Building On Our Strengths
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This Corporate Plan 2007-2009 sets out our strategic direction for the coming three years. Our Plan details how we will work to fulfill our mandate in line with our Vision and Mission.

Our Vision is to be recognised as the most effective deposit insurer in Southeast Asia by 2008, and to be acknowledged as one of the leading deposit insurers in the world by 2010. Our Mission is, in essence, to meet our legislative mandate efficiently and effectively, taking into account the interests of our employees and stakeholders.

This Plan builds on our Corporate Plan 2006-2008, adopting the same broad strategic thrusts, which are:

- readiness,
- sound business and financial practices,
- effective public awareness, and
- strong partnerships.


As explained in our 2006-2008 Corporate Plan, we recognise that to achieve our mandate, we have to continue to build the confidence and trust of the public and other stakeholders by demonstrating our integrity and commitment to excellence. Hence our theme for the planning period - “Building Strong Foundations”.

In Part 1, we provide an overview on the achievement of our initiatives and our progress against our Corporate Plan 2006-2008.

BUILDING ON OUR STRENGTHS: OUR CORPORATE PLAN 2007-2009

The theme for this Corporate Plan is “Building On Our Strengths”. In Part 2, we explain how we shall build on our strengths. In developing our Plan, we have undertaken an assessment of the environment in which we operate and have defined our key planning assumptions. We then set out our corporate objectives and identified key initiatives.

We have developed a strategy map and implemented a Balanced Scorecard. In developing the Scorecard, we viewed the organisation from four perspectives: stakeholders, financial, internal processes and learning and growth. We have also set out key performance indicators, milestones and targets. Our strategy map and Scorecard are set out in Sections D and E of Part 2.
FINANCIAL PLAN 2007: SUPPORTING OUR PLAN IN 2007

As we explain in Part 3, our financial plan is based on premium rates remaining at 0.06% of insured deposits. Our financial plan has been developed to support the achievement of our 2007 initiatives.

We have budgeted revenues of RM116 million, operating expenses of RM34 million and a net surplus of RM82 million. As a result, we expect that our Deposit Insurance Funds will total RM204 million at end of 2007.

CONCLUSION

Our strategic direction is to build on our strengths by increasing our organisational capacity and capability in all our functions and operations. We have made significant progress since the establishment of Perbadanan Insurans Deposit Malaysia (“PIDM”) in August of 2005 and we are committed to continue to build a best practice organisation. We have set for ourselves a challenging and demanding Plan, and the achievement of which, will bring us closer to our Vision of being recognised as one of the leading deposit insurers in the world.
INTRODUCTION

OVERVIEW OF PIDM

Perbadanan Insurans Deposit Malaysia (“PIDM”) administers the Malaysian deposit insurance system and plays an integral role within the financial safety net system of Malaysia.

We manage both a conventional and an Islamic deposit insurance system under one organisation. Our legislative mandate is to:

a) administer a deposit insurance system under the Malaysia Deposit Insurance Corporation Act 2005 (the Act);

b) provide insurance against the loss of part or all deposits of a member institution;

c) provide incentives for sound risk management in the financial system; and

d) promote or contribute to the stability of the financial system.

In achieving its objects under (b) and (d), PIDM shall act in such manner as to minimise costs to the financial system.

Our success will ultimately be measured by how well we fulfill our mandate.

OUR CORPORATE PLAN

This Corporate Plan is a joint product of the Board of Directors (the Board) and Management of PIDM. Our Plan is the key strategic document to help us drive our organisation forward.
Our Vision sets out clearly our direction and our Mission describes how we are to carry out our work. Our Corporate Values guide how we operate and define our working culture.

**VISION**

To be recognised as the most effective deposit insurer in Southeast Asia by 2008. To be acknowledged as one of the leading deposit insurers in the world by 2010.

**MISSION**

PIDM shall protect Islamic and conventional deposits, provide incentives for promoting sound risk management, and promote and contribute to the stability of the financial system in Malaysia. PIDM will fulfill its mandate in an efficient and effective manner, having regard to the interests of its employees and other stakeholders.
In fulfilling our mandate and pursuing our Vision and Mission, we will live by the following values:

**EXCELLENCE AND PROFESSIONALISM**

PIDM will develop and maintain a highly skilled, dedicated and diverse workforce that promotes excellence and professionalism in how it conducts its business and affairs. Employees will demonstrate the ability to meet PIDM’s standards of quality and at the same time shall:

- Take intelligent risks to find creative and innovative solutions;
- Strive to achieve excellence in all aspects of work;
- Set challenging goals; and
- Encourage professional conduct.

**RESPECT AND FAIRNESS**

Employees shall treat each other with mutual respect and fairness where they shall:

- Value and respect diversity of ideas and opinions;
- Build relationships with others based on trust and respect; and
- Respect the feelings of others.

PIDM shall manage and support employees in a fair and consistent manner where it shall:

- Ensure that employees are considered for advancement according to their ability, work performance and interests;
- Delegate appropriately with defined authority and responsibility;
- Encourage innovation and work in a team-based environment;
- Communicate and monitor performance expectations;
- Address performance issues and interpersonal conflicts in a timely and constructive manner; and
- Provide an environment where employees can perform optimally.

**INTEGRITY AND TRUSTWORTHINESS**

Employees will adhere to the highest ethical standards in performing their duties and responsibilities, including maintaining the confidentiality of sensitive information. They shall:

- Behave in an ethical manner and in the best interests of PIDM;
- Act and negotiate in good faith;
- Demonstrate pride in the organisation;
- Create an atmosphere of trust and confidence; and
- Accept responsibility for their actions.

**COMMUNICATIONS AND TEAMWORK**

Employees will maintain open communications and work cooperatively among themselves and with partners towards the achievement of PIDM’s mandate. Employees will work productively with others to achieve common organisational goals where they shall:

- Work willingly in multi-disciplinary teams;
- Engage in collaborative efforts internally and externally;
- Participate actively and provide and solicit input;
- Acknowledge the contributions of others; and
- Communicate clearly, verbally or in written form.

**FINANCIAL STEWARDSHIP**

PIDM shall act as a responsible agency that continuously strives to be efficient and effective for the benefit of all stakeholders. It shall therefore perform its duties and responsibilities and manage its operations effectively and in a cost efficient manner.
We adopted four broad strategic thrusts with the aim of fulfilling our mandate. These are:

**READINESS**
Fulfilling our role as the deposit insurer by being ready and alert to events affecting PIDM and our member institutions, and having the capacity and capabilities to anticipate, actively assess and manage the risks to the deposit insurance funds.

**SOUND BUSINESS AND FINANCIAL PRACTICES**
Ensuring that policies, procedures, systems, practices and reporting are in place such that we can demonstrate that we are well governed and well managed.

**EFFECTIVE PUBLIC AWARENESS**
Establishing sound public awareness and educational programmes to explain the benefits and limitations of the deposit insurance system.

**STRONG PARTNERSHIPS**
Building and enhancing relationships with PIDM partners (member institutions, regulators, supervisors and suppliers) to help achieve our mandate. This will include working with member institutions and others in a consultative and transparent manner and in finding ways to mitigate, as much as possible, administrative burden to members.
Successful development and implementation of our Corporate Plan entails:
1. Defining our strategic direction for the planning period;
2. Establishing the planning assumptions based on the anticipated operating environment;
3. Developing corporate objectives and supporting initiatives for the planning period;
4. Developing the divisional and functional initiatives and ensuring alignment with corporate objectives and initiatives;
5. Setting performance measures and milestones and targets;
6. Ensuring timely tracking, monitoring and reporting on performance against the Corporate Plan;
7. Establishing a strong accountability and reporting regime which includes publishing the Corporate Plan to demonstrate the performance of the Plan.
A. KEY INITIATIVES UNDER THE FOUR STRATEGIC THRUSTS-2006

B. 2006 FINANCIALS: FORECAST 2006 AGAINST BUDGET 2006

C. SNAPSHOT OF PROGRESS IN 2006
Our strategic direction over the last year has been building organisational capacity and capability. We have focused our resources on establishing strong governance foundations, developing our human capital, implementing sound policies, systems and practices and reaching out and educating our stakeholders as well as pursuing strong partnerships.

A. KEY INITIATIVES UNDER THE FOUR STRATEGIC THRUSTS-2006

In 2006, we developed or completed the following initiatives under the themes of “Readiness”, “Sound Business and Financial Practices”, “Effective Public Awareness” and “Strong Partnerships”:

READINESS

Readiness entails us to be ready and alert to events affecting the Corporation, our member institutions, and having the capacity and capability to anticipate, actively assess and manage risks to the deposit insurance funds.

During the year:

• We have been working to make effective the Malaysia Deposit Insurance Corporation Act 2005 (the Act). In 2006, we issued ‘Guidelines on Total Insured Deposits’ for member institutions. Following an extensive public consultative process, we have also developed regulations on ‘Disclosure Requirements for Joint Accounts and Trust Accounts’. We have also commenced the development of regulations on ‘Terms and Conditions of Membership’ by developing a concept and consultation paper to set out our proposals. Once the full consultation has been completed, we plan to issue such regulations in 2007. Further, we have developed a concept paper regarding ‘Information Regulations’ for the purposes of regulating, among other things, how deposit insurance information should be disseminated by member institutions to depositors and the public at large.

• We have implemented a risk assessment and monitoring function and are developing a comprehensive framework to assess the risks inherent in providing deposit insurance to our members. We have also developed a payout framework. In this regard, a number of our employees have conducted study tours to leading deposit insurers and regulators to gather intelligence and knowledge about the existing risk assessment methodologies and approaches including information technology systems, differential premium systems, and intervention and failure resolution methods. As a result, we are able to leverage on the experiences of others.

• We have also begun mapping a disaster recovery plan, for the purpose of ensuring business continuity in all of our core functions.

• During the year, we hosted an enterprise risk management (ERM) seminar and workshop to promote the importance of sound risk management within the financial services industry and safety net players. We also hosted a differential premium systems seminar to inform our members and other interested parties on the details of such systems.
SOUND BUSINESS AND FINANCIAL PRACTICES

We are committed to open, transparent, and state of the art governance; because good governance is the foundation for achieving effectiveness and efficiency and ultimately, credibility. Important initiatives that we have achieved during the year:

- A Board Governance Policy, which clearly sets out the standards of governance that the Board is committed to uphold.

- Position descriptions for the Board collectively and Members individually as well as for the Chief Executive Officer, so that the role and responsibilities of the Board and Management are clear.

- Board Committee Charters, which clearly set out the key roles and responsibilities of our Board Committees.

- A Corporate By-Law, to ensure the smooth functioning of the business and affairs of the Board.

- Codes of Business Conduct and Ethics for both Directors and employees that sets out the standards of conduct expected of Directors and employees and that are based on the principles of integrity, objectivity and impartiality.

- A Conflict of Interest Code for both Directors and employees that seeks to ensure that there is no conflict between the personal interests of the individual and the performance of his or her duties.

- A Whistleblowing Policy, which enables employees, suppliers or members of the public to report wrongdoing or risks of wrongdoing at the workplace, at an early stage, and without reprisal.

- A comprehensive Audit and Consulting Services Charter and a multi-year Audit Plan which will enhance the governance framework and strengthen the policies, systems and procedures through continuous assessment and audit of key areas.

- The implementation of a robust financial management system, the implementation of a corporate-wide IT governance framework and the establishment of an Asset Liability Committee (ALCO).

- The development of a risk assessment and monitoring system as well as differential premium systems and enterprise risk management frameworks.

- The implementation of a comprehensive compensation and performance management system and human capital plan.
• The achievement of our hiring plan for 2006 and the implementation of training and development programmes.


• The development and implementation of a Balanced Scorecard approach both at the Corporate and Divisional levels.

• The completion of our key Corporate Plan initiatives within budget.


EFFECTIVE PUBLIC AWARENESS

To raise public awareness, we have actively engaged stakeholders and the public through numerous communications initiatives:

• We have a toll-free multi-lingual call centre to provide immediate responses to queries from the public.

• We have a comprehensive website which provides information in the four main languages.

• We have published and disseminated over four million multi-lingual information brochures that are available in every branch of our member institutions.

• We have actively trained more than one thousand representatives of member institutions and conducted twenty information sessions for both member institutions and the public across Malaysia.

• In 2006, we developed an Integrated Communications Plan for 2007-2011. This plan has two-fold strategic thrusts: firstly, focusing on creating awareness and educating stakeholders about the deposit insurance system and secondly, building our authority and credibility as the nation’s deposit insurer.

• We have also conducted public surveys to gauge the level of public awareness and carried out preparatory work for our advertising campaigns.

• We have held numerous media briefings on deposit insurance matters.
STRONG PARTNERSHIPS

Strong partnerships provide us with invaluable networks and allow us to draw upon expertise and experiences of partners, to help us to fulfill our mandate and achieve our corporate objectives and initiatives.

Towards our building of strong partnerships, we have achieved the following:

• A comprehensive Strategic Alliance Agreement with Bank Negara Malaysia, which provides for the co-ordination of our respective activities, promotes consultation and ensures the exchange of relevant and timely information. We work closely with Bank Negara Malaysia and consult on proposed regulations, guidelines or rules affecting our members.

• We have established a consultation policy with stakeholders in developing and establishing our proposed regulations, guidelines or rules.

• We actively participate in activities of the International Association of Deposit Insurers (“IADI”) as a member. We hosted the Executive Council meeting of IADI in Kuala Lumpur in September 2006. We also attended and participated in numerous other international conferences and workshops over the year to build relationships and expertise.

• We are recognised by many as a thought leader in Islamic deposit insurance. In 2006, we became an Associate Member of the Islamic Financial Services Board, an international standard-setting body, and have the distinction of being the first deposit insurer in the world to be given this recognition.

• We have built relationships with external experts such as accountants, lawyers, IT vendors and subject-matter experts from other deposit insurers.
B. 2006 FINANCIALS: FORECAST 2006 AGAINST BUDGET 2006

I. OPERATING RESULTS

<table>
<thead>
<tr>
<th></th>
<th>2006 Forecast</th>
<th>2006 Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>(%)</td>
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<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium</td>
<td>102,000</td>
<td>103,000</td>
<td>(1,000) 1</td>
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<tr>
<td>Investment</td>
<td>2,000</td>
<td>1,922</td>
<td>78 4</td>
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<tr>
<td>Total Revenues</td>
<td>104,000</td>
<td>104,922</td>
<td>(922) (1)</td>
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<tr>
<td>Operating Expenditures</td>
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<td></td>
<td></td>
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<tr>
<td>Salaries and Benefits</td>
<td>8,500</td>
<td>11,507</td>
<td>3,007 26</td>
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<tr>
<td>General and Administration</td>
<td>4,350</td>
<td>6,973</td>
<td>2,623 38</td>
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<td>Communications</td>
<td>1,650</td>
<td>1,520</td>
<td>(130) (9)</td>
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<td>Total Operating Expenditures</td>
<td>14,500</td>
<td>20,000</td>
<td>5,500 28</td>
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<td>Net Surplus</td>
<td>89,500</td>
<td>84,922</td>
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II. CAPITAL EXPENDITURES

<table>
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<th>2006 Forecast</th>
<th>2006 Amended Budget</th>
<th>Variance</th>
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<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>(%)</td>
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<tr>
<td>Capital Expenditures</td>
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<tr>
<td>Furniture, Fittings and Office Refurbishment</td>
<td>931</td>
<td>946</td>
<td>15 2</td>
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<tr>
<td>Computer Systems and Office Equipment</td>
<td>869</td>
<td>960</td>
<td>91 9</td>
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<tr>
<td>Motor Vehicle</td>
<td>172</td>
<td>180</td>
<td>8 4</td>
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<tr>
<td>Total Capital Expenditures</td>
<td>1,972</td>
<td>2,086</td>
<td>114 5</td>
</tr>
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</table>

* During the year, the Board approved an additional budget of RM0.5 million
III. COMMENTARY ON 2006 FINANCIAL PERFORMANCE

OPERATING RESULTS

For the year 2006, PIDM has forecasted total revenues of RM104 million, operating expenditures of RM14.5 million and a surplus of RM89.5 million. The projected surplus is RM4.6 million (5%) higher than budgeted.

REVENUES

- Premium income for the year of RM102 million is 1% or RM1 million lower than budgeted annual premium of RM103 million.

- Investment income expected for the year is slightly higher than budget by RM0.1 million due to the higher average yield of 3.5% as compared to investment yield budgeted for 2006 of 2.8%.

OPERATING EXPENDITURES

- The overall operating expenditures forecasted up to 31 December 2006 were RM14.5 million, 28% or RM5.5 million lower than budgeted expenditure of RM20 million. The significant positive variance is mainly contributed by the lower costs for salaries and benefits as well as general and administration costs.

- For 2006, PIDM had budgeted salaries and benefits for 40 employees for the full year. The significant positive variance is due to the timing of the commencement of employment of a number of individuals hired throughout the year. The forecast salaries and benefits costs have also incorporated the effect of our new compensation and performance management system.

- The positive variance on general and administration costs is mainly due to the lower depreciation expenses, lower consultancy costs as well as the contingency budget of RM1.3 million which will not be utilised.

CAPITAL EXPENDITURES

- During the year, we identified additional office furniture and fittings as well as IT equipment to advance our work and the Board approved additional funding of RM0.5 million. The positive variance of 5% for capital expenditures is mainly due to the lower actual costs for PIDM’s financial management system as compared to budgeted amount.

In summary, we have achieved our key Corporate Plan initiatives and we have done so within the approved financial plan.
C. SNAPSHOT OF PROGRESS IN 2006

READINESS
- Developed Regulations (Disclosure Requirements on Joint Accounts and Trust Accounts);
- Implemented knowledge transfer and training programmes;
- Conducted study trips to established deposit insurers;
- Conducted an ERM seminar for member institutions, deposit insurers and insurance companies;
- Developed payout system framework;
- Developed a comprehensive risk assessment and monitoring system.

SOUND BUSINESS AND FINANCIAL PRACTICES
- Developed key governance and operational policies;
- Developed audit charter and plan;
- Developed strong foundations-internal policies, procedures, processes and systems;
- Developed IT governance policy;
- Established ALCO framework;
- Implemented an integrated accounting system;
- Implemented IT infrastructure enhancements-Phase One;
- Developed Corporate and Divisional Performance Scorecards;
- Completed all key Corporate Plan initiatives under budget.

EFFECTIVE PUBLIC AWARENESS
- Maintained multi-lingual call centre operation and PIDM’s website;
- Developed networking base with media;
- Organised press conferences;
- Developed Integrated Communications Plan for 2007-2011;
- Participated in exhibitions;
- Conducted briefings and roadshows for member institutions and other stakeholders.

STRONG PARTNERSHIPS
- Established a Strategic Alliance Agreement with Bank Negara Malaysia and participated in joint roadshows;
- Established and implemented consultation policy with stakeholders;
- Identified and organised dialogue with liaison officers from each member institution;
- Hosted and participated in IADI executive council meetings and conferences;
- Established relationships with key suppliers.
PART 2 – BUILDING ON OUR STRENGTHS

Our Corporate Plan 2007-2009

A. OUR OPERATING ENVIRONMENT ASSESSMENT AND KEY PLANNING ASSUMPTIONS
B. CORPORATE OBJECTIVES AND KEY INITIATIVES
C. MANAGING AND MEASURING PERFORMANCE
D. CORPORATE STRATEGY MAP
E. CORPORATE SCORECARD
Given our achievements in 2006, we believe we have developed a sound foundation so that we can build on our strengths. Our strategic direction for 2007-2009 will be focused on continuing to comply with and develop best practices in our governance and in our operations. We shall also build on our strengths by working towards the achievement of our corporate objectives and by completing our initiatives as set out in this Plan.

A. OUR OPERATING ENVIRONMENT ASSESSMENT AND KEY PLANNING ASSUMPTIONS

In carrying out strategic planning, we have assessed the political and regulatory, economic and social environment. We have also considered technological developments and the challenges that may be faced by the banking industry. In short we believe the banking system will remain robust and profitable, which continues to provide a stable environment for us to operate in.

Our operating environment assessments have led to the development of the key planning assumptions for the planning period:

- Our mandate will remain current and relevant;
- There will be no changes to the banking or financial landscape or to the regulatory system that may have a substantial impact on our risks in providing deposit insurance;
- There will be no failures of member institutions;
- The level of deposit insurance coverage will not be increased;
- The premium rate will remain at 0.06% of insured deposits for 2007 and rates will change in 2008 with the implementation of our differential premium systems;
- Total insured deposits will grow by 10% for 2007; and
- The number of member institutions is not expected to change significantly. Bank mergers will be offset with the increase of new foreign and Islamic banks.

B. CORPORATE OBJECTIVES AND KEY INITIATIVES

We have set for ourselves the following corporate objectives:

1. Well governed and well managed organisation
   We shall continue to implement sound business and financial practices throughout the Corporation and report compliance to such practices. This entails adhering to the principles of integrity, objectivity, accountability and transparency. We believe this is critical to demonstrate that we are well governed and well managed so as to build public confidence in our institutions.

2. Educated and informed stakeholders
   Well-informed stakeholders are integral to the effectiveness of the deposit insurance system. We shall continue to engage all stakeholders, to educate them through public awareness and education programmes as well as follow our consultative policy in developing our policies and regulations.
3. Effective partnerships
Given our business model, effective partnerships are critical to the achievement of our objectives and initiatives. We shall continue to work in close collaboration with our member institutions, regulators and supervisors, other deposit insurers and key suppliers so that we may carry out our objectives and initiatives effectively and efficiently.

4. Optimal use of resources
As a public body accountable to our stakeholders, we shall make optimal use of our resources through prudent financial stewardship and by properly managing and deploying our assets, human capital and intellectual property.

5. Operational excellence
To promote confidence and effectively administer our deposit insurance system, we shall continue to implement and keep current sound policies, systems, processes and procedures based on international best practices.

6. Competent and knowledgeable workforce
A competent and knowledgeable workforce is critical to the achievement of our mandate. We shall provide the appropriate incentives to attract and retain the right people and provide them opportunities for ongoing training and development.

7. Conducive corporate environment
A conducive corporate environment supports employee satisfaction and performance. We shall foster a conducive corporate culture and values and provide a safe and healthy work environment.

The key initiatives have been developed to support the achievement of our corporate objectives and are in line with our four strategic thrusts. These initiatives are geared towards ensuring that we have the capacity and capability in our functions and operations to fulfill our mandate. This includes putting in place the necessary frameworks, policies, processes and procedures to enable us to effectively intervene in troubled member institutions to minimise losses.

C. MANAGING AND MEASURING PERFORMANCE

During 2006, we have introduced a Balanced Scorecard approach to manage and measure our performance. This includes:

- Aligning operational and business plans with the Board approved strategic direction;
- Setting the performance measures and milestones, and targets for the initiatives we plan to accomplish;
- Ensuring timely tracking and monitoring of performance to the Corporate Plan.

The Balanced Scorecard views the organisation from four perspectives, namely, stakeholders, financial, internal processes and learning and growth. By grouping our corporate objectives from the four perspectives, our strategy map for the next three years can be depicted diagrammatically, as shown on the following page.
D. CORPORATE STRATEGY MAP

MANDATE

- Administer deposit insurance
- Provide deposit insurance
- Provide incentives for sound risk management
- Promote or contribute to the stability of the financial system

STRAATEGIC THRUNTS

- Readiness
- Sound business and financial practices
- Effective public awareness
- Strong partnerships

STAKEHOLDERS

1. Well governed and well managed organisation
2. Educated and informed stakeholders
3. Effective partnerships

FINANCIAL

4. Optimal use of resources

INTERNAL PROCESSES

5. Operational excellence

LEARNING AND GROWTH

6. Competent and knowledgeable workforce
7. Conducive corporate environment
The Corporate Scorecard shown below incorporates selected Key Performance Indicators to ensure that our initiatives are met within specified timelines and within set targets.

<table>
<thead>
<tr>
<th>CORPORATE OBJECTIVES</th>
<th>KEY PERFORMANCE INDICATORS</th>
<th>TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Engagement and responsiveness to other stakeholders’ needs</td>
<td>Develop mechanism and establish baseline</td>
<td>2007: Action on assessment and feedback received 2008: Action on assessment and feedback received</td>
</tr>
<tr>
<td>7. International recognition</td>
<td>7. International recognition</td>
<td>Develop mechanism and establish baseline Action on assessment and feedback received Action on assessment and feedback received</td>
</tr>
<tr>
<td>9. Optimal use of resources</td>
<td>9. Actual vs. Approved Budgets</td>
<td>±10% variance ±10% variance ±10% variance</td>
</tr>
</tbody>
</table>
### E. CORPORATE SCORECARD

<table>
<thead>
<tr>
<th>CORPORATE OBJECTIVES</th>
<th>KEY PERFORMANCE INDICATORS</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Processes</td>
<td>5. Operational excellence</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>11. Internal Control compliance</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>i. Issuance of a consultation paper on Differential Premium Systems</td>
<td>Complete</td>
<td>Complete</td>
<td>Develop</td>
</tr>
<tr>
<td></td>
<td>ii. Development of Differential Premium Systems Regulations</td>
<td>Develop</td>
<td>Implement</td>
<td>Develop</td>
</tr>
<tr>
<td></td>
<td>iii. Implementation of a Differential Premium Systems framework</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>iv. Development and implementation of Differential Premium Systems IT infrastructure</td>
<td>Implement</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>b. Development and implementation of comprehensive Risk Assessment and Monitoring frameworks:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Phase 1 - Basic infrastructure</td>
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<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>ii. Phase 2 - Enhancement</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>c. Development of comprehensive Intervention and Resolution frameworks:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Phase 1 - Research and development of scope of framework</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
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<tr>
<td></td>
<td>ii. Phase 2 - Development of specific resolution methodology, policy, process and criteria</td>
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<td>Complete</td>
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<tr>
<td></td>
<td>iii. Phase 3 - Development of comprehensive intervention and resolution frameworks</td>
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<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>d. Development of Deposit Insurance policies and regulations:</td>
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<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Terms and Conditions of Membership Regulations:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Issuance of a consultation paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>ii. Development of draft regulations</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>iii. Information Regulations:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>a. Issuance of a consultation paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>b. Development of draft regulations</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>iv. Criteria for Insurability of Conventional and Islamic Deposit Products Regulations:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>a. Development of a concept paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>b. Issuance of a consultation paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>c. Development of draft regulations</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>iv. Interest Payable and Return on Deposits Regulations:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>a. Development of a concept paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>b. Issuance of a consultation paper</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>c. Development of draft regulations</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>e. Implementation of the IT infrastructure enhancement plan:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Phase 2 - IT infrastructure</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>ii. Phase 3 - IT operational system</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>iii. Phase 4 - Technology Enhancement and User Empowerment</td>
<td>Implement</td>
<td>Complete</td>
<td>Review</td>
</tr>
<tr>
<td></td>
<td>f. Development and implementation of a Quality Assurance framework</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>g. Development and implementation of the plan for relocation to new work premise</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td>Learning and Growth</td>
<td>6. Competent and knowledgeable workforce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13. Successful completion of key initiatives:</td>
<td>Complete</td>
<td>Outcome KPI</td>
<td>Outcome KPI</td>
</tr>
<tr>
<td></td>
<td>a. Development and assessment of employees’ competency:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>i. Development and assessment of competency gap analysis</td>
<td>Complete</td>
<td>Complete</td>
<td>Implement</td>
</tr>
<tr>
<td></td>
<td>ii. Development and assessment of specific training need analysis</td>
<td>Complete</td>
<td>Complete</td>
<td>Implement</td>
</tr>
<tr>
<td></td>
<td>iii. Development of annual Training Plan for individuals</td>
<td>Complete</td>
<td>Complete</td>
<td>Implement</td>
</tr>
<tr>
<td></td>
<td>b. Development and implementation of a Succession Management framework</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>14. Employee satisfaction index</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>15. Successful completion of key initiatives:</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>a. Development and implementation of Recognition and Reward programmes</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>7. Conducive corporate environment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The table above outlines the Corporate Objectives, Key Performance Indicators, and the corresponding targets for the years 2007, 2008, and 2009. The indicators include various aspects of internal processes, learning and growth, and corporate objectives, with specific initiatives and completion targets listed. The table highlights the milestones and outcomes intended for the plan period 2007-2009.
PART 3 – FINANCIAL PLAN
Supporting Our Plan in 2007

A. OPERATING AND CAPITAL BUDGET
B. PRO FORMA BALANCE SHEET
C. PRO FORMA CASH FLOW STATEMENT
Our Financial Plan has been developed in support of achieving our 2007 initiatives and is set out below.

**A. OPERATING AND CAPITAL BUDGET**

### OPERATING BUDGET

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2007 Budget (%)</th>
<th>2006 Budget (%)</th>
<th>RM'000</th>
<th>RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>95</td>
<td>98</td>
<td>110,000</td>
<td>103,000</td>
</tr>
<tr>
<td>Investment</td>
<td>5</td>
<td>2</td>
<td>6,000</td>
<td>1,922</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>116,000</strong></td>
<td><strong>104,922</strong></td>
</tr>
</tbody>
</table>

### Operating Expenditures

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2007 Budget (%)</th>
<th>2006 Budget (%)</th>
<th>RM'000</th>
<th>RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>44</td>
<td>58</td>
<td>15,000</td>
<td>11,507</td>
</tr>
<tr>
<td>General and Administration</td>
<td>35</td>
<td>35</td>
<td>11,750</td>
<td>6,973</td>
</tr>
<tr>
<td>Communications</td>
<td>21</td>
<td>7</td>
<td>7,250</td>
<td>1,520</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>34,000</strong></td>
<td><strong>20,000</strong></td>
</tr>
</tbody>
</table>

### Net Surplus

<table>
<thead>
<tr>
<th></th>
<th>2007 Budget</th>
<th>2006 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td></td>
<td>82,000</td>
<td>84,922</td>
</tr>
</tbody>
</table>

### CAPITAL BUDGET

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2007 Budget (%)</th>
<th>2006 Budget (%)</th>
<th>RM'000</th>
<th>RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, Fittings and Office Refurbishment</td>
<td>50</td>
<td>45</td>
<td>5,060</td>
<td>946</td>
</tr>
<tr>
<td>Computer Systems and Office Equipment</td>
<td>48</td>
<td>46</td>
<td>4,900</td>
<td>960</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>2</td>
<td>9</td>
<td>240</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>10,200</strong></td>
<td><strong>2,086</strong></td>
</tr>
</tbody>
</table>
COMMENTARY ON OPERATING AND CAPITAL BUDGET:

REVENUES

• The premium revenue budgeted for 2007 is based on a premium rate of 0.06% of insured deposits and based on a projected 10% growth in total insured deposits. Investment income is budgeted based on an average yield of 3.5%.

OPERATING EXPENDITURES

• Salaries and benefits include annual costs for 57 employees planned for 2007 and incorporate the cost structure of our new compensation and performance management system. It also includes the costs of providing ongoing training and development programmes.

• General and administration costs mainly relate to the costs of administering our office and operations during 2007. As planned, we are relocating our offices to new premises and acquiring sufficient office space to support our operational needs. We have also budgeted funds to host the Annual Conference of the International Association of Deposit Insurers and to support other international relations activities. General and administration costs also include depreciation expenses of RM3.1 million.

• We have allocated significant resources to implement multi-year advertising and public relations initiatives to raise the level of public awareness on the deposit insurance system in Malaysia.

CAPITAL EXPENDITURES

• In light of the planned growth of our organisation, we have budgeted for additional furniture, fittings and office refurbishment costs totalling RM5.1 million.

• We have allocated funds for the enhancement of our information and operational IT systems to further improve the effectiveness and efficiencies of our operations. This includes the costs of additional office equipment and IT hardware as well as software applications totalling RM0.7 million. We will also be investing RM4.2 million in 2007 for the development of IT systems to support the differential premium systems and payout framework.
### B. PRO FORMA BALANCE SHEET

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007 Budget</th>
<th>2006 Budget</th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2,720</td>
<td>280</td>
<td>3,000</td>
<td>108</td>
</tr>
<tr>
<td>Investments</td>
<td>175,940</td>
<td>18,060</td>
<td>194,000</td>
<td>115,000</td>
</tr>
<tr>
<td>Other assets</td>
<td>150</td>
<td>10</td>
<td>160</td>
<td>400</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>8,930</td>
<td>910</td>
<td>9,840</td>
<td>1,055</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>187,740</strong></td>
<td><strong>19,260</strong></td>
<td><strong>207,000</strong></td>
<td><strong>116,563</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2007 Budget</th>
<th>2006 Budget</th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>2,440</td>
<td>260</td>
<td>2,700</td>
<td>100</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>2,440</strong></td>
<td><strong>260</strong></td>
<td><strong>2,700</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### DEPOSIT INSURANCE FUNDS

<table>
<thead>
<tr>
<th>Islamic Deposit Insurance Fund</th>
<th>2007 Budget</th>
<th>2006 Budget</th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>11,300</td>
<td>11,300</td>
<td>2,921</td>
<td></td>
</tr>
<tr>
<td>Surplus for the period</td>
<td>7,700</td>
<td>7,700</td>
<td>7,864</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19,000</strong></td>
<td><strong>19,000</strong></td>
<td><strong>10,785</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conventional Deposit Insurance Fund</th>
<th>2007 Budget</th>
<th>2006 Budget</th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>111,000</td>
<td>111,000</td>
<td>28,619</td>
<td></td>
</tr>
<tr>
<td>Surplus for the period</td>
<td>74,300</td>
<td>74,300</td>
<td>77,059</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>185,300</strong></td>
<td><strong>185,300</strong></td>
<td><strong>105,678</strong></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL DEPOSIT INSURANCE FUND

<table>
<thead>
<tr>
<th>TOTAL DEPOSIT INSURANCE FUND</th>
<th></th>
<th></th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>185,300</td>
<td>19,000</td>
<td>204,300</td>
<td>116,463</td>
</tr>
</tbody>
</table>

### TOTAL LIABILITIES & DEPOSIT INSURANCE FUNDS

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES &amp; DEPOSIT INSURANCE FUNDS</th>
<th>2007 Total</th>
<th>2006 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>187,740</td>
<td>19,260</td>
</tr>
<tr>
<td></td>
<td>207,000</td>
<td>116,563</td>
</tr>
</tbody>
</table>

### COMMENTARY ON BALANCE SHEET:

- Arising from expected premium for 2007, cash and investments are planned to be at RM197 million by 31 December 2007.
C. PRO FORMA CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Forecast*</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>CASH FLOW FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium receipts from member institutions</td>
<td>110,000</td>
<td>102,150</td>
</tr>
<tr>
<td>Payments in the course of operations to suppliers and employees</td>
<td>(29,300)</td>
<td>(12,924)</td>
</tr>
<tr>
<td>Receipts of investment income</td>
<td>5,500</td>
<td>1,830</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td><strong>86,200</strong></td>
<td><strong>91,056</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOW FROM INVESTING ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investment securities</td>
<td>197,110</td>
<td>185,419</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(272,710)</td>
<td>(273,610)</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(10,200)</td>
<td>(1,972)</td>
</tr>
<tr>
<td><strong>Net cash flow used in investing activities</strong></td>
<td><strong>(85,800)</strong></td>
<td><strong>(90,163)</strong></td>
</tr>
</tbody>
</table>

| Net increase/(decrease) in Cash & Cash Equivalents | 400 | 893 |
| Cash & Cash Equivalents at the beginning of the year | 2,600 | 1,707 |
| **Cash & Cash Equivalents at the end of the year** | **3,000** | **2,600** |

CORPORATE PLAN
DERAILMENT
&
CONCLUSION
Our strategic direction for 2007-2009 continues as stated in our 2006-2008 Corporate Plan. This is to build our infrastructure and knowledge to achieve our mandate. Our Plan therefore sets out a number of initiatives which, when completed, will enhance our capacity and capabilities.

The initiatives are both challenging and demanding and will stretch the organisation’s resources to the limit. However, we can complete the Plan if we focus on our deliverables and if we have the appropriate workforce to achieve it.

There are certain events that could derail or impede the achievement of our Plan. These include a member institution failure or the loss of key employees. If a member institution were to fail during the planning period, we would need to focus all of our resources to deal with the event. This would entail a major deviation from our planned strategic direction and a number of planned initiatives would be delayed or not completed.

As a start-up organisation, and one with limited human capital given its business model, it should be expected that the loss of key employees would result in PIDM not meeting a number of initiatives as set out in this Plan. The occurrence of such events may also significantly affect our achievement of our corporate objectives. If this occurs, our strategic direction and Plan would need to be revisited and amended.

Although such events are not within our total control, we shall monitor the possibility of these occurring to ensure that a derailment can be managed and its effect mitigated.
Our strategic direction for 2007-2009, a joint product of our Board of Directors and Management, drives us to build on our strengths and to increase our organisational capacity and capability in our functions and in our operations. While we have made significant progress since PIDM was established in August of 2005, we have much to accomplish if we are to achieve our corporate objectives.

We have set for ourselves a challenging and demanding Plan that we can achieve if we focus on our deliverables and we monitor our performance closely. We believe that the achievement of this Plan will bring us much closer to our Vision of being recognised as one of the leading deposit insurers in the world.
APPENDIX

CORPORATE PLANNING PROCESS
PIDM ORGANISATION STRUCTURE
CORPORATION’S PROFILE
FREQUENTLY ASKED QUESTIONS
CONTACT DETAILS
APPENDIX

Corporate Planning Process

Monitor, track and report progress

Implement initiatives across divisions

Board reviews and approves Corporate Plan

EMC reviews Corporate Plan

Draft Corporate Plan

Board review and strategic guidance

Preliminary strategy review

Executive Management Committee (EMC) strategic setting planning

Supporting divisional strategic planning

Refine divisional strategic plan

Divisional operational and budgeting plan

Environmental scan and risk assessment

Planning to plan

Legislative Mandate
APPENDIX

PIDM Organisation Structure

*Board of Directors*

- Tan Sri Dato Abd ul Aziz bin Haji Taha
  Chairman
- Tan Sri Dato’ Sri Dr Zeti Akhtar Aziz
- Tan Sri Dato’ Sri Izzudin bin Dali
- Tan Sri Dato’ Seri Haji Mohd Azmi bin Dato’ Haji Kamaruddin
- Datuk Dr Abdul Samad bin Haji Alias
- Datuk Dr Sulaiman bin Mahbob
- Encik Michael Wong Kuan Lee

Corporate Secretary
Lim Yam Poh

Chief Executive Officer
Jean Pierre Sabourin

Audit and Consulting Services
Noorida Baharuddin

Communications and Public Affairs
S. Loganathan

Finance and Administration
Wan Ahmad Ikram Wan Ahmad Lotfi

Human Capital
Linden Leong

Insurance, Risk Assessment and Monitoring
Md. Khairuddin Haji Arshad

Legal
Lim Yam Poh

Policy and International
Lai Wai Keen
WHO WE ARE

Perbadanan Insurans Deposit Malaysia (“PIDM”) is a statutory body established under the Akta Perbadanan Insurans Deposit Malaysia 2005 (“Akta PIDM”) in 2005 to administer the deposit insurance system in Malaysia. PIDM reports to Parliament through the Minister of Finance. We are also known as the Malaysia Deposit Insurance Corporation (MDIC), especially within the international context.

OUR MANDATE

Our role is to administer the national deposit insurance system. The system is funded by premiums paid by member institutions. We administer two separate funds, which are the Islamic Deposit Insurance Fund (from premiums collected on Islamic deposits) and the Conventional Deposit Insurance Fund (from conventional premiums). To ensure compliance with Shariah principles, the Islamic Fund is managed separately and invested in accordance with Shariah principles.

We provide insurance against loss of deposits placed by depositors with member institutions up to RM60,000 (principal and interest or return) per depositor per member institution. In the event of a failure of a member institution, we would reimburse all affected depositors promptly on their insured deposits.

Our member institutions are all the commercial banks (including locally-incorporated subsidiaries of foreign banks operating in Malaysia) licensed under the Banking and Financial Institutions Act 1989 and all the Islamic banks licensed under the Islamic Banking Act 1983.

We provide incentives for sound risk management in the financial system and contribute to the stability of the financial system. In this regard, we work closely with Bank Negara Malaysia (“BNM”), the primary regulator and supervisor of member institutions under a Strategic Alliance Agreement. This partnership with BNM ensures timely exchange of information on member institutions and collaboration in all significant aspects of our functions and activities.

A key aspect of our work is to monitor and manage risks within the financial system. In this regard, we rely heavily on BNM to conduct examinations on our member institutions, but in special circumstances we may also conduct special examinations. We are also empowered to intervene to reduce or avert risks to the financial system where BNM determines that a member institution has ceased, or is likely to cease, to be viable. Our intervention powers enable us, among others, to acquire assets from member institutions, make loans or advances, or to make or guarantee a deposit.

Given our mandate, we conduct ongoing public awareness and education initiatives to build up the level of understanding on deposit insurance in Malaysia. In respect of developing regulations and other rules to meet all our statutory objects and to give full effect to the provisions of the Akta PIDM, we consult key stakeholders and the general public. This contributes to greater understanding of the issues involved, more effective rule-making and broader acceptance of our decisions.

AFFILIATION

On the international front, we are an active member of the International Association of Deposit Insurers (IADI). We are also the first deposit insurer to be admitted as an Associate Member of the Islamic Financial Services Board, an international standard-setting body.
1. What is Deposit Insurance?

Deposit Insurance is a system established by the Government to protect depositors against the loss of their insured deposits placed with member institutions in the unlikely event a member institution is unable to meet its obligations to depositors. This system was launched in Malaysia on 1 September 2005.

2. What is Perbadanan Insurans Deposit Malaysia (PIDM) or Malaysia Deposit Insurance Corporation (MDIC)?

We are an independent statutory body that provides protection for depositors in the remote event a member institution is unable to repay its depositors holding insured deposits. Within the country, we wish to be known as PIDM being short for Perbadanan Insurans Deposit Malaysia.

3. What is the role of PIDM or MDIC?

PIDM or MDIC’s role is to administer a deposit insurance system and protect depositors. PIDM provides incentives for sound risk management in the financial system, and promotes and contributes to the stability of the financial system.

4. How does PIDM contribute to the stability of the financial system?

PIDM reinforces and complements the existing regulatory and supervisory framework by promoting incentives for financial institutions to implement sound risk management practices. We contribute to the stability of the financial system by dealing with any individual non-viable bank expeditiously thereby preventing it from affecting other banks or the banking system. In carrying out our mandate, PIDM is empowered to acquire assets from member institutions, make loans or advances with or without security, acquire shares of member institutions and take all other necessary measures.

5. Who are member institutions?

Member institutions are all commercial banks (including foreign banks operating in Malaysia) and finance companies licensed under the Banking and Financial Institutions Act 1989 and all Islamic banks licensed under the Islamic Banking Act 1983. Membership is compulsory as provided under the Malaysia Deposit Insurance Corporation Act 2005 (MDIC Act). A list of member institutions can be obtained either by contacting PIDM at 1-800-88-1266 or by accessing PIDM’s website at www.pidm.gov.my
6. Must I apply for deposit insurance coverage?

No, you don’t need to. Eligible deposit accounts are automatically insured at no charge to you.

7. Who pays for the insurance premium?

Your member institution is required to pay annual premiums to the deposit insurance system administered by PIDM.

8. What is the deposit insurance coverage limit?

PIDM insures eligible deposits up to RM60,000 per depositor per member institution. The RM60,000 limit includes both the principal amount of a deposit and the interest/return.

9. Can I buy additional insurance for my deposits if it is more than RM60,000?

No. Deposit insurance is not a general or life insurance product. It is provided by the Government through the MDIC Act and administered by PIDM.

10. What types of deposits are eligible for deposit insurance?

Current and savings deposit accounts, fixed deposits, investment deposits and certified cheques and bank drafts drawn or made against a deposit account are eligible for deposit insurance protection.

11. What types of deposits are NOT insured?

Deposits not payable in Malaysia, foreign currency deposits, money market deposits, negotiable instruments of deposits (NIDs), other bearer deposits and repurchase agreements are not insured.

12. Are Islamic and conventional deposits insured separately?

Yes. Islamic and conventional deposits are eligible for a separate coverage limit of RM60,000 each.
13. Do joint accounts and trust accounts enjoy separate deposit insurance coverage?

Yes. Joint accounts and trust accounts enjoy separate deposit insurance coverage limit each, provided the records of the member institution disclose the names of the joint or trust account holders and their individual interests in the deposit.

14. Are repurchase agreements, money market placements and unit trusts eligible for deposit insurance?

No. Repurchase agreements, money market placements and unit trusts are not eligible for deposit insurance.

15. Are there other accounts that are separately insured?

Yes. Deposits held under a sole proprietorship or a partnership or held by a depositor who carries on any professional practice are separately insured, provided such information has been disclosed on the records of the member institution.

16. If I have deposits in several member institutions, will all my deposits be added up for deposit insurance purposes?

No. Deposits in different member institutions are insured separately. The RM60,000 coverage limit is applicable per depositor per member institution.

17. If I have deposits in different branches of the same member institution, will all my deposits be insured separately?

No. Deposits held in different branches of the same member institution will be added together for deposit insurance purposes.

18. What happens to my deposit if two member institutions merge?

You will continue to be separately insured for a period of two years or upon maturity or until withdrawal, whichever is earlier.

19. Are deposits made by a non-resident of Malaysia insured?

Your place of residence or nationality doesn’t affect deposit insurance coverage. Deposits placed with a member institution of PIDM will be covered up to RM60,000 per depositor per member institution.

20. How can I maximise coverage for my deposits in a single bank?

The RM60,000 limit is for each separate legal ownership of the deposit account. If the ownership of several accounts is different from one another, deposit insurance coverage would be given separately for each account. For example, if you hold an individual account, three joint accounts with different individuals, be part of a partnership or professional practise account, you will enjoy separate coverage of up to RM60,000 for all the five accounts totalling up to RM300,000.
21. If that is so, why did PIDM decide on coverage of up to RM60,000 per eligible deposit account?

The current coverage limit was set based on statistics showing 95% of deposits will already be protected in full. Under current rules, almost all depositors are protected by deposit insurance.

22. How do I make a claim?

In the unlikely event a member institution is not able to meet its obligations, you don’t have to make any claim. PIDM will announce how, where and when you will be paid up to your insured amount. PIDM will be transparent and pay you speedily.

23. Does it mean our financial institutions are no longer supervised by Bank Negara Malaysia (BNM)?

No. BNM remains the primary supervisor and regulator of the financial system. It continues to be responsible for maintaining the stability of the financial system. PIDM complements BNM’s role and contributes to stability of the system by managing this deposit insurance system in a manner that encourages prudent risk management in member institutions.
For more information about PIDM:

• Contact Customer Service Call Centre at toll free 1-800-88-1266 from 8.30am to 5.30pm Monday to Friday

• Visit PIDM’s website at: www.pidm.gov.my

• E-mail to: info@pidm.gov.my

• Write to:
  Communications and Public Affairs Division
  Perbadanan Insurans Deposit Malaysia
  Level 22, Dataran Kewangan Darul Takaful
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