

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

Unaudited Condensed Interim Financial Statements
31 December 2023

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

<u>Group</u>	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,482,513	1,732,786
Financial assets at fair value through profit or loss ("FVTPL")	A12	438,660	322,139
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	877,282	319,173
Financial investments at amortised cost ("AC")	A13 (ii)	470,796	449,114
Derivative financial assets	B11	75,938	85,217
Loans, advances and financing	A14	1,700,962	1,690,475
Balances due from clients and brokers	A15	570,715	427,638
Other assets	A16	191,381	183,753
Statutory deposit with Bank Negara Malaysia	A17	60,620	58,403
Tax recoverable		24,599	31,819
Investment in associates		121,619	99,683
Investment in joint ventures		31,650	26,569
Property, plant and equipment		152,776	156,221
Intangible assets		333,609	329,219
Right-of-use assets		24,226	24,964
Deferred tax assets		25,500	25,184
TOTAL ASSETS		6,582,846	5,962,357
LIABILITIES			
Deposits from customers	A18	3,610,595	3,161,078
Deposits and placements of banks and other financial institutions	A19	331,803	415,359
Balances due to clients and brokers		775,015	732,709
Derivative financial liabilities	B11	45,097	16,496
Other liabilities	A20	430,465	367,258
Obligations on securities sold under repurchase agreements		97,232	-
Borrowings	A21	180,500	206,000
Lease liabilities		24,750	25,324
Provision for taxation and zakat		16,358	15,245
Deferred tax liabilities		56	64
TOTAL LIABILITIES		5,511,871	4,939,533

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<u>Group (cont'd.)</u>	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,739)	(13,538)
Reserves		828,880	776,984
		<u>1,070,975</u>	<u>1,017,280</u>
Non-controlling Interests		-	5,544
TOTAL EQUITY		<u>1,070,975</u>	<u>1,022,824</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>6,582,846</u>	<u>5,962,357</u>
Commitments and contingencies	A29	<u>4,775,217</u>	<u>4,298,476</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.48</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.

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

<u>Bank</u>	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	974,727	1,262,925
Financial assets at FVTPL	A12	438,474	324,626
Financial investments at FVOCI	A13 (i)	877,282	319,173
Financial investments at AC	A13 (ii)	470,796	449,114
Derivative financial assets	B11	75,938	85,217
Loans, advances and financing	A14	1,726,647	1,703,510
Balances due from clients and brokers	A15	570,636	427,477
Other assets	A16	178,662	125,433
Statutory deposit with Bank Negara Malaysia	A17	60,620	58,403
Tax recoverable		13,776	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		144,506	151,029
Intangible assets		335,920	331,132
Right-of-use assets		20,247	20,540
Deferred tax assets		6,807	12,966
TOTAL ASSETS		6,072,351	5,456,192
LIABILITIES			
Deposits from customers	A18	3,764,714	3,299,305
Deposits and placements of banks and other financial institutions	A19	331,803	415,359
Balances due to clients and brokers		344,719	262,976
Derivative financial liabilities	B11	45,097	16,496
Other liabilities	A20	262,046	248,727
Obligations on securities sold under repurchase agreements		97,232	-
Borrowings	A21	180,500	188,500
Lease liabilities		20,594	20,757
Provision for taxation and zakat		427	291
TOTAL LIABILITIES		5,047,132	4,452,411

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

<u>Bank (cont'd.)</u>	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,739)	(13,538)
Reserves		783,124	763,485
TOTAL EQUITY		<u>1,025,219</u>	<u>1,003,781</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>6,072,351</u>	<u>5,456,192</u>
Commitments and contingencies	A29	<u>4,906,200</u>	<u>4,412,160</u>
Net assets per share (RM)		<u>1.42</u>	<u>1.39</u>

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KENANGA INVESTMENT BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Group					
Interest income	A22	62,167	59,952	256,936	222,539
Interest expense	A23	(44,009)	(34,900)	(162,074)	(112,813)
Net interest income		18,158	25,052	94,862	109,726
Net income from Islamic banking business	A33	6,306	4,471	20,639	15,201
Other operating income	A24	155,025	113,552	536,752	485,348
Net income		179,489	143,075	652,253	610,275
Other operating expenses	A25	(149,273)	(131,239)	(569,804)	(533,173)
Operating profit		30,216	11,836	82,449	77,102
Credit loss (expense)/reversal	A26	(12,115)	1,227	(5,526)	(3,923)
Bad debts recovered	A27	2,989	37	4,919	119
		21,090	13,100	81,842	73,298
Share of results of associates and joint ventures		3,074	1,902	6,268	852
Profit before taxation and zakat		24,164	15,002	88,110	74,150
Taxation and zakat	B5	(2,081)	(935)	(15,359)	(18,796)
Profit for the period/year		22,083	14,067	72,751	55,354
Profit for the period/year attributable to:					
Equity holders of the Bank		22,083	13,855	72,641	54,511
Non-controlling interests		-	212	110	843
		22,083	14,067	72,751	55,354
Earnings per share:					
Basic (sen)	B8	3.05	1.92	10.04	7.50
Fully diluted (sen)	B8	3.05	1.92	10.01	7.46

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

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2023	3 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
Note	RM'000	RM'000	RM'000	RM'000
Group (cont'd.)				
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on equity instruments at FVOCI	49	-	49	(167)
Share of other comprehensive income/(loss) of associates	1,724	(3,232)	9,767	57
Income tax relating to the fair value gain/(loss) on equity instruments	(12)	-	(12)	40
Items that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on consolidation	(2,629)	(4,885)	4,761	4,871
Net gain/(loss) on fair value changes of debt instrument at FVOCI	8,610	4,410	11,822	(9,242)
Income tax relating to fair value (loss)/gain on debt instruments	(1,770)	(964)	(2,581)	2,313
Other comprehensive income/(loss) for the period/year, net of tax	<u>5,972</u>	<u>(4,671)</u>	<u>23,806</u>	<u>(2,128)</u>
Total comprehensive income for the period/year, net of tax	<u>28,055</u>	<u>9,396</u>	<u>96,557</u>	<u>53,226</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	28,055	9,184	96,447	52,383
Non-controlling interests	-	212	110	843
	<u>28,055</u>	<u>9,396</u>	<u>96,557</u>	<u>53,226</u>

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

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Bank					
Interest income	A22	59,544	57,015	245,549	213,364
Interest expense	A23	(45,609)	(39,623)	(178,193)	(127,531)
Net interest income		13,935	17,392	67,356	85,833
Net income from Islamic banking business	A33	6,306	4,471	20,639	15,201
Other operating income	A24	138,866	114,957	342,702	298,247
Net income		159,107	136,820	430,697	399,281
Other operating expenses	A25	(105,434)	(90,423)	(376,905)	(343,661)
Operating profit		53,673	46,397	53,792	55,620
Credit loss (expense)/reversal	A26	(10,212)	7,869	(5)	2,551
Bad debts recovered	A27	2,988	37	4,909	119
Profit before taxation and zakat		46,449	54,303	58,696	58,290
Taxation and zakat		648	(1,422)	(3,784)	(3,371)
Profit for the period/year		47,097	52,881	54,912	54,919
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on equity instruments at FVOCI		49	-	49	(167)
Income tax relating to the fair value gain/(loss) on equity instruments		(12)	-	(12)	40
Items that will be reclassified subsequently to profit or loss:					
Net gain/(loss) on fair value changes of debt instruments at FVOCI		8,610	4,410	11,822	(9,242)
Income tax relating to fair value gain/(loss) on debt instruments		(1,770)	(964)	(2,581)	2,313
Other comprehensive income/(loss) for the period/year, net of tax		6,877	3,446	9,278	(7,056)
Total comprehensive income for the period/year, net of tax		53,974	56,327	64,190	47,863

The condensed financial statements should be read in conjunction with the audited financial statements 7 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 DECEMBER 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	
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 year	-	-	-	-	-	-	-	72,641	110	72,751
Share of other comprehensive income of associates	-	-	8,493	-	-	-	-	1,274	-	9,767
Other comprehensive income	-	-	9,278	-	4,761	-	-	-	-	14,039
Total comprehensive income	-	-	17,771	-	4,761	-	-	73,915	110	96,557
Share-based payment under Employees' Share Scheme ("ESS")	-	(263)	-	-	-	-	-	-	-	(263)
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	1,799	(701)	-	1,098
Transfer from regulatory reserve	-	-	-	(1,128)	-	-	-	1,128	-	-
Transfer to retained profits	-	(214)	-	-	-	-	-	214	-	-
Dividend paid	-	-	-	-	-	-	-	(43,587)	-	(43,587)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(5,654)	(5,654)
At 31 December 2023	253,834	1,317	6,849	16,064	28,836	88,938	(11,739)	686,876	-	1,070,975

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	-	54,511	843	55,354
Share of other comprehensive (loss)/income of associates	-	-	(10,456)	-	-	-	-	10,513	-	57
Other comprehensive (loss)/income	-	-	(7,056)	-	4,871	-	-	-	-	(2,185)
Total comprehensive (loss)/income	-	-	(17,512)	-	4,871	-	-	65,024	843	53,226
Share-based payment under ESS	-	407	-	-	-	-	-	-	-	407
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	15,623	(8,305)	-	7,318
Buy-back of shares	-	-	-	-	-	-	(16,097)	-	-	(16,097)
Transfer from regulatory reserve	-	-	-	(1,729)	-	-	-	1,729	-	-
Transfer to retained profits	-	(1,422)	-	-	-	-	-	1,422	-	-
Dividend paid	-	-	-	-	-	-	-	(77,060)	-	(77,060)
At 31 December 2022	253,834	1,794	(10,922)	17,192	24,075	88,938	(13,538)	655,907	5,544	1,022,824

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)

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

Bank	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
At 1 January 2023	253,834	1,794	(6,422)	17,192	153,863	(13,538)	597,058	1,003,781
Net profit for the financial year	-	-	-	-	-	-	54,912	54,912
Other comprehensive income	-	-	9,278	-	-	-	-	9,278
Total comprehensive income	-	-	9,278	-	-	-	54,912	64,190
Share-based payment under ESS	-	(263)	-	-	-	-	-	(263)
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	1,799	(701)	1,098
Transfer from regulatory reserve	-	-	-	(1,128)	-	-	1,128	-
Transfer to retained profits	-	(214)	-	-	-	-	214	-
Dividend paid	-	-	-	-	-	-	(43,587)	(43,587)
At 31 December 2023	253,834	1,317	2,856	16,064	153,863	(11,739)	609,024	1,025,219

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	54,919	54,919
Other comprehensive loss	-	-	(7,056)	-	-	-	-	(7,056)
Total comprehensive (loss)/income	-	-	(7,056)	-	-	-	54,919	47,863
Share-based payment under ESS	-	407	-	-	-	-	-	407
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	15,623	(8,305)	7,318
Buy-back of shares	-	-	-	-	-	(16,097)	-	(16,097)
Transfer from regulatory reserve	-	-	-	(1,729)	-	-	1,729	-
Transfer to retained profits	-	(1,422)	-	-	-	-	1,422	-
Dividend paid	-	-	-	-	-	-	(77,060)	(77,060)
At 31 December 2022	253,834	1,794	(6,422)	17,192	153,863	(13,538)	597,058	1,003,781

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 DECEMBER 2023

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Cash flows from operating activities				
Profit before taxation	88,110	74,150	58,696	58,290
Adjustments for:				
Depreciation of property, plant and equipment	11,182	11,472	9,869	10,487
Amortisation of intangible assets	7,654	6,462	6,185	5,508
Amortisation of right-of-use assets	8,640	8,039	6,672	6,660
Lease interest expenses	475	894	879	743
ESS (reversal)/expense	(265)	326	(265)	326
Credit loss expense/(reversal)	5,526	3,923	5	(2,551)
Property, plant and equipment written off	8	911	2	902
Computer Software written-off	32	608	32	608
Impairment allowance on intangible assets	195	-	195	-
Fixed assets expensed off	24	2,971	-	1,708
Bad debts written off	6	-	-	-
Gain on disposal of a subsidiary	(1,509)	-	-	-
Gain on disposal of an associate	-	(9,117)	-	-
Non-cash items	31,968	26,489	23,574	24,391
Net gain from sale of financial assets at FVTPL and derivatives	(60,776)	(23,675)	(59,286)	(23,667)
Net gain from sale of financial investments other than those measured at FVTPL	(22)	(25)	(22)	(25)
Gross dividend income from investments	(1,419)	(1,527)	(57,500)	(60,492)
Loss on revaluation of financial assets at FVTPL and derivatives	4,434	8,954	7,108	10,454
Gain on disposal of property, plant and equipment	(2)	(111)	(3)	(93)
Share of results of associates and joint ventures	(6,268)	(852)	-	-
Non-operating items - investing	(64,053)	(17,236)	(109,703)	(73,823)
Adjustments for non-operating and non-cash items	(32,085)	9,253	(86,129)	(49,432)
Operating profit/(loss) before working capital changes	56,025	83,403	(27,433)	8,858

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

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Changes in working capital:				
Net changes in operating assets	(148,623)	(38,940)	(221,583)	(5,578)
Net changes in operating liabilities	575,601	(353,111)	574,219	(326,478)
Cash generated from/(used in) operations	483,003	(308,648)	325,203	(323,198)
Taxation and zakat paid	(9,931)	(30,200)	(8)	(11,394)
Rental/lease interest payment	(475)	(894)	(879)	(743)
Net operating cash flow	<u>472,597</u>	<u>(339,742)</u>	<u>324,316</u>	<u>(335,335)</u>
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	3,649	-	-	-
Sale proceeds from disposal of an associate, net of expense	-	9,117	-	-
Dividends received	1,419	1,527	57,500	60,492
Dividends received from an associate	2,080	-	-	-
Purchase of property, plant equipment and intangible assets	(20,111)	(13,967)	(14,566)	(10,482)
Proceeds from disposal of property, plant and equipment	24	781	21	763
Capital injection in a joint venture	(6,516)	(1,550)	(6,516)	(1,550)
Net (purchase)/sale of securities	(591,268)	237,489	(592,759)	232,539
Deposits with bank	(100)	-	-	-
Net investing cash flow	<u>(610,823)</u>	<u>233,397</u>	<u>(556,320)</u>	<u>281,762</u>
Cash flows from financing activities				
Dividend paid	(43,587)	(77,060)	(43,587)	(77,060)
Repayment of lease liabilities	(8,546)	(8,028)	(6,612)	(6,705)
Net repayment of borrowings	(24,500)	(38,700)	(8,000)	(16,200)
Share buy-back	-	(16,446)	-	(16,446)
Proceeds from exercise of ESS	1,098	7,667	1,098	7,667
Net financing cash flow	<u>(75,535)</u>	<u>(132,567)</u>	<u>(57,101)</u>	<u>(108,744)</u>
Net change in cash and cash equivalents during the financial period/year	(213,761)	(238,912)	(289,105)	(162,317)
Cash and cash equivalents brought forward	<u>1,230,891</u>	<u>1,469,803</u>	<u>1,174,810</u>	<u>1,337,127</u>
Cash and cash equivalents carried forward	<u>1,017,130</u>	<u>1,230,891</u>	<u>885,705</u>	<u>1,174,810</u>

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Cash and short-term funds	1,376,148	1,700,779	878,937	1,240,970
Deposits and placements with banks and other financial institutions	106,365	32,007	95,790	21,955
Less: Segregated funds from customers	(376,261)	(413,780)	-	-
Less: Cash and bank balances and deposits held in trust	(89,022)	(88,115)	(89,022)	(88,115)
Less: Deposits more than 3 months	(100)	-	-	-
	<u>1,017,130</u>	<u>1,230,891</u>	<u>885,705</u>	<u>1,174,810</u>

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

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 31 December 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 material 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 DECEMBER 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 December 2023 other than the followings:

- a) transfer of 1,791,500 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.
- c) (i) on 31 July 2023, the Bank has fully redeemed the tranche 2 of its Subordinated Notes with nominal value of RM10 million which was issued on 28 January 2018 under the Tier 2 Subordinated Notes Programme.

(ii) on 18 September 2023, the Bank has fully redeemed the tranche 3 of its Subordinated Notes with nominal value of RM10 million which was issued on 18 September 2018 under the Tier 2 Subordinated Notes Programme.

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:

- (i) On 1 March 2023, Kenanga Capital Sdn Bhd, ("KCSB"), a wholly-owned subsidiary of the Bank, had disposed of an additional 31% of its interest in Kenanga Capital Islamic Sdn Bhd ("KCISB") for a cash consideration of RM5,815,145 (inclusive of RM2.0 million dividend) following the call option exercised by Bay Amaranite Sdn Bhd. Upon completion of the exercise, the shareholding in KCISB held by KCSB has decreased from 51% to 20% and KCISB had become an associate company of KCSB.
- (ii) On 3 April 2023, Kenanga Investors Bhd, ("KIB"), a wholly-owned subsidiary of the Bank, had transferred a total of 80% equity stake in its wholly-owned subsidiary, Kenanga Funds Berhad ("KFB"), to its four wholly-owned subsidiaries, Kenanga Islamic Investors Berhad, KUT Nominees (Asing) Sdn Bhd, KUT Nominees (Tempatan) Sdn Bhd and i-VCAP Management Sdn Bhd in equal proportion. Thereafter, KFB has changed its name to Kenanga Trustees Berhad and converted to a trust company under the Trust Companies Act 1949.

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

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

A11. Cash and bank balances

Cash and balances with banks and other financial institutions	500,062	498,690	116,341	113,936
Money at call and deposit placements	982,451	1,234,096	858,386	1,148,989
	1,482,513	1,732,786	974,727	1,262,925

Included in cash and bank
balances are:

Cash and cash equivalents	1,017,130	1,230,891	885,705	1,174,810
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	465,283	501,895	89,022	88,115
Deposits more than 3 months	100	-	-	-
	1,482,513	1,732,786	974,727	1,262,925

A12. Financial assets at FVTPL

Quoted Securities:

Shares and funds in Malaysia	248,446	127,984	247,887	127,443
Funds outside Malaysia	19,384	16,529	19,384	16,529
	267,830	144,513	267,271	143,972

Unquoted Securities:

Shares and funds in Malaysia	170,830	168,584	171,203	171,612
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**Unquoted Debt Securities
in Malaysia:**

Islamic Corporate Sukuk	-	9,042	-	9,042
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Total financial assets at FVTPL	438,660	322,139	438,474	324,626
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Group and Bank	
As at 31 December 2023 RM'000	As at 31 December 2022 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	177,379	19,373
Malaysian Government Investment Certificates	331,282	59,534
Islamic Negotiable Instruments of Deposits	159,644	-
	668,305	78,907

Equity instruments in Malaysia:

Unquoted Shares	1,343	1,294
	1,343	1,294

Debt instruments in Malaysia:

Islamic Corporate Sukuk	167,187	184,377
Corporate Bonds	40,447	54,595
	207,634	238,972

Total financial investments at FVOCI

877,282	319,173
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Impairment losses on debt instruments measured at FVOCI

Group and Bank

Movements in Expected Credit Loss ("ECL")	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2023	261	128	-	389
Impact of net re-measurement of ECL	(95)	-	-	(95)
Changes in model assumption or methodology	1,294	-	-	1,294
Assets derecognised or matured	-	(128)	-	(128)
As at 31 December 2023	1,460	-	-	1,460

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
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 December 2023 RM'000	As at 31 December 2022 RM'000

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	125,853	49,677
Malaysian Government Investment Certificates	228,204	177,316
	<u>354,057</u>	<u>226,993</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	116,739	202,119
Corporate Bonds	-	20,002
	<u>116,739</u>	<u>222,121</u>

Total financial investments at AC

470,796	449,114
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Included in financial investments at AC are financial assets sold under repurchase agreements as follows:

Malaysian Government Securities	<u>97,232</u>	<u>-</u>
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 December 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 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

A14. Loans, advances and financing

At AC

Share margin financing	1,134,235	1,153,056	1,134,235	1,153,056
Term loans/financing	561,143	500,905	574,172	525,953
Subordinated term loan	-	-	25,038	45,067
Other lending and factoring receivables	12,200	58,885	-	-
Advances to group employees	-	2	-	2
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(579)	(170)	(761)	(635)
- Stage 2- Lifetime ECL non-credit impaired	(2,741)	(2,900)	(2,741)	(2,900)
- Stage 3- Lifetime ECL credit impaired	(3,296)	(19,303)	(3,296)	(17,033)
Net loans, advances and financing	1,700,962	1,690,475	1,726,647	1,703,510

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

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

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

(i) By Type of Customer

Domestic business enterprise				
- Small and medium enterprises	195,811	240,319	188,041	200,583
- Others	492,367	492,321	530,434	562,436
Individuals	1,019,400	979,667	1,014,970	960,518
Foreign enterprises	-	541	-	541
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078

(ii) By Geographical Distribution

In Malaysia	1,704,115	1,709,313	1,729,982	1,720,543
Outside Malaysia	3,463	3,535	3,463	3,535
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078

(iii) By Interest Rate/ Profit Rate Sensitivity

Fixed rate				
- Other fixed rate loans	1,146,435	1,211,941	1,134,235	1,153,056
Variable rate				
- Other variable rates	561,143	497,904	599,210	568,019
- Base lending rate plus	-	3,001	-	3,001
Interest free	-	2	-	2
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078

(iv) By Purpose

Purchase of securities	1,382,070	1,401,784	1,382,070	1,401,784
Working capital	108,716	138,982	139,014	170,161
Others	216,792	172,082	212,361	152,133
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078

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

	Group		Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
A14. Loans, advances and financing (cont'd.)				
(v) By Residual Contractual Maturity				
Within one year	1,478,996	1,494,342	1,486,858	1,484,823
More than one year	228,582	218,506	246,587	239,255
Gross loans, advances and financing	1,707,578	1,712,848	1,733,445	1,724,078
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial year	43,179	73,141	30,346	64,700
Impaired during the financial year	31,663	9,188	31,663	4,041
Disposal of a subsidiary	(484)	-	-	-
Reclassified as performing	-	(30,505)	-	(30,505)
Amount recovered during the financial year	(12,887)	(8,645)	(4,968)	(7,890)
At end of the financial year	61,471	43,179	57,041	30,346
Less: Allowance for ECL	(3,296)	(19,303)	(3,296)	(17,033)
Net impaired LAF	58,175	23,876	53,745	13,313
Net impaired LAF as a % of net loans, advances and financing	3.42%	1.41%	3.11%	0.78%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	61,471	42,638	57,041	29,805
Outside Malaysia	-	541	-	541
Gross impaired loans	61,471	43,179	57,041	30,346

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022

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

(viii) Impaired LAF by Purpose

Working capital	-	5,630	-	-
Purchase of securities	57,041	30,346	57,041	30,346
Others	4,430	7,203	-	-
Gross impaired loans	<u>61,471</u>	<u>43,179</u>	<u>57,041</u>	<u>30,346</u>

(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
	RM'000	RM'000	RM'000	RM'000
Movements in ECL				
As at 1 January 2023	-	-	17,033	17,033
Assets derecognised or repaid (excluding write-offs)	-	-	(1,500)	(1,500)
Net remeasurement of allowance	-	-	(12,237)	(12,237)
As at 31 December 2023	<u>-</u>	<u>-</u>	<u>3,296</u>	<u>3,296</u>
	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Movements in ECL				
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	<u>-</u>	<u>-</u>	<u>17,033</u>	<u>17,033</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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

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	531	-	-	531
Assets derecognised or repaid (excluding write-offs)	(226)	-	-	(226)
Net remeasurement of allowance	85	(159)	-	(74)
Changes in model assumption or methodology	(23)	-	-	(23)
As at 31 December 2023	<u>537</u>	<u>2,741</u>	<u>-</u>	<u>3,278</u>
	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	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	<u>170</u>	<u>2,900</u>	<u>-</u>	<u>3,070</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 loans and financing is as follows:

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	556	-	-	556
Assets derecognised or repaid (excluding write-offs)	(391)	-	-	(391)
Net remeasurement of allowance	(46)	(159)	-	(205)
Changes in model assumption or methodology	(8)	-	-	(8)
As at 31 December 2023	<u>680</u>	<u>2,741</u>	<u>-</u>	<u>3,421</u>
	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	<u>569</u>	<u>2,900</u>	<u>-</u>	<u>3,469</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 loans and financing 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)	-	-	(1,786)	(1,786)
Disposal of a subsidiary	-	-	(484)	(484)
As at 31 December 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	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

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	-	-	-	-
New assets originated or purchased	160	-	-	160
Net remeasurement of allowance	(67)	-	-	(67)
Changes in model assumption or methodology	(51)	-	-	(51)
As at 31 December 2023	42	-	-	42

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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:

Undrawn commitment

Group

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

Bank

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2023	66	-	-	66
New assets originated or purchased	231	-	-	231
Net remeasurement of allowance	(113)	-	-	(113)
Changes in model assumption or methodology	(102)	-	-	(102)
As at 31 December 2023	82	-	-	82

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

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	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	573,523	430,415	573,444	430,254
Less: Allowance for ECL	(2,808)	(2,777)	(2,808)	(2,777)
	570,715	427,638	570,636	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
	RM'000	RM'000	RM'000
Movements in ECL			
As at 1 January 2023	1,531	1,246	2,777
Charged during the financial year	157	598	755
Written back during the financial year	(135)	(465)	(600)
Written off during the financial year	-	(124)	(124)
As at 31 December 2023	1,553	1,255	2,808

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

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Movements in ECL			
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial 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 DECEMBER 2023

	Group		Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Assets segregated for customers	54,658	56,596	-	-
Interest/income receivable	12,981	9,602	12,683	9,424
Prepayments and deposits	21,907	21,217	18,950	18,496
Other debtors	137,517	107,515	91,288	73,927
Dividend receivable from subsidiaries	-	-	52,000	-
Amount due from subsidiaries	-	-	27,784	30,581
Amount due from related parties	52	49	52	49
Amount due from trustees	-	433	-	-
Amount due from associate	1	-	1	-
	227,116	195,412	202,758	132,477
Allowance for ECL				
- Other debtors	(35,735)	(11,659)	(24,002)	(6,804)
- Amount due from subsidiaries	-	-	(94)	(240)
	191,381	183,753	178,662	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	1,842	11,814	13,656
Assets derecognised or repaid (excluding write-offs)	-	(2,911)	(2,911)
Transfer of stages	(2,105)	2,105	-
Net remeasurement of allowance	-	9,268	9,268
Changes in model assumption or methodology	-	4,063	4,063
As at 31 December 2023	141	35,594	35,735

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

A16. Other assets (cont'd.)

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

	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	1,842	4,936	6,778
Assets derecognised or repaid (excluding write-offs)	-	(2,911)	(2,911)
Transfer of stages	(2,105)	2,105	-
Net remeasurement of allowance	-	9,268	9,268
Changes in model assumption or methodology	-	4,063	4,063
As at 31 December 2023	<u>141</u>	<u>23,861</u>	<u>24,002</u>

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

A16. Other assets (cont'd.)

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

Bank (cont'd.)

	2022		Total RM'000
	Non-Credit Impaired RM'000	Credit Impaired 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	404	6,400	6,804

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

Bank

	2023			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Movements in ECL				
As at 1 January 2023	240	-	-	240
Net remeasurement of allowance	(146)	-	-	(146)
As at 31 December 2023	94	-	-	94

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

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

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

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	60,620	58,403
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

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

A18. Deposits from customers

(i) By type of deposit				
Fixed term deposits	2,717,804	2,350,345	2,757,670	2,468,356
Short term money deposits	657,594	614,784	771,847	635,000
Call money deposits	90,070	67,265	90,070	67,265
Negotiable instruments of deposits	145,127	128,684	145,127	128,684
	3,610,595	3,161,078	3,764,714	3,299,305
(ii) By type of customer				
Government and other statutory bodies	611,206	740,926	611,206	740,926
Individuals	182,798	143,417	182,798	143,417
Business enterprises	886,486	745,665	886,486	745,665
Non-bank financial institutions	1,606,945	1,266,173	1,606,945	1,266,173
Subsidiaries and related companies	323,160	264,897	477,279	403,124
	3,610,595	3,161,078	3,764,714	3,299,305
(iii) By maturity structure				
Due within six months	2,649,211	2,692,617	2,803,330	2,830,844
More than six months to one year	692,818	286,971	692,818	286,971
More than one year	268,566	181,490	268,566	181,490
	3,610,595	3,161,078	3,764,714	3,299,305

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

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

A19. Deposits and placements of banks and financial institutions

Licenced banks	14,579	-
Licenced investment banks	100,000	50,000
Other financial institutions	217,224	365,359
	331,803	415,359

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

A20. Other liabilities

Interest/Income payable	28,775	16,041	29,226	16,074
Securities borrowing and lending	8,722	11,635	8,722	11,635
Accruals and provisions	190,739	184,440	65,028	60,859
Retention for contra losses	17	16	17	16
Structured products	3,474	2,879	3,474	2,879
Deposits and other creditors	72,387	63,226	66,548	69,109
Amounts held in trust on behalf of				
Dealer's Representatives	89,022	88,115	89,022	88,115
Amount due to trustees	37,329	906	-	-
Amount due to subsidiaries	-	-	9	40
	430,465	367,258	262,046	248,727

A21. Borrowings

Secured:

Revolving bank loan	-	8,000	-	8,000
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Unsecured:

Revolving bank loans	-	17,500	-	-
Subordinated notes	180,500	180,500	180,500	180,500
	180,500	206,000	180,500	188,500

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
A22. Interest income				
<u>Group</u>				
Loans, advances and financing	30,238	27,004	120,285	113,000
Money at call and deposit placements with financial institutions	18,502	18,374	77,171	58,078
Financial investments at FVOCI	5,786	3,209	14,932	15,863
Financial investments at AC	3,878	3,032	14,060	8,276
Others	3,763	8,333	30,488	27,322
	62,167	59,952	256,936	222,539
<u>Bank</u>				
Loans, advances and financing	30,879	26,727	122,018	111,229
Money at call and deposit placements with financial institutions	15,271	15,719	64,127	50,680
Financial investments at FVOCI	5,786	3,209	14,932	15,863
Financial investments at AC	3,878	3,032	14,060	8,276
Others	3,730	8,328	30,412	27,316
	59,544	57,015	245,549	213,364
A23. Interest expense				
<u>Group</u>				
Deposits from customers	34,121	26,150	123,198	82,572
Deposits and placement from banks and other financial institutions	897	418	3,273	830
Borrowings	2,227	2,682	9,952	10,791
Lease interest expenses	273	205	475	894
Others	6,491	5,445	25,176	17,726
	44,009	34,900	162,074	112,813
<u>Bank</u>				
Deposits from customers	35,343	27,388	127,444	86,256
Deposits and placement from banks and other financial institutions	897	418	3,273	830
Borrowings	2,182	2,322	9,520	9,367
Lease interest expenses	227	204	879	743
Others	6,960	9,291	37,077	30,335
	45,609	39,623	178,193	127,531

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2023</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2023</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>
A24. Other operating income				
<u>Group</u>				
(a) Fee income:				
Brokerage fees	45,232	39,683	170,467	166,610
Corporate advisory fees	2,246	3,748	8,489	10,331
Processing fees on loans, advances and financing	128	1,228	509	3,057
Commissions	2,207	3,122	9,564	12,703
Management fee income	69,495	38,631	226,454	202,047
Placement fees	2,411	4,031	15,443	19,303
Underwriting commissions	63	(43)	1,366	891
Other fee income	4,023	5,367	17,739	18,269
Others	651	428	2,698	1,653
	<u>126,456</u>	<u>96,195</u>	<u>452,729</u>	<u>434,864</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	12,155	10,965	60,958	23,675
Financial investments at FVOCI	7	5	23	25
	<u>12,162</u>	<u>10,970</u>	<u>60,981</u>	<u>23,700</u>
(c) Gross dividend income from financial assets at FVTPL	863	226	1,321	1,429
Financial investments at FVOCI	-	-	98	98
	<u>863</u>	<u>226</u>	<u>1,419</u>	<u>1,527</u>
(d) Interest income from financial assets at FVTPL	<u>275</u>	<u>135</u>	<u>1,633</u>	<u>610</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>7,597</u>	<u>1,968</u>	<u>(4,434)</u>	<u>(8,954)</u>

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

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
A24. Other operating income (cont'd.)				
<u>Group</u>				
(f) Other income:				
Net foreign exchange income	2,674	144	10,523	8,121
Gain/(Loss) on disposal of property, plant and equipment	5	(3)	2	111
Other operating income	316	692	1,341	7,359
Other non-operating income				
- Rental income	590	512	2,249	2,074
- Gain on disposal of a subsidiary	-	-	1,509	-
- (Loss)/Gain on disposal of an associate	-	(21)	-	9,117
- Others	4,087	2,734	8,800	6,819
	7,672	4,058	24,424	33,601
Total other operating income	155,025	113,552	536,752	485,348
<u>Bank</u>				
(a) Fee income:				
Brokerage fees	45,232	39,683	170,467	166,610
Corporate advisory fees	2,271	3,784	8,591	10,468
Processing fees on loans, advances and financing	190	781	490	1,679
Management fee income	76	63	327	359
Placement fees	2,220	3,841	13,440	11,043
Underwriting commissions	63	(43)	1,366	891
Other fee income	1,655	1,246	6,084	6,345
Others	577	126	2,354	437
	52,284	49,481	203,119	197,832
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	11,794	10,964	59,468	23,667
Financial investments at FVOCI	7	5	23	25
	11,801	10,969	59,491	23,692

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
A24. Other operating income (cont'd.)				
<u>Bank (cont'd.)</u>				
(c) Gross dividend from:				
Financial assets at FVTPL	863	226	1,321	1,394
Financial investments at FVOCI	-	-	98	98
Subsidiaries	54,000	50,000	54,000	59,000
Associate	-	-	2,081	-
	<u>54,863</u>	<u>50,226</u>	<u>57,500</u>	<u>60,492</u>
(d) Interest income from financial assets at FVTPL	<u>275</u>	<u>135</u>	<u>1,633</u>	<u>610</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>6,968</u>	<u>1,090</u>	<u>(7,108)</u>	<u>(10,454)</u>
(f) Other income:				
Net foreign exchange income	2,735	510	10,174	8,241
Gain on disposal of property, plant and equipment	3	-	3	93
Other operating income	7,471	634	8,759	8,963
Other non-operating income				
- Rental income	1,040	970	4,055	3,897
- Others	1,426	942	5,076	4,881
	<u>12,675</u>	<u>3,056</u>	<u>28,067</u>	<u>26,075</u>
Total other operating income	<u>138,866</u>	<u>114,957</u>	<u>342,702</u>	<u>298,247</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
A25. Other operating expenses				
Group				
Personnel costs	69,603	58,539	237,972	221,835
- Salaries, allowances and bonuses	57,013	46,116	188,364	175,000
- EPF	5,446	5,225	21,468	20,839
- ESS (reversal)/expense	(331)	16	(260)	408
- Others	7,475	7,182	28,400	25,588
Establishment costs	17,015	16,984	70,250	59,213
- Depreciation of property, plant and equipment	2,827	2,932	11,182	11,472
- Amortisation of intangible assets	2,149	1,791	7,654	6,462
- Amortisation of right-of-use assets	2,000	2,054	8,640	8,039
- Rental of premises	137	134	500	476
- Rental of equipment	265	218	880	783
- Repairs and maintenance	897	1,151	4,033	3,942
- Information technology expenses	7,797	7,315	33,466	21,340
- Others	943	1,389	3,895	6,699
Marketing expenses	5,912	2,794	21,383	17,084
- Promotion and advertisements	3,403	1,406	13,875	12,375
- Travel and entertainment	1,966	1,203	5,640	3,829
- Others	543	185	1,868	880
Administration and general expenses	56,743	52,922	240,199	235,041
- Communication expenses	1,282	1,431	4,894	5,286
- Professional and legal fees	1,186	2,054	4,907	4,638
- Regulatory charges	4,449	3,606	16,511	16,150
- Publication and research material	3,459	2,408	12,324	10,145
- Fees and brokerage	43,654	42,630	184,821	184,467
- Administrative expenses	2,713	793	16,742	14,355
Total other operating expenses	149,273	131,239	569,804	533,173

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	49,603	41,978	160,481	149,995
- Salaries, allowances and bonuses	42,361	34,186	131,409	122,095
- EPF	4,244	4,132	16,848	16,490
- ESS (reversal)/expense	(319)	23	(265)	326
- Others	3,317	3,637	12,489	11,084
Establishment costs	13,679	13,218	55,533	47,953
- Depreciation of property, plant and equipment	2,450	2,624	9,869	10,487
- Amortisation of intangible assets	1,714	1,480	6,185	5,508
- Amortisation of right-of-use assets	1,656	1,660	6,672	6,660
- Rental of premises	138	110	440	370
- Rental of equipment	165	133	566	499
- Repairs and maintenance	858	1,101	3,880	3,784
- Information technology expenses	5,793	5,356	24,446	17,396
- Others	905	754	3,475	3,249
Marketing expenses	2,545	2,212	8,387	6,916
- Promotion and advertisement	1,123	1,325	3,574	4,452
- Travel and entertainment	898	717	3,000	1,700
- Others	524	170	1,813	764
Administration and general expenses	39,607	33,015	152,504	138,797
- Communication expenses	1,029	1,222	3,948	4,235
- Professional and legal fees	1,110	1,789	4,480	3,891
- Regulatory charges	4,305	3,257	15,438	14,838
- Publication and research material	2,728	2,159	10,408	9,274
- Fees and brokerages	28,406	24,324	103,959	94,525
- Administrative expenses	2,029	264	14,271	12,034
Total other operating expenses	105,434	90,423	376,905	343,661

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

A26. Credit loss (expense)/reversal

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

Group

Individual 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	(1,230)	(1)	-	(1,231)
Loans, advances and financing	(212)	159	6,233	6,180
Recoveries from share margin financing	-	-	501	501
Loan commitments	51	-	-	51
Credit loss (expense)/reversal	(1,391)	158	6,734	5,501

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	130	(1)	-	129
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(165)	-	(469)	(634)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	14	(1)	7,127	7,140

(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	(30)	(2)	(32)
Other debtors	(288)	(17,296)	(17,584)
Credit loss expense	(318)	(17,298)	(17,616)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	11	(35)	(24)
Other debtors	(702)	(5,187)	(5,889)
Credit loss expense	(691)	(5,222)	(5,913)

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

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

Group

Cumulative Quarters

(iii) Movements in ECLs 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	(1,199)	128	-	(1,071)
Loans, advances and financing	(367)	159	15,523	15,315
Recoveries from share margin financing	-	-	4,503	4,503
Loan commitments	(42)	-	-	(42)
Credit loss (expense)/reversal	(1,608)	287	20,026	18,705

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	79	(78)	-	1
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(121)	-	(5,030)	(5,151)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	7	(78)	2,566	2,495

(iv) Movements in ECLs on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(22)	(133)	(155)
Other debtors	(1,842)	(22,234)	(24,076)
Credit loss expense	(1,864)	(22,367)	(24,231)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	4	15	19
Other debtors	(1,764)	(4,673)	(6,437)
Credit loss expense	(1,760)	(4,658)	(6,418)

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

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

Bank

Individual 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	(1,230)	(1)	-	(1,231)
Loans, advances and financing	(175)	159	6,085	6,069
Recoveries from share margin financing	-	-	501	501
Loan commitments	76	-	-	76
Amount due from subsidiaries	46	-	-	46
Credit loss (expense)/reversal	(1,283)	158	6,586	5,461

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	130	(1)	-	129
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(164)	-	1,317	1,153
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	15	(1)	8,913	8,927

(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	(30)	(2)	(32)
Other debtors	(288)	(15,353)	(15,641)
Credit loss expense	(318)	(15,355)	(15,673)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	11	(35)	(24)
Other debtors	(702)	(332)	(1,034)
Credit loss expense	(691)	(367)	(1,058)

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

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

Bank

Cumulative Quarters

(vii) Movements in ECLs 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	(1,199)	128	-	(1,071)
Loans, advances and financing	(111)	159	13,737	13,785
Recoveries from share margin financing	-	-	4,503	4,503
Loan commitments	(15)	-	-	(15)
Amount due from subsidiaries	146	-	-	146
Credit loss (expense)/reversal	(1,179)	287	18,240	17,348

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	79	(78)	-	1
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(266)	-	(3,244)	(3,510)
Recoveries from share margin financing	-	-	7,596	7,596
Loan commitments	(22)	-	-	(22)
Credit loss (expense)/reversal	(160)	(78)	4,352	4,114

(viii) Movements in ECLs on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(22)	(133)	(155)
Other debtors	(1,842)	(15,356)	(17,198)
Credit loss expense	(1,864)	(15,489)	(17,353)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	4	15	19
Other debtors	(1,764)	182	(1,582)
Credit loss (expense)/reversal	(1,760)	197	(1,563)

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

A27. Bad debts recovered/(written off)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2023	3 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing	2,978	(9)	4,874	9
Balance due from clients and brokers	10	46	51	110
Other debtors	1	-	(6)	-
	2,989	37	4,919	119
<u>Bank</u>				
Loans, advances and financing	2,978	(9)	4,858	9
Balance due from clients and brokers	10	46	51	110
	2,988	37	4,909	119

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 DECEMBER 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 December 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	-	99,627	-	99,627
- Equity securities	267,830	-	71,203	339,033
Financial investments at FVOCI				
- Debt securities	-	875,939	-	875,939
- Equity securities	-	-	1,343	1,343
Derivative financial assets	-	75,938	-	75,938
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	484,183	-	484,183
Loans, advances and financing	-	-	1,707,116	1,707,116
	267,830	1,535,687	1,779,662	3,583,179
Financial liabilities measured at fair value				
Derivative financial liabilities	23,014	22,083	-	45,097
Obligations on securities sold under repurchase agreements	-	97,232	-	97,232
Borrowings	-	172,003	-	172,003
	23,014	291,318	-	314,332

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

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

Bank

31 December 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	-	100,000	-	100,000
- Equity securities	267,271	-	71,203	338,474
Financial investments at FVOCI				
- Debt securities	-	875,939	-	875,939
- Equity securities	-	-	1,343	1,343
Derivative financial assets	-	75,938	-	75,938
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	484,183	-	484,183
Loans, advances and financing	-	-	1,733,014	1,733,014
	267,271	1,536,060	1,805,560	3,608,891
Financial liabilities measured at fair value				
Derivative financial liabilities	23,014	22,083	-	45,097
Obligations on securities sold under repurchase agreements	-	97,232	-	97,232
Borrowings	-	172,003	-	172,003
	23,014	291,318	-	314,332

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 DECEMBER 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 December 2023 Principal Amount RM'000	As at 31 December 2022 Principal Amount RM'000	As at 31 December 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	2,882,629	2,749,435	2,882,629	2,749,435
- foreign exchange related contracts	55,232	43,452	55,232	43,452
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	65,392	55,561	116,392	130,561
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	54,541	25,000	89,541	40,000
- others	6,000	-	6,000	-
Stockbroking clients' trust	980,227	1,069,081	980,227	1,069,081
Securities borrowing and lending	8,367	11,102	8,367	11,102
Derivative financial assets				
- dual currency investment - options	3,074	2,126	3,074	2,126
- equity related contracts - options	25,985	29,338	25,985	29,338
- equity related contracts - swaps	19,439	64,187	19,439	64,187
- equity related contract - forwards	51,342	57,354	51,342	57,354
Derivative financial liabilities				
- dual currency investment - options	3,074	2,126	3,074	2,126
- equity related contracts - options	498,986	159,722	498,986	159,722
- equity related contracts - swaps	33,374	11,438	33,374	11,438
- equity related contract - forwards	80,738	-	80,738	-
Capital commitment:				
- Authorised and contracted for Investment in equity fund	6,817	18,554	6,809	17,247
	-	-	44,991	24,991
	4,775,217	4,298,476	4,906,200	4,412,160

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

	Group		Bank	
	31 December	31 December	31 December	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	-	-	2,886	2,886
External parties	765	442	765	442
	<u>765</u>	<u>442</u>	<u>3,651</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 December	31 December	31 December	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	686,876	655,907	609,024	597,058
Other reserves	142,004	121,077	174,100	166,427
Less: Regulatory adjustments:				
Deferred tax assets	(25,500)	(25,184)	(6,807)	(12,966)
55% of cumulative gains on financial investments at FVOCI	(3,767)	-	(1,571)	-
Goodwill	(241,027)	(241,027)	(252,909)	(252,909)
Other intangibles	(92,582)	(88,192)	(83,011)	(78,223)
Regulatory reserve	(16,064)	(17,192)	(16,064)	(17,192)
Treasury shares	(11,739)	(13,538)	(11,739)	(13,538)
Other CET 1 regulatory adjustments specified by BNM	1,547	1,510	1,006	1,020
Investment in ordinary shares of unconsolidated financial entities	(153,268)	(126,252)	(177,112)	(170,596)
Total CET 1/Tier 1 capital	<u>540,314</u>	<u>520,943</u>	<u>488,751</u>	<u>472,915</u>

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

A31. Capital Adequacy (cont'd.)

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

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Tier 2 capital				
Subordinated obligations capital	180,500	180,500	180,500	180,500
General provisions [^]	17,380	17,972	17,212	17,549
Total Tier 2 capital	<u>197,880</u>	<u>198,472</u>	<u>197,712</u>	<u>198,049</u>
Total capital	<u>738,194</u>	<u>719,415</u>	<u>686,463</u>	<u>670,964</u>
CET 1 capital ratio	21.543%	20.936%	22.474%	21.626%
Tier 1 capital ratio	21.543%	20.936%	22.474%	21.626%
Total capital ratio	29.433%	28.913%	31.565%	30.682%
After deducting interim dividend #				
CET 1 capital ratio	19.570%	19.231%	20.201%	19.687%
Tier 1 capital ratio	19.570%	19.231%	20.201%	19.687%
Total capital ratio	27.487%	27.231%	29.330%	28.775%

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

[#] Refer to interim dividends declared subsequent to the financial year ended 31 December 2023.

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

A31. Capital Adequacy (cont'd.)

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

	Group		Group	
	31 December 2023		31 December 2022	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	5,444,902	1,390,445	5,031,093	1,437,747
Market Risk	-	216,865	-	142,514
Operational Risk	-	887,613	-	894,847
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	5,444,902	2,508,031	5,031,093	2,488,216
	Bank		Bank	
	31 December 2023		31 December 2022	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	4,962,905	1,376,948	4,450,896	1,403,888
Market Risk	-	215,327	-	141,026
Operational Risk	-	569,376	-	628,776
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	4,962,905	2,174,759	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 DECEMBER 2023

A32. Credit Exposures Arising From Credit Transactions With Connected Parties

Credit transactions and exposures to connected parties as disclosed below include the extension of credit facilities and/or off-balance sheet credit exposures such as loan commitments:

	31 December 2023	31 December 2022
Outstanding credit exposures with connected parties (RM'000)	<u>190,000</u>	<u>193,301</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>5.70%</u>	<u>6.23%</u>
- which was impaired or in default	<u>-</u>	<u>-</u>

The credit exposure above were derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which was effective since 1 January 2008.

A33. 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 DECEMBER 2023

A33. 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	179,462	368,648	22,511	3,455	244,952	2,028	-	821,056
- Interest income	135,313	128,738	12,988	3,148	6,767	46	-	287,000
- Fee income/(expense)	28,993	181,509	9,431	307	237,783	(1)	-	458,022
- Trading and investment income	9,667	52,365	-	-	141	2,105	-	64,278
- Other operating income	5,489	6,036	92	-	261	(122)	-	11,756
Inter-segment sales	44,492	(60,168)	1,419	-	19,628	15,112	(20,483)	-
Total revenue	223,954	308,480	23,930	3,455	264,580	17,140	(20,483)	821,056
Result								
Net interest income	21,266	41,157	12,200	1,702	881	5,575	12,081	94,862
Net income from Islamic banking business	16,015	4,624	-	-	-	-	-	20,639
Other operating income/(loss)	38,160	239,909	9,540	5,605	260,037	64,694	(81,193)	536,752
Net income	75,441	285,690	21,740	7,307	260,918	70,269	(69,112)	652,253
Other operating expenses	(60,720)	(290,011)	(15,492)	(2,866)	(188,275)	(18,582)	6,142	(569,804)
Credit loss (expense)/reversal	(8,979)	18,054	-	1,786	(13,973)	(9,081)	6,667	(5,526)
Bad debt recovered	-	2,328	-	16	-	2,575	-	4,919
Share of results in associates and joint ventures	-	-	-	-	-	6,268	-	6,268
Profit before taxation and zakat	5,742	16,061	6,248	6,243	58,670	51,449	(56,303)	88,110
Taxation and zakat								(15,359)
Net profit for the financial year								<u>72,751</u>

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

A33. 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	73,195	12,200	1,702	881	5,574	12,081		105,633
Depreciation and amortisation	(12,709)	(451)	(103)	(6,118)	(9,440)	1,345		(27,476)
Disposal of a subsidiary		-	3,099	-	-	(1,590)		1,509
Non cash items								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(8,510)	-	-	141	1,279	2,656		(4,434)
Assets								
Investments in associates	-	-	-	-	121,619	-		121,619
Investment in joint ventures	-	-	-	-	31,650	-		31,650
Addition to non-current assets	14,566	69	8	5,468	-	-	A	20,111
Segment assets	6,072,350	484,167	28,121	343,652	31,465	(376,909)	B	6,582,846
Liabilities								
Segment liabilities	5,047,131	463,477	13,521	261,191	18,613	(292,062)	C	5,511,871

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

A33. 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/ and consolidation adjustments RM'000	Total RM'000
2022								
Revenue								
External sales	161,345	320,294	19,730	8,861	219,582	(6,726)	-	723,086
- Interest income	118,149	111,765	7,261	6,475	4,253	52	-	247,955
- Fee income/(expense)	33,119	176,545	12,284	2,386	215,390	(42)	-	439,682
- Trading and investment income/(loss)	4,855	25,882	-	-	(123)	(6,692)	-	23,922
- Other operating income/(loss)	5,222	6,102	185	-	62	(44)	-	11,527
Inter-segment sales	28,206	(41,843)	1,200	-	21,856	10,985	(20,404)	-
Total revenue	189,551	278,451	20,930	8,861	241,438	4,259	(20,404)	723,086
Result								
Net interest income	36,715	48,754	6,457	3,684	50	1,410	12,656	109,726
Net income from Islamic banking business	10,618	4,583	-	-	-	-	-	15,201
Other operating income/(loss)	30,147	210,495	12,508	2,539	238,939	66,094	(75,374)	485,348
Net income	77,480	263,832	18,965	6,223	238,989	67,504	(62,718)	610,275
Other operating expenses	(59,815)	(265,750)	(16,886)	(4,302)	(179,944)	(11,395)	4,919	(533,173)
Credit loss (expense)/reversal	(1,920)	4,300	-	(1,772)	(4,854)	168	155	(3,923)
Bad debt recovered	32	90	-	-	-	(3)	-	119
Impairment of investment in a subsidiary	-	-	-	-	-	(277)	277	-
Share of results of associates and joint ventures	-	-	-	-	-	852	-	852
Profit/(loss) before taxation and zakat	15,777	2,472	2,079	149	54,191	56,849	(57,367)	74,150
Taxation and zakat								(18,796)
Net profit for the financial year								<u>55,354</u>

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

A33. 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	92,743	6,457	3,684	50	1,410	12,656		117,000
Depreciation and amortisation Non cash items	(12,844)	(471)	(158)	(4,527)	(9,321)	1,348		(25,973)
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(3,556)	-	-	(165)	(6,759)	1,526		(8,954)
Assets								
Investments in associates	-	-	-	-	99,683	-		99,683
Investment in joint ventures	-	-	-	-	26,569	-		26,569
Addition to non-current assets Segment assets	10,482	56	8	3,421	-	-	A	13,967
	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 DECEMBER 2023

A33. 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 year	7,786	5,175
Intangible assets		
- Additions during the financial year	12,325	8,792
	<u>20,111</u>	<u>13,967</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	(79,250)	(81,600)
Investment in associates and joint ventures	34,517	15,801
Intangible assets	(39,617)	(39,584)
Inter-segment assets	(292,559)	(257,458)
	<u>(376,909)</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	(154,119)	(138,227)
Inter-segment liabilities	(137,943)	(116,433)
	<u>(292,062)</u>	<u>(254,660)</u>

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

A34. Operations of Islamic Banking

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

		Group and Bank	
	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	(e)	342,387	438,476
Financial assets at FVTPL	(f)	100,000	100,000
Financial investments at FVOCI	(g)(i)	264,847	65,618
Financial investments at AC	(g)(ii)	106,595	116,829
Financing and advances	(h)	139,371	97,492
Balances due from clients and brokers		2,009	1,477
Other assets	(i)	6,479	2,474
Property, plant and equipment		11	13
Intangible assets		1	2
Deferred tax assets		-	115
TOTAL ASSETS		961,700	822,496
LIABILITIES			
Deposits from customers	(j)	341,577	472,902
Deposits and placements of banks and other financial institutions	(k)	10,000	-
Balances due to clients and brokers		5,489	4,606
Other liabilities	(l)	392,461	150,968
Deferred tax liabilities		395	-
Provision for taxation and zakat		7,172	3,024
TOTAL LIABILITIES		757,094	631,500
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		84,606	70,996
TOTAL ISLAMIC BANKING CAPITAL FUNDS		204,606	190,996
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		961,700	822,496
Commitments and contingencies	(s)	110,797	77,789

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

A34. Operations of Islamic Banking (cont'd.)

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period/year ended 31 December 2023

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(m) 8,912	7,262	33,732	26,727
Income derived from investment of shareholders' funds	(n) 1,872	1,922	6,200	6,616
Credit loss reversal/(expense)	-	15	(91)	(87)
Total attributable income	10,784	9,199	39,841	33,256
Profit distributed to depositors	(o) (4,310)	(4,571)	(18,712)	(17,704)
Net income	6,474	4,628	21,129	15,552
Finance cost	(168)	(142)	(581)	(438)
Personnel costs	(p) (205)	(208)	(837)	(805)
Other overhead expenses	(q) (815)	(746)	(3,141)	(3,013)
Profit before taxation and zakat	5,286	3,532	16,570	11,296
Taxation and zakat	(1,408)	(949)	(4,439)	(3,024)
Profit for the financial period/year	3,878	2,583	12,131	8,272
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on debt instruments at FVOCI	1,655	795	1,994	(1,630)
Income tax related to the above items	(397)	(190)	(510)	423
Total other comprehensive income/(loss) for the financial period/year, net of tax	1,258	605	1,484	(1,207)
Total comprehensive income for the financial period/year, net of tax	5,136	3,188	13,615	7,065

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

A34. Operations of Islamic Banking (cont'd.)

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period/year ended 31 December 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 Quarters	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	8,912	7,262	33,732	26,727
Income derived from investment of shareholders' funds	1,872	1,922	6,200	6,616
Total income before impairment allowances and overhead expenses	10,784	9,184	39,932	33,343
Profit distributed to depositors	(4,310)	(4,571)	(18,712)	(17,704)
Finance cost	(168)	(142)	(581)	(438)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and of the Bank	6,306	4,471	20,639	15,201

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

A34. Operations Of Islamic Banking (cont'd.)

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

Group and Bank	Non- Distributable					Distributable	Total Equity RM'000
	Islamic Banking Fund RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2023	120,000	(301)	2,261	8	5,248	63,780	190,996
Net profit for the financial year	-	-	-	-	-	12,131	12,131
Other comprehensive income for the financial year	-	1,484	-	-	-	-	1,484
Share based payment under ESS	-	-	-	(1)	-	(4)	(5)
Transfer to regulatory reserve	-	-	393	-	-	(393)	-
Transfer to retained profits	-	-	-	(1)	-	1	-
At 31 December 2023	120,000	1,183	2,654	6	5,248	75,515	204,606
At 1 January 2022	120,000	906	2,314	13	5,248	55,484	183,965
Net profit for the financial year	-	-	-	-	-	8,272	8,272
Other comprehensive loss for the financial year	-	(1,207)	-	-	-	-	(1,207)
Share based payment under ESS	-	-	-	1	-	(35)	(34)
Transfer from regulatory reserve	-	-	(53)	-	-	53	-
Transfer to retained profits	-	-	-	(6)	-	6	-
At 31 December 2022	120,000	(301)	2,261	8	5,248	63,780	190,996

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

A34. Operations Of Islamic Banking (cont'd.)

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

	Group and Bank	
	31 December 2023	31 December 2022
	RM '000	RM '000
Cash flows from operating activities		
Profit before taxation and zakat	16,570	11,296
Adjustments for:		
Depreciation of plant and equipment	3	6
Amortisation of intangible assets	1	1
Credit loss expense	91	87
Net loss from sale of financial assets at FVTPL	182	-
Net loss from sale of financial investments other than those measured at FVTPL	1	-
Operating profit before working capital changes	<u>16,848</u>	<u>11,390</u>
Changes in operating assets:		
Financing and advances	(42,125)	6,040
Balances due from clients and brokers	(532)	647
Other assets	(3,978)	771
Changes in operating liabilities:		
Deposits from customers	(131,325)	(82,235)
Deposits and placements of banks and other financial institutions	10,000	-
Balances due to clients and brokers	883	(2,887)
Other liabilities	241,487	(45,982)
Cash generated from/(used in) operating activities	<u>91,258</u>	<u>(112,256)</u>
Taxation and zakat paid	(291)	(340)
Net cash generated from/(used in) operating activities	<u>90,967</u>	<u>(112,596)</u>
Cash flows from investing activity		
Net (purchase)/sales of securities, representing net investing cash flow	<u>(187,056)</u>	<u>126,360</u>
Net investing cash flow	<u>(187,056)</u>	<u>126,360</u>
Net change in cash and cash equivalents	(96,089)	13,764
Cash and cash equivalents at beginning of the financial year	<u>438,476</u>	<u>424,712</u>
Cash and cash equivalents at end of the financial year	<u>342,387</u>	<u>438,476</u>

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

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	16,287	19,476
Money at call and deposit placements with:		
Licensed Islamic banks	126,100	149,000
Domestic non-bank financial institutions	200,000	270,000
	<u>342,387</u>	<u>438,476</u>
(f) Financial assets at FVTPL		
Unquoted Securities in Malaysia:		
Funds	<u>100,000</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
At fair value		
(a) Money market instruments:		
Malaysian Government Investment Certificates	103,462	-
Negotiable Instruments of Deposits	99,770	-
(b) Debt instruments:		
Corporate Sukuk	<u>61,615</u>	<u>65,618</u>
Total financial investments at FVOCI	<u>264,847</u>	<u>65,618</u>
(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 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2023	-	128	-	128
Assets derecognised or repaid (excluding write-offs)	-	(128)	-	(128)
As at 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

A34. 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

Movements in ECL	2022			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 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 31 December 2023 RM'000	As at 31 December 2022 RM'000

(ii) Financial investments at AC

At cost

(a) Money market instruments:

Malaysian Government Investment Certificates 39,310 39,236

(b) Debt instruments:

Corporate Sukuk 67,285 77,593

Total financial investment at AC

106,595 116,829

Total financial investments other than those measured at FVTPL

371,442 182,447

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

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at	As at
	31 December	31 December
	2023	2022
	RM'000	RM'000
(h) Financing and advances		
At AC		
Commodity Murabahah share margin financing		
- Shariah contract - others	834	13,311
Commodity Murabahah revolving credit		
- Shariah contract - others	81,186	57,913
Commodity Murabahah term financing		
- Shariah contract - others	57,652	26,323
Gross financing and advances	<u>139,672</u>	<u>97,547</u>
Less: Allowance for ECL	(301)	(55)
Net financing and advances	<u>139,371</u>	<u>97,492</u>
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprises	84,544	42,548
Individuals	55,128	54,999
	<u>139,672</u>	<u>97,547</u>
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	<u>139,672</u>	<u>97,547</u>
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	834	13,311
Variable rate - Cost plus	138,838	84,236
	<u>139,672</u>	<u>97,547</u>
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Working capital	61,800	57,914
Purchase of securities	15,843	36,618
Others	62,029	3,015
	<u>139,672</u>	<u>97,547</u>

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

A34. Operations Of Islamic Banking (cont'd.)

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

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

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

Within one year	82,020	73,737
More than one year	57,652	23,810
	<u>139,672</u>	<u>97,547</u>

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

Group and Bank

Term Financing :

	2023	
	Stage 1	Total
	RM'000	RM'000
Movements in ECL		
As at 1 January 2023	55	55
New assets originated or purchased	375	375
Assets derecognised or repaid (excluding write-offs)	(70)	(70)
Net remeasurement of allowance	(152)	(152)
As at 31 December 2023	<u>208</u>	<u>208</u>

Group and Bank

	2022	
	Stage 1	Total
	RM'000	RM'000
Movements in ECL		
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	<u>55</u>	<u>55</u>

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

A34. Operations Of Islamic Banking (cont'd.)

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

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

Undrawn Commitment:

	2023	
	Stage 1	Total
Movements in ECL	RM'000	RM'000
As at 1 January 2023	-	-
New assets originated or purchased	159	159
Assets derecognised or repaid (excluding write-offs)	(66)	(66)
As at 31 December 2023	93	93

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

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

(i) Other Assets

Income receivables	3,426	2,433
Prepayment	8	6
Other receivables	3,072	89
Less: Allowance for ECL	(27)	(54)
	6,479	2,474

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

A34. Operations Of Islamic Banking (cont'd.)

(i) Other Assets (cont'd.)

Group and Bank

	2023		
	Non-Credit	Credit	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2023	1	53	54
New assets originated or purchased	6	3	9
Assets derecognised or repaid (excluding write-offs)	-	(36)	(36)
Transfer of stages	(6)	6	-
As at 31 December 2023	<u>1</u>	<u>26</u>	<u>27</u>

	2022		
	Non-Credit	Credit	Total
	Impaired	Impaired	
Movements in ECL	RM'000	RM'000	RM'000
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>

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

(j) Deposits from customers

(i) By type of deposit

Term deposits		
- Tawarruq (Commodity Murabahah deposits)	<u>341,577</u>	<u>472,902</u>

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
(j) Deposits from customers (cont'd.)		
(ii) By type of customers		
Domestic non-bank institutions	216,028	264,126
Government and other statutory bodies	67,540	100,000
Business enterprises	43,761	93,560
Individuals	785	670
Subsidiary companies	13,463	14,546
	<u>341,577</u>	<u>472,902</u>
(iii) By maturity		
Due within six months	299,349	372,902
Due more than six months	42,228	100,000
	<u>341,577</u>	<u>472,902</u>
(k) Deposits and placements of banks and other financial institutions		
Other financial institution	<u>10,000</u>	<u>-</u>
(l) Other liabilities		
Mudarabah Specific Investment Account	11,989	12,237
Profit payables	1,160	2,123
Other payables	379,312	136,608
	<u>392,461</u>	<u>150,968</u>

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

A34. Operations Of Islamic Banking (cont'd.)

	<u>Group and Bank Individual Quarter</u>		<u>Group and Bank Cumulative Quarters</u>	
	<u>3 months ended 31 December 2023 RM'000</u>	<u>3 months ended 31 December 2022 RM'000</u>	<u>12 months ended 31 December 2023 RM'000</u>	<u>12 months ended 31 December 2022 RM'000</u>
(m) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	721	331	2,159	1,889
Deposits and placements with financial institutions	2,425	2,874	11,667	8,966
Financial investment other than those measured at FVTPL	3,448	1,495	10,630	8,290
Accretion of discount	(177)	(82)	(597)	(349)
Others	1	2	5	4
	<u>6,418</u>	<u>4,620</u>	<u>23,864</u>	<u>18,800</u>
Other operating income/(loss)				
Net gain/(loss) on sale of financing assets at FVTPL	46	-	(182)	-
Net loss on sale of financial investments other than those measured at FVTPL	-	-	(1)	-
Fees on financing and advances	37	782	144	1,083
Brokerage fee	1,276	801	3,837	3,395
Profit income from financial assets at FVTPL	1,108	961	4,862	3,192
Advisory fee	46	122	260	340
Direct trading fees expense	(20)	(34)	(108)	(106)
Other operating income	1	-	1,052	-
Other non-operating income	-	10	4	23
	<u>2,494</u>	<u>2,642</u>	<u>9,868</u>	<u>7,927</u>
Total income derived from investment of depositors' funds	<u>8,912</u>	<u>7,262</u>	<u>33,732</u>	<u>26,727</u>

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

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
(n) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,907	1,282	6,200	4,535
Financial investments other than those measured at FVTPL	(39)	706	-	2,291
Accretion of premium	4	(66)	-	(210)
	1,872	1,922	6,200	6,616
(o) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,306	3,651	14,628	14,841
Others	1,004	920	4,084	2,863
	4,310	4,571	18,712	17,704
(p) Personnel costs				
- Salaries, wages, allowances and bonus	162	159	652	637
- EPF	26	25	102	100
- Other staff related expenses	17	24	83	68
	205	208	837	805
(q) Other overhead expenses:				
Establishment costs				
- Depreciation	-	2	3	6
- Amortisation	1	-	1	1
- Office rental	16	15	59	58
- Others	6	4	26	16
	23	21	89	81
Marketing and travelling expenses				
- Advertisement and promotions	-	1	1	1
- Travelling and entertainment expenses	-	-	1	-
	-	1	2	1

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

A34. Operations Of Islamic Banking (cont'd.)

Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
3 months ended	3 months ended	12 months ended	12 months ended
3 months ended	3 months ended	12 months ended	12 months ended
RM'000	RM'000	RM'000	RM'000

(q) Other overhead expenses (cont'd):

Administration and general expenses

- Fees and brokerage	138	117	620	543
- Support service charges	529	484	2,052	1,936
- Shariah committee expenses	68	49	228	185
- Others	56	74	150	267
	791	724	3,050	2,931

Total other overhead expenses

	814	746	3,141	3,013
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Group and Bank	
As at 31 December 2023	As at 31 December 2022
RM'000	RM'000

(r) Capital adequacy

CET 1 / Tier 1 Capital

Islamic Banking funds	120,000	120,000
Retained profits	75,515	63,780
Other reserves	9,091	7,216
Less:		
Intangible assets	(1)	(2)
Deferred tax	-	(115)
55% of cumulative gains on financial investments at FVOCI	(652)	-
Regulatory reserves	(2,654)	(2,261)
Total CET 1 / Tier 1 capital	201,299	188,618

Tier 2 Capital

General provisions	2,956	2,446
Total Tier 2 capital	2,956	2,446

Total capital	204,255	191,064
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
(r) Capital adequacy (cont'd.)		
CET 1 capital ratio	66.552%	71.578%
Tier 1 capital ratio	66.552%	71.578%
Total capital ratio	<u>67.529%</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 December 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	894,264	271,905	756,603	234,543
Operational risk	-	30,564	-	28,971
Total Risk Weighted Assets	<u>894,264</u>	<u>302,469</u>	<u>756,603</u>	<u>263,514</u>

(s) 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 31 December 2023 RM'000	As at 31 December 2022 RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	19,766	9,439
Other commitments with an original maturity of less than 1 year:		
- corporate financing	48,531	68,350
Other commitments with an original maturity of more than 1 year:		
- corporate financing	42,500	-
	<u>110,797</u>	<u>77,789</u>

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

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

B1. Performance Review

Group:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	223,295	179,455	821,056	723,086
Net income	179,489	143,075	652,253	610,275
Profit before tax	24,164	15,002	88,110	74,150
Profit after tax	22,083	14,067	72,751	55,354

The Group reported higher revenue and profit before tax ('PBT') for 4Q23 as compared to 4Q22 mainly due to higher management fee income, trading and investment income and higher share of profit from associates.

The Group reported higher revenue for FYE2023 compared to FYE2022 mainly due to higher gross interest income, management fee income and trading and investment income. Higher bad debt recovery and share of profit from associates have also contributed to higher PBT for current year.

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

Stockbroking:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	86,812	68,645	308,480	278,451
Net income	80,759	63,514	285,690	263,832
Profit before tax	10,315	10,037	16,061	2,472

Higher revenue was recorded by the stockbroking segment for 4Q23 as compared to 4Q22 mainly due to the higher brokerage fee, gross interest income and trading and investment income. However, the higher income was offset by higher overhead expenses.

For FYE2023, stockbroking segment recorded higher PBT as compared to FYE2022 mainly due to higher net brokerage fee income, higher trading and investment income and reversal of credit loss expense for margin clients as well as bad debt recoveries.

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

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

B1. Performance Review (cont'd.)

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

Investment Banking:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	53,378	56,052	223,954	189,551
Net income	20,150	22,106	75,441	77,480
(Loss)/Profit before tax	(2,826)	5,590	5,742	15,777

Investment Banking ("IB") registered lower loss before tax ('LBT') for 4Q23 as compared to PBT recorded for the corresponding period last year due to lower interest income, investment banking fee income and higher credit loss expense.

This division has registered higher revenue for FYE2023 compared to FYE2022 mainly due to higher gross interest income. However, lower PBT was recorded mainly due to lower net interest income from compressed interest margins and credit loss provision during the year.

Investment and Wealth Management:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	76,021	49,691	264,580	241,438
Net income	76,322	50,492	260,918	238,989
Profit before tax	24,131	5,888	58,670	54,191

Investment and Wealth Management has achieved higher net income and PBT for both 4Q23 and FYE2023 as compared to the corresponding periods last year mainly due to higher management and performance fees income but partially offset by higher expenses in line with revenue growth as well as credit loss expense of RM14.0mil.

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B1. Performance Review (cont'd.)

Listed derivatives:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	5,652	5,650	23,930	20,930
Net income	5,198	5,074	21,740	18,965
Profit before tax	1,114	890	6,248	2,079

Listed derivatives business has reported higher revenue and PBT for both 4Q23 and FYE2023 as compared to the corresponding periods in the previous year largely due to the higher interest income generated as a result of higher trading activities and higher interest rates.

Money Lending and Financing:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	472	2,335	3,455	8,861
Net income	213	1,619	7,307	6,223
(Loss)/Profit before tax	(171)	(766)	6,243	149

Lower revenue was recorded by Money Lending and Financing segment for 4Q23 compared to 4Q22 mainly due to lower interest income and fees income generated subsequent to the partial disposal of its interest in its previous subsidiary, KCISB and lower loan disbursement to KC clients.

It has recorded higher PBT for FYE2023 as compared to FYE2022 mainly due to dividend income and gain on the disposal of subsidiary. In addition, there was credit loss expense of RM1.8 million recorded in previous year which was reversed in current year due to repayment.

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B1. Performance Review (cont'd.)

Corporate and others:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2023 (4Q23)	31 December 2022 (4Q22)	31 December 2023 (FYE23)	31 December 2022 (FYE22)
(RM'000)				
Revenue	3,684	2,649	17,140	4,259
Net income	58,502	51,377	70,269	67,504
Profit before tax	44,171	42,264	51,449	56,849

The PBT was higher for 4Q23 as compared to 4Q22 mainly due to higher dividend income recorded.

Higher revenue were recorded for FYE2023 as compared to FYE2022 mainly due to the higher interest and trading and investment income. However, the income was partially negated by higher overheads incurred for digitalisation initiatives.

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

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 31 December 2023 (4Q23)	3 months ended 30 September 2023 (3Q23)
(RM'000)		
Revenue	223,295	219,708
Net income	179,489	176,036
Profit before tax	24,164	28,175
Profit after tax	22,083	23,613

For 4Q23, the Group has recorded higher revenue as compared to previous quarter ended 30 September 2023 mainly due to higher net trading and investment income and performance fee income but partially offset by lower investment banking fee income and higher ECL expense recorded in current quarter.

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B3. Prospects

In 2024, we forecast a robust Gross Domestic Product ("GDP") growth of 4.5% - 5.0% (2023: 3.7%), underpinned by a further normalisation in economic activity. Key pillars supporting this positive trajectory include sustainable domestic demand, a potential surge in tourism activities, a rebound in the manufacturing sector, and a buoyant global technological upcycle.

Nevertheless, downside risks persist, primarily stemming from the potential impact of a global economic slowdown led by advanced economies due to a higher interest rate environment. An escalation of the geopolitical tensions, particularly the Israel-Palestinian conflict as well as the extended Ukraine-Russia war, poses additional risks. Additionally, the slower-than-expected recovery in the Chinese economy could also exert pressure on global commodity prices, leading to a protracted subdued export performance.

With domestic inflation expected to stay comfortably below the 3.0% threshold on average, and with Malaysia's GDP continuing its expansion, we anticipate Bank Negara Malaysia (BNM) to maintain the status quo, keeping the overnight policy rate ("OPR") steady at 3.00% throughout 2024.

In summary, our outlook for Kenanga in 2024 is positive. However we will continue to be cautious due to the volatility in the market arising from the global events. The Group remains steadfast in its commitment to fostering collaboration, drive innovation and embrace digitalisation.

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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 year.

B5. Taxation and zakat

<u>Group</u>	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2023	3 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(6,466)	(1,604)	(18,316)	(11,037)
Deferred taxation	4,385	669	2,957	(7,759)
Total	(2,081)	(935)	(15,359)	(18,796)

The effective tax rate of the Group for the current financial period ended 31 December 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

<u>Bank</u>	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2023	3 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(136)	(91)	(218)	1,235
Deferred taxation	784	(1,331)	(3,566)	(4,606)
Total	648	(1,422)	(3,784)	(3,371)

The effective tax rate of the bank for the current financial periods ended 31 December 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

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B6. Borrowings

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Secured				
Revolving bank loan*				
- Within one year	-	8,000	-	8,000
Unsecured				
Revolving bank loans*				
- Within one year	-	17,500	-	-
Subordinated notes*				
- More than one year	180,500	180,500	180,500	180,500
	<u>180,500</u>	<u>198,000</u>	<u>180,500</u>	<u>180,500</u>
	<u>180,500</u>	<u>206,000</u>	<u>180,500</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 an interim single tier dividend of 6.00 sen per share in respect of the financial year ended 31 December 2022. This interim single tier 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.

Subsequent to the financial year end, on 29 February 2024, the Directors have declared an interim single tier dividend of 7.00 sen per ordinary share in respect of the financial year ended 31 December 2023 which amounted to total dividend payable of approximately RM51,503,382. This is computed based on issued and paid-up capital as at 31 December 2023 of 735,762,599 ordinary shares. The actual amount of dividend to be paid will depend on the number of shares in issue at the date of entitlement.

The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

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B8. Earnings per share

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2023 RM'000	3 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Profit for the period/year attributable to equity holders of the Bank	22,083	13,855	72,641	54,511
Weighted average number of ordinary shares in issue ('000)	723,902	723,229	723,291	726,672
Effects of dilution	95	-	2,089	4,406
Adjusted weighted average number of ordinary shares in issue ('000)	723,997	723,229	725,380	731,078
Earnings per share (sen)				
- basic	3.05	1.92	10.04	7.50
- fully diluted	3.05	1.92	10.01	7.46

There were no potential dilutive ordinary shares outstanding as at 31 December 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 December 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 December 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	25,985	26,415	29,338	29,449
Equity related contract- swaps	19,439	209	64,187	3,295
Equity related contract- forwards	51,342	49,309	57,354	52,463
Dual currency investment- options	3,074	5	2,126	10
	99,840	75,938	153,005	85,217
<u>Derivative financial liabilities</u>				
Equity related contract- options	498,986	40,124	159,722	15,688
Equity related contract- swaps	33,374	1,012	11,438	798
Equity related contract- forwards	80,738	3,956	-	-
Dual currency investment- options	3,074	5	2,126	10
	616,172	45,097	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 gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM6,825,018 (3Q23 loss: RM15,592,144). 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.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

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B12. Contingent liabilities

Group and Bank	
31 December	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 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter is fixed for hearing in the Court of Appeal on 21 August 2024.

3,600	3,600
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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.