

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

Unaudited Condensed Interim Financial Statements
30 September 2023

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

<u>Group</u>	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,540,046	1,732,786
Financial assets at fair value through profit or loss ("FVTPL")	A12	458,994	322,139
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	598,473	319,173
Financial investments at amortised cost ("AC")	A13 (ii)	470,884	449,114
Derivative financial assets	B11	75,413	85,217
Loans, advances and financing	A14	1,640,015	1,690,475
Balances due from clients and brokers	A15	523,974	427,638
Other assets	A16	294,196	183,753
Statutory deposit with Bank Negara Malaysia	A17	55,427	58,403
Tax recoverable		14,428	31,819
Investment in associates		118,595	99,683
Investment in joint ventures		32,503	26,569
Property, plant and equipment		154,079	156,221
Intangible assets		333,334	329,219
Right-of-use assets		24,508	24,964
Deferred tax assets		22,899	25,184
TOTAL ASSETS		6,357,768	5,962,357
LIABILITIES			
Deposits from customers	A18	3,375,650	3,161,078
Deposits and placements of banks and other financial institutions	A19	302,177	415,359
Balances due to clients and brokers		910,305	732,709
Derivative financial liabilities	B11	47,088	16,496
Other liabilities	A20	413,085	367,258
Obligations on securities sold under repurchase agreements		49,619	-
Borrowings	A21	189,500	206,000
Lease liabilities		25,015	25,324
Provision for taxation and zakat		2,093	15,245
Deferred tax liabilities		58	64
TOTAL LIABILITIES		5,314,590	4,939,533

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<u>Group (cont'd.)</u>	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,865)	(13,538)
Reserves		801,209	776,984
		<u>1,043,178</u>	<u>1,017,280</u>
Non-controlling Interests		-	5,544
TOTAL EQUITY		<u>1,043,178</u>	<u>1,022,824</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>6,357,768</u>	<u>5,962,357</u>
Commitments and contingencies	A29	<u>4,627,936</u>	<u>4,298,476</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.44</u>	<u>1.41</u>

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

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

<u>Bank</u>	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	A11	1,077,693	1,262,925
Financial assets at FVTPL	A12	459,436	324,626
Financial investments at FVOCI	A13 (i)	598,473	319,173
Financial investments at AC	A13 (ii)	470,884	449,114
Derivative financial assets	B11	75,413	85,217
Loans, advances and financing	A14	1,668,757	1,703,510
Balances due from clients and brokers	A15	523,915	427,477
Other assets	A16	153,242	125,433
Statutory deposit with Bank Negara Malaysia	A17	55,427	58,403
Tax recoverable		13,776	13,850
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		48,066	41,550
Property, plant and equipment		146,625	151,029
Intangible assets		335,240	331,132
Right-of-use assets		16,175	20,540
Deferred tax assets		7,805	12,966
TOTAL ASSETS		5,780,174	5,456,192
LIABILITIES			
Deposits from customers	A18	3,536,787	3,299,305
Deposits and placements of banks and other financial institutions	A19	302,177	415,359
Balances due to clients and brokers		394,277	262,976
Derivative financial liabilities	B11	47,088	16,496
Other liabilities	A20	281,420	248,727
Obligations on securities sold under repurchase agreements		49,619	-
Borrowings	A21	180,500	188,500
Lease liabilities		16,512	20,757
Provision for taxation and zakat		291	291
TOTAL LIABILITIES		4,808,671	4,452,411

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

<u>Bank (cont'd.)</u>	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(11,865)	(13,538)
Reserves		729,534	763,485
TOTAL EQUITY		971,503	1,003,781
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		5,780,174	5,456,192
Commitments and contingencies	A29	4,748,517	4,412,160
Net assets per share (RM)		1.34	1.39

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 SEPTEMBER 2023

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended	3 months ended	9 months ended	9 months ended
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A22	67,332	58,554	194,769	162,587
Interest expense	A23	(41,533)	(29,482)	(118,065)	(77,913)
Net interest income		25,799	29,072	76,704	84,674
Net income from Islamic banking business	A33	5,172	3,794	14,333	10,730
Other operating income	A24	145,065	125,488	381,727	371,796
Net income		176,036	158,354	472,764	467,200
Other operating expenses	A25	(146,824)	(135,810)	(420,531)	(401,934)
Operating profit		29,212	22,544	52,233	65,266
Credit loss (expense)/reversal	A26	(4,311)	(4,448)	6,589	(5,150)
Bad debts recovered	A27	1,331	57	1,930	82
		26,232	18,153	60,752	60,198
Share of results of associates and joint ventures		1,943	(790)	3,194	(1,050)
Profit before taxation and zakat		28,175	17,363	63,946	59,148
Taxation and zakat	B5	(4,562)	(11,633)	(13,278)	(17,861)
Profit for the period		23,613	5,730	50,668	41,287
Profit for the period attributable to:					
Equity holders of the Bank		23,613	5,522	50,558	40,656
Non-controlling interests		-	208	110	631
		23,613	5,730	50,668	41,287
Earnings per share					
Basic (sen)	B8	3.26	0.76	6.99	5.59
Fully diluted (sen)	B8	3.26	0.76	6.97	5.55

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

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 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)
Share of other comprehensive (loss)/income of associates	(1,967)	1,000	8,043	3,289
Income tax relating to the fair value loss on equity instruments	-	-	-	40
Items that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on consolidation	747	5,136	7,390	9,756
Net (loss)/gain on fair value changes of debt instrument at FVOCI	(2,862)	(432)	3,212	(13,652)
Income tax relating to fair value gain/ (loss) on debt instruments	678	104	(811)	3,277
Other comprehensive(loss)/ income for the period, net of tax	<u>(3,404)</u>	<u>5,808</u>	<u>17,834</u>	<u>2,543</u>
Total comprehensive income for the period, net of tax	<u>20,209</u>	<u>11,538</u>	<u>68,502</u>	<u>43,830</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	20,209	11,330	68,392	43,199
Non-controlling interests	-	208	110	631
	<u>20,209</u>	<u>11,538</u>	<u>68,502</u>	<u>43,830</u>

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

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

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A22	64,365	56,161	186,005	156,349
Interest expense	A23	(46,407)	(34,155)	(132,584)	(87,908)
Net interest income		17,958	22,006	53,421	68,441
Net income from Islamic banking business	A33	5,172	3,794	14,333	10,730
Other operating income	A24	75,790	53,825	203,836	183,290
Net income		98,920	79,625	271,590	262,461
Other operating expenses	A25	(93,371)	(80,382)	(271,471)	(253,238)
Operating profit/(loss)		5,549	(757)	119	9,223
Credit loss reversal/(expense)	A26	506	(4,448)	10,207	(5,318)
Bad debts recovered	A27	1,332	57	1,921	82
Profit before taxation and zakat		7,387	(5,148)	12,247	3,987
Taxation and zakat		(2,236)	1,374	(4,432)	(1,949)
Profit for the period		5,151	(3,774)	7,815	2,038
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		-	-	-	(167)
Income tax relating to the fair value loss on equity instruments		-	-	-	40
Items that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of debt instruments at FVOCI		(2,862)	(432)	3,212	(13,652)
Income tax relating to fair value gain/(loss) on debt instruments		678	104	(811)	3,277
Other comprehensive (loss)/income for the period, net of tax		(2,184)	(328)	2,401	(10,502)
Total comprehensive income/(loss) for the period, net of tax		2,967	(4,102)	10,216	(8,464)

The condensed financial statements should be read in conjunction with the audited financial statements 7 for the financial year ended 31 December 2022.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 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	-	-	-	-	-	-	-	50,558	110	50,668
Share of other comprehensive income of associates	-	-	6,654	-	-	-	-	1,389	-	8,043
Other comprehensive income	-	-	2,401	-	7,390	-	-	-	-	9,791
Total comprehensive income	-	-	9,055	-	7,390	-	-	51,947	110	68,502
Share based payment under Employees' Share Scheme ("ESS")	-	68	-	-	-	-	-	-	-	68
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	1,673	(648)	-	1,025
Transfer from regulatory reserve	-	-	-	(979)	-	-	-	979	-	-
Transfer to retained profits	-	(201)	-	-	-	-	-	201	-	-
Dividend paid	-	-	-	-	-	-	-	(43,587)	-	(43,587)
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	(5,654)	(5,654)
At 30 September 2023	253,834	1,661	(1,867)	16,213	31,465	88,938	(11,865)	664,799	-	1,043,178

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

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	40,656	631	41,287
Share of other comprehensive (loss)/income of associates	-	-	(5,872)	-	-	-	-	9,161	-	3,289
Other comprehensive (loss)/income	-	-	(10,502)	-	9,756	-	-	-	-	(746)
Total comprehensive (loss)/income	-	-	(16,374)	-	9,756	-	-	49,817	631	43,830
Share based payment under ESS	-	390	-	-	-	-	-	-	-	390
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	15,412	(8,232)	-	7,180
Buy-back of shares	-	-	-	-	-	-	(13,770)	-	-	(13,770)
Transfer from regulatory reserve	-	-	-	(676)	-	-	-	676	-	-
Transfer to retained profits	-	(1,400)	-	-	-	-	-	1,400	-	-
Dividend paid	-	-	-	-	-	-	-	(77,060)	-	(77,060)
At 30 September 2022	253,834	1,799	(9,784)	18,245	28,960	88,938	(11,422)	639,698	5,332	1,015,600

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

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

Bank	Ordinary Shares RM'000	ESS Reserve RM'000	Non- Distributable			Distributable		Total Equity 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	-	-	-	-	-	-	7,815	7,815
Other comprehensive income	-	-	2,401	-	-	-	-	2,401
Total comprehensive income	-	-	2,401	-	-	-	7,815	10,216
Share based payment under ESS	-	68	-	-	-	-	-	68
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	1,673	(648)	1,025
Transfer from regulatory reserve	-	-	-	(979)	-	-	979	-
Transfer to retained profits	-	(201)	-	-	-	-	201	-
Dividend paid	-	-	-	-	-	-	(43,587)	(43,587)
At 30 September 2023	253,834	1,661	(4,021)	16,213	153,863	(11,865)	561,818	971,503

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

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	2,038	2,038
Other comprehensive loss	-	-	(10,502)	-	-	-	-	(10,502)
Total comprehensive (loss)/income	-	-	(10,502)	-	-	-	2,038	(8,464)
Share based payment under ESS	-	390	-	-	-	-	-	390
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	15,412	(8,232)	7,180
Buy-back of shares	-	-	-	-	-	(13,770)	-	(13,770)
Transfer from regulatory reserve	-	-	-	(676)	-	-	676	-
Transfer to retained profits	-	(1,400)	-	-	-	-	1,400	-
Dividend paid	-	-	-	-	-	-	(77,060)	(77,060)
At 30 September 2022	253,834	1,799	(9,868)	18,245	153,863	(11,422)	543,175	949,626

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 SEPTEMBER 2023

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Cash flows from operating activities				
Profit before taxation	63,946	59,148	12,247	3,987
Adjustments for:				
Depreciation of property, plant and equipment	8,355	8,540	7,419	7,863
Amortisation of intangible assets	5,505	4,671	4,471	4,028
Amortisation of right-of-use assets	6,640	5,985	5,016	5,000
Lease interest expenses	202	689	652	539
ESS expenses	54	303	54	303
Credit loss (reversal)/expense	(6,589)	5,150	(10,207)	5,318
Property, plant and equipment written off	3	910	3	901
Computer Software written-off	25	-	25	-
Bad debts recovered	(1,930)	(82)	(1,921)	(82)
Gain on disposal of a subsidiary	(1,509)	-	-	-
Gain on disposal of an associate	-	(9,138)	-	-
Non-cash items	10,756	17,028	5,512	23,870
Net gain from sale of financial assets at FVTPL and derivatives	(48,747)	(12,710)	(47,618)	(12,703)
Net gain from sale of financial investments other than those measured at FVTPL	(15)	(20)	(15)	(20)
Gross dividend income from investments	(556)	(1,301)	(2,637)	(10,266)
Loss on revaluation of financial assets at FVTPL and derivatives	12,203	10,922	14,249	11,544
Loss/(gain) on disposal of property, plant and equipment	3	(114)	-	(93)
Share of results of associates and joint venture	(3,914)	1,050	-	-
Non-operating items - investing	(41,026)	(2,173)	(36,021)	(11,538)
Adjustments for non-operating and non-cash items	(30,270)	14,855	(30,509)	12,332
Operating profit before working capital changes	33,676	74,003	(18,262)	16,319

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197301002193 (15678-H)

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

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Changes in working capital:				
Net changes in operating assets	(120,301)	(65,173)	(73,019)	13,463
Net changes in operating liabilities	337,752	20,579	294,410	40,185
Cash generated from operations	251,127	29,409	203,129	69,967
Taxation and zakat paid	(7,558)	(20,534)	(8)	(11,394)
Rental/lease interest payment	(202)	(689)	(652)	(539)
Net operating cash flow	243,367	8,186	202,469	58,034
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	3,649	9,138	-	-
Dividend received from subsidiary	-	-	-	9,000
Dividends received from other investments	3,357	1,301	2,637	1,266
Purchase of property, plant equipment and intangible assets	(15,919)	(8,427)	(11,625)	(5,980)
Proceeds from disposal of a subsidiary	6	-	3	-
Proceeds from disposal of property, plant and equipment	-	114	-	93
Capital injection in a joint venture	(6,516)	(1,550)	(6,516)	(1,550)
Net purchase of securities	(357,599)	196,348	(358,728)	191,399
Net investing cash flow	(373,022)	196,924	(374,229)	194,228
Cash flows from financing activities				
Dividend paid	-	(77,060)	-	(77,060)
Repayment of lease liabilities	(6,562)	(6,005)	(4,966)	(5,065)
Net repayment of borrowings	(15,500)	(26,400)	(8,000)	(13,400)
Share buy-back	-	(13,749)	-	(13,749)
Proceeds from exercise of ESS	1,025	7,180	1,025	7,180
Net financing cash flow	(21,037)	(116,034)	(11,941)	(102,094)
Net change in cash and cash equivalents during the financial period	(150,692)	89,076	(183,701)	150,168
Cash and cash equivalents brought forward	1,230,891	1,469,803	1,174,810	1,337,127
Cash and cash equivalents carried forward	1,080,199	1,558,879	991,109	1,487,295

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Cash and short-term funds	1,413,684	1,988,393	951,425	1,526,600
Deposits and placements with banks and other financial institutions	126,362	90,647	126,268	50,000
Less: Segregated funds from customers	(373,263)	(430,856)	-	-
Less: Cash and bank balances and deposits held in trust	(86,584)	(89,305)	(86,584)	(89,305)
	<u>1,080,199</u>	<u>1,558,879</u>	<u>991,109</u>	<u>1,487,295</u>

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

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 30 September 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 SEPTEMBER 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 September 2023 other than the followings:

- a) transfer of 1,666,000 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.
- c) (i) on 31 July 2023, the Bank has fully redeemed the tranche 2 of its Subordinated Notes with nominal value of RM10 million which was issued on 28 January 2018 under the Tier 2 Subordinated Notes Programme.

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

A8. Dividends paid per share

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

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

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

A10. Changes in composition of the Group

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

- (i) On 1 March 2023, Kenanga Capital Sdn Bhd, ("KCSB"), a wholly-owned subsidiary of the Bank, had disposed 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. Thereafter, KFB has changed its name to Kenanga Trustees Berhad and converted to a trust company under the Trust Companies Act 1949.

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

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	522,654	498,690	161,179	113,936
Money at call and deposit placements	1,017,392	1,234,096	916,514	1,148,989
	1,540,046	1,732,786	1,077,693	1,262,925
Included in cash and bank balances are:				
Cash and cash equivalents	1,080,199	1,230,891	991,109	1,174,810
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	459,847	501,895	86,584	88,115
	1,540,046	1,732,786	1,077,693	1,262,925
A12. Financial assets at FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Securities	40,539	-	40,539	-
Malaysian Government Investment Certificates	20,049	-	20,049	-
	60,588	-	60,588	-
Quoted Securities:				
Shares and funds in Malaysia	195,201	127,984	194,635	127,443
Funds outside Malaysia	23,436	16,529	23,436	16,529
	218,637	144,513	218,071	143,972
Unquoted Securities:				
Shares and funds in Malaysia	170,290	168,584	171,298	171,612
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	9,479	9,042	9,479	9,042
Total financial assets at FVTPL	458,994	322,139	459,436	324,626

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

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

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

At fair value

Money market instruments:

Malaysian Government Securities	81,652	19,373
Malaysian Government Investment Certificates	216,046	59,534
Islamic Negotiable Instruments of Deposits	99,178	-
	396,876	78,907

Equity instruments in Malaysia:

Unquoted Shares	1,489	1,294
	1,489	1,294

Debt instruments in Malaysia:

Islamic Corporate Sukuk	159,867	184,377
Corporate Bonds	40,241	54,595
	200,108	238,972

Total financial investments at FVOCI

598,473	319,173
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Impairment losses on debt instruments measured at FVOCI

Group and Bank

Movements in Expected Credit Loss ("ECL")	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2023	261	128	-	389
Impact of net re-measurement of ECL	(31)	-	-	(31)
Assets derecognised or matured	-	(128)	-	(128)
As at 30 September 2023	230	-	-	230

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

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

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

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

Group and Bank

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

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	125,924	49,677
Malaysian Government Investment Certificates	228,144	177,316
	<u>354,068</u>	<u>226,993</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	116,816	202,119
Corporate Bonds	-	20,002
	<u>116,816</u>	<u>222,121</u>

Total financial investments at AC

470,884	449,114
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Included in financial investments at AC are financial assets sold under repurchase agreements as follows:

Malaysian Government Securities	<u>49,619</u>	<u>-</u>
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

A14. Loans, advances and financing

At AC

Share margin financing	1,139,741	1,153,056	1,139,741	1,153,056
Term loans/financing	493,885	500,905	506,911	525,953
Subordinated term loan	-	-	35,048	45,067
Other lending and factoring receivables	19,236	58,885	-	-
Advances to group employees	-	2	-	2
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	1,724,078
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(418)	(170)	(662)	(635)
- Stage 2- Lifetime ECL non-credit impaired	(2,900)	(2,900)	(2,900)	(2,900)
- Stage 3- Lifetime ECL credit impaired	(9,529)	(19,303)	(9,381)	(17,033)
Net loans, advances and financing	1,640,015	1,690,475	1,668,757	1,703,510

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

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 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	223,240	240,319	209,131	200,583
- Others	456,514	492,321	504,588	562,436
Individuals	973,108	979,667	967,981	960,518
Foreign enterprises	-	541	-	541
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	1,724,078

(ii) By Geographical Distribution

In Malaysia	1,649,482	1,709,313	1,678,320	1,720,543
Outside Malaysia	3,380	3,535	3,380	3,535
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	1,724,078

(iii) By Interest Rate/ Profit Rate
Sensitivity

Fixed rate				
- Other fixed rate loans	1,158,977	1,211,941	1,139,741	1,153,056
Variable rate				
- Other variable rates	493,885	497,904	541,959	568,019
- Base lending rate plus	-	3,001	-	3,001
Interest free	-	2	-	2
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	1,724,078

(iv) By Purpose

Purchase of securities	1,350,256	1,401,784	1,350,256	1,401,784
Working capital	154,795	138,982	188,610	170,161
Others	147,811	172,082	142,834	152,133
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	1,724,078

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

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 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	1,485,307	1,494,342	1,471,118	1,484,823
More than one year	167,555	218,506	210,582	239,255
Gross loans, advances and financing	1,652,862	1,712,848	1,681,700	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	31,663	9,188	31,664	4,041
Dilution of interest in subsidiary	(484)	-	-	-
Reclassified as performing	-	(30,505)	-	(30,505)
Amount recovered during the financial period/year	(10,011)	(8,645)	(2,788)	(7,890)
At end of the financial period/ year	64,347	43,179	59,222	30,346
Less: Allowance for ECL	(9,529)	(19,303)	(9,381)	(17,033)
Net impaired LAF	54,818	23,876	49,841	13,313
Net impaired LAF as a % of net loans, advances and financing	3.34%	1.41%	2.99%	0.78%

(vii) Impaired LAF by Geographical
Distribution

In Malaysia	64,347	42,638	59,222	29,805
Outside Malaysia	-	541	-	541
Gross impaired loans	64,347	43,179	59,222	30,346

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

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

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

(viii) Impaired LAF by Purpose

Working capital	148	5,630	-	-
Purchase of securities	59,222	30,346	59,222	30,346
Others	4,977	7,203	-	-
Gross impaired loans	<u>64,347</u>	<u>43,179</u>	<u>59,222</u>	<u>30,346</u>

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

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

Share margin financing

Group and Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Movements in ECL				
As at 1 January 2023	-	-	17,033	17,033
Assets derecognised or repaid (excluding write-offs)	-	-	(1,100)	(1,100)
Net remeasurement of allowance	-	-	(6,552)	(6,552)
As at 30 September 2023	<u>-</u>	<u>-</u>	<u>9,381</u>	<u>9,381</u>
	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Movements in ECL				
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(1,706)	(1,706)
Net remeasurement of allowance	-	-	4,950	4,950
As at 31 December 2022	<u>-</u>	<u>-</u>	<u>17,033</u>	<u>17,033</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	527	-	-	527
Assets derecognised or repaid (excluding write-offs)	(220)	-	-	(220)
Net remeasurement of allowance	(282)	-	-	(282)
Changes in model assumption or methodology	130	-	-	130
Modification of contractual				
As at 30 September 2023	<u>325</u>	<u>2,900</u>	<u>-</u>	<u>3,225</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	2,936	-	-	2,936
New assets originated or purchased	93	-	-	93
Assets derecognised or repaid (excluding write-offs)	(122)	-	-	(122)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	<u>170</u>	<u>2,900</u>	<u>-</u>	<u>3,070</u>

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

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

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

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

Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	569	2,900	-	3,469
New assets originated or purchased	549	-	-	549
Assets derecognised or repaid (excluding write-offs)	(331)	-	-	(331)
Net remeasurement of allowance	(282)	-	-	(282)
As at 30 September 2023	<u>505</u>	<u>2,900</u>	<u>-</u>	<u>3,405</u>
	2022			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	3,203	-	-	3,203
New assets originated or purchased	256	-	-	256
Assets derecognised or repaid (excluding write-offs)	(153)	-	-	(153)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	<u>569</u>	<u>2,900</u>	<u>-</u>	<u>3,469</u>

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

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

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

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

Other lending and factoring receivables

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	2,270	2,270
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	-	-	(1,638)	(1,638)
Dilution of interest in subsidiary	-	-	(484)	(484)
As at 30 September 2023	-	-	148	148

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

Undrawn commitment

Group

	2023			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	-	-	-	-
New assets originated or purchased	160	-	-	160
Net remeasurement of allowance	(67)	-	-	(67)
As at 30 September 2023	93	-	-	93

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

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

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

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

Undrawn commitment

Group

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

Bank

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2023	66	-	-	66
New assets originated or purchased	160	-	-	160
Exposure derecognised or matured/lapsed (excluding write-offs)	44	-	-	44
Net remeasurement of allowance	(113)	-	-	(113)
As at 30 September 2023	157	-	-	157

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

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

Group		Bank	
As at	As at	As at	As at
30 September	31 December	30 September	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	526,874	430,415	526,815	430,254
Less: Allowance for ECL	(2,900)	(2,777)	(2,900)	(2,777)
	523,974	427,638	523,915	427,477

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

Group and Bank

	2023		
	Non-Credit Impaired	Credit-Impaired	Total
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2023	1,531	1,246	2,777
Charged during the financial period	101	488	589
Written back during the financial period	(109)	(357)	(466)
As at 30 September 2023	1,523	1,377	2,900

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

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

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

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
A16. Other assets				
Assets segregated for customers	142,185	56,596	-	-
Interest/income receivable	18,868	9,602	18,603	9,424
Prepayments and deposits	23,548	21,217	20,136	18,496
Other debtors	127,708	107,515	92,229	73,927
Amount due from subsidiaries	-	-	30,737	30,581
Amount due from related parties	25	49	25	49
Amount due from trustees	-	433	-	-
Amount due from associate	13	-	13	-
	312,347	195,412	161,743	132,477
Allowance for ECL				
- Other debtors	(18,151)	(11,659)	(8,361)	(6,804)
- Amount due from subsidiaries	-	-	(140)	(240)
	294,196	183,753	153,242	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	1,554	5,614	7,168
Assets derecognised or repaid (excluding write-offs)	-	(2,636)	(2,636)
Transfer of stages	(1,832)	1,832	-
Net remeasurement of allowance	-	1,960	1,960
As at 30 September 2023	126	18,025	18,151

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	1,554	679	2,233
Assets derecognised or repaid (excluding write-offs)	-	(2,636)	(2,636)
Transfer of stages	(1,832)	1,832	-
Net remeasurement of allowance	-	1,960	1,960
As at 30 September 2023	126	8,235	8,361

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

A16. Other assets (cont'd.)

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

Bank (Cont'd.)

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

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

Bank

	2023			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Movements in ECL				
As at 1 January 2023	240	-	-	240
Net remeasurement of allowance	(100)	-	-	(100)
As at 30 September 2023	140	-	-	140

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

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

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

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	55,427	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 September	31 December	30 September	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	2,294,595	2,350,345	2,364,375	2,468,356
Short term money deposits	859,134	614,784	950,491	635,000
Call money deposits	87,311	67,265	87,311	67,265
Negotiable instruments of deposits	134,610	128,684	134,610	128,684
	3,375,650	3,161,078	3,536,787	3,299,305

(ii) By type of customer

Government and other statutory bodies	681,762	740,926	681,762	740,926
Individuals	170,357	143,417	170,357	143,417
Business enterprises	825,600	745,665	825,600	745,665
Non-bank financial institutions	1,428,734	1,266,173	1,428,734	1,266,173
Subsidiaries and related companies	269,197	264,897	430,334	403,124
	3,375,650	3,161,078	3,536,787	3,299,305

(iii) By maturity structure

Due within six months	2,678,893	2,692,617	2,840,030	2,830,844
More than six months to one year	549,209	286,971	549,209	286,971
More than one year	147,548	181,490	147,548	181,490
	3,375,650	3,161,078	3,536,787	3,299,305

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

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

A19. Deposits and placements of banks and financial institutions

Licenced banks	75,000	-
Licenced investment banks	100,000	50,000
Other financial institutions	127,177	365,359
	302,177	415,359

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

A20. Other liabilities

Interest/Income payable	17,418	16,041	17,980	16,074
Securities borrowing and lending	11,298	11,635	11,298	11,635
Accruals and provisions	170,826	184,440	62,814	60,859
Retention for contra losses	17	16	17	16
Structured products	7,038	2,879	7,038	2,879
Deposits and other creditors	96,740	63,226	94,559	69,109
Amounts held in trust on behalf of				
Dealer's Representatives	86,584	88,115	86,584	88,115
Amount due to trustees	23,164	906	-	-
Amount due to subsidiaries	-	-	1,130	40
	413,085	367,258	281,420	248,727

A21. Borrowings

Secured:

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

Revolving bank loans	9,000	17,500	-	-
Subordinated notes	180,500	180,500	180,500	180,500
	189,500	206,000	180,500	188,500

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
A22. Interest income				
<u>Group</u>				
Loans, advances and financing	30,352	29,160	90,047	85,996
Money at call and deposit with financial institutions	20,512	15,666	58,669	39,704
Financial investments at FVOCI	3,953	3,817	9,146	12,654
Financial investments at AC	3,464	2,020	10,182	5,244
Others	9,051	7,891	26,725	18,989
	67,332	58,554	194,769	162,587
<u>Bank</u>				
Loans, advances and financing	30,967	28,796	91,139	84,502
Money at call and deposit placements with financial institutions	16,943	13,638	48,856	34,961
Financial investments at FVOCI	3,953	3,817	9,146	12,654
Financial investments at AC	3,464	2,020	10,182	5,244
Others	9,038	7,890	26,682	18,988
	64,365	56,161	186,005	156,349
A23. Interest expense				
<u>Group</u>				
Deposits from customers	31,261	21,684	89,077	56,422
Deposits and placement from banks and other financial institutions	1,037	272	2,376	412
Borrowings	2,413	2,652	7,725	8,109
Lease interest expenses	252	251	202	689
Others	6,570	4,623	18,685	12,281
	41,533	29,482	118,065	77,913
<u>Bank</u>				
Deposits from customers	32,418	22,678	92,101	58,868
Deposits and placement from banks and other financial institutions	1,037	272	2,376	412
Borrowings	2,399	2,334	7,338	7,045
Lease interest expenses	203	201	652	539
Others	10,350	8,670	30,117	21,044
	46,407	34,155	132,584	87,908

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>9 months ended</u>	<u>9 months ended</u>
	<u>30 September 2023</u>	<u>30 September 2022</u>	<u>30 September 2023</u>	<u>30 September 2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>

A24. Other operating income

Group

(a) Fee income:				
Brokerage fees	44,425	37,320	125,235	126,927
Corporate advisory fees	1,447	3,798	6,243	6,583
Processing fees on loans, advances and financing	55	1,056	381	1,829
Commissions	2,374	3,387	7,357	9,581
Management fee income	60,024	63,082	156,959	163,416
Placement fees	5,670	5,671	13,032	15,272
Underwriting commissions	900	133	1,303	934
Other fee income	5,918	3,822	13,716	12,902
Others	1,067	293	2,047	1,225
	<u>121,880</u>	<u>118,562</u>	<u>326,273</u>	<u>338,669</u>
(b) Net gain(loss) arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	30,378	19,786	48,803	12,710
Financial investments at FVOCI	7	8	16	20
	<u>30,385</u>	<u>19,794</u>	<u>48,819</u>	<u>12,730</u>
(c) Gross dividend income from:				
financial assets at FVTPL	252	278	458	1,203
Financial investments at FVOCI	98	98	98	98
	<u>350</u>	<u>376</u>	<u>556</u>	<u>1,301</u>
(d) Interest income from financial assets at FVTPL	<u>593</u>	<u>134</u>	<u>1,358</u>	<u>475</u>
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	<u>(12,996)</u>	<u>(27,174)</u>	<u>(12,031)</u>	<u>(10,922)</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000

A24. Other operating income (cont'd.)

Group

(f) Other income:				
Net foreign exchange income	1,903	2,660	7,849	7,977
(Loss)/Gain on disposal of property, plant and equipment	(3)	58	(3)	114
Other operating income	264	343	1,025	6,667
Other non-operating income				
- Rental income	596	518	1,659	1,562
- Gain on disposal of a subsidiary	32	-	1,509	-
- Gain on disposal of an associate	-	9,138	-	9,138
- Others	2,061	1,079	4,713	4,085
	<u>4,853</u>	<u>13,796</u>	<u>16,752</u>	<u>29,543</u>
Total other operating income	<u>145,065</u>	<u>125,488</u>	<u>381,727</u>	<u>371,796</u>

Bank

(a) Fee income:				
Brokerage fees	44,425	37,320	125,235	126,927
Corporate advisory fees	1,467	3,808	6,320	6,684
Processing fees on loans, advances and financing	109	667	300	898
Management fee income	81	72	251	296
Placement fees	5,670	2,197	11,220	7,202
Underwriting commissions	900	133	1,303	934
Other fee income	1,620	1,633	4,429	5,099
Others	1,028	118	1,777	311
	<u>55,300</u>	<u>45,948</u>	<u>150,835</u>	<u>148,351</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	29,249	19,787	47,674	12,703
Financial investments at FVOCI	7	8	16	20
	<u>29,256</u>	<u>19,795</u>	<u>47,690</u>	<u>12,723</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000

A24. Other operating income (cont'd.)

Bank (cont'd.)

(c) Gross dividend from:				
Financial assets at FVTPL	252	278	458	1,168
Financial investments at FVOCI	98	98	98	98
Subsidiaries	-	9,000	-	9,000
Associate	-	-	2,081	-
	<u>350</u>	<u>9,376</u>	<u>2,637</u>	<u>10,266</u>
(d) Interest income from financial assets at FVTPL	<u>593</u>	<u>134</u>	<u>1,358</u>	<u>475</u>
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	<u>(13,823)</u>	<u>(27,536)</u>	<u>(14,076)</u>	<u>(11,544)</u>
(f) Other income:				
Net foreign exchange income	1,754	2,521	7,439	7,731
Gain on disposal of property, plant and equipment	-	15	-	93
Other operating income	333	1,655	1,288	8,329
Other non-operating income				
- Rental income	1,046	978	3,015	2,927
- Others	981	939	3,650	3,939
	<u>4,114</u>	<u>6,108</u>	<u>15,392</u>	<u>23,019</u>
Total other operating income	<u>75,790</u>	<u>53,825</u>	<u>203,836</u>	<u>183,290</u>

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

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses

Group

Personnel costs	59,129	57,454	168,369	163,296
- Salaries, allowances and bonuses	46,305	46,494	131,351	128,884
- EPF	5,383	5,251	16,022	15,614
- ESS	22	62	71	392
- Others	7,419	5,647	20,925	18,406
Establishment costs	16,956	15,384	53,235	42,229
- Depreciation of property, plant and equipment	2,774	2,875	8,355	8,540
- Amortisation of intangible assets	2,044	1,608	5,505	4,671
- Amortisation of right-of-use assets	2,012	2,009	6,640	5,985
- Rental of premises	113	104	363	342
- Rental of equipment	208	188	615	565
- Repairs and maintenance	1,072	847	3,136	2,791
- Information technology expenses	7,667	4,205	25,669	14,025
- Others	1,066	3,548	2,952	5,310
Marketing expenses	4,939	5,543	15,471	14,290
- Promotion and advertisements	3,299	3,309	10,472	10,969
- Travel and entertainment	1,374	1,768	3,674	2,626
- Others	266	466	1,325	695
Administration and general expenses	65,800	57,429	183,456	182,119
- Communication expenses	1,228	1,270	3,612	3,855
- Professional fees and legal fees	1,410	1,109	3,721	2,584
- Regulatory charges	4,703	4,029	12,062	12,544
- Publication and research material	3,256	2,355	8,865	7,737
- Fees and brokerage	50,728	44,077	141,167	141,837
- Administrative expenses	4,475	4,589	14,029	13,562
Total other operating expenses	146,824	135,810	420,531	401,934

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

<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	37,257	35,252	110,878	108,017
- Salaries, allowances and bonuses	29,808	29,196	89,048	87,909
- EPF	4,206	4,146	12,604	12,358
- ESS	16	44	54	303
- Others	3,227	1,866	9,172	7,447
Establishment costs	13,384	12,438	41,854	34,735
- Depreciation of property, plant and equipment	2,462	2,642	7,419	7,863
- Amortisation of intangible assets	1,589	1,393	4,471	4,028
- Amortisation of right-of-use assets	1,668	1,665	5,016	5,000
- Rental of premises	98	89	302	260
- Rental of equipment	135	115	401	366
- Repair and maintenance	1,030	799	3,022	2,683
- Information technology expenses	5,496	4,816	18,653	12,040
- Others	906	919	2,570	2,495
Marketing expenses	1,696	1,425	5,842	4,704
- Promotion and advertisement	678	598	2,451	3,127
- Travel and entertainment	769	396	2,102	983
- Others	249	431	1,289	594
Administration and general expenses	41,034	31,267	112,897	105,782
- Communication expenses	1,000	989	2,919	3,013
- Professional fees and legal fees	1,349	791	3,370	2,102
- Regulatory charges	4,345	3,724	11,133	11,581
- Publication and research material	2,756	2,429	7,680	7,115
- Fees and brokerages	27,696	19,288	75,553	70,201
- Administrative expenses	3,888	4,046	12,242	11,770
Total other operating expenses	93,371	80,382	271,471	253,238

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	31	1	-	32
Loans, advances and financing	44	-	801	845
Recoveries from share margin financing	-	-	972	972
Loan commitments	(93)	-	-	(93)
Credit loss (expense)/reversal	(18)	1	1,773	1,756

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	-	(77)	-	(77)
Loans, advances and financing	12	-	(3,919)	(3,907)
Credit loss reversal/(expense)	12	(77)	(3,919)	(3,984)

(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	9	(179)	(170)
Other debtors	(455)	(5,442)	(5,897)
Credit loss expense	(446)	(5,621)	(6,067)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(14)	(12)	(26)
Other debtors	(395)	(43)	(438)
Credit loss expense	(409)	(55)	(464)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	31	129	-	160
Loans, advances and financing	(155)	-	9,290	9,135
Recoveries from share margin financing	-	-	4,002	4,002
Loan commitments	(93)	-	-	(93)
Credit loss (expense)/reversal	(217)	129	13,292	13,204

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(51)	(77)	-	(128)
Loans, advances and financing	44	-	(4,561)	(4,517)
Credit loss expense	(7)	(77)	(4,561)	(4,645)

(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	8	(131)	(123)
Other debtors	(1,554)	(4,938)	(6,492)
Credit loss expense	(1,546)	(5,069)	(6,615)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(7)	50	43
Other debtors	(1,062)	514	(548)
Credit loss (expense)/reversal	(1,069)	564	(505)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	31	1	-	32
Loans, advances and financing	174	-	807	981
Recoveries from share margin financing	-	-	972	972
Loan commitments	(47)	-	-	(47)
Credit loss reversal	258	1	1,779	2,038
	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	-	(77)	-	(77)
Loans, advances and financing	12	-	(3,919)	(3,907)
Credit loss reversal/(expense)	12	(77)	(3,919)	(3,984)

(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	9	(179)	(170)
Other debtors	(455)	(907)	(1,362)
Credit loss expense	(446)	(1,086)	(1,532)
	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(14)	(12)	(26)
Other debtors	(395)	(43)	(438)
Credit loss expense	(409)	(55)	(464)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	31	129	-	160
Loans, advances and financing	64	-	7,652	7,716
Recoveries from share margin financing	-	-	4,002	4,002
Loan commitments	(91)	-	-	(91)
Amount due from subsidiaries	100	-	-	100
Credit loss reversal	104	129	11,654	11,887

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(51)	(77)	-	(128)
Loans, advances and financing	(102)	-	(4,561)	(4,663)
Loan commitments	(22)	-	-	(22)
Credit loss expense	(175)	(77)	(4,561)	(4,813)

(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	8	(131)	(123)
Other debtors	(1,554)	(3)	(1,557)
Credit loss expense	(1,546)	(134)	(1,680)

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(7)	50	43
Other debtors	(1,062)	514	(548)
Credit loss (expense)/reversal	(1,069)	564	(505)

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

A27. Bad debts recovered

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing	1,301	16	1,896	18
Balance due from clients and brokers	31	41	41	64
Other receivables	(1)	-	(7)	-
	1,331	57	1,930	82
<u>Bank</u>				
Loans, advances and financing	1,301	16	1,880	18
Balance due from clients and brokers	31	41	41	64
	1,332	57	1,921	82

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 SEPTEMBER 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 September 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	-	169,059	-	169,059
- Equity securities	218,637	-	71,298	289,935
Financial investments at FVOCI				
- Debt securities	-	200,108	-	200,108
- Equity securities	-	-	1,489	1,489
- Islamic Negotiable Instruments of Deposit	-	396,876	-	396,876
Derivative financial assets	-	75,413	-	75,413
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	480,120	-	480,120
Loans, advances and financing	-	-	1,645,244	1,645,244
	218,637	1,321,576	1,718,031	3,258,244
Financial liabilities measured at fair value				
Derivative financial liabilities	17,789	29,299	-	47,088
Obligations on securities sold under repurchase agreements	-	49,619	-	49,619
Borrowings	-	180,471	-	180,471
	17,789	259,389	-	277,178

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

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

Bank

30 September 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	-	170,067	-	170,067
- Equity securities	218,071	-	71,298	289,369
Financial investments at FVOCI				
- Debt securities	-	497,806	-	497,806
- Equity securities	-	-	1,489	1,489
- Islamic Negotiable Instruments of Deposit	-	99,178	-	99,178
Derivative financial assets	-	75,413	-	75,413
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	480,120	-	480,120
Loans, advances and financing	-	-	1,674,245	1,674,245
	218,071	1,322,584	1,747,032	3,287,687
Financial liabilities measured at fair value				
Derivative financial liabilities	17,789	29,299	-	47,088
Obligations on securities sold under repurchase agreements	-	49,619	-	49,619
Borrowings	-	171,470	-	171,470
	17,789	250,388	-	268,177

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

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

Bank

31 December 2022

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2023 Principal Amount RM'000	As at 31 December 2022 Principal Amount RM'000	As at 30 September 2023 Principal Amount RM'000	As at 31 December 2022 Principal Amount RM'000
Obligations under underwriting agreements	5,106	-	5,106	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,830,804	2,749,435	2,830,804	2,749,435
- foreign exchange related contract	106,651	43,452	106,651	43,452
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	61,992	55,561	133,092	130,561
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	83,750	25,000	108,750	40,000
- others	6,000	-	6,000	-
Stockbroking clients' trust	1,008,014	1,069,081	1,008,014	1,069,081
Securities borrowing and lending	10,802	11,102	10,802	11,102
Derivative financial assets				
- dual currency investment - options	6,390	2,126	6,390	2,126
- equity related contracts - options	26,233	29,338	26,233	29,338
- equity related contracts - swaps	11,327	64,187	11,327	64,187
- equity related contract - forwards	51,342	57,354	51,342	57,354
- index futures	-	-	-	-
Derivative financial liabilities				
- dual currency investment - options	6,390	2,126	6,390	2,126
- equity related contracts - options	329,307	159,722	329,307	159,722
- equity related contracts - swaps	43,483	11,438	43,483	11,438
- equity related contract - forwards	35,738	-	35,738	-
- structure rebate forward	-	-	-	-
Capital commitment:				
- Authorised and contracted for	4,607	18,554	4,097	17,247
Investment in equity fund	-	-	24,991	24,991
	<u>4,627,936</u>	<u>4,298,476</u>	<u>4,748,517</u>	<u>4,412,160</u>

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

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

A30. Operating lease arrangements

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

Future minimum sub-lease receipts:

Subsidiaries	-	-	2,886	2,886
External parties	780	442	780	442
	<u>780</u>	<u>442</u>	<u>3,666</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 September	31 December	30 September	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
Share premium	-	-	-	-
Retained profits	614,241	655,907	554,003	597,058
Other reserves	136,410	121,077	167,716	166,427
Less: Regulatory adjustments:				
Deferred tax assets	(22,899)	(25,184)	(7,805)	(12,966)
Goodwill	(241,027)	(241,027)	(252,909)	(252,909)
Other intangibles	(92,307)	(88,192)	(82,331)	(78,223)
Regulatory reserve	(16,213)	(17,192)	(16,213)	(17,192)
Treasury shares	(11,865)	(13,538)	(11,865)	(13,538)
Other CET 1 regulatory adjustments specified by BNM	908	1,510	421	1,020
Investment in ordinary shares of unconsolidated financial entities	(151,098)	(126,252)	(177,113)	(170,596)
Total CET 1/Tier 1 capital	<u>469,984</u>	<u>520,943</u>	<u>427,738</u>	<u>472,915</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<u>Tier 2 capital</u>				
Subordinated obligations capital	180,500	180,500	180,500	180,500
General provisions [^]	18,352	17,972	17,623	17,549
Total Tier 2 capital	<u>198,852</u>	<u>198,472</u>	<u>198,123</u>	<u>198,049</u>
Total capital	<u>668,836</u>	<u>719,415</u>	<u>625,861</u>	<u>670,964</u>
CET 1 capital ratio	17.946%	20.936%	18.971%	21.626%
Tier 1 capital ratio	17.946%	20.936%	18.971%	21.626%
Total capital ratio	25.539%	28.913%	27.758%	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 SEPTEMBER 2023

A31. Capital Adequacy

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

	Group		Group	
	30 September 2023		31 December 2022	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	5,283,146	1,468,131	5,031,093	1,437,747
Market Risk	-	241,410	-	142,514
Operational Risk	-	896,194	-	894,847
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	5,283,146	2,618,843	5,031,093	2,488,216

	Bank		Bank	
	30 September 2023		31 December 2022	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	4,733,491	1,409,870	4,450,896	1,403,888
Market Risk	-	239,852	-	141,026
Operational Risk	-	591,893	-	628,776
Large exposure risk	-	13,108	-	13,108
Total Risk Weighted Assets	4,733,491	2,254,723	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 SEPTEMBER 2023

A32. 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 SEPTEMBER 2023

A32. 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	138,619	266,004	17,139	2,983	171,274	1,742	-	597,761
- Interest income	104,140	95,075	9,767	2,676	4,854	31	-	216,543
- Fee income	23,567	133,034	7,244	307	166,054	-	-	330,206
- Trading and investment income	7,508	32,768	-	-	88	1,862	-	42,226
- Other operating income/(loss)	3,404	5,127	128	-	278	(151)	-	8,786
Inter-segment sales	31,957	(44,336)	1,139	-	17,285	11,714	(17,759)	-
Total revenue	170,576	221,668	18,278	2,983	188,559	13,456	(17,759)	597,761
Result								
Net interest income	18,970	30,466	9,157	1,497	682	4,358	11,573	76,703
Net income from Islamic banking business	11,169	3,166	-	-	-	-	-	14,335
Other operating income/(loss)	25,152	171,299	7,385	5,597	183,914	7,409	(19,030)	381,726
Net income/(loss)	55,291	204,931	16,542	7,094	184,596	11,767	(7,457)	472,764
Other operating expenses	(45,325)	(212,639)	(11,408)	(2,334)	(145,122)	(7,748)	4,045	(420,531)
Credit loss (expense)/reversal	(1,398)	11,579	-	1,638	(4,935)	26	(321)	6,589
Bad debt recovered	-	1,875	-	16	-	39	-	1,930
Share of results of associates and joint venture companies	-	-	-	-	-	3,194	-	3,194
Profit before taxation and zakat	8,568	5,746	5,134	6,414	34,539	7,278	(3,733)	63,946
Taxation and zakat								(13,278)
Net profit for the financial period								<u>50,668</u>

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

A32. 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	56,397	9,157	1,497	682	4,358	11,573		83,664
Depreciation and amortisation	(9,536)	(346)	(79)	(4,613)	(6,935)	1,009		(20,500)
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(16,076)	-	-	88	1,764	2,020		(12,204)
Assets								
Investments in associate companies	-	-	-	-	118,595	-		118,595
Investment in joint venture companies	-	-	-	-	32,503	-		32,503
Addition to non-current assets	11,625	39	8	4,246	-	-	A	15,918
Segment assets	5,780,173	578,304	37,943	276,381	38,205	(353,238)	B	6,357,768
Liabilities								
Segment liabilities	4,808,671	556,435	23,625	167,888	23,659	(265,688)	C	5,314,590

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

A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
2022								
Revenue								
External sales	114,805	239,368	14,451	6,526	174,614	(6,133)	-	543,631
- Interest income	84,444	84,974	4,632	4,867	2,502	43	-	181,462
- Fee income/(loss)	23,830	134,748	9,426	1,659	172,127	(8)	-	341,782
- Trading and investment income/(loss)	2,650	9,286	-	-	(78)	(6,043)	-	5,815
- Other operating income/(loss)	3,881	10,360	393	-	63	(125)	-	14,572
Inter-segment sales	18,694	(29,562)	829	-	17,133	7,743	(14,837)	-
Total revenue	133,499	209,806	15,280	6,526	191,747	1,610	(14,837)	543,631
Result								
Net interest income	28,238	40,345	4,037	2,807	(56)	497	8,806	84,674
Net income from Islamic banking business	7,185	3,545	-	-	-	-	-	10,730
Other operating income/(loss)	19,951	156,428	9,854	1,797	188,553	15,630	(20,417)	371,796
Net income/(loss)	55,374	200,318	13,891	4,604	188,497	16,127	(11,611)	467,200
Other operating (expenses)/income	(44,315)	(203,396)	(12,702)	(3,702)	(140,194)	(615)	2,990	(401,934)
Credit loss (expense)/reversal	(872)	(4,569)	-	13	-	123	155	(5,150)
Bad debt recovered	-	82	-	-	-	-	-	82
Share of results of associates and joint venture companies	-	-	-	-	-	(1,050)	-	(1,050)
Profit/(loss) before taxation and zakat	10,187	(7,565)	1,189	915	48,303	14,585	(8,466)	59,148
Taxation and zakat								(17,861)
Net profit for the financial period								<u>41,287</u>

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

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and weAWth 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	74,028	4,037	2,807	(56)	497	8,806		90,119
Depreciation and amortisation	(9,546)	(351)	(118)	(3,236)	(7,003)	1,058		(19,196)
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(5,336)	-	-	(119)	(6,109)	642		(10,922)
Assets								
Investments in associate companies	-	-	-	-	99,683	-		99,683
Investment in joint venture companies	-	-	-	-	26,569	-		26,569
Addition to non-current assets	8,816	56	8	3,421	-	-	A	12,301
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 SEPTEMBER 2023

A32. 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	6,219	5,175
Intangible assets		
- Additions during the financial period	9,699	8,792
	<u>15,918</u>	<u>13,967</u>

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

	2023	2022
	RM'000	RM'000
Investment in subsidiaries	(79,250)	(81,600)
Investment in associates and joint venture companies	32,347	15,801
Intangible assets	(39,609)	(39,584)
Inter-segment assets	(266,726)	(257,458)
	<u>(353,238)</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	(161,137)	(138,227)
Inter-segment liabilities	(104,551)	(116,433)
	<u>(265,688)</u>	<u>(254,660)</u>

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

A33. Operations of Islamic Banking

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

		Group and Bank	
	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Cash and bank balances	(e)	285,415	438,476
Financial assets at FVTPL	(f)	110,138	100,000
Financial investments at FVOCI	(g)(i)	120,413	65,618
Financial investments at AC	(g)(ii)	106,657	116,829
Financing and advances	(h)	146,915	97,492
Balances due from clients and brokers		6,882	1,477
Other assets	(i)	5,505	2,474
Property, plant and equipment		11	13
Intangible assets		2	2
Deferred tax assets		2	115
TOTAL ASSETS		781,940	822,496
LIABILITIES			
Deposits from customers	(j)	376,046	472,902
Balances due to clients and brokers		5,237	4,606
Other liabilities	(k)	195,422	150,968
Provision for taxation and zakat		5,764	3,024
TOTAL LIABILITIES		582,469	631,500
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		79,471	70,996
TOTAL ISLAMIC BANKING CAPITAL FUNDS		199,471	190,996
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		781,940	822,496
Commitments and contingencies	(r)	119,803	77,789

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

A33. Operations of Islamic Banking (cont'd.)

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

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	9 months	9 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l) 9,443	6,597	24,820	19,465
Income derived from investment of shareholders' funds	(m) 1,247	1,954	4,328	4,694
Credit loss expense	(48)	(71)	(91)	(102)
Total attributable income	10,642	8,480	29,057	24,057
Profit distributed to depositors	(n) (5,315)	(4,565)	(14,402)	(13,133)
Net income	5,327	3,915	14,655	10,924
Finance cost	(203)	(192)	(413)	(296)
Personnel costs	(o) (207)	(199)	(632)	(597)
Other overhead expenses	(p) (837)	(748)	(2,326)	(2,267)
Profit before taxation and zakat	4,080	2,776	11,284	7,764
Taxation and zakat	(1,097)	(735)	(3,031)	(2,075)
Profit for the financial period	2,983	2,041	8,253	5,689
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on debt instruments at FVOCI	(590)	(307)	339	(2,425)
Income tax related to the above items	141	92	(113)	613
Total other comprehensive (loss)/income for the financial period, net of tax	(449)	(215)	226	(1,812)
Total comprehensive income for the financial period, net of tax	2,534	1,826	8,479	3,877

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

A33. Operations of Islamic Banking (cont'd.)

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 30 September 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	9 months	9 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	9,443	6,597	24,820	19,465
Income derived from investment of shareholders' funds	1,247	1,954	4,328	4,694
Total income before impairment allowances and overhead expenses	10,690	8,551	29,148	24,159
Profit distributed to depositors	(5,315)	(4,565)	(14,402)	(13,133)
Finance cost	(203)	(192)	(413)	(296)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and of the Bank	5,172	3,794	14,333	10,730

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

A33. Operations Of Islamic Banking (cont'd.)

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 30 September 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	-	-	-	-	-	8,253	8,253
Other comprehensive income for the financial period	-	-	226	-	-	-	226
Share based payment under ESS	-	(1)	-	-	-	(3)	(4)
Transfer to retained profits	-	-	-	443	-	(443)	-
At 30 September 2023	120,000	7	(75)	2,704	5,248	71,587	199,471
At 1 January 2022	120,000	906	2,314	13	5,248	55,484	183,965
Net profit for the financial period	-	-	-	-	-	5,689	5,689
Other comprehensive loss for the financial period	-	(1,812)	-	-	-	-	(1,812)
Share based payment under ESS	-	-	-	1	-	(35)	(34)
Transfer from regulatory reserve	-	-	37	-	-	(37)	-
Transfer to retained profits	-	-	-	(6)	-	6	-
At 30 September 2022	120,000	(906)	2,351	8	5,248	61,107	187,808

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

A33. Operations Of Islamic Banking (cont'd.)

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

	Group and Bank	
	30 September	30 September
	2023	2022
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	11,284	7,764
Adjustments for:		
Depreciation of property, plant and equipment	3	4
Amortisation of intangible assets	-	1
Credit loss expense	91	102
Net loss from sale of financial assets at FVTPL	56	-
Net loss from sale of financial investments other than those measured at FVTPL	1	-
Unrealised loss on revaluation of financial assets at FVTPL	173	-
Operating profit before working capital changes	<u>11,608</u>	<u>7,871</u>
Changes in operating assets:		
Financing and advances	(49,671)	(1,839)
Balances due from clients and brokers	(5,405)	1,472
Other assets	(3,003)	110
Changes in operating liabilities:		
Deposits from customers	(96,856)	18,718
Balances due to clients and brokers	631	(3,775)
Other liabilities	44,450	(49,382)
Cash used in operating activities	<u>(98,246)</u>	<u>(26,825)</u>
Taxation and zakat paid	(291)	(340)
Net cash used in operating activities	<u>(98,537)</u>	<u>(27,165)</u>
Cash flows from investing activity		
Purchase of property, plant and equipment	(1)	-
Net (purchase)/sales of securities, representing net cash used in investing activity	<u>(54,523)</u>	<u>74,326</u>
Net investing cash flow	<u>(54,524)</u>	<u>74,326</u>
Net change in cash and cash equivalents	(153,061)	47,161
Cash and cash equivalents at beginning of the financial period	<u>438,476</u>	<u>424,712</u>
Cash and cash equivalents at end of the financial period	<u>285,415</u>	<u>471,873</u>

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	7,865	19,476
Money at call and deposit placements with:		
Licensed Islamic banks	177,550	149,000
Domestic non-bank financial institutions	100,000	270,000
	<u>285,415</u>	<u>438,476</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Certificates	10,138	-
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>110,138</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	60,987	-
(b) Debt instruments:		
Corporate Sukuk	59,426	65,618
Total financial investments at FVOCI	<u>120,413</u>	<u>65,618</u>

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

A33. 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 September 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 September	31 December
2023	2022
RM'000	RM'000

(ii) Financial investments at AC

At cost

(a) Money market instruments:

Malaysian Government Investment Certificates	39,292	39,236
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(b) Debt instruments:

Corporate Sukuk	67,365	77,593
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Total financial investment at AC	106,657	116,829
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Total financial investments other than those measured at FVTPL	227,070	182,447
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(h) Financing and advances		
At AC		
Commodity Murabahah share margin financing		
- Shariah contract - others	14,178	13,311
Commodity Murabahah revolving credit		
- Shariah contract - others	57,913	57,913
Commodity Murabahah term financing		
- Shariah contract - others	75,127	26,323
Gross financing and advances	<u>147,218</u>	<u>97,547</u>
Less: Allowance for ECL	(303)	(55)
Net financing and advances	<u>146,915</u>	<u>97,492</u>
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprise - others	87,138	42,548
Individuals	60,080	54,999
	<u>147,218</u>	<u>97,547</u>
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	<u>147,218</u>	<u>97,547</u>
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	14,178	13,311
Variable rate - Cost plus	133,040	84,236
	<u>147,218</u>	<u>97,547</u>
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Working capital	55,620	57,914
Purchase of securities	34,489	36,618
Others	57,109	3,015
	<u>147,218</u>	<u>97,547</u>

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

A33. Operations Of Islamic Banking (cont'd.)

Group and Bank	
As at	As at
30 September	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	89,537	73,737
More than one year	57,681	23,810
	<u>147,218</u>	<u>97,547</u>

(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	371	-	-	371
Assets derecognised or repaid (excluding write-offs)	(64)	-	-	(64)
Net remeasurement of allowance	(152)	-	-	(152)
As at 30 September 2023	<u>210</u>	<u>-</u>	<u>-</u>	<u>210</u>

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	<u>55</u>	<u>-</u>	<u>-</u>	<u>55</u>

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

A33. Operations Of Islamic Banking (cont'd.)

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

(i) Other Assets

Income receivables	5,470	2,433
Prepayment	12	6
Other receivables	50	89
Less: Allowance for ECL	(27)	(54)
	5,505	2,474

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	5	-	5
Assets derecognised or repaid (excluding write-offs)	-	(3)	(3)
Transfer of stages	(5)	5	-
Net remeasurement of allowance	-	(29)	(29)
As at 30 September 2023	1	26	27

	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	1	53	54

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

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(j) Deposits from customers		
(i) By type of deposit		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	376,046	472,902
	<u>376,046</u>	<u>472,902</u>
(ii) By type of customers		
Domestic non-bank institutions	198,859	264,126
Government and other statutory bodies	89,020	100,000
Business enterprises	74,047	93,560
Individuals	749	670
Subsidiary companies	13,371	14,546
	<u>376,046</u>	<u>472,902</u>
(iii) By maturity		
Due within six months	334,945	372,902
Due more than six months	41,101	100,000
	<u>376,046</u>	<u>472,902</u>
(k) Other liabilities		
Mudarabah Specific Investment Account	13,946	12,237
Profit payable	956	2,123
Other payable	180,520	136,608
	<u>195,422</u>	<u>150,968</u>

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

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
(I) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	396	507	1,438	1,558
Deposits placements with financial institutions	3,013	2,297	9,242	6,092
Financial investment other than those measured at FVTPL	3,345	2,162	7,182	6,795
Accretion of discount	(247)	(93)	(420)	(267)
Others	1	-	4	2
	6,508	4,873	17,446	14,180
Other operating income/(loss)				
Net loss on sale of financing assets at FVTPL	(173)	-	(228)	-
Unrealised gain on revaluation of financial assets at FVTPL	85	-	-	-
Net loss on sale of financial investments other than those measured at FVTPL	-	-	(1)	-
Fees on financing and advances	36	32	107	301
Brokerage fee	954	698	2,561	2,594
Profit income from financial assets at FVTPL	1,154	895	3,754	2,231
Advisory fee	110	121	214	218
Direct trading fees expense	(10)	(27)	(88)	(72)
Other operating income	779	-	1,051	-
Other non-operating income	-	5	4	13
	2,935	1,724	7,374	5,285
Total income derived from investment of depositors' funds	9,443	6,597	24,820	19,465

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

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,986	1,334	4,293	3,253
Financial investments other than those measured at FVTPL	(817)	683	39	1,585
Accretion of discounts	78	(63)	(4)	(144)
	<u>1,247</u>	<u>1,954</u>	<u>4,328</u>	<u>4,694</u>
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	4,260	3,820	11,322	11,190
Others	1,055	745	3,080	1,943
	<u>5,315</u>	<u>4,565</u>	<u>14,402</u>	<u>13,133</u>
(o) Personnel costs				
- Salaries, wages, allowances and bonus	164	160	490	478
- EPF	25	25	76	75
- Other staff related expenses	18	14	66	44
	<u>207</u>	<u>199</u>	<u>632</u>	<u>597</u>
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	1	2	3	4
- Office rental	14	14	43	43
- Others	9	3	20	12
	<u>24</u>	<u>19</u>	<u>66</u>	<u>60</u>
Marketing and travelling expenses				
- Advertisement and promotions	-	-	1	-

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

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	3 months ended	3 months ended	9 months ended	9 months ended
	RM'000	RM'000	RM'000	RM'000
Administration and general expenses				
- Fees and brokerage	183	134	482	426
- Support service charges	994	484	1,523	1,452
- Shariah committee expenses	105	45	160	136
- Others	(469)	66	94	193
	<u>813</u>	<u>729</u>	<u>2,259</u>	<u>2,207</u>
Total other overhead expenses	<u>837</u>	<u>748</u>	<u>2,326</u>	<u>2,267</u>

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

(q) Capital adequacy

CET 1 / Tier 1 Capital

Islamic Banking funds	120,000	120,000
Retained profits	63,334	63,780
Other intangibles		
Other reserves	7,884	7,216
Less:		
Intangible assets	(2)	(2)
Deferred tax	(2)	(115)
Regulatory reserves	(2,704)	(2,261)
Total CET 1 / Tier 1 capital	<u>188,510</u>	<u>188,618</u>

Tier 2 Capital

General provisions	<u>3,008</u>	<u>2,446</u>
Total Tier 2 capital	<u>3,008</u>	<u>2,446</u>
Total capital	<u>191,518</u>	<u>191,064</u>

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

A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(q) Capital adequacy		
CET 1 capital ratio	63.946%	71.578%
Tier 1 capital ratio	63.946%	71.578%
Total capital ratio	<u>64.966%</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 September 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	714,765	260,012	756,603	234,543
Market risk	-	5,829	-	-
Operational risk	-	28,955	-	28,971
Total Risk Weighted Assets	<u>714,765</u>	<u>294,796</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 September 2023 RM'000	As at 31 December 2022 RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	7,322	9,439
Other commitments with an original maturity of less than 1 year:		
- corporate financing	64,731	68,350
Other commitments with an original maturity of more than 1 year:		
- corporate financing	47,750	-
	<u>119,803</u>	<u>77,789</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	219,708	181,796	597,761	543,631
Net income	176,036	158,354	472,764	467,200
Profit before tax	28,175	17,363	63,946	59,148
Profit after tax	23,613	5,730	50,668	41,287

The Group reported higher revenue and profit before tax ('PBT') for 3Q23 as compared to 3Q22 mainly due to higher gross interest income, brokerage fees income and trading and investment income.

The Group reported higher revenue and PBT for 9M23 as compared to 9M22 mainly due to higher trading and investment income, credit loss reversal as well as higher share of profit of associates and joint ventures.

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	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	79,245	52,456	221,668	209,806
Net income	73,322	48,337	204,931	200,318
Profit/(Loss) before tax	1,025	(18,471)	5,746	(7,565)

Higher revenue and PBT was recorded by the stockbroking segment for 3Q23 as compared to 3Q22 mainly due to the higher brokerage fee and trading and investment income.

For 9M23, PBT was recorded compared to LBT in 9M22 mainly due to reversal of credit loss expenses for margin clients as a result of improvement in share collateral value and repayment from clients and bad debt recoveries.

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

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	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	62,141	50,436	170,576	133,499
Net income	21,379	20,668	55,291	55,374
Profit before tax	5,183	4,726	8,568	10,187

Investment Banking ("IB") registered higher revenue and PBT for 3Q23 but lower PBT for 9M23 as compared to the corresponding periods last year despite recording higher investment banking fee income as it was partially offset by higher provision of credit loss expenses.

Investment and Wealth Management:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	71,383	74,043	188,559	191,747
Net income	70,253	72,217	184,596	188,497
Profit before tax	13,417	19,786	34,539	48,303

Investment and Wealth Management has achieved lower net income and PBT for both periods 3Q23 and 9M23 as compared to the corresponding periods last year mainly due to lower management fees income and higher expenses as a result of increase in personnel cost due to larger sales force, information technology expenses and marketing activities. Besides, there was credit loss expenses of RM4.9mil provided in current year due to non-trade impairment.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	6,288	5,764	18,278	15,280
Net income	5,728	5,224	16,542	13,891
Profit before tax	1,945	879	5,134	1,189

Listed derivatives business has registered significant higher PBT for both periods 3Q23 and 9M23 as compared to the corresponding period in the previous year largely due to the higher interest income generated as a result of improved interest rate.

Money Lending and Financing:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	604	2,165	2,983	6,526
Net income	569	1,552	7,094	4,604
(Loss)/Profit before tax	(72)	347	6,414	915

LBT was recorded by Money Lending and Financing segment for 3Q23 compared to 3Q22 mainly due to lower interest income and fees income generated subsequent to the partial disposal of its interest in its previous subsidiary, KCI and lower loan disbursement to KC clients.

Likewise, it has recorded higher PBT for 9M23 as compared to 9M22 mainly due to dividend income and gain on the disposal of the subsidiary, KCI.

Corporate and others:

	Individual period		Cumulative periods	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2023 (3Q23)	30 September 2022 (3Q22)	30 September 2023 (9M23)	30 September 2022 (9M22)
(RM'000)				
Revenue	6,648	3,211	13,456	1,610
Net income	5,261	20,213	11,767	16,127
Profit before tax	6,161	18,971	7,278	14,585

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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.)

Lower PBT was recorded for 3Q23 for this segment mainly due to gain on disposal of an associate recorded in same quarter last year.

Higher revenue were recorded for 9M23 as compared to 9M22 mainly from higher interest and trading and investment income. However, the income was partially negated by higher overheads incurred for digitalisation initiatives.

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

Current quarter versus previous quarter

Group:

(RM'000)	Current quarter	Previous quarter
	3 months ended 30 September 2023 (3Q23)	3 months ended 30 June 2023 (2Q23)
Revenue	219,708	198,259
Net income	176,036	155,507
Profit before tax	28,175	23,324
Profit after tax	23,613	16,698

For 3Q23, the Group has recorded higher revenue and PBT as compared to previous quarter ended 30 June 2023 mainly due to higher net brokerage fee income, investment banking fee income and mangament fee income, partially offset by higher overheads and additional ECL provided.

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B3. Prospects

The domestic economy is expected to sustain its momentum and to expand in the fourth quarter of 2023, with a forecasted Gross Domestic Product "GDP" growth rate of 3.7% following a better than expected growth of 3.3% in the previous quarter. The growth expansion is set to receive a boost from several factors, including strong domestic demand during year-end festive holidays, and increased tourist arrivals and spending. Additionally, sustained expansion in the services sector, the acceleration of government multi-year infrastructure projects, and a robust labour market will further contribute to this growth.

However, the pace of growth is anticipated to be limited due to the effects of a global economic slowdown, driven by the impact of a higher interest rate environment among advanced economies. Additionally, there are potential downward pressures on growth, such as the impact of an escalation of the Israel-Palestinian conflict as well as the extended Ukraine-Russia war. The combination of these geopolitical factors, along with a slower recovery Chinese economy, may exert pressure on global commodity prices and result in a continued weak export performance. Against this backdrop, our 2023 GDP growth forecast is projected to settle at 3.5% - 4.0% (2022: 8.7%), in line with the federal government's revised projection of 4.0% from 4.5%. For 2024, growth is projected to expand to 4.9% (MoF: 4.0% - 5.0%).

On the monetary policy outlook, BNM is expected to maintain the overnight policy rate (OPR) at 3.00% throughout 2024 as we believe the central bank has reached its normalisation cycle, with the policy rate now returning to pre-pandemic level and its neutral rate. This is also mainly due to the moderating trend in the inflation outlook and the rising risk of a global economic slowdown brought by the higher interest rate environment.

As market conditions remain challenging, the Group will continue to monitor the uncertainties in market environment to ensure our core businesses remain resilient.

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B4. Variance From Profit Forecast And Profit Guarantee

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

B5. Taxation and zakat

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(3,834)	(11,583)	(11,850)	(9,433)
Deferred taxation	(728)	(50)	(1,428)	(8,428)
Total	(4,562)	(11,633)	(13,278)	(17,861)

The effective tax rate of the Group for the current financial period ended 30 September 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	104	1,454	(82)	1,326
Deferred taxation	(2,340)	(80)	(4,350)	(3,275)
Total	(2,236)	1,374	(4,432)	(1,949)

The effective tax rate of the bank for the current financial periods ended 30 September 2023 was higher than the statutory tax rate principally due to non-deductibility of certain expenses for tax purpose.

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B6. Borrowings

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Secured				
Revolving bank loan*				
- Within one year	-	8,000	-	8,000
- More than one year	-	-	-	-
	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Unsecured				
Revolving bank loans*				
- Within one year	9,000	17,500	-	-
Subordinated notes*				
- More than one year	180,500	180,500	180,500	180,500
	<u>189,500</u>	<u>198,000</u>	<u>180,500</u>	<u>180,500</u>
	<u>189,500</u>	<u>206,000</u>	<u>180,500</u>	<u>188,500</u>

* All borrowings are denominated in RM

B7. Dividend

The Company had, after obtaining Bank Negara Malaysia's approval, made an announcement to Bursa Malaysia Securities Berhad on 24 February 2023 in respect of the declaration of 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.

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B8. Earnings per share

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2023 RM'000	3 months ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
Profit for the period attributable to equity holders of the Bank	23,613	5,522	50,558	40,656
Weighted average number of ordinary shares in issue ('000)	723,902	726,522	723,061	727,832
Effects of dilution	-	-	1,994	4,908
Adjusted weighted average number of ordinary shares in issue ('000)	723,902	726,522	725,055	732,740
Earnings per share (sen)				
- basic	3.26	0.76	6.99	5.59
- fully diluted	3.26	0.76	6.97	5.55

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

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B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 30 September 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	26,233	26,256	28,438	29,449
Equity related contract- swaps	11,327	426	64,187	3,295
Equity related contract- forwards	51,342	48,721	57,354	52,463
Dual currency investment- options	6,390	10	2,126	10
	95,292	75,413	152,105	85,217
<u>Derivative financial liabilities</u>				
Equity related contract- options	329,307	40,699	159,722	15,688
Equity related contract- swaps	43,483	2,759	11,438	798
Equity related contract- forwards	35,738	3,620	-	-
Dual currency investment- options	6,390	10	2,126	10
	414,918	47,088	173,286	16,496

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

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

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

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B11. Derivative financial instruments (Cont'd.)

Types of derivative financial instruments

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

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

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

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

Purposes of engaging in derivative financial instruments

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

Loss arising from fair value changes of derivative financial instruments

The unrealised loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM15,592,144 (2Q23 gain: RM17,468,320). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

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B12. Contingent liabilities

Group and Bank	
30 September	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.