

Glossary, Acronyms and Abbreviations



Amortised cost 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.

Annualised credit cost ratio

Annualised year-to-date loan loss impairment charged to the income statement as a share of total outstanding loans.

Bancassurance arrangement

Any distribution or marketing arrangement by an ITO with a banking institution or development financial institution that involves the sale or marketing of all types of insurance/takaful products including both individual and group policy/takaful certificate.

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 (CAR)

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.

Contingency funding plan

Compilation of policies, procedures and action plans for responding to severe disruptions to a bank's ability to fund some or all of its activities in a timely manner and at a reasonable cost.

Cost of goods sold ratio (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.

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.

Disaster recovery plan

A comprehensive written plan of action that sets out the procedures and establishes the processes for IT systems and requirements that are necessary to support and restore the business operation of an institution in the event of a disruption.

Domestic banking group (DBG)

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

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.

Expected credit loss (ECL)

The weighted average of credit losses with the respective risks of a default occurring as the weights.

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.

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.

Gross output

Measure of the total economic activity in the production of goods and services including raw materials, production process and distribution.

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.

**Interest rate risk in the banking book (IRRBB)/
Rate of return risk in the banking book (RORBB)**

Current or prospective risk to a bank's capital and to its earnings, arising from the impact of adverse movements in interest rates/rate of return on its banking book.

Intraday liquidity

Funds which can be accessed during the business day, usually to enable banks to make payments in real time.

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.

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 impairments

Loans classified as Stage 3 according to the Malaysian Financial Reporting Standards 9 (MFRS 9).

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.

Management overlays

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

Maturity transformation

Maturity transformation assesses the extent of maturity gap risk taken by an NBFi and is measured by the coverage ratio of short-term liabilities over short-term assets.

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 open position (NOP)

The difference between the total open long (buy) positions and the total open short (sell) positions that a bank has in a single

currency or a portfolio of currencies. It measures a bank's exposure to foreign exchange risk.

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 scripless 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 (MFRS 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

ACSR

Advisory Committee on Sustainability Reporting

AFC

Asian Financial Crisis

AKPK

Credit Counselling and Debt Management Agency

BCBS

Basel Committee on Banking Supervision

CAGR

Compounded annual growth rate

CAR

Capital adequacy ratio

CASA

Current and savings accounts

CASTD

Cash-to-short-term debt ratio

CCA

Consumer Credit Act

CCPT

Climate Change and Principle-based Taxonomy

CDRC

Corporate Debt Restructuring Committee

COGS

Cost of goods sold

CRMSA

Climate Risk Management and Scenario Analysis

CRST

Climate Risk Stress Testing

DBG

Domestic banking group

DFI

Development financial institution

DFIA 2002

Development Financial Institutions Act 2002

DMP

AKPK's Debt Management Programme

DRF

Disaster Relief Facility

DSR

Debt service ratio

DTI

Debt-to-income

E&E

Electrical and electronics

ECL

Expected credit losses

EPF

Employees Provident Fund

ESG

Environmental, Social and Governance

FCY

Foreign currency

FinTIP

Financial Sector Cyber Threat Intelligence Platform

FMSI

Financial Market Stress Index

FSA2

Account 2 Support Facility

FSB

Financial Stability Board

FSEC

Financial Stability Executive Committee

FVOCI

Fair value through other comprehensive income

FX

Foreign exchange

GDP

Gross Domestic Product

HQLA

High-quality liquid assets

IAIS

International Association of Insurance Supervisors

ICR

Interest coverage ratio

IRRBB

Interest rate risk in the banking book

ISSB

International Sustainability Standards Board

ITO

Insurers and takaful operators

JC3

Joint Committee on Climate Change

LCR

Liquidity Coverage Ratio

LIBFC

Labuan International Business and Financial Centre

LTV

Loan-to-value

MGS

Malaysian Government Securities

MSME

Micro, small and medium enterprise

MYR

Malaysian ringgit

NAPIC

National Property Information Centre

NBFI

Non-bank financial institutions

NOP

Net open position

NSFR

Net Stable Funding Ratio

OPR

Overnight Policy Rate

P/B

Price-to-book

P/E

Price-to-earnings

R&R

Rescheduling and restructuring

RAS

Risk appetite statement

RCLF

Restricted Committed Liquidity Facility

RENTAS

Real-time Electronic Transfer of Funds and Securities System

RMiT

Risk Management in Technology

ROE

Return on equity

RORBB

Rate of return risk in the banking book

RPP

Real-time Retail Payments Platform

SC

Securities Commission Malaysia

SDRS

Small Debt Resolution Scheme

SME

small and medium enterprise

TCFD

Task Force on Climate-Related Financial Disclosures

YTD

Year-to-date