

# Glossary, Acronyms and Abbreviations





# Glossary

**Capital adequacy ratio (CAR)**

A measure of a financial institution's capital, expressed as the ratio of capital to risk.

**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, share premium, retained earnings and other reserves.

**Debt service ratio (DSR)**

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

**Debt-at-risk – household**

Proportion of debt of borrowers with negative financial margin to total household debt, adjusted for eligible collateral.

**Debt-at-risk – non-financial corporation**

Proportion of debt held by corporations with an interest coverage ratio of less than two times to total corporate debt.

**Domestic banking group (DBG)**

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

**External debt-at-risk – banking**

Proportion of banks' external debt that is more susceptible to sudden withdrawal shocks.

**Financial margin (FM)**

Borrowers' monthly disposable income (after deducting debt repayments and expenditures on basic necessities) and liquid financial assets.

**Gross premiums and contributions**

Premiums/contributions receivable before deduction of commissions, brokerage or other expenses covering all direct general insurers/takaful operators and general reinsurers/retakaful operators.

**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) contributions.

**Household liquid financial assets (LFA)**

Household financial assets excluding EPF contributions.

**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 varies according to the value of the underlying assets at the time.

**Labuan International Business and Financial Centre (LIBFC) banks**

Banks operating in Labuan International Business and Financial Centre.

**Liquidity Coverage Ratio (LCR)**

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

**Loan-to-fund (LTF) ratio**

Ratio of total loans to deposits and debt instruments, excluding loans sold to Cagamas, interbank placements, and loans funded by Islamic investment accounts.

**Loan-to-fund-and-equity (LTFE) ratio**

Ratio of total loans to deposits, debt instruments and equity, excluding loans sold to Cagamas, interbank placements, and loans funded by Islamic investment accounts.

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

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

**Loss given default (LGD)**

Percentage of an outstanding claim on a counterparty that will likely not be recovered in the event of a default.

**Minimum Allocation Rate (MAR)**

The minimum proportion of premiums payable by policy owner that is allocated in the unit fund(s) of choice before the deduction of any charges.

**Net impaired loans/financing ratio**

The ratio of impaired loans/financing net of specific provisions to total loans/financing net of specific provisions.

**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.

**New premiums/contributions – life insurance and family takaful**

Premiums/contributions acquired from new policies/certificates for a particular year.

**Non-financial corporation (NFC)**

A corporation whose principal activity is the production of goods and/or non-financial services.

**Operating profit/loss**

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

**Overhang of property units**

Completed property units with Certificate of Completion and Compliance which remain unsold for more than nine months after being in the market.

**Participating products**

An insurance/takaful product which shares in the distributable surplus of a life insurer/family takaful operator by acquiring bonuses or dividends.

**Penetration testing**

A test methodology in which assessors, using all available documentation (including system design, source code, manuals) and working under specific constraints, attempt to circumvent the security features of an information system.

**Portfolio flows**

Cross-border transactions involving the purchase/sale of equities and debt securities.

**Probability of default (PD)**

Likelihood of a counterparty defaulting on its contractual obligations to a financial institution over a given time horizon.

**Regulatory Sandbox**

A framework that allows for the experimentation of innovative Fintech solutions in a live market environment within specified parameters and timeframes.

**Sukuk**

Debt security structured under any Shariah compliant contract.

**Total capital**

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

**Underwriting profit/loss**

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

# Acronyms and Abbreviations

<b>AKPK</b>	Credit Counselling and Debt Management Agency (Agensi Kaunseling dan Pengurusan Kredit)	<b>ITO</b>	insurers and takaful operators
<b>BSC</b>	Balanced Scorecard	<b>KLIBOR</b>	Kuala Lumpur Interbank Offered Rate
<b>CAGR</b>	compounded annual growth rate	<b>LCR</b>	Liquidity Coverage Ratio
<b>CAR</b>	capital adequacy ratio	<b>LFA</b>	liquid financial assets
<b>CASTD</b>	cash-to-short-term debt ratio	<b>LGD</b>	loss given default
<b>CCA</b>	Consumer Credit Act	<b>LIBFC</b>	Labuan International Business and Financial Centre
<b>CCRIS</b>	Central Credit Reference Information System	<b>LIFB</b>	locally-incorporated foreign bank
<b>CNII</b>	Critical National Information Infrastructure	<b>LPPSA</b>	Public Sector Home Financing Board (Lembaga Pembiayaan Perumahan Sektor Awam)
<b>DBG</b>	domestic banking group	<b>LTF</b>	loan-to-fund
<b>DFI</b>	development financial institution	<b>LTFE</b>	loan-to-fund-and-equity
<b>DII</b>	domestic institutional investor	<b>MAR</b>	Minimum Allocation Rate
<b>DSR</b>	debt service ratio	<b>MDEC</b>	Malaysia Digital Economy Corporation
<b>EPF</b>	Employees Provident Fund	<b>MFRS</b>	Malaysian Financial Reporting Standards
<b>FCY</b>	foreign currency	<b>MGS</b>	Malaysian Government Securities
<b>FE Network</b>	Financial Education Network	<b>MHPI</b>	Malaysian House Price Index
<b>FI</b>	financial institution	<b>MyKNP</b>	Financing Advisory Services (Khidmat Nasihat Pembiayaan)
<b>Fintech</b>	financial technology	<b>NACSA</b>	National Cyber Security Agency
<b>FM</b>	financial margin	<b>NBFI</b>	non-bank financial institution
<b>FMSI</b>	Financial Market Stress Index	<b>NCCMP</b>	National Cyber Crisis Management Plan
<b>FOMC</b>	Federal Open Market Committee	<b>NCSP</b>	National Cyber Security Policy
<b>FSC</b>	Financial Stability Committee	<b>NFC</b>	non-financial corporation
<b>FTSE</b>	Financial Times Stock Exchange	<b>NOP</b>	net open position
<b>FX</b>	foreign exchange	<b>NR</b>	non-resident
<b>GDP</b>	gross domestic product	<b>NSFR</b>	Net Stable Funding Ratio
<b>HQLA</b>	high quality liquid assets	<b>O&amp;G</b>	oil and gas
<b>ICR</b>	interest coverage ratio	<b>OPR</b>	Overnight Policy Rate
<b>IL</b>	investment-linked	<b>OSSC</b>	office space and shopping complexes
<b>IT</b>	information technology		

<b>PD</b>	probability of default	<b>RMiT</b>	Risk Management in Technology
<b>PF</b>	personal financing	<b>SME</b>	small and medium enterprise
<b>PPKS</b>	Association of Cyber Security Testers (Persatuan Penguji Keselamatan Siber)	<b>SOHO</b>	small office home office
<b>PR China</b>	People's Republic of China	<b>US</b>	United States of America
<b>R&amp;R</b>	rescheduled and restructured	<b>WGBI</b>	World Government Bond Index
<b>RENTAS</b>	Real-time Electronic Transfer of Funds and Securities System		