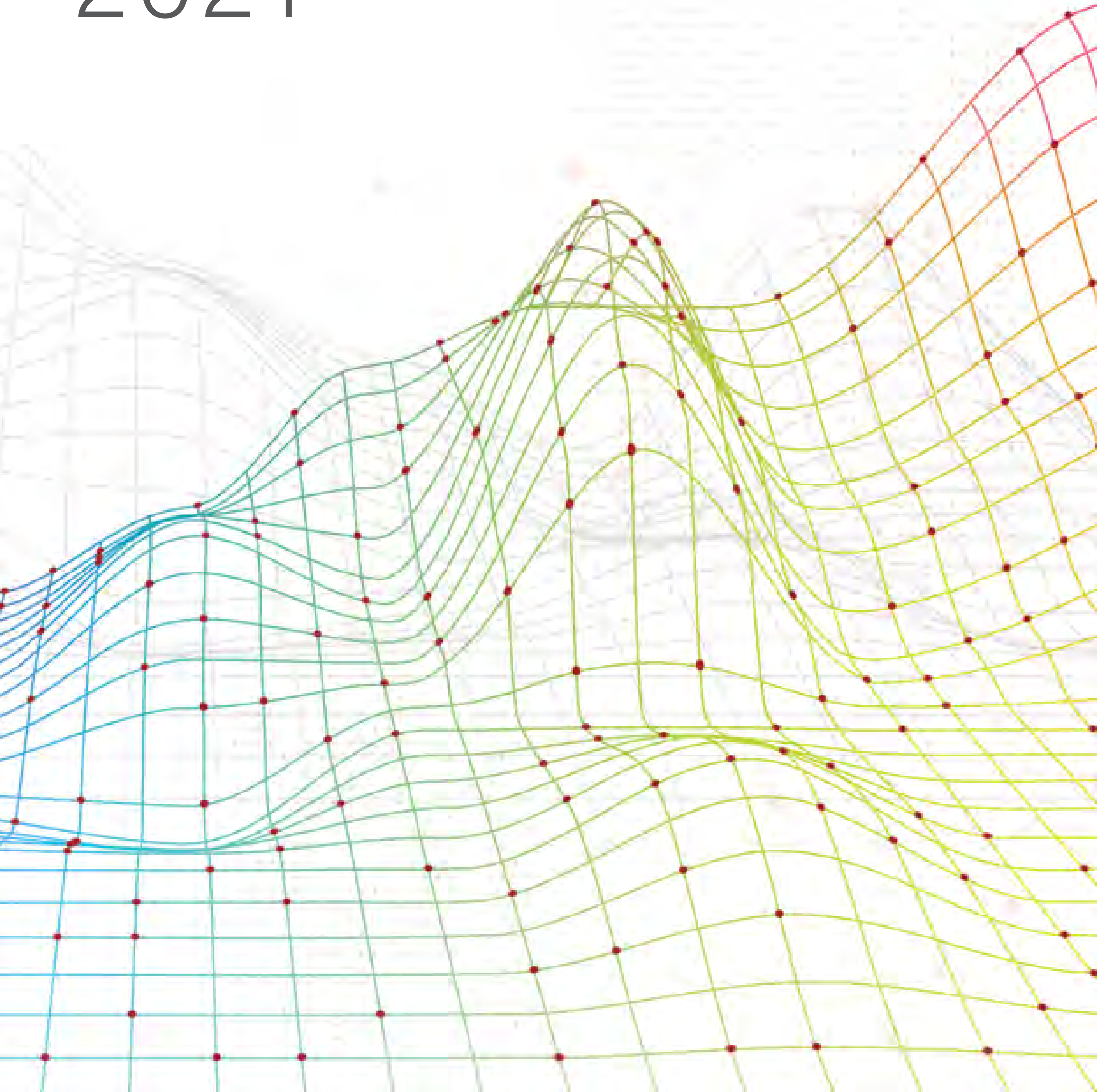
kenanga

ANNUAL REPORT 2021



Our Reports

The Annual Report 2021, Corporate Governance Report 2021 and Sustainability Report 2021 are our primary reports.

Supplementary information are available on our website: 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.

COVER RATIONALE

The financial services landscape is constantly evolving. Emerging technologies like artificial intelligence and machine learning, compounded by the ever-changing client expectations and preferences, are rapidly redefining how financial institutions deliver services.

At Kenanga, we are always challenging ourselves to push boundaries and design meaningful products and integrated solutions, that resonate with our client needs. As we navigate forward, we aim to seize the tremendous growth opportunities that lie in digital and innovation, to create an interconnected and seamless ecosystem for all our clients and partners.

48th Annual General Meeting

DATE: 26 May 2022, Thursday
TIME: 11am
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 www.kenanga.com.my/investor-relations/AGM2022 or by scanning the QR code below.

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ADDITIONAL INFORMATION

Kenanga At A Glance

> 500,000
clients

> 1,300
employees

Assets
under Management
RM18.8 bil
FY2021

First Malaysian investment bank to join the **United Nations Global Compact**

Expanded our commitment and contribution from three (3) UN Sustainable Development Goals (“**SDGs**”) to eleven (11) SDGs moving forward

Awarded the **‘Highest Returns to Shareholders Over Three Years**’ at The Edge Billion Ringgit Club & Corporate Awards 2021

INTRODUCTION

Today, Kenanga Investment Bank Berhad is an award-winning leading independent investment bank in the country with a continuous commitment towards driving collaboration, innovation, digitalisation and sustainability in the marketplace.

As the largest independent investment bank in Malaysia, the Group’s digital 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 (“**A.I.**”) robo-advisor, Kenanga Digital Investing.

KENANGA'S DIGITAL JOURNEY

2016

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

2017

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

2017

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

2019

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

2020

E-Wallet Launch with Merchantrade
Kenanga launched an e-wallet with Merchantrade and later acquired a 4.99% stake in the company.

2020

Partnership with CapBay
Kenanga entered into partnership with CapBay to digitalise first-in-Malaysia factoring solution unifying both, private and public sector receivables under one platform.

2021

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

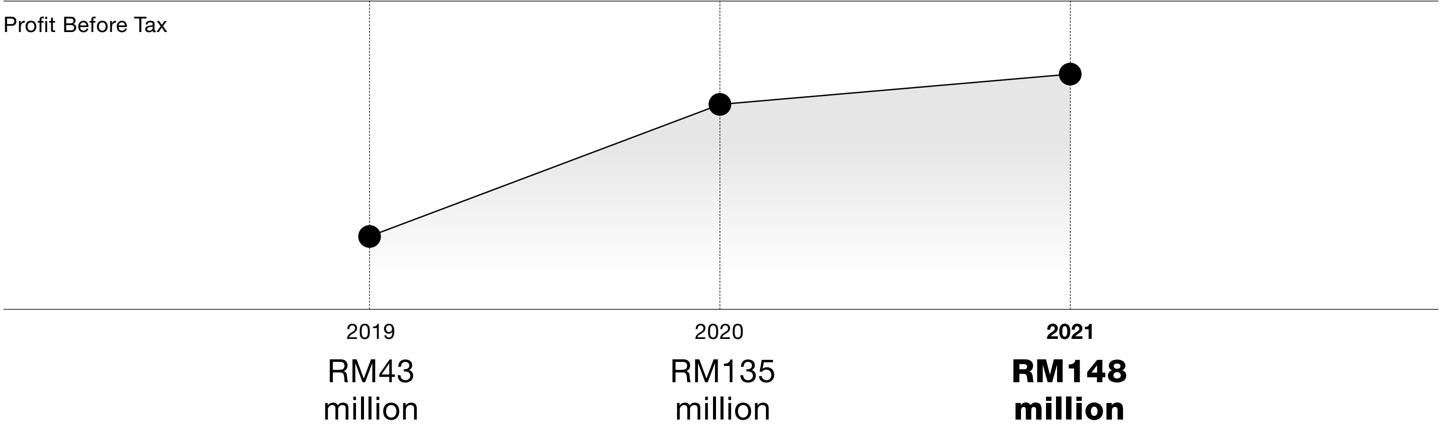
2021

Fintech Fund
Kenanga signed a collaboration agreement with Malaysia Debt Ventures Berhad to jointly establish a Fintech Fund aimed at developing the venture capital industry in Malaysia.

2022

Launch of a Robo-Advisory Platform
Kenanga launched a fully A.I.-driven robo-advisory platform, Kenanga Digital Investing.

Key Highlight
Highest Profit in the Group's History as an Investment Bank



Who We Are

Established for more than forty-five (45) years, Kenanga Investment Bank Berhad ("**the Group**") is a financial group in Malaysia with extensive experience in equity broking, investment banking, treasury, Islamic banking, listed derivatives, investment management, wealth management, structured lending and trade financing.

Our Brand Values

Agility

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

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.

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.

Future Facing

We are constantly pushing boundaries. Our pursuit of digital innovations will help create a world of wealth for every aspect of our stakeholders' lives.

Corporate Structure

Kenanga Investment Bank Berhad

- 100% **Kenanga Investors Berhad**
  - 100% Kenanga Islamic Investors Berhad
  - 100% I-VCAP Management Sdn Bhd
  - 100% KUT Nominees (Asing) Sdn Bhd
  - 100% KUT Nominees (Tempatan) Sdn Bhd
  - 100% Kenanga Funds Berhad
- 100% **Kenanga Futures Sdn Bhd**
- 100% **Kenanga Capital Sdn Bhd**
  - 51% Kenanga Capital Islamic Sdn Bhd
- 100% **Kenanga Private Equity Sdn Bhd**
- 50% **Rakuten Trade Sdn Bhd**
- 50% **Rakuten Trade Singapore Pte Ltd** *(Formerly known as Kenanga Singapore Pte Ltd)* *(Incorporated in Singapore)*
- 29.6% **Al Wasatah Al Maliah Company** *(Incorporated in the Kingdom of Saudi Arabia)*
- 100% **K & N Kenanga Holdings Berhad**
  - 100% SSSB Management Services Sdn Bhd
  - 49% Kenanga Vietnam Securities Joint Stock Corporation *(Incorporated in Vietnam)*
  - 45% Kenanga Investment Corporation Ltd *(Incorporated in Sri Lanka)*
- 100% **Kenanga Nominees (Tempatan) Sdn Bhd**
- 100% **Kenanga Nominees (Asing) Sdn Bhd**
- 100% **Kenanga Management & Services Sdn Bhd**
- 100% **ECML Berhad**
- 100% **ECML Nominees (Tempatan) Sdn Bhd**
- 100% **Avenue Kestrel Sdn Bhd**

Note:
All the above companies are incorporated in Malaysia unless stated otherwise.

Corporate Information

BOARD OF DIRECTORS

YAM TAN SRI DATO' SERI SYED ZAINOL ANWAR IBNI SYED PUTRA JAMALULLAIL
(**"TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL"**)
Chairman/ Independent Non-Executive Director

LUIGI FORTUNATO GHIRARDELLO
Non-Independent Non-Executive Director

ISMAIL HARITH MERICAN
Non-Independent Non-Executive Director

LUK WAI HONG, WILLIAM
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

AUDIT COMMITTEE

JEREMY NASRULHAQ - *Chairman*

Members
- **Luk Wai Hong, William**
- **Kanagaraj Lorenz**

GROUP GOVERNANCE, NOMINATION & COMPENSATION COMMITTEE

NORAZIAN AHMAD TAJUDDIN - *Chairman*

Members
- **Luk Wai Hong, William**
- **Jeremy Nasrulhaq**
- **Luigi Fortunato Ghirardello**
- **Ismail Harith Merican**

GROUP BOARD RISK COMMITTEE

LUK WAI HONG, WILLIAM - *Chairman*

Members
- **Norazian Ahmad Tajuddin**
- **Kanagaraj Lorenz**
- **Luigi Fortunato Ghirardello**
- **Choy Khai Choon**

GROUP BOARD DIGITAL INNOVATION & TECHNOLOGY COMMITTEE

KANAGARAJ LORENZ - *Chairman*

Members
- **Luk Wai Hong, William**
- **Luigi Fortunato Ghirardello**
- **Norazian Ahmad Tajuddin**
- **Jeremy Nasrulhaq**
- **Choy Khai Choon**

EMPLOYEES' SHARE SCHEME COMMITTEE

NORAZIAN AHMAD TAJUDDIN - *Chairman*

Members
- **Luk Wai Hong, William**
- **Jeremy Nasrulhaq**

SHARIAH COMMITTEE

DR. GHAZALI JAAPAR - *Chairman*

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

GROUP EXECUTIVE COMMITTEE

DATUK CHAY WAI LEONG
Group Managing Director
Kenanga Investment Bank Berhad

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

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

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

ISMITZ MATTHEW DE ALWIS
Chief Executive Officer/ Executive Director
Kenanga Investors 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
Head, Group Human Resource
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

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

JEREMY NASRULHAQ
E-mail : jeremyn@kenanga.com.my

GROUP COMPANY SECRETARY

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

REGISTERED OFFICE

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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 : 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 : 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

Our Sustainability Approach

Read more on page **30**

GOOD GOVERNANCE

Read more on page **36**

SUSTAINABLE ECONOMIC GROWTH

Read more on page **42**

ENVIRONMENTAL STEWARDSHIP

Read more on page **46**

EMPOWERING PEOPLE AND COMMUNITIES

For more information on our sustainability approach, please visit our sustainability microsite by scanning the QR code.

"We are acutely aware of the impact we make as a leader in the investment banking industry and the wider Malaysian financial community, particularly with respect to the broadening of our commitments to protect the planet and its people."

Achieving success with integrity, our core priority

Dear Shareholders,

It gives me great pleasure to report that Kenanga Investment Bank Berhad ("**KIBB**" or "**Kenanga Investment Bank**") and its Group of Companies ("**Kenanga Group**" or "**the Group**") recorded its second consecutive best performing year since it became an investment bank. This solid performance was delivered despite the most challenging of circumstances characterised by the ongoing challenges of the COVID-19 pandemic and the continuing disruptions besetting the global and domestic markets.

For the Financial Year Ended 31 December 2021 ("**FY2021**"), Kenanga Group registered a Profit Before Tax ("**PBT**") of RM148.2 million, which exceeded our record achievement of RM134.7 million in 2020, while Profit After Tax stood at RM118.8 million, up 16.2% from the year before.

This outstanding performance was primarily attributable to the strong performance in our equity broking, asset and wealth management, as well as, private equity investment businesses.

The Group rose above the challenges of this global crisis to yield a second bumper year, which not only testifies to its commitment towards being adaptable, resourceful and resilient, but also a validation of the strong leadership and great courage demonstrated at every level of the organisation.

SHAREHOLDER'S VALUE

The Board of Directors is pleased to declare an interim dividend of 10.50 sen per share, the highest dividend pay-out since being listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") in 1996, amounting to RM77.1 million in dividends payable for FY2021.

ETHICS AND GOVERNANCE

One of the key milestones of the year was the successful implementation of the third and final phase of the Group's Ethics Blueprint. This multi-year programme has culminated in the implementation of a clear Ethics Governance Structure throughout the Group, crystallising a culture of doing the right thing and the fundamental philosophy of achieving success with integrity.

During the year, we held our fifth annual Fraud Awareness Week ("**FAW**"), which was the centrepiece of a month-long fraud awareness campaign that united over 500 participants in a move to promote the fight against fraud, bribery, and corruption.

Themed Reinforcing Ethical Values through Regulatory Dynamism, delegates of public listed companies, professional bodies, as well as, representatives from the Malaysian Anti-Corruption Commission, Bursa Malaysia Berhad, the Securities Commission Malaysia, Bank Negara Malaysia, and Employees Provident Fund, were engaged in interactive games, quizzes and seminars designed to enhance awareness on trends and practices surrounding fraud prevention and detection.

We are pleased that we have managed to expand an internal campaign which we started five (5) years ago, into an industry call to action to combat fraud, and at the same time, respond to the United Nations Global Compact's 10th Principle which emphasises the need for businesses to work against corruption in all its forms.

We recognise that to truly move the needle and unite on the fight against fraud requires industry players, regulators and customers to band together. There is so much more to be done and we are committed to working together with all stakeholders to drive a conscious process that is solutions-focused, to enable us to win the war against financial crime and promote a culture that encourages ethical conduct.

A full account of our efforts can be found in the Ethics and Compliance Statement on pages of 108 to 118 of this Annual Report.

CORPORATE GOVERNANCE

Raising the bar for good corporate governance has always been a priority for Kenanga Group. Throughout the years, the Group strives to align itself with locally, as well as globally recognised best practices and standards towards the internalisation of a transparent, ethical and compliant culture within the Group.

During the year, the Board of Directors identified action plans to embed into Kenanga Group's governance framework, the best corporate governance practices in relation to board leadership and effectiveness, audit and risk management, integrity in corporate reporting, as well as meaningful relationship with stakeholders, aligning itself with the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia in April 2021.

In strengthening the Board of Directors' oversight on Kenanga Group's corporate governance, the Board of Directors had expanded the scope of its Group Nomination & Remuneration Committee to cover the stewardship of the Group's governance structure, framework and policies. To reflect this enhanced roles and responsibilities, the committee was re-designated as Group Governance, Nomination & Compensation Committee.

The adoption and implementation of corporate governance policies and practices as detailed in the Corporate Governance Report for 2021, which is available on Kenanga's website, demonstrates the Board of Directors and senior management's seriousness in building the Group's long-term resilience to meet the challenges in a fast-evolving business landscape.

SUSTAINABILITY

We are acutely aware of the impact we make as a leader in the investment banking industry and the wider Malaysian financial community, particularly with respect to the broadening of our commitments to protect the planet, its people and our stakeholders.

To accelerate the integration of ESG aspects into the business operations and to augment oversight and overall accountability, a formal management committee was established during the year. Chaired by the Group Managing Director, Datuk Chay Wai Leong, the Group Sustainability Management Committee ("**GSMC**") draws on the expertise from a multi-disciplinary membership from across various specialisations within the Group, to drive comprehensive sustainability-driven strategies in line with regulatory expectations, as well as our own goals. The GSMC reports to the Group Governance, Nomination & Compensation Committee, and the Board of Directors of Kenanga Investment Bank.

In the same year, we were also proud to become the first Malaysian investment bank to join the United Nations Global Compact Network, the world's largest corporate sustainability initiative. Participation involves commitments to global standards of sustainability and integrity, and we look forward to meaningful collaboration in the areas of capacity-building, knowledge exchange and engagement programmes.

Laying the ESG groundwork for the years ahead, a dedicated Sustainability team was set up during the year and a Sustainability Framework was established alongside a Climate Change Risk Management Framework to mainstream climate-related risks in our governance processes and business operations.

One of our immediate priorities is to develop more comprehensive data and to promote more thorough disclosures. In line with this, we are releasing our first standalone Sustainability Report, which accompanies this Annual Report.

PEOPLE AND COMMUNITY

The focus on the health, safety and wellbeing of our employees, continued to take centre stage throughout 2021, as the country battled the third wave of the pandemic that resulted in the majority of our employees retaining the work-from-home arrangement from the year before.

In addition to maintaining the rigorous sanitising schedules of our premises, routine COVID-19 tests, provision of supplies such as masks and self-test kits, monthly subsidies were provided to employees affected by the disruptions, while daily meal provisions were offered to those who had to work on-site. The COVID-19 Committee continued to provide the assurance of vigilance in monitoring, tracking and responding to the constantly developing situation.

Another major calamity that had a profound impact to the country, was the disastrous floods in December which displaced tens of thousands of Malaysians. While our branches and the majority of our employees were not impacted, we managed to swiftly extend help to twelve (12) of our employees and their families through the Tengku Noor Zakiah Staff Outreach Fund, dedicated solely to aid employees in time of need.

Responding to increasing social and community needs especially in the COVID-19 environment, Kenanga launched The HumanKIND Project at the start of the year, to empower Malaysian social enterprises working with marginalised communities. Through this campaign which advocated compassion, kindness and empathy, the Group raised over 5,000 orders for Café Includes, a business run by a team of people with disabilities, helping to keep their doors open despite the multiple long-drawn movement control orders.

Through consistent outreach efforts, the Group is committed to maintain its long-standing support for the many social enterprises in the country that affect positive social change and transform lives through the creation of opportunities that unlock potential, build self-esteem and enable independence.

LOOKING AHEAD

While the world looks forward to the second year of post-COVID recovery, we are acutely aware of the long-term impacts of the pandemic and its variants on our business operations. Kenanga Group has adapted quickly to the new normal over the course of the year, and the Board of Directors anticipates that the Group's future growth and resilience will be built on the foundations of sustainability and good governance that we are laying today.

In the year under review, Kenanga Group continued to innovate on multiple fronts, developing new capacities, products and platforms to provide our clients a much more seamless experience. Moving forward, we will continue to future-proof through investments in digital technologies that is relevant to the needs of our clients and our business.

I am confident that Kenanga Group will continue to thrive and grow in the coming years, thanks in equal measure to the forethought and leadership in the past, which has laid the ground for our present prosperity, as well as the exceptional dedication and hard work of every member of this Group in building on that legacy for the future.

BOARD MOVEMENT

On behalf of the Board of Directors, I wish to record our appreciation to Datuk Syed Ahmad Alwee Alsree and Dato' Richard Alexander John Curtis who stepped down as Deputy Chairman as well as, Non-Independent Non-Executive Director of Kenanga Group in June 2021 respectively, having each provided exemplary stewardship to the Board of Directors for over a decade. We wish them both, all the best for the future.

I also wish to take this opportunity to bid a very warm welcome to Mr. Choy Khai Choon, a representative of Cahya Mata Sarawak Berhad, who joined KIBB's Board of Directors in December 2021 as a Non-Independent Non-Executive Director. Mr. Choy brings to our Board of Directors, over forty (40) years of extensive experience in the financial sector, including six (6) years as President/Chief Executive Officer of Cagamas Berhad.

APPRECIATION

I would like to express appreciation and gratitude to Kenanga Group's Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail whose continuing trust, confidence and friendship have been a great boon throughout my second year of leadership of Kenanga Group.

I would like to thank my colleagues on the Board of Directors for their support and advice throughout the year, as well as the Management and employees of Kenanga Group for going above and beyond the call of duty to meet the extraordinary needs of these challenging times. Finally, I wish to convey my appreciation towards our valued customers, business partners, suppliers and shareholders for their trust in the Group, as well as, Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia Berhad for their advice and support.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

Group Managing Director's Management Discussion & Analysis

Historic Results

PBT
RM148.2 **million**

PAT
RM118.8 **million**

Dividend Declared
10.5 **sen**

Earnings Per Share
16.3 **sen**

Annualised Return on Equity
11.6%

Segmental Review

Stockbroking

Stockbroking division maintained a PBT of RM86.4 million, similar to the PBT of the year before.

Read more on page **16**.

Money Lending and Financing

The Group's Structured Lending and Trade Financing division recorded a PBT of RM1.6 million compared to RM1.9 million the preceding year.

Read more on page **18**.

Investment Banking

Investment Banking division registered PBT of RM20.6 million, compared to RM34.0 million over the previous year.

Read more on page **16**.

Asset and Wealth Management

The Group's Asset and Wealth Management division recorded exceptional growth in registering a PBT of RM34.9 million, almost tripling the PBT of RM13.6 million from 2020.

Read more on page **17**.

Futures Broking

Given the markets' volatility that led to increase in hedging activities on Derivatives Exchanges, Kenanga Futures Sdn Bhd ("**KFSB**") registered a lower Loss Before Tax ("**LBT**") of RM1.8 million, relative to the LBT of RM2.7 million in 2020.

Read more on page **18**.

Second consecutive best performing year through innovation and diversification

Dear Shareholders,

While there were signs of recovery in 2021 with economies around the world gradually reopening after protracted lockdowns caused by the COVID-19 pandemic, its rebound was hampered by new threats, particularly the spread of the Delta and Omicron variants, which spurred the continuing interruptions to supply, concerns about inflation, as well as financial and social stresses from almost two years of constant disruptions.

"This magnitude of synergy is possible only through the exceptional level of teamwork, communication and unity of purpose, that continue to characterise the true Kenanga spirit."

Online Platforms:
We offer clients and investors access to a range of digital platforms from online trading portals to portfolio management tools, as well as, mobile applications to make trading and investing easier.
www.kenanga.com.my/online-platforms

The Malaysian economy also faced these same external pressures, with Gross Domestic Product ("**GDP**") contracting by 4.5% in the 3Q 2021 after expanding 16.1% in 2Q 2021 due to the implementation of strict lockdown measures in July as part of the National Recovery Plan. Overall, however, the Malaysian economy rebounded by 3.1% over the course of the year, following the sharp contraction in 2020. In its ongoing effort to support economic recovery, Bank Negara Malaysia maintained the Statutory Reserve Ratio at 2.0%, as well as the Overnight Policy Rate ("**OPR**") of 1.75% - levels it instituted at the beginning of the pandemic.

Notwithstanding these volatile conditions, Kenanga Investment Bank delivered a new all-time high performance since being an investment bank. Profit Before Tax ("**PBT**") surged to RM148.2 million, while Profit After Tax ("**PAT**") increased to RM118.8 million, exceeding all expectations.

This historic result—coming on the back of a record high PBT of RM134.7 million and PAT of RM102.3 million in 2020—was fuelled by outstanding performance in equity broking, asset and wealth management, as well as, gains from recognising some of our private equity investments.

For the year ended 31 December 2021, Earnings Per Share stood at 16.3 sen, up 12% while, annualised Return on Equity stood at 11.6%, up 7.7%.

While the global market turmoil of 2020 gave us first-hand evidence of the benefits of digitalisation, 2021 showed us how a business model built on diversity of revenue streams could not merely survive but thrive in a situation of prolonged volatility and uncertainty. In this respect, I am honoured to report that the Group was recognised by The Edge Billion Ringgit Club for its excellent performance and was awarded the coveted accolade of 'Highest Returns to Shareholders Over Three Years'.

I take this opportunity to commend every member of Kenanga Group whose grit and determination to succeed have contributed directly to the outstanding financial results, that once again make us proud to be a part of this family.

BEATING THE ODDS

The year 2021 was a year of two halves for the Malaysian capital markets. The first half was largely shaped by the same robust momentum that fuelled our bumper year in 2020. The retail-driven strong trading volumes on Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") led to the excellent performance in our stockbroking business.

However, this momentum moderated sharply in the second half of the year, as the country was hit by multiple headwinds—the reintroduction of lockdown measures in the middle of the year due to surging COVID-19 cases, as well as concerns over new taxes introduced under Budget 2022. The FBM KLCI which hovered above 1,600 points at the start of the year, slipped below 1,500 points during second half. Daily average trading value weakened to RM4.1 billion in December from a high of RM10.6 billion in February.

The waning market conditions, spurred the urgent need for our businesses to swiftly pivot to capture new opportunities. Guided by the same customer-centric approach, deep-rooted in our DNA, the leadership teams of the Group's various core business units joined hands to accelerate alternative investment solutions, which allowed us to respond to new demands and tap new opportunities that served to mitigate some of the impacts from the volume decline in the equities market.

On the whole, while our stockbroking business continued to contribute the lion's share of our 2021 bottom line, it is worth noting that both our asset and wealth management and private equity businesses made significant strides that allowed us to thrive through the tumultuous year to deliver a stellar performance that beat the odds—a testimony to the strength of our diversification strategy.

I am confident that this magnitude of synergy is possible only through the exceptional level of teamwork, communication and unity of purpose, that continue to characterise the true Kenanga spirit.

As we met the volatility and challenges of the year head-on, we were committed to ensure we did not lose momentum in terms of planning for future growth. Throughout the year, our teams continued to design and develop new systems, advance automation for efficiencies and was constantly looking at new ways to approach the market with innovative solutions.

2022 will be an exciting year, as we launch our proprietary A.I.-driven robo-advisory Kenanga Digital Investing, and look forward to the rollout of digital onboarding and automated margin financing capabilities on our trading platform (www.kentrade.com.my), that will set the stage for more seamless and optimal client journey and experience. Our Foreign Exchange Remittance platform is also expected to go live this year, further increasing digital distribution of our products and enhancing accessibility to the largest and most liquid market in the world.

Over the last five (5) years, Kenanga has been building its digital footprint in the financial and wealth management space through various strategic collaborations while growing our in-house digital competencies.

As a result, we now have the full spectrum of ready digital wealth services for the retail market that ranges from foundational or 'less risky' to the advanced or 'more risky' product ranges.

With the key building blocks in place, the next three (3) years for Kenanga will be an exciting one as we will focus on scale and growth through a two-prong approach. One of it involves consolidating all our digital wealth services onto a single wealth platform where data analytics will be used to drive cross-selling and synergies between our various services with the aim of providing hyper-personalised financial planning features. The other involves our Wealth-as-a-Service approach where digital platform providers can easily choose from our wide range of digital wealth services and easily plugin these offerings into their ecosystems so that they can complement their existing services with wealth services. This will ultimately enable Kenanga to achieve scale in a sustainable manner.

As mentioned by our Chairman, Tan Sri Dato' Seri Syed Anwar Jamalullail in his message, sustainability, is without a doubt, front and centre for the Group. During the year, Kenanga was included into the FBM EMAS Index, a validation of our growing market presence and serves as an encouragement for us to further advance our ESG agenda.

For the first time this year, we are releasing a standalone Sustainability Report which outlines enhanced disclosures of our ESG activities and progress in 2021.

Scan this QR code to visit our sustainability microsite.

CORPORATE HIGHLIGHTS

In February 2021, our Asset and Wealth Management division, Kenanga Investors Berhad ("**KIB**") completed the acquisition of I-VCAP Management Sdn Bhd ("**I-VCAP**"), an award-winning Shariah compliant investment management service provider, focused on Islamic Exchange Traded Fund ("**ETF**") products. The acquisition will serve to broaden the division's product suite and investment expertise while also providing greater access to the U.S. market, thus providing additional breadth and depth to investment solutions available to our clients.

In a move to catalyse growth of technology-driven enterprises in the country, Kenanga Investment Bank, in March 2021, joined hands with Malaysia Debt Ventures Berhad ("**MDV**"), a Government-linked agency focused on financing emerging technology, to set up a new fund intended to increase access to capital for the fintech and technology start-up sectors in the country. Under the strategic partnership, Kenanga Group and MDV will act as joint managers and co-investors in the establishment of a new RM300 million fund intended to support the growth of fintech companies, as well as the continuing development of Malaysia's burgeoning venture capital industry by providing fintech companies access to financing from inception to the pre-Initial Public Offering ("**IPO**") stage. The collaboration will leverage on both our expertise in equity and debt financing, as well as investment capabilities and established capital market access.

In the same month, we were awarded a Digital Investment Manager licence from the Securities Commission Malaysia, allowing us to provide a proprietary robo-advisory platform to investors. At the time of this statement, we have just rolled-out a fully A.I-driven robo-advisory platform, Kenanga Digital Investing, to overwhelming market interest, and we anticipate this innovative product, boasting competitive rates and state-of-the-art technology, will resonate well with many first-time investors in the country.

With the marked shift towards online transactions in recent years, exacerbated by the pandemic and digital advancements, it was imperative for us to rethink our branch network in the country. To date, we have rationalised twelve (12) branches nationwide, with all our remisiers operating on the Remisier Mobility Platform that provides them the flexibility to service their clients remotely. This re-organisation, on the back of declining over-the-counter transactions, is not only expected to derive operational efficiencies but also, cost synergies over time.

Our private equity arm had an exceptional year in 2021, with Fund I vintages maturing and in the harvesting period. In 2021, we saw one of our Fund I investee companies successfully undertake an IPO which allowed us to crystalise a significant investment gain, and another investment is also expected to seek liquidity event via listing on Bursa Malaysia in 2022. During the year, we also invested in licensed digital asset exchange player, Tokenize Technologies Sdn Bhd under our Fund II, which focuses on early stage companies. The investment in Tokenize is a landmark investment as it is the first investment by a financial institution in the cryptocurrency space in Malaysia.

FINANCIAL POSITION

As at 31 December 2021, capital adequacy ratios were 28.3% and 29.8% at Group and Company levels 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 up to 2.5% if imposed.

Liquidity Coverage Ratio was 152%, well above the regulatory requirement of 100% while Net Stable Funding Ratio averaged at 114%, above the mandatory minimum of 100%.

The Group maintained A+ and MARC-1 ratings from the Malaysian Rating Corporation Berhad ("**MARC**"), which noted our strong competitive position, sound capital position, profitability and funding profile despite weakened capital market conditions. As always, we will continue to work towards achieving the best ratings by constantly improving our financial performance.

For the same period, our subsidiary KIB and its wholly-owned subsidiary Kenanga Islamic Investors Berhad ("**KIIB**") maintained MARC IMR-2 ratings, affirming our commitment to well-established investment processes and sound risk management practices.

SEGMENTAL REVIEW

Stockbroking

Following record high trading volumes on the Main Market of Bursa Malaysia in FY2020, the market trended downwards especially in the second half of FY2021 due to public health concerns from the COVID-19 pandemic and a general lack of investment catalysts.

Despite the dip, our Stockbroking division maintained a PBT of RM86.4 million for the year ended 2021, similar to the PBT of the year before. Overall, the division maintained its market share of 12.5% attributable to its ongoing focus on the retail market, as well as an increasingly diverse revenue stream and client base, which includes the retail market, as well as institutional and proprietary trading segments.

As with previous years, our joint venture Rakuten Trade, Malaysia's first fully online stockbroking platform, continued to perform well despite adverse economic and financial conditions. Rakuten Trade expanded its retail market share from 6.60% to 7.14% with increases in customer acquisition and retention supported by new services such as its foreign share-trading facilities which was unveiled at the start of 2022. As at 31 December 2021, active accounts on Rakuten Trade stood at 237,000, up from 166,000 at the end of the previous year. Rakuten Trade remains the fastest growing stockbroker in the market.

Building on the work of previous years, the Stockbroking division continued efforts to improve investing literacy by exploring avenues of outreach to new customers, as well as enhancing investment understanding amongst our existing retail customers. In 2021, we continued to produce webinars and social media content on a broad range of financial and trading topics.

It is very encouraging to note that our efforts over the year continued to gain recognition for excellence in the industry, including two (2) Bursa Excellence Awards in 2021 for 'Best Overall Equities Participating Organisation' (Champion) and 'Best Retail Equities Participating Organisation - Investment Bank' (Champion).

Investment Banking

The unfavourable market conditions from the second year of the COVID-19 pandemic had a negative impact on capital market activity throughout the year. As a result, the Investment Banking division registered PBT of RM20.6 million, compared to RM34.0 million over the previous year.

In the equity capital market, the division took part in the successful listing of Mobilia Holdings Berhad on the ACE Market, with a retail offering oversubscribed by 92 times and share price closing at a 141% premium over the IPO price. The division also participated in the listing of Ramssol Group Berhad on the ACE Market, and completed the transfer listing of Nova Wellness Group Berhad from the ACE Market to the Main Market, with two (2) further IPOs on the ACE Market slated for early 2022. For equity private placements, the division acted as principle adviser and placement agent for JAKS Resources Berhad, as well as placement agent/manager for Dayang Enterprise Holdings Berhad.

In the debt capital market, the Investment Banking division was joint lead manager in the successful RM2.005 billion maiden Sukuk Murabahah issuance undertaken by the Federal Land Development Agency, as well as its subsequent issuance of RM354 million in November 2021. The division was also the joint lead manager in the RM1.9 billion Sukuk issuance by DanaInfra Nasional Berhad, and the RM350 million Sukuk Murabahah placement by Prasarana Malaysia Berhad, which was 2.29 times oversubscribed despite adverse market conditions. The division also acted as financial adviser, sole principal adviser, lead arranger and lead manager for the RM200 million sukuk programme for Sin Heng Chan (M) Berhad, with the deal being recognised as 'Project Infrastructure Finance Deal of the Year (Malaysia)' at the Asian Banking and Finance 2021 Corporate & Investment Banking Awards.

In corporate banking, it maintained a prudent approach in the management of credit risk due to ongoing concerns about the pandemic. Its loan portfolio currently stands at RM592 million, and the division will maintain a cautious and selective lending approach as we move forward into FY2022.

In Islamic finance, steps were taken to align its operations with the Group's sustainability drive, as well as the Securities Commission Malaysia's Capital Market Masterplan 3 requirements for greater mobilisation of Islamic capital market solutions to address the Sustainable Development Goals agenda. In this respect, the division continues to act as Shariah Adviser to KIB in the areas of Islamic funds and private mandates. The division's Shariah Committee remains keenly aware of latest developments in digital assets, Islamic fintech and ESG investing, and continues to act as Shariah Adviser for sukuk programmes by the Group's debt capital markets clients.

Meanwhile, FY2021 PBT for the Group's Treasury business was RM9.1 million, down RM11.6 million from the previous bumper year due to significantly lower trading income in 2021 in keeping with the unfavourable market conditions, although this was cushioned by higher net interest income from higher net interest margins. Despite these adverse conditions, the Group's Treasury business maintained stable funding throughout the year with Liquidity Coverage and Net Stable Funding Ratios remaining well above the mandatory 100% minimums.

Asset and Wealth Management

Kenanga Investors Group ("**KIG**"), which consists of KIB, KIIB and I-VCAP, is the Group's asset and wealth management division. Its offerings range from conventional collective investment schemes and portfolio management to alternative investments intended to help retail investors gain better access to sophisticated investment instruments normally available only to institutional or accredited investors.

Notwithstanding the weak economy and several national COVID-19 lockdowns, KIG recorded exceptional growth in FY2021, registering a PBT of RM34.9 million from higher earnings from management and performance fees, almost tripling the PBT of RM13.6 million from 2020. KIG's overall assets under administration ("**AUA**") increased to RM18.8 billion from RM13.8 billion to ensure consistency of digits billion in 2020 as investors sought to diversify their portfolios in a challenging market environment. We also completed our acquisition of I-VCAP in early 2021, with the complementary nature of its ETF business broadening KIG's reach, product suite and investment expertise.

In the area of sustainability, KIG has been a signatory to the Malaysian Code for Institutional Investors since 2017 and recently became a member of the Institutional Investors Council. Following its commitment to working with asset owners, regulators and market participants to support the Malaysian ESG landscape, KIG has developed its own Sustainability Blueprint to generate measurable value for all stakeholders. Alongside its intention to have more ESG products in its line-up, KIG will also seek to convert selected existing funds (both global and domestic) to meet ESG requirements, as well as to participate in investee company resolutions in the interests of good corporate governance for sustainable and consistent returns. KIG was also appointed to the Industry Competence Framework Advisory Panel for the Malaysian Capital Market project undertaken by the Securities Industry Development Corporation.

Its product suite saw expansion through the launch of several notable funds in the market namely, the Kenanga Sustainability Series: Frontier Fund, which invests primarily in the securities of global, innovative companies specialised in products and services that are linked to technologically-driven innovations with long-term sustainable growth potential, and the Kenanga Waqf Al-Ihsan Fund, an open-ended fund that invests in a diversified portfolio of Shariah-compliant equities, sukuk and other Islamic money market instruments. In accordance with waqf principles, half of the derived income will be distributed to sectors such as education, healthcare, economic empowerment and environmental preservation or development.

KIG was also named fund manager for Dana Wakaf Bencana ("**the Fund**") which aims to provide emergency relief by channeling resources to parties affected by climate change-related disasters, as well as future pandemics. The Fund will be receiving a portion of the RM10 million allocated in Budget 2022 as part of its initial seed funding, which will be invested directly into a wholesale fund established and managed by KIG.

For performance in 2021, KIG won several industry accolades including Refinitiv Lipper, FSMOne Recommend Unit Trusts Awards and Asia Asset Management's Best of the Best Awards.

KIG also won recognition at the 2022 Best of the Best Awards for: 'Malaysia Best Impact Investing Manager', 'Best Application of ESG (ASEAN)', 'Malaysia Best Equity Manager' (fourth consecutive year), 'Malaysia CEO of the Year', 'Malaysia CIO of the Year' and 'Malaysia Best House for Alternatives'. In March 2022, KIG received a total of five (5) awards at the Refinitiv Lipper Fund Awards Malaysia 2022 which included the 'Overall Best Mixed Asset Group - Malaysia Provident' Award. Accompanying this were individual fund wins awarded to Kenanga Growth Fund for 'Best Equity Malaysia Fund over 10 Years', Kenanga Malaysian Inc Fund for 'Best Equity Malaysia Diversified over 3 Years', Kenanga Growth Opportunities Fund for 'Best Equity Malaysia Small & Mid Cap over 5 Years' and Kenanga Diversified Fund for 'Best Mixed Asset MYR Flexible over 10 Years'.

Futures Broking

Given the markets' volatility that led to increase in hedging activities on Derivatives Exchanges, Kenanga Futures Sdn Bhd ("**KFSB**") registered a lower Loss Before Tax ("**LBT**") of RM1.8 million, relative to the LBT of RM2.7 million in FY2020.

KFSB has made best use of this period to rollout several corporate and business development initiatives as part of the Group's long-term sustainability objectives. The first was the launch of a new strategic business blueprint, ASCENT 2023, which will serve as the foundation for KFSB's business development over the next three (3) years.

Over the course of FY2021, KFSB undertook its fifth annual nationwide retail campaign (Accelerate into the Future) to encourage greater retail client trade of Bursa Malaysia Derivatives products as well as those listed on the world's largest financial derivatives exchange, CME Group. Furthermore, KFSB also continued with its popular online public outreach and education efforts, with a series of twenty-eight (28) live webinars and five (5) Facebook Live sessions focusing on futures and derivatives trading in Malaysia. These initiatives also included the April 2021 launch of KF Virtual Trading - a trading simulation platform designed to introduce derivatives trading to retail clients who are new to these products.

KFSB continues to be recognised as top Malaysian futures broker with two (2) awards received during Bursa Excellence Awards 2021, which are the 'Best Institutional Derivatives Trading Participant' (Champion) and 'Best Overall Derivatives Trading Participant' (2nd Runner Up).

Money Lending and Financing

The Group's Structured Lending and Trade Financing division recorded a PBT of RM1.6 million in FY2021 compared to RM1.9 million the preceding year. This was due primarily to the reduction of the financing loan book to RM64.7 million in 2021 from RM71.1 million in 2020 as a result of loan maturity, as well as weaker market demand for asset monetisation and structured lending.

Given these challenges, the division intensified digital marketing efforts over the year, launching a new dedicated website (www.kenangacapital.com.my) and enhancing social media engagement, as well as stakeholder engagement particularly with remisiers and other members of the Kenanga Group. The division also began working in close partnership with CapBay, a leading supply chain financial technology company, to provide seamless access to digital supply chain financing solutions. These efforts are expected to begin yielding positive results moving into 2022 as the economy gradually reopens and normalises once again.

RISK MANAGEMENT

Navigating through the unpredictability and many uncertainties amid the turbulent macro-economic and market conditions during the year, the Group continued to exercise prudence and diligence in our risk management practices. Many challenges were overcome with resilience and agility in managing the key risks particularly in the context of credit risk and market risk portfolio in view of the increased dynamism in trading activities and demand for the Group's digital services.

We continued to maintain meticulous risk management oversight and management processes that emphasise the enforcement of established policies and procedures. In order to promote sustainability and preserve the quality of our assets, we took on a conservative risk approach with a more selective and defensive risk posture to safeguard the health of our portfolios. Throughout the year, we conducted comprehensive risk review assessments, scenario analyses, stress test and performed rigorous adaptations of appropriate facility and trading strategies in regard to their respective exposures. This proved effective as events unfolded and resulted in well-contained and managed credit and market risk portfolios.

The Group remains fully committed to strengthening risk resilience, as well as, enhancing of our risk management approaches, methodologies and strategies. We have put in place risk management processes, complemented by a robust governance structure, implementation of policies and procedures, established methodologies, as well as risk processes that are constantly reviewed and enhanced.

In 2021, our main focus was on providing a secure and safe environment to our employees and customers, persevered the stability of all critical operations to support business continuity, responded swiftly to operational vulnerabilities in our process and minimised disruption in our supply chain. As the pandemic continued to pose risks to our operational resilience arising from digital adoption and a significant shift in working arrangements, efforts were made to fortify the vibrancy of Operational Risk Management and Business Continuity Management of the Group to ensure the preparedness, responsiveness and robustness in managing event risk especially in this unprecedented COVID-19 pandemic environment.

Cybersecurity threats remain as one of the top emerging operational risks to the Group. We continued to enhance our cyber resilience through embracing emerging new technologies and cybersecurity solutions, continuous workforce vigilance and vigorous close monitoring of cyber threats to further strengthen our cyber defence capabilities in a bid to prevent cyber-attack or loss of data arising from unaddressed vulnerabilities.

In light of the on-going pandemic situation, the Group will remain vigilant and maintain responsive business continuity plans. The Business Continuity Management Team stands ready to take all appropriate measures to mitigate risks of exposure to the contagion, including precautionary measures involving split-team operations and working-from-home arrangements as well as disaster recovery and contingency plans.

More information on risk management and internal controls can be found on pages **119 to 122** of this Annual Report.

2022 OUTLOOK

It has now been more than two (2) years since the world began to live with the COVID-19 pandemic. Although disruptions continue to take place in the economies and daily lives of everyone in Malaysia and around the world, there have been several important positive steps in 2021 that should begin bearing fruit in 2022. Despite the emergence of the Omicron variant and its ongoing impact around the world, Malaysia's vaccine response has been highly successful, and we now have one of the world's highest vaccination rates. We expect the public health impact of the Omicron variant to be relatively mild, and that the world will continue its gradual recovery in the second half of 2022.

As more and more economic sectors resume their normal levels of productivity in 2022, and with the continuing progress towards near-universal vaccination in Malaysia, we expect 2022 GDP to grow by 5.0%-5.5%, buoyed by an expected surge in global demand. Key developments will include the reopening of borders to international visitors, the continuation of important national development projects, and the resumption of employment which should see the national unemployment rate fall from 4.6% to 3.9% in 2022.

There have already been early signs of recovery: the labour market continued to grow in January 2022, with employment expanding through sustained job creation while the manufacturing sector posted its fifth consecutive month of growth in February 2022. On the monetary front, we expect Bank Negara Malaysia to maintain its OPR and statutory reserve requirements for banks for the first half of 2022, which is expected to support and complement the Government's Budget of RM332.1 billion for 2022. We expect the record-high fiscal expenditure—RM233.5 billion in operating expenditure and RM75.6 billion in development expenditure—to impact positively on the economy and spur infrastructural development across the board.

Nonetheless, our forecasts are tempered by risks associated with ongoing public health uncertainties stemming from the COVID-19 pandemic and its impact on economy and daily life, domestic political uncertainties in Malaysia, impact of China's lockdown amid its zero-COVID strategy, rising energy prices, global geopolitical tensions brought by the Russia-Ukraine crisis and an aggressive monetary tightening cycle led by the U.S. Federal Reserve to combat rising inflation.

In view of these potentially volatile and challenging conditions, Kenanga will continue its proactive policy of managing liquidity, market and credit risks by continuing to grow and strengthen its client base and sources of income through diversification with a continued emphasis on sustainability. Our digital transformation has served us well in weathering the storms of the pandemic, and in the coming years, it will be our resilience and commitment to sustainability that will allow us to continue to grow and prosper in an increasingly uncertain world. I remain confident that Kenanga will continue to harness its resources and expertise built over almost fifty (50) years of experience to bring all its stakeholders through to a better and more secure future.

APPRECIATION

I would like to express my gratitude to our Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, who continues to serve as a beacon of leadership in these uncertain times.

I thank the Board of Directors for their diligence and stewardship, especially Chairman, Tan Sri Dato' Seri Syed Anwar Jamalullail whose dedicated pursuit of good governance and integrity has been invaluable as we continue to navigate new ways of doing business.

Again, I am particularly thankful to the staff of Kenanga Group for their dedication throughout another difficult year, and I remain grateful to all our business partners, clients, suppliers and stakeholders for continuing to make the journey with us through 2021.

I take this opportunity to register my appreciation to Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia Berhad for their guidance, and I wish to also extend my appreciation to our valued shareholders for their continued trust and support.

DATUK CHAY WAI LEONG
Group Managing Director

Our Sustainability Approach

ABOUT THIS STATEMENT

This 2021 Sustainability Statement presents topics that are material to Kenanga Investment Bank Berhad (“**Kenanga**” or “**Group**”) and its stakeholders. The Sustainability Statement is prepared in accordance with the requirements of the Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) Main Market Listing Requirements on Sustainability Reporting (“**Bursa Malaysia Sustainability Reporting Guide**”) and is to be read together with our inaugural standalone Sustainability Report 2021, which contains more comprehensive disclosures on our Environmental, Social and Governance (“**ESG**”) commitments, strategies and initiatives.

The Statement describes our sustainability strategy, approach and performance for the Financial Year Ended 31 December 2021, referred to as (“**2021**” or “**FY2021**”), covering our operations in Malaysia. We are continuously refining our data collection processes to enhance comprehensive disclosures in our future reporting.

Towards A Sustainable Future

Our commitment lies in embracing sustainability in all we do and we endeavour to create shared value for our stakeholders. Sustainability, as a driver of risks and opportunities, is continuously being incorporated into our business practices and decision-making processes.

SUPPORTING THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

In 2021, we marked a milestone by becoming the first Malaysian investment bank to join the United Nations ("**UN**") Global Compact, supporting its Ten Principles which articulate the core tenets of four landmark UN documents including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

Human Rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2	Make sure that they are not complicit in human rights abuses

Labour

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Principle 4	Elimination of all forms of forced and compulsory labour
Principle 5	Effective abolition of child labour
Principle 6	Elimination of discrimination in respect of employment and occupation

Environment

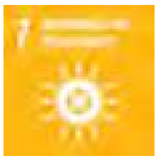
Principle 7	Businesses should support a precautionary approach to environmental challenges
Principle 8	Undertake initiatives to promote greater environmental responsibility
Principle 9	Encourage the development and diffusion of environmentally friendly technologies

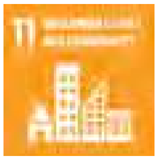
Anti-Corruption

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery

For more information on how we have committed to these Ten Principles, please refer to pages **73** and **74** of our Sustainability Report 2021.

In tandem with our participation in the UN Global Compact and the introduction of our ESG Framework, which will guide our sustainability strategy moving forward, we have expanded our commitment and contribution towards 11 UN Sustainable Development Goals ("**UN SDGs**").

UN SDGs	Alignment with SDG Targets	Our Focus
	1.4 Equal rights for all to ownership, basic services, technology and economic resources	• Extending support to our local communities through philanthropic contributions and social investments.
	4.4 Increase the number of people with relevant skills for financial success	• Promoting financial literacy across the industry through our community programmes and industry financial literacy initiatives.
	5.5 Women's full and effective participation and equal opportunities for leadership	• Supporting the empowerment and representation of women in our workforce.
	7.2 Increase global percentage of renewable energy 7.3 Double the global rate of improvement in energy efficiency	• Investing in green energy companies and increasing the share of renewable energy in our operations.
	8.3 Encourage the growth of micro-, small- and medium-sized enterprises 8.5 Full and productive employment and decent work for all 8.10 Expand access to banking, insurance and financial services for all	• Supporting social enterprises through our community investment efforts. • Ensuring a safe, conducive and thriving workplace for all our employees. • Expanding client base, particularly the unserved/underserved retail segment via online platforms for investing and trading.
	10.2 Social, economic and political inclusion of all	• Uplifting our communities through philanthropic contributions and employee volunteerism, while promoting diversity and non-discriminatory practices across our employment practices and product.

UN SDGs	Alignment with SDG Targets	Our Focus
	11.6 Reduce the environmental impact of cities	• Increasing environmental awareness through programmes that encourage employees to practice a zero-waste lifestyle at home. • Raising awareness across industries through knowledge sharing sessions to drive the transition towards a more sustainable business landscape.
	12.5 Significantly reduce waste generation 12.6 Encourage companies to adopt sustainable practices and sustainable reporting	• Reducing our resource consumption through responsible energy, water and waste management.
	13.2 Integrate climate change measures into policies and planning 13.3 Improve human and institutional capacity on climate change	• Embarking on a climate action pathway to address our climate-related risks and opportunities, while reducing our direct operational carbon footprint.
	16.4 Combat organised crime and illicit financial and arms flow 16.5 Reducing all forms of corruption and bribery 16.7 Responsive, inclusive, participatory and representative decision-making at all levels	• Strengthening our framework and compliance culture to prevent financial crimes.
	17.16 Enhance partnership to mobilise technology and financial resources 17.17 Encourage and promote effective public, public-private and civil society partnerships	• Building partnerships with community-based organisations to create positive social impacts.

OUR ESG FRAMEWORK

Our ESG framework guides us in our efforts to address ESG matters that are material to our business and help align our strategies and targets accordingly.

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 strategy 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.

OUR PILLARS

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.

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

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

OUR KEY FOCUS AREAS

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 of investing.

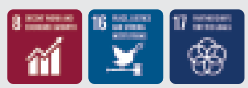
Climate Impact
Take ownership of climate risks and opportunities of our operations through monitoring environmental performance, identifying and practising behaviours to promote climate positive action and outcomes.

Diversity, Inclusion and Wellbeing
Inculcate an equitable workplace culture that recognises the unique needs and contributions of employees, and where employee rights, safety, health 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 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.

ALIGNMENT WITH UN SDGS



STAKEHOLDER-DRIVEN SUSTAINABILITY

Stakeholder engagement, assessment and feedback are integral to our organisation. We continuously improve our engagement approaches through various communication channels to ensure we meaningfully engage with our stakeholders, gather feedback relevant to current trends and understand their changing priorities.

Our Stakeholder Groups	Our Commitment	How We Engage	Areas of Interest
Those Whom We Are Accountable	• Ensure our investors and shareholders are kept abreast on how we embed ESG in our business strategy and operations • Incorporate feedback to create long-term, sustainable value for our stakeholders • Leverage innovation and technology to enhance the client experience	**Shareholders** • Provide updates and gather feedback through meetings, reports and disclosures **Clients** • Provide products, tools, education and insights through our trading platforms, mass media channels, events, emails, websites and social media channels • Respond to queries, as well as gather input and feedback via social media channels, helplines and emails	• Cyber security and data protection • Portfolio performance • Financial inclusion • Financial literacy • Digitalisation • Responsible investing • New products and services • Market outlook • Enhanced client experience
Those Who We Collaborate With	• Create a safe, inclusive and high-performing work environment • Embed our values of ethics, integrity and compliance throughout the organisation, to lead a responsible business operation	**Regulators** • Participate in industry discourse and enforce adherence to regulations and policies **Employees** • Engage through internal policies, meetings, emails, dialogues, training programmes, special events and performance appraisals **Remisiers and Agents** • Engage through policies and procedures, training programmes and special events **Vendors** • Collaborate through meetings, policies and procedures	• Compliance culture • Cyber security and operational resilience • Training and development • Product training • Certifications, examinations and tutorials • ESG and climate awareness
Those Whose Lives We Enrich	• Create positive impact for communities in need through targeted social investments and employee volunteerism • Enhance the financial literacy of our communities to empower them to make decisions on their investments and financial resources	**Community Partners** • Contribute to various social causes, in particular towards enterprises • Activate employee volunteerism and philanthropy **Public** • Disseminate investing knowledge via roadshows, social media channels and webinars	• Community empowerment • Financial literacy

OUR MATERIALITY

In 2020, we conducted our materiality assessment to identify key sustainability topics that are material to both Kenanga and its stakeholders. The biennial assessment ensures that we have a clear understanding of the material topics which are significant to our business and stakeholders. In 2021, we expanded our materiality survey to include institutional investors, to ensure that we capture a more representative view of our stakeholders' priorities.

Our Materiality Assessment Process

Identifying Material Topics

Compiled a list of 10 material topics by analysing our value chain, considering industry benchmarks and market practices.

Gathering Stakeholders' Input

Identified key internal and external stakeholders and distributed online surveys to gather feedback on how they prioritise our material topics.

Prioritising Material Topics

Tabulated survey results into a materiality matrix. All identified material topics were deemed to be relevant to both Kenanga and its stakeholders.

Validation

Presented materiality results to the Board of Directors.

Based on the updated results of the survey in 2021, the materiality matrix mostly remained consistent with the materiality matrix obtained from the previous year. Diversity, inclusion and wellbeing was the only material topic to have shifted to a slightly higher priority for our stakeholders.

Material Topic	Description
Good Governance	
Good Business Conduct	Operating transparently, with integrity and accountability in compliance with applicable laws and regulations. Adopting the highest standards of professionalism, honesty and ethics.
Regulatory Compliance	Identifying, managing and responding to compliance risk across the Group. Cultivating a transparent ethical culture and educating employees to reflect the compliance behaviours of the organisation.
Sustainable Economic Growth	
Responsible Investing	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 and promote the sustainability agenda.
Digitalisation	Leveraging technological advancements to develop innovative products and services; enhance and reinforce advisory operations and offer seamless service solutions that meet clients' needs.
Cyber Security	Implementing robust cyber security solutions through strategic partnerships to protect corporate and client information and enhance cyber security posture. Equipping employees with the knowledge and skills to recognise and prevent malicious activity from cyber threat actors.
Client Experience	Delivering positive client experience through customer service excellence and delivering innovative products and services.
Environmental Stewardship	
Climate Impact	Taking ownership of the climate impacts of our operations through monitoring environmental performance, identifying and practising behaviours promoting climate positive outcomes and raising awareness of climate change and sustainability with internal stakeholders.
Empowering People and Communities	
Diversity, Inclusion and Wellbeing	Inculcating a diverse and inclusive workplace culture where employee rights, safety, health and wellness are promoted.
Talent Attraction and Management	Designing the Group's training and development initiatives to respond to business needs, regulatory requirements, industry standards and people development principles.
Community Investment	Enhancing financial literacy and inclusion for clients and the community through education. Reaching out to communities in need through targeted social investments and employee volunteerism.

Managing Our Sustainability Risks

OUR APPROACH

Our Group Board Risk Committee ("**GBRC**"), supported by the Group Risk Committee ("**GRC**") and overseen by the Board of Directors, seeks to develop a robust risk management system that systematically manages and mitigates all risks including ESG-related risks.

In 2021, ESG risks, including climate-related risks, were identified as emerging risks for Kenanga. Guided by the Bank Negara Malaysia ("**BNM**") Climate Change & Principle-based Taxonomy ("**CCPT**") guidance paper and industry best practices, a Climate Change Risk Management Framework ("**CCRMF**") was developed during the year to embed climate-related risks into our governance process, business operations and our Group risk management system. The CCRMF will be operationalised in 2022.

To learn more about our Risk Management Framework and Governance, please refer to page **119** of this Annual Report.

OUR CLIMATE-RELATED DISCLOSURES

We are conscious of our climate responsibility, and we are progressively expanding our climate-related disclosures, as guided by the Task Force on Climate-Related Financial Disclosures ("**TCFD**") recommendations. Our key updates are as below:

Governance	**Strategy**	**Risk Management**	**Metrics and Targets**
• Integrated climate risk governance into the existing risk management governance structure in 2021.	• Established targets and enhanced our Responsible Investing strategy.	• Developed a Group Climate Change Risk Management Framework to better manage climate risks across our investment activities.	• Measure and monitor our direct environmental footprint. • In 2021, we expanded our scope of greenhouse gas ("**GHG**") emissions tracking to account for our Scope 1 emissions, in addition to Scope 2 emissions.
Moving Forward			
To enhance our climate risk governance by rolling out climate-related meetings at the governance level, thus ensuring that our Board stays abreast of the internal progress of climate-related initiatives.	To identify specific climate-related risks and opportunities relevant to our business for each time horizon (short, medium and long-term), and further integrate them across our investment and financing activities.	To operationalise Climate Change Risk Management Framework throughout our business operations.	To expand our GHG emission monitoring to Scope 3 emissions; establish a baseline and set emission reduction targets.

OUR CLIMATE CHANGE RISK MANAGEMENT FRAMEWORK

The CCRMF plays an integral role in supporting the Group as it embarks upon a phased approach towards addressing climate change-related risks and opportunities.

The Framework aims to:

- Provide an overview of how climate change impacts our business, clients and the broader economy
- Facilitate the integration of climate change considerations into our existing risk management practices and business activities
- Identify and formulate appropriate climate-related strategies, feasible risk appetites and targets to improve our readiness towards climate risk management
- Introduce a structured classification methodology to assess and classify our financing and investment activities to ensure they are aligned with the transition to a low-carbon economy
- Inculcate awareness amongst our stakeholders on the pertinence of understanding climate risks as well as ensuring they stay abreast of Kenanga's climate ambitions
- Develop appropriate reporting standards for our climate risk management disclosure for internal and external stakeholders
- Establish the necessary guiding principles to support our financing and investment activities, ensuring climate risks are considered

Aligned with our CCRMF, we have also introduced a Climate Change Risk Assessment Checklist ("**Climate Change RAC**"). The Climate Change RAC is developed based on the guiding principles outlined in BNM's CCPT as well as other criteria as per industry best practices to support the classification assessment.

In addition to the framework which focuses on the climate risks, the business divisions are also encouraged to place emphasis on Social and Governance risk aspects in lending or financing and investment activities. Following the approval of the CCRMF in 2021, we will also be integrating ESG risks more holistically into our enterprise risk management framework in 2022.

In 2021, a total of 182 employees attended courses covering topics on ESG and climate-related risks, clocking a total of 627.8 training hours. We look forward to increase these numbers in the coming years as we expedite our ESG journey.

For more information on our CCRMF, TCFD disclosures and how we manage our key emerging risks, please refer to pages **14** to **20** of our Sustainability Report 2021.

MANAGING OUR SUPPLY CHAIN RISK

Our Group Code of Conduct for Vendors and Group Procurement Policy provide employees and vendors with a guiding framework to achieve and maintain high standards of professionalism, transparency and accountability in our procurement decisions. Our robust Know Your Vendor Assessment requires vendors to undergo an extensive due diligence process that reviews risk indicators which culminates in a score that serves as a guide for Kenanga to manage its front-end risk.

In line with our digitalisation efforts across our business operations, we have fully digitalised our procurement process. Moving forward, we are enhancing our vendor assessment framework to integrate environmental and social risks for potential and existing suppliers.

In 2021, we purchased products and services worth RM67.18 million from local suppliers, accounting for 79% of our total procurement expenditure. As part of our community investment initiatives, we also endorse procurements from social enterprises that we support.

For more information on our supplier evaluation criteria, please refer pages **20** and **21** of our Sustainability Report 2021.

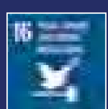
Good Governance

At Kenanga, we are committed to lead a responsible and transparent business, reinforced by robust corporate governance with high levels of ethics, compliance and integrity. We have consistently reiterated our position in embedding good business conduct within the organisation and uphold ourselves to the highest ethical standards in our business practices throughout the value chain.

Material Topics

- GOOD BUSINESS CONDUCT
- REGULATORY COMPLIANCE

UN SDGs



GOOD BUSINESS CONDUCT

Good governance, ethics, integrity and regulatory compliance remain as high priority areas across the industry. The prevalence of financial crimes has necessitated the strengthening of governance within organisations and the inculcation of a strong ethics culture amongst internal stakeholders.

Our Corporate Governance

The Board understands that the responsibility for good corporate governance rests with it. Therefore, the Board strives to adopt the principles and best practices of corporate governance and ensures that Kenanga complies with the various guidelines issued by BNM, Securities Commission Malaysia ("**SC**"), and Bursa Malaysia.

In line with the recently revised Malaysian Code on Corporate Governance ("**MCCG**") issued by the SC on 28 April 2021, the Board is committed to continuously undertake the appropriate actions to embed the principles and recommendations into Kenanga's existing policies and procedures, which primarily focused on the enhancement of Board policies and practices, strengthening Board and senior management's oversight in the integration of sustainability matters including climate-related risks in the Group's business strategy and operations, as well as adoption of best practices in all aspects including ethics and compliance.

➤ For more detailed information on our Corporate Governance Chart, Framework, Board Diversity, please refer to the Corporate Governance Overview Statement on page **78** of this Annual Report.

Our Sustainability Governance

Our Board is the highest governing body that drives sustainability leadership, strategic direction and oversight of the Group's approach to sustainability. The Board is supported by a sustainability governance structure represented by the Group Governance, Nomination & Compensation Committee ("**GNC**"), Group Board Risk Committee ("**GBRC**"), Group Risk Committee ("**GRC**") and Group Sustainability Management Committee ("**GSMC**").

Sustainability Governance at Kenanga

Board and Management Committees

Board of Directors
- Highest approval authority and oversees the implementation of sustainability initiatives, including providing stewardship, guidance and direction of the sustainability agenda for the Group.
- Promotes sustainability through appropriate integration of ESG considerations in the Group's business strategies.

Group Governance, Nomination and Compensation Committee
- An independent Board Committee that supports the Board in providing oversight on the progress of sustainability, in particular in ensuring the governance of sustainability within Kenanga, as well as, the necessary alignment and compliance with applicable statutory and regulatory requirements.

Group Board Risk Committee
- An independent Board Committee that assists the Board in its supervisory role on the risk management of the Group while overseeing all aspects of risk management in the Group, including climate change risk management.

Group Risk Committee
- Highest senior management committee assisting the Board through its supervisory role on risk management of the Group while overseeing all aspects of risk management in the Group, including climate change risk management.

Group Sustainability Management Committee
- Highest senior management committee assisting the Board in the governance of sustainability including establishing sustainability direction, strategies and targets for the Group.
- Ensures the 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.
- Ensures the effective implementation of the Group's sustainability strategies and plans.

Delivery

Group Marketing, Communications and Sustainability Division
- Provides management-level leadership in sustainability planning, implementation, as well as, monitoring and evaluation of sustainability initiatives and performance.
- Actively engage with external stakeholders as well as, internal business divisions and subsidiaries to identify sustainability risks and opportunities.

Business Divisions and Operations
- Champions the implementation of sustainability initiatives and provides input for holistic sustainability management.
- Acts as key sustainability data owners and drives the sustainability integration in respective divisions.

Group Sustainability Management Committee

Chaired by:
Group Managing Director

Members

- Group Chief Financial and Operations Officer
- Group Chief Regulatory and Compliance Officer
- Chief Executive Officer, Kenanga Investors Berhad
- Chief Credit Officer
- Group Chief Risk Officer

Head of Group Marketing, Communications and Sustainability

Permanent Invitee

As we accelerate our sustainability journey, we recognise that it is vital to have a robust sustainability governance structure across Kenanga and that our ESG ambitions are cascaded effectively. With this in mind, the Board approved the establishment of a management level Sustainability Committee, which is responsible for directing sustainability strategies, priorities and targets in July 2021.

Embedding Ethics and Integrity

We apply a multi-pronged approach to ensure employees are well versed with the Group Code of Ethics and Conduct for Employees. This includes the roll-out of introductory and refresher training for new and current employees. In 2021, a total of 1,397 employees attended these training programmes. We have also successfully completed the final phase of our Ethics Blueprint this year.

The Group Business Ethics and Integrity Department ("**GBEI**"), a unit within the oversight of Group Regulatory and Corporate Services ("**GRCS**"), continuously monitors the implementation of policies and practices, to ensure that Kenanga adequately and effectively promotes ethical business practices. GBEI also designs measures and initiatives to assist our business and operations accede to the highest ethical standards.

In 2021, GBEI reviewed and enhanced the Group Code of Ethics and Conduct for Employees, the Group Conflict Management Policy, and the Group Anti-Fraud, Bribery and Corruption ("**AFBC**") Reporting Procedure as part of initiatives to ensure that policies are up to date and relevant to our business values.

Our 5th Fraud Awareness Week

Our annual flagship Fraud Awareness Week ("**FAW**") campaign is a testament to our commitment to uniting employees and industry stakeholders to combat financial crimes. Themed 'Reinforcing Ethical Values through Regulatory Dynamism', our virtual 5th FAW campaign this year saw the participation of over 500 individuals, including representatives from various regulatory bodies, professional bodies, industry peers, as well as, Kenanga employees. The month-long campaign consisted of interactive activities such as games, quizzes and seminars which aimed to promote anti-fraud, bribery and corruption awareness.

Scan to learn more about our FAW campaign

Key Policies, Frameworks and Commitment Statements

We have implemented a suite of policies and frameworks to instil sound business practices and high levels of integrity. These efforts, as described below, are in compliance with all applicable laws, regulations and industry best practices.

Good Governance

- Group Code of Ethics and Conduct for Employees
- Group Code of Conduct for Vendors
- Group Procurement Policy
- E-Procurement Procedure
- Business Continuity Management Framework Policy
- Enterprise Risk Management Framework

Cyber Security

- Cyber Security Policy
- Data Loss Prevention Framework
- Group Confidential Information Policy
- Retention, Archiving and Destruction Policy

Regulatory Compliance

- Group Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy and Procedure
- Group Anti-Fraud, Bribery and Corruption Policy
- Group Conflict Management Policy
- Group Chinese Wall Policy
- Group Whistleblowing Policy and Guidance Note
- Group Gifts, Entertainment and Hospitality Policy
- Group Competition Act Compliance Policy
- Anti-Fraud, Bribery and Corruption Reporting Procedure

Client Experience

- Advertising Policy
- Social Media Policy
- Media Relations Policy
- Group Complaint Handling Policy

Digitalisation

- iLeap Applications Governance Procedure
- Technology Services Policy

Responsible Investing

- ESG Blueprint and ESG Integration Framework
- Climate Change Risk Management Framework
- Statement on Application of the Principles of the Malaysian Code for Institutional Investors

Diversity, Inclusion and Wellbeing

- Preventing and Eradicating Sexual Harassment in the Workplace Procedure
- Committed to promoting gender diversity in the workforce and aligning our Board's representation in accordance with the updated Malaysian Code on Corporate Governance 2021 requirement
- Zero tolerance of any violation of human rights, including forced and compulsory labour, child labour, as well as, discrimination with respect to employment in our operations in compliance with the applicable employment and labour laws and regulations

Talent Attraction and Management

- Group Code of Ethics and Conduct for Employees
- Group Performance Management Policy
- Group Disciplinary Policy
- Learning and Development Policy
- Flexible Work Arrangements Policy
- Group Procedure on Recruitment and Staffing Management
- Compensation and Benefits Policy
- Group Policy on Performance Management System
- A non-discriminatory approach for all HR practices throughout the Group, including processes related to recruitment, redundancy, training and development allocations as well as remuneration packages

Community Investment

- Sponsorship Policy
- Empower and uplift local communities by supporting social enterprises, including improving outreach through employee volunteerism

Climate Impact

- Climate Change Risk Management Framework
- Committed to reduce our operational environmental footprint of our business activities by optimising our energy and resource consumption, adopting responsible waste management practices and empowering our employees, as well as, our vendors, to be environmental stewards

REGULATORY COMPLIANCE

We recognise that regulatory compliance is pivotal in driving the Group's overall operational integrity and in preventing financial crimes throughout our business operations. It reinforces our internal risk control mechanisms and provides greater reliability for our stakeholders. Constant update of regulatory developments and regular communication with our regulators are key to keeping ourselves abreast with regulatory and compliance updates, while continuous learning and training help ensure our employees uphold the highest integrity and standards across the Group.

Building A Robust Compliance Culture

A key component of our strategy to build a compliance culture includes designing training programmes and awareness initiatives to embed our principles of ethics and integrity so that they are integrated throughout every level of our workforce. Our Group Prudential Supervision & Regulatory Affairs Department is responsible for ensuring that our employees are aware of all regulations, standards and best practices that apply to the Group. Some of the key measures we implement include:

01 All regulatory issuances and updates are compiled and communicated to employees every week as and when they are updated by the regulators.

02 All new employees are required to complete training on ethics and regulatory compliance-related matters, including code of ethics, AFBC, AML/CFT/TFS and conflicts of interest upon joining the Group while all existing employees are required to complete training and refresher courses on an annual basis.

03 Organise an Annual Regulatory Seminar through which we reinforce our standards of conduct on matters such as conflicts of interest, fraud, bribery and corruption, AML/CFT/TFS and whistleblowing.

04 Our key ethics and regulatory compliance policies have been made available online to all employees via the Policy & Procedure Governance System, an internal repository platform containing our policies and procedures.

05 As part of our Awareness and Understanding Programme, we conduct annual e-tests to reinforce our employees' grasp and knowledge of good governance and business practices. In 2021, over 90% of our employees completed these e-tests, of which more than 95% of them achieved a score of 80% and above in these tests.

Zero-Tolerance of Financial Crime

Kenanga takes a zero-tolerance approach to all forms of financial crime including bribery, fraud, corruption, the direct or indirect financing of terrorism, money laundering, proliferation financing and any other forms of illicit activity connected to unethical business practices. In 2021, we recorded zero reported or confirmed incidents of bribery and corruption.

For more information on our measures on preventing financial crimes and our Annual FAW, please refer to the Ethics and Compliance Statement, on page **108** of this Annual Report.

Sustainable Economic Growth

At Kenanga, we strive to consistently deliver value through products and services that benefit our clients, while ensuring that our business grows sustainably. We aim to achieve this through accelerating our integration of ESG factors into our business decisions and across our value chain, whilst leveraging digital innovation to enhance our client experience and organisational efficiency.

Material Topics

- RESPONSIBLE INVESTING
- DIGITALISATION
- CYBER SECURITY
- CLIENT EXPERIENCE

UN SDGs

RESPONSIBLE INVESTING

A key aspect of our sustainability agenda lies in how we incorporate ESG factors into our core businesses, as well as, our investment and decision-making processes.

ESG Focus in Asset Management

Kenanga Investors Group ("**KIG**"), our Group's asset and wealth management division, is committed to working with asset owners, regulators and a broad spectrum of market participants to embed ESG into the heart of our investment process. KIG is a signatory to the Malaysian Code for Institutional Investors ("**Code**") since 2017 and a member of the Institutional Investors Council ("**IIC**").

KIG developed an ESG Blueprint and ESG Integration Framework to embed ESG factors into our investment process throughout the investment life cycle. Our ESG integration strategies are underpinned by effective screening mechanisms while practising active stewardship by engaging with stakeholders and exercising our voting rights in investee companies. Moving forward, we aim to increase Sustainable and Responsible Investment ("**SRI**") products and services, in line with the ESG Blueprint to reflect our commitment towards responsible investing.

For more information on our ESG Integration Strategy, please refer to page **33** of our Sustainability Report 2021.

Expanding Sustainable Investment Products

In line with our commitment to increase SRI-linked funds, KIG launched two SRI products in 2021:

Kenanga Waqf Al-Ihsan Fund	Launched in April 2021, the Kenanga Waqf Al-Ihsan Fund is a philanthropic-based vehicle that invests in a diversified portfolio of Shariah-compliant investments.
Kenanga Sustainability Series: Frontier Fund	Launched in October 2021, the fund aims to invest primarily in equity securities of global cutting-edge, innovative companies with long-term sustainable growth potential.

Fostering Partnership for Islamic Social Financing

In November 2021, KIG was appointed as the Fund Manager for the Dana Wakaf Bencana ("**Emergency Waqf Fund**"), an emergency relief fund launched to channel resources to those affected by climate change-related disasters as well as pandemics.

A strategic collaboration between government-linked agencies and the private sector, the initiative is aligned with the SC's Islamic Fund and Wealth Management Blueprint introduced in 2017, and the Waqf-Featured Fund Framework established in 2020, which aim to support the development of the Islamic social finance segment.

We believe that with this partnership, we will be able to drive impact investing through Islamic finance to greater heights in the country.

Supporting Green Economy

We actively participate in green financing to support the growing needs of companies whose core business functions are related to green economy such as Next Green Global Berhad, a non-wood green pulp and paper producer using zero-waste technology and renewable energy. As of 31 December 2021, Corporate Banking holds 5% of its total lending/financing portfolio in green lending and financing related to renewable energy, green technologies and climate change mitigation efforts. As of 2021, Kenanga Private Equity's ("**KPE**") green investments make up approximately 28% of its total portfolio. To further extend its support towards green investments, KPE will be incorporating the Climate Change RAC into its investment evaluation in 2022.

For more information on our responsible investment strategies, initiatives and progress, please refer to pages **33** to **37** of our Sustainability Report 2021.

Our Internal Stock Scoring Methodology & Industry Engagement

Our Equity Broking Research Department ("**Kenanga Research**") introduced an internal scoring methodology that applies a simplified materiality lens, based on the main ESG themes of the Sustainability Accounting Standards Board ("**SASB**") and Global Reporting Initiative ("**GRI**") standards.

Kenanga Research analyses companies' sustainability performances based on this scoring methodology and produces reports to share insights from the analysis. To further understand companies' sustainability performances, Kenanga Research also reaches out to these companies to understand their sustainability plans and initiatives. Moving forward, we aim to equip our stakeholders with an ESG-lensed acuity on the sustainable performances of companies to further guide investment and trading decisions.

Kenanga Research conducted two knowledge-sharing engagement sessions in 2021 with industry leaders as well as clients across different industries to raise awareness and drive the transition towards more sustainable business practices in the local landscape, focusing on sustainable agriculture and renewable energy.

For more information on our ESG Scoring Methodology and industry engagement activities, please refer to page **36** of our Sustainability Report 2021.

DIGITALISATION

In Kenanga, our digitalisation efforts are governed by the Group Board Digital Innovation & Technology Committee ("**GBDITC**") which aims to support the Board and its subsidiaries in providing direction and oversight over technology-related matters, including risks, in line with internal, as well as relevant regulatory requirements. As a business, we aim to build a digital ecosystem that offers a spectrum of products and services that addresses client needs and expectations, as well as enhances our operational efficiency.

Kenanga Digital Workflows ("**iLeap**") is a project that was initiated in 2019 with the objective of establishing a platform that allows digital applications to be rapidly developed for digitalisation of internal manual forms and workflows.

Increase Investing Accessibility Through Technology

Remisiers' Portal

- **100%** of our remisiers have been onboarded on our Remisiers' Portal in FY2021.
- **213,292** eDeposits transactions were made via the Portal in FY2021, marking a **130.62%** increase from FY2020
- **643,545** eSettlement transactions were made via the Portal in FY2021, an increase of **115.96%** from FY2020

Rakuten Trade

- **236,387** Rakuten Trade accounts were opened in FY2021, with an increase of **42.57%** from FY2020
- **RM9.6 billion** worth of stocks were transacted since its launch
- **4,907** RakuMargin accounts as at FY2021, with an increase of **37.8%** from FY2020

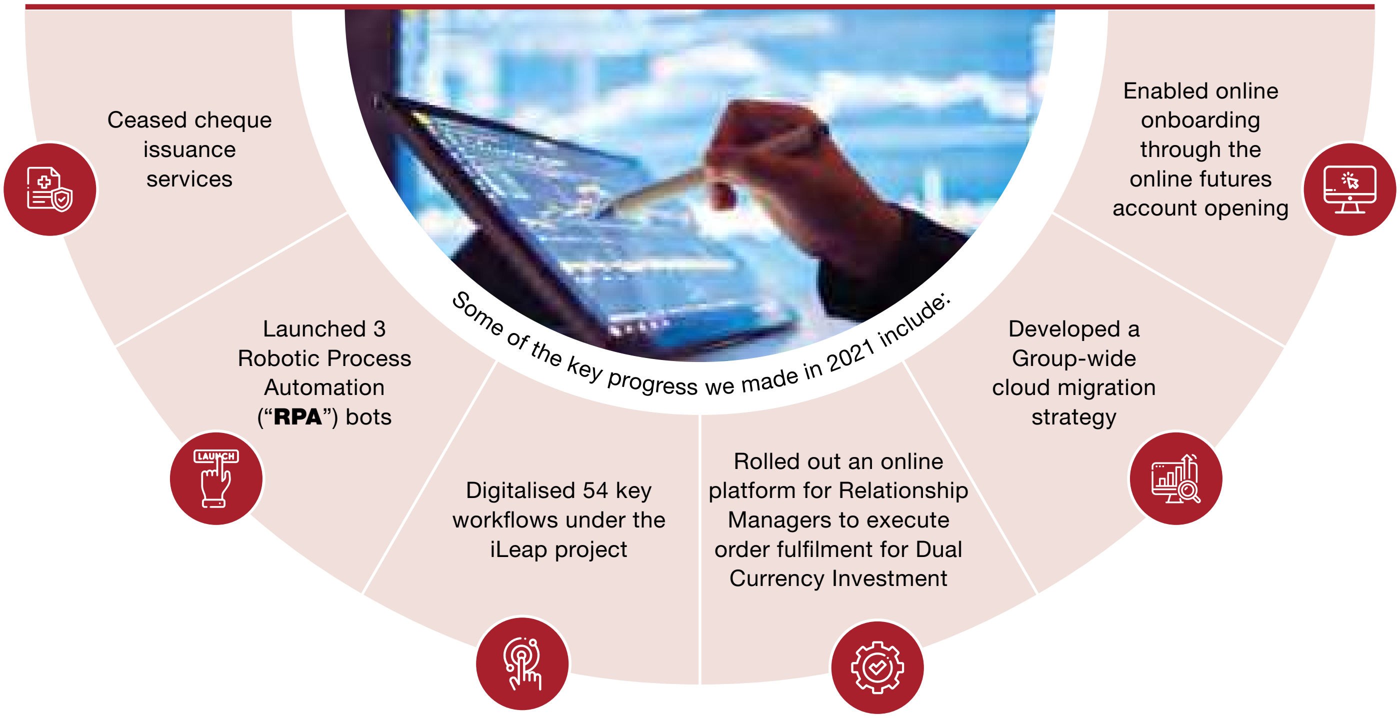
Digital Factoring Solution for SMEs

- **47** active clients have benefitted from the platform and **RM66.98 million** has been disbursed through the platform

In early 2022, Kenanga launched Kenanga Digital Investing ("**KDI**"), a fully A.I.-driven digital investment platform designed to simplify how Malaysians save and invest. This is another step towards making investing accessible to everyone.

Operational Efficiency Through Technology

Internally, we continued to digitalise our operations to enhance operational efficiency.



Cloud Migration Programme

A three-year cloud migration strategy has been developed as a guide towards cloud adoption that will provide the Group with enhanced scalability, performance, physical security and long-term cost-effectiveness. The implementation of the programme is currently being conducted via a phased approach consisting of several initiatives. One of our first few cloud-native systems to be deployed in 2022 for the Group includes a digital client on-boarding facility that offers Electronic Know Your Customer ("**e-KYC**") capabilities.

As we move forward, we progressively equip our IT personnel with relevant skills to implement this cloud migration programme. The capacity building initiative is expected to run until 2023.

#ThinkDigital Series

In 2021, we initiated #ThinkDigital, an hour-long virtual sharing session every month with our employees which centred around the theme of technology and digital innovation. Some of the topics covered included an introduction to cryptocurrencies, how A.I. is shaping the future of financial services, as well as the future of non-fungible tokens ("**NFT**"). Over the year, we conducted over nine (9) virtual sessions, which gained over 2,365 views.

For more information on how we drive our digitalisation agenda at Kenanga, please refer to pages **38** to **45** of our Sustainability Report 2021.

BOOSTING CYBER RESILIENCE

We take a proactive approach to addressing cyber risks by actively monitoring threats and developments in the cyberworld, as well as, strengthening our cyber security measures across our operations. In 2021, we recorded no major cyber security incidents and customer data breach. We enhanced the cyber resilience of our operations through the following measures:

Policy and Framework

Cyber Security Policy

- Developed Cyber Security Policy based on industry best standards such as the United States National Institute of Standards and Technology ("**NIST**") cyber security framework.

Data Loss Prevention Framework

- Enhanced our Data Loss Prevention ("**DLP**") alert report and engagement efforts with Data Officers from 29 Business Units, who will each receive DLP alert reports every week.

Enhancing Data Security

Safeguarding Customer Data

- Rolled out DLP solution to safeguard data leaks from internal sources.
- Rolled out Database Activity Monitoring ("**DAM**") to safeguard data leaks from unauthorised sources.
- Rolled out virtual patch solution to shield our servers from vulnerabilities before we apply physical security patches.

Managing Employees' Confidential Data

- Enhanced our mobile device management tool, Microsoft Intune, to efficiently manage access to confidential information on our employees' mobile phones.

Capacity Building and Cyber-Aware Employees

Capacity Building

- Equipped our Group Digital, Technology and Transformation Division with a team of experienced cyber security experts, responsible for steering the Information Technology Governance & Security ("**ITGS**") workstream.
- Delivered mandatory monthly cyber security awareness training to all employees virtually through our collaboration with Sophos and also via our in-house Kenanga Learning Management System ("**LMS**") platform.
- Rolled out regular email phishing simulations to promote vigilance and employee awareness of phishing threats.

3,732.9	83%	4
hours logged for mandatory in-house cyber security training.	success rate achieved in identifying phishing emails via our employee phishing simulator.	mock-phishing exercises were conducted throughout the year.

For more information on how we manage our cyber security agenda, please refer to pages **44** and **45** of our Sustainability Report 2021.

CLIENT EXPERIENCE

We place our clients at the heart of our business and continuously strive to provide seamless, safe and consistent experience across multiple touchpoints.

Responsible Marketing and Communication

We ensure that all information such as those contained in prospectuses and memorandums are publicly disclosed to our prospective and existing clients, and that these disclosures comply with regulatory requirements set out by Bursa Malaysia, BNM, the SC and also abide by Financial Services Act (2013), Consumer Protection Act (1999), as well as, the Malaysian Code of Advertising Practice.

We have a set of internal policies that serve to further uphold our standards in the preparation and dissemination of all promotional and marketing materials. These policies are available to all employees on the intranet portal, which includes our Advertising Policy, Social Media Policy, Media Relations Policy and Group Complaint Handling Policy.

Our brokers and salespeople are provided with relevant information and training that emphasise the importance of upholding and demonstrating high standards through our services. We recorded zero incidents of non-compliance concerning product and services information and labelling as well as marketing communications in 2021.

Building A Client-Centric Approach

To facilitate two-way communication with our existing and prospective clients, we have several channels including digital communication platforms, telephone support and physical branches that enable us to gather feedback which serve to help us improve client experience.

For more information on how we manage our internal policies on responsible marketing and communication as well as improving client experience, please refer to pages **46** and **47** of our Sustainability Report 2021.

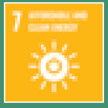
Environmental Stewardship

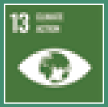
At Kenanga, we aim to promote a climate-positive culture across the organisation in pursuit of a reduced carbon footprint. Our strategy to addressing climate change is defined by a multi-faceted approach in which we integrate climate-related risk considerations across our business while reducing the environmental impact of our operations.

Material Topics

CLIMATE IMPACT

UN SDGs





MANAGING OUR CLIMATE IMPACT

We are committed to reducing the environmental impact of our business activities by optimising our resource consumption and adopting responsible disposal practices, as well as, empowering our employees to be environmental stewards.

In 2021, we retrofitted the Heating, Ventilation and Air Conditioning ("**HVAC**") system at Kenanga Tower with a new AI smart chiller system. The project focused on upgrading our chiller, Air Handling Unit ("**AHU**") and Air Conditioning ("**AC**") systems and was completed in the third quarter of 2021. Further, we have enhanced the monitoring and reporting of our GHG emissions to account for both Scope 1 and Scope 2 emissions in our operations.

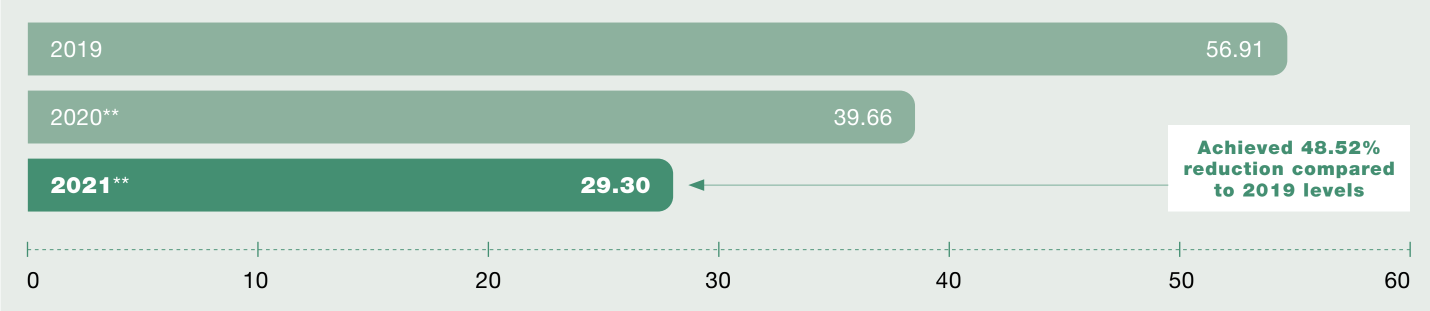
Paper is one of the largest material resources consumed in our daily operations, and as part of our efforts to reduce paper consumption, Kenanga has embarked on more digitalisation efforts throughout our operations in 2021, gradually moving towards a paperless way of working. In 2021, we purchased 15,138 kg of paper, which marks a 38.70% reduction from 2020. Moving forward, we are planning to monitor our waste management practices including e-waste.

Our in-house environmental awareness programme, #GreenAtHome – previously known as #GreenAtWork – is a month-long interactive event to raise environmental awareness amongst employees throughout the month of April, culminating in World Earth Day. We have carried out this campaign on an annual basis since 2017, to continuously reinforce the importance of embracing more sustainable lifestyles amongst our employees. In 2021, the month-long event saw encouraging participation of over 54% of our total workforce.

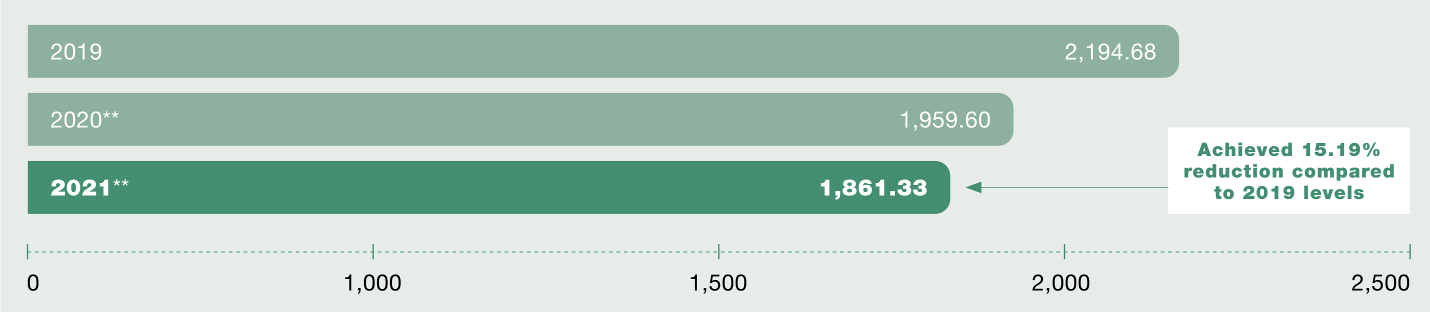
KEY ENVIRONMENTAL PERFORMANCE HIGHLIGHTS

GHG Emissions

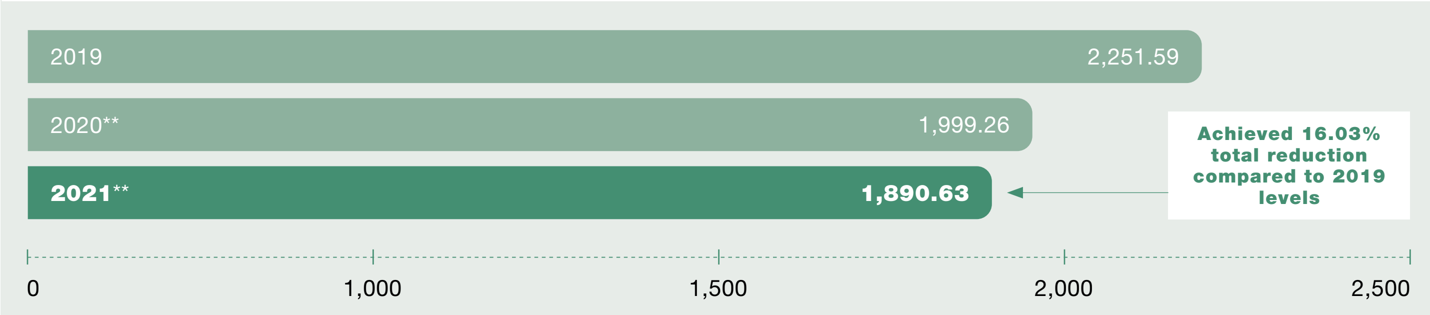
Scope 1 GHG Emissions (tCO_2e)



Scope 2 GHG Emissions (tCO_2e) - Kenanga Tower



Total Scope 1 and Scope 2 GHG Emissions (tCO_2e)



Notes:

Our Scope 1 emissions are calculated based on petrol consumption from our company-owned vehicles at Kenanga Tower while our Scope 2 emissions figures are derived from purchased electricity consumption throughout Kenanga Tower, converted using emissions factors for the Peninsular Malaysian grid.

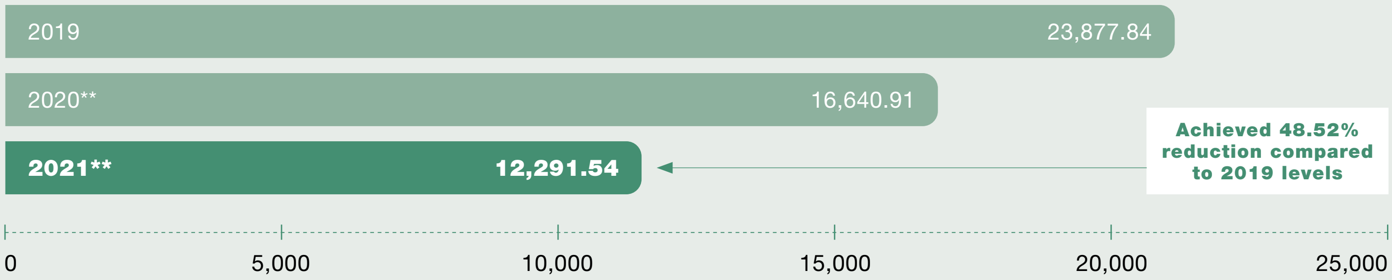
Scope 1 emission factors were sourced from the 2006 IPCC Guidelines for National GHG Inventories.

Scope 2 emissions factors were sourced from the Malaysian Green Technology Corporation's 2017 CDM Electricity Baseline Final Report.

** *Figures may have been affected by the working from home ("**WFH**") arrangements which were deployed as a response to the COVID-19 pandemic.*

Petrol Consumption

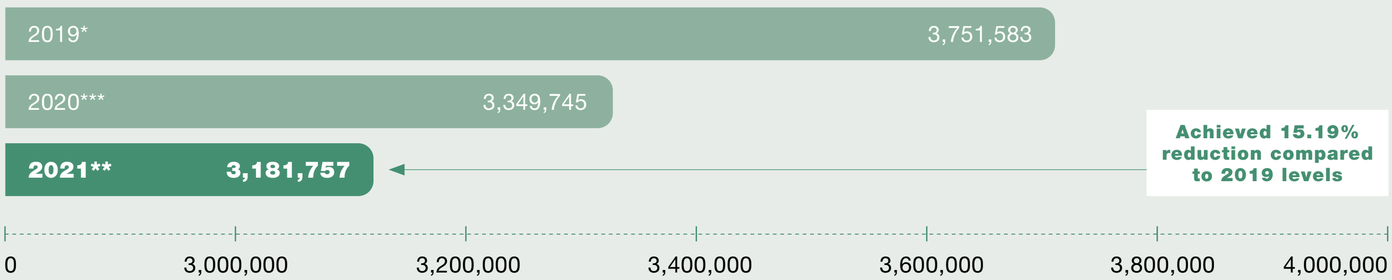
Total Petrol Consumption* (litres)



* *Petrol consumption from our company-owned vehicles at Kenanga Tower.*
** *Figures may have been affected by the WFH arrangements which were deployed as a response to the COVID-19 pandemic.*

Energy Consumption

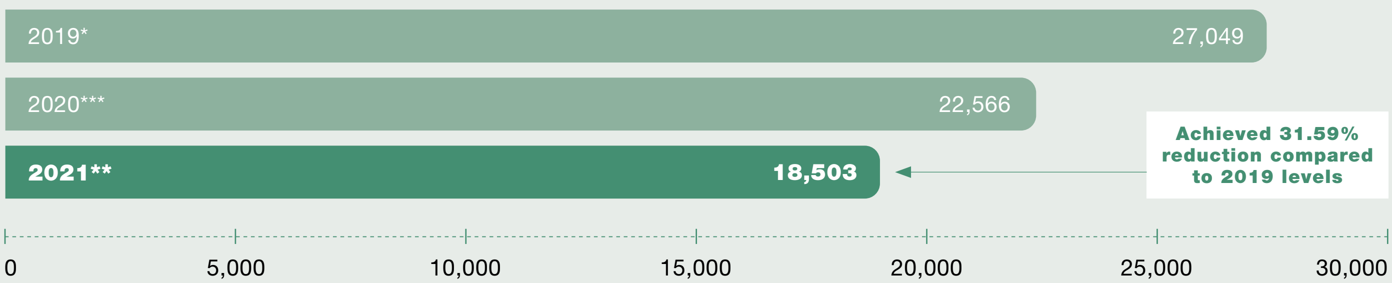
Total Purchased Electricity Consumption (kWh) - Kenanga Tower



* *Restatement of data due to enhancement in data tracking.*
** *Figures may have been affected by the WFH arrangements which were deployed as a response to the COVID-19 pandemic.*
*** *Restatement of data due to update in monitoring and figures may be affected by WFH arrangements due to the COVID-19 pandemic.*

Water Consumption

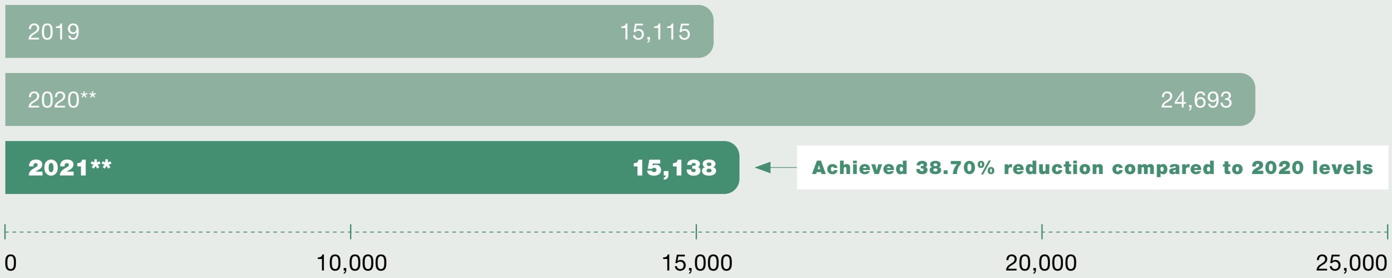
Total Water Consumption (m^3) - Kenanga Tower



* *Restatement of data due to enhancement in data tracking.*
** *Figures may have been affected by the WFH arrangements which were deployed as a response to the COVID-19 pandemic.*
*** *Restatement of data due to update in monitoring and figures may be affected by WFH arrangements.*

Paper Consumption

Estimated Total Paper Purchased* (kg)



* *Covers all Kenanga operations in Malaysia.*
** *Figures may have been affected by the WFH arrangements which were deployed as a response to the COVID-19 pandemic.*

Note: Paper consumption data is estimated based on paper purchased for the financial year. We plan to continue monitoring our usage and rolling out initiatives to reduce paper consumption in the coming years.

Towards 100% Green Energy by 2025

One of the developments this year has been our collaboration with reNIKOLA, a leading solar energy producer in the country, to purchase renewable energy for our operations. By 2025, we aim to transition all our energy requirement to renewable energy sources.

For more information on how we continue to reduce our environmental footprint, please refer to pages **49** to **53** of our Sustainability Report 2021.

Empowering People and Communities

At Kenanga, we believe that our people are at their best when they feel a sense of belonging and are adequately supported by the organisation. We are committed to empowering our people to build their knowledge and expertise in an inclusive and healthy environment while extending our support in contributing to the growth and resilience of our communities.

Material Topics

- DIVERSITY, INCLUSION AND WELLBEING
- TALENT ATTRACTION AND MANAGEMENT
- COMMUNITY INVESTMENT

UN SDGs

OUR WORKFORCE PROFILE

Workplace Composition

Total Number of Employees

2019*: 1,247 2020*: 1,280 **2021: 1,395**

Key Management

2019	15
2020	16
2021	**15**

Senior Management

2019	38
2020	40
2021	**43**

Middle Management

2019	448
2020	471
2021	**479**

Junior Management

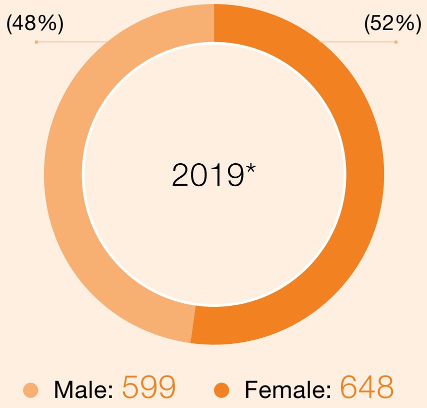
2019	592
2020	602
2021	**720**

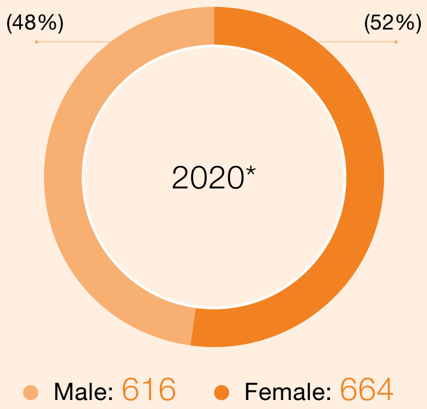
Non-Executive

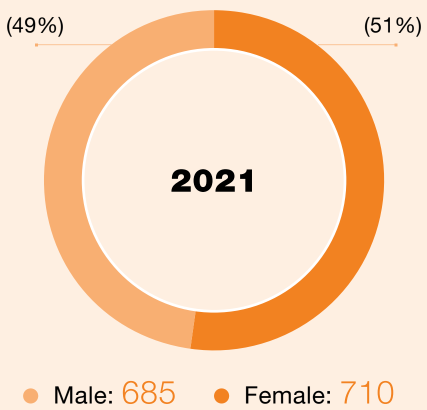
2019	154
2020	151
2021	**138**

* *Restatement of data due to revision of employee classification as part of our enhancement to data tracking.*

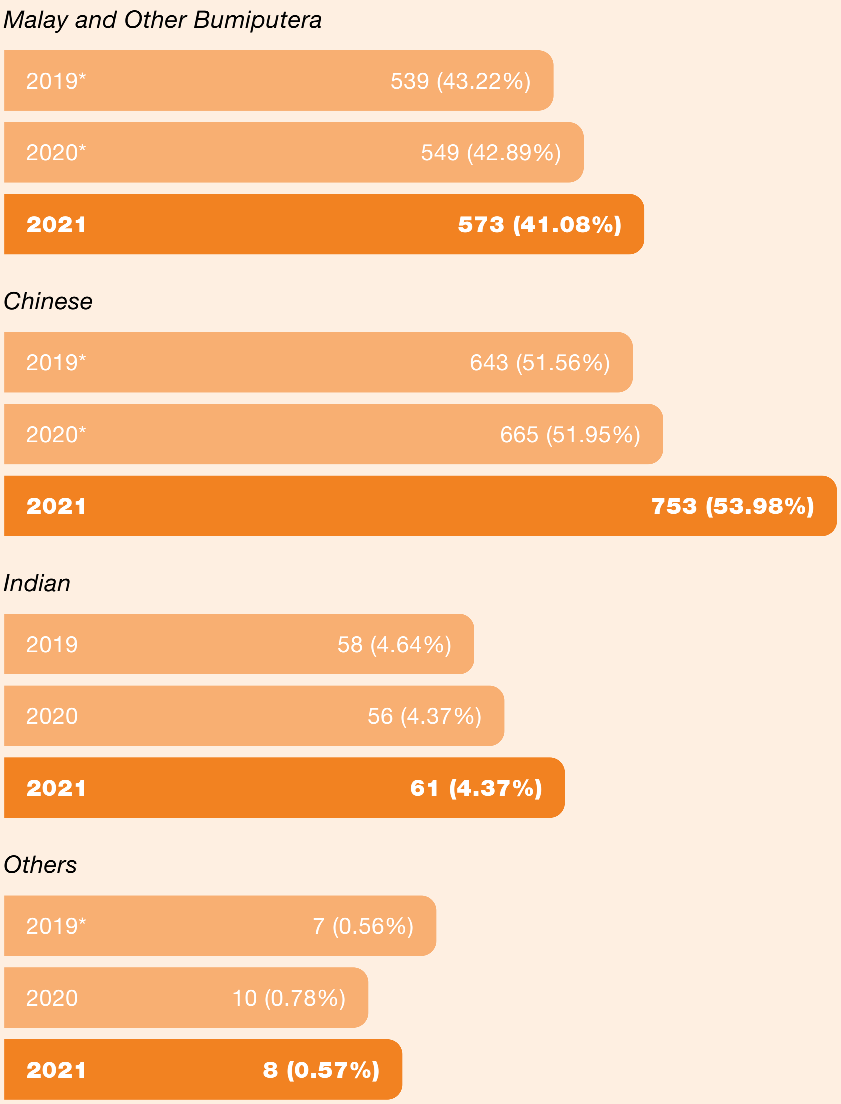
Employee Gender Breakdown







Ethnic Composition



* *Restatement of data due to revision of employee classification as part of our enhancement to data tracking.*

Employees by Age Group

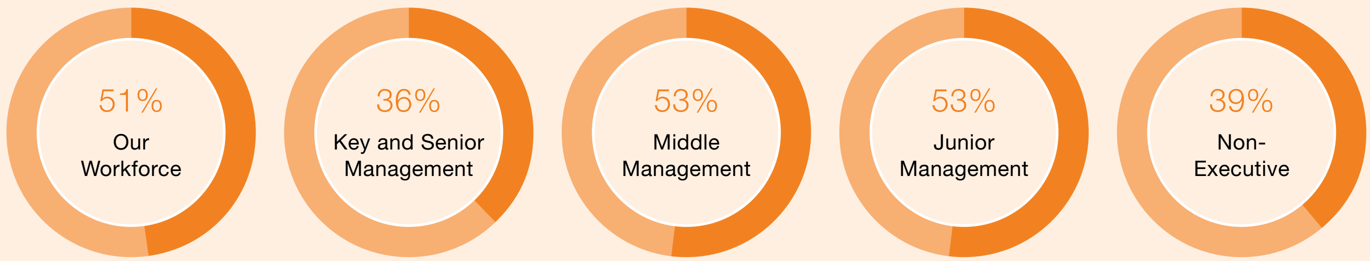
<30	2019	241 (19%)
	2020	257 (20%)
	2021	**346 (24%)**
30-39	2019	353 (28%)
	2020	368 (29%)
	2021	**365 (26%)**
40-50	2019	419 (34%)
	2020	400 (31%)
	2021	**411 (30%)**
>50	2019*	234 (19%)
	2020*	255 (20%)
	2021	**273 (20%)**

* *Restatement of data due to revision of employee classification as part of our enhancement to data tracking.*

DIVERSITY, INCLUSION AND WELLBEING

We aim to give our employees equal opportunities to succeed professionally, regardless of their age, gender, ethnicity and background. We strive to maintain a healthy gender-balanced workforce through our focus on inclusivity that allows each individual to thrive in their careers.

Female Representation at Kenanga in 2021



International Women's Day at Kenanga

In conjunction with International Women's Day, we continued to raise awareness on gender equality within our workforce through an array of initiatives, including pop quizzes and the dissemination of informative communication materials.

As part of our efforts to inspire employees, we also engaged an up-and-coming female calligrapher to create uplifting digital wallpapers for employees to use throughout the year.

We supported the #EqualityforEquity campaign by Bursa Malaysia which encouraged women to sign-up for a trading account. In 2021, women made up only close to 30% of total traded value on our local bourse.

FOSTERING ANTI-DISCRIMINATION

We strive to create a conducive work culture that respects the dignity and rights of our employees. Aligned to the principles set out in the UN Global Compact, we are cognisant of our responsibility to respect human and labour rights.

All new hires undergo a self-directed learning module via our LMS which covers employee rights concerning the relevant local labour laws. Our existing employees also have the option of completing the module as a refresher. In 2021, a total of 337 employees participated in this training, logging 235.9 training hours in total.

We adopt a non-discriminatory approach for all HR practices throughout the Group, including processes related to recruitment, redundancy, training and development allocations, as well as remuneration packages. The Group's whistleblowing channels are available to employees, as an avenue to report concerns regarding misconduct or unethical practices.

As guided by our Preventing and Eradicating Sexual Harassment in the Workplace Procedure, we take measures to prevent instances related to sexual harassment. In 2021, there were zero grievances or incidents reported related to harassment, bullying or discrimination.

Caring for Employee Wellbeing

We adopt a comprehensive approach to caring for our employees, holistically supporting their health and wellbeing.

Through the Tengku Noor Zakiah Staff Outreach Fund, which was established to provide financial aid to employees in need, slightly over RM78,850 was disbursed in 2021 to 12 employees impacted by flood as well as to one who was impacted by critical illness.

With the ongoing threat of the pandemic, we maintained a consistent 70:30 split between employees WFH and those working in the office ("**WIO**"). Moving forward, we also plan to integrate mental wellness as part of our overall employee wellbeing programme.

Supporting Employees During The Pandemic

Supporting Employee Welfare

- We kept our employees updated on information related to the Government Prihatin packages.
- We extended monthly financial assistance, amounting to RM325,000 to non-executive employees of the lower-income range.
- We extended meal provisions to those who were required to work in the office.

Adhering to SOPs

- We have maintained a strict and rigorous sanitisation schedule for Kenanga's headquarters and all its branches nationwide. Additionally, we have enforced the following:
  - On-premise temperature screening
  - On-premise visitor declaration
  - Mandatory wearing of face masks
  - Distribution of hand sanitisers, face masks and self-test kits
  - Overseas and interstate travel monitoring
  - Contact tracing
  - COVID-19 cases follow-ups

Monitoring, Tracking and Updates

- Since the start of the pandemic, we have maintained a daily dashboard that details our WFH ratio, split operations arrangements, employee movement/travel, quarantine tracking and contact tracing.
- We also disseminate regular updates and reminders to employees on COVID-19 developments and SOPs.

Grievance Mechanism

The Group Disciplinary Policy, which includes guidelines in handling misconduct of employees also covers the procedures in responding to grievances from employees relating to their employment. In 2021, zero grievance cases were reported.

TALENT ATTRACTION, DEVELOPMENT AND MANAGEMENT

Kenanga is committed to invest in our talent, ensuring that our employees have access to technical, professional and personal development opportunities. In doing so, we aim to equip our employees with the knowledge and skills they require to flourish in their careers.

Fair Recruitment

Guided by our Group's Procedure on Recruitment and Staffing Management, our recruitment processes are fair and non-discriminatory. The Group endeavours to recruit locally as far as possible. Malaysians make up approximately 99.9% of the Group's workforce.

	2021	
	Number of Employees	Rate (%)
New Hires		
Total	**282**	**20**
Male	156	55.32
Female	126	44.68
Employee Turnover		
Total	**168**	**12.54**
Male	88	13.51
Female	80	11.63

Kenanga's Voluntary Attrition Rate (%)	
2021	**12.54**
2020	9.56
2019	11.75

Employee Benefits

We provide a range of benefits to our employees, which range from interest-free employee share option scheme loan, fitness memberships, insurance coverage, tuition and education assistance, amongst others.

We are in full compliance with statutory minimum wage requirements and, in addition, provide financial support from our zakat funds to lower-income Muslim employees and Muslim employees with school-going children whose income is below a certain threshold.

Nurturing A Skilled Workforce

We continuously provide training programmes in areas such as digital competency, leadership skills and sustainability-related issues such as climate and ESG risk management. In 2021, we invested approximately RM2.16 million into talent development programmes for our employees.

Kenanga Competency Framework ("**KCF**") is based on the Securities Industry Development Corporation ("**SIDC**")'s Industry Competency Framework ("**ICF**"). The KCF, which outlines Kenanga's Core Values and leadership competencies, allows us to identify training and development programmes for our employees effectively. Supported by our Learning and Development Policy, our employees are encouraged to enhance their capabilities by upgrading their skills, expanding their knowledge, taking on stretch assignments and embracing new responsibilities.

We also provide support for employees working towards attaining professional certifications and qualifications which includes professional qualifications from the Asian Institute of Chartered Bankers ("**AICB**") for certain roles, as stipulated by BNM. Since 2017, we have supported 34 employees in achieving their professional qualifications.

The LMS is a platform which provides a list of available e-learning courses for employees to browse through and raise requests via iLeap. This year we made some CPE-accredited courses available on the LMS for our employees who are Capital Markets Services Representative's Licence holders.

Due to the ongoing COVID-19 pandemic, around 99.9% of training programmes in 2021 were conducted virtually, through formats such as webinars or self-directed learning modules.

Key Highlights of Our E-Learning

715 online courses	17,809 enrolments	37,897 logged hours of e-learning

	2019	2020	**2021**
Average training hours per employee	25.3	14.6	**27.2**
Average training days per employee	3.2	1.8	**3.4**

Guided by our Group Performance Management Policy, our talent management process is based on a Balanced Scorecard comprising key criteria that are aligned with annual performance objectives for all our employees. Our employees are incentivised through annual performance bonuses, sales targets, as well as commission plans and an employee share option scheme. We also hold performance improvement sessions to assist underachieving employees to achieve work expectations.

Employee Engagement

The prevalence of remote work throughout 2021 meant that many employee events and conversations took place virtually, through platforms such as Microsoft Teams. Although intermittent movement restrictions were in place during the year, we were able to carry out several employee engagement activities in 2021, described as follows:

#GreenAtHome
To promote environmental awareness throughout our workforce in a meaningful and engaging way, we organised a month-long, interactive campaign focusing on environmental issues as well as conservation efforts.

Family Day
To promote family values and inclusivity, we organised an annual social event for all employees to bond with their families.

Founder's Day
To honour the heritage and celebrate the success of Kenanga as well as to pay homage to our Founder Emeritus & Adviser, YM Tan Sri Tengku Noor Zakiah, the annual event was organised.

Cultural Festive Celebration
In conjunction with seasonal festivities, such as Chinese New Year, Hari Raya and Deepavali, employees nationwide were sent festive gift packages and presented with e-Ang Pow on the Kenanga Money mobile application. Additionally, employees were extended earlier salary payouts.

For more details on how we manage and engage with our employees, please refer to the Empowering People and Community chapter on page **67** of our Sustainability Report 2021.

COMMUNITY INVESTMENT

Guided by our Sponsorship Policy, we strive to continue building collaborative partnerships with the communities we engage with. As we observe COVID-19 SOPs, we limited our external volunteering activities in 2021, but continued to support our communities, in particular through digital marketing and communication channels.

Throughout 2021, we supported 11 charitable organisations, directly impacting 447 lives. Over RM689,000 was channelled towards community investments, of which slightly over RM164,300 was contributed specifically towards social enterprises including Silent Teddies Bakery, Dialogue Includes All (formerly Dialogue in The Dark) and Generating Opportunities for Learning Disabled ("**GOLD**").

The HumanKind Project: Order-In A Gesture of Kindness

Founded on the philosophy of shared humanity, The HumanKind Project was launched in 2021 to enhance the resilience of local social enterprises and underprivileged communities in weathering the impact of the pandemic. We piloted the project by working with one of our long-standing social enterprise partners, Dialogue Includes All, which operates Café Includes - a café run by a team of people with disabilities.

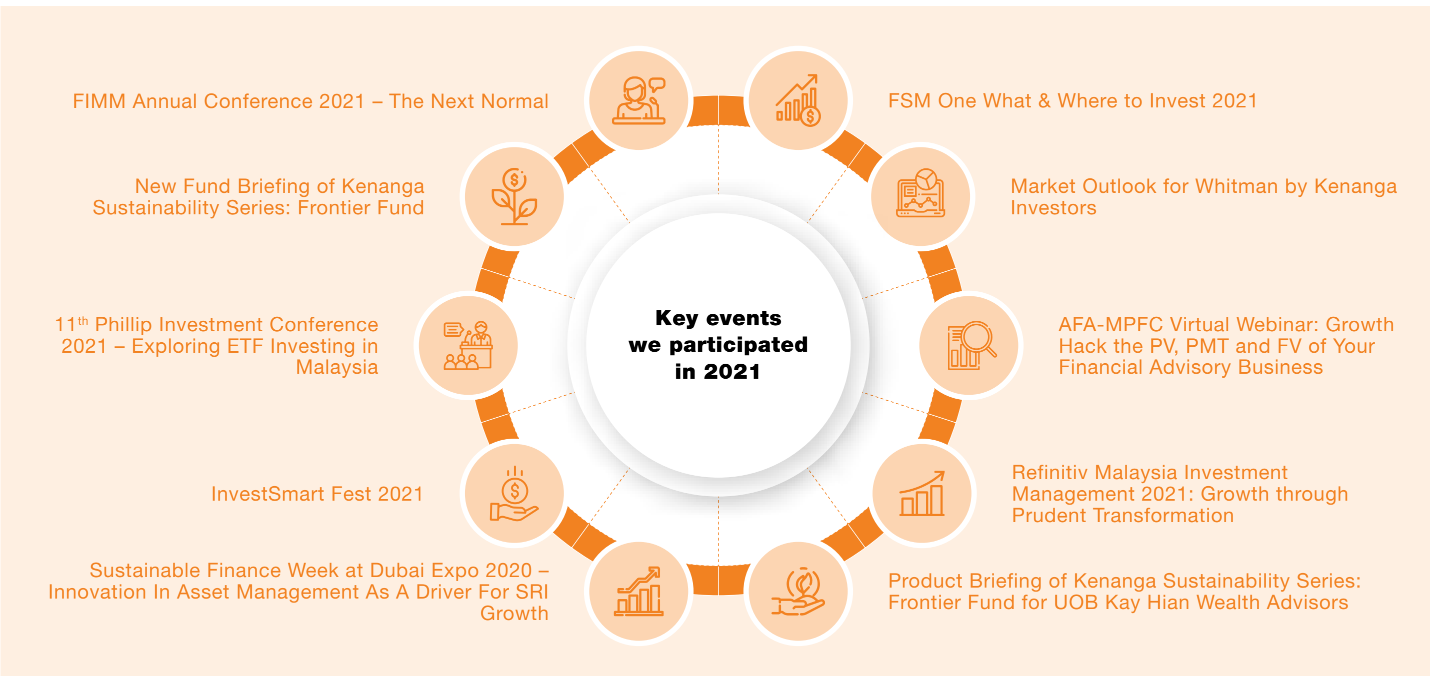
Since the inception of the project in February 2021, Kenanga has undertaken various initiatives to enhance the awareness of Café Includes, amongst our stakeholders as well as the general public.

As a result of these initiatives, Kenanga was able to help raise over 5,000 orders for Café Includes, which enabled it to weather the challenges of the pandemic and continue to employ all its employees.

For more details on how further engage our communities and social enterprises, please refer to the Empowering People and Community chapter on pages **68** and **69** of our Sustainability Report 2021.

ADVANCING FINANCIAL LITERACY

Amidst the pandemic, our team of experts at Kenanga continued to share their knowledge and insights through various industry financial literacy initiatives throughout 2021.



We also continued to share investing knowledge through published articles, webinars, virtual roadshows and exhibitions.

Business Units	Forums	Number of Sessions	Individual Participation
Stockbroking	Webinars, exhibitions	14	26,354
Structured Warrants	Webinars	15	12,315
Investment and Wealth Management	Workshops, exhibitions, seminars, webinars	29	3,797
Futures Broking	Webinars, interviews	36	3,286
Grand Total		**94**	**45,752**

Experience Futures Today

Kenanga Futures hosted a webinar series, "**Experience Futures Today**". Topics covered in the series included a brief introduction to futures trading and a comprehensive overview of contract specifications. Throughout 2021, we saw the participation of 844 attendees across nine (9) sessions.

Our Notable Recognitions in 2021

"These awards serve as encouragement for the Group to further strengthen our commitment towards delivering excellence across the various aspects of our businesses."

Datuk Chay Wai Leong
Group Managing Director

Kenanga Investment Bank Berhad	
Malaysia Management Excellence Awards 2021 by Singapore Business Review	Datuk Chay Wai Leong, Group Managing Director, Kenanga Investment Bank Berhad - Executive of the Year (Financial Services)
Edge Billion Ringgit Club & Corporate Awards 2021	Highest Returns to Shareholders Over Three Years
Bursa Excellence Awards 2021	• Best Overall Equities Participating Organisation (Champion) • Best Retail Equities Participating Organisation – Investment Bank (Champion)
The Edge Best Call Awards 2021	• Raymond Choo Ping Khoon, VP Equities Research, Kenanga Investment Bank Berhad for IHH Healthcare Berhad • Samuel Tan Kai Bin, Senior Equity Analyst, Kenanga Investment Bank Berhad for Kellington Group Berhad and PIE Industrial Berhad
Retail Investor Campaign 2021	• Top Remisier Category - Highest Number of New Accounts Opened (Shariah): Ahmad Faizal bin Mohamed Yusup - Highest Traded Value - ETFs: Irene Ling Cheng Ching - Highest Traded Value - L&I ETFs: Ng Su Ching • Top Dealer Category - Highest Traded Value - L&I ETFs: Abdul Malek bin Panot • Top FBR Category - Highest Number of New Accounts Opened (Derivatives): Ho Chin Wei - Highest Traded Volume – New Accounts (Derivatives): Ho Chin Wei
ASIAN BANKING & FINANCE – Corporate & Investment Banking Awards 2021	Project Infrastructure Finance Deal of the Year - Malaysia SHC Capital Sdn Bhd MYR 80.0 million district cooling project finance Sukuk
The Asset Triple A – Islamic Finance Awards 2021	Best IPO for Malaysia Mr D.I.Y. Group (M) Berhad - 1.5 billion-ringgit IPO
Malaysia PR Awards 2021	Bronze: Sustainability Award Campaign: The HumanKIND Project
Marketing Events Awards 2021	Silver: Best Event by an in-house Team Campaign: Celebrating The Kenanga Culture
The Loyalty & Engagement Awards 2021	Silver: Best Use of CSR Campaign: The HumanKIND Project
Sustainability & CSR Malaysia Award 2021	Company of the Year Award for Championing Sustainability & Community Initiatives Campaign: The HumanKIND Project
Marketing Excellence Awards Malaysia 2021	Bronze: Excellence in Corporate Social Responsibility Campaign: The HumanKind Project

Kenanga Investors Berhad	
FSMOne Recommended Unit Trusts Awards 2021-2022	
Core Fixed Income – Malaysia – (Islamic)	Kenanga ASnitaBOND Fund
Balanced – Malaysia	Kenanga Balanced Fund
Private Retirement Scheme (Conservative) – Malaysia	Kenanga OnePRS Conservative Fund
2022 Best of the Best Awards by Asia Asset Management	
Malaysia Best Equity Manager	Kenanga Investors Group
Malaysia Best Impact Investing Manager	Kenanga Investors Group
Best Application of ESG (ASEAN)	Kenanga Investors Group
Malaysia Best House of Alternatives	Kenanga Investors Group
Malaysia CEO of the Year	Ismitz Matthew De Alwis, Chief Executive Officer/Executive Director, Kenanga Investors Berhad
Malaysia CIO of the Year	Lee Sook Yee, Chief Investment Officer, Kenanga Investors Berhad
Refinitiv Lipper Fund Awards Malaysia 2022	
Mixed Asset Group – Malaysia Provident	Kenanga Investors Berhad
Equity Malaysia Fund Over 10 Years	Kenanga Growth Fund
Equity Malaysia Diversified Over 3 Years	Kenanga Malaysian Inc Fund
Equity Malaysia Small & Mid Cap Over 5 Years	Kenanga Growth Opportunities Fund
Mixed Asset MYR Flexible Over 10 Years	Kenanga Diversified Fund

Kenanga Futures Sdn Bhd	
Bursa Excellence Awards 2021	• Best Institutional Derivatives Trading Participant (Champion) • Best Overall Derivatives Trading Participant (2nd Runner Up)

Founder Emeritus & Adviser's Profile

YM TAN SRI DATO' PADUKA TENGKU NOOR ZAKIAH TENGKU ISMAIL

Founder Emeritus & Adviser

Malaysian | 94

Date of Appointment

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

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 recently 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 Adviser and Founder Emeritus of Kenanga Group.

Profile of the Directors

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

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

Malaysian | 70

Length of Tenure as Director (As at 31 March 2022): **One (1) Year and Nine (9) Months**

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

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment
- 1 July 2020

Membership of Board Committee(s)
- Member of the Group Governance, Nomination & Compensation Committee (resigned on 29 July 2021)

Academic 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 S P Setia Berhad
- Chairman of Lembaga Zakat Selangor
- Chancellor of SEGi University

Past Relevant Experiences
- Chairman, Malaysia Airports Holdings Berhad
- Chairman, Cahya Mata Sarawak Berhad
- Chairman, Malakoff Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, MRCB 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
- Chairman, Realmild (M) Sdn Bhd
- Chairman, Radicare (M) Sdn Bhd
- Chairman, Pulau Indah Ventures Sdn Bhd
- Independent Director, Maxis Communication Berhad
- Independent Director, Bangkok Bank Berhad
- Group Managing Director, Amanah Capital Partners Berhad
- Corporate Finance Manager, Amanah Merchant Bank Berhad
- Investment Manager, D&C Nomura Merchant Bank Berhad
- Senior Auditor, Price Waterhouse Australia (Sydney)
- Financial Accountant, Malaysian Airlines Systems Berhad

Declaration

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 with KIBB.

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 2021.

LUIGI FORTUNATO GHIRARDELLO

Non-Independent
Non-Executive Director

Australian

58

Length of Tenure as Director
(As at 31 March 2022):
Thirteen (13) Years and Eight (8) Months

Shareholding in Kenanga Investment Bank Berhad ("**KIBB**"): **631,700 Shares**

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment

- 29 July 2008 (Non-Independent Non-Executive Director)
- 26 April 2011 (Re-designated as an Independent Non-Executive Director)
- 29 July 2017 (Re-designated as a Non-Independent Non-Executive Director)

Membership of Board Committee(s)

- Member of the Group Governance, Nomination & Compensation Committee
- Member of the Group Board Risk Committee
- Member of the Employees' Share Scheme Committee (resigned on 29 July 2021)
- Member of the Group Board Digital Innovation & Technology Committee

Academic Qualification(s)

- Bachelor of Arts, University of Sydney, Australia
- Bachelor of Laws, University of Sydney, Australia
- Diploma in Applied Finance and Investment, Securities Institute of Australia

Present Appointment(s)

- Chairman of Kenanga Futures Sdn Bhd, a wholly-owned subsidiary of KIBB

Past Relevant Experiences

- Managing Director, Global Head of Proprietary Trading, Global Finance and Foreign Exchange in Deutsche Bank AG (Capital Market and Financial Services), Singapore
- Managing Director, Head of Global Finance – Asia Pacific in Deutsche Bank AG, Singapore
- Managing Director, Global Head of Money Markets Trading and Securities for Deutsche Bank AG, United Kingdom
- Various senior positions at the National Australia Bank
- Associate Director and Trading Manager with Schroders Australia Ltd

Declaration

Luigi Fortunato Ghirardello has no family relationship with any Director and/or major shareholder of KIBB. He also has no conflict of interest with KIBB.

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 2021.

ISMAIL HARITH MERICAN

Non-Independent Non-Executive Director

Malaysian 71

Length of Tenure as Director (As at 31 March 2022): **Eleven (11) Years and Seven (7) Months**

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

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment
- 26 August 2010

Membership of Board Committee(s)
- Member of the Audit Committee (resigned on 29 July 2021)
- Member of the Group Governance, Nomination & Compensation Committee (appointed on 29 July 2021)

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

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

Past Relevant Experiences
- Managing Director in 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 has no conflict of interest with KIBB.

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 2021.

LUK WAI HONG, WILLIAM

Independent Non-Executive Director

Hong Konger

58

Length of Tenure as Director (As at 31 March 2022): **Eight (8) Years and Five (5) Months**

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

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment

- 1 November 2013

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
- Member of the Group Board Digital Innovation & Technology Committee

Academic 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)

- Independent Non-Executive Director of Kenanga Investors Berhad ("**KIB**"), a wholly-owned subsidiary of KIBB
- Chairman and Independent Non-Executive Director of 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
- Director of Investment of Cotton Tree Capital Ltd

Past Relevant Experiences

- 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 with KIBB.

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 2021.

JEREMY NASRULHAQ

Senior Independent Non-Executive Director

Malaysian

68

Length of Tenure as Director (As at 31 March 2022):
Four (4) Years and Ten (10) Months

Shareholding in Kenanga Investment Bank Berhad ("**KIBB**"): **187,900 Shares**

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment
- 1 June 2017

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

Academic 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 Sweetyet Development Sdn Bhd
- 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 in MIA
- Deputy President of CIMA, Malaysia Division for several years and was re-appointed to serve on the council of the MIA for another term of two (2) years from 1 July 2020 till 30 June 2022

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
- 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 in 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 with KIBB.

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 2021.

NORAZIAN AHMAD TAJUDDIN

Independent Non-Executive Director

Malaysian

61

Length of Tenure as Director
(As at 31 March 2022):
Four (4) Years and Three (3) Months

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

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment

- 15 December 2017

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

Academic 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)

- Chairman and 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
- Member of the Investment Committee and Audit and Risk Committee of KIB
- 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

Past Relevant Experiences

- Chairman of the Board of Directors 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 with KIBB.

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 2021.

KANAGARAJ LORENZ

Independent Non-Executive Director

Malaysian

64

Length of Tenure as Director (As at 31 March 2022):
Four (4) Years and Three (3) Months

Shareholding in Kenanga Investment Bank Berhad (“**KIBB**”): **388,000 Shares**

Number of Board Meetings Attended in 2021: 12/12

Date of Appointment

- 26 December 2017

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

Academic Qualification(s)

- Fellow Member, Institute of Chartered Accountants in England and Wales, United Kingdom
- Member, Malaysian Institute of Certified Public Accountants

Present Appointment(s)

- Product Specialist and Adviser to the FinTech Association of Malaysia

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 with KIBB.

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 2021.

CHOY KHAI CHOON

Non-Independent
Non-Executive Director

Malaysian 64

Length of Tenure as Director (As at 31 March 2022): **Three (3) Months**

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

Number of Board Meetings Attended in 2021: None

Date of Appointment
- 13 December 2021

Membership of Board Committee(s)
- Member of the Group Board Risk Committee (appointed on 26 January 2022)
- Member of the Group Board Digital Innovation & Technology Committee (appointed on 26 January 2022)

Academic Qualification(s)
- Master in Business Administration, Oklahoma University, USA
- Bachelor Degree in Commerce, University of New South Wales, Australia
- Attended the General Management programme in INSEAD, France
- Fellow Member, Certified Practising Accountants, Australia
- Member, Malaysian Institute of Certified Public Accountants

Present Appointment(s)
- 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
- Senior Independent Non-Executive Director ("**INED**") of Malaysia Marine and Heavy Engineering Holdings Berhad where he assumes the position as Chairman of the Board Audit Committee and a Member of the Nomination & Remuneration Committee.
- 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
- Public Interest Director of Federation of Investment Managers Malaysia ("**FIMM**") where he also serves as FIMM's Chairman of the Nomination and Remuneration Committee and Chairman of the Private Retirement Scheme Sub-Committee
- Authority Member of the Labuan Financial Services Authority ("**LFSA**") and Chairman of the Audit Risk Management Committee of LFSA

Past Relevant Experiences
- President/Chief Executive Officer, Cagamas Berhad
- Senior General Manager, Group Head, 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 with KIBB.

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 2021.

Group Managing Director's Profile

DATUK CHAY WAI LEONG

Group Managing Director

Singaporean, Permanent Resident of Malaysia

58

Shareholding in Kenanga Investment Bank Berhad ("**KIBB**"): **5,820,000 Shares and 7,000,000 Options Held under the Employees' Share Option Scheme**

Date of Appointment
- 17 May 2011

Academic 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

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)

Present Appointment(s)
- Bursa Malaysia Berhad
  - Member of Sustainability and Development Committee

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 with KIBB.

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 2021.

Senior Management's Profiles

DATUK ROSLAN HJ TIK

Executive Director,
Head of Group Investment Banking and Islamic Banking

Malaysian 53

Date of Appointment
- 16 May 2011

Qualification
- 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

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)
- Appointed by MIBA as the representative to the Chartered Institute of Islamic Finance Professionals (CIIF)'s Charter Governing Panel

LEE KOK KHEE

Executive Director,
Head of Group Equity Broking Business

Malaysian 54

Date of Appointment
- 19 May 2011

Qualification
- 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

MAHESWARI A/P G KANNIAH

Group Chief Regulatory and Compliance Officer

Malaysian | 61

Date of Appointment
- 1 June 2011

Qualification
- Chartered Banker, Asian Institute of Chartered Bankers
- Certified Fraud Examiner
- Chartered Secretary
- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators
- Fellow of the Chartered Governance Institute, UK
- Chartered Governance Professional
- Fellow of the Institute of Corporate Directors Malaysia ("**ICDM**")
- Specialist Diploma in Company Secretarial Practice

Directorship(s) in Public Company(ies)
- ICDM

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)
- Director on the Board of ICDM
- Chairman of the Members Disciplinary Committee of ICDM
- Member of the Audit and Risk Management Committee of ICDM
- Council Member of the Malaysian Association of Certified Fraud Examiners ("**MACFE**")
- Chairman of the Membership Committee of the MACFE
- Member of the Risk Management Committee of University Malaya

ISMITZ MATTHEW DE ALWIS

Chief Executive Officer/Executive Director, Kenanga Investors Berhad

Malaysian | 47

Date of Appointment
- 10 February 2015

Qualification
- Master in Business Administration with Distinction (1999), Southern Cross University, Australia
- Bachelor of Business Administration (Economics and Finance) (1996), Royal Melbourne Institute of Technology
- Graduate Diploma in Marketing (UK) (1995), Chartered Institute of Marketing, UK
- Certified Financial Planner, U.S. (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

Directorship(s) in Public Company(ies)
- Kenanga Investors Berhad
- Kenanga Islamic Investors 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)
- Chairman of the Malaysian Association of Asset Managers (MAAM)
- Member of the Joint Committee (BNM & SC) on Climate Change (JC3)
- Council Member of the Institutional Investors Council Malaysia
- Member of the Sustainable Investment Platform Steering Committee
- Member of FTSE Bursa Malaysia Index Advisory Committee
- Member of the Industry Competency Framework (ICF) Advisory Panel for the Malaysian Capital Market by the Security Industry Development Corporation
- Member of LERC for the SC's Licensing Examination Module 10: Asset & Funds Management

CHEONG BOON KAK

Group Chief Financial and Operations Officer

Malaysian 51

Date of Appointment
- 1 November 2016

Qualification
- Member of Malaysian Institute of Accountants
- Member of Certified Practising Accountant Australia
- Member of Malaysian Institute of Certified Public Accountant
- Chartered Banker, jointly awarded by the Asian Institute of Chartered Bankers and the Chartered Banker Institute, United Kingdom

Directorship(s) in Public Company(ies)
- 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

Malaysian 53

Date of Appointment
- 1 December 2012

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

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 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)

MEGAT MIZAN NICHOLAS DENNEY

Executive Director,
Head of Group Business Development

Malaysian 61

Date of Appointment
- 1 July 2011

Qualification
- Master of Science, Engineering Management (2001), Warwick University
- Bachelor of Science (Hons) in Production Engineering and Management (1985), Loughborough University of Technology, United Kingdom
- Diploma in Marketing (1986), The Chartered Institute of Marketing, United Kingdom
- Certified Diploma in Accounting and Finance (1993), The Association of Chartered Certified Accountants

Directorship(s) in Public Company(ies)
- Alternate Director, Kenanga Islamic Investors Berhad

Relevant Experiences
- OTIS Engineering Corporation
  - Engineer (1986 - 1989)
- Dunlop Industries
  - Trainee Engineer (1982 - 1983)

Present Appointment(s)
- Governor of the Malaysian Institute of Corporate Governance

CYNTHIA WOON CHENG YEE

Head, Group Treasury

Malaysian 57

Date of Appointment
- 25 May 2017

Qualification
- 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

Head, Group Human Resource

Malaysian 56

Date of Appointment
- 1 July 2014

Qualification
- 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 Adviser, Human Capital Group (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

Malaysian 51

Date of Appointment
- 1 July 2015

Qualification
- Bachelor of Commerce (Economics) (1991), The Flinder's University of 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

ZULKIFLI ISHAK

Chief Executive Officer/Executive Director,
Kenanga Islamic Investors Berhad

Malaysian | 54

Date of Appointment
- 14 February 2019

Qualification
- Bachelor of Science (Marketing Management) (1989), Syracuse University, New York

Directorship(s) in Public Company(ies)
- Kenanga Islamic Investors Berhad

Relevant Experiences
- I-VCAP Management Sdn Bhd
  - Head, Business Development (2015 - 2018)
- Eastspring Al-Wara' Investments Berhad
  - Chief Executive Officer and Chief Investment Officer (2009 - 2014)
- Eastspring Investments Berhad
  - Director, Shariah Investments (2007 - 2009)
- Amanahraya Investment Management Berhad
  - Senior Manager, Fixed Income (2006 - 2007)
- PMB Investment Berhad
  - Assistant General Manager, Investment (2005 - 2006)
- Philip Capital Group
  - Vice President, Investment (2002 - 2005)
- Danamodal Nasional Berhad
  - Head of Treasury (2000 - 2002)
- CIMB-Principal Asset Management Berhad
  - Senior Fund Manager, Fixed Income (1996 - 2000)
- CIMB Bank Berhad
  - Treasury Dealer (1991 - 1996)

Present Appointment(s)
- Nil

DATO' AZLAN ABU RAIS @ A RAIS AL NOAH

Chief Executive Officer/Executive Director,
Kenanga Capital Sdn Bhd

Malaysian | 59

Date of Appointment
- 1 March 2005

Qualification
- Master of Business Administration (1995), University of Bath, United Kingdom
- Bachelor of Science in Industrial Engineering (1987), Louisiana State University, United States of America

Directorship(s) in Public Company(ies)
- Actinium Network Berhad

Relevant Experiences
- Woo Hing Brothers (M) Berhad
  - General Manager (Head of Corporate Planning, Sales and Marketing and Business Development) (1998 - 2000)
- GBE International Group (PLC), United Kingdom
  - Business Consultant (1996 - 1997)
- MMC Engineering Services Sdn Bhd
  - Project Manager (1992 - 1995)
- Matsushita Industrial Corp. Sdn Bhd
  - Production Engineer (1987 - 1992)

Present Appointment(s)
- Nil

CHUAH SZE PHING

Head, Group Marketing, Communications and Sustainability

Malaysian 45

Date of Appointment
- 1 September 2012

Qualification
- Bachelor of Commerce (Marketing) (1999), University of Melbourne, Australia

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

TERENCE TAN KIAN MENG

Group Chief Internal Auditor

Malaysian 53

Date of Appointment
- 17 January 2011

Qualification
- Bachelor of Commerce (Accounting) with Merit, University of New South Wales, Australia
- Certified Internal Auditor (The Institute of Internal Auditors, United State of America)
- Certified Practising Accountant (CPA Australia)
- Chartered Accountant (Malaysian Institute of Accountants)
- Chartered Banker, jointly awarded by the 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

NORLIZA ABD SAMAD

Group Company Secretary

Malaysian 56

Date of Appointment
- 19 November 2012

Qualification
- Chartered Secretary
- Chartered Governance Professional
- Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators
- Associate Member of the Chartered Governance Institute, United Kingdom

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

Malaysian 50

Date of Appointment
- 1 August 2017

Qualification
- 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

IAN W. LLOYD

Chief Digital Officer

American 39

Date of Appointment
- 3 January 2022

Qualification
- Master of Business Administration (MBA) (2010), Warwick Business School, University of Warwick, United Kingdom
- Dual BSc & MSc, Information Systems & Technology (2006), Drexel University, United States

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 Adviser, Financial Services (2011 – 2016)

Present Appointment(s)
- Nil

Unless otherwise stated herein,
- *With the exception of Megat Mizan Nicholas Denney, who is the son of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail and brother of Ismail Harith Merican, a Director of KIBB, 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 any conflict of interests with KIBB.*
- *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.*

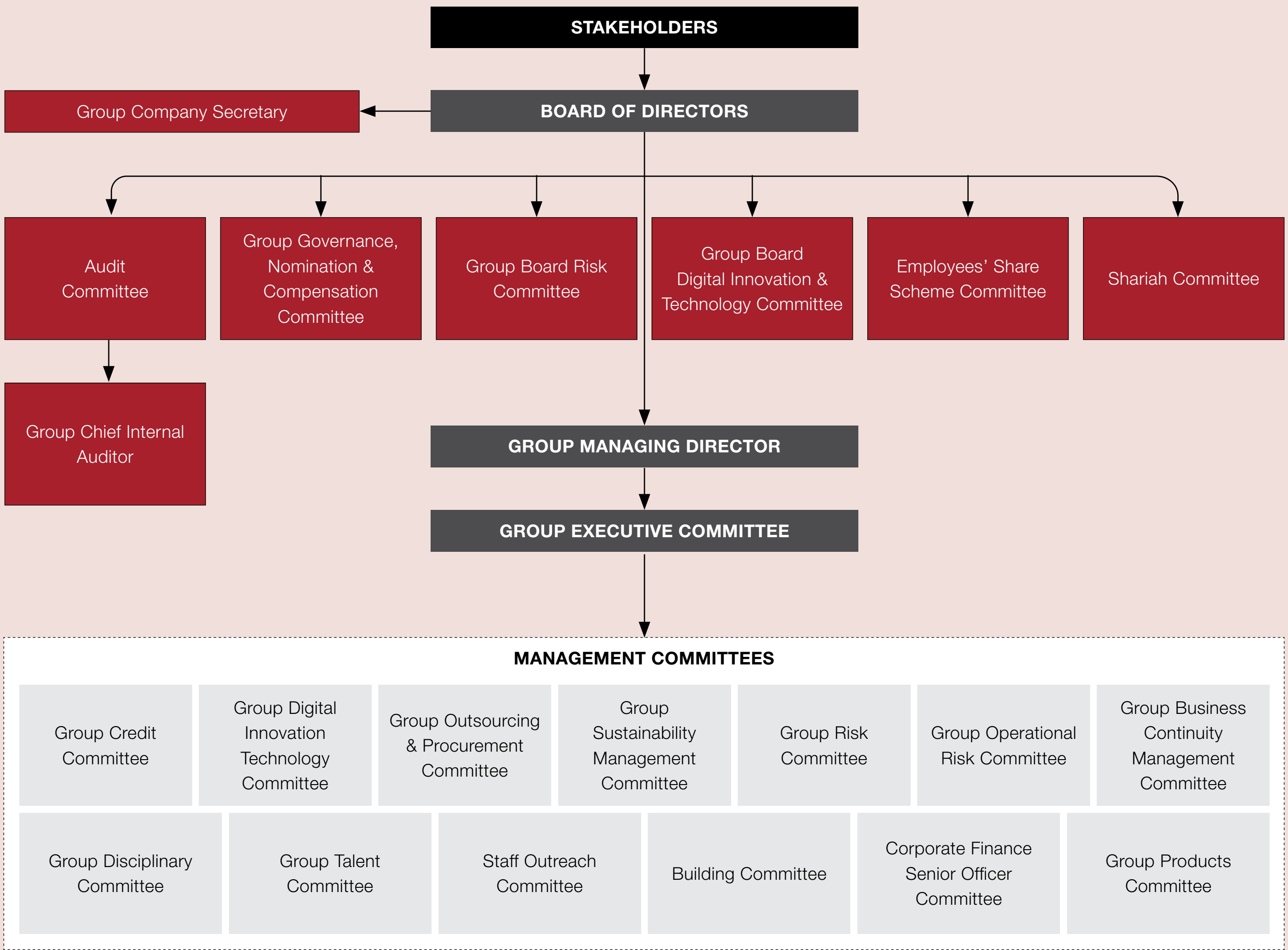
Corporate Governance Overview Statement

The Board of Directors ("**Board**") regards corporate governance as vital to the success of the business of Kenanga Investment Bank Berhad ("**KIBB**" or "**the Company**") and is unreservedly committed to applying the principles necessary to ensure that the principles of good governance are practised in all of its business dealings and operations.

The Board understands that the responsibility for good corporate governance rests with it. Therefore, 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 Securities**") 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.

The Directors of the Company are aware of their responsibilities to exercise their powers in accordance with the Companies Act 2016, for a proper purpose and in good faith in the best interest of the Company, at all times.

Each Director of the Company is aware that he/she 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://kenanga.com.my/investor-relations.

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 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://kenanga.com.my/investor-relations.

Board Reserved Matters

The Board's key activities during the financial year 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 2022
- Proposals on New Investments/ Business Collaborations/ New Business Initiatives/ New Joint Venture
- Monthly Management Accounts
- Quarterly Financial Results
- Waiver of Intercompany Balance for Dormant Companies
- Annual Assessment for Impairment of Assets for the Financial Year Ended 31 December 2020
- Audited Financial Statements for the Financial Year Ended 31 December 2020 and the Reports for the Directors and Auditors
- Proposed Dividend for Financial Year Ended 31 December 2020
- Representation Letter to Ernst & Young PLT in Relation to the Audit for the Financial Year Ended 31 December 2020
- Re-Appointment of External Auditors
- Report on Non-Budgeted Expenditure Exceeding RM100,000
- KIBB's Credit Rating by Malaysian Rating Corporation Berhad
- 2021 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 Group Investment Banking & Islamic Banking's Deals
- Proposed Increase in Issuance Limit from RM200 Million to RM250 Million for Tier 2 Subordinated Notes under the Tier 2 Subordinated Note Programme
- KIBB's Share Buyback Exercise
- Status of Branch Rationalisation
- Annual Impairment Assessment of Goodwill and Intangibles for the Financial Year Ended 31 December 2021

Risk, Compliance and Oversight

- Monthly Regulatory Reports and Compliance Report
- Final Report on Inspection by Bursa Malaysia Berhad ("**Bursa Malaysia**") on KIBB dated 2 December 2020
- Report on Survey on Ethics and Integrity Culture at Workplace 2020
- Review of Responses Received Pursuant to the Survey on Ethics and Integrity Culture at Workplace 2020
- Guidance on Conduct of Fraud and Corruption Risk Assessment
- Assessment on Kenanga Group's Compliance with the SC's Observations and Good Practices Relating to Compliance with Corporate Liability Provision (Section 17A of the Malaysian Anti-Corruption Commission Act 2009)
- BNM's 2020 Composite Risk Rating Assessment and Supervisory Concerns
- Extension of Targeted Assistance Post COVID-19 Moratorium of Temporary Restructuring and Rescheduling Guidelines
- Monthly Share Margin Financing Report by Credit Equity Broking
- Recovery Time Objectives and Maximum Tolerable Downtime of Critical Business Functions for 2021 and 2022
- Business Continuity Plan and Disaster Recovery Plan Test Matrix for 2021 and 2022
- Internal Capital Adequacy Assessment Process for 2020
- MY HORIZON 2020/Vol 4: BNM's Operational Risk Report for Financial Industry
- Operational Risk Capital Charge Assessment for 2020
- Internal Credit Risk Rating for Corporate Loans/Financings
- Credit Proposals Recommended/Approved by the Group Credit Committee
- Monthly Connected Parties Exposure Reports
- Monthly Report on Recovery Status for KIBB Corporate Loans and Impaired Equity Accounts (With Impairment Provisions)
- Clarification of Connected Party Transaction as per BNM's Guidelines

- Submission of First Supplementary Base Prospectus in Relation to the Series of Structured Warrants to be Listed on the Structured Warrants Board of Bursa Securities
- Issuance of New Series of Structured Warrants to be Listed on the Structured Warrants Board of Bursa Securities
- Renewal of Base Prospectus in Respect of Structured Warrants
- Declaration of Compliance with the SC's Issuer Eligibility Guidelines on Structured Warrants
- Quarterly Cyber Security Updates
- Cyber Security Compromise Assessment for 2021
- Establishment/Revision of New/Existing Frameworks and Policies
- Pillar 3 Disclosure as at 31 December 2020
- Half-Yearly Review on Shariah Committee's Decisions
- Annual Attestation of Products Issued for 2020
- Exercise of Discretionary Credit Mitigation and Management for Share Margin Financing Borrowers
- Appointment of a Due Diligence Working Group for Renewal of Base Prospectus
- Review of Liquidity Coverage Ratio and Net Stable Funding Ratio Management Action Triggers and Board of Directors' Limits
- Proposed Appointments of Vendors for Various Business Initiatives
- Group Treasury's Trading Liquidity Ageing Report for Bond Portfolios, Held-for-Trading and Available-for-Sale
- Bursa Malaysia's Sustainability Disclosure Review 2020: Key Observations & Recommendations
- Selection of Insurance Brokers for Comprehensive Crime Professional Indemnity Insurance, Directors and Officers Liabilities Insurance and Cyber Security Insurance
- 2021 Group Outsourcing Plan
- Proposed Replacement of Back Office System
- Renewal of KIBB's Structured Investments Programme with the SC
- Disaster Recovery Setup Project for Kenanga 2.0 and Kenanga Workspace System/Enterprise Work Space
- Kenanga Futures Sdn Bhd - Overview of Listed Derivatives Business
- New Order Management System for Algorithm Trading Platform
- Update on Corporate Banking's Accounts with Moratorium
- Terms of Reference of Sustainability Management Committee
- KIBB's Sustainability Plan
- Application for Participant Membership with United Nations Global Compact
- Digital Clients Onboarding and Electronic Know-Your-Customer Solution
- Forex Remittance Online Platform
- Application to be Islamic Securities Selling and Buying – Negotiated Transaction Participants with Bursa Malaysia Securities Clearing Sdn Bhd
- Kenanga Capital Islamic Sdn Bhd: Report on Extension of Islamic Factoring Facility Recourse Period for All Clients Dealing with Government as Paymasters

Governance

- Appointments and Re-Appointments of Directors within KIBB Group
- Review of Compositions of the Boards and Board Committees of KIBB and Its Subsidiaries
- Revision to the Terms of Reference of Group Governance, Nomination & Compensation Committee
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Assessment on the Fitness and Propriety and Re-Appointment of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Annual Performance Evaluation for the Board, Board Committees and Individual Directors for the Financial Year Ended 31 December 2020 Together with the Annual Assessment on Independence and Fitness and Propriety of Directors
- Directors' Training Calendar for 2021 and Status Report on KIBB Group Directors' Training for 2020/2021
- Remuneration and Benefits for Directors of the Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Notification of Acceptance of Invitation to Serve on the Board of Directors of Other Companies/ Financial Institutions by Directors
- Appointment of Group Managing Director of KIBB as a Member of the Market and Development Committee of Bursa Malaysia

Governance

- Employees' Share Grant Scheme
- Status of Application and/or Adoption of Practices of the Revised Malaysian Code on Corporate Governance
- SC: Corporate Governance Strategic Priorities 2021 – 2023 and Corporate Governance Monitor 2021
- Key Human Resource Matters
    - Review of the List of Management Key Responsible Persons ("**KRPs**") of KIBB Group as at 1 January 2021
    - Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2021
    - Offer of New Contract Tenure for Employees on Fixed Term Contract Who are Registered Persons or Capital Markets Services Representative Licence Holders under Bursa Securities and the SC
    - New Appointment, Review and Renewal of Contract of Appointment of Management KRPs
    - 2020 Performance Appraisal and Annual Assessment on Fit and Proper for Management KRPs
    - Renewal of Group Staff Insurance Policies for 2022
    - 2021 Balanced Scorecards for Management KRPs
    - Proposals in Relation to Employees' Share Option Scheme
    - Revision to the By-Laws of KIBB's Employees' Share Scheme
    - 2020 Performance Bonus and 2021 Annual Salary Increment
    - Performance Share Plan Award
    - Review of Management KRPs Succession Plan
    - Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti 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
    - Establishment of Material Risk Taker and Other Material Risk Taker Policy
    - Proposed Appointment of Trustee for TNZ Staff Outreach Fund

Roles of Chairman and Group Managing Director ("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) Directors, five (5) of whom are Independent Non-Executive Directors ("**INED**") and the remaining three (3) are Non-Independent Non-Executive Directors ("**NINED**"):

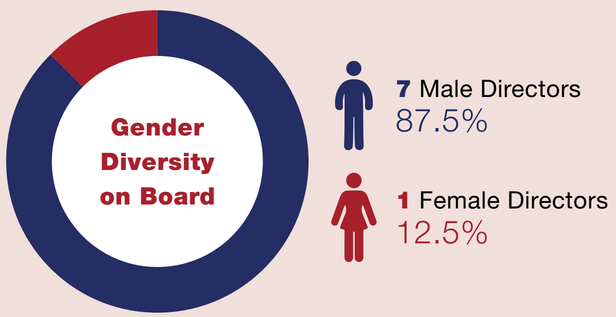
- **TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**
  Chairman, INED
- **LUIGI FORTUNATO GHIRARDELLO**
  NINED
- **ISMAIL HARITH MERICAN**
  NINED
- **LUK WAI HONG, WILLIAM**
  INED
- **JEREMY NASRULHAQ**
  Senior INED
- **NORAZIAN AHMAD TAJUDDIN**
  INED
- **KANAGARAJ LORENZ**
  INED
- **CHOY KHAI CHOON**
  NINED

SNAPSHOT OF THE BOARD'S PROFILE

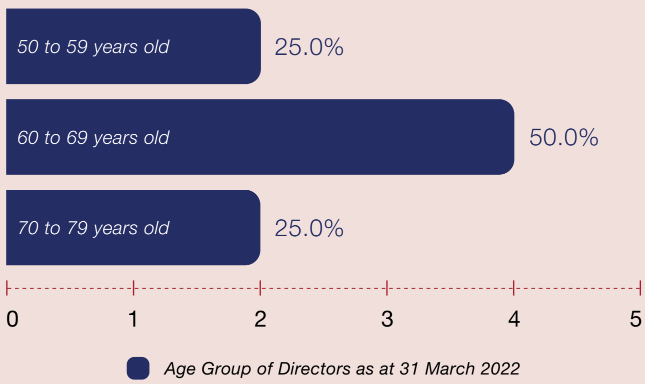
Board Balance and Composition

Ratio of Independent Directors:
Non-Independent Directors

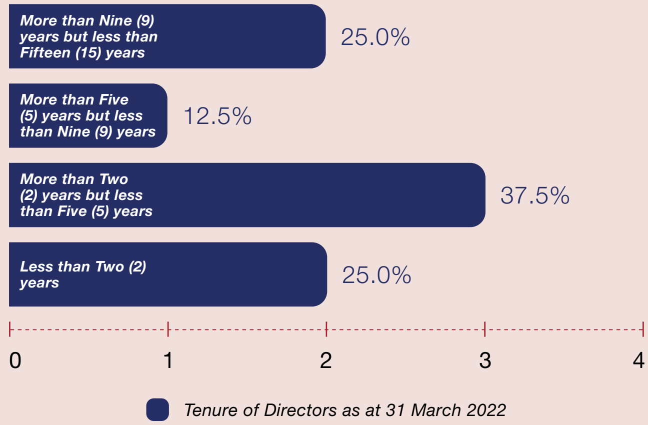
Directors' Nationality



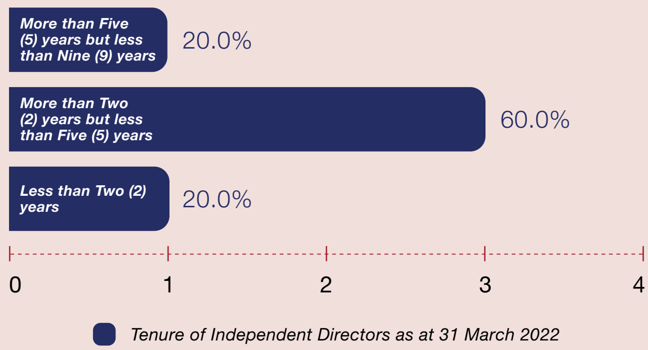
Number of Directors under Different Age Group



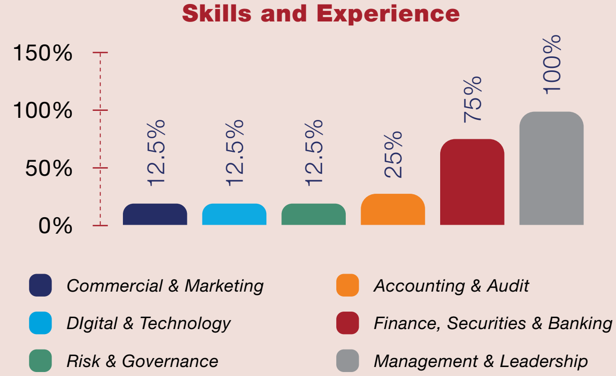
Number of Directors under Different Tenure



Number of Independent Directors under Different Tenure



Skills and Experience



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

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. An extension beyond nine (9) years would subject the INED to a rigorous review in determining whether he/ she could still maintain the quality of detached impartiality and objectivity in approaching any issues discussed or presented for approval which could be impaired due to familiarity which increases with tenure.

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 would be revised to incorporate a formal policy which limits the tenure of an INED to nine (9) years without further extension in line with Step Up Practice 5.4.

Based on the current Board composition, none of the INED's tenure exceeds nine (9) years.

The profile of each Director is available on pages 60 to 67 of this Annual Report.

Board and Board Committee Meetings

In 2021, twelve (12) Board meetings were held, three (3) of which were special meetings which were convened to consider urgent proposals that required the Board's expeditious review and deliberation.

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 2021, most of 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.

Given the circumstances surrounding the COVID-19 pandemic and the implementation of the various Movement Control Orders by the Government of Malaysia commencing March 2020, all meetings of the Board and Board Committees were held in accordance with the Standard Operating Procedures put in place by the respective authorities and regulators.

The Directors' attendance at Board and Board Committee meetings held during the Financial Year Ended 31 December 2021 are provided below.

Board

	Number of Meetings		
Name of Director	**Held[1]**	**Attended**	**Percentage (%)**
Tan Sri Dato' Seri Syed Anwar Jamalullail	12	12	100.0%
Datuk Syed Ahmad Alwee Alsree[2]	8	7	87.5%
Dato' Richard Alexander John Curtis[2]	8	7	87.5%
Luigi Fortunato Ghirardello	12	12	100.0%
Ismail Harith Merican	12	12	100.0%
Luk Wai Hong, William	12	12	100.0%
Jeremy Nasrulhaq	12	12	100.0%
Norazian Ahmad Tajuddin	12	12	100.0%
Kanagaraj Lorenz	12	12	100.0%
Choy Khai Choon[3]	0	0	0%

Note
(1) Reflects the number of meetings held during the time the Director held office.
(2) Resigned from the Board of KIBB on 11 June 2021.
(3) Appointed as a NINED on 13 December 2021.

Audit Committee ("AC")

Name of Director	Number of Meetings		
	Held(1)	Attended	Percentage (%)
Jeremy Nasrulhaq (Chairman)	7	7	100.0%
Luk Wai Hong, William	7	6	85.7%
Ismail Harith Merican(3)	6	6(4)	100.0%
Kanagaraj Lorenz	7	7	100.0%

Note

(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 AC and GBRC which was held on 27 July 2021.
(3) Ceased to be a member of the AC on 29 July 2021.
(4) Attended all the six (6) meetings held up to 28 July 2021.

Group Governance, Nomination & Compensation Committee ("GNC")

Name of Director	Number of Meetings		
	Held(1)	Attended	Percentage (%)
Norazian Ahmad Tajuddin (Chairman)	7	7	100.0%
Tan Sri Dato' Seri Syed Anwar Jamalullail(2)	5	5	100.0%
Luk Wai Hong, William	7	7	100.0%
Jeremy Nasrulhaq	7	7	100.0%
Datuk Syed Ahmad Alwee Alsree(3)	4	3	75.0%
Luigi Fortunato Ghirardello	7	7	100.0%
Ismail Harith Merican(4)	2	2	100.0%

Note

(1) Reflects the number of meetings held during the time the Director held office.
(2) Ceased to be a member of the GNC on 29 July 2021.
(3) Resigned from the Board of KIBB and ceased to be a member of the GNC on 11 June 2021.
(4) Appointed as a member of the GNC on 29 July 2021.

Group Board Risk Committee ("GBRC")

Name of Director	Number of Meetings		
	Held(1)	Attended	Percentage (%)
Luk Wai Hong, William (Chairman)	7	7	100.0%
Luigi Fortunato Ghirardello	7	7	100.0%
Norazian Ahmad Tajuddin	7	7	100.0%
Kanagaraj Lorenz	7	7	100.0%
Dato' Richard Alexander John Curtis(3)	3	2	66.7%

Note

(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 AC and GBRC which was held on 27 July 2021.
(3) Resigned from the Board of KIBB and ceased to be a member of the GBRC on 11 June 2021.

Group Board Digital Innovation & Technology Committee ("GBDITC")

	Number of Meetings		
Name of Director	**Held[(1)]**	**Attended**	**Percentage (%)**
Kanagaraj Lorenz (Chairman)	8	8	100.0%
Luk Wai Hong, William	8	8	100.0%
Luigi Fortunato Ghirardello	8	8	100.0%
Dato' Richard Alexander John Curtis[(2)]	4	3	75.0%
Norazian Ahmad Tajuddin	8	8	100.0%
Jeremy Nasrulhaq	8	8	100.0%

Note
(1) Reflects the number of meetings held during the time the Director held office.
(2) Resigned from the Board of KIBB and ceased to be a member of the GBDITC on 11 June 2021.

Employees' Share Scheme Committee ("ESS Committee")

	Number of Meetings		
Name of Director	**Held[(1)]**	**Attended**	**Percentage (%)**
Norazian Ahmad Tajuddin (Chairman)	2	2	100.0%
Luk Wai Hong, William	2	2	100.0%
Luigi Fortunato Ghirardello[(2)]	1	1	100.0%
Jeremy Nasrulhaq	2	2	100.0%

Note
(1) Reflects the number of meetings held during the time the Director held office.
(2) Ceased to be a member of the ESS Committee on 29 July 2021.

Shariah Committee

	Number of Meetings		
Name of Shariah Committee Member	**Held[(1)]**	**Attended**	**Percentage (%)**
Dr. Ghazali Jaapar (Chairman)	12	12	100.0%
Dr. Mohammad Firdaus Mohammad Hatta	12	12	100.0%
Dr. Fadillah Mansor[(2)]	9	9	100.0%

Note
(1) Reflects the number of meetings held during the time the Shariah Committee Member held office.
(2) Appointed as a member of the Shariah Committee on 9 April 2021.

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 2021 are provided on page 85 of this Annual Report and in Section B of the Corporate Governance Report ("**CG Report**") which is available on KIBB's website at https://kenanga.com.my/investor-relations/AGM2022.

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

During the Financial Year Ended 31 December 2021, the GNC had deliberated, reviewed and made appropriate recommendations to the Board for approval, pertaining to the matters stated below.

- Appointments and Re-Appointments of Directors within KIBB Group
- List of Management KRPs of the Group as at 1 January 2021
- New Appointment, Review and Renewal of Contract of Appointment of Management KRPs
- Offer of New Contract Tenure for Employees on Fixed Term Contract who are Registered Persons or Capital Markets Services Representative Licence Holders under Bursa Securities and the SC Respectively

- Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail as Adviser of KIBB
- Appointment of the GMD of KIBB as a Member of the Market and Development Committee of Bursa Malaysia
- Review of Compositions of the Board and Board Committees of KIBB and Its Subsidiaries
- Annual Performance Review and Assessment on the Fitness and Propriety of Management KRPs
- Annual Performance Evaluation for the Board, Board Committees and Individual Directors for the Financial Year Ended 31 December 2020, Together with the Annual Assessment on Independence and Fitness and Propriety of Directors
- Updated List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
- Remuneration and Benefits for Directors of KIBB Group
- Directors Training Calendar for 2021 and Status Report on KIBB Group's Directors Training for 2020/2021
- 2020 Annual Performance Bonus and 2021 Annual Salary Increment for the Group
- Review of Management KRPs' Succession Plan
- 2021 Annual Balanced Scorecards for Management KRPs
- Assessment on the Fitness and Propriety and the Re-Appointment of Members of the Shariah Committee of KIBB and their Remuneration
- Revision to the Terms of Reference of GNC
- KIBB's Performance Share Plan Award
- Proposal in Relation to Employees' Share Option Scheme
- Guidance on Conduct of Fraud and Corruption Risk Assessment
- Assessment on Kenanga Group's Compliance with the SC's Observations and Good Practices Relating to Compliance with Corporate Liability Provision (Section 17A of the Malaysian Anti-Corruption Commission Act 2009)
- Status of Application and Adoption of Practices and Step-Up Practices of the MCCG
- SC: Corporate Governance Strategic Priorities 2021 – 2023 and Corporate Governance Monitor 2021
- KIBB's Sustainability Plan
- Review of Response to BNM's Climate Risk Survey

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 2021, the Board composition was changed arising from the resignation of Datuk Syed Ahmad Alwee Alsree and Dato' Richard Alexander John Curtis, who were the representatives of Cahya Mata Sarawak Berhad ("**CMS**"), a major shareholder of KIBB, on 11 June 2021, reducing the number of Directors from nine (9) to seven (7). Subsequently, upon the GNC's recommendation, the Board of KIBB had, on 9 December 2021, approved the appointment of Mr. Choy Khai Choon, a new representative of CMS, as a NINED of KIBB effective from 13 December 2021.

Notwithstanding these changes, the Board composition still complies with the aforementioned regulatory requirements on Independent Directors.

In addition to the above, following the retirement of Encik Izlan Izhab, the former Chairman and Senior Independent Director of KIBB in December 2020, upon the GNC's recommendation, the Board had, in July 2021, approved the designation of Encik Jeremy Nasrulhaq as the new Senior Independent Director of KIBB, taking into consideration his extensive experience serving in a public listed company and the Board Nomination and Remuneration Committee, the Whistleblowing Independent Committee, Board Audit Committee and Board Finance & Investment Committee, as well as his active involvement as the Chairman/ Member of various committees of the Malaysian Institute of Accountants and a few industry organisations such as the Malaysian International Chamber of Commerce and Industry and the Federation of Malaysian Manufacturers.

As a Senior Independent Director, Encik Jeremy Nasrulhaq will act as a sounding board for the Chairman and serve as an intermediary for the other Directors where necessary, as well as be available as a point of contact for shareholders.

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://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 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 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 of the action plans identified was to apply the new Practice 5.9 which recommended for the Board to comprise at least 30% women Directors. Since the current composition of women on the Board is less than 30%, the Board will endeavour to source for suitable woman 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, within a timeframe of three (3) years or less. Any appointment of a woman Director would be based on merit and contributions that she could bring to the Group.

Board Education and Development

1. 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'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 the 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.

As a new NINED of the Company, Mr. Choy Khai Choon had completed the in-house Induction Programme for Newly Appointed Director on 20 January 2022.

2. Directors' Continuous Education and Development

The Company, via the Group Company Secretary's Office, facilitates the participation and attendance of Directors at appropriate external and in-house training programmes to ensure 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 of the Company.

In addition to completing the Mandatory Accredited Programme as required by Bursa Securities, the Financial Institutions Directors' Education ("**FIDE**") Core Programme and the Islamic Finance for Board Programme as required by BNM, and the Capital Market Director Programmed ("**CMDP**") as required by the SC for newly appointed Directors, the Board members are also encouraged to attend training programmes, conducted by highly competent professionals, which are relevant to the Company's operations and business.

To date all the Board members of KIBB had completed the mandatory training programmes required by the respective regulators as aforementioned, except for Mr. Choy Khai Choon who had been registered for the CMDP and expected to complete it within the timeframe stipulated by the SC.

All matters pertaining to Directors' training requirements are facilitated by the Group Company Secretary's Office, including but not limited to, monitoring the status of all mandatory training programmes to be completed by the Directors.

As part of this process, an Annual Directors' Training Calendar encompassing external training programmes, available in the market and/ or recommended by the Board members and/ or in-house training programmes, is developed and 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 developing the Annual Directors' Training Calendar, feedback received from Directors during the annual Board evaluation process in terms of specific training needs required to enhance the Board's effectiveness and skill set, was also taken into consideration.

3. Training Programmes Attended by Directors During Financial Year 2021

The training programmes attended by the Directors during the Financial Year Ended 31 December 2021 are as listed below.

Title of Programme	Attended By
Corporate Governance comprising of Risk Management, Strategy, Corporate Restructuring, Governance, Leadership, Business, Legal, Audit	
1. Virtual Talk: Risk, Strategy and Governance - How Integrated Thinking Can Support Boards in Creating Long-Term Value by Institute of Corporate Directors Malaysia ("**ICDM**") in collaboration with Malaysian Institute of Accountants	NT
2. Corporate Restructuring & Turnaround for Company Directors by ICDM	JN
3. Board Effectiveness Evaluation Industry Briefing (Session 2) by FIDE FORUM	NT
4. BNM - FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know by FIDE FORUM	NT, CKC
5. FIDE Elective Program: Risk Management in Technology & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards by Iclif Executive Education Centre ("**ICLIF**")	LFG, LWH, JN, RL
6. BNM-FIDE Forum Dialogue: The Role of Independent Director in Embracing Present and Future Challenges	NT, RL, CKC
7. Corporate Governance Regulatory Updates for the Capital Markets by ICLIF	NT
8. BNM-FIDE Forum: Dialogue on Risk Management in Technology Implementation	JN, NT, RL, CKC
9. Legacy & Estate Planning - Amanah Warisan Berhad	LWH, NT
10. PNB Knowledge Forum 2021: Rising Above COVID-19: Reimagining Work In Malaysia & Beyond by Permodalan Nasional Berhad	TSAJ
11. Engagement Session on Board Leadership Framework (Session B) by FIDE FORUM	NT
12. The Law Behind Corporate Governance by the Malaysian Institute of Corporate Governance	JN
13. Section 17A of the Malaysian Anti-Corruption Commission ("**MACC**") Act 2009 - Strengthening Integrity: The Role of Directors and Senior Management in the Anti-Corruption System by Trident Integrity Solutions Sdn Bhd ("**Trident**") (in-house programme organised by KIBB)	TSAJ, LFG, IHM, LWH, JN, NT, RL
14. BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators	NT
15. Capital Markets Director Programmes - Module 2B - Business Challenges and Regulatory Expectations - What Directors Need to Know (Fund Management) by Securities Industry Development Corporation ("**SIDC**")	LWH
16. Business Foresight Forum 2021 Virtual Conference by SIDC	JN, RL
17. The Institute of Internal Auditors Malaysia National Conference 2021: Audit Committee Track	JN
18. Governance, Risk & Audit Forum 2021 (in-house programme organised by S P Setia Berhad)	TSAJ
19. SC's Audit Oversight: Board Conversation with Audit Committees	JN, RL

Title of Programme	Attended By
Regulatory and Compliance, Dialogue and Discussion with Regulators	
20. Awareness Briefing on MACC Act Section 17A And Adequate Procedures by Trident	NT
21. SC's Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries & MCCG by Tricor Hive Sdn Bhd ("**Tricor**")	TSAJ
22. Corporate Training to Board of Directors and Management of Nestle (Malaysia) Berhad: a. Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries; and b. Revised MCCG by Tricor	TSAJ
23. MCCG Revision 2021 - Changing the Game in Corporate Governance by ICDM	JN
24. Corporate Governance Rules - Post MCCG 2021 Updates by ICDM (in-house programme organised by S P Setia Berhad)	TSAJ
25. SC-FIDE FORUM Dialogue on Capital Market Masterplan 3	NT, RL
26. Focus Group Discussion for BNM-FIDE FORUM Dialogue (Session 1)	RL
27. Focus Group Discussion for BNM-FIDE FORUM Dialogue (Session 2)	NT
28. Annual Dialogue with Governor of BNM by FIDE FORUM	JN, NT, RL
Information Technology, Digitalisation, Cyber Security	
29. Webinar - Rethinking Our Approach to Cyber Defence in Financial Institutions by FIDE FORUM	JN, NT, CKC
30. Digital Transformation Executive Program at Asian School of Business ("**ASB**")	LFG, LWH
31. In-House Trainings by Nestle (Malaysia) Berhad: a. Cyber Security in Nestle; b. Overview of Human Resources c. Overview on Company's Strategy d. Overview on Sales (Virtual Trade Visit and Business Strategy)	TSAJ
32. Protecting Against the Changing Cybersecurity Landscape: Rising to the Challenge of COVID-19 and Redesigning Cybersecurity by Bursa Malaysia Berhad ("**Bursa**" or "**Bursa Malaysia**")	RL
33. In-House Trainings by Nestle (Malaysia) Berhad: a. Overview on First Party Data Strategy b. Overview on Cyber Security Landscape c. Malaysia Food Regulatory & NHW (Nutrition, Health and Wellness) Landscape	TSAJ
34. Cyber Awareness Training for Board of Directors by EC-Council Cyber Defence	TSAJ, LFG, IHM, LWH, JN, NT, RL, CKC
35. DEFI (Decentralised Finance) Workshop: METAVERSE, NFT (Non-Fungible Tokens) and GameFI (Game Financialisation) by Deep Skill Academy	JN, RL
Islamic Banking and Finance, Shariah Compliance	
36. Islamic Finance for Board by ISRA Consultancy Sdn Bhd	LFG, IHM, LWH, JN, NT, RL
37. The Effect of Reclassification of Shariah-compliant Status of Securities Listed on Bursa Malaysia conducted by Shariah Adviser of Kenanga Islamic Investors Berhad ("**KIIB**")	NT

Title of Programme	Attended By
Social Media	
38. Social Media Listening - Overview on Plant Based Meal Solution (in-house programme organised by Nestle (Malaysia) Berhad)	TSAJ
Sustainability and Environment, Social and Governance	
39. Rethinking Business Sustainability During Pandemic by SIDC	JN
40. Overview on Creating Shared Value & Overview on Sustainability Initiatives (in-house programme organised by Nestle (Malaysia) Berhad	TSAJ
41. Sustainable and Responsible Investment (SRI) 2021 - Paving The Way For Profitability Through Sustainability by SIDC	JN
42. The Board & Sustainable Leadership for the Decade of Action by ICDM (in-house programme organised by S P Setia Berhad)	TSAJ
43. Environmental, Social and Governance in Islamic Finance conducted by Shariah Adviser of KIIB	LWH, NT
44. Climate Change: Impact on Banks & Role of the Board by ASB	IHM, JN
45. ICDM's Members Day: Environment, Social and Governance	NT
46. Bursa-FIDE Forum Dialogue on Sustainability by FIDE FORUM/ Bursa	NT
47. The 2050 Net Zero Carbon Emissions Target: Finance Role by FIDE FORUM	NT
Fraud and Anti-Corruption	
48. e-Learning: Nestle MY Anti-Corruption, Gifts & Entertainment Guidelines (in-house programme organised by Nestle (Malaysia) Berhad)	TSAJ
49. Fraud Management Workshop 2021 by PwC Consulting	JN, NT

Legend
- *Tan Sri Dato' Seri Syed Anwar Jamalullail ("**TSAJ**")*
- *Mr. Luigi Fortunato Ghirardello ("**LFG**")*
- *Encik Ismail Harith Merican ("**IHM**")*
- *Mr. Luk Wai Hong, William ("**LWH**")*
- *Encik Jeremy Nasrulhaq ("**JN**")*
- *Puan Norazian Ahmad Tajuddin ("**NT**")*
- *Mr. Kanagaraj Lorenz ("**RL**")*
- *Mr. Choy Khai Choon ("**CKC**")*

4. Training Programmes Attended by Members of Shariah Committee During Financial Year 2021

The training programmes attended by the Shariah Committee members during the Financial Year Ended 31 December 2021 are provided below.

Title of Programme	Attended By
1. Ahkam al-Jualah (Kitab Hasiyah al-Bajuri) by FWD Takaful Berhad	DGJ
2. Minhaj al-Wushul ila al-Usul (Kitab al-Qias) by FWD Takaful Berhad	DGJ
3. Minhaj al-Talibin (Kitab al-Wakalah) by FWD Takaful Berhad	DGJ
4. Kitab al-Dhaman by FWD Takaful Berhad	DGJ
5. Al-Qawaid al-Fiqhiyyah by FWD Takaful Berhad	DGJ
6. Fiqh 'ala al-Mazahib al-Arbaah (Kitab al-Qard) by FWD Takaful Berhad	DGJ
7. Dhawabit al-Hajah wa al-Dharurah by FWD Takaful Berhad	DGJ
8. Understanding Research Methodology by Malaysian Postgraduate Workshop Series	DMF
9. Problem Statement and Gaps Online Workshop by Semari Resources	DMF
10. Framework Online Workshop by Semari Resources	DMF
11. Qualitative Research Online Workshop by Semari Resources	DMF
12. Muzakarah Cendiakawan Syariah Nusantara Ke-15 by International Shariah Research Academy	DMF
13. Principles of Economics by Certified Shariah Adviser-Association of Shariah Adviser in Islamic Finance Malaysia ("**CSA-ASAS**")	DMF
14. Second (2nd) Muzakarah for Shariah Advisors of Takaful Operators by Etiqa Takaful	DMF
15. Principle of Islamic Financial System by CSA-ASAS	DMF
16. Islamic Estate Planner Course by As-Salihin Trustee Berhad	DMF
17. VBIT Capacity Building Series: Maqasid Shariah and Sustainability by Malaysian Takaful Association	DMF
18. Fourth (4th) World Islamic Economics and Finance Conference by Minhaj University, Lahore	DFM
19. Public Lecture by Distinguished Speaker: Prof Kabir Hassan, titled: Current Research Trends in Humanistics Economics and Sustainable Development in the New Normal Era	DFM
20. Muzakarah Cendekiawan Syariah Nusantara ke 15 by International Shariah Research Academy	DFM
21. Program Webinar Wakaf Bertempoh: Prospek Pelaksanaannya di Malaysia by Yayasan Wakaf Malaysia	DFM
22. iFinnovation 2021 Lecture Webinar: Reframing Islamic Finance Theory and Practice in Times of New Normal by Association of Shariah Adviser in Islamic Finance Malaysia	DFM
23. Islamic Finance and the Fiqh of Crisis Management by International Shariah Research Academy	DFM

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

Succession Plan

1. 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.

2. 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. With regard to 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 Employees' Share Scheme. 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 54 of the Financial Statements section of this Annual Report.

For the Financial Year Ended 31 December 2021, 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.

Fees	Financial Year Ended 31 December 2021
Chairman of the Board	RM520,000.00
Deputy Chairman of the Board[1]	RM172,027.40
Director	RM270,000.00
Chairman of AC[2]	RM60,000.00
Chairman of GNC/ GBRC/ GBDITC	RM40,000.00
Chairman of Shariah Committee	RM67,000.00
Member of AC/ GNC/ GBRC/ GBDITC	RM30,000.00
Member of Shariah Committee[3]	RM38,000.00
	RM30,566.67

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) The Deputy Chairman's Annual Director Fee of RM390,000.00 per annum had been pro-rated based on the period he was in office i.e. from 1 January 2021 until his resignation on 11 June 2021.

(2) The Annual Fee for the Chairman of the AC had been increased from RM40,000 to RM60,000 effective from the Financial Year 2021 as approved by the Board of KIBB on 26 January 2022, upon the GNC's recommendation.

(3) The Annual Fee for the Financial Year Ended 31 December 2021 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 Directors' fees will be paid 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 Financial Year Ended 31 December 2021 is set out below.

Group Level	Fees[1] RM	Salaries RM	Other Emoluments RM	Bonus RM	Benefits-in-Kind RM	Total RM
Tan Sri Dato' Seri Syed Anwar Jamalullail	537,178.08	-	36,000.00	-	31,150.00[2]	604,328.08
Izlan Izhab	-	-	-	-	19,332.00[3]	19,332.00
Datuk Syed Ahmad Alwee Alsree	224,958.92	-	32,000.00	-	13,271.13[4]	270,230.05
Dato' Richard Alexander John Curtis	145,561.65	-	26,000.00	-	13,000.00[5]	184,561.65
Luigi Fortunato Ghirardello	410,000.00	-	82,000.00	-	-	492,000.00
Ismail Harith Merican	300,000.00	-	42,000.00	-	-	342,000.00
Luk Wai Hong, William	465,095.89	-	116,000.00	-	-	581,095.89
Jeremy Nasrulhaq	390,000.00	-	74,000.00	-	-	464,000.00
Norazian Ahmad Tajuddin	417,232.88	-	104,000.00	-	-	521,232.88
Kanagaraj Lorenz	370,000.00	-	68,000.00	-	-	438,000.00
Choy Khai Choon	14,054.79[6]	-	-	-	-	14,054.79
TOTAL	**3,274,082.21**	**-**	**580,000.00**	**-**	**76,753.13**	**3,930,835.34**

Notes

(1) Subject to the shareholders' approval at the forthcoming AGM.

(2) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

(3) Benefits-in-kind in the form of Farewell Gift for Encik Izlan Izhab who resigned on 1 January 2021.

(4) Benefits-in-kind for the Deputy Chairman included golf club membership, car and other claimable benefits pro-rated until his resignation on 11 June 2021 and inclusive of Farewell Gift from Kenanga Investors Berhad of RM4,465.52.

(5) Benefits-in-kind in the form of Farewell Gift for Dato' Richard Alexander John Curtis who resigned on 11 June 2021.

(6) Annual Director Fee pro-rated for the period Mr. Choy Khai Choon was in office following his appointment on 13 December 2021.

Company Level	Fees[(1)] RM	Salaries RM	Other Emoluments RM	Bonus RM	Benefits-in-Kind RM	Total RM
Tan Sri Dato' Seri Syed Anwar Jamalullail	537,178.08	-	36,000.00	-	31,150.00[(2)]	604,328.08
Izlan Izhab	-	-	-	-	19,332.00[(3)]	19,332.00
Datuk Syed Ahmad Alwee Alsree	185,260.28	-	22,000.00	-	8,805.61[(4)]	216,065.89
Dato' Richard Alexander John Curtis	145,561.65	-	26,000.00	-	13,000.00[(5)]	184,561.65
Luigi Fortunato Ghirardello	360,000.00	-	72,000.00	-	-	432,000.00
Ismail Harith Merican	300,000.00	-	42,000.00	-	-	342,000.00
Luk Wai Hong, William	400,000.00	-	84,000.00	-	-	484,000.00
Jeremy Nasrulhaq	390,000.00	-	74,000.00	-	-	464,000.00
Norazian Ahmad Tajuddin	370,000.00	-	74,000.00	-	-	444,000.00
Kanagaraj Lorenz	370,000.00	-	68,000.00	-	-	438,000.00
Choy Khai Choon	14,054.79[(6)]	-	-	-	-	14,054.79
TOTAL	**3,072,054.80**	**-**	**498,000.00**	**-**	**72,287.61**	**3,642,342.41**

Notes
(1) Subject to the shareholders' approval at the forthcoming AGM.
(2) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.
(3) Benefits-in-kind in the form of Farewell Gift for Encik Izlan Izhab who resigned on 1 January 2021.
(4) Benefits-in-kind for the Deputy Chairman included golf club membership, car and other claimable benefits pro-rated until his resignation on 11 June 2021.
(5) Benefits-in-kind in the form of Farewell Gift for Dato' Richard Alexander John Curtis who resigned on 11 June 2021.
(6) Annual Director Fee pro-rated for the period Mr. Choy Khai Choon was in office following his appointment on 13 December 2021.

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 is 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.

Arising from the assessment conducted in 2021, feedback from the Board members were obtained in the areas of Board oversight practices and processes, Board composition and structure, Board succession planning, as well as, Board development plan and training needs to further enhance its overall effectiveness.

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

Based on the aforementioned, the GNC had recommended certain identified action plans towards enhancing the Board's governance and processes, which were approved by the Board for implementation, including –

1. tracking and monitoring of strategic plan, longer term digitalisation plans, post-mortem/review of investment and/or business partnerships/ collaborations. This should include timelines with specific deliverables, financials separately showing the Business as Usual and digital business and clear Key Performance Indicators for each category;

2. strengthening the Board's skill set by having a Board member with legal background and/or banking or fintech entrepreneurial background when considering the replacement for Datuk Syed Ahmad Alwee Alsree and Dato' Richard Alexander John Curtis;

3. achieving 30% women directors on the Board, within a timeframe of three (3) years or less, as recommended by the revised MCCG;

4. identifying suitable training programmes for the Directors in the areas of Sustainability, Fintech, Artificial Intelligence, Islamic Finance, Green Economy and Environmental, Social and Governance ("**ESG**") Risks, as well as International Accounting Standards; and

5. establishment of methodology for risk assessment on ESG matters to cover all aspect of business operations.

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. 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 Financial Year Ended 31 December 2021 are provided on page 85 of this Annual Report and Section B of the CG Report which are available on KIBB's website at https://kenanga.com.my/investor-relations/AGM2022.

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://kenanga.com.my/investor-relations.

Internal Audit Function

The Group Internal Audit Division ("**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 who is not 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 2021 are provided on page 85 of this Annual Report and in Section B of the CG Report which are available on KIBB's website at https://kenanga.com.my/investor-relations/AGM2022.

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://kenanga.com.my/investor-relations.

Group Board Digital Innovation & Technology Committee

The GBDITC comprises a majority of INEDs and is chaired by an INED who is not 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://kenanga.com.my/investor-relations.

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 page 119 to 131 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 Securities.

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 Statement 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 Page, Instagram, LinkedIn, YouTube, direct communication and publication of all relevant Group information on its website at 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 2022, the Company is looking into releasing its first-ever Sustainability Report which is intended to enhance the Group's 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, 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 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://kenanga.com.my/investor-relations/AGM2022 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.

In view of the ongoing COVID-19 pandemic and in accordance to the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the SC, KIBB had conducted its Forty-Seventh (47th) AGM on 10 June 2021, fully virtual via live webcast and online remote voting using the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**"), the services of which were rendered 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://web.lumiagm.com 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-Seventh (47th) AGM, the Company had also arranged for one 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 2020 and Business Prospects for 2021 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 and the Minority Shareholder Watch Group prior to the AGM and answering them accordingly. The GMD also answered all the questions submitted on real time basis during the AGM.

Pursuant to Paragraph 9.21(2)(b) of the MMLR of Bursa Securities, 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 Securities 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 in order 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**") to drive the sustainability agenda for Kenanga Group.

Prior to the establishment of the GSMC, all sustainability related initiatives were under the purview of Group Marketing, Communications and Sustainability of KIBB.

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.

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 approved by the Board of KIBB on 28 October 2021.

Kenanga's ESG Framework

In addition to the above, GSMC and the Board had also approved Kenanga's ESG Framework which provides 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 Wellbeing • Community Investment
Good Corporate Governance	• Good Business Conduct

Kenanga Group's Climate Change Risk Management Framework

On 9 December 2021, the Board had approved Kenanga Group's Climate Change Risk Management 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 Climate Change Risk Management Framework supports these efforts by facilitating robust and consistent assessments of economic activities and the impact on climate and the environment. The Framework also covers the sustainability strategy, principles, initiatives and performance of Kenanga Group and focuses on the issues that the Group have determined to be of greatest importance with regard to climate change.

The Group is currently finalising its sustainability targets in line with the approved Kenanga's ESG Framework. These targets, once approved, will be announced in the Company's inaugural standalone Sustainability Report 2021.

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

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 2021 are provided below.

	Group (RM)	KIBB (RM)
Statutory Audit	582,791	355,000
Audit/ Assurance Related	57,945	57,945
Non-Audit Fees – Non-Audit Fees – EY Tax Team	 70,500 26,262	 30,000 0
Total Non-Audit	**96,762**	**30,000**
Grand Total	**737,498**	**442,945**

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.

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 Financial Year Ended 31 December 2021.

Utilisation of Proceeds Raised from Corporate Proposals

On 28 May 2021, the Company had issued RM63,500,000 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 issuance are being utilised for working capital requirement.

Details on the outstanding subordinated notes under the programme are set out under Note 25 of the Financial Statements section appearing on pages 241 and 242 of this Annual Report.

Employees' Share Scheme

After obtaining the Shareholders' approval at an Extraordinary General Meeting ("**EGM**") held on 25 May 2017, KIBB had, on 21 September 2017, established and implemented an Employees' Share Scheme ("**ESS**" or "**the Scheme**") 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[1] 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.

[1] *The Employee(s) and Executive Directors of the KIBB Group who meet(s) the criteria of eligibility for participation in the Scheme as set out in By-Law 5*

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 54 of the Financial Statements section appearing on pages 342 to 350 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 and FY 2021 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 Period 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 Period 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 Period 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

ESGP[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

Notes
(1) The ESOS and ESGP are offered to Eligible Employees.
(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 FSA.
(8) Adjustment made due to an employee's appointment as the Chief Executive Officer of I-VCAP Management Sdn Bhd. Hence, the re-categorisation of the ESOS.
(9) Reinstatement of the earlier forfeited ESOS in Note 7.
(10) ESOS lapsed due to unexercised options within the three (3) years Exercisable Period.
(11) PSP Grant vested and credited to employees' CDS account.

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 Securities 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:

a. 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**"); and

b. 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).

The ESS granted to the GMD and Senior Management during the Financial Year Ended 31 December 2021 and since the commencement of the ESS up to 31 December 2021 is tabulated below.

Description	1 January 2021 to 31 December 2021	Since Commencement Up to 31 December 2021
Percentage of the Aggregate Maximum Allocation over the Maximum ESS Shares	3.21%	40.52%
Actual Percentage of the ESOS Granted over the Maximum ESS Shares	0%	35.72%
Actual Percentage of the ESGP Vested over the Maximum ESS Shares	3.21%	3.21%

In respect of Financial Year 2021, the External Auditors, EY had reviewed the allocation of the shares under the ESS made to the Eligible Employees and had reported to the AC at its meeting on 24 February 2022, that in its opinion, the allotment of shares made under the ESS complied with the criteria for allocation of shares which had been disclosed to the Eligible Employees.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 6 April 2022.

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

Ethics and Compliance Statement

EMPHASIS ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS

2021 was another challenging year with corporations worldwide still grappling to recover from the impact of COVID-19 pandemic. This has altered business climate and places greater emphasis on responding and adapting to the changes in the operating environment. As corporations strive to improve their operations and resilience, the significance of corporate governance and internal controls are becoming more evident than ever.

Despite the challenges brought about by the pandemic, Kenanga Investment Bank Berhad ("**KIBB**") and its group of companies ("**Kenanga Group**" or "**the Group**") is committed to ensure the adoption of high principles and practices of corporate governance and internal controls in managing the risks related to compliance, ethics and integrity. It is our conviction that good corporate governance contributes to the sustainability of Kenanga Group and standing strong on this belief, compliance, ethics and integrity are made central to our business activities.

In this effort, Kenanga Group remains constantly alert of the regulatory developments affecting our operations and flexible in adapting to the relevant regulatory changes while fulfilling our part in supporting the country's road to recovery.

INTERNAL CONTROLS FOR COMPLIANCE, ETHICS AND INTEGRITY

Kenanga Group's commitment to strong corporate governance and internal controls is translated into the adoption of robust policies, procedures and practices that seek to provide consistent understanding to ensure continuous awareness of all employees on the expectation of the Group on compliance, ethics and integrity. Towards achieving this, the Group has established our internal controls framework which is spearheaded by the Group Regulatory and Corporate Services ("**GRCS**") Division.

GRCS consists of six (6) departments which cohesively functions to ensure the roles and functions of GRCS are executed timely:

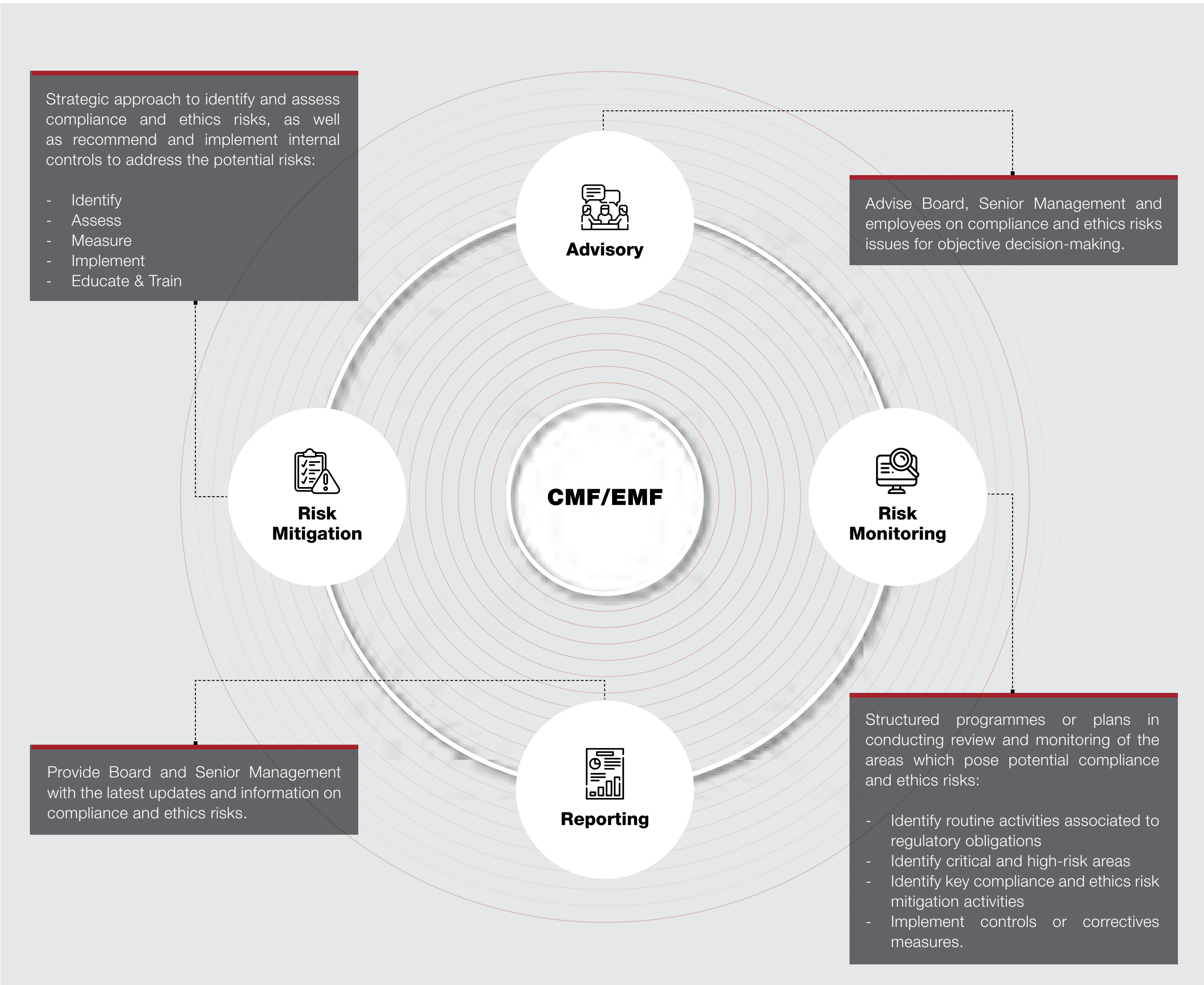
Group Business Ethics and Integrity	Develops and implements the applicable framework, policies and procedures towards promoting ethics and integrity in the business and operational practices of Kenanga Group
Group Compliance	Manages the overall regulatory compliance risk issues in relation to the regulated activities as per the Licensing Handbook of the Securities Commission Malaysia ("**SC**")
Group Financial Crime Intelligence	Facilitates compliance with the applicable requirements in relation to Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("**AML/CFT/TFS**")
Group Prudential Supervision and Regulatory Affairs	Manages consultations with the regulators and provides sound advice to ensure compliance with regulators requirements and expectations and standardised practice across Kenanga Group
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 Board of Directors ("**Board**") as well as facilitates the communication and implementation of the Board's decisions

Considering the significant nature of roles and functions of its various departments, GRCS has an unfettered access and reports directly to the Board. This ensures independence of GRCS in providing the required advice and opinion to assist the Board for objective decision-making.

MECHANICS FOR AN EFFECTIVE CONTROL FRAMEWORK

In 2021, Kenanga Group has accomplished another milestone in our effort to continuously strengthen the Group's internal controls with the successful completion of the three-year plan of the 'Ethics Blueprint'. The establishment of an 'Ethics Risk Management Framework' ("**EMF**") has complemented the existing 'Compliance Management Framework' ("**CMF**"), creating an even more comprehensive control framework for the Group.

The CMF and EMF serve as critical tools for GRCS to develop and implement the required policies, procedures and processes as well as to execute the necessary internal controls for continuous assessment, review and monitoring. All these while adapting to the business needs and simultaneously ensuring compliance with the evolving regulatory landscape.



Ultimately, an organisation could draw the best strategy but unless the employees are connected with it, the strategy will not succeed. The employees are the best shield of Kenanga Group against any potential non-compliance and misconduct. Additionally, similar to other internal control measures, the CMF and EMF tools shall be continually assessed to ensure their resilience, adequacy and relevance to sustain the potential impact from any non-compliance or misconduct.

CONTINUOUS INITIATIVES TO STRENGHTEN INTERNAL CONTROLS

Various initiatives have been initiated by GRCS in 2021 to further improve internal controls of Kenanga Group and as it was in the previous years, our Board and Senior Management remain supportive and encouraging of the undertakings. All the proposal for new and updates to the existing initiatives were properly deliberated and where necessary, were challenged, to ensure adoption and implementation of appropriate initiatives.

- **Assessment on Compliance with SC's Letter on Observations and Good Practices Relating to Compliance with the Corporate Liability Provision ("Observations Letter")**

  The SC had issued the Observations Letter pursuant to their thematic review on the state of compliance of the capital market intermediaries to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACCA**"). The Observations Letter dated 16 March 2021 specifies the state of compliance as well as the good practices adopted by capital market intermediaries based on the T.R.U.S.T principles of the Guidelines on Adequate Procedures.

  In this regard, GRCS had identified a total forty-one (41) recommendations in the Observations Letter and is pleased to update that Kenanga Group had achieved 90.2% compliance level to the recommendations:

Item	T.R.U.S.T Principles	No. of SC's Recommendations	Kenanga Group	
			No. Complied	% Complied
1.	Top Level Commitment	8	8	100%
2.	Risk Assessment	8	4	50%
3.	Undertake Control Measures	9	9	100%
4.	Systematic Review, Monitoring and Enforcement	5	5	100%
5.	Training and Communication	11	11	100%
	TOTAL	**41**	**37**	**90.2%**

  The remaining four (4) outstanding items which were observed as 'Partially Compliant' were in relation to conducting Corruption Risk Assessment ("**CRA**") on the specific business activities of the Group. While GRCS had undertaken assessments on the overall activities of the Group on two (2) separate occasions, CRA on the specific business activities are currently ongoing with priority given to the activities identified as carrying a higher risk.

- **Fraud and Corruption Risk Assessment ("FCRA")**

  In furtherance to the assessment conducted by GRCS pursuant to the SC's Observations Letter, GRCS has developed the FCRA Guidance which serves as a guide to conducting FCRA on the specific business activities of Kenanga Group. Development of the Guidance takes into account recommendations of the Malaysian Anti-Corruption Commission ("**MACC**") as well as other local and international standards.

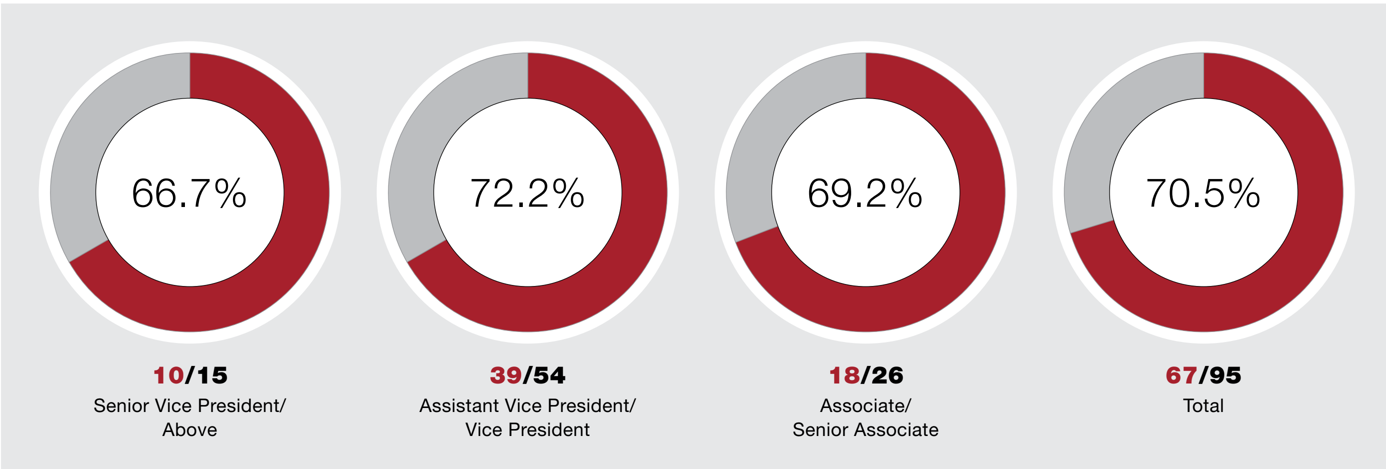
  Outcome from the FCRA also serves as a tool to identify possible gaps and implement appropriate processes, systems and controls to close such gaps. This would also assist GRCS to propose or undertake the appropriate review and monitoring in relation to the identified fraud and corruption risks.

  In ensuring applicability and feasibility of the FCRA Guidance, GRCS also completed the FCRA on our Group Procurement activities and the same has been endorsed by the Group Governance, Nomination & Compensation Committee ("**GNC**") and the KIBB Board at their meeting on 28 July 2021 and 29 July 2021 respectively. Moving forward, FCRA will be conducted on other business activities of the Group, prioritising the higher risk activities, with the aim of closing the gaps and achieving full compliance with the SC's recommendations.

- **Review of Responses Received Pursuant to the Survey on Ethics and Integrity Culture at Work Place 2020 ("Survey 2020 Review")**

GRCS had issued the Survey on *Ethics and Integrity Culture at Workplace* ("**Annual Survey**") for two (2) consecutive years prior to 2021 which generally indicated commendable responses in relation to the ethics and integrity culture in Kenanga Group. In 2021, GRCS conducted the Survey 2020 Review whereby a set of survey questionnaire was issued to a group of identified employees to obtain better understanding of the reason for their unfavourable or negative responses to the Annual Survey 2020.

A total 70.5% of the identified employees from three (3) different groups of employees had responded to the Survey 2020 Review questionnaire.



There were only four (4) questions in the Survey 2020 Review and these questions were deemed necessary to further understand the earlier unfavourable or negative responses to the Annual Survey 2020. The outcome is intended to help bridge any divergences in relation to Kenanga Group's efforts in promoting ethics and integrity at the workplace while allowing the identified respondents to further share their views on the matter.

The questions were segmented into three (3) different Core Values which measure either a 'Yes' (positive) or 'No' (negative) response.

<table>
<tr><th rowspan="2">Core Values</th><th rowspan="2">Scope of Question</th><th rowspan="2">Targeted Group</th><th colspan="4">Employee's Response</th></tr>
<tr><th>Yes</th><th>No</th><th>Total Yes</th><th>Total No</th></tr>
<tr><td rowspan="6">TOP LEVEL COMMITMENT:

Scope of the questionnaire obtains views of the respondents whether there were visible strategic actions by the Board and Senior Management to set and communicate policies and objectives related to ethics and integrity, and to raise awareness, motivation and involvement of the employees.</td><td rowspan="3">Whether the Board and Senior Management clearly and effectively communicated their commitment to ethics and governance.</td><td>SVP/ Above</td><td>80.0%</td><td>20.0%</td><td rowspan="3">91.1%</td><td rowspan="3">8.9%</td></tr>
<tr><td>AVP/VP</td><td>94.9%</td><td>5.1%</td></tr>
<tr><td>A/SA</td><td>88.9%</td><td>11.1%</td></tr>
<tr><td rowspan="3">Whether the respondents were aware of any incentives adopted by Kenanga Group to further motivate the values of ethics and integrity.</td><td>SVP/ Above</td><td>40.0%</td><td>60.0%</td><td rowspan="3">67.2%</td><td rowspan="3">32.8%</td></tr>
<tr><td>AVP/VP</td><td>66.7%</td><td>33.3%</td></tr>
<tr><td>A/SA</td><td>83.3%</td><td>16.7%</td></tr>
</table>

Core Values	Scope of Question	Targeted Group	Employee's Response			
			Yes	No	Total Yes	Total No
PROFESSIONAL ACCOUNTABILITY: Scope of the questionnaire aims at assessing respondent's reliability to deliver assignments and commitments at work, while realising and accepting responsibility to subscribe to ethics and integrity principles.	Whether the respondents agree that understanding of regulatory requirements is critical to all employees as to the Control Functions.	SVP/ Above	100.0%	0.0%	100.0%	0.0%
		AVP/VP	100.0%	0.0%		
		A/SA	100.0%	0.0%		
	Whether Kenanga has adopted sufficient internal control measures to address the risks related to anti-fraud, bribery and corruption.	SVP/ Above	100.0%	0.0%	97.0%	3.0%
		AVP/VP	94.9%	5.1%		
		A/SA	100.0%	0.0%		
PERSONAL INTEGRITY: Scope of the questionnaire aims at assessing the respondent's inclination for sound moral and ethical principles and values by an individual, which could translate into trustworthiness as an employee at work.	Whether the respondents would ever compromise ethics to meet business objectives and targets.	SVP/ Above	100.0%	0.0%	98.0%	2.0%
		AVP/VP	97.4%	2.6%		
	Whether there were sufficient messages to encourage employees to voice out any incidents of unethical behaviour.	A/SA	88.9%	11.1%	88.9%	11.1%

Notes
SVP – Senior Vice President *AVP – Assistant Vice President* *A – Associate*
VP – Vice President *SA – Senior Associate*

The overall results of the Survey 2020 Review indicated a positive outcome on the 'Professional Accountability' and 'Personal Integrity' Core Values and it could be presumed that the respondents already have the necessary awareness and understanding of, and are willing to acknowledge their roles and accountability. This is further evidenced in the explanatory to the questionnaire provided by the respondents.

Nevertheless, there are still rooms for improvements on the 'Top-Level Management' Core Value in relation to the awareness of the incentives for ethics and integrity. Based on the explanation to the question by the relevant respondents, the lower percentage of positive outcome was due to the lack of awareness on the presence or nature of the incentives as well as no previous experience of being awarded with such incentives.

In this regard, for the employees' understanding, Kenanga Group will undertake appropriate measures to intensify communication on the nature of incentives that are already adopted by the Group. In addition where necessary, the Group will conduct further study and assessment should additional incentives are necessary for purpose of acknowledging the display of ethics and integrity by employees.

UPHOLD HIGH STANDARDS OF CORPORATE GOVERNANCE

Kenanga Group recognises that upholding high principles and practices of corporate governance and internal controls is key to the long-term value creation and contributes directly to a sustainable business performance. Premise on this, policies and procedures have been established in the following areas and are continuously reviewed to inculcate compliance, ethics and integrity values in the Group.

- **Anti-Fraud, Bribery and Corruption ("AFBC")**

  Kenanga Group is committed to ensure that all its businesses and operations are conducted lawfully, ethically and with integrity. The Group approaches compliance in these areas with a growth mindset and a process of continuous improvement, and invests heavily in innovative and fresh approaches. Therefore, our AFBC program has been carefully designed to prevent, detect and manage risks related to fraud, bribery and corruption. The underlying principles of the approaches adopted, serve to demonstrate Kenanga Group's steadfast stance of ensuring its businesses and operations are conducted in the highest standards of ethics and integrity; free from fraud, bribery and corruption.

  As part of this commitment, the Group Anti-Fraud, Bribery and Corruption Policy ("**AFBC Policy**") emphasises zero tolerance of all forms of fraud, bribery and corruption. The same stance applies to all the third parties dealings with and for Kenanga Group who must ensure that they do not act corruptly or involved in fraudulent activities of any kind.

  Consequent to the AFBC Policy, the Group Anti-Fraud, Bribery and Corruption Reporting Procedure ("**AFBC Reporting Procedure**") was extensively revamped in 2021 to prescribe the applicable procedural requirements for the reporting of suspected or confirmed fraud, bribery or corruption that could cause adverse impact on Kenanga Group. The AFBC Reporting Procedure further made a clear distinction between the scope of internal and external fraud, as well as bribery and corruption for the understanding of all employees.

- **Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT")**

  The increasingly interconnected global economy and explosion in new technology coupled with the rapidly growing markets and complex business structures have contributed to the changing structures of organised crime groups thus, causing rapid evolution of the AML/CFT regulatory landscape and modus operandi. Furthermore, criminals have sought to exploit the COVID-19 crisis to commit scams, fraud and cybercrime and this require fundamental reassessment of the approach to managing financial crime risks.

  At the heart of any effective strategy to shield from the exposure to financial crime is the implementation of meaningful financial crime policies which act as a clear marker of an organisation's red lines and ethical standards. In this regard, Kenanga Group has in place robust policies and procedures at the Group level that define the minimum standards, governing policies, principles and controls in managing the risks of money laundering, terrorism financing and proliferation financing.

  In addition to that, a risk-based approach program has been specifically designed and implemented to help detect, deter and prevent money laundering, terrorism financing and proliferation financing risks, as well as assess and mitigate the related risks in a manner consistent with the applicable laws, rules, regulations, supervisory guidance, and industry best practices. All these towards ensuring the effective and efficient management of Kenanga Group's financial crime risks so as to mitigate potential regulatory and reputational risk.

- **Managing Conflict of Interest**

Conflict of interest may occur whenever interest of an individual within Kenanga Group in a particular subject may lead to actions, activities or relationships that undermine and may place the Group at a disadvantage. This is a critical aspect and of importance to Kenanga Group as we are committed to preserve the interests of our stakeholders. As such, Kenanga Group expects all directors and employees to act towards the Group's fundamental interests. Such relationship is based on mutual trust and the expectation that ultimately, the interests of Kenanga Group, our stakeholders and that of our directors and employees are all aligned.

To address the situation, the Group Conflict Management Policy ("**Conflicts Policy**") sets forth the policies and guiding principles in managing conflicts of interest. The Conflict Policy was revamped in 2021 to introduce two (2) broad categories of personal and business-related conflicts of interest and detail out the situations that may constitute the same. This was done to make clear the importance of identifying the various potential conflicts that may arise in the execution of the responsibilities entrusted upon Kenanga Group's employees.

Supplementary to the Conflict Policy, the Guidance on Conflict of Interest ("**Conflicts Guidance**") was also introduced to provide clarity and assist the employees on management of personal and business-related conflicts of interest within Kenanga Group. The Conflicts Guidance further reinforces the primary responsibility of all parties in the Group in identifying, reporting and managing conflicts of interest.

- **Code of Conduct for Employees**

Kenanga Group places high importance not only to compliance with regulatory requirements and internal policies and procedures but also to the application of ethical principles in carrying out our business activities. In this regard, our employees are the most valuable assets in ensuring such objectives are met.

The Group Code of Ethics and Conduct for Employees ("**Employees Ethics Code**") sets out the general expected behaviour from the employees and provides guidance for the employees' conduct in regard to a given situation or circumstance. It prescribes principles and standards to be observed in Kenanga Group and reflects the ethics and values that form the underlying foundation of the business and operational activities of the Group.

The Employees Ethics Code also advocates the ideals to be observed so as to maintain the highest standards of professionalism, integrity and conscientiousness in all dealings by the employees with each other as well as with external parties. It is an integral part to demonstrate how things are done in Kenanga Group.

- **Code of Conduct for Vendors**

Kenanga Group recognises the importance of having a written code of conduct for its vendors who provide goods and services in relation to the business and operations of the Group. This is important to clearly specify responsibilities of the vendors to comply with the Group's internal policies, as well as the applicable regulatory requirements.

The Group Code of Conduct for Vendors ("**Vendors Conduct Code**") has been introduced to stipulate the general business conduct and ethical practices expected of all vendors, who engage with or undertake work for Kenanga Group. The Vendors Conduct Code has also been made fundamental clause in legal agreements signed with the vendors as well as an essential element of Kenanga Group's tender documents in order to provide potential vendors with prior notice on the principles and standards required of them.

- **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. As such, the Group Chinese Wall Policy ("**Chinese Wall Policy**") has been put in place to establish information barrier between the divisions and departments of the Group to prevent and/or control the flow of confidential and material non-public and price sensitive information ("**MNPI**").

The Chinese Wall Policy establishes guidelines to avoid the risk of possible breach of insider trading provisions and protect client's confidentiality, and ultimately serve to prevent possible conflicts of interest issues. In managing the exposure or misuse of confidential and MNPI, the employees' trading is also monitored and supervised. This will further help avoid potential violations of insider trading law and regulations therefore, contribute to overall market integrity.

- **Gifts, Entertainment and Hospitality**

  No matter how well-meaning or well-intentioned a gift is, the potential exists for impropriety or the appearance of impropriety to be present. A gift policy ensures that employees adhere to the code of conduct in giving or accepting gifts or other tokens of appreciation.

  The Group Gifts, Entertainment and Hospitality Policy ("**Gifts Policy**") has been adopted to address such issues and reinforces the commitment of Kenanga Group in ensuring the highest standards of ethics and integrity amongst employees. The Gifts Policy guides the employees on the manner in which any gifts, entertainment or hospitality is to be dealt with towards ensuring that business and operations of the Group are conducted in a transparent manner.

- **Whistleblowing**

  Kenanga Group acknowledges whistleblowing as an important means allowing the Group to be alerted of any actual or potential improper conduct that may compromise integrity, competence and professionalism of the Group. It provides a mechanism for employees or external parties to raise concerns through well-defined and accessible confidential disclosure channels.

  As part of good corporate governance, Kenanga Group has adopted the Group Whistleblowing Policy and Guidance Notes that sets out avenues for legitimate concerns to be reported, and to be objectively investigated and addressed. Any individuals will be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

- **Anti-Trust and Fair Competition Practices**

  Kenanga Group is committed to acting fairly, responsibly and professionally when dealing with its clients. The Board and Senior Management set the tone from the top as the moral compass of the Group, inculcating a strong culture of fair business dealing to ensure that we operate in a transparent, ethical and sound manner.

  The Group Competition Act Compliance Policy ("**Competition Policy**") specifies the principles of fair business dealing of Kenanga Group and prohibits any practices that may be construed as anti-competitive. The Competition Policy is also built on ensuring an effective and clear stand to prevent or minimise the risk of competition law infringements and to help the Group to promptly detect any infringements that do occur.

- **Common Reporting Standard ("CRS")**

  In compliance with the CRS requirements, Kenanga Group had submitted the financial account information of non-resident clients to the Inland Revenue Board of Malaysia ("**IRBM**") in July and September 2021 respectively. The submission involved eighty-seven (87) entities and funds of Kenanga Group that have been registered with the IRBM for CRS purposes.

PROVISION OF TRAINING AND AWARENESS PROGRAMMES

The COVID-19 pandemic and remote work adjustments have elevated the risk in the operating activities of Kenanga Group. This has further increased the significance of training and awareness to ensure that all employees are aware of and able to manage such risks effectively.

In 2021, GRCS continued to engage the employees, providing updated relevant information, making them fully aware of the latest regulatory changes, as well as the initiatives that are rolled out, particularly on improving the ethical culture and good corporate governance. The methods that were used for the training and awareness programmes include video-sharing, quizzes, webinars and the annual e-tests.

- **Fraud Awareness Campaign**

Kenanga Group's annual Fraud Awareness Campaign kicked off in October 2021 and continued its dedication to the anti-fraud agenda by once again organising the 5th Fraud Awareness Week ("**5th FAW**") 2021. Various initiatives and activities were conducted across the five (5) weeks towards the International FAW of the Association of Certified Fraud Examiners ("**ACFE**") from 14 November 2021 until 20 November 2021.

The 5th FAW took on the theme 'Reinforcing Ethical Values Through Regulatory Dynamism' and has further expanded the internal campaign that Kenanga Group had initiated five (5) years ago, into an industry call to action to combat fraud as it is our responsibility to raise awareness on the importance of collective fight against fraud. Furthermore, the FAW 2021 has also evolved its delivery by optimising the use of digital platforms to allow greater participation from employees and external parties.

Virtual Live Opening Ceremony

The Opening Ceremony for the 5th FAW was streamed 'live' on 15 November 2021 and featured pre-recorded sessions of the honourable invitees who shared insights and updates in relation to anti-fraud as well as compliance, ethics and corporate governance. The key invitees included the Chairman of KIBB, Tan Sri Dato' Seri Syed Anwar Jamalullail; the Chief Commissioner of the Malaysian Anti-Corruption Commission, Tan Sri Azam Bin Baki; and the President of the Malaysian Association of Certified Fraud Examiners ("**MACFE**"), Dato' Sri Akhbar Satar.

There was also a sharing session by a whistleblower, Mr. Pavandeep Gill, titled 'Wirecard: One of Europe's Greatest Financial Scandals' which was moderated by the Head of Asia-Pacific Development, ACFE, Mr. Ganesh Thuraisingham. A total of 354 viewers tuned in to the live streaming event.

FAW Games

In our continuous collaborative efforts, Kenanga Group further expanded its anti-fraud network to reach a more diverse group of professionals. The signature programme for the FAW Campaign, the FAW Games, gathers all the participants in different types of exciting and challenging games with edutainment elements while disseminating the anti-fraud message.

The FAW Games which was held online, has seen a tremendous increase in the number of participants where the participants from Kenanga Group has increased from 35 teams in 2020 to 97 teams in 2021 while for external participants, the number has increased from 30 teams in 2020 to 49 teams in 2021. The external teams included representatives from 27 regulatory, enforcement and professional bodies, financial institutions, listed companies, as well as vendors of the Group.

FAW Mini Games

During the one-week period of FAW, all employees of Kenanga Group were invited to participate in the FAW Mini Games which were made out of interactive mini version of FAW Games. The questions and quizzes were specifically designed for the employees as part of learning and educational programmes on trends and practices surrounding fraud prevention and detection.

There were a total 354 employees who participated in all three (3) of the FAW Mini Games issued.

- **Annual Regulatory Seminar 2021**

The 6th Annual Regulatory Seminar 2021 ("**ARS**") was conducted during the same period of the 5th FAW and adopted the same theme. There were a total nine (9) e-learning sessions for the 6th ARS and the subject matters generally provided outlooks and developments in relation to fraud, ethics, compliance, cyber security as well as the regulators' expectations as the COVID-19 pandemic continues.

The e-learning sessions were pre-recorded and conducted by subject-matter experts within Kenanga Group and an invited speaker. The sessions were made accessible to by all employees of Kenanga Group nationwide through the Group's Learning Management System ("**LMS**") and employees who are a holder of the Capital Markets Services Representative's Licence ("**CMSRL**") were accredited 10-CPE point by the SC upon completion of all sessions. The LMS recorded views from about 1,000 employees to all the 6th ARS sessions.

- **Annual E-Tests**

The annual e-tests were conducted in 2021 as part of the assessment on awareness and understanding of Kenanga Group's employees on *ethics and integrity, and AML/CFT/TFS. There were two (2) sets* of e-tests questions issued on each of the subject matters.

E-Test Module	Category	E-Test 1	E-Test 2
Ethics and Integrity	80% and Above	98.8%	98.6%
	Below 80%	1.2%	1.4%
AML/CFT	80% and Above	96.8%	97.8%
	Below 80%	3.2%	2.2%

Generally, the results were commendable where more than 95% of the employees who had completed the e-tests achieved the score of 80% and above. This signals a positive outcome of the ongoing awareness and understanding programs which GRCS had organised for all employees.

- **Regulatory Handbook for Employees and Agents/Representatives**

In attaining high ethical standards and maintaining a strong governance culture, built upon corporate consciousness, Kenanga Group has revised the Regulatory Handbook to meet such objectives.

The revised edition of the Regulatory Handbook has extended the scope to also include all agents/representatives of the Group, besides its employees. The Do's and Don'ts etiquette in the Regulatory Handbook provides concise and easy to understand references for all employees and agents/representatives in carrying out their daily work while promoting orderly and transparent business conduct.

- **Enhanced AML/CFT/TFS Review**

Continuous enhancement of processes and monitoring standards have been carried out to be in line with industry standards to be able to better respond to potential money laundering and terrorism financing threats. In this respect, various AML/CFT/TFS reviews have been introduced and executed to closely monitor the level of adherence of AML/CFT/TFS requirements in line with the expectations of Bank Negara Malaysia and the SC.

MAINTAINING HIGH LEVEL OF CORPORATE GOVERNANCE

Details on Kenanga Investment Bank Berhad's corporate governance disclosure are available in the Corporate Governance Overview Statement appearing on pages 78 to 107 of this Annual Report and Corporate Governance Report which is available at KIBB's website at www.kenanga.com.my.

FOCUS AND STRATEGIC PRIORITIES FOR 2022

As we head into 2022, the pandemic has reinforced the importance of internal controls as part of sustainability efforts which would enable organisations to be better positioned and to withstand the long-term business goals. Towards achieving such objective, GRCS will continuously review and assess for implementation of robust compliance and ethics strategies and to ensure that business activities are conducted in line with the principles of good corporate governance.

- **Ensure Cybersecurity and Data Protection**

  The pandemic has accelerated digital transformations which has led to changes impacting business operations and increased more personal data and clients' information being transmitted and stored electronically. Now, essentially all business processes have to exist digitally to accommodate a combination of remote, hybrid and on-premises work. Therefore, cybersecurity is critical and Kenanga Group has to have strong capabilities at this front. For this reason, GRCS with the other departments in Kenanga Group will remain agile, innovative and up-to-date in order to ensure adequacy of the Group's cybersecurity governance.

- **Application of Technology in Managing Financial Crimes Risks**

  The adoption of innovative technologies to improve the effectiveness of managing financial crimes risks is becoming more imperative with the heightened emphasis by the regulators for approaches to address cyber threats. Kenanga Group has always prioritised such risks through the implementation and management of cybersecurity measures. The established digital governance ensures business operates in an ethical manner while supporting digital development involving new and emerging areas of focus. Moving forward, GRCS will ensure to keep up-to-date with developments in technology and the threats that come with it.

- **Raise Standards of Ethics and Integrity Culture**

  Further development and enhancement of governance practices as part of the Environmental, Social and Governance ("**ESG**") measures within Kenanga Group continues to be a primary aim towards achieving sustainable and long-term growth in all aspects of the businesses and operations.

  In this regard, we believe ethical culture plays a foundational and underlying force that boosts employee motivation and productivity that could result in the delivery of greater value to all stakeholders towards fulfilling Kenanga Group's ESG goals and ambitions. Kenanga Group and GRCS acknowledge this and will work on moulding the required ethical culture across the Group in line with the developments around ESG while factoring in the impact brought about by the COVID-19 pandemic.

- **Review and Assessment of Fraud, Bribery and Corruption Risks**

  The effective implementation of Section 17A of the MACCA imposes accountability on Kenanga Group to understand corruption risk specific to its business activities. With such requirement being introduced, risk assessments are required to identify corruption vulnerabilities and to devise strategies to mitigate the risks that can be caused by such vulnerabilities. Therefore, it is a main focus of GRCS in 2022 to develop the FCRA covering business activities of the Group as a means to mitigate and manage such risks.

- **Working Together to Increase Awareness**

  As it was in the previous years, Kenanga Group is committed to leverage and use opportunities to assist employees to upskill and expand their knowledge on matters related to compliance, ethics and governance. Online training and awareness will continue to keep the employees abreast of the diverse regulatory and operational changes. This will be supported by constant and continuous communication, as well as periodic knowledge sharing sessions amongst team members in Kenanga Group.

FORWARD LOOKING STATEMENT

Kenanga Group takes pride in its strong corporate governance in ensuring that business is conducted in a fair and transparent manner. Since the start of COVID-19 pandemic, and as we enter into the endemic phase, Kenanga Group's strategy and operations have been constantly evolving to adapt to the changes in the business environment in order to remain resilient and significant while at the same time balance the need to maintain robust internal controls.

It is therefore Kenanga Group's aim in 2022, as part of its endeavour to meet the business goals, to continue demonstrating a strong corporate governance culture that will assure sustainability of its activities in the long run thus contributing the general market at large.

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 also stipulates that the Board should maintain a sound system of internal controls, including a review of 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 Malaysia.

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 Group's effectiveness in safeguarding Shareholders' investments and the Group's assets.

The Board is responsible for determining key strategies and policies for significant risks and control issues, whereas functional 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 capacity to absorb losses and its long-term viability.

The risk management philosophy adopted by the Group is based on the three (3) lines of defence approach. The line management is the first line of defence and is primarily responsible for the day-to-day risk management by identifying the risks, assessing impact and taking appropriate actions to manage and mitigate risks.

The second 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, reporting to Management and Board to ensure that the Group is conducting business and operations within internal guidelines and is regulatory compliant.

The third 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

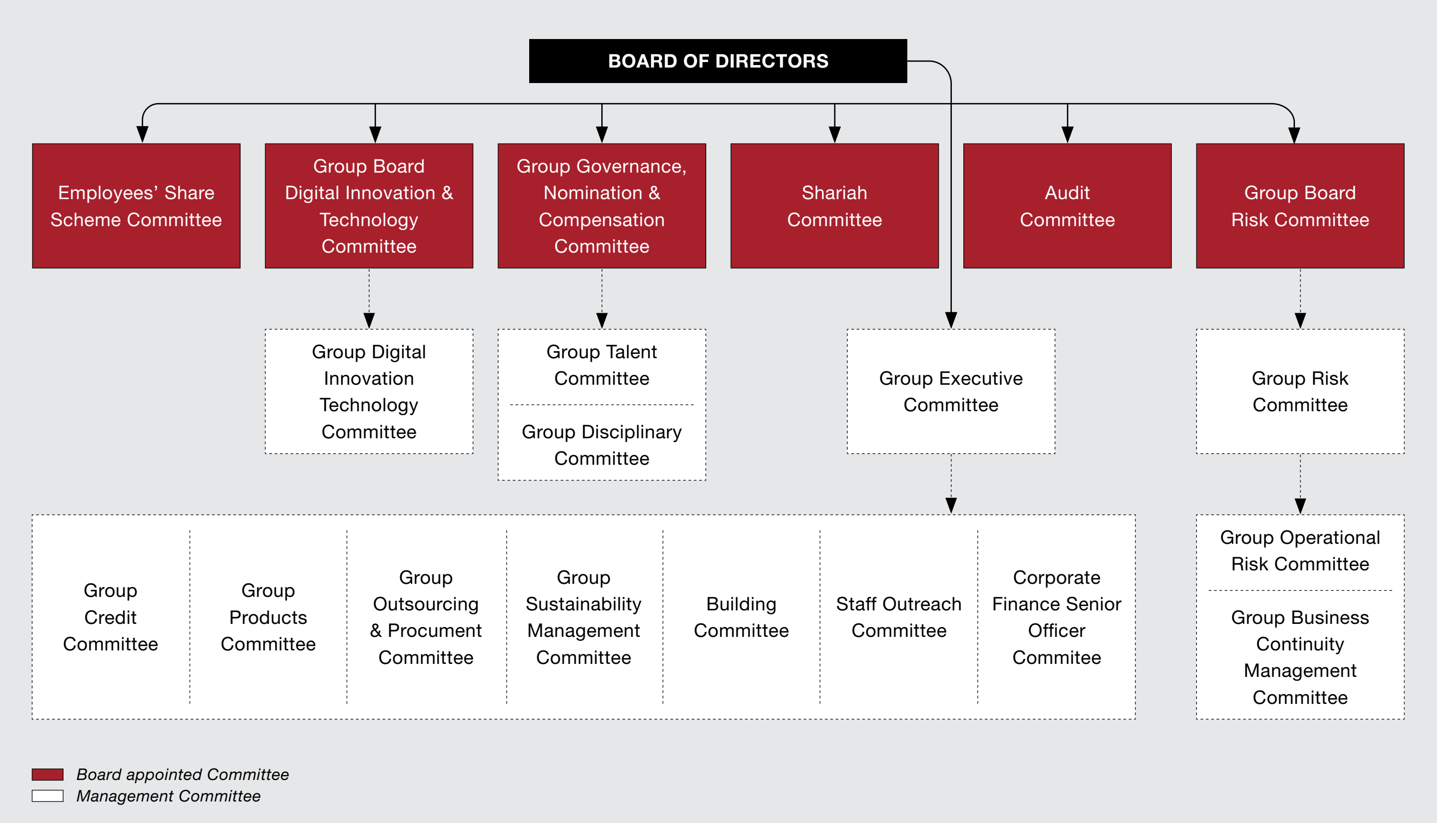
The Board, through its appointed committees such as the Group Board Risk Committee ("**GBRC**") and Group Board Digital Innovation & Technology Committee ("**GBDITC**"), ensures that the Group's activities are consistent with its approved risk appetite, strategies and policies.

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 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 focuses on technologies and IT risk of the Group at the Board level and is supported by the Group Digital Innovation Technology Committee (formerly known as Group Information Technology Steering 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, in particular the actions taken to address issues. If required, the internal auditors will also assist the AC to periodically review the measures taken to address the AC's concerns on any internal control system.

The Group Governance, Nomination & Compensation Committee ("**GNC**") was established with the objective, amongst 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 Malaysian Code on Corporate Governance 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, GIA, regulators and the external auditors; and
- addressing any matters arising from the meetings of the Board, AC, GBRC, GBDITC and GNC; 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 management committee.

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 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.

Human Resources' policies and procedures are reviewed regularly to ensure they remain relevant to manage operational and people-related risks.

There are regular trainings and updates for employees on requirements/guidelines of BNM, Bursa Malaysia and the SC, as well as on the importance of corporate governance, risk management and internal control. Various awareness programmes on operational risks, ethics and fraud are also conducted regularly.

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 information technology ("**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 adoption of digitalisation 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.

Compliance Function

The Board is unreservedly committed and always strives to adopt the principles and recommendations of the Malaysian Code on Corporate Governance 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 Intelligence, Group Prudential Supervision and Regulatory Affairs, Group Business Ethics and 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' ("**IIA**")'s International Professional Practices Framework ("**IPPF**") and relevant regulatory guidelines. In 2021, an external Quality Assessment Review was conducted on GIA to assess its conformity with the IIA's IPPF, of which GIA has been accorded the rating of "Generally Conforms", i.e. GIA has fulfilled its key objectives in accordance with the IPPF.

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 companies 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 companies and joint venture company.

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 2021. The main financial risk areas faced by the Group and the guidelines and policies adopted to manage them are provided in detail under Note 50 of the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2021.

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 3 March 2022.

Audit Committee Report

1. COMPOSITION

1.1 The Audit Committee ("**AC**") of Kenanga Investment Bank Berhad ("**KIBB**") presently comprises solely Independent Non-Executive Directors ("**INED**") as follows:

Jeremy Nasrulhaq Chairman, Senior INED	Luk Wai Hong, William Member, INED	Kanagaraj Lorenz 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 Securities**") 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.

By having its AC comprising solely independent directors, KIBB had in fact, adopted Step Up Practice 9.4 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia ("**SC**") on 28 April 2021.

Two (2) of the AC members, namely Jeremy Nasrulhaq, currently the Chairman of the AC and 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 Securities. 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 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 in 2021, the Board of Directors ("**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 www.kenanga.com.my.

2. AC MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2.1 During the Financial Year Ended 31 December 2021, 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.

In view of the travelling restriction imposed and strict adherence to the Standard Operating Procedure ("**SOP**") put in place due to the COVID-19 pandemic, all members and invitees had attended the AC meeting via Microsoft TEAMS Video Conferencing.

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**") 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, 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 24 February 2021 and 27 October 2021, after the tabling of the Audit Results in respect of the Financial Year Ended 31 December 2020 and the External Auditors' 2021 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 provision of 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 2021 are as stated below.

AC	Number of Meetings		
Name of Member	**Held[(1)]**	**Attended**	**Percentage (%)**
Jeremy Nasrulhaq (Chairman)	7	7	100%
Luk Wai Hong, William	7	6	86%
Ismail Harith Merican (ceased to be a member of the AC with effect from 29 July 2021)	6	6[(2)]	100%
Kanagaraj Lorenz	7	7	100%

Note
*(1) Total number of meetings held was inclusive of one (1) joint meeting between the AC and Group Board Risk Committee ("**GBRC**") held on 27 July 2021.*
(2) Attended all the six (6) meetings held up to 28 July 2021.

3. SUMMARY OF THE AC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 25 January 2021, reviewed the quarterly financial statements for the quarter ended 31 December 2020, as well as the annual audited financial statements in respect of the Financial Year Ended 31 December 2020.

   In reviewing the annual 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 2021, 30 June 2021 and 30 September 2021 were tabled and reviewed by the AC at its quarterly meetings held on 27 April 2021, 28 July 2021 and 27 October 2021 respectively, upon which the AC had recommended the quarterly financial statements to the Board for approval.

c. At its meeting held on 24 February 2021, the AC also reviewed the update on Transfer Pricing ("**TP**") including the outcome of the review conducted by Deloitte Tax Services Sdn Bhd, who was engaged to conduct a review on the TP methodologies in 2020, together with the key recommendations identified to strengthen the procedures put in place by KIBB Group in managing the TP in accordance with the Income Tax (Transfer Pricing) Rules 2012 and the requirements of the Inland Revenue Board of Malaysia.

d. The AC had, at its meeting held on 27 October 2021, reviewed the adoption of the impairment approach and the assumptions used in the annual assessment for impairment of assets of KIBB Group for the Financial Year Ended 31 December 2021 and recommended the same for the Board's approval, subject to a final assessment to be updated to the position as at 31 December 2021.

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.

3.2 External Audit

a. The report by the External Auditors on the statutory audit of the financial statements of the Company for the Financial Year Ended 31 December 2020 was reviewed and deliberated by the AC at its meeting held on 25 January 2021.

   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 submission as required under the various regulatory requirements.

c. At its meeting held on 24 February 2021, the AC was updated by the External Auditors, on the latest status of the statutory audits conducted on KIBB Group. The AC had, at the same meeting, duly deliberated on the audit matters which required its attention.

   In respect of the Financial Year Ended 31 December 2020, the External Auditors had reviewed the allocation of the shares under the Employees' Share Scheme ("**ESS**") made to the Eligible Employees and Executive Directors of KIBB and its non-dormant subsidiaries and had reported to the AC at its meeting held on 24 February 2021, that in its opinion, the allotment of shares made under the ESS was in compliance with the criteria for allotment of shares which had been disclosed to the Eligible Employees and Executive Directors of KIBB and its non-dormant subsidiaries. The AC had concurred with the External Auditors' opinion.

d. Pursuant to Section 67(1) of the Financial Services Act 2013 ("**FSA**") and Section 76(1) of the Islamic Financial Services Act 2013 ("**IFSA**")[2] , an auditor appointed by a licensed person shall meet the qualification criteria set out in Bank Negara Malaysia ("**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 FSA and the IFSA, 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 2020, the External Auditors had given a written assurance to the AC that they were not aware of any relationships or matters that, in their professional judgement, might reasonably be thought to bear on their independence; and that they were independent in accordance with the Bylaws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, throughout their audit engagement for 2020.

   This written assurance by the External Auditors was contained in the External Auditors' report which was presented to the AC on 25 January 2021.

   Based on the assessment conducted, the AC at the same meeting, had concluded that the External Auditors had fulfilled all the qualification set out in BNM's Policy Document on External Auditor in terms of its performance and independence and had therefore recommended to the Board that the External Auditors be re-appointed as the Company's External Auditors for the Financial Year Ending 31 December 2021.

[2] *By virtue of KIBB providing its services under the Islamic Banking Window*

e. At its meeting held on 27 October 2021, the AC reviewed and approved the External Auditors' 2021 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 2021 Audit Plan, the External Auditors had also highlighted to the AC the financial reporting developments as at 30 June 2021 as summarised below.

Description	Effective Date
COVID-19 - Related Rent Concessions (Amendment to MFRS 16)	1 June 2020
COVID-19 - Related Rent Concessions Beyond 30 June 2021 (Amendment to MFRS 16)	1 April 2021
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment - Proceeds Before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Annual Improvements to MFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-Time Adopter	1 January 2022
Annual Improvements to MFRS 9 Financial Instruments – Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities	1 January 2022
Annual Improvements to MFRS 141 Agriculture – Taxation in Fair Value Measurements	1 January 2022
MFRS 17 – Insurance Contracts	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
Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Note

Note:
In December 2015, the Malaysian Accounting Standards Board postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

3.3 Internal Audit

a. At its meeting on 25 January 2021, the AC had reviewed and approved the 2021 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 the internal audit department.

Due to the continued COVID-19 pandemic and the imposition of restrictions/ compliance to the related SOPs arising from the COVID-19 pandemic, the AC had deliberated and approved the revision in the 2021 Audit Plan at its meeting held on 27 October 2021. Arising from the revision, the total number of reviews have been revised from thirty-four (34) to thirty-three (33).

b. In 2021, the AC had reviewed and deliberated on a total of forty-one (41) internal audit reports in relation to the audits carried out by GIA, together with the audit recommendations made by GIA and Management's responses to those recommendations.

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 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.

c. In addition to the audit conducted on the processes and systems of Support and Business Units within KIBB Group, during the Financial Year 2021, GIA also conducted various regulated required reviews in areas including amongst others, Anti-Money Laundering/ Counter Financing of Terrorism, Basel II (Pillar 3), Related Party Transactions, Verification of Ringgit Malaysia Marketable Securities, Staff Training Fund, Cyber Security and Business Continuity Plan/ Disaster Recovery Plan Testing.

d. The AC at its meeting on 25 January 2021, had taken note of GIA's Annual Confirmation on Organisational Independence of Internal Audit Activity for the Financial Year 2020 in line with the International Standards for Professional Practice of Internal Auditing (Standards – 1110).

e. For the purpose of evaluating the performance of the GCIA, the AC had at its meeting on 25 January 2021, reviewed and deliberated the GCIA's 2020 Performance Appraisal and the Annual Assessment on Fit and Proper, as well as the 2021 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 AC's recommendation was subsequently approved by the Board of KIBB on 27 January 2021.

f. The AC, at its meetings on 28 July 2021 had taken note of the Quality Assessment Review ("**QAR**") of KIBB's Internal Audit Function Proposal presented by the Institute of Internal Auditors Malaysia ("**IIAM**"), following the IIAM's appointment as approved by the AC at its meeting on 27 April 2021.

The QAR was conducted in line with the recommended best practice, to be undertaken once every five (5) years to ascertain as to whether the Internal Audit function of KIBB was in line with international standards relating to internal auditing practices.

At its meeting on 27 October 2021, the AC had deliberated on the results of the QAR on GIA together with the key observations and recommendations made by the IIAM arising therefrom.

Based on the QAR, the IIAM had concluded that the Internal Audit function of KIBB 'Generally Conforms' to the IIAM's International Standards for the Professional Practice of Internal Auditing, with some areas for improvement especially in refining the work processes and meeting the stakeholders' expectations.

Upon due deliberation, the AC had concurred with GIA's action plans in implementing the IIAM's recommendations.

3.4 **Audit Oversight Board Annual Report 2020 Issued by the Securities Commission Malaysia**

At its meeting on 28 July 2021, the AC had taken note of the Annual Report 2020 issued by the SC's Audit Oversight Board ("**AOB**").

In 2019, the AOB had introduced the framework for Annual Transparency Reporting for audit firms to promote greater transparency and stronger accountability for audit quality amongst audit firms.

While the Annual Transparency Reporting could contribute meaningfully towards the strengthening of the financial ecosystem in Malaysia, the AOB had to defer the implementation to year 2021 in light of the COVID-19 pandemic. This was to allow the audit firms to focus their immediate attention on maintaining high standards of audit quality while managing the unprecedented challenges posed by the pandemic. Furthermore, the AOB hoped that with this deferment, the audit firms would be able to commit the required resources to produce good quality transparency reports.

In 2021, the audit firms that met the aforementioned criteria would be required to produce and share their Annual Transparency Report with the ACs of their PIE[3] audit clients. In 2022, the Annual Transparency Report would be required to be made public on the respective audit firms' website within four (4) months after the audit firm's fiscal year-end.

In meeting the AOB's expectation, the External Auditors had, at the AC meeting held on 25 January 2022, presented its 2021 Audit Transparency Report as part of the proposal for the External Auditors' re-appointment in respect of the Financial Year 2022.

3.5 **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 implementation of appropriate remedial and corrective measures in respect of the findings arising from examinations/ inspections conducted by the regulators.

During the year, the AC had deliberated on three (3) regulatory audit reports as follows:

Date of AC Meeting	Titles of Regulatory Audit Report
25 January 2021	Final Report on the Inspection by Bursa Malaysia Berhad on KIBB dated 2 December 2020
25 January 2021	Report on BNM's On-Site Review on Information Technology Operations
27 October 2021	BNM's Composite Risk Rating Assessment and Supervisory Concerns on KIBB for 2020 dated 25 August 2021

During its deliberation, the AC not only discussed in detail the findings, areas for enhancement and recommendations made by the respective regulators, but also on the action plans identified by Management in addressing the findings and implementing the recommendations.

The implementation of the regulator's recommendations was tracked by Group Regulatory & Corporate Services Division of KIBB and reported to the respective regulators on a quarterly basis until full resolution of all findings raised.

[3] *Public-interest entities*

3.6 Related Party Transactions

During its quarterly meetings, the AC also reviewed the related party transactions/ recurrent related party transactions entered into by the Company and/ or its group of companies to ensure compliance with the MMLR of Bursa Securities.

3.7 Disclosure for Annual Report 2020

Under its TOR, the AC was also tasked to review the accuracy and adequacy of the Chairman's Statement in the Directors' 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 26 March 2021 had also reviewed and recommended to the Board of KIBB for approval, the disclosure of the following reports and/ or statements in KIBB's 2020 Annual Report:

- Audit Committee Report;
- Statement on Risk Management and Internal Control;
- Sustainability Statement; and
- Corporate Governance ("**CG**") Overview Statement and CG Report.

The AC's recommendation was subsequently approved by the Board of KIBB on 1 April 2021.

At the same meeting, the AC had also granted its concurrence on the Chairman's Statement and the Group Managing Director's Management Discussion & Analysis for incorporation into KIBB's 2020 Annual Report.

3.8 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 24 February 2021, 28 July 2021 and 27 October 2021.

3.9 **Post Approval Review by Independent Credit Review ("ICR") Unit**

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 Unit of Group Risk Management, upon completion of its review, would table the review report to the AC for its deliberation.

In this regard, during 2021, the AC had deliberated on the following ICR review reports tabled by the ICR Unit:

Date of AC Meeting	Titles of Review Report
24 February 2021	Post Approval Review of Kenanga Capital Islamic Sdn Bhd's Portfolio
27 April 2021	Post Approval Review on Share margin Financing Porfolio of KIBB

During its deliberation, the AC had taken note of the findings raised by the ICR Unit arising from the respective reports, as well as the recommendations made by the ICR Unit together with Management's action plans in addressing those findings.

3.10 **Joint Meeting Between the AC and the GBRC**

Pursuant BNM's Policy Document on Risk Governance, the GBRC and the AC were expected to periodically meet to ensure effective exchange of information so as 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, a joint meeting between the AC and the GBRC was held on 27 July 2021 as per the aforementioned requirement by BNM.

4. INTERNAL AUDIT FUNCTION

4.1 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.

4.2 During the year under review, GIA carried out internal audit reviews based on its 2021 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.

4.3 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.

4.4 The total costs incurred by GIA in discharging its functions and responsibilities in 2021 amounted to RM4.325 million.

4.5 As at 31 December 2021, GIA's headcount was nineteen (19).

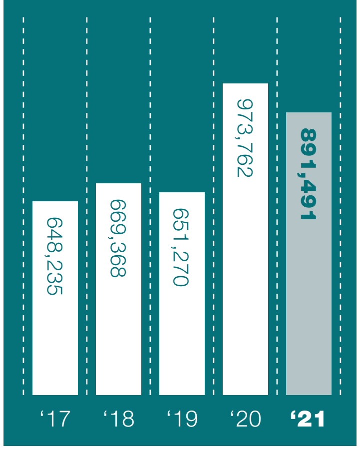
Financial Statements

Five (5)-Year Group Financial Summary

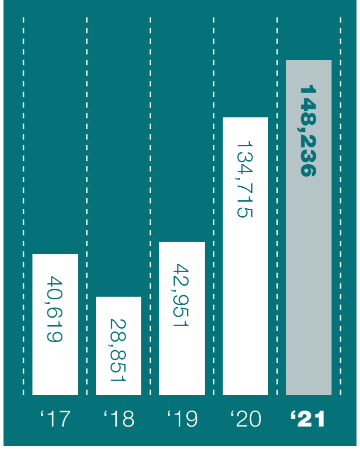
	2021 RM'000	2020 RM'000	2019 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
RESULTS					
Operating revenue	**891,491**	973,762	651,270	669,368	648,235
Profit before taxation continuing operations	**148,236**	134,715	42,951	28,851	40,619
Profit after taxation for the financial year attributable to equity holders of KIBB	**118,390**	102,082	26,386	11,911	24,188
ASSETS					
Total assets	**6,418,522**	6,575,067	6,630,774	6,546,528	6,508,720
SHAREHOLDERS' FUNDS					
Paid-up share capital	**253,834**	246,249	246,249	246,249	246,137
Shareholders' funds attributable to equity holders of KIBB	**1,050,329**	999,838	904,289	871,006	891,466
FINANCIAL RATIOS					
Net return on average' shareholders funds (%)	**11.55**	10.72	2.97	1.35	2.72
Net return on average assets (%)	**1.82**	1.55	0.40	0.18	0.38
SHARE INFORMATION					
Basic earnings per share (sen)	**16.29**	14.56	3.78	1.67	3.35
Net assets backing per share (RM)	**1.45**	1.42	1.29	1.25	1.23
Dividend cover (times)	**1.54**	1.59	1.16	1.55	1.12
Net dividend per share (sen)	**10.5**	8.80	3.25	1.10	3.00

Five (5)-Year Group Financial Highlights

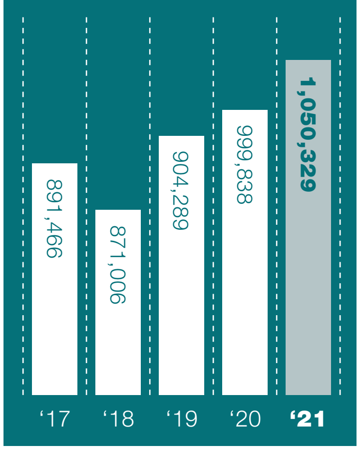
Operating Revenue (RM'000)



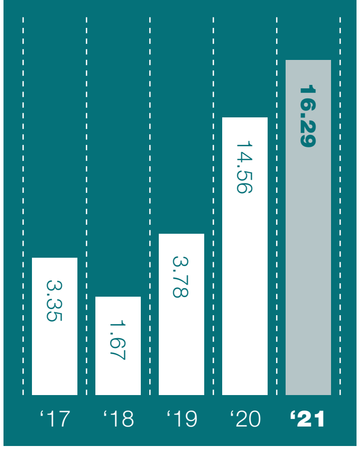
Profit Before Taxation (RM'000)



Shareholders' Funds (RM'000)



Basic Earnings per Share (sen)



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 2021.

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 are described in Note 13 to the financial statements.

There were no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit after taxation and zakat	**105,222**	**94,816**
Share of results in associates and a joint venture	**13,593**	**-**
Profit for the financial year	**118,815**	**94,816**
Attributable to:		
Equity holders of the Bank	**118,390**	**94,816**
Non-controlling interests	**425**	**-**
	118,815	**94,816**

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 8.80 sen per ordinary shares on 729,698,099 ordinary shares in respect of the financial year ended 31 December 2020, which amounted to RM64,213,435 was paid on 20 April 2021.

Subsequent to financial year end, on 24 February 2022, the Directors declared a total single tier interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising ordinary interim dividend of 4.00 sen per share and special interim dividend of 6.50 sen per share amounting to a dividend payable of approximately RM77,255,073. This is computed based on issued and paid-up capital as at 31 December 2021 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 interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

KENANGA GROUP EMPLOYEES' SHARE SCHEME ("ESS" OR "SCHEME")

The Kenanga Group 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 subsidiary companies.

(ii) The entitlement under the ESS for the Executive Directors is subject to the approval of the shareholders in a general meeting and is 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 Employees' 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 is 35.72% as at 31 December 2021.

The actual allocation of share grant to senior management of the Group over the maximum ESS shares is 3.21% as at 31 December 2021.

More details of the ESS are as disclosed in Note 54 to the financial statements.

ISSUANCE OF SHARES

During the financial year, the Bank has increased its share capital from RM246,248,530 as at 31 December 2020 to RM253,833,942 as at 31 December 2021 via issuance of 13,021,200 new ordinary shares amounting to RM7,585,412 to eligible employees who exercised their options under the ESOS and granted for ESGP.

BUSINESS REVIEW FOR 2021

The profit before tax ("PBT") of the Group and the Bank for the financial year ended 31 December 2021 ("FYE21") are RM148.2 million and RM120.4 million, compared to PBT of RM134.7 million and RM106.9 million respectively in the previous financial year ("FYE20").

The performance of the Group's respective business segments are analysed below:

STOCKBROKING

Stockbroking division achieved PBT of RM86.4 million for FYE21 (FYE20: PBT of RM86.8 million) mainly due to lower brokerage, trading and investment income but partially mitigated by higher net interest income.

INVESTMENT BANKING

Investment Banking registered a lower PBT of RM20.6 million for FYE21 (FYE20: PBT of RM34.0 million) mainly due to net trading and investment loss from treasury activities. However, this was partially mitigated by higher net interest income and IB fees income earned.

INVESTMENT AND WEALTH MANAGEMENT

Investment and Wealth Management registered a PBT of RM34.9 million for FYE21 (FYE20: PBT of RM13.6 million) mainly due to the higher management fee and performance fee income generated on the back of increased asset under administration and sales agency force.

FUTURES

The Futures segment recorded lower loss before tax ("LBT") of RM1.8 million for FYE21 compared to LBT of RM2.8 million for FYE20 as a result of improved net interest income and commission generated.

MONEY LENDING AND FINANCING

This segment reported a PBT of RM1.6 million for FYE21 compared to PBT of RM1.9 million for FYE20 mainly due to decrease in net income from lower lending and factoring activities.

CAPITAL RATIOS

The Group and the Bank remain on strong financial footing with total capital ratios of 28.291% (FYE20: 24.037%) and 29.827% (FYE20: 24.075%) respectively, well above the minimum prescribed by Bank Negara Malaysia ("BNM") of 10.5% including capital conservation buffer of up to 2.50%.

OUTLOOK AND PROSPECTS FOR 2022

The Malaysian economy is expected to continue its path towards a sustainable and steadier growth recovery this year. The gross domestic product ("GDP") is projected to expand to 5.5%-6.0% (2021 forecast: 3.5%-4.0%), mainly driven by the positive impact from the higher COVID-19 vaccination rate and the rollout of vaccine boosters, paving the way for the final phase of the National Recovery Plan ("NRP"). In addition, the domestic economy will be supported by continued expansionary fiscal policy, a low interest rate environment in the first half year of 2022, various ongoing policy measures, and partly due to base effect following the impact of nationwide movement restriction under the NRP in second half year of 2021.

Nonetheless, the growth projection is subjected to several downside risks, such as the unabated surge in COVID-19 infections due to the emergence of new variants, as well as the lingering uncertainties ahead of a possible snap general election in the second half year of 2022 and the continued geopolitical tensions between Russia and Ukraine.

On the monetary policy front, BNM is expected to keep the overnight policy rate ("OPR") at 1.75% until at least third quarter of 2022 to secure growth recovery amid a stable inflation outlook. Hence, the timeline for BNM to begin its rate hike cycle could possibly start at the Monetary Policy Committee ("MPC") meeting in September, assuming a stronger pick up in economic growth along with a steady build-up of inflationary pressure. This may prompt BNM to raise the OPR by a total of 50 bps to 2.25% by the end of 2022.

OUTLOOK AND PROSPECTS FOR 2022 (CONT'D.)

Given that the economy remains uncertain as COVID-19 and its variants continue to pose a lingering threat, fiscal policy would likely remain expansionary. The government is expected to continue handing out additional funds in times of need on top of the record-high expenditure planned under Budget 2022 to ensure a sustainable growth recovery. Although the high deficit remained a concern, we expect the fiscal deficit to edge lower to 6.1% in 2022 (2021 forecast: 6.6%), underpinned by the relatively stable and high Brent crude oil price and the steady rise in economic activities and private sector spending.

With the challenging economic and political sentiments weighing down the market, equity broking business is expected to face headwinds, exacerbated by the increase in stamp duty on share trading. Mitigating this, and to increase and diversify revenue source, we are rolling out algorithmic trading tools to our clients and traders, as well as foreign shares trading via our joint venture, Rakuten Trade Sdn Bhd.

Our investment management is expected to further pick-up its growth momentum both in profitability and asset under administration as it diversifies into foreign investments and more Environmental, Social, and Governance focused products, while our investment banking business is expected to benefit from a stronger deal pipeline this year.

Digitalisation remains at our core, and we will be delivering more digital products and tools in 2022 to help drive both top line and bottom line.

INDEMNIFICATION OF DIRECTORS

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 Bank for the current financial year was RM59,500.

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)
Datuk Syed Ahmad Alwee Alsree (resigned on 11 June 2021)	(Non-Independent Non-Executive Director/Deputy Chairman)
Dato' Richard Alexander John Curtis (resigned on 11 June 2021)	(Non-Independent Non-Executive Director)
Luigi Fortunato Ghirardello	(Non-Independent Non-Executive Director)
Ismail Harith Merican	(Non-Independent Non-Executive Director)
Luk Wai Hong, William	(Independent Non-Executive Director)
Jeremy Bin Nasrulhaq	(Independent Non-Executive Director)
Norazian Binti Ahmad Tajuddin	(Independent Non-Executive Director)
Kanagaraj Lorenz	(Independent Non-Executive Director)
Choy Khai Choon (appointed on 13 December 2021)	(Non-Independent Non-Executive Director)

The names of the Directors of the Group's 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 53 to the financial statements.

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 39 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.

On 3 August 2020, one (1) of the Directors, namely Datuk Syed Ahmad Alwee Alsree was appointed as a director of Satria Realty Sdn Bhd, which is the landlord of the premises leased to the Bank.

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, are as follows:

The Bank:	**Number of ordinary shares**			
	At 1.1.2021	**Addition**	**Disposal**	**At 31.12.2021**
Direct interest:				
Luigi Fortunato Ghirardello	631,700	-	-	631,700
Norazian Binti Ahmad Tajuddin	10,000	-	-	10,000
Kanagaraj Lorenz	212,300	175,700	-	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 42 and Note 43 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 42 and Note 43 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 2021 other than the event disclosed in Note 55 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 is disclosed in Note 33 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors on 3 March 2022.

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail **Jeremy Bin Nasrulhaq**

Kuala Lumpur, Malaysia

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 148 to 351 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 2021 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 3 March 2022.

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 148 to 351 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 3 March 2022.

Cheong Boon Kak
(MIA No: 10259)

Before me,

Independent Auditors' Report

to the Members of Kenanga Investment Bank Berhad (cont'd.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kenanga Investment Bank Berhad ("the Bank"), which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and the 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 a summary of significant accounting policies, as set out on pages 148 to 351.

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 2021, 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 Standards) ("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 judgment, were of most significance in our audit of the financial statements of the Group and of the Bank for the current 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 matters 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 2021, loans, advances and financing represent RM1,755,413 or 27.66% and RM1,749,615 or 29.81% 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 RM951,234 or 14.82% and RM951,234 or 16.21% of the total assets of the Group and of the Bank respectively. MFRS 9 requires the Group and the Bank to account for impairment losses on loans, advances and financing, and investments carried at amortised cost and fair value through other comprehensive income using forward-looking 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, ongoing 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 under MFRS 9 in accordance with 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 the Bank's ECL models, including model input, model design and model performance and management overlays for significant portfolios. We challenged whether historical experience is representative of current circumstances amid the COVID-19 pandemic environment and of the recent losses incurred in the portfolios and assessed the reasonableness of forward looking adjustments, macroeconomic factor analysis and probability-weighted scenarios, and the use of management overlays which require substantial judgment.
Refer to the summary of significant accounting policies in Note 3.4(k)(ii), significant accounting judgements, estimates and assumptions in Note 4(iii), the disclosures of loans, advances and financing and investments in Notes 9 and 7 to the financial statements. COVID-19 created new vulnerabilities, unprecedented challenges and the future outlook remains highly uncertain. These changes in economic conditions have been reflected in the macroeconomic assumptions supporting the ECL models on a reasonable and supportable basis. In addition, as it is difficult at this time to incorporate the specific effects of COVID-19 into the ECL models, the Group and the Bank have applied management overlay adjustments as further detailed in Note 4(iii) 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. In response to COVID-19 pandemic, we included borrowers/customers which are more vulnerable to the pandemic in our risk-based sampling approach to perform loan review procedures. 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 multiple scenarios considered. We also 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.

Independent Auditors' Report

to the Members of Kenanga Investment Bank Berhad (cont'd.)

Key audit matters (cont'd.)

Risk area and rationale	Our response
Impairment of goodwill	
As at 31 December 2021, the goodwill recognised in the financial statements of the Group and of the Bank are RM241.28 million or 3.76% and RM252.91 million or 4.31% 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 summary of significant accounting policies in Note 3.4(e)(i), significant accounting estimates and judgment 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 amid the COVID-19 pandemic environment. 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 the Bank's disclosures within the financial statements about those key assumptions to which the VIU is most sensitive.
Valuation of investments in unquoted equity instruments	
As at 31 December 2021, the carrying values of the Group's and Bank's investments in unquoted securities classified as fair value through profit or loss and fair value through other comprehensive income amounted to RM1.5mil and RM156.5mil and RM1.5mil and RM155.8mil 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 uses 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, and minimised 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 summary of accounting policies in Note 3.4(j), significant accounting judgements, estimates and assumptions in Note 4 (ii) and the disclosures of fair value of financial instruments in Note 51 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 amid the COVID-19 environment. 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 disclosures within the financial statements about those key assumptions to which the fair value is most sensitive.

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 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 on the other information that we have obtained prior to the date of this auditors' report, 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 and fair presentation of the 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 going concerns, 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 judgment 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.

Independent Auditors' Report
to the Members of Kenanga Investment Bank Berhad (cont'd.)

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
03276/07/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
3 March 2022

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 2021. 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 2021 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) has been channeled to the eligible beneficiaries;

(4). Relating to the financial year 2020, KIBB SPI has made a 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 were 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 2021 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 2021

Group	Note	2021 RM'000	2020 RM'000
Assets			
Cash and bank balances	5	**1,897,384**	1,644,534
Financial assets at fair value through profit or loss	6	**387,322**	543,539
Debt instruments at fair value through other comprehensive income	7(a)	**736,114**	769,742
Equity instruments at fair value through other comprehensive income	7(a)	**1,460**	1,990
Debt instruments at amortised cost	7(b)	**213,660**	193,035
Derivative financial assets	8	**81,453**	95,571
Loans, advances and financing	9	**1,775,413**	1,869,249
Balances due from clients and brokers	10	**334,465**	545,057
Other assets	11	**238,822**	188,289
Statutory deposit with Bank Negara Malaysia	12	**50,868**	58,398
Tax recoverable		**38,807**	44,104
Investments in associates	14	**87,171**	72,078
Investment in a joint venture	15	**31,969**	24,719
Property, plant and equipment	16	**163,475**	164,930
Intangible assets	17	**331,061**	322,367
Right-of-use assets	18	**18,473**	23,182
Deferred tax assets	19	**30,605**	14,283
Total assets		**6,418,522**	6,575,067
Liabilities			
Deposits from customers	20	**3,137,278**	2,952,385
Deposits and placements of banks and other financial institutions	21	**652,862**	1,066,085
Balances due to clients and brokers	22	**665,968**	720,665
Derivative financial liabilities	23	**28,760**	137,480
Other liabilities	24	**573,699**	447,295
Borrowings	25	**244,700**	175,400
Lease liabilities	26	**18,829**	23,382
Provision for taxation and zakat		**41,396**	47,278
Deferred tax liabilities	19	**-**	156
Total liabilities		**5,363,492**	5,570,126
Equity			
Share capital	27	**253,834**	246,249
Treasury shares	27	**(13,064)**	(10,458)
Reserves	28	**809,559**	764,047
Total equity attributable to equity holders of the Bank		**1,050,329**	999,838
Non-controlling Interests		**4,701**	5,103
Total equity		**1,055,030**	1,004,941
Total liabilities and shareholders' equity		**6,418,522**	6,575,067
Commitments and contingencies	42	**4,685,117**	4,801,020

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2021

Bank	Note	2021 RM'000	2020 RM'000
Assets			
Cash and bank balances	5	**1,459,156**	1,378,646
Financial assets at fair value through profit or loss	6	**386,367**	539,931
Debt instruments at fair value through other comprehensive income	7(a)	**736,114**	769,742
Equity instruments at fair value through other comprehensive income	7(a)	**1,460**	1,990
Debt instruments at amortised cost	7(b)	**213,660**	193,035
Derivative financial assets	8	**81,453**	95,571
Loans, advances and financing	9	**1,749,615**	1,856,996
Balances due from clients and brokers	10	**334,370**	545,057
Other assets	11	**137,929**	94,712
Statutory deposit with Bank Negara Malaysia	12	**50,868**	58,398
Tax recoverable		**27,402**	33,210
Investments in subsidiaries	13	**60,812**	70,135
Investment in an associate	14	**68,435**	56,235
Investment in a joint venture	15	**40,000**	40,000
Property, plant and equipment	16	**159,624**	160,637
Intangible assets	17	**331,986**	324,394
Right-of-use assets	18	**15,204**	21,336
Deferred tax assets	19	**15,219**	8,722
Total assets		**5,869,674**	6,248,747
Liabilities			
Deposits from customers	20	**3,250,600**	3,042,843
Deposits and placements of banks and other financial institutions	21	**652,862**	1,066,085
Balances due to clients and brokers	22	**265,296**	405,191
Derivative financial liabilities	23	**28,760**	137,480
Other liabilities	24	**384,161**	360,645
Borrowings	25	**204,700**	152,400
Lease liabilities	26	**15,473**	21,442
Provision for taxation and zakat		**26,472**	38,650
Total liabilities		**4,828,324**	5,224,736
Equity			
Share capital	27	**253,834**	246,249
Treasury shares	27	**(13,064)**	(10,458)
Reserves	28	**800,580**	788,220
Total equity		**1,041,350**	1,024,011
Total liabilities and shareholders' equity		**5,869,674**	6,248,747
Commitments and contingencies	42	**4,788,148**	4,898,674

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 2021

		Group		Bank	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue	29	**891,491**	973,762	**709,706**	835,533
Interest income	30	**210,372**	218,921	**204,444**	211,483
Interest expense	31	**(99,561)**	(120,507)	**(110,249)**	(128,459)
Net interest income		**110,811**	98,414	**94,195**	83,024
Net income from Islamic banking operations	52(b)	**16,828**	20,669	**16,828**	20,669
Other operating income	32	**656,881**	707,453	**492,654**	578,130
Net income		**784,520**	826,536	**603,677**	681,823
Other operating expenses	33	**(648,490)**	(700,163)	**(484,741)**	(571,244)
Operating profit		**136,030**	126,373	**118,936**	110,579
Credit loss expense	34	**(1,900)**	(5,852)	**(1,935)**	(5,049)
Bad debts recovered	35	**513**	1,408	**543**	1,408
Reversal of impairment loss on investment in an associate		**-**	-	**12,200**	-
Impairment loss on investment in a subsidiary	13	**-**	-	**(9,323)**	-
		134,643	121,929	**120,421**	106,938
Share of results of associates and a joint venture	14, 15	**13,593**	12,786	**-**	-
Profit before taxation and zakat		**148,236**	134,715	**120,421**	106,938
Taxation and zakat	40	**(29,421)**	(32,430)	**(25,605)**	(28,795)
Profit for the financial year		**118,815**	102,285	**94,816**	78,143
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at fair value through other comprehensive income ("FVOCI")		**(529)**	902	**(529)**	902
Share of other comprehensive income in associates		**6,103**	4,801	**-**	-
Income tax related to the above	19	**127**	(216)	**127**	(216)
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		**2,648**	(1,233)	**-**	-
Other comprehensive income/(loss) carried forward:		**8,349**	4,254	**(402)**	686

		Group		Bank	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss) brought forward:		**8,349**	4,254	**(402)**	686
Fair value (loss)/gain on debt instruments at FVOCI		**(18,614)**	5,252	**(18,614)**	5,252
Income tax relating to the components of other comprehensive income	19	**4,394**	(1,187)	**4,394**	(1,187)
Other comprehensive (loss)/income for the financial year, net of tax		**(5,871)**	8,319	**(14,622)**	4,751
Total comprehensive income for the financial year, net of tax		**112,944**	110,604	**80,194**	82,894
Profit for the financial year attributable to:					
Equity holders of the Bank		**118,390**	102,082	**94,816**	78,143
Non-controlling interests		**425**	203	**-**	-
		118,815	102,285	**94,816**	78,143
Total comprehensive income attributable to:					
Equity holders of the Bank		**112,519**	110,401	**80,194**	82,894
Non-controlling interests		**425**	203	**-**	-
		112,944	110,604	**80,194**	82,894
Earnings per share attributable to equity holders of the Bank:					
Basic (sen)	41	**16.29**	14.56		
Diluted (sen)	41	**15.94**	14.18		

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

Group	Ordinary shares (Note 27) RM'000	Non-distributable Capital reserve (Note 28) RM'000	Fair value reserve (Note 28) RM'000	Regulatory reserve (Note 28) RM'000	Exchange reserve (Note 28) RM'000	ESS reserve (Note 28) RM'000	Treasury shares (Note 27) RM'000	Retained profits (Note 28) RM'000	Non-controlling interest RM'000	Total attributable to equity holders RM'000
At 1 January 2021	246,249	88,938	15,916	18,661	16,556	6,144	(10,458)	617,832	5,103	1,004,941
Net profit for the financial year	-	-	-	-	-	-	-	118,390	425	118,815
Share of other comprehensive income of associates	-	-	5,296	-	-	-	-	807	-	6,103
Other comprehensive (loss)/income	-	-	(14,622)	-	2,648	-	-	-	-	(11,974)
Total comprehensive (loss)/income for the financial year	-	-	(9,326)	-	2,648	-	-	119,197	425	112,944
Share-based payment under ESS scheme	-	-	-	-	-	(678)	-	-	-	(678)
Issue of shares pursuant to exercise of ESS (Note 27)	7,585	-	-	-	-	-	-	-	-	7,585
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	12,317	(2,943)	-	9,374
Buy-back of shares	-	-	-	-	-	-	(14,923)	-	-	(14,923)
Transfer from regulatory reserve	-	-	-	260	-	-	-	(260)	-	-
Transfer to retained profits	-	-	-	-	-	(2,657)	-	2,657	-	-
Dividend paid (Note 45)	-	-	-	-	-	-	-	(64,213)	-	(64,213)
Adjustment to non-controlling interest	-	-	-	-	-	-	-	827	(827)	-
At 31 December 2021	253,834	88,938	6,590	18,921	19,204	2,809	(13,064)	673,097	4,701	1,055,030

Group		Non-distributable								
	Ordinary shares (Note 27) RM'000	Capital reserve (Note 28) RM'000	Fair value reserve (Note 28) RM'000	Regulatory reserve (Note 28) RM'000	Exchange reserve (Note 28) RM'000	ESS reserve (Note 28) RM'000	Treasury shares (Note 27) RM'000	Retained profits (Note 28) RM'000	Non-controlling interest RM'000	Total attributable to equity holders RM'000
At 1 January 2020	246,249	88,938	6,488	25,444	17,789	4,560	(16,990)	531,811	-	904,289
Net profit for the financial year	-	-	-	-	-	-	-	102,082	203	102,285
Share of other comprehensive income of associates	-	-	4,677	-	-	-	-	124	-	4,801
Other comprehensive income/(loss)	-	-	4,751	-	(1,233)	-	-	-	-	3,518
Total comprehensive income/(loss) for the financial year	-	-	9,428	-	(1,233)	-	-	102,206	203	110,604
Share-based payment under ESS scheme	-	-	-	-	-	2,508	-	-	-	2,508
Issue of shares pursuant to exercise of ESS (Note 27)	-	-	-	-	-	-	6,532	(1,185)	-	5,347
Transfer from regulatory reserve	-	-	-	(6,783)	-	-	-	6,783	-	-
Transfer to retained profits	-	-	-	-	-	(924)	-	924	-	-
Dividend paid (Note 45)	-	-	-	-	-	-	-	(22,707)	-	(22,707)
Shares issued by a subsidiary to a non-controlling shareholder	-	-	-	-	-	-	-	-	4,900	4,900
At 31 December 2020	**246,249**	**88,938**	**15,916**	**18,661**	**16,556**	**6,144**	**(10,458)**	**617,832**	**5,103**	**1,004,941**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2021 (cont'd.)

	Non-distributable							
Bank	Ordinary shares (Note 27) RM'000	Regulatory reserve (Note 28) RM'000	Capital reserve (Note 28) RM'000	Fair value reserve (Note 28) RM'000	ESS reserve (Note 28) RM'000	Treasury shares (Note 27) RM'000	Retained profits (Note 28) RM'000	Total equity RM'000
At 1 January 2021	**246,249**	**18,661**	**153,863**	**15,256**	**6,144**	**(10,458)**	**594,296**	**1,024,011**
Net profit for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**94,816**	**94,816**
Other comprehensive loss	**-**	**-**	**-**	**(14,622)**	**-**	**-**	**-**	**(14,622)**
Total comprehensive (loss)/income for the financial year	**-**	**-**	**-**	**(14,622)**	**-**	**-**	**94,816**	**80,194**
Share-based payment under ESS scheme	**-**	**-**	**-**	**-**	**(678)**	**-**	**-**	**(678)**
Issue of shares pursuant to exercise of ESS (Note 27)	**7,585**	**-**	**-**	**-**	**-**	**-**	**-**	**7,585**
Transfer of shares pursuant to exercise of ESS	**-**	**-**	**-**	**-**	**-**	**12,317**	**(2,943)**	**9,374**
Buy-back of shares	**-**	**-**	**-**	**-**	**-**	**(14,923)**	**-**	**(14,923)**
Transfer to regulatory reserve	**-**	**260**	**-**	**-**	**-**	**-**	**(260)**	**-**
Transfer to retained profits	**-**	**-**	**-**	**-**	**(2,657)**	**-**	**2,657**	**-**
Dividend paid (Note 45)	**-**	**-**	**-**	**-**	**-**	**-**	**(64,213)**	**(64,213)**
At 31 December 2021	**253,834**	**18,921**	**153,863**	**634**	**2,809**	**(13,064)**	**624,353**	**1,041,350**
At 1 January 2020	246,249	25,444	153,863	10,505	4,560	(16,990)	532,338	955,969
Net profit for the financial year	-	-	-	-	-	-	78,143	78,143
Other comprehensive income	-	-	-	4,751	-	-	-	4,751
Total comprehensive income for the financial year	-	-	-	4,751	-	-	78,143	82,894
Share-based payment under ESS scheme	-	-	-	-	2,508	-	-	2,508
Issue of shares pursuant to exercise of ESS (Note 27)	-	-	-	-	-	6,532	(1,185)	5,347
Transfer from regulatory reserve	-	(6,783)	-	-	-	-	6,783	-
Transfer to retained profits	-	-	-	-	(924)	-	924	-
Dividend paid (Note 45)	-	-	-	-	-	-	(22,707)	(22,707)
At 31 December 2020	246,249	18,661	153,863	15,256	6,144	(10,458)	594,296	1,024,011

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		**148,236**	134,715	**120,421**	106,938
Adjustments for:-					
Depreciation of property, plant and equipment	33	**11,714**	11,781	**10,829**	10,958
Amortisation of intangible assets - software licence	33	**5,624**	5,101	**4,642**	4,259
Amortisation of right-of-use assets	33	**8,465**	8,449	**7,397**	7,337
Lease interest expenses	31	**965**	1,331	**905**	1,218
ESS expenses	33	**1,022**	2,343	**1,022**	2,343
Credit loss expense	34	**1,900**	5,852	**1,935**	5,049
Impairment loss on investment in a subsidiary	13	**-**	-	**9,323**	-
Property, plant and equipment written off	33	**231**	1	**-**	1
Intangible assets written off	33	**-**	3	**-**	3
Bad debts (recovered)/written off	35	**(513)**	53	**(543)**	53
Reversal of impairment on investment in an associate		**-**	-	**(12,200)**	-
Gain on disposal of a subsidiary		**(4,729)**	-	**-**	-
Gross dividend income from investments	32(b)	**(3,654)**	(4,040)	**(18,547)**	(3,934)
Gain on disposal of property, plant and equipment	32(c)	**(60)**	(24)	**(57)**	(24)
Net loss/(gain) from sale of financial assets at fair value through profit or loss and derivatives		**46,692**	(219,109)	**46,732**	(218,749)
Net gain from sale of financial instruments at FVOCI		**(1,580)**	(11,217)	**(1,580)**	(11,217)
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss and derivatives	32(b)	**(148,011)**	76,392	**(150,784)**	77,874
Share of results of associates and a joint venture		**(13,593)**	(12,786)	**-**	-
Operating gain/(loss) before working capital changes		**52,709**	(1,155)	**19,495**	(17,891)
Decrease/(increase) in operating assets:					
Loans, advances and financing		**91,780**	191,339	**105,302**	179,163
Other assets		**(49,740)**	11,889	**(42,492)**	26,320
Statutory deposit with Bank Negara Malaysia		**7,530**	40,766	**7,530**	40,766
Balances due from clients and brokers		**210,560**	(264,580)	**210,655**	(264,580)
Trust monies and deposits	5	**(67,444)**	(135,840)	**493**	(62,321)
Increase/(decrease) in operating liabilities:					
Other liabilities		**126,427**	124,509	**23,504**	91,784
Balances due to clients and brokers		**(54,697)**	183,272	**(139,895)**	100,311
Deposits from customers		**184,893**	(1,113,109)	**207,757**	(1,076,509)
Deposits and placements of banks and other financial institutions		**(413,223)**	415,367	**(413,223)**	415,367
Cash generated from/(used in) operations		**88,795**	(547,542)	**(20,874)**	(567,590)
Taxation and zakat paid		**(42,807)**	(33,159)	**(33,951)**	(25,943)
Rental/lease payment (Interest)	26	**(965)**	(1,331)	**(905)**	(1,218)
Net cash generated from/(used in) operating activities		**45,023**	(582,032)	**(55,730)**	(594,751)

Statement of Changes in Equity

For the financial year ended 31 December 2021 (cont'd.)

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries net of cash acquired	13	**(597)**	-	**-**	-
Sale proceeds from disposal of a subsidiary, net of cash	13	**5,372**	-	**-**	-
Dividend income from investments	32(b)	**3,654**	4,040	**18,547**	3,934
Purchase of property, plant and equipment	16	**(12,230)**	(8,332)	**(11,556)**	(6,956)
Purchase of intangible assets	17	**(11,901)**	(8,014)	**(10,494)**	(5,874)
Proceeds from disposal of property, plant and equipment and intangible assets		**60**	24	**57**	24
Net sale/(purchase) of securities		**158,956**	(18,151)	**159,036**	(18,505)
Net cash generated from/(used in) investing activities		**143,314**	(30,433)	**155,590**	(27,377)
Cash flows from financing activities					
Dividend paid	45	**(64,213)**	(22,707)	**(64,213)**	(22,707)
Rental/lease payments (principal)		**(8,360)**	(8,023)	**(7,286)**	(6,922)
Net drawdown of borrowings		**69,300**	78,800	**52,300**	85,800
Share buy-back		**(14,574)**	-	**(14,574)**	-
Proceeds from exercise of ESS		**14,916**	5,132	**14,916**	5,132
Proceed from new issuance of a subsidiary's share to a non-controlling shareholder		**-**	4,900	**-**	-
Net cash (used in)/generated from financing activities		**(2,931)**	58,102	**(18,857)**	61,303
Net increase/(decrease) in cash and cash equivalents		**185,406**	(554,363)	**81,003**	(560,825)
Cash and cash equivalents at beginning of financial year		**1,284,397**	1,838,760	**1,256,124**	1,816,949
Cash and cash equivalents at end of financial year	5	**1,469,803**	1,284,397	**1,337,127**	1,256,124
Cash and cash equivalents comprise of the followings (Note 5):					
Cash and balances with banks		**1,886,965**	1,614,205	**1,459,156**	1,378,646
Deposits and placements with banks and other financial institutions		**10,419**	30,329	**-**	-
Less: Monies and short-term deposits held in trust on behalf of dealers' representatives		**(122,029)**	(122,522)	**(122,029)**	(122,522)
Less: Segregated funds from customers		**(305,552)**	(237,615)	**-**	-
		1,469,803	1,284,397	**1,337,127**	1,256,124

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2021

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.

The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements of the Bank have been approved and authorised for issue in accordance with a resolution of the Board of Directors on 3 March 2022.

2. CHANGES IN ACCOUNTING POLICIES AND REGULATORY REQUIREMENT

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:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 4, MFRS 9, MFRS 139, MFRS 7 and MFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

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 other than the impacts disclosed below:

2.2 Measures to assist individuals, SMEs and corporates affected by COVID-19 announced by BNM

During the financial year ended 31 December 2021, BNM had announced the extension of regulatory measures to facilitate loan/financing repayment assistance to borrowers/customers affected by the COVID-19 pandemic in line with the Government economic stimulus packages.

Six-month moratorium under Perlindungan Rakyat dan Pemulihan Ekonomi was announced on 28 June 2021. The moratorium applies to ringgit and foreign currency denominated loans/financing approved on or before 30 June 2021, not in arrears exceeding 90 days and customers must not be adjudicated bankrupts or under bankruptcy proceedings. In the absence of other factors relevant to the assessment, the moratorium does not automatically result in stage transfer under MFRS 9. The financial impact of the moratorium is reflected at the interest/profit income of the Group and the Bank.

2. CHANGES IN ACCOUNTING POLICIES AND REGULATORY REQUIREMENT (CONT'D.)

2.2 Measures to assist individuals, SMEs and corporates affected by COVID-19 announced by BNM (cont'd.)

The economic sectors that are most affected by COVID-19 and their exposure as at 2021 are disclosed as below:

	Loans, advances and financing					
	Net of impairment (on-balance sheet)		Undrawn (off-balance sheet)		Total exposures	
Group	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sectors						
Oil and gas	**10,518**	28,230	**500**	4,408	**11,018**	32,638
Hotels and tourism	**14,345**	-	**30,000**	30,000	**44,345**	30,000
Retail food and non-food	**63,711**	84,343	**7,530**	7,530	**71,241**	91,873
Construction	**84,261**	82,474	**7,139**	32,257	**91,400**	114,731
Property development	**55,624**	66,387	**17,163**	18,355	**72,787**	84,742
	228,459	261,434	**62,332**	92,550	**290,791**	353,984

	Loans, advances and financing					
	Net of impairment (on-balance sheet)		Undrawn (off-balance sheet)		Total exposures	
Bank	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sectors						
Oil and gas	**10,518**	25,697	**500**	4,408	**11,018**	30,105
Hotels and tourism	**-**	-	**30,000**	30,000	**30,000**	30,000
Retail food and non-food	**63,711**	66,664	**7,530**	7,530	**71,241**	74,194
Construction	**84,261**	71,698	**7,139**	32,257	**91,400**	103,955
Property development	**55,624**	51,212	**17,163**	18,355	**72,787**	69,567
	214,114	215,271	**62,332**	92,550	**276,446**	307,821

	Financial investments - bonds and sukuk (on-balance sheet)	
Group and Bank	2021 RM'000	2020 RM'000
Sectors		
Oil and gas	**69,345**	62,383
Hotels and tourism	**6,451**	10,944
Property development	**48,029**	5,121
	123,825	78,448

2. CHANGES IN ACCOUNTING POLICIES AND REGULATORY REQUIREMENT (CONT'D.)

2.2 Standards issued but not yet effective

The following are new MFRSs, amended MFRSs and Interpretation Committee's ("IC") Interpretation 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**
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Annual improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 17: *Insurance Contracts*	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Disclosure of accounting policies (Amendments to MFRS 101)	1 January 2023
Definition of accounting estimates (Amendments to MFRS 108)	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to MFRS 112)	1 January 2023
Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be announced by MASB
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2024

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.

3.4 Summary of significant accounting policies

(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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

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.

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 income statement 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

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.

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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(c) Investment in associates (cont'd.)

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.

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 in accordance with MFRS 136 *Impairment of Assets* 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 jointly controlled entity

Jointly controlled entities 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 jointly controlled entities 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 jointly controlled entities 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(d) Investment in jointly controlled entity (cont'd.)

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.

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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (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.

Intangible assets are amortised over their finite useful lives at the following annual rate:

Computer software and licence	14.28% to 33.33%

(f) Financial instruments – initial recognition

Financial assets and liabilities, with the exception of loans and advances 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 and advances 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 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 Bank accounts for the Day 1 profit or loss, as described below.

(ii) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group and the Bank recognise the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(f) Financial instruments - initial recognition (cont'd.)

(iii) 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)
(c) FVTPL, as explained in Notes 3.4(g)(iv) and 3.4 (g)(viii)

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) Due from banks, loans and advances to customers, financial investments at amortised cost

The Group and the Bank measure amounts due from banks, loans and advances to customers and other financial investments 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(i) Due from banks, loans and advances to customers, financial investments at amortised cost (cont'd.)

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.

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 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(i) Due from banks, loans and advances to customers, financial investments at amortised cost (cont'd.)

(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.

(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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(ii) Derivatives recorded at fair value through profit or loss (cont'd.)

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 Summary of significant accounting policies (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 Summary of significant accounting policies (cont'd.)

(g) Financial assets and liabilities (cont'd.)

(vii) Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost ("AC").

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 under MFRS 9. 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 is 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 50(a)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (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 purchased or originated credit-impaired 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 Summary of significant accounting policies (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 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 Summary of significant accounting policies (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 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 51.

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 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets

(i) Overview of the ECL principles

Under MFRS 9, the Group's and the Bank's loan and receivable impairment method is based on a forward-looking ECL approach. The Group and the Bank have been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under MFRS 9.

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 50(a).

General approach

The Group and the Bank group their loans 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 which considered credit-impaired (as outlined in Note 50(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 Summary of significant accounting policies (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 lifetime ECLs 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 50(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 50(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 50(a).

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (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 50(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 lifetime expected credit losses 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 lifetime ECLs 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 Summary of significant accounting policies (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) Purchased or originated credit impaired financial assets ("POCI")

For POCI financial assets, the Group and the Bank only recognise the cumulative changes in LTECL since initial recognition in the loss allowance.

(v) 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
- 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 50(a).

(vi) 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 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets (cont'd.)

(vii) 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 their retail 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 residential properties under legal repossession processes are not recorded on the balance sheet.

(viii) 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.

(ix) 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 Stage3 (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 50(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 Summary of significant accounting policies (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 other comprehensive income. In this case the impairment is also recognised in other comprehensive income 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 Summary of significant accounting policies (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	10% to 33.33%
Plant and office equipment	10% to 33.33%
Furniture and fittings	5% to 20%
Renovations	10% to 20%

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.

Notes to the Financial Statements
31 December 2021

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (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 recognises 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 Summary of significant accounting policies (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

(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 under MFRS 9 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 balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the income statement.

(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.

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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(s) Income recognition (cont'd.)

(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) Other income

Dividend income is recognised when the right to receive the payment is established.

All other income items are recognised on an accrual basis.

(t) Interest, financing and profit expense

Interest expense on deposits from customers, placements of financial institutions and borrowings is recognised using EIR.

(u) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(u) Foreign currency (cont'd.)

(i) Foreign currency transactions (cont'd.)

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.

(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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(v) Income taxes (cont'd.)

(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, except:

- 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.

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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(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.

(iii) Kenanga's Group Employees' share scheme ("ESS")

Employees (including Executive Directors and senior management) of the Group and 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 54. ESS cost is recognised in staff costs (Note 33), 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.

3. ACCOUNTING POLICIES (CONT'D.)

3.4 Summary of significant accounting policies (cont'd.)

(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 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 49, including the factors used to identify the reportable segments and the measurement basis of segment information.

(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 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 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.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(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 technique which involves making assumptions based on market conditions and other factors as of the reporting date.

(iii) The measurement of impairment losses under MFRS 9 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.

Under MFRS 9, 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 LTECL 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(iii) (cont'd.)

Overlays and adjustments for ECL amidst COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2021.

These overlay adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19. Total overlays for ECL inclusive of the macro-economic adjustments maintained by the Group as at 31 December 2021 are RM3.2 million (2020: RM3.2 million).

The scenarios applied in management overlay in estimating the reported ECL arising from COVID-19 uncertainties are set out in the table as follow:

	ECL provision	
Scenarios	**2021 RM'000**	**2020 RM'000**
1. Assigned higher LGD for exposures under moratorium	**2,250**	2,250
2. Drop in counterparty ratings	**395**	395
3. Stressed security cover for exposures under moratorium	**557**	557
Total	**3,202**	3,202

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions	**526,368**	535,551	**137,757**	370,909
Money at call and deposit placements	**1,371,016**	1,108,983	**1,321,399**	1,007,737
	1,897,384	1,644,534	**1,459,156**	1,378,646
Included in cash and bank balances are:				
Cash and cash equivalents	**1,469,803**	1,284,397	**1,337,127**	1,256,124
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	**427,581**	360,137	**122,029**	122,522
	1,897,384	1,644,534	**1,459,156**	1,378,646

Monies held in trust on behalf of clients of RM1,249,679,000 (2020: RM1,257,682,000) in respect of the stockbroking business are excluded from the cash and bank balances of the Group and the Bank in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18.

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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value				
Quoted securities:				
Shares and fund in Malaysia	**205,052**	351,645	**204,833**	351,645
Funds outside Malaysia	**1,889**	-	**1,889**	-
Unquoted securities:				
Shares and funds in Malaysia	**156,508**	152,061	**155,772**	148,453
Unquoted debt securities in Malaysia:				
Islamic Corporate Sukuk	**23,873**	39,833	**23,873**	39,833
	387,322	543,539	**386,367**	539,931

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL

	Group and Bank	
	2021 RM'000	2020 RM'000
(a) Financial instruments at Fair Value Through Other Comprehensive Income ("FVOCI"):		
Debt instruments:		
Malaysian Government Securities	**40,042**	20,496
Malaysian Government Investment Certificates	**91,934**	119,119
Islamic Negotiable Instruments of Deposits	**199,724**	149,943
Islamic Corporate Sukuk	**275,452**	305,664
Corporate Bonds	**128,962**	174,520
	736,114	769,742
Equity instruments:		
Unquoted Shares in Malaysia	**1,460**	1,990
Total financial instruments at FVOCI	**737,574**	771,732

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 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 the Bank's internal rating system are explained in Note 50(a).

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.)

	2021			
Group and Bank **Internal rating grade**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Investment grade	**736,114**	**-**	**-**	**736,114**

	2020			
Group and Bank **Internal rating grade**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Investment grade	769,742	-	-	769,742

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	2021			
Group and Bank	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**769,742**	**-**	**-**	**769,742**
New assets originated or purchased	**1,593,269**	**-**	**-**	**1,593,269**
Assets derecognised or matured (excluding write-offs)	**(1,611,235)**	**-**	**-**	**(1,611,235)**
Change in fair value	**(15,662)**	**-**	**-**	**(15,662)**
As at 31 December	**736,114**	**-**	**-**	**736,114**

	2020			
Group and Bank	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	793,993	-	-	793,993
New assets originated or purchased	2,122,915	-	-	2,122,915
Assets derecognised or matured (excluding write-offs)	(2,177,782)	-	-	(2,177,782)
Change in fair value	30,616	-	-	30,616
As at 31 December	769,742	-	-	769,742

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.)

	2021			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
As at 1 January	**386**	**-**	**-**	**386**
Impact of re-measurement of ECL	**4**	**-**	**-**	**4**
As at 31 December	**390**	**-**	**-**	**390**

	2020			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
As at 1 January	36	-	-	36
New assets originated or purchased	77	-	-	77
Assets derecognised or matured (excluding write-offs)	(49)	-	-	(49)
Impact of re-measurement of ECL	9	-	-	9
Changes in model assumption and methodology	313	-	-	313
As at 31 December	386	-	-	386

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost:

	Group and Bank	
	2021 RM'000	2020 RM'000
Debt instruments:		
Malaysian Government Investment Certificates	**39,912**	9,909
Corporate Bonds	**20,012**	20,021
Islamic Corporate Sukuk	**153,785**	163,210
	213,709	193,140
Less: Allowance for ECL	**(49)**	(105)
Total financial instruments at amortised cost	**213,660**	193,035

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 the Bank's internal grading system are explained in Note 50(a).

	2021			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Investment grade	213,709	-	-	213,709

	2020			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Investment grade	193,140	-	-	193,140

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:

Group and Bank Gross carrying amount	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**193,140**	**-**	**-**	**193,140**
New assets purchased	**81,070**	**-**	**-**	**81,070**
Assets derecognised or matured (excluding write-offs)	**(56,660)**	**-**	**-**	**(56,660)**
Change in fair value	**(3,841)**	**-**	**-**	**(3,841)**
As at 31 December	**213,709**	**-**	**-**	**213,709**

Group and Bank Gross carrying amount	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	100,094	13,000	-	113,094
New assets purchased	617,625	-	-	617,625
Assets derecognised or matured (excluding write-offs)	(534,237)	(13,000)	-	(547,237)
Change in fair value	9,658	-	-	9,658
As at 31 December	193,140	-	-	193,140

Group and Bank ECL allowances	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**105**	**-**	**-**	**105**
Assets derecognised or matured (excluding write-offs)	**(4)**	**-**	**-**	**(4)**
Impact of net re-measurement of ECL	**(52)**	**-**	**-**	**(52)**
As at 31 December	**49**	**-**	**-**	**49**

Group and Bank ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	-	338	-	338
New assets purchased	73	-	-	73
Assets derecognised or matured (excluding write-offs)	-	(178)	-	(178)
Impact of net re-measurement of ECL	(17)	(160)	-	(177)
Changes in model assumption or methodology	49	-	-	49
As at 31 December	105	-	-	105

8. DERIVATIVE FINANCIAL ASSETS

	Group and Bank	
	2021 RM'000	2020 RM'000
At fair value		
Dual currency investment - Options	**3**	-
Index futures	**-**	135
Equity related contracts - Options	**29,515**	53,343
Equity related contracts - Swap	**408**	2,014
Equity related contracts - Forward	**51,527**	40,079
	81,453	95,571
Contract/Notional amount		
Dual currency investment - Options	**1,361**	3,655
Index futures	**-**	2,688
Equity related contracts - Options	**29,492**	47,685
Equity related contracts - Swap	**24,123**	31,216
Equity related contracts - Forward	**57,354**	57,354
	112,330	142,598

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At amortised cost				
Term loans	**539,077**	587,793	**565,616**	640,369
Share margin financing	**1,170,899**	1,209,024	**1,170,899**	1,209,024
Other lending and factoring receivables	**82,742**	85,636	**-**	-
Advances to group employees	**97**	181	**97**	181
Subordinated term loan*	**-**	-	**30,039**	20,418
Gross loans, advances and financing	**1,792,815**	1,882,634	**1,766,651**	1,869,992
Less: Allowance for ECL				
- Stage 1 - 12-month ECL	**(2,949)**	(3,112)	**(3,247)**	(3,387)
- Stage 2 - Lifetime ECL not credit impaired	**-**	(2,356)	**-**	(2,356)
- Stage 3 - Lifetime ECL credit impaired	**(14,453)**	(7,917)	**(13,789)**	(7,253)
Net loans, advances and financing	**1,775,413**	1,869,249	**1,749,615**	1,856,996

* Subordinated term loan to a subsidiary

The subordinated loan granted to a subsidiary company, Kenanga Futures Sdn Bhd, is unsecured with effective interest rate of 4.39% per annum (2020: 5.55%) and is repayable by November 2026.

Notes to the Financial Statements
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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprises				
- Small and medium enterprises	**256,439**	237,848	**196,055**	180,851
- Others	**534,052**	591,343	**590,630**	664,336
Individuals	**993,814**	1,034,745	**971,456**	1,006,107
Foreign enterprises	**8,510**	18,698	**8,510**	18,698
	1,792,815	1,882,634	**1,766,651**	1,869,992

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In Malaysia	**1,786,437**	1,863,352	**1,760,273**	1,850,710
Outside Malaysia	**6,378**	19,282	**6,378**	19,282
	1,792,815	1,882,634	**1,766,651**	1,869,992

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
- Other fixed rate loans	**1,253,641**	1,294,660	**1,170,899**	1,209,024
Variable rate				
- Other variable rates	**529,826**	576,614	**586,404**	649,608
- Base lending rate plus	**9,251**	11,179	**9,251**	11,179
Interest free	**97**	181	**97**	181
	1,792,815	1,882,634	**1,766,651**	1,869,992

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of securities	**1,427,343**	1,488,572	**1,427,343**	1,488,572
Working capital	**169,221**	220,193	**169,429**	236,142
Others	**196,251**	173,869	**169,879**	145,278
	1,792,815	1,882,634	**1,766,651**	1,869,992

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	**1,483,133**	1,543,716	**1,484,244**	1,540,048
More than one year	**309,682**	338,918	**282,407**	329,944
	1,792,815	1,882,634	**1,766,651**	1,869,992

9.1 Movements in impaired loans, advances and financing ("Impaired LAF")

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the financial year	**41,294**	48,880	**40,630**	48,160
Impaired during the financial year	**39,958**	13,374	**31,537**	12,563
Amount written off against allowance for ECL	**-**	(9,005)	**-**	(9,005)
Amount recovered during the financial year	**(8,111)**	(11,955)	**(7,467)**	(11,088)
At end of the financial year	**73,141**	41,294	**64,700**	40,630
Less: Allowance for ECL	**(14,453)**	(7,917)	**(13,789)**	(7,253)
Net impaired LAF	**58,688**	33,377	**50,911**	33,377
Net impaired LAF as a % of net loans, advances and financing	**3.31%**	1.79%	**2.91%**	1.80%

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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

9.1 Movements in impaired loans, advances and financing ("Impaired LAF") (cont'd.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
9.1.1 Impaired LAF by geographical distribution				
Outside Malaysia	**2,556**	3,306	**2,556**	3,306
Malaysia	**70,585**	37,988	**62,144**	37,324
Gross impaired LAF	**73,141**	41,294	**64,700**	40,630
9.1.2 Impaired LAF by purpose				
Working capital	**664**	664	**-**	-
Purchase of securities	**64,700**	40,630	**64,700**	40,630
Others	**7,777**	-	**-**	-
	73,141	41,294	**64,700**	40,630

9.2 Impairment allowance for loans, advances and financing are as follows:

(a) Term loans 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 the Bank's internal rating system are explained in Note 50(a).

	2021			
Group Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	**408,006**	**-**	**-**	**408,006**
Substandard	**67,998**	**63,073**	**-**	**131,071**
Total	**476,004**	**63,073**	**-**	**539,077**

	2020			
Group Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	451,490	-	-	451,490
Substandard	48,395	87,908	-	136,303
Total	499,885	87,908	-	587,793

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

Bank Internal rating grade	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Satisfactory	**464,584**	**-**	**-**	**464,584**
Substandard	**67,998**	**63,073**	**-**	**131,071**
Total	**532,582**	**63,073**	**-**	**595,655**

Bank Internal rating grade	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Satisfactory	524,484	-	-	524,484
Substandard	48,395	87,908	-	136,303
Total	572,879	87,908	-	660,787

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows:

Group Gross carrying amount	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**499,884**	**87,909**	**-**	**587,793**
New assets originated or purchased	**155,500**	**4,359**	**-**	**159,859**
Assets derecognised or repaid (excluding write-offs)	**(170,255)**	**(38,460)**	**-**	**(208,715)**
Transfers of stages	**(9,165)**	**9,165**	**-**	**-**
Modification of contractual cash flow of assets	**40**	**100**	**-**	**140**
As at 31 December	**476,004**	**63,073**	**-**	**539,077**

Group Gross carrying amount	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	622,529	42,794	-	665,323
New assets originated or purchased	199,589	4,151	-	203,740
Assets derecognised or repaid (excluding write-offs)	(272,135)	(8,947)	-	(281,082)
Transfers of stages	(50,029)	50,029	-	-
Modification of contractual cash flow of assets	(70)	(118)	-	(188)
As at 31 December	499,884	87,909	-	587,793

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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

	2021			
Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**572,878**	**87,909**	**-**	**660,787**
New assets originated or purchased	**169,225**	**4,359**	**-**	**173,584**
Assets derecognised or repaid (excluding write-offs)	**(200,396)**	**(38,460)**	**-**	**(238,856)**
Transfers of stages	**(9,165)**	**9,165**	**-**	**-**
Modification of contractual cash flow of assets	**40**	**100**	**-**	**140**
As at 31 December	**532,582**	**63,073**	**-**	**595,655**

	2020			
Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	695,027	42,794	-	737,821
New assets originated or purchased	239,427	4,151	-	243,578
Assets derecognised or repaid (excluding write-offs)	(311,477)	(8,947)	-	(320,424)
Transfers of stages	(50,029)	50,029	-	-
Modification of contractual cash flow of assets	(70)	(118)	-	(188)
As at 31 December	572,878	87,909	-	660,787

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

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

Group ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	1,183	-	-	1,183
New assets originated or purchased	330	-	-	330
Assets derecognised or repaid (excluding write-offs)	(578)	-	-	(578)
Impact of remeasurement	(716)	-	-	(716)
Changes in model assumption or methodology	2,840	-	-	2,840
As at 31 December	3,059	-	-	3,059

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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

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

Bank ECL allowances	2020 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	2,111	-	-	2,111
New assets originated or purchased	838	-	-	838
Assets derecognised or repaid (excluding write-offs)	(702)	-	-	(702)
Impact of remeasurement	(1,775)	-	-	(1,775)
Changes in model assumption or methodology	2,840	-	-	2,840
As at 31 December	3,312	-	-	3,312

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	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	439,308	-	-	439,308
Satisfactory	569,959	63	-	570,022
Substandard	54,316	-	-	54,316
Non-performing:				
Default	-	-	64,700	64,700
Non-rated	42,553	-	-	42,553
Total	1,106,136	63	64,700	1,170,899

Group and Bank Internal rating grade	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	441,427	18	-	441,445
Satisfactory	596,955	28,426	-	625,381
Substandard	68,282	203	-	68,485
Non-performing:				
Default	-	-	40,630	40,630
Non-rated	33,083	-	-	33,083
Total	1,139,747	28,647	40,630	1,209,024

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to share margin financing is as follows:

Group and Bank Gross carrying amount	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	1,139,747	28,647	40,630	1,209,024
New assets originated or purchased	1,035,477	111	2	1,035,590
Assets derecognised or repaid (excluding write-offs)	(1,056,785)	(28,548)	(7,589)	(1,092,922)
Transfers of stages	(29,763)	(1,772)	31,535	-
Impact of remeasurement	17,460	1,625	122	19,207
As at 31 December	1,106,136	63	64,700	1,170,899

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.):

	2020			
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	1,271,945	-	48,161	1,320,106
New assets originated or purchased	1,084,996	1,226	2,686	1,088,908
Assets derecognised or repaid (excluding write-offs)	(1,128,952)	(13,078)	(11,259)	(1,153,289)
Transfers of stages	(50,120)	40,243	9,877	-
Amount written off	-	-	(9,005)	(9,005)
Impact of remeasurement	(38,122)	256	170	(37,696)
As at 31 December	1,139,747	28,647	40,630	1,209,024

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

	2020			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	-	-	16,061	16,061
New assets originated or purchased	-	-	1,530	1,530
Transfer of stages	-	2,356	(2,356)	-
Assets derecognised or repaid (excluding write-offs)	-	-	(4,668)	(4,668)
Net remeasurement of allowance	-	-	5,691	5,691
Amount written off	-	-	(9,005)	(9,005)
As at 31 December	-	2,356	7,253	9,609

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

Group Internal rating grade	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	56,676	-	-	56,676
Satisfactory	12,386	5,239	-	17,625
Non-performing:				
Default	-	-	7,777	7,777
Individually impaired	-	-	664	664
Total	69,062	5,239	8,441	82,742

Group Internal rating grade	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	41,779	-	-	41,779
Satisfactory	43,193	-	-	43,193
Non-performing:				
Individually impaired	-	-	664	664
Total	84,972	-	664	85,636

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.)

<u>Other lending and factoring receivables (cont'd.)</u>

Group

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows:

	2021			
Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**84,972**	**-**	**664**	**85,636**
New assets originated or purchased	**99,193**	**-**	**-**	**99,193**
Assets derecognised or repaid (excluding write-offs)	**(99,500)**	**(1,943)**	**(644)**	**(102,087)**
Transfers of stages	**(15,603)**	**7,182**	**8,421**	**-**
As at 31 December	**69,062**	**5,239**	**8,441**	**82,742**

	2020			
Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	96,601	-	716	97,317
New assets originated or purchased	121,663	-	811	122,474
Assets derecognised or repaid (excluding write-offs)	(133,292)	-	(863)	(134,155)
As at 31 December	84,972	-	664	85,636

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

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.)

Group

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows (cont'd.):

	2020			
ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	-	-	716	716
New assets originated or purchased	53	-	-	53
Assets derecognised or repaid (excluding write-offs)	-	-	(52)	(52)
As at 31 December	53	-	664	717

Advances to group employees

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Gross carrying amount	**97**	181

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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment

	2021			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	72,017	-	-	72,017
Substandard	-	-	-	-
Non-rated	30,000	-	-	30,000
Total	102,017	-	-	102,017

	2020			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	151,400	-	-	151,400
Substandard	7,500	-	-	7,500
Total	158,900	-	-	158,900

	2021			
Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	155,517	-	-	155,517
Substandard	-	-	-	-
Non-rated	30,000	-	-	30,000
Total	185,517	-	-	185,517

	2020			
Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	218,900	-	-	218,900
Substandard	7,500	-	-	7,500
Total	226,400	-	-	226,400

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:

Group Outstanding exposure	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**158,900**	**-**	**-**	**158,900**
New exposures	**112,192**	**-**	**-**	**112,192**
Exposures derecognised or matured/lapsed (excluding write-offs)	**(169,075)**	**-**	**-**	**(169,075)**
As at 31 December	**102,017**	**-**	**-**	**102,017**

Group Outstanding exposure	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	100,200	-	-	100,200
New exposures	329,995	-	-	329,995
Exposures derecognised or matured/lapsed (excluding write-offs)	(271,295)	-	-	(271,295)
As at 31 December	158,900	-	-	158,900

Bank Outstanding exposure	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**226,400**	**-**	**-**	**226,400**
New exposures	**138,192**	**-**	**-**	**138,192**
Exposures derecognised or matured/lapsed (excluding write-offs)	**(179,075)**	**-**	**-**	**(179,075)**
As at 31 December	**185,517**	**-**	**-**	**185,517**

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.):

	2020			
Bank **Outstanding exposure**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	168,200	-	-	168,200
New exposures	364,495	-	-	364,495
Exposures derecognised or matured/lapsed (excluding write-offs)	(306,295)	-	-	(306,295)
As at 31 December	226,400	-	-	226,400

	2021			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January and 31 December 2021	-	-	-	-

	2020			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	129	-	-	129
Impact of net remeasurement	(129)	-	-	(129)
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.):

(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.):

Bank ECL allowances	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**75**	**-**	**-**	**75**
Exposures derecognised or repaid (excluding write-offs)	**(38)**	**-**	**-**	**(38)**
Impact of net remeasurement	**7**	**-**	**-**	**7**
As at 31 December	**44**	**-**	**-**	**44**

Bank ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	255	-	-	255
Exposures derecognised or repaid (excluding write-offs)	(25)	-	-	(25)
Impact of net remeasurement	(155)	-	-	(155)
As at 31 December	75	-	-	75

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9. LOANS, ADVANCES AND FINANCING (CONT'D.)

9.3 COVID-19 customer relief and support measures

As at 31 December 2021

Group and Bank	Individuals Stage 1 RM'000	Individuals Total RM'000	Corporates Stage 1 RM'000	Corporates Stage 2 RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	**24,797**	**24,797**	**109,775**	**63,073**	**172,848**
Matured and repaying according to revised schedules	**15,546**	**15,546**	**33,591**	**-**	**33,591**
Extended	**9,251**	**9,251**	**76,184**	**63,073**	**139,257**
As a percentage of total:					
Matured and repaying according to revised schedules	**63%**	**63%**	**31%**	**-**	**19%**
Extended	**37%**	**37%**	**69%**	**100%**	**81%**
	100%	**100%**	**100%**	**100%**	**100%**

As at 31 December 2020

Group and Bank	Individuals Stage 1 RM'000	Individuals Total RM'000	Corporates Stage 1 RM'000	Corporates Stage 2 RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	30,785	30,785	136,783	88,038	224,821
Matured and repaying according to revised schedules	30,785	30,785	134,777	88,038	222,815
Extended	-	-	2,006	-	2,006
As a percentage of total:					
Matured and repaying according to revised schedules	100%	100%	99%	100%	99%
Extended	-	-	1%	-	1%
	100%	100%	100%	100%	100%

10. BALANCES DUE FROM CLIENTS AND BROKERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balances due from clients and brokers	**337,276**	551,280	**337,181**	551,280
Less: Allowance for ECL	**(2,811)**	(6,223)	**(2,811)**	(6,223)
	334,465	545,057	**334,370**	545,057

10.1 ECL allowance for balance 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:

	2021		
Group and Bank	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
ECL allowances			
As at 1 January	**1,553**	**4,670**	**6,223**
Charged during the financial year	**290**	**533**	**823**
Written back during the financial year	**(308)**	**(446)**	**(754)**
Written off during the financial year	**-**	**(3,481)**	**(3,481)**
As at 31 December	**1,535**	**1,276**	**2,811**

	2020		
Group and Bank	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
ECL allowances			
As at 1 January	1,516	12,141	13,657
Charged during the financial year	248	762	1,010
Written back during the financial year	(211)	(919)	(1,130)
Written off during the financial year	-	(7,314)	(7,314)
As at 31 December	1,553	4,670	6,223

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11. OTHER ASSETS

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Assets segregated for customers	(a)	**93,849**	101,629	**-**	-
Interest/income receivable		**9,556**	11,041	**9,546**	10,906
Amounts due from subsidiary companies	(b)	**-**	-	**29,716**	30,359
Amounts due from related parties	(c)	**57**	127	**57**	127
Prepayments and deposits		**20,169**	19,420	**17,809**	16,152
Other debtors	(d)	**58,521**	62,220	**36,371**	43,544
Treasury trade receivables		**49,892**	-	**49,892**	-
Amounts due from trustees		**12,000**	-	**-**	-
		244,044	194,437	**143,391**	101,088
Allowance for ECL					
- Other debtors	11.1	**(5,222)**	(6,148)	**(5,222)**	(6,150)
- Amount due from subsidiary companies	11.2	**-**	-	**(240)**	(226)
		238,822	188,289	**137,929**	94,712

11.1 ECL allowance for other assets are as follows:

Group ECL allowances	2021 Non-Credit Impaired RM'000	2021 Credit-Impaired RM'000	2021 Total RM'000
As at 1 January	**145**	**6,003**	**6,148**
New assets originated or purchased	**1,054**	**251**	**1,305**
Assets derecognised or repaid (excluding write-offs)	**-**	**(3,372)**	**(3,372)**
Written off	**-**	**(189)**	**(189)**
Transfer of stages	**(976)**	**976**	**-**
Impact of net remeasurement	**-**	**1,330**	**1,330**
As at 31 December	**223**	**4,999**	**5,222**

11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Group ECL allowances	2020 Non-Credit Impaired RM'000	2020 Credit-Impaired RM'000	2020 Total RM'000
As at 1 January	180	4,471	4,651
New assets originated or purchased	1,513	1,050	2,563
Assets derecognised or repaid (excluding write-offs)	-	(1,290)	(1,290)
Written off	-	(57)	(57)
Transfer of stages	(1,548)	1,548	-
Impact of net remeasurement	-	281	281
As at 31 December	145	6,003	6,148

Bank ECL allowances	2021 Non-Credit Impaired RM'000	2021 Credit-Impaired RM'000	2021 Total RM'000
As at 1 January	**146**	**6,004**	**6,150**
New assets originated or purchased	**1,055**	**251**	**1,306**
Assets derecognised or repaid (excluding write-offs)	**-**	**(3,375)**	**(3,375)**
Written off	**-**	**(189)**	**(189)**
Transfer of stages	**(978)**	**978**	**-**
Impact of net remeasurement	**-**	**1,330**	**1,330**
As at 31 December	**223**	**4,999**	**5,222**

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11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Bank ECL allowances	2020 Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
As at 1 January	180	4,471	4,651
New assets originated or purchased	1,514	1,051	2,565
Assets derecognised or repaid (excluding write-offs)	-	(1,290)	(1,290)
Written off	-	(57)	(57)
Transfer of stages	(1,548)	1,548	-
Impact of net remeasurement	-	281	281
As at 31 December	146	6,004	6,150

11.2 ECL allowance for amount due from subsidiaries are as follows:

Bank ECL allowances	2021 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	**226**	**-**	**-**	**226**
Impact of net remeasurement	**14**	**-**	**-**	**14**
As at 31 December	**240**	**-**	**-**	**240**

Bank ECL allowances	2020 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	304	-	-	304
New assets originated or purchased	4	-	-	4
Impact of net remeasurement	(82)	-	-	(82)
As at 31 December	226	-	-	226

11. OTHER ASSETS (CONT'D.)

(a) Assets segregated for customers

These represent margin deposits paid by a subsidiary company to Bursa Malaysia Derivatives Clearing Berhad.

(b) Amounts due from subsidiary companies

Included in the amount due from subsidiary companies is the term loan given to a subsidiary company, Kenanga Investors Berhad. The loan is unsecured and bears interest of 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 comprise 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 90 day (2020: 90 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.

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13. INVESTMENTS IN SUBSIDIARIES

	Bank 2021 RM'000	Bank 2020 RM'000
Unquoted shares:		
At beginning of the financial year	**70,135**	70,135
Less: Impairment losses	**(9,323)**	-
At end of the financial year	**60,812**	70,135

Details of the subsidiary companies are as follows:

Name	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %
Local subsidiary companies			
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
ECML Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
Avenue Kestrel Sdn Bhd	Stock broking business	**100**	100
K & N Kenanga Holdings Berhad	Investment holding	**100**	100
The subsidiary company of K & N Kenanga Holdings Berhad is:			
SSSB Management Services Sdn Bhd	Stock broking business	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd.):

Name	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %
Local subsidiary companies (cont'd.)			
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 subsidiary companies of Kenanga Investors Berhad are:			
Kenanga Islamic Investors Berhad	Management of Islamic collective investment schemes and Islamic investment funds	**100**	100
Libra Invest Berhad (note (i))	Management of unit trust funds and the provision of fund management services	**-**	100
I-VCAP Management Sdn Bhd ("I-VCAP") (note (ii))	Provision of Shariah-compliant investment management services	**100**	-
KUT Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
KUT Nominees (Asing) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Funds Berhad	Promotion and management of unit trust funds and the management of investment funds	**100**	100
Kenanga Capital Sdn Bhd	Licensed money lender	**100**	100
The subsidiary company of Kenanga Capital Sdn Bhd is:			
Kenanga Capital Islamic Sdn Bhd	Islamic factoring and leasing	**51**	51
Overseas subsidiary company			
Rakuten Trade Singapore Pte. Ltd. * (Formally known as "f.k.a." Kenanga Singapore Pte. Ltd.)	Dealing in securities, advising in corporate finance, securities financing and providing custodial services for securities	**100**	100

* *Audited by affiliate of Messrs. Ernst & Young PLT*

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(i) Kenanga Investors Berhad ("KIB"), a wholly-owned subsidiary of the Bank, entered into a Share Purchase Agreement ("SPA") on 1 April 2020 with Ericsenz Partners Sdn Bhd for the disposal of 6,500,000 ordinary shares in Libra Invest Berhad representing 100% of the issued and paid-up share capital of Libra Invest Berhad for a consideration of RM10,750,000.00. The disposal was completed on 30 April 2021 and Libra Invest Berhad has ceased to be a wholly-owned subsidiary of KIB.

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2021:

	Effect of disposals RM'000
Total assets	6,214
Total liabilities	193
Net assets disposed	6,021
Gain on disposal of subsidiaries (Note 32)	4,729
Sales proceeds from disposal	10,750
Less: Cash and short term funds of a subsidiary disposed	(5,378)
Net cash receivable on disposal	5,372

(ii) On 19 February 2021, the Bank's asset management subsidiary, KIB completed the acquisition of 100% equity stake in I-VCAP.

Pursuant to the SPA, the acquisition involves KIB acquiring shares of I-VCAP for an aggregate purchase consideration of RM11.6 million. The purchase consideration was fully paid by cash.

Accounting for acquisition at the Group level

At the Group level, the Group's acquisition of the assets and liabilities of I-VCAP was accounted for using the acquisition method of accounting in accordance with MFRS 3 Business Combinations.

Recognised amounts of identifiable assets and liabilities:	Fair value RM'000
Cash and bank balances	11,000
Other receivables	98
Tax recoverable	4
Total net assets	11,102
Goodwill	495
	11,597
Consideration settled in cash	11,597
Less: Cash and cash equivalents of subsidiary acquired	(11,000)
Net cash outflow on acquisition	597

14. INVESTMENTS IN ASSOCIATES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost	**88,644**	88,644	**68,435**	68,435
Share of post acquisition losses	**(6,919)**	(14,068)	**-**	-
Share of changes in other comprehensive income	**5,956**	660	**-**	-
Dividends received	**(102)**	(102)	**-**	-
Foreign exchange differences	**19,202**	16,554	**-**	-
	106,781	91,688	**68,435**	68,435
Less: Accumulated impairment losses	**(19,610)**	(19,610)	**-**	(12,200)
	87,171	72,078	**68,435**	56,235
Represented by:				
Share of net tangible assets	**87,171**	72,078		

(a) Details of the associates are as follows:

Name	Place of incorporation	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %
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 Vietnam Securities Joint Stock Corporation *^	Vietnam	Securities, brokerage depository and advisory business	49.0	49.0

* *Audited by firms other than Messrs. Ernst & Young PLT*

^ *Equity accounted for using unaudited management accounts*

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.

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(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	
	2021 RM'000	2020 RM'000
Current assets	**90,389**	81,164
Non-current assets	**196,093**	158,950
Total assets	**286,482**	240,114
Current liabilities	**13,704**	13,976
Non-current liabilities	**3,720**	3,343
Total liabilities	**17,424**	17,319
Net assets *	**269,058**	222,795

* *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.*

(ii) Summarised statement of profit or loss and other comprehensive income

	Wasatah Capital	
	2021 RM'000	2020 RM'000
Revenue	**40,832**	33,832
Profit before taxation	**20,811**	16,149
Tax credit/(expense)	**177**	(5,534)
Other comprehensive income	**20,617**	16,225
Total comprehensive income	**41,605**	26,840

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(b) Summarised financial information of the material associate is as follows: (cont'd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the material associate

	Wasatah Capital	
	2021 RM'000	**2020 RM'000**
Net assets at 1 January	**261,598**	233,293
Profit before taxation	**20,811**	16,149
Other comprehensive income	**20,617**	16,225
Movement of foreign exchange reserve	**9,098**	(4,068)
Net assets at 31 December	**312,124**	261,598
Interest in Wasatah Capital	**29.60%**	29.60%
Share of net assets at 31 December	**92,389**	77,433
Accumulated Group's share of tax expense	**(1,454)**	(1,631)
Accumulated impairment losses	**(4,549)**	(4,549)
Carrying value of the Group's interest in Wasatah	**86,386**	71,253
Carrying value of other associates	**785**	825
Total carrying value of Group's interest in associates	**87,171**	72,078

(c) Aggregate information of associates that are not individually material

	2021 RM'000	**2020 RM'000**
The Group's share of results in associates, representing share of total comprehensive loss	**5**	50

15. INVESTMENT IN A JOINT VENTURE COMPANY

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares				
At beginning of the financial year	**40,000**	40,000	**40,000**	40,000
Cumulative share of results	**(8,031)**	(15,281)	**-**	-
At the end of financial year	**31,969**	24,719	**40,000**	40,000

(a) The summarised income and expenses of the joint venture company are as follows:

	Group	
	2021 RM'000	2020 RM'000
Revenue	**59,194**	56,501
Profit after taxation	**14,500**	17,616

(b) The summarised assets and liabilities of the joint venture company are as follows:

	Group	
	2021 RM'000	2020 RM'000
Total assets	**539,226**	648,321
Total liabilities	**475,288**	598,882

(c) Details of the joint venture company held by the Bank are as follows:

	Percentage (%) of equity held		
Name	2021	2020	Principal activities
Rakuten Trade Sdn Bhd	**50**	50	Dealing in securities restricted to listed securities and investment advice

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
2021									
Cost									
At 1 January 2021	81,910	46,830	6,808	29,051	27,631	27,860	33,693	1,979	255,762
Transfer*	-	-	-	-	-	-	-	(1,740)	(1,740)
Additions	-	-	76	5,740	455	390	1,678	3,891	12,230
Reclassification	-	-	-	345	114	-	33	(492)	-
Disposals/write-off	-	-	(454)	(2,038)	(41)	(756)	(137)	-	(3,426)
At 31 December 2021	81,910	46,830	6,430	33,098	28,159	27,494	35,267	3,638	262,826
Accumulated depreciation									
At 1 January 2021	-	4,437	5,666	21,048	16,352	20,651	22,678	-	90,832
Depreciation charge for the financial year (Note 33)	-	936	291	4,504	2,146	1,420	2,417	-	11,714
Disposals/write-off	-	-	(454)	(2,038)	(32)	(627)	(44)	-	(3,195)
At 31 December 2021	-	5,373	5,503	23,514	18,466	21,444	25,051	-	99,351
Net carrying amount									
At 31 December 2021	81,910	41,457	927	9,584	9,693	6,050	10,216	3,638	163,475

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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
2020									
Cost									
At 1 January 2020	81,910	46,830	5,928	30,581	27,255	45,592	32,259	2,562	272,917
Additions	-	-	1,042	3,466	278	149	891	2,506	8,332
Reclassification	-	-	-	191	126	154	548	(3,089)	(2,070)
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(5)	-	(23,417)
At 31 December 2021	81,910	46,830	6,808	29,051	27,631	27,860	33,693	1,979	255,762
Accumulated depreciation									
At 1 January 2020	-	3,500	5,618	21,963	14,258	37,172	19,956	-	102,467
Depreciation charge for the financial year (Note 33)	-	937	210	4,272	2,122	1,514	2,726	-	11,781
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(4)	-	(23,416)
At 31 December 2020	-	4,437	5,666	21,048	16,352	20,651	22,678	-	90,832
Net carrying amount									
At 31 December 2020	81,910	42,393	1,142	8,003	11,279	7,209	11,015	1,979	164,930

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
2021									
Cost									
At 1 January 2021	81,910	46,830	6,614	25,732	26,297	25,190	29,717	1,979	244,269
Transfer*	-	-	-	-	-	-	-	(1,740)	(1,740)
Additions	-	-	-	5,629	438	351	1,670	3,468	11,556
Reclassification	-	-	-	189	114	-	33	(336)	-
Disposals/write-off	-	-	(440)	(1,186)	(6)	(10)	-	-	(1,642)
At 31 December 2021	81,910	46,830	6,174	30,364	26,843	25,531	31,420	3,371	252,443
Accumulated depreciation									
At 1 January 2021	-	4,437	5,472	18,372	15,536	18,852	20,963	-	83,632
Depreciation charge for the financial year (Note 33)	-	937	281	4,177	2,041	1,297	2,096	-	10,829
Disposals/write-off	-	-	(440)	(1,186)	(6)	(10)	-	-	(1,642)
At 31 December 2021	-	5,374	5,313	21,363	17,571	20,139	23,059	-	92,819
Net carrying amount									
At 31 December 2021	81,910	41,456	861	9,001	9,272	5,392	8,361	3,371	159,624

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
2020									
Cost									
At 1 January 2020	81,910	46,830	5,733	27,855	26,080	43,085	28,864	2,443	262,800
Additions	-	-	1,043	3,064	245	140	858	1,606	6,956
Reclassification	-	-	-	-	-	-	-	(2,070)	(2,070)
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(5)	-	(23,417)
At 31 December 2020	81,910	46,830	6,614	25,732	26,297	25,190	29,717	1,979	244,269
Accumulated depreciation									
At 1 January 2020	-	3,500	5,424	19,539	13,542	35,542	18,543	-	96,090
Depreciation charge for the financial year (Note 33)	-	937	210	4,020	2,022	1,345	2,424	-	10,958
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(4)	-	(23,416)
At 31 December 2020	-	4,437	5,472	18,372	15,536	18,852	20,963	-	83,632
Net carrying amount									
At 31 December 2020	81,910	42,393	1,142	7,360	10,761	6,338	8,754	1,979	160,637

* *Capital work-in-progress for computer software were categorised as plant and office equipment prior to 2020. Reclassification was made to transfer capital work-in-progress for computer software from plant and office equipment to intangible assets in 2021.*

17. INTANGIBLE ASSETS

		Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Total intangible assets					
Goodwill	(a)	**241,277**	240,782	**252,909**	252,909
Merchant banking licence	(b)	**52,500**	52,500	**52,500**	52,500
Fund management contracts	(c)	**4,169**	4,169	**-**	-
Computer software and work-in-progress	(d)	**29,767**	21,975	**26,577**	18,985
Trading and clearing rights for derivatives broking	(e)	**416**	416	**-**	-
Client relationships	(f)	**2,932**	2,525	**-**	-
		331,061	322,367	**331,986**	324,394

a) Goodwill

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cost				
At beginning of the financial year	**276,549**	279,521	**288,676**	288,676
Acquisition of a subsidiary	**495**	-	**-**	-
Reclassified to client relationships	**-**	(2,972)	**-**	-
At end of the financial year	**277,044**	276,549	**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	**241,277**	240,782	**252,909**	252,909

(b) Merchant banking licence

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Carrying amount				
At beginning/end of the financial year	**52,500**	52,500	**52,500**	52,500

(c) Fund management contracts

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Carrying amount				
At beginning/end of the financial year	**4,169**	4,169	**-**	-

17. INTANGIBLE ASSETS (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(d) Computer software and work-in-progress				
(i) Computer software				
Cost				
At beginning of the financial year	**53,804**	46,341	**47,662**	41,148
Transfer from property, plant and equipment	**-**	2,070	**-**	2,070
Additions	**4,584**	6,823	**4,145**	5,874
Reclassification	**709**	-	**361**	-
Disposals/write-off	**(2,732)**	(1,430)	**(75)**	(1,430)
At end of the financial year	**56,365**	53,804	**52,093**	47,662
Accumulated amortisation				
At beginning of the financial year	**33,133**	29,906	**28,677**	25,845
Amortisation (Note 33)	**5,092**	4,654	**4,642**	4,259
Disposals/write-off	**(1,975)**	(1,427)	**(75)**	(1,427)
At end of the financial year	**36,250**	33,133	**33,244**	28,677
Net carrying amount	**20,115**	20,671	**18,849**	18,985
(ii) Work-in-progress				
Carrying amount				
At beginning of the financial year	**1,304**	113	**-**	-
Transfer from property, plant and equipment	**1,740**	-	**1,740**	-
Addition	**7,317**	1,435	**6,349**	-
Reclassification	**(709)**	(244)	**(361)**	-
At end of the financial year	**9,652**	1,304	**7,728**	-
(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	**2,525**	-	**-**	-
Reclassified from deferred tax asset	**939**	2,972	**-**	-
Amortisation	**(532)**	(447)	**-**	-
At end of the financial year	**2,932**	2,525	**-**	-

17. INTANGIBLE ASSETS (CONT'D.)

(g) Impairment test on intangible assets

The intangible assets consist of:

Goodwill and client relationships

Goodwill and client relationships have been allocated to the following CGUs:

	Group	
	2021 RM'000	**2020 RM'000**
Stockbroking	**147,459**	147,459
Investment banking	**55,651**	55,651
Investment management	**41,099**	40,197
	244,209	243,307

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.

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.

17. INTANGIBLE ASSETS (CONT'D.)

(g) Impairment test on intangible assets (cont'd.)

All of the above intangible assets have indefinite useful lives and an annual impairment review has been carried out in accordance with MFRS 136 *Impairment of Assets* and MFRS 138 *Intangible Assets*.

Client relationships which have definite useful lives and amortised over the estimated remaining useful lives.

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 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 at 9.30% (2020: 9.00%) per annum.

(h) Sensitivity to changes in assumptions

Management believes that a reasonably possible change in any of the above key assumptions would not cause, in 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	2021 Building RM'000	2021 Equipment RM'000	2021 Total RM'000
Cost			
At 1 January 2021	**33,167**	**290**	**33,457**
Additions	**11,540**	**-**	**11,540**
Derecognition	**(11,200)**	**(290)**	**(11,490)**
At 31 December 2021	**33,507**	**-**	**33,507**
Accumulated amortisation			
At 1 January 2021	**9,985**	**290**	**10,275**
Amortisation for the financial year (Note 33)	**8,463**	**-**	**8,463**
Derecognition	**(3,414)**	**(290)**	**(3,704)**
At 31 December 2021	**15,034**	**-**	**15,034**
Net carrying amount			
At 31 December 2021	**18,473**	**-**	**18,473**

Group	2020 Building RM'000	2020 Equipment RM'000	2020 Total RM'000
Cost			
At 1 January 2020	34,153	290	34,443
Additions	10,370	-	10,370
Derecognition	(11,356)	-	(11,356)
At 31 December 2020	33,167	290	33,457
Accumulated amortisation			
At 1 January 2020	9,577	210	9,787
Amortisation for the financial year (Note 33)	8,369	80	8,449
Derecognition	(7,961)	-	(7,961)
At 31 December 2020	9,985	290	10,275
Net carrying amount			
At 31 December 2020	23,182	-	23,182

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18. RIGHT-OF-USE ASSETS (CONT'D.)

	Building	
	RM'000	RM'000
Bank	**2021**	**2020**
Cost		
At 1 January	**30,864**	32,609
Additions	**9,048**	6,578
Derecognition	**(10,306)**	(8,323)
At 31 December	**29,606**	30,864
Accumulated depreciation		
At 1 January	**9,528**	8,864
Amortisation for the financial year (Note 33)	**7,394**	7,337
Derecognition	**(2,520)**	(6,673)
At 31 December	**14,402**	9,528
Net carrying amount		
At 31 December	**15,204**	21,336

19. DEFERRED TAXATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**14,127**	2,265	**8,722**	(657)
Recognised in profit or loss (Note 40)	**11,957**	13,265	**1,976**	10,782
Recognised in other comprehensive income	**4,521**	(1,403)	**4,521**	(1,403)
At end of the financial year	**30,605**	14,127	**15,219**	8,722
Deferred tax assets	**30,605**	14,283	**15,219**	8,722
Deferred tax liabilities	**-**	(156)	**-**	-
	30,605	14,127	**15,219**	8,722

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	**42,818**	30,051	**27,301**	24,288
Deferred tax liabilities	**(12,213)**	(15,924)	**(12,082)**	(15,566)
	30,605	14,127	**15,219**	8,722

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 2021	**(4,720)**	**(6,083)**	**(5,121)**	**(15,924)**
Disposal of a subsidiary (Note 13)	**-**	**156**	**-**	**156**
Recognised in profit or loss	**-**	**(2,522)**	**1,556**	**(966)**
Recognised in other comprehensive income	**4,521**	**-**	**-**	**4,521**
At 31 December 2021	**(199)**	**(8,449)**	**(3,565)**	**(12,213)**
At 1 January 2020	(3,317)	(6,009)	(5,699)	(15,025)
Recognised in profit or loss	-	(74)	578	504
Recognised in other comprehensive income	(1,403)	-	-	(1,403)
At 31 December 2020	(4,720)	(6,083)	(5,121)	(15,924)

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 2021	**152**	**24,607**	**146**	**5,146**	**30,051**
Transfer to intangible assets	**-**	**-**	**-**	**(939)**	**(939)**
Recognised in profit or loss	**-**	**14,954**	**(146)**	**(1,102)**	**13,706**
At 31 December 2021	**152**	**39,561**	**-**	**3,105**	**42,818**
At 1 January 2020	152	10,306	1,207	5,625	17,290
Recognised in profit or loss	-	14,301	(1,061)	(479)	12,761
At 31 December 2020	152	24,607	146	5,146	30,051

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 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 2021	**(4,720)**	**(5,725)**	**(5,121)**	**(15,566)**
Recognised in profit or loss	**-**	**(2,509)**	**1,472**	**(1,037)**
Recognised in other comprehensive income	**4,521**	**-**	**-**	**4,521**
At 31 December 2021	**(199)**	**(8,234)**	**(3,649)**	**(12,082)**
At 1 January 2020	(3,317)	(5,800)	(5,699)	(14,816)
Recognised in profit or loss	-	75	578	653
Recognised in other comprehensive income	(1,403)	-	-	(1,403)
At 31 December 2020	(4,720)	(5,725)	(5,121)	(15,566)

Deferred tax assets of the Bank:

	Impairment allowance and provisions RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2021	**19,142**	**5,146**	**24,288**
Recognised in profit or loss	**4,115**	**(1,102)**	**3,013**
At 31 December 2021	**23,257**	**4,044**	**27,301**
At 1 January 2020	8,534	5,625	14,159
Recognised in profit or loss	10,608	(479)	10,129
At 31 December 2020	19,142	5,146	24,288

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses carried forward	7,904	6,274
Unutilised capital allowances carried forward	2,180	1,992
	10,084	8,266

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 and unutilised allowances is restricted to a maximum period of seven (7) consecutive years.

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed term deposits	**2,464,706**	2,340,932	**2,516,015**	2,354,086
Short term money deposits	**563,833**	518,102	**625,846**	595,406
Negotiable instruments of deposits	**68,891**	52,303	**68,891**	52,303
Call money deposits	**39,848**	41,048	**39,848**	41,048
	3,137,278	2,952,385	**3,250,600**	3,042,843
(i) The maturity structure is as follows:				
Due within six months	**2,268,323**	2,128,347	**2,381,645**	2,216,065
Six months to one year	**747,040**	590,017	**747,040**	592,757
More than one year	**121,915**	234,021	**121,915**	234,021
	3,137,278	2,952,385	**3,250,600**	3,042,843
(ii) The deposits are sourced from the following types of customers:				
Government and statutory bodies	**671,186**	829,560	**671,186**	829,560
Individuals	**98,500**	84,730	**98,500**	84,730
Business enterprises	**1,007,435**	872,878	**1,007,435**	872,878
Non-bank financial institutions	**1,160,157**	1,054,701	**1,160,157**	1,054,701
Subsidiaries and related companies	**200,000**	110,516	**313,322**	200,974
	3,137,278	2,952,385	**3,250,600**	3,042,843

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed banks	**-**	100,000
Licensed investment banks	**-**	50,000
Other financial institutions	**593,126**	732,667
Bank Negara Malaysia	**59,736**	183,418
	652,862	1,066,085

22. BALANCES DUE TO CLIENTS AND BROKERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balances due to clients and brokers	**665,968**	720,665	**265,296**	405,191

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 (2020: 1 to 2 trading days) term.

23. DERIVATIVE FINANCIAL LIABILITIES

	Group and Bank	
	2021 RM'000	2020 RM'000
At fair value		
Dual currency investment - Options	**3**	6
Equity related contracts - Options	**23,534**	135,291
Equity related contract - Swaps	**5,223**	2,095
Equity related contract - Forward	**-**	88
	28,760	137,480
Contract/notional amount		
Dual currency investment - Options	**1,361**	3,655
Equity related contracts - Options	**180,364**	451,950
Equity related contract - Swaps	**55,251**	19,467
Equity related contract - Forward	**-**	3,200
	236,976	478,272

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 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Interest/income payable		**13,301**	17,275	**13,032**	16,544
Retention for contra losses		**17**	17	**17**	17
Structured products		**3,168**	15,583	**3,168**	15,583
Treasury trade payables		**49,892**	-	**49,892**	-
Accruals and provisions	(i)	**246,142**	141,510	**61,732**	62,383
Amount held in trust on behalf of:					
- Dealer's representatives		**122,029**	122,522	**122,029**	122,522
Securities borrowing and lending		**28,867**	1,657	**28,867**	1,657
Deposits and other creditors		**110,283**	144,691	**105,423**	141,927
Amount due to trustee		**-**	4,040	**-**	-
Amount due to subsidiaries		**-**	-	**1**	12
		573,699	447,295	**384,161**	360,645

(i) Included in accruals and provisions, the movements of provisions are as follows:

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
As at 1 January	**51,885**	18,624	**42,703**	14,804
Provision made, net	**56,204**	52,306	**39,189**	41,633
Utilisation	**(48,135)**	(19,045)	**(39,359)**	(13,734)
As at 31 December	**59,954**	51,885	**42,533**	42,703

The nature of the provisions made above are for provision for annual leave, bonus, potential liabilities and directors' fee.

25. BORROWINGS

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Secured:					
Revolving bank loan	(a)	**19,200**	30,400	**19,200**	30,400
Unsecured:					
Revolving bank loans	(b)	**40,000**	23,000	**-**	-
Subordinated notes	(c)	**185,500**	122,000	**185,500**	122,000
		244,700	175,400	**204,700**	152,400

25. BORROWINGS (CONT'D.)

(a) The revolving bank loan amounting to RM19.2 million (2020: RM30.4 million) bears interest of 0.5% (2020: 0.5%) per annum above cost of funds. The loan is secured by a first party legal charge over Kenanga Tower, the corporate office building of Kenanga Investment Bank Berhad. The tenure for the loan is 7 years from 24 May 2016.

(b) The revolving bank loans bear interest of 1.50% to 2.00% over cost of funds (2020: 1.50% to 2.00% over cost of funds) plus cost of maintaining statutory reserve and liquidity requirements and are payable on maturity of the loans. The maximum tenure for the loans is 3 months (2020: 3 months).

(c) On 27 March 2017, the Bank established a RM250 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 2021 are as follows:

Issue date	Tranches	RM'000	Rate (p.a.)	Tenure
20 April 2017	1	5,000	6.25%	10 years (non-callable 5 years)
29 January 2018	2	10,000	6.60%	
18 September 2018	3	10,000	6.40%	
20 March 2020	4	50,000	5.25%	
28 August 2020	5	47,000	4.40%	
28 May 2021	6	63,500	4.48%	
		185,500		

26. LEASE LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
As at 1 January	**23,382**	24,429	**21,442**	23,436
Additions	**11,540**	6,976	**9,048**	4,928
Accretion of interest	**1,064**	1,331	**1,006**	1,218
Payments	**(9,325)**	(9,354)	**(8,191)**	(8,140)
Derecognition	**(7,832)**	-	**(7,832)**	-
As at 31 December	**18,829**	23,382	**15,473**	21,442

The maturity analysis of lease liabilities is disclosed as below:

	Group 2021 RM	Group 2020 RM	Bank 2021 RM	Bank 2020 RM
Within 1 year	**7,121**	5,248	**6,180**	5,048
Between one and five years	**11,708**	18,134	**9,293**	16,394
	18,829	23,382	**15,473**	21,442

27. SHARE CAPITAL

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	**722,741**	722,741	**246,249**	246,249
Issuance of shares pursuant to ESS exercise	**13,021**	-	**7,585**	-
At 31 December	**735,762**	722,741	**253,834**	246,249

Treasury shares

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
At 1 January	**14,807**	24,054	**10,458**	16,990
Share buy back	**11,933**	-	**14,923**	-
Transfer to staff pursuant to ESS exercise	**(16,264)**	(9,247)	**(12,317)**	(6,532)
At 31 December	**10,476**	14,807	**13,064**	10,458

The shareholders of the Bank, via an ordinary resolution passed at the Annual General Meeting held on 11 June 2020, had approved its plan to purchase its own shares up to 10% of existing total issued and paid-up share capital.

During the financial year, the Bank bought back 11,933,200 ordinary shares at an average price of RM1.2505 (2020: nil) from the open market. The share buy-back transactions were financed by internally generated funds. As at 31 December 2021, the total number of shares held as treasury shares in accordance with the provisions of Section 127 of the Companies Act, 2016 was 10,476,200. Accordingly the adjusted issued and paid-up share capital of the Company (excluding 10,476,200 treasury shares) as at 31 December 2021 was RM240,769,575 (2020: RM235,790,270) comprising 725,286,399 (2020: 707,934,599) shares.

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28. RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Non-distributable:					
Capital reserve		88,938	88,938	**153,863**	153,863
Fair value reserve	(a)	6,590	15,916	**634**	15,256
Exchange reserve	(b)	19,204	16,556	**-**	-
Regulatory reserve	(c)	18,921	18,661	**18,921**	18,661
ESS reserve		2,809	6,144	**2,809**	6,144
		136,462	146,215	**176,227**	193,924
Distributable:					
Retained profits		673,097	617,832	**624,353**	594,296
		809,559	764,047	**800,580**	788,220

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.

29. OPERATING REVENUE

Revenue of the Bank comprises all types of revenue derived from brokerage, lending, treasury, investment, trading and other banking activities undertaken by the Bank.

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.

30. INTEREST INCOME

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Loans, advances and financing				
- Interest income other than from recoveries from impaired loans*	**122,620**	125,777	**120,431**	121,520
- Interest income from recoveries from impaired loans	**-**	918	**-**	918
Money at call and deposit placements with financial institutions	**43,138**	45,378	**39,397**	42,182
Financial investments measured at FVOCI	**19,276**	23,325	**19,276**	23,325
Financial investments at amortised cost	**5,394**	4,860	**5,394**	4,860
Others	**19,944**	18,663	**19,946**	18,678
	210,372	218,921	**204,444**	211,483

* *Included reversal of net modification loss relating to COVID-19 relief measures of the Group and of the Bank of RM140,000 (2020: loss RM188,000) in the current financial year.*

31. INTEREST EXPENSE

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits from customers	**86,064**	108,829	**88,274**	110,438
Deposits and placements from banks and other financial institutions	**1,804**	1,901	**1,804**	1,901
Borrowings	**9,277**	7,178	**8,685**	5,560
Lease interest expense	**965**	1,335	**905**	1,218
Others	**1,451**	1,264	**10,581**	9,342
	99,561	120,507	**110,249**	128,459

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32. OTHER OPERATING INCOME

		Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a)	Fee income:				
	Brokerage fees	**313,354**	372,166	**313,354**	372,167
	Corporate advisory fees	**6,932**	5,942	**7,049**	6,059
	Processing fees on loans, advances and financing	**1,766**	3,199	**706**	2,320
	Underwriting commission	**1,839**	3,254	**1,839**	3,254
	Placement fees	**15,230**	13,551	**12,649**	10,949
	Commissions	**11,861**	10,754	**-**	-
	Management fee income	**152,510**	100,605	**1,352**	1,123
	Other fee income	**18,647**	20,694	**7,029**	5,955
	Other	**1,625**	2,501	**353**	1,255
		523,764	532,666	**344,331**	403,082
(b)	Investment and trading income:				
	Net (loss)/gain from sale of financial assets at fair value through profit or loss and derivatives	**(45,678)**	217,667	**(45,718)**	217,307
	Unrealised profit/(loss) on revaluation of financial assets at fair value through profit or loss and derivatives	**148,011**	(76,392)	**150,784**	(77,874)
	Net gain from sale of financial investments at FVOCI	**9**	9,243	**9**	9,243
	Gross dividend income from:				
	- Financial assets at fair value through profit or loss	**3,410**	3,746	**3,303**	3,640
	- Financial investments at FVOCI	**244**	294	**244**	294
	- Subsidiary	**-**	-	**15,000**	-
	Interest income from financial assets at FVTPL	**2,176**	1,827	**2,176**	1,827
		108,172	156,385	**125,798**	154,437
(c)	Other income:				
	Foreign exchange gain, net	**10,792**	9,306	**10,716**	9,196
	Gain on disposal of property, plant and equipment	**60**	24	**57**	24
	Other operating income	**2,602**	1,454	**3,481**	2,157
	Other non-operating income				
	- Rental income	**1,674**	2,687	**3,525**	4,529
	- Gain on disposal of a subsidiary	**4,729**	-	**-**	-
	- Others	**5,088**	4,931	**4,746**	4,705
		24,945	18,402	**22,525**	20,611
	Total other operating income	**656,881**	707,453	**492,654**	578,130

33. OTHER OPERATING EXPENSES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel costs				
- Salaries, allowances and bonuses	**195,241**	180,489	**149,029**	142,270
- EPF	**20,066**	18,784	**16,014**	14,991
- ESS	**1,302**	2,515	**1,024**	2,343
- Others	**30,524**	29,652	**16,444**	16,556
	247,133	231,440	**182,511**	176,160
Establishment costs				
- Depreciation of property, plant and equipment (Note 16)	**11,714**	11,781	**10,829**	10,958
- Amortisation of intangible assets (Note 17(d) and (f))	**5,624**	5,101	**4,642**	4,259
- Amortisation of right-of-use assets (Note 18)	**8,465**	8,449	**7,397**	7,337
- Rental of premise	**397**	415	**324**	275
- Rental of equipment	**640**	604	**412**	360
- Repairs and maintenance	**5,836**	6,069	**3,635**	4,086
- Information technology expenses	**14,792**	14,776	**14,779**	14,669
- Others	**6,249**	7,010	**2,746**	3,361
	53,717	54,205	**44,764**	45,305
Marketing expenses				
- Promotion and advertisement	**18,822**	12,548	**4,317**	2,943
- Travel and entertainment	**4,040**	4,160	**668**	1,383
- Others	**448**	930	**289**	847
	23,310	17,638	**5,274**	5,173
Administration and general expenses				
- Communication expenses	**4,680**	4,482	**4,053**	3,764
- Regulatory charges	**33,361**	36,056	**31,224**	34,160
- Printing and stationery	**1,266**	1,552	**781**	1,046
- Administrative expenses	**15,230**	16,249	**12,911**	14,546
- Professional fees and legal fees	**5,285**	4,236	**4,939**	3,782
- Fees and brokerage	**264,508**	334,305	**198,284**	287,308
	324,330	396,880	**252,192**	344,606
Total other operating expenses	**648,490**	700,163	**484,741**	571,244
Included in the other operating expenses are the following:				
Auditors' remuneration				
- Statutory audit	**583**	542	**355**	345
- Assurance related	**58**	58	**58**	58
- Other services	**97**	65	**30**	27
Directors' remuneration (Note 39)	**3,930**	4,453	**3,642**	4,165
Property, plant and equipment written off	**231**	1	**-**	1
Intangible assets written off	**-**	3	**-**	3

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34. CREDIT LOSS REVERSAL/(EXPENSES)

The table below shows the ECL charges on financial instruments for the financial year recorded in the income statement:

Group

(a) Movement in ECLs on debt instruments, loan commitments and loans, advances and financing:

2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(4)**	**-**	**-**	**(4)**
Debts instruments at amortised cost (Note 7(b))	**56**	**-**	**-**	**56**
Loans, advances and financing (Note 9.2)	**163**	**-**	**(2,783)**	**(2,620)**
Credit loss (expenses)/reversal	**215**	**-**	**(2,783)**	**(2,568)**

2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	(350)	-	-	(350)
Debts instruments at amortised cost (Note 7(b))	(105)	338	-	233
Loans, advances and financing (Note 9.2)	(1,929)	-	(2,501)	(4,430)
Loan commitments (Note 9.2(d))	129	-	-	129
Credit loss (expenses)/reversal	(2,255)	338	(2,501)	(4,418)

(b) Movement in ECLs on other financial assets:

2021	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**18**	**(87)**	**(69)**
Other debtors (Note 11.1)	**(1,054)**	**1,791**	**737**
Credit loss (expenses)/reversal	**(1,036)**	**1,704**	**668**

2020	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	(37)	157	120
Other debtors (Note 11.1)	(1,513)	(41)	(1,554)
Credit loss (expenses)/reversal	(1,550)	116	(1,434)

34. CREDIT LOSS REVERSAL/(EXPENSES) (CONT'D.)

Bank

(a) Movement in ECLs on debt instruments, loan commitments and loans, advances and financing:

2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(4)**	**-**	**-**	**(4)**
Debts instruments at amortised cost (Note 7(b))	**56**	**-**	**-**	**56**
Loans, advances and financing (Note 9.2)	**109**	**-**	**(2,783)**	**(2,674)**
Loan commitments (Note 9.2(d))	**31**	**-**	**-**	**31**
Amount due from subsidiaries	**(14)**	**-**	**-**	**(14)**
Credit loss (expenses)/reversal	**178**	**-**	**(2,783)**	**(2,605)**

2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	(350)	-	-	(350)
Debts instruments at amortised cost (Note 7(b))	(105)	338	-	233
Loans, advances and financing (Note 9.2)	(1,201)	-	(2,553)	(3,754)
Loan commitments (Note 9.2(d))	180	-	-	180
Amount due from subsidiaries	78	-	-	78
Credit loss (expenses)/reversal	(1,398)	338	(2,553)	(3,613)

(b) Movement in ECLs on other financial assets:

2021	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**18**	**(87)**	**(69)**
Other debtors (Note 11.1)	**(1,055)**	**1,794**	**739**
Credit loss (expenses)/reversal	**(1,037)**	**1,707**	**670**

2020	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	(37)	157	120
Other debtors (Note 11.1)	(1,514)	(42)	(1,556)
Credit loss (expenses)/reversal	(1,551)	115	(1,436)

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35. BAD DEBTS RECOVERED/(WRITTEN OFF)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing	**506**	1,316	**506**	1,316
Balances due from clients and brokers	**37**	145	**37**	145
Other debtors	**(30)**	(53)	**-**	(53)
	513	1,408	**543**	1,408

36. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions				
Income earned:				
Brokerage fees:				
- Key management personnel	**1**	19	**1**	19
- Related company	**6,642**	7,308	**6,642**	7,308
Rollover fees:				
- Related company	**151**	31	**151**	31
Corporate advisory fees:				
- Subsidiaries	**-**	-	**117**	117
Processing fees on loans, advances and financing:				
- Subsidiaries	**-**	-	**89**	423
Management fee income:				
- Subsidiary	**-**	-	**38**	86
Other income:				
- Subsidiary	**-**	-	**74**	87
- Related company	**-**	265	**-**	265
Interest on loans, advances and financing:				
- Subsidiaries	**-**	-	**4,895**	6,195
- Related company	**1,264**	458	**1,264**	458
Group support services charged:				
- Subsidiaries	**-**	-	**6,504**	5,995
- Related company	**-**	-	**174**	84

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions (cont'd.)				
Income earned (cont'd.):				
Dividend income:				
- Subsidiary (Note 32)	**-**	-	**15,000**	-
Rental of premises:				
- Subsidiaries	**-**	-	**845**	1,574
- Related company	**348**	348	**348**	348
Rental of car park:				
- Subsidiaries	**-**	-	**251**	251
Referral and cost sharing fees:				
- Subsidiary	**-**	-	**511**	575
Expenditure incurred:				
Interest on deposits and placements:				
- Subsidiaries	**-**	-	**2,211**	1,609
- Key management personnel	**11**	15	**11**	15
- Other related company	**4,143**	2,982	**4,143**	2,982
- Other related party	**227**	177	**227**	177
Interest on debt securities products:				
- Subsidiary	**-**	-	**9,130**	7,906
Staff training cost:				
- Subsidiaries	**-**	-	**154**	137
Direct placement cost				
- Subsidiary	**-**	-	**2,581**	2,385
Management fees expenses				
- Subsidiary	**-**	-	**-**	15
Performance fees expenses				
- Subsidiary	**-**	-	**-**	306
Other expenses				
- Related company	**165**	-	**165**	-
Incentive fees- management fees income				
- Subsidiary	**-**	-	**1,658**	7,454
Incentive fees- agent				
- Subsidiary	**-**	-	**549**	1,802
Service charge:				
- Subsidiary	**-**	-	**1,017**	963

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36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions (cont'd.)				
Balances				
Amount due from:				
Loans, advances and financing:				
- Subsidiaries	**-**	-	**56,500**	72,500
Commitment receivables:				
- Subsidiaries	**-**	-	**9**	10
Other receivables:				
- Subsidiaries	**-**	-	**29,716**	30,359
Amount due to:				
Deposits and placements:				
- Subsidiaries (Note 20)	**-**	-	**113,322**	90,458
- Related company (Note 20)	**517**	54,816	**517**	54,816
- Other related party	**385,550**	263,500	**385,550**	263,500
- Key management personnel	**232**	226	**232**	226
Balances due to clients and brokers:				
- Key management personnel	**90**	227	**90**	227
Interest receivable on loan, advances and financing:				
- Subsidiaries	**-**	-	**78**	494
Interest payable on deposits:				
- Subsidiaries	**-**	-	**263**	144
- Related company	**1,187**	218	**1,187**	218
- Other related party	**-**	-	**-**	-
Deposit for Index trading				
- Subsidiaries	**-**	-	**543**	5,314
Other payables:				
- Subsidiaries	**-**	-	**1**	12

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

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 Venture

Details of the joint venture are disclosed in Note 15.

(iv) Other related parties

Name	Relationship
CMS 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.

37. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group and Bank	
	2021 RM'000	2020 RM'000
Outstanding credit exposures with connected parties	**173,066**	179,181
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	**5.73%**	4.89%
- which is impaired or in default	**-**	-

37. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

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.

38. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group Managing Director				
- Short term employee benefits	**5,212**	2,733	**5,212**	2,733
- Post-employment benefits: EPF	**733**	424	**733**	424
Senior Management				
- Short term employee benefits	**23,694**	15,338	**18,031**	11,804
- Post-employment benefits: EPF	**3,151**	2,361	**2,365**	1,832
	32,790	20,856	**26,341**	16,793

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.

39. DIRECTORS' REMUNERATION

Remuneration in aggregate for Directors for the financial year is as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Bank:				
Non-executive directors' remuneration:				
- Fees	**3,274**	3,786	**3,072**	3,566
- Other remuneration, including meeting allowance	**580**	610	**498**	542
Total directors' remuneration	**3,854**	4,396	**3,570**	4,108
Estimated money value of benefits-in-kind*	**76**	57	**72**	57
Total for directors of the Bank (Note 33)	**3,930**	4,453	**3,642**	4,165

* *Included in the benefit-in-kind was the amount of RM32,000 being the costs of farewell gifts provided to Izlan Bin Izhab who retired on 1 January 2021 and Dato' Richard Alexander John Curtis who resigned on 11 June 2021.*

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	Group Total RM'000
31 December 2021				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	**537**	**36**	**31**	**604**
Izlan Bin Izhab	**-**	**-**	**19**	**19**
Datuk Syed Ahmad Alwee Alsree	**225**	**32**	**13**	**270**
Dato' Richard Alexander John Curtis	**146**	**26**	**13**	**185**
Luigi Fortunato Ghirardello	**410**	**82**	**-**	**492**
Ismail Harith Merican	**300**	**42**	**-**	**342**
Luk Wai Hong, William	**465**	**116**	**-**	**581**
Jeremy Bin Nasrulhaq	**390**	**74**	**-**	**464**
Norazian Binti Ahmad Tajuddin	**417**	**104**	**-**	**521**
Kanagaraj Lorenz	**370**	**68**	**-**	**438**
Choy Khai Choon	**14**	**-**	**-**	**14**
Total Directors' remuneration	**3,274**	**580**	**76**	**3,930**

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39. DIRECTORS' REMUNERATION (CONT'D.)

	Remuneration received from the Group			
	Fees RM'000	Other emolument RM'000	Benefits-in-kind RM'000	Group Total RM'000
31 December 2020				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	261	10	15	286
Izlan Bin Izhab	425	48	22	495
Datuk Syed Ahmad Alwee Alsree	510	64	20	594
Dato' Richard Alexander John Curtis	330	52	-	382
Luigi Fortunato Ghirardello	410	78	-	488
Ismail Harith Merican	300	40	-	340
Luk Wai Hong, William	400	82	-	482
Jeremy Bin Nasrulhaq	370	68	-	438
Norazian Binti Ahmad Tajuddin	410	102	-	512
Kanagaraj Lorenz	370	66	-	436
Total Directors' remuneration	3,786	610	57	4,453

40. TAXATION AND ZAKAT

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
Tax expense for the financial year	**40,917**	44,536	**26,132**	38,220
Under provision in prior years	**872**	714	**1,109**	927
	41,789	45,250	**27,241**	39,147
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**(10,168)**	(11,293)	**555**	(10,761)
Under provision of deferred tax assets in prior years	**(2,572)**	(1,972)	**(2,531)**	(21)
	(12,740)	(13,265)	**(1,976)**	(10,782)
Zakat	**372**	445	**340**	430
Total income tax expense	**29,421**	32,430	**25,605**	28,795

Domestic income tax is calculated at the statutory tax rate of 24% (2020: 24%) on the estimated chargeable profit for the financial year.

40. TAXATION AND ZAKAT (CONT'D.)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation and zakat	**148,236**	134,715	**120,421**	106,938
Taxation at Malaysian statutory income tax rate of 24% (2020: 24%)	**35,577**	32,332	**28,901**	25,665
Effect of income not subject to tax	**(10,219)**	(2,837)	**(4,465)**	(944)
Effect of expenses not deductible for tax purposes	**4,955**	3,111	**2,251**	2,738
Deferred tax asset not recognised on unutilised business losses	**391**	577	**-**	-
Deferred tax asset not recognised on unabsorbed capital allowances	**45**	60	**-**	-
Over provision of deferred tax assets in prior years	**(2,572)**	(1,972)	**(2,531)**	(21)
Under provision of income tax expense in prior years	**872**	714	**1,109**	927
Tax expense for the year	**29,049**	31,985	**25,265**	28,365
Zakat	**372**	445	**340**	430
Tax expense and zakat for the financial year	**29,421**	32,430	**25,605**	28,795

41. 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	
	2021	2020
Profit for the financial year attributable to equity holders of the Bank (RM'000)	**118,390**	102,082
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	**726,885**	701,345
Effects of dilution ('000)	**15,723**	18,342
Adjusted weighted average number of ordinary shares in issue ('000)	**742,608**	719,687
Earnings per share (sen)		
- basic	**16.29**	14.56
- fully diluted	**15.94**	14.18

There were no potential dilutive ordinary shares outstanding as at 31 December 2021.

42. COMMITMENTS AND CONTINGENCIES

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

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

	Group		Bank	
	2021 Principal amount RM'000	2020 Principal amount RM'000	2021 Principal amount RM'000	2020 Principal amount RM'000
Commitments to extend credit with maturity of less than 1 year:				
- share margin financing	**2,774,310**	2,534,315	**2,774,310**	2,534,315
- foreign exchange related contracts	**10,222**	58,554	**10,222**	58,554
- equity exchange related contracts	**148,840**	158,546	**148,840**	158,546
Commitments to extend credit with maturity of more than 1 year:				
- equity exchange related contracts	**247**	520	**247**	520
Other commitments with an original maturity of less than 1 year:				
- corporate loans	**50,742**	60,050	**124,242**	107,550
Other commitments with an original maturity of more than 1 year:				
- corporate loans	**55,275**	98,851	**61,275**	118,851
- others	**-**	5,500	**-**	-
Monies held in trust on behalf of client (Note 5)	**1,249,679**	1,257,682	**1,249,679**	1,257,682
Securities borrowing and lending	**27,637**	1,544	**27,637**	1,544
Derivative financial assets (Note 8):				
- dual currency investment - options	**1,361**	3,655	**1,361**	3,655
- equity related contracts - options	**29,492**	47,685	**29,492**	47,685
- equity related contracts - swap	**24,123**	31,216	**24,123**	31,216
- equity related contracts - forward	**57,354**	57,354	**57,354**	57,354
- index futures	**-**	2,688	**-**	2,688
Derivative financial liabilities (Note 23):				
- dual currency investment - options	**1,361**	3,655	**1,361**	3,655
- equity related contracts - options	**180,364**	451,950	**180,364**	451,950
- equity related contracts - swaps	**55,251**	19,467	**55,251**	19,467
- equity related contracts - forward	**-**	3,200	**-**	3,200
Capital commitment:				
- Authorised and contracted for	**18,859**	4,588	**17,399**	4,261
Investment in equity funds	**-**	-	**24,991**	35,981
	4,685,117	4,801,020	**4,788,148**	4,898,674

43. CONTINGENT LIABILITIES

	Group and Bank	
	2021 **RM'000**	**2020** **RM'000**
(a) On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The Plaintiff, KIBB and the 3rd Defendant presented their evidence during the trial from 11 to 13 August 2021. On 3 November 2021, the High Court dismissed the Plaintiff's claim against KIBB and the 3rd Defendant with costs of RM25,000.00 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000.00 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter is fixed for case management on 16 March 2022.	**3,600**	3,600
(b) On 18 December 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Opes Capital Berhad ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the first (1st) Defendant (who was a dealer representative of KIBB) and another third (3rd) party had failed to purchase certain shares of a public listed company on its behalf upon transmitting a total of RM16,000,000, and had caused the Plaintiff to suffer losses. KIBB's solicitors are of the view that the claim against KIBB is without merit and KIBB will contest the claim in the court. On 30 June 2021 the Plaintiffs filed a Notice of Discontinuance and on 1 July 2021 the Court struck out the Plaintiffs case against the Defendants with no liberty to file a fresh with no costs against the 1st Defendant and costs of RM12,000 to KIBB.	-	16,000

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.

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44. OPERATING LEASE ARRANGEMENTS

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Future minimum sub lease receipts:				
Subsidiaries	**-**	-	**1,484**	2,945
External parties	**779**	2,055	**508**	2,055
	779	2,055	**1,992**	5,000

45. DIVIDEND

During the financial year, an interim single tier dividend of 8.80 sen (2020 final single tier dividend: 3.25 sen) per ordinary share on 729,698,099 ordinary shares (2020: 698,687,499 ordinary shares) in respect of the financial year ended 31 December 2020, which amounted to RM64,213,435 (2020: RM22,707,356) was paid on 20 April 2021 (2020: paid on 15 April 2020).

Subsequent to financial year end, on 24 February 2022, the Directors declared a total single tier interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising ordinary interim dividend of 4.00 sen per share and special interim dividend of 6.50 sen per share amounting to total dividends payable of approximately RM77,255,073. This is computed based on issued and paid-up capital as at 31 December 2021 of 735,762,599 ordinary shares. The actual amount of dividends 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 these interim dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

46. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	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: Financial instruments RM'000	Related accounts not set off in the statements of financial position: Cash collateral received RM'000	Net amount RM'000
2021						
Balances due from clients and brokers (Note 10)	**699,884**	**(365,419)**	**334,465**	**2,332,231**	**214,647**	**-**
Balances due to clients and brokers (Note 22)	**1,296,683**	**(630,715)**	**665,968**	**-**	**-**	**665,968**
2020						
Balances due from clients and brokers (Note 10)	1,558,667	(1,013,610)	545,057	3,035,964	345,232	-
Balances due to clients and brokers (Note 22)	2,139,467	(1,418,802)	720,665	-	-	720,665
Bank						
2021						
Balances due from clients and brokers (Note 10)	**699,789**	**(365,419)**	**334,370**	**2,332,231**	**214,647**	**-**
Balances due to clients and brokers (Note 22)	**896,010**	**(630,714)**	**265,296**	**-**	**-**	**265,296**
2020						
Balances due from clients and brokers (Note 10)	1,558,667	(1,013,610)	545,057	3,035,964	345,232	-
Balances due to clients and brokers (Note 22)	1,823,993	(1,418,802)	405,191	-	-	405,191

47. 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 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 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 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 Bank are as follows:

	Group		Bank	
	2021	2020	2021	2020
CET 1 capital ratio	**20.665%**	19.093%	**21.332%**	18.797%
Tier 1 capital ratio	**20.665%**	19.093%	**21.332%**	18.797%
Total capital ratio	**28.291%**	24.037%	**29.827%**	24.075%
After deducting interim dividends*				
CET 1 capital ratio	**17.860%**	16.845%	**18.198%**	16.397%
Tier 1 capital ratio	**17.860%**	16.845%	**18.198%**	16.397%
Total capital ratio	**25.523%**	21.789%	**26.741%**	21.675%

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

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CET 1 capital/Tier 1 capital				
Paid-up share capital	**253,834**	246,249	**253,834**	246,249
Retained profits	**673,097**	617,832	**624,353**	594,296
Other reserves	**136,462**	146,215	**176,227**	193,924
Less: Goodwill	**(241,277)**	(240,782)	**(252,909)**	(252,909)
55% of cumulative gains on financial investments at FVOCI	**(3,625)**	(8,754)	**(349)**	(8,391)
Deferred tax assets	**(30,605)**	(14,283)	**(15,219)**	(8,722)
Other intangibles	**(89,784)**	(81,585)	**(79,077)**	(71,485)
Regulatory reserve	**(18,921)**	(18,661)	**(18,921)**	(18,661)
Treasury shares	**(13,064)**	(10,458)	**(13,064)**	(10,458)
Other CET 1 regulatory adjustments specified by BNM	**1,765**	4,275	**944**	3,419
Deduction in excess of Tier 2*	**(119,140)**	(96,798)	**(169,047)**	(166,170)
Total CET 1/Tier 1 capital	**548,742**	543,250	**506,772**	501,092
Tier 2 Capital				
Subordinated obligations capital	**185,500**	122,000	**185,500**	122,000
Collective allowance and regulatory reserve	**16,986**	18,657	**16,321**	18,702
Total Tier 2 capital	**202,486**	140,657	**201,821**	140,702
Total Capital	**751,228**	683,907	**708,593**	641,794

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

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47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

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

	2021		2020	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Group				
Credit risk	**5,567,911**	**1,358,911**	5,615,290	1,492,582
Market risk	**-**	**456,072**	-	646,327
Operational risk	**-**	**828,589**	-	704,075
Large exposure risk	**-**	**11,794**	-	2,250
Total Risk Weighted Assets	**5,567,911**	**2,655,366**	5,615,290	2,845,234
Bank				
Credit risk	**5,061,023**	**1,305,693**	5,306,982	1,496,190
Market risk	**-**	**440,663**	-	632,053
Operational risk	**-**	**617,538**	-	535,355
Large exposure risk	**-**	**11,794**	-	2,250
Total Risk Weighted Assets	**5,061,023**	**2,375,688**	5,306,982	2,665,848

(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.

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 CET1 Capital.

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions

The capital adequacy ratios of the Group and Bank are as follows:

	Group		Bank	
	2021	2020	2021	2020
With transitional arrangement				
CET 1 capital ratio	20.665%	19.093%	21.332%	18.797%
Tier 1 capital ratio	20.665%	19.093%	21.332%	18.797%
Total capital ratio	28.291%	24.037%	29.827%	24.075%

	Group		Bank	
	2021	2020	2021	2020
Without transitional arrangement				
CET 1 capital ratio	20.599%	18.943%	21.292%	18.668%
Tier 1 capital ratio	20.599%	18.943%	21.292%	18.668%
Total capital ratio	28.225%	23.887%	29.787%	23.946%

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts and the fair values of the financial assets and liabilities of the Group and the Bank are as follows:

	2021		2020	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Cash and bank balances	**1,897,384**	**1,897,384**	1,644,534	1,644,534
Financial assets at fair value through profit or loss	**387,322**	**387,322**	543,539	543,539
Financial investments at fair value through other comprehensive income	**737,574**	**737,574**	771,732	771,732
Financial investments at amortised cost	**213,660**	**219,155**	193,035	202,215
Derivative financial assets	**81,453**	**81,453**	95,571	95,571
Loans, advances and financing	**1,775,413**	**1,782,095**	1,869,249	1,867,339
Balances due from clients and brokers	**334,465**	**334,465**	545,057	545,057
Other assets, excluding prepayments and deposits	**219,401**	**219,401**	168,868	168,868
Statutory deposit with Bank Negara Malaysia	**50,868**	**50,868**	58,398	58,398

48. 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 the Bank are as follows (cont'd.):

Group (cont'd.)	2021 Carrying amount RM'000	2021 Fair value RM'000	2020 Carrying amount RM'000	2020 Fair value RM'000
Financial liabilities				
Deposits from customers	**3,137,278**	**3,137,372**	2,952,385	2,914,302
Deposits and placements of banks and other financial institutions	**652,862**	**652,862**	1,066,085	1,066,085
Balances due to clients and brokers	**665,968**	**665,968**	720,665	720,665
Derivative financial liabilities	**28,760**	**28,760**	137,480	137,480
Other liabilities, excluding deposits	**434,169**	**434,169**	307,765	307,765
Borrowings	**244,700**	**204,020**	175,400	154,413

Bank	2021 Carrying amount RM'000	2021 Fair value RM'000	2020 Carrying amount RM'000	2020 Fair value RM'000
Financial assets				
Cash and bank balances	**1,459,156**	**1,459,156**	1,378,646	1,378,646
Financial assets at fair value through profit or loss	**386,367**	**386,367**	539,931	539,931
Financial investments at fair value through other comprehensive income	**737,574**	**737,574**	771,732	771,732
Financial investments at amortised cost	**213,660**	**219,155**	193,035	202,215
Derivative financial assets	**81,453**	**81,453**	95,571	95,571
Loans, advances and financing	**1,749,615**	**1,757,618**	1,856,996	1,857,022
Balances due from clients and brokers	**334,370**	**334,370**	545,057	545,057
Other assets, excluding prepayments and deposits	**121,777**	**121,777**	78,560	78,560
Statutory deposit with Bank Negara Malaysia	**50,868**	**50,868**	58,398	58,398
Financial liabilities				
Deposits from customers	**3,250,600**	**3,250,694**	3,042,843	3,004,760
Deposits and placements of banks and other financial institutions	**652,862**	**652,862**	1,066,085	1,066,085
Balances due to clients and brokers	**265,296**	**265,296**	405,191	405,191
Derivative financial liabilities	**28,760**	**28,760**	137,480	137,480
Other liabilities, excluding deposits	**245,664**	**245,664**	222,148	222,148
Borrowings	**204,700**	**164,018**	152,400	131,421

48. 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 AC

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 using Black-Scholes model and Swaps are using discounted cash flow. 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 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 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.

(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.

49. 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) Futures broking - Futures broker business;

(iv) Money lending and financing - Money lending, Islamic factoring and leasing;

(v) Investment and wealth management - Management of funds and unit trusts; and

(vi) Corporate and others - Support services 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 venture company, Rakuten Trade Sdn Bhd.

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.

49. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments:

2021	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Revenue								
External sales	138,571	537,581	15,520	9,026	165,864	24,929	-	891,491
- Interest income	108,119	115,823	3,664	7,101	195	397	-	235,299
- Fee income	24,250	326,224	11,856	1,925	165,252	(112)	-	529,395
- Trading and investment income	681	87,937	-	-	154	24,828	-	113,600
- Other operating income/(loss)	5,521	7,597	-	-	263	(184)	-	13,197
Inter segment sales	41,252	(44,606)	761	-	11,321	9,727	(18,455)	-
Total revenue	179,823	492,975	16,281	9,026	177,185	34,656	(18,455)	891,491
Result								
Net income/(loss)	76,003	480,591	15,106	6,615	191,123	44,991	(29,909)	784,520
Other operating expenses	(55,152)	(391,604)	(16,948)	(5,017)	(156,225)	(35,571)	12,027	(648,490)
Credit loss (expense)/ reversal	(218)	(2,852)	-	40	-	1,134	(4)	(1,900)
Bad debt recovered	-	228	-	-	-	285	-	513
Share of results in associates and a joint venture	-	-	-	-	-	13,593	-	13,593
Profit/(loss) before taxation and zakat	20,633	86,363	(1,842)	1,638	34,898	24,432	(17,886)	148,236
Taxation and zakat								(29,421)
Net profit for the financial year								118,815

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49. SEGMENTAL REPORTING (CONT'D.)

2021 (cont'd.)	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Other information							
Net interest and finance income	98,600	3,154	4,021	416	1,243	9,249	116,683
Depreciation and amortisation	(13,063)	(472)	(156)	(3,792)	(9,780)	1,460	(25,803)
Non cash items							
- Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss and derivatives	127,154	-	-	6	23,630	(2,779)	148,011

2021	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Assets							
Investments in associates	-	-	-	-	87,171	-	87,171
Investment in a joint venture	-	-	-	-	31,969	-	31,969
Addition to property, plant and equipment and intangible assets	22,050	45	55	3,415	-	-	25,565
Segment assets	5,869,674	450,123	95,990	310,770	15,510	(323,545)	6,418,522
Liabilities							
Segment liabilities	4,828,324	433,725	75,984	231,896	1,561	(207,998)	5,363,492

49. 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.):

2020	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Revenue								
External sales	231,680	590,705	13,915	12,125	118,622	6,715	-	973,762
- Interest income	173,948	61,078	3,161	10,453	23	8,232	-	256,895
- Fee income	25,051	385,249	10,754	1,672	117,664	493	-	540,883
- Trading and investment income/(loss)	28,021	139,437	-	-	105	(1,996)	-	165,567
- Other operating income/(loss)	4,660	4,941	-	-	830	(14)	-	10,417
Inter segment sales	1,344	625	670	95	10,977	1,457	(15,168)	-
Total revenue	233,024	591,330	14,585	12,220	129,599	8,172	(15,168)	973,762
Result								
Net income	91,538	577,477	13,558	7,112	129,020	10,006	(2,175)	826,536
Other operating expenses	(59,227)	(488,836)	(16,355)	(5,251)	(115,455)	(19,354)	4,315	(700,163)
Credit loss income/ (expense)	1,707	(2,431)	-	(1)	-	(4,324)	(803)	(5,852)
Bad debt (written off)/ recovered	(53)	570	-	-	-	891	-	1,408
Share of results in associates and a joint venture	-	-	-	-	-	12,786	-	12,786
Profit/(loss) before taxation and zakat	33,965	86,780	(2,797)	1,860	13,565	5	1,337	134,715
Taxation and zakat								(32,430)
Net profit for the financial year								102,285

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49. SEGMENTAL REPORTING (CONT'D.)

2020 (cont'd.)	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Other information								
Net interest and finance income	37,701	44,754	2,815	4,923	(767)	4,103	8,258	101,787
Depreciation and amortisation	823	12,165	523	195	3,516	9,566	(1,457)	25,331
Non cash items								
- Unrealised gain/ (loss) on revaluation of financial assets at fair value through profit or loss and derivatives	2,208	(77,066)	-	-	-	(3,016)	1,482	(76,392)

2020	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Assets							
Investments in associates	-	-	-	-	72,078	-	72,078
Investment in a joint venture	-	-	-	-	24,719	-	24,719
Addition to property, plant and equipment and intangible assets	12,470	293	474	3,109	-	-	16,346
Segment assets	6,248,747	362,379	101,720	190,559	15,812	(344,150)	6,575,067
Liabilities							
Segment liabilities	5,224,736	344,129	82,897	123,973	1,848	(207,457)	5,570,126

49. SEGMENTAL REPORTING (CONT'D.)

Notes

A Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Additions during the financial year (Note 16)	**12,230**	8,331
Intangible assets		
- Additions during the financial year (Note 17)	**13,335**	8,014
	25,565	16,345

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Investments in subsidiaries	**(81,110)**	(94,942)
Investments in associates and a joint venture	**9,962**	(181)
Intangible assets	**(40,090)**	(40,095)
Inter-segment assets	**(212,307)**	(208,932)
	(323,545)	(344,150)

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

	2021 RM'000	2020 RM'000
Deposits accepted from subsidiaries	**(113,322)**	(90,457)
Inter-segment liabilities	**(94,676)**	(117,000)
	(207,998)	(207,457)

50. 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 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 Risk Management Division 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 its directors and management, review all significant exposures to individual customers and counterparties as well as any major concentration of credit risk related to any financial instrument.

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 obligation 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 practises.

Portfolio	Default
Loans, advances and financing	Declaration of event of default
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- 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

In the context of the Group and 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.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach

- Stage 1 covers 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 fulfil 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 result 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.

50. 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. Malaysia Rating Corporate Berhad (MARC) 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.

50. 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.)

Loss Given Default (LGD)

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 MARC rating for the same counterparty. The Group and the Bank assess the definition of each ICRR rating band and makes reference to the definition of MARC 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 the Bank's ICRR to the external ratings are presented in Note 50(a)(i).

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 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. aging bucket

Definition of Lifetime ECL

Lifetime ECL are the losses that result from all possible default of events 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, aging bucket based on definition of default is established and incorporates the forward-looking element.

50. 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 contact 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 expected credit losses instead of the 12-month expected credit losses 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 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 further deteriorates. 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.

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 cost
- Loans, advances and financing
- Balances due from clients and brokers
- Other receivables

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Grouping financial assets measured on a collective basis (cont'd.)

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 and financing these are:
- Product type (corporate loan, factoring 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.

Pearson's Correlation Test

Pearson's Correlation model is used to test the linkage between each possible macroeconomic indicators and credit risk. The Group and the Bank will then select the relevant macroeconomic indicator(s) that show significant correlation (P-value) to default rate and has the most dynamic impact to credit risk.

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.

50. 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 "Downside" were used as defined in below table:

State of Economy	GDP Growth Rate (annual)	KLCI Index (point)
Downturn (D)	<4.0%	<1,700
Normal (N)	4.0%-6.0%	-1,700 - 1,900
Booming (B)	>6.0%	>1,900

The assumptions used for the ECL estimates as at 31 December 2021 are set out below.

Economic Factor	Scenario	2021	2022	2023
GDP Growth Rate	1	N	B	N
	2	D	N	N
	3	D	D	D
KLCI Index	1	N	B	B
	2	D	D	N
	3	D	D	D

The assumptions used for the ECL estimates as at 31 December 2020 are set out below.

Economic Factor	Scenario	2020	2021	2022
GDP Growth Rate	1	B	B	B
	2	N	N	N
	3	D	D	D
KLCI Index	1	D	N	B
	2	D	N	N
	3	D	D	D

The weightings assigned to each state of economy as at 31 December 2021 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 2020 were as follows:

	State of Economy	Weighting
All portfolios	B	10%
	N	60%
	D	30%

50. 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 expected credit loss. 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 expected credit loss due to data limitations;
   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.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2021

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	-	-	-	-	-	-	1,897,384	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	-	-	50,868
Balances due from clients and brokers	-	620	-	395	-	-	118,107	206,397	8,946	334,465
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	23,873	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	156,508	156,508
Derivative financial assets	-	-	-	-	27,500	15	-	2,411	51,527	81,453
Net loans, advances and financing										
Term loans	-	-	-	63,711	15,732	-	-	24,534	342,579	446,556
Islamic term loans	-	-	-	-	14,868	-	-	36,058	38,659	89,585
Share margin financing	-	5,845	-	-	25,025	-	-	885,600	227,169	1,143,639
Islamic share margin financing	-	-	-	-	-	-	-	13,471	-	13,471
Others	-	-	-	14,345	-	-	-	17,640	50,177	82,162
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	40,042	-	-	40,042
Malaysian Government Investment Certificates	-	-	-	-	-	-	91,934	-	-	91,934
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	199,724	-	-	199,724
Corporate Bonds	-	-	15,055	-	42,982	-	30,848	-	40,077	128,962
Islamic Corporate Sukuk	-	-	54,337	-	5,047	30,551	164,594	-	20,923	275,452
Unquoted equities	-	-	-	-	-	-	-	-	1,460	1,460
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,012	-	-	20,012
Malaysian Government Investment Certificates	-	-	-	-	-	-	39,912	-	-	39,912
Islamic Corporate Sukuk	-	-	-	6,451	-	-	147,285	-	-	153,736
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	218,653	218,653
	-	6,465	93,265	84,902	131,154	30,566	2,800,710	1,186,111	1,156,678	5,489,851

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2020

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	-	-	-	-	-	-	1,644,534	-	-	1,644,534
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,398	-	-	58,398
Balances due from clients and brokers	-	-	-	-	-	-	-	345,093	199,964	545,057
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	39,833	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	152,061	152,061
Derivative financial assets	-	-	-	-	27,500	65	-	26,015	41,991	95,571
Net loans, advances and financing										
Term loans	-	-	-	66,664	24,323	-	-	30,519	364,027	485,533
Islamic term loans	-	-	-	-	-	-	-	44,206	54,995	99,201
Share margin financing	-	8,994	-	-	26,889	-	-	909,527	239,712	1,185,122
Islamic share margin financing	-	-	-	-	-	-	-	14,293	-	14,293
Others	-	-	2,533	17,679	15,175	5,488	4,584	28,818	10,823	85,100
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	20,496	-	-	20,496
Malaysian Government Investment Certificates	-	-	-	-	-	-	119,119	-	-	119,119
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	149,943	-	-	149,943
Corporate Bonds	-	-	16,314	41,609	69,969	-	46,628	-	-	174,520
Islamic Corporate Sukuk	-	-	71,325	-	5,121	31,033	171,437	-	26,748	305,664
Unquoted equities	-	-	-	-	-	-	-	-	1,990	1,990
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,021	-	-	20,021
Malaysian Government Investment Certificates	-	-	-	-	-	-	9,909	-	-	9,909
Islamic Corporate Sukuk	-	-	-	10,895	-	-	152,210	-	-	163,105
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	168,869	168,869
	-	8,994	130,005	136,847	168,977	36,586	2,397,279	1,398,471	1,261,180	5,538,339

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50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2021

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	-	-	-	-	-	-	1,459,156	-	-	1,459,156
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	-	-	50,868
Balances due from clients and brokers	-	620	-	395	-	-	118,107	206,397	8,851	334,370
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	23,873	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	155,772	155,772
Derivative financial assets	-	-	-	-	27,500	15	-	2,411	51,527	81,453
Net loans, advances and financing										
Term loans	-	-	-	63,711	15,732	-	26,538	24,534	372,308	502,823
Islamic term loans	-	-	-	-	14,868	-	-	36,058	38,659	89,585
Share margin financing	-	5,845	-	-	25,025	-	-	885,600	227,169	1,143,639
Islamic share margin financing	-	-	-	-	-	-	-	13,471	-	13,471
Others	-	-	-	-	-	-	-	97	-	97
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	40,042	-	-	40,042
Malaysian Government Investment Certificates	-	-	-	-	-	-	91,934	-	-	91,934
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	199,724	-	-	199,724
Corporate Bonds	-	-	15,055	-	42,982	-	30,848	-	40,077	128,962
Islamic Corporate Sukuk	-	-	54,337	-	5,047	30,551	164,594	-	20,923	275,452
Unquoted equities	-	-	-	-	-	-	-	-	1,460	1,460
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,012	-	-	20,012
Malaysian Government Investment Certificates	-	-	-	-	-	-	39,912	-	-	39,912
Islamic Corporate Sukuk	-	-	-	6,451	-	-	147,285	-	-	153,736
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	120,120	120,120
	-	6,465	93,265	70,557	131,154	30,566	2,389,020	1,168,568	1,036,866	4,926,461

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2020

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	-	-	-	-	-	-	1,378,646	-	-	1,378,646
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,398	-	-	58,398
Balances due from clients and brokers	-	-	-	-	-	-	-	345,093	199,964	545,057
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	39,833	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	148,453	148,453
Derivative financial assets	-	-	-	-	27,500	65	-	26,015	41,991	95,571
Net loans, advances and financing										
Term loans	-	-	-	66,664	24,323	-	52,477	30,519	384,216	558,199
Islamic term loans	-	-	-	-	-	-	-	44,206	54,995	99,201
Share margin financing	-	8,994	-	-	26.889	-	-	909,527	239,712	1,185,122
Islamic share margin financing	-	-	-	-	-	-	-	14,293	-	14,293
Others	-	-	-	-	-	-	-	181	-	181
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	20,496	-	-	20,496
Malaysian Government Investment Certificates	-	-	-	-	-	-	119,119	-	-	119,119
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	149,943	-	-	149,943
Corporate Bonds	-	-	16,314	41,609	69,969	-	46,628	-	-	174,520
Islamic Corporate Sukuk	-	-	71,325	-	5,121	31,033	171,437	-	26,748	305,664
Unquoted equities	-	-	-	-	-	-	-	-	1,990	1,990
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,021	-	-	20,021
Malaysian Government Investment Certificates	-	-	-	-	-	-	9,909	-	-	9,909
Islamic Corporate Sukuk	-	-	-	10,895	-	-	152,210	-	-	163,105
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	78,560	78,560
	-	8,994	127,472	119,168	153,802	31,098	2,179,284	1,369,834	1,176,629	5,166,281

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50. 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 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.

50. 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 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 B2	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 jeopardize the payment of financial obligations.

50. 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 fulfil, on time, their credit-related obligations, and is based on their current probability of default.

Internal rating	
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.

50. 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 2021									
Cash and bank balances	1,897,384	-	-	-	-	-	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	50,868	-	-	-	-	-	-	-	50,868
Financial assets at FVTPL									
Islamic Corporate Sukuk	23,873	-	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	156,508	-	-	-	-	-	-	-	156,508
Net loans, advances and financing									
Term loans	-	342,698	43,190	-	63,073	-	-	(2,405)	446,556
Islamic term loans	-	65,309	24,807	-	-	-	-	(531)	89,585
Share margin financing	439,292	556,908	53,912	42,553	63	64,700	(13,789)	-	1,143,639
Islamic share margin financing	16	13,051	404	-	-	-	-	-	13,471
Others	56,675	12,387	-	97	5,239	8,441	(664)	(13)	82,162
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	40,042	-	-	-	-	-	-	-	40,042
Malaysian Government Investment Certificates	91,934	-	-	-	-	-	-	-	91,934
Islamic Corporate Sukuk	275,452	-	-	-	-	-	-	-	275,452
Corporate bonds	128,962	-	-	-	-	-	-	-	128,962
Islamic Negotiable Instruments of Deposits	199,724	-	-	-	-	-	-	-	199,724
Equity instrument:									
Unquoted equities	-	-	-	1,460	-	-	-	-	1,460
Financial investments at AC									
Corporate Bonds	20,012	-	-	-	-	-	-	-	20,012
Malaysian Government Investment Certificates	39,912	-	-	-	-	-	-	-	39,912
Islamic Corporate Sukuk	147,285	6,451	-	-	-	-	-	-	153,736
Derivative financial assets	-	-	-	81,453	-	-	-	-	81,453
Balances due from clients and brokers	305,235	-	-	-	14,333	17,708	(1,276)	(1,535)	334,465
Other assets, excluding prepayments and deposits	214,654	-	-	-	1,872	7,349	(4,999)	(223)	218,653
Total	4,087,828	996,804	122,313	125,563	84,580	98,198	(20,728)	(4,707)	5,489,851

50. 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 2020									
Cash and bank balances	1,644,534	-	-	-	-	-	-	-	1,644,534
Statutory deposit with Bank Negara Malaysia	58,398	-	-	-	-	-	-	-	58,398
Financial assets at FVTPL									
Islamic Corporate Sukuk	39,833	-	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	152,061	-	-	-	-	-	-	-	152,061
Net loans, advances and financing									
Term loans	-	377,436	22,594	-	87,909	-	-	(2,406)	485,533
Islamic term loans	-	74,053	25,801	-	-	-	-	(653)	99,201
Share margin financing	429,763	596,804	65,804	33,083	28,647	40,630	(7,253)	(2,356)	1,185,122
Islamic share margin financing	11,664	151	2,478	-	-	-	-	-	14,293
Others	41,779	43,193	-	181	-	664	(664)	(53)	85,100
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	20,496	-	-	-	-	-	-	-	20,496
Malaysian Government Investment Certificates	119,119	-	-	-	-	-	-	-	119,119
Islamic Corporate Sukuk	305,664	-	-	-	-	-	-	-	305,664
Corporate Bonds	174,520	-	-	-	-	-	-	-	174,520
Islamic Negotiable Instruments of Deposits	149,943	-	-	-	-	-	-	-	149,943
Equity instrument:									
Unquoted equities	-	-	-	1,990	-	-	-	-	1,990
Financial investments at AC									
Corporate Bonds	20,021	-	-	-	-	-	-	-	20,021
Malaysian Government Investment Certificates	9,909	-	-	-	-	-	-	-	9,909
Islamic Corporate Sukuk	152,210	10,895	-	-	-	-	-	-	163,105
Derivative financial assets	-	-	-	95,571	-	-	-	-	95,571
Balances due from clients and brokers	512,602	-	-	-	25,060	13,618	(4,670)	(1,553)	545,057
Other assets, excluding prepayments and deposits	164,673	-	-	-	858	9,488	(6,004)	(146)	168,869
Total	4,007,189	1,102,532	116,677	130,825	142,474	64,400	(18,591)	(7,167)	5,538,339

* *Majority of the sub-standard rating profile credits are from share margin and structured loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.*

50. 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 2021									
Cash and bank balances	1,459,156	-	-	-	-	-	-	-	1,459,156
Statutory deposit with Bank Negara Malaysia	50,868	-	-	-	-	-	-	-	50,868
Financial assets at FVTPL									
Islamic Corporate Sukuk	23,873	-	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	155,772	-	-	-	-	-	-	-	155,772
Net loans, advances and financing									
Term loans	-	399,276	43,190	-	63,073	-	-	(2,716)	502,823
Islamic term loans	-	65,309	24,807	-	-	-	-	(531)	89,585
Share margin financing	439,292	556,908	53,912	42,553	63	64,700	(13,789)	-	1,143,639
Islamic share margin financing	16	13,051	404	-	-	-	-	-	13,471
Others	-	-	-	97	-	-	-	-	97
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	40,042	-	-	-	-	-	-	-	40,042
Malaysian Government Investment Certificates	91,934	-	-	-	-	-	-	-	91,934
Islamic Corporate Sukuk	275,452	-	-	-	-	-	-	-	275,452
Corporate Bonds	128,962	-	-	-	-	-	-	-	128,962
Islamic Negotiable Instruments of Deposits	199,724	-	-	-	-	-	-	-	199,724
Equity instrument:									
Unquoted equities	-	-	-	1,460	-	-	-	-	1,460
Financial investments at AC									
Corporate Bonds	20,012	-	-	-	-	-	-	-	20,012
Malaysian Government Investment Certificates	39,912	-	-	-	-	-	-	-	39,912
Islamic Corporate Sukuk	147,285	6,451	-	-	-	-	-	-	153,736
Derivative financial assets	-	-	-	81,453	-	-	-	-	81,453
Balances due from clients and brokers	305,140	-	-	-	14,333	17,708	(1,276)	(1,535)	334,370
Other assets, excluding prepayments and deposits	116,359	-	-	-	1,872	7,350	(4,999)	(462)	120,120
Total	3,493,799	1,040,995	122,313	125,563	79,341	89,758	(20,064)	(5,244)	4,926,461

* Majority of the sub-standard rating profile credits are from share margin and structured loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.

Notes to the Financial Statements
31 December 2021

50. 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 2020									
Cash and bank balances	1,378,646	-	-	-	-	-	-	-	1,378,646
Statutory deposit with Bank Negara Malaysia	58,398	-	-	-	-	-	-	-	58,398
Financial assets at FVTPL									
Islamic Corporate Sukuk	39,833	-	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	148,453	-	-	-	-	-	-	-	148,453
Net loans, advances and financing									
Term loans	-	450,432	22,593	-	87,908	-	-	(2,734)	558,199
Islamic term loans	-	74,053	25,801	-	-	-	-	(653)	99,201
Share margin financing	429,763	596,804	65,804	33,083	28,647	40,630	(7,253)	(2,356)	1,185,122
Islamic share margin financing	11,664	151	2,478	-	-	-	-	-	14,293
Others	-	-	-	181	-	-	-	-	181
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	20,496	-	-	-	-	-	-	-	20,496
Malaysian Government Investment Certificates	119,119	-	-	-	-	-	-	-	119,119
Islamic Corporate Sukuk	305,664	-	-	-	-	-	-	-	305,664
Corporate Bonds	174,520	-	-	-	-	-	-	-	174,520
Islamic Negotiable Instruments of Deposits	149,943	-	-	-	-	-	-	-	149,943
Equity instrument:									
Unquoted equities	-	-	-	1,990	-	-	-	-	1,990
Financial investments at AC									
Corporate Bonds	20,021	-	-	-	-	-	-	-	20,021
Malaysian Government Investment Certificates	9,909	-	-	-	-	-	-	-	9,909
Islamic Corporate Sukuk	152,210	10,895							163,105
Derivative financial assets	-	-	-	95,571	-	-	-	-	95,571
Balances due from clients and brokers	512,602	-	-	-	25,060	13,618	(4,670)	(1,553)	545,057
Other assets, excluding prepayments and deposits	74,591	-	-	-	858	9,487	(6,004)	(372)	78,560
Total	3,605,832	1,132,335	116,676	130,825	142,473	63,735	(17,927)	(7,668)	5,166,281

* *Majority of the sub-standard rating profile credits are from share margin and loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.*

50. 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 2021 RM'000	Bank Total 2021 RM'000
Strong		
AAA	**3,406,419**	**2,858,974**
AA	**694,207**	**649,033**
Satisfactory		
A	**729,493**	**739,960**
BBB	**272,841**	**299,379**
Substandard		
BB	**126,249**	**126,249**
B	**57,201**	**57,201**
C	**408**	**408**
Default		
D	**77,470**	**69,694**
Non-rated	**125,563**	**125,563**
	5,489,851	**4,926,461**

Internal credit rating	Group Total 2020 RM'000	Bank Total 2020 RM'000
Strong		
AAA	3,324,553	2,956,621
AA	706,874	673,225
Satisfactory		
A	860,673	837,720
BBB	265,989	318,466
Substandard		
BB	97,874	97,873
B	105,091	105,091
C	652	652
Default		
D	45,808	45,808
Non-rated	130,825	130,825
	5,538,339	5,166,281

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(iv) Aging 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				
2021				
Share margin financing	**-**	**64**	**9,983**	**10,047**
Corporate loans	**63,101**	**-**	**-**	**63,101**
Other assets	**-**	**-**	**80**	**80**
Total	**63,101**	**64**	**10,063**	**73,228**
2020				
Share margin financing	-	4,202	8,004	12,206
Corporate loans	86,911	-	-	86,911
Other assets	-	-	80	80
Total	86,911	4,202	8,084	99,197
Bank				
2021				
Share margin financing	**-**	**64**	**9,983**	**10,047**
Corporate loans	**63,101**	**-**	**-**	**63,101**
Other assets	**-**	**-**	**80**	**80**
Total	**63,101**	**64**	**10,063**	**73,228**
2020				
Share margin financing	-	4,202	8,004	12,206
Corporate loans	86,911	-	-	86,911
Other assets	-	-	80	80
Total	86,911	4,202	8,084	99,197

50. 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						
2021						
Loans, advances and financing						
Share margin financing	**35,134**	**6,891**	**-**	**42,025**	**55,814**	**13,789**
Others	**-**	**-**	**-**	**-**	**664**	**664**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,276**	**1,276**
Other assets	**-**	**-**	**2,349**	**2,349**	**7,349**	**5,000**
	35,134	**6,891**	**2,349**	**44,374**	**65,103**	**20,729**
2020						
Loans, advances and financing						
Share margin financing	13,276	8,214	-	21,490	28,743	7,253
Others	-	-	-	-	664	664
Balances due from clients and brokers	-	-	-	-	4,670	4,670
Other assets	-	-	3,483	3,483	9,487	6,004
	13,276	8,214	3,483	24,973	43,564	18,591

50. 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						
2021						
Loans, advances and financing						
Share margin financing	**35,134**	**6,891**	**-**	**42,025**	**55,814**	**13,789**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,276**	**1,276**
Other assets	**-**	**-**	**2,350**	**2,350**	**7,350**	**5,000**
	35,134	**6,891**	**2,350**	**44,375**	**64,440**	**20,065**
2020						
Loans, advances and financing						
Share margin financing	13,276	8,214	-	21,490	28,743	7,253
Balances due from clients and brokers	-	-	-	-	4,670	4,670
Other assets	-	-	3,483	3,483	9,487	6,004
	13,276	8,214	3,483	24,973	42,900	17,927

50. 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 the Bank's earnings and/or economic values of the Group's and 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.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group 2021	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	1,360,597	10,419	-	-	-	526,368	-	1,897,384	1.71
Financial assets at FVTPL	-	-	-	-	-	-	387,322	387,322	4.35
Financial instruments at FVOCI	169,864	49,881	169,272	159,037	188,060	1,460	-	737,574	3.70
Financial instruments at AC	-	6,452	-	166,346	40,862	-	-	213,660	4.37
Derivative financial assets	-	-	-	-	-	81,453	-	81,453	
Loans, advances and financing	1,684,831	14,513	18,657	57,315	-	97	-	1,775,413	6.91
Balances due from clients and brokers	-	-	-	-	-	334,465	-	334,465	
Other assets	93,849	-	-	-	-	144,973	-	238,822	
Other non interest sensitive balances	-	-	-	-	-	752,429	-	752,429	
Total assets	3,309,141	81,265	187,929	382,698	228,922	1,841,245	387,322	6,418,522	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2021 (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	1,638,170	666,478	732,630	100,000	-	-	-	3,137,278	1.89
Deposits and placement of banks and other financial institutions	369,958	242,904	40,000	-	-	-	-	652,862	1.89
Borrowings	56,200	3,000	-	-	185,500	-	-	244,700	4.54
Derivative financial liabilities	-	-	-	-	-	28,760	-	28,760	
Balances due to clients and brokers	-	-	-	-	-	665,968	-	665,968	
Other liabilities- structured product	3,168	-	-	-	-	-	-	3,168	21.45
Other non interest sensitive balances	-	-	-	-	-	630,756	-	630,756	
Total liabilities	2,067,496	912,382	772,630	100,000	185,500	1,325,484	-	5,363,492	
Equity	-	-	-	-	-	1,050,329	-	1,050,329	
Non-controlling interest	-	-	-	-	-	4,701	-	4,701	
Total liabilities and shareholders' equity	2,067,496	912,382	772,630	100,000	185,500	2,380,514	-	6,418,522	
On-balance sheet interest sensitivity gap	1,241,645	(831,117)	(584,701)	282,698	43,422	(539,269)	387,322	-	
Cumulative interest sensitivity gap	1,241,645	410,528	(174,173)	108,525	151,947	(387,322)	-	-	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group 2020	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	1,078,654	30,329	-	-	-	535,551	-	1,644,534	2.19
Financial assets at FVTPL	-	-	-	-	-	-	543,539	543,539	4.40
Financial instruments at FVOCI	154,946	-	106,312	311,851	196,633	1,990	-	771,732	3.93
Financial instruments at AC	-	25,954	-	156,333	10,748	-	-	193,035	4.49
Derivative financial assets	-	-	-	-	-	95,571	-	95,571	
Loans, advances and financing	1,773,071	18,407	48,198	29,392	-	181	-	1,869,249	7.10
Balances due from clients and brokers	-	-	-	-	-	545,057	-	545,057	
Other assets	101,629	-	-	-	-	86,660	-	188,289	
Other non interest sensitive balances	-	-	-	-	-	724,061	-	724,061	
Total assets	3,108,300	74,690	154,510	497,576	207,381	1,989,071	543,539	6,575,067	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2020 (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	1,476,333	487,992	888,060	100,000	-	-	-	2,952,385	2.22
Deposits and placement of banks and other financial institutions	762,796	123,289	180,000	-	-	-	-	1,066,085	2.22
Borrowings	53,400	-	-	-	122,000	-	-	175,400	4.73
Derivative financial liabilities	-	-	-	-	-	137,480	-	137,480	
Balances due to clients and brokers	-	-	-	-	-	720,665	-	720,665	
Other liabilities- structured product	4,055	-	11,528	-	-	-	-	15,583	19.20
Other non interest sensitive balances	-	-	-	-	-	502,528	-	502,528	
Total liabilities	2,296,584	611,281	1,079,588	100,000	122,000	1,360,673	-	5,570,126	
Equity	-	-	-	-	-	1,004,941	-	1,004,941	
Total liabilities and shareholders' equity	2,296,584	611,281	1,079,588	100,000	122,000	2,365,614	-	6,575,067	
On-balance sheet interest sensitivity gap	811,716	(536,591)	(925,078)	397,576	85,381	(376,543)	543,539	-	
Cumulative interest sensitivity gap	811,716	275,125	(649,953)	(252,377)	(166,996)	(543,539)	-	-	

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31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank 2021	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	1,321,399	-	-	-	-	137,757	-	1,459,156	1.71
Financial assets at FVTPL	-	-	-	-	-	-	386,367	386,367	4.35
Financial instruments at FVOCI	169,864	49,881	169,272	159,037	188,060	1,460	-	737,574	3.70
Financial instruments at AC	-	6,452	-	166,346	40,862	-	-	213,660	4.37
Derivative financial assets	-	-	-	-	-	81,453	-	81,453	
Loans, advances and financing	1,738,367	11,151	-	-	-	97	-	1,749,615	6.91
Balances due from clients and brokers	-	-	-	-	-	334,370	-	334,370	
Other assets	-	-	-	29,761	-	108,168	-	137,929	
Other non interest sensitive balances	-	-	-	-	-	769,550	-	769,550	
Total assets	3,229,630	67,484	169,272	355,144	228,922	1,432,855	386,367	5,869,674	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2021 (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	1,715,418	701,132	734,050	100,000	-	-	-	3,250,600	1.89
Deposits and placement of banks and other financial institutions	369,958	242,904	40,000	-	-	-	-	652,862	1.89
Borrowings	19,200	-	-	-	185,500	-	-	204,700	4.54
Derivative financial liabilities	-	-	-	-	-	28,760	-	28,760	
Balances due to clients and brokers	-	-	-	-	-	265,296	-	265,296	
Other liabilities- structured product	3,168	-	-	-	-	-	-	3,168	21.45
Other non interest sensitive balances	-	-	-	-	-	422,938	-	422,938	
Total liabilities	2,107,744	944,036	774,050	100,000	185,500	716,994	-	4,828,324	
Equity	-	-	-	-	-	1,041,350	-	1,041,350	
Total liabilities and shareholders' equity	2,107,744	944,036	774,050	100,000	185,500	1,758,344	-	5,869,674	
On-balance sheet interest sensitivity gap	1,121,886	(876,552)	(604,778)	255,144	43,422	(325,489)	386,367	-	
Cumulative interest sensitivity gap	1,121,886	245,334	(359,444)	(104,300)	(60,878)	(386,367)	-	-	

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50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank 2020	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	1,007,737	-	-	-	-	370,909	-	1,378,646	2.19
Financial assets at FVTPL	-	-	-	-	-	-	539,931	539,931	4.40
Financial instruments at FVOCI	154,946	-	106,312	311,851	196,633	1,990	-	771,732	3.93
Financial instruments at AC	-	25,954	-	156,333	10,748	-	-	193,035	4.49
Derivative financial assets	-	-	-	-	-	95,571	-	95,571	
Loans, advances and financing	1,845,738	11,077	-	-	-	181	-	1,856,996	7.10
Balances due from clients and brokers	-	-	-	-	-	545,057	-	545,057	
Other assets	-	-	-	-	29,774	64,938	-	94,712	
Other non interest sensitive balances	-	-	-	-	-	773,067	-	773,067	
Total assets	3,008,421	37,031	106,312	468,184	237,155	1,851,713	539,931	6,248,747	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2020 (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	1,557,155	496,228	889,460	100,000	-	-	-	3,042,843	2.20
Deposits and placement of banks and other financial institutions	762,796	123,289	180,000	-	-	-	-	1,066,085	2.20
Borrowings	30,400	-	-	-	122,000	-	-	152,400	4.69
Derivative financial liabilities	-	-	-	-	-	137,480	-	137,480	
Balances due to clients and brokers	-	-	-	-	-	405,191	-	405,191	
Other liabilities- structured product	4,055	-	11,528	-	-	-	-	15,583	19.20
Other non interest sensitive balances	-	-	-	-	-	405,154	405,154	810,308	
Total liabilities	2,354,406	619,517	1,080,988	100,000	122,000	947,825	405,154	5,629,890	
Equity	-	-	-	-	-	1,024,011	-	1,024,011	
Total liabilities and shareholders' equity	2,354,406	619,517	1,080,988	100,000	122,000	1,971,836	405,154	6,653,901	
On-balance sheet interest sensitivity gap	654,015	(582,486)	(974,676)	368,184	115,155	(120,123)	134,777	(405,154)	
Cumulative interest sensitivity gap	654,015	71,529	(903,147)	(534,963)	(419,808)	(539,931)	(405,154)	(810,308)	

50. 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 2021	Impact on profit or loss 2021 RM'000	Impact on equity* 2021 RM'000	Change in interest rates# 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
+150	**(2,874)**	**(14,413)**	+150	(2,914)	(19,396)
-150	**2,874**	**14,413**	-150	2,914	19,396

* *exclude tax impact*
\# *Changes in interest restated to +150 basis points ("bps") or -150 bps (2020: +100 bps/-100pbs) in order to be consistent with regulatory reporting of the interest rate or rate of return risk in the banking book standardised measurement approach.*

(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/loss:

Foreign currency is denoted in the table below:

Currency	*Abbreviation*	*Currency*	*Abbreviation*
AUD	*Australian Dollar*	*HKD*	*Hong Kong Dollar*
CHF	*Swiss Franc*	*THB*	*Thai Baht*
CNY	*Chinese Yuan*	*USD*	*US Dollar*
PHP	*Philippine Peso*	*IDR*	*Indonesian Rupiah*
SGD	*Singapore Dollar*	*JPY*	*Japanese Yen*
EUR	*Euro*	*NZD*	*New Zealand Dollar*
GBP	*British Pound*	*SAR*	*Saudi Arabian Riyal*

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(ii) Foreign currency exchange risk (cont'd.)

Currency rate sensitivity analysis (cont'd.)

Currency*	Changes in foreign exchange Rates	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
AUD	5%	75	-	5%	4	-
CHF	5%	1	-	5%	1	-
CNY	5%	18	-	5%	2	-
EUR	5%	(2)	-	5%	(18)	-
GBP	5%	(38)	-	5%	4	-
HKD	5%	71	-	5%	7	-
IDR	5%	2.78	-	5%	0.17	-
JPY	5%	(0)	-	5%	(123)	-
NZD	5%	1	-	5%	2	-
PHP	5%	2	-	5%	2	-
SGD	5%	(6)	-	5%	78	-
THB	5%	6	-	5%	2	-
USD	5%	249	-	5%	(360)	-

Arising from the Group's investment in the associate company in Saudi Arabia, there is a natural position held in foreign currency exposure in 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 2021 RM'000	Impact on equity 2021 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
SAR	5%	-	(4,319)	5%	-	(3,563)

(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.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(iii) Equity price sensitivity analysis (cont'd.)

	Change in equity price 2021	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Change in equity price 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
Equity-	+30%	17,179	-	+30%	16,932	-
investments	-30%	(49,939)	-	-30%	(37,245)	-

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 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. 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 2021	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Change in equity price 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
Equity-	+30%	-	17,403	+30%	-	12,197
investments	-30%	-	(17,403)	-30%	-	(12,197)

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk

Liquidity risk is the risk of loss as a result of the Group's or 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 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2021	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	526,368	1,360,597	10,419	-	-	-	-	1,897,384
Financial assets at FVTPL	-	-	-	-	-	23,873	363,449	387,322
Financial instruments at FVOCI	-	169,864	49,881	70,530	98,742	347,097	1,460	737,574
Financial instruments at AC	-	-	1,489	-	-	212,171	-	213,660
Derivative financial assets	-	38	-	29,465	51,950	-	-	81,453
Loans, advances and financing	229,505	1,159,841	56,391	18,657	2,943	307,979	97	1,775,413
Balances due from clients and brokers	-	334,465	-	-	-	-	-	334,465
Other assets	6,740	150,491	3,134	1,754	-	-	76,703	238,822
Others	-	1,479	1,156	1,734	3,437	10,668	733,955	752,429
Total assets	762,613	3,176,775	122,470	122,140	157,072	901,788	1,175,664	6,418,522

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2021	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	39,848	1,598,322	666,478	492,875	239,755	100,000	-	3,137,278
Deposits and placements of banks and other financial institutions	-	369,958	242,904	40,000	-	-	-	652,862
Derivative financial liabilities	-	-	4,712	4,031	20,017	-	-	28,760
Balances due to clients and brokers	-	665,968	-	-	-	-	-	665,968
Borrowings	-	37,000	5,800	2,800	5,600	193,500	-	244,700
Other liabilities balances	630	181,851	5,610	3,220	4,287	40,092	398,234	633,924
Total liabilities	40,478	2,853,099	925,504	542,926	269,659	333,592	398,234	5,363,492
Net maturity mismatch	722,138	323,845	(803,008)	(420,729)	(112,482)	567,836	777,430	1,055,030

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	2,774,310	-	-	-	-	-	-	2,774,310
- foreign exchange related contracts	-	7,930	-	2,292	-	-	-	10,222
Miscellaneous commitments-monies held in trust on behalf of client	1,249,679	-	-	-	-	-	-	1,249,679
Other commitments-corporate loan	50,742	-	-	-	-	14,000	41,275	106,017
Securities borrowing and lending	27,637	-	-	-	-	-	-	27,637
Total commitments and guarantees	4,102,368	7,930	-	2,292	-	14,000	41,275	4,167,865

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(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 2020. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2020	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	535,551	1,078,654	30,329	-	-	-	-	1,644,534
Financial assets at FVTPL	-	-	-	-	-	39,833	503,706	543,539
Financial instruments at FVOCI	-	154,946	-	10,908	95,404	508,484	1,990	771,732
Financial instruments at AC	-	-	18,030	-	-	175,005	-	193,035
Derivative financial assets	-	29,440	-	1,882	64,049	65	135	95,571
Loans, advances and financing	231,055	1,199,415	7,330	45,671	53,954	331,643	181	1,869,249
Balances due from clients and brokers	-	545,057	-	-	-	-	-	545,057
Other assets	15,286	108,566	3,367	1,822	-	-	59,248	188,289
Others	-	1,713	1,272	1,888	3,715	14,595	700,877	724,060
Total assets	781,892	3,117,791	60,328	62,171	217,122	1,069,625	1,266,137	6,575,066

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50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2020	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	41,048	1,435,285	487,992	669,960	218,100	100,000	-	2,952,385
Deposits and placements of banks and other financial institutions	-	762,796	123,289	180,000	-	-	-	1,066,085
Derivative financial liabilities	-	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	-	720,665	-	-	-	-	-	720,665
Borrowings	-	23,000	2,800	2,800	5,600	141,200	-	175,400
Other liabilities balances	600	135,370	7,994	9,894	10,596	56,388	297,269	518,111
Total liabilities	41,648	3,087,619	657,030	921,887	267,085	297,588	297,269	5,570,126
Net maturity mismatch	740,244	30,172	(596,702)	(859,716)	(49,963)	772,037	968,868	1,004,940

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	2,534,315	-	-	-	-	-	-	2,534,315
- foreign exchange related contracts	-	10,757	46,190	1,607	-	-	-	58,554
Miscellaneous commitments-monies held in trust on behalf of client	1,257,682	-	-	-	-	-	-	1,257,682
Other commitments-corporate loan	60,050	7,500	-	19,200	30,876	-	41,275	158,901
Securities borrowing and lending	1,544	-	-	-	-	-	-	1,544
Total commitments and guarantees	3,853,591	18,257	46,190	20,807	30,876	-	41,275	4,010,996

50. 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 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2021	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	137,757	1,321,399	-	-	-	-	-	1,459,156
Financial assets at FVTPL	-	-	-	-	-	23,873	362,494	386,367
Financial instruments at FVOCI	-	169,864	49,881	70,530	98,742	347,097	1,460	737,574
Financial instruments at AC	-	-	1,489	-	-	212,171	-	213,660
Derivative financial assets	-	38	-	29,465	51,950	-	-	81,453
Loans, advances and financing	256,044	1,157,109	53,029	-	2,943	280,393	97	1,749,615
Balances due from clients and brokers	-	334,370	-	-	-	-	-	334,370
Other assets	6,456	56,632	3,134	1,754	-	29,761	40,192	137,929
Others	-	1,396	991	1,486	2,972	8,359	754,346	769,550
Total assets	400,257	3,040,808	108,524	103,235	156,607	901,654	1,158,589	5,869,674

Notes to the Financial Statements
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50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2021	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	39,848	1,675,570	701,132	494,295	239,755	100,000	-	3,250,600
Deposits and placements of banks and other financial institutions	-	369,958	242,904	40,000	-	-	-	652,862
Derivative financial liabilities	-	-	4,712	4,031	20,017	-	-	28,760
Balances due to clients and brokers	-	265,296	-	-	-	-	-	265,296
Borrowings	-	-	2,800	2,800	5,600	193,500	-	204,700
Other liabilities balances	630	181,503	5,450	2,978	3,828	37,676	194,041	426,106
Total liabilities	40,478	2,492,327	956,998	544,104	269,200	331,176	194,041	4,828,324
Net maturity mismatch	359,779	548,481	(848,474)	(440,869)	(112,593)	570,478	964,548	1,041,350

The table below shows the contractual expiry by maturity of the Bank'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	2,774,310	-	-	-	-	-	-	2,774,310
- foreign exchange related contracts	-	7,930	-	2,292	-	-	-	10,222
Miscellaneous commitments-monies held in trust on behalf of client	1,249,679	-	-	-	-	-	-	1,249,679
Other commitments-corporate loan	124,242	-	-	-	-	20,000	41,275	185,517
Securities borrowing and lending	27,637	-	-	-	-	-	-	27,637
Total commitments and guarantees	4,175,868	7,930	-	2,292	-	20,000	41,275	4,247,365

50. 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 2020. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2020	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	370,909	1,007,737	-	-	-	-	-	1,378,646
Financial assets at FVTPL	-	-	-	-	-	39,833	500,098	539,931
Financial instruments at FVOCI	-	154,946	-	10,908	95,404	508,484	1,990	771,732
Financial instruments at AC	-	-	18,030	-	-	175,005	-	193,035
Derivative financial assets	-	29,440	-	1,882	64,049	65	135	95,571
Loans, advances and financing	283,532	1,199,415	-	-	51,428	322,440	181	1,856,996
Balances due from clients and brokers	-	545,057	-	-	-	-	-	545,057
Other assets	15,645	6,802	3,367	1,822	-	29,774	37,302	94,712
Others	-	1,634	1,136	1,704	3,407	13,455	751,731	773,067
Total assets	670,086	2,945,031	22,533	16,316	214,288	1,089,056	1,291,437	6,248,747

Notes to the Financial Statements
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50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2020	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	41,048	1,516,107	496,228	671,360	218,100	100,000	-	3,042,843
Deposits and placements of banks and other financial institutions	-	762,796	123,289	180,000	-	-	-	1,066,085
Derivative financial liabilities	-	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	-	405,191	-	-	-	-	-	405,191
Borrowings	-	-	2,800	2,800	5,600	141,200	-	152,400
Other liabilities balances	600	134,562	7,862	9,714	10,290	55,144	202,565	420,737
Total liabilities	41,648	2,829,159	665,134	923,107	266,779	296,344	202,565	5,224,736
Net maturity mismatch	628,438	115,872	(642,601)	(906,791)	(52,491)	792,712	1,088,872	1,024,011

The table below shows the contractual expiry by maturity of the Bank'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	2,534,315	-	-	-	-	-	-	2,534,315
- foreign exchange related contracts	-	10,757	46,190	1,607	-	-	-	58,554
Miscellaneous commitments-monies held in trust on behalf of client	1,257,682	-	-	-	-	-	-	1,257,682
Other commitments-corporate loan	107,550	7,500	-	19,200	30,876	20,000	41,275	226,401
Securities borrowing and lending	1,544	-	-	-	-	-	-	1,544
Total commitments and guarantees	3,901,091	18,257	46,190	20,807	30,876	20,000	41,275	4,078,496

50. 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 2021	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	**1,643,651**	**672,971**	**499,094**	**244,109**	**123,025**	**-**	**3,182,850**
Deposits and placements of banks and other financial institutions	**370,666**	**243,910**	**40,454**	**-**	**-**	**-**	**655,030**
Derivative financial liabilities	**-**	**4,712**	**4,031**	**20,017**	**-**	**-**	**28,760**
Balances due to clients and brokers	**665,968**	**-**	**-**	**-**	**-**	**-**	**665,968**
Borrowings	**37,162**	**5,853**	**2,818**	**5,637**	**193,159**	**-**	**244,629**
Other liabilities balances	**182,556**	**5,687**	**3,317**	**4,460**	**39,670**	**398,234**	**633,924**
Total undiscounted financial liabilities	**2,900,003**	**933,133**	**549,714**	**274,223**	**355,854**	**398,234**	**5,411,161**

Group 2020	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	1,479,708	507,212	698,312	218,501	144,604	-	3,048,337
Deposits and placements of banks and other financial institutions	764,727	124,463	181,829	-	-	-	1,071,019
Derivative financial liabilities	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	720,665	-	-	-	-	-	720,665
Borrowings	23,112	2,818	2,818	5,637	204,432	-	238,817
Other liabilities balances	135,970	7,994	9,894	10,596	56,388	297,269	518,111
Total undiscounted financial liabilities	3,134,685	677,442	952,086	267,523	405,424	297,269	5,734,429

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank 2021	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	**1,721,198**	**707,751**	**500,546**	**244,109**	**123,025**	**-**	**3,296,629**
Deposits and placements of banks and other financial institutions	**370,666**	**243,910**	**40,454**	**-**	**-**	**-**	**655,030**
Derivative financial liabilities	**-**	**4,712**	**4,031**	**20,017**	**-**	**-**	**28,760**
Balance due to clients and brokers	**265,296**	**-**	**-**	**-**	**-**	**-**	**265,296**
Borrowings	**-**	**2,818**	**2,818**	**5,637**	**193,159**	**-**	**204,433**
Other liabilities balances	**182,210**	**5,555**	**3,137**	**4,154**	**37,009**	**194,041**	**426,106**
Total undiscounted financial liabilities	**2,539,371**	**964,746**	**550,986**	**273,917**	**353,193**	**194,041**	**4,876,254**

Bank 2020	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	1,560,611	515,458	699,712	218,501	144,604	-	3,138,886
Deposits and placements of banks and other financial institutions	764,727	124,463	181,829	-	-	-	1,071,019
Derivative financial liabilities	10,503	34,955	59,233	32,789	-	-	137,480
Balance due to clients and brokers	405,191	-	-	-	-	-	405,191
Borrowings	-	2,818	2,818	5,637	204,432	-	215,705
Other liabilities balances	135,162	7,862	9,714	10,290	55,144	202,565	420,737
Total undiscounted financial liabilities	2,876,194	685,556	953,306	267,217	404,180	202,565	5,389,018

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(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.

51. 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.

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51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

Group 2021	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	-	119,318	-	119,318
- Equity securities	206,941	5,291	55,772	268,004
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,782,095	1,782,095
	206,941	1,161,331	1,839,327	3,207,599
Financial liability measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Financial liabilities for which fair values are disclosed				
Borrowings	-	204,020	-	204,020
	23,499	209,281	-	232,780

Group 2020	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	-	138,057	-	138,057
- Equity securities	351,645	5,384	48,453	405,482
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,867,339	1,867,339
	351,780	1,210,834	1,917,782	3,480,396
Financial liability measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Financial liabilities for which fair values are disclosed				
Borrowings	-	154,413	-	154,413
	131,241	160,652	-	291,893

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

Bank 2021	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	-	123,873	-	123,873
- Equity securities	206,722	-	55,772	262,494
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,757,618	1,757,618
	206,722	1,160,595	1,814,850	3,182,167
Financial liability measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Financial liabilities for which fair values are disclosed				
Borrowings	-	164,018	-	164,018
	23,499	169,279	-	192,778

Bank 2020	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	-	139,833	-	139,833
- Equity securities	351,645	-	48,453	400,098
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,857,022	1,857,022
	351,780	1,207,226	1,907,465	3,466,471
Financial liability measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Financial liabilities for which fair values are disclosed				
Borrowings	-	131,421	-	131,421
	131,241	137,660	-	268,901

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

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 48.

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
2021		
Balance at the beginning of the financial year	**48,453**	**1,990**
Acquisition of investments during the financial year	**10,990**	**-**
Revaluation gain/(loss) during the financial year	**21,397**	**(530)**
Balance at the end of the financial year	**80,840**	**1,460**
2020		
Balance at the beginning of the financial year	28,994	1,088
Acquisition of investments during the financial year	22,475	-
Revaluation (loss)/gain during the financial year	(3,016)	902
Balance at the end of the financial year	48,453	1,990

52. OPERATIONS OF ISLAMIC BANKING

The Islamic banking operations of the Bank are as follows:

(a) Statements of financial position as at 31 December 2021

		Group and Bank	
	Note	2021 RM'000	2020 RM'000
Assets			
Cash and bank balances	(e)	**424,712**	452,323
Financial assets at FVTPL	(f)	**100,000**	100,000
Financial investments at FVOCI	(g)(i)	**242,521**	228,701
Financial investments at AC	(g)(ii)	**68,044**	66,822
Financing and advances	(h)	**103,491**	113,928
Balances due from clients and brokers		**2,124**	1,459
Other assets	(i)	**3,246**	3,941
Property, plant and equipment		**18**	26
Intangible assets		**3**	2
Total assets		**944,159**	967,202
Liabilities			
Deposits from customers	(j)	**555,137**	665,493
Balances due to clients and brokers		**7,493**	4,409
Other liabilities	(k)	**193,784**	112,951
Deferred tax liabilities		**308**	1,613
Provision for taxation and zakat		**3,472**	4,342
Total liabilities		**760,194**	788,808
Islamic banking capital funds			
Islamic banking funds		**120,000**	120,000
Reserves		**63,965**	58,394
Total Islamic banking capital funds		**183,965**	178,394
Total liabilities and Islamic banking capital funds		**944,159**	967,202

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Statements of profit or loss and other comprehensive income For the financial year ended 31 December 2021

	Note	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Income derived from investment of depositors' funds	(l)	**29,229**	46,905
Income derived from investment of shareholders' funds	(m)	**6,725**	8,404
Credit loss reversal		**181**	374
Total attributable income		**36,135**	55,683
Profit distributed to depositors	(n)	**(18,262)**	(32,759)
Net Income		**17,873**	22,924
Finance cost		**(864)**	(1,881)
Personnel expenses	(o)(i)	**(768)**	(749)
Other overhead expenses	(o)(ii)	**(3,065)**	(3,585)
Profit before taxation and zakat		**13,176**	16,709
Taxation and zakat		**(3,472)**	(4,342)
Profit for the financial year		**9,704**	12,367
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on debt instruments at FVOCI		**(5,435)**	2,011
Income tax related to the above items		**1,305**	(492)
Total other comprehensive income for the financial year, net of tax		**5,574**	13,886

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 the Bank comprise the following items:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Income derived from investment of depositors' funds	**29,229**	46,905
Income derived from investment of shareholders' funds	**6,725**	8,404
Total income before impairment allowances and overhead expenses	**35,954**	55,309
Profit distributed to depositors	**(18,262)**	(32,759)
Finance cost	**(864)**	(1,881)
Income from Islamic Banking Window operations reported in the statements of profit or loss of the Group and the Bank	**16,828**	20,669

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(c) Statements of cash flows
For the financial year ended 31 December 2021

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Cash flows from operating activities		
Profit before taxation and zakat	**13,176**	16,709
Adjustments for:		
Depreciation of plant and equipment (Note 52(o)(ii))	**8**	8
Amortisation of intangible assets (Note 52(o)(ii))	**1**	10
Credit loss reversal	**(181)**	(374)
Realised loss/(gain) from sale of financial assets at FVTPL	**1,014**	(1,442)
Realised gain from sale of financial investments at FVOCI (Note 52(l))	**(1,571)**	(1,974)
Operating profit before working capital changes	**12,447**	12,937
Changes in operating assets:		
Financing and advances	**10,560**	55,653
Balances due from clients and brokers	**(665)**	(1,050)
Other assets	**697**	756
Changes in operating liabilities:		
Deposits from customers	**(110,356)**	(508,770)
Balances due to clients and brokers	**3,084**	1,739
Other liabilities	**76,918**	11,179
Cash used in operating activities	**(7,315)**	(427,556)
Taxation and zakat paid	**(430)**	(357)
Net cash used in operating activities	**(7,745)**	(427,913)
Cash flows from investing activities		
Purchase of plant and equipment	**(2)**	(6)
Net purchase of securities	**(19,864)**	(102,691)
Net cash flows used in investing activities	**(19,866)**	(102,697)
Net change in cash and cash equivalents	**(27,611)**	(530,610)
Cash and cash equivalents at beginning of the financial year	**452,323**	982,933
Cash and cash equivalents at end of the financial year	**424,712**	452,323

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52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Statements of changes in Islamic banking funds
For the financial year ended 31 December 2021

	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 2021	**120,000**	**5,036**	**2,442**	**19**	**5,248**	**45,649**	**178,394**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**9,704**	**9,704**
Other comprehensive loss for the financial year	**-**	**(4,130)**	**-**	**-**	**-**	**-**	**(4,130)**
Share based payment under ESS	**-**	**-**	**-**	**3**	**-**	**(6)**	**(3)**
Transfer to retained profits	**-**	**-**	**-**	**(9)**	**-**	**9**	**-**
Transfer from regulatory reserve	**-**	**-**	**(128)**	**-**	**-**	**128**	**-**
At 31 December 2021	**120,000**	**906**	**2,314**	**13**	**5,248**	**55,484**	**183,965**
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial year	-	-	-	-	-	12,367	12,367
Other comprehensive income for the financial year	-	1,519	-	-	-	-	1,519
Issuance of shares pursuant to ESOS	-	-	-	4	-	-	4
Transfer from regulatory reserve	-	-	(61)	-	-	61	-
At 31 December 2020	120,000	5,036	2,442	19	5,248	45,649	178,394

* *Capital reserve arose from the merger adjustment to reflect the capital restructuring as a result of the group internal reorganisation exercise.*

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(e) Cash and bank balances

	Group and Bank	
	2021 RM'000	2020 RM'000
Current account with BNM and banks	**35,712**	30,323
Money at call and deposit placements with:		
Licensed banks	**30,000**	172,000
Domestic non-bank financial institutions	**-**	50,000
Bank Negara Malaysia	**359,000**	200,000
	424,712	452,323

(f) Financial assets at FVTPL

	Group and Bank	
	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000
(i) Financial investments at Fair Value through Other Comprehensive Income ("FVOCI"):		
Money market instruments:		
Malaysian Government Investment Certificates	**20,116**	42,088
Negotiable Instruments of Deposits	**149,844**	99,974
	169,960	142,062
Debt instruments:		
Corporate Sukuk	**72,561**	86,639
Total financial investments at FVOCI	**242,521**	228,701

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52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

	Group and Bank	
	2021 RM'000	2020 RM'000
(ii) Financial investments at AC:		
Money market instruments:		
Malaysian Government Investment Certificates	**9,995**	-
Debt instruments:		
Corporate Sukuk	**58,049**	66,878
Less: Allowance for ECL	**-**	(56)
Total financial investments at AC	**68,044**	66,822
Total financial investments other than those measured at FVTPL	**310,565**	295,523

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

<u>AC</u>

An analysis of changes in the ECLs is, as follows:

	Group and Bank 2021	
Movement in ECLs	RM'000 Stage 1	RM'000 Total
As at 1 January	**56**	**56**
Assets derecognised or repaid (excluding write-offs)	**(4)**	**(4)**
Impact of net re-measurement of ECL	**(52)**	**(52)**
As at 31 December	**-**	**-**

	Group and Bank 2020	
Movement in ECLs	RM'000 Stage 1	RM'000 Total
As at 1 January	-	-
New assets originated or purchased	73	73
Impact of net re-measurement of ECL	(17)	(17)
As at 31 December	56	56

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(h) Financing and advances at AC

	Group and Bank	
	2021 RM'000	2020 RM'000
Commodity Murabahah term financing		
- Shariah contract - others	**20,011**	29,501
Commodity Murabahah revolving credit		
- Shariah contract - others	**70,105**	70,353
Commodity Murabahah share margin financing		
- Shariah contract - others	**13,471**	14,293
Gross financing and advances	**103,587**	114,147
Less: Allowance for ECL	**(96)**	(219)
Net financing and advances	**103,491**	113,928
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprises	**54,058**	55,648
Individuals	**49,529**	58,499
	103,587	114,147
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	**103,587**	114,147
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	**13,471**	14,293
Variable rate- Cost plus	**90,116**	99,854
	103,587	114,147
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Purchase of securities	**48,905**	40,096
Working capital	**38,278**	70,351
Others	**16,404**	3,700
	103,587	114,147
(v) Gross financing and advances analysed by residual contractual maturity are as follows:		
Within one year	**65,236**	110,445
More than one year	**38,351**	3,702
	103,587	114,147

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group & Bank 2021	
ECL allowances	**Stage 1 RM'000**	**Total RM'000**
As at 1 January	**219**	**219**
New assets originated	**47**	**47**
Assets derecognised or repaid (excluding write-offs)	**(185)**	**(185)**
Net remeasurement of allowance	**10**	**10**
Impact of net remeasurement	**5**	**5**
As at 31 December	**96**	**96**

	2020	
ECL allowances	**Stage 1 RM'000**	**Total RM'000**
As at 1 January	645	645
New assets originated	322	322
Assets derecognised or repaid (excluding write-offs)	(521)	(521)
Net remeasurement of allowance	(227)	(227)
As at 31 December	219	219

(i) Other assets

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Income receivables	**3,238**	3,893
Prepayment	**6**	15
Other receivables	**55**	88
Less: ECL	**(53)**	(55)
	3,246	3,941

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(i) Other assets (cont'd.)

(i) Impairment allowance for other receivables:

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

ECL allowances	2020 Non-credit Impaired RM'000	 Credit Impaired RM'000	 Total RM'000
As at 1 January	2	58	60
New assets originated	15	-	15
Assets derecognised or repaid (excluding write-offs)	-	(25)	(25)
Net remeasurement of allowance	-	5	5
As at 31 December	17	38	55

(j) Deposits from customers

	Group and Bank 2021 RM'000	 2020 RM'000
(i) By type of deposit:		
Tawarruq (Commodity Murabahah deposits)	555,137	665,493
(ii) By type of customers:		
Government and statutory bodies	141,918	200,000
Domestic non-bank institutions	226,211	438,864
Business enterprises	176,319	26,056
Individuals	583	573
Subsidiary companies	10,106	-
	555,137	665,493
(iii) By maturity:		
Due within six months	450,137	345,910
Due more than six months	105,000	319,583
	555,137	665,493

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52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(k) Other liabilities

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Mudarabah Specific Investment Account	**12,630**	36,000
Profit payables	**2,277**	5,309
Other payables	**178,877**	71,642
	193,784	112,951

Included in other payables is funds pending distribution to charitable organisations:

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Balance as at 1 January	**7**	7
Distribution during the year	**(7)**	-
Balance as at 31 December	**-**	7

(l) Income derived from investment of depositors' funds

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Finance income and hibah		
Financing and advances	**1,921**	3,890
Deposits and placements with financial institutions	**6,864**	15,503
Financial investments other than those measured at FVTPL	**9,982**	11,096
Accretion of discount	**(496)**	(899)
Others	**2**	19
	18,273	29,609
Other operating income		
Net (loss)/gain on sale of financial assets at FVTPL	**(1,014)**	1,442
Net gain on sale of financial investments other than those measured at FVTPL	**1,571**	1,974
Fees on financing and advances	**461**	755
Brokerage fee	**4,952**	7,157
Profit income	**4,871**	5,766
Advisory fee	**218**	303
Direct trading fees	**(121)**	(234)
Other operating income	**-**	2
Other non-operating income	**18**	131
	10,956	17,296
	29,229	46,905

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(m) Income derived from investment of shareholders' funds

	Group and Bank	
	2021 RM'000	2020 RM'000
Finance income and hibah		
Financing and advances	**4,432**	5,253
Financial investments other than those measured at FVTPL	**2,547**	3,487
Accretion of premium	**(254)**	(336)
	6,725	8,404

(n) Profit distributed to depositors

	Group and Bank	
	2021 RM'000	2020 RM'000
Deposits from customers and financial institutions		
- Murabahah Fund	**15,975**	30,030
Others	**2,287**	2,729
	18,262	32,759

(o) Other operating expenses

	Group and Bank	
	2021 RM'000	2020 RM'000
(i) Personnel expenses		
- salaries, wages, allowances and bonus	**617**	593
- EPF	**96**	92
- other staff related expense	**55**	64
	768	749
(ii) Other overhead expenses		
Establishment costs		
- depreciation	**8**	8
- amortisation	**1**	10
- office rental	**58**	58
- repair and maintenance	**-**	6
- others	**13**	5
	80	87

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

	Group and Bank	
	2021 RM'000	2020 RM'000
Marketing and trading expenses		
- advertisement and promotions	**8**	-
	8	-
Administration and general expenses		
- Fees and brokerage	**824**	1,151
- Support service charges	**1,715**	1,873
- Shariah committee expenses	**155**	214
- Others	**283**	260
	2,977	3,498
Total other overhead expenses	**3,065**	3,585

(p) 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 2021			
Dr. Ghazali Jaapar	**67,000**	**7,700**	**74,700**
Dr. Mohammad Firdaus Mohammad Hatta	**38,000**	**7,000**	**45,000**
Dr. Fadillah Mansor	**30,567**	**4,000**	**34,567**
	135,567	**18,700**	**154,267**
31 December 2020			
Dr. Ghazali Jaapar	49,500	6,900	56,400
Dr. Kamaruzaman Noordin	13,500	2,000	15,500
Dr. Mohd Fuad Md Sawari	40,000	5,000	45,000
Dr. Muhammad Arzim Naim	45,000	5,500	50,500
Dr. Mohammad Firdaus Mohammad Hatta	36,000	6,500	42,500
	184,000	25,900	209,900

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(q) Capital adequacy

	Group and Bank	
	2021 RM'000	2020 RM'000
CET 1/Tier 1 capital		
Islamic banking funds	**120,000**	120,000
Retained profits	**55,484**	45,650
Reserves	**8,481**	12,745
Less:		
Intangible assets	**(3)**	(2)
55% of cumulative gains on financial investments at FVOCI	**(499)**	(2,771)
Regulatory reserve	**(2,314)**	(2,442)
Total CET 1/Tier 1 capital	**181,149**	173,180
Tier 2 capital		
Impairment provision	**2,411**	2,718
Total Tier 2 capital	**2,411**	2,718
Total capital	**183,560**	175,898
CET 1 capital ratio	**77.917%**	64.539%
Tier 1 capital ratio	**77.917%**	64.539%
Total capital ratio	**78.954%**	65.552%

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

	2021		2020	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Group and Bank				
Credit risk	**883,247**	**202,433**	897,330	238,272
Market risk	**-**	**-**	-	-
Operational risk	**-**	**30,058**	-	30,060
Total risk weighted assets	**883,247**	**232,491**	897,330	268,332

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(r) Commitments and contingencies

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

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

	Group & Bank	
	2021 Principal amount RM'000	2020 Principal amount RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	**9,269**	7,977
- corporate financing	**52,000**	39,808
Commitments to extend credit with maturity of more than 1 year:		
- corporate financing	**11,275**	13,775
	72,544	61,560

(s) 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.

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(t) 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 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group and Bank 2021	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	35,712	389,000	-	-	-	-	-	424,712
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	-	149,844	-	25,152	-	67,525	-	242,521
Financial instruments at AC	-	-	1,500	-	-	66,544	-	68,044
Financing and advances	48,809	13,471	2,860	-	-	38,351	-	103,491
Balances due from clients and brokers	-	2,124	-	-	-	-	-	2,124
Other assets	-	2,177	551	511	-	-	7	3,246
Others	-	-	-	-	-	-	21	21
Total assets	84,521	556,616	4,911	25,663	-	172,420	100,028	944,159
Liabilities								
Deposits from customers	-	384,043	66,586	4,508	-	100,000	-	555,137
Balances due to clients and brokers	-	7,493	-	-	-	-	-	7,493
Other liabilities balances	-	287	74	-	-	5,387	191,816	197,564
Total liabilities	-	391,823	66,660	4,508	-	105,387	191,816	760,194
Net maturity mismatch	84,521	164,793	(61,749)	21,155	-	67,033	(91,788)	183,965

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(t) Liquidity risk (cont'd.)

Analysis of assets and liabilities by remaining contractual maturities

Group and Bank 2020	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	30,323	372,000	50,000	-	-	-	-	452,323
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	104,978	-	-	5,034	5,228	113,461	-	228,701
Financial instruments at AC	-	-	18,044	-	-	48,778	-	66,822
Financing and advances	70,135	14,292	-	-	-	29,501	-	113,928
Balances due from clients and brokers	-	1,459	-	-	-	-	-	1,459
Other assets	30	2,528	779	586	-	-	18	3,941
Others	-	-	-	-	-	-	28	28
Total assets	205,466	390,279	68,823	5,620	5,228	191,740	100,046	967,202
Liabilities								
Deposits from customers	-	366,586	49,196	149,711	-	100,000	-	665,493
Balances due to clients and brokers	-	4,409	-	-	-	-	-	4,409
Other liabilities balances	-	1,324	657	1,425	-	1,903	113,597	118,906
Total liabilities	-	372,319	49,853	151,136	-	101,903	113,597	788,808
Net maturity mismatch	205,466	17,960	18,970	(145,516)	5,228	89,837	(13,551)	178,394

53. 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	Luigi Fortunato Ghirardello Emmanuel, Dominique, Martial, Georges, Faure Sree Kumar A/L C K Nayar Azila Binti Abdul Aziz Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
2	Kenanga Nominees (Asing) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
3	Kenanga Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
4	Kenanga Private Equity Sdn Bhd	Datuk Chay Wai Leong Megat Mizan Nicholas Denney Cheong Boon Kak Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
5	ECML Berhad	Lee Kok Khee Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
6	ECML Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Tan Tong Nam Chan Tuck Kiong Nuryasmin Lee Binti Abdullah Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
7	Avenue Kestrel Sdn Bhd	Lee Kok Khee Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
8	K & N Kenanga Holdings Berhad	Datuk Chay Wai Leong Datuk Roslan Bin Hj Tik Cheong Boon Kak

Notes to the Financial Statements
31 December 2021

53. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

No	Name of subsidiaries	Name of Directors
9	SSSB Management Services Sdn Bhd	Megat Mizan Nicholas Denney Lem Siow Hui
10	Kenanga Management & Services Sdn Bhd	Megat Mizan Nicholas Denney Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
11	Kenanga Investors Berhad	Datuk Syed Ahmad Alwee Alsree (resigned on 11 June 2021) Syed Zafilen Bin Syed Alwee (retired on 1 January 2022) Imran Devindran Bin Abdullah Ismitz Matthew De Alwis Norazian Binti Ahmad Tajuddin Luk Wai Hong, William (appointed on 12 April 2021)
12	Kenanga Islamic Investors Berhad	YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail Datuk Syed Ahmad Alwee Alsree (resigned on 11 June 2021) Dato' Zuraidah Binti Atan (retired on 1 January 2022) Ismitz Matthew De Alwis Megat Mizan Nicholas Denney (alternate to YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail) Zulkifli Bin Ishak Norazian Binti Ahmad Tajuddin (appointed on 9 February 2021)
13	KUT Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ismitz Matthew De Alwis
14	KUT Nominees (Asing) Sdn Bhd	Lee Kok Khee Ismitz Matthew De Alwis
15	Kenanga Funds Berhad	Cheong Boon Kak Ismitz Matthew De Alwis

53 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

No	Name of subsidiaries	Name of Directors
16	Kenanga Capital Sdn Bhd	Datuk Roslan Bin Hj Tik Megat Mizan Nicholas Denney Lee Kok Khee Dato' Azlan Bin Abu Rais @ A Rais Al Noah
17	Kenanga Capital Islamic Sdn Bhd	Megat Mizan Nicholas Denney Cheong Boon Kak Ang Xing Xian
18	Rakuten Trade Singapore Pte. Ltd. (f.k.a. Kenanga Singapore Pte. Ltd. ("KSPL"))	Datuk Chay Wai Leong (appointed on 26 January 2022) Yuji Kusunoki (appointed on 26 January 2022) Eisuke Kiyono (appointed on 26 January 2022) Lee Kok Khee Luk Wai Hong, William (resigned on 26 January 2022)
19	I-VCAP Management Sdn Bhd	Luk Wai Hong, William (appointed on 12 April 2021) Syed Zafilen Bin Syed Alwee (appointed on 19 February 2021 and retired on 1 January 2022) Imran Devindran Bin Abdullah (appointed on 19 February 2021) Ismitz Matthew De Alwis (appointed on 19 February 2021) Syed Umar Bin Abdul Rahman Alhadad (appointed on 19 February 2021) Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (resigned on 19 February 2021) Mohd Asri Bin Awang (resigned on 19 February 2021) Khairi Shahrin Arief Bin Baki (resigned on 19 February 2021) Roslina Binti Abdul Rahman (resigned on 19 February 2021)

54. EQUITY COMPENSATION BENEFITS

Kenanga's Group Employees' Share Scheme ("ESS")

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:

On 2 January 2018, the Bank has offered 49,579,000 of options under ESOS to the eligible employees of the Group ("ESOS First Offer"). The exercise price of the ESOS First Offer is RM0.575. Out of the 49,579,000 options offered, 2,218,000, 13,320,000, 12,231,000, 224,000, 16,560,000 and 300,000 options have been vested on 1 March 2018, 2 May 2019, 1 July 2020, 1 December 2020, 2 August 2021 and 28 October 2021 respectively. These options are exercisable within three (3) years from date of vesting.

On 31 May 2018, the Bank has offered 10,000,000 of options under ESOS ("ESOS Second Offer"). The exercise price of the ESOS Second Offer is RM0.630. Out of the 10,000,000 options offered, 3,000,000 options each have been vested on 2 May 2019 and 1 July 2020. Balance 4,000,000 options have been vested on 2 August 2021.

On 2 May 2019, the Bank has offered 5,791,000 of options under ESOS ("ESOS Third Offer"). The exercise price of the ESOS Third Offer is RM0.605. Out of the 5,791,000 options offered, 386,000, 1,404,000, and 1,324,500 options have been vested on 1 June 2019, 1 July 2020 and 2 August 2021 respectively.These options are exercisable within three (3) years from date of vesting.

On 17 June 2019, the Bank has offered 750,000 of options under ESOS ("ESOS Fourth Offer"). The exercise price of the ESOS Fourth Offer is RM0.595. Out of the 750,000 options offered, 225,000 options each have been vested on 1 July 2020 and 2 August 2021.

On 1 July 2020, the Bank has offered 3,469,000 of options under ESOS ("ESOS Fifth Offer"). The exercise price of the ESOS Fifth Offer is RM0.58. Out of the 3,469,000 options offered, 356,000, 792,000 and 16,500 options have been vested on 1 August 2020, 2 August 2021 and 1 September 2021 respectively.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

On 2 August 2021, the Bank has offered 4,658,000 of options under ESOS ("ESOS Sixth Offer"). The exercise price of the ESOS Fifth Offer is RM1.37. Out of the 4,658,000 options offered, 308,000 options have been vested on 1 September 2021.

Details of share options granted under ESOS:

Offer date	Vesting date	Number of options ('000)	Exercise price	Number of exercisable options ('000)	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	383,500	02.05.2019-01.05.2022
02.01.2018	01.07.2020	14,161,500	0.575	322,000	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	14,048,000	02.08.2021-01.08.2024
02.01.2018	28.10.2021	300,000	0.575	300,000	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	3,000,000	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	72,000	01.06.2019-31.05.2022
02.05.2019	01.07.2020	1,588,500	0.605	78,000	01.07.2020-30.06.2023
02.05.2019	02.08.2021	1,588,500	0.605	720,000	02.08.2021-01.08.2024
02.05.2019	N/A*	2,118,000	0.605	N/A	N/A
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
01.07.2020	01.08.2020	356,000	0.580	66,000	01.08.2020-31.07.2023
01.07.2020	02.08.2021	870,000	0.580	616,500	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	N/A*	886,500	0.580	N/A	N/A
01.07.2020	N/A*	1,182,000	0.580	N/A	N/A
02.08.2021	01.09.2021	308,000	1.370	298,000	01.09.2021-31.08.2024
02.08.2021	N/A*	4,270,000	1.370	N/A	N/A

* *Based on 3-year cliff vesting from the offer date and performance metrics.*

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (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

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.01.2018	35,913,000	450,000	20,852,500	457,000	15,053,500
WAEP (RM)	0.575	0.575	0.575	0.575	0.575

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
02.01.2018	46,260,100	-	8,027,100	2,320,000	35,913,000
WAEP (RM)	0.575	-	0.575	0.575	0.575

ESOS Second Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
31.05.2018	10,000,000	-	3,000,000	-	7,000,000
WAEP (RM)	0.630	-	0.630	-	0.630

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
31.5.2018	10,000,000	-	-	-	10,000,000
WAEP (RM)	0.630	-	-	-	0.630

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Third Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.05.2019	**4,285,500**	**-**	**1,342,000**	**645,500**	**2,298,000**
WAEP (RM)	**0.605**	**-**	**0.605**	**0.605**	**0.605**

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
02.05.2019	5,377,000	-	793,000	298,500	4,285,500
WAEP (RM)	0.605	-	0.605	0.605	0.605

ESOS Fourth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
17.06.2019	**525,000**	**-**	**225,000**	**300,000**	**0**
WAEP (RM)	**0.595**	**-**	**0.595**	**0.595**	**0.595**

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
17.06.2019	750,000	-	225,000	-	525,000
WAEP (RM)	0.595	-	0.595	-	0.595

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Fifth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
01.07.2020	**3,044,000**	**-**	**255,500**	**209,000**	**2,579,500**
WAEP (RM)	**0.58**	**-**	**0.580**	**0.580**	**0.580**

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
01.07.2020	-	3,311,000	202,000	65,000	3,044,000
WAEP (RM)	N/A	0.580	0.580	0.580	0.580

ESOS Sixth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.08.2021	**-**	**4,578,000**	**-**	**860,000**	**3,718,000**
WAEP (RM)	**N/A**	**1.370**	**-**	**1.370**	**1.370**

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

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.

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.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

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.

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.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (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)	0.2664	0.2746	0.2692	0.2579
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.

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.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(2) ESGP (cont'd.)

(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.

55. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) There was no significant event during the financial year ended 31 December 2021 other than the following:

<u>Changes in composition of the Group</u>

(i) KIB had disposed entire issued and paid-up share capital of Libra Invest Berhad ("LIB") for a cash consideration of RM10,750,000. LIB ceased to be an indirect wholly-owned subsidiary of the Bank with effect from 30 April 2021 following the disposal.

(ii) On 26 August 2020, KIB entered into a Share Purchase Agreement with ValueCAP Sdn Bhd to acquire the entire issued and paid-up share capital of I-VCAP. This acquisition was completed on 19 February 2021, upon which, I-VCAP became a wholly-owned subsidiary of KIB.

55. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D).

(a) There was no significant event during the financial year ended 31 December 2021 other than the following: (cont'd).

Coronavirus pandemic (COVID-19)

With a resurgence of the virus around the world, the pandemic continues to affect businesses and livelihoods. Malaysia Government has made significant efforts to protect the communities and economies in seeking a return to normalcy including inoculating the population, opening up of economic sectors and various stimulus packages to relieve the people adversely affected by the Movement Control Order and pandemic.

The global pandemic have impacted the global economy, markets and the Group's counterparties and clients. The Group continues to operate as essential services and the following paragraphs provide an analysis of the direct and indirect effects to the Group:

(i) Impact on business operation

There were no material contracts being suspended or terms that have been waived, modified or newly imposed to the Group's activities. The disruption on the supply chain and distribution networks of our services arising from the COVID-19 pandemic was also minimal despite closure of certain branches as we were able to provide our services digitally.

The Group's digital journey that started a few years ago which focused not only on customer-centric technologies but also automation of operational processes had allowed us to capitalise on the sudden customer shift to online broking as well as the increase in trading volume during this period.

(ii) Impact on cash flows, liquidity, financial performance and position

The Group's financial performance for the current financial period was not significantly affected by the COVID-19 pandemic. Although there may be higher impaired loans as macroeconomic conditions weaken and consequently some increase in credit costs, these are largely due to market volatility and is not expected to be permanent. Our overall asset quality remains intact.

In addition, moratoriums granted to customers will have minimal impact on the Group's cash flow, operations and financial performance. The Group also continues to maintain healthy capital adequacy and liquidity ratios throughout the period under review.

(iii) Strategy and steps taken to address the impact of the COVID-19

In response to this "new normal" environment, appropriate and effective measures were put in place by the Group.

For our employees, we have split our operations into separate locations for critical departments and enforced work-from-home arrangements to ensure our essential services continue with minimal disruptions. To protect our employees who have to work from office, daily sanitisation of areas, temperature checking and social distancing are adopted. We are in compliance with the recommendations from the Ministry of Health that are issued from time to time.

We will continue to monitor and assess our credit, operational and liquidity risks on regular basis through the various policies and procedures that are in place to safeguard the financial position, performance and cash flows of the Group.

We have and will continue our efforts to use digital tools to enable business and operational activities to be managed efficiently and effectively in a post-COVID-19 environment.

(b) There was no significant event subsequent to the financial year ended 31 December 2021 other than the following:

On 26 October 2021, KIBB entered into a conditional Joint Venture Agreement with Rakuten Securities, Inc. and KSPL to jointly collaborate in providing online brokerage services through KSPL in Singapore.

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

Analysis of Shareholdings

As at 31 March 2022

SHARE CAPITAL

Total Number of Issued Shares : 735,762,599 Ordinary Shares (including 1,856,300 Treasury Shares)
Class of Shares : Ordinary Shares
Voting Rights : One (1) Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	7,026	28.79	181,760	0.02
100 to 1,000	5,397	22.11	2,516,714	0.34
1,001 to 10,000	9,791	40.12	33,985,115	4.63
10,001 to 100,000	1,901	7.79	55,301,675	7.54
100,001 to less than 5% of issued shares	288	1.18	404,128,265	55.07
5% and above of issued shares	2	0.01	237,792,770	32.40
Total	**24,405**	**100.00**	**733,906,299**[(1)]	**100.00**

[(1)] *Excluding 1,856,300 Treasury Shares retained by the Company as at 31 March 2022.*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1	CMS Capital Sdn Bhd	136,823,000	18.64
2	Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail	100,969,770	13.76
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Tokai Tokyo Securities Co., Ltd.	34,514,799	4.70
4	Chua Sim Neo @ Diana Chua	34,280,300	4.67
5	Abdul Aziz Bin Hashim	29,753,712	4.05
6	Aiza Binti Abdul Aziz	24,698,856	3.37
7	Pui Cheng Wui	23,382,100	3.19
8	Infotech Mark Sdn Bhd	22,316,340	3.04
9	Lim Kuan Gin	12,000,816	1.64
10	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	9,903,600	1.35
11	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	9,551,139	1.30
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,312,200	1.27
13	Koon Poh Keong	9,195,000	1.25
14	Affin Hwang Nominees (Tempatan) Sdn Bhd Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim	6,800,000	0.93
15	Song Kim Lee	6,300,000	0.86
16	Datuk Chay Wai Leong	5,820,000	0.79
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Kenanga Investors Bhd	5,637,000	0.77
18	Hwang Enterprises Sdn Bhd	5,550,000	0.76
19	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	5,057,000	0.69
20	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	5,031,600	0.69
21	Rescom International Limited	4,320,000	0.59
22	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Income Fund	4,066,400	0.55
23	Vibrant Model Sdn Bhd	4,000,000	0.55
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	3,713,800	0.51
25	Maybank Nominees (Tempatan) Sdn Bhd Exempt AN for Kenanga Investors Bhd (Clients' Account)	3,609,000	0.49
26	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Participating Fund	3,430,600	0.47
27	Channel Knowledge Sdn Bhd	3,217,301	0.44
28	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Ng Koh Lip (PB)	2,300,099	0.31
29	Naungan Efektif Sdn Bhd	2,291,500	0.31
30	SC Food Industries Sdn Bhd	2,100,000	0.29
	Total	**529,945,932**	**72.23**

SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND GROUP MANAGING DIRECTOR'S INTERESTS IN SECURITIES

Substantial Shareholders' Interest in Shares

	No. of Ordinary Shares			
Name of Substantial Shareholders	**Direct Interest**	**Percentage (%)**	**Indirect Interest**	**Percentage (%)**
CMS Capital Sdn Bhd	136,823,000	18.64	-	-
Cahya Mata Sarawak Berhad	-	-	136,823,000[1]	18.64
Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail	100,969,770	13.76	98,100[2]	0.01

[1] *Deemed interest pursuant to Section 8(4) of the Companies Act 2016 by virtue of shares held by CMS Capital Sdn Bhd.*
[2] *Deemed interest by virtue of shares held by person connected.*

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**Percentage (%)**	**No. of Shares**	**Percentage (%)**
Luigi Fortunato Ghirardello	631,700	0.09	-	-
Jeremy Nasrulhaq	187,900	0.03	-	-
Norazian Ahmad Tajuddin	10,000	*	-	-
Kanagaraj Lorenz	388,000	0.05	-	-

* *Negligible.*

GROUP MANAGING DIRECTOR'S INTEREST IN SECURITIES[1]

	No. of Ordinary Shares Held				
Name of Group Managing Director	**Direct Interest**	**Percentage (%)**	**Indirect Interest**	**Percentage (%)**	**No. of Options Held under the Employees' Share Option Scheme**
Datuk Chay Wai Leong[2]	5,820,000	0.79	-	-	7,000,000

[1] *Securities cover shares and options.*
[2] *Datuk Chay Wai Leong is not a Director of the Company.*

Notice of Forty-Eighth (48th) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth (48th) Annual General Meeting ("**48th AGM**") of Kenanga Investment Bank Berhad ("**the Company**" or "**KIBB**") will be held fully virtual at Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia ("**Broadcast Venue**") on Thursday, 26 May 2022 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 website 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 2021 together with the Reports of the Directors and Auditors thereon.

2. To elect Mr. Choy Khai Choon who retires in accordance with Clause 84 of the Company's Constitution and who, being eligible, offers himself for election. **Ordinary Resolution 1**

3. 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:

   3.1 Encik Ismail Harith Merican; and **Ordinary Resolution 2**

   3.2 Mr. Luk Wai Hong, William. **Ordinary Resolution 3**

   Mr. Luigi Fortunato Ghirardello who also retires by rotation in accordance with Clause 78 of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, Mr. Luigi Fortunato Ghirardello will retire from office upon the conclusion of the 48th AGM of the Company.

4. To approve the payment of the Non-Executive Directors' fees totalling RM3,072,054.80 in respect of the Financial Year Ended 31 December 2021. **Ordinary Resolution 4**

5. To approve the payment of benefits payable to Non-Executive Directors of up to an amount of RM1,300,000.00 from 27 May 2022 until the next AGM of the Company. **Ordinary Resolution 5**

6. To re-appoint Ernst & Young PLT as Auditors of the Company for the Financial Year Ending 31 December 2022 and to authorise the Board of Directors to determine their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

7. **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/ 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."

8. **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 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 shareholding 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 RM624,352,986 as at 31 December 2021;

c. the authority conferred by this 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 the shares so purchased as Treasury Shares;

   iii. retain part of the shares so purchased as Treasury Shares and cancel the remainder;

   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 Consumer Affairs 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."

9. 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
27 April 2022

Notes:

1. ***Registration for RPEV Facilities***

1.1 The Company's fully virtual 48th 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 website 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 fully virtual 48th AGM.

1.2 Registration for RPEV is opened from the date of the Notice of the 48th AGM on Wednesday, 27 April 2022 until such time before the voting session ends at the 48th AGM on Thursday, 26 May 2022.

1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user at Boardroom's website first and then pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 19 May 2022.

2. ***Proxy***

2.1 For the purpose of determining a member who shall be entitled to attend this 48th 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 19 May 2022. Only a member whose name appears in the Record of Depositors as at 19 May 2022 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 48th AGM will be conducted via a virtual meeting, 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 Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than Wednesday, 25 May 2022 at 11.00 a.m. Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's website at https://investor.boardroomlimited.my/ 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 48th AGM will be put to vote by poll.

3. Audited Financial Statements for the Financial Year Ended 31 December 2021

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 Resolution 1 - Election of Director Who Retires in Accordance with Clause 84 of the Company's Constitution

Clause 84 of the Constitution provides amongst others, that the Board of Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board of Directors and any Director so appointed shall hold office only until the next AGM and shall then be eligible for election.

Accordingly, Mr. Choy Khai Choon who was appointed as a Non-Independent Non-Executive Director of the Company on 13 December 2021, shall hold office until the 48th AGM and shall then be eligible for election pursuant to Clause 84 of the Company's Constitution.

The profile of Mr. Choy Khai Choon can be found in the 2021 Annual Report of the Company.

5. Ordinary Resolutions 2 and 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) Directors of the Company, namely Mr. Luigi Fortunato Ghirardello, Encik Ismail Harith Merican and Mr. Luk Wai Hong, William, shall retire in accordance with Clause 78 of the Company's Constitution.

However, Mr. Luigi Fortunato Ghirardello, a Non-Independent Non-Executive Director of the Company, who is retiring under Clause 78 of the Company's Constitution, had conveyed his intention not to seek for re-election at the 48th AGM. Mr. Luigi Fortunato Ghirardello had been serving the Board for the past thirteen (13) years since his appointment on 29 July 2008.

*For the purpose of determining the eligibility of the Directors to stand for re-election at the 48th AGM, the Board of Directors through its Group Governance, Nomination & Compensation Committee ("**GNC**") had assessed each of the retiring Directors, and considered the following:*

a. The Director's performance and contribution based on the outcome of the performance evaluation conducted on the Board of Directors, Board Committees and Individual Directors;

b. The Director's level of contribution to the Board of Directors' deliberations through his skills, experience and strength in qualities; and

c. The level of independence demonstrated by the Director, and his ability to act in the best interests of the Company in decision-making.

Based on its assessment, the GNC had, at its meeting on 23 February 2022, recommended the re-elections of the aforementioned Directors to be put forth to the Shareholders for approval at the forthcoming AGM. The GNC's recommendation was approved by the Board at its meeting on 6 April 2022.

The profiles of Encik Ismail Harith Merican and Mr. Luk Wai Hong, William, can be found in the 2021 Annual Report of the Company.

6. ***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 of Directors has agreed that the Shareholders' approval shall be sought at the 48th 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 2021; and*

b. ***Ordinary Resolution 5*** *on payment of Directors' benefits from 27 May 2022 to the next AGM in 2023 ("**Current Period**").*

7. ***Directors' Fees***

*The payment of the fees to the Non-Executive Chairman, Non-Executive Deputy Chairman[1] and Non-Executive Directors[2] ("**NEDs**") in respect of the Financial Year Ended 31 December 2021 will only be made if the proposed **Ordinary Resolution 4** is passed at the 48th AGM pursuant to Section 230(1)(b) of the Companies Act 2016.*

*For the Financial Year Ended 31 December 2021, the total Directors' fees payable of RM3,072,054.80 included the proposed increase in the fee payable to the Chairman of the Audit Committee ("**AC**") from RM40,000 per annum to RM60,000 per annum 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.*

8. ***Benefits Payable to the NEDs***

a. *The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman, Deputy Chairman and members of the Board of Directors 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.*

Description	Chairman	Deputy Chairman	Board Members
Benefits (applicable to the Company only)	Leave passage, driver, car, medical benefits and other claimable benefits	Golf club membership, car, medical benefits and other claimable benefits	Medical benefits

Type of Meeting	Chairman (per meeting)	NED/ Member (per meeting)
Board of Directors' 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 as and when incurred if the proposed **Ordinary Resolution 5** is passed at the 48th AGM. The Board of Directors 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.*

[1] *Datuk Syed Ahmad Alwee Alsree, the former Deputy Chairman/ Non-Independent Non-Executive Director of the Company, resigned from the Board of Directors of the Company on 11 June 2021. Hence, the Director's fee payable to him in respect of the period from 1 January 2021 to 10 June 2021, will be pro-rated accordingly.*

[2] *Dato' Richard Alexander John Curtis, the former Non-Independent Non-Executive Director of the Company, resigned from the Board of Directors of the Company on 11 June 2021. Hence, the Director's fee payable to him in respect of the period from 1 January 2021 to 10 June 2021, will be pro-rated accordingly.*

9. ***Ordinary Resolution 6 - Re-Appointment of Auditors***

The AC, at its meeting held on 25 January 2022, 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 the assessment, the AC had recommended to the Board of Directors 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 criteria set out in Bank Negara Malaysia's Policy Document on External Auditor in terms of its performance, as well as 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 of Directors;*

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/ policy adopted by the Company.*

The Board of Directors had also noted that the AC when assessing the proposal on Ernst & Young PLT's re-appointment, had also taken into consideration the 2021 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 of Directors 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 same to the Shareholders for approval at the 48th AGM, subject to the approval from Bank Negara Malaysia.

Subsequent to the above, Bank Negara Malaysia had on 7 March 2022 granted its approval for the re-appointment of Ernst & Young PLT as KIBB Group's External Auditors and Ms. Ng Sue Ean as the Engagement Partner and the appointment of Mr. Brandon Bruce Sta Maria as the Concurring Partner for the Financial Year Ending 31 December 2022.

10. ***Special Business***

10.1 ***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 Shareholders of the Company at the previous AGM held on 10 June 2021 and, if passed, will give powers to the Board of Directors 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 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 of Directors 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 10 June 2021 had not been utilised and hence, no proceed was raised therefrom.

*10.2 **Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority***

*The proposed **Ordinary Resolution 8**, if passed, will empower the Board of Directors 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 of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this 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 27 April 2022 which is dispatched together with the Notice of 48th AGM.

*11. **Abstention from Voting***

*11.1 The NED referred to in **Ordinary Resolution 1**, namely Mr. Choy Khai Choon, is a Board representative of Cahya Mata Sarawak Berhad, the holding company of CMS Capital Sdn Bhd, a major shareholder of the Company. In connection thereto, CMS Capital Sdn Bhd will abstain from voting on the resolution in respect of the election of Mr. Choy Khai Choon at the 48th AGM.*

*11.2 The NED referred to in **Ordinary Resolution 2**, namely Encik Ismail Harith Merican is the son of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail, a major shareholder of the Company and brother of Encik Megat Mizan Nicholas Denney, a shareholder of the Company. In connection thereto, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail and Encik Megat Mizan Nicholas Denney will abstain from voting on the resolution in respect of the re-election of Encik Ismail Harith Merican at the 48th AGM.*

*11.3 The NEDs of the Company who are the Shareholders of the Company will abstain from voting on **Ordinary Resolution 4** and **Ordinary Resolution 5** concerning the Directors' fees and Directors' benefits at the 48th AGM.*

*In this respect, Encik Jeremy Nasrulhaq, Puan Norazian Ahmad Tajuddin and Mr. Kanagaraj Lorenz, who are Shareholders of the Company, will abstain from voting on **Ordinary Resolution 4** and **Ordinary Resolution 5**, whereas Mr. Luigi Fortunato Ghirardello will abstain from voting on **Ordinary Resolution 4** only.*

*12. **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.

*13. **Publication of AGM Notice on the Company's Website***

Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company's 48th AGM is also available on the Company's website at www.kenanga.com.my throughout the period beginning from the date of the notice until the conclusion of the 48th AGM.

Statement Accompanying Notice of Forty-Eighth (48th) Annual General Meeting ("48th AGM")

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of Individual Who is Standing for Election as Director (Excluding Directors Standing for Re-election)**

   The profile of Mr. Choy Khai Choon who is standing for election as Director at the 48th AGM of the Company as per Agenda 2 of the Notice of 48th AGM can be found in the 2021 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 48th AGM, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 10 June 2021.

   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 8081 8028
F : +603 8081 7863

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 & First Floor,
Lorong Kampung Datu 3,
96000 Sibu, Sarawak
T : +6084 313 855
F : +6084 329 735

SABAH

KIBB Kota Kinabalu
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
Level 13, 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
Suite 1, 2nd Floor,
63 Persiaran Greenhill,
30450 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, 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 Petaling Jaya
44B, Jalan SS21/35,
Damansara Utama,
47400 Petaling Jaya,
Selangor
T : +603 7710 8828
F : +603 7710 8830

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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)

and/ or falling him ______________________ NRIC No./ Passport No. ______________
(FULL NAME AS PER NRIC/ PASSPORT IN BLOCK LETTERS)

of ______________________
(FULL ADDRESS)

or failing him, THE CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us and on my/ our behalf at the Forty-Eighth (48th) Annual General Meeting ("**48th AGM**") of the Company to be held fully virtual 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 website at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC – D6A357657) on Thursday, 26 May 2022 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.	Election of Mr. Choy Khai Choon pursuant to Clause 84 of the Company's Constitution	**RESOLUTION 1**		
2.	Re-election of the following Directors pursuant to Clause 78 of the Company's Constitution: 2.1 Encik Ismail Harith Merican 2.2 Mr. Luk Wai Hong, William	 **RESOLUTION 2** **RESOLUTION 3**		
3.	Payment of Directors' fees totaling RM3,072,054.80	**RESOLUTION 4**		
4.	Payment of benefits to the Non-Executive Directors of up to an amount of RM1,300,000.00 from 27 May 2022 until the next AGM of the Company	**RESOLUTION 5**		
5.	Re-Appointment of Ernst & Young PLT as Auditors	**RESOLUTION 6**		
AS SPECIAL BUSINESS				
6.	Authority to Directors to Issue Shares	**RESOLUTION 7**		
7.	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.

Date this...............day of 2022

FOR APPOINTMENT OF TWO (2) PROXIES, PERCENTAGE OF SHAREHOLDINGS TO BE REPRESENTED BY THE PROXIES:		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NUMBER OF SHARES HELD

____
Signature/ Common Seal of Member

Notes:

1. Registration for RPEV Facilities

1.1 The Company's fully virtual 48th 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 website 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 fully virtual 48th AGM.

1.2 Registration for RPEV is opened from the date of the Notice of 48th AGM on Wednesday, 27 April 2022 until such time before the voting session ends at the 48th AGM on Thursday, 26 May 2022.

1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user with Boardroom's website first and then pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 19 May 2022.

2. Proxy

2.1 For the purpose of determining a member who shall be entitled to attend this 48th 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 19 May 2022. Only a member whose name appears in the Record of Depositors as at 19 May 2022 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 48th AGM will be conducted via a virtual meeting, 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 Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than **Wednesday, 25 May 2022** at **11.00 a.m**. Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's website at https://investor.boardroomlimited.my/ 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 48th AGM will be put to vote by a poll.

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Stamp

Boardroom Share Registrars Sdn Bhd

Company Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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KENANGA INVESTMENT BANK BERHAD
COMPANY REGISTRATION NO. 197301002193 (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak,
50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

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