Glossary, Acronyms and Abbreviations

Annualised credit cost ratio
Annualised year-to-date loan loss provisions charged to the income statement as a share of total outstanding loans

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 (BCP)
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 the solvency position of an insurer or takaful operator, 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 credit
Financing taken for consumption purposes such as personal financing, motor vehicle financing, credit cards and others

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

Delinquent loan
Loan accounts with 2 months-in-arrears

Disaster Recovery Plan (DRP)
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

Dividend reinvestment programme
A programme offered by banks that allows shareholders to reinvest cash dividends into additional shares of the banks

Domestic banking group (DBG)
Domestically-owned financial group comprising a licensed commercial bank, licensed investment bank and licensed Islamic bank

Economic activity
Activity that entails producing, providing, buying, and/or selling of goods or services

Excess income over outgo
Sum of net underwriting income, net investment income 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

External debt-at-risk of banks
The proportion of banks' external debt that is more susceptible to sudden withdrawal shocks

External debt-at-risk of corporates
The proportion of external loans raised and bonds issued by high-risk corporate borrowers to total corporate external debt

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 technological 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

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

Household liquid financial assets
Household financial assets excluding 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 product 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 loss coverage ratio (including regulatory reserves)
The ratio of total provisions and regulatory reserves to total impaired loans

Loan-to-value ratio
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

Loss given default (LGD)
Percentage of an outstanding claim on a counterparty that will likely not be recovered in the event of a default

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

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

Net interest margin (NIM)
The difference between interest rates at which banks extend financing and interest rates banks pay for funding, including deposits

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

Nominal GDP
Gross domestic product at current prices

Non-financial corporate
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 for all direct general insurers/takaful operators and general reinsurers

Premium/contribution deferment
The option for COVID-19-affected insurance policyholders/takaful participants to defer premium or contribution due under life insurance policies and family takaful certificates for three months without affecting the coverage

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

Real-time gross settlement (RTGS)
The real-time settlement of payments, transfer instructions or other obligations individually on a transaction-by-transaction basis (i.e. gross basis)

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

Third Party Service Provider (TPSP)
Entities, including affiliate companies, that provide ancillary services to a financial institution under an outsourcing arrangement

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

Transition
The process of changing from one state or condition to another in a given period of time. Transition can be in individuals, firms, cities, regions and nations and can be based on incremental or transformative change (IPCC, 2021)

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 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 or Temporary Certificate of Fitness for Occupation in the review period; or (ii) units with building plan approval that are under construction

ADF
SME Automation and Digitalisation Facility

AES
All Economic Sectors Facility

AF
Agrofood Facility

AFC
Asian Financial Crisis

AKPK
Credit Counselling and Debt Management Agency

AS1
Adverse scenario 1

AS2
Adverse scenario 2

BCP
Business continuity plan

BRF
Business Recapitalisation Facility

CA
Compromise assessment

CAGR
Compounded annual growth rate

CAR
Capital adequacy ratio

CASA
Current and savings accounts

DBG
Domestic banking group

DRF
Disaster Relief Facility

DSR
Debt service ratio

ECL
Expected credit loss

EPF
Employees Provident Fund

FCY
Foreign currency

FI
Financial institution

FX
Foreign exchange

GDP
Gross Domestic Product

GFC
Global Financial Crisis

HQLA
High-quality liquid assets

HTF-NIA
High Tech Facility – National Investment Aspirations

LCR
Liquidity Coverage Ratio

LCTF
Low Carbon Transition Facility

LGD
Loss given default

LIBFC
Labuan International Business and Financial Centre

LIFB
Locally-incorporated foreign bank

LTV
Loan-to-value

MCO
Movement Control Order

MEF
Micro Enterprises Facility

MFRS
Malaysian Financial Reporting Standard

MGS
Malaysian Government Security

MHPI
Malaysian House Price Index

MRTA/MRTT
Mortgage Reducing Term Assurance/Takaful

MYR
Malaysian Ringgit

NOP
Net open position

NRP
National Recovery Plan

NSFR
Net Stable Funding Ratio

P/B
Price-to-book

P/E
Price-to-earnings

PEMULIH
National People's Well-Being and Economic Recovery Package

R&R
Rescheduling and restructuring

RENTAS
Real-time Electronic Transfer of Funds and Securities System

ROE
Return on equity

RPS
Retail payment system

SLA
Service level agreement

SME
Small and medium enterprise

SRR
Statutory Reserve Requirement

TPSP
Third party service provider

URUS
Financial Management and Resilience Programme

VBIAF
Value Based Intermediation Financing and Investment Impact Assessment Framework