BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

BNM Quarterly Bulletin

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4Q

Fourth Quarter 2024

The BNM Quarterly Bulletin presents a quarterly review of Malaysia's economic, monetary and financial developments. It includes BNM's latest assessments on the direction of the economy going forward. The Bulletin also provides insights on current economic and financial issues, including highlights of policy initiatives undertaken by BNM in pursuit of its mandates.

Contents

Key Highlights for 4Q 2024

GDP grew by 5%

What are the factors supporting growth?

Strong expansion in investment activities
Gross Fixed Capital Formation: 11.7% (3Q 2024: 15.3%)

Continued growth in exports of goods and services
Exports of Goods and Services: 8.5% (3Q 2024: 11.8%)

Sustained household spending
Private Consumption: 4.9% (3Q 2024: 4.8%)

Continued improvement in the labour market

Unemployment Rate
3.2%
(3Q 2024: 3.2%)

Private Sector Nominal Wages
3.1%
(3Q 2024: 3%)

Headline inflation declined to 1.8%

What are the key factors affecting inflation?

Lower mobile communication services inflation, due to promotional prices
Mobile communication services inflation: -10.0% (3Q 2024: 0%)

Lower petrol inflation, driven by RON97
Petrol inflation: -0.8% (3Q 2024: -0.2%)

Higher food inflation
Food and beverages inflation: 2.5% (3Q 2024: 1.6%)

The ringgit depreciated against currencies of trade partners

Ringgit NEER
-3.4%
(3Q 2024: 10%)

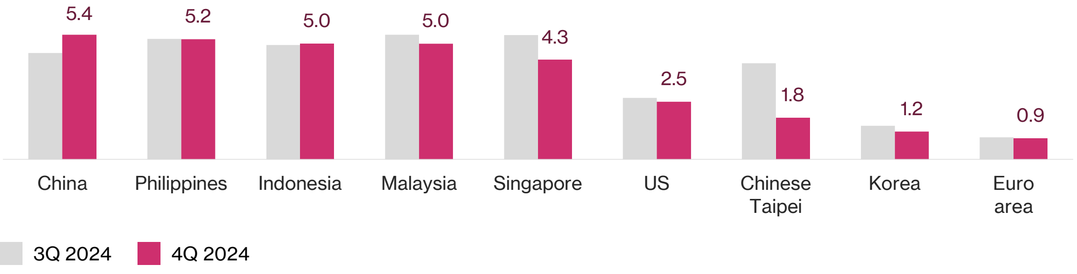
US Dollar Index
7.6%
(3Q 2024: -4.8%)

International Economic Environment

Global Economic Performance

Global economy grew at a steady pace in 4Q 2024

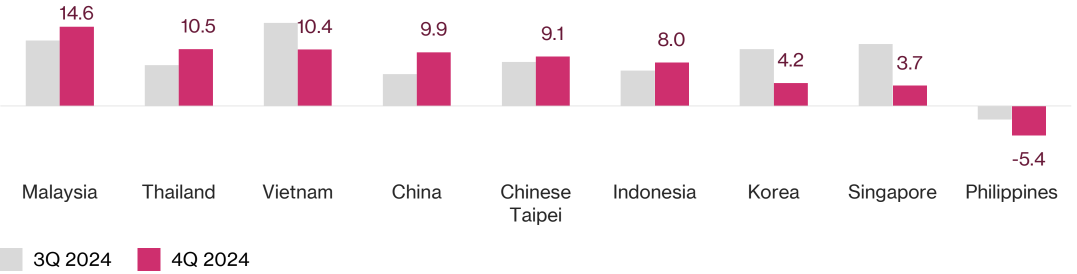
GDP of selected economies,
Annual change, %



Source: National authorities

Regional trade continued to recover, with signs of tapering

Exports of selected economies,
Annual change, % (in USD terms)



Source: National authorities

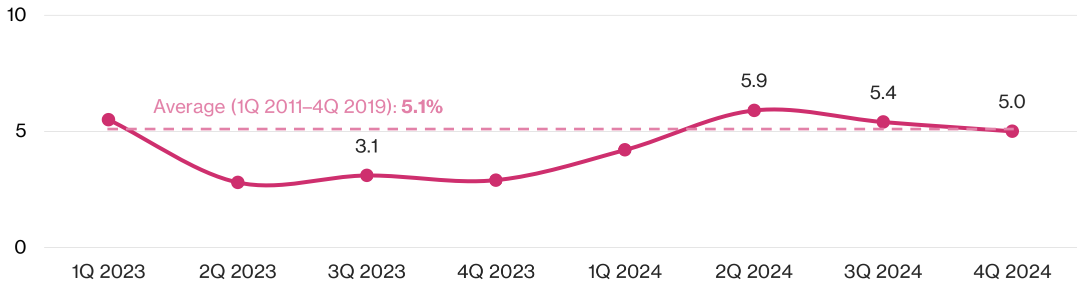
Highlights

- **Steady global growth**, supported by resilient domestic demand amid positive labour market conditions. These factors offset lagged impact from previously high interest rates.
- **Regional trade recovery continued,** supported by both electrical and electronics (E&E) and non-E&E goods. However, pace of growth has begun slowing, especially among advanced Asian economies which were previously leading the recovery.
- **Headline inflation was broadly stable, with emerging economies remaining below long-term average**. Progress of disinflation in advanced economies was slower, due to persistent services inflation and supply-induced rise in food prices.
- **Brent crude oil price trended lower** to USD74 per barrel in 4Q 2024 (3Q 2024: USD79 per barrel) amidst continued lower global oil demand, particularly from China.

Gross Domestic Product

GDP grew by 5% in 4Q 2024 resulting in growth of 5.1% for 2024

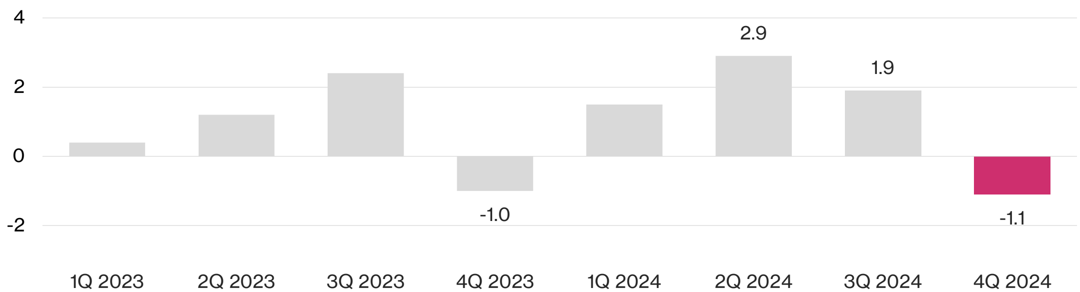
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

QoQ seasonally-adjusted growth declined by 1.1%

Gross domestic product,
Quarterly change, % (seasonally adjusted)



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 4Q 2024?

- Strong expansion in investment activities
- Sustained household spending amid positive labour market conditions and policy support
- Continued growth in exports of goods and services

What are the factors weighing on growth in 4Q 2024?

- Slower recovery in oil production post-maintenance activities

Malaysia's Economic Performance

Sustained domestic demand

Annual change, %

Private Consumption

4.9%
(3Q 2024: 4.8%)

Driven by positive labour market conditions and supportive policy measures

Private Investment

12.7%
(3Q 2024: 15.5%)

Strong investment growth underpinned by continued realisation of new and ongoing projects

Public Consumption

3.3%
(3Q 2024: 4.9%)

Lower supplies and services partly offset by higher emoluments spending

Public Investment

10%
(3Q 2024: 14.4%)

Continued fixed assets spending by the Government and public corporations

Net Exports

57.6%
(3Q 2024: -8.8%)

Continued export growth amid moderation in capital and intermediate imports

Source: Department of Statistics, Malaysia

Growth supported mainly by services sector

Annual change, %

Services

5.5%
(3Q 2024: 5.2%)

Increased support from both consumer- and business-related subsectors

Manufacturing

4.4%
(3Q 2024: 5.6%)

Continued growth in E&E and primary-related clusters amid slower transport manufacturing activities

Agriculture

-0.5%
(3Q 2024: 4.0%)

Contraction in oil palm output amid adverse weather conditions

Mining

-0.9%
(3Q 2024: -3.9%)

More moderate decline in oil production while natural gas output recovered

Construction

20.7%
(3Q 2024: 19.9%)

Continued robust growth in residential, non-residential and special trade subsectors

Source: Department of Statistics, Malaysia

Labour Market Conditions

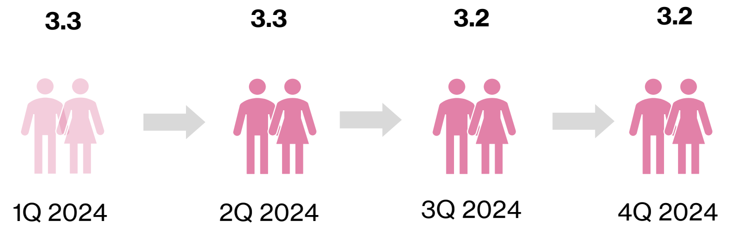
Labour market continued to improve

- The unemployment rate remained lower than its pre-pandemic level at 3.2% in 4Q 2024. (3Q 2024: 3.2% of the labour force).
- Employment improved to 16.8 million persons in 4Q 2024 (3Q 2024: 16.7 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to 70.6% in 4Q 2024 (3Q 2024: 70.5%).

Source: Department of Statistics, Malaysia

Low unemployment rate

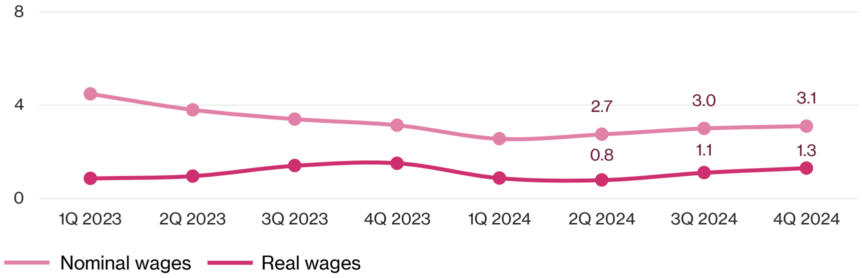
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

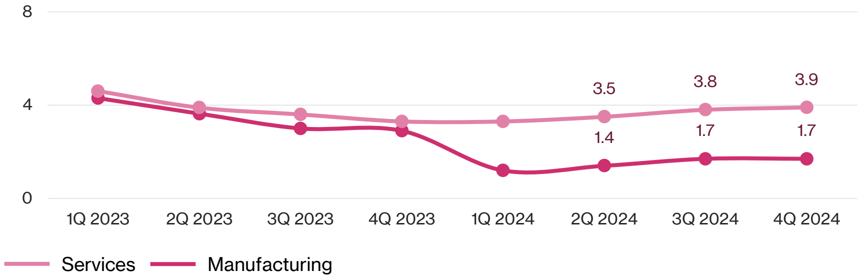
Continued growth in private sector wages

Private sector nominal and real wages,
Annual change, %



Source: Department of Statistics, Malaysia

Sectoral nominal wages,
Annual change, %



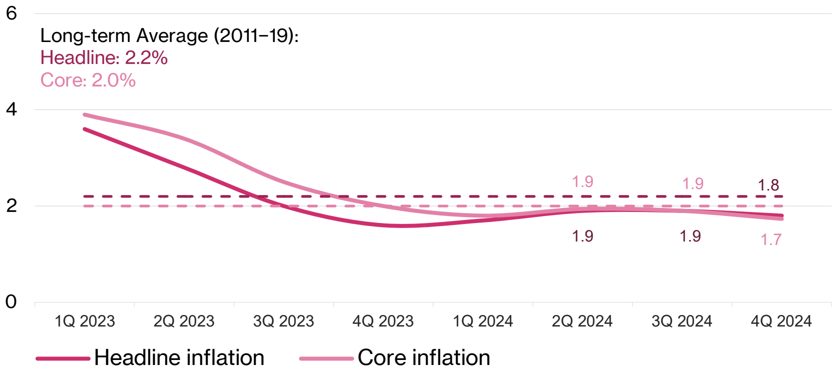
Source: Department of Statistics, Malaysia

Inflation trend

Headline and core inflation declined during the quarter

- Both headline and core inflation declined to 1.8% and 1.7%, respectively.
- Lower inflation was observed during the quarter for mobile communication services and petrol (RON97). However, these were offset by higher inflation for food and beverages.

Headline and core inflation,
Annual change, %



Selected Consumer Price Index (CPI) Items

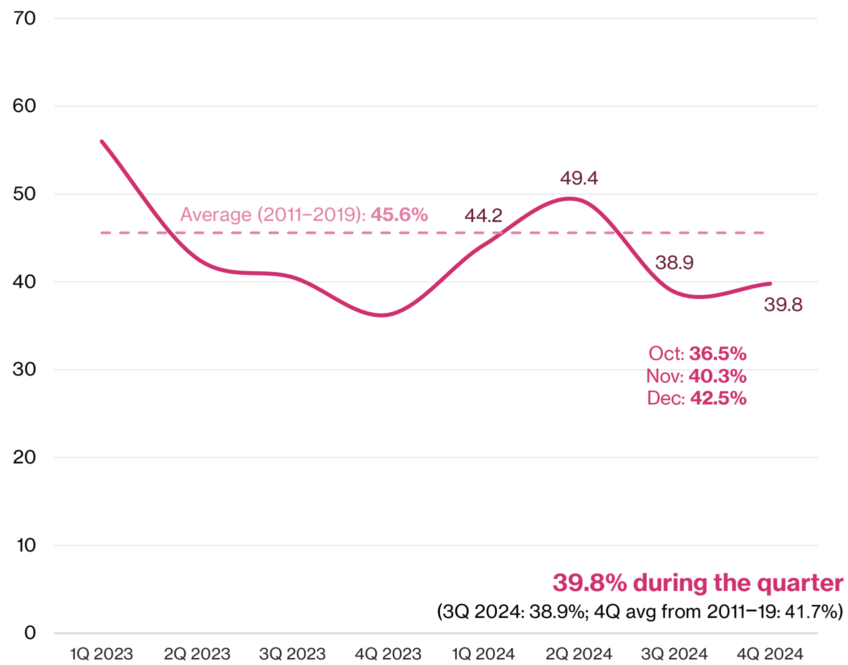
Mobile Communication Services (Weight: 2.7%)	Petrol (RON97) (Weight: 5.5%[1])	Food and beverages (Weight: 29.8%)
▼ -10.0%	▼ -0.8%	▲ 2.5%
3Q 2024: 0.0%	3Q 2024: -0.2%	3Q 2024: 1.6%

Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation.
[1] Petrol CPI weight includes RON95.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

Inflation pervasiveness remained relatively stable in the fourth quarter

- While a slightly higher number of CPI items recorded price increases in the fourth quarter, this remained in line with historical norm.
- The marginal increase reflects idiosyncratic price adjustments at year-end.

CPI items recording month-on-month price increase,
Share, %



Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

External Sector Development

Steady growth in exports amid moderation in imports growth

Gross Exports **7.3%**
3Q 2024: 7.7%
Manufactured exports growth driven by E&E

Gross Imports **5.3%**
3Q 2024: 20.8%
Moderation in capital and intermediate imports

Source: Department of Statistics, Malaysia

Larger current account surplus

Current Account
RM 11.4 billion; 2.3% of GDP
(3Q 2024: RM2.2 bil; 0.4%)

Key driving factors
- Higher goods surplus as exports growth outpace imports.
- Narrower services deficit, reflecting improvement in insurance, manufacturing services and travel balance.

Partly offset by
- Wider deficits in primary and secondary income.

Financial Account
Net outflows RM 5.8 billion
(3Q 2024: Net outflows RM7.5 bil)

Key driving factors
- Net outflows in portfolio investment due mainly to residents' investments in equity securities abroad and non residents' redemption of domestic debt securities.

Which offset
- Net inflows in direct investment driven by higher foreign direct investment (FDI) inflows amid lower direct investment abroad (DIA).
- Net inflows in other investment mainly attributable to interbank borrowing.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Higher external debt

RM 1.35 trillion or 69.7% of GDP
(3Q 2024: RM1.26 trillion or 66.3% of GDP)
- Exchange rate valuation effects following the weakening of ringgit against several major and regional currencies.

External debt remained manageable
% of total external debt

Currency
Ringgit-denominated: 31.3%
Unaffected by ringgit exchange rate fluctuations.
FCY-denominated: 68.7%
of which 60.8% is subject to BNM prudential & regulatory requirements and 18.4% are due to intragroup loans.

Maturity
Medium- and long-term: 57.2%
Limited rollover risks.

Net International Investment Position **-RM6.7 billion**
(3Q 2024: -RM38.6 billion)

International Reserves[1] **USD116.4 billion**
(3Q 2024: USD119.7 billion)
- **4.9 months[2]** of imports of goods and services
- **0.9 times** short term external debt

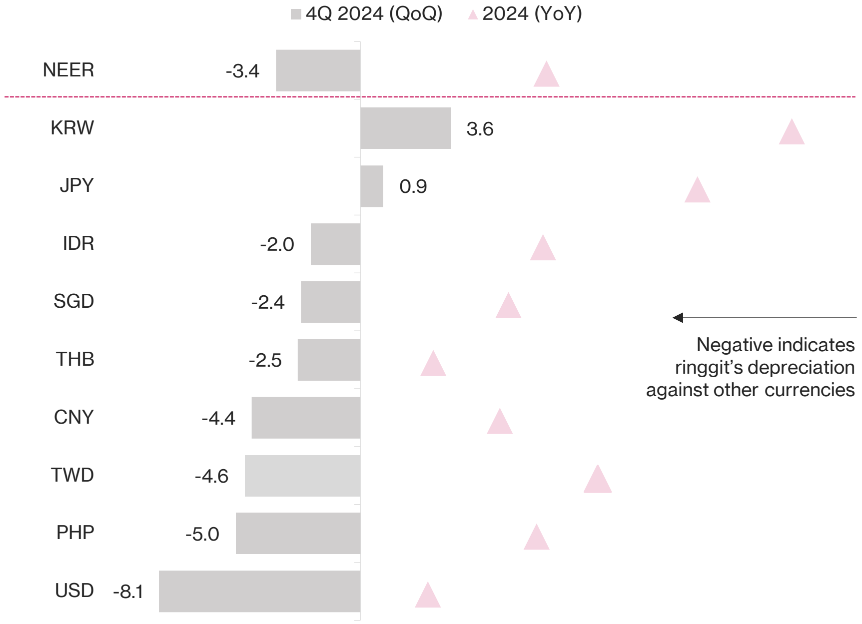
[1] As at 31 January 2025.
[2] Coverage may differ from the press statement on international reserves published on 7 February 2025, as it reflects the latest 4Q 2024 data on imports of goods and services and short-term external debt.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia

Financial Markets and Exchange Rate

The ringgit depreciated against major currencies last quarter but appreciated overall on year-on-year basis

Ringgit's depreciation in the fourth quarter reflected the shifts in global investor sentiments amid expectations for fewer US interest rate cuts in 2025 and US elections.

Performance of the ringgit against other selected major currencies
% quarter-on-quarter and year-on-year



Note: NEER refers to the nominal effective exchange rate
Source: Bank Negara Malaysia

Domestic financial market developments were largely driven by global factors

Bond yields increased in line with global bond yields amid market expectations for fewer US interest rate cuts in 2025

MGS 10Y Yield +11 bps (3Q 2024: -15 bps)

Equity markets declined amid net foreign outflows following policy uncertainties arising from the US election in November

KLCI -0.4% QoQ (3Q 2024: +3.7%)

Key factors

Global investor risk aversion amid uncertainties from potential trade restrictions by the upcoming US administration

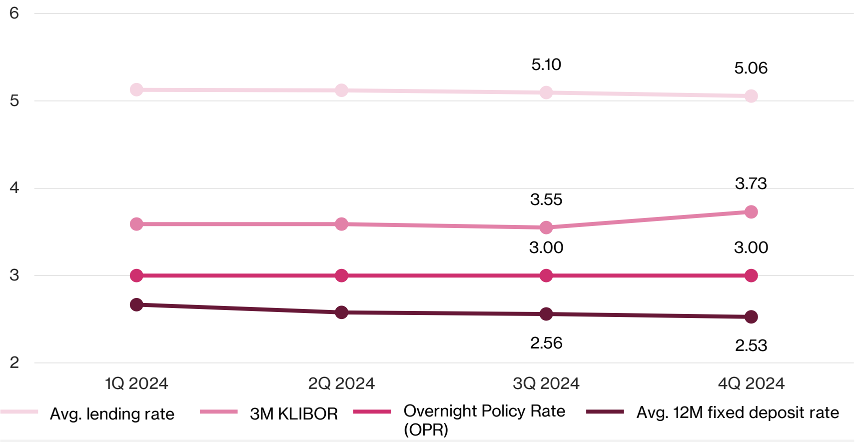
Financial market expectations for a slower pace of US monetary policy easing by the US Federal Reserve amid upward revisions in growth and inflation forecasts

Source: Bank Negara Malaysia, ETP, and Bursa Malaysia

Interest Rates and Liquidity

Fixed deposit and average lending rates declined during the quarter

Interest rates,
End-period, %

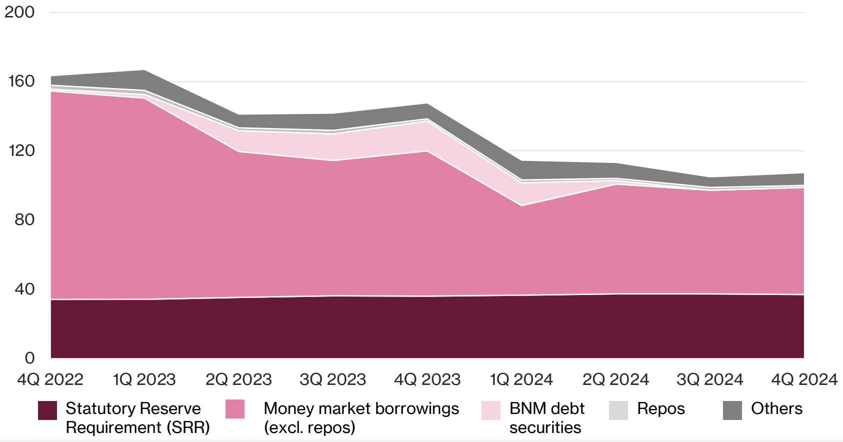


- **The 3M KLIBOR increased** amid seasonal funding demand by banks towards the year-end period to strengthen regulatory ratios. Since then, interbank rates have begun easing gradually in January 2025.
- **Retail board fixed deposit (FD) rates declined** by 2 to 8 basis points across tenures of 1 to 12 months during the quarter, reflecting banks' funding strategy to manage their cost of funds amid elevated corporate deposit rates during the year-end period.
- **Average lending rate (ALR) on outstanding loans decreased marginally** during the quarter.

Source: Bank Negara Malaysia and Bloomberg

Banking system liquidity continued to facilitate financial intermediation

Outstanding ringgit liquidity placed with BNM,
End-period, RM billion



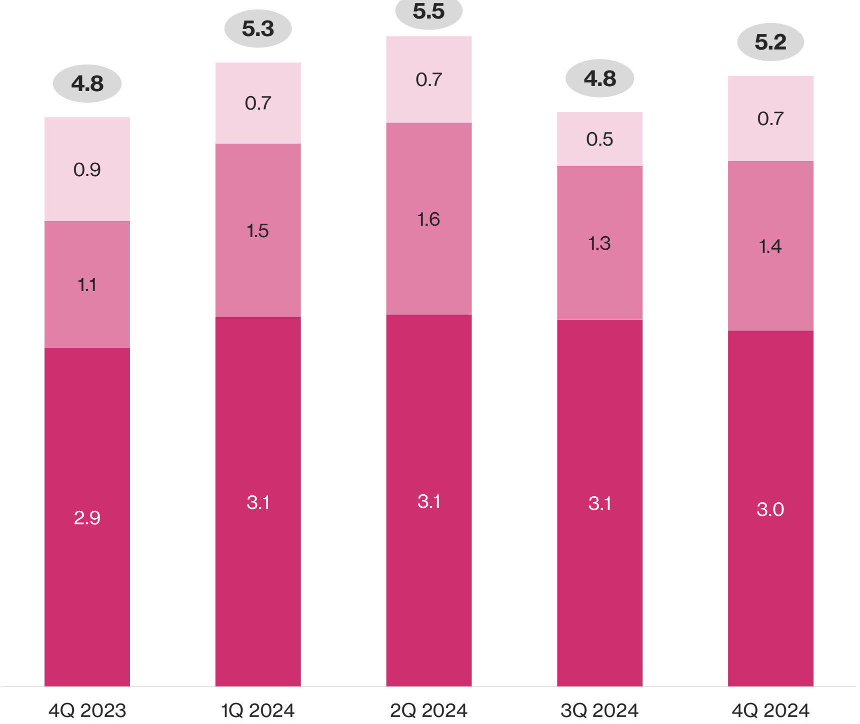
- **Total banking system liquidity increased slightly** at the end of the quarter amid higher liquidity injection by BNM.
- Banking system liquidity remained sufficient to support financial intermediation. At the institutional level, most banks continued to maintain surplus overnight placement with BNM as at end-December 2024.

Source: Bank Negara Malaysia

Credit Conditions

Higher credit growth, driven by growth in business loans and corporate bonds

Credit to the Private Non-Financial Sector,
Contribution to growth, ppt



Source: Bank Negara Malaysia

Key developments

Credit to the Private, Non-Financial Sector[1]

5.2%

3Q 2024: 4.8%

- Outstanding loan[2] growth was sustained at 5.6% (3Q 2024: 5.6%) following an increase in business loan growth, while growth in household loans moderated slightly.
- Growth in outstanding corporate bonds increased to 3.5% (3Q 2024: 2.1%), amid higher bond issuances in the quarter.

Business Loans

5.1%

3Q 2024: 4.6%

- The higher growth in outstanding business loans was driven by investment-related loans, which rose mainly among SME borrowers.
- Growth in loans for working capital purposes was broadly steady.
- By sector, loan growth in the construction and manufacturing sectors increased, amid higher levels of loan applications and disbursements.

Household Loans

5.9%

3Q 2024: 6.1%

- Household loans expanded by 5.9%, following some moderation in loan growth for the purchase of housing and cars.
- Notwithstanding, the levels of loan applications and disbursements remained broadly sustained for the quarter.

[1] All numbers quoted are in terms of annual change.
[2] Refers to loans from banking system and development financial institutions (DFIs).
Source: Bank Negara Malaysia

Policy Considerations

Highlights of the January 2025 MPC meeting

- The Monetary Policy Committee (MPC) maintained the OPR at 3% at the November 2024 and January 2025 MPC meetings.
- The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth.

Monetary policy remains supportive of the economy

At the November 2024 and January 2025 MPC meetings, the MPC maintained the OPR at 3%.

At the latest MPC meeting in January 2025, the MPC assessed that the global growth for 2024 turned out higher than expected, reflecting better outturns in the major economies and stronger global trade. For 2025, the global economy is anticipated to be sustained by positive labour market conditions, moderating inflation and less restrictive monetary policy. Global trade is expected to remain broadly sustained, supported by the continued tech upcycle. However, this outlook could be affected by the uncertainty surrounding more trade and investment restrictions. The elevated policy uncertainties could also lead to greater volatility in the global financial markets.

For the Malaysian economy, the overall growth for 2024 was within expectations. The MPC assessed that moving forward, the strength in economic activity is expected to be sustained in 2025, driven by resilient domestic expenditure. Employment and wage growth, as well as policy measures, including the upward revision of the minimum wage and civil servant salaries, will support household spending. The robust expansion in investment activity will be sustained by the progress of multi-year projects in both the private and public sectors, the continued high realisation of approved investments, as well as the ongoing implementation of catalytic initiatives under the national master plans. These investments, supported by higher capital imports, will raise exports and expand the productive capacity of the economy. Exports are expected to be supported by the global tech upcycle, continued growth in non-electrical and electronics goods and higher tourist spending. The growth outlook is subject to downside risks from an economic slowdown in major trading partners amid heightened risk of trade and investment restrictions, and lower-than-expected commodity production. Meanwhile, growth could potentially be higher from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of investment projects.

Headline and core inflation averaged 1.8% in 2024. Going into 2025, inflation is expected to remain manageable, amid the easing global cost conditions and the absence of excessive domestic demand pressures.

Policy Considerations

Global commodity prices are expected to continue to trend lower, contributing to moderate cost conditions in the near term. In this environment, the overall impact of the recently announced domestic policy reforms on inflation is expected to be contained. Upside risk to inflation would be dependent on the extent of spillover effects of domestic policy measures, as well as global commodity prices and financial market developments.

Ringgit performance continues to be primarily driven by external factors. The narrowing interest rate differentials between Malaysia and the advanced economies is positive for the ringgit. While financial markets could experience bouts of volatility due to global policy uncertainties, Malaysia's favourable economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage flows, will continue to provide enduring support to the ringgit.

At the current OPR level, the MPC deemed that the monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the domestic inflation and growth outlook. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

Macroeconomic Outlook

Sustained global growth amid resilient labour markets and monetary policy easing

Inflation is expected to moderate further

For 2025, growth in the global economy is expected to remain broadly sustained, supported by positive labour market conditions, moderating inflation and less restrictive monetary policy. Disinflation, especially among advanced economies, is expected to continue, aided by lower commodity prices. The expansion in global trade is also expected to continue going forward. However, the rollout of measures that could restrict trade and investment could weigh on global trade.

Downside risks to growth remain, mainly from uncertainty surrounding trade and investment restrictions. In contrast, upside risks to growth could arise from stronger US growth, if policies from the new administration significantly spurs domestic demand.

Malaysian economy to expand further

Resilient domestic expenditure to drive growth in 2025

The Malaysian economy is expected to remain resilient in 2025. Growth will be driven by robust expansion in investment activity, resilient household spending and continued expansion in exports. Investment activities will be driven by continued progress of multi-year projects in both the private and public sectors, higher realisation of approved investments and the implementation of catalytic initiatives under the national master plans. Employment and wage growth as well as policy measures, including the upward revision of the minimum wage and civil servant salaries, would remain supportive of household spending. Exports are expected to be supported by the global tech upcycle, continued growth in non-electrical and electronics goods and higher tourist spending.

The growth outlook is subject to downside risks if growth in major trading partners slowed amid heightened risk of trade and investment restrictions, and lower-than-expected commodity production. Nevertheless, growth could potentially be higher from greater spillovers from the tech upcycle, more robust tourism activities, and faster implementation of investment projects.

Macroeconomic Outlook

Inflation to remain manageable in 2025

Inflation is expected to be contained by moderate cost conditions and the absence of excessive demand

Both headline and core inflation averaged at 1.8% in 2024. Moving into 2025, inflation is expected to remain manageable amid easing global cost conditions and the absence of excessive domestic demand pressures. Global commodity prices are expected to continue to trend lower, contributing to moderate cost conditions in the near-term. In this environment, the overall impact of the recently announced domestic policy measures[1] is expected to be contained.

Upside risks to the inflation outlook could arise from larger spillover effects from policy reforms, especially if coupled with a stronger demand environment. For instance, this could lead to higher inflation expectations and broader price increases. Beyond that, external risks to inflation mainly stem from uncertainties in global trade and geopolitical factors, which could influence input costs through global commodity prices and financial market developments.

[1] These include, among others, the RON95 subsidy rationalisation, Sales and Services Tax (SST) expansion, and labour market policies such as the minimum wage revision, progressive wage model, and civil servant salary revision.

Table 1: GDP by Expenditure Components (at constant 2015 prices)

	Share in 2024 (%)	2023		2024				
		4Q	Year	1Q	2Q	3Q	4Q	Year
		Annual change, %						
Aggregate Domestic Demand (excluding stocks)	95.2	4.9	4.6	6.1	6.9	7.0	6.1	6.5
Private sector	77.2	4.1	4.6	5.7	7.3	7.0	6.3	6.6
Consumption	60.7	4.2	4.7	4.7	6.0	4.8	4.9	5.1
Investment	16.5	4.0	4.6	9.2	12.0	15.5	12.7	12.3
Public sector	18.0	7.4	4.6	8.4	4.9	7.1	5.3	6.3
Consumption	13.1	5.8	3.3	7.3	3.6	4.9	3.3	4.7
Investment	4.8	11.3	8.6	11.5	9.1	14.4	10.0	11.1
Net Exports	4.3	-52.9	-16.2	-24.5	3.4	-8.8	57.6	2.2
Exports of Goods and Services	68.2	-7.9	-8.1	5.2	8.4	11.8	8.5	8.5
Imports of Goods and Services	63.9	-2.6	-7.4	8.0	8.7	13.5	5.7	8.9
Real GDP, annual change %	**100.0**	**2.9**	**3.6**	**4.2**	**5.9**	**5.4**	**5.0**	**5.1**
GDP, seasonally adjusted, QoQ change %	-	-1.0	-	1.5	2.9	1.9	-1.1	-

Note: Figures may not add up due to rounding and exclusion of stocks.
Source: Department of Statistics, Malaysia

Table 2: GDP by Economic Activity (at constant 2015 prices)

	Share in 2024 (%)	2023		2024				
		4Q	Year	1Q	2Q	3Q	4Q	Year
		Annual change, %						
Services	59.3	4.1	5.1	4.8	5.9	5.2	5.5	5.4
Manufacturing	23.2	-0.3	0.7	1.9	4.7	5.6	4.4	4.2
Agriculture	6.3	1.9	0.7	1.7	7.3	4.0	-0.5	3.1
Mining	6.0	3.5	0.5	5.7	2.7	-3.9	-0.9	0.9
Construction	4.0	3.6	6.1	11.9	17.3	19.9	20.7	17.5
Real GDP, annual change %	**100.0**	**2.9**	**3.6**	**4.2**	**5.9**	**5.4**	**5.0**	**5.1**

Note: Figures may not add up due to rounding and exclusion of import duties component.
Source: Department of Statistics, Malaysia

Table 3: **Balance of Payments**[1]

	2023		2024				
	4Q	Year	1Q	2Q	3Q	4Q	Year
	RM billion						
Current account	**0.9**	**28.2**	**16.2**	**3.0**	**2.2**	**11.4**	**32.8**
% of GDP	*0.2*	*1.5*	*3.5*	*0.6*	*0.4*	*2.3*	*1.7*
Goods	30.8	136.2	32.0	24.6	23.1	37.4	117.1
Services	-7.4	-43.2	-7.3	-4.9	-1.6	-0.1	-13.9
Primary income	-20.3	-52.9	-8.8	-15.5	-17.0	-20.2	-61.5
Secondary income	-2.2	-11.8	0.3	-1.1	-2.4	-5.7	-8.9
Financial account	**-20.1**	**-15.5**	**-18.7**	**17.1**	**-7.5**	**-5.8**	**-14.8**
Direct investment	5.2	-0.2	-6.0	3.8	-4.3	17.6	11.0
Asset	-5.5	-36.3	-26.0	-6.0	-15.5	-12.3	-59.7
Liabilities	10.7	36.1	20.0	9.7	11.1	29.9	70.8
Portfolio investment	-6.0	-36.4	-23.7	-21.7	3.6	-42.2	-84.0
Asset	-10.0	-46.6	-21.2	-28.8	-32.0	-25.9	-108.0
Liabilities	4.0	10.3	-2.5	7.2	35.6	-16.4	23.9
Financial derivatives	-3.8	-3.9	1.2	-0.6	-0.4	2.7	2.9
Other investment	-15.5	25.0	9.8	35.6	-6.3	16.2	55.3
Net errors & omissions[2]	**9.3**	**-33.0**	**11.3**	**-21.5**	**7.6**	**0.4**	**-2.2**
Overall balance	**-10.1**	**-20.5**	**8.7**	**-1.3**	**2.3**	**6.1**	**15.8**

Assets: (-) denotes outflows due to the acquisition of assets abroad by residents.
Liabilities: (+) denotes inflows due to the incurrence of foreign liabilities.
[1] In accordance with the Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6) by the International Monetary Fund (IMF).
[2] As at 1Q 2018, quarterly net E&O excludes reserves revaluation changes. This practice is backdated up to 1Q 2010.
Note: Figures may not add up due to rounding.

Source: Department of Statistics, Malaysia

Table 4: **Outstanding External Debt**

	2023	2024	
	end-Dec	end-Sep	end-Dec
	RM billion		
Total External Debt	**1,242.6**	**1,262.3**	**1,345.4**
USD billion equivalent	*270.7*	*307.4*	*300.6*
By instrument			
Bonds and notes	169.8	153.2	162.2
Interbank borrowings	220.7	207.4	237.9
Intragroup loans	189.0	199.6	223.8
Loans	86.9	84.1	89.3
Non-resident holdings of domestic debt securities	269.5	285.5	274.0
Non-resident deposits	137.5	143.7	150.0
IMF allocation of Special Drawing Rights (SDRs)	29.7	26.9	28.2
Others	139.3	162.1	180.1
Maturity profile			
Medium- and long-term	723.1	745.8	770.0
Short-term	519.5	516.6	575.4
Currency denomination			
Ringgit	410.6	433.9	420.8
Foreign	832.0	828.5	924.6
Total debt/ GDP, %	68.2	66.3	**69.7**
Short-term debt/ Total debt, %	41.8	40.9	**42.8**
Reserves/ Short-term external debt, time(s)	1.0	1.0	**0.9**

Note: Figures may not add up due to rounding.
Source: Ministry of Finance, Malaysia and Bank Negara Malaysia

Table 5: **Credit to the Private Non-Financial Sector**

	2023	2024		2023	2024	
	4Q	3Q	4Q	4Q	3Q	4Q
	End-period, RM billion			Annual change, %		
Total Credit to the Private Non-Financial Sector[1]	**2,736.1**	**2,820.6**	**2,877.6**	**4.8**	**4.8**	**5.2**
Outstanding corporate bonds[2]	573.4	582.4	593.6	4.2	2.1	3.5
Outstanding loans[3,4]	2,162.6	2,238.1	2,284.0	5.0	5.6	5.6
Businesses	776.1	793.6	815.4	3.7	4.6	5.1
SMEs	386.1	406.7	417.3	8.7	8.8	8.1
Non-SMEs	386.3	382.7	393.8	-0.6	0.5	1.9
Households	1,386.5	1,444.5	1,468.6	5.7	6.1	5.9
Credit to Businesses[5]	1,349.6	1,376.0	1,408.5	3.9	3.5	4.4

[1] Starting with the 4Q 2022 Quarterly Bulletin, credit to the private non-financial sector was introduced to enhance the quality of data on financing channelled towards the generation of domestic economic activity. This replaces the previous series on net financing to the private sector.
[2] Includes conventional and Islamic short-term papers in addition to longer-term bonds and sukuk; excludes issuances by Cagamas, government, financial institutions and non-bank financial institutions.
[3] Loans by the banking system and development financial institutions (DFIs). Refer to the sum of outstanding business and household loans, and excludes loans to government, financial institutions, non-bank financial institutions and other entities.
[4] Excludes loans sold to Cagamas without recourse.
[5] Comprises outstanding loans to businesses and outstanding corporate bonds.
Note: Figures may not add up due to rounding.

Source: Bank Negara Malaysia

Table 6: **Loan Indicators**[1]

	2023	2024		2023	2024	
	4Q	3Q	4Q	4Q	3Q	4Q
	During the period, RM billion			Annual change, %		
Total Private Non-Financial Sector[2]						
Loan applications	400.7	429.4	412.2	24.9	2.5	2.9
Loan approvals	225.3	224.0	222.5	27.8	4.3	-1.2
Loan disbursements	580.0	555.4	596.0	3.5	-1.1	2.8
Loan repayments	557.9	539.5	575.4	0.0	-2.3	3.1
Of which:						
Businesses[3]						
Loan applications	160.7	181.8	174.8	31.0	0.1	8.8
Loan approvals	112.7	111.2	114.3	24.5	4.1	1.4
Loan disbursements	441.1	411.9	451.3	0.7	-3.7	2.3
Loan repayments	428.7	403.8	437.8	-3.0	-5.5	2.1
SMEs						
Loan applications	82.6	98.6	95.6	23.3	-7.6	15.7
Loan approvals	53.9	51.6	53.7	46.0	-1.6	-0.3
Loan disbursements	141.5	150.2	162.0	12.6	13.0	14.5
Loan repayments	133.1	146.1	154.0	7.7	12.3	15.7
Non-SMEs						
Loan applications	78.1	83.1	79.2	40.6	11.1	1.4
Loan approvals	58.8	59.6	60.6	9.9	11.7	3.0
Loan disbursements	297.8	259.8	287.5	-4.0	-11.3	-3.4
Loan repayments	293.6	256.4	282.2	-7.0	-13.3	-3.9
Households						
Loan applications	240.0	247.7	237.4	21.2	4.3	-1.1
Loan approvals	112.6	112.7	108.3	31.3	4.6	-3.9
Loan disbursements	138.9	143.5	144.8	13.7	7.2	4.2
Loan repayments	129.2	135.7	137.6	11.4	8.5	6.5

[1] Loans for all segments include data from banking system and development financial institutions (DFIs).
[2] Refer to the sum of outstanding business and household loans, and excludes loans to government, financial institutions, non-bank financial institutions and other entities.
[3] Numbers for SMEs and Non-SMEs may not add up to total businesses given the inclusion of those with no classification by firm size.
Note: Figures may not add up due to rounding.

Source: Bank Negara Malaysia

Table 7: **Banking System Profitability Indicators**

	2023	2024		2023	2024	
	4Q	3Q	4Q^p	4Q	3Q	4Q^p
		%		Annual change, percentage points		
Return on equity[1]	11.2	12.4	12.2	-1.1	0.9	0.9
Return on assets[1]	1.2	1.4	1.4	-0.14	0.12	0.11
		RM million		Annual change, %		
Net interest income	14,834	15,980	16,092	-8.5	7.1	8.5
Add: Fee-based income	3,417	3,437	3,320	18.8	8.3	-2.8
Less: Operating cost[2]	11,134	11,488	12,138	2.0	7.0	9.0
Gross operating profit	7,117	7,929	7,273	-12.9	7.8	2.2
Less: Impairment[3] and other provisions	1,280	653	407	228.8	-27.2	-68.2
Gross operating profit after provision	5,837	7,276	6,867	-25.0	12.7	17.6
Add: Other income[1]	4,512	5,744	4,766	19.2	34.6	5.6
Pre-tax profit[1]	**10,349**	**13,020**	**11,633**	**-10.5**	**21.4**	**12.4**

^P Preliminary
[1] Banking system profits are aggregated at the entity level. The aggregated results for 2019 onwards are subsequently adjusted for dividend income received from domestic banking subsidiaries (previously added at both the parent and subsidiary levels). The adjustment is reflected under 'Other income'. Differences in comparative pre-tax figures reported in previous Quarterly Bulletins are estimated to range between 5.5% and 10.7%.
[2] Refers to staff costs and overheads.
[3] Refers to 12 Months Expected Credit Losses (ECL), Lifetime ECL Not Credit Impaired and Lifetime ECL Credit Impaired based on the Malaysian Financial Reporting Standard 9 (MFRS 9).
Source: Bank Negara Malaysia

Table 8: **Insurance and Takaful Sector Profitability Indicators**

	2023	2024		2023	2024	
	4Q	3Q	4Q^p	4Q	3Q	4Q^p
		RM million		Annual change, %[2]		
Life Insurance & Family Takaful						
Excess income over outgo[1]	2,378	2,552	2,141	-56.7	198.3	-10.0
General Insurance & General Takaful						
Operating profit	980	844	1,033	-10.6	-2.1	5.4
Claims ratio (%)	55	56	58	3.5	-2.7	2.4

^P Preliminary
[1] Excess income over outgo excludes investment-linked unit funds to reflect the core performance of insurers and takaful operators' profitability more accurately and thus, may not be directly comparable to the data reported in previous publications.
[2] Refers to percentage points for the annual change of claims ratio.
Source: Bank Negara Malaysia

Table 9: **Federal Government Finance**[1]

	2023		2024^p		
	4Q	Year	3Q	4Q	Year
	RM billion				
Revenue	88.7	315.0	87.1	98.4	324.6
Annual change (%)	*2.2*	*7.0*	*11.9*	*10.9*	*3.0*
Operating expenditure	97.7	311.3	76.3	88.1	321.5
Annual change (%)	*4.3*	*6.3*	*9.5*	*-9.8*	*3.3*
Current balance	**-9.0**	**3.7**	**10.8**	**10.3**	**3.1**
Net development expenditure	31.1	95.1	17.4	31.3	82.3
Annual change (%)	*25.7*	*35.5*	*-11.3*	*0.6*	*-13.5*
Overall balance	**-40.1**	**-91.4**	**-6.6**	**-21.0**	**-79.2**
Memo:					
Total net expenditure	128.8	406.4	93.7	119.4	403.8
Annual change (%)	*-4.2*	*3.2*	*4.9*	*-7.3*	*-0.6*
Total Federal Government debt (as at end-period)	1,172.5	1,172.5	1,239.1	1,247.6	1,247.6
Domestic debt	891.0	891.0	944.8	964.0	964.0
External debt	281.5	281.5	294.3	283.6	283.6
Non-resident holdings of RM-denominated debt	*256.3*	*256.3*	*272.1*	*260.2*	*260.2*
Offshore borrowing	*25.1*	*25.1*	*22.2*	*23.4*	*23.4*

[P] Preliminary
[1] Figures may not add up due to rounding.
Source: Ministry of Finance, Malaysia and Bank Negara Malaysia