

Kenanga Investment Bank Berhad
(Company No. 197301002193 (15678-H))

Unaudited Condensed Interim Financial Statements
31 March 2022

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

<u>Group</u>	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and bank balances	A11	1,887,167	1,897,384
Financial assets at fair value through profit or loss ("FVTPL")	A12	371,174	387,322
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	791,064	737,574
Financial investments at amortised cost ("AC")	A13 (ii)	221,146	213,660
Derivative financial assets	B11	84,073	81,453
Loans, advances and financing	A14	1,716,218	1,775,413
Balances due from clients and brokers	A15	363,958	334,465
Other assets	A16	478,879	238,822
Statutory deposit with Bank Negara Malaysia	A17	49,352	50,868
Tax recoverable		9,565	38,807
Investment in associates		96,108	87,171
Investment in joint ventures		32,312	31,969
Property, plant and equipment		161,176	163,475
Intangible assets		331,391	331,061
Right-of-use assets		21,479	18,473
Deferred tax assets		25,187	30,605
TOTAL ASSETS		6,640,249	6,418,522
LIABILITIES			
Deposits from customers	A18	3,388,616	3,137,278
Deposits and placements of banks and other financial institutions	A19	455,926	652,862
Balances due to clients and brokers		868,146	665,968
Derivative financial liabilities	B11	31,557	28,760
Other liabilities	A20	634,017	573,699
Borrowings	A21	236,400	244,700
Lease liabilities		21,820	18,829
Provision for taxation and zakat		632	41,396
Tax payable		1,511	-
Deferred tax liabilities		1	-
TOTAL LIABILITIES		5,638,626	5,363,492

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

<u>Group (cont'd.)</u>	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(2,818)	(13,064)
Reserves		745,678	809,559
		<u>996,694</u>	<u>1,050,329</u>
Non-controlling Interests		4,929	4,701
TOTAL EQUITY		<u>1,001,623</u>	<u>1,055,030</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,640,249</u>	<u>6,418,522</u>
Commitments and contingencies	A29	<u>6,251,595</u>	<u>4,685,117</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.36</u>	<u>1.45</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

<u>Bank</u>	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and bank balances	A11	1,471,497	1,459,156
Financial assets at FVTPL	A12	369,312	386,367
Financial investments at FVOCI	A13 (i)	791,064	737,574
Financial investments at AC	A13 (ii)	221,146	213,660
Derivative financial assets	B11	84,073	81,453
Loans, advances and financing	A14	1,716,466	1,749,615
Balances due from clients and brokers	A15	361,104	334,370
Other assets	A16	105,686	137,929
Statutory deposit with Bank Negara Malaysia	A17	49,352	50,868
Tax recoverable		6,842	27,402
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		41,550	40,000
Property, plant and equipment		157,001	159,624
Intangible assets		331,977	331,986
Right-of-use assets		16,952	15,204
Deferred tax assets		14,982	15,219
TOTAL ASSETS		5,868,251	5,869,674
LIABILITIES			
Deposits from customers	A18	3,540,408	3,250,600
Deposits and placements of banks and other financial institutions	A19	455,926	652,862
Balances due to clients and brokers		291,173	265,296
Derivative financial liabilities	B11	31,557	28,760
Other liabilities	A20	363,307	384,161
Borrowings	A21	201,900	204,700
Lease liabilities		17,191	15,473
Provision for taxation and zakat		399	26,472
TOTAL LIABILITIES		4,901,861	4,828,324
EQUITY			
Share capital		253,834	253,834
Treasury shares		(2,818)	(13,064)
Reserves		715,374	800,580
TOTAL EQUITY		966,390	1,041,350
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,868,251	5,869,674
Commitments and contingencies	A29	6,364,135	4,788,148
Net assets per share (RM)		1.32	1.44

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
Group					
Interest income	A22	51,933	50,728	51,933	50,728
Interest expense	A23	(23,534)	(23,925)	(23,534)	(23,925)
Net interest income		28,399	26,803	28,399	26,803
Net income from Islamic banking business	A33	3,300	2,829	3,300	2,829
Other operating income	A24	127,510	192,957	127,510	192,957
Net income		159,209	222,589	159,209	222,589
Other operating expenses	A25	(135,907)	(185,273)	(135,907)	(185,273)
Operating profit		23,302	37,316	23,302	37,316
Credit loss (expense)/reversal	A26	(796)	754	(796)	754
Bad debts recovered	A27	15	1	15	1
		22,521	38,071	22,521	38,071
Share of results of associates and joint ventures		(1,037)	4,621	(1,037)	4,621
Profit before taxation and zakat		21,484	42,692	21,484	42,692
Taxation and zakat	B5	(4,561)	(8,425)	(4,561)	(8,425)
Profit for the period		16,923	34,267	16,923	34,267
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Share of other comprehensive income in associates		8,310	2,513	8,310	2,513
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		457	2,265	457	2,265
Net loss on fair value changes of debt instrument at FVOCI		(6,154)	(14,820)	(6,154)	(14,820)
Income tax relating to the components of other comprehensive income		1,477	3,482	1,477	3,482
Other comprehensive income/(loss) for the period, net of tax		4,090	(6,560)	4,090	(6,560)
Total comprehensive income for the period, net of tax		21,013	27,707	21,013	27,707

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021
Note	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to:				
Equity holders of the Bank	16,695	34,161	16,695	34,161
Non-controlling interests	228	106	228	106
	<u>16,923</u>	<u>34,267</u>	<u>16,923</u>	<u>34,267</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	20,785	27,601	20,785	27,601
Non-controlling interests	228	106	228	106
	<u>21,013</u>	<u>27,707</u>	<u>21,013</u>	<u>27,707</u>
Earnings per share				
Basic (sen)	B8 2.30	4.78	2.30	4.78
Fully diluted (sen)	B8 2.28	4.63	2.28	4.63

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
Bank					
Interest income	A22	50,175	49,159	50,175	49,159
Interest expense	A23	(25,936)	(26,609)	(25,936)	(26,609)
Net interest income		24,239	22,550	24,239	22,550
Net income from Islamic banking business	A33	3,300	2,829	3,300	2,829
Other operating income	A24	67,443	158,235	67,443	158,235
Net income		94,982	183,614	94,982	183,614
Other operating expenses	A25	(88,130)	(151,593)	(88,130)	(151,593)
Operating profit		6,852	32,021	6,852	32,021
Credit loss (expense)/reversal	A26	(957)	687	(957)	687
Bad debts recovered	A27	15	1	15	1
Profit before taxation and zakat		5,910	32,709	5,910	32,709
Taxation and zakat		(1,773)	(7,923)	(1,773)	(7,923)
Profit for the period		4,137	24,786	4,137	24,786
Other comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss:					
Net loss on fair value changes of debt instruments at FVOCI		(6,154)	(14,820)	(6,154)	(14,820)
Income tax relating to the components of other comprehensive income		1,477	3,482	1,477	3,482
Other comprehensive loss for the period, net of tax		(4,677)	(11,338)	(4,677)	(11,338)
Total comprehensive (loss)/income for the period, net of tax		(540)	13,448	(540)	13,448

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000		
At 1 January 2022	253,834	2,809	6,590	18,921	19,204	88,938	(13,064)	673,097	4,701	1,055,030
Net profit for the financial period	-	-	-	-	-	-	-	16,695	228	16,923
Share of other comprehensive income of associates	-	-	3	-	-	-	-	8,307	-	8,310
Other comprehensive (loss)/income	-	-	(4,677)	-	457	-	-	-	-	(4,220)
Total comprehensive (loss)/income	-	-	(4,674)	-	457	-	-	25,002	228	21,013
Share based payment under Employees' Share Scheme ("ESS")	-	438	-	-	-	-	-	-	-	438
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	15,057	(8,044)	-	7,013
Buy-back of shares	-	-	-	-	-	-	(4,811)	-	-	(4,811)
Transfer from regulatory reserve	-	-	-	(604)	-	-	-	604	-	-
Transfer to retained profits	-	(1,360)	-	-	-	-	-	1,360	-	-
Dividend declared	-	-	-	-	-	-	-	(77,060)	-	(77,060)
At 31 March 2022	253,834	1,887	1,916	18,317	19,661	88,938	(2,818)	614,959	4,929	1,001,623

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	246,249	6,144	15,916	18,661	16,556	88,938	(10,458)	617,832	5,103	1,004,941
Net profit for the financial period	-	-	-	-	-	-	-	34,161	106	34,267
Share of other comprehensive income of associates	-	-	2,513	-	-	-	-	-	-	2,513
Other comprehensive (loss)/income	-	-	(11,338)	-	2,265	-	-	-	-	(9,073)
Total comprehensive (loss)/income	-	-	(8,825)	-	2,265	-	-	34,161	106	27,707
Share based payment under ESS	-	898	-	-	-	-	-	-	-	898
Issue of shares pursuant to exercise of ESS	4,027	-	-	-	-	-	-	-	-	4,027
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	10,451	(1,925)	-	8,526
Transfer to regulatory reserve	-	-	-	3,440	-	-	-	(3,440)	-	-
Transfer to retained profits	-	(2,177)	-	-	-	-	-	2,177	-	-
Dividend declared	-	-	-	-	-	-	-	(64,213)	-	(64,213)
At 31 March 2021	250,276	4,865	7,091	22,101	18,821	88,938	(7)	584,592	5,209	981,886

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2022	253,834	2,809	634	18,921	153,863	(13,064)	624,353	1,041,350
Net profit for the financial period	-	-	-	-	-	-	4,137	4,137
Other comprehensive loss	-	-	(4,677)	-	-	-	-	(4,677)
Total comprehensive (loss)/income	-	-	(4,677)	-	-	-	4,137	(540)
Share based payment under ESS	-	438	-	-	-	-	-	438
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	15,057	(8,044)	7,013
Buy-back of shares	-	-	-	-	-	(4,811)	-	(4,811)
Transfer from regulatory reserve	-	-	-	(604)	-	-	604	-
Transfer to retained profits	-	(1,360)	-	-	-	-	1,360	-
Dividend declared	-	-	-	-	-	-	(77,060)	(77,060)
At 31 March 2022	253,834	1,887	(4,043)	18,317	153,863	(2,818)	545,350	966,390

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2021	246,249	6,144	15,256	18,661	153,863	(10,458)	594,296	1,024,011
Net profit for the financial period	-	-	-	-	-	-	24,786	24,786
Other comprehensive loss	-	-	(11,338)	-	-	-	-	(11,338)
Total comprehensive (loss)/income	-	-	(11,338)	-	-	-	24,786	13,448
Share based payment under ESS	-	898	-	-	-	-	-	898
Issue of shares pursuant to exercise of ESS	4,027	-	-	-	-	-	-	4,027
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	10,451	(1,925)	8,526
Transfer from retained profits	-	-	-	3,440	-	-	(3,440)	-
Transfer to retained profits	-	(2,177)	-	-	-	-	2,177	-
Dividend declared	-	-	-	-	-	-	(64,213)	(64,213)
At 31 March 2021	250,276	4,865	3,918	22,101	153,863	(7)	551,681	986,697

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Cash flows from operating activities				
Profit before taxation	21,484	42,692	5,910	32,709
Adjustments for:				
Depreciation of property, plant and equipment	2,819	2,986	2,606	2,745
Amortisation of intangible assets	1,462	1,514	1,247	1,169
Amortisation of right-of-use assets	1,993	2,066	1,701	1,853
Lease interest expenses	237	326	191	285
ESS expenses	335	756	335	756
Credit loss expense/(reversal)	796	(754)	957	(687)
Property, plant and equipment written off	902	-	902	-
Bad debts recovered	(15)	(1)	(15)	(1)
Non-cash items	8,529	6,893	7,924	6,120
Net (gain)/loss from sale of financial assets at FVTPL and derivatives	(3,145)	92,539	(3,137)	92,539
Net gain from sale of financial investments other than those measured at FVTPL	(7)	(3)	(7)	(3)
Gross dividend income from investments	(678)	(1,616)	(661)	(1,594)
Loss/(gain) on revaluation of financial assets at FVTPL and derivatives	3,698	(116,289)	4,240	(119,392)
Gain on disposal of property, plant and equipment	-	(57)	-	(57)
Share of results of associates and joint venture	1,037	(4,621)	-	-
Non-operating items - investing	905	(30,047)	435	(28,507)
Adjustments for non-operating and non-cash items	9,434	(23,154)	8,359	(22,387)
Operating profit before working capital changes	30,918	19,538	14,269	10,322
Changes in working capital:				
Net changes in operating assets	(239,517)	(382,995)	46,922	(338,021)
Net changes in operating liabilities	239,635	615,426	20,631	513,415
Cash generated from operations	31,036	251,969	81,822	185,716
Taxation and zakat paid	(7,676)	(11,566)	(5,572)	(8,845)
Rental/lease interest payment	(237)	(326)	(191)	(285)
Net operating cash flow	23,123	240,077	76,059	176,586
Cash flows from investing activities				
Dividends received from other investments	678	1,616	661	1,594
Purchase of property, plant and equipment and intangible assets	(3,214)	(5,962)	(2,123)	(5,256)
Acquisition of a subsidiary, net of cash	-	(500)	-	-
Proceeds from disposal of property, plant and equipment	-	57	-	57
Capital injection in a joint venture	(1,550)	-	(1,550)	-
Net (purchase)/sale of securities	(51,402)	80,595	(51,045)	80,618
Net investing cash flow	(55,488)	75,806	(54,057)	77,013

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197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Repayment of lease liabilities	(2,006)	(2,015)	(1,728)	(1,767)
Net repayment of borrowings	(8,300)	(16,800)	(2,800)	(2,800)
Share buy-back	(4,507)	-	(4,507)	-
Proceeds from exercise of ESS	7,013	12,495	7,013	12,495
Net financing cash flow	(7,800)	(6,320)	(2,022)	7,928
Net change in cash and cash equivalents during the financial period	(40,165)	309,563	19,980	261,527
Cash and cash equivalents brought forward	1,469,803	1,284,397	1,337,127	1,256,124
Cash and cash equivalents carried forward	1,429,638	1,593,960	1,357,107	1,517,651

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term funds, excluding segregated funds from customers, deposits and monies held in trust on behalf of dealer's representatives. Cash and cash equivalents included in the statements of cash flows comprise of the following amounts in the statements of financial position:

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,876,695	1,871,221	1,471,497	1,550,134
Deposits and placements with banks and other financial institutions	10,472	130,261	-	100,000
Less: Segregated funds from customers	(343,139)	(275,039)	-	-
Less: Cash and bank balances and deposits held in trust	(114,390)	(132,483)	(114,390)	(132,483)
	1,429,638	1,593,960	1,357,107	1,517,651

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 31 March 2022, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have also incorporated those activities relating to the Islamic banking business undertaken by the Group.

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

A2. Condensed financial statements

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2021 was not qualified by the external auditors.

A4. Seasonal or Cyclical Factors

The Group's performance was mainly dependent on Bursa Malaysia trading volume and value which in turn were affected by market sentiment and the country's macro economic conditions.

A5. Nature and amounts in relation to assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no exceptional items which have affected the assets, liabilities, equity, net income or cash flows.

A6. Changes in the nature and amount of estimated figures reported in prior interim periods and financial years

There were no changes made to the estimated figures reported in prior interim periods and financial years.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A7. Issuance, cancellation, repurchase, resale or repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 31 March 2022 other than the below:

- a) the transfer of 12,149,500 units of treasury shares to staff pursuant to the exercise of ESS.
- b) the Bank repurchased 3,945,600 ordinary shares of its issued share capital from the open market at an average cost of RM1.2193 per share. The total consideration paid for the share buy-back, including transaction costs was RM4.81 million, and was financed by internally generated fund.

As at 31 March 2022, the number of treasury shares held was 2,272,300 shares.

A8. Dividends paid per share

No dividend was paid during the financial period.

An interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021, which amounted to RM77,060,192 was paid on 15 April 2022.

A9. Significant event during and subsequent to the financial interim period

There was no significant event during and subsequent to the financial interim period other than on 20 April 2022, the Bank has fully redeemed the tranche 1 of its Subordinated Notes of RM5 million in nominal value which were issued on 20 April 2017 under the Tier 2 Subordinated Note Programme.

A10. Changes in composition of the Group

There were no changes in the composition of the Group other than below:

Kenanga Singapore Pte. Ltd. ("KSPL") has changed its name to Rakuten Trade Singapore Pte. Ltd. ("RTSPL") effective from 26 January 2022 and RTSPL became a joint venture entity arising from the change of the Bank's shareholding in RTSPL from 100% to 50% while Rakuten Securities, Inc.'s shareholding is 50%.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000 (Restated)	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000 (Restated)
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	451,543	526,368	76,943	137,757
Money at call and deposit placements	1,435,624	1,371,016	1,394,554	1,321,399
	1,887,167	1,897,384	1,471,497	1,459,156
Included in cash and bank balances are:				
Cash and cash equivalents	1,429,638	1,469,803	1,357,107	1,337,127
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	457,529	427,581	114,390	122,029
	1,887,167	1,897,384	1,471,497	1,459,156
A12. Financial Assets At FVTPL				
At fair value				
Quoted Securities:				
Shares and funds in Malaysia	201,912	205,052	201,341	204,833
Funds outside Malaysia	2,973	1,889	2,973	1,889
Unquoted Securities:				
Shares and funds in Malaysia	157,063	156,508	155,772	155,772
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	9,226	23,873	9,226	23,873
Total financial assets at FVTPL	371,174	387,322	369,312	386,367

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Group and Bank
As at **As at**
31 March **31 December**
2022 **2021**
RM'000 **RM'000**

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

At fair value

Money market instruments:

Malaysian Government Securities	39,292	40,042
Malaysian Government Investment Certificates	89,618	91,934
Islamic Negotiable Instruments of Deposits	299,732	199,724
	428,642	331,700

Equity instruments in Malaysia:

Unquoted Shares	1,460	1,460
	1,460	1,460

Debt instruments in Malaysia:

Islamic Corporate Sukuk	253,043	275,452
Corporate Bonds	107,919	128,962
	360,962	404,414

Total financial investments at FVOCI

791,064 **737,574**

Impairment losses on debt instruments measured at FVOCI

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Movements in Expected Credit Loss ("ECL")</u>				
As at 1 January 2022	390	-	-	390
Impact of net re-measurement of ECL	51	-	-	51
As at 31 March 2022	441	-	-	441

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Movements in ECL</u>				
As at 1 January 2021	386	-	-	386
Impact of net re-measurement of ECL	4	-	-	4
As at 31 December 2021	390	-	-	390

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Group and Bank
As at **As at**
31 March **31 December**
2022 **2021**
RM'000 **RM'000**

A13. Financial investments other than those measured at FVTPL (cont'd.)

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Investment Certificates	39,917	39,912
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Debt instruments in Malaysia:

Islamic Corporate Sukuk	161,267	153,785
Corporate Bonds	20,011	20,012
Less: Allowance for ECL	(49)	(49)
	181,229	173,748

Total financial investments at AC

	221,146	213,660
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Impairment losses on debt instruments measured at Amortised Cost ("AC")

Group and Bank

	2022			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
As at 1 January and 31 March 2022	RM'000	RM'000	RM'000	RM'000
	49	-	-	49

	2021			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2021	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	105	-	-	105
Impact of re-measurement of ECL	(52)	-	-	(52)
Assets derecognised or matured (excluding write-off)	(4)	-	-	(4)
As at 31 December 2021	49	-	-	49

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,153,862	1,170,899	1,153,862	1,170,899
Term loans	508,987	539,077	535,525	565,616
Subordinated term loan	-	-	45,066	30,039
Other lending and factoring receivables	71,561	82,742	-	-
Advances to group employees	67	97	67	97
Gross loans, advances and financing	1,734,477	1,792,815	1,734,520	1,766,651
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(2,915)	(2,949)	(3,374)	(3,247)
- Stage 2- Lifetime ECL non-credit impaired	-	-	-	-
- Stage 3- Lifetime ECL credit impaired	(15,344)	(14,453)	(14,680)	(13,789)
Net Loans, Advances and Financing	1,716,218	1,775,413	1,716,466	1,749,615
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	247,847	256,439	197,072	196,055
- Others	519,485	534,052	591,090	590,630
Individuals	964,889	993,814	944,102	971,456
Foreign enterprises	2,256	8,510	2,256	8,510
Gross Loans, Advances and Financing	1,734,477	1,792,815	1,734,520	1,766,651
(ii) By Geographical Distribution				
In Malaysia	1,729,134	1,786,437	1,729,177	1,760,273
Outside Malaysia	5,343	6,378	5,343	6,378
Gross Loans, Advances and Financing	1,734,477	1,792,815	1,734,520	1,766,651
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,225,423	1,253,641	1,153,862	1,170,899
Variable rate				
- Other variable rates	501,363	529,826	572,967	586,404
- Base lending rate plus	7,624	9,251	7,624	9,251
Interest free	67	97	67	97
Gross Loans, Advances and Financing	1,734,477	1,792,815	1,734,520	1,766,651
(iv) By Purpose				
- Purchase of securities	1,406,912	1,427,343	1,406,912	1,427,343
- Working capital	143,353	169,221	166,183	169,429
- Others	184,212	196,251	161,425	169,879
Gross Loans, Advances and Financing	1,734,477	1,792,815	1,734,520	1,766,651

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(v) By Residual Contractual Maturity				
- Within one year	1,439,801	1,483,133	1,445,236	1,484,244
- More than one year	294,676	309,682	289,284	282,407
Gross Loans, Advances and Financing	1,734,477	1,792,815	1,734,520	1,766,651
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period	73,141	41,294	64,700	40,630
Impaired during the financial period	-	39,958	-	31,537
Amount recovered during the financial period	(1,335)	(8,111)	(1,163)	(7,467)
At end of the financial period	71,806	73,141	63,537	64,700
Less: Allowance for ECL	(15,344)	(14,453)	(14,680)	(13,789)
Net impaired LAF	56,462	58,688	48,857	50,911
Net impaired LAF as a % of net loans, advances and financing	3.29%	3.31%	2.85%	2.91%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	69,550	70,585	61,281	62,144
Outside Malaysia	2,256	2,556	2,256	2,556
Gross impaired loans	71,806	73,141	63,537	64,700
(viii) Impaired LAF by Purpose				
Working capital	664	664	-	-
Purchase of securities	63,537	64,700	63,537	64,700
Others	7,605	7,777	-	-
Gross impaired loans	71,806	73,141	63,537	64,700

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A14. Loans, Advances and Financing (cont'd.)

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

An analysis of changes in the ECL allowances in relation to share margin financing is as follows:

Share margin financing

Group and Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(141)	(141)
Net remeasurement of allowance	-	-	1,032	1,032
As at 31 March 2022	-	-	14,680	14,680

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

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

Term loan and subordinated term loan

Group

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	2,936	-	-	2,936
New assets originated or purchased	2	-	-	2
Assets derecognised or repaid (excluding write-offs)	(30)	-	-	(30)
Net remeasurement of allowance	-	-	-	-
As at 31 March 2022	2,908	-	-	2,908

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows (cont'd.):

Term loan and subordinated term loan (cont'd)

Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	3,203	-	-	3,203
New assets originated or purchased	141	-	-	141
Assets derecognised or repaid (excluding write-offs)	(36)	-	-	(36)
As at 31 March 2022	3,308	-	-	3,308

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	3,312	-	-	3,312
New assets originated or purchased	155	-	-	155
Assets derecognised or repaid (excluding write-offs)	(474)	-	-	(474)
Net remeasurement of allowance	210	-	-	210
As at 31 December 2021	3,203	-	-	3,203

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

Other lending and factoring receivables

Group

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	13	-	664	677
Assets derecognised or repaid (excluding write-offs)	(6)	-	-	(6)
As at 31 March 2022	7	-	664	671

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows (cont'd.):

Undrawn commitment

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

Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	44	-	-	44
New assets originated or purchased	89	-	-	89
Exposure derecognised or matured/lapsed (excluding write-offs)	(67)	-	-	(67)
As at 31 March 2022	66	-	-	66

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	75	-	-	75
Exposure derecognised or matured/lapsed (excluding write-offs)	(38)	-	-	(38)
Net remeasurement of allowance	7	-	-	7
As at 31 December 2021	44	-	-	44

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Group and Bank		Group and Bank	
As at	As at	As at	As at
31 March	31 December	31 March	31 December
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	366,758	337,276	363,904	337,181
Less: Allowance for ECL	(2,800)	(2,811)	(2,800)	(2,811)
	363,958	334,465	361,104	334,370

An analysis of changes in the ECL allowances in relation to balance due from clients and brokers is as follows:

Group and Bank

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Movements in ECL			
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial period	56	95	151
Written back during the financial period	(48)	(114)	(162)
As at 31 March 2022	1,543	1,257	2,800
	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Movements in ECL			
As at 1 January 2021	1,553	4,670	6,223
Charged during the financial period	290	533	823
Written back during the financial period	(308)	(446)	(754)
Written off during the financial period	-	(3,481)	(3,481)
As at 31 December 2021	1,535	1,276	2,811

Group		Bank	
As at	As at	As at	As at
31 March	31 December	31 March	31 December
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

A16. Other Assets

Assets segregated for customers	230,991	93,849	-	-
Interest/income receivable	9,509	9,556	9,504	9,546
Prepayments and deposits	19,469	20,169	17,180	17,809
Other debtors	75,569	58,521	53,541	36,371
Treasury trade receivables	-	49,892	-	49,892
Amount due from subsidiaries	-	-	30,769	29,716
Amount due from related parties	53	57	53	57
Amount due from trustees	148,409	12,000	-	-
	484,000	244,044	111,047	143,391
Allowance for ECL				
- Other debtors	(5,121)	(5,222)	(5,121)	(5,222)
- Amount due from subsidiaries	-	-	(240)	(240)
	478,879	238,822	105,686	137,929

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A16. Other Assets (cont'd.)

An analysis of changes in the ECL allowances in relation to other debtors is as follows:

Group

	2022		
	Non-Credit	Credit-	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	288	1	289
Assets derecognised or repaid (excluding write-offs)	-	(568)	(568)
Transfer of stages	(299)	299	-
Net remeasurement of allowance	-	178	178
As at 31 March 2022	<u>212</u>	<u>4,909</u>	<u>5,121</u>

	2021		
	Non-Credit	Credit	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2021	145	6,003	6,148
New assets originated or purchased	1,054	251	1,305
Assets derecognised or repaid (excluding write-offs)	-	(3,372)	(3,372)
Transfer of stages	(976)	976	-
Net remeasurement of allowance	-	1,330	1,330
Amounts written off	-	(189)	(189)
As at 31 December 2021	<u>223</u>	<u>4,999</u>	<u>5,222</u>

Bank

	2022		
	Non-Credit	Credit	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	288	1	289
Assets derecognised or repaid (excluding write-offs)	-	(568)	(568)
Transfer of stages	(299)	299	-
Net remeasurement of allowance	-	178	178
As at 31 March 2022	<u>212</u>	<u>4,909</u>	<u>5,121</u>

	2021		
	Non-Credit	Credit	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2021	146	6,004	6,150
New assets originated or purchased	1,055	251	1,306
Assets derecognised or repaid (excluding write-offs)	-	(3,375)	(3,375)
Transfer of stages	(978)	978	-
Net remeasurement of allowance	-	1,330	1,330
Amounts written off	-	(189)	(189)
As at 31 December 2021	<u>223</u>	<u>4,999</u>	<u>5,222</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A16. Other Assets (cont'd.)

An analysis of changes in the ECL allowances in relation to amount due from subsidiaries is as follows:

Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January and 31 March 2022	240	-	-	240

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	226	-	-	226
Net remeasurement of allowance	14	-	-	14
As at 31 December 2021	240	-	-	240

Group and Bank	
As at 31 March 2022 RM'000	As at 31 December 2021 RM'000

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	49,352	50,868
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

Group		Bank	
As at 31 March 2022 RM'000	As at 31 December 2021 RM'000	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000

A18. Deposits from customers

(i) By type of deposit

Fixed term deposits	2,541,349	2,464,706	2,592,352	2,516,015
Short term money deposits	724,170	563,833	824,959	625,846
Call money deposits	39,702	39,848	39,702	39,848
Negotiable instruments of deposits	83,395	68,891	83,395	68,891
	3,388,616	3,137,278	3,540,408	3,250,600

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A18. Deposits from customers (cont'd.)				
(ii) By type of customer				
Government and other statutory bodies	698,812	671,186	698,812	671,186
Individuals	100,130	98,500	100,130	98,500
Business enterprises	1,022,961	1,007,435	1,022,961	1,007,435
Non-bank financial institutions	1,366,713	1,160,157	1,366,713	1,160,157
Subsidiaries and related companies	200,000	200,000	351,792	313,322
	3,388,616	3,137,278	3,540,408	3,250,600
(iii) By maturity structure				
Due within six months	2,504,209	2,268,323	2,654,581	2,381,645
More than six months to one year	719,932	747,040	719,932	747,040
More than one year	164,475	121,915	165,895	121,915
	3,388,616	3,137,278	3,540,408	3,250,600

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at	As at
	31 March	31 December
	2022	2021
	RM'000	RM'000
Other financial institutions	455,926	593,126
Bank Negara Malaysia ("BNM")	-	59,736
	455,926	652,862

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
A20. Other liabilities				
Interest/Income payable	12,335	13,301	12,176	13,032
Securities borrowing and lending	19,869	28,867	19,869	28,867
Accruals and provision	313,345	246,142	53,163	61,732
Retention for contra losses	17	17	17	17
Structured products	4,239	3,168	4,239	3,168
Treasury trade payables	-	49,892	-	49,892
Deposits and other creditors	169,822	110,283	159,452	105,423
Amounts held in trust on behalf of Dealer's Representatives	114,390	122,029	114,390	122,029
Amount due to subsidiaries	-	-	1	1
	634,017	573,699	363,307	384,161
A21. Borrowings				
Secured:				
Revolving bank loan	16,400	19,200	16,400	19,200
Unsecured:				
Revolving bank loans	34,500	40,000	-	-
Subordinated notes	185,500	185,500	185,500	185,500
	236,400	244,700	201,900	204,700

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000 (Restated)	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000 (Restated)
A22. Interest Income				
Group				
Loans, advances and financing	29,172	29,638	29,172	29,638
Money at call and deposit placements with financial institutions	11,143	10,340	11,143	10,340
Financial investments at FVOCI	4,982	4,747	4,982	4,747
Financial investments at AC	1,408	1,225	1,408	1,225
Others	5,228	4,778	5,228	4,778
	51,933	50,728	51,933	50,728
Bank				
Loans, advances and financing	28,451	29,048	28,451	29,048
Money at call and deposit placements with financial institutions	10,106	9,358	10,106	9,358
Financial investments at FVOCI	4,982	4,747	4,982	4,747
Financial investments at AC	1,408	1,225	1,408	1,225
Others	5,228	4,781	5,228	4,781
	50,175	49,159	50,175	49,159
A23. Interest Expense				
Group				
Deposits from customers	20,095	20,849	20,095	20,849
Deposits and placement from banks and other financial institutions	78	647	78	647
Borrowings	2,801	1,934	2,801	1,934
Lease interest expense	237	327	237	327
Others	323	168	323	168
	23,534	23,925	23,534	23,925
Bank				
Deposits from customers	20,770	21,288	20,770	21,288
Deposits and placement from banks and other financial institutions	78	647	78	647
Borrowings	2,380	1,750	2,380	1,750
Lease interest expense	191	285	191	285
Others	2,517	2,639	2,517	2,639
	25,936	26,609	25,936	26,609

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	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
A24. Other Operating Income				
Group				
(a) Fee income:				
Brokerage fees	50,478	113,282	50,478	113,282
Corporate advisory fees	1,307	1,289	1,307	1,289
Processing fees on loans, advances and financing	397	379	397	379
Commissions	3,304	2,902	3,304	2,902
Management fee income	52,722	31,668	52,722	31,668
Placement fees	3,227	5,388	3,227	5,388
Underwriting commission	301	147	301	147
Other fee income	4,816	4,712	4,816	4,712
Others	373	297	373	297
	<u>116,925</u>	<u>160,064</u>	<u>116,925</u>	<u>160,064</u>
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	3,145	(91,797)	3,145	(91,797)
Financial investments at FVOCI	7	3	7	3
	<u>3,152</u>	<u>(91,794)</u>	<u>3,152</u>	<u>(91,794)</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	678	1,616	678	1,616
	<u>678</u>	<u>1,616</u>	<u>678</u>	<u>1,616</u>
(d) Interest income from financial assets at FVTPL	<u>208</u>	<u>720</u>	<u>208</u>	<u>720</u>
(e) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	<u>(3,698)</u>	<u>116,657</u>	<u>(3,698)</u>	<u>116,657</u>
(f) Other income:				
Net foreign exchange income	2,077	3,593	2,077	3,593
Gain on disposal of property, plant and equipment	-	57	-	57
Other operating income	6,103	792	6,103	792
Other non-operating income				
- Rental income	512	184	512	184
- Others	1,553	1,068	1,553	1,068
	<u>10,245</u>	<u>5,694</u>	<u>10,245</u>	<u>5,694</u>
Total other operating income	<u>127,510</u>	<u>192,957</u>	<u>127,510</u>	<u>192,957</u>

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	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
A24. Other Operating Income (cont'd.)				
Bank				
(a) Fee income:				
Brokerage fees	50,478	113,282	50,478	113,282
Corporate advisory fees	1,343	1,324	1,343	1,324
Processing fees on loans, advances and financing	154	228	154	228
Management fee income	112	237	112	237
Placement fees	2,368	4,986	2,368	4,986
Underwriting commission	301	147	301	147
Other fee income	1,868	1,555	1,868	1,555
Others	97	74	97	74
	<u>56,721</u>	<u>121,833</u>	<u>56,721</u>	<u>121,833</u>
(b) Net gain/(loss) arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	3,137	(91,797)	3,137	(91,797)
Financial investments at FVOCI	7	3	7	3
	<u>3,144</u>	<u>(91,794)</u>	<u>3,144</u>	<u>(91,794)</u>
(c) Gross dividend from:				
Financial assets at FVTPL	661	1,594	661	1,594
	<u>661</u>	<u>1,594</u>	<u>661</u>	<u>1,594</u>
(d) Interest income from financial assets at FVTPL	<u>208</u>	<u>720</u>	<u>208</u>	<u>720</u>
(e) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	<u>(4,240)</u>	<u>119,760</u>	<u>(4,240)</u>	<u>119,760</u>
(f) Other income:				
Net foreign exchange income	2,089	3,484	2,089	3,484
Gain on disposal of property, plant and equipment	-	57	-	57
Other operating income	6,282	933	6,282	933
Other non-operating income				
- Rental income	968	644	968	644
- Others	1,610	1,004	1,610	1,004
	<u>10,949</u>	<u>6,122</u>	<u>10,949</u>	<u>6,122</u>
Total other operating income	<u>67,443</u>	<u>158,235</u>	<u>67,443</u>	<u>158,235</u>

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
A25. Other operating expenses				
Group				
Personnel costs	51,316	61,020	51,316	61,020
- Salaries, allowances and bonuses	39,633	47,738	39,633	47,738
- EPF	5,172	4,944	5,172	4,944
- ESS	437	896	437	896
- Others	6,074	7,442	6,074	7,442
Establishment costs	12,764	13,921	12,764	13,921
- Depreciation of property, plant and equipment	2,819	2,986	2,819	2,986
- Amortisation of intangible assets	1,462	1,514	1,462	1,514
- Amortisation of right-of-use assets	1,993	2,066	1,993	2,066
- Rental of premises	127	93	127	93
- Rental of equipment	186	161	186	161
- Repairs and maintenance	1,806	1,399	1,806	1,399
- Information technology expenses	2,842	4,011	2,842	4,011
- Others	1,529	1,691	1,529	1,691
Marketing expenses	3,472	3,749	3,472	3,749
- Promotion and advertisements	3,155	2,803	3,155	2,803
- Travel and entertainment	217	673	217	673
- Others	100	273	100	273
Administration and general expenses	68,355	106,583	68,355	106,583
- Communication expenses	1,282	1,106	1,282	1,106
- Professional fees and legal fees	616	1,060	616	1,060
- Regulatory charges	6,926	10,320	6,926	10,320
- Fees and brokerage	55,460	89,289	55,460	89,289
- Administrative expenses	3,739	4,455	3,739	4,455
- Printing and stationery	332	353	332	353
Total other operating expenses	135,907	185,273	135,907	185,273

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
A25. Other operating expenses (cont'd.)				
Bank				
Personnel costs	36,043	47,925	36,043	47,925
- Salaries, allowances and bonuses	29,368	39,220	29,368	39,220
- EPF	4,088	3,926	4,088	3,926
- ESS	335	756	335	756
- Others	2,252	4,023	2,252	4,023
Establishment costs	10,422	11,730	10,422	11,730
- Depreciation of property, plant and equipment	2,606	2,745	2,606	2,745
- Amortisation of intangible assets	1,247	1,169	1,247	1,169
- Amortisation of right-of-use assets	1,701	1,853	1,701	1,853
- Rental of premises	89	77	89	77
- Rental of equipment	128	114	128	114
- Repair and maintenance	1,173	966	1,173	966
- Information technology expenses	2,841	4,005	2,841	4,005
- Others	637	801	637	801
Marketing expenses	1,296	963	1,296	963
- Promotion and advertisement	1,036	719	1,036	719
- Travel and entertainment	184	186	184	186
- Others	76	58	76	58
Administration and general expenses	40,369	90,975	40,369	90,975
- Communication expenses	1,130	981	1,130	981
- Professional fees and legal fees	524	978	524	978
- Regulatory charges	6,371	9,781	6,371	9,781
- Fees and brokerages	28,840	75,034	28,840	75,034
- Administrative expenses	3,275	3,950	3,275	3,950
- Printing and stationery	229	251	229	251
Total other operating expenses	88,130	151,593	88,130	151,593

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A26. Credit loss (expense)/reversal

The tables below show the ECL charges on financial instruments for the period recorded in the income statement:

Group

Individual and Cumulative Quarter

(i) Movements in ECL on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(51)	-	-	(51)
Loans, advances and financing	34	-	(891)	(857)
Credit loss expense	(17)	-	(891)	(908)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	56	-	-	56
Loans, advances and financing	(7)	-	205	198
Credit loss reversal	48	-	205	253

(ii) Movements in ECL on other financial assets

	2022		
	Non-Credit	Credit-	Total
	Impaired	Impaired	RM'000
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(8)	19	11
Other debtors	(288)	389	101
Credit loss (expense)/reversal	(296)	408	112

	2021		
	Non-Credit	Credit-	Total
	Impaired	Impaired	RM'000
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(16)	9	(7)
Other debtors	(207)	715	508
Credit loss (expense)/reversal	(223)	724	501

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A26. Credit loss (expense)/reversal (cont'd.)

Bank

Individual and Cumulative Quarter

(iii) Movements in ECL on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(51)	-	-	(51)
Loans, advances and financing	(105)	-	(891)	(996)
Loan commitments	(22)	-	-	(22)
Credit loss expense	(178)	-	(891)	(1,069)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	56	-	-	56
Loans, advances and financing	(110)	-	205	95
Loan commitments	37	-	-	37
Credit loss (expense)/reversal	(18)	-	205	187

(iv) Movements in ECL on other financial assets

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(8)	19	11
Other debtors	(288)	389	101
Credit loss (expense)/reversal	(296)	408	112

	2021		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(16)	9	(7)
Other debtors	(208)	715	507
Credit loss (expense)/reversal	(224)	724	500

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A27. Bad debts recovered

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing	1	1	1	1
Balance due from clients and brokers	14	-	14	-
	15	1	15	1
Bank				
Loans, advances and financing	1	1	1	1
Balance due from clients and brokers	14	-	14	-
	15	1	15	1

A28. Fair value of financial instruments

Fair value measurements

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.:

Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This would include quoted securities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

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A28. Fair value of financial instruments (cont'd.)

Group

31 March 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	105,208	-	105,208
- Equity securities	204,885	5,309	55,772	265,966
Financial investments at FVOCI				
- Debt securities	-	789,604	-	789,604
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	84,073	-	84,073
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	225,124	-	225,124
Loans, advances and financing	-	-	1,724,136	1,724,136
	204,885	1,209,318	1,781,368	3,195,571

Financial liabilities measured at fair value

Derivative financial liabilities	27,978	3,579	-	31,557
Borrowings	-	197,037	-	197,037
	27,978	200,616	-	228,594

31 December 2021

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	119,318	-	119,318
- Equity securities	206,941	5,291	55,772	268,004
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,782,095	1,782,095
	206,941	1,161,331	1,839,327	3,207,599

Financial liabilities measured at fair value

Derivative financial liabilities	23,499	5,261	-	28,760
Borrowings	-	204,020	-	204,020
	23,499	209,281	-	232,780

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A28. Fair value of financial instruments (cont'd.)

Bank

31 March 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	109,226	-	109,226
- Equity securities	204,314	-	55,772	260,086
Financial investments at FVOCI				
- Debt securities	-	789,604	-	789,604
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	84,073	-	84,073
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	225,124	-	225,124
Loans, advances and financing	-	-	1,725,453	1,725,453
	204,314	1,208,027	1,782,685	3,195,026

Financial liabilities measured at fair value

Derivative financial liabilities	27,978	3,579	-	31,557
Borrowings	-	162,537	-	162,537
	27,978	166,116	-	194,094

31 December 2021

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	123,873	-	123,873
- Equity securities	206,722	-	55,772	262,494
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,757,618	1,757,618
	206,722	1,160,595	1,814,850	3,182,167

Financial liabilities measured at fair value

Derivative financial liabilities	23,499	5,261	-	28,760
Borrowings	-	164,018	-	164,018
	23,499	169,279	-	192,778

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A29. Commitments and Contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group		Bank	
	As at 31 March 2022	As at 31 December 2021	As at 31 March 2022	As at 31 December 2021
	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000
Obligations under underwriting agreements	12,024	-	12,024	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,766,519	2,774,310	2,766,519	2,774,310
- foreign exchange related contract	46,515	10,222	46,515	10,222
- equity exchange related contract	153,972	148,840	153,972	148,840
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	52,742	50,742	126,242	124,242
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	248	247	248	247
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	51,275	55,275	66,275	61,275
Stockbroking clients' trust	1,380,881	1,249,679	1,380,881	1,249,679
Securities borrowing and lending	18,220	27,637	18,220	27,637
Derivative financial assets				
- dual currency investment - options	3,587	1,361	3,587	1,361
- equity related contracts - options	28,337	29,492	28,337	29,492
- equity related contracts - swaps	39,499	24,123	39,499	24,123
- equity related contract - forwards	57,354	57,354	57,354	57,354
Derivative financial liabilities				
- dual currency investment - options	3,587	1,361	3,587	1,361
- equity related contracts - options	1,579,207	180,364	1,579,207	180,364
- equity related contracts - swaps	40,291	55,251	40,291	55,251
Capital commitment:				
- Authorised and contracted for	17,337	18,859	16,386	17,399
Investment in equity fund	-	-	24,991	24,991
	6,251,595	4,685,117	6,364,135	4,788,148

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Group		Bank	
31 March	31 December	31 March	31 December
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

A30. Operating lease arrangements

A summary of the sub-lease receipts expected to be received under non-cancellable sublease are as follows:

Future minimum sub-lease receipts:

Subsidiaries	-	-	1,110	1,484
External parties	343	508	343	508
	<u>343</u>	<u>508</u>	<u>1,453</u>	<u>1,992</u>

A31. Capital Adequacy

(i) Components of Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 and Tier 2 capital:

	Group		Bank	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	253,834	253,834	253,834	253,834
Retained profits	598,264	673,097	541,213	624,353
Other reserves	130,719	136,462	170,024	176,227
Less: Regulatory adjustments:				
Deferred tax assets	(25,187)	(30,605)	(14,982)	(15,219)
55% of cumulative gains of financial investments at FVOCI	(1,054)	(3,625)	-	(349)
Goodwill	(241,277)	(241,277)	(252,909)	(252,909)
Other intangibles	(90,114)	(89,784)	(79,068)	(79,077)
Regulatory reserve	(18,317)	(18,921)	(18,317)	(18,921)
Treasury shares	(2,818)	(13,064)	(2,818)	(13,064)
Other CET 1 regulatory adjustments specified by BNM	1,335	1,765	840	944
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(128,421)	(119,140)	(170,598)	(169,047)
Total CET 1/Tier 1 capital	<u>476,964</u>	<u>548,742</u>	<u>427,219</u>	<u>506,772</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	185,500	185,500	185,500	185,500
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	18,287	16,986	17,319	16,321
Total Tier 2 capital	<u>203,787</u>	<u>202,486</u>	<u>202,819</u>	<u>201,821</u>
Total capital	<u>680,751</u>	<u>751,228</u>	<u>630,038</u>	<u>708,593</u>

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A31. Capital Adequacy (cont'd.)

(i) Components of Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 and Tier 2 capital (cont'd.):

	Group		Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
CET 1 capital ratio	18.257%	20.665%	18.664%	21.332%
Tier 1 capital ratio	18.257%	20.665%	18.664%	21.332%
Total capital ratio	26.057%	28.291%	27.525%	29.827%

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

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

	Group		Group	
	31 March 2022		31 December 2021	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,959,688	1,462,983	5,567,911	1,358,911
Market Risk	-	290,225	-	456,072
Operational Risk	-	847,501	-	828,589
Large exposure risk	-	11,794	-	11,794
Total Risk Weighted Assets	5,959,688	2,612,503	5,567,911	2,655,366

	Bank		Bank	
	31 March 2022		31 December 2021	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,233,678	1,385,510	5,061,023	1,305,693
Market Risk	-	269,558	-	440,663
Operational Risk	-	622,083	-	617,538
Large exposure risk	-	11,794	-	11,794
Total Risk Weighted Assets	5,233,678	2,288,945	5,061,023	2,375,688

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A31. Capital Adequacy (cont'd.)

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk ("RWCAF Basel II").

A32. Segmental reporting

The Group has five major operating divisions as described below. The divisions form the basis of which the Group reports its segment information.

- (i) Investment bank - Investment banking business, treasury and related financial services;
- (ii) Stockbroking - Dealings in equity securities and investment related services;
- (iii) Futures broking- Futures broking business
- (iv) Money lending and financing - Money lending, islamic factoring and leasing;
- (v) Investment and Wealth Management - Management of funds and unit trusts; and
- (vi) Corporate and others - Support services comprise all middle and back office functions, and, includes business operations conducted by the Group's associates in the Kingdom of Saudi Arabia and Sri Lanka and joint venture companies.

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A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2022								
Revenue								
External sales	33,391	94,427	4,319	2,158	56,133	(5,524)	-	184,904
- Interest income	26,590	28,332	1,016	1,715	158	32	-	57,843
- Fee income	4,880	53,543	3,303	443	55,950	(12)	-	118,107
- Trading and investment income/(loss)	892	5,433	-	-	(39)	(5,507)	-	779
- Other operating income/(loss)	1,029	7,119	-	-	64	(37)	-	8,175
Inter-segment sales	7,100	(9,666)	219	-	3,451	2,486	(3,590)	-
Total revenue	40,491	84,761	4,538	2,158	59,584	(3,038)	(3,590)	184,904
Result								
Net interest income	9,772	14,382	854	977	112	91	2,211	28,399
Net income from Islamic banking business	1,867	1,433	-	-	-	-	-	3,300
Other operating income/(loss)	5,207	66,392	3,329	459	59,250	(4,408)	(2,719)	127,510
Net income	16,846	82,207	4,183	1,436	59,362	(4,317)	(508)	159,209
Other operating expenses	(14,416)	(73,145)	(4,284)	(1,130)	(44,895)	960	1,003	(135,907)
Credit loss (expense)/reversal	(125)	(879)	-	5	-	48	155	(796)
Bad debt recovery	-	15	-	-	-	-	-	15
Share of results of associates and joint venture companies	-	-	-	-	-	(1,037)	-	(1,037)
Profit/(loss) before taxation and zakat	2,305	8,198	(101)	311	14,467	(4,346)	650	21,484
Taxation and zakat								(4,561)
Net profit for the financial period								<u>16,923</u>

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A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation/ adjustments RM'000	Notes	Total RM'000
2022 (cont'd.)								
Other information								
Net interest and finance income	25,846	854	977	112	91	2,211		30,091
Depreciation and amortisation	(3,139)	(116)	(40)	(991)	(2,341)	353		(6,274)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	1,803	-	-	(64)	(5,974)	537		(3,698)
Assets								
Investments in associate companies	-	-	-	-	96,108	-		96,108
Investment in joint venture companies	-	-	-	-	32,312	-		32,312
Addition to non-current assets	2,123	9	8	1,074	-	-	A	3,214
Segment assets	5,868,251	641,246	90,345	388,384	21,529	(369,506)	B	6,640,249
Liabilities								
Segment liabilities	4,901,860	624,993	70,027	296,478	7,610	(262,342)	C	5,638,626

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A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2021								
Revenue								
External sales	29,515	180,582	3,878	2,038	34,106	4	-	250,123
- Interest income	25,802	27,958	976	1,768	61	31	-	56,596
- Fee income	7,908	116,783	2,902	270	33,996	6	-	161,865
- Trading and investment (loss)/income	(6,173)	33,585	-	-	22	-	-	27,434
- Other operating income/(loss)	1,978	2,256	-	-	27	(33)	-	4,228
Inter-segment sales	12,255	(11,582)	160	-	2,047	2,296	(5,176)	-
Total revenue	41,770	169,000	4,038	2,038	36,153	2,300	(5,176)	250,123
Result								
Net interest income/(expense)	9,979	11,981	861	961	(57)	571	2,507	26,803
Net income from Islamic banking business	934	1,895	-	-	-	-	-	2,829
Other operating income	5,092	151,876	2,961	390	40,901	842	(9,105)	192,957
Net income	16,005	165,752	3,822	1,351	40,844	1,413	(6,598)	222,589
Other operating expenses	(14,169)	(131,654)	(4,289)	(945)	(33,230)	(5,031)	4,045	(185,273)
Credit loss reversal	87	198	-	31	-	402	36	754
Bad debt recovery	-	1	-	-	-	-	-	1
Share of results of associates and a joint venture company	-	-	-	-	-	4,621	-	4,621
Profit/(loss) before taxation and zakat	1,923	34,297	(467)	437	7,614	1,405	(2,517)	42,692
Taxation and zakat								(8,425)
Net profit for the financial period								<u>34,267</u>

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Investment and wealth management RM'000	Money lending and financing RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
2021 (cont'd.)								
Other information								
Net interest and finance income/ (expense)	21,960	861	961	(57)	571	2,507	-	26,803
Depreciation and amortisation	(3,251)	(119)	(38)	(1,006)	(2,517)	365	-	(6,566)
Non cash expenses								
- Unrealised gain/(loss) on evaluation of financial assets at FVTPL and derivatives	119,392	-	-	-	-	(3,103)	-	116,289
Assets								
Investments in associate companies	-	-	-	-	77,327	-		77,327
Investment in a joint venture company	-	-	-	-	28,869	-		28,869
Addition to non-current assets	5,256	-	-	706	-	-	A	5,962
Segment assets	6,694,125	432,111	88,029	246,682	15,309	(361,797)	B	7,114,459
Liabilities								
Segment liabilities	5,707,428	414,378	68,800	161,592	1,352	(220,977)	C	6,132,573

Notes

A Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment		
- Additions during the financial period	1,422	4,270
Intangible assets		
- Additions during the financial period	1,792	1,692
	<u>3,214</u>	<u>5,962</u>

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A32. Segmental reporting (cont'd.)

B The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2022	2021
	RM'000	RM'000
Investment in subsidiaries	(81,600)	(105,952)
Investment in associates and joint venture companies	17,692	9,218
Intangible assets	(39,600)	(40,095)
Inter-segment assets	(265,998)	(224,968)
	<u>(369,506)</u>	<u>(361,797)</u>

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2022	2021
	RM'000	RM'000
Deposits accepted from subsidiaries	(151,792)	(90,707)
Inter-segment liabilities	(110,550)	(130,270)
	<u>(262,342)</u>	<u>(220,977)</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 31 March 2022

	Note	Group and Bank	
		As at	As at
		31 March 2022 RM '000	31 December 2021 RM '000
ASSETS			
Cash and bank balances	(e)	330,394	424,712
Financial assets at FVTPL	(f)	100,000	100,000
Financial investments at FVOCI	(g)(i)	391,474	242,521
Financial investments at AC	(g)(ii)	66,497	68,044
Financing and advances	(h)	96,963	103,491
Balances due from clients and brokers		1,549	2,124
Other assets	(i)	2,574	3,246
Property, plant and equipment		17	18
Intangible assets		3	3
TOTAL ASSETS		989,471	944,159
LIABILITIES			
Deposits from customers	(j)	679,092	555,137
Balances due to clients and brokers		4,191	7,493
Other liabilities	(k)	120,086	193,784
Deferred tax liabilities		102	308
Provision for taxation and zakat		961	3,472
TOTAL LIABILITIES		804,432	760,194
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		65,039	63,965
TOTAL ISLAMIC BANKING CAPITAL FUNDS		185,039	183,965
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		989,471	944,159
Commitments and contingencies	(r)	75,779	72,544

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations of Islamic Banking (cont'd.)

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 31 March 2022

	Group and Bank				
	Individual Quarter		Cumulative Quarter		
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	
Income derived from investment of depositors' funds	(l)	5,971	6,393	5,971	6,393
Income derived from investment of shareholders' funds	(m)	1,547	1,474	1,547	1,474
Credit loss (expense)/reversal		(22)	13	(22)	13
Total attributable income		7,496	7,880	7,496	7,880
Profit distributed to depositors	(n)	(4,142)	(4,815)	(4,142)	(4,815)
Net income		3,354	3,065	3,354	3,065
Finance cost		(76)	(223)	(76)	(223)
Personnel costs	(o)	(198)	(194)	(198)	(194)
Other overhead expenses	(p)	(778)	(840)	(778)	(840)
Profit before taxation and zakat		2,302	1,808	2,302	1,808
Taxation and zakat		(621)	(477)	(621)	(477)
Profit for the financial period		1,681	1,331	1,681	1,331
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Fair value loss on debt instruments at FVOCI		(806)	(2,827)	(806)	(2,827)
Income tax related to the above items		206	679	206	679
Total other comprehensive loss for the financial period, net of tax		(600)	(2,148)	(600)	(2,148)
Total comprehensive income/(loss) for the financial period, net of tax		1,081	(817)	1,081	(817)

For consolidation with the conventional banking operations, income from Islamic Banking Window operations as shown on the face of the consolidated statements of profit or loss and statements of profit or loss, comprised of the following items:

Income derived from investment of depositors' funds	5,971	6,393	5,971	6,393
Income derived from investment of shareholders' funds	1,547	1,474	1,547	1,474
Total income before impairment allowances and overhead expenses	7,518	7,867	7,518	7,867
Profit distributed to depositors	(4,142)	(4,815)	(4,142)	(4,815)
Finance cost	(76)	(223)	(76)	(223)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank	3,300	2,829	3,300	2,829

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A33. Operations Of Islamic Banking (cont'd.)

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 31 March 2022

Group and Bank

	Non-Distributable					Distributable	Total RM'000
	Islamic Banking Fund RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserves RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2022	120,000	906	2,314	13	5,248	55,484	183,965
Profit for the financial period	-	-	-	-	-	1,681	1,681
Other comprehensive loss for the financial period	-	(600)	-	-	-	-	(600)
Share based payment under ESS	-	-	-	-	-	(7)	(7)
Transfer to retained profits	-	-	-	(1)	-	1	-
Transfer from regulatory reserve	-	-	(100)	-	-	100	-
At 31 March 2022	120,000	306	2,214	12	5,248	57,259	185,039
At 1 January 2021	120,000	5,036	2,442	19	5,248	45,649	178,394
Profit for the financial period	-	-	-	-	-	1,331	1,331
Other comprehensive loss for the financial period	-	(2,148)	-	-	-	-	(2,148)
Share based payment under ESS	-	-	-	2	-	(6)	(4)
Transfer to retained profits	-	-	-	(7)	-	7	-
Transfer from regulatory reserve	-	-	(100)	-	-	100	-
At 31 March 2021	120,000	2,888	2,342	14	5,248	47,081	177,573

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations of Islamic Banking (cont'd.)

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 31 March 2022

	Group and Bank	
	31 March 2022 RM '000	31 March 2021 RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	2,302	1,808
Adjustments for:		
Depreciation of plant and equipment	1	2
Credit loss expense/(reversal)	22	(13)
Net loss from sale of financial assets at FVTPL	-	742
Unrealised loss on revaluation of financial assets at FVTPL	-	368
Operating profit before working capital changes	<u>2,325</u>	<u>2,907</u>
Changes in operating assets:		
Financing and advances	6,556	(1,008)
Balances due from clients and brokers	575	(17,380)
Other assets	672	361
Changes in operating liabilities:		
Deposits from customers	123,955	(256,726)
Deposits and placements of banks and other financial institutions	-	100,000
Balances due to clients and brokers	(3,302)	(266)
Other liabilities	(76,837)	68,083
Net cash used in operating activities	<u>53,944</u>	<u>(104,029)</u>
Cash flows from investing activities		
Net (purchase)/sale of securities	<u>(148,262)</u>	91,787
Net investing cash flow	<u>(148,262)</u>	91,787
Net change in cash and cash equivalents	(94,318)	(12,242)
Cash and cash equivalents at beginning of the financial period	<u>424,712</u>	<u>452,323</u>
Cash and cash equivalents at end of the financial period	<u>330,394</u>	<u>440,081</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	7,494	35,712
Money at call and deposit placements with:		
Licensed banks	122,900	30,000
Bank Negara Malaysia	100,000	359,000
Domestic non-bank financial institutions	100,000	-
	<u>330,394</u>	<u>424,712</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
At fair value		
(a) Money market instruments:		
Malaysian Government Investment Certificates	20,012	20,116
Negotiable Instruments of Deposits	299,732	149,844
(b) Debt instruments:		
Corporate Sukuk	71,730	72,561
Total financial investments at FVOCI	<u>391,474</u>	<u>242,521</u>
(ii) Financial investments at AC		
At cost		
(a) Money market instruments:		
Malaysian Government Investment Certificates	9,995	9,995
(b) Debt instruments:		
Corporate Sukuk	56,502	58,049
Total financial investment at AC	<u>66,497</u>	<u>68,044</u>
Total financial investments other than those measured at FVTPL	<u>457,971</u>	<u>310,565</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

(g) Financial investment other than those measured at FVTPL (cont'd.)

(iii) Impairment losses on financial instruments subject to impairment assessment

Debt instruments measured at AC:

An analysis of changes in the ECLs is as follows:

Group and Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January and 31 March 2022	-	-	-	-
	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	56	-	-	56
Assets derecognised or repaid (excluding write-offs)	(4)	-	-	(4)
Impact of net re-measurement of ECL	(52)	-	-	(52)
As at 31 December 2021	-	-	-	-

Group and Bank	
As at 31 March 2022 RM'000	As at 31 December 2021 RM'000

(h) Financing and advances

At AC

Commodity Murabahah share margin financing		
- Shariah contract - others	13,236	13,471
Commodity Murabahah revolving credit		
- Shariah contract - others	43,665	70,105
Commodity Murabahah term financing		
- Shariah contract - others	40,130	20,011
Gross financing and advances	97,031	103,587
Less: Allowance for ECL	(68)	(96)
Net financing and advances	96,963	103,491

(i) Gross financing and advances analysed by type of customer are as follows:

Domestic business enterprise - others	49,751	54,058
Individuals	47,280	49,529
	97,031	103,587

(ii) Gross financing and advances analysed by geographical distribution are as follows:

In Malaysia	97,031	103,587
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A33. Operations Of Islamic Banking (cont'd.)

Group and Bank	
As at	As at
31 March	31 December
2022	2021
RM'000	RM'000

(h) Financing and advances (cont'd.)

(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:

Fixed rate	13,236	13,471
Variable rate - Cost plus	83,795	90,116
	97,031	103,587

(iv) Gross financing and advances analysed by economic purpose are as follows:

- Working capital	43,666	48,905
- Purchase of securities	38,039	38,278
- Others	15,326	16,404
	97,031	103,587

(v) Gross financing and advances analysed by residual contractual maturity are as follows:

- Within one year	58,685	65,236
- More than one year	38,346	38,351
	97,031	103,587

(vi) Impairment allowance for financing and advances are as follows:

Group and Bank

	2022			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<u>Movements in ECL</u>				
As at 1 January 2022	96	-	-	96
New assets originated or purchased	1	-	-	1
Assets derecognised or repaid (excluding write-offs)	(29)	-	-	(29)
As at 31 March 2022	68	-	-	68

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

(h) Financing and advances (cont'd.)

(vi) Impairment allowance for financing
and advances are as follows (cont'd.):

Group and Bank

	2021			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<u>Movements in ECL</u>				
As at 1 January 2021	219	-	-	219
New assets originated or purchased	47	-	-	47
Assets derecognised or repaid (excluding write-offs)	(185)	-	-	(185)
Net remeasurement of allowance	15	-	-	15
As at 31 December 2021	96	-	-	96

Group and Bank	
As at 31 March 2022 RM'000	As at 31 December 2021 RM'000

(i) Other Assets

Income receivables	2,563	3,238
Prepayment	9	6
Other receivables	55	55
Less: Allowance for ECL	(53)	(53)
	<u>2,574</u>	<u>3,246</u>

Group and Bank

	2022		Total RM'000
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	
<u>Movements in ECL</u>			
As at 1 January and 31 March 2022	15	38	53

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A33. Operations Of Islamic Banking (cont'd.)

(i) Other Assets (cont'd.)

Group and Bank

<u>Movements in ECL</u>	2021		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
As at 1 January 2021	17	38	55
New assets originated or purchased	9	-	9
Transfer of stages during the year	-	(11)	(11)
Assets derecognised or repaid (excluding write-offs)	(11)	11	-
As at 31 December 2021	15	38	53

Group and Bank	
As at 31 March 2022	As at 31 December 2021
RM'000	RM'000

(j) Deposits from customers

(i) By type of deposit

Term deposits		
- Tawarruq (Commodity Murabahah deposits)	679,092	555,137
	<u>679,092</u>	<u>555,137</u>

(ii) By type of customers

Domestic non-bank institutions	264,288	236,317
Government and other statutory bodies	100,000	141,918
Business enterprises	314,161	176,319
Individuals	643	583
	<u>679,092</u>	<u>555,137</u>

(iii) By maturity

- Due within six months	579,092	450,137
- Due more than six months	100,000	105,000
	<u>679,092</u>	<u>555,137</u>

(k) Other liabilities

Mudarabah Specific Investment Account	7,211	12,630
Profit payable	1,038	2,277
Other payable	111,837	178,877
	<u>120,086</u>	<u>193,784</u>

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	386	715	386	715
Deposits placements with financial institutions	1,923	1,667	1,923	1,667
Financial investment other than those measured at FVTPL	2,134	2,178	2,134	2,178
Accretion of discount	(81)	(159)	(81)	(159)
Others	1	-	1	-
	4,363	4,401	4,363	4,401
Other operating income/(loss)				
Net (loss)/gain on sale of financial assets at FVTPL	-	(1,110)	-	(1,110)
Fees on financing and advances	35	50	35	50
Brokerage fee	1,112	1,649	1,112	1,649
Profit income from financial assets at FVTPL	439	1,345	439	1,345
Advisory fee	35	102	35	102
Direct trading fees expense	(17)	(48)	(17)	(48)
Other non-operating income	4	4	4	4
	1,608	1,992	1,608	1,992
Total income derived from investment of depositors' funds	5,971	6,393	5,971	6,393
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,097	869	1,097	869
Financial investments other than those measured at FVTPL	494	671	494	671
Accretion of discounts	(44)	(66)	(44)	(66)
	1,547	1,474	1,547	1,474

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,568	4,260	3,568	4,260
Others	574	555	574	555
	4,142	4,815	4,142	4,815
(o) Personnel costs				
- Salaries, wages, allowances and bonus	160	155	160	155
- EPF	25	24	25	24
- Other staff related expenses	13	15	13	15
	198	194	198	194
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	1	2	1	2
- Office rental	14	14	14	14
- Others	4	2	4	2
	19	18	19	18
Administration and general expenses				
- Fees and brokerage	166	264	166	264
- Support service charges	484	464	484	464
- Shariah committee expenses	45	29	45	29
- Others	64	65	64	65
	759	822	759	822
Total other overhead expenses	778	840	778	840

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	55,578	55,484
Other intangibles		
Other reserves	7,780	8,481
Less:		
Intangible assets	(3)	(3)
55% of cumulative gains on financial investments at FVOCI	(169)	(499)
Regulatory reserves	(2,214)	(2,314)
Total CET 1 / Tier 1 capital	<u>180,972</u>	<u>181,149</u>
Tier 2 Capital		
Impairment provision	<u>2,282</u>	<u>2,411</u>
Total Tier 2 capital	<u>2,282</u>	<u>2,411</u>
Total capital	<u>183,254</u>	<u>183,560</u>
CET 1 capital ratio	61.738%	77.917%
Tier 1 capital ratio	61.738%	77.917%
Total capital ratio	<u>62.517%</u>	<u>78.954%</u>

The breakdown of risk-weighted assets (excluding any deferred tax assets) in the various categories of risk-weights are as follows:

	Group and Bank			
	As at 31 March 2022		As at 31 December 2021	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk- weighted amount	Notional amount	Risk- weighted amount
Credit risk	931,174	263,797	883,247	202,433
Market risk	-	-	-	-
Operational risk	-	29,331	-	30,058
Total Risk Weighted Assets	<u>931,174</u>	<u>293,128</u>	<u>883,247</u>	<u>232,491</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
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A33. Operations Of Islamic Banking (cont'd.)

(r) Commitments and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

As at reporting date, the commitment and contingencies are as follows:

	Group and Bank	
	As at	As at
	31 March	31 December
	2022	2021
	Principal	Principal
	amount	amount
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	10,504	9,269
Other commitments with an original maturity of less than 1 year:		
- corporate financing	54,000	52,000
Other commitments with an original maturity of more than 1 year:		
- corporate financing	11,275	11,275
	<u>75,779</u>	<u>72,544</u>

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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
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B1. Performance Review

Group:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	184,904	250,123	184,904	250,123
Net income	159,209	222,589	159,209	222,589
Profit before tax	21,484	42,692	21,484	42,692
Profit after tax	16,923	34,267	16,923	34,267

The Group reported lower revenue and profit before tax ("PBT") of RM21.5 million for the period ended 31 March 2022 ("1Q22") compared to RM42.7 million for the corresponding period ended 31 March 2021 ("1Q21") mainly due to lower contribution from brokerage fee income and trading and investment income partially mitigated by higher management fee income.

Performance analysis of the Group's major operating segments are as follows:

Stockbroking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	84,761	169,000	84,761	169,000
Net income	82,207	165,752	82,207	165,752
Profit before tax	8,198	34,297	8,198	34,297

Lower revenue and PBT was recorded by stockbroking segment for 1Q22 compared to 1Q21 mainly due to lower net brokerage generated as a consequence of the lower trading volume and lower trading income.

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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
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B1. Performance Review (cont'd.)

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	40,491	41,770	40,491	41,770
Net income	16,846	16,005	16,846	16,005
Profit before tax	2,305	1,923	2,305	1,923

The Group's Investment Banking division registered a marginally lower revenue and a higher PBT of RM40.5 million and RM2.3 million respectively compared to RM41.8 million and RM1.9 million in the same period last year. This was primarily due to improvements in treasury activities, partially offset by lower investment banking fee income earned.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	59,584	36,153	59,584	36,153
Net income	59,362	40,844	59,362	40,844
Profit before tax	14,467	7,614	14,467	7,614

Investment and Wealth Management recorded higher revenue and PBT for 1Q22 compared to respective corresponding period mainly due to the higher management fee income generated on the back of increased asset under administration ("AUM") and sales agency force.

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B1. Performance Review (cont'd.)

Futures Broking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	4,538	4,038	4,538	4,038
Net income	4,183	3,822	4,183	3,822
Loss before tax ("LBT")	(101)	(467)	(101)	(467)

Futures business has recorded higher revenue and lower LBT for 1Q22 compared to respective corresponding period as a result of higher commission income generated and lower personnel cost.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	2,158	2,038	2,158	2,038
Net income	1,436	1,351	1,436	1,351
Profit before tax	311	437	311	437

This segment recorded a higher revenue for 1Q22 as compared to 1Q21 mainly due to higher factoring income generated. However lower PBT was recorded due to the higher overheads.

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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review (cont'd.)

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2022 (1Q22)	31 March 2021 (1Q21)	31 March 2022 (1Q22)	31 March 2021 (1Q21)
(RM'000)				
Revenue	(3,038)	2,300	(3,038)	2,300
Net (loss)/income	(4,317)	1,413	(4,317)	1,413
(Loss)/Profit before tax	(4,346)	1,405	(4,346)	1,405

This segment recorded LBT for 1Q22 as compared to PBT for 1Q21 mainly due to unrealised loss from investment in management fund as well as share of loss from the joint venture companies.

B2. Explanatory comments on any material change in profit before taxation for current quarter as compared with the immediate preceding quarter

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 31 March 2022 (1Q22)	3 months ended 31 December 2021 (4Q21)
(RM'000)		
Revenue	184,904	226,083
Net income	159,209	198,219
Profit before tax	21,484	41,644
Profit after tax	16,923	32,308

For 1Q22, the Group has recorded lower revenue and PBT compared to previous quarter ended 31 December 2021 mainly due to trading and investment loss, lower management fees income and brokerage income.

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B3. Prospects for 2022

The Malaysian economy expanded in the 1Q22 (5.0%; 4Q21: 3.6%), underpinned by a recovery in the services sector and private consumption due to the relaxation of pandemic related restrictions amid successful efforts in raising the vaccination rate and administer booster jabs above the global average of the total population. This has resulted in the slowdown in the number of new COVID-19 cases. Growth recovery is expected to gain further momentum following Malaysia's transition to the endemic phase starting from April 1, with further relaxation of COVID-19 restrictions, reopening of international borders and the special EPF withdrawal facility. Overall, 2022 growth is projected to settle at 5.0% - 5.5% (2021: 3.1%).

Nonetheless, the growth projection would be subjected to several downside risks, including the potential surge of COVID-19 cases brought by the emergence of the new variant, the ongoing Russia-Ukraine crisis, China's economic slowdown amid its zero-Covid policy, prolonged global supply chain disruption, and the global financial volatility arising from the monetary tightening cycle led by the US Federal Reserve.

On the monetary policy front, following BNM's surprise 25-basis point (bps) rate hike on May 11, there is a possibility that it would further raise the overnight policy rate ("OPR"). A stronger domestic growth recovery would further support BNM's hawkish stance and perhaps justify another 50 to 75 bps rate hike in the remaining three Monetary Policy Committee ("MPC") meetings for the year. Overall, the OPR may settle at 2.50% - 2.75% by the end of 2022. Concerns over the increasingly large outflow of portfolio capital, especially from the bond market, and the resulting sharp depreciation of the ringgit could also be factors influencing BNM's decision to further tighten the monetary policy.

Meanwhile, the federal government's fiscal policy stance is expected to remain expansionary and manageable, with the fiscal deficit projected to improve to 5.8% of GDP (2021: 6.4%). Various policy measures and extended stimulus packages in the Budget 2022 would continuously support the well-being of the people as the nation transitions into the endemic phase.

In view of these potentially volatile and challenging conditions, Kenanga will continue its proactive policy of managing liquidity, market and credit risks by continuing to grow and strengthen its client base and sources of income through digitalisation and diversification. Even though our broking business may be affected by the current lower volume, however we continue to see gains in retail market share. Meanwhile our asset management business is expected to continue its growth momentum both in AUM and revenue. We are also seeing strong client interest in Rakuten Trade's foreign share trading product as well as our newly launched robo-advisory product, Kenanga Digital Investing.

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SELECTED EXPLANATORY NOTES
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B4. Variance From Profit Forecast And Profit Guarantee

This is not applicable as the Company did not issue any profit forecast or profit guarantee during the financial period.

B5. Taxation and zakat

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
Income tax and zakat	2,335	(1,234)	2,335	(1,234)
Deferred taxation	(6,896)	(7,191)	(6,896)	(7,191)
Total	<u>(4,561)</u>	<u>(8,425)</u>	<u>(4,561)</u>	<u>(8,425)</u>

The effective tax rate of the Group for the first quarter was lower than the statutory tax rate principally due to exclusion of certain income from the tax computation.

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2021 RM'000
Income tax and zakat	(59)	(1,981)	(59)	(1,981)
Deferred taxation	(1,714)	(5,942)	(1,714)	(5,942)
Total	<u>(1,773)</u>	<u>(7,923)</u>	<u>(1,773)</u>	<u>(7,923)</u>

The effective tax rate of the bank for the first quarter was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.

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SELECTED EXPLANATORY NOTES
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B6. Borrowings

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
	RM '000	RM '000	RM '000	RM '000
Secured				
Revolving bank loan denominated in RM				
- More than one year	16,400	19,200	16,400	19,200
Unsecured				
Revolving bank loans denominated in RM				
- Within one year	34,500	40,000	-	-
Subordinated notes denominated in RM				
- More than one year	185,500	185,500	185,500	185,500
	<u>236,400</u>	<u>244,700</u>	<u>201,900</u>	<u>204,700</u>

B7. Dividend

The Company had, after obtaining Bank Negara Malaysia's approval, made an announcement to Bursa Malaysia Securities Berhad on 25 February 2022 in respect of the declaration of a total Single Tier Interim Dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising Ordinary Interim Dividend of 4.00 sen per share and Special Interim Dividend of 6.50 sen per share. This Single Tier Interim Dividend which amounted to RM77,060,192 based on the issued and paid-up capital of 733,906,299 ordinary shares was paid on 15 April 2022.

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SELECTED EXPLANATORY NOTES
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B8. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to equity holders of the Bank	<u>16,695</u>	<u>34,161</u>	<u>16,695</u>	<u>34,161</u>
Weighted average number of ordinary shares in issue ('000)	<u>725,633</u>	<u>714,291</u>	<u>725,633</u>	<u>714,291</u>
Effects of dilution	7,005	24,148	7,005	24,148
Adjusted weighted average number of ordinary shares in issue ('000)	<u>732,638</u>	<u>738,439</u>	<u>732,638</u>	<u>738,439</u>
Earnings per share (sen)				
- basic	<u>2.30</u>	<u>4.78</u>	<u>2.30</u>	<u>4.78</u>
- fully diluted	<u>2.28</u>	<u>4.63</u>	<u>2.28</u>	<u>4.63</u>

There were no potential dilutive ordinary shares outstanding as at 31 March 2022.

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B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

B10. Status of corporate proposal

There were no corporate proposals announced but not completed as at 31 March 2022.

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 31 March 2022		As at 31 December 2021	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	28,337	29,111	29,492	29,515
Equity related contract- swaps	39,499	1,568	24,123	408
Equity related contract- forwards	57,354	53,390	57,354	51,527
Dual currency investment- options	3,587	4	1,361	3
	128,777	84,073	112,330	81,453
<u>Derivative financial liabilities</u>				
Equity related contract- options	1,579,207	27,991	180,364	23,534
Equity related contract- swaps	40,291	3,561	55,251	5,223
Dual currency investment- options	3,587	5	1,361	3
	1,623,085	31,557	236,976	28,760

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B11. Derivative financial instruments (Cont'd.)

Changes in the risk, cash requirement, policies in place and accounting policies reported in prior financial years

There have been no changes since the end of the previous financial year ended 31 December 2021 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies

Types of derivative financial instruments

Options are contractual agreements or embedded in other financial instruments under which seller/issuer grants the purchaser the right, but not the obligation, either to buy a call option or sell a put option at or by a pre-defined date during a pre-defined period, a specific amount of an underlying assets at a pre-determined price.

The Seller may receive a premium from the purchaser in consideration of risk. Options may be either exchange-traded, negotiated between the purchaser and the seller at the over-the-counter market or embedded components in other financial instruments.

A swap is an agreement between two parties to exchange a series of future cash flows. Each cash flow comprises one leg of the swap. One cash flow is generally fixed, while the other is variable and based on a benchmark interest rate, floating currency exchange rate or index price.

A swap contract is essentially a derivative contract in which the value of the contract derived from the assets it represents. These assets are called the underlying assets and their value typically changes, resulting in a change of the value of the derivative itself. Most swaps contracts are traded over-the-counter that are customized to the needs of both parties.

Purposes of engaging in derivative financial instruments

There have been no changes since the end of the previous financial year in respect of the type of derivative financial instruments, the rationale and expected benefits accruing to the Group from these derivative financial instruments.

Gain arising from fair value changes of derivative financial instruments

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM1,721,993 (4Q21 gain: RM14,965,736). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

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B12. Contingent liabilities

Group and Bank	
31 March	31 December
2022	2021
RM'000	RM'000

On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The Plaintiff, KIBB and the 3rd Defendant presented their evidence during the trial from 11 to 13 August 2021. On 3 November 2021, the High Court dismissed the Plaintiff's claim against KIBB and the 3rd Defendant with costs of RM25,000.00 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000.00 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter is fixed for case management in the Court of Appeal on 14 June 2022.

3,600

3,600

Based on legal advices obtained, the Board of Directors is of the opinion that the Bank has good grounds to defend these claims and that no provisions are necessary as at reporting date.