

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

Unaudited Condensed Interim Financial Statements
30 June 2023

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

<u>Group</u>	Note	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,809,293	1,732,786
Financial assets at fair value through profit or loss ("FVTPL")	A12	413,284	322,139
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	482,938	319,173
Financial investments at amortised cost ("AC")	A13 (ii)	404,695	449,114
Derivative financial assets	B11	80,800	85,217
Loans, advances and financing	A14	1,701,096	1,690,475
Balances due from clients and brokers	A15	499,109	427,638
Other assets	A16	211,101	183,753
Statutory deposit with Bank Negara Malaysia	A17	48,163	58,403
Tax recoverable		22,189	31,819
Investment in associates		117,762	99,683
Investment in joint ventures		32,581	26,569
Property, plant and equipment		155,088	156,221
Intangible assets		332,977	329,219
Right-of-use assets		26,514	24,964
Deferred tax assets		22,951	25,184
TOTAL ASSETS		6,360,541	5,962,357
LIABILITIES			
Deposits from customers	A18	3,501,790	3,161,078
Deposits and placements of banks and other financial institutions	A19	429,381	415,359
Balances due to clients and brokers		757,146	732,709
Derivative financial liabilities	B11	35,431	16,496
Other liabilities	A20	381,463	367,258
Borrowings	A21	204,400	206,000
Lease liabilities		27,012	25,324
Provision for taxation and zakat		949	15,245
Deferred tax liabilities		60	64
TOTAL LIABILITIES		5,337,632	4,939,533

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

<u>Group (cont'd.)</u>	Note	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,932)	(13,538)
Reserves		781,007	776,984
		<u>1,022,909</u>	<u>1,017,280</u>
Non-controlling Interests		-	5,544
TOTAL EQUITY		<u>1,022,909</u>	<u>1,022,824</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>6,360,541</u>	<u>5,962,357</u>
Commitments and contingencies	A29	<u>4,751,888</u>	<u>4,298,476</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.41</u>	<u>1.41</u>

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

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

<u>Bank</u>	Note	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,383,273	1,262,925
Financial assets at FVTPL	A12	414,554	324,626
Financial investments at FVOCI	A13 (i)	482,938	319,173
Financial investments at AC	A13 (ii)	404,695	449,114
Derivative financial assets	B11	80,800	85,217
Loans, advances and financing	A14	1,723,212	1,703,510
Balances due from clients and brokers	A15	498,936	427,477
Other assets	A16	132,058	125,433
Statutory deposit with Bank Negara Malaysia	A17	48,163	58,403
Tax recoverable		16,915	13,850
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		48,066	41,550
Property, plant and equipment		148,301	151,029
Intangible assets		334,428	331,132
Right-of-use assets		17,838	20,540
Deferred tax assets		9,467	12,966
TOTAL ASSETS		5,872,891	5,456,192
LIABILITIES			
Deposits from customers	A18	3,616,702	3,299,305
Deposits and placements of banks and other financial institutions	A19	429,381	415,359
Balances due to clients and brokers		328,737	262,976
Derivative financial liabilities	B11	35,431	16,496
Other liabilities	A20	272,901	248,727
Borrowings	A21	202,900	188,500
Lease liabilities		18,177	20,757
Provision for taxation and zakat		186	291
TOTAL LIABILITIES		4,904,415	4,452,411

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

<u>Bank (cont'd.)</u>	Note	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,932)	(13,538)
Reserves		726,574	763,485
TOTAL EQUITY		<u>968,476</u>	<u>1,003,781</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>5,872,891</u>	<u>5,456,192</u>
Commitments and contingencies	A29	<u>4,879,874</u>	<u>4,412,160</u>
Net assets per share (RM)		<u>1.34</u>	<u>1.39</u>

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Group					
Interest income	A22	63,434	52,100	127,437	104,033
Interest expense	A23	(39,386)	(24,897)	(76,532)	(48,431)
Net interest income		24,048	27,203	50,905	55,602
Net income from Islamic banking business	A33	5,014	3,636	9,161	6,936
Other operating income	A24	126,445	118,798	236,662	246,308
Net income		155,507	149,637	296,728	308,846
Other operating expenses	A25	(141,539)	(130,217)	(273,707)	(266,124)
Operating profit		13,968	19,420	23,021	42,722
Credit loss reversal/(expense)	A26	8,463	94	10,900	(702)
Bad debts recovered	A27	318	10	599	25
		22,749	19,524	34,520	42,045
Share of results of associates and joint ventures		575	777	1,251	(260)
Profit before taxation and zakat		23,324	20,301	35,771	41,785
Taxation and zakat	B5	(6,626)	(1,667)	(8,716)	(6,228)
Profit for the period		16,698	18,634	27,055	35,557
Profit for the period attributable to:					
Equity holders of the Bank		16,698	18,439	26,945	35,134
Non-controlling interests		-	195	110	423
		16,698	18,634	27,055	35,557
Earnings per share					
Basic (sen)	B8	2.31	2.52	3.73	4.82
Fully diluted (sen)	B8	2.31	2.52	3.71	4.78

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 2023

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
Note	RM'000	RM'000	RM'000	RM'000
Group (con'td.)				
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Fair value loss on equity instruments at FVOCI	-	(167)	-	(167)
Share of other comprehensive income/(loss) in associates	8,822	(6,021)	10,010	2,289
Income tax relating to the fair value loss on equity instruments	-	40	-	40
Items that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on consolidation	6,552	4,163	6,643	4,620
Net gain/(loss) on fair value changes of debt instrument at FVOCI	3,335	(7,066)	6,074	(13,220)
Income tax relating to fair value gain/loss on debt instruments	(800)	1,696	(1,489)	3,173
Other comprehensive income/(loss) for the period, net of tax	<u>17,909</u>	<u>(7,355)</u>	<u>21,238</u>	<u>(3,265)</u>
Total comprehensive income for the period, net of tax	<u><u>34,607</u></u>	<u><u>11,279</u></u>	<u><u>48,293</u></u>	<u><u>32,292</u></u>
Total comprehensive income attributable to:				
Equity holders of the Bank	34,607	11,084	48,183	31,869
Non-controlling interests	-	195	110	423
	<u><u>34,607</u></u>	<u><u>11,279</u></u>	<u><u>48,293</u></u>	<u><u>32,292</u></u>

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Bank					
Interest income	A22	60,741	50,013	121,640	100,188
Interest expense	A23	(43,905)	(27,817)	(86,177)	(53,753)
Net interest income		16,836	22,196	35,463	46,435
Net income from Islamic banking business	A33	5,014	3,636	9,161	6,936
Other operating income	A24	67,024	62,022	128,046	129,465
Net income		88,874	87,854	172,670	182,836
Other operating expenses	A25	(88,740)	(84,726)	(178,100)	(172,856)
Operating profit/(loss)		134	3,128	(5,430)	9,980
Credit loss reversal/(expense)	A26	8,820	87	9,701	(870)
Bad debts recovered	A27	301	10	589	25
Profit before taxation and zakat		9,255	3,225	4,860	9,135
Taxation and zakat		(2,601)	(1,550)	(2,196)	(3,323)
Profit for the period		6,654	1,675	2,664	5,812
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		-	(167)	-	(167)
Income tax relating to the fair value loss on equity instruments		-	40	-	40
Items that will be reclassified subsequently to profit or loss:					
Net gain/(loss) on fair value changes of debt instruments at FVOCI		3,335	(7,066)	6,074	(13,220)
Income tax relating to fair value gain/loss on debt instruments		(800)	1,696	(1,489)	3,173
Other comprehensive income/(loss) for the period, net of tax		2,535	(5,497)	4,585	(10,174)
Total comprehensive income/(loss) for the period, net of tax		9,189	(3,822)	7,249	(4,362)

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Group	Non- Distributable					Distributable		Non-Controlling Interest	Total Equity	
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares			Retained Profits
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2023	253,834	1,794	(10,922)	17,192	24,075	88,938	(13,538)	655,907	5,544	1,022,824
Net profit for the financial period	-	-	-	-	-	-	-	26,945	110	27,055
Share of other comprehensive income of associates	-	-	9,911	-	-	-	-	99	-	10,010
Other comprehensive income	-	-	4,585	-	6,643	-	-	-	-	11,228
Total comprehensive income	-	-	14,496	-	6,643	-	-	27,044	110	48,293
Share based payment under Employees' Share Scheme ("ESS")	-	47	-	-	-	-	-	-	-	47
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	1,606	(620)	-	986
Buy-back of shares	-	-	-	-	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	-	(845)	-	-	-	845	-	-
Transfer to retained profits	-	(193)	-	-	-	-	-	193	-	-
Dividend paid	-	-	-	-	-	-	-	(43,587)	-	(43,587)
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	(5,654)	(5,654)
At 30 June 2023	253,834	1,648	3,574	16,347	30,718	88,938	(11,932)	639,782	-	1,022,909

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KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	253,834	2,809	6,590	18,921	19,204	88,938	(13,064)	673,097	4,701	1,055,030
Net profit for the financial period	-	-	-	-	-	-	-	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 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)
At 30 June 2022	253,834	1,759	(10,002)	18,291	23,824	88,938	(8,715)	633,740	5,124	1,006,793

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Bank	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity RM'000	
		ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
At 1 January 2023	253,834	1,794	(6,422)	17,192	153,863	(13,538)	597,058	1,003,781
Net profit for the financial period	-	-	-	-	-	-	2,664	2,664
Other comprehensive income	-	-	4,585	-	-	-	-	4,585
Total comprehensive income	-	-	4,585	-	-	-	2,664	7,249
Share based payment under ESS	-	47	-	-	-	-	-	47
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	1,606	(620)	986
Buy-back of shares	-	-	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	-	(845)	-	-	845	-
Transfer to retained profits	-	(193)	-	-	-	-	193	-
Dividend paid	-	-	-	-	-	-	(43,587)	(43,587)
At 30 June 2023	253,834	1,648	(1,837)	16,347	153,863	(11,932)	556,553	968,476

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity RM'000	
		ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
Bank								
At 1 January 2022	253,834	2,809	634	18,921	153,863	(13,064)	624,353	1,041,350
Net profit for the financial period	-	-	-	-	-	-	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)
At 30 June 2022	253,834	1,759	(9,540)	18,291	153,863	(8,715)	546,967	956,459

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash flows from operating activities				
Profit before taxation	35,771	41,785	4,860	9,135
Adjustments for:				
Depreciation of property, plant and equipment	5,581	5,665	4,957	5,221
Amortisation of intangible assets	3,461	3,063	2,882	2,635
Amortisation of right-of-use assets	4,628	3,976	3,348	3,335
Lease interest reversal/expenses	(50)	438	449	338
ESS expenses	26	259	26	259
Credit loss (reversal)/expense	(10,900)	702	(9,701)	870
Property, plant and equipment written off	3	910	3	901
Bad debts recovered	(599)	(25)	(589)	(25)
Gain on disposal of a subsidiary	(1,477)	-	-	-
Non-cash items	673	14,988	1,375	13,534
Net (gain)/loss from sale of financial assets at FVTPL and derivatives	(18,370)	7,076	(18,370)	7,084
Net gain from sale of financial investments other than those measured at FVTPL	(8)	(12)	(8)	(12)
Gross dividend income from investments	(206)	(925)	(2,287)	(890)
(Gain)/loss on revaluation of financial assets at FVTPL and derivatives	(880)	(16,252)	338	(15,992)
Gain on disposal of property, plant and equipment	-	(56)	-	(78)
Share of results of associates and joint venture	830	260	-	-
Non-operating items - investing	(18,634)	(9,909)	(20,327)	(9,888)
Adjustments for non-operating and non-cash items	(17,961)	5,079	(18,952)	3,646
Operating profit before working capital changes	17,810	46,864	(14,092)	12,781

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Changes in working capital:				
Net changes in operating assets	(44,510)	(137,162)	(76,844)	15,696
Net changes in operating liabilities	356,702	64,440	377,857	(55,838)
Cash generated from operations	<u>330,002</u>	<u>(25,858)</u>	<u>286,921</u>	<u>(27,361)</u>
Taxation and zakat paid	(12,630)	(15,214)	(3,356)	(11,394)
Rental/lease interest payment	50	(438)	(449)	(338)
Net operating cash flow	<u>317,422</u>	<u>(41,510)</u>	<u>283,116</u>	<u>(39,093)</u>
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	3,649	-	-	-
Dividends received from other investments	206	925	2,287	890
Purchase of property, plant equipment and intangible assets	(11,719)	(5,334)	(8,410)	(3,518)
Proceeds from disposal of property, plant and equipment	-	56	-	78
Capital injection in a joint venture	(6,516)	(1,550)	(6,516)	(1,550)
Net purchase of securities	<u>(161,679)</u>	<u>166,900</u>	<u>(161,680)</u>	<u>161,955</u>
Net investing cash flow	<u>(176,059)</u>	<u>160,997</u>	<u>(174,319)</u>	<u>157,855</u>
Cash flows from financing activities				
Dividend paid	-	(77,060)	-	(77,060)
Repayment of lease liabilities	(4,558)	(4,042)	(3,295)	(3,427)
Net (repayment)/drawdown of borrowings	(600)	(26,600)	14,400	(10,600)
Share buy-back	-	(10,680)	-	(10,680)
Proceeds from exercise of ESS	986	7,071	986	7,071
Net financing cash flow	<u>(4,172)</u>	<u>(111,311)</u>	<u>12,091</u>	<u>(94,696)</u>
Net change in cash and cash equivalents during the financial period	137,191	8,176	120,888	24,066
Cash and cash equivalents brought forward	<u>1,230,891</u>	<u>1,469,803</u>	<u>1,174,810</u>	<u>1,337,127</u>
Cash and cash equivalents carried forward	<u>1,368,082</u>	<u>1,477,979</u>	<u>1,295,698</u>	<u>1,361,193</u>

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Cash and Cash Equivalents

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

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash and short-term funds	1,719,717	1,918,150	1,303,908	1,405,239
Deposits and placements with banks and other financial institutions	89,576	60,525	79,365	50,000
Less: Segregated funds from customers	(353,636)	(406,650)	-	-
Less: Cash and bank balances and deposits held in trust	<u>(87,575)</u>	<u>(94,046)</u>	<u>(87,575)</u>	<u>(94,046)</u>
	<u>1,368,082</u>	<u>1,477,979</u>	<u>1,295,698</u>	<u>1,361,193</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 30 June 2023 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2022. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

A2. Condensed financial statements

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2022 was not qualified by the external auditors.

A4. Seasonal or Cyclical Factors

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

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

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

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 30 June 2023 other than the below:

- a) transfer of 1,599,000 units of treasury shares to staff pursuant to the exercise of ESS.
- b) issuance of RM20 million of Tier 2 Subordinated Notes on 10 February 2023.

A8. Dividends paid per share

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

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

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

A10. Changes in composition of the Group

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	468,984	498,690	142,502	113,936
Money at call and deposit placements	1,340,309	1,234,096	1,240,771	1,148,989
	1,809,293	1,732,786	1,383,273	1,262,925
Included in cash and bank balances are:				
Cash and cash equivalents	1,368,082	1,230,891	1,295,698	1,174,810
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	441,211	501,895	87,575	88,115
	1,809,293	1,732,786	1,383,273	1,262,925
A12. Financial assets at FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Securities	40,960	-	40,960	-
Malaysian Government Investment Certificates	10,233	-	10,233	-
	51,193	-	51,193	-
Quoted Securities:				
Shares and funds in Malaysia	156,562	127,984	156,037	127,443
Funds outside Malaysia	26,301	16,529	26,301	16,529
Unquoted Securities:				
Shares and funds in Malaysia	169,817	168,584	171,612	171,612
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	9,411	9,042	9,411	9,042
Total financial assets at FVTPL	413,284	322,139	414,554	324,626

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

At fair value

Money market instruments:

Malaysian Government Securities	30,409	19,373
Malaysian Government Investment Certificates	145,529	59,534
Islamic Negotiable Instruments of Deposits	99,635	-
	<u>275,573</u>	<u>78,907</u>

Equity instruments in Malaysia:

Unquoted Shares	1,293	1,294
	<u>1,293</u>	<u>1,294</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	159,927	184,377
Islamic Corporate Bills	994	-
Corporate Bonds	45,151	54,595
	<u>206,072</u>	<u>238,972</u>

Total financial investments at FVOCI

482,938 319,173

Impairment losses on debt instruments measured at FVOCI

Group and Bank

Movements in Expected Credit Loss ("ECL")	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2023	261	128	-	389
Assets derecognised or matured	-	(128)	-	(128)
As at 30 June 2023	<u>261</u>	<u>-</u>	<u>-</u>	<u>261</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

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

Group and Bank

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

Group and Bank	
As at 30 June 2023 RM'000	As at 31 December 2022 RM'000

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	49,695	49,677
Malaysian Government Investment Certificates	228,078	177,316
	<u>277,773</u>	<u>226,993</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	126,922	202,119
Corporate Bonds	-	20,002
	<u>126,922</u>	<u>222,121</u>

Total financial investments at AC

404,695	449,114
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

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

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January/ 30 June 2023	-	-	-	-
	2022			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	49	-	-	49
Changes in model assumption or methodology	(49)	-	-	(49)
As at 31 December 2022	-	-	-	-
	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

A14. Loans, advances and financing

At AC

Share margin financing	1,199,445	1,153,056	1,199,445	1,153,056
Term loans/financing	488,560	500,905	502,588	525,953
Subordinated term loan	-	-	35,057	45,067
Other lending and factoring receivables	26,690	58,885	-	-
Advances to group employees	-	2	-	2
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(369)	(170)	(790)	(635)
- Stage 2- Lifetime ECL non-credit impaired	(2,900)	(2,900)	(2,900)	(2,900)
- Stage 3- Lifetime ECL credit impaired	(10,330)	(19,303)	(10,188)	(17,033)
Net loans, advances and financing	1,701,096	1,690,475	1,723,212	1,703,510

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
A14. Loans, advances and financing (cont'd.)				
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	229,387	240,319	213,184	200,583
- Others	466,235	492,321	515,321	562,436
Individuals	1,019,073	979,667	1,008,585	960,518
Foreign enterprises	-	541	-	541
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078
(ii) By Geographical Distribution				
In Malaysia	1,712,237	1,709,313	1,734,632	1,720,543
Outside Malaysia	2,458	3,535	2,458	3,535
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,226,135	1,211,941	1,199,445	1,153,056
Variable rate				
- Other variable rates	488,560	497,904	537,645	568,019
- Base lending rate plus	-	3,001	-	3,001
Interest free	-	2	-	2
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078
(iv) By Purpose				
Purchase of securities	1,422,064	1,401,784	1,422,064	1,401,784
Working capital	118,253	138,982	151,135	170,161
Others	174,378	172,082	163,891	152,133
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
A14. Loans, advances and financing (cont'd.)				
(v) By Residual Contractual Maturity				
Within one year	1,534,603	1,494,342	1,512,948	1,484,823
More than one year	180,092	218,506	224,142	239,255
Gross loans, advances and financing	1,714,695	1,712,848	1,737,090	1,724,078
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period/year	43,179	73,141	30,346	64,700
Impaired during the financial period/year	184	9,188	184	4,041
Dilution of interest in subsidiary	(484)	-	-	-
Reclassified as performing	-	(30,505)	-	(30,505)
Amount recovered during the financial period/year	(7,662)	(8,645)	(1,215)	(7,890)
At end of the financial period/year	35,217	43,179	29,315	30,346
Less: Allowance for ECL	(10,330)	(19,303)	(10,188)	(17,033)
Net impaired LAF	24,887	23,876	19,127	13,313
Net impaired LAF as a % of net loans, advances and financing	1.46%	1.41%	1.11%	0.78%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	35,217	42,638	29,315	29,805
Outside Malaysia	-	541	-	541
Gross impaired loans	35,217	43,179	29,315	30,346

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022

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

(viii) Impaired LAF by Purpose

Working capital	142	5,630	-	-
Purchase of securities	29,315	30,346	29,315	30,346
Others	5,760	7,203	-	-
Gross impaired loans	<u>35,217</u>	<u>43,179</u>	<u>29,315</u>	<u>30,346</u>

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

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

Share margin financing

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	17,033	17,033
Assets derecognised or repaid (excluding write-offs)	-	-	(500)	(500)
Net remeasurement of allowance	-	-	(6,345)	(6,345)
As at 30 June 2023	<u>-</u>	<u>-</u>	<u>10,188</u>	<u>10,188</u>
	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(1,706)	(1,706)
Net remeasurement of allowance	-	-	4,950	4,950
As at 31 December 2022	<u>-</u>	<u>-</u>	<u>17,033</u>	<u>17,033</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

Term loan/financing and subordinated term loan

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	170	2,900	-	3,070
New assets originated or purchased	258	-	-	258
Assets derecognised or repaid (excluding write-offs)	(59)	-	-	(59)
As at 30 June 2023	369	2,900	-	3,269

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

Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	569	2,900	-	3,469
New assets originated or purchased	273	-	-	273
Assets derecognised or repaid (excluding write-offs)	(163)	-	-	(163)
As at 30 June 2023	679	2,900	-	3,579

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

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

Bank

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

Other lending and factoring receivables

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	2,270	2,270
Assets derecognised or repaid (excluding write-offs)	-	-	(1,644)	(1,644)
Dilution of interest in subsidiary	-	-	(484)	(484)
As at 30 June 2023	-	-	142	142

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

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

Undrawn commitment

Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	66	-	-	66
New assets originated or purchased	45	-	-	45
As at 30 June 2023	111	-	-	111
	2022			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	44	-	-	44
New assets originated or purchased	89	-	-	89
Exposure derecognised or matured/lapsed	(67)	-	-	(67)
As at 31 December 2022	66	-	-	66
	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	501,839	430,415	501,666	430,254
Less: Allowance for ECL	(2,730)	(2,777)	(2,730)	(2,777)
	499,109	427,638	498,936	427,477

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A15. Balances due from clients and brokers (cont'd.)

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

Group and Bank

	2023		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	1,531	1,246	2,777
Charged during the financial period	71	208	279
Written back during the financial period	(70)	(256)	(326)
As at 30 June 2023	<u>1,532</u>	<u>1,198</u>	<u>2,730</u>

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

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial year	175	609	784
Written back during the financial year	(179)	(624)	(803)
Written off during the financial year	-	(15)	(15)
As at 31 December 2022	<u>1,531</u>	<u>1,246</u>	<u>2,777</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
A16. Other assets				
Assets segregated for customers	75,693	56,596	-	-
Interest/income receivable	9,849	9,602	9,569	9,424
Prepayments and deposits	21,991	21,217	19,099	18,496
Other debtors	115,785	107,515	80,247	73,927
Amount due from subsidiaries	-	-	30,345	30,581
Amount due from related parties	25	49	25	49
Amount due from trustees	-	433	-	-
Amount due from associate	13	-	13	-
	223,356	195,412	139,298	132,477
Allowance for ECL				
- Other debtors	(12,255)	(11,659)	(7,000)	(6,804)
- Amount due from subsidiaries	-	-	(240)	(240)
	211,101	183,753	132,058	125,433

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

Group

	2023		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	404	11,255	11,659
New assets originated or purchased	1,100	854	1,954
Assets derecognised or repaid (excluding write-offs)	-	(2,132)	(2,132)
Transfer of stages	(1,258)	1,258	-
Net remeasurement of allowance	-	774	774
As at 30 June 2023	246	12,009	12,255

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A16. Other assets (cont'd.)

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

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

Bank

	2023		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	404	6,400	6,804
New assets originated or purchased	1,100	454	1,554
Assets derecognised or repaid (excluding write-offs)	-	(2,132)	(2,132)
Transfer of stages	(1,258)	1,258	-
Net remeasurement of allowance	-	774	774
As at 30 June 2023	246	6,754	7,000

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A16. Other assets (cont'd.)

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

Bank (Cont'd.)

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

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

Bank

	2023			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Movements in ECL				
As at 1 January / 30 June 2023	<u>240</u>	<u>-</u>	<u>-</u>	<u>240</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	48,163	58,403
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

Group		Bank	
As at	As at	As at	As at
30 June	31 December	30 June	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A18. Deposits from customers

(i) By type of deposit				
Fixed term deposits	2,078,246	2,350,345	2,134,185	2,468,356
Short term money deposits	1,242,619	614,784	1,301,592	635,000
Call money deposits	58,387	67,265	58,387	67,265
Negotiable instruments of deposits	122,538	128,684	122,538	128,684
	3,501,790	3,161,078	3,616,702	3,299,305
(ii) By type of customer				
Government and other statutory bodies	635,646	740,926	635,646	740,926
Individuals	162,852	143,417	162,852	143,417
Business enterprises	1,072,424	745,665	1,072,424	745,665
Non-bank financial institutions	1,360,292	1,266,173	1,360,292	1,266,173
Subsidiaries and related companies	270,576	264,897	385,488	403,124
	3,501,790	3,161,078	3,616,702	3,299,305
(iii) By maturity structure				
Due within six months	3,277,939	2,692,617	3,392,852	2,830,844
More than six months to one year	191,972	286,971	191,971	286,971
More than one year	31,879	181,490	31,879	181,490
	3,501,790	3,161,078	3,616,702	3,299,305

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

A19. Deposits and placements of banks and financial institutions

Licenced banks	71,600	-
Licenced investment banks	30,000	50,000
Other financial institutions	327,781	365,359
	429,381	415,359

Group		Bank	
As at	As at	As at	As at
30 June	31 December	30 June	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A20. Other liabilities

Interest/Income payable	14,149	16,041	14,530	16,074
Securities borrowing and lending	5,045	11,635	5,045	11,635
Accruals and provisions	153,770	184,440	57,174	60,859
Retention for contra losses	17	16	17	16
Structured products	19,627	2,879	19,627	2,879
Deposits and other creditors	75,561	63,226	88,931	69,109
Amounts held in trust on behalf of				
Dealer's Representatives	87,576	88,115	87,576	88,115
Amount due to trustees	25,718	906	-	-
Amount due to subsidiaries	-	-	1	40
	381,463	367,258	272,901	248,727

A21. Borrowings

Secured:

Revolving bank loan	2,400	8,000	2,400	8,000
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Unsecured:

Revolving bank loans	1,500	17,500	-	-
Subordinated notes	200,500	180,500	200,500	180,500
	204,400	206,000	202,900	188,500

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
A22. Interest income				
<u>Group</u>				
Loans, advances and financing	29,545	27,664	59,695	56,836
Money at call and deposit with financial institutions	19,079	12,895	38,157	24,038
Financial investments at FVOCI	2,755	3,855	5,193	8,837
Financial investments at AC	3,329	1,816	6,718	3,224
Others	8,726	5,870	17,674	11,098
	63,434	52,100	127,437	104,033
<u>Bank</u>				
Loans, advances and financing	29,958	27,255	60,172	55,706
Money at call and deposit placements with financial institutions	15,986	11,217	31,913	21,323
Financial investments at FVOCI	2,755	3,855	5,193	8,837
Financial investments at AC	3,329	1,816	6,718	3,224
Others	8,713	5,870	17,644	11,098
	60,741	50,013	121,640	100,188
A23. Interest expense				
<u>Group</u>				
Deposits from customers	29,565	18,304	57,816	34,738
Deposits and placement from banks and other financial institutions	554	62	1,339	140
Borrowings	2,663	2,656	5,312	5,457
Lease interest expenses	274	201	(50)	438
Others	6,330	3,674	12,115	7,658
	39,386	24,897	76,532	48,431
<u>Bank</u>				
Deposits from customers	30,435	18,781	59,683	36,190
Deposits and placement from banks and other financial institutions	554	62	1,339	140
Borrowings	2,532	2,331	4,939	4,711
Lease interest expenses	218	147	449	338
Others	10,166	6,496	19,767	12,374
	43,905	27,817	86,177	53,753

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
A24. Other operating income				
<u>Group</u>				
(a) Fee income:				
Brokerage fees	36,197	39,129	80,810	89,607
Corporate advisory fees	2,344	1,478	4,796	2,785
Processing fees on loans, advances and financing	40	376	326	773
Commissions	2,415	2,890	4,983	6,194
Management fee income	55,847	47,612	96,935	100,334
Placement fees	4,236	6,374	7,362	9,601
Underwriting commissions	403	500	403	801
Other fee income	4,062	4,264	7,798	9,080
Others	615	559	980	932
	<u>106,159</u>	<u>103,182</u>	<u>204,393</u>	<u>220,107</u>
(b) Net (loss)/gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	(3,345)	(10,221)	18,425	(7,076)
Financial investments at FVOCI	3	5	9	12
	<u>(3,342)</u>	<u>(10,216)</u>	<u>18,434</u>	<u>(7,064)</u>
(c) Gross dividend income from financial assets at FVTPL	<u>84</u>	<u>247</u>	<u>206</u>	<u>925</u>
(d) Interest income from financial assets at FVTPL	<u>514</u>	<u>133</u>	<u>765</u>	<u>341</u>
(e) Unrealised gain on revaluation of financial assets at FVTPL and derivatives	<u>16,747</u>	<u>19,950</u>	<u>965</u>	<u>16,252</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
A24. Other operating income (cont'd.)				
<u>Group</u>				
(f) Other income:				
Net foreign exchange income	3,964	3,240	5,946	5,317
Gain on disposal of property, plant and equipment	-	56	-	56
Other operating income	409	221	761	6,324
Other non-operating income				
- Rental income	545	532	1,063	1,044
- Gain on disposal of a subsidiary	-	-	1,477	-
- Others	1,365	1,453	2,652	3,006
	<u>6,283</u>	<u>5,502</u>	<u>11,899</u>	<u>15,747</u>
Total other operating income	<u>126,445</u>	<u>118,798</u>	<u>236,662</u>	<u>246,308</u>
<u>Bank</u>				
(a) Fee income:				
Brokerage fees	36,197	39,129	80,810	89,607
Corporate advisory fees	2,369	1,533	4,853	2,876
Processing fees on loans, advances and financing	102	77	191	231
Management fee income	96	112	170	224
Placement fees	3,408	2,637	5,550	5,005
Underwriting commissions	403	500	403	801
Other fee income	1,514	1,598	2,809	3,466
Others	517	96	749	193
	<u>44,606</u>	<u>45,682</u>	<u>95,535</u>	<u>102,403</u>
(b) Net (loss)/gain arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	(3,345)	(10,221)	18,425	(7,084)
Financial investments at FVOCI	3	5	9	12
	<u>(3,342)</u>	<u>(10,216)</u>	<u>18,434</u>	<u>(7,072)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
A24. Other operating income (cont'd.)				
<u>Bank (cont'd.)</u>				
(c) Gross dividend from: Financial assets at FVTPL Associate	84 2,081 <u>2,165</u>	229 - <u>229</u>	206 2,081 <u>2,287</u>	890 - <u>890</u>
(d) Interest income from financial assets at FVTPL	<u>514</u>	<u>133</u>	<u>765</u>	<u>341</u>
(e) Unrealised profit/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>16,320</u>	<u>20,232</u>	<u>(253)</u>	<u>15,992</u>
(f) Other income: Net foreign exchange income Gain on disposal of property, plant and equipment Other operating income Other non-operating income - Rental income - Others	3,873 - 493 995 1,400 <u>6,761</u>	3,121 78 392 981 1,390 <u>5,962</u>	5,685 - 955 1,969 2,669 <u>11,278</u>	5,210 78 6,674 1,949 3,000 <u>16,911</u>
Total other operating income	<u>67,024</u>	<u>62,022</u>	<u>128,046</u>	<u>129,465</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
A25. Other operating expenses				
Group				
Personnel costs	57,475	54,526	109,240	105,842
- Salaries, allowances and bonuses	45,046	42,757	85,046	82,390
- EPF	5,329	5,191	10,639	10,363
- ESS	(12)	(107)	49	330
- Others	7,112	6,685	13,506	12,759
Establishment costs	18,528	14,171	36,279	26,845
- Depreciation of property, plant and equipment	2,786	2,846	5,581	5,665
- Amortisation of intangible assets	1,767	1,601	3,461	3,063
- Amortisation of right-of-use assets	2,023	1,983	4,628	3,976
- Rental of premises	121	111	250	238
- Rental of equipment	195	191	407	377
- Repairs and maintenance	971	745	2,064	1,944
- Information technology expenses	9,670	5,664	18,002	9,820
- Others	995	1,030	1,886	1,762
Marketing expenses	5,280	5,275	10,532	8,747
- Promotion and advertisements	3,686	4,505	7,173	7,660
- Travel and entertainment	1,246	641	2,300	858
- Others	348	129	1,059	229
Administration and general expenses	60,256	56,245	117,656	124,690
- Communication expenses	1,247	1,195	2,384	2,585
- Professional fees and legal fees	1,242	859	2,311	1,475
- Regulatory charges	3,783	4,194	7,359	8,515
- Publication and research material	2,991	2,795	5,609	5,382
- Fees and brokerage	46,234	42,300	90,439	97,760
- Administrative expenses	4,759	4,902	9,554	8,973
Total other operating expenses	141,539	130,217	273,707	266,124

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	38,480	36,722	73,621	72,765
- Salaries, allowances and bonuses	30,757	29,345	59,240	58,713
- EPF	4,209	4,124	8,398	8,212
- ESS	(3)	(76)	38	259
- Others	3,517	3,329	5,945	5,581
Establishment costs	14,052	11,875	28,470	22,297
- Depreciation of property, plant and equipment	2,462	2,615	4,957	5,221
- Amortisation of intangible assets	1,469	1,388	2,882	2,635
- Amortisation of right-of-use assets	1,675	1,634	3,348	3,335
- Rental of premises	99	82	204	171
- Rental of equipment	131	123	266	251
- Repair and maintenance	925	711	1,992	1,884
- Information technology expenses	6,431	4,383	13,157	7,224
- Others	860	939	1,664	1,576
Marketing expenses	1,977	1,983	4,146	3,279
- Promotion and advertisement	952	1,493	1,773	2,529
- Travel and entertainment	683	403	1,333	587
- Others	342	87	1,040	163
Administration and general expenses	34,231	34,146	71,863	74,515
- Communication expenses	983	894	1,919	2,024
- Professional fees and legal fees	1,151	787	2,021	1,311
- Regulatory charges	3,515	3,741	6,788	7,857
- Publication and research material	2,632	2,431	4,924	4,686
- Fees and brokerages	21,807	22,073	47,857	50,913
- Administrative expenses	4,143	4,220	8,354	7,724
Total other operating expenses	88,740	84,726	178,100	172,856

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	1	(1)	-	-
Loans, advances and financing	(137)	-	7,194	7,057
Recoveries from share margin financing	-	-	2,463	2,463
Credit loss (expense)/reversal	(136)	(1)	9,657	9,520

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

(ii) Movements in ECL on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	5	(5)	-
Other debtors	(517)	(540)	(1,057)
Credit loss expense	(512)	(545)	(1,057)

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Group

Cumulative Quarters

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	-	128	-	128
Loans, advances and financing	(199)	-	8,489	8,290
Recoveries from share margin financing	-	-	3,030	3,030
Credit loss (expense)/reversal	(199)	128	11,519	11,448

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

(iv) Movements in ECLs on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(1)	48	47
Other debtors	(1,099)	504	(595)
Credit loss (expense)/reversal	(1,100)	552	(548)

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Bank

Individual Quarter

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	1	(1)	-	-
Loans, advances and financing	(48)	-	7,106	7,058
Recoveries from share margin financing	-	-	2,463	2,463
Loan commitments	(44)	-	-	(44)
Credit loss (expense)/reversal	(91)	(1)	9,569	9,477

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

(vi) Movements in ECL on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	5	(5)	-
Other debtors	(517)	(140)	(657)
Credit loss expense	(512)	(145)	(657)

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Bank

Cumulative Quarters

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	-	128	-	128
Loans, advances and financing	(110)	-	6,845	6,735
Recoveries from share margin financing	-	-	3,030	3,030
Loan commitments	(44)	-	-	(44)
Credit loss (expense)/reversal	(154)	128	9,875	9,849

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

(viii) Movements in ECLs on other financial assets

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(1)	48	47
Other debtors	(1,099)	904	(195)
Credit loss (expense)/reversal	(1,100)	952	(148)

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A27. Bad debts recovered

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing	317	1	595	2
Balance due from clients and brokers	-	9	10	23
Other receivables	1	-	(6)	-
	318	10	599	25
<u>Bank</u>				
Loans, advances and financing	301	1	579	2
Balance due from clients and brokers	-	9	10	23
	301	10	589	25

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 2023

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

Valuation techniques and sensitivity analysis (cont'd.)

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

Group

30 June 2023

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	158,809	-	158,809
- Equity securities	182,863	-	71,612	254,475
Financial investments at FVOCI				
- Debt securities	-	481,645	-	481,645
- Equity securities	-	-	1,293	1,293
- Negotiable Instruments of Deposit	-	-	-	-
- Islamic Negotiable Instruments of Deposit	-	-	-	-
- Equity securities and unit trusts	-	-	-	-
Unquoted private debt securities	-	-	-	-
Derivative financial assets	-	80,800	-	80,800
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	416,804	-	416,804
Loans, advances and financing	-	-	1,706,282	1,706,282
	182,863	1,138,058	1,779,187	3,100,108
Financial liabilities measured at fair value				
Derivative financial liabilities	11,469	23,962	-	35,431
Borrowings	-	197,094	-	197,094
	11,469	221,056	-	232,525

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Group

31 December 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	106,014	-	106,014
- Equity securities	144,513	-	71,612	216,125
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,696,451	1,696,451
	144,513	967,673	1,769,357	2,881,543
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Borrowings	-	170,255	-	170,255
	3,979	182,772	-	186,751

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Bank

30 June 2023

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	160,604	-	160,604
- Equity securities	182,338	-	71,612	253,950
Financial investments at FVOCI				
- Debt securities	-	481,645	-	481,645
- Equity securities	-	-	1,293	1,293
Derivative financial assets	-	80,800	-	80,800
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	416,804	-	416,804
Loans, advances and financing	-	-	1,728,686	1,728,686
	182,338	1,139,853	1,801,591	3,123,782
Financial liabilities measured at fair value				
Derivative financial liabilities	11,469	23,962	-	35,431
Borrowings	-	195,112	-	195,112
	11,469	219,074	-	230,543

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Bank

31 December 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	109,042	-	109,042
- Equity securities	143,972	-	71,612	215,584
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
- Negotiable Instruments of Deposit	-	-	-	-
- Islamic Negotiable Instruments of Deposit	-	-	-	-
Unquoted private debt securities	-	-	-	-
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,710,413	1,710,413
	143,972	970,701	1,783,319	2,897,992
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Obligations on securities sold under repurchase agreements	-	-	-	-
Borrowings	-	152,746	-	152,746
	3,979	165,263	-	169,242

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A29. Commitments and Contingencies

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

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000
Obligations under underwriting agreements	60,000	-	60,000	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,691,106	2,749,435	2,691,106	2,749,435
- foreign exchange related contract	111,659	43,452	111,659	43,452
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	77,046	55,561	157,046	130,561
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	77,000	25,000	102,000	40,000
- others	6,000	-	6,000	-
Stockbroking clients' trust	1,281,566	1,069,081	1,281,566	1,069,081
Securities borrowing and lending	4,721	11,102	4,721	11,102
Derivative financial assets				
- dual currency investment - options	18,875	2,126	18,875	2,126
- equity related contracts - options	26,337	29,338	26,337	29,338
- equity related contracts - swaps	69,371	64,187	69,371	64,187
- equity related contract - forwards	51,342	57,354	51,342	57,354
Derivative financial liabilities				
- dual currency investment - options	18,875	2,126	18,875	2,126
- equity related contracts - options	252,813	159,722	252,813	159,722
- equity related contracts - swaps	-	11,438	-	11,438
Capital commitment:				
- Authorised and contracted for	5,177	18,554	3,172	17,247
Investment in equity fund	-	-	24,991	24,991
	4,751,888	4,298,476	4,879,874	4,412,160

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Group		Bank	
30 June	31 December	30 June	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A30. Operating lease arrangements

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

Future minimum sub-lease receipts:

Subsidiaries	-	-	735	2,886
External parties	203	442	203	442
	<u>203</u>	<u>442</u>	<u>938</u>	<u>3,328</u>

A31. Capital Adequacy

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	253,834	253,834	253,834	253,834
Retained profits	612,837	655,907	553,889	597,058
Other reserves	141,225	121,077	170,021	166,427
Less: Regulatory adjustments:				
Deferred tax assets	(22,951)	(25,184)	(9,467)	(12,966)
55% of cumulative gains of financial investments at FVOCI	(1,966)	-	-	-
Goodwill	(241,027)	(241,027)	(252,909)	(252,909)
Other intangibles	(91,950)	(88,192)	(81,519)	(78,223)
Regulatory reserve	(16,347)	(17,192)	(16,347)	(17,192)
Treasury shares	(11,932)	(13,538)	(11,932)	(13,538)
Other CET 1 regulatory adjustments specified by BNM	962	1,510	614	1,020
Investment in ordinary shares of unconsolidated financial entities	(150,343)	(126,252)	(177,113)	(170,596)
Total CET 1/Tier 1 capital	<u>472,342</u>	<u>520,943</u>	<u>429,071</u>	<u>472,915</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A31. Capital Adequacy

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
<u>Tier 2 capital</u>				
Subordinated obligations capital	200,500	180,500	200,500	180,500
General provisions [^]	19,644	17,972	19,149	17,549
Total Tier 2 capital	<u>220,144</u>	<u>198,472</u>	<u>219,649</u>	<u>198,049</u>
Total capital	<u>692,486</u>	<u>719,415</u>	<u>648,720</u>	<u>670,964</u>
CET 1 capital ratio	16.945%	20.936%	17.466%	21.626%
Tier 1 capital ratio	16.945%	20.936%	17.466%	21.626%
Total capital ratio	24.843%	28.913%	26.407%	30.682%

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A31. Capital Adequacy

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

	Group		Group	
	30 June 2023		31 December 2022	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
Credit Risk	5,558,855	1,571,543	5,031,093	1,437,747
Market Risk	-	286,502	-	142,514
Operational Risk	-	916,283	-	894,847
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	5,558,855	2,787,436	5,031,093	2,488,216

	Bank		Bank	
	30 June 2023		31 December 2022	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
Credit Risk	5,104,327	1,531,957	4,450,896	1,403,888
Market Risk	-	285,583	-	141,026
Operational Risk	-	626,009	-	628,776
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	5,104,327	2,456,657	4,450,896	2,186,798

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A32. Credit Exposures Arising From Credit Transactions With Connected Parties

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

	30 June 2023	31 December 2022
Outstanding credit exposures with connected parties (RM'000)	<u>191,685</u>	<u>193,301</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>6.07%</u>	<u>6.23%</u>
- which was impaired or in default	<u>-</u>	<u>-</u>

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

A33. Segmental reporting

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A33. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
2023								
Revenue								
External sales	87,854	170,709	11,241	2,379	106,760	(890)	-	378,053
- Interest income	67,368	62,648	6,211	2,071	3,138	21	-	141,457
- Fee income	12,804	85,704	4,910	308	103,413	-	-	207,139
- Trading and investment income/(loss)	5,458	18,068	-	-	82	(779)	-	22,829
- Other operating income	2,224	4,289	120	-	127	(132)	-	6,628
Inter-segment sales	20,581	(28,286)	749	-	10,416	7,698	(11,158)	-
Total revenue	108,435	142,423	11,990	2,379	117,176	6,808	(11,158)	378,053
Result								
Net interest income	11,664	21,213	5,770	1,135	624	2,749	7,750	50,905
Net income from Islamic banking business	7,152	2,009	-	-	-	-	-	9,161
Other operating income/(loss)	15,096	108,387	5,044	5,390	113,719	3,757	(14,731)	236,662
Net income/(loss)	33,912	131,609	10,814	6,525	114,343	6,506	(6,981)	296,728
Other operating expenses	(30,392)	(137,451)	(7,625)	(1,699)	(92,821)	(6,495)	2,776	(273,707)
Credit loss reversal	(135)	9,991	-	1,644	(400)	(156)	(44)	10,900
Bad debt recovered	-	572	-	16	-	11	-	599
Share of results of associates and joint venture companies	-	-	-	-	-	1,251	-	1,251
Profit before taxation and zakat	3,385	4,721	3,189	6,486	21,122	1,117	(4,249)	35,771
Taxation and zakat								(8,716)
Net profit for the financial period								27,055

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A33. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
2023 (cont'd.)								
Other information								
Net interest and finance income	37,600	5,770	1,134	624	2,749	7,750		55,627
Depreciation and amortisation	(6,320)	(241)	(54)	(3,151)	(4,577)	673		(13,670)
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	343	-	-	82	(779)	1,234		880
Assets								
Investments in associate companies	-	-	-	-	117,762	-		117,762
Investment in joint venture companies	-	-	-	-	32,581	-		32,581
Addition to non-current assets	8,410	8	8	3,293	-	-	A	11,719
Segment assets	5,872,889	488,545	30,442	253,387	19,463	(304,185)	B	6,360,541
Liabilities								
Segment liabilities	4,904,415	468,179	16,053	158,896	5,636	(215,547)	C	5,337,632

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A33. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2022								
Revenue								
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/(loss)	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)	-
Total revenue	83,063	157,350	9,516	4,361	117,704	(1,601)	(8,558)	361,835
Result								
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/(loss)	34,706	151,981	8,667	3,052	116,280	(4,086)	(1,754)	308,846
Other operating (expenses)/income	(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								35,557

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A33. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
2022 (cont'd.)								
Other information								
Net interest and finance income	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
Assets								
Investments in associate companies	-	-	-	-	99,683	-		99,683
Investment in joint venture companies	-	-	-	-	26,569	-		26,569
Addition to non-current assets	10,482	56	8	3,421	-	-	A	13,967
Segment assets	5,456,192	536,765	68,968	247,638	15,635	(362,841)	B	5,962,357
Liabilities								
Segment liabilities	4,452,411	518,823	49,528	171,597	1,834	(254,660)	C	4,939,533

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A33. Segmental reporting (cont'd.)

Notes

A Additions to non-current assets consist of:

	2023	2022
	RM'000	RM'000
Property, plant and equipment		
- Additions during the financial period	4,447	5,175
Intangible assets		
- Additions during the financial period	7,272	8,792
	<u>11,719</u>	<u>13,967</u>

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

	2023	2022
	RM'000	RM'000
Investment in subsidiaries	(79,100)	(81,600)
Investment in associates and joint venture companies	31,624	15,801
Intangible assets	(39,601)	(39,584)
Inter-segment assets	(217,108)	(257,458)
	<u>(304,185)</u>	<u>(362,841)</u>

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

	2023	2022
	RM'000	RM'000
Deposits accepted from subsidiaries	(114,912)	(138,227)
Inter-segment liabilities	(100,635)	(116,433)
	<u>(215,547)</u>	<u>(254,660)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A34. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 30 June 2023

	Note	Group and Bank	
		As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	(e)	488,156	438,476
Financial assets at FVTPL	(f)	110,233	100,000
Financial investments at FVOCI	(g)(i)	150,386	65,618
Financial investments at AC	(g)(ii)	106,734	116,829
Financing and advances	(h)	110,664	97,492
Balances due from clients and brokers		929	1,477
Other assets	(i)	2,795	2,474
Property, plant and equipment		12	13
Intangible assets		2	2
Deferred tax assets		-	115
TOTAL ASSETS		969,911	822,496
LIABILITIES			
Deposits from customers	(j)	556,917	472,902
Deposits and placements of banks and other financial institutions		-	-
Balances due to clients and brokers		5,479	4,606
Other liabilities	(k)	205,771	150,968
Deferred tax liabilities		139	-
Provision for taxation and zakat		4,667	3,024
TOTAL LIABILITIES		772,973	631,500
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		76,938	70,996
TOTAL ISLAMIC BANKING CAPITAL FUNDS		196,938	190,996
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		969,911	822,496
Commitments and contingencies	(r)	126,131	77,789

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 30 June 2023

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l) 8,201	6,897	15,377	12,868
Income derived from investment of shareholders' funds	(m) 1,395	1,193	3,081	2,740
Credit loss expense	(100)	(9)	(43)	(31)
Total attributable income	9,496	8,081	18,415	15,577
Profit distributed to depositors	(n) (4,485)	(4,426)	(9,087)	(8,568)
Net income	5,011	3,655	9,328	7,009
Finance cost	(97)	(28)	(210)	(104)
Personnel costs	(o) (215)	(200)	(425)	(398)
Other overhead expenses	(p) (662)	(741)	(1,489)	(1,519)
Profit before taxation and zakat	4,037	2,686	7,204	4,988
Taxation and zakat	(1,093)	(719)	(1,934)	(1,340)
Profit for the financial period	2,944	1,967	5,270	3,648
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on debt instruments at FVOCI	596	(1,312)	929	(2,118)
Income tax related to the above items	(143)	315	(254)	521
Total other comprehensive income/(loss) for the financial period, net of tax	453	(997)	675	(1,597)
Total comprehensive income for the financial period, net of tax	3,397	970	5,945	2,051

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 30 June 2023

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

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	8,201	6,897	15,377	12,868
Income derived from investment of shareholders' funds	1,395	1,193	3,081	2,740
Total income before impairment allowances and overhead expenses	9,596	8,090	18,458	15,608
Profit distributed to depositors	(4,485)	(4,426)	(9,087)	(8,568)
Finance cost	(97)	(28)	(210)	(104)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and of the Bank	5,014	3,636	9,161	6,936

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 30 June 2023

Group and Bank	Non- Distributable					Distributable	Total Equity RM'000
	Islamic Banking Fund RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2023	120,000	8	(301)	2,261	5,248	63,780	190,996
Net profit for the financial period	-	-	-	-	-	5,270	5,270
Other comprehensive income for the financial period	-	-	675	-	-	-	675
Share based payment under ESS	-	(1)	-	-	-	(2)	(3)
Transfer to retained profits	-	-	-	(109)	-	109	-
At 30 June 2023	120,000	7	374	2,152	5,248	69,157	196,938
At 1 January 2022	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	-
At 30 June 2022	120,000	(691)	2,560	8	5,248	58,858	185,983

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 30 June 2023

	Group and Bank	
	30 June	30 June
	2023	2022
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	7,204	4,988
Adjustments for:		
Depreciation of property, plant and equipment	2	2
Amortisation of intangible assets	-	1
Credit loss expense	43	31
Net loss from sale of financial assets at FVTPL	55	-
Net loss from sale of financial investments other than those measured at FVTPL	1	-
Unrealised loss on revaluation of financial assets at FVTPL	85	-
Operating profit before working capital changes	<u>7,390</u>	<u>5,022</u>
Changes in operating assets:		
Financing and advances	(13,371)	(13,106)
Balances due from clients and brokers	548	763
Other assets	(293)	(579)
Changes in operating liabilities:		
Deposits from customers	84,015	17,376
Balances due to clients and brokers	873	6,412
Other liabilities	54,799	(68,728)
Cash generated from/(used in) operating activities	<u>133,961</u>	<u>(52,840)</u>
Taxation and zakat paid	(291)	(340)
Net cash generated from/(used in) operating activities	<u>133,670</u>	<u>(53,180)</u>
Cash flows from investing activity		
Losses from disposal of property, plant and equipment	(1)	-
Net purchase of securities, representing net cash used in investing activities	(83,989)	21,213
Net investing cash flow	<u>(83,990)</u>	<u>21,213</u>
Net change in cash and cash equivalents	49,680	(31,967)
Cash and cash equivalents at beginning of the financial period	438,476	424,712
Cash and cash equivalents at end of the financial period	<u>488,156</u>	<u>392,745</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank	
	As at	As at
	30 June	31 December
	2023	2022
	RM'000	RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	11,356	19,476
Money at call and deposit placements with:		
Licensed Islamic banks	176,800	149,000
Domestic non-bank financial institutions	300,000	270,000
	<u>488,156</u>	<u>438,476</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Certificates	10,233	-
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>110,233</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
At fair value		
(a) Money market instruments:		
Malaysian Government Investment Certificates	40,933	-
Negotiable Instruments of Deposits	49,892	-
(b) Debt instruments:		
Corporate Sukuk	59,561	65,618
Total financial investments at FVOCI	<u>150,386</u>	<u>65,618</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

Impairment losses on debt instruments measured at FVOCI

An analysis of changes in the ECLs is as follows:

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	128	-	128
Assets derecognised or repaid (excluding write-offs)	-	(128)	-	(128)
As at 30 June 2023	-	-	-	-

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

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

(ii) Financial investments at AC

At cost

(a) Money market instruments:

Malaysian Government Investment Certificates	39,273	39,236
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(b) Debt instruments:

Corporate Sukuk	67,461	77,593
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Total financial investment at AC	106,734	116,829
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Total financial investments other than those measured at FVTPL	257,120	182,447
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
(h) Financing and advances		
At AC		
Commodity Murabahah share margin financing		
- Shariah contract - others	14,105	13,311
Commodity Murabahah revolving credit		
- Shariah contract - others	57,913	57,913
Commodity Murabahah term financing		
- Shariah contract - others	38,900	26,323
Gross financing and advances	<u>110,918</u>	<u>97,547</u>
Less: Allowance for ECL	(254)	(55)
Net financing and advances	<u>110,664</u>	<u>97,492</u>
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprise - others	59,182	42,548
Individuals	51,736	54,999
	<u>110,918</u>	<u>97,547</u>
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	<u>110,918</u>	<u>97,547</u>
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	14,105	13,311
Variable rate - Cost plus	96,813	84,236
	<u>110,918</u>	<u>97,547</u>
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Working capital	59,911	57,914
Purchase of securities	34,408	36,618
Others	16,599	3,015
	<u>110,918</u>	<u>97,547</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

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

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

Within one year	90,614	73,737
More than one year	20,304	23,810
	110,918	97,547

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

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	55	-	-	55
New assets originated or purchased	258	-	-	258
Assets derecognised or repaid (excluding write-offs)	(59)	-	-	(59)
As at 30 June 2023	254	-	-	254

Group and Bank

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

(i) Other Assets

Income receivables	2,783	2,433
Prepayment	6	6
Other receivables	32	89
Less: Allowance for ECL	(26)	(54)
	<u>2,795</u>	<u>2,474</u>

Group and Bank

	2023		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2023	1	53	54
New assets originated or purchased	3	-	3
Assets derecognised or repaid (excluding write-offs)	-	(3)	(3)
Transfer of stages	(4)	4	-
Net remeasurement of allowance	-	(28)	(28)
As at 30 June 2023	<u>-</u>	<u>26</u>	<u>26</u>

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

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank	
	As at	As at
	30 June	31 December
	2023	2022
	RM'000	RM'000
(j) Deposits from customers		
(i) By type of deposit		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	556,917	472,902
	<u>556,917</u>	<u>472,902</u>
(ii) By type of customers		
Domestic non-bank institutions	253,664	264,126
Government and other statutory bodies	-	100,000
Business enterprises	288,870	93,560
Individuals	1,262	670
Subsidiary companies	13,121	14,546
	<u>556,917</u>	<u>472,902</u>
(iii) By maturity		
Due within six months	556,917	372,902
Due more than six months	-	100,000
	<u>556,917</u>	<u>472,902</u>
(k) Other liabilities		
Mudarabah Specific Investment Account	15,092	12,237
Profit payable	880	2,123
Other payable	189,799	136,608
	<u>205,771</u>	<u>150,968</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	582	665	1,042	1,051
Deposits placements with financial institutions	3,060	1,872	6,229	3,795
Financial investment other than those measured at FVTPL	2,186	2,499	3,837	4,633
Accretion of discount	(115)	(93)	(173)	(174)
Others	2	1	3	2
	5,715	4,944	10,938	9,307
Other operating income/(loss)				
Net gain/(loss) on sale of financing assets at FVTPL	278	-	(55)	-
Unrealised loss on revaluation of financial assets at FVTPL	(92)	-	(85)	-
Net loss on sale of financial investments other than those measured at FVTPL	(1)	-	(1)	-
Fees on financing and advances	37	234	71	269
Brokerage fee	728	784	1,607	1,896
Profit income from financial assets at FVTPL	1,279	897	2,600	1,336
Advisory fee	33	62	104	97
Direct trading fees expense	(47)	(28)	(78)	(45)
Other operating income	272	-	272	-
Other non-operating income	(1)	4	4	8
	2,486	1,953	4,439	3,561
Total income derived from investment of depositors' funds	8,201	6,897	15,377	12,868

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,147	822	2,307	1,919
Financial investments other than those measured at FVTPL	276	408	856	902
Accretion of discounts	(28)	(37)	(82)	(81)
	<u>1,395</u>	<u>1,193</u>	<u>3,081</u>	<u>2,740</u>
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,457	3,802	7,062	7,370
Others	1,028	624	2,025	1,198
	<u>4,485</u>	<u>4,426</u>	<u>9,087</u>	<u>8,568</u>
(o) Personnel costs				
- Salaries, wages, allowances and bonus	162	158	326	318
- EPF	26	25	51	50
- Other staff related expenses	27	17	48	30
	<u>215</u>	<u>200</u>	<u>425</u>	<u>398</u>
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	1	1	2	2
- Office rental	15	15	29	29
- Others	5	5	11	9
	<u>21</u>	<u>22</u>	<u>42</u>	<u>41</u>
Marketing and travelling expenses				
- Advertisement and promotions	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended	3 months ended	6 months ended	6 months ended
	3 months ended	3 months ended	6 months ended	6 months ended
	RM'000	RM'000	RM'000	RM'000
Administration and general expenses				
- Fees and brokerage	127	126	299	292
- Support service charges	-	484	529	968
- Shariah committee expenses	-	46	55	91
- Others	513	63	563	127
	<u>640</u>	<u>719</u>	<u>1,446</u>	<u>1,478</u>
Total other overhead expenses	<u>662</u>	<u>741</u>	<u>1,489</u>	<u>1,519</u>

Group and Bank	
As at 30 June 2023 RM'000	As at 31 December 2022 RM'000

(q) Capital adequacy

CET 1 / Tier 1 Capital

Islamic Banking funds	120,000	120,000
Retained profits	63,887	63,780
Other intangibles		
Other reserves	7,781	7,216
Less:		
Intangible assets	(2)	(2)
Deferred tax	-	(115)
55% of cumulative gains on financial investments at FVOCI	(205)	-
Regulatory reserves	<u>(2,152)</u>	<u>(2,261)</u>
Total CET 1 / Tier 1 capital	<u>189,309</u>	<u>188,618</u>

Tier 2 Capital

General provisions	<u>2,406</u>	<u>2,446</u>
Total Tier 2 capital	<u>2,406</u>	<u>2,446</u>

Total capital	<u>191,715</u>	<u>191,064</u>
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

	Group and Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
(q) Capital adequacy		
CET 1 capital ratio	57.120%	71.578%
Tier 1 capital ratio	57.120%	71.578%
Total capital ratio	<u>57.846%</u>	<u>72.506%</u>

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

	Group and Bank			
	As at 30 June 2023		As at 31 December 2022	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
Credit risk	926,818	296,954	756,603	234,543
Market risk	-	5,884	-	-
Operational risk	-	28,585	-	28,971
Total Risk Weighted Assets	<u>926,818</u>	<u>331,423</u>	<u>756,603</u>	<u>263,514</u>

(r) Commitments and contingencies

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

As at reporting date, the commitment and contingencies are as follows:

	Group and Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	7,496	9,439
Other commitments with an original maturity of less than 1 year:		
- corporate financing	63,635	68,350
Other commitments with an original maturity of more than 1 year:		
- corporate financing	55,000	-
	<u>126,131</u>	<u>77,789</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

B1. Performance Review

Group:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	198,259	176,931	378,053	361,835
Net income	155,507	149,637	296,728	308,846
Profit before tax	23,324	20,301	35,771	41,785
Profit after tax	16,698	18,634	27,055	35,557

The Group reported higher revenue and profit before tax ('PBT') for 2Q23 as compared to 2Q22 mainly due to higher management fee income and trading and investment income as well as reversal of ECL.

The Group reported lower PBT for 1H23 as compared to 1H22 mainly due to higher overheads as a result of increase in personnel cost due to larger sales force in line with business expansion, information technology expenses and marketing activities.

Current quarter and financial period-to-date

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

Stockbroking:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	71,704	72,589	142,423	157,350
Net income	66,030	69,774	131,609	151,981
Profit before tax	10,054	2,708	4,721	10,906

Higher PBT was recorded by the stockbroking segment for 2Q23 as compared to 2Q22 mainly due to the reversal of ECL expenses for margin clients as a result of improvement in share collateral value and repayment from clients.

For 1H23, lower PBT was recorded compared to 1H22 mainly due to the decrease in net income but mitigated partially by RM11.1 million reversal of credit loss expenses and bad debt recoveries.

NOTES TO INTERIM FINANCIAL STATEMENTS
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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review (cont'd.)

Current quarter and financial period-to-date (cont'd.)

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

Investment Banking:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	55,905	42,572	108,435	83,063
Net income	17,967	17,860	33,912	34,706
Profit before tax	2,187	3,156	3,385	5,461

Investment Banking ("IB") registered higher revenue but lower PBT for both periods 2Q23 and 1H23 as compared to the corresponding periods last year due to lower net interest income as a consequence of the hike in Overnight Policy Rate with partial mitigation from higher investment banking fee and trading income.

Investment and Wealth Management:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	66,235	58,120	117,176	117,704
Net income	64,294	56,918	114,343	116,280
Profit before tax	12,284	14,050	21,122	28,517

Investment and Wealth Management has achieved higher net income but lower PBT for 2Q23 compared to 2Q22 mainly due to higher management fees income offset by higher expenses in line with the overall business growth.

On half yearly basis, this segment has achieved lower revenue and PBT for 1H23 compared to 1H22 mainly due to lower management and performance fees income and higher overheads.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

B1. Performance Review (cont'd.)

Listed derivatives:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	5,876	4,978	11,990	9,516
Net income	5,324	4,484	10,814	8,667
Profit before tax	1,526	411	3,189	310

Listed derivatives business has registered significant higher PBT for both periods 2Q23 and 1H23 as compared to the corresponding period in the previous year largely due to the higher interest income generated.

Money Lending and Financing:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	776	2,203	2,379	4,361
Net income	421	1,616	6,525	3,052
(Loss)/Profit before tax	(64)	257	6,486	568

Lower revenue was recorded by Money Lending and Financing segment for 2Q23 compared to 2Q22 mainly due to lower interest income and fees income generated subsequent to the partial disposal of its interest in its previous subsidiary, KCI.

Likewise, it has recorded higher PBT for 1H23 as compared to 1H22 mainly due to dividend income and gain on the disposal of the subsidiary.

Corporate and others:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2023 (2Q23)	30 June 2022 (2Q22)	30 June 2023 (1H23)	30 June 2022 (1H22)
(RM'000)				
Revenue	3,363	1,437	6,808	(1,601)
Net income	4,383	231	6,506	(4,086)
(Loss)/Profit before tax	(1,005)	(40)	1,117	(4,386)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

B1. Performance Review (cont'd.)

Corporate and others: (cont'd.)

Loss before tax "LBT" was recorded for 2Q23 for this segment mainly attributed to higher overheads incurred for digitalisation initiatives.

However, higher net income and PBT were recorded for 1H23 as compared to the loss registered for 1H22. The contributions were mainly from higher trading and investment income and lower share of losses from 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 2023 (2Q23)	3 months ended 31 March 2023 (1Q23)
(RM'000)		
Revenue	198,259	179,794
Net income	155,507	141,221
Profit before tax	23,324	12,447
Profit after tax	16,698	10,357

For 2Q23, the Group has recorded higher PBT as compared to previous quarter ended 31 March 2023 mainly due to higher trading and investment income, investment banking fee income and reversal of ECL expenses but partially offset by higher overheads.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

B3. Prospects for 2023

The domestic economic growth is predicted to slow down in 3Q23, with Gross Domestic Product "GDP" growth forecasted to moderate to 3.4% from an estimated 6.0% in 2Q23. This will be the lowest level since 3Q21. The growth slowdown is primarily due to the diminishing low-base effect and the impact of complete withdrawal of pandemic stimulus measures as the economy returns to normal. Additionally, the global economic slowdown, caused by global monetary policy tightening led by the United States Federal Reserve to combat inflation, is expected to weigh down growth momentum. This has been evidenced by relatively weak global commodity prices and a recent three-month growth contraction in export performance.

However, despite the anticipated weaker growth in external demand, overall growth is still expected to expand. This will be primarily driven by resilient domestic demand and sustained expansion in the services sector. Factors contributing to this include a lower unemployment rate, higher minimum wages, increased tourist arrivals and continued support from fiscal policy, particularly in the acceleration of government public infrastructure spending under the Budget 2023. Given this context, our 2023 GDP growth forecast remains at 4.7%, slightly higher than the government and consensus projection of 4.5% and 4.2%, respectively.

On the monetary policy outlook, Bank Negara Malaysia (BNM) is expected to maintain the overnight policy rate (OPR) at 3.00% for the remainder of the year and possibly until 2024. This is due to the moderating trend in the inflation outlook and the rising risk of a global economic slowdown. We believe the 125 bps worth of rate hikes implemented since May last year should be sufficient to control future inflationary pressures while still supporting sustainable economic growth.

Despite challenging market condition, our stockbroking business remained dedicated to deliver the exceptional service experience to our clients. The asset under management of Asset and Wealth Management segment is foreseen to increase further with the growth of agency force and innovative products offering. Investment Banking and Listed Derivative segments are expected to achieve satisfactory result for the remaining of the quarters. Although there are encouraging signs of ongoing economic recovery, the Group will continuously monitor the impact of current uncertainties of market environment to ensure that its core businesses remain resilient.

NOTES TO INTERIM FINANCIAL STATEMENTS
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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>	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(2,284)	(185)	(8,016)	2,150
Deferred taxation	(4,342)	(1,482)	(700)	(8,378)
Total	(6,626)	(1,667)	(8,716)	(6,228)

The effective tax rate of the Group for the current financial period ended 30 June 2023 and financial year ended 31 December 2022 were higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.

<u>Bank</u>	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(104)	(69)	(186)	(128)
Deferred taxation	(2,497)	(1,481)	(2,010)	(3,195)
Total	(2,601)	(1,550)	(2,196)	(3,323)

The effective tax rate of the bank for the both current and comparative financial periods were higher than the statutory tax rate principally due to non-deductibility of certain expenses for tax purpose.

NOTES TO INTERIM FINANCIAL STATEMENTS
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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 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Secured				
Revolving bank loan*				
- Within one year	2,400	8,000	2,400	8,000
Unsecured				
Revolving bank loans*				
- Within one year	1,500	17,500	-	-
Subordinated notes*				
- More than one year	200,500	180,500	200,500	180,500
	<u>202,000</u>	<u>198,000</u>	<u>200,500</u>	<u>180,500</u>
	<u>204,400</u>	<u>206,000</u>	<u>202,900</u>	<u>188,500</u>

* All borrowings are denominated in RM

B7. Dividend

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

No dividend has been proposed for the current financial quarter.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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	
	3 months ended 30 June 2023 RM'000	3 months ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Profit for the period attributable to equity holders of the Bank	16,698	18,439	26,945	35,134
Weighted average number of ordinary shares in issue ('000)	722,883	731,331	722,633	728,497
Effects of dilution	-	-	2,774	5,809
Adjusted weighted average number of ordinary shares in issue ('000)	722,883	731,331	725,407	734,306
Earnings per share (sen)				
- basic	2.31	2.52	3.73	4.82
- fully diluted	2.31	2.52	3.71	4.78

There were no potential dilutive ordinary shares outstanding as at 30 June 2023.

B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

B10. Status of corporate proposal

There were no corporate proposals announced but not completed as at 30 June 2023.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 2023		As at 31 December 2022	
	Contract/ Notional Value RM'000	Fair Value RM'000	Contract/ Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	26,337	26,120	29,338	29,449
Equity related contract- swaps	69,371	6,421	64,187	3,295
Equity related contract- forwards	51,342	48,203	57,354	52,463
Dual currency investment- options	18,875	56	2,126	10
	165,925	80,800	153,005	85,217
<u>Derivative financial liabilities</u>				
Equity related contract- options	252,813	35,375	159,722	15,688
Equity related contract- swaps	-	-	11,438	798
Dual currency investment- options	18,875	56	2,126	10
	271,688	35,431	173,286	16,496

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

There have been no changes since the end of the previous financial year ended 31 December 2022 in respect of the following:

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

NOTES TO INTERIM FINANCIAL STATEMENTS
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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.

Loss arising from fair value changes of derivative financial instruments

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM17,468,320 (1Q23 loss: RM16,749,379). 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
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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
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B12. Contingent liabilities

Group and Bank	
30 June	December
2023	2022
RM'000	RM'000

On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The Plaintiff, KIBB and the 3rd Defendant presented their evidence during the trial from 11 to 13 August 2021. On 3 November 2021, the High Court dismissed the Plaintiff's claim against KIBB and the 3rd Defendant with costs of RM25,000.00 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000.00 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter is fixed for hearing in the Court of Appeal on 7 December 2023.

<u>3,600</u>	<u>3,600</u>
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Based on legal advices obtained, the Board of Directors is of the opinion that the Bank has good grounds to defend these claims and that no provisions are necessary as at reporting date.