Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

ANNUAL REPORT 2024

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Governing Regulations and Guidelines

The financial statements as at 31 December 2024 have been prepared in accordance with the Malaysia Deposit Insurance Corporation Act 2011 and the Malaysian Financial Reporting Standards (MFRS). They also comply with the International Financial Reporting Standards (IFRS). When developing this Annual Report, we referred to the International Integrated Reporting Framework, published by the International Integrated Reporting Council. The Board has reviewed and approved the Annual Report and financial statements. It has obtained management representations as well as internal control and risk assurances to ensure that the Annual Report and financial statements accurately represent the performance and the state of affairs of PIDM. The Board has also provided oversight to ensure the identification and evaluation of material matters for value creation by PIDM.

Provide your feedback on our Annual Report at info@pidm.gov.my

Who We Are

Perbadanan Insurans Deposit Malaysia (PIDM) is a statutory body established in 2005 under the Malaysia Deposit Insurance Corporation Act (PIDM Act).[1] PIDM's mandate is set out under section 4 of the PIDM Act.

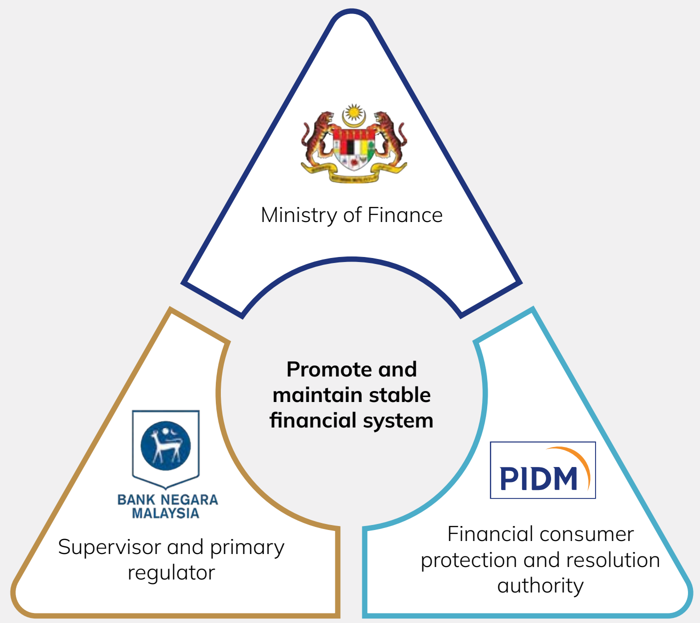
PIDM's Mandate

Administer two financial consumer protection systems	Provide protection against the loss of	Provide incentives to	Promote or contribute to
A Deposit Insurance System B Takaful and Insurance Benefits Protection System	A deposits in member banks B takaful or insurance benefits in respect of insurer members	member institutions for sound risk management in the system	the stability of the financial system

In fulfilling our mandate, PIDM acts in a manner that minimises costs to the financial system.

The protection is provided automatically - no application is required

PIDM forms part of Malaysia's financial safety net together with the Ministry of Finance and Bank Negara Malaysia (BNM). The financial safety net players undertake complementary roles in ensuring the nation's financial system stability.



[1] *The Malaysia Deposit Insurance Corporation Act 2005 (as amended by the Malaysia Deposit Insurance Corporation Act 2011)*

Content

Refer to www.pidm.gov.my for the Technical Reference

Part I

Our Leadership and Governance

From Our Leadership

Some years drift by like a gentle breeze, barely stirring the branches, while others rage like a storm, testing and bending us to our limits. For some, 2024 was a year of progress – marked by advancements in artificial intelligence, sustained global economic growth and breakthroughs in sustainable development. Yet, for others, it was a year of hardship, with ongoing conflicts, devastating natural disasters, and inflationary pressures straining economies, impacting some more than the rest.

For PIDM, 2024 can be seen as a year of consolidation. *Consolidation* means strengthening what has been built – making it more resilient and enduring. It also signifies bringing together different elements to form a more effective, unified and coherent whole. In 2024, both definitions rang true for us. It was a year of deepening our roots, fortifying our foundations and refining our processes to ensure that we can move forward together with clarity, purpose, and strength, no matter what winds may come.

Strengthening Our Readiness

In 2024, we reinforced our policies, systems, and frameworks to enhance our readiness in resolving troubled member institutions. The testing and refinement of our processes will culminate in a comprehensive simulation exercise in 2025. We also issued the Guidelines on the Differential Premium Systems (DPS) Framework for Deposit-Taking Members to support the implementation of the revised DPS Regulations which was gazetted in 2023. These enhancements, which will take effect in 2025, provide a more holistic assessment of member banks while incentivising aspects of resolvability through the introduction of resolution-centric criteria.

Amid the rapid growth and expanding significance of Islamic finance in Malaysia, we intensified our focus on the development of Shariah-compliant resolution approaches. A key milestone was the inaugural Muzakarah (intellectual discourse) on “Transfer Mechanisms for Islamic Banks’ Business, Assets, and Liabilities”, which brought together members of the banking industry’s Shariah fraternity. The session provided a dedicated platform to identify challenges, explore solutions, and drive discussions on ensuring an orderly resolution process for Islamic banks. Moving forward, we will continue to engage with the Shariah community, shaping the narrative on Shariah-compliant resolution mechanisms to promote market confidence and stability within the Islamic financial system.

We strengthened our collaboration with other financial safety net players in 2024 to ensure better coordination in times of crisis. A notable accomplishment was the completion of the interagency crisis preparedness binder, outlining coordination arrangements among the relevant agencies during a crisis. This effort not only enhances our crisis readiness but also lays the groundwork in preparation for a comprehensive interagency crisis simulation.

We co-organised the 46th Pesta Sukan Kementerian Kewangan, uniting agencies under the Ministry of Finance through the theme “Sukan Lestari Membentuk Madani.” This event underscored the importance of sustainability and relationship-building through sports, providing a platform to strengthen bonds, foster teamwork, and enhance collaboration across agencies. We also hosted the second annual National Resolution Symposium (NRS) 2024 themed “Building Collaborative Resolvability: From Policy to Practice”, which brought together experts and industry leaders to advance discussions on managing financial institution failures and the practical implementation of crisis preparedness. We look forward to engaging in more thought-provoking discussions and fostering even stronger relationships and collaboration with our stakeholders in 2025.

Nurturing Confidence

Our protection systems are most effective when the public understands what we do and trusts us to carry out our mandate effectively. We continued our financial literacy initiatives through the Sedia Payung Kewangan (SPK) campaign, digital platforms, and collaborations with the Financial Education Network (FEN). Based on the results of our annual nationwide public awareness survey, we maintained our public awareness at the targeted level of 75% and achieved an advocacy level of 56%, which exceeded our target of 50%.

After a successful outreach in Sabah in 2023, we expanded our outreach programme in 2024 to Sarawak in collaboration with several FEN partners. Apart from engagements with the community and governmental agencies in Sarawak, we organised a financial literacy challenge for students of higher learning institutions across East Malaysia to help equip them with essential financial knowledge and skills.

We also conducted a series of engagements with the media and welcomed their participation at the NRS 2024, ensuring that our role as a resolution authority is clearly communicated and well understood.

Cultivating Organisational Growth and Sustainability

Investing in our people and technology are essential to ensuring long-term stability while fostering continuous progress. Our enhanced learning and development framework focused on digital skills, resolution-related competencies, and leadership development, with initiatives such as the online learning series on cloud productivity platforms and the graduation of our second batch of Resolution Trainees. The adoption of cloud-based solutions and a new human capital management system has also strengthened collaboration and operational efficiency. In addition, we implemented a data governance and management framework, to enhance data capabilities and drive operational excellence.

Reinforcing our commitment to cybersecurity, we benchmarked our information security management system against international best practices. In 2024, we achieved the ISO/IEC 27001:2022 certification, a culmination of our continuous efforts to enhance cyber resilience. PIDM has also been recognised by CyberSecurity Malaysia for compliance with the Information Security Management System (ISMS) standards. We continued to strengthen our cybersecurity with an annual cyber drill exercise as well as the implementation of cutting-edge cybersecurity controls, ensuring that our systems remain robust and resilient.

We also consolidated our operations under one roof at the AICB Building in 2024, enhancing cost efficiency with a significant reduction in floor space compared to our previous office. The renovation incorporated environmentally sustainable materials, aligning with our commitment to sustainability. Operating from a certified green building further reduces our overall carbon footprint by optimising energy consumption.

While we enhance our technology and develop our people, we are mindful of the need to continue upholding high governance standards. As part of this effort, we hosted our inaugural Internal Conference, focusing on ethics and corruption, cybersecurity, and Shariah governance. We also hosted a roundtable discussion which featured risk and internal audit practitioners from other financial safety net players, to share and discuss the latest developments on risks and controls relating to cybersecurity and artificial intelligence.

Standing Tall Throughout the Seasons

Reflecting on 2024, we have made meaningful progress. These accomplishments are a testament to the unwavering dedication of our Board and employees. We extend our deepest gratitude to the Board for their strategic guidance and to all employees for their tireless efforts. Through shared purpose and strong governance, we have not only weathered challenges together but have also planted the seeds for lasting impact.

Our work as a deposit insurer and resolution authority never really ends – we stand not for a single season but for the long haul. While remaining deeply rooted in stability, it is crucial for us to consolidate our strengths and continue to evolve, as we move forward with alignment, conviction and a shared vision for the future. No matter what the year brings, our mandate remains clear – to safeguard the stability of our financial system, as we strive to make each year better than the last.

Dato Sri (Dr) Zukri Samat

Rafiz Azuan Abdullah

Our Governance

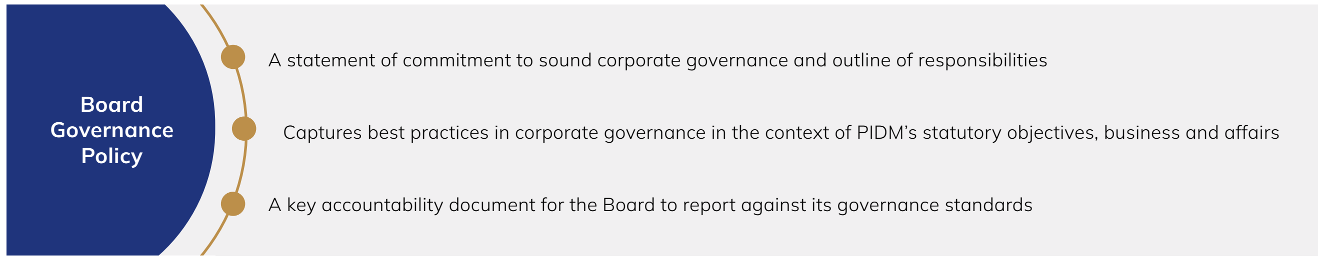
PIDM is committed to good governance practices, which seek to promote transparency and accountability. This will further enhance our ability to create value to our stakeholders while supporting the continued achievement of our mandate.

Our Governance Framework

Governance Practices

PIDM benchmarks our governance practices against best practices. These include practices recommended in the Ministry of Finance's "Principles on Good Governance for Government Linked Investment Companies", "Guidelines on the Management and Governance of Federal Statutory Bodies",[1] and the International Association of Deposit Insurers' (IADI) Core Principles for Effective Deposit Insurance Systems.[2]

PIDM reports against the Board Governance Policy, which sets out the roles and responsibilities of the Board of Directors (Board) and senior management (Management) with regard to corporate governance. The Board Governance Policy is benchmarked against applicable best practices and serves to articulate the Board's expectations of Management, and the Board's role in setting the direction and control of PIDM.



The report on the performance against the standards in the Board Governance Policy is made annually and can be found in the Statement on Governance at www.pidm.gov.my.

Three Lines of Defence

PIDM adopts the three lines of defence model which sets out the accountability and responsibility of various parties within PIDM, with each line playing its role towards more effective monitoring and management of risks. PIDM's Management, led by the Chief Executive Officer (CEO), is responsible for establishing and maintaining robust processes as well as sound controls and risk management practices to ensure a high level of governance within PIDM.

Approach to Governance and Accountability

Transparency of PIDM's progress against planned initiatives enables key stakeholders to make informed assessments of our performance and ability to meet our statutory obligations. PIDM's corporate plan, as well as a report on our progress against the corporate plan, are set out in PIDM's annual report. Aside from building important social and intellectual capital, PIDM's adoption of governance practices also ensures accountability during an intervention and failure resolution.

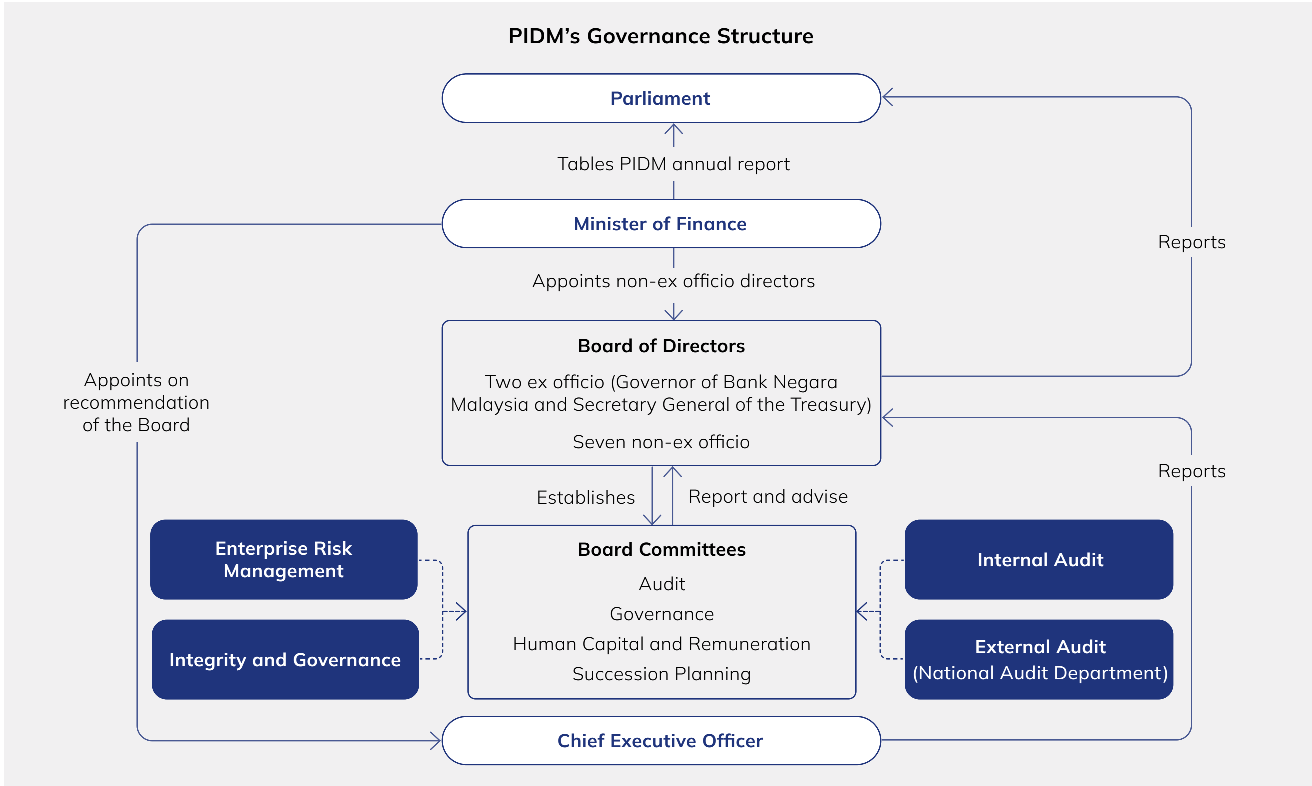
PIDM complies with Shariah requirements when discharging our duties in administering the Islamic Deposit Insurance System and the Takaful Benefits Protection System, and carrying out prompt intervention and failure resolution actions for Islamic member institutions. To ensure compliance with Shariah requirements in the discharge of these duties, PIDM is guided by the advice of the Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM).

[1] *General Circular Letter No. 5 Year 2024*
[2] *Refer to the IADI website www.iadi.org*

PIDM's Governance Structure

In accordance with the PIDM Act, PIDM is accountable to Parliament through the Minister of Finance. In fulfilling our mandate, PIDM operates with a sound governance structure and within a legal framework that provides us with operational independence, as recommended by IADI. IADI's Core Principles for Effective Deposit Insurance Systems states that "the sound governance of agencies comprising the financial system safety net strengthens the financial system's architecture and contributes directly to system stability".

PIDM's governance structure is shown in the following diagram.

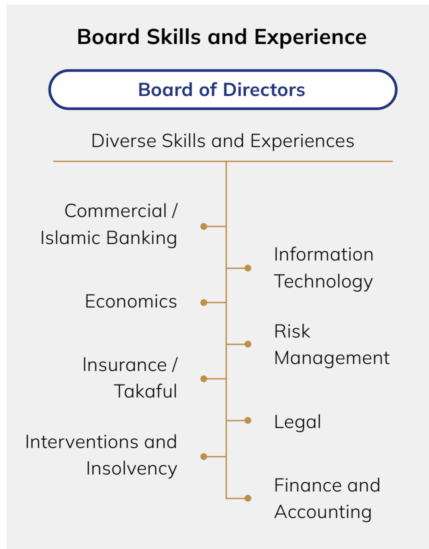


Board of Directors

The Board oversees the overall conduct of PIDM's business and affairs and plays a crucial role in ensuring a sound system of risk management and internal control, particularly in relation to ethics, culture and standards of behaviour.

PIDM is governed by a nine-member Board. Two of the nine directors are ex officio, namely, the Governor of BNM and the Secretary General of the Treasury. The other directors, drawn from the public and private sectors, are appointed by the Minister of Finance. The ex officio directors may appoint alternate directors from their respective organisations to attend Board meetings in their absence. Refer to page 13 of this Annual Report for our Board of Directors.

The Board members possess a diversity of skills and experiences. The diverse mix of skills and experiences is shown in the diagram.



In 2024, the meeting attendances of Board members at the Board and Board Committees were as follows.

Board Member	Meeting Attendances				
	Board[3]	Audit Committee[4]	Governance Committee[5]	Human Capital and Remuneration Committee[6]	Succession Planning Committee[7]
Dato Sri (Dr) Zukri Samat	8/8	-	-	-	-
Dato' Seri Abdul Rasheed Ghaffour[8]	6/8	-	-	-	-
Datuk Johan Mahmood Merican[9]	7/8	-	-	-	-
Datuk Dr. Yacob Mustafa	8/8	6/6	-	-	-
Dato' Nor Eni Ismail[10]	2/7	-	1/3	-	-
Dato Dr. Nik Ramlah Mahmood	7/8	-	3/3	2/2	2/2
Dato' Dr. Gan Wee Beng	8/8	6/6	-	2/2	2/2
Ms. Gloria Goh Ewe Gim	7/8	6/6	3/3	-	2/2
Mr. Lee Kong Eng	8/8	5/6	-	2/2	-

Board Committees

The composition of the Board Committees in 2024, were as follows.

Audit Committee Responsible to ensure that the auditing, accounting principles and practices are in line with international and Malaysian best practices and conform to all legislative requirements	
Chairman Ms. Gloria Goh Ewe Gim	**Members** Mr. Lee Kong Eng (Vice Chairman) Datuk Dr. Yacob Mustafa Dato' Dr. Gan Wee Beng

Governance Committee Responsible to direct the implementation of, and compliance with, sound corporate governance principles in PIDM	
Chairman Dato Dr. Nik Ramlah Mahmood	**Members** Ms. Gloria Goh Ewe Gim Dato' Nor Eni Ismail[10]

Human Capital and Remuneration Committee Responsible to ensure that PIDM has fair and equitable human resource policies that profile for the hiring and retention of people with the appropriate expertise and qualifications	
Chairman Dato' Dr. Gan Wee Beng	**Members** Dato Dr. Nik Ramlah Mahmood Mr. Lee Kong Eng

Succession Planning Committee Responsible for advising and making recommendations to the Board on CEO Succession Planning	
Chairman Dato Dr. Nik Ramlah Mahmood	**Members** Ms. Gloria Goh Ewe Gim Dato' Dr. Gan Wee Beng

Refer to page 16 of this Annual Report for details of the Committees' work in 2024.

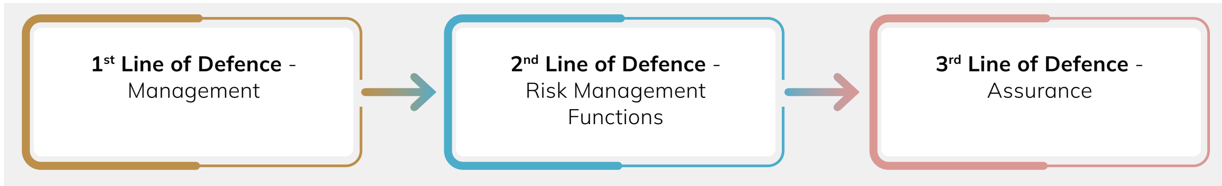
Management

The division of roles, responsibilities and accountability of the Board and Management are clearly set out in the PIDM Act as well as in the Board Governance Policy and the Corporate By Law of PIDM. Broadly, the Board is responsible for the overall conduct of business and affairs of PIDM, for which the PIDM Act confers the authority to the Board to exercise all powers and do all acts which may be done or exercised by PIDM.[11]

The CEO is responsible for the day-to-day administration of PIDM.[12] The CEO leads PIDM's Management, which is responsible for translating Board directions into actions and managing PIDM's day-to-day operations. In addition, Management is responsible for supporting the Board in fulfilling their governance responsibilities.

Refer to page 14 of this Annual Report for details of the overall organisational structure of PIDM.

Governance, Risk Management and Control – Adopting the Three Lines of Defence Model



1st Line of Defence – Management

Management ensures that PIDM has a control environment that supports the prudent management of our operations and of the risks to which we are exposed to, and contributes to the achievement of our objectives. Management is guided by the Internal Control Framework (ICF) that was developed based on the internationally recognised COSO[13] integrated framework on internal control (COSO Framework). PIDM's internal controls are embedded in all activities related to PIDM's management of the protection systems we administer. These include a code of ethics, requirements for declarations of conflicts of interest and assets, a whistleblowing policy, as well as policies and procedures for key processes.

[3] *Seven Board meetings and one Board strategic planning session were held in 2024*
[4] *Six Audit Committee meetings were held in 2024*
[5] *Three Governance Committee meetings were held in 2024*
[6] *Two Human Capital and Remuneration Committee meetings were held in 2024*
[7] *Two Succession Planning Committee meetings were held in 2024*
[8] *Datuk Jessica Chew Cheng Lian is the alternate Director*
[9] *Encik Abdillah Azizudin is the alternate Director*
[10] *Dato' Nor Eni Ismail was appointed to PIDM's Board on 15 September 2023 and resigned on 1 November 2024*

[11] *Subsection 11(1) of the PIDM Act. Section 25 of PIDM Act sets out the powers of the Corporation*
[12] *Section 19 of the PIDM Act*
[13] *Committee of Sponsoring Organizations of the Treadway Commission*

Throughout 2024, Management has continued to ensure a sound system of risk management and internal control within PIDM. In particular, PIDM ensured resiliency against evolving cybersecurity threats and enhanced our governance by maintaining the Information Security Management System (ISMS) ISO/IEC 27001[14] certification through a re-certification exercise in 2024 and transitioned from the 2013 to 2022 standards. These initiatives demonstrated PIDM's commitment towards maintaining high standards of information security, ensuring the confidentiality and integrity of sensitive data, and proactively addressing potential cyber threats.

PIDM also has an internal process which specifically identifies our related parties and monitors related party transactions, which must be carried out on arms-length terms. Any exceptions will be brought to the Audit Committee and the Board for deliberation and decision. Board and key management personnel are required to disclose any financial interests or relationships with related parties. Additionally, Board members are not allowed to participate in the approval of a decision if they or their related parties are party to any related party transactions.

2nd Line of Defence – Risk Management Functions

In PIDM, the second line of defence comprises dedicated risk management and governance functions, namely enterprise risk management, integrity and governance, information security and management, and Shariah, overseeing the first line's risk management activities.

Enterprise Risk Management (ERM). The Chief Risk Officer (CRO) reports to the Board through the Audit Committee. The ERM Department facilitates the implementation of PIDM's ERM Framework to manage risks on an integrated, enterprise-wide basis and supports the proactive identification and management of risks that could prevent PIDM from achieving our mission, goals and objectives. To ensure the relevance and effectiveness of the risk management process, the ERM Framework is benchmarked against both the COSO ERM – Integrated Framework and the International Organisation for Standardisation 31000:2018 (Risk Management Guidelines).

The Board and Management ensure that the risk management process, through PIDM's ERM Framework and practices, is embedded in PIDM's culture, processes and structures. An annual Board Risk Report that contains a detailed annual assessment of PIDM's risks and action plans is deliberated and discussed at a special risk-focused Audit Committee meeting, prior to being presented to the Board. Risk factors are considered across various risk categories and the more significant risks are scrutinised to ensure action plans are focused in addressing the risks and are aligned with the corporate strategies and initiatives.[15]

Integrity and governance. The Chief Integrity and Governance Officer (CIGO) reports to the Board through the Audit Committee. The Integrity and Governance Department implements the Board-approved Compliance Programme, which includes compliance of laws and contractual obligations that are applicable to PIDM as well as behaviour-related codes, policies, procedures and guidelines by employees. The Integrity and Governance Department also ensures that ethics and integrity form the culture of PIDM.

PIDM had launched our first five-year Organisational Anti-Corruption Plan (OACP) in 2020, in conjunction with the National Anti-Corruption Plan launched by the Government. PIDM is committed to managing our business and affairs free of governance, integrity and corruption issues, and is currently developing our OACP for the next five years. To further enhance our capabilities in managing corruption, a Corruption Risk Assessment Framework was developed in 2024 and incorporated into PIDM's ERM Framework. This will facilitate the development of PIDM's OACP 2025 - 2029.

Information security and management. This function is led by the Chief Information and Security Officer (CISO) who reports to the CEO. The Information Management and Security Department conducts reviews on the adequacy and effectiveness of PIDM's cybersecurity infrastructure, processes and practices. These include regular assessment exercises such as Vulnerability Assessment and Penetration Testing (VAPT), red teaming and cyber drills involving a variety of scenarios. These initiatives ensure that PIDM's cybersecurity strategies and infrastructure remain relevant and evolve with the ever-changing cyber landscape. The results of these control effectiveness assessments are also reported to the Board of Directors via the Audit Committee.

In 2024, a Cybersecurity Maturity Assessment (CMA) was carried out independently by an external subject matter expert. Based on the assessment, PIDM met the targeted maturity level rated at a Defined level (level 3), benchmarked against Capability Maturity Model Integration (CMMI) and aligned with the National Institute of Standards and Technology (NIST) Cybersecurity Framework control objectives. This is an improvement from the previous assessment conducted in 2020.

Shariah. This function is led by the Head of Shariah and Sustainable Development who reports to the CEO. The Shariah and Sustainable Development (SSD) Department facilitates the proactive identification, monitoring and management of Shariah risks in PIDM. SSD Department is responsible for establishing policies and controls, conducting Shariah risk assessments, providing training and awareness, and promoting compliance with Shariah requirements throughout the operations of PIDM.

SSD Department also works closely with Management as the first line of defence in ensuring Shariah compliance as well as providing advice, guidelines, and support, particularly on how to incorporate Shariah principles into the daily business operations and in carrying out our mandate.

A report is tabled to the Audit Committee annually on the Shariah risks identified, which includes the status and progress of action plans implemented in the management of Shariah risks.

3rd Line of Defence - Assurance

The last line of defence is the assurance functions which are aimed at providing assurance on the effectiveness of the governance, risk management and internal controls within PIDM.

Internal audit. The Chief Internal Auditor (CIA) reports to the Board through the Audit Committee. The Audit and Consulting Services (ACS) Department is the independent internal audit function which provides reasonable assurance that internal control and risk management systems are effective. To ensure that the internal audit function and activities continue to conform to the requirements of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, an external and internal Quality Assessment Review (QAR) is carried out periodically to assess the effectiveness and efficiency, the performance and quality of the deliverables of the internal audit function. For 2024, an internal QAR was conducted in the area of internal audit process relating to engagement planning, performing the engagement, communicating results and monitoring progress.

The Board, through the Audit Committee, considers the internal audit reports from the ACS Department on a regular basis. These reports provide the Audit Committee with reasonable assurance regarding the monitoring of and compliance with internal controls, the integrity of the systems and that appropriate actions are taken to address any significant identified weaknesses or breakdowns.

Overall, there were no reported incidents of significant weaknesses or deficiencies in the adequacy and integrity of risk management and internal controls embedded in PIDM's systems, policies, practices and processes. For the work performed in relation to internal controls, refer to the summary report of the Audit Committee's key areas of work in the Statement on Governance at www.pidm.gov.my.

External audit. PIDM's financial statements are audited by the Auditor General in accordance with the Audit Act 1957. The Board approves the release of the unaudited financial statements to the National Audit Department, which examines PIDM's unaudited financial statements in accordance with the Approved Standards on Auditing in Malaysia and the International Standards of Supreme Audit Institutions effective for the financial year ended 31 December of each year. Representatives from the National Audit Department are invited to attend all Audit Committee meetings and receive, as a matter of course, all the relevant documentation prior to the Audit Committee meetings.

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[14] *International Organisation for Standardisation (ISO) / International Electrotechnical Commission (IEC)*
[15] *The key risks are discussed in Risks and Material Matters which can be found at www.pidm.gov.my*

Strategic Areas of Focus in 2024

Resolution Readiness

The Board places specific focus on matters relating to PIDM's role as a resolution authority, ensuring an effective resolution regime, as well as our readiness to resolve our member institutions.

In addition to the ongoing work on resolution readiness as detailed in PIDM's Corporate Plan, the Board gives attention to resolution matters through Board meetings dedicated to resolution and member institution-related matters. Continuous Board education sessions are also held to ensure the Board is well-equipped with the required knowledge and competencies to fulfil its role in resolution.

Management ensures that PIDM is operationally ready to carry out resolutions when called upon and supports the Board in fulfilling its duties. Beyond the resolution framework and processes that guide execution, PIDM has also developed a specific intervention and resolution authority matrix. The matrix outlines the specific authorities of PIDM's Board and Management as well as role of other financial safety net players, i.e. BNM and the Minister of Finance, supported by the Ministry, in dealing with intervention and resolution of member institutions.

Human Capital Strategy

The Board plays a pivotal role in ensuring that PIDM's human capital strategy is aligned with our corporate objectives and reinforces our commitment to long-term sustainability. The Human Capital and Remuneration Committee supports the Board by providing strategic oversight of key human capital initiatives and monitoring the overall health and effectiveness of our workforce.

Key human capital strategies and Board-approved policies are rigorously deliberated to align with PIDM's evolving requirements, while integrating insights from external market trends. This comprehensive approach ensures the sound and effective implementation of policies and strategies critical to PIDM's readiness for the future of work and resolution readiness. It also provides oversight on competitive compensation structures, drives leadership effectiveness, enhances employee engagement and supports continuous capability development.

Stakeholder Engagement

The Board considers stakeholder engagement as an important agenda for the achievement of PIDM's objectives. PIDM has continued to adopt processes to ensure the appropriate consideration of significant stakeholder views, especially in the development of effective regulatory policies. For example, consultation papers are issued to obtain the feedback of relevant stakeholders prior to the issuance or revision of guidelines or frameworks. In 2024, PIDM issued the consultation paper on the proposed revised Differential Levy Systems Frameworks.

Sustainability

As a financial consumer protection authority and resolution authority, our mandate inherently involves addressing social needs through our protection systems for financial consumers and contributing to the stability of the financial system. Despite our inherently small environmental footprint, we have also taken efforts to cultivate a sustainability culture relating to the environment among our employees to encourage them to adopt practices that will reduce the impact of our operations on the environment.

Our Board and Management remain steadfast in their commitment towards our sustainability agenda, taking into consideration various factors such as our mandate, the nature of our business, and our office operational setup. We will continue to reinforce the sustainability culture relating to the environment among our employees. With respect to social sustainability, we will further provide value, primarily to our employees and the community, in a more impactful manner. This focus is essential as it closely aligns with our mandate and our role as a financial consumer protection authority and resolution authority for our member institutions.

Board of Directors

Dato Sri (Dr) Zukri Samat
Chairman

Dato' Seri Abdul Rasheed Ghaffour
Ex Officio Director

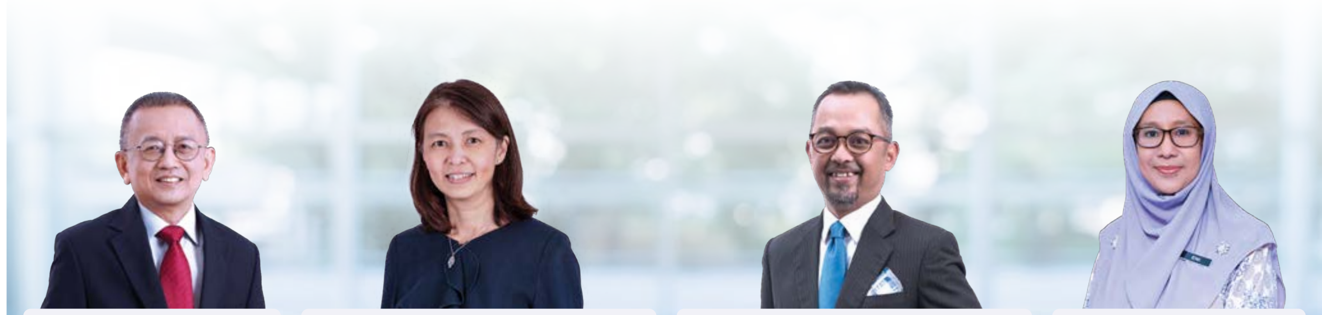
Datuk Johan Mahmood Merican
Ex Officio Director

Datuk Dr. Yacob Mustafa
Public Sector Director

Dato Dr. Nik Ramlah Mahmood
Private Sector Director

Dato' Dr. Gan Wee Beng
Private Sector Director

Ms. Gloria Goh Ewe Gim
Private Sector Director



Mr. Lee Kong Eng
Private Sector Director

Datuk Jessica Chew Cheng Lian
Alternate Director to Dato' Seri Abdul Rasheed Ghaffour

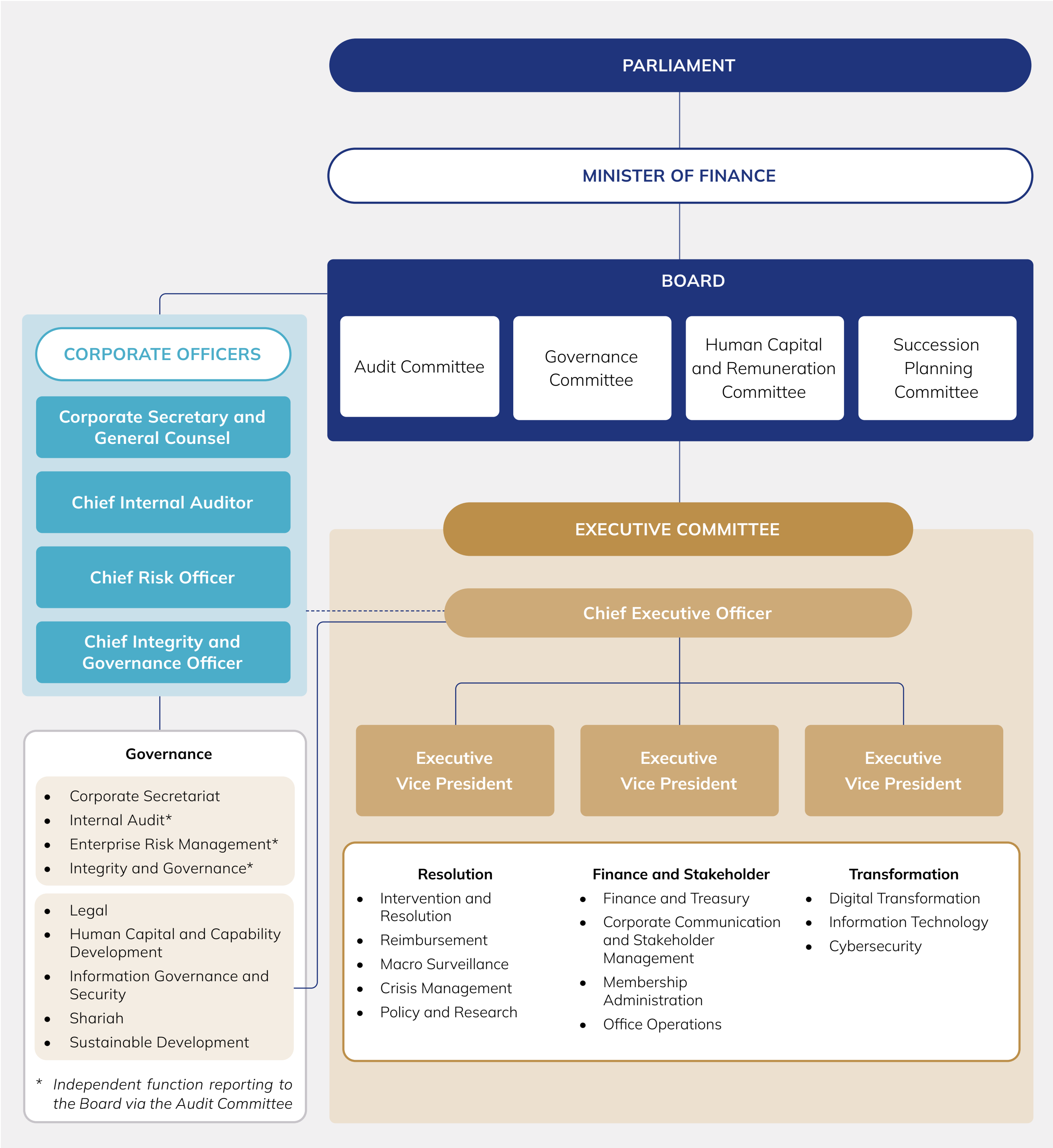
Encik Abdillah Azizudin
Alternate Director to Datuk Johan Mahmood Merican

Dato' Nor Eni Ismail[16]
Public Sector Director

Detailed profiles of the Board members can be found at www.pidm.gov.my.

[16] *Dato' Nor Eni Ismail was appointed to PIDM's Board on 15 September 2023 and resigned on 1 November 2024*

Organisation Structure



Executive Committee

Rafiz Azuan Abdullah
Chief Executive Officer

Afiza Abdullah
Executive Vice President

Lee Yee Ming
Executive Vice President

Wan Ahmad Ikram Wan Ahmad Lotfi
Executive Vice President

Corporate Officers

Lim Lee Na
Corporate Secretary and General Counsel

Zufar Suleiman Abu Bakar
Chief Risk Officer

Alex Lesley Balagurusamy
Chief Integrity and Governance Officer

Chua Ee Leen[17]
Chief Internal Auditor

Detailed profiles of the Executive Committee and Corporate Officers can be found at www.pidm.gov.my.

[17] *Jazimin Izzat Wan Zoolkifli was the CIA until 11 September 2024 when he was appointed the Head of Finance Operations Services Department. Chua Ee Leen was the Acting CIA since 11 September 2024 and was appointed the CIA by the Board on 13 December 2024*

Detailed Work of the Board Committees in 2024

Audit Committee	
Chairman Ms. Gloria Goh Ewe Gim	**Members** Mr. Lee Kong Eng (Vice Chairman) Datuk Dr. Yacob Mustafa Dato' Dr. Gan Wee Beng
Key matters	
Recommended for Board approval: • Financial Statements 2023 and Annual Report 2023 • Audit and Consulting Services Department's Plan 2025 – 2026 • Review of Operational Cash Management Policy • Review of Premium Rates for Deposit Insurance Funds • Proposed Revised Levy Bases and Differential Levy Systems Framework for Insurance Companies and Takaful Operators • Board Risk Policies and Board Risk Report • Review of Expense Parameter Framework • Review of Procedures for Advances or Funding with regard to Legal Proceedings involving Directors, Officers, Employees and Agents of the Corporation • Corporate Plan 2025	Considered by the Audit Committee: • Review of Premium Rates under the Differential Premium System • Report on the Annual Assessment of the Corporation's State of Internal Controls for 2023 • National Audit Department's Audit Plan for the Corporation's Financial Statements for the Year ending 31 December 2024 • Proforma Financial Statements for the Year ending 31 December 2024 • Cybersecurity Maturity Assessment Report • Report on Vulnerability Assessment Penetration Testing • Review of the Corporation's Information Technology Dependency Risks • Review of Compliance with Laws in 2023 • Internal Audit Reports • Updates and Review of the Audit and Consulting Services Department's Charter • Report and Semi-Annual Report on Directors', Chairman's, Corporate Officers' expenses and International Relations Business Travelling Related Expenses • Report and Analysis on the Corporation's Investments and Cash Management • Additional Financial Requirements for Information Technology Operations as at 30 June 2024 • Corporate Plan and Financial Plan Updates for the Period Ended 30 June 2024 • Annual Review of the Target Funds under the Deposit Insurance System and the Takaful and Insurance Benefits Protection System • Reports on Procurements on Sole Sourcing Basis • Report on the Audit Committee's Work against the Audit Committee Charter for the Year 2024 • Report on the Operations and Performance of the Audit and Consulting Services Department for the Year 2024 • Report on the Operations and Performance of the Enterprise Risk Management Department for the Year 2024 • Report on the Operations and Performance of the Integrity and Governance Department for the Year 2024 • Performance Against Corporate Plan 2024

Governance Committee	
Chairman Dato Dr. Nik Ramlah Mahmood	**Members** Ms. Gloria Goh Ewe Gim Dato' Nor Eni Ismail
Key matters	
Recommended for Board approval: • Draft Governance Disclosures for the Annual Report 2023 and for Publication on the Corporation's Website	Considered by the Governance Committee: • Review of the Corporation's 10-year Governance Approach • Board Succession Plan • Report on results of Board's and Board Committees' performance and Management's Support to the Board in 2023

Governance Committee	
Key matters	
• Review of Conflict of Interest Codes and Codes of Business Conduct and Ethics for Directors and Employees • Review of Policy on Tenure, Retirement and Succession for Non-Ex Officio Directors • Review of Board Profiles • Review of Position Descriptions for Board Members, Chairman of the Board and Board Committees • Appointment of Governance Advisory Firm to conduct Board Evaluation in 2024	• Report on the Governance Committee's Work against the Governance Committee Charter for the Year 2024 • Schedule Planner for 2025 • Board education programme in 2024

Human Capital and Remuneration Committee	
Chairman Dato' Dr. Gan Wee Beng	**Members** Dato Dr. Nik Ramlah Mahmood Mr. Lee Kong Eng
Key matters	
Recommended for Board approval: • Proposed amendments to the Compensation and Benefits Policy • Employees' Salary and Bonus Award Recommendations • CEO's Key Performance Indicators for 2025 • CEO's 2024 Bonus Award	Considered by the Human Capital and Remuneration Committee: • Human Capital Department's Status Report for 2023 including Progress Update on Key Human Capital Initiatives carried out in 2023 and 2024 • Progress Update on Human Capital and Training and Capability Development Strategic Priorities for 2024 – 2026 • Briefing by a Consultant on External Trends and Perspectives relating to Future Talent and the Corporation's Job Evaluation and Development of Salary Grades • Compliance with Human Capital Policies and Legal Requirements • Report on the Corporation's Scholarship Programme • Report on the Human Capital and Remuneration Committee's Work against the Human Capital and Remuneration Committee Charter for the Year 2024 • Report on CEO's Performance against Key Performance Indicators for 2024 • CEO's Report on the Progress of Succession Planning for Key Senior Management

Succession Planning Committee	
Chairman Dato Dr. Nik Ramlah Mahmood	**Members** Ms. Gloria Goh Ewe Gim Dato' Dr. Gan Wee Beng
Key matters	
In 2024, the Succession Planning Committee continued its work in relation to CEO Succession Planning.	

Part II

Our Role and Purpose

Responding to Heart-Stopping Challenges: Why Readiness Matters

As Christian Eriksen slotted in Denmark's opening goal during the UEFA European Championship in 2024, the stadium erupted in a standing ovation – not just for the brilliance of the play, but for his resilience and remarkable comeback.

Just three years earlier, during the 2021 edition of the tournament, Eriksen suffered a near-fatal cardiac arrest, an event that could have ended in tragedy. However, years of foresight by the relevant authorities and the implementation of robust preventive measures ensured a different outcome.

The rapid response from the medical staff was life-saving, highlighting the critical role of established laws and protocols. The European Resuscitation Council guidelines, which emphasise the importance of immediate cardiopulmonary resuscitation (CPR) and the use of Automated External Defibrillators, played a pivotal role in Eriksen's survival. His remarkable return to professional football later that same year stands as a powerful testament to the value of preparation and the systems that silently safeguard lives.

In the financial world, similar principles apply. Deposit insurers like **PIDM ensure that when financial crises occur, there are clear systems in place to protect depositors, as well as takaful certificate and insurance policy owners.** Just as medical protocols are established well in advance to handle emergencies on the field in case they occur, PIDM's work is rooted in proactive prevention measures. While financial institution failures are rare, their consequences can be severe. Through our Deposit Insurance System and Takaful and Insurance Benefits Protection System, PIDM safeguards depositors and owners of takaful certificates and insurance policies, while also taking a forward-looking approach to financial stability.

One key element of these measures is PIDM's risk-based premium and levy systems, which collect funds from our member institutions during business as usual. The amount each institution contributes depends on its risk profile – the better the risk profile, the lower the premium or levy and vice versa. This encourages them to improve their risk management practices, thereby increasing their resilience and preventing failure.

As a resolution authority, PIDM plays a crucial role in managing distressed member institutions in an orderly manner, minimising disruption to the financial system. PIDM's resolution planning initiative ensures that, should a member institution face trouble, we have the tools and strategies to tackle it effectively. By having details of what can or should be done set out in advance, potential disruptions can be mitigated, allowing a swifter response when the time comes – much like how following detailed protocols help medical teams to save lives in an emergency.

PIDM's resolution role is all about readiness. Whether assuming control, restructuring, or managing the orderly liquidation of a troubled member institution, PIDM ensures resolutions are handled as effectively as possible. Just as medical personnel work quickly to stabilise a cardiac arrest victim, PIDM steps in to stabilise the failing member institution – protecting financial consumers, maintaining public confidence, and ensuring financial system stability.

While medical professionals played a crucial role in Eriksen's survival, the actions of others on the field also need to be recognised. Officials and teammates knew how to respond in that critical moment. Notably, the captain of the Danish team was the first to act, using his first aid training to administer CPR – an intervention that helped save Eriksen's life. Similarly, PIDM's readiness efforts extend beyond itself, involving key stakeholders such as regulators, financial institutions, service providers, the media, and the public. By ensuring these players are prepared to collaborate, PIDM strengthens the overall resilience of the financial system.

The importance of established laws and guidelines in protecting lives and livelihoods cannot be overstated. Many lives have been saved in medical emergencies because all those involved were ready to carry out their roles based on the relevant protocols. Likewise, PIDM's protection and resolution frameworks ensure financial consumers have continued access to deposits and coverage on takaful and insurance benefits, so that their daily lives can go on.

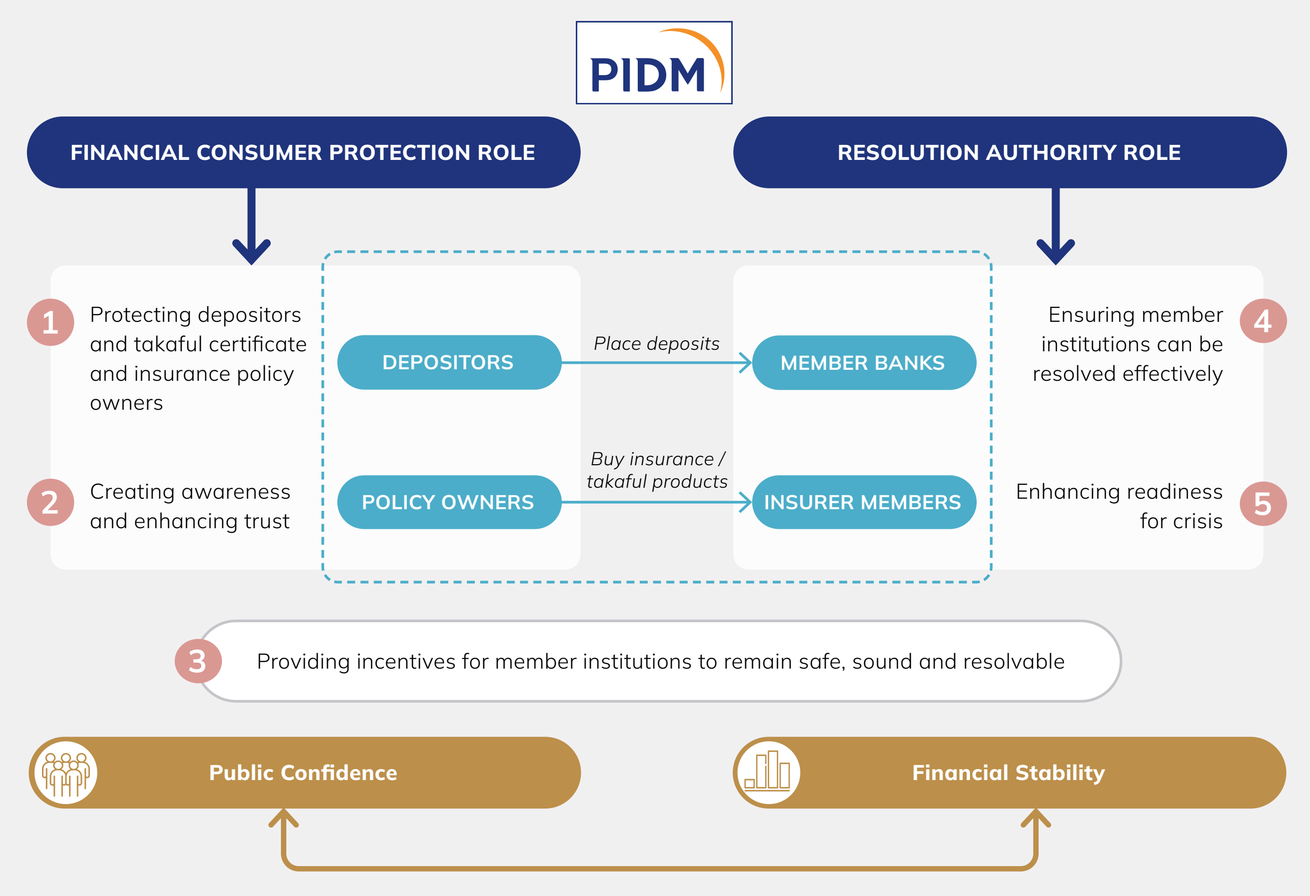
The ovation that greeted Eriksen's return was a rare, public acknowledgment of the power of preparation, yet the systems that protected him – like PIDM's role in financial stability – operate silently and surely in the background. Whether in healthcare or finance, the heart of the matter is straightforward: readiness and timely action make all the difference.

Our Role and Purpose

Safeguarding Stability and Trust

PIDM was established in 2005 under the Malaysia Deposit Insurance Corporation Act (PIDM Act).[1] PIDM is mandated to promote financial stability and uphold public trust and confidence in the Malaysian financial system in our roles as Malaysia's financial consumer protection authority and resolution authority for our member institutions.

How PIDM Promotes Malaysia's Financial System Stability



1 We protect depositors and takaful certificate and insurance policy owners[2]

PIDM protects deposits and takaful and insurance benefits in the event of a member institution's failure. This protection is automatic and free, covering eligible deposits up to RM250,000 per depositor per member bank and eligible takaful and insurance benefits up to RM500,000 per insurer member. These protection limits cover at least 97% of depositors and policy owners in full.

PIDM's protection provides peace of mind, ensuring that depositors and policy owners have continued access to their eligible savings and insurance coverage in the failure of a member institution. This protection fosters public confidence and encourages depositors and policy owners to maintain their deposits, takaful certificates and insurance policies with member institutions, even in uncertain times. Overall, a more stable funding base contributes to financial stability and enhances financial intermediation, which is vital for supporting Malaysian economic growth.

[1] *The Malaysia Deposit Insurance Corporation Act 2005 (as amended by the Malaysia Deposit Insurance Corporation Act 2011)*
[2] *Collectively known as policy owners*

PIDM's Protection for Depositors

Source: PIDM

PIDM's Protection for Policy Owners

Source: PIDM

2 We create awareness and enhance trust among financial consumers

Since establishment, PIDM has focused on building public awareness and understanding of our role as a financial consumer protection authority. Over the last three years, we have achieved a public awareness level of 75% and above. And recently, we have also begun educating the public about our role as a resolution authority.

Public education campaigns by PIDM and disclosures by member institutions of PIDM's protection[3] play a vital role to enhance trust and confidence in the financial system, as more knowledge about deposit insurance protection will encourage individuals to "bank" with confidence, even in uncertain times. This is also consistent with the findings of a Working Paper by the Bank for International Settlements (BIS),[4] which highlights that increased knowledge of deposit insurance reduces the likelihood of panic and bank runs, particularly during times of financial distress.

[3] *Guidelines on Provision of Information on Deposit Insurance for member banks and Guidelines on Provision of Information on Takaful and Insurance Benefits Protection for insurer members*

[4] *BIS Working Papers No.1119, "Keep calm and bank on: panic-driven bank runs and the role of public communication", September 2023*

3 We incentivise our member institutions to remain safe, sound and resolvable

PIDM incentivises member institutions' sound risk management by administering frameworks for premiums and levies: the Differential Premium Systems framework (DPS) for member banks, the Differential Levy Systems framework for insurance companies (DLS) and the Differential Levy Systems framework for takaful operators (DLST).

Premiums and levies are assessed annually, allowing the industry to contribute on an ex-ante basis[5] intended for funding to be available in time of resolution of a member institution. Contributions are determined based on each member institution's risk profile. By fostering a culture of responsibility across the financial sector, PIDM incentivises sound risk management at the institutional level and contributes to overall financial system stability.

In response to changes in the operating environment and regulatory landscape, PIDM has enhanced the DPS framework to provide stronger incentives for the orderly resolution of member banks by incorporating resolvability elements. A similar review of the DLS and DLST is underway. Ultimately, these enhancements aim to bolster the resilience and stability of the financial system.

Enhancement to the DPS Framework

A Risk Differentiation
Safety and Soundness Criteria

- Consider safety and soundness by leveraging on Bank Negara Malaysia's supervisory assessment
- Recognise successful measures taken to address weaknesses in risk management practices and other supervisory concerns
- Minimise duplication within the assessment framework

+

B Resolution-Based Incentive Mechanism
Resolution-Centric Criteria

- Incentivise with resolvability in mind
- Provide incentives for reducing impediments to resolution

Synchronise with resolution planning requirements (2023 onwards)

4 We ensure failing member institutions can be resolved effectively

As a resolution authority, PIDM's role is to resolve a failing member institution promptly and effectively, which will help minimise disruption to financial consumers, preserve financial system stability and avert a potential broader economic crisis. Towards this, our end game is to be "resolution-ready", which is achieved through four key dimensions of readiness – by PIDM, the industry, financial safety net players and the public.[6]

For PIDM readiness, we have a robust resolution framework in place which consists of policies, infrastructure and operational capabilities to enable PIDM to undertake a resolution in a prompt and orderly manner. An integrated reimbursement system is also part of this framework, intended to enable timely reimbursement so that depositors have continued access to their funds in a bank failure and closure.

[5] *Premiums and levies are assessed, and collected from member institutions during business as usual instead of after failure*

[6] *For the public, refer to pages 21 and 22 of this Annual Report*

For industry readiness, resolution planning for PIDM member banks is a key component to ensure that they can support PIDM in a resolution.[7] Resolution planning entails PIDM working closely with member banks to gain a thorough understanding of the important functions and interlinkages in each member bank. Together with the member banks, potential impediments to resolution will be identified and addressed, including building the necessary capabilities (financial, operational and legal) to enable the bank to effectively support PIDM in a resolution. This may include, for example, having a Management Information System (MIS) that is able to generate timely and accurate data to facilitate valuation at resolution. In the area of contracts, resolution planning aims to ensure that key contracts can continue in resolution.

Resolvability is a continuous journey. Impediments, especially structural, will require commitment of time and resources to address, and building the necessary systems and capabilities requires sustained investment and effort. However, the benefits are expected to far outweigh the costs as resolvable member banks are better prepared for crises and are more resilient individually, promoting financial system stability and public confidence.

The 3 Stages of Resolution Planning

Stage 1	**Understand member bank's interlinkages to the financial system** PIDM will work closely with the member banks to identify, among others, the important functions or services offered by the bank, as well as those it depends on, alongside other vital details that are essential to its operations. This understanding supports PIDM in deciding the best way to manage a failure swiftly and effectively
Stage 2	**Identify gaps, improve operational resilience, and ensure the resolution plan can be executed** PIDM will identify and address issues that could impede an effective resolution. Where relevant, member banks may put in place measures and capabilities to mitigate potential risks to ensure that the resolution plan can be executed. Collectively, these works constitute the resolvability assessment
Stage 3	**Maintain readiness by continually testing and improving the resolution plan** PIDM, together with the member bank, will ensure the resolution plan is executable by continually testing and improving the plan

To supplement our work with member institutions on resolution planning, and as part of our continued effort to promote industry readiness, PIDM organises the annual National Resolution Symposium (NRS) which serves as a dedicated platform for industry players and other relevant stakeholders to exchange insights and engage in meaningful discussions in the area of resolution planning.

In 2024, PIDM hosted our inaugural Muzakarah (intellectual discourse) to discuss specific issues on Islamic member institution resolution. In this regard, PIDM continues to collaborate with relevant stakeholders, including Bank Negara Malaysia (BNM) and the Shariah fraternity of the Islamic financial industry to ensure Shariah compliance and to enhance our preparedness in the resolution of a failing Islamic member institution.

[7] *The Resolution Planning Guidelines have been rolled out for member banks. Resolution planning for insurer members will be considered and developed at a later stage*

Key Shariah Considerations in Resolution

Globally, there have been relatively few cases of Islamic bank failures, and many of these cases did not fully address the complex Shariah compliance requirements that have developed over time. PIDM is undertaking efforts to ensure that resolution strategies and operational plans are Shariah-compliant, mitigating potential legal and reputational risks. Key considerations include:

Unique products and services	Islamic member institutions' products and services are characterised by the application of a wide range of Shariah-compliant contracts or concepts. Therefore, it is important to assess how these products and services should be dealt with in a resolution to, among others, safeguard stakeholders' rights and responsibilities.
Mechanism for resolution actions	Conventional resolution mechanisms, e.g. the sale to a third-party acquirer or transfer to a bridge institution, may not be fully applicable for resolving a non-viable Islamic member institution. Although there have been instances of asset and liability transfers in mergers and acquisitions involving Islamic banks, the unique circumstances of a resolution differ significantly from these cases. Therefore, the development of Shariah-compliant mechanisms for Islamic resolution requires careful planning and significant consideration to ensure compliance with Shariah principles.
Shariah governance	Seamless access to Shariah authority for advice on Shariah issues is paramount considering the impact a resolution may have on financial system stability. Additionally, the unique nature of the resolution process requires ongoing monitoring of Shariah compliance throughout its execution.

PIDM will continue to take a proactive and collaborative approach, engaging in various forums to ensure Shariah compliance and enhance readiness for the resolution of a non-viable Islamic member institution. This includes continuing to organise the Muzakarah to provide a platform for participants to discuss and deliberate the development of Shariah-compliant resolution approaches.

5 We enhance readiness for crises

To enhance cooperation and coordination in resolution and crisis management, PIDM also collaborates with other authorities both domestically and internationally.

Within Malaysia, PIDM works closely with the other financial safety net players, BNM and the Ministry of Finance to develop interagency arrangements that ensure crises are managed effectively. This includes the development of an interagency crisis preparedness binder that provides a clear and structured guidance to crisis response. These arrangements are continuously reinforced and tested through joint interagency simulation exercises, focusing on communication, roles and responsibilities and decision-making among agencies, allowing us to identify gaps and improve response strategies, which contribute to a cohesive and timely response during crises.

At the international front, PIDM collaborates with foreign resolution authorities to establish arrangements that facilitate cross-border cooperation and coordination in resolution and crisis management. This includes entering into Memoranda of Understanding (MOUs) for cross-border resolution and participating in crisis management groups (CMGs) of our member institutions. PIDM also participates in regional cross-border simulation exercises to enhance our preparedness, strengthen coordination and test our frameworks in realistic scenarios.

Ensuring Readiness in a Changing Financial Landscape

Recognising the evolving financial landscape, PIDM remains agile by continuously reassessing past approaches and refining our frameworks and processes. Moving forward, PIDM will focus on continuously testing our processes to ensure they remain relevant and effective. By proactively evaluating and refining our policies and frameworks, PIDM stays well-prepared to address emerging risks and promote financial stability.

Looking ahead, the continued growth in the Malaysian economy should be conducive to the operating environment of our member institutions. The outlook remains subject to heightened uncertainty arising from ongoing geopolitical tensions and shifting global fiscal, monetary and trade policy priorities. Such uncertainty may result in greater financial market volatility that may present challenges to member institutions' investment yields and treasury income. Other key challenges on our radar for member banks include risk of inflationary pressures, credit risk from vulnerable borrowers and funding cost pressure from deposit competition. For insurer members, we continue to closely monitor business growth prospects amid rising claims pressure, concerns over affordability and changing consumer expectations.

Nevertheless, member institutions remain resilient and supportive of financial intermediation activities, given their solid fundamentals and ample buffers. Our stress tests conclude that member institutions remain resilient under the simulated severe macroeconomic, credit, market and liquidity shocks. The resolution planning and crisis preparedness initiatives will further enhance operational resolution readiness in preparation for any such eventuality or a financial crisis.

Robust Resolution Planning and Crisis Preparedness Promotes Resilient Member Institutions

Our member institutions remained resilient to withstand shocks and support financial intermediation activities even during periods of heightened volatility during the year amid global developments.

Member Banks

Net Impaired Loans Ratio	Loan Loss Reserves Coverage Ratio	Return on Risk-Weighted Assets
0.9% (2023: 1.1%)	129.0% (2023: 119.4%)	2.60% (2023: 2.47%)
Liquidity Coverage Ratio (LCR)	**Net Stable Funding Ratio (NSFR)**	**Common Equity Tier 1 (CET 1) Capital Ratio**
160.7% (2023: 161.0%)	116.1% (2023: 118.0%)	14.3% (2023: 15.4%)

- Member banks recorded better loan growth
- Asset quality remained sound and proactively managed with conservative provisioning practices in place
- Manageable market risk during periods of heightened financial market volatility
- Earnings improved supported by both interest income and trading and investment income
- Healthy funding position to support financial intermediation, with LCR and NSFR remaining above 100%
- Strong capital and liquidity position supports member banks' loss-absorbing capacity

Source: PIDM, BNM

Insurer Members

Life Insurance and Family Takaful	Net Premium Growth	Net Policy Benefits Growth	Total Assets Growth	Capital Adequacy Ratio
	7.8% (2023: 3.5%)	10.4% (2023: 16.9%)	8.7% (2023: 7.0%)	216.2% (2023: 212.6%)
General Insurance and General Takaful	**Gross Premium Growth**	**Net Claims Paid Growth**	**Total Assets Growth**	**Capital Adequacy Ratio**
	7.1% (2023: 10.2%)	9.6% (2023: 13.4%)	5.5% (2023: 7.2%)	248.3% (2023: 253.4%)

- Premium growth remains positive but lags behind rising cost of claims, pressuring underwriting income
- Strong investment performance helped mitigate underwriting challenges, cushioning overall financial results
- Total assets grew in line with improved performance in financial markets
- Sound capital position to sustain new business growth and withstand potential shocks

Source: PIDM, BNM

Part III

Our Plan and Performance

Our Plan

Since our establishment in 2005, PIDM has built on solid foundations to ensure that in a constantly changing environment we are always ready to protect financial consumers and contribute to financial system stability. Our emphasis over the years has evolved towards responding to changes in the operating environment while driving organisational focus to effectively fulfil PIDM's purpose and achieve our key outcomes as a financial consumer protection and resolution authority.

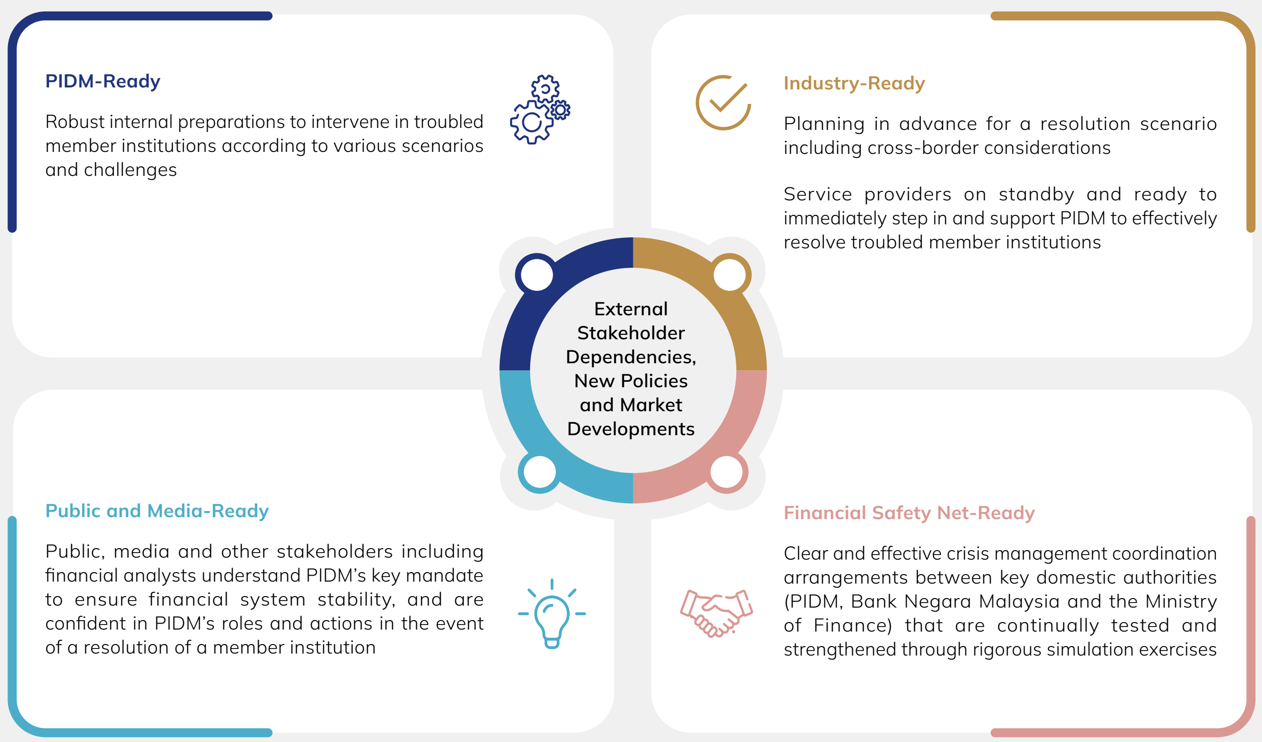
To this end, PIDM adopts a robust strategic and corporate planning process which considers assessments of the operating environment, key stakeholders that we need to manage and key risks affecting us, as well as the strategies to address them. Our planning process also considers the resources or capital required, which consist of our human capital, social and relationship capital, financial capital, intellectual capital and manufactured capital. Following these assessments, PIDM then articulates the material matters that require our attention.[1]

PIDM publishes a three-year corporate plan that sets out our strategic focus and key result areas (KRAs), as well as the corporate initiatives for the three-year planning period. Annually, we set out our corporate initiatives, performance targets and the required budget to support both the carrying out of these initiatives and the execution of our daily operations.

Our Corporate Plan 2023 – 2025

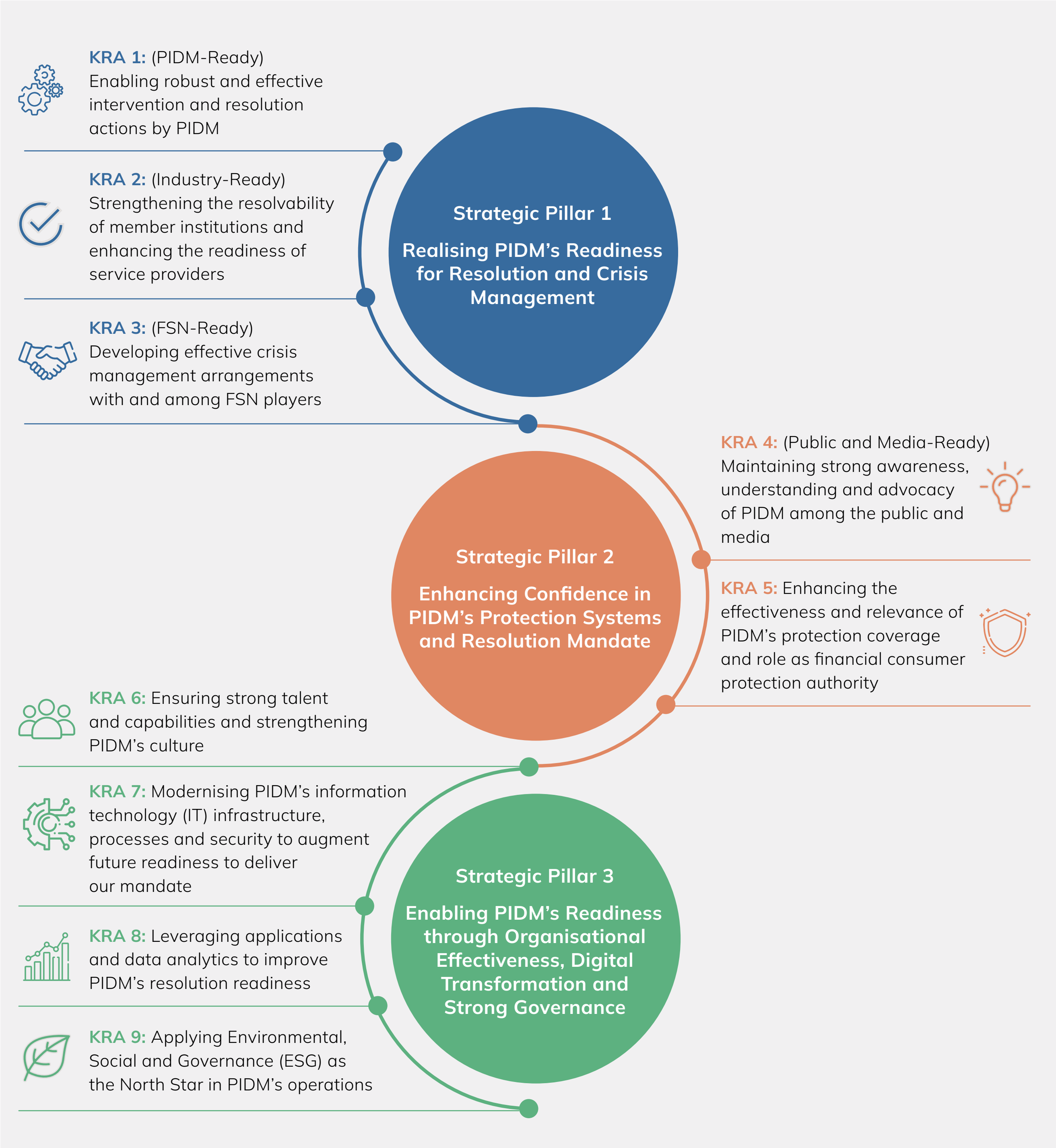
PIDM's Corporate Plan 2023 – 2025, themed "Realising Readiness", reflects our strategic intent to intensify our focus on resolution readiness. This is to be accomplished by enhancing our internal preparedness, as well as increasing the readiness of our external stakeholders, including financial safety net (FSN) players, service providers, member institutions, the media and public at large, in supporting the effective resolution of our member institutions. The alignment of our key stakeholders in achieving our strategic objective of resolution readiness is illustrated in the diagram below.

Realising Readiness – PIDM's Internal and External-Collaborative Stakeholders Readiness



[1] *Refer to Risks and Material Matters which can be found at www.pidm.gov.my. A description of our capital and how the different types of capital are interlinked and translated to achieve our mandate can also be found here*

We then set out our material matters, which have been articulated into nine KRAs and organised under three strategic pillars, as depicted below.



2024 in Focus

2024 represents the halfway mark of our three-year Corporate Plan 2023 – 2025. The KRAs that have been set out in the plan are designed to deepen PIDM's focus on resolution readiness, ensure our financial consumer protection systems remain effective, and ensure that our role as resolution authority for member institutions is well understood by stakeholders. These targeted strategic outcomes are supported by strong talent and capabilities, continuous implementation of digital transformation, including robust cybersecurity, as well as effective governance and operations.

Our key focus areas in 2024 are summarised below.

Strategic Pillars	Key Result Areas	Key Focus Areas in 2024
Realising PIDM's Readiness for Resolution and Crisis Management	**KRA 1:** (PIDM-Ready) – Enabling robust and effective intervention and resolution actions by PIDM	• Enhancing Shariah resolution and governance • Continuing our crisis preparedness efforts
	KRA 2: (Industry-Ready) – Strengthening the resolvability of member institutions and enhancing the readiness of service providers	• Furthering our resolution planning agenda • Enhancing resolvability incentives
	KRA 3: (FSN-Ready) – Developing effective crisis management arrangements with and among FSN players	• Strengthening interagency coordination
Enhancing Confidence in PIDM's Protection Systems and Resolution Mandate	**KRA 4:** (Public and Media-Ready) – Maintaining strong awareness, understanding and advocacy of PIDM among the public and media	• Increasing public awareness via financial literacy efforts • Enhancing engagement with the media
	KRA 5: Enhancing the effectiveness and relevance of PIDM's protection coverage and role as financial consumer protection authority	• Continuing the review and benchmarking of our protection coverage with other jurisdictions
Enabling PIDM's Readiness through Organisational Effectiveness, Digital Transformation and Strong Governance	**KRA 6:** Ensuring strong talent and capabilities and strengthening PIDM's culture	• Upskilling and reskilling • Continuing employee engagement
	KRA 7: Modernising PIDM's IT infrastructure, processes and security to augment future readiness to deliver our mandate	• Continuing our digital transformation journey • Continuing to enhance our cyber resilience
	KRA 8: Leveraging applications and data analytics to improve PIDM's resolution readiness	• Furthering our data analytics agenda
	KRA 9: Applying ESG as the North Star in PIDM's operations	• Continuing to enhance our governance agenda • Building a culture of sustainability

Our Performance in 2024

In 2024, we implemented our strategic plans within the approved budget and made significant strides as we advanced closer to our targeted outcomes for realising readiness. Our key achievements in 2024 are highlighted below.

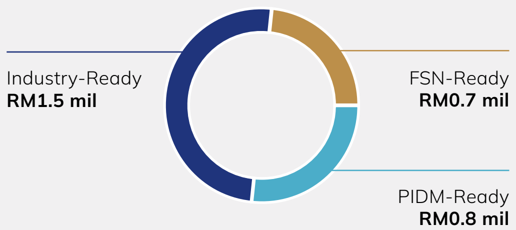
Strategic Pillar 1: Realising PIDM's Readiness for Resolution and Crisis Management

Intensify and deepen PIDM's capabilities to intervene and execute the resolution of member institutions by further enhancing PIDM's resolution readiness, as well as preparing key external stakeholders to be ready for action and effectively support the practical implementation of PIDM's resolution strategies in a situation of crisis. Strategic Pillar 1 is supported by three KRAs.

Key initiatives contributing to the costs of Strategic Pillar 1

- National Resolution Symposium (NRS) and resolution planning initiative
- Interagency crisis preparedness binder
- Resolvability Assessment Framework
- Preparations for a comprehensive simulation exercise to be conducted in 2025
- Regional discussions with foreign resolution authorities and cross-border work
- Inaugural Muzakarah event

Strategic Pillar 1: RM3.0 mil



Enhancements to Capital: Human capital | Intellectual capital | Manufactured capital | Social and relationship capital

KRA 1: (PIDM-Ready) Enabling robust and effective intervention and resolution actions by PIDM

Readiness is key in enabling robust and effective actions as we continue with the momentum to enhance our policies, systems and capabilities to prepare for resolution of troubled member institutions.

Crisis preparedness. We further strengthened our work on forward-looking risk assessments and intervention monitoring of member institutions, coupled with effective and timely macroeconomic and industry assessments. We also continued to test our processes, procedures and systems during non-crisis times to heighten our readiness to undertake orderly and effective resolutions, as part of our preparation for a comprehensive simulation exercise to be conducted in 2025.

Reflecting on the lessons learned from our past simulation exercises and the recent US banking crisis, we have enhanced our coordination arrangements in dealing with troubled member institutions with a key financial safety net player. This includes having an enhanced and clear set of criteria or triggers for authorities to initiate or undertake timely intervention and resolution actions, a graduated approach in the implementation and coordination of subsequent actions after the invocation of the triggers, and an extended intervention toolkit which provides greater flexibility for authorities to decide on appropriate actions to deal with troubled member institutions.

Shariah resolution. A key focus in 2024 is to elevate PIDM's agenda on Shariah considerations for resolution. We organised the inaugural Muzakarah (intellectual discourse) themed "Transfer Mechanisms for Islamic Banks' Business, Assets and Liabilities". The session was attended mainly by members of the banking industry's Shariah fraternity, aimed at identifying and addressing challenges for the orderly resolution of Islamic banks. It provided a platform for participants to discuss and deliberate the development of Shariah-compliant resolution approaches, in particular for transfer mechanisms. Moving forward, discussions with the Shariah fraternity on the topic of resolution will continue as we strive to lead the narrative and conversation on Shariah aspects of resolution.

KRA 2: (Industry-Ready) Strengthening the resolvability of member institutions and enhancing the readiness of service providers

The industry is envisaged to work with PIDM to ensure that adequate capability, capacity and governance arrangements are put in place to support PIDM during intervention and resolution events.

Resolution planning agenda. We successfully shaped the narrative around resolution through the hosting of the second NRS themed "Building Collaborative Resolvability: From Policy to Practice". The symposium brought together 450 participants, including local and international experts, speakers and senior management leaders from financial institutions. As a platform, the NRS 2024 achieved its objective of bringing PIDM's stakeholders together to exchange valuable insights, real-world experiences and lessons learned on managing financial institutions' crises towards the practical implementation of crisis preparedness, particularly on the orderly resolution of member institutions in a failure event. We look forward to more thought-provoking discussions and greater collaboration with our stakeholders at the next symposium in 2025.

We also hosted a meeting with relevant stakeholders as part of our continuous efforts to strengthen cross-border cooperation on resolution planning. The meeting, which involved participants from foreign supervisory and resolution authorities, discussed the development and implementation of resolution planning in different jurisdictions, challenges arising from cross-border interlinkages and potential areas for future collaboration.

Resolvability incentives. We issued the Guidelines on the Differential Premium Systems (DPS) Framework for Deposit-Taking Members to support the operationalisation of the revised DPS framework, as gazetted in 2023. The revised DPS framework aims to provide a holistic and robust assessment of a member bank's risk profile, as well as to incentivise aspects of resolvability through the introduction of resolution-centric criteria. Resolvability of member banks supports the swift and effective resolution of failing banks during critical times. The revised DPS framework will come into effect in 2025 after a two-year transition period following its gazetting.

KRA 3: (FSN-Ready) Developing effective crisis management arrangements with and among FSN players

At PIDM, crisis preparedness is an ongoing business. In good times, we foster strong and collaborative working relationships with financial safety net players to ensure coordinated arrangements during crisis.

Interagency coordination. We completed the development of an interagency crisis preparedness binder detailing the coordination arrangements among relevant agencies during a crisis event, which serves as essential enablers for PIDM's crisis preparedness. The development of the binder, through multiple engagements and discussions, has also paved the way for better coordination and planning for a comprehensive interagency crisis simulation.

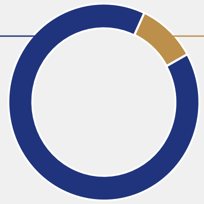
Strategic Pillar 2: Enhancing Confidence in PIDM's Protection Systems and Resolution Mandate

Amplify PIDM's public awareness approach by leveraging on the theme of financial literacy and optimising the usage of PIDM's digital communication channels to promote PIDM's roles as both a financial consumer protection authority and national resolution authority for PIDM's member institutions. Strategic Pillar 2 is supported by two KRAs.

Key initiatives contributing to the costs of Strategic Pillar 2

- Social media and digital advertising
- Sedia Payung Kewangan (SPK) campaign and East Malaysia outreach
- Study visits, hosting and participation in bilateral and multilateral international fora
- Media engagement and developing new narratives relating to resolution

Strategic Pillar 2: RM4.0 mil



Enhancements to Capital | Human capital | Intellectual capital | Social and relationship capital

KRA 4: (Public and Media-Ready) Maintaining strong awareness, understanding and advocacy of PIDM among the public and media

Trust and confidence contribute to PIDM's readiness. It is important for the public and media to have adequate knowledge of PIDM's mandate and roles, particularly as a resolution authority.

Public awareness and advocacy. With financial literacy content as the anchor, we continued to reach out to the public primarily through our SPK campaign and utilising digital and social media platforms as the main communication tools. We also continued to collaborate closely with the Financial Education Network (FEN) to optimise effort and resources in supporting the national financial literacy agenda, while maximising access and reach to a larger target audience.

We carried out an annual nationwide public awareness survey through an independent research agency to measure the effectiveness and success of our public awareness initiatives. The survey in 2024 was conducted with a larger sample size of 3,000 respondents, and measured among others the levels of public awareness and advocacy of the public on PIDM. For 2024, we maintained our public awareness level at the targeted 75% and an advocacy level of 56%, higher than the target of 50%.

East Malaysia outreach. After a successful outreach in Sabah in 2023, we expanded our outreach programme in 2024 to Sarawak in collaboration with several FEN partners. We held engagements with the Kuching regional offices of Bank Negara Malaysia, the Employees Provident Fund, Agensi Kaunseling dan Pengurusan Kredit, and the Sarawak Federal Treasury. We also organised the Financial Fitness (FinFit) Challenge (East Malaysia edition) for higher learning institutions, with the challenge finale held at FEN's Karnival Celik Kewangan in Kuching.

Media engagement. We conducted a series of meetings and engagements with media editors to explain our narrative as the resolution authority for our member institutions in our efforts towards achieving a more media-ready state. These engagements were capped off with the presence of media representatives at the NRS 2024, and a media roundtable session.

KRA 5: Enhancing the effectiveness and relevance of PIDM's protection coverage and role as financial consumer protection authority

Continuous review and benchmarking exercises on the adequacy and relevance of PIDM's protection coverage are important for PIDM to remain effective.

Improving key outcomes. We performed continuous review and benchmarking with other jurisdictions via our strong international relations to leverage on new policy insights for improving the effectiveness of PIDM's key outcomes. In 2024, PIDM was elected as the Vice-Chairperson for the Asia-Pacific Regional Committee for a three-year term, as well as a member of the International Association of Deposit Insurers' Policy Council Committee. These leadership positions provide opportunities for PIDM to be involved in the policy formulation agenda.

We continued to play an active role in bilateral and multilateral fora, contributing to the global and regional discourse and leveraging on knowledge exchange on the topics of deposit insurance, insurance guarantee schemes, resolution and crisis management. We also commenced our first secondment programme with our Indonesian counterpart to gain further insights and experiences in the areas of banking intervention and resolution and insurance guarantee schemes.

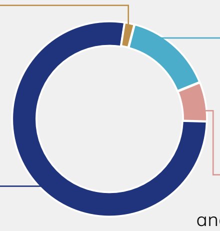
Strategic Pillar 3: Enabling PIDM's Readiness through Organisational Effectiveness, Digital Transformation and Strong Governance

Build a solid foundation for change by inculcating the fundamentals of a digital and sustainability culture among employees and to equip them with future-ready skills, using data analytics for better decision-making, re-engineering core operational processes and technological infrastructure, and modernising our system applications with strengthened security while maintaining strong governance and effective operations. Strategic Pillar 3 is supported by four KRAs.

Key initiatives contributing to the costs of Strategic Pillar 3

- Technology infrastructure and system applications modernisation programme
- Grant to FIDE FORUM
- PIDM Undergraduate Scholarship Programme and sustainability initiatives
- Cybersecurity initiatives
- Internal Conference as well as Risk and Internal Control roundtable with FSN players

Strategic Pillar 3: RM6.1 mil



Refer to the Summary of Financial Performance in this section for our human capital management expenses and capital expenditures

Enhancements to Capital — Human capital | Intellectual capital | Manufactured capital | Social and relationship capital

KRA 6: Ensuring strong talent and capabilities and strengthening PIDM's culture

A competent workforce as well as a strong and agile work culture are crucial for PIDM, particularly in the fast-evolving digital operating environment. By effectively engaging employees and equipping them with new skills while embedding a culture centred on digital innovation and sustainability, our employees will be well prepared to tackle future challenges and continue meeting PIDM's strategic objectives.

Upskilling and reskilling. We continued with the implementation of the enhanced learning and development framework to equip our employees particularly on digital skills, resolution related competencies as well as leadership competencies. We also launched an online learning series on enhanced features and functionalities of cloud productivity platforms such as Microsoft 365 (M365), with the aim of reinforcing a more collaborative and effective work culture. The second batch of our Resolution Trainees have also graduated, adding to our resolution talent pool.

Employee engagement. We continued to strengthen our organisation culture via employee engagement programmes including quarterly town hall sessions, team building, safety and awareness day, health and wellness talks, corporate-wide awareness trainings, as well as various events organised by PIDM's Kelab Sukan, Rekreasi dan Kebajikan.

Engagement with Ministry of Finance community. In 2024, we co-organised[2] the 46th Pesta Sukan Kementerian Kewangan for 13 agencies under the Ministry of Finance. The theme "Sukan Lestari Membentuk Madani" emphasised sustainability and relationship-building through sports. This event provided us with the opportunity to come together, strengthen our bonds and celebrate the spirit of teamwork, while fostering unity and collaboration with other agencies.

KRA 7: Modernising PIDM's IT infrastructure, processes and security to augment future readiness to deliver our mandate

The strategic aim is to have future-ready technological infrastructure in place, leveraging on cloud technology to achieve greater operational efficiencies, as well as effective collaboration and engagement among employees, underpinned by strong and modern cybersecurity standards.

Cybersecurity. In 2024, we achieved the ISO/IEC 27001:2022 certification, a transition from the previous 2013 standards. This is the culmination of our continuous efforts to enhance cyber resilience as PIDM was also recognised by CyberSecurity Malaysia for compliance with the Information Security Management System (ISMS) standards. The recognition of compliance with this standard indicates that PIDM, as an organisation, has successfully benchmarked and aligned our operations against globally accepted and recognised best practices pertaining to information security management system. We also continued to strengthen our cybersecurity with an annual cyber drill exercise as well as the implementation of cutting-edge cybersecurity controls in support of our digital transformation journey.

Modernisation of technological infrastructure and applications. We continued to advance on the implementation of various cloud-based modernisation initiatives with cybersecurity solution and controls in place, acting as a catalyst for primary security controls in safeguarding our data. In 2024, we have enhanced employee experience as well as collaboration across PIDM through the implementation of M365 and the rollout of our new human capital management system. These new technologies have also paved the way to strengthen back-room operations and provide better analytics capability. We also relocated our Disaster Recovery Centre from an on-premises infrastructure to a co-location facility – a pivotal shift in our approach to leverage on scalable, managed solutions aligned with our cloud adoption journey.

KRA 8: Leveraging applications and data analytics to improve PIDM's resolution readiness

Robust data analytics and strong foundation in data policy and governance are crucial in improving PIDM's strategy formulation and decision making.

Data analytics agenda. We commenced the implementation of Platform-as-a-Service (PaaS) for our risk assessment and resolution-related corporate systems. The adoption of PaaS will enhance data fusion and collaboration, as well as streamline intersystem integration. We have also established a specific function that spearheads data governance and management initiatives, as well as developed a data governance and management framework, to enhance data capabilities and foster operational excellence.

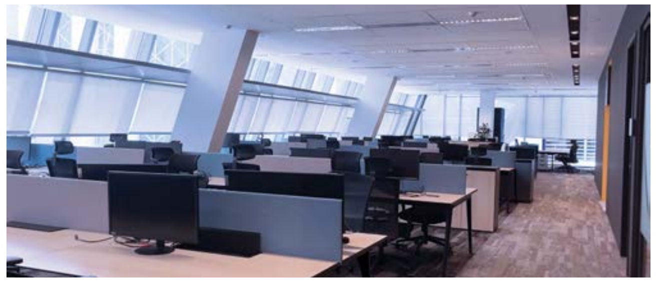
[2] With Bursa Malaysia and Lembaga Pembiayaan Perumahan Sektor Awam

KRA 9: Applying ESG as the North Star in PIDM's operations

Maintaining high governance standards has always been of high priority to PIDM. This is in line with the Government's focus on strengthening governance in the public sector.

Culture building and networking. We organised an inaugural Internal Conference attended by all employees and Board of Directors on governance-related topics focusing on ethics and corruption, cybersecurity and Shariah governance. We also organised roundtable discussions which brought together risk and internal audit practitioners from other financial safety net players to share practical insights and experiences on latest developments in risks and controls relating to cybersecurity and artificial intelligence.

Sustainability under one roof. In 2024, we relocated our operations to one location at AICB Building. This move has led to better cost efficiencies with a reduction of 40% floor space from our previous office premise. In enhancing our ESG credentials, the office renovation utilised environmentally sustainable materials. Operating from a green building also reduces our overall carbon footprint from an energy usage perspective.



Corporate Social Responsibility. We continued with our PIDM Undergraduate Scholarship Programme which reached a milestone of 15 years in supporting deserving Malaysian students who require financial assistance to pursue their tertiary education in local universities. In 2024 we awarded the scholarships to another 20 students, making it a total of 248 students who have been sponsored under this programme since its establishment.

Summary Of Financial Performance

At a Glance

Total Income	Comprehensive Income
RM878.2 million *2023: RM842.4 million* *Projection 2024: RM877.0 million*	**RM757.9 million** *2023: RM730.6 million* *Projection 2024: RM748.3 million*
Total Expenses	**Protection Funds**
RM119.8 million *2023: RM111.6 million* *Budget 2024: RM128.7 million*	**RM7,355.9 million** *2023: RM6,598.1 million* *Projection 2024: RM7,341.0 million*

PIDM's total comprehensive income of RM757.9 million was allocated directly to our Protection Funds, contributing to an 11.5% growth, bringing the total Protection Funds to RM7,355.9 million. Throughout the year, we remained aligned with the budget as set out in our Corporate Plan.

Total Income

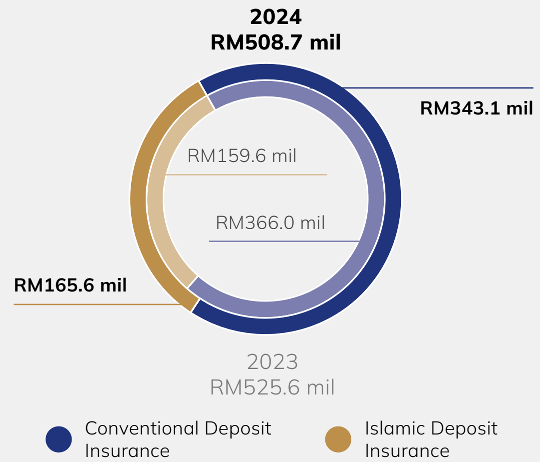
Premium and levy revenues

PIDM collects premiums from member banks and levies from insurer members annually, based on their risk profiles under the Differential Premium Systems (DPS) framework for member banks, the Differential Levy Systems framework for insurance companies (DLS) and the Differential Levy Systems framework for takaful operators (DLST).

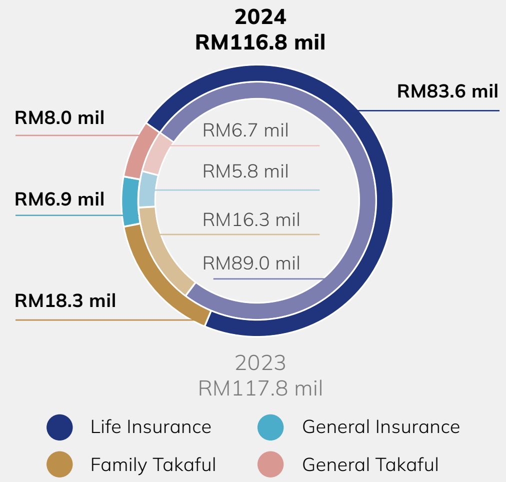
The annual premiums paid by member banks are calculated based on Total Insured Deposits as at 31 December of the preceding assessment year, while the annual levies collected from insurer members are calculated based on Actuarial Valuation Liabilities and net premiums and contributions.

Total premium and levy revenues collected for the year were RM625.5 million (2023: RM643.4 million). The lower revenues were primarily attributable to improvements in several member institutions' premium or levy categories.

Deposit Insurance Funds - Premium Revenues



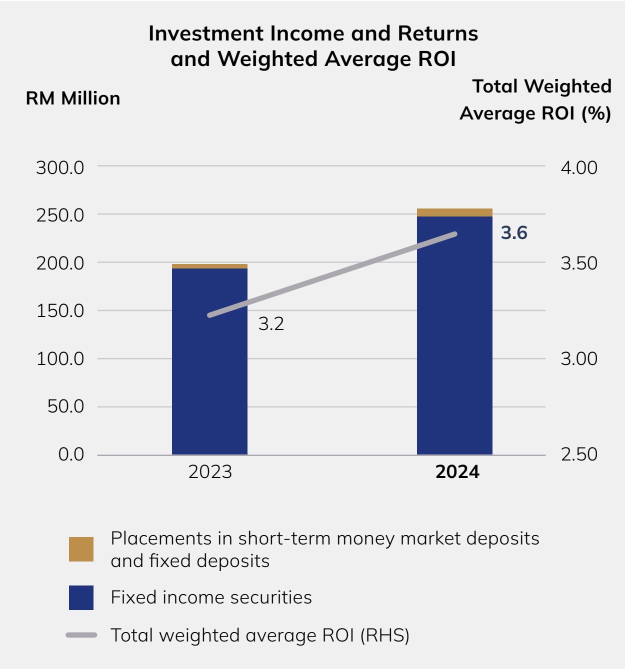
Takaful and Insurance Benefits Protection Funds - Levy Revenues

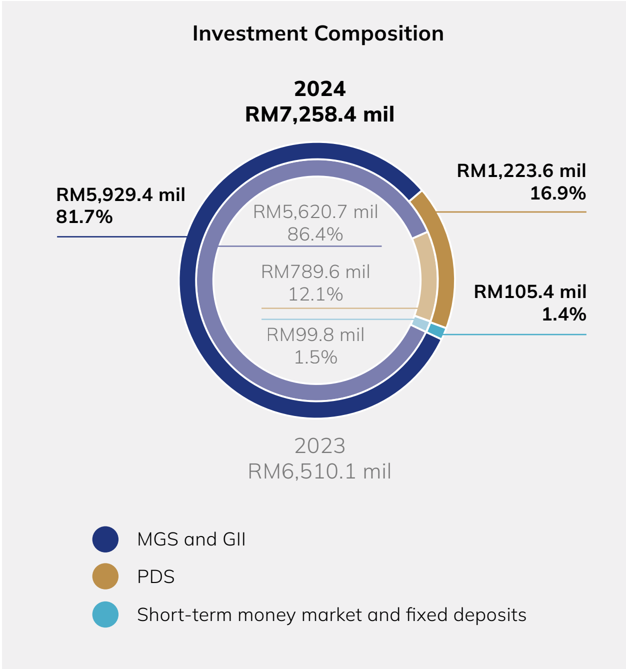


Investment income and returns

In line with PIDM's Investment Policy, the primary source of investment income and returns is from our fixed-income investment portfolio consisting of Malaysian Government Securities (MGS) and Government Investment Issues (GII), and high-grade investment securities, namely selected Private Debt Securities (PDS) of AAA rating issued by Government-related entities.

Investment income and returns for 2024 continued to grow steadily by 27.0% year-on-year amounting to RM252.6 million. Apart from the increase in the investable funds, the increase in investment income was primarily attributed to the continued strategy of investing in longer maturities, optimising the approved limit for AAA-rated PDS and our ongoing efforts to diversify and improve sources of money market placements and rates. The total weighted average return on investments (ROI) for the fixed-income investment portfolio and placements improved further to 3.6%, up from 3.2% in the previous year.

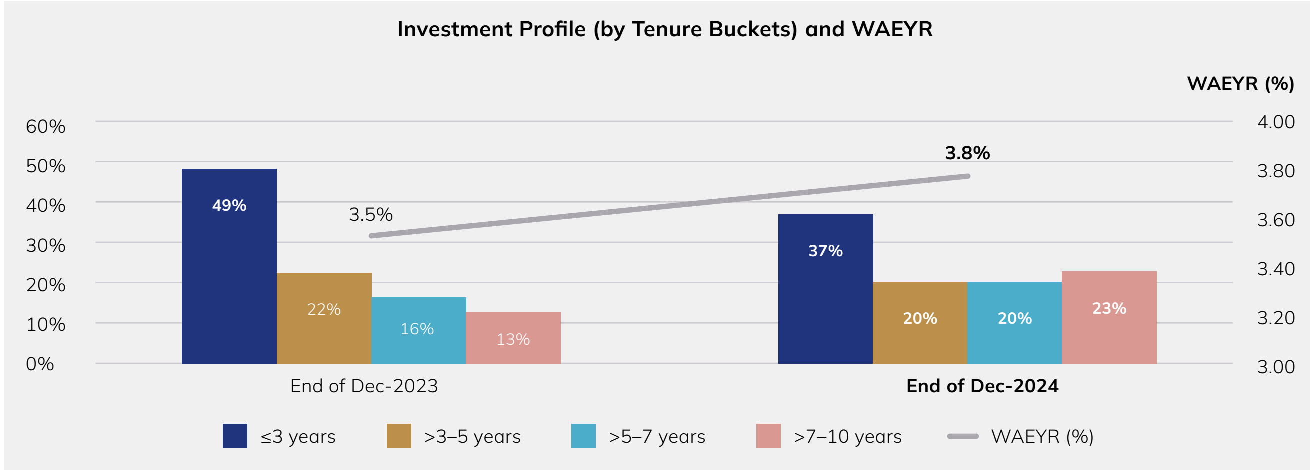




Enhancements to Capital | Financial capital

Investment portfolio as at 31 December 2024

As at end of December 2024, 63.0% of the investment portfolio had been allocated to securities with maturities exceeding three years as compared to 51.0% in the previous year. This strategic shift has resulted in a longer overall portfolio duration, which has risen to 3.7 years at the end of 2024, compared to 3.2 years at the end of 2023. This increased allocation has positively impacted the portfolio's performance. As a result, the average yield of the investment portfolio rose, with the Weighted Average Effective Yield and Return (WAEYR) increasing from 3.5% at the end of 2023 to 3.8% at the end of 2024.



Total Expenses

The operating expenses in 2024 of RM119.8 million had increased by 7.3% compared to RM111.6 million in 2023. Human capital-related expenses remain the predominant expenses, representing 68.5% (2023: 69.8%), followed by operations and administrative expenses at 20.6% (2023: 20.3%) and initiatives-related expenses at 10.9% (2023: 9.9%).

Against the budget, our total operating expenses were RM8.9 million or 6.9% lower, primarily attributed to lower human capital management and initiatives-related expenses.

Human capital management expenses

The human capital expenses, which are encapsulated within Strategic Pillar 3, remain the primary cost driver of PIDM's operating expenses. As of the end of 2024, our workforce remained stable at 201 employees (2023: 205).

Total human capital management expenses were below the budgeted RM85.5 million, primarily due to the timing of new hires recruitment and lower spend on employees' training and capability development as well as engagement initiatives.

Operations and administrative expenses

In 2024, PIDM made significant progress in transforming our operational and administrative structure. A key milestone was the consolidation of our operations to a single office at the AICB Building with reduced floor space while maintaining a hybrid work model.

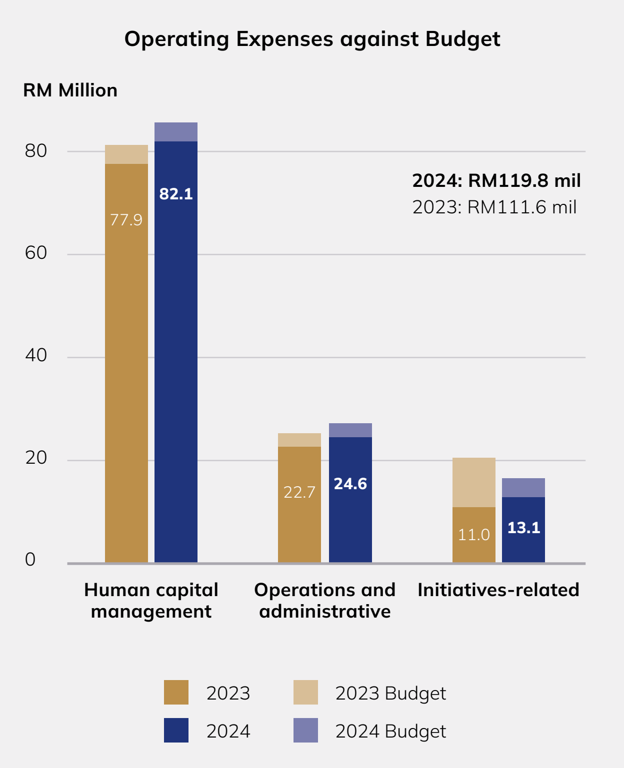
The operational and administrative expenses rose by RM1.9 million, or 8.4%, primarily driven by the additional lease rental for the AICB Building. Despite the short-term increment, we are optimistic that the office space rationalisation initiative will deliver substantial cost savings by 2025. Higher expenses in 2024 were also contributed by the increase in IT systems licenses and maintenance, and telecommunications expenses, attributed to the replacement of the PIDM's aging laptops to enhance operational efficiency and better support employee productivity.

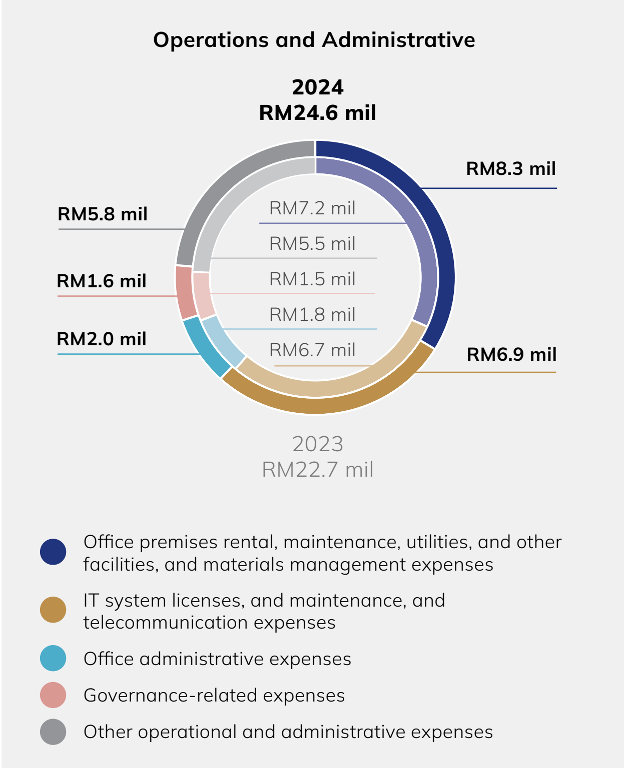
Initiatives-related expenses

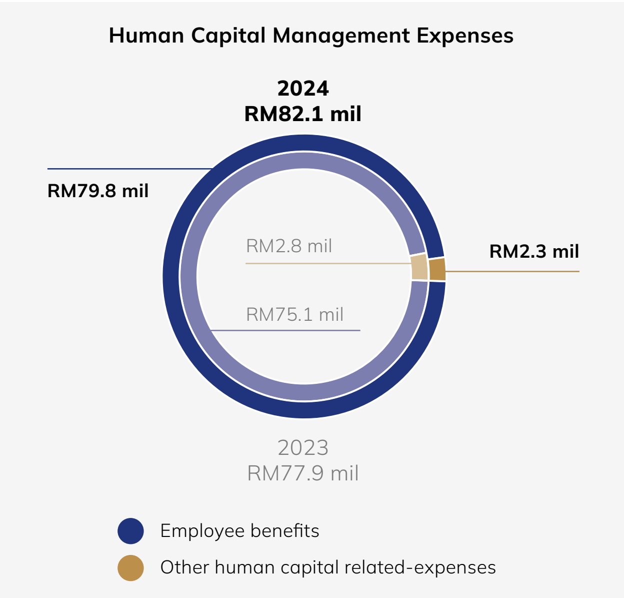
These initiatives-related expenses support the implementation of corporate initiatives in line with PIDM's strategic pillars and KRAs planned for 2024 in the Corporate Plan.

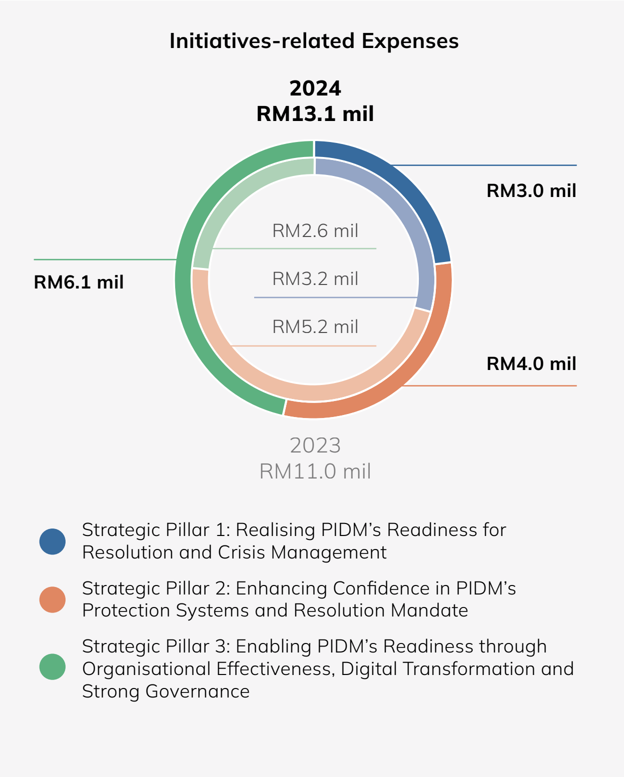
These expenses primarily encompassed strategic investments in resolution planning initiative, simulation, public awareness and technology advancements.

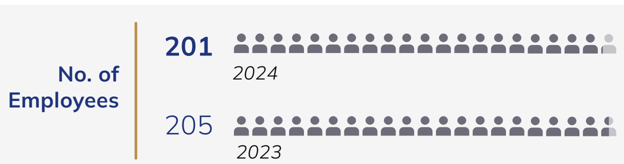
Expenses - Overall and by Category









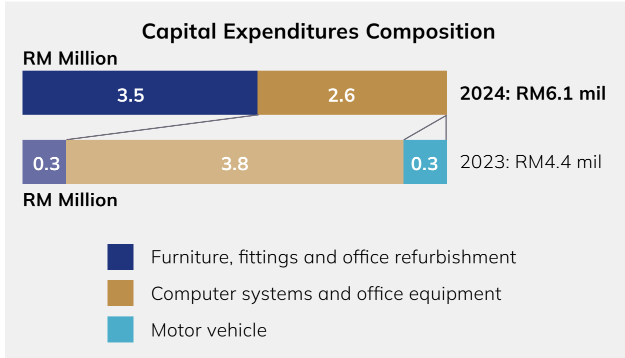


Enhancements to Capital: Human capital | Intellectual capital | Manufactured capital | Social and relationship capital

Capital Expenditures

As at 31 December 2024, we contracted RM6.1 million capital expenditures, representing 91.0% of the capital budget for 2024 of RM6.7 million.

Most of these expenditures were directed towards building applications and data analytics for resolution readiness, alongside investments in cloud technology and the refreshed operational infrastructure. Additionally, we started operating from a new office setup in October 2024.



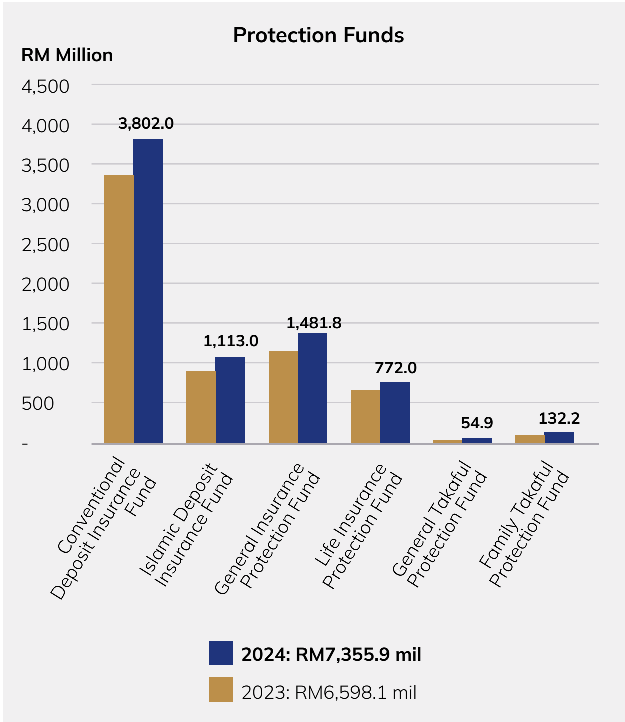
Enhancements to Capital: Human capital | Intellectual capital | Manufactured capital | Social and relationship capital

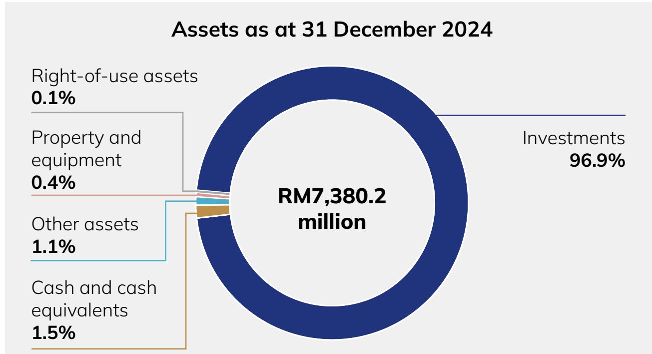
Financial Position

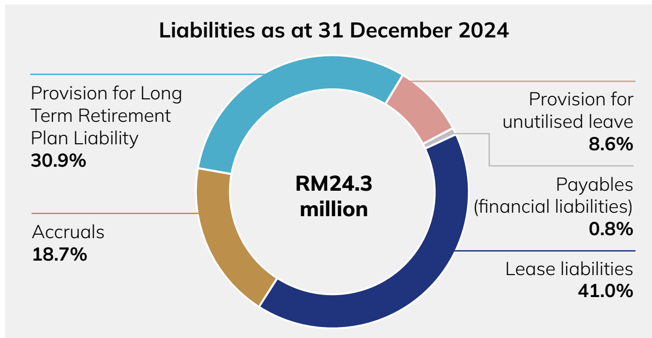
Total Protection Funds as at 31 December 2024 amounted to RM7,355.9 million, supported by total assets of RM7,380.2 million and net of liabilities of RM24.3 million.

Our assets remained liquid, with financial assets comprising cash, cash equivalents, investments as well as investment income receivables. These financial assets stood at RM7,334.7 million, representing 99.4% of the total assets as at 31 December 2024. The remaining non-financial assets are mainly related to property and equipment, which amounted to RM32.2 million, as well as RM9.0 million of right-of-use assets mainly for the lease of the office space.

Liabilities for the year primarily consisted of payables and lease obligations, with 59.0% attributed to payables. These payables were predominantly non-financial liabilities, which included expenses related to ongoing initiatives, operations associated with goods and services acquired, as well as provisions for unutilised leave and the PIDM's Long-Term Retirement Plan. Lease liabilities were related to office buildings and office equipment leases.



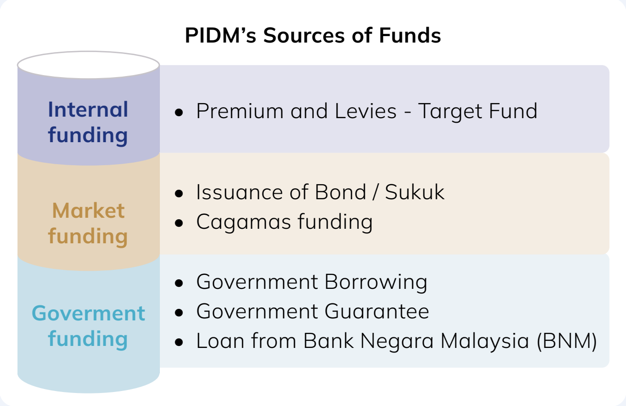




Details of the items within the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be found in the Financial Statement section in Part IV of this report.

PIDM's Sources of Funds

PIDM is funded primarily by our internal funds, which mainly consists of the premiums and levies collected ex-ante annually from our member institutions and accumulated as reserves in the Protection Funds. Additionally, PIDM may raise funds externally for liquidity funding, which includes funds sourced from the capital market and the Government, if the need arises. PIDM's funding framework is aimed at easing the burden on the Government and minimising the use of taxpayers' monies to resolve troubled or failed member institutions. The framework is illustrated in the diagram.



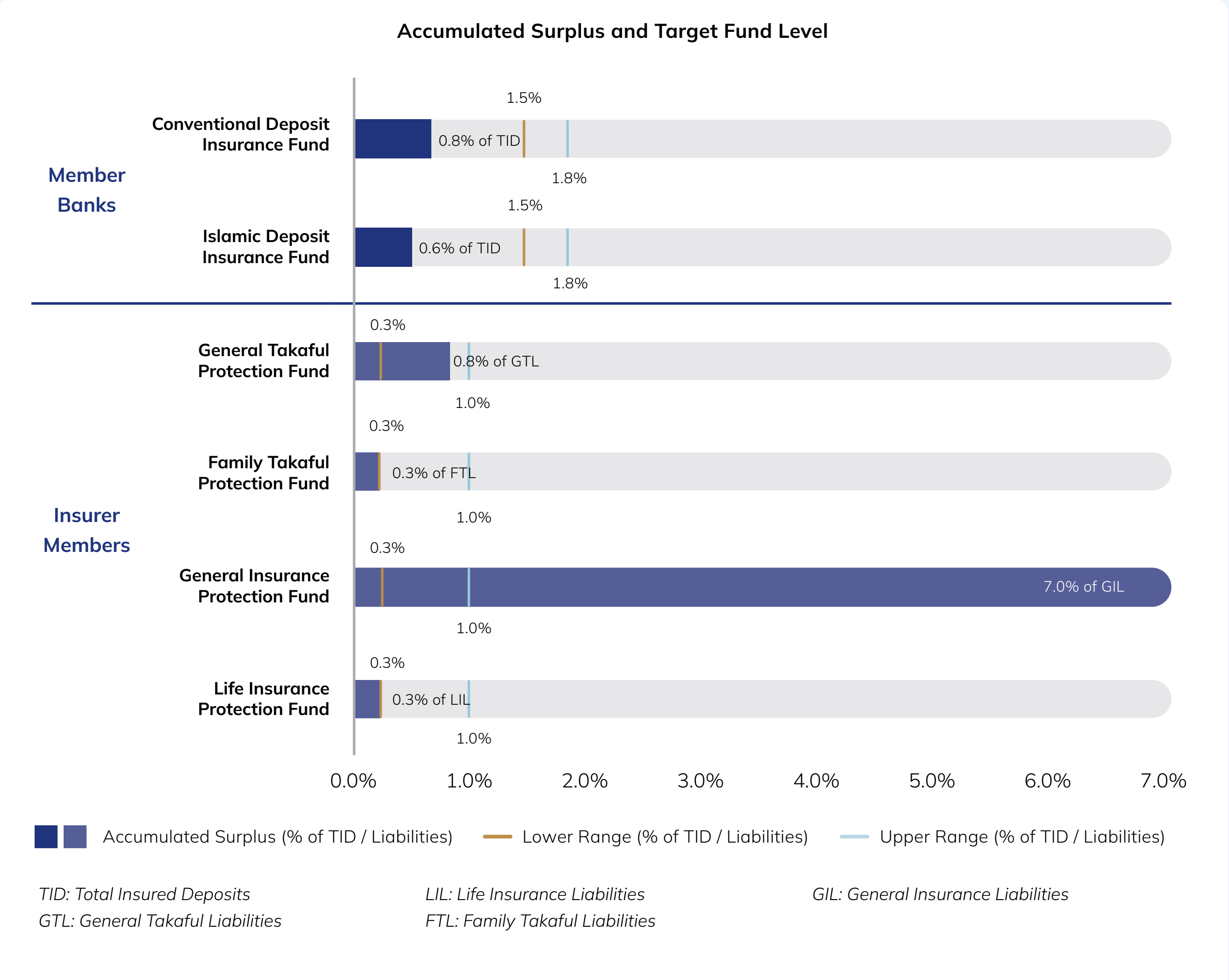
Internal Funding

PIDM's internal funding is sourced from the premiums or levies imposed on member institutions, as well as the investment income generated from the funds net of operating expenses. The premium and levy rates are determined by the Minister of Finance on PIDM's recommendations. PIDM also has the power to assess and collect higher premiums or levies with the approval of the Minister of Finance to cover any losses arising from any resolution activity.

The pre-emptive building of the funds collected from the industry (or referred to as "ex-ante funding") is a key feature of a deposit insurance system and is in accordance with Principle 9 of the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems – Sources and Uses of Funds. The same ex-ante funding feature is also used for the takaful and insurance benefits protection system. It is not economical nor is it intended for PIDM to cover fully the exposures through an ex-ante collection from the industry. Instead, PIDM sets a target reserve that is adequate to cover net losses, supported by external liquidity funding sources. This target reserve level is referred to as the "Target Fund".

For PIDM, the Target Fund aims to accumulate funds to cover the net expected losses arising from any intervention or failure resolution activity. PIDM applies a combination of statistical and discretionary approaches in determining the Target Fund levels and ranges.

Following the comprehensive review undertaken in 2022, the revised Target Fund range for the Deposit Insurance Funds (DIFs) is set at 1.5% and 1.8% of the Total Insured Deposits (TID). PIDM has also revised the Target Fund range for the Takaful and Insurance Benefits Protection Funds (TIPFs) by aggregating the net losses of all the individual Protection Funds to arrive at a consolidated range of 0.3% and 1.0% of the total insurance or takaful liabilities. The diagram on page 45 depicts the current levels of the respective accumulated DIFs and TIPFs in comparison to the Target Fund range, and against the exposure of the TID[1] and the total insurance and takaful liabilities,[2] respectively.



Source: PIDM

The Target Fund levels for DIFs and TIPFs are reviewed annually to ensure the model and assumptions used remain relevant.

External Funding

If the relevant Protection Fund is insufficient to meet its liquidity obligations, PIDM, as a statutory body, has the authority to raise funds as we deem fit, including issuing public debt securities in the capital market (market funding). PIDM also has the power to borrow from the Government or BNM (Government funding).

[1] *The TID depicted is the total industry TID as at 31 December 2023, in accordance with the annual submission of the Return on TID*

[2] *The total insurance and takaful liabilities are the total industry aggregates as at 31 December 2023, in accordance with BNM's Risk-Based Capital Framework for Insurers and Risk-Based Capital Framework for Takaful Operators reporting forms*

Summary of Corporate Plan 2025

The year 2025 marks a milestone for PIDM as we celebrate our 20th anniversary. In this concluding phase of our Corporate Plan 2023 – 2025, we continue with our pursuit and theme of realising readiness, maintaining our commitment to the objectives and outcomes outlined in the Corporate Plan.

In 2025, as we progress with the resolution planning initiative, we will be seeking industry feedback on resolvability expectations to ensure a robust and effective resolution planning outcome, particularly for transfer strategies. The National Resolution Symposium will return for its third year, underscoring our commitment to ensuring preparedness for resolution and crisis management among our key stakeholders. Concurrently, in advancing our digital transformation agenda, data analytics will be a key corporate-wide focus, guiding us towards becoming a more data-driven organisation. At the same time, enhancing confidence in PIDM's protection systems and resolution mandate remains a crucial agenda.

The financial plan 2025 allocated a budget of RM136.8 million, comprising operating expenses of RM129.3 million and capital expenditures of RM7.5 million. The following details our key corporate initiatives and budget allocation for 2025.

Strategic Pillar 1: Realising PIDM's Readiness for Resolution and Crisis Management

Key Result Areas	Key Corporate Initiatives	Budget (RM mil)
KRA 1: (PIDM-Ready) – Enabling robust and effective intervention and resolution actions by PIDM	• Enhance intervention and resolution execution • Strengthen Shariah resolution readiness • Test resilience through simulation exercise • Validate reimbursement capabilities	4.6
KRA 2: (Industry-Ready) – Strengthening the resolvability of member institutions and enhancing the readiness of service providers	• Engage with industry on resolution plans and resolvability assessment • Engage with foreign resolution authorities and enhance cross-border resolution • Strengthen collective resolvability with industry • Incentivise insurer members' resolvability	1.9
KRA 3: (FSN-Ready) – Developing effective crisis management arrangements with and among FSN players	• Enhance crisis coordination and collaboration among FSN players • Continuous relationship building with FSN players	0.2

Strategic Pillar 2: Enhancing Confidence in PIDM's Protection Systems and Resolution Mandate

Key Result Areas	Key Corporate Initiatives	Budget (RM mil)
KRA 4: (Public and Media-Ready) – Maintaining strong awareness, understanding and advocacy of PIDM among the public and media	• Leverage financial literacy to heighten public's understanding and advocacy • Raise awareness and comprehension of PIDM's role as resolution authority	4.4
KRA 5: Enhancing the effectiveness and relevance of PIDM's protection coverage and role as financial consumer protection authority	• Continuous review of deposit insurance coverage and policies • Leverage international relations to improve PIDM's outcomes	1.1

Strategic Pillar 3: Enabling PIDM's Readiness through Organisational Effectiveness, Digital Transformation and Strong Governance

Key Result Areas	Key Corporate Initiatives	Budget (RM mil)
KRA 6: Ensuring strong talent and capabilities and strengthening PIDM's culture	• Strengthen employee engagement and culture • Enhance skills of employees for the future	90.6
KRA 7: Modernising PIDM's IT infrastructure, processes and security to augment future readiness to deliver our mandate	• Modernise IT infrastructure and processes • Strengthen cybersecurity resilience	10.5
KRA 8: Leveraging applications and data analytics to improve PIDM's resolution readiness	• Enhance data analytics – data strategy and technology capabilities	5.7
KRA 9: Applying ESG as the North Star in PIDM's operations	• Maintain strong governance standards • Implement sustainability and corporate social responsibility initiatives • Enhance operational efficiency and administration	17.8

In summary, PIDM will continue to ensure high levels of resolution readiness both internally and in collaboration with our key external stakeholders, and foster high levels of public engagement, understanding and confidence in PIDM's protection systems and resolution mandate.

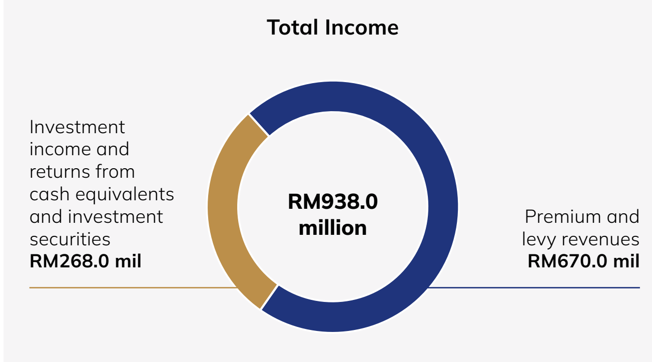
Highlights of Financial Plan 2025

The overall 2025 Financial Plan aligns with PIDM's strategic priorities and focus as set out on page 46, as well as to ensure continued effective running of our day-to-day operations.

Income Projection

Total income is projected to be at RM938.0 million, comprising premium and levy revenues from our member institutions amounting to RM670.0 million and RM268.0 million of investment income and returns from cash equivalents and investment securities.

We anticipate market yields will continue to moderate and we will remain agile in optimising our investment portfolio to respond to changes in the market and macro-economic environment.



The pro forma depicting PIDM's income projection as well as operating expenses and capital expenditures budgets for 2025 are set out below.

Income Projection and Operating Expenses Budget

	2025 Budget		2024 Budget	
	RM'000	%	RM'000	%
Premium and levy revenues	670,000	71	645,000	74
Investment income and returns from cash equivalents and investment securities	268,000	29	232,000	26
Total income	**938,000**	**100**	**877,000**	**100**
Human capital management expenses	85,355	66	83,500	65
Operations and administrative expenses	21,821	17	22,638	17
Initiatives-related expenses	15,010	12	15,182	12
Total expenses before non-cash expenses	**122,186**	**95**	**121,320**	**94**
Non-cash expenses	7,100	5	7,400	6
Total operating expenses	**129,286**	**100**	**128,720**	**100**
Net surplus for the year	**808,714**		**748,280**	

Capital Expenditures Budget

	2025 Budget		2024 Budget	
	RM'000	%	RM'000	%
Furniture, fittings and office refurbishment	500	7	4,000	60
Computer systems and office equipment	6,964	93	2,680	40
Total capital expenditure	**7,464**	**100**	**6,680**	**100**

Part IV

Financial Statements

Directors' Report

The Directors hereby submit their report and the audited financial statements of Perbadanan Insurans Deposit Malaysia ("PIDM") for the financial year ended 31 December 2024.

Principal Activities

PIDM is a statutory body established to administer a Deposit Insurance System ("DIS") and a Takaful and Insurance Benefits Protection System ("TIPS"). PIDM is governed by the provisions of the Malaysia Deposit Insurance Corporation Act 2011 (as amended) ("PIDM Act").

DIS provides protection against the loss of part or all of deposits for which a member bank is liable whereas TIPS provides protection against the loss of part or all of takaful or insurance benefits for which an insurer member is liable. In addition, PIDM provides incentives for sound risk management in the financial system as well as promotes and contributes to the stability of the financial system. PIDM is the resolution authority for all member institutions and thus, has wide intervention and failure resolution powers. PIDM also undertakes risk assessment and monitoring of all member institutions and works closely with the supervisory authority to highlight and address any arising matters about the business and affairs of member institutions.

The PIDM Act provides for separate protection coverage for:

i. Islamic and conventional deposits; and

ii. Protected benefits in relation to general insurance, life insurance, general takaful and family takaful.

To ensure proper governance and compliance with Shariah requirements, PIDM maintains and administers two separate Protection Funds for Islamic and conventional deposits known as Deposit Insurance Funds ("DIFs") as well as four separate Protection Funds for each business segment within TIPS known as Takaful and Insurance Benefits Protection Funds ("TIPFs"). There is no commingling of funds between the separate Protection Funds.

Financial Results

	2024 RM'000	2023 RM'000
Total Comprehensive Income for the financial year:		
Deposit Insurance Funds	**582,757**	566,788
Takaful and Insurance Benefits Protection Funds	**175,095**	163,836
	757,852	730,624

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statement of Changes in Funds and Reserves.

In the opinion of the Directors, the results of the operations of PIDM during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Financial Results (Cont'd.)

The balances of the Funds as at the end of the financial year were:

	2024 RM'000	2023 RM'000
Deposit Insurance Funds:		
Conventional Deposit Insurance Fund	**3,802,006**	3,396,257
Islamic Deposit Insurance Fund	**1,112,967**	935,959
Total Deposit Insurance Funds	**4,914,973**	4,332,216
Takaful and Insurance Benefits Protection Funds:		
General Insurance Protection Fund	**1,481,851**	1,429,889
Life Insurance Protection Fund	**771,958**	677,448
General Takaful Protection Fund	**54,930**	46,207
Family Takaful Protection Fund	**132,225**	112,325
Total Takaful and Insurance Benefits Protection Funds	**2,440,964**	2,265,869

Directors

The names of the Directors of PIDM in office during the financial year ended 31 December 2024 were:

Chairman of the Board
- Dato Sri (Dr) Zukri bin Samat

Ex officio Directors
1) Secretary General of Treasury, Ministry of Finance
- Datuk Johan Mahmood Merican[1]

2) Governor of Bank Negara Malaysia
- Dato' Seri Shaik Abdul Rasheed bin Abdul Ghaffour[2]

Directors
- Dato' Nor Eni binti Ismail (resigned on 1 November 2024)
- Datuk Dr. Yacob bin Mustafa
- Dato Dr. Nik Ramlah binti Nik Mahmood
- Dato' Dr. Gan Wee Beng
- Ms. Gloria Goh Ewe Gim
- Mr. Lee Kong Eng

Ex officio Directors are Directors appointed by virtue of their office, in accordance with subsection 11(2) (b) and (c) of the PIDM Act. Members of the Board of Directors of PIDM other than *ex officio* Directors are appointed by the Minister of Finance in accordance with subsection 11(2) of the PIDM Act.

Alternate Directors to the *ex officio* Directors were appointed under section 11(2B) of the PIDM Act. Pursuant to section 13(3) of the PIDM Act, an alternate Director shall, unless the assignment is sooner revoked in writing or the position is no longer in existence, cease to be an alternate Director when the principal Director ceases to be a member of the Board.

[1] *Alternate Director: Encik Abdillah bin Azizudin*
[2] *Alternate Director: Datuk Jessica Chew Cheng Lian*

Directors' Benefits

Neither at the end of the financial year, nor at any time during the financial year, was there any arrangement to which PIDM was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 16 to the financial statements) by reason of a contract made by PIDM or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Impairment and Valuation Methods

Before the Statement of Profit or Loss and Other Comprehensive Income as well as the Statement of Financial Position of PIDM were completed, the Directors have satisfied themselves that Management had taken proper action to ensure that there is no known significant impairment nor were they aware of any circumstances that would require such action. At the date of this report, the Directors are not aware of any other circumstances which would render the need for any impairment in the financial statements of PIDM.

The Directors have also satisfied themselves that Management had taken reasonable steps to ascertain the values attributed to the assets and liabilities in the financial statements of PIDM. As at the date of this report, the Directors are not aware of any circumstances that have arisen that would render adherence to the methods used in the valuation of assets or liabilities in PIDM's accounts misleading or inappropriate.

Changes of Circumstances

As at the date of this report, the Directors are not aware of any change in circumstances not otherwise dealt with in this report or the financial statements of PIDM which would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature, likely to substantially affect the results of the operations of PIDM for the current financial year in respect of which this report is made.

As at the date of this report, there does not exist any charge on the assets of PIDM that has arisen since the end of the financial year that secures the liabilities of any other person.

Contingent Liabilities

Exposure to losses in administering the Protection Systems

Under the PIDM Act, PIDM has an inherent exposure to losses resulting from insuring deposits under DIS as well as insurance policies and takaful certificates under TIPS. However, this inherent exposure cannot be accurately ascertained or estimated with any acceptable degree of reliability.

As at the date of the financial statements, there have been no specific events involving PIDM's member institutions that would require PIDM to record a specific provision in its financial statements in accordance with the Malaysian Financial Reporting Standards ("MFRS") 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Contingent Liabilities (Cont'd.)

Exposure to losses in administering the Protection Systems (Cont'd.)

As part of its mandate, PIDM undertakes risk assessment and monitoring of all member institutions and works closely with the supervisory authority to highlight and address any arising matters about the business and affairs of member institutions. If a member institution is deemed non-viable by the supervisory authority, PIDM is mandated and has the necessary powers to intervene and resolve the member institution in a manner that minimises cost to the financial system.

While provisions are not recorded unless a specific event occurs, PIDM continues to build reserves in its Protection Funds through the accumulation of annual net surpluses.

Accumulated surpluses are held in each of the Protection Funds to cover net losses when relevant obligations arise. As discussed in Note 12 to the financial statements, PIDM has established Target Fund frameworks for DIFs and TIPFs to determine the level of funds sufficient to cover the expected net losses from intervention or failure resolution activities.

If the relevant Protection Fund is insufficient to meet obligations, PIDM as a statutory body has the authority to raise funds as it deems fit including borrowing from the Government or issuing public debt securities, as well as assessing and collecting higher premiums or levies with the approval of the Minister of Finance.

Other contingent liabilities

Based on the representation made by Management, the Directors are of the opinion that other than the matters discussed above, there does not exist:

(i) any contingent liability which has arisen since the end of the financial year; and

(ii) any contingent or other liability that has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may affect the ability of PIDM to meet their obligations when they fall due.

Investment in Subsidiaries

In accordance with section 10 of the PIDM Act and pursuant to PIDM's mandate, PIDM has incorporated five subsidiaries as special purpose entities to carry out specific intervention and failure resolution activities when required. The subsidiaries are incorporated in advance as part of PIDM's operational readiness in case of a failure of a member institution, and thus will remain dormant until activated to carry out any necessary intervention and failure resolution activities. The basis of accounting as well as details of the subsidiaries are further described in Note 2.2(b), Note 3.1(a) and Note 7 to the financial statements.

Responsibility for the Preparation of the Financial Statements

The Directors, in providing the opinion on the financial statements, relied on written representations by Management of their compliance with internal processes and their system of internal controls as well as the internal and external audit functions designed to ensure that:

(i) the financial statements of PIDM have been prepared in accordance with the PIDM Act and applicable MFRS and comply with the International Financial Reporting Standards ("IFRS"), so as to give a true and fair view of the financial position of PIDM as at 31 December 2024, the results of its operations and its cash flows for the year ended on that date; and

(ii) the Islamic Deposit Insurance Fund as well as the Takaful Protection Funds are maintained and administered in accordance with Shariah requirements and are in compliance with the PIDM Act.

Auditors

In accordance with the PIDM Act, the accounts of PIDM are audited by the Auditor General of Malaysia.

Signed on behalf of the Board in accordance with a resolution approved by the Board of Directors

Dato Sri (Dr) Zukri bin Samat
Chairman of the Board of Directors

Ms. Gloria Goh Ewe Gim
Chairman of the Audit Committee

Kuala Lumpur, Malaysia
26 February 2025

Statement by Directors

We, Dato Sri (Dr) Zukri bin Samat and Ms. Gloria Goh Ewe Gim, being two of the Directors of Perbadanan Insurans Deposit Malaysia ("PIDM"), do hereby state that, in the opinion of the Directors, the financial statements have been prepared and presented in accordance with the Malaysia Deposit Insurance Corporation Act 2011 (as amended) ("PIDM Act") and applicable Malaysian Financial Reporting Standards and comply with the International Financial Reporting Standards, so as to give a true and fair view of the state of affairs of PIDM as at 31 December 2024, the results of its operations and its cash flows for the year ended on that date. The Directors are also of the opinion that the Islamic Deposit Insurance Fund as well as the Takaful Protection Funds are maintained and administered in accordance with Shariah requirements, as set out in the PIDM Act.

Signed on behalf of the Board in accordance with a resolution approved by the Board of Directors

Dato Sri (Dr) Zukri bin Samat
Chairman of the Board of Directors

Ms. Gloria Goh Ewe Gim
Chairman of the Audit Committee

Kuala Lumpur, Malaysia
26 February 2025

Statutory Declaration

by Management in Relation to Their Responsibility for Financial Reporting

The preparation of the financial statements of Perbadanan Insurans Deposit Malaysia ("PIDM") and the information relating to the financial statements are the responsibility of Management. The financial statements have been prepared in accordance with the Malaysia Deposit Insurance Corporation Act 2011 (as amended) ("PIDM Act") and applicable Malaysian Financial Reporting Standards and comply with the International Financial Reporting Standards, so as to give a true and fair view of the financial position of PIDM as at 31 December 2024, the results of its operations and its cash flows for the year ended on that date. The Islamic Deposit Insurance Fund as well as the Takaful Protection Funds are maintained and administered in accordance with Shariah requirements, and are in compliance with the PIDM Act.

In discharging its responsibility for the integrity and fairness of the financial statements, Management maintains financial and management control systems and practices. Compliance with control systems and practices are validated by an independent internal audit function designed to provide reasonable assurance that transactions are duly authorised, assets are safeguarded and proper records are maintained in accordance with the PIDM Act as well as the Statutory Bodies (Accounts and Annual Reports) Act 1980.

These financial statements have been duly audited by the Auditor General of Malaysia and the results of the audit have been duly noted by Management. In carrying out the audit, the auditors have access to all documents and records of PIDM. The auditors also have free access to the Audit Committee of the Board, which oversees Management's responsibilities for maintaining adequate control systems and the quality of financial reporting and recommends the financial statements to the Board of Directors.

The financial statements have been considered and approved by the Board of Directors and a resolution was approved on 26 February 2025.

We, Rafiz Azuan bin Abdullah and Wan Ahmad Ikram bin Wan Ahmad Lotfi, being the two officers primarily responsible for the financial management of PIDM, do solemnly and sincerely declare that the financial statements, to the best of our knowledge and belief, are correct, and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur on 26 February 2025

Rafiz Azuan bin Abdullah
Chief Executive Officer

Wan Ahmad Ikram bin Wan Ahmad Lotfi
Executive Vice President
CA (M) 24850

PESURUHJAYA SUMPAH
No. W 1006
MOHAMAD ZULISWANDI BIN MOHAMED
01.01.2025 - 31.12.2027
MALAYSIA

Before me,
Commissioner for Oaths

Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara
50490 Kuala Lumpur.

Certificate of the Auditor General

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PERBADANAN INSURANS DEPOSIT MALAYSIA FOR THE YEAR ENDED 31 DECEMBER 2024

Certificate on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Perbadanan Insurans Deposit Malaysia. The financial statements comprise the Statement of Financial Position as at 31 December 2024 of the Perbadanan Insurans Deposit Malaysia and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Funds and Reserves and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 1 to 95.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Perbadanan Insurans Deposit Malaysia as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Malaysia Deposit Insurance Corporation Act 2011 [*Act 720*] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Certificate of the Auditor General

Independence and Other Ethical Responsibilities

I am independent of the Perbadanan Insurans Deposit Malaysia and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of Directors of the Perbadanan Insurans Deposit Malaysia is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Perbadanan Insurans Deposit Malaysia does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of Financial Statements of the Perbadanan Insurans Deposit Malaysia that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Malaysia Deposit Insurance Corporation Act 2011 [*Act 720*] requirements. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Statements of the Perbadanan Insurans Deposit Malaysia that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Perbadanan Insurans Deposit Malaysia, the Board of Directors is responsible for assessing the Perbadanan Insurans Deposit Malaysia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Perbadanan Insurans Deposit Malaysia as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Certificate of the Auditor General

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

a. identify and assess the risks of material misstatement of the Financial Statements of the Perbadanan Insurans Deposit Malaysia, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Perbadanan Insurans Deposit Malaysia's internal control;

c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the The Board of Directors;

d. conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Perbadanan Insurans Deposit Malaysia's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Perbadanan Insurans Deposit Malaysia or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Perbadanan Insurans Deposit Malaysia to cease to continue as a going concern; and

e. evaluate the overall presentation, structure and content of the Financial Statements of the Perbadanan Insurans Deposit Malaysia, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Board of Directors has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

Certificate of the Auditor General

I have also disclosed to the Board of Directors that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

Other Matters

This certificate is made solely to the Board of Directors of the Perbadanan Insurans Deposit Malaysia in accordance with the Malaysia Deposit Insurance Corporation Act 2011 [*Act 720*] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.

(DATO' SERI WAN SURAYA BINTI WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
14 MARCH 2025

Statement of Financial Position

As at 31 December

	Note	2024 RM'000	2023 RM'000
ASSETS			
Cash and cash equivalents	4a	**108,604**	103,144
Investments	5	**7,152,989**	6,410,229
Other assets	6	**77,441**	68,190
Investment in subsidiaries	7	**-***	-*
Property and equipment	8	**32,215**	30,866
Right-of-use assets	9	**8,951**	8,699
Total Assets		**7,380,200**	6,621,128
LIABILITIES			
Payables	11	**14,303**	13,518
Lease liabilities	10	**9,960**	9,525
Total Liabilities		**24,263**	23,043
FUNDS AND RESERVES			
Deposit Insurance Funds *Accumulated surpluses*	12a	**4,914,973**	4,332,216
Takaful and Insurance Benefits Protection Funds *Accumulated surpluses*	12b	**2,440,964**	2,265,869
Total Funds and Reserves		**7,355,937**	6,598,085
Total Liabilities, Funds and Reserves		**7,380,200**	6,621,128

* The amount is significantly below the rounding threshold. Refer to Note 7 for the details.

The accompanying notes form an integral part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December

	Note	2024 RM'000	2023 RM'000
Premium and levy revenues	13	**625,530**	643,390
Investment income and returns from cash equivalents and investment securities	14	**252,612**	198,936
Other income		**43**	63
Total income		**878,185**	842,389
Human capital management expenses	15	**82,118**	77,934
Operations and administrative expenses	16	**24,645**	22,655
Initiatives related expenses	17	**13,077**	11,035
Total expenses		**119,840**	111,624
Net surplus for the year		**758,345**	730,765
Other comprehensive income			
Remeasurement of Long Term Retirement Plan Liability	11ii	**(493)**	(141)
Total comprehensive income for the year	21	**757,852**	730,624

The accompanying notes form an integral part of the financial statements

Statement of Changes in Funds and Reserves

For the Financial Year Ended 31 December

Deposit Insurance Funds

	Note	Conventional Deposit Insurance Fund RM'000	Islamic Deposit Insurance Fund RM'000	Total Funds and Reserves RM'000
<u>Accumulated Surpluses</u>				
As at 1 January 2023	12a	2,991,960	773,468	3,765,428
Total comprehensive income for the year		404,297	162,491	566,788
As at 31 December 2023	12a	3,396,257	935,959	4,332,216
As at 1 January 2024	12a	**3,396,257**	**935,959**	**4,332,216**
Total comprehensive income for the year		**405,749**	**177,008**	**582,757**
As at 31 December 2024	12a	**3,802,006**	**1,112,967**	**4,914,973**

Takaful And Insurance Benefits Protection Funds

	Note	General Insurance Protection Fund RM'000	Life Insurance Protection Fund RM'000	General Takaful Protection Fund RM'000	Family Takaful Protection Fund RM'000	Total Funds and Reserves RM'000
<u>Accumulated Surpluses</u>						
As at 1 January 2023	12b	1,386,739	580,767	39,099	95,428	2,102,033
Total comprehensive income for the year		43,150	96,681	7,108	16,897	163,836
As at 31 December 2023	12b	1,429,889	677,448	46,207	112,325	2,265,869
As at 1 January 2024	12b	**1,429,889**	**677,448**	**46,207**	**112,325**	**2,265,869**
Total comprehensive income for the year		**51,962**	**94,510**	**8,723**	**19,900**	**175,095**
As at 31 December 2024	12b	**1,481,851**	**771,958**	**54,930**	**132,225**	**2,440,964**

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

For the Financial Year Ended 31 December

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums and levies received from member institutions		**625,530**	643,390
Payments in the course of operations to suppliers and employees		**(108,721)**	(104,136)
Receipts of investment income		**279,317**	248,135
Net cash flows generated from operating activities		**796,126**	787,389
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investment securities		**1,194,280**	2,365,560
Purchase of investment securities		**(1,972,971)**	(3,106,407)
Proceeds from disposal of property and equipment		**4**	65
Purchase of property and equipment		**(6,908)**	(7,434)
Net cash flows used in investing activities		**(785,595)**	(748,216)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of the lease liabilities	10	**(4,657)**	(4,195)
Lease finance costs	9b	**(414)**	(397)
Net cash flows used in financing activities		**(5,071)**	(4,592)
Net increase in cash and cash equivalents		**5,460**	34,581
Cash and cash equivalents at beginning of year		**103,144**	68,563
Cash and cash equivalents at end of year	4a	**108,604**	103,144

Note: Statement of Cash Flows prepared using the indirect method is presented in Note 4(b) to the financial statements.

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

31 December 2024

1. Principal Activities

Perbadanan Insurans Deposit Malaysia ("PIDM") is a statutory body established to administer a Deposit Insurance System ("DIS") and a Takaful and Insurance Benefits Protection System ("TIPS"). PIDM is governed by the provisions of the Malaysia Deposit Insurance Corporation Act 2011 (as amended) ("PIDM Act").

DIS provides protection against the loss of part or all of deposits for which a member bank is liable whereas TIPS provides protection against the loss of part or all of takaful or insurance benefits for which an insurer member is liable. In addition, PIDM provides incentives for sound risk management as well as promotes and contributes to the stability of the financial system. PIDM is the resolution authority for all member institutions and thus has wide intervention and failure resolution powers. PIDM also undertakes risk assessment and monitoring of all member institutions and works closely with the supervisory authority to highlight and address any arising matters about the business and affairs of member institutions.

The PIDM Act provides separate protection coverage for:

i. Islamic and conventional deposits; and

ii. Protected benefits in relation to general insurance, life insurance, general takaful and family takaful.

To ensure proper governance and compliance with Shariah requirements, PIDM maintains and administers two separate Protection Funds for Islamic and conventional deposits known as the Deposit Insurance Funds ("DIFs") as well as four separate Protection Funds for each business segment within TIPS known as the Takaful and Insurance Benefits Protection Funds ("TIPFs"). There is no commingling of funds between the separate Protection Funds.

There have been no significant changes in the nature of the principal activities of PIDM during the financial year.

The office address of PIDM is Level 9, Bangunan AICB, 10, Jalan Dato' Onn, 50480, Kuala Lumpur.

The financial statements have been approved by the Board of Directors through a resolution made on 26 February 2025.

2. Accounting Policies

2.1 Basis of preparation

The financial statements of PIDM have been prepared in accordance with the PIDM Act and applicable Malaysian Financial Reporting Standards ("MFRS"). The financial statements also comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The measurement bases used, and accounting policies applied in the preparation of the financial statements are described in Note 2.2. The main accounting judgements and estimates are described in Note 3.

The financial statements incorporate those activities relating to the administration of both DIFs and TIPFs of PIDM. The Islamic Protection Funds are maintained and administered in accordance with Shariah requirements and in compliance with the PIDM Act.

PIDM presents its Statement of Financial Position in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of PIDM.

2. Accounting Policies (Cont'd.)

2.1 Basis of preparation (cont'd.)

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

2.2 Summary of accounting policies

(a) Financial instruments

Financial instruments are recognised in the Statement of Financial Position when PIDM becomes a party to the contractual provisions of the instrument.

Measurement methods

Amortised cost and effective interest rate or rate of return

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate or rate of return method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest rate or rate of return method is a method of calculating the amortised cost of a debt instrument and of allocating interest income or returns over the relevant period. The effective interest rate or rate of return is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability at initial recognition. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate or rate of return, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets, which are financial assets that are credit-impaired at initial recognition, PIDM calculates the credit-adjusted effective interest rate or rate of return, which is based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of the expected credit losses in the estimated future cash flows.

Interest income or returns earned

Interest income or returns earned is calculated by applying the effective interest rate or rate of return to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate or rate of return is applied to the amortised cost of the financial asset; or

- financial assets that are not POCI but have subsequently become credit-impaired [or known as Stage 3 (refer to Impairment of financial assets)], for which interest income or returns earned is calculated by applying the effective interest rate or rate of return to their amortised cost (i.e. net of the expected credit loss allowance).

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Fair value of financial instruments

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or transfer the financial liability takes place either:

- in the principal market for the financial asset or financial liability; or

- in the absence of a principal market, in the most advantageous market for the financial asset or financial liability.

The principal or the most advantageous market must be accessible by PIDM.

The fair value of a financial asset or a financial liability is measured using the assumptions that market participants would use when pricing the financial asset or financial liability, assuming that market participants act in their economic best interest.

PIDM uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical financial assets or financial liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

PIDM provides fair value information on its investments for disclosure purposes.

For financial assets and financial liabilities that are recognised in the financial statements on a recurring basis, PIDM determines whether transfers have occurred between the Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on trade date basis, the date on which PIDM commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and subsequent measurement

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

All recognised financial liabilities are classified and measured subsequently at amortised cost, except when otherwise indicated.

In determining the classification of financial assets, PIDM considers the following conditions:

- PIDM's business model for managing the financial asset; and

- the cash flow characteristics of the financial asset.

Business model

The business model reflects how PIDM manages its financial assets in order to generate cash flows. That is, whether PIDM's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss. PIDM's business model is not assessed on an instrument-by-instrument basis, but at a higher level or aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to PIDM's key management personnel; and

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Business model (cont'd.)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenario into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, PIDM does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the reporting period.

The 'solely payments of principal and interest or return' ("SPPI") test

As the second step of its classification process, PIDM assesses the contractual terms of the financial assets to identify whether it meets the SPPI test.

'Principal' for the purpose of this test is defined as fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortisation of the premium or discount).

In making this assessment, PIDM considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest or returns includes only consideration for time value for money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest or returns.

Details of the classification and measurement of PIDM's financial assets and financial liabilities are described below.

Financial assets

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on demand and fixed deposits with banks, as well as short-term, highly liquid financial instruments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. This includes placements in short term money market instruments as well as short-term investments with maturities of less than 90 days from the date of acquisition. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

The Statement of Cash Flows is prepared using the direct method. A Statement of Cash Flows prepared using the indirect method is also presented in Note 4(b) to the financial statements.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Financial assets (cont'd.)

(ii) Investment securities

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest or return (i.e. passes the SPPI test) on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest or return on the principal amount outstanding.

PIDM's investment securities comprise marketable Malaysian Government Securities, Government Investment Issues and Private Debt Securities. PIDM invests in short-term and medium-term Ringgit Malaysia denominated securities which are held-to-maturity in order to collect contractual cash flows and are not traded. The contractual cash flows of the investment securities represent solely payments of principal and interest or return on the principal amount outstanding. As such, these investment securities are measured at amortised cost.

(iii) Other receivables

Other receivables comprise financial assets which are held with the objective of collecting contractual cash flows and its contractual cash flows represent solely payments of principal and interest or return on the principal amount outstanding, hence are carried at amortised cost in the Statement of Financial Position.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Financial liabilities

Except when otherwise indicated, PIDM measures its financial liabilities at amortised cost, which is the fair value of consideration to be paid in the future for goods and services rendered.

Derecognition

(i) Financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- PIDM has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement, and either:
  - PIDM has transferred substantially all the risks and rewards of the asset; or
  - PIDM has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When PIDM has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of PIDM's continuing involvement in the asset. In that case, PIDM also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that PIDM has retained.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the profit or loss. In addition, on derecognition of an investment in debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets

PIDM recognises a loss allowance for expected credit losses ("ECL") on its financial assets that are measured at amortised cost (including cash and cash equivalents) or at FVTOCI. The amount of the expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the debt instruments.

For all financial instruments that are subjected to impairment requirements, PIDM recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, PIDM measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, PIDM compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, PIDM considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The forward looking information considered includes those obtained from economic expert reports, financial analysts, governmental bodies as well as consideration of various external sources of actual and forecast economic information.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(i) Significant increase in credit risk (cont'd.)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external credit rating or credit assessment by accredited rating agencies;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. significant increase in the credit spread, the credit default swap prices for the counterparty, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast changes in business, financial or economic conditions that are expected to cause significant decrease in the counterparty's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty;
- an actual or expected forbearance or restructuring; and
- an actual or expected significant adverse change in the regulatory, economic, or operating environment of the counterparty that results in significant decrease in the counterparty's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, PIDM presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless PIDM has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, PIDM assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the counterparty has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfill its contractual cash flow obligations.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(i) Significant increase in credit risk (cont'd.)

PIDM considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or where an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

PIDM regularly monitors the effectiveness of the criteria used to identify whether there has been significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

PIDM considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the counterparty is unlikely to pay its creditors, including PIDM, in full (without taking into account any collateral held by PIDM).

Irrespective of the above analysis, PIDM considers that default has occurred when a financial asset is more than 90 days past due unless PIDM has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or significant past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(iv) Write-offs

PIDM writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under PIDM's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, as described below:

- PD — The Probability of Default is an estimate of the likelihood of entity defaulting on its financial obligations/repayments within a stated future horizon (i.e. over 12-months or over the lifetime of the financial instrument).
- EAD — The Exposure at Default is an estimate of the exposure at future default date, taking into account expected changes in the exposure after reporting date, including repayments of principal and interest, whether scheduled contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD — The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from realisation of any collateral or recovery of assets. It is usually expressed as a percentage of EAD.

The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above, in particular macroeconomic inputs such as Gross Domestic Product ("GDP") growth measure, which has been assessed to have the highest correlation to credit ratings.

When estimating the ECL, in particular debt instruments, PIDM considers several scenarios where each of these scenarios is associated with different PDs being applied in measuring the ECL. The scenarios to be considered for a reporting period and the scenario weightings are determined based on statistical analysis and expert judgement, taking into account the range of possible outcomes each chosen scenario is representative of, as well as the condition of the operating environment at reporting date. At least two scenarios will be considered in estimating the ECL at any point in time. The list of scenarios and its key assumptions, that may be considered by PIDM are as follows:

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(v) Measurement and recognition of expected credit losses (cont'd.)

Financial year ended 31 December 2024[1]

Scenario	Description – Domestic Economic Scenario
Baseline	Economic environment and growth expectations are close to historical conditions and growth rates. Malaysian GDP growth of between 4.0% and 5.5%
Mildly Negative	Economic conditions and/or growth expectations are weaker than the long-term norm. Malaysian GDP growth of between 0.6% and 4.0%
Negative	Economic conditions and/or growth expectations are stagnant or negative. Malaysian GDP expected between 0.6% and -4.0%
Severe Slump	Economic conditions and/or growth expectations are significantly weaker than the long-term norm. Malaysian GDP expected larger than -4.0% contraction

Financial year ended 31 December 2023[2]

Scenario	Description – Domestic Economic Scenario
Baseline	Economic conditions and/or growth are expected to be similar to historical conditions and growth. Malaysian GDP growth of between 4.0% and 5.6%
Mildly Negative	Economic conditions and/or growth are expected to be weaker than the long-term norm. Malaysian GDP growth of less than 4.0%
Negative	Economic conditions and/or growth are expected to be stagnant or negative. Malaysian GDP is expected to contract by not more than -4.0%
Severe Slump	Economic conditions and/or growth are expected to be significantly weaker than the long-term norm. Malaysian GDP expected to contract by more than -4.0%

If PIDM has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting period date that the conditions for lifetime ECL are no longer met, PIDM measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

[1] *The scenario categories and the relevant GDP growth rates were sourced from Rating Agency Malaysia (RAM) MFRS9 SaaS version 5.0.3 – November 2024*
[2] *The scenario categories and the relevant GDP growth rates were sourced from Rating Agency Malaysia (RAM) MFRS9 SaaS version 4.0.13 – November 2023*

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(v) Measurement and recognition of expected credit losses (cont'd.)

PIDM recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

(b) Investment in subsidiaries

Investment in subsidiaries are measured in PIDM's Statement of Financial Position at cost less any impairment losses, unless the investment is held-for-sale.

In line with section 35 of the PIDM Act, the financial results of PIDM's subsidiaries are not consolidated with the financial statements of PIDM. These subsidiaries were incorporated to act as special purpose entities for PIDM to carry out specific intervention and failure resolution activities rather than for investment purposes. These special purpose entities meet the definition of 'structured entities' as defined under the MFRS 12 *Disclosure of Interests in Other Entities* ("MFRS 12").

Furthermore, in accordance with the requirements of MFRS 10 *Consolidated Financial Statements* ("MFRS 10"), PIDM does not prepare consolidated financial statements as PIDM does not meet all the criteria required for having 'control' over its subsidiaries, as defined in MFRS 10. This is because PIDM, as an entity, has limited financial exposure or rights to variable returns from its investments in the subsidiaries, as the financial exposure and rights to any variable returns are attributed directly to the relevant Protection Fund(s).

Consolidating the financial statements of PIDM together with those of its subsidiaries will not provide meaningful information and a true and fair view of the financial position and performance of PIDM, as the financial exposure and impact of any intervention or failure resolution of a member institution only affects the specific Protection Fund to which that member institution relates. This is discussed in further detail in Note 3.1(a).

(c) Property and equipment, and depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to PIDM and the cost of the item can be measured reliably. The carrying amount of parts or components of an asset that are replaced is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(c) Property and equipment, and depreciation (cont'd.)

Depreciation is provided for on a straight-line basis to reduce the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building on freehold land	2.00%
Furniture and fittings	20.00%
Motor vehicles	20.00%
Office refurbishments	20.00%
Office equipment and computer systems	33.33%

Freehold land has an unlimited useful life and therefore is not depreciated. PIDM capitalises its land and the amount of land capitalised at initial recognition is the purchase price along with any further costs incurred in bringing the land to its present condition.

Property and equipment under construction are not depreciated until the assets are ready for their intended use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the Statement of Profit or Loss.

(d) Impairment of non-financial assets

At each Statement of Financial Position date, PIDM reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the Statement of Profit or Loss in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is accounted for in the asset revaluation reserve. This is as the revaluation decreases to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the Statement of Profit or Loss unless the asset is carried at revalued amount, in which case such reversal is treated as a revaluation increase.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(e) Recognition of income and expenses

All income and expenses pertaining to DIS and TIPS are recognised on an accrual basis. The PIDM Act empowers PIDM to credit all direct operating income to, and charge all expenses against the relevant Protection Fund or Funds.

1. Income

Premium and levy revenues are recognised in a financial year in respect of the premium and levy assessed during that particular financial period.

Investment income and returns including income from placements in short-term money market deposits is recognised on a time proportion basis that reflects the effective yield on the asset.

2. Expenses

Expenses that are directly attributable to a specific Protection Fund or Funds are charged to those relevant Protection Fund or Funds.

Expenses that cannot be charged directly to the relevant Protection Fund or Funds will be allocated based on the requirements of the Malaysia Deposit Insurance Corporation (Allocation of Expenses, Costs or Losses) (Amendment) Order 2017.

The expenses that cannot be charged directly to a specific Protection Fund or Funds are categorised into either of the following two categories:

(i) *Expenses that can be attributed to either DIS or TIPS but are common or indirect expenses for the respective systems.* The allocation of this category of expenses are based on the proportion of total income earned (excluding other income) for the respective systems in the financial year prior to the year in which such expenses, costs or losses are allocated. For the 2024 financial year, expenses of this category were allocated based on the proportion of total income earned (excluding other income) for the respective systems in the financial year ended 31 December 2023. The allocation rates used during the year are as follows:

Year	DIS		TIPS			
	Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2024	**71.39%**	**28.61%**	**26.41%**	**58.72%**	**4.34%**	**10.53%**
	100%		**100%**			
2023	71.61%	28.39%	26.98%	55.99%	4.55%	12.48%
	100%		100%			

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(e) Recognition of income and expenses (cont'd.)

2. Expenses (cont'd.)

(ii) *Expenses which are common or indirect costs of administering both DIS and TIPS.* Expenses that cannot be specifically attributed to either DIS or TIPS, are allocated based on the proportion of total income earned (excluding other income) for the respective Protection Funds in DIS and TIPS in the financial year prior to the year in which such expenses, costs or losses are allocated. For the 2024 financial year, these expenses were allocated to the respective Protection Funds based on the proportion of total income earned (excluding other income) for each of the Protection Funds in the financial year ended 31 December 2023. The apportionment basis used is as follows:

Year	Total	DIS		TIPS			
		Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2024	**100%**	**55.60%**	**22.28%**	**5.84%**	**12.99%**	**0.96%**	**2.33%**
2023	100%	57.90%	22.95%	5.17%	10.72%	0.87%	2.39%

(f) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses, social security contributions and other benefits such as medical coverage benefits and allowances are recognised as an expense in the year in which the associated services are rendered by employees of PIDM. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment benefits

1. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which PIDM pays fixed contributions into a separate entity or fund. PIDM will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current or preceding financial years. Such contributions are recognised as an expense in the Statement of Profit or Loss as incurred. As required by law, PIDM makes contributions to the statutory national pension scheme, Kumpulan Wang Simpanan Pekerja (also known as the 'Employee Provident Fund'), as well as Pertubuhan Keselamatan Sosial (also known as the 'Social Security Organisation').

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(f) Employee benefits (cont'd.)

(ii) Post-employment benefits (cont'd.)

2. Defined benefit plan

PIDM operates an unfunded defined benefit plan referred to as Long Term Retirement Plan ("LTRP") which was implemented effective 1 January 2016. The LTRP provides benefits to employees in the form of a guaranteed level of a one lump sum retirement payment based on the employee's final drawn salary. The LTRP payment depends on employee's length of service and their salary in the final year leading up to retirement.

The provision for LTRP recognised in the Statement of Financial Position is the present value of the LTRP obligation at the end of the reporting period, together with adjustments for actuarial gains/losses and any unrecognised past service cost.

PIDM determines the interest expense on the provision for LTRP for the period by applying the discount rate used to measure the LTRP obligation at the beginning of the annual period to the then provision for LTRP. Interest expense and other expenses relating to the LTRP are recognised in Statement of Profit or Loss.

(g) Currencies

(i) Functional and presentation currency

The financial statements of PIDM are presented in Ringgit Malaysia ("RM"), which is the currency of the primary economic environment in which PIDM operates (functional currency).

(ii) Foreign currency transactions

In preparing the financial statements of PIDM, transactions in foreign currencies other than PIDM's functional currency are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are included in the Statement of Profit or Loss for the period. Exchange differences arising from the translation of non-monetary items carried at fair value are included in the Statement of Profit or Loss for the period except for the differences arising from the translation of non-monetary items in respect of which gains and losses are recognised directly in the Funds and Reserves.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(h) PIDM as a lessee

PIDM assesses whether a contract is or contains a lease, at the inception of a contract. PIDM recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, PIDM recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, PIDM uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate or rate of return method) and by reducing the carrying amount to reflect the lease payments made.

PIDM remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the change in the lease payments is due to a change in a floating interest rate or rate of return, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2. Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(h) PIDM as a lessee (cont'd.)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever PIDM incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* ("MFRS 137"). The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that PIDM expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Statement of Financial Position.

PIDM applies MFRS 136 *Impairment of Assets* ("MFRS 136") to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.2(d).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "operations and administrative expenses" in the Statement of Profit or Loss.

2.3 Adoption of new and revised MFRS, Interpretations and Amendments

New and revised MFRS, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year.

The following are the pronouncements that have been issued by the Malaysian Accounting Standards Board ("MASB") that became effective for annual periods beginning on or after 1 January 2024 and have been adopted by PIDM in the financial statements:

- Amendments to MFRS 107 and MFRS 7: *Supplier Finance Arrangements*
- Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Non-current Liabilities with Covenants*

The adoption of the above pronouncements are not expected to have a significant impact on the financial statements of PIDM.

2. Accounting Policies (Cont'd.)

2.3 Adoption of new and revised MFRS, Interpretations and Amendments (cont'd.)

New and revised MFRS, Interpretations and Amendments in issue but not yet effective

The following are accounting standards, amendments and interpretations to the MFRS Framework that have been issued by MASB and will become effective in future financial reporting periods. PIDM intends to adopt these standards, annual improvements to standards and Interpretation Committee's Interpretation, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121: *Lack of Exchangeability*	1 January 2025
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred to a date to be announced by MASB
Annual Improvements to MFRS Accounting Standards - Volume 11 (MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107)	1 January 2026
Amendments to MFRS 9 and MFRS 7: *Classification and Measurement of Financial Instruments*	1 January 2026
MFRS 18: *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19: *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

PIDM does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of PIDM in future periods.

3. Significant Accounting Judgements and Estimates

The preparation of PIDM's financial statements does not generally require Management to make judgements, estimates and assumptions that affect the reported amounts except for the areas discussed below and the disclosure of contingent liabilities at the reporting date. Where judgements are required, uncertainty about the assumptions and estimates used could result in outcomes that would require a material adjustment to the carrying amount of the affected asset or liability in the future.

3.1 Judgements made in applying accounting policies

In the process of applying PIDM's accounting policies, Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Non-consolidation of investments in subsidiaries

PIDM is the resolution authority for all member institutions with wide intervention and failure resolution powers. The subsidiaries of PIDM were incorporated to act as special purpose entities to carry out specific intervention and failure resolution activities rather than for investment purposes. These special purpose entities meet the definition of 'structured entities' as defined under the MFRS 12.

3. Significant Accounting Judgements and Estimates (Cont'd.)

3.1 Judgements made in applying accounting policies (cont'd.)

(a) Non-consolidation of investments in subsidiaries (cont'd.)

In accordance with MFRS 10, consolidation of subsidiaries by a parent is required when the parent has 'control' over its subsidiaries. For control to be established, the investor must have the following:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of investor's return.

Any returns from the subsidiaries are meant for the benefit of the respective Protection Funds, which are to be used for future intervention or failure resolution activities. PIDM, as an entity, has limited financial exposure or rights to variable returns from its investments in the subsidiaries, as the financial exposure and rights to any variable returns are attributed directly to the relevant Protection Fund(s). Although PIDM has rights to use monies in the Protection Funds to cover any expenses incurred in order to run its operations, these expenses are limited and strictly governed by the PIDM Act.

Consolidating the financial statements of PIDM together with those of its subsidiaries will not provide meaningful information and a true and fair view of the financial position and performance of PIDM, as the financial exposure and impact of any intervention or failure resolution of a member institution only affects the specific Protection Fund to which that member institution relates.

Given the above considerations, the criteria for having 'control' as defined in MFRS 10 are not met, and hence consolidated financial statements have not been prepared. Nevertheless, a summary of the financial information of each of the subsidiaries is included in Note 7 to the financial statements.

In the event of any intervention and failure resolution activities, PIDM shall disclose the following information in accordance with the requirements of MFRS 12, which specifically address the interests in unconsolidated structured entities:

- the nature and extent of its interests in the unconsolidated structured entities; and

- an evaluation of the nature and any changes in the risks associated with these interests.

(b) Classification of financial assets – business model assessment

Classification and measurement of financial assets depends on the results of the business model assessment and the SPPI test (refer Note 2.2(a)). PIDM determines the business model at a level that reflects how its financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured as well as how the risks associated with those assets are managed. PIDM continually monitor the appropriateness of the business model applied to these assets and whether there has been a change in business model and thus a prospective change to the classification of those assets. No such changes were required during the reporting period presented.

(c) Lease commitments

PIDM has entered into non-cancellable lease contracts for the use of office space and various office equipment. PIDM has determined, based on an evaluation of the terms and conditions of the arrangements, that the lease terms do not constitute a major part of the economic life of the assets and there is no purchase option clause included in the contract. As such, there is no transfer of significant risks and rewards of ownership of these assets to PIDM. Hence, these contracts are accounted for as a lease.

3. Significant Accounting Judgements and Estimates (Cont'd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses on financial assets

The measurement of impairment losses under MFRS 9 *Financial Instruments* ("MFRS 9") across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

PIDM's ECL calculations are outputs of complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- determining criteria for significant increase in credit risk;

- development of the ECL model, including the various formulas and the choice of inputs;

- determination of associations between macroeconomic scenario and economic inputs relevant to the class of financial assets, such as GDP, and the effect on PDs, EADs and LGDs;

- the segmentation of financial assets when their ECL is assessed on collective basis; and

- establishing the number and relative weightings of forward-looking scenarios, to derive the estimation of the ECL.

When measuring ECL, PIDM uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of GDP.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that PIDM would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Note 22(c) sets out key sensitivities of the ECL to changes in key inputs and assumptions.

Defined benefit plan - LTRP

The LTRP obligation, calculated using the projected unit credit method, is determined by a qualified actuary. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, turnover rate, mortality rate and disability rate. All assumptions are reviewed at each reporting date.

Right-of-use assets and lease liabilities

PIDM's right-of-use assets and lease liability positions depends on Management's current assessment on the total lease payments on the expected lease term and based on its assumption of the appropriate incremental borrowing rate used as the discount rate.

3. Significant Accounting Judgements and Estimates (Cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

Right-of-use assets and lease liabilities (cont'd)

The uncertainty of these carrying amounts relate principally to the Management's assessment on its reasonable certainty of exercising an extension to its renewable lease contracts. Due to this uncertainty, there is a possibility that, on conclusion of the non-cancellable term of the lease contract at a future date, the final outcome may differ pursuant to actual decision of extension. Management has assessed that they are reasonably certain that the extension for renewal would be exercised and has reflected that assumption in the measurement of the right-of-use assets and lease liability. The assumptions are reviewed at minimal, at each reporting date or when there are indicators which may result in a change of assumption.

4. Cash and Cash Equivalents

a. Balances as at the end of the financial year

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Operational banking accounts	3,252	2,776	476
Placements in short-term money market and fixed deposits	105,352	88,857	16,495
Total cash and cash equivalents	**108,604**	**91,633**	**16,971**

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Operational banking accounts	3,320	2,232	1,088
Placements in short-term money market and fixed deposits	99,824	85,763	14,061
Total cash and cash equivalents	103,144	87,995	15,149

4. Cash and Cash Equivalents (Cont'd.)

b. Statement of Cash Flows (indirect method)

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year	758,345	583,141	175,204
Adjustments for:			
Depreciation of property and equipment	4,905	3,810	1,095
Depreciation of right-of-use assets	4,840	3,770	1,070
Lease finance costs	414	322	92
Property and equipment written off	45	35	10
Gain on disposal of property and equipment	(34)	(26)	(8)
Allowance for expected credit losses	10	8	2
Operating profit before changes in working capital	768,525	591,060	177,465
Change in payables	785	363	422
Change in other assets	(9,251)	(5,767)	(3,484)
Net amortisation of premium for investment securities	36,067	24,844	11,223
Net cash flows generated from operating activities	796,126	610,500	185,626
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment securities	1,194,280	714,640	479,640
Purchase of investment securities	(1,972,971)	(1,312,161)	(660,810)
Proceeds from disposal of property and equipment	4	3	1
Purchase of property and equipment	(6,908)	(5,418)	(1,490)
Net cash flows used in investing activities	(785,595)	(602,936)	(182,659)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease liabilities	(4,657)	(3,604)	(1,053)
Lease finance costs	(414)	(322)	(92)
Net cash flows used in financing activities	(5,071)	(3,926)	(1,145)
Net increase in cash and cash equivalents	5,460	3,638	1,822
Cash and cash equivalents at beginning of year	103,144	87,995	15,149
Cash and cash equivalents at end of year	108,604	91,633	16,971

4. Cash and Cash Equivalents (Cont'd.)

b. Statement of Cash Flows (indirect method) (cont'd)

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year	730,765	566,902	163,863
Adjustments for:			
Depreciation of property and equipment	4,716	3,616	1,100
Depreciation of right-of-use assets	3,942	3,187	755
Lease finance costs	397	321	76
Gain on disposal of property and equipment	(63)	(52)	(11)
Allowance for expected credit losses	10	8	2
Operating profit before changes in working capital	739,767	573,982	165,785
Change in payables	(1,547)	(1,252)	(295)
Change in other assets	(16,449)	(10,458)	(5,991)
Net amortisation of premium for investment securities	65,618	44,126	21,492
Net cash flows generated from operating activities	787,389	606,398	180,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment securities	2,365,560	1,440,940	924,620
Purchase of investment securities	(3,106,407)	(2,007,646)	(1,098,761)
Proceeds from disposal of property and equipment	65	53	12
Purchase of property and equipment	(7,434)	(5,772)	(1,662)
Net cash flows used in investing activities	(748,216)	(572,425)	(175,791)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease liabilities	(4,195)	(3,583)	(612)
Lease finance costs	(397)	(321)	(76)
Net cash flows used in financing activities	(4,592)	(3,904)	(688)
Net increase in cash and cash equivalents	34,581	30,069	4,512
Cash and cash equivalents at beginning of year	68,563	57,926	10,637
Cash and cash equivalents at end of year	103,144	87,995	15,149

5. Investments

	Note	2024		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues		**5,948,395**	**3,969,704**	**1,978,691**
Private Debt Securities		**1,226,628**	**805,753**	**420,875**
		7,175,023	**4,775,457**	**2,399,566**
Add: Accretion of discounts net of amortisation of premiums		**(22,012)**	**(17,744)**	**(4,268)**
Total investments at amortised cost		**7,153,011**	**4,757,713**	**2,395,298**
Less: Allowance for expected credit loss	16(i)	**(22)**	**(16)**	**(6)**
Total net investments		**7,152,989**	**4,757,697**	**2,395,292**

	Note	2023		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues		5,657,057	3,716,479	1,940,578
Private Debt Securities		790,363	493,253	297,110
		6,447,420	4,209,732	2,237,688
Add: Accretion of discounts net of amortisation of premiums		(37,173)	(24,596)	(12,577)
Total investments at amortised cost		6,410,247	4,185,136	2,225,111
Less: Allowance for expected credit loss	16(i)	(18)	(13)	(5)
Total net investments		6,410,229	4,185,123	2,225,106

Impairment of investments

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Credit risk of investments

PIDM continues to monitor and assess the impact of the current and future outlook of the economic and operating environment to the credit risk of its investments.

Note 16(i) and 22(c) details the loss allowance as well as the measurement basis of expected credit losses for each of these financial assets by credit risk rating grades, respectively.

6. Other Assets

	Note	2024 Total RM'000	2024 DIFs RM'000	2024 TIPFs RM'000
a. Financial assets				
Investment income receivables		**70,734**	**46,726**	**24,008**
Deposits		**2,333**	**2,066**	**267**
Other receivables		**6**	**5**	**1**
		73,073	**48,797**	**24,276**
Less: Allowance for expected credit loss	16(i)	**(6)**	**(5)**	**(1)**
Sub-total financial assets		**73,067**	**48,792**	**24,275**
b. Non-financial assets				
Prepayments		**4,161**	**3,055**	**1,106**
Other non-financial assets		**213**	**154**	**59**
Sub-total non-financial assets		**4,374**	**3,209**	**1,165**
Total other assets		**77,441**	**52,001**	**25,440**

	Note	2023 Total RM'000	2023 DIFs RM'000	2023 TIPFs RM'000
a. Financial assets				
Investment income receivables		61,561	40,710	20,851
Deposits		2,320	2,056	264
Other receivables		-	-	-
Sub-total financial assets		63,881	42,766	21,115
b. Non-financial assets				
Prepayments		4,096	3,132	964
Other non-financial assets		213	154	59
Sub-total non-financial assets		4,309	3,286	1,023
Total other assets		68,190	46,052	22,138

Impairment of other financial assets

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Credit risk of other financial assets

Note 16(i) and 22(c) details the loss allowance as well as the measurement basis of expected credit losses for each of these financial assets by credit risk rating grades, respectively.

7. Investment in Subsidiaries

	2024 Total RM'000	2024 DIFs RM'000	2024 TIPFs RM'000
At cost			
Unquoted shares	-*	-*	-*
Total investment in subsidiaries	-*	-*	-*

	2023 Total RM'000	2023 DIFs RM'000	2023 TIPFs RM'000
At cost			
Unquoted shares	-*	-*	-*
Total investment in subsidiaries	-*	-*	-*

* Total paid-up capital of RM10 (RM2 for each of the five subsidiaries) is significantly below the rounding threshold.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Incorporation date	Effective ownership interest	Status
The Federal Asset Management Agency of Malaysia Berhad**	Malaysia	Asset management company	8 June 2012	100%	Dormant
The Federal Commercial Bank of Malaysia Berhad**	Malaysia	Bridge institution	22 June 2012	100%	Dormant
The Federal Islamic Bank of Malaysia Berhad**	Malaysia	Bridge institution	22 June 2012	100%	Dormant
The National PIDM Insurance Corporation of Malaysia Berhad **	Malaysia	Bridge institution	20 June 2012	100%	Dormant
The Federal Takaful Corporation of Malaysia Berhad**	Malaysia	Bridge institution	22 June 2012	100%	Dormant

** Audited by an external audit firm, Messrs Khairuddin Hasyudeen & Razi.

The names of all Directors for all the subsidiaries in office during the financial year ended 31 December 2024 were:

- Encik Rafiz Azuan Abdullah, Chief Executive Officer, PIDM
- Ms. Lee Yee Ming, Executive Vice President, PIDM

7. Investment in Subsidiaries (Cont'd.)

In accordance with section 10 of the PIDM Act and pursuant to PIDM's mandate, the subsidiaries were incorporated as special purpose entities to carry out specific intervention and failure resolution activities when required. The five subsidiaries, being one asset management company ("AMC") and four bridge institutions ("BIs"), have been incorporated under the Companies Act 1965 as public companies limited by shares. The subsidiaries are incorporated in advance in case of any failure of a member institution and hence, will remain dormant until activated to carry out any necessary intervention and failure resolution activities.

The specific objective and purpose of these subsidiaries are as follows:

Name of subsidiary	Objects / Purpose
The Federal Asset Management Agency of Malaysia Berhad	The AMC was established to carry on the business of an asset management company and has the authority to acquire, assume control, manage, dispose of, sell, deal with, transact and operate as a going concern or otherwise, the assets, liabilities, business, undertakings and affairs of a member institution as defined in the PIDM Act, whether by way of an arrangement, agreement, instrument or otherwise in accordance with the PIDM Act and any other applicable laws.
Bridge institutions A BI is a resolution tool under the PIDM Act. This would enable PIDM to transfer the business, assets and liabilities of a troubled or failed member institution to a BI where there is no immediate purchaser or where the resolution action involves a complex member institution. The BI is intended to be a temporary special purpose vehicle that would preserve the business franchise value of the troubled or failed member institution. The BI is to be operated on a conservative basis, and subsequently sold to a private sector purchaser. On activation and designation of a BI under the PIDM Act with the approval of the Minister of Finance, the BI will operate as a fully licensed financial institution.	
The Federal Commercial Bank of Malaysia Berhad	This subsidiary, upon activation, will operate as a licensed bank to carry on and transact all commercial banking business as defined in the Financial Services Act 2013.
The Federal Islamic Bank of Malaysia Berhad	This subsidiary, upon activation, will operate as a licensed Islamic bank to carry on and transact all Islamic banking business as defined in the Islamic Financial Services Act 2013.
The National PIDM Insurance Corporation of Malaysia Berhad	This subsidiary, upon activation, will operate as a licensed insurance company to carry on or transact all insurance, assurance, guarantee and indemnity businesses as defined in the Financial Services Act 2013.
The Federal Takaful Corporation of Malaysia Berhad	This subsidiary, upon activation, will operate as a licensed takaful operator to carry on or transact every kind of takaful and re-takaful businesses under the Islamic Financial Services Act 2013.

In line with section 35 of the PIDM Act, the financial results of the subsidiaries are not consolidated with the financial statements of PIDM. Consolidating the financial statements of PIDM together with those of its subsidiaries will not provide meaningful information and a true and fair view of the financial position and performance of PIDM as the financial exposure and impact of any intervention or failure resolution of a member institution only affects the specific Protection Fund to which that member institution relates.

Further details are represented in Note 3.1(a).

7. Investment in Subsidiaries (Cont'd.)

Whilst these subsidiaries remain dormant, its administrative expenses will be borne directly by PIDM at the corporate level. Details of the administrative expenses of the subsidiaries are as follows:

Expense description	2024 RM	2023 RM
Audit fees	**21,060**	20,670
Secretarial fees	**24,858**	19,662
Total subsidiaries expenses	**45,918**	40,332

The administrative expenses for subsidiaries are included in the operations and administrative expenses disclosed in Note 16 within professional and consultancy fees.

8. Property and Equipment

	2024							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	4,718	16,952	54,850	3,710	925	10,418	2,820	94,393
Additions	-	-	322	-	-	82	5,990	6,394
Reclassifications	-	-	2,851	842	-	2,514	(6,207)	-
Disposals	-	-	(185)	(1,417)	-	(1,054)	-	(2,656)
Write-offs	-	(2)	(3,548)	(94)	-	(6,500)	(45)	(10,189)
Balance as at 31 December	4,718	16,950	54,290	3,041	925	5,460	2,558	87,942
Accumulated depreciation								
Balance as at 1 January	-	2,375	49,491	2,521	660	8,480	-	63,527
Charge for the year	-	337	3,574	310	58	626	-	4,905
Disposals	-	-	(184)	(1,417)	-	(1,054)	-	(2,655)
Write-offs	-	-	(3,542)	(94)	-	(6,414)	-	(10,050)
Balance as at 31 December	-	2,712	49,339	1,320	718	1,638	-	55,727
Net carrying amount as at 31 December	4,718	14,238	4,951	1,721	207	3,822	2,558	32,215

8. Property and Equipment (Cont'd.)

	2023							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	4,718	16,954	61,566	3,752	930	10,418	1,605	99,943
Additions	-	-	341	3	294	1	3,258	3,897
Reclassifications	-	-	2,043	-	-	-	(2,043)	-
Disposals	-	-	-	(35)	(299)	-	-	(334)
Retirements	-	-	(9,015)	-	-	-	-	(9,015)
Write-offs	-	(2)	(85)	(10)	-	(1)	-	(98)
Balance as at 31 December	4,718	16,952	54,850	3,710	925	10,418	2,820	94,393
Accumulated depreciation								
Balance as at 1 January	-	2,035	54,974	2,319	919	7,959	-	68,206
Charge for the year	-	340	3,573	241	40	522	-	4,716
Disposals	-	-	-	(34)	(299)	-	-	(333)
Retirements	-	-	(9,015)	-	-	-	-	(9,015)
Write-offs	-	-	(41)	(5)	-	(1)	-	(47)
Balance as at 31 December	-	2,375	49,491	2,521	660	8,480	-	63,527
Net carrying amount as at 31 December	4,718	14,577	5,359	1,189	265	1,938	2,820	30,866

8. Property and Equipment (Cont'd.)

* Assets under construction amounting to RM2.6 million (2023: RM2.8 million) consist of:

	2024 RM'000	2023 RM'000
Analytics Platform and Dashboards	-	865
Human Capital Management System ("HCMS")	**84**	598
Industry Portal System ("IPS") enhancements	**1,153**	279
Disaster Recovery ("DR") setup for IPS	-	438
Resolution Technology ("ResTech")	-	322
Reimbursement system – Request Management and Support System and Microsite	**158**	238
Risk Assessment System ("RAS") 3 Modernisation	**1,075**	-
Others	**88**	80
Total	**2,558**	2,820

Disposal and write-off of assets

During the financial year, PIDM relocated its remaining operations at Axiata Tower, Kuala Lumpur to Bangunan AICB, Kuala Lumpur. As part of this relocation, PIDM had disposed and written-off certain assets, which resulted in a net gain of RM33,632.

Valuation of land and building

The land and building relates to PIDM office in Subang ("PIDM Subang Office") (formerly known as PIDM Disaster Recovery Centre) which was constructed on a freehold land owned by PIDM and became operational in 2018, and is measured at cost as at the reporting date. As at 31 December 2024, the fair value of the land and building is RM22 million based on a valuation exercise carried out in October 2024 by a registered independent valuer. The fair value of the freehold land and building was determined using both cost approach and comparison approach method concurrently. This means that the valuation performed by the valuer is based on active market prices, adjusted for marketability restrictions and other relevant conditions applicable to the freehold land and building.

PIDM assesses the value of the freehold land and building periodically for the purposes of ensuring that its carrying amount in the financial statements remains relevant and that there is no indication of impairment. PIDM exercises its judgement to ensure that the valuation methods and estimates applied are reflective of current market conditions.

8. Property and Equipment (Cont'd.)

Fair value – Level 2

	2024		
	Land RM'000	Building RM'000	Total RM'000
Net carrying amount as at 1 January	**4,718**	**14,577**	**19,295**
Net carrying amount as at 31 December	**4,718**	**14,238**	**18,956**
Fair value of land and building as at 31 December			**22,000**

Significant observable valuation input:

	2024 RM	2023 RM
Price of land and building per square metre	**2,200-4,600**	1,700-4,200

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

The PIDM Subang Office is for PIDM's own use, and therefore in assessing impairment, the value of the land and building were assessed in its entirety. The total net carrying amount of the land and building as at 31 December 2024 is lower than the total fair value of the land and building as determined through the valuation performed by the independent valuer. As such, there is no indication of impairment for the land and building as at the reporting date.

8. Property and Equipment (Cont'd.)

a. Deposit Insurance Funds

	2024							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	3,155	13,773	42,505	3,156	729	9,174	2,318	74,810
Additions	-	-	252	-	-	64	4,694	5,010
Reclassifications	-	-	2,323	650	-	1,962	(4,935)	-
Disposals	-	-	(136)	(1,367)	-	(949)	-	(2,452)
Write-offs	-	(1)	(1,916)	(83)	-	(6,078)	(31)	(8,109)
Balance as at 31 December	3,155	13,772	43,028	2,356	729	4,173	2,046	69,259
Accumulated depreciation								
Balance as at 1 January	-	1,933	38,277	2,257	514	7,760	-	50,741
Charge for the year	-	274	2,795	229	47	465	-	3,810
Disposals	-	-	(133)	(1,366)	-	(952)	-	(2,451)
Write-offs	-	-	(1,908)	(82)	-	(6,015)	-	(8,005)
Balance as at 31 December	-	2,207	39,031	1,038	561	1,258	-	44,095
Net carrying amount as at 31 December	3,155	11,565	3,997	1,318	168	2,915	2,046	25,164

8. Property and Equipment (Cont'd.)

a. Deposit Insurance Funds (cont'd.)

	2023							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	3,155	13,775	48,684	3,197	734	9,174	1,516	80,235
Additions	-	-	283	2	238	1	2,681	3,205
Reclassifications	-	-	1,879	-	-	-	(1,879)	-
Disposals	-	-	-	(34)	(243)	-	-	(277)
Retirements	-	-	(8,276)	-	-	-	-	(8,276)
Write-offs	-	(2)	(65)	(9)	-	(1)	-	(77)
Balance as at 31 December	3,155	13,773	42,505	3,156	729	9,174	2,318	74,810
Accumulated depreciation								
Balance as at 1 January	-	1,657	43,836	2,121	725	7,379	-	55,718
Charge for the year	-	276	2,751	175	32	382	-	3,616
Disposals	-	-	-	(34)	(243)	-	-	(277)
Retirements	-	-	(8,276)	-	-	-	-	(8,276)
Write-offs	-	-	(34)	(5)	-	(1)	-	(40)
Balance as at 31 December	-	1,933	38,277	2,257	514	7,760	-	50,741
Net carrying amount as at 31 December	3,155	11,840	4,228	899	215	1,414	2,318	24,069

8. Property and Equipment (Cont'd.)

b. Takaful and Insurance Benefits Protection Funds

	2024							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	1,563	3,179	12,345	554	196	1,244	502	19,583
Additions	-	-	70	-	-	18	1,296	1,384
Reclassifications	-	-	528	192	-	552	(1,272)	-
Disposals	-	-	(49)	(50)	-	(105)	-	(204)
Write-offs	-	(1)	(1,632)	(11)	-	(422)	(14)	(2,080)
Balance as at 31 December	**1,563**	**3,178**	**11,262**	**685**	**196**	**1,287**	**512**	**18,683**
Accumulated depreciation								
Balance as at 1 January	-	442	11,214	264	146	720	-	12,786
Charge for the year	-	63	779	81	11	161	-	1,095
Disposals	-	-	(51)	(51)	-	(102)	-	(204)
Write-offs	-	-	(1,634)	(12)	-	(399)	-	(2,045)
Balance as at 31 December	**-**	**505**	**10,308**	**282**	**157**	**380**	**-**	**11,632**
Net carrying amount as at 31 December	**1,563**	**2,673**	**954**	**403**	**39**	**907**	**512**	**7,051**

8. Property and Equipment (Cont'd.)

b. Takaful and Insurance Benefits Protection Funds (cont'd.)

	2023							
	Land RM'000	Building RM'000	Office equipment and computer systems RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office refurbishments RM'000	Assets under construction* RM'000	Total RM'000
Cost								
Balance as at 1 January	1,563	3,179	12,882	555	196	1,244	89	19,708
Additions	-	-	58	1	56	-	577	692
Reclassifications	-	-	164	-	-	-	(164)	-
Disposals	-	-	-	(1)	(56)	-	-	(57)
Retirements	-	-	(739)	-	-	-	-	(739)
Write-offs	-	-	(20)	(1)	-	-	-	(21)
Balance as at 31 December	1,563	3,179	12,345	554	196	1,244	502	19,583
Accumulated depreciation								
Balance as at 1 January	-	378	11,138	198	194	580	-	12,488
Charge for the year	-	64	822	66	8	140	-	1,100
Disposals	-	-	-	-	(56)	-	-	(56)
Retirements	-	-	(739)	-	-	-	-	(739)
Write-offs	-	-	(7)	-	-	-	-	(7)
Balance as at 31 December	-	442	11,214	264	146	720	-	12,786
Net carrying amount as at 31 December	1,563	2,737	1,131	290	50	524	502	6,797

9. Right-of-use Assets

PIDM leases several assets including building and office equipment.

PIDM's tenancy agreement for use of office space at Levels 12, 13, and 16 of Axiata Tower, Kuala Lumpur had expired on 31 December 2024.

PIDM has entered into a tenancy agreement for the use of office space at Levels 9 and 10 of Bangunan AICB, Kuala Lumpur. The tenancy agreement commenced on 1 July 2022 and will expire on 30 June 2025 with an option to renew the lease for another 3 years at the prevailing market rate.

PIDM has also entered into a new tenancy agreement for the use of office space at Levels 4, 5 and 8 of Bangunan AICB, Kuala Lumpur. The tenancy agreement commenced on 1 July 2024 and will expire on 30 June 2028. In addition, PIDM has an option to further renew the tenancy for another 3 years at the prevailing market rate.

There is no purchase option clause included in both tenancy agreements. There are also no restrictions placed upon PIDM by entering into these tenancy agreements.

a. Right-of-use assets

	Note	2024			
		Building RM'000	Parking RM'000	Office Equipment RM'000	Total RM'000
Balance as at 1 January		**8,308**	**291**	**100**	**8,699**
Additions		**4,570**	**492**	**46**	**5,108**
Modification		**-**	**(16)**	**-**	**(16)**
Depreciation	16	**(4,606)**	**(165)**	**(69)**	**(4,840)**
Net carrying amount		**8,272**	**602**	**77**	**8,951**

	Note	2023			
		Building RM'000	Parking RM'000	Office Equipment RM'000	Total RM'000
Balance as at 1 January		9,357	321	147	9,825
Additions		-	-	-	-
Modification		2,686	110	20	2,816
Depreciation	16	(3,735)	(140)	(67)	(3,942)
Net carrying amount		8,308	291	100	8,699

9. Right-of-use Assets (Cont'd.)

b. Lease related expenses charged to Profit or Loss

	Note	2024		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Depreciation of right-of-use assets	16	**4,840**	**3,770**	**1,070**
Lease finance costs	16	**414**	**322**	**92**
Expense relating to lease of low value asset and short term lease*		**5**	**4**	**1**
Total lease related expenses		**5,259**	**4,096**	**1,163**

	Note	2023		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Depreciation of right-of-use assets	16	3,942	3,187	755
Lease finance costs	16	397	321	76
Expense relating to lease of low value asset and short term lease*		5	4	1
Total lease related expenses		4,344	3,512	832

* Expense relating to lease of low value asset and short term lease are included in the operations and administrative expenses disclosed in Note 16 within office supplies, equipment and miscellaneous.

The total cash outflow for leases amounted to RM5.1 million (2023: RM4.6 million), comprising payment of lease finance costs of RM0.4 million (2023: RM0.4 million) and principal repayment of lease liabilities of RM4.7 million (2023: RM4.2 million). Refer to the Statement of Cash Flows.

10. Lease Liabilities

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Balance as at 1 January	**9,525**	**7,181**	**2,344**
Additions	**5,108**	**3,983**	**1,125**
Principal repayment of lease liabilities	**(4,657)**	**(3,604)**	**(1,053)**
Modification of lease contracts	**(16)**	**(13)**	**(3)**
Balance as at 31 December	**9,960**	**7,547**	**2,413**

10. Lease Liabilities (Cont'd.)

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Balance as at 1 January	10,904	8,489	2,415
Additions	-	-	-
Principal repayment of lease liabilities	(4,195)	(3,584)	(611)
Modification of lease contracts	2,816	2,276	540
Balance as at 31 December	9,525	7,181	2,344

	2024 RM'000	2023 RM'000
Maturity analysis		
Not later than 1 year	**2,861**	4,471
Later than 1 year and not later than 5 years	**7,828**	5,764
	10,689	10,235

The maturity analysis is based on the total lease cash flow obligations.

PIDM does not face a significant liquidity risk with regard to its lease liabilities. PIDM had put in place a set of internal control procedures and contingency plans to manage liquidity risk arising from its lease liabilities.

During the financial year, PIDM recognised the 4-year lease rental of additional office space at Bangunan AICB commencing on 1 July 2024. The aggregate future cash outflows to which PIDM will be exposed in respect of this tenancy agreement is RM1.1 million per year, for the next 4 years.

11. Payables

		2024		
	Note	**Total RM'000**	**DIFs RM'000**	**TIPFs RM'000**
a. Financial liabilities				
Payables, representing total financial liabilities		**182**	**141**	**41**
b. Non-financial liabilities				
Accruals		**4,531**	**3,577**	**954**
Provision for unutilised leave	i	**2,086**	**1,624**	**462**
Provision for Long Term Retirement Plan Liability	ii	**7,504**	**5,834**	**1,670**
Sub-total non-financial liabilities		**14,121**	**11,035**	**3,086**
Total payables		**14,303**	**11,176**	**3,127**

11. Payables (Cont'd.)

		2023		
	Note	Total RM'000	DIFs RM'000	TIPFs RM'000
a. Financial liabilities				
Payables, representing total financial liabilities		361	295	66
b. Non-financial liabilities				
Accruals		5,779	4,719	1,060
Provision for unutilised leave	i	2,063	1,670	393
Provision for Long Term Retirement Plan Liability	ii	5,315	4,129	1,186
Sub-total non-financial liabilities		13,157	10,518	2,639
Total payables		13,518	10,813	2,705

i. Provision for unutilised leave

	2024		
	Total RM'000	**DIFs RM'000**	**TIPFs RM'000**
Balance as at 1 January	**2,063**	**1,670**	**393**
Net addition for the year	**53**	**(23)**	**76**
Payment	**(30)**	**(23)**	**(7)**
Balance as at 31 December	**2,086**	**1,624**	**462**

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Balance as at 1 January	4,147	2,980	1,167
Unused amounts reversed	(2,038)	(1,273)	(765)
Payment	(46)	(37)	(9)
Balance as at 31 December	2,063	1,670	393

Provision for unutilised leave relates to the amount payable to employees on the annual leave carried forward from the preceding years that are not utilised before the current year's entitlement, calculated based on the employee's basic salary that was earned at the time the leave was accrued.

11. Payables (Cont'd.)

ii. Provision for Long Term Retirement Plan

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Total provision for Long Term Retirement Plan	**7,504**	**5,834**	**1,670**

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Total provision for Long Term Retirement Plan	5,315	4,129	1,186

PIDM operates an unfunded defined benefit plan referred to as LTRP which was implemented effective 1 January 2016. The LTRP provides benefits to employees in the form of a guaranteed level of a one lump sum retirement payment based on the employee's final drawn salary. The LTRP payment depends on employee's length of service and their salary in the final year leading up to retirement. As at reporting date, the balance of the provision for LTRP represents accrued but not vested benefits.

The following table shows a reconciliation from the opening balance to the closing balance for the provision for LTRP and its components:

	Total		DIFs		TIPFs	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Balance as at 1 January	**5,315**	4,217	**4,129**	3,241	**1,186**	976
Included in profit or loss						
Current service cost	**1,672**	1,492	**1,302**	1,206	**370**	286
Interest/Financing cost	**245**	225	**191**	182	**54**	43
Benefit payments	**(221)**	(760)	**(172)**	(614)	**(49)**	(146)
Included in other comprehensive income						
Remeasurements	**493**	141	**384**	114	**109**	27
Balance as at 31 December	**7,504**	5,315	**5,834**	4,129	**1,670**	1,186

11. Payables (Cont'd.)

ii. Provision for Long Term Retirement Plan (cont'd.)

Remeasurements of LTRP arises from the changes in the financial assumptions and adjustments for experience of the LTRP during the inter-valuation period as assessed by the qualified actuary. Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) include the discount rate, future salary increases, turnover rate, mortality rate and disability rate. The mortality rate is based on the latest published Malaysian Assured Lives 2011-2015 Table (M1115) that is used in the insurance industry. The disability rate used is 10% of the mortality rate.

The net liability disclosed above relates to unfunded plan as follows:

	2024 RM'000	2023 RM'000
Fair value of plan assets		
Present value of unfunded obligations	**7,504**	5,315

12. Funds and Reserves

a. Deposit Insurance Funds

Accumulated surpluses

	2024		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
Balance as at 1 January	**4,332,216**	**3,396,257**	**935,959**
Net surplus	**582,757**	**405,749**	**177,008**
Balance as at 31 December	**4,914,973**	**3,802,006**	**1,112,967**

	2023		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
Balance as at 1 January	3,765,428	2,991,960	773,468
Net surplus	566,788	404,297	162,491
Balance as at 31 December	4,332,216	3,396,257	935,959

12. Funds and Reserves (Cont'd.)

a. Deposit Insurance Funds (cont'd.)

Accumulated surpluses (cont'd.)

The DIFs are the accumulated reserves (ex-ante funds) to cover the net expected losses arising from providing deposit insurance protection to depositors. In accordance with the PIDM Act, PIDM maintains separate DIFs for both Conventional and Islamic DIS. DIFs are accumulated from annual net surpluses, which are the premium revenue and investment income and returns earned net of total expenses incurred allocated based on the proportion of total income earned for each Protection Fund in a particular year.

In 2023, PIDM had reviewed and revised its Target Fund Framework to align it to the enhancements to PIDM's intervention and resolution framework and approaches. Accordingly, PIDM adopted a revised Target Fund range for its DIFs which is between 1.5% and 1.8% of Total Insured Deposits ("TID") for both Conventional and Islamic DIF. PIDM will recalibrate the timeframe to achieve the Target Fund levels for DIFs, along with the implementation of the revised Differential Premium System Framework in 2025.

The current balance of DIFs as at 31 December 2024 as a percentage of TID and the comparison to the revised Target Fund range (based on the TID as at 31 December 2023) are described in the following table:

	Target Fund		
	2024 actual RM million	Lower range RM million	Upper range RM million
Deposit Insurance Funds			
Conventional Deposit Insurance Fund			
Percentage of TID	**0.76%**	1.50%	1.80%
Balance	**3,802**	7,463	8,955
Islamic Deposit Insurance Fund			
Percentage of TID	**0.57%**	1.50%	1.80%
Balance	**1,113**	2,909	3,491

PIDM continually reviews the target fund and premium administration including assessing the reasonableness of the time frame to reach the Target Fund level.

12. Funds and Reserves (Cont'd.)

b. Takaful and Insurance Benefits Protection Funds

Accumulated surpluses

	2024				
	Total RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
Balance as at 1 January	2,265,869	1,429,889	677,448	46,207	112,325
Net surplus	175,095	51,962	94,510	8,723	19,900
Balance as at 31 December	**2,440,964**	**1,481,851**	**771,958**	**54,930**	**132,225**

	2023				
	Total RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
Balance as at 1 January	2,102,033	1,386,739	580,767	39,099	95,428
Net surplus	163,836	43,150	96,681	7,108	16,897
Balance as at 31 December	2,265,869	1,429,889	677,448	46,207	112,325

In 2023, PIDM had reviewed and revised its Target Fund Framework for TIPFs which takes into account the latest development in the resolution approach to insurer members that emphasises on ensuring continuity of insurance and takaful coverage and minimising industry impediments.

Even though the review and recalibration of the Target Fund for TIPFs was carried out in similar fashion to DIFs, PIDM had assessed the Target Fund for TIPFs on a consolidated basis by aggregating the net losses of all the individual Protection Funds to arrive at a consolidated Target Fund level and range. Accordingly, PIDM adopted the revised consolidated Target Fund range for its TIPFs which is between 0.3% and 1% of the total insurance or takaful liabilities. PIDM will recalibrate the timeframe to achieve the Target Fund levels for TIPFs, alongside with the revision to the Differential Levy System Framework, planned for implementation in 2026.

The current balance of the TIPFs as at 31 December 2024 and revised Target Fund range for the TIPFs are described in the following table:

	2024 actual RM million	Lower range RM million	Upper range RM million
General Insurance Protection Fund	**1,482**	63	209
Life Insurance Protection Fund	**772**	763	2,544
General Takaful Protection Fund	**55**	20	66
Family Takaful Protection Fund	**132**	127	422

PIDM continually review the target fund and levy administration including assessing the reasonableness of the time frame to reach the Target Fund level.

13. Premium and Levy Revenues

a. Premium revenues from member banks

	2024		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
First premium	**500**	**250**	**250**
Annual premiums	**508,221**	**342,824**	**165,397**
Total premium revenues from member banks	**508,721**	**343,074**	**165,647**

	2023		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
First premium	250	250	-
Annual premiums	525,395	365,723	159,672
Total premium revenues from member banks	525,645	365,973	159,672

The premium rates applicable to the member banks are stated in the Malaysia Deposit Insurance Corporation (Rates For First Premium and Annual Premium In Respect Of Deposit-Taking Members) Order 2023.

i. Rates for annual premium under the Differential Premium Systems

PREMIUM CATEGORY	PREMIUM RATE	MINIMUM ANNUAL PREMIUM AMOUNT (RM)
1	0.06%	100,000
2	0.12%	200,000
3	0.24%	400,000
4	0.48%	800,000

Where a member bank is classified in different premium categories with respect to its Islamic insured deposits and its conventional insured deposits, the respective premium rates will be applied to the Islamic insured deposits and the conventional insured deposits.

ii. Rates for first premium

A member bank that is holding Islamic insured deposits or conventional insured deposits is classified in premium category 1 in its first assessment year [as specified in the Malaysia Deposit Insurance Corporation (Differential Premium Systems in respect of Deposit-Taking Members) Regulations 2023]. Accordingly, the rate for the first premium for such member banks will be the same as the premium rate for premium category 1, subject to a minimum first premium of RM250,000.

13. Premium and Levy Revenues (Cont'd.)

b. Levy revenues from insurer members

	2024				
	Total RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
Annual levies, representing total levy revenues from insurer members	**116,809**	**6,937**	**83,601**	**8,027**	**18,244**

	2023				
	Total RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
Annual levies, representing total levy revenues from insurer members	117,745	5,790	88,967	6,729	16,259

i. Levy rates under the Differential Levy Systems for insurer members

The levy rates applicable to an insurer member is determined in accordance with the Malaysia Deposit Insurance Corporation (Rates for First Levy and Annual Levy in respect of Insurer Members) Order 2023 based on the levy category for which that insurer member is classified. The levy rates assessed on the insurer members are as follows:

LEVY CATEGORY	INSURANCE		TAKAFUL	
	GENERAL	LIFE	GENERAL	FAMILY
1	0.025%	0.025%	0.100%	0.025%
2	0.050%	0.050%	0.200%	0.050%
3	0.100%	0.100%	0.400%	0.100%
4	0.200%	0.200%	0.800%	0.200%

13. Premium and Levy Revenues (Cont'd.)

b. Levy revenues from insurer members (cont'd.)

ii. Minimum annual levy under the Differential Levy Systems for insurer members

The annual levies payable for 2024 were subject to minimum levies based on their levy category as follows:

LEVY CATEGORY	MINIMUM ANNUAL LEVY AMOUNT (RM)			
	INSURANCE		TAKAFUL	
	GENERAL	LIFE	GENERAL	FAMILY
1	25,000	75,000		
2		150,000		
3		300,000		
4		600,000		

iii. Rates for first levy payable

An insurer member is classified in the levy category 1 in its first assessment year [as specified in the Malaysia Deposit Insurance Corporation (Differential Levy Systems in respect of Insurer Members) Regulations 2023. Accordingly, the rate for the first levy for such insurer member will be the same as the levy rate for levy category 1, subject to a minimum first levy of RM250,000.

14. Investment Income and Returns from Cash Equivalents and Investment Securities

a. Investment income and returns according to asset class

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues ("MGS & GII")	207,811	137,674	70,137
Private Debt Securities	41,034	26,663	14,371
Sub-total investment income from investment securities	**248,845**	**164,337**	**84,508**
Placement in short-term money market and fixed deposits	3,767	3,008	759
Total investment income and returns from cash equivalents and investment securities	**252,612**	**167,345**	**85,267**

14. Investment Income and Returns from Cash Equivalents and Investment Securities (Cont'd.)

a. Investment income and returns according to asset class (cont'd.)

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues ("MGS & GII")	176,245	115,132	61,113
Private Debt Securities	19,358	12,533	6,825
Sub-total investment income from investment securities	195,603	127,665	67,938
Placement in short-term money market and fixed deposits	3,333	2,678	655
Total investment income and returns from cash equivalents and investment securities	198,936	130,343	68,593

b. Investment income and returns according to nature of income

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Coupon and profit from investment securities	268,828	179,033	89,795
Returns from accretion of discounts from investment securities (net of amortisation of premiums)	(19,983)	(14,696)	(5,287)
Sub-total investment income from investment securities	**248,845**	**164,337**	**84,508**
Returns from placements in short-term money market and fixed deposits	3,767	3,008	759
Total investment income and returns from cash equivalents and investment securities	**252,612**	**167,345**	**85,267**

14. Investment Income and Returns from Cash Equivalents and Investment Securities (Cont'd.)

b. Investment income and returns according to nature of income (cont'd.)

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Coupon and profit from investment securities	233,436	152,505	80,931
Returns from accretion of discounts from investment securities (net of amortisation of premiums)	(37,833)	(24,840)	(12,993)
Sub-total investment income from investment securities	195,603	127,665	67,938
Returns from placements in short-term money market and fixed deposits	3,333	2,678	655
Total investment income and returns from cash equivalents and investment securities	198,936	130,343	68,593

c. Weighted average return on investments

The weighted average return on investments are average returns earned during the financial year that are weighted by the amount invested and tenure of investments for fixed income securities as well as placements in short-term money market and fixed deposits.

The fixed income investment securities are used for managing the investment of our Protection Funds. The placements in short-term money market and fixed deposits are predominantly used for operational cash management purposes.

14. Investment Income and Returns from Cash Equivalents and Investment Securities (Cont'd.)

c. Weighted average return on investments (cont'd.)

The weighted average return on investments during the financial year are as follows:

Investment and placements		DIFs		TIPFs			
Year	Type of Instruments	Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2024	MGS & GII	**3.57%**	**3.70%**	**3.57%**	**3.65%**	**3.64%**	**3.62%**
	Private Debt Securities	**3.99%**	**3.97%**	**3.98%**	**4.02%**	**3.95%**	**3.98%**
	Placements in short-term money market and fixed deposits	**2.83%**	**3.25%**	**2.69%**	**2.83%**	**3.02%**	**2.98%**
	Subtotal	**3.64%**		**3.65%**			
	Overall	**3.64%**					
2023	MGS & GII	3.22%	3.33%	3.10%	3.26%	3.22%	3.25%
	Private Debt Securities	3.43%	3.35%	3.48%	3.40%	3.31%	3.30%
	Placements in short-term money market and fixed deposits	2.80%	2.99%	2.80%	2.92%	2.90%	2.95%
	Subtotal	3.18%		3.15%			
	Overall	3.22%					

The overall weighted average return on investments for the financial year ended 31 December 2024 is 3.64% (2023: 3.22%).

15. Human Capital Management Expenses

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
a. Employee benefits			
Wages and salaries	62,790	48,837	13,953
Contributions to defined contribution plan	10,609	8,250	2,359
Provision for unutilised leave	53	(23)	76
Provision for Long Term Retirement Plan Liability	1,672	1,302	370
Interest/financing cost of the LTRP	245	191	54
Other benefits	4,458	3,450	1,008
Sub-total – employee benefits	79,827	62,007	17,820
b. Other human capital related expenses*	2,291	1,768	523
Total human capital management expenses	82,118	63,775	18,343

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
a. Employee benefits			
Wages and salaries	61,350	49,480	11,870
Contributions to defined contribution plan	10,232	8,252	1,980
Provision for unutilised leave	(2,038)	(1,273)	(765)
Provision for Long Term Retirement Plan Liability	1,492	1,206	286
Interest/financing cost of the LTRP	225	182	43
Other benefits	3,855	2,980	875
Sub-total – employee benefits	75,116	60,827	14,289
b. Other human capital related expenses*	2,818	2,254	564
Total human capital management expenses	77,934	63,081	14,853

* Other human capital related expenses include expenses for training, capabilities building and employee engagement programmes.

The number of employees at the end of the financial year was 201 (2023: 205).

16. Operations and Administrative Expenses

		2024		
	Note	Total RM'000	DIFs RM'000	TIPFs RM'000
Audit fees		88	66	22
Directors' fees and remuneration*		1,181	921	260
Depreciation of property and equipment	8	4,905	3,810	1,095
Depreciation of right-of-use assets	9(b)	4,840	3,770	1,070
Lease finance cost	9(b)	414	322	92
Telecommunication and computer systems		6,945	5,292	1,653
Utilities, office and vehicle maintenance and general insurance		2,201	1,714	487
Subscriptions and memberships		1,481	1,198	283
Parking space rental		640	497	143
Professional and consultancy fees		1,263	995	268
Publications and corporate collaterals		158	123	35
Postage, printing and stationery		92	72	20
Credit loss expenses	16(i)	10	8	2
Office supplies, equipment and miscellaneous		382	298	84
Property and equipment written-off		45	35	10
Total operations and administrative expenses		24,645	19,121	5,524

* Directors are paid on a fee and allowance structure as approved by the Minister of Finance.

16. Operations and Administrative Expenses (Cont'd.)

	Note	2023 Total RM'000	2023 DIFs RM'000	2023 TIPFs RM'000
Audit fees		89	78	11
Directors' fees and remuneration*		1,178	939	239
Depreciation of property and equipment	8	4,716	3,616	1,100
Depreciation of right-of-use assets	9(b)	3,942	3,187	755
Lease finance cost	9(b)	397	321	76
Telecommunication and computer systems		6,683	4,912	1,771
Utilities, office and vehicle maintenance and general insurance		2,043	1,657	386
Subscriptions and memberships		1,456	1,196	260
Parking space rental		613	495	118
Professional and consultancy fees		1,055	808	247
Publications and corporate collaterals		147	119	28
Postage, printing and stationery		81	62	19
Credit loss expenses	16(i)	10	8	2
Office supplies, equipment and miscellaneous		245	199	46
Property and equipment written-off		-	-	-
Total operations and administrative expenses		22,655	17,597	5,058

* Directors are paid on a fee and allowance structure as approved by the Minister of Finance.

16. Operations and Administrative Expenses (Cont'd.)

i) Credit loss expenses

	Note	2024 Stage 1 (Collective) RM'000	2024 Stage 2 (Collective) RM'000	2024 Stage 3 (Individual) RM'000	2024 Total RM'000
Investments	a	4	-	-	4
Other assets	b	-	-	6	6
Total		4	-	6	10

	Note	2023 Stage 1 (Collective) RM'000	2023 Stage 2 (Collective) RM'000	2023 Stage 3 (Individual) RM'000	2023 Total RM'000
Investments	a	10	-	-	10
Other assets	b	-	-	-	-
Total		10	-	-	10

The expected credit loss for investments and investment income receivables are treated under Stage 1, as the credit risk has not increased significantly since its initial recognition. During the year, PIDM also recognised a Stage 3 expected credit loss in relation to a receivable from a service provider.

a. The movement of the allowance for expected credit loss for investments is as follows:

	2024 RM'000	2023 RM'000
At 1 January	18	8
Net allowance recognised in Statement of Profit or Loss and Other Comprehensive Income	4	10
At 31 December	22	18

b. The movement of the allowance for expected credit loss for other assets is as follows:

	2024 RM'000	2023 RM'000
At 1 January	-	-
Net allowance recognised in Statement of Profit or Loss and Other Comprehensive Income	6	-
At 31 December	6	-

17. Initiatives Related Expenses

Initiatives related expenses are expenses directly attributable to specific initiatives, but excluding human capital management expenses which are disclosed in Note 15.

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Resolution readiness			
PIDM readiness	**760**	**641**	**119**
Industry readiness	**1,551**	**1,300**	**251**
Financial Safety Net readiness	**714**	**527**	**187**
Sub-total for resolution readiness	**3,025**	**2,468**	**557**
Stakeholder trust			
Awareness plan	**3,634**	**2,577**	**1,057**
Research and visibility plan	**370**	**310**	**60**
Sub-total for stakeholder trust	**4,004**	**2,887**	**1,117**
Organisational effectiveness			
Digitalisation, data analytics and cybersecurity	**1,241**	**966**	**275**
Scholarship, sustainability and corporate social responsibilities initiatives	**1,169**	**909**	**260**
Grant to FIDE FORUM*	**2,000**	**1,558**	**442**
Office relocation-related	**1,018**	**793**	**225**
Others	**620**	**483**	**137**
Sub-total for organisational effectiveness	**6,048**	**4,709**	**1,339**
Total initiatives related expenses	**13,077**	**10,064**	**3,013**

* As part of its key initiative, PIDM continues to support FIDE FORUM to promote high standards of boardroom governance and the development of directors of financial institutions in Malaysia. Beginning 2024, PIDM supports FIDE FORUM's operations through provision of an annual grant of RM2 million. In the prior year, the costs of RM1.81 million were attributable to the secondment of employees to FIDE FORUM in support of its ongoing operations.

17. Initiatives Related Expenses (Cont'd.)

	2023		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Resolution readiness			
PIDM readiness	298	291	7
Industry readiness	1,293	1,099	194
Financial Safety Net readiness	1,634	1,319	315
Sub-total for resolution readiness	3,225	2,709	516
Stakeholder trust			
Awareness plan	4,464	2,952	1,512
Research and visibility plan	736	676	60
Sub-total for stakeholder trust	5,200	3,628	1,572
Organisational effectiveness			
Digitalisation, data analytics and cybersecurity	1,037	850	187
Scholarship, sustainability and corporate social responsibilities initiatives	1,095	886	209
Grant to FIDE FORUM	-	-	-
Office relocation-related	-	-	-
Others	478	386	92
Sub-total for organisational effectiveness	2,610	2,122	488
Total initiatives related expenses	11,035	8,459	2,576

18. Taxation

PIDM is exempted from income tax pursuant to Section 127(3A) of the Income Tax Act, 1967.

19. Capital Commitments

	2024 RM'000	2023 RM'000
Approved and contracted for:		
Office equipment and computer systems	**90**	-
IT system and software	**-**	529
Office renovation and refurbishment	**-**	249
Total capital commitments	**90**	778

20. Related Party Disclosures

a. Transactions with related parties

PIDM is a statutory body governed by the PIDM Act. As such, PIDM is related by way of common interest with all Government Departments, agencies and other statutory bodies. During the financial year, PIDM has transacted with some of these related parties for various provision of services as well as investments. All these transactions were transacted at commercial arm's length basis. The significant related party transactions transacted during the year were as follows:

i. PIDM makes contributions to the statutory national pension scheme, the Kumpulan Wang Simpanan Pekerja (also known as the 'Employee Provident Fund') and the Pertubuhan Keselamatan Sosial (also known as the 'Social Security Organisation') as disclosed in Note 15.

ii. In accordance with the PIDM Act and PIDM's investment policy, PIDM invests only in short-term and medium-term Ringgit Malaysia denominated Government and Bank Negara Malaysia investment securities, and securities of high investment grade issued by Government related entities, which are government guaranteed or with a minimum rating of AAA. Details of the investment assets as at year-end and the investment income receivables are described in Notes 5 and 6 respectively, whilst details of the investment income are described in Note 14. PIDM's financial risk management policy and relevant disclosures are described in Note 22.

b. Remuneration of key management personnel

	2024 RM'000	2023 RM'000
Short-term benefits	**4,620**	4,447
Post-employment benefits	**844**	1,778
Total remuneration of key management personnel	**5,464**	6,225

The remuneration of key management personnel includes the remuneration of the Chief Executive Officer and other members of the Executive Committee. The amount above does not include the remuneration of Directors, which is disclosed separately in Note 16. Remuneration of key management personnel is also included in the employee benefits disclosure in Note 15.

21. Segment Information

The PIDM Act provides separate coverage for each of the following Funds:

i. Conventional Deposit Insurance Fund;
ii. Islamic Deposit Insurance Fund;
iii. General Insurance Protection Fund;
iv. Life Insurance Protection Fund;
v. General Takaful Protection Fund; and
vi. Family Takaful Protection Fund.

Hence, PIDM has reportable segments based on the above Protection Funds' categories. No operating segments have been aggregated to form the above reportable operating segments.

21. Segment Information (Cont'd.)

Fund Reporting

Statement of Financial Position as at 31 December 2024

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Inter-fund Adjustment RM'000	Total RM'000
ASSETS									
Cash and cash equivalents	4a	36,795	54,838	7,176	7,683	669	1,443	-	108,604
Investments	5	3,714,348	1,043,349	1,459,929	753,146	53,391	128,826	-	7,152,989
Other assets	6	39,349	12,709	14,516	8,616	695	1,643	(87)	77,441
Investment in subsidiaries	7	-*	-*	-*	-*	-*	-*	-	-*
Property and equipment	8	19,619	5,545	1,543	4,542	301	665	-	32,215
Right-of-use assets	9	5,830	1,356	440	1,072	79	174	-	8,951
Total Assets		3,815,941	1,117,797	1,483,604	775,059	55,135	132,751	(87)	7,380,200
LIABILITIES									
Payables	11	8,237	2,981	901	1,802	143	326	(87)	14,303
Lease liabilities	10	5,698	1,849	852	1,299	62	200	-	9,960
Total Liabilities		13,935	4,830	1,753	3,101	205	526	(87)	24,263
FUNDS AND RESERVES									
Accumulated surpluses	12	3,802,006	1,112,967	1,481,851	771,958	54,930	132,225	-	7,355,937
Total Funds and Reserves		3,802,006	1,112,967	1,481,851	771,958	54,930	132,225	-	7,355,937
Total Liabilities, Funds and Reserves		3,815,941	1,117,797	1,483,604	775,059	55,135	132,751	(87)	7,380,200

* The amount is significantly below the rounding threshold

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Financial Position as at 31 December 2023

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Inter-fund Adjustment RM'000	Total RM'000
ASSETS									
Cash and cash equivalents	4a	25,925	62,070	6,258	6,711	606	1,574	-	103,144
Investments	5	3,323,200	861,923	1,410,054	661,015	44,865	109,172	-	6,410,229
Other assets	6	35,831	10,460	13,247	7,054	573	1,308	(283)	68,190
Investment in subsidiaries	7	-*	-*	-*	-*	-*	-*	-	-*
Property and equipment	8	18,981	5,088	1,531	4,376	276	614	-	30,866
Right-of-use assets	9	5,690	1,300	425	1,039	77	168	-	8,699
Total Assets		3,409,627	940,841	1,431,515	680,195	46,397	112,836	(283)	6,621,128
LIABILITIES									
Payables	11	7,915	3,156	766	1,526	117	321	(283)	13,518
Lease liabilities	10	5,455	1,726	860	1,221	73	190	-	9,525
Total Liabilities		13,370	4,882	1,626	2,747	190	511	(283)	23,043
FUNDS AND RESERVES									
Accumulated surpluses	12	3,396,257	935,959	1,429,889	677,448	46,207	112,325	-	6,598,085
Total Funds and Reserves		3,396,257	935,959	1,429,889	677,448	46,207	112,325	-	6,598,085
Total Liabilities, Funds and Reserves		3,409,627	940,841	1,431,515	680,195	46,397	112,836	(283)	6,621,128

* The amount is significantly below the rounding threshold

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2024

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
Premium and levy revenues	13	343,074	165,647	6,937	83,601	8,027	18,244	625,530
Investment income and returns from cash equivalents and investment securities	14	129,460	37,885	52,221	26,714	1,857	4,475	252,612
Other income		26	9	2	5	-	1	43
Total income		472,560	203,541	59,160	110,320	9,884	22,720	878,185
Human capital management expenses	15	45,675	18,100	4,841	10,786	795	1,921	82,118
Operations and administrative expenses	16	13,746	5,375	1,533	3,183	231	577	24,645
Initiatives related expenses	17	7,116	2,948	795	1,777	130	311	13,077
Total expenses		66,537	26,423	7,169	15,746	1,156	2,809	119,840
Net surplus for the year		406,023	177,118	51,991	94,574	8,728	19,911	758,345
Other comprehensive income								
Remeasurements of Long Term Retirement Plan Liability	11ii	(274)	(110)	(29)	(64)	(5)	(11)	(493)
Total comprehensive income for the year	21	405,749	177,008	51,962	94,510	8,723	19,900	757,852

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2023

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
Premium and levy revenues	13	365,973	159,672	5,790	88,967	6,729	16,259	643,390
Investment income and returns from cash equivalents and investment securities	14	102,338	28,005	43,423	20,440	1,367	3,363	198,936
Other income		42	9	2	8	1	1	63
Total income		468,353	187,686	49,215	109,415	8,097	19,623	842,389
Human capital management expenses	15	45,256	17,825	3,878	8,429	676	1,870	77,934
Operations and administrative expenses	16	12,780	4,817	1,485	2,845	196	532	22,655
Initiatives related expenses	17	5,938	2,521	695	1,445	116	320	11,035
Total expenses		63,974	25,163	6,058	12,719	988	2,722	111,624
Net surplus for the year		404,379	162,523	43,157	96,696	7,109	16,901	730,765
Other comprehensive income								
Remeasurements of Long Term Retirement Plan Liability	11ii	(82)	(32)	(7)	(15)	(1)	(4)	(141)
Total comprehensive income for the year	21	404,297	162,491	43,150	96,681	7,108	16,897	730,624

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2024

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
CASH FLOWS FROM OPERATING ACTIVITIES								
Premiums and levies received from member institutions		343,074	165,647	6,937	83,601	8,027	18,244	625,530
Payments in the course of operations to suppliers and employees		(59,924)	(24,532)	(6,382)	(14,232)	(1,048)	(2,603)	(108,721)
Receipts of investment income		145,468	40,766	56,911	29,209	2,052	4,911	279,317
Net cash flows generated from operating activities		428,618	181,881	57,466	98,578	9,031	20,552	796,126
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from maturity of investment securities		644,300	70,340	321,900	136,950	6,567	14,223	1,194,280
Purchase of investment securities		(1,055,346)	(256,815)	(377,717)	(233,046)	(15,410)	(34,637)	(1,972,971)
Proceeds from disposal of property and equipment		2	1	-	1	-	-	4
Purchase of property and equipment		(3,883)	(1,534)	(400)	(874)	(63)	(154)	(6,908)
Net cash flows used in investing activities		(414,927)	(188,008)	(56,217)	(96,969)	(8,906)	(20,568)	(785,595)

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2024 (Cont'd.)

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
CASH FLOWS FROM FINANCING ACTIVITIES								
Principal repayment of lease liabilities	10	(2,592)	(1,012)	(306)	(582)	(59)	(106)	(4,657)
Lease finance costs	9b	(230)	(92)	(24)	(54)	(4)	(10)	(414)
Net cash flows used in financing activities		(2,822)	(1,104)	(330)	(636)	(63)	(116)	(5,071)
Net increase/(decrease) in cash and cash equivalents		10,869	(7,231)	919	973	62	(132)	5,460
Cash and cash equivalents at beginning of year		25,925	62,070	6,258	6,711	606	1,574	103,144
Cash and cash equivalents at end of year	4a	36,794	54,839	7,177	7,684	668	1,442	108,604

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2023

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
CASH FLOWS FROM OPERATING ACTIVITIES								
Premiums and levies received from member institutions		365,973	159,672	5,790	88,967	6,729	16,259	643,390
Payments in the course of operations to suppliers and employees		(59,957)	(22,905)	(5,650)	(12,171)	(921)	(2,532)	(104,136)
Receipts of investment income		127,207	36,409	53,631	24,390	1,876	4,622	248,135
Net cash flows generated from operating activities		433,223	173,176	53,771	101,186	7,684	18,349	787,389
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from maturity of investment securities		1,101,780	339,160	671,475	191,570	17,860	43,715	2,365,560
Purchase of investment securities		(1,520,129)	(487,517)	(722,483)	(290,286)	(25,184)	(60,808)	(3,106,407)
Proceeds from disposal of property and equipment		43	10	2	9	-	1	65
Purchase of property and equipment		(4,227)	(1,545)	(492)	(954)	(58)	(158)	(7,434)
Net cash flows used in investing activities		(422,533)	(149,892)	(51,498)	(99,661)	(7,382)	(17,250)	(748,216)

21. Segment Information (Cont'd.)

Fund Reporting (Cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2023 (Cont'd.)

	Note	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Total RM'000
CASH FLOWS FROM FINANCING ACTIVITIES								
Principal repayment of lease liabilities	10	(2,951)	(633)	(124)	(343)	(50)	(94)	(4,195)
Lease finance costs	9b	(230)	(91)	(21)	(43)	(3)	(9)	(397)
Net cash flows used in financing activities		(3,181)	(724)	(145)	(386)	(53)	(103)	(4,592)
Net increase in cash and cash equivalents		7,509	22,560	2,128	1,139	249	996	34,581
Cash and cash equivalents at beginning of year		18,416	39,510	4,130	5,572	357	578	68,563
Cash and cash equivalents at end of year	4a	25,925	62,070	6,258	6,711	606	1,574	103,144

22. Financial Risk

PIDM's financial risk management policy seeks to ensure that adequate financial resources are available for PIDM's activities whilst managing PIDM's financial risks. PIDM operates within guidelines that are approved by the Board of Directors and PIDM's Investment Policy is to only invest in short-term and medium-term Ringgit Malaysia denominated Government and Bank Negara Malaysia securities, and securities of high investment grade issued by Government-related entities, which are government guaranteed or with a minimum rating of AAA, of varying maturities. In relation to the day-to-day operational cash management, PIDM may place excess funds in fixed deposits, money market or overnight placements with its banker(s). No investments are made with member banks since PIDM is the insurer of deposits.

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. PIDM's market risk comprises foreign currency risk, interest rate risk and rate of return risk.

i. Foreign currency risk

PIDM is currently not materially exposed to any currency risk as most of the transactions were transacted in Ringgit Malaysia denominated currency.

ii. Interest rate risk and rate of return risk

Interest rate risk and rate of return risk are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates and rates of return.

As PIDM adopts a "hold to collect" business model, it is insulated from the risk arising from fluctuations in the fair value of the investment assets as these assets are recorded on an amortised cost basis. PIDM's investment assets which are made up of Malaysian Government Securities, Government Investment Issues, and Private Debt Securities are subject to reinvestment risk, where reinvestment of cash flows arising from coupon payments, matured securities or premium/levy collections may be at a current rate of return that differs from prior investments.

The definition of the Weighted Average Effective Yield Rate ("WAEYR") is consistent with market convention and it represents the weighted average yield rate of all outstanding investments within the portfolio as at the end of the year. The average yield rate is weighted by the proportion of the size of the investment within the total portfolio with the assumption of an annual yield.

22. Financial Risk (Cont'd.)

a. Market risk (cont'd.)

ii. Interest rate risk and rate of return risk (cont'd.)

The following tables set out the carrying amounts and their remaining maturities that are exposed to reinvestment risk, and the WAEYR of financial instruments as at the Statement of Financial Position date. The financial instruments were invested and placed at a fixed rate.

	Note	≤ 3 months RM'000	>3 - 12 months RM'000	>1 - 3 years RM'000	>3 - 5 years RM'000	>5 - 7 years RM'000	>7 - 10 years RM'000	Total RM'000	WAEYR %
Conventional Deposit Insurance Fund									
31 December 2024									
Cash and cash equivalents	4a	**20,295**	**16,500**	**-**	**-**	**-**	**-**	**36,795**	**3.55%**
Investments	5	**18,023**	**425,681**	**872,259**	**761,946**	**809,113**	**827,326**	**3,714,348**	**3.76%**
31 December 2023									
Cash and cash equivalents	4a	21,225	4,700	-	-	-	-	25,925	3.03%
Investments	5	-	648,307	1,038,024	715,760	491,143	429,966	3,323,200	3.50%
Islamic Deposit Insurance Fund									
31 December 2024									
Cash and cash equivalents	4a	**38,838**	**16,000**	**-**	**-**	**-**	**-**	**54,838**	**3.55%**
Investments	5	**7,996**	**98,083**	**299,396**	**195,010**	**125,600**	**317,264**	**1,043,349**	**3.78%**
31 December 2023									
Cash and cash equivalents	4a	31,070	31,000	-	-	-	-	62,070	3.27%
Investments	5	-	70,607	321,265	179,073	156,000	134,978	861,923	3.71%

22. Financial Risk (Cont'd.)

a. Market risk (cont'd.)

ii. Interest rate risk and rate of return risk (cont'd.)

	Note	≤ 3 months RM'000	>3 - 12 months RM'000	>1 - 3 years RM'000	>3 - 5 years RM'000	>5 - 7 years RM'000	>7 - 10 years RM'000	Total RM'000	WAEYR %
General Insurance Protection Fund									
31 December 2024									
Cash and cash equivalents	4a	**5,426**	**1,750**	**-**	**-**	**-**	**-**	**7,176**	**3.44%**
Investments	5	**113,127**	**61,289**	**413,931**	**292,880**	**293,573**	**285,129**	**1,459,929**	**3.78%**
31 December 2023									
Cash and cash equivalents	4a	6,258	-	-	-	-	-	6,258	2.73%
Investments	5	20,000	303,477	371,513	368,980	185,525	160,559	1,410,054	3.47%
Life Insurance Protection Fund									
31 December 2024									
Cash and cash equivalents	4a	**5,483**	**2,200**	**-**	**-**	**-**	**-**	**7,683**	**3.56%**
Investments	5	**30,029**	**74,935**	**170,737**	**177,394**	**133,051**	**167,000**	**753,146**	**3.81%**
31 December 2023									
Cash and cash equivalents	4a	6,111	600	-	-	-	-	6,711	2.81%
Investments	5	-	137,836	142,781	137,135	140,295	102,968	661,015	3.60%

22. Financial Risk (Cont'd.)

a. Market risk (cont'd.)

ii. Interest rate risk and rate of return risk (cont'd.)

	Note	≤ 3 months RM'000	>3 - 12 months RM'000	>1 - 3 years RM'000	>3 - 5 years RM'000	>5 - 7 years RM'000	>7 - 10 years RM'000	Total RM'000	WAEYR %
General Takaful Protection Fund									
31 December 2024									
Cash and cash equivalents	4a	**469**	**200**	**-**	**-**	**-**	**-**	**669**	**3.56%**
Investments	5	**500**	**2,817**	**16,743**	**7,514**	**13,189**	**12,628**	**53,391**	**3.73%**
31 December 2023									
Cash and cash equivalents	4a	606	-	-	-	-	-	606	2.93%
Investments	5	-	6,591	10,231	10,948	7,847	9,248	44,865	3.64%
Family Takaful Protection Fund									
31 December 2024									
Cash and cash equivalents	4a	**993**	**450**	**-**	**-**	**-**	**-**	**1,443**	**3.58%**
Investments	5	**1,499**	**5,211**	**46,279**	**19,163**	**24,679**	**31,995**	**128,826**	**3.71%**
31 December 2023									
Cash and cash equivalents	4a	1,329	245	-	-	-	-	1,574	2.94%
Investments	5	-	14,274	31,959	28,635	16,944	17,360	109,172	3.64%

22. Financial Risk (Cont'd.)

a. Market risk (cont'd.)

ii. Interest rate risk and rate of return risk (cont'd.)

Based on PIDM's investment portfolio as at 31 December 2024 and 31 December 2023, the following table shows changes in the value of the investments given a shift of 100 basis points in interest rates and rate of return.

	Changes in fair value						
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
100 basis points increase							
31 December 2024	**(262,540)**	**(137,248)**	**(39,314)**	**(51,624)**	**(27,588)**	**(2,039)**	**(4,727)**
31 December 2023	(203,405)	(98,178)	(31,736)	(45,611)	(22,306)	(1,539)	(4,035)
100 basis points decrease							
31 December 2024	**262,540**	**137,248**	**39,314**	**51,624**	**27,588**	**2,039**	**4,727**
31 December 2023	203,405	98,178	31,736	45,611	22,306	1,539	4,035

The average duration for PIDM's investment portfolio as at 31 December 2024 is 3.65 years (2023: 3.16 years).

b. Liquidity risk

PIDM's liquidity risk relates to the capability of PIDM to meet its obligations as they become due, without incurring unacceptable losses. This may be caused by the inability to liquidate assets to obtain required funding to meet its liquidity needs. A significant amount of funds available for investment were invested in short-term and medium-term Government securities, which are highly liquid marketable assets. In addition, PIDM has access to the repurchase agreement facilities with Bank Negara Malaysia, which enables PIDM to pledge high-grade investment securities to raise funds in the event where emergency liquidity funding is required.

22. Financial Risk (Cont'd.)

b. Liquidity risk (cont'd.)

PIDM also continually endeavours to manage the maturity profiles of its financial assets in order to ensure that sufficient funds are available at all times to meet the day-to-day working capital requirements and to manage its financial risk exposure within approved limits.

The following table sets the values of these financial assets by the maturity profiles:

2024	Note	Less than 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	>91 days - 3 years RM'000	>3 - 5 years RM'000	>5 - 7 years RM'000	>7 - 10 years RM'000	Total RM'000
Cash and cash equivalents	4a	46,151	15,650	15,203	31,600	-	-	-	108,604
Investments	5	10,002	6,996	146,180	2,495,356	1,453,907	1,399,205	1,641,343	7,152,989
Other assets	6a	22,997	11,183	17,102	21,785	-	-	-	73,067
Payables	11a	(158)	(24)	-	-	-	-	-	(182)
Net financial assets		**78,992**	**33,805**	**178,485**	**2,548,741**	**1,453,907**	**1,399,205**	**1,641,343**	**7,334,478**

2023	Note	Less than 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	>91 days - 3 years RM'000	>3 - 5 years RM'000	>5 - 7 years RM'000	>7 - 10 years RM'000	Total RM'000
Cash and cash equivalents	4a	38,583	12,195	15,821	36,545	-	-	-	103,144
Investments	5	-	-	20,000	3,096,865	1,440,531	997,755	855,078	6,410,229
Other assets	6a	17,956	10,236	4,497	30,187	632	373	-	63,881
Payables	11a	(150)	(211)	-	-	-	-	-	(361)
Net financial assets		56,389	22,220	40,318	3,163,597	1,441,163	998,128	855,078	6,576,893

22. Financial Risk (Cont'd.)

b. Liquidity risk (cont'd.)

PIDM has a funding framework to deal with funding requirements relating to intervention and failure resolution activities. The main objective of the framework is to ensure that PIDM has adequate financial resources required for the effective operations of a robust and sound DIS as well as TIPS. The funding framework takes into consideration PIDM's role in the financial safety net and its legislative powers relating to sources of funding as well as clear objectives for its internal and external sources of funding.

i. **Internal funding** is developed through the accumulation of net surpluses after expenses. The annual net surplus is credited into the respective Protection Funds as reserves and is accumulated to meet future obligations that may arise from providing the financial consumer protection programmes.

ii. **External funding** may be raised through either borrowing from the Government, from capital markets or other sources as deemed necessary and appropriate. The PIDM Act empowers PIDM to borrow or raise funds to meet its obligations. PIDM may borrow from the Government with the approval of the Minister of Finance on such terms and conditions as the Minister determines.

There has been no change to PIDM's exposure to liquidity risks or the manner in which these risks are managed and measured.

c. Credit risk

PIDM invests primarily in Malaysian Government Securities and Government Investment Issues, which are generally considered as low risk assets. PIDM does not expect the counterparties to default and as such, considers the credit risk on these investment assets to be minimal.

In addition to Malaysian Government Securities and Government Investment Issues, PIDM holds investments in PDS, issued by government-related entities in accordance with its Investment Policy. As at 31 December 2024, the principal value of these PDS amounted to RM1.23 billion (2023: RM790 million) or 17.1% (2023: 12.3%) of the overall investment portfolio.

PIDM continually monitors the credit standing of the issuers of the PDS for any potential downgrade in the credit ratings.

In determining the expected credit losses for these assets, PIDM have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the securities and notes operate. This information was obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The credit rating information is supplied by independent rating agencies where available and, if not available, PIDM uses other publicly available financial information and PIDM's own records to rate its major counterparties.

22. Financial Risk (Cont'd.)

c. Credit risk (cont'd.)

PIDM's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and PIDM has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of PIDM's financial assets as well as PIDM's maximum exposure to credit risk by credit risk rating grades for the financial year ended 31 December 2024 and 31 December 2023.

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL
Malaysian Government Securities and Government Investment Issues	5	Sovereign	Performing	12-month ECL
Private Debt Securities	5	AAA	Performing	12-month ECL
Investment income receivables	6	Sovereign & AAA	Performing	12-month ECL
Deposits and other receivables	6	Not Applicable	Performing	12-month ECL

Sensitivity analysis

The basis and general description of the key inputs and assumptions in determining and measuring ECL are described in Notes 2.2(a)(i) to (v) under Impairment of financial assets. As highlighted in Note 3.2 on key sources of estimation uncertainties, the ECL calculations are the output of complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies, and therefore is sensitive to changes in these key assumptions and variable inputs.

Given that PIDM's financial assets are primarily made up of investment related assets including investment income and returns receivables, the most significant assumptions affecting the ECL allowance are those affecting the PD and LGD of these assets.

PIDM's investments are primarily low risk investment comprising Malaysian Government Securities and Government Investment Issues. The only category of investments which may be more exposed to the credit risk related impairments are on PDS held by PIDM which are of minimum AAA rated. As such, for the purpose of carrying out the sensitivity analysis, the only scenario assumed is a one-level downgrade in credit rating, i.e. from AAA to AA1 and changes in the macroeconomic factors of which affect the corresponding PD. The one-level downgrade does not constitute significant credit impairment which require lifetime ECL allowance.

In respect of LGD, for the purpose of carrying out the sensitivity analysis, two scenarios are assumed which are the increase and decrease of LGD by 20% (2023: 20%) respectively.

22. Financial Risk (Cont'd.)

c. Credit risk (cont'd.)

Impact on PIDM's profit or loss arising from the assumed movements in PD and LGD as noted above are as follows:

31 December 2024	Note	LGD increased 20% RM'000	LGD decreased 20% RM'000
Malaysian Government Securities and Government Investment Issues	5	-	-
Private Debt Securities	5	(202)	(168)
Investment income receivables	6	(2)	(2)
Deposits and other receivables	6	-	-
Decrease in net surplus		**(204)**	**(170)**

31 December 2023	Note	LGD increased 20% RM'000	LGD decreased 20% RM'000
Malaysian Government Securities and Government Investment Issues	5	-	-
Private Debt Securities	5	(118)	(98)
Investment income receivables	6	(1)	(1)
Deposits and other receivables	6	-	-
Decrease in net surplus		(119)	(99)

23. Fair Values

PIDM has an appropriate framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The valuations of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

In addition, PIDM continually enhances its design and validation methodologies and processes used to produce valuations. The valuation models are validated both internally and externally, with periodic reviews to ensure that the model remains suitable for its intended use.

23. Fair Values (Cont'd.)

Determination of fair value

i. Level 1: Quoted prices

This refers to financial instruments that are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and those prices that represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities.

ii. Level 2: Valuation techniques using observable inputs

This refers to inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices). Examples of Level 2 financial instruments include corporate and other government bonds.

iii. Level 3: Valuation techniques using significant unobservable inputs

This refers to financial instruments where the fair value is measured using significant unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates PIDM's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets.

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments; and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

31 December 2024	Note	Carrying value RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000
Financial assets - amortised cost					
Investments	5	**7,152,989**	**-**	**7,185,013**	**-**
Cash and cash equivalents	4a	**108,604**	**The fair values approximate the carrying amounts due to the short-term maturities of these instruments**		
Other financial assets	6a	**73,067**			
Total financial assets		**7,334,660**			
Financial liabilities - amortised cost					
Other financial liabilities	11a	**182**	**The fair values approximate the carrying amounts due to the short-term maturities of these instruments**		
Total financial liabilities		**182**			

23. Fair Values (Cont'd.)

Classes and categories of financial instruments and their fair values (cont'd.)

31 December 2023	Note	Carrying value RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000
Financial assets - amortised cost					
Investments	5	6,410,229	-	6,438,088	-
Cash and cash equivalents	4a	103,144	The fair values approximate the carrying amounts due to the short-term maturities of these instruments		
Other financial assets	6a	63,881			
Total financial assets		6,577,254			
Financial liabilities - amortised cost					
Other financial liabilities	11a	361	The fair values approximate the carrying amounts due to the short-term maturities of these instruments		
Total financial liabilities		361			

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The fair values of financial instruments classified as Level 2 above were determined using observable inputs. In particular, for investments at amortised cost, the fair values disclosed indicate their market values as at the end of the financial year and were determined by reference to indicative market prices obtained from a bond pricing agency.

The fair value of investments is slightly higher than their carrying amount due to the sensitivity of the price of these securities arising from the interest rate and rate of return movements. As these investments are held to maturity, the risk exposure arising from interest rate and rate of return movements does not have an impact to the financial statements. Refer to Note 22(a) on the disclosure of the management of interest rate risk and rate of return risk.

24. Contingent Liabilities

Exposure to losses in administering the Protection Systems

Under the PIDM Act, PIDM has an inherent exposure to losses resulting from insuring deposits under DIS as well as insurance policies and takaful certificates under TIPS. However, this inherent exposure cannot be accurately ascertained or estimated with any acceptable degree of reliability.

PIDM undertakes continual risk assessment and monitoring of all member institutions. As at the date of these financial statements, there have been no specific events involving PIDM's member institutions that would require PIDM to record a specific provision in its financial statements in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

While provisions are not recorded unless a specific event occurs, PIDM continues to build reserves in its Protection Funds through the accumulation of annual net surpluses.

Accumulated surpluses are held in each Fund to cover net losses when respective obligations arise. As discussed in Note 12 to the financial statements, PIDM has established Target Fund frameworks to determine the level of funds sufficient to cover the net expected losses from intervention or failure resolution activities.

If the relevant Protection Fund was to be insufficient to meet obligations, PIDM, as a statutory body, has the authority to raise funds as it deems fit including borrowing from the Government or issue public debt securities to raise funds, as well as to assess and collect higher premiums or levies in relation to the relevant Protection Fund with the approval of the Minister of Finance.

Glossary of Terms

Common Equity Tier 1 (CET1) Capital Ratio
The Common Equity Tier-1 Capital Ratio is computed as a percentage of a member bank's CET1 capital to its risk-weighted assets in accordance with Bank Negara Malaysia's Capital Adequacy Framework. CET1 capital is the highest quality of capital for a member bank, whereas risk-weighted assets are calculated based on the aggregation of the bank's assets weighted by factors relating to its riskiness. The minimum regulatory requirement for CET1 Capital Ratio is 4.5%.

Conventional Deposit Insurance Fund
All premiums received by PIDM from member banks providing conventional banking services and interest earned minus the cost of operating the conventional Deposit Insurance System.

Deposit Insurance Funds
Refers to the Conventional Deposit Insurance Fund and Islamic Deposit Insurance Fund.

Deposit Insurance System
A system established to protect depositors against the loss of their insured deposits placed with member banks and to resolve member banks, in the unlikely event of a member bank failure.

Differential Levy Systems for Insurance Companies
A system where insurance companies are charged levies at differential rates, based on their risk profiles.

Differential Levy Systems for Takaful Operators
A system where takaful operators are charged levies at differential rates, based on their risk profiles.

Differential Premium Systems
A system where member banks are charged premiums at differential rates, based on their risk profiles.

Enterprise risk management
The framework applied on an organisation-wide basis to ensure and demonstrate that an entity's significant risks are being consistently and continuously identified, assessed, managed, monitored and reported on.

Family Takaful Protection Fund
All levies received by PIDM from insurer members conducting family takaful business and returns made minus the costs of operating the Takaful and Insurance Benefits Protection System.

Financial safety net
Usually comprises the deposit insurance function, prudential regulation and supervision, and the lender of last resort function.

Foreign currency
Any currency other than Ringgit Malaysia, the Malaysian currency.

General Insurance Protection Fund
All levies received by PIDM from insurer members conducting general insurance business and interest earned minus the costs of operating the Takaful and Insurance Benefits Protection System.

General Takaful Protection Fund
All levies received by PIDM from insurer members conducting general takaful business and returns made minus the costs of operating the Takaful and Insurance Benefits Protection System.

Impairment
Refers to loss allowance for expected credit losses (ECL) on loan or financing assets in accordance with Malaysian Financial Reporting Standards (MFRS) 9.

Insurance benefits
The amounts paid under the coverage of a policy for which an insurance company is liable to any person in the usual course of the insurance business of the insurance company.

Intervention and failure resolution
Intervention refers to actions taken on a member institution by PIDM in order to address certain concerns with the member institution. These actions are usually taken prior to any failure resolution option being taken against the member institution.

Failure resolution refers to actions in dealing with a failed member institution that has been determined by Bank Negara Malaysia as non-viable.

Islamic Deposit Insurance Fund
All premiums received by PIDM from Islamic member banks or commercial member banks providing Islamic banking services and returns made minus the costs of operating the Islamic Deposit Insurance System.

Islamic Protection Funds
Refers to the Islamic Deposit Insurance Fund, General Takaful Protection Fund, and Family Takaful Protection Fund.

Life Insurance Protection Fund
All levies received by PIDM from insurer members conducting life insurance business and interest earned minus the costs of operating the Takaful and Insurance Benefits Protection System.

Member institutions
Members of PIDM comprising member banks and insurer members.

- ***Insurer members***
  All insurance companies licensed under the Financial Services Act 2013 to conduct life or general insurance business in Malaysia, as well as takaful operators licensed under the Islamic Financial Services Act 2013 to conduct family or general takaful business in Malaysia. Membership is compulsory under the PIDM Act. A full list of insurer members is available on PIDM's website.

- ***Member banks***
  All commercial banks licensed under the Financial Services Act 2013, and all Islamic banks licensed under the Islamic Financial Services Act 2013. Membership is compulsory under the PIDM Act. A full list of member banks is available on PIDM's website.

Policy owner
The person who has the legal title to an insurance policy and includes the assignee, the personal representative of a deceased policy owner and the annuitant.

Protection Funds
Refers to the Conventional Deposit Insurance Fund, Islamic Deposit Insurance Fund, General Insurance Protection Fund, Life Insurance Protection Fund, General Takaful Protection Fund, and Family Takaful Protection Fund.

Reimbursement
A process undertaken by PIDM to reimburse insured deposits to eligible depositors, or protected benefits to eligible takaful beneficiaries or insured persons of a non-viable member institution in accordance with sections 56 and 57, and sections 80 and 81 of the PIDM Act.

Risk Assessment System
An internal PIDM system used to evaluate the member institutions' risk levels and controls and provides both a current (aggregate risk) and a prospective (direction of risk) view of the member institutions' risk. This is so that emerging risks can be identified and action is taken in a timely manner, before such risks materialise.

Shariah
The law of Islam, based upon the Quran, Sunnah (sayings and deeds of the Prophet Muhammad s.a.w.), Ijma' (consensus among Islamic scholars) and Qiyas (analogy).

Takaful and Insurance Benefits Protection Funds
Refers to the General Insurance Protection Fund, Life Insurance Protection Fund, General Takaful Protection Fund, and Family Takaful Protection Fund.

Takaful and Insurance Benefits Protection System
A system established to protect owners of takaful certificates and insurance policies from the loss of their eligible takaful or insurance benefits and to resolve insurer members, in the unlikely event of an insurer member failure.

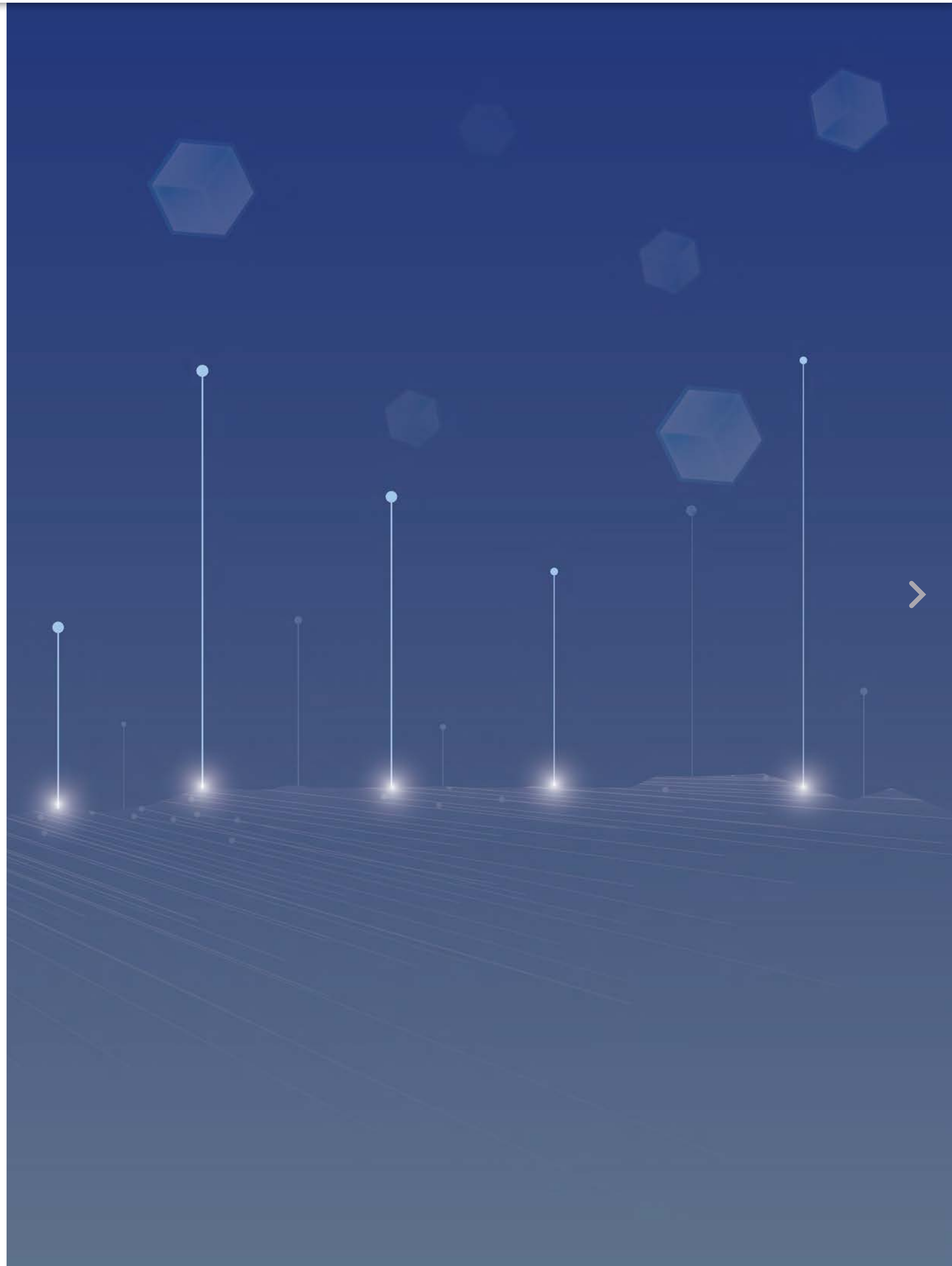
Takaful benefits
The amount paid under the coverage of a takaful certificate for which a takaful operator is liable to any person in the usual course of business of the takaful operator.

Takaful certificate owner
The person who has the legal title to a takaful certificate and includes the assignee, the personal representative of a deceased certificate owner and the annuitant.

Takaful Protection Funds
Refers to General Takaful Protection Fund and Family Takaful Protection Fund.

Target fund
A target fund, in general, is the level of accumulated funds required to adequately cover expected losses arising from intervention and failure resolution activities.

Total Insured Deposits
The sum of deposits insured by PIDM.



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1-800-88-1266

info@pidm.gov.my

www.pidm.gov.my