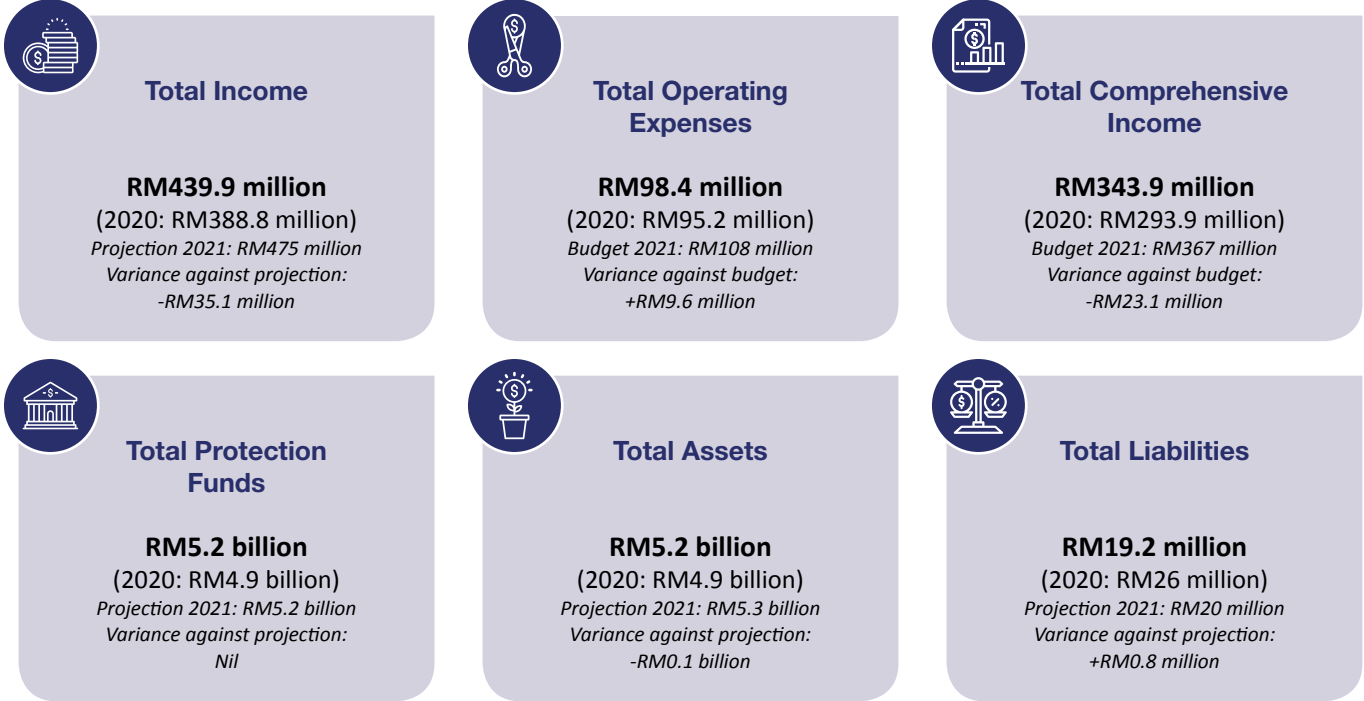


PERFORMANCE

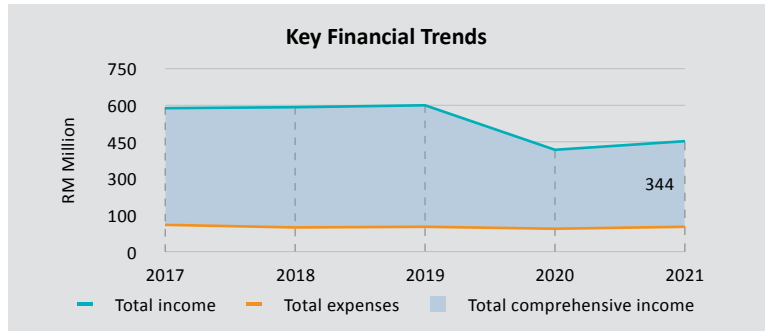
FINANCIAL REVIEW

Summary of Financial Performance



At a Glance

In spite of the ongoing pandemic challenges, we were able to carry out most of our key initiatives as planned. There was some reprioritisation predominantly due to the prolonged restrictions arising from the resurgence of the COVID-19 infection and the tightened movement control orders during the year. Our overall expenditure remained stable year-on-year, as we continue to practise prudent financial management and optimise available resources.

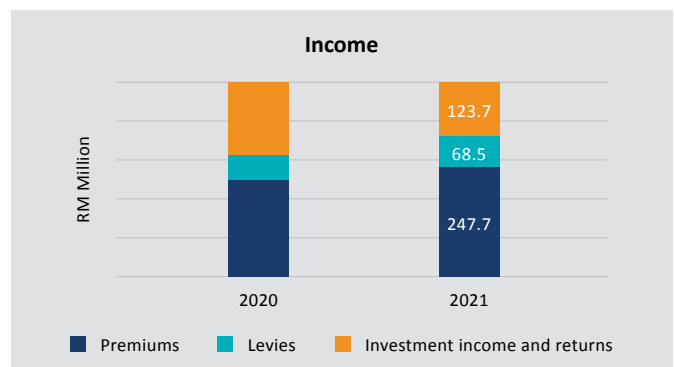


Total comprehensive income for the year was 6.3% lower than budget, primarily attributed to the lower investment income, offset by the lower operating expenses. With the accumulated surpluses during the year, our Protection Funds as at 31 December 2021 amounted to RM5.2 billion.

Income

For 2021, we continued to provide financial relief measures for our member institutions. Our total income for the year of RM439.9 million was higher by 13% compared to the previous year, mainly due to the assessment base for premiums and levies.

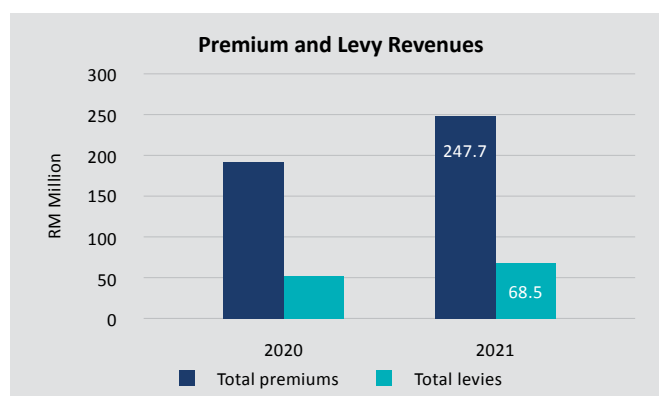
Our investment income and returns for the year were lower than the previous year, largely due to the continued low interest rate environment. Nevertheless, our investment income and returns continued to cover our operating expenses.



Premium and levy revenues

Our Differential Premium Systems and Differential Levy Systems frameworks provide incentives for member institutions to enhance their risk management practices.

For the assessment years 2020 and 2021, PIDM had provided regulatory relief measures in response to the COVID-19 pandemic and in line with the Government’s responses to address the impact of the pandemic which, among other things, led to the lower collection of premiums and levies. Notwithstanding the relief measures provided, the differential premium and levy systems continued to apply.

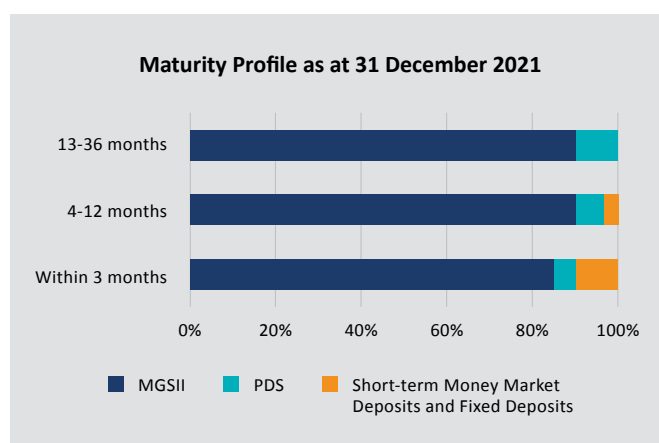
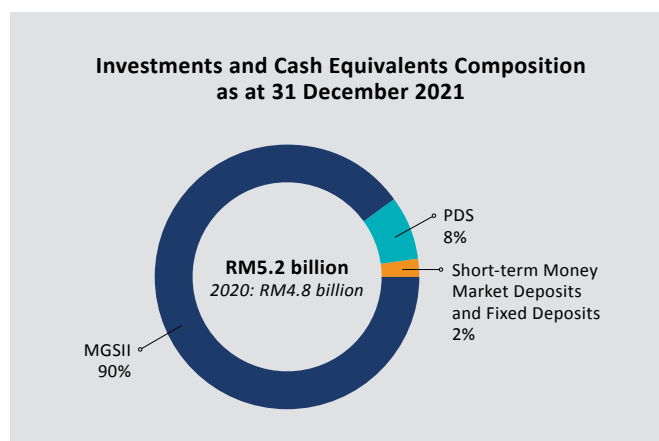
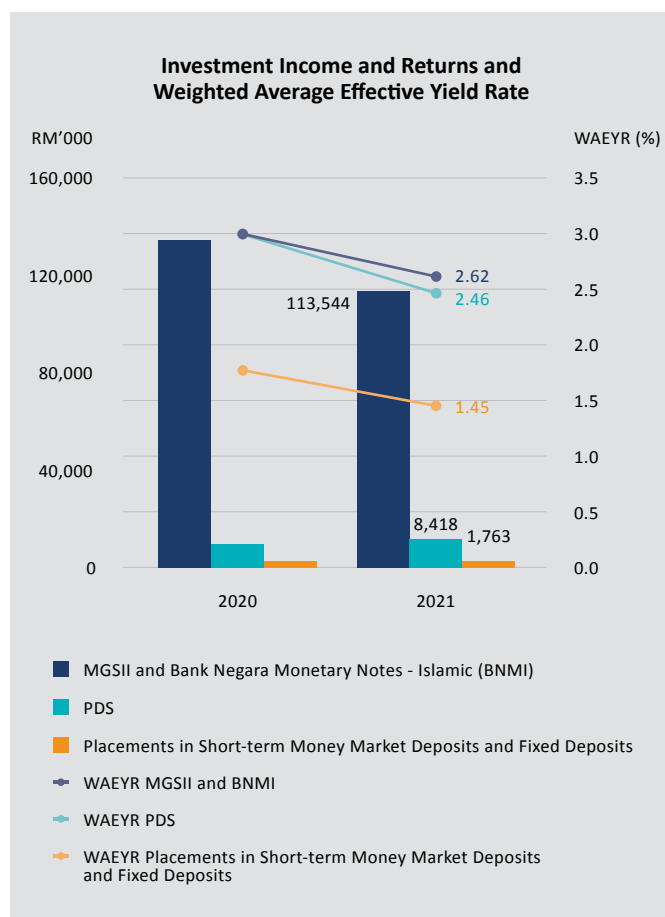


Investment income and returns

Our investment philosophy continues to be conservative, with the view to preserving capital and maintaining sufficient liquid financial assets to meet our financial obligations as and when they arise.

The main source of our investment income and returns is from secured investment securities namely, Malaysian Government Securities and Investment Issues (MGSII) as well as Private Debt Securities (PDS) of AAA rating issued by a Government-related entity.

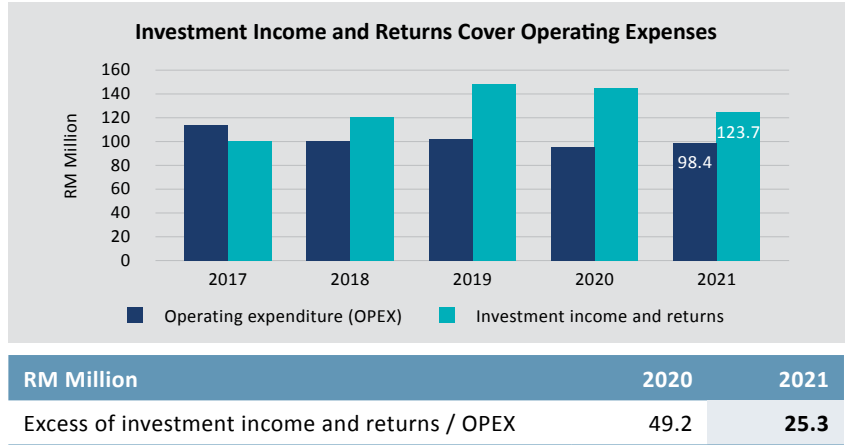
Investment income for 2021 continued to be impacted by the low rate environment, as reinvestments of the investment portfolio as well as new investments from premiums and levies received in 2021 were invested in low yield short-term investment securities. Our investment income and returns for 2021 was RM123.7 million, RM20.7 million or 14.3% lower than the previous year.



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Investment income and returns against operating expenses

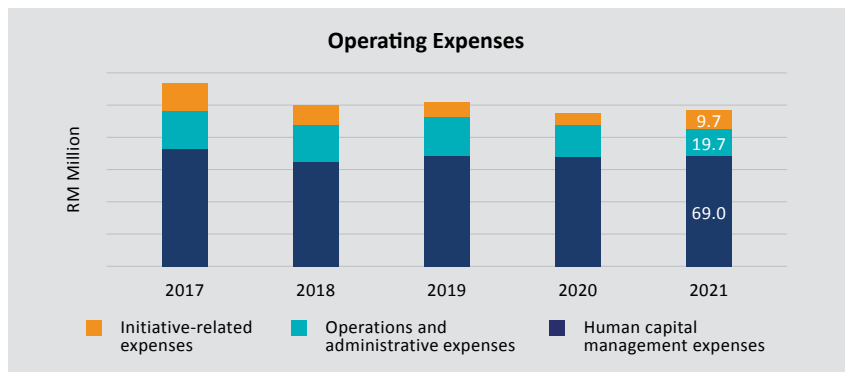
Since 2018, all premiums and levies collected from member institutions contributed directly towards the accumulation of the Protection Funds. For the assessment years 2020 and 2021, PIDM's premiums and levies collected were halved due to the financial relief measures which provided for a 50% reduction in the premium and levy rates assessed on member institutions. Nevertheless, our investment income and returns continued to cover our operational expenses.



Operating Expenses

Amid the ongoing pandemic, we continued to operate at a consistent level with our expenses for 2021 totalling RM98.4 million, a slight increase of 3.4% compared to RM95.2 million in 2020. This is RM9.6 million or 8.9% lower than budget.

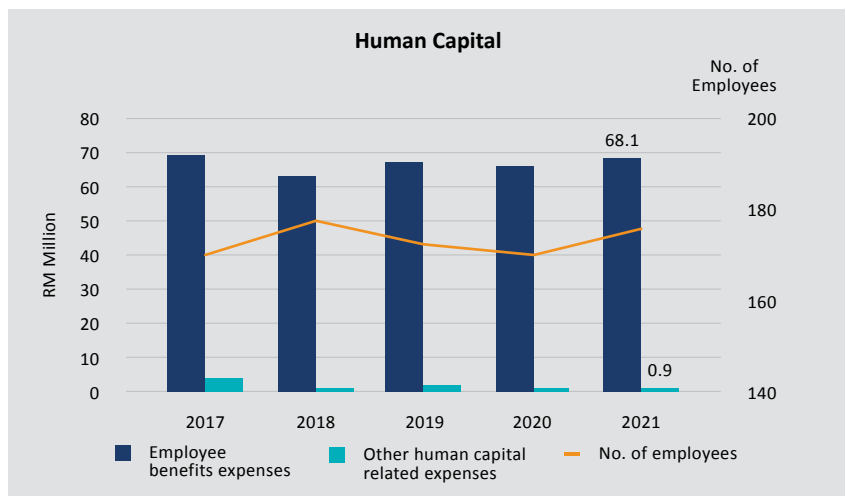
Despite the challenges, we were able to continue our daily operations with minimal disruption and carried out most of the planned work and initiatives for the year.



Human capital management expenses

Given the nature of our business, human capital management expenses continued to be the most significant expense item, representing approximately 70% of our total expenditure. Our manpower strength increased to 176 as at the end of 2021 compared to 169 in the previous year. However, the full cost impact for new hires in 2021 will only be fully reflected in 2022.

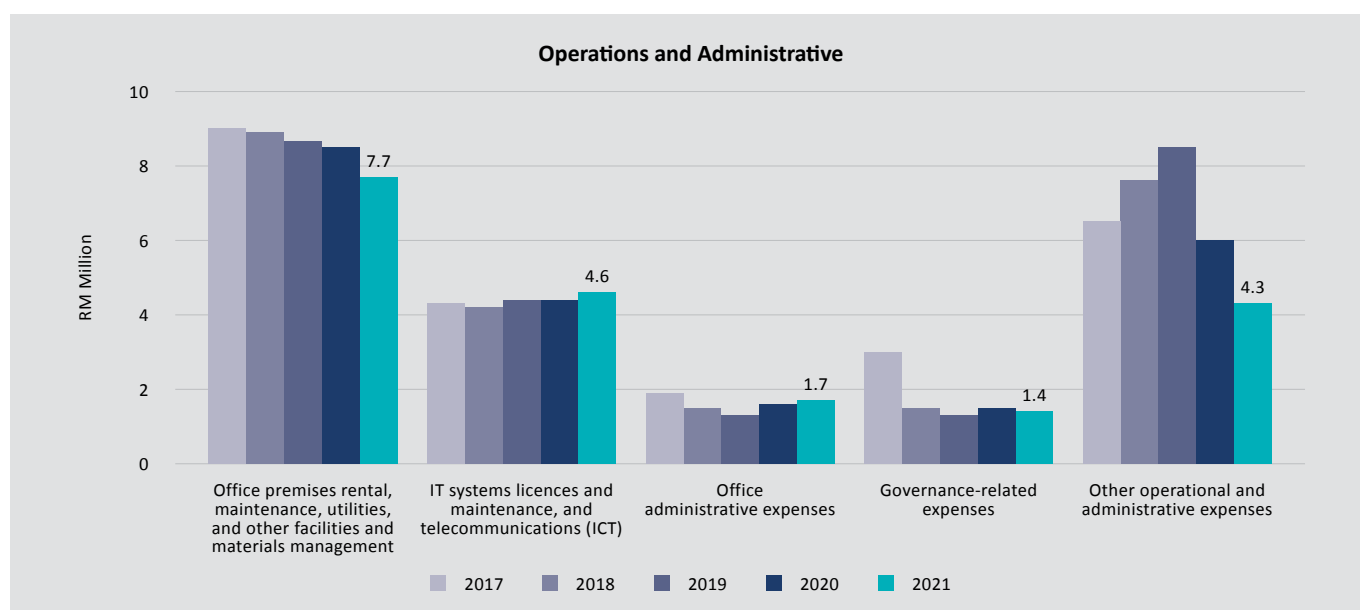
Refer to Our Key Achievements in 2021 in this section for details.



Operations and administrative expenses

Our operations and administrative expenses remained stable year-on-year. Overall, it decreased by RM2.3 million or 10.5% compared to the previous year. This was predominantly due to lower depreciation expenses as there were more assets that have been fully depreciated coupled with reprioritisation or change of approach for several initiatives during the year.

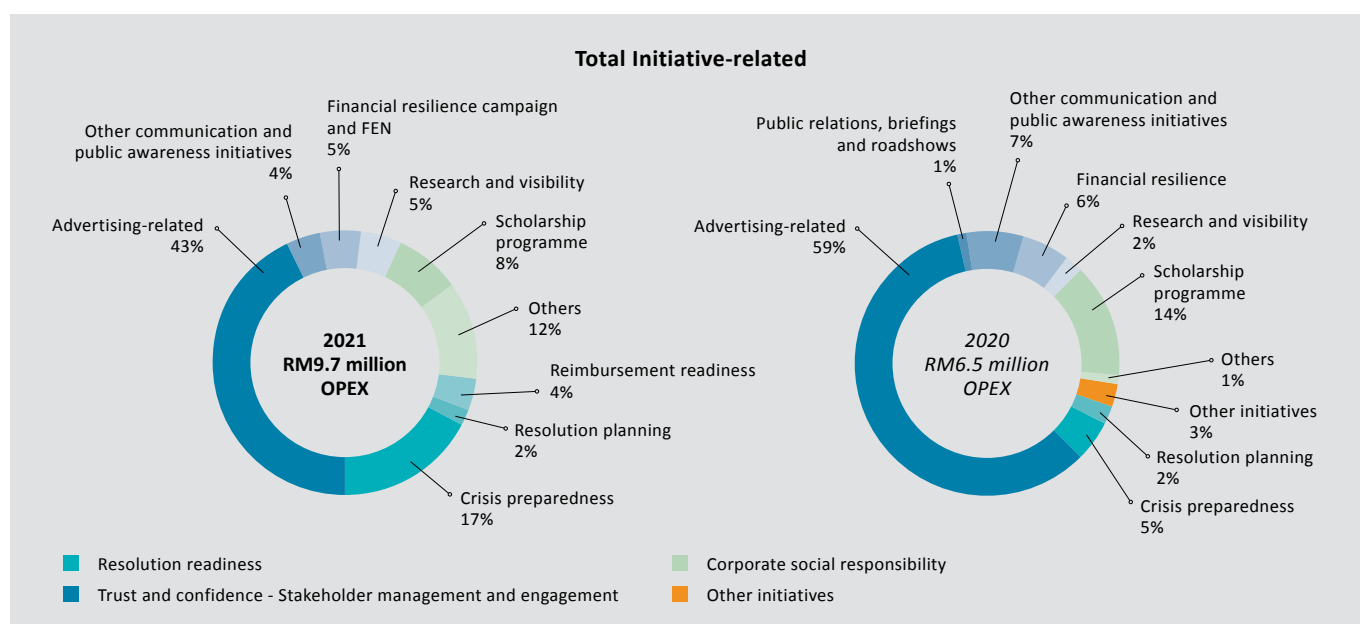
Notwithstanding the overall decrease in operating expenses, there was increase in the ICT-related expenses as we continue to invest and maintain our key IT system applications as well as further strengthen our IT security and cyber defence.



Against the budget, our operations and administrative expenses were RM5.7 million or 22.4% lower, mainly due to the reprioritisation of some operational work and initiatives as a result of the pandemic.

Initiative-related expenses

Our expenses also support the implementation of corporate initiatives in line with our strategic objectives and key result areas. On aggregate, initiative-related expenses were lower by RM3.1 million or 24.2% than budget predominantly due to a more cost effective approach adopted for certain initiatives as well as reprioritisation of some initiatives mainly due to the pandemic.

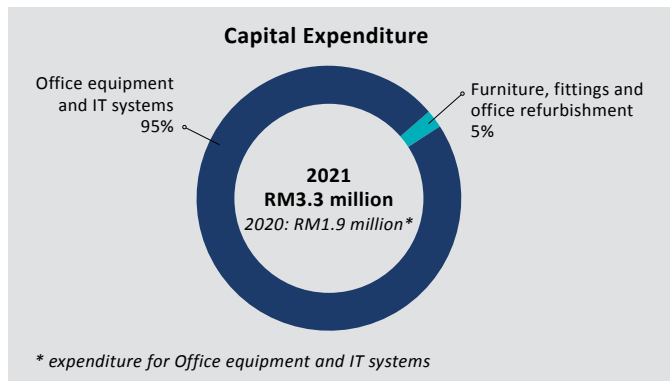


Refer to Our Key Achievements in 2021 in this section for more details and corporate initiatives carried out in 2021.

PERFORMANCE

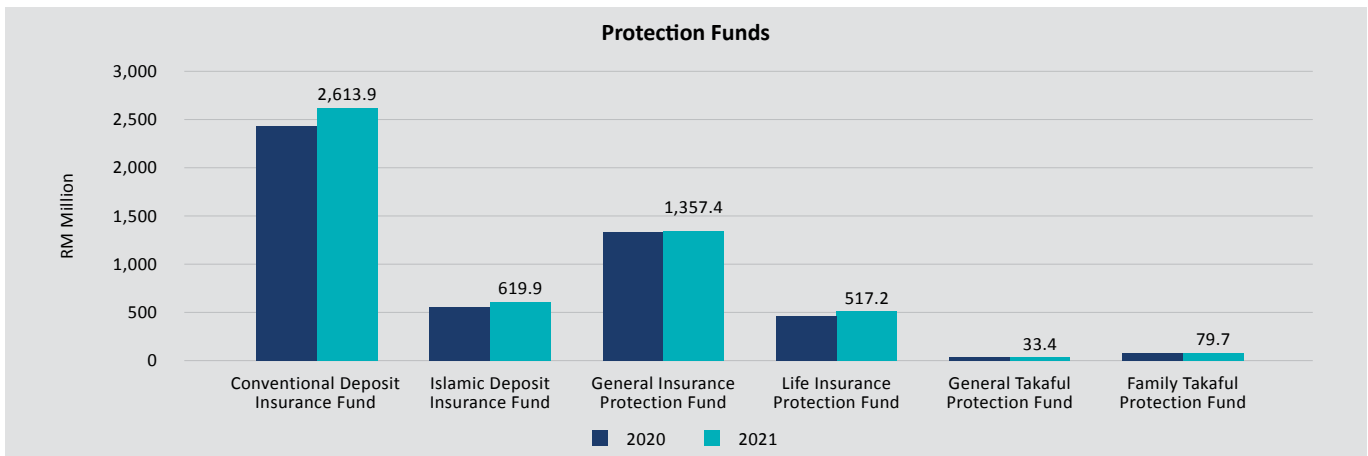
Capital Expenditure

As at 31 December 2021, we contracted RM3.3 million for capital expenditure, representing 56.9% of the capital expenditure budgeted for 2021 of RM5.8 million. Expenditures were primarily for the continuation of enhancement to PIDM’s reimbursement readiness capabilities as well as building of a Resolution Technology (ResTech)¹ platform. By recognising cybersecurity as an increasing risk, we also strengthened our cyber resilience infrastructure.



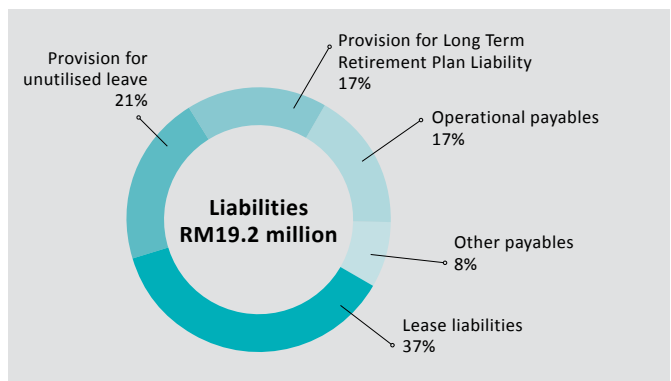
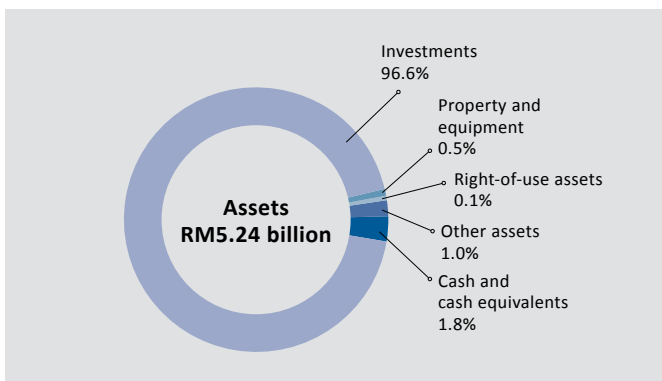
Statement of Financial Position

PIDM’s Total Protection Funds as at 31 December 2021 amounted to RM5.22 billion, on the back of total assets of RM5.2 billion and net of liabilities of RM0.02 billion.



Our assets remained liquid, with financial assets comprising cash, cash equivalents, investments as well as other financial assets. These financial assets stood at RM5.21 billion, representing 99.4% of our total assets as at 31 December 2021. The remaining non-financial assets related to property and equipment, which amounted to RM0.02 billion as well as RM0.01 billion of ‘right-of-use assets’ for the lease of our corporate office and office equipment.

Liabilities, on the other hand, encompassed payables and lease liabilities. Payables were primarily for operations in relation to goods and services acquired by PIDM, as well as to provide for unutilised leave and PIDM’s Long Term Retirement Plan.



Details of the items within the Statement of Financial Position are in the Notes to the Financial Statements, which can be found under Part IV of this Annual Report.

¹ Modern technology to resolution activities to increase efficiency, improve strategic analysis and decision making