

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

Unaudited Condensed Interim Financial Statements
31 March 2023

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

<u>Group</u>	Note	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	2,127,943	1,732,786
Financial assets at fair value through profit or loss ("FVTPL")	A12	434,059	322,139
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	322,533	319,173
Financial investments at amortised cost ("AC")	A13 (ii)	454,724	449,114
Derivative financial assets	B11	78,667	85,217
Loans, advances and financing	A14	1,620,557	1,690,475
Balances due from clients and brokers	A15	522,362	427,638
Other assets	A16	210,198	183,753
Statutory deposit with Bank Negara Malaysia	A17	55,092	58,403
Tax recoverable		18,711	31,819
Investment in associates		103,727	99,683
Investment in joint ventures		32,748	26,569
Property, plant and equipment		155,967	156,221
Intangible assets		332,200	329,219
Right-of-use assets		27,643	24,964
Deferred tax assets		28,095	25,184
TOTAL ASSETS		6,525,226	5,962,357
LIABILITIES			
Deposits from customers	A18	3,173,421	3,161,078
Deposits and placements of banks and other financial institutions	A19	652,394	415,359
Balances due to clients and brokers		885,849	732,709
Derivative financial liabilities	B11	35,152	16,496
Other liabilities	A20	442,626	367,258
Obligations on securities sold under repurchase agreements		96,474	-
Borrowings	A21	223,200	206,000
Lease liabilities		28,099	25,324
Provision for taxation and zakat		851	15,245
Deferred tax liabilities		62	64
TOTAL LIABILITIES		5,538,128	4,939,533

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

<u>Group (cont'd.)</u>	Note	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(12,987)	(13,538)
Reserves		746,251	776,984
		<u>987,098</u>	<u>1,017,280</u>
Non-controlling Interests		-	5,544
TOTAL EQUITY		<u>987,098</u>	<u>1,022,824</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>6,525,226</u>	<u>5,962,357</u>
Commitments and contingencies	A29	<u>4,485,835</u>	<u>4,298,476</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.37</u>	<u>1.41</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

<u>Bank</u>	Note	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,620,838	1,262,925
Financial assets at FVTPL	A12	435,756	324,626
Financial investments at FVOCI	A13 (i)	322,533	319,173
Financial investments at AC	A13 (ii)	454,724	449,114
Derivative financial assets	B11	78,667	85,217
Loans, advances and financing	A14	1,638,908	1,703,510
Balances due from clients and brokers	A15	522,268	427,477
Other assets	A16	140,076	125,433
Statutory deposit with Bank Negara Malaysia	A17	55,092	58,403
Tax recoverable		15,145	13,850
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		48,066	41,550
Property, plant and equipment		149,690	151,029
Intangible assets		333,522	331,132
Right-of-use assets		18,798	20,540
Deferred tax assets		12,764	12,966
TOTAL ASSETS		5,976,094	5,456,192
LIABILITIES			
Deposits from customers	A18	3,299,592	3,299,305
Deposits and placements of banks and other financial institutions	A19	652,394	415,359
Balances due to clients and brokers		401,255	262,976
Derivative financial liabilities	B11	35,152	16,496
Other liabilities	A20	307,954	248,727
Obligations on securities sold under repurchase agreements		96,474	-
Borrowings	A21	205,700	188,500
Lease liabilities		19,117	20,757
Provision for taxation and zakat		373	291
TOTAL LIABILITIES		5,018,011	4,452,411

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

<u>Bank (cont'd.)</u>	Note	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(12,987)	(13,538)
Reserves		717,236	763,485
TOTAL EQUITY		<u>958,083</u>	<u>1,003,781</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>5,976,094</u>	<u>5,456,192</u>
Commitments and contingencies	A29	<u>4,600,922</u>	<u>4,412,160</u>
Net assets per share (RM)		<u>1.33</u>	<u>1.39</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

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 2023

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
Group					
Interest income	A22	64,003	51,933	64,003	51,933
Interest expense	A23	(37,146)	(23,534)	(37,146)	(23,534)
Net interest income		26,857	28,399	26,857	28,399
Net income from Islamic banking business	A33	4,147	3,300	4,147	3,300
Other operating income	A24	110,217	127,510	110,217	127,510
Net income		141,221	159,209	141,221	159,209
Other operating expenses	A25	(132,168)	(135,907)	(132,168)	(135,907)
Operating profit		9,053	23,302	9,053	23,302
Credit loss reversal/(expense)	A26	2,437	(796)	2,437	(796)
Bad debts recovered	A27	281	15	281	15
		11,771	22,521	11,771	22,521
Share of results of associates and joint ventures		676	(1,037)	676	(1,037)
Profit before taxation and zakat		12,447	21,484	12,447	21,484
Taxation and zakat	B5	(2,090)	(4,561)	(2,090)	(4,561)
Profit for the period		10,357	16,923	10,357	16,923
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Share of other comprehensive income in associates		1,188	8,310	1,188	8,310
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		91	457	91	457
Other comprehensive income carried forward		1,279	8,767	1,279	8,767

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 2023

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
Note	RM'000	RM'000	RM'000	RM'000
Group (con'td.)				
Other comprehensive income brought forward	1,279	8,767	1,279	8,767
Net gain/(loss) on fair value changes of debt instrument at FVOCI	2,739	(6,154)	2,739	(6,154)
Income tax relating to fair value gain/loss on debt instruments	(689)	1,477	(689)	1,477
Other comprehensive income for the period, net of tax	3,329	4,090	3,329	4,090
Total comprehensive income for the period, net of tax	13,686	21,013	13,686	21,013
Profit for the period attributable to:				
Equity holders of the Bank	10,247	16,695	10,247	16,695
Non-controlling interests	110	228	110	228
	10,357	16,923	10,357	16,923
Total comprehensive income attributable to:				
Equity holders of the Bank	13,576	20,785	13,576	20,785
Non-controlling interests	110	228	110	228
	13,686	21,013	13,686	21,013
Earnings per share				
Basic (sen)	B8 1.42	2.30	1.42	2.30
Fully diluted (sen)	B8 1.41	2.28	1.41	2.28

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

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197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
Bank					
Interest income	A22	60,899	50,175	60,899	50,175
Interest expense	A23	(42,272)	(25,936)	(42,272)	(25,936)
Net interest income		18,627	24,239	18,627	24,239
Net income from Islamic banking business	A33	4,147	3,300	4,147	3,300
Other operating income	A24	61,022	67,443	61,022	67,443
Net income		83,796	94,982	83,796	94,982
Other operating expenses	A25	(89,360)	(88,130)	(89,360)	(88,130)
Operating (loss)/profit		(5,564)	6,852	(5,564)	6,852
Credit loss reversal/(expense)	A26	881	(957)	881	(957)
Bad debts recovered	A27	288	15	288	15
(Loss)/Profit before taxation and zakat		(4,395)	5,910	(4,395)	5,910
Taxation and zakat		405	(1,773)	405	(1,773)
(Loss)/Profit for the period		(3,990)	4,137	(3,990)	4,137
Other comprehensive income/(loss)					
Items that will be reclassified subsequently to profit or loss:					
Net gain/(loss) on fair value changes of debt instruments at FVOCI		2,739	(6,154)	2,739	(6,154)
Income tax relating to fair value gain/loss on debt instruments		(689)	1,477	(689)	1,477
Other comprehensive income/(loss) for the period, net of tax		2,050	(4,677)	2,050	(4,677)
Total comprehensive loss for the period, net of tax		(1,940)	(540)	(1,940)	(540)

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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	RM'000
At 1 January 2023	253,834	1,794	(10,922)	17,192	24,075	88,938	(13,538)	655,907	5,544	1,022,824
Net profit for the financial period	-	-	-	-	-	-	-	10,247	110	10,357
Share of other comprehensive income of associates	-	-	1,188	-	-	-	-	-	-	1,188
Other comprehensive income	-	-	2,050	-	91	-	-	-	-	2,141
Total comprehensive income	-	-	3,238	-	91	-	-	10,247	110	13,686
Share based payment under Employees' Share Scheme ("ESS")	-	61	-	-	-	-	-	-	-	61
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	551	(224)	-	327
Buy-back of shares	-	-	-	-	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	-	(1,278)	-	-	-	1,278	-	-
Transfer to retained profits	-	(73)	-	-	-	-	-	73	-	-
Dividend paid	-	-	-	-	-	-	-	(44,146)	-	(44,146)
Dilution of interest on subsidiary	-	-	-	-	-	-	-	-	(5,654)	(5,654)
At 31 March 2023	253,834	1,782	(7,684)	15,914	24,166	88,938	(12,987)	623,135	-	987,098

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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	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 ESS	-	438	-	-	-	-	-	-	-	438
Issuance of shares pursuant to exercise of ESS	-	-	-	-	-	-	-	-	-	-
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 paid	-	-	-	-	-	-	-	(77,060)	-	(77,060)
Adjustment to non-controlling interest	-	-	-	-	-	-	-	-	-	-
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 2022.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Bank	Ordinary Shares RM'000	ESS Reserve RM'000	Non- Distributable			Distributable		Total Equity RM'000
			Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
At 1 January 2023	253,834	1,794	(6,422)	17,192	153,863	(13,538)	597,058	1,003,781
Net loss for the financial period	-	-	-	-	-	-	(3,990)	(3,990)
Other comprehensive income	-	-	2,050	-	-	-	-	2,050
Total comprehensive income/(loss)	-	-	2,050	-	-	-	(3,990)	(1,940)
Share based payment under ESS	-	61	-	-	-	-	-	61
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	551	(224)	327
Buy-back of shares	-	-	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	-	(1,278)	-	-	1,278	-
Transfer to retained profits	-	(73)	-	-	-	-	73	-
Dividend paid	-	-	-	-	-	-	(44,146)	(44,146)
At 31 March 2023	253,834	1,782	(4,372)	15,914	153,863	(12,987)	550,049	958,083

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity 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
Issuance of shares pursuant to exercise of ESS	-	-	-	-	-	-	-	-
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 paid	-	-	-	-	-	-	(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 2022.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Cash flows from operating activities				
Profit/(Loss) before taxation	12,447	21,484	(4,395)	5,910
Adjustments for:				
Depreciation of property, plant and equipment	2,795	2,819	2,495	2,606
Amortisation of intangible assets	1,694	1,462	1,413	1,247
Amortisation of right-of-use assets	2,605	1,993	1,673	1,701
Lease interest reversal/expenses	(324)	237	231	191
ESS expenses	41	335	41	335
Credit loss (reversal)/expense	(2,437)	796	(881)	957
Property, plant and equipment written off	1	902	1	902
Bad debts recovered	(281)	(15)	(288)	(15)
Gain on disposal of a subsidiary	(1,477)	-	-	-
Non-cash items	2,617	8,529	4,685	7,924
Net (gain)/loss from sale of financial assets at FVTPL and derivatives	(21,777)	(3,145)	(21,777)	(3,137)
Net gain from sale of financial investments other than those measured at FVTPL	(6)	(7)	(6)	(7)
Gross dividend income from investments	(122)	(678)	(122)	(661)
Loss on revaluation of financial assets at FVTPL and derivatives	16,115	3,698	16,906	4,240
Share of results of associates and joint venture	(676)	1,037	-	-
Non-operating items - investing	(6,466)	905	(4,999)	435
Adjustments for non-operating and non-cash items	(3,849)	9,434	(314)	8,359
Operating profit/(loss) before working capital changes	8,598	30,918	(4,709)	14,269

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Changes in working capital:				
Net changes in operating assets	(61,418)	(239,517)	(40,222)	46,922
Net changes in operating liabilities	537,141	239,635	487,245	20,631
Cash generated from operations	484,321	31,036	442,314	81,822
Taxation and zakat paid	(4,227)	(7,676)	(1,295)	(5,572)
Rental/lease interest payment	324	(237)	(231)	(191)
Net operating cash flow	480,418	23,123	440,788	76,059
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	3,649	-	-	-
Dividends received from other investments	122	678	122	661
Purchase of property, plant equipment and intangible assets	(7,267)	(3,214)	(4,960)	(2,123)
Capital injection in a joint venture	(6,516)	(1,550)	(6,516)	(1,550)
Net purchase of securities	(87,149)	(51,402)	(87,150)	(51,045)
Net investing cash flow	(97,161)	(55,488)	(98,504)	(54,057)
Cash flows from financing activities				
Repayment of lease liabilities	(2,577)	(2,006)	(1,640)	(1,728)
Net drawdown/(repayment) of borrowings	17,200	(8,300)	17,200	(2,800)
Share buy-back	-	(4,507)	-	(4,507)
Proceeds from exercise of ESS	327	7,013	327	7,013
Net financing cash flow	14,950	(7,800)	15,887	(2,022)
Net change in cash and cash equivalents during the financial period	398,207	(40,165)	358,171	19,980
Cash and cash equivalents brought forward	1,230,891	1,469,803	1,174,810	1,337,127
Cash and cash equivalents carried forward	1,629,098	1,429,638	1,532,981	1,357,107

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Cash and short-term funds	2,001,459	1,876,695	1,494,360	1,471,497
Deposits and placements with banks and other financial institutions	126,484	10,472	126,478	-
Less: Segregated funds from customers	(410,988)	(343,139)	-	-
Less: Cash and bank balances and deposits held in trust	<u>(87,857)</u>	<u>(114,390)</u>	<u>(87,857)</u>	<u>(114,390)</u>
	<u>1,629,098</u>	<u>1,429,638</u>	<u>1,532,981</u>	<u>1,357,107</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 31 March 2023 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 2022. 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 2022. 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 2022.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2022 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 2023

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 2023 other than the below:

- a) transfer of 549,000 units of treasury shares to staff pursuant to the exercise of ESS.
- b) issuance of RM20 million of Tier 2 Subordinated Notes on 10 February 2023.

A8. Dividends paid per share

An interim dividend of 6.0 sen per share in respect of the financial year ended 31 December 2022, which amounted to RM43,587,258 was paid on 14 April 2023.

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

There was no significant event during and subsequent to the financial interim period.

A10. Changes in composition of the Group

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

On 1st March 2023, Kenanga Capital Sdn Bhd, ("KCSB"), a wholly-owned subsidiary of the Bank, had disposed off an additional 31% of their interest in Kenanga Capital Islamic Sdn Bhd ("KCISB") for a cash consideration of RM5,815,145 following the call option exercised by Bay Amaranite Sdn Bhd. Upon completion of the exercise, the status of KCISB has changed from being a subsidiary to an associate company of KCSB due to the remaining 20% interest.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	609,956	498,690	188,890	113,936
Money at call and deposit placements	1,517,987	1,234,096	1,431,948	1,148,989
	2,127,943	1,732,786	1,620,838	1,262,925
Included in cash and bank balances are:				
Cash and cash equivalents	1,629,098	1,230,891	1,532,981	1,174,810
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	498,845	501,895	87,857	88,115
	2,127,943	1,732,786	1,620,838	1,262,925
A12. Financial assets at FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Securities	30,570	-	30,570	-
Malaysian Government Investment Certificates	40,634	-	40,634	-
	71,204	-	71,204	-
Quoted Securities:				
Shares and funds in Malaysia	164,289	127,984	163,736	127,443
Funds outside Malaysia	19,976	16,529	19,976	16,529
	184,265	144,513	183,712	143,972
Unquoted Securities:				
Shares and funds in Malaysia	169,362	168,584	171,612	171,612
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	9,228	9,042	9,228	9,042
Total financial assets at FVTPL	434,059	322,139	435,756	324,626

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Group and Bank	
As at	As at
31 March	31 December
2023	2022
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	30,111	19,373
Malaysian Government Investment Certificates	101,138	59,534
Bank Negara Malaysia Bills and Notes	-	-
Sukuk Perumahan Kerajaan	-	-
Negotiable Instruments of Deposits	-	-
Islamic Negotiable Instruments of Deposits	-	-
	<u>131,249</u>	<u>78,907</u>

Equity instruments in Malaysia:

Unquoted Shares	<u>1,294</u>	<u>1,294</u>
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Debt instruments in Malaysia:

Islamic Corporate Sukuk	144,922	184,377
Corporate Bonds	45,068	54,595
	<u>189,990</u>	<u>238,972</u>

Total financial investments at FVOCI

<u>322,533</u>	<u>319,173</u>
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Impairment losses on debt instruments measured at FVOCI

Group and Bank

Movements in Expected Credit Loss ("ECL")	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	261	128	-	389
Impact of net re-measurement of ECL	1	-	-	1
Assets derecognised or matured	-	(128)	-	(128)
As at 31 March 2023	<u>262</u>	<u>-</u>	<u>-</u>	<u>262</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

(i) Financial investments at FVOCI (cont'd.)

Impairment losses on debt instruments measured at FVOCI (cont'd.)

Group and Bank

Movements in ECL	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2022	390	-	-	390
Impact of net re-measurement of ECL	50	78	-	128
Changes in model assumption or methodology	(129)	-	-	(129)
Transfer of stages	(50)	50	-	-
As at 31 December 2022	261	128	-	389

Group and Bank	
As at 31 March 2023 RM'000	As at 31 December 2022 RM'000

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	49,687	49,677
Malaysian Government Investment Certificates	228,019	177,316
	<u>277,706</u>	<u>226,993</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	157,017	202,119
Corporate Bonds	20,001	20,002
Less: Allowance for ECL	-	-
	<u>177,018</u>	<u>222,121</u>

Total financial investments at AC

454,724 **449,114**

Included in financial investments at AC are financial assets sold under repurchase agreements as follows:

Malaysian Government Investment Certificates	77,585	-
Islamic Corporate Sukuk	18,889	-
	<u>96,474</u>	<u>-</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

(ii) Financial investments at AC (cont'd.)

Impairment losses on debt instruments measured at Amortised Cost ("AC")

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/ 31 March 2023	-	-	-	-
	2022			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	49	-	-	49
Changes in model assumption or methodology	(49)	-	-	(49)
As at 31 December 2022	-	-	-	-

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

A14. Loans, advances and financing

At AC

Share margin financing	1,108,339	1,153,056	1,108,339	1,153,056
Term loans/financing	492,356	500,905	506,385	525,953
Subordinated term loan	-	-	45,075	45,067
Other lending and factoring receivables	40,518	58,885	-	-
Advances to group employees	-	2	-	2
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(232)	(170)	(697)	(635)
- Stage 2- Lifetime ECL non-credit impaired	(2,900)	(2,900)	(2,900)	(2,900)
- Stage 3- Lifetime ECL credit impaired	(17,524)	(19,303)	(17,294)	(17,033)
Net loans, advances and financing	1,620,557	1,690,475	1,638,908	1,703,510

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A14. Loans, advances and financing (cont'd.)

(i) By Type of Customer

Domestic business enterprise				
- Small medium enterprise	225,924	240,319	203,536	200,583
- Others	477,225	492,321	536,329	562,436
Individuals	938,064	979,667	919,934	960,518
Foreign enterprises	-	541	-	541
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078

(ii) By Geographical Distribution

In Malaysia	1,638,892	1,709,313	1,657,478	1,720,543
Outside Malaysia	2,321	3,535	2,321	3,535
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078

(iii) By Interest Rate/ Profit Rate Sensitivity

Fixed rate				
- Other fixed rate loans	1,148,857	1,211,941	1,108,340	1,153,056
Variable rate				
- Other variable rates	492,356	497,904	551,459	568,019
- Base lending rate plus	-	3,001	-	3,001
Interest free	-	2	-	2
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078

(iv) By Purpose

Purchase of securities	1,352,564	1,401,784	1,352,565	1,401,784
Working capital	125,450	138,982	162,165	170,161
Others	163,199	172,082	145,069	152,133
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078

(v) By Residual Contractual Maturity

Within one year	1,424,057	1,494,342	1,404,383	1,484,823
More than one year	217,156	218,506	255,416	239,255
Gross loans, advances and financing	1,641,213	1,712,848	1,659,799	1,724,078

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
A14. Loans, advances and financing (cont'd.)				
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period/year	43,179	73,141	30,346	64,700
Impaired during the financial period/year	2,767	9,188	-	4,041
Dilution of interest on subsidiary	(484)	-	-	-
Reclassified as performing	2	(30,505)	2	(30,505)
Amount recovered during the financial period/year	(2,609)	(8,645)	(629)	(7,890)
At end of the financial period/year	42,855	43,179	29,719	30,346
Less: Allowance for ECL	(17,524)	(19,303)	(17,294)	(17,033)
Net impaired LAF	<u>25,331</u>	<u>23,876</u>	<u>12,425</u>	<u>13,313</u>
Net impaired LAF as a % of net loans, advances and financing	<u>1.56%</u>	<u>1.41%</u>	<u>0.76%</u>	<u>0.78%</u>
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	42,855	42,638	29,719	29,805
Outside Malaysia	-	541	-	541
Gross impaired loans	<u>42,855</u>	<u>43,179</u>	<u>29,719</u>	<u>30,346</u>
(viii) Impaired LAF by Purpose				
Working capital	3,159	5,630	-	-
Purchase of securities	29,719	30,346	29,719	30,346
Others	9,977	7,203	-	-
Gross impaired loans	<u>42,855</u>	<u>43,179</u>	<u>29,719</u>	<u>30,346</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	17,033	17,033
Net remeasurement of allowance	-	-	261	261
As at 31 March 2023	-	-	17,294	17,294

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(1,706)	(1,706)
Net remeasurement of allowance	-	-	4,950	4,950
As at 31 December 2022	-	-	17,033	17,033

Term loan/financing and subordinated term loan

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	170	2,900	-	3,070
New assets originated or purchased	108	-	-	108
Assets derecognised or repaid (excluding write-offs)	(46)	-	-	(46)
As at 31 March 2023	232	2,900	-	3,132

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A14. Loans, advances and financing (cont'd.)

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

Term loan/financing and subordinated term loan (cont'd.)

Group

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	2,936	-	-	2,936
New assets originated or purchased	93	-	-	93
Assets derecognised or repaid (excluding write-offs)	(122)	-	-	(122)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	170	2,900	-	3,070

Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	569	2,900	-	3,469
New assets originated or purchased	116	-	-	116
Assets derecognised or repaid (excluding write-offs)	(54)	-	-	(54)
As at 31 March 2023	631	2,900	-	3,531

Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	3,203	-	-	3,203
New assets originated or purchased	256	-	-	256
Assets derecognised or repaid (excluding write-offs)	(153)	-	-	(153)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	569	2,900	-	3,469

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A14. Loans, advances and financing (cont'd.)

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

An analysis of changes in the ECL allowances in relation to other lending and factoring receivables is as follows:

Other lending and factoring receivables

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	2,270	2,270
Assets derecognised or repaid (excluding write-offs)	-	-	(1,556)	(1,556)
Dilution of interest on subsidiary	-	-	(484)	(484)
As at 31 March 2023	-	-	230	230

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	13	-	664	677
New assets originated or purchased	-	-	1,786	1,786
Assets derecognised or repaid (excluding write-offs)	(13)	-	(180)	(193)
As at 31 December 2022	-	-	2,270	2,270

Undrawn commitment

Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/31 March 2023	66	-	-	66

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Group		Bank	
As at	As at	As at	As at
31 March	31 December	31 March	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	525,092	430,415	524,998	430,254
Less: Allowance for ECL	(2,730)	(2,777)	(2,730)	(2,777)
	522,362	427,638	522,268	427,477

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

Group and Bank

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2023	1,531	1,246	2,777
Charged during the financial period	42	86	128
Written back during the financial period	(36)	(139)	(175)
As at 31 March 2023	1,537	1,193	2,730
	2022		
	Non-Credit Impaired	Credit-Impaired	Total
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial year	175	609	784
Written back during the financial year	(179)	(624)	(803)
Written off during the financial year	-	(15)	(15)
As at 31 December 2022	1,531	1,246	2,777

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
A16. Other assets				
Assets segregated for customers	74,490	56,596	-	-
Interest/income receivable	15,194	9,602	15,003	9,424
Prepayments and deposits	21,253	21,217	18,402	18,496
Other debtors	109,720	107,515	75,798	73,927
Amount due from subsidiaries	-	-	37,320	30,581
Amount due from related parties	25	49	25	49
Amount due from trustees	603	433	-	-
Amount due from associate	110	-	110	-
	221,395	195,412	146,658	132,477
Allowance for ECL				
- Other debtors	(11,197)	(11,659)	(6,342)	(6,804)
- Amount due from subsidiaries	-	-	(240)	(240)
	210,198	183,753	140,076	125,433

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

Group

	2023		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	404	11,255	11,659
New assets originated or purchased	582	152	734
Assets derecognised or repaid (excluding write-offs)	-	(1,489)	(1,489)
Transfer of stages	(801)	801	-
Net remeasurement of allowance	-	293	293
As at 31 March 2023	185	11,012	11,197

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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 Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	1,764	5,168	6,932
Assets derecognised or repaid (excluding write-offs)	-	(1,688)	(1,688)
Transfer of stages	(1,583)	1,583	-
Net remeasurement of allowance	-	1,193	1,193
As at 31 December 2022	<u>404</u>	<u>11,255</u>	<u>11,659</u>

Bank

	2023		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	404	6,400	6,804
New assets originated or purchased	582	152	734
Assets derecognised or repaid (excluding write-offs)	-	(1,489)	(1,489)
Transfer of stages	(801)	801	-
Net remeasurement of allowance	-	293	293
As at 31 March 2023	<u>185</u>	<u>6,157</u>	<u>6,342</u>

	2022		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	1,764	313	2,077
Assets derecognised or repaid (excluding write-offs)	-	(1,688)	(1,688)
Transfer of stages	(1,583)	1,583	-
Net remeasurement of allowance	-	1,193	1,193
As at 31 December 2022	<u>404</u>	<u>6,400</u>	<u>6,804</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A16. Other assets (cont'd.)

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

Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/ 31 March 2023	240	-	-	240

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

Group and Bank	
As at	As at
31 March	31 December
2023	2022
RM'000	RM'000

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	<u>55,092</u>	<u>58,403</u>
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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.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Group		Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
A18. Deposits from customers				
(i) By type of deposit				
Fixed term deposits	2,054,104	2,350,345	2,137,144	2,468,356
Short term money deposits	934,446	614,784	977,577	635,000
Call money deposits	63,331	67,265	63,331	67,265
Negotiable instruments of deposits	121,540	128,684	121,540	128,684
	3,173,421	3,161,078	3,299,592	3,299,305
(ii) By type of customer				
Government and other statutory bodies	631,415	740,926	631,415	740,926
Individuals	140,758	143,417	140,758	143,417
Business enterprises	688,400	745,665	688,400	745,665
Non-bank financial institutions	1,445,983	1,266,173	1,445,983	1,266,173
Subsidiaries and related companies	266,865	264,897	393,036	403,124
	3,173,421	3,161,078	3,299,592	3,299,305
(iii) By maturity structure				
Due within six months	2,905,044	2,692,617	3,031,215	2,830,844
More than six months to one year	180,863	286,971	180,863	286,971
More than one year	87,514	181,490	87,514	181,490
	3,173,421	3,161,078	3,299,592	3,299,305

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Group and Bank
As at As at
31 March 31 December
2023 2022
RM'000 RM'000

A19. Deposits and placements of banks and financial institutions

Licenced banks	135,000	-
Licenced investment banks	-	50,000
Other financial institutions	517,394	365,359
	652,394	415,359

Group		Bank	
As at	As at	As at	As at
31 March	31 December	31 March	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A20. Other liabilities

Interest/Income payable	15,719	16,041	16,102	16,074
Securities borrowing and lending	13,779	11,635	13,779	11,635
Accruals and provisions	152,058	184,440	55,271	60,859
Retention for contra losses	17	16	17	16
Structured products	9,451	2,879	9,451	2,879
Deposits and other creditors	118,405	63,226	125,476	69,109
Amounts held in trust on behalf of				
Dealer's Representatives	87,857	88,115	87,857	88,115
Amount due to trustees	45,340	906	-	-
Amount due to subsidiaries	-	-	1	40
	442,626	367,258	307,954	248,727

A21. Borrowings

Secured:

Revolving bank loan	5,200	8,000	5,200	8,000
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Unsecured:

Revolving bank loans	17,500	17,500	-	-
Subordinated notes	200,500	180,500	200,500	180,500
	223,200	206,000	205,700	188,500

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
A22. Interest income				
<u>Group</u>				
Loans, advances and financing	30,150	29,172	30,150	29,172
Money at call and deposit with financial institutions	19,078	11,143	19,078	11,143
Financial investments at FVOCI	2,438	4,982	2,438	4,982
Financial investments at AC	3,389	1,408	3,389	1,408
Others	8,948	5,228	8,948	5,228
	64,003	51,933	64,003	51,933
<u>Bank</u>				
Loans, advances and financing	30,214	28,451	30,214	28,451
Money at call and deposit placements with financial institutions	15,927	10,106	15,927	10,106
Financial investments at FVOCI	2,438	4,982	2,438	4,982
Financial investments at AC	3,389	1,408	3,389	1,408
Others	8,931	5,228	8,931	5,228
	60,899	50,175	60,899	50,175
A23. Interest expense				
<u>Group</u>				
Deposits from customers	28,251	16,434	28,251	16,434
Deposits and placement from banks and other financial institutions	785	78	785	78
Borrowings	2,649	2,801	2,649	2,801
Lease interest expenses	(324)	237	(324)	237
Others	5,785	3,984	5,785	3,984
	37,146	23,534	37,146	23,534
<u>Bank</u>				
Deposits from customers	29,248	17,409	29,248	17,409
Deposits and placement from banks and other financial institutions	785	78	785	78
Borrowings	2,407	2,380	2,407	2,380
Lease interest expenses	231	191	231	191
Others	9,601	5,878	9,601	5,878
	42,272	25,936	42,272	25,936

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
A24. Other operating income				
<u>Group</u>				
(a) Fee income:				
Brokerage fees	44,613	50,478	44,613	50,478
Corporate advisory fees	2,452	1,307	2,452	1,307
Processing fees on loans, advances and financing	286	397	286	397
Commissions	2,568	3,304	2,568	3,304
Management fee income	41,088	52,722	41,088	52,722
Placement fees	3,126	3,227	3,126	3,227
Underwriting commissions	-	301	-	301
Other fee income	3,736	4,816	3,736	4,816
Others	365	373	365	373
	<u>98,234</u>	<u>116,925</u>	<u>98,234</u>	<u>116,925</u>
(b) Net gain arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	21,770	3,145	21,770	3,145
Financial investments at FVOCI	6	7	6	7
	<u>21,776</u>	<u>3,152</u>	<u>21,776</u>	<u>3,152</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	122	678	122	678
(d) Interest income from financial assets at FVTPL	251	208	251	208
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	(15,782)	(3,698)	(15,782)	(3,698)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
A24. Other operating income (cont'd.)				
<u>Group</u>				
(f) Other income:				
Net foreign exchange income	1,982	2,077	1,982	2,077
Other operating income	352	6,103	352	6,103
Other non-operating income				
- Rental income	518	512	518	512
- Gain on disposal of a subsidiary	1,477	-	1,477	-
- Others	1,287	1,553	1,287	1,553
	<u>5,616</u>	<u>10,245</u>	<u>5,616</u>	<u>10,245</u>
Total other operating income	<u>110,217</u>	<u>127,510</u>	<u>110,217</u>	<u>127,510</u>
<u>Bank</u>				
(a) Fee income:				
Brokerage fees	44,613	50,478	44,613	50,478
Corporate advisory fees	2,484	1,343	2,484	1,343
Processing fees on loans, advances and financing	89	154	89	154
Management fee income	74	112	74	112
Placement fees	2,142	2,368	2,142	2,368
Underwriting commissions	-	301	-	301
Other fee income	1,295	1,868	1,295	1,868
Others	232	97	232	97
	<u>50,929</u>	<u>56,721</u>	<u>50,929</u>	<u>56,721</u>
(b) Net gain arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	21,770	3,137	21,770	3,137
Financial investments at FVOCI	6	7	6	7
	<u>21,776</u>	<u>3,144</u>	<u>21,776</u>	<u>3,144</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
A24. Other operating income (cont'd.)				
<u>Bank</u>				
(c) Gross dividend from: Financial assets at FVTPL	122	661	122	661
(d) Interest income from financial assets at FVTPL	251	208	251	208
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	(16,573)	(4,240)	(16,573)	(4,240)
(f) Other income:				
Net foreign exchange income	1,812	2,089	1,812	2,089
Other operating income	462	6,282	462	6,282
Other non-operating income				
- Rental income	974	968	974	968
- Others	1,269	1,610	1,269	1,610
	4,517	10,949	4,517	10,949
Total other operating income	61,022	67,443	61,022	67,443

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses

Group

Personnel costs	51,765	51,316	51,765	51,316
- Salaries, allowances and bonuses	40,000	39,633	40,000	39,633
- EPF	5,310	5,172	5,310	5,172
- ESS	61	437	61	437
- Others	6,394	6,074	6,394	6,074
Establishment costs	17,747	12,764	17,747	12,764
- Depreciation of property, plant and equipment	2,795	2,819	2,795	2,819
- Amortisation of intangible assets	1,694	1,462	1,694	1,462
- Amortisation of right-of-use assets	2,605	1,993	2,605	1,993
- Rental of premises	129	127	129	127
- Rental of equipment	212	186	212	186
- Repairs and maintenance	1,966	1,806	1,966	1,806
- Information technology expenses	6,727	2,842	6,727	2,842
- Others	1,619	1,529	1,619	1,529
Marketing expenses	5,252	3,472	5,252	3,472
- Promotion and advertisements	3,487	3,155	3,487	3,155
- Travel and entertainment	1,054	217	1,054	217
- Others	711	100	711	100
Administration and general expenses	57,404	68,355	57,404	68,355
- Communication expenses	1,097	1,282	1,097	1,282
- Professional fees and legal fees	1,069	616	1,069	616
- Regulatory charges	6,238	6,926	6,238	6,926
- Fees and brokerage	44,205	55,460	44,205	55,460
- Administrative expenses	4,541	3,739	4,541	3,739
- Printing and stationery	254	332	254	332
Total other operating expenses	132,168	135,907	132,168	135,907

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	35,141	36,043	35,141	36,043
- Salaries, allowances and bonuses	28,483	29,368	28,483	29,368
- EPF	4,189	4,088	4,189	4,088
- ESS	41	335	41	335
- Others	2,428	2,252	2,428	2,252
Establishment costs	14,418	10,422	14,418	10,422
- Depreciation of property, plant and equipment	2,495	2,606	2,495	2,606
- Amortisation of intangible assets	1,413	1,247	1,413	1,247
- Amortisation of right-of-use assets	1,673	1,701	1,673	1,701
- Rental of premises	105	89	105	89
- Rental of equipment	135	128	135	128
- Repair and maintenance	1,067	1,173	1,067	1,173
- Information technology expenses	6,726	2,841	6,726	2,841
- Others	804	637	804	637
Marketing expenses	2,169	1,296	2,169	1,296
- Promotion and advertisement	821	1,036	821	1,036
- Travel and entertainment	650	184	650	184
- Others	698	76	698	76
Administration and general expenses	37,632	40,369	37,632	40,369
- Communication expenses	936	1,130	936	1,130
- Professional fees and legal fees	870	524	870	524
- Regulatory charges	5,565	6,371	5,565	6,371
- Fees and brokerages	26,050	28,840	26,050	28,840
- Administrative expenses	4,045	3,275	4,045	3,275
- Printing and stationery	166	229	166	229
Total other operating expenses	89,360	88,130	89,360	88,130

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A26. Credit loss reversal/(expense)

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	129	-	128
Debt instruments at AC	-	-	-	-
Loans, advances and financing	(62)	-	1,295	1,233
Recoveries from share margin financing	-	-	567	567
Credit loss (expense)/reversal	(63)	129	1,862	1,928

	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)

(ii) Movements in ECL on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(6)	53	47
Other debtors	(582)	1,044	462
Credit loss (expense)/reversal	(588)	1,097	509

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

Bank

Individual and Cumulative Quarter

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	129	-	128
Loans, advances and financing	(62)	-	(261)	(323)
Recoveries from share margin financing	-	-	567	567
Credit loss (expense)/reversal	(63)	129	306	372

	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)

(vi) Movements in ECL on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(6)	53	47
Other debtors	(582)	1,044	462
Credit loss (expense)/reversal	(588)	1,097	509

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A27. Bad debts recovered

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing	278	1	278	1
Balance due from clients and brokers	10	14	10	14
Other receivables	(7)	-	(7)	-
	281	15	281	15
<u>Bank</u>				
Loans, advances and financing	278	1	278	1
Balance due from clients and brokers	10	14	10	14
	288	15	288	15

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.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

Valuation techniques and sensitivity analysis (cont'd.)

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.

Group

31 March 2023

	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	-	178,182	-	178,182
- Equity securities	184,265	-	71,612	255,877
Financial investments at FVOCI				
- Debt securities	-	321,239	-	321,239
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	78,667	-	78,667
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	467,100	-	467,100
Loans, advances and financing	-	-	1,627,127	1,627,127
	184,265	1,045,188	1,700,033	2,929,486
Financial liabilities measured at fair value				
Derivative financial liabilities	12,115	23,037	-	35,152
Borrowings	-	211,797	-	211,797
	12,115	331,308	-	343,423

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

Group

31 December 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	-	106,014	-	106,014
- Equity securities	144,513	-	71,612	216,125
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,696,451	1,696,451
	144,513	967,673	1,769,357	2,881,543
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Borrowings	-	170,255	-	170,255
	3,979	182,772	-	186,751

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

Bank

31 March 2023

	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	-	180,432	-	180,432
- Equity securities	183,712	-	71,612	255,324
Financial investments at FVOCI				
- Debt securities	-	321,239	-	321,239
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	78,667	-	78,667
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	467,100	-	467,100
Loans, advances and financing	-	-	1,645,962	1,645,962
	183,712	1,047,438	1,718,868	2,950,018
Financial liabilities measured at fair value				
Derivative financial liabilities	12,115	23,037	-	35,152
Borrowings	-	194,301	-	194,301
	12,115	313,812	-	325,927

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

Bank

31 December 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	-	109,042	-	109,042
- Equity securities	143,972	-	71,612	215,584
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,710,413	1,710,413
	143,972	970,701	1,783,319	2,897,992
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Borrowings	-	152,746	-	152,746
	3,979	165,263	-	169,242

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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 2023 Principal Amount RM'000	As at 31 December 2022 Principal Amount RM'000	As at 31 March 2023 Principal Amount RM'000	As at 31 December 2022 Principal Amount RM'000
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,802,880	2,749,435	2,802,880	2,749,435
- foreign exchange related contract	43,452	43,452	74,552	43,452
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	90,061	55,561	134,061	130,561
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	22,000	25,000	37,000	40,000
Stockbroking clients' trust	1,074,818	1,069,081	1,074,818	1,069,081
Securities borrowing and lending	12,711	11,102	12,711	11,102
Derivative financial assets				
- dual currency investment - options	8,850	2,126	8,850	2,126
- equity related contracts - options	29,186	29,338	29,186	29,338
- equity related contracts - swaps	67,996	64,187	67,996	64,187
- equity related contract - forwards	51,342	57,354	51,342	57,354
Derivative financial liabilities				
- dual currency investment - options	8,850	2,126	8,850	2,126
- equity related contracts - options	268,777	159,722	268,777	159,722
- equity related contracts - swaps	-	11,438	-	11,438
Capital commitment:				
- Authorised and contracted for	4,912	18,554	4,908	17,247
Investment in equity fund	-	-	24,991	24,991
	4,485,835	4,298,476	4,600,922	4,412,160

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Group		Bank	
31 March	31 December	31 March	31 December
2023	2022	2023	2022
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	-	-	1,096	2,886
External parties	300	442	300	442
	<u>300</u>	<u>442</u>	<u>1,396</u>	<u>3,328</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	
2023	2022	2023	2022	
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	612,888	655,907	550,049	597,058
Other reserves	123,116	121,077	167,187	166,427
Less: Regulatory adjustments:				
Deferred tax assets	(28,095)	(25,184)	(12,764)	(12,966)
55% of cumulative gains of financial investments at FVOCI	-	-	-	-
Goodwill	(241,027)	(241,027)	(252,909)	(252,909)
Other intangibles	(91,173)	(88,192)	(80,613)	(78,223)
Regulatory reserve	(15,914)	(17,192)	(15,914)	(17,192)
Treasury shares	(12,987)	(13,538)	(12,987)	(13,538)
Other CET 1 regulatory adjustments specified by BNM	868	1,510	542	1,020
Investment in ordinary shares of unconsolidated financial entities	(136,475)	(126,252)	(177,112)	(170,596)
Total CET 1/Tier 1 capital	<u>465,035</u>	<u>520,943</u>	<u>419,313</u>	<u>472,915</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A31. Capital Adequacy

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

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
<u>Tier 2 capital</u>				
Subordinated obligations capital	200,500	180,500	200,500	180,500
General provisions [^]	18,470	17,972	17,938	17,549
Total Tier 2 capital	<u>218,970</u>	<u>198,472</u>	<u>218,438</u>	<u>198,049</u>
Total capital	<u>684,005</u>	<u>719,415</u>	<u>637,751</u>	<u>670,964</u>
CET 1 capital ratio	17.895%	20.936%	18.413%	21.626%
Tier 1 capital ratio	17.895%	20.936%	18.413%	21.626%
Total capital ratio	26.321%	28.913%	28.006%	30.682%

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A31. Capital Adequacy

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

	Group		Group	
	31 March 2023		31 December 2022	
	Notional	Risk-	Notional	Risk-
	amount	weighted	amount	weighted
	RM'000	amount	RM'000	amount
		RM'000		RM'000
Credit Risk	5,498,684	1,477,564	5,031,093	1,437,747
Market Risk	-	201,325	-	142,514
Operational Risk	-	906,668	-	894,847
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	5,498,684	2,598,664	5,031,093	2,488,216

	Bank		Bank	
	31 March 2023		31 December 2022	
	Notional	Risk-	Notional	Risk-
	amount	weighted	amount	weighted
	RM'000	amount	RM'000	amount
		RM'000		RM'000
Credit Risk	4,980,528	1,435,031	4,450,896	1,403,888
Market Risk	-	199,805	-	141,026
Operational Risk	-	629,286	-	628,776
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	4,980,528	2,277,230	4,450,896	2,186,798

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").

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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) Listed derivatives - Futures broking;
- (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.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives 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
2023								
Revenue								
External sales	43,025	84,207	5,717	1,603	45,622	(380)	-	179,794
- Interest income	33,561	31,315	3,131	1,296	1,601	7	-	70,911
- Fee income	5,578	46,910	2,549	307	43,874	-	-	99,218
- Trading and investment income/(loss)	2,816	4,914	-	-	22	(390)	-	7,362
- Other operating income	1,070	1,068	37	-	125	3	-	2,303
Inter-segment sales	9,505	(13,488)	397	-	5,319	3,825	(5,558)	-
Total revenue	52,530	70,719	6,114	1,603	50,941	3,445	(5,558)	179,794
Result								
Net interest income	6,009	11,386	2,897	718	569	1,411	3,867	26,857
Net income from Islamic banking business	3,066	1,081	-	-	-	-	-	4,147
Other operating income/(loss)	6,870	53,112	2,593	5,386	49,480	712	(7,936)	110,217
Net income/(loss)	15,945	65,579	5,490	6,104	50,049	2,123	(4,069)	141,221
Other operating expenses	(15,213)	(71,537)	(3,827)	(1,110)	(41,211)	(748)	1,478	(132,168)
Credit loss reversal	466	355	-	1,556	-	60	-	2,437
Bad debt recovered	-	270	-	-	-	11	-	281
Share of results of associates and joint venture companies	-	-	-	-	-	676	-	676
Profit before taxation and zakat	1,198	(5,333)	1,663	6,550	8,838	2,122	(2,591)	12,447
Taxation and zakat								(2,090)
Net profit for the financial period								10,357

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
2023 (cont'd.)								
Other information								
Net interest and finance income	19,589	2,897	718	569	1,411	3,867		29,051
Depreciation and amortisation	(3,165)	(120)	(28)	(1,846)	(2,271)	336		(7,094)
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(16,525)	-	-	21	(390)	779		(16,115)
Assets								
Investments in associate companies	-	-	-	-	103,727	-		103,727
Investment in joint venture companies	-	-	-	-	32,748	-		32,748
Addition to non-current assets	4,959	8	4	2,296	-	-	A	7,267
Segment assets	5,976,094	553,571	46,648	270,341	22,138	(343,566)	B	6,525,226
Liabilities								
Segment liabilities	5,018,011	534,368	32,194	185,866	8,322	(240,633)	C	5,538,128

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives 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/(loss)	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/(loss)	16,846	82,207	4,183	1,436	59,362	(4,317)	(508)	159,209
Other operating (expenses)/income	(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 recovered	-	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>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and 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	-	-	-	-	99,683	-		99,683
Investment in joint venture companies	-	-	-	-	26,569	-		26,569
Addition to non-current assets	10,382	56	8	3,421	-	-	A	13,867
Segment assets	5,456,192	536,765	68,968	247,638	15,635	(362,841)	B	5,962,357
Liabilities								
Segment liabilities	4,452,411	518,823	49,528	171,597	1,834	(254,660)	C	4,939,533

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A32. Segmental reporting (cont'd.)

Notes

A Additions to non-current assets consist of:

	2023	2022
	RM'000	RM'000
Property, plant and equipment		
- Additions during the financial period	2,559	5,157
Intangible assets		
- Additions during the financial period	4,708	7,796
	<u>7,267</u>	<u>12,953</u>

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

	2023	2022
	RM'000	RM'000
Investment in subsidiaries	(79,100)	(81,600)
Investment in associates and joint venture companies	17,756	15,801
Intangible assets	(39,593)	(39,584)
Inter-segment assets	(242,629)	(257,458)
	<u>(343,566)</u>	<u>(362,841)</u>

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

	2023	2022
	RM'000	RM'000
Deposits accepted from subsidiaries	(126,171)	(138,227)
Inter-segment liabilities	(114,462)	(116,433)
	<u>(240,633)</u>	<u>(254,660)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

A33. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 31 March 2023

	Note	Group and Bank	
		As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	(e)	536,170	438,476
Financial assets at FVTPL	(f)	140,634	100,000
Financial investments at FVOCI	(g)(i)	100,972	65,618
Financial investments at AC	(g)(ii)	116,791	116,829
Financing and advances	(h)	95,032	97,492
Balances due from clients and brokers		887	1,477
Other assets	(i)	5,464	2,474
Property, plant and equipment		12	13
Intangible assets		2	2
Deferred tax assets		4	115
TOTAL ASSETS		995,968	822,496
LIABILITIES			
Deposits from customers	(j)	457,905	472,902
Deposits and placements of banks and other financial institutions		100,000	-
Balances due to clients and brokers		4,334	4,606
Other liabilities	(k)	236,320	150,968
Provision for taxation and zakat		3,865	3,024
TOTAL LIABILITIES		802,424	631,500
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		73,544	70,996
TOTAL ISLAMIC BANKING CAPITAL FUNDS		193,544	190,996
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		995,968	822,496
Commitments and contingencies	(r)	68,929	77,789

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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 2023

	Group and Bank			
	Individual Quarter		Cumulative Quarter	
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l) 7,176	5,971	7,176	5,971
Income derived from investment of shareholders' funds	(m) 1,686	1,547	1,686	1,547
Credit loss reversal/(expense)	57	(22)	57	(22)
Total attributable income	8,919	7,496	8,919	7,496
Profit distributed to depositors	(n) (4,602)	(4,142)	(4,602)	(4,142)
Net income	4,317	3,354	4,317	3,354
Finance cost	(113)	(76)	(113)	(76)
Personnel costs	(o) (210)	(198)	(210)	(198)
Other overhead expenses	(p) (827)	(778)	(827)	(778)
Profit before taxation and zakat	3,167	2,302	3,167	2,302
Taxation and zakat	(841)	(621)	(841)	(621)
Profit for the financial period	2,326	1,681	2,326	1,681
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on debt instruments at FVOCI	333	(806)	333	(806)
Income tax related to the above items	(111)	206	(111)	206
Total other comprehensive income/(loss) for the financial period, net of tax	222	(600)	222	(600)
Total comprehensive income for the financial period, net of tax	2,548	1,081	2,548	1,081

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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 2023

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:

	Group and Bank			
	Individual Quarter		Cumulative Quarter	
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	7,176	5,971	7,176	5,971
Income derived from investment of shareholders' funds	1,686	1,547	1,686	1,547
Total income before impairment allowances and overhead expenses	8,862	7,518	8,862	7,518
Profit distributed to depositors	(4,602)	(4,142)	(4,602)	(4,142)
Finance cost	(113)	(76)	(113)	(76)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and of the Bank	4,147	3,300	4,147	3,300

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 31 March 2023

Group and Bank	Non- Distributable					Distributable	Total Equity RM'000
	Islamic Banking Fund RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2023	120,000	8	(301)	2,261	5,248	63,780	190,996
Net profit for the financial period	-	-	-	-	-	2,326	2,326
Other comprehensive income for the financial period	-	-	222	-	-	-	222
Transfer from regulatory reserve	-	-	-	(17)	-	17	-
At 31 March 2023	120,000	8	(79)	2,244	5,248	66,123	193,544
At 1 January 2022	120,000	13	906	2,314	5,248	55,484	183,965
Net 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 from regulatory reserve	-	-	-	(100)	-	100	-
Transfer to retained profits	-	(1)	-	-	-	1	-
At 31 March 2022	120,000	12	306	2,214	5,248	57,259	185,039

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 31 March 2023

	Group and Bank	
	31 March	31 March
	2023	2022
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	3,167	2,302
Adjustments for:		
Depreciation of property, plant and equipment	1	1
Credit loss (reversal)/expense	(57)	22
Net loss from sale of financial assets at FVTPL	333	-
Unrealised gain on revaluation of financial assets at FVTPL	(7)	-
Operating profit before working capital changes	<u>3,437</u>	<u>2,325</u>
Changes in operating assets:		
Financing and advances	2,398	6,556
Balances due from clients and brokers	580	575
Other assets	(2,990)	672
Changes in operating liabilities:		
Deposits from customers	(14,997)	123,955
Deposits and placements of banks and other financial institutions	100,000	-
Balances due to clients and brokers	(272)	(3,302)
Other liabilities	85,352	(76,837)
Net cash generated from operating activities	<u>173,508</u>	<u>53,944</u>
Cash flows from investing activity		
Net purchase of securities, representing net cash used in investing ac	<u>(75,814)</u>	<u>(148,262)</u>
Net change in cash and cash equivalents	97,694	(94,318)
Cash and cash equivalents at beginning of the financial period	<u>438,476</u>	<u>424,712</u>
Cash and cash equivalents at end of the financial period	<u>536,170</u>	<u>330,394</u>

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	Group and Bank	
	As at	As at
	31 March	31 December
	2023	2022
	RM'000	RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	7,570	19,476
Money at call and deposit placements with:		
Licensed banks	100,000	149,000
Domestic non-bank financial institutions	428,600	270,000
	<u>536,170</u>	<u>438,476</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Certificates	40,634	-
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>140,634</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	40,661	-
(b) Debt instruments:		
Corporate Sukuk	60,311	65,618
Total financial investments at FVOCI	<u>100,972</u>	<u>65,618</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

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

Impairment losses on debt instruments measured at FVOCI

An analysis of changes in the ECLs is as follows:

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	128	-	128
Assets derecognised or repaid (excluding write-offs)	-	(128)	-	(128)
As at 31 March 2023	-	-	-	-

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	-	-
Impact of net re-measurement of ECL	50	78	-	128
Transfer of stages	(50)	50	-	-
As at 31 December 2022	-	128	-	128

Group and Bank	
As at	As at
31 March	31 December
2023	2022
RM'000	RM'000

(ii) Financial investments at AC

At cost

(a) Money market instruments:

Malaysian Government Investment Certificates 39,255 39,236

(b) Debt instruments:

Corporate Sukuk 77,536 77,593

Total financial investment at AC 116,791 116,829

Total financial investments other than those measured at FVTPL 217,763 182,447

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

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

Debt instruments measured at AC:

An analysis of changes in the ECLs is as follows:

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/ 31 March 2023	-	-	-	-

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/ 31 December 2022	-	-	-	-

Group and Bank	
As at	As at
31 March	31 December
2023	2022
RM'000	RM'000

(h) Financing and advances
At AC

Commodity Murabahah share margin financing		
- Shariah contract - others	13,921	13,311
Commodity Murabahah revolving credit		
- Shariah contract - others	57,913	57,913
Commodity Murabahah term financing		
- Shariah contract - others	23,315	26,323
Gross financing and advances	95,149	97,547
Less: Allowance for ECL	(117)	(55)
Net financing and advances	95,032	97,492

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	Group and Bank	
	As at	As at
	31 March	31 December
	2023	2022
	RM'000	RM'000
(h) Financing and advances (cont'd.)		
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprise - others	41,547	42,548
Individuals	53,602	54,999
	<u>95,149</u>	<u>97,547</u>
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	<u>95,149</u>	<u>97,547</u>
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	13,921	13,311
Variable rate - Cost plus	81,228	84,236
	<u>95,149</u>	<u>97,547</u>
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Working capital	60,922	57,914
Purchase of securities	34,228	36,618
Others	-	3,015
	<u>95,150</u>	<u>97,547</u>
(v) Gross financing and advances analysed by residual contractual maturity are as follows:		
Within one year	74,841	73,737
More than one year	20,308	23,810
	<u>95,149</u>	<u>97,547</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

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

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

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	55	-	-	55
New assets originated or purchased	108	-	-	108
Assets derecognised or repaid (excluding write-offs)	(46)	-	-	(46)
As at 31 March 2023	117	-	-	117

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	96	-	-	96
New assets originated or purchased	93	-	-	93
Assets derecognised or repaid (excluding write-offs)	(122)	-	-	(122)
Net remeasurement of allowance	(12)	-	-	(12)
As at 31 December 2022	55	-	-	55

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

	Group and Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
(i) Other Assets		
Income receivables	5,432	2,433
Prepayment	11	6
Other receivables	75	89
Less: Allowance for ECL	(54)	(54)
	<u>5,464</u>	<u>2,474</u>

Group and Bank

	2023		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	1	53	54
New assets originated or purchased	2	-	2
Assets derecognised or repaid (excluding write-offs)	-	(1)	(1)
Transfer of stages	(18)	18	-
Net remeasurement of allowance	-	(1)	(1)
As at 31 March 2023	<u>(15)</u>	<u>69</u>	<u>54</u>

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	15	38	53
New assets originated or purchased	11	-	11
Assets derecognised or repaid (excluding write-offs)	-	(12)	(12)
Transfer of stages	(25)	25	-
Net remeasurement of allowance	-	2	2
As at 31 December 2022	<u>1</u>	<u>53</u>	<u>54</u>

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

	Group and Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
(j) Deposits from customers		
(i) By type of deposit		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	457,905	472,902
	<u>457,905</u>	<u>472,902</u>
(ii) By type of customers		
Domestic non-bank institutions	385,467	264,126
Government and other statutory bodies	-	100,000
Business enterprises	59,250	93,560
Individuals	683	670
Subsidiary companies	12,505	14,546
	<u>457,905</u>	<u>472,902</u>
(iii) By maturity		
Due within six months	457,905	372,902
Due more than six months	-	100,000
	<u>457,905</u>	<u>472,902</u>
(k) Other liabilities		
Mudarabah Specific Investment Account	9,650	12,237
Profit payable	237	2,123
Other payable	226,433	136,608
	<u>236,320</u>	<u>150,968</u>

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

	<u>Group and Bank Individual Quarter</u>		<u>Group and Bank Cumulative Quarter</u>	
	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	460	386	460	386
Deposits placements with financial institutions	3,169	1,923	3,169	1,923
Financial investment other than those measured at FVTPL	1,651	2,134	1,651	2,134
Accretion of discount	(58)	(81)	(58)	(81)
Others	1	1	1	1
	<u>5,223</u>	<u>4,363</u>	<u>5,223</u>	<u>4,363</u>
Other operating income/(loss)				
Net loss on sale of financing assets at FVTPL	(333)	-	(333)	-
Unrealised gain on revaluation of financial assets at FVTPL	7	-	7	-
Fees on financing and advances	34	35	34	35
Brokerage fee	879	1,112	879	1,112
Profit income from financial assets at FVTPL	1,321	439	1,321	439
Advisory fee	71	35	71	35
Direct trading fees expense	(31)	(17)	(31)	(17)
Other non-operating income	5	4	5	4
	<u>1,953</u>	<u>1,608</u>	<u>1,953</u>	<u>1,608</u>
Total income derived from investment of depositors' funds	<u>7,176</u>	<u>5,971</u>	<u>7,176</u>	<u>5,971</u>
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,160	1,097	1,160	1,097
Financial investments other than those measured at FVTPL	580	494	580	494
Accretion of discounts	(54)	(44)	(54)	(44)
	<u>1,686</u>	<u>1,547</u>	<u>1,686</u>	<u>1,547</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,605	3,568	3,605	3,568
Others	997	574	997	574
	<u>4,602</u>	<u>4,142</u>	<u>4,602</u>	<u>4,142</u>
(o) Personnel costs				
Salaries, wages, allowances and bonus	164	160	164	160
EPF	25	25	25	25
Other staff related expenses	21	13	21	13
	<u>210</u>	<u>198</u>	<u>210</u>	<u>198</u>
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	1	1	1	1
- Office rental	14	14	14	14
- Others	6	4	6	4
	<u>21</u>	<u>19</u>	<u>21</u>	<u>19</u>
Administration and general expenses				
- Fees and brokerage	172	166	172	166
- Support service charges	529	484	529	484
- Shariah committee expenses	55	45	55	45
- Others	50	64	50	64
	<u>806</u>	<u>759</u>	<u>806</u>	<u>759</u>
Total other overhead expenses	<u>827</u>	<u>778</u>	<u>827</u>	<u>778</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	Group and Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	63,797	63,780
Other intangibles		
Other reserves	7,421	7,216
Less:		
Intangible assets	(2)	(2)
Deferred tax	(4)	(115)
Regulatory reserves	(2,244)	(2,261)
Total CET 1 / Tier 1 capital	<u>188,968</u>	<u>188,618</u>
Tier 2 Capital		
General provisions	<u>2,362</u>	<u>2,446</u>
Total Tier 2 capital	<u>2,362</u>	<u>2,446</u>
Total capital	<u>191,330</u>	<u>191,064</u>
CET 1 capital ratio	62.112%	71.578%
Tier 1 capital ratio	62.112%	71.578%
Total capital ratio	<u>62.889%</u>	<u>72.506%</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 2023		As at 31 December 2022	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
Credit risk	892,859	253,326	756,603	234,543
Market risk	-	22,731	-	-
Operational risk	-	28,178	-	28,971
Total Risk Weighted Assets	<u>892,859</u>	<u>304,235</u>	<u>756,603</u>	<u>263,514</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
	2023	2022
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	8,579	9,439
Other commitments with an original maturity of less than 1 year:		
- corporate financing	60,350	68,350
	<u>68,929</u>	<u>77,789</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 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	179,794	184,904	179,794	184,904
Net income	141,221	159,209	141,221	159,209
Profit before tax	12,447	21,484	12,447	21,484
Profit after tax	10,357	16,923	10,357	16,923

The Group reported lower revenue and profit before tax ('PBT') of RM179.8 mil and RM12.4 mil respectively for for the period ended 31 March 2023 ("1Q23") as compared to comparative quarter in previous year ("1Q22") mainly due to lower brokerage fee income, management fee income and higher information technology expenses.

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 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	70,719	84,761	70,719	84,761
Net income	65,579	82,207	65,579	82,207
(Loss)/Profit before tax	(5,333)	8,198	(5,333)	8,198

Loss before tax "LBT" were recorded by the stockbroking segment for 1Q23 as compared to PBT recorded for 1Q22 mainly due to the decrease in net brokerage, interest income and other income generated as a consequence of the lower Bursa trading volume.

Bursa average daily value dropped by 15% year-on-year (YoY). This is mainly due to lower trading activities by the retail and domestic institutional investors. Trading volume trended downwards since April 2022 due to subdued investor sentiment in the equity market following rising deposit rates, heightened market volatility and a resumption of retail spending.

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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.)

Performance analysis of the Group's major operating segments are as follows (cont'd.):

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	52,530	40,491	52,530	40,491
Net income	15,945	16,846	15,945	16,846
Profit before tax	1,198	2,305	1,198	2,305

Investment Banking ("IB") registered a higher revenue but lower PBT for 1Q23 as compared to 1Q22 due to higher interest expense with partial mitigation from higher fee income and trading income.

The declining trend in net interest margin was a consequence of the hike in Overnight Policy Rate has resulted in increase in interest expenses. However, the division has filed for the listing of an Initial Public Offering in 1Q23 and is expecting pipelines to improve income.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	50,941	59,584	50,941	59,584
Net income	50,049	59,362	50,049	59,362
Profit before tax	8,838	14,467	8,838	14,467

Investment and Wealth Management has achieved lower PBT for 1Q23 compared to 1Q22 mainly due to lower management fees income as a result of lower performance fee income and other income from alternative investment products as well as higher marketing expenses.

Meanwhile Asset Under Administration registered a net growth of RM443.0 million with strong 1Q23 closing at RM20.8 billion, largely due to flow of funds from Wholesale Money Market fund of approximately RM350 million.

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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.)

Listed derivatives:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	6,114	4,538	6,114	4,538
Net income	5,490	4,183	5,490	4,183
Profit/(Loss) before tax ("LBT")	1,663	(101)	1,663	(101)

Listed derivatives business has registered profit for 1Q23 as compared to the loss position for 1Q22 largely due to the higher interest income generated.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	1,603	2,158	1,603	2,158
Net income	6,104	1,436	6,104	1,436
Profit before tax	6,550	311	6,550	311

Lower revenue was recorded by Money Lending and Financing segment for 1Q23 compared to 1Q22 mainly due to lower interest income and fees income subsequent to the disposal of partial interest in its subsidiary, KCI.

Likewise, it has recorded higher PBT for 1Q23 as compared to 1Q22 mainly due to dividend income and gain on the disposal of the subsidiary.

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2023 (1Q23)	31 March 2022 (1Q22)	31 March 2023 (1Q23)	31 March 2022 (1Q22)
(RM'000)				
Revenue	3,445	(3,038)	3,445	(3,038)
Net income	2,123	(4,317)	2,123	(4,317)
Profit/(Loss) before tax	2,122	(4,346)	2,122	(4,346)

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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.)

Corporate and others: (cont'd.)

PBT was recorded for 1Q23 for this segment mainly attributable to lower unrealised loss from investment and share of losses from joint venture companies compared to 1Q22. The higher share of profit from associate companies has also contributed to the higher PBT for the current quarter.

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

Group:

(RM'000)	Current quarter	Previous quarter
	3 months ended 31 March 2023 (1Q23)	3 months ended 31 December 2022 (4Q22)
Revenue	179,794	179,455
Net income	141,221	143,075
Profit before tax	12,447	15,002
Profit after tax	10,357	14,067

For 1Q23, the Group has recorded lower PBT as compared to previous quarter ended 31 December 2022 mainly due to lower trading and investment income and investment banking fee income but partially mitigated by higher interest income, brokerage fees and net gain from disposal of partial interest in subsidiary.

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B3. Prospects for 2023

In light of fiscal policy normalisation and a decelerating global economy, it is anticipated that the domestic economy will slow in 2Q23, with Gross Domestic Product "GDP " growth forecasted to moderate significantly to 3.5% compared to 1Q22 of 5.1%, the lowest level in six quarters. The reason for this slowdown is the fading of the lower base effect, and a return to normalcy in the economy with reduced support from COVID-era stimulus measures. The global economic slowdown and the tightening of global monetary policy, to combat inflationary pressures, have also impacted our economy. Despite potential external downside risks to growth, expectations of lower political risk premiums, robust domestic demand, a projected rise in tourist arrival and increased investment should limit any negative impact. The unity government's expansionary fiscal policy and clear policy direction, as seen in the revised Budget 2023, will continue to support growth. We maintain our 2023 GDP growth forecast of 4.7%, higher than the government and consensus projection of 4.5% and 4.0%, respectively.

Given BNM's 25 bps rate hike at its latest meeting, we believe the central bank has completed its monetary policy normalisation and will likely keep the overnight policy rate unchanged at the neutral level of 3.00% for the rest of the year, barring any external shocks to growth or inflation. We believe the 125 bps worth of rate hikes over the past year should be sufficient to temper inflationary pressures whilst remaining conducive to sustainable economic growth.

Although the growth outlook for the Group is still vulnerable to downside risks mainly due to external factors stemming from recessionary risks in the advanced economies and geo-political events, there is cautious optimism for the outlook for Kenanga in 2023. Our EB business remained focused on retail market and continues to introduce new products to the market, the latest being fractional shares trading via Rakuten Trade. The business is poised to benefit from any upside in Bursa volume during the year. Meanwhile IB has been actively completing its mandates which is expected to increase its IB revenue compared to previous year. Our asset management business is expected to continue to grow significantly during the year with higher Asset Under Managements and expanded sales network.

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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>	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(5,732)	2,335	(5,732)	2,335
Deferred taxation	3,642	(6,896)	3,642	(6,896)
Total	(2,090)	(4,561)	(2,090)	(4,561)

The effective tax rate of the Group for the both current and comparative financial periods was lower than the statutory tax rate principally due to exclusion of certain income from the tax computation.

<u>Bank</u>	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(82)	(59)	(82)	(59)
Deferred taxation	487	(1,714)	487	(1,714)
Total	405	(1,773)	405	(1,773)

The effective tax rate of the bank for the both current and comparative financial periods was lower than the statutory tax rate principally due to exclusion of of certain income from the tax computation.

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SELECTED EXPLANATORY NOTES
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B6. Borrowings

	Group		Bank	
	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
Secured				
Revolving bank loan*				
- Within one year	5,200	8,000	5,200	8,000
Unsecured				
Revolving bank loans*				
- Within one year	17,500	17,500	-	-
Subordinated notes*				
- More than one year	200,500	180,500	200,500	180,500
	<u>218,000</u>	<u>198,000</u>	<u>200,500</u>	<u>180,500</u>
	<u>223,200</u>	<u>206,000</u>	<u>205,700</u>	<u>188,500</u>

* All borrowings are denominated in RM

B7. Dividend

The Company had, after obtaining Bank Negara Malaysia's approval, made an announcement to Bursa Malaysia Securities Berhad on 24 February 2023 in respect of the declaration of a total Single Tier Interim Dividend of 6.00 sen per share in respect of the financial year ended 31 December 2022. This Single Tier Interim Dividend which amounted to RM43,587,258 based on the issued and paid-up capital of 726,454,299 ordinary shares was paid on 14 April 2023.

No dividend has been proposed for the current financial quarter.

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SELECTED EXPLANATORY NOTES
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B8. Earnings per share

	Individual Quarter		Cumulative Quarters	
	31 March ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000	3 months ended 31 March 2023 RM'000	3 months ended 31 March 2022 RM'000
Profit for the period attributable to equity holders of the Bank	10,247	16,695	10,247	16,695
Weighted average number of ordinary shares in issue ('000)	722,381	725,633	722,381	725,633
Effects of dilution	3,601	7,005	3,601	7,005
Adjusted weighted average number of ordinary shares in issue ('000)	725,982	732,638	725,982	732,638
Earnings per share (sen)				
- basic	1.42	2.30	1.42	2.30
- fully diluted	1.41	2.28	1.41	2.28

There were no potential dilutive ordinary shares outstanding as at 31 March 2023.

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 2023.

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

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 31 March 2023		As at 31 December 2022	
	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	29,186	28,900	29,338	29,449
Equity related contract- swaps	67,996	2,668	64,187	3,295
Equity related contract- forwards	51,342	47,052	57,354	52,463
Dual currency investment- options	8,850	47	2,126	10
	157,374	78,667	153,005	85,217
<u>Derivative financial liabilities</u>				
Equity related contract- options	268,777	35,105	159,722	15,688
Equity related contract- swaps	-	-	11,438	798
Dual currency investment- options	8,850	47	2,126	10
	277,627	35,152	173,286	16,496

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 2022 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

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B11. Derivative financial instruments (Cont'd.)

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.

Loss arising from fair value changes of derivative financial instruments

The unrealised loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM16,749,379 (4Q22 loss: RM3,109,434). 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
2023	2022
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 was fixed for case management in the Court of Appeal on 16 March 2022 and the date of case management was revised to 7 December 2023 followed by the previous revision date on 27 March 2023.

<u>3,600</u>	<u>3,600</u>
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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.