7.5%), driven mainly by electrical and electronics (E&E) and machinery and equipment.
- Growth in domestic-oriented clusters strengthened to 6.4% (December 2025: 5.2%), supported by higher production of food processing products and construction-related materials such as fabricated metals.

Source: Department of Statistics, Malaysia

Sustained growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector

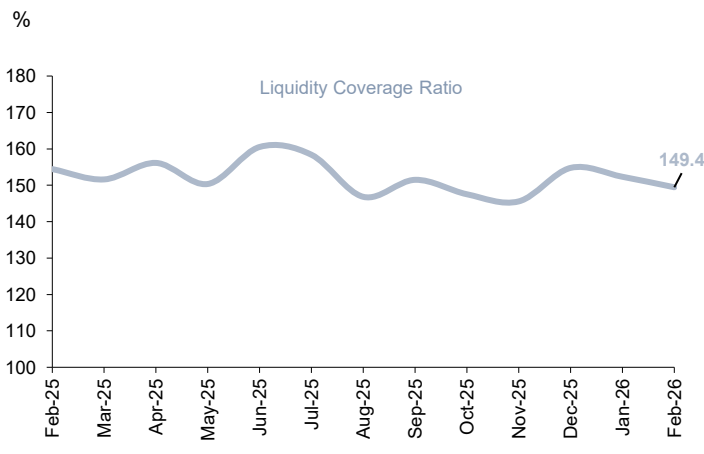


- Credit to the private non-financial sector grew by 5.6% (January 2026: 5.5%), driven by higher growth in outstanding business loans (4.6%; January 2026: 4.0%).
- The increase in business loan growth was supported by higher growth for working capital and investment-related loans¹ across both SME and non-SME segments. By sector, higher loan growth was recorded by the manufacturing and services sectors.
- Growth in corporate bonds and household loans was broadly stable at 7.4% and 5.5%, respectively (January 2026: 7.6% and 5.6%, respectively).

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' liquid asset buffers remained adequate against potential liquidity shocks

Banking System Liquidity Coverage Ratio

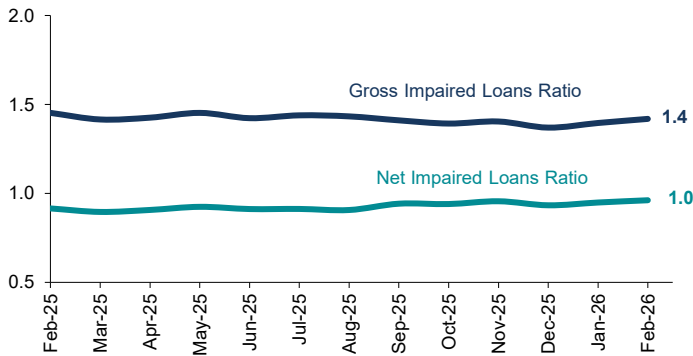


Source: Bank Negara Malaysia

- The banking system continued to record healthy liquid asset buffers with an aggregate Liquidity Coverage Ratio of 149.4% (January 2026: 152.3%).

Banks' asset quality remained intact

Banking System Asset Quality

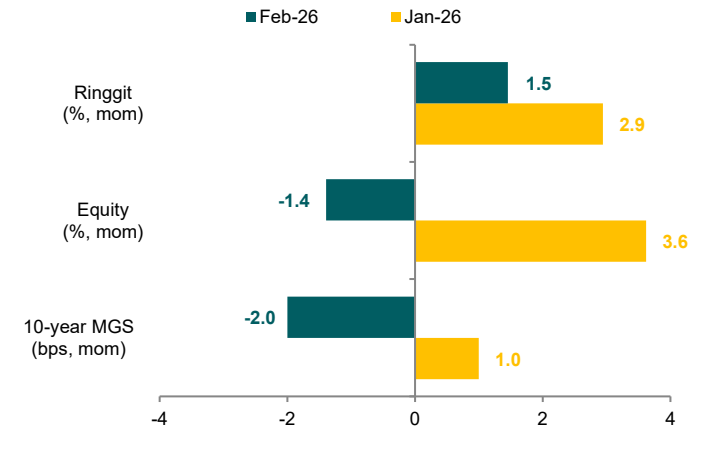


Source: Bank Negara Malaysia

- Gross impaired loans ratio continued to be stable at 1.4%, while net impaired loans ratio increased slightly to 1.0% (January 2026: 0.9%).
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 124.7% of gross impaired loans (January 2026: 125.9%).

Domestic financial markets were largely driven by global developments and uncertainties

Financial Market Performance in February 2026



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

¹ NEER 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.

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

Source: Bank Negara Malaysia, Bursa Malaysia and Bloomberg

- Global financial markets were affected by renewed uncertainties surrounding US tariffs and rising geopolitical tensions in the Middle East.
- Amid these global developments, the ringgit appreciated by 1.5% against the US dollar (NEER¹: 1%; regional average²: 0.8%), as robust GDP data released during the month buoyed sentiment.
- The FBM KLCI declined by 1.4% (regional average²: 8%), amid net selling by domestic institutional investors. Meanwhile, the 10-year MGS yield remained stable, declining marginally by 2 bps (regional average²: -11 bps), as non-resident outflows were offset by strong domestic investor demand.