

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

**Unaudited Condensed Interim Financial Statements**  
**30 June 2022**

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

<u>Group</u>	Note	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>ASSETS</b>			
Cash and bank balances	A11	1,978,675	1,897,384
Financial assets at fair value through profit or loss ("FVTPL")	A12	342,901	387,322
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	496,631	737,574
Financial investments at amortised cost ("AC")	A13 (ii)	325,122	213,660
Derivative financial assets	B11	88,966	81,453
Loans, advances and financing	A14	1,715,361	1,775,413
Balances due from clients and brokers	A15	390,383	334,465
Other assets	A16	304,272	238,822
Statutory deposit with Bank Negara Malaysia	A17	52,973	50,868
Tax recoverable		15,253	38,807
Investment in associates		96,554	87,171
Investment in joint ventures		30,785	31,969
Property, plant and equipment		158,287	163,475
Intangible assets		331,945	331,061
Right-of-use assets		20,739	18,473
Deferred tax assets		25,442	30,605
<b>TOTAL ASSETS</b>		<b>6,374,289</b>	<b>6,418,522</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	3,314,372	3,137,278
Deposits and placements of banks and other financial institutions	A19	543,798	652,862
Balances due to clients and brokers		821,195	665,968
Derivative financial liabilities	B11	33,521	28,760
Other liabilities	A20	415,005	573,699
Borrowings	A21	218,100	244,700
Lease liabilities		21,026	18,829
Provision for taxation and zakat		477	41,396
Deferred tax liabilities		2	-
<b>TOTAL LIABILITIES</b>		<b>5,367,496</b>	<b>5,363,492</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

<b><u>Group (cont'd.)</u></b>	<b>Note</b>	<b>As at 30 June 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>EQUITY</b>			
Share capital		253,834	253,834
Treasury shares		(8,715)	(13,064)
Reserves		756,550	809,559
		<u>1,001,669</u>	<u>1,050,329</u>
Non-controlling Interests		5,124	4,701
<b>TOTAL EQUITY</b>		<b><u>1,006,793</u></b>	<b><u>1,055,030</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>6,374,289</u></b>	<b><u>6,418,522</u></b>
<b>Commitments and contingencies</b>	A29	<u>5,962,326</u>	<u>4,685,117</u>
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b><u>1.38</u></b>	<b><u>1.45</u></b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

<u>Bank</u>	Note	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>ASSETS</b>			
Cash and bank balances	A11	1,455,239	1,459,156
Financial assets at FVTPL	A12	346,623	386,367
Financial investments at FVOCI	A13 (i)	496,631	737,574
Financial investments at AC	A13 (ii)	325,122	213,660
Derivative financial assets	B11	88,966	81,453
Loans, advances and financing	A14	1,721,296	1,749,615
Balances due from clients and brokers	A15	390,298	334,370
Other assets	A16	119,709	137,929
Statutory deposit with Bank Negara Malaysia	A17	52,973	50,868
Tax recoverable		12,324	27,402
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		41,550	40,000
Property, plant and equipment		153,698	159,624
Intangible assets		332,672	331,986
Right-of-use assets		16,001	15,204
Deferred tax assets		15,237	15,219
<b>TOTAL ASSETS</b>		<b>5,697,586</b>	<b>5,869,674</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	3,474,556	3,250,600
Deposits and placements of banks and other financial institutions	A19	543,798	652,862
Balances due to clients and brokers		241,669	265,296
Derivative financial liabilities	B11	33,521	28,760
Other liabilities	A20	237,182	384,161
Borrowings	A21	194,100	204,700
Lease liabilities		16,173	15,473
Provision for taxation and zakat		128	26,472
<b>TOTAL LIABILITIES</b>		<b>4,741,127</b>	<b>4,828,324</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

<b><u>Bank (cont'd.)</u></b>	<b>Note</b>	<b>As at 30 June 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>EQUITY</b>			
Share capital		253,834	253,834
Treasury shares		(8,715)	(13,064)
Reserves		711,340	800,580
<b>TOTAL EQUITY</b>		<b><u>956,459</u></b>	<b><u>1,041,350</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>5,697,586</u></b>	<b><u>5,869,674</u></b>
<b>Commitments and contingencies</b>	A29	<b><u>6,073,906</u></b>	<b><u>4,685,117</u></b>
<b>Net assets per share (RM)</b>		<b><u>1.31</u></b>	<b><u>1.44</u></b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A22	52,100	54,025	104,033	104,753
Interest expense	A23	(24,897)	(25,608)	(48,431)	(49,533)
Net interest income		27,203	28,417	55,602	55,220
Net income from Islamic banking business	A34	3,636	4,075	6,936	6,904
Other operating income	A24	118,798	156,231	246,308	349,188
Net income		149,637	188,723	308,846	411,312
Other operating expenses	A25	(130,217)	(155,208)	(266,124)	(340,481)
Operating profit		19,420	33,515	42,722	70,831
Credit loss reversal/(expense)	A26	94	(167)	(702)	587
Bad debts recovered	A27	10	263	25	264
		19,524	33,611	42,045	71,682
Share of results of associates and joint ventures		777	3,994	(260)	8,615
<b>Profit before taxation and zakat</b>		20,301	37,605	41,785	80,297
Taxation and zakat	B5	(1,667)	(6,931)	(6,228)	(15,356)
<b>Profit for the period</b>		18,634	30,674	35,557	64,941
<b>Other comprehensive income/(loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		(167)	(529)	(167)	(529)
Share of other comprehensive (loss)/income in associates		(6,021)	7,143	2,289	9,656
Income tax related to the above		40	127	40	127
Other comprehensive (loss)/income carried forward		(6,148)	6,741	2,162	9,254

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2022 RM'000	3 months ended 30 June 2021 RM'000	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
<b>Group</b>					
Other comprehensive (loss)/income brought forward		(6,148)	6,741	2,162	9,254
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		4,163	23	4,620	2,288
Net (loss)/gain on fair value changes of debt instrument at FVOCI		(7,066)	2,726	(13,220)	(12,094)
Income tax relating to the components of other comprehensive income		1,696	(652)	3,173	2,830
Other comprehensive (loss)/income for the period, net of tax		(7,355)	8,838	(3,265)	2,278
<b>Total comprehensive income for the period, net of tax</b>		<b>11,279</b>	<b>39,512</b>	<b>32,292</b>	<b>67,219</b>
Profit for the period attributable to:					
Equity holders of the Bank		18,439	30,572	35,134	64,733
Non-controlling interests		195	102	423	208
		<b>18,634</b>	<b>30,674</b>	<b>35,557</b>	<b>64,941</b>
Total comprehensive income attributable to:					
Equity holders of the Bank		11,084	39,410	31,869	67,011
Non-controlling interests		195	102	423	208
		<b>11,279</b>	<b>39,512</b>	<b>32,292</b>	<b>67,219</b>
Earnings per share					
Basic (sen)	B8	2.52	4.18	4.82	8.96
Fully diluted (sen)	B8	2.52	4.18	4.78	8.72

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2022 RM'000	3 months ended 30 June 2021 RM'000	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
<b>Bank</b>					
Interest income	A22	50,013	52,660	100,188	101,819
Interest expense	A23	(27,817)	(28,022)	(53,753)	(54,631)
Net interest income		22,196	24,638	46,435	47,188
Net income from Islamic banking business	A34	3,636	4,075	6,936	6,904
Other operating income	A24	62,022	116,840	129,465	275,075
Net income		87,854	145,553	182,836	329,167
Other operating expenses	A25	(84,726)	(119,987)	(172,856)	(271,580)
Operating profit		3,128	25,566	9,980	57,587
Credit loss reversal/(expense)	A26	87	(197)	(870)	490
Bad debts recovered	A27	10	293	25	294
<b>Profit before taxation and zakat</b>		3,225	25,662	9,135	58,371
Taxation and zakat		(1,550)	(6,829)	(3,323)	(14,752)
<b>Profit for the period</b>		1,675	18,833	5,812	43,619
<b>Other comprehensive (loss)/income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		(167)	(529)	(167)	(529)
Income tax related to the above		40	127	40	127
Other comprehensive loss		(127)	(402)	(127)	(402)
Items that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of debt instruments at FVOCI		(7,066)	2,726	(13,220)	(12,094)
Income tax relating to the components of other comprehensive income		1,696	(652)	3,173	2,830
Other comprehensive (loss)/gain for the period, net of tax		(5,497)	1,672	(10,174)	(9,666)
<b>Total comprehensive (loss)/income for the period, net of tax</b>		(3,822)	20,505	(4,362)	33,953

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

Group	Non-Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	253,834	2,809	6,590	18,921	19,204	88,938	(13,064)	673,097	4,701	1,055,030
Net profit for the financial period	-	-	-	-	-	-	-	35,134	423	35,557
Share of other comprehensive (loss)/income of associates	-	-	(6,418)	-	-	-	-	8,707	-	2,289
Other comprehensive (loss)/income	-	-	(10,174)	-	4,620	-	-	-	-	(5,554)
Total comprehensive (loss)/income	-	-	(16,592)	-	4,620	-	-	43,841	423	32,292
Share based payment under Employees' Share Scheme ("ESS")	-	328	-	-	-	-	-	-	-	328
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	15,217	(8,146)	-	7,071
Buy-back of shares	-	-	-	-	-	-	(10,868)	-	-	(10,868)
Transfer from regulatory reserve	-	-	-	(630)	-	-	-	630	-	-
Transfer to retained profits	-	(1,378)	-	-	-	-	-	1,378	-	-
Dividend paid	-	-	-	-	-	-	-	(77,060)	-	(77,060)
<b>At 30 June 2022</b>	<b>253,834</b>	<b>1,759</b>	<b>(10,002)</b>	<b>18,291</b>	<b>23,824</b>	<b>88,938</b>	<b>(8,715)</b>	<b>633,740</b>	<b>5,124</b>	<b>1,006,793</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2021</b>	246,249	6,144	15,916	18,661	16,556	88,938	(10,458)	617,832	5,103	1,004,941
Net profit for the financial period	-	-	-	-	-	-	-	64,733	208	64,941
Share of other comprehensive income of associates	-	-	9,656	-	-	-	-	-	-	9,656
Other comprehensive (loss)/income	-	-	(9,666)	-	2,288	-	-	-	-	(7,378)
Total comprehensive (loss)/income	-	-	(10)	-	2,288	-	-	64,733	208	67,219
Share based payment under ESS	-	(1,066)	-	-	-	-	-	-	-	(1,066)
Issuance of shares pursuant to exercise of ESS	6,273	-	-	-	-	-	-	-	-	6,273
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	10,458	(1,925)	-	8,533
Transfer to regulatory reserve	-	-	-	2,713	-	-	-	(2,713)	-	-
Transfer to retained profits	-	(2,226)	-	-	-	-	-	2,226	-	-
Dividend paid	-	-	-	-	-	-	-	(64,213)	-	(64,213)
<b>At 30 June 2021</b>	<b>252,522</b>	<b>2,852</b>	<b>15,906</b>	<b>21,374</b>	<b>18,844</b>	<b>88,938</b>	<b>-</b>	<b>615,940</b>	<b>5,311</b>	<b>1,021,687</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity RM'000	
		ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
<b>Bank</b>								
<b>At 1 January 2022</b>	253,834	2,809	634	18,921	153,863	(13,064)	624,353	1,041,350
Net profit for the financial period	-	-	-	-	-	-	5,812	5,812
Other comprehensive loss	-	-	(10,174)	-	-	-	-	(10,174)
Total comprehensive (loss)/income	-	-	(10,174)	-	-	-	5,812	(4,362)
Share based payment under ESS	-	328	-	-	-	-	-	328
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	15,217	(8,146)	7,071
Buy-back of shares	-	-	-	-	-	(10,868)	-	(10,868)
Transfer from regulatory reserve	-	-	-	(630)	-	-	630	-
Transfer to retained profits	-	(1,378)	-	-	-	-	1,378	-
Dividend paid	-	-	-	-	-	-	(77,060)	(77,060)
<b>At 30 June 2022</b>	<b>253,834</b>	<b>1,759</b>	<b>(9,540)</b>	<b>18,291</b>	<b>153,863</b>	<b>(8,715)</b>	<b>546,967</b>	<b>956,459</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity RM'000	
		ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
<b>Bank</b>								
<b>At 1 January 2021</b>	246,249	6,144	15,256	18,661	153,863	(10,458)	594,296	1,024,011
Net profit for the financial period	-	-	-	-	-	-	43,619	43,619
Other comprehensive loss	-	-	(9,666)	-	-	-	-	(9,666)
Total comprehensive (loss)/income	-	-	(9,666)	-	-	-	43,619	33,953
Share based payment under ESS	-	(1,066)	-	-	-	-	-	(1,066)
Issuance of shares pursuant to exercise of ESS	6,273	-	-	-	-	-	-	6,273
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	10,458	(1,925)	8,533
Transfer to regulatory reserve	-	-	-	2,713	-	-	(2,713)	-
Transfer to retained profits	-	(2,226)	-	-	-	-	2,226	-
Dividend paid	-	-	-	-	-	-	(64,213)	(64,213)
<b>At 30 June 2021</b>	<b>252,522</b>	<b>2,852</b>	<b>5,590</b>	<b>21,374</b>	<b>153,863</b>	<b>-</b>	<b>571,290</b>	<b>1,007,491</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
<b>Profit before taxation</b>	41,785	80,297	9,135	58,371
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	5,665	5,846	5,221	5,391
Amortisation of intangible assets	3,063	2,893	2,635	2,341
Amortisation of right-of-use assets	3,976	4,132	3,335	3,728
Lease interest expenses	438	623	338	557
ESS expenses	259	761	259	761
Credit loss expense/(reversal)	702	(587)	870	(490)
Property, plant and equipment written off	910	231	901	-
Bad debts recovered	(25)	(264)	(25)	(294)
Gain on disposal of a subsidiary	-	(4,729)	-	-
<b>Non-cash items</b>	14,988	8,906	13,534	11,994
Net loss from sale of financial assets at FVTPL and derivatives	7,076	88,795	7,084	88,795
Net gain from sale of financial investments other than those measured at FVTPL	(12)	(6)	(12)	(6)
Gross dividend income from investments	(925)	(2,496)	(890)	(2,446)
Gain on revaluation of financial assets at FVTPL and derivatives	(16,252)	(136,095)	(15,992)	(138,773)
Gain on disposal of property, plant and equipment	(56)	(60)	(78)	(57)
Share of results of associates and joint venture	260	(8,615)	-	-
<b>Non-operating items - investing</b>	(9,909)	(58,477)	(9,888)	(52,487)
Adjustments for non-operating and non-cash items	5,079	(49,571)	3,646	(40,493)
Operating profit before working capital changes	46,864	30,726	12,781	17,878
<b>Changes in working capital:</b>				
Net changes in operating assets	(137,162)	(16,492)	15,696	(29,022)
Net changes in operating liabilities	64,440	375,155	(55,838)	357,626
Cash (used in)/generated from operations	(25,858)	389,389	(27,361)	346,482
Taxation and zakat paid	(15,214)	(19,902)	(11,394)	(15,645)
Rental/lease interest payment	(438)	(623)	(338)	(557)
<b>Net operating cash flow</b>	(41,510)	368,864	(39,093)	330,280

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
<b>Cash flows from investing activities</b>				
Sale proceeds from disposal of a subsidiary, net of cash	-	5,372	-	-
Dividends received from other investments	925	2,496	890	2,446
Purchase of property, plant and equipment and intangible assets	(5,334)	(9,701)	(3,518)	(8,353)
Acquisition of a subsidiary, net of cash	-	(597)	-	-
Proceeds from disposal of property, plant and equipment	56	60	78	57
Capital injection in a joint venture	(1,550)	-	(1,550)	-
Net sale of securities	166,900	11,539	161,955	13,388
<b>Net investing cash flow</b>	<b>160,997</b>	<b>9,169</b>	<b>157,855</b>	<b>7,538</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(77,060)	(64,213)	(77,060)	(64,213)
Repayment of lease liabilities	(4,042)	(4,004)	(3,427)	(3,572)
Net (repayment)/disbursement of borrowings	(26,600)	44,400	(10,600)	57,900
Share buy-back	(10,680)	-	(10,680)	-
Proceeds from exercise of ESS	7,071	12,763	7,071	12,763
<b>Net financing cash flow</b>	<b>(111,311)</b>	<b>(11,054)</b>	<b>(94,696)</b>	<b>2,878</b>
<b>Net change in cash and cash equivalents during the financial period</b>	<b>8,176</b>	<b>366,979</b>	<b>24,066</b>	<b>340,696</b>
<b>Cash and cash equivalents brought forward</b>	<b>1,469,803</b>	<b>1,284,397</b>	<b>1,337,127</b>	<b>1,256,124</b>
<b>Cash and cash equivalents carried forward</b>	<b>1,477,979</b>	<b>1,651,376</b>	<b>1,361,193</b>	<b>1,596,820</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**Cash and Cash Equivalents**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	1,918,150	1,803,650	1,405,239	1,557,066
Deposits and placements with banks and other financial institutions	60,525	191,118	50,000	170,755
Less: Segregated funds from customers	(406,650)	(212,391)	-	-
Less: Cash and bank balances and deposits held in trust	(94,046)	(131,001)	(94,046)	(131,001)
	<u>1,477,979</u>	<u>1,651,376</u>	<u>1,361,193</u>	<u>1,596,820</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A1. Basis Of Preparation**

The interim financial statements, for the financial period ended 30 June 2022, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

**A2. Condensed financial statements**

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

**A3. Preceding financial year audit report**

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

**A4. Seasonal or Cyclical Factors**

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

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

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

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

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 30 June 2022 other than the below:

- a) the transfer of 12,313,500 units of treasury shares to staff pursuant to the exercise of ESS.
- b) the Bank repurchased 9,843,600 ordinary shares of its issued share capital from the open market at an average cost of RM1.1077 per share. The total consideration paid for the share buy-back, including transaction costs was RM10.9 million, and was financed by internally generated fund.

As at 30 June 2022, the number of treasury shares held was 8,006,300 shares.

- c) the Bank has fully redeemed on 20 April 2022 the tranche 1 of its Subordinated Notes of RM5 million in nominal value which were issued on 20 April 2017 under the Tier 2 Subordinated Notes Programme.

**A8. Dividends paid per share**

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

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

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

**A10. Changes in composition of the Group**

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

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000 (Restated)	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000 (Restated)
<b>A11. Cash and bank balances</b>				
Cash and balances with banks and other financial institutions	575,201	526,368	102,883	137,757
Money at call and deposit placements	1,403,474	1,371,016	1,352,356	1,321,399
	<b>1,978,675</b>	<b>1,897,384</b>	<b>1,455,239</b>	<b>1,459,156</b>
Included in cash and bank balances are:				
Cash and cash equivalents	1,477,979	1,469,803	1,361,193	1,337,127
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	500,696	427,581	94,046	122,029
	<b>1,978,675</b>	<b>1,897,384</b>	<b>1,455,239</b>	<b>1,459,156</b>
<b>A12. Financial Assets At FVTPL</b>				
<b>At fair value</b>				
<b>Quoted Securities:</b>				
Shares and funds in Malaysia	161,537	205,052	160,996	204,833
Funds outside Malaysia	5,066	1,889	5,066	1,889
<b>Unquoted Securities:</b>				
Shares and funds in Malaysia	167,349	156,508	171,612	155,772
<b>Unquoted Debt Securities in Malaysia:</b>				
Islamic Corporate Sukuk	8,949	23,873	8,949	23,873
<b>Total financial assets at FVTPL</b>	<b>342,901</b>	<b>387,322</b>	<b>346,623</b>	<b>386,367</b>

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

**A13. Financial investments other than those measured at FVTPL**

**(i) Financial investments at FVOCI**

**At fair value**

**Money market instruments:**

Malaysian Government Securities	38,553	40,042
Malaysian Government Investment Certificates	67,290	91,934
Islamic Negotiable Instruments of Deposits	99,841	199,724
	205,684	331,700

**Equity instruments in Malaysia:**

Unquoted Shares	1,294	1,460
	1,294	1,460

**Debt instruments in Malaysia:**

Islamic Corporate Sukuk	204,325	275,452
Corporate Bonds	85,328	128,962
	289,653	404,414

<b>Total financial investments at FVOCI</b>	<b>496,631</b>	<b>737,574</b>
---	----------------	----------------

**Impairment losses on debt instruments measured at FVOCI**

**Group and Bank**

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in Expected Credit Loss ("ECL")				
As at 1 January 2022	390	-	-	390
Impact of net re-measurement of ECL	51	-	-	51
As at 30 June 2022	441	-	-	441
	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	386	-	-	386
Impact of net re-measurement of ECL	4	-	-	4
As at 31 December 2021	390	-	-	390

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

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

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	19,950	-
Malaysian Government Investment Certificates	87,576	39,912
	<u>107,526</u>	<u>39,912</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	197,639	153,785
Corporate Bonds	20,006	20,012
Less: Allowance for ECL	(49)	(49)
	<u>217,596</u>	<u>173,748</u>

Total financial investments at AC

325,122      213,660

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

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January and 30 June 2022	49	-	-	49
	<u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>
	2021			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	105	-	-	105
Impact of re-measurement of ECL	(52)	-	-	(52)
Assets derecognised or matured (excluding write-off)	(4)	-	-	(4)
As at 31 December 2021	49	-	-	49
	<u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>A14. Loans, Advances and Financing</b>				
<b>At AC</b>				
Share margin financing	1,159,833	1,170,899	1,159,833	1,170,899
Term loans	507,649	539,077	534,186	565,616
Subordinated term loan	-	-	45,054	30,039
Other lending and factoring receivables	65,710	82,742	-	-
Advances to group employees	37	97	37	97
Gross loans, advances and financing	1,733,229	1,792,815	1,739,110	1,766,651
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(2,917)	(2,949)	(3,383)	(3,247)
- Stage 3- Lifetime ECL credit impaired	(14,951)	(14,453)	(14,431)	(13,789)
<b>Net loans, advances and financing</b>	<b>1,715,361</b>	<b>1,775,413</b>	<b>1,721,296</b>	<b>1,749,615</b>
<b>(i) By Type of Customer</b>				
Domestic business enterprise				
- Small medium enterprise	250,244	256,439	204,160	196,055
- Others	499,641	534,052	571,232	590,630
Individuals	981,388	993,814	961,762	971,456
Foreign enterprises	1,956	8,510	1,956	8,510
<b>Gross loans, advances and financing</b>	<b>1,733,229</b>	<b>1,792,815</b>	<b>1,739,110</b>	<b>1,766,651</b>
<b>(ii) By Geographical Distribution</b>				
In Malaysia	1,728,577	1,786,437	1,734,458	1,760,273
Outside Malaysia	4,652	6,378	4,652	6,378
<b>Gross loans, advances and financing</b>	<b>1,733,229</b>	<b>1,792,815</b>	<b>1,739,110</b>	<b>1,766,651</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>A14. Loans, Advances and Financing (cont'd.)</b>				
<b>(iii) By Interest Rate/ Profit Rate Sensitivity</b>				
Fixed rate				
- Other fixed rate loans	1,225,543	1,253,641	1,159,833	1,170,899
Variable rate				
- Other variable rates	501,647	529,826	573,238	586,404
- Base lending rate plus	6,002	9,251	6,002	9,251
Interest free	37	97	37	97
<b>Gross loans, advances and financing</b>	<b>1,733,229</b>	<b>1,792,815</b>	<b>1,739,110</b>	<b>1,766,651</b>
<b>(iv) By Purpose</b>				
Purchase of securities	1,412,749	1,427,343	1,412,749	1,427,343
Working capital	157,627	169,221	184,735	169,429
Others	162,853	196,251	141,626	169,879
<b>Gross loans, advances and financing</b>	<b>1,733,229</b>	<b>1,792,815</b>	<b>1,739,110</b>	<b>1,766,651</b>
<b>(v) By Residual Contractual Maturity</b>				
Within one year	1,483,436	1,483,133	1,490,481	1,484,244
More than one year	249,793	309,682	248,629	282,407
<b>Gross loans, advances and financing</b>	<b>1,733,229</b>	<b>1,792,815</b>	<b>1,739,110</b>	<b>1,766,651</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000

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

**(vi) Movements in impaired loans, advances and financing ("Impaired LAF")**

At beginning of the financial period	73,141	41,294	64,700	40,630
Impaired during the financial period	5,226	39,958	18	31,537
Amount recovered during the financial period	(2,178)	(8,111)	(1,825)	(7,467)
At end of the financial period	76,189	73,141	62,893	64,700
Less: Allowance for ECL	(14,951)	(14,453)	(14,431)	(13,789)
Net impaired LAF	61,238	58,688	48,462	50,911
Net impaired LAF as a % of net loans, advances and financing	<b>3.57%</b>	<b>3.31%</b>	<b>2.82%</b>	<b>2.91%</b>

**(vii) Impaired LAF by Geographical Distribution**

In Malaysia	74,233	70,585	60,937	62,144
Outside Malaysia	1,956	2,556	1,956	2,556
Gross impaired loans	76,189	73,141	62,893	64,700

**(viii) Impaired LAF by Purpose**

Working capital	5,728	664	-	-
Purchase of securities	62,893	64,700	62,893	64,700
Others	7,568	7,777	-	-
Gross impaired loans	76,189	73,141	62,893	64,700

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Share margin financing**

**Group and Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(749)	(749)
Net remeasurement of allowance	-	-	1,391	1,391
As at 30 June 2022	-	-	14,431	14,431

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Term loan and subordinated term loan**

**Group**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	2,936	-	-	2,936
New assets originated or purchased	58	-	-	58
Assets derecognised or repaid (excluding write-offs)	(65)	-	-	(65)
Net remeasurement of allowance	(12)	-	-	(12)
As at 30 June 2022	2,917	-	-	2,917

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

**Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	3,203	-	-	3,203
New assets originated or purchased	205	-	-	205
Assets derecognised or repaid (excluding write-offs)	(79)	-	-	(79)
Net remeasurement of allowance	(12)	-	-	(12)
As at 30 June 2022	3,317	-	-	3,317

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Bank**

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

**Other lending and factoring receivables**

**Group**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	13	-	664	677
Assets derecognised or repaid (excluding write-offs)	(13)	-	(144)	(157)
As at 30 June 2022	<u>-</u>	<u>-</u>	<u>520</u>	<u>520</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Undrawn commitment**

**Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	44	-	-	44
New assets originated or purchased	89	-	-	89
Exposure derecognised or matured/lapsed (excluding write-offs)	(67)	-	-	(67)
As at 30 June 2022	66	-	-	66
	<b>2021</b>			
<b>Movements in ECL</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	75	-	-	75
Exposure derecognised or matured/lapsed (excluding write-offs)	(38)	-	-	(38)
Net remeasurement of allowance	7	-	-	7
As at 31 December 2021	44	-	-	44

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

<b>Group</b>		<b>Bank</b>	
<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A15. Balances due from clients and brokers**

Balances due from clients and brokers	393,125	337,276	393,040	337,181
Less: Allowance for ECL	(2,742)	(2,811)	(2,742)	(2,811)
	<b>390,383</b>	<b>334,465</b>	<b>390,298</b>	<b>334,370</b>

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

**Group and Bank**

	<b>2022</b>		
	<b>Non-Credit Impaired</b>	<b>Credit-Impaired</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial period	81	195	276
Written back during the financial period	(88)	(257)	(345)
As at 30 June 2022	<b>1,528</b>	<b>1,214</b>	<b>2,742</b>

  

	<b>2021</b>		
	<b>Non-Credit Impaired</b>	<b>Credit-Impaired</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	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 2021	<b>1,535</b>	<b>1,276</b>	<b>2,811</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>A16. Other Assets</b>				
Assets segregated for customers	172,650	93,849	-	-
Interest/income receivable	9,550	9,556	9,479	9,546
Prepayments and deposits	21,494	20,169	18,689	17,809
Other debtors	85,916	58,521	66,415	36,371
Treasury trade receivables	-	49,892	-	49,892
Amount due from subsidiaries	-	-	30,631	29,716
Amount due from related parties	67	57	67	57
Amount due from trustees	19,927	12,000	-	-
	<b>309,604</b>	<b>244,044</b>	<b>125,281</b>	<b>143,391</b>
Allowance for ECL				
- Other debtors	(5,332)	(5,222)	(5,332)	(5,222)
- Amount due from subsidiaries	-	-	(240)	(240)
	<b>304,272</b>	<b>238,822</b>	<b>119,709</b>	<b>137,929</b>

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

**Group**

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
<b>Movements in ECL</b>			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	667	12	679
Assets derecognised or repaid (excluding write-offs)	-	(1,031)	(1,031)
Transfer of stages	(729)	729	-
Net remeasurement of allowance	-	462	462
As at 30 June 2022	161	5,171	5,332

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A16. Other Assets (cont'd.)**

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

**Group**

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

**Bank**

	<b>2022</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit Impaired RM'000</b>	<b>Total RM'000</b>
<b>Movements in ECL</b>			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	667	12	679
Assets derecognised or repaid (excluding write-offs)	-	(1,031)	(1,031)
Transfer of stages	(729)	729	-
Net remeasurement of allowance	-	462	462
As at 30 June 2022	<u>161</u>	<u>5,171</u>	<u>5,332</u>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A16. Other Assets (cont'd.)**

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

**Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January and 30 June 2022	240	-	-	240

  

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

<b>Group and Bank</b>	
<b>As at</b>	<b>As at</b>
<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>

**A17. Statutory deposit with Bank Negara Malaysia**

Statutory Deposit	52,973	50,868
-------------------	--------	--------

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>A18. Deposits from customers</b>				
<b>(i) By type of deposit</b>				
Fixed term deposits	2,116,692	2,464,706	2,191,554	2,516,015
Short term money deposits	1,021,856	563,833	1,107,178	625,846
Call money deposits	67,773	39,848	67,773	39,848
Negotiable instruments of deposits	108,051	68,891	108,051	68,891
	<b>3,314,372</b>	<b>3,137,278</b>	<b>3,474,556</b>	<b>3,250,600</b>
<b>(ii) By type of customer</b>				
Government and other statutory bodies	654,202	671,186	654,202	671,186
Individuals	129,567	98,500	129,567	98,500
Business enterprises	938,205	1,007,435	938,205	1,007,435
Non-bank financial institutions	1,391,905	1,160,157	1,391,905	1,160,157
Subsidiaries and related companies	200,493	200,000	360,677	313,322
	<b>3,314,372</b>	<b>3,137,278</b>	<b>3,474,556</b>	<b>3,250,600</b>
<b>(iii) By maturity structure</b>				
Due within six months	2,569,498	2,268,323	2,728,310	2,381,645
More than six months to one year	564,228	747,040	565,599	747,040
More than one year	180,646	121,915	180,647	121,915
	<b>3,314,372</b>	<b>3,137,278</b>	<b>3,474,556</b>	<b>3,250,600</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A19. Deposits and placements of banks and financial institutions**

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licenced banks	41,876	-
Other financial institutions	501,176	593,126
Bank Negara Malaysia ("BNM")	746	59,736
	<b>543,798</b>	<b>652,862</b>

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A20. Other liabilities**

Interest/Income payable	13,552	13,301	13,599	13,032
Securities borrowing and lending	7,011	28,867	7,011	28,867
Accruals and provision	215,999	246,142	55,289	61,732
Retention for contra losses	17	17	17	17
Structured products	3,787	3,168	3,787	3,168
Treasury trade payables	-	49,892	-	49,892
Deposits and other creditors	80,593	110,283	63,432	105,423
Amounts held in trust on behalf of				
Dealer's Representatives	94,046	122,029	94,046	122,029
Amount due to subsidiaries	-	-	1	1
	<b>415,005</b>	<b>573,699</b>	<b>237,182</b>	<b>384,161</b>

**A21. Borrowings**

**Secured:**

Revolving bank loan	13,600	19,200	13,600	19,200
---------------------	--------	--------	--------	--------

**Unsecured:**

Revolving bank loans	24,000	40,000	-	-
Subordinated notes	180,500	185,500	180,500	185,500
	<b>218,100</b>	<b>244,700</b>	<b>194,100</b>	<b>204,700</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>A22. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing	27,664	31,535	56,836	61,173
Money at call and deposit placements with financial institutions	12,895	11,070	24,038	21,410
Financial investments at FVOCI	3,855	4,913	8,837	9,660
Financial investments at AC	1,816	1,390	3,224	2,615
Others	5,870	5,117	11,098	9,895
	<b>52,100</b>	<b>54,025</b>	<b>104,033</b>	<b>104,753</b>
<b><u>Bank</u></b>				
Loans, advances and financing	27,255	31,101	55,706	60,149
Money at call and deposit placements with financial institutions	11,217	10,138	21,323	19,496
Financial investments at FVOCI	3,855	4,913	8,837	9,660
Financial investments at AC	1,816	1,390	3,224	2,615
Others	5,870	5,118	11,098	9,899
	<b>50,013</b>	<b>52,660</b>	<b>100,188</b>	<b>101,819</b>
<b>A23. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits from customers	21,716	21,982	41,811	42,831
Deposits and placement from banks and other financial institutions	62	540	140	1,187
Borrowings	2,656	2,087	5,457	4,021
Lease interest expense	201	296	438	623
Others	262	703	585	871
	<b>24,897</b>	<b>25,608</b>	<b>48,431</b>	<b>49,533</b>
<b><u>Bank</u></b>				
Deposits from customers	22,493	22,534	43,263	43,822
Deposits and placement from banks and other financial institutions	62	540	140	1,187
Borrowings	2,331	2,016	4,711	3,766
Lease interest expense	147	272	338	557
Others	2,784	2,660	5,301	5,299
	<b>27,817</b>	<b>28,022</b>	<b>53,753</b>	<b>54,631</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>A24. Other Operating Income</b>				
<b><u>Group</u></b>				
(a) Fee income:				
Brokerage fees	39,129	79,914	89,607	193,196
Corporate advisory fees	1,478	1,421	2,785	2,710
Processing fees on loans, advances and financing	376	293	773	672
Commissions	2,890	3,121	6,194	6,023
Management fee income	47,612	29,020	100,334	60,688
Placement fees	6,374	3,696	9,601	9,084
Underwriting commission	500	-	801	147
Other fee income	4,264	3,647	9,080	8,359
Others	559	522	932	819
	<u>103,182</u>	<u>121,634</u>	<u>220,107</u>	<u>281,698</u>
(b) Net (loss)/gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	(10,221)	3,744	(7,076)	(88,053)
Financial investments at FVOCI	5	3	12	6
	<u>(10,216)</u>	<u>3,747</u>	<u>(7,064)</u>	<u>(88,047)</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	247	851	925	2,467
Financial investments at FVOCI	-	29	-	29
	<u>247</u>	<u>880</u>	<u>925</u>	<u>2,496</u>
(d) Interest income from financial assets at FVTPL	<u>133</u>	<u>673</u>	<u>341</u>	<u>1,393</u>
(e) Unrealised gain on revaluation of financial assets at FVTPL and derivatives	<u>19,950</u>	<u>19,777</u>	<u>16,252</u>	<u>136,434</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>A24. Other Operating Income (cont'd.)</b>				
(f) Other income:				
Net foreign exchange income	3,240	2,485	5,317	6,078
Gain on disposal of property, plant and equipment	56	3	56	60
Other operating income	221	596	6,324	1,388
Other non-operating income				
- Rental income	532	419	1,044	603
- Gain on disposal of a subsidiary	-	4,729	-	4,729
- Others	1,453	1,288	3,006	2,356
	<u>5,502</u>	<u>9,520</u>	<u>15,747</u>	<u>15,214</u>
Total other operating income	<b><u>118,798</u></b>	<b><u>156,231</u></b>	<b><u>246,308</u></b>	<b><u>349,188</u></b>
<b><u>Bank</u></b>				
(a) Fee income:				
Brokerage fees	39,129	79,914	89,607	193,196
Corporate advisory fees	1,533	1,457	2,876	2,781
Processing fees on loans, advances and financing	77	51	231	279
Management fee income	112	303	224	540
Placement fees	2,637	2,988	5,005	7,974
Underwriting commission	500	-	801	147
Other fee income	1,598	1,973	3,466	3,528
Others	96	104	193	178
	<u>45,682</u>	<u>86,790</u>	<u>102,403</u>	<u>208,623</u>
(b) Net (loss)/gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	(10,221)	3,744	(7,084)	(88,053)
Financial investments at FVOCI	5	3	12	6
	<u>(10,216)</u>	<u>3,747</u>	<u>(7,072)</u>	<u>(88,047)</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>A24. Other Operating Income (cont'd.)</b>				
(c) Gross dividend from:				
Financial assets at FVTPL	229	823	890	2,417
Financial investments at FVOCI	-	29	-	29
	<u>229</u>	<u>852</u>	<u>890</u>	<u>2,446</u>
(d) Interest income from financial assets at FVTPL	<u>133</u>	<u>673</u>	<u>341</u>	<u>1,393</u>
(e) Unrealised gain on revaluation of financial assets at FVTPL and derivatives	<u>20,232</u>	<u>19,352</u>	<u>15,992</u>	<u>139,112</u>
(f) Other income:				
Net foreign exchange income	3,121	2,473	5,210	5,957
Gain on disposal of property, plant and equipment	78	-	78	57
Other operating income	392	943	6,674	1,876
Other non-operating income				
- Rental income	981	884	1,949	1,528
- Others	1,390	1,126	3,000	2,130
	<u>5,962</u>	<u>5,426</u>	<u>16,911</u>	<u>11,548</u>
Total other operating income	<u><b>62,022</b></u>	<u><b>116,840</b></u>	<u><b>129,465</b></u>	<u><b>275,075</b></u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2022 RM'000	3 months ended 30 June 2021 RM'000	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
<b>A25. Other operating expenses</b>				
<b>Group</b>				
Personnel costs	54,526	57,891	105,842	118,911
- Salaries, allowances and bonuses	42,757	46,246	82,390	93,984
- EPF	5,191	4,967	10,363	9,911
- ESS	(107)	22	330	918
- Others	6,685	6,656	12,759	14,098
Establishment costs	14,260	13,656	27,024	27,577
- Depreciation of property, plant and equipment	2,846	2,860	5,665	5,846
- Amortisation of intangible assets	1,601	1,379	3,063	2,893
- Amortisation of right-of-use assets	1,983	2,066	3,976	4,132
- Rental of premises	111	98	238	191
- Rental of equipment	191	159	377	320
- Repairs and maintenance	1,286	1,439	3,092	2,838
- Information technology expenses	4,386	3,992	7,228	8,003
- Others	1,856	1,663	3,385	3,354
Marketing expenses	5,275	4,213	8,747	7,962
- Promotion and advertisements	4,505	3,776	7,660	6,579
- Travel and entertainment	641	564	858	1,237
- Others	129	(127)	229	146
Administration and general expenses	56,156	79,448	124,511	186,031
- Communication expenses	1,071	1,251	2,353	2,357
- Professional fees and legal fees	859	1,150	1,475	2,210
- Regulatory charges	7,024	7,655	13,950	17,975
- Fees and brokerage	42,300	64,869	97,760	154,158
- Administrative expenses	4,655	4,210	8,394	8,665
- Printing and stationery	247	313	579	666
<b>Total other operating expenses</b>	<b>130,217</b>	<b>155,208</b>	<b>266,124</b>	<b>340,481</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2022 RM'000	3 months ended 30 June 2021 RM'000	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
<b>A25. Other operating expenses (cont'd.)</b>				
<b>Bank</b>				
Personnel costs	36,722	43,049	72,765	90,974
- Salaries, allowances and bonuses	29,345	35,922	58,713	75,142
- EPF	4,124	3,967	8,212	7,893
- ESS	(76)	6	259	762
- Others	3,329	3,154	5,581	7,177
Establishment costs	11,875	11,562	22,297	23,292
- Depreciation of property, plant and equipment	2,615	2,646	5,221	5,391
- Amortisation of intangible assets	1,388	1,172	2,635	2,341
- Amortisation of right-of-use assets	1,634	1,875	3,335	3,728
- Rental of premises	82	83	171	160
- Rental of equipment	123	103	251	217
- Repair and maintenance	711	937	1,884	1,903
- Information technology expenses	4,383	3,989	7,224	7,994
- Others	939	757	1,576	1,558
Marketing expenses	1,983	1,563	3,279	2,526
- Promotion and advertisement	1,493	1,319	2,529	2,038
- Travel and entertainment	403	173	587	359
- Others	87	71	163	129
Administration and general expenses	34,146	63,813	74,515	154,788
- Communication expenses	894	1,093	2,024	2,074
- Professional fees and legal fees	787	915	1,311	1,893
- Regulatory charges	6,172	7,128	12,543	16,909
- Fees and brokerages	22,073	51,008	50,913	126,042
- Administrative expenses	4,105	3,448	7,380	7,398
- Printing and stationery	115	221	344	472
<b>Total other operating expenses</b>	<b>84,726</b>	<b>119,987</b>	<b>172,856</b>	<b>271,580</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A26. Credit loss (expense)/reversal**

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

**Group**

**Individual Quarter**

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

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	(2)	-	249	247
<b>Credit loss (expense)/reversal</b>	<b>(2)</b>	<b>-</b>	<b>249</b>	<b>247</b>

  

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at FVOCI	1	-	-	1
Loans, advances and financing	45	-	(327)	(282)
<b>Credit loss reversal/(expense)</b>	<b>46</b>	<b>-</b>	<b>(327)</b>	<b>(281)</b>

(ii) Movements in ECL on other financial assets

	<b>2022</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	15	43	58
Other debtors	(379)	168	(211)
<b>Credit loss (expense)/reversal</b>	<b>(364)</b>	<b>211</b>	<b>(153)</b>

  

	<b>2021</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	6	(4)	2
Other debtors	(233)	345	112
<b>Credit loss (expense)/reversal</b>	<b>(227)</b>	<b>341</b>	<b>114</b>

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

Group

Cumulative Quarters

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

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at FVOCI	(51)	-	-	(51)
Loans, advances and financing	32	-	(642)	(610)
<b>Credit loss expense</b>	<b>(19)</b>	<b>-</b>	<b>(642)</b>	<b>(661)</b>

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at AC	56	-	-	56
Loans, advances and financing	38	-	(122)	(84)
<b>Credit loss reversal/(expense)</b>	<b>94</b>	<b>-</b>	<b>(122)</b>	<b>(28)</b>

(iv) Movements in ECLs on other financial assets

	<b>2022</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	7	62	69
Other debtors	(667)	557	(110)
<b>Credit loss (expense)/reversal</b>	<b>(660)</b>	<b>619</b>	<b>(41)</b>

	<b>2021</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	(10)	5	(5)
Other debtors	(440)	1,060	620
<b>Credit loss (expense)/reversal</b>	<b>(450)</b>	<b>1,065</b>	<b>615</b>

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

**Bank**

**Individual Quarter**

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

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	(9)	-	249	240
<b>Credit loss (expense)/reversal</b>	<b>(9)</b>	<b>-</b>	<b>249</b>	<b>240</b>

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at FVOCI	1	-	-	1
Loans, advances and financing	18	-	(327)	(309)
Loan commitments	(4)	-	-	(4)
<b>Credit loss reversal/(expense)</b>	<b>15</b>	<b>-</b>	<b>(327)</b>	<b>(312)</b>

(vi) Movements in ECL on other financial assets

	<b>2022</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	15	43	58
Other debtors	(379)	168	(211)
<b>Credit loss (expense)/reversal</b>	<b>(364)</b>	<b>211</b>	<b>(153)</b>

	<b>2021</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	6	(4)	2
Other debtors	(232)	345	113
<b>Credit loss (expense)/reversal</b>	<b>(226)</b>	<b>341</b>	<b>115</b>

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

**Bank**

**Cumulative Quarters**

(vii) Movements in ECLs on debt instruments, loan commitments, loans, advances, and financing

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at FVOCI	(51)	-	-	(51)
Loans, advances and financing	(114)	-	(642)	(756)
Loan commitments	(22)	-	-	(22)
<b>Credit loss expense</b>	<b>(187)</b>	<b>-</b>	<b>(642)</b>	<b>(829)</b>

  

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at AC	56	-	-	56
Loans, advances and financing	(92)	-	(122)	(214)
Loan commitments	33	-	-	33
<b>Credit loss expense</b>	<b>(3)</b>	<b>-</b>	<b>(122)</b>	<b>(125)</b>

(viii) Movements in ECLs on other financial assets

	<b>2022</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	7	62	69
Other debtors	(667)	557	(110)
<b>Credit loss (expense)/reversal</b>	<b>(660)</b>	<b>619</b>	<b>(41)</b>

  

	<b>2021</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	(10)	5	(5)
Other debtors	(440)	1,060	620
<b>Credit loss (expense)/reversal</b>	<b>(450)</b>	<b>1,065</b>	<b>615</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A27. Bad debts recovered**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 June 2022</b> RM'000	<b>3 months ended 30 June 2021</b> RM'000	<b>6 months ended 30 June 2022</b> RM'000	<b>6 months ended 30 June 2021</b> RM'000
<b><u>Group</u></b>				
Loans, advances and financing	1	312	2	313
Balance due from clients and brokers	9	(19)	23	(19)
Other receivables	-	(30)	-	(30)
	<b>10</b>	<b>263</b>	<b>25</b>	<b>264</b>
<b><u>Bank</u></b>				
Loans, advances and financing	1	312	2	313
Balance due from clients and brokers	9	(19)	23	(19)
	<b>10</b>	<b>293</b>	<b>25</b>	<b>294</b>

**A28. Fair value of financial instruments**

**Fair value measurements**

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

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

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

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

**Valuation techniques and sensitivity analysis**

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**Valuation techniques and sensitivity analysis (cont'd.)**

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

**Group**

**30 June 2022**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	104,931	-	104,931
- Equity securities	166,603	5	71,612	238,220
Financial investments at FVOCI				
- Debt securities	-	495,337	-	495,337
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	88,966	-	88,966
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	330,867	-	330,867
Loans, advances and financing	-	-	1,725,279	1,725,279
	<b>166,603</b>	<b>1,020,106</b>	<b>1,798,185</b>	<b>2,984,894</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	33,514	7	-	33,521
Borrowings	-	179,899	-	179,899
	<b>33,514</b>	<b>179,906</b>	<b>-</b>	<b>213,420</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**31 December 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
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
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,782,095	1,782,095
	<b>206,941</b>	<b>1,161,331</b>	<b>1,839,327</b>	<b>3,207,599</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	23,499	5,261	-	28,760
Borrowings	-	204,020	-	204,020
	<b>23,499</b>	<b>209,281</b>	<b>-</b>	<b>232,780</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**Bank**

**30 June 2022**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	108,949	-	108,949
- Equity securities	166,062	-	71,612	237,674
Financial investments at FVOCI				
- Debt securities	-	495,337	-	495,337
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	88,966	-	88,966
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	330,867	-	330,867
Loans, advances and financing	-	-	1,732,248	1,732,248
	<b>166,062</b>	<b>1,024,119</b>	<b>1,805,154</b>	<b>2,995,335</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	33,514	7	-	33,521
Borrowings	-	155,895	-	155,895
	<b>33,514</b>	<b>155,902</b>	<b>-</b>	<b>189,416</b>

**31 December 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
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
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,757,618	1,757,618
	<b>206,722</b>	<b>1,160,595</b>	<b>1,814,850</b>	<b>3,182,167</b>

**Financial liabilities measured at fair value**

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A29. Commitments and Contingencies**

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

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
Obligations under underwriting agreements	5,920	-	5,920	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,834,062	2,774,310	2,834,062	2,774,310
- foreign exchange related contract	105,654	10,222	105,654	10,222
- equity exchange related contract	153,596	148,840	153,596	148,840
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	25,565	50,742	99,065	124,242
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	293	247	293	247
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	70,000	55,275	85,000	61,275
Stockbroking clients' trust	1,228,166	1,249,679	1,228,166	1,249,679
Securities borrowing and lending	6,459	27,637	6,459	27,637
Derivative financial assets				
- dual currency investment - options	3,787	1,361	3,787	1,361
- equity related contracts - options	27,685	29,492	27,685	29,492
- equity related contracts - swaps	82,197	24,123	82,197	24,123
- equity related contract - forwards	57,354	57,354	57,354	57,354
Derivative financial liabilities				
- dual currency investment - options	3,787	1,361	3,787	1,361
- equity related contracts - options	1,339,496	180,364	1,339,496	180,364
- equity related contracts - swaps	-	55,251	-	55,251
Capital commitment:				
- Authorised and contracted for Investment in equity fund	18,305	18,859	16,394	17,399
	-	-	24,991	24,991
	<b>5,962,326</b>	<b>4,685,117</b>	<b>6,073,906</b>	<b>4,788,148</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

<b>Group</b>		<b>Bank</b>	
<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A30. Operating lease arrangements**

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

Future minimum sub-lease receipts:

Subsidiaries	-	-	753	1,484
External parties	215	508	215	508
	<u>215</u>	<u>508</u>	<u>968</u>	<u>1,992</u>

**A31. Capital Adequacy**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	253,834	253,834	253,834	253,834
Retained profits	598,606	673,097	541,155	624,353
Other reserves	122,810	136,462	164,373	176,227
Less: Regulatory adjustments:				
Deferred tax assets	(25,442)	(30,605)	(15,237)	(15,219)
55% of cumulative gains of financial investments at FVOCI	-	(3,625)	-	(349)
Goodwill	(241,276)	(241,277)	(252,909)	(252,909)
Other intangibles	(90,669)	(89,784)	(79,763)	(79,077)
Regulatory reserve	(18,291)	(18,921)	(18,291)	(18,921)
Treasury shares	(8,715)	(13,064)	(8,715)	(13,064)
Other CET 1 regulatory adjustments specified by BNM	1,287	1,765	797	944
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(127,339)	(119,140)	(170,596)	(169,047)
Total CET 1/Tier 1 capital	<u>464,805</u>	<u>548,742</u>	<u>414,648</u>	<u>506,772</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A31. Capital Adequacy**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<u>Tier 2 capital</u>				
Subordinated obligations capital	180,500	185,500	180,500	185,500
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	17,888	16,986	17,120	16,321
Total Tier 2 capital	<u>198,388</u>	<u>202,486</u>	<u>197,620</u>	<u>201,821</u>
Total capital	<u>663,193</u>	<u>751,228</u>	<u>612,268</u>	<u>708,593</u>
CET 1 capital ratio	17.453%	20.665%	17.564%	21.332%
Tier 1 capital ratio	17.453%	20.665%	17.564%	21.332%
Total capital ratio	24.902%	28.291%	25.935%	29.827%

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A31. Capital Adequacy**

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

	<b>Group</b>		<b>Group</b>	
	<b>30 June 2022</b>		<b>31 December 2021</b>	
	<b>Notional</b>	<b>Risk-</b>	<b>Notional</b>	<b>Risk-</b>
	<b>amount</b>	<b>weighted</b>	<b>amount</b>	<b>weighted</b>
	<b>RM'000</b>	<b>amount</b>	<b>RM'000</b>	<b>amount</b>
		<b>RM'000</b>		<b>RM'000</b>
Credit Risk	5,567,578	1,431,041	5,567,911	1,358,911
Market Risk	-	353,440	-	456,072
Operational Risk	-	865,631	-	828,589
Large exposure risk	-	13,108	-	11,794
<b>Total Risk Weighted Assets</b>	<b>5,567,578</b>	<b>2,663,220</b>	<b>5,567,911</b>	<b>2,655,366</b>

	<b>Bank</b>		<b>Bank</b>	
	<b>30 June 2022</b>		<b>31 December 2021</b>	
	<b>Notional</b>	<b>Risk-</b>	<b>Notional</b>	<b>Risk-</b>
	<b>amount</b>	<b>weighted</b>	<b>amount</b>	<b>weighted</b>
	<b>RM'000</b>	<b>amount</b>	<b>RM'000</b>	<b>amount</b>
		<b>RM'000</b>		<b>RM'000</b>
Credit Risk	4,923,364	1,369,608	5,061,023	1,305,693
Market Risk	-	351,938	-	440,663
Operational Risk	-	626,153	-	617,538
Large exposure risk	-	13,109	-	11,794
<b>Total Risk Weighted Assets</b>	<b>4,923,364</b>	<b>2,360,808</b>	<b>5,061,023</b>	<b>2,375,688</b>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A32. Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Outstanding credit exposures with connected parties (RM'000)	<u>103,566</u>	<u>173,066</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>3.40%</u>	<u>5.73%</u>
- which was impaired or in default	<u>-</u>	<u>-</u>

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

**A33. Segmental reporting**

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

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A33. Segmental reporting (cont'd.)**

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
<b>2022</b>								
<b>Revenue</b>								
External sales	70,518	176,940	9,018	4,361	107,482	(6,484)	-	361,835
- Interest income	53,105	55,992	2,660	3,265	1,026	32	-	116,080
- Fee income	13,518	95,055	6,182	1,096	106,487	31	-	222,369
- Trading and investment income/(loss)	1,401	16,865	-	-	(76)	(6,400)	-	11,790
- Other operating income/(loss)	2,494	9,028	176	-	45	(147)	-	11,596
Inter-segment sales	12,545	(19,590)	498	-	10,222	4,883	(8,558)	-
<b>Total revenue</b>	<b>83,063</b>	<b>157,350</b>	<b>9,516</b>	<b>4,361</b>	<b>117,704</b>	<b>(1,601)</b>	<b>(8,558)</b>	<b>361,835</b>
<b>Result</b>								
Net interest income	18,936	27,623	2,278	1,876	6	135	4,748	55,602
Net income from Islamic banking business	4,400	2,536	-	-	-	-	-	6,936
Other operating income/(loss)	11,370	121,822	6,389	1,176	116,274	(4,221)	(6,502)	246,308
Net income	34,706	151,981	8,667	3,052	116,280	(4,086)	(1,754)	308,846
Other operating expenses	(28,937)	(140,528)	(8,357)	(2,497)	(87,763)	(52)	2,010	(266,124)
Credit loss (expense)/reversal	(308)	(572)	-	13	-	12	153	(702)
Bad debt recovered	-	25	-	-	-	-	-	25
Share of results of associates and joint venture companies	-	-	-	-	-	(260)	-	(260)
Profit/(loss) before taxation and zakat	5,461	10,906	310	568	28,517	(4,386)	409	41,785
Taxation and zakat								(6,228)
Net profit for the financial period								<u>35,557</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A33. Segmental reporting (cont'd.)**

	Investment banking and stockbroking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and consolidation Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
<b>2022 (cont'd.)</b>								
Other information								
Net interest and finance income	49,934	2,278	1,876	6	135	4,748		58,977
Depreciation and amortisation	(6,326)	(235)	(80)	(2,097)	(4,670)	704		(12,704)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	22,452	-	-	(118)	(6,369)	287		16,252
<b>Assets</b>								
Investments in associate companies	-	-	-	-	96,554	-		96,554
Investment in joint venture companies	-	-	-	-	30,785	-		30,785
Addition to non-current assets	3,518	10	8	1,798	-	-	<b>A</b>	5,334
Segment assets	5,697,586	644,321	83,795	303,078	26,177	(380,668)	<b>B</b>	6,374,289
<b>Liabilities</b>								
Segment liabilities	4,741,127	627,658	63,221	195,384	12,288	(272,182)	<b>C</b>	5,367,496

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A33. Segmental reporting (cont'd.)**

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
<b>2021</b>								
<b>Revenue</b>								
External sales	64,406	319,543	7,925	4,242	66,360	283	-	462,759
- Interest income	53,048	57,996	1,904	3,447	118	307	-	116,820
- Fee income	11,766	200,060	6,021	795	66,118	46	-	284,806
- Trading and investment (loss)/income	(3,363)	57,189	-	-	50	-	-	53,876
- Other operating income/(loss)	2,955	4,298	-	-	74	(70)	-	7,257
Inter-segment sales	23,152	(23,158)	352	-	3,452	4,639	(8,437)	-
<b>Total revenue</b>	<b>87,558</b>	<b>296,385</b>	<b>8,277</b>	<b>4,242</b>	<b>69,812</b>	<b>4,922</b>	<b>(8,437)</b>	<b>462,759</b>
<b>Result</b>								
Net interest income/(expense)	20,133	25,845	1,650	1,940	(17)	1,174	4,495	55,220
Net income from Islamic banking business	3,412	3,492	-	-	-	-	-	6,904
Other operating income/(loss)	11,877	260,472	6,097	1,111	79,991	1,827	(12,187)	349,188
Net income	35,422	289,809	7,747	3,051	79,974	3,001	(7,692)	411,312
Other operating expenses	(28,006)	(235,369)	(8,743)	(2,438)	(66,177)	(6,698)	6,950	(340,481)
Credit loss reversal/(expense)	30	(160)	-	33	-	621	63	587
Bad debt (written off)/recovered	-	(17)	-	-	-	281	-	264
Share of results of associates and joint venture companies	-	-	-	-	-	8,615	-	8,615
Profit/(loss) before taxation and zakat	7,446	54,263	(996)	646	13,797	5,820	(679)	80,297
Taxation and zakat								(15,356)
Net profit for the financial period								<u>64,941</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A33. Segmental reporting (cont'd.)**

	Investment banking and stockbroking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and consolidation Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
<b>2021 (cont'd.)</b>								
Other information								
Net interest and finance income	48,254	1,650	1,940	101	1,056	4,495		57,496
Depreciation and amortisation	(6,506)	(237)	(77)	(1,834)	(4,944)	727		(12,871)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	138,773	-	-	-	-	(2,678)		136,095
<b>Assets</b>								
Investments in associate companies	-	-	-	-	86,375	-		86,375
Investment in joint venture companies	-	-	-	-	30,982	-		30,982
Addition to non-current assets	8,353	19	42	1,287	-		<b>A</b>	9,701
Segment assets	6,517,755	370,387	88,800	234,170	17,841	(356,073)	<b>B</b>	6,872,880
<b>Liabilities</b>								
Segment liabilities	5,510,264	353,201	69,361	156,370	3,836	(241,839)	<b>C</b>	5,851,193

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A33. Segmental reporting (cont'd.)**

**Notes**

**A** Additions to non-current assets consist of:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
- Additions during the financial period	2,350	6,868
Intangible assets		
- Additions during the financial period	2,984	2,833
	<u>5,334</u>	<u>9,701</u>

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

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment in subsidiaries	(81,600)	(90,433)
Investment in associates and joint venture companies	16,611	20,378
Intangible assets	(39,600)	(40,090)
Inter-segment assets	<u>(276,079)</u>	<u>(245,928)</u>
	<u>(380,668)</u>	<u>(356,073)</u>

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

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits accepted from subsidiaries	(160,184)	(120,661)
Inter-segment liabilities	<u>(111,998)</u>	<u>(121,178)</u>
	<u>(272,182)</u>	<u>(241,839)</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A34. Operations of Islamic Banking**

**(a) Unaudited Statement of Financial Position**  
**As at 30 June 2022**

	Note	Group and Bank	
		As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>ASSETS</b>			
Cash and bank balances	(e)	392,745	424,712
Financial assets at FVTPL	(f)	100,000	100,000
Financial investments at FVOCI	(g)(i)	165,197	242,521
Financial investments at AC	(g)(ii)	121,986	68,044
Financing and advances	(h)	116,616	103,491
Balances due from clients and brokers		1,362	2,124
Other assets	(i)	3,824	3,246
Property, plant and equipment		17	18
Intangible assets		2	3
<b>TOTAL ASSETS</b>		<b>901,962</b>	<b>944,159</b>
<b>LIABILITIES</b>			
Deposits from customers	(j)	572,513	555,137
Balances due to clients and brokers		13,905	7,493
Other liabilities	(k)	128,221	193,784
Deferred tax liabilities		-	308
Provision for taxation and zakat		1,340	3,472
<b>TOTAL LIABILITIES</b>		<b>715,979</b>	<b>760,194</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		120,000	120,000
Reserves		65,983	63,965
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>185,983</b>	<b>183,965</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>901,962</b>	<b>944,159</b>
Commitments and contingencies	(r)	48,442	72,544

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A34. Operations of Islamic Banking**

**(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income**  
**For the financial period ended 30 June 2022**

	<b>Group and Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months</b>	<b>3 months</b>	<b>6 months</b>	<b>6 months</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	(l) 6,897	7,321	12,868	13,714
Income derived from investment of shareholders' funds	(m) 1,193	1,522	2,740	2,996
Credit loss (expense)/reversal	(9)	48	(31)	61
<b>Total attributable income</b>	<b>8,081</b>	<b>8,891</b>	<b>15,577</b>	<b>16,771</b>
Profit distributed to depositors	(n) (4,426)	(4,490)	(8,568)	(9,305)
Net income	3,655	4,401	7,009	7,466
Finance cost	(28)	(278)	(104)	(501)
Personnel costs	(o) (200)	(191)	(398)	(385)
Other overhead expenses	(p) (741)	(829)	(1,519)	(1,669)
<b>Profit before taxation and zakat</b>	<b>2,686</b>	<b>3,103</b>	<b>4,988</b>	<b>4,911</b>
Taxation and zakat	(719)	(813)	(1,340)	(1,290)
<b>Profit for the financial period</b>	<b>1,967</b>	<b>2,290</b>	<b>3,648</b>	<b>3,621</b>
<b>Other comprehensive (loss)/income</b>				
Items that will be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on debt instruments at FVOCI	(1,312)	679	(2,118)	(2,148)
Income tax related to the above items	315	(163)	521	516
<b>Total other comprehensive (loss)/income for the financial period, net of tax</b>	<b>(997)</b>	<b>516</b>	<b>(1,597)</b>	<b>(1,632)</b>
<b>Total comprehensive income for the financial period, net of tax</b>	<b>970</b>	<b>2,806</b>	<b>2,051</b>	<b>1,989</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A34. Operations of Islamic Banking**

**(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income**  
**For the financial period ended 30 June 2022**

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

Income derived from investment of depositors' funds	6,897	7,321	12,868	13,714
Income derived from investment of shareholders' funds	1,193	1,522	2,740	2,996
Total income before impairment allowances and overhead expenses	8,090	8,843	15,608	16,710
Profit distributed to depositors	(4,426)	(4,490)	(8,568)	(9,305)
Finance cost	(28)	(278)	(104)	(501)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank	<b>3,636</b>	<b>4,075</b>	<b>6,936</b>	<b>6,904</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**(c) Statement Of Changes In Islamic Banking Funds**  
**For the financial period ended 30 June 2022**

Group and Bank	Non- Distributable					Distributable	Total Equity RM'000
	Islamic Banking Fund RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
<b>At 1 January 2022</b>	120,000	906	2,314	13	5,248	55,484	183,965
Net profit for the financial period	-	-	-	-	-	3,648	3,648
Other comprehensive loss for the financial period	-	(1,597)	-	-	-	-	(1,597)
Share based payment under ESS	-	-	-	1	-	(34)	(33)
Transfer from regulatory reserve	-	-	246	-	-	(246)	-
Transfer to retained profits	-	-	-	(6)	-	6	-
<b>At 30 June 2022</b>	<b>120,000</b>	<b>(691)</b>	<b>2,560</b>	<b>8</b>	<b>5,248</b>	<b>58,858</b>	<b>185,983</b>
<b>At 1 January 2021</b>	120,000	5,036	2,442	19	5,248	45,649	178,394
Net profit for the financial period	-	-	-	-	-	3,621	3,621
Other comprehensive loss for the financial period	-	(1,632)	-	-	-	-	(1,632)
Share based payment under ESS	-	-	-	3	-	(6)	(3)
Transfer from regulatory reserve	-	-	30	-	-	(30)	-
Transfer to retained profits	-	-	-	(9)	-	9	-
<b>At 30 June 2021</b>	<b>120,000</b>	<b>3,404</b>	<b>2,472</b>	<b>13</b>	<b>5,248</b>	<b>49,243</b>	<b>180,380</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**(d) Unaudited Condensed Statements Of Cash Flows**  
**For the financial period ended 30 June 2022**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax expense and zakat	4,988	4,911
Adjustments for:		
Depreciation of plant and equipment	2	4
Amortisation of intangible assets	1	-
Credit loss expense/(reversal)	31	(61)
Net loss from sale of financial assets at FVTPL	-	742
Unrealised loss on revaluation of financial assets at FVTPL	-	339
Operating profit before working capital changes	<u>5,022</u>	<u>5,935</u>
<b>Changes in operating assets:</b>		
Financing and advances	(13,106)	5,775
Balances due from clients and brokers	763	215
Other assets	(579)	(25)
<b>Changes in operating liabilities:</b>		
Deposits from customers	17,376	(55,389)
Balances due to clients and brokers	6,412	361
Other liabilities	(68,728)	78,050
Cash (used in)/generated from operating activities	<u>(52,840)</u>	<u>34,922</u>
Taxation and zakat paid	(340)	-
Net cash (used in)/generated from operating activities	<u>(53,180)</u>	<u>34,922</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(1)
Net sale/(purchase) of securities	21,213	(73,761)
Net investing cash flow	<u>21,213</u>	<u>(73,762)</u>
<b>Net change in cash and cash equivalents</b>	<b>(31,967)</b>	<b>(38,840)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>424,712</u>	<u>452,323</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>392,745</u>	<u>413,483</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank</b>	
	<b>As at 30 June 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>(e) Cash and bank balances</b>		
Current account with Bank Negara Malaysia and banks	6,445	35,712
Money at call and deposit placements with:		
Licensed banks	186,300	30,000
Bank Negara Malaysia	100,000	359,000
Domestic non-bank financial institutions	100,000	-
	<u>392,745</u>	<u>424,712</u>
<b>(f) Financial assets at FVTPL</b>		
<b>Unquoted Securities in Malaysia:</b>		
Funds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>(g) Financial investments other than those measured at FVTPL</b>		
<b>(i) Financial investments at FVOCI</b>		
<b>At fair value</b>		
<b>(a) Money market instruments:</b>		
Malaysian Government Investment Certificates	-	20,116
Negotiable Instruments of Deposits	99,841	149,844
<b>(b) Debt instruments:</b>		
Corporate Sukuk	65,356	72,561
<b>Total financial investments at FVOCI</b>	<u>165,197</u>	<u>242,521</u>
<b>(ii) Financial investments at AC</b>		
<b>At cost</b>		
<b>(a) Money market instruments:</b>		
Malaysian Government Investment Certificates	39,200	9,995
<b>(b) Debt instruments:</b>		
Corporate Sukuk	82,786	58,049
<b>Total financial investment at AC</b>	<u>121,986</u>	<u>68,044</u>
<b>Total financial investments other than those measured at FVTPL</b>	<u>287,183</u>	<u>310,565</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Debt instruments measured at AC:**

An analysis of changes in the ECLs is as follows:

**Group and Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January and 30 June 2022	-	-	-	-

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

<b>Group and Bank</b>	
<b>As at</b>	<b>As at</b>
<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>

**(h) Financing and advances**

**At AC**

Commodity Murabahah share margin financing		
- Shariah contract - others	12,696	13,471
Commodity Murabahah revolving credit		
- Shariah contract - others	43,665	70,105
Commodity Murabahah term financing		
- Shariah contract - others	60,332	20,011
Gross financing and advances	116,693	103,587
Less: Allowance for ECL	(77)	(96)
Net financing and advances	116,616	103,491

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(h) Financing and advances (cont'd.)</b>		
<b>(i) Gross financing and advances analysed by type of customer are as follows:</b>		
Domestic business enterprise - others	57,705	54,058
Individuals	58,988	49,529
	<u>116,693</u>	<u>103,587</u>
<b>(ii) Gross financing and advances analysed by geographical distribution are as follows:</b>		
In Malaysia	<u>116,693</u>	<u>103,587</u>
<b>(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:</b>		
Fixed rate	12,696	13,471
Variable rate - Cost plus	103,997	90,116
	<u>116,693</u>	<u>103,587</u>
<b>(iv) Gross financing and advances analysed by economic purpose are as follows:</b>		
Working capital	65,008	48,905
Purchase of securities	37,500	38,278
Others	14,185	16,404
	<u>116,693</u>	<u>103,587</u>
<b>(v) Gross financing and advances analysed by residual contractual maturity are as follows:</b>		
Within one year	79,489	65,236
More than one year	37,204	38,351
	<u>116,693</u>	<u>103,587</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

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

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

**Group and Bank**

	<b>2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2022	96	-	-	96
New assets originated or purchased	58	-	-	58
Assets derecognised or repaid (excluding write-offs)	(65)	-	-	(65)
Net remeasurement of allowance	(12)	-	-	(12)
As at 30 June 2022	<u>77</u>	<u>-</u>	<u>-</u>	<u>77</u>

**Group and Bank**

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

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

	Group and Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
(i) Other Assets		
Income receivables	3,805	3,238
Prepayment	17	6
Other receivables	55	55
Less: Allowance for ECL	(53)	(53)
	3,824	3,246

**Group and Bank**

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
<b>Movements in ECL</b>			
As at 1 January and 30 June 2022	15	38	53
	2021		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
<b>Movements in ECL</b>			
As at 1 January 2021	17	38	55
New assets originated or purchased	9	-	9
Transfer of stages during the year	(11)	11	-
Assets derecognised or repaid (excluding write-offs)	-	(11)	(11)
As at 31 December 2021	15	38	53

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(j) Deposits from customers</b>		
<b>(i) By type of deposit</b>		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	572,513	555,137
	<u>572,513</u>	<u>555,137</u>
<b>(ii) By type of customers</b>		
Domestic non-bank institutions	330,866	236,317
Government and other statutory bodies	100,000	141,918
Business enterprises	141,001	176,319
Individuals	646	583
	<u>572,513</u>	<u>555,137</u>
<b>(iii) By maturity</b>		
Due within six months	472,513	450,137
Due more than six months	100,000	105,000
	<u>572,513</u>	<u>555,137</u>
<b>(k) Other liabilities</b>		
Mudarabah Specific Investment Account	21,104	12,630
Profit payable	2,378	2,277
Other payable	104,739	178,877
	<u>128,221</u>	<u>193,784</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank Individual Quarter</b>		<b>Group and Bank Cumulative Quarters</b>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>(l) Income derived from investment of depositors' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	665	677	1,051	1,392
Deposits placements with financial institutions	1,872	1,393	3,795	3,060
Financial investment other than those measured at FVTPL	2,499	2,734	4,633	4,912
Accretion of discount	(93)	(120)	(174)	(279)
Others	1	1	2	1
	<b>4,944</b>	<b>4,685</b>	<b>9,307</b>	<b>9,086</b>
<b>Other operating income/(loss)</b>				
Net gain/(loss) on sale of financial assets at FVTPL	-	29	-	(1,081)
Fees on financing and advances	234	-	269	50
Brokerage fee	784	1,268	1,896	2,917
Profit income from financial assets at FVTPL	897	1,336	1,336	2,681
Advisory fee	62	39	97	141
Direct trading fees expense	(28)	(40)	(45)	(88)
Other non-operating income	4	4	8	8
	<b>1,953</b>	<b>2,636</b>	<b>3,561</b>	<b>4,628</b>
Total income derived from investment of depositors' funds	<b>6,897</b>	<b>7,321</b>	<b>12,868</b>	<b>13,714</b>
<b>(m) Income derived from investment of shareholders' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	822	990	1,919	1,859
Financial investments other than those measured at FVTPL	408	592	902	1,263
Accretion of discounts	(37)	(60)	(81)	(126)
	<b>1,193</b>	<b>1,522</b>	<b>2,740</b>	<b>2,996</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank Individual Quarter</b>		<b>Group and Bank Cumulative Quarters</b>	
	<b>3 months ended 30 June 2022 RM'000</b>	<b>3 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>6 months ended 30 June 2021 RM'000</b>
<b>(n) Profit distributed to depositors</b>				
Deposits from customers and financial institutions				
- Murabahah Fund	3,802	3,923	7,370	8,183
Others	624	567	1,198	1,122
	<b>4,426</b>	<b>4,490</b>	<b>8,568</b>	<b>9,305</b>
<b>(o) Personnel costs</b>				
Salaries, wages, allowances and bonu	158	154	318	309
EPF	25	24	50	48
Other staff related expenses	17	13	30	28
	<b>200</b>	<b>191</b>	<b>398</b>	<b>385</b>
<b>(p) Other overhead expenses:</b>				
<b>Establishment costs</b>				
- Depreciation	1	2	2	4
- Amortisation	1	-	1	-
- Office rental	15	15	29	29
- Others	5	5	9	7
	<b>22</b>	<b>22</b>	<b>41</b>	<b>40</b>
<b>Administration and general expenses</b>				
- Fees and brokerage	126	256	292	520
- Support service charges	484	465	968	929
- Shariah committee expenses	46	40	91	69
- Others	63	46	127	111
	<b>719</b>	<b>807</b>	<b>1,478</b>	<b>1,629</b>
Total other overhead expenses	<b>741</b>	<b>829</b>	<b>1,519</b>	<b>1,669</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

	<b>Group and Bank</b>	
	<b>As at 30 June 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>(q) Capital adequacy</b>		
<b>CET 1 / Tier 1 Capital</b>		
Islamic Banking funds	120,000	120,000
Retained profits	55,210	55,484
Other intangibles		
Other reserves	7,125	8,481
Less:		
Intangible assets	(2)	(3)
55% of cumulative gains on financial investments at FVOCI	(213)	(499)
Regulatory reserves	(2,560)	(2,314)
Total CET 1 / Tier 1 capital	<u>179,560</u>	<u>181,149</u>
<b>Tier 2 Capital</b>		
Impairment provision	<u>2,637</u>	<u>2,411</u>
Total Tier 2 capital	<u>2,637</u>	<u>2,411</u>
Total capital	<u>182,197</u>	<u>183,560</u>
CET 1 capital ratio	68.162%	77.917%
Tier 1 capital ratio	68.162%	77.917%
Total capital ratio	<u>69.163%</u>	<u>78.954%</u>

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

	<b>Group and Bank</b>			
	<b>As at 30 June 2022</b>		<b>As at 31 December 2021</b>	
	<b>Notional amount RM'000</b>	<b>Risk- weighted amount RM'000</b>	<b>Notional amount RM'000</b>	<b>Risk- weighted amount RM'000</b>
Credit risk	822,920	234,377	883,247	202,433
Operational risk	-	29,055	-	30,058
Total Risk Weighted Assets	<u>822,920</u>	<u>263,432</u>	<u>883,247</u>	<u>232,491</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**A34. 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:

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	11,044	9,269
Other commitments with an original maturity of less than 1 year:		
- corporate financing	37,398	52,000
Other commitments with an original maturity of more than 1 year:		
- corporate financing	-	11,275
	<u>48,442</u>	<u>72,544</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B1. Performance Review**

**Group:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	176,931	212,636	361,835	462,759
Net income	149,637	188,723	308,846	411,312
Profit before tax	20,301	37,605	41,785	80,297
Profit after tax	18,634	30,674	35,557	64,941

The Group reported revenue and profit before tax ('PBT') of RM361.8 mil and RM41.8 mil respectively for 1H2022. Lower revenue and PBT is recorded for 1H22 as compared to previous year mainly due to lower contribution from brokerage fee income and trading and investment income with partial mitigation from higher management fee income.

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

**Stockbroking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	72,589	127,385	157,350	296,385
Net income	69,774	124,057	151,981	289,809
Profit before tax	2,708	19,966	10,906	54,263

Lower revenue and PBT was recorded by stockbroking segment for both 2Q22 and 1H22 mainly due to lower net brokerage generated as a consequence of the lower trading volume and lower trading income.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B1. Performance Review (cont'd.)**

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

**Investment Banking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	42,572	45,788	83,063	87,558
Net income	17,860	19,417	34,706	35,422
Profit before tax	3,156	5,523	5,461	7,446

Investment Banking ("IB") registered lower revenue for 2Q22 compared to 2Q21 mainly due to lower interest income and trading and investment income.

The Group's Investment Banking division registered a lower revenue and PBT of RM83.1 million and RM5.5 million respectively for 1H22 compared to RM87.6 million and RM7.4 million in the corresponding period last year. This was due to lower investment banking fee income earned.

**Investment and Wealth Management:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	58,120	33,659	117,704	69,812
Net income	56,918	39,130	116,280	79,974
Profit before tax	14,050	6,183	28,517	13,797

Investment and Wealth Management registered marked improvement both in PBT and revenue for 2Q22 and 1H22 as compared to the respective corresponding period in 2021, achieved on the back of higher management and performance fee contribution from retail unit trust funds and alternative products.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B1. Performance Review (cont'd.)**

**Futures Broking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	4,978	4,239	9,516	8,277
Net income	4,484	3,925	8,667	7,747
Profit/(Loss) before tax ("LBT")	411	(529)	310	(996)

Futures business has recorded higher revenue and income for 2Q22 and 1H22 compared to respective corresponding period last year as a result of higher trading activities and higher interest income generated. With the improved performance in 2Q22, this segment has turnaround and recorded a PBT of RM310k for period to date.

**Money Lending and Financing:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	2,203	2,204	4,361	4,242
Net income	1,616	1,700	3,052	3,051
Profit before tax	257	209	568	646

Higher PBT was recorded for 2Q22 compared to 2Q21 mainly due to lower personnel cost.

This segment recorded higher revenue for 1H22 as compared to 1H21 mainly due to higher processing fees on financing generated. However, lower PBT was recorded due to the bonus provision made for current period compared to reversal of bonus provision in 1H21.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B1. Performance Review (cont'd.)**

**Corporate and others:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2022 (2Q22)	30 June 2021 (2Q21)	30 June 2022 (1H22)	30 June 2021 (1H21)
(RM'000)				
Revenue	1,437	2,622	(1,601)	4,922
Net income/(loss)	231	1,588	(4,086)	3,001
(Loss)/Profit before tax	(40)	4,415	(4,386)	5,820

This segment recorded LBT for 2Q22 and 1H22 as compared to PBT for 2Q21 and 1H21 mainly due to unrealised loss from investment in management fund as well as share of loss from the joint venture companies.

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

**Current quarter versus previous quarter**

**Group:**

	Current quarter	Previous quarter
	3 months ended 30 June 2022 (2Q22)	3 months ended 31 March 2022 (1Q22)
(RM'000)		
Revenue	176,931	184,904
Net income	149,637	159,209
Profit before tax	20,301	21,484
Profit after tax	18,634	16,923

For 2Q22, the Group has recorded lower revenue and PBT compared to previous quarter ended 30 March 2022 mainly due to lower brokerage fees and higher overhead expenses.

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B3. Prospects for 2022**

The Malaysian economy expanded to 8.9% in 2Q22 (1Q22: 5.0%), largely driven by the transition to endemicity and the unleashing of pent-up demand. Growth was supported by the sharp recovery in the services sector, sustained expansion in manufacturing sector and solid private consumption amid improvement in the household income bolstered by tight labour market conditions and ongoing policy support. Overall, 2022 growth is projected to be higher at 5.5% - 6.0% (2021: 3.1%).

Nonetheless, the growth projection remains susceptible to downside risks associated with the COVID-19 development brought by the emergence of the new variant or sub-variant, worsening global supply chain conditions amid the Russia-Ukraine crisis, China-Taiwan tensions, China's zero-COVID policy, and the global financial uncertainty due to tightening of monetary policy by the US Federal Reserve and other central banks.

On the Malaysia's monetary policy front, a further rate hike is expected following BNM's second successive 25-basis point (bps) hike on the overnight policy rate ("OPR") at its July 6 Monetary Policy Committee ("MPC") meeting. This is largely due to a build-up of inflationary pressure as reflected in the rising food prices and core inflation as well as supported by a stronger domestic growth outlook. Hence, BNM is expected to raise the OPR by 25 bps in the two remaining MPC meetings this year in September and November, bringing it to 2.75% by the end of 2022.

The domestic economy will be further supported by the federal government's fiscal policy stance, which is expected to remain expansionary and manageable, with the fiscal deficit projected to improve to 5.8% of GDP (2021: 6.4%). Various policy support and additional assistance to cushion the blow of the rising inflation would continue to support the well-being of the people.

The Group remains resilient to the macroeconomic headwinds and financial market volatility and is optimistic that the capital market will improve in the second half of the year. In the meantime, the Group will continue its digitalisation journey.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**SELECTED EXPLANATORY NOTES**

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

**B4. Variance From Profit Forecast And Profit Guarantee**

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

**B5. Taxation and zakat**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended 30 June 2022</u> <u>RM'000</u>	<u>3 months ended 30 June 2021</u> <u>RM'000</u>	<u>6 months ended 30 June 2022</u> <u>RM'000</u>	<u>6 months ended 30 June 2021</u> <u>RM'000</u>
Income tax and zakat	(185)	(9,150)	2,150	(10,384)
Deferred taxation	(1,482)	2,219	(8,378)	(4,972)
Total	<u>(1,667)</u>	<u>(6,931)</u>	<u>(6,228)</u>	<u>(15,356)</u>

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

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended 30 June 2022</u> <u>RM'000</u>	<u>3 months ended 30 June 2021</u> <u>RM'000</u>	<u>6 months ended 30 June 2022</u> <u>RM'000</u>	<u>6 months ended 30 June 2021</u> <u>RM'000</u>
Income tax and zakat	(69)	(9,066)	(128)	(11,047)
Deferred taxation	(1,481)	2,237	(3,195)	(3,705)
Total	<u>(1,550)</u>	<u>(6,829)</u>	<u>(3,323)</u>	<u>(14,752)</u>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**SELECTED EXPLANATORY NOTES**

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

**B6. Borrowings**

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>Secured</b>				
Revolving bank loan denominated in RM				
- More than one year	13,600	19,200	13,600	19,200
<b>Unsecured</b>				
Revolving bank loans denominated in RM				
- Within one year	24,000	40,000	-	-
Subordinated notes denominated in RM				
- More than one year	180,500	185,500	180,500	185,500
	<u>218,100</u>	<u>244,700</u>	<u>194,100</u>	<u>204,700</u>

**B7. Dividend**

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**SELECTED EXPLANATORY NOTES**  
**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA**  
**MALAYSIA SECURITIES BERHAD**

**B8. Earnings per share**

	Individual Quarter		Cumulative Quarters	
	30 June ended 30 June 2022 RM'000	3 months ended 30 June 2021 RM'000	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
Profit for the period attributable to equity holders of the Bank	18,439	30,572	35,134	64,733
Weighted average number of ordinary shares in issue ('000)	731,331	731,000	728,497	722,691
Effects of dilution	-	-	5,809	19,535
Adjusted weighted average number of ordinary shares in issue ('000)	731,331	731,000	734,306	742,226
Earnings per share (sen)				
- basic	2.52	4.18	4.82	8.96
- fully diluted	2.52	4.18	4.78	8.72

There were no potential dilutive ordinary shares outstanding as at 30 June 2022.

**B9. Changes in Material Litigation**

The status of material litigations is disclosed in note B12.

**B10. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 30 June 2022.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B11. Derivative financial instruments**

Derivative financial instruments are as follows:

**Group and Bank**

Items	As at 30 June 2022		As at 31 December 2021	
	Contract/ Notional Value RM'000	Fair Value RM'000	Contract/ Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	27,685	29,212	29,492	29,515
Equity related contract- swaps	82,197	5,376	24,123	408
Equity related contract- forwards	57,354	54,371	57,354	51,527
Dual currency investment- options	3,787	7	1,361	3
	171,023	88,966	112,330	81,453
<u>Derivative financial liabilities</u>				
Equity related contract- options	1,339,496	33,514	180,364	23,534
Equity related contract- swaps	-	-	55,251	5,223
Dual currency investment- options	3,787	7	1,361	3
	1,343,283	33,521	236,976	28,760

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

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

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B11. Derivative financial instruments (Cont'd.)**

**Types of derivative financial instruments**

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

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

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

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

**Purposes of engaging in derivative financial instruments**

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

**Gain arising from fair value changes of derivative financial instruments**

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM21,831,200 (1Q22 gain: RM1,721,993). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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

**B12. Contingent liabilities**

<b>Group and Bank</b>	
<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>

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

<u>3,600</u>	<u>3,600</u>
--------------	--------------

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