



SAFEGUARDING  
FINANCIAL CONSUMERS  
**SUMMARY OF THE  
CORPORATE PLAN 2017 - 2019**



Perbadanan Insurans Deposit Malaysia  
Protecting Your Insurance And Deposits In Malaysia





Perbadanan Insurans Deposit Malaysia  
Protecting Your Insurance And Deposits In Malaysia

## EXECUTIVE SUMMARY CORPORATE PLAN 2017 - 2019

### MANDATE



#### Administer two financial consumer protection systems:

- Deposit Insurance System (DIS)
- Takaful and Insurance Benefits Protection System (TIPS)

#### Provide protection against the loss of:

- Deposits in member banks
- Takaful or insurance benefits in respect of insurer members

#### Provide incentives to our member institutions for sound risk management in the financial system

#### Promote or contribute to the stability of the financial system

### VISION



To be a best practice financial consumer protection and resolution authority

### MISSION



To execute our mandate effectively, with a commitment to make a difference to our community and our employees

# STRATEGIC PRIORITIES

## Effective Resolution Regime

**The establishment of an effective resolution regime for member institutions is to support the robustness of the nation's financial system and its accompanying economic growth**

- Pilot exercises and industry consultation for resolution planning, including resolvability assessment
- Resolvability Rating Framework and Methodology
- Stakeholder engagement on resolution planning

## Strategic Human Capital Management

**Effective strategic human capital strategies are the cornerstone to the long-term success and sustainability of PIDM**

- Employee competencies, leadership and development
- Employee engagement and career management
- Learning organisation

## Stakeholder Management and Corporate Governance

**Stakeholder management is essential for PIDM to execute its mandate and to be recognised as a credible financial consumer protection and resolution authority**

- Public engagements to enhance awareness of PIDM, DIS and TIPS, and to reinforce confidence in PIDM
- Corporate governance in the public sector

## HIGHLIGHTS OF 2017 FINANCIAL PLAN

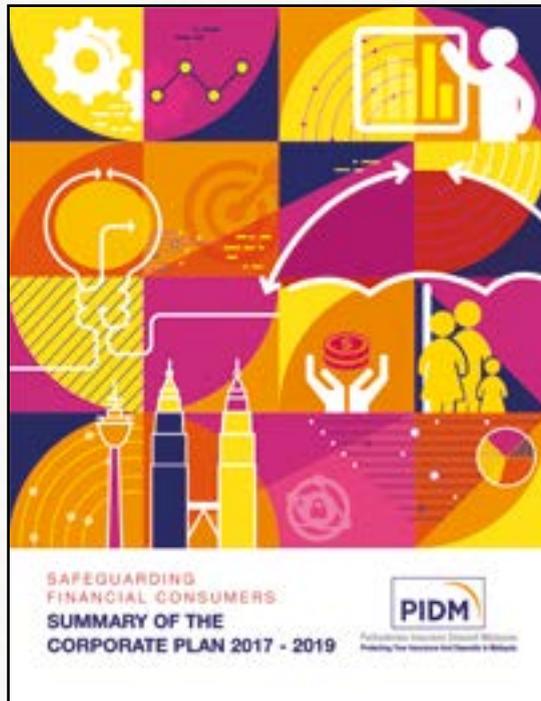
**Income**  
RM585  
million

**Operating  
Expenditures**  
RM120  
million

**Capital  
Expenditures**  
RM6.9  
million

**Deposit  
Insurance Funds**  
RM2.01  
billion

**Takaful and  
Insurance Benefits  
Protection Funds**  
RM1.54  
billion



### **Safeguarding Financial Consumers**

The myriad of colours on the cover depicts the richness and vibrancy of Malaysia, a progressive nation that continues to develop and thrive. PIDM is an integral part of the nation's financial safety net system. Within the multiple layers of economic and social interactivity, we play a steadfast role in safeguarding the interests of financial consumers, ensuring peace of mind, and promoting and contributing to public confidence towards financial system stability.



This Plan is available at  
[www.pidm.gov.my](http://www.pidm.gov.my)



# OUR MANDATE

Perbadanan Insurans Deposit Malaysia is a statutory body. Its mandate is to:

- (a) administer a deposit insurance system and a takaful and insurance benefits protection system;
- (b) provide protection against the loss of deposits in a member bank, or, in the case of insurer or takaful members, against the loss of takaful or insurance benefits;
- (c) provide incentives for sound risk management in the financial system; and
- (d) promote or contribute to the stability of the financial system.

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

The Corporation provides separate protection in respect of relevant Islamic and conventional products of member institutions in the financial system.



## OUR VISION

To be a best practice financial consumer protection and resolution authority



## OUR MISSION

To execute our mandate effectively, with a commitment to make a difference to our community and our employees



## OUR CORPORATE VALUES

- Financial Stewardship
- Excellence and Professionalism
- Respect and Fairness
- Integrity and Trustworthiness
- Communications and Teamwork



## OUR CORPORATE OBJECTIVES

- Educated and informed stakeholders
- Effective partnerships
- Well-governed and well-managed organisation
- Robust risk assessment, monitoring, intervention and resolution capabilities
- Sound business and financial practices
- Competent and knowledgeable workforce
- Conducive corporate environment

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**SECTION**

**1**

**INTRODUCTION**

Long-Term Planning

# INTRODUCTION

Perbadanan Insurans Deposit Malaysia (PIDM) publishes its three-year rolling Corporate Plan on a yearly basis. This Corporate Plan sets out the strategic priorities that drive the activities for the planning period 2017 - 2019, the objectives and supporting initiatives as well as respective performance targets.

The Corporation continues to apply its strategic management framework to planning. This framework incorporates an external scan of our operating environment and the identification and assessment of the significant risks that the Corporation will need to manage so that they do not affect the achievement of the Corporation's objectives. Our planning assumptions are based on this environmental scan.

## LONG-TERM PLANNING

For our 2015 planning, following 10 years in operation, we focussed on how to ensure that we can continue to deliver value to our stakeholders over the long term. PIDM's strategic objectives are to ensure sustainability and continuing success for PIDM. Given these objectives, the Corporation's three strategic priorities are as follows:

Strategic Priorities	Objectives
Strategic Human Capital Plan	To continue to foster a conducive work environment to promote excellence and effectiveness, focussing on active human capital management and continuous learning.
Effective Resolution Regime	To plan for an effective resolution regime as well as identify and mitigate impediments to resolution, in order to contribute to public confidence and stability in the financial system.
Stakeholder Engagement and Corporate Governance	To engage strategically with key stakeholders and engender confidence and trust in PIDM, including through promotion of best practices in corporate governance.

An outline of the key strategies and initiatives moving forward and progress in relation to the strategic priorities can be found in Sections 2 and 3 of this Plan.



**SECTION**

**2**

**2017 - 2019 PLAN**

Operating Environment

Enterprise Risk Management Review

Key Planning Assumptions

Highlights of Our Three-Year Plan

Corporate Scorecard 2017 - 2019

Financial Plan 2017

Financial Projections 2018 - 2019

## 2017 - 2019 PLAN

### OPERATING ENVIRONMENT

The Corporation continuously monitors and assesses global and domestic trends and developments as well as its member institutions' operating environment.

Based on our environmental scan, we conclude as follows:

- (a) Amid a challenging global environment, the Malaysian economy is envisaged to grow by between 4 and 5 percent<sup>1</sup> compared with an estimated range of 4 to 4.5 percent in 2016. Private sector spending, supported by a pro-growth budget and accommodative policy, is expected to be the key growth driver.
- (b) Despite the challenging operating landscape and business environment, the banking sector remains resilient, with strong capital buffers, sound asset quality, sustained profitability and ample liquidity amid slower growth. Similarly, the outlook for the insurance industry continues to show sound performance, with good profitability levels, strong capital position and manageable claims experience.

### ENTERPRISE RISK MANAGEMENT REVIEW

From the 2016 risk assessment exercises, we conclude that the Corporation's risks are either "acceptable" or "manageable" with risk trends remaining stable or increasing, as shown in the table below. For risk categories assessed as "manageable", specific action plans or initiatives will be carried out to manage the risks and we will continually monitor the risk ratings and the implementation of the action plans or initiatives.

Risk Category	Residual Risk Rating	Risk Trend
<p><b>(a) Financial Risk:</b></p> <p>Risks in relation to adverse movements in the value of the Corporation's financial assets and liabilities, both on and off balance sheet and the Corporation's ability to fulfil its operational financial obligations. The Financial Risk category, typically driven by external factors, generally consists of Market Risk (including equity, foreign currency or assets, interest rates that affect prices or values), Liquidity Risk and Credit Risk.</p>	●	○
<p><b>(b) Insurance Risk:</b></p> <p>Risks in relation to the assessment, monitoring, intervention and failure resolution of member institutions, and other related risks inherent in providing the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS).</p>	●	▲

<sup>1</sup> Budget 2017

## 2017 - 2019 PLAN

Risk Category	Residual Risk Rating	Risk Trend
<p><b>(c) Operational Risk:</b>                      Risks in relation to the Corporation’s day-to-day operations including inadequate or failed internal processes and systems, which could affect its ability to carry out its mandate.</p>		
<p><b>(d) Reputation Risk:</b>                      Risks in relation to the Corporation’s reputation including stakeholders’ trust and confidence in the Corporation, and its ability and capability to carry out its mandate.</p>		
<p><b>(e) Strategic Risk:</b>                      Risks in relation to the Corporation’s strategy and governance in achieving its mandate, vision, mission, objectives or initiatives.</p>		
<p><b>(f) People Risk:</b>                      Risks in relation to the Corporation’s people and how the Corporation manages or treats its people.</p>		

Our Corporate Plan incorporates risk action plans and initiatives to address the key risks identified in the relevant categories.

### Residual Risk Rating Definitions

Risk Rating	Definition
<b>Acceptable</b> 	Overall, the residual risk is acceptable and appropriate risk management practices are in place.
<b>Manageable</b> 	Overall, the residual risk warrants risk action plans as mitigation, and appropriate and timely action is being taken to manage the risk.
<b>Cautionary</b> 	Overall, the residual risk warrants close monitoring, and / or that previously identified initiatives to enhance the management of the risk are not fully implemented, and appropriate and timely action is being taken to do so.
<b>Serious Concern</b> 	Overall, the residual risk is unacceptable; including that significant gaps may exist in risk management practices and controls.

### Risk Trend

 Stable    
  Increasing    
  Decreasing

## 2017 - 2019 PLAN

**KEY PLANNING ASSUMPTIONS**

This Plan is based on the following key planning assumptions:

- (a) The domestic economic environment and financial system will remain resilient;
- (b) The Corporation's mandate will remain current and relevant;
- (c) The Corporation does not expect an intervention or failure resolution during the planning period that will adversely impact the financial system; and
- (d) The Corporation will continue to rely on a team of skilled employees, supported by key suppliers, partners and good relationships with key stakeholders.

**HIGHLIGHTS OF OUR THREE-YEAR PLAN**

The three identified strategic priorities continue to guide and align PIDM's activities over the planning period. Highlights of the key initiatives under each of the priorities during the planning period are as follows:

**Strategic Priority – Effective Resolution Regime**

PIDM's mandate includes promoting financial system stability. PIDM will be guided by the Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions to establish a comprehensive and effective resolution regime for Malaysia. This regime will ensure that PIDM member institutions can be resolved in an orderly manner, without systemic disruption, and in a manner that minimises loss to the financial system.

**Key outcome for the planning period:** Comprehensive and tested frameworks and PIDM requirements, to guide and facilitate the development of the resolution plans, and to assess the resolvability of member institutions.

Areas	Key Initiatives
<b>Resolution planning</b>	<ul style="list-style-type: none"> <li>• Conduct pilot exercises to develop resolution plans for the identified member banks. The gathering of base information for the Resolution Planning pilot exercises will be conducted jointly with the Recovery Planning pilot exercises, led by Bank Negara Malaysia (BNM). The pilot exercises will also entail resolvability assessments of the identified member banks to evaluate the feasibility and credibility of the member banks' resolution strategy, in view of the likely impact of the member banks' failure on the financial system and the overall economy.</li> <li>• Conduct industry consultation to obtain feedback in relation to resolution planning.</li> <li>• Enhance and finalise the Resolution Planning Framework as well as the Resolvability Assessment Framework following the pilot exercises and industry consultation, and develop relevant requirements.</li> <li>• Review and enhance the Corporation's readiness planning to execute the resolution plans of member institutions.</li> <li>• For the purpose of stakeholder management:               <ul style="list-style-type: none"> <li>- engage member institutions, jointly with BNM, to set expectations in relation to the development of the member institutions' recovery and resolution plans; and</li> <li>- engage and work with the relevant authorities, domestically and internationally, to formalise the necessary arrangements that allow for cooperation, information exchange and coordination before, during, and after a resolution.</li> </ul> </li> </ul>
<b>Resolvability rating</b>	<ul style="list-style-type: none"> <li>• Research and develop a Resolvability Rating Framework and Methodology to incorporate scores from the resolvability assessment into the Corporation's differential premium systems. This is to ensure appropriate incentives are provided for member institutions to enhance their resolvability.</li> </ul>

## 2017 - 2019 PLAN

Operational readiness remains key to support an effective resolution regime. During the planning period, PIDM will continue to develop and enhance the necessary processes, systems and infrastructure as follows:

Areas	Key Initiatives
<b>Risk assessment and monitoring</b>	<ul style="list-style-type: none"> <li>Implement the enhanced Risk Assessment System for DIS and TIPS, which will facilitate a more effective and efficient platform for the assessment and monitoring of member institutions.</li> </ul>
<b>Intervention and failure resolution</b>	<ul style="list-style-type: none"> <li>Implement a validation programme to test the readiness of member banks to generate updated deposit information in a standard file format within six hours from the completion of its end-of-day processing activities, for the purposes of a three-day payout.</li> <li>Complete the development of the Premium Reimbursement Information Management System and Claims Management System to support the efficient payment process of protected benefits and reimbursement of premiums in the event of a winding-up of an insurer member.</li> <li>Complete the development of the Evaluation Model for DIS and TIPS, which will help in the assessment of the liquidation costs in respect of a member institution in the event of a failure.</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>Develop and implement the Target Fund for takaful funds.</li> <li>Develop the Funding and Liquidity Adequacy Framework to ensure holistic planning of liquidity and funding arrangements at resolution, based on a set of guiding principles and continue to develop other alternative funding arrangements.</li> </ul>
<b>Information Technology and infrastructure</b>	<ul style="list-style-type: none"> <li>Continue to enhance the security infrastructure to mitigate cyber threats and information leakage such as the implementation of the corporate private cloud for selected functions.</li> </ul>

## 2017 - 2019 PLAN

**Strategic Priority – Strategic Human Capital Management**

Effective strategic human capital strategies that are aligned with the Corporation's objectives is the cornerstone to the long-term success and sustainability of the Corporation. Collaboration and shared accountability between the Human Capital Division and Management are also key to the successful implementation of human capital strategies that are aligned with PIDM's needs and objectives.

**Key outcome for the planning period:** A committed workforce that is continuously learning, highly competent, adaptable and engaged. This is so that the Corporation is able to achieve its long-term goals, maintain excellence and continue to contribute to the society, in line with its values, vision and mission.

Areas	Key Initiatives
<b>Employee competencies, leadership and development</b>	<ul style="list-style-type: none"> <li>• Implement the enhanced Competency Model, which will be integrated into the Corporation's key human capital processes.</li> <li>• Continue to customise and provide learning and development programmes for employees, including developing technical curriculum in line with the resolution planning initiative, address succession management, as well as continue to provide cross-training and upskilling of employees' skills in relevant functions.</li> </ul>
<b>Employee engagement and career management</b>	<ul style="list-style-type: none"> <li>• Implement the career management strategy to promote the acquisition of cross-organisational skills and knowledge, which will also be aligned with PIDM's overall talent management strategy.</li> <li>• Continue to implement the employee engagement strategy including programmes and activities to promote a conducive working environment and ensure that employees continue to be engaged.</li> </ul>
<b>Learning organisation</b>	<ul style="list-style-type: none"> <li>• Implement the Learning Organisation Framework focussed on continuing to build the foundations for a learning organisation, through leadership and culture. This includes the following:               <ul style="list-style-type: none"> <li>– develop and implement processes that incorporate learning within the organisation; and</li> <li>– develop a knowledge management strategic plan with a focus on ensuring the full spectrum of knowledge acquisition and adapting effective management techniques.</li> </ul> </li> </ul>

## 2017 - 2019 PLAN

### Strategic Priority – Stakeholder Management and Corporate Governance

Effective stakeholder engagement and management are essential for the Corporation to execute its mandate and be recognised as a credible financial consumer protection and resolution authority among its stakeholders. Public confidence is also an essential part of the Corporation’s objects to promote financial system stability and the public must be properly engaged and educated. While continuing to implement our public awareness campaign, the Corporation will also proactively sustain key relationships with other financial safety net players and service providers.

**Key outcome for the planning period:** Better understanding and appreciation by the public and stakeholders about PIDM’s role, DIS and TIPS, and to promote and contribute to financial system stability for public confidence.

Areas	Key Initiatives
<b>Communications and public awareness</b>	<ul style="list-style-type: none"> <li>• Continue with the public awareness campaign, for elevating public awareness about the Corporation, DIS and TIPS.</li> <li>• Carry out the consumer behavioural study aimed at understanding the link between levels of public awareness and the likely behaviour of our target audiences in situations of uncertainty. The results of this study will be used to enhance our communications approaches and tactics.</li> </ul>
<b>Stakeholder engagement and corporate governance</b>	<ul style="list-style-type: none"> <li>• Enhance relationships with different stakeholders via specific communications strategies for each group.</li> <li>• Promote good corporate governance and demonstrate our leadership in this area.</li> <li>• Continue to provide support and leverage on the networks of the Financial Institutions Directors’ Education (FIDE) Programme alumni, FIDE FORUM, to connect with directors of financial institutions.</li> </ul>

### CORPORATE SCORECARD 2017 - 2019

The corporate initiatives for the planning period and the respective targets are set out in the following pages.

The financial plan and projections that include estimated resources for the plans are set out in pages 12 to 19 of this Corporate Plan. The progress of the initiatives against the targets will be reported in our Annual Report 2017.

2017 - 2019 PLAN

CORPORATE SCORECARD 2017 - 2019

Corporate Objectives		Corporate Initiatives	Targets		
			2017	2018	2019
Stakeholders	A Educated and informed stakeholders	1. Public awareness index:			
		a. General awareness of PIDM	63%	65%	67%
		b. General awareness of Deposit Insurance System (DIS)	53%	57%	60%
		c. General awareness of Takaful and Insurance Benefits Protection System (TIPS)	38%	41%	45%
		2. Integrated Communications Plan	Complete	Complete	Complete
	B Effective partnerships	3. PIDM's relationship with:			
		a. Bank Negara Malaysia (BNM)	Strong	Strong	Strong
		b. Member institutions and their industry associations	Satisfactory	Satisfactory	Satisfactory
		c. Ministries and other Government regulatory agencies	Strong	Strong	Strong
		d. Key suppliers and strategic partners	Strong	Strong	Strong
e. Deposit insurers and insurance guarantee schemes		Strong	Strong	Strong	
	f. Other key stakeholders	Satisfactory	Satisfactory	Satisfactory	
	4. Other international fora	Active participation	Active participation	Active participation	
Governance and Internal Processes	C Well-governed and well-managed organisation	5a. Best practices of governance adopted and maintained	Compliance	Compliance	Compliance
		5b. Laws and significant corporate policies and practices kept current and relevant and complied with	Full compliance and updated	Full compliance and updated	Full compliance and updated
		5c. Quality of management support to the Board	High satisfaction	High satisfaction	High satisfaction
		6a. PIDM Act	Review	Review	Review
		i. Resolution Planning-related drafting	Research and develop	Develop	Complete
D Robust risk assessment, monitoring, intervention and resolution capabilities	7a. Evaluation Model for DIS and TIPS	Complete	Simulate and review	Simulate and review	
	7b. Strategic Plan for Resolvability	Develop	Develop	Implement	
	7c. Resolution planning for financial institutions:				
	i. Resolution Planning Framework and Guidelines*	Review	Review	Consult	
	ii. Resolvability Assessment Framework*	Review	Review and enhance	Review and enhance	
	iii. Resolvability Rating Framework and Methodology for differential premium systems*	Research	Research	Develop	

\* Refer to Strategic Priority – Effective Resolution Regime on page 6 for further details

## 2017 - 2019 PLAN

## CORPORATE SCORECARD 2017 - 2019

Corporate Objectives		Corporate Initiatives	Targets		
			2017	2018	2019
D	<b>Robust risk assessment, monitoring, intervention and resolution capabilities</b>	7d. Claims management system, policies and procedures for insurer members:			
		i. Premium Reimbursement Information Management System	Implement	Maintain	Maintain
		ii. Claims Management System	Implement	Maintain	Maintain
		iii. Policy Holders Support Management System	Develop	Complete	Maintain
		iv. Payment Management System	Develop	Complete	Maintain
		7e. Regulations:			
		i. TIPS Information Regulations	Review	Implement	Monitor
		ii. Terms and Conditions of Membership Regulations – DIS and TIPS	Implement	Monitor	Monitor
		7f. Member institutions' compliance programme with PIDM legislation for insurer members	Develop	Develop	Implement
		8. FIDE FORUM, the Financial Institutions Directors' Education Programme alumni	Active support and participation	Active support and participation	Active support and participation
E	<b>Sound business and financial practices</b>	9. Reporting through:			
		a. Annual Report	Complete	Complete	Complete
		b. Corporate Plan	Complete	Complete	Complete
		10. Financial performance against approved budgets	±10% variance	±10% variance	±10% variance
		11. Internal Control and Risk Management Compliance	Strong	Strong	Strong
		12. Management Audit	Implement	Implement	Implement
		13a(i). Funding and Liquidity Adequacy Framework – Alternative funding arrangements	Develop	Implement	-
		13a(ii). Target Fund for TIPS – Takaful Funds	Develop	Implement	Review
		13b. Annual Information Technology Strategic Plan	Complete	Complete	Complete
		13c. Disaster Recovery Centre (DRC) and infrastructure	Test	Test	Test
13d. Corporate Information Security Management	Maintain	Maintain	Maintain		
F	<b>Competent and knowledgeable workforce</b>	14. Strategic Human Capital Management	Implement	Implement	Implement
G	<b>Conducive corporate environment</b>	15. Sustainable Engagement Index (survey conducted once every two years to gauge level of employee engagement)	80%	-	80%

## 2017 - 2019 PLAN

### FINANCIAL PLAN 2017

The following sets out the financial plan for 2017 and the resources needed to carry out the Corporation's planned strategic priorities and initiatives in order to continue to meet its mandate, vision and mission.

Our Income as well as Operating and Capital Expenditures Budget for 2017 are set out below.

#### (a) Income and Operating Expenditures Budget

	2017 Budget		2016 Forecast*		2016 Budget	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
<b>INCOME</b>						
Premiums and Levies	482,000	82	468,250	84	512,550	85
Investment Income	103,000	18	88,950	16	91,350	15
<b>Total Income</b>	<b>585,000</b>	<b>100</b>	<b>557,200</b>	<b>100</b>	<b>603,900</b>	<b>100</b>
<b>OPERATING EXPENDITURES</b>						
Employee Benefits	65,500	55	57,800	56	58,750	48
General and Administration	43,000	36	33,300	33	48,150	40
Communications	11,500	9	10,900	11	14,100	12
<b>Total Operating Expenditures</b>	<b>120,000</b>	<b>100</b>	<b>102,000</b>	<b>100</b>	<b>121,000</b>	<b>100</b>
<b>Net Surplus</b>	<b>465,000</b>		<b>455,200</b>		<b>482,900</b>	

#### (b) Capital Expenditures Budget

	2017 Budget		2016 Forecast*		2016 Budget	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
<b>CAPITAL EXPENDITURES</b>						
Motor Vehicle	-	-	300	4	450	4
Furniture, Fittings and Office Refurbishment	260	4	2,120	30	3,160	28
Computer Systems and Office Equipment	6,640	96	4,730	66	7,590	68
<b>Total Capital Expenditures</b>	<b>6,900</b>	<b>100</b>	<b>7,150</b>	<b>100</b>	<b>11,200</b>	<b>100</b>

\* 2016 Forecast = Actual (Jan - Nov 2016) + Forecast (Dec 2016)

## 2017 - 2019 PLAN

### (c) Commentary on Income, Operating and Capital Expenditures Budget

#### Income

- The budgeted income from premiums and levies for 2017 is based on the Differential Premium Systems (DPS) rate structure for member banks and the Differential Levy Systems (DLS) rate structure for insurer members, respectively.
- We have budgeted for the receipt of premiums of RM397 million from member banks in 2017. This is consistent with the expected moderate growth in the overall Total Insured Deposits (TID).
- We have budgeted for the receipt of levies of RM85 million from insurer members. This is consistent with the projected growth in Actuarial Valuation Liabilities (AVL) and Net Contributions (NC).
- Investment income is derived from the Corporation's financial assets, which primarily comprise high quality and liquid investment securities complemented with money market placements.
- The investment income for 2017 is budgeted at RM103 million based on a conservative projection of the Weighted Average Effective Yield Rate (WAEYR) that is consistent with the Overnight Policy Rate (OPR) announced by BNM in November 2016 as well as the average performance of the Malaysian Government Securities and BNM Papers.
- The increase in investment income is primarily driven by the growth in the base of investable funds. The impact of a slight increase in yield based on the recent market outlook for the medium-term Malaysian Government Securities, corporate bond, and Sukuk market will be minimal.

#### Operating Expenditures

The main cost drivers for the operating expenditures budget for 2017 are:

- Employee Benefits – Consistent with our long-term strategic human capital plan, the planned expenditures consist of annual compensation costs, annual salary increment and market adjustments for eligible employees for retention of internal talents, the impact of costs of new hires in 2017 and the expected increase in employee insurance and medical costs in line with the actual claims ratio for 2016 and the increase in the insurance premiums.
- General and Administration – In addition to the necessary day-to-day expenditures to ensure effective and efficient functioning of operations at both the main office and the DRC, professional and consultancy-related expenditures are budgeted to support the identified key corporate initiatives for the year, particularly the establishment of an effective resolution regime as well as the Corporation's operational readiness for intervention and failure resolution activities and payout.
- Communications – The planned expenditures support the effective implementation of key communications activities and public relations initiatives to enhance visibility and profiling of the Corporation, DIS and TIPS.

#### Capital Expenditures

The main cost drivers for the capital expenditures budget for 2017 are the replacement of aging hardware for core Information Technology (IT) systems, the development of interactive training applications to support the education and public awareness initiatives, enhancement of IT security and resilience systems, office security system as well as multimedia equipment.

## 2017 - 2019 PLAN

## (d) Pro Forma Statement of Financial Position

	<b>2017 Budget Total</b>	<b>2016 Forecast* Total</b>	<b>2016 Budget Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	12,900	14,000	15,000
Investments	3,500,500	3,036,300	3,062,994
Other assets	21,500	24,900	20,000
Property and equipment	47,100	30,900	30,000
<b>TOTAL ASSETS</b>	<b>3,582,000</b>	<b>3,106,100</b>	<b>3,127,994</b>
<b>LIABILITIES</b>			
Payables	27,900	17,000	10,750
<b>TOTAL LIABILITIES</b>	<b>27,900</b>	<b>17,000</b>	<b>10,750</b>
<b>FUNDS AND RESERVES</b>			
<b>Deposit Insurance Funds</b>			
Beginning balance	1,653,700	1,298,400	1,298,240
Surplus for the year	361,700	355,300	374,333
	2,015,400	1,653,700	1,672,573
<b>Takaful and Insurance Benefits Protection Funds</b>			
Beginning balance	1,435,400	1,335,500	1,336,104
Surplus for the year	103,300	99,900	108,567
	1,538,700	1,435,400	1,444,671
<b>TOTAL FUNDS AND RESERVES</b>	<b>3,554,100</b>	<b>3,089,100</b>	<b>3,117,244</b>
<b>TOTAL LIABILITIES, FUNDS AND RESERVES</b>	<b>3,582,000</b>	<b>3,106,100</b>	<b>3,127,994</b>

\* 2016 Forecast = Actual (Jan - Nov 2016) + Forecast (Dec 2016)

## 2017 - 2019 PLAN

**(e) Pro Forma Statement of Cash Flows**

	<b>2017 Budget</b>	<b>2016 Forecast*</b>	<b>2016 Budget</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Premium and levy receipts from member institutions	482,000	468,250	512,550
Receipts of investment income	115,670	110,349	105,000
Payments in the course of operations to suppliers and employees	(88,980)	(82,913)	(95,000)
<b>Net cash flows from operating activities</b>	<b>508,690</b>	<b>495,686</b>	<b>522,550</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investment securities	2,066,110	1,719,000	3,075,000
Purchase of investment securities	(2,554,000)	(2,238,100)	(3,577,550)
Dividend received from Insurance Guarantee Scheme Funds	-	35,031	-
Purchase of property and equipment	(21,900)	(12,450)	(20,000)
<b>Net cash flows used in investing activities</b>	<b>(509,790)</b>	<b>(496,519)</b>	<b>(522,550)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,100)</b>	<b>(833)</b>	<b>-</b>
Cash and cash equivalents at beginning of year	14,000	14,833	15,000
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>12,900</b>	<b>14,000</b>	<b>15,000</b>

\* 2016 Forecast = Actual (Jan - Nov 2016) + Forecast (Dec 2016)

## 2017 - 2019 PLAN

**FINANCIAL PROJECTIONS 2018 - 2019**

The financial projections for 2018 and 2019 have been primarily premised on our key corporate initiatives during the planning period, complemented by conservative forecasts and assumptions based on the Corporation's past trends in income and expenditures.

**(a) Pro Forma (Projected) Statement of Comprehensive Income**

	2017 Budget	Y-O-Y increase / (decrease)	2018 Projection	Y-O-Y increase / (decrease)	2019 Projection
	RM'000	(%)	RM'000	(%)	RM'000
<b>INCOME</b>					
Premiums and Levies	482,000	2	494,000	2	506,000
Investment Income	103,000	16	119,000	15	137,000
<b>Total Income</b>	<b>585,000</b>	<b>5</b>	<b>613,000</b>	<b>5</b>	<b>643,000</b>
<b>OPERATING EXPENDITURES</b>					
Employee Benefits	65,500	3	67,500	12	75,600
General and Administration	43,000	(1)	42,600	*	42,500
Communications	11,500	5	12,100	5	12,700
<b>Total Operating Expenditures</b>	<b>120,000</b>	<b>2</b>	<b>122,200</b>	<b>7</b>	<b>130,800</b>
<b>Net Surplus</b>	<b>465,000</b>	<b>6</b>	<b>490,800</b>	<b>4</b>	<b>512,200</b>

\* The amount is significantly below the rounding threshold

## 2017 - 2019 PLAN

### **Income**

Premiums and levies are projected to increase steadily at 2% per annum. The anticipated increase in premiums is in line with the projected moderate growth in TID. The increase in levies will be consistent with the growth in AVL and NC as per the growth projected for 2017.

The projected investment income for 2018 will increase by 16% from 2017 and will increase by 15% from 2018 to 2019 due to the increase in the base of investable funds. The WAEYR on return on investable fund is projected conservatively and is consistent with the OPR announced by BNM in November 2016 as well as the average performance of the Malaysian Government Securities and BNM Papers.

### **Operating Expenditures**

The key drivers for the expected operating expenditures in 2018 and 2019 are based on:

- the average annual increment in employee compensation costs and the upward trend in insurance and medical costs as recorded in previous years, and the additional headcount planned for 2018 and 2019 in line with the Corporation's strategic priorities;
- general and administration expenditures for maintaining operational effectiveness and supporting the day-to-day maintenance of the Corporation's operations at both the main office and the DRC, as well as expenses in relation to key initiatives during the planning period; and
- increases in communications expenditure that are consistent with the increase in advertising costs for television, print, radio and other media.

## 2017 - 2019 PLAN

## (b) Pro Forma (Projected) Statement of Financial Position

	<b>2017 Budget Total</b>	<b>2018 Projection Total</b>	<b>2019 Projection Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	12,900	16,100	13,400
Investments	3,500,500	3,985,300	4,485,200
Other assets	21,500	28,400	28,600
Property and equipment	47,100	48,100	49,900
<b>TOTAL ASSETS</b>	<b>3,582,000</b>	<b>4,077,900</b>	<b>4,577,100</b>
<b>LIABILITIES</b>			
Payables	27,900	33,000	20,000
<b>TOTAL LIABILITIES</b>	<b>27,900</b>	<b>33,000</b>	<b>20,000</b>
<b>FUNDS AND RESERVES</b>			
<b>Deposit Insurance Funds</b>			
Beginning balance	1,653,700	2,015,400	2,390,500
Surplus for the year	361,700	375,100	398,200
	2,015,400	2,390,500	2,788,700
<b>Takaful and Insurance Benefits Protection Funds</b>			
Beginning balance	1,435,400	1,538,700	1,654,400
Surplus for the year	103,300	115,700	114,000
	1,538,700	1,654,400	1,768,400
<b>TOTAL FUNDS AND RESERVES</b>	<b>3,554,100</b>	<b>4,044,900</b>	<b>4,557,100</b>
<b>TOTAL LIABILITIES, FUNDS AND RESERVES</b>	<b>3,582,000</b>	<b>4,077,900</b>	<b>4,577,100</b>

## 2017 - 2019 PLAN

**(c) Pro Forma (Projected) Statement of Cash Flows**

	<b>2017 Budget</b>	<b>2018 Projection</b>	<b>2019 Projection</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Premium and levy receipts from member institutions	482,000	494,000	506,000
Receipts of investment income	115,670	106,860	123,960
Payments in the course of operations to suppliers and employees	(88,980)	(105,000)	(115,000)
<b>Net cash flows from operating activities</b>	<b>508,690</b>	<b>495,860</b>	<b>514,960</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investment securities	2,066,110	3,850,200	4,350,400
Purchase of investment securities	(2,554,000)	(4,336,860)	(4,862,060)
Purchase of property and equipment	(21,900)	(6,000)	(6,000)
<b>Net cash flows used in investing activities</b>	<b>(509,790)</b>	<b>(492,660)</b>	<b>(517,660)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,100)</b>	<b>3,200</b>	<b>(2,700)</b>
Cash and cash equivalents at beginning of year	14,000	12,900	16,100
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>12,900</b>	<b>16,100</b>	<b>13,400</b>



**SECTION**

**3**



**PERFORMANCE AGAINST  
PREVIOUS CORPORATE PLAN**

Highlights of Our Key Achievements in 2016

Snapshot of 2016 Corporate Scorecard

Past Financial Performance – Year 2016

# PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

The Corporation has achieved significant progress in relation to the Corporate Plan 2016 - 2018, having successfully implemented the key initiatives in line with our strategic priorities in respect of human capital, resolution planning and stakeholder engagement.

## HIGHLIGHTS OF OUR KEY ACHIEVEMENTS IN 2016



### Stakeholders

- Public awareness initiatives:
  - continued to partner with the famous cartoonist, Lat, for our advertising campaign including television commercials, radio and print advertisements, receiving the Marketing Excellence Award 2016 in two categories, namely, Excellence in Government Sector Marketing (Silver) and Excellence in Marketing Communications / Public Relations (Bronze);
  - revised the DIS and TIPS information brochures as well as our membership decal utilising Lat's artwork; and
  - organised a PIDM carnival in Port Dickson, Negeri Sembilan as part of our Corporate Outreach programme.
- Fulfilled the statutory deadline and submitted the 2015 Annual Report to the Minister of Finance by 31 March 2016. The Annual Report was tabled in Dewan Rakyat and Dewan Negara on 5 April and 3 May 2016 respectively.
- Continued to participate in international fora by attending, organising and hosting various briefings, seminars, talks and conferences at both local and international levels.



### Governance and Internal Processes

- Recovery and resolution planning – completed the draft Recovery and Resolution Planning Framework as well as the Resolution Planning Framework; drafted the Resolution Planning Guidelines and information package for the purpose of pilot exercises to develop resolution plans for the pilot member banks; and developed the draft Resolvability Assessment Framework.
- Implemented the enhanced Differential Levy Systems Framework for insurance companies.
- Implemented the Target Fund for Life Insurance Protection Fund.
- Demonstrated our ability to effect a three-day payout of a mid-sized member bank through a payout simulation.
- Continued work on funding arrangements for liquidity purposes.
- Submitted the draft Terms and Conditions of Membership Regulations for DIS and TIPS to the Attorney General's Chambers for gazetting.
- Completed the Corporate Information Security Programme and conducted an internal assessment for the Corporation to be ISO 27001:2013 certification ready.
- Completed the construction of the DRC.
- Increased our scholarship recipients from 10 to 20 external scholars as part of Corporate Social Responsibility initiatives.
- Continued to support FIDE FORUM.



### Learning and Growth

- Enhanced the Competency Model to meet the Corporation's changing needs. The model will be used to integrate the competencies with key human capital processes for the purpose of succession and career management, leadership development as well as training and development for all employees.
- Developed the career management strategy for employees as part of our talent management strategy to engage, retain and reward our talent.
- Developed a Learning Organisation Framework that describes the building blocks, key strategies and action plans for a learning organisation.
- Implemented the action plans to address the feedback from the 2015 Employee Voice Survey.
- Continued to reinforce our corporate values and enhance employee engagement.

## PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

### SNAPSHOT OF 2016 CORPORATE SCORECARD

The forecast results are summarised below. All of the planned key initiatives have been completed within the approved financial plan with 10 initiatives progressing as scheduled.

**A** Target achieved, initiative completed

**F** Not yet initiated / future date

**P** Progressing as scheduled; and / or within budget

**D** Deferred due to reprioritisation

Corporate Objectives		Corporate Initiatives	Target 2016	Forecast Results Dec 2016
Stakeholders	<b>A</b> <b>Educated and informed stakeholders</b>	1. Public awareness index:		
		a. General awareness of PIDM	58%	<b>P<sup>1</sup></b>
		b. General awareness of Deposit Insurance System (DIS)	46%	<b>P<sup>1</sup></b>
		c. General awareness of Takaful and Insurance Benefits Protection System (TIPS)	28%	<b>P<sup>1</sup></b>
		2. Successful completion of:		
	a. Integrated Communications Plan	Complete	<b>A</b>	
	<b>B</b> <b>Effective partnerships</b>	3. PIDM's relationship with:		
		a. Bank Negara Malaysia (BNM)	Strong	<b>A</b>
		b. Member institutions and their industry associations	Satisfactory	<b>A</b>
		c. Ministries and other Government regulatory agencies	Strong	<b>A</b>
d. Key suppliers and strategic partners		Strong	<b>A</b>	
e. Deposit insurers and insurance guarantee schemes		Strong	<b>A</b>	
f. Other key stakeholders	Satisfactory	<b>A</b>		
4. Other international fora	Active participation	<b>A</b>		
<b>C</b> <b>Well-governed and well-managed organisation</b>	5a. Best practices of governance adopted and maintained	Compliance	<b>A</b>	
	5b. Laws and significant corporate policies and practices complied with, and kept current and relevant	Full compliance and updated	<b>A</b>	
	5c. Quality of management support to the Board	High satisfaction	<b>A</b>	
	6. The Financial Institutions Directors' Education Programme alumni, FIDE FORUM	Active support and participation	<b>A</b>	
	7. Successful completion of:			
	a. PIDM legislation kept current and relevant	Review	<b>A</b>	

## PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

Corporate Objectives		Corporate Initiatives	Target 2016	Forecast Results Dec 2016
 <b>Governance and Internal Processes</b>	<b>D</b> <b>Robust risk assessment, monitoring, intervention and resolution capabilities</b>	8. Successful completion of:		
		a. Early Warning System for TIPS	Research	<b>A</b>
		b. Evaluation Model for DIS and TIPS	Develop	<b>P<sup>2</sup></b>
		c. Intervention and resolution plans for complex financial institutions:		
		i. Resolution Planning Framework and Guidelines	Develop and complete	<b>A</b>
		ii. Resolvability Assessment Framework	Develop and complete	<b>A</b>
		d. Claims management system, policies and procedures for insurer members:		
		i. Premium Reimbursement Information Management System	Develop	<b>P<sup>3</sup></b>
		ii. Claims Management System	Develop	<b>P<sup>4</sup></b>
		iii. Policy Holders Support Management System	-	<b>F<sup>5</sup></b>
		iv. Payment Management System	-	<b>F<sup>5</sup></b>
		e. Regulations:		
		i. TIPS Information Regulations	Implement	<b>D<sup>6</sup></b>
		ii. Terms and Conditions of Membership Regulations – DIS and TIPS	Monitor	<b>P<sup>7</sup></b>
		f. Member institutions' compliance programme with PIDM legislation for insurer members	Develop	<b>P<sup>8</sup></b>
<b>E</b> <b>Sound business and financial practices</b>	9. Reporting through:			
	a. Annual Report	Complete	<b>A</b>	
	b. Corporate Plan	Complete	<b>A</b>	
	10. Financial performance against approved budgets	±10% variance	<b>A<sup>9</sup></b>	
	11. Internal Control and Risk Management Compliance	Strong	<b>A</b>	

## PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

Corporate Objectives		Corporate Initiatives	Target 2016	Forecast Results Dec 2016	
 <b>Governance and Internal Processes</b>	<b>E</b>	<b>Sound business and financial practices</b>	12. Successful completion of:		
			a(i). Target Fund for TIPS:		
			i(1). General Fund	Review	<b>A</b>
			i(2). Life Fund	Implement	<b>A</b>
			i(3). Takaful Funds	Research	<b>A</b>
			a(ii). Alternative funding arrangements	Complete	<b>A</b> <sup>10</sup>
			b. Annual Information Technology Strategic Plan	Complete	<b>P</b> <sup>11</sup>
			c. Disaster Recovery Centre (DRC) and infrastructure	Complete	<b>A</b>
		d. Corporate Information Security Management	Maintain	<b>A</b>	
 <b>Learning and Growth</b>	<b>F</b>	<b>Competent and knowledgeable workforce</b>	13. Strategic Human Capital Plan	Develop	<b>A</b>
	<b>G</b>	<b>Conducive corporate environment</b>	14. Sustainable Engagement Index (survey conducted once every two years to gauge level of employee engagement)	-	<b>F</b> <sup>12</sup>

<sup>1</sup> The consumer survey was carried out in quarter 4, 2016 and the results will be reported in the Annual Report 2016.

<sup>2</sup> The development of the Evaluation Model is progressing and is expected to be completed in 2017.

<sup>3</sup> The development of the Premium Reimbursement Information Management System is progressing as scheduled.

<sup>4</sup> The development of the Claims Management System is progressing as scheduled.

<sup>5</sup> This initiative has been planned for development in 2017 in line with the 2017 - 2019 Plan.

<sup>6</sup> This initiative has been reprioritised, to conduct a comprehensive assessment to enhance the regulations following consultation with the insurance industry and members of the public.

<sup>7</sup> The revised regulations is expected to be gazetted in 2017.

<sup>8</sup> The development of the framework has been completed and the compliance programme will be developed upon completion of the TIPS Information Regulations.

<sup>9</sup> Achieved positive variances for both operating and capital expenditures.

<sup>10</sup> Research and development in respect of this initiative has been completed. A comprehensive plan to bring together the various possible arrangements will be developed in line with the 2017 - 2019 Plan including to take into account resolution planning developments.

<sup>11</sup> Completed the key strategic and operational initiatives that have been prioritised in PIDM's IT Strategic Plan. The following operational systems have been rescheduled for the following reasons:

- the development of the Enterprise Risk Assessment and Auditing systems and a corporate performance management dashboard for the executive information system. Further research is being recommended in order to ensure optimisation of data integration between risk management and audit with other functions such as planning and compliance; and
- the development of the Human Resource Information System (HRIS) dashboard for the executive information system. This has been reprioritised pending the enhancements to the Training and Development Management System as well as the performance management module in the HRIS.

<sup>12</sup> This initiative will be conducted in 2017 in line with the 2017 - 2019 Plan.

## PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

### PAST FINANCIAL PERFORMANCE – YEAR 2016

#### (a) Operating Results

	2016 Forecast*	2016 Budget	Variance	
	RM'000	RM'000	RM'000	(%)
<b>INCOME</b>				
Premiums and Levies	468,250	512,550	(44,300)	(9)
Investment Income	88,950	91,350	(2,400)	(3)
<b>Total Income</b>	<b>557,200</b>	<b>603,900</b>	<b>(46,700)</b>	<b>(8)</b>
<b>OPERATING EXPENDITURES</b>				
Employee Benefits	57,800	58,750	950	2
General and Administration	33,300	48,150	14,850	31
Communications	10,900	14,100	3,200	23
<b>Total Operating Expenditures</b>	<b>102,000</b>	<b>121,000</b>	<b>19,000</b>	<b>16</b>
<b>Net Surplus</b>	<b>455,200</b>	<b>482,900</b>	<b>(27,700)</b>	<b>(6)</b>

#### (b) Capital Expenditures

	2016 Forecast*	2016 Budget	Variance	
	RM'000	RM'000	RM'000	(%)
<b>CAPITAL EXPENDITURES</b>				
Motor Vehicle	300	450	150	33
Furniture, Fittings and Office Refurbishment	2,120	3,160	1,040	33
Computer Systems and Office Equipment	4,730	7,590	2,860	38
<b>Total Capital Expenditures</b>	<b>7,150</b>	<b>11,200</b>	<b>4,050</b>	<b>36</b>

\* 2016 Forecast = Actual (Jan - Nov 2016) + Forecast (Dec 2016)

## PERFORMANCE AGAINST PREVIOUS CORPORATE PLAN

### (c) Commentary on 2016 Financial Performance

#### Net Surplus

The Corporation forecasts an operational net surplus of RM455.2 million, which is lower than the 2016 budget of RM482.9 million. The variance of RM27.7 million or 6% is primarily due to lower than expected premium or levy collection. The variance was also softened by significantly lower operating expenses.

#### Income

Total premiums and levies collected from member institutions during the year was RM468.2 million, which was lower than budget by RM44.3 million or 9%. This was mainly due to the more favourable premium or levy categories for some of the member institutions compared to budget, arising from the member institutions' efforts in strengthening their capital position amid the challenging operating environment.

The overall investment income for the year is forecasted at RM89 million, which is RM2.4 million or 3% lower than budget. This is due to lower WAEYR by 25 basis points compared to the budgeted WAEYR of 3.25%. This is consistent with the overall average performance of the Malaysia Government Securities and the OPR announced by BNM in November 2016.

#### Operating Expenditures

The total forecast operating expenditures of RM102 million is lower than budget by 16% or RM19 million. The variance is primarily attributable to lower professional and consultancy fees in relation to the Recovery and Resolution Planning project as the cost for the agreed project scope was significantly lower than budget, thereby driving the favourable variance. In addition, the expenses relating to the DRC was also lower than budget due to the deferment of the commissioning of the DRC.

With regard to communications, lower expenditures were incurred on public relations and advertising due to the utilisation of existing advertising materials following the success of the Lat campaign. In addition, the development of training materials has been deferred to 2017 due to the reprioritisation of the TIPS Information Regulations.

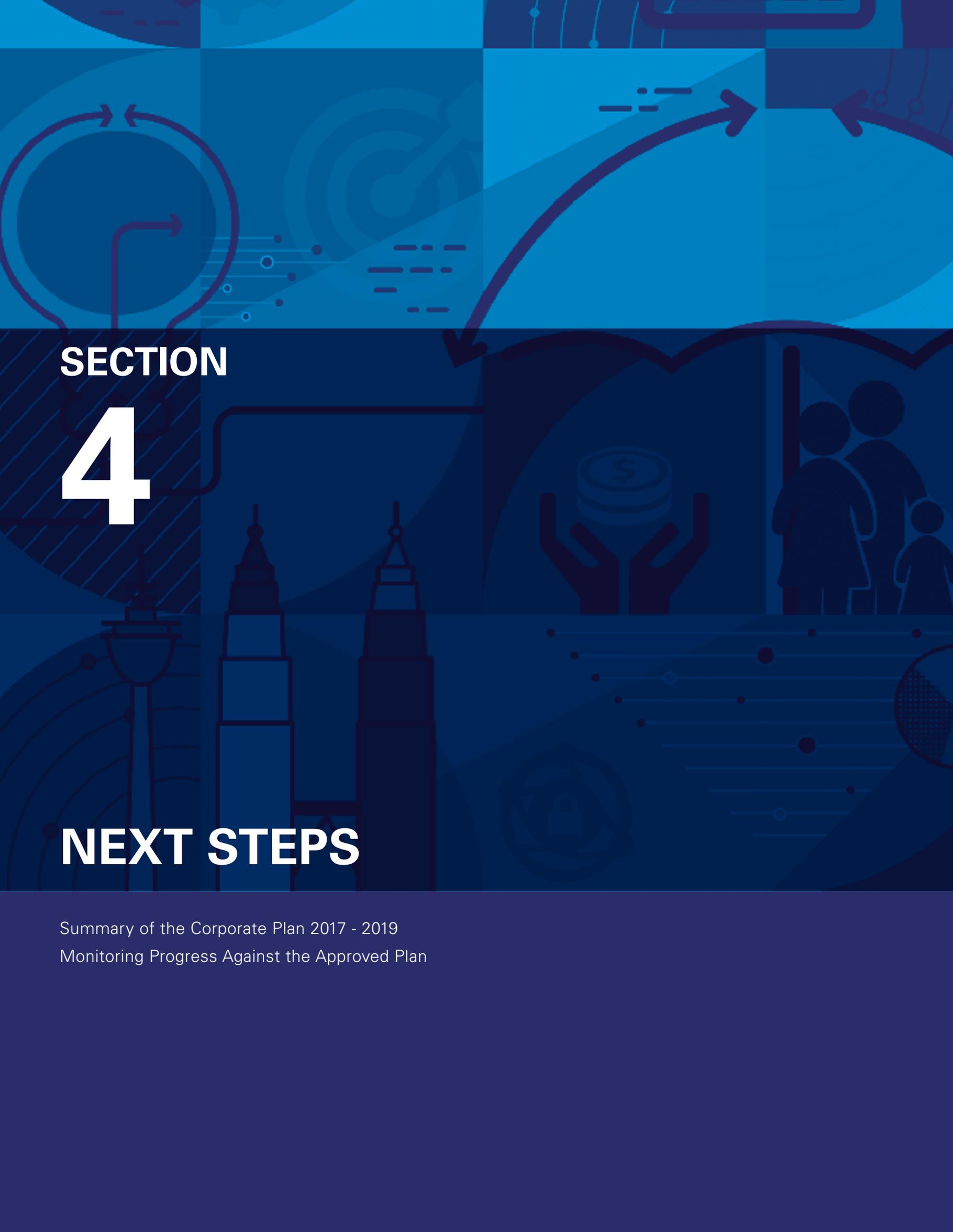
#### Capital Expenditures

Capital expenditures is expected to be RM7.1 million, which is 36% or RM4 million lower than budget mainly due to savings arising from the procurement of the interior fit-out for the DRC and rescheduling of several IT-related initiatives such as the IT infrastructure resilience enhancement project and other operational administrative systems.

#### Cost Allocation Methodology

During the year, we have tracked, differentiated, captured and allocated operating and capital expenditures between the two compensation systems and the respective six Funds. For 2016, the allocation of operating expenditures for DIS and TIPS were 78% and 22% respectively, whilst capital expenditures were 83% and 17% respectively.

In summary, we have achieved positive variances for both operating and capital expenditures as we continue to practise prudent financial management and sound internal control. During the year, we carried out our planned key initiatives as set out in our Corporate Plan and all the initiatives have been completed within the approved financial plan.



**SECTION**

**4**

**NEXT STEPS**

Summary of the Corporate Plan 2017 - 2019  
Monitoring Progress Against the Approved Plan

## NEXT STEPS

### **SUMMARY OF THE CORPORATE PLAN 2017 - 2019**

The Summary of the Corporate Plan 2017 - 2019 is a corporate level plan, summarising the corporate initiatives to be undertaken during the planning period, for public dissemination. These initiatives will be cascaded throughout the Corporation for the development of the individual Key Performance Indicators (KPIs). The Corporation's pay and rewards programme is linked to the achievement of the annual targets set out in this Plan.

### **MONITORING PROGRESS AGAINST THE APPROVED PLAN**

The progress of the 2017 - 2019 initiatives will be monitored and reported to both the Audit Committee and the Board of Directors. The report also highlights the key financial results and variances. As part of the monitoring process on the progress towards the achievement of the targets, financial forecasts are also prepared.

We will continuously monitor our environment to ensure that the Corporate Plan remains relevant. Where appropriate, revisions may be made to the Corporate Plan when there are significant adverse developments that may result in changes to the assumptions or priorities.



**SECTION**

**5**

**CONCLUSION**

Corporate Plan Derailment  
Summary

# CONCLUSION

## CORPORATE PLAN DERAILMENT

An intervention or failure resolution of a troubled member institution or the loss of key employees could necessitate a reprioritisation of our planned initiatives and a refocussing of our available resources for the task at hand. To manage the potential risks of derailment, we have developed the following action plans to:

- reprioritise our initiatives and realign our available resources while maintaining operations in all critical functions should an intervention or failure resolution occur during the planning period; and
- continue to monitor the succession plan for key positions to mitigate the impact from the sudden loss of key employees.

Whilst such events are not totally within our control, we will continue to monitor our operating environment to ensure that the risks that could derail us from achieving our Plan are managed and their effects mitigated.

## SUMMARY

The establishment of an effective resolution regime in Malaysia will support the robustness of the financial system and its accompanying economic growth. Ultimately, it is envisaged that, as part of this regime, member institutions will each have a specific resolution plan or “living will” and in establishing effective resolution plans, impediments (if any) to its effective resolution will be mitigated.

Throughout the planning period, the Corporation’s Resolution Planning Framework will be tested and refined through pilot exercises with specific institutions. Once this Framework has been finalised and consulted upon, the final regulatory requirements will set the expectations and guide the member institutions to develop their resolution plans, enabling each member institution to be resolvable. On the basis of these resolution plans, the Corporation will also implement resolvability assessments for each member institution, applying regulatory incentives as appropriate.

To successfully implement this challenging but significant initiative that will reinforce the country’s financial system stability, the Corporation will carry out consultations and is committed to working closely and collaboratively with the industry, other financial safety net players and relevant stakeholders, both domestically and internationally.

The achievement of the Corporation’s strategic and long-term goals including its aspiration for an effective resolution regime for the nation also depends on two critical elements, as highlighted in our strategic priorities – the Corporation’s employees and stakeholder management.

The Corporation’s human capital management strategies and programmes are designed to attract, recruit, develop, reward, and retain a highly skilled, diverse, results-oriented, and continually learning and agile workforce. These strategies are to ensure that our employees have the skills and ability, and are fully engaged in fulfilling current and future capability needs, as well as to address leadership and succession needs.

Stakeholder engagement remains essential for effective execution of the Corporation’s mandate, vision and mission, and will continue – not only with the public, but also with the Corporation’s key stakeholders, namely, member institutions, strategic partners and other financial safety net players, both domestically and internationally.

In conclusion, we believe that our strategic priorities will support the fulfilment of our vision and mandate. Our initiatives for each strategic priority will advance PIDM’s sustainability and continuing success over the long term. These are important steps towards achieving the long-term goals of the Corporation and ultimately, towards contributing to the stability of the nation’s financial system.



# APPENDIX

The Corporation

Member Institutions

Board of Directors

Executive Management Committee

Strategic Management Framework

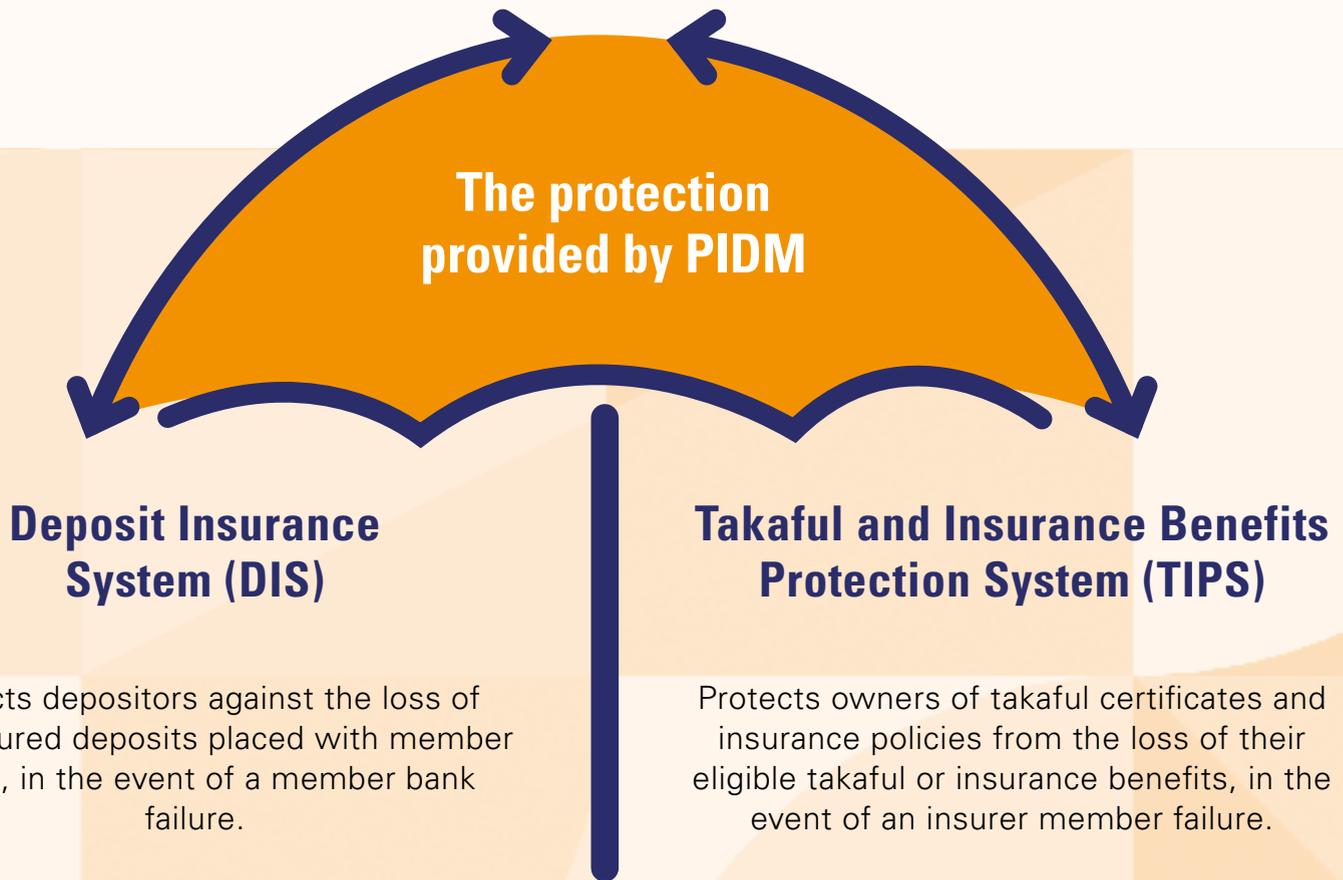
Contact Details

# THE CORPORATION

PIDM is a statutory body established in 2005 under the Malaysia Deposit Insurance Corporation Act (PIDM Act). Our role under the PIDM Act is to administer and provide deposit insurance to protect depositors against the loss of part or all of their deposits as well as takaful and insurance benefits protection for owners of takaful certificates and insurance policies in the event of a failure of a member institution. Further, PIDM is legislatively empowered to act as the resolution authority for its member institutions.

As an integral part of the national financial safety net, we have wide-ranging powers to promote and contribute to the stability of the financial system, to provide incentives for sound risk management, to intervene early and resolve troubled member institutions and to act in the best interests of depositors and policy owners.

PIDM reports to the Parliament through the Minister of Finance. We are also known as the Malaysia Deposit Insurance Corporation, especially within the international context.



# MEMBER INSTITUTIONS

PIDM's member institutions comprise:

- commercial and Islamic banks, including domestic and locally incorporated foreign banks, licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; and
- insurance companies licensed under the Financial Services Act 2013 to conduct life and / or general insurance business in Malaysia and takaful operators licensed under the Islamic Financial Services Act 2013 to conduct family and / or general takaful business in Malaysia.

As at 31 December 2016, PIDM's member institutions are as follows:

## COMMERCIAL BANKS

1. Affin Bank Berhad
2. Alliance Bank Malaysia Berhad
3. AmBank (M) Berhad
4. Bangkok Bank Berhad
5. Bank of America Malaysia Berhad
6. Bank of China (Malaysia) Berhad
7. Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad \*
8. BNP Paribas Malaysia Berhad \*
9. CIMB Bank Berhad
10. Citibank Berhad \*
11. Deutsche Bank (Malaysia) Berhad \*
12. Hong Leong Bank Berhad
13. HSBC Bank Malaysia Berhad
14. India International Bank (Malaysia) Bhd
15. Industrial and Commercial Bank of China (Malaysia) Berhad
16. J.P. Morgan Chase Bank Berhad
17. Malayan Banking Berhad
18. Mizuho Bank (Malaysia) Berhad
19. National Bank of Abu Dhabi Malaysia Berhad
20. OCBC Bank (Malaysia) Berhad
21. Public Bank Berhad
22. RHB Bank Berhad
23. Standard Chartered Bank Malaysia Berhad
24. Sumitomo Mitsui Banking Corporation Malaysia Berhad
25. The Bank of Nova Scotia Berhad
26. The Royal Bank of Scotland Berhad
27. United Overseas Bank (Malaysia) Bhd \*

## ISLAMIC BANKS

1. Affin Islamic Bank Berhad
2. Alliance Islamic Bank Berhad
3. Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
4. AmBank Islamic Berhad
5. Asian Finance Bank Berhad
6. Bank Islam Malaysia Berhad
7. Bank Muamalat Malaysia Berhad
8. CIMB Islamic Bank Berhad
9. Hong Leong Islamic Bank Berhad
10. HSBC Amanah Malaysia Berhad
11. Kuwait Finance House (Malaysia) Berhad
12. Maybank Islamic Berhad
13. OCBC Al-Amin Bank Berhad
14. Public Islamic Bank Berhad
15. RHB Islamic Bank Berhad
16. Standard Chartered Saadiq Berhad

## INSURANCE COMPANIES

1. AIA Bhd.
2. AIG Malaysia Insurance Berhad
3. Allianz General Insurance Company (Malaysia) Berhad
4. Allianz Life Insurance Malaysia Berhad
5. AmGeneral Insurance Berhad
6. AmMetLife Insurance Berhad
7. AXA Affin General Insurance Berhad
8. AXA Affin Life Insurance Berhad
9. Berjaya Sompoo Insurance Berhad
10. Chubb Insurance Malaysia Berhad (formerly known as ACE Jerneh Insurance Berhad)
11. Etiqa Insurance Berhad
12. Gibraltar BSN Life Berhad
13. Great Eastern Life Assurance (Malaysia) Berhad

14. Hong Leong Assurance Berhad
15. Liberty Insurance Berhad
16. Lonpac Insurance Bhd
17. Manulife Insurance Berhad
18. MCIS Insurance Berhad
19. MPI Generali Insurans Berhad
20. MSIG Insurance (Malaysia) Bhd.
21. Overseas Assurance Corporation (Malaysia) Berhad
22. Pacific & Orient Insurance Co. Berhad
23. Progressive Insurance Bhd
24. Prudential Assurance Malaysia Berhad
25. QBE Insurance (Malaysia) Berhad
26. RHB Insurance Berhad
27. The Pacific Insurance Berhad
28. Sun Life Malaysia Assurance Berhad
29. Tokio Marine Insurans (Malaysia) Berhad
30. Tokio Marine Life Insurance Malaysia Bhd.
31. Tune Insurance Malaysia Berhad
32. Zurich Insurance Malaysia Berhad

## TAKAFUL OPERATORS

1. AIA Public Takaful Bhd.
2. AmMetLife Takaful Berhad
3. Etiqa Takaful Berhad
4. Great Eastern Takaful Berhad
5. Hong Leong MSIG Takaful Berhad
6. HSBC Amanah Takaful (Malaysia) Berhad
7. Prudential BSN Takaful Berhad
8. Sun Life Malaysia Takaful Berhad
9. Syarikat Takaful Malaysia Berhad
10. Takaful Ikhlas Berhad
11. Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad)

\* denotes that this bank provides Islamic banking services under the Skim Perbankan Islam (SPI). SPI is defined by Bank Negara Malaysia as the Islamic banking scheme provided by licensed institutions to conduct banking business based on Islamic principles

## BOARD OF DIRECTORS

PIDM is governed by a nine-member Board of Directors (Board), with representation from the public and private sectors. The Board is responsible for the conduct of the business and affairs of PIDM.

A non-executive Chairman heads the Board. Other members of the Board comprise two ex officio Directors, namely, the Governor of Bank Negara Malaysia and the Secretary General of the Treasury, Ministry of Finance, and six non-ex officio Directors, with two from the public sector or with public sector experience, and four from the private sector. Under the PIDM Act, the Chairman must have relevant private sector experience. All non-ex officio members, including the Chairman, are appointed by the Minister of Finance.



**Tan Sri Datuk Dr. Abdul Samad Haji Alias**  
Chairman



**Datuk Seri Muhammad Ibrahim**  
Ex Officio Director



**Tan Sri Dr. Mohd Irwan Serigar Abdullah**  
Ex Officio Director



**Datuk Seri Dr. Rahamat Bivi Yusoff**  
Public Sector Director



**Dato Dr. Nik Ramlah Mahmood**  
Public Sector Director



**Mr. George Anthony David Dass**  
Private Sector Director



**Mr. Alex Foong Soo Hah**  
Private Sector Director



**Encik Mohamad Abdul Halim Ahmad**  
Private Sector Director



**Dato' Dr. Gan Wee Beng**  
Private Sector Director

# EXECUTIVE MANAGEMENT COMMITTEE

PIDM's Executive Management Committee (EMC) is chaired by the Executive General Manager and General Counsel who is not a member of the Board. The Chief Executive Officer is an ex officio member of the EMC. The EMC is a forum for the discussion of issues relating to the management and day-to-day operations of PIDM. Its members comprise the Heads of Division who are responsible for managing the day-to-day business and affairs of PIDM, and for supporting the Board in fulfilling its governance responsibilities. The EMC is intended to facilitate effective communications, teamwork, adaptability to change and effective collaboration throughout all areas of PIDM, as well as to serve as a channel for information to all employees.

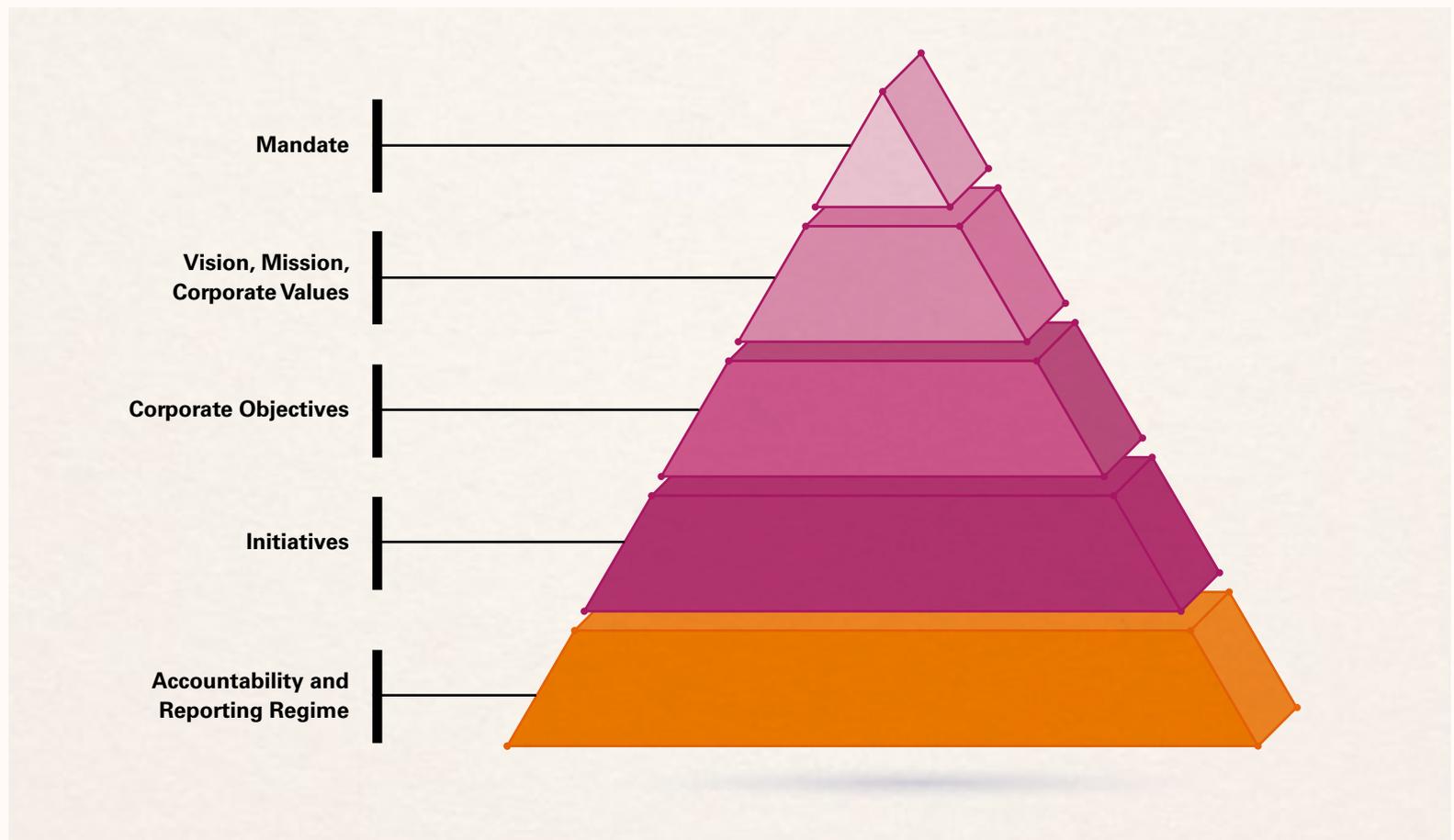
1. **Jean Pierre Sabourin**  
Chief Executive Officer
2. **Lim Yam Poh**  
Executive General Manager and General Counsel
3. **Rafiz Azuan Abdullah**  
Executive General Manager
4. **Lee Yee Ming**  
Senior General Manager, Resolution Planning
5. **Affeiz Abdul Razak**  
Chief Risk Officer and General Manager,  
Enterprise Risk Management
6. **Lim Lee Na**  
Corporate Secretary
7. **Noorida Baharuddin**  
Chief Financial Officer and General Manager,  
Finance and Administration
8. **Wan Ahmad Ikram Wan Ahmad Lotfi**  
Chief Internal Auditor and General Manager,  
Audit and Consulting Services
9. **Afiza Abdullah**  
General Manager, Policy and International
10. **Chua Ee Leen**  
General Manager, Strategic Planning
11. **Helena Prema John**  
General Manager, Human Capital
12. **Lim Kong Kuan**  
General Manager, Intervention and Failure Resolution
13. **Lim Tai Ching**  
General Manager, Legal
14. **Mohd Izazee Ismail**  
General Manager, Insurance, Risk Assessment and Monitoring
15. **Syed Mohammed Iddid Dato' Syed Ahmed Iddid**  
General Manager, Communications and Public Affairs



# STRATEGIC MANAGEMENT FRAMEWORK

Our strategic management pyramid demonstrates how we build our Corporate Plan by aligning our initiatives to the corporate objectives to achieve our vision and mission and ultimately, fulfil our mandate. The accountability and reporting regime at the bottom of the pyramid entails regular monitoring and reporting of our progress against the targets set in the Corporate Plan. This is in line with our commitment towards greater accountability and transparency in meeting our mandate.

An overview of our strategic management framework is described below.



## MANDATE

The objects of the Corporation are to:

- (a) administer a deposit insurance system and a takaful and insurance benefits protection system;
- (b) provide insurance against the loss of part or all of deposits for which a deposit-taking member is liable and provide protection against the loss of part or all of takaful or insurance benefits for which an insurer member is liable;
- (c) provide incentives for sound risk management in the financial system; and
- (d) promote or contribute to the stability of the financial system.

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

## VISION

To be a best practice financial consumer protection and resolution authority.

## MISSION

To execute our mandate effectively, with a commitment to make a difference to our community and our employees.

## STRATEGIC MANAGEMENT FRAMEWORK

### CORPORATE VALUES

PIDM’s employees uphold the five Corporate Values and continuously strive to meet the highest business and ethical standards in all aspects of their work.

 <p><b>Financial Stewardship</b></p>	<p>PIDM shall exercise financial probity in the management of its operations.</p>
 <p><b>Excellence and Professionalism</b></p>	<p>PIDM promotes excellence and professionalism in the way it conducts its business and affairs. Employees are expected to:</p> <ul style="list-style-type: none"> <li>• act professionally;</li> <li>• be performance driven;</li> <li>• take intelligent risks to find creative and innovative solutions;</li> <li>• strive to achieve excellence in all aspects of work;</li> <li>• accept responsibility for their actions; and</li> <li>• take accountability for achieving the desired outcomes.</li> </ul>
 <p><b>Respect and Fairness</b></p>	<p>Employees shall treat each other with mutual respect and fairness where they shall:</p> <ul style="list-style-type: none"> <li>• value and respect diversity of ideas and opinions;</li> <li>• build relationships with others based on trust and respect; and</li> <li>• respect the feelings of others.</li> </ul> <p>PIDM shall manage and support its employees in a fair and consistent manner where it shall:</p> <ul style="list-style-type: none"> <li>• provide an environment where employees are given equal opportunities and can perform optimally;</li> <li>• ensure that employees are considered for advancement according to their ability, work performance and interests;</li> <li>• delegate appropriately with defined authority and responsibility;</li> <li>• encourage innovation and work in a team-based environment; and</li> <li>• communicate expectations and monitor performance.</li> </ul>
 <p><b>Integrity and Trustworthiness</b></p>	<p>Employees will adhere to the highest ethical standards in performing their duties and responsibilities. They shall:</p> <ul style="list-style-type: none"> <li>• act and negotiate in good faith;</li> <li>• display the highest level of integrity; and</li> <li>• create an atmosphere of trust and confidence.</li> </ul>
 <p><b>Communications and Teamwork</b></p>	<p>Employees will maintain open communications and work cooperatively towards the achievement of PIDM’s mandate. Employees will collaborate effectively with others to achieve common organisational goals where they shall:</p> <ul style="list-style-type: none"> <li>• participate actively;</li> <li>• provide and solicit input;</li> <li>• acknowledge the contributions of others;</li> <li>• communicate clearly; and</li> <li>• be open and accessible to stakeholders.</li> </ul>

## STRATEGIC MANAGEMENT FRAMEWORK

### CORPORATE OBJECTIVES

Our Corporate Objectives are based on three perspectives, namely Stakeholders, Governance and Internal Processes, and Learning and Growth.



Stakeholders

#### **Educated and informed stakeholders**

Well-informed stakeholders are integral to the effectiveness of the Deposit Insurance System and the Takaful and Insurance Benefits Protection System. We will continue to engage with all stakeholders and the general public and educate them through our comprehensive public awareness campaigns and initiatives as well as consult extensively with our key stakeholders when developing our regulations and guidelines.

#### **Effective partnerships**

Given our business model, effective partnerships are critical to the fulfilment of our mandate. We will continue to collaborate closely with our strategic partner Bank Negara Malaysia, other regulators, international deposit insurers and insurance guarantee schemes as well as key suppliers. We will also continue to maintain satisfactory relationships with our member institutions and their industry associations.



Governance and Internal Processes

#### **Well-governed and well-managed organisation**

We demonstrate that we are well governed and well managed through our sound business conduct and governance practices, as well as by adopting effective enterprise-wide risk management and internal control frameworks. To achieve this, we are guided by benchmarking ourselves against leading governance and management practices.

#### **Robust risk assessment, monitoring, intervention and resolution capabilities**

As readiness remains a key focus of the Corporation, we will continue to maintain robust risk assessment and monitoring capabilities, as well as to build capacity and capabilities to effectively manage intervention and failure resolution activities. We also provide incentives for sound risk management in the financial system through our Differential Premium Systems, Differential Levy Systems and related policies, regulations and guidelines. In addition, we continue to support the initiatives of the FIDE FORUM, the Financial Institutions Directors' Education Programme alumni, which is geared to strengthening the quality of corporate governance in financial institutions.

#### **Sound business and financial practices**

To effectively administer our Deposit Insurance System and Takaful and Insurance Benefits Protection System, we continue to maintain sound policies, processes, procedures and infrastructure in order to remain current and relevant. The sound practices that govern our operations are based on benchmarking ourselves against relevant international best practices. We will also continue to build on our capacity and capabilities to ensure operational excellence so that we can fulfil our roles and responsibilities effectively.



Learning and Growth

#### **Competent and knowledgeable workforce**

Our people are our most important asset. We offer competitive compensation packages and programmes to attract and retain talent with the right skills, experience and attitude. We are committed to provide employees with opportunities for continuous learning and development to enhance their skills and expertise, in order for them to achieve their full potential.

#### **Conducive corporate environment**

We foster a conducive corporate culture and environment by instilling our corporate values as well as providing a safe, healthy, harassment-free work environment and promoting work-life balance.

## CONTACT DETAILS



### TOLL FREE INFORMATION LINE

1-800-88-1266  
Mondays to Fridays  
8.30 am to 5.30 pm

### GENERAL LINE

603 - 2173 7436  
603 - 2265 6565



### FAX

603 - 2173 7527  
603 - 2260 7432



### WEBSITE

[www.pidm.gov.my](http://www.pidm.gov.my)  
FAQs on PIDM, DIS and TIPS are available on our website



### EMAIL

[info@pidm.gov.my](mailto:info@pidm.gov.my)



### ADDRESS

Communications and Public Affairs Division  
Perbadanan Insurans Deposit Malaysia  
Level 12, Axiata Tower,  
No. 9, Jalan Stesen Sentral 5,  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur.