

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**Table of Contents**

	<b>Page</b>
Overview	1
Scope of application	2
Capital management	2 - 5
Risk management	6 - 7
Credit risk	8 - 28
Market risk	28
Interest rate risk in banking book	29
Liquidity risk	30
Operational risk	30 - 31
Equity exposures in banking book	31
Shariah Governance Disclosures	32 - 35
Attestation by the Group Managing Director	36

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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](http://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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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**

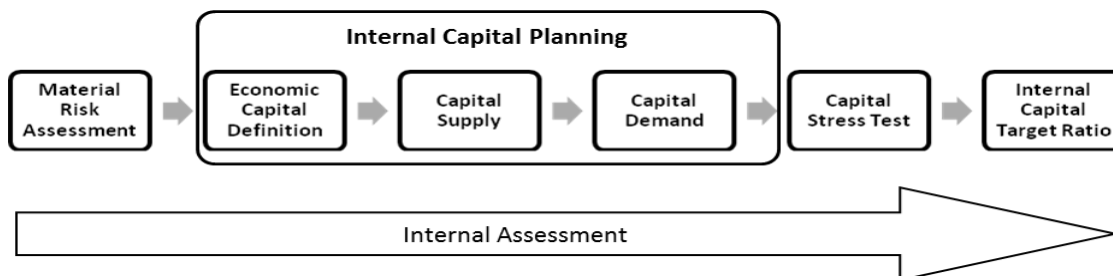
The Group's capital management is administered by the Group Risk Committee ("GRC"), Group Board Risk Committee ("GBRC") and the Board of Directors ("the Board"). The Group's capital management is guided by the BNM RWCAF and CAFIB, which are to maintain risk-weighted capital ratios above the minimum regulatory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



**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 (previously Basic Indicator Approach in 2024)

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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	
	31 December 2025	31 December 2024
<b>Before deducting interim dividends*</b>		
CET 1 capital ratio	17.338%	16.671%
Tier 1 capital ratio	18.575%	16.671%
Total capital ratio	21.797%	22.967%
<b>After deducting interim dividends*</b>		
CET 1 capital ratio	16.238%	14.892%
Tier 1 capital ratio	17.477%	14.892%
Total capital ratio	20.707%	21.211%

\* Refer to interim dividends declared subsequent to the financial year end.

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

	Group			
	31 December 2025		31 December 2024	
	Risk- weighted RM'000	Minimum Capital Requirement at 8% RM'000	Risk- weighted RM'000	Minimum Capital Requirement at 8% RM'000
Credit risk	1,928,570	154,286	1,911,823	152,946
Market risk	144,177	11,534	284,753	22,780
Operational risk	1,062,597	85,008	927,031	74,162
Large exposure risk	98,803	7,904	86,524	6,922
<b>Total</b>	<b>3,234,147</b>	<b>258,732</b>	<b>3,210,131</b>	<b>256,810</b>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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	
	31 December 2025 RM'000	31 December 2024 RM'000
<b>CET 1 capital</b>		
Paid-up share capital	253,834	253,834
Retained profits	721,396	730,701
Other reserves	120,679	140,748
Less regulatory adjustments:		
Goodwill	(241,027)	(241,027)
55% of cumulative gains of financial investments at fair value through other comprehensive income ("FVOCI")	(54)	(5,254)
Deferred tax assets	(22,150)	(32,949)
Other intangibles	(98,651)	(100,013)
Regulatory reserve	(17,788)	(16,748)
Treasury shares	(7,446)	(7,441)
Investment in ordinary shares of unconsolidated financial entities	(148,052)	(186,706)
Total CET 1	<u>560,741</u>	<u>535,145</u>
<b>Additional Tier 1 capital</b>		
Capital securities	40,000	-
Total Tier 1 capital	<u>600,741</u>	<u>535,145</u>
<b>Tier 2 capital</b>		
Subordinated obligations capital	83,500	180,500
General provisions <sup>^</sup>	20,712	21,628
Total Tier 2 capital	<u>104,212</u>	<u>202,128</u>
<b>Total capital</b>	<u>704,953</u>	<u>737,273</u>

As at the reporting date, the Group has established Additional Tier 1 Capital Securities ("AT1CS") under an AT1CS Programme of up to RM500 million in nominal value.

<sup>^</sup> 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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**4. Risk Management**

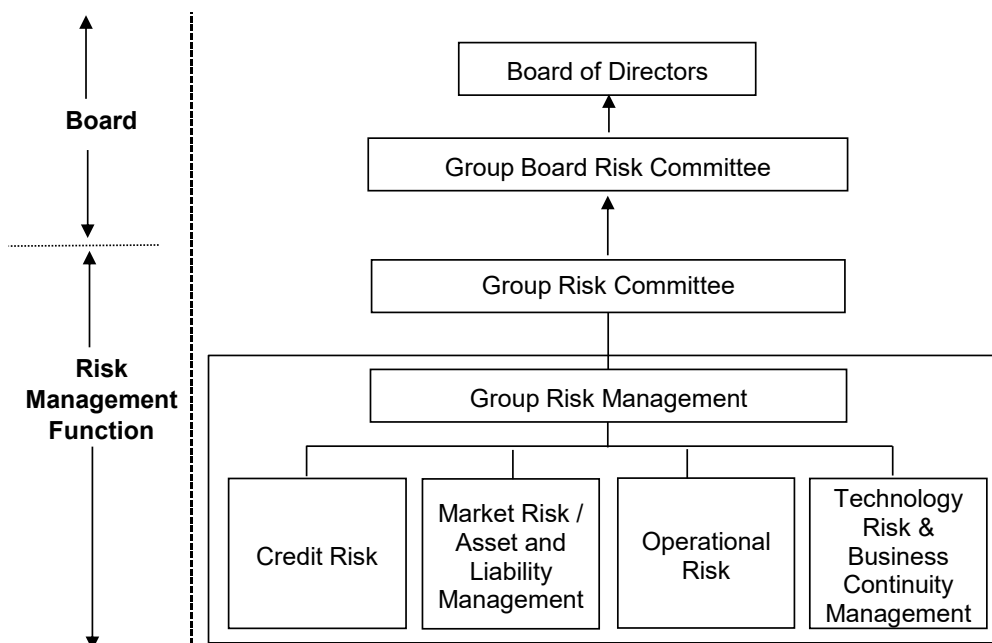
The Group establishes a strong risk management governance with an enterprise risk management framework as a pillar for other risk guidelines and sound practices. The risk governance structure in the framework defines the roles and responsibilities throughout the organization to ensure accountability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



**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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	Group 31 December 2025			Minimum Capital Requirement at 8% RM'000
	Gross Exposure before Credit Risk RM'000	Net Exposure after Credit Risk RM'000	Risk-weighted RM'000	
<b>1. Credit Risk - Standardised Approach</b>				
<b>On-Balance Sheet Exposures</b>				
<u>Performing Exposures</u>				
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	350,557	28,046
<u>Defaulted Exposures</u>				
Corporates	12,098	7,560	11,340	907
Other Assets	149,505	90,430	128,550	10,284
<b>Total On-Balance Sheet Exposures</b>	<b>6,346,383</b>	<b>4,881,048</b>	<b>1,526,080</b>	<b>122,085</b>
<b>Off-Balance Sheet Exposures</b>				
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	504
Securities borrowing and lending	17,669	752	150	12
Monies Held in Trust	1,111,265	1,111,265	222,253	17,780
<b>Total Off-Balance Sheet Exposures</b>	<b>1,171,614</b>	<b>1,149,552</b>	<b>259,566</b>	<b>20,765</b>
Total On and Off-Balance Sheet Exposures	7,517,996	6,030,600	1,785,646	142,852
<b>2. Exposures to Central Counterparties</b>			<b>142,924</b>	<b>11,434</b>
<b>Total Credit RWA</b>			<b>1,928,570</b>	<b>154,286</b>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

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

Exposure Class	Group 31 December 2024			Minimum Capital Requirement at 8% RM'000
	Gross Exposure before Credit Risk RM'000	Net Exposure after Credit Risk RM'000	Risk-weighted RM'000	
<b>On-Balance Sheet Exposures</b>				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	1,914,271	1,914,271	-	-
Banks, Development Financial Institutions & MDBs	1,337,788	1,337,788	267,558	21,405
Corporates	1,207,156	851,392	678,639	54,291
Regulatory Retail	334	334	334	27
Higher Risk Assets	1,421	1,421	2,132	171
Other Assets	2,160,092	1,079,489	356,199	28,495
Equity Exposure				
<u>Defaulted Exposures</u>				
Corporates	-	-	-	-
Other Assets	174,492	105,127	149,680	11,974
<b>Total On-Balance Sheet Exposures</b>	<b>6,795,555</b>	<b>5,289,823</b>	<b>1,454,542</b>	<b>116,363</b>
<b>Off-Balance Sheet Exposures</b>				
Other commitments with an original maturity of:				
- up to 1 year	14,963	14,963	14,963	1,197
- over 1 year	37,125	37,125	37,125	2,970
Commitments to extend credit with maturity of up to 1 year:				
- foreign exchange related contracts	2,348	2,348	537	43
- equity related contracts	47,876	47,876	45,360	3,629
Forward Assets Purchases	7,148	7,148	7,148	572
Securities borrowing and lending	27,893	26,102	5,220	418
Monies Held in Trust	1,734,642	1,734,642	346,928	27,754
<b>Total Off-Balance Sheet Exposures</b>	<b>1,871,995</b>	<b>1,870,204</b>	<b>457,281</b>	<b>36,583</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>8,667,549</b>	<b>7,160,027</b>	<b>1,911,823</b>	<b>152,946</b>

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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 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.







**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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
<b>Group 31 December 2025</b>			
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 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
Islamic Malaysian Government Investment Issues	250,382	-	250,382
Islamic Corporate Sukuk	98,778	-	98,778
Other assets	289,935	-	289,935
	<u>6,108,486</u>	<u>34,322</u>	<u>6,142,808</u>
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			<u>6,346,383</u>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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
<b>Group 31 December 2024</b>			
Cash and bank balances	2,098,059	-	2,098,059
Statutory deposit with Bank Negara Malaysia	73,768	-	73,768
Balances due from clients and brokers	425,893	29,054	454,947
Financial assets at FVTPL			
Unquoted shares and unit trust funds in Malaysia	255,017	-	255,017
Derivative financial assets	49,697	-	49,697
Net loans, advances and financing			
Term loans	527,524	-	527,524
Islamic term loans	122,076	-	122,076
Share margin financing	1,139,137	3,326	1,142,463
Islamic margin financing	416	-	416
Others	31,373	-	31,373
Financial instruments at FVOCI			
Malaysian Government Securities	291,869	-	291,869
Malaysian Government Investment Certificates	402,651	-	402,651
Corporate Bonds	35,394	-	35,394
Islamic Corporate Sukuk	137,238	-	137,238
Unquoted equities	1,421	-	1,421
Financial instruments at AC			
Corporate bonds	125,560	-	125,560
Islamic Malaysian Government Investment Issues	260,201	-	260,201
Islamic Corporate Sukuk	135,257	-	135,257
Other assets	419,713	-	419,713
	6,532,264	32,380	6,564,644
Non-Financial Assets			234,627
Trading Book			(8,077)
Expected Credit Loss (Stage 1 and 2)			4,361
Total On-Balance Sheet Exposure under the Standardised Approach for credit risk			6,795,555

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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:

Movement in ECL	31 December 2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 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

Movement in ECL	31 December 2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
As at 1 January 2024	-	-	3,296	3,296
Assets derecognised or repaid (excluding write-offs)	-	-	(2,235)	(2,235)
Net remeasurement of allowance	-	-	(763)	(763)
As at 31 December 2024	-	-	5,692	5,692

**Term loan and subordinated term loan:**

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

Movement in ECL	31 December 2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 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

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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):

Movement in ECL	31 December 2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
As at 1 January 2024	537	2,741	-	3,278
New assets originated or purchased	98	-	-	98
Assets derecognised or repaid (excluding write-offs)	(53)	-	-	(53)
Net remeasurement of allowance	221	(1,991)	-	(1,770)
As at 31 December 2024	<u>803</u>	<u>750</u>	<u>-</u>	<u>1,553</u>

**Other lending and factoring receivables:**

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

Movement in ECL	31 December 2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
As at 1 January 2025	-	-	-	-
As at 31 December 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movement in ECL	31 December 2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
As at 1 January 2024	-	-	-	-
As at 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

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

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

	Group	
	31 December 2025 RM'000	31 December 2024 RM'000
Malaysia	1,764,982	1,827,771
Outside Malaysia	2,034	3,326
	1,767,016	1,831,097

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

	Group	
	31 December 2025 RM'000	31 December 2024 RM'000
Working capital	1,000	-
Purchase of Securities	98,819	94,150
Others	23,452	4,265
Gross amount of impaired loans	123,271	98,415

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

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

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

	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
<b>Malaysia</b>						
Primary agriculture	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)	-
	<b>123,271</b>	<b>18,627</b>	<b>16,376</b>	<b>480</b>	<b>9,611</b>	<b>-</b>

	31 December 2024					
	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
<b>Malaysia</b>						
Real estate	30,673	-	3,634	-	3,634	-
Household	67,742	4,480	2,058	-	(1,420)	-
Others	-	17,253	-	1,553	(1,543)	-
	<b>98,415</b>	<b>21,733</b>	<b>5,692</b>	<b>1,553</b>	<b>671</b>	<b>-</b>

**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 ECAs 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%	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%	
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.

PILLAR 3 DISCLOSURES  
AS AT 31 DECEMBER 2025

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

Risk Weight	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk-weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	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		
<b>Group 31 December 2025</b>										
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
<b>Total</b>	<b>1,085,954</b>	<b>3,085,446</b>	<b>95</b>	<b>844,904</b>	<b>324</b>	<b>1,382</b>	<b>914,505</b>	<b>-</b>	<b>5,932,610</b>	<b>1,645,756</b>
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	2,441	-	2,441	1,220
100%	-	-	-	-	-	-	9,307	-	9,307	9,308
150%	-	-	-	7,560	-	-	78,681	-	86,241	129,362
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,560</b>	<b>-</b>	<b>-</b>	<b>90,429</b>	<b>-</b>	<b>97,989</b>	<b>139,890</b>
<b>Grand Total</b>	<b>1,085,954</b>	<b>3,085,446</b>	<b>95</b>	<b>852,464</b>	<b>324</b>	<b>1,382</b>	<b>1,004,933</b>	<b>-</b>	<b>6,030,600</b>	<b>1,785,646</b>

PILLAR 3 DISCLOSURES  
AS AT 31 DECEMBER 2025

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)

Risk Weight	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk-weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	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		
<b>Group 31 December 2024</b>										
Performing Exposures										
0%	1,914,271	-	-	159,389	-	-	452,341	-	2,526,001	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	3,100,743	52	112,171	-	-	338,686	-	3,551,652	710,330
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	532,169	334	-	295,610	-	828,113	828,113
150%	-	-	-	147,712	-	1,421	-	-	149,133	223,700
Total	1,914,271	3,100,743	52	951,441	334	1,421	1,086,637	-	7,054,899	1,762,143
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	4,524	-	4,524	2,262
100%	-	-	-	-	-	-	6,976	-	6,976	6,976
150%	-	-	-	-	-	-	93,628	-	93,628	140,442
Total	-	-	-	-	-	-	105,128	-	105,128	149,680
Grand Total	1,914,271	3,100,743	52	951,441	334	1,421	1,191,765	-	7,160,027	1,911,823

**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

Exposure Class	Ratings of Sovereigns and Central Bank 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	1,085,954	-	-	-	-	-
<b>Total</b>	<b>1,085,954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(ii) Banks, MDBs and FIs

Exposure Class	Ratings of Banking Institutions 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	3,085,446	-	-	-	-	-
<b>Total</b>	<b>3,085,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(iii) Corporates

Exposure Class	Ratings of Corporates 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	292,001	95,050	168,036	23,954	-	273,423
<b>Total</b>	<b>292,001</b>	<b>95,050</b>	<b>168,036</b>	<b>23,954</b>	<b>-</b>	<b>273,423</b>

**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 credit 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.

PILLAR 3 DISCLOSURES  
AS AT 31 DECEMBER 2025

5. Credit Risk (cont'd)

5.2 Credit Risk Mitigation

(a) Disclosure on Credit Risk Mitigation

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

Exposure Class	Exposures	Exposures	Exposures
	before CRM	/ Credit	Financial
	RM'000	RM'000	RM'000
<b>Group 31 December 2024</b>			
<u>On Balance Sheet Exposures</u>			
Sovereigns/Central Banks	1,914,271	-	-
Banks, Development Financial Institutions & Corporates	1,337,788	-	-
Regulatory Retail	1,207,156	-	355,765
Higher Risk Assets	334	-	-
Other Assets	1,421	-	-
Equity Exposure	2,160,092	-	1,080,603
Defaulted Exposures	-	-	-
<b>Total On-Balance Sheet Exposures</b>	<b>6,795,555</b>	<b>-</b>	<b>1,505,732</b>
Off-Balance Sheet Exposures Other than OTC	1,871,995	-	1,791
<b>Total Off-Balance Sheet Exposures</b>	<b>1,871,995</b>	<b>-</b>	<b>1,791</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>8,667,549</b>	<b>-</b>	<b>1,507,523</b>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 an on-going underwriting agreement
- 4) Undrawn Credit Facility
- 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 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	173
- equity related contracts	25,366		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
	<u>4,024,627</u>		<u>1,171,614</u>	<u>259,566</u>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

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

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

Group 31 December 2024	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk- weighted Assets RM'000
Forward Asset Purchases	7,148	100%	7,148	7,148
Other commitments with an original maturity of:				
- up to 1 year	74,817	20%	14,963	14,963
- over 1 year	74,250	50%	37,125	37,125
Commitments to extend credit with maturity of:				
Less than 1 year				
- foreign exchange related	187,940		2,348	537
- equity related contracts	90,481		47,876	45,360
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	2,953,117	0%	-	-
Miscellaneous Commitments	1,762,535	100%	1,762,535	352,148
	<u>5,150,288</u>		<u>1,871,995</u>	<u>457,281</u>

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, 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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 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
Profit Rate Risk	-	-	-	-	-
			<u>38,523</u>	<u>144,177</u>	<u>11,534</u>

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 2024**

Interest rate risks	26,791	-	26,791	670	54
Equity position risks	345,763	(308,813)	36,950	91,603	7,328
Foreign exchange risks	3,650	(12,978)	(9,328)	12,978	1,038
Option risks	14,360	-	14,360	179,502	14,360
Profit Rate Risk	-	-	-	-	-
			<u>68,773</u>	<u>284,753</u>	<u>22,780</u>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 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
Steeper	(61,582)	100	(15)	(25)	(61,523)
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

Scenario	MYR RM’000	USD RM’000	SGD RM’000	Other Foreign RM’000	Total RM’000
----------	---------------	---------------	---------------	----------------------------	-----------------

**Group 31 December 2024**

Earnings at Risk (NII)

Parallel 150 bps up	(9,348)	(120)	(95)	(406)	(9,969)
Parallel 150 bps down	9,348	120	95	406	9,969

Economic Value

Impact (EVE)\*

Parallel 150 bps up	(115,853)	(93)	21	21	(115,905)
Parallel 150 bps down	115,853	93	(21)	(21)	115,905
Steeper	(81,342)	112	(16)	(24)	(81,270)
Flattener	65,847	(140)	20	30	65,757
Short Rate Up	(69,945)	(178)	25	39	(70,059)
Short Rate Down	69,945	178	(25)	(39)	70,059

\* exclude tax impact

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 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. 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 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 failure, 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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**9. Operational Risk (cont'd)**

The Group adopts The Standardised Approach for Operational Risk-weighted Asset computation.

Group	31 December 2025		31 December 2024	
	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	1,062,597	85,008	927,031	74,162

**10. Equity Exposures in Banking Book**

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

	31 December 2025		31 December 2024	
	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000	Risk-weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
<b><u>Privately held</u></b>				
For socio-economic purposes	2,073	166	2,132	171
For non socio-economic purposes	229,398	18,352	221,568	17,725
Total	<u>231,471</u>	<u>18,518</u>	<u>223,700</u>	<u>17,896</u>

(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.

	31 December 2025 RM'000	31 December 2024 RM'000
<b><u>Privately held</u></b>		
Cumulative realised gains arising from sales and liquidations in the reporting period	-	-
Total unrealised gain	<u>80,504</u>	<u>78,510</u>

(iii) Publicly traded

The Group do not have publicly traded equity investments in the banking book as at 31 December 2024 and 31 December 2025

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 banking are as follows:

	31 December 2025	31 December 2024
CET 1 capital ratio	60.508%	82.627%
Tier 1 capital ratio	60.508%	82.627%
Total capital ratio	60.900%	83.327%

	31 December 2025 RM'000	31 December 2024 RM'000
<b>CET 1 capital</b>		
Islamic banking funds	120,000	120,000
Retained profits	111,150	94,126
Other reserves	8,999	7,353
Less regulatory adjustments:		
Intangible assets	(1)	(1)
55% of cumulative gains of financial investments at FVOCI	(1,517)	(291)
Regulatory Reserve	(991)	(1,573)
Total CET 1 / Tier 1 capital	<u>237,640</u>	<u>219,614</u>
<b>Tier 2 capital</b>		
General provision	<u>1,542</u>	<u>1,860</u>
Total Tier 2 capital	<u>1,542</u>	<u>1,860</u>
<b>Total capital</b>	<u>239,182</u>	<u>221,474</u>

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:

	31 December 2025		31 December 2024	
	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	354,788	28,383	228,046	18,244
Market risk	-	-	-	-
Operational risk	37,956	3,036	37,743	3,019
<b>Total</b>	<u>392,744</u>	<u>31,419</u>	<u>265,789</u>	<u>21,263</u>

## **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.

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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
<b>Group 31 December 2025</b>				
<b>Credit Risk - Standardised Approach</b>				
<b>On-Balance Sheet Exposures</b>				
<u>Performing Exposures</u>				
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
<u>Defaulted Exposures</u>				
Other Assets	3,754	3,539	5,308	425
<b>Total On-Balance Sheet Exposures</b>	<b>1,426,346</b>	<b>1,371,342</b>	<b>348,397</b>	<b>27,872</b>
<b>Off-Balance Sheet Exposures</b>				
Other commitments with an original maturity of:				
- up to 1 year	9,891	6,391	6,391	511
- over 1 year	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>9,891</b>	<b>6,391</b>	<b>6,391</b>	<b>511</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,436,237</b>	<b>1,377,733</b>	<b>354,788</b>	<b>28,383</b>
Market risk			-	-
Operational risk			37,956	3,036
<b>Total RWA and capital requirements</b>			<b>392,744</b>	<b>31,419</b>

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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
<b>Group 31 December 2025</b>				
<b>Credit Risk - Standardised Approach</b>				
<b>On-Balance Sheet Exposures</b>				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	373,466	373,466	-	-
Banks, Development Financial Institutions & MDBs	269,397	269,397	53,879	4,310
Corporates	321,055	236,319	143,384	11,471
Other Assets	5,465	5,049	842	68
<u>Defaulted Exposures</u>				
Other Assets	3,442	3,010	4,510	361
<b>Total On-Balance Sheet Exposures</b>	<b>972,825</b>	<b>887,241</b>	<b>202,615</b>	<b>16,210</b>
<b>Off-Balance Sheet Exposures</b>				
Other commitments with an original maturity of:				
- up to 1 year	8,306	8,306	8,306	664
- over 1 year	17,125	17,125	17,125	1,370
<b>Total Off-Balance Sheet Exposures</b>	<b>25,431</b>	<b>25,431</b>	<b>25,431</b>	<b>2,034</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>998,256</b>	<b>912,672</b>	<b>228,046</b>	<b>18,244</b>
Market risk			-	-
Operational risk			37,743	3,019
<b>Total RWA and capital requirements</b>			<b>265,789</b>	<b>21,263</b>

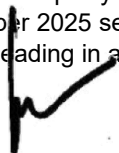
Note: The Group does not use PSIA as a risk absorbent mechanism.

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**PILLAR 3 DISCLOSURES**  
**AS AT 31 DECEMBER 2025**

**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 31 December 2025 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: