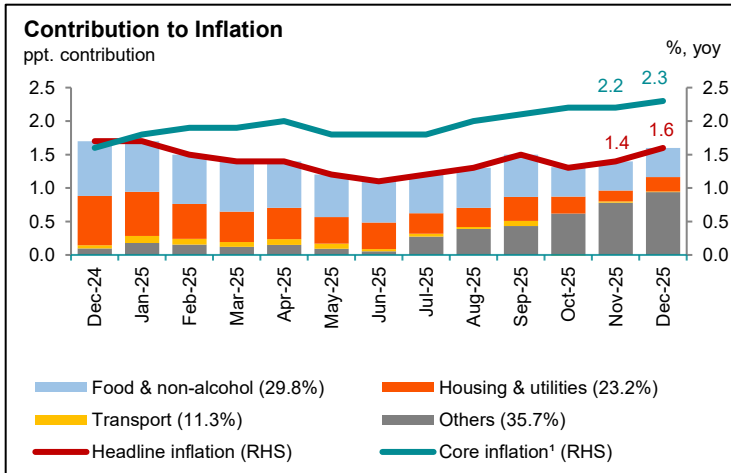


Headline inflation increased to 1.6% in December



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

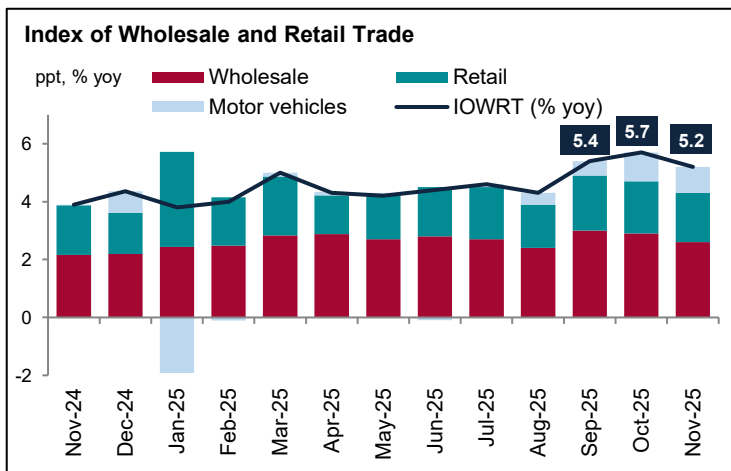
² This component is represented by the orange bar under Housing & Utilities in the chart.

³ This component is represented by the grey bar under Others in the chart.

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

- In December, headline and core inflation increased to 1.6% and 2.3% (November 2025: 1.4% and 2.2%) respectively. For 2025, headline inflation averaged 1.4%, while core inflation averaged 2%.
- Headline inflation rose partly due to higher electricity CPI amid lower discounts related to generation costs.² Flood-related disruptions also contributed to a slight increase in prices of selected vegetables.
- Underlying inflation remained stable, with the increase in core inflation largely reflecting the dissipation of base effects from earlier declines in postpaid mobile prices.³

Slower wholesale and retail trade growth in November



¹ Other specialised wholesale component include petrol, lubricants, metals, paints, construction materials, as well as fittings and fixtures.

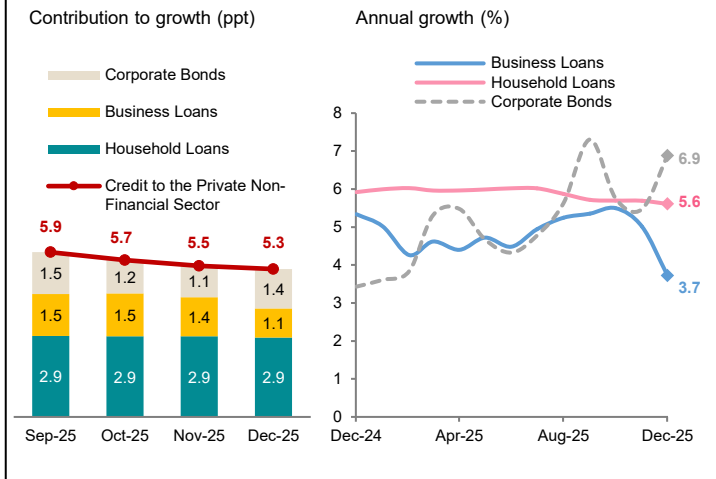
² Refers to supermarkets and department stores.

Source: Department of Statistics, Malaysia (DOSM)

- The Index of Wholesale and Retail Trade (IOWRT) grew by 5.2% in November 2025 (October 2025: 5.7%).
- All segments expanded, albeit moderately. Growth in the wholesale and retail segment was driven by wholesale trade in other specialised wholesale component¹ and retail trade in non-specialised stores.²
- Meanwhile, growth in the motor vehicle segment remained high with continued car sales and higher sales, maintenance and repair of motorcycles.

Growth in credit to the private non-financial sector moderated slightly

Credit to the Private Non-Financial Sector

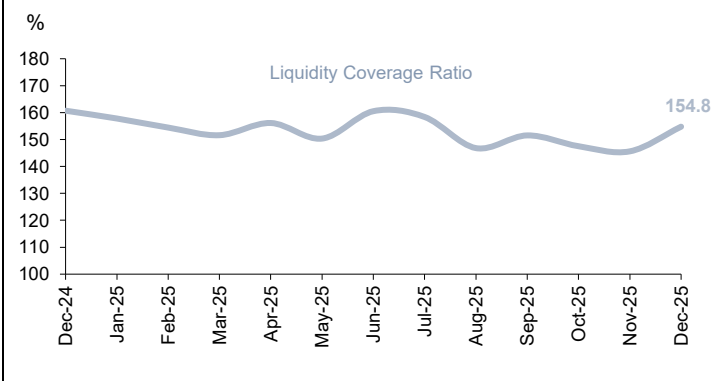


Source: Bank Negara Malaysia

- Credit to the private non-financial sector grew by 5.3% (November 2025: 5.5%), following slower growth in business loans (3.7%; November 2025: 5%), while growth in outstanding corporate bonds increased to 6.9% (November 2025: 5.5%).
- Growth in business loans moderated, following slower loan growth among non-SMEs, while loan growth to SMEs was broadly sustained. Notwithstanding the moderation in growth, overall loan disbursements was higher in December.
- Household loan growth remained stable at 5.6% (November 2025: 5.7%) amid sustained loan growth across most purposes.

Banks' liquid asset buffers remained adequate against potential liquidity shocks

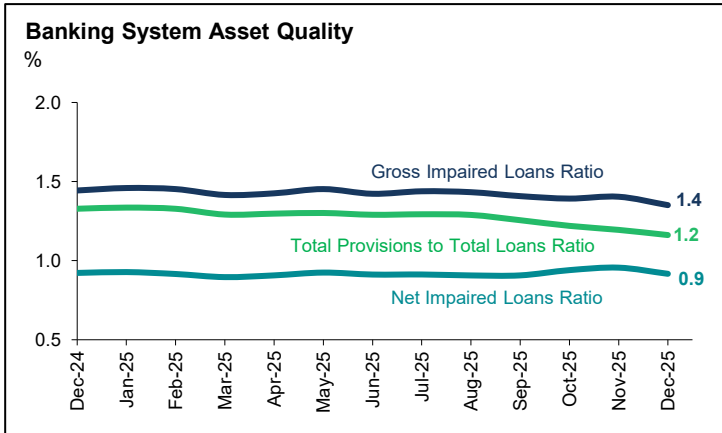
Banking System Liquidity Coverage Ratio



Source: Bank Negara Malaysia

- The banking system continued to record healthy liquid asset buffers with an aggregate Liquidity Coverage Ratio of 154.8% (November 2025: 145.6%).

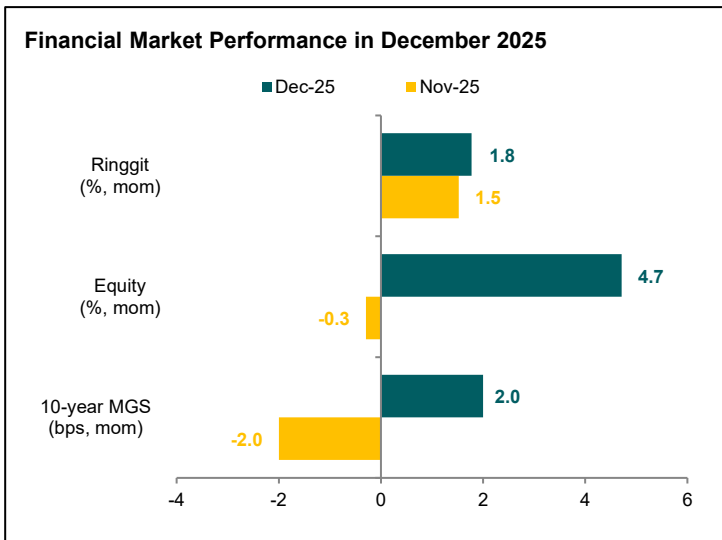
Banks' asset quality remained intact



- Gross impaired loans ratio continued to be stable at 1.4%, while net impaired loans ratio declined slightly to 0.9% (November 2025: 1%).
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 128.7% of gross impaired loans (November 2025: 124.6%).

Source: Bank Negara Malaysia

Domestic financial markets were primarily influenced by further US monetary policy easing



- Global financial conditions remained largely shaped by the US Federal Reserve's (Fed) monetary policy trajectory, following its rate cut in December and market expectations of further easing in 2026.
- Amid this backdrop, the ringgit appreciated by 1.8% against the US dollar (NEER: 1%; regional average¹: 0.9%), underpinned by foreign inflows into the domestic bond market.
- The 10-year MGS yields increased marginally by 2 bps (regional average¹: -1.7 bps), following higher issuances of Government securities. Meanwhile, the FBM KLCI increased by 4.7% (regional average¹: 2.5%), amid sustained demand from domestic institutional investors.

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

¹ Regional countries comprise Singapore, Thailand, Philippines, Indonesia and South Korea.

Source: Bank Negara Malaysia, Bursa Malaysia