

# Glossary, Acronyms and Abbreviations



### **Additional Tier 1**

A component of a bank's regulatory capital which includes instruments that are not included in Common Equity Tier 1 (CET1) capital. These instruments are perpetual and can be written down or converted into ordinary shares if the bank encounters financial distress

### **Amortised cost (AC) security**

Security purchased with the intent of holding it until maturity. Changes in its market price do not result in any unrealised gains or losses

### **Bank Negara Interbank Bills (BNIB)**

A short-term discounted note with maturity of up to one year and qualifies as Level 1 high-quality liquid assets (HQLA). BNIB can only be purchased by and traded among licensed banks and investment banks

### **Bid-to-cover ratio**

A measure of the strength of demand for securities during an auction. It is the ratio of amount of bids received in an auction over the amount sold

### **Business continuity plan**

A comprehensive documented action plan that outlines the procedures, processes and systems necessary to resume or restore the business operation of an institution in the event of a disruption

### **Capital adequacy ratio**

A measure of a financial institution's solvency position, expressed as the ratio of total capital available to total capital required

### **Cash-to-short-term debt ratio (CASTD)**

Ratio of a corporation's cash to short-term debt, which measures liquidity

### **Common Equity Tier 1 (CET1) capital**

A component of a bank's regulatory capital comprising ordinary shares issued by a banking institution, retained earnings and other reserves

### **Consumption loans**

Financing taken for consumption purposes such as personal financing, motor vehicle financing, credit cards and others

### **Cost of goods sold (COGS)**

Ratio of a corporation's direct cost of producing its goods sold, which includes the cost of the materials and labour used to create the good

### **Credit card cash advances**

Cash loans that are taken against the credit limit of a credit card

### **Credit card revolving balances**

The portion of credit card balances that were not paid in full at the end of a billing cycle

### **Credit card transactors**

Credit card users who pay their credit card bills in full for a given billing cycle

### **Debt service ratio (DSR)**

Ratio of total monthly bank and non-bank debt obligations to monthly disposable income (net of statutory deductions)

### **Debt-to-equity ratio**

Ratio of a firm's total liabilities to total shareholder equity, which measures leverage

### **Debt-to-income (DTI)**

Ratio of all outstanding debt held by a borrower to their gross annual income

### **Delinquent loans**

Loan accounts with 2 months-in-arrears

### **Domestic banking group (DBG)**

Domestically-owned financial group comprising a licensed commercial bank, licensed investment bank and licensed Islamic bank

### **Domestic systemically important banks (D-SIB)**

Bank whose failure has the potential to cause considerable disruption to the domestic financial system and the wider economy

### **Excess income over outgo**

Sum of net underwriting income, net investment and other income, for all direct life insurers/family takaful operators and life reinsurers

### **Fair value through other comprehensive income (FVOCI) security**

Security purchased with the intent of selling before it reaches maturity, with gains and losses from changes in its fair value being reflected in other comprehensive income until it is sold

### **Financial Market Stress Index (FMSI)**

A risk monitoring tool to gauge the stress level in the domestic financial markets and drivers of market stress

### **Financial Sector Cyber Threat Intelligence Platform (FinTIP)**

A technology platform for local financial institutions to rapidly share cyber security threat intelligence and best practices

### **Firms-at-risk**

Listed non-financial corporates with interest coverage ratio below the prudent threshold of two times

### **Greenwashing**

Practices where companies make false or misleading claims about their climate change mitigation and adaptation efforts or overstate extent of their impact

### **Gross direct premium/contribution**

Premium/contribution receivable before deduction of commissions, brokerage or other expenses, for all direct general insurers and direct general takaful operators

### **Higher loss absorbency (HLA)**

Capital buffer requirement imposed on a D-SIB above the minimum regulatory requirement to increase its going-concern capital buffers, which aims to reduce its probability of failure

**High-quality liquid assets (HQLA)**

Assets that can be easily and immediately converted into cash at little or no loss of value

**Household financial assets**

Assets that are held by households including deposits, investments in unit trust funds and equities, insurance/takaful policies and Employees Provident Fund (EPF) savings

**Interest coverage ratio (ICR)**

Ratio of a corporation's earnings before interest, taxes, depreciation and amortisation to interest expense, which measures debt-servicing capacity

**Investment-linked products**

Life insurance or family takaful where the policy/certificate value at any time is partly determined by the value of the investment assets at the time

**Kuala Lumpur Interbank Offered Rate (KLIBOR)**

KLIBOR was introduced in June 1987 as an official indicator of the conditions in the interbank money market. KLIBOR is mainly used as the reference rate for derivatives products e.g. interest rate swaps and cross currency swaps and less frequently in cash products such as bank loans.

**Liquidity Coverage Ratio (LCR)**

The ratio of a bank's high-quality liquid assets (HQLA) to the expected net cash outflows over the next 30 calendar days

**Loan loss coverage ratio (including regulatory reserves)**

The ratio of total provisions and regulatory reserves to total impaired loans

**Loan-to-value ratio (LTV)**

Ratio of a loan to the value of an asset purchased

**Locally-incorporated foreign bank (LIFB)**

Foreign-owned licensed bank or licensed Islamic bank that is incorporated in Malaysia

**Management overlays**

Additional provisions set aside on top of provisions derived from expected credit loss (ECL) models. Management overlays provide model risk adjustments due to data deficiencies or uncertainties not adequately captured by the ECL models

**Murabahah**

Refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser

**Negative equity (property)**

Property price that is below the outstanding balance on the loan used to purchase that property

**Net impaired loans**

The ratio of impaired loans net of specific provisions to total loans net of specific provisions

**Net interest margin**

The difference between banks' interest income and interest expense as a percentage of interest-earning assets

**Net Stable Funding Ratio (NSFR)**

The ratio of a bank's available stable funding (ASF) to the required stable funding (RSF), where ASF refers to funding sources weighted according to their stability, and RSF refers to assets and other off-balance sheet exposures weighted according to their liquidity

**Net underwriting income**

Insurance premium/takaful contribution income after deducting benefit payouts, agency remuneration, and other expenses, for all direct life insurers/family takaful operators and life reinsurers

**New business premium/contribution**

Premium/contribution acquired from new policies/certificates for a particular year, for all direct life insurers/family takaful operators and life reinsurers

**Operating profit/loss**

Sum of underwriting profit/loss, net investment and other income for all direct general insurers/takaful operators and general reinsurers

**Price-to-book ratio (P/B)**

The ratio of stock price to book value of the share

**Price-to-earnings ratio (P/E)**

The ratio of stock price to bank's earnings per share for the last 12 months

**Real-time Electronic Transfer of Funds and Securities System (RENTAS)**

A real-time gross settlement system for interbank fund transfers, debt securities settlement and depository services for scrippless debt securities

**Retail payment system (RPS)**

A funds transfer system that typically handles a large volume of relatively low-value payments in such forms as cheques, credit transfers, direct debits and card payment transactions

**Stage 2 Loans**

Loans that have exhibited deterioration in credit risk, for which banks are required to set aside provisions based on lifetime expected credit losses, based on the Malaysian Financial Reporting Standard 9

**Total capital**

A bank's total regulatory capital comprising the sum of CET1, Additional Tier 1 and Tier 2 capital

**Underwriting profit/loss**

Earned insurance premium/takaful contribution income less net claims incurred, net commissions and management expenses, for all direct general insurers/takaful operators and general reinsurers

**Unsold houses**

Comprises residential units, service apartments and small office, home office (SOHO) that remained unsold for more than nine months from the date of launch or after 1 January 1997. These units comprise (i) units completed with Certificate of Completion and Compliance/Temporary Certificate of Fitness for Occupation in the review period; or (ii) units with building plan approval that are under construction

## Glossary, Acronyms and Abbreviations

**AKPK**

Credit Counselling and Debt Management Agency

**ALR**

average lending ratio

**API**

Application Programming Interface

**AT1**

Additional Tier 1

**BNIB**

Bank Negara Interbank Bills

**CAGR**

compounded annual growth rate

**CASA**

current and savings accounts

**CASTD**

cash-to-short-term debt ratio

**CCPT**

Climate Change and Principle-based Taxonomy

**CET1**

Common Equity Tier 1

**COGS**

cost of goods sold

**DBG**

domestic banking group

**DFI**

development financial institution

**D-SIB**

domestic systemically important bank

**DSR**

debt service ratio

**DTI**

debt-to-income

**EPF**

Employees Provident Fund

**F&B**

food and beverages

**FCY**

foreign currency

**Fed**

US Federal Reserve

**FinTIP**

Financial Sector Cyber Threat Intelligence Platform

**FMSI**

Financial Market Stress Index

**FSA2**

Account 2 Support Facility

**FVOCI**

fair value through other comprehensive income

**FX**

foreign exchange

**GDP**

Gross Domestic Product

**HLA**

higher loss absorbency

**HQLA**

high-quality liquid assets

**ICPT**

imbalance Cost Pass-Through

**ICR**

interest coverage ratio

**IRRBB**

interest rate risk in the banking book

**IT**

information technology

**ITO**

insurers and takaful operators

**KLIBOR**

Kuala Lumpur Interbank Offered Rate

**KRI**

key risk indicators

**LCR**

Liquidity Coverage Ratio

**LIBFC**

Labuan International Business and Financial Centre

**LIFB**

locally-incorporated foreign bank

**LTV**

loan-to-value

**MCMC**

Malaysian Communications and Multimedia Commission

**MFRS**

Malaysian Financial Reporting Standard

**MGS**

Malaysian Government Securities

**MYR**

Malaysian ringgit

**NAPIC**

National Property Information Centre

**NBFI**

non-bank financial institutions

**NFCC**

National Anti-Financial Crime Centre

**NOP**

net open position

**NSFR**

Net Stable Funding Ratio

**NSRC**

National Scam Response Centre

**OPR**

Overnight Policy Rate

**P/B**

price-to-book

**P/E**

price-to-earnings

**PayNet**

Payments Network Malaysia Sdn Bhd

**QR**

Quick Response

**R&R**

rescheduling and restructuring

**RCLF**

Restricted Committed Liquidity Facility

**RENTAS**

Real-time Electronic Transfer of Funds and Securities System

**RMIT**

Risk Management in Technology

**RMP**

Royal Malaysia Police

**ROE**

return on equity

**RPP**

Real-time Retail Payments Platform

**RPS**

retail payment system

**SDRS**

Small Debt Resolution Scheme

**SJKP**

Syarikat Jaminan Kredit Perumahan Berhad

**SME**

small and medium enterprise

**SOHO**

small office, home office

**SST**

Sales and Service Tax

**TNB**

Tenaga Nasional Berhad

**UN**

United Nations

**YTD**

year-to-date