



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

**GUIDELINES ON
THE DIFFERENTIAL PREMIUM SYSTEMS FRAMEWORK
FOR DEPOSIT-TAKING MEMBERS**

ISSUE DATE : 12 DECEMBER 2024



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PART 1: INTRODUCTION

- 1.1 Perbadanan Insurans Deposit Malaysia (“PIDM” or “the Corporation”) has made the Malaysia Deposit Insurance Corporation (Differential Premium Systems in respect of Deposit-Taking Members) Regulations 2023 (“DPS Regulations 2023”). For the assessment year 2025 and onwards, PIDM shall assess and collect premiums from deposit-taking members (“DTM”) based on the criteria set out in the Second Schedule to the DPS Regulations 2023 (referred to as “the DPS Framework”).
- 1.2 The Guidelines on the Differential Premium Systems Framework for Deposit-Taking Members (“the Guidelines”) provide guidance on the DPS Framework. The Guidelines also set out requirements for submission of relevant information by DTMs to PIDM for the purpose of determining a DTM’s premium rate.
- 1.3 The Guidelines will apply to all DTMs effective as of the assessment year 2025 and shall supersede the Guidelines on the Differential Premium Systems for Deposit Insurance System issued on 30 March 2020.
- 1.4 The Guidelines shall be read together with other relevant legal instruments within the purview of PIDM, in particular:
- (a) DPS Regulations 2023;
 - (b) Malaysia Deposit Insurance Corporation (Rates for First Premium and Annual Premium in Respect of Deposit-Taking Members) Order 2023;
 - (c) Malaysia Deposit Insurance Corporation (Basis for Calculation of First Premium and Annual Premium in Respect of Deposit-Taking Members) Order 2023; and
 - (d) Guidelines on Total Insured Deposits, Premiums and Validation Programme.
- 1.5 A reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- 1.6 PIDM may, in such form and subject to such terms and conditions as PIDM thinks fit, specify such other periods or dates for compliance with any of the provisions in the Guidelines, or for any act to be done.



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1.7 Unless expressly stated otherwise, any information or document required to be submitted to PIDM under the Guidelines, including any letter, report, form, returns and action plan, shall be submitted online through PIDM's Industry Portal. The original hard copy shall be kept by the DTMs.

1.8 Enquiries relating to the Guidelines may be directed to:

General Lines : 03 – 2173 7436 / 03 – 2265 6565

Email : industryportalinfo@pidm.gov.my

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PART 2: THE DIFFERENTIAL PREMIUM SYSTEMS FRAMEWORK

2. OVERVIEW OF THE DPS FRAMEWORK

2.1 The DPS Framework incorporates two (2) main areas of assessment, namely the safety and soundness criteria and the resolution centric criteria (“RCC”). The overall DPS Framework, including the computation to derive at the final premium rate based on the two (2) main areas of assessment is set out in the table below:

Table 1: DPS Framework

Assessment Criteria	Framework Components	Description
Safety and Soundness Criteria	Based on Bank Negara Malaysia’s supervisory rating or Composite Risk Rating (“CRR”).	BNM’s supervisory rating forms the basis for a DTM’s risk grade and the corresponding base premium rate (“BPR”) ¹ .
Resolution Centric Criteria (“RCC”)	RCC comprises the three (3) indicators below: 1. free tangible asset cover ratio 2. net impaired asset cover ratio 3. composition of core funds	The score for RCC indicators within the applicable thresholds are determined via a linear interpolation method and are accorded equal weightage in arriving at the total weighted RCC score. The total weighted RCC score sets the basis for a downward adjustment (“RCC Adjustment”) of up to 50% from the BPR.

¹ Base premium rate as prescribed in the Malaysia Deposit Insurance Corporation (Rates for First Premium and Annual Premium in Respect of Deposit-Taking Members) Order 2023.

Assessment Criteria	Framework Components	Description
		<p>Computation for both are as below: -</p> <ol style="list-style-type: none"> Total Weighted RCC Score = \sum RCC indicators' weighted average score RCC Adjustment = Total Weighted RCC Score x 50% x BPR
Premium Rate	Premium Rate = BPR – [Total Weighted RCC Score x 50% x BPR]	<p>The premium rate is determined by using the formula shown in the column to the left.</p> <p>The premium rate is multiplied by total insured deposits² to determine the premium payable by each DTM.</p>

3. ASSESSMENT CRITERIA UNDER THE DPS FRAMEWORK

Assessment 1: Safety and Soundness Criteria Assessment

- 3.1 The assessment of the safety and soundness criteria is anchored on BNM's supervisory rating. The supervisory rating will be mapped to a risk grade, which will accordingly set the basis for a corresponding BPR.

Table 2: Supervisory Rating and Risk Grade

Supervisory Rating	Risk Grade
Low	1
Moderate	2

² Total insured deposits as the basis for calculating premiums, as set out in the Malaysia Deposit Insurance Corporation (Basis for Calculation of First Premium and Annual Premium in respect of Deposit-Taking Members) Order 2023.

Supervisory Rating	Risk Grade
Above Average	3
High	4

The corresponding BPR for each risk grade set out above is prescribed in the Malaysia Deposit Insurance Corporation (Rates for First Premium and Annual Premium in Respect of Deposit-Taking Members) Order 2023.

Assessment 2: Resolution Centric Criteria Assessment

- 3.2 The indicators under the RCC assessment are free tangible asset cover ratio, net impaired asset cover ratio and composition of core funds.
- 3.3 The three (3) indicators are accorded equal weightage of one third (1/3) to arrive at the weighted score for each RCC indicator. The sum of the weighted scores for all of the indicators shall provide the total weighted RCC score.

4. INDICATOR 1: FREE TANGIBLE ASSET COVER (“FTAC”) RATIO

- 4.1 The FTAC ratio measures the sufficiency of free tangible assets to meet non-capital related liabilities, in particular, senior unsecured claims in resolution.
- 4.2 The formula to calculate the FTAC ratio is as follows:

$$\frac{\text{Free Tangible Assets}}{\text{Non-Capital Related Liabilities}}$$

- 4.3 **Free Tangible Assets** is computed as total assets less the following:

- (a) Assets sold under conventional and Islamic repurchase agreement (“Repo”) transactions³. For clarity, this shall include assets owned by the DTM and assets received from counterparties⁴ that have been re-hypothecated by the DTM.

³ Conventional Repo transactions as specified under BNM’s policy document on Repurchase Agreement Transactions and Islamic Repo transactions such as Sell and Buy Back Agreement (“SBBA”) and Collateralised Commodity Murabahah (“CCM”).

⁴ For example, assets received in reverse repo and securities financing transactions as well as assets received as collateral for derivative transactions.

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- (b) Assets funded by on-balance sheet investment accounts (“IA”)⁵, which comprise investments in cash and short-term funds, deposit and placements, financial assets, financing and advances and/or other assets.
- (c) Loans or financing sold to Cagamas Berhad (the National Mortgage Corporation of Malaysia) with recourse.
- (d) Assets pledged for derivatives transactions of the DTM⁶, which comprise cash collateral and other form of assets owned by the DTM as well as assets received from counterparties⁷ that have been re-hypothecated by the DTM.
- (e) Assets pledged⁸ for amounts drawn under BNM’s Restricted Committed Liquidity Facilities (“RCLF”).
- (f) Other assets pledged (either explicitly or implicitly) to secure, collateralise or credit-enhance any transaction. For example, assets pledged for the DTM’s secured borrowings and assets pledged to a central bank, a public sector entity or a payment and settlement system for liquidity raised⁹.
- (g) Goodwill and other intangibles deducted as regulatory adjustments under BNM’s Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).
- (h) Deferred tax assets deducted as regulatory adjustments under BNM’s Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

4.4 All pledged assets under paragraphs 4.3(a) to 4.3(f) shall be reported based on the carrying amount of the assets¹⁰ for the purpose of computing free tangible assets under the FTAC ratio.

⁵ “investment account” as defined under subsection 2(1) of the Islamic Financial Services Act 2013.

⁶ For clarity, derivative financial assets and the corresponding collateral received from counterparties do not fall within the scope of paragraphs 4.3(d) and 4.5(d), given the collateral is pledged by the counterparties, instead of the DTM pledging its own assets for its derivative transactions.

⁷ For example, assets received in reverse repo and securities financing transactions as well as assets received as collateral for derivative transactions.

⁸ Where RCLF is partially drawn or utilised, the assets pledged for RCLF under FTAC ratio shall be computed proportionately, as follows: $[\text{Amount drawn under RCLF} \div \text{Total size of RCLF}] \times \text{Total asset pledged for RCLF}$.

⁹ For the avoidance of doubt, assets that have been pre-positioned or deposited with, or pledged to the central bank (excluding RCLF), a public sector entity or a payment and settlement system, which have not been used to generate liquidity shall not be treated as pledged assets.

¹⁰ Assets received from counterparties that have been re-hypothecated by DTM shall be measured at amortised cost.

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4.5 **Non-Capital Related Liabilities** is computed as total liabilities less the following:

- (a) Repurchase agreement, including conventional and Islamic Repo transactions¹¹ entered by DTM.
- (b) Investment accounts, which comprise on-balance sheet restricted and unrestricted IA.
- (c) Recourse obligations on loans or financing sold to Cagamas Berhad (the National Mortgage Corporation of Malaysia) with recourse basis.
- (d) Derivative financial liabilities¹² as reported in the Statement of Financial Position.
- (e) Amount drawn under BNM’s RCLF.
- (f) Other secured liabilities backed or secured by ‘other pledged assets’ in paragraph 4.3(f) above. For example, outstanding secured borrowings and amount owed to a central bank, a public sector entity or a payment and settlement system for liquidity raised.
- (g) Additional Tier 1¹³ (“AT1”) and Tier 2 capital instruments^{14 15}. DTMs shall report the outstanding amount (principal and accrued interest) for both capital instruments.

4.6 DTMs shall report items under paragraphs 4.3 and 4.5 based on the full value from the source of information, without applying any cap. However, for the purpose of FTAC computation, where the amount of non-capital related liabilities under paragraph 4.5 (a), (c), (d), (e) or (f) as the case may be, are more than the corresponding pledged

¹¹ Conventional Repo transactions as specified under BNM’s policy document on Repurchase Agreement Transactions and Islamic Repo transactions such as Sell and Buy Back Agreement (“SBBA”) and Collateralised Commodity Murabahah (“CCM”).

¹² For clarity, derivative financial assets and the corresponding collateral received from counterparties do not fall within the scope of paragraphs 4.3(d) and 4.5(d), given the collateral is pledged by the counterparties, instead of the DTM pledging its own assets for its derivative transactions.

¹³ Classified as financial liabilities under applicable Malaysian Financial Reporting Standards.

¹⁴ AT1 and Tier 2 capital instruments issued by DTM that meet the criteria under paragraphs 16.1 and 17.1 of BNM’s Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

¹⁵ For clarity, all outstanding Tier 2 capital irrespective of whether they have been derecognised for capital adequacy computation purposes pursuant to paragraph 17.3 of BNM’s Capital Adequacy Framework (Capital Components), shall be included in the FTAC ratio computation.

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assets under paragraph 4.3 (a), (c), (d), (e) or (f) respectively, the amount of non-capital related liabilities under paragraph 4.5 (a), (c), (d), (e) or (f) will be capped to the amount of corresponding pledged assets under paragraph 4.3 (a), (c), (d), (e) or (f) respectively.

4.7 A DTM’s FTAC ratio shall be scored as follows:

Table 3: FTAC Ratio Range of Results and Score

Range of Results	Score
FTAC ratio \geq 1.30 times	100.00%
1.00 time < FTAC ratio < 1.30 times	Interpolated (refer to paragraph 7)
FTAC ratio \leq 1.00 time	0.00%

5. INDICATOR 2: NET IMPAIRED ASSET COVER (“NIAC”) RATIO

5.1 The NIAC ratio measures a DTM’s capital level in excess of the minimum regulatory capital ratio of 8% against potential credit losses arising from impaired assets¹⁶.

5.2 The formula to calculate the NIAC ratio is as follows:

$$\frac{\text{Total Capital} - (\text{Total Risk-Weighted Assets} \times \text{Regulatory Minimum Total Capital Ratio})}{\text{Adjusted Net Impaired Assets}}$$

5.3 **Total Capital** is as defined under BNM’s policy document on Capital Adequacy Framework (Capital Components) or BNM’s policy document on Capital Adequacy Framework for Islamic Banks (Capital Components), as the case may be. The total capital shall be after deducting proposed dividend, if any. In respect of the proposed dividend, if a portion of the dividend will be reinvested by shareholders under dividend reinvestment plan (“DRP”), such portion of the reinvested dividend can be excluded in deriving the amount for the proposed dividend, subject always to meeting the requirements as stipulated under BNM’s Implementation Guidance on Capital Adequacy Framework (Capital Components).

An example for the computation of the Total Capital for DTMs with DRP is provided in Appendix 1.

¹⁶ Includes loans and financing, investment securities, loan commitment and financial guarantees.

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- 5.4 **Total Risk-Weighted Assets** is as defined under BNM’s policy document on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or BNM’s policy document on Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets), as the case may be.
- 5.5 **Regulatory Minimum Total Capital Ratio** shall be 8% for the purpose of computation of the NIAC ratio.
- 5.6 **Adjusted Net Impaired Assets** is derived based on paragraph 5.6(a) and (b):
- (a) Net impaired assets of the DTM, which is the sum of on-balance sheet impaired assets and off-balance sheet impaired assets as follows:
- (i) Gross carrying amount of loans or financing classified as credit impaired less lifetime expected credit losses (“ECL”) credit impaired (Stage 3).
 - (ii) Gross carrying amount of financial investments at amortised cost classified as credit impaired less lifetime ECL credit impaired (Stage 3).
 - (iii) Carrying amount¹⁷ of financial investments at fair value through other comprehensive income (“FVOCI”) classified as credit impaired (Stage 3).
 - (iv) Exposure at default¹⁸ amount of loan commitments and financial guarantee contracts classified as credit impaired less lifetime ECL credit impaired (Stage 3).
 - (v) Gross carrying amount of all other assets classified as credit impaired less lifetime ECL credit impaired (Stage 3).
- (b) Adjustment for IA placements on the net impaired assets calculated in paragraph 5.6(a), as follows:
- (i) For DTMs making IA placement, the impaired assets attributed to the IA placement shall be added to the net impaired assets of the DTMs¹⁹;

¹⁷ The ECL do not reduce the carrying amount of financial investments at FVOCI in the statement of financial position which remains at fair value.

¹⁸ Exposure at default refers to the amount used to calculate the ECL credit impaired (stage 3) for loan commitments and financial guarantee contracts.

¹⁹ If the net impaired assets attributed to IA placements have been reflected in the net impaired assets as described in paragraph 5.6(a), no further adjustment is required.

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and

- (ii) For DTMs receiving IA placement²⁰, the impaired assets funded by IA shall be excluded from the net impaired assets of the DTMs receiving an IA placement²¹.

Examples of adjustments for IA placements on the net impaired assets are provided in Appendix 2.

5.7 A DTM's NIAC ratio shall be scored as follows:

Table 5: NIAC Ratio Range of Results and Score

Range of Results	Score
Net impaired asset cover ratio \geq 3.00 times	100.00%
1.00 time < Net impaired asset cover ratio < 3.00 times	Interpolated (refer to paragraph 7)
Net impaired asset cover ratio \leq 1.00 time	0.00%

6. INDICATOR 3: COMPOSITION OF CORE FUNDS ("CCF")

6.1 The CCF measures the quality of a DTM's funding sources, and by extension, its franchise value.

6.2 The formula to calculate the CCF is as follows:

$$\frac{\text{Total Core Funds}}{\text{Total Available Funds}} \times 100\%$$

6.3 **Total Core Funds** is the sum of the following deposits or borrowings:

- (a) Retail deposits;
- (b) Small business customers deposits;

²⁰ Refers to IA placement from customers and financial institutions.

²¹ For IA placements reported as off-balance sheet (by DTM receiving IA), no adjustment is required under paragraph 5.6(b)(ii).

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- (c) Operational deposits;
- (d) Non-financial corporates, sovereigns, central banks, multilateral development banks (“MDBs”) and public sector entities (“PSEs”) deposits, with a remaining maturity of more than one (1) year;
- (e) Recourse obligation on loans and financing sold to Cagamas Berhad;
- (f) All debt instruments (excluding AT1 capital instruments)²², which comprise subordinated debts, debts/certificates/Sukuk issued, commercial papers, structured notes or products with a remaining maturity of more than one (1) year; and
- (g) Other borrowings in the form of term loans, syndicated loans, revolving credit and other type of borrowings, with a remaining maturity of more than one (1) year.

6.4 Total Available Funds refers to the sum of the following:

- (a) Deposits from customers;
- (b) Deposits and placements of banks and other financial institutions, including interbank borrowings;
- (c) Repurchase agreements;
- (d) Recourse obligation on loans and financing sold to Cagamas Berhad;
- (e) All debt instruments (excluding AT1 capital instruments)²², comprising of subordinated debts, debts/certificates/Sukuk issued, commercial papers, structured notes or products; and
- (f) Other borrowings in the form of term loans, syndicated loans, revolving credit and other type of borrowings.

²² AT1 capital instruments is excluded from both numerator and denominator of the CCF, given its feature for loss absorption on a going concern basis.

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6.5 A DTM’s CCF shall be scored as follows:

Table 6: CCF Range of Results and Score

Range of Results	Score
Composition of core funds \geq 50.00%	100.00%
$0.00\% \leq$ Composition of core funds $<$ 50.00%	Interpolated (refer to paragraph 7)

7. LINEAR INTERPOLATION METHOD FOR RCC INDICATOR SCORE

7.1 Where the computation result of an RCC indicator falls between the upper threshold point and the lower threshold point of the range of results for that indicator, the score for that indicator is determined via a linear interpolation method.

7.2 The score of “interpolated” shall be computed using the following linear interpolation formula:

$A - B$	\times	100.00%
$C - B$		

Where,

A is the DTM’s result for the relevant indicator;

B is the minimum result attainable (lower threshold point) for the relevant indicator;
and

C is the maximum result attainable (upper threshold point) for the relevant indicator.

An example of a DTM’s score for an RCC indicator based on the linear interpolation method is provided in Appendix 3.



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8. INSUFFICIENT INFORMATION

- 8.1 Where the supervisory rating for a DTM is not available by the last date the DTMs are required to submit the DPS information in an assessment year²³, the latest supervisory rating of the DTM available to PIDM will be used for the purpose of classifying the DTM in a risk grade for that assessment year. In respect of a new DTM that does not have supervisory rating available, please refer to Part 4 below.
- 8.2 Where there is insufficient information to calculate any of the RCC indicators, the score for such an indicator shall be zero. The circumstances resulting in a scenario of insufficient information to calculate any of the RCC indicators include, but are not limited to, the following:
- (a) where a DTM fails to submit any of the information required for the computation of the RCC indicator, based on the source of information specified in Appendix 4 and within the period as specified by PIDM; or
 - (b) where a DTM is unable to produce any of the information required for the computation of the RCC indicator, based on the source of information specified in Appendix 4 and within the period as specified by PIDM.

²³ The last date for DTMs to submit the DPS information is by 31 May of each assessment year, or the immediately preceding working day if 31 May falls on a weekend or a public holiday in Kuala Lumpur (see paragraph 9.6 below).

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PART 3: SUBMISSION OF DPS INFORMATION

9. GENERAL REQUIREMENTS

- 9.1 The Guidelines are applicable to all DTMs. The safety and soundness criteria, as well as the RCC indicators are assessed at the legal entity level. For clarity, conventional DTMs carrying on Islamic banking businesses are not required to:
- (a) reflect separate BNM’s supervisory rating for its conventional and Islamic banking businesses; and
 - (b) compute the RCC indicators separately for its conventional and Islamic banking businesses.
- 9.2 Unless otherwise specified, all information shall be obtained from the DTM’s financial statements as at 31 December of the preceding assessment year. The financial statements shall mean the following:
- (a) for a DTM with 31 December financial year end: its audited annual financial statements;
 - (b) for a DTM with non-31 December financial year end: its interim financial statements; or
 - (c) for a DTM with non-31 December financial year end and the interim reporting period does not end in December: its management accounts.
- 9.3 Unless otherwise specified in writing by PIDM, the sources of information for the computation of the RCC indicators shall be as detailed out in Appendix 4.
- 9.4 All indicators and scores shall be expressed to two (2) decimal points.
- 9.5 All amounts shall be reported in thousands (‘000).
- 9.6 DTMs are required to submit both the pre-formatted DPS form and the Return on Total Insured Deposits (“RTID”) form through PIDM’s Industry Portal by **31 May** of each assessment year, or the immediately preceding working day if 31 May falls on a

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weekend or a public holiday in Kuala Lumpur. No alterations or amendments are allowed to be made to these reporting forms.

- 9.7 The Chief Executive Officer (“CEO”)²⁴ and Chief Financial Officer (“CFO”)²⁵ of a DTM must certify that the information submitted is accurate and reflective of the financial condition of the DTM as at 31 December of the preceding assessment year.
- 9.8 A DTM is accountable to ensure the accuracy of information submitted for DPS and shall maintain proper records and information used for premium assessments, failing which, a premium surcharge may be imposed on such DTM pursuant to section 51 of the Malaysia Deposit Insurance Corporation Act 2011 (“PIDM Act”).
- 9.9 Pursuant to section 193 of the PIDM Act, any person who prepares, signs, approves or concurs in any account, statement, return, report or other document required for submission to PIDM that he or she knows or has reason to believe is false or contains false or misleading information, commits an offence punishable by fine or imprisonment or both.²⁶
- 9.10 A notification letter on the premium rate and premium payable will be issued to the DTM via PIDM’s Industry Portal once the DPS and RTID forms are submitted and certified accordingly by the DTM.

10. PROHIBITION AGAINST PUBLIC DISCLOSURE

- 10.1 A DTM shall take note that the following information is confidential (“Confidential Information”):
- (a) the DTM’s RCC indicator’s result;
 - (b) the DTM’s RCC indicator’s score;
 - (c) the DTM’s total weighted RCC score;

²⁴ Also known as “MI First Appointed Person” under the Terms and Conditions of Use for PIDM EZAccess Website.

²⁵ Also known as “MI Second Appointed Person” under the Terms and Conditions of Use for PIDM EZAccess Website.

²⁶ Section 193 of the PIDM Act applies to officers of the DTM.

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- (d) risk grade in which the DTM is or has been classified, and the corresponding BPR;
- (e) premium rate that is or was applicable to the DTM; and
- (f) the amount of premium payable or paid by the DTM.

10.2 No director, officer, employee or agent of a DTM or any person who, for any reason, has by any means, access to any of the Confidential Information or any document which discloses or contains any of the Confidential Information, shall provide or disclose to any other person or publish any such Confidential Information or document unless the disclosure is permitted under any law or court order or for the purpose of the DTM performing its duties or carrying out the provisions of any law or any regulation, guideline or instruction made by BNM or PIDM.

11. REVIEW PROCESS

11.1 A DTM may request for a review of its RCC assessment on the grounds set out in paragraph 11.2 below. Notwithstanding the application for a review, a DTM must pay the annual premium on or before 31 May of that assessment year.

11.2 The review may only be made on the basis of:

- (a) an error in the information provided by the DTM to PIDM under the RCC assessment; and
- (b) an error in PIDM's computation in relation to the RCC assessment and premium rate.

There shall not be any appeal against BNM's supervisory rating as BNM already provides an appropriate review process prior to assigning a DTM's supervisory rating.

11.3 A DTM may apply for a review against its RCC assessment after 31 May of an assessment year. Any request for a review shall be submitted in writing to PIDM via PIDM's Industry Portal no later than 30 August of that assessment year, or the immediately preceding working day if 30 August falls on a weekend or a public holiday in Kuala Lumpur. The reason(s) or ground(s) for the review, as set out in paragraph 11.2, must be included. PIDM will review and provide its response to the application



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by the DTM by 30 September of that assessment year or any other date as may be convenient to PIDM. Any decision of PIDM on a review shall be final.

- 11.4 If the review results in PIDM determining that a DTM has overpaid its annual premium for that assessment year, PIDM will refund to the DTM the difference after the review process is concluded. Conversely, if it is determined that a DTM has underpaid its annual premium for that assessment year, the DTM shall pay the difference to PIDM.



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PART 4: PREMIUM ASSESSMENT FRAMEWORK FOR NEW DTMS AND DTMS UNDER A BUSINESS TRANSFER SCHEME FOR AMALGAMATION

12. NEW DTMS

12.1 PIDM differentiates the premium assessment between:

- (a) a new DTM with no existing deposit-taking business prior to becoming a PIDM member institution; and
- (b) a new DTM with existing deposit-taking business prior to becoming a PIDM member institution.

New DTM with no existing deposit-taking business

12.2 A new DTM with no existing deposit-taking business prior to becoming a PIDM member institution refers to a new DTM that:

- (a) does not fall within the categories/description set out in paragraph 12.4 below; and
- (b) fulfils either one (1) of the following criteria in an assessment year –
 - (i) the DTM is not allowed to commence operation in the preceding assessment year; or
 - (ii) the first supervisory rating of the DTM is not available by the last date the DTM is required to submit the DPS information in that assessment year²⁷.

²⁷ The last date for DTMs to submit the DPS information is by 31 May of each assessment year, or the immediately preceding working day if 31 May falls on a weekend or a public holiday in Kuala Lumpur (see paragraph 9.6 above).

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12.3 For purposes of premium assessment in an assessment year, a new DTM falling under the description in paragraph 12.2 above will be subject to the following:

- (a) not be required to submit the DPS form but be required to submit the RTID form within such period as notified in writing by PIDM to the new DTM;
- (b) in respect of the safety and soundness criteria, be classified in risk grade 1; and
- (c) in respect of the RCC, be assigned a total weighted RCC score of 100%.

New DTM with existing deposit-taking business

12.4 A new DTM with existing deposit-taking business refers to:

- (a) a new DTM that has been in operation and carrying on deposit-taking business for a minimum period of two (2) years prior to being licensed under the Financial Services Act 2013 (“FSA”) or Islamic Financial Services Act 2013 (“IFSA”) and becoming a DTM of PIDM;
- (b) a new DTM that is an Islamic bank that originated from a licensed bank carrying on Islamic banking business approved under subsection 15(1) of the FSA; or
- (c) a new DTM to which the business of one or more transferring parties is transferred to under a business transfer scheme in the assessment year of which it becomes a DTM of PIDM (please refer to the definitions set out in paragraph 13 below).

12.5 For purposes of premium assessment in an assessment year, a new DTM falling under the description in paragraph 12.4 above will be subject to the following:

- (a) be required to submit the DPS and RTID forms within such period as notified in writing by PIDM to the new DTM;
- (b) in respect of the safety and soundness criteria, be classified in the relevant risk grade based on the new DTM’s supervisory rating. If the first supervisory rating is not available by the last date the new DTM is required to submit the DPS information in that assessment year, the new DTM shall be classified in risk grade 3; and

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- (c) in respect of the RCC –
 - (i) if the new DTM has information as at 31 December of the preceding assessment year for purposes of RCC assessment, the new DTM will be assigned a total weighted RCC score in accordance with the information submitted in the DPS form; or
 - (ii) if the new DTM does not have information as at 31 December of the preceding assessment year for purposes of RCC assessment, the new DTM’s total weighted RCC score will be zero.

13. DTMS UNDER A BUSINESS TRANSFER SCHEME FOR AMALGAMATION

13.1 For purposes of this part:

- (a) “business transfer scheme” refers to a scheme of transfer for the whole or material part of the deposit-taking business in respect of a merger or acquisition exercise that results in an amalgamation. The amalgamated entity can be an existing DTM that acquires or merges with another person, or can be a newly licensed entity (licensed under the FSA or IFSA);
- (b) “transferee member” refers to the DTM to which the business of one or more transferring parties is transferred under a business transfer scheme; and
- (c) “transferring party” refers to a DTM or a non-DTM which transfers its business under a business transfer scheme to another DTM.

13.2 In general, the transferee member will pay premiums for the assessment year in which the business transfer scheme takes effect, unless premiums have already been paid for in respect of the transferred business for that assessment year.

13.3 For DTMs involved in a business transfer scheme for amalgamation, Appendix 5 sets out the summary of the position in respect of the assessment under the DPS Framework for the year the transfer takes effect.



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APPENDIX 1: COMPUTATION OF TOTAL CAPITAL UNDER NIAC RATIO FOR DTMS WITH DRP

Illustration 1: Computation of Total Capital for DTMs with DRP (paragraph 5.3)

Total Capital: RM100 million

Proposed Dividend: RM40 million

Electable portion of dividend under DRP: RM30 million

Average of preceding 3-year take-up rates: 70%

<u>Irrevocable written undertaking from shareholders has been obtained</u>	<u>No irrevocable written undertaking provided</u>
<p><i>Computation:</i> Proposed Dividend: RM40 million – RM30 million = RM10 million</p> <p>Total Capital under NIAC ratio: RM100 million – RM10 million = RM90 million</p>	<p><i>Computation:</i> Dividend to be reinvested using average of preceding 3-year take-up rates: RM30 million x 70% = RM21 million (subject to 50% of total electable portion of dividend i.e. RM15 million)</p> <p>Proposed Dividend: RM40 million – RM15 million = RM25 million</p> <p>Total Capital under NIAC ratio: RM100 million – RM25 million = RM75 million</p>

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APPENDIX 2: ADJUSTMENTS FOR IA PLACEMENTS ON NET IMPAIRED ASSETS UNDER NIAC RATIO

Illustration 2: Parent-subsidiary on-balance sheet restricted profit sharing investment account (“RPSIA”) (paragraph 5.6(b)(i))

DTM ABC Berhad (conventional) places RM300 million funds under RPSIA arrangement in its Islamic subsidiary, DTM ABC Islamic Berhad, to fund specific financing. DTM ABC Islamic Berhad recorded the RM300 million financing funded by the RPSIA as part of ‘Financing and Advances’ in its Statement of Financial Position while DTM ABC Berhad accounts for all the expected credit losses arising from the RPSIA financing.

As at 31 December, RM25 million (gross amount) of the financing were classified as credit impaired in DTM ABC Islamic Berhad’s books with a corresponding RM18 million of lifetime ECL – credit impaired being provided by DTM ABC Berhad.

Reporting item under DPS form	DTM ABC Berhad (RM’ million)	DTM ABC Islamic Berhad (RM’ million)	Remarks
Gross carrying amount of loans/financing classified as credit impaired	330.0	98.0	As reported under each DTM’s respective financial statements
Less: Lifetime ECL credit impaired (stage 3)	(220.0)*	(53.0)	As reported under each DTM’s respective financial statements *ECL reported in DTM ABC Berhad’s book shall include the ECL for financing arising from RPSIA placements

Net impaired loans/financing of DTM [A]	110.0	45.0	
<u>Adjustment for IA:</u> <i>Gross carrying amount of financing classified as credit impaired attributable to/funded by IA [B]</i>	25.0	25.0 ²⁸	
Adjusted net impaired loans/financing [A±B]²⁹	135.0	20.0	This reflects the potential credit losses to be borne by each DTM using a look-through approach

Illustration 3: Islamic DTM receiving IA placements (paragraph 5.6(b)(ii))

DTM XYZ Islamic Berhad reported the following impairments and ECL related to the financing assets funded by IA, in its Statement of Financial Position (on-balance sheet):

Types of IA	Gross impaired financing
Unrestricted IA	5.0
Restricted IA	
- RPSIA from parent bank	10.0
- Restricted IA from customers	8.0
Total	23.0

²⁸ This illustration covers treatment for parent-subsidiary on-balance sheet investment account only. The value does not include impaired assets arising from other on-balance sheet investment accounts received by the Islamic DTM.

²⁹ This illustration covers loans/financing assets only. DTMs are required to apply the same approach for other asset categories.



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Hence, the adjustment to net impaired assets of DTM XYZ Islamic Berhad shall be as follows:

Reporting item under DPS form	DTM XYZ Islamic Berhad (RM' million)	Remarks
Gross carrying amount of financing classified as credit impaired	120.0	As reported under DTM XYZ Islamic Berhad's financial statements
Less: Lifetime ECL credit impaired (stage 3)	(54.0)	As reported under DTM XYZ Islamic Berhad's financial statements
Net impaired financing of DTM	66.0	
<u>Adjustment for IA:</u> [-] Gross carrying amount of financing classified as credit impaired funded by IA	23.0	
Adjusted net impaired financing³⁰	43.0	

³⁰ This illustration covers financing assets only. DTMs are required to apply the same approach for other asset categories.

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APPENDIX 3: EXAMPLE OF RCC INDICATOR SCORE BASED ON LINEAR INTERPOLATION METHOD

Illustration 4: Computation of DTM's score for FTAC ratio based on linear interpolation method (paragraph 7.2)

The range of results and the corresponding scores for the FTAC ratio are as follows:

Range of Results	Score (%)
FTAC ratio \geq 1.30 times	100.00
1.00 time < FTAC ratio < 1.30 times	Interpolated
FTAC ratio \leq 1.00 time	0.00

The table below sets out the FTAC ratio and corresponding scores for four (4) hypothetical DTMs. The score for DTM C is determined based on the linear interpolation method pursuant to paragraph 7.1 above.

DTM	FTAC Ratio	Score	Remarks
DTM A	0.84	0%	DTM's score shall be zero as the ratio falls below the lower threshold point of the range of results
DTM B	1.00	0%	DTM's score shall be zero as the ratio is equal to the lower threshold point of the range of results
DTM C	1.22	73.33%	DTM's score is determined based on the linear interpolation method (see table below for computation)
DTM D	1.38	100%	DTM's score shall be 100% as the ratio exceeds the upper threshold point of the range of results

The computation of the score for DTM C is derived as follows:

DTM	FTAC Ratio (A)	Lower Threshold Point (B)	Upper Threshold Point (C)	Interpolation Method	Score
DTM C	1.22	1.00	1.30	$\frac{1.22 - 1.00}{1.30 - 1.00} \times 100\%$	73.33%

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APPENDIX 4: SOURCE OF INFORMATION

No.	Data Requirement	Source of Information	Remarks
Free Tangible Asset Cover Ratio			
1.	Total assets	Annual financial statements/ Interim financial statements/ Management accounts	
2.	Asset sold under conventional and Islamic Repo transactions	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
3.	Assets funded by on-balance sheet IA	Annual financial statements/ Interim financial statements/ Management accounts	
4.	Loans/financing sold to Cagamas Berhad	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
5.	Assets pledged for derivatives	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
6.	Assets pledged for amount drawn under BNM's RCLF	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
7.	Other assets pledged	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
8.	Goodwill and other intangibles	BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework	Reference to Paragraph 19 of BNM's Capital Adequacy Framework (Capital



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No.	Data Requirement	Source of Information	Remarks
		for Islamic Banks (Capital Components) – C.3(RegAdj): 1) Regulatory adjustments applied in the calculation of CET1 Capital (Summation of Cell D9, D12 and D15)	Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). For conventional DTM with Islamic banking businesses, the DTM shall report the values at entity level only.
9.	Deferred tax assets	BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) – C.3 (RegAdj): 1) Regulatory adjustments applied in the calculation of CET1 Capital (Cell D18)	Reference to Paragraph 20 of BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). For conventional DTM with Islamic banking businesses, the DTM shall report the values at entity level only.
10.	Total liabilities	Annual financial statements/ Interim financial statements/ Management accounts	
11.	Repurchase agreement	Annual financial statements/ Interim financial statements/ Management accounts	
12.	Investment accounts	Annual financial statements/ Interim financial statements/ Management accounts	
13.	Recourse obligations on loans/financing sold to Cagamas	Annual financial statements/ Interim financial statements/ Management accounts	
14.	Derivative financial liabilities	Annual financial statements/ Interim financial statements/ Management accounts	



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No.	Data Requirement	Source of Information	Remarks
15.	Amount drawn under BNM's RCLF	Annual financial statements/ Interim financial statements/ Management accounts	
16.	Other secured liabilities backed or secured by 'other pledged assets'	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements. Refers to the outstanding amount (principal and accrued interest).
17.	Additional tier-1 capital instruments	Annual financial statements/ Interim financial statements/ Management accounts	Refers to the outstanding amount (principal and accrued interest).
18.	Tier-2 capital instruments	Annual financial statements/ Interim financial statements/ Management accounts	Refers to the outstanding amount (principal and accrued interest).
Net Impaired Asset Cover Ratio			
1.	Total capital (before proposed dividend)	Annual financial statements/ Interim financial statements/ Management accounts	
2.	Proposed dividend	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
3.	Dividend to be reinvested under DRP	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements. Portion of declared dividend to be reinvested by shareholders under the DRP, subject to meeting the requirements as stipulated



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No.	Data Requirement	Source of Information	Remarks
			under BNM Implementation Guidance on Capital Adequacy Framework (Capital Components).
4.	Total risk-weighted assets	Annual financial statements/ Interim financial statements/ Management accounts	
5.	Gross carrying amount of loans/financing classified as credit impaired	Annual financial statements/ Interim financial statements/ Management accounts	
6.	Lifetime ECL credit impaired (Stage 3) for loans/financing	Annual financial statements/ Interim financial statements/ Management accounts	
7.	Gross carrying amount of financial investments at amortised cost classified as credit impaired	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
8.	Lifetime ECL credit impaired (Stage 3) for financial investments at amortised costs	Annual financial statements/ Interim financial statements/ Management accounts	
9.	Carrying amount of financial investments at FVOCI classified as credit impaired (Stage 3)	Annual financial statements/ Interim financial statements/ Management accounts	
10.	Exposure at default amount of loan commitments and financial guarantee contracts classified as credit impaired	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
11.	Lifetime ECL credit impaired (Stage 3) for loan commitments and financial guarantee contracts	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.

No.	Data Requirement	Source of Information	Remarks
12.	Gross carrying amount of other impaired assets classified as credit impaired	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
13.	Lifetime ECL credit impaired (Stage 3) for other impaired assets	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
14.	Impaired assets attributed to IA placement	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
15.	Impaired assets funded by IA	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
Composition of Core Funds			
1.	Retail deposits	BNM's Liquidity Coverage Ratio ("LCR") - Monitoring Tools (Table 2b: Contractual Maturity Mismatch) – "Total Amount" (Cell K5)	(a) For a conventional DTM with Islamic banking businesses, the DTM shall report the values at entity level only. (b) For a DTM with a Labuan banking subsidiary, the amount reported for these items shall exclude the
2.	Small business customers deposits	BNM's LCR - Monitoring Tools (Table 2b: Contractual Maturity Mismatch) – "Total Amount" (Cell K9)	
3.	Operational deposits	BNM's LCR – Table 1a: LCR Main (Summation of Cell D:117, 118, 120, 121, 123,124, 126 & 127)	
4.	Non-financial corporates deposits, with the remaining maturity of more than one (1) year	BNM's LCR - Monitoring Tools (Table 2b: Contractual Maturity Mismatch) – "Total Amount" (Cell I10)	



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No.	Data Requirement	Source of Information	Remarks
5.	Sovereigns, central banks, MDBs and PSEs deposits with the remaining maturity of more than one (1) year	BNM's LCR - Monitoring Tools (Table 2b: Contractual Maturity Mismatch) – "Total Amount" (Cell I11)	Labuan banking subsidiary's exposure. Where a DTM is exempted by BNM from the submission requirements in BNM's policy document on Liquidity Coverage Ratio ("LCR PD"), items 1-5 shall be sourced from DTM's Annual financial statements / Interim financial statements / Management accounts that aligns with the respective item under the LCR PD (see Part D of LCR PD). DTM is required to indicate to PIDM the relevant source used.
6.	Recourse obligation on loans and financing sold to Cagamas	Annual financial statements/ Interim financial statements/ Management accounts	
7.	All debt instruments with remaining maturity of more than one (1) year	Annual financial statements/ Interim financial statements/ Management accounts	Exclude AT1 capital instruments. This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
8.	Other borrowings with remaining maturity of more than one (1) year	Annual financial statements/ Interim financial statements/ Management accounts	This item shall be sourced from the DTM's internal records if it is not available in the financial statements.
9.	Deposits from customers	Annual financial statements/ Interim financial statements/ Management accounts	



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No.	Data Requirement	Source of Information	Remarks
10.	Deposits and placements of banks and other financial institutions, including interbank borrowings	Annual financial statements/ Interim financial statements/ Management accounts	
11.	Repurchase agreement	Annual financial statements/ Interim financial statements/ Management accounts	
12.	Recourse obligation on loans and financing sold to Cagamas	Annual financial statements/ Interim financial statements/ Management accounts	
13.	All debt instruments	Annual financial statements/ Interim financial statements/ Management accounts	Exclude AT1 capital instruments.
14.	Other borrowings	Annual financial statements/ Interim financial statements/ Management accounts	

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APPENDIX 5: NEW DTMS AND DTMS UNDER A BUSINESS TRANSFER SCHEME FOR AMALGAMATION

		Effective date of business transfer scheme:	
		Between 1 January to 31 May of the assessment year	Between 1 June to 31 December of the assessment year
A. Transfers resulting in the formation of a new DTM			
1.	Transfers involving DTMs only Sample scenario: DTMs A and B were involved in a merger and acquisition, resulting in the formation of a new amalgamated DTM, known as DTM X (transferee)		
(a)	Requirement to pay first premium:	<ul style="list-style-type: none"> DTM X will need to pay first premium. 	<ul style="list-style-type: none"> DTM X does not need to pay first premium.³¹
(b)	Submission of DPS form:	<ul style="list-style-type: none"> DTM X will need to submit the DPS form. 	-
(c)	Safety and soundness criteria assessment:	<ul style="list-style-type: none"> DTM X's risk grade will be based on its supervisory rating. If no supervisory rating is available in the assessment year, DTM X will be classified in risk grade 3. 	-
(d)	RCC assessment:	<ul style="list-style-type: none"> RCC assessment is based on the DTM's information as at 31 December of the preceding assessment year. Since DTM X is a new member and would not have information as at 31 December of the preceding assessment year for purposes of RCC assessment, DTM X's 	-

³¹ This is because DTMs A and B would have respectively already paid annual premiums by 31 May of the assessment year.

		Effective date of business transfer scheme:	
		Between 1 January to 31 May of the assessment year	Between 1 June to 31 December of the assessment year
		total weighted RCC score will be zero.	
(e)	Amount of first premium:	<ul style="list-style-type: none"> RM250,000, or an amount based on the premium rate applicable to DTM X as assessed under the DPS Framework, whichever is higher. 	-
2.	Transfers involving DTMs and non-DTMs Sample scenario: One DTM A and one non-DTM B were involved in a merger and acquisition, resulting in the formation of a new amalgamated DTM, known as DTM X (transferee)		
(a)	Requirement to pay first premium:	<ul style="list-style-type: none"> DTM X will need to pay first premium. 	<ul style="list-style-type: none"> DTM X will need to pay first premium.³²
(b)	Submission of DPS form:	<ul style="list-style-type: none"> DTM X will need to submit the DPS form. 	<ul style="list-style-type: none"> DTM X will need to submit the DPS form.
(c)	Safety and soundness criteria assessment:	<ul style="list-style-type: none"> DTM X's risk grade will be based on its supervisory rating. If no supervisory rating is available in the assessment year, DTM X will be classified in risk grade 3. 	<ul style="list-style-type: none"> DTM X's risk grade will be based on its supervisory rating. If no supervisory rating is available in the assessment year, DTM X will be classified in risk grade 3.
(d)	RCC assessment:	<ul style="list-style-type: none"> Since DTM X is a new member and would not have information as at 31 December of the preceding 	<ul style="list-style-type: none"> Since DTM X is a new member and would not have information as at 31 December of the preceding

³² First premium will only be in respect of business transferred from non-DTM B. This is because DTM A would have already paid annual premium by 31 May of the assessment year.

		Effective date of business transfer scheme:	
		Between 1 January to 31 May of the assessment year	Between 1 June to 31 December of the assessment year
		assessment year for purposes of RCC assessment, DTM X's total weighted RCC score will be zero.	assessment year for purposes of RCC assessment, DTM X's total weighted RCC score will be zero.
(e)	Amount of first premium:	<ul style="list-style-type: none"> RM250,000, or an amount based on the premium rate applicable to DTM X as assessed under the DPS Framework, whichever is higher. 	<ul style="list-style-type: none"> RM250,000, or an amount based on the premium rate applicable to DTM X as assessed under the DPS Framework, whichever is higher.
B. Transfers to existing DTMs			
3.	Transfer of business from existing DTMs Sample scenario: DTM A transfers the whole of its business to DTM B (transferee)		
(a)	Requirement to pay annual premium:	<ul style="list-style-type: none"> DTM A does not need to pay annual premium. DTM B needs to pay annual premium. 	<ul style="list-style-type: none"> DTM B does not need to pay any additional annual premium.³³
(b)	Submission of DPS form:	<ul style="list-style-type: none"> DTM B will need to submit the DPS form. 	-
(c)	Safety and soundness criteria assessment:	<ul style="list-style-type: none"> DTM B's risk grade will be based on its supervisory rating 	-
(d)	RCC assessment:	<ul style="list-style-type: none"> DTM B's total weighted RCC score will be in accordance with DTM B's information 	-

³³ This is because DTM A would have already paid annual premium for the transferred business and DTM B would have already paid annual premium for its existing business, by 31 May of the assessment year.

		Effective date of business transfer scheme:	
		Between 1 January to 31 May of the assessment year	Between 1 June to 31 December of the assessment year
		submitted by DTM B in the DPS form. ³⁴	
(e)	Amount of annual premium:	<ul style="list-style-type: none"> DTM B pays annual premium based on the premium rate applicable to DTM B as assessed under the DPS Framework, or the minimum annual premium amount, whichever is higher. 	-
4.	Transfer of business from non-DTMs Sample scenario: The business of a non-DTM A is transferred to DTM B (transferee)		
(a)	Requirement to pay annual premium:	<ul style="list-style-type: none"> DTM B needs to pay annual premium. 	<ul style="list-style-type: none"> DTM B needs to pay additional annual premium on the transferred business.³⁵
(b)	Submission of DPS form:	<ul style="list-style-type: none"> DTM B will need to submit the DPS form. 	<ul style="list-style-type: none"> DTM B does not need to resubmit the DPS form as the premium rate applicable to DTM B as assessed under the DPS Framework for annual premium of the assessment year would have already been determined. Please see (e) below.
(c)	Safety and soundness criteria assessment:	<ul style="list-style-type: none"> DTM B's risk grade will be based on its supervisory rating 	<ul style="list-style-type: none"> Please see (e) below.

³⁴ For the avoidance of doubt, the information to be submitted in the DPS form shall only comprise information of DTM B as at 31 December of the preceding assessment year and shall not include information of DTM A.

³⁵ This is because DTM B would have already paid annual premium for its existing business, by 31 May of the assessment year.



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		Effective date of business transfer scheme:	
		Between 1 January to 31 May of the assessment year	Between 1 June to 31 December of the assessment year
(d)	RCC assessment:	<ul style="list-style-type: none">DTM B's total weighted RCC score will be in accordance with DTM B's information submitted by DTM B in the DPS form.³⁶	<ul style="list-style-type: none">Please see (e) below.
(e)	Amount of annual premium:	<ul style="list-style-type: none">DTM B pays annual premium based on the premium rate applicable to DTM B as assessed under the DPS Framework, or the minimum annual premium amount, whichever is higher.	<ul style="list-style-type: none">DTM B pays additional annual premium based on the premium rate applicable to DTM B as already assessed under the DPS Framework for the annual premium of the assessment year, subject to the minimum annual premium amount.

- [End] -

³⁶ For the avoidance of doubt, the information to be submitted in the DPS form shall only comprise information of DTM B as at 31 December of the preceding assessment year and shall not include information of non-DTM A.