KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

PILLAR 3 DISCLOSURES
AS AT 30 JUNE 2026

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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

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

Effective 1 January 2025, the Group incorporate exposures to Central Counterparties ("CCPs") in the computation of total credit risk-weighted assets ("RWA") in accordance with BNM’s Capital Adequacy Framework (Exposures to Central Counterparties) issued on 15 December 2023.

Under the revised framework, exposures to CCPs are subject to specific risk-weighting methodologies prescribed by BNM, consistent with Basel standards. These exposures form part of the Group’s overall credit risk capital requirements and are calculated using the Standardised Approach, alongside other credit risk exposures.

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 companies.

Note 3.4 (a) to the audited financial statements for the financial year ended 31 December 2025 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

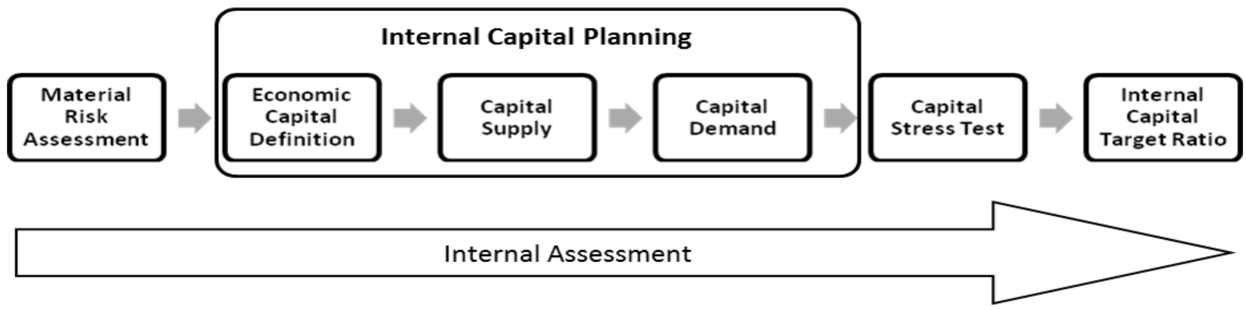
The Group’s capital management is administered by the Group Risk Committee ("GRC"), Group Board Risk Committee ("GBRC") and the Board of Directors (“the Board”). The Group’s capital management is guided by the BNM RWCAF and CAFIB, which are to maintain risk-weighted capital ratios above the minimum regulatory 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 toward 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:-



3. Capital Management (cont'd)

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 Group's 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.

Capital Adequacy

The Group has adopted the BNM's Capital Adequacy Framework (Capital Components, Basel II and III - RWA) and the BNM's Capital Adequacy Framework for Islamic Banks (Capital Components, Basel II and III - RWA) (collectively referred as “the Framework").

The 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 18 December 2023, BNM’s revised Capital Adequacy Framework (Capital Components) dated 14 June 2024, Capital Adequacy Framework (Operational Risk) and Capital Adequacy Framework (Exposures to Central Counterparties) issued on 15 December 2023.

BNM's Capital Adequacy Framework on Operational Risk and Exposures to Central Counterparties Policy Documents came into effect on 1 January 2025. The revised Capital Adequacy Framework on Operational Risk introduces a single, risk-sensitive Standardised Approach for determining capital requirements, replacing the previously used Basic Indicator Approach. Meanwhile, the Capital Adequacy Framework on Exposures to Central Counterparties outlines the capital requirements necessary to address risks associated with exposures to central counterparties.

The Group apply the following approaches to compute total RWA:

- **Credit Risk**: Standardised Approach
- **Market Risk**: Standardised Approach
- **Operational Risk**: Standardised Approach

3. Capital Management (cont'd)

Capital Adequacy (cont'd)

(a) Components of Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital:

The capital adequacy ratios of the Group are as follows:

	Group	
	30 June 2026	31 December 2025
CET 1 capital ratio	14.590%	17.338%
Tier 1 capital ratio	16.841%	18.575%
Total capital ratio	17.955%	21.797%

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

	Group			
	30 June 2026		31 December 2025	
	Risk-weighted RM'000	Minimum Capital Requirement at 8% RM'000	Risk-weighted RM'000	Minimum Capital Requirement at 8% RM'000
Credit risk	2,060,676	164,854	1,928,570	154,286
Market risk	343,143	27,451	144,177	11,534
Operational risk	1,073,967	85,917	1,062,597	85,008
Large exposure risk	97,753	7,820	98,803	7,904
Total	3,575,539	286,042	3,234,147	258,732

3. Capital Management (cont'd)

Capital Adequacy (cont'd)

(a) Components of Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital (cont'd):

	Group	
	30 June 2026 RM'000	31 December 2025 RM'000
CET 1 capital		
Paid-up share capital	253,834	253,834
Retained profits	689,546	721,396
Other reserves	111,884	120,679
Less regulatory adjustments:		
Goodwill	(260,938)	(241,027)
55% of cumulative gains of financial investments at fair value through other comprehensive income ("FVOCI")	-	(54)
Deferred tax assets	(20,497)	(22,150)
Other intangibles	(100,965)	(98,651)
Regulatory reserve	(17,220)	(17,788)
Treasury shares	(8,120)	(7,446)
Investment in ordinary shares of unconsolidated financial	(125,850)	(148,052)
Total CET 1	521,674	560,741
Additional Tier 1 capital		
Capital securities	80,500	40,000
Total Tier 1 capital	602,174	600,741
Tier 2 capital		
Subordinated obligations capital	20,000	83,500
General provisions^	19,818	20,712
Total Tier 2 capital	39,818	104,212
Total capital	641,992	704,953

^ Refers to loss allowances measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

4. Risk Management

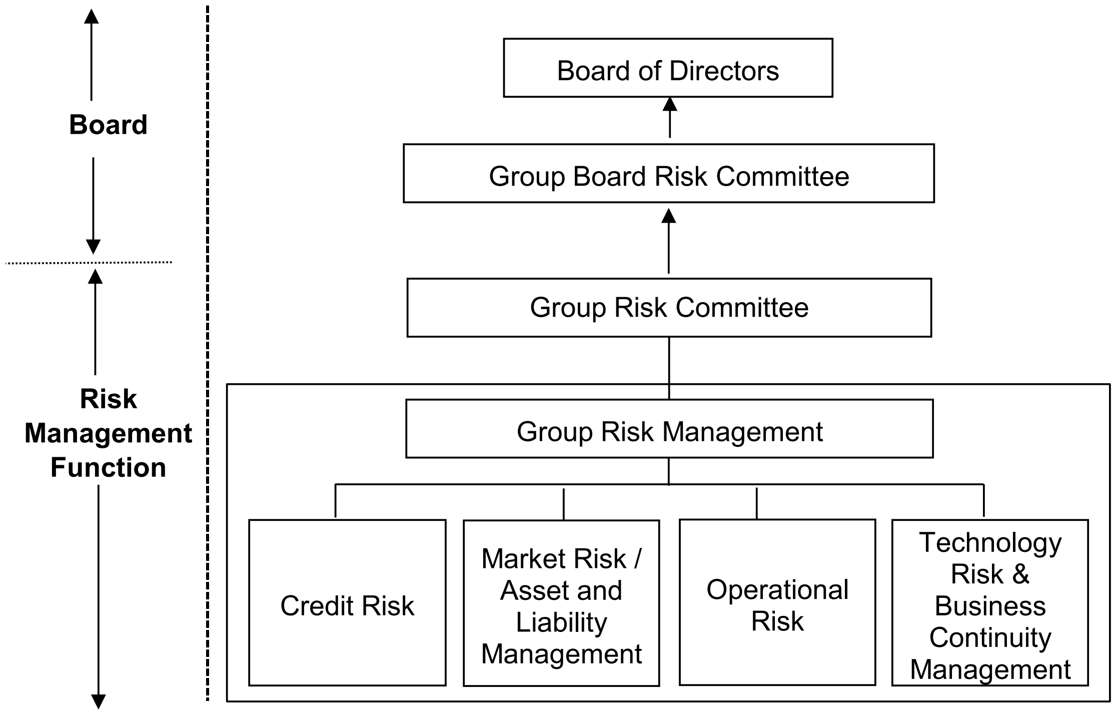
The Group establishes a strong risk management governance with an enterprise risk management framework as a pillar for other risk guidelines and sound practices. The risk governance structure in the framework defines the roles and responsibilities throughout the organization to ensure accountability 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 they remain relevant, by taking into consideration 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:

	Group 30 June 2026			
Exposure Class	**Gross Exposure before Credit Risk Mitigation RM'000**	**Net Exposure after Credit Risk Mitigation RM'000**	**Risk-weighted RM'000**	**Minimum Capital Requirement at 8% RM'000**
1. Credit Risk - Standardised Approach				
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	995,831	995,831	-	-
Banks, Development Financial Institutions ("FIs") & Multilateral Development Banks ("MDBs")	2,155,647	2,155,647	431,129	34,490
Corporates	1,183,671	900,234	662,410	52,993
Regulatory Retail	120	120	120	10
Higher Risk Assets	1,078	1,078	1,617	129
Other Assets	1,792,416	876,615	355,152	28,412
Defaulted Exposures				
Corporates	11,681	7,456	11,184	895
Other Assets	131,878	86,076	114,441	9,155
Total On-Balance Sheet Exposures	6,272,322	5,023,057	1,576,053	126,084
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:				
- up to 1 year	20,044	17,144	17,144	1,371
- over 1 year	25,000	25,000	25,000	2,000
Commitments to extend credit with maturity of up to 1 year:				
- foreign exchange related contracts	1,804	619	183	15
- equity related contracts	830	-	-	-
Forward Assets Purchases	5,833	5,833	5,833	467
Securities borrowing and lending	23,384	862	172	14
Monies Held in Trust	1,178,823	1,178,823	235,765	18,861
Total Off-Balance Sheet Exposures	1,255,718	1,228,281	284,097	22,728
Total On and Off-Balance Sheet Exposures	7,528,040	6,251,338	1,860,150	148,812
2. Exposures to Central Counterparties			200,526	16,042
Total Credit RWA			2,060,676	164,854

5. **Credit Risk (cont'd)**

Exposure Class	Group 31 December 2025 Gross Exposure before Credit Risk Mitigation RM'000	Net Exposure after Credit Risk Mitigation RM'000	Risk-weighted RM'000	Minimum Capital Requirement at 8% RM'000
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	1,085,954	1,085,954	-	-
Banks, Development Financial Institutions ("FIs") & Multilateral Development Banks ("MDBs")	1,973,059	1,973,059	394,612	31,569
Corporates	1,211,695	814,147	638,626	51,090
Regulatory Retail	324	324	324	26
Higher Risk Assets	1,382	1,382	2,073	166
Other Assets	1,912,366	908,193	350,556	28,045
Defaulted Exposures				
Corporates	12,098	7,560	11,340	907
Other Assets	149,505	90,430	128,550	10,284
Total On-Balance Sheet Exposures	6,346,383	4,881,049	1,526,081	122,087
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:				
- up to 1 year	20,696	17,177	17,177	1,374
- over 1 year	13,500	13,500	13,500	1,080
Commitments to extend credit with maturity of up to 1 year:				
- foreign exchange related contracts	545	545	173	14
- equity related contracts	1,523	-	-	-
Commitments to extend credit with maturity of over 1 year:				
- equity related contracts	104	-	-	-
Forward Assets Purchases	6,312	6,312	6,312	505
Securities borrowing and lending	17,669	752	150	12
Monies Held in Trust	1,111,265	1,111,265	222,253	17,780
Total Off-Balance Sheet Exposures	1,171,614	1,149,551	259,565	20,765
Total On and Off-Balance Sheet Exposures	7,517,996	6,030,600	1,785,646	142,852
2. Exposures to Central Counterparties			142,924	11,434
Total Credit RWA			1,928,570	154,286

5. Credit Risk (cont'd)

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. Post-Approval, Independent Credit Reviews ("ICR") function reviews and ensures credit process/decisions align with risk management policies & regulatory requirements.

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 and/or interest are past due for three months or more, or loans which are past due for less than three months but 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

Financial assets	Primary agriculture RM'000	Manufacturing (include agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Group 30 June 2026										
Cash and bank balances	-	-	-	-	-	-	2,155,821	-	-	2,155,821
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	36,953	-	-	36,953
Balances due from clients and brokers	811	393	449	10,654	11,382	46	125,229	177,458	14,947	341,369
Financial assets at fair value through profit or loss ("FVTPL")										
Malaysian Government Investment Certificates	-	-	-	-	-	-	40,041	-	-	40,041
Unquoted shares and unit trust funds in Malaysia	-	8,600	26,662	-	-	-	131,928	-	96,640	263,830
Unquoted shares and fund outside Malaysia	-	-	-	-	-	-	8,766	-	-	8,766
Derivative financial assets	-	-	-	39	-	-	2,914	9,078	71	12,102
Net loans, advances and financing										
Term loans	-	-	-	57,201	18,771	-	-	198,941	201,414	476,327
Islamic term loans	-	-	-	-	21,056	-	-	4,017	71,388	96,461
Share margin financing	3,667	5,091	2,014	10,915	57,932	-	1,999	738,372	146,260	966,250
Islamic share margin financing	-	-	-	-	-	-	-	164	-	164
Others	-	-	-	-	-	-	4,948	12,868	-	17,816
Financial instruments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	206,158	-	-	206,158
Malaysian Government Investment Certificates	-	-	-	-	-	-	320,946	-	-	320,946
Corporate Bonds	-	-	15,430	-	-	-	19,979	-	15,068	50,477
Islamic Corporate Sukuk	-	-	9,932	-	25,139	-	182,057	-	25,128	242,256
Unquoted equities	-	-	-	-	-	-	-	-	1,078	1,078
Financial instruments at amortised cost ("AC")										
Malaysian Government Securities	-	-	-	-	-	-	105,112	-	-	105,112
Malaysian Government Investment Certificates	-	-	-	-	-	-	311,414	-	-	311,414
Islamic Corporate Sukuk	-	-	-	-	-	-	77,893	-	-	77,893
Other assets	-	-	-	-	-	-	-	-	378,311	378,311
	4,478	14,084	54,487	78,809	134,280	46	3,732,158	1,140,898	950,305	6,109,545
Non-Financial Assets										221,839
Trading Book										(60,995)
Expected Credit Loss (Stage 1 and 2)										1,933
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk										6,272,322

5. Credit Risk (cont'd)

(a) Industry Analysis (cont'd)

Financial assets	Primary agriculture RM'000	Manufacturing (include agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Group 31 December 2025										
Cash and bank balances	-	-	-	-	-	-	2,173,371	-	-	2,173,371
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	36,484	-	-	36,484
Balances due from clients and brokers	364	505	-	922	3,710	126	242,411	227,987	4,663	480,688
Financial assets at FVTPL										
Unquoted shares and unit trust funds in Malaysia	-	10,000	26,662	-	-	-	128,462	-	97,413	262,537
Unquoted fund outside Malaysia	-	-	-	-	-	-	8,788	-	-	8,788
Derivative financial assets	-	-	-	27	-	-	133	11,004	-	11,164
Net loans, advances and financing										
Term loans	-	-	-	30,135	24,939	-	-	174,210	323,059	552,343
Islamic term loans	-	-	-	-	21,061	-	-	39,059	56,874	116,994
Share margin financing	3,896	4,834	1,681	25,000	56,502	-	996	779,340	165,775	1,038,024
Islamic share margin financing	-	-	-	-	-	-	-	935	-	935
Others	6,500	-	-	-	-	-	8,342	27,022	-	41,864
Financial instruments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	165,842	-	-	165,842
Malaysian Government Investment Certificates	-	-	-	-	-	-	303,540	-	-	303,540
Corporate Bonds	-	-	15,512	-	-	-	-	-	15,121	30,633
Islamic Corporate Sukuk	-	15,326	50,442	-	57,020	15,141	35,935	-	-	173,864
Unquoted equities	-	-	-	-	-	-	-	-	1,382	1,382
Financial instruments at AC										
Malaysian Government Securities	-	-	-	-	-	-	105,260	-	-	105,260
Malaysian Government Investment Certificates	-	-	-	-	-	-	250,382	-	-	250,382
Islamic Corporate Sukuk	-	-	-	-	-	9,357	66,768	-	22,653	98,778
Other assets	-	-	-	-	-	-	-	-	289,935	289,935
	10,760	30,665	94,297	56,084	163,232	24,624	3,526,714	1,259,557	976,875	6,142,808

Non-Financial Assets	222,057
Trading Book	(20,981)
Expected Credit Loss (Stage 1 and 2)	2,499
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk	6,346,383

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. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 30 June 2026	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	678,679	1,110,619	346,114	20,409	-	-	-	2,155,821
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	36,953	36,953
Balances due from clients and brokers	-	341,369	-	-	-	-	-	341,369
Financial assets at FVTPL	-	-	-	-	-	40,041	272,596	312,637
Derivative financial assets	-	2,800	22	1,394	5,401	2,485	-	12,102
Loans, advances and financing	297,032	970,430	2,009	2,188	16,366	268,993	-	1,557,018
Financial instruments at FVOCI	-	-	-	4,992	25,215	789,630	1,078	820,915
Financial instruments at AC	-	-	5,963	5,926	-	482,530	-	494,419
Other assets	2,732	240,430	4,153	5,122	-	-	125,874	378,311
Total On-Balance Sheet Exposures	978,443	2,665,648	358,261	40,031	46,982	1,583,679	436,501	6,109,545

Non-Financial Assets	221,839
Trading Book	(60,995)
Expected Credit Loss (Stage 1 and 2)	1,933
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk	6,272,322

Group 31 December 2025	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	511,396	1,291,294	300,581	70,100	-	-	-	2,173,371
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	36,484	36,484
Balances due from clients and brokers	-	480,688	-	-	-	-	-	480,688
Financial assets at FVTPL	-	-	-	-	-	-	271,325	271,325
Derivative financial assets	-	206	6,389	260	4,030	279	-	11,164
Loans, advances and financing	340,497	1,061,755	-	-	57,863	290,045	-	1,750,160
Financial instruments at FVOCI	-	5,001	5,007	-	10,059	653,812	1,382	675,261
Financial instruments at AC	-	-	4,970	15,989	11,757	421,704	-	454,420
Other assets	6,133	181,260	3,942	4,553	-	-	94,047	289,935
Total On-Balance Sheet Exposures	858,026	3,020,204	320,889	90,902	83,709	1,365,840	403,238	6,142,808

Non-Financial Assets	222,057
Trading Book	(20,981)
Expected Credit Loss (Stage 1 and 2)	2,499
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk	6,346,383

5. Credit Risk (cont'd)

(c) Geographical Distribution of Major Credit Exposures

Financial assets	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group 30 June 2026			
Cash and bank balances	2,155,821	-	2,155,821
Statutory deposit with Bank Negara Malaysia	36,953	-	36,953
Balances due from clients and brokers	300,318	41,051	341,369
Financial assets at FVTPL			
Malaysian Government Investment Certificates	40,041	-	40,041
Unquoted shares and funds in Malaysia	263,830	-	263,830
Unquoted fund outside Malaysia	8,766	-	8,766
Derivative financial assets	11,948	154	12,102
Net loans, advances and financing			
Term loans	476,327	-	476,327
Islamic term loans	96,461	-	96,461
Share margin financing	966,250	-	966,250
Islamic margin financing	164	-	164
Others	17,816	-	17,816
Financial instruments at FVOCI			
Malaysian Government Securities	206,158	-	206,158
Malaysian Government Investment Certificates	320,946	-	320,946
Corporate Bonds	50,477	-	50,477
Islamic Corporate Sukuk	242,256	-	242,256
Unquoted equities	1,078	-	1,078
Financial instruments at AC			
Corporate Bonds	105,112	-	105,112
Malaysian Government Investment Certificates	311,414	-	311,414
Islamic Corporate Sukuk	77,893	-	77,893
Other assets	378,311	-	378,311
	6,068,340	41,205	6,109,545
Non-Financial Assets			221,839
Trading Book			(60,995)
Expected Credit Loss (Stage 1 and 2)			1,933
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk			6,272,322

5. Credit Risk (cont'd)

(c) Geographical Distribution of Major Credit Exposures (cont'd)

Financial assets	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group 31 December 2025			
Cash and bank balances	2,173,371	-	2,173,371
Statutory deposit with Bank Negara Malaysia	36,484	-	36,484
Balances due from clients and brokers	448,400	32,288	480,688
Financial assets at FVTPL			
Unquoted shares and unit trust funds in Malaysia	262,537	-	262,537
Unquoted fund outside Malaysia	8,788	-	8,788
Derivative financial assets	11,164	-	11,164
Net loans, advances and financing			
Term loans	552,343	-	552,343
Islamic term loans	116,994	-	116,994
Share margin financing	1,035,990	2,034	1,038,024
Islamic margin financing	935	-	935
Others	41,864	-	41,864
Financial instruments at FVOCI			
Malaysian Government Securities	165,842	-	165,842
Malaysian Government Investment Certificates	303,540	-	303,540
Corporate Bonds	30,633	-	30,633
Islamic Corporate Sukuk	173,864	-	173,864
Unquoted equities	1,382	-	1,382
Financial instruments at AC			
Corporate bonds	105,260	-	105,260
Malaysian Government Investment Certificates	250,382	-	250,382
Islamic Corporate Sukuk	98,778	-	98,778
Other assets	289,935	-	289,935
	6,108,486	34,322	6,142,808
Non-Financial Assets			222,057
Trading Book			(20,981)
Expected Credit Loss (Stage 1 and 2)			2,499
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk			6,346,383

5. Credit Risk (cont'd)

(d) Impairment Allowance for Loans, Advances and Financing

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 2026			
Movement in ECL	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2026	-	-	15,474	15,474
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	-	-	(333)	(333)
Net remeasurement of allowance	-	-	1,589	1,589
As at 30 June 2026	-	-	16,730	16,730

	31 December 2025			
Movement in ECL	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2025	-	-	5,692	5,692
New assets originated or purchased	-	-	33	33
Assets derecognised or repaid (excluding write-offs)	-	-	(275)	(275)
Net remeasurement of allowance	-	-	10,024	10,024
As at 31 December 2025	-	-	15,474	15,474

Term loan and subordinated term loan:

An analysis of changes in the ECL allowances in relation to term loan is as follows:

	30 June 2026			
Movement in ECL	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2026	480	-	902	1,382
New assets originated or purchased	54	-	68	122
Assets derecognised or repaid (excluding write-offs)	(87)	-	-	(87)
Net remeasurement of allowance	(275)	-	349	74
As at 30 June 2026	172	-	1,319	1,491

5. Credit Risk (cont'd)

(d) Impairment Allowance for Loans, Advances and Financing (cont'd)

Term loan and subordinated term loan (cont'd):

An analysis of changes in the ECL allowances in relation to term loan is as follows (cont'd):

	31 December 2025			
Movement in ECL	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2025	803	750	-	1,553
New assets originated or purchased	124	-	22	146
Assets derecognised or repaid (excluding write-offs)	(57)	-	(764)	(821)
Net remeasurement of allowance	(390)	-	894	504
Transfer of stages	-	(750)	750	-
As at 31 December 2025	480	-	902	1,382

(e) Gross Loans, Advances and Financing Analysed by Geographical Distribution

	Group	
	30 June 2026 RM'000	31 December 2025 RM'000
Malaysia	1,574,407	1,764,982
Outside Malaysia	832	2,034
	1,575,239	1,767,016

(f) Impaired Loans, Advances and Financing Analysed by Economic Purpose

	Group	
	30 June 2026 RM'000	31 December 2025 RM'000
Working capital	1,000	1,000
Purchase of Securities	90,786	98,819
Others	4,164	23,452
Gross amount of impaired loans	95,950	123,271

5. Credit Risk (cont'd)

(g) Impaired and Past Due Loans, Advances and Financing and Allowances By Industry and Geographical Distribution

	30 June 2026					
	Impaired loans, advances and financing RM'000	Past due loans RM'000	ECL provisions under Stage 3 RM'000	ECL provisions under Stage 1 and 2 RM'000	Charges/ writeback RM'000	Write-offs RM'000
Malaysia						
Real estate	25,602	-	10,840	-	1,936	-
Household	57,052	23,384	5,877	-	(693)	-
Others	13,296	-	1,333	172	122	-
	95,950	23,384	18,050	172	1,365	-

	31 December 2025					
	Impaired loans, advances and financing RM'000	Past due loans RM'000	ECL provisions under Stage 3 RM'000	ECL provisions under Stage 1 and 2 RM'000	Charges/ writeback RM'000	Write-offs RM'000
Malaysia						
Primary algriculture	6,500	-	-	-	-	-
Wholesale & retail trade and hotel & restaurant	-	1,951	-	-	-	-
Real estate	25,869	-	8,904	-	5,270	-
Household	77,902	16,676	6,570	-	4,511	-
Others	13,000	-	902	480	(170)	-
	123,271	18,627	16,376	480	9,611	-

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 computation.

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 months	Original Maturity <3 months
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)

(a) Credit Risk Disclosure by Risk Weight

	Exposures after Netting and Credit Risk Mitigation									
Risk Weight	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund RM'000	Corporates RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk-weighted Assets RM'000
Group 30 June 2026										
Performing Exposures										
0%	995,831	-	-	141,671	-	-	261,908	-	1,399,410	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	3,335,868	10	217,067	-	-	324,444	-	3,877,389	775,478
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	428,711	120	-	296,096	-	724,927	724,927
150%	-	-	-	155,002	-	1,078	-	-	156,080	234,120
Total	995,831	3,335,868	10	942,451	120	1,078	882,448	-	6,157,806	1,734,525
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	3,413	-	3,413	1,707
100%	-	-	-	-	-	-	22,521	-	22,521	22,521
150%	-	-	-	7,456	-	-	60,142	-	67,598	101,397
Total	-	-	-	7,456	-	-	86,076	-	93,532	125,625
Grand Total	995,831	3,335,868	10	949,907	120	1,078	968,524	-	6,251,338	1,860,150

5. **Credit Risk (cont'd)**

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

(a) Credit Risk Disclosure by Risk Weight (cont'd)

	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation	Total Risk-weighted Assets
Risk Weight	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund RM'000	Corporates RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	RM'000	RM'000
Group 31 December 2025										
Performing Exposures										
0%	1,085,954	-	-	137,450	-	-	396,287	-	1,619,691	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	3,085,446	95	143,172	-	-	201,686	-	3,430,399	686,080
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	411,350	324	-	316,532	-	728,206	728,206
150%	-	-	-	152,932	-	1,382	-	-	154,314	231,470
Total	1,085,954	3,085,446	95	844,904	324	1,382	914,505	-	5,932,610	1,645,756
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	2,441	-	2,441	1,221
100%	-	-	-	-	-	-	9,307	-	9,307	9,307
150%	-	-	-	7,560	-	-	78,681	-	86,241	129,362
Total	-	-	-	7,560	-	-	90,429	-	97,989	139,890
Grand Total	1,085,954	3,085,446	95	852,464	324	1,382	1,004,934	-	6,030,600	1,785,646

5. Credit Risk (cont'd)

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

(b) Disclosure on Related Exposures According to Ratings by ECAIs

(i) Sovereigns and Central Banks

	Ratings of Sovereigns and Central Bank by Approved ECAI					
	1	2	3	4	5	Unrated
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	995,831	-	-	-	-	-
Total	995,831	-	-	-	-	-

(ii) Banks, MDBs and FIs

	Ratings of Banking Institutions by Approved ECAI					
	1	2	3	4	5	Unrated
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	3,335,868	-	-	-	-	-
Total	3,335,868	-	-	-	-	-

(iii) Corporates

	Ratings of Corporates by Approved ECAI					
	1	2	3	4	5	Unrated
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures	374,452	97,977	206,307	7,456	-	263,715
Total	374,452	97,977	206,307	7,456	-	263,715

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, collateral is taken whenever possible. The main types of collateral accepted by the Group are cash, 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 cedit RWA computation. The adoption of CRM is accordance with BNM's Guidelines and the Group's stringent internal requirement, focusing on the legal right to claim the collateral, liquidity of the collateral, and the significance of the correlation between the counterparty and the collateral. Currently, the eligible collaterals accepted as credit risk mitigation by the Group are mainly cash and 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 the credit proposal assessment/ evaluation, annual reviews 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 ("SCEL") on counterparties' exposures and the Group's Management Action Trigger ("MAT") on the share counter concentration exposures.

5. Credit Risk (cont'd)

5.2 Credit Risk Mitigation

(a) Disclosure on Credit Risk Mitigation

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees / Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Group 30 June 2026				
On Balance Sheet Exposures				
Sovereigns/Central Banks	995,831	-	-	-
Banks, Development Financial Institutions & MDBs	2,155,647	-	-	-
Corporates	1,183,671	-	283,438	-
Regulatory Retail	120	-	-	-
Higher Risk Assets	1,078	-	-	-
Other Assets	1,792,416	-	915,801	-
Defaulted Exposures	143,559	-	50,026	-
Total On-Balance Sheet Exposures	6,272,322	-	1,249,265	-
Off-Balance Sheet Exposures Other than OTC	1,255,718	-	27,437	-
Total Off-Balance Sheet Exposures	1,255,718	-	27,437	-
Total On and Off-Balance Sheet Exposures	7,528,040	-	1,276,702	-

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees / Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Group 31 December 2025				
On Balance Sheet Exposures				
Sovereigns/Central Banks	1,085,954	-	-	-
Banks, Development Financial Institutions & MDBs	1,973,059	-	-	-
Corporates	1,211,695	-	397,548	-
Regulatory Retail	324	-	-	-
Higher Risk Assets	1,382	-	-	-
Other Assets	1,912,366	-	1,004,174	-
Defaulted Exposures	161,603	-	63,613	-
Total On-Balance Sheet Exposures	6,346,383	-	1,465,335	-
Off-Balance Sheet Exposures Other than OTC	1,171,614	-	22,062	-
Total Off-Balance Sheet Exposures	1,171,614	-	22,062	-
Total On and Off-Balance Sheet Exposures	7,517,996	-	1,487,397	-

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) Direct Credit Substitutes
2) Forward Asset Purchases
3) Obligations under on-going underwriting agreements
4) Undrawn Credit Facilities
5) 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:

Group 30 June 2026	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk-weighted Assets RM'000
Forward Asset Purchases	5,833	100%	5,833	5,833
Other commitments with an original maturity of:				
- up to 1 year	100,220	20%	20,044	17,144
- over 1 year	50,000	50%	25,000	25,000
Commitments to extend credit with maturity of:				
Less than 1 year				
- foreign exchange related	72,729		619	183
- equity related contracts	18,576		1,114	-
Over one year to five years				
- equity related contracts	11,264		902	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,171,526	0%	-	-
Miscellaneous Commitments	1,202,207	100%	1,202,207	235,937
	3,632,356		1,255,719	284,097

5. Credit Risk (cont'd)

5.3 Composition of Off-Balance Sheet Exposures (cont'd)

Group 31 December 2025	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk-weighted Assets RM'000
Forward Asset Purchases	6,312	100%	6,312	6,312
Other commitments with an original maturity of:				
- up to 1 year	103,473	20%	20,695	17,177
- over 1 year	27,000	50%	13,500	13,500
Commitments to extend credit with maturity of:				
Less than 1 year				
- foreign exchange related	57,502		546	174
- equity related contracts	25,365		1,522	-
Over one year to five years				
- equity related contracts	1,300		104	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,674,740	0%	-	-
Miscellaneous Commitments	1,128,935	100%	1,128,935	222,403
	4,024,627		1,171,614	259,566

The credit limits for the counterparty credit exposures relating 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 the counterparty’s credit profile, type of underlying instrument, valuation method, collateral quality and requirement, tenure, and concentration risk. No additional credit reserves are established with regard 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.

6. Market Risk (cont'd)

The Group manages FX risk through natural hedging (funding in the functional currencies), the use of derivative instruments such as FX swaps and forwards where appropriate, and adherence to 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 potential for financial loss arising from changes in the value of option positions due to movements in underlying risk factors (such as interest rates, foreign exchange rates, or equity prices) and changes in market volatility. The Group manages option risk through the use of risk limits, sensitivity measures (including delta, gamma, and vega), and stress testing, within an overall framework of approved market risk limits.

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 RM'000	Short Positions RM'000	Net Positions RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Group 30 June 2026					
Interest rate risks	30,044	-	30,044	16,647	1,332
Equity position risks	262,005	(186,757)	75,248	194,157	15,532
Foreign exchange risks	18,193	(7,859)	10,334	18,193	1,455
Option risks	8,672	-	8,672	108,397	8,672
Profit Rate Risk	9,998	-	9,998	5,749	460
			134,296	343,143	27,451

Exposure Class	Long Positions RM'000	Short Positions RM'000	Net Positions RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Group 31 December 2025					
Interest rate risks	-	-	-	-	-
Equity position risks	253,427	(221,691)	31,736	92,525	7,402
Foreign exchange risks	4,869	(1,825)	3,044	4,869	389
Option risks	3,743	-	3,743	46,783	3,743
			38,523	144,177	11,534

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.

Scenario	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign RM'000	Total RM'000
Group 30 June 2026					
Earnings at Risk (NII)					
Parallel 150 bps up	(9,596)	1,109	(152)	(174)	(8,813)
Parallel 150 bps down	9,596	(1,109)	152	174	8,813
Economic Value Impact (EVE)*					
Parallel 150 bps up	(114,511)	(52)	19	24	(114,520)
Parallel 150 bps down	114,511	52	(19)	(24)	114,520
Steepener	(74,342)	63	(15)	(27)	(74,321)
Flattener	59,482	(79)	19	35	59,457
Short Rate Up	(71,624)	(100)	25	43	(71,656)
Short Rate Down	71,624	100	(25)	(43)	71,656

Scenario	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign RM'000	Total RM'000
Group 31 December 2025					
Earnings at Risk (NII)					
Parallel 150 bps up	(4,252)	359	(136)	(158)	(4,187)
Parallel 150 bps down	4,252	(359)	136	158	4,187
Economic Value Impact (EVE)*					
Parallel 150 bps up	(86,731)	(82)	20	21	(86,772)
Parallel 150 bps down	86,731	82	(20)	(21)	86,772
Steepener	(61,582)	100	(15)	(25)	(61,522)
Flattener	49,569	(125)	19	31	49,496
Short Rate Up	(51,769)	(158)	25	40	(51,863)
Short Rate Down	51,769	158	(25)	(40)	51,863

* 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 unacceptable losses. The Group's liquidity risk management and tolerance are aligned with the Group's strategic objectives and regulatory standards and are supported by governance oversight from the Board and relevant risk committees. This risk tolerance is expressed through quantitative metrics, internal limits and escalation thresholds, which ensure that liquidity risk remains within the Group's capacity to withstand stress while supporting business activities.

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. The NSFR, on the other hand, 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.

The Group targets a minimum LCR and NSFR of 100%, with internal triggers set above regulatory thresholds. These regulatory metrics are supplemented by internal measures, including daily LCR simulations, funding concentration limits and asset-liability maturity gap analysis.

Asset market liquidity risk is incorporated into liquidity management through the application of conservative valuation haircuts, liquid asset eligibility criteria and stressed monetisation assumptions, ensuring that the liquidity value of assets under adverse market conditions is appropriately reflected in funding and liquidity planning.

Stress testing forms a core component of the Group's liquidity risk management framework and covers both exceptional but plausible scenarios and extreme ("worst-case") scenarios. These scenarios incorporate, among others, hypothetical deposit withdrawal shocks, with business-as-usual assumptions used as the baseline. The results of the stress tests are used to assess liquidity resilience, calibrate internal limits and determine the adequacy of the Group's liquidity buffers.

Liquidity positions are monitored daily and reported monthly to Group Risk Committee and the Board. Reporting covers key liquidity metrics such as LCR, NSFR, funding concentration measures and stress testing outcomes. Any breaches or exceptions are escalated promptly in accordance with established governance and risk escalation frameworks.

Contingency funding plans are in place to identify early warning signals of a liquidity crunch. 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 crunch. Contingency funding aside, the plan includes prudential strategies taken under a business-as-usual scenario to meet funding requirements. Additionally, diversification of funding sources which forms part of funding strategy is monitored regularly based on breakdown of bank-wide composition of total deposit base. The liquidity positions and stress test results are reported to the Group Risk Committee 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 for identifying, managing, and mitigating operational risks within their respective business lines, in addition to ensuring that their business activities comply with approved policies, guidelines, procedures and limits. Three key tools are used to manage operational risk. Risk and Control Self Assessment (RCSA) identifies and assesses inherent risks and the effectiveness of existing controls. Key Risk Indicators (KRIs) enable ongoing monitoring to detect emerging control weaknesses early. Loss Event Reporting (LER) collects and analyses operational risk loss data to support timely reporting, assess risk exposure and strengthen the control environment.

The Group also conducts Scenario Analysis to assess the effectiveness of existing controls and risk mitigants, identify potential points of failures and estimate the likelihood and impact severity of operational risk events, including under a potential worst case scenario.

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 Standardised Approach for Operational Risk-weighted Asset computation.

	30 June 2026		31 December 2025	
Group	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Operational risk	1,073,967	85,917	1,062,597	85,008

10. Equity Exposures in Banking Book

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

	30 June 2026		31 December 2025	
	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Privately held				
For socio-economic purposes	1,617	129	2,073	166
For non socio-economic purposes	232,503	18,600	229,398	18,352
Total	234,120	18,729	231,471	18,518

(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 2026 RM'000	31 December 2025 RM'000
Privately held		
Cumulative realised gains arising from sales and liquidations in the reporting period	-	-
Total unrealised gain	78,293	80,504

(iii) Publicly traded
The Group does not have publicly traded equity investments in the banking book as at 30 June 2026 and 31 December 2025.

11. Shariah Governance Disclosures

There were no Shariah non-compliant transactions 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 banking are as follows:

	30 June 2026	31 December 2025
CET 1 capital ratio	59.600%	60.508%
Tier 1 capital ratio	59.600%	60.508%
Total capital ratio	60.036%	60.900%

	30 June 2026 RM'000	31 December 2025 RM'000
CET 1 capital		
Islamic banking funds	120,000	120,000
Retained profits	110,583	111,150
Other reserves	8,525	8,999
Less regulatory adjustments:		
Intangible assets	-	(1)
55% of cumulative gains of financial investments at FVOCI	(945)	(1,517)
Regulatory Reserve	(1,558)	(991)
Total CET 1 / Tier 1 capital	236,605	237,640
Tier 2 capital		
General provision	1,727	1,542
Total Tier 2 capital	1,727	1,542
Total capital	238,332	239,182

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

Breakdown of risk-weighted assets in the various categories of the islamic banking are as follows:

	30 June 2026		31 December 2025	
	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Credit risk	350,784	28,063	354,788	28,383
Market risk	5,749	460	-	-
Operational risk	40,452	3,236	37,956	3,036
Total	396,985	31,759	392,744	31,419

11. Shariah Governance Disclosures (cont'd)

Governance and Reporting Structure

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 KIBB are operated under the Islamic Banking Division.

The Head of Group Investment Banking and Islamic Banking Division reports to the Group Managing Director of KIBB. The key functions of the division are undertaken by Islamic Markets which oversees administratively the Shariah Secretariat and Shariah Review based on mandate given (for Kenanga Investors Berhad and Kenanga Islamic Investors Berhad). Islamic Markets is in charge of origination of business deals as well as supporting the function of Head of Group Investment Banking and Islamic Banking Division. The division also receive support from the control functions i.e. Shariah Review (under Group Compliance), Shariah Audit (under Group Internal Audit) and Shariah Risk Management (under Group Risk Management) to strengthen the policy of Shariah Governance for KIBB SPI. The key notes on the structure of KIBB SPI are as follows: -

- Group Managing Director is assisted by Group Exco and Senior Management;
- Any communication to Shariah Committee is to be made through Shariah Secretariat; and
- Shariah Audit, Shariah Risk Management, Shariah Review are required to escalate potential Shariah Non-Compliance event to Shariah Committee in accordance with Shariah Non-Compliance Reporting Procedure.

11. Shariah Governance Disclosures (cont'd)

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

Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Group 30 June 2026				
Credit Risk - Standardised Approach				
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	194,147	194,147	-	-
Banks, Development Financial Institutions & MDBs	756,914	756,914	151,383	12,111
Corporates	284,042	264,277	186,818	14,945
Other Assets	7,696	7,532	1,240	99
Defaulted Exposures				
Other Assets	3,763	3,563	5,337	427
Total On-Balance Sheet Exposures	1,246,562	1,226,433	344,778	27,582
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:				
- up to 1 year	44,531	8,906	6,006	481
Total Off-Balance Sheet Exposures	44,531	8,906	6,006	481
Total On and Off-Balance Sheet Exposures	1,291,093	1,235,339	350,784	28,063
Market risk			5,749	460
Operational risk			40,452	3,236
Total RWA and capital requirements			396,985	31,759

11. Shariah Governance Disclosures (cont'd)

Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Group 31 December 2025				
Credit Risk - Standardised Approach				
On-Balance Sheet Exposures				
Performing Exposures				
Sovereigns/Central Banks	245,079	245,079	-	-
Banks, Development Financial Institutions & MDBs	859,412	859,412	171,882	13,751
Corporates	310,610	256,756	169,862	13,589
Other Assets	7,491	6,556	1,345	107
Defaulted Exposures				
Other Assets	3,754	3,539	5,308	425
Total On-Balance Sheet Exposures	1,426,346	1,371,342	348,397	27,872
Off-Balance Sheet Exposures				
Other commitments with an original maturity of:				
- up to 1 year	9,891	6,391	6,391	511
- over 1 year	-	-	-	-
Total Off-Balance Sheet Exposures	9,891	6,391	6,391	511
Total On and Off-Balance Sheet Exposures	1,436,237	1,377,733	354,788	28,383
Market risk			-	-
Operational risk			37,956	3,036
Total RWA and capital requirements			392,744	31,419

Note: The Group does not use PSIA as a risk absorbent mechanism.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

PILLAR 3 DISCLOSURES
AS AT AS AT 30 JUNE 2026

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 2026 set out in pages 1 to 35 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: