

The background is a deep blue gradient. It features numerous vertical lines of varying heights, each topped with a small, glowing blue or white dot. These lines and dots create a sense of depth and digital connectivity. In the center, the number '20' is rendered in a large, metallic, three-dimensional font with a silver-to-white gradient and a subtle shadow.

20

YEARS OF EXCELLENCE



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

ANNUAL REPORT 2025



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OUR 20-YEAR JOURNEY (2005 – 2025)

In the aftermath of the 1997 – 1998 Asian Financial Crisis, Malaysia undertook financial sector reforms guided by the Financial Sector Master Plan 2001 – 2010, aimed at strengthening the resilience and governance of the financial system. An important component of these efforts was the establishment of a comprehensive deposit insurance system to strengthen public confidence and support financial system stability. This led to the establishment of Perbadanan Insurans Deposit Malaysia (PIDM) in 2005, with a mandate to administer the Deposit Insurance System (DIS) and protect depositors in the event of a bank failure.

Governing Regulations and Guidelines

The financial statements as at 31 December 2025 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 of Directors (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 

Foundation (2005 – 2008)

Laying the Pillars of Trust

PIDM's formative years were shaped by the need to reinforce confidence in the financial system following the lessons of past crises. The focus was on establishing clear protection, strong governance and credible institutional arrangements, while building public awareness of deposit insurance. These foundations laid the groundwork for depositor confidence and defined PIDM's role within Malaysia's financial safety net over the long term.

Key developments during this period included:

Establishing a deposit insurance protection system with coverage extended to both conventional and Islamic deposits. Initial coverage was set at RM60,000 per depositor per bank, ensuring broad protection across Malaysia's dual banking system and anchoring depositor confidence early on.

Setting up a funding framework through an initial flat-rate premium system to support the steady accumulation of reserves. This approach evolved in 2008 with the introduction of the Differential Premium Systems (DPS), which aligned premium assessments more closely with institutional risk profiles to incentivise sound governance and risk management practices.

Putting in place strong governance arrangements underpinned by a robust governance framework, with policies and practices benchmarked against best practices.

Developing core mandate capabilities including risk assessment and monitoring, timely intervention and orderly failure resolution, as well as prompt depositor reimbursement, supported by close collaboration and information-sharing arrangements with Bank Negara Malaysia (BNM) under the Strategic Alliance Agreement.

Building public awareness and understanding through initiatives aimed at educating the public on PIDM's role and the importance of deposit protection, to promote confidence in the deposit protection system and ultimately, in the financial system.

These foundations were established just as global financial conditions deteriorated in 2008, positioning PIDM to contribute meaningfully to financial system stability during the 2008 – 2009 Global Financial Crisis. In this period, PIDM was entrusted with administering the Government Deposit Guarantee (GDG),¹ a temporary and pre-emptive measure introduced to preserve depositor confidence and safeguard financial system stability. PIDM supported its effective implementation through close coordination with BNM, engagement with member institutions and clear public communication.



¹ Introduced on 16 October 2008, the GDG is a temporary deposit guarantee that covered the full amount of deposits held in banks until its expiry on 31 December 2010

Scaling Up (2009 – 2015)

Broadening Protection

As global conditions stabilised after the crisis, attention shifted towards strengthening permanent financial consumer protection to sustain confidence beyond temporary measures. PIDM supported a smooth and orderly exit from the GDG, helping to maintain public confidence as reliance returned to long-term protection frameworks. Collectively, these developments led to the broadening of PIDM's mandate beyond deposits and marked a more integrated approach to financial consumer protection across the banking and insurance sectors.

Building on earlier foundations, this scaling up phase focused on:

- **Enhancing depositor protection** with deposit insurance coverage under the DIS increased to RM250,000 per depositor per bank, ensuring adequate protection for the vast majority of depositors.
- **Expanding protection beyond deposits** through the introduction of the Takaful and Insurance Benefits Protection System (TIPS), extending protection to eligible takaful certificate and insurance policy owners.
- **Advancing crisis preparedness** through simulation exercises and the development of intervention and failure resolution frameworks to enable prompt and effective resolution of member institutions.
- **Strengthening institutional credibility** with PIDM assessed under the Financial Sector Assessment Program by the International Monetary Fund and the World Bank in 2013 and found to demonstrate strong compliance with international deposit insurance standards.
- **Enhancing the funding framework and risk management for insurers** through the introduction of the Differential Levy Systems (DLS) for insurer members, providing a more differentiated assessment of levies reflecting risk profiles.
- **Deepening stakeholder engagement** through nationwide outreach programmes and strengthened international cooperation.

By the end of this phase, PIDM had broadened our reach and strengthened our institutional capacity to deliver effective and comprehensive financial consumer protection.



Evolution (2016 – 2019)

Anchoring on Resolution

As financial systems grew more complex, deposit protection frameworks globally placed greater emphasis on ensuring continued access to deposits through orderly resolution, rather than reimbursement alone. The lessons of the Global Financial Crisis underscored the importance of strengthening pre-crisis preparedness, with international standards, including the Financial Stability Board's Key Attributes of Effective Resolution Regimes, increasingly emphasising recovery and resolution planning as a core element of financial system stability.

Against this backdrop, PIDM commenced work on Recovery and Resolution Planning (RRP) in close coordination with BNM, with recovery planning led by BNM and resolution planning led by PIDM. This work supported the development of recovery plans by member institutions and informed PIDM's resolution planning efforts, enhancing overall readiness and clarifying roles, responsibilities and execution arrangements in times of stress.



This phase saw several key developments:

- **Commencing RRP** through engagement with member institutions, supporting the development of recovery plans and laying the groundwork for PIDM's resolution planning framework.
- **Strengthening resolution and operational readiness** through regular simulations and reimbursement exercises, identifying gaps and enhancing coordination among stakeholders, ensuring that preparedness translates into effective execution of resolution actions.
- **Advancing resolution planning approaches** to test and refine planning assumptions, and strengthening readiness for implementation, including the commencement of resolution planning pilot exercises with selected member banks.
- **Reinforcing confidence through financial literacy** as public awareness levels stabilised and gains began to plateau despite sustained outreach, underscoring the importance of broader financial literacy and closer alignment with national efforts.

Collectively, these efforts marked PIDM's evolution from a protection-focused mandate towards a more comprehensive resolution role, anchoring preparedness at the heart of financial system stability.



Continuity Under Stress (2020 – 2022)

Agility and Transformation

The years that followed put our preparedness to the test in unexpected ways. The COVID-19 pandemic placed unprecedented strain on institutions globally and underscored the importance of readiness and adaptability. For PIDM, prior investments in governance, business continuity and operational readiness supported a swift transition to alternative ways of working, while maintaining readiness across core functions during prolonged disruption.

In addition to maintaining business-as-usual operations, this period was marked by several critical responses:

- **Activating business continuity arrangements** with expanded remote working capabilities to support sustained functioning during movement restrictions and prolonged disruption.
- **Accelerating digital enablement** through greater use of digital tools and platforms to support internal collaboration, information management and secure access.
- **Maintaining stakeholder engagement** with member institutions and relevant authorities through alternative and virtual platforms.
- **Providing temporary relief measures** within PIDM's mandate, in response to pandemic-related challenges and regulatory burdens faced by member institutions.
- **Enhancing public communication** with increased use of digital channels to ensure continued access to information and reinforce confidence during a period of heightened uncertainty.

These experiences highlighted the value of earlier preparation and strengthened PIDM's digital and operational capabilities.



Consolidation (2023 – 2025)

Strengthening Readiness

This phase reflected a deliberate shift from adaptation to consolidation. Having navigated the pandemic period, our focus turned to strengthening institutional readiness, embedding digital and organisational capabilities, as well as advancing resolution preparedness in a more structured and system-wide manner. The emphasis was on deepening coordination, refining frameworks and testing readiness under more realistic conditions.



- **Expanding simulation and testing** with broader stakeholder participation and progressively more comprehensive exercises, culminating in PIDM's first full end-to-end resolution simulation in 2025, complemented by the development of an interagency crisis preparedness binder detailing coordination arrangements during a crisis.
- **Introducing the Resolvability Assessment Framework** which advances the next phase of resolution planning by providing a structured basis for assessing the readiness of member institutions for orderly resolution and identifying impediments to effective resolvability.
- **Enhancing the differential premium and levy systems** by incorporating elements that promote resolvability and prudent risk practices.
- **Organising PIDM's flagship National Resolution Symposium (NRS)** as a platform to deepen understanding and strengthen collective readiness on resolution planning and crisis preparedness.
- **Sustaining targeted digital engagement and financial literacy outreach** with greater use of online platforms to ensure continued access to information and promote financial resilience among the public in alignment with the national financial literacy agenda.

Consolidation during this phase centred on:

- **Embedding digital and organisational capabilities** with strengthened cybersecurity, data governance and digital systems, alongside the integration of sustainability and Shariah considerations.
- **Advancing Shariah-aligned resolution preparedness** through deeper integration of Shariah considerations into resolution planning and policy development, supported by dedicated Muzakarah sessions involving scholars, regulators and industry practitioners and guided by the advice of BNM's Shariah Advisory Council.
- **Strengthening financial safety net coordination** through closer inter-agency collaboration, regular engagements and joint exercises to deepen shared understanding of roles and operational interdependencies during stress.



“Together, these efforts reinforced our readiness to operate effectively under stress, setting the stage for a more resilient phase of our evolution.”



Looking Ahead: Towards Resilience

As PIDM marks two decades of our journey, we enter the next phase with resilience firmly embedded at our core. Built on strong and deeply rooted foundations, our focus now extends beyond readiness to ensuring that our mandate can be discharged with continuity and confidence amid evolving risks and uncertainty. Informed by experience and guided by purpose, PIDM remains adaptable, steadfast and committed to sustaining confidence and supporting financial system stability in the years ahead.



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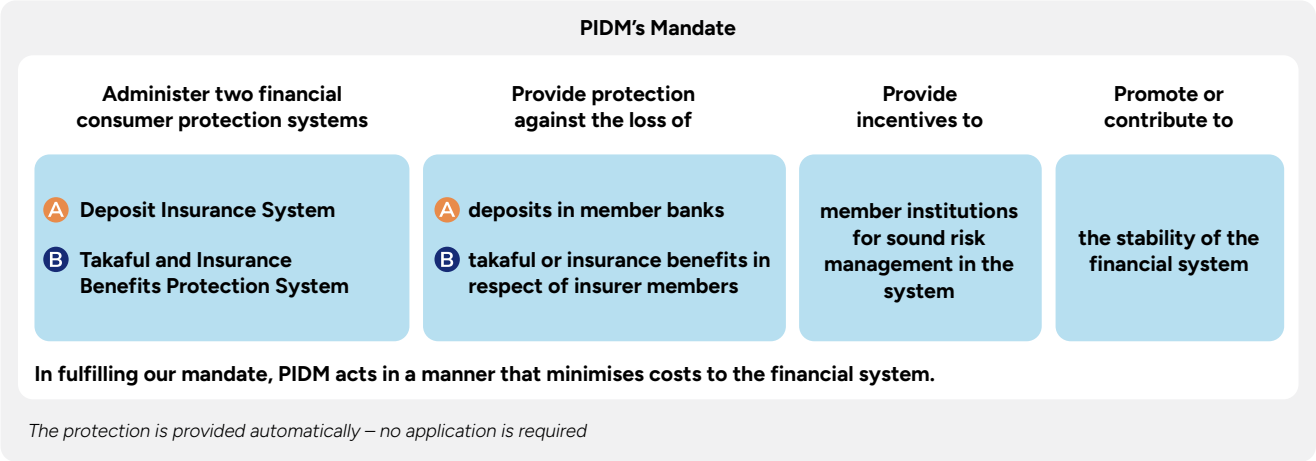
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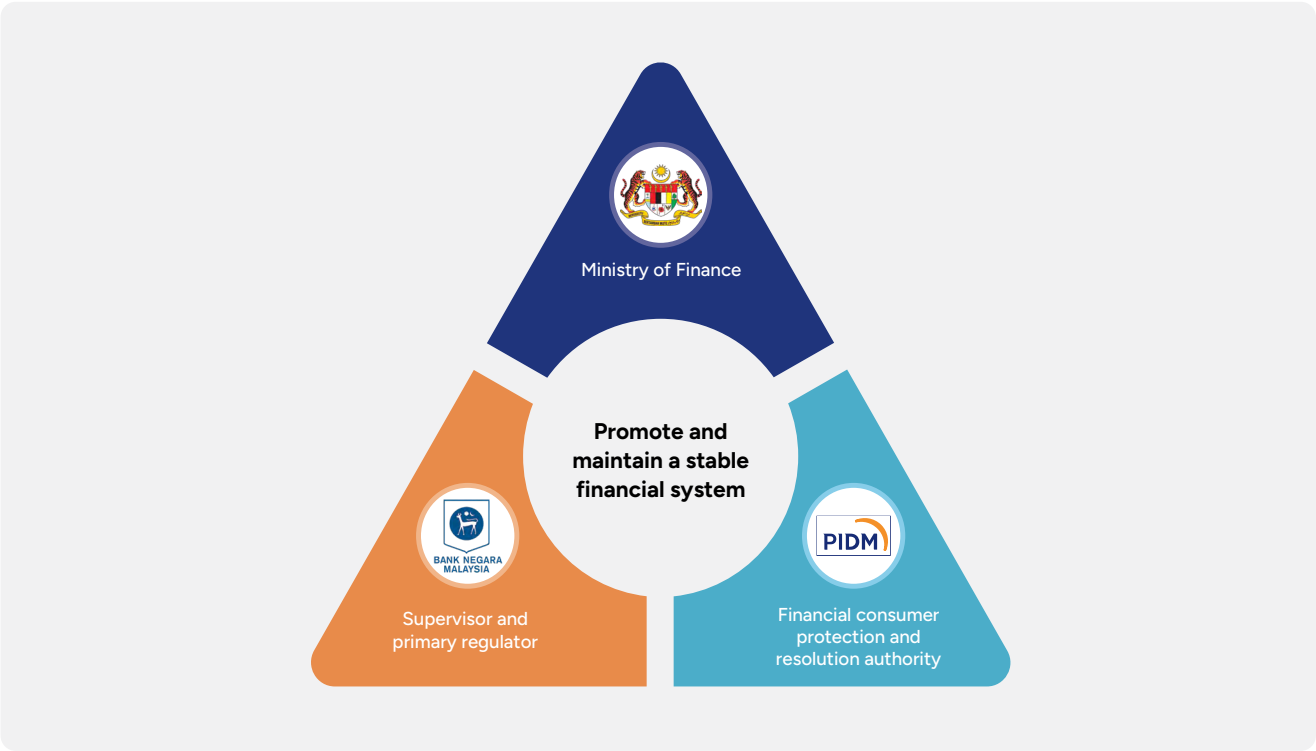
Refer to www.pidm.gov.my for the Technical Reference

Our Mandate

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 forms part of Malaysia's financial safety net together with the Ministry of Finance and Bank Negara Malaysia. 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)

Part I

Our Leadership and Governance

From Our Leadership

Our Governance

Two Decades of Governance Excellence: Building Trust, Safeguarding Stability

From Our Leadership



Twenty years ago, the world moved at a different pace. We waved for taxis by the roadside, typed messages within strict character limits and relied on the evening news to keep ourselves updated on the day's events. Today, communication, commerce and connectivity unfold in real time at our fingertips. Transactions can be executed at the tap of a screen, confidence can be shaped by a single tweet and sentiments can shift within moments. Over these two decades, change has accelerated and the world has been tested. It has weathered significant stress, from the 2008 global financial crisis to rapid technological disruption and the COVID-19 pandemic, demonstrating how swiftly uncertainty can spread and how deeply interconnected systems have become.

At the beginning of this period of change, guided by foresight and a clear recognition of the need to strengthen Malaysia's financial safety net, PIDM was established in 2005. Our mandate is to protect depositors as well as takaful and insurance policy owners and promote financial system stability. Twenty years on, as we mark our 20th anniversary, we reflect not only on how far we have come but on the strength of the foundations that have sustained confidence in our financial system. The year 2025 is also pivotal as it concludes our Corporate Plan 2023 – 2025, themed "Realising Readiness", under which we strengthened capabilities across key areas and enhanced our agility to respond effectively in an increasingly dynamic environment.

Enhancing Resolution Readiness and Coordinated Crisis Response

In line with this corporate plan, we undertook several key initiatives to enhance our resolution readiness, including efforts to strengthen the resolvability of member institutions and the readiness of service providers.

First introduced in 2023, the National Resolution Symposium (NRS) continued to serve as an important platform for dialogue on resolution. In 2025, we hosted its third edition, bringing together senior leaders, regional regulators and international experts to deepen collective understanding of resolution frameworks and practices. Building on this momentum, we organised the annual Muzakarah (intellectual discourse) for the second time in 2025. This forum convened Shariah scholars and practitioners to deliberate on key Islamic finance resolution matters, contributing to the continued development of Shariah-compliant approaches to resolution.

In 2025, we conducted a comprehensive simulation exercise that enhanced Board decision making, deepened analytical capacity and validated coordination with key service providers, ensuring operational clarity should a member institution fail. We also continued to work closely with the relevant agencies to reinforce coordinated crisis readiness, including refining and finalising the interagency binder outlining crisis-time coordination arrangements. In addition, we advanced the Resolvability Assessment Framework through focus group discussions with member bank groups ahead of the planned industry consultation on the exposure draft in 2026.

Strengthening Public Confidence and International Engagement

Public awareness and advocacy rose to 79% and 67% respectively in 2025, surpassing our targets. This reflects our ability to maintain consistently high levels of public awareness, which is critical to the fulfilment of our mandate. We achieved this by refreshing our content on social media and digital platforms for better public understanding of PIDM, including our resolution authority role. In conjunction with PIDM's 20th anniversary, we launched a new corporate website to improve navigation and access to information. We also continued leveraging on financial literacy anchored initiatives across on-ground and digital channels to strengthen public understanding and advocacy. As a founding member of the Financial Education Network (FEN), we supported the national financial literacy agenda, including the launch of the second National Strategy for Financial Literacy 2026 – 2030.

Beyond maintaining public confidence, we also worked tirelessly to advance global policy formulation in resolution matters. This included our leadership as Chair of the International Association of Deposit Insurers (IADI) Working Group on Resolution and our contributions to the Sub-Committee on Resolution Planning of the International Forum of Insurance Guarantee Schemes. In 2026, we will further elevate collective dialogue on resolution matters by hosting the IADI Asia Pacific Regional Committee (APRC) Annual Meeting and International Conference. Regionally, we deepened cross-border collaboration through sustained engagements with counterpart deposit insurers, strengthening collective crisis preparedness and underscoring our shared commitment to safeguarding financial system stability across ASEAN.

Building Organisational Capability, Strong Governance and Sustainability

As the operating environment continues to evolve with rapid technological advances, we have stepped up efforts to modernise our technological and analytical capabilities. In 2025, we rolled out several initiatives to strengthen our technological infrastructure, cybersecurity resilience and data analytics capability. This included the establishment of PIDM's Virtual Data Centre, the enhancement of cloud-based collaboration tools and the demonstration of cyber resilience through targeted assessments and drills.

While we continue to embrace technological advancement, strong governance remains the foundation that anchors our organisation. PIDM maintains high standards of integrity and governance, recognising that sound governance is essential to sustaining public trust. We launched the PIDM Organisational Anti-Corruption Plan (OACP) 2025 – 2029, aligned with the National Anti-Corruption Strategy, reaffirming our commitment to carry out our mandate with the highest standards of integrity and accountability. To reinforce a strong risk mindset and organisational culture, we hosted roundtable discussions with cybersecurity experts on emerging developments.

At the same time, we remain mindful of the communities around us and the importance of sustainable practices. Our sustainability efforts were recognised through the achievement of the GreenRE Bronze Certification, reflecting our commitment to sustainable building and operational practices. As part of our efforts to give back to the communities we serve, we rolled out the Santuni MADANI initiative, delivering financial literacy programmes for youth and academic support for secondary school students. We also continued the PIDM Undergraduate Scholarship Programme, awarding scholarships to 20 additional students and bringing the total number of beneficiaries to 270 since the programme's inception.

Given the importance of a competent workforce and an agile work culture, we strengthened organisational capabilities by enhancing our competency framework and expanding initiatives that embed data-driven decision making across the organisation. These efforts reflect our commitment to equipping our people with the skills, tools and mindset needed to navigate an increasingly dynamic environment.

Acknowledging the People Behind the Progress

As we commemorate this significant milestone of our 20th anniversary, we take pride in what we have achieved over the past two decades and the notable outcomes delivered in 2025. Milestones are not just markers of the past. They are also stepping stones to the future. At this point in our journey, let us pay tribute to the hands that laid our foundations, the hearts that sustain us today and the minds that will carry this legacy into tomorrow.

To all PIDM employees, thank you for your dedication, commitment and professionalism over the years. Your contributions, whether visible or behind the scenes, have played a meaningful role in bringing PIDM to where it stands today. Some employees who began this journey with us are no longer with PIDM, while others will one day pass the responsibility to a new generation. This is how legacies endure. Though we may not see the full picture of what lies ahead, we can take pride in knowing that what we have built together will continue to serve, protect and reassure for years to come.

These accomplishments have also been shaped by the leadership and stewardship that have guided PIDM over the years. On behalf of PIDM, we extend our sincere appreciation to the Board of Directors for their unwavering and constant guidance. We also record our gratitude to Dato Sri (Dr) Zukri Samat for his leadership and contributions as Chairman, and we wish him well following his retirement from the Board. We further express our appreciation to our former director Ms. Gloria Goh Ewe Gim for her dedicated service and contributions to strong governance.

Shaping a More Resilient Future

As we enter our third decade, we do so guided by our Corporate Plan 2026 – 2028, themed "From Readiness to Resilience". Readiness has defined our first two decades to ensure safeguards, systems and plans are firmly in place. Resilience builds on that foundation. It reflects our commitment not only to withstand disruption but to adapt and continue delivering our mandate credibly under any circumstance. We will prioritise resolution credibility, deepen strategic partnerships, accelerate digital capabilities and nurture a future-ready workforce, ensuring that PIDM remains agile, adaptive and forward-looking.

Twenty years ago, the notion that virtually any service, including financial services, could be delivered entirely via a mobile device felt far-fetched. Today, it is routine. The pace of change will continue. What must remain constant is the strength beneath the surface, reflected by institutional resolve, disciplined governance and collective commitment. Like a tree anchored by deep roots, our stability endures because it is grounded in foundations that have been cultivated and strengthened over time, enabling us to bend and grow as circumstances evolve. As we commemorate our 20th anniversary, we remain steadfast in our mandate: to protect depositors and policy owners and to contribute meaningfully to the continued stability and resilience of Malaysia's financial system, for the next twenty years and beyond.

Datuk Abu Huraira Abu Yazid

Rafiz Azuan Abdullah

Our Governance

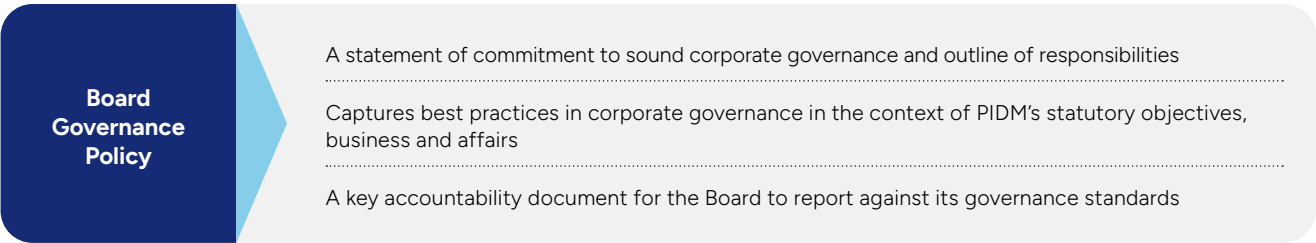
Governance Practices

PIDM is steadfast in upholding robust governance practices that foster transparency and accountability. These practices strengthen stakeholder confidence and ensure the fulfilment of our mandate.

Benchmark and Standards

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

PIDM's Board Governance Policy 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 articulates the Board's expectations of Management, as well as the Board's role in setting PIDM's strategic direction and exercising oversight and control.



A yearly performance review against the standards set out in the Board Governance Policy is published in the Statement on Governance, available at www.pidm.gov.my.

Approach and Accountability

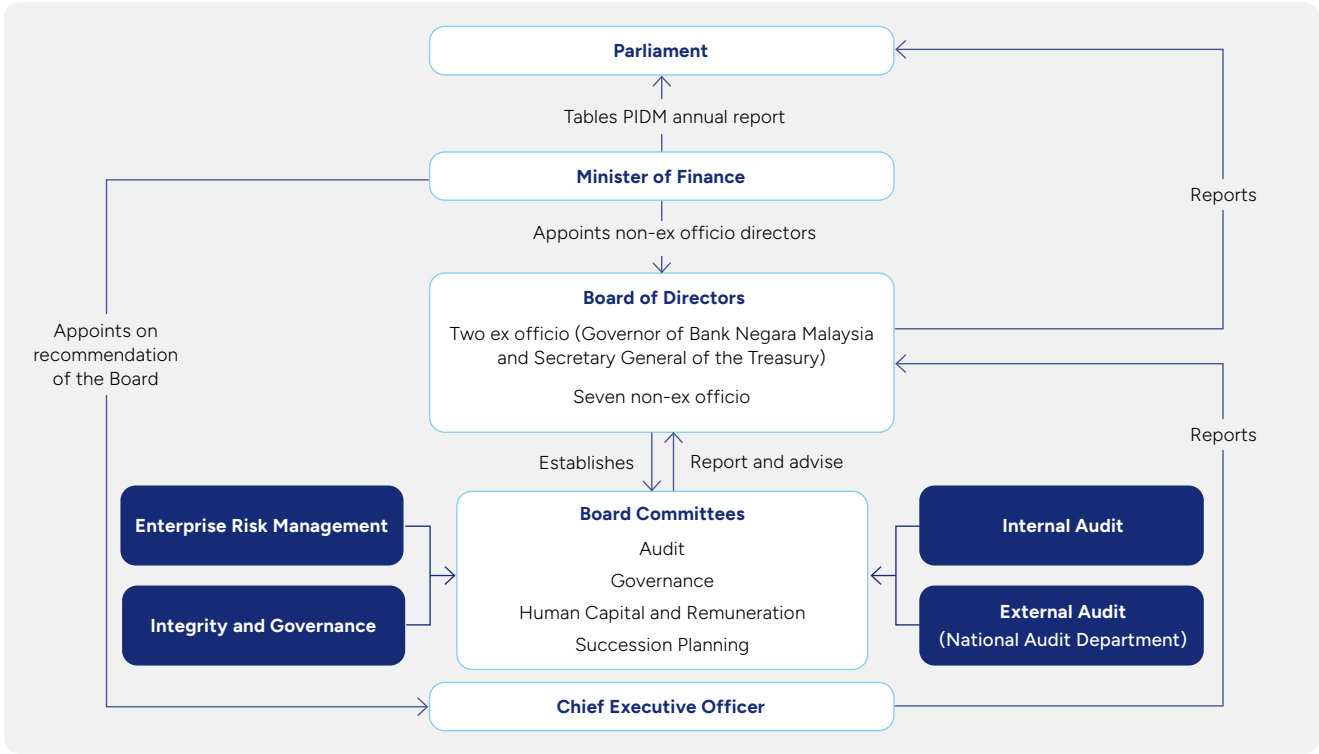
Transparency in PIDM's progress on planned initiatives enables key stakeholders to make informed assessments of our performance and ability to meet our statutory obligations. PIDM's corporate plan, together with a report on progress against the corporate plan, are presented in PIDM's annual report. Beyond building social and intellectual capital, PIDM's adoption of strong governance practices also reinforces accountability, particularly during intervention and failure resolution processes.

PIDM is subject to Shariah requirements when administering the Islamic Deposit Insurance System and the Takaful Benefits Protection System, as well as when undertaking prompt intervention and failure resolution actions for Islamic member institutions. To ensure compliance with Shariah requirements, PIDM is guided by the advice of Bank Negara Malaysia (BNM)'s Shariah Advisory Council (SAC).

¹ General Circular Letter No. 5 Year 2024

Our Governance Structure

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



Parliament and the Minister of Finance

In accordance with the Malaysia Deposit Insurance Corporation Act (PIDM Act),² PIDM is accountable to Parliament through the Minister of Finance (Minister). To fulfil our mandate, PIDM operates within a robust governance structure and a legal framework that ensures operational independence, in line with recommendations by the IADI. The IADI’s Core Principles for Effective Deposit Insurance Systems³ emphasise that “the sound governance of agencies comprising the financial system safety net strengthens the financial system’s architecture and contributes directly to system stability”.

Board of Directors

The Board is responsible for the overall conduct of PIDM’s business and affairs. It plays a pivotal role in ensuring a robust system of risk management and internal controls, with particular emphasis on ethics, culture, and standards of behaviour.

PIDM is governed by a nine-member Board comprising two ex officio directors, the Governor of BNM and the Secretary General of the Treasury, and seven other directors appointed by the Minister of Finance from both the public and private sectors.

Datuk Abu Huraira Abu Yazid currently serves as Chairman of PIDM following his appointment on 15 November 2025. He succeeded Dato Sri (Dr) Zukri Samat who retired from the Board on 30 October 2025.

Encik Razali Othman was appointed as a public sector director on 1 April 2025 while Mr. Toi See Jong was appointed as a private sector director on 3 February 2026.

Ms. Gloria Goh Ewe Gim retired from the Board on 2 February 2026.

The ex officio directors may appoint alternate directors from their respective organisations. Where an ex officio director is unable to attend a Board meeting, the alternate director shall attend on their behalf.

Encik Aznan Abdul Aziz was appointed as the alternate director to the Governor of BNM, on 9 May 2025, while Encik Imri Dolhadi Ab Wahab was appointed as the alternate director to the Secretary General of the Treasury on 1 April 2025.

Refer to page 21 of this Annual Report for our Board members.

Our Board comprises individuals with diverse skills and experiences, ensuring balanced perspectives and effective decision-making. The composition of these skills and experiences is illustrated in the diagram.



In 2025, the meeting attendances of Board members at the Board and Board Committees were as follows.

Board Member	Meeting Attendances				
	Board	Audit Committee	Governance Committee	Human Capital and Remuneration Committee	Succession Planning Committee
Datuk Abu Huraira Abu Yazid	1/1	-	-	-	-
Dato Sri (Dr) Zukri Samat	6/6	-	-	-	-
Dato’ Sri Abdul Rasheed Ghaffour	7/7	-	-	-	-
Datuk Johan Mahmood Merican	6/7	-	-	-	-
Datuk Dr. Yacob Mustafa	7/7	7/7	-	-	-
Dato Dr. Nik Ramlah Mahmood	7/7	-	2/2	2/2	3/3
Dato’ Dr. Gan Wee Beng	6/7	7/7	-	2/2	3/3
Ms. Gloria Goh Ewe Gim	7/7	7/7	2/2	-	3/3
Mr. Lee Kong Eng	7/7	7/7	-	2/2	-
Encik Razali Othman	4/5	-	1/1	-	-

² The Malaysia Deposit Insurance Corporation Act 2005 (as amended by the Malaysia Deposit Insurance Corporation Act 2011)

³ Refer to the IADI website www.iadi.org

Board Committees

The composition of the Board Committees in 2025, was 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

Ms. Gloria Goh Ewe Gim retired as Chairman of the Audit Committee on 2 February 2026 and Mr. Lee Kong Eng was appointed as Chairman of the Audit Committee on 3 February 2026 upon Ms. Gloria Goh Ewe Gim's retirement.

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 Encik Razali Othman

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 24 of this Annual Report for details of the committees' work in 2025.

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the day-to-day administration of the business and affairs of PIDM.⁴ The CEO leads PIDM's Management, which is responsible for translating Board directions into actions and managing PIDM's day-to-day operations. Additionally, Management is responsible for supporting the Board in fulfilling its governance responsibilities.

The delineation of roles, responsibilities and accountabilities between the Board and Management is clearly set out in the PIDM Act, as well as in the Board Governance Policy and the Corporate By-Law. Broadly, the Board is responsible for the overall conduct of PIDM's business and affairs whereby pursuant to the PIDM Act, the Board is vested with full authority to exercise all powers and do all acts which may be exercised or done by PIDM.⁵

Refer to page 22 of this Annual Report for the overall organisational structure of PIDM.

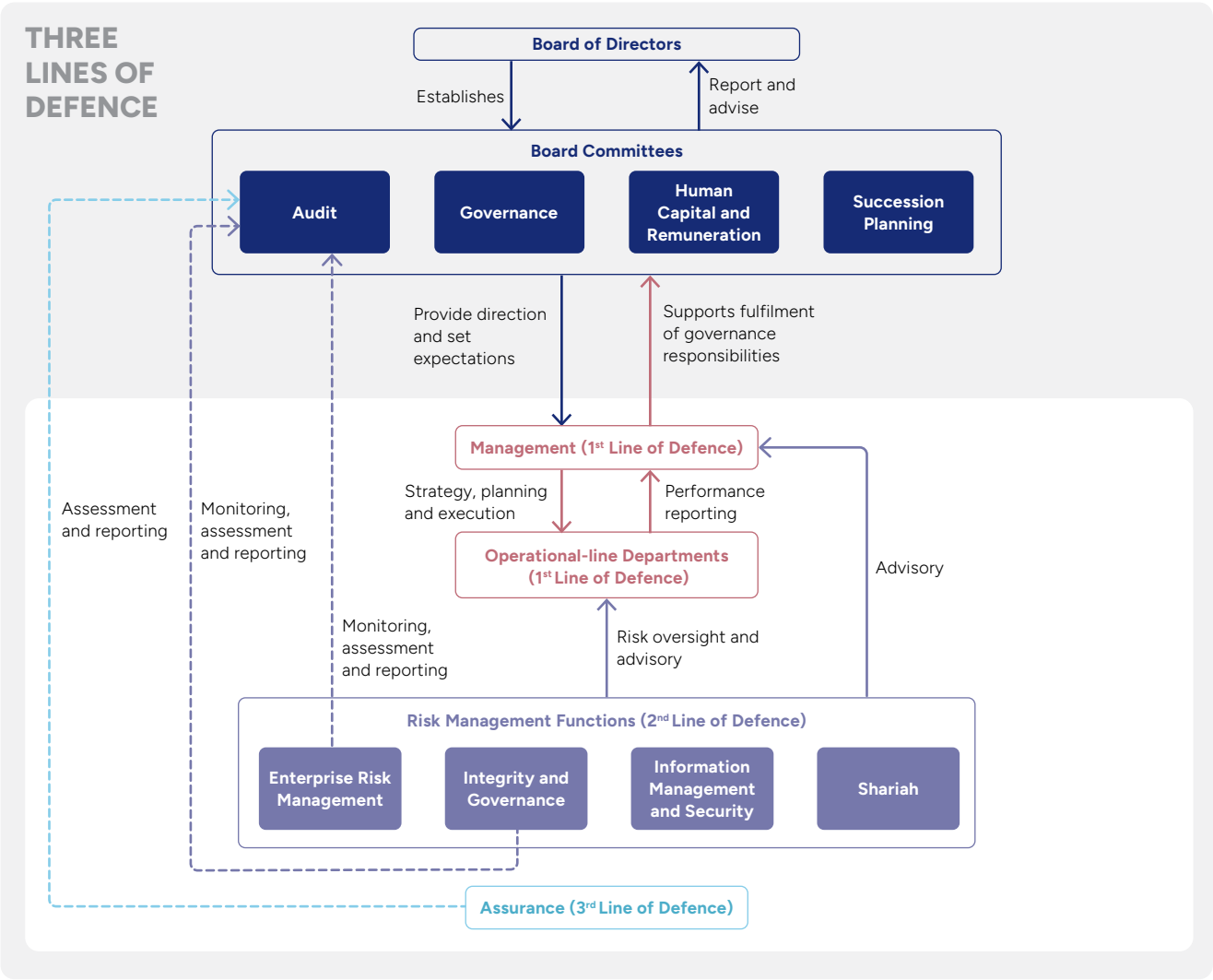
⁴ Section 19 of the PIDM Act

⁵ Subsection 11(1) of the PIDM Act. Section 25 of the PIDM Act specifically sets out the powers of the Corporation (PIDM)

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

PIDM adopts the three lines of defence model which establishes clear accountability and responsibility across different functions within PIDM. Each line plays a distinct role in enhancing the monitoring and management of risks. PIDM's Management, led by the CEO, is responsible for implementing and maintaining robust processes, sound internal controls, and effective risk management practices to uphold strong governance standards within PIDM.

PIDM's governance process is shown in the diagram below.



1st Line of Defence – Management

Management ensures that PIDM has a control environment that supports the prudent management of our operations and the risks to which we are exposed, while contributing to the achievement of our objectives. Management is guided by the Internal Control Framework (ICF) which was developed based on the internationally recognised COSO⁶ Internal Control – Integrated Framework (COSO Framework). PIDM's internal controls are embedded in all activities relating to the 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, and policies and procedures governing key processes.

⁶ Committee of Sponsoring Organizations of the Treadway Commission

Throughout 2025, Management continued to ensure the effectiveness of PIDM's risk management and internal control system. In particular, PIDM has strengthened our resilience against evolving cybersecurity threats and enhanced our governance practices by maintaining our Information Security Management System (ISMS) ISO/IEC 27001⁷ certification. This was achieved through a surveillance audit conducted by an independent certification body, following the re-certification exercise carried out in 2024. These initiatives demonstrate PIDM's commitment to aligning our practices with globally recognised information security standards, ensuring the confidentiality, integrity and availability of sensitive data while proactively mitigating emerging cyber threats.

PIDM has established an internal process to identify related parties and monitor related party transactions, ensuring that such transactions are carried out on arm's length terms. Any exceptions to this requirement will be referred to the Audit Committee and the Board for deliberation and decision-making. Board and key management personnel must disclose any financial interests or relationships with related parties. Additionally, Board members are prohibited from participating in the approval of any decision where they or their related parties are involved in a related party transaction.

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 management and security, and Shariah, which oversee the risk management activities of the first line.

Enterprise Risk Management. The Chief Risk Officer (CRO) reports to the Board through the Audit Committee. The Enterprise Risk Management (ERM) Department leads the implementation of PIDM's ERM Framework, which enables the systematic and integrated management of risks across PIDM. It also supports Management in identifying, assessing and addressing risks that could affect PIDM in delivering our mandate. To ensure robustness, the ERM Framework is regularly benchmarked against globally recognised international standards, including the COSO ERM – Integrated Framework and the International Organisation for Standardisation 31000:2018.

The Board and Management promote a risk-aware culture, ensuring that our ERM Framework and practices are embedded in our structures, processes and decision-making. The annual Board Risk Report, which provides a comprehensive 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 on addressing the risks and are aligned with the corporate strategies and initiatives.⁸

Integrity and Governance. The Chief Integrity and Governance Officer (CIGO) reports to the Board through the Audit Committee. The Integrity and Governance Department (IGD) implements the Board-approved Compliance Programme, which includes compliance with laws and contractual obligations that are applicable to PIDM as well as behaviour-related codes, policies, procedures and guidelines by employees. The IGD also manages corruption risks and promotes a culture of ethics and integrity within PIDM. It appraises the Audit Committee annually on corruption risks and their management, including the progress of initiatives and activities under the Board-approved Compliance Programme.

PIDM launched our second Organisational Anti-Corruption Plan (OACP) in 2025. The OACP 2025 – 2029 was developed as part of our governance practices to address risks relating to corruption, lack of integrity and weak governance. The development of the OACP was guided by our Corruption Risk Assessment Framework, which assessed corporate-wide corruption risks and identified corresponding strategies and initiatives for the next five years. The OACP 2025 – 2029 also reinforces the National Anti-Corruption Strategy 2024 – 2028, launched by the Government in 2024.

Information Management and Security. The Chief Information Security Officer (CISO) reports to the CEO, and provides oversight of PIDM's cybersecurity operations, supported by the Information Management and Security Department (IMSEC). This oversight encompasses regular reviews of the adequacy and effectiveness of PIDM's cybersecurity infrastructure, processes and practices, undertaken through assessment exercises such as Vulnerability Assessment and Penetration Testing (VAPT), red-teaming activities and cyber-drills simulating a diverse range of scenarios.

These initiatives ensure that PIDM's cybersecurity strategies and infrastructure remain resilient and adaptive to the ever-evolving cyber-threat landscape. The results of these control effectiveness assessments are reported to the Board via the Audit Committee.

Shariah. This function is led by the Head of Islamic Resolution Unit (IRU). The IRU facilitates the proactive identification, monitoring and management of Shariah risks across PIDM. The IRU is also responsible for establishing relevant policies and controls, conducting Shariah risk assessments, delivering training and awareness initiatives, and promoting adherence to Shariah requirements throughout PIDM's operations.

The IRU works closely with Management to ensure Shariah compliance. This includes providing advice, guidance and support on the application of Shariah principles in the day-to-day operations and in fulfilling PIDM's mandate.

Each year, the IRU submits a Shariah risk report to the Audit Committee, outlining the Shariah risks identified and providing updates on the status and progress of the action plans implemented to address these Shariah risks.

3rd Line of Defence – Assurance

The last line of defence comprises the assurance functions that aim to provide assurance on the effectiveness of governance, risk management, and internal controls within PIDM.

Internal Audit. The Chief Internal Auditor (CIA) reports to the Board through the Audit Committee. The Corporate Assurance Department (CAD) is the independent internal audit function that provides reasonable assurance that internal control and risk management systems are effective.

In 2025, CAD undertook a review and enhancement of its quality assurance as well as improvement programme to align with the Quality Assessment Manual 2024,⁹ which was released by the Institute of Internal Auditors in September 2024 and incorporates the requirements of the Global Internal Audit Standard (GIAS). Additionally, CAD conducted a high-level gap assessment to evaluate its compliance with the GIAS. The assessment covered all domains of the GIAS to identify areas of non-conformance and potential improvement opportunities, thereby supporting CAD's transition towards full conformance with the GIAS and enhancing the overall effectiveness of its internal audit function.

The Board, through the Audit Committee, considers the internal audit reports prepared by CAD on a regular basis. These reports provide reasonable assurance to the Audit Committee on the effectiveness of the monitoring of and compliance with internal controls, the integrity of our systems and the appropriateness of the actions taken to address any significant internal control weaknesses identified.

Throughout the year, no incidents indicating significant weaknesses or deficiencies were reported in relation to the adequacy and integrity of the risk management and internal controls embedded within PIDM's systems, policies, practices, and processes. Details of the internal control-related work undertaken, can be found in the summary 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, who carries out the audit in accordance with the International Standards of Supreme Audit Institutions. Representatives from the National Audit Department (NAD) have direct access to the Audit Committee members to raise any matters arising from their review, and the Audit Committee may likewise engage with the NAD as needed. All relevant documentation is provided to the NAD in the normal course of their work to support effective oversight and governance.

⁷ International Organisation for Standardisation (ISO) / International Electrotechnical Commission (IEC)

⁸ The key risks are discussed under Risks and Material Matters which can be found at pidm.gov.my 

⁹ Effective for quality assessments that began on or after 9 January 2025

Strategic Areas of Focus in 2025

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. In addition, continuous Board education sessions are held to ensure that 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 the role of other financial safety net players, i.e. BNM and the Ministry of Finance, 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 Engagements

The Board considers stakeholder engagement highly important for the achievement of PIDM's objectives. PIDM continues to adopt processes that ensure the appropriate consideration of significant stakeholder views, particularly in the development of effective regulatory policies. For example, consultation papers are issued to seek the feedback of relevant stakeholders prior to the issuance or revision of guidelines or frameworks.

Sustainability

As both a financial consumer protection authority and a resolution authority, our mandate inherently addresses social needs through robust protection systems for financial consumers while contributing to the stability of the financial system. Although our environmental footprint is relatively small, we have taken deliberate steps to foster a culture of environmental sustainability among our employees, encouraging practices that minimise the impact of our operations on the environment.

Our Board and Management remain steadfast in advancing our sustainability agenda, taking into account our mandate, the nature of our operations, and our setup. This focus is essential as it aligns closely with our mandate and our role as a financial consumer protection authority and resolution authority for our member institutions.

Cybersecurity and Digital Technology

The Board recognises the need to enhance PIDM's technology capabilities and cybersecurity resilience and has approved dedicated budgets to ensure continued progress amid rapid technological change and a growing threat landscape.

The Board remains informed of technology developments through technology and cybersecurity education sessions, strengthening its oversight and supporting informed decision-making. These sessions were particularly important in equipping Board members with the understanding required to oversee the formalisation of PIDM's cloud adoption policy and to make decisions relating to the implementation of various digital transformation initiatives.

The Board also supported broader sector engagement through PIDM's inaugural cybersecurity roundtable with regulators and industry stakeholders. This initiative reinforced surveillance through regulatory engagement and contributed to sector-wide collaboration on cybersecurity matters.

Board of Directors



Datuk Abu Huraيرا Abu Yazid
Chairman



Dato' Sri Abdul Rasheed Ghaffour
Ex Officio Director



Datuk Johan Mahmood Merican
Ex Officio Director



Datuk Dr. Yacob Mustafa
Public Sector Director



Encik Razali Othman
Public Sector Director



Dato Dr. Nik Ramlah Mahmood
Private Sector Director



Dato' Dr. Gan Wee Beng
Private Sector Director



Mr. Lee Kong Eng
Private Sector Director



Mr. Toi See Jong
Private Sector Director



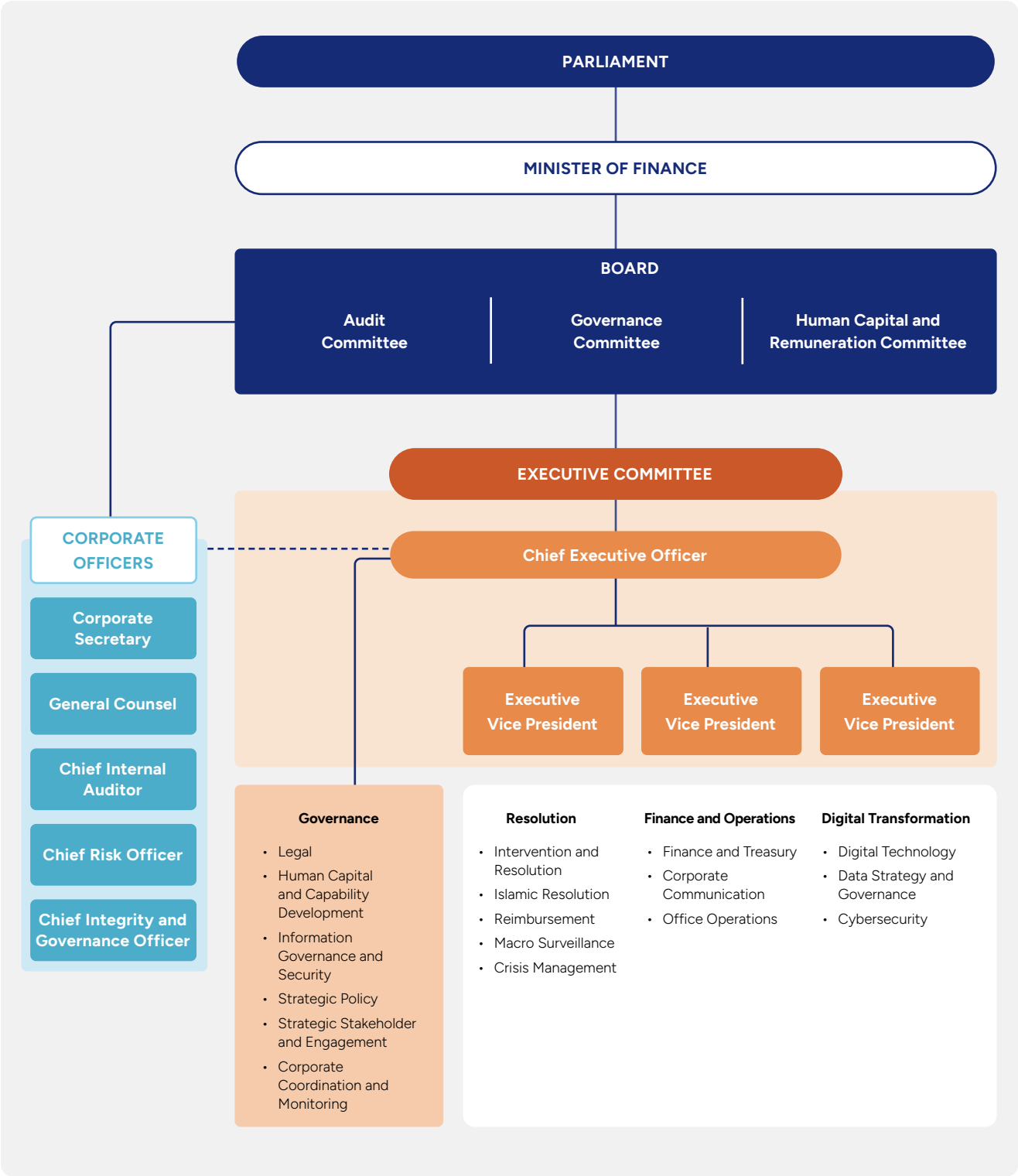
Encik Aznan Abdul Aziz
*Alternate Director to
Dato' Sri Abdul Rasheed Ghaffour*



Encik Imri Dolhadi Ab Wahab
*Alternate Director to
Datuk Johan Mahmood Merican*

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

PIDM's 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

SENIOR MANAGEMENT

Alex Lesley Balagurusamy
Chief Integrity and Governance Officer

Arif Adnan Zain
Corporate Secretary

Chua Ee Leen
Chief Internal Auditor

Soh Shey Yin
General Counsel

Zufar Suleiman Abu Bakar
Chief Risk Officer

Bhuvaneswary Kisanasamy
Chief People Officer

Jazimin Izzat Wan Zoolkifli
Head, Finance Operations Services

Lim Ying Sean
Chief Technology Officer

Mohd Salihin Othman
Head, Strategic Stakeholder and Engagement

Syed Edi Syah Syed Ramzan
Chief Information Security Officer

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

Detailed Work of the Board Committees in 2025

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 2024 and Annual Report 2024 - Review of Authorised Signatories and Conditions for Authorisation in respect of the Corporation’s Payments, Placements and Investments - Proposed Framework for Accounting and Disclosures for PIDM and its Subsidiaries relating to Resolution-related Actions Undertaken by PIDM - Review of the Internal Audit Charter - Review of the Compliance Programme - Review of the Audit Committee Charter - Review of Procurement Policy - Review of the Procurement Regulations for Federal Statutory Bodies - Board Risk Report – 2025 ERM Assessment - Review of ERM Charter and ERM Policy - Review of Policies and Procedures on Public Disclosure of Information - Corporate Plan 2026 – 2028 - CAD’s Plan 2026 – 2027	Considered by the Audit Committee: - Report on the Annual Assessment of the Corporation’s State of Internal Controls for 2024 - Review of Compliance with Laws in 2024 - Reports on Procurements on Sole Sourcing Basis - Report and Analysis of the Corporation’s Investments and Cash Management - Report and Semi-Annual Report on Directors’, Chairman’s, Officers’ Expenses and International Relations Business Travelling-Related Expenses - PIDM’s Organisational Anti-Corruption Plan 2025 – 2029 - Report on Information Security Effectiveness Assessments: VAPT, Red-Teaming, and Cyber Drill - Internal Audit Reports - Corporate Plan and Financial Plan Updates for the Period Ended 30 June 2025 - Annual Review of the Target Funds under the Deposit Insurance System and the Takaful and Insurance Benefits Protection System 2025 Report on Shariah Risk Management - Cybersecurity Risk Management 2025 Report on Corruption Risk Management - Internal Control Assessments to Date - National Audit Department’s Audit Plan for the Corporation’s Financial Statements for the Year ending 31 December 2025 - Proforma Financial Statements for the Year ending 31 December 2025 - Report on the Operations and Performance of CAD for the Year 2025 - Report on the Operations and Performance of the ERM Department for the Year 2025 - Report on the Operations and Performance of the IGD for the Year 2025 - Report on the Audit Committee’s Work against the Audit Committee Charter for the Year 2025 - Performance Against Corporate Plan 2025

Governance Committee	
Chairman Dato Dr. Nik Ramlah Mahmood	Members Ms. Gloria Goh Ewe Gim Encik Razali Othman
Key matters	
Recommended for Board approval: - Draft Governance Disclosures for the Annual Report 2024 and for Publication on the Corporation’s Website - Review of Policy and Procedures for the Engagement of Separate Independent Counsel or Other Advisors	Considered by the Governance Committee: - Report on the Results of the Board’s and Committees’ Performance and Management Support to the Board in 2024 - Board Succession Plan - Individual Director Performance Assessment - Board Education Programme 2025 - Review of the PIDM Act – Governance-Related

Governance Committee	
Key matters	
- Board Succession Plan - Review of Board Profiles - Review of the Board Governance Policy - Review of the Board Committee Charters - Review of Position Descriptions for Board Members, Chairman of the Board and Board Committees	- Schedule Planner 2026 - Report on the Governance Committee’s Work against the Governance Committee Charter for the Year 2025

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: - Review of Long-Term Retention Plan - Review of Compensation and Benefits Policy - Review of Human Capital and Remuneration Committee Charter - Review of Scholarship Financial Entitlements - Salary Recommendations for 2026 2025 Annual Bonus Range and Bonus Awards for Employees - CEO’s Key Performance Indicators (KPI) for 2026 - CEO’s 2025 Bonus Award	Considered by the Human Capital and Remuneration Committee: - Status Report on PIDM’s Human Capital and Key Initiatives - Compliance with Key Human Capital Policies and Legal Requirements - Report on the Scholarship Programme - Report on the Human Capital and Remuneration Committee’s Work against the Human Capital and Remuneration Committee Charter for the Year 2025 - Report on CEO’s Performance against 2025 KPIs

Succession Planning Committee	
Chairman Dato Dr. Nik Ramlah Mahmood	Members Ms. Gloria Goh Ewe Gim Dato’ Dr. Gan Wee Beng
Key matters	
In 2025, the Succession Planning Committee held three meetings to deliberate on the CEO succession planning process and to present its recommendations to the Board.	

TWO DECADES OF GOVERNANCE EXCELLENCE: BUILDING TRUST, SAFEGUARDING STABILITY

When Perbadanan Insurans Deposit Malaysia (PIDM) was established, our mission was clear – to protect depositors and contribute to the stability of our financial system. Central to this mission was the establishment of a governance framework capable of sustaining public confidence over time, which was fundamental for an institution entrusted with maintaining financial system stability alongside other financial safety net players.

Firm Foundations

Our enabling legislation, the Malaysia Deposit Insurance Corporation Act (PIDM Act),¹ provides a solid governance foundation. It defines our statutory objects, clarifies our role within the financial safety net, ensures operational independence, and sets strict eligibility requirements for Board members to prevent conflicts of interest.² Accountability is mandated through reporting to Parliament via the Minister of Finance and independent audits by the Auditor General.

The PIDM Act also established Board independence by separating the roles of the Board and Management. The Board, comprising fully non-executive members, provides direction and oversight, while Management, led by the CEO (who is not a Board member), is responsible for day-to-day operations. A Board Governance Policy further delineates Board and Management roles.³ This separation strengthens independent oversight and objectivity, and is critical when decisions affect depositors and financial system stability, particularly during periods of heightened uncertainty. PIDM is one of the first institutions, and among the few, to review and update its Board Governance Policy annually, with the policy published on our website to promote transparency and accountability.

Board effectiveness is further supported through dedicated Board committees – Audit, Governance, and Human Capital and Remuneration Committees, and where required, the Succession Planning Committee,⁴ – as well as annual Board evaluations, continuous education and orientation programmes.

Together, these elements ensure that we can act decisively when required, while remaining firmly anchored to the public interest we serve.

Transcending Legislative Requirements

Beyond the PIDM Act, we voluntarily adopted best practices in corporate governance drawn from both the public and private sectors at the outset – signaling that governance at PIDM would be proactive rather than reactive, designed to endure rather than merely comply.

To this end, one of the key responsibilities of the Governance Committee is to ensure that PIDM's governance practices are in line with best practices. This is achieved through regular benchmarking of our governance practices against local and international governance developments.

The principles of openness (transparency), integrity (including independence) and accountability⁵ form the cornerstones of our governance framework, shaping policies, processes and organisational culture.

Transparency that Builds Trust

Transparency and accountability, which are vital for an institution whose effectiveness depends on public confidence, are demonstrated through our corporate reporting practices. Since inception, our corporate reporting has not only met required reporting standards but has consistently been aligned with best practices. We are among the few public sector bodies in Malaysia that publicly disclose both corporate plans and progress reports in our annual reports. Beyond meeting financial reporting standards, we also provide additional disclosures where relevant.

Over time, we have shifted from traditional performance and financial reporting to a more holistic and comprehensive approach through the adoption of the international Integrated Reporting Framework, which strengthens the connection between financial and non-financial information and aligns corporate plans with financial outcomes. The quality of our corporate reporting has been acknowledged through numerous awards⁶ and is one of the reference points for public sector corporate reporting. We also publish many of our governance-related policies on our corporate website – something not commonly done.

Collectively, these practices aim to assure our stakeholders, including the public, that the institution responsible for protecting deposits and contributing to financial system stability, is itself subject to strong discipline and oversight.

Our openness extends to stakeholder engagements. Processes such as industry dialogues and consultation papers, put in place early on, ensure that significant stakeholder views are considered in developing or revising regulatory policies. These engagements foster trust and ensure that our guidelines and frameworks remain effective and relevant.

Risk Readiness and Resilience

Risk oversight forms a critical layer of our governance framework. Enterprise risk management and internal control frameworks and processes⁷ ensure that risks are identified, assessed and addressed systematically while corporate compliance arrangements aim to ensure organisation-wide adherence to laws and key policies. Independent reporting by the Chief Risk Officer and Chief Internal Auditor to the Board reinforces objectivity, providing early visibility of emerging risks and strengthening organisational readiness.

This preparedness matters because financial system stability depends not only on the ability to respond to crises, but on the discipline to anticipate and mitigate risks before they escalate.

Independence with Integrity

Ethical conduct and integrity are woven into our daily operations and practice. Trust and confidence in PIDM as a regulator and public sector institution are anchored on its people demonstrating ethical behaviours and integrity in their daily conduct. Codes of business conduct and ethics, conflict-of-interest policies,⁸ whistleblowing arrangements and procurement controls establish clear expectations of behaviour for Board members and employees alike.

All employees must declare their assets and financial obligations upon joining PIDM and annually thereafter. Board members must disclose interest in member institutions or their affiliates, as well as credit facilities or deposits with any member bank, above PIDM's coverage limit, annually. Key employees and Board members must also report interests or positions held by them or their connected persons in entities with which PIDM has business relationships. These measures help minimise conflicts of interest, reduce corruption risk, and ensure that decisions remain grounded in mandate, objectivity and public interest.

Behavioural and ethical considerations are also incorporated into performance and remuneration frameworks, reinforcing accountability and aligning incentives with our organisational values.

Operational independence is reinforced through mechanisms such as the Policy Against External Interference, which requires employees to report attempts by external parties to influence PIDM's operations and decision-making processes. Our Organisational Anti-Corruption Plan translates national integrity priorities into concrete organisational actions, strengthening resilience against governance and corruption risks.⁹

These measures are essential to maintaining confidence in an institution with system-wide responsibilities.

Governance that Grows

As financial services evolve in an increasingly digital and interconnected world, our governance framework continues to expand to encompass information management, cybersecurity and technology risk. This ensures that digital transformation enhances efficiency and accessibility without compromising trust, confidentiality or operational resilience.

The PIDM Act as well as our frameworks, policies and codes are also reviewed periodically to ensure their continued relevance and adequacy. Regular benchmarking provides validation that our governance approach remains aligned with recommended best practices. A 2024 external governance review covering the 2013 – 2023 period, concluded that PIDM's governance practices were aligned with recommended best practices in areas such as Board roles, composition, effectiveness, accountability, and ethical conduct.¹⁰ In addition, the disclosures in PIDM's annual report¹¹ were found to be comparable with international and local regulators and the private sector, demonstrating transparency and accountability.

Steady Today, Stronger Tomorrow

Today, after two decades, we stand as an example of public sector governance. Our journey reflects an unwavering commitment to strong foundations, disciplined oversight and continuous enhancement. Governance enables us to provide structure amid complexity, credibility in action and calm in uncertainty.

Governance at PIDM is not something kept on the shelf. It is a living practice embedded throughout our organisation, underpinning public confidence, strengthening financial system stability and safeguarding our mandate, today and into the future.

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

² This includes disqualifying certain individuals from serving on PIDM's Board, namely, members of legislative assemblies; officers of member institutions; and office bearers of political parties

³ The Board Governance Policy contains 15 standards for the Board, with compliance reported on the policy annually

⁴ This committee oversees CEO succession planning

⁵ These principles are recommended by the International Federation of Accountants' "Corporate Governance in the Public Sector: A Governing Body Perspective" (2001) and drawn from the "Financial Aspects of Corporate Governance Committee" (Cadbury Report) (1992)

⁶ We received the National Annual Corporate Report Awards (NACRA) Certificate of Merit for our Annual Reports 2006, 2007 and 2013, and the Best Annual Report of Non-Listed Organisations for our Annual Reports 2008, 2009, 2010, 2011 and 2012. In 2017, we received the Australasian Reporting Awards silver award for disclosure of information for our Annual Report 2015

⁷ Our enterprise risk management framework is benchmarked against the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s Enterprise Risk Management Framework. Our internal control framework is aligned with COSO's Internal Control Integrated Framework

⁸ A breach of the conflict of interest codes constitutes an offence under the PIDM Act

⁹ The Organisational Anti-Corruption Plan was developed in line with the National Anti-Corruption Strategy

¹⁰ This was based on the various publications PIDM had referred to for its governance benchmarking over the same period

¹¹ This refers to the 2023 Annual Report, which was the latest available at the time the governance review was conducted

Part II

Our Role and Purpose

Engineered, Not Imagined – Dual Safeguards at Work 

Our Role and Purpose 

From Awareness to Assurance 

What It Means to Be Resolvable: Standing Steady in Periods of Stress 

Strengthening Systemic Readiness through the National Resolution Symposium 

Addressing Shariah Concerns in Islamic Bank Resolution 

Robust Resolution Planning and Crisis Preparedness Promote Resilient Member Institutions 

Engineered, Not Imagined – Dual Safeguards at Work

In 2005, Malaysia strengthened its foundations for stability in two different yet quietly aligned ways. That year marked the establishment of Perbadanan Insurans Deposit Malaysia (PIDM), created to build public confidence while promoting the stability of the financial system. At the same time, beneath Kuala Lumpur, construction was underway on the SMART Tunnel, a major piece of national infrastructure designed to mitigate flash flooding while easing traffic congestion. At first glance, their mandates could not be more different. One protects financial consumers. The other protects a city. Yet both reflect the same philosophy – what matters most is not what is imagined during a crisis, but what is engineered long before conditions change.

Ready in Calm, Steady in Stress

The strength of both PIDM and the SMART Tunnel lies in their dual function. The SMART Tunnel began operating in its intended dual capacity in 2007. It eases traffic flow in normal conditions, with around 30,000 vehicles using the tunnel daily and benefiting from significantly shorter travel times. During heavy rainfall, it shifts function to divert excess stormwater away from the city centre, helping to prevent severe flash floods. Since becoming operational, it is estimated to have avoided approximately RM1.4 billion in potential flood-related public damage.

PIDM's role as a financial safety net follows the same logic. Our mandate rests on two complementary functions – deposit insurance protection, which promotes public confidence by safeguarding eligible deposits and insurance benefits, and our role as a resolution authority, ensuring that any member institution failure is managed in an orderly manner without destabilising the broader financial system. Much like a system designed to switch modes without losing stability, PIDM supports the financial system in both calm conditions and periods of stress.

Confidence Built by Design

In moments of uncertainty, confidence shapes behaviour. In financial systems, the absence of confidence can trigger panic, even when institutions remain fundamentally sound. When confidence is present, financial consumers are more likely to act calmly, allowing safeguards to function as intended. Since our establishment, PIDM has focused on building this confidence well before any crisis emerges. Through the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS), PIDM safeguards eligible deposits and takaful and insurance benefits. These arrangements provide assurance that savings and coverage remain secure, even if a member institution is unable to continue operating.

Like the SMART Tunnel in fair weather, these systems operate largely in the background. Their value becomes most apparent when conditions turn uncertain and assurance matters most.

Planning for What Lies Ahead

Standing firm in challenging moments requires foresight shaped long before stress appears. With preparation in place, responses remain orderly even as conditions deteriorate. Institutions that are better equipped to respond under pressure help limit disruption and support confidence across the financial system. Resolution planning sits at the centre of this readiness. PIDM carries out this work in close collaboration with our member institutions, focusing on how they operate and how their critical functions connect across the wider financial system. Potential challenges are identified early and addressed through clearer arrangements, stronger processes and improved capabilities. This helps to ensure that responses remain calm, coordinated and effective when required.

Reinforcing Discipline, Strengthening Stability

Stability is supported not only through protection and planning, but through incentives that encourage prudent behaviour across the system. PIDM's risk-based premium and levy systems align contributions with risk. Institutions that manage risks well contribute less, while higher-risk profiles attract higher contributions. Over time, this approach promotes stronger governance and sound risk management, reinforcing confidence across the system well before any financial stress emerges.

Working Together, Rain or Shine

The effectiveness of the SMART Tunnel rests on close coordination among multiple agencies with clearly defined responsibilities, such as the Department of Irrigation and Drainage and the Malaysian Highway Authority. Established procedures and real-time monitoring enable safe and decisive transitions when heavy rain threatens the city. Similarly, PIDM works closely with other financial safety net players and stakeholders to ensure collective preparedness. Roles and responsibilities are clearly delineated, communication channels are established and plans are tested through coordinated simulations, strengthening readiness well before any actual stress occurs.

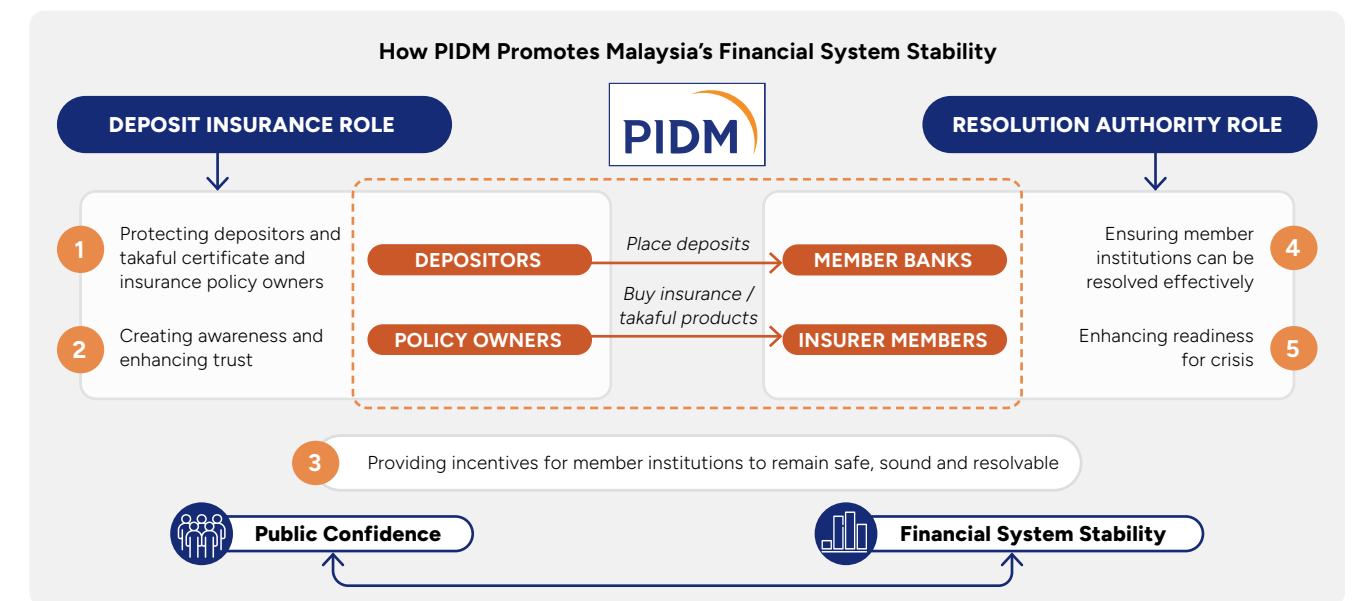
Built to Stand the Test of Time

Malaysia's experience with flood management reminds us that stability does not happen by chance. It is built through preparation, trust and systems designed with the agility to respond effectively when conditions are most demanding. PIDM's 20-year journey reflects this underlying principle that effective safeguards are not imagined during crisis but engineered well in advance. By strengthening protection systems, planning for orderly resolution and cultivating public confidence over time, PIDM helps ensure that financial consumers can carry on with confidence. Preparation does not prevent rain from falling, but it shapes outcomes when it does, allowing systems to hold steady, responses to remain measured and daily life to continue.

Our Role and Purpose

Safeguarding Stability and Trust

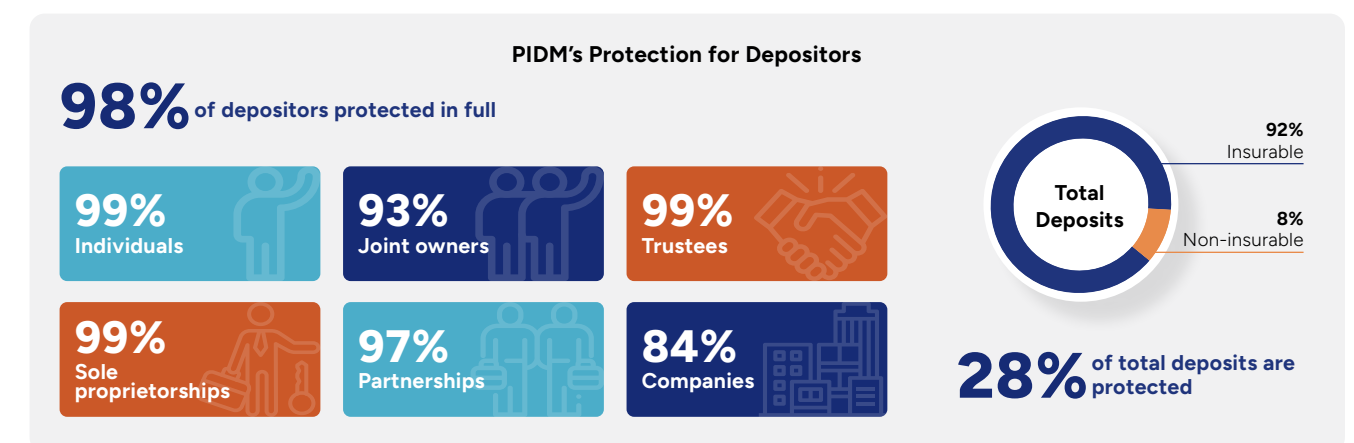
PIDM was established in 2005 under the Malaysia Deposit Insurance Corporation Act (PIDM Act).¹ PIDM is mandated to promote financial system stability and uphold public trust and confidence in the Malaysian financial system in our roles as Malaysia's financial consumer protection authority and resolution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



1 We protect depositors and takaful certificate and insurance policy owners²

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 96%³ of depositors and policy owners in full. PIDM periodically reviews the level and scope of protection, in line with best practices.

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 event of a member institution's failure. 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 system stability and enhances financial intermediation, which is vital for supporting Malaysian economic growth.

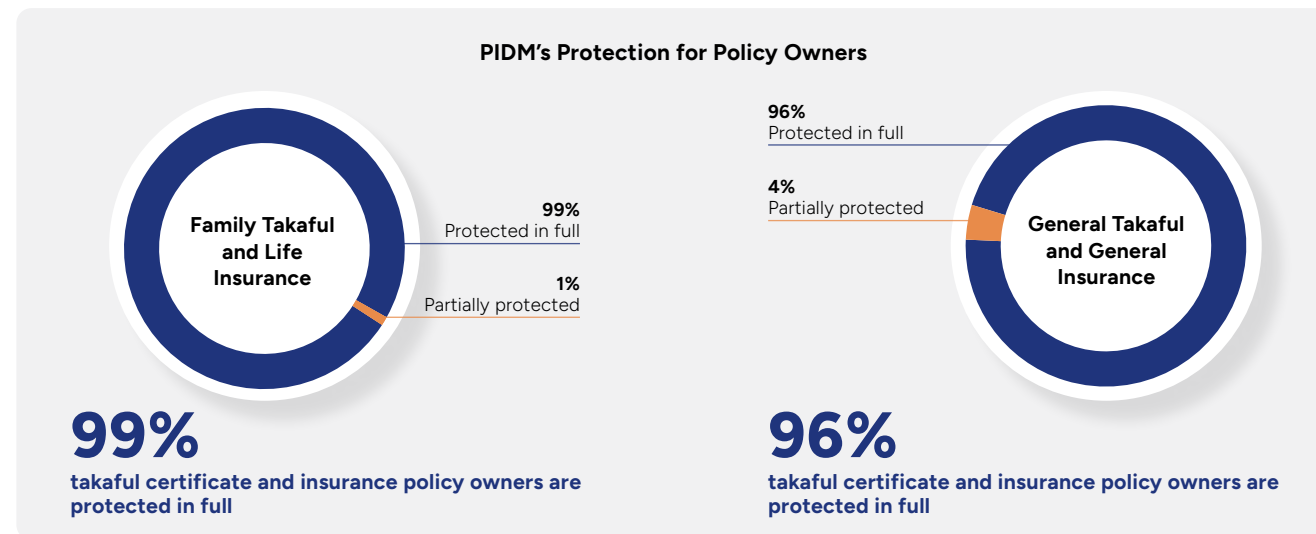


Source: PIDM

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

² Collectively known as policy owners

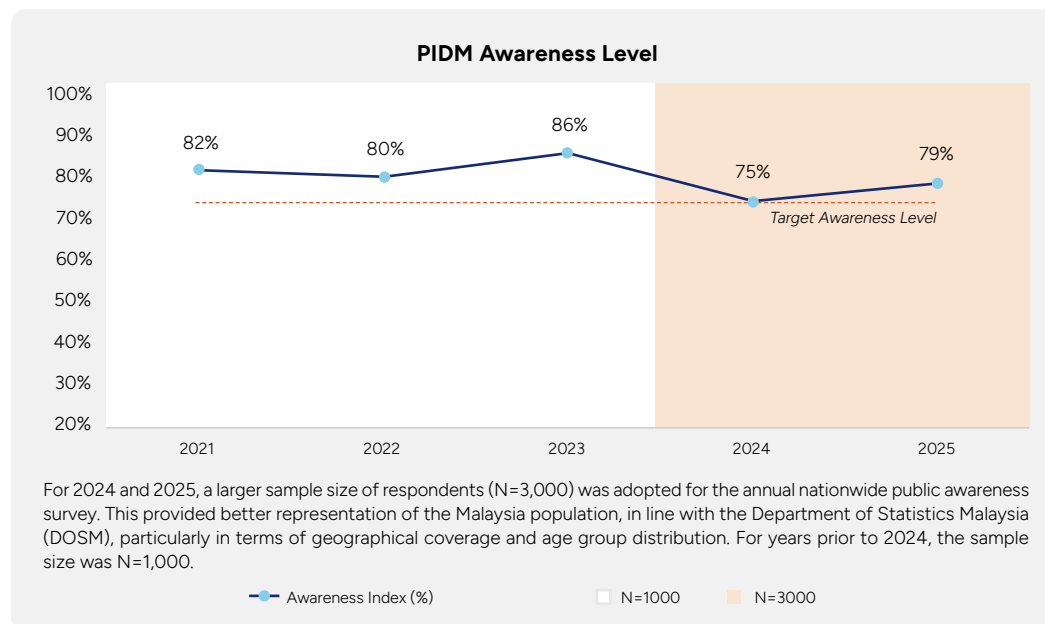
³ Refer to PIDM's Protection for Depositors and PIDM's Protection for Policy Owners diagrams for more details



Source: PIDM

2 We create awareness and enhance trust among financial consumers

Since our 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 at least 75%. Since 2018, we have also deepened our engagements to educate our member institutions and the public about our role as a resolution authority.



Public education campaigns by PIDM, disclosures by member institutions of PIDM's protection⁴ and engagement sessions on PIDM's role as the resolution authority collectively play a vital role in strengthening the trust and confidence in PIDM's credibility as both the financial consumer protection authority and the resolution authority within the financial system. The greater the public's knowledge and appreciation of PIDM's protection and our role in promoting financial system stability, the lower the likelihood of panic, bank runs or mass surrenders, particularly during periods of financial distress.

From Awareness to Assurance

Building awareness is only the first step, and its impact is ultimately measured by whether understanding of PIDM's role translates into confidence and reassurance when it matters. Recent findings of our public awareness survey indicate that this connection has continued to strengthen.

In 2025, respondents who were aware of PIDM reported a higher level of confidence in our ability to make prompt payments in the unlikely event of a bank failure, with an average score of 8.07 on a scale of 1 to 10.⁵ This represents an improvement from 7.80 in 2024 and reflects how critical awareness is in transforming statutory protection into public confidence.

Encouragingly, this confidence effect is also evident in the takaful and insurance segment. Among the respondents, 79% indicated they will purchase takaful or insurance products after learning that their benefits are protected by PIDM, representing a 3% increase from 2024. This suggests that awareness of PIDM's protection framework does not merely inform but actively reassures, supporting more confident and considered financial decisions.

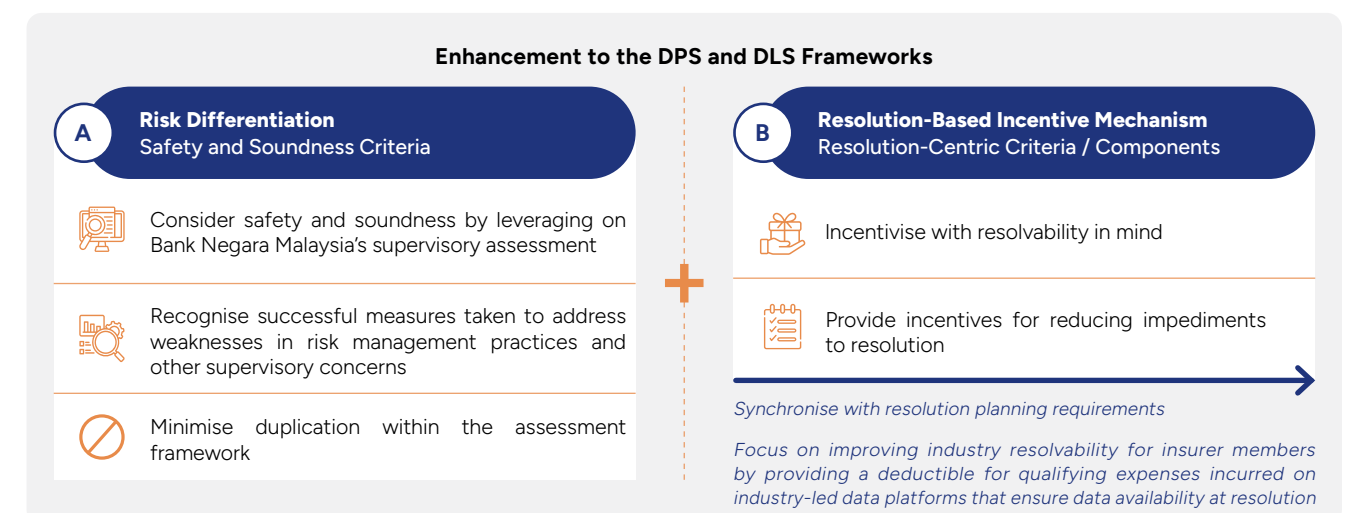
Taken together, these indicators provide meaningful insight into how awareness evolves into assurance. As financial consumers gain a clearer understanding of PIDM's protection frameworks and resolution role, confidence is strengthened, uncertainty is reduced and the likelihood of panic-driven responses diminishes. This reinforces the importance of sustained engagement, clear communication and consistent education as integral elements of PIDM's broader efforts to support confidence and contribute to financial system stability.

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, namely the Differential Premium Systems framework for member banks (DPS), as well as the Differential Levy Systems framework for insurance companies and the Differential Levy Systems framework for takaful operators (collectively known as DLS).

Premiums and levies are assessed annually, allowing the industry to contribute on an ex-ante basis,⁶ so that funding is available in the event a member institution enters resolution. 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 and DLS frameworks to provide stronger incentives for the orderly resolution of member institutions by incorporating resolvability elements.⁷ These enhancements have been implemented in Assessment Year (AY) 2025 for member banks and will be implemented in AY 2026 for insurer members. Ultimately, the new DPS and DLS frameworks aim to bolster the resilience and stability of the financial system.



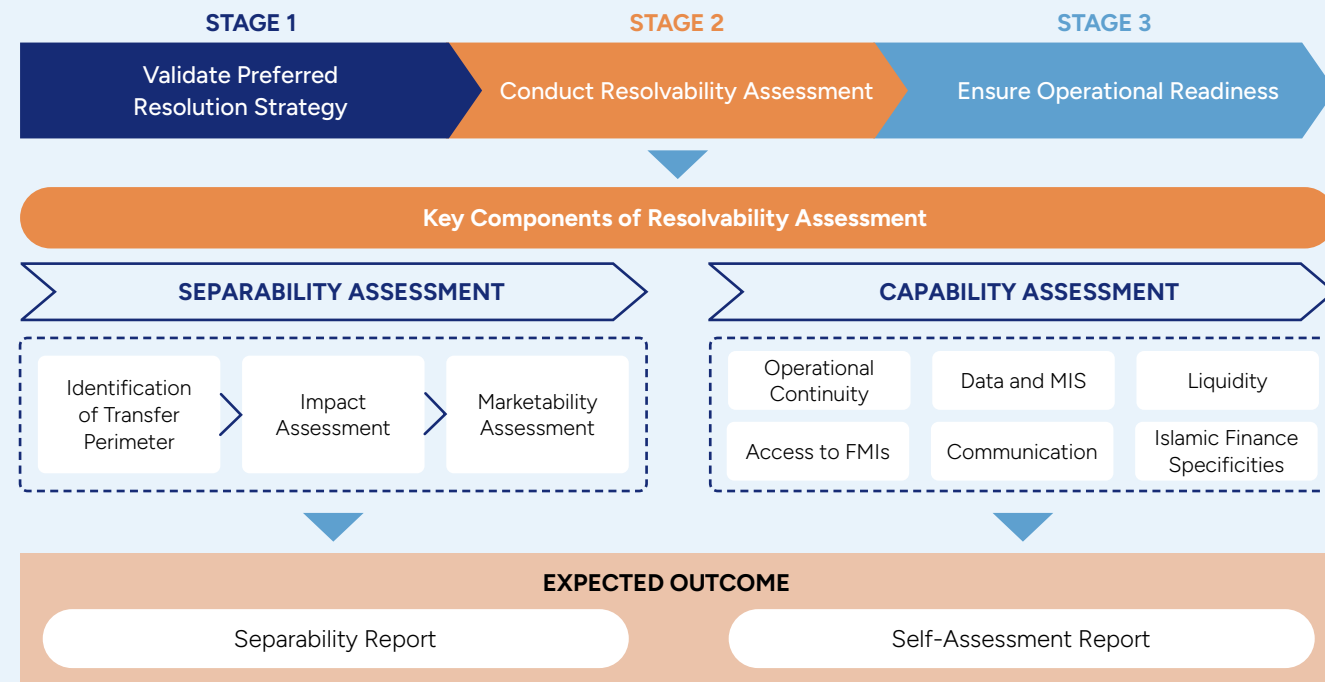
⁴ Guidelines on Provision of Information on Deposit Insurance for member banks and Guidelines on Provision of Information on Takaful and Insurance Benefits Protection for insurer members

⁵ Where 10 means that the respondent is very confident of a prompt payment, and 1 means that respondent is not confident that the payment would be prompt

⁶ Premiums and levies are assessed and collected from member institutions during business as usual instead of after failure

⁷ Refer to Enhancement to the DPS and DLS Frameworks diagram for more details

Testing the System Before the Storm



PIDM assesses resolvability through two dimensions:

Separability – whether viable components of an institution can be packaged together as part of a sale. PIDM’s preferred approach to resolution is to sell or transfer the troubled bank to a healthy buyer. Smaller banks may be sold on an as-is basis while larger, more complex banks may need to be broken apart to ensure the sale can be done quickly and efficiently.

Capability – An institution’s readiness to maintain its key functions while supporting PIDM’s actions during a resolution. This readiness is benchmarked against six core expectations:

- 1. Operational Continuity** – arrangements to ensure operational services continue.
- 2. Data and Management Information Systems (MIS)** – reliable, timely data to inform decisions.
- 3. Liquidity** – ability to measure liquidity needs and available collateral for funding.
- 4. Access to Financial Market Infrastructures (FMI)** – continued participation in clearing, settlement and payment systems.
- 5. Communication** – clear, consistent messaging to prevent panic and maintain confidence.
- 6. Islamic Finance Specificities** – ensuring continued compliance to Shariah principles, even during crisis.

Working in tandem, these two assessments inform PIDM of a bank’s readiness and highlights areas that need strengthening to support an effective resolution. The process is gradual and iterative, with input from both PIDM and member institutions to identify gaps, develop improvement plans and implement them over time. Finally, banks need to ensure these plans and developed capabilities are operationally ready by conducting periodic testing to ensure they work under severe stress.

Keeping the Lights On

Resolvability does not eliminate risk. Rather, it provides a structured mechanism for absorbing financial shocks and steering outcomes away from disorder. Just as a resilient infrastructure system is designed to isolate faults and keep essential services running, embedded resolution capabilities enable Malaysia’s financial system to manage stress, maintain continuity and uphold confidence, even under severe conditions. Through stronger protection systems, well-defined resolution plans and sustained preparedness, Malaysia’s financial safety net stands ready to act decisively when banks falter, preserving stability and public confidence.

To supplement our work with member institutions on resolution planning, and as part of our continued effort to promote industry readiness, PIDM organises the 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. To date, we have held three editions of the NRS, with the latest, NRS 2025, themed “Precaution Over Reaction: Harvesting Readiness in an Uncertain World”.

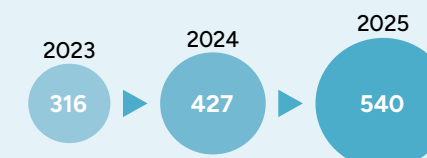
Strengthening Systemic Readiness through the National Resolution Symposium

The National Resolution Symposium (NRS) is PIDM’s flagship platform for advancing dialogue on resolution and crisis preparedness. Since 2023, PIDM has brought together resolution authorities, regulators, financial institutions and industry thought leaders to exchange perspectives on evolving risks, policy developments and forward-looking strategies to strengthen system resilience.



NRS 2025 continued to gain traction under the theme “Precaution Over Reaction: Harvesting Readiness in an Uncertain World”. The Symposium served as an incubator for policy dialogue and technical exchange. The introduction of the PIDM Simulation Lab also provided participants with hands-on exposure to resolution tools and complex trade-offs. Together, these engagements deepened practical understanding of resolution execution and reinforced a collaborative foundation for sustained engagement on crisis preparedness and resolvability.

NRS 2025 attracted strong interest, particularly from Board members and C-suite executives of member institutions



NRS 2025 welcomed 540 participants, including 108 Board members and C-suite executives of member institutions, alongside representatives from government ministries, central banks, financial institutions, and resolution authorities across Asia.



NRS 2025 featured interactive booths that translated policy discussions into practical experience



The PIDM Simulation Lab provided over 90 participants with practical understanding of resolution execution.



The ASEAN Booth showcased regional progress in enhancing deposit insurance and resolution frameworks.

PIDM also hosts the Muzakarah on Failure Resolution of Islamic Financial Institutions 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. In 2025, research papers on investment account resolution were completed, with further engagement with the financial industry’s Shariah fraternity.

ADDRESSING SHARIAH CONCERNS IN ISLAMIC BANK RESOLUTION

Muzakarah, or intellectual discourse, is convened by PIDM to serve as a platform for addressing Shariah-related concerns in resolving failed Islamic financial institutions. It aims to support PIDM in ensuring resolution strategies and operationalisation remain Shariah-compliant, while maintaining stability and public confidence in the Islamic financial system.

Objectives

To provide participants with a comprehensive understanding of the resolution process for failed Islamic financial institutions.

To deliberate on potential Shariah issues and propose practical solutions. This is particularly important because the resolution of Islamic financial institutions entails unique considerations, given that their operations are governed by Shariah concepts and principles.



2024 Transfer Mechanisms for Islamic Banks' Business, Assets and Liabilities

The resolution of an Islamic bank was examined from a Shariah perspective, grounded in *darurah* (necessity) with emphasis on transfer mechanisms.

Full transfers raised issues such as offer and acceptance, commingling of permissible and non-permissible assets, treatment of investment accounts, forced sale (*bay' al-mukrah*), fair valuation and handling of on-and off-balance-sheet items.

Partial transfers require closer Shariah alignment, where asset-only transfers may involve contracts such as *musawamah*, *wadi'ah*, *muzayadah*, or *munaqosoh*, while asset-and-liability transfers may use outright sale, debt sale or transfer, gift, or *tawarruq*. Further research was recommended on issues such as sale under duress (*bay' al-mudtar*), contract combinations and the transfer of Islamic banking window businesses.

2025 Investment Account Resolution

The resolution of investment accounts during Islamic bank failure was examined with focus on contract requirements, consent and structural differences between unrestricted accounts (UA) and restricted accounts (RA).

Discussions addressed alignment of mandates, documentation and restructuring. The nature of underlying Shariah contracts was also examined, highlighting how the *mudarib's* or *wakil's* responsibilities differ from liability and guarantee.

Further deliberations covered transfer mechanisms under normal and resolution scenarios, including termination, vesting, waiver, liquidation and investment duties. Key recommendations included clarifying the *fiqh* classification of investment accounts, differentiating treatment for UA and RA, strengthening legal documentation, and ensuring the suitability of acquiring institutions.

Through Muzakarah, PIDM strengthened discussions on Islamic bank resolution by introducing practical solutions and identifying key issues for effective failure management.

Moving Forward: Strengthening Shariah-Aligned Resolution Readiness

Building on the two Muzakarah series, PIDM will translate insights into actionable enhancements across policy, operations and stakeholder engagement. The focus is to ensure resolution strategies remain firmly Shariah-compliant while safeguarding financial system stability and depositor confidence.

5 We enhance readiness for crises

To ensure strong organisational readiness for crises, PIDM conducts internal crisis simulation exercises involving our Board of Directors, senior management, staff and key service providers. These exercises strengthen decision-making processes, communication channels and operational readiness across all levels of the Corporation. They also allow us to identify gaps, improve coordination and validate our response strategies under realistic conditions. Moving forward, PIDM plans to extend these simulations to include member institutions, fostering greater alignment and preparedness within the industry.

In addition to internal efforts, PIDM collaborates with other authorities both domestically and internationally to enhance cooperation and coordination in resolution and crisis management.

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 binder that documents PIDM-BNM coordination arrangements and 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. This allows us to identify gaps and improve response strategies, contributing 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. To date, PIDM has established two CMGs for our domestic member banks, providing a platform for PIDM, as the home authority, to cooperate and coordinate with other host authorities in a more structured and efficient manner on resolution-related matters during good times and in anticipation of a crisis. 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 system stability.

Looking ahead, continued growth in the Malaysian economy should provide a supportive operating environment for our member institutions. Nonetheless, heightened uncertainty arising from prolonged geopolitical tensions and potential shifts in trade tariff policies may increase economic and financial market volatility. If these tail risks materialise, they could weigh on operating conditions, including through elevated credit risk from vulnerable borrowers, as well as weaker business growth prospects for insurer members due to affordability concerns amid rising claims pressure.

Despite these risks, member institutions remain resilient and well positioned to support financial intermediation, underpinned by strong fundamentals and ample capital and liquidity buffers. Our stress tests indicate that member institutions are able to withstand simulated severe macroeconomic, credit, market, and liquidity shocks. Ongoing resolution planning and crisis preparedness initiatives will further strengthen operational resolution readiness, ensuring preparedness for potential disruptions or crisis scenarios.

Robust Resolution Planning and Crisis Preparedness Promote Resilient Member Institutions

Member institutions continued to demonstrate resilience, absorbing shocks and sustaining financial intermediation, despite an uncertain global operating environment.

Member Banks

Net Impaired Loans Ratio	Loan Loss Reserves Coverage Ratio	Return on Risk-Weighted Assets	Liquidity Coverage Ratio (LCR)	Net Stable Funding Ratio (NSFR)	Common Equity Tier 1 (CET 1) Capital Ratio
0.9% (2024: 0.9%)	127.2% (2024: 129.5%)	2.80% (2024: 2.64%)	154.5% (2024: 160.1%)	115.6% (2024: 116.1%)	14.3% (2024: 15.0%)

- Lending activity remained healthy despite an uncertain environment
- Earnings improved, supported by interest income as well as trading and investment income
- Asset quality remained strong, reflecting proactive risk management and prudent provisioning
- Market risks were well contained, even during periods of heightened financial market volatility
- While liquidity indicators moderated slightly, funding positions remained sound, with LCR and NSFR consistently above 100%
- Strong capital buffers continued to support member banks' loss-absorbing capacity

Source: PIDM, BNM

Insurer Members

Life Insurance and Family Takaful (LIFT)

Net Premium Growth	Net Claims Payout Growth*	Total Assets Growth	Capital Adequacy Ratio
1.7% (2024: 7.8%)	5.8% (2024: 10.5%)	5.6% (2024: 8.7%)	213.9% (2024: 218.5%)

General Insurance and General Takaful (GIGT)

Gross Premium Growth	Net Claims Paid Growth	Total Assets Growth	Capital Adequacy Ratio
6.3% (2024: 7.1%)	10.8% (2024: 9.6%)	4.8% (2024: 5.5%)	248.1% (2024: 247.1%)

- Overall profitability remained well-supported, sustained by investment income
- LIFT net premium growth eased, reflecting slower growth in investment-linked products
- GIGT gross premium growth also moderated in line with slower growth in car sales
- Total assets growth softened amid heightened financial market volatility
- Nevertheless, capital positions remained strong, providing resilience against potential shocks

Source: PIDM, BNM

* Net claims payout refers to claims arising from death, medical, and disability benefits.

Part III

Our Plan and Performance

[Our Plan](#)
[Our Corporate Plan 2023 – 2025](#)
[Our Reflection on Realising Readiness](#)
[Our Performance in 2025](#)
[Summary of Financial Performance](#)
[Effective and Robust Fund Management Approach](#)
[20 Years of Advancing Funding Readiness](#)

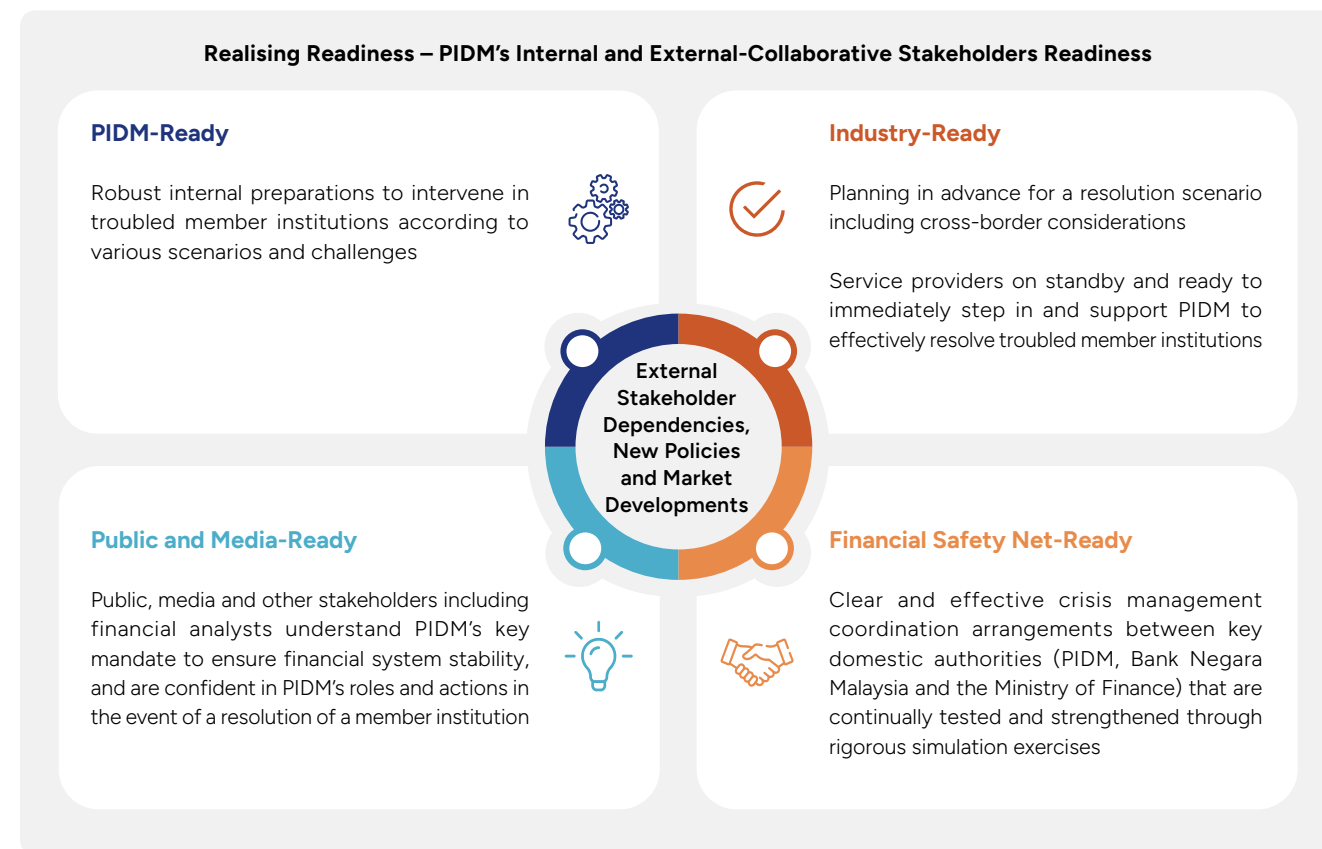
Our Plan

Since our establishment in 2005, PIDM has built a strong foundation to protect financial consumers and maintain financial system stability in an ever-changing environment. Our focus has evolved to anticipate shifts in the operating landscape while ensuring we deliver on our mandate effectively. This is underpinned by a robust strategic planning process that assesses the operating environment, stakeholder expectations and key risks, alongside strategies to address them. We also considered the resources or capital required, including human capital, social and relationship capital, financial capital, intellectual capital and manufactured capital. Following these assessments, we then articulate the material matters that require our attention.¹

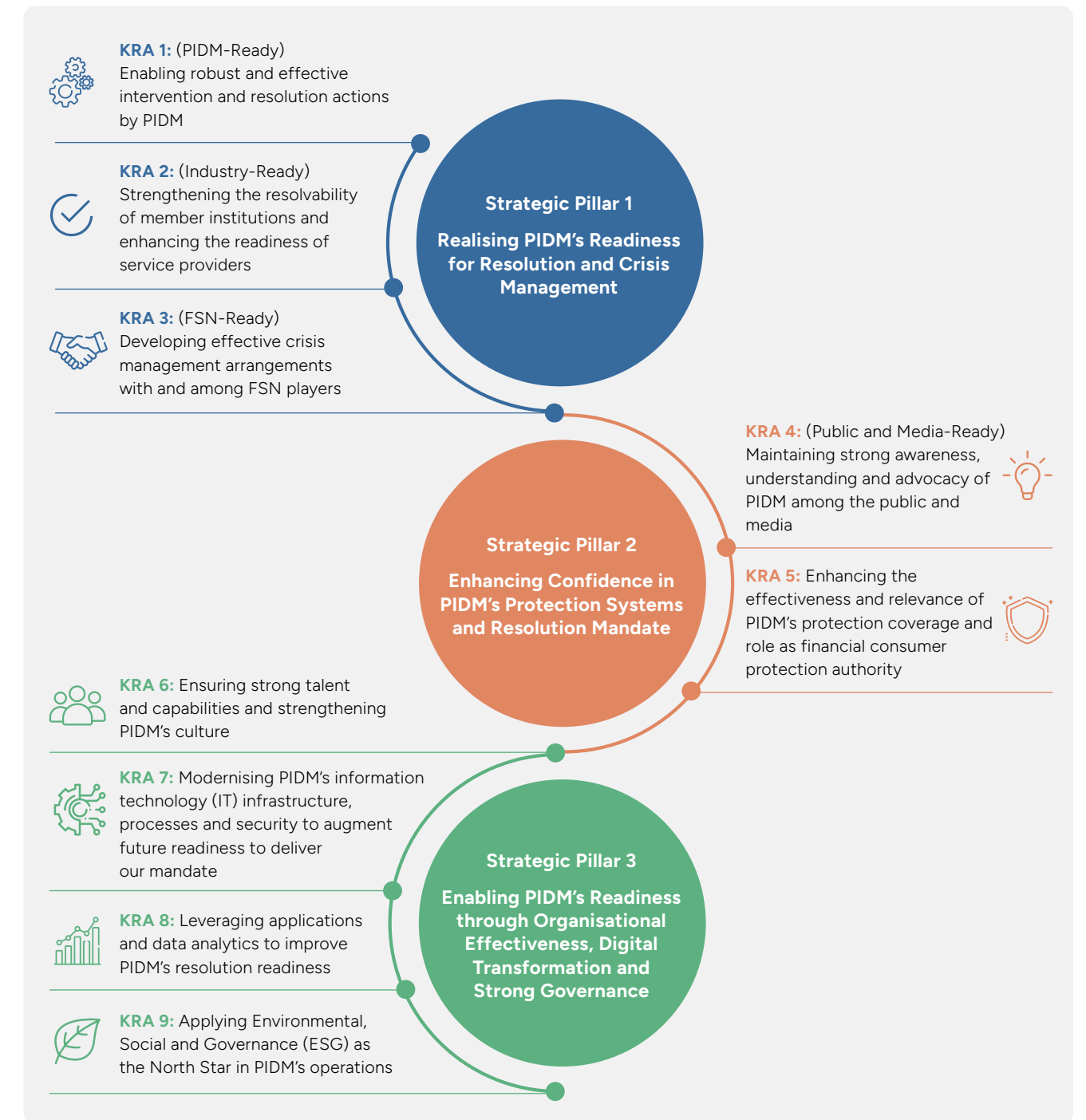
Our three-year corporate plan sets out our strategic focus and key result areas, as well as the corporate initiatives for the three-year planning period. Annually, PIDM sets out the initiatives, performance targets and the required budget to support both the carrying out of these initiatives and the 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.



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



The strategic pillars and KRAs aim to deepen PIDM's focus on resolution readiness, enhance our financial consumer protection systems, and ensure that our role as a resolution authority for member institutions is well understood by stakeholders. These targets are supported by crucial internal enablers, including strong talent and capabilities, continuing implementation of digital transformation including modern infrastructure and robust cybersecurity, as well as effective governance and operations.

¹ Refer to the 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

Our Reflection on Realising Readiness

2025 marks a pivotal milestone for PIDM as we concluded the final year of our three-year Corporate Plan 2023 – 2025. In this planning period, we have achieved significant progress towards our strategic aim of being ‘resolution-ready’.



From internal readiness to collaborative readiness

Readiness is the cornerstone in ensuring PIDM’s commitment to undertake resolution action for our member institutions in the event of failures or near failures. We have enhanced our overall readiness, particularly in terms of collaborative readiness, by elevating the resolution and Shariah resolution agenda with the industry, enhancing interagency coordination with other FSN players and strengthening cross-border cooperation with our counterparts. These initiatives and platforms have enabled relevant key stakeholders across diverse roles and capacities to effectively support our readiness for resolution and crisis management.



From awareness to trust and advocacy

Trust and confidence are keys to readiness. This includes stakeholders’ trust and understanding of PIDM’s mandate and role, both as a resolution authority and a financial consumer protection authority. We have heightened not only the level of awareness and understanding but also the advocacy among the public and media, demonstrated by the consistent results of our annual nationwide public awareness survey where we exceeded our target public awareness and advocacy levels. This was made possible with continuous delivery and curation of relevant and relatable content disseminated via our digital and social media channels, collaboration with other regulatory agencies as well as through engagement with media.



From steady state to embracing change and agility

People, technology, governance and operations are crucial in supporting PIDM’s strategic objectives. The shift of the organisational mindset towards embracing change and agility have enabled us to build a solid foundation for change in technological advancements, in managing cybersecurity risks and in changing the way we work. We have inculcated the fundamentals of a digital and sustainability culture among our employees, equipping them with future-ready skills, using data analytics for better decision-making and modernising our applications with strengthened security for PIDM to be cloud-ready.

Over the past three years, we have delivered on the aspirations of our Corporate Plan 2023 - 2025. Our collective efforts have strengthened the foundation for resilience and preparedness, positioning PIDM to be agile in responding to future challenges in a constantly changing environment.

Our Performance in 2025

The following highlights our key achievements in 2025.

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.

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 successfully conducted an end-to-end simulation exercise encompassing pre-resolution and preparatory stages leading to a bank failure, followed by a bank closure and PIDM’s reimbursement activities. This comprehensive exercise achieved the intended outcomes of enhancing the Board’s role and decision-making capabilities during intervention and resolution activities, testing our liquidation and reimbursement procedures, and strengthening collaboration with key service providers by clarifying expectations and enhancing their ability to deliver timely and effective crisis support. Beyond technical preparedness, the simulation exercise improved analytical and decision-making capacity across teams, ensuring seamless coordination and communication in handling complex situations.

Shariah resolution. Since 2024, the key focus is to elevate PIDM’s agenda on Shariah considerations for resolution. In conjunction with the National Resolution Symposium (NRS) 2025, we hosted our annual Muzakarah with the Shariah fraternity, bringing together Shariah scholars and practitioners to discuss resolution issues in Islamic finance. Refer to page 38 in Part II of the Annual Report for further details.



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

It is envisaged that the industry will work closely 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 continued to leverage the traction gained in shaping the narrative around resolution through the hosting of the third NRS themed “Precaution Over Reaction: Harvesting Readiness in an Uncertain World”. The symposium brought together senior leaders from domestic financial institutions, regulators across the region and international experts on resolution and crisis management. Refer to page 37 in Part II of the Annual Report for further details.



Resolvability assessment. In preparation for the issuance of the Exposure Draft on Resolvability Assessment Framework for Deposit-Taking Members, we have conducted focus group discussions with member bank groups. From the focus group discussions, we have solicited comments and inputs on the framework and the accompanying resolvability expectations. The industry consultation process is expected to commence in 2026 to ensure a robust and effective resolution planning outcome, particularly for the ‘transfer’ strategies.



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 FSN players to ensure coordinated arrangements during crisis.

Interagency coordination. We continued to engage with the relevant agencies to further refine and finalise the content of the interagency binder detailing the coordination arrangements among these agencies during a crisis event. The binder serves as an essential enabler for PIDM’s crisis preparedness, facilitating 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 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 and national resolution authority for PIDM's member institutions. Strategic Pillar 2 is supported by two KRAs.

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 engagement. With financial literacy content as the anchor, we continued to strengthen public understanding and advocacy through relatable and impactful initiatives for general and specific target audiences through both on-ground engagements and social media platforms. As one of the founding members of the Financial Education Network (FEN), we also continued to collaborate closely with other agencies to optimise effort and resources in supporting the national financial literacy agenda, while maximising access and reach to a larger target audience. Under FEN, the second National Strategy for Financial Literacy 2026 – 2030 was launched in October 2025, setting the strategic direction for the next phase of coordinated financial literacy efforts nationwide.

In 2025, we rolled out new communication materials on social media and digital platforms for better public understanding of PIDM's resolution authority role. The campaign targeted urban audiences, conveying PIDM's role as a resolution authority that ensures depositors can have continued access to their money should a bank fail. In addition, we also launched our new corporate website with improved navigation, streamlined information architecture and intuitive content organisation for users to easily find relevant information.



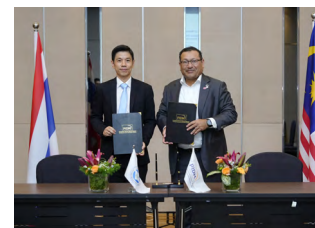
Public awareness and advocacy levels. We carried out an annual nationwide public awareness survey through an independent research agency to measure the effectiveness and success of our public awareness initiatives. For 2025, we achieved a public awareness level of 79% (2024: 75%) and an advocacy level of 67% (2024: 56%), surpassing the targets of 75% and 50% for public awareness and advocacy levels respectively.

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 new policy insights for improving the effectiveness of PIDM's key outcomes. In 2025, PIDM was appointed by the International Association of Deposit Insurers (IADI)'s Executive Council to chair the IADI Working Group on Resolution to advance resolution-related topics.

We also contributed to the newly established International Forum of Insurance Guarantee Schemes Sub-committee on Resolution Planning which has fostered discussions on resolution planning for the insurance industry. These leadership positions provided opportunities for PIDM to be involved in the policy formulation agenda. Specifically on ASEAN collaboration, PIDM hosted the bilateral meeting with the Indonesia Deposit Insurance Corporation as well as signed a Memorandum of Understanding with the Deposit Protection Agency of Thailand. These collaborations reflect our shared commitment to strengthening financial system stability in the region.



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.

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.

Employee competency. We launched the revised Competency Framework comprising core competencies and job specific competencies for all employees whereby it is designed to act as a nucleus to guide the talent areas within PIDM. The corporate-wide focus in 2025 was on data literacy programme to equip employees with basic data analytics skill in our efforts to promote a data-driven decision-making culture. In addition to the launch of an internal learning platform that hosts tailored training content for reference by employees, we also 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.



Employee engagement. We continued to strengthen our organisation culture via employee engagement programmes including quarterly town hall sessions, family day, health and wellness talks, corporate-wide awareness trainings, as well as various events organised by PIDM's Kelab Sukan, Rekreasi dan Kebajikan. In conjunction with PIDM's 20th anniversary, we also organised a series of initiatives including trivia quizzes and mini treasure hunt to inculcate employee awareness of PIDM's history as well as to promote the spirit of camaraderie.



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 cloud technology to achieve greater operational efficiencies, as well as effective collaboration and engagement among employees, underpinned by strong and modern cybersecurity standards.

Modernisation of technological infrastructure and applications. We continued to advance on our cloud adoption journey. In 2025, we successfully established our PIDM Virtual Data Centre for our corporate systems, with scalable platform capabilities, thereby strengthening the security posture, operational performance and system resilience. Following the implementation of Microsoft 365 last year, we have added two new features to further enhance cloud-based collaboration foundation with both internal and external stakeholders.



Cybersecurity. We continuously uphold our commitment to strengthening cyber resilience. In 2025, we demonstrated strong resilience and continuous improvement, validated by the absence of high-risk vulnerabilities in the vulnerability assessment and penetration test, effective incident response processes confirmed through cyber drill exercise, and robust defences affirmed through red-teaming exercise.

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 established an enterprise data platform to centralise data processing, management and usage. This will pave the way to process more data sources to create data analytics products at scale for internal use.

KRA 9: Applying Environmental, Social and Governance (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.

Integrity and governance. We launched the PIDM Organisational Anti-Corruption Plan (OACP) 2025 – 2029, which is in line with the National Anti-Corruption Strategy 2024 – 2028. This OACP is a continuation of the previous five-year plan. The OACP forms an essential component of our governance practices and is fundamental for PIDM to continue carrying out our mandate free of governance, integrity and corruption issues. We organised the second Internal Conference 2025 attended by all employees and Board of Directors focused on embedding a strong risk mindset and culture across PIDM. We also organised roundtable discussions which brought together cybersecurity experts and practitioners from other FSN players to share insights and experiences on latest developments focusing on artificial intelligence in cybersecurity.



Sustainability. We successfully obtained the GreenRE Bronze Certification for our office in AICB Building. The three-year certification underscores PIDM's continued commitment to sustainability and alignment with green building and operational practices.



Corporate Social Responsibility. In 2025, as part of our commitment to community empowerment, we adopted Kampung Batu Malim in Raub under the Government's Santuni MADANI initiative – Program Satu Pemimpin Satu Kampung. With a focus on financial literacy and education, we organised a financial literacy programme for the youth. For the secondary school students, we collaborated with Pejabat Pendidikan Daerah Raub to organise tuition classes on identified subjects for 25 students sitting for their Sijil Pelajaran Malaysia examination.



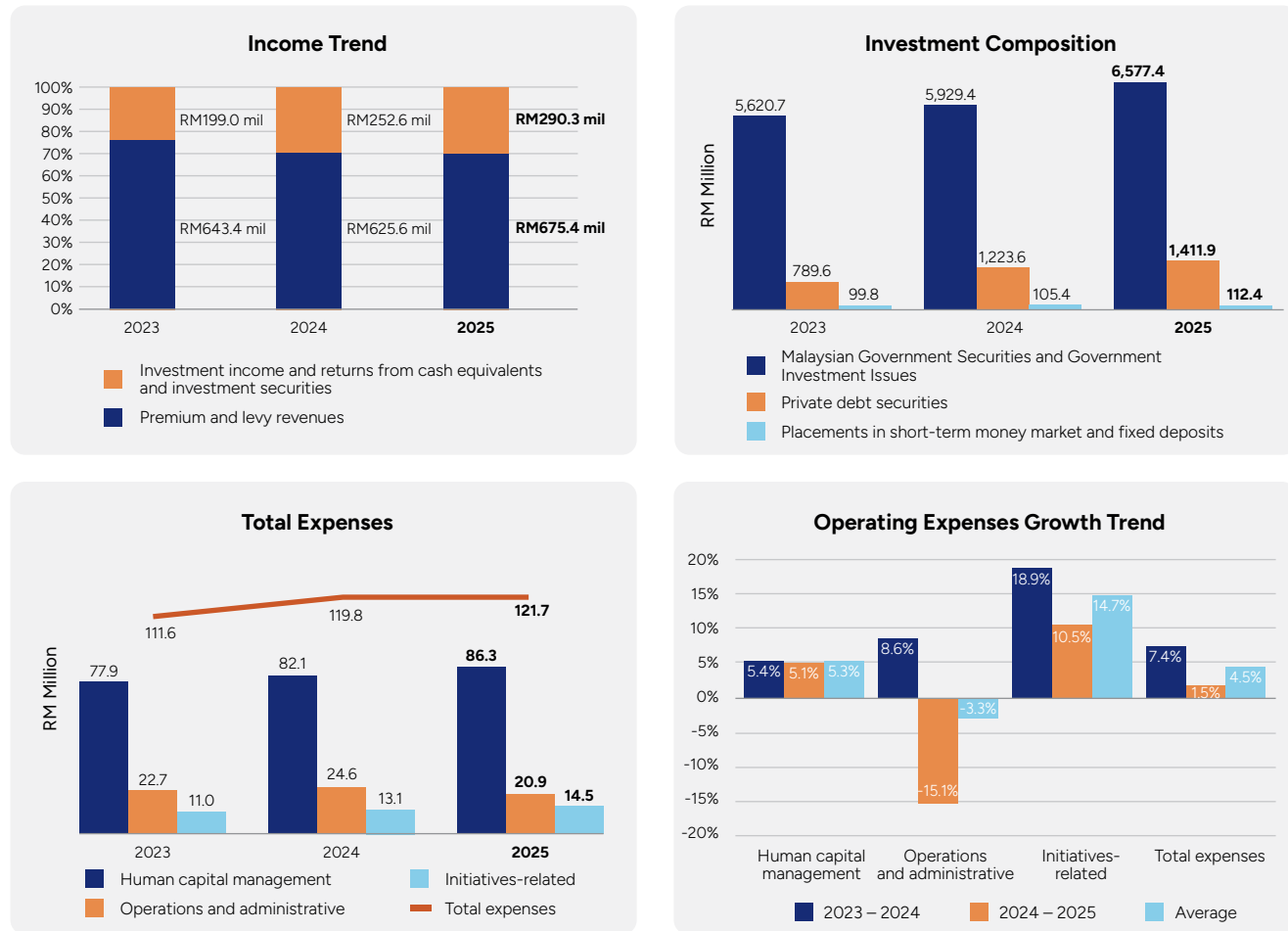
We also continued with our PIDM Undergraduate Scholarship Programme in supporting deserving Malaysian students who require financial assistance to pursue their tertiary education in local universities. In 2025, we awarded scholarships to another 20 students, making it a total of 270 students who have been sponsored under this programme since our establishment.

Moving Forward

The Corporate Plan 2026 – 2028 marks another new chapter for PIDM after 20 years in operations. Refer to Part IV of this Annual Report for a summary of our plans moving forward.

Summary of Financial Performance

Corporate Plan 2023 – 2025: Financial Performance Summary



All premium and levy revenues collected from member institutions contributed directly to the accumulation of the Protection Funds. Investment income and returns more than doubled over the corporate planning period, reaching RM290.3 million within three years, compared to the baseline year 2022. This growth was primarily driven by the expansion of investable funds, enhanced yields from a rebalanced portfolio and the expansion of the maturity horizon to capture higher interest rates and rates of return in the first half of the planning period. These returns have consistently outpaced the annual operating expenditures, bringing the weighted average expense-to-investment income ratio from 75% to below 50% over the planning period.

Human capital remained the largest cost component, accounting for an average of 69.7% of total expenses over the three-year period. Operations and administrative expenses represented an average of 19.4%, while initiatives-related expenses comprised the remaining 10.9%. Overall, PIDM maintained financial discipline, with total expenses increasing at an average rate of less than 5% over the planning period.

Throughout the planning period 2023 – 2025, PIDM remained steadfast in ensuring continuous operational effectiveness and cost efficiency. A key initiative was the rationalisation of PIDM's office space, which delivered significant and sustainable cost savings, as reflected in the operation and administrative expenses growth trend above. Over the planning period, investments in IT system licences, maintenance, and telecommunications remained stable.

The digital transformation agenda was achieved through cautious and prudent investments in technology, focused on establishing robust and scalable technological foundations to support future operational and service delivery requirements. In parallel, other initiatives-related expenditures were directed towards enhancing PIDM's readiness to fulfil our mandate, with particular emphasis on talent development and capability-building initiatives. As we aspire to develop a future-ready workforce, a total of RM3.0 million or on average 41.2% of other human capital-related expenses were spent on building employees' capabilities, particularly in resolution-related technical areas, digital literacy, cloud technical skills and leadership competencies.

PIDM spent an average of 23.0% of the total initiatives-related expenses over the three-year period to enhance the overall resolution and collaboration readiness through initiatives such as organising the NRS, Muzakarah events, interagency crisis preparedness binder and simulation exercises. Another 34.4% was utilised to enhance public confidence via public engagement initiatives such as the Sedia Payung Kewangan campaigns and East Malaysia outreach, hosting and attendance in bilateral and multilateral fora and rolling out social media and digital advertising campaigns using new communication materials.

Throughout the planning period, our priorities centred on strengthening our income base through sustainable investment returns, while upholding strong financial discipline by enhancing operational effectiveness and implementing cost-efficiency measures. We also ensured effective resource management, enabling the successful delivery of all planned initiatives within the approved budgets.

Financial Highlights for 2025

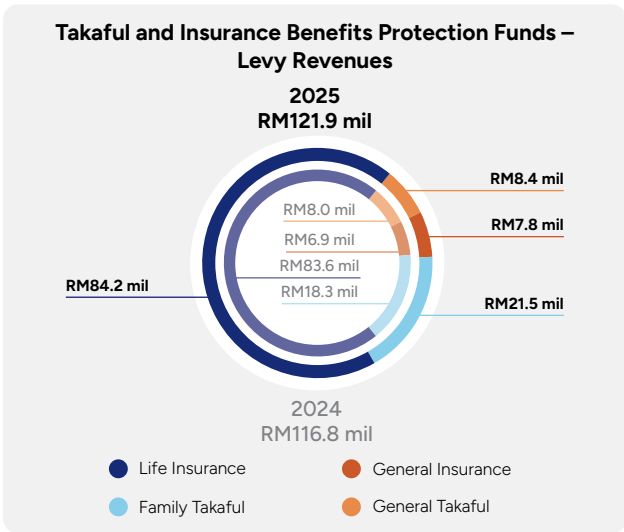
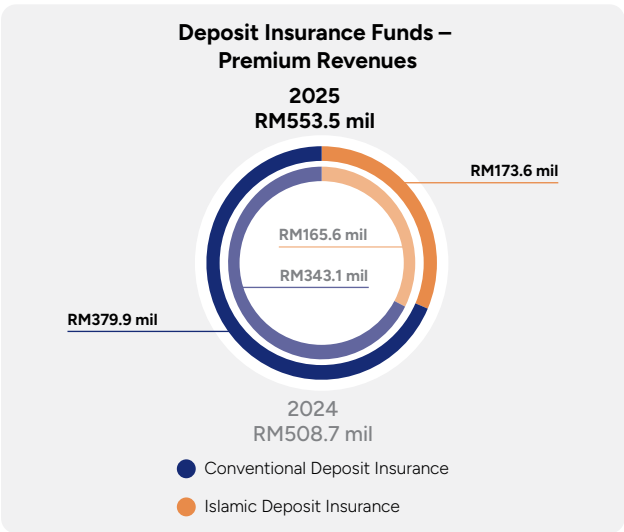
Total Income

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 banks, and the Differential Levy Systems (DLS) frameworks for insurance companies and takaful operators.

Both the annual premiums paid by member banks and the annual levies collected from insurer members are assessed as at 31 December of the preceding assessment year. Premiums are calculated based on Total Insured Deposits (TID), while levies are calculated based on the valuation of liabilities and net premiums and contributions.

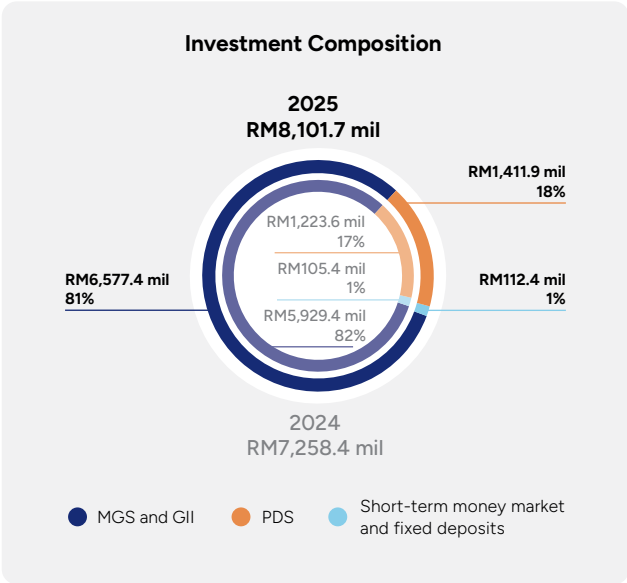
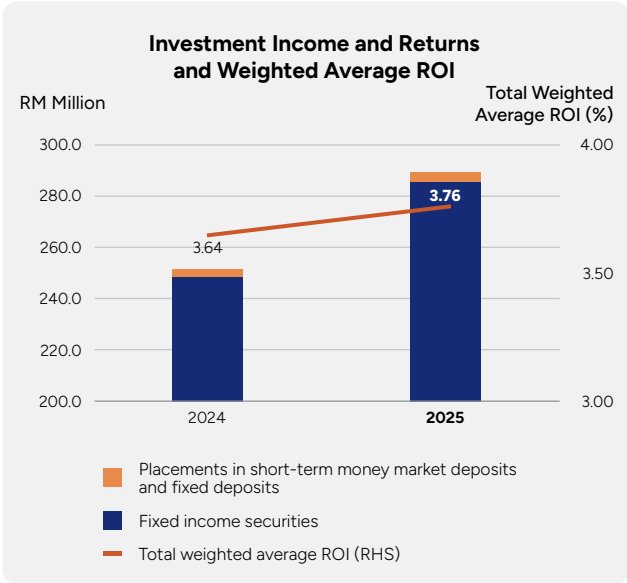
Total premiums collected from member banks for 2025 were RM553.5 million, representing an increase of 9% compared to 2024. The higher premium was mainly driven by the implementation of the new DPS framework coupled with the growth in the TID base. The premiums collected included the first premium of RM250,000 each from two new digital banks that became PIDM members. Total levies collected from insurer members for 2025 were RM121.9 million, recording an increase of 4% compared to 2024. The increase was mainly attributable to the higher valuation of liabilities and net premiums and contributions.



Investment Income and Returns

The primary source of our investment income and returns is from our fixed-income portfolio, which comprises Malaysian Government Securities (MGS), Government Investment Issues (GII), and selected AAA-rated Private Debt Securities (PDS) issued by Government-related entities.

Despite the softening interest rate environment during the year, PIDM's investment income and returns grew by 15% year-on-year to RM290.3 million (2024: RM252.6 million). The total weighted average return on investments (ROI) for the fixed-income investment portfolio and placements increased marginally to 3.76%, a 12-basis-point increase from the previous year. These increases are reflective of the expansion of the base of the investment portfolio as well as the investment optimisation strategies adopted during the year.



Enhancements to capital

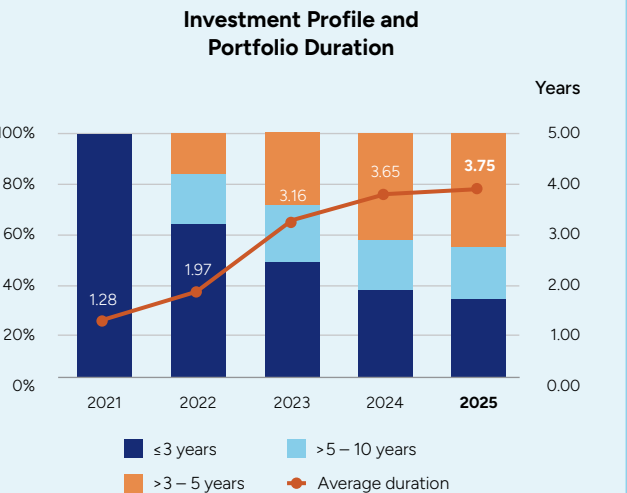
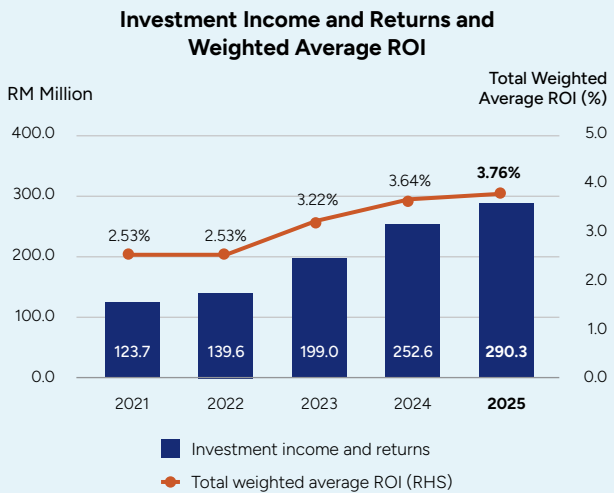


Financial capital

Effective and Robust Fund Management Approach

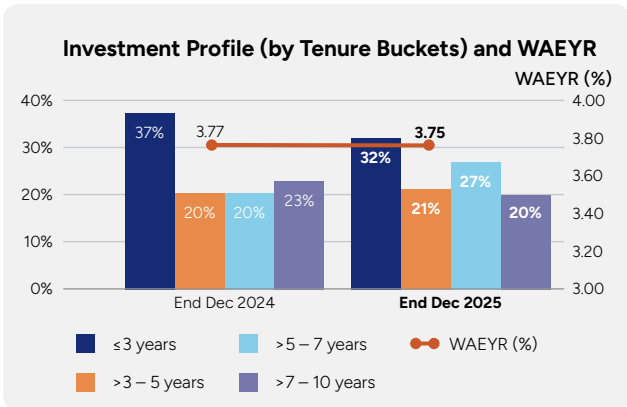
Over the years, PIDM's fund management approach has progressively transitioned from a conservative investment strategy focusing on short-term liquidity to a more dynamic strategic asset allocation approach. This shift enabled PIDM's investment returns to be more sustainable, capitalising on favourable interest rate environment and securing higher yields for longer periods while remaining within our legislative investment parameters. Key enhancements included extension of the approved investment tenure from three years to seven years in 2021 and subsequently to 10 years in 2022. The holding limit for AAA-rated debts issued by Government-linked entities was also expanded from 10% to 20% of the total funds. PIDM also strengthened our cash management by diversifying and increasing opportunities for fixed deposits and money market placements for better risk diversification and to optimise returns.

These measures have generated positive outcomes and strengthened our long-term resilience in managing the Protection Funds. On the back of favourable market conditions, the portfolio's weighted average returns rose from 2.53% in 2021 to 3.76% in 2025, with the average duration increasing from 1.28 years to 3.75 years. Investment income and returns grew by over 42% in 2023 to RM198.9 million, followed by a modest increase of 27% in 2024 and 15% in 2025, bringing investment income and returns to RM252.6 million and RM290.3 million, respectively, despite the softening interest rate environment.



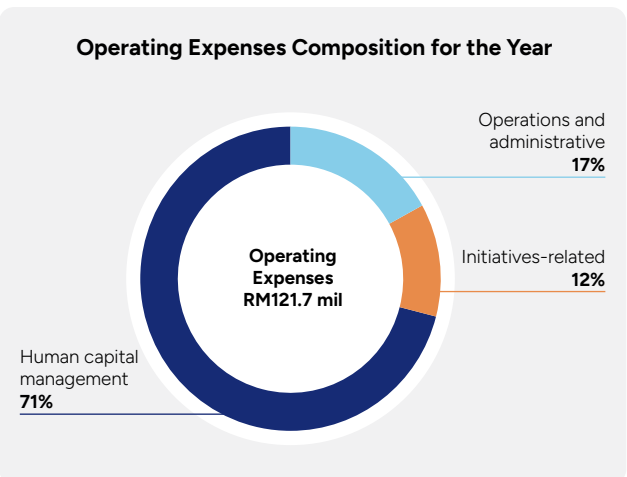
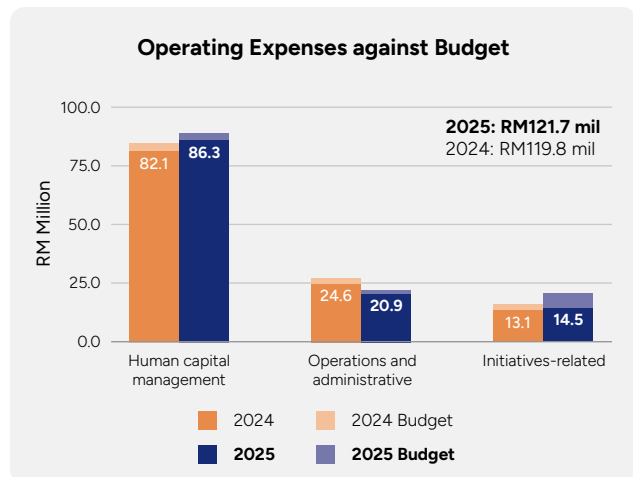
Investment portfolio as at 31 December 2025

As at end-2025, 68.0% of the investment portfolio comprised instruments maturing beyond three years, compared to 63.0% in the previous year, with greater emphasis on the five- to seven-year tenures in line with our investment strategy in navigating the softening interest rate environment. The average duration of the portfolio has further lengthened to 3.75 years (2024: 3.65 years). The Weighted Average Effective Yield Rate (WAEYR) for fixed income investments remained broadly stable, decreasing marginally by 2 basis points to 3.75%. This reflects the continued effectiveness of PIDM's investment optimisation strategy despite the challenging yield environment.



Total Operating Expenses

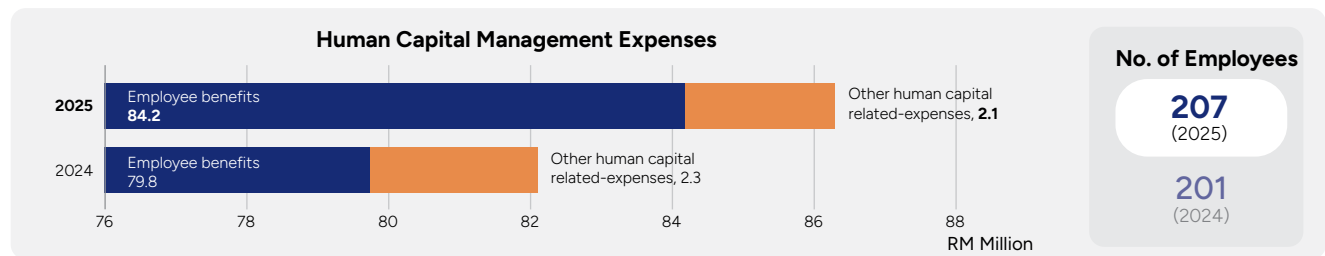
The operating expenses in 2025 of RM121.7 million had increased by 1.5% compared to RM119.8 million in 2024. Against the budget, the total operating expenses were RM11.8 million or 8.8% lower, primarily attributed to lower expenses in all expense categories.



Human Capital Management Expenses

Total human capital management expenses increased by RM4.2 million to RM86.3 million in 2025 (2024: RM82.1 million), driven primarily by workforce expansion to support our digital transformation initiatives. As of the end of 2025, PIDM's workforce stood at 207 employees (2024: 201).

As part of our effort to promote a data-driven decision-making culture, in 2025, PIDM increased our investment in corporate-wide training on data literacy. Concurrently, PIDM continued to strengthen our resolution-related capabilities and leadership development to support overall organisational effectiveness.



Enhancements to capital



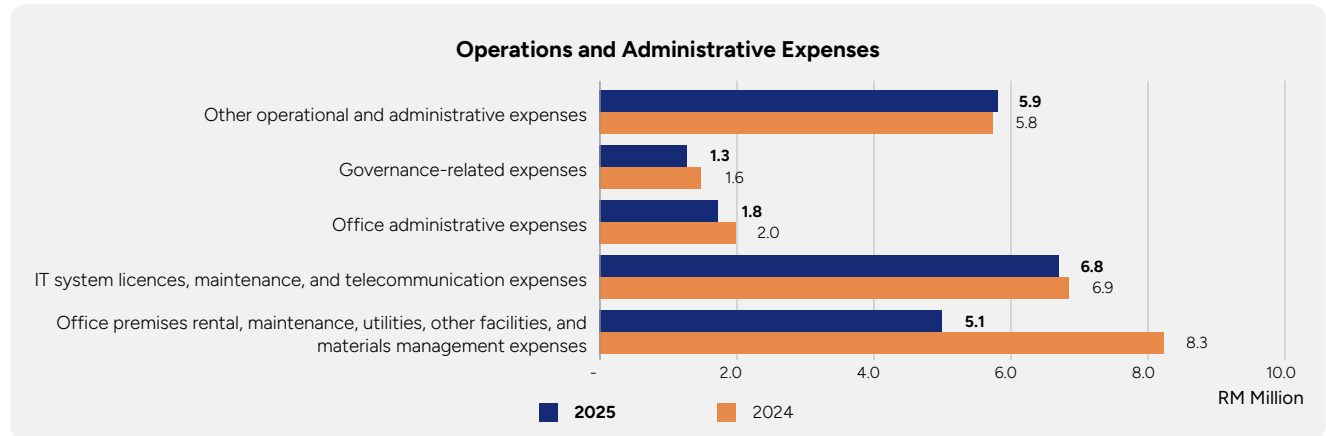
Human capital



Intellectual capital

Operations and Administrative Expenses

PIDM's operations and administrative expenses are primarily allocated to support our day-to-day office operations, encompassing expenses related to office rental and maintenance, as well as IT systems and telecommunications. PIDM's office space rationalisation initiative delivered substantial cost savings in 2025. Operational and administrative expenses declined by 15.1% to RM20.9 million (2024: RM24.6 million), and were 8.0% lower than budget, driven by the rationalisation effort and further supported by lower costs for utilities, maintenance and other facilities management.



Enhancements to capital



Intellectual capital



Manufactured capital



Social and relationship capital

Initiatives-related Expenses

The initiatives-related expenses support the implementation of corporate initiatives aligned with PIDM's strategic pillars and KRAs under the Corporate Plan 2023 - 2025. During the year, we executed our strategic plans within the approved budget to achieve the intended outcomes for each strategic pillar. Total initiatives-related expenses increased by RM1.4 million compared to the previous year particularly for Strategic Pillar 3, which increased by RM1.5 million primarily due to strategic investment to strengthen PIDM's digital infrastructure. Overall, total initiatives-related expenses were 31.3% below budget, arising from savings as well as realignment of plans during the year.

In 2025, the key costs drivers for Strategic Pillar 1 included hosting the NRS and Muzakarah sessions, conducting an end-to-end simulation exercise, producing research papers on Shariah issues and engaging in regional discussions with foreign resolution authorities on cross-border matters.

Major initiatives and costs drivers for Strategic Pillar 2 were social media and digital advertising campaigns, on-ground engagements with the public and media as well as collaboration with FEN on financial literacy efforts. During the year, PIDM had invested in our new PIDM corporate website which was launched in September 2025. International initiatives included participation in bilateral and multilateral international fora.

Key initiatives under Strategic Pillar 3 focused on two main areas, namely the development of PIDM's human capital and the strengthening of our digital infrastructure. On human capital, a key initiative was the review and development of the revised Competency Framework. During the year, PIDM invested in establishing our Virtual Data Centre to facilitate effective implementation of our cloud infrastructure and applications. PIDM also developed a modern data management platform to enhance data analytics capabilities. In supporting the digital transformation journey, we also continued to invest in maintaining robust cybersecurity measures.

Enhancements to capital



Human capital



Intellectual capital

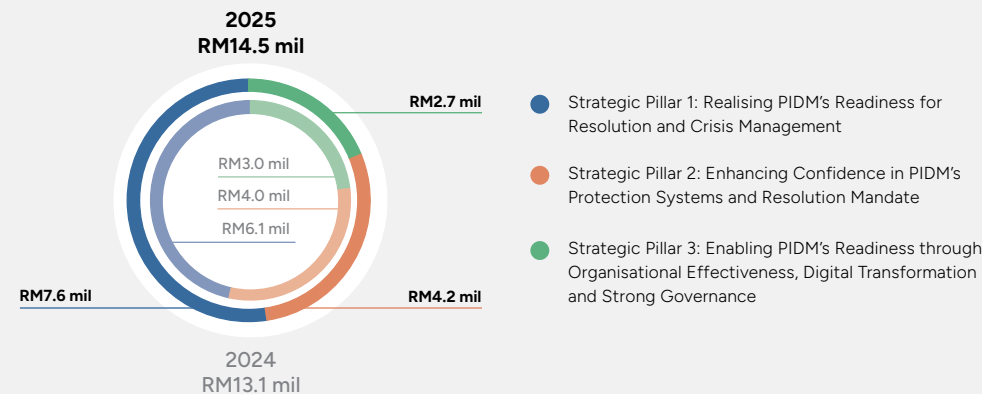


Manufactured capital



Social and relationship capital

Initiatives-related Expenses



Financial Position

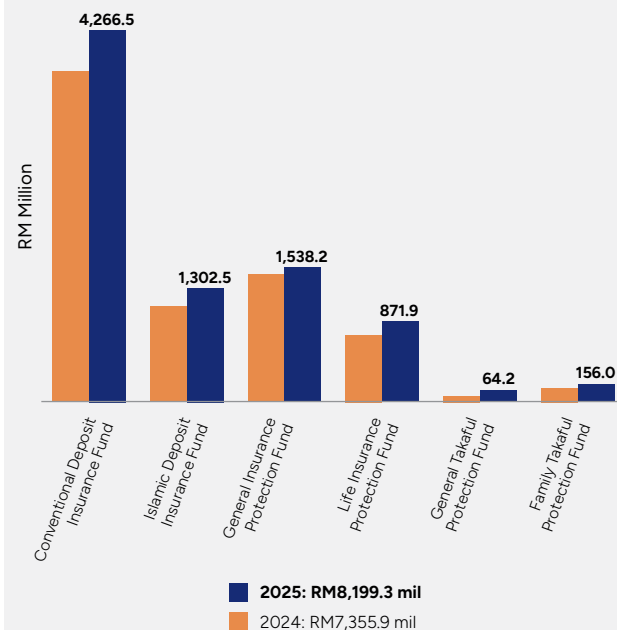
Total Protection Funds as at 31 December 2025 amounted to RM8,199.3 million, an increase of RM843.4 million or 11.5% year-on-year. The Protection Funds are supported by total assets of RM8,226.2 million and net of liabilities of RM26.9 million.

Our assets remained highly liquid at 99.5%, with financial assets comprising cash, cash equivalents, investments, as well as investment income receivables. Total assets grew by 11.5%, driven primarily by higher investments and an increase in cash and cash equivalents.

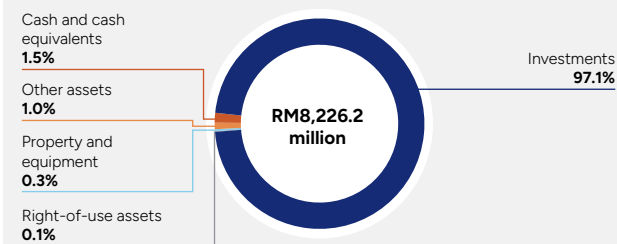
Total liabilities rose by 10.9% mainly due to higher payables and accruals related to normal operational transactions during the year as well as the increase in provision for long-term retirement plan liability.

Details of the items within the Statement of Financial Position are in the Notes to the Financial Statements [↗](#).

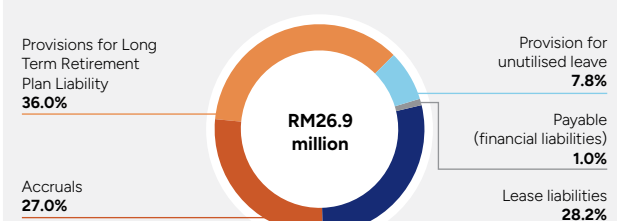
Protection Funds



Assets as at 31 December 2025



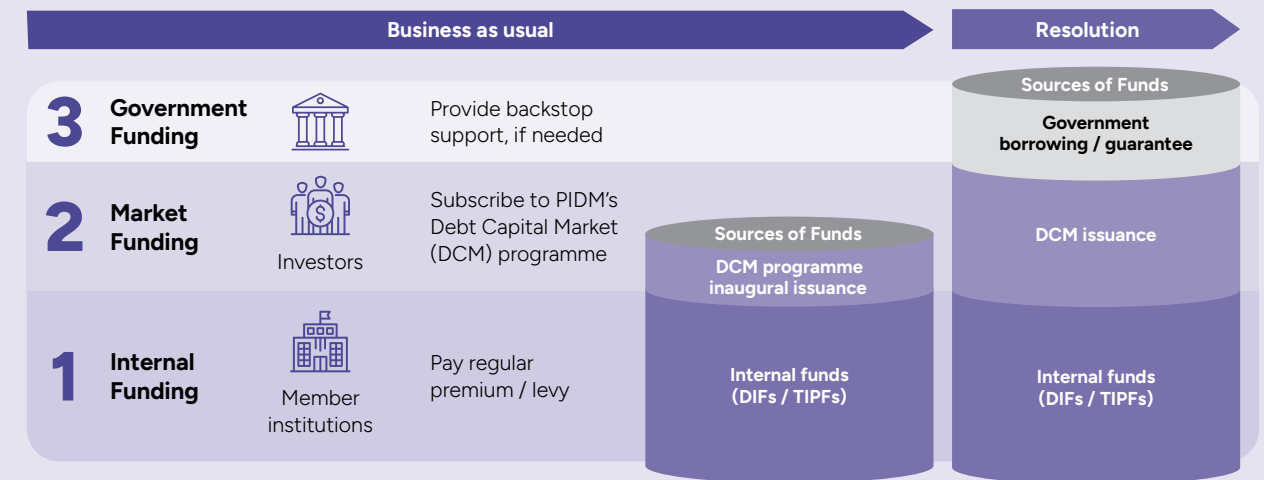
Liabilities as at 31 December 2025



20 YEARS OF ADVANCING FUNDING READINESS

A deposit insurer should maintain readily available funds and robust funding mechanisms to effectively meet its mandate.¹ Over the past 20 years, PIDM has progressively strengthened our funding framework, guided by the principle that taxpayers should no longer be the default financial source during intervention and resolution activities. To support this, PIDM employs three levels of funding sources, comprising internal, market, and Government funding – each refined over time to enhance resilience while keeping the burden on member institutions at a manageable level.

Three Levels of Funding Sources



DIFs: Deposit Insurance Funds; TIPFs: Takaful and Insurance Benefits Protection Funds; DIFs and TIPFs are collectively known as Protection Funds

Internal Funding

PIDM builds our internal funds through premiums or levies from member institutions, and investment income generated from the funds net of operating expenses. The main objective of internal funding is to ensure sufficient financial resources to support daily operations, and to build reserves to meet future obligations arising from potential member institution failures.

Target fund

PIDM does not aim to fully cover potential exposures solely through regular premium or levy collections from member institutions. Instead, PIDM establishes a Target Fund, determined by using a combination of statistical and discretionary methodologies, to build a reasonable level of Protection Funds from the industry during good times, to be used in carrying out intervention and resolution activities.

Since the introduction of the Target Fund frameworks in 2011, the Target Fund levels for the DIFs and TIPFs have been periodically reviewed to ensure the continued relevance of the underlying models and assumptions. The target range for the two DIFs² is set at 1.5% to 1.8% of Total Insured Deposits (TID). For the four TIPFs,³ the target range is 0.3% to 1.0% of total takaful or insurance liabilities. The diagram below illustrates the current levels of accumulated DIFs and TIPFs relative to their respective Target Fund ranges.⁴

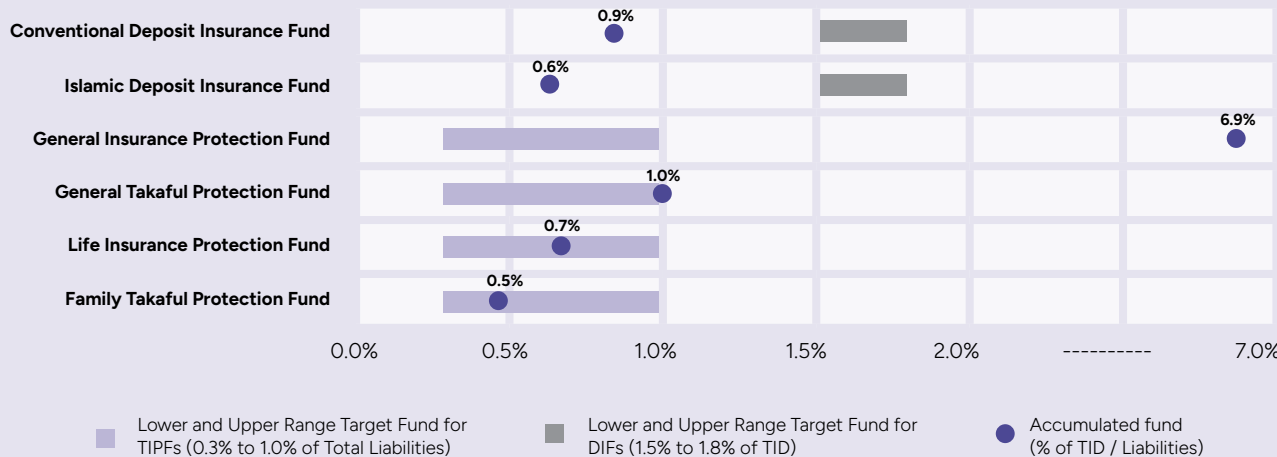
¹ International Association of Deposit Insurers' Core Principles for Effective Deposit Insurance Systems

² Conventional and Islamic Deposit Insurance Funds

³ General Insurance Protection Fund, General Takaful Protection Fund, Life Insurance Protection Fund and Family Takaful Protection Fund

⁴ The TID depicted is the total industry TID as at 31 December 2024, in accordance with the annual submission of the Return on TID. The total takaful and insurance liabilities represent the total industry aggregates as at 31 December 2024, in accordance with Bank Negara Malaysia's Risk Based Capital Framework for Insurers and Risk Based Capital Framework for Takaful Operators reporting forms

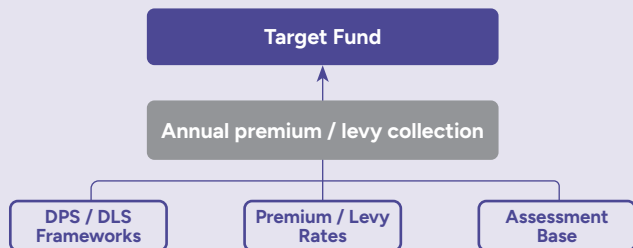
Accumulated Funds and Target Fund Levels



Strengthening collection frameworks amid an evolving operating landscape

In progressing towards the Target Fund levels, PIDM continues to undertake periodical reviews and strengthen the components of our premium and levy collection frameworks to support timely and steady fund build up. These efforts aim to strike a prudent balance between calibrating premium and levy rates under the incentives mechanism, while progressively building the funds to their respective Target Fund levels.

Components of Collection Frameworks for Internal Funds



Recent key enhancements to the components of premium and levy collection include:⁵

- strengthened DPS and DLS Frameworks to provide stronger incentives for improved risk management and enhanced resolvability at member institutions;⁶
- revised levy assessment base that is aligned with the Malaysian Financial Reporting Standard 17: Insurance Contracts to better reflect risk exposure and reduce double reporting; and
- gradual revision of the DPS base premium rates over a three-year period beginning AY 2026 onwards (refer to table below), as the DIFs remain below their Target Fund levels relative to the TIPFs. These adjustments are expected to enable the DIFs to reach the lower and upper bounds of their Target Fund range within 8 to 11 years, instead of 10 to 13 years.

Base Premium Rates

Risk Grade	Base Premium Rates			
	AY 2025	AY 2026	AY 2027	AY 2028 and onwards
1	0.060%	0.060%	0.065%	0.075%
2	0.120%	0.130%	0.140%	0.150%
3	0.240%	0.260%	0.280%	0.300%
4	0.480%	0.520%	0.560%	0.600%

Market Funding: Prompter Liquidity Access

As PIDM progresses towards meeting our Target Fund levels, PIDM can access market funding, when necessary, particularly in situations where a relevant Protection Fund may be insufficient to meet our liquidity obligations.

Drawing on lessons from past bank resolution experiences and recognising the need for swift liquidity mobilisation, PIDM will establish a DCM programme in 2026, with the inaugural issuance to be launched subject to market conditions. The inaugural issuance will be maintained at a nominal amount, serving primarily to initiate the programme and ensure that a ready funding line is in place. This enables PIDM to draw down promptly from the programme, if required, during intervention and resolution activities. It will provide ready access to market funding and enhance PIDM's ability to raise funds efficiently during periods of stress.

The pre-emptive measure, undertaken during the current stable financial system, marks a significant advancement in our funding readiness. It provides a more diversified liquidity source, enhancing PIDM's agility to respond rapidly during stress.

Government Funding: A Backstop for Stability

PIDM's priority is to utilise internal and market funding sources, with Government funding serving as a backstop should the need arise. Under the PIDM Act, PIDM has the power to borrow from the Government to meet our obligations. Such borrowings would be based on terms and conditions as the Minister of Finance will determine.

Conclusion

Through a phased and progressive approach, PIDM has strengthened the key building blocks across all three levels of funding. Over the past 20 years, our funding readiness has matured into greater financial capacity, a more diversified funding base, and enhanced operational agility. This progress reflects two decades of disciplined growth and underscores PIDM's commitment to maintaining a robust funding framework that supports resolution readiness and reinforces financial system resilience.

⁵ The enhancements to the DLS frameworks and levy assessment base take effect beginning Assessment Year (AY) 2026

⁶ Refer to the Enhancement to the DPS and DLS Frameworks diagram in page 33

Part IV

Our Way Forward

[Summary of the Corporate Plan 2026 – 2028](#)

Summary of the Corporate Plan 2026 – 2028

Corporate Plan 2026 – 2028: From Readiness to Resilience

In nature, bamboo symbolises resilience with a balance of strength, agility and connectedness. Every part of the bamboo contributes to its remarkable ability to withstand pressure, adapt to change, and grow with strength and purpose.

Resilience starts with strong foundations. Bamboo's strength begins underground. Its roots form a wide interconnected network beneath the surface, reinforcing each stalk through collective strength. A resilient organisation recognises the importance of interlinkages between the people, systems, processes and operating environment. When these connections are understood and strengthened, the whole system becomes more stable and is able to absorb shocks. As PIDM enters the third decade, we stand on a robust foundation established through a strong governance framework, integrity, as well as sound risk and internal control management. These pillars, reinforced by systems and processes developed over the past 20 years, will ensure organisational resilience where we continue to uphold the standards to deliver our mandate.

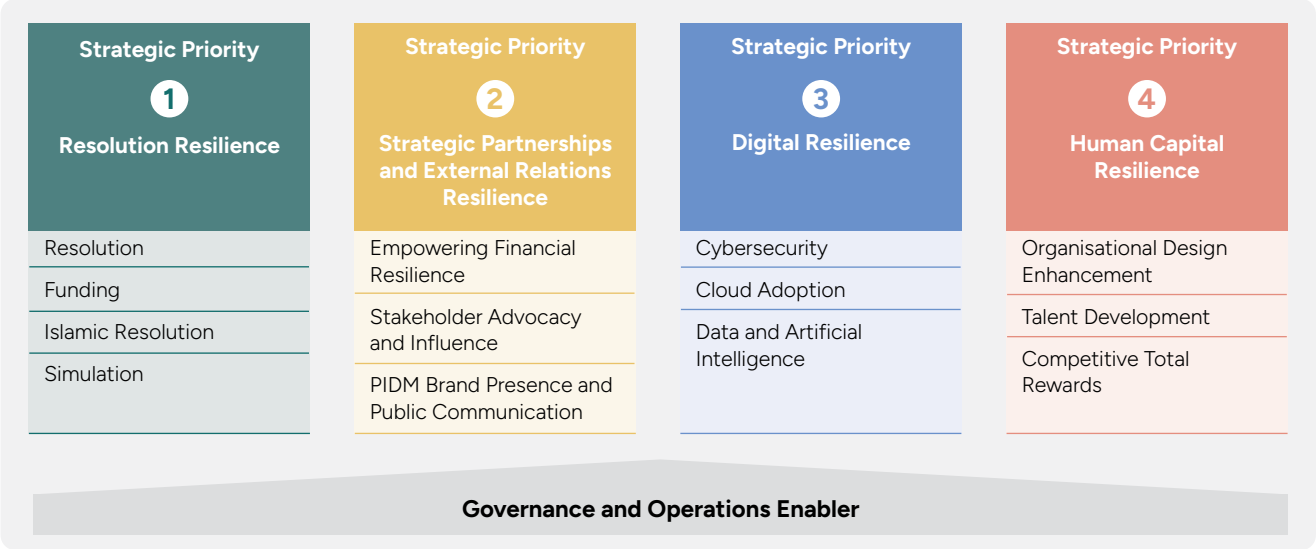
Resilience is strength with agility. When the wind shifts, bamboo bends gracefully instead of resisting. It yields to the force, yet returns upright once the storm passes. A resilient organisation adapts to changing circumstances, shifts in external landscape and emerging risks while continuing its core purpose. Agility enables continued performance even when conditions become unpredictable. In fulfilling PIDM's mandate as both the financial consumer protection authority and resolution authority, we must remain agile and adaptive to evolving circumstances while ensuring our responses are aligned, timely and measured.

Resilience is forward moving. Bamboo does not merely survive – after storms, it recovers quickly and grows even stronger, using adversity as a catalyst for renewal. A resilient organisation learns from disruptions, enhances its capabilities and systems to advance with confidence into the future. As the operating environment becomes increasingly uncertain and complex, it is critical for PIDM to ensure readiness and preparedness so that we can act with clarity and confidence and remain resilient.

In PIDM, we remain firmly grounded in our purpose while adapting to the pace of change around us. Rooted, agile, and forward moving – bamboo symbolises the resilient organisation we strive to be.

PIDM's Corporate Plan 2026 – 2028, themed "From Readiness to Resilience", marks another new chapter after 20 years in operations. Moving from ensuring readiness to building resilience, it embraces uncertainty with confidence, navigates complexity with clarity, and leads forward with purpose. It reflects PIDM's commitment to enduring relevance and adaptive strength – to remain strong, yielding and forward-moving in a world that demands both agility and resolve, as well as to be resilient in adversity, yet agile in recovery. Resilience in the context of PIDM is to holistically consider interlinkages, pace of changes and organisational capability to continue discharging our mandate without disruption to our functions and under different evolving circumstances.

The Corporate Plan 2026 – 2028 is anchored on four strategic priorities, supported by the governance and operations enabler, as well as 13 plans and corporate initiatives to address identified risks and material matters.





2025 Highlights

A milestone is best celebrated with the people who have walked the journey with you



Thank you PIDM



Scan the QR code to explore memorable moments from PIDM's journey over the past two decades



Part V

Financial Statements

- [Directors' Report](#)
- [Statement by Directors](#)
- [Declaration by the Officers](#)
- [Certificate of the Auditor General](#)
- [Statement of Financial Position](#)
- [Statement of Profit or Loss and Other Comprehensive Income](#)
- [Statement of Changes in Funds and Reserves](#)
- [Statement of Cash Flows](#)
- [Notes to the 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 2025.

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 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

	2025 RM'000	2024 RM'000
Total Comprehensive Income for the financial year:		
Deposit Insurance Funds	653,934	582,757
Takaful and Insurance Benefits Protection Funds	189,415	175,095
	843,349	757,852

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:

	2025 RM'000	2024 RM'000
Deposit Insurance Funds:		
Conventional Deposit Insurance Fund	4,266,507	3,802,006
Islamic Deposit Insurance Fund	1,302,400	1,112,967
Total Deposit Insurance Funds	5,568,907	4,914,973
Takaful and Insurance Benefits Protection Funds:		
General Insurance Protection Fund	1,538,235	1,481,851
Life Insurance Protection Fund	871,885	771,958
General Takaful Protection Fund	64,240	54,930
Family Takaful Protection Fund	156,019	132,225
Total Takaful and Insurance Benefits Protection Funds	2,630,379	2,440,964

Directors

The names of the Directors of PIDM in office since the beginning of the financial year to the date of this report:

Chairman of the Board

- Datuk Abu Huraira bin Abu Yazid (appointed on 15 November 2025)
- Dato Sri (Dr) Zukri bin Samat (retired on 30 October 2025)

Ex officio Directors

1) Secretary General of Treasury, Ministry of Finance

- Datuk Johan Mahmood Merican
- Alternate director
- Encik Imri Dolhadi bin Ab Wahab (appointed on 1 April 2025)
- Encik Abdillah bin Azizudin (retired on 31 March 2025)

2) Governor of Bank Negara Malaysia

- Dato’ Sri Abdul Rasheed bin Abdul Ghaffour
- Alternate director
- Encik Aznan bin Abdul Aziz (appointed on 9 May 2025)
- Datuk Jessica Chew Cheng Lian (retired on 1 April 2025)

Directors

- Datuk Dr. Yacob bin Mustafa
- Dato Dr. Nik Ramlah binti Nik Mahmood
- Dato’ Dr. Gan Wee Beng
- Mr. Lee Kong Eng
- Encik Razali bin Othman (appointed on 1 April 2025)
- Mr. Toi See Jong (appointed on 3 February 2026)
- Ms. Gloria Goh Ewe Gim (retired 2 February 2026)

Subsequent to the financial year end and prior to the signing of the audited financial statements, Mr. Lee Kong Eng was appointed Chairman of the Audit Committee on 3 February 2026, following the retirement of Ms. Gloria Goh Ewe Gim on 2 February 2026.

Directors (Cont'd.)

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.

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 17 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 System

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*.

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 13 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 issuing public debt securities or borrowing from the Government, 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 or 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 or 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 2025, 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.



Datuk Abu Huraira bin Abu Yazid
Chairman of the Board of Directors

Kuala Lumpur, Malaysia
3 February 2026



Lee Kong Eng
Chairman of the Audit Committee

Statement by Directors

We, Datuk Abu Huraira bin Abu Yazid and Lee Kong Eng, 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 2025, 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.



Datuk Abu Huraira bin Abu Yazid
Chairman of the Board of Directors



Lee Kong Eng
Chairman of the Audit Committee

Kuala Lumpur, Malaysia
3 February 2026

Declaration by the Officers

Primarily Responsible for Financial Management of Perbadanan Insurans Deposit Malaysia

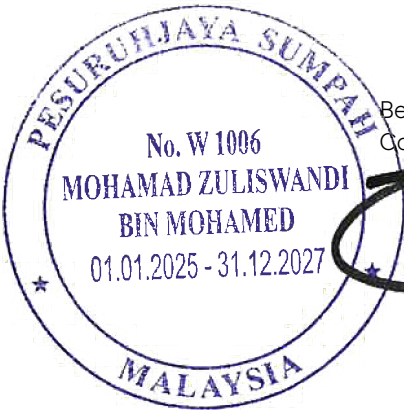
We, Rafiz Azuan bin Abdullah and Jazimin Izzat bin Wan Zoolkifli, being the two officers primarily responsible for the financial management and accounting records of Perbadanan Insurans Deposit Malaysia, do solemnly and sincerely declare that the accompanying financial statements which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Funds and Reserves, and Statement of Cash Flows, together with the notes to the financial statements, are to the best of our knowledge and belief, 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.



Rafiz Azuan bin Abdullah
Chief Executive Officer



Jazimin Izzat bin Wan Zoolkifli
Head, Finance Operations Services



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 2025

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 2025 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 108.

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 2025, 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.

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.

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.

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 WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
13 MARCH 2026



Statement of Financial Position

As at 31 December

	Note	2025 RM'000	2024 RM'000
ASSETS			
Cash and cash equivalents	4a	115,885	108,604
Investments	5	7,989,260	7,152,989
Other assets	6	85,763	77,441
Investment in subsidiaries	7	-*	-*
Property and equipment	8	25,414	30,487
Intangible assets	9	3,359	1,728
Right-of-use assets	10	6,523	8,951
Total Assets		8,226,204	7,380,200
LIABILITIES			
Payables	12	19,321	14,303
Lease liabilities	11	7,597	9,960
Total Liabilities		26,918	24,263
FUNDS AND RESERVES			
Deposit Insurance Funds <i>Accumulated surpluses</i>	13a	5,568,907	4,914,973
Takaful and Insurance Benefits Protection Funds <i>Accumulated surpluses</i>	13b	2,630,379	2,440,964
Total Funds and Reserves		8,199,286	7,355,937
Total Liabilities, Funds and Reserves		8,226,204	7,380,200

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

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December

	Note	2025 RM'000	2024 RM'000
Premium and levy revenues	14	675,410	625,530
Investment income and returns from cash equivalents and investment securities	15	290,325	252,612
Other income		-	43
Total income		965,735	878,185
Human capital management expenses	16	86,303	82,118
Operations and administrative expenses	17	20,912	24,645
Initiatives related expenses	18	14,453	13,077
Total expenses		121,668	119,840
Net surplus for the year		844,067	758,345
Other comprehensive income			
Remeasurement of Long Term Retirement Plan Liability	12ii	(718)	(493)
Total comprehensive income for the year	22	843,349	757,852

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
Accumulated Surpluses				
As at 1 January 2024	13a	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	13a	3,802,006	1,112,967	4,914,973
As at 1 January 2025	13a	3,802,006	1,112,967	4,914,973
Total comprehensive income for the year		464,501	189,433	653,934
As at 31 December 2025	13a	4,266,507	1,302,400	5,568,907

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
Accumulated Surpluses						
As at 1 January 2024	13b	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	13b	1,481,851	771,958	54,930	132,225	2,440,964
As at 1 January 2025	13b	1,481,851	771,958	54,930	132,225	2,440,964
Total comprehensive income for the year		56,384	99,927	9,310	23,794	189,415
As at 31 December 2025	13b	1,538,235	871,885	64,240	156,019	2,630,379

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

For the Financial Year Ended 31 December

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums and levies received from member institutions		675,410	625,530
Payments in the course of operations to suppliers and employees		(108,828)	(108,721)
Receipts of investment income		313,717	279,317
Net cash flows generated from operating activities		880,299	796,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investment securities		836,100	1,194,280
Purchase of investment securities		(1,703,912)	(1,972,971)
Proceeds from disposal of property and equipment		-	4
Purchase of property and equipment		(710)	(5,689)
Acquisition of intangible assets		(1,599)	(1,219)
Net cash flows used in investing activities		(870,121)	(785,595)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of the lease liabilities	11	(2,566)	(4,657)
Lease finance costs	10b	(331)	(414)
Net cash flows used in financing activities		(2,897)	(5,071)
Net increase in cash and cash equivalents		7,281	5,460
Cash and cash equivalents at beginning of year		108,604	103,144
Cash and cash equivalents at end of year	4a	115,885	108,604

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 2025

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 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 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 3 February 2026.

2. Material 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. Material 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

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another counterparty, and vice versa. Financial instruments are recognised in the Statement of Financial Position when PIDM becomes a party to the contractual provisions of the financial 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. Material Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

Measurement methods (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. Material 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.

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.

2. Material Accounting Policies (Cont’d.)

2.2 Summary of accounting policies (cont’d.)

(a) Financial instruments (cont’d.)

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. PIDM also places funds in short-term deposits with licensed financial institutions to meet its operational and liquidity requirements. 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. Material 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. Material 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. Material 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. Material 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 fulfil its contractual cash flow obligations.

2. Material 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. Material 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 or there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when, despite repeated attempts and exhaustive tracing, the debtor's whereabouts remain unknown or untraceable. 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. Material 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 2025¹

Scenario	Description – Domestic Economic Scenario
Baseline	Economic environment and growth expectations are close to historical conditions and growth rates. Malaysian GDP growth of between 3.9% and 5.4%
Mildly Negative	Economic conditions and/or growth expectations are weaker than the long-term norm. Malaysian GDP growth of between 0.7% and 3.8%
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 2024²

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

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 5.0.7 – November 2025

² 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. Material 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 (“IFR”) 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 and Other Comprehensive Income 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. Material 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 and Other Comprehensive Income.

(d) Intangible assets

Computer software

Computer software is initially measured at cost. Costs recognised are costs directly associated with identifiable software controlled by PIDM that will generate probable future economic benefits. Following initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment losses. The expenses incurred during the research stage were expensed off accordingly.

Subsequent expenditure that enhances or extends the performance of computer software beyond their original specifications is capitalised as part of the original cost of the software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The useful lives of computer software are assessed to be finite. Computer software is amortised on a straight-line basis over their estimated useful lives of three years and assessed for impairment whenever there is an indication that they may be impaired.

The amortisation periods and methods are reviewed at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation periods or methods, as appropriate, and are treated as changes in accounting estimates. No amortisation is calculated on software development until the computer software is ready for its intended use.

2. Material Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

Computer software (cont'd.)

The computer software is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of computer software is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(e) 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 and Other Comprehensive Income 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 and Other Comprehensive Income unless the asset is carried at revalued amount, in which case such reversal is treated as a revaluation increase.

(f) 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. Material Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

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

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:

- 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 2025 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 2024. The allocation rates used during the year are as follows:

Year	DIS		TIPS			
	Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2025	69.89%	30.11%	29.28%	54.59%	4.89%	11.24%
	100%		100%			
2024	71.39%	28.61%	26.41%	58.72%	4.34%	10.53%
	100%		100%			

- 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 2025 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 2024. The apportionment basis used is as follows:

Year	Total	DIS		TIPS			
		Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2025	100%	53.80%	23.18%	6.74%	12.56%	1.13%	2.59%
2024	100%	55.60%	22.28%	5.84%	12.99%	0.96%	2.33%

2. Material Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(g) 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 and Other Comprehensive Income 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. 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 and Other Comprehensive Income.

(h) 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).

2. Material Accounting Policies (Cont'd.)

2.2 Summary of accounting policies (cont'd.)

(h) Currencies (cont'd.)

(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 and Other Comprehensive Income 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 and Other Comprehensive Income 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.

(i) 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.

2. Material Accounting Policies (Cont’d.)

2.2 Summary of accounting policies (cont’d.)

(i) PIDM as a lessee (cont’d.)

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.

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(e).

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 and Other Comprehensive Income.

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.

2. Material Accounting Policies (Cont’d.)

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

New and revised MFRS, Interpretations and Amendments (cont’d.)

The following amendment issued by the Malaysian Accounting Standards Board (“MASB”) became effective for annual periods beginning on or after 1 January 2025 and has been adopted by PIDM in the financial statements:

- Amendments to MFRS 121: *Lack of Exchangeability*

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

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

The following are accounting standards and amendments and interpretations to the MFRS Framework that have been issued by MASB and will become effective in future financial reporting periods.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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: <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19: <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

PIDM intends to adopt the above standards and annual improvements to standards and Interpretation Committee's Interpretation, if applicable, when they become effective, except for the amendments to MFRS 9 and MFRS 7 on Contracts Referencing Nature-dependent Electricity which are not relevant to the operations of PIDM.

PIDM does not expect that the adoption of the standards listed above will have a significant 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. Significant Accounting Judgements and Estimates (Cont'd.)

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 IFR powers. The subsidiaries of PIDM were incorporated to act as special purpose entities to carry out specific IFR activities rather than for investment purposes. These special purpose entities meet the definition of 'structured entities' as defined under the MFRS 12.

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 IFR 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 monitors 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.

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

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

(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.

3.2 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 23(c) sets out key sensitivities of the ECL to changes in key inputs and assumptions.

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

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

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.

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

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Operational banking accounts	3,499	2,741	758
Placements in short-term money market and fixed deposits	112,386	93,520	18,866
Total cash and cash equivalents	115,885	96,261	19,624

	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

Deposits and placements with banks include short-term money market and fixed deposits with licensed financial institutions with maturities of more than three (3) months and not exceeding twelve (12) months, held for operational and liquidity management purposes.

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

b. Statement of Cash Flows (indirect method)

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year	844,067	654,487	189,580
<i>Adjustments for:</i>			
Depreciation of property and equipment	5,293	4,179	1,114
Depreciation of right-of-use assets	2,631	2,024	607
Amortisation of intangible assets	-	-	-
Lease finance costs	331	255	76
Property and equipment written off	33	32	1
Gain on disposal of property and equipment	-	-	-
Allowance for expected credit losses	4	3	1
Operating surplus before changes in working capital	852,359	660,980	191,379
Change in payables	4,725	3,574	1,151
Change in other assets	(8,322)	(6,760)	(1,562)
Net amortisation of premium for investment securities	31,537	24,010	7,527
Net cash flows generated from operating activities	880,299	681,804	198,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment securities	836,100	547,520	288,580
Purchase of investment securities	(1,703,912)	(1,220,686)	(483,226)
Proceeds from disposal of property and equipment	-	-	-
Purchase of property and equipment	(710)	(549)	(161)
Acquisition of intangible assets	(1,599)	(1,231)	(368)
Net cash flows used in investing activities	(870,121)	(674,946)	(195,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease liabilities	(2,566)	(1,976)	(590)
Lease finance costs	(331)	(254)	(77)
Net cash flows used in financing activities	(2,897)	(2,230)	(667)
Net increase in cash and cash equivalents	7,281	4,628	2,653
Cash and cash equivalents at beginning of year	108,604	91,633	16,971
Cash and cash equivalents at end of year	115,885	96,261	19,624

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

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

	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
<i>Adjustments for:</i>			
Depreciation of property and equipment	4,905	3,810	1,095
Depreciation of right-of-use assets	4,840	3,770	1,070
Amortisation of intangible assets	-	-	-
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 surplus 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	(5,689)	(4,466)	(1,223)
Acquisition of intangible assets	(1,219)	(952)	(267)
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

5. Investments

	Note	2025		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues		6,596,901	4,478,453	2,118,448
Private Debt Securities		1,418,168	950,468	467,700
		8,015,069	5,428,921	2,586,148
Add: Accretion of discounts net of amortisation of premiums		(25,783)	(22,051)	(3,732)
Total investments at amortised cost		7,989,286	5,406,870	2,582,416
Less: Allowance for expected credit loss	17(i)	(26)	(20)	(6)
Total net investments		7,989,260	5,406,850	2,582,410

	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	17(i)	(22)	(16)	(6)
Total net investments		7,152,989	4,757,697	2,395,292

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 17(i) and 23(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	2025		
		Total RM'000	DIFs RM'000	TIPFs RM'000
a. Financial assets				
Investment income receivables		78,317	53,094	25,223
Deposits		1,027	789	238
Other receivables		-	-	-
		79,344	53,883	25,461
Less: Allowance for expected credit loss	17(i)	-	-	-
Sub-total financial assets		79,344	53,883	25,461
b. Non-financial assets				
Prepayments		6,206	4,741	1,465
Other non-financial assets		213	154	59
Sub-total non-financial assets		6,419	4,895	1,524
Total other assets		85,763	58,778	26,985

	Note	2024		
		Total RM'000	DIFs RM'000	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	17(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

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.

6. Other Assets (Cont'd.)

Credit risk of other financial assets

Note 17(i) and 23(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

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
At cost			
Unquoted shares	-*	-*	-*
Total investment in subsidiaries	-*	-*	-*

	2024		
	Total RM'000	DIFs RM'000	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.

7. Investment in Subsidiaries (Cont'd.)

The names of all Directors for all the subsidiaries in office during the financial year ended 31 December 2025 were:

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

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 or 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 or failure resolution activities.

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

Name of subsidiary	Objects / Purpose
<u>Objects - Asset Management Company</u>	
An AMC is a resolution tool under the PIDM Act. This Company 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.	
The Federal Asset Management Agency of Malaysia Berhad	This subsidiary, upon activation, will carry on the business of an asset management company under the Companies Act 2016.
<u>Objects - Bridge institutions</u>	
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 entity 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.

7. Investment in Subsidiaries (Cont'd.)

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).

Whilst these subsidiaries remain dormant, their 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	2025 RM	2024 RM
Audit fees	18,900	21,060
Secretarial fees	29,077	24,858
Total subsidiaries expenses	47,977	45,918

The administrative expenses for subsidiaries are included in the operations and administrative expenses disclosed in Note 17 within professional and consultancy fees.

	2025							
	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	16,950	54,290	3,041	925	5,460	830	86,214
Additions	-	-	456	-	-	61	250	767
Reclassifications	-	-	915	7	-	8	(930)	-
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	(8)	(1,947)	(8)	-	-	-	(1,963)
Adjustments	-	-	(626)	-	-	-	(100)	(726)
Balance as at 31 December	4,718	16,942	53,088	3,040	925	5,529	50	84,292
Accumulated depreciation								
Balance as at 1 January	-	2,712	49,339	1,320	718	1,638	-	55,727
Charge for the year	-	339	3,421	464	59	1,010	-	5,293
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	(1)	(1,921)	(8)	-	-	-	(1,930)
Adjustments	-	-	(212)	-	-	-	-	(212)
Balance as at 31 December	-	3,050	50,627	1,776	777	2,648	-	58,878
Net carrying amount as at 31 December	4,718	13,892	2,461	1,264	148	2,881	50	25,414

8. Property and Equipment (Cont'd.)

	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	2,498	94,071
Additions	-	-	322	-	-	82	4,584	4,988
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	830	86,214
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	830	30,487

8. Property and Equipment (Cont'd.)

* Assets under construction amounting to RM49,921 (2024: RM0.8 million) consists of:

	2025 RM'000	2024 RM'000
Human Capital Management System ("HCMS")	-	84
Industry Portal System ("IPS") enhancements	-	512
Reimbursement system – Request Management and Support System and Microsite	-	158
Others	50	76
Total	50	830

Write-off of assets

During the financial year, PIDM has written off certain assets amounting to RM33,379. The write-off represents items that were no longer usable or had become obsolete in the normal course of operations. This write-off forms part of the regular operational activities and has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Adjustment of Software-as-a-Service ("SaaS") Subscription Costs from Property and Equipment

Certain costs previously capitalised as Computer Systems were determined to be SaaS arrangements. These SaaS arrangements represent subscription-based cloud services, for which PIDM does not obtain control over the underlying software. Accordingly, an adjustment was made during the financial year to expense off these costs to the Statement of Profit or Loss and Other Comprehensive Income.

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 2025, the fair value of the land and building is RM22 million based on a valuation exercise carried out in October 2025 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

	2025		
	Land RM'000	Building RM'000	Total RM'000
Net carrying amount as at 1 January	4,718	14,238	18,956
Net carrying amount as at 31 December	4,718	13,892	18,610
Fair value of land and building as at 31 December	22,000		

Significant observable valuation input:

	2025 RM	2024 RM
Price of land and building per square metre	2,500-4,400	2,200-4,600

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 2025 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

	2025							
	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	13,772	43,028	2,356	729	4,173	690	67,903
Additions	-	-	347	-	-	47	201	595
Reclassifications	-	-	760	5	-	6	(771)	-
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	(7)	(1,576)	(6)	-	-	-	(1,589)
Adjustment	-	-	(505)	-	-	-	(77)	(582)
Balance as at 31 December	3,155	13,765	42,054	2,355	729	4,226	43	66,327
Accumulated depreciation								
Balance as at 1 January	-	2,207	39,031	1,038	561	1,258	-	44,095
Charge for the year	-	276	2,742	349	48	764	-	4,179
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	(1)	(1,549)	(7)	-	-	-	(1,557)
Adjustment	-	-	(171)	-	-	-	-	(171)
Balance as at 31 December	-	2,482	40,053	1,380	609	2,022	-	46,546
Net carrying amount as at 31 December	3,155	11,283	2,001	975	120	2,204	43	19,781

8. Property and Equipment (Cont'd.)

a. Deposit Insurance Funds (cont'd.)

	2024							Total RM'000
	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	
Cost								
Balance as at 1 January	3,155	13,773	42,505	3,156	729	9,174	2,058	74,550
Additions	-	-	252	-	-	64	3,598	3,914
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	690	67,903
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	690	23,808

8. Property and Equipment (Cont'd.)

b. Takaful and Insurance Benefits Protection Funds

	2025							
	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	3,178	11,262	685	196	1,287	140	18,311
Additions	-	-	109	-	-	14	49	172
Reclassifications	-	-	155	2	-	2	(159)	-
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	(1)	(371)	(2)	-	-	-	(374)
Adjustment	-	-	(121)	-	-	-	(23)	(144)
Balance as at 31 December	1,563	3,177	11,034	685	196	1,303	7	17,965
Accumulated depreciation								
Balance as at 1 January	-	505	10,308	282	157	380	-	11,632
Charge for the year	-	63	679	115	11	246	-	1,114
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	-	(372)	(1)	-	-	-	(373)
Adjustment	-	-	(41)	-	-	-	-	(41)
Balance as at 31 December	-	568	10,574	396	168	626	-	12,332
Net carrying amount as at 31 December	1,563	2,609	460	289	28	677	7	5,633

8. Property and Equipment (Cont'd.)

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

	2024							Total RM'000
	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	
Cost								
Balance as at 1 January	1,563	3,179	12,345	554	196	1,244	440	19,521
Additions	-	-	70	-	-	18	986	1,074
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	140	18,311
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	140	6,679

9. Intangible Assets

Computer software

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Cost			
Balance as at 1 January	1,728	1,356	372
Additions	1,631	1,254	377
Balance as at 31 December	3,359	2,610	749
Less: Amortisation for the year	-	-	-
Net carrying amount as at 31 December	3,359	2,610	749

	2024		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Cost			
Balance as at 1 January	322	260	62
Additions	1,406	1,096	310
Balance as at 31 December	1,728	1,356	372
Less: Amortisation for the year	-	-	-
Net carrying amount as at 31 December	1,728	1,356	372

Computer software consists of:

	2025		
	Computer software RM'000	Computer software development RM'000	Total RM'000
Cost			
Balance as at 1 January	-	1,728	1,728
Additions	-	1,631	1,631
Balance as at 31 December	-	3,359	3,359
Less: Amortisation for the year	-	-	-
Net carrying amount as at 31 December	-	3,359	3,359

9. Intangible Assets (Cont'd.)

Computer software consists of: (cont'd.)

	2024		
	Computer software RM'000	Computer software development RM'000	Total RM'000
Cost			
Balance as at 1 January	-	322	322
Additions	-	1,406	1,406
Balance as at 31 December	-	1,728	1,728
Less: Amortisation for the year	-	-	-
Net carrying amount as at 31 December	-	1,728	1,728

10. Right-of-use Assets

PIDM leases several assets including building and office equipment.

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 expired on 30 June 2025. It included an option to renew the lease for an additional three years at the prevailing market rate. This option has been exercised, and the lease has been renewed for a further three-year term, extending the lease period until 30 June 2028.

PIDM has also entered into a 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	2025			
		Building RM'000	Parking RM'000	Office Equipment RM'000	Total RM'000
Balance as at 1 January		8,272	602	77	8,951
Additions		-	-	113	113
Modification		91	(4)	3	90
Depreciation	17	(2,395)	(172)	(64)	(2,631)
Net carrying amount		5,968	426	129	6,523

10. Right-of-use Assets (Cont'd.)**a. Right-of-use assets (cont'd.)**

	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	17	(4,606)	(165)	(69)	(4,840)
Net carrying amount		8,272	602	77	8,951

b. Lease related expenses charged to Profit or Loss

	Note	2025		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Depreciation of right-of-use assets	17	2,631	2,024	607
Lease finance costs	17	331	255	76
Expense relating to lease of low value asset and short term lease*		6	5	1
Total lease related expenses		2,968	2,284	684

	Note	2024		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Depreciation of right-of-use assets	17	4,840	3,770	1,070
Lease finance costs	17	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

* Expense relating to lease of low value asset and short term lease are included in the operations and administrative expenses disclosed in Note 17 within office supplies, equipment and miscellaneous.

The total cash outflow for leases amounted to RM2.9 million (2024: RM5.1 million), comprising payment of lease finance costs of RM0.3 million (2024: RM0.4 million) and principal repayment of lease liabilities of RM2.6 million (2024: RM4.7 million). Refer to the Statement of Cash Flows.

11. Lease Liabilities

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Balance as at 1 January	9,960	7,547	2,413
Additions	113	86	27
Principal repayment of lease liabilities	(2,566)	(1,976)	(590)
Modification of lease contracts	90	69	21
Balance as at 31 December	7,597	5,726	1,871

	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

	2025 RM'000	2024 RM'000
Maturity analysis		
Not later than 1 year	2,903	2,861
Later than 1 year and not later than 5 years	4,189	7,828
	7,092	10,689

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.

12. Payables

	Note	2025		
		Total RM'000	DIFs RM'000	TIPFs RM'000
a. Financial liabilities				
Payables, representing total financial liabilities		270	220	50
b. Non-financial liabilities				
Accruals		7,279	5,608	1,671
Provision for unutilised leave	i	2,092	1,611	481
Provision for Long Term Retirement Plan Liability	ii	9,680	7,509	2,171
Sub-total non-financial liabilities		19,051	14,728	4,323
Total payables		19,321	14,948	4,373

	Note	2024		
		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

i. Provision for unutilised leave

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Balance as at 1 January	2,086	1,624	462
Net addition for the year	46	18	28
Payment	(40)	(31)	(9)
Balance as at 31 December	2,092	1,611	481

12. Payables (Cont'd.)

i. Provision for unutilised leave (cont'd.)

	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

Provision for unutilised leave relates to the amount payable to employees on the annual leave earned in the current year that are not utilised calculated based on the employee's basic salary that was earned at the time the leave was accrued.

ii. Provision for Long Term Retirement Plan

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Total provision for Long Term Retirement Plan	9,680	7,509	2,171

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

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 LTRP is not applicable to employees who were employed after 4 August 2025.

12. Payables (Cont'd.)

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

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Balance as at 1 January	7,504	5,315	5,834	4,129	1,670	1,186
Included in profit or loss						
Current service cost	1,980	1,672	1,524	1,302	456	370
Interest/Financing cost	301	245	232	191	69	54
Benefit payments	(823)	(221)	(634)	(172)	(189)	(49)
Included in other comprehensive income						
Remeasurements	718	493	553	384	165	109
Balance as at 31 December	9,680	7,504	7,509	5,834	2,171	1,670

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:

	2025 RM'000	2024 RM'000
Fair value of plan assets		
Present value of unfunded obligations	9,680	7,504

13. Funds and Reserves

a. Deposit Insurance Funds

Accumulated surpluses

	2025		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
Balance as at 1 January	4,914,973	3,802,006	1,112,967
Net surplus	653,934	464,501	189,433
Balance as at 31 December	5,568,907	4,266,507	1,302,400

	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

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.

The Target Fund range is between 1.5% and 1.8% of TID for both the Conventional and Islamic DIFs. Based on the level of TID as at 31 December 2024, the range in RM absolute terms is between RM7.5 billion and RM9.0 billion for the Conventional DIF and between RM3.1 billion and RM3.7 billion for the Islamic DIF. Based on the current level of accumulated surpluses and the new base premium rates, the lower and upper range of the Target Fund is expected to be achieved in 8 to 11 years.

13. Funds and Reserves (Cont'd.)

a. Deposit Insurance Funds (cont'd.)

Accumulated surpluses (cont'd.)

The current balance of DIFs as at 31 December 2025 as a percentage of TID and the comparison to the revised Target Fund range (based on the TID as at 31 December 2024) are described in the following table:

	Target Fund		
	2025 actual RM million	Lower range RM million	Upper range RM million
Deposit Insurance Funds			
Conventional Deposit Insurance Fund			
Percentage of TID	0.85%	1.50%	1.80%
Balance	4,267	7,510	9,012
Islamic Deposit Insurance Fund			
Percentage of TID	0.63%	1.50%	1.80%
Balance	1,302	3,119	3,743

	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.

13. Funds and Reserves (Cont'd.)

b. Takaful and Insurance Benefits Protection Funds

Accumulated surpluses

	2025				
	Total RM'000	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000
Balance as at 1 January	2,440,964	1,481,851	771,958	54,930	132,225
Net surplus	189,415	56,384	99,927	9,310	23,794
Balance as at 31 December	2,630,379	1,538,235	871,885	64,240	156,019

	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

The TIPFs are the accumulated reserves (ex-ante funds) to cover the net expected losses arising from guaranteeing protected benefits to insurance and takaful policy owners. In accordance with the PIDM Act, PIDM maintains four separate TIPFs for the TIPS. TIPFs are accumulated from annual net surpluses, which are the levy 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.

PIDM reviewed the Target Fund Framework for TIPFs following the implementation of the new accounting standard, MFRS 17, which came into effect for insurer members' annual reporting periods beginning on or after 1 January 2023. As the accounting standard applies to insurance and takaful contracts, PIDM reassessed the adequacy of the target funds using a simplified approach based on data available to date, whereby only insurance or takaful contract liabilities directly attributable to policies or certificates were considered.

As a result, PIDM concluded that the current consolidated Target Fund³ range of 0.3% to 1.0% of insurance or takaful contract liabilities remains sufficient to meet its objective of covering PIDM's net losses when obligations arise. The recalibration of the timeframe to achieve the Target Fund levels for TIPFs will be conducted with the implementation of the revised Differential Levy System Framework, planned for 2026.

³ 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.

13. Funds and Reserves (Cont'd.)

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

Accumulated surpluses (cont'd.)

The current balance of the TIPFs as at 31 December 2025 and revised Target Fund range for the TIPFs are described in the following table:

	Target Fund		
	2025 actual RM million	Lower range RM million	Upper range RM million
General Insurance Protection Fund	1,538	67	223
Life Insurance Protection Fund	872	390	1,300
General Takaful Protection Fund	64	19	62
Family Takaful Protection Fund	156	103	342

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

14. Premium and Levy Revenues

a. Premium revenues from member banks

	2025		
	Total RM'000	Conventional Deposit Insurance RM'000	Islamic Deposit Insurance RM'000
First premium	500	250	250
Annual premiums	552,962	379,653	173,309
Total premium revenues from member banks	553,462	379,903	173,559

	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

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

2025

Premium rate is calculated based on the relevant base premium rate which is assessed based on the safety and soundness criteria, as well as an adjustment for the resolution centric criteria as per the Malaysian Deposit Insurance Corporation (Differential Premium Systems In Respect of Deposit-Taking Members) Regulations 2023. The maximum discount adjustment is up to 50% of the base premium rate. Accordingly, the effective premium rate assessed for a member bank may be lower than base premium rate⁴.

RISK GRADE	BASE PREMIUM RATE	MINIMUM ANNUAL PREMIUM AMOUNT (RM)
1	0.06%	100,000
2	0.12%	
3	0.24%	
4	0.48%	

⁴ Refer to Guidelines on the Differential Premium Systems Framework for Deposit-Taking Members

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

a. Premium revenues from member banks (cont'd.)

i. Rates for annual premium under the Differential Premium Systems (cont'd.)

2024

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

2025

A member bank that meets the criteria under subparagraph 5 (1) of the Second Schedule of the Malaysian Deposit Insurance Corporation (Differential Premium Systems In Respect of Deposit-Taking Members) Regulations 2023 is classified in risk grade 1 for the safety and soundness criteria and assigned a total weighted resolution centric criteria score of 100% in its first assessment year, hence, the effective premium rate for the member bank will be 0.03%. However, it is subject to a minimum first premium of RM250,000.

2024

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.

b. Levy revenues from insurer members

	2025				
	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	121,948	7,784	84,170	8,443	21,551

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

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

	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

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%

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

The annual levies payable for 2025 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			75,000	
2	25,000		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.

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

a. Investment income and returns according to asset class

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Malaysian Government Securities and Government Investment Issues ("MGS & GII")	234,189	157,170	77,019
Private Debt Securities	51,633	34,136	17,497
Sub-total investment income from investment securities	285,822	191,306	94,516
Placement in short-term money market and fixed deposits	4,503	3,754	749
Total investment income and returns from cash equivalents and investment securities	290,325	195,060	95,265

	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

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

b. Investment income and returns according to nature of income

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Coupon and profit from investment securities	301,016	203,811	97,205
Returns from accretion of discounts from investment securities (net of amortisation of premiums)	(15,194)	(12,505)	(2,689)
Sub-total investment income from investment securities	285,822	191,306	94,516
Returns from placements in short-term money market and fixed deposits	4,503	3,754	749
Total investment income and returns from cash equivalents and investment securities	290,325	195,060	95,265

	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

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.

15. 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							
Year	Type of Instruments	DIFs		TIPFs			
		Conventional	Islamic	General Insurance	Life Insurance	General Takaful	Family Takaful
2025	MGS & GII	3.70%	3.72%	3.76%	3.78%	3.67%	3.64%
	Private Debt Securities	4.00%	3.94%	3.99%	3.97%	3.95%	3.95%
	Placements in short-term money market and fixed deposits	3.28%	3.39%	3.37%	3.32%	3.33%	3.28%
	Subtotal	3.74%		3.80%			
Overall		3.76%					
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%					

The overall weighted average return on investments for the financial year ended 31 December 2025 is 3.76% (2024: 3.64%).

16. Human Capital Management Expenses

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
a. Employee benefits			
Wages and salaries	65,938	50,796	15,142
Contributions to defined contribution plan	11,205	8,631	2,574
Provision for unutilised leave	46	18	28
Provision for Long Term Retirement Plan Liability	1,980	1,524	456
Interest/financing cost of the LTRP	301	232	69
Other benefits	4,698	3,561	1,137
Sub-total – employee benefits	84,168	64,762	19,406
b. Other human capital related expenses*	2,135	1,662	473
Total human capital management expenses	86,303	66,424	19,879

	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

* 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 207 (2024: 201).

17. Operations and Administrative Expenses

	Note	2025		
		Total RM'000	DIFs RM'000	TIPFs RM'000
Audit fees		94	72	22
Directors' fees and remuneration*		1,247	961	286
Depreciation of property and equipment	8	5,293	4,179	1,114
Amortisation of intangible assets	9	-	-	-
Depreciation of right-of-use assets	10(b)	2,631	2,024	607
Lease finance cost	10(b)	331	255	76
Telecommunication and computer systems		6,808	5,129	1,679
Utilities, office and vehicle maintenance and general insurance		1,890	1,458	432
Subscriptions and memberships		1,160	935	225
Parking space rental		11	8	3
Professional and consultancy fees		794	611	183
Publications and corporate collaterals		96	74	22
Postage, printing and stationery		109	79	30
Credit loss expenses	17(i)	4	3	1
Office supplies, equipment and miscellaneous		411	316	95
Property and equipment written-off		33	32	1
Total operations and administrative expenses		20,912	16,136	4,776

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

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

	Note	2024		
		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
Amortisation of intangible assets	9	-	-	-
Depreciation of right-of-use assets	10(b)	4,840	3,770	1,070
Lease finance cost	10(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	17(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.

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

i) Credit loss expenses

	Note	2025			
		Stage 1 (Collective) RM'000	Stage 2 (Collective) RM'000	Stage 3 (Individual) RM'000	Total RM'000
Investments	a	4	-	-	4
Other assets	b	-	-	-	-
Total		4	-	-	4

	Note	2024			
		Stage 1 (Collective) RM'000	Stage 2 (Collective) RM'000	Stage 3 (Individual) RM'000	Total RM'000
Investments	a	4	-	-	4
Other assets	b	-	-	6	6
Total		4	-	6	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 has written off a receivable from a service provider, which constitutes a derecognition of impairment.

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

	2025 RM'000	2024 RM'000
At 1 January	22	18
Net allowance recognised in profit or loss	4	4
At 31 December	26	22

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

	2025 RM'000	2024 RM'000
At 1 January	6	-
Net allowance recognised in profit or loss	-	6
Amount written off	(6)	-
At 31 December	-	6

18. Initiatives Related Expenses

Initiatives related expenses are expenses directly attributable to specific initiatives, but excluding human capital management expenses which are disclosed in Note 16.

	2025		
	Total RM'000	DIFs RM'000	TIPFs RM'000
Resolution readiness			
PIDM readiness	1,284	1,303	(19)
Industry readiness	1,367	1,032	335
Financial Safety Net readiness	50	38	12
Sub-total for resolution readiness	2,701	2,373	328
Stakeholder trust			
Awareness plan	3,786	2,885	901
Research and visibility plan	332	318	14
Sub-total for stakeholder trust	4,118	3,203	915
Organisational effectiveness			
Digitalisation, data analytics and cybersecurity	3,522	2,734	788
Scholarship, sustainability and corporate social responsibilities initiatives	1,004	773	231
Grant to FIDE FORUM*	2,000	1,540	460
Office relocation-related	-	-	-
Others	1,108	852	256
Sub-total for organisational effectiveness	7,634	5,899	1,735
Total initiatives related expenses	14,453	11,475	2,978

* As part of its key initiatives, PIDM continues to support FIDE FORUM in promoting high standards of boardroom governance and the professional development of directors of financial institutions in Malaysia. Commencing from 2024, PIDM provides an annual grant to FIDE FORUM to support its operations over a three-year period. The grant amounts to RM2 million per year for the first two years and RM1.5 million in the third year.

18. Initiatives Related Expenses (Cont'd.)

	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

19. Taxation

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

20. Capital Commitments

	2025 RM'000	2024 RM'000
Approved and contracted for:		
Office equipment and computer systems	-	90

21. 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:

- 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 16.
- 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 15. PIDM's financial risk management policy and relevant disclosures are described in Note 23.

b. Remuneration of key management personnel

	2025 RM'000	2024 RM'000
Short-term benefits	4,471	4,620
Post-employment benefits	815	844
Total remuneration of key management personnel	5,286	5,464

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 17. Remuneration of key management personnel is also included in the employee benefits disclosure in Note 16.

22. Segment Information

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

- 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.

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.

Fund Reporting

Statement of Financial Position as at 31 December 2025

	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	34,751	61,510	7,804	9,132	961	1,727	-	115,885
Investments	5	4,180,515	1,226,335	1,516,000	851,700	62,377	152,333	-	7,989,260
Other assets	6	44,422	14,395	14,762	9,599	799	1,848	(62)	85,763
Investment in subsidiaries	7	-*	-*	-*	-*	-*	-*	-	-*
Property and equipment	8	15,659	4,122	1,144	3,709	249	531	-	25,414
Intangible assets	9	1,843	767	211	420	35	83	-	3,359
Right-of-use assets	10	4,524	793	276	767	52	111	-	6,523
Total Assets		4,281,714	1,307,922	1,540,197	875,327	64,473	156,633	(62)	8,226,204
LIABILITIES									
Payables	12	10,782	4,221	1,269	2,440	198	473	(62)	19,321
Lease liabilities	11	4,425	1,301	693	1,002	35	141	-	7,597
Total Liabilities		15,207	5,522	1,962	3,442	233	614	(62)	26,918
FUNDS AND RESERVES									
Accumulated surpluses	13	4,266,507	1,302,400	1,538,235	871,885	64,240	156,019	-	8,199,286
Total Funds and Reserves		4,266,507	1,302,400	1,538,235	871,885	64,240	156,019	-	8,199,286
Total Liabilities, Funds and Reserves		4,281,714	1,307,922	1,540,197	875,327	64,473	156,633	(62)	8,226,204

* The amount is significantly below the rounding threshold

Fund Reporting (cont'd.)

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	18,650	5,158	1,444	4,326	285	624	-	30,487
Intangible assets	9	969	387	99	216	16	41	-	1,728
Right-of-use assets	10	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	12	8,237	2,981	901	1,802	143	326	(87)	14,303
Lease liabilities	11	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	13	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

Fund Reporting (cont'd.)

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2025

	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	14	379,903	173,559	7,784	84,170	8,443	21,551	675,410
Investment income and returns from cash equivalents and investment securities	15	150,062	44,998	56,734	30,988	2,209	5,334	290,325
Other income		-	-	-	-	-	-	-
Total income		529,965	218,557	64,518	115,158	10,652	26,885	965,735
Human capital management expenses	16	46,559	19,865	5,835	10,852	971	2,221	86,303
Operations and administrative expenses	17	11,432	4,704	1,384	2,658	218	516	20,912
Initiatives related expenses	18	7,087	4,388	867	1,631	145	335	14,453
Total expenses		65,078	28,957	8,086	15,141	1,334	3,072	121,668
Net surplus for the year		464,887	189,600	56,432	100,017	9,318	23,813	844,067
Other comprehensive income								
Remeasurements of Long Term Retirement Plan Liability	12ii	(386)	(167)	(48)	(90)	(8)	(19)	(718)
Total comprehensive income for the year		464,501	189,433	56,384	99,927	9,310	23,794	843,349

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	14	343,074	165,647	6,937	83,601	8,027	18,244	625,530
Investment income and returns from cash equivalents and investment securities	15	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	16	45,675	18,100	4,841	10,786	795	1,921	82,118
Operations and administrative expenses	17	13,746	5,375	1,533	3,183	231	577	24,645
Initiatives related expenses	18	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	12ii	(274)	(110)	(29)	(64)	(5)	(11)	(493)
Total comprehensive income for the year		405,749	177,008	51,962	94,510	8,723	19,900	757,852

Fund Reporting (cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2025

	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		379,903	173,559	7,784	84,170	8,443	21,551	675,410
Payments in the course of operations to suppliers and employees		(57,806)	(26,085)	(7,338)	(13,594)	(1,225)	(2,780)	(108,828)
Receipts of investment income		162,666	49,567	60,017	32,998	2,478	5,991	313,717
Net cash flows generated from operating activities		484,763	197,041	60,463	103,574	9,696	24,762	880,299
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from maturity of investment securities		441,770	105,750	174,000	104,600	3,300	6,680	836,100
Purchase of investment securities		(925,774)	(294,912)	(233,485)	(206,072)	(12,645)	(31,024)	(1,703,912)
Proceeds from disposal of property and equipment		-	-	-	-	-	-	-
Purchase of property and equipment		(384)	(165)	(47)	(88)	(8)	(18)	(710)
Acquisition of intangible assets		(859)	(371)	(109)	(203)	(17)	(40)	(1,599)
Net cash flows used in investing activities		(485,247)	(189,698)	(59,641)	(101,763)	(9,370)	(24,402)	(870,121)

Fund Reporting (cont'd.)

Statement of Cash Flows for the Financial Year Ended 31 December 2025 (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	11	(1,381)	(595)	(173)	(322)	(29)	(66)	(2,566)
Lease finance costs	10b	(178)	(77)	(22)	(41)	(4)	(9)	(331)
Net cash flows used in financing activities		(1,559)	(672)	(195)	(363)	(33)	(75)	(2,897)
Net (decrease)/increase in cash and cash equivalents		(2,043)	6,671	627	1,448	293	285	7,281
Cash and cash equivalents at beginning of year		36,794	54,839	7,177	7,684	668	1,442	108,604
Cash and cash equivalents at end of year	4a	34,751	61,510	7,804	9,132	961	1,727	115,885

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	-	1	-	-	4
Purchase of property and equipment	(3,203)	(1,262)	(329)	(718)	(51)	(126)	(5,689)	
Acquisition of intangible assets	(680)	(272)	(71)	(156)	(12)	(28)	(1,219)	
Net cash flows used in investing activities		(414,927)	(188,008)	(56,217)	(96,969)	(8,906)	(20,568)	(785,595)

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	11	(2,592)	(1,012)	(306)	(582)	(59)	(106)	(4,657)
Lease finance costs	10b	(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

23. 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. No investments are made with member banks since PIDM is the insurer of deposits. 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).

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 ("PDS") 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. Nevertheless, PIDM closely monitors the fair value of its investment assets as disclosed in Note 24, to ensure adequate financial resources are available to fulfil its mandate.

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.

23. 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 2025									
Cash and cash equivalents	4a	21,224	13,527	-	-	-	-	34,751	3.32%
Investments	5	156,543	437,665	698,978	923,191	1,163,903	800,235	4,180,515	3.74%
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%
Islamic Deposit Insurance Fund									
31 December 2025									
Cash and cash equivalents	4a	38,966	22,544	-	-	-	-	61,510	3.31%
Investments	5	82,213	137,813	173,315	204,702	360,433	267,859	1,226,335	3.73%
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%

23. 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 2025									
Cash and cash equivalents	4a	4,328	3,476	-	-	-	-	7,804	3.30%
Investments	5	92,129	103,199	368,666	311,801	358,800	281,405	1,516,000	3.80%
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%
Life Insurance Protection Fund									
31 December 2025									
Cash and cash equivalents	4a	5,022	4,110	-	-	-	-	9,132	3.33%
Investments	5	16,005	76,061	138,635	217,186	210,338	193,475	851,700	3.80%
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%

23. 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 2025									
Cash and cash equivalents	4a	576	385	-	-	-	-	961	3.36%
Investments	5	601	9,036	10,873	11,830	17,447	12,590	62,377	3.71%
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%
Family Takaful Protection Fund									
31 December 2025									
Cash and cash equivalents	4a	1,047	680	-	-	-	-	1,727	3.36%
Investments	5	11,216	18,838	28,435	28,935	31,651	33,258	152,333	3.69%
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%

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 2025 and 31 December 2024, 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 2025		(303,885)	(160,438)	(47,109)	(54,654)	(33,796)	(2,379)	(5,509)
31 December 2024		(262,540)	(137,248)	(39,314)	(51,624)	(27,588)	(2,039)	(4,727)
100 basis points decrease								
31 December 2025		303,885	160,438	47,109	54,654	33,796	2,379	5,509
31 December 2024		262,540	137,248	39,314	51,624	27,588	2,039	4,727

The average duration for PIDM's investment portfolio as at 31 December 2025 is 3.75 years (2024: 3.65 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. All funds available for investment were invested in highly liquid marketable assets, namely short-term and medium-term Government securities as well as AAA-rated PDS issued by government-related entities. 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.

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:

		2025							
	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	34,478	16,985	19,700	44,722	-	-	-	115,885
Investments	5	35,006	-	323,701	2,201,514	1,697,645	2,142,572	1,588,822	7,989,260
Other assets	6a	28,720	9,633	12,477	28,514	-	-	-	79,344
Payables	12a	(179)	(91)	-	-	-	-	-	(270)
Net financial assets		98,025	26,527	355,878	2,274,750	1,697,645	2,142,572	1,588,822	8,184,219

		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	12a	(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

23. 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 2025, the principal value of these PDS amounted to RM1.42 billion (2024: RM1.23 billion) or 17.7% (2024: 17.1%) 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 has 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.

23. 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 or PIDM has no realistic prospect of recovery	Amount is written off

The tables below detail 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 2025 and 31 December 2024.

	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 Government linked entities of AAA rating. 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% (2024: 20%) respectively.

23. Financial Risk (Cont'd.)

c. Credit risk (cont'd.)

In accordance with the measurement of held-to-maturity assets at amortised cost, fair value changes are not recognised in profit or loss unless the assets are sold or impaired. Based on the assumed movements in LGD, the potential impact on PIDM's profit or loss is as follows:

31 December 2025	Note	LGD increased 20% RM'000	LGD decreased 20% RM'000
Malaysian Government Securities and Government Investment Issues	5	-	-
Private Debt Securities	5	(196)	(163)
Investment income receivables	6	(2)	(2)
Deposits and other receivables	6	-	-
Decrease in net surplus		(198)	(165)

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)

24. Fair Values

PIDM has an appropriate framework and policies regarding fair values to ensure that adequate financial resources are available for PIDM to fulfil its mandate, particularly for intervention and resolution of its member institutions. These framework and policies also 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.

24. 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 2025	Note	Carrying value RM'000	Fair value				
			Level				
			1 RM'000	2 RM'000	3 RM'000	Total RM'000	
Financial assets - amortised cost							
Investments	5	7,989,260	-	8,108,905	-	8,108,905	
Cash and cash equivalents	4a	115,885	The fair values approximate the carrying amounts due to the short-term maturities of these instruments				115,885
Other financial assets	6a	79,344					79,344
Total financial assets		8,184,489					8,304,134
Financial liabilities - amortised cost							
Other financial liabilities	12a	270	The fair values approximate the carrying amounts due to the short-term maturities of these instruments				270
Total financial liabilities		270					270

24. Fair Values (Cont'd.)

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

31 December 2024	Note	Carrying value RM'000	Fair value			
			Level			Total
			1 RM'000	2 RM'000	3 RM'000	
Financial assets - amortised cost						
Investments	5	7,152,989	-	7,185,013	-	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			108,604
Other financial assets	6a	73,067				73,067
Total financial assets		7,334,660				7,366,684
Financial liabilities - amortised cost						
Other financial liabilities	12a	182	The fair values approximate the carrying amounts due to the short-term maturities of these instruments			182
Total financial liabilities		182				182

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 23(a) on the disclosure of the management of interest rate risk and rate of return risk.

25. 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.

25. Contingent Liabilities (Cont'd.)

Accumulated surpluses are held in each Fund to cover net losses when respective obligations arise. As discussed in Note 13 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 issue public debt securities to raise funds or borrowing from the Government, 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.

26. Restatement of Comparative Figures

During the financial year, PIDM has updated the presentation and disclosures of property and equipment, and intangible assets to align with its strategy for adoption of cloud-based software applications.

This reclassification had no impact on prior year financial statements, other than the change in presentation between asset categories and the corresponding reclassification of cash flows from investing activities in the Statement of Cash Flows. Consequently, the comparatives have been restated to conform to current year presentation as shown below:

	Note	As previously reported RM'000	Reclassification RM'000	As restated RM'000
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Impact on Statement of Financial Position:

As at 1 January 2024

ASSETS

Property and equipment	8	30,866	(322)	30,544
Intangible assets	9	-	322	322

As at 31 December 2024

ASSETS

Property and equipment	8	32,215	(1,728)	30,487
Intangible assets	9	-	1,728	1,728

Impact on Statement of Cash Flows:

As at 31 December 2024

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	4	(6,908)	1,219	(5,689)
Acquisition of intangible assets	4	-	(1,219)	(1,219)

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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