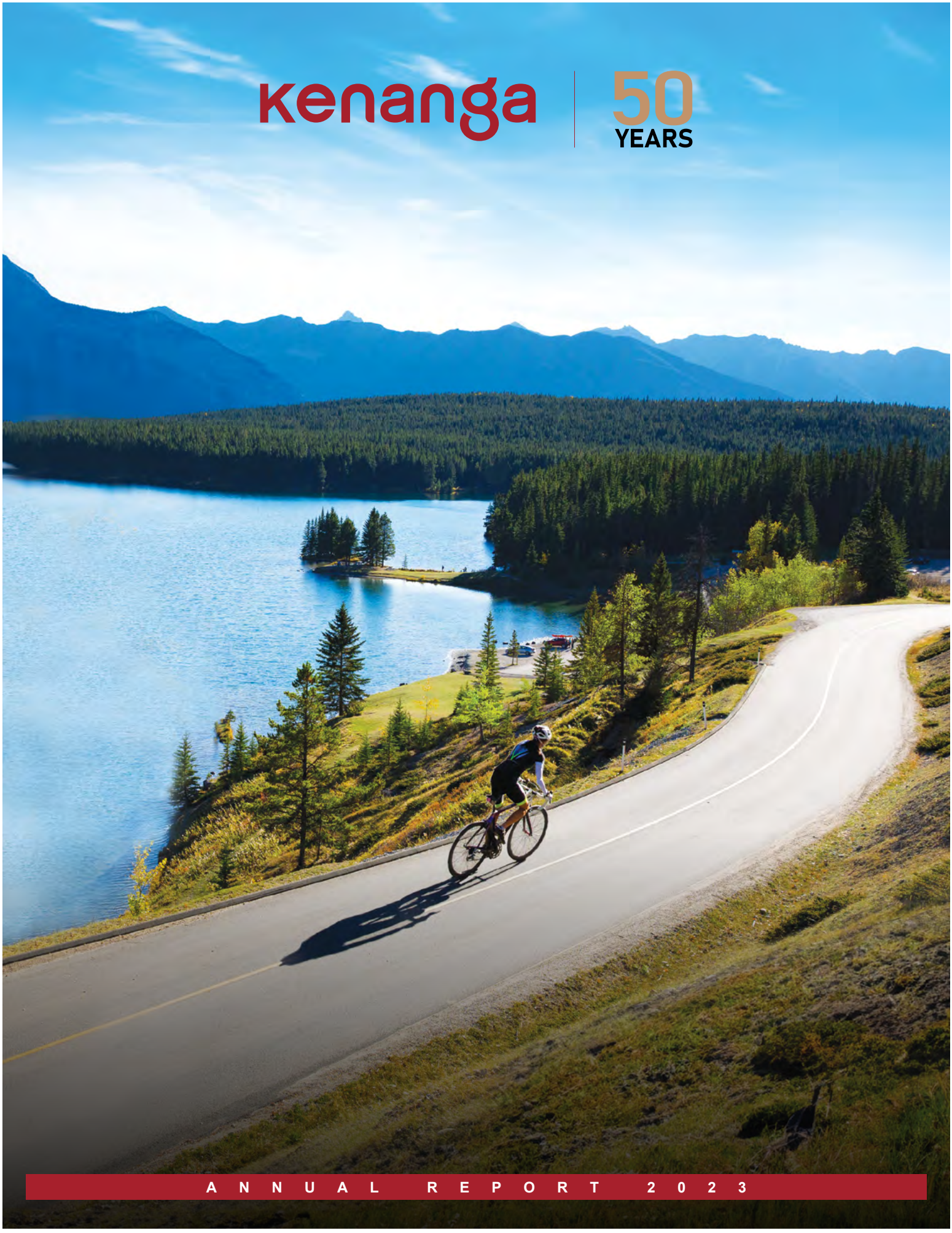
Kenanga 50 YEARS



ANNUAL REPORT 2023

COVER RATIONALE

At Kenanga, we embark on our journey guided by four (4) fundamental values: agility, collaboration, trustworthiness, and future-facing. These values serve as the bedrock of our identity, propelling us forward in our commitment to resilience and innovation in the dynamic landscape of the financial world.

The cover of our Annual Report symbolises our steady trajectory having achieved market leadership position across all core businesses, and embracing the road ahead with determination and resilience. The blue skies overhead represent the boundless possibilities that await, as we continue to push the boundaries of innovation, driving growth and creating value for our shareholders.

OUR REPORTS

The Annual Report 2023, Corporate Governance Report 2023 and Sustainability Report 2023 are our primary reports.

Supplementary information is available on our website: https://www.kenanga.com.my

Annual Report
Provides an overview of Kenanga Group's financial performance, as well as business highlights of the year.

Corporate Governance Report
Provides an overview of Kenanga Group's corporate governance and how it facilitates effective management to deliver long-term value for the Company.

Sustainability Report
Provides an understanding of Kenanga Group's sustainability ambitions, initiatives and progress, as well as how it is integrated across the business.

50TH ANNUAL GENERAL MEETING

Date	Thursday, 30 May 2024
Time	11:00 a.m.
Broadcast Venue	Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia

Kenanga is committed to making a difference in the environment. Play your part by opting to download a softcopy of our reports at https:www.kenanga.com.my/investor-relations/AGM2024 or by scanning the QR code on the left.

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KENANGA AT A GLANCE

Today, Kenanga Investment Bank Berhad ("**KIBB**" or "**Kenanga**") is the country's leading independent investment bank with a continuous commitment towards driving collaboration, innovation, digitalisation and sustainability in the marketplace.

The Group's ambitions include building a robust digital ecosystem that meets the needs of its clients and businesses. Some of its game-changing products include Malaysia's fully online digital stockbroking platform Rakuten Trade and a fully artificial intelligence ("**AI**") robo-advisor, Kenanga Digital Investing. It is currently developing Malaysia's first Wealth SuperApp that will be rolled out in 2024.

Kenanga's Digital Journey

Rakuten Securities

Rakuten Joint Venture
Kenanga entered into a joint venture with Japanese internet giant Rakuten Securities, Inc.

2016

Rakuten Trade

Launch of Rakuten Trade
Kenanga and Rakuten Securities, Inc. jointly launched Rakuten Trade, Malaysia's first fully digital equity broker.

Back Office Digitalisation
Kenanga completed back office digitalisation to enhance efficiencies.

2017

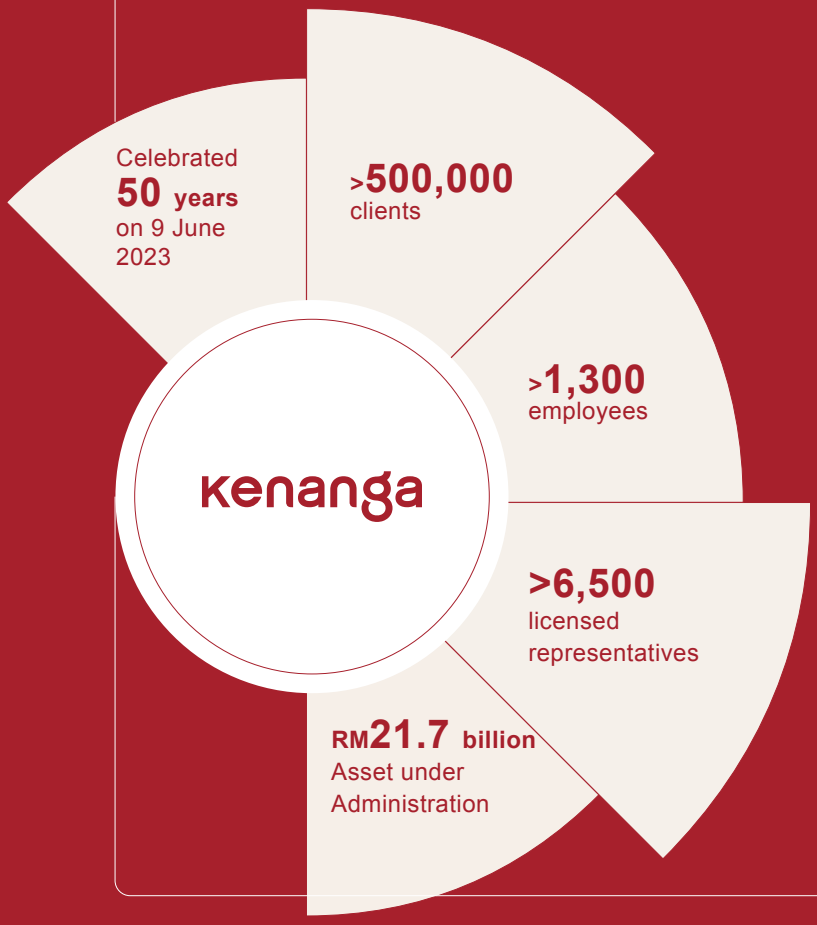
Launch of Remisier Portal
Kenanga launched a new portal to enable remisiers to work remotely.

2019

MERCHANTRADE

E-Wallet Launch with Merchantrade Asia Sdn Bhd ("Merchantrade")
Kenanga launched Kenanga Money, Malaysia's first stockbroker e-wallet, with Merchantrade and later acquired a 4.99% stake in the company.

2020



Awarded

'Highest Returns to Shareholders Over Three Years'

'Highest Growth in Profit After Tax in Over Three Years'

at The Edge Malaysia Centurion Club Corporate Awards 2023

FTSE4Good

ESG Rating of **4**

Top 11 in Percentile Ranking

capbay

Partnership with Bay Group Holdings Sdn Bhd ("CapBay")

Kenanga entered into a partnership with CapBay to digitalise first-in-Malaysia factoring solution unifying both, private and public sector's receivables under one (1) platform.

2020

Tokenize Xchange

A Stake in Tokenize Technology (M) Sdn Bhd

Kenanga received approval from the Securities Commission Malaysia to acquire 19% stake in Digital Asset Exchange Platform, Tokenize Xchange.

2021

kenanga digital investing

Launch of a Robo-Advisory Platform

Kenanga launched a fully AI-driven robo-advisory platform, Kenanga Digital Investing.

2022

ANT GROUP | Digital Technologies

Signed Memorandum of Understanding with Ant Group

Kenanga entered into a collaboration with Ant Group to develop Malaysia's first Wealth SuperApp, geared to revolutionise wealth generation and management.

2023

WHO WE ARE

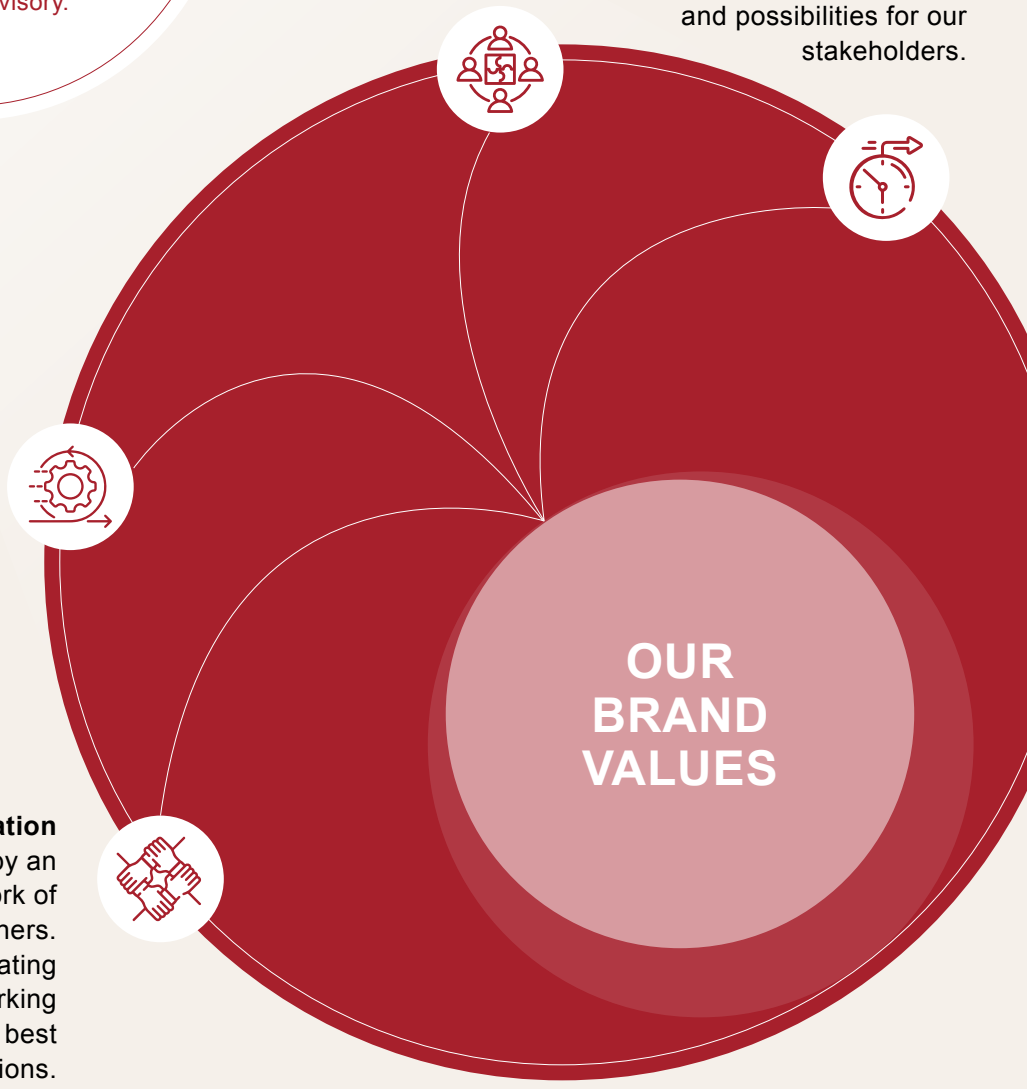
Established for over fifty (50) years, Kenanga is a financial group in Malaysia with extensive experience in equity broking, investment banking, treasury, Islamic banking, listed derivatives broking, investment management, asset and wealth management, money lending and robo-advisory.

Trustworthiness
Professionalism, integrity and transparency are values we hold dear. We are fully committed to ethical practices and strive to always maintain credibility in all that we do.

Future Facing
We are constantly pushing boundaries. Our pursuit of digital innovations will drive financial inclusion and create opportunities and possibilities for our stakeholders.

Agility
We are nimble and quick to respond with creative, customised solutions to meet our stakeholders' needs, both externally and internally.

Collaboration
We are supported by an integrated network of colleagues and partners. We believe in consolidating our knowledge and working together for the best solutions.



OUR NOTABLE RECOGNITIONS IN 2023

KENANGA INVESTMENT BANK BERHAD

The Edge Malaysia Centurion Club Corporate Awards 2023
Financial Services Category
- Highest Returns to Shareholders Over Three Years
- Highest Growth in Profit After Tax Over Three Years

National Energy Awards 2023
- Winner of Energy-Efficient Building in Retrofitted Building

Malaysia National Business Award 2023
- Investment Banking

Malaysia Technology Excellence Award 2023
- Fintech – Investment Banking

United Nations Global Compact Malaysia-Brunei Forward Faster Sustainability Awards 2023
Recognition for:
- Partnership for the Goals
- Sustainability Awareness and Employee Engagement

ESG Positive Impact Awards 2022
- Silver Award in the Innovative Partnership Category

Bursa Excellence Awards 2023
- Best Overall Equities Participating Organisation (Champion)
- Best Retail Equities Participating Organisation (Investment Bank) (Champion)
- Best Online Retail Participating Organisation (Champion)

Bursa Retail Investor Campaign 2023
Top Remisier Category
- Highest Number of New Accounts Opened (Shariah): Ahmad Faizal bin Mohamed Yusup
- Highest Traded Value – New Accounts: Ooi Yim Ee
- Highest Reactivation – Untraded Accounts: Yasmin Mae Abdul Karim

SRP Asia Pacific Awards 2023
- Best Educational Initiative

The Edge Best Call Awards 2023
- Samuel Tan Kai Bin's timely downgrade of D&O Green Technologies Bhd and SKP Resources Bhd
- Nigel Ng Ken Hou's call on United U-Li Corp Bhd

Focus Economics Analyst Forecast Awards 2023
- Kenanga Research, Third Place in Malaysia – Interest Rate Category

Sustainability & CSR Awards 2023
- Bank of the Year – Outstanding Sustainability Champion

OUR NOTABLE RECOGNITIONS IN 2023

KENANGA INVESTORS BERHAD

FSMOne Recommended Unit Trust Awards 2023/2024

Sector Equity – Malaysia Focused	Kenanga Growth Fund Series 2
Sector Equity – Malaysia Small to Medium Companies (Islamic)	Kenanga Shariah Growth Opportunities Fund
Private Retirement Scheme – Growth (Islamic)	Kenanga Shariah OnePRS Growth Fund

Asia Asset Management's 2024 Best of the Best Awards

Malaysia Best Impact Investing Manager	Kenanga Investors Berhad
Best Impact Investing Manager in ASEAN	Kenanga Investors Berhad
Malaysia Best Equity Manager	Kenanga Investors Berhad
Malaysia CEO of the Year	Datuk Wira Ismitz Matthew De Alwis, Executive Director and Chief Executive Officer, Kenanga Investors Berhad
Malaysia CIO of the Year	Lee Sook Yee, Chief Investment Officer, Kenanga Investors Berhad
Malaysia Best House for Alternatives	Kenanga Investors Berhad
Malaysia Most Improved Fund House	Kenanga Investors Berhad
Malaysia Best Investor Education	Kenanga Investors Berhad

LSEG Lipper Fund Awards Malaysia 2024

Best Equity Malaysia Diversified – Malaysia Pension Funds over 10 Years	Kenanga Malaysian Inc Fund
Best Mixed Asset MYR Flexible – Malaysia Pension Funds over 10 Years	Kenanga Diversified Fund

KENANGA FUTURES SDN BHD

Bursa Excellence Awards 2023	• Best Overall Derivatives Trading Participant (Champion) • Best Trading Participant Commodity Derivatives (Champion) • Best Institutional Derivatives Trading Participant (Champion)

CORPORATE STRUCTURE

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

- 100% **Kenanga Capital Sdn Bhd**
  Registration No. 199701024604 (440102-V)
  - 20% **Kenanga Capital Islamic Sdn Bhd**
    Registration No. 201101010778 (938908-X)
- 100% **Kenanga Private Equity Sdn Bhd**
  Registration No. 199701007563 (423059-P)
- 100% **Kenanga Management & Services Sdn Bhd**
  Registration No. 198001007478 (61262-V)
- 100% **Kenanga Nominees (Tempatan) Sdn Bhd**
  Registration No. 197301003326 (16778-M)
- 100% **Kenanga Nominees (Asing) Sdn Bhd**
  Registration No. 199301025305 (280043-U)
- 100% **ECML Berhad**
  Registration No. 193001000016 (682-X)
- 100% **Kenanga Digital Sdn Bhd**
  Registration No. 193801000015 (938-T)
- 100% **Kenanga Investors Berhad**
  Registration No. 199501024358 (353563-P)
  - 100% **Eq8 Capital Sdn Bhd**
    (Formerly known as i-VCAP Management Sdn Bhd)
    Registration No. 200701034939 (792968-D)
  - 100% **KUT Nominees (Tempatan) Sdn Bhd**
    Registration No. 200201001942 (569605-D)
  - 100% **KUT Nominees (Asing) Sdn Bhd**
    Registration No. 200201001939 (569602-K)
  - 100% **Kenanga Islamic Investors Berhad**
    Registration No. 199701036457 (451957-D)
  - 20% **Kenanga Trustees Berhad**
    (Formerly known as Kenanga Funds Berhad)
    Registration No. 200301017657 (620077-K)
- 100% **Kenanga Futures Sdn Bhd**
  Registration No. 199501024398 (353603-X)
- 29.6% **Al Wasatah Al Maliah Company**
  (Incorporated in the Kingdom of Saudi Arabia)
  Registration No. 1010241832
- 100% **K & N Kenanga Holdings Berhad**
  Registration No. 199401017181 (302859-X)
  - 100% **SSSB Management Services Sdn Bhd**
    Registration No. 199101009010 (219322-W)
  - 45% **Kenanga Investment Corporation Ltd**
    (Incorporated in Sri Lanka)
    Registration No. PB300
- 50% **Rakuten Trade Singapore Pte Ltd**
  (Incorporated in Singapore)
  Registration No. 201433886E
- 50% **Rakuten Trade Sdn Bhd**
  Registration No. 199301011963 (266701-P)
- 100% **Avenue Kestrel Sdn Bhd**
  Registration No. 198301001914 (97150-A)

Note:
All the above companies are incorporated in Malaysia, except for Kenanga Investment Corporation Ltd, Al Wasatah Al Maliah Company and Rakuten Trade Singapore Pte Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

YAM TAN SRI DATO' SERI SYED ZAINOL ANWAR IBNI SYED PUTRA JAMALULLAIL
("YAM Tan Sri Dato' Seri Syed Anwar Jamalullail")
Chairman/ Independent Non-Executive Director

ISMAIL HARITH MERICAN
Non-Independent Non-Executive Director

LUK WAI HONG, WILLIAM
Non-Independent Non-Executive Director

JEREMY NASRULHAQ
Senior Independent Non-Executive Director

NORAZIAN AHMAD TAJUDDIN
Independent Non-Executive Director

KANAGARAJ LORENZ
Independent Non-Executive Director

CHOY KHAI CHOON
Non-Independent Non-Executive Director

CHIN SIEW SIEW
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
JEREMY NASRULHAQ

Members
- Kanagaraj Lorenz
- Norazian Ahmad Tajuddin

EMPLOYEES' SHARE SCHEME COMMITTEE

Chairman
CHIN SIEW SIEW

Members
- Norazian Ahmad Tajuddin
- Jeremy Nasrulhaq

GROUP GOVERNANCE, NOMINATION & COMPENSATION COMMITTEE

Chairman
CHIN SIEW SIEW

Members
- Jeremy Nasrulhaq
- Ismail Harith Merican
- Norazian Ahmad Tajuddin
- Choy Khai Choon

GROUP BOARD DIGITAL INNOVATION & TECHNOLOGY COMMITTEE

Chairman
KANAGARAJ LORENZ

Members
- Luk Wai Hong, William
- Jeremy Nasrulhaq
- Choy Khai Choon
- Chin Siew Siew

GROUP BOARD RISK COMMITTEE

Chairman
NORAZIAN AHMAD TAJUDDIN

Members
- Luk Wai Hong, William
- Kanagaraj Lorenz
- Choy Khai Choon
- Chin Siew Siew

SHARIAH COMMITTEE

Chairman
DR. GHAZALI JAAPAR

Members
- Dr. Mohammad Firdaus Mohammad Hatta
- Dr. Fadillah Mansor

GROUP EXECUTIVE COMMITTEE

DATUK CHAY WAI LEONG
Group Managing Director
Kenanga Investment Bank Berhad

DATUK LEE KOK KHEE
Executive Director, Head of Group Equity Business
Kenanga Investment Bank Berhad

DATUK ROSLAN HJ TIK
Executive Director, Head of Group Investment Banking and Islamic Banking
Kenanga Investment Bank Berhad

DATUK WIRA ISMITZ MATTHEW DE ALWIS
Chief Executive Officer/ Executive Director
Kenanga Investors Berhad

CYNTHIA WOON CHENG YEE
Head of Group Treasury
Kenanga Investment Bank Berhad

AZILA ABDUL AZIZ
Chief Executive Officer/ Executive Director and Head of Listed Derivatives
Kenanga Futures Sdn Bhd

CHEONG BOON KAK
Group Chief Financial and Operations Officer
Kenanga Investment Bank Berhad

MAHESWARI KANNIAH
Group Chief Regulatory and Compliance Officer
Kenanga Investment Bank Berhad

NIK HASNIZA NIK IBRAHIM
Group Chief Human Resource Officer
Kenanga Investment Bank Berhad

TAI YAN FEE
Group Chief Risk Officer
Kenanga Investment Bank Berhad

WOO KING HUAT
Chief Credit Officer
Kenanga Investment Bank Berhad

VAITHIYANATHAN MADAVAN
Head of Group Operations
Kenanga Investment Bank Berhad

LOW JIA YEE
Chief Technology Officer
Kenanga Investment Bank Berhad

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

JEREMY NASRULHAQ
Email: jeremyn@kenanga.com.my

GROUP COMPANY SECRETARY

NORLIZA ABD SAMAD
(CCM PC NO.: 201908002139)
(MAICSA 7011089)

REGISTERED OFFICE

KENANGA INVESTMENT BANK BERHAD
Registration Number: 197301002193 (15678-H)
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603-2172 2888
Fax : +603-2172 2999
URL : https://www.kenanga.com.my
E-mail : kenanga@kenanga.com.my

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD
Registration Number: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670
E-mail : BSR.Helpdesk@boardroomlimited.com
Website : https://www.boardroomlimited.com

AUDITORS

ERNST & YOUNG PLT
(202006000003 (LLP0022760-LCA) & AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
Main Market: Financial Services
Stock Name: KENANGA
Stock Code: 6483
Listing Date: 2 November 2016

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

This year marks a significant milestone as we proudly commemorate fifty (50) years of Kenanga Investment Bank Berhad ("**Kenanga**" or "**KIBB**" or "**the Company**"), a journey defined by resilience and enduring legacy.

Reflecting upon this half-century, we witness Kenanga and Its Group of Companies ("**Kenanga Group**" or "**the Group**") standing the test of time, creating value, and reshaping Malaysia's investment landscape. As a homegrown brand, our role in democratising investing has empowered ordinary Malaysians to build and generate wealth. Beyond this, our approach is distinguished by a profound sense of responsibility, acknowledging our role as the gateway in helping our clients achieve their financial goals.

A cornerstone of our success is undoubtedly the steadfast support from our stakeholders — shareholders, regulators, trusted business partners and valued clients. Your continuous confidence in us has been instrumental in propelling Kenanga forward throughout the decades, cementing our position as the country's leading and award-winning independent investment bank. I would like to take this opportunity to extend my heartfelt gratitude for the enduring trust bestowed upon us. This trust serves as a beacon, inspiring us to continually strive for excellence.

OVERVIEW

This year has proven to be noteworthy for the Group. Despite challenges posed by the global environment such as inflationary pressures which led to high interest rate, as well as the lingering impact of the pandemic and geopolitical conflicts, the Group achieved commendable results. We are pleased to report a Revenue of RM821.1 million and a Profit Before Tax ("**PBT**") of RM88.1 million, with Net Profit standing at RM72.8 million.

In consideration of these results, the Board is delighted to declare a dividend of 7.00 sen per share, totaling dividend payable of RM51.5 million for Financial Year Ended 31 December 2023 ("**FY2023**").

UPHOLDING GOOD GOVERNANCE

At the core of Kenanga Group's operations is a persistent focus on maintaining the highest standards of good governance. In 2023, our Whistleblowing Policy was refined to include a comprehensive Speak Up Framework and a Speak Up Policy that lays the foundation for the Framework and provides, among others, assurance

to all relevant stakeholders, both internal and external, of the safeguards accorded when making a report in good faith and that all reports will be handled objectively and impartially. Complementing this, an independent whistleblowing solutions provider was appointed to implement Conduct Watch, a secure and confidential channel for whistleblowing.

In parallel, our annual flagship initiative, the Fraud Awareness Week ("**FAW**"), has reached its seventh (7th) year. What started off as an in-house campaign has expanded to a widely embraced industry-wide initiative, attracting over 2,300 delegates this year from regulatory bodies, public listed companies, and professional bodies, as well as our internal staff. The consistent surge in participation not only attests to the relevance of the event, but also accentuates its profound impact. This year, for the first (1st) time, we also collaborated with the esteemed Faculty of Law, University of Malaya ("**UM**"), on a Fraud Awareness Talk session aimed at enhancing awareness of fraud prevention and detection within the local community, particularly among the students of UM's Law Faculty. The collaborative effort signifies our dedication to broadening the scope of FAW, fostering a culture of vigilance and ethical conduct in the fight against fraud.

A full account of our efforts can be found in the Ethics and Compliance Statement on pages 98 to 110 of this Annual Report.

SUSTAINABILITY AND CLIMATE ACTION

The Group's commitment to sustainability is not only expressed through our Sustainability Framework, but it is also reinforced by a three (3)-year Roadmap – a strategic guide encompassing specific goals and targets aimed at progressing our Environmental, Social and Governance ("**ESG**") performance.

For 2023, there was a particular emphasis on climate action as we have diligently ensured our readiness to meet regulatory timelines for incorporating climate risk management and considerations into the Group's operations. As part of our commitment to further embed and solidify sustainability leadership at the Board level, we updated and expanded the Board Charter and Terms of Reference of the Board Committees to formalise Board oversight on matters relating to climate-related risks, underscoring our dedication to not only addressing current challenges, but also fostering a climate-resilient business ecosystem.

In terms of achieving energy efficiency, we proudly emerged as the winner of the 'Energy-Efficient Building in Retrofitted Building' category at the prestigious National Energy Awards 2023. This landmark recognition, presented by the Ministry of Natural Resources, Environment, and Climate Change in collaboration with the Malaysian Green Technology and Climate Change Corporation, signifies the culmination of years of dedicated effort. Since 2021, we have been proactively managing our environmental impact, integrating sustainable practices in our value chain, and incorporating technological solutions into our operations. This journey has led us to optimise the energy efficiency of our building, undertaking significant measures such as overhauling our air conditioning and air handling unit system, coupled with the installation of energy-efficient lighting throughout the premises.

As a measure of progress, we have not only maintained our inclusion in the FTSE4Good Bursa Malaysia Index, but our score was also elevated from 3.7 to 4.0. This recognition affirms our continuous focus on sustainability and responsible business practices, emphasising our pursuit of prosperity while creating positive impact for people and the planet.

Further details on our sustainability efforts can be found by scanning the QR code here.

SCAN HERE

PEOPLE AND COMMUNITIES

Within the organisation, our commitment to community enrichment is deeply ingrained in a history of philanthropy and outreach initiatives. The year saw active support from our employees towards a myriad of volunteering activities, from emergency relief assistance during the devastating floods in Johor, to the distribution of almost 800 meals to the homeless, a blood donation drive at our headquarters, as well as supporting the children in need of Pertubuhan Rahoma Darul Fakir Malaysia. Collectively, these outreach initiatives made a meaningful impact, touching the lives of over 2,700 individuals.

Beyond this, we continue to partner social enterprises, namely Silent Teddies Bakery and Dialogue Includes All ("**DIA**") Academy, with whom we have fostered meaningful collaborations over the past twelve (12) years. Their advocacy for dignity, entrepreneurial spirit and a self-starter mindset mirrors our very own culture of empowerment and resilience at Kenanga Group.

In addition to being consistent patrons of the baked goods from Silent Teddies Bakery, an establishment run by hearing-impaired youths, we have also been actively supporting their expansion and renovation efforts that have been ongoing in recent years. In 2024, the humble bakery will be transformed to include a well-equipped learning centre for the hearing impaired, as well as a café that will cater to a broader audience. Witnessing their remarkable progress, especially as they grow their business, fills us with pride, highlighting the distance they have covered since our initial collaboration.

In tandem, our alliance with DIA reflects our dedication towards inclusivity. DIA, beyond being a café, is an exhibition space advocating for people with disabilities. During the year, in collaboration with DIA Academy, our asset management arm, Kenanga Investors Berhad, organised immersive empathy workshops for their teams and network of financial advisers. Led by visually impaired trainers from DIA Academy, these workshops, conducted in darkness, encompassed empathy theories and activities aimed at reshaping awareness, fostering deeper appreciation, and breaking down barriers between abled and disabled communities.

THE YEAR AHEAD

For 2024, it is undeniable that we will be confronted with another set of challenges that will test our resilience and strategic acumen. Despite the hurdles ahead, our outlook is one of cautious optimism. While there are expectations that there will be a pause and eventual return to a lower interest rate environment which will be beneficial to the business, we are aware that other challenges exist. This includes slower global economic growth, the prospect of ongoing geopolitical conflicts disrupting global supply chains again, and China's sluggish economic recovery.

In the face of prevailing uncertainties, the Group will continue to be unwavering in its commitment to fostering collaborative partnerships with all stakeholders, driving innovation through the way we approach our business, as well as advocating sustainability in the marketplace. I am confident that these guiding principles will hold us in good stead, as we navigate the intricacies of the coming year.

ACKNOWLEDGEMENTS

I want to extend my heartfelt appreciation to YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, the Founder Emeritus and Adviser of Kenanga Group and to my fellow Board members.

This expression of gratitude is particularly poignant as we celebrate our fiftieth (50th) anniversary, and recognise the support and wisdom of the stalwarts who have been instrumental in shaping the enduring success of Kenanga Group.

Additionally, my deepest thanks go to the dedicated Management and employees of Kenanga Group. Their exceptional service and tireless commitment have further solidified and enriched the values that define the essence of Kenanga Group.

Finally, I extend my appreciation to our esteemed clients, business partners, suppliers, and shareholders for entrusting the Group. A special acknowledgment goes to Bank Negara Malaysia, Bursa Malaysia Berhad, and the Securities Commission Malaysia for their invaluable advice and steadfast support.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
CHAIRMAN

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

The year 2023 proved to be another challenging period for the world economy as headwinds from the previous year lingered, accompanied by escalating geopolitical tensions, persistently high inflation, sluggish growth, and turbulent financial markets.

In response to inflationary pressures, the US Federal Reserve raised interest rates four (4) times, and many major central banks worldwide followed suit with Bank Negara Malaysia opting for a single rate hike in May 2023. These high interest rate moves had a cooling effect on global economic growth, dampening both business and consumer sentiment.

Aggravating these challenges include China's slow economic recovery, the ongoing Russia and Ukraine war, and the Israel-Palestine conflict, which added further layers of uncertainty to the economic landscape. According to the International Monetary Fund ("**IMF**"), the global Gross Domestic Product ("**GDP**") projection stands at 3.2% for 2023, up from 2.3% in 2022. Meanwhile, Malaysia's GDP growth moderated to 3.7% in 2023 from 8.7% in 2022, while inflation averaged 2.5%, down from 3.3% in 2022.

The cumulative impact of these global events reverberated through capital markets worldwide, including Malaysia. Despite the challenges, Malaysia's economy demonstrated resilience, driven by robust domestic demand.

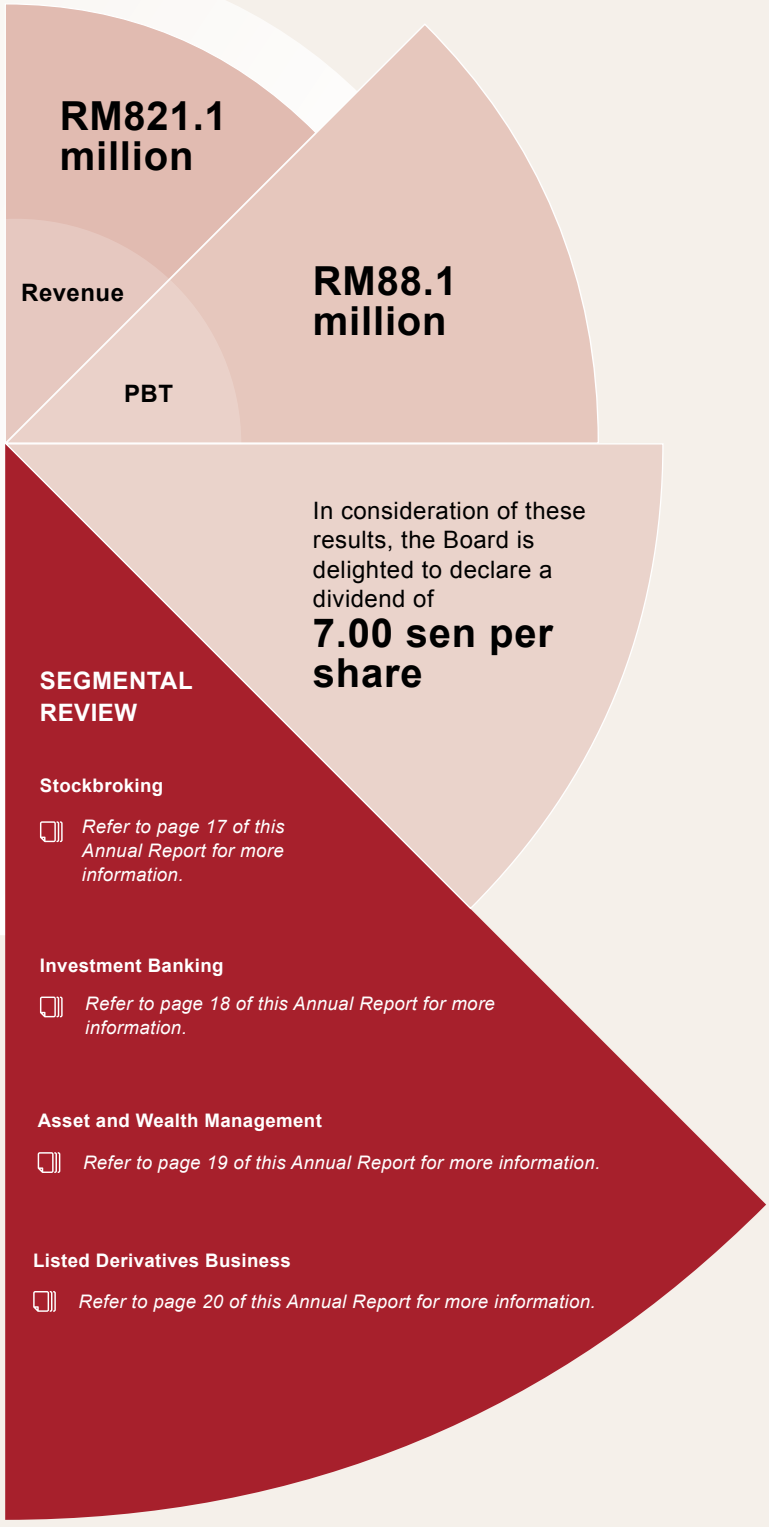
This resilience underscored Malaysia's capital market as a steadfast platform for fundraising endeavours. Within the ASEAN region, FTSE Bursa Malaysia KLCI (FBMKLCI) emerged as the second-best performer, underlining a modest 5.7% upswing in the second (2nd) half of 2023, reaching 1,454.7 points — a healthy rebound from the 1,376.7 points recorded in the first (1st) half.

OVERVIEW

Amid formidable challenges, I am pleased to share that Kenanga and Its Group of Companies ("**Kenanga Group**" or "**the Group**") delivered another strong year, with a Revenue of RM821.1 million and a Profit Before Tax ("**PBT**") of RM88.1 million for the Financial Year Ended 31 December 2023 ("**FY2023**"). Net Profit for the year stood at RM72.8 million.

As we celebrate fifty (50) years of growth as a proud and thriving homegrown brand, the positive outcomes achieved reflect the grit, persistence, and innovation that have consistently been the hallmark of our journey. These accomplishments stand as a testament to our commitment to safeguarding our clients' financial interests, showcasing strength derived from agility and a diversified range of businesses.

Throughout the year, our focus was centred on fortifying the pillars of our success. In our pursuit of sustained growth and shareholder value creation, we adhered to thoughtful and prudent practices. Strategic planning was exemplified through the development of innovative products tailored to meet client needs, branch consolidation efforts for enhanced efficiency, as well as substantial investments in cybersecurity and technology to ensure the financial well-being in the digital age. As we navigate the ever-evolving landscape of the financial industry, we believe these strategic initiatives will position us for growth and resilience.



In consideration of these results, the Board is delighted to declare a dividend of

7.00 sen per share

SEGMENTAL REVIEW

Stockbroking

Refer to page 17 of this Annual Report for more information.

Investment Banking

Refer to page 18 of this Annual Report for more information.

Asset and Wealth Management

Refer to page 19 of this Annual Report for more information.

Listed Derivatives Business

Refer to page 20 of this Annual Report for more information.

Our Asset and Wealth Management division delivered a positive year, marked by an increase in management and performance fee income across our diverse client segments. Its Asset Under Administration ("**AUA**") also registered a strong closing at RM21.7 billion in FY2023. Simultaneously, our Listed Derivatives business celebrated a significant milestone, attaining its highest profits in over a decade. This exceptional performance was driven by the heightened interest in derivative products spurred by market volatility.

For our Stockbroking division, it recorded a positive upturn in 2023, aligning with the overall increase in market volume and turnover attributed to improved sentiment on our local market.This was exemplified by a notable upswing in the Group's trading volume and trading value, increasing by 24.5% and 7.1% respectively. Such robust performance not only mirrored our commitment to excellence but also earned us the prestigious title of 'Best Overall Equities Participating Organisation' from Bursa Malaysia Berhad for the fourth (4th) consecutive year, further solidifying our position as a leader in the industry. Furthermore, the result of our Stockbroking division was also bolstered by the reversal of credit loss expense due to our recovery efforts.

Over the past five (5) decades, our journey has been marked by challenges, each serving as a stepping stone propelling us to new heights. Though formidable, they proved to be transformative, strengthening our character and fostering innovation and adaptability within the Group. This was further recognised during the year when we were honoured at The Edge Malaysia Centurion Club Corporate Awards 2023 with the accolades, 'Highest Returns to Shareholders Over Three Years' and 'Highest Growth in Profit After Tax Over Three Years', affirming our dedication to delivering value and excellence in the financial industry.

In this regard, I would like to extend my heartfelt appreciation to every member of the Kenanga Group family, both past and present, for their dedication and invaluable contributions. It is through our collective effort that we have forged a legacy that defines us today. In celebrating our fiftieth (50th) anniversary, we not only reflect on our rich history but also look forward with enthusiasm and optimism to the promising chapters that lie ahead.

HARNESSING DIGITAL MOMENTUM

In response to the dynamic financial landscape, Kenanga Group has been undergoing a digital transformation, strategically investing in cutting-edge technologies to future-proof our operations. We believe that this forward-looking initiative will ensure our readiness for future challenges, positioning us as industry leaders.

Throughout this journey, Kenanga Group strategically ventured into various digital collaborations with partners such as, Merchantrade Asia Sdn Bhd ("**Merchantrade**"), Rakuten Trade Sdn Bhd, ("**Rakuten Trade**"), Tokenize Technology (M) Sdn Bhd ("**Tokenize**"), and Bay Group Holdings Sdn Bhd ("**CapBay**"), while fostering the growth of our organic digital platforms and businesses. A pivotal focus of 2023 was laying the groundwork with the introduction of the Kenanga SuperApp. This comprehensive digital investment hub aims to empower Malaysians with seamless access to diverse asset classes, complete portfolio visibility, and loyalty rewards through a convenient, and user-friendly platform.

To maximise the SuperApp's potential, the Group established Kenanga Digital Sdn Bhd ("**KDSB**") as a dedicated entity. Positioned as a disruptive tech-first player, the SuperApp is aimed at attracting strategic investors who share our vision of democratising access to investments for all. We believe our key differentiation in this space stems from the range of investment licenses we possess and/ or have access to, which will enable us to create the first (1st) one-stop-center for all investment needs.

In Phase 1 of the SuperApp, we will consolidate our offerings such as robo-advisory, cryptocurrency trading, e-wallet, and stock trading under one (1) roof. We are now actively pursuing regulatory approvals to distribute these products through the SuperApp.

In addition, our commitment to technological advancement goes hand-in-hand with our embrace of Artificial Intelligence ("**AI**") and Machine Learning ("**ML**") across new business initiatives. Notably, our proprietary quantitative trading algorithms, powered by AI and ML, have already demonstrated success in trading and portfolio management, particularly through Kenanga Digital Investing's ("**KDI**") robo-advisory business.

In 2023, we launched our Treasury FX platform, providing our clients with the capability to conduct seamless online foreign currency trades and transfer funds internationally. With zero transfer fee and competitive rates, this platform unlocks elevated convenience for those on the go and further democratises access to the foreign currency exchange market. The release of an updated version is expected in 2024.

CORPORATE HIGHLIGHTS

The Group, via our subsidiary, Kenanga Capital Sdn Bhd ("**KCSB**") has completed the disposal of 31.0% stake in Kenanga Capital Islamic Sdn Bhd ("**KCI**") to CapBay. Currently, KCSB holds a 20.0% stake in KCI, which is now an associate company of the Group. The disposal did not have a significant impact on Kenanga Group's earnings and net asset value in FY2023.

FINANCIAL POSITION

As at 31 December 2023, Group and Company capital adequacy ratios were 29.4% and 31.6% respectively, which were in excess of the minimum regulatory capital adequacy of 10.5% set by Bank Negara Malaysia, including a capital conservation buffer of 2.5% if imposed.

Liquidity Coverage Ratio was 280.5%, well above the regulatory requirement of 100%, while Net Stable Funding Ratio stood at 129.5%, above the mandatory minimum of 100%.

The Group maintained A+ and MARC-1 ratings from the Malaysian Rating Corporation Berhad ("**MARC**"), which continued to note our strong competitive position, sound capital position, profitability, and funding profile despite weakened capital market conditions. As always, we remain committed to consistently enhancing our financial performance, while striving to maintain the highest ratings.

For the same period, our subsidiaries Kenanga Investors Berhad and Kenanga Islamic Investors Berhad maintained MARC IMR-2 ratings, affirming our commitment to well-established investment processes and sound risk management practices.

BUSINESS SEGMENTAL REVIEW

Stockbroking

In 2023, the Stockbroking division strategically enhanced its operational efficiencies, building upon the progress made in 2022 to navigate challenging market conditions effectively and achieve stability.

The division's concerted efforts, including the recovery of credit loss expense in the prior year, yielded significant results, with PBT surging from RM2.5 million in the previous year to RM16.1 million. Despite market challenges, the division upheld its market share, rising from 10.2% in the previous year to 10.5% as at FY2023.

The completion of its algorithmic trading platform in early 2023 marked a significant milestone. Currently utilised by the division's proprietary trading team, the platform has undergone continuous enhancement, incorporating valuable machine learning capabilities. Although the equities market remained bearish for most of the year, impacting its trading profitability, a turnaround in the last quarter saw improved performance from its traders. With this, the Stockbroking division is positive on the upcoming development of this platform, as it look forward to rolling it out to its clients this year.

Meanwhile, its Equity Derivatives department continued its strong performance in 2023. The team's issuance of Hang Seng index-related warrants saw active participation from investors, bolstering its market presence, and making Kenanga-issued structured warrants one of the top performing warrants in the market. Beyond structured warrants, the team has also been diligently working towards creating bespoke Over-the-Counter strategic solutions to meet the unique financial needs of corporates and strategic equity owners. The year 2023 marked significant strides in this direction, solidifying its commitment to providing client-centric solutions.

The Group's joint venture partnership with Rakuten Securities Inc., also delivered positive progress, especially with the organisation's income diversification strategy through extension of foreign trading capabilities. In 2023, Rakuten Trade added trading access to include the Hong Kong Exchange and was the first (1st) in Malaysia to offer US Fractional Share Trading services. As a result, its foreign market brokerage income increased by 57.9% Year-on-Year. The account opening process was also revamped to improve customer experience. As of December 2023, its Malaysian trading accounts stood at 276,163 since launch, showcasing continued growth. There was also a steady increase in AUA, reaching RM4.1 billion in FY2023, compared to RM3.6 billion the previous year. Additionally, its US trading accounts recorded an increase from 27,830 accounts in 2022 to 39,687 in 2023.

Looking ahead, the Stockbroking division is planning for further branch consolidation, in line with the Group's digitalisation strategy and to improve efficiencies, while maintaining overall customer experience. The division will also continue efforts to enhance investor literacy through public education and outreach for both existing and prospective customers, with a richer and more comprehensive series of marketing and educational content.

In addition to these strategic initiatives, the division's commitment to excellence continues to be recognised through notable industry accolades, which include recognitions at the prestigious Bursa Excellence Awards 2023. The awards include 'Best Overall Equities Participating Organisation (Champion)', 'Best Retail Equities Participating Organisation (Investment Bank) (Champion)', and 'Best Online Retail Participating Organisation (Champion)'.

Investment Banking

Amidst the persistently challenging macro environment in 2023, the Investment Banking division registered a PBT of RM5.7 million compared to RM15.8 million the previous year.

In the equity capital market, the division successfully listed Synergy House Berhad in the second (2nd) quarter of FY2023 ("**2Q2023**") and SkyWorld Development Berhad in the third (3rd) quarter of FY2023 ("**3Q2023**") on the ACE Market and Main Market of Bursa Malaysia Securities Berhad, respectively. Notably, the Initial Public Offering ("**IPO**") for SkyWorld Development Berhad, which the division singlehandedly raised RM320.0 million for, marked the third (3rd) largest IPO fundraising in 2023.

In addition, it assumed roles as Joint Underwriter and Joint Placement Agent for Plytec Holding Berhad's ACE Market listing in the fourth (4th) quarter of FY2023 ("**4Q2023**"), and presently, the division has initiated filings for two (2) IPOs slated for listing in the second (2nd) half of 2024 ("**2H2024**").

Furthermore, it took on the role as Joint Bookrunner for Pavilion REIT's private placement of RM720.0 million, earmarked to partially finance its RM2.2 billion acquisition of Pavilion Bukit Jalil from Malton Berhad. Additionally, the division also acted as Joint Placement Agent in Al-'Aqar Healthcare REIT's private placement of RM138.0 million, primarily for the repayment of borrowings.

As a result of its efforts in the equity capital market, Kenanga IB also ranked #3 in terms of equity and rights offerings by Bloomberg.

In 2023, its Debt Capital Markets department ("**DCM**") established seven (7) new programmes, assuming key roles as Sole Principal Adviser, Lead Arranger, Lead Manager, and Facility Agent. Notably, two (2) of these programmes, namely Singer (M) Sdn Bhd's RM300.0 million Medium Term Note ("**MTN**") programme and SkyWorld Capital Berhad's RM300.0 million Islamic MTN programme, received ratings from MARC Ratings Berhad. This contributed to the division's joint second (2nd) runner-up position in MARC Ratings Berhad's League Table, within the Issue Count Category.

Moreover, the division also served as Joint Lead Manager and participated in the book-building exercise for several government-guaranteed sukuk programmes, such as Prasarana Malaysia Berhad's RM1.5 billion sukuk issuance, Perbadanan Tabung Pendidikan Tinggi Nasional's RM1.5 billion sukuk issuance, and Danainfra Nasional Bhd's RM780.0 million sukuk issuance.

On the Merger & Acquisition front, the division served as Independent Advisers for numerous mergers and acquisitions, notably the privatisation of Boustead Holdings Berhad; Sunway REIT's acquisition of six (6) Giant hypermarkets; Malaysia Building Society Berhad's acquisition of Malaysian Industrial Development Finance Berhad; CapitaLand Malaysia Trust's acquisition of Queensbay Mall in Penang; the privatisation of UMW Holdings Berhad; and Pelikan International Corporation Berhad's disposal of German-based Pelikan Group GmbH to Holdham SAS.

In the face of a rising interest rate environment, the Corporate Banking unit has maintained a prudent approach to expanding its loan portfolio. With a focus on loan assets quality, the unit has steadily grown its portfolio, which currently stands at RM598.0 million as at FY2023.

Within the Islamic capital markets space, the Islamic Markets team within the division, supported by its Shariah Committee, took on the role of Shariah Adviser for the pre-IPO Shariah screening of both Synergy House Berhad and SkyWorld Development Berhad. Following the successful application submitted to the Securities Commission Malaysia, both companies were granted the status of 'Shariah compliant IPO' accordingly.

In addition, the team continues to provide Shariah advisory services for Kenanga Investors Berhad's Islamic funds and private mandates. For instance, it was appointed as the Shariah adviser for the newly launched Kenanga Islamic Asia Pacific (ex-Japan) Total Return Fund.

The Shariah Committee also remained actively engaged as the Shariah Adviser for sukuk programmes initiated by DCM clients. Furthermore, they worked closely with the Facility Agency team to streamline subsequent issuances for other DCM clients. Looking ahead, Islamic Markets is poised to extend its Shariah expertise to support any ESG initiatives within the Group, including providing guidance on potential Shariah-compliant Green/ sustainable and responsible investment sukuk deals for DCM clients.

Meanwhile in FY2023, Group Treasury realised a loss of RM1.8 million before tax as net income decreased sharply due to lower net interest amid a high deposit rate environment and strong competition in the deposit market. Although government bonds delivered a higher return in 2023, Group Treasury remained prudent in its trading positions, and the Group's liquidity ratios also remain healthy and in compliance with regulatory liquidity requirements. Given the expected path of policy interest rates, a peak in interest rates presents an opportunity for investors, and moving forward, there will be a higher contribution from fixed income activities. Moreover, Group Treasury will persist in diversifying its product portfolio, particularly in forex, with the aim of enhancing profitability and increasing sales volume.

Asset and Wealth Management

The Asset and Wealth Management division of the Group comprises Kenanga Investors Berhad ("**KIB**"), Kenanga Islamic Investors Berhad ("**KIIB**"), and Eq8 Capital Sdn Bhd (Formerly known as i-VCAP Management Sdn Bhd). Together, these entities form Kenanga Investors Group ("**KIG**"). Complementing these entities are the KIBB Digital Investment Management and Wealth Management units, extending a suite of offerings that encompasses conventional collective investment schemes, robo-advisory services, portfolio management, and a spectrum of alternative investments.

Despite the downtrends in the market, the overall Group's Asset and Wealth Management division recorded exceptional growth in FY2023, with a PBT of RM58.7 million compared to the PBT of RM54.2 million in the previous year. These results were due to significantly higher earnings from management and performance fees resulting from the ongoing expansion of KIG's business and widening of its client base through multi-segmental products and services targeted individually at mass-retail, sophisticated investors, ultra-high-net-worth and corporate institutional investors.

In 2023, KIG successfully launched the Kenanga Islamic Asia Pacific (ex-Japan) Total Return Fund. This strategic move expanded its suite of innovative investment solutions to address the escalating demand for regional exposure in the Asia Pacific (ex-Japan) market. The Fund provides investors with a distinctive avenue to capitalise on the region's economic growth, driven by factors such as increased global integration and rising affluence. This solidified KIG's position as a premier provider of Shariah-compliant investment solutions in the dynamic landscape of the Asia Pacific market.

Continuing the Group's ESG trajectory, KIG completed comprehensive screenings for its fixed-income stocks and sector-specific assessments for equities, with a heightened focus on sectors bearing elevated ESG risks. Since aligning with the Malaysian Code for Institutional Investors in 2017, KIG's engagement approach has transitioned from basic awareness initiatives to fostering substantive, two-way discussions with investee companies. These engagements center on enhancing sustainability practices and formulating strategies beneficial to both entities and the broader economic and social spheres. KIG's current strategic emphasis lies in the management of transition risks associated with the recalibration towards a green economy, reaffirming the Group's unwavering commitment to responsible and sustainable investing.

KIG continues to expand its network of licensed unit trust and private retirement scheme consultants which has grown to over 5,200 advisers in 2023, making them the second (2nd)-largest distribution force in the industry. Furthermore, its strategic presence across Malaysia is bolstered by its fourteen (14) regional offices with recent relocations to newer premises in Kota Damansara, Ipoh, Kluang and Kenanga Tower itself.

For the seventh (7th) consecutive year, KIG was affirmed an investment manager rating of IMR-2 by Malaysian Rating Corporation Berhad, since being first rated in 2017. The rating considers KIG's well-established investment processes and sound risk management practices. As at end-June 2023, most of KIG's funds had performed better than benchmarks and were comparable to peers.

It continues to be recognised for its consistent top performance. In 2024, the LSEG Lipper Fund Awards Malaysia 2024 awarded KIB under the following categories, Kenanga Malaysian Inc Fund for 'best Equity Malaysia Diversified – Malaysia Pension Funds over 10 Years', and Kenanga Diversified Fund for 'best Mixed Asset MYR Flexible – Malaysia Pension Funds Awards over 10 Years'. The Hong Kong-based Asia Asset Management's 2024 Best of the Best Awards awarded KIB the following awards; 'Malaysia Best Equity Manager', 'Malaysia Best Impact Investing Manager', 'Best Impact Investing Manager in ASEAN', 'Malaysia Best House for Alternatives', 'Malaysia Most Improved Fund House', 'Malaysia Best Investor Education', 'Malaysia CEO of the Year' and 'Malaysia CIO of the Year'.

Despite market volatilities over the past four (4) years, KIG's steadfast commitment to sustainable performance, value-driven product suite, and exceptional customer service has cultivated strong customer satisfaction and loyalty. Looking ahead, KIG aims to build on this success by expanding wealth protection solutions, including insurance and private trust. KIG will also enhance client service through nationwide branch expansion, digital channel improvements, and strengthening its agency force. With a robust multi-segment and multi-product framework, an ESG Blueprint, and an enduring commitment to sustainability, KIG is well-positioned to deliver lasting value to investors.

Listed Derivatives Business

In the year under review, our Listed Derivatives Business arm, Kenanga Futures Sdn Bhd ("**KFSB**") recorded remarkable achievements across the business, including a new record high in revenue, securing the number one market position in terms of execution market share on Bursa Malaysia Derivatives Berhad ("**BMD**"), and achieving unprecedented profitability numbers that were the highest in more than a decade. The year 2023 also marked the completion of KFSB's three (3)-year ASCENT 2021 – 2023 Blueprint which had been the driving force behind its achievements this year.

KFSB's achievement in 2023 was also significant as it achieved a record high of 9.7 million contracts (2022: 9 million) despite the moderation in the overall BMD contract volume which declined by 6.8% to 17.8 million contracts (2022: 19.1 million). In line with this performance, KFSB recorded a PBT of RM6.2 million compared to RM2.1 million in the previous year.

This year also saw KFSB launch a new Order Management System and planned for new access into other global exchanges, underscoring its commitment to business growth and operational excellence.

In 2023, KFSB further strengthened its relationships with its counterparts in the US America, Europe, Singapore, and Hong Kong. KFSB also proudly served as a main co-sponsor for the Women in Finance Asia Awards 2023, alongside esteemed companies such as Blackrock, Instinet, and Citadel, that was held in Singapore and hosted by Markets Media. Back home, KFSB continued to build on its retail client base, in line with its objective of Building A Smart Derivatives Trading Community. Through its annual nationwide retail campaigns - Gateway to the Futures, Passport to the Futures and Grow Your Futures - KFSB sought to encourage greater retail participation in the trading of CME Group and BMD products. Separately, KFSB had also continued with its popular online and offline public outreach and education efforts.

Building upon its commitment to excellence and industry leadership, KFSB has also garnered recognition at the prestigious Bursa Excellence Awards 2023. Among the accolades received were 'Best Overall Derivatives Trading Participant (Champion)', 'Best Trading Participant Commodity Derivatives (Champion)', and 'Best Institutional Derivatives Trading Participant (Champion)'.

In 2024, KFSB is set to embark on a new strategic journey with a new three (3) year business Blueprint, THRIVE 2024 – 2026. In the coming years, KFSB will continue to strive to achieve its business vision and objectives, with a specific emphasis on diversifying the sales and marketing approach, boosting the scalability of current product offerings, refining its infrastructure and exploring potential opportunities in the derivatives market.

RISK MANAGEMENT

Building business versatility, operational agility and resilience continues to be the core fundamentals that drive our risk management approach in this increasingly sophisticated and dynamic trading, financing, and digitalised financial services environment. Operating in this highly uncertain and volatile recovery post-pandemic phase, we remained well-prepared and positioned to navigate through the challenging risk landscape, seizing every opportunity that presents prospects for a sustainable operation and growth.

We adopted a disciplined risk management approach in FY2023 by remaining highly selective in our credit lending strategy, and maximising sustainable growth and performance. In light of the greater interdependence of digital networks, cybersecurity is an integral emerging operational risk area for the Group. Kenanga Group continued to invest in risk infrastructure and digital technologies, aimed at improving the governance and risk management capabilities, enhancing cyber-resilience through modern technologies and solutions, and meeting regulatory expectations.

Managing 'Climate Change Risk' is core to our sustainability practices. We take a holistic and integrated risk-based approach in addressing the multi-dimensional implications of climate change risk, including incorporating climate change risk drivers across credit, market, liquidity, operational and reputational risks. We ensured that we continue to deliver on our sustainability commitments to create a positive impact and value for all stakeholders. Considering these wide-ranging and significant implications of climate change risks on our portfolio, we strive to develop and enhance our Climate Change Risk Management Framework to maintain robust risk governance and practices supported with relevant and effective policies, procedures and methodologies. This includes integrating climate change risk management within the responsibilities of the relevant risk board and committees, driving capacity building for climate risk scenario analysis and stress testing, and building capability to facilitate quantification of financed emissions of carbon-intensive sectors in our lending portfolios.

More information on Risk Management and Internal Controls can be found on pages 111 to 115 of this Annual Report.

OUTLOOK

Looking ahead, the IMF forecasts stagnant global economic growth at 3.2% GDP for both 2024 and 2025, with a declining inflation trajectory. The outlook suggests reduced economic impact from the pandemic, particularly for emerging market economies, although output is expected to remain below pre-pandemic levels for most regions. Challenges such as geopolitical tensions and persistent core inflation could lead to interest rate hikes and asset price declines. Additionally, issues in China's property sector could impair growth, and rising debt risks may lead to disruptive measures such as tax hikes and spending cuts. Meanwhile, geoeconomic fragmentation may also slow global supply chain efficiency.

Domestically, Malaysia is expected to record stronger GDP growth with in-house forecast of 4.5% to 5.0% in 2024. Key pillars supporting this positive trajectory include sustainable domestic demand, higher investment realisation, a potential surge in tourism activities, a rebound in the manufacturing sector, expected recovery in China, and a buoyant global technological upcycle. With domestic inflation expected to stay comfortably below the 3.0% threshold on average, we anticipate that interest rates will remain unchanged throughout 2024 which will provide a conducive environment for business growth.

For Kenanga Group, the coming year will be a significant one. We are excited about the upcoming launch of our Kenanga SuperApp, which is intended to not only revolutionise the financial landscape, but to firmly secure our place in the future of the industry. At the same time, we also think that the time is right to kickstart our next phase of growth.

In this context, we recognise there are opportunities beyond Malaysia especially in Southeast Asia, and thus, we will be embarking on a regional expansion strategy. Leveraging our expertise and leadership position, we will replicate our success in Malaysia in new geographies through our proven shared-risk model.

For the last fifty (50) years, our journey as Malaysia's leading and award-winning independent investment bank has been built on strong fundamentals, a commitment to responsible growth, and the unwavering support of our stakeholders. As we step into the next fifty (50) years and beyond, we are confident that our strategic focus on core business growth, digital innovation, and regional expansion will unlock new horizons for Kenanga Group and continue to deliver value for all our stakeholders.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude and appreciation to our Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, whose invaluable advice, guidance and leadership continue to serve as a wellspring of inspiration.

I would also like to extend my heartfelt gratitude to the Chairman of our Board, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, and to the rest of the Board of Directors, for their meticulous care and unyielding commitment to the highest standards of governance and integrity. These qualities consistently reinforce the core identity and principles that define Kenanga Group.

As we navigate the complex landscape of 2023, I want to commend and thank every Kenanga Group employee for their steadfast commitment and hard work. In celebrating our remarkable fifty (50)-year journey, it is their dedication that has contributed to our enduring success.

My sincere thanks also go to our esteemed business partners, clients, suppliers and all stakeholders who have stood with us throughout this journey to reach this significant milestone.

Additionally, I want to acknowledge Bank Negara Malaysia, the Securities Commission Malaysia, and Bursa Malaysia Berhad for their invaluable guidance, and lastly, I extend my appreciation to our shareholders for their continued trust and support. Together, we look forward to the promising years ahead.

DATUK CHAY WAI LEONG
GROUP MANAGING DIRECTOR

OUR BUSINESS VALUE CREATION MODEL

CAPITALS → KEY INPUTS

I Intellectual Capital

Intellectual Capital refers to intangible organisational assets rooted in knowledge, which may encompass intellectual property like software or licences, as well as proprietary knowledge, systems, or procedures.

F Financial Capital

Financial Capital refers to the cumulative resources of funds at the disposal of the Group.

M Manufactured Capital

Manufactured Capital encompasses the Group's infrastructure, comprising physical branches and digital technology, among other things, which are instrumental in delivering services to customers.

H Human Capital

Human Capital encompasses the collective skills and expertise held by all Kenanga Group employees. This combined capability empowers the Group to implement its strategies, and create value for its stakeholders.

N Natural Capital

Natural Capital involves the stewardship of natural resource utilisation and its consequential effects on the environment.

S Social and Relationship Capital

Social and Relationship Capital encompasses the connections fostered among communities and stakeholders, as well as enhancing financial literacy and inclusion through education.

Over **50 years** of experience

Drive **thought leadership** through industry committees

First investment bank in Malaysia to join the UNGC

Shareholders' Equity: **RM1.07 billion**

Deposit from Customers: **RM4.1 billion**

Strong capital ratio of **29.4%** and liquidity coverage ratio of **280.5%**

A+ credit rating (Malaysian Rating Corporation Berhad)

34 branches

List of Digital Channels/ Apps from Kenanga:

- Kenanga Digital Investing
- iSPEED.my (Rakuten Trade)
- KenTrade
- NagaWarrants
- Kenanga Money
- KenEasy
- KenWealth
- KDF TradeActive™
- Kenanga FX
- DCO (Digital Client On-boarding)

Total number of Kenanga Group employees: **1,358**

Total amount of training hours recorded: **> 40,000 hours**

Total energy consumption: **19,389.9 GJ**

Total water consumption: **42,208.1 (m^3)**

Scope 1 and 2 GHG emissions data:

Scope 1	Scope 2	
43.4 tCO_2e	3,596.1 tCO_2e	Petrol Consumption 18,209.1 litres Electricity Consumption 5,216,632 kWh

Total number of clients: **> 500,000**

Total procurement spent on local entities: **RM81.5 million**

Total number of volunteer hours: **2,423 hours**

Total amount invested on community initiatives: **> RM600,000.00**

Key Collaboration & Partnerships:

- Association of Certified Fraud Examiners
- United Nations Global Compact
- UN Women
- Silent Teddies Bakery
- Dialogue Includes All Academy
- LeadWomen
- Pertubuhan Rahoma Darul Fakir Malaysia
- National Cancer Society Malaysia
- Pertubuhan Tindakan Wanita Islam
- Special Olympics Malaysia Association

STRATEGIES AND FOCUS AREAS

Drive long term sustainability and competitive edge through a consistent strategy of continuously fortifying our core businesses and accelerating digitalisation and regionalisation as imperatives to future-proof our enterprise.

Diversified range of businesses:

Equity Broking	**Investment Banking**	**Treasury**	**Islamic Banking**
Listed Derivatives Broking	**Asset and Wealth Management**	**Money Lending**	**Robo-advisory**

The focal point of 2023 was strategically laying the groundwork for the future, embodied by the forthcoming introduction of the Kenanga SuperApp in 2024.

Rakuten Trade expanded its trading access to the Hong Kong Exchange and became the first (1st) in Malaysia to offer US Fractional Share Trading services while the account opening process was revamped for enhanced customer experience.

In 2023, we became a signatory of UN Women's Empowerment Principles.

Succession and Leadership Planning:

- Kenanga Talent and Succession Management Framework
- Talent Management Succession Planning
- Kenanga Leadership Programme

Talent Attraction and Development:

- Individual Development Plan
- Training and Learning Opportunities
- Employees' Share Option Scheme
- Private Retirement Scheme
- Fitness Memberships
- Hybrid Work Arrangement
- Medical Benefits
- Dental and Optical Benefits

Following the completion of the enhancements made to the air conditioning and air handling unit system in 2022, we transitioned into the monitoring phase in 2023.

We continued to organise our flagship annual event, the Fraud Awareness Week, for the seventh (7th) consecutive year in collaboration with the Association of Certified Fraud Examiners.

We also strengthened outreach initiatives through employee volunteerism and support for social enterprises.

In addition to sharing investment knowledge through published articles, webinars, roadshows, exhibitions, and social media, we also participated in various industry-relevant financial literacy events.

KEY OUTCOMES

'Highest Returns to Shareholders Over Three Years' and **'Highest Growth in Profit After Tax Over Three Years'**, The Edge Malaysia Centurion Club Corporate Awards 2023

- Asset and Wealth Management

  LSEG Lipper Fund Awards Malaysia 2024

  Kenanga Malaysian Inc Fund for 'best Equity Malaysia Diversified – Malaysia Pension Funds over 10 Years'

  Kenanga Diversified Fund for 'best Mixed Asset MYR Flexible – Malaysia Pension Funds over 10 Years'

- Equity Broking

  [No. 1] retail stockbroker, with a **25.8%** retail segment market share

  'Best Overall Equities Participating Organisation (Champion)', Bursa Excellence Awards 2023

- Listed Derivatives Broking

  #1 Futures broker on Bursa Malaysia Derivatives with **29.6%** market share

  'Best Overall Derivatives Trading Participant (Champion)', Bursa Excellence Awards 2023

- Maintained our inclusion in **FTSE4Good** Bursa Malaysia Index with an improved ESG score to **4.0** from 3.7

Net Profit: **RM72.8 million**	Dividend: **7.00 sen** per ordinary share	**13.5%** growth in revenue	Return on Equity: **6.9%**

Asset Under Administration: **RM21.7 billion**

Kenanga SuperApp is set to launch in 2024

276,163 accounts on Rakuten Trade as of December 2023

Gender Representation:

Male	49%
Female	51%

Gender Pay Ratio: **1:0.92**

Return to Work Rate from Parental Leave: **100%**

58 employees received professional and role-based certification

Zero incidents of work-related fatalities

Improved turnover rate to **15.3%** from 18.1%

'Energy-Efficient Building in Retrofitted Building', National Energy Awards 2023

23% reduction in electricity consumption at Kenanga Tower against baseline (average consumption of total usage in 2018 and 2019).

'Bank of the Year – Outstanding Sustainability Champion', Sustainability & CSR Awards 2023

Over **2,300** participants registered for our annual **Fraud Awareness Week** in FY2023

Direct positive impact to over **2,700** individuals in marginalised communities

Involved in over **110** financial literacy programmes

OUR SUSTAINABILITY STATEMENT

INTRODUCTION

ABOUT THIS STATEMENT

Kenanga Investment Bank Berhad ("**KIBB**") and Its Group of Companies ("**Kenanga Group**" or "**the Group**") presents our Sustainability Statement 2023 ("**Statement**"), which complements our Sustainability Report 2023. This Statement provides a brief overview of our approach towards managing our stakeholder-relevant environment, social and governance ("**ESG**") topics, goals and performance.

Also outlined in this Statement, is our progress in integrating sustainability into our strategies, business practises, products, and services to provide long-term value to our stakeholders as we continue to innovate in the marketplace.

Following the release of our Sustainability Report in 2022, further enhancements have been made in this year's disclosures to include Scope 3 disclosure on employee commute.

OUR SUSTAINABILITY PILLARS

Empowering People and Communities

Create a positive impact on our employees, clients, and business associates, as well as communities in need.

Sustainable Economic Growth

Integrate ESG factors into our business decisions and value chain and manage ESG risks and opportunities as we innovate to build a sustainable future.

Environmental Stewardship

Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.

Good Governance

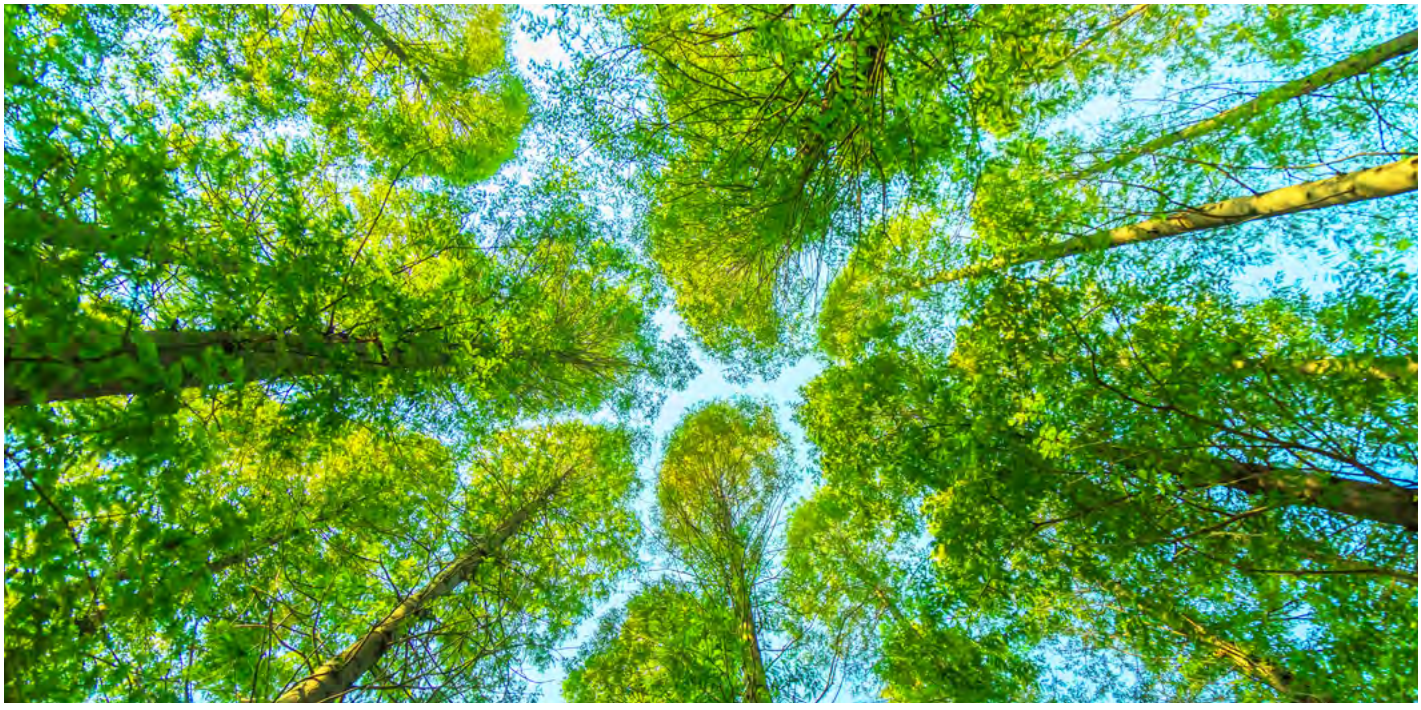
Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.

CONTRIBUTION TO THE UN SDGs

OUR SUSTAINABILITY STATEMENT

Reporting Scope and Boundaries

The contents of this Statement encompass full year data for the fiscal year ending December 2023, from 1 January 2023 to 31 December 2023 ("**2023**" or "**FY2023**"), which cover our operations in Malaysia, including our Kuala Lumpur-based headquarters - Kenanga Tower, branch offices and other business premises under the Group nationwide. All monetary values are reported in Malaysian Ringgit ("**RM**") and this Statement should be read together with our Sustainability Report 2023.



Guidelines and Standards

This Statement complies with Bursa Malaysia Securities Berhad ("**Bursa Malaysia**")'s Main Market Listing Requirements and has been prepared in reference to the Global Reporting Initiative ("**GRI**") Standards.

The GRI Content Index can be found on pages 88 to 91 of our Sustainability Report 2023.

We have further aligned our ESG disclosures with the following:

- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- United Nations Sustainable Development Goals ("**UN SDGs**")
- Recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**")
- Joint Committee on Climate Change ("**JC3**")'s TCFD Application Guide for Malaysian Financial Institutions
- Bank Negara Malaysia's Climate Change and Principle-based Taxonomy ("**BNM CCPT**")
- United Nations Global Compact ("**UNGC**")'s Ten Principles
- Malaysian Code of Corporate Governance ("**MCCG**") by the Securities Commissions Malaysia ("**SC**")

In preparation of the Sustainability Report 2023, the ESG performance and disclosures were also benchmarked against internationally recognised ESG ratings and frameworks, primarily focusing on Financial Times Stock Exchange ("**FTSE**") Russell's ESG Ratings and industry-relevant Sustainability Accounting Standards Board ("**SASB**") indicators, which provide guidance on improving our reporting transparency and disclosures whilst reinforcing our sustainability strategies and direction.

The greenhouse gas ("**GHG**") emissions were calculated using the GHG Protocol Corporate Standard, an international assurance standard developed by the World Business Council for Sustainable Development and the World Resources Institute ("**WBCSD/ WRI**").

Reporting Assurance

The Group Sustainability Management Committee, Group Governance, Nomination & Compensation Committee, Audit Committee, and the Board of Directors have reviewed and approved the Sustainability Report 2023 and Sustainability Statement 2023, and we are continuously refining our data collection process to enhance our disclosures in future reports.

The Sustainability Report 2023 has undergone limited assurance by independent body, SIRIM QAS International Sdn Bhd, one of Malaysia's leading certification, inspection and testing bodies. The assurance process focused on four (4) key indicators: GHG emissions – Scope 1 and Scope 2, water consumption, employee diversity, as well as training and development. In preparing this report, we have adhered to best practice disclosure standards of our assurers and of the reporting field.

Refer to pages 99 to 101 of our Sustainability Report 2023 for the Independent Limited Assurance Statement.

Forward-Looking Statements Disclaimer

This Statement contains certain forward-looking statements relating to future performance where such statements are premised on current assumptions and circumstances, which could change due to various reasons, such as shift of stakeholders' ESG priorities. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements. As such, the forward-looking statement will be reviewed for its relevancy in our upcoming reports as needed.

Feedback and Accessibility

For more information, our Sustainability Report 2023 is also available on our corporate website https://www.kenanga.com.my/who-we-are/sustainability.

We welcome all feedback and comments, which can be directed to:
Group Marketing, Communications and Sustainability
Kenanga Investment Bank Berhad
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Tel : +603-2172 2888
Email : groupmarcomm@kenanga.com.my

SCAN HERE
for more information and downloads.

OUR HIGHLIGHT RECOGNITION

FTSE4Good

FTSE4Good Bursa Malaysia ("F4GBM") Index December 2023 Review Results

In the latest December 2023's review of the FTSE4Good Index series, Kenanga has maintained its position and demonstrated improvement in its overall ESG ratings. In the review, the Group achieved an overall ESG score of 4.0 out of 5.0, showing an increase from our previous rating of 3.7.

The progress is primarily attributed to the enhanced performance in climate change-related topics within the Environmental pillar, while maintaining our perfect scores for the Governance pillar and high score for our Social pillars. Furthermore, Kenanga has surpassed the sector average scores, reflecting our ongoing commitment to align our business operations with sustainable and responsible practices.

Constituent of F4GBM index for the **2nd** consecutive year

Top **11** in Percentile Ranking

Improved ESG Score to **4.0** from 3.7 a year ago, ahead of the overall financial services sector's average of 2.6.

Kenanga Tower Wins 'Energy-Efficient Retrofitted Building' at National Energy Awards 2023

We are delighted to announce our win of the 'Energy Efficient Building in the Retrofitted Building' category at the esteemed National Energy Awards 2023. This prestigious recognition, conferred by the Ministry of Natural Resources, Environment, and Climate Change in collaboration with the Malaysian Green Technology and Climate Change Corporation, marks the culmination of dedicated efforts throughout the last two (2) years.

Through a collaborative partnership with a Malaysian-based climate-tech company, we implemented an advanced AI solution in the central air conditioning ("**AC**") system, which significantly contributes to Kenanga Tower's energy consumption. This overhaul, along with upgrades to the Air Handling Unit ("**AHU**") and installation of energy-efficient lighting throughout the premises, resulted in an overall energy reduction in 2022.

As we reflect on the progress we have made in such a short period of time, we reaffirm our commitment to continue driving sustainable practices and positive change within our enterprise and industry. We also remain steadfast in our pursuit of excellence and are committed to fostering a greener, more sustainable future for all.

SUSTAINABILITY AT KENANGA

As a financial institution, we acknowledge the significant role we play in contributing to the development of a sustainable future. Our commitment is rooted in integrating sustainability into our operations, generating shared value for all stakeholders. We consistently incorporate sustainability into our business practices and decision-making processes, recognising it as both a driver of risks and a source of opportunities.

OUR ESG FRAMEWORK

Our ESG Framework serves as a focal point for how we articulate our sustainability aspirations for the long-term. Anchored upon four (4) key pillars – **Sustainable Economic Growth, Environmental Stewardship, Empowering People and Communities**, and **Good Governance** – the Framework guides us in our efforts to address ESG issues that are material to our business.

OUR SUSTAINABILITY VISION

As a leading independent investment bank, Kenanga is committed to promoting and adopting business-relevant sustainable practices by embedding ESG in our core business strategies and operations, while considering the ESG risks and opportunities in shaping up sustainable investment products and services towards contributing to the best interests of our stakeholders.

Sustainable Economic Growth

Integrate ESG factors into our business decisions and value chain and manage ESG risks and opportunities as we innovate to build a sustainable future.

- **Responsible Investment**
  Incorporate ESG factors into our investment processes, offer and promote sustainable products and solutions and take an active stewardship role in the companies in which we invest.
- **Digitalisation**
  Leverage technological advancements to develop secure, meaningful and innovative products and solutions that will help shape the future investing.

Environmental Stewardship

Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.

- **Climate Impact**
  Take ownership of climate risks and opportunities of our operations through monitoring environmental performance, identifying and practising behaviours to promote climate positive action and outcomes.

Empowering People and Communities

Create a positive impact on our employees, clients, and business associates, as well as communities in need.

- **Diversity, Inclusion and Wellbeing**
  Inculcate an equitable workplace culture that recognises the unique needs and contributions of employees and where employee rights, health, safety and wellness are promoted.
- **Community Investment**
  Enhance financial literacy for investors and the community through education. Reaching out to communities in need through targeted social investments and employee volunteerism.

Good Governance

Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.

- **Good Business Conduct**
  Promote and embed good business conduct and high standards of integrity throughout the organisation, operate ethically and transparently and in compliance with applicable laws and regulations.

OUR SUSTAINABILITY GOALS AND ROADMAP

In line with our ESG Framework, we formulated Sustainability Goals and Targets, as well as a three (3)-year Sustainability Roadmap ("**the Roadmap**") in FY2023 to operationalise and drive our sustainability vision and ambitions.

To facilitate the implementation of the Roadmap, ESG Key Performance Indicators ("**KPIs**") were integrated into the Balanced Scorecards ("**BSC**") of relevant roles including the Group Managing Director, as well as for the Head of Divisions and Departments, and which were cascaded across the Group, reinforcing the integration of ESG considerations throughout our business operations.

Sustainable Economic Growth

Integrate ESG factors into our business decisions and value chain and manage ESG risks and opportunities as we innovate to build a sustainable future.

Goal 1
Increase support of sustainable economic activities

Goal 2
Champion cloud-first strategy to increase scalability and flexibility

Goal 3
Increase automation for productivity

Goal 4
Increase digital distribution of products and services

Environmental Stewardship

Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.

Goal 1
Accelerate enterprise decarbonisation

Goal 2
Build awareness, knowledge and skills needed to enable employees and stakeholders, to contribute positively to climate actions

Empowering People and Communities

Create a positive impact on our employees, clients, business associates, as well as communities in need.

Goal 1
Maintain and promote workforce diversity, and maintain anti-discrimination culture

Goal 2
Integrate mental health as a topic of overall wellbeing of employees

Goal 3
Increase social impact towards marginalised and deserving communities through consistent programmes and initiatives

Goal 4
Expand investing literacy reach through online and offline channels

Good Governance

Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.

Goal 1
All material matters to be supported by adequate policies and procedures in line with best practices and regulatory requirements

Goal 2
Lead industry fraud awareness through an interactive flagship programme

OUR THREE (3)-YEAR SUSTAINABILITY ROADMAP 2023-2025

Our Roadmap Focus Areas

Objective
This Roadmap complements our Board-approved sustainability goals and targets, and supports the implementation of regulators' and rating agencies' requirements on sustainability disclosures which is translated to relevant KPIs.

2023

Strengthening ESG Foundation

- Develop KPIs and targets for the identified 'Key Focus Areas' in the Group's Sustainability Framework
- Assess and ensure group-wide readiness to embark on climate-related financial disclosures according to key regulators' requirements that are in line with the Bank Negara Malaysia Climate Change and Principle-based Taxonomy, and the Policy Document on Climate Risk Management and Scenario Analysis, as well as the Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- Upskill sustainability-relevant roles within the organisation and ensure alignment are in line with Bursa Malaysia Corporate Sustainability Practitioner Competency Framework
- Obtain assurance of our sustainability reporting process for data and enhance reporting credibility

Building Sustainable Ecosystem

- Enhance sustainability governance structure with sub-committees/ working group with clear roles and responsibilities
- Promote sustainability culture and increase ESG literacy amongst the Group's stakeholders through targeted sustainability literacy programmes
- Identify and integrate ESG risks in group-wide risk management including climate risk throughout the Group's business operations as per updated materiality matrix

2024

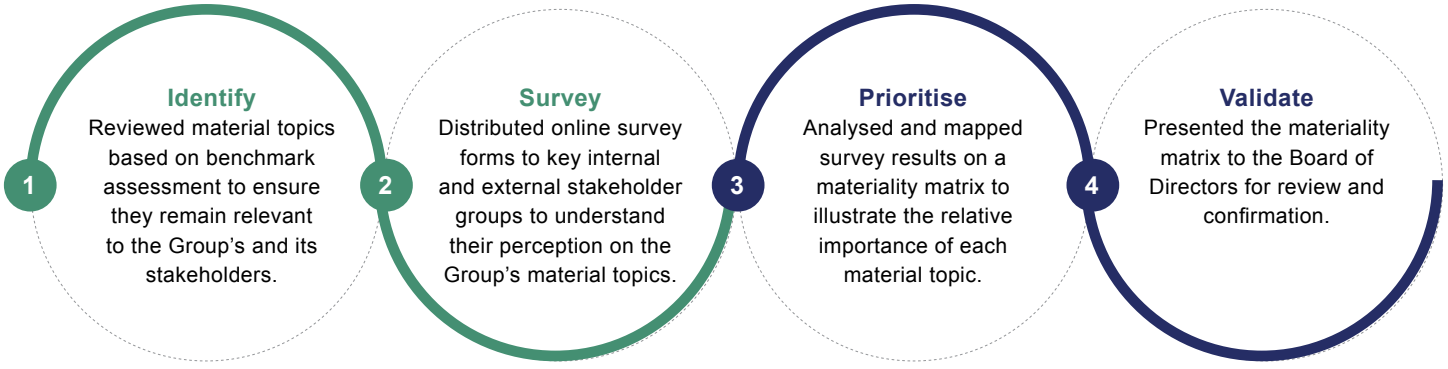
2025

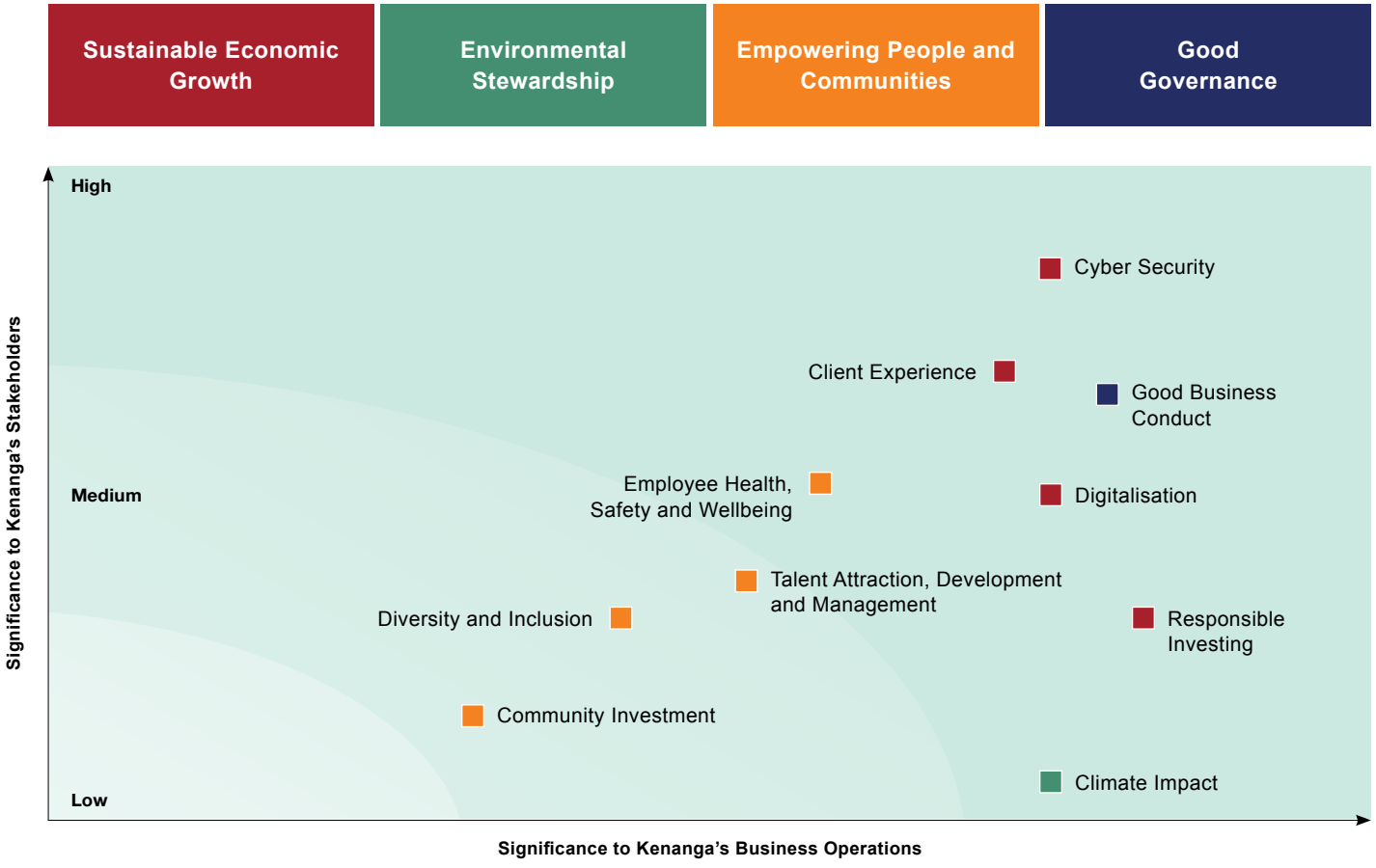
Amplifying ESG Impact

- Expand sustainable products and services while focusing on thematic and impact investing in sectors related to Water & Waste, Food Security, and Energy Transition, and others as relevant
- Fully integrate and increase our ESG due diligence practices across our business operations including sustainable value chain practices such as procurement and investment
- Adopt suitable sustainability ratings and standards for continuous improvement on sustainability performance

WHAT IS MATERIAL TO US

Our biennal materiality assessment, which is driven by a four (4)-step process to identify and prioritise ESG topics that are relevant to the Group and its stakeholders was last conducted in 2022. The assessment ensures that we consider and integrate these ESG topics in identifying opportunities and risks in our business operations, as well as to further guide the Group's ESG strategy and reporting.





OUR SUSTAINABILITY PROGRESS

GOOD GOVERNANCE

Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.

UN SDGs

MATERIAL TOPICS:

- Good Business Conduct
- Regulatory Compliance

Goal 1

All material matters to be supported by adequate policies and procedures in line with best practices and regulatory requirements.

Goal 2

Lead industry fraud awareness through an interactive flagship programme.

GOOD BUSINESS CONDUCT

GRI 205

Operating transparently, with integrity and accountability in compliance with applicable laws and regulations, and adopting the highest standards of professionalism, honesty, and ethics.

WHY IT MATTERS

The implementation of a strong governance foundation is critical for the Group's long-term value creation. It is imperative for us to instil a strong ethical and compliance culture that reflects the Group's zero-tolerance approach towards financial crimes.

OUR APPROACH

The Group strives to adopt principles and best practices of good governance and ensures Kenanga and its subsidiaries comply with regulatory guidelines issued by Bank Negara Malaysia, Bursa Malaysia Securities Berhad, and the Securities Commission Malaysia.

KEY PROGRESS IN 2023

- Board Charters were updated to further enhance the existing climate risk governance and oversight
- Enhanced overall sustainability governance structure with more defined roles and responsibilities in climate risk management

REGULATORY COMPLIANCE

Identifying, managing and responding to compliance risk across the Group, as well as cultivating a transparent ethical culture and educating employees to reflect the compliance behaviours of the organisation.

WHY IT MATTERS

One of our key priorities in adopting good governance practices includes fostering a compliance culture that empowers our employees to uphold high standards of integrity and vigilance in carrying out their responsibilities at work.

OUR APPROACH

A key component of our strategy to build an ethical culture involves designing training programmes and awareness initiatives that incorporate our principles of ethics and integrity. This ensures that these principles are reinforced, understood, and practiced by our employees at every level of our workforce. The Group's maintains a zero (0)-tolerance policy towards all forms of financial crime, including bribery, fraud, corruption, terrorism financing, money laundering, proliferation financing, and other illicit activities related to unethical business practices. To protect our operations and the broader financial system, we have developed and implemented internal policies, frameworks, and standards. We also continuously monitor and implement all corporate policies and frameworks at the Group to instill good governance values throughout the organisation.

KEY PROGRESS IN 2023

- Enhanced the Group Whistleblowing Policy by replacing it with the Group Speak Up Policy, allowing employees to report concerns in good faith regarding behaviour, conduct, practices, actions or omissions that may be unlawful or not in line with the Group's policies
- Other policy updates include Group Anti-Fraud, Bribery and Corruption Policy, Group Chinese Wall Policy, Group Code of Conduct for Vendors, Business Continuity Management Framework Policy, KIB Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("**AML/CFT/TFS**") Procedure
- Organised flagship annual event, the Fraud Awareness Week ("**FAW**"), for the seventh (7th) consecutive year in collaboration with the Association of Certified Fraud Examiners. The event attracted over 2,300 participants from various stakeholder groups, including regulatory bodies, enforcement agencies, professional organisations, financial institutions, educational institutions, public-listed companies, and Kenanga's third-party vendors and suppliers
- Over 9,000 training hours related to compliances covering three key topics on anti-bribery and corruption, AML/CFT/TFS and anti-fraud

Refer to pages 33 to 42 of our Sustainability Report 2023 for more information on our approach and progress on Good Governance.

SUSTAINABLE ECONOMIC GROWTH

Integrate ESG factors into our business decisions and value chain and manage our ESG risks and opportunities as we innovate to build a sustainable future.

UN SDGs

MATERIAL TOPICS:

- Responsible Investing
- Cyber Security
- Digitalisation
- Client Experience

Goal 1

Increase support of sustainable economic activities.

Goal 2

Champion cloud-first strategy to increase scalability and flexibility.

Goal 3

Increase automation for productivity.

Goal 4

Increase digital distribution of products and services.

RESPONSIBLE INVESTING

GRI 3-3

Collaborating with asset owners, regulators and a wide range of market participants on ESG matters and ensuring that it takes place at the heart of the investment process.

WHY IT MATTERS

By investing in companies that are committed to sustainable practices, we can help create positive impact on the environment and society, while building long-term value and attracting investors who considers overall business sustainability in their investment decision-making process.

OUR APPROACH

We integrate ESG factors into our investment process by selecting companies that meet our ESG standards and avoiding those with unsatisfactory performances. Industries that do not align with our core ESG values, such as controversial weapons and adult entertainment, are excluded from investment considerations. Additionally, we exercise our voting rights in investee companies with substantial holdings, following our voting policy. This formal channel allows us to communicate our views, especially on ESG-related issues, and includes significant resolutions such as the appointment of auditors and board of directors, proxy contests, anti-takeover provisions, corporate governance matters, capital structure decisions, including mergers and acquisitions, and executive compensation. Furthermore, we actively engage with stakeholders across industries and investee companies to monitor and promote good ESG practices.

KEY PROGRESS IN 2023

- Kenanga Investors Berhad and Kenanga Islamic Investors Berhad have been affirmed investment manager ratings ("**IMR**") of IMR-2 by the Malaysian Rating Corporation Berhad for the seventh (7th) consecutive year since first rated in 2017
- Appointed as asset manager for two (2) ESG mandates by notable Malaysian public asset owners which is a testament to Kenanga Investors Berhad's position as trusted fund in the sustainability space
- Kenanga Investors Berhad completed screenings for its fixed-income stocks and sector-specific assessments for equities, with a heightened focus on sectors bearing elevated ESG risks
- Total assets under management ("**AUM**") that underwent ESG assessment amounted to approximately RM10.0 billion, accounting for approximately 48% of our reported AUM
- Three (3) SRI funds launched under Kenanga Investors Sustainability Series, yields positive returns in 2023
- RM73.9 million (28%) of Kenanga Private Equity Sdn Bhd's portfolio are focused on the renewable energy sector
- RM44.6 million (7.4%) of loan and financing portfolio under Kenanga's Corporate Banking division in green lending and financing are related to renewable energy, green technology, and climate change mitigation activities
- Conducted in-depth engagement with a group of over twenty (20) companies on ESG matters, including climate change
- Kenanga Research organised twelve (12) ESG-related webinar series and experiential visits as part of active engagement activities for corporate and institutional clients

DIGITALISATION

GRI 3-3

Leveraging technological advancements to develop innovative products and services, enhance and reinforce advisory operations and offer solutions that meet clients' needs.

WHY IT MATTERS

We recognise that strengthening our digital competitiveness is vital to our continued sustainability and growth, especially given the rapidly evolving financial landscape. Our goal is to optimise internal operational efficiency through digitisation, as well as to create an integrated and seamless digital experience that offers a suite of products.

OUR APPROACH

At Kenanga Group, our digitalisation strategy is premised on expanding our digital offerings to create a comprehensive approach to wealth creation. We also aim to streamline workflows through automation to boost efficiency. Additionally, we continue to enhance our IT governance for effective oversight of digital initiatives. Our objectives include optimising resources, speeding up digital implementation, and refining cost structures. Furthermore, we aim to forge strategic partnerships with technology leaders to drive innovation and deliver value to our customers. These efforts underscore our commitment to leveraging digitalisation to fuel growth and innovation in our business.

KEY PROGRESS IN 2023

- Utilising AntChain's state-of-the-art Mobile Platform as a Service, the Kenanga SuperApp, a central platform for our financial and wealth solution, is expected to launch in 2024
- Treasury FX Platform is aimed at empowering clients to conduct online foreign currency trades and transfer funds internationally, is expected to launch in 2024
- The total AUM through Kenanga Digital Investing, which utilises fully automated AI-driven robo-advisors to simplify saving and investing, reached over RM235.0 million, catering to 23,396 clients
- A total of 19,410 new users signed up on Rakuten Trade, bringing the total customer base to 276,163, with a total of RM125.0 billion worth of stocks transacted since its inception in year 2017
- Project iLeap is a transformative initiative aimed at modernising our operations and enhancing efficiency through digitalisation. Since 2020, a total of 69 workflows have been digitised, with an additional four (4) workflows digitised in 2023. These include processes within Group Operations, Group Finance, Group Equity Business, Group Treasury, Equity Derivatives and Group Digital, Technology, and Transformation
- Enhanced client services through the implementation of digital onboarding processes and improvisation of back-end client management systems
- Accomplished the CCRIS Enhancement 2023, aligning with the Climate Change and Principle-based Taxonomy ("**CCPT**") framework and enabling the system to cover several key products

CYBER SECURITY

GRI 418

Implementing robust cyber security solutions through strategic partnerships to protect corporate and client information and enhance cyber security posture, and equipping employees with the knowledge and skills to recognise and prevent malicious activities from cyber threat actors.

WHY IT MATTERS

As we transition towards a future defined by digital innovation, cyber security issues have increasingly become more relevant and urgent to organisations. We aim to address cyber risks by actively monitoring developments in the cyber world and strengthening our cyber security measures across our operations.

OUR APPROACH

Our suite of IT policies forms a fundamental aspect of our IT governance which guides our management approach towards cyber risks and responses to security incidents.

KEY PROGRESS IN 2023

- Updated key policies related to Cyber Security including Data Loss Prevention Framework, Group Confidential Information Policy
- Three (3) topics on cyber security were included as webinar topics within the eighth (8th) annual regulatory seminar including phishing, zero trust and data governance
- Implemented Cloudflare to shield web applications from cyber attacks, enhanced security posture through advanced endpoint and identity protection to safeguard clients' and employees' data
- Conducted monthly cybersecurity awareness training in partnership with Sophos alongside with regular phishing email simulation as part of employees' education on phishing attacks

CLIENT EXPERIENCE

GRI 417

Delivering positive client experience through customer service exellence, as well as innovative products and services.

WHY IT MATTERS

As a homegrown brand that has evolved and grown over the last 50 years, we recognise that our success is the result of our relationships with our clients. Having served over 500,000 clients, we remain committed to continue delivering excellence through our products and services by putting our clients at the centre of all that we do.

OUR APPROACH

Guided by policies aligned to applicable laws and regulations, we aim to ensure our marketing materials and claims embody a commitment to ethical principles which prioritise accuracy and honesty. Through our client-centric approach, we aim to build lasting client relationships that will serve to fortify the foundation that sustains our business for the long term.

KEY PROGRESS IN 2023

- Introduced a dedicated email and hotline channels to manage reporting of scam-related issues
- Increased communication efforts to publish contents on website and social media platforms to increase awareness on scam and preventions measures

Refer to pages 43 to 58 of our Sustainability Report 2023 for more information on our approach and progress on Sustainable Economic Growth.

ENVIRONMENTAL STEWARDSHIP

Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.

UN SDGs

MATERIAL TOPICS:

Climate Impact

Goal 1

Accelerate enterprise decarbonisation.

Goal 2

Build awareness, knowledge and skills needed to enable employees and stakeholders, to contribute positively to climate actions.

CLIMATE IMPACT

GRI 302, 303, 305, 306

Taking ownership of the climate impacts of our operations by monitoring environmental performance, identifying and practising behaviours promoting climate positive outcomes, and raising awareness of climate change and sustainability with internal stakeholders.

WHY IT MATTERS

Environmental stewardship is crucial for conserving resources and reducing environmental impact. Practices like energy efficiency cut costs and lower carbon emissions, helping to combat climate change. In addition, advocacy for environmental sustainability promotes broader societal change through education and policy influence.

OUR APPROACH

We aim to create a positive climate impact and reduce our carbon footprint by managing climate risks and promoting sustainability across our operations. As part of this effort, we encourage our employees to use resources responsibly, including electricity, water and paper. Our #GreenAtWork, is a month-long interactive campaign designed to raise awareness amongst our employees on the importance of adopting an environmentally friendly mindset.

KEY PROGRESS IN 2023

- Total Operational GHG Emission – Scope 1 & Scope 2 for Kenanga Tower and Branch Offices: **3,639.5 tCO_2e**
- Scope 3 GHG Emission for Business Travel – **444.8 tCO_2e**
- Scope 3 GHG Emission for Employee Commuting – **4,320.4 tCO_2e**
- Total Energy Consumption – **19,389.9 GJ**
- Total Water Consumed for Kenanga Tower and Branch Offices – **42,208.1 m^3**
- Total Waste Managed Responsibly – **32,876 kg**

Refer to pages 59 to 65 of our Sustainability Report 2023 for more information on our approach and progress on Environmental Stewardship.

Key updates on climate risk management:

G Governance
Updated Board Charters and the Term of Reference of Board Committees, and Term of Reference for Group Risk Committee for enhanced oversight on climate risk governance

S Strategy
Improved our reporting strategy on climate change risks and opportunities for the Board of Directors, providing detailed information on the Bank Negara Malaysia's Policy Document on Climate Change and Principle-based Taxonomy rating by sector, high climate risk exposure by counterparty, and the latest key climate-related developments in Malaysia and globally

R Risk Management
Updated our Enterprise Risk Management Framework to include climate change risk requirements, ensuring that the roles and responsibilities of the three lines of defense cover managing climate change-related risk. This includes describing how climate change risk is transmitted through economic activities to financial risks, and mapping/integrating climate-related risks into existing risk categories.

M Metrics and Target
Developed a database/catalog for climate-related risk metrics, including GHG footprint, transition and physical metrics, and climate change targets for our portfolio companies

Refer to pages 24 to 32 of our Sustainability Report 2023 for more information on our approach and progress on how we manage our climate risk.

EMPOWERING PEOPLE AND COMMUNITIES

Create a positive impact on our employees, clients, business associates, as well as communities in need.

UN SDGs

MATERIAL TOPICS:

- Diversity and Inclusion
- Talent Attraction, Development and Management
- Employee Safety, Health and Wellbeing
- Community Investment

Goal 1

Maintain and promote workforce diversity and maintain anti-discrimination culture.

Goal 2

Integrate mental health as a topic of overall well-being of employees.

Goal 3

Increase social impact towards marginalised and deserving communities through consistent programmes and initiatives.

Goal 4

Expand investing literacy reach through online and offline channels.

DIVERSITY AND INCLUSION

GRI 405, 406

Inculcating a diverse and inclusive workplace culture by adopting equality and non-discriminative practices in human resource processes.

WHY IT MATTERS

Embracing diversity and inclusion enables us to attract a wider pool of talent, as well as to encourage new ideas and perspectives that help enhance our business. We aim to give our employees equal opportunities to succeed professionally, regardless of their age, gender, ethnicity and background. We strive to improve and maintain a healthy gender-balanced workforce through our focus on inclusivity that allows each individual to thrive in their careers.

OUR APPROACH

The Group is dedicated to fostering diversity and inclusion within our workforce as part of our sustainability commitment. We uphold ethical human resource practices, maintain a zero-tolerance policy for human rights violations, and ensure transparent communication on human rights for all employees. Additionally, we continuously strive to encourage two (2)-way, open communication with our employees through dialogues and discussions. Furthermore, our employee engagement programmes seek to promote the sharing of knowledge amongst our employees, celebrate diversity, and foster a sense of belonging.

KEY PROGRESS IN 2023

- The Group became a signatory of Women's Empowerment Principles and an official partner of LeadWomen
- 51% of the overall workforce are female, average gender pay ratio men to women is 1:0.92
- Conducted several initiatives in conjunction with International Women Day 2023, to further promote gender equality amongst employees, including pop quizzes, the dissemination of online awareness material and #EmbraceEquity pose challenge
- Supported LeadWomen campaigns in empowering women in Science, Technology, Engineering, Arts and Mathematics, as well as healthcare and sports by engaging and insightful panel sessions and networking opportunities
- Encouraged more women to open trading accounts through the Bursa Securities #EqualityforEquity Campaign
- Collaborated with Tokenize, InvestingNote, and ShareInvestor to organise Invest Meet Up #3: Babe and Finance, focusing on empowering women to invest and breaking down barriers in areas on finance and investment
- Policy updates on prevention and eradication of sexual harassment at workplace followed by training for People Managers on this topic

EMPLOYEE SAFETY, HEALTH AND WELLBEING

GRI 403

Safeguarding employees' safety, health, and wellbeing by promoting a safe and decent working environment.

WHY IT MATTERS

We believe that the health, safety and wellbeing of our employees are essential to our success, as it is not only beneficial to our employees, but also to our business, promoting productivity, engagement, and overall satisfaction. We aim to create a safe working environment culture as we progressively promote overall wellbeing of our employees including physical and emotional wellness.

OUR APPROACH

The Group continues to exercise precaution to ensure we provide a safe and healthy work environment in line with the Occupational Health and Safety Act 1994 and make our best efforts to protect our workforce health, safety and wellbeing.

KEY PROGRESS IN 2023

- Zero workplace injuries were reported in FY2023
- Conducted training on 'Basic Fire Safety' and 'Occupational Safety and Health in the Office' for Emergency Response Team and floor wardens
- Conducted various health-related programmes and talks to enhance employees' overall wellbeing which includes 'Mental Health & Wellbeing Advocacy Workshop for People Managers', 'Lower Back Pain and Methods of Prevention' as well as 'Diabetes Mellitus'
- Over 200 Kenanga Investors Berhad's staff and advisers participated in immersive empathy workshops led by visually impaired trainers from Dialogues Includes All ("**DIA**") Academy
- In conjunction with World Blood Donor Day, the Group organised a blood donation drive to raise awareness about the critical need for blood donation and encourage employee participation

TALENT ATTRACTION, DEVELOPMENT AND MANAGEMENT

GRI 401,404

Designing the Group's training and development initiatives to respond to business needs, regulatory requirements, industry standards and people development principles.

WHY IT MATTERS

We understand that an agile and engaged workforce is critical to our organisation's long-term success. As such, the Group is committed to investing in our people while also providing technical, professional, and personal development opportunities. In doing so, we hope to provide our employees with the knowledge and skills they need to succeed in their careers.

OUR APPROACH

At Kenanga Group, we continue to uphold impartial and unbiased recruitment processes, as well as take a comprehensive approach to employee welfare, supporting their health and wellbeing holistically. We also adopt a comprehensive four (4)-pronged approach to our training and development initiatives, placing a central focus on personal growth of our employees in alignment with our evolving business needs. Performance management is vital to our operations, with annual reviews conducted by Business Units utilising a Balanced Scorecard framework. Additionally, progressive performance reviews occur throughout the year, leading to a formal annual appraisal involving all eligible employees. To ensure fairness, we employ three (3) key appraisal reviews: self-appraisal, evaluations by immediate supervisors, and performance moderation. Our human resource practices, including recruitment, performance management and talent development are consistently managed equitably.

KEY PROGRESS IN 2023

- Invested over RM1.9 million on training and development
- Recorded over 40,000 training hours, with an average training hours per employee of 44.9 hours
- Supported 58 employees to obtain professional certifications from various programmes including Certification for Climate Risk by Institute of Chartered Bankers ("**AICB**"), Certification for Anti-Money Laundering Specialist by Association of Certified Anti-Money Laundering Specialists, Certification for Cybersecurity by National University of Singapore, and Certification for Financial Services (CFS) by AICB, amongst all
- Introduced the Tech Talents Programme, a three (3)-year effort addressing technology talent sourcing and retention
- 393 employees took part in ESG and sustainability-related trainings with 2,239.7 training hours were recorded
- Hosted a Sustainability Roadshow, aimed at promoting an understanding of ESG issues and trends, as well as the Group's sustainability journey and ambition, reaching out to over 170 employees
- Implemented structured coaching programme for targeted talents that connect experienced employees with talents seeking guidance
- Launched the Kenanga Leadership Programme which aims to provide participants with a comprehensive and targeted learning experience to develop participants' leadership potential
- Developed and rolled out Individual Development Plan for a more targeted role-based learning and talent development

COMMUNITY INVESTMENT

GRI 413

Enhancing financial literacy and inclusion for clients and the community through education, and reaching out to communities in need through targeted social investments and employee volunteerism.

WHY IT MATTERS

We believe that supporting local communities is crucial for building a stronger and more resilient community, where people can thrive. To achieve this, we have been reaching out to communities in need through targeted social investments and active employee volunteerism.

OUR APPROACH

We have in place a Group Donation Policy which establishes a standardised approach for assessing and directing donation requests and community investments. Additionally, since 2022, we have implemented an employee volunteering mechanism since designed to foster a positive work culture, enhance relationships with stakeholders and contribute to social and environmental causes. This initiative provides employees with opportunities for both personal and professional growth.

KEY PROGRESS IN 2023

- Invested over RM600,000 in community outreach programmes benefitting over 2,700 people
- Contributed 2,423 hours of volunteering service through outreach programmes to local communities
- Hosted a total of 119 financial-related programmes with over 7,800 participants recorded

Refer to pages 66 to 87 of our Sustainability Report 2023 for more information on our approach and progress on Empowering People and Communities.

BURSA MALAYSIA SUSTAINABILITY REPORTING DISCLOSURES

Indicator	Measurement Unit	2021	2022	2023
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	80.00	76.00	82.00
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Key Management	Percentage	-	-	86.20
Senior Management	Percentage	-	-	80.50
Middle Management	Percentage	-	-	91.80
Junior Management	Percentage	-	-	91.50
Non-Executive	Percentage	-	-	36.60
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	0.00	0.00	0.00
Total Energy Consumption	Gigajoules	12,520.60	17,890.30	19,389.90
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	29.30	40.60	43.40
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	2,549.60	3,284.80	3,596.10
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	187.70	210.90	4,765.20
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	19.97	32.88
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	0.00	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	19.97	32.88
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	18.500000	29.500000	42.200000
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Key Management Below 30	Percentage	0.00	0.00	0.00
Key Management 30-39	Percentage	5.90	15.00	0.00
Key Management 40-50	Percentage	11.80	15.00	27.80
Key Management Above 50	Percentage	82.30	70.00	72.20
Senior Management Below 30	Percentage	0.00	0.00	0.00
Senior Management 30-39	Percentage	2.30	2.50	4.80
Senior Management 40-50	Percentage	46.50	52.50	50.00
Senior Management Above 50	Percentage	51.20	45.00	45.20
Middle Management Below 30	Percentage	0.40	1.60	0.60
Middle Management 30-39	Percentage	33.60	33.80	31.20
Middle Management 40-50	Percentage	36.50	35.80	39.00
Middle Management Above 50	Percentage	29.50	28.80	29.20
Junior Management Below 30	Percentage	46.40	42.20	40.40
Junior Management 30-39	Percentage	23.60	26.90	28.50
Junior Management 40-50	Percentage	22.10	21.10	20.00
Junior Management Above 50	Percentage	7.90	9.80	11.10
Non-Executive Below 30	Percentage	7.20	7.80	5.60

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2021	2022	2023
Bursa (Diversity)				
Non-Executive 30-39	Percentage	23.20	20.00	18.70
Non-Executive 40-50	Percentage	39.90	37.40	40.20
Non-Executive Above 50	Percentage	29.70	34.80	35.50
Gender Group by Employee Category				
Key Management Male	Percentage	70.60	70.00	66.70
Key Management Female	Percentage	29.40	30.00	33.30
Senior Management Male	Percentage	60.50	60.00	59.50
Senior Management Female	Percentage	39.50	40.00	40.50
Middle Management Male	Percentage	46.60	47.50	46.60
Middle Management Female	Percentage	53.40	52.50	53.40
Junior Management Male	Percentage	47.40	46.70	47.00
Junior Management Female	Percentage	52.60	53.30	53.00
Non-Executive Male	Percentage	60.90	66.10	70.10
Non-Executive Female	Percentage	39.10	33.90	29.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	-	75.00	75.00
Female	Percentage	-	25.00	25.00
50-59	Percentage	-	25.00	25.00
60-69	Percentage	-	50.00	50.00
Above 70	Percentage	-	25.00	25.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Key Management	Hours	-	-	1,310
Senior Management	Hours	-	-	1,509
Middle and Junior Management	Hours	-	-	36,231
Non-Executive	Hours	-	-	1,018
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	14.40
Bursa C6(c) Total number of employee turnover by employee category				
Key Management	Number	2	2	1
Senior Management	Number	5	5	3
Middle Management	Number	47	71	61
Junior Management	Number	106	149	129
Non-Executive	Number	8	22	14
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	-	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	34	91
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	689,000.00	180,344.50	636,809.93
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	447	4,000	2,700

Internal assurance | External assurance | No assurance | (*)Restated

FOUNDER EMERITUS & ADVISER'S PROFILE

"THERE MUST BE PASSION FOR THE JOB AND A SENSE OF TRIUMPH WITH EVERY PUSH FORWARD."

BIOGRAPHY

YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail ("**YM Tan Sri Dato' Paduka Tengku Noor Zakiah**") co-founded Kenanga Investment Bank Berhad ("**KIBB**" or "**the Company**") in 1973 under the name K & N Kenanga Sdn Bhd and served as the Executive Chairman of the Company until January 2007.

In January 2010, she was re-designated as the Non-Executive Chairman of KIBB. Prior to this, she was a partner in a stockbroking firm, Hallam & Co., from 1964 to 1971.

She was the first (1st) lady member of the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Securities Berhad in 1964 and has over fifty (50) years of experience in the securities industry. She was one of the founders of the Association of Stockbroking Companies Malaysia ("**Association**") and was appointed as the President of the Association, a post she held until 1994 when she became its Chairman. She was made a Life Adviser to the Association when she retired as its Chairman in 1997.

YM Tan Sri Dato' Paduka Tengku Noor Zakiah was conferred the 'Lady Extraordinaire Award 2014' by the Ministry of Women, Family and Community Development Malaysia in recognition of her remarkable and exceptional contributions and achievements in the field of stockbroking. She also received the 'Ikon Peniagawati 2015' award from the Association of Bumiputera Women in Business and Profession, Malaysia (PENIAGAWATI) in recognition of her entrepreneurship, and for being the first (1st) Bumiputera lady in the field of stockbroking in Malaysia, where she has served for more than five (5) decades, since 1964. For being a pioneer in the industry, she was awarded an entry to the Malaysia Book of Records as 'The First Female Entrepreneur To Start Up A Stockbroking Company'. She was awarded 'Top 10 Asia – Outstanding Personality Award 2019' by Research House Asia for her contributions to the local financial and corporate world. The award was presented by YB Tuan Muhammad Bakhtiar bin Wan Chik, Deputy Minister of Tourism, Arts and Culture Malaysia.

Due to the mandatory regulatory requirement for the Board of Directors to comprise a majority of Independent Directors, YM Tan Sri Dato' Paduka Tengku Noor Zakiah relinquished her position as the Chairman and Non-Independent Non-Executive Director of KIBB on 28 January 2017. Following thereto, YM Tan Sri Dato' Paduka Tengku Noor Zakiah was appointed as Adviser, and in 2021 she was re-designated as Founder Emeritus & Adviser of Kenanga Group.

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YM TAN SRI DATO' PADUKA TENGKU NOOR ZAKIAH TENGKU ISMAIL

Founder Emeritus & Adviser

Date of Appointment:

- 1 February 2017
  (Founder & Adviser of Kenanga Group)
- 27 January 2021
  (Founder Emeritus & Adviser of Kenanga Group)

FOUNDER EMERITUS & ADVISER'S PROFILE

PROFILES OF DIRECTORS

YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Chairman of the Board of Directors/
Independent Non-Executive Director

Date of Appointment:
1 July 2020

Length of Tenure as Director (As at 31 March 2024):
Three (3) Years Nine (9) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
Nil

10/10
Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Arts in Accounting, Macquarie University, Sydney, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practising Accountant (CPA) Australia
- Court of Emeritus Fellows, Malaysian Institute of Management

Award
- Chairman of the Year Award 2012 – 2013 by "The BrandLaureate", the Grammy Awards for The World's Best Brands by The World Brands Foundation

Present Appointment(s)
- Chairman of Nestle (Malaysia) Berhad
- Chairman of SP Setia Berhad
- Chairman of Lembaga Zakat Selangor
- Chancellor of SEGi University
- Trustee of Yayasan Perpustakaan Raja Tun Uda

Past Relevant Experiences
- Chairman, Malaysia Airports Holdings Berhad
- Chairman, Cahya Mata Sarawak Berhad
- Chairman, Malakoff Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, Malaysian Resources Corporation Berhad
- Chairman, DRB-Hicom Berhad
- Chairman, EON Bank Berhad
- Chairman, Uni Asia Life Assurance Berhad
- Chairman, Uni Asia General Insurance Berhad
- Chairman, Lembaga Tabung Haji Investment Panel
- Chairman, EON Capital Berhad
- Executive Chairman, Realmild (M) Sdn Bhd
- Executive Chairman, Radicare (M) Sdn Bhd
- Chairman, Pulau Indah Ventures Sdn Bhd
- Chairman, Uni.Asia Capital Sdn Bhd
- Independent Director, Maxis Communications Berhad
- Independent Director, Bangkok Bank Berhad
- Group Managing Director, Amanah Capital Partners Berhad

Declaration
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

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ISMAIL HARITH MERICAN

Non-Independent Non-Executive Director

Date of Appointment:
26 August 2010

Length of Tenure as Director (As at 31 March 2024):
Thirteen (13) Years and Seven (7) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
- Member of the Group Governance, Nomination & Compensation Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Arts in History, University of Malaya, Malaysia

Present Appointment(s)
- Managing Director of Zubaimas Realty Sdn Bhd
- Chairman of Matrix Energy Capital (M) Sdn Bhd
- Director of Alangseh Sdn Bhd

Past Relevant Experiences
- Non-Independent Non-Executive Director of K & N Kenanga Holdings Berhad
- Managing Director of Straits Securities Sdn Bhd
- Employed by KIBB with the last position held as a Dealer's Representative (Institutions and International)
- Involved in the investment industry when he trained and worked with Strauss Turnbull & Co., a firm of stockbrokers in London
- Assistant Accountant in The Economist Newspaper Ltd
- Articleship at Peat, Marwick, Mitchell & Co. in London, United Kingdom

Declaration
Ismail Harith Merican is the son of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, a major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

LUK WAI HONG, WILLIAM

Non-Independent Non-Executive Director

Date of Appointment:
- 1 November 2013 (Independent Non-Executive Director)
- 1 November 2022 (Re-designated as a Non-Independent Non-Executive Director)

Length of Tenure as Director (As at 31 March 2024):
Ten (10) Years and Five (5) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
- Member of the Group Board Risk Committee
- Member of the Group Board Digital Innovation & Technology Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Arts (Honours), Concordia University, Montreal, Canada
- Masters of Urban Planning, University of Michigan, United States of America ("**USA**")
- Executive Fellowship awarded by the State of Washington, USA

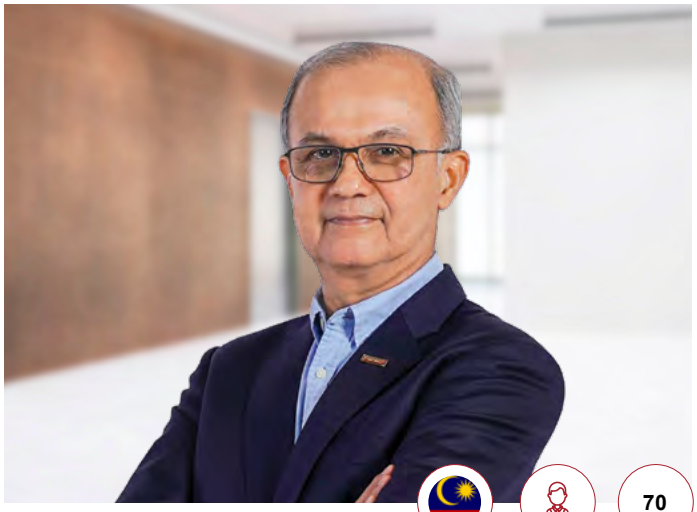
Present Appointment(s)
- Director of Investment of Cotton Tree Capital Ltd
- Non-Independent Non-Executive Director of Kenanga Investors Berhad ("**KIB**"), a wholly-owned subsidiary of KIBB
- Chairman and Non-Independent Non-Executive Director of Eq8 Capital Sdn Bhd (Formerly known as i-VCAP Management Sdn Bhd), a wholly-owned subsidiary of KIB
- Chairman of Investment Committee of KIB
- Member of the Audit and Risk Committee of KIB

Past Relevant Experiences
- Chairman of the Group Board Risk Committee, as well as Member of the Audit Committee, Group Governance, Nomination & Compensation Committee and Employees' Share Scheme Committee, KIBB
- Independent Non-Executive Director, K & N Kenanga Holdings Berhad
- Principal and Portfolio Manager of Pacific Advantage Capital, Hong Kong and Singapore
- Managing Director and Co-Head of Saba Proprietary Trading Group Asia in Deutsche Bank AG, Hong Kong
- Managing Director and Co-Head of Global Credit Trading and Principal Finance Asia in Deutsche Bank AG, Singapore
- Director and Head of Structured Credit Trading and Principal Finance Asia in Deutsche Bank AG, Singapore
- Senior Associate Director and Senior Credit and Derivatives Trader in Deutsche Bank AG, Singapore
- Senior Fixed Income Trader in HSBC Markets, Hong Kong
- Fixed Income and Credit Trader in Lehman Brothers Asia, Hong Kong and Japan
- Executive Fellow and Transportation Finance Specialist in the Office of Financial Management in the State of Washington, USA

Declaration

Luk Wai Hong, William has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.



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JEREMY NASRULHAQ

Senior Independent Non-Executive Director

Date of Appointment:
1 June 2017

Length of Tenure as Director (As at 31 March 2024):
Six (6) Years and Ten (10) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
- Chairman of the Audit Committee
- Member of the Group Governance, Nomination & Compensation Committee
- Member of the Employees' Share Scheme Committee
- Member of the Group Board Digital Innovation & Technology Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Science (Agribusiness) Degree (with Distinction), Universiti Putra Malaysia
- Chartered Accountant, Malaysian Institute of Accountants ("**MIA**")
- Chartered Audit Committee Director, Institute of Internal Auditors Malaysia
- Fellow Member, Chartered Institute of Management Accountants ("**CIMA**"), United Kingdom
- Fellow Member, Institute of Corporate Directors Malaysia

Present Appointment(s)
- Director of Sweeyet Development Sdn Bhd

Past Relevant Experiences
- Chairman of Urusan Teknologi Wawasan Sdn Bhd
- Chairman of Malaysia Airports (Niaga) Sdn Bhd
- Independent Non-Executive Director/ Senior Independent Non-Executive Director, Chairman of the Board Nomination & Remuneration Committee, Chairman of the Whistleblowing Independent Committee, Member of the Board Audit Committee and the Board Finance & Investment Committee of Malaysia Airports Holdings Berhad
- Member of the Digital Technology Implementation Committee, Capital Market Advisory Committee, as well as its Oversight Committee in MIA
- Chairman of the MIA-Malaysian Qualifications Agency Joint Technical Committee and Disciplinary Committee in MIA
- Deputy President of CIMA, Malaysia Division for several years and had served on the council of the MIA for four (4) years from 1 July 2018 till 30 June 2022
- Committee Member of a few national organisations such as the Malaysian International Chamber of Commerce and Industry and the Federation of Malaysian Manufacturers
- Supply Chain Director for Unilever (M) Holdings Sdn Bhd, Malaysia and Unilever Singapore Pte Ltd, Singapore
- Commercial Director for Unilever (M) Holdings Sdn Bhd, Malaysia
- Regional Finance Manager for Unilever Asia Retail Foods
- Several senior financial and supply chain positions in Unilever (M) Holdings Sdn Bhd, P.T. Unilever Indonesia and Unilever Asia (S) Pte Ltd

Declaration
Jeremy Nasrulhaq has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

NORAZIAN AHMAD TAJUDDIN

Independent Non-Executive Director

Date of Appointment:
15 December 2017

Length of Tenure as Director (As at 31 March 2024):
Six (6) Years and Three (3) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
10,000 Ordinary Shares

Membership of Board Committee(s):
- Chairman of the Group Board Risk Committee
- Member of the Audit Committee
- Member of the Group Governance, Nomination & Compensation Committee
- Member of the Employees' Share Scheme Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Science (Honours) in Mathematics, University of Leeds, United Kingdom
- Master of Business Administration (Finance), Edith Cowan University, Australia

Present Appointment(s)
- Independent Non-Executive Director of Kenanga Investors Berhad ("**KIB**"), a wholly-owned subsidiary of KIBB
- Independent Non-Executive Director of Kenanga Islamic Investors Berhad, a wholly-owned subsidiary of KIB
- Independent Non-Executive Director of Eq8 Capital Sdn Bhd (formerly known as i-VCAP Management Sdn Bhd), a wholly-owned subsidiary of KIB
- Member of the Investment Committee, and Audit and Risk Committee of KIB

Past Relevant Experiences
- Chairman of the Group Governance, Nomination & Compensation Committee and the Employees' Share Scheme Committee, as well as Member of the Group Board Digital Innovation & Technology Committee, KIBB
- Chairman of KIB
- Chairman and Independent Non-Executive Director of Pacific & Orient Insurance Co. Berhad ("**POI**"), a subsidiary of Pacific & Orient Berhad
- Member of the Nomination Committee, Remuneration Committee, as well as the Audit Committee and Risk Management Committee of POI
- Chairman of the Investment Committee of KIB
- Non-Independent Non-Executive Director and Member of the Risk Management Committee and Nomination & Remuneration Committee of Prudential BSN Takaful Bhd
- Deputy Chief Executive Officer of Bank Simpanan Nasional Berhad
- Manager, Treasury of DaimlerChrysler (M) Sdn Bhd
- Assistant General Manager, Treasury of KAF Discount Berhad
- Deputy Chief Operating Officer, Group Treasury & International Banking of EON Bank Berhad Group
- Senior Dealer, Treasury of Bank Bumiputra (M) Berhad

Declaration
Norazian Ahmad Tajuddin has no family relationship with any Director and/ or major shareholder of KIBB. She also has no conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.

She has never been charged for any offence within the past five (5) years nor has she had any public sanction and/ or penalty imposed on her by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

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KANAGARAJ LORENZ

Independent Non-Executive Director

Date of Appointment:
26 December 2017

Length of Tenure as Director (As at 31 March 2024):
Six (6) Years and Three (3) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
388,000 Ordinary Shares

Membership of Board Committee(s):
- Chairman of the Group Board Digital Innovation & Technology Committee
- Member of the Audit Committee
- Member of the Group Board Risk Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Fellow Member, Institute of Chartered Accountants in England and Wales, United Kingdom
- Member, Malaysian Institute of Certified Public Accountants

Present Appointment(s)
Nil

Past Relevant Experiences
- Executive Director and Group Chief Executive Officer of GHL Systems Berhad
- Managing Director of eNETS Pte Ltd
- General Manager International Business Development of Network for Electronic Transfers (Singapore) Pte Ltd
- Chief Executive Officer of The Payment Solutions Company Pte Ltd
- Vice President, Marketing Head and Vice President, Financial Controller & Chief of Staff in Citibank Berhad
- Risk Manager of Citibank N.A., Australia and Malaysia

Declaration
Kanagaraj Lorenz has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

CHOY KHAI CHOON

Non-Independent Non-Executive Director

Date of Appointment:
13 December 2021

Length of Tenure as Director (As at 31 March 2024):
Two (2) Years and Three (3) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
- Member of the Group Governance, Nomination & Compensation Committee
- Member of the Group Board Risk Committee
- Member of the Group Board Digital Innovation & Technology Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Master in Business Administration, Oklahoma University, United States of America
- Bachelor Degree in Commerce, University of New South Wales, Australia
- Attended the General Management Programme in INSEAD, France
- Fellow Member, Certified Practising Accountants, Australia
- Chartered Accountant, Malaysian Institute of Accountants

Present Appointment(s)
- Chairman of Kenanga Investors Berhad ("**KIB**"), a wholly-owned subsidiary of KIBB
- Non-Independent Non-Executive Chairman of Zurich Life Insurance Malaysia Berhad and Zurich General Insurance Malaysia Berhad where he serves as a Member of the Audit Committee, Board Investment Committee, Risk Management and Sustainability Committee, and Nomination and Remuneration Committee of both companies
- Independent Non-Executive Director ("**INED**") of Hap Seng Plantations Holdings Berhad ("**HSP**") and a Member of the Audit Committee of HSP
- INED of MSM Malaysia Holdings Berhad ("**MSM**") and the Chairman of MSM's Audit, Governance and Risk Committee and a Member of its Investment and Tender Committee
- Non-Executive Director of Asian Banking School Sdn Bhd
- Non-Executive Director of Bond and Sukuk Information Platform Sdn Bhd
- Authority Member of the Labuan Financial Services Authority ("**LFSA**") and Chairman of the Audit Risk Management Committee of LFSA

Past Relevant Experiences
- Senior INED of Malaysia Marine and Heavy Engineering Holdings Berhad where he assumed the position as Chairman of the Board Audit Committee and a Member of the Nomination & Remuneration Committee
- Public Interest Director of Federation of Investment Managers Malaysia ("**FIMM**") where he also served as FIMM's Chairman of the Nomination and Remuneration Committee and Chairman of the Private Retirement Scheme Sub-Committee
- President/ Chief Executive Officer, Cagamas Berhad
- Senior General Manager, Head of Group Business Engineering, RHB Banking Group
- Chief Executive Officer, Morley Fund Management Ltd, Singapore
- Regional Finance & Planning Director, Asia, Aviva Insurance Asia Ltd
- Assistant General Manager ("**GM**") and GM, Commercial Union Assurance Berhad
- Senior Manager, Strategic Planning, Credit Corporation Malaysia Berhad ("**CCMB**"), Manager in various division of CCMB such as Corporate Planning Services, Commercial Division, Credit Division

Declaration
Choy Khai Choon is a Board representative of Cahya Mata Sarawak Berhad, a major shareholder of KIBB. He has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

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CHIN SIEW SIEW

Independent Non-Executive Director

Date of Appointment:
1 June 2022

Length of Tenure as Director (As at 31 March 2024):
One (1) Year Ten (10) Months

Shareholding in Kenanga Investment Bank Berhad ("KIBB"):
Nil

Membership of Board Committee(s):
- Chairman of the Group Governance, Nomination & Compensation Committee
- Chairman of the Employees' Share Scheme Committee
- Member of the Group Board Risk Committee
- Member of the Group Board Digital Innovation & Technology Committee

10/10

Number of Board Meetings Attended in 2023

Academic & Professional Qualification(s)
- Bachelor of Science in Computer Science from University of Arkansas, United States of America

Present Appointment(s)
- Independent Non-Executive Director of AIG Malaysia Insurance Berhad
- Independent Non-Executive Director of Southern Steel Berhad ("**SSB**") and a member of SSB's Nomination Committee and Remuneration Committee

Past Relevant Experiences
- Chief Digital Officer for IBM Malaysia
- Regional Sales Leader for IBM ASEAN Region
- Business Operation Leader for IBM ASEAN Region
- General Manager for Global Technology Services, IBM Malaysia

Declaration
Chin Siew Siew has no family relationship with any Director and/ or major shareholder of KIBB. She also has no conflict of interest or potential conflict of interest including interest in any competing business with KIBB or its subsidiaries.

She has never been charged for any offence within the past five (5) years nor has she had any public sanction and/ or penalty imposed on her by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

GROUP MANAGING DIRECTOR'S PROFILE

DATUK CHAY WAI LEONG

Group Managing Director

Date of Appointment:
17 May 2011

Security Holding in Kenanga Investment Bank Berhad ("KIBB"):
6,820,000 Ordinary Shares and 4,000,000 Options Held under the Employees' Share Option Scheme

Academic & Professional Qualification(s)

- Bachelor of Business Administration (Major in Finance) (1987), National University of Singapore

Directorship(s) in Public Company(ies)

- K & N Kenanga Holdings Berhad
- Securities Industry Development Corporation

Present Appointment(s)

- Bursa Malaysia Berhad
  - Member of Sustainability and Development Committee

Past Relevant Experiences

- Bursa Malaysia Berhad
  - Independent Non-Executive Director (March 2013 - March 2019)
- Bursa Malaysia Derivatives Berhad
  - Non-Executive Director (September 2015 - March 2019)
- Bursa Malaysia Derivatives Clearing Berhad
  - Non-Executive Director (September 2015 - March 2019)
- RHB Investment Bank Berhad
  - Managing Director, RHB Investment Banking (2006 - 2011)
- RHB Banking Group
  - Director of Corporate and Investment Banking (2006 - 2011)
- Standard Bank Group
  - Country Head, Malaysia and Head of Regional Origination for Southeast Asia (2002 - 2006)
- JPMorgan Chase Bank
  - Director, Head of Investment Banking Malaysia (2000 - 2002)
- Jardine Fleming, Hong Kong
  - Director, Investment Banking (1990 - 2000)
- Bankers Trust, Singapore
  - Senior Investment Analyst (1987 - 1990)

Declaration

Datuk Chay Wai Leong has no family relationship with any Director and/ or major shareholder of KIBB. He also has no conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.

He has never been charged for any offence within the past five (5) years nor has he had any public sanction and/ or penalty imposed on him by any relevant regulatory bodies during the Financial Year Ended 31 December 2023.

SENIOR MANAGEMENT PROFILES

DATUK ROSLAN HJ TIK
Executive Director,
Head of Group Investment Banking and Islamic Banking

55

Date of Appointment:
16 May 2011

QUALIFICATION(S)
- Bachelor of Science in Combined Studies (Accounting with Law) (1992), De Montfort University, Leicester, United Kingdom
- Advanced Certificate in Management, Massachusetts Institute of Technology, Boston, United States of America ("**USA**")

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- K & N Kenanga Holdings Berhad

RELEVANT EXPERIENCES
- RHB Investment Bank Berhad
  - Division Head/ Senior Vice President, Corporate and IB Services (2004 - 2011)
- KAF Discounts Berhad
  - General Manager, Debt Capital Markets (2001 - 2004)
- Malaysian Rating Corporation Berhad
  - Vice President, Corporate Debt (1996 - 2001)
- Rating Agency Malaysia Berhad
  - Analyst, Rating Department (1994 - 1996)
- Maybank Finance Berhad
  - Officer, Corporate Marketing/ Share Margin Trading Unit (1993)

PRESENT APPOINTMENT(S)
- Representing KIBB as the Council Member of Malaysian Investment Banking Association ("**MIBA**") (Alternate Representative)
- Representing MIBA to the Chartered Institute of Islamic Finance Professionals (CIIF)'s Charter Governing Panel

DATUK LEE KOK KHEE
Executive Director,
Head of Group Equity Business

56

Date of Appointment:
19 May 2011

QUALIFICATION(S)
- Certified Public Accountant (1993), The Malaysian Institute of Certified Public Accountants

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- ECML Berhad

RELEVANT EXPERIENCES
- Tokyo Mitsubishi International (Singapore) Ltd
  - Vice President, Merger and Acquisition (1999 - 2000)
- Arab-Malaysian Merchant Bank Berhad
  - Senior Manager, Corporate Finance (1992 - 1998)
- Ernst & Young
  - Senior Auditor (1988 - 1992)

PRESENT APPOINTMENT(S)
- Nil

SENIOR MANAGEMENT PROFILES

DATUK WIRA ISMITZ MATTHEW DE ALWIS

Chief Executive Officer/ Executive Director,
Kenanga Investors Berhad

50

Date of Appointment:
10 February 2015

QUALIFICATION(S)
- Master in Business Administration with Distinction (1999), Southern Cross University Australia
- Bachelor of Business Administration (Economics and Finance) (1996), Royal Melbourne Institute of Technology, Australia
- Graduate Diploma in Marketing (1995), Chartered Institute of Marketing, United Kingdom
- Certified Financial Planner, USA (2002)
- Islamic Financial Planner (2018), Islamic Business & Finance Institute Malaysia
- Advanced Business Management Programme (2013), International Institute of Management Development (IMD) Lausanne, Switzerland
- ABS Executive Education (2017), University of Cambridge, United Kingdom

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Kenanga Investors Berhad
- Kenanga Islamic Investors Berhad
- Kenanga Trustees Berhad (formerly known as Kenanga Funds Berhad)
- Federation of Investment Managers Malaysia (FIMM)

RELEVANT EXPERIENCES
- Kenanga Investors Berhad
  - Deputy Chief Executive Officer (2013 - 2015)
- ING Investment Management Asia Pacific/ ING Funds Berhad
  - Executive Director/ Country Head (2005 - 2013)
- ING Insurance Berhad
  - Senior Manager, Marketing and Business Development (2003 - 2005)
- MBF Unit Trust Management Berhad/ MBF Asset Management
  - Head, Sales and Marketing (1998 - 2003)
- ARA (Asia Research & Consultancy) Consultancy Ltd
  - Asia Pacific Relationship Manager/ Account Director (1991 - 1998)

PRESENT APPOINTMENT(S)
- Chairperson of the Malaysian Association of Asset Managers (MAAM)
- Bursa Malaysia's Securities Market Consultative Panel (SMCP)
- Vice Chairman of the Institutional Investors Council Malaysia
- Member of the Joint Committee (BNM & SC) on Climate Change (JC3)
- Member of the Capital Market Graduate Programme Steering Committee (SC)
- Member of Securities Commission Malaysia's Assessment Review Committee (ARC) - Fund Management
- Member of the Sustainable Investment Platform Steering Committee - Malaysia Sustainable Investment Initiative
- Member of the Industry Competence Framework (ICF) Advisory Panel (SIDC)
- Investment Adviser for the Olympic Council of Malaysia's Trust Management Committee

MAHESWARI A/P G KANNIAH

Group Chief Regulatory and Compliance Officer

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Date of Appointment:
1 June 2011

QUALIFICATION(S)
- Chartered Banker, Asian Institute of Chartered Bankers and the Chartered Banker Institute, United Kingdom
- Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners ("**ACFE**"), USA/ Malaysia
- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**")
- Fellow Chartered Secretary and Chartered Governance Professional of the Chartered Governance Institute, United Kingdom
- Fellow (Life) of the Institute of Corporate Directors Malaysia ("**ICDM**")
- Certified Expert in ESG and Impact Investing, Frankfurt School of Finance & Management
- Specialist Diploma in Company Secretarial Practice
- Certified Capital Market Professional – Compliance Advocate

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- RHB Investment Bank Berhad
  - Senior Vice President/ Head, Compliance (2007 - 2011)
- Malayan Banking Berhad
  - Vice President/ Head of Group Compliance (2007)
- Maybank Investment Bank Berhad
  - Vice President/ Head of Compliance Supervision (2002 - 2007)
- Malayan Banking Berhad
  - Corporate Services Department (1978 - 2002)

PRESENT APPOINTMENT(S)
- Board of Regents, ACFE, USA
- Director on the Board of ICDM
- Chairman of the Members Disciplinary Committee of ICDM
- Member of the Audit and Risk Management Committee of ICDM
- Member of the Membership Committee of ICDM
- Member of the Risk Management Committee of University Malaya
- Member of the Membership Committee of MAICSA
- Mentor for the Malaysia Australia Business Council Mentoring Program
- Honorary Member of the Director Members Community at LeadWomen

CHEONG BOON KAK
Group Chief Financial and Operations Officer

54

Date of Appointment:
1 November 2016

QUALIFICATION(S)
- Member of Malaysian Institute of Accountants
- Member of Certified Practising Accountant Australia
- Member of Malaysian Institute of Certified Public Accountant
- Chartered Banker, Asian Institute of Chartered Bankers and the Chartered Banker Institute, United Kingdom

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Kenanga Trustees Berhad (Formerly known as Kenanga Funds Berhad)
- K & N Kenanga Holdings Berhad

RELEVANT EXPERIENCES
- RHB Investment Bank Berhad
  - Head of Corporate Strategy (2008 - 2011)
- Sapura Crest Petroleum Berhad
  - General Manager, Group Accounts (2007 - 2008)
- RHB Securities Sdn Bhd
  - General Manager, Finance (2003 - 2007)
- RHB Management Company Sdn Bhd
  - Assistant General Manager, Finance (1999 - 2003)

PRESENT APPOINTMENT(S)
- Nil

AZILA ABDUL AZIZ
Chief Executive Officer/ Executive Director &
Head of Listed Derivatives, Kenanga Futures Sdn Bhd

55

Date of Appointment:
1 December 2012

QUALIFICATION(S)
- Bachelor Degree (Hons) in Finance (1996), MARA University of Technology ("**UiTM**")
- Diploma in Investment Analysis (1993), UiTM

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- Rashid Hussain Securities Sdn Bhd
  - Institutional Sales and Dealing, Regional Equities and Futures (1996 - 2000)
- SBB Securities Sdn Bhd, Ipoh
  - Trainee Dealer's Representative (KLSE) (1995 - 1996)
  - Practical Training (1992)
- Perlis Plantations Berhad
  - Accounts Trainee (Finance Department) (1989)

PRESENT APPOINTMENT(S)
- Advisory Board Member of Women in Finance Awards Asia, Global Trading & Markets Media Group New York
- Member of FTSE Russell Bursa Malaysia Index Advisory Committee
- Member of FTSE Russell Bursa Malaysia Industry Advisory Forum
- Member of Derivatives Market Consultative Panel of Bursa Malaysia
- Global Primary Member of Futures Industry Association Inc (FIA), Washington DC
- Associate Member of Palm Oil Refiners' Association of Malaysia (PORAM)
- Member Representative for Malaysia Futures Brokers' Association (MFBA)

SENIOR MANAGEMENT PROFILES

CYNTHIA WOON CHENG YEE
Head of Group Treasury

59

Date of Appointment:
25 May 2017

QUALIFICATION(S)
- Bachelor of Economics (1989), University of Western Australia

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- ECM Libra Investment Bank Berhad
  - Head of Treasury (2009 - 2012)
- Public Investment Bank Berhad
  - Manager, Treasury (1991 - 2008)
- KAF Astley & Pearce Sdn Bhd
  - Money Broker (1990 - 1991)
- Malaysian Tobacco Company Berhad
  - Management Executive (1989 - 1990)

PRESENT APPOINTMENT(S)
- Nil

NIK HASNIZA NIK IBRAHIM
Group Chief Human Resource Officer

58

Date of Appointment:
1 July 2014

QUALIFICATION(S)
- Bachelor of Science in Computer Science (1987), Indiana University, Indiana, United States of America

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- Kuwait Finance House Malaysia Berhad
  - Head, Human Capital (2012 - 2014)
- INTI Education Group
  - Senior Vice President, Group Human Resource (2009 - 2012)
- Watson Wyatt (Malaysia) Sdn Bhd
  - Senior Advisor, Human Capital Group ("**HCG**") (2009)
- RHB Banking Group
  - Head, Group Human Resource (2008 - 2009)
- Watson Wyatt (Malaysia) Sdn Bhd
  - Senior Consultant, HCG (2006 - 2008)
- Mesiniaga-SCS Sdn Bhd
  - General Manager/ Director (1999 - 2006)
- Mesiniaga-Tactics Sdn Bhd
  - General Manager (1995 - 1998)
- Mesiniaga Sdn Bhd
  - Programmer Analyst, Systems Analyst, Development Services Manager and Business Development Manager (1987 - 1995)

PRESENT APPOINTMENT(S)
- Nil

WOO KING HUAT
Chief Credit Officer

53

Date of Appointment:
1 July 2015

QUALIFICATION(S)
- Bachelor of Commerce (Economics) (1991), Flinders University, South Australia

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- RHB Investment Bank Berhad
  - Vice President, Corporate and Investment Banking Services (2011)
- AmInvestment Bank Berhad
  - Associate Director, Debt Capital Market (2007 - 2010)
- OCBC Bank (M) Berhad
  - Assistant Vice President and Head, Investment Banking (2000 - 2007)
- Oversea-Chinese Banking Corp. LTD
  - Assistant Manager (1997 - 2000)
- BSN Merchant Bank Berhad
  - Senior Officer, Corporate Banking/ Capital Markets (1996 - 1997)
- Malaysian Industrial Development Finance Berhad
  - Project Officer (1994 - 1995)
- Diethelm Malaysia Sdn Bhd
  - Marketing Executive (1992 - 1993)

PRESENT APPOINTMENT(S)
- Nil

TERENCE TAN KIAN MENG
Group Chief Internal Auditor

55

Date of Appointment:
17 January 2011

QUALIFICATION(S)
- Bachelor of Commerce (Accounting) with Merit, University of New South Wales, Australia
- Certified Internal Auditor (The Institute of Internal Auditors, USA)
- Fellow Certified Practising Accountant (CPA Australia)
- Chartered Accountant, Malaysian Institute of Accountants
- Chartered Banker, Asian Institute of Chartered Bankers and the Chartered Banker Institute, United Kingdom

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- MCIS Zurich Insurance Berhad
  - Chief Internal Auditor (2009 - 2010)
- DIGI Telecommunications Sdn Bhd
  - Head, Financial and Operational Assurance (2006 - 2009)
- Astro All Asia Network PLC
  - Senior Manager, Financial and Operational Assurance (2004 - 2006)
- Bank Simpanan Nasional
  - Head of Compliance (2003 - 2004)
- Citibank Berhad
  - Assistant Vice President, Compliance and Control (1995 - 2003)

PRESENT APPOINTMENT(S)
- Nil

SENIOR MANAGEMENT PROFILES

CHUAH SZE PHING
Group Chief Sustainability Officer and Head of Group Marketing and Communications

47

Date of Appointment:
1 September 2012

QUALIFICATION(S)
- Bachelor of Commerce (Marketing) (1999), University of Melbourne, Australia
- Certified Expert in ESG and Impact Investing, Frankfurt School of Finance & Management
- Certified in Climate Risk, Chartered Banker Institute

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- Hong Leong Financial Group
  - General Manager, Corporate Affairs and Public Relations (2010 - 2012)
- British American Tobacco PLC, London
  - Senior Manager, Corporate Brand and Publications (2007 - 2010)
- British American Tobacco Malaysia
  - Senior Manager, Corporate Communications (2004 - 2007)
- Weber Shandwick Worldwide
  - Senior Consultant, Corporate and Financial Practice (2002 - 2004)
- Accenture Malaysia
  - Change Management Analyst (2000 - 2002)

PRESENT APPOINTMENT(S)
- Nil

NORLIZA ABD SAMAD
Group Company Secretary

58

Date of Appointment:
19 November 2012

QUALIFICATION(S)
- Chartered Governance Professional, Chartered Governance Institute, United Kingdom
- Associate, Malaysian Institute of Chartered Secretaries and Administrators

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- Kenanga Investment Bank Berhad
  - Head, Prudential and Governance Supervision, Group Regulatory Division (2011 - 2012)
- RHB Investment Bank Berhad
  - Assistant Vice President, Head, Compliance Strategy and Governance Supervision, Investment Banking Compliance (2008 - 2011)
- Affin Investment Bank Berhad
  - Vice President, Corporate Services Department (2004 - 2008)
- Malayan Banking Berhad
  - Senior Executive, Corporate Services Department (1994 - 2003)

PRESENT APPOINTMENT(S)
- Nil

TAI YAN FEE
Group Chief Risk Officer

52

Date of Appointment:
1 August 2017

QUALIFICATION(S)
- Bachelor of Business Administration (1995), Universiti Kebangsaan Malaysia
- Persatuan Pasaran Kewangan Malaysia (1997)

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- Citibank Berhad
  - Country Market Risk Manager, FX, Rates and Liquidity (2011 - 2015)
  - Trader, Treasury Structured Product/ Interest Rate Derivatives (2005 - 2010)
- AmMerchant Bank Berhad
  - Trader, Treasury Structured Product/ Interest Rate Derivatives (2001 - 2004)
  - Corporate Sales, Treasury (1997 - 2000)

PRESENT APPOINTMENT(S)
- Nil

VAITHIYANATHAN MADAVAN
Head of Group Operations

54

Date of Appointment:
1 January 2021

QUALIFICATION(S)
- Malaysian Institute of Accountants (2001)
- The Association of Chartered Certified Accountants (2000), United Kingdom

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- ECML Berhad

RELEVANT EXPERIENCES
- Kenanga Investment Bank Berhad
  - Head, Group Compliance (2017 - 2020)
- Bursa Malaysia Berhad
  - Head, Equities Surveillance (2015 - 2017)
  - Head, Intermediaries Supervision (2010 - 2015)
- Malaysia Derivatives Exchange Berhad
  - Audit & Compliance (2001 - 2004)
- COMMEX Malaysia
  - Audit & Compliance (1998 - 2001)

PRESENT APPOINTMENT(S)
- Nil

SENIOR MANAGEMENT PROFILES

IAN W. LLOYD
Chief Digital Officer

41

Date of Appointment:
3 January 2022

QUALIFICATION(S)
- Master of Business Administration (MBA) (2010), Warwick Business School, University of Warwick, United Kingdom
- MSc, Information Systems & Technology (2006), Drexel University, Pennsylvania, USA

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- MatchMove Pay (Singapore & Malaysia)
  - Vice President, Head of Banking-as-a-Service (BaaS) Strategy & Delivery (2019 - 2021)
- CIMB (Malaysia)
  - Digital Entrepreneur in Residence & Group Enterprise Architect (2016 - 2019)
- Deloitte (United Kingdom)
  - Business & Technology Consulting Advisor, Financial Services (2011 - 2016)

PRESENT APPOINTMENT(S)
- Nil

LOW JIA YEE
Chief Technology Officer

41

Date of Appointment:
9 May 2022

QUALIFICATION(S)
- Bachelor of Software Engineering (2003), Coventry University, United Kingdom

DIRECTORSHIP(S) IN PUBLIC COMPANY(IES)
- Nil

RELEVANT EXPERIENCES
- MetLife, Inc.
  - Head of Product and Platform Engineering Asia (2022)
  - Head of Enterprise Architecture Asia (2019 - 2021)
- DHL
  - Principal Architect (2012 - 2019)
- Hewlett-Packard
  - Development Manager (2011 - 2012)
  - Software Architect (2009 - 2011)
- Firium Solution Sdn Bhd
  - Technical Lead (2006 - 2009)
- Others
  - Software Engineer (2003 - 2006)

PRESENT APPOINTMENT(S)
- PIKOM (The National Tech Association of Malaysia) CIO Chapter Member

Unless otherwise stated herein
- All members of the Senior Management Team do not have any family relationships with any Director and/ or major shareholder of KIBB.
- None of the Senior Management Team have conflict of interest or potential conflict of interest, including interest in any competing business with KIBB or its subsidiaries.
- None of the Senior Management Team have been convicted of any offence within the past five (5) years nor have they been imposed any penalty by the relevant regulatory bodies during the financial year.
- Directorship indicated herein reflects the directorship in public companies.

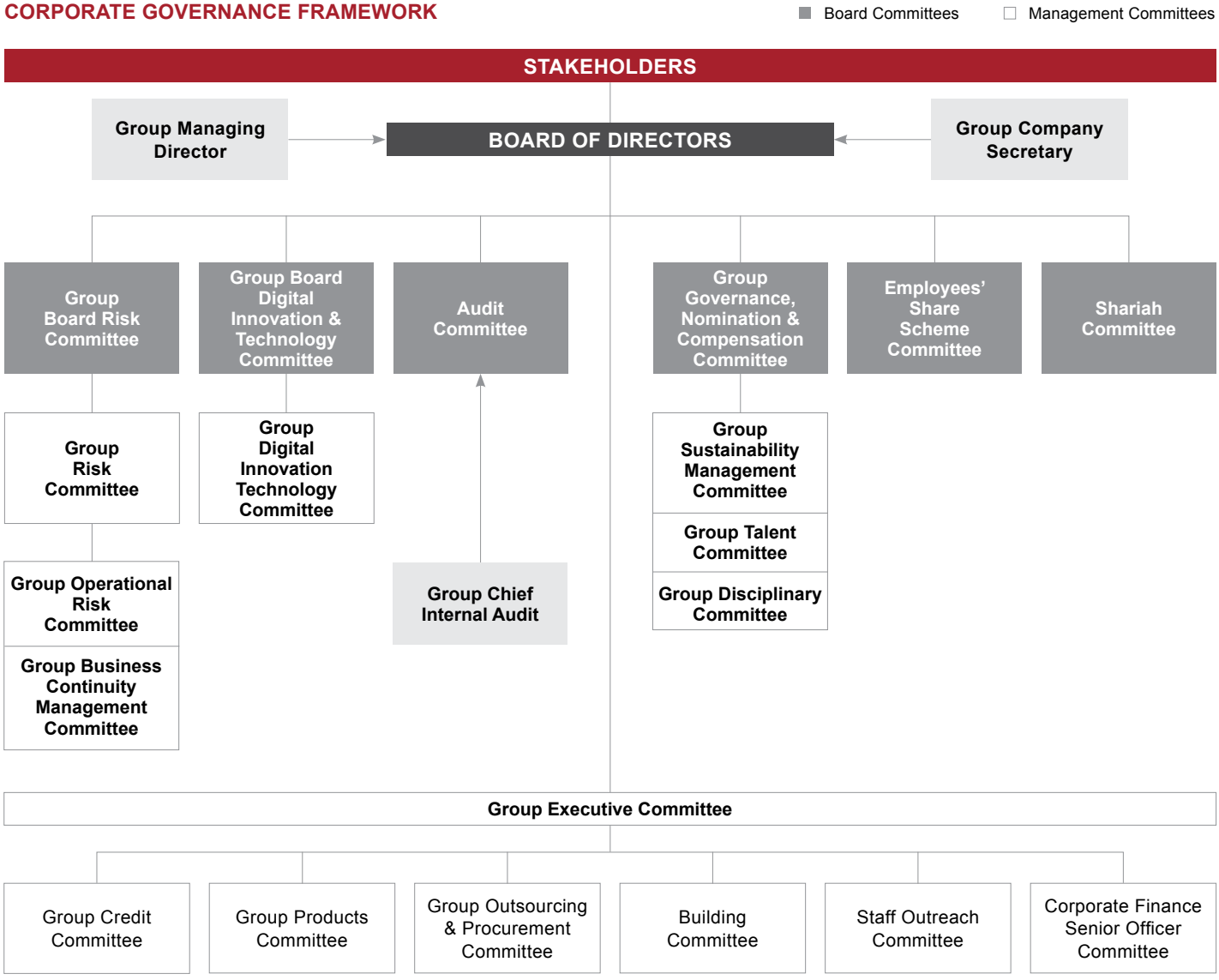
CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance is regarded by the Board of Directors ("**Board**") as vital to the success of the business of Kenanga Investment Bank Berhad ("**KIBB**" or "**the Company**"). Therefore, the Board is unreservedly committed to applying the principles necessary to ensure that the principles of good governance are practised in all of the Company's business dealings and operations.

Understanding that the responsibility for good corporate governance rests with them, the Board strives to adopt the principles and best practices of corporate governance and ensures that KIBB and Its Subsidiaries ("**KIBB Group**" or "**Kenanga Group**") complies with the various guidelines issued by Bank Negara Malaysia ("**BNM**"), Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and the Securities Commission Malaysia ("**SC**").

The Board is also committed to continuously undertake the appropriate actions to embed the principles and recommendations of the revised Malaysian Code on Corporate Governance ("**MCCG**") issued by the SC on 28 April 2021, into the Company's existing policies and procedures.

CORPORATE GOVERNANCE FRAMEWORK



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders.

The Board's key responsibilities include -

- governing and setting the strategic direction of the Company while exercising oversight on Management;
- setting the appropriate tone at the top;
- providing thought leadership and championing good governance and ethical practices throughout the Company; and
- ensuring that sustainability considerations are integrated in corporate strategy, governance and decision-making.

The Board sets the Company's values and standards and ensures that its obligations to its Shareholders and other stakeholders which include the regulators, business partners, clients, employees, suppliers and vendors, are clearly understood and adhered to.

Each of the Board members of the Company is aware of his/ her responsibilities to always exercise his/ her powers in accordance with the Companies Act 2016, for a proper purpose and in good faith and in the best interest of the Company. They also understand that each of them is expected to exercise reasonable care, skill and diligence with the knowledge, skill and experience, which may reasonably be expected of a Director having the same responsibilities; and any additional knowledge, skills and experience which the Director in fact has.

Further, the Directors, collectively and individually, are aware of their responsibilities to the Shareholders and stakeholders for the manner in which the affairs of the Company are managed.

In discharging its duties effectively and efficiently, the Board delegates specific responsibilities to the Board Committees with clearly defined areas of authority and reporting arrangement to keep the Board informed on the key deliberations and decisions on delegated matters. To promote objectivity, robust and open deliberations, the Board Committees are chaired by an Independent Director who is not the Chairman of the Board. The roles and responsibilities of the Board Committees are set out in their respective Terms of Reference which are available on KIBB's website at https://www.kenanga.com.my/investor-relations/corporate-governance/.

The Board, in fulfilling its oversight role and carrying out its strategic intent and mandates, will give direction and guidance through the Group Managing Director ("**GMD**") to Management or Management Committees to execute the approved corporate strategies, established goals, as well as policies.

Notwithstanding any delegation of authority to Management or Committees, the Board reserves full decision-making power on matters relating to, amongst others, strategies, business plans and budget, significant policies, conflict of interest issues relating to Substantial Shareholders and/ or a Director, material acquisitions or disposals of assets not in the ordinary course of business, investment in capital projects, authority levels, risk management policies, as well as key human resource issues. The Board reserved matters are also reflected in the Board Charter.

The roles and responsibilities of the Board are clearly defined in the Board Charter which is available on KIBB's website at https://www.kenanga.com.my/investor-relations/corporate-governance/.

Board Reserved Matters

The Board's key activities during the Financial Year Ended 31 December 2023, included amongst others, reviewing, deliberating, recommending and approving where appropriate, key matters as outlined below.

Strategy/ Financials

- Budget and Business Plan for KIBB Group for the Financial Year Ending 31 December 2024
- Group Strategy 2024-2026
- Proposals on New Investments/ Business Collaborations/ New Business Initiatives/ New Joint Venture/ Corporate Exercises and Subsequent Updates
- Monthly Management Accounts
- Quarterly Financial Results
- Waiver of Intercompany Balance for Dormant Companies
- Audited Financial Statements for the Financial Year Ended 31 December 2022 and the Reports for the Directors and Auditors
- Proposed Dividend for the Financial Year Ended 31 December 2022
- Representation Letter to Ernst & Young PLT in Relation to the Audit for the Financial Year Ended 31 December 2022
- Re-Appointment of External Auditors and Audit Fees for the Financial Year Ended 31 December 2023
- Report on Non-Budgeted Expenditure Exceeding RM250,000
- 2023 Equity Derivatives' Business Plan and Proposed Market Risk Limits
- Reports on Associate and Joint Venture Companies
- Renewal of Solvency Statement in Relation to the Share Buyback Exercise
- Provision of Financial Support and Contingency Funding for Subsidiaries
- Update on Utilisation of Treasury Shares for Settlement of Employees' Share Option Scheme
- Annual Impairment Assessment of Goodwill and Intangibles for the Financial Year Ended 31 December 2023
- Participation as Participating Broker in Share2Share Scheme by Bursa Malaysia Berhad Through Yayasan Bursa Malaysia
- Appointment of Ernst & Young PLT to Perform a Review on Liquidity Coverage Ratio as of Financial Year 2022
- Proposal to Implement a New Remisier Portal – iRemisier Platform for KIBB
- Procurement of Managed Security Operations Centre 2023
- Material Outsourcing for the Subscription of the Cloud Infrastructure Services of Host, Network, Storage and Security and the Managed Services of Cloud Services by Datacom of Migrated Non-Critical and Critical Production Applications in Microsoft Azure Cloud
- Application for Settlement Limit for the Purpose of Securities Borrowing and Lending Transactions
- Budget for e-Invoicing Project
- Extension of Time to Perform Server Upgrade for K2 and InReport System, as well as Approval to Purchase Servers for K2 and InReport
- Share Buy-Back Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase Its Own Shares of Up to 10% of the Total Number of Issued Shares of the Company

Risk, Compliance and Oversight

- Monthly Regulatory Reports and Compliance Reports
- Regulatory Audit/ Examinations Reports
- Monthly Risk Management Reports
- Annual Work Plan 2023 of Group Regulatory and Corporate Services
- Review of Enterprise Risk Management Framework, Risk Appetite Framework, Business Continuity Management Framework, Group Outsourcing Risk Management Framework, Climate Change Risk Management Framework and Asset & Liability Policy
- Monthly Share Margin Financing Reports by Credit Equity Broking
- Business Continuity Plan and Disaster Recovery Plan Test Matrix for 2024
- MY HORIZON 2022/ Vol 6: BNM's Operational Risk Report for Financial Industry
- Review of Existing and Establishment of New Policies and Frameworks
- Operational Risk Scenario Analysis Assessment Review 2023
- Internal Capital Adequacy Assessment Process for 2022
- Liquidity Coverage Ratio Audit Results as of 31 December 2022 by Ernst & Young PLT
- 2023 Equity Broking Short Term Equity Proprietary Trading Portfolio, Business Plan and Proposed Market Risk Limits
- Credit Proposals Recommended/ Approved by the Group Credit Committee
- Monthly Connected Parties Exposure Reports
- Monthly Reports on Recovery Status for KIBB's Corporate Loans and Impaired Equity Accounts (With Impairment Provisions)
- Recurrent Related Party Transaction Entered into by KIBB and Its Subsidiaries
- Chairman's Statement and GMD's Management Discussion and Analysis for KIBB's Annual Report 2022
- Proposals Relating to the Structured Warrants Business
- Quarterly Cyber Security Updates
- Pillar 3 Disclosure as of 31 December 2022
- Half-Yearly Review on Shariah Committee's Decisions
- Annual Attestation of Products Issued in 2022
- Renewal of Insurance Policies in Respect of Comprehensive Crime Professional Indemnity Insurance, Directors and Officers Liabilities Insurance and Cyber Security Insurance
- 2023 Group Outsourcing Arrangement
- KIBB's Sustainability Report and Sustainability Statement and Sustainability Targets
- Statement on Risk Management and Internal Control for Disclosure in 2022 Annual Report of KIBB
- Group Operations Report
- Proposals Relating to Quant Business
- BNM Semi-Annual Stress Testing Report for Position as of 31 December 2022 and 30 June 2023
- BNM's Recovery Planning Report
- Declaration of Compliance with the SC's Issuer Eligibility Guidelines on Structured Warrants
- Appointment of a Due Diligence Working Group to Conduct a Due Diligence Inquiry for Renewal of Base Prospectus
- BNM's Climate Risk Management and Scenario Analysis Policy - Gap Analysis and Implementation Plan Report
- BNM's Composite Risk Rating Assessment and Supervisory Concerns for 2022 of KIBB
- Final Report on Inspection by Bursa Malaysia on KIBB Dated 14 July 2023
- BNM's Findings on Anti Money Laundering/ Counter Financing Terrorism Thematic Review: Electronic Know-Your-Customer Implementation and Control Effectiveness in Banking Institutions
- BNM's Letter on Enhancing Vigilance in the Implementation of Electronic Know-Your-Customer

Governance

- Appointment and Re-Appointments of Directors within KIBB Group
- Holistic Review of the Compositions of the Boards and Board Committees of KIBB Group
- Revision to the Board Charter and Terms of References of Audit Committee, Group Board Digital Innovation & Technology Committee, Group Board Risk Committee, Group Governance, Nomination & Compensation Committee, Group Credit Committee and Group Risk Committee
- Review of Non-Executive Directors' Remuneration Framework for Kenanga Investors Berhad and Its Subsidiaries
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Retirement of Directors of KIBB and Its Subsidiaries at the Forthcoming Annual General Meetings of the Respective Entities Within KIBB Group
- Assessment on the Fitness and Propriety and Nomination of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Board Process Enhancement Plan – Consequential to Board Evaluation Conducted in 2022
- Potential Candidates for Directorship within KIBB Group
- Revamped Board Effectiveness Evaluation Framework for Board, Board Committee and Individual Director
- Directors' Training Calendar for 2023 and Status Report on KIBB Group Directors' Training for 2022/2023
- Disclosures for 2022 Annual Report
- Payment of Directors' Fees for the Financial Year Ending ("**FYE**") 31 December 2023 and Meeting Allowances for FYE 31 December 2024 for KIBB Group
- Remuneration and Benefits for Directors of KIBB Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Vesting of Employees' Share Option Scheme for Junior Management Staff and Above
- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Updates of the Code of Ethics and Conduct for Directors of Kenanga Group
- Key Human Resource Matters
  - Review of the List of Management Key Responsible Persons ("**KRPs**") of KIBB Group as of 1 January 2023
  - Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2023
  - New Appointment, Re-Appointment, Review and Renewal of Contract of Appointment of Management KRPs
  - 2022 Performance Appraisal and Annual Assessment on Fit and Proper for GMD, Group Chief Regulatory and Compliance Officer, Management KRPs, Head of Group Compliance and Group Company Secretary
  - Renewal of Group Staff Insurance Policies for 2024
  - Review of Total Rewards Framework
  - 2023 Balanced Scorecards for Management KRPs
  - Proposals in Relation to Employees' Share Option Scheme
  - 2022 Performance Bonus and 2023 Annual Salary Increment
  - Review of Management KRPs' Succession Plan
  - Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail as Adviser of KIBB
  - Identification and Updating of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
  - Review of Material Risk Takers and Other Material Risk Takers Compensation

Separation of the Roles of Chairman and GMD

The Company aims to ensure a balance of power and authority between the Chairman and the GMD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of the Chairman and the GMD are separated and their roles and responsibilities are clearly defined and formally documented in the Board Charter.

Whilst the Chairman is responsible for leading the Board in setting the values and standards of the Company, as well as maintaining a relationship of trust with and between Management and Non-Executive Directors, the GMD, on the other hand, is entrusted with the executive responsibility for the day-to-day management of the business which includes developing the strategic direction of the Company for review and approval by the Board and ensuring that the Company's strategies and corporate policies as approved by the Board are effectively implemented with the assistance of the Management team. In fulfilling this role, the GMD is given certain powers to execute transactions, guided by the internal rules and procedures and in accordance with the threshold set in the Group Approving Authority Framework.

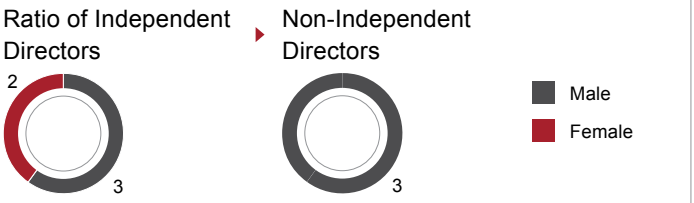
Board Composition

The Board of KIBB currently comprises the following eight (8) members, five (5) of whom are Independent Non-Executive Directors ("**INEDs**") and the remaining three (3) are Non-Independent Non-Executive Directors ("**NINEDs**"):

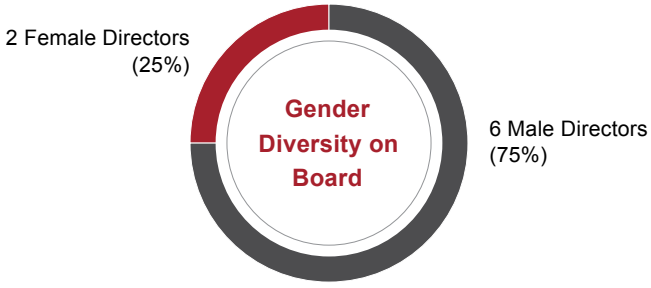
- **YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**
  Chairman, INED
- **ENCIK ISMAIL HARITH MERICAN**
  NINED
- **MR. LUK WAI HONG, WILLIAM**
  NINED
- **ENCIK JEREMY NASRULHAQ**
  Senior INED
- **PUAN NORAZIAN AHMAD TAJUDDIN**
  INED
- **MR. KANAGARAJ LORENZ**
  INED
- **MR. CHOY KHAI CHOON**
  NINED
- **MADAM CHIN SIEW SIEW**
  INED

SNAPSHOT OF THE BOARD'S PROFILE

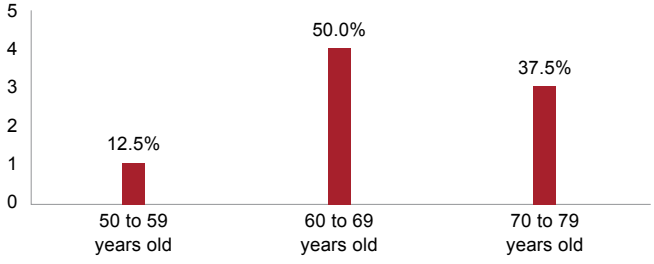
Board Balance and Composition



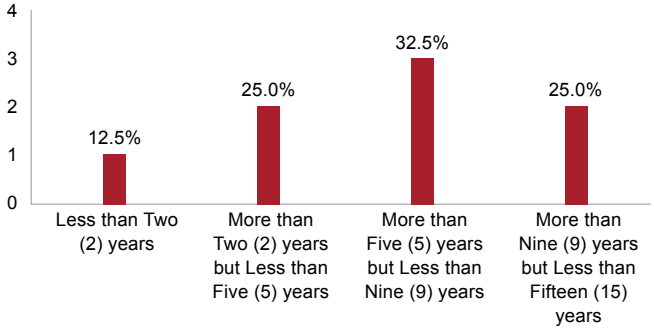
Directors' Nationality



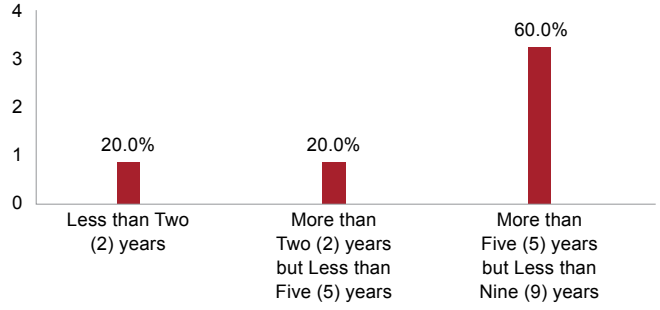
Number of Directors under Different Age Group
(as at 31 March 2024)



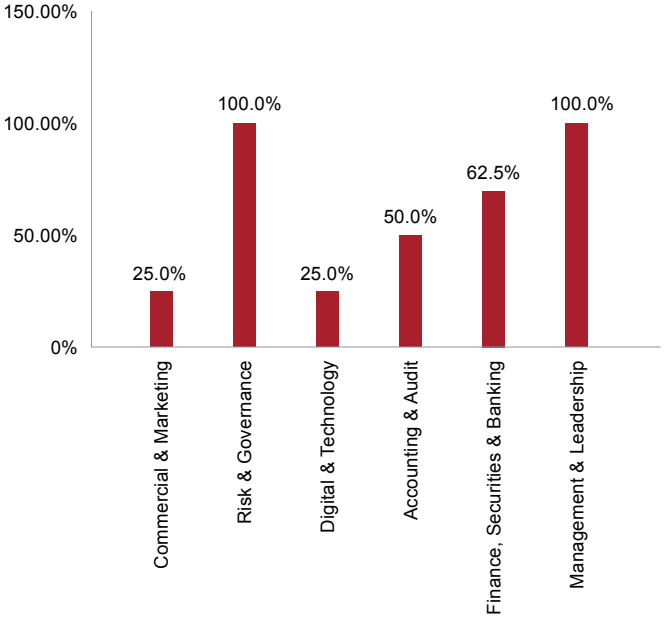
Number of Directors under Different Tenure
(as at 31 March 2024)



Number of Independent Directors under Different Tenure
(as at 31 March 2024)



Skills and Experience



The Board's composition complies with the minimum one-third (1/3) requirement of Independent Directors as stipulated in the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia and the majority of Independent Directors requirement stipulated in BNM's Policy Document on Corporate Governance.

Whilst always ensuring a balance of skills set for the Board, in terms of gender diversity, the Board had been actively pursuing this objective by always prioritising the achievement of its target for the Board to comprise at least 30% women Directors.

At the moment, the Board is represented by two (2) or 25% women Directors namely Puan Norazian Ahmad Tajuddin and Madam Chin Siew Siew.

Tenure of Independent Directors

In compliance with BNM's Policy Document on Corporate Governance and as set out in KIBB's Board Charter, the tenure of an INED should not exceed a cumulative term of nine (9) years.

Upon completion of nine (9) years, an INED may continue to serve on the Board as a NINED subject to BNM's prior approval being obtained. Based on the current Board composition, none of the INED's tenure exceeds nine (9) years.

Notwithstanding the aforementioned, as deliberated by the Board of KIBB at its meeting on 29 July 2021 on the application and adoption of Practices and Step Up Practices of the revised MCCG, moving forward and in the spirit of the MCCG, Clause 3.3 of KIBB's Board Charter which allows for extension of an INED's tenure beyond the nine (9) years, had been revised to incorporate a formal policy which limits the tenure of an INED to nine (9) years without further extension in line with the MCCG's Step Up Practice 5.4.

In this regard, the GNC and the Board have always been cognisant of the need for the compositions of the Board and Board Committees of entities within KIBB Group to be periodically reviewed for purposes of succession planning.

The profile of each Director is available on pages 50 to 57 of this Annual Report.

Board and Board Committee Meetings

In 2023, ten (10) Board meetings were held, one (1) of which was the Board Offsite meeting which was convened to discuss the Group Strategy 2024-2026.

As stipulated in the Board Charter and the Constitution of the Company, a Director of the Company must attend at least 75% of the Board meetings held during the financial year, in line with the requirement of BNM's Policy Document on Corporate Governance.

During the Financial Year Ended 31 December 2023, all the Directors of the Company attended 100% of the Board meetings convened, demonstrating a strong commitment and dedication of the Board members in fulfilling and discharging their respective roles and responsibilities as Directors of the Company.

Following Malaysia's reopening of its international borders on 1 April 2022 as it began the transition to COVID-19 endemic phase, KIBB had likewise, slowly transitioned all of its Board and Board Committees meetings to hybrid and/ or physical mode.

The Directors' attendance at Board and Board Committee meetings held during the Financial Year Ended 31 December 2023 are provided below.

Board	Number of Meetings		
Name of Director	**Held[1]**	**Attended**	**Percentage (%)**
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	10	10	100.0%
Encik Ismail Harith Merican	10	10	100.0%
Mr. Luk Wai Hong, William	10	10	100.0%
Encik Jeremy Nasrulhaq	10	10	100.0%
Puan Norazian Ahmad Tajuddin	10	10	100.0%
Mr. Kanagaraj Lorenz	10	10	100.0%
Mr. Choy Khai Choon	10	10	100.0%
Madam Chin Siew Siew	10	10	100.0%

Note
(1) Reflects the number of meetings held during the time the Director held office.

Audit Committee ("AC")	Number of Meetings		
Name of Director	**Held[1] [2]**	**Attended**	**Percentage (%)**
Encik Jeremy Nasrulhaq (Chairman)	8	8	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Puan Norazian Ahmad Tajuddin	8	8	100.0%

Notes
(1) Reflects the number of meetings held during the time the Director held office.
(2) Total number of meetings held was inclusive of two (2) joint meetings between the AC and the GBRC which was held on 22 June 2023 and 29 August 2023.

Group Governance, Nomination & Compensation Committee ("GNC")	Number of Meetings		
Name of Director	**Held[1] [2]**	**Attended**	**Percentage (%)**
Madam Chin Siew Siew (Chairman)	9	9	100.0%
Encik Jeremy Nasrulhaq	9	9	100.0%
Encik Ismail Harith Merican	9	9	100.0%
Puan Norazian Ahmad Tajuddin	9	9	100.0%
Mr. Choy Khai Choon	9	9	100.0%

Notes
(1) Reflects the number of meetings held during the time the Director held office.
(2) Total number of meetings held was inclusive of one (1) joint meeting between the GNC and the GBRC which was held on 26 June 2023.

Group Board Risk Committee ("GBRC")	Number of Meetings		
Name of Director	**Held[1] [2]**	**Attended**	**Percentage (%)**
Puan Norazian Ahmad Tajuddin (Chairman)	9	9	100.0%
Mr. Luk Wai Hong, William	9	9	100.0%
Mr. Kanagaraj Lorenz	9	9	100.0%
Mr. Choy Khai Choon	9	9	100.0%
Madam Chin Siew Siew	9	9	100.0%

Notes
(1) Reflects the number of meetings held during the time the Director held office.
(2) Total number of meetings held was inclusive of two (2) joint meetings between the AC and the GBRC as well as one (1) joint meeting between the GNC and the GBRC which were held on 22 June 2023, 29 August 2023 and 26 June 2023, respectively.

Group Board Digital Innovation & Technology Committee ("GBDITC")	Number of Meetings		
Name of Director	**Held[1]**	**Attended**	**Percentage (%)**
Mr. Kanagaraj Lorenz (Chairman)	7	7	100.0%
Mr. Luk Wai Hong, William	7	7	100.0%
Encik Jeremy Nasrulhaq	7	7	100.0%
Mr. Choy Khai Choon	7	7	100.0%
Madam Chin Siew Siew	7	7	100.0%

Note
(1) Reflects the number of meetings held during the time the Director held office.

Employees' Share Scheme Committee ("ESS Committee")	Number of Meetings		
Name of Director	**Held[1]**	**Attended**	**Percentage (%)**
Madam Chin Siew Siew (Chairman)	1	1	100.0%
Encik Jeremy Nasrulhaq	1	1	100.0%
Puan Norazian Ahmad Tajuddin	1	1	100.0%

Note
(1) Reflects the number of meetings held during the time the Director held office.

Shariah Committee	Number of Meetings		
Name of Shariah Committee Member	**Held[1]**	**Attended**	**Percentage (%)**
Dr. Ghazali Jaapar (Chairman)	11	11	100.0%
Dr. Mohammad Firdaus Mohammad Hatta	11	11	100.0%
Dr. Fadillah Mansor	11	11	100.0%

Note
(1) Reflects the number of meetings held during the time the Shariah Committee member held office.

Group Governance, Nomination & Compensation Committee

The GNC of KIBB comprises a majority of INEDs and is chaired by an INED who is not the Chairman of the Board.

Details on the GNC's composition, as well as its members' attendance at the GNC meetings during the Financial Year Ended 31 December 2023 are provided on page 74 of this Annual Report and in Section B of the Corporate Governance Report ("**CG Report**") which is available on KIBB's website at https://www.kenanga.com.my/investor-relations/AGM2024.

The functions and responsibilities of the GNC are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations.

During the Financial Year Ended 31 December 2023, the GNC had deliberated, reviewed and made appropriate recommendations to the Board for approval, pertaining to key matters stated below.

- Appointment and Re-Appointments of Directors within KIBB Group
- Holistic Review of the Compositions of the Boards and Board Committees of KIBB Group
- Revision to the Board Charter and Terms of References of AC, GBDITC, GBRC, GNC, Group Credit Committee and Group Risk Committee

- Review of Non-Executive Directors' Remuneration Framework for Kenanga Investors Berhad and Its Subsidiaries
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Retirement of Directors of KIBB and Its Subsidiaries at the Forthcoming Annual General Meetings of the Respective Entities
- Assessment on the Fitness and Propriety and Nomination of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Board Process Enhancement Plan – Consequential to Board Evaluation Conducted in 2022
- Potential Candidates for Directorship within KIBB Group
- Revamped Board Effectiveness Evaluation Framework for Board, Board Committee and Individual Director
- Directors' Training Calendar for 2023 and Status Report on KIBB Group Directors' Training for 2022/2023
- Disclosures for 2022 Annual Report
- Payment of Directors' Fees for the Financial Year Ending ("**FYE**") 31 December 2023 and Meeting Allowances for FYE 31 December 2024 for KIBB Group
- Remuneration and Benefits for Directors of KIBB Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Vesting of Employees' Share Option Scheme for Junior Management Staff and Above
- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Updates of the Code of Ethics and Conduct for Directors of Kenanga Group
- Review of the List of Management KRPs of KIBB Group as of 1 January 2023
- Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2023
- New Appointment, Re-Appointment, Review and Renewal of Contract of Appointment of Management KRPs
- 2022 Performance Appraisal and Annual Assessment on Fit and Proper for GMD, Group Chief Regulatory and Compliance Officer, Management KRPs, Head of Group Compliance and Group Company Secretary
- Renewal of Group Staff Insurance Policies for 2024
- Review of Total Rewards Framework
- 2023 Balanced Scorecards for Management KRPs
- Proposals in Relation to Employees' Share Option Scheme
- 2022 Performance Bonus and 2023 Annual Salary Increment
- Review of Management KRPs' Succession Plan
- Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail as Adviser of KIBB
- Identification and Updating of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
- Review of Material Risk Takers and Other Material Risk Takers Compensation

Board Appointment Framework

The Board, via the GNC, has put in place a formal and transparent framework governing the appointments of new Directors and Board Committee members, wherein the GNC will recommend the appointment of suitable candidate as Director and Board Committee member of the Company and its subsidiaries, to the Board for approval.

With regard to skills and experience, a skills matrix review processes had been put in place whereby the GNC will undertake a rigorous assessment of potential candidates, prior to making any recommendations to the Board for appointment of a new Director.

During the Financial Year Ended 31 December 2023, the Board composition remained unchanged.

The composition of the Board still complies with the requirements for the Board to comprise a majority of Independent Directors, with the ratio of women Directors on the Board at 25%, which is closer to the target of 30%.

Employees' Share Scheme Committee

To assist the Board in the administration of KIBB Group's Employees' Share Scheme ("**ESS**" or "**Scheme**"), in accordance with the By-Laws governing the Scheme as approved by Shareholders of KIBB, the Board had established an ESS Committee comprising solely of Independent Directors.

The main objective of the ESS as approved by the Shareholders of KIBB on 25 May 2017, is to align the employees' interests with the long-term objectives of KIBB Group to create sustainable value enhancement for its Shareholders through a high performance culture.

The roles and responsibilities of the ESS Committee which are outlined in its Terms of Reference include the determination of all questions of policy and expediency that may arise in the administration of the ESS including, amongst others, the terms of eligibility of the employees of the Company and its non-dormant subsidiaries ("**Eligible Employees**" or "**Eligible Persons**"), the method or manner in which the grants are made to and exercised by Eligible Employees and any conditions imposed in relation thereto, and the termination of any options, and generally the exercise of such powers and performance of such acts as are deemed necessary or expedient to promote the best interests of the Company.

The functions and responsibilities of the ESS Committee are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations.

Shariah Committee

The Shariah Committee was established to provide objective and sound advice to the Board of KIBB to ensure that the Company's aims and operations, business affairs and activities pertaining to its Islamic Banking Window (Skim Perbankan Islam) comply with Shariah rules and regulations as reflected in the fatwas, rulings and guidelines issued by Shariah Advisory Council of BNM and the SC.

The composition of the Shariah Committee is in line with Paragraphs 13.1 to 13.5 of BNM's Shariah Governance Policy Document which requires the Shariah Committee, at a minimum, to comprise at least three (3) members. All Shariah Committee members have the Shariah background.

The functions and responsibilities of the Shariah Committee are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations.

Board Diversity and Gender

In recognition of the benefits of a diverse Board in terms of the ability to tap into the many talents which the Board members from their different ages, cultural backgrounds, industry exposure, expertise, competency, experience, knowledge and gender bring to the Company, as well as their abilities to respond to business opportunities more rapidly and creatively, the Company has endeavoured and will continue to endeavour to achieve an appropriate mix of members to achieve diversification.

During the search of a suitable candidate, one (1) of the key considerations is to ensure that the skill set of the Board is appropriately balanced to support the strategies and long-term goals of KIBB Group. Amongst others, the considerations include whether the skill set of the new candidate could complement the collective skill set of the existing Directors, the integrity and the character of the candidate, the ability to contribute different perspectives to the Board, as well as the ability to commit sufficient time and attention to the affairs of the Company and whether he/ she could fit in with the Company's culture.

Following the issuance of the revised MCCG by the SC on 28 April 2021, the Board of KIBB had, at its meeting on 29 July 2021, deliberated on the status of KIBB's application of the Practices and adoption of the Step Up Practices of the MCCG.

Arising from the gap analysis, the Board had identified certain action plans in terms of application and adoption of the Practices and Step Up Practices, respectively.

One (1) of the action plans identified was to adopt Practice 5.9 of the MCCG which recommended for the Board to comprise at least 30% women Directors. Being a Capital Markets Services Licence ("**CMSL**") Holder under the SC, KIBB is also required to comply with the requirements of Paragraph 5.06 of the SC's Guidelines on Corporate Governance for Capital Market Intermediaries ("**SC's CG Guidelines**"), for the Board of a CMSL Holder to comprise at least 30% women Directors.

Consequential to the appointment of Madam Chin Siew Siew as an INED on 1 June 2022, the Board composition had moved closer to the requirement of 30% women Directors. Even though KIBB had not fully adopted Practice 5.9 under the MCCG, it had, however, deemed as having fulfilled the requirement of Paragraph 5.06 of the SC's CG Guidelines, as the SC allowed the rounding up of the percentage up to a maximum 5%.

To fully adopt Practice 5.9 of the MCCG, the Board has continuously endeavoured to source for suitable women candidates for future appointment as and when changes to the Board composition are required or reviewed, in line with the Company's business direction and strategy. This action plan is expected to be completed within 2024. Any appointment of a woman Director would be based on merit and potential contributions that she could bring to KIBB, as well as the Group.

Board Education and Development

Induction Programme for Newly Appointed Director

KIBB has developed an induction programme for its newly appointed Directors to familiarise them with the industry and KIBB Group's business and operations, within three (3) months of their appointments.

This induction programme, which is facilitated by the Group Company Secretary's Office, is conducted by way of a briefing and discussion amongst selected Senior Management with the newly appointed Director, on the Company's vision and mission, its philosophy and nature of business, current issues, the corporate strategy of the Group, responsibilities and duties of the Board as a whole, an overview of the risks of the businesses, risk management strategy of KIBB, legal requirements, compliance and regulations, as well as financial overview of the Group and the expectations of KIBB with regard to contributions from the Directors towards the Company's achievement of its goals.

During this induction programme, the newly appointed Director will also be briefed on the Company's governance framework, the Board processes, as well as his/ her individual roles and responsibilities as a Board member.

Non-Executive Directors appointed to the Boards of subsidiaries within the Group shall also be provided similar induction programme tailored to the scope of their appointments at the respective entities.

Directors' Continuous Education and Development

In ensuring that the Directors are kept abreast of new developments pertaining to the laws and regulations, the changing commercial risks, as well as, technology and cyber security issues, which may affect the Board and/ or the Company and to ensure that they are fully equipped with the necessary knowledge to assist them in fulfilling their responsibilities as Directors, the Company, through the Group Company Secretary's Office, facilitates the participation and attendance of Directors at appropriate external and in-house training programmes.

In addition to completing the Mandatory Accredited Programmes I and II ("**MAP I** and **II**")[1] as required by Bursa Malaysia under Paragraph 15.08 of the MMLR, the Financial Institutions Directors' Education ("**FIDE**") Core Programme and the Islamic Finance for Board Programme ("**IF4BOD**") as required by BNM, and the Capital Market Director Programme ("**CMDP**") as required by the SC for newly appointed Directors, the Board members are also encouraged to attend training programmes, conducted by recognised professionals/ providers, which are relevant to the Company's operations and business.

During 2023, the Board members of KIBB had completed the mandatory training programmes required by the respective regulators as stated below.

Training Programme	Attendees	Date
FIDE Core Programme	• Ms. Chin Siew Siew	13 – 16 February 2023 (Module A) 16 – 19 October 2023 (Module B)
IF4BOD	• YAM Tan Sri Dato' Seri Syed Anwar Jamalullail • Ms. Chin Siew Siew	6 – 7 June 2023 1 - 2 November 2023
CMDP Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)	• Mr. Choy Khai Choon	21 August 2023

[1] *For a person who is appointed for the first time of a listed company, MAP I and II are required to be completed within four (4) and eighteen (18) months, from the date of appointment, respectively.*

Training Programme	Attendees	Date
MAP II	• Mr. Luk Wai Hong, William	19 – 20 September 2023
	• Mr. Choy Khai Choon	19 – 20 September 2023
	• Encik Jeremy Nasrulhaq	16 – 17 October 2023
	• Puan Norazian Ahmad Tajuddin	16 – 17 October 2023
	• Mr. Kanagaraj Lorenz	16 – 17 October 2023
	• Ms. Chin Siew Siew	25 – 26 October 2023
	• YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	8 – 9 November 2023

In facilitating the Directors' education and development, the Group Company Secretary's Office, in addition to monitoring the status of all mandatory training programmes to be completed by the Directors, also establishes an Annual Directors' Training Calendar encompassing external training programmes available in the market and/ or recommended by the Board members and in-house training programmes, which shall be tabled at the GNC and the Board for endorsement in the first (1st) quarter of each year to create awareness amongst the Directors of training programmes which are available for the year. Thereafter, the GNC and the Board will be updated on the status of Directors' participation in these training programmes on a quarterly basis.

In establishing the Annual Directors' Training Calendar, the feedback/ suggestions received from Directors during the annual Board Effectiveness Evaluation process in terms of specific training needs required to enhance the Board's effectiveness and skills set, will also be taken into consideration.

Based on the feedback received from the Directors during the Board Effectiveness Evaluation conducted in 2023, the following areas were identified to be included in the Directors' training needs:

- Sustainability, Environmental, Social and Governance ("**ESG**") Risks and Climate Change Risks.
- Fintech, Technology Innovations, Artificial Intelligence, including Information Sharing on Market Developments in Digital Products and Competitors.
- Risks Management in Islamic Finance.
- Cyber Security.
- Refresher in-house programmes on product knowledge such as Equity Derivatives, Treasury, Digital Business, and Money Market, as well as Anti-Money Laundering and Counter Financing of Terrorism, Section 17A of the Malaysian Anti-Corruption Commission Act 2009, and Consequence Management Process in respect of Management KRPs, the GMD and the Board.

Training Programmes Attended by Directors During the Financial Year 2023

The training programmes attended by the Directors during the Financial Year Ended 31 December 2023 are listed below.

	Title of Programme	Attended By
Property, Insurance, Strategy, Accounting & Finance, Governance, Economy, Leadership, Business, Risk, Tax		
1.	Can America Stop China's Rise? Will ASEAN Be Damaged (**FIDE FORUM**)	JN, NAT, RL, CKC & CSS
2.	Suite Talk: Governing into the Future (Securities Industry Development Corporation ("**SIDC**"))	JN & NAT
3.	A 60-Minute Crisis Management - A Guide for Board Members (Institute of Corporate Directors Malaysia ("**ICDM**"))	NAT
4.	Transformational Governance: Driving Responsible Business Conduct (**UN Glocal Compact** ("**UNGC**") Academy)	NAT
5.	BNM-FIDE FORUM Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators Exposure Draft	CSS

Title of Programme		Attended By
Property, Insurance, Strategy, Accounting & Finance, Governance, Economy, Leadership, Business, Risk, Tax		
6.	Foreign Accounting Tax Compliance Act 2010 ("**FATCA**") Professional Services Briefing (Ernst & Young PLT)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
7.	A Leadership Agenda: Driving Trust from The Top (PricewaterhouseCoopers Malaysia ("**PWC**"))	TSAJ
8.	Malaysian Institute of Accountants ("**MIA**") Conference 2023	JN
9.	2023 International Financial Reporting Standard ("**IFRS**"): New International Insurance Reporting Standard conducted by PWC (AIG Insurance)	CSS
10.	External Game-Changing Capabilities for Uncertainties Management (Tricor AxcelAsia)	TSAJ
11.	'Leaders, Take Charge!' (Lembaga Zakat Selangor)	TSAJ
12.	Operationalising Resolution Planning - A Perspective from the Trenches (FIDE FORUM)	JN
13.	Distinguished Board Leadership Series 2023 - Empowering Change Through Diversity, Equity and Inclusion (DEI) (FIDE Forum)	CKC
14.	PNB Knowledge Forum II 2023 - Education Reimagined (SP Setia Berhad)	TSAJ
15.	Chairperson Masterclass Series 2023: Session 5 - The New Era of Board Duties by Philippe Jourbert (CEO, Earth on Board) (Secretariat Climate Governance Malaysia)	TSAJ
16.	Singapore Fintech Festival 2023	IHM, LWH, JN, RL & CKC
17.	Setia Governance Risk & Audit Forum 2023 - Accelerating Transformation, Navigating the Future - A Governance Perspective (SP Setia Berhad)	TSAJ
18.	In-House Directors' Training: Conflicts of Interest (Asia School of Business and SP Setia Berhad)	TSAJ
Regulatory and Compliance, Dialogue and Discussion with Regulators, Institutions		
19.	Briefing by Matrix Research Sdn Bhd on Branding (SP Setia Berhad)	TSAJ
20.	FIDE Core Programme (Module A & B) (Iclif Executive Education Centre)	CSS
21.	Islamic Finance for Board of Directors Programme (ISRA Consulting Sdn Bhd)	TSAJ & CSS
22.	In-House Programme on Anti Money Laudering, Anti-Terrorism Financing and Anti Profileration (Nature of Life Trading Sdn Bhd)	TSAJ, IHM, LWH, JN, NAT, RL & CKC
23.	CMDP Module 2B: Business Challenged and Regulatory Expectations – What Directors Need to Know (Fund Management) (SIDC)	CKC
24.	Sharing Session with Directors of Kenanga Group on Latest Developments and Trends of Anti-Money Laundering in Malaysia (Datuk Mohamad Zamri Zainul Abidin, Director of Anti-Money Laundering Division, Malaysian Anti-Corruption Commission)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
25.	FIDE Core Programme (Module A - Insurance) (Iclif Executive Education Centre)	CSS
26.	Mandatory Accreditation Programme Part II: Leading for Impact (ICDM)	TSAJ, LWH, JN, NAT, RL, CKC & CSS
27.	BNM-FIDE FORUM Virtual Dialogue	JN, NAT, RL & CSS
28.	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	JN
Information Technology/ Digitalisation/ Cyber Security		
29.	Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know (FIDE FORUM)	LWH, JN, NAT, RL & CKC

Title of Programme	Attended By
Information Technology/ Digitalisation/ Cyber Security	
30. Briefing by Korn Ferry on Innovation (SP Setia Berhad)	TSAJ
31. Bursa 2023 Market Intermediaries and Advocacy Programme: Understanding Cybersecurity (Bursa Academy)	NAT & CKC
32. Internal Digital 101 (Nestle Malaysia Berhad)	TSAJ
33. Internal Cyber Crisis Exercise (Nestle Malaysia Berhad)	TSAJ
34. Leveraging AI in Growing the Digital Economy (SIDC)	JN
35. In-House Programme - Cybersecurity Awareness for Kenanga Group's Board of Directors (NetAssist)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
36. AI and Financial Institutions: Friend or Foe? (FIDE FORUM)	CSS
Islamic Banking and Finance, Shariah Compliance	
37. Suite Talk Strengthening Islamic Capital Market Proposition Through Fintech (SIDC)	JN
Sustainability and Environment, Social and Governance ("ESG")	
38. In-House Directors Programme: Demystifying ESG - Understanding Bursa Malaysia's Requirements and ISSB's Global Baseline on Sustainability Reporting (SP Setia Berhad)	TSAJ
39. The Net-Zero Standard (UNGC Academy)	NAT
40. Navigating the ESG Risk in the Supply Chain (ICDM)	NAT
41. In-House Programme: ESG: Principles of Responsible Investment and Carbon Market (AGV Sustainability)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
42. Internal Overview on Sustainability Nestle (Nestle Malaysia Berhad)	TSAJ
43. Navigating Sustainability Reporting in Corporate Malaysia (PWC)	CKC
44. Board Oversight of Climate Risks and Opportunities by Prof. Mak Yuen Teen and Dr. Khoo Guan Seng (Iclif Executive Education Centre)	JN
45. Decarbonisation Workshop (SP Setia Berhad)	TSAJ
46. JC3 Journey to Zero Conference 2023 by Joint Committee on Climate Change (Bank Negara Malaysia and Securities Commission Malaysia)	JN & NAT
47. Sharing Session on ESG: Heeding the Call to Action for Sustainability (Lembaga Zakat Selangor)	TSAJ

Legend

- *YAM Tan Sri Dato' Seri Syed Anwar Jamalullail ("**TSAJ**")*
- *Encik Ismail Harith Merican ("**IHM**")*
- *Mr. Luk Wai Hong, William ("**LWH**")*
- *Encik Jeremy Nasrulhaq ("**JN**")*
- *Puan Norazian Ahmad Tajuddin ("**NAT**")*
- *Mr. Kanagaraj Lorenz ("**RL**")*
- *Mr. Choy Khai Choon ("**CKC**")*
- *Madam Chin Siew Siew ("**CSS**")*

Training Programmes Attended by Members of Shariah Committee During Financial Year 2023

The training programmes attended by the Shariah Committee members during the Financial Year Ended 31 December 2023 are provided below.

	Title of Programme	Attended By
1.	Muzakarah Cendekiawan Syariah Nusantara ke-17 (International Centre for Education in Islamic Finance ("**INCEIF**") University)	DGJ
2.	Nadhwah of Shariah Advisers in Islamic Capital Market 2023 (Securities Commission Malaysia)	DGJ & DFM
3.	Sustainable Investing, Ethical Wealth Management, and AMLA Compliance: Aligning Financial Goals with Social Impact (CHK Consultancy Sdn Bhd)	DGJ
4.	ESG and Sustainability – Green Finance and Green Economics (CHK Consultancy Sdn Bhd)	DGJ
5.	Sustainability and ESG Awareness Training (KPMG)	DGJ
6.	Principle of Economics (Association of Shariah Advisors in Islamic Finance Malaysia ("**ASAS**"))	DGJ
7.	Principle of Accounting and Finance (ASAS)	DGJ
8.	Islamic Financial System (ASAS)	DGJ
9.	Legal and Regulatory Framework (ASAS)	DGJ
10.	Sukuk Pricing (Centre for Research and Training ("**CERT**"))	DMF
11.	Takaful Pricing (CERT)	DMF
12.	Data Science and Machine Learning in Credit Risk Assessment and Fraud Detection Model (PLV Advance Business Consulting Sdn Bhd)	DMF
13.	Lead Like A CEO (AJM International Academy)	DMF
14.	Strategic and Effective Communication for Leaders (Universiti Teknologi MARA)	DMF
15.	Strategic Islamic Treasury Management (Islamic Finance Research and Coaching Sdn Bhd ("**IFRAC**"))	DMF
16.	Assessing Potential Sukuk Default and Case Studies (IFRAC)	DMF
17.	Principles of Accounting and Finance (ASAS)	DFM
18.	Legal and Regulatory Framework on Islamic Banking and Finance (ASAS)	DFM
19.	Islamic Sustainable Finance and Investment Forum 2023 (Securities Commission Malaysia)	DFM
20.	A to Z Practical Knowledge on Sukuk Structuring (IFRAC)	DFM
21.	International Seminar and Guest Lecturer on Islamic Finance in Malaysia at University UIN Maulana Malik Ibrahim Malang, Indonesia	DFM
22.	International Seminar and Visiting Lecture on Islamic Finance Ecosystem and Shariah Governance Practice at University UIN Ar-Raniry Banda Aceh, Indonesia	DFM

Legend
- *Dr. Ghazali Jaapar ("**DGJ**")*
- *Dr. Mohammad Firdaus Mohammad Hatta ("**DMF**")*
- *Dr. Fadillah Mansor ("**DFM**")*

Succession Plan

Board and Board Committee
The Board had, in October 2015, formalised the Board Succession Planning Framework ("**Framework**") which outlines the guiding principles for effective succession planning, as well as the detailed procedure in ensuring smooth transition in the Board's process and functioning as existing Directors leave and new ones come on board. This Framework is reviewed on a regular basis to ensure its alignment with the latest development in the relevant regulatory requirements, if necessary.

Senior Management
In July 2015, the Board had, upon the GNC's recommendation, approved the Talent and Succession Management Framework and Methodology for the Group, which aims at ensuring ready successors for leadership positions capable of driving business growth and achieving the Group's strategic business plan, ensuring a pool of qualified and competent staff prepared and ready to fill up critical positions within the Group as and when required; and ensuring effective development, engagement and retention of high potential employees.

Non-Executive Directors' Remuneration Framework

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors and Senior Management needed to operate the Company successfully, taking into consideration all relevant factors including the functions, workload and responsibilities involved, but without excessively overpaying to achieve its goal. Regarding the level of remuneration of the GMD and Senior Management personnel, it is deliberated by the GNC after giving due consideration to compensation levels of comparable positions of other similar companies in Malaysia.

The GNC carries out the annual review of the overall remuneration policy for Directors, the GMD and Senior Management whereupon recommendations are submitted to the Board for approval. The GNC also reviews annually the performance of the GMD, Chief Executive Officers of the subsidiaries of the Company, as well as Senior Management and make appropriate recommendations to the Board for approval accordingly.

The remuneration of GMD and Senior Management are made up of two (2) components i.e., fixed basic salary and a variable component comprising the annual discretionary performance bonus and share awards under the ESS. The share awards will only be vested upon the GMD and Senior Management meeting the agreed Key Performance Indicators. Details of such share awards are set out in Note 55 of the Financial Statements section of this Annual Report.

For the Financial Year Ended 31 December 2023, the Directors and Shariah Committee Members are paid the annual fees and meeting allowances for each meeting of the Board, Board Committee or Shariah Committee that they have attended, as stated below.

Financial Year Ended 31 December 2023	Fees
Chairman of the Board	RM520,000.00[1]
Director	RM270,000.00
Chairman of AC	RM60,000.00
Chairman of GNC/ GBRC/ GBDITC	RM40,000.00
Chairman of Shariah Committee	RM78,000.00
Member of AC/ GNC/ GBRC/ GBDITC	RM30,000.00
Member of Shariah Committee[2]	RM54,000.00
	RM48,000.00

Type of Meeting Allowance	Chairman	Member
	Per Meeting	
Board Meeting	RM2,000.00	RM2,000.00
General Meeting of the Company	RM2,000.00	RM2,000.00
AC/ GNC/ GBRC/ GBDITC/ ESS Committee Meeting	RM2,000.00	RM2,000.00
Shariah Committee	RM600.00	RM500.00

Notes
(1) Included RM40,000 in lieu of club membership.
(2) The Annual Fee for the FYE 2023 was based on the number of years served as a Shariah Committee member, as well as the scope of roles and responsibilities being undertaken.

The payment of Directors' fees will be made after obtaining the Shareholders' approval at the Annual General Meeting ("**AGM**").

The breakdown of the remuneration of individual Directors which includes fees, other emoluments and benefits-in-kind for the FYE 2023 is set out below.

Group Level	Fees[1] RM	Salaries RM	Other Emoluments RM	Bonus RM	Benefits-in-Kind RM	Total RM
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	520,000.00[2]	-	22,000.00	-	68,150.00[3]	610,150.00
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	454,000.00	-	94,000.00	-	-	548,000.00
Encik Jeremy Nasrulhaq	390,000.00	-	72,000.00	-	-	462,000.00
Puan Norazian Ahmad Tajuddin	529,863.01	-	120,000.00	-	-	649,863.01
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	427,808.22	-	82,000.00	-	-	509,808.22
Madam Chin Siew Siew	370,000.00		72,000.00	-	-	442,000.00
TOTAL	**3,361,671.23**	**-**	**568,000.00**	**-**	**68,150.00**	**3,997,821.23**

Notes
(1) Subject to the Shareholders' approval at the forthcoming AGM.
(2) Included RM40,000 in lieu of club membership.
(3) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

Company Level	Fees[1] RM	Salaries RM	Other Emoluments RM	Bonus RM	Benefits-in-Kind RM	Total RM
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	520,000.00[2]	-	22,000.00	-	68,150.00[3]	610,150.00
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	330,000.00	-	54,000.00	-	-	384,000.00
Encik Jeremy Nasrulhaq	390,000.00	-	72,000.00	-	-	462,000.00
Puan Norazian Ahmad Tajuddin	370,000.00	-	70,000.00	-	-	440,000.00
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	360,000.00	-	70,000.00	-	-	430,000.00
Madam Chin Siew Siew	370,000.00		72,000.00	-	-	442,000.00
TOTAL	**3,010,000.00**	**-**	**466,000.00**	**-**	**68,150.00**	**3,544,150.00**

Notes
(1) Subject to the Shareholders' approval at the forthcoming AGM.
(2) Included RM40,000 in lieu of club membership.
(3) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

Board Performance Evaluation

In line with the requirements of the MMLR, BNM's Policy Document on Corporate Governance and the recommendations of the MCCG, the performance and contribution of the Board, Board Committees and individual Directors are assessed annually in accordance with the Board Evaluation Framework approved by the Board.

This performance evaluation aims to objectively improve the effectiveness, maximise strengths and address weaknesses of the Board, Board Committees, as well as individual Directors, if any. It enables the Board to assess how they are performing and identify how certain elements of their performance may be improved.

Individual Director's performance evaluation is also aimed at assessing whether each Director continues to contribute effectively and able to demonstrate commitment to the role, including commitment of time for the Board and Board Committee meetings and any other duties.

For the Board and Board Committees, the performance evaluation was conducted using the self-assessment method, whereas for individual Directors, a combination of self-assessment and peer assessment method was used, based on pre-determined criteria covering key areas in line with the Board Charter, as well as the Terms of Reference of the Board Committees.

The Board's effectiveness was assessed in the areas of its structure, operations and interaction, roles and responsibilities, strategy and planning, financial overview, performance management, human capital management, risk management and internal control, Shareholders' communication and investor relations and understanding of the Board Committees' roles.

The effectiveness of each of the Board Committee was also discussed in detail and areas for enhancements identified accordingly.

Based on the revamped Board Effectiveness Evaluation Framework approved by the Board of KIBB on 3 November 2023, the performance and contribution of the Board, Board Committees and individual Directors are assessed annually. The performance evaluation involved the completion of a detailed questionnaire by each Director using the self-assessment method for Board and Board Committees and a combination of self-assessment and peer assessment method for individual Directors.

The criteria on which assessment of the Board's effectiveness cover the Overall Board Effectiveness, Board Responsibilities, Board Culture, Board Chair, Board Composition, Board Committee's Effectiveness, Board's Relationship with the GMD, Board Remuneration, Board Administration and Process, as well Board Education.

The Board Committees are assessed based on the fulfilment of each Board Committee's functions and roles and responsibilities, as well as composition, processes and procedures, and interaction with Management as stipulated in their respective Terms of References.

As for individual Directors, the assessment was based on pre-determined broad criteria relating to Board Dynamics and Participation, Leadership, Integrity and Objectivity, as well as Knowledge and Expertise.

The outcomes of the assessment were then collated and compiled by the Company Secretary for tabling at the GNC meeting for deliberation. These outcomes were reviewed and discussed by the GNC by recognising the strengths and addressing the weaknesses of the Board as a whole, Board Committees and individual Directors and, where appropriate, the GNC would recommend to the Board appropriate action plans to be implemented to address any weaknesses identified.

The results obtained from the individual Directors' evaluation also served as one (1) of the criteria to be considered by the GNC and the Board when recommending and approving the re-appointments of Directors upon expiry of their respective terms of office as stipulated by BNM, as well as the annual re-elections of Directors at Annual General Meetings, under the retirement by rotation provisions in accordance with the respective Constitution of the companies within KIBB Group.

The effectiveness of each of the Board Committee was also discussed in detail and areas of enhancements identified accordingly.

With regard to the assessment conducted in 2023, based on the approved evaluation criteria, the overall rating of the Board, Board Committees and Individual Directors, were as provided below.

Part I: Board and Board Committee Effectiveness Evaluation

In terms of the effectiveness of the Board and Board Committees, based on the assessment of each of the evaluation criteria listed below, the Board had scored between 76% to 100% with an Overall Scoring of 43.39 out of the total marks of 52 or 83.4%.

The lowest score given was in respect of Board Remuneration where the scoring was only 67%.

Board/ Board Committee	Overall Rating
Section A: Overall Board Effectiveness	8.38/ 10.00 (84%)
Section B: Board Responsibilities	2.39/ 3.00 (80%)
Section C: Board Culture	2.35/ 3.00 (78%)
Section D: Board Chair	2.52/ 3.00 (84%)
Section E: Board Composition	2.38/ 3.00 (79%)
Section F: Committees	
a. Board Committees Evaluation	2.56/ 3.00 (85%)
b. Board Committees Self Evaluation	
i. Audit Committee	3.00/ 3.00 (100%)
ii. Employees' Share Scheme Committee	2.67/ 3.00 (89%)
iii. Group Board Digital Innovation & Technology Committee	2.60/ 3.00 (87%)
iv. Group Board Risk Committee	2.60/ 3.00 (87%)
v. Group Governance, Nomination & Compensation Committee	2.60/ 3.00 (87%)
Section G: Group Managing Director	2.67/ 3.00 (89%)
Section H: Board Remuneration	2.00/ 3.00 (67%)
Section I: Board Administration and Process	2.29/ 3.00 (76%)
Section J: Board Education	2.38/ 3.00 (79%)

Part II: Directors' Effectiveness Evaluation

In terms of Individual Directors, their effectiveness were assessed based on the following criteria:

Section A: Board Dynamics and Participation	**Section B:** Leadership, Integrity and Objectivity	**Section C:** Knowledge and Expertise

For all these criteria, each of the Individual Director had attained a scoring of –

- between 2.86/ 3.00 (95%) and 2.96/ 3.00 (99%) for Board Dynamics and Participation;
- between 2.86/ 3.00 (95%) and 2.97/ 3.00 (99%) for Leadership, Integrity and Objectivity; and
- between 2.83/ 3.00 (94%) and 3.00/ 3.00 (100%) for Knowledge and Expertise.

Based on the assessment and the feedback received from members of the Board, as well as Board Committees, the GNC had recommended certain identified action plans towards enhancing the governance and processes of the Board and Board Committees, which were approved by the Board for implementation, which amongst others included the action plans stated below.

- To review and/ or refresh the compositions of the Boards and the Board Committees of KIBB and its subsidiaries to ensure a well-balanced expertise and experience, as well as diversity of skill sets amongst the Board members, and effective Board and Board Committee succession plan.
- To review the succession plan for the Senior Management to enhance the measures which have been put in place to provide for the orderly succession of Senior Management.
- To conduct an industry benchmarking of the Board Remuneration to be undertaken by an independent third (3rd) party/ consultant.
- To enhance the Board processes in terms of the turnaround time for dissemination of Board papers and for Group Company Secretarial Department of KIBB to embark on an exercise to review and simplify the current template/ format of meeting papers for the Board and Board Committees.

Independent Professional Advice

The Directors (either individually or as a group) have access to independent professional advice, at the expense of the Company, as well as separate and independent access to Senior Management and the Company Secretary at any point in time.

Directorships in Other Companies

A Director must not have competing time commitments that may impair his/ her ability to discharge his/ her duties effectively. Directors are required to notify the Board before accepting any new directorship in a public company incorporated in Malaysia and all its subsidiaries incorporated in Malaysia or otherwise, as well as new external professional appointment. The notification should include an indication of time that will be spent on the new appointment.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The AC of KIBB comprises solely of INEDs and is chaired by an INED who is not the Chairman of the Board. This is in line with the Step Up Practice 9.4 of the revised MCCG.

Details on the AC's composition, as well as its members' attendance at the AC meetings during the FYE 2023 are provided on page 74 of this Annual Report and Section B of the CG Report which are available on KIBB's website at https://www.kenanga.com.my/investor-relations/AGM2024.

The AC is established to provide independent oversight on the Group's internal and external audit functions, internal controls and ensuring checks and balances within the Group.

The functions and responsibilities of the AC are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations/corporate-governance/.

Internal Audit Function

The Group Internal Audit ("**GIA**") is established by the Board to provide independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and operating effectively and efficiently. To ensure independence and objectivity, GIA, which is headed by the Group Chief Internal Auditor ("**GCIA**"), reports independently to the AC and has no responsibilities or authority over any of the activities reviewed by the Division.

The internal audit function is guided by its Audit Charter which is approved by the AC. The Audit Charter outlines amongst others, GIA's objectives, mission, scope, responsibility, accountability, authority, independence and objectivity, as well as standards and ethics.

An Annual Audit Plan based on the appropriate risk-based methodology has been developed and approved by the AC. On a quarterly basis, internal audit reports and status of internal audit activities including the adequacy of GIA's resources are presented to the AC for review. Periodic follow up reviews are conducted to ensure adequate and timely implementation of audit recommendations by Management.

The GCIA is invited to attend the AC meetings to facilitate the AC's deliberations of audit reports.

The AC, pursuant to its Terms of Reference, oversees the effectiveness of the internal audit function of KIBB by -

- reviewing, approving and reporting to the Board the audit scope, procedures and frequency;
- reviewing and reporting to the Board key audit reports and ensuring that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other issues identified by GIA;
- taking note of significant disagreements between the GCIA and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact such disagreements may have on the audit process or findings;
- establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- reviewing and reporting to the Board the adequacy of scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- appointing, setting compensation, evaluating the performance and deciding on the transfer and dismissal of the GCIA and of any staff member of the internal audit function at the request of the GCIA.

Group Board Risk Committee

The GBRC comprises a majority of INEDs and is chaired by an INED other than the Chairman of the Board.

Details on the GBRC's composition, as well as its members' attendance at the GBRC meetings during the Financial Year Ended 31 December 2023 are provided on page 74 of this Annual Report and in Section B of the CG Report which are available on KIBB's website at https://www.kenanga.com.my/investor-relations/AGM2024.

The GBRC was established to support the Board in meeting the expectations on risk management as set out in BNM's Policy Document on Risk Governance. It also assists the Board in the implementation of a sound remuneration system, by examining whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the GNC.

The functions and responsibilities of the GBRC are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations/corporate-governance/.

Group Board Digital Innovation & Technology Committee

The GBDITC comprises a majority of INEDs and is chaired by an INED other than the Chairman of the Board.

The GBDITC was established on 29 August 2019 to support the Board in providing direction and oversight over technology-related matters as set out in BNM's Policy Document on Risk Management in Technology.

In addition to providing oversight on technology-related matters, including risks, the GBDITC also reviews, evaluates and makes appropriate recommendations to the Board for approval, proposals on technology/ digital innovations put forward by Management, in line with KIBB Group's medium and long-term business strategy which includes the digitalisation strategy for the Group.

The functions and responsibilities of the GBDITC are set out in its Terms of Reference which is available on KIBB's website at https://www.kenanga.com.my/investor-relations/corporate-governance/.

Risk Management and Internal Control

The Board is responsible for ensuring that KIBB has in place effective and comprehensive risk management policies, procedures and infrastructure to identify, measure, monitor and control the various types of risks undertaken by KIBB Group.

In discharging this responsibility, the Board approves and periodically reviews the risk management capabilities of KIBB Group to ensure their ability to support KIBB Group's business activities and any expansion thereof.

It is important to emphasise that the ultimate responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board. The Group's inherent system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the Shareholders' investments and the Group's assets.

The details of KIBB Group's internal control system and risk management framework are set out in the Statement on Risk Management and Internal Control appearing on pages 111 to 115 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Audit Committee to Ensure Compliance with Financial Reporting Standards

At the Board meetings, the Board reviews Management's reports on the business performance of KIBB, as well as its major subsidiaries, associate and joint-venture companies and the analysis of the Group's performance in comparison to the positions in the preceding month and quarter, as well as year-to-date.

The Board deliberates, and in the process, assesses the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on KIBB's business or on its financial position, as well as the related mitigating factors.

The Board aims to provide a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the Audited Financial Statements and quarterly financial reports, as well as through material disclosures made in accordance with the MMLR of Bursa Malaysia.

The AC assists the Board in overseeing the integrity of the Group's financial reporting and part of this role involves the operation of the financial reporting processes. The processes are aimed at providing the assurance that the financial statements and related notes are completed in accordance with applicable legal requirements and accounting standards and give a true and fair view of the Group's financial positions. In fulfilling this responsibility, the AC also reviews the accuracy and adequacy of the Chairman's Message and corporate governance disclosures in the Annual Report, the interim financial reports and preliminary announcements in relation to the preparation of financial statements.

During the year under review, two (2) sessions between the AC and the External Auditors were held in the absence of Management, as part of the medium for greater exchange of views and opinions between both parties in relation to financial reporting.

Investor Relations and Shareholder Communications

The Board is committed to providing the Shareholders, investors and other stakeholders with comprehensive, timely and equal access to information on the Group's activities to enable them to make informed investment decisions.

To ensure continuous communication between KIBB Group and its stakeholders, as well as to facilitate mutual understanding, the Group employs a wide range of communication channels via its Kenanga Digital Channels such as Facebook, Instagram, LinkedIn, TikTok, YouTube, direct communication and publication of all relevant Group information on its website at https://www.kenanga.com.my. The Group utilises its corporate website and social media channels as a means of providing information to its Shareholders and the broader investment community. In 2023, the Company released its first-ever Sustainability Report which is intended to enhance the Group's ESG disclosures to stakeholders.

KIBB Group's corporate website provides comprehensive and easy access to the latest information about the Group. The Group's information made available on the corporate website includes information relating to inter alia, KIBB and its subsidiaries' corporate profiles, Board, Senior Management, corporate governance related matters such as the Board Charter, as well as the Terms of Reference of the various Board Committees, financial reports, annual reports and corporate news via public announcement, media releases and articles.

KIBB endeavours to improve communications with its stakeholders by ensuring information about the Company, products and services are up-to-date and easily accessible with the use of technology via its own Digital Channels and other forms of external media be it digital or traditional such as broadcast or print.

The Company believes it is important to communicate information to stakeholders on a regular basis. In support of this, the Company conducts quarterly result briefings with its institutional shareholders. During these sessions, the Company provides snapshots of its results and business, as well as holding Questions and Answers ("**Q&A**") sessions to answer inquiries from participants. Quarterly financial information is also communicated via press release and quarterly result briefing decks, as well as the Company's social media channels and corporate website.

For better coordination and control of efficiency, all investor relations events are organised and managed by the Group Marketing, Communications and Sustainability of KIBB.

In order to enhance stakeholders' experience whilst surfing the corporate website, the Company is continuously looking into ways to enhance its corporate website to ensure that the navigation is indeed user-friendly and information shared are easily accessible to all stakeholders. For this purpose, the Company had taken the effort in 2021 to enhance the searchability of its websites via Search Engine Optimisation (SEO) and Search Engine Marketing (SEM).

Information relating to the procedures of whistleblowing is also available on the corporate website.

General Meetings

In line with its digital transformation efforts, the Company has focused on the dissemination of its Annual Report via its website at https://www.kenanga.com.my/investor-relations/AGM2024 in order to reach a wider spectrum of Shareholders who are active internet users.

Shareholders are encouraged to attend the AGM and to use these opportunities to raise questions and vote on important matters affecting the Group, including the re-election of Directors, the receipt of the Audited Financial Statements, Directors' Remuneration, Renewal of Share-Buy Back Authority, as well as corporate proposal, if any.

As Malaysia transitions to endemic phase, the Company had conducted its Forty-Ninth (49th) AGM virtually on 25 May 2023 in accordance to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the SC on 18 April 2020 and revised on 7 April 2022. The AGM was held virtually via live streaming and online remote voting using the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") operated by KIBB's Share Registrar, Boardroom Share Registrars Sdn Bhd ("**Boardroom**").

Shareholders who logged in to participate in the AGM at the Virtual AGM Portal at https://meeting.boardroomlimited.my/ were able to cast their votes online via the same portal using the same login credentials and pose their questions to the Board on a real time basis.

In addition to offering the Shareholders with the opportunities to participate in the AGM, pose questions and vote remotely via the RPEV Facilities, the Company had also offered e-Proxy lodgement via Boardroom Smart Investor Portal, a service also rendered by Boardroom. This alternative mode of submitting the Proxy Form via electronic means was a step up to enable more Shareholders to exercise their voting rights by appointing a Proxy to attend and vote in their stead.

To assist Shareholders in manoeuvring the RPEV Facilities, an Administrative Guide with detailed steps was provided to the Shareholders to guide them through the process. In addition, Boardroom also provided a Helpdesk service to assist Shareholders who were less-IT savvy.

During the AGM, all the members of the Board together with the External Auditors, Company Secretary, the GMD and a few of the key Senior Management were present virtually using the virtual platform to attend to any questions posed by the Shareholders.

To foster better engagement with the Shareholders during the Forty-Ninth (49th) AGM, the Company had also arranged for one (1) of its Senior Management personnel to brief the Shareholders on live telecast on the Company's financial performance and operations in respect of the Financial Year Ended 31 December 2022 and Business Prospects for 2023 to keep them abreast of the Company's achievements and plans moving forward.

Following the presentation, the GMD presided over the Q&A session by reading out the questions raised by the Shareholders prior to the AGM and answering them accordingly. The GMD also answered all the questions submitted on real time basis during the AGM. In 2023 AGM, there were no questions received from the Minority Shareholders Watch Group.

Pursuant to Paragraph 9.21(2)(b) of the MMLR of Bursa Malaysia, KIBB had published its AGM minutes and Q&As (Key Matters Discussed) on the Company's website after the AGM.

The aforementioned virtual platform has enabled the Company to reach out to a wider spectrum of Shareholders by giving them the opportunity to exercise their rights as Shareholders by participating at the AGM via real-time interaction with the Board and Senior Management, and voting from wherever location they might be, even from the comfort of their homes.

Apart from the engagement with stakeholders through the Annual Reports and general meetings, the Company also makes announcements relating to its quarterly results and other relevant announcements to Bursa Malaysia via Bursa LINK to provide stakeholders with material key information which could affect their decision making, thus enhancing the level of transparency.

To strengthen its line of communication with the Shareholders, as mentioned earlier, the Board had in July 2021 designated Encik Jeremy Nasrulhaq as the Senior Independent Director, to take heed of their concerns on matters related to corporate governance and the Group's performance, amongst others.

Sustainability Management

Sustainability is increasingly becoming a necessity for corporations around the world to adopt and implement within their business operations to be sustainable.

In cognisance of the importance of sustainability, the Board of KIBB had on 29 July 2021 established a Management level Group Sustainability Management Committee ("**GSMC**" or "**the Committee**") led by the GMD to drive the sustainability agenda for Kenanga Group.

The objective of the GSMC is to support the Board in the governance of sustainability in KIBB Group including setting sustainability strategies, priorities and targets, to ensure that KIBB Group addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategies and success, by integrating sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans.

In addition to the above, resources have been assigned to advance the Group's ESG agenda through the establishment of a Sustainability Department with dedicated headcount.

A Group Chief Sustainability Officer was also appointed in 2022 to:

Envision, drive and enhance sustainability value for all stakeholders;

▼

Govern and deliver sustainability teams performance;

▼

Inspire and drive the organisation sustainability culture;

▼

Secure and optimise resources for the organisation; and

▼

Establish networking and partnerships at organisation level.

Sustainability Plan

In embarking on its sustainability journey, on 13 September 2021, a Sustainability Plan was presented to the GSMC to outline the Group's key sustainability priorities, which was later tabled at the GNC and approved by the Board of KIBB on 28 October 2021.

Kenanga's ESG Framework

In addition to the above, the GSMC had also recommended to the GNC for the Board's approval, Kenanga Group's ESG Framework which provided guidance on sustainability plans, setting priorities and targets, as well as managing sustainability performances throughout the Group. The Framework covers four (4) sustainability pillars below with identified six (6) material matters.

Sustainability Pillar	Material Matters
Sustainable Economic Growth	• Responsible Investment
	• Digitalisation
Environmental Stewardship	• Climate Impact
Empowering People and Communities	• Diversity, Inclusion and Well-Being
	• Community Investment
Good Corporate Governance	• Good Business Conduct

Kenanga Group Sustainability Goals and Targets

In April 2022, guided by the Group's ESG Framework and Sustainability Plan, a 'Group Sustainability Goals and Targets' was presented to the GSMC by Group Marketing, Communications & Sustainability of KIBB, outlining the sustainability goals and target for the Group, which was approved by the Board of KIBB on 6 April 2022, upon recommendation of the GNC.

Kenanga's Sustainability Roadmap 2023-2025

Subsequently, in December 2022, upon the recommendation of the GSMC and the GNC, the Board of KIBB, had on 7 December 2022, approved the Group Sustainability Roadmap 2023-2025, outlining the sustainability goals and targets for the Group.

Integration of ESG Targets and Metrics into the Employees' Balanced Scorecards

Following the approval of the Group's Sustainability Roadmap 2023-2025, relevant ESG Key Performance Indicators ("**KPIs**") were developed and incorporated into the Balanced Scorecards of relevant employees to track and monitor ESG performances.

Kenanga Group's Climate Change Risk Management Framework

On 9 December 2021, the Board had approved Kenanga Group's Climate Change Risk Management Framework ("**CCRM Framework**") to facilitate the incorporation of climate change-related risk considerations into the governance process, business strategy and operations, reporting and disclosure, as well as risk management system of Kenanga Group.

The climate change risk to be managed by the Group shall be governed by the existing risk governance structure that involves the Board, Board Committees, Management Committees, Business Units and Group Risk Management.

The CCRM Framework serves as a guide to facilitate climate risk assessments of economic activities, and its impact on climate and the environment. The CCRM Framework also covers the strategy, principles, as well as initiatives in areas of climate risk management for Kenanga Group operations. The CCRM Framework was updated in 2023, to align it with BNM's Policy Document on Climate Risk Management and Scenario Analysis issued in November 2022.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS (Pursuant to Paragraph 15.26(a) of the MMLR of Bursa Malaysia)

The Board is fully accountable for ensuring that the Audited Financial Statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group and of the profit and loss and cash flow as at the end of the accounting period.

In preparing the Audited Financial Statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with reasonable and prudent judgment and estimates have been made. The Audited Financial Statements are also prepared on a going concern basis, as the Board has a reasonable expectation, after having made enquiries that the Group has adequate resources, to continue its operational existence in the foreseeable future.

ADDITIONAL INFORMATION

Audit and Non-Audit Fees

The details of the audit and non-audit fees payable to the External Auditors, Ernst & Young PLT ("**EY**") and its affiliates, for the Financial Year Ended 31 December 2023 are provided below.

	Group (RM)	KIBB (RM)
Statutory Audit	569,300	370,000
Audit/ Assurance Related	57,052	57,052
Non-Audit Fees – EY Assurance Team	74,000	32,000
Non-Audit Fees – EY Tax Team	0	0
Total Non-Audit	74,000	32,000
Grand Total	**700,352**	**459,052**

Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs")

RPTs and/ or RRPTs entered into by the Company and/ or KIBB Group are reviewed by the AC during its quarterly meetings to ensure compliance with the MMLR of Bursa Malaysia.

Material Contracts Involving Interests of Directors, GMD or Major Shareholders

There were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Directors, the GMD or Major Shareholders which still subsisted at the end of the FYE 2023.

Utilisation of Proceeds Raised from Corporate Proposals

On 10 February 2023, the Company had issued RM20,000,000 of Subordinated Notes under the RM250 million in nominal value Tier 2 Subordinated Note Programme which was established on 27 March 2017.

The proceeds from the previous issuance are being utilised by the Company for working capital requirement.

Details on the outstanding subordinated notes under the programme are set out under Note 26 of the Financial Statements section appearing on page 239 of this Annual Report.

Employees' Share Scheme

After obtaining the Shareholders' approval at an EGM held on 25 May 2017, KIBB had, on 21 September 2017, established and implemented an ESS of up to 10% of its total issued share capital (excluding treasury shares) at any one time during the duration of the Scheme for the Eligible Employees which would be valid for a period of five (5) years from its commencement date. Following the Board of KIBB's approval on 10 June 2020, the duration of the ESS has been extended for another five (5) years from 21 September 2022 to 20 September 2027 in accordance with the provisions of the By-Laws of the ESS.

The ESS comprises the Employees' Share Option Scheme ("**ESOS**") and Employees' Share Grant Plan ("**ESGP**"). It is governed by the ESS By-Laws approved by the Shareholders at the aforesaid EGM and administered by the ESS Committee, comprising three (3) INEDs.

Since the commencement of the ESS on 21 September 2017, six (6) offers had been made under the ESOS on 2 January 2018, 31 May 2018, 2 May 2019, 17 June 2019, 1 July 2020 and 2 August 2021 respectively. As for the ESGP, the Board of KIBB had on 4 March 2021, approved the granting of the Performance Share Plan ("**PSP**") Award to Eligible Employees of the Company and its non-dormant subsidiaries on 3 May 2021 where the PSP shares were vested on 2 June 2021 ("**Vesting Date**").

In determining the total number of shares to be awarded to each Eligible Employee, the ESS Committee and the GNC had taken into consideration amongst others, the Eligible Employees' performance, seniority (denoted by corporate rank) and contribution to the growth and performance of KIBB Group. As part of the condition attached to the PSP Award, the PSP Grantee is restricted from selling/ transferring the shares issued to him/ her for a period of one (1) year from the Vesting Date.

The details of the ESS are set out under Note 55 of the Financial Statements section appearing on pages 350 to 359 of this Annual Report.

Brief details on the number of options granted, exercised, forfeited and outstanding since the commencement of the ESS on 21 September 2017 and during the Financial Year ("**FY**") 2018, FY 2019, FY 2020, FY 2021, FY 2022 and FY 2023 are set out below.

For the Period from 21 September 2017 to 31 December 2018

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	59,423,000	10,000,000[3]	16,580,000[3]	32,843,000[3]
Exercised	194,400	0	0	194,400
Forfeited[4]	1,479,000	0	0	1,479,000
Outstanding	57,749,600	10,000,000	16,580,000	31,169,600

For the FY from 1 January 2019 to 31 December 2019

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	6,431,000	0	750,000[5]	5,681,000[5]
Exercised	0	0	0	0
Forfeited[4]	1,528,000	0	0	1,528,000
Cancelled[6]	265,500	0	195,000	70,500
Outstanding	62,387,100	10,000,000	17,135,000	35,252,100

For the FY from 1 January 2020 to 31 December 2020

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	3,311,000	0	0	3,311,000[5]
Exercised	9,247,100	0	1,161,000	8,086,100
Forfeited	1,731,000	0	450,000[7]	1,281,000[4]
Cancelled[6]	952,500	0	195,000	757,500
Outstanding	53,767,500	10,000,000	15,329,000	28,438,500

For the FY from 1 January 2021 to 31 December 2021

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	4,578,000	0	0	4,578,000[5]
Adjustment[8]	0	0	80,000	-80,000
Exercised	25,675,000	3,000,000	9,419,000	13,256,000
Forfeited[4]	2,158,000	0	300,000	1,858,000
Cancelled[6]	227,500	0	0	227,500
Reinstatement[9]	450,000	0	450,000	0
Lapsed[10]	86,000	0	0	86,000
Outstanding	30,649,000	7,000,000	6,140,000	17,509,000

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	3,610,000	320,000	2,030,000	1,260,000
Vested[11]	3,610,000	320,000	2,030,000	1,260,000
Outstanding	0	0	0	0

For the FY from 1 January 2022 to 31 December 2022

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment[12]	0	0	840,000	-840,000
Exercised	12,673,500	0	5,758,000	6,915,500
Forfeited[4]	956,500	0	0	956,500
Cancelled[6]	269,500	0	0	269,500
Lapsed[10]	39,500	0	0	39,500
Outstanding	16,710,000	7,000,000	1,222,000	8,488,000

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment	0	0	50,000	-50,000
Vested[11]	0	0	0	0
Outstanding	0	0	0	0

For the FY from 1 January 2023 to 31 December 2023

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment[12]	0	0	0	0
Exercised	1,791,500	1,000,000	0	791,500
Forfeited[4]	1,154,500	0	0	1,154,500
Cancelled[6]	118,500	0	0	118,500
Lapsed[10]	2,092,000	2,000,000	0	92,000
Outstanding	11,553,500	4,000,000	1,222,000	6,331,500.00

ESOS[1]	Total	GMD[2]	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment	0	0	0	0
Vested[11]	0	0	0	0
Outstanding	0	0	0	0

Notes
(1) The Employee(s) of the KIBB Group who meet(s) the criteria of eligibility for participation in the Scheme as set out in By-Law 5.
(2) The GMD is not a Director of KIBB. None of the Directors of KIBB is entitled to participate in the ESOS and the ESGP.
(3) The offer to the GMD was granted on 31 May 2018 while the offer to Senior Management and Other Entitled Employees was granted on 2 January 2018 respectively.
(4) ESOS forfeiture due to staff resignation.
(5) The offer to Other Entitled Employees and Senior Management was granted on 2 May 2019, 17 June 2019, 1 July 2020 and 2 August 2021 respectively.
(6) ESOS cancellation due to vesting conditions not fully met.
(7) ESOS forfeiture in compliance with Section 92 of the Financial Services Act 2013.
(8) Adjustment made due to an employee's appointment as the Chief Executive Officer of Eq8 Capital Sdn Bhd (Formerly known as i-VCAP Management Sdn Bhd). Hence, the re-categorisation of the ESOS.
(9) Reinstatement of the earlier cancelled ESOS in Note 7.
(10) ESOS lapsed due to unexercised options within the three (3) years of the Exercisable Period.
(11) PSP Grant vested and credited to employees' CDS account.
(12) Adjustment made due to an employee's appointment as a Group EXCO Member of KIBB. Hence, the re-categorisation of the ESOS.

Maximum Allowable Allocation of the Scheme

The aggregate maximum number of KIBB shares that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the ESS Committee after taking into consideration, amongst others, the provisions of the By-Laws of the ESS, MMLR of Bursa Malaysia or other applicable regulatory requirements prevailing during the option period relating to employees' and/ or Directors' share issuance schemes, as well as, the performance, targets, position, annual appraised performance, seniority and length of service of the Eligible Person or such other matters which the ESS Committee may in its sole and absolute discretion deem fit and subject to the following:

Aggregate maximum number of KIBB shares which may be made available under the Scheme shall not in aggregate exceed 10% of the issued share capital of the Company (excluding treasury shares) ("**ESS Shares**") at any point in time during the duration of the Scheme ("**Maximum ESS Shares**").

Not more than 10% of the aggregate number of KIBB shares to be issued under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued share capital of KIBB (excluding treasury shares, if any).

Description	1 January 2023 to 31 December 2023	Since Commencement Up to 31 December 2023
Percentage of the Aggregate Maximum Allocation over the Maximum ESS Shares	0%	37.84%
Actual Percentage of the ESOS Granted over the Maximum ESS Shares	0%	34.53%
Actual Percentage of the ESGP Vested over the Maximum ESS Shares	0%	3.31%

In respect of FY 2023, there was no allocation of the shares under the ESS made to the Eligible Employees and hence, no review was conducted.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman of the Board

ETHICS AND COMPLIANCE STATEMENT

OUR COMMITMENT TO COMPLIANCE AND VALUES

In line with the regulatory emphasis on ethical conduct, Kenanga Investment Bank Berhad and Its Subsidiaries ("**KIBB Group**" or "**Kenanga Group**" or "**the Group**") remains dedicated to promoting ethical behaviour and integrity across all facets of its operations. By adhering to stringent ethical standards and regulatory compliance, we aim to safeguard the interests of our stakeholders while delivering value propositions that resonate with integrity and transparency.

Building upon our commitment to ethics and integrity in business practices, Kenanga Group integrates these values into both our corporate culture and governance framework. Through adherence to ethical standards and fulfilling regulatory obligations, we not only bolster Kenanga Group's reputation but also cultivate trust among our stakeholders, thus propelling sustainable business growth.

OUR STRUCTURE IN MANAGING ETHICS AND COMPLIANCE

The Group's approach to ethics and integrity extends beyond mere compliance; it is ingrained in our corporate DNA and guides our decision-making processes at every level. We recognise that ethical conduct is not just a regulatory obligation but a moral imperative that underpins our relationships with clients, employees, shareholders, and the broader community.

In essence, our dedication to ethics and integrity is not just a business strategy; it is a reflection of our core values and commitment to upholding the highest standards of corporate governance and responsible business conduct. In this regard, the following six (6) departments within Group Regulatory and Corporate Services ("**GRCS**") Division of Kenanga Investment Bank Berhad ("**KIBB**" or "**the Company**") collaborate closely to carry out the overall responsibilities under the ethics and compliance structure:

Group Business Ethics and Integrity	Develops, implements and facilitates compliance of the applicable framework, policies and procedures towards promoting ethical business practices and integrity in the business and operational activities
Group Compliance	Develops, implements and facilitates compliance of the overall regulatory requirements in relation to the regulated activities as per the Licensing Handbook of the Securities Commission Malaysia
Group Financial Crime Compliance	Develops, implements and facilitates compliance of the applicable laws and regulatory requirements in relation to Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions
Group Prudential Supervision and Regulatory Affairs	Manages consultations with the regulators and provides sound advice to ensure compliance with regulatory requirements and expectations as well as standard practices
Group Legal	Manages legal documentation and provides legal consultation towards mitigating legal risks
Group Company Secretarial	Ensures integrity of the governance framework and compliance with statutory and regulatory requirements by the Board of Directors ("**Board**"), as well as facilitates the communication and implementation of the Board's decisions

Strategic Framework for Sustaining Effective Governance

To achieve high standards of corporate governance within the highly regulated capital markets environment, Kenanga Group has implemented the Ethics Risk Management Framework ("**EMF**") and Compliance Management Framework ("**CMF**") within the GRCS. These frameworks provide structured guidance for ensuring systematic and consistent oversight and monitoring of compliance and ethical practices. Additionally, they are instrumental in addressing and managing sustainability concerns across the Group's operations.

The EMF and CMF adopt risk-based, centre-led methodologies, integrating two (2) fundamental principles of risk mitigation and risk monitoring, synergistically reinforcing each other:

Ethics and Compliance Risk Mitigation

- **Identify** the risks associated with business of Kenanga Group
- **Measure** the risks in order to assign their severity level
- **Assess** for appropriate controls to address any deficiencies
- **Implement** the controls involving the relevant parties in Kenanga Group
- **Educate and train** on the controls highlighting consequences of failing to comply

Ethics and Compliance Risk Monitoring

Monitor and test if risk mitigation is working properly via various measures:

- Identify critical and high-risk areas
- Identify key compliance risk mitigation activities
- Identify routine business transaction associated to compliance obligations
- Review and test compliance with legal and regulatory requirements
- Review and test implementation of policies and procedures

Essentially, the EMF and CMF serve as cornerstone methodologies, facilitating the establishment, ongoing evaluation, and refinement of the Group's ethical and compliance initiatives. These methodologies harmonise the management of ethical and compliance matters, safeguarding the Group's corporate culture.

Tool for Regulatory Awareness and Compliance

GRCS holds a crucial position in the regulatory landscape of Kenanga Group, ensuring that employees stay informed about any changes or new requirements set forth by regulators. In 2023, GRCS effectively managed the dissemination of three-hundred and thirty-eight (338) revised and new frameworks, guidelines, and circulars, along with twenty-three (23) consultation papers. These efforts are instrumental in maintaining compliance and fostering a culture of awareness within the organisation.

Taking regulatory compliance to the next level, GRCS goes beyond mere dissemination by actively overseeing the implementation of new requirements within divisions and departments. Utilising the Regulatory Issuances Impact Review ("**EDGE**"), GRCS provides targeted guidance to ensure seamless adjustments to internal policies, procedures, or controls. More than just a review, the EDGE reflects the Group's firm dedication to comprehensive compliance.

OUR STRUCTURE IN MANAGING ETHICS AND COMPLIANCE

Cultivating a Vibrant Speak Up Culture

At Kenanga Group, transparency and ethical conduct stand as our core principles, and we recognise the pivotal role of our employees at all levels in upholding these principles. In line with its dedication to fostering a culture of openness and accountability, the Group has had the Group Whistleblowing Policy and Guidance Notes ("**Whistleblowing Policy**") in place.

In 2023, the Group undertook a timely and comprehensive revamp and review of the Whistleblowing Policy which culminated in the establishment of the Group Speak Up Policy ("**Speak Up Policy**"), aimed at providing employees with a robust framework for reporting concerns, misconduct, or ethical breaches. The revamped policy aligns with the evolving regulatory landscape, in light of the Guidelines on Adequate Procedures issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACCA**") as well as Part H of Chapter 15 of Bursa Malaysia's Main Market Listing Requirements.

We ensured that a holistic roll-out is done for the Speak Up Policy to ensure that all employees in the Group, as well as parties the Group deals with are aware of the changes, understand their rights, and know how to utilise the new reporting channel effectively. Additionally, it allows for consistent messaging across different departments and levels within Kenanga Group and this helps to mitigate potential resistance or scepticism towards the policy changes, as it provides a platform for addressing concerns and clarifying any misunderstandings.

We had issued a set of Frequently Asked Questions ("**FAQs**") on the revamped policy which was made available on both Kenanga's corporate website and intranet. These FAQs simplified the information provided within the Speak Up Policy, thereby making it more accessible to employees and third parties. The FAQs also aim to address concerns and serve as valuable educational resources during training and onboarding.

We had also issued posters and emails to publicise the revamped policy and highlight the new reporting channel that was introduced. The posters were sent to all branches as well as all the departments and divisions to be placed in a strategic and prominent common location to ensure visibility and awareness by reaching a wide audience.

The Speak Up Policy reflects Kenanga Group's unwavering commitment to creating a workplace where employees feel empowered to speak up without fear of reprisal. As a cornerstone of the bank's ethical infrastructure, the revamped policy stands as a testament to the Group's proactive approach in ensuring a resilient, transparent, and accountable organisational culture. The Speak Up Policy not only empowers employees to speak up against misconduct but also fosters a culture where integrity is upheld at all levels.

Strengthening Controls Against External Threats

Kenanga Group has always prioritised the safeguarding of our operations against external threats, particularly fraud. The Group Anti-Fraud, Bribery, and Corruption Reporting Procedure ("**AFBC Reporting Procedure**") has been integral to our operations since its inception. This framework outlines stringent controls to detect, prevent, and address instances of internal fraud, bribery, and corruption.

Building upon this foundation, we introduced the Guidance on Handling Incidents of External Fraud ("**External Fraud Guidance**") in 2023. This framework complements our existing controls by providing specific measures tailored to respond to external fraud threats. Through the implementation of the External Fraud Guidance, we have further fortified our defences, enhancing our ability to mitigate risks stemming from sources beyond our organisation's borders.

By strategically balancing controls targeting both internal and external threats, Kenanga Group demonstrates its proactive approach to risk management. We remain steadfast in our commitment to upholding the highest standards of governance and compliance, thereby safeguarding the trust and confidence of our clients and stakeholders. As we continue to adapt to the evolving landscape of fraud and misconduct, Kenanga Group remains vigilant in refining and strengthening our controls.

UPHOLDING HIGH STANDARDS OF CORPORATE GOVERNANCE

The Board exercises vigilance over ethics and compliance risks to ensure effective implementation of management strategies, frameworks, and policies. In collaboration with all stakeholders, GRCS endeavours to harmonise business direction with the established strategies, frameworks, and policies, fostering a culture where professionalism, ethics, and compliance take precedence.

Anti-Fraud, Bribery and Corruption

Kenanga Group is subject to the provisions of the MACCA along with relevant local laws, rules, and regulations concerning anti-fraud, bribery, and corruption as stipulated by regulatory authorities. In line with this, the Group adopts a zero-tolerance stance towards all manifestations of fraud, bribery, and corruption. We expect our Board, Senior Management, and employees to uphold this approach rigorously. Similarly, the Group requires the same level of commitment from all third parties with whom we engage, regardless of the context or manner of engagement.

The **AFBC Policy**, or Group Anti-Fraud, Bribery, and Corruption Policy, delineates the foundational principles guiding the Group in addressing and mitigating risks associated with fraud, bribery, and corruption across all our operations. This policy outlines the principles concerning top-level commitment, organisation-wide risk assessment, control measures, as well as monitoring and training programmes at Kenanga.

Aligned with the AFBC Policy, the AFBC Reporting Procedure provides detailed guidelines and protocols for the Board and employees regarding the reporting of instances involving fraud, bribery, and corruption, as well as the necessary actions to be taken in response.

Anti-Bribery and Corruption Risk Assessment

Kenanga Group took proactive steps to assess Anti-Bribery and Corruption ("**ABC**") risks, engaging Baker Tilly MH Consulting Sdn Bhd ("**BTMHC**") in 2022, to conduct a thorough review. This initiative, in accordance with the Guidelines on Adequate Procedures, highlights the crucial need for periodic evaluations to ensure adherence to ABC policies and procedures. Encompassing all entities within the Group, the assessment rigorously evaluated the adequacy of our policies, procedures, and controls, emphasising the pivotal role of effectively managing ABC risks throughout our organisation.

The assessment yielded positive results, indicating that Kenanga Group has already implemented and actively monitors high-risk areas effectively. In light of these findings, BTMHC recommended extending the ABC risk assessment to other areas of the Group, aligning with the Securities Commission Malaysia's Observations and Good Practices Relating to Compliance with Corporate Liability Provision. This positive outcome highlights Kenanga Group's commitment to proactively addressing ABC risks and ensuring compliance across all facets of our operations.

Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT/TFS")

Progressive financial landscape and robust digital economy in Malaysia have presented intricate backdrop for money laundering. This gives rise to cyber enabled money laundering where some of noticeable trends utilised by the launderers in 2023 are smurfing, money mules and pandemic related frauds such as phishing attacks and online scams.

Kenanga Group responds to these threats by reinforcing its AML/CFT/TFS compliance framework which encompass:

- Tone from the top for good AML/CFT/TFS compliance culture and corporate governance that ingrains expected values from employees at all levels across Kenanga Group
- Enterprise-wide Business-based Risk Assessment which creates awareness to stakeholders on ML/TF/PF risks thus facilitating better operational and strategic business decision making
- Establishment of AML/CFT/TFS policy and procedures which are clearly defined, consistently communicated and continuously reinforced to embed a culture that cultivates active identification, assessment and mitigation of risk
- Internal controls with significant investment in system automation to safeguard Kenanga Group from being used as a conduit for ML/TF/PF

Regulatory awareness and compliance tools are critical components of the fight against ML/TF/PF, helping the Group fulfil our legal obligations, detect suspicious activities, and mitigate risks associated with illicit financial transactions. It also ensures that ML/TF/PF risk considerations are embraced by all employees to protect the Group's reputation, building trust and brand value for long term sustainability of the organisation.

Code of Conduct for Employees

Upholding exemplary conduct is paramount in fostering favourable outcomes for our clients, stakeholders, and the broader capital markets community. We enable our employees to prioritise ethical behaviour by establishing transparent expectations outlined in the Group Code of Ethics and Conduct for Employees ("**Employees Ethics Code**"). Additionally, we equip them with the necessary support, tools, and resources to uphold these standards, alongside providing clear guidance on available channels for raising concerns.

Kenanga Group places trust in our employees, and the Employees Ethics Code underscores this trust by affirming that our values manifest in the conduct and behaviour of our workforce. All employees are required to uphold elevated standards of professionalism, integrity, and conscientiousness, ensuring they avoid situations that may compromise their obligations or integrity in interactions both internally and externally.

The commitment of all employees to adhere to the Employees Ethics Code is procured and renewed through a process where all new hires are required to acknowledge their understanding of the Code's expectations. Similarly, existing employees must provide annual acknowledgments of their understanding to the Code.

Whistleblowing

As specified above, Kenanga Group has implemented the Group Speak Up Policy, enabling individuals to voice their concerns regarding any unlawful or irregular behaviours, practices, or omissions.

Out of the eighty-six percent (86%) employees who participated in our biennial Survey on Ethics and Integrity Culture at Workplace 2022, more than ninety percent (90%) expressed confidence in their ability to raise concerns within Kenanga Group without fear of retaliation. This indicates effective communication by the Group regarding our commitment and resolve to address any unlawful or irregular behaviours, practices, or omissions appropriately.

Managing Conflict of Interest

The Group Conflict Management Policy ("**Conflicts Policy**") outlines the policies and guiding principles for addressing conflicts of interest. It delineates two (2) main categories: personal and business-related conflicts of interest and specifies the scenarios that may fall under each category. This was implemented to emphasise the significance of identifying potential conflicts that may arise in carrying out employees' entrusted responsibilities.

In addition to the Conflicts Policy, the Group has adopted the Guidance on Conflict of Interest ("**Conflicts Guidance**") to offer additional support in recognising and addressing personal and business-related conflicts of interest. This guidance reinforces the shared responsibility of all parties within the Group to identify, report, and address conflicts of interest effectively.

Employees, departments, divisions, and subsidiaries within Kenanga Group must disclose any actual, potential, or perceived conflicts of interest, whether personal or business-related. This mandate is founded on the recognition that such conflicts may compromise the ability to act impartially and in the best interests of the Group, necessitating appropriate steps for effective management.

Gifts, Entertainment and Hospitality

The Group Gifts, Entertainment, and Hospitality Policy ("**GGEH Policy**") serves as a control mechanism for situations that may constitute a conflict of interest or could potentially create the appearance of such a conflict in Kenanga Group's business dealings with external parties. This Policy elucidates Kenanga's stance on giving and accepting gifts, entertainment, and hospitality in business transactions, while upholding the utmost standards of ethics and integrity.

In addition to outlining the threshold limits and approval procedures for gifts, entertainment, and hospitality that Kenanga employees may offer or receive, the GGEH Policy strictly prohibits employees from offering or accepting such items with the intent to exert undue influence on any party in exchange for business dealings.

Chinese Wall and Insider Trading

Kenanga Group has an obligation to ensure that information pertaining to its business and clients, and all activities of the clients remain confidential. Hence, the Group Chinese Wall Policy ("**Chinese Wall Policy**") is developed to manage the flow of confidential and material non-public and price sensitive information ("**MNPI**") between the divisions and departments of Kenanga.

The Chinese Wall Policy outlines requirements in managing inside information and establishes internal control mechanisms to be adhered by all employees, in order to minimise the risk of insider trading and potential breach of laws and regulations.

Every employee is required to maintain the confidentiality of all MNPI, which comes to their knowledge during the course of their employment and are not to pass any MNPI to any person, unless in accordance with the Chinese Wall Policy.

Anti-Trust and Fair Competition Practices

Kenanga Group is dedicated to conducting business with fairness, responsibility, and professionalism in all client interactions. The Board and Senior Management establish the ethical standards from the helm, fostering a robust culture of equitable business practices to ensure transparent, ethical, and prudent operations.

The Group Competition Act Compliance Policy ("**Competition Policy**") outlines the Group's commitment to fair business practices and prohibits any actions that could be interpreted as anti-competitive. Additionally, the Competition Policy emphasises the importance of maintaining a clear and effective stance to prevent or minimise the risk of competition law violations, as well as aiding the Group's in promptly identifying any such infringements that may occur.

Common Reporting Standard

In compliance with the Common Reporting Standard ("**CRS**") requirements, Kenanga Group had submitted the financial account information of non-resident clients to the Inland Revenue Board of Malaysia ("**IRBM**") in June 2023. The submission involved ninety-two (92) entities and funds of the Group that have been registered with the IRBM for CRS purposes.

Foreign Account Tax Compliance

In compliance with the Foreign Account Tax Compliance Act 2010 ("**FATCA**") requirements, Kenanga Group had submitted the financial account information of US clients to the IRBM in July 2023. The first FATCA reporting involves clients' information for the year 2014 until 2022.

Code of Conduct for Vendors

Kenanga Group upholds fair treatment of our vendors, ensuring that our business conduct and behaviour align with our ethical values and principles. Additionally, the Group aims to collaborate with our vendors to work towards the achievement of sustainable development goals.

The Vendors Conduct Code, or Code of Conduct for Vendors, mirrors Kenanga Group's commitment to ethics and integrity and is founded on maintaining the utmost standards of professional conduct from its vendors. This Code outlines the minimum expectations for general business conduct and ethical practices for all vendors engaged with or performing work for Kenanga Group. Through the Vendors Conduct Code, the Group takes a proactive approach to ensuring that parties it interacts with share a dedication to exemplary values.

PROVISION OF TRAINING AND AWARENESS PROGRAMMES

Kenanga Group acknowledges the vital role of effective communication in ensuring that employees comprehend their roles and responsibilities, thereby safeguarding the interests of both the Group and our stakeholders. As such, GRCS maintains active engagement with employees including through training and awareness programmes, ensuring they remained abreast of updated and pertinent information, including the latest regulatory updates and ongoing initiatives aimed at enhancing ethical culture and corporate governance practices.

A diverse array of methods was employed to effectively implement the training and awareness programmes. These included leveraging video-sharing platforms to deliver engaging and informative content to employees, facilitating interactive quizzes to reinforce key concepts and promote active learning, hosting webinars to provide in-depth discussions and opportunities for real-time interaction, and conducting annual e-tests to assess employees' understanding and retention of essential information. This multifaceted approach ensured that employees received comprehensive training and remained well-informed about changes that would affect Kenanga Group.

Fraud Awareness Campaign

Since 2015, Kenanga Group has been a Corporate Alliance Partner of the Association of Certified Fraud Examiners ("**ACFE**"). This partnership programme underscores the Group's dedication to combating fraud by offering educational opportunities and establishing a tone of integrity from the highest levels of leadership.

As an integral component of the Group's annual Fraud Awareness Campaign, the 7th Fraud Awareness Week ("**FAW**") was once more conducted in 2023 under the theme Embracing Disruption, Pioneering Change, Unwavering Integrity. The FAW's initiatives and activities spanned five (5) weeks, commencing on 10 October 2023, and culminating with the International FAW of the ACFE from 12 November 2023 to 18 November 2023.

In addition to advancing fraud prevention and detection, the FAW aims to emphasise Kenanga Group's dedication to ethical and moral principles in fostering good governance and cultivating a corporate culture that thrives amidst evolving regulatory landscapes. This aligns with the United Nations Global Compact's 10th Principle, which highlights the imperative for businesses to combat corruption comprehensively.

The 7th FAW further demonstrated the Group's commitment to the 'Governance' pillar, aligning with our efforts to ensure environmental, social and governance ("**ESG**") compliance. Building upon an internal campaign initiated six (6) years ago to raise awareness about the significance of combating fraud within the financial industry, the Group remains dedicated to emphasising the importance of accountability, integrity, and good governance to an expanded audience.

Fraud Awareness Campaign (Cont'd)

FAW Virtual Opening Ceremony

The Virtual Opening Ceremony of the 7th FAW was broadcasted 'live' on 14 November 2023. The Ceremony featured pre-recorded presentations and discussions with esteemed speakers, offering insights and updates on ongoing efforts in combating fraud, bribery and corruption. These discussions also provided valuable perspectives from experts in the field, shedding light on the latest developments and strategies in anti-fraud and anti-corruption initiatives.

The Chief Commissioner of the Malaysian Anti-Corruption Commission, Tan Sri Dato' Seri Panglima Haji Azam Bin Baki; the President of the ACFE, Mr. John D. Gill; and the Chairman of Kenanga Investment Bank Berhad, Tan Sri Dato' Seri Syed Anwar Jamalullail, were featured as speakers during the Group's 7th FAW Virtual Opening Ceremony. Additionally, Ms. Maheswari Kanniah, Kenanga Group's Group Chief Regulatory and Compliance Officer, moderated a thought-provoking session which involved an insightful discussion with Mr. Billy McFarland, a convicted fraudster notorious for his involvement in the infamous Fyre Festival. The conversation delved into the intricacies of the event, providing valuable insights into the complexities of fraud and its implications.

In 2023, the FAW Virtual Opening Ceremony garnered a total of seven hundred and thirty-five (735) viewers, with three hundred and fifty-one (351) viewers hailing from external entities. This marked a notable uptick of nearly ten percent (10%) in total viewership compared to the FAW Virtual Opening Ceremony held in 2022.

FAW Games

A total of two hundred and nineteen (219) teams participated in the FAW Games, comprising one hundred and fifty-two (152) internal teams and sixty-seven (67) external teams, representing an increase of approximately seventeen percent (17%) in the overall participation compared to the previous year's FAW Games in 2022. The external teams were representatives from forty-two (42) regulatory, enforcement, and professional bodies, financial institutions, listed companies, as well as vendors associated with Kenanga Group. Notably, this year saw the inclusion of seven (7) teams from organisations based in Indonesia, Singapore, United Arab Emirates, and South Africa.

The FAW Games 2023 comprised a series of nine (9) rounds, each showcasing friendly tournaments featuring an array of engaging and intellectually stimulating virtual anti-fraud challenges. These rounds served as avenues for educational enrichment, fostering collaboration and critical thinking skills among participants. The activities aimed to effectively disseminate and instil the anti-fraud message, encouraging proactive decision-making and vigilance against fraudulent activities.

FAW Talk at Faculty of Law, University of Malaya

In collaboration with the esteemed Faculty of Law at the University of Malaya ("**UM**"), Kenanga Group presents a Talk Session in UM as part of this year's FAW. Serving as a crucial element of the Group's social outreach programmes aligned with the ESG framework, this strategic initiative seeks to raise awareness of fraud prevention and detection within the local community, particularly among students of the Faculty of Law at the University.

In addition to the customary FAW initiatives, the Talk Session underscores Kenanga Group's strong dedication to fostering a culture of governance and transparency both within the organisation and throughout the community.

Speakers at the talk session included Chairman of the Board of Directors at UM, Tan Sri Zarinah Anwar; the Head of Asia-Pacific Development at the ACFE, Mr. Ganeshwaran Thuraisingham; the Director of Community Programme at the Malaysian Communications and Multimedia Commission, Puan Hashimah Hashim; ASP Pegawai Penyiasat Jenayah at Jabatan Siasatan Jenayah Komersil Ibu Pejabat Polis, Bukit Aman, Puan Nor Sharina Binti Mohd Amin; and the Dean of Faculty of Law at UM, Professor Jason Chuah.

Annual Regulatory Seminar

The 8th Annual Regulatory Seminar ("**ARS**") in 2023 was again integrated as part of the events for the 7th FAW. Consistent with the FAW's goal of tackling contemporary key issues, the theme of the 8th ARS was aligned accordingly. The 8th ARS comprised a comprehensive a 9-series e-learning programme covering vital subjects and messages pertinent to the regulatory landscape, fraud detection, ethics and integrity, governance, cyber security, and regulators' expectations.

Training sessions were led by a diverse array of subject-matter experts from within Kenanga Group, as well as invited speakers. These pre-recorded sessions were made available online to all employees nationwide through Kenanga's learning portal. Additionally, a brief pre-and-post quiz was administered as a means to assess employees' comprehension of the covered topics.

A total of one thousand one hundred and fifty-four (1,154) employees registered for the 8th ARS. Upon successfully completing the quiz and attaining a minimum score of eighty percent (80%) within the specified timeframe, employees holding the Capital Markets Services Representative's Licence were eligible to receive ten (10) CPE points accredited by the Securities Industry Development Corporation.

Monday Must-Know Quiz

Monday Must-Know Quiz ("**MMKQ**") represents another significant training and awareness initiative at Kenanga Group. This quiz, mandatory for all employees, covers a wide range of topics with a primary emphasis on ethics and regulatory compliance. It serves as an essential refresher, reinforcing employees' understanding of the Group's policies and procedures in these areas. Through MMKQ, employees continually update their knowledge and stay aligned with evolving regulatory standards and ethical guidelines.

There were four (4) sets of a five (5) multiple-choice questions quiz issued in 2023 based on a short video and material on the following topics:

Business Ethics	Financial Crimes	Speak Up	Gifts, Entertainment and Hospitality

Each MMKQ was released on the first Monday of four (4) designated months throughout 2023 and remained accessible for employee participation until the conclusion of the year. This extended timeframe allowed employees ample opportunity to engage with the quiz at their convenience and ensure comprehensive understanding of the covered topics over an extended period.

Scam Awareness Video – "Stay Alert, Invest Safely"

As part of Kenanga Group's on-going efforts to raise regulatory awareness, the Group had on 1 November 2023 rolled out the Scam Awareness Video – "Stay Alert, Invest Safely". This awareness video is targeted to investors, dealers' representatives, remisiers and employees of the Group with the objective to:

Create financial literacy of the investors by enhancing their awareness on types of scams and ways to protect themselves being scammed	Provide information on Kenanga Group scams reporting channels if investors suspected their accounts have been compromised or they have been scammed	Broaden public awareness in relation to digital onboarding

This video is available in Kenanga Group's website and social media platforms.

Enhanced AML/CFT/TFS Review

In demonstrating the Group's ongoing commitment in combating ML/TF/PF risks, we continuously refine and enhance our Anti-Money Laundering ("**AML**") programmes. Our rigorous AML programme reviews stand as a testament to our unwavering dedication to safeguarding the integrity of our operations and the financial system at large.

At the heart of our enhanced AML programme reviews lies a comprehensive framework designed to detect and deter illicit activities effectively. Through a multi-faceted approach, we systematically assess and strengthen our defences against money laundering risks, ensuring robust compliance with regulatory requirements and industry best practices.

Key components of our enhanced AML programme reviews include:

Risk Assessment

We conduct thorough risk assessments to identify and prioritise areas of vulnerability. By analysing emerging threats and evolving regulatory landscapes, we proactively adapt our strategies to mitigate potential risks effectively.

Training and Awareness

We empower our personnel with comprehensive training and ongoing awareness initiatives. By fostering a culture of compliance and vigilance, we equip our teams with the knowledge and tools necessary to identify and report suspicious behaviours effectively.

Enhanced Due Diligence ("EDD")

AML programme reviews scrutinised EDD processes to ensure thorough customer profiling and ongoing monitoring. Through in-depth investigations and enhanced monitoring, we fortify our defences against money laundering schemes.

Continuous Evaluation and Improvement

Continually evaluate and refine our AML programme. Through regular audits, assessments, reviews carried out on a group-wide basis and feedback mechanisms, we identify areas for improvement and implement necessary enhancements to strengthen our defences.

In the ever-evolving landscape of financial crime, our enhanced AML programme reviews serve as a cornerstone of our commitment to integrity, transparency, and regulatory compliance. By remaining vigilant and adaptive, we reaffirm our dedication to combating money laundering and preserving the integrity of the global financial system.

MAINTAINING A HIGH LEVEL OF CORPORATE GOVERNANCE

Details on Kenanga's corporate governance disclosure are available in the Corporate Governance Overview Statement appearing on pages 67 to 97 of this Annual Report and Corporate Governance Report which is available at Kenanga's website at https://www.kenanga.com.my.

OUR FOCUS AND STRATEGIC PRIORITIES FOR 2024

As the spotlight on ESG principles intensifies, spurred by heightened investor interest and the influx of new regulations surrounding socially responsible investment, the significance of the 'Governance' pillar has reached paramount importance for Kenanga Group. Amidst this evolving landscape, the Group consistently ensures that our sustainability journey is not only comprehensive but also meticulously balanced.

Kenanga Group remains resolute in our pursuit of excellence and recognises that robust Governance frameworks serve as the bedrock for sustainable business operations. Our dedication to ESG best practices is not just a strategic manoeuvre; it is a testament to our firm commitment to responsible stewardship and enduring value creation. By prioritising transparency, accountability, and ethical decision-making, we fortify our position for long-term resilience and success.

In this respect, the Group and GRCS continue to uphold a robust compliance strategy and maintain operational transparency. This dedication underscores our pledge to cultivate a regulatory framework of the highest calibre and conduct our business and operations in strict accordance with the principles of good corporate governance.

Advancing Technological Integration and Innovation

Kenanga Group has embraced a governance strategy centred on integrating risk-based approaches into compliance best practices, complemented by appropriate controls that align with laws, regulations, and industry standards. With the increasing provision of services in the digital realm, it is imperative that we evolve to continuously update and adapt our compliance requirements to the ongoing digitalisation, ensuring our continued significance and relevance in the dynamic landscape.

Simultaneously, the Group remains vigilant in tracking the evolution and amendments of regulations to enhance compliance effectiveness. Remaining abreast of innovations and consistently aligning with regulatory requirements, we endeavour to leverage new technologies essential to our business and operational units. Our focus remains on not only developing but also harnessing these advancements while maintaining an effective compliance strategy that adapts seamlessly to the changing landscape.

Bolstering Measures Against Financial Crimes

Financial institutions worldwide are facing challenging circumstances where they are expected to facilitate transactions at lightning-fast pace while ensuring their institutions are not abused by criminals to profit via systematic illegal activity.

Kenanga Group is no exception and takes a zero-tolerance stance towards financial crimes in all of their business dealings whether concerning employees, clients, suppliers, contractors or other third parties and this is demonstrated via Kenanga Group's comprehensive AML/CFT/TFS framework.

The integration of a robust ESG compliance strategy with an effective AML regulatory framework enables the Group to identify and address a broader range of risks, including those related to environmental and social issues, alongside traditional financial risks associated with money laundering and illicit financing. While ensuring compliance with the evolving regulatory requirements and demonstrating a proactive approach to meeting emerging standards related to sustainability and responsible business conduct, we are also able to make Informed and responsible decisions that align with our values and long-term sustainability objectives.

Cultivating a Culture of Open Communication

Kenanga Group reaffirms our enhanced commitment to fostering a respectful and inclusive workplace environment. We will persistently prioritise the importance of encouraging employees to speak up and report any instances of wrongdoing or policy breaches. This emphasis will be emphasised through direct communication with superiors or utilising designated channels within the Group, such as the Speak Up channel, ensuring transparency and accountability throughout the organisation.

Building upon this commitment, the Group sends a resounding message to all employees and stakeholders that adverse organisational practices will not be condoned. This proactive stance not only highlights our commitment to upholding ethical standards but also reassures employees and stakeholders that their concerns hold significance. By fostering an environment where issues are addressed promptly and effectively, the Group encourages open dialogue and demonstrates our dedication to accountability and transparency.

Enhancing Oversight and Monitoring Processes

Kenanga Group holds firm expectations for all our businesses to uphold ethical principles and integrity, ensuring compliance with relevant laws, regulations, and internal policies. Our ethics and compliance programmes are designed to mitigate and address potential adverse impacts arising from business conduct and the delivery of the Group's products and services. These efforts encompass a range of areas, including fraud, bribery, corruption, money laundering, as well as safeguarding employees and human rights.

As part of our ethos of responsible business conduct, the Group will persistently evaluate our risk-based due diligence processes. This continuous assessment is aimed at ensuring the implementation of robust and appropriate ethics and compliance programmes to prevent and mitigate negative impacts resulting from potential failures. We will oversee the implementation of these programmes through ongoing monitoring and assessments across all facets of Kenanga Group's business operations.

Fostering a Culture of Ethics and Integrity

An effective ethics and compliance programme is instrumental in cultivating a culture of integrity, where every member of the organisation embodies the principles they advocate. At Kenanga Group, we firmly assert that a fortified ethical culture, underscored by diversity and inclusion, fosters heightened employee engagement, thereby driving enhanced efficiency and productivity. Such a culture not only instils a sense of accountability at all levels but also ensures that employee concerns are consistently addressed through a harmonious blend of top-down leadership and bottom-up feedback mechanisms.

As part of our ongoing efforts, the Group actively promotes and reinforces ethical behaviours throughout our operations. Employees at all levels are dedicated to upholding integrity and high standards in their conduct. We continue to prioritise instilling a strong sense of consciousness among our workforce, encouraging them to consistently demonstrate professionalism, integrity, and conscientiousness in their interactions, both within the organisation and with external parties.

Securing Data Privacy Amidst Digital Transformation

Kenanga Group views digital transformation as an essential measure to safeguard its business operations while prioritising data protection and security throughout the digitalisation journey. This encompasses migrating business processes to automation, introducing e-services, and embracing advancements in payment technologies. Leveraging new and innovative technologies will foster creativity and enable the development of solutions that not only meet regulatory standards but also uphold data integrity.

In alignment with this dedication, the Group places significant importance on safeguarding personal data and maintaining electronic or hard copy records used in all business activities. These security measures encompass ensuring compliance with policies regarding data use, storage, dissemination, protection, and access, while also managing the rights of data owners in accordance with applicable laws and regulations.

Strengthening Awareness and Training Efforts

Kenanga Group recognises the critical role of active stakeholder engagement and keeping employees updated on regulatory changes. Transparent and inclusive communication is key. We are constantly seeking new ways to enhance employee communication, including using digital technology for training to reach a broader audience effectively. This highlights our commitment to prioritising awareness and training initiatives.

We consistently introduce dynamic learning opportunities, employing interactive activities to involve employees at every level. These initiatives centre on instilling the significance of ethics, integrity, and combatting financial crimes, while fostering strong governance and equitable treatment for all. Our training and education endeavours are meticulously crafted to stay current, ensuring they remain engaging and pertinent. Through these efforts, we empower employees to continuously expand their knowledge and comprehension. This demonstrates our relentless pursuit of organisational excellence and ongoing growth.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Kenanga Group stands at the forefront of embracing new business challenges and emerging technologies, charting a course toward future growth while firmly upholding our core principles of ethics and compliance.

Our enduring commitment to these principles forms the core of our operations, ensuring that integrity remains at the heart of everything we do. This commitment is not just a mere aspiration; it is deeply ingrained in our corporate culture, reinforced by the resolute support of our esteemed Board and Senior Management. Moreover, it is the collective effort and collaboration of every employee that amplifies our commitment, underscoring our dedication to excellence and integrity in all facets of our business endeavours.

Our commitment to excellence and integrity positions us to elevate our standards, meeting the evolving needs of our clients and the expectations of regulators. This entails a strong dedication to supporting sustainable and responsible investments, ensuring that our actions not only comply with laws but also align with stakeholders' desires. To achieve this, we will continually assess our policies and internal controls, fostering effective and relevant decision-making processes that prioritise regulatory compliance and stakeholder satisfaction. Through these efforts, we reaffirm our commitment to upholding the highest standards of ethics and integrity while driving sustainable growth and value for all stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), a listed issuer must ensure that its Board of Directors ("**Board**") includes in its annual report a statement about the state of its risk management and internal controls as a group. In addition, the Malaysian Code on Corporate Governance ("**MCCG**") also stipulates that the Board should maintain a sound system of internal controls and review its effectiveness to safeguard Shareholders' investments and the Group's assets.

Set out below is the Board's Statement on Risk Management and Internal Control in compliance with the MMLR of Bursa Securities.

BOARD RESPONSIBILITY

The Board is committed to maintaining a sound system of internal controls and has instituted a risk management framework, as well as good corporate governance measures to monitor the effectiveness of the measures and controls put in place by the Group to safeguard Shareholders' investments and the Group's assets.

The Board is responsible for determining key strategies and policies for significant risks and control issues, whereas Management is responsible for the effective implementation of the Board's policies by way of identifying, monitoring and managing risks. However, as any system of internal controls will have its inherent limitations, the system has been designed to manage risks rather than provide absolute assurance against material misstatement, fraud or loss.

The Board has also received reasonable assurance from the Group Managing Director and Group Chief Financial and Operations Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and Management of the Group are committed to the implementation of an internal control system to manage those risks that could affect the Group's continued growth and financial viability.

Measures are taken to continuously evaluate changes in the risk profile of the Group and business complexities to assist the Board and Management to anticipate and manage all potential risks and protect Shareholders' value.

The key elements of the Group's internal control system include the following:

Risk Management Framework

The risk governance structure in the Enterprise Risk Management Framework defines the roles and responsibilities throughout the organisation to ensure accountability and ownership. It sets out the principles of sound corporate governance to assess and manage risks to ensure that risk taking activities are aligned with the Group's long-term viability and its capacity to absorb losses.

The risk management philosophy adopted by the Group is based on the three (3) lines of defence approach. The line management is the first (1st) line of defence and is primarily responsible for the day-to-day risk management by identifying the risks, assessing impact and taking appropriate actions to manage and mitigate risks.

The second (2nd) line of defence is the oversight functions comprising Group Risk Management and Group Regulatory & Corporate Services ("**Group Regulatory**"). They perform independent monitoring of business units as well as reporting to Management and the Board to ensure that the Group conducts its business and operations within internal guidelines and in compliance with relevant regulatory requirements.

The third (3rd) line of defence is Group Internal Audit ("**GIA**") which provides independent assurance to the Board on the adequacy and effectiveness of system of internal controls, risk management and governance processes.

Governance

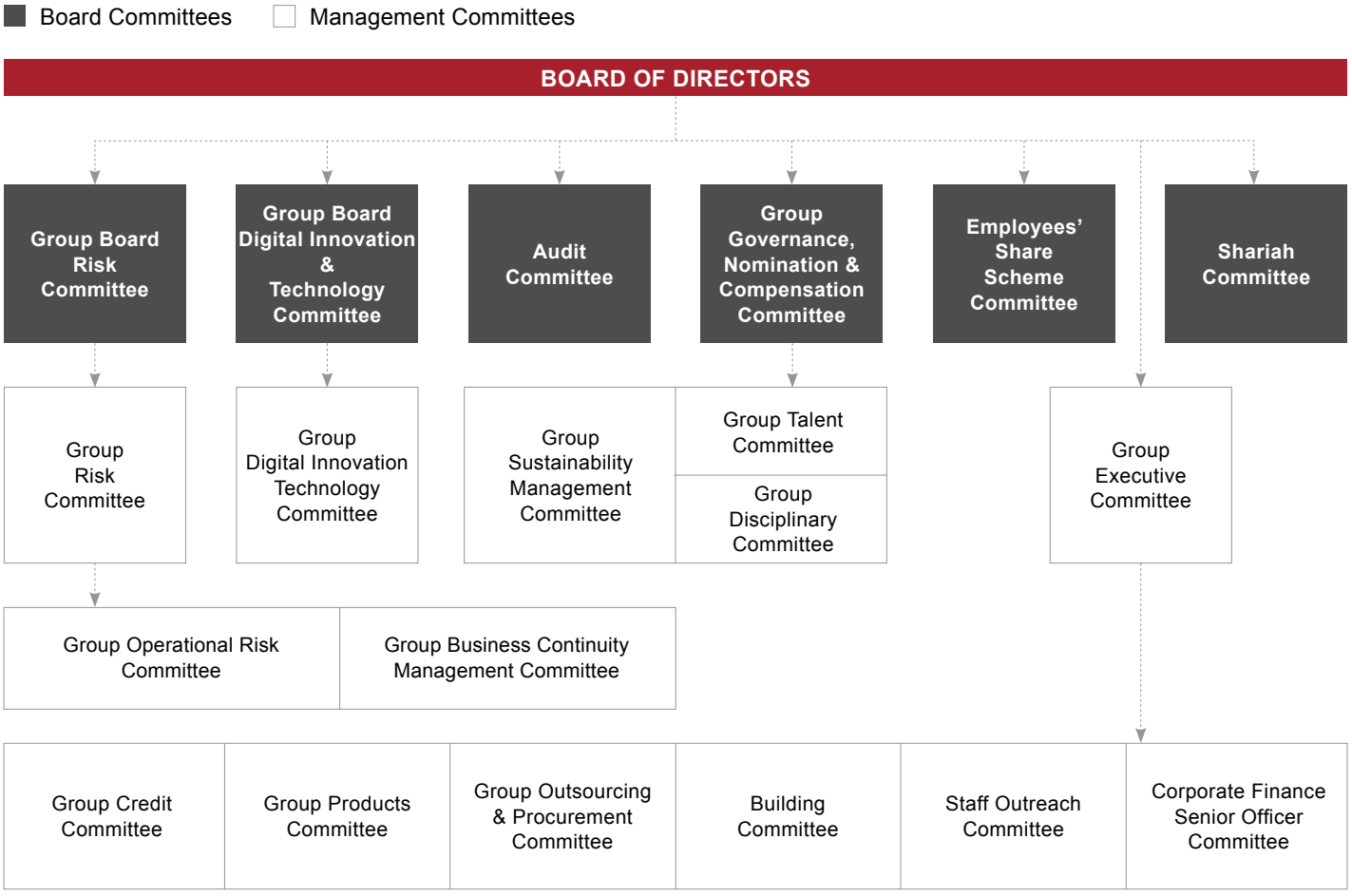
The Board, through its appointed committees such as the Group Board Risk Committee ("**GBRC**") and Group Board Digital Innovation & Technology Committee ("**GBDITC**"), ensures that the Group's activities are consistent with its approved risk appetite, strategies and policies.

The GBRC is supported by the Group Risk Committee ("**GRC**") that provides a forum to address and review the management of credit, operational, market, liquidity, technology and other significant risks including climate change risk, to enable effective oversight, accountability and responsibilities for risk taking decisions. Assisting the GRC is the Group Operational Risk Committee and the Group Business Continuity Management Committee.

The GBDITC on the other hand, focuses on technologies and Information Technology ("**IT**") risk of the Group at the Board level and is supported by the Group Digital Innovation Technology Committee which covers the Group's technology plans and projects.

Quarterly meetings are held by the Audit Committee ("**AC**") together with Management to review issues highlighted in the reports by internal and external auditors, as well as audits conducted by regulators such as Bank Negara Malaysia ("**BNM**"), the Securities Commission Malaysia ("**SC**") and Bursa Malaysia; and the remedial measures or actions taken by Management in addressing the audit findings raised by the regulators.

The Group Governance, Nomination & Compensation Committee ("**GNC**") was established with the objective, among others, to support the Board in the effectiveness and the enhancement of the Group's governance structure, framework and policies and its compliance with the applicable statutory and regulatory requirements in relation thereof, including but not limited to, the MMLR of Bursa Malaysia, BNM's Policy Document on Corporate Governance, the MCCG and the Malaysian Anti-Corruption Commission Act 2009, as well as the relevant latest developments in the corporate governance area.



Management Committees ("**MC**") are established to oversee specific responsibilities based on defined terms of references. MC meetings are held regularly to ensure that business operations are executed in accordance with approved strategies, policies and business directions. The MCs are responsible for, amongst others:

- Reviewing the actual performance against expectations and budget;
- Addressing any internal control issues with the AC, GBRC, GBDITC, GNC, Employees' Share Scheme Committee ("**ESSC**"), GIA, regulators and the external auditors; and
- Addressing any matters arising from the meetings of the Board, AC, GBRC, GBDITC, GNC and the ESSC; and ensuring that actions are taken in relation to these matters.

Risk Management Process and Infrastructure

The risk management process is a combination of both bottom-up and top-down approaches to facilitate decision making based on available information known at the time and creating opportunities to refine inputs when new information is available.

In addition to establishment of risk policies, tools and methodologies to identify, quantify and manage the risks, Group Risk Management is also responsible for establishing the risk measurement and monitoring process to ensure that the Group's risk profile and portfolio concentration are reported to the various risk committees on a regular basis.

Internal Policies and Procedures

Policies and procedures which set out standard day-to-day operations and managing risks are formulated based on current regulatory requirements and industry best practices.

The adequacy and compliance with regulatory requirements of the policies and procedures are assessed by independent control functions such as risk management, compliance and audit, prior to obtaining approval from the Board or relevant MC.

Existing policies and procedures are reviewed regularly to ensure improvements and in consideration of emerging or changing risks profile, new products or services as well as new or updated regulatory requirements.

Annual Business Plans and Budgets

The Board reviews and approves the business plans and budgets which are developed in line with the Group's strategies and risk appetite. Actual performances against the approved budgets are escalated to the Management and Board on a monthly basis allowing responses and corrective actions to be taken.

Human Capital Management

The organisational structure, which is aligned to business and operational requirements are led by Heads of Departments with accountability in place.

Policies and procedures on human resource are reviewed regularly to ensure they remain relevant to manage operational and people related risks. There are regular training and updates for employees on the requirements and guidelines set by regulatory bodies such as BNM, the SC and Bursa Malaysia, as well as on the importance of corporate governance, risk management and internal control. Various awareness programmes that address the operational risks, ethics and fraud are also conducted regularly.

Comprehensive background screenings of employees are carried out during the hiring process and repeated annually, with appropriate actions taken in response to any negative findings.

Key Performance Indicators are cascaded to each employee annually in alignment with the Group and Division goals and objectives, and performance appraisals are conducted based on the achievement of the set targets. Management's Compensation and Rewards is based on Pay for Performance principle. Compensation of Material Risk Takers and Other Material Risk Takers are reviewed annually by the GNC and the Board.

Employee misconducts are managed based on the established Consequence Management Framework and Group Disciplinary Policy and Procedure.

Business Continuity Management

Business Continuity Plans and Disaster Recovery Plans are established to ensure non-disruption of business or efficient business resumption. Regular testing or drills are also conducted for the purpose of staff preparedness, readiness of disaster recovery site, effectiveness of communication, escalation and recovery procedures. For effective business continuity management ("**BCM**"), awareness training is held annually for BCM coordinators and key persons.

Information Technology Security

The use of IT is essential and central to the Group's business. In order to ensure the reliability and resiliency of the business operations to meet the expectations of customers and all stakeholders, and in line with the guidelines of regulators such as BNM's Policy Document on Risk Management in Technology, the Group has established the corporate Cyber Security Policy and implemented the necessary security procedures to protect the confidentiality, integrity and availability of information systems and data.

With the increase in the adoption of digitalization and service delivery via cyberspace, the Group will continue to reinforce its IT security efforts and initiatives to be aligned with the Group's current and envisaged operations, strategies and business environments. The IT security posture of the Group is also continuously reviewed and enhanced to mitigate the risks arising from new and emerging threats. In-house IT security training and security updates on the latest threats are constantly provided to all staff to ensure their awareness on the importance of IT security.

Climate Change Risk Management

Managing 'Climate Change Risk' is core to our sustainability journey. We take a wholesome and integrated risk-based approach in addressing the multi-dimensional implications of climate change risk, including incorporating climate change risk drivers across credit, market, liquidity, operational and reputational risks. Considering the wide-ranging and significant implications of climate change risk on our business operations and, in line with BNM's guidelines such as Climate Risk Management & Scenario Analysis and Climate Change and Principle-Based Taxonomy, we developed our Climate Change Risk Management Framework to provide strategic guidance to the Group in respect of climate change risk governance. This includes risk management practices, transition pathway and corporate direction in aligning its strategies and business operations with the applicable regulatory policies on climate change risk.

Compliance Function

The Board is unreservedly committed and always strives to adopt the principles and recommendations of the MCCG issued by the SC, as well as, other relevant regulatory requirements relating to corporate governance. Compliance reviews and monitoring are undertaken by Group Regulatory using various tools and approaches based on the framework set by Group Compliance, a department of Group Regulatory. These reviews and monitoring are performed to assess the level of compliance with the relevant regulatory requirements and the respective companies' internal policies and procedures. Any regulatory deviation or compliance breaches will be reported to the respective Boards of operating entities within the Group and the relevant regulators. Pursuant to this, appropriate corrective actions including disciplinary actions will be taken to address the breach with a view to pre-empt and prevent the occurrence of a similar breach.

Aside from Group Compliance, the five (5) other departments of Group Regulatory undertake functions to review and monitor compliance in their respective areas. In this respect, the Group Financial Crime Compliance, Group Prudential Supervision & Regulatory Affairs, Group Business Ethics & Integrity, Group Legal and Group Company Secretarial provide timely, structured and comprehensive advice and support to the Group in matters relating to the laws, rules and regulations applicable to the Group.

Group Regulatory has also implemented self-assessment framework to facilitate and promote regulatory compliance by the business within the Group. For this purpose, a list of identified laws, regulations and other regulatory instruments applicable to the Group are documented and maintained to facilitate compliance.

Please refer to the 'Ethics and Compliance Statement' for more details on functions, roles and responsibilities of Group Regulatory.

Internal Audit

GIA provides independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and are operating effectively and efficiently.

To ensure independence and objectivity, GIA reports independently to the AC of KIBB and has no responsibilities or authority over any of the activities it reviews. GIA's scope of work and activities are guided by the Internal Audit Charter, mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework and relevant regulatory guidelines.

An Annual Audit Plan based on the appropriate risk-based methodology has been developed and approved by the AC. On a quarterly basis, audit reports and status of internal audit activities including the sufficiency of GIA resources are presented to the AC for review.

Periodic follow up reviews are conducted to ensure adequate and timely implementation of Management's action plans.

Associate and Joint Venture Companies

The Board does not regularly review the internal control systems of associate and joint venture companies as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interests are served through representation on the Boards of the respective companies via receipt and review of management accounts, periodical reports as well as deliberation on proposals related to these companies. Such representation also provides the Board with information for decision-making on the continuity of the Group's investments based on the performance of these associate and joint venture companies.

Conclusion

The Board, through the AC and GBRC, confirms that it has reviewed and considered the effectiveness of the Group's risk management and internal control system as adequate during the financial year and has taken into consideration any material developments up to the date of approval of the Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2023. The main financial risk areas faced by the Group and the guidelines and policies adopted to manage them are provided in detail under Note 51 of the Audited Financial Statements of KIBB for the Financial Year Ended 31 December 2023.

The Board is satisfied that there is an effective on-going process for identification, evaluation and management of risks and there are regular reviews to ensure controls are efficient and effective.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guides ("**AAPG**") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the internal controls of the Group. AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 31 January 2024.

AUDIT COMMITTEE REPORT

1. COMPOSITION

1.1 The Audit Committee ("**AC**") of Kenanga Investment Bank Berhad ("**KIBB**" or "the **Company**") presently comprises solely Independent Non-Executive Directors as follows:

ENCIK JEREMY NASRULHAQ Chairman, Senior Independent Non-Executive Director ("**INED**")	**MR. KANAGARAJ LORENZ** Member, INED	**PUAN NORAZIAN AHMAD TAJUDDIN** Member, INED

1.2 The composition of the AC is in line with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), as well as Standard 12.3 of Bank Negara Malaysia ("**BNM**")'s Policy Document on Corporate Governance, which require the AC to comprise no fewer than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.

The AC currently comprises solely Independent Directors, which is in line with Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance ("**MCCG**") issued by the Securities Commission Malaysia ("**SC**"). Adopting Practice 1.4 of the MCCG, the Chairman of the Board of Directors ("**Board**") is not a member of the AC.

Two (2) of the AC members, namely Encik Jeremy Nasrulhaq, currently the Chairman of the AC and Mr. Kanagaraj Lorenz, are members of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants respectively, in line with the requirements of the MMLR of Bursa Malaysia. This strengthens the effectiveness of the AC and facilitates the AC's succession plan in terms of its membership to ensure full compliance with the relevant regulatory requirements.

1.3 The effectiveness of the AC as a whole, as well as its members individually, is assessed annually in accordance with the Board Effectiveness Evaluation Framework based on a set of criteria covering the areas of composition, processes and procedures, interaction with Management, as well as roles and responsibilities. Based on the assessment conducted for 2023, the Board is satisfied with the performance of the AC and with the manner in which the AC has discharged its roles and responsibilities as stipulated in its Terms of Reference ("**TOR**"), which is available at the Company's corporate website at https://www.kenanga.com.my.

2. AC MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2.1 During the Financial Year Ended 31 December 2023, the AC had convened six (6) meetings. The meetings were appropriately structured where members were given the agenda and sufficient notification. The AC meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss the emerging issues.

Other than the regular meetings of the AC scheduled throughout 2023, two (2) joint meetings between the AC and the Group Board Risk Committee ("**GBRC**") were held on 22 June 2023 and 29 August 2023 to deliberate on matters that were considered common for both committees.

The AC conducted its meeting in an open and constructive communication mode and encouraged focused discussion, questioning and expressions of differing opinions.

2.2 The Group Chief Internal Auditor ("**GCIA**") attended all meetings of the AC to present the respective internal audit reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues arising from the internal audit reports.

The Group Chief Financial and Operations Officer ("**GCFOO**") and the Head of Group Finance on the other hand, attended the AC meeting to present the unaudited quarterly financial statements, audited financial statements, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval.

2.3 In addition, separate private discussions were also held between the Chairman of the AC and/ or the AC with the GCIA and between the AC and the External Auditors, Ernst & Young PLT ("**EY**"), without the presence of Management. During the period under review, the AC met with the External Auditors without Management's presence twice i.e., on 30 January 2023 and 24 October 2023, after the tabling of the Update Report in respect of the Financial Year Ended 31 December 2022's audit and the External Auditors' 2023 Audit Plan respectively.

During these meetings, the AC sought the feedback from the External Auditors with regard to the support provided by Management in terms of providing timely and accurate information, as well as the adequacy of resources in the financial reporting functions. Based on the External Auditors' feedback, Management was noted to have provided full cooperation to the External Auditors in the course of the External Auditors' audit assignments. The External Auditors had also indicated that Management had been very pro-active in approaching them for any issues arising during the year, which contributed to an effective audit planning by the External Auditors.

2.4 In fulfilling its reporting responsibility to the Board, after each meeting, the Chairman of the AC reported the AC's deliberations and recommendations to the Board.

The Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

2.5 **AC Members' Attendance at Meetings**

The details of the AC members' attendance at its meetings held during the Financial Year Ended 31 December 2023 are as stated below.

AC	Number of Meetings		
Name of Member	**Held [1]**	**Attended**	**Percentage (%)**
Encik Jeremy Nasrulhaq (Chairman)	8	8	100%
Mr. Kanagaraj Lorenz	8	8	100%
Puan Norazian Ahmad Tajuddin	8	8	100%

Note
(1) Total number of meetings held is inclusive of two (2) joint meetings between the AC and GBRC held on 22 June 2023 and 29 August 2023.

3. SUMMARY OF THE AC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3.1 Financial Reporting

a In discharging its role and responsibility pertaining to the Company's financial reporting, the AC had at its meeting held on 30 January 2023, reviewed the quarterly financial statements for the quarter ended 31 December 2022, as well as the Audited Financial Statements in respect of the Financial Year Ended 31 December 2022.

In reviewing the Audited Financial Statements, the AC discussed with Management and the External Auditors, the accounting principles and standards that were applied and their judgment of the items that might affect the financial statements.

The AC also deliberated on audit issues and key audit matters raised by the External Auditors and the action plans required to address those issues, based on the External Auditors' recommendations.

b The subsequent quarterly financial statements for the quarters ended 31 March 2023, 30 June 2023 and 30 September 2023 were tabled and reviewed by the AC at its quarterly meetings held on 27 April 2023, 26 July 2023 and 24 October 2023 respectively, upon which the AC had recommended the quarterly financial statements to the Board for approval.

c The AC had at its meeting held on 24 October 2023, reviewed the adoption of the impairment approach and the assumptions used in the annual assessment for impairment of assets of KIBB and Its Subsidiaries ("**KIBB Group**") for the Financial Year Ended 31 December 2023 and recommended the same for the Board's approval.

d At the same meeting, the AC had also deliberated and recommended to the Board for approval, the revised Policy of Non-Audit/ Assurance Services by the External Auditors, incorporating the changes on Non-Audit Services that might be performed by the External Auditors and the fee-related provisions of the International Code of Ethics for Professional Accountants released by the International Ethics Standards Board for Accountants in April 2021 and its impact to a public interest entity such as KIBB.

In addition, the AC was also apprised on the impact of the 2024 Budget announced on 13 October 2023 to KIBB Group in respect of the following measures:

- Capital Gains Tax on Disposal of Shares of Unlisted Companies;
- Increase of Service Tax Rate from 6% to 8% and Expansion in Scope of Services;
- E-Invoicing Implementation;
- Accelerated Allowance for Information and Communication Technologies Equipment and Computer Software; and
- Incentives on Environmental, Social and Governance Related Expenditure.

e At each of its quarterly meeting, the AC was also notified of the amount of non-audit fees incurred and paid by KIBB Group to the External Auditors and their affiliate to ensure compliance with the Group's Policy on Non-Audit Services by External Auditors.

Pursuant to a letter from BNM dated 1 November 2022 and addressed to the External Auditors on the requirement for the External Auditors to conduct an audit on KIBB's Liquidity Coverage Ratio ("**LCR**") pursuant to Section 69(1)(e) of the Financial Services Act 2013 and Section 78(1)(e) of the Islamic Financial Services Act 2013, the AC had at its meeting held on 27 April 2023, recommended the proposed appointment of EY to perform a review on the LCR of KIBB as of 31 December 2022, for the Board's approval.

3.2 External Audit

a The report by the External Auditors on the statutory audit of the financial statements of KIBB and KIBB Group for the Financial Year Ended 31 December 2022 was reviewed and deliberated by the AC at its meeting held on 30 January 2023.

During its deliberations, in addition to the relevant disclosures in the Audited Financial Statements, the AC had also considered the recommendations made by the External Auditors towards enhancing internal controls and procedures.

b The AC had also at the same meeting reviewed the list of services provided by the External Auditors during the financial year which comprised audit and regulatory-related services, issuance of a written communication to Management and the AC pertaining to the External Auditors' audit/ findings, together with the recommendations for improvements in controls and procedures.

The External Auditors' services also included the review of the Statement on Risk Management and Internal Control, as well as other regulatory submissions as required under the various regulatory requirements.

c At its meeting held on 23 February 2023, the AC was updated by the External Auditors, on the latest status of the statutory audits conducted on KIBB Group in respect of the Financial Year Ended 31 December 2022. The AC had, at the same meeting, duly deliberated on the audit matters which required its attention.

d Pursuant to Section 67(1) of the Financial Services Act 2013, an auditor appointed by a licensed person shall meet the qualification criteria set out in BNM's Policy Document on External Auditor and shall continue to meet the criteria throughout the audit engagement.

In addition, BNM's letter dated 3 May 2012 on "Supervisory Expectations on AC Pertaining to the Appointment/ Re-Appointment of External Auditors" also sets out the areas of assessment to be performed.

Being a licensed financial institution under the Financial Services Act 2013, the Company is required to undertake an annual assessment on areas focusing on performance and independence of External Auditors.

In relation to the audit of the Company's financial statements for the Financial Year Ended 31 December 2022, the External Auditors had given a written assurance to the AC that they were independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards), throughout their audit engagement for 2022.

This written assurance by the External Auditors was contained in the External Auditors' Report which was presented to the AC on 30 January 2023.

Following the implementation of the requirement for Annual Transparency Reporting by the SC's Audit Oversight Board and in line with the MCCG's criteria to guide decisions on the appointment and re-appointment of the External Auditors, the 2022 Transparency Report issued by EY was presented to the AC on 30 January 2023.

After taking into consideration the assessment carried out by Management and the 2022 Transparency Report, the AC at the same meeting, had concluded that the External Auditors had fulfilled all the qualification criteria set out in BNM's Policy Document on External Auditor in terms of its performance and independence and had therefore, recommended the re-appointment of EY as the Company's External Auditors for the Financial Year Ending 31 December 2023 to the Board for approval.

e At its meeting held on 24 October 2023, the AC reviewed and approved the External Auditors' 2023 Audit Plan outlining their scope of work and proposed fees covering their recurring audit assignments, as well as other regulatory-related services.

During the presentation of their 2023 Audit Plan, the External Auditors had also highlighted to the AC the developments (as at 30 June 2023) in the financial reporting as summarised below.

New Malaysian Financial Reporting Standards ("**MFRS**") Issued as at 30 June 2023

Description	Effective Date*
MFRS 17 - Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 Comparative Information)	1 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Non-Current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	In December 2015, the MASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting

Note
* *Effective for annual periods beginning on or after this date.*

3.3 Internal Audit

a At its meeting on 30 January 2023, the AC had reviewed and approved the 2023 Internal Audit Plan tabled by Group Internal Audit ("**GIA**") after considering the adequacy of scope and comprehensiveness of the coverage of activities within KIBB Group, as well as the adequacy of resources in GIA.

b In 2023, the AC had reviewed and deliberated on a total of thirty-seven (37) Internal Audit Reports, together with the audit recommendations made by GIA and Management's responses to those recommendations, in relation to the audits carried out by GIA.

Where appropriate, the AC had directed Management to rectify and improve the control and workflow procedures based on GIA's recommendations.

The AC, at all its quarterly meetings, also reviewed the implementation status of the corrective actions arising from the audit recommendations to ensure that the key risks and control lapses were addressed adequately and in a timely manner.

With regard to long outstanding audit recommendations, where appropriate, the relevant Heads of Department were invited to the AC meeting to provide relevant explanation for the delay in implementing such audit recommendations.

In ensuring timely implementation of audit recommendations, the Company, under its Performance Management Framework, had introduced a demerit system for any delay in implementing high-risk audit recommendations of more than twelve (12) months.

c In addition to the audit conducted on the processes and systems of Support and Business Units within KIBB Group, during the Financial Year 2023, GIA also conducted various regulatory required reviews in areas including amongst others, Anti-Money Laundering/ Counter Financing of Terrorism, Basel II (Pillar 3), Related Party Transactions, Verification of RM Marketable Securities, Staff Training Fund, Federation of Investment Managers Malaysia ("**FIMM**") Annual Compliance Review Checklist for Kenanga Investors Berhad and FIMM Annual Compliance Review Checklist for KIBB.

d The AC at its meeting on 30 January 2023 had taken note of GIA's Annual Confirmation on Organisational Independence of Internal Audit Activity for the Financial Year 2022 in line with the International Standards for Professional Practice of Internal Auditing (Standards – 1110).

At the aforesaid meeting, the AC had also taken note of GIA's verification of KIBB's rectification measures on Anti-Money Laundering/ Counter Finance Terrorism Controls and Processes arising from BNM's Composite Risk Rating 2021.

e For the purpose of evaluating the performance of the GCIA, the AC had at its meeting on 30 January 2023, reviewed and deliberated on the GCIA's 2022 Performance Appraisal and 2023 Balanced Scorecard, prior to submission of the same to the Group Governance, Nomination & Compensation Committee ("**GNC**") for its further recommendation to the Board of KIBB for approval.

The revised 2023 Balanced Scorecard incorporating the feedback provided by the AC, was recommended to the GNC for the latter's further recommendation to the Board of KIBB for approval by the AC at its meeting held on 30 January 2023.

The AC's recommendation on the GCIA's 2022 Performance Appraisal and 2023 Balanced Scorecard were subsequently approved by the Board of KIBB on 31 January 2023.

f The AC had also at its meeting on 23 February 2023, deliberated on the GCIA's Individual Development Plan ("**IDP**"). The updated IDP of the GCIA incorporating the feedback received from the AC members was subsequently approved by the AC at its meeting held on 30 March 2023. Progress update on the implementation of the IDP had also been provided to the AC.

g The AC at its meeting on 24 October 2023, had taken note of the Risk Heat Map established by GIA to complement the current annual audit risk assessment for better clarity on the selection of audits to be conducted as recommended by the Institute of Internal Auditors Malaysia, as part of the External Quality Assessment Review conducted on GIA in 2021. Arising therefrom, the "risk-factor approach" was adopted to develop the risk heat map for the Internal Audit Plan for the Financial Year 2024 and thereafter.

At the aforesaid meeting, the AC had also taken note of the results of the Internal Quality Assessment Review, being part of GIA's Quality Assurance and Improvement Programme to assess the Internal Audit activity's conformance with the Internal Audit Standards for the Internal Audit Governance (Pillar 1) and Internal Audit Process (Pillar 4).

h The AC, at all of its quarterly meetings also reviewed and noted the confirmed minutes of meetings of the Audit & Risk Committee of Kenanga Investors Berhad and the Group Outsourcing & Procurement Committee.

3.4 Regulatory Examinations/ Inspection Report

As stipulated in its TOR, the AC also deliberates on reports issued by the regulators arising from their examinations or inspections on entities within KIBB Group. This is to ensure proper and adequate implementation of appropriate remedial and corrective measures in respect of the findings raised by the respective regulators arising from their respective examinations/ inspections.

The AC had at its meeting held on 24 October 2023, deliberated on the Final Inspection Report by Bursa Malaysia Berhad on KIBB dated 14 July 2023.

During its deliberation, the AC discussed in detail Bursa Malaysia Berhad's inspection issues, as well as the detailed course of action/ corrective measures implemented/ to be implemented by KIBB to address the issues raised by Bursa Malaysia Berhad.

3.5 Related Party Transactions and Conflict of Interest

The AC considered transactions with a related party and/ or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with KIBB Group's business practices and policies, not prejudicial to the interests of KIBB and its minority shareholders and on terms which are generally no more favourable to the related parties and/ or interested persons.

During its quarterly meetings, the AC also reviewed the existing related party transactions and recurrent related party transactions entered into by the Company and/ or its group of companies to ensure compliance with the MMLR of Bursa Malaysia. During the Financial Year 2023, no new related party transactions and/ or recurrent related party transactions were reported.

In terms of conflict of interest, it was managed by Group Business Ethics and Integrity ("**GBEI**"), the details of which are provided under Paragraph 3.9(a) below.

3.6 Disclosure for Annual Report 2022

Under its TOR, the AC was also tasked to review the accuracy and adequacy of the Chairman's Message to be disclosed in KIBB's Annual Report, corporate governance disclosures and internal control, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

In this regard, the AC at its meeting on 30 January 2023, 23 February 2023 and 30 March 2023 respectively, had reviewed and recommended to the Board of KIBB for approval, the following reports and/ or statements:

For Disclosures in KIBB's 2022 Annual Report

Statement on Risk Management and Internal Control	AC Report	Sustainability Statement	Corporate Governance ("**CG**") Overview Statement

For Announcement to Bursa Malaysia Together with the Announcement of KIBB's 2022 Annual Report

Sustainability Report	CG Report

At the same meeting, the AC had also granted its concurrence on the Chairman's Message and the Group Managing Director's Management Discussion & Analysis Statement for incorporation into KIBB's 2022 Annual Report.

The AC's recommendation was subsequently approved by the Board of KIBB on 6 March 2023 and 5 April 2023 respectively.

3.7 List of Disciplinary Actions Meted Out on Employees' Misconducts within KIBB Group

The list of disciplinary actions meted out on KIBB Group's employees who had committed misconduct was tabled by Group Human Resource for the AC's notation at its meetings held on 23 February 2023, 30 March 2023, 26 July 2023 and 24 October 2023.

3.8 Post Approval Review by Independent Credit Review Unit ("ICR")

Pursuant to Paragraph 17.5 of BNM's Policy Document on Credit Risk, the outcomes of independent credit reviews are required to be escalated directly to the Board Risk Committee, Board Audit Committee and Senior Management.

In fulfilling the aforementioned requirement, ICR of Group Risk Management, upon completion of its reviews, would table its review reports to the AC for its deliberation.

In this regard, during 2023, the AC had deliberated on the following review reports tabled by ICR:

Date of AC Meeting	Titles of Review Report
30 January 2023	Post Approval Review of Kenanga Capital Islamic Sdn Bhd
30 January 2023	Review of Treasury Bond Portfolio

During its deliberation, the AC had taken note of the findings raised by ICR arising from the respective reviews, as well as the recommendations made by ICR together with Management's action plans in addressing those findings.

3.9 Integrity, Regulatory and Governance

a KIBB Group had implemented numerous policies to facilitate its adherence to the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009, and to keep abreast with the best practices and high standards of ethics and integrity, and these policies include the following:

Group Conflict Management Policy	**Group Incoming Non-Commercial Sponsorship Policy**	**Group Gifts, Entertainment and Hospitality Policy**

Pursuant to the Group Conflict Management Policy, the Register of Conflict of Interest would be maintained by three (3) departments, namely Group Company Secretarial, Group Compliance and Group Human Resource, to capture the conflict of interest within KIBB Group in respect of the Board members, business and employees and the same would be submitted to GBEI for consolidation.

In line with the requirement specified in the aforesaid policies, the information in relation to actual or potential conflicts, sponsorships, gifts, entertainment and hospitality, which fell within the scope of these policies received from the employees will be compiled and relevant report will be tabled by GBEI to the AC for its notification on an annual basis.

In relation thereto, the AC at its meeting held on 23 February 2023 had taken note of the summary of information submitted by the employees within KIBB Group to GBEI for the period from January 2022 until December 2022.

b The AC, at its meeting held on 24 October 2023 had also taken note of the outcome of the review performed by Group Prudential Supervision & Regulatory Affairs ("**GPSRA**") in relation to the status of implementation of action plans taken by the relevant departments following GPSRA's regulatory issuances of new, revised and updated regulations to ensure KIBB's compliance with the relevant regulatory requirements prescribed by the respective regulators.

c In keeping its TOR up to date, the AC had reviewed and via a Members' Resolution in Writing passed on 5 December 2023, recommended to the Board of KIBB for approval, the amendments to its TOR to be in line with the latest regulatory requirements, particularly in respect BNM's Policy Document on Climate Risk Management and Scenario Analysis ("**CRMSA**") issued by BNM on 30 November 2022 and revised MMLR of Bursa Malaysia in relation to the conflict of interest.

3.10 Joint Meetings Between the AC and the GBRC

Pursuant to BNM's Policy Document on Risk Governance, the GBRC and the AC are expected to periodically meet to ensure effective exchange of information to enable effective coverage of all risks, including emerging risk issues that could have an impact on KIBB Group's risk appetite and business plans.

In this regard, joint meetings between the AC and the GBRC were held on 22 June 2023 and 29 August 2023 in line with the aforementioned BNM's requirement to deliberate on the following matters:

Date of Joint Meeting	Subject Matters
22 June 2023	• LCR Audit Results as of 31 December 2022 Performed by EY
29 August 2023	• Assessment on KIBB's Risk Management Practices – Lesson Learnt from the Silicon Valley Bank Crisis • BNM's Policy Document on CRMSA - Status Update on KIBB's Implementation Plan to Comply with the CRMSA

4. ROLE OF CHAIRMAN OF AUDIT COMMITTEE AS THE SPEAK UP DIRECTOR FOR WHISTLEBLOWING

KIBB Group has put in place a Whistleblowing Framework for the reporting of any concerns made in good faith about behaviour, conduct, practice, deeds and/ or omissions that might be either unlawful or irregular within KIBB Group, without fear of reprisal.

The Whistleblowing Framework which is guided by the Group Whistleblowing Policy & Guidance Notes ("**Whistleblowing Policy**") was approved by the Board in 2015. However, the Whistleblowing Policy was revised and renamed as Group Speak Up Policy on 28 June 2023.

Under the Group Speak Up Policy, the Group Chief Regulatory and Compliance Officer is designated as the Speak Up Officer together with the Group Managing Director of KIBB to manage whistleblowing cases confidentially, whereas the Chairman of the AC is designated as the Speak Up Director for Whistleblowing.

5. INTERNAL AUDIT FUNCTION

5.1 The internal audit function of KIBB is established in-house. In discharging its responsibilities, GIA, which reports functionally to the AC and administratively to the Group Managing Director, provides independent and objective assurance to the Board and Management that the policies, procedures and operations that Management has put in place for risk management, control and governance are adequate, operating effectively and efficiently, and in compliance with prescribed laws and regulations.

5.2 During the year under review, GIA carried out internal audit reviews based on its 2023 Audit Plan as approved by the AC. This Audit Plan was developed using a risk-based methodology. The audit reviews conducted by GIA included business support processes, Information Technology/ technical audits and compliance audits on regulatory requirements.

5.3 All GIA's reports, detailing the audit findings, audit recommendations, as well as Management's responses to those recommendations were circulated to the Group Managing Director and Heads of the respective Divisions/ Departments within KIBB Group. Follow-up reviews were performed on the implementation status of the audit recommendations and reported to the AC accordingly.

5.4 The total costs incurred by GIA in discharging its functions and responsibilities in 2023 amounted to RM4.962 million.

5.5 As at 31 December 2023, GIA's headcount was twenty-one (21).

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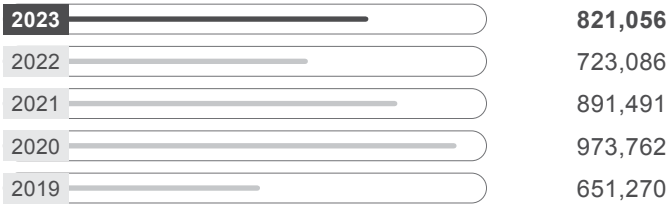
FIVE (5)-YEAR GROUP FINANCIAL SUMMARY

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000 Restated	2019 RM'000
RESULTS					
Operating revenue	**821,056**	723,086	891,491	973,762	651,270
Profit before taxation continuing operations	**88,110**	74,150	148,236	134,715	42,951
Profit after taxation for the financial year attributable to equity holders of KIBB	**72,641**	54,511	118,390	102,082	26,386
ASSETS					
Total assets	**6,582,846**	5,962,357	6,418,522	6,575,067	6,630,774
SHAREHOLDERS' FUNDS					
Paid-up share capital	**253,834**	253,834	253,834	246,249	246,249
Shareholders' funds attributable to equity holders of KIBB	**1,070,975**	1,017,280	1,050,329	999,838	904,289
FINANCIAL RATIOS					
Net return on average shareholders funds (%)	**6.96**	5.27	11.55	10.72	2.97
Net return on average assets (%)	**1.16**	0.88	1.82	1.55	0.40
SHARE INFORMATION					
Basic earnings per share (sen)	**10.04**	7.50	16.29	14.56	3.78
Net assets backing per share (RM)	**1.48**	1.41	1.45	1.42	1.29
Dividend cover (times)	**1.41**	1.23	1.54	1.59	1.16
Net dividend per share (sen)	**7.00**	6.00	10.50	8.80	3.25

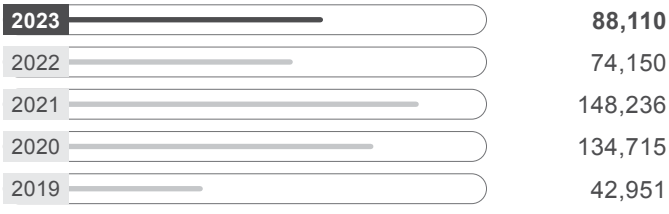
FIVE (5)-YEAR GROUP FINANCIAL HIGHLIGHTS

Operating Revenue
(RM'000)

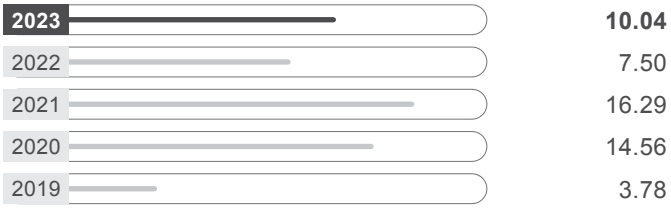


Shareholders' Funds
(RM'000)

Profit Before Taxation
(RM'000)



Basic Earnings per Share
(sen)



DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of Kenanga Investment Bank Berhad ("the Bank" or "KIBB") and its subsidiaries ("the Group" or "Kenanga Group") for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the investment banking business, provision of stockbroking and related financial services. The principal activities of the subsidiaries and associates are as described in Note 13 and Note 14 to the financial statements, respectively.

There were no significant changes to the nature of the principal activities except for Kenanga Trustees Berhad (formerly known as Kenanga Funds Berhad) during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	88,110	58,696
Taxation and zakat	(15,359)	(3,784)
Profit for the financial year	72,751	54,912
Attributable to:		
Equity holders of the Bank	72,641	54,912
Non-controlling interests	110	-
	72,751	54,912

There were no material transfers to or from reserves or provisions during the financial year other than those that have been disclosed in the statements of profit or loss and other comprehensive income and the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the financial year, an interim single tier dividend of 6.0 sen per ordinary shares on 726,454,299 ordinary shares in respect of the financial year ended 31 December 2022, which amounted to RM43,587,258 was paid on 14 April 2023.

DIVIDENDS (CONT'D.)

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.

KENANGA GROUP'S EMPLOYEES' SHARE SCHEME ("ESS" OR "SCHEME")

The Kenanga Group's ESS is governed by the By-Laws approved by the shareholders of the Bank at an Extraordinary General Meeting held on 25 May 2017. The ESS was implemented on 21 September 2017. It is valid for a period of five (5) years from its commencement date, and is administered by the ESS Committee. The ESS has been extended for another five (5) years from 21 September 2022 to 20 September 2027 in accordance with the provisions of the By-Laws of the ESS.

The aggregate maximum number of the shares which may be made available by the Bank under the Scheme shall not in aggregate exceed 10% of the issued share capital of the Bank (excluding treasury shares) at any point in time during the duration of the Scheme.

Other principal features of the ESS are as follows:

(i) The employees eligible to participate in the ESS must be at least eighteen (18) years of age on the Award Date and are employed by, and are on the payroll of the Kenanga Group and are confirmed in service. The ESS applies to the Bank and its non-dormant subsidiaries.

(ii) The entitlement under the ESS for the Executive Directors are subject to the approval of the shareholders in a general meeting and are not prohibited or disallowed by the relevant authorities or laws from participation in the Scheme.

The ESS encompasses two (2) primary schemes in the form of Employee Share Option Scheme ("ESOS") and Employee Share Grant Plan ("ESGP").

The actual allocation of share options to senior management of the Group over the maximum ESS shares was 34.53% as at 31 December 2023.

The actual allocation of share grant to senior management of the Group over the maximum ESS shares was 3.31% as at 31 December 2023.

More details of the ESS are as disclosed in Note 55 to the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

There were no new ordinary shares issued during the financial year.

During the financial year, the Bank made an issuance and various redemptions of debt securities, as disclosed in Note 26 to the financial statements.

SHARE BUY-BACK

There were no share buy-backs nor resale of treasury shares by the Bank during the financial year.

As at the end of the financial year, the shares held as treasury shares amounted to RM11,739,000 (2022: RM13,538,000).

BUSINESS REVIEW FOR 2023

The profit before taxation ("PBT") of the Group and of the Bank for the financial year ended 31 December 2023 ("FYE23") were RM88.1 million and RM58.7 million, compared to PBT of RM74.2 million and RM58.3 million, respectively, in the previous financial year ("FYE22").

The performance of the Group's respective business segments are analysed below:

STOCKBROKING

Stockbroking division reported a higher PBT of RM16.1 million for FYE23 (FYE22: PBT of RM2.5 million) 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.

INVESTMENT BANKING

Investment Banking registered a lower PBT of RM5.7 million for FYE23 (FYE22: PBT of RM15.8 million) mainly due to lower net interest income from compressed interest margins and credit loss provision during the year.

INVESTMENT AND WEALTH MANAGEMENT

Investment and Wealth Management has achieved higher PBT of RM58.7 million for FYE23 (FYE22: PBT of RM54.2 million) 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 RM14.0 million.

LISTED DERIVATIVES

The Listed Derivatives segment has reported a higher PBT of RM6.2 million for FYE23 (FYE22: PBT of RM2.1 million) largely due to the higher trading activities in the local market and the interest income generated as a result of higher interest rates.

MONEY LENDING AND FINANCING

The Money Lending and Financing business reported a higher PBT of RM6.2 million for FYE23 compared to PBT of RM0.1 million for FYE22 mainly due to gain on the disposal of a subsidiary. In addition, there was a credit loss expense of RM1.8 million recorded in previous year which has been reversed in current year due to repayment.

CAPITAL RATIOS

The Group and the Bank remain on strong financial footing with total capital ratios of 29.433% (FYE22: 28.913%) and 31.565% (FYE22: 30.682%), respectively, well above the minimum prescribed by Bank Negara Malaysia ("BNM") of 10.5% including capital conservation buffer of 2.50%.

OUTLOOK AND PROSPECTS FOR 2024

In 2024, the Group 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 BNM to maintain the status quo, keeping the overnight policy rate ("OPR") steady at 3.00% throughout 2024.

In summary, the Group outlook for Kenanga in 2024 is positive. However the Group 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.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Bank has maintained a Directors and Officers Liability Insurance on a group basis up to the aggregate limit of RM30.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group. The Directors and Officers shall not be indemnified by such insurance for any gross negligence, fraud, intentional breach of law or breach of trust proven against them. The total amount of insurance premium paid for the Directors and Officers of the Group and of the Bank for the current financial year were RM59,000 and RM45,602, respectively.

DIRECTORS

The names of the Directors of the Bank in office since the beginning of the financial year and at the date of this report are:

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	(Independent Non-Executive Director/Chairman)
Ismail Harith Merican	(Non-Independent Non-Executive Director)
Luk Wai Hong, William	(Non-Independent Non-Executive Director)
Jeremy Bin Nasrulhaq	(Senior Independent Non-Executive Director)
Norazian Binti Ahmad Tajuddin	(Independent Non-Executive Director)
Kanagaraj Lorenz	(Independent Non-Executive Director)
Choy Khai Choon	(Non-Independent Non-Executive Director)
Chin Siew Siew	(Independent Non-Executive Director)

The names of the Directors of the subsidiaries who served the respective Boards of the subsidiaries since the beginning of the current financial year to the date of this report are disclosed in Note 54 to the financial statements.

DIRECTORS (CONT'D.)

In accordance with Clause 78 of the Bank's Constitution, YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail, Encik Ismail Harith Merican and Mr. Luk Wai Hong, William will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors of the Bank as shown in Note 40 of the financial statements or from related corporations) by reason of a contract made by the Bank or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REMUNERATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration	**3,998**	3,828	**3,544**	3,497

DIRECTORS' INTERESTS

According to the Register of Director's shareholdings, the interests of Directors in office at the end of the financial year, in shares of the Bank, were as follows:

The Bank:	Number of Ordinary Shares			
	At 1.1.2023	Addition	Disposal	At 31.12.2023
Direct interest:				
Norazian Binti Ahmad Tajuddin	**10,000**	**-**	**-**	**10,000**
Kanagaraj Lorenz	**388,000**	**-**	**-**	**388,000**
Jeremy Bin Nasrulhaq	**187,900**	**-**	**(187,900)**	**-**

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Bank or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business as disclosed in Note 43 and Note 44 to the financial statements.

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due, other than those arising in the normal course of business as disclosed in Note 43 and Note 44 to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

COMPLIANCE WITH BANK NEGARA MALAYSIA'S POLICY DOCUMENT ON FINANCIAL REPORTING

The Directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the BNM's Policy Document on Financial Reporting.

SIGNIFICANT AND SUBSEQUENT EVENTS

There was no significant event during the financial year and subsequent to the financial year ended 31 December 2023 other than the events disclosed in Note 56 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Messrs. Ernst & Young PLT, have expressed their willingness to continue in office. The auditors' remuneration for the financial year amounted to:

	Group	Bank
	2023 RM'000	2023 RM'000
Auditors' remuneration	700	459

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors on 7 March 2024.

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail
Kuala Lumpur, Malaysia

Jeremy Bin Nasrulhaq

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail and Jeremy Bin Nasrulhaq, being two (2) of the Directors of Kenanga Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 143 to 360 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors on 7 March 2024.

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail
Kuala Lumpur, Malaysia

Jeremy Bin Nasrulhaq

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Cheong Boon Kak, being the officer primarily responsible for the financial management of Kenanga Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 143 to 360 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Cheong Boon Kak
at Kuala Lumpur in the Federal Territory
on 7 March 2024.

Cheong Boon Kak
(MIA No: 10259)

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KENANGA INVESTMENT BANK BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kenanga Investment Bank Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Bank, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 143 to 360.

In our opinion, the accompanying financial statements of the Group and of the Bank give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standard) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (cont'd.)

Risk area and rationale	Our response
Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss	
As at 31 December 2023, loans, advances and financing represent RM1,700.96 million or 25.84% and RM1,726.65 million or 28.43% of the total assets of the Group and of the Bank, respectively, and the instruments carried at amortised cost and fair value through other comprehensive income represent RM1,348.08 million or 20.48% and RM1,348.08 million or 22.20% of the total assets of the Group and of the Bank, respectively. The Group and the Bank are required to account for impairment losses on loans, advances and financing, and investments carried at amortised cost and fair value through other comprehensive income using the expected credit loss ("ECL") approach. The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward looking macroeconomic factors and probability-weighted scenarios.	Our audit procedures included the assessment of key controls over the origination, segmentation, internal credit quality assessments, recording and monitoring of the loans, advances and financing and the investments. We assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures based on credit quality), impairment measurement methodologies, governance for development, maintenance and validation of ECL models, inputs, basis and assumptions used by the Group and the Bank in staging the credit exposures and calculating the ECL. For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Group and the Bank for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's and the Bank's credit risk management practices. For the measurement of ECL, we assessed and tested reasonableness of the Group's and of the Bank's ECL models, including model input, model design and model performance and management overlays. We challenged whether historical experience is representative of current circumstances and of the recent losses incurred and assessed the reasonableness of forward looking adjustments, macroeconomic factor analysis and probability-weighted scenarios.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KENANGA INVESTMENT BANK BERHAD
(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Risk area and rationale	Our response
Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss (cont'd.)	
Refer to the material accounting policy information in Note 3.4(k)(ii), significant accounting estimates and judgements in Note 4(iii) and the disclosures of loans, advances and financing in Note 9, investments other than those carried at fair value through profit or loss in Note 7 and disclosure of credit risk exposures in Note 51(a) to the financial statements.	We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed, tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. With respect to individually assessed ECL which are mainly in relation to the impaired assets in Stage 3, we reviewed and tested a sample of loans, advances and financing and investments to evaluate the timely identification by the Group and the Bank of exposures with significant deterioration in credit quality or which have been impaired. For cases where impairment has been identified, we assessed the Group's and the Bank's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the scenarios considered. We have challenged the assumptions and compared estimates to external evidence where available. We also assessed whether the financial statement disclosures are adequate and appropriately reflect the Group's and the Bank's exposures to credit risk.
Impairment of goodwill	
As at 31 December 2023, the goodwill recognised in the financial statements of the Group and of the Bank are RM241.03 million or 3.67% and RM252.91 million or 4.16% of the total assets of the Group and of the Bank, respectively. Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group and the Bank are required to annually test the amount of goodwill for impairment. These involve management judgement and are based on assumptions that are affected by expected future market and economic conditions. Refer to material accounting policy information in Note 3.4(e)(i), significant accounting estimates and judgements in Note 4(i) and the disclosure of intangible assets in Note 17 to the financial statements.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Bank in performing the impairment assessment. We tested the basis of preparing the cash flow forecasts taking into account the back testing results on the accuracy of previous forecasts and the historical evidence supporting underlying assumptions. We assessed the appropriateness of the other key assumptions, such as the growth rates used to extrapolate the cash flows and the discount rates applied, by comparing against internal information, external economic and market data. We assessed the sensitivity analysis performed by management on the key inputs to the impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts. We also reviewed the adequacy of the Group's and of the Bank's disclosures within the financial statements about those key assumptions to which the VIU is most sensitive.

Key audit matters (cont'd.)

Risk area and rationale	Our response
Valuation of investments in unquoted equity instruments	
As at 31 December 2023, the carrying values of the Group's and of the Bank's investments in unquoted securities classified as fair value through profit or loss and fair value through other comprehensive income amounted to RM170.83 million and RM1.34 million and RM171.20 million and RM1.34 million, respectively. The valuation of unquoted investments involved a range of judgement and estimates which are based on current and future market and economic conditions. As the fair values of unquoted financial investments cannot be obtained directly from active markets, they are determined using the market and income approach, as well as the adjusted net asset method. Each approach has its own inputs and valuation technique in determining the fair value. The Group and the Bank use a variety of valuation techniques appropriate in the circumstances that include the use of financial models. The inputs to these models are taken from relevant observable inputs where possible to minimise the use of unobservable inputs. Such inputs include using prices and other relevant information of comparable peer companies, prices of recent transactions involving similar instruments and adjusted net assets amount. Judgements include considerations such as selection of comparable peer companies, growth rates and discount rates. Refer to material accounting policy information in Note 3.4(j), significant accounting estimates and judgements in Note 4(ii) and the disclosures of fair value of financial instruments in Note 52 to the financial statements.	Our audit procedures include reviewing and evaluating management's rationale for selecting and using the valuation models to assess if the use of such models was appropriate. We assessed the accuracy and appropriateness of market observable inputs. Our audit procedures also included, among others, understanding management's controls related to the development and calibration of any model used, challenged and assessed the assumptions used, taking into account historical evidence supporting underlying assumptions and comparing internal information against external economic and market data. As the fair values are sensitive towards changes to some of the key inputs, we also assessed the impact that reasonable alternative assumptions would have on the overall carrying amounts. We also reviewed the adequacy of the Group's and of the Bank's disclosures within the financial statements about those key assumptions to which the fair value is most sensitive.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KENANGA INVESTMENT BANK BERHAD
(INCORPORATED IN MALAYSIA)

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the Directors' Report.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' responsibility for the audit of the financial statements (cont'd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
03276/07/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 March 2024

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Most Beneficent, the Most Merciful.

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Skim Perbankan Islam of Kenanga Investment Bank Berhad ("KIBB SPI") during the financial year ended 31 December 2023. We have also conducted our review to form an opinion as to whether KIBB SPI has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of KIBB is responsible for ensuring that KIBB SPI conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of KIBB SPI, and to report to you.

We have assessed the work carried out by Shariah review which included examining, on a test basis, each type of transaction, the relevant documentation adopted by KIBB SPI.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that KIBB SPI has not violated the Shariah principles.

In our opinion:

(1). The contracts, transactions and dealings entered into by KIBB SPI during the financial year ended 31 December 2023 that we have reviewed are in compliance with the Shariah principles;

(2). The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;

(3). Money which derived from the gharamah (penalty) shall be channel to the eligible beneficiaries;

(4). Relating to the financial year 2023, KIBB SPI will make zakat payment on its business to two (2) states zakat authorities and the zakat is computed using the profit and loss method. The beneficiaries of the zakat fund are Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan and Lembaga Zakat Selangor; and

(5). Nothing has come to the Shariah Committee's attention that causes the Shariah Committee to believe that the operations, business, affairs and activities of KIBB SPI involve any material Shariah non-compliances.

We, the members of the Shariah Committee of KIBB, do hereby confirm that the operations of KIBB SPI for the financial year ended 31 December 2023 have been conducted in conformity with the Shariah principles.

Chairman of the Shariah Committee:

Dr. Ghazali Jaapar

Shariah Committee Member:

Dr. Mohammad Firdaus Mohammad Hatta

Dr. Fadillah Mansor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Group	Note	2023 RM'000	2022 RM'000
Assets			
Cash and bank balances	5	**1,482,513**	1,732,786
Financial assets at fair value through profit or loss	6	**438,660**	322,139
Debt instruments at fair value through other comprehensive income	7(a)	**875,939**	317,879
Equity instruments at fair value through other comprehensive income	7(a)	**1,343**	1,294
Debt instruments at amortised cost	7(b)	**470,796**	449,114
Derivative financial assets	8	**75,938**	85,217
Loans, advances and financing	9	**1,700,962**	1,690,475
Balances due from clients and brokers	10	**570,715**	427,638
Other assets	11	**191,381**	183,753
Statutory deposit with Bank Negara Malaysia	12	**60,620**	58,403
Tax recoverable		**24,599**	31,819
Investments in associates	14	**121,619**	99,683
Investment in joint ventures	15	**31,650**	26,569
Property, plant and equipment	16	**152,776**	156,221
Intangible assets	17	**333,609**	329,219
Right-of-use assets	18	**24,226**	24,964
Deferred tax assets	19	**25,500**	25,184
Total assets		**6,582,846**	5,962,357
Liabilities			
Deposits from customers	20	**3,610,595**	3,161,078
Deposits and placements of banks and other financial institutions	21	**331,803**	415,359
Balances due to clients and brokers	22	**775,015**	732,709
Derivative financial liabilities	23	**45,097**	16,496
Other liabilities	24	**430,465**	367,258
Obligations on securities sold under repurchase agreements	25	**97,232**	-
Borrowings	26	**180,500**	206,000
Lease liabilities	27	**24,750**	25,324
Provision for taxation and zakat		**16,358**	15,245
Deferred tax liabilities	19	**56**	64
Total liabilities		**5,511,871**	4,939,533
Equity			
Share capital	28	**253,834**	253,834
Treasury shares	28	**(11,739)**	(13,538)
Reserves	29	**828,880**	776,984
Total equity attributable to equity holders of the Bank		**1,070,975**	1,017,280
Non-controlling Interests		**-**	5,544
Total equity		**1,070,975**	1,022,824
Total liabilities and shareholders' equity		**6,582,846**	5,962,357
Commitments and contingencies	43	**4,775,217**	4,298,476

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Bank	Note	2023 RM'000	2022 RM'000
Assets			
Cash and bank balances	5	**974,727**	1,262,925
Financial assets at fair value through profit or loss	6	**438,474**	324,626
Debt instruments at fair value through other comprehensive income	7(a)	**875,939**	317,879
Equity instruments at fair value through other comprehensive income	7(a)	**1,343**	1,294
Debt instruments at amortised cost	7(b)	**470,796**	449,114
Derivative financial assets	8	**75,938**	85,217
Loans, advances and financing	9	**1,726,647**	1,703,510
Balances due from clients and brokers	10	**570,636**	427,477
Other assets	11	**178,662**	125,433
Statutory deposit with Bank Negara Malaysia	12	**60,620**	58,403
Tax recoverable		**13,776**	13,850
Investments in subsidiaries	13	**60,812**	60,812
Investment in an associate	14	**68,435**	68,435
Investment in joint ventures	15	**48,066**	41,550
Property, plant and equipment	16	**144,506**	151,029
Intangible assets	17	**335,920**	331,132
Right-of-use assets	18	**20,247**	20,540
Deferred tax assets	19	**6,807**	12,966
Total assets		**6,072,351**	5,456,192
Liabilities			
Deposits from customers	20	**3,764,714**	3,299,305
Deposits and placements of banks and other financial institutions	21	**331,803**	415,359
Balances due to clients and brokers	22	**344,719**	262,976
Derivative financial liabilities	23	**45,097**	16,496
Other liabilities	24	**262,046**	248,727
Obligations on securities sold under repurchase agreements	25	**97,232**	-
Borrowings	26	**180,500**	188,500
Lease liabilities	27	**20,594**	20,757
Provision for taxation and zakat		**427**	291
Total liabilities		**5,047,132**	4,452,411
Equity			
Share capital	28	**253,834**	253,834
Treasury shares	28	**(11,739)**	(13,538)
Reserves	29	**783,124**	763,485
Total equity		**1,025,219**	1,003,781
Total liabilities and shareholders' equity		**6,072,351**	5,456,192
Commitments and contingencies	43	**4,906,200**	4,412,160

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating revenue	30	**821,056**	723,086	**555,868**	477,060
Interest income	31	**256,936**	222,539	**245,549**	213,364
Interest expense	32	**(162,074)**	(112,813)	**(178,193)**	(127,531)
Net interest income		**94,862**	109,726	**67,356**	85,833
Net income from Islamic banking operations	53(b)	**20,639**	15,201	**20,639**	15,201
Other operating income	33	**536,752**	485,348	**342,702**	298,247
Net income		**652,253**	610,275	**430,697**	399,281
Other operating expenses	34	**(569,804)**	(533,173)	**(376,905)**	(343,661)
Operating profit		**82,449**	77,102	**53,792**	55,620
Credit loss (expense)/reversal	35	**(5,526)**	(3,923)	**(5)**	2,551
Bad debts recovered	36	**4,919**	119	**4,909**	119
		81,842	73,298	**58,696**	58,290
Share of results of associates and joint ventures		**6,268**	852	**-**	-
Profit before taxation and zakat		**88,110**	74,150	**58,696**	58,290
Taxation and zakat	41	**(15,359)**	(18,796)	**(3,784)**	(3,371)
Profit for the financial year		**72,751**	55,354	**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 fair value through other comprehensive income ("FVOCI")		**49**	(167)	**49**	(167)
Share of other comprehensive income in associates		**9,767**	57	**-**	-
Income tax relating to fair value gain/(loss) on equity instruments	19	**(12)**	40	**(12)**	40
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		**4,761**	4,871	**-**	-
Other comprehensive income/(loss) carried forward:		**14,565**	4,801	**37**	(127)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other comprehensive income/(loss) brought forward:		**14,565**	4,801	**37**	(127)
Items that will be reclassified subsequently to profit or loss (cont'd.):					
Fair value gain/(loss) on debt instruments at FVOCI		**11,822**	(9,242)	**11,822**	(9,242)
Income tax relating to fair value gain/(loss) on debt instruments	19	**(2,581)**	2,313	**(2,581)**	2,313
Other comprehensive income/(loss) for the financial year, net of tax		**23,806**	(2,128)	**9,278**	(7,056)
Total comprehensive income for the financial year, net of tax		**96,557**	53,226	**64,190**	47,863
Profit for the financial year attributable to:					
Equity holders of the Bank		**72,641**	54,511	**54,912**	54,919
Non-controlling interests		**110**	843	**-**	-
		72,751	55,354	**54,912**	54,919
Total comprehensive income attributable to:					
Equity holders of the Bank		**96,447**	52,383	**64,190**	47,863
Non-controlling interests		**110**	843	**-**	-
		96,557	53,226	**64,190**	47,863
Earnings per share attributable to equity holders of the Bank:					
Basic (sen)	42	**10.04**	7.50		
Diluted (sen)	42	**10.01**	7.46		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Non-distributable								
Group	Ordinary shares (Note 28) RM'000	Capital reserve (Note 29) RM'000	Fair value reserve (Note 29) RM'000	Regulatory reserve (Note 29) RM'000	Exchange reserve (Note 29) RM'000	ESS reserve (Note 29) RM'000	Treasury shares (Note 28) RM'000	Retained profits (Note 29) RM'000	Non-controlling interests RM'000	Total attributable to equity holders RM'000
At 1 January 2023	**253,834**	**88,938**	**(10,922)**	**17,192**	**24,075**	**1,794**	**(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 for the financial year	-	-	17,771	-	4,761	-	-	73,915	110	96,557
Share-based payment under ESS scheme	-	-	-	-	-	(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 (Note 46)	-	-	-	-	-	-	-	(43,587)	-	(43,587)
Disposal of a subsidiary (Note 56(a)(i))	-	-	-	-	-	-	-	-	(5,654)	(5,654)
At 31 December 2023	**253,834**	**88,938**	**6,849**	**16,064**	**28,836**	**1,317**	**(11,739)**	**686,876**	**-**	**1,070,975**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

		Non-distributable								
Group	Ordinary shares (Note 28) RM'000	Capital reserve (Note 29) RM'000	Fair value reserve (Note 29) RM'000	Regulatory reserve (Note 29) RM'000	Exchange reserve (Note 29) RM'000	ESS reserve (Note 29) RM'000	Treasury shares (Note 28) RM'000	Retained profits (Note 29) RM'000	Non-controlling interests RM'000	Total attributable to equity holders RM'000
At 1 January 2022	253,834	88,938	6,590	18,921	19,204	2,809	(13,064)	673,097	4,701	1,055,030
Net profit for the financial year	-	-	-	-	-	-	-	54,511	843	55,354
Share of other comprehensive income of associates	-	-	(10,456)	-	-	-	-	10,513	-	57
Other comprehensive (loss)/income	-	-	(7,056)	-	4,871	-	-	-	-	(2,185)
Total comprehensive (loss)/income for the financial year	-	-	(17,512)	-	4,871	-	-	65,024	843	53,226
Share-based payment under ESS scheme	-	-	-	-	-	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 (Note 46)	-	-	-	-	-	-	-	(77,060)	-	(77,060)
At 31 December 2022	253,834	88,938	(10,922)	17,192	24,075	1,794	(13,538)	655,907	5,544	1,022,824

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Bank	Ordinary shares (Note 28) RM'000	Non-distributable: Regulatory reserve (Note 29) RM'000	Non-distributable: Capital reserve (Note 29) RM'000	Non-distributable: Fair value reserve (Note 29) RM'000	Non-distributable: ESS reserve (Note 29) RM'000	Treasury shares (Note 28) RM'000	Retained profits (Note 29) RM'000	Total equity RM'000
At 1 January 2023	**253,834**	**17,192**	**153,863**	**(6,422)**	**1,794**	**(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 for the financial year	-	-	-	**9,278**	-	-	**54,912**	**64,190**
Share-based payment under ESS scheme	-	-	-	-	**(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 (Note 46)	-	-	-	-	-	-	**(43,587)**	**(43,587)**
At 31 December 2023	**253,834**	**16,064**	**153,863**	**2,856**	**1,317**	**(11,739)**	**609,024**	**1,025,219**
At 1 January 2022	253,834	18,921	153,863	634	2,809	(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 for the financial year	-	-	-	(7,056)	-	-	54,919	47,863
Share-based payment under ESS scheme	-	-	-	-	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 (Note 46)	-	-	-	-	-	-	(77,060)	(77,060)
At 31 December 2022	253,834	17,192	153,863	(6,422)	1,794	(13,538)	597,058	1,003,781

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		**88,110**	74,150	**58,696**	58,290
Adjustments for:					
Depreciation of property, plant and equipment	34	**11,182**	11,472	**9,869**	10,487
Amortisation of intangible assets - software licence and client relationships	34	**7,654**	6,462	**6,185**	5,508
Amortisation of right-of-use assets	34	**8,640**	8,039	**6,672**	6,660
Lease interest expenses	32	**475**	894	**879**	743
ESS (reversal)/expense	34	**(265)**	326	**(265)**	326
Credit loss expense/(reversal)	35	**5,526**	3,923	**5**	(2,551)
Property, plant and equipment written-off	34	**8**	911	**2**	902
Computer software work-in- progress written-off	34	**32**	608	**32**	608
Impairment allowance on intangible assets	34	**195**	-	**195**	-
Fixed assets expensed off		**24**	2,971	**-**	1,708
Bad debts written-off	36	**6**	-	**-**	-
Gain on disposal of a subsidiary	33(c)	**(1,509)**	-	**-**	-
Gain on disposal of an associate	33(c)	**-**	(9,117)	**-**	-
Gross dividend income from investments	33(b)	**(1,419)**	(1,527)	**(57,500)**	(60,492)
Gain on disposal of property, plant and equipment	33(c)	**(2)**	(111)	**(3)**	(93)
Net gain from sale of financial assets at fair value through profit or loss and derivatives		**(60,776)**	(23,675)	**(59,286)**	(23,667)
Net gain from sale of financial instruments at FVOCI		**(22)**	(25)	**(22)**	(25)
Share of results of associates and joint ventures		**(6,268)**	(852)	**-**	-
Unrealised loss on revaluation of financial assets at fair value through profit or loss and derivatives	33(b)	**4,434**	8,954	**7,108**	10,454
Operating gain/(loss) before working capital changes		**56,025**	83,403	**(27,433)**	8,858
(Increase)/decrease in operating assets:					
Loans, advances and financing		**(8,048)**	87,383	**(4,864)**	50,169
Other assets		**(31,738)**	48,680	**(70,281)**	10,962
Statutory deposit with Bank Negara Malaysia		**(2,217)**	(7,535)	**(2,217)**	(7,535)
Balances due from clients and brokers		**(143,232)**	(93,154)	**(143,314)**	(93,088)
Trust monies and deposits	5	**(624)**	(14,143)	**(907)**	33,914
Increase/(decrease) in operating liabilities:					
Other liabilities		**70,102**	(206,149)	**13,391**	(135,360)
Balances due to clients and brokers		**42,306**	66,741	**81,743**	(2,320)
Deposits from customers		**449,517**	23,800	**465,409**	48,705
Deposits and placements of banks and other financial institutions		**(83,556)**	(237,503)	**(83,556)**	(237,503)
Obligations on securities sold under repurchase agreements		**97,232**	-	**97,232**	-
Cash generated from/(used in) operations		**445,767**	(248,477)	**325,203**	(323,198)
Net income tax and zakat paid		**(9,931)**	(30,200)	**(8)**	(11,394)
Rental/lease payment (interest)	27	**(475)**	(894)	**(879)**	(743)
Net cash generated from/(used in) operating activities		**435,361**	(279,571)	**324,316**	(335,335)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Sale proceeds from disposal of an associate, net of cash	14(a)	**-**	9,117	**-**	-
Sale proceeds from disposal of a subsidiary, net of cash	56(a)(i)	**3,649**	-	**-**	-
Dividends received	33(b)	**1,419**	1,527	**57,500**	60,492
Dividends received from an associate		**2,080**	-	**-**	-
Purchase of property, plant and equipment	16	**(7,786)**	(5,175)	**(3,366)**	(2,836)
Purchase of intangible assets	17	**(12,325)**	(8,792)	**(11,200)**	(7,646)
Proceeds from disposal of property, plant and equipment and intangible assets		**24**	781	**21**	763
Capital injection in a joint venture	15	**(6,516)**	(1,550)	**(6,516)**	(1,550)
Net (purchase)/sale of securities		**(591,268)**	237,489	**(592,759)**	232,539
Deposits with bank	5	**(100)**	-	**-**	-
Net cash (used in)/generated from investing activities		**(610,823)**	233,397	**(556,320)**	281,762
Cash flows from financing activities					
Dividend paid	46	**(43,587)**	(77,060)	**(43,587)**	(77,060)
Rental/lease payments (principal)	27	**(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 cash used in financing activities		**(75,535)**	(132,567)	**(57,101)**	(108,744)
Net decrease in cash and cash equivalents		**(250,997)**	(178,741)	**(289,105)**	(162,317)
Cash and cash equivalents at beginning of financial year		**1,200,647**	1,379,388	**1,174,810**	1,337,127
Cash and cash equivalents at end of financial year	5	**949,650**	1,200,647	**885,705**	1,174,810
Cash and cash equivalents comprise of the followings (Note 5):					
Cash and balances with banks		**1,376,248**	1,700,779	**878,937**	1,240,970
Deposits and placements with banks and other financial institutions		**106,265**	32,007	**95,790**	21,955
Less: Monies and short-term deposits held in trust on behalf of dealers' representatives		**(89,022)**	(88,115)	**(89,022)**	(88,115)
Less: Monies and short-term deposits held in trust on behalf of funds' clients		**(67,481)**	(30,244)	**-**	-
Less: Segregated funds from customers		**(376,260)**	(413,780)	**-**	-
Less: Deposits more than 3 months		**(100)**	-	**-**	-
		949,650	1,200,647	**885,705**	1,174,810

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

The Bank is principally engaged in the investment banking business, provision of stockbroking and related financial services.

The Bank is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the subsidiaries and associates are as described in Note 13 and Note 14, respectively. There have been no significant changes to the nature of the principal activities except for Kenanga Trustees Berhad (formerly known as Kenanga Funds Berhad) during the financial year.

The financial statements have been approved and authorised for issue in accordance with a resolution of the Board of Directors on 7 March 2024.

2. CHANGES IN ACCOUNTING POLICIES

2.1 New and amended Malaysian Financial Reporting Standards ("MFRSs") adopted

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended MFRSs, which became effective for the Group and the Bank during the current financial year:

- MFRS 17: *Insurance Contracts*
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Deferred Tax Related To Assets and Liabilities Arising From a Single Transaction (Amendments to MFRS 112 *Income Taxes*)
- Extension of The Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 *Insurance Contracts*)
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 *Insurance Contracts*)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

2.1 New and amended Malaysian Financial Reporting Standards ("MFRSs") adopted (cont'd.)

The adoption of the new and amended MFRSs did not have any significant impact on the financial position or performance of the Group and of the Bank.

2.2 Standards issued but not yet effective

The following are amended MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that will be effective for the Group and the Bank in future years. The Group and the Bank intend to adopt the relevant standards when they become effective.

Description	Effective for annual periods beginning on or after
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121 *The Effect of Changes in Foreign Exchange Rates*)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	To be announced by MASB

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

3. ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared on a historical cost basis unless otherwise indicated.

3.2 Statement of compliance

The financial statements of the Group and of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act 2016 in Malaysia.

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency and all values are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at the reporting date.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Bank and consistent accounting policies are applied for like transactions and events in similar circumstances.

The Bank controls an investee if and only if the Bank has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting rights of an investee, the Bank considers the following in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Bank, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date of acquisition, being the date of which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Bank.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(a) Basis of consolidation (cont'd.)

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets and liabilities of the subsidiary and any differences is recognised in profit or loss. The subsidiary's cumulative gain and loss which have been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non- controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed to statement of profit or loss and disclosed under administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree on previous acquisition date is remeasured to fair value at the later stage's acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net assets of the subsidiary acquired. The accounting policy for goodwill is set out in Note 3.4(e)(i).

For business combinations involving entities or businesses under common control, the Group applies the merger (or common control) accounting, whereby no assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. No new goodwill arises in merger accounting.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(a) Basis of consolidation (cont'd.)

The acquirer incorporates the acquired entity's results and balance sheet prospectively from the date on which the business combination between entities under common control occurred. Prior financial period's numbers are restated to reflect as if these entities have been under common control since the beginning of the earliest financial period presented in the financial statements.

Merger accounting may lead to a difference between the cost of the transaction and the carrying value of the net assets. The difference is recorded in reorganisation reserve.

(b) Subsidiaries

In the Bank's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the investment cost over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate is recognised in the Group's financial statements only to the extent of unrelated investors' interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associate are prepared as of the same reporting date as the Bank. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(c) Investment in associates (cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Bank's separate financial statements, investment in associate is accounted for at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Investment in joint ventures

Joint ventures are entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in joint ventures is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of joint ventures in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(e) Goodwill and intangible assets

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(e) Goodwill and intangible assets (cont'd.)

(i) Goodwill (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where the recoverable amount of the cash- generating unit is less than the carrying amount of the cash-generating unit, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(l).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the financial year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embedded in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised over their finite useful lives at the following annual rate:

Computer software and licence	14.28% to 33.33%

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(e) Goodwill and intangible assets (cont'd.)

(ii) Other intangible assets (cont'd.)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(f) Financial instruments – initial recognition

Financial assets and liabilities, with the exception of loans, advances and financing to customers and balances due to clients, are initially recognised on the trade date, i.e., the date that the Group and the Bank become a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans, advances and financing to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to clients when settlement has yet to be made on outstanding contracts which have been entered into on behalf of the clients.

(i) Initial recognition and subsequent measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 3.4(g)(i). Financial instruments are initially measured at their fair value (as defined in Note 3.4(j)), except in the case of financial assets and financial liabilities recorded at fair value through profit or loss ("FVTPL"), transaction costs are added to, or subtracted from this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group and the Bank account for the Day 1 profit or loss.

(ii) Measurement categories of financial assets and liabilities

The Group and the Bank classify all of their financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

(a) Amortised Cost, as explained in Note 3.4(g)(i);
(b) FVOCI, as explained in Notes 3.4(g)(v) and 3.4(g)(vi); or
(c) FVTPL, as explained in Notes 3.4(g)(iv) and 3.4 (g)(viii).

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(f) Financial instruments – initial recognition (cont'd.)

(ii) Measurement categories of financial assets and liabilities (cont'd.)

The Group and the Bank classify and measure their derivative and trading portfolio at FVTPL as explained in Notes 3.4(g)(ii) and 3.4(g)(iv). The Group and the Bank may designate financial instruments at FVTPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 3.4(g)(viii).

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 3.4(g)(viii).

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(g) Financial assets and liabilities

(i) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

(1) Business model assessment

The Group and the Bank determine their business model at the level that best reflects how they manage groups of financial assets to achieve their business objective.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(i) Financial assets at amortised cost (cont'd.)

(1) Business model assessment (cont'd.)

The Group's and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key entity's management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's and of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward, unless it has been determined that there has been a change in the original business model.

(2) The SPPI test

The Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. For the SPPI assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(ii) Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e. the 'underlying');

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors; and

- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include equity swaps, forward foreign exchange contracts and options on foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

(iii) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in financial liability or a non-financial host are separated from the host and accounted for as separate derivatives if:

a) the economic characteristics and risks are not closely related to the host;

b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative (as defined above); and

c) the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Financial assets are classified based on the business model and SPPI assessments as outlined in Notes 3.4(g)(i)(1) and 3.4(g)(i)(2).

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(iv) Financial assets or financial liabilities held for trading

The Group and the Bank classify financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense are recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities and short positions that have been acquired principally for the purpose of selling or repurchasing in the near term.

(v) Debt instruments at FVOCI

The Group and the Bank classify debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 3.4(s)(ii). The ECL calculation for debt instruments at FVOCI is explained in Note 3.4(k)(ii). Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

(vi) Equity instruments at FVOCI

Upon initial recognition, the Group and the Bank have the option to elect to classify irrevocably some of their equity investments as equity instruments at FVOCI when they meet the definition of Equity under MFRS 132 *Financial Instruments*: *Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity instruments classified as FVOCI are measured at fair value. Any gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group and the Bank benefit from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(vii) Financial liabilities at amortised cost

Except for derivatives, the Group and the Bank classify and measure all other financial liabilities at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate ("EIR"). A compound financial instrument which contains both a liability and an equity component is separated at the issue date in the issuer's financial statements.

(viii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVTPL are accrued in other operating income, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

(ix) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group and the Bank are required to provide a loan or financing with pre-specified terms to the customer. These contracts fall under the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan or financing agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 9.2(d).

The Group and the Bank occasionally issue loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL allowance (as explained in Notes 3.4(k)(i) and 51(a)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(h) Reclassification of financial assets and liabilities

The Group and the Bank have not reclassified their financial assets and financial liabilities subsequent to their initial recognition, apart from the exceptional circumstances in which the Group and the Bank acquire, dispose of, or terminate a business line.

(i) Derecognition of financial assets and liabilities

(a) Derecognition due to substantial modification of terms and conditions

The Group and the Bank derecognise a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated substantially to the extent that, it becomes a new loan, with the difference in fair value recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired ("POCI").

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group and the Bank consider the following factors:

- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets). For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

(b) Derecognition other than for substantial modification - Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group and the Bank also derecognise the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition as follows:

- The Group and the Bank have transferred their contractual rights to receive cash flows from the financial asset; or
- They retain the rights to the cash flows, but have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(i) Derecognition of financial assets and liabilities (cont'd.)

(b) Derecognition other than for substantial modification - Financial assets (cont'd.)

Pass-through arrangements are transactions whereby the Group and the Bank retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group and the Bank have no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;

- The Group and the Bank cannot sell or pledge the original asset other than as security to the eventual recipients; and

- The Group and the Bank have to remit any cash flows it collect on behalf of the eventual recipients without material delay. In addition, the Group and the Bank are not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group and the Bank have transferred substantially all the risks and rewards of the asset; or

- The Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Bank consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Bank have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's and of the Bank's continuing involvement, in which case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group and the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group and the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(i) Derecognition of financial assets and liabilities (cont'd.)

(c) Derecognition other than for substantial modification - Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(j) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Bank use valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 52.

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes from Bloomberg.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(k) Impairment of financial assets

(i) Overview of the ECL principles

The Group and the Bank adopt a forward-looking ECL approach. The Group and the Bank calculate and record an allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL together with loan commitments contracts. Equity instruments are not subject to impairment.

The ECL allowance is based on the credit losses expected to arise over the life of the financial instruments (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL") as outlined in Note 3.4(k)(ii).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group and the Bank have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 51(a).

General approach

The Group and the Bank classify their loans or assets into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans or assets are first recognised, the Group and the Bank recognise an allowance based on 12mECLs. Stage 1 loans or assets also include facilities where the credit risk has improved and the loan or the assets has been reclassified from Stage 2.

- Stage 2: When a loan or an asset has shown a significant increase in credit risk ("SICR") since origination, the Group and the Bank record an allowance for the LTECLs. Stage 2 loans or assets also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans or assets considered as credit-impaired (as outlined in Note 51(a)). The Group and the Bank record an allowance for the LTECLs.

- POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group and the Bank have no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(k) Impairment of financial assets (cont'd.)

(i) Overview of the ECL principles (cont'd.)

Simplified approach

The simplified approach does not require tracking change in credit risk, but instead requires a loss allowance to be recognised based on LTECLs at each reporting date.

The simplified approach is required for trade receivables or contract assets that do not contain a significant financing component.

However, either the general approach or the simplified approach can be applied separately, as an accounting policy choice, for:

- All trade receivables or contract assets that result from transactions within the scope of MFRS 15 *Revenue from Contracts with Customers* and that contain a significant financing component.

- All lease receivables that result from transaction that are within the scope of MFRS 16 *Leases* .

(ii) The calculation of ECLs

The Group and the Bank calculate ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at original EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the Bank in accordance with the contract and the cash flows that the Group and the Bank expect to receive.

The key elements of the ECL calculations are outlined as follows:

- PD The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 51(a).

- EAD The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 51(a).

- LGD The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 51(a).

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(k) Impairment of financial assets (cont'd.)

(ii) The calculation of ECLs (cont'd.)

When estimating the ECLs, the Group and the Bank consider three scenarios (a base case, an upside or a downside). When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group and the Bank have the legal right to call it earlier, or when the asset is revolving in nature, as further explained in Note 51(a).

The mechanics of the ECL method are summarised below:

- Stage 1 — The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group and the Bank calculate the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

  These expected 12-month default probabilities ("PD") are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2 — When a loan or an asset has shown a SICR since origination, the Group and the Bank record an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PD and LGD are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3 — For loans or assets considered credit-impaired, the Group and the Bank recognise the LTECLs for these loans or assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI: — POCI assets are financial assets that are credit impaired on initial recognition. The Group and the Bank only recognise the cumulative changes in LTECLs since initial recognition, based on a probability- weighting of the three scenarios, discounted by the credit adjusted EIR.

- Loan commitments: — When estimating LTECLs for undrawn loan commitments, the Group and the Bank estimate the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(k) Impairment of financial assets (cont'd.)

(iii) Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

(iv) Forward looking information

In their ECL models, the Group and the Bank rely on a broad range of forward looking information as economic inputs, such as:

- Gross Domestic Products ("GDP") growth rate; and
- Kuala Lumpur Composite Index ("KLCI")

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and multiple-scenario analysis are provided in Note 51(a).

(v) Collateral valuation

To mitigate its credit risks on financial assets, the Group and the Bank seek to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's and the Bank's accounting policy for collateral assigned to it through its lending arrangements is such that collateral, unless repossessed, is not recorded on the Group's and the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a monthly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group and the Bank use active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as real estate valuers, or based on housing price indices.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(k) Impairment of financial assets (cont'd.)

(vi) Collateral repossessed

The Group's and the Bank's policy are to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's and the Bank's policy.

In its normal course of business, the Group and the Bank do not physically repossess properties or other assets in its portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the properties under legal repossession processes are not recorded on the balance sheet.

(vii) Write-offs

Financial assets are written off either partially or in their entirety only when the Group and the Bank have stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

(viii) Rescheduled and restructured ("R&R") loans

The Group and the Bank sometimes make concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or otherwise enforce collection of collateral. The Group and the Bank consider a loan as R&R when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns. A rescheduling and restructuring of a loan may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's and the Bank's policy to monitor impaired R&R loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 (credit- impaired) asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group and the Bank also reassess whether there has been a significant increase in credit risk, as set out in Note 51(a). Where a credit-impaired loan has been classified as R&R, the loan will continue to be classified as impaired until repayments based on the rescheduled or restructured terms have been observed continuously for a period of 6 months.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(l) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to OCI. In this case the impairment is also recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine that asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(m) Cash and cash equivalents

Cash and cash equivalents as stated in the statements of cash flows comprise cash and short-term funds and deposits and placements with financial institutions that are readily convertible into cash with insignificant risk of changes in value.

(n) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provisions are discounted using a current pre- tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(o) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(l).

Depreciation are not made on freehold land because it has indefinite useful life and capital work-in-progress as these assets are not ready for use. Depreciation of other property, plant and equipment is provided for on a straight-line-basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2%
Motor vehicles	20% to 25%
Computer equipment	20% to 33.33%
Plant and office equipment	10%
Furniture and fittings	10% to 20%
Renovations	10%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(p) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 18 and are subject to impairment in line with the Bank's policy as described in Note 3.4(l).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(q) (i) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ii) Treasury shares

When the Bank re-acquires its own equity shares, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Shares re-acquired are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re- issuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(r) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Derivative financial instruments are presented separately in the statements of financial position as assets (positive changes in fair values) and liabilities (negative changes in fair values). Any gains or losses arising from changes in the fair value of the derivatives are recognised immediately in profit or loss.

(s) Income recognition

The Group and the Bank recognise revenue from contracts with customers for the provision of services based on the five-step model as set out below:

- Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

- Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

- Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Bank expect to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

- Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Bank allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Bank expect to be entitled in exchange for satisfying each performance obligation.

- Recognise revenue when (or as) the Group and the Bank satisfy a performance obligation.

The Group and the Bank satisfy a performance obligation and recognise revenue over time if the Group's and the Bank's performance:

- Do not create an asset with an alternative use to the Group and the Bank, and have an enforceable right to payment for performance completed to-date; or

- Create or enhance an asset that the customer controls as the asset is created or enhanced; or

- Provide benefits that the customer simultaneously receives and consumes as the Group and the Bank perform.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(s) Income recognition (cont'd.)

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Bank satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

(i) The effective interest rate method

Interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group and the Bank recognise interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the statement of profit or loss.

(ii) Interest and similar income

The Group and the Bank calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in Note 3.4(k)(i)) and is, therefore, regarded as 'Stage 3', the Group and the Bank calculate interest income by applying the effective interest rate to the net amortised cost of the financial asset.

For POCI financial assets (as set out in Note 3.4(k)(iv)), the Group and the Bank calculate interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial assets.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(s) Income recognition (cont'd.)

(ii) Interest and similar income (cont'd.)

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income and net gains or losses on financial assets at FVTPL, respectively.

(iii) Fee and other income

Brokerage fees are recognised on contract date upon execution of trade on behalf of clients computed based on a pre-determined percentage of the contract value.

Loan arrangement fees and commissions, management and participation fees, underwriting fees and placement fees are recognised as income when all conditions precedent are fulfilled.

Custodian fees, guarantee fees and fund management fees are recognised as income based on time apportionment basis.

Corporate advisory fees are recognised as income on the completion of each stage of the assignment.

Rollover fee is recognised upon the rollover of specific contracts under share margin financing.

Gain or loss on disposal of investments is recognised upon the transfer of risks and rewards of ownership.

(iv) Islamic banking income

Income from Islamic banking scheme is recognised on an accrual basis in accordance with Shariah principles.

(v) Dividend income

Dividend income is recognised when the right to receive the payment is established.

(t) Interest, financing and profit expense

Interest expense on deposits from customers, placements of financial institutions and borrowings is recognised using EIR.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(u) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Bank and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rates of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(v) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Zakat

This represents business zakat payable by the Group and the Bank in compliance with Shariah principles and as approved by the Group's and the Bank's Shariah Committee.

(iii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences,

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(v) Income taxes (cont'd.)

(iii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(w) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(w) Employee benefits (cont'd.)

(iii) Kenanga Group's Employees' Share Scheme

Employees (including Executive Directors and senior management) of the Group and of the Bank receive a remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are set out in Note 55. ESS cost is recognised in staff costs (Note 34), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Service performance conditions are reflected within the grant date fair value.

Where the terms of equity-settled awards are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(x) Segment information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group and of the Bank who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 50, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Material accounting policy information (cont'd.)

(y) Contingent liabilities and contingent assets

The Group and the Bank do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Group and of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Bank. The Group and the Bank do not recognise any contingent asset but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(z) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as assets of the Group other than those recognised in Note 5.

(aa) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership.

The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to financial assets held for trading pledged as collateral or to financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's and the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

(i) The Group and the Bank determine whether goodwill and other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill and other intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More detailed disclosures on the assessment of impairment of goodwill and other intangible assets are disclosed in Note 17.

(ii) The fair value of financial assets at fair value through profit or loss (Note 6), financial investments measured at FVOCI and at amortised cost (Note 7), derivative financial assets (Note 8) and derivative financial liabilities (Note 23) are derived from quoted and observable market prices. However, if the financial instruments are not traded in an active market, fair value may be established by using a valuation technique which includes but is not limited to using recent arm's length market transactions between knowledgeable, willing parties, and reference to the current fair value of another instrument that is substantially the same. The Group and the Bank use acceptable valuation techniques which involves making assumptions based on market conditions and other factors as of the reporting date. Further information relating to the fair values are disclosed in Note 52.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(iii) The measurement of impairment losses on financial assets subject to impairment assessment requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit rating model, which assigns PDs to the individual grades;
- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECLs basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's and the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment losses on financial assets are disclosed in Notes 7, 9, 10 and 11.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Management overlays for ECL

The management overlays were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults after taking into account the uncertainties in the market.

The management overlays involved significant level of judgement and reflect the management's views of possible severities of the economic conditions and paths of recovery in the forward looking assessment for ECL estimation purposes. The management overlays were generally made at portfolio level in determining the sufficient level of ECL.

Total management overlays for ECL inclusive of the macro-economic adjustments maintained by the Group and the Bank as at 31 December 2023 are RM7.3 million (2022: RM3.2 million).

The scenarios applied in the management overlays in estimating the reported ECL include:

(i) Drop in counterparty ratings
(ii) Stressed security cover
(iii) Uncertainties arising from macroeconomic factors

(iv) The Group and the Bank estimate the useful lives of property, plant and equipment and software based on factors such as the expected level of usage due to physical wear and tear, future technological developments and legal or other limits on the use of the relevant assets. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment, and software would increase the recorded depreciation and decrease their carrying value. The total carrying amounts of property, plant and equipment, and software are disclosed in Notes 16 and 17 respectively.

(v) Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at financial year end, the total carrying value of unutilised tax losses and unabsorbed capital allowances are disclosed in Note 19.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(vi) The Group and the Bank assess whether there is any indication that investments in subsidiaries and investments in associates may be impaired at each reporting date.

If indicators are present, these assets are subject to impairment review. The impairment review comprises comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's and the Bank's accounting policies in respect of investments in subsidiaries and investments in an associate are as follows:

- The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investments and deteriorating financial performance of the investments due to observed changes and fundamentals.

- Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flows and realisable net asset value.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date may have a significant risk of causing material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Investments in subsidiaries and associates of the Group are disclosed in Notes 13 and 14 respectively.

5. CASH AND BANK BALANCES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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	**949,650**	1,200,647	**885,705**	1,174,810
Monies held in trust on behalf of funds' clients, dealers' representatives and segregated funds for customers	**532,763**	532,139	**89,022**	88,115
Deposits more than 3 months	**100**	-	**-**	-
	1,482,513	1,732,786	**974,727**	1,262,925
Of which deposits with original maturity of:				
- 3 months or less	**982,351**	1,234,096	**858,386**	1,148,989
- more than 3 months	**100**	-	**-**	-
	982,451	1,234,096	**858,386**	1,148,989

Monies held in trust on behalf of clients of RM980,227,000 (2022: RM1,069,081,000) in respect of the stockbroking business are excluded from the cash and bank balances of the Group and of the Bank in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Quoted securities:				
Shares and funds in Malaysia	**248,446**	127,984	**247,887**	127,443
Shares and funds outside Malaysia	**19,384**	16,529	**19,384**	16,529
Unquoted securities:				
Shares and funds in Malaysia	**170,830**	168,584	**171,203**	171,612
Unquoted debt securities in Malaysia:				
Islamic Corporate Sukuk	**-**	9,042	**-**	9,042
	438,660	322,139	**438,474**	324,626

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL

	Group and Bank	
	2023 RM'000	2022 RM'000
(a) Financial instruments at Fair Value Through Other Comprehensive Income ("FVOCI"):		
Debt instruments:		
Malaysian Government Securities	**177,379**	19,373
Malaysian Government Investment Certificates	**331,282**	59,534
Islamic Negotiable Instruments of Deposits	**159,644**	-
Islamic Corporate Sukuk	**167,187**	184,377
Corporate Bonds	**40,447**	54,595
	875,939	317,879
Equity instruments:		
Unquoted Shares in Malaysia	**1,343**	1,294
Total financial instruments at FVOCI	**877,282**	319,173

Impairment losses on financial instruments subject to impairment assessment

Debt instruments at FVOCI

The table below shows the fair value of the Group's and of the Bank's debt instruments measured at FVOCI by credit risk, based on the Group's and the Bank's internal credit rating system and year-end stage classification. Details of the Group's and of the Bank's internal rating system are explained in Note 51(a).

Group and Bank	2023			
Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Investment grade	**875,939**	**-**	**-**	**875,939**

Group and Bank	2022			
Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Investment grade	312,901	4,978	-	317,879

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(a) Financial instruments at FVOCI (cont'd.):

Impairment losses on financial instruments subject to impairment assessment (cont'd.)

Debt instruments at FVOCI (cont'd.)

An analysis of changes in the fair value and the corresponding ECLs is as follows:

	2023			
Group and Bank	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**312,901**	**4,978**	**-**	**317,879**
New assets originated or purchased	**1,121,317**	**-**	**-**	**1,121,317**
Assets derecognised or matured (excluding write-offs)	**(568,974)**	**(4,896)**	**-**	**(573,870)**
Change in fair value	**10,695**	**(82)**	**-**	**10,613**
As at 31 December	**875,939**	**-**	**-**	**875,939**

	2022			
Group and Bank	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	736,114	-	-	736,114
New assets originated or purchased	816,955	-	-	816,955
Assets derecognised or matured (excluding write-offs)	(1,206,250)	-	-	(1,206,250)
Change in fair value	(29,135)	195	-	(28,940)
Transfer of stages	(4,783)	4,783	-	-
As at 31 December	312,901	4,978	-	317,879

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(a) Financial instruments at FVOCI (cont'd.):

Impairment losses on financial instruments subject to impairment assessment (cont'd.)

Debt instruments at FVOCI (cont'd.)

An analysis of changes in the fair value and the corresponding ECLs is as follows (cont'd.):

Group and Bank ECL allowances	2023 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total ECL RM'000
As at 1 January	**261**	**128**	**-**	**389**
Impact of re-measurement of ECL	**(95)**	**-**	**-**	**(95)**
Changes in model assumption and methodology	**1,294**	**-**	**-**	**1,294**
Assets derecognised or matured (excluding write-offs)	**-**	**(128)**	**-**	**(128)**
As at 31 December	**1,460**	**-**	**-**	**1,460**

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

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost:

	Group and Bank	
	2023 RM'000	2022 RM'000
Debt instruments:		
Malaysian Government Securities	**125,853**	49,677
Malaysian Government Investment Certificates	**228,204**	177,316
Corporate Bonds	**-**	20,002
Islamic Corporate Sukuk	**116,739**	202,119
	470,796	449,114
Less: Allowance for ECL	**-**	-
Total financial instruments at amortised cost	**470,796**	449,114

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's and of the Bank's internal grading system are explained in Note 51(a).

	2023			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
Investment grade	**470,796**	**-**	**-**	**470,796**

	2022			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
Investment grade	449,114	-	-	449,114

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost (cont'd.):

An analysis of changes in the gross carrying amount and the corresponding ECLs is as follows:

	2023			
Group and Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**449,114**	**-**	**-**	**449,114**
New assets purchased	**253,770**	**-**	**-**	**253,770**
Assets derecognised or matured (excluding write-offs)	**(231,886)**	**-**	**-**	**(231,886)**
Change in fair value	**(202)**	**-**	**-**	**(202)**
As at 31 December	**470,796**	**-**	**-**	**470,796**

	2022			
Group and Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	213,709	-	-	213,709
New assets purchased	485,257	-	-	485,257
Assets derecognised or matured (excluding write-offs)	(249,128)	-	-	(249,128)
Change in fair value	(724)	-	-	(724)
As at 31 December	449,114	-	-	449,114

	2023			
Group and Bank **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January/ 31 December	**-**	**-**	**-**	**-**

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost (cont'd.):

An analysis of changes in the gross carrying amount and the corresponding ECLs is as follows (cont'd.):

	2022			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	49	-	-	49
Changes in model assumption or methodology	(49)	-	-	(49)
As at 31 December	-	-	-	-

Included in financial investments measured at amortised cost are financial assets sold under repurchase agreements as follows:

	Group and Bank	
	2023 RM'000	**2022 RM'000**
Malaysian Government Securities (Note 25)	**97,232**	-
	97,232	-

8. DERIVATIVE FINANCIAL ASSETS

	Group and Bank	
	2023 RM'000	**2022 RM'000**
At fair value		
Dual currency investment - Options	**5**	10
Equity related contracts - Options	**26,415**	29,449
Equity related contracts - Swap	**209**	3,295
Equity related contracts - Forward	**49,309**	52,463
	75,938	85,217

8. DERIVATIVE FINANCIAL ASSETS (CONT'D.)

	Group and Bank	
	2023 RM'000	2022 RM'000
Contract/Notional amount		
Dual currency investment - Options	**3,074**	2,126
Equity related contracts - Options	**25,985**	29,338
Equity related contracts - Swap	**19,439**	64,187
Equity related contracts - Forward	**51,342**	57,354
	99,840	153,005

The contractual or underlying notional amounts of derivative financial assets held at fair value through profit or loss reflect the value of transactions outstanding as at reporting date, and do not represent amounts at risk.

9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At amortised cost				
Term loans/financing	**561,143**	500,905	**574,172**	525,953
Share margin financing	**1,134,235**	1,153,056	**1,134,235**	1,153,056
Other lending and factoring receivables	**12,200**	58,885	**-**	-
Advances to group employees	**-**	2	**-**	2
Subordinated term loan *	**-**	-	**25,038**	45,067
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 not 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

* **Subordinated term loan to a subsidiary**

The subordinated loan granted to a subsidiary, Kenanga Futures Sdn Bhd, is unsecured with effective interest rate of 6.02% per annum (2022: 4.76%) and is repayable by March 2027.

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Domestic business enterprises				
- Small and medium enterprises	**195,811**	240,319	**188,041**	200,583
- Others	**492,366**	492,321	**530,434**	562,436
Individuals	**1,019,401**	979,667	**1,014,970**	960,518
Foreign enterprises	**-**	541	**-**	541
	1,707,578	1,712,848	**1,733,445**	1,724,078

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia	**1,704,115**	1,709,313	**1,729,982**	1,720,543
Outside Malaysia	**3,463**	3,535	**3,463**	3,535
	1,707,578	1,712,848	**1,733,445**	1,724,078

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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
	1,707,578	1,712,848	**1,733,445**	1,724,078

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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
	1,707,578	1,712,848	**1,733,445**	1,724,078

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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
	1,707,578	1,712,848	**1,733,445**	1,724,078

9.1 Movements in impaired loans, advances and financing ("Impaired LAF")

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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
Reclassified as performing	**-**	(30,505)	**-**	(30,505)
Disposal of a subsidiary	**(484)**	-	**-**	-
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%

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

9.1 Movements in impaired loans, advances and financing ("Impaired LAF") (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
9.1.1 Impaired LAF by geographical distribution				
Outside Malaysia	**-**	541	**-**	541
Malaysia	**61,471**	42,638	**57,041**	29,805
Gross impaired LAF	**61,471**	43,179	**57,041**	30,346
9.1.2 Impaired LAF by purpose				
Working capital	**-**	5,630	**-**	-
Purchase of securities	**57,041**	30,346	**57,041**	30,346
Others	**4,430**	7,203	**-**	-
	61,471	43,179	**57,041**	30,346

9.2 Impairment allowance for loans, advances and financing are as follows:

(a) Term loans/financing and subordinated term loan

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of ECL allowances. Details of the Group's and of the Bank's internal rating system are explained in Note 51(a).

	2023			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
- Satisfactory	**438,091**	**-**	**-**	**438,091**
- Substandard	**84,870**	**38,182**	**-**	**123,052**
Total	**522,961**	**38,182**	**-**	**561,143**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

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

	2022			
Group **Internal rating grade**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Performing:				
- Satisfactory	374,906	-	-	374,906
- Substandard	62,613	63,386	-	125,999
Total	437,519	63,386	-	500,905

	2023			
Bank **Internal rating grade**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Performing:				
- Satisfactory	**476,158**	**-**	**-**	**476,158**
- Substandard	**84,870**	**38,182**	**-**	**123,052**
Total	**561,028**	**38,182**	**-**	**599,210**

	2022			
Internal rating grade	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Performing:				
- Satisfactory	445,021	-	-	445,021
- Substandard	62,613	63,386	-	125,999
Total	507,634	63,386	-	571,020

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans/financing and subordinated term loan is as follows:

	2023			
Group **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**437,519**	**63,386**	**-**	**500,905**
New assets originated or purchased	**273,305**	**4,059**	**-**	**277,364**
Assets derecognised or repaid (excluding write-offs)	**(187,863)**	**(29,263)**	**-**	**(217,126)**
As at 31 December	**522,961**	**38,182**	**-**	**561,143**

	2022			
Gross carrying amount	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	476,004	63,073	-	539,077
New assets originated or purchased	147,622	4,625	-	152,247
Assets derecognised or repaid (excluding write-offs)	(186,132)	(4,318)	-	(190,450)
Modification of contractual cash flow of assets	25	6	-	31
As at 31 December	437,519	63,386	-	500,905

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans/financing and subordinated term loan is as follows (cont'd.):

	2023			
Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**507,634**	**63,386**	**-**	**571,020**
New assets originated or purchased	**276,478**	**4,059**	**-**	**280,537**
Assets derecognised or repaid (excluding write-offs)	**(223,084)**	**(29,263)**	**-**	**(252,347)**
As at 31 December	**561,028**	**38,182**	**-**	**599,210**

	2022			
Gross carrying amount	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	532,582	63,073	-	595,655
New assets originated or purchased	165,979	4,625	-	170,604
Assets derecognised or repaid (excluding write-offs)	(190,952)	(4,318)	-	(195,270)
Modification of contractual cash flow of assets	25	6	-	31
As at 31 December	507,634	63,386	-	571,020

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans/financing and subordinated term loan is as follows (cont'd.):

	2023			
Group ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**170**	**2,900**	**-**	**3,070**
New assets originated or purchased	**531**	**-**	**-**	**531**
Assets derecognised or repaid (excluding write-offs)	**(226)**	**-**	**-**	**(226)**
Impact of remeasurement	**85**	**(159)**	**-**	**(74)**
Changes in model assumption or methodology	**(23)**	**-**	**-**	**(23)**
As at 31 December	**537**	**2,741**	**-**	**3,278**

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

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans/financing and subordinated term loan is as follows (cont'd.):

	2023			
Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**569**	**2,900**	**-**	**3,469**
New assets originated or purchased	**556**	**-**	**-**	**556**
Assets derecognised or repaid (excluding write-offs)	**(391)**	**-**	**-**	**(391)**
Impact of remeasurement	**(46)**	**(159)**	**-**	**(205)**
Changes in model assumption or methodology	**(8)**	**-**	**-**	**(8)**
As at 31 December	**680**	**2,741**	**-**	**3,421**

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

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(b) Share margin financing

Group and Bank Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Performing:				
- Strong	**350,187**	**51**	**-**	**350,238**
- Satisfactory	**726,587**	**12**	**-**	**726,599**
- Substandard	**357**	**-**	**-**	**357**
Non-performing:				
- Default	**-**	**-**	**57,041**	**57,041**
Total	**1,077,131**	**63**	**57,041**	**1,134,235**
2022				
Performing:				
- Strong	339,547	-	-	339,547
- Satisfactory	752,549	30,438	-	782,987
- Substandard	176	-	-	176
Non-performing:				
- Default	-	-	30,346	30,346
Total	1,092,272	30,438	30,346	1,153,056

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to share margin financing is as follows:

	2023			
Group and Bank Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**1,092,272**	**30,438**	**30,346**	**1,153,056**
New assets originated or purchased	**730,988**	**1,213**	**-**	**732,201**
Assets derecognised or repaid (excluding write-offs)	**(712,771)**	**(13,196)**	**(4,968)**	**(730,935)**
Transfers of stages	**(12,868)**	**(18,795)**	**31,663**	**-**
Impact of remeasurement	**(20,490)**	**403**	**-**	**(20,087)**
As at 31 December	**1,077,131**	**63**	**57,041**	**1,134,235**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(b) Share margin financing (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to share margin financing is as follows (cont'd.):

	2022			
Group and Bank Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	1,106,136	63	64,700	1,170,899
New assets originated or purchased	725,922	282	4,041	730,245
Assets derecognised or repaid (excluding write-offs)	(712,517)	(7,361)	(7,856)	(727,734)
Transfers of stages	(3,179)	33,684	(30,505)	-
Impact of remeasurement	(24,090)	3,770	(34)	(20,354)
As at 31 December	1,092,272	30,438	30,346	1,153,056

	2023			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**-**	**-**	**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	**-**	**-**	**3,296**	**3,296**

	2022			
ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	-	-	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	-	-	17,033	17,033

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees

Other lending and factoring receivables

	2023			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
- Strong	**5,022**	**-**	**-**	**5,022**
- Satisfactory	**-**	**737**	**-**	**737**
- Substandard	**2,011**	**-**	**-**	**2,011**
Non-performing:				
- Default	**-**	**-**	**4,430**	**4,430**
Total	**7,033**	**737**	**4,430**	**12,200**

	2022			
Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
- Strong	34,009	-	-	34,009
- Satisfactory	12,043	-	-	12,043
Non-performing:				
- Default	-	-	10,563	10,563
- Individually impaired	-	-	2,270	2,270
Total	46,052	-	12,833	58,885

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees (cont'd.)

Other lending and factoring receivables (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows:

	2023			
Group **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**46,052**	**-**	**12,833**	**58,885**
New assets originated or purchased	**13,433**	**-**	**706**	**14,139**
Assets derecognised or repaid (excluding write-offs)	**(41,586)**	**-**	**(8,625)**	**(50,211)**
Disposal of subsidiary	**(10,129)**	**-**	**(484)**	**(10,613)**
Transfers of stages	**(737)**	**737**	**-**	**-**
As at 31 December	**7,033**	**737**	**4,430**	**12,200**

	2022			
Gross carrying amount	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	69,062	5,239	8,441	82,742
New assets originated or purchased	102,748	233	895	103,876
Assets derecognised or repaid (excluding write-offs)	(125,758)	(264)	(1,711)	(127,733)
Transfers of stages	-	(5,208)	5,208	-
As at 31 December	46,052	-	12,833	58,885

	2023			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**-**	**-**	**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	**-**	**-**	**-**	**-**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees

Other lending and factoring receivables (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows (cont'd.):

	2022			
Group ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	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	-	-	2,270	2,270

Advances to group employees

	Group and Bank	
	2023 RM'000	**2022 RM'000**
Gross carrying amount	**-**	2

(d) Undrawn commitment

Group Internal rating grade	**2023 Stage 1 RM'000**	**2022 Stage 1 RM'000**
Performing:		
- Satisfactory	**119,933**	80,561

Bank Internal rating grade	**2023 Stage 1 RM'000**	**2022 Stage 1 RM'000**
Performing:		
- Satisfactory	**205,933**	170,561

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

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

	2023			
Group **Outstanding exposure**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**80,561**	**-**	**-**	**80,561**
New exposures	**428,743**	**-**	**-**	**428,743**
Exposures derecognised or matured/ lapsed (excluding write-offs)	**(389,371)**	**-**	**-**	**(389,371)**
As at 31 December	**119,933**	**-**	**-**	**119,933**

	2022			
Outstanding exposure	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	102,017	-	-	102,017
New exposures	257,411	-	-	257,411
Exposures derecognised or matured/ lapsed (excluding write-offs)	(278,867)	-	-	(278,867)
As at 31 December	80,561	-	-	80,561

	2023			
Bank **Outstanding exposure**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**170,561**	**-**	**-**	**170,561**
New exposures	**424,743**	**-**	**-**	**424,743**
Exposures derecognised or matured/ lapsed (excluding write-offs)	**(389,371)**	**-**	**-**	**(389,371)**
As at 31 December	**205,933**	**-**	**-**	**205,933**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

An analysis of changes in the outstanding exposure and the corresponding ECL allowances in relation to undrawn commitment is as follows (cont'd.):

	2022			
Bank **Outstanding exposure**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	185,517	-	-	185,517
New exposures	278,911	-	-	278,911
Exposures derecognised or matured/ lapsed (excluding write-offs)	(293,867)	-	-	(293,867)
As at 31 December	170,561	-	-	170,561

	2023			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**-**	**-**	**-**	**-**
New exposures	**160**	**-**	**-**	**160**
Impact of net remeasurement	**(67)**	**-**	**-**	**(67)**
Changes in model assumption or methodology	**(51)**	**-**	**-**	**(51)**
As at 31 December	**42**	**-**	**-**	**42**

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

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

Bank ECL allowances	2023 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	**66**	**-**	**-**	**66**
New exposures	**230**	**-**	**-**	**230**
Exposures derecognised or repaid (excluding write-offs)	**-**	**-**	**-**	**-**
Impact of net remeasurement	**(113)**	**-**	**-**	**(113)**
Changes in model assumption or methodology	**(102)**	**-**	**-**	**(102)**
As at 31 December	**81**	**-**	**-**	**81**

ECL allowances	2022 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	44	-	-	44
New exposures	89	-	-	89
Exposures derecognised or repaid (excluding write-offs)	(67)	-	-	(67)
As at 31 December	66	-	-	66

10. BALANCES DUE FROM CLIENTS AND BROKERS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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

10.1 ECL allowance for balances due from clients and brokers are as follows:

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

Group and Bank	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
2023			
ECL allowances			
As at 1 January	**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	**1,553**	**1,255**	**2,808**

	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
2022			
ECL allowances			
As at 1 January	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	1,531	1,246	2,777

11. OTHER ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Assets segregated for customers	(a)	**54,658**	56,596	**-**	-
Interest/income receivable		**12,981**	9,602	**12,683**	9,424
Amounts due from subsidiaries	(b)	**-**	-	**27,784**	30,581
Amounts due from related parties	(c)	**53**	49	**53**	49
Prepayments and deposits		**21,907**	21,217	**18,950**	18,496
Other debtors	(d)	**137,517**	107,515	**91,288**	73,927
Dividend receivable from subsidiaries		**-**	-	**52,000**	-
Amounts due from trustees		**-**	433	**-**	-
		227,116	195,412	**202,758**	132,477
Allowance for ECL					
- Other debtors	11.1	**(35,735)**	(11,659)	**(24,002)**	(6,804)
- Amount due from subsidiaries	11.2	**-**	-	**(94)**	(240)
		191,381	183,753	**178,662**	125,433

11.1 ECL allowance for other debtors are as follows:

Group ECL allowances	2023 Non-Credit Impaired RM'000	2023 Credit-Impaired RM'000	2023 Total RM'000
As at 1 January	**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**	**-**
Impact of net remeasurement	**-**	**9,268**	**9,268**
Changes in model assumption or methodology	**-**	**4,063**	**4,063**
As at 31 December	**141**	**35,594**	**35,735**

11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Group ECL allowances	2022 Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
As at 1 January	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	-
Impact of net remeasurement	-	1,193	1,193
As at 31 December	404	11,255	11,659

Bank ECL allowances	2023 Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
As at 1 January	**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**	**-**
Impact of net remeasurement	**-**	**9,268**	**9,268**
Changes in model assumption or methodology	**-**	**4,063**	**4,063**
As at 31 December	**141**	**23,861**	**24,002**

11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Bank ECL allowances	2022 Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
As at 1 January	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	-
Impact of net remeasurement	-	1,193	1,193
As at 31 December	404	6,400	6,804

11.2 ECL allowance for amounts due from subsidiaries are as follows:

Bank ECL allowances	2023 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	**240**	**-**	**-**	**240**
Impact of net remeasurement	**(146)**	**-**	**-**	**(146)**
As at 31 December	**94**	**-**	**-**	**94**

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

11. OTHER ASSETS (CONT'D.)

(a) Assets segregated for customers

These represent margin deposits paid by a subsidiary to Bursa Malaysia Derivatives Clearing Berhad.

(b) Amounts due from subsidiaries

Included in the amount due from subsidiaries is a term loan of RM30.0 million to a subsidiary, Kenanga Investors Berhad. The loan is unsecured and bears interest of 1.0% (2022: 1.0%) per annum above cost of funds. The tenure for the loan is 6 years from 5 July 2019.

(c) Amounts due from related parties

Amounts due from all related parties comprised of payments of expenses made on behalf of these related parties and are unsecured, non-interest bearing and repayable on demand.

(d) Other debtors

Included in other debtors are receivables from corporate advisory billings which are non-interest bearing and generally on 30 day (2022: 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA ("BNM")

The non-interest bearing statutory deposit is maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009. The amount is determined as a set percentage of net eligible liabilities.

13. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2023 RM'000	2022 RM'000
Unquoted shares:		
At cost	**73,064**	73,064
Less: Accumulated impairment losses	**(12,252)**	(12,252)
	60,812	60,812

Details of the subsidiaries are as follows:

		Effective equity interest	
Name	Principal activities	2023 %	2022 %
Local subsidiaries			
Kenanga Futures Sdn Bhd	Futures broker	**100**	100
Kenanga Nominees (Asing) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Private Equity Sdn Bhd	Private equity management	**100**	100
ECML Berhad	Dealings in securities and derivatives, and provision of corporate finance and other advisory services	**100**	100
Kenanga Digital Sdn Bhd	Online digital platform or portal business and provision of information technology services	**100**	100
Avenue Kestrel Sdn Bhd	Dormant (previously a stock broking business)	**100**	100
K & N Kenanga Holdings Berhad	Investment holding	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows (cont'd.):

Name	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Local subsidiaries (cont'd.)			
The subsidiary of K & N Kenanga Holdings Berhad is:			
SSSB Management Services Sdn Bhd	Dormant (previously a stock broking business)	**100**	100
Kenanga Management & Services Sdn Bhd	Investment in property and provision of management and maintenance services	**100**	100
Kenanga Investors Berhad	Promotion and management of collective investment schemes and management of investment funds	**100**	100
The subsidiaries of Kenanga Investors Berhad are:			
Kenanga Islamic Investors Berhad	Management of Islamic collective investment schemes and Islamic investment funds	**100**	100
i-VCAP Management Sdn Bhd ("i-VCAP")	Provision of Shariah-compliant investment management services	**100**	100
KUT Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
KUT Nominees (Asing) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Trustees Berhad ^* (f.k.a. Kenanga Funds Berhad)	Provision of trustee services	**100**	100
Kenanga Capital Sdn Bhd	Licensed money lender	**100**	100
The associate of Kenanga Capital Sdn Bhd is:			
Kenanga Capital Islamic Sdn Bhd *	Islamic factoring and leasing	**~**	51

^ *Kenanga Funds Berhad has changed its name to Kenanga Trustees Berhad effective 25 August 2023.*

* *Details of changes in composition of the Group are disclosed in Note 56 (a)(i) and Note 56 (a)(ii).*

~ *Refer to Note 14 (a).*

14. INVESTMENTS IN ASSOCIATES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares at cost	**71,618**	69,834	**68,435**	68,435
Share of post acquisition gain	**23,904**	14,926	**-**	-
Share of changes in other comprehensive income/ (loss)	**3,993**	(4,500)	**-**	-
Dividends received	**(2,182)**	(102)	**-**	-
Foreign exchange differences	**28,835**	24,074	**-**	-
	126,168	104,232	**68,435**	68,435
Less: Accumulated impairment losses	**(4,549)**	(4,549)	**-**	-
	121,619	99,683	**68,435**	68,435
Represented by:				
Share of net tangible assets	**121,619**	99,683		

(a) Details of the associates are as follows:

Name	Place of incorporation	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Kenanga Investment Corporation Ltd *	Sri Lanka	Investment banking related activities	**45.0**	45.0
Al Wasatah Al Maliah Company * ("Wasatah Capital")	Kingdom of Saudi Arabia	Dealing as principal and provision of underwriting, arranging, managing investment funds and custodian services	**29.6**	29.6
Kenanga Capital Islamic Sdn Bhd * ^	Malaysia	Islamic factoring and leasing	**20.0**	~

* *Audited by firms other than Messrs. Ernst & Young PLT.*

^ *Details of changes in composition of the Group are disclosed in Note 56 (a)(i).*

~ *Refer to Note 13.*

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(a) Details of the associates are as follows (cont'd.):

The Group and the Bank carried out an impairment assessment on the associates in accordance with the accounting policy stated in Note 3.4(l). The recoverable amount is based on the Group's share of net tangible assets of the associates. Based on management's assessment, the Group and the Bank have made adequate provision for impairment loss on the investments as at the financial year end.

(b) Summarised financial information of the material associate is as follows:

The summarised financial information represents the amounts in the MFRS financial statements of the material associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Wasatah Capital	
	2023 RM'000	2022 RM'000
Current assets	**216,684**	218,134
Non-current assets	**192,118**	128,266
Total assets	**408,802**	346,400
Current liabilities	**24,407**	25,923
Non-current liabilities	**5,549**	4,809
Total liabilities	**29,956**	30,732
Net assets *	**378,846**	315,668

* *The net assets are net of zakat expenses which are not shared by non-Saudi shareholders in accordance with the regulations of Zakat department of Zakat & Income Tax as applicable in the Kingdom of Saudi Arabia. Therefore, the net assets will not represent the Group's and the Bank's share of net assets in Wasatah Capital as disclosed in Note 14(b)(iii) below. The difference will be the total zakat expenses that were fully borne by the Saudi shareholders.*

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(b) Summarised financial information of the material associate is as follows (cont'd.):

(ii) Summarised statement of profit or loss and other comprehensive income

	Wasatah Capital	
	2023 RM'000	2022 RM'000
Revenue	**54,632**	70,091
Profit before taxation	**30,570**	38,416
Tax expense	**(1,616)**	(3,577)
Profit after taxation	**28,954**	34,839
Other comprehensive income	**33,005**	189
Total comprehensive income	**61,959**	35,028

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the material associate

	Wasatah Capital	
	2023 RM'000	2022 RM'000
Net assets at 1 January	**367,557**	312,124
Profit before taxation	**30,570**	38,416
Other comprehensive income	**33,005**	189
Movement of foreign exchange reserve	**15,794**	16,828
Net assets at 31 December	**446,926**	367,557
Interest in Wasatah Capital	**29.60%**	29.60%
Share of net assets at 31 December	**132,290**	108,797
Dividend received	**(2,080)**	-
Accumulated Group's share of tax expense	**(6,648)**	(5,031)
Accumulated impairment losses	**(4,549)**	(4,549)
Carrying value of the Group's interest in Wasatah	**119,013**	99,217
Carrying value of other associates	**2,606**	466
Total carrying value of Group's interest in associates	**121,619**	99,683

(c) Aggregate information of associates that are not individually material

	2023 RM'000	2022 RM'000
The Group's share of results in associates, inclusive of total comprehensive income	**272**	8

15. INVESTMENT IN JOINT VENTURES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares				
At beginning of the financial year	**41,550**	40,000	**41,550**	40,000
Add: Subscription of new shares	**6,516**	1,550	**6,516**	1,550
	48,066	41,550	**48,066**	41,550
Cumulative share of results	**(16,416)**	(14,981)	**-**	-
At the end of financial year	**31,650**	26,569	**48,066**	41,550

(a) The summarised income and expenses of the joint ventures are as follows:

	Group	
	2023 RM'000	2022 RM'000
Revenue	**38,466**	31,645
Loss after taxation	**(2,856)**	(13,900)

(b) The summarised assets and liabilities of the joint ventures are as follows:

	Group	
	2023 RM'000	2022 RM'000
Total assets	**569,634**	566,646
Total liabilities	**505,086**	513,326

(c) Details of the joint ventures held by the Bank are as follows:

	Percentage (%) of equity held		
Name	2023	2022	Principal activities
Rakuten Trade Sdn Bhd	**50**	50	Provision of online brokerage services
Rakuten Trade Singapore Pte. Ltd.	**50**	50	Dealing in securities, securities financing and providing custodia services for securities

16. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2023									
Cost									
At 1 January 2023	81,910	46,830	4,722	37,137	28,086	26,348	34,724	847	260,604
Transfer *	-	-	-	21	-	-	-	-	21
Disposal of a subsidiary (Note 56(a)(i))	-	-	-	(67)	(5)	(28)	(12)	-	(112)
Additions	-	-	890	1,248	363	447	682	4,156	7,786
Reclassification	-	-	5	243	187	829	3,165	(4,429)	-
Disposals/write-off	-	-	-	(276)	(39)	(313)	(395)	-	(1,023)
Adjustment to expenses	-	-	-	-	-	-	-	(24)	(24)
At 31 December 2023	81,910	46,830	5,617	38,306	28,592	27,283	38,164	550	267,252
Accumulated depreciation									
At 1 January 2023	-	6,310	3,921	27,288	19,940	21,323	25,601	-	104,383
Disposal of a subsidiary (Note 56(a)(i))	-	-	-	(57)	(5)	(23)	(11)	-	(96)
Depreciation charge for the financial year (Note 34)	-	936	452	4,340	2,200	1,268	1,986	-	11,182
Disposals/write-off	-	-	-	(259)	(33)	(309)	(392)	-	(993)
At 31 December 2023	-	7,246	4,373	31,312	22,102	22,259	27,184	-	114,476
Net carrying amount									
At 31 December 2023	81,910	39,584	1,244	6,994	6,490	5,024	10,980	550	152,776

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2022									
Cost									
At 1 January 2022	81,910	46,830	6,430	33,098	28,159	27,494	35,267	3,638	262,826
Transfer *	-	-	-	900	-	-	-	(909)	(9)
Additions	-	-	199	1,812	658	52	444	2,010	5,175
Reclassification	-	-	-	2,384	98	314	1,096	(3,892)	-
Disposals/write-off	-	-	(1,907)	(1,057)	(829)	(1,512)	(2,083)	-	(7,388)
At 31 December 2022	81,910	46,830	4,722	37,137	28,086	26,348	34,724	847	260,604
Accumulated depreciation									
At 1 January 2022	-	5,373	5,503	23,514	18,466	21,444	25,051	-	99,351
Transfer *	-	-	-	33	-	-	-	-	33
Depreciation charge for the financial year (Note 34)	-	937	325	4,785	2,152	1,307	1,966	-	11,472
Disposals/write-off	-	-	(1,907)	(1,044)	(678)	(1,428)	(1,416)	-	(6,473)
At 31 December 2022	-	6,310	3,921	27,288	19,940	21,323	25,601	-	104,383
Net carrying amount									
At 31 December 2022	81,910	40,520	801	9,849	8,146	5,025	9,123	847	156,221

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2023									
Cost									
At 1 January 2023	81,910	46,830	4,436	34,100	26,599	24,065	29,897	307	248,144
Additions	-	-	660	1,112	301	438	674	181	3,366
Reclassification	-	-	5	-	-	-	297	(302)	-
Disposals/write-off	-	-	-	(269)	(7)	(313)	(394)	-	(983)
At 31 December 2023	81,910	46,830	5,101	34,943	26,893	24,190	30,474	186	250,527
Accumulated depreciation									
At 1 January 2023	-	6,311	3,856	24,862	18,929	19,903	23,254	-	97,115
Depreciation charge for the financial year (Note 34)	-	936	363	3,924	2,061	1,101	1,484	-	9,869
Disposals/write-off	-	-	-	(254)	(6)	(310)	(393)	-	(963)
At 31 December 2023	-	7,247	4,219	28,532	20,984	20,694	24,345	-	106,021
Net carrying amount									
At 31 December 2023	81,910	39,583	882	6,411	5,909	3,496	6,129	186	144,506

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2022									
Cost									
At 1 January 2022	81,910	46,830	6,174	30,364	26,843	25,531	31,420	3,371	252,443
Transfer *	-	-	-	900	-	-	-	(909)	(9)
Additions	-	-	-	1,536	582	47	369	302	2,836
Reclassification	-	-	-	2,266	-	-	191	(2,457)	-
Disposals/write-off	-	-	(1,738)	(966)	(826)	(1,513)	(2,083)	-	(7,126)
At 31 December 2022	81,910	46,830	4,436	34,100	26,599	24,065	29,897	307	248,144
Accumulated depreciation									
At 1 January 2022	-	5,374	5,313	21,363	17,571	20,139	23,059	-	92,819
Transfer *	-	-	-	33	-	-	-	-	33
Depreciation charge for the financial year (Note 34)	-	937	281	4,432	2,034	1,192	1,611	-	10,487
Disposals/write-off	-	-	(1,738)	(966)	(676)	(1,428)	(1,416)	-	(6,224)
At 31 December 2022	-	6,311	3,856	24,862	18,929	19,903	23,254	-	97,115
Net carrying amount									
At 31 December 2022	81,910	40,519	580	9,238	7,670	4,162	6,643	307	151,029

* *Transfer from/(to) computer software.*

17. INTANGIBLE ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Total intangible assets					
With indefinite useful life					
Goodwill	(a)	**241,027**	241,027	**252,909**	252,909
Merchant banking licence	(b)	**52,500**	52,500	**52,500**	52,500
Fund management contracts	(c)	**4,169**	4,169	**-**	-
Trading and clearing rights for derivatives broking	(e)	**416**	416	**-**	-
With definite useful life					
Computer software and work-in-progress	(d)	**33,092**	28,273	**30,511**	25,723
Client relationships	(f)	**2,405**	2,834	**-**	-
		333,609	329,219	**335,920**	331,132
(a) Goodwill					
Cost					
At beginning of the financial year		**276,794**	277,044	**288,676**	288,676
Reclassified to client relationships		**-**	(250)	**-**	-
At end of the financial year		**276,794**	276,794	**288,676**	288,676
Accumulated impairment loss					
At beginning/end of the financial year		**35,767**	35,767	**35,767**	35,767
Net carrying amount		**241,027**	241,027	**252,909**	252,909
(b) Merchant banking licence					
Carrying amount					
At beginning/end of the financial year		**52,500**	52,500	**52,500**	52,500
(c) Fund management contracts					
Carrying amount					
At beginning/end of the financial year		**4,169**	4,169	**-**	-

17. INTANGIBLE ASSETS (CONT'D.)

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
(d) Computer software and work-in-progress					
(i) Computer software					
Cost					
At beginning of the financial year		**65,153**	56,365	**60,994**	52,093
Transfer *		**(21)**	9	**-**	9
Disposal of a subsidiary (Note 56(a)(i))		**(58)**	-	**-**	-
Additions		**8,507**	5,333	**7,382**	4,187
Reclassification		**2,384**	4,855	**2,384**	4,855
Disposals/write-off		**(83)**	(150)	**(83)**	(150)
Adjustment to expenses		**-**	(1,259)	**-**	-
At end of the financial year		**75,882**	65,153	**70,677**	60,994
Accumulated amortisation					
At beginning of the financial year		**42,170**	36,250	**38,637**	33,244
Transfer *		**-**	(33)	**-**	(33)
Disposal of a subsidiary (Note 56(a)(i))		**(25)**	-	**-**	-
Amortisation (Note 34)		**7,225**	6,035	**6,185**	5,508
Disposals/write-off		**(51)**	(82)	**(51)**	(82)
At end of the financial year		**49,319**	42,170	**44,771**	38,637
Net carrying amount		**26,563**	22,983	**25,906**	22,357

* *Transfer (to)/from property, plant and equipment.*

(ii) Work-in-progress					
Cost					
At beginning of the financial year		**5,290**	9,652	**3,366**	7,728
Addition		**3,818**	3,459	**3,818**	3,459
Reclassification		**(2,384)**	(4,855)	**(2,384)**	(4,855)
Disposals/write-off		**-**	(1,210)	**-**	(1,210)
Adjustment to expenses		**-**	(1,756)	**-**	(1,756)
At end of the financial year		**6,724**	5,290	**4,800**	3,366
Accumulated impairment loss					
At beginning of the financial year		**-**	-	**-**	-
Impaired loss charged		**195**	-	**195**	-
At end of the financial year		**195**	-	**195**	-
Net carrying amount		**6,529**	5,290	**4,605**	3,366

17. INTANGIBLE ASSETS (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(e) Trading and clearing rights for derivatives broking				
Carrying amount				
At beginning/end of the financial year	**416**	416	**-**	-
(f) Client relationships				
Carrying amount				
At beginning of the financial year	**2,834**	2,932	**-**	-
Reclassified from goodwill	**-**	250	**-**	-
Reclassified from deferred tax	**-**	79	**-**	-
Amortisation (Note 34)	**(429)**	(427)	**-**	-
At end of the financial year	**2,405**	2,834	**-**	-

(g) Impairment test on intangible assets

Goodwill and client relationships

Goodwill and client relationships have been allocated to the following CGUs:

	Group	
	2023 RM'000	2022 RM'000
Stockbroking	**147,459**	147,459
Investment banking	**55,651**	55,651
Investment management	**40,322**	40,751
	243,432	243,861

Clients relationships

- Intangible asset relating to client relationships arising from the acquisition of one of the Bank's subsidiary operations is allocated to the unit trust and asset management (investment management) CGU.

Merchant banking licence

- Merchant banking licence which is allocated to the Bank's stockbroking and investment banking CGUs represents contribution to BNM for a licence to carry on merchant banking business to transform the Bank from a Universal Broker into an Investment Bank.

17. INTANGIBLE ASSETS (CONT'D.)

(g) Impairment test on intangible assets (cont'd.)

Fund management contracts

- Intangible asset relating to fund management contracts arising from the acquisition of one of the Bank's subsidiary operations is allocated to the unit trust and asset management (investment management) CGU.

Trading and clearing rights

- The value of trading and clearing rights issued by Bursa Malaysia Derivatives Berhad which is allocated to the futures broking CGU.

Key assumptions used in value-in-use calculations

For annual impairment testing purposes, the recoverable amounts of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use is computed by discounting the future cash flows of the unit, which is based on financial budget and projections approved by the Board.

The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of intangible assets:

(i) Cash flow projections and growth rates

Cash flow projections for the first to third year are based on the most recent three years financial budget and business plan approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the fourth to fifth year are extrapolated using growth rates of 5% to 10% in revenue and expenses of the business. Cash flows beyond the fifth year are projected to remain constant and estimated as a terminal value by discounting future cash flows to present value.

(ii) Discount rate

The discount rate used is based on the business units' pre-tax weighted average cost of capital plus an appropriate risk premium at the date of assessment is at 8.32% (2022: 8.59%) per annum.

17. INTANGIBLE ASSETS (CONT'D.)

(h) Sensitivity to changes in assumptions

Management believes that a reasonably possible change in any of the above key assumptions would not cause, on overall basis, the recoverable amounts of the intangible assets to be lower than the carrying values of the CGUs.

18. RIGHT-OF-USE ASSETS

	Group		Bank	
Building	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost				
At 1 January	**34,255**	33,507	**28,057**	29,606
Additions	**9,899**	20,170	**8,376**	17,646
Derecognition	**(11,869)**	(19,422)	**(7,495)**	(19,195)
At 31 December	**32,285**	34,255	**28,938**	28,057
Accumulated amortisation				
At 1 January	**9,291**	15,034	**7,517**	14,402
Amortisation for the financial year (Note 34)	**8,640**	8,039	**6,672**	6,660
Derecognition	**(9,872)**	(13,782)	**(5,498)**	(13,545)
At 31 December	**8,059**	9,291	**8,691**	7,517
Net carrying amount				
At 31 December	**24,226**	24,964	**20,247**	20,540

19. DEFERRED TAXATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	**25,120**	30,605	**12,966**	15,219
Disposal of a subsidiary (Note 56 (a)(i))	**(40)**	-	**-**	-
Reclassification *	**-**	(79)	**-**	-
Recognised in profit or loss (Note 41)	**2,957**	(7,759)	**(3,566)**	(4,606)
Recognised in other comprehensive income	**(2,593)**	2,353	**(2,593)**	2,353
At 31 December	**25,444**	25,120	**6,807**	12,966

Deferred tax assets and liabilities on the statements of financial position are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	**25,500**	25,184	**6,807**	12,966
Deferred tax liabilities	**(56)**	(64)	**-**	-
	25,444	25,120	**6,807**	12,966

* *Arising from Purchase Price Allocation exercise on i-VCAP and reclassification of goodwill to customer relationship, the Group has recognised deferred tax liability of RM79,000.*

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	**39,173**	36,691	**18,914**	24,350
Deferred tax liabilities	**(13,729)**	(11,571)	**(12,107)**	(11,384)
	25,444	25,120	**6,807**	12,966

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Fair value reserve RM'000	Excess of capital allowances over depreciation RM'000	Intangible assets/ Right-of-use assets RM'000	Total RM'000
At 1 January 2023	**-**	**(6,646)**	**(4,925)**	**(11,571)**
Disposal of a subsidiary (Note 56 (a)(i))	**-**	**(2)**	**-**	**(2)**
Recognised in profit or loss	**-**	**(753)**	**(1,116)**	**(1,869)**
Recognised in other comprehensive income	**(287)**	**-**	**-**	**(287)**
At 31 December 2023	**(287)**	**(7,401)**	**(6,041)**	**(13,729)**
At 1 January 2022	(199)	(8,449)	(3,565)	(12,213)
Transfer to intangible assets	-	-	(79)	(79)
Recognised in profit or loss	-	1,803	(1,281)	522
Recognised in other comprehensive income	199	-	-	199
At 31 December 2022	-	(6,646)	(4,925)	(11,571)

Deferred tax assets of the Group:

	Fair value reserve RM'000	Impairment allowance and provisions RM'000	Unabsorbed capital allowances and tax losses RM'000	Intangible assets/ Lease liabilities RM'000	Total RM'000
At 1 January 2023	**2,306**	**22,518**	**7,178**	**4,689**	**36,691**
Disposal of a subsidiary (Note 56 (a)(i))	**-**	**(38)**	**-**	**-**	**(38)**
Recognised in profit or loss	**-**	**5,010**	**(2,940)**	**2,756**	**4,826**
Recognised in other comprehensive income	**(2,306)**	**-**	**-**	**-**	**(2,306)**
At 31 December 2023	**-**	**27,490**	**4,238**	**7,445**	**39,173**

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

Deferred tax assets of the Group:

	Fair value reserve RM'000	Impairment allowance and provisions RM'000	Unabsorbed capital allowances and tax losses RM'000	Intangible assets/ Lease liabilities RM'000	Total RM'000
At 1 January 2022	152	39,561	-	3,105	42,818
Recognised in profit or loss	-	(17,043)	7,178	1,584	(8,281)
Recognised in other comprehensive income	2,154	-	-	-	2,154
At 31 December 2022	2,306	22,518	7,178	4,689	36,691

Deferred tax liabilities of the Bank:

	Fair value reserve RM'000	Excess of capital allowances over depreciation RM'000	Right-of-use assets RM'000	Total RM'000
At 1 January 2023	**-**	**(6,454)**	**(4,930)**	**(11,384)**
Recognised in profit or loss	**-**	**(355)**	**71**	**(284)**
Recognised in other comprehensive income	**(439)**	**-**	**-**	**(439)**
At 31 December 2023	**(439)**	**(6,809)**	**(4,859)**	**(12,107)**
At 1 January 2022	(199)	(8,234)	(3,649)	(12,082)
Recognised in profit or loss	-	1,780	(1,281)	499
Recognised in other comprehensive income	199	-	-	199
At 31 December 2022	-	(6,454)	(4,930)	(11,384)

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

Deferred tax assets of the Bank:

	Fair value reserve RM'000	Unabsorbed capital allowances and tax losses RM'000	Impairment allowance and provisions RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2023	**2,154**	**7,205**	**9,379**	**5,612**	**24,350**
Recognised in profit or loss	**-**	**(4,920)**	**1,404**	**234**	**(3,282)**
Recognised in other comprehensive income	**(2,154)**	**-**	**-**	**-**	**(2,154)**
At 31 December 2023	**-**	**2,285**	**10,783**	**5,846**	**18,914**
At 1 January 2022	-	-	23,257	4,044	27,301
Recognised in profit or loss	-	7,205	(13,878)	1,568	(5,105)
Recognised in other comprehensive income	2,154	-	-	-	2,154
At 31 December 2022	2,154	7,205	9,379	5,612	24,350

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses carried forward	**19,259**	21,310
Unutilised capital allowances carried forward	**2,573**	2,473
	21,832	23,783

On 27 December 2018, the Finance Act 2018 was gazetted and section 10 of the Finance Act 2018 made amendments to Section 44 of Income Tax Act 1967 ("ITA"). Effective year of assessment ("YA") 2019, the ability to carry forward the unabsorbed losses is restricted to a maximum period of ten (10) consecutive years. The unabsorbed capital allowances for the Group are not subject to ten (10) year limitation period and available for offsetting against future taxable profits of the Group. These utilisation of carried forward tax losses and allowances are also subject to no substantial change in shareholding of the Group under the Income Tax Act 1967 and guidelines issued by the tax authority.

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
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
Negotiable instruments of deposits	**145,127**	128,684	**145,127**	128,684
Call money deposits	**90,070**	67,265	**90,070**	67,265
	3,610,595	3,161,078	**3,764,714**	3,299,305
(i) The maturity structure is as follows:				
On demand	**90,070**	67,265	**90,070**	67,265
Due within six months	**2,559,141**	2,625,352	**2,713,260**	2,763,579
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
(ii) The deposits are sourced from the following types of customers:				
Government and 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

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2023 RM'000	2022 RM'000
Licensed banks	**14,579**	-
Licensed investment banks	**100,000**	50,000
Other financial institutions	**217,224**	365,359
	331,803	415,359

22. BALANCES DUE TO CLIENTS AND BROKERS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balances due to clients and brokers	**775,015**	732,709	**344,719**	262,976

Balances due to clients and brokers represent amounts payable in respect of outstanding contracts entered into on behalf of these clients where settlements have yet to be made. These balances are generally on 1 to 2 trading days (2022: 1 to 2 trading days) term.

23. DERIVATIVE FINANCIAL LIABILITIES

	Group and Bank	
	2023 RM'000	2022 RM'000
At fair value		
Dual currency investment - Options	**5**	10
Equity related contracts - Options	**40,124**	15,688
Equity related contract - Swaps	**1,012**	798
Equity related contract - Forward	**3,956**	-
	45,097	16,496
Contract/notional amount		
Dual currency investment - Options	**3,074**	2,126
Equity related contracts - Options	**498,986**	159,722
Equity related contract - Swaps	**33,374**	11,438
Equity related contract - Forward	**80,738**	-
	616,172	173,286

The contractual or underlying notional amounts of derivative financial liabilities held at fair value through profit or loss reflect the value of transactions outstanding as at reporting date, and do not represent amounts at risk.

24. OTHER LIABILITIES

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Interest/income payable		**28,775**	16,041	**29,226**	16,074
Retention for contra losses		**17**	16	**17**	16
Structured products		**3,474**	2,879	**3,474**	2,879
Accruals and provisions	(i)	**190,739**	184,440	**65,028**	60,859
Amount held in trust on behalf of:					
- Dealer's representatives		**89,022**	88,115	**89,022**	88,115
Securities borrowing and lending		**8,722**	11,635	**8,722**	11,635
Deposits and other creditors		**72,387**	63,226	**66,548**	69,109
Amount due to trustees		**37,329**	906	**-**	-
Amount due to subsidiaries		**-**	-	**9**	40
		430,465	367,258	**262,046**	248,727

(i) The movements of provisions included in accruals and provisions are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
As at 1 January	**33,698**	59,954	**11,838**	42,533
Provisions made, net	**37,463**	29,572	**19,680**	8,805
Utilisations	**(30,704)**	(55,828)	**(13,952)**	(39,500)
As at 31 December	**40,457**	33,698	**17,566**	11,838

The nature of the provisions made above are for provision for annual leave, bonus, commitments and contingencies and directors' fee.

25. OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Financial investments at AC	**97,232**	-

26. BORROWINGS

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured:					
Revolving bank loan	(a)	-	8,000	-	8,000
Unsecured:					
Revolving bank loans	(b)	-	17,500	-	-
Subordinated notes	(c)	**180,500**	180,500	**180,500**	180,500
		180,500	206,000	**180,500**	188,500

(a) The revolving bank loan has been fully repaid on 29 September 2023 (2022: RM8.0 million) and bore interest of 0.5% per annum above cost of funds. The loan was secured by a first party legal charge over Kenanga Tower, the corporate office building of Kenanga Investment Bank Berhad. The tenure for the loan was seven (7) years from 24 May 2016.

(b) For financial year ended 2022, the revolving bank loans bore interest of 1.50% to 2.00% over cost of funds plus cost of maintaining statutory reserve and liquidity requirements and were payable on maturity of the loans. The maximum tenure for the loans was three (3) months. The revolving bank loans were fully repaid on 8 November 2023.

(c) On 27 March 2017, the Bank established a RM250.0 million Tier 2 Subordinated Note Programme in nominal value which has a tenure of up to thirty (30) years.

The outstanding Subordinated Notes under this programme as at 31 December 2023 are as follows:

Issue date	Tranches	RM'000	Rate (p.a.)	Tenure
20 March 2020	4	50,000	5.25%	10 years (non-callable 5 years)
28 August 2020	5	47,000	4.40%	
28 May 2021	6	63,500	4.48%	
10 February 2023	7	20,000	5.60%	
		180,500		

The Bank has fully redeemed the tranche 2 and tranche 3 of its Subordinated Notes with nominal value of RM10.0 million each on 31 July 2023 and 18 September 2023, respectively.

27. LEASE LIABILITIES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January	**25,324**	18,829	**20,757**	15,473
Additions	**9,899**	20,170	**8,376**	17,646
Accretion of interest	**475**	894	**879**	743
Payments	**(9,021)**	(8,922)	**(7,491)**	(7,448)
Derecognition	**(1,927)**	(5,647)	**(1,927)**	(5,657)
As at 31 December	**24,750**	25,324	**20,594**	20,757

The maturity analysis of lease liabilities is disclosed as below:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within 1 year	**6,529**	7,772	**6,230**	6,445
Between one and five years	**18,221**	17,552	**14,364**	14,312
	24,750	25,324	**20,594**	20,757

28. SHARE CAPITAL

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid:				
Ordinary shares				
As at 1 January/31 December	**735,762**	735,762	**253,834**	253,834

TREASURY SHARES

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
At 1 January	**13,484**	10,476	**13,538**	13,064
Share buy-back	**-**	15,682	**-**	16,097
Transfer to staff pursuant to ESS exercise	**(1,792)**	(12,674)	**(1,799)**	(15,623)
At 31 December	**11,692**	13,484	**11,739**	13,538

28. TREASURY SHARES (CONT'D.)

The shareholders of the Bank, via an ordinary resolution passed at the Annual General Meeting held on 25 May 2023, had approved its plan to purchase its own shares up to 10% of existing total issued and paid-up share capital.

In the previous financial year, the Bank bought back 15,681,600 ordinary shares at an average price of RM1.0265 from the open market. The share buy-back transactions were financed by internally generated funds. As at 31 December 2023, the total number of shares held as treasury shares in accordance with the provisions of Section 127 of the Companies Act 2016 was 11,692,800. Accordingly the adjusted issued and paid-up share capital of the Bank (excluding 11,692,800 treasury shares) as at 31 December 2023 was RM242,094,762 (2022: RM240,296,155) comprising 724,069,799 (2022: 722,278,299) shares.

29. RESERVES

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable:					
Capital reserve		**88,938**	88,938	**153,863**	153,863
Fair value reserve	(a)	**6,849**	(10,922)	**2,856**	(6,422)
Exchange reserve	(b)	**28,836**	24,075	**-**	-
Regulatory reserve	(c)	**16,064**	17,192	**16,064**	17,192
ESS reserve		**1,317**	1,794	**1,317**	1,794
		142,004	121,077	**174,100**	166,427
Distributable:					
Retained profits		**686,876**	655,907	**609,024**	597,058
		828,880	776,984	**783,124**	763,485

The nature and purpose of each category of reserves are as follows:

(a) Fair value reserve is in respect of unrealised fair value gains and losses on financial investments at FVOCI, net of tax.

(b) The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the associated companies.

(c) Regulatory reserve is maintained in addition to the impairment allowance for non-impaired credit exposures that has been assessed and recognised in accordance with MFRS in compliance with BNM requirements.

30. OPERATING REVENUE

Revenue of the Group comprises all types of revenue derived from brokerage, lending, treasury, investment, trading and investment management and other banking activities undertaken by the Group.

Revenue of the Bank comprises all types of revenue derived from brokerage, lending, treasury, investment, trading and other banking activities undertaken by the Bank.

31. INTEREST INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans *	**120,285**	113,000	**122,018**	111,229
Money at call and deposit placements with financial institutions	**77,171**	58,078	**64,127**	50,680
Financial investments measured at FVOCI	**14,932**	15,863	**14,932**	15,863
Financial investments at amortised cost	**14,060**	8,276	**14,060**	8,276
Others	**30,488**	27,322	**30,412**	27,316
	256,936	222,539	**245,549**	213,364

* *Included reversal of net modification loss relating to COVID-19 relief measures of the Group and of the Bank of RM41,000 (2022: reversal of RM31,000) in the current financial year.*

32. INTEREST EXPENSE

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits from customers	**123,198**	82,572	**127,444**	86,256
Deposits and placements from banks and other financial institutions	**3,273**	830	**3,273**	830
Borrowings	**9,952**	10,791	**9,520**	9,367
Lease interest expenses	**475**	894	**879**	743
Monies held in trust	**22,955**	16,724	**22,955**	16,724
Others	**2,221**	1,002	**14,122**	13,611
	162,074	112,813	**178,193**	127,531

33. OTHER OPERATING INCOME

		Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a)	Fee income:				
	Brokerage fees	**170,467**	166,610	**170,467**	166,610
	Corporate advisory fees	**8,489**	10,331	**8,591**	10,468
	Processing fees on loans, advances and financing	**509**	3,057	**490**	1,679
	Underwriting commissions	**1,366**	891	**1,366**	891
	Placement fees	**15,443**	19,303	**13,440**	11,043
	Commissions	**9,564**	12,703	**-**	-
	Management fee income	**226,454**	202,047	**327**	359
	Other fee income	**17,739**	18,269	**6,084**	6,345
	Other	**2,698**	1,653	**2,354**	437
		452,729	434,864	**203,119**	197,832

The timing of revenue recognition for fee income is as follows:

Fee income from providing financial services at a point in time:				
Brokerage fees	**170,467**	166,610	**170,467**	166,610
Corporate advisory fees	**14**	19	**-**	114
Processing fees on loans, advances and financing	**509**	3,057	**490**	1,679
Underwriting commissions	**1,366**	891	**1,366**	891
Placement fees	**11,256**	15,643	**9,253**	7,383
Commissions	**9,564**	12,703	**-**	-
Management fee income	**59,052**	70,471	**327**	359
Other fee income	**17,739**	18,269	**6,084**	6,345
Others	**2,698**	1,653	**2,354**	437
	272,665	289,316	**190,341**	183,818
Fee income from providing financial services over time:				
Corporate advisory fees	**8,475**	10,312	**8,591**	10,354
Placement fees	**4,187**	3,660	**4,187**	3,660
Management fee income	**167,402**	131,576	**-**	-
	180,064	145,548	**12,778**	14,014
Total fee income from contracts with customers	**452,729**	434,864	**203,119**	197,832

33. OTHER OPERATING INCOME (CONT'D.)

		Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b)	Investment and trading income:				
	Net gain from sale of financial assets at fair value through profit or loss and derivatives	**60,958**	23,675	**59,468**	23,667
	Unrealised loss on revaluation of financial assets at fair value through profit or loss and derivatives	**(4,434)**	(8,954)	**(7,108)**	(10,454)
	Net gain from sale of financial investments at FVOCI	**23**	25	**23**	25
	Gross dividend income from:				
	- Financial assets at FVTPL	**1,321**	1,429	**1,321**	1,394
	- Financial investments at FVOCI	**98**	98	**98**	98
	- Subsidiaries and associates	**-**	-	**56,081**	59,000
	Interest income from financial assets at FVTPL	**1,633**	610	**1,633**	610
		59,599	16,883	**111,516**	74,340
(c)	Other income:				
	Foreign exchange gain, net	**10,523**	8,121	**10,174**	8,241
	Gain on disposal of property, plant and equipment	**2**	111	**3**	93
	Other operating income	**1,341**	7,359	**8,759**	8,963
	Other non-operating income				
	- Rental income	**2,249**	2,074	**4,055**	3,897
	- Gain on disposal of a subsidiary (Note 56(a)(i))	**1,509**	-	**-**	-
	- Gain on disposal of an associate	**-**	9,117	**-**	-
	- Others	**8,800**	6,819	**5,076**	4,881
		24,424	33,601	**28,067**	26,075
	Total other operating income	**536,752**	485,348	**342,702**	298,247

34. OTHER OPERATING EXPENSES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel costs				
- Salaries, allowances and bonuses	**188,364**	175,000	**131,409**	122,095
- EPF	**21,468**	20,839	**16,848**	16,490
- ESS (reversal)/expense	**(260)**	408	**(265)**	326
- Others	**28,400**	25,588	**12,489**	11,084
	237,972	221,835	**160,481**	149,995
Establishment costs				
- Depreciation of property, plant and equipment (Note 16)	**11,182**	11,472	**9,869**	10,487
- Amortisation of intangible assets (Note 17(d) and (f))	**7,654**	6,462	**6,185**	5,508
- Amortisation of right-of-use assets (Note 18)	**8,640**	8,039	**6,672**	6,660
- Rental of premise	**500**	476	**440**	370
- Rental of equipment	**880**	783	**566**	499
- Repairs and maintenance	**4,033**	3,942	**3,880**	3,784
- Information technology expenses	**33,466**	21,340	**24,446**	17,396
- Others	**3,895**	6,699	**3,475**	3,249
	70,250	59,213	**55,533**	47,953

34. OTHER OPERATING EXPENSES (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Marketing expenses				
- Promotion and advertisement	**13,875**	12,375	**3,574**	4,452
- Travel and entertainment	**5,640**	3,829	**3,000**	1,700
- Others	**1,868**	880	**1,813**	764
	21,383	17,084	**8,387**	6,916
Administration and general expenses				
- Communication expenses	**4,894**	5,286	**3,948**	4,235
- Regulatory charges	**16,511**	16,150	**15,438**	14,838
- Publication and research material	**12,324**	10,145	**10,408**	9,274
- Administrative expenses	**16,742**	14,355	**14,271**	12,034
- Professional fees and legal fees	**4,907**	4,638	**4,480**	3,891
- Fees and brokerage	**184,821**	184,467	**103,959**	94,525
	240,199	235,041	**152,504**	138,797
Total other operating expenses	**569,804**	533,173	**376,905**	343,661
Included in the other operating expenses are the following:				
Auditors' remuneration				
- Statutory audit	**569**	573	**370**	365
- Assurance related	**57**	55	**57**	55
- Other services	**74**	67	**32**	25
Directors' remuneration (Note 40)	**3,998**	3,828	**3,544**	3,497
Property, plant and equipment written off	**8**	911	**2**	902
Computer software work-in-progress written off	**32**	608	**32**	608
Impairment allowance on intangible assets (Note 17(d)(ii))	**195**	-	**195**	-

35. CREDIT LOSS (EXPENSE)/REVERSAL

The table below shows the ECL charges on financial instruments for the financial year recorded in the statement of profit or loss:

Group

(a) Movements in ECL on debt instruments and loans, advances and financing:

2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(1,199)**	**128**	**-**	**(1,071)**
Loans, advances and financing (Note 9.2)	**(367)**	**159**	**15,523**	**15,315**
Loan commitments (Note 9.2(d))	**(42)**	**-**	**-**	**(42)**
Recoveries from share margin financing	**-**	**-**	**4,503**	**4,503**
Credit loss (expense)/reversal	**(1,608)**	**287**	**20,026**	**18,705**

2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	79	(78)	-	1
Debts instruments at amortised cost (Note 7(b))	49	-	-	49
Loans, advances and financing (Note 9.2)	(121)	-	(5,030)	(5,151)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	7	(78)	2,566	2,495

(b) Movements in ECL on other financial assets:

2023	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**(22)**	**(133)**	**(155)**
Other debtors (Note 11.1)	**(1,842)**	**(22,234)**	**(24,076)**
Credit loss expense	**(1,864)**	**(22,367)**	**(24,231)**

35. CREDIT LOSS (EXPENSE)/REVERSAL (CONT'D.)

Group

(b) Movements in ECL on other financial assets (cont'd.):

2022	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	4	15	19
Other debtors (Note 11.1)	(1,764)	(4,673)	(6,437)
Credit loss expense	(1,760)	(4,658)	(6,418)

Bank

(a) Movements in ECL on debt instruments, loan commitments, loans, advances and financing and amount due from subsidiaries:

2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(1,199)**	**128**	**-**	**(1,071)**
Loans, advances and financing (Note 9.2)	**(111)**	**159**	**13,737**	**13,785**
Loan commitments (Note 9.2(d))	**(15)**	**-**	**-**	**(15)**
Recoveries from share margin financing	**-**	**-**	**4,503**	**4,503**
Amount due from subsidiaries (Note 11.2)	**146**	**-**	**-**	**146**
Credit loss (expense)/reversal	**(1,179)**	**287**	**18,240**	**17,348**

2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	79	(78)	-	1
Debts instruments at amortised cost (Note 7(b))	49	-	-	49
Loans, advances and financing (Note 9.2)	(266)	-	(3,244)	(3,510)
Loan commitments (Note 9.2(d))	(22)	-	-	(22)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss (expense)/reversal	(160)	(78)	4,352	4,114

35. CREDIT LOSS (EXPENSE)/REVERSAL (CONT'D.)

(b) Movements in ECL on other financial assets:

2023	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**(22)**	**(133)**	**(155)**
Other debtors (Note 11.1)	**(1,842)**	**(15,356)**	**(17,198)**
Credit loss expense	**(1,864)**	**(15,489)**	**(17,353)**

2022	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	4	15	19
Other debtors (Note 11.1)	(1,764)	182	(1,582)
Credit loss (expense)/reversal	(1,760)	197	(1,563)

36. BAD DEBTS RECOVERED/(WRITTEN OFF)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans, advances and financing	**4,874**	9	**4,858**	9
Balances due from clients and brokers	**51**	110	**51**	110
Other debtors	**(6)**	-	**-**	-
	4,919	119	**4,909**	119

37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year.

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions				
Income earned:				
Brokerage fees:				
- Key management personnel	**-**	5	**-**	5
- Related company	**2,513**	2,560	**2,513**	2,560
Corporate advisory fees:				
- Subsidiaries	**-**	-	**95**	137
- Related company	**21**	-	**21**	-
Processing fees on loans, advances and financing:				
- Subsidiaries	**-**	-	**276**	172
Management fee income:				
- Subsidiary	**-**	-	**16**	17
Other income:				
- Subsidiary	**-**	-	**167**	1,420
- Related company	**476**	331	**476**	331
Interest on loans, advances and financing:				
- Subsidiaries	**-**	-	**4,865**	4,639
Interest on others:				
- Subsidiaries	**-**	-	**12**	5
Group support services charged:				
- Subsidiaries	**-**	-	**7,414**	7,075
- Related company	**199**	119	**199**	119
Dividend income:				
- Subsidiaries (Note 33)	**-**	-	**54,000**	59,000
- Related company	**2,081**	-	**2,081**	-

37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions (cont'd.)				
Income earned (cont'd.):				
Rental of premises:				
- Subsidiaries	**-**	-	**1,524**	1,545
- Related company	**352**	348	**352**	348
Rental of car park:				
- Subsidiaries	**-**	-	**269**	252
- Related company	**21**	22	**21**	22
Referral and cost sharing fees:				
- Subsidiary	**-**	-	**3,365**	454
Expenditure incurred:				
Interest on deposits and placements:				
- Subsidiaries	**-**	-	**4,273**	3,684
- Key management personnel	**92**	25	**92**	25
- Related company	**11,022**	5,436	**11,022**	5,436
- Other related party	**662**	1,003	**662**	1,003
Rollover fees				
- Related company	**144**	171	**144**	171
Interest on debt securities products:				
- Subsidiary	**-**	-	**11,902**	12,609
Staff training cost:				
- Subsidiaries	**-**	-	**100**	111
Direct placement cost:				
- Subsidiary	**-**	-	**1,812**	8,260
Management fees expenses				
- Subsidiary	**-**	-	**1,491**	-
Other expenses:				
- Subsidiary	**-**	-	**-**	1

37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions (cont'd.)				
Expenditure incurred (cont'd.):				
Incentive fees- management fees income:				
- Subsidiary	**-**	-	**1,787**	1,920
Incentive fees- agent:				
- Subsidiary	**-**	-	**1,012**	986
Service charge:				
- Subsidiary	**-**	-	**887**	921
Balances				
Amount due from:				
Loans, advances and financing:				
- Subsidiaries	**-**	-	**38,000**	70,000
Commitment and guarantee fees receivables:				
- Subsidiaries	**-**	-	**30**	15
Other receivables:				
- Subsidiaries	**-**	-	**27,784**	30,581
- Related company	**53**	49	**53**	49
Amount due to:				
Deposits and placements:				
- Subsidiaries (Note 20)	**-**	-	**154,119**	138,227
- Related company (Note 20)	**313,160**	264,897	**313,160**	264,897
- Other related party	**-**	90,666	**-**	90,666
- Key management personnel	**897**	885	**897**	885
Balances due to clients and brokers:				
- Key management personnel	**604**	73	**604**	73
Interest receivable on loan, advances and financing:				
- Subsidiaries	**-**	-	**67**	116
Interest payable on deposits:				
- Subsidiaries	**-**	-	**451**	499
- Related company	**2,007**	1,157	**2,007**	1,157

37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balances (cont'd.)				
Deposit for Index trading:				
- Subsidiary	**-**	-	**759**	697
Other payables:				
- Subsidiaries	**-**	-	**9**	40

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both. The related parties of the Bank are:

(i) Subsidiaries
Details of the subsidiaries are shown in Note 13.

(ii) Associates
Details of the associates are as disclosed in Note 14.

(iii) Joint Ventures
Details of the joint ventures are disclosed in Note 15.

(iv) Other related parties

Name	Relationship
Cahya Mata Capital Sdn Bhd	Substantial shareholder of the Bank
Cahya Mata Sarawak Berhad	Holding company of a substantial shareholder of the Bank

The Directors are of the opinion that the above transactions were entered into in the normal course of business and have been established under terms that are no less favourable than those obtainable in transactions with unrelated parties.

38. CREDIT TRANSACTIONS AND EXPOSURES 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:

	Group and Bank	
	2023 RM'000	2022 RM'000
Outstanding credit exposures with connected parties	**190,000**	193,301

38. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

	Group and Bank	
	2023 RM'000	2022 RM'000
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	**5.70%**	6.23%
- which is impaired or in default	**-**	-

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014, which will be effective from 1 January 2008.

Based on these guidelines, connected parties refer to the following:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;

(iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

39. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group Managing Director				
- Short term employee benefits	**2,956**	5,420	**2,956**	5,420
- Post-employment benefits: EPF	**463**	854	**463**	854
Senior Management				
- Short term employee benefits	**19,103**	26,946	**11,296**	19,544
- Post-employment benefits: EPF	**2,910**	3,485	**1,730**	2,464
	25,432	36,705	**16,445**	28,282

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly including all executive directors and senior management.

40. DIRECTORS' REMUNERATION

Remuneration in aggregate for Directors for the financial year is as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Bank:				
Non-executive directors' remuneration:				
- Fees	**3,362**	3,251	**3,010**	3,010
- Other remuneration, including meeting allowance	**568**	546	**466**	456
Total directors' remuneration	**3,930**	3,797	**3,476**	3,466
Estimated money value of benefits-in-kind	**68**	31	**68**	31
Total for directors of the Bank (Note 34)	**3,998**	3,828	**3,544**	3,497

40. DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

	Remuneration received from the Group			
	Fees RM'000	Other emolument RM'000	Benefits-in-kind RM'000	Total RM'000
31 December 2023				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	**520**	**22**	**68**	**610**
Ismail Harith Merican	**300**	**40**	**-**	**340**
Luk Wai Hong, William	**454**	**94**	**-**	**548**
Jeremy Bin Nasrulhaq	**390**	**72**	**-**	**462**
Norazian Binti Ahmad Tajuddin	**530**	**120**	**-**	**650**
Kanagaraj Lorenz	**370**	**66**	**-**	**436**
Choy Khai Choon	**428**	**82**	**-**	**510**
Chin Siew Siew	**370**	**72**	**-**	**442**
Total Directors' remuneration	**3,362**	**568**	**68**	**3,998**
31 December 2022				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	520	24	31	575
Luigi Fortunato Ghirardello	193	38	-	231
Ismail Harith Merican	300	40	-	340
Luk Wai Hong, William	487	122	-	609
Jeremy Bin Nasrulhaq	390	70	-	460
Norazian Binti Ahmad Tajuddin	462	108	-	570
Kanagaraj Lorenz	370	66	-	436
Choy Khai Choon	344	56	-	400
Chin Siew Siew	185	22	-	207
Total Directors' remuneration	3,251	546	31	3,828

41. TAXATION AND ZAKAT

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current income tax:				
Tax expense for the financial year	**15,931**	14,756	**-**	-
Under/(over) provision in prior years	**1,958**	(4,070)	**(209)**	(1,526)
	17,889	10,686	**(209)**	(1,526)

41. TAXATION AND ZAKAT (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**3,237**	1,979	**4,960**	1,955
(Under)/over provision of deferred tax assets in prior years	**(6,194)**	5,780	**(1,394)**	2,651
	(2,957)	7,759	**3,566**	4,606
Zakat	**427**	351	**427**	291
Total income tax expense	**15,359**	18,796	**3,784**	3,371

Domestic income tax is calculated at the statutory tax rate of 24% (2022: 24%) on the estimated chargeable profit for the financial year.

A reconciliation of taxation applicable to profit before taxation at the statutory income tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation and zakat	**88,110**	74,150	**58,696**	58,290
Taxation at Malaysian statutory income tax rate of 24% (2022: 24%)	**21,146**	17,796	**14,087**	13,990
Effect of income not subject to tax	**(8,942)**	(6,795)	**(13,298)**	(14,518)
Effect of expenses not deductible for tax purposes	**7,924**	5,064	**4,171**	2,483
Utilisation of previously unrecognised tax loss and unabsorbed capital allowances	**(219)**	-	**-**	-
Deferred tax assets recognised on unutilised business losses	**(273)**	-	**-**	-
Deferred tax asset not recognised on unutilised business losses	**(492)**	646	**-**	-
Deferred tax asset not recognised on unabsorbed capital allowances	**24**	24	**-**	-
(Under)/over provision of deferred tax assets in prior years	**(6,194)**	5,780	**(1,394)**	2,651
Under/(over) provision of income tax expense in prior years	**1,958**	(4,070)	**(209)**	(1,526)
Tax expense for the year	**14,932**	18,445	**3,357**	3,080
Zakat	**427**	351	**427**	291
Tax expense and zakat for the financial year	**15,359**	18,796	**3,784**	3,371

42. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	**2022**
Profit for the financial year attributable to equity holders of the Bank (RM'000)	**72,641**	54,511
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	**723,291**	726,672
Effects of dilution ('000)	**2,089**	4,406
Adjusted weighted average number of ordinary shares in issue ('000)	**725,380**	731,078
Earnings per share (sen)		
- basic	**10.04**	7.50
- fully diluted	**10.01**	7.46

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

43. 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 commitments and contingencies are as follows:

	Group		Bank	
	2023 Principal amount RM'000	**2022 Principal amount RM'000**	**2023 Principal amount RM'000**	**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**	-
Monies held in trust on behalf of client (Note 5)	**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 (Note 8):				
- 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 - swap	**19,439**	64,187	**19,439**	64,187
- equity related contracts - forward	**51,342**	57,354	**51,342**	57,354
Derivative financial liabilities (Note 23):				
- 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 contracts - forward	**80,738**	-	**80,738**	-
Capital commitment:				
- Authorised and contracted for	**6,817**	18,554	**6,809**	17,247
Investment in equity funds	**-**	-	**44,991**	24,991
	4,775,217	4,298,476	**4,906,200**	4,412,160

44. CONTINGENT LIABILITIES

	Group and Bank	
	2023 RM'000	2022 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

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

45. OPERATING LEASE ARRANGEMENTS

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Future minimum sub-lease receipts:				
Subsidiaries	**-**	-	**2,886**	2,886
External parties	**765**	442	**765**	442
	765	442	**3,651**	3,328

46. DIVIDEND

During the financial year, an interim single tier dividend of 6.0 sen (2022 interim single tier dividend: 10.50 sen) per ordinary share on 726,454,299 ordinary shares (2022: 733,906,299 ordinary shares) in respect of the financial year ended 31 December 2022, which amounted to RM43,587,258 (2022: RM77,060,192) was paid on 14 April 2023 (2022: 15 April 2022).

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.

47. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amounts of recognised financial asset/ liability RM'000	Gross amounts of recognised financial asset/ liability set off in the statements of financial position RM'000	Net amounts of recognised financial assets presented in the statements of financial position RM'000	Related accounts not set off in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
Group						
2023						
Balances due from clients and brokers (Note 10)	**1,214,996**	**(644,281)**	**570,715**	**2,585,311**	**195,677**	**-**
Balances due to clients and brokers (Note 22)	**1,764,015**	**(989,000)**	**775,015**	**-**	**-**	**775,015**
2022						
Balances due from clients and brokers (Note 10)	856,151	(428,513)	427,638	2,919,653	174,399	-
Balances due to clients and brokers (Note 22)	1,424,199	(691,490)	732,709	-	-	732,709
Bank						
2023						
Balances due from clients and brokers (Note 10)	**1,214,917**	**(644,281)**	**570,636**	**2,585,311**	**195,677**	**-**
Balances due to clients and brokers (Note 22)	**1,333,719**	**(989,000)**	**344,719**	**-**	**-**	**344,719**
2022						
Balances due from clients and brokers (Note 10)	855,990	(428,513)	427,477	2,919,653	174,399	-
Balances due to clients and brokers (Note 22)	954,464	(691,488)	262,976	-	-	262,976

48. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

Capital management

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by BNM in supervising the Bank.

The primary objectives of the Group's and of the Bank's capital management are to ensure that the Group and the Bank comply with regulatory capital requirements and the Group and the Bank maintain strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group and the Bank manage its capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payments to its shareholders, return capital to its shareholders or issue capital securities. Nevertheless, it is under constant scrutiny of the Board.

Capital adequacy

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk (Basel II). The minimum regulatory capital adequacy requirements for Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total risk weighted assets.

(i) Components of Tier 1 and Tier 2 capital:

The capital adequacy ratios of the Group and of the Bank are as follows:

	Group		Bank	
	2023	2022	2023	2022
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%

48. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

	Group		Bank	
	2023	2022	2023	2022
After deducting interim dividends *				
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%

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CET 1 capital/Tier 1 capital				
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: Goodwill	**(241,027)**	(241,027)	**(252,909)**	(252,909)
55% of cumulative gains on financial investments at FVOCI	**(3,767)**	-	**(1,571)**	-
Deferred tax assets	**(25,500)**	(25,184)	**(6,807)**	(12,966)
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	**540,314**	520,943	**488,751**	472,915
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	**197,880**	198,472	**197,712**	198,049
Total Capital	**738,194**	719,415	**686,463**	670,964

48. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

^ 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.

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

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

	2023		2022	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Group				
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				
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

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions

The Bank has elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years beginning on 1 January 2020 and apply the transitional arrangements with 31 December 2020 as the first reporting period.

48. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions (cont'd.)

Under the transitional arrangements, the Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures ("Stage 1 and Stage 2 provisions") to CET 1 Capital.

The capital adequacy ratios of the Group and of the Bank are as follows:

	Group		Bank	
	2023	2022	2023	2022
With transitional arrangement				
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%
Without transitional arrangement				
CET 1 capital ratio	**21.482%**	20.876%	**22.427%**	21.579%
Tier 1 capital ratio	**21.482%**	20.876%	**22.427%**	21.579%
Total capital ratio	**29.372%**	28.852%	**31.518%**	30.636%

49. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts and the fair values of the financial assets and liabilities of the Group and of the Bank are as follows:

	2023		2022	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Cash and bank balances	**1,482,513**	**1,482,513**	1,732,786	1,732,786
Financial assets at fair value through profit or loss	**438,660**	**438,660**	322,139	322,139
Financial investments at fair value through other comprehensive income	**877,282**	**877,282**	319,173	319,173
Financial investments at amortised cost	**470,796**	**484,183**	449,114	458,563
Derivative financial assets	**75,938**	**75,938**	85,217	85,217
Loans, advances and financing	**1,700,962**	**1,707,116**	1,690,475	1,696,451
Balances due from clients and brokers	**570,715**	**570,715**	427,638	427,638
Other assets, excluding prepayments and deposits	**169,474**	**169,474**	162,536	162,536
Statutory deposit with Bank Negara Malaysia	**60,620**	**60,620**	58,403	58,403
Financial liabilities				
Deposits from customers	**3,610,595**	**3,610,595**	3,161,078	3,161,078
Deposits and placements of banks and other financial institutions	**331,803**	**331,803**	415,359	415,359
Balances due to clients and brokers	**775,015**	**775,015**	732,709	732,709
Derivative financial liabilities	**45,097**	**45,097**	16,496	16,496
Other liabilities	**292,247**	**292,247**	233,794	233,794
Obligations on securities sold under repurchase agreements	**97,232**	**97,232**	-	-
Borrowings	**180,500**	**172,003**	206,000	170,255

49. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

The carrying amounts and the fair values of the financial assets and liabilities of the Group and of the Bank are as follows (cont'd.):

	2023		2022	
Bank	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Cash and bank balances	**974,727**	**974,727**	1,262,925	1,262,925
Financial assets at fair value through profit or loss	**438,474**	**438,474**	324,626	324,626
Financial investments at fair value through other comprehensive income	**877,282**	**877,282**	319,173	319,173
Financial investments at amortised cost	**470,796**	**484,183**	449,114	458,563
Derivative financial assets	**75,938**	**75,938**	85,217	85,217
Loans, advances and financing	**1,726,647**	**1,733,014**	1,703,510	1,710,413
Balances due from clients and brokers	**570,636**	**570,636**	427,477	427,477
Other assets, excluding prepayments and deposits	**159,712**	**159,712**	106,937	106,937
Statutory deposit with Bank Negara Malaysia	**60,620**	**60,620**	58,403	58,403
Financial liabilities				
Deposits from customers	**3,764,714**	**3,764,714**	3,299,305	3,299,305
Deposits and placements of banks and other financial institutions	**331,803**	**331,803**	415,359	415,359
Balances due to clients and brokers	**344,719**	**344,719**	262,976	262,976
Derivative financial liabilities	**45,097**	**45,097**	16,496	16,496
Other liabilities, excluding deposits	**146,719**	**146,719**	137,123	137,123
Obligations on securities sold under repurchase agreements	**97,232**	**97,232**	-	-
Borrowings	**180,500**	**172,003**	188,500	152,746

49. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial assets/liabilities for which fair value approximates carrying value

The carrying amounts of financial assets and financial liabilities that have a short-term maturity and deposits/accounts without a specific maturity, approximate fair values.

(ii) Financial assets at FVTPL, FVOCI and Amortised Cost

The fair values are estimated based on quoted or observable market prices at the reporting date. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the reporting date.

(iii) Derivatives

Fair values are estimated based on quoted or observable market prices at the reporting date.

Options are valued using Black-Scholes model and Swaps are valued using discounted cash flows. These valuation techniques incorporates various market and observable assumptions including market rate volatility.

(iv) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans, advances and financing with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at the reporting date offered to new borrowers/customers with similar credit profiles.

(v) Deposits from customers

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested.

49. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

The methods and assumptions used in estimating the fair values of financial instruments are as follows (cont'd.):

(vi) Deposits and placements of banks and other financial institutions

The carrying values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments. For deposits and placements with maturities of one year and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(vii) Borrowings

The fair values of borrowings are estimated based on expected future cash flows discounted at applicable variable rates offered for borrowings.

50. SEGMENTAL REPORTING

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure. The Group is organised into six major operating divisions. The division form the basis of which the Group reports its segment information.

(i) Investment banking - Investment banking business, treasury and related financial services;
(ii) Stockbroking - Dealings in 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 comprising all middle and back office functions costs that are not allocated out to business segments and include business operations conducted by the Group's associates in the Kingdom of Saudi Arabia and Sri Lanka and joint ventures, Rakuten Trade Sdn Bhd and Rakuten Trade Singapore Pte Ltd.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

50. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments:

2023	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	Eliminations/ consolidation adjustments RM'000	Total RM'000
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 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/(loss) 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								72,751

50. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments (cont'd.):

2023	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	Eliminations/ consolidation adjustments RM'000	Total RM'000
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 fair value through profit or loss 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 property, plant and equipment and intangible assets	14,566	69	8	5,468	-	-	20,111
Segment assets	6,072,350	484,167	28,121	343,652	31,465	(376,909)	6,582,846
Liabilities							
Segment liabilities	5,047,131	463,477	13,521	261,191	18,613	(292,062)	5,511,871

50. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments (cont'd.):

2022	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	Eliminations/ consolidation adjustments RM'000	Total RM'000
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	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 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)
Impairment of investment in a subsidiary	-	-	-	-	-	(277)	277	-
Bad debt recovered	32	90	-	-	-	(3)	-	119
Share of results in 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								55,354

50. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments (cont'd.):

2022	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	Eliminations/ consolidation adjustments RM'000	Total RM'000
Other information							
Net interest and finance income	92,743	6,457	3,684	50	1,410	12,656	117,000
Depreciation and amortisation	(12,844)	(471)	(158)	(4,527)	(9,321)	1,348	(25,973)
Non cash items							
- Unrealised loss on revaluation of financial assets at fair value through profit or loss 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 property, plant and equipment and intangible assets	10,482	56	8	3,421	-	-	13,967
Segment assets	5,456,192	536,765	68,968	247,638	15,635	(362,841)	5,962,357
Liabilities							
Segment liabilities	4,452,411	518,823	49,528	171,597	1,834	(254,660)	4,939,533

50. SEGMENTAL REPORTING (CONT'D.)

Notes

A Additions to non-current assets consist of:

	2023 RM'000	2022 RM'000
Property, plant and equipment		
- Additions during the financial year (Note 16)	**7,786**	5,175
Intangible assets		
- Additions during the financial year (Note 17)	**12,325**	8,792
	20,111	13,967

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2023 RM'000	2022 RM'000
Investments in subsidiaries	**(79,250)**	(81,600)
Investments in associates and joint ventures	**34,517**	15,801
Intangible assets	**(39,617)**	(39,584)
Inter-segment assets	**(292,559)**	(257,458)
	(376,909)	(362,841)

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

	2023 RM'000	2022 RM'000
Deposits accepted from subsidiaries	**(154,119)**	(138,227)
Inter-segment liabilities	**(137,943)**	(116,433)
	(292,062)	(254,660)

51. FINANCIAL RISK MANAGEMENT

The Group and the Bank adopt a proactive and continuous approach in managing risks and have established a risk management framework to ensure that adequate policies and processes are in place to identify and manage the risks within the defined policies and guidelines as approved by the Board of Directors.

The Group's and the Bank's financial risks are centrally managed by the various committees within the delegated authority by the Board of Directors. These committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Group Board Risk Committee and the Board of Directors.

The Group Risk Management assumes the independent oversight of risks undertaken by the Group and the Bank, and takes the lead in the formulation of risk policies, controls and processes. This is further enhanced by the periodic risk assessment audit carried out by the Group's and the Bank's Internal Audit.

The main risk areas faced by the Group and the Bank and the guidelines and policies adopted to manage them are as follows:

(a) Credit risk

Credit risk or the risk of counterparties defaulting, are minimised by the application of credit approvals, limits, and monitoring procedures. Balance due from clients and brokers are monitored on an ongoing basis via periodic management reporting. The Group and the Bank through their directors and management, review all significant exposures to customers and counterparties as well as any major concentration of credit risk related to any financial instruments.

The Group and the Bank have risk management procedures in place to manage these risks to ensure that all the procedures and principles relating to risk management are adhered to.

Credit-related commitments risks

The Group and the Bank enter into various commitments which include commitments to extend credit lines and obligations under underwriting agreements. Such commitments expose the Group and the Bank to similar risks to loans and financing and are mitigated by the same processes and policies.

Impairment assessment

For the purpose of determining the risk of default occurring, default is defined based on the credit risk management practices.

Portfolio	Default
Loans, advances and financing	Declaration of event of default with rating “D” and below
Share margin financing	Margin of financing below 100% or declaration of event of default
Trade receivables - stockbroking	More than 30 days past due from contra losses
Other receivables- asset management	More than 30 days past due
Other receivables - advisory fees	More than 30 days past due
Other receivables - factoring	More than 30 days past due
Debt securities at amortised cost or FVOCI	Declaration of event of default with rating “D” and below

In the context of the Group and of the Bank, two approaches as specified in MFRS 9 shall be applied in the measurement of ECL i.e. general approach and simplified approach.

General approach recognises impairment based on a three-stages approach which is intended to reflect the deterioration in credit quality of a financial instrument.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach

- Stage 1 covers financial instruments that have not deteriorated significantly in credit quality since initial recognition or (where the optional low credit risk simplification is applied) that have low credit risk.

- Stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition (unless the low credit risk simplification has been applied and is relevant) but that do not have objective evidence of a credit loss event.

- Stage 3 covers financial instruments that have objective evidence of impairment at the reporting date.

Low Credit Risk

The Group and the Bank shall adopt practical expedients for its applicable portfolios as detailed in the table below:

Practical Expedient	Low Credit Risk
Applicable portfolio	Government and quasi-government bonds, commercial paper, interbank deposit placement/lending.
Criteria	• the financial instrument has a low risk of default; • the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and • adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.
Measurement	12-month ECL
Methodology	PD x LGD x EAD formula

Definition of 12-month ECL

12-month ECL are a portion of the lifetime ECLs that represent the ECLs that resulting from probable default events on a financial instrument occurring in the next 12 months. They are weighted by the probability of such a default occurring.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach (cont'd.)

Measurement of ECL by General Approach:

Stage 1
- For financial instruments in stage 1, the Group and the Bank are required to recognise 12 month ECL. For financial instruments that are deemed as low credit risk, 12 month ECL is recognised.

Stage 2
- When a financial instrument transfers to stage 2, the Group and the Bank are required to recognise lifetime ECL.

Stage 3
- For financial instruments in stage 3, the Group and the Bank will continue to recognise lifetime ECL but based on specific provision approach.

The ECL under general approach can be written in the formula below:

ECL = PD x LGD x EAD

Key Components of ECL Measurement

Probability of Default ("PD")

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on the internal credit risk rating model, comprising both quantitative and qualitative factors. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

The Bank adopted external PD published by local rating agency i.e. RAM Rating Services Berhad ("RAM") as proxy, following adequate assessment and analysis on the suitability of data application i.e. rating mapping exercise due to lack of sufficient size and history.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach (cont'd.)

Key Components of ECL Measurement (cont'd.)

The rating mapping exercise involves the process whereby the Group's and the Bank's existing Internal Credit Risk Rating ("ICRR") is being mapped against RAM rating. The Group and the Bank assess the definition of each ICRR rating band and makes reference to the definition of RAM rating band. Overall, both the rating models have the same rating band i.e. AAA, AA, A, BBB, BB, B, C & D with BBB as the lowest investment grade and BB and below as non-investment grade. The detailed rating characteristic for each rating band is similar in which AAA indicates superior or extremely high repayment capability and will be rated 'D' upon default. For unrated corporate loans, a default rating of 'BBB2' is applied (as per existing computation).

Details on mapping of the Group's and of the Bank's ICRR to the external ratings are presented in Note 51(a)(i).

Loss Given Default ("LGD")

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group and the Bank would expect to receive, taking into account cash flows from any collateral.

Exposure at Default ("EAD")

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Simplified approach

The Group and the Bank shall adopt two practical expedients for their applicable portfolios as detailed in the table below:

Practical Expedient	Provision Matrix
Applicable portfolio	Trade receivables, contract assets and lease receivables, balances due to clients and brokers.
Criteria	• Contract assets without significant financing component • Trade receivables without a significant financing component
Measurement	Lifetime ECL
Methodology	Based on the 'age' of receivables i.e. ageing bucket

Definition of Lifetime ECL

Lifetime ECL are the losses that result from all possible events of default at any point during the expected life of the financial instrument.

Measurement of ECL by Simplified Approach

For financial instruments that apply the provision matrix, ageing bucket based on definition of default is established and incorporates the forward-looking element.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Period over which ECL is measured

The Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Bank's exposure to credit losses to the contractual notice period. For such financial instruments, the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

Significant increase in credit risk ("SICR")

SICR is defined as a significant change in the estimated default risk over the remaining expected life of the financial instrument. A SICR event triggers the measurement of loss allowance at an amount equal to lifetime ECL instead of the 12-month ECL estimate.

The indicators for SICR are established to facilitate the staging assessment (from stage 1 to 2) for portfolios that apply the general approach in the measurement of ECL. An asset moves from 12-month ECL (stage 1) to lifetime ECL (stage 2) when there is a significant deterioration in credit quality after initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group and the Bank take into account qualitative and quantitative reasonable and supportable forward looking information.

An asset classified under stage 2 can potentially be transferred to stage 3 if the credit quality deteriorates further. It is also possible that an asset classified under stage 1 experiences drastic credit deterioration and requires to be directly transferred to stage 3. Accordingly, different stage transfer criteria/triggers are established to satisfy the mentioned staging assessment.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all the above portfolios. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Group Risk Management.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Grouping financial assets measured on a collective basis

Asset classes where the Bank calculates ECL on a collective basis include:

- Debt instruments at fair value through other comprehensive income
- Debt instruments at amortised cost
- Loans, advances and financing
- Balances due from clients and brokers
- Other receivables

The Group and the Bank classify these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the financial assets, as described below:

For debt instruments these are:
- Internal grade
- Exposure value

For loan, advances and financing these are:
- Product type (corporate loan and share margin)
- Internal credit rating
- Exposure value
- Collateral type
- Borrower's industry

For balance due from clients and broker and other receivables these are:
- Exposure value
- Collateral type

Forward-looking and probability-weighted

To determine unbiased probability-weighted amount of ECL which considers range of possible outcomes and use of information about economic conditions, the Group and the Bank use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group and the Bank apply probabilities to the forecast scenarios. The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data to estimate the relationships between macro-economic variables and credit risk and credit losses. These are being reviewed and monitored for appropriateness on a quarterly basis.

Linear Regression Analysis

Linear Regression analysis is used to determine which macro-economic variables are predictive of the portfolio PD over time and how to weigh the macro-economic variables against each other in the model. A variety of variable selection methods i.e. univariate and multivariate factor selections are used in the Linear Regression process to eliminate non-predictive macroeconomic variables.

Multiple-scenario Analysis

The Group and the Bank generate a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group and the Bank then use these forecasts, which are probability-weighted, to adjust their estimates of PDs.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Forward-looking and probability-weighted (cont'd.)

Multiple-scenario Analysis (cont'd.)

The scenarios by state of economy namely, "Booming", "Normal" and "Downturn" were used as defined in below table:

State of Economy	GDP Growth Rate (annual)	Imports (Billions in USD)
Downturn (D)	<3.5%	<200
Normal (N)	3.5%-5.0%	200-250
Booming (B)	>5.0%	>250

The assumptions used for the ECL estimates as at 31 December 2023 are set out below.

Economic Factor	Scenario	2023	2024	2025
GDP Growth Rate	1	B	B	B
	2	N	N	N
	3	D	D	D
Imports (Billions in USD)	1	B	B	B
	2	B	B	B
	3	N	B	B

The assumptions used for the ECL estimates as at 31 December 2022 are set out below.

Economic Factor	Scenario	2022	2023	2024
GDP Growth Rate	1	B	N	B
	2	B	N	N
	3	D	D	D
KLCI Index	1	D	N	N
	2	D	D	N
	3	D	D	D

The weightings assigned to each state of economy as at 31 December 2023 were as follows:

	State of Economy	Weighting
All portfolios	B	10%
	N	60%
	D	30%

The weightings assigned to each state of economy as at 31 December 2022 were as follows:

	State of Economy	Weighting
All portfolios	B	15%
	N	80%
	D	5%

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Expert judgement

Expert credit judgement is used to complement the assumptions made in the absence of sufficient data during the model development process and incorporation of forward-looking element over a range of possible scenarios into the ECL. The exercise of such judgement, together with any separately-calculated adjustments to the results to address limitations in the core modelling approach - will require particular attention in the governance process.

Therefore, the use of expert judgement shall be applied as and when necessary and shall be governed by the following:

I. All expert judgements need to be properly documented and backed by reasonable and supportable information that is available without undue cost or effort.

II. Any expert judgement including new proposal, changes or updates, is required to be endorsed in accordance with the governance process as stipulated in this Framework.

III. The Group and the Bank intend to apply expert judgement including but not limited to below areas:

a. Definition of macroeconomic scenario and its probability for ECL measurement;
b. Assumptions made during modelling process in relation to ECL due to data limitations; and
c. Others as decided by relevant committee.

IV. Any management adjustment made shall be tabled to Group Credit Committee for concurrence.

Risk concentration: maximum exposure to credit risk without taking account of any collateral and other credit enhancement

The Group's and the Bank's concentration risk is managed by counterparty and by industry sector. The Group and the Bank apply single counterparty exposure limits to protect against unacceptably large exposures to single counterparty risk.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by geography before the effect of mitigation through the use of master netting and collateral agreements is not presented as the Group's and the Bank's activities are principally conducted in Malaysia.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2023

Group	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,482,513	-	-	1,482,513
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	60,620	-	-	60,620
Balances due from clients and brokers	-	5,150	-	6,725	3,868	-	257,504	278,257	19,211	570,715
Financial assets at FVTPL										
Unquoted shares and funds in Malaysia	-	-	26,662	-	-	-	44,541	-	99,627	170,830
Derivative financial assets	-	-	-	-	24,433	15	-	2,181	49,309	75,938
Net loans, advances and financing										
Term loans	-	-	-	51,112	-	4,009	-	49,110	315,332	419,563
Islamic term loans	-	-	-	-	30,087	-	-	54,070	54,103	138,260
Share margin financing	4,787	-	-	24,767	29,991	-	955	907,436	162,169	1,130,105
Islamic share margin financing	-	-	-	-	-	-	-	834	-	834
Others	-	-	-	5,022	-	2,011	-	4,430	737	12,200
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	177,379	-	-	177,379
Malaysian Government Investment Certificates	-	-	-	-	-	-	331,282	-	-	331,282
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	159,644	-	-	159,644
Corporate Bonds	-	-	25,639	-	-	-	-	-	14,808	40,447
Islamic Corporate Sukuk	-	-	54,081	-	37,173	30,423	45,510	-	-	167,187
Unquoted equities	-	-	-	-	-	-	-	-	1,343	1,343
Financial investments at AC										
Malaysian Government Securities	-	-	-	-	-	-	125,853	-	-	125,853
Malaysian Government Investment Certificates	-	-	-	-	-	-	228,204	-	-	228,204
Islamic Corporate Sukuk	-	-	5,000	-	14,997	9,245	87,497	-	-	116,739
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	169,474	169,474
	4,787	5,150	111,382	87,626	140,549	45,703	3,001,502	1,296,318	886,113	5,579,130

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2022

Group	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,732,786	-	-	1,732,786
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,403	-	-	58,403
Balances due from clients and brokers	-	5,660	-	-	227	922	166,464	234,208	20,157	427,638
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	9,042	-	-	-	-	-	-	9,042
Unquoted shares and funds in Malaysia	-	-	26,662	-	-	-	44,950	-	96,972	168,584
Derivative financial assets	-	-	-	-	27,465	15	-	5,274	52,463	85,217
Net loans, advances and financing										
Term loans	-	-	-	57,110	-	5,989	-	22,137	328,532	413,768
Islamic term loans	-	-	-	-	2,513	-	-	41,689	39,865	84,067
Share margin financing	-	-	-	24,756	30,423	-	-	866,346	201,187	1,122,712
Islamic share margin financing	-	-	-	-	-	-	-	13,311	-	13,311
Others	-	-	-	12,464	-	-	-	20,424	23,729	56,617
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	19,373	-	-	19,373
Malaysian Government Investment Certificates	-	-	-	-	-	-	59,534	-	-	59,534
Corporate Bonds	-	-	14,889	-	-	-	25,151	-	14,555	54,595
Islamic Corporate Sukuk	-	-	23,214	-	-	19,997	120,938	-	20,228	184,377
Unquoted equities	-	-	-	-	-	-	-	-	1,294	1,294
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,002	-	-	20,002
Malaysian Government Securities	-	-	-	-	-	-	49,677	-	-	49,677
Malaysian Government Investment Certificates	-	-	-	-	-	-	177,316	-	-	177,316
Islamic Corporate Sukuk	-	-	-	-	-	-	202,119	-	-	202,119
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	162,536	162,536
	-	5,660	73,807	94,330	60,628	26,923	2,676,713	1,203,389	961,518	5,102,968

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2023

Bank	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	974,727	-	-	974,727
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	60,620	-	-	60,620
Balances due from clients and brokers	-	5,150	-	6,725	3,868	-	257,504	278,257	19,132	570,636
Financial assets at FVTPL										
Unquoted shares and funds in Malaysia	-	-	26,662	-	-	-	44,541	-	100,000	171,203
Derivative financial assets	-	-	-	-	24,433	15	-	2,181	49,309	75,938
Net loans, advances and financing										
Term loans	-	-	-	51,112	-	4,009	18,026	49,110	335,191	457,448
Islamic term loans	-	-	-	-	30,087	-	-	54,070	54,103	138,260
Share margin financing	4,787	-	-	24,767	29,991	-	955	907,436	162,169	1,130,105
Islamic share margin financing	-	-	-	-	-	-	-	834	-	834
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	177,379	-	-	177,379
Malaysian Government Investment Certificates	-	-	-	-	-	-	331,282	-	-	331,282
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	159,644	-	-	159,644
Corporate Bonds	-	-	25,639	-	-	-	-	-	14,808	40,447
Islamic Corporate Sukuk	-	-	54,081	-	37,173	30,423	45,510	-	-	167,187
Unquoted equities	-	-	-	-	-	-	-	-	1,343	1,343
Financial investments at AC										
Malaysian Government Securities	-	-	-	-	-	-	125,853	-	-	125,853
Malaysian Government Investment Certificates	-	-	-	-	-	-	228,204	-	-	228,204
Islamic Corporate Sukuk	-	-	5,000	-	14,997	9,245	87,497	-	-	116,739
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	159,712	159,712
	4,787	5,150	111,382	82,604	140,549	43,692	2,511,742	1,291,888	895,767	5,087,561

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2022

Bank	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,262,925	-	-	1,262,925
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,403	-	-	58,403
Balances due from clients and brokers	-	5,660	-	-	227	922	166,464	234,208	19,996	427,477
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	9,042	-	-	-	-	-	-	9,042
Unquoted shares and funds in Malaysia	-	-	26,662	-	-	-	44,950	-	100,000	171,612
Derivative financial assets	-	-	-	-	27,465	15	-	5,274	52,463	85,217
Net loans, advances and financing										
Term loans	-	-	-	57,110	-	5,989	29,952	22,137	368,230	483,418
Islamic term loans	-	-	-	-	2,513	-	-	41,689	39,865	84,067
Share margin financing	-	-	-	24,756	30,423	-	-	866,346	201,187	1,122,712
Islamic share margin financing	-	-	-	-	-	-	-	13,311	-	13,311
Others	-	-	-	-	-	-	-	2	-	2
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	19,373	-	-	19,373
Malaysian Government Investment Certificates	-	-	-	-	-	-	59,534	-	-	59,534
Corporate Bonds	-	-	14,889	-	-	-	25,151	-	14,555	54,595
Islamic Corporate Sukuk	-	-	23,214	-	-	19,997	120,938	-	20,228	184,377
Unquoted equities	-	-	-	-	-	-	-	-	1,294	1,294
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,002	-	-	20,002
Malaysian Government Securities	-	-	-	-	-	-	49,677	-	-	49,677
Malaysian Government Investment Certificates	-	-	-	-	-	-	177,316	-	-	177,316
Islamic Corporate Sukuk	-	-	-	-	-	-	202,119	-	-	202,119
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	106,937	106,937
	-	5,660	73,807	81,866	60,628	26,923	2,236,804	1,182,967	924,755	4,593,410

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

(i) Cash;
(ii) Charges over financial instruments;
(iii) Securities;
(iv) Charges over real estate properties, inventory and trade receivables;
(v) Mortgages over properties; or
(vi) Financial guarantees.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

(i) Internal Credit Risk Ratings

The table below provides a mapping of the Group's and of the Bank's internal credit risk grades to external ratings:

Notches	KIBB Obligor Rating	External Rating	Classification of Credit Risk Grade	Description
1	AAA	AAA	Investment Grade	Superior capacity to meet its financial obligation.
2 3 4	AA1 AA2 AA3	AA		Strong capacity to meet its financial obligations. The entity is resilient against adverse changes in circumstances, economic conditions and/or operating environments.
5 6 7	A1 A2 A3	A		Adequate capacity to meet its financial obligations. The entity is more susceptible to adverse changes in circumstances, economic and/or operating environments.
8 9 10	BBB1 BBB2 BBB3	BBB		Moderate capacity to meet its financial obligations. The entity is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(i) Internal Credit Risk Ratings (cont'd.)

The table below provides a mapping of the Group's and of the Bank's internal credit risk grades to external ratings (cont'd.):

Notches	KIBB Obligor Rating	External Rating	Classification of Credit Risk Grade	Description
11 12 13	BB1 BB2 BB3	BB	Non-Investment Grade	Weak capacity to meet its financial obligations. The entity is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
14 15 16	B1 B2 B3	B		Very weak capacity to meet its financial obligations. The entity has a limited ability to withstand adverse changes in circumstances, economic conditions and/or operating environments.
17 18 19	C1 C2 C3	C		High likelihood of defaulting on its financial obligations. The entity is highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in it defaulting on its financial obligations.
20	D	D	Default	Currently in default on either all or a substantial portion of its financial obligations, whether or not formally declared. The D rating may also reflect the filing of bankruptcy and/or other actions pertaining to the entity that could jeopardise the payment of financial obligations.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets

The credit quality of financial assets is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system.

Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets is managed by the Group and the Bank using internal ratings which aim to reflect the relative ability of counterparties to fulfill, on time, their credit-related obligations, and is based on their current probability of default.

Internal rating grade	
Strong credit profile	Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "AAA" to "AA" of RAM Rating Services Berhad ("RAM") and Malaysian Rating Corporation Berhad ("MARC") respectively.
Satisfactory risk	Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "A" to "BBB" of RAM and MARC respectively.
Substandard	Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "BB" to "C" of RAM and MARC respectively.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

	Neither past due nor impaired								
Group	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2023									
Cash and bank balances	1,482,513	-	-	-	-	-	-	-	1,482,513
Statutory deposit with Bank Negara Malaysia	60,620	-	-	-	-	-	-	-	60,620
Financial assets at FVTPL									
Unquoted shares and funds in Malaysia	170,830	-	-	-	-	-	-	-	170,830
Net loans, advances and financing									
Term loans	-	314,261	69,861	-	38,182	-	-	(2,741)	419,563
Islamic term loans	-	123,830	15,009	-	-	-	-	(579)	138,260
Share margin financing	349,511	726,429	357	-	63	57,041	(3,296)	-	1,130,105
Islamic share margin financing	676	158	-	-	-	-	-	-	834
Others	5,022	-	2,011	-	737	4,430	-	-	12,200
Carried forward	2,069,172	1,164,678	87,238	-	38,982	61,471	(3,296)	(3,320)	3,414,925

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Group	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2023									
Brought forward	2,069,172	1,164,678	87,238	-	38,982	61,471	(3,296)	(3,320)	3,414,925
Financial investments at FVOCI Debt instruments:									
Malaysian Government Securities	177,379	-	-	-	-	-	-	-	177,379
Malaysian Government Investment Certificates	331,282	-	-	-	-	-	-	-	331,282
Islamic Corporate Sukuk	167,187	-	-	-	-	-	-	-	167,187
Corporate Bonds	40,447	-	-	-	-	-	-	-	40,447
Islamic Negotiable Instruments of Deposits	159,644	-	-	-	-	-	-	-	159,644
Equity instrument: Unquoted equities	-	-	-	1,343	-	-	-	-	1,343
Financial investments at AC									
Malaysian Government Securities	125,853	-	-	-	-	-	-	-	125,853
Malaysian Government Investment Certificates	228,204	-	-	-	-	-	-	-	228,204
Islamic Corporate Sukuk	116,739	-	-	-	-	-	-	-	116,739
Derivative financial assets	-	-	-	75,938	-	-	-	-	75,938
Balances due from clients and brokers	549,165	-	-	-	9,334	15,024	(1,255)	(1,553)	570,715
Other assets, excluding prepayments and deposits	143,598	-	-	80	3,106	58,425	(35,594)	(141)	169,474
Total	4,108,670	1,164,678	87,238	77,361	51,422	134,920	(40,145)	(5,014)	5,579,130

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

	Neither past due nor impaired								
Group	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2022									
Cash and bank balances	1,732,786	-	-	-	-	-	-	-	1,732,786
Statutory deposit with Bank Negara Malaysia	58,403	-	-	-	-	-	-	-	58,403
Financial assets at FVTPL									
Islamic Corporate Sukuk	9,042	-	-	-	-	-	-	-	9,042
Unquoted shares and funds in Malaysia	168,584	-	-	-	-	-	-	-	168,584
Net loans, advances and financing									
Term loans	-	313,978	39,305	-	63,385	-	-	(2,900)	413,768
Islamic term loans	-	60,929	23,308	-	-	-	-	(170)	84,067
Share margin financing	328,509	750,276	176	-	30,438	30,346	(17,033)	-	1,122,712
Islamic share margin financing	11,038	2,273	-	-	-	-	-	-	13,311
Others	34,009	12,043	-	2	-	12,833	(2,270)	-	56,617
Carried forward	2,342,371	1,139,499	62,789	2	93,823	43,179	(19,303)	(3,070)	3,659,290

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

	Neither past due nor impaired								
Group	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2022									
Brought forward	2,342,371	1,139,499	62,789	2	93,823	43,179	(19,303)	(3,070)	3,659,290
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	19,373	-	-	-	-	-	-	-	19,373
Malaysian Government Investment Certificates	59,534	-	-	-	-	-	-	-	59,534
Islamic Corporate Sukuk	179,399	-	-	-	4,978	-	-	-	184,377
Corporate bonds	54,595	-	-	-	-	-	-	-	54,595
Equity instrument:									
Unquoted equities	-	-	-	1,294	-	-	-	-	1,294
Financial investments at AC									
Corporate Bonds	20,002	-	-	-	-	-	-	-	20,002
Malaysian Government Securities	49,677	-	-	-	-	-	-	-	49,677
Malaysian Government Investment Certificates	177,316	-	-	-	-	-	-	-	177,316
Islamic Corporate Sukuk	202,119	-	-	-	-	-	-	-	202,119
Derivative financial assets	-	-	-	85,217	-	-	-	-	85,217
Balances due from clients and brokers	397,657	-	-	-	13,156	19,602	(1,246)	(1,531)	427,638
Other assets, excluding prepayments and deposits	147,741	-	-	80	4,447	21,927	(11,327)	(332)	162,536
Total	3,649,784	1,139,499	62,789	86,593	116,404	84,708	(31,876)	(4,933)	5,102,968

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

	Neither past due nor impaired								
Bank	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2023									
Cash and bank balances	974,727	-	-	-	-	-	-	-	974,727
Statutory deposit with Bank Negara Malaysia	60,620	-	-	-	-	-	-	-	60,620
Financial assets at FVTPL									
Unquoted shares and funds in Malaysia	171,203	-	-	-	-	-	-	-	171,203
Net loans, advances and financing									
Term loans	-	352,328	69,861	-	38,182	-	-	(2,923)	457,448
Islamic term loans	-	123,830	15,009	-	-	-	-	(579)	138,260
Share margin financing	349,511	726,429	357	-	63	57,041	(3,296)	-	1,130,105
Islamic share margin financing	676	158	-	-	-	-	-	-	834
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	177,379	-	-	-	-	-	-	-	177,379
Malaysian Government Investment Certificates	331,282	-	-	-	-	-	-	-	331,282
Islamic Corporate Sukuk	167,187	-	-	-	-	-	-	-	167,187
Corporate Bonds	40,447	-	-	-	-	-	-	-	40,447
Islamic Negotiable Instruments of Deposits	159,644	-	-	-	-	-	-	-	159,644
Equity instrument:									
Unquoted equities	-	-	-	1,343	-	-	-	-	1,343
Financial investments at AC									
Malaysian Government Securities	125,853	-	-	-	-	-	-	-	125,853
Malaysian Government Investment Certificates	228,204	-	-	-	-	-	-	-	228,204
Islamic Corporate Sukuk	116,739	-	-	-	-	-	-	-	116,739
Derivative financial assets	-	-	-	75,938	-	-	-	-	75,938
Balances due from clients and brokers	549,086	-	-	-	9,334	15,024	(1,255)	(1,553)	570,636
Other assets, excluding prepayments and deposits	136,337	-	-	-	3,106	44,365	(23,861)	(235)	159,712
Total	3,588,895	1,202,745	85,227	77,281	50,685	116,430	(28,412)	(5,290)	5,087,561

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Bank	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2022									
Cash and bank balances	1,262,925	-	-	-	-	-	-	-	1,262,925
Statutory deposit with Bank Negara Malaysia	58,403	-	-	-	-	-	-	-	58,403
Financial assets at FVTPL									
Islamic Corporate Sukuk	9,042	-	-	-	-	-	-	-	9,042
Unquoted shares and funds in Malaysia	171,612	-	-	-	-	-	-	-	171,612
Net loans, advances and financing									
Term loans	-	384,092	39,305	-	63,386	-	-	(3,365)	483,418
Islamic term loans	-	60,929	23,308	-	-	-	-	(170)	84,067
Share margin financing	328,509	750,276	176	-	30,438	30,346	(17,033)	-	1,122,712
Islamic share margin financing	11,038	2,273	-	-	-	-	-	-	13,311
Others	-	-	-	2	-	-	-	-	2
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	19,373	-	-	-	-	-	-	-	19,373
Malaysian Government Investment Certificates	59,534	-	-	-	-	-	-	-	59,534
Islamic Corporate Sukuk	179,399	-	-	-	4,978	-	-	-	184,377
Corporate Bonds	54,595	-	-	-	-	-	-	-	54,595
Equity instrument:									
Unquoted equities	-	-	-	1,294	-	-	-	-	1,294
Financial investments at AC									
Corporate Bonds	20,002	-	-	-	-	-	-	-	20,002
Malaysian Government Securities	49,677	-	-	-	-	-	-	-	49,677
Malaysian Government Investment Certificates	177,316	-	-	-	-	-	-	-	177,316
Islamic Corporate Sukuk	202,119	-	-	-	-	-	-	-	202,119
Derivative financial assets	-	-	-	85,217	-	-	-	-	85,217
Balances due from clients and brokers	397,496	-	-	-	13,156	19,602	(1,246)	(1,531)	427,477
Other assets, excluding prepayments and deposits	88,693	-	-	-	7,571	17,717	(6,472)	(572)	106,937
Total	3,089,733	1,197,570	62,789	86,513	119,529	67,665	(24,751)	(5,638)	4,593,410

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(iii) Credit risk exposure for each internal credit risk rating

Internal credit rating	Group Total 2023 RM'000	Bank Total 2023 RM'000
Strong		
AAA	**3,670,252**	**3,155,498**
AA	**438,469**	**433,447**
Satisfactory		
A	**861,608**	**886,463**
BBB	**303,240**	**315,533**
Substandard		
BB	**122,679**	**120,668**
Default		
D	**94,775**	**88,018**
Non-rated	**88,107**	**87,934**
	5,579,130	**5,087,561**

Internal credit rating	Group Total 2022 RM'000	Bank Total 2022 RM'000
Strong		
AAA	3,155,409	2,624,044
AA	494,376	465,690
Satisfactory		
A	849,543	882,102
BBB	320,208	345,256
Substandard		
BB	123,275	123,275
B	15	15
C	4,978	4,978
Default		
D	52,832	42,914
Non-rated	102,332	105,136
	5,102,968	4,593,410

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(iv) Ageing analysis of financial assets which are past due but not impaired

	Less than 1 month RM'000	1 to 12 months RM'000	>12 months RM'000	Total RM'000
Group				
2023				
Share margin financing	**-**	**-**	**63**	**63**
Corporate loans	**13,008**	**25,174**	**-**	**38,182**
Other assets	**-**	**3,005**	**75**	**3,080**
Total	**13,008**	**28,179**	**138**	**41,325**
2022				
Share margin financing	-	-	30,438	30,438
Corporate loans	63,386	-	-	63,386
Other loans	-	-	7,203	7,203
Other assets	-	-	80	80
Total	63,386	-	37,721	101,107
Bank				
2023				
Share margin financing	**-**	**-**	**63**	**63**
Corporate loans	**13,008**	**25,174**	**-**	**38,182**
Other assets	**-**	**3,005**	**75**	**3,080**
Total	**13,008**	**28,179**	**138**	**41,325**
2022				
Share margin financing	-	-	30,438	30,438
Corporate loans	63,386	-	-	63,386
Other assets	-	-	80	80
Total	63,386	-	30,518	93,904

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(v) Estimated value of collateral and other charges related to financial assets that are past due and individually impaired

	Cash and securities RM'000	Real estate RM'000	Other RM'000	Total value of collateral RM'000	Credit exposure RM'000	Unsecured portion of credit exposure RM'000
Group						
2023						
Loans, advances and financing						
Share margin financing	**13,447**	**8,268**	**-**	**21,715**	**25,011**	**3,296**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,255**	**1,255**
Other assets	**-**	**-**	**22,831**	**22,831**	**58,425**	**35,594**
	13,447	**8,268**	**22,831**	**44,546**	**84,691**	**40,145**
2022						
Loans, advances and financing						
Share margin financing	3,982	5,496	-	9,478	26,511	17,033
Others	3,360	-	-	3,360	5,630	2,270
Balances due from clients and brokers	-	-	-	-	1,246	1,246
Other assets	-	-	10,600	10,600	21,927	11,327
	7,342	5,496	10,600	23,438	55,314	31,876

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(v) Estimated value of collateral and other charges related to financial assets that are past due and individually impaired (cont'd.)

	Cash and securities RM'000	Real estate RM'000	Other RM'000	Total value of collateral RM'000	Credit exposure RM'000	Unsecured portion of credit exposure RM'000
Bank						
2023						
Loans, advances and financing						
Share margin financing	**13,447**	**8,268**	**-**	**21,715**	**25,011**	**3,296**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,255**	**1,255**
Other assets	**-**	**-**	**20,504**	**20,504**	**44,365**	**23,861**
	13,447	**8,268**	**20,504**	**42,219**	**70,631**	**28,412**
2022						
Loans, advances and financing						
Share margin financing	3,982	5,496	-	9,478	26,511	17,033
Balances due from clients and brokers	-	-	-	-	1,246	1,246
Other assets	-	-	11,245	11,245	17,717	6,472
	3,982	5,496	11,245	20,723	45,474	24,751

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk

Market risk is the risk of loss arising from changes in prices of equity instruments and other financial instruments in the markets in which the Group and the Bank operate. The Group and the Bank also engage in bond proprietary trading to generate revenue in anticipation of changes in prices that may occur in the debt capital market.

The Group and the Bank manage the risk of unfavourable price changes by cautious reviews of investments and collaterals held with continuous monitoring of their performance and risk profiles by qualified personnel.

(i) Interest rate risk

In macro terms, interest rate risk refers to the overall sensitivity of the Group's and of the Bank's earnings and/or economic values of the Group's and of the Bank's portfolio to changes in interest rates. Interest rate risk is managed through various risk management techniques including re-pricing gap, net interest income simulation and stress testing.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The effect of changes in the levels of interest rates on the market value of securities is monitored regularly and the outcome of mark-to-market valuations is escalated to management regularly. The table below summarises the effective interest rates at the reporting date and the periods in which the financial instruments will reprice or mature, whichever is the earlier.

Interest rate sensitivity analysis

The Board has established limits on the trading and non-trading interest rate gaps activities. In accordance with the Group's and the Bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The sensitivity of interest rate to the statements of profit and loss and other comprehensive income and equity is the effect of the assumed changes in interest rates level on the profit and loss for the financial year, based on the financial assets and financial liabilities held as at the reporting date.

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	876,186	106,165	100	-	-	500,062	-	1,482,513	3.30
Financial assets at FVTPL	-	-	-	-	-	-	438,660	438,660	4.18
Financial instruments at FVOCI	109,834	54,811	40,237	87,198	583,859	1,343	-	877,282	4.30
Financial instruments at AC	-	-	20,037	130,398	320,361	-	-	470,796	4.28
Derivative financial assets	-	-	-	-	-	75,938	-	75,938	
Loans, advances and financing	1,668,741	20,021	5,167	7,033	-	-	-	1,700,962	8.74
Balances due from clients and brokers	-	-	-	-	-	570,715	-	570,715	
Other assets	54,658	-	-	-	-	136,723	-	191,381	
Other non interest sensitive balances	-	-	-	-	-	774,599	-	774,599	
Total assets	2,709,419	180,997	65,541	224,629	904,220	2,059,380	438,660	6,582,846	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2023 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	2,046,080	919,137	630,308	15,070	-	-	-	3,610,595	3.38
Deposits and placement of banks and other financial institutions	331,803	-	-	-	-	-	-	331,803	3.38
Borrowings	-	-	-	-	180,500	-	-	180,500	5.00
Obligations on securities sold under repurchase agreements	97,232	-	-	-	-	-	-	97,232	
Derivative financial liabilities	-	-	-	-	-	45,097	-	45,097	
Balances due to clients and brokers	-	-	-	-	-	775,015	-	775,015	
Other non interest sensitive balances	3,474	-	-	-	-	468,155	-	471,629	
Total liabilities	2,478,589	919,137	630,308	15,070	180,500	1,288,267	-	5,511,871	
Equity	-	-	-	-	-	1,070,975	-	1,070,975	
Non-controlling interest	-	-	-	-	-	-	-	-	
Total liabilities and shareholders' equity	2,478,589	919,137	630,308	15,070	180,500	2,359,242	-	6,582,846	
On-balance sheet interest sensitivity gap	230,830	(738,140)	(564,767)	209,559	723,720	(299,862)	438,660	-	
Cumulative interest sensitivity gap	230,830	(507,310)	(1,072,077)	(862,518)	(138,798)	(438,660)	-	-	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,202,089	32,007	-	-	-	498,690	-	1,732,786	2.19
Financial assets at FVTPL	-	-	-	-	-	-	322,139	322,139	3.76
Financial instruments at FVOCI	9,978	45,017	10,078	105,393	147,413	1,294	-	319,173	3.91
Financial instruments at AC	-	45,029	60,067	80,528	263,490	-	-	449,114	4.29
Derivative financial assets	-	-	-	-	-	85,217	-	85,217	
Loans, advances and financing	1,634,219	8,638	23,301	24,315	-	2	-	1,690,475	7.02
Balances due from clients and brokers	-	-	-	-	-	427,638	-	427,638	
Other assets	56,596	-	-	-	-	127,157	-	183,753	
Other non interest sensitive balances	-	-	-	-	-	752,062	-	752,062	
Total assets	2,902,882	130,691	93,446	210,236	410,903	1,892,060	322,139	5,962,357	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2022 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,856,701	851,371	453,006	-	-	-	-	3,161,078	2.35
Deposits and placement of banks and other financial institutions	378,359	37,000	-	-	-	-	-	415,359	2.35
Borrowings	25,500	-	-	-	180,500	-	-	206,000	4.76
Derivative financial liabilities	-	-	-	-	-	16,496	-	16,496	
Balances due to clients and brokers	-	-	-	-	-	732,709	-	732,709	
Other non interest sensitive balances	2,879	-	-	-	-	405,012	-	407,891	
Total liabilities	2,263,439	888,371	453,006	-	180,500	1,154,217	-	4,939,533	
Equity	-	-	-	-	-	1,017,280	-	1,017,280	
Non-controlling interest	-	-	-	-	-	5,544	-	5,544	
Total liabilities and shareholders' equity	2,263,439	888,371	453,006	-	180,500	2,177,041	-	5,962,357	
On-balance sheet interest sensitivity gap	639,443	(757,680)	(359,560)	210,236	230,403	(284,981)	322,139	-	
Cumulative interest sensitivity gap	639,443	(118,237)	(477,797)	(267,561)	(37,158)	(322,139)	-	-	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	762,596	95,790	-	-	-	116,341	-	974,727	3.30
Financial assets at FVTPL	-	-	-	-	-	-	438,474	438,474	4.18
Financial instruments at FVOCI	109,834	54,811	40,237	87,198	583,859	1,343	-	877,282	4.30
Financial instruments at AC	-	-	20,037	130,398	320,361	-	-	470,796	4.28
Derivative financial assets	-	-	-	-	-	75,938	-	75,938	
Loans, advances and financing	1,706,626	20,021	-	-	-	-	-	1,726,647	7.87
Balances due from clients and brokers	-	-	-	-	-	570,636	-	570,636	
Other assets	-	-	-	29,907	-	148,755	-	178,662	
Other non interest sensitive balances	-	-	-	-	-	759,189	-	759,189	
Total assets	2,579,056	170,622	60,274	247,503	904,220	1,672,202	438,474	6,072,351	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2023 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	2,149,921	968,012	631,711	15,070	-	-	-	3,764,714	3.38
Deposits and placement of banks and other financial institutions	331,803	-	-	-	-	-	-	331,803	3.38
Borrowings	-	-	-	-	180,500	-	-	180,500	4.94
Obligations on securities sold under repurchase agreements	97,232	-	-	-	-	-	-	97,232	
Derivative financial liabilities	-	-	-	-	-	45,097	-	45,097	
Balances due to clients and brokers	-	-	-	-	-	344,719	-	344,719	
Other non interest sensitive balances	3,474	-	-	-	-	279,593	-	283,067	
Total liabilities	2,582,430	968,012	631,711	15,070	180,500	669,409	-	5,047,132	
Equity	-	-	-	-	-	1,025,219	-	1,025,219	
Total liabilities and shareholders' equity	2,582,430	968,012	631,711	15,070	180,500	1,694,628	-	6,072,351	
On-balance sheet interest sensitivity gap	(3,374)	(797,390)	(571,437)	232,433	723,720	(22,426)	438,474	-	
Cumulative interest sensitivity gap	(3,374)	(800,764)	(1,372,201)	(1,139,768)	(416,048)	(438,474)	-	-	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,127,034	21,955	-	-	-	113,936	-	1,262,925	2.19
Financial assets at FVTPL	-	-	-	-	-	-	324,626	324,626	3.76
Financial instruments at FVOCI	9,978	45,017	10,078	105,393	147,413	1,294	-	319,173	3.91
Financial instruments at AC	-	45,029	60,067	80,528	263,490	-	-	449,114	4.29
Derivative financial assets	-	-	-	-	-	85,217	-	85,217	
Loans, advances and financing	1,700,507	3,001	-	-	-	2	-	1,703,510	7.02
Balances due from clients and brokers	-	-	-	-	-	427,477	-	427,477	
Other assets	-	-	-	30,341	-	95,092	-	125,433	
Other non interest sensitive balances	-	-	-	-	-	758,717	-	758,717	
Total assets	2,837,519	115,002	70,145	216,262	410,903	1,481,735	324,626	5,456,192	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2022 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,963,144	881,767	454,394	-	-	-	-	3,299,305	2.35
Deposits and placement of banks and other financial institutions	378,359	37,000	-	-	-	-	-	415,359	2.35
Borrowings	8,000	-	-	-	180,500	-	-	188,500	4.74
Derivative financial liabilities	-	-	-	-	-	16,496	-	16,496	
Balances due to clients and brokers	-	-	-	-	-	262,976	-	262,976	
Other non interest sensitive balances	2,879	-	-	-	-	266,896	-	269,775	
Total liabilities	2,352,382	918,767	454,394	-	180,500	546,368	-	4,452,411	
Equity	-	-	-	-	-	1,003,781	-	1,003,781	
Total liabilities and shareholders' equity	2,352,382	918,767	454,394	-	180,500	1,550,149	-	5,456,192	
On-balance sheet interest sensitivity gap	485,137	(803,765)	(384,249)	216,262	230,403	(68,414)	324,626	-	
Cumulative interest sensitivity gap	485,137	(318,628)	(702,877)	(486,615)	(256,212)	(324,626)	-	-	

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Interest rate sensitivity analysis

The following table demonstrates the impact of a +/- 150 basis points change in interest rates, ceteris paribus, on the Group's profit or loss and equity.

Change in interest rates 2023	Impact on profit or loss 2023 RM'000	Impact on equity * 2023 RM'000	Change in interest rates 2022	Impact on profit or loss 2022 RM'000	Impact on equity * 2022 RM'000
+150	**(10,031)**	**(95,623)**	+150	(3,500)	(33,302)
-150	**10,031**	**95,623**	-150	3,500	33,302

* *exclude tax impact*

(ii) Foreign currency exchange risk

Foreign currency risk is the risk of financial loss due to adverse movements in foreign exchange rates.

The Group and the Bank are exposed to currency risk primarily through trading activities that are governed by the Foreign Exchange Proprietary Trading Policy.

Currency rate sensitivity analysis

The following table shows the impact of a 5% movement of MYR, ceteris paribus, on the Group's profit or loss and equity:

Foreign currency is denoted in the table below:

Currency	Abbreviation	Currency	Abbreviation	Currency	Abbreviation
AUD	*Australian Dollar*	*EUR*	*Euro*	*IDR*	*Indonesian Rupiah*
CHF	*Swiss Franc*	*GBP*	*British Pound*	*JPY*	*Japanese Yen*
CNY	*Chinese Yuan*	*HKD*	*Hong Kong Dollar*	*NZD*	*New Zealand Dollar*
PHP	*Philippine Peso*	*THB*	*Thai Baht*	*SAR*	*Saudi Riyal*
SGD	*Singapore Dollar*	*USD*	*US Dollar*		

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(ii) Foreign currency exchange risk (cont'd.)

Currency rate sensitivity analysis (cont'd.)

The currency exposure as at reporting date as below:

Currency	2023 RM'000	2022 RM'000
USD	**(15,699)**	(1,962)
SGD	**880**	2,169
GBP	**1,214**	(63)
JPY	**(3,136)**	(866)
Others	**393**	(363)
	(16,348)	(1,085)

Currency	Changes in foreign exchange Rates	Impact on profit or loss 2023 RM'000	Impact on equity 2023 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2022 RM'000	Impact on equity 2022 RM'000
AUD	5%	**(1)**	**-**	5%	(11)	-
CHF	5%	**1**	**-**	5%	-	-
CNY	5%	**4**	**-**	5%	3	-
EUR	5%	**(4)**	**-**	5%	(10)	-
GBP	5%	**61**	**-**	5%	(3)	-
HKD	5%	**7**	**-**	5%	(12)	-
IDR	5%	**1**	**-**	5%	5	-
JPY	5%	**(157)**	**-**	5%	(43)	-
NZD	5%	**8**	**-**	5%	(1)	-
PHP	5%	**2**	**-**	5%	2	-
SGD	5%	**44**	**-**	5%	108	-
THB	5%	**-**	**-**	5%	4	-
USD	5%	**(785)**	**-**	5%	(98)	-

Arising from the Group's investment in the associate company in Saudi Arabia, there is a natural position held in foreign currency exposure in Saudi Riyal. The following shows the impact of a 5% price movement on this position:

Currency	Changes in foreign exchange Rates	Impact on profit or loss 2023 RM'000	Impact on equity 2023 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2022 RM'000	Impact on equity 2022 RM'000
SAR	5%	**-**	**(6,038)**	5%	-	(4,961)

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(iii) Equity price sensitivity analysis

Equity price risk is the risk of financial loss arising from adverse changes in prices of equities and equity derivatives.

The following table demonstrates the impact of a +/- 30% change in equity prices across the board on the Group's profit or loss and equity.

	Change in equity price 2023	Impact on profit or loss 2023 RM'000	Impact on equity 2023 RM'000	Change in equity price 2022	Impact on profit or loss 2022 RM'000	Impact on equity 2022 RM'000
Equity-investments	**+30%**	**23,781**	**-**	+30%	31,812	-
	-30%	**(90,578)**	**-**	-30%	(56,362)	-

From risk management perspective, a risk limits framework governing the activities of equity and equity derivatives trading has been established, primarily intended to:

1) Prevent excessive exposures to a single risk factor or a group of risk factors; and
2) Constrain the general level of risk taking for a business.

Additionally, other components of limit framework including stop-loss trigger, issuance size, permitted products, management oversights etc. were put in place for better governance as well as to embrace best practices of market risk management. The risk framework was designed in accordance to the Group's and the Bank's risk appetite and a closely controlled risk parameter, e.g. stop-loss trigger, will ensure losses arising from the course of trading are limited.

In addition, the Group's associate company has made some equity investments in Saudi Arabia. The impact of a +/- 30% change in equity prices on the Group arising from these investments are shown as follows:

	Change in equity price 2023	Impact on profit or loss 2023 RM'000	Impact on equity 2023 RM'000	Change in equity price 2022	Impact on profit or loss 2022 RM'000	Impact on equity 2022 RM'000
Equity-investments	**+30%**	**-**	**19,951**	+30%	-	11,323
	-30%	**-**	**(19,951)**	-30%	-	(11,323)

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk

Liquidity risk is the risk of loss as a result of the Group's or of the Bank's inability to meet cash flow obligations on a timely and cost effective manner. Liquidity risk is managed through the Liquidity Coverage Ratio Framework issued by BNM, internal policies and management oversight by Group Risk Committee. A Contingency Funding Plan has been formulated covering across the policies, procedures, roles and responsibilities, funding strategies and notwithstanding, the deployment of such in a liquidity event.

The Group and the Bank actively manage their operating cash flows and the availability of funding so as to ensure that all funding needs are being met. As part of its overall prudent liquidity management, the Group and the Bank maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements in addition to maintaining available banking facilities, to meet any immediate operating cash flow requirements.

In accordance with BNM's Liquidity Coverage Ratio guideline, the Group and the Bank maintain a portfolio of highly marketable and diverse assets which are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Group and the Bank maintain a statutory deposit with BNM equal to 2.0% of net eligible liabilities.

(i) Analysis of assets and liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the Group's assets and liabilities as at 31 December 2023. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	500,062	876,186	106,165	100	-	-	-	1,482,513
Financial assets at FVTPL	-	-	-	-	-	-	438,660	438,660
Financial instruments at FVOCI	-	109,834	54,811	10,066	30,171	671,057	1,343	877,282
Financial instruments at AC	-	-	-	-	20,037	450,759	-	470,796
Derivative financial assets	-	73,749	1,965	146	78	-	-	75,938
Loans, advances and financing	240,874	1,156,113	14,276	25,997	5,167	258,535	-	1,700,962
Balances due from clients and brokers	-	570,715	-	-	-	-	-	570,715
Other assets	22,926	114,809	3,399	5,231	-	-	45,016	191,381
Others	-	1,654	1,259	1,889	3,728	15,696	750,373	774,599
Total assets	763,862	2,903,060	181,875	43,429	59,181	1,396,047	1,235,392	6,582,846

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	90,070	1,956,010	919,137	368,401	261,907	15,070	-	3,610,595
Deposits and placements of banks and other financial institutions	-	331,803	-	-	-	-	-	331,803
Obligations on securities sold under repurchase agreements	-	97,232	-	-	-	-	-	97,232
Derivative financial liabilities	-	3,721	3,362	3,969	34,045	-	-	45,097
Balances due to clients and brokers	-	775,015	-	-	-	-	-	775,015
Borrowings	-	-	-	-	-	180,500	-	180,500
Other liabilities balances	3,355	114,479	7,574	4,887	5,725	17,618	317,991	471,629
Total liabilities	93,425	3,278,260	930,073	377,257	301,677	213,188	317,991	5,511,871
Net maturity mismatch	670,437	(375,200)	(748,198)	(333,828)	(242,496)	1,182,859	917,401	1,070,975

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments.

Group 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,882,629	-	-	-	-	-	-	2,882,629
- foreign exchange related contracts	-	55,095	137	-	-	-	-	55,232
Miscellaneous commitments - monies held in trust on behalf of client	980,227	-	-	-	-	-	-	980,227
Other commitments - corporate loan	65,392	-	6,000	42,500	6,041	-	-	119,933
Securities borrowing and lending	8,367	-	-	-	-	-	-	8,367
Total commitments and guarantees	3,936,615	55,095	6,137	42,500	6,041	-	-	4,046,388

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Group's assets and liabilities as at 31 December 2022. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	498,690	1,202,089	32,007	-	-	-	-	1,732,786
Financial assets at FVTPL	-	-	-	-	-	9,042	313,097	322,139
Financial instruments at FVOCI	-	9,978	45,017	-	10,078	252,806	1,294	319,173
Financial instruments at AC	-	-	45,029	50,002	10,065	344,018	-	449,114
Derivative financial assets	-	27,479	-	-	4,530	53,208	-	85,217
Loans, advances and financing	228,608	1,139,384	5,639	79,749	18,595	218,500	-	1,690,475
Balances due from clients and brokers	-	427,638	-	-	-	-	-	427,638
Other assets	4,991	65,255	3,415	2,304	-	-	107,788	183,753
Others	-	1,697	1,288	1,922	3,839	16,218	727,098	752,062
Total assets	732,289	2,873,520	132,395	133,977	47,107	893,792	1,149,277	5,962,357

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	67,265	1,789,437	851,371	390,922	62,083	-	-	3,161,078
Deposits and placements of banks and other financial institutions	-	378,359	37,000	-	-	-	-	415,359
Derivative financial liabilities	-	286	991	1,833	13,386	-	-	16,496
Balances due to clients and brokers	-	732,709	-	-	-	-	-	732,709
Borrowings	-	17,500	2,800	2,800	2,400	180,500	-	206,000
Other liabilities balances	1,707	104,539	7,929	3,703	4,102	17,843	268,068	407,891
Total liabilities	68,972	3,022,830	900,091	399,258	81,971	198,343	268,068	4,939,533
Net maturity mismatch	663,317	(149,310)	(767,696)	(265,281)	(34,864)	695,449	881,209	1,022,824

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments.

	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,749,435	-	-	-	-	-	-	2,749,435
- foreign exchange related contracts	-	24,684	21,500	-	-	-	-	46,184
Miscellaneous commitments - monies held in trust on behalf of client	1,069,081	-	-	-	-	-	-	1,069,081
Other commitments - corporate loan	70,561	10,000	-	-	-	-	-	80,561
Securities borrowing and lending	11,102	-	-	-	-	-	-	11,102
Total commitments and guarantees	3,900,179	34,684	21,500	-	-	-	-	3,956,363

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Bank's assets and liabilities as at 31 December 2023. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	116,341	762,596	95,790	-	-	-	-	974,727
Financial assets at FVTPL	-	-	-	-	-	-	438,474	438,474
Financial instruments at FVOCI	-	109,834	54,811	10,066	30,171	671,057	1,343	877,282
Financial instruments at AC	-	-	-	-	20,037	450,759	-	470,796
Derivative financial assets	-	73,749	1,965	146	78	-	-	75,938
Loans, advances and financing	253,903	1,156,113	14,276	25,997	-	276,358	-	1,726,647
Balances due from clients and brokers	-	570,636	-	-	-	-	-	570,636
Other assets	20,709	59,853	3,399	5,231	-	29,907	59,563	178,662
Others	-	1,539	1,030	1,545	3,091	13,042	738,942	759,189
Total assets	390,953	2,734,320	171,271	42,985	53,377	1,441,123	1,238,322	6,072,351

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	90,070	2,059,851	968,012	369,804	261,907	15,070	-	3,764,714
Deposits and placements of banks and and other financial institutions	-	331,803	-	-	-	-	-	331,803
Obligations on securities sold under repurchase agreements	-	97,232	-	-	-	-	-	97,232
Derivative financial liabilities	-	3,721	3,362	3,969	34,045	-	-	45,097
Balances due to clients and brokers	-	344,719	-	-	-	-	-	344,719
Borrowings	-	-	-	-	-	180,500	-	180,500
Other liabilities balances	3,355	114,817	7,345	4,541	5,077	14,796	133,136	283,067
Total liabilities	93,425	2,952,143	978,719	378,314	301,029	210,366	133,136	5,047,132
Net maturity mismatch	297,528	(217,823)	(807,448)	(335,329)	(247,652)	1,230,757	1,105,186	1,025,219

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

Bank 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,882,629	-	-	-	-	-	-	2,882,629
- foreign exchange related contracts	-	55,095	137	-	-	-	-	55,232
Miscellaneous commitments - monies held in trust on behalf of client	980,227	-	-	-	-	-	-	980,227
Other commitments - corporate loan	116,392	-	6,000	42,500	6,041	35,000	-	205,933
Securities borrowing and lending	8,367	-	-	-	-	-	-	8,367
Total commitments and guarantees	3,987,615	55,095	6,137	42,500	6,041	35,000	-	4,132,388

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Bank's assets and liabilities as at 31 December 2022. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	113,936	1,127,034	21,955	-	-	-	-	1,262,925
Financial assets at FVTPL	-	-	-	-	-	9,042	315,584	324,626
Financial instruments at FVOCI	-	9,978	45,017	-	10,078	252,806	1,294	319,173
Financial instruments at AC	-	-	45,029	50,002	10,065	344,018	-	449,114
Derivative financial assets	-	27,479	-	-	4,530	53,208	-	85,217
Loans, advances and financing	253,656	1,136,023	2	72,530	2,513	238,786	-	1,703,510
Balances due from clients and brokers	-	427,477	-	-	-	-	-	427,477
Other assets	5,572	8,048	3,415	2,304	-	29,761	76,333	125,433
Others	-	1,582	1,058	1,587	3,174	13,139	738,177	758,717
Total assets	373,164	2,737,621	116,476	126,423	30,360	940,760	1,131,388	5,456,192

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	67,265	1,895,880	881,767	392,310	62,083	-	-	3,299,305
Deposits and placements of banks and other financial institutions	-	378,359	37,000	-	-	-	-	415,359
Derivative financial liabilities	-	286	991	1,833	13,386	-	-	16,496
Balances due to clients and brokers	-	262,976	-	-	-	-	-	262,976
Borrowings	-	-	2,800	2,800	2,400	180,500	-	188,500
Other liabilities balances	1,707	104,460	7,705	3,374	3,439	14,603	134,487	269,775
Total liabilities	68,972	2,641,961	930,263	400,317	81,308	195,103	134,487	4,452,411
Net maturity mismatch	304,192	95,660	(813,787)	(273,894)	(50,948)	745,657	996,901	1,003,781

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

Bank 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,749,435	-	-	-	-	-	-	2,749,435
- foreign exchange related contracts	-	24,684	21,500	-	-	-	-	46,184
Miscellaneous commitments - monies held in trust on behalf of client	1,069,081	-	-	-	-	-	-	1,069,081
Other commitments - corporate loan	100,561	10,000	-	-	45,000	15,000	-	170,561
Securities borrowing and lending	11,102	-	-	-	-	-	-	11,102
Total commitments and guarantees	3,930,179	34,684	21,500	-	45,000	15,000	-	4,046,363

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The financial liabilities in the tables below will not agree to the balances reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	2,060,656	931,466	375,960	272,153	15,661	-	3,655,896
Deposits and placements of banks and other financial institutions	334,180	-	-	-	-	-	334,180
Obligations on securities sold under repurchase agreements	97,416	-	-	-	-	-	97,416
Derivative financial liabilities	3,721	3,362	3,969	34,045	-	-	45,097
Balances due to clients and brokers	775,015	-	-	-	-	-	775,015
Borrowings	-	-	-	-	268,951	-	268,951
Other liabilities balances	117,834	7,574	4,887	5,725	17,618	317,991	471,629
Total undiscounted financial liabilities	3,388,822	942,402	384,816	311,923	302,230	317,991	5,648,184

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Group 2022	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	1,862,375	882,553	397,455	64,377	-	-	3,206,760
Deposits and placements of banks and other financial institutions	380,124	37,376	-	-	-	-	417,500
Derivative financial liabilities	286	991	1,833	13,386	-	-	16,496
Balances due to clients and brokers	732,709	-	-	-	-	-	732,709
Borrowings	17,586	2,826	2,826	2,423	268,951	-	294,612
Other liabilities balances	106,246	7,929	3,703	4,102	17,843	268,068	407,891
Total undiscounted financial liabilities	3,099,326	931,675	405,817	84,288	286,794	268,068	5,075,968

Bank 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	**2,165,012**	**980,627**	**377,387**	**272,153**	**15,661**	**-**	**3,810,840**
Deposits and placements of banks and other financial institutions	**334,180**	**-**	**-**	**-**	**-**	**-**	**334,180**
Obligations on securities sold under repurchase agreements	**97,416**	**-**	**-**	**-**	**-**	**-**	**97,416**
Derivative financial liabilities	**3,721**	**3,362**	**3,969**	**34,045**	**-**	**-**	**45,097**
Balances due to clients and brokers	**344,719**	**-**	**-**	**-**	**-**	**-**	**344,719**
Borrowings	**-**	**-**	**-**	**-**	**268,951**	**-**	**268,951**
Other liabilities balances	**118,172**	**7,345**	**4,541**	**5,077**	**14,796**	**133,136**	**283,067**
Total undiscounted financial liabilities	**3,063,220**	**991,334**	**385,897**	**311,275**	**299,408**	**133,136**	**5,184,270**

51. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank 2022	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	1,969,437	913,107	398,864	64,377	-	-	3,345,785
Deposits and placements of banks and otherfinancial institutions	380,124	37,376	-	-	-	-	417,500
Derivative financial liabilities	286	991	1,833	13,386	-	-	16,496
Balances due to clients and brokers	262,976	-	-	-	-	-	262,976
Borrowings	-	2,826	2,826	2,423	268,951	-	277,026
Other liabilities balances	106,167	7,705	3,374	3,439	14,603	134,487	269,775
Total undiscounted financial liabilities	2,718,990	962,005	406,897	83,625	283,554	134,487	4,589,558

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or resulting from external events.

Operational risk is managed through an effective operational risk management framework which include development of policies, processes and procedures for managing operational risk in the Group, independent review of the risk management function by internal audit and oversight by the Management and Board of Directors.

The operational risk management processes include identifying and assessing operational risks of the Group and operational risk loss data collection to track the factual information which can assist the organisation and business and support units to effectively understand where their real risks exist, identify control weaknesses, underlying causes and introduce controls to strengthen the weaknesses.

Any actual, near-miss or potential losses from any operational risk loss events are to be reported to Management.

52. FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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 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.

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

Group 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Fund	-	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 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 liability measured at fair value				
Derivative financial liabilities	23,014	22,083	-	45,097
Financial liabilities for which fair values are disclosed				
Obligations on securities sold under repurchase agreements	-	97,232	-	97,232
Borrowings	-	172,003	-	172,003
Deposits from customers	-	3,610,595	-	3,610,595
Deposits and placements of banks and other financial institutions	-	331,803	-	331,803
Others	-	1,067,262	-	1,067,262
	23,014	5,300,978	-	5,323,992

52. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

FAIR VALUE MEASUREMENT (CONT'D.)

Group 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities and fund	-	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 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 liability measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Financial liabilities for which fair values are disclosed				
Borrowings	-	170,255	-	170,255
Deposits from customers	-	3,161,078	-	3,161,078
Deposits and placements of banks and other financial institutions	-	415,359	-	415,359
Others	-	966,503	-	966,503
	3,979	4,725,712	-	4,729,691

52. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

FAIR VALUE MEASUREMENT (CONT'D.)

Bank 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Fund	-	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 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 liability measured at fair value				
Derivative financial liabilities	23,014	22,083	-	45,097
Financial liabilities for which fair values are disclosed				
Obligations on securities sold under repurchase agreements	-	97,232	-	97,232
Borrowings	-	172,003	-	172,003
Deposits from customers	-	3,764,714	-	3,764,714
Deposits and placements of banks and other financial institutions	-	331,803	-	331,803
Others	-	491,438	-	491,438
	23,014	4,879,273	-	4,902,287

52. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

FAIR VALUE MEASUREMENT (CONT'D.)

Bank 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities and fund	-	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 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 liability measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Financial liabilities for which fair values are disclosed				
Borrowings	-	152,746	-	152,746
Deposits from customers	-	3,299,305	-	3,299,305
Deposits and placements of banks and other financial institutions	-	415,359	-	415,359
Others	-	400,099	-	400,099
	3,979	4,280,026	-	4,284,005

There have been no transfers between Level 1 and Level 2 during the financial years.

The methods and assumptions used to estimate the fair value of the financial instruments not measured at fair value are as disclosed in Note 49.

52. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

FAIR VALUE MEASUREMENT (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	Group and Bank	
	Equity securities at FVTPL RM'000	Equity securities at FVOCI RM'000
2023		
Balance at the beginning of the financial year	**71,612**	**1,294**
Revaluation (loss)/gain during the financial year	**(409)**	**49**
Balance at the end of the financial year	**71,203**	**1,343**
2022		
Balance at the beginning of the financial year	55,772	1,460
Acquisition of investments during the financial year	10,000	-
Revaluation gain/(loss) during the financial year	5,840	(166)
Balance at the end of the financial year	71,612	1,294

53. OPERATIONS OF ISLAMIC BANKING

The Islamic banking operations of the Bank are as follows:

(a) Statements of financial position as at 31 December 2023

	Note	Group and Bank 2023 RM'000	Group and Bank 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		**110,797**	77,789

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Statements of profit or loss and other comprehensive income
For the financial year ended 31 December 2023

	Note	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Income derived from investment of depositors' funds	(m)	**33,732**	26,727
Income derived from investment of shareholders' funds	(n)	**6,200**	6,616
Credit loss expense		**(91)**	(87)
Total attributable income		**39,841**	33,256
Profit distributed to depositors	(o)	**(18,712)**	(17,704)
Net Income		**21,129**	15,552
Finance cost		**(581)**	(438)
Personnel expenses	(p)(i)	**(837)**	(805)
Other overhead expenses	(p)(ii)	**(3,141)**	(3,013)
Profit before taxation and zakat		**16,570**	11,296
Taxation and zakat		**(4,439)**	(3,024)
Profit for the financial year		**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		**1,994**	(1,630)
Income tax relating to fair value gain/(loss) on debt instruments at FVOCI		**(510)**	423
Total other comprehensive income for the financial year, net of tax		**13,615**	7,065

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

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Income derived from investment of depositors' funds	**33,732**	26,727
Income derived from investment of shareholders' funds	**6,200**	6,616
Total income before impairment allowances and overhead expenses	**39,932**	33,343
Profit distributed to depositors	**(18,712)**	(17,704)
Finance cost	**(581)**	(438)
Income from Islamic Banking Window operations reported in the statements of profit or loss	**20,639**	15,201

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(c) Statements of cash flows
For the financial year ended 31 December 2023

	Group and Bank	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	**16,570**	11,296
Adjustments for:		
Depreciation of plant and equipment (Note 53(p)(ii))	**3**	6
Amortisation of intangible assets (Note 53(p)(ii))	**1**	1
Credit loss expense	**91**	87
Realised loss from sale of financial assets at FVTPL (Note 53(m))	**182**	-
Realised loss from sale of financial investments at FVOCI (Note 53(m))	**1**	-
Operating profit before working capital changes	**16,848**	11,390
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	**91,258**	(112,256)
Taxation and zakat paid	**(291)**	(340)
Net cash generated from/(used in) operating activities	**90,967**	(112,596)
Cash flows from investing activity		
Net (purchase)/sales of securities, representing net cash flows (used in)/generated from investing activity	**(187,056)**	126,360
Net change in cash and cash equivalents	**(96,089)**	13,764
Cash and cash equivalents at beginning of the financial year	**438,476**	424,712
Cash and cash equivalents at end of the financial year	**342,387**	438,476

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Statements of changes in Islamic banking funds
For the financial year ended 31 December 2023

	Non-distributable					Distributable	
Group and Bank	**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**	**Total RM'000**
At 1 January 2023	**120,000**	**(301)**	**2,261**	**8**	**5,248**	**63,780**	**190,996**
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 retained profits	**-**	**-**	**-**	**(1)**	**-**	**1**	**-**
Transfer to regulatory reserve	**-**	**-**	**393**	**-**	**-**	**(393)**	**-**
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
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 to retained profits	-	-	-	(6)	-	6	-
Transfer from regulatory reserve	-	-	(53)	-	-	53	-
At 31 December 2022	120,000	(301)	2,261	8	5,248	63,780	190,996

* *Capital reserve arose from the merger adjustment to reflect the capital restructuring as a result of the group internal reorganisation exercise.*

(e) Cash and bank balances

	Group and Bank	
	2023 RM'000	**2022 RM'000**
Current account with BNM and banks	**16,287**	19,476
Money at call and deposit placements with:		
Licensed banks	**126,100**	149,000
Domestic non-bank financial institutions	**200,000**	270,000
	342,387	438,476

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(f) Financial assets at FVTPL

	Group and Bank	
	2023 RM'000	2022 RM'000
At fair value		
Unquoted securities in Malaysia:		
Funds	**100,000**	100,000

(g) Financial investments other than those measured at FVTPL

	Group and Bank	
	2023 RM'000	2022 RM'000
(i) Financial investments at Fair Value through Other Comprehensive Income ("FVOCI"):		
Money market instruments:		
Malaysian Government Investment Certificates	**103,462**	-
Negotiable Instruments of Deposits	**99,770**	-
	203,232	-
Debt instruments:		
Corporate Sukuk	**61,615**	65,618
Total financial investments at FVOCI	**264,847**	65,618
(ii) Financial investments at AC:		
Money market instruments:		
Malaysian Government Investment Certificates	**39,310**	39,236
Debt instruments:		
Corporate Sukuk	**67,285**	77,593
Total financial investments at AC	**106,595**	116,829
Total financial investments other than those measured at FVTPL	**371,442**	182,447

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

FVOCI

An analysis of changes in the ECL is, as follows:

	Group and Bank			
	2023			
	RM'000 Stage 1	RM'000 Stage 2	RM'000 Stage 3	RM'000 Total
Movement in ECL				
As at 1 January	-	128	-	128
Assets derecognised or repaid (excluding write-offs)	-	(128)	-	(128)
As at 31 December	-	-	-	-

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

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(h) Financing and advances

		Group and Bank	
		2023 RM'000	2022 RM'000
	Commodity Murabahah term financing		
	- Shariah contract - others	**57,652**	26,323
	Commodity Murabahah revolving credit		
	- Shariah contract - others	**81,186**	57,913
	Commodity Murabahah share margin financing		
	- Shariah contract - others	**834**	13,311
	Gross financing and advances	**139,672**	97,547
	Less: Allowance for ECL	**(301)**	(55)
	Net financing and advances	**139,371**	97,492
(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
		139,672	97,547
(ii)	Gross financing and advances analysed by geographical distribution are as follows:		
	In Malaysia	**139,672**	97,547
(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
		139,672	97,547

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group and Bank	
	2023 RM'000	2022 RM'000
Purchase of securities	**15,843**	36,618
Working capital	**61,800**	57,914
Others	**62,029**	3,015
	139,672	97,547

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

	Group and Bank	
	2023 RM'000	2022 RM'000
Within one year	**82,020**	73,737
More than one year	**57,652**	23,810
	139,672	97,547

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

Term Financing:

	Group and Bank	
	2023	
ECL allowances	Stage 1 RM'000	Total RM'000
As at 1 January	**55**	**55**
New assets originated	**375**	**375**
Assets derecognised or repaid (excluding write-offs)	**(70)**	**(70)**
Net remeasurement of allowance	**(152)**	**(152)**
As at 31 December	**208**	**208**

	Group and Bank	
	2022	
ECL allowances	Stage 1 RM'000	Total RM'000
As at 1 January	96	96
New assets originated	93	93
Assets derecognised or repaid (excluding write-offs)	(122)	(122)
Net remeasurement of allowance	(12)	(12)
As at 31 December	55	55

53. 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:

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

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

(i) Other assets

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Income receivables	3,426	2,433
Prepayment	8	6
Other receivables	3,072	89
Less: ECL	(27)	(54)
	6,479	2,474

(i) Impairment allowance for other receivables:

ECL allowances	2023 Non-credit Impaired RM'000	2023 Credit Impaired RM'000	2023 Total RM'000
As at 1 January	1	53	54
New assets originated	6	3	9
Assets derecognised or repaid (excluding write-offs)	-	(36)	(36)
Transfer of stages during the year	(6)	6	-
As at 31 December	1	26	27

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(i) Other assets (cont'd.)

(i) Impairment allowance for other receivables (cont'd):

ECL allowances	2022 Non-credit Impaired RM'000	2022 Credit Impaired RM'000	2022 Total RM'000
As at 1 January	15	38	53
New assets originated	11	-	11
Assets derecognised or repaid (excluding write-offs)	-	(12)	(12)
Transfer of stages during the year	(25)	25	-
Net remeasurement of allowance	-	2	2
As at 31 December	1	53	54

(j) Deposits from customers

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
(i) By type of deposit:		
Tawarruq (Commodity Murabahah deposits)	**341,577**	472,902
(ii) By type of customers:		
Government and statutory bodies	**67,540**	100,000
Domestic non-bank institutions	**216,028**	264,126
Business enterprises	**43,761**	93,560
Individuals	**785**	670
Subsidiary companies	**13,463**	14,546
	341,577	472,902
(iii) By maturity:		
Due within six months	**299,349**	372,902
Due more than six months	**42,228**	100,000
	341,577	472,902

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(k) Deposits and placements of banks and other financial institutions

	Group and Bank	
	2023 RM'000	2022 RM'000
Other financial institution	**10,000**	-

(l) Other liabilities

	Group and Bank	
	2023 RM'000	2022 RM'000
Mudarabah Specific Investment Account	**11,989**	12,237
Profit payables	**1,160**	2,123
Other payables	**379,312**	136,608
	392,461	150,968

(m) Income derived from investment of depositors' funds

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing and advances	**2,159**	1,889
Deposits and placements with financial institutions	**11,667**	8,966
Financial investments other than those measured at FVTPL	**10,630**	8,290
Accretion of discount	**(597)**	(349)
Others	**5**	4
	23,864	18,800
Other operating income		
Realised loss on sale of financial assets at FVTPL	**(182)**	-
Realiased loss on sale of financial investments at FVOCI	**(1)**	-
Fees on financing and advances	**144**	1,083
Brokerage fee	**3,837**	3,395
Profit income	**4,862**	3,192
Advisory fee	**260**	340
Direct trading expenses	**(108)**	(106)
Other operating income	**1,052**	-
Other non-operating income	**4**	23
	9,868	7,927
	33,732	26,727

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(n) Income derived from investment of shareholders' funds

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing and advances	**6,200**	4,535
Financial investments other than those measured at FVTPL	**-**	2,291
Accretion of premium	**-**	(210)
	6,200	6,616

(o) Profit distributed to depositors

	Group and Bank	
	2023 RM'000	2022 RM'000
Deposits from customers and financial institutions		
- Murabahah Fund	**14,628**	14,841
Others	**4,084**	2,863
	18,712	17,704

(p) Other operating expenses

	Group and Bank	
	2023 RM'000	2022 RM'000
(i) Personnel expenses		
- salaries, wages, allowances and bonus	**652**	637
- EPF	**102**	100
- other staff related expense	**83**	68
	837	805
(ii) Other overhead expenses		
Establishment costs		
- depreciation	**3**	6
- amortisation	**1**	1
- office rental	**59**	58
- others	**26**	16
	89	81

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(p) Other operating expenses (cont'd.)

	Group and Bank	
	2023 RM'000	2022 RM'000
(ii) Other overhead expenses (cont'd.)		
Marketing and trading expenses		
- advertisement and promotions	**1**	1
- travelling and entertainment expenses	**1**	-
	2	1
Administration and general expenses		
- Fees and brokerage	**620**	543
- Support service charges	**2,052**	1,936
- Shariah committee expenses	**228**	185
- Others	**150**	267
	3,050	2,931
Total other overhead expenses	**3,141**	3,013

(q) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contracts is dependent on the nature of the products, either financing or deposit product.

(r) Shariah Committees' remuneration

Remuneration in aggregate for Shariah Committees for the financial year is as follows:

	Remuneration received		
Group & Bank	**Fees**	**Other emolument**	**Total**
Committees members:			
31 December 2023			
Dr. Ghazali Jaapar	**78,000**	**6,600**	**84,600**
Dr. Mohammad Firdaus Mohammad Hatta	**54,000**	**5,500**	**59,500**
Dr. Fadillah Mansor	**48,000**	**5,500**	**53,500**
	180,000	**17,600**	**197,600**
31 December 2022			
Dr. Ghazali Jaapar	73,000	7,200	80,200
Dr. Mohammad Firdaus Mohammad Hatta	49,000	6,000	55,000
Dr. Fadillah Mansor	43,000	6,000	49,000
	165,000	19,200	184,200

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(s) Capital adequacy

	Group and Bank	
	2023 RM'000	2022 RM'000
CET 1/Tier 1 capital		
Islamic banking funds	**120,000**	120,000
Retained profits	**75,515**	63,780
Reserves	**9,091**	7,216
Less:		
Intangible assets	**(1)**	(2)
Deferred tax	**-**	(115)
55% of cumulative gains on financial investments at FVOCI	**(652)**	-
Regulatory reserve	**(2,654)**	(2,261)
Total CET 1/Tier 1 capital	**201,299**	188,618
Tier 2 capital		
General provision	**2,956**	2,446
Total Tier 2 capital	**2,956**	2,446
Total capital	**204,255**	191,064
CET 1 capital ratio	**66.552%**	71.578%
Tier 1 capital ratio	**66.552%**	71.578%
Total capital ratio	**67.529%**	72.506%

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(s) Capital adequacy (cont'd.)

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

	2023		2022	
Group and Bank	**Principal RM'000**	**Risk-weighted RM'000**	**Principal RM'000**	**Risk-weighted RM'000**
Credit risk	**894,264**	**271,905**	756,603	234,543
Operational risk	**-**	**30,564**	-	28,971
Total risk weighted assets	**894,264**	**302,469**	756,603	263,514

(t) 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 commitments and contingencies are as follows:

	Group and Bank	
	2023 Principal amount RM'000	**2022 Principal amount RM'000**
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	**19,766**	9,439
- corporate financing	**48,531**	68,350
Commitments to extend credit with maturity of more than 1 year:		
- corporate financing	**42,500**	-
	110,797	77,789

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(u) Liquidity risk

Analysis of assets and liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the Islamic banking operation's assets and liabilities as at 31 December 2023. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group and Bank 2023	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	16,287	276,100	50,000	-	-	-	-	342,387
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	-	49,961	54,811	5,026	10,063	144,986	-	264,847
Financial instruments at AC	-	-	-	-	10,018	96,577	-	106,595
Financing and advances	81,024	834	-	-	-	57,513	-	139,371
Balances due from clients and brokers	-	2,009	-	-	-	-	-	2,009
Other assets	3,015	1,470	1,017	967	-	-	10	6,479
Others	-	-	-	-	-	-	12	12
Total assets	100,326	330,374	105,828	5,993	20,081	299,076	100,022	961,700
Liabilities								
Deposits from customers	-	234,097	50,191	17,289	40,000	-	-	341,577
Deposits and placements of banks and other financial institutions	-	10,000	-	-	-	-	-	10,000
Balances due to clients and brokers	-	5,489	-	-	-	-	-	5,489
Other liabilities balances	-	348	119	92	601	7,172	391,696	400,028
Total liabilities	-	249,934	50,310	17,381	40,601	7,172	391,696	757,094
Net maturity mismatch	100,326	80,440	55,518	(11,388)	(20,520)	291,904	(291,674)	204,606

53. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(u) Liquidity risk (cont'd.)

Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Islamic banking operation's assets and liabilities as at 31 December 2022. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group and Bank 2022	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	19,476	419,000	-	-	-	-	-	438,476
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	-	4,978	5,003	-	-	55,637	-	65,618
Financial instruments at AC	-	-	-	10,000	-	106,829	-	116,829
Financing and advances	57,913	13,256	-	-	2,513	23,810	-	97,492
Balances due from clients and brokers	-	1,477	-	-	-	-	-	1,477
Other assets	5	1,535	407	519	-	-	8	2,474
Others	-	-	-	-	-	-	130	130
Total assets	77,394	440,246	5,410	10,519	2,513	186,276	100,138	822,496
Liabilities								
Deposits from customers	-	358,984	113,268	650	-	-	-	472,902
Balances due to clients and brokers	-	4,606	-	-	-	-	-	4,606
Other liabilities balances	-	170	1,950	3	-	3,024	148,845	153,992
Total liabilities	-	363,760	115,218	653	-	3,024	148,845	631,500
Net maturity mismatch	77,394	76,486	(109,808)	9,866	2,513	183,252	(48,707)	190,996

54. DIRECTORS OF SUBSIDIARIES OF THE GROUP

The following is the list of Directors who served on the Boards of the subsidiaries of the Group since the beginning of the financial year to the date of the Directors' report:

No	Name of subsidiaries	Name of Directors
1	Kenanga Futures Sdn Bhd	Sree Kumar A/L C K Nayar Emmanuel, Dominique, Martial, Georges, Faure Azila Binti Abdul Aziz Vaithiyanathan A/L Madavan Lem Siow Hui Luigi Fortunato Ghirardello (Retired on 25 May 2023)
2	Kenanga Nominees (Asing) Sdn Bhd	Datuk Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan
3	Kenanga Nominees (Tempatan) Sdn Bhd	Datuk Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan
4	Kenanga Private Equity Sdn Bhd	Datuk Chay Wai Leong Cheong Boon Kak Vaithiyanathan A/L Madavan

54. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

The following is the list of Directors who served on the Boards of the subsidiaries of the Group since the beginning of the financial year to the date of the Directors' report (cont'd.):

No	Name of subsidiaries	Name of Directors
5	ECML Berhad	Datuk Lee Kok Khee Vaithiyanathan A/L Madavan
6	Kenanga Digital Sdn Bhd	Datuk Lee Kok Khee Cheong Boon Kak Ian Wyatt Lloyd Sarah Lim Fern Chieh (Appointed on 15 March 2023)
7	Avenue Kestrel Sdn Bhd	Datuk Lee Kok Khee Vaithiyanathan A/L Madavan
8	K & N Kenanga Holdings Berhad	Datuk Chay Wai Leong Datuk Roslan Bin Hj Tik Cheong Boon Kak
9	SSSB Management Services Sdn Bhd	Lem Siow Hui Vaithiyanathan A/L Madavan
10	Kenanga Management & Services Sdn Bhd	Lem Siow Hui Vaithiyanathan A/L Madavan
11	Kenanga Investors Berhad	Norazian Binti Ahmad Tajuddin Imran Devindran Bin Abdullah Datuk Wira Ismitz Matthew De Alwis Luk Wai Hong, William Choy Khai Choon (Appointed on 1 April 2023) Norazilla Binti Md Tahir (Appointed on 2 January 2024)

54. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

The following is the list of Directors who served on the Boards of the subsidiaries of the Group since the beginning of the financial year to the date of the Directors' report (cont'd.):

No	Name of subsidiaries	Name of Directors
12	Kenanga Islamic Investors Berhad	YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail Datuk Wira Ismitz Matthew De Alwis Megat Mizan Nicholas Denney (alternate to YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail) Norazian Binti Ahmad Tajuddin Zulkifli Bin Ishak (Resigned on 16 September 2023)
13	KUT Nominees (Tempatan) Sdn Bhd	Datuk Lee Kok Khee Datuk Wira Ismitz Matthew De Alwis
14	KUT Nominees (Asing) Sdn Bhd	Datuk Lee Kok Khee Datuk Wira Ismitz Matthew De Alwis
15	Kenanga Trustees Berhad (formerly known as Kenanga Funds Berhad)	Datuk Wira Ismitz Matthew De Alwis Cheong Boon Kak Tan Ping Ying
16	Kenanga Capital Sdn Bhd	Datuk Roslan Bin Hj Tik Datuk Lee Kok Khee
17	i-VCAP Management Sdn Bhd	Luk Wai Hong, William Imran Devindran Bin Abdullah Datuk Wira Ismitz Matthew De Alwis Syed Umar Bin Abdul Rahman Alhadad Norazian Binti Ahmad Tajuddin

55. EQUITY COMPENSATION BENEFITS

Kenanga Group's Employees' Share Scheme

The Bank has established and implemented an ESS for the employees of the Bank and its non-dormant subsidiary companies. The ESS consists of two types of awards in the form of ESOS and ESGP.

(1) ESOS

Under the ESOS award, the ESS Committee may, within the period of the Scheme and at its discretion, offer to the eligible employees a certain number of ESOS options to subscribe for the Bank's shares at the exercise prices subject to the applicable terms and conditions of the by-laws.

Subject to acceptance, the participants will be vested the options which can then be exercised within a period of three years, provided that all the vesting conditions are fulfilled.

Key features of the ESOS awards since the beginning of the scheme until the end of the current financial year are as follow:

First offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
2.1.2018	1.3.2018	2,218	0.575
2.1.2018	2.5.2019	13,320	0.575
2.1.2018	1.7.2020	12,231	0.575
2.1.2018	1.12.2020	224	0.575
2.1.2018	2.8.2021	16,560	0.575
2.1.2018	28.10.2021	300	0.575

Second offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
31.5.2018	2.5.2019	3,000	0.630
31.5.2018	1.7.2020	3,000	0.630
31.5.2018	2.8.2021	4,000	0.630

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

Third offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
2.5.2019	1.6.2019	386	0.605
2.5.2019	1.7.2020	1,404	0.605
2.5.2019	2.8.2021	1,325	0.605
2.5.2019	1.9.2022	1,272	0.605

Fourth offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
17.6.2019	1.7.2020	225	0.595
17.6.2019	2.8.2021	225	0.595

The remaining options of fourth offer were forfeited due to resignation.

Fifth offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
1.7.2020	1.8.2020	356	0.580
1.7.2020	2.8.2021	792	0.580
1.7.2020	1.9.2021	17	0.580
1.7.2020	1.9.2022	623	0.580
1.7.2020	1.11.2023	820	0.580

Sixth offer

Offer date	Vesting date	Number of options Vested ('000)	Exercise price (RM)
2.8.2021	1.9.2021	308	1.370
2.8.2021	1.9.2022	818	1.370
2.8.2021	1.11.2023	550	1.370

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

Details of share options granted under ESOS:

Offer date	Vesting date	Number of options granted	Exercise price	Number of exercisable options	Exercise period
02.01.2018	01.03.2018	2,218,000	0.575	-	01.03.2018 -28.02.2021
02.01.2018	02.05.2019	14,161,500	0.575	-	02.05.2019-01.05.2022
02.01.2018	01.07.2020	14,161,500	0.575	-	01.07.2020-30.06.2023
02.01.2018	01.12.2020	224,000	0.575	-	01.12.2020-31.05.2021
02.01.2018	02.08.2021	18,358,000	0.575	3,356,000	02.08.2021-01.08.2024
02.01.2018	28.10.2021	300,000	0.575	-	02.08.2021-01.08.2024
31.05.2018	02.05.2019	3,000,000	0.630	-	02.05.2019-01.05.2022
31.05.2018	01.07.2020	3,000,000	0.630	-	01.07.2020-30.06.2023
31.05.2018	02.08.2021	4,000,000	0.630	4,000,000	02.08.2021-01.08.2024
02.05.2019	01.06.2019	386,000	0.605	-	01.06.2019-31.05.2022
02.05.2019	01.07.2020	1,588,500	0.605	-	01.07.2020-30.06.2023
02.05.2019	02.08.2021	1,588,500	0.605	75,000	02.08.2021-01.08.2024
02.05.2019	01.09.2022	2,118,000	0.605	785,000	01.09.2022-31.08.2025
17.06.2019	01.07.2020	225,000	0.595	-	01.07.2020-30.06.2023
17.06.2019	02.08.2021	225,000	0.595	-	02.08.2021-01.08.2024
17.06.2019	N/A *	300,000	0.595	N/A	N/A
01.07.2020	01.08.2020	356,000	0.580	-	01.08.2020-31.07.2023
01.07.2020	02.08.2021	870,000	0.580	197,500	02.08.2021-01.08.2024
01.07.2020	01.09.2021	16,500	0.580	-	01.09.2021-31.08.2024
01.07.2020	01.09.2022	886,500	0.580	345,000	01.09.2022-31.08.2025
01.07.2020	01.11.2023	1,182,000	0.580	754,000	01.11.2023 -31.10.2026
02.08.2021	01.09.2021	308,000	1.370	202,000	01.09.2021-31.08.2024
02.08.2021	01.09.2022	1,281,000	1.370	508,500	01.09.2022-31.08.2025
02.08.2021	01.11.2023	1,281,000	1.370	550,500	01.11.2023 -31.10.2026
02.08.2021	N/A *	1,708,000	1.370	N/A	N/A

* *Unvested.*

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options during the financial year:

ESOS First Offer

	Opening	Movement during the financial year			Outstanding
2023 Offer date	**As at 1.1.2023**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2023**
02.01.2018	**3,603,500**	**-**	**110,000**	**137,500**	**3,356,000**
WAEP (RM)	**0.575**	**-**	**0.575**	**0.575**	**0.575**

	Opening	Movement during the financial year			Outstanding
2022 Offer date	**As at 1.1.2022**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2022**
02.01.2018	15,053,500	-	11,386,500	63,500	3,603,500
WAEP (RM)	0.575	-	0.575	0.575	0.575

ESOS Second Offer

	Opening	Movement during the financial year			Outstanding
2023 Offer date	**As at 1.1.2023**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2023**
31.05.2018	**7,000,000**	**-**	**1,000,000**	**2,000,000**	**4,000,000**
WAEP (RM)	**0.630**	**-**	**0.630**	**0.630**	**0.630**

	Opening	Movement during the financial year			Outstanding
2022 Offer date	**As at 1.1.2022**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2022**
31.05.2018	7,000,000	-	-	-	7,000,000
WAEP (RM)	0.630	-	-	-	0.630

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options during the financial year (cont'd.):

ESOS Third Offer (cont'd.)

	Opening	Movement during the financial year			Outstanding
2023 Offer date	**As at 1.1.2023**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2023**
02.05.2019	**1,258,500**	**-**	**356,500**	**42,000**	**860,000**
WAEP (RM)	**0.605**	**-**	**0.605**	**0.605**	**0.605**

	Opening	Movement during the financial year			Outstanding
2022 Offer date	**As at 1.1.2022**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2022**
02.05.2019	2,298,000	-	853,500	186,000	1,258,500
WAEP (RM)	0.605	-	0.605	0.605	0.605

ESOS Fourth Offer

The offer was forfeited in 2021 due to resignation of staff.

ESOS Fifth Offer

	Opening	Movement during the financial year			Outstanding
2023 Offer date	**As at 1.1.2023**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2023**
01.07.2020	**1,845,500**	**-**	**325,000**	**224,000**	**1,296,500**
WAEP (RM)	**0.580**	**-**	**0.580**	**0.580**	**0.580**

	Opening	Movement during the financial year			Outstanding
2022 Offer date	**As at 1.1.2022**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2022**
01.07.2020	2,579,500	-	429,500	304,500	1,845,500
WAEP (RM)	0.580	-	0.580	0.580	0.580

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options during the financial year (cont'd.):

ESOS Sixth Offer

	Opening	Movement during the financial year			Outstanding
2023 Offer date	**As at 1.1.2023**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2023**
02.08.2021	**3,002,500**	**-**	**-**	**961,500**	**2,041,000**
WAEP (RM)	**1.370**	**-**	**-**	**1.370**	**1.370**

	Opening	Movement during the financial year			Outstanding
2022 Offer date	**As at 1.1.2022**	**Granted**	**Exercised**	**Forfeited/ Cancelled**	**As at 31.12.2022**
02.08.2021	3,718,000	-	4,000	711,500	3,002,500
WAEP (RM)	1.370	-	1.370	1.370	1.370

The fair values of share options granted were estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options are granted. The fair values of share options and the key inputs for share options valuation are as follows:

ESOS First Offer

	Tranches of vesting:			
	First tranche	**Second tranche**	**Third tranche**	**Fourth tranche**
Fair value of share options (RM)	0.0856	0.0963	0.1047	0.1111
Share price at offer date (RM)	0.550	0.550	0.550	0.550
Exercise price (RM)	0.575	0.575	0.575	0.575
Expected volatility (%)	26.92%	26.92%	26.92%	26.92%
Risk free rate (%)	3.688%	3.688%	3.688%	3.688%
Expected dividend yield (%)	4.00%	4.00%	4.00%	4.00%

The exercise period is 3 years from vesting date.

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

ESOS Second Offer

	Tranches of vesting:		
	First tranche	Second tranche	Third tranche
Fair value of share options (RM)	0.1030	0.1140	0.1220
Share price at offer date (RM)	0.595	0.595	0.595
Exercise price (RM)	0.630	0.630	0.630
Expected volatility (%)	28.07%	28.07%	28.07%
Risk free rate (%)	3.883%	3.883%	3.883%
Expected dividend yield (%)	4.00%	4.00%	4.00%

The exercise period is 3 years from vesting date.

ESOS Third Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.1103	0.1251	0.1404	0.1535
Share price at offer date (RM)	0.580	0.580	0.580	0.580
Exercise price (RM)	0.605	0.605	0.605	0.605
Expected volatility (%)	28.10%	28.10%	28.10%	28.10%
Risk free rate (%)	3.610%	3.610%	3.610%	3.610%
Expected dividend yield (%)	1.80%	1.80%	1.80%	1.80%

The exercise period is 3 years from vesting date.

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

ESOS Fourth Offer

	Tranches of vesting:		
	First tranche	Second tranche	Third tranche
Fair value of share options (RM)	0.1188	0.1338	0.1467
Share price at offer date (RM)	0.570	0.570	0.570
Exercise price (RM)	0.595	0.595	0.595
Expected volatility (%)	27.90%	27.90%	27.90%
Risk free rate (%)	3.460%	3.460%	3.460%
Expected dividend yield (%)	1.80%	1.80%	1.80%

The exercise period is 3 years from vesting date.

ESOS Fifth Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.0981	0.102	0.1046	0.1038
Share price at offer date (RM)	0.550	0.550	0.550	0.550
Exercise price (RM)	0.580	0.580	0.580	0.580
Expected volatility (%)	29.450%	29.450%	29.450%	29.450%
Risk free rate (%)	2.480%	2.480%	2.480%	2.480%
Expected dividend yield (%)	7.220%	7.220%	7.220%	7.220%

The exercise period is 3 years from vesting date.

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(1) ESOS (cont'd.)

ESOS Sixth Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.2105	0.2244	0.2259	0.2205
Share price at offer date (RM)	1.270	1.270	1.270	1.270
Exercise price (RM)	1.370	1.370	1.370	1.370
Expected volatility (%)	35.713%	35.713%	35.713%	35.713%
Risk free rate (%)	2.500%	2.500%	2.500%	2.500%
Expected dividend yield (%)	9.263%	9.263%	9.263%	9.263%

The exercise period is 3 years from vesting date.

(2) ESGP

Under the ESGP award, the ESS Committee may, within the period of the Scheme and at its discretion, grant to the eligible employees an ESGP awards, in the form of Restricted Share Plan ("RSP") and/or Performance Share Plan ("PSP").

Subject to acceptance, the awards will be vested to the grantees at no consideration, provided all the vesting conditions as determined by the ESS Committee are fulfilled, in accordance with the terms of the by-laws and taking into account the objectives of the RSP and the PSP as stipulated.

55. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga Group's Employees' Share Scheme (cont'd.)

(2) ESGP

Key features of the RSP and PSP awards are as follow:

(a) RSP

The RSP is a restricted share incentive plan, in recognition of the loyalty and individual contributions of the eligible employees towards the development, growth and success of the Group.

The vesting conditions are stipulated and determined by the ESS Committee, which may include, amongst others, the achievement of individual performance as measured by both qualitative and quantitative key performance indicators ("KPIs"), during such period as stipulated in the ESGP award.

(b) PSP

The PSP is a performance share plan in recognition of the contribution of the eligible employees as drivers of the growth and performance of the Group.

The PSP is intended to promote the alignment in the strategic achievements of the Group with that of the eligible employees to drive the creation of shareholders' value and the growth of long term financial performance of the Group.

The vesting conditions are stipulated and determined by the ESS Committee, which may include, amongst others, the achievement of relevant service objectives and specific performance targets as measured by both qualitative and quantitative KPIs, during such period as stipulated in the ESGP award.

On 2 January 2018, 3,612,735 units of share grant were allocated under PSP and on 3 May 2021, 3,610,000 units of shares were awarded to eligible Senior Management of the Group and of the Bank.

Details of share options awarded under PSP:

Award date	Number of PSP share awarded	Vesting date
03.05.2021	3,610,000	02.06.2021

PSP Grantee is restricted from selling or transferring the shares issued to him or her for a period of one year from the award date.

56. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) There was no significant event during the financial year ended 31 December 2023 other than the following:

Changes in composition of the Group

(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 Amarantite 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.

The detail of the disposal of KCISB is as follow:

	RM'000	RM'000
Sales proceeds		5,815
Fair value of interest retained (Note 14)		1,784
		7,599
(-) Net assets of subsidiary recognised before disposal:		
Net assets	11,744	
Non-controlling interest at disposal	(5,654)	(6,090)
Net gain on disposal (Note 33(c))		1,509

(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 other four wholly-owned subsidiaries, Kenanga Islamic Investors Berhad, KUT Nominees (Asing) Sdn Bhd, KUT Nominees (Tempatan) Sdn Bhd and i-VCAP in equal proportion. Thereafter, KFB changed its name to Kenanga Trustees Berhad and converted to a trust company under the Trust Companies Act 1949.

(b) There was no significant event subsequent to the financial year ended 31 December 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2024

SHARE CAPITAL

Total Number of Issued Shares : 735,762,599 Ordinary Shares (including 9,308,300 Treasury Shares)
Class of Shares : Ordinary shares
Voting Rights : One (1) Vote per Ordinary Share

Size of Holding	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	6,964	29.40	178,373	0.03
100 to 1,000	5,076	21.43	2,339,156	0.32
1,001 to 10,000	9,281	39.18	32,404,842	4.46
10,001 to 100,000	2,026	8.55	60,309,128	8.30
100,001 to Less Than 5% of Issued Shares	338	1.43	393,430,030	54.16
5% and Above of Issued Shares	2	0.01	237,792,770	32.73
TOTAL	**23,687**	**100.00**	**726,454,299**[(1)]	**100.00**

(1) Excluding 9,308,300 treasury shares retained by the Company as at 2 April 2024.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	Cahya Mata Capital Sdn Bhd	136,823,000	18.834
2	Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail	100,969,770	13.899
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Tokai Tokyo Securities Co., Ltd.	34,514,799	4.751
4	Chua Sim Neo @ Diana Chua	34,080,300	4.691
5	Abdul Aziz Bin Hashim	29,753,712	4.096
6	Aiza Binti Abdul Aziz	24,798,856	3.414
7	Infotech Mark Sdn Bhd	21,151,440	2.912
8	Lim Kuan Gin	13,245,916	1.823
9	Pui Cheng Wui	13,000,000	1.790
10	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	9,903,600	1.363
11	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	9,551,139	1.315
12	Koon Poh Keong	9,195,000	1.266
13	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	8,337,000	1.148
14	Datuk Chay Wai Leong	6,820,000	0.939
15	Affin Hwang Nominees (Tempatan) Sdn Bhd Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim	6,800,000	0.936
16	Song Kim Lee	6,300,000	0.867
17	Hwang Enterprises Sdn Bhd	5,550,000	0.764
18	HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	5,354,286	0.737
19	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Exempt An For Inter-Pacific Asset Management Sdn Bhd	4,700,000	0.647
20	Vibrant Model Sdn Bhd	4,000,000	0.551
21	Citigroup Nominees (Asing) Sdn Bhd UBS AG	3,830,934	0.527
22	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	3,590,500	0.494
23	Lim Pei Tiam @ Liam Ahat Kiat	2,700,000	0.372
24	CIMSEC Nominees (Asing) Sdn Bhd CIMB For Ng Koh Lip (Pb)	2,500,000	0.344
25	Lim Gaik Bway @ Lim Chiew Ah	2,380,400	0.328
26	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International Plc (Firm A/C)	2,313,100	0.318
27	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,291,300	0.315
28	Pui Boon Keng	2,147,000	0.296
29	Datuk Lee Kok Khee	2,030,000	0.279
30	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Guan	2,000,000	0.275
	Total	**510,632,052**	**70.291**

SUBSTANTIAL SHAREHOLDERS', DIRECTORS' AND GROUP MANAGING DIRECTOR'S INTEREST IN SECURITIES

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

Name of Substantial Shareholders	No. of Ordinary Shares			
	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)
Cahya Mata Capital Sdn Bhd	136,823,000	18.83	-	-
Cahya Mata Sarawak Berhad	-	-	136,823,000(1)	18.83
Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail	100,969,770	13.90	198,100(2)	0.03

(1) Deemed interest pursuant to Section 8(4) of the Companies Act 2016 by virtue of shares held by Cahya Mata Capital Sdn Bhd.
(2) Deemed interest by virtue of shares held by person connected.

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Ordinary Shares			
	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)
Norazian Ahmad Tajuddin	10,000	*	-	-
Kanagaraj Lorenz	388,000	0.05	-	-

** Negligible*

GROUP MANAGING DIRECTOR'S INTEREST IN SECURITIES(1)

Name	No. of Ordinary Shares				No. of Options Held under the Employees' Share Option Scheme
	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)	
Datuk Chay Wai Leong(2)	6,820,000	0.94	-	-	4,000,000

(1) Securities cover shares and options
(2) Datuk Chay Wai Leong is not a Director of the Company

NOTICE OF FIFTIETH (50TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fiftieth (50th) Annual General Meeting ("**50th AGM**") of Kenanga Investment Bank Berhad ("**the Company**" or "**KIBB**") will be held virtually at Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia ("**Broadcast Venue**") on Thursday, 30 May 2024 at 11.00 a.m. through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") which are available at Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s online platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation in accordance with Clause 78 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   2.1 YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail; **Ordinary Resolution 1**
   2.2 Encik Ismail Harith Merican; and **Ordinary Resolution 2**
   2.3 Mr. Luk Wai Hong, William. **Ordinary Resolution 3**

3. To approve the payment of the Non-Executive Directors' fees totalling RM3,010,000.00 in respect of the Financial Year Ended 31 December 2023. **Ordinary Resolution 4**

4. To approve the payment of benefits payable to Non-Executive Directors of up to an amount of RM1,300,000.00 for the period from 31 May 2024 until the next AGM of the Company in 2025. **Ordinary Resolution 5**

5. To re-appoint Ernst & Young PLT as Auditors of the Company for the Financial Year Ending 31 December 2024 and to authorise the Board of Directors to determine their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

6. **Authority to Directors to Issue Shares** **Ordinary Resolution 7**

   To consider, and if thought fit, to pass the following Ordinary Resolution:

   "**THAT** subject always to the Companies Act 2016, the Company's Constitution and approvals of the relevant governmental and/ or regulatory authorities, the Board of Directors be and is hereby authorised pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and the Board of Directors be and is also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **Proposed Renewal of Share Buy-Back Authority** **Ordinary Resolution 8**

   To consider, and if thought fit, to pass the following Ordinary Resolution:

   "**THAT** subject to the provisions of the Companies Act 2016, the Company's Constitution, Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the approvals of all relevant governmental and/ or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("**Proposed Renewal of Share Buy-Back Authority**") as may be determined by the Board of Directors

of the Company from time to time through Bursa Malaysia Securities Berhad, upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company, provided that -

a. the aggregate number of shares to be purchased pursuant to this Ordinary Resolution does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company and in compliance with the public security holding spread requirements as stipulated in Paragraph 8.02(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements or other requirements as may be determined by Bursa Malaysia Securities Berhad from time to time;

b. the maximum funds to be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's latest audited retained profits of RM609,023,921.16 as at 31 December 2023;

c. the authority conferred by this Ordinary Resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until -

   i. the conclusion of the next AGM of the Company at which time it will lapse, unless by Ordinary Resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or

   ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

   iii. revoked or varied by Ordinary Resolution passed by the Shareholders of the Company in a general meeting,

   whichever occurs first; but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements or any other relevant authorities;

d. upon the purchase by the Company of its own shares, the Board of Directors be and is hereby authorised to -

   i. cancel the shares so purchased;

   ii. retain part of the shares so purchased as Treasury Shares and cancel the remainder;

   iii. retain the shares so purchased as Treasury Shares;

   iv. distribute the Treasury Shares as share dividends to Shareholders;

   v. resell the Treasury Shares or any of the said shares in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

   vi. transfer the Treasury Shares, or any of the said shares for the purposes of or under an employees' share scheme;

   vii. transfer the Treasury Shares, or any of the said shares as purchase consideration;

   viii. cancel the Treasury Shares or any of the said shares; or

   ix. sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister of Domestic Trade and Cost of Living may by order prescribe;

AND THAT the Board of Directors of the Company be and is hereby authorised to take all steps as are necessary or expedient to implement or to effect the Proposed Renewal of Share Buy-Back Authority with full power to assent to any condition, modification, variation and/ or amendment as may be imposed by the relevant authorities and to take all such steps as may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

NORLIZA ABD SAMAD
CCM PC No.: 201908002139
MAICSA 7011089
Group Company Secretary

Kuala Lumpur
30 April 2024

Notes:

1. Registration for RPEV Facilities

1.1 The Company's 50th AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via Boardroom's online platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) by using the RPEV Facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organise the virtual 50th AGM.

1.2 Registration for RPEV is opened from the date of the Notice of the 50th AGM on Tuesday, 30 April 2024 until such time before the voting session ends at the 50th AGM on Thursday, 30 May 2024.

1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user with Boardroom's online website first and then pre-register their attendance for the 50th AGM for verification of their eligibility to attend the 50th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 23 May 2024.

2. Proxy

2.1 For the purpose of determining a member who shall be entitled to attend this 50th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 60 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 May 2024. Only a member whose name appears in the Record of Depositors as at 23 May 2024 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend and/ or vote on his/ her behalf.

2.2 A member of the Company entitled to attend, participate, speak and vote at this AGM is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/ her place. There shall be no restriction as to the qualification of the proxy. Since the 50th AGM will be conducted virtually, a member who is unable to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Proxy Form. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, other than the Chairman of the Meeting, you may appoint a Proxy who is not the Chairman of the Meeting.

2.3 A member who is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

*2.4 Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

2.5 Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.

2.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

2.7 Duly completed Proxy Form must be deposited at the office of the Company's Share Registrar, Boardroom at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than ***Wednesday, 29 May 2024 at 11.00 a.m.*** *Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's Smart Investor Portal Online website at https://investor.boardroomlimited.com before the Proxy Form submission cut-off time as mentioned above. For further information on the electronic submission of Proxy Form, kindly refer to the procedures provided in the Administrative Guide.*

2.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 50th AGM will be put to vote on a poll.

3. Audited Financial Statements for the Financial Year Ended 31 December 2023

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require Shareholders' approval and hence, will not be put to vote.

4. Ordinary Resolutions 1 to 3 - Re-Elections of Directors Who Retire in Accordance with Clause 78 of the Company's Constitution

Clause 78 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being, shall retire by rotation at an AGM of the Company. Pursuant thereto, three (3) Non-Executive Directors of the Company, namely YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail (Chairman/ Independent Non-Executive Director), Encik Ismail Harith Merican (Non-Independent Non-Executive Director) and Mr. Luk Wai Hong, William (Non-Independent Non-Executive Director), shall retire in accordance with Clause 78 of the Company's Constitution.

*For the purpose of determining the eligibility of the Directors to stand for re-election at the 50th AGM, the Board of Directors ("**Board**") through its Group Governance, Nomination & Compensation Committee ("**GNC**") had assessed each of the retiring Directors, and considered the following:*

a. The Directors' performance and contribution based on the outcome of the performance evaluation conducted on the Board, Board Committees and Individual Directors;

b. The Director's level of contribution to the Board's deliberations through their skills, experience and strength in qualities;

c. The level of independence demonstrated by the Directors, and their ability to act in the best interests of the Company in decision-making; and

d. The Directors' fitness and proprietary in line with the fit and proper criteria as stated under Clause 6.1.5 of the Board Succession Planning Framework for Kenanga Group.

In line with Practice 6.1 of the Malaysian Code on Corporate Governance, the Board had conducted an assessment of the Directors of the Company based on the relevant performance criteria covering the following areas:

a. Knowledge, expertise and leadership;

b. Financial integrity and reputation;

c. Will and ability to critically challenge and ask the right questions;

d. Character in dealing with potential conflict of interest situations;

e. Commitment to serve the Company, due diligence and honesty;

f. Confidence to stand up for a point of view;

g. Fitness and proprietary;

h. Calibre and personality;

i. Board dynamics and participation;

j. Competency and capability;

k. Independence and objectivity; and

l. Contribution and performance.

Based on the results of the evaluation, the individual Directors (including the retiring Directors) met the performance criteria required of an effective and a high-performance Board.

Based on the Declaration of Fit and Proper provided by the Directors in December 2023, the GNC and the Board had concluded that all the Directors of the Company had fulfilled all the criteria of fit and proper, without any adverse findings observed.

In view of the above, the GNC, based on its assessment at its meeting on 4 March 2024, had recommended the re-elections of the aforementioned Directors who are retiring by rotation under Clause 78 of the Company's Constitution, to be put forth to the Shareholders for approval at this AGM. The GNC's recommendation was approved by the Board on 7 March 2024.

The three (3) retiring Directors had abstained from deliberation and decision-making on their respective eligibility to stand for re-election at the GNC and Board meetings, respectively.

The profiles of YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail, Encik Ismail Harith Merican and Mr. Luk Wai Hong, William can be found in the 2023 Annual Report of the Company.

5. Directors' Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board has agreed that the Shareholders' approval shall be sought at the 50th AGM on the Directors' remuneration in two (2) separate resolutions as follows:

*a. **Ordinary Resolution 4** on payment of Directors' fees in respect of the Financial Year Ended 31 December 2023; and*

*b. **Ordinary Resolution 5** on payment of Directors' benefits for the period from 31 May 2024 to the next AGM in 2025 ("**Current Period**").*

6. Directors' Fees

*The payment of the fees to the Non-Executive Chairman and Non-Executive Directors ("**NEDs**") in respect of the Financial Year Ended 31 December 2023 will only be made if the proposed **Ordinary Resolution 4** is passed at the 50th AGM pursuant to Section 230(1)(b) of the Companies Act 2016.*

*The fees payable to the Non-Executive Chairman and NEDs are based on the following fee structure which has not changed since the Financial Year Ended 31 December 2020, except for the increase in the fee of the Chairman of the Audit Committee ("**AC**") from RM40,000 per annum to RM60,000 per annum in respect of the Financial Year Ended 31 December 2021 given the onerous responsibility tasked upon the Chairman of the AC, should there be any regulatory findings pertaining to irregularities in financial reporting and/ or inadequacy of internal controls within KIBB Group:*

Fees	Financial Year Ended 31 December 2023
Chairman of the Board	RM520,000(1)
Director	RM270,000
Chairman of AC	RM60,000
Chairman of GNC/ Group Board Risk Committee ("**GBRC**")/ Group Board Digital Innovation & Technology Committee ("**GBDITC**")	RM40,000
Member of AC/ GNC/ GBRC/ GBDITC	RM30,000

(1) Including RM40,000 in lieu of Club Membership.

7. Benefits Payable to the NEDs

a. The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman and members of the Board of the Company and its subsidiaries, as well as the Board Committees.

b. The current Directors' remuneration framework of the Company is as set out below.

Benefits

Description	Chairman	Board Members
Benefits (applicable to the Company only)	Leave Passage, Driver, Car, Medical Benefits and Other Claimable Benefits	Medical Benefits

Meeting Allowance

Type of Meeting	Chairman (per meeting)	NED/ Member (per meeting)
Board Meeting	RM2,000	RM2,000
General Meeting	RM2,000	RM2,000
Board Committee Meeting	RM2,000	RM2,000

*c. Payment of the benefits to the NEDs of the Company and its subsidiaries is made on a monthly basis and/ or when incurred if the proposed **Ordinary Resolution 5** is passed at the 50th AGM. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Remuneration (excluding Directors' fees) on a monthly basis and/ or as and when incurred, particularly after discharging their responsibilities and rendering their services to the Company and its subsidiaries throughout the Current Period.*

8. Ordinary Resolution 6 - Re-Appointment of Auditors

The AC, at its meeting held on 24 January 2024, had undertaken an annual assessment of the performance and independence of the External Auditors, Ernst & Young PLT in accordance with Section 67(1) of the Financial Services Act 2013 and Section 76(1) of the Islamic Financial Services Act 2013.

Based on its assessment, the AC had recommended to the Board for approval, the re-appointment of Ernst & Young PLT as the Company's External Auditors, given that Ernst & Young PLT had fulfilled all the qualifications set out in Bank Negara Malaysia's Policy Document on External Auditor in terms of its performance and independence.

The assessment conducted had taken into consideration the following factors:

a. Level of knowledge, capabilities, experience and quality of previous work;

b. Level of engagement with the AC/ Board;

c. Ability to provide constructive observations, implications and recommendations in areas which require improvements;

d. Appropriateness of audit approach and the effectiveness of audit planning;

e. Ability to perform the audit work within the agreed duration given;

f. Non-audit services rendered by the External Auditors to KIBB Group did not impede independence; and

g. Ability of the External Auditors to demonstrate unbiased stance when interpreting the standards/ policies adopted by the Company.

The Board had also noted that the AC when assessing the proposal on Ernst & Young PLT's re-appointment, had also taken into consideration the 2023 Transparency Report tabled by Ernst & Young PLT, outlining the audit firm's legal and governance structures, measures to uphold audit quality and manage risks, as well as measurements of audit quality indicators.

In terms of its independence, Ernst & Young PLT had confirmed that it was independent of KIBB Group and KIBB in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards).

Based on the assessment, the Board had concurred with the AC's recommendation and concluded that Ernst & Young PLT had fulfilled all the qualification criteria set out in Bank Negara Malaysia's Policy Document on External Auditor in terms of its performance and independence and further recommended the proposed re-appointment of Ernst & Young PLT as KIBB Group's External Auditors to the Shareholders for approval at the 50th AGM, subject to the approval from Bank Negara Malaysia.

Subsequent to the above, Bank Negara Malaysia had on 22 March 2024, granted its approval for the re-appointment of Ernst & Young PLT as KIBB Group's External Auditors, the appointment of Encik Ahmad Siddiq Bin Ahmad Hasbullah as the Engagement Partner and the re-appointment of Mr. Brandon Bruce Sta Maria as the Concurring Partner for the Financial Year Ending 31 December 2024. Encik Ahmad Siddiq Bin Ahmad Hasbullah is the new Engagement Partner in place of Ms. Ng Sue Ean, who had served KIBB Group for the past five (5) years.

9. Special Business

9.1 Ordinary Resolution 7 - Authority to Directors to Issue Shares

*The proposed **Ordinary Resolution 7** is a renewal of the general mandate pursuant to Section 75 and Section 76 of the Companies Act 2016 obtained from the Shareholders of the Company at the previous AGM held on 25 May 2023 and, if passed, will give powers to the Board to issue ordinary shares in the share capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being. This general mandate, unless revoked or varied at a general meeting, will expire at the next AGM.*

The general mandate from the Shareholders is to provide the Company the flexibility to undertake any share issuance during the financial year without having to convene a general meeting. The rationale for this proposed mandate is to allow for possible share issue and/ or fund raising exercises including placement of shares for the purpose of funding current and/ or future investment project, working capital and/ or acquisitions, as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis and thereby reducing the administrative time and costs associated with the convening of additional shareholders' meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

The general mandate obtained from the Shareholders of the Company at the previous AGM held on 25 May 2023 had not been utilised and hence, no proceed was raised therefrom.

9.2 Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority

*The proposed **Ordinary Resolution 8**, if passed, will empower the Board to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Board may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Ordinary Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.*

The Shareholders' mandate for the Proposed Renewal of Share Buy-Back Authority is subject to renewal on an annual basis.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 30 April 2024 which is despatched together with the Notice of 50th AGM.

10. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

11. Publication of AGM Notice on the Company's Website

Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company's 50th AGM is also available on the Company's website at https://www.kenanga.com.my/investor-relations/AGM2024 throughout the period beginning from the date of the Notice until the conclusion of the 50th AGM.

STATEMENT ACCOMPANYING NOTICE OF FIFTIETH (50TH) ANNUAL GENERAL MEETING ("50TH AGM")

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of Individuals Who are Standing for Re-Election as Directors

The profiles of YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail, Encik Ismail Harith Merican and Mr. Luk Wai Hong, William, who are standing for re-election as Directors at the 50th AGM of the Company as per Agenda 2 of the Notice of the 50th AGM, can be found in the 2023 Annual Report of the Company.

2. Ordinary Resolution on Authority to Issue and Allot New Ordinary Shares in the Company

The proposed Ordinary Resolution 7 on the general mandate for issuance of shares is a renewal mandate. As at the date of the Notice of the 50th AGM, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 25 May 2023.

Details on the authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 are provided under the Explanatory Notes on Special Business in this Notice.

CORPORATE DIRECTORY

EQUITY BROKING BRANCHES

KUALA LUMPUR

Kenanga Investment Bank Berhad ("KIBB Main")
Kuala Lumpur
Level 15, Kenanga Tower,
237, Jalan Tun Razak,
50400 Kuala Lumpur, Wilayah Persekutuan
T : +603 2172 2888
F : +603 2172 2999

KIBB Damansara Heights
1st Floor, West Wing, Bangunan ECM Libra,
8, Jalan Damansara Endah,
Damansara Heights,
50490 Kuala Lumpur, Wilayah Persekutuan
T : +603 2089 2888
F : +603 2089 2801

SELANGOR

KIBB Bandar Baru Klang
35, Ground Floor & 1st Floor,
Jalan Tiara 3, Bandar Baru Klang,
41150 Klang, Selangor
T : +603 3348 8080
F : +603 3348 8880

KIBB The Curve
Lot 240, 2nd Floor,
No. 6, Jalan PJU 7/3,
The Curve, Mutiara Damansara,
47800 Petaling Jaya, Selangor
T : +603 7725 9095
F : +603 7725 9079

KIBB Subang Jaya
Level 1, East Wing, Wisma Consplant 2,
No. 7, Jalan SS16/1,
47500 Subang Jaya, Selangor
T : +603 5621 2118
F : +603 5621 1748

KIBB USJ
55C, 2nd Floor, Jalan USJ 10/1F,
47610 UEP Subang Jaya, Selangor
T : +603 8024 1773
F : +603 8024 1787

PENANG

KIBB Penang - Menara Boustead
7th, 8th & 16th Floor,
Menara Boustead Penang,
39, Jalan Sultan Ahmad Shah,
10050 Penang
T : +604 228 3355
F : +604 227 9634

PERAK

KIBB Ipoh
63, Persiaran Greenhill,
30450 Ipoh, Perak
T : +605 242 2828
F : +605 242 2323

MELAKA

KIBB Bandar Melaka
71 (A & B) and 73 (A & B), Jalan Merdeka,
Taman Melaka Raya,
75000 Melaka
T : +606 288 1700
F : +606 288 1710

NEGERI SEMBILAN

KIBB Seremban
1C & 1D, Ground Floor & 1st Floor,
Jalan Tuanku Munawir,
70000 Seremban, Negeri Sembilan
T : +606 765 5998
F : +606 765 5739

EQUITY BROKING BRANCHES

JOHOR

KIBB Johor Bahru - Menara Pelangi
Level 2, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor
T : +607 333 3600
F : +607 334 3770

KIBB Muar - Jalan Ali
57, 59 & 61,
Jalan Ali,
84000 Muar, Johor
T : +606 953 1222
F : +606 951 6660

KIBB Skudai
117 (Ground Floor)
Jalan Sutera Tanjung 8/2
Taman Sutera Utama
81300 Skudai, Johor
T : +607 562 5117
F : +607 562 5117

KIBB Batu Pahat
24, 24A & 24B, Jalan Penjaja 3,
Kim Park Centre,
83000 Batu Pahat, Johor
T : +607 432 8188
F : +607 432 3388

KIBB Yong Peng
234, Jalan Besar,
Taman Semberong Baru,
83700 Yong Peng, Johor
T : +607 467 8885
F : +607 467 8884

PAHANG

KIBB Kuantan
A15, A17 & A19, Ground Floor,
Jalan Tun Ismail 2, Sri Dagangan 2,
25000 Kuantan, Pahang
T : +609 517 1698
F : +609 513 8996

KIBB Triang Electronic Access Facility
1, Ground Floor,
Jalan Dagangan 6,
Pusat Dagangan Triang,
28300 Triang, Pahang
T : +609 250 1282
F : +609 250 1086

SARAWAK

KIBB Kuching
Level 2-4, Wisma Mahmud,
Jalan Sungai Sarawak,
93100 Kuching, Sarawak
T : +6082 338 000
F : +6082 338 222

KIBB Sibu
11-12, Ground Floor & 1st Floor,
Lorong Kampung Datu 3,
96000 Sibu, Sarawak
T : +6084 313 855
F : +6084 329 735

SABAH

KIBB Kota Kinabalu
Level 8, Wisma Great Eastern,
68 Jalan Gaya,
88000 Kota Kinabalu, Sabah
T : +6088 236 188
F : +6088 235 700

ASSET & WEALTH MANAGEMENT BRANCHES

Kenanga Investors Berhad ("KIB") Kuala Lumpur
Ground Floor, Kenanga Tower,
237, Jalan Tun Razak,
50400 Kuala Lumpur, Wilayah Persekutuan
T : 1 800 88 3737 (Toll Free)
T : +603 2172 3123
F : +603 2172 3133

KIB Penang
5.04, 5th Floor, Menara Boustead Penang,
39, Jalan Sultan Ahmad Shah,
10050 Penang
T : +604 210 6628
F : +604 210 6644

KIB Ipoh
No. 1, Jalan Leong Sin Nam,
20200 Ipoh, Perak
T : +605 254 7573/7570
F : +605 254 7606

KIB Melaka
No. 43, Jalan KSB 11,
Taman Kota Syahbandar,
75200 Melaka
T : +606 240 2310
F : +606 240 2287

KIB Klang
No.12 Jalan Batai Laut 3,
Taman Intan,
41300 Klang, Selangor
T : +603 3341 8818/+603 3348 7889
F : +603 3341 8816

KIB Johor Bahru
No. 63, 63-01 & 63-02
Jalan Molek 3/1, Taman Molek,
81100 Johor Bahru, Johor
T : +607 288 1683
F : +607 288 1693

KIB Kuching
1st Floor, No. 71,
Lot 10900, Jalan Tun Jugah,
93350 Kuching, Sarawak
T : +6082 572 228
F : +6082 572 229

KIB Kota Kinabalu
Level 8, Wisma Great Eastern,
No.68, Jalan Gaya,
88000 Kota Kinabalu, Sabah
T : +088 203 063
F : +088 203 062

KIB Seremban
2nd Floor, No. 1D-2, Jalan Tuanku Munawir,
70000 Seremban, Negeri Sembilan
T : +606 761 5678
F : +606 761 2242

KIB Miri
2nd Floor, Lot 1264,
Centre Point Commercial Centre,
Jalan Melayu,
98000 Miri, Sarawak
T : +6085 416 866
F : +6085 322 340

KIB Kuantan
Ground Floor Shop,
No. B8, Jalan Tun Ismail 1,
25000 Kuantan, Pahang
T : +609 514 3688
F : +609 514 3838

KIB Damansara Uptown
44B, Jalan SS21/35,
Damansara Utama,
47400 Petaling Jaya, Selangor
T : +603 7710 8828
F : +603 7710 8830

KIB Kota Damansara
C26-1, Dataran Sunway,
Jalan PJU 5/17, Kota Damansara,
47810 Petaling Jaya, Selangor
T : +603 6150 3612
F : +603 6150 3906

KIB Kluang
No. 1, Aras 1, Jalan Haji Manan,
Pusat Perniagaan Komersial Haji Manan,
86000 Kluang, Johor
T : 07-710 2700
F : 07-710 2150

PROXY FORM

CDS Account No.: _____

KENANGA INVESTMENT BANK BERHAD
Company Registration No. 197301002193 (15678-H)
(Incorporated in Malaysia)

I/ We _____ NRIC No./ Passport No./ Company No._____
(FULL NAME AS PER NRIC/ PASSPORT/ CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of **Kenanga Investment Bank Berhad** hereby appoint _____
(FULL NAME AS PER NRIC/ PASSPORT IN BLOCK LETTERS)

NRIC No./ Passport No. _____ of _____

_____
(FULL ADDRESS)

Contact No.: _____ Email Address: _____

and/ or failing him/ her _____ NRIC No./ Passport No. _____
(FULL NAME AS PER NRIC/ PASSPORT IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Contact No.: _____ Email Address: _____

or failing him/ her, THE CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us and on my/ our behalf at the Fiftieth (50th) Annual General Meeting ("**50th AGM**") of the Company to be held virtually at Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") which are available at Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s online platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) on Thursday, 30 May 2024 at 11.00 a.m. and at any adjournment thereof.

My/ Our proxy is to vote as indicated below.

NO.	RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTION				
1.	Re-election of the following Directors pursuant to Clause 78 of the Company's Constitution:			
	1.1 YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	**RESOLUTION 1**		
	1.2 Encik Ismail Harith Merican	**RESOLUTION 2**		
	1.3 Mr. Luk Wai Hong, William	**RESOLUTION 3**		
2.	Payment of Directors' fees totalling RM3,010,000.00	**RESOLUTION 4**		
3.	Payment of benefits to the Non-Executive Directors of up to an amount of RM1,300,000.00 for the period from 31 May 2024 until the next AGM of the Company in 2025	**RESOLUTION 5**		
4.	Re-Appointment of Ernst & Young PLT as Auditors	**RESOLUTION 6**		
AS SPECIAL BUSINESS				
5.	Authority to Directors to Issue Shares	**RESOLUTION 7**		
6.	Proposed Renewal of Share Buy-Back Authority	**RESOLUTION 8**		

Please indicate with an "X" in the appropriate spaces provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy may vote as he/ she thinks fit, or at his/ her discretion, abstain from voting.

Dated this……day of ……2024

NUMBER OF SHARES HELD

FOR APPOINTMENT OF TWO (2) PROXIES, PLEASE INDICATE THE PERCENTAGE OF SHAREHOLDINGS TO BE REPRESENTED BY THE PROXIES

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

_____
Signature/ Common Seal of Member

Contact No.: _____

Email Address: _____

Notes:

1. ***Registration for RPEV Facilities***

   1.1 The Company's 50th AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via Boardroom's online platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) by using the RPEV Facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organise the virtual 50th AGM.

   1.2 Registration for RPEV is opened from the date of the Notice of the 50th AGM on Tuesday, 30 April 2024 until such time before the voting session ends at the 50th AGM on Thursday, 30 May 2024.

   1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user with Boardroom's online website first and then pre-register their attendance for the 50th AGM for verification of their eligibility to attend the 50th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 23 May 2024.

2. ***Proxy***

   2.1 For the purpose of determining a member who shall be entitled to attend this 50th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 60 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 May 2024. Only a member whose name appears in the Record of Depositors as at 23 May 2024 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend and/ or vote on his/ her behalf.

   2.2 A member of the Company entitled to attend, participate, speak and vote at this AGM is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/ her place. There shall be no restriction as to the qualification of the proxy. Since the 50th AGM will be conducted virtually, a member who is unable to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Proxy Form. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, other than the Chairman of the Meeting, you may appoint a Proxy who is not the Chairman of the Meeting.

   2.3 A member who is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

   *2.4 Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

   2.5 Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his/ her shareholdings to be represented by each proxy.

   2.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

   *2.7 Duly completed Proxy Form must be deposited at the office of the Company's Share Registrar, Boardroom at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than **Wednesday, 29 May 2024 at 11.00 a.m.** Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's Smart Investor Portal Online website at https://investor.boardroomlimited.com before the Proxy Form submission cut-off time as mentioned above. For further information on the electronic submission of Proxy Form, kindly refer to the procedures provided in the Administrative Guide.*

   2.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 50th AGM will be put to vote on a poll.

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Boardroom Share Registrars Sdn Bhd

Company Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
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46200 Petaling Jaya
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