Glossary

Updated 29 September 2023

General

Prior to 2006, banking institutions comprised commercial banks, Islamic banks, finance companies, merchant banks and discount houses.

From 2006 onwards, banking institutions comprise commercial banks, Islamic banks and investment banks.

Starting with the December 2013 issue of the MHS, the set of Monetary and Banking data pertaining to the balance sheets of financial institutions (excluding tables related to loans/financing) has been revised from 2007 onwards. This is a step taken by the Bank to establish a standard statistical taxonomy with harmonised data terminology and definitions to rationalise the reporting requirements across the financial industry and to be in line with the International Financial Reporting Standards (IFRS).

The old set of data was based on taxonomy introduced in 1999, with several revisions over the years to reflect developments in the financial sector. The new set of data is based on taxonomy that is aligned to IFRS, which will contribute to more consistent financial and statistical reporting as well as facilitate country comparison. The key differences between the old and new set of Monetary and Banking data are mainly in data concepts and definitions, data classifications at a more granular level, as well as in terms of the termination of some outdated data components which are replaced with new data items to adequately reflect developments in the financial sector and the Malaysian economy.

In adopting the new taxonomy, there are a number of conceptual changes that contribute to the data differences between the old and new set of data. Among others, total assets and liabilities are now recorded on a net basis instead of gross basis, i.e. net of provision and depreciation, contributing to the lower value for total assets and liabilities. In general, this change accounts for a 2% to 3% decline in total assets/liabilities. There is also a reclassification of components for short-term and long-term assets and liabilities, for example changes in components for Deposits, Call Money, Cash and Cash Equivalents and Interbank Placements.

Following the revision to the taxonomy, data from January 2007 to December 2012, relating to balance sheet items, have been mapped from the old taxonomy to the new taxonomy, while data from January 2013 are collected from the financial institutions based on the new taxonomy. The mapping of the old set of data to the new taxonomy is an attempt to provide a longer data series to facilitate analysis of historical trends. Nevertheless, users should recognise that there is a break in the historical trend between December 2012 and January 2013, especially when studying components at a more granular level.

For Monetary Aggregates (Tables 1.3, 1.3.1 and 1.3.2), data items where possible, have been aligned to meet the existing conceptual definitions. Starting January 2014, the compilation uses data collected based on the new taxonomy, which will result in a break in the historical series. In order to facilitate trend analysis, a one year back series data consistent with January 2014 has been published in the MHS.

Refer to the November 2013 MHS issue for historical data on Monetary and Banking, and December 2013 MHS issue for historical data on Monetary Aggregates (Tables 1.3, 1.3.1 and 1.3.2)

64 new insurance and takaful tables have been included in MHS, starting from the November 2013 issue.

From the August 2022 issue, statistical tables related to loans/financing have been revised and expanded. The data are based on the latest requirements with more accurate data definition and reporting methodology, which are going to enhance data quality, granularity, and comparability to facilitate data analysis and informed decision-making. The revision involves 20 MHS tables related to loans/financing and includes data from July 2021 to provide a reasonable time series for analysis of historical trends. Users would observe a level shift in most of the time series of loans/financing data for July 2021 data position onwards, but the underlying growth trends remain largely consistent. Furthermore, the latest 6-month data will be refreshed monthly, and a 12-month data refresh will be conducted on an annual basis in every January issue in order to take into account any historical resubmission performed by reporting entities. There are also five additional loan/financing MHS tables by facility type to provide more granular loans/financing information.

1.1 Reserve Money

Reserve Money = Currency in Circulation + Required Reserves + Excess Reserves

Currency in Circulation refers to notes and coins issued by BNM less the amount held by banking institutions.

Required Reserves refer to the sum placed by banking institutions (except Discount Houses) with BNM in compliance with the Statutory Reserve Requirement (SRR). Banking institutions must place an amount that is equivalent to the SRR ratio times the eligible liabilities.

Excess Reserves refer to cash in vaults of the banking institutions and their current accounts (include Islamic Banking Scheme or SPI current accounts) with BNM.

Deposits of the Private Sector. This item was excluded from the definition of reserve money since April 1997. It refers to the demand and fixed deposits placed by other financial institutions and public agencies such as the Federal and State Public Authorities and other statutory bodies. As part of performing the role as the banker to the Government, BNM had been providing retail banking services (receive deposits and provide the same services as commercial banks ordinarily perform to their customers) to the other financial institutions and statutory bodies. However, with effect from 1 April 1997, BNM had ceased to provide these services.

Factors Affecting Reserve Money = Net claims on Government + Claims on the Private Sector + External Operations + Other Influences

Net claims on Government = Claims on Government - Government Deposits

Claims on Government refer to BNM holdings of Federal Government debt instruments (Malaysian Government Securities, Treasury Bills and Government Investment Issues).

Government Deposits refer to the deposits placed by the Federal and State Governments with BNM. However, State Governments no longer place deposits with BNM with effect from April 1997.

Claims on the Private Sector refer to BNM's contributions to the special funds, and loans and advances to non-bank financial institutions.
External Operations refer to the net international reserves of BNM.

Net International Reserves of BNM = External Assets of BNM - External Liabilities of BNM

External Assets of BNM refer to BNM holdings of gold and foreign exchange, holdings of Special Drawing Rights and its reserve position with the IMF.

External Liabilities of BNM refer to deposits placed with BNM by other central banks and international organisations.

Other Influences refer to the net of all other assets and liabilities in the balance sheet of BNM that have not been classified in any of the aforementioned categories. Among the major items are BNM's capital and reserves, net income of BNM and money market deposits of banking institutions.

1.28a Liquidity Coverage Ratio (LCR)

The release of Table 1.28a: Liquidity Coverage Ratio (LCR) in the MHS starting from the June 2015 issue is to replace Table 1.28: New Liquidity Framework. The LCR framework, which took effect from 1 June 2015 as part of the Basel III reforms, supersedes the Liquidity Framework and Liquidity Framework-i which was issued by the Bank in 1998. Table 1.28 will remain static after the May 2015 issue.

The LCR data will be on a monthly basis on the 12th of the second month after the end of the reporting month (e.g. 12 August for June's position). The same data will be updated in the e-Book version of MHS of the following month.

1.3 Monetary Aggregates: M1, M2 and M3
M1 = Currency in Circulation + Demand Deposits

Currency in Circulation refers to the notes and coins issued by BNM less the amount held by the commercial banks and Islamic banks.

Demand Deposits refer to the current accounts (includes SPI current accounts) of the non-bank private sector and investment banks (prior to 2006, finance companies, merchant banks and discount houses) placed with the commercial banks and Islamic banks.
M2 = M1 + Narrow Quasi-Money
Narrow Quasi-Money = Savings Deposits + Fixed Deposits + NIDs + Repos + Foreign Currency Deposits

Narrow Quasi-Money refers to the sum of deposits/interest-bearing instruments (including SPI deposits and instruments) placed by the non-bank private sector and investment banks with the commercial banks and Islamic banks (excluding inter-placements among these banking institutions). Foreign currency deposits refer to the deposits of foreign currencies held by residents (non-bank) and foreign entities with the commercial banks and Islamic banks.
M3 = M2 + Deposits Placed with Other Banking Institutions

Deposits Placed with Other Banking Institutions refer to the sum of deposits/interest bearing instruments (including SPI deposits and instruments) placed by the non-bank private sector with investment banks (excluding inter-placements among banking institutions).

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.3.1 Broad Money, M3

Transaction Balances = Currency in Circulation + Demand Deposits

Currency in Circulation refers to notes and coins issued by BNM less the amount held by banking institutions.

Demand Deposits refer to the current accounts (includes SPI current accounts) of the non-bank private sector placed with the commercial banks and Islamic banks. Also includes call deposits placed with investment banks.
Broad Quasi-Money = Savings Deposits + Fixed Deposits + NIDs + Repos + Foreign Currency Deposits

Broad Quasi-Money refers to the amount of interest-bearing deposits/instruments (including SPI deposits and instruments) placed by the non-bank private sector with the banking institutions (excluding inter-placements among these institutions). Foreign currency deposits refer to the deposits of foreign currencies held by residents (non-bank) and foreign entities with the commercial banks, Islamic banks and investment banks.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.3.2 Factors Affecting M3

Factors Affecting M3 = Net Claims on Government + Claims on the Private Sector + Net External Operations + Other Influences

Net Claims on Government = Claims on Government - Government Deposits

Claims on Government refer to the holdings of Federal Government debt instruments (Malaysian Government Securities (MGS), Treasury Bills and Government Investment Issues (GII)) and loans to the Federal and State Governments by BNM and banking institutions.

Government Deposits refer to the deposits placed by the Federal Government and State Governments with BNM and the banking institutions. However, State Governments no longer place deposits with BNM with effect from April 1997.

Claims on the Private Sector = Loans + Securities

Loans refer to the outstanding loans and advances (include loans sold to Cagamas with recourse, from December 1996 onwards) extended by BNM and the banking institutions to the non-bank private sector.

Securities refer to the holdings of private debt securities (notes and bonds), Cagamas notes and bonds, stocks and shares, by the banking institutions.

Net External Operations = Net International Reserves of BNM + Net External Assets of the Banking System

Net External Assets of the Banking System refer to the external assets of the banking institutions net of their external liabilities. Note that deposits of foreign customers are not included since they are classified under the various components of money supply such as demand deposits, fixed deposits and foreign currency deposits.

Other Influences refer to the net of all other assets and liabilities in the balance sheets of BNM and the banking institutions that cannot be classified in any of the aforementioned categories. Among the major items are paid-up capital and reserves, retained profits or losses of BNM and the banking institutions and provisions for bad and doubtful debts.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

Beginning from July 2022, there is a reclassification of entities between the government and private sectors for loan data.

1.4 Bank Negara Malaysia: Statement of Assets

Gold and Foreign Exchange refer to BNM holdings of gold, foreign securities and investments, and other foreign assets. It also include holdings of currency issued by the Board of Commissioners of Currency Malaya and British Borneo since June 1967 and the amount due from the Monetary Authority of Singapore under the interchangeability arrangements (up to 7 August 1973). All transactions in foreign currencies during the year have been translated into ringgit at rates of exchange ruling on value dates. Prior to 1997, assets and liabilities in foreign currencies have been revalued at rates of exchange ruling on the balance sheet date at every end-year. However, with effect from 1997, BNM has adopted a conservative book value accounting where reserves were not revalued at rates of exchange ruling on the balance sheet date. Effective from 15 September 1998, following the fixing of the Ringgit/ US Dollar exchange rate at RM3.80, all assets and liabilities in foreign currencies have been revalued into ringgit at rates of exchange prevailing on the reporting date and the exchange revaluation gain has been reflected in the Bank's records. Effective from 1 January 1999, all assets and liabilities in foreign currencies will be revalued on a quarterly basis.

International Monetary Fund (IMF) Reserve Tranche Position refer to Malaysia's quota in the IMF less the Fund's holdings of Malaysian currency.

Holdings of Special Drawing Rights. Special Drawing Rights (SDRs) are unconditional reserves created by the IMF. They are allocated on agreed occasions to members of the IMF which are participants in the SDRs Department in accordance with an accepted formula to serve as a supplement to the international monetary reserves of the IMF.

Malaysian Government Papers refer to BNM holdings of the Government debt instruments (Malaysian Government Securities, Treasury Bills and Government Investment Issues).

Bills Discounted comprise loans extended under the Export Credit Refinancing (ECR) scheme.

Deposits with Financial Institutions refer to BNM gross placements with the financial institutions which include money market placements, pension warrant deposits and penalty deposits on-lent (deposits initially received from banking institutions for non-compliance with BNM's guidelines on lending to priority sectors).

Loans and Advances comprise mainly loans extended by BNM to the participating financial institutions under the various schemes such as New Entrepreneurs Fund, Enterprise Rehabilitation Fund, Low-Cost Housing Revolving Development Fund.

Deferred Expenditure represent the net deficiency arising from foreign exchange transactions in 1993. The Government has undertaken to make good this deficiency as and when required to do so by BNM. The amount outstanding is being amortised over a period of ten years, beginning 1994.

Other Assets include investment in shares acquired by BNM, under Section 30(1)(j) and Section 30(1)(00)(i) of the Central Bank of Malaysia Act 1958 (Revised-1994).

1.5 Bank Negara Malaysia: Statement of Capital and Liabilities

Paid-up Capital . The entire issued and paid-up capital of RM100 million is owned by the Government of Malaysia.

General Reserve Fund. Section 7(3)(a) of the Central Bank of Malaysia Act 1958 (Revised-1994), stipulates that the Minister of Finance, after consultation with the Board of Directors of the Bank, determines the proportion of the net profit to be credited to the general reserve fund.

Other Reserves comprise the Exchange Rate Fluctuation Reserve, the Investment Fluctuation Reserve, the Insurance Reserve and the Contingency Reserve.

Currency in Circulation. BNM started issuing the Malaysian currency (the Ringgit) on 12 June 1967. The statistics reported refer to the total notes and coins issued by BNM including the amount held by banking institutions.

Deposits Placed by Financial Institutions refer to statutory reserve deposits, clearing balances, money market deposits and vostro balances of banking institutions placed with BNM.

Deposits Placed by the Federal Government. The bulk of the liquid funds of the Federal Government are held with BNM, which act as its banker. The main account of the Government is the general deposit account, in which the operations of the Government are reflected.

Other Deposits include deposits placed by the Employees Provident Fund.

Bank Negara Bills and Bonds refer to the issuance of Bank Negara Bills and Malaysia Savings Bonds by BNM.

Allocation of Special Drawing Rights. IMF member countries are allocated Special Drawing Rights (SDRs) in proportion to their subscriptions to the IMF. The allocation represents a dormant liability of BNM to the IMF, against which assets are received in SDR from the IMF.

Other Liabilities include deposits of non-residents and other miscellaneous liabilities.

1.7 , 1.7.1 - 1.7.5 Banking System: Statement of Assets

W.e.f. 2008, *Islamic banking system data* includes Islamic banking data of commercial banks and investment/merchant banks.

Cash and Cash Equivalents refer to cash and balances with banks and other financial institutions, short-term deposits which include money at call and other deposits with remaining maturity less than 3 months, and other cash and cash equivalents.

Other Deposits Placed and Reverse Repos include reverse repos and deposits with remaining maturity greater than 3 months i.e fixed deposits, specific and general investment accounts placed, clients and remisiers trust monies held as deposits, and other deposits placed.

Amounts Due from Designated Financial Institutions refer to conventional and IBS amounts owed by designated financial institutions which are booked in RM overdrawn vostro accounts, RM nostro accounts, RM surplus amount, RM interbank placements, FX nostro accounts and FX interbank placements.

Other Non-Banking Institutions refer to non-bank entities, i.e. non-bank financial institutions, business enterprises, government, individuals and *other* entities.

Negotiable Instruments of Deposit Held refer to the holding of RM-denominated negotiable instruments of deposit including Non-SPI NIDs and IBS NIDs issued by other commercial banks and merchant/investment banks.

Treasury Bills refer to debt securities issued by the Federal Government. The features include original maturity of less than one year, no interest is payable and the bills are issued at a discount to face value.

Government Securities refer to debt-securities issued by the Federal Government. The features include original maturity of more than one year and interest payable periodically, usually semi-annually.

Loans and Advances is reported net of provision for impairment from January 2013 onwards.

Property, Plant and Equipment is reported net of depreciation and impairment from January 2013 onwards.

Malaysian Government Investment Issues (MGII) refers to debt securities issued by the Federal Government. The features include original maturity of more than one year and profit payable periodically.

Investment account data has been incorporated in the MHS starting from the May 2016 issue. Beginning 1 July 2015, licensed Islamic banks under the Islamic Financial Services Act 2013 (IFSA) and licensed bank and licensed investment bank under the Financial Services Act 2013 (FSA) approved under section 15 of the FSA to carry on Islamic banking business are required to present separately monies accepted as Islamic deposit or investment account. The data on investment account can be found in Tables 1.7, 1.7.1 – 1.7.3 Statement of Assets.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards can be found in Tables 1.7, 1.7.1 – 1.7.3 Statement of Assets

In July 2022, decrease in 'Loans and advances' data in Tables 1.7 and 1.7.1 Statement of Assets is due reclassification of Restricted Profit Sharing Investment Account (RPSIA) to Off-balance sheet to align with the Investment Accounts' policy issued by the Bank and MFRS9 Recognition of Off Balance Sheet item.

1.9 , 1.9.1 - 1.9.4 Banking System: Statement of Equities and Liabilities

W.e.f. 2008, *Islamic banking system data* includes Islamic banking data of commercial banks and investment/merchant banks.
Total Equities include current unaudited unadjusted profit/loss.

Deposits Under New Investment Fund refer to Government deposits placed with the commercial banks for the purpose of financing new projects (manufacturing, agriculture, mining and tourism) under the New Investment Fund which include deposits for loans to hawkers and petty traders.

Amount Due to Designated Financial Institutions refer to the amount of claims by designated financial institutions on a reporting institution in RM vostro accounts, RM overdrawn nostro accounts, RM borrowings, RM interbank borrowings, foreign currency (FX) overdrawn nostro accounts, FX interbank borrowings and IBS RM and FX amounts due to designated financial institutions which are the IBS equivalents of the aforementioned items.

Bills Payable refer to amounts payable to various beneficiaries arising from the sale of bank drafts, cashier's orders, mail transfers, telegraphic transfers and gift cheques.

Other Liabilities include recourse obligations on loans sold to Cagamas.

Investment account data has been incorporated in the MHS starting from the May 2016 issue. Beginning 1 July 2015, licensed Islamic banks under the Islamic Financial Services Act 2013 (IFSA) and licensed bank and licensed investment bank under the Financial Services Act 2013 (FSA) approved under section 15 of the FSA to carry on Islamic banking business are required to present separately monies accepted as Islamic deposit or investment account. The data on investment account can be found in Tables 1.9, 1.9.1 – 1.9.3 Statement of Equities and Liabilities.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards can be found in Tables 1.9, 1.9.1 – 1.9.3 Statement of Equities and Liabilities.

In July 2022, decrease in 'Investment Account Due to Designated Financial Institutions' in Tables 1.9 and 1.9.1 Statement of Equities and Liabilities is due to reclassification of Restricted Profit Sharing Investment Account (RPSIA) to Off-balance sheet to align with the Investment Accounts' policy issued by the Bank and MFRS9 Recognition of Off Balance Sheet item.

Classification of Loans by Purpose, Sector and Facility Type

From the August 2022 issue, statistical tables related to loans/financing have been revised and expanded based on latest requirements with more accurate data definition and reporting methodology as follows:

i. MHS 1.11, 1.13, 1.15, 1.17, 1.19.1, 1.20 and 1.23 have been revised to provide industry sector data based on the Malaysia Standard Industrial Classification (MSIC) 2008. The MSIC 2008 conforms closely to the International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4, published by the United Nations Statistics Division, with some modifications to suit national requirements.
ii. Loans/financing disbursement and repayment data as well as impaired loans/financing published in MHS 1.14, 1.15, 1.16, 1.17, 1.21, 1.21.1, 1.22 and 1.23 have been standardised to gross basis instead of net basis.
iii. MHS 1.19 and 1.22 have been revised with new set of housing price buckets (with price ranging between below RM250k to above RM 1million) to reflect current developments in the housing market.
iv. MHS 1.18.2 has been expanded to present more Islamic financing concepts (e.g., Musyarakah financing and venture, Qard and Tawarruq) given notable developments in the application of Shariah contracts for financing by the Islamic banking industry.
v. MHS 1.10, 1.11, 1.12 and 1.13 have been revised to provide more accurate amount of application received and approved during the month, irrespective of time lag or application withdrawal by customer in the same month.

The format and structure of revised MHS tables remain similar to the earlier reclassifications effective April 2006, whereby loans/financing to all customers are classified under BOTH economic sector/industry AND purpose.
Loans by sector (economic sectors/industries + household sector) = Loans by purpose (Total Loans)
Household Sector = Total loans by purpose to households

Prior to April 2006, loans to all customers except households are classified under EITHER economic sector/industry OR purpose, while loans to households are classified under purpose only.

Loans by economic sectors/industries + Loans by purpose = Total Loans
Therefore, the breakdown by sectors and purpose in tables **1.10a - 1.17a, 1.19a, 1.19.1a, 1.19.2, 1.19.4, 1.19.5, 1.20a, 1.20.1, 1.20.3** are not directly comparable to the breakdown of sectors and purpose in tables **1.13.1, 1.15.1, 1.17.1, 1.19.3, 1.20.2, 1.20.4, 1.20.5, 1.20.6**. The classification of the broad economic sectors/industries and their sub-sectors/industries in these old tables follow MSIC 2000 published by the Department of Statistics, Malaysia.

There are 3 standalone breakdowns by industry effective December 2006 namely Commercial banks, Islamic banks and Investment banks. Prior to that, financing by Islamic banks were grouped together with Commercial banks into single category.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.10 , 1.12, 1.14, 1.16, 1.19, 1.19.1, 1.22 Banking System: Classification of Loans by Purpose

Purchase of Securities refers to loans/financing granted to finance both primary and secondary market purchases of securities. Include loans granted to substitute for another loan granted previously by another party for the purchase of securities.

Purchase of Fixed Assets Other Than Land and Building refers to the purchase of fixed assets, other than land and building that are used/to be used for the business activity of the borrower. The category includes machinery and equipment for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business, or for rental to others.

Purchase of Transport Vehicles refers to loans/financing granted for the purposes of financing the purchases of motor vehicles for transportation of goods and/or passengers.

Purchase of Passenger Cars refers to loans/financing for the purchase of motor vehicles which are used primarily to carry a limited number of people, and includes multipurpose vehicles fitted to carry

passengers (and not goods) but excluding buses and minibuses.

Purchase Residential Property refers to loans/financing granted for the purchase or refinancing the purchase of residential property for human dwelling purposes, of which including housing loans/financing sold to Cagamas with recourse, which were classified to RM250, 000 and below, RM250, 001–RM500, 000, RM500,001–RM1,000,000, and more than RM1,000,000.

Purchase Non-Residential Property refers to loans/financing granted for the purchase and refinancing of the purchase of non-residential property. Non-residential means property, which are not used for human dwelling purposes. It includes industrial buildings, factories, land, commercial complexes, warehouses, Small office/Flexible office (SoFo), Small office/Versatile office (SoVo) and other structures not meant for human dwelling.

Personal Uses refers to loans/financing granted to individuals only for private use, exclude loans/financing to individuals to purchase securities, land and building and other fixed assets.

Purchase of Consumer Durables Goods refers to loans/financing granted for the acquisition of consumer durable goods such as household appliances for individual private use.

Credit Cards refers to outstanding credit extended to customers using credit/charge cards issued by a reporting institution and includes cash withdrawals through such cards.

Construction refers to loans/financing granted to finance customers in general contracting including civil engineering work, special contracting work, construction of industrial buildings and factories, construction of infrastructure, commercial complexes, residential dwellings and other construction activity.

Working Capital refers to loans/financing granted for use by a business to facilitate its daily business undertakings/transactions (for example: operating expenses, purchasing inventory, receivables financing) and is generally not for the purpose of financing the purchase of long-term assets or investments.

Other Purposes refers to purpose which is not classified elsewhere in class or sub-classes under purpose. This includes loans/financing for purpose of mergers and acquisition and further on-lending.

Total loans/financing refers to outstanding gross loans/financing including housing loans/financing sold to Cagamas. Sub-total numbers may not necessarily add up to grand total due to rounding effect.

1.11 , 1.13, 1.15, 1.17, 1.20, 1.19.1, 1.23 Banking System: Classification of Loans by Sector

Agriculture, Forestry and Fishing refers to loans/financing granted to finance customers in the industry for cultivation of crops, livestock farming, timber extraction, forest management, poultry, farming, fishing and agricultural services.

Mining and Quarrying refers to loans/financing granted to finance customers in the industry for coal mining, crude petroleum and natural gas production, metal ore mining and quarrying.

Manufacturing refers to loans/financing granted to finance customers in the industry for manufacturing of a multitude of goods, including processing of food, rubber, palm oil, etc., manufacture of wearing apparel, leather goods, wood and wood products, paper and paper products, printing, publishing, manufacture of chemical and chemical products, petroleum, coal, rubber and plastic products, manufacture of iron and steel products, manufacture of fabricated metal products, machinery and equipment, etc.

Electricity, Gas, Steam and Air Conditioning Supply refers to loans/financing granted to finance customers in the industry for operation of electric and gas utilities, which generate, control and distribute electric power or gas. Also included is the provision of steam and air-conditioning supply and excluded the operation of water and sewerage utilities and (typically long-distance) transport of gas through pipelines.

Water Supply, Sewerage, Waste Management and Remediation Activities refers to loans/financing granted to finance customers in the industry for activities related to the management (including collection, treatment and disposal) of various forms of waste. The output of the waste or sewage treatment process can either be disposed of or become an input into other production processes. Activities of water supply are also grouped in this section.

Construction refers to loans/financing granted to finance customers in the industry for general construction and specialized construction activities for buildings and civil engineering works. This section also includes the development of building projects for buildings or civil engineering works by bringing together financial, technical and physical means to realize the construction projects for later sale. If these activities are carried out not for later sale of the construction projects, but for their operation (e.g. renting of space in these buildings, manufacturing activities in these plants), the unit would not be classified here, but according to its operational activity, i.e. real estate, manufacturing, etc.

Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles refers to loans/financing granted to finance customers in the industry for wholesale and retail sale (i.e. sale without transformation) of any type of goods, and rendering services incidental to the sale of merchandise. Wholesaling and retailing are the final steps in the distribution of merchandise. Also included in this section are the repair of motor vehicles and motorcycles.

Wholesale Trade, Except of Motor Vehicles and Motorcycles refers to loans/financing granted to finance customers in the industry for wholesale trade on own account or on a fee or contract basis (commission trade) related to domestic wholesale trade as well as international wholesale trade (import/export) that exclude wholesale of motor vehicles, caravans and motorcycles, as well as motor vehicle accessories

Retail Trade, Except of Motor Vehicles and Motorcycles refers to loans/financing granted to finance customers in the industry for the resale (sale without transformation) of new

and used goods mainly to the general public for personal or household consumption or utilization, by shops, department stores, stalls, mail-order houses, hawkers and peddlers, consumer cooperatives, etc. that exclude sale of farmers' products by farmers; manufacture and sale of goods, sale of motor vehicles, motorcycles and their parts; trade in cereal grains, ores, crude petroleum, industrial chemicals, iron and steel and industrial machinery and equipment; sale of food and drinks for consumption on the premises and sale of takeaway food; and renting of personal and household goods to the general public.

Accommodation and Food Service Activities refers to loans/financing granted to finance customers in the industry for the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption.

Transportation and Storage refers to loans/financing granted to finance customers in the industry for the provision of passenger or freight transport by rail, pipeline, road, water or air and associated activities such as terminal and parking facilities, cargo handling, storage, etc., including renting of transport equipment with driver or operator. Also included are postal and courier activities.

Information and Communication refers to loans/financing granted to finance customers in the industry for production and distribution of information and cultural products, the provision of the means to transmit or distribute these products, as well as data or communications, information technology activities and the processing of data and other information service activities.

Finance, Insurance, Real Estate and Business Activities

Financial and Insurance/Takaful Activities refers to loans/financing granted to finance customers in the industry for financial service activities, including insurance, reinsurance, takaful, retakaful and pension funding activities, and activities to support financial services. Also includes the activities of holding assets, such as activities of holding companies and the activities of trusts, funds and similar financial entities.

Real Estate activities refers to loans/financing granted to finance customers in the industry of selling or buying real estate, renting real estate, providing other real estate by acting as lessors, agents, brokers, or property managers. Activities in this section may be carried out on own or leased property and may be done on a fee or contract basis. Also included is the building of structures, combined with maintaining ownership or leasing of such structures.

Professional, Scientific and Technical Activities refers to loans/financing granted to finance customers in the industry of specialized professional, scientific and technical activities. These activities require a high degree of training and make specialized knowledge and skills available to users, including legal and accounting activities, activities of head offices, management consultancy activities, architecture and engineering activities, technical testing and analysis, scientific research and development, advertising and market research, other professional, scientific and technical activities, veterinary activities.

Administrative and Support Service Activities refers to loans/financing granted to finance customers that support general business operations, including rental and leasing activities, employment activities, travel agency, tour operator and other reservation service activities, security and investigation activities, services to buildings and landscape activities, office administrative, office support and other business support activities.

Education, Health and Others refers to loans/financing granted to finance customers in the industry of public administration and defence; compulsory social security; education; human health and social work activities; arts, entertainment and recreation; other service activities; activities of households as employers of domestic personnel and undifferentiated goods and services-producing activity of private households for own use; and activities of extraterritorial organizations and bodies.

Household Sector refers to total loans/financing by all purposes to households. Also includes housing loans sold to Cagamas.

Other Sector refers to sector which is not classified elsewhere in class or sub-classes under sector. Also includes loans to individual businesses.

Total loans/financing refers to outstanding gross loans/financing including housing loans sold to Cagamas. Sub-total numbers may not necessarily add up to grand total due to rounding effect.

1.11.1 , 1.13.2, 1.15.2, 1.17.2, 1.18, 1.18.1 Banking System: Classification of Loans by Facility Type

Overdraft Facilities refers to debit balances of the current account of customers.

Hire Purchase Receivables refers to the outstanding amount of receivables from hire-purchase facilities usually granted to firms and individuals for the purchase of capital assets, particularly motor vehicles, machinery and equipment and consumer durables.

Purchase of Passenger Cars refers to loans/financing for the purchase of motor vehicles which are used primarily to carry a limited number of people, and includes multipurpose vehicles fitted to carry passengers but excludes buses and minibuses.

Leasing Receivables refers to the outstanding amount of receivables from leasing facilities (lease rental). The assets leased are usually equipment and machinery.

Block Discounting Receivables refers to the outstanding amount of receivables from block discounting facilities, normally to equipment dealers who had extended hire-purchase or lease finance facilities to their customers.

Bridging Loans/Financing refers to loans/financing granted by banks as a participating lender under syndicated or consortium loan agreements.

Factoring Receivables refers to the outstanding amount of receivables arising from purchases of the book debts, normally trade receivables.

Personal Loans/Financing refers to loans/financing granted to individuals for non-specified personal purposes, for a fixed period with a fixed repayment schedule.

Housing Loans/Financing refers to loans/financing granted to individuals for the purchase of residential property.

Other Term Loans/Financing refers to term loans/financing which is not classified elsewhere in sub-classes under 'Term Loans/Financing'.

Trade Bills/Bill Financing comprises of trade bills which refer to bills of exchange (including a reporting institution's own bankers acceptances) discounted or purchased by the reporting institution (including customer liabilities for bankers acceptance, own bankers acceptance bills discounted and other trade bills discounted), export credit refinancing and other trade facilities.

Trust Receipts refers to outstanding advances granted to customers against letters of trust, generally for the settlement of sight bills drawn on the customers by their suppliers.

Revolving credit facilities refers to advances extended to customers under loan agreements which allow the customer to borrow money and make repayments, at any time during the tenor of the agreement.

Credit/Charge Cards refers to claims of the reporting institution on holders of credit/charge cards issued by the reporting institution arising from purchase transactions made by the cardholders and cash borrowings made through such credit cards.

Foreign Currency Loans/Financing refers to all foreign currency denominated loans/financing granted by a bank to its customers.

Skim Perbankan Islam (SPI) or Islamic Banking scheme (IBS) loans refer to all financing granted to customers by the Islamic banking operations of the SPI licensed institutions. Effective December 2008, SPI/IBS data represent SP/IBS of both Commercial and Investment banks.

Others comprises staff loans/financing, floor stocking loans/financing, share margin loans/financing, SPI loans/financing and other loans/financing.

Total loans refers to outstanding gross loans/financing including housing loans sold to Cagamas. Sub-total numbers may not necessarily add up to grand total due to rounding effect.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.18.2 Islamic Banking System: Financing by Shariah Contract

Bai` `Inah refers to an arrangement that involves sale of an asset to the purchaser on a deferred basis and subsequent purchase of the asset at a cash price lower than the deferred sale price or vice versa, and which complies with the specific requirements of bai` `inah.

Ijarah refers to a lease agreement whereby the lessor transfers the right to use (or usufruct) of the leased asset to the lessee, for an agreed period and at an agreed consideration, in the form of lease rental. The lessor maintains ownership of the leased asset during the lease period under these contracts.

> *Ijarah Muntahiyah Bit Tamlik* refers to a lease with the ultimate purpose is for the lessee to own the leased asset. Consequently, it is accompanied with a mechanism to transfer the ownership of the leased asset to the lessee during or at the end of the lease period.
>
> > *Ijarah Thumma Al-Bai`* refers to a lease contract where the transfer of the ownership of the leased asset at maturity to the lessee is conducted through sale, either at a token price, the final instalment, a formula or others. The transfer is assured through wa`d (promise) to purchase by the lessee or wa`d to sell by the lessor.
> >
> > *Ijarah Mawsufah fi Zimmah* refers to a forward lease contract where the usufruct of an asset is transferred to the lessee for a specified duration in the future and ended with transfer of ownership of the leased asset to the lessee. The asset is to be made available by the lessor at an agreed date based on the agreed specifications between the contracting parties.
> >
> > *Other Ijarah Muntahiyah Bit Tamlik* comprises Ijarah Muntahiyah Bit Tamlik (Hibah).

Istisna` refers to a contract in which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined price.

> *Parallel Istisna`* refers to an arrangement that involves two istisna` contracts where the second istisna` contract has specifications similar to the istisna` asset of the istisna` asset of the first istisna` contract.

Mudarabah Venture refers to a contract between a capital provider (rabbul mal) and an entrepreneur (mudarib) under which the rabbul mal provides capital to be managed by the mudarib and any profit generated from the capital is shared between the rabbul mal and the mudarib according to a mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudarib's misconduct (ta`addi), negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Measurement is guided by MFRS treatment of individual banks.

Murabahah refers to a sale of an asset where the acquisition cost and the mark-up are disclosed to the purchaser.

> *Murabahah to the Purchase Orderer* refers to an arrangement whereby the purchase orderer (purchaser) promises (wa`d) to purchase an identified and specified asset from a seller on murabahah terms upon the latter's acquisition of the asset.

Musyarakah Financing refers to a financing using a *musyarakah* contract structured to reflect a debt-based financing risk profile which is in line with the Shariah concept of *shirkah al-milk* (partnership in joint ownership).

Musyarakah Mutanaqisah (with the objective of asset acquisition) refers to a *musyarakah* entered into by two or more parties on a particular asset which allows one of the partners to gradually acquire the shareholding of the other partner through an agreed redemption method during the tenure of the *musyarakah* contract based on principle of *shirkah al-milk*. This is previously known as *Shirkah Mutanaqisah*.

Musyarakah Venture refers to a partnership between two or more parties, whereby all parties will share the profit and bear the loss from the partnership, whereby the distribution of profit will be apportioned according to the agreed ratio. In the event of losses, all parties will share the losses based on their capital participation ratio. This category includes *musyarakah mutanaqisah* with the objective of venturing in profit generating business activities and is governed by the principle of shirkah al-`aqd (contractual partnership). Measurement is guided by MFRS treatment of individual banks.

Qard refers to a contract of lending money by a lender to a borrower where the latter is bound to return an equivalent replacement amount to the lender.

Qard (Standalone) refers to a qard financing which is granted on a standalone basis and not arranged with any other Shariah contracts e.g. ujrah or rahn.

Qard with Rahn refers to a qard financing which is secured by collateral under rahn contract in which the collateral will be used to settle the obligation in the event of default of borrower e.g. Ar-Rahnu.

Qard with Ujrah refers to a qard financing with Ujrah (fees) imposed for identified services, facilities or privileges rendered to the customer which must not in any way relate to the qard contract. The Ujrah is not based on the outstanding balance of the loan transaction or imposed for loan extension, delay in loan repayment or exchange of cash with cash at a different value. The outstanding amount of financing may also include charges to cover the direct costs of providing the identified services, benefits, facilities or privileges that relate to the qard contract.

Tawarruq consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

Others comprises Bai` Al-Dayn, Bai` As-Salam, Hiwalah, Kafalah, Sarf and Wakalah.

Total financing refers to outstanding financing excluding financing sold to Cagamas.

Effective December 2008, SPI/IBS data represent SP/IBS of both Commercial and Investment banks.

1.21, 1.21.1, 1.22, 1.23 Non-Performing Loans/Impaired Loans and Impairment Provisions

From the August 2022 issue, statistical tables related to impaired loans/financing have been updated with more accurate data definition and standardised to gross basis. The original tables will be renamed to 1.21c, 1.21.1c, 1.22b and 1.23b and will cease to be updated.

The format and structure of revised MHS tables remain similar to the earlier reclassifications effective January 2018, where MHS 1.21c, 1.21.1c, 1.22b and 1.23b are reported based on Malaysian Financial Reporting Standards (MFRS) 9. The adoption of MFRS 9 requirement is based on the financial year of the banks. Classification of impaired loans/financing and provisioning for loan/financing impairment are in line with MFRS 9.
The changes are as follow:

Total provisions comprise 12 Months Expected Credit Losses (ECL), Lifetime ECL Not Credit Impaired and Lifetime ECL Credit Impaired reported by banks that have adopted MFRS 9, and Collective Impairment Provisions and Individual Impairment Provisions reported by banks that have yet to adopt MFRS 9.

Ratio of Net Impaired Loan/Financing to Net Total Loan/Financing refers to the amount of Lifetime ECL Credit Impaired Loan/Financing, net of Lifetime ECL Credit Impaired Provisions as a proportion of outstanding gross loans/financing, net of Lifetime ECL Credit Impaired Provisions.

Ratio of Total Provisions to Total Loan/Financing is the new ratio introduced as an indicator of banks provisioning to replace Ratio of individual and collective impairment provisions to total impaired loans.

Tables 1.21b, 1.21.1b, 1.22a and 1.23a are reported based on Financial Reporting Standards (FRS) 139 effective January 2010. The adoption of FRS 139 requirement is based on the financial year of the banks. Classification of impaired loans/financing and provisioning for loan/financing impairment are in line with FRS 139 as detailed in Bank Negara Malaysia's Guidelines on Classification and Impairment Provision for Loans/Financing.

Prior to January 2010, Tables 1.21a and 1.21.1a are reported based on the following definitions:

Non-performing loans refer to the outstanding amount of loans (principal and interest) classified as non-performing when principal or interest is six months or more in arrears. Interests on these loans are subsequently suspended. With effect from financial year beginning 1 January 1998, loans are classified as non-performing when they are six months or more in arrears.

Interest-in-suspense refers to the interest portion which is subsequently suspended or not recognised as interest income after an account is classified as non-performing. With effect from financial year beginning 1 January 1998, banking institutions are required to claw-back interest to day one of default for new non-performing loans.

Specific provisions refer to the provisions made on specific accounts that are deemed sub-standard, doubtful or bad. Banking institutions are required to provide at least 50% on the shortfall in value of security over the outstanding amount of the loan, net of unearned interest and interest suspended for all doubtful accounts and 100% for all bad accounts.

General provisions refer to the general provisions made on the total loan portfolio. Banking institutions are required to maintain general provisions amounting to at least 1.5% of total outstanding loans, net of interest-in-suspense and specific provisions for bad and doubtful debts.

Total loans refer to outstanding gross loans/financing including housing loans sold to Cagamas. Net total loans refer to total loans net interest in suspense and specific provisions.

Ratios are computed on a net basis where interest in suspense and specific provisions is removed from gross non-performing loans and gross total loans. While total provisions consist of general provisions plus value of collateral.

Total loans = Outstanding gross loans (including housing loans sold to Cagamas).

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.24 Banking System: Deposits by Type

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.24.1 - 1.24.2 Islamic Banking System: Deposits by Type and Holder

Islamic banking scheme (IBS) data represent IBS of commercial and investment/merchant banks.

Foreign Currency (FX) NIDs issued is not reportable by banking institutions.
Statutory Agency include*s local governments.*

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.25, 1.25.1 - 1.25.4 Banking System: Deposits and Repurchase Agreement by Holder
Statutory Agency includes local governments.

Financial Institutions include BNM, domestic banking institutions, domestic non-bank financial institutions and foreign banking institutions. Domestic liquidity deposits accepted from these institutions are excluded.

Others include domestic other entities and foreign non-bank entities.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.25.5 Banking System: Foreign Currency and Other Deposits by Holder
Statutory Agency includes local governments.

Financial Institutions include BNM, domestic banking institutions, domestic non-bank financial institutions and foreign banking institutions. Domestic liquidity deposits accepted from these institutions are excluded.

Foreign Currency Deposits by Customer refers to all foreign currency deposits accepted whether from residents or non-residents.

Others include domestic other entities and foreign non-bank entities.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.25.6 Banking System: Fixed Deposits, Special Investment Deposits and General Deposit Investment by Original Maturity

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards

1.27 Statutory Reserve and Liquid Asset Requirement

Statutory Reserve Requirement (SRR). The commercial banks, Islamic banks and investment/merchant banks are required to maintain a sum equivalent to the Statutory Reserve Requirement ratio (which is a specified percentage of their eligible liabilities) in the form of cash reserves with BNM.

1.28 New Liquidity Framework

Liquid Asset Requirement (LAR). The commercial banks, Islamic banks and investment/merchant banks are required to maintain a sum equivalent to the Liquid Asset Requirement ratio (which is a specified percentage of their eligible liabilities) in the form of designated liquid assets.

Liquid Assets are designated assets which a banking institution may hold in order to meet the Liquid Asset Requirement. They

include RM cash balances, RM balances in current accounts with BNM, RM call money placed with discount houses, RM overnight interbank placements with discount houses, maximum liquidity trade bills, RM debt securities issued by the Federal Government, RM debt securities issued by BNM, RM Cagamas Notes, RM Cagamas Bonds -Tier 1.

Beginning 2 January 2001, the LAR had been replaced with the New Liquidity Framework. Under this framework, banking institutions are required to forecast their assets and liabilities based on maturity profiles.

Compliance Requirements as Per Agreed defined as the compliance requirement as a percentage of deposits is shown in brackets in the table. Under the Liquidity Framework, the compliance requirement is set to equal a specified percentage of the banking institution's deposit base, and incorporates the requirement that, for example, banking institutions must be able to withstand the withdrawal of up to 3% of its deposit base over a one week period (3 days for investment banks), or 5% of its deposit base over a one month period. In contrast, under the old framework, banking institutions are required to hold liquid assets equivalent to a specified percentage of their eligible liabilities.

The transformation of merchant banks into investment banks have been accompanied by changes in the reporting requirement of liquidity surpluses where the liquidity surplus of investment banks is measured on a 3 day basis to take into account the short term flows arising mainly from stockbroking activities. As a result, beginning December 2006, liquidity surpluses in these columns reflect the reporting of surplus liquidity on a 3 day basis for investment banks alongside the reporting of liquidity on a 1 week basis for merchant banks in the midst of transforming into investment banks.

1.28 a Liquidity Coverage Ratio

Beginning June 2015, the NLF had been replaced with the Basel III Liquidity Coverage Ratio framework (LCR). The LCR seeks to ensure that banking institutions hold sufficient high-quality liquid assets (Stock of HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon.

LCR is calculated by dividing the amount of Stock of HQLA with the total Net Cash Outflows.

Stress assumptions are incorporated into the LCR through haircuts applied to the stock of HQLA and run-off factors applied to the cash flow items.

Stock of HQLA refers to Level 1, Level 2A and Level 2B assets which are defined in the framework. Among others, it includes cash, central bank reserves, sovereign bonds/sukuk, corporate bonds/sukuk rated AAA and Cagamas Residential Mortgage-backed Securities (RMBS) and A-rated corporate bonds/sukuk (foreign currency only).

Net Cash Outflows refers to the total cash outflows less total cash inflows expected over a 30-day liquidity stress scenario, and which are calculated based on the run-off and inflow rates specified in the framework.

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.29 , 1.29.1 - 1.29.4 Banking System: Constituents of Capital

Tier-1 Capital refers to paid-up capital, non-cumulative perpetual preference shares, share premium, statutory reserve fund, general reserve fund, retained profits, surplus/ loss arising from sale of fixed and long-term investments as well as minority interests (consistent with the components of Tier-1 capital) and after deducting goodwill. Beginning November 2000, Tier-1 Capital includes audited half year after-tax profits.

Tier-2 Capital refers to hybrid capital instruments, minority interests arising from preference shares, subordinated term debt, revaluation reserves and general provisions for bad and doubtful debts.

Total Capital refers to the total of tier-1 capital and eligible tier-2 capital. Eligible tier-2 capital is equivalent to total tier-2 capital or total tier-1 capital, whichever is lower.

Investment in subsidiaries and holdings of other banking institutions capital refer to the banking institution's equity investments in subsidiaries and holdings of other financial institutions' capital in terms of shares, hybrid capital instruments or subordinated term debts.

Capital Base refers to total capital after deducting investment in subsidiaries and holdings of other banking institutions' capital.
Total Risk-Weighted Assets is the sum of assets by risk-weights.

Risk Weighted Capital Ratio refers to the ratio of capital base to risk-weighted assets.

Core Capital Ratio refers to the ratio of tier-1 capital to risk-weighted assets. However, if the total of investment in subsidiaries and holdings of other banking institutions' capital is greater than the tier-2 capital of the institution, then the core capital is equivalent to the capital base.

The following data have been revised due to a computational change in the *Islamic Banking Scheme's* risk-weighted assets for the period January 2013 onwards:

1. Tables 1.29a and 1.29.2a: *Total Risk Weighted Assets*; and
2. Table 1.29.4a: *Total Risk Weighted Assets, CET1 Capital Ratio (%), Tier 1 Capital Ratio (%) and Total Capital Ratio (%).*

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards can be found in Tables 1.29a, 1.29.1a, 1.29. 2a Constituents of Capital.

1.31 Loan to Fund Ratio, Loan to Fund and Equity Ratio and Outstanding Surplus Liquidity placed with Bank Negara Malaysia

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

1.31, 1.32, 1.32.1 – 1.32.5 Islamic Banking System: Total Investment Account by Type and Holder

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

2.1 Interest Rates: Banking Institutions and 2.2 Islamic Banking System: Financing Rate, Profit Rate to Depositors and Rate of Return to Investment Account Holders

Fixed Deposit Rate refers to the average fixed deposit rates of commercial and Islamic banks for maturities of 1-, 3-, 6-, 9- and 12-months which computed based on simple averages and beginning July 2022, Weighted Average Fixed Deposit Rates is provided which it refers to the weighted rate by amount of fixed deposits of each financial institution. Rates for fixed deposits with maturities exceeding 12 months are negotiable and are therefore not included.

Savings Deposit Rate refers to the average savings deposit rates of commercial banks and Islamic banks which computed based on simple averages and beginning July 2022, Weighted Average Savings Deposit Rate is provided which it refers to the weighted rate by amount of savings deposits of each financial institution.

Average Lending Rate/Average Financing Rate refers to the average lending/financing rates on outstanding loans/financing extended by commercial banks and investment banks/Islamic banks which is computed based on simple averages and beginning July 2022, Weighted Average Lending Rate/Weighted Average Financing Rate is provided which refers to the weighted rate by amount of outstanding loans/financing of each financial institution.

Starting from the June 2023 issue, Average Lending Rate/Average Financing Rate and Weighted Average Lending Rate/ Weighted Average Financing Rate for January 2019 onwards have been revised in line with the latest computation methodology, where each financial institution calculates its rate based on the daily average of outstanding loans/financing of the month.

Base Lending Rate (BLR)/Base Financing Rate (BFR) refers to the average of the base lending/financing rates that commercial banks/Islamic banks quote to their customers which computed based on simple averages and beginning July 2022, Weighted Average BLR/BFR is provided which it refers to the weighted rate by amount of outstanding loans/financing priced using BLR/BFR of each financial institution. BLR/BFR served as the main reference rate for the pricing of floating-rate loans/financing by financial institutions between 1983 and 2014. The BLR/BFR included cost of funds, the Statutory Reserve Requirement (SRR) cost, liquidity risk premium, operating costs and profit margins. In 2015, the Reference Rate Framework (RRF) was introduced, which established Base Rate as the reference rate to be used for the pricing of retail floating-rate loans/financing facilities.

Base Rate (BR) was used as the reference rate for new retail floating-rate loans/financing facilities between 2 January 2015 and 31 July 2022. The BR comprises financial institutions' benchmark cost of funds and the SRR cost. Other components of loan pricing such as borrower credit risk, liquidity risk premium, operating costs and profit margins would be reflected in the spread above the BR. The average BR is computed by taking a simple average of the BR and Weighted Average BR refers to the base rate weighted by outstanding amount of loans/financing priced using BR of each financial institution.

Standardised Base Rate (SBR) replaces the BR as the reference rate for new retail floating rate loans/financing facilities effective 1 August 2022. Unlike the BR, the SBR is the same for all financial institutions and is linked solely to the OPR, which is determined by the Monetary Policy Committee (MPC) of BNM. Other components of loan pricing such as borrower's credit risk, liquidity risk premium, operating costs, profit margins and SRR cost will be reflected in the spread above the SBR.

The SBR formula (for all banks):

SBR = BNM's Overnight Policy Rate (OPR)

In June 2019, the data was revised arising from the 'acquisition exercise' of Asian Finance Bank Berhad by Malaysia Building Society Berhad to form MBSB Bank Berhad. The revised data refers to data from April 2018 onwards.

"Investment account" refers to an account under which money is paid and accepted for the purposes of investment, including for the provision of finance, in accordance with Shariah on terms that there is no express or implied obligation to repay the money in full and—
(a) either only the profits, or both the profits or losses, thereon shall be shared between the person paying the money and the person accepting the money; or
(b) with or without any return.

2.3 Interest Rates: Interbank Money Market

Daily rates refer to the average of interbank deposit rates for the day, with individual rates being weighted accordingly by the volume of transactions at those rates. *Monthly rates* refer to the average for the trading days of the month, and *annual rates* refer to the average for all trading days during the year.

2.9, 2.10 Funds Raised in the Capital Market

Capital Market is defined as comprising the government bond market, the stock market and the private debt securities market. All government bonds and private debt securities are bonds with maturity of more than a year. *Funds Raised* is recorded as proceeds received on payment date whenever possible.

Malaysian Government Securities are bonds issued by the Federal Government. *Khazanah Bonds* are bonds issued by Khazanah Nasional Bhd, the wholly-owned subsidiary of the Ministry of Finance primarily for benchmarking purposes. *Government Investment Issues* are bonds issued by the Federal Government as a part of the initiative to develop Islamic/ interest-free banking schemes in the country. *Malaysia Savings Bonds* were issued primarily to Malaysian individuals to inculcate the savings habit and to educate individuals on the intricacies of investing in bonds. *Islamic bonds* are bonds issued based on Islamic principles. *Cagamas bonds* are securitised mortgage-backed bonds issued by the national mortgage corporation, Cagamas Berhad.

Initial Public Offer includes the following methods of listing: public issue; offer-for-sale, placement and tender. Public issue is an offer made to the public for subscription of an issuer's own securities. *Offer-for-sale* is an offer made to the public for securities already issued. *Placement* is an offer of securities to persons selected or approved by the issuers, a process often done to satisfy the minimum prescribed size of listed securities held by the public.

Tender is an offer of a portion of securities by way of tender at a minimum bidding price.

Rights issue is an offer of new securities of companies already listed on the exchange to their existing shareholders. *Private*

placement is an offer of new securities to persons/parties considered desirable by a public company (company already listed on the exchange).

Special issue is an offer of securities made to Bumiputera investors approved by the relevant authorities in accordance with the National Development Policy.

2.11 New Issues of Private Debt Securities (excluding Cagamas Bonds), by Sector

The sectors of classification in the table are based on the National Accounts (Gross Domestic Product) Classification by Economic Activity. New issues of private debt securities refer to the gross funds raised by issuers operating in each particular sector. They do not refer to the purpose of the utilisation of proceeds.

2.18 Credit to the Private Non-Financial Sector

Credit to the Private Non-Financial Sector = Loans to Households and Businesses + Corporate Bonds

Private Non-Financial Sector refers to all resident and non-resident households and non-financial corporations (both private-owned and public-owned). This excludes financial institutions, non-bank financial institutions, government, and other entities.

Loans refer to the outstanding loans and advances (including loans sold to Cagamas with recourse, from December 1996 onwards) extended by banking institutions and development financial institutions to the private non-financial sector.

Corporate bonds refer to all conventional and Islamic bonds issued by non-financial corporations. This includes both bonds with maturity of more than a year and shorter-term commercial papers. Securitised mortgage-backed bonds issued by the national mortgage corporation, Cagamas Berhad are excluded.

3.5.8 Consumer Price Index

The Consumer Price Index (CPI), which is based on the Laspeyres formula, measures the average rate of change in prices of a fixed basket of goods and services which represents the expenditure pattern of all households in Malaysia with 2010 as the base year. It is a composite index, weighted by regional expenditure weights, of three regional indices computed separately for Peninsular Malaysia, Sabah and Sarawak.

3.5.10 Producer Price Index

The Producer Price Index (PPI) is a general purpose index which is based on the Laspeyres formula. It is designed to measure the average rate of change in prices charged by domestic producers of commodities or products and those paid by importers in Malaysia with 2010 as the base year. The Index takes into account commodities or products originating from four industrial sectors, namely, agriculture, forestry, logging and fishing; mining and quarrying; manufacturing; and water, gas and electricity.

3.5.11 House Price Indicators

The Malaysian House Price Index (MHPI), is a transaction based house price index, which captures the change in prices paid for an "average" house. Price change is estimated by pricing a basket of house characteristics of the "average" house transacted in the current period and comparing this price with the price of the same basket of house characteristics in the base year (2000). Fundamentally, it is a ratio that shows how much the cost of housing has changed between two periods (the base and the current periods) if the house buyers maintain the standard of living in the latter period.

3.6, 3.6.1, 3.6.1.1, 3.6.2 Balance of Payments

The balance of payments is currently compiled in conformity with the methodology set forth in the Sixth Edition of the Balance of Payments Manual (BPM6) of the International Monetary Fund, from 2010Q1 onwards.

Data prior to 2010Q1is available in MHS 3.6a, compiled in Fifth Edition of the Balance of Payments Manual (BPM5) of the International Monetary Fund.

3.6.9 - 3.6.10 Direct Investment Abroad

Direct investment abroad (DIA) refers to Malaysia's direct investor's claims on and liabilities to a direct investment enterprise in another economy. It reflects the lasting interest of the long-term investment in which the direct investor has a significant degree of influence on the management of the direct investment enterprise. The items classified under direct investment abroad are equity capital, reinvested earnings and other capital (debt securities, loans, trade credits and others).

3.6.11 - 3.6.12 Foreign Direct Investment

Foreign direct investment (FDI) refers to Malaysia's direct investment enterprise's liabilities to and claims on the direct investor and affiliate from another economy. It reflects the lasting interest of the long-term investment in which the direct investor has a significant degree of influence on the management of the Malaysian direct investment enterprise. The items classified under foreign direct investment are equity capital, reinvested earnings and other capital (debt securities, loans, trade credits and others).

3.6.13, 3.6.13.1, 3.6.13.2 Portfolio Investment

Portfolio investment consists of equity securities and debt securities (bonds and notes and money market instruments) traded between residents and non-residents.

3.6.14 - 3.6.18 International Investment Position

International Investment Position (IIP) is Malaysia's stock of external financial assets and liabilities at the end of a period. The primary dimension in IIP classification is by financial assets and liabilities which is further categorised by functional types of investment, i.e. direct investment, portfolio investment, financial derivatives, other investments and reserve assets (only for assets). The difference between external financial assets and liabilities reflects Malaysia's net IIP, which could be a net asset or liability position.

4.6.3, 4.6.8 Life Insurance

Forfeiture refers to the termination of a policy due to non-payment of premiums before the policy has acquired a surrender value.

4.6.1, 4.6.2, 4.6.4, 4.6.5, 4.6.6, 4.6.7 Life Insurance

Whole Life Insurance refers to insurance payable on death whenever this may occur according to the policy conditions.

4.6.1, 4.6.4, 4.6.5, 4.6.6, 4.6.7, 4.8.5, 4.8.6, 4.8.7 Life Insurance and Family Takaful

Endowment Insurance/Takaful refers to insurance/takaful payable on survival to the maturity date stated in the policy/certificate or on prior death.

4.6.1, 4.6.2, 4.6.3, 4.6.4, 4.6.5, 4.6.6, 4.6.7, 4.6.8, 4.8.1, 4.8.2, 4.8.3, 4.8.5, 4.8.6, 4.8.7, 4.8.8, 4.8.10, 4.8.c Life Insurance and Family Takaful

Group Life Insurance/ Family Takaful refers to life insurance/family takaful usually without medical examination, on a group of people under a master policy/certificate. It is typically issued to an employer for the benefit of the employees, or to members of an association.

4.6.1, 4.6.2, 4.6.3, 4.6.4, 4.6.5, 4.6.6, 4.6.7, 4.8.1, 4.8.2, 4.8.3, 4.8.5, 4.8.6, 4.8.7 Life Insurance and Family Takaful

Life Insurance/Family Takaful Annuity refers to a contract that provides for an income for a term dependent upon human life.

4.6.1, 4.6.2, 4.6.4, 4.6.5, 4.6.6, 4.6.7, 4.8.5, 4.8.6, 4.8.7 Life Insurance and Family Takaful

Term (Temporary) Insurance/Takaful refers to insurance/takaful payable only on death within a specified period.

4.6.4, 4.6.5, 4.6.8, 4.6.a, 4.7, 4.7.1, 4.7.6, 4.7.11, 4.7.13, 4.7.14, 4.7.a, 4.7.c, 4.8.1, 4.8.2, 4.8.3, 4.8.7, 4.8.10, 4.8.a, 4.8.c, 4.9, 4.9.6, 4.9.a, 4.9.c Life Insurance, General Insurance, Family Takaful and General Takaful

Premiums/Contributions refer to the monetary consideration payable once or periodically by a policyholder or certificate holder to an insurer or takaful operator in return for the insurance/takaful coverage provided.

4.7.13, 4.9.5 General Insurance and General Takaful

Claims Ratio refers to the ratio of net claims incurred to earned premium/contribution income.

4.7.13, 4.7.14, 4.7.a, 4.9.5, 4.9.6, 4.9.a General Insurance and General Takaful

Earned Premium/Contribution Income refers to net premium/contribution minus changes in premium/contribution liabilities during the year.

4.7.13, 4.7.20, 4.7.a, 4.9.5, 4.9.7, 4.9.a General Insurance and General Takaful

Net Claims Incurred refers to net claims paid plus changes in claims liabilities during the year.

4.7.3, 4.7.5, 4.9.2 General Insurance and General Takaful

Retention Ratio refers to the ratio of net premiums/contributions to gross premiums/contributions.

4.7.a, 4.9.a General Insurance and General Takaful

Underwriting Profit/Loss refers to earned premium/contribution income less net claims incurred, commissions and management expenses.

4.7.13, 4.7.15, 4.7.16, 4.7.19, 4.7.20, 4.7.a, 4.9.2, 4.9.3, 4.9.4, 4.9.5, 4.9.7, 4.9.a General Insurance and General Takaful

Claims refer to notifications to an insurer or takaful operator that payment of an amount is due under the terms of the policy/certificate.