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Kenanga Investment Bank Berhad
(Incorporated in Malaysia)

Pillar 3 Disclosures Contents	**Page**

Kenanga Investment Bank Berhad
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURES
AS AT 30 JUNE 2022

1. Overview

With the introduction of Bank Negara Malaysia ("BNM")'s Risk-Weighted Capital Adequacy Framework ("RWCAF") and Risk-Weighted Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements ("Pillar 3"), Pillar 3 Disclosures for financial reporting beginning 1 January 2010 are required. The 3 Pillars of Basel II are as below:

i) Pillar 1 sets out the minimum capital requirements for credit, market and operational risk assumed by banking institutions.

ii) Pillar 2 supervisory review process recognises the responsibility of bank management in developing an internal capital adequacy assessment process and setting capital targets that commensurate with the bank's risk profile and control environment. The management is responsible to ensure that the bank has adequate capital to support its risks beyond the core minimum requirements.

iii) Pillar 3 encourages market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes, and hence the capital adequacy of banking institution.

Kenanga Investment Bank Berhad ("KIBB" or "the Group")'s Pillar 3 Disclosures are governed by the Group's Disclosure Requirement Policy Basel II - Pillar 3, whereby the Group's internal auditors would verify the information before being certified by the Group Managing Director of KIBB.

The Pillar 3 Disclosures will be published on the website, www.kenanga.com.my

Any discrepancies between the totals and sum of the components in the tables contained in this disclosure document are due to actual summation method and then rounded up to the nearest thousand.

2. Scope Of Application

The Pillar 3 Disclosures are prepared on a consolidated basis and comprise information on KIBB including Skim Perbankan Islam (KIBB's SPI/Islamic Banking Window) and its subsidiaries, associated companies and joint venture company.

Note 3.4 (a) to the audited financial statements for the financial year ended 31 December 2021 describes the basis of consolidation for financial accounting purposes, which differs from that used for regulatory capital purposes. All subsidiaries of the Group are fully consolidated from the date the Group obtains control until the date such control ceases.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group. The transfer of funds or regulatory capital is subject to the shareholders' and regulatory approval.

3. Capital Management

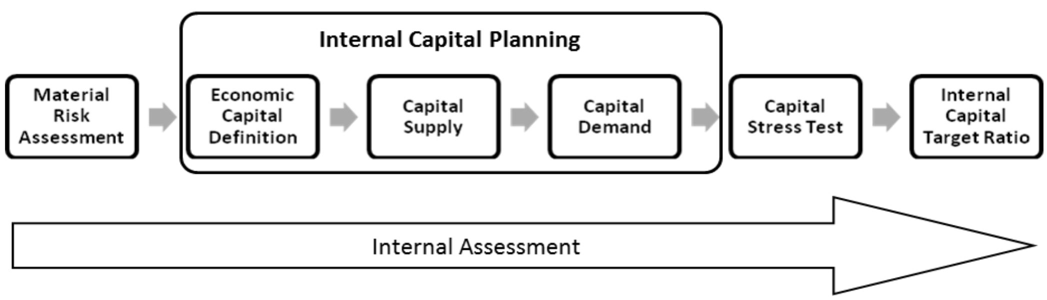
The Group's capital management is administered by the Group Risk Committee ("GRC"), Group Board Risk Committee ("GBRC") and the Board of Directors ("the Board"). The Group's capital management is guided by the BNM RWCAF and CAFIB, which are to maintain risk-weighted capital ratios above the minimum regulatory capital requirements. GRC reviews the Group's capital performance regularly to address any deviation from capital targets.

Internal Capital Adequacy Assessment Process

The Group has put in place an Internal Capital Adequacy Assessment Process ("ICAAP") to achieve this objective and to support business operations beyond minimum regulatory capital requirements, which is proportionate to its size and complexity of business, to ensure its viability in times of economic stress.

As defined by BNM's ICAAP, the Group's ICAAP states the minimum internal capital requirement for its current and future business strategies and financial plans for the next 3 years via a comprehensive risk assessment process which involves assessing the materiality of the risk, risk management process, risk measurement methodology and risk mitigation plan on its portfolio risk exposures, its risk management practices towards its material risks, the required capital for the identified material risks and potential capital planning buffer in the event of stress. An independent review will be conducted to ensure the integrity, objectivity and consistent application.

Overall ICAAP flow is summarised as follows:-



Stress Testing

As per the Group's Stress Testing Framework, the capital requirements are forecasted under exceptional~~,~~ but plausible~~,~~ stress events to assess the ability of the capital to withstand market shocks. If the stress test result reveals that the capital will be adversely affected under such events, action plans will be formulated to respond to the capital deficiency. The stress test result and action plan are then tabled to the GRC, GBRC and the Board for deliberations.

3. Capital Management (Cont'd)

The Group has adopted the BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) and the BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Basel II - Risk-weighted Assets) (collectively referred as "the Framework").

This Framework outlines the general requirements on regulatory capital adequacy ratios, the components of eligible regulatory capital as well as the levels of those ratios at which banking institutions are required to operate. The Framework has been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision.

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's revised Capital Adequacy Framework (Basel II – Risk-Weighted Assets) dated 3 May 2019 and BNM's revised Capital Adequacy Framework (Capital Components) dated 9 December 2020.

(i) Components of Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 and total capital:

The capital adequacy ratios of the Group are as follows:

	Group	
	30 June 2022	31 December 2021
CET 1 capital ratio	17.453%	20.665%
Tier 1 capital ratio	17.453%	20.665%
Total capital ratio	24.902%	28.291%

Breakdown of risk weighted assets in the various categories of risks are as follows:

	Group			
	30 June 2022		31 December 2021	
	Risk Weighted Asset	Min Capital Requirement at 8%	Risk Weighted Asset	Min Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000
Credit Risk	1,431,041	114,483	1,358,911	108,713
Market Risk	353,440	28,275	456,072	36,486
Operational risk	865,631	69,250	828,589	66,287
Large Exposure Risk	13,108	1,049	11,794	944
Total	2,663,220	213,057	2,655,366	212,430

3. Capital Management (Cont'd)

(i) Components of Common Equity Tier 1 (CET 1) Capital ratio, Tier 1 Total capital

	Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
CET 1 capital		
Paid-up share capital	253,834	253,834
Retained profits	598,606	673,097
Other reserves	122,810	136,462
Less: Regulatory adjustments:		
Goodwill	(241,276)	(241,277)
55% of cumulative gains of financial investments at FVOCI	-	(3,625)
Deferred tax assets	(25,442)	(30,605)
Other intangibles	(90,669)	(89,784)
Regulatory reserve	(18,291)	(18,921)
Treasury shares	(8,715)	(13,064)
Other CET 1 regulatory adjustments specified by BNM	1,287	1,765
Deduction in excess of Tier 2*	(127,339)	(119,140)
Total CET 1 / Tier 1 capital	464,805	548,742
Tier 2 capital		
Subordinated obligations capital	180,500	185,500
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserve	17,888	16,986
Total Tier 2 capital	198,388	202,486
Total capital	663,193	751,228

As at the reporting date, the Group does not have capital instruments and debt instruments which qualify as additional Tier 1 capital.

* The portion of regulatory adjustments not deducted from Tier 2 (as the Group does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital as per paragraph 31.1 of the BNM's Capital Adequacy Framework (Capital Components).

3. Capital Management (Cont'd)

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions

The bank has elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years beginning on 1 January 2020 and apply the transitional arrangements with 31 December 2020 as the first reporting period.

Under the transitional arrangements, the bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures ("Stage 1 and Stage 2 provisions") to CET1 Capital.

The capital adequacy ratios of the Group are as follows:

	Group			
	30 June 2022		31 December 2021	
	With transitional arrangement	Without transitional arrangement	With transitional arrangement	Without transitional arrangement
CET 1 capital ratio	17.453%	17.404%	20.665%	20.599%
Tier 1 capital ratio	17.453%	17.404%	20.665%	20.599%
Total capital ratio	24.902%	24.854%	28.291%	28.225%

4. Risk Management

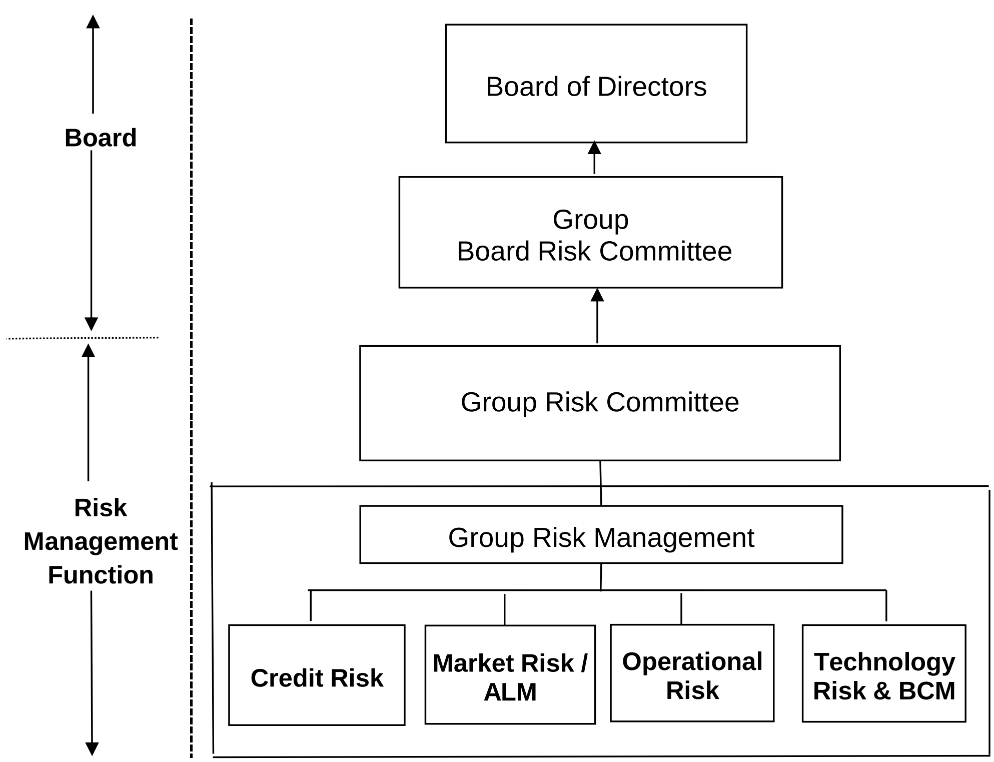
The Group establishes a strong risk management governance with an enterprise risk management framework as a pillar for other risk guidelines and sound practices. The risk governance structure in the framework defines the roles and responsibilities throughout the organization to ensure accountability and ownership.

The risk management philosophy adopted by the Group is based on the three (3) lines of defence approach. The line management is the first line of defence and is primarily responsible for the day-to-day risk management by identifying the risks, assessing impact and taking appropriate action to manage and mitigate risks.

The second (2) line of defence is the oversight functions which are Group Risk Management and Group Compliance. They perform independent monitoring of business units, reporting to management to ensure that the Group is conducting business and operations within internal guidelines and is regulatory compliant.

The third (3) line of defence is Group Internal Audit which provides independent assurance to the Board on adequacy and effectiveness of system of internal controls, risk management and governance process.

The risk management and risk reporting structure are as follows:-



4. Risk Management (Cont'd)

The Board is responsible to ensure that KIBB has in place effective and comprehensive risk management policies, procedures and infrastructure to identify, measure, control and monitor the various types of risks undertaken by the Group. The Board approves and periodically reviews the risk management capabilities to ensure their ability to support business strategic objectives, plans and activities. It is important to emphasize that the ultimate responsibility for a sound risk management and effectiveness of the internal control system lies with the Board.

The GBRC is a delegated authority to support the Board in meeting the expectations on risk management for the Group. The GBRC is entrusted to ensure the risk management framework, policy and procedure is consistently adopted throughout the Group and is within the parameters established by the Board. In discharging the duties, the GBRC reviews risk management reports vis-a-vis the risk exposure, risk portfolio composition and risk management activities.

The GRC assists and supports the GBRC to oversee the assets and liabilities management, market risk, credit risk, operational risk, liquidity risk, technology risk and business risk management. They undertake the oversight function for capital management, monitoring of risk profiles and ensure the risk limits are complied, as guided by the risk policies approved by the Board.

The independent Group Risk Management ("GRM") provides support to the dedicated risk management committees. It is responsible for ensuring the risk policies are implemented and complied with. It is also actively involved in the risk management process via the identification, measurement, mitigating, controlling, monitoring and reporting of risk.

The Group reviews its risk management policies regularly to ensure it remains relevant by taking into consideration of the emerging risks arising from the ever-changing market environment and regulatory requirements.

5. Credit Risk

Credit risk is the potential loss as a result of failure by the customers or counterparties to meet their contractual financial obligations.

The minimum regulatory capital requirement on credit risk of the Group is as follows:

Exposure Class As at 30 June 2022	Gross Exposure Class before credit risk mitigation RM'000	Net Exposure Class after credit risk mitigation RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	936,537	936,537	-	-
Banks, Development Financial Institutions & MDBs	1,456,330	1,456,330	291,266	23,301
Corporates	1,125,511	748,424	367,460	29,397
Regulatory Retail	885	885	885	71
Higher Risk Assets	1,294	1,294	1,940	155
Other Assets	2,109,325	1,005,993	365,652	29,252
Defaulted Exposures				
Other Assets	80,945	34,090	39,650	3,172
Total for On-Balance Sheet Exposures*	5,710,827	4,183,553	1,066,853	85,348
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:-				
- up to 1 year	5,113	5,113	5,113	409
- over 1 year	35,000	35,000	35,000	2,800
Commitments to extend credit with maturity of :-				
Up to 1 year				
- foreign exchange related contract	1,164	1,164	1,124	90
- equity related contracts	96,195	96,195	58,978	4,718
Over 1 year				
- equity related contracts	23	23	23	2
Forward Assets Purchases	18,305	18,305	18,305	1,464
Securities borrowing and lending	6,459	59	12	1
Monies Held in Trust	1,228,166	1,228,166	245,633	19,651
Total for Off-Balance Sheet Exposures	1,390,425	1,384,025	364,188	29,135
Total for On and Off-Balance Sheet Exposures	7,101,252	5,567,578	1,431,041	114,483

5. Credit Risk (Cont'd)

Exposure Class As at 31 December 2021	Gross Exposure Class before credit risk mitigation RM'000	Net Exposure Class after credit risk mitigation RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	1,367,260	1,367,260	-	-
Banks, Development Financial Institutions & MDBs	1,006,823	1,006,823	201,365	16,109
Corporates	1,215,711	844,885	411,063	32,885
Regulatory Retail	6,768	6,768	6,768	541
Higher Risk Assets	1,460	1,460	2,190	175
Other Assets	2,039,135	915,224	338,751	27,100
Defaulted Exposures				
Other Assets	77,415	30,952	36,182	2,895
Total for On-Balance Sheet Exposures*	5,714,572	4,173,372	996,319	79,705
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:-				
- up to 1 year	10,148	10,148	10,148	812
- over 1 year	27,638	27,638	27,638	2,211
Commitments to extend credit with maturity of :-				
Up to 1 year				
- foreign exchange related contract	79	79	79	6
- equity related contracts	88,116	88,116	55,912	4,473
Over 1 year				
- equity related contracts	20	20	20	2
Over 5 years				
- equity related contracts	-	-	-	-
Forward Assets Purchases	18,859	18,859	18,859	1,509
Securities borrowing and lending	27,637	-	-	-
Monies Held in Trust	1,249,679	1,249,679	249,936	19,995
Total for Off-Balance Sheet Exposures	1,422,176	1,394,539	362,592	29,008
Total for On and Off-Balance Sheet Exposures	7,136,748	5,567,911	1,358,911	108,713

As per the Group’s credit approval process, the credit approval function is segregated from credit origination in order to maintain independence and integrity of the process. Discretionary powers are assigned to credit approving authorities based on their experience, seniority and track record. For large credit exposure exceeding certain threshold, an independent assessment is required from the Group Risk Management ("GRM"), before submission of the proposal to the respective Approving Authority.

5. Credit Risk (Cont'd)

The Group Credit Committee ("GCC") approves major credit decisions and introduces guidelines and procedures to control and monitor credit risk. In addition to the above, GCC receives updates of the credit performance or profile of the credit exposures to ensure that appropriate actions are taken to prevent deterioration of the Group’s assets quality.

Both GCC and GRC support the GBRC in credit risk management as an oversight function. The internal risk management reports which include the Group's credit profile and credit risk exposure, are presented to the GRC and the GBRC on a regular basis. The GCC also reviews the Group’s credit profile of the credit portfolios and recommends necessary actions to ensure that the credit risk remains within the established risk tolerance level. The Credit Risk section in GRM is responsible to formulate and review risk policies, guidelines and procedures for compliance by the business units.

Past due loans, advances and financing are loans where the customer has failed to make a principal or interest payment when contractually due.

Impaired loans, advances and financing are loans whereby payments of principal or interest or both are past due for three months or more, or loans which are past due for less than three months which exhibit indications of credit weaknesses.

Please refer to note 3.4(k)(i) in the financial statements of approaches for the Expected Credit Loss provisions.

5. Credit risk (cont'd)

(a) Industry analysis as at 30 June 2022

Group	Primary agriculture	Manufacturing (incl. agri-based)	Electricity, gas & water supply	Wholesale & retail trade, and hotel & restaurant	Real estate	Transport, storage and communications	Finance and insurance	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,978,675	-	-	1,978,675
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	52,973	-	-	52,973
Balances due from clients and brokers	71	184	-	-	66	212	175,468	193,664	20,718	390,383
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	8,949	-	-	-	-	-	-	8,949
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	167,349	167,349
Derivative financial assets	-	-	-	-	29,638	15	-	4,942	54,371	88,966
Net loans, advances and financing										
Term loans	-	-	-	71,616	-	-	-	20,771	308,860	401,247
Islamic term loans	-	-	-	-	12,648	-	-	46,292	44,545	103,485
Share margin financing	-	4,069	-	7,900	27,167	-	-	867,272	226,299	1,132,707
Islamic share margin financing	-	-	-	-	-	-	-	12,696	-	12,696
Others	-	32	-	15,734	-	-	-	19,663	29,797	65,226
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	38,553	-	-	38,553
Malaysian Government Investment Certificates	-	-	-	-	-	-	67,290	-	-	67,290
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	99,841	-	-	99,841
Corporate Bonds	-	-	14,799	-	25,914	-	30,324	-	14,291	85,328
Islamic Corporate Sukuk	-	-	28,123	-	5,004	30,153	120,624	-	20,421	204,325
Unquoted equities	-	-	-	-	-	-	-	-	1,294	1,294
Financial investments at AC										
Malaysian Government Securities	-	-	-	-	-	-	19,950	-	-	19,950
Malaysian Government Investment Certificates	-	-	-	-	-	-	87,576	-	-	87,576
Corporate Bonds	-	-	-	-	-	-	20,006	-	-	20,006
Islamic Corporate Sukuk	-	-	-	4,951	-	-	192,639	-	-	197,590
Other assets	-	-	-	-	-	-	-	-	282,778	282,778
	71	4,285	51,871	100,201	100,437	30,380	2,883,919	1,165,300	1,170,723	5,507,187
Non-Financial Assets										4,838
Trading Book										(17,690)
Expected Credit Loss (Stage 1 and 2)										216,492
Total for On-Balance Sheet Exposures*										5,710,827

5. Credit risk (cont'd)

(a) Industry analysis as at 31 December 2021

Group	Primary agriculture	Manufacturing (incl. agri-based)	Electricity, gas & water supply	Wholesale & retail trade, and hotel & restaurant	Real estate	Transport, storage and communications	Finance and insurance	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,897,384	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	-	-	50,868
Balances due from clients and brokers	-	620	-	395	-	-	118,107	206,397	8,946	334,465
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	23,873	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	156,508	156,508
Derivative financial assets	-	-	-	-	27,500	15	-	2,411	51,527	81,453
Net loans, advances and financing										
Term loans	-	-	-	63,711	15,732	-	-	24,534	342,579	446,556
Islamic term loans	-	-	-	-	14,868	-	-	36,058	38,659	89,585
Share margin financing	-	5,845	-	-	25,025	-	-	885,600	227,169	1,143,639
Islamic share margin financing	-	-	-	-	-	-	-	13,471	-	13,471
Others	-	-	-	14,345	-	-	-	17,640	50,177	82,162
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	40,042	-	-	40,042
Malaysian Government Investment Certificates	-	-	-	-	-	-	91,934	-	-	91,934
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	199,724	-	-	199,724
Corporate Bonds	-	-	15,055	-	42,982	-	30,848	-	40,077	128,962
Islamic Corporate Sukuk	-	-	54,337	-	5,047	30,551	164,594	-	20,923	275,452
Unquoted equities	-	-	-	-	-	-	-	-	1,460	1,460
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,012	-	-	20,012
Malaysian Government Investment Certificates	-	-	-	-	-	-	39,912	-	-	39,912
Islamic Corporate Sukuk	-	-	-	6,451	-	-	147,285	-	-	153,736
Other assets	-	-	-	-	-	-	-	-	218,653	218,653
	-	6,465	93,265	84,902	131,154	30,566	2,800,710	1,186,111	1,156,678	5,489,851
Non-Financial Assets										247,691
Trading Book										(27,808)
Expected Credit Loss (Stage 1 and 2)										4,838
Total for On-Balance Sheet Exposures*										5,714,572

5. Credit risk (cont'd)

(b) Analysis of Financial Assets By Remaining Contractual Maturities

The table below summarises the residual contractual maturity profile of the Group's financial assets as at 30 June 2022. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 30 June 2022	On Demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non Specific Maturity RM'000	Total RM'000
On-Balance Sheet Exposures								
Cash and bank balances	575,201	1,342,949	60,525	-	-	-	-	1,978,675
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	52,973	52,973
Financial assets at FVTPL	-	-	-	-	-	8,949	167,349	176,298
Derivative financial assets	-	7	1,965	57,357	29,637	-	-	88,966
Financial instruments at FVOCI	-	54,942	74,949	51,056	55,256	259,134	1,294	496,631
Financial instruments at AC	-	-	-	-	98,270	226,852	-	325,122
Loans, advances and financing	236,121	1,145,412	11,682	57,171	21,247	243,691	37	1,715,361
Balances due from clients and brokers	-	390,383	-	-	-	-	-	390,383
Other assets	3,656	181,027	3,325	4,631	-	-	90,139	282,778
Total On-Balance Sheet Exposures	814,978	3,114,720	152,446	170,215	204,410	738,626	311,792	5,507,187
Non-Financial Assets								4,838
Trading Book								(17,690)
Expected Credit Loss (Stage 1 and 2)								216,492
Total for On-Balance Sheet Exposures*								5,710,827

Group 31 December 2021	On Demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non Specific Maturity RM'000	Total RM'000
On-Balance Sheet Exposures								
Cash and bank balances	526,368	1,360,597	10,419	-	-	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	50,868
Financial assets at FVTPL	-	-	-	-	-	23,873	156,508	180,381
Derivative financial assets	-	38	-	29,465	51,950	-	-	81,453
Financial instruments at FVOCI	-	169,864	49,881	70,530	98,742	347,097	1,460	737,574
Financial instruments at AC	-	-	1,489	-	-	212,171	-	213,660
Loans, advances and financing	229,505	1,159,841	56,391	18,657	2,943	307,979	97	1,775,413
Balances due from clients and brokers	-	334,465	-	-	-	-	-	334,465
Other assets	6,740	150,491	3,134	1,754	-	-	56,534	218,653
Total On-Balance Sheet Exposures	762,613	3,175,296	121,314	120,406	153,635	891,120	265,467	5,489,851
Non-Financial Assets								247,691
Trading Book								(27,808)
Expected Credit Loss (Stage 1 and 2)								4,838
Total for On-Balance Sheet Exposures*								5,714,572

5. Credit risk (cont'd)

(c) Geographical Distribution of Major Credit Exposures as at 30 June 2022

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Financial Assets			
Cash and bank balances	1,978,675	-	1,978,675
Statutory deposit with Bank Negara Malaysia	52,973	-	52,973
Financial assets at fair value through profit or loss			
Islamic Corporate Sukuk	8,949	-	8,949
Unquoted Shares and funds in Malaysia	167,349	-	167,349
Derivative financial assets	88,966	-	88,966
Net loans, advances and financing			
Term loans	401,247	-	401,247
Islamic Term loans	103,485	-	103,485
Share margin financing	1,128,055	4,652	1,132,707
Islamic margin financing	12,696	-	12,696
Others	65,226	-	65,226
Balances due from clients and brokers	384,861	5,522	390,383
Financial instruments at FVOCI			
Malaysian Government Securities	38,553	-	38,553
Malaysian Government Investment Certificates	67,290	-	67,290
Islamic Negotiable Instruments of Deposits	99,841	-	99,841
Corporate bonds	75,269	10,059	85,328
Islamic Corporate Sukuk	204,325	-	204,325
Unquoted equities	1,294	-	1,294
Financial investments at amortised cost			
Corporate Bonds	19,950	-	19,950
Islamic Malaysian Government Investment Issues	87,576	-	87,576
Corporate bonds	20,006	-	20,006
Islamic Corporate Sukuk	197,590	-	197,590
Other assets	282,778	-	282,778
	5,486,954	20,233	5,507,187
Non-Financial Assets			4,838
Trading Book			(17,690)
Expected Credit Loss (Stage 1 and 2)			216,492
Total for On-Balance Sheet Exposures*			5,710,827

5. Credit risk (cont'd)

(c) Geographical Distribution of Major Credit Exposures as at 31 December 2021

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Financial Assets			
Cash and bank balances	1,897,384	-	1,897,384
Statutory deposit with Bank Negara Malaysia	50,868	-	50,868
Financial assets at fair value through profit or loss			
Islamic Corporate Sukuk	23,873	-	23,873
Unquoted shares and unit trust funds in Malaysia	156,508	-	156,508
Derivative financial assets	81,453	-	81,453
Net loans, advances and financing			
Term loans	446,556	-	446,556
Islamic Term loans	89,585	-	89,585
Share margin financing	1,137,261	6,378	1,143,639
Islamic margin financing	13,471	-	13,471
Others	82,162	-	82,162
Balances due from clients and brokers	330,552	3,913	334,465
Financial instruments at FVOCI			
Malaysian Government Securities	40,042	-	40,042
Malaysian Government Investment Certificates	91,934	-	91,934
Islamic Negotiable Instruments of Deposits	199,724	-	199,724
Corporate bonds	118,774	10,188	128,962
Islamic Corporate Sukuk	275,452	-	275,452
Unquoted equities	1,460	-	1,460
Financial investments at amortised cost			
Islamic Corporate Sukuk	20,012	-	20,012
Islamic Malaysian Government Investment Issues	39,912	-	39,912
Islamic Corporate Sukuk	153,736	-	153,736
Other assets	218,653	-	218,653
	5,469,372	20,479	5,489,851
Non-Financial Assets			247,691
Trading Book			(27,808)
Expected Credit Loss (Stage 1 and 2)			4,838
Total for On-Balance Sheet Exposures*			5,714,572

5. Credit Risk (Cont'd)

(d) Impairment allowance for loans, advances and financing are as follows:

Share margin financing:

An analysis of changes in the expected credit loss ("ECL") allowances in relation to share margin financing is as follows :

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(749)	(749)
Net remeasurement of allowance	-	-	1,391	1,391
As at 30 June 2022	-	-	14,431	14,431

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	-	2,356	7,253	9,609
New assets originated or purchased	-	-	(5)	(5)
Transfers of stages	-	(2,356)	2,356	-
Assets derecognised or repaid (excluding write-offs)	-	-	(1,801)	(1,801)
Net remeasurement of allowance	-	-	5,986	5,986
As at 31 December 2021	-	-	13,789	13,789

Term loan and subordinated term loan:

An analysis of changes in the expected credit loss ("ECL") allowances in relation to term loan is as follows :

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	2,936	-	-	2,936
New assets originated or purchased	58	-	-	58
Assets derecognised or repaid (excluding write-offs)	(65)	-	-	(65)
Net measurement of allowance	(12)	-	-	(12)
As at 30 June 2022	2,917	-	-	2,917

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	3,059	-	-	3,059
New assets originated or purchased	46	-	-	46
Assets derecognised or repaid (excluding write-offs)	(184)	-	-	(184)
Net measurement of allowance	15	-	-	15
As at 31 December 2021	2,936	-	-	2,936

5. Credit Risk (Cont'd)

(d) Impairment allowance for loans, advances and financing are as follows:

Other lending and factoring receivables :

An analysis of changes in the ECL allowances in relation to other loans and financing is as follows:

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	13	-	664	677
Assets derecognised or repaid (excluding write-offs)	(13)	-	(144)	(157)
As at 30 June 2022	-	-	520	520

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	53	-	664	717
Assets derecognised or repaid (excluding write-offs)	(40)	-	-	(40)
As at 31 December 2021	13	-	664	677

(e) Undrawn commitment:

An analysis of changes in the ECL allowances in relation to undrawn commitment is as follows:

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	-	-
Impact of net remeasurement	-	-	-	-
As at 30 June 2022	-	-	-	-

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	-	-	-	-
Impact of net remeasurement	-	-	-	-
As at 31 December 2021	-	-	-	-

5. Credit Risk (Cont'd)

(f) Gross loans, advances and financing analysed by geographical distribution

	Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
Malaysia	1,728,577	1,786,437
Outside Malaysia	4,652	6,378
	1,733,229	1,792,815

(g) Impaired loans, advances and financing analysed by economic purpose

	Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
Working Capital	5,728	664
Purchase of securities	62,893	64,700
Others	7,568	7,777
Gross amount of impaired loans	76,189	73,141

5. Credit Risk (Cont'd)

(h) Impaired and past due loans, advances and financing and allowances by industry and geographical distribution

	30 June 2022					
	Impaired loans, advances and financing	Past due loans	ECL provisions under Stage 3	ECL provisions under Stage 1 and 2	Charges/ writeback	Write-Offs
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia						
Wholesale & retail trade, and hotel & restaurant	-	-	-	(516)	-	-
Real Estate	26,485	-	-	(30)	(2,356)	-
Transport, Storage and Communications	520	-	(520)	-	(144)	-
Household	34,451	4,334	(14,430)	(263)	2,998	-
Others	-	-	-	(2,108)	(32)	-
Outside Malaysia						
Others	1,956	-	-	-	-	-
	63,412	4,334	(14,950)	(2,917)	466	-

	31 December 2021					
	Impaired loans, advances and financing	Past due loans	ECL provisions under Stage 3	ECL provisions under Stage 1 and 2	Charges/ writeback	Write-Offs
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia						
Wholesale & retail trade, and hotel & restaurant	-	5,240	-	248	-	-
Real Estate	26,944	-	2,356	98	-	-
Transport, Storage and Communications	664	-	664	-	-	-
Finance and insurance	-	-	-	-	-	-
Household	42,977	63	11,433	263	4,314	-
Others	-	63,073	-	2,340	(297)	-
Outside Malaysia						
Others	2,556	-	-	-	-	-
	73,141	68,376	14,453	2,949	4,017	-

5. Credit Risk (Cont'd)

5.1 Assignment of Risk Weights for Portfolio Under the Standardised Approach

Under the Standardised Approach, the Group uses the External Credit Assessment Institutions ("ECAI") rating approved by BNM to determine the relevant credit risk weights exposed to Sovereigns and Central Banks, Banking Institutions and Corporates for the purpose of risk weighted assets

The eligible ECAI ratings used by the Group, which are recognised by BNM in the RWCAF, are as follows:

(a) S&P Global Ratings ("S&P")
(b) Moody's Investors Service ("Moody's")
(c) Fitch Ratings ("Fitch")
(d) RAM Holdings Berhad ("RAM") (Formerly known as Rating Agency Malaysia Berhad)
(e) Malaysian Rating Corporation Berhad ("MARC")

The Group maps the rating categories of different ECAIs to the risk weights as per the guidelines provided by BNM as follows:

(i) Sovereigns and Central Banks

Rating Category	S&P	Moody's	Fitch	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	0%
2	A+ to A-	A1 to A3	A+ to A-	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	150%
Unrated				100%

(ii) Banking Institutions

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk Weight	Original Maturity <6 mths	Original Maturity <3 mths
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%	20%	
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%	20%	
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%	20%	20%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-	100%	50%	
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D	150%	150%	
Unrated						50%	20%	

5. Credit Risk (Cont'd)

5.1 Assignment of Risk Weights for Portfolio Under the Standardised Approach (Cont'd)

(iii) Corporate

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B+ to D	B1 to D	B+ to D	150%
Unrated						100%

(iv) Banking Institutions and Corporate (Short Term)

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk Weight
1	A-1	P-1	F1+, F1	P-1	MARC-1	20%
2	A-2	P-2	F2	P-2	MARC-2	50%
3	A-3	P-3	F3	P-3	MARC-3	100%
4	Others	Others	B to D	NP	MARC-4	150%

As specified in the RWCAF, in instances where an exposure does not have an issuer or issue rating, the exposure shall be deemed unrated and the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated. However, in the event where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is used to determine the risk weight. For credit exposures which are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

5. Credit risk (cont'd)

5.1 Assignment of Risk Weights for Portfolio Under the Standardised Approach (cont'd)

(b) Credit Risk Disclosure on Risk Weights as at 30 June 2022

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, MDBs and FDIs	Corporates	Regulatory Retail	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Performing Exposures									
0%	936,537	-	299,115	-	-	430,928	-	1,666,580	-
10%	-	-	-	-	-	-	-	-	-
20%	-	2,684,604	187,342	-	-	261,767	-	3,133,713	626,743
35%	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-
100%	-	-	337,800	885	-	331,604	-	670,289	670,289
150%	-	-	61,612	-	1,294	-	-	62,906	94,359
Total	936,537	2,684,604	885,869	885	1,294	1,024,299	-	5,533,488	1,391,391
Defaulted Exposures									
0%	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	22,970	-	22,970	22,970
150%	-	-	-	-	-	11,120	-	11,120	16,680
Total	-	-	-	-	-	34,090	-	34,090	39,650
Grand Total	936,537	2,684,604	885,869	885	1,294	1,058,389	-	5,567,578	1,431,041

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5. Credit risk (cont'd)

5.1 Assignment of Risk Weights for Portfolio Under the Standardised Approach (cont'd)

(a) Credit Risk Disclosure on Risk Weights as at 31 December 2021

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, MDBs and FDIs	Corporates	Regulatory Retail	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Performing Exposures									
0%	1,367,260	-	270,723	-	-	426,859	-	2,064,842	-
10%	-	-	-	-	-	-	-	-	-
20%	-	2,256,639	278,851	-	-	187,016	-	2,722,506	544,501
35%	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-
100%	-	-	365,403	6,768	-	320,208	-	692,379	692,379
150%	-	-	55,772	-	1,460	-	-	57,232	85,849
Total	1,367,260	2,256,639	970,749	6,768	1,460	934,083	-	5,536,959	1,322,729
Defaulted Exposures									
0%	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	20,492	-	20,492	20,492
150%	-	-	-	-	-	10,460	-	10,460	15,690
Total	-	-	-	-	-	30,952	-	30,952	36,182
Grand Total	1,367,260	2,256,639	970,749	6,768	1,460	965,035	-	5,567,911	1,358,911

5. Credit Risk (Cont'd)

5.1 Assignment of Risk Weights for Portfolio Under the Standardised Approach (cont'd)

(c) Disclosure on related exposures according to ratings by ECAIs:

(i) Sovereigns and Central Banks

Exposure Class	Ratings of Corporate by Approved ECAI					
	1	2	3	4	5	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	936,537	-	-	-	-	-
Total	936,537	-	-	-	-	-

(ii) Banks, MDBs and FIs

Exposure Class	Ratings of Corporate by Approved ECAI					
	1	2	3	4	5	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	2,684,604	-	-	-	-	-
Total	2,684,604	-	-	-	-	-

(iii) Corporates

Exposure Class	Ratings of Corporate by Approved ECAI					
	1	2	3	4	5	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	449,240	12,209	163,480	-	-	260,940
Total	449,240	12,209	163,480	-	-	260,940

5.2 Credit Risk Mitigation Disclosure

As a fundamental credit principle, the Group’s credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability. To mitigate the credit risk assumed, the collateral is taken whenever possible. The main types of collateral accepted by the Group are shares, land and properties as well as plant and machinery. The monitoring of collateral value is carried out periodically, depending on the type, liquidity and volatility of the collateral value.

The Group uses Credit Risk Mitigation ("CRM") method to reduce the credit risk exposure, under the Credit Risk Weighted Asset ("RWA") computation. The adoption of CRM is accordance to the BNM Guideline and the Group's stringent internal requirement, focusing on the legal right to claim the collateral, liquidity of the collateral, and the significance level of the correlation between the counterparty and the collateral. Currently, the only eligible collateral accepted as credit risk mitigation by the Group is listed shares under share margin financing and corporate loans/financing businesses.

The Group also manages the market or credit risk concentrations of the listed shares (accepted as eligible collateral), at inception during credit proposal assessment / evaluation and during the assessment on the material correlation between the counterparty and the collateral. These concentrations are subject to the Group's Single Counterparty Exposure Limit on counterparties' exposures and the Group's Management Action Trigger ("MAT") on the share counter concentrated exposures.

5. Credit risk (cont'd)

5.2 Credit Risk Mitigation

(a) Disclosure on Credit Risk Mitigation as at 30 June 2022

Group

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On Balance Sheet Exposures				
Sovereigns/Central Banks	936,537	-	-	-
Banks, Development Financial Institutions & MDBs	1,456,330	-	-	-
Corporates	1,125,511	-	377,087	-
Regulatory Retail	885	-	-	-
Higher Risk Assets	1,294	-	-	-
Other Assets	2,109,325	-	1,103,332	-
Equity Exposure	-	-	-	-
Defaulted Exposures	80,945	-	46,855	-
TOTAL for On Balance Sheet Exposures	5,710,827	-	1,527,274	-
Off Balance Sheet Exposures Other than OTC Derivatives or Credit Derivatives	1,390,425	-	6,400	-
TOTAL for Off Balance Sheet Exposures	1,390,425	-	6,400	-
TOTAL for On and Off Balance Sheet Exposures	7,101,252	-	1,533,674	-

(b) Disclosure on Credit Risk Mitigation as at 31 December 2021

Group

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On Balance Sheet Exposures				
Sovereigns/Central Banks	1,367,260	-	-	-
Banks, Development Financial Institutions & MDBs	1,006,823	-	-	-
Corporates	1,215,711	-	368,826	-
Regulatory Retail	6,768	-	-	-
Higher Risk Assets	1,460	-	-	-
Other Assets	2,039,135	-	1,125,912	-
Equity Exposure	-	-	-	-
Defaulted Exposures	77,415	-	46,463	-
TOTAL for On Balance Sheet Exposures	5,714,572	-	1,541,201	-
Off Balance Sheet Exposures Other than OTC Derivatives or Credit Derivatives	1,422,176	-	27,636	-
TOTAL for Off Balance Sheet Exposures	1,422,176	-	27,636	-
TOTAL for On and Off Balance Sheet Exposures	7,136,748	-	1,568,837	-

5. Credit risk (cont'd)

5.3 Composition of Off-Balance Sheet Exposures

Off-balance sheet exposures of the Group are mainly from the following:

1) Forward Asset Purchases
2) Obligations under an on-going underwriting agreement
3) Undrawn Credit Facility
4) Miscellaneous Commitments

The management of off-balance sheet exposures is in accordance to the credit risk management approach as set out in this Pillar 3 Disclosures.

The following tables present the breakdown of the off-balance sheet exposures of the Group:

30 June 2022	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Forward Asset Purchases	18,305	100%	18,305	18,305
Other commitments with an original maturity				
- up to 1 year	25,565	20%	5,113	5,113
- over 1 year	70,000	50%	35,000	35,000
Commitments to extend credit with maturity of				
Less than 1 year				
- foreign exchange related	105,654		1,163	1,124
- equity related contracts	153,597		96,196	58,978
More than 1 year				
- equity related contracts	293		23	23
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,834,062	0%	-	-
Miscellaneous Commitments	1,234,625	100%	1,234,625	245,645
	4,442,101		1,390,425	364,188

31 December 2021	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Forward Asset Purchases	18,859	100%	18,859	18,859
Other commitments with an original maturity				
- up to 1 year	50,742	20%	10,148	10,148
- over 1 year	55,275	50%	27,638	27,638
Commitments to extend credit with maturity of				
Less than 1 year				
- foreign exchange related	10,222		79	79
- equity related contracts	148,840		88,116	55,912
More than 1 year				
- equity related contracts	247		20	20
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,774,310	0%	-	-
Miscellaneous Commitments	1,277,316	100%	1,277,316	249,936
	4,335,811		1,422,176	362,592

The credit limits for the counterparty credit exposures in regards to off-balance sheet items such as Over The Counter derivative transactions, repo-style transactions and credit derivative contracts, are established in accordance with the Group’s standard credit approval processes. The credit processes take into consideration of the counterparty’s credit profile, types of underlying instrument, valuation method, collateral quality and requirements, tenure, and concentration risk. No additional credit reserves are established with regards to off-balance sheet counterparty exposure.

6. Market Risk

Market risk is the risk of incurring financial losses in the Group's trading portfolios arising from movements in market parameters such as equity prices, foreign currency exchange rates and interest rates. The types of market risk that the Group is exposed to are interest rate risk, foreign currency risk, equity risk and option risk.

Interest rate risk refers to the risk of financial loss in the Group's fixed income trading portfolio due to adverse movements in interest rates.

Meanwhile, the Profit rate risk refers to the potential risk of financial loss on the Islamic window of the Group arising from the changes in the market rate returns.

The Group manages such risk via pre-approved risk limits which include among others portfolio size limits, cut-loss limits and Value-at-Risk ("VaR") limits as detailed in the Risk and Investment Management Policy for Fixed Income Portfolio.

Foreign currency exchange risk refers to the risk of financial loss from holding foreign currency positions due to adverse movements in foreign currency rates. Foreign currency positions of the Group originate from Treasury activities as well as from the Group’s investments and retained earnings that are not denominated in Ringgit Malaysia. The Group manages such risk through funding in the same functional currencies, where possible, and having pre-approved net open position limits as a Group as well as for individual currencies.

Equity risk refers to the risk of financial loss on the Group's equity and equity derivative trading positions arising from adverse movements in equity prices. The Group manages equity risk using pre-approved trading risk limits such as portfolio limits, sensitivity-base limits, stop-loss limits, etc. as per the respective relevant policies.

Option risk refers to the risk of financial loss on the Group in the event the prepayment of the option that may be exercised is not fulfiled.

The Group adopts the Standardised Approach for the calculation of regulatory market risk capital. The minimum regulatory capital requirement on market risk is as follows:

Exposure Class	Long Positions	Short Positions	Net Positions	Risk Weighted Assets	Minimum Capital Requirements at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2022					
Interest rate risks	91,935	-	91,935	10,206	816
Equity position risks	207,182	(242,939)	(35,757)	199,227	15,938
Foreign exchange risks	1,503	(15,270)	(13,767)	15,270	1,222
Option risks	9,648	-	9,648	128,737	10,299
Profit Rate Risk	-	-	-	-	-
			52,059	353,440	28,275

Exposure Class	Long Positions	Short Positions	Net Positions	Risk Weighted Assets	Minimum Capital Requirements at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2021					
Interest rate risks	103,550	-	103,550	22,267	1,781
Equity position risks	196,696	(72,281)	124,415	340,375	27,230
Foreign exchange risks	8,482	(918)	7,564	8,482	679
Option risks	6,796	-	6,796	84,948	6,796
			242,325	456,072	36,486

7. Interest Rate Risk in Banking Book

Interest rate risk in the banking book (“IRRBB”) arises from the repricing mismatches of the Group’s assets and liabilities. The primary objective in managing the IRRBB is to manage the volatility in the Group’s net interest income (“NII”) and economic value of equity (“EVE”).

EVE is the change in the value of the Group’s net assets in response to changes in interest rate. EVE is computed based on methodology spelled out under BNM's guideline on "Reporting Requirements for Interest Rate and Rate of Return Risk in the Banking Book" issued on 30th June 2020

The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

	MYR	USD	SGD	Others FCY	Total
As at 30 June 2022	RM'000	RM'000	RM'000	RM'000	RM'000
Earnings at Risk ("NII")					
Parallel 150 bps up	384	(455)	(215)	(48)	(334)
Parallel 150 bps down	(384)	455	215	48	334
Economic Value Impact ("EV")*					
Parallel 150 bps up	(25,748)	(8)	2	-	(25,754)
Parallel 150 bps down	25,748	8	(2)	-	25,754
Steepener	(18,681)	10	(2)	(1)	(18,674)
Flattener	15,092	(12)	2	1	15,083
Short Rate Up	(14,455)	(15)	3	1	(14,466)
Short Rate Down	14,455	15	(3)	(1)	14,466

	MYR	USD	SGD	Others FCY	Total
As at 31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Earnings at Risk ("NII")					
Parallel 150 bps up	2,932	96	(109)	(45)	2,874
Parallel 150 bps down	(2,932)	(96)	109	45	(2,874)
Economic Value Impact ("EV")*					
Parallel 150 bps up	(14,414)	(1)	1	-	(14,414)
Parallel 150 bps down	14,414	1	(1)	-	14,414
Steepener	(10,967)	1	(1)	(1)	(10,967)
Flattener	8,693	(2)	1	1	8,693
Short Rate Up	(7,261)	(2)	1	1	(7,260)
Short Rate Down	7,261	2	(1)	(1)	7,260

* Exclude tax impact

8. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial commitments and obligations as they come due without incurring unusual losses. The Group's liquidity risk management is aligned with the regulatory liquidity risk management framework. The Group manages its liquidity risk by adopting the two minimum standards for liquidity and funding, namely the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). The LCR is aimed to promote short-term resilience of the Group's liquidity profile by ensuring that it has sufficient high quality liquid assets to fulfil its short-term obligations under severe stress period lasting 30 days. Whilst, the NSFR focuses to reduce funding risk by requiring the Group to fund its activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

Contingency funding plans are in place to identify early warning signals of a liquidity problem. The contingency funding plans also set out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity problem. The liquidity positions and stress test results are reported to the GRC on a monthly basis.

9. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. The objective of the operational risk management of the Group is to manage its operational risk within an acceptable level.

The Group's operational risk management framework sets out the Group's approach to identifying, assessing, monitoring and mitigating operational risk. The Group Operational Risk Committee ("GORC") assists the GRC and GBRC in operational risk management oversight. The objective of this committee is to promote risk ownership and risk management by the business and functional departments. It is responsible to monitor and deliberate on Group's Operational risk related issues which include recommending risk mitigating actions.

The Group's business and support units are responsible to identify, manage and mitigate operational risks within their business lines other than ensuring their business activities are in compliance with the approved policies, guidelines, procedures and limits. There are 3 main operational risk management tools being developed in managing Operational risk which are Risk and Control Self-Assessment, which involves in identifying and assessing inherent risks, as well as assessment of the existing measure control effectiveness. Key risk indicators to collect data on an ongoing basis for early detection of operational control deficiencies. Operational risk loss data collection facilitates an enhanced analysis and timely reporting of operational risk events which helps to assess the Group's operational risk exposure and to strengthen the internal control environment.

The operational risk management reports are tabled to the GORC, GRC and the GBRC for deliberations, supported with required analysis, mitigating action plans in managing operational risk.

The Group adopts the Basic Indicator Approach for Operational Risk Weighted Asset computation.

Operational Risk	30 June 2022		31 December 2021	
	Risk Weighted Assets	Minimum Capital Requirements at 8%	Risk Weighted Assets	Minimum Capital Requirements at 8%
	RM'000	RM'000	RM'000	RM'000
	865,631	69,250	828,589	66,287

10. Equity Exposures in Banking Book

The tables below present the equity exposures in the banking book.

	30 June 2022		31 December 2021	
	Risk Weighted Assets	Minimum Capital Requirements at 8%	Risk Weighted Assets	Minimum Capital Requirements at 8%
	RM'000	RM'000	RM'000	RM'000
Privately held				
For socio-economic purposes	1,940	155	2,190	175
For non socio-economic purposes	92,418	7,393	83,658	6,693
Total	94,358	7,548	85,848	6,868

(i) Privately held
The privately held equity investments are unquoted and stated at fair value after impairment.

(ii) Gains and losses on equity exposures in banking book
The table below present the gains and losses on equity exposures in the banking book.

	30 June 2022	31 December 2021
	RM'000	RM'000
Privately held		
Cumulative realised gains arising from sales and liquidations in the reporting period	-	-
Total unrealised (loss)/gain	(6,369)	20,347

(iii) Publicly traded
The Group do not have publicly traded equity investments in the banking book as at 31 December 2021 and 30 June 2022.

11. Shariah Governance Disclosures

There is no Shariah non-compliant transaction nor events during the period under review. The Group does not use Profit Sharing Investment Account ("PSIA") as a risk absorbent mechanism.

Capital Adequacy Ratios - Islamic Banking

Capital Adequacy Ratios of the Islamic window are as follows:

	30 June 2022	31 December 2021
CET 1 capital ratio	68.162%	77.917%
Tier 1 capital ratio	68.162%	77.917%
Total capital ratio	69.163%	78.954%

	30 June 2022 RM'000	31 December 2021 RM'000
CET 1 capital		
Islamic Banking Funds	120,000	120,000
Retained profits	55,210	55,484
Other reserves	7,125	8,481
Less:		
Intangible assets	(2)	(3)
55% of cumulative gains of financial investments at FVOCI	(213)	(499)
Regulatory Reserve	(2,560)	(2,314)
Total CET 1 / Tier 1 capital	179,560	181,149
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserve	2,637	2,411
Total Tier 2 capital	2,637	2,411
Total capital	182,197	183,560

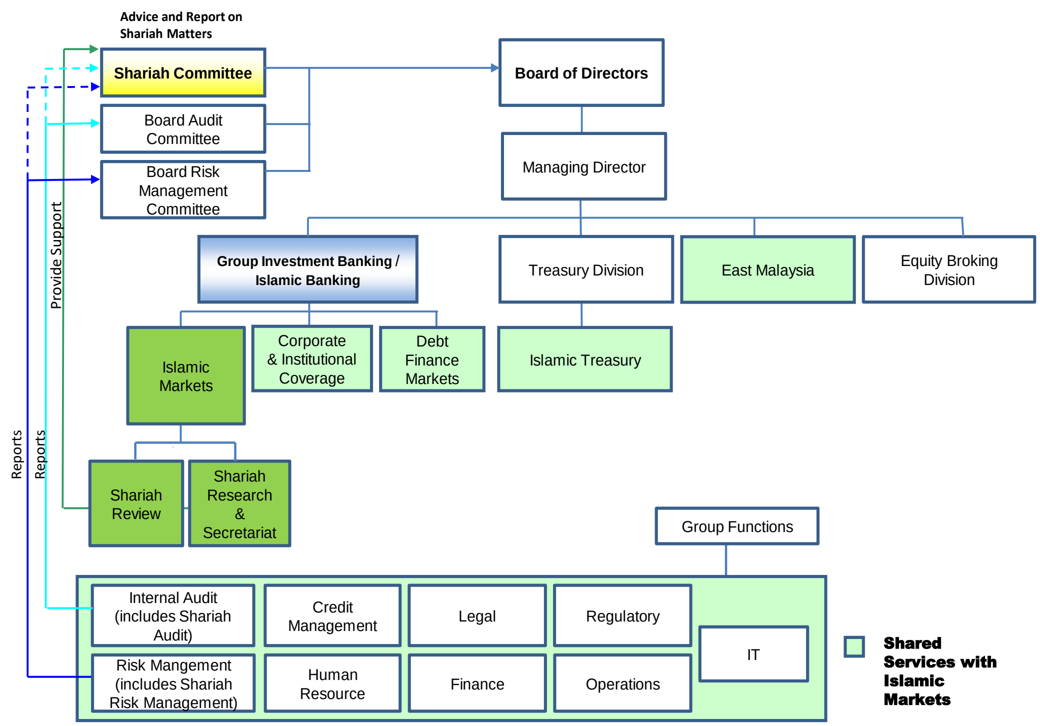
As at date of reporting, the Group does not have capital instruments and debt instruments which qualify as additional Tier 1 capital.

Risk Weighted Assets and Capital Requirements of the Islamic window are as follows:

	30 June 2022		31 December 2021	
	Risk Weighted Asset RM'000	Minimum Capital Requirement at 8% RM'000	Risk Weighted Asset RM'000	Minimum Capital Requirement at 8% RM'000
Credit Risk	234,377	18,750	202,433	16,195
Market Risk	-	-	-	-
Operational risk	29,055	2,324	30,058	2,405
Total	263,432	21,074	232,491	18,600

11. Shariah Governance Disclosures (Cont'd)

KIBB SKIM PERBANKAN ISLAM OPERATION : ORGANIZATION CHART



The Shariah Committee reports to the Board and this reporting structure reflects the status of the Shariah Committee as an independent advisory body of KIBB. Meanwhile, the day-to-day operations of the Islamic banking operations ("SPI") are under the Islamic Banking Division.

The Head of Investment Banking / Islamic Banking Division reports to the Group Managing Director of KIBB. The key functions of the division will be undertaken by Islamic Markets which oversee administratively the other two sub-units – Shariah Research & Secretariat and Shariah Review. Islamic Markets will be in charge of origination of business deals as well as supporting the function of Head Investment Banking / Islamic Banking Division. The division will also receive support from Shariah Audit (under Group Internal Audit) and Shariah Risk (under GRM) to strengthen the framework of Shariah Governance for KIBB Islamic banking window. The key note on the KIBB SPI structure are as follows:

- Group Managing Director is assisted by Group Executive Committee and Senior Management
- Any communication to Shariah Committee will be made through Shariah Secretariat
- Shariah Risk, Shariah Research & Secretariat and Shariah Review may escalate any important Shariah non-compliance issue to the Head, Investment Banking / Islamic Banking Division if it is urgent for corrective action without waiting for Shariah Committee meeting.

11. Shariah Governance Disclosures (Cont'd)

Regulatory Capital Requirements

The minimum regulatory capital requirement on credit, market and operational risk of the Islamic window is as follows:

Exposure Class	Long Positions	Short Positions	Gross Exposure	Net Exposure	Risk Weighted Assets	Minimum Capital Requirements at 8%
			RM'000	RM'000	RM'000	RM'000
As at 30 June 2022						
On-Balance Sheet Exposures						
Performing Exposures						
Sovereigns/Central Banks			129,245	129,245	-	-
Banks, Development Financial Institutions & MDBs			392,546	392,546	78,509	6,281
Corporates			362,129	288,472	147,578	11,806
Regulatory Retail			-	-	-	-
Other Assets			17,866	5,170	800	64
Defaulted Exposures						
Other Assets			35	7	10	1
Total for On-Balance Sheet Exposures			901,821	815,440	226,897	18,152
Off-Balance Sheet Exposures						
Other commitments with an original maturity of:-						
- up to 1 year			7,480	7,480	7,480	598
- over 1 year			-	-	-	-
Total for Off-Balance Sheet Exposures			7,480	7,480	7,480	598
Total for On and Off-Balance Sheet Exposures			909,301	822,920	234,377	18,750
Islamic Banking	Long Positions	Short Positions				
Profit Rate Risk	-	-		-	-	-
				-	-	-
Operational Risk					29,055	2,324
Total RWA and Capital Requirements					263,432	21,074

11. Shariah Governance Disclosures (Cont'd)

Exposure Class		Gross Exposure	Net Exposure	Risk Weighted Assets	Minimum Capital Requirements at 8%
		RM'000	RM'000	RM'000	RM'000
As at 31 December 2021					
On-Balance Sheet Exposures					
Performing Exposures					
Sovereigns/Central Banks		379,261	379,261	-	-
Banks, Development Financial Institutions & MDBs		215,411	215,411	43,082	3,447
Corporates		330,720	267,180	142,576	11,406
Regulatory Retail		-	-	-	-
Other Assets		18,789	5,318	678	54
Defaulted Exposures					
Corporates					
Other Assets		74	39	59	5
Total for On-Balance Sheet Exposures		944,255	867,209	186,395	14,912
Off-Balance Sheet Exposures					
Other commitments with an original maturity of:-					
- up to 1 year		10,400	10,400	10,400	832
- over 1 year		5,638	5,638	5,638	451
Total for Off-Balance Sheet Exposures		16,038	16,038	16,039	1,283
Total for On and Off-Balance Sheet Exposures		960,293	883,247	202,433	16,194
Islamic Banking	Long Positions	Short Positions			
Profit Rate Risk	-	-	-	-	-
			-	-	-
Operational Risk				30,058	2,405
Total RWA and Capital Requirements				232,491	18,600

Note: The Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

KENANGA INVESTMENT BANK BERHAD
(Company No. 15678-H)
(Incorporated in Malaysia)

ATTESTATION BY GROUP MANAGING DIRECTOR

I, Datuk Chay Wai Leong, the Group Managing Director of KENANGA INVESTMENT BANK BERHAD, do hereby attest that the disclosures on Risk-Weighted Capital Adequacy Framework ("RWCAF") and Risk-Weighted Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements ("Pillar 3") as at 30 June 2022 set out in pages 1 to 34 are to the best of my knowledge and belief, accurate, complete and not misleading in any particular manner.

DATUK CHAY WAI LEONG

Kuala Lumpur

Date: