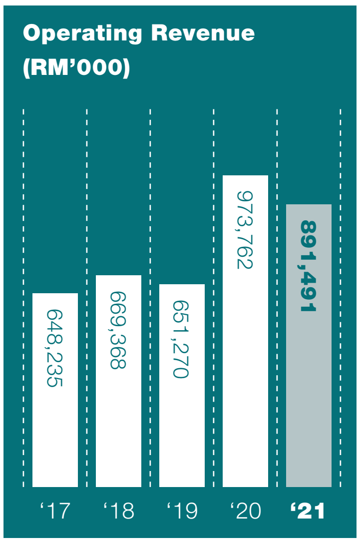
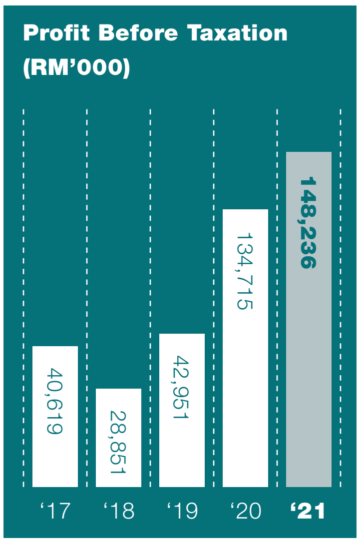
Financial Statements

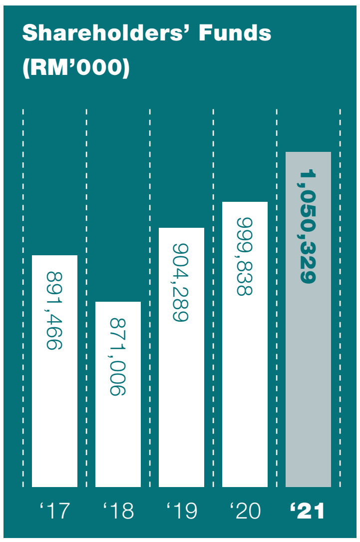
Five (5)-Year Group Financial Summary

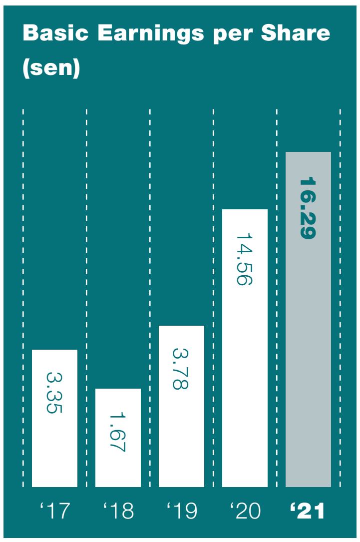
	2021 RM'000	2020 RM'000	2019 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
RESULTS					
Operating revenue	**891,491**	973,762	651,270	669,368	648,235
Profit before taxation continuing operations	**148,236**	134,715	42,951	28,851	40,619
Profit after taxation for the financial year attributable to equity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

Five (5)-Year Group Financial Highlights









Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of Kenanga Investment Bank Berhad ("the Bank" or "KIBB") and its subsidiaries ("the Group" or "Kenanga Group") for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the investment banking business, provision of stockbroking and related financial services. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

RESULTS

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

There were no material transfers to or from reserves or provisions during the financial year other than those that have been disclosed in the statements of profit or loss and other comprehensive income and the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

Subsequent to financial year end, on 24 February 2022, the Directors declared a total single tier interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising ordinary interim dividend of 4.00 sen per share and special interim dividend of 6.50 sen per share amounting to a dividend payable of approximately RM77,255,073. This is computed based on issued and paid-up capital as at 31 December 2021 of 735,762,599 ordinary shares. The actual amount of dividend to be paid will depend on the number of shares in issue at the date of entitlement.

The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

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

The Kenanga Group ESS is governed by the by-laws approved by the shareholders of the Bank at an Extraordinary General Meeting held on 25 May 2017. The ESS was implemented on 21 September 2017. It is valid for a period of five (5) years from its commencement date, and is administered by the ESS Committee. The ESS has been extended for another five (5) years from 21 September 2022 to 20 September 2027 in accordance with the provisions of the By-Laws of the ESS.

The aggregate maximum number of the shares which may be made available by the Bank under the Scheme shall not in aggregate exceed 10% of the issued share capital of the Bank (excluding treasury shares) at any point in time during the duration of the Scheme.

Other principal features of the ESS are as follows:

(i) The employees eligible to participate in the ESS must be at least eighteen (18) years of age on the Award date and are employed by, and are on the payroll of the Kenanga Group and are confirmed in service. The ESS applies to the Bank and its non-dormant subsidiary companies.

(ii) The entitlement under the ESS for the Executive Directors is subject to the approval of the shareholders in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participation in the Scheme.

The ESS encompasses two (2) primary schemes in the form of Employees' Share Option Scheme ("ESOS") and Employee Share Grant Plan ("ESGP").

The actual allocation of share options to senior management of the Group over the maximum ESS shares is 35.72% as at 31 December 2021.

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

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

ISSUANCE OF SHARES

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

BUSINESS REVIEW FOR 2021

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

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

STOCKBROKING

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

INVESTMENT BANKING

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

INVESTMENT AND WEALTH MANAGEMENT

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

FUTURES

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

MONEY LENDING AND FINANCING

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

CAPITAL RATIOS

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

OUTLOOK AND PROSPECTS FOR 2022

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

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

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

OUTLOOK AND PROSPECTS FOR 2022 (CONT'D.)

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

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

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

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

INDEMNIFICATION OF DIRECTORS

The Bank has maintained a Directors and Officers Liability Insurance on a group basis up to the aggregate limit of RM30.0 million against any legal liability incurred by the Directors and officers in the discharge of their duties while holding office for the Group. The Directors and officers shall not be indemnified by such insurance for any gross negligence, fraud, intentional breach of law or breach of trust proven against them. The total amount of insurance premium paid for the Directors and Officers of the Bank for the current financial year was RM59,500.

DIRECTORS

The names of the Directors of the Bank in office since the beginning of the financial year and at the date of this report are:

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

The names of the Directors of the Group's subsidiaries who served the respective Boards of the subsidiaries since the beginning of the current financial year to the date of this report are disclosed in Note 53 to the financial statements.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors of the Bank as shown in Note 39 of the financial statements or from related corporations) by reason of a contract made by the Bank or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' INTERESTS

According to the register of Director's shareholdings, the interests of Directors in office at the end of the financial year, in shares of the Bank, are as follows:

The Bank:	**Number of ordinary shares**			
	At 1.1.2021	**Addition**	**Disposal**	**At 31.12.2021**
Direct interest:				
Luigi Fortunato Ghirardello	631,700	-	-	631,700
Norazian Binti Ahmad Tajuddin	10,000	-	-	10,000
Kanagaraj Lorenz	212,300	175,700	-	388,000
Jeremy Bin Nasrulhaq	187,900	-	-	187,900

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Bank or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business as disclosed in Note 42 and Note 43 to the financial statements.

(f) In the opinion of the Directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due, other than those arising in the normal course of business as disclosed in Note 42 and Note 43 to the financial statements; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

Directors' Report

COMPLIANCE WITH BANK NEGARA MALAYSIA'S POLICY DOCUMENT ON FINANCIAL REPORTING

The Directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the BNM's Policy Document on Financial Reporting.

SIGNIFICANT AND SUBSEQUENT EVENTS

There was no significant event during the financial year and subsequent to the financial year ended 31 December 2021 other than the event disclosed in Note 55 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Messrs. Ernst & Young PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 33 to the financial statements.

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

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail

Jeremy Bin Nasrulhaq

Kuala Lumpur, Malaysia

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail and Jeremy Bin Nasrulhaq, being two (2) of the Directors of Kenanga Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 148 to 351 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail

Jeremy Bin Nasrulhaq

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Cheong Boon Kak, being the officer primarily responsible for the financial management of Kenanga Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 148 to 351 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Cheong Boon Kak
at Kuala Lumpur in the Federal Territory
on 3 March 2022.

Cheong Boon Kak
(MIA No: 10259)

Before me,

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kenanga Investment Bank Berhad ("the Bank"), which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 148 to 351.

In our opinion, the accompanying financial statements of the Group and of the Bank give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Bank for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matters below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (cont'd.)

Risk area and rationale	Our response
<u>*Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss*</u>	
As at 31 December 2021, loans, advances and financing represent RM1,755,413 or 27.66% and RM1,749,615 or 29.81% of the total assets of the Group and of the Bank respectively, and the instruments carried at amortised cost and fair value through other comprehensive income represent RM951,234 or 14.82% and RM951,234 or 16.21% of the total assets of the Group and of the Bank respectively. MFRS 9 requires the Group and the Bank to account for impairment losses on loans, advances and financing, and investments carried at amortised cost and fair value through other comprehensive income using forward-looking expected credit loss ("ECL") approach. The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward looking macroeconomic factors and probability-weighted scenarios.	Our audit procedures included the assessment of key controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of the loans, advances and financing and the investments. We assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures under MFRS 9 in accordance with credit quality), impairment measurement methodologies, governance for development, maintenance and validation of ECL models, inputs, basis and assumptions used by the Group and the Bank in staging the credit exposures and calculating the ECL. For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Group and the Bank for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's and the Bank's credit risk management practices. For the measurement of ECL, we assessed and tested reasonableness of the Group's and the Bank's ECL models, including model input, model design and model performance and management overlays for significant portfolios. We challenged whether historical experience is representative of current circumstances amid the COVID-19 pandemic environment and of the recent losses incurred in the portfolios and assessed the reasonableness of forward looking adjustments, macroeconomic factor analysis and probability-weighted scenarios, and the use of management overlays which require substantial judgment.
Refer to the summary of significant accounting policies in Note 3.4(k)(ii), significant accounting judgements, estimates and assumptions in Note 4(iii), the disclosures of loans, advances and financing and investments in Notes 9 and 7 to the financial statements. COVID-19 created new vulnerabilities, unprecedented challenges and the future outlook remains highly uncertain. These changes in economic conditions have been reflected in the macroeconomic assumptions supporting the ECL models on a reasonable and supportable basis. In addition, as it is difficult at this time to incorporate the specific effects of COVID-19 into the ECL models, the Group and the Bank have applied management overlay adjustments as further detailed in Note 4(iii) to the financial statements.	We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed, tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. With respect to individually assessed ECL which are mainly in relation to the impaired assets in Stage 3, we reviewed and tested a sample of loans, advances and financing and investments to evaluate the timely identification by the Group and the Bank of exposures with significant deterioration in credit quality or which have been impaired. In response to COVID-19 pandemic, we included borrowers/customers which are more vulnerable to the pandemic in our risk-based sampling approach to perform loan review procedures. For cases where impairment has been identified, we assessed the Group's and the Bank's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available. We also assessed whether the financial statement disclosures are adequate and appropriately reflect the Group's and the Bank's exposures to credit risk.

Independent Auditors' Report

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

Key audit matters (cont'd.)

Risk area and rationale	Our response
Impairment of goodwill	
As at 31 December 2021, the goodwill recognised in the financial statements of the Group and of the Bank are RM241.28 million or 3.76% and RM252.91 million or 4.31% respectively. Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group and the Bank are required to annually test the amount of goodwill for impairment. These involve management judgement and are based on assumptions that are affected by expected future market and economic conditions. Refer to summary of significant accounting policies in Note 3.4(e)(i), significant accounting estimates and judgment in Note 4(i) and the disclosure of intangible assets in Note 17 to the financial statements.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Bank in performing the impairment assessment. We tested the basis of preparing the cash flow forecasts taking into account the back testing results on the accuracy of previous forecasts and the historical evidence supporting underlying assumptions. We assessed the appropriateness of the other key assumptions, such as the growth rates used to extrapolate the cash flows and the discount rates applied, by comparing against internal information, external economic and market data amid the COVID-19 pandemic environment. We assessed the sensitivity analysis performed by management on the key inputs to the impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts. We also reviewed the adequacy of the Group's and the Bank's disclosures within the financial statements about those key assumptions to which the VIU is most sensitive.
Valuation of investments in unquoted equity instruments	
As at 31 December 2021, the carrying values of the Group's and Bank's investments in unquoted securities classified as fair value through profit or loss and fair value through other comprehensive income amounted to RM1.5mil and RM156.5mil and RM1.5mil and RM155.8mil respectively. The valuation of unquoted investments involved a range of judgement and estimates which are based on current and future market and economic conditions. As the fair values of unquoted financial investments cannot be obtained directly from active markets, they are determined using the market and income approach, as well as the adjusted net asset method. Each approach has its own inputs and valuation technique in determining the fair value. The Group uses a variety of valuation techniques appropriate in the circumstances that include the use of financial models. The inputs to these models are taken from relevant observable inputs where possible, and minimised the use of unobservable inputs. Such inputs include using prices and other relevant information of comparable peer companies, prices of recent transactions involving similar instruments and adjusted net assets amount. Judgements include considerations such as selection of comparable peer companies, growth rates and discount rates. Refer to summary of accounting policies in Note 3.4(j), significant accounting judgements, estimates and assumptions in Note 4 (ii) and the disclosures of fair value of financial instruments in Note 51 to the financial statements.	Our audit procedures include reviewing and evaluating management's rationale for selecting and using the valuation models to assess if the use of such models was appropriate. We assessed the accuracy and appropriateness of market observable inputs. Our audit procedures also included, among others, understanding management's controls related to the development and calibration of any model used, challenged and assessed the assumptions used, taking into account historical evidence supporting underlying assumptions and comparing internal information against external economic and market data amid the COVID-19 environment. As the fair values are sensitive towards changes to some of the key inputs, we also assessed the impact that reasonable alternative assumptions would have on the overall carrying amounts. We also reviewed the adequacy of the Group's disclosures within the financial statements about those key assumptions to which the fair value is most sensitive.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the Directors' Report.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of directors for the financial statements

The directors of the Bank are responsible for the preparation and fair presentation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditors' responsibility for the audit of the financial statements (cont'd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT.
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
03276/07/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
3 March 2022

Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful.

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Skim Perbankan Islam of Kenanga Investment Bank Berhad ("KIBB SPI") during the financial year ended 31 December 2021. We have also conducted our review to form an opinion as to whether KIBB SPI has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of KIBB is responsible for ensuring that KIBB SPI conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of KIBB SPI, and to report to you.

We have assessed the work carried out by Shariah review which included examining, on a test basis, each type of transaction, the relevant documentation adopted by KIBB SPI.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that KIBB SPI has not violated the Shariah principles.

In our opinion:

(1). The contracts, transactions and dealings entered into by KIBB SPI during the financial year ended 31 December 2021 that we have reviewed are in compliance with the Shariah principles;

(2). The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;

(3). Money which derived from the gharamah (penalty) has been channeled to the eligible beneficiaries;

(4). Relating to the financial year 2020, KIBB SPI has made a zakat payment on its business to two (2) states zakat authorities and the zakat is computed using the profit and loss method. The beneficiaries of the zakat fund were Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan and Lembaga Zakat Selangor; and

(5). Nothing has come to the Shariah committee's attention that causes the Shariah committee to believe that the operations, business, affairs and activities of KIBB SPI involve any material Shariah non-compliances.

We, the members of the Shariah Committee of KIBB, do hereby confirm that the operations of KIBB SPI for the financial year ended 31 December 2021 have been conducted in conformity with the Shariah principles.

Chairman of the Shariah Committee:

Dr. Ghazali Jaapar

Shariah Committee Member:

Dr. Mohammad Firdaus Mohammad Hatta

Dr. Fadillah Mansor

Consolidated Statement of Financial Position

As at 31 December 2021

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

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

Statement of Financial Position

As at 31 December 2021

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

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

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

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

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

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

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

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

Statement of Changes in Equity

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

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

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

Statements of Cash Flows

For the financial year ended 31 December 2021

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

Statement of Changes in Equity

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

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

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

Notes to the Financial Statements
31 December 2021

1. CORPORATE INFORMATION

The Bank is principally engaged in the investment banking business, provision of stockbroking and related financial services.

The Bank is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur.

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

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

2. CHANGES IN ACCOUNTING POLICIES AND REGULATORY REQUIREMENT

2.1 New and amended Malaysian Financial Reporting Standards ("MFRSs") adopted

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended MFRSs, which became effective for the Group and the Bank during the current financial year:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 4, MFRS 9, MFRS 139, MFRS 7 and MFRS 16)

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

The adoption of the new and amended MFRSs did not have any significant impact on the financial position or performance of the Group and of the Bank other than the impacts disclosed below:

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

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

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

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

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

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

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

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

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

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

2.2 Standards issued but not yet effective

The following are new MFRSs, amended MFRSs and Interpretation Committee's ("IC") Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that will be effective for the Group and the Bank in future years. The Group and the Bank intend to adopt the relevant standards when they become effective.

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

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

3. ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared on a historical cost basis unless otherwise indicated.

3.2 Statement of compliance

The financial statements of the Group and of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act, 2016 in Malaysia.

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency and all values are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

3.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at the reporting date.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Bank and consistent accounting policies are applied for like transactions and events in similar circumstances.

The Bank controls an investee if and only if the Bank has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting rights of an investee, the Bank considers the following in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Bank, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

Subsidiaries are fully consolidated from the date of acquisition, being the date of which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets and liabilities of the subsidiary and any differences is recognised in profit or loss. The subsidiary's cumulative gain and loss which have been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed to income statement and disclosed under administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree on previous acquisition date is remeasured to fair value at the later stage's acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net assets of the subsidiary acquired. The accounting policy for goodwill is set out in Note 3.4(e)(i).

For business combinations involving entities or businesses under common control, the Group applies the merger (or common control) accounting, whereby no assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. No new goodwill arises in merger accounting.

The acquirer incorporates the acquired entity's results and balance sheet prospectively from the date on which the business combination between entities under common control occurred. Prior financial period's numbers are restated to reflect as if these entities have been under common control since the beginning of the earliest financial period presented in the financial statements.

Merger accounting may lead to a difference between the cost of the transaction and the carrying value of the net assets. The difference is recorded in reorganisation reserve.

(b) Subsidiaries

In the Bank's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the investment cost over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate is recognised in the Group's financial statements only to the extent of unrelated investors' interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associate are prepared as of the same reporting date as the Bank. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Bank's separate financial statements, investment in associate is accounted for at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Investment in jointly controlled entity

Jointly controlled entities are entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(e) Goodwill and intangible assets

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(l).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the financial year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embedded in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

3. ACCOUNTING POLICIES (CONT'D.)

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

(e) Goodwill and intangible assets (cont'd.)

(ii) Other intangible assets (cont'd.)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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

Computer software and licence	14.28% to 33.33%

(f) Financial instruments – initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to clients, are initially recognised on the trade date, i.e., the date that the Group and the Bank become a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to clients when settlement has yet to be made on outstanding contracts which have entered into on behalf of the clients.

(i) Initial recognition and subsequent measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 3.4(g)(i). Financial instruments are initially measured at their fair value (as defined in Note 3.4(j)), except in the case of financial assets and financial liabilities recorded at fair value through profit or loss ("FVTPL"), transaction costs are added to, or subtracted from this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

(ii) Day 1 profit or loss

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

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(iii) Measurement categories of financial assets and liabilities

The Group and the Bank classify all of their financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

(a) Amortised cost, as explained in Note 3.4(g)(i)
(b) FVOCI, as explained in Notes 3.4(g)(v) and 3.4(g)(vi)
(c) FVTPL, as explained in Notes 3.4(g)(iv) and 3.4 (g)(viii)

The Group and the Bank classify and measure their derivative and trading portfolio at FVTPL as explained in Notes 3.4(g)(ii) and 3.4(g)(iv). The Group and the Bank may designate financial instruments at FVTPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 3.4(g)(viii).

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 3.4(g)(viii).

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(g) Financial assets and liabilities

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

The Group and the Bank measure amounts due from banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

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

The details of these conditions are outlined below.

(1) Business model assessment

The Group and the Bank determine their business model at the level that best reflects how they manage groups of financial assets to achieve their business objective.

The Group's and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key entity's management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's and the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward, unless it has been determined that there has been a change in the original business model.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

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

(2) The SPPI test

The Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. For the SPPI assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e. the 'underlying');

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors; and

- It is settled at a future date.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

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

The Bank enters into derivative transactions with various counterparties. These include equity swaps, forward foreign exchange contracts and options on foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

(iii) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in financial liability or a non-financial host are separated from the host and accounted for as separate derivatives if:

a) the economic characteristics and risks are not closely related to the host;

b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative (as defined above); and

c) the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Financial assets are classified based on the business model and SPPI assessments as outlined in Notes 3.4(g)(i)(1) and 3.4(g)(i)(2).

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(iv) Financial assets or financial liabilities held for trading

The Group and the Bank classify financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense are recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities and short positions that have been acquired principally for the purpose of selling or repurchasing in the near term.

(v) Debt instruments at FVOCI

The Group and the Bank classify debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 3.4(s)(ii). The ECL calculation for debt instruments at FVOCI is explained in Note 3.4(k)(ii). Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

(vi) Equity instruments at FVOCI

Upon initial recognition, the Group and the Bank have the option to elect to classify irrevocably some of their equity investments as equity instruments at FVOCI when they meet the definition of Equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity instruments classified as FVOCI are measured at fair value. Any gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group and the Bank benefit from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(vii) Debt issued and other borrowed funds

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

Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate ("EIR"). A compound financial instrument which contains both a liability and an equity component is separated at the issue date in the issuer's financial statements.

(viii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under MFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in other operating income, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

(ix) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group and the Bank are required to provide a loan or financing with pre-specified terms to the customer. These contracts fall under the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan or financing agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 9.2(d).

The Group and the Bank occasionally issue loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL allowance (as explained in Notes 3.4(k)(i) and 50(a)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

3. ACCOUNTING POLICIES (CONT'D.)

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

(h) Reclassification of financial assets and liabilities

The Group and the Bank have not reclassified their financial assets and financial liabilities subsequent to their initial recognition, apart from the exceptional circumstances in which the Group and the Bank acquire, dispose of, or terminate a business line.

(i) Derecognition of financial assets and liabilities

(a) Derecognition due to substantial modification of terms and conditions

The Group and the Bank derecognise a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated substantially to the extent that, it becomes a new loan, with the difference in fair value recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired (“POCI”).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group and the Bank consider the following factors:

- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

(b) Derecognition other than for substantial modification - Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group and the Bank also derecognise the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition as follows:

- The Group and the Bank have transferred their contractual rights to receive cash flows from the financial asset; or
- They retain the rights to the cash flows, but have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement.

3. ACCOUNTING POLICIES (CONT'D.)

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

(i) Derecognition of financial assets and liabilities (cont'd.)

(b) Derecognition other than for substantial modification - Financial assets (cont'd.)

Pass-through arrangements are transactions whereby the Group and the Bank retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group and the Bank have no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group and the Bank cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group and the Bank have to remit any cash flows it collect on behalf of the eventual recipients without material delay. In addition, the Group and the Bank are not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group and the Bank have transferred substantially all the risks and rewards of the asset; or
- The Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Bank consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Bank have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's and the Bank's continuing involvement, in which case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group and the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group and the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3. ACCOUNTING POLICIES (CONT'D.)

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

(i) Derecognition of financial assets and liabilities (cont'd.)

(c) Derecognition other than for substantial modification - Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(j) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Bank use valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 51.

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes from Bloomberg.

3. ACCOUNTING POLICIES (CONT'D.)

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

(k) Impairment of financial assets

(i) Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the financial instruments (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL") as outlined in Note 3.4(k)(ii).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group and the Bank have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 50(a).

General approach

The Group and the Bank group their loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans or assets are first recognised, the Group and the Bank recognise an allowance based on 12mECLs. Stage 1 loans or assets also include facilities where the credit risk has improved and the loan or the assets has been reclassified from Stage 2.

- Stage 2: When a loan or an asset has shown a significant increase in credit risk ("SICR") since origination, the Group and the Bank record an allowance for the LTECLs. Stage 2 loans or assets also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans or assets which considered credit-impaired (as outlined in Note 50(a)). The Group and the Bank record an allowance for the LTECLs.

- POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group and the Bank have no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Overview of the ECL principles (cont'd.)

Simplified approach

The simplified approach does not require tracking change in credit risk, but instead requires a loss allowance to be recognised based on lifetime ECLs at each reporting date.

The simplified approach is required for trade receivables or contract assets that do not contain a significant financing component.

However, either the general approach or the simplified approach can be applied separately, as an accounting policy choice, for:

- All trade receivables or contract assets that result from transactions within the scope of MFRS 15 *Revenue from Contracts with Customers* and that contain a significant financing component.

- All lease receivables that result from transaction that are within the scope of MFRS 16 *Leases*.

(ii) The calculation of ECLs

The Group and the Bank calculate ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at original EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the Bank in accordance with the contract and the cash flows that the Group and the Bank expect to receive.

The key elements of the ECL calculations are outlined as follows:

- PD — The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 50(a).

- EAD — The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 50(a).

- LGD — The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 50(a).

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) The calculation of ECLs (cont'd.)

When estimating the ECLs, the Group and the Bank consider three scenarios (a base case, an upside or a downside). When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group and the Bank have the legal right to call it earlier, or when the asset is revolving in nature, as further explained in Note 50(a).

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group and the Bank calculate the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

  These expected 12-month default probabilities (PD) are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When a loan or an asset has shown a SICR since origination, the Group and the Bank record an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PD and LGD are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For loans or assets considered credit-impaired, the Group and the Bank recognise the lifetime expected credit losses for these loans or assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Group and the Bank only recognise the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR.

- Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group and the Bank estimate the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(iii) Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

(iv) Purchased or originated credit impaired financial assets ("POCI")

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

(v) Forward looking information

In their ECL models, the Group and the Bank rely on a broad range of forward looking information as economic inputs, such as:

- Gross Domestic Products ("GDP") growth rate; and
- KLCI

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and multiple-scenario analysis are provided in Note 50(a).

(vi) Collateral valuation

To mitigate its credit risks on financial assets, the Group and the Bank seek to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's and the Bank's accounting policy for collateral assigned to it through its lending arrangements is such that collateral, unless repossessed, is not recorded on the Group's and the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a monthly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group and the Bank use active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as real estate valuers, or based on housing price indices.

3. ACCOUNTING POLICIES (CONT'D.)

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

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

(vii) Collateral repossessed

The Group's and the Bank's policy are to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's and the Bank's policy.

In its normal course of business, the Group and the Bank do not physically repossess properties or other assets in their retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

(viii) Write-offs

Financial assets are written off either partially or in their entirety only when the Group and the Bank have stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

(ix) Rescheduled and restructured ("R&R") loans

The Group and the Bank sometimes make concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or otherwise enforce collection of collateral. The Group and the Bank consider a loan as R&R when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns. A rescheduling and restructuring of a loan may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's and the Bank's policy to monitor impaired R&R loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage3 (credit-impaired) asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group and the Bank also reassess whether there has been a significant increase in credit risk, as set out in Note 50(a). Where a credit-impaired loan has been classified as R&R, the loan will continue to be classified as impaired until repayments based on the rescheduled or restructured terms have been observed continuously for a period of 6 months.

3. ACCOUNTING POLICIES (CONT'D.)

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

(l) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine that asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(m) Cash and cash equivalents

Cash and cash equivalents as stated in the statements of cash flows comprise cash and short-term funds and deposits and placements with financial institutions that are readily convertible into cash with insignificant risk of changes in value.

(n) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3. ACCOUNTING POLICIES (CONT'D.)

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

(o) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(l).

Depreciation are not made on freehold land because it has indefinite useful life and capital work-in-progress as these assets are not ready for use. Depreciation of other property, plant and equipment is provided for on a straight-line-basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2%
Motor vehicles	20% to 25%
Computer equipment	10% to 33.33%
Plant and office equipment	10% to 33.33%
Furniture and fittings	5% to 20%
Renovations	10% to 20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

3. ACCOUNTING POLICIES (CONT'D.)

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

(p) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 18 and are subject to impairment in line with the Bank's policy as described in Note 3.4 (l).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(q) (i) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ii) Treasury shares

When the Bank re-acquires its own equity shares, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Shares re-acquired are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate.

3. ACCOUNTING POLICIES (CONT'D.)

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

(r) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Derivative financial instruments are presented separately in the statements of financial position as assets (positive changes in fair values) and liabilities (negative changes in fair values). Any gains or losses arising from changes in the fair value of the derivatives are recognised immediately in profit or loss.

(s) Income recognition

(i) The effective interest rate method

Interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI under MFRS 9 is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group and the Bank recognise interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the income statement.

(ii) Interest and similar income

The Group and the Bank calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in Note 3.4 (k)(i)) and is, therefore, regarded as 'Stage 3', the Group and the Bank calculate interest income by applying the effective interest rate to the net amortised cost of the financial asset.

For POCI financial assets (as set out in Note 3.4(k)(iv)), the Group and the Bank calculate interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income and net gains or losses on financial assets at FVTPL, respectively.

3. ACCOUNTING POLICIES (CONT'D.)

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

(s) Income recognition (cont'd.)

(iii) Fee and other income

Brokerage fees are recognised on contract date upon execution of trade on behalf of clients computed based on a pre-determined percentage of the contract value.

Loan arrangement fees and commissions, management and participation fees, underwriting fees and placement fees are recognised as income when all conditions precedent are fulfilled.

Custodian fees, guarantee fees and fund management fees are recognised as income based on time apportionment basis.

Corporate advisory fees are recognised as income on the completion of each stage of the assignment.

Rollover fee is recognised upon the rollover of specific contracts under share margin financing.

Gain or loss on disposal of investments is recognised upon the transfer of risks and rewards of ownership.

(iv) Islamic banking income

Income from Islamic banking scheme is recognised on an accrual basis in accordance with Shariah principles.

(v) Other income

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

All other income items are recognised on an accrual basis.

(t) Interest, financing and profit expense

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

(u) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Bank and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3. ACCOUNTING POLICIES (CONT'D.)

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

(u) Foreign currency (cont'd.)

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rates of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(v) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Zakat

This represents business zakat payable by the Group and the Bank in compliance with Shariah principles and as approved by the Group's and the Bank's Shariah Committee.

3. ACCOUNTING POLICIES (CONT'D.)

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

(v) Income taxes (cont'd.)

(iii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. ACCOUNTING POLICIES (CONT'D.)

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

(w) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

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

Employees (including Executive Directors and senior management) of the Group and the Bank receive a remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are set out in Note 54. ESS cost is recognised in staff costs (Note 33), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Service performance conditions are reflected within the grant date fair value.

Where the terms of equity-settled awards are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

3. ACCOUNTING POLICIES (CONT'D.)

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

(x) Segment information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group and the Bank who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 49, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Contingent liabilities and contingent assets

The Group and the Bank do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise any contingent asset but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(z) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as assets of the Group other than those recognised in Note 5.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's and the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(i) The Group and the Bank determine whether goodwill and other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill and other intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More detailed disclosures on the assessment of impairment of goodwill and other intangible assets are disclosed in Note 17.

(ii) The fair value of financial assets at fair value through profit or loss (Note 6), financial investments measured at FVOCI and at amortised cost (Note 7), derivative financial assets (Note 8) and derivative financial liabilities (Note 23) are derived from quoted and observable market prices. However, if the financial instruments are not traded in an active market, fair value may be established by using a valuation technique which includes but is not limited to using recent arm's length market transactions between knowledgeable, willing parties, and reference to the current fair value of another instrument that is substantially the same. The Group and the Bank use acceptable valuation technique which involves making assumptions based on market conditions and other factors as of the reporting date.

(iii) The measurement of impairment losses under MFRS 9 on financial assets subject to impairment assessment requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Under MFRS 9, the Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit rating model, which assigns PDs to the individual grades;
- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's and the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(iii) (cont'd.)

Overlays and adjustments for ECL amidst COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2021.

These overlay adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19. Total overlays for ECL inclusive of the macro-economic adjustments maintained by the Group as at 31 December 2021 are RM3.2 million (2020: RM3.2 million).

The scenarios applied in management overlay in estimating the reported ECL arising from COVID-19 uncertainties are set out in the table as follow:

	ECL provision	
Scenarios	**2021 RM'000**	**2020 RM'000**
1. Assigned higher LGD for exposures under moratorium	**2,250**	2,250
2. Drop in counterparty ratings	**395**	395
3. Stressed security cover for exposures under moratorium	**557**	557
Total	**3,202**	3,202

(iv) The Group and the Bank estimate the useful lives of property, plant and equipment and software based on factors such as the expected level of usage due to physical wear and tear, future technological developments and legal or other limits on the use of the relevant assets. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment, and software would increase the recorded depreciation and decrease their carrying value. The total carrying amounts of property, plant and equipment, and software are disclosed in Notes 16 and 17 respectively.

(v) Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at financial year end, the total carrying value of unutilised tax losses and unabsorbed capital allowances are disclosed in Note 19.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(vi) The Group and the Bank assess whether there is any indication that investments in subsidiaries and investments in associates may be impaired at each reporting date.

If indicators are present, these assets are subject to impairment review. The impairment review comprises comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's and the Bank's accounting policies in respect of investments in subsidiaries and investments in an associate are as follows:

- The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investments and deteriorating financial performance of the investments due to observed changes and fundamentals.

- Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flows and realisable net asset value.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date may have a significant risk of causing material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Investments in subsidiaries and associates of the Group are disclosed in Notes 13 and 14 respectively.

5. CASH AND BANK BALANCES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions	**526,368**	535,551	**137,757**	370,909
Money at call and deposit placements	**1,371,016**	1,108,983	**1,321,399**	1,007,737
	1,897,384	1,644,534	**1,459,156**	1,378,646
Included in cash and bank balances are:				
Cash and cash equivalents	**1,469,803**	1,284,397	**1,337,127**	1,256,124
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	**427,581**	360,137	**122,029**	122,522
	1,897,384	1,644,534	**1,459,156**	1,378,646

Monies held in trust on behalf of clients of RM1,249,679,000 (2020: RM1,257,682,000) in respect of the stockbroking business are excluded from the cash and bank balances of the Group and the Bank in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18.

Notes to the Financial Statements
31 December 2021

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value				
Quoted securities:				
Shares and fund in Malaysia	**205,052**	351,645	**204,833**	351,645
Funds outside Malaysia	**1,889**	-	**1,889**	-
Unquoted securities:				
Shares and funds in Malaysia	**156,508**	152,061	**155,772**	148,453
Unquoted debt securities in Malaysia:				
Islamic Corporate Sukuk	**23,873**	39,833	**23,873**	39,833
	387,322	543,539	**386,367**	539,931

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL

	Group and Bank	
	2021 RM'000	2020 RM'000
(a) Financial instruments at Fair Value Through Other Comprehensive Income ("FVOCI"):		
Debt instruments:		
Malaysian Government Securities	**40,042**	20,496
Malaysian Government Investment Certificates	**91,934**	119,119
Islamic Negotiable Instruments of Deposits	**199,724**	149,943
Islamic Corporate Sukuk	**275,452**	305,664
Corporate Bonds	**128,962**	174,520
	736,114	769,742
Equity instruments:		
Unquoted Shares in Malaysia	**1,460**	1,990
Total financial instruments at FVOCI	**737,574**	771,732

Impairment losses on financial instruments subject to impairment assessment

Debt instruments at FVOCI

The table below shows the fair value of the Group's and the Bank's debt instruments measured at FVOCI by credit risk, based on the Group's and the Bank's internal credit rating system and year-end stage classification. Details of the Group's and the Bank's internal rating system are explained in Note 50(a).

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(a) Financial instruments at FVOCI (cont'd.):

Impairment losses on financial instruments subject to impairment assessment (cont'd.)

Debt instruments at FVOCI (cont'd.)

	2021			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Investment grade	**736,114**	**-**	**-**	**736,114**

	2020			
Group and Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Investment grade	769,742	-	-	769,742

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	2021			
Group and Bank	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**769,742**	**-**	**-**	**769,742**
New assets originated or purchased	**1,593,269**	**-**	**-**	**1,593,269**
Assets derecognised or matured (excluding write-offs)	**(1,611,235)**	**-**	**-**	**(1,611,235)**
Change in fair value	**(15,662)**	**-**	**-**	**(15,662)**
As at 31 December	**736,114**	**-**	**-**	**736,114**

	2020			
Group and Bank	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	793,993	-	-	793,993
New assets originated or purchased	2,122,915	-	-	2,122,915
Assets derecognised or matured (excluding write-offs)	(2,177,782)	-	-	(2,177,782)
Change in fair value	30,616	-	-	30,616
As at 31 December	769,742	-	-	769,742

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(a) Financial instruments at FVOCI (cont'd.):

Impairment losses on financial instruments subject to impairment assessment (cont'd.)

Debt instruments at FVOCI (cont'd.)

An analysis of changes in the fair value and the corresponding ECLs is as follows: (cont'd.)

	2021			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
As at 1 January	386	-	-	386
Impact of re-measurement of ECL	4	-	-	4
As at 31 December	390	-	-	390

	2020			
Group and Bank ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total ECL RM'000**
As at 1 January	36	-	-	36
New assets originated or purchased	77	-	-	77
Assets derecognised or matured (excluding write-offs)	(49)	-	-	(49)
Impact of re-measurement of ECL	9	-	-	9
Changes in model assumption and methodology	313	-	-	313
As at 31 December	386	-	-	386

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost:

	Group and Bank	
	2021 RM'000	2020 RM'000
Debt instruments:		
Malaysian Government Investment Certificates	**39,912**	9,909
Corporate Bonds	**20,012**	20,021
Islamic Corporate Sukuk	**153,785**	163,210
	213,709	193,140
Less: Allowance for ECL	**(49)**	(105)
Total financial instruments at amortised cost	**213,660**	193,035

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's and the Bank's internal grading system are explained in Note 50(a).

	2021			
Group and Bank Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Investment grade	213,709	-	-	213,709

	2020			
Group and Bank Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Investment grade	193,140	-	-	193,140

7. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVTPL (CONT'D.)

(b) Financial instruments at amortised cost (cont'd.):

An analysis of changes in the gross carrying amount and the corresponding ECLs is as follows:

Group and Bank Gross carrying amount	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	193,140	-	-	193,140
New assets purchased	81,070	-	-	81,070
Assets derecognised or matured (excluding write-offs)	(56,660)	-	-	(56,660)
Change in fair value	(3,841)	-	-	(3,841)
As at 31 December	213,709	-	-	213,709

Group and Bank Gross carrying amount	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	100,094	13,000	-	113,094
New assets purchased	617,625	-	-	617,625
Assets derecognised or matured (excluding write-offs)	(534,237)	(13,000)	-	(547,237)
Change in fair value	9,658	-	-	9,658
As at 31 December	193,140	-	-	193,140

Group and Bank ECL allowances	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	105	-	-	105
Assets derecognised or matured (excluding write-offs)	(4)	-	-	(4)
Impact of net re-measurement of ECL	(52)	-	-	(52)
As at 31 December	49	-	-	49

Group and Bank ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	-	338	-	338
New assets purchased	73	-	-	73
Assets derecognised or matured (excluding write-offs)	-	(178)	-	(178)
Impact of net re-measurement of ECL	(17)	(160)	-	(177)
Changes in model assumption or methodology	49	-	-	49
As at 31 December	105	-	-	105

8. DERIVATIVE FINANCIAL ASSETS

	Group and Bank	
	2021 RM'000	2020 RM'000
At fair value		
Dual currency investment - Options	**3**	-
Index futures	**-**	135
Equity related contracts - Options	**29,515**	53,343
Equity related contracts - Swap	**408**	2,014
Equity related contracts - Forward	**51,527**	40,079
	81,453	95,571
Contract/Notional amount		
Dual currency investment - Options	**1,361**	3,655
Index futures	**-**	2,688
Equity related contracts - Options	**29,492**	47,685
Equity related contracts - Swap	**24,123**	31,216
Equity related contracts - Forward	**57,354**	57,354
	112,330	142,598

The contractual or underlying notional amounts of derivative financial assets held at fair value through profit or loss reflect the value of transactions outstanding as at reporting date, and do not represent amounts at risk.

9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At amortised cost				
Term loans	**539,077**	587,793	**565,616**	640,369
Share margin financing	**1,170,899**	1,209,024	**1,170,899**	1,209,024
Other lending and factoring receivables	**82,742**	85,636	**-**	-
Advances to group employees	**97**	181	**97**	181
Subordinated term loan*	**-**	-	**30,039**	20,418
Gross loans, advances and financing	**1,792,815**	1,882,634	**1,766,651**	1,869,992
Less: Allowance for ECL				
- Stage 1 - 12-month ECL	**(2,949)**	(3,112)	**(3,247)**	(3,387)
- Stage 2 - Lifetime ECL not credit impaired	**-**	(2,356)	**-**	(2,356)
- Stage 3 - Lifetime ECL credit impaired	**(14,453)**	(7,917)	**(13,789)**	(7,253)
Net loans, advances and financing	**1,775,413**	1,869,249	**1,749,615**	1,856,996

* Subordinated term loan to a subsidiary

The subordinated loan granted to a subsidiary company, Kenanga Futures Sdn Bhd, is unsecured with effective interest rate of 4.39% per annum (2020: 5.55%) and is repayable by November 2026.

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(i) Gross loans, advances and financing analysed by type of customer are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprises				
- Small and medium enterprises	**256,439**	237,848	**196,055**	180,851
- Others	**534,052**	591,343	**590,630**	664,336
Individuals	**993,814**	1,034,745	**971,456**	1,006,107
Foreign enterprises	**8,510**	18,698	**8,510**	18,698
	1,792,815	1,882,634	**1,766,651**	1,869,992

(ii) Gross loans, advances and financing analysed by geographical distribution are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In Malaysia	**1,786,437**	1,863,352	**1,760,273**	1,850,710
Outside Malaysia	**6,378**	19,282	**6,378**	19,282
	1,792,815	1,882,634	**1,766,651**	1,869,992

(iii) Gross loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
- Other fixed rate loans	**1,253,641**	1,294,660	**1,170,899**	1,209,024
Variable rate				
- Other variable rates	**529,826**	576,614	**586,404**	649,608
- Base lending rate plus	**9,251**	11,179	**9,251**	11,179
Interest free	**97**	181	**97**	181
	1,792,815	1,882,634	**1,766,651**	1,869,992

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iv) Gross loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of securities	**1,427,343**	1,488,572	**1,427,343**	1,488,572
Working capital	**169,221**	220,193	**169,429**	236,142
Others	**196,251**	173,869	**169,879**	145,278
	1,792,815	1,882,634	**1,766,651**	1,869,992

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	**1,483,133**	1,543,716	**1,484,244**	1,540,048
More than one year	**309,682**	338,918	**282,407**	329,944
	1,792,815	1,882,634	**1,766,651**	1,869,992

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the financial year	**41,294**	48,880	**40,630**	48,160
Impaired during the financial year	**39,958**	13,374	**31,537**	12,563
Amount written off against allowance for ECL	**-**	(9,005)	**-**	(9,005)
Amount recovered during the financial year	**(8,111)**	(11,955)	**(7,467)**	(11,088)
At end of the financial year	**73,141**	41,294	**64,700**	40,630
Less: Allowance for ECL	**(14,453)**	(7,917)	**(13,789)**	(7,253)
Net impaired LAF	**58,688**	33,377	**50,911**	33,377
Net impaired LAF as a % of net loans, advances and financing	**3.31%**	1.79%	**2.91%**	1.80%

Notes to the Financial Statements
31 December 2021

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

9.1 Movements in impaired loans, advances and financing ("Impaired LAF") (cont'd.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
9.1.1 Impaired LAF by geographical distribution				
Outside Malaysia	**2,556**	3,306	**2,556**	3,306
Malaysia	**70,585**	37,988	**62,144**	37,324
Gross impaired LAF	**73,141**	41,294	**64,700**	40,630
9.1.2 Impaired LAF by purpose				
Working capital	**664**	664	**-**	-
Purchase of securities	**64,700**	40,630	**64,700**	40,630
Others	**7,777**	-	**-**	-
	73,141	41,294	**64,700**	40,630

9.2 Impairment allowance for loans, advances and financing are as follows:

(a) Term loans and subordinated term loan

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of ECL allowances. Details of the Group's and the Bank's internal rating system are explained in Note 50(a).

Group Internal rating grade	2021 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	**408,006**	**-**	**-**	**408,006**
Substandard	**67,998**	**63,073**	**-**	**131,071**
Total	**476,004**	**63,073**	**-**	**539,077**

Group Internal rating grade	2020 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	451,490	-	-	451,490
Substandard	48,395	87,908	-	136,303
Total	499,885	87,908	-	587,793

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

Bank	2021			
Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	464,584	-	-	464,584
Substandard	67,998	63,073	-	131,071
Total	532,582	63,073	-	595,655

Bank	2020			
Internal rating grade	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Performing:				
Satisfactory	524,484	-	-	524,484
Substandard	48,395	87,908	-	136,303
Total	572,879	87,908	-	660,787

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows:

Group	2021			
Gross carrying amount	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	499,884	87,909	-	587,793
New assets originated or purchased	155,500	4,359	-	159,859
Assets derecognised or repaid (excluding write-offs)	(170,255)	(38,460)	-	(208,715)
Transfers of stages	(9,165)	9,165	-	-
Modification of contractual cash flow of assets	40	100	-	140
As at 31 December	476,004	63,073	-	539,077

Group	2020			
Gross carrying amount	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	622,529	42,794	-	665,323
New assets originated or purchased	199,589	4,151	-	203,740
Assets derecognised or repaid (excluding write-offs)	(272,135)	(8,947)	-	(281,082)
Transfers of stages	(50,029)	50,029	-	-
Modification of contractual cash flow of assets	(70)	(118)	-	(188)
As at 31 December	499,884	87,909	-	587,793

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

	2021			
Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**572,878**	**87,909**	**-**	**660,787**
New assets originated or purchased	**169,225**	**4,359**	**-**	**173,584**
Assets derecognised or repaid (excluding write-offs)	**(200,396)**	**(38,460)**	**-**	**(238,856)**
Transfers of stages	**(9,165)**	**9,165**	**-**	**-**
Modification of contractual cash flow of assets	**40**	**100**	**-**	**140**
As at 31 December	**532,582**	**63,073**	**-**	**595,655**

	2020			
Bank **Gross carrying amount**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	695,027	42,794	-	737,821
New assets originated or purchased	239,427	4,151	-	243,578
Assets derecognised or repaid (excluding write-offs)	(311,477)	(8,947)	-	(320,424)
Transfers of stages	(50,029)	50,029	-	-
Modification of contractual cash flow of assets	(70)	(118)	-	(188)
As at 31 December	572,878	87,909	-	660,787

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

	2021			
Group ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**3,059**	**-**	**-**	**3,059**
New assets originated or purchased	**46**	**-**	**-**	**46**
Assets derecognised or repaid (excluding write-offs)	**(184)**	**-**	**-**	**(184)**
Impact of remeasurement	**15**	**-**	**-**	**15**
As at 31 December	**2,936**	**-**	**-**	**2,936**

	2020			
Group ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	1,183	-	-	1,183
New assets originated or purchased	330	-	-	330
Assets derecognised or repaid (excluding write-offs)	(578)	-	-	(578)
Impact of remeasurement	(716)	-	-	(716)
Changes in model assumption or methodology	2,840	-	-	2,840
As at 31 December	3,059	-	-	3,059

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(a) Term loans and subordinated term loan (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loan is as follows (cont'd.):

Bank ECL allowances	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**3,312**	**-**	**-**	**3,312**
New assets originated or purchased	**155**	**-**	**-**	**155**
Assets derecognised or repaid (excluding write-offs)	**(474)**	**-**	**-**	**(474)**
Impact of remeasurement	**210**	**-**	**-**	**210**
As at 31 December	**3,203**	**-**	**-**	**3,203**

Bank ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	2,111	-	-	2,111
New assets originated or purchased	838	-	-	838
Assets derecognised or repaid (excluding write-offs)	(702)	-	-	(702)
Impact of remeasurement	(1,775)	-	-	(1,775)
Changes in model assumption or methodology	2,840	-	-	2,840
As at 31 December	3,312	-	-	3,312

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(b) Share margin financing

Group and Bank Internal rating grade	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	439,308	-	-	439,308
Satisfactory	569,959	63	-	570,022
Substandard	54,316	-	-	54,316
Non-performing:				
Default	-	-	64,700	64,700
Non-rated	42,553	-	-	42,553
Total	1,106,136	63	64,700	1,170,899

Group and Bank Internal rating grade	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	441,427	18	-	441,445
Satisfactory	596,955	28,426	-	625,381
Substandard	68,282	203	-	68,485
Non-performing:				
Default	-	-	40,630	40,630
Non-rated	33,083	-	-	33,083
Total	1,139,747	28,647	40,630	1,209,024

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to share margin financing is as follows:

Group and Bank Gross carrying amount	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	1,139,747	28,647	40,630	1,209,024
New assets originated or purchased	1,035,477	111	2	1,035,590
Assets derecognised or repaid (excluding write-offs)	(1,056,785)	(28,548)	(7,589)	(1,092,922)
Transfers of stages	(29,763)	(1,772)	31,535	-
Impact of remeasurement	17,460	1,625	122	19,207
As at 31 December	1,106,136	63	64,700	1,170,899

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(b) Share margin financing (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to share margin financing is as follows (cont'd.):

Group and Bank Gross carrying amount	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	1,271,945	-	48,161	1,320,106
New assets originated or purchased	1,084,996	1,226	2,686	1,088,908
Assets derecognised or repaid (excluding write-offs)	(1,128,952)	(13,078)	(11,259)	(1,153,289)
Transfers of stages	(50,120)	40,243	9,877	-
Amount written off	-	-	(9,005)	(9,005)
Impact of remeasurement	(38,122)	256	170	(37,696)
As at 31 December	1,139,747	28,647	40,630	1,209,024

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

Group and Bank ECL allowances	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	-	-	16,061	16,061
New assets originated or purchased	-	-	1,530	1,530
Transfer of stages	-	2,356	(2,356)	-
Assets derecognised or repaid (excluding write-offs)	-	-	(4,668)	(4,668)
Net remeasurement of allowance	-	-	5,691	5,691
Amount written off	-	-	(9,005)	(9,005)
As at 31 December	-	2,356	7,253	9,609

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees

Other lending and factoring receivables

Group Internal rating grade	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	56,676	-	-	56,676
Satisfactory	12,386	5,239	-	17,625
Non-performing:				
Default	-	-	7,777	7,777
Individually impaired	-	-	664	664
Total	69,062	5,239	8,441	82,742

Group Internal rating grade	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Performing:				
Strong	41,779	-	-	41,779
Satisfactory	43,193	-	-	43,193
Non-performing:				
Individually impaired	-	-	664	664
Total	84,972	-	664	85,636

Notes to the Financial Statements
31 December 2021

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees (cont'd.)

<u>Other lending and factoring receivables (cont'd.)</u>

Group

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows:

	2021			
Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**84,972**	**-**	**664**	**85,636**
New assets originated or purchased	**99,193**	**-**	**-**	**99,193**
Assets derecognised or repaid (excluding write-offs)	**(99,500)**	**(1,943)**	**(644)**	**(102,087)**
Transfers of stages	**(15,603)**	**7,182**	**8,421**	**-**
As at 31 December	**69,062**	**5,239**	**8,441**	**82,742**

	2020			
Gross carrying amount	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	96,601	-	716	97,317
New assets originated or purchased	121,663	-	811	122,474
Assets derecognised or repaid (excluding write-offs)	(133,292)	-	(863)	(134,155)
As at 31 December	84,972	-	664	85,636

	2021			
ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	**53**	**-**	**664**	**717**
Assets derecognised or repaid (excluding write-offs)	**(40)**	**-**	**-**	**(40)**
As at 31 December	**13**	**-**	**664**	**677**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(c) Other lending and factoring receivables and advances to group employees (cont'd.)

Other lending and factoring receivables (cont'd.)

Group

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other financing is as follows (cont'd.):

	2020			
ECL allowances	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
As at 1 January	-	-	716	716
New assets originated or purchased	53	-	-	53
Assets derecognised or repaid (excluding write-offs)	-	-	(52)	(52)
As at 31 December	53	-	664	717

Advances to group employees

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Gross carrying amount	**97**	181

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment

	2021			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	**-**	**-**	**-**	**-**
Satisfactory	**72,017**	**-**	**-**	**72,017**
Substandard	**-**	**-**	**-**	**-**
Non-rated	**30,000**	**-**	**-**	**30,000**
Total	**102,017**	**-**	**-**	**102,017**

	2020			
Group Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	151,400	-	-	151,400
Substandard	7,500	-	-	7,500
Total	158,900	-	-	158,900

	2021			
Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	**-**	**-**	**-**	**-**
Satisfactory	**155,517**	**-**	**-**	**155,517**
Substandard	**-**	**-**	**-**	**-**
Non-rated	**30,000**	**-**	**-**	**30,000**
Total	**185,517**	**-**	**-**	**185,517**

	2020			
Bank Internal rating grade	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Performing:				
Strong	-	-	-	-
Satisfactory	218,900	-	-	218,900
Substandard	7,500	-	-	7,500
Total	226,400	-	-	226,400

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

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

Group Outstanding exposure	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**158,900**	**-**	**-**	**158,900**
New exposures	**112,192**	**-**	**-**	**112,192**
Exposures derecognised or matured/lapsed (excluding write-offs)	**(169,075)**	**-**	**-**	**(169,075)**
As at 31 December	**102,017**	**-**	**-**	**102,017**

Group Outstanding exposure	2020 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	100,200	-	-	100,200
New exposures	329,995	-	-	329,995
Exposures derecognised or matured/lapsed (excluding write-offs)	(271,295)	-	-	(271,295)
As at 31 December	158,900	-	-	158,900

Bank Outstanding exposure	2021 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
As at 1 January	**226,400**	**-**	**-**	**226,400**
New exposures	**138,192**	**-**	**-**	**138,192**
Exposures derecognised or matured/lapsed (excluding write-offs)	**(179,075)**	**-**	**-**	**(179,075)**
As at 31 December	**185,517**	**-**	**-**	**185,517**

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

An analysis of changes in the outstanding exposure and the corresponding ECL allowances in relation to undrawn commitment is as follows (cont'd.):

	2020			
Bank **Outstanding exposure**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	168,200	-	-	168,200
New exposures	364,495	-	-	364,495
Exposures derecognised or matured/lapsed (excluding write-offs)	(306,295)	-	-	(306,295)
As at 31 December	226,400	-	-	226,400

	2021			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January and 31 December 2021	-	-	-	-

	2020			
Group **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	129	-	-	129
Impact of net remeasurement	(129)	-	-	(129)
As at 31 December	-	-	-	-

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

(d) Undrawn commitment (cont'd.)

An analysis of changes in the outstanding exposure and the corresponding ECL allowances in relation to undrawn commitment is as follows (cont'd.):

	2021			
Bank **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	**75**	**-**	**-**	**75**
Exposures derecognised or repaid (excluding write-offs)	**(38)**	**-**	**-**	**(38)**
Impact of net remeasurement	**7**	**-**	**-**	**7**
As at 31 December	**44**	**-**	**-**	**44**

	2020			
Bank **ECL allowances**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
As at 1 January	255	-	-	255
Exposures derecognised or repaid (excluding write-offs)	(25)	-	-	(25)
Impact of net remeasurement	(155)	-	-	(155)
As at 31 December	75	-	-	75

Notes to the Financial Statements
31 December 2021

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

9.3 COVID-19 customer relief and support measures

As at 31 December 2021

Group and Bank	Individuals Stage 1 RM'000	Individuals Total RM'000	Corporates Stage 1 RM'000	Corporates Stage 2 RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	**24,797**	**24,797**	**109,775**	**63,073**	**172,848**
Matured and repaying according to revised schedules	**15,546**	**15,546**	**33,591**	**-**	**33,591**
Extended	**9,251**	**9,251**	**76,184**	**63,073**	**139,257**
As a percentage of total:					
Matured and repaying according to revised schedules	**63%**	**63%**	**31%**	**-**	**19%**
Extended	**37%**	**37%**	**69%**	**100%**	**81%**
	100%	**100%**	**100%**	**100%**	**100%**

As at 31 December 2020

Group and Bank	Individuals Stage 1 RM'000	Individuals Total RM'000	Corporates Stage 1 RM'000	Corporates Stage 2 RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	30,785	30,785	136,783	88,038	224,821
Matured and repaying according to revised schedules	30,785	30,785	134,777	88,038	222,815
Extended	-	-	2,006	-	2,006
As a percentage of total:					
Matured and repaying according to revised schedules	100%	100%	99%	100%	99%
Extended	-	-	1%	-	1%
	100%	100%	100%	100%	100%

10. BALANCES DUE FROM CLIENTS AND BROKERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balances due from clients and brokers	**337,276**	551,280	**337,181**	551,280
Less: Allowance for ECL	**(2,811)**	(6,223)	**(2,811)**	(6,223)
	334,465	545,057	**334,370**	545,057

10.1 ECL allowance for balance due from clients and brokers are as follows:

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

	2021		
Group and Bank	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
ECL allowances			
As at 1 January	**1,553**	**4,670**	**6,223**
Charged during the financial year	**290**	**533**	**823**
Written back during the financial year	**(308)**	**(446)**	**(754)**
Written off during the financial year	**-**	**(3,481)**	**(3,481)**
As at 31 December	**1,535**	**1,276**	**2,811**

	2020		
Group and Bank	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
ECL allowances			
As at 1 January	1,516	12,141	13,657
Charged during the financial year	248	762	1,010
Written back during the financial year	(211)	(919)	(1,130)
Written off during the financial year	-	(7,314)	(7,314)
As at 31 December	1,553	4,670	6,223

Notes to the Financial Statements
31 December 2021

11. OTHER ASSETS

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Assets segregated for customers	(a)	**93,849**	101,629	**-**	-
Interest/income receivable		**9,556**	11,041	**9,546**	10,906
Amounts due from subsidiary companies	(b)	**-**	-	**29,716**	30,359
Amounts due from related parties	(c)	**57**	127	**57**	127
Prepayments and deposits		**20,169**	19,420	**17,809**	16,152
Other debtors	(d)	**58,521**	62,220	**36,371**	43,544
Treasury trade receivables		**49,892**	-	**49,892**	-
Amounts due from trustees		**12,000**	-	**-**	-
		244,044	194,437	**143,391**	101,088
Allowance for ECL					
- Other debtors	11.1	**(5,222)**	(6,148)	**(5,222)**	(6,150)
- Amount due from subsidiary companies	11.2	**-**	-	**(240)**	(226)
		238,822	188,289	**137,929**	94,712

11.1 ECL allowance for other assets are as follows:

Group ECL allowances	2021 Non-Credit Impaired RM'000	2021 Credit-Impaired RM'000	2021 Total RM'000
As at 1 January	**145**	**6,003**	**6,148**
New assets originated or purchased	**1,054**	**251**	**1,305**
Assets derecognised or repaid (excluding write-offs)	**-**	**(3,372)**	**(3,372)**
Written off	**-**	**(189)**	**(189)**
Transfer of stages	**(976)**	**976**	**-**
Impact of net remeasurement	**-**	**1,330**	**1,330**
As at 31 December	**223**	**4,999**	**5,222**

11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Group ECL allowances	2020 Non-Credit Impaired RM'000	 Credit-Impaired RM'000	 Total RM'000
As at 1 January	180	4,471	4,651
New assets originated or purchased	1,513	1,050	2,563
Assets derecognised or repaid (excluding write-offs)	-	(1,290)	(1,290)
Written off	-	(57)	(57)
Transfer of stages	(1,548)	1,548	-
Impact of net remeasurement	-	281	281
As at 31 December	145	6,003	6,148

Bank ECL allowances	2021 Non-Credit Impaired RM'000	 Credit-Impaired RM'000	 Total RM'000
As at 1 January	**146**	**6,004**	**6,150**
New assets originated or purchased	**1,055**	**251**	**1,306**
Assets derecognised or repaid (excluding write-offs)	**-**	**(3,375)**	**(3,375)**
Written off	**-**	**(189)**	**(189)**
Transfer of stages	**(978)**	**978**	**-**
Impact of net remeasurement	**-**	**1,330**	**1,330**
As at 31 December	**223**	**4,999**	**5,222**

Notes to the Financial Statements
31 December 2021

11. OTHER ASSETS (CONT'D.)

11.1 ECL allowance for other debtors are as follows (cont'd.):

Bank ECL allowances	2020 Non-Credit Impaired RM'000	2020 Credit-Impaired RM'000	2020 Total RM'000
As at 1 January	180	4,471	4,651
New assets originated or purchased	1,514	1,051	2,565
Assets derecognised or repaid (excluding write-offs)	-	(1,290)	(1,290)
Written off	-	(57)	(57)
Transfer of stages	(1,548)	1,548	-
Impact of net remeasurement	-	281	281
As at 31 December	146	6,004	6,150

11.2 ECL allowance for amount due from subsidiaries are as follows:

Bank ECL allowances	2021 Stage 1 RM'000	2021 Stage 2 RM'000	2021 Stage 3 RM'000	2021 Total RM'000
As at 1 January	**226**	**-**	**-**	**226**
Impact of net remeasurement	**14**	**-**	**-**	**14**
As at 31 December	**240**	**-**	**-**	**240**

Bank ECL allowances	2020 Stage 1 RM'000	2020 Stage 2 RM'000	2020 Stage 3 RM'000	2020 Total RM'000
As at 1 January	304	-	-	304
New assets originated or purchased	4	-	-	4
Impact of net remeasurement	(82)	-	-	(82)
As at 31 December	226	-	-	226

11. OTHER ASSETS (CONT'D.)

(a) Assets segregated for customers

These represent margin deposits paid by a subsidiary company to Bursa Malaysia Derivatives Clearing Berhad.

(b) Amounts due from subsidiary companies

Included in the amount due from subsidiary companies is the term loan given to a subsidiary company, Kenanga Investors Berhad. The loan is unsecured and bears interest of 1.0% per annum above cost of funds. The tenure for the loan is 6 years from 5 July 2019.

(c) Amounts due from related parties

Amounts due from all related parties comprise payments of expenses made on behalf of these related parties and are unsecured, non-interest bearing and repayable on demand.

(d) Other debtors

Included in other debtors are receivables from corporate advisory billings which are non-interest bearing and generally on 90 day (2020: 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA ("BNM")

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

Notes to the Financial Statements
31 December 2021

13. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2021 RM'000	2020 RM'000
Unquoted shares:		
At beginning of the financial year	**70,135**	70,135
Less: Impairment losses	**(9,323)**	-
At end of the financial year	**60,812**	70,135

Details of the subsidiary companies are as follows:

		Effective equity interest	
Name	Principal activities	2021 %	2020 %
Local subsidiary companies			
Kenanga Futures Sdn Bhd	Futures broker	**100**	100
Kenanga Nominees (Asing) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Private Equity Sdn Bhd	Private equity management	**100**	100
ECML Berhad	Dealings in securities and derivatives, and provision of corporate finance and other advisory services	**100**	100
ECML Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
Avenue Kestrel Sdn Bhd	Stock broking business	**100**	100
K & N Kenanga Holdings Berhad	Investment holding	**100**	100
The subsidiary company of K & N Kenanga Holdings Berhad is:			
SSSB Management Services Sdn Bhd	Stock broking business	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd.):

Name	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %
Local subsidiary companies (cont'd.)			
Kenanga Management & Services Sdn Bhd	Investment in property and provision of management and maintenance services	**100**	100
Kenanga Investors Berhad	Promotion and management of collective investment schemes and management of investment funds	**100**	100
The subsidiary companies of Kenanga Investors Berhad are:			
Kenanga Islamic Investors Berhad	Management of Islamic collective investment schemes and Islamic investment funds	**100**	100
Libra Invest Berhad (note (i))	Management of unit trust funds and the provision of fund management services	**-**	100
I-VCAP Management Sdn Bhd ("I-VCAP") (note (ii))	Provision of Shariah-compliant investment management services	**100**	-
KUT Nominees (Tempatan) Sdn Bhd	Provision of nominee services	**100**	100
KUT Nominees (Asing) Sdn Bhd	Provision of nominee services	**100**	100
Kenanga Funds Berhad	Promotion and management of unit trust funds and the management of investment funds	**100**	100
Kenanga Capital Sdn Bhd	Licensed money lender	**100**	100
The subsidiary company of Kenanga Capital Sdn Bhd is:			
Kenanga Capital Islamic Sdn Bhd	Islamic factoring and leasing	**51**	51
Overseas subsidiary company			
Rakuten Trade Singapore Pte. Ltd. * (Formally known as "f.k.a." Kenanga Singapore Pte. Ltd.)	Dealing in securities, advising in corporate finance, securities financing and providing custodial services for securities	**100**	100

* *Audited by affiliate of Messrs. Ernst & Young PLT*

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(i) Kenanga Investors Berhad ("KIB"), a wholly-owned subsidiary of the Bank, entered into a Share Purchase Agreement ("SPA") on 1 April 2020 with Ericsenz Partners Sdn Bhd for the disposal of 6,500,000 ordinary shares in Libra Invest Berhad representing 100% of the issued and paid-up share capital of Libra Invest Berhad for a consideration of RM10,750,000.00. The disposal was completed on 30 April 2021 and Libra Invest Berhad has ceased to be a wholly-owned subsidiary of KIB.

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2021:

	Effect of disposals RM'000
Total assets	6,214
Total liabilities	193
Net assets disposed	6,021
Gain on disposal of subsidiaries (Note 32)	4,729
Sales proceeds from disposal	10,750
Less: Cash and short term funds of a subsidiary disposed	(5,378)
Net cash receivable on disposal	5,372

(ii) On 19 February 2021, the Bank's asset management subsidiary, KIB completed the acquisition of 100% equity stake in I-VCAP.

Pursuant to the SPA, the acquisition involves KIB acquiring shares of I-VCAP for an aggregate purchase consideration of RM11.6 million. The purchase consideration was fully paid by cash.

Accounting for acquisition at the Group level

At the Group level, the Group's acquisition of the assets and liabilities of I-VCAP was accounted for using the acquisition method of accounting in accordance with MFRS 3 Business Combinations.

Recognised amounts of identifiable assets and liabilities:	Fair value RM'000
Cash and bank balances	11,000
Other receivables	98
Tax recoverable	4
Total net assets	11,102
Goodwill	495
	11,597
Consideration settled in cash	11,597
Less: Cash and cash equivalents of subsidiary acquired	(11,000)
Net cash outflow on acquisition	597

14. INVESTMENTS IN ASSOCIATES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost	**88,644**	88,644	**68,435**	68,435
Share of post acquisition losses	**(6,919)**	(14,068)	**-**	-
Share of changes in other comprehensive income	**5,956**	660	**-**	-
Dividends received	**(102)**	(102)	**-**	-
Foreign exchange differences	**19,202**	16,554	**-**	-
	106,781	91,688	**68,435**	68,435
Less: Accumulated impairment losses	**(19,610)**	(19,610)	**-**	(12,200)
	87,171	72,078	**68,435**	56,235
Represented by:				
Share of net tangible assets	**87,171**	72,078		

(a) Details of the associates are as follows:

Name	Place of incorporation	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %
Kenanga Investment Corporation Ltd *	Sri Lanka	Investment banking related activities	45.0	45.0
Al Wasatah Al Maliah Company * ("Wasatah Capital")	Kingdom of Saudi Arabia	Dealing as principal and provision of underwriting, arranging, managing investment funds and custodian services	29.6	29.6
Kenanga Vietnam Securities Joint Stock Corporation *^	Vietnam	Securities, brokerage depository and advisory business	49.0	49.0

* *Audited by firms other than Messrs. Ernst & Young PLT*
^ *Equity accounted for using unaudited management accounts*

The Group and the Bank carried out an impairment assessment on the associates in accordance with the accounting policy stated in Note 3.4(l). The recoverable amount is based on the Group's share of net tangible assets of the associates. Based on management's assessment, the Group and the Bank have made adequate provision for impairment loss on the investments as at the financial year end.

Notes to the Financial Statements
31 December 2021

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(b) Summarised financial information of the material associate is as follows:

The summarised financial information represents the amounts in the MFRS financial statements of the material associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Wasatah Capital	
	2021 RM'000	**2020 RM'000**
Current assets	**90,389**	81,164
Non-current assets	**196,093**	158,950
Total assets	**286,482**	240,114
Current liabilities	**13,704**	13,976
Non-current liabilities	**3,720**	3,343
Total liabilities	**17,424**	17,319
Net assets *	**269,058**	222,795

* *The net assets are net of zakat expenses which are not shared by non-Saudi shareholders in accordance with the regulations of Zakat department of Zakat & Income Tax as applicable in the Kingdom of Saudi Arabia. Therefore, the net assets will not represent the Group's and the Bank's share of net assets in Wasatah Capital as disclosed in Note 14(b)(iii) below. The difference will be the total zakat expenses that were fully borne by the Saudi shareholders.*

(ii) Summarised statement of profit or loss and other comprehensive income

	Wasatah Capital	
	2021 RM'000	**2020 RM'000**
Revenue	**40,832**	33,832
Profit before taxation	**20,811**	16,149
Tax credit/(expense)	**177**	(5,534)
Other comprehensive income	**20,617**	16,225
Total comprehensive income	**41,605**	26,840

14. INVESTMENTS IN ASSOCIATES (CONT'D.)

(b) Summarised financial information of the material associate is as follows: (cont'd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the material associate

	Wasatah Capital	
	2021 RM'000	2020 RM'000
Net assets at 1 January	**261,598**	233,293
Profit before taxation	**20,811**	16,149
Other comprehensive income	**20,617**	16,225
Movement of foreign exchange reserve	**9,098**	(4,068)
Net assets at 31 December	**312,124**	261,598
Interest in Wasatah Capital	**29.60%**	29.60%
Share of net assets at 31 December	**92,389**	77,433
Accumulated Group's share of tax expense	**(1,454)**	(1,631)
Accumulated impairment losses	**(4,549)**	(4,549)
Carrying value of the Group's interest in Wasatah	**86,386**	71,253
Carrying value of other associates	**785**	825
Total carrying value of Group's interest in associates	**87,171**	72,078

(c) Aggregate information of associates that are not individually material

	2021 RM'000	2020 RM'000
The Group's share of results in associates, representing share of total comprehensive loss	**5**	50

Notes to the Financial Statements
31 December 2021

15. INVESTMENT IN A JOINT VENTURE COMPANY

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares				
At beginning of the financial year	**40,000**	40,000	**40,000**	40,000
Cumulative share of results	**(8,031)**	(15,281)	**-**	-
At the end of financial year	**31,969**	24,719	**40,000**	40,000

(a) The summarised income and expenses of the joint venture company are as follows:

	Group	
	2021 RM'000	2020 RM'000
Revenue	**59,194**	56,501
Profit after taxation	**14,500**	17,616

(b) The summarised assets and liabilities of the joint venture company are as follows:

	Group	
	2021 RM'000	2020 RM'000
Total assets	**539,226**	648,321
Total liabilities	**475,288**	598,882

(c) Details of the joint venture company held by the Bank are as follows:

	Percentage (%) of equity held		
Name	2021	2020	Principal activities
Rakuten Trade Sdn Bhd	**50**	50	Dealing in securities restricted to listed securities and investment advice

16. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2021									
Cost									
At 1 January 2021	81,910	46,830	6,808	29,051	27,631	27,860	33,693	1,979	255,762
Transfer*	-	-	-	-	-	-	-	(1,740)	(1,740)
Additions	-	-	76	5,740	455	390	1,678	3,891	12,230
Reclassification	-	-	-	345	114	-	33	(492)	-
Disposals/write-off	-	-	(454)	(2,038)	(41)	(756)	(137)	-	(3,426)
At 31 December 2021	81,910	46,830	6,430	33,098	28,159	27,494	35,267	3,638	262,826
Accumulated depreciation									
At 1 January 2021	-	4,437	5,666	21,048	16,352	20,651	22,678	-	90,832
Depreciation charge for the financial year (Note 33)	-	936	291	4,504	2,146	1,420	2,417	-	11,714
Disposals/write-off	-	-	(454)	(2,038)	(32)	(627)	(44)	-	(3,195)
At 31 December 2021	-	5,373	5,503	23,514	18,466	21,444	25,051	-	99,351
Net carrying amount									
At 31 December 2021	81,910	41,457	927	9,584	9,693	6,050	10,216	3,638	163,475

Notes to the Financial Statements
31 December 2021

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2020									
Cost									
At 1 January 2020	81,910	46,830	5,928	30,581	27,255	45,592	32,259	2,562	272,917
Additions	-	-	1,042	3,466	278	149	891	2,506	8,332
Reclassification	-	-	-	191	126	154	548	(3,089)	(2,070)
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(5)	-	(23,417)
At 31 December 2021	81,910	46,830	6,808	29,051	27,631	27,860	33,693	1,979	255,762
Accumulated depreciation									
At 1 January 2020	-	3,500	5,618	21,963	14,258	37,172	19,956	-	102,467
Depreciation charge for the financial year (Note 33)	-	937	210	4,272	2,122	1,514	2,726	-	11,781
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(4)	-	(23,416)
At 31 December 2020	-	4,437	5,666	21,048	16,352	20,651	22,678	-	90,832
Net carrying amount									
At 31 December 2020	81,910	42,393	1,142	8,003	11,279	7,209	11,015	1,979	164,930

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2021									
Cost									
At 1 January 2021	81,910	46,830	6,614	25,732	26,297	25,190	29,717	1,979	244,269
Transfer*	-	-	-	-	-	-	-	(1,740)	(1,740)
Additions	-	-	-	5,629	438	351	1,670	3,468	11,556
Reclassification	-	-	-	189	114	-	33	(336)	-
Disposals/write-off	-	-	(440)	(1,186)	(6)	(10)	-	-	(1,642)
At 31 December 2021	81,910	46,830	6,174	30,364	26,843	25,531	31,420	3,371	252,443
Accumulated depreciation									
At 1 January 2021	-	4,437	5,472	18,372	15,536	18,852	20,963	-	83,632
Depreciation charge for the financial year (Note 33)	-	937	281	4,177	2,041	1,297	2,096	-	10,829
Disposals/write-off	-	-	(440)	(1,186)	(6)	(10)	-	-	(1,642)
At 31 December 2021	-	5,374	5,313	21,363	17,571	20,139	23,059	-	92,819
Net carrying amount									
At 31 December 2021	81,910	41,456	861	9,001	9,272	5,392	8,361	3,371	159,624

Notes to the Financial Statements
31 December 2021

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
2020									
Cost									
At 1 January 2020	81,910	46,830	5,733	27,855	26,080	43,085	28,864	2,443	262,800
Additions	-	-	1,043	3,064	245	140	858	1,606	6,956
Reclassification	-	-	-	-	-	-	-	(2,070)	(2,070)
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(5)	-	(23,417)
At 31 December 2020	81,910	46,830	6,614	25,732	26,297	25,190	29,717	1,979	244,269
Accumulated depreciation									
At 1 January 2020	-	3,500	5,424	19,539	13,542	35,542	18,543	-	96,090
Depreciation charge for the financial year (Note 33)	-	937	210	4,020	2,022	1,345	2,424	-	10,958
Disposals/write-off	-	-	(162)	(5,187)	(28)	(18,035)	(4)	-	(23,416)
At 31 December 2020	-	4,437	5,472	18,372	15,536	18,852	20,963	-	83,632
Net carrying amount									
At 31 December 2020	81,910	42,393	1,142	7,360	10,761	6,338	8,754	1,979	160,637

* *Capital work-in-progress for computer software were categorised as plant and office equipment prior to 2020. Reclassification was made to transfer capital work-in-progress for computer software from plant and office equipment to intangible assets in 2021.*

17. INTANGIBLE ASSETS

		Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Total intangible assets					
Goodwill	(a)	**241,277**	240,782	**252,909**	252,909
Merchant banking licence	(b)	**52,500**	52,500	**52,500**	52,500
Fund management contracts	(c)	**4,169**	4,169	**-**	-
Computer software and work-in-progress	(d)	**29,767**	21,975	**26,577**	18,985
Trading and clearing rights for derivatives broking	(e)	**416**	416	**-**	-
Client relationships	(f)	**2,932**	2,525	**-**	-
		331,061	322,367	**331,986**	324,394
a) Goodwill					
Cost					
At beginning of the financial year		**276,549**	279,521	**288,676**	288,676
Acquisition of a subsidiary		**495**	-	**-**	-
Reclassified to client relationships		**-**	(2,972)	**-**	-
At end of the financial year		**277,044**	276,549	**288,676**	288,676
Accumulated impairment loss					
At beginning/end of the financial year		**35,767**	35,767	**35,767**	35,767
Net carrying amount		**241,277**	240,782	**252,909**	252,909
(b) Merchant banking licence					
Carrying amount					
At beginning/end of the financial year		**52,500**	52,500	**52,500**	52,500
(c) Fund management contracts					
Carrying amount					
At beginning/end of the financial year		**4,169**	4,169	**-**	-

Notes to the Financial Statements
31 December 2021

17. INTANGIBLE ASSETS (CONT'D.)

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
(d) Computer software and work-in-progress				
(i) Computer software				
Cost				
At beginning of the financial year	**53,804**	46,341	**47,662**	41,148
Transfer from property, plant and equipment	**-**	2,070	**-**	2,070
Additions	**4,584**	6,823	**4,145**	5,874
Reclassification	**709**	-	**361**	-
Disposals/write-off	**(2,732)**	(1,430)	**(75)**	(1,430)
At end of the financial year	**56,365**	53,804	**52,093**	47,662
Accumulated amortisation				
At beginning of the financial year	**33,133**	29,906	**28,677**	25,845
Amortisation (Note 33)	**5,092**	4,654	**4,642**	4,259
Disposals/write-off	**(1,975)**	(1,427)	**(75)**	(1,427)
At end of the financial year	**36,250**	33,133	**33,244**	28,677
Net carrying amount	**20,115**	20,671	**18,849**	18,985
(ii) Work-in-progress				
Carrying amount				
At beginning of the financial year	**1,304**	113	**-**	-
Transfer from property, plant and equipment	**1,740**	-	**1,740**	-
Addition	**7,317**	1,435	**6,349**	-
Reclassification	**(709)**	(244)	**(361)**	-
At end of the financial year	**9,652**	1,304	**7,728**	-
(e) Trading and clearing rights for derivatives broking				
Carrying amount				
At beginning/end of the financial year	**416**	416	**-**	-
(f) Client relationships				
Carrying amount				
At beginning of the financial year	**2,525**	-	**-**	-
Reclassified from deferred tax asset	**939**	2,972	**-**	-
Amortisation	**(532)**	(447)	**-**	-
At end of the financial year	**2,932**	2,525	**-**	-

17. INTANGIBLE ASSETS (CONT'D.)

(g) Impairment test on intangible assets

The intangible assets consist of:

Goodwill and client relationships

Goodwill and client relationships have been allocated to the following CGUs:

	Group	
	2021 RM'000	**2020 RM'000**
Stockbroking	**147,459**	147,459
Investment banking	**55,651**	55,651
Investment management	**41,099**	40,197
	244,209	243,307

Merchant banking licence

- Merchant banking licence which is allocated to the Bank's stockbroking and investment banking CGUs represents contribution to BNM for a licence to carry on merchant banking business to transform the Bank from a Universal Broker into an Investment Bank.

Fund management contracts

- Intangible asset relating to fund management contracts arising from the acquisition of one of the Bank's subsidiary operations is allocated to the unit trust and asset management (investment management) CGU.

Trading and clearing rights

- The value of trading and clearing rights issued by Bursa Malaysia Derivatives Berhad which is allocated to the futures broking CGU.

Notes to the Financial Statements
31 December 2021

17. INTANGIBLE ASSETS (CONT'D.)

(g) Impairment test on intangible assets (cont'd.)

All of the above intangible assets have indefinite useful lives and an annual impairment review has been carried out in accordance with MFRS 136 *Impairment of Assets* and MFRS 138 *Intangible Assets*.

Client relationships which have definite useful lives and amortised over the estimated remaining useful lives.

Key assumptions used in value-in-use calculations

For annual impairment testing purposes, the recoverable amounts of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use is computed by discounting the future cash flows of the unit, which is based on financial budget and projections approved by the Board.

The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of intangible assets:

(i) Cash flow projections and growth rates

Cash flow projections for the first to third year are based on the most recent three years financial budget and business plan approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the fourth to fifth year are extrapolated using growth rates in revenue and expenses of the business. Cash flows beyond the fifth year are projected to remain constant and estimated as a terminal value by discounting future cash flows to present value.

(ii) Discount rate

The discount rate used is based on the business units' pre-tax weighted average cost of capital plus an appropriate risk premium at the date of assessment at 9.30% (2020: 9.00%) per annum.

(h) Sensitivity to changes in assumptions

Management believes that a reasonably possible change in any of the above key assumptions would not cause, in overall basis, the recoverable amounts of the intangible assets to be lower than the carrying values of the CGUs.

18. RIGHT-OF-USE ASSETS

Group	2021 Building RM'000	2021 Equipment RM'000	2021 Total RM'000
Cost			
At 1 January 2021	33,167	290	33,457
Additions	11,540	-	11,540
Derecognition	(11,200)	(290)	(11,490)
At 31 December 2021	33,507	-	33,507
Accumulated amortisation			
At 1 January 2021	9,985	290	10,275
Amortisation for the financial year (Note 33)	8,463	-	8,463
Derecognition	(3,414)	(290)	(3,704)
At 31 December 2021	15,034	-	15,034
Net carrying amount			
At 31 December 2021	18,473	-	18,473

Group	2020 Building RM'000	2020 Equipment RM'000	2020 Total RM'000
Cost			
At 1 January 2020	34,153	290	34,443
Additions	10,370	-	10,370
Derecognition	(11,356)	-	(11,356)
At 31 December 2020	33,167	290	33,457
Accumulated amortisation			
At 1 January 2020	9,577	210	9,787
Amortisation for the financial year (Note 33)	8,369	80	8,449
Derecognition	(7,961)	-	(7,961)
At 31 December 2020	9,985	290	10,275
Net carrying amount			
At 31 December 2020	23,182	-	23,182

Notes to the Financial Statements

31 December 2021

18. RIGHT-OF-USE ASSETS (CONT'D.)

Bank	Building	
	RM'000 2021	RM'000 2020
Cost		
At 1 January	**30,864**	32,609
Additions	**9,048**	6,578
Derecognition	**(10,306)**	(8,323)
At 31 December	**29,606**	30,864
Accumulated depreciation		
At 1 January	**9,528**	8,864
Amortisation for the financial year (Note 33)	**7,394**	7,337
Derecognition	**(2,520)**	(6,673)
At 31 December	**14,402**	9,528
Net carrying amount		
At 31 December	**15,204**	21,336

19. DEFERRED TAXATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**14,127**	2,265	**8,722**	(657)
Recognised in profit or loss (Note 40)	**11,957**	13,265	**1,976**	10,782
Recognised in other comprehensive income	**4,521**	(1,403)	**4,521**	(1,403)
At end of the financial year	**30,605**	14,127	**15,219**	8,722
Deferred tax assets	**30,605**	14,283	**15,219**	8,722
Deferred tax liabilities	**-**	(156)	**-**	-
	30,605	14,127	**15,219**	8,722

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	**42,818**	30,051	**27,301**	24,288
Deferred tax liabilities	**(12,213)**	(15,924)	**(12,082)**	(15,566)
	30,605	14,127	**15,219**	8,722

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Fair value reserve RM'000	Excess of capital allowances over depreciation RM'000	Intangible assets/ Right-of-use assets RM'000	Total RM'000
At 1 January 2021	**(4,720)**	**(6,083)**	**(5,121)**	**(15,924)**
Disposal of a subsidiary (Note 13)	**-**	**156**	**-**	**156**
Recognised in profit or loss	**-**	**(2,522)**	**1,556**	**(966)**
Recognised in other comprehensive income	**4,521**	**-**	**-**	**4,521**
At 31 December 2021	**(199)**	**(8,449)**	**(3,565)**	**(12,213)**
At 1 January 2020	(3,317)	(6,009)	(5,699)	(15,025)
Recognised in profit or loss	-	(74)	578	504
Recognised in other comprehensive income	(1,403)	-	-	(1,403)
At 31 December 2020	(4,720)	(6,083)	(5,121)	(15,924)

Deferred tax assets of the Group:

	Fair value reserve RM'000	Impairment allowance and provisions RM'000	Unabsorbed capital allowances and tax losses RM'000	Intangible assets/ Lease liabilities RM'000	Total RM'000
At 1 January 2021	**152**	**24,607**	**146**	**5,146**	**30,051**
Transfer to intangible assets	**-**	**-**	**-**	**(939)**	**(939)**
Recognised in profit or loss	**-**	**14,954**	**(146)**	**(1,102)**	**13,706**
At 31 December 2021	**152**	**39,561**	**-**	**3,105**	**42,818**
At 1 January 2020	152	10,306	1,207	5,625	17,290
Recognised in profit or loss	-	14,301	(1,061)	(479)	12,761
At 31 December 2020	152	24,607	146	5,146	30,051

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities of the Bank:

	Fair value reserve RM'000	Excess of capital allowances over depreciation RM'000	Right-of-use assets RM'000	Total RM'000
At 1 January 2021	**(4,720)**	**(5,725)**	**(5,121)**	**(15,566)**
Recognised in profit or loss	**-**	**(2,509)**	**1,472**	**(1,037)**
Recognised in other comprehensive income	**4,521**	**-**	**-**	**4,521**
At 31 December 2021	**(199)**	**(8,234)**	**(3,649)**	**(12,082)**
At 1 January 2020	(3,317)	(5,800)	(5,699)	(14,816)
Recognised in profit or loss	-	75	578	653
Recognised in other comprehensive income	(1,403)	-	-	(1,403)
At 31 December 2020	(4,720)	(5,725)	(5,121)	(15,566)

Deferred tax assets of the Bank:

	Impairment allowance and provisions RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2021	**19,142**	**5,146**	**24,288**
Recognised in profit or loss	**4,115**	**(1,102)**	**3,013**
At 31 December 2021	**23,257**	**4,044**	**27,301**
At 1 January 2020	8,534	5,625	14,159
Recognised in profit or loss	10,608	(479)	10,129
At 31 December 2020	19,142	5,146	24,288

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses carried forward	7,904	6,274
Unutilised capital allowances carried forward	2,180	1,992
	10,084	8,266

On 27 December 2018, the Finance Act 2018 was gazetted and section 10 of the Finance Act 2018 made amendments to Section 44 of Income Tax Act 1967 ("ITA"). Effective year of assessment ("YA") 2019, the ability to carry forward the unabsorbed losses and unutilised allowances is restricted to a maximum period of seven (7) consecutive years.

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed term deposits	**2,464,706**	2,340,932	**2,516,015**	2,354,086
Short term money deposits	**563,833**	518,102	**625,846**	595,406
Negotiable instruments of deposits	**68,891**	52,303	**68,891**	52,303
Call money deposits	**39,848**	41,048	**39,848**	41,048
	3,137,278	2,952,385	**3,250,600**	3,042,843
(i) The maturity structure is as follows:				
Due within six months	**2,268,323**	2,128,347	**2,381,645**	2,216,065
Six months to one year	**747,040**	590,017	**747,040**	592,757
More than one year	**121,915**	234,021	**121,915**	234,021
	3,137,278	2,952,385	**3,250,600**	3,042,843
(ii) The deposits are sourced from the following types of customers:				
Government and statutory bodies	**671,186**	829,560	**671,186**	829,560
Individuals	**98,500**	84,730	**98,500**	84,730
Business enterprises	**1,007,435**	872,878	**1,007,435**	872,878
Non-bank financial institutions	**1,160,157**	1,054,701	**1,160,157**	1,054,701
Subsidiaries and related companies	**200,000**	110,516	**313,322**	200,974
	3,137,278	2,952,385	**3,250,600**	3,042,843

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed banks	**-**	100,000
Licensed investment banks	**-**	50,000
Other financial institutions	**593,126**	732,667
Bank Negara Malaysia	**59,736**	183,418
	652,862	1,066,085

22. BALANCES DUE TO CLIENTS AND BROKERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balances due to clients and brokers	**665,968**	720,665	**265,296**	405,191

Balances due to clients and brokers represent amounts payable in respect of outstanding contracts entered into on behalf of these clients where settlements have yet to be made. These balances are generally on 1 to 2 trading days (2020: 1 to 2 trading days) term.

23. DERIVATIVE FINANCIAL LIABILITIES

	Group and Bank	
	2021 RM'000	2020 RM'000
At fair value		
Dual currency investment - Options	**3**	6
Equity related contracts - Options	**23,534**	135,291
Equity related contract - Swaps	**5,223**	2,095
Equity related contract - Forward	**-**	88
	28,760	137,480
Contract/notional amount		
Dual currency investment - Options	**1,361**	3,655
Equity related contracts - Options	**180,364**	451,950
Equity related contract - Swaps	**55,251**	19,467
Equity related contract - Forward	**-**	3,200
	236,976	478,272

The contractual or underlying notional amounts of derivative financial liabilities held at fair value through profit or loss reflect the value of transactions outstanding as at reporting date, and do not represent amounts at risk.

24. OTHER LIABILITIES

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Interest/income payable		**13,301**	17,275	**13,032**	16,544
Retention for contra losses		**17**	17	**17**	17
Structured products		**3,168**	15,583	**3,168**	15,583
Treasury trade payables		**49,892**	-	**49,892**	-
Accruals and provisions	(i)	**246,142**	141,510	**61,732**	62,383
Amount held in trust on behalf of:					
- Dealer's representatives		**122,029**	122,522	**122,029**	122,522
Securities borrowing and lending		**28,867**	1,657	**28,867**	1,657
Deposits and other creditors		**110,283**	144,691	**105,423**	141,927
Amount due to trustee		**-**	4,040	**-**	-
Amount due to subsidiaries		**-**	-	**1**	12
		573,699	447,295	**384,161**	360,645

(i) Included in accruals and provisions, the movements of provisions are as follows:

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
As at 1 January	**51,885**	18,624	**42,703**	14,804
Provision made, net	**56,204**	52,306	**39,189**	41,633
Utilisation	**(48,135)**	(19,045)	**(39,359)**	(13,734)
As at 31 December	**59,954**	51,885	**42,533**	42,703

The nature of the provisions made above are for provision for annual leave, bonus, potential liabilities and directors' fee.

25. BORROWINGS

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Secured:					
Revolving bank loan	(a)	**19,200**	30,400	**19,200**	30,400
Unsecured:					
Revolving bank loans	(b)	**40,000**	23,000	**-**	-
Subordinated notes	(c)	**185,500**	122,000	**185,500**	122,000
		244,700	175,400	**204,700**	152,400

25. BORROWINGS (CONT'D.)

(a) The revolving bank loan amounting to RM19.2 million (2020: RM30.4 million) bears interest of 0.5% (2020: 0.5%) per annum above cost of funds. The loan is secured by a first party legal charge over Kenanga Tower, the corporate office building of Kenanga Investment Bank Berhad. The tenure for the loan is 7 years from 24 May 2016.

(b) The revolving bank loans bear interest of 1.50% to 2.00% over cost of funds (2020: 1.50% to 2.00% over cost of funds) plus cost of maintaining statutory reserve and liquidity requirements and are payable on maturity of the loans. The maximum tenure for the loans is 3 months (2020: 3 months).

(c) On 27 March 2017, the Bank established a RM250 million Tier 2 Subordinated Note Programme in nominal value which has a tenure of up to thirty (30) years.

The outstanding subordinated notes under this programme as at 31 December 2021 are as follows:

Issue date	Tranches	RM'000	Rate (p.a.)	Tenure
20 April 2017	1	5,000	6.25%	10 years (non-callable 5 years)
29 January 2018	2	10,000	6.60%	
18 September 2018	3	10,000	6.40%	
20 March 2020	4	50,000	5.25%	
28 August 2020	5	47,000	4.40%	
28 May 2021	6	63,500	4.48%	
		185,500		

26. LEASE LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
As at 1 January	**23,382**	24,429	**21,442**	23,436
Additions	**11,540**	6,976	**9,048**	4,928
Accretion of interest	**1,064**	1,331	**1,006**	1,218
Payments	**(9,325)**	(9,354)	**(8,191)**	(8,140)
Derecognition	**(7,832)**	-	**(7,832)**	-
As at 31 December	**18,829**	23,382	**15,473**	21,442

The maturity analysis of lease liabilities is disclosed as below:

	Group 2021 RM	Group 2020 RM	Bank 2021 RM	Bank 2020 RM
Within 1 year	**7,121**	5,248	**6,180**	5,048
Between one and five years	**11,708**	18,134	**9,293**	16,394
	18,829	23,382	**15,473**	21,442

27. SHARE CAPITAL

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	**722,741**	722,741	**246,249**	246,249
Issuance of shares pursuant to ESS exercise	**13,021**	-	**7,585**	-
At 31 December	**735,762**	722,741	**253,834**	246,249

Treasury shares

	Group and Bank			
	Number of Ordinary Shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
At 1 January	**14,807**	24,054	**10,458**	16,990
Share buy back	**11,933**	-	**14,923**	-
Transfer to staff pursuant to ESS exercise	**(16,264)**	(9,247)	**(12,317)**	(6,532)
At 31 December	**10,476**	14,807	**13,064**	10,458

The shareholders of the Bank, via an ordinary resolution passed at the Annual General Meeting held on 11 June 2020, had approved its plan to purchase its own shares up to 10% of existing total issued and paid-up share capital.

During the financial year, the Bank bought back 11,933,200 ordinary shares at an average price of RM1.2505 (2020: nil) from the open market. The share buy-back transactions were financed by internally generated funds. As at 31 December 2021, the total number of shares held as treasury shares in accordance with the provisions of Section 127 of the Companies Act, 2016 was 10,476,200. Accordingly the adjusted issued and paid-up share capital of the Company (excluding 10,476,200 treasury shares) as at 31 December 2021 was RM240,769,575 (2020: RM235,790,270) comprising 725,286,399 (2020: 707,934,599) shares.

28. RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Non-distributable:					
Capital reserve		88,938	88,938	**153,863**	153,863
Fair value reserve	(a)	6,590	15,916	**634**	15,256
Exchange reserve	(b)	19,204	16,556	**-**	-
Regulatory reserve	(c)	18,921	18,661	**18,921**	18,661
ESS reserve		2,809	6,144	**2,809**	6,144
		136,462	146,215	**176,227**	193,924
Distributable:					
Retained profits		673,097	617,832	**624,353**	594,296
		809,559	764,047	**800,580**	788,220

The nature and purpose of each category of reserves are as follows:

(a) Fair value reserve is in respect of unrealised fair value gains and losses on financial investments at FVOCI, net of tax.

(b) The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the associated companies.

(c) Regulatory reserve is maintained in addition to the impairment allowance for non-impaired credit exposures that has been assessed and recognised in accordance with MFRS in compliance with BNM requirements.

29. OPERATING REVENUE

Revenue of the Bank comprises all types of revenue derived from brokerage, lending, treasury, investment, trading and other banking activities undertaken by the Bank.

Revenue of the Group comprises all types of revenue derived from brokerage, lending, treasury, investment, trading and investment management and other banking activities undertaken by the Group.

30. INTEREST INCOME

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing				
- Interest income other than from recoveries from impaired loans*	**122,620**	125,777	**120,431**	121,520
- Interest income from recoveries from impaired loans	**-**	918	**-**	918
Money at call and deposit placements with financial institutions	**43,138**	45,378	**39,397**	42,182
Financial investments measured at FVOCI	**19,276**	23,325	**19,276**	23,325
Financial investments at amortised cost	**5,394**	4,860	**5,394**	4,860
Others	**19,944**	18,663	**19,946**	18,678
	210,372	218,921	**204,444**	211,483

* *Included reversal of net modification loss relating to COVID-19 relief measures of the Group and of the Bank of RM140,000 (2020: loss RM188,000) in the current financial year.*

31. INTEREST EXPENSE

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits from customers	**86,064**	108,829	**88,274**	110,438
Deposits and placements from banks and other financial institutions	**1,804**	1,901	**1,804**	1,901
Borrowings	**9,277**	7,178	**8,685**	5,560
Lease interest expense	**965**	1,335	**905**	1,218
Others	**1,451**	1,264	**10,581**	9,342
	99,561	120,507	**110,249**	128,459

32. OTHER OPERATING INCOME

		Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a)	Fee income:				
	Brokerage fees	**313,354**	372,166	**313,354**	372,167
	Corporate advisory fees	**6,932**	5,942	**7,049**	6,059
	Processing fees on loans, advances and financing	**1,766**	3,199	**706**	2,320
	Underwriting commission	**1,839**	3,254	**1,839**	3,254
	Placement fees	**15,230**	13,551	**12,649**	10,949
	Commissions	**11,861**	10,754	**-**	-
	Management fee income	**152,510**	100,605	**1,352**	1,123
	Other fee income	**18,647**	20,694	**7,029**	5,955
	Other	**1,625**	2,501	**353**	1,255
		523,764	532,666	**344,331**	403,082
(b)	Investment and trading income:				
	Net (loss)/gain from sale of financial assets at fair value through profit or loss and derivatives	**(45,678)**	217,667	**(45,718)**	217,307
	Unrealised profit/(loss) on revaluation of financial assets at fair value through profit or loss and derivatives	**148,011**	(76,392)	**150,784**	(77,874)
	Net gain from sale of financial investments at FVOCI	**9**	9,243	**9**	9,243
	Gross dividend income from:				
	- Financial assets at fair value through profit or loss	**3,410**	3,746	**3,303**	3,640
	- Financial investments at FVOCI	**244**	294	**244**	294
	- Subsidiary	**-**	-	**15,000**	-
	Interest income from financial assets at FVTPL	**2,176**	1,827	**2,176**	1,827
		108,172	156,385	**125,798**	154,437
(c)	Other income:				
	Foreign exchange gain, net	**10,792**	9,306	**10,716**	9,196
	Gain on disposal of property, plant and equipment	**60**	24	**57**	24
	Other operating income	**2,602**	1,454	**3,481**	2,157
	Other non-operating income				
	- Rental income	**1,674**	2,687	**3,525**	4,529
	- Gain on disposal of a subsidiary	**4,729**	-	**-**	-
	- Others	**5,088**	4,931	**4,746**	4,705
		24,945	18,402	**22,525**	20,611
	Total other operating income	**656,881**	707,453	**492,654**	578,130

33. OTHER OPERATING EXPENSES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel costs				
- Salaries, allowances and bonuses	**195,241**	180,489	**149,029**	142,270
- EPF	**20,066**	18,784	**16,014**	14,991
- ESS	**1,302**	2,515	**1,024**	2,343
- Others	**30,524**	29,652	**16,444**	16,556
	247,133	231,440	**182,511**	176,160
Establishment costs				
- Depreciation of property, plant and equipment (Note 16)	**11,714**	11,781	**10,829**	10,958
- Amortisation of intangible assets (Note 17(d) and (f))	**5,624**	5,101	**4,642**	4,259
- Amortisation of right-of-use assets (Note 18)	**8,465**	8,449	**7,397**	7,337
- Rental of premise	**397**	415	**324**	275
- Rental of equipment	**640**	604	**412**	360
- Repairs and maintenance	**5,836**	6,069	**3,635**	4,086
- Information technology expenses	**14,792**	14,776	**14,779**	14,669
- Others	**6,249**	7,010	**2,746**	3,361
	53,717	54,205	**44,764**	45,305
Marketing expenses				
- Promotion and advertisement	**18,822**	12,548	**4,317**	2,943
- Travel and entertainment	**4,040**	4,160	**668**	1,383
- Others	**448**	930	**289**	847
	23,310	17,638	**5,274**	5,173
Administration and general expenses				
- Communication expenses	**4,680**	4,482	**4,053**	3,764
- Regulatory charges	**33,361**	36,056	**31,224**	34,160
- Printing and stationery	**1,266**	1,552	**781**	1,046
- Administrative expenses	**15,230**	16,249	**12,911**	14,546
- Professional fees and legal fees	**5,285**	4,236	**4,939**	3,782
- Fees and brokerage	**264,508**	334,305	**198,284**	287,308
	324,330	396,880	**252,192**	344,606
Total other operating expenses	**648,490**	700,163	**484,741**	571,244
Included in the other operating expenses are the following:				
Auditors' remuneration				
- Statutory audit	**583**	542	**355**	345
- Assurance related	**58**	58	**58**	58
- Other services	**97**	65	**30**	27
Directors' remuneration (Note 39)	**3,930**	4,453	**3,642**	4,165
Property, plant and equipment written off	**231**	1	**-**	1
Intangible assets written off	**-**	3	**-**	3

34. CREDIT LOSS REVERSAL/(EXPENSES)

The table below shows the ECL charges on financial instruments for the financial year recorded in the income statement:

Group

(a) Movement in ECLs on debt instruments, loan commitments and loans, advances and financing:

2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(4)**	**-**	**-**	**(4)**
Debts instruments at amortised cost (Note 7(b))	**56**	**-**	**-**	**56**
Loans, advances and financing (Note 9.2)	**163**	**-**	**(2,783)**	**(2,620)**
Credit loss (expenses)/reversal	**215**	**-**	**(2,783)**	**(2,568)**

2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	(350)	-	-	(350)
Debts instruments at amortised cost (Note 7(b))	(105)	338	-	233
Loans, advances and financing (Note 9.2)	(1,929)	-	(2,501)	(4,430)
Loan commitments (Note 9.2(d))	129	-	-	129
Credit loss (expenses)/reversal	(2,255)	338	(2,501)	(4,418)

(b) Movement in ECLs on other financial assets:

2021	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**18**	**(87)**	**(69)**
Other debtors (Note 11.1)	**(1,054)**	**1,791**	**737**
Credit loss (expenses)/reversal	**(1,036)**	**1,704**	**668**

2020	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	(37)	157	120
Other debtors (Note 11.1)	(1,513)	(41)	(1,554)
Credit loss (expenses)/reversal	(1,550)	116	(1,434)

34. CREDIT LOSS REVERSAL/(EXPENSES) (CONT'D.)

Bank

(a) Movement in ECLs on debt instruments, loan commitments and loans, advances and financing:

2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	**(4)**	**-**	**-**	**(4)**
Debts instruments at amortised cost (Note 7(b))	**56**	**-**	**-**	**56**
Loans, advances and financing (Note 9.2)	**109**	**-**	**(2,783)**	**(2,674)**
Loan commitments (Note 9.2(d))	**31**	**-**	**-**	**31**
Amount due from subsidiaries	**(14)**	**-**	**-**	**(14)**
Credit loss (expenses)/reversal	**178**	**-**	**(2,783)**	**(2,605)**

2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debts instruments at FVOCI (Note 7(a))	(350)	-	-	(350)
Debts instruments at amortised cost (Note 7(b))	(105)	338	-	233
Loans, advances and financing (Note 9.2)	(1,201)	-	(2,553)	(3,754)
Loan commitments (Note 9.2(d))	180	-	-	180
Amount due from subsidiaries	78	-	-	78
Credit loss (expenses)/reversal	(1,398)	338	(2,553)	(3,613)

(b) Movement in ECLs on other financial assets:

2021	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	**18**	**(87)**	**(69)**
Other debtors (Note 11.1)	**(1,055)**	**1,794**	**739**
Credit loss (expenses)/reversal	**(1,037)**	**1,707**	**670**

2020	Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balances due from clients and brokers (Note 10.1)	(37)	157	120
Other debtors (Note 11.1)	(1,514)	(42)	(1,556)
Credit loss (expenses)/reversal	(1,551)	115	(1,436)

35. BAD DEBTS RECOVERED/(WRITTEN OFF)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing	**506**	1,316	**506**	1,316
Balances due from clients and brokers	**37**	145	**37**	145
Other debtors	**(30)**	(53)	**-**	(53)
	513	1,408	**543**	1,408

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year.

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions				
Income earned:				
Brokerage fees:				
- Key management personnel	**1**	19	**1**	19
- Related company	**6,642**	7,308	**6,642**	7,308
Rollover fees:				
- Related company	**151**	31	**151**	31
Corporate advisory fees:				
- Subsidiaries	**-**	-	**117**	117
Processing fees on loans, advances and financing:				
- Subsidiaries	**-**	-	**89**	423
Management fee income:				
- Subsidiary	**-**	-	**38**	86
Other income:				
- Subsidiary	**-**	-	**74**	87
- Related company	**-**	265	**-**	265
Interest on loans, advances and financing:				
- Subsidiaries	**-**	-	**4,895**	6,195
- Related company	**1,264**	458	**1,264**	458
Group support services charged:				
- Subsidiaries	**-**	-	**6,504**	5,995
- Related company	**-**	-	**174**	84

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions (cont'd.)				
Income earned (cont'd.):				
Dividend income:				
- Subsidiary (Note 32)	**-**	-	**15,000**	-
Rental of premises:				
- Subsidiaries	**-**	-	**845**	1,574
- Related company	**348**	348	**348**	348
Rental of car park:				
- Subsidiaries	**-**	-	**251**	251
Referral and cost sharing fees:				
- Subsidiary	**-**	-	**511**	575
Expenditure incurred:				
Interest on deposits and placements:				
- Subsidiaries	**-**	-	**2,211**	1,609
- Key management personnel	**11**	15	**11**	15
- Other related company	**4,143**	2,982	**4,143**	2,982
- Other related party	**227**	177	**227**	177
Interest on debt securities products:				
- Subsidiary	**-**	-	**9,130**	7,906
Staff training cost:				
- Subsidiaries	**-**	-	**154**	137
Direct placement cost				
- Subsidiary	**-**	-	**2,581**	2,385
Management fees expenses				
- Subsidiary	**-**	-	**-**	15
Performance fees expenses				
- Subsidiary	**-**	-	**-**	306
Other expenses				
- Related company	**165**	-	**165**	-
Incentive fees- management fees income				
- Subsidiary	**-**	-	**1,658**	7,454
Incentive fees- agent				
- Subsidiary	**-**	-	**549**	1,802
Service charge:				
- Subsidiary	**-**	-	**1,017**	963

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions (cont'd.)				
Balances				
Amount due from:				
Loans, advances and financing:				
- Subsidiaries	-	-	56,500	72,500
Commitment receivables:				
- Subsidiaries	-	-	9	10
Other receivables:				
- Subsidiaries	-	-	29,716	30,359
Amount due to:				
Deposits and placements:				
- Subsidiaries (Note 20)	-	-	113,322	90,458
- Related company (Note 20)	517	54,816	517	54,816
- Other related party	385,550	263,500	385,550	263,500
- Key management personnel	232	226	232	226
Balances due to clients and brokers:				
- Key management personnel	90	227	90	227
Interest receivable on loan, advances and financing:				
- Subsidiaries	-	-	78	494
Interest payable on deposits:				
- Subsidiaries	-	-	263	144
- Related company	1,187	218	1,187	218
- Other related party	-	-	-	-
Deposit for Index trading				
- Subsidiaries	-	-	543	5,314
Other payables:				
- Subsidiaries	-	-	1	12

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both. The related parties of the Bank are:

(i) Subsidiaries

Details of the subsidiaries are shown in Note 13.

(ii) Associates

Details of the associates are as disclosed in Note 14.

(iii) Joint Venture

Details of the joint venture are disclosed in Note 15.

(iv) Other related parties

Name	Relationship
CMS Capital Sdn Bhd	Substantial shareholder of the Bank
Cahya Mata Sarawak Berhad	Holding company of a substantial shareholder of the Bank

The Directors are of the opinion that the above transactions were entered into in the normal course of business and have been established under terms that are no less favourable than those obtainable in transactions with unrelated parties.

37. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group and Bank	
	2021 RM'000	2020 RM'000
Outstanding credit exposures with connected parties	**173,066**	179,181
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	**5.73%**	4.89%
- which is impaired or in default	**-**	-

37. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014, which will be effective from 1 January 2008.

Based on these guidelines, connected parties refer to the following:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;

(iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

38. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group Managing Director				
- Short term employee benefits	**5,212**	2,733	**5,212**	2,733
- Post-employment benefits: EPF	**733**	424	**733**	424
Senior Management				
- Short term employee benefits	**23,694**	15,338	**18,031**	11,804
- Post-employment benefits: EPF	**3,151**	2,361	**2,365**	1,832
	32,790	20,856	**26,341**	16,793

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly including all executive directors and senior management.

39. DIRECTORS' REMUNERATION

Remuneration in aggregate for Directors for the financial year is as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Bank:				
Non-executive directors' remuneration:				
- Fees	**3,274**	3,786	**3,072**	3,566
- Other remuneration, including meeting allowance	**580**	610	**498**	542
Total directors' remuneration	**3,854**	4,396	**3,570**	4,108
Estimated money value of benefits-in-kind*	**76**	57	**72**	57
Total for directors of the Bank (Note 33)	**3,930**	4,453	**3,642**	4,165

* *Included in the benefit-in-kind was the amount of RM32,000 being the costs of farewell gifts provided to Izlan Bin Izhab who retired on 1 January 2021 and Dato' Richard Alexander John Curtis who resigned on 11 June 2021.*

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

	Remuneration received from the Group			
	Fees RM'000	Other emolument RM'000	Benefits-in-kind RM'000	Group Total RM'000
31 December 2021				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	**537**	**36**	**31**	**604**
Izlan Bin Izhab	**-**	**-**	**19**	**19**
Datuk Syed Ahmad Alwee Alsree	**225**	**32**	**13**	**270**
Dato' Richard Alexander John Curtis	**146**	**26**	**13**	**185**
Luigi Fortunato Ghirardello	**410**	**82**	**-**	**492**
Ismail Harith Merican	**300**	**42**	**-**	**342**
Luk Wai Hong, William	**465**	**116**	**-**	**581**
Jeremy Bin Nasrulhaq	**390**	**74**	**-**	**464**
Norazian Binti Ahmad Tajuddin	**417**	**104**	**-**	**521**
Kanagaraj Lorenz	**370**	**68**	**-**	**438**
Choy Khai Choon	**14**	**-**	**-**	**14**
Total Directors' remuneration	**3,274**	**580**	**76**	**3,930**

Notes to the Financial Statements
31 December 2021

39. DIRECTORS' REMUNERATION (CONT'D.)

	Remuneration received from the Group			
	Fees RM'000	Other emolument RM'000	Benefits-in-kind RM'000	Group Total RM'000
31 December 2020				
Non-Executive Directors:				
Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	261	10	15	286
Izlan Bin Izhab	425	48	22	495
Datuk Syed Ahmad Alwee Alsree	510	64	20	594
Dato' Richard Alexander John Curtis	330	52	-	382
Luigi Fortunato Ghirardello	410	78	-	488
Ismail Harith Merican	300	40	-	340
Luk Wai Hong, William	400	82	-	482
Jeremy Bin Nasrulhaq	370	68	-	438
Norazian Binti Ahmad Tajuddin	410	102	-	512
Kanagaraj Lorenz	370	66	-	436
Total Directors' remuneration	3,786	610	57	4,453

40. TAXATION AND ZAKAT

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
Tax expense for the financial year	**40,917**	44,536	**26,132**	38,220
Under provision in prior years	**872**	714	**1,109**	927
	41,789	45,250	**27,241**	39,147
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**(10,168)**	(11,293)	**555**	(10,761)
Under provision of deferred tax assets in prior years	**(2,572)**	(1,972)	**(2,531)**	(21)
	(12,740)	(13,265)	**(1,976)**	(10,782)
Zakat	**372**	445	**340**	430
Total income tax expense	**29,421**	32,430	**25,605**	28,795

Domestic income tax is calculated at the statutory tax rate of 24% (2020: 24%) on the estimated chargeable profit for the financial year.

40. TAXATION AND ZAKAT (CONT'D.)

A reconciliation of taxation applicable to profit before taxation at the statutory income tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation and zakat	**148,236**	134,715	**120,421**	106,938
Taxation at Malaysian statutory income tax rate of 24% (2020: 24%)	**35,577**	32,332	**28,901**	25,665
Effect of income not subject to tax	**(10,219)**	(2,837)	**(4,465)**	(944)
Effect of expenses not deductible for tax purposes	**4,955**	3,111	**2,251**	2,738
Deferred tax asset not recognised on unutilised business losses	**391**	577	**-**	-
Deferred tax asset not recognised on unabsorbed capital allowances	**45**	60	**-**	-
Over provision of deferred tax assets in prior years	**(2,572)**	(1,972)	**(2,531)**	(21)
Under provision of income tax expense in prior years	**872**	714	**1,109**	927
Tax expense for the year	**29,049**	31,985	**25,265**	28,365
Zakat	**372**	445	**340**	430
Tax expense and zakat for the financial year	**29,421**	32,430	**25,605**	28,795

41. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit for the financial year attributable to equity holders of the Bank (RM'000)	**118,390**	102,082
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	**726,885**	701,345
Effects of dilution ('000)	**15,723**	18,342
Adjusted weighted average number of ordinary shares in issue ('000)	**742,608**	719,687
Earnings per share (sen)		
- basic	**16.29**	14.56
- fully diluted	**15.94**	14.18

There were no potential dilutive ordinary shares outstanding as at 31 December 2021.

42. COMMITMENTS AND CONTINGENCIES

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

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

	Group		Bank	
	2021 Principal amount RM'000	2020 Principal amount RM'000	2021 Principal amount RM'000	2020 Principal amount RM'000
Commitments to extend credit with maturity of less than 1 year:				
- share margin financing	**2,774,310**	2,534,315	**2,774,310**	2,534,315
- foreign exchange related contracts	**10,222**	58,554	**10,222**	58,554
- equity exchange related contracts	**148,840**	158,546	**148,840**	158,546
Commitments to extend credit with maturity of more than 1 year:				
- equity exchange related contracts	**247**	520	**247**	520
Other commitments with an original maturity of less than 1 year:				
- corporate loans	**50,742**	60,050	**124,242**	107,550
Other commitments with an original maturity of more than 1 year:				
- corporate loans	**55,275**	98,851	**61,275**	118,851
- others	**-**	5,500	**-**	-
Monies held in trust on behalf of client (Note 5)	**1,249,679**	1,257,682	**1,249,679**	1,257,682
Securities borrowing and lending	**27,637**	1,544	**27,637**	1,544
Derivative financial assets (Note 8):				
- dual currency investment - options	**1,361**	3,655	**1,361**	3,655
- equity related contracts - options	**29,492**	47,685	**29,492**	47,685
- equity related contracts - swap	**24,123**	31,216	**24,123**	31,216
- equity related contracts - forward	**57,354**	57,354	**57,354**	57,354
- index futures	**-**	2,688	**-**	2,688
Derivative financial liabilities (Note 23):				
- dual currency investment - options	**1,361**	3,655	**1,361**	3,655
- equity related contracts - options	**180,364**	451,950	**180,364**	451,950
- equity related contracts - swaps	**55,251**	19,467	**55,251**	19,467
- equity related contracts - forward	**-**	3,200	**-**	3,200
Capital commitment:				
- Authorised and contracted for	**18,859**	4,588	**17,399**	4,261
Investment in equity funds	**-**	-	**24,991**	35,981
	4,685,117	4,801,020	**4,788,148**	4,898,674

43. CONTINGENT LIABILITIES

	Group and Bank	
	2021 RM'000	2020 RM'000
(a) On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The Plaintiff, KIBB and the 3rd Defendant presented their evidence during the trial from 11 to 13 August 2021. On 3 November 2021, the High Court dismissed the Plaintiff's claim against KIBB and the 3rd Defendant with costs of RM25,000.00 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000.00 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter is fixed for case management on 16 March 2022.	**3,600**	3,600
(b) On 18 December 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Opes Capital Berhad ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the first (1st) Defendant (who was a dealer representative of KIBB) and another third (3rd) party had failed to purchase certain shares of a public listed company on its behalf upon transmitting a total of RM16,000,000, and had caused the Plaintiff to suffer losses. KIBB's solicitors are of the view that the claim against KIBB is without merit and KIBB will contest the claim in the court. On 30 June 2021 the Plaintiffs filed a Notice of Discontinuance and on 1 July 2021 the Court struck out the Plaintiffs case against the Defendants with no liberty to file a fresh with no costs against the 1st Defendant and costs of RM12,000 to KIBB.	-	16,000

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

44. OPERATING LEASE ARRANGEMENTS

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Future minimum sub lease receipts:				
Subsidiaries	**-**	-	**1,484**	2,945
External parties	**779**	2,055	**508**	2,055
	779	2,055	**1,992**	5,000

45. DIVIDEND

During the financial year, an interim single tier dividend of 8.80 sen (2020 final single tier dividend: 3.25 sen) per ordinary share on 729,698,099 ordinary shares (2020: 698,687,499 ordinary shares) in respect of the financial year ended 31 December 2020, which amounted to RM64,213,435 (2020: RM22,707,356) was paid on 20 April 2021 (2020: paid on 15 April 2020).

Subsequent to financial year end, on 24 February 2022, the Directors declared a total single tier interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising ordinary interim dividend of 4.00 sen per share and special interim dividend of 6.50 sen per share amounting to total dividends payable of approximately RM77,255,073. This is computed based on issued and paid-up capital as at 31 December 2021 of 735,762,599 ordinary shares. The actual amount of dividends to be paid will depend on the number of shares in issue at the date of entitlement.

The financial statements for the current financial year do not reflect these interim dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

46. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Gross amounts of recognised financial asset/ liability RM'000	Gross amounts of recognised financial asset/ liability set off in the statements of financial position RM'000	Net amounts of recognised financial assets presented in the statements of financial position RM'000	Related accounts not set off in the statements of financial position: Financial instruments RM'000	Related accounts not set off in the statements of financial position: Cash collateral received RM'000	Net amount RM'000
2021						
Balances due from clients and brokers (Note 10)	**699,884**	**(365,419)**	**334,465**	**2,332,231**	**214,647**	**-**
Balances due to clients and brokers (Note 22)	**1,296,683**	**(630,715)**	**665,968**	**-**	**-**	**665,968**
2020						
Balances due from clients and brokers (Note 10)	1,558,667	(1,013,610)	545,057	3,035,964	345,232	-
Balances due to clients and brokers (Note 22)	2,139,467	(1,418,802)	720,665	-	-	720,665
Bank						
2021						
Balances due from clients and brokers (Note 10)	**699,789**	**(365,419)**	**334,370**	**2,332,231**	**214,647**	**-**
Balances due to clients and brokers (Note 22)	**896,010**	**(630,714)**	**265,296**	**-**	**-**	**265,296**
2020						
Balances due from clients and brokers (Note 10)	1,558,667	(1,013,610)	545,057	3,035,964	345,232	-
Balances due to clients and brokers (Note 22)	1,823,993	(1,418,802)	405,191	-	-	405,191

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

Capital management

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by BNM in supervising the Bank.

The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with regulatory capital requirements and the Group and the Bank maintain strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group and the Bank manage its capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payments to its shareholders, return capital to its shareholders or issue capital securities. Nevertheless, it is under constant scrutiny of the Board.

Capital adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk (Basel II). The minimum regulatory capital adequacy requirements for Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total risk weighted assets.

(i) Components of Tier 1 and Tier 2 capital:

The capital adequacy ratios of the Group and Bank are as follows:

	Group		Bank	
	2021	2020	2021	2020
CET 1 capital ratio	**20.665%**	19.093%	**21.332%**	18.797%
Tier 1 capital ratio	**20.665%**	19.093%	**21.332%**	18.797%
Total capital ratio	**28.291%**	24.037%	**29.827%**	24.075%
After deducting interim dividends*				
CET 1 capital ratio	**17.860%**	16.845%	**18.198%**	16.397%
Tier 1 capital ratio	**17.860%**	16.845%	**18.198%**	16.397%
Total capital ratio	**25.523%**	21.789%	**26.741%**	21.675%

* *Refer to interim dividends declared subsequent to the financial year end.*

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CET 1 capital/Tier 1 capital				
Paid-up share capital	**253,834**	246,249	**253,834**	246,249
Retained profits	**673,097**	617,832	**624,353**	594,296
Other reserves	**136,462**	146,215	**176,227**	193,924
Less: Goodwill	**(241,277)**	(240,782)	**(252,909)**	(252,909)
55% of cumulative gains on financial investments at FVOCI	**(3,625)**	(8,754)	**(349)**	(8,391)
Deferred tax assets	**(30,605)**	(14,283)	**(15,219)**	(8,722)
Other intangibles	**(89,784)**	(81,585)	**(79,077)**	(71,485)
Regulatory reserve	**(18,921)**	(18,661)	**(18,921)**	(18,661)
Treasury shares	**(13,064)**	(10,458)	**(13,064)**	(10,458)
Other CET 1 regulatory adjustments specified by BNM	**1,765**	4,275	**944**	3,419
Deduction in excess of Tier 2*	**(119,140)**	(96,798)	**(169,047)**	(166,170)
Total CET 1/Tier 1 capital	**548,742**	543,250	**506,772**	501,092
Tier 2 Capital				
Subordinated obligations capital	**185,500**	122,000	**185,500**	122,000
Collective allowance and regulatory reserve	**16,986**	18,657	**16,321**	18,702
Total Tier 2 capital	**202,486**	140,657	**201,821**	140,702
Total Capital	**751,228**	683,907	**708,593**	641,794

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

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(i) Components of Tier 1 and Tier 2 capital (cont'd.):

Breakdown of risk weighted assets in the various categories of risks are as follows:

	2021		2020	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Group				
Credit risk	**5,567,911**	**1,358,911**	5,615,290	1,492,582
Market risk	**-**	**456,072**	-	646,327
Operational risk	**-**	**828,589**	-	704,075
Large exposure risk	**-**	**11,794**	-	2,250
Total Risk Weighted Assets	**5,567,911**	**2,655,366**	5,615,290	2,845,234
Bank				
Credit risk	**5,061,023**	**1,305,693**	5,306,982	1,496,190
Market risk	**-**	**440,663**	-	632,053
Operational risk	**-**	**617,538**	-	535,355
Large exposure risk	**-**	**11,794**	-	2,250
Total Risk Weighted Assets	**5,061,023**	**2,375,688**	5,306,982	2,665,848

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions

The Bank has elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years beginning on 1 January 2020 and apply the transitional arrangements with 31 December 2020 as the first reporting period.

Under the transitional arrangements, the Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures ("Stage 1 and Stage 2 provisions") to CET1 Capital.

47. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (CONT'D.)

Capital adequacy (cont'd.)

(ii) Transitional arrangements for regulatory capital treatment of accounting provisions

The capital adequacy ratios of the Group and Bank are as follows:

	Group		Bank	
	2021	2020	2021	2020
With transitional arrangement				
CET 1 capital ratio	20.665%	19.093%	21.332%	18.797%
Tier 1 capital ratio	20.665%	19.093%	21.332%	18.797%
Total capital ratio	28.291%	24.037%	29.827%	24.075%

	Group		Bank	
	2021	2020	2021	2020
Without transitional arrangement				
CET 1 capital ratio	20.599%	18.943%	21.292%	18.668%
Tier 1 capital ratio	20.599%	18.943%	21.292%	18.668%
Total capital ratio	28.225%	23.887%	29.787%	23.946%

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts and the fair values of the financial assets and liabilities of the Group and the Bank are as follows:

	2021		2020	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Cash and bank balances	**1,897,384**	**1,897,384**	1,644,534	1,644,534
Financial assets at fair value through profit or loss	**387,322**	**387,322**	543,539	543,539
Financial investments at fair value through other comprehensive income	**737,574**	**737,574**	771,732	771,732
Financial investments at amortised cost	**213,660**	**219,155**	193,035	202,215
Derivative financial assets	**81,453**	**81,453**	95,571	95,571
Loans, advances and financing	**1,775,413**	**1,782,095**	1,869,249	1,867,339
Balances due from clients and brokers	**334,465**	**334,465**	545,057	545,057
Other assets, excluding prepayments and deposits	**219,401**	**219,401**	168,868	168,868
Statutory deposit with Bank Negara Malaysia	**50,868**	**50,868**	58,398	58,398

Notes to the Financial Statements
31 December 2021

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

The carrying amounts and the fair values of the financial assets and liabilities of the Group and the Bank are as follows (cont'd.):

Group (cont'd.)	2021 Carrying amount RM'000	2021 Fair value RM'000	2020 Carrying amount RM'000	2020 Fair value RM'000
Financial liabilities				
Deposits from customers	**3,137,278**	**3,137,372**	2,952,385	2,914,302
Deposits and placements of banks and other financial institutions	**652,862**	**652,862**	1,066,085	1,066,085
Balances due to clients and brokers	**665,968**	**665,968**	720,665	720,665
Derivative financial liabilities	**28,760**	**28,760**	137,480	137,480
Other liabilities, excluding deposits	**434,169**	**434,169**	307,765	307,765
Borrowings	**244,700**	**204,020**	175,400	154,413

Bank	2021 Carrying amount RM'000	2021 Fair value RM'000	2020 Carrying amount RM'000	2020 Fair value RM'000
Financial assets				
Cash and bank balances	**1,459,156**	**1,459,156**	1,378,646	1,378,646
Financial assets at fair value through profit or loss	**386,367**	**386,367**	539,931	539,931
Financial investments at fair value through other comprehensive income	**737,574**	**737,574**	771,732	771,732
Financial investments at amortised cost	**213,660**	**219,155**	193,035	202,215
Derivative financial assets	**81,453**	**81,453**	95,571	95,571
Loans, advances and financing	**1,749,615**	**1,757,618**	1,856,996	1,857,022
Balances due from clients and brokers	**334,370**	**334,370**	545,057	545,057
Other assets, excluding prepayments and deposits	**121,777**	**121,777**	78,560	78,560
Statutory deposit with Bank Negara Malaysia	**50,868**	**50,868**	58,398	58,398
Financial liabilities				
Deposits from customers	**3,250,600**	**3,250,694**	3,042,843	3,004,760
Deposits and placements of banks and other financial institutions	**652,862**	**652,862**	1,066,085	1,066,085
Balances due to clients and brokers	**265,296**	**265,296**	405,191	405,191
Derivative financial liabilities	**28,760**	**28,760**	137,480	137,480
Other liabilities, excluding deposits	**245,664**	**245,664**	222,148	222,148
Borrowings	**204,700**	**164,018**	152,400	131,421

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial assets/liabilities for which fair value approximates carrying value

The carrying amounts of financial assets and financial liabilities that have a short-term maturity and deposits/accounts without a specific maturity, approximate fair values.

(ii) Financial assets at FVTPL, FVOCI and AC

The fair values are estimated based on quoted or observable market prices at the reporting date. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the reporting date.

(iii) Derivatives

Fair values are estimated based on quoted or observable market prices at the reporting date.

Options are using Black-Scholes model and Swaps are using discounted cash flow. These valuation techniques incorporates various market and observable assumptions including market rate volatility.

(iv) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at the reporting date offered to new borrowers with similar credit profiles.

(v) Deposits from customers

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested.

(vi) Deposits and placements of banks and other financial institutions

The carrying values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments. For deposits and placements with maturities of one year and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(vii) Borrowings

The fair values of borrowings are estimated based on expected future cash flows discounted at applicable variable rates offered for borrowings.

Notes to the Financial Statements
31 December 2021

49. SEGMENTAL REPORTING

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure. The Group is organised into six major operating divisions. The division form the basis of which the Group reports its segment information.

(i) Investment banking - Investment banking business, treasury and related financial services;

(ii) Stockbroking - Dealings in securities and investment related services;

(iii) Futures broking - Futures broker business;

(iv) Money lending and financing - Money lending, Islamic factoring and leasing;

(v) Investment and wealth management - Management of funds and unit trusts; and

(vi) Corporate and others - Support services comprising all middle and back office functions costs that are not allocated out to business segments and include business operations conducted by the Group's associates in the Kingdom of Saudi Arabia and Sri Lanka and joint venture company, Rakuten Trade Sdn Bhd.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

49. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments:

2021	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Revenue								
External sales	138,571	537,581	15,520	9,026	165,864	24,929	-	891,491
- Interest income	108,119	115,823	3,664	7,101	195	397	-	235,299
- Fee income	24,250	326,224	11,856	1,925	165,252	(112)	-	529,395
- Trading and investment income	681	87,937	-	-	154	24,828	-	113,600
- Other operating income/(loss)	5,521	7,597	-	-	263	(184)	-	13,197
Inter segment sales	41,252	(44,606)	761	-	11,321	9,727	(18,455)	-
Total revenue	179,823	492,975	16,281	9,026	177,185	34,656	(18,455)	891,491
Result								
Net income/(loss)	76,003	480,591	15,106	6,615	191,123	44,991	(29,909)	784,520
Other operating expenses	(55,152)	(391,604)	(16,948)	(5,017)	(156,225)	(35,571)	12,027	(648,490)
Credit loss (expense)/ reversal	(218)	(2,852)	-	40	-	1,134	(4)	(1,900)
Bad debt recovered	-	228	-	-	-	285	-	513
Share of results in associates and a joint venture	-	-	-	-	-	13,593	-	13,593
Profit/(loss) before taxation and zakat	20,633	86,363	(1,842)	1,638	34,898	24,432	(17,886)	148,236
Taxation and zakat								(29,421)
Net profit for the financial year								118,815

Notes to the Financial Statements
31 December 2021

49. SEGMENTAL REPORTING (CONT'D.)

2021 (cont'd.)	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Other information							
Net interest and finance income	98,600	3,154	4,021	416	1,243	9,249	116,683
Depreciation and amortisation	(13,063)	(472)	(156)	(3,792)	(9,780)	1,460	(25,803)
Non cash items							
- Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss and derivatives	127,154	-	-	6	23,630	(2,779)	148,011

2021	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Assets							
Investments in associates	-	-	-	-	87,171	-	87,171
Investment in a joint venture	-	-	-	-	31,969	-	31,969
Addition to property, plant and equipment and intangible assets	22,050	45	55	3,415	-	-	25,565
Segment assets	5,869,674	450,123	95,990	310,770	15,510	(323,545)	6,418,522
Liabilities							
Segment liabilities	4,828,324	433,725	75,984	231,896	1,561	(207,998)	5,363,492

49. SEGMENTAL REPORTING (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments (cont'd.):

2020	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Revenue								
External sales	231,680	590,705	13,915	12,125	118,622	6,715	-	973,762
- Interest income	173,948	61,078	3,161	10,453	23	8,232	-	256,895
- Fee income	25,051	385,249	10,754	1,672	117,664	493	-	540,883
- Trading and investment income/(loss)	28,021	139,437	-	-	105	(1,996)	-	165,567
- Other operating income/(loss)	4,660	4,941	-	-	830	(14)	-	10,417
Inter segment sales	1,344	625	670	95	10,977	1,457	(15,168)	-
Total revenue	233,024	591,330	14,585	12,220	129,599	8,172	(15,168)	973,762
Result								
Net income	91,538	577,477	13,558	7,112	129,020	10,006	(2,175)	826,536
Other operating expenses	(59,227)	(488,836)	(16,355)	(5,251)	(115,455)	(19,354)	4,315	(700,163)
Credit loss income/ (expense)	1,707	(2,431)	-	(1)	-	(4,324)	(803)	(5,852)
Bad debt (written off)/ recovered	(53)	570	-	-	-	891	-	1,408
Share of results in associates and a joint venture	-	-	-	-	-	12,786	-	12,786
Profit/(loss) before taxation and zakat	33,965	86,780	(2,797)	1,860	13,565	5	1,337	134,715
Taxation and zakat								(32,430)
Net profit for the financial year								102,285

Notes to the Financial Statements
31 December 2021

49. SEGMENTAL REPORTING (CONT'D.)

2020 (cont'd.)	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Other information								
Net interest and finance income	37,701	44,754	2,815	4,923	(767)	4,103	8,258	101,787
Depreciation and amortisation	823	12,165	523	195	3,516	9,566	(1,457)	25,331
Non cash items								
- Unrealised gain/ (loss) on revaluation of financial assets at fair value through profit or loss and derivatives	2,208	(77,066)	-	-	-	(3,016)	1,482	(76,392)

2020	Investment banking and stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Eliminations/ consolidation adjustments RM'000	Total RM'000
Assets							
Investments in associates	-	-	-	-	72,078	-	72,078
Investment in a joint venture	-	-	-	-	24,719	-	24,719
Addition to property, plant and equipment and intangible assets	12,470	293	474	3,109	-	-	16,346
Segment assets	6,248,747	362,379	101,720	190,559	15,812	(344,150)	6,575,067
Liabilities							
Segment liabilities	5,224,736	344,129	82,897	123,973	1,848	(207,457)	5,570,126

49. SEGMENTAL REPORTING (CONT'D.)

Notes

A Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Additions during the financial year (Note 16)	**12,230**	8,331
Intangible assets		
- Additions during the financial year (Note 17)	**13,335**	8,014
	25,565	16,345

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Investments in subsidiaries	**(81,110)**	(94,942)
Investments in associates and a joint venture	**9,962**	(181)
Intangible assets	**(40,090)**	(40,095)
Inter-segment assets	**(212,307)**	(208,932)
	(323,545)	(344,150)

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

	2021 RM'000	2020 RM'000
Deposits accepted from subsidiaries	**(113,322)**	(90,457)
Inter-segment liabilities	**(94,676)**	(117,000)
	(207,998)	(207,457)

50. FINANCIAL RISK MANAGEMENT

The Group and the Bank adopt a proactive and continuous approach in managing risks and have established a risk management framework to ensure that adequate policies and processes are in place to identify and manage the risks within the defined policies and guidelines approved by the Board of Directors.

The Group's and the Bank's financial risks are centrally managed by the various committees within the delegated authority by the Board of Directors. These committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Group Board Risk Committee and the Board of Directors.

The Risk Management Division assumes the independent oversight of risks undertaken by the Group and the Bank, and takes the lead in the formulation of risk policies, controls and processes. This is further enhanced by the periodic risk assessment audit carried out by the Group's and the Bank's Internal Audit.

The main risk areas faced by the Group and the Bank and the guidelines and policies adopted to manage them are as follows:

(a) Credit risk

Credit risk or the risk of counterparties defaulting, are minimised by the application of credit approvals, limits and monitoring procedures. Balance due from clients and brokers are monitored on an ongoing basis via periodic management reporting. The Group and the Bank through its directors and management, review all significant exposures to individual customers and counterparties as well as any major concentration of credit risk related to any financial instrument.

The Group and the Bank have risk management procedures in place to manage these risks to ensure that all the procedures and principles relating to risk management are adhered to.

Credit-related commitments risks

The Group and the Bank enter into various commitments which include commitments to extend credit lines and obligation under underwriting agreements. Such commitments expose the Group and the Bank to similar risks to loans and financing and are mitigated by the same processes and policies.

Impairment assessment

For the purpose of determining the risk of default occurring, default is defined based on the credit risk management practises.

Portfolio	Default
Loans, advances and financing	Declaration of event of default
Share margin financing	Margin of financing below 100% or declaration of event of default
Trade receivables- stockbroking	More than 30 days past due from contra losses
Other receivables- advisory fees	More than 30 days past due
Other receivables- factoring	More than 30 days past due
Debt securities at amortised cost or FVOCI	Declaration of event of default

In the context of the Group and the Bank, two approaches as specified in MFRS 9 shall be applied in the measurement of ECL i.e. general approach and simplified approach.

General approach recognises impairment based on a three-stages approach which is intended to reflect the deterioration in credit quality of a financial instrument.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach

- Stage 1 covers instruments that have not deteriorated significantly in credit quality since initial recognition or (where the optional low credit risk simplification is applied) that have low credit risk.

- Stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition (unless the low credit risk simplification has been applied and is relevant) but that do not have objective evidence of a credit loss event.

- Stage 3 covers financial instruments that have objective evidence of impairment at the reporting date.

Low Credit Risk

The Group and the Bank shall adopt practical expedients for its applicable portfolios as detailed in the table below:

Practical Expedient	Low Credit Risk
Applicable portfolio	Government and quasi-government bonds, commercial paper, interbank deposit placement/lending.
Criteria	• the financial instrument has a low risk of default; • the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and • adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
Measurement	12-month ECL
Methodology	PD x LGD x EAD formula

Definition of 12-month ECL

12-month ECL are a portion of the lifetime ECLs that represent the ECLs that result from probable default events on a financial instrument occurring in the next 12 months. They are weighted by the probability of such a default occurring.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach (cont'd.)

Measurement of ECL by General Approach:

Stage 1
- For financial instruments in stage 1, the Group and the Bank are required to recognise 12 month ECL. For financial instruments that are deemed as low credit risk, 12 month ECL is recognised.

Stage 2
- When a financial instrument transfers to stage 2, the Group and the Bank are required to recognise lifetime ECL.

Stage 3
- For financial instruments in stage 3, the Group and the Bank will continue to recognise lifetime ECL but based on specific provision approach.

The ECL under general approach can be written in the formula below:

ECL = PD x LGD x EAD

Key Components of ECL Measurement

Probability of Default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on the internal credit risk rating model, comprising both quantitative and qualitative factors. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

The Bank adopted external PD published by local rating agency i.e. Malaysia Rating Corporate Berhad (MARC) as proxy, following adequate assessment and analysis on the suitability of data application i.e. rating mapping exercise due to lack of sufficient size and history.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

General approach (cont'd.)

Key Components of ECL Measurement (cont'd.)

Loss Given Default (LGD)

The rating mapping exercise involves the process whereby the Group's and the Bank's existing Internal Credit Risk Rating ("ICRR") is being mapped against MARC rating for the same counterparty. The Group and the Bank assess the definition of each ICRR rating band and makes reference to the definition of MARC rating band. Overall, both the rating models have the same rating band i.e. AAA, AA, A, BBB, BB, B, C & D with BBB as the lowest investment grade and BB and below as non-investment grade. The detailed rating characteristic for each rating band is similar in which AAA indicates superior or extremely high repayment capability and will be rated 'D' upon default. For unrated corporate loans, a default rating of 'BBB2' is applied (as per existing computation).

Details on mapping of the Group's and the Bank's ICRR to the external ratings are presented in Note 50(a)(i).

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group and Bank would expect to receive, taking into account cash flows from any collateral.

Exposure at Default (EAD)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Simplified approach

The Group and the Bank shall adopt two practical expedients for their applicable portfolios as detailed in the table below:

Practical Expedient	Provision Matrix
Applicable portfolio	Trade receivables, contract assets and lease receivables; balances due to clients and brokers;
Criteria	• Contract assets without significant financing component • Trade receivables without a significant financing component
Measurement	Lifetime ECL
Methodology	Based on the 'age' of receivables i.e. aging bucket

Definition of Lifetime ECL

Lifetime ECL are the losses that result from all possible default of events at any point during the expected life of the financial instrument.

Measurement of ECL by Simplified Approach

For financial instruments that apply the provision matrix, aging bucket based on definition of default is established and incorporates the forward-looking element.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Period over which ECL is measured

The Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Bank's exposure to credit losses to the contractual notice period. For such financial instruments, the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

Significant increase in credit risk ("SICR")

SICR is defined as a significant change in the estimated default risk over the remaining expected life of the financial instrument. A SICR event triggers the measurement of loss allowance at an amount equal to lifetime expected credit losses instead of the 12-month expected credit losses estimate.

The indicators for SICR are established to facilitate the staging assessment (from stage 1 to 2) for portfolios that apply the general approach in the measurement of ECL. An asset moves from 12-month ECL (stage 1) to lifetime ECL (stage 2) when there is a significant deterioration in credit quality after initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group and Bank take into account qualitative and quantitative reasonable and supportable forward looking information.

An asset classified under stage 2 can potentially be transferred to stage 3 if the credit quality further deteriorates. It is also possible that an asset classified under stage 1 experiences drastic credit deterioration and requires to be directly transferred to stage 3. Accordingly, different stage transfer criteria/triggers are established to satisfy the mentioned staging assessment.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all the above portfolios. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Group Risk Management.

Grouping financial assets measured on a collective basis

Asset classes where the Bank calculates ECL on a collective basis include:

- Debt instruments at fair value through other comprehensive income
- Debt instruments at cost
- Loans, advances and financing
- Balances due from clients and brokers
- Other receivables

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Grouping financial assets measured on a collective basis (cont'd.)

The Group and the Bank classify these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the financial assets, as described below:

For debt instruments these are:
- Internal grade
- Exposure value

For loan and financing these are:
- Product type (corporate loan, factoring and share margin)
- Internal credit rating
- Exposure value
- Collateral type
- Borrower's industry

For balance due from clients and broker and other receivables these are:
- Exposure value
- Collateral type

Forward-looking and probability-weighted

To determine unbiased probability-weighted amount of ECL which considers range of possible outcomes and use of information about economic conditions, the Group and the Bank use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group and the Bank apply probabilities to the forecast scenarios. The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data to estimate the relationships between macro-economic variables and credit risk and credit losses. These are being reviewed and monitored for appropriateness on a quarterly basis.

Pearson's Correlation Test

Pearson's Correlation model is used to test the linkage between each possible macroeconomic indicators and credit risk. The Group and the Bank will then select the relevant macroeconomic indicator(s) that show significant correlation (P-value) to default rate and has the most dynamic impact to credit risk.

Multiple-scenario Analysis

The Group and the Bank generate a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group and the Bank then use these forecasts, which are probability-weighted, to adjust their estimates of PDs.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Forward-looking and probability-weighted (cont'd.)

Multiple-scenario Analysis (cont'd.)

The scenarios by state of economy namely, "Booming", "Normal" and "Downside" were used as defined in below table:

State of Economy	GDP Growth Rate (annual)	KLCI Index (point)
Downturn (D)	<4.0%	<1,700
Normal (N)	4.0%-6.0%	-1,700 - 1,900
Booming (B)	>6.0%	>1,900

The assumptions used for the ECL estimates as at 31 December 2021 are set out below.

Economic Factor	Scenario	2021	2022	2023
GDP Growth Rate	1	N	B	N
	2	D	N	N
	3	D	D	D
KLCI Index	1	N	B	B
	2	D	D	N
	3	D	D	D

The assumptions used for the ECL estimates as at 31 December 2020 are set out below.

Economic Factor	Scenario	2020	2021	2022
GDP Growth Rate	1	B	B	B
	2	N	N	N
	3	D	D	D
KLCI Index	1	D	N	B
	2	D	N	N
	3	D	D	D

The weightings assigned to each state of economy as at 31 December 2021 were as follows:

	State of Economy	Weighting
All portfolios	B	10%
	N	60%
	D	30%

The weightings assigned to each state of economy as at 31 December 2020 were as follows:

	State of Economy	Weighting
All portfolios	B	10%
	N	60%
	D	30%

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Impairment assessment (cont'd.)

Expert judgement

Expert credit judgement is used to complement the assumptions made in the absence of sufficient data during the model development process and incorporation of forward-looking element over a range of possible scenarios into the expected credit loss. The exercise of such judgement, together with any separately-calculated adjustments to the results to address limitations in the core modelling approach - will require particular attention in the governance process.

Therefore, the use of expert judgement shall be applied as and when necessary and shall be governed by the following:

I. All expert judgements need to be properly documented and backed by reasonable and supportable information that is available without undue cost or effort.

II. Any expert judgement including new proposal, changes or updates, is required to be endorsed in accordance with the governance process as stipulated in this Framework.

III. The Group and the Bank intend to apply expert judgement including but not limited to below areas:

   a. Definition of macroeconomic scenario and its probability for ECL measurement;
   b. Assumptions made during modelling process in relation to expected credit loss due to data limitations;
   c. Others as decided by relevant committee.

IV. Any management adjustment made shall be tabled to Group Credit Committee for concurrence.

Risk concentration: maximum exposure to credit risk without taking account of any collateral and other credit enhancement

The Group's and the Bank's concentration risk is managed by counterparty and by industry sector. The Group and the Bank apply single counterparty exposure limits to protect against unacceptably large exposures to single counterparty risk.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by geography before the effect of mitigation through the use of master netting and collateral agreements is not presented as the Group's and the Bank's activities are principally conducted in Malaysia.

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2021

Group	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,897,384	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	-	-	50,868
Balances due from clients and brokers	-	620	-	395	-	-	118,107	206,397	8,946	334,465
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	23,873	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	156,508	156,508
Derivative financial assets	-	-	-	-	27,500	15	-	2,411	51,527	81,453
Net loans, advances and financing										
Term loans	-	-	-	63,711	15,732	-	-	24,534	342,579	446,556
Islamic term loans	-	-	-	-	14,868	-	-	36,058	38,659	89,585
Share margin financing	-	5,845	-	-	25,025	-	-	885,600	227,169	1,143,639
Islamic share margin financing	-	-	-	-	-	-	-	13,471	-	13,471
Others	-	-	-	14,345	-	-	-	17,640	50,177	82,162
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	40,042	-	-	40,042
Malaysian Government Investment Certificates	-	-	-	-	-	-	91,934	-	-	91,934
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	199,724	-	-	199,724
Corporate Bonds	-	-	15,055	-	42,982	-	30,848	-	40,077	128,962
Islamic Corporate Sukuk	-	-	54,337	-	5,047	30,551	164,594	-	20,923	275,452
Unquoted equities	-	-	-	-	-	-	-	-	1,460	1,460
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,012	-	-	20,012
Malaysian Government Investment Certificates	-	-	-	-	-	-	39,912	-	-	39,912
Islamic Corporate Sukuk	-	-	-	6,451	-	-	147,285	-	-	153,736
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	218,653	218,653
	-	6,465	93,265	84,902	131,154	30,566	2,800,710	1,186,111	1,156,678	5,489,851

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2020

Group	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,644,534	-	-	1,644,534
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,398	-	-	58,398
Balances due from clients and brokers	-	-	-	-	-	-	-	345,093	199,964	545,057
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	39,833	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	152,061	152,061
Derivative financial assets	-	-	-	-	27,500	65	-	26,015	41,991	95,571
Net loans, advances and financing										
Term loans	-	-	-	66,664	24,323	-	-	30,519	364,027	485,533
Islamic term loans	-	-	-	-	-	-	-	44,206	54,995	99,201
Share margin financing	-	8,994	-	-	26,889	-	-	909,527	239,712	1,185,122
Islamic share margin financing	-	-	-	-	-	-	-	14,293	-	14,293
Others	-	-	2,533	17,679	15,175	5,488	4,584	28,818	10,823	85,100
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	20,496	-	-	20,496
Malaysian Government Investment Certificates	-	-	-	-	-	-	119,119	-	-	119,119
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	149,943	-	-	149,943
Corporate Bonds	-	-	16,314	41,609	69,969	-	46,628	-	-	174,520
Islamic Corporate Sukuk	-	-	71,325	-	5,121	31,033	171,437	-	26,748	305,664
Unquoted equities	-	-	-	-	-	-	-	-	1,990	1,990
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,021	-	-	20,021
Malaysian Government Investment Certificates	-	-	-	-	-	-	9,909	-	-	9,909
Islamic Corporate Sukuk	-	-	-	10,895	-	-	152,210	-	-	163,105
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	168,869	168,869
	-	8,994	130,005	136,847	168,977	36,586	2,397,279	1,398,471	1,261,180	5,538,339

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2021

Bank	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,459,156	-	-	1,459,156
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	50,868	-	-	50,868
Balances due from clients and brokers	-	620	-	395	-	-	118,107	206,397	8,851	334,370
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	23,873	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	155,772	155,772
Derivative financial assets	-	-	-	-	27,500	15	-	2,411	51,527	81,453
Net loans, advances and financing										
Term loans	-	-	-	63,711	15,732	-	26,538	24,534	372,308	502,823
Islamic term loans	-	-	-	-	14,868	-	-	36,058	38,659	89,585
Share margin financing	-	5,845	-	-	25,025	-	-	885,600	227,169	1,143,639
Islamic share margin financing	-	-	-	-	-	-	-	13,471	-	13,471
Others	-	-	-	-	-	-	-	97	-	97
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	40,042	-	-	40,042
Malaysian Government Investment Certificates	-	-	-	-	-	-	91,934	-	-	91,934
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	199,724	-	-	199,724
Corporate Bonds	-	-	15,055	-	42,982	-	30,848	-	40,077	128,962
Islamic Corporate Sukuk	-	-	54,337	-	5,047	30,551	164,594	-	20,923	275,452
Unquoted equities	-	-	-	-	-	-	-	-	1,460	1,460
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,012	-	-	20,012
Malaysian Government Investment Certificates	-	-	-	-	-	-	39,912	-	-	39,912
Islamic Corporate Sukuk	-	-	-	6,451	-	-	147,285	-	-	153,736
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	120,120	120,120
	-	6,465	93,265	70,557	131,154	30,566	2,389,020	1,168,568	1,036,866	4,926,461

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Industry analysis as at 31 December 2020

Bank	Primary agriculture RM'000	Manufacturing (incl. agri-based) RM'000	Electricity, gas & water supply RM'000	Wholesale & retail trade, and hotel & restaurant RM'000	Real estate RM'000	Transport, storage and communications RM'000	Finance and insurance RM'000	Household RM'000	Others RM'000	Total RM'000
Financial assets										
Cash and bank balances	-	-	-	-	-	-	1,378,646	-	-	1,378,646
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	58,398	-	-	58,398
Balances due from clients and brokers	-	-	-	-	-	-	-	345,093	199,964	545,057
Financial assets at FVTPL										
Islamic Corporate Sukuk	-	-	39,833	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	-	-	-	-	-	-	-	-	148,453	148,453
Derivative financial assets	-	-	-	-	27,500	65	-	26,015	41,991	95,571
Net loans, advances and financing										
Term loans	-	-	-	66,664	24,323	-	52,477	30,519	384,216	558,199
Islamic term loans	-	-	-	-	-	-	-	44,206	54,995	99,201
Share margin financing	-	8,994	-	-	26.889	-	-	909,527	239,712	1,185,122
Islamic share margin financing	-	-	-	-	-	-	-	14,293	-	14,293
Others	-	-	-	-	-	-	-	181	-	181
Financial investments at FVOCI										
Malaysian Government Securities	-	-	-	-	-	-	20,496	-	-	20,496
Malaysian Government Investment Certificates	-	-	-	-	-	-	119,119	-	-	119,119
Islamic Negotiable Instruments of Deposits	-	-	-	-	-	-	149,943	-	-	149,943
Corporate Bonds	-	-	16,314	41,609	69,969	-	46,628	-	-	174,520
Islamic Corporate Sukuk	-	-	71,325	-	5,121	31,033	171,437	-	26,748	305,664
Unquoted equities	-	-	-	-	-	-	-	-	1,990	1,990
Financial investments at AC										
Corporate Bonds	-	-	-	-	-	-	20,021	-	-	20,021
Malaysian Government Investment Certificates	-	-	-	-	-	-	9,909	-	-	9,909
Islamic Corporate Sukuk	-	-	-	10,895	-	-	152,210	-	-	163,105
Other assets, excluding prepayments and deposits	-	-	-	-	-	-	-	-	78,560	78,560
	-	8,994	127,472	119,168	153,802	31,098	2,179,284	1,369,834	1,176,629	5,166,281

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

(i) Cash;
(ii) Charges over financial instruments;
(iii) Securities;
(iv) Charges over real estate properties, inventory and trade receivables;
(v) Mortgages over properties; or
(vi) Financial guarantees.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

(i) Internal Credit Risk Ratings

The table below provides a mapping of the Group's and the Bank's internal credit risk grades to external ratings:

Notches	KIBB Obligor Rating	External Rating	Classification of Credit Risk Grade	Description
1	AAA	AAA	Investment Grade	Superior capacity to meet its financial obligation
2 3 4	AA1 AA2 AA3	AA		Strong capacity to meet its financial obligations. The entity is resilient against adverse changes in circumstances, economic conditions and/or operating environments.
5 6 7	A1 A2 A3	A		Adequate capacity to meet its financial obligations. The entity is more susceptible to adverse changes in circumstances, economic and/or operating environments.
8 9 10	BBB1 BBB2 BBB3	BBB		Moderate capacity to meet its financial obligations. The entity is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(i) Internal Credit Risk Ratings (cont'd.)

The table below provides a mapping of the Group's and the Bank's internal credit risk grades to external ratings (cont'd.):

Notches	KIBB Obligor Rating	External Rating	Classification of Credit Risk Grade	Description
11 12 13	BB1 BB2 BB3	BB	Non-Investment Grade	Weak capacity to meet its financial obligations. The entity is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
14 15 16	B1 B2 B2	B		Very weak capacity to meet its financial obligations. The entity has a limited ability to withstand adverse changes in circumstances, economic conditions and/or operating environments.
17 18 19	C1 C2 C3	C		High likelihood of defaulting on its financial obligations. The entity is highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in it defaulting on its financial obligations.
20	D	D	Default	Currently in default on either all or a substantial portion of its financial obligations, whether or not formally declared. The D rating may also reflect the filing of bankruptcy and/or other actions pertaining to the entity that could jeopardize the payment of financial obligations.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets

The credit quality of financial assets is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system.

Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets is managed by the Group and the Bank using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

Internal rating	
Strong credit profile	Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "AAA" to "AA" of RAM Rating Services Berhad ("RAM") and Malaysian Rating Corporation Berhad ("MARC") respectively.
Satisfactory risk	Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "A" to "BBB" of RAM and MARC respectively.
Substandard	Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "BB" to "C" of RAM and MARC respectively.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Group	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard* Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2021									
Cash and bank balances	1,897,384	-	-	-	-	-	-	-	1,897,384
Statutory deposit with Bank Negara Malaysia	50,868	-	-	-	-	-	-	-	50,868
Financial assets at FVTPL									
Islamic Corporate Sukuk	23,873	-	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	156,508	-	-	-	-	-	-	-	156,508
Net loans, advances and financing									
Term loans	-	342,698	43,190	-	63,073	-	-	(2,405)	446,556
Islamic term loans	-	65,309	24,807	-	-	-	-	(531)	89,585
Share margin financing	439,292	556,908	53,912	42,553	63	64,700	(13,789)	-	1,143,639
Islamic share margin financing	16	13,051	404	-	-	-	-	-	13,471
Others	56,675	12,387	-	97	5,239	8,441	(664)	(13)	82,162
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	40,042	-	-	-	-	-	-	-	40,042
Malaysian Government Investment Certificates	91,934	-	-	-	-	-	-	-	91,934
Islamic Corporate Sukuk	275,452	-	-	-	-	-	-	-	275,452
Corporate bonds	128,962	-	-	-	-	-	-	-	128,962
Islamic Negotiable Instruments of Deposits	199,724	-	-	-	-	-	-	-	199,724
Equity instrument:									
Unquoted equities	-	-	-	1,460	-	-	-	-	1,460
Financial investments at AC									
Corporate Bonds	20,012	-	-	-	-	-	-	-	20,012
Malaysian Government Investment Certificates	39,912	-	-	-	-	-	-	-	39,912
Islamic Corporate Sukuk	147,285	6,451	-	-	-	-	-	-	153,736
Derivative financial assets	-	-	-	81,453	-	-	-	-	81,453
Balances due from clients and brokers	305,235	-	-	-	14,333	17,708	(1,276)	(1,535)	334,465
Other assets, excluding prepayments and deposits	214,654	-	-	-	1,872	7,349	(4,999)	(223)	218,653
Total	4,087,828	996,804	122,313	125,563	84,580	98,198	(20,728)	(4,707)	5,489,851

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Group	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard* Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2020									
Cash and bank balances	1,644,534	-	-	-	-	-	-	-	1,644,534
Statutory deposit with Bank Negara Malaysia	58,398	-	-	-	-	-	-	-	58,398
Financial assets at FVTPL									
Islamic Corporate Sukuk	39,833	-	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	152,061	-	-	-	-	-	-	-	152,061
Net loans, advances and financing									
Term loans	-	377,436	22,594	-	87,909	-	-	(2,406)	485,533
Islamic term loans	-	74,053	25,801	-	-	-	-	(653)	99,201
Share margin financing	429,763	596,804	65,804	33,083	28,647	40,630	(7,253)	(2,356)	1,185,122
Islamic share margin financing	11,664	151	2,478	-	-	-	-	-	14,293
Others	41,779	43,193	-	181	-	664	(664)	(53)	85,100
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	20,496	-	-	-	-	-	-	-	20,496
Malaysian Government Investment Certificates	119,119	-	-	-	-	-	-	-	119,119
Islamic Corporate Sukuk	305,664	-	-	-	-	-	-	-	305,664
Corporate Bonds	174,520	-	-	-	-	-	-	-	174,520
Islamic Negotiable Instruments of Deposits	149,943	-	-	-	-	-	-	-	149,943
Equity instrument:									
Unquoted equities	-	-	-	1,990	-	-	-	-	1,990
Financial investments at AC									
Corporate Bonds	20,021	-	-	-	-	-	-	-	20,021
Malaysian Government Investment Certificates	9,909	-	-	-	-	-	-	-	9,909
Islamic Corporate Sukuk	152,210	10,895	-	-	-	-	-	-	163,105
Derivative financial assets	-	-	-	95,571	-	-	-	-	95,571
Balances due from clients and brokers	512,602	-	-	-	25,060	13,618	(4,670)	(1,553)	545,057
Other assets, excluding prepayments and deposits	164,673	-	-	-	858	9,488	(6,004)	(146)	168,869
Total	4,007,189	1,102,532	116,677	130,825	142,474	64,400	(18,591)	(7,167)	5,538,339

* *Majority of the sub-standard rating profile credits are from share margin and structured loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.*

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Bank	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard* Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2021									
Cash and bank balances	1,459,156	-	-	-	-	-	-	-	1,459,156
Statutory deposit with Bank Negara Malaysia	50,868	-	-	-	-	-	-	-	50,868
Financial assets at FVTPL									
Islamic Corporate Sukuk	23,873	-	-	-	-	-	-	-	23,873
Unquoted shares and unit trust funds in Malaysia	155,772	-	-	-	-	-	-	-	155,772
Net loans, advances and financing									
Term loans	-	399,276	43,190	-	63,073	-	-	(2,716)	502,823
Islamic term loans	-	65,309	24,807	-	-	-	-	(531)	89,585
Share margin financing	439,292	556,908	53,912	42,553	63	64,700	(13,789)	-	1,143,639
Islamic share margin financing	16	13,051	404	-	-	-	-	-	13,471
Others	-	-	-	97	-	-	-	-	97
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	40,042	-	-	-	-	-	-	-	40,042
Malaysian Government Investment Certificates	91,934	-	-	-	-	-	-	-	91,934
Islamic Corporate Sukuk	275,452	-	-	-	-	-	-	-	275,452
Corporate Bonds	128,962	-	-	-	-	-	-	-	128,962
Islamic Negotiable Instruments of Deposits	199,724	-	-	-	-	-	-	-	199,724
Equity instrument:									
Unquoted equities	-	-	-	1,460	-	-	-	-	1,460
Financial investments at AC									
Corporate Bonds	20,012	-	-	-	-	-	-	-	20,012
Malaysian Government Investment Certificates	39,912	-	-	-	-	-	-	-	39,912
Islamic Corporate Sukuk	147,285	6,451	-	-	-	-	-	-	153,736
Derivative financial assets	-	-	-	81,453	-	-	-	-	81,453
Balances due from clients and brokers	305,140	-	-	-	14,333	17,708	(1,276)	(1,535)	334,370
Other assets, excluding prepayments and deposits	116,359	-	-	-	1,872	7,350	(4,999)	(462)	120,120
Total	3,493,799	1,040,995	122,313	125,563	79,341	89,758	(20,064)	(5,244)	4,926,461

* Majority of the sub-standard rating profile credits are from share margin and structured loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality by class of financial assets (cont'd.)

Bank	Neither past due nor impaired								
	Strong credit profile Stage 1 RM'000	Satisfactory risk Stage 1 RM'000	Sub-standard* Stage 1 RM'000	Non rated Stage 1 RM'000	Stage 2 RM'000	Default/ impaired Stage 3 RM'000	ECL on individually impaired RM'000	ECL on collectively impaired RM'000	Total RM'000
31 December 2020									
Cash and bank balances	1,378,646	-	-	-	-	-	-	-	1,378,646
Statutory deposit with Bank Negara Malaysia	58,398	-	-	-	-	-	-	-	58,398
Financial assets at FVTPL									
Islamic Corporate Sukuk	39,833	-	-	-	-	-	-	-	39,833
Unquoted shares and unit trust funds in Malaysia	148,453	-	-	-	-	-	-	-	148,453
Net loans, advances and financing									
Term loans	-	450,432	22,593	-	87,908	-	-	(2,734)	558,199
Islamic term loans	-	74,053	25,801	-	-	-	-	(653)	99,201
Share margin financing	429,763	596,804	65,804	33,083	28,647	40,630	(7,253)	(2,356)	1,185,122
Islamic share margin financing	11,664	151	2,478	-	-	-	-	-	14,293
Others	-	-	-	181	-	-	-	-	181
Financial investments at FVOCI									
Debt instruments:									
Malaysian Government Securities	20,496	-	-	-	-	-	-	-	20,496
Malaysian Government Investment Certificates	119,119	-	-	-	-	-	-	-	119,119
Islamic Corporate Sukuk	305,664	-	-	-	-	-	-	-	305,664
Corporate Bonds	174,520	-	-	-	-	-	-	-	174,520
Islamic Negotiable Instruments of Deposits	149,943	-	-	-	-	-	-	-	149,943
Equity instrument:									
Unquoted equities	-	-	-	1,990	-	-	-	-	1,990
Financial investments at AC									
Corporate Bonds	20,021	-	-	-	-	-	-	-	20,021
Malaysian Government Investment Certificates	9,909	-	-	-	-	-	-	-	9,909
Islamic Corporate Sukuk	152,210	10,895							163,105
Derivative financial assets	-	-	-	95,571	-	-	-	-	95,571
Balances due from clients and brokers	512,602	-	-	-	25,060	13,618	(4,670)	(1,553)	545,057
Other assets, excluding prepayments and deposits	74,591	-	-	-	858	9,487	(6,004)	(372)	78,560
Total	3,605,832	1,132,335	116,676	130,825	142,473	63,735	(17,927)	(7,668)	5,166,281

* *Majority of the sub-standard rating profile credits are from share margin and loan financing portfolio in which the credit risks are mitigated with guarantor with acceptable financial strength and adequate collateral coverage. These accounts are monitored on a daily basis in terms of their ability in meeting the minimum security coverage requirements and appropriate actions such as force selling or indulgence are considered to manage the exceptions.*

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(iii) Credit risk exposure for each internal credit risk rating

Internal credit rating	Group Total 2021 RM'000	Bank Total 2021 RM'000
Strong		
AAA	**3,406,419**	**2,858,974**
AA	**694,207**	**649,033**
Satisfactory		
A	**729,493**	**739,960**
BBB	**272,841**	**299,379**
Substandard		
BB	**126,249**	**126,249**
B	**57,201**	**57,201**
C	**408**	**408**
Default		
D	**77,470**	**69,694**
Non-rated	**125,563**	**125,563**
	5,489,851	**4,926,461**

Internal credit rating	Group Total 2020 RM'000	Bank Total 2020 RM'000
Strong		
AAA	3,324,553	2,956,621
AA	706,874	673,225
Satisfactory		
A	860,673	837,720
BBB	265,989	318,466
Substandard		
BB	97,874	97,873
B	105,091	105,091
C	652	652
Default		
D	45,808	45,808
Non-rated	130,825	130,825
	5,538,339	5,166,281

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(iv) Aging analysis of financial assets which are past due but not impaired

	Less than 1 month RM'000	1 to 12 months RM'000	>12 months RM'000	Total RM'000
Group				
2021				
Share margin financing	**-**	**64**	**9,983**	**10,047**
Corporate loans	**63,101**	**-**	**-**	**63,101**
Other assets	**-**	**-**	**80**	**80**
Total	**63,101**	**64**	**10,063**	**73,228**
2020				
Share margin financing	-	4,202	8,004	12,206
Corporate loans	86,911	-	-	86,911
Other assets	-	-	80	80
Total	86,911	4,202	8,084	99,197
Bank				
2021				
Share margin financing	**-**	**64**	**9,983**	**10,047**
Corporate loans	**63,101**	**-**	**-**	**63,101**
Other assets	**-**	**-**	**80**	**80**
Total	**63,101**	**64**	**10,063**	**73,228**
2020				
Share margin financing	-	4,202	8,004	12,206
Corporate loans	86,911	-	-	86,911
Other assets	-	-	80	80
Total	86,911	4,202	8,084	99,197

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(v) Estimated value of collateral and other charges related to financial assets that are past due and individually impaired

	Cash and securities RM'000	Real estate RM'000	Other RM'000	Total value of collateral RM'000	Credit exposure RM'000	Unsecured portion of credit exposure RM'000
Group						
2021						
Loans, advances and financing						
Share margin financing	**35,134**	**6,891**	**-**	**42,025**	**55,814**	**13,789**
Others	**-**	**-**	**-**	**-**	**664**	**664**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,276**	**1,276**
Other assets	**-**	**-**	**2,349**	**2,349**	**7,349**	**5,000**
	35,134	**6,891**	**2,349**	**44,374**	**65,103**	**20,729**
2020						
Loans, advances and financing						
Share margin financing	13,276	8,214	-	21,490	28,743	7,253
Others	-	-	-	-	664	664
Balances due from clients and brokers	-	-	-	-	4,670	4,670
Other assets	-	-	3,483	3,483	9,487	6,004
	13,276	8,214	3,483	24,973	43,564	18,591

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

(v) Estimated value of collateral and other charges related to financial assets that are past due and individually impaired (cont'd.)

	Cash and securities RM'000	Real estate RM'000	Other RM'000	Total value of collateral RM'000	Credit exposure RM'000	Unsecured portion of credit exposure RM'000
Bank						
2021						
Loans, advances and financing						
Share margin financing	**35,134**	**6,891**	**-**	**42,025**	**55,814**	**13,789**
Balances due from clients and brokers	**-**	**-**	**-**	**-**	**1,276**	**1,276**
Other assets	**-**	**-**	**2,350**	**2,350**	**7,350**	**5,000**
	35,134	**6,891**	**2,350**	**44,375**	**64,440**	**20,065**
2020						
Loans, advances and financing						
Share margin financing	13,276	8,214	-	21,490	28,743	7,253
Balances due from clients and brokers	-	-	-	-	4,670	4,670
Other assets	-	-	3,483	3,483	9,487	6,004
	13,276	8,214	3,483	24,973	42,900	17,927

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk

Market risk is the risk of loss arising from changes in prices of equity instruments and other financial instruments in the markets in which the Group and the Bank operate. The Group and the Bank also engage in bond proprietary trading to generate revenue in anticipation of changes in prices that may occur in the debt capital market.

The Group and the Bank manage the risk of unfavourable price changes by cautious reviews of investments and collaterals held with continuous monitoring of their performance and risk profiles by qualified personnel.

(i) Interest rate risk

In macro terms, interest rate risk refers to the overall sensitivity of the Group's and the Bank's earnings and/or economic values of the Group's and the Bank's portfolio to changes in interest rates. Interest rate risk is managed through various risk management techniques including re-pricing gap, net interest income simulation and stress testing.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The effect of changes in the levels of interest rates on the market value of securities is monitored regularly and the outcome of mark-to-market valuations is escalated to management regularly. The table below summarises the effective interest rates at the reporting date and the periods in which the financial instruments will reprice or mature, whichever is the earlier.

Interest rate sensitivity analysis

The Board has established limits on the trading and non-trading interest rate gaps activities. In accordance with the Group's and the Bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The sensitivity of interest rate to the statements of profit and loss and other comprehensive income and equity is the effect of the assumed changes in interest rates level on the profit and loss for the financial year, based on the financial assets and financial liabilities held as at the reporting date.

Notes to the Financial Statements
31 December 2021

50. **FINANCIAL RISK MANAGEMENT (CONT'D.)**

(b) **Market risk (cont'd.)**

(i) **Interest rate risk (cont'd.)**

Group 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,360,597	10,419	-	-	-	526,368	-	1,897,384	1.71
Financial assets at FVTPL	-	-	-	-	-	-	387,322	387,322	4.35
Financial instruments at FVOCI	169,864	49,881	169,272	159,037	188,060	1,460	-	737,574	3.70
Financial instruments at AC	-	6,452	-	166,346	40,862	-	-	213,660	4.37
Derivative financial assets	-	-	-	-	-	81,453	-	81,453	
Loans, advances and financing	1,684,831	14,513	18,657	57,315	-	97	-	1,775,413	6.91
Balances due from clients and brokers	-	-	-	-	-	334,465	-	334,465	
Other assets	93,849	-	-	-	-	144,973	-	238,822	
Other non interest sensitive balances	-	-	-	-	-	752,429	-	752,429	
Total assets	3,309,141	81,265	187,929	382,698	228,922	1,841,245	387,322	6,418,522	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2021 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,638,170	666,478	732,630	100,000	-	-	-	3,137,278	1.89
Deposits and placement of banks and other financial institutions	369,958	242,904	40,000	-	-	-	-	652,862	1.89
Borrowings	56,200	3,000	-	-	185,500	-	-	244,700	4.54
Derivative financial liabilities	-	-	-	-	-	28,760	-	28,760	
Balances due to clients and brokers	-	-	-	-	-	665,968	-	665,968	
Other liabilities- structured product	3,168	-	-	-	-	-	-	3,168	21.45
Other non interest sensitive balances	-	-	-	-	-	630,756	-	630,756	
Total liabilities	2,067,496	912,382	772,630	100,000	185,500	1,325,484	-	5,363,492	
Equity	-	-	-	-	-	1,050,329	-	1,050,329	
Non-controlling interest	-	-	-	-	-	4,701	-	4,701	
Total liabilities and shareholders' equity	2,067,496	912,382	772,630	100,000	185,500	2,380,514	-	6,418,522	
On-balance sheet interest sensitivity gap	1,241,645	(831,117)	(584,701)	282,698	43,422	(539,269)	387,322	-	
Cumulative interest sensitivity gap	1,241,645	410,528	(174,173)	108,525	151,947	(387,322)	-	-	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,078,654	30,329	-	-	-	535,551	-	1,644,534	2.19
Financial assets at FVTPL	-	-	-	-	-	-	543,539	543,539	4.40
Financial instruments at FVOCI	154,946	-	106,312	311,851	196,633	1,990	-	771,732	3.93
Financial instruments at AC	-	25,954	-	156,333	10,748	-	-	193,035	4.49
Derivative financial assets	-	-	-	-	-	95,571	-	95,571	
Loans, advances and financing	1,773,071	18,407	48,198	29,392	-	181	-	1,869,249	7.10
Balances due from clients and brokers	-	-	-	-	-	545,057	-	545,057	
Other assets	101,629	-	-	-	-	86,660	-	188,289	
Other non interest sensitive balances	-	-	-	-	-	724,061	-	724,061	
Total assets	3,108,300	74,690	154,510	497,576	207,381	1,989,071	543,539	6,575,067	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Group (cont'd.) 2020 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,476,333	487,992	888,060	100,000	-	-	-	2,952,385	2.22
Deposits and placement of banks and other financial institutions	762,796	123,289	180,000	-	-	-	-	1,066,085	2.22
Borrowings	53,400	-	-	-	122,000	-	-	175,400	4.73
Derivative financial liabilities	-	-	-	-	-	137,480	-	137,480	
Balances due to clients and brokers	-	-	-	-	-	720,665	-	720,665	
Other liabilities- structured product	4,055	-	11,528	-	-	-	-	15,583	19.20
Other non interest sensitive balances	-	-	-	-	-	502,528	-	502,528	
Total liabilities	2,296,584	611,281	1,079,588	100,000	122,000	1,360,673	-	5,570,126	
Equity	-	-	-	-	-	1,004,941	-	1,004,941	
Total liabilities and shareholders' equity	2,296,584	611,281	1,079,588	100,000	122,000	2,365,614	-	6,575,067	
On-balance sheet interest sensitivity gap	811,716	(536,591)	(925,078)	397,576	85,381	(376,543)	543,539	-	
Cumulative interest sensitivity gap	811,716	275,125	(649,953)	(252,377)	(166,996)	(543,539)	-	-	

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,321,399	-	-	-	-	137,757	-	1,459,156	1.71
Financial assets at FVTPL	-	-	-	-	-	-	386,367	386,367	4.35
Financial instruments at FVOCI	169,864	49,881	169,272	159,037	188,060	1,460	-	737,574	3.70
Financial instruments at AC	-	6,452	-	166,346	40,862	-	-	213,660	4.37
Derivative financial assets	-	-	-	-	-	81,453	-	81,453	
Loans, advances and financing	1,738,367	11,151	-	-	-	97	-	1,749,615	6.91
Balances due from clients and brokers	-	-	-	-	-	334,370	-	334,370	
Other assets	-	-	-	29,761	-	108,168	-	137,929	
Other non interest sensitive balances	-	-	-	-	-	769,550	-	769,550	
Total assets	3,229,630	67,484	169,272	355,144	228,922	1,432,855	386,367	5,869,674	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2021 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,715,418	701,132	734,050	100,000	-	-	-	3,250,600	1.89
Deposits and placement of banks and other financial institutions	369,958	242,904	40,000	-	-	-	-	652,862	1.89
Borrowings	19,200	-	-	-	185,500	-	-	204,700	4.54
Derivative financial liabilities	-	-	-	-	-	28,760	-	28,760	
Balances due to clients and brokers	-	-	-	-	-	265,296	-	265,296	
Other liabilities- structured product	3,168	-	-	-	-	-	-	3,168	21.45
Other non interest sensitive balances	-	-	-	-	-	422,938	-	422,938	
Total liabilities	2,107,744	944,036	774,050	100,000	185,500	716,994	-	4,828,324	
Equity	-	-	-	-	-	1,041,350	-	1,041,350	
Total liabilities and shareholders' equity	2,107,744	944,036	774,050	100,000	185,500	1,758,344	-	5,869,674	
On-balance sheet interest sensitivity gap	1,121,886	(876,552)	(604,778)	255,144	43,422	(325,489)	386,367	-	
Cumulative interest sensitivity gap	1,121,886	245,334	(359,444)	(104,300)	(60,878)	(386,367)	-	-	

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and bank balances	1,007,737	-	-	-	-	370,909	-	1,378,646	2.19
Financial assets at FVTPL	-	-	-	-	-	-	539,931	539,931	4.40
Financial instruments at FVOCI	154,946	-	106,312	311,851	196,633	1,990	-	771,732	3.93
Financial instruments at AC	-	25,954	-	156,333	10,748	-	-	193,035	4.49
Derivative financial assets	-	-	-	-	-	95,571	-	95,571	
Loans, advances and financing	1,845,738	11,077	-	-	-	181	-	1,856,996	7.10
Balances due from clients and brokers	-	-	-	-	-	545,057	-	545,057	
Other assets	-	-	-	-	29,774	64,938	-	94,712	
Other non interest sensitive balances	-	-	-	-	-	773,067	-	773,067	
Total assets	3,008,421	37,031	106,312	468,184	237,155	1,851,713	539,931	6,248,747	

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Bank (cont'd.) 2020 (cont'd.)	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	1,557,155	496,228	889,460	100,000	-	-	-	3,042,843	2.20
Deposits and placement of banks and other financial institutions	762,796	123,289	180,000	-	-	-	-	1,066,085	2.20
Borrowings	30,400	-	-	-	122,000	-	-	152,400	4.69
Derivative financial liabilities	-	-	-	-	-	137,480	-	137,480	
Balances due to clients and brokers	-	-	-	-	-	405,191	-	405,191	
Other liabilities- structured product	4,055	-	11,528	-	-	-	-	15,583	19.20
Other non interest sensitive balances	-	-	-	-	-	405,154	405,154	810,308	
Total liabilities	2,354,406	619,517	1,080,988	100,000	122,000	947,825	405,154	5,629,890	
Equity	-	-	-	-	-	1,024,011	-	1,024,011	
Total liabilities and shareholders' equity	2,354,406	619,517	1,080,988	100,000	122,000	1,971,836	405,154	6,653,901	
On-balance sheet interest sensitivity gap	654,015	(582,486)	(974,676)	368,184	115,155	(120,123)	134,777	(405,154)	
Cumulative interest sensitivity gap	654,015	71,529	(903,147)	(534,963)	(419,808)	(539,931)	(405,154)	(810,308)	

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

Interest rate sensitivity analysis

The following table demonstrates the impact of a +/- 150 basis points change in interest rates, ceteris paribus, on the Group's profit or loss and equity.

Change in interest rates 2021	Impact on profit or loss 2021 RM'000	Impact on equity* 2021 RM'000	Change in interest rates# 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
+150	**(2,874)**	**(14,413)**	+150	(2,914)	(19,396)
-150	**2,874**	**14,413**	-150	2,914	19,396

* *exclude tax impact*
\# *Changes in interest restated to +150 basis points ("bps") or -150 bps (2020: +100 bps/-100pbs) in order to be consistent with regulatory reporting of the interest rate or rate of return risk in the banking book standardised measurement approach.*

(ii) Foreign currency exchange risk

Foreign currency risk is the risk of financial loss due to adverse movements in foreign exchange rates.

The Group and the Bank are exposed to currency risk primarily through trading activities that are governed by the Foreign Exchange Proprietary Trading Policy.

Currency rate sensitivity analysis

The following table shows the impact of a 5% movement of MYR, ceteris paribus, on the Group's profit/loss:

Foreign currency is denoted in the table below:

Currency	*Abbreviation*	*Currency*	*Abbreviation*
AUD	*Australian Dollar*	*HKD*	*Hong Kong Dollar*
CHF	*Swiss Franc*	*THB*	*Thai Baht*
CNY	*Chinese Yuan*	*USD*	*US Dollar*
PHP	*Philippine Peso*	*IDR*	*Indonesian Rupiah*
SGD	*Singapore Dollar*	*JPY*	*Japanese Yen*
EUR	*Euro*	*NZD*	*New Zealand Dollar*
GBP	*British Pound*	*SAR*	*Saudi Arabian Riyal*

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(ii) Foreign currency exchange risk (cont'd.)

Currency rate sensitivity analysis (cont'd.)

Currency*	Changes in foreign exchange Rates	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
AUD	**5%**	**75**	**-**	5%	4	-
CHF	**5%**	**1**	**-**	5%	1	-
CNY	**5%**	**18**	**-**	5%	2	-
EUR	**5%**	**(2)**	**-**	5%	(18)	-
GBP	**5%**	**(38)**	**-**	5%	4	-
HKD	**5%**	**71**	**-**	5%	7	-
IDR	**5%**	**2.78**	**-**	5%	0.17	-
JPY	**5%**	**(0)**	**-**	5%	(123)	-
NZD	**5%**	**1**	**-**	5%	2	-
PHP	**5%**	**2**	**-**	5%	2	-
SGD	**5%**	**(6)**	**-**	5%	78	-
THB	**5%**	**6**	**-**	5%	2	-
USD	**5%**	**249**	**-**	5%	(360)	-

Arising from the Group's investment in the associate company in Saudi Arabia, there is a natural position held in foreign currency exposure in Riyal. The following shows the impact of a 5% price movement on this position:

Currency*	Changes in foreign exchange Rates	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Changes in foreign exchange Rates	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
SAR	**5%**	**-**	**(4,319)**	5%	-	(3,563)

(iii) Equity price sensitivity analysis

Equity price risk is the risk of financial loss arising from adverse changes in prices of equities and equity derivatives.

The following table demonstrates the impact of a +/- 30% change in equity prices across the board on the Group's profit or loss and equity.

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Market risk (cont'd.)

(iii) Equity price sensitivity analysis (cont'd.)

	Change in equity price 2021	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Change in equity price 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
Equity-investments	+30%	17,179	-	+30%	16,932	-
	-30%	(49,939)	-	-30%	(37,245)	-

From risk management perspective, a risk limits framework governing the activities of equity and equity derivatives trading has been established, primarily intended to:

1) Prevent excessive exposures to a single risk factor or a group of risk factors; and
2) Constrain the general level of risk taking for a business.

Additionally, other components of limit framework including loss trigger, issuance size, permitted products, management oversights etc. were put in place for better governance as well as to embrace best practices of market risk management. The risk framework was designed in accordance to the Group's and the Bank's risk appetite and a closely controlled risk parameter, e.g. loss trigger, will ensure losses arising from the course of trading are limited.

In addition, the Group's associate company has made some equity investments in Saudi Arabia. The impact of a +/-30% change in equity prices on the Group arising from these investments are shown as follows:

	Change in equity price 2021	Impact on profit or loss 2021 RM'000	Impact on equity 2021 RM'000	Change in equity price 2020	Impact on profit or loss 2020 RM'000	Impact on equity 2020 RM'000
Equity-investments	+30%	-	17,403	+30%	-	12,197
	-30%	-	(17,403)	-30%	-	(12,197)

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk

Liquidity risk is the risk of loss as a result of the Group's or the Bank's inability to meet cash flow obligations on a timely and cost effective manner. Liquidity risk is managed through the Liquidity Coverage Ratio Framework issued by BNM, internal policies and management oversight by Group Risk Committee. A Contingency Funding Plan has been formulated covering across the policies, procedures, roles and responsibilities, funding strategies and notwithstanding, the deployment of such in a liquidity event.

The Group and the Bank actively manage their operating cash flows and the availability of funding so as to ensure that all funding needs are being met. As part of its overall prudent liquidity management, the Group and the Bank maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements in addition to maintaining available banking facilities, to meet any immediate operating cash flow requirements.

In accordance with BNM's Liquidity Coverage Ratio guideline, the Group and the Bank maintain a portfolio of highly marketable and diverse assets which are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Group and the Bank maintain a statutory deposit with BNM equal to 2.0% of net eligible liabilities.

(i) Analysis of assets and liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the Group's assets and liabilities as at 31 December 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2021	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	526,368	1,360,597	10,419	-	-	-	-	1,897,384
Financial assets at FVTPL	-	-	-	-	-	23,873	363,449	387,322
Financial instruments at FVOCI	-	169,864	49,881	70,530	98,742	347,097	1,460	737,574
Financial instruments at AC	-	-	1,489	-	-	212,171	-	213,660
Derivative financial assets	-	38	-	29,465	51,950	-	-	81,453
Loans, advances and financing	229,505	1,159,841	56,391	18,657	2,943	307,979	97	1,775,413
Balances due from clients and brokers	-	334,465	-	-	-	-	-	334,465
Other assets	6,740	150,491	3,134	1,754	-	-	76,703	238,822
Others	-	1,479	1,156	1,734	3,437	10,668	733,955	752,429
Total assets	762,613	3,176,775	122,470	122,140	157,072	901,788	1,175,664	6,418,522

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2021	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	39,848	1,598,322	666,478	492,875	239,755	100,000	-	3,137,278
Deposits and placements of banks and other financial institutions	-	369,958	242,904	40,000	-	-	-	652,862
Derivative financial liabilities	-	-	4,712	4,031	20,017	-	-	28,760
Balances due to clients and brokers	-	665,968	-	-	-	-	-	665,968
Borrowings	-	37,000	5,800	2,800	5,600	193,500	-	244,700
Other liabilities balances	630	181,851	5,610	3,220	4,287	40,092	398,234	633,924
Total liabilities	40,478	2,853,099	925,504	542,926	269,659	333,592	398,234	5,363,492
Net maturity mismatch	722,138	323,845	(803,008)	(420,729)	(112,482)	567,836	777,430	1,055,030

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments.

	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,774,310	-	-	-	-	-	-	2,774,310
- foreign exchange related contracts	-	7,930	-	2,292	-	-	-	10,222
Miscellaneous commitments-monies held in trust on behalf of client	1,249,679	-	-	-	-	-	-	1,249,679
Other commitments-corporate loan	50,742	-	-	-	-	14,000	41,275	106,017
Securities borrowing and lending	27,637	-	-	-	-	-	-	27,637
Total commitments and guarantees	4,102,368	7,930	-	2,292	-	14,000	41,275	4,167,865

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the Group's assets and liabilities as at 31 December 2020. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group 2020	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	535,551	1,078,654	30,329	-	-	-	-	1,644,534
Financial assets at FVTPL	-	-	-	-	-	39,833	503,706	543,539
Financial instruments at FVOCI	-	154,946	-	10,908	95,404	508,484	1,990	771,732
Financial instruments at AC	-	-	18,030	-	-	175,005	-	193,035
Derivative financial assets	-	29,440	-	1,882	64,049	65	135	95,571
Loans, advances and financing	231,055	1,199,415	7,330	45,671	53,954	331,643	181	1,869,249
Balances due from clients and brokers	-	545,057	-	-	-	-	-	545,057
Other assets	15,286	108,566	3,367	1,822	-	-	59,248	188,289
Others	-	1,713	1,272	1,888	3,715	14,595	700,877	724,060
Total assets	781,892	3,117,791	60,328	62,171	217,122	1,069,625	1,266,137	6,575,066

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Group 2020	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	41,048	1,435,285	487,992	669,960	218,100	100,000	-	2,952,385
Deposits and placements of banks and other financial institutions	-	762,796	123,289	180,000	-	-	-	1,066,085
Derivative financial liabilities	-	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	-	720,665	-	-	-	-	-	720,665
Borrowings	-	23,000	2,800	2,800	5,600	141,200	-	175,400
Other liabilities balances	600	135,370	7,994	9,894	10,596	56,388	297,269	518,111
Total liabilities	41,648	3,087,619	657,030	921,887	267,085	297,588	297,269	5,570,126
Net maturity mismatch	740,244	30,172	(596,702)	(859,716)	(49,963)	772,037	968,868	1,004,940

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments.

	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,534,315	-	-	-	-	-	-	2,534,315
- foreign exchange related contracts	-	10,757	46,190	1,607	-	-	-	58,554
Miscellaneous commitments-monies held in trust on behalf of client	1,257,682	-	-	-	-	-	-	1,257,682
Other commitments-corporate loan	60,050	7,500	-	19,200	30,876	-	41,275	158,901
Securities borrowing and lending	1,544	-	-	-	-	-	-	1,544
Total commitments and guarantees	3,853,591	18,257	46,190	20,807	30,876	-	41,275	4,010,996

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Bank's assets and liabilities as at 31 December 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2021	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	137,757	1,321,399	-	-	-	-	-	1,459,156
Financial assets at FVTPL	-	-	-	-	-	23,873	362,494	386,367
Financial instruments at FVOCI	-	169,864	49,881	70,530	98,742	347,097	1,460	737,574
Financial instruments at AC	-	-	1,489	-	-	212,171	-	213,660
Derivative financial assets	-	38	-	29,465	51,950	-	-	81,453
Loans, advances and financing	256,044	1,157,109	53,029	-	2,943	280,393	97	1,749,615
Balances due from clients and brokers	-	334,370	-	-	-	-	-	334,370
Other assets	6,456	56,632	3,134	1,754	-	29,761	40,192	137,929
Others	-	1,396	991	1,486	2,972	8,359	754,346	769,550
Total assets	400,257	3,040,808	108,524	103,235	156,607	901,654	1,158,589	5,869,674

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2021	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	39,848	1,675,570	701,132	494,295	239,755	100,000	-	3,250,600
Deposits and placements of banks and other financial institutions	-	369,958	242,904	40,000	-	-	-	652,862
Derivative financial liabilities	-	-	4,712	4,031	20,017	-	-	28,760
Balances due to clients and brokers	-	265,296	-	-	-	-	-	265,296
Borrowings	-	-	2,800	2,800	5,600	193,500	-	204,700
Other liabilities balances	630	181,503	5,450	2,978	3,828	37,676	194,041	426,106
Total liabilities	40,478	2,492,327	956,998	544,104	269,200	331,176	194,041	4,828,324
Net maturity mismatch	359,779	548,481	(848,474)	(440,869)	(112,593)	570,478	964,548	1,041,350

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,774,310	-	-	-	-	-	-	2,774,310
- foreign exchange related contracts	-	7,930	-	2,292	-	-	-	10,222
Miscellaneous commitments-monies held in trust on behalf of client	1,249,679	-	-	-	-	-	-	1,249,679
Other commitments-corporate loan	124,242	-	-	-	-	20,000	41,275	185,517
Securities borrowing and lending	27,637	-	-	-	-	-	-	27,637
Total commitments and guarantees	4,175,868	7,930	-	2,292	-	20,000	41,275	4,247,365

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

The table below summarises the contractual maturity profile of the Bank's assets and liabilities as at 31 December 2020. The contractual maturity profile often may not reflect the actual behavioural patterns.

Bank 2020	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	370,909	1,007,737	-	-	-	-	-	1,378,646
Financial assets at FVTPL	-	-	-	-	-	39,833	500,098	539,931
Financial instruments at FVOCI	-	154,946	-	10,908	95,404	508,484	1,990	771,732
Financial instruments at AC	-	-	18,030	-	-	175,005	-	193,035
Derivative financial assets	-	29,440	-	1,882	64,049	65	135	95,571
Loans, advances and financing	283,532	1,199,415	-	-	51,428	322,440	181	1,856,996
Balances due from clients and brokers	-	545,057	-	-	-	-	-	545,057
Other assets	15,645	6,802	3,367	1,822	-	29,774	37,302	94,712
Others	-	1,634	1,136	1,704	3,407	13,455	751,731	773,067
Total assets	670,086	2,945,031	22,533	16,316	214,288	1,089,056	1,291,437	6,248,747

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(i) Analysis of assets and liabilities by remaining contractual maturities (cont'd.)

Bank 2020	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	41,048	1,516,107	496,228	671,360	218,100	100,000	-	3,042,843
Deposits and placements of banks and other financial institutions	-	762,796	123,289	180,000	-	-	-	1,066,085
Derivative financial liabilities	-	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	-	405,191	-	-	-	-	-	405,191
Borrowings	-	-	2,800	2,800	5,600	141,200	-	152,400
Other liabilities balances	600	134,562	7,862	9,714	10,290	55,144	202,565	420,737
Total liabilities	41,648	2,829,159	665,134	923,107	266,779	296,344	202,565	5,224,736
Net maturity mismatch	628,438	115,872	(642,601)	(906,791)	(52,491)	792,712	1,088,872	1,024,011

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Commitments to extend credit:								
- share margin financing	2,534,315	-	-	-	-	-	-	2,534,315
- foreign exchange related contracts	-	10,757	46,190	1,607	-	-	-	58,554
Miscellaneous commitments-monies held in trust on behalf of client	1,257,682	-	-	-	-	-	-	1,257,682
Other commitments-corporate loan	107,550	7,500	-	19,200	30,876	20,000	41,275	226,401
Securities borrowing and lending	1,544	-	-	-	-	-	-	1,544
Total commitments and guarantees	3,901,091	18,257	46,190	20,807	30,876	20,000	41,275	4,078,496

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The financial liabilities in the tables below will not agree to the balances reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group 2021	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	**1,643,651**	**672,971**	**499,094**	**244,109**	**123,025**	**-**	**3,182,850**
Deposits and placements of banks and other financial institutions	**370,666**	**243,910**	**40,454**	**-**	**-**	**-**	**655,030**
Derivative financial liabilities	**-**	**4,712**	**4,031**	**20,017**	**-**	**-**	**28,760**
Balances due to clients and brokers	**665,968**	**-**	**-**	**-**	**-**	**-**	**665,968**
Borrowings	**37,162**	**5,853**	**2,818**	**5,637**	**193,159**	**-**	**244,629**
Other liabilities balances	**182,556**	**5,687**	**3,317**	**4,460**	**39,670**	**398,234**	**633,924**
Total undiscounted financial liabilities	**2,900,003**	**933,133**	**549,714**	**274,223**	**355,854**	**398,234**	**5,411,161**

Group 2020	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	1,479,708	507,212	698,312	218,501	144,604	-	3,048,337
Deposits and placements of banks and other financial institutions	764,727	124,463	181,829	-	-	-	1,071,019
Derivative financial liabilities	10,503	34,955	59,233	32,789	-	-	137,480
Balances due to clients and brokers	720,665	-	-	-	-	-	720,665
Borrowings	23,112	2,818	2,818	5,637	204,432	-	238,817
Other liabilities balances	135,970	7,994	9,894	10,596	56,388	297,269	518,111
Total undiscounted financial liabilities	3,134,685	677,442	952,086	267,523	405,424	297,269	5,734,429

Notes to the Financial Statements
31 December 2021

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank 2021	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	**1,721,198**	**707,751**	**500,546**	**244,109**	**123,025**	**-**	**3,296,629**
Deposits and placements of banks and other financial institutions	**370,666**	**243,910**	**40,454**	**-**	**-**	**-**	**655,030**
Derivative financial liabilities	**-**	**4,712**	**4,031**	**20,017**	**-**	**-**	**28,760**
Balance due to clients and brokers	**265,296**	**-**	**-**	**-**	**-**	**-**	**265,296**
Borrowings	**-**	**2,818**	**2,818**	**5,637**	**193,159**	**-**	**204,433**
Other liabilities balances	**182,210**	**5,555**	**3,137**	**4,154**	**37,009**	**194,041**	**426,106**
Total undiscounted financial liabilities	**2,539,371**	**964,746**	**550,986**	**273,917**	**353,193**	**194,041**	**4,876,254**

Bank 2020	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Financial liabilities							
Deposits from customers	1,560,611	515,458	699,712	218,501	144,604	-	3,138,886
Deposits and placements of banks and other financial institutions	764,727	124,463	181,829	-	-	-	1,071,019
Derivative financial liabilities	10,503	34,955	59,233	32,789	-	-	137,480
Balance due to clients and brokers	405,191	-	-	-	-	-	405,191
Borrowings	-	2,818	2,818	5,637	204,432	-	215,705
Other liabilities balances	135,162	7,862	9,714	10,290	55,144	202,565	420,737
Total undiscounted financial liabilities	2,876,194	685,556	953,306	267,217	404,180	202,565	5,389,018

50. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or resulting from external events.

Operational risk is managed through an effective operational risk management framework which include development of policies, processes and procedures for managing operational risk in the Group, independent review of the risk management function by internal audit and oversight by the management and Board of Directors.

The operational risk management processes include identifying and assessing operational risks of the Group and operational risk loss data collection to track the factual information which can assist the organisation and business and support units to effectively understand where their real risks exist, identify control weaknesses, underlying causes and introduce controls to strengthen the weaknesses.

Any actual, near-miss or potential losses from any operational risk loss events are to be reported to Management.

51. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement

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

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

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

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

Notes to the Financial Statements
31 December 2021

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

Group 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	119,318	-	119,318
- Equity securities	206,941	5,291	55,772	268,004
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,782,095	1,782,095
	206,941	1,161,331	1,839,327	3,207,599
Financial liability measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Financial liabilities for which fair values are disclosed				
Borrowings	-	204,020	-	204,020
	23,499	209,281	-	232,780

Group 2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	138,057	-	138,057
- Equity securities	351,645	5,384	48,453	405,482
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,867,339	1,867,339
	351,780	1,210,834	1,917,782	3,480,396
Financial liability measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Financial liabilities for which fair values are disclosed				
Borrowings	-	154,413	-	154,413
	131,241	160,652	-	291,893

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

Bank 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	123,873	-	123,873
- Equity securities	206,722	-	55,772	262,494
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,757,618	1,757,618
	206,722	1,160,595	1,814,850	3,182,167
Financial liability measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Financial liabilities for which fair values are disclosed				
Borrowings	-	164,018	-	164,018
	23,499	169,279	-	192,778

Bank 2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	139,833	-	139,833
- Equity securities	351,645	-	48,453	400,098
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,857,022	1,857,022
	351,780	1,207,226	1,907,465	3,466,471
Financial liability measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Financial liabilities for which fair values are disclosed				
Borrowings	-	131,421	-	131,421
	131,241	137,660	-	268,901

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value measurement (cont'd.)

There have been no transfers between Level 1 and Level 2 during the financial years.

The methods and assumptions used to estimate the fair value of the financial instruments not measured at fair value are as disclosed in Note 48.

Movements in Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	Group and Bank	
	Equity securities at FVTPL RM'000	Equity securities at FVOCI RM'000
2021		
Balance at the beginning of the financial year	**48,453**	**1,990**
Acquisition of investments during the financial year	**10,990**	**-**
Revaluation gain/(loss) during the financial year	**21,397**	**(530)**
Balance at the end of the financial year	**80,840**	**1,460**
2020		
Balance at the beginning of the financial year	28,994	1,088
Acquisition of investments during the financial year	22,475	-
Revaluation (loss)/gain during the financial year	(3,016)	902
Balance at the end of the financial year	48,453	1,990

52. OPERATIONS OF ISLAMIC BANKING

The Islamic banking operations of the Bank are as follows:

(a) Statements of financial position as at 31 December 2021

	Note	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Assets			
Cash and bank balances	(e)	**424,712**	452,323
Financial assets at FVTPL	(f)	**100,000**	100,000
Financial investments at FVOCI	(g)(i)	**242,521**	228,701
Financial investments at AC	(g)(ii)	**68,044**	66,822
Financing and advances	(h)	**103,491**	113,928
Balances due from clients and brokers		**2,124**	1,459
Other assets	(i)	**3,246**	3,941
Property, plant and equipment		**18**	26
Intangible assets		**3**	2
Total assets		**944,159**	967,202
Liabilities			
Deposits from customers	(j)	**555,137**	665,493
Balances due to clients and brokers		**7,493**	4,409
Other liabilities	(k)	**193,784**	112,951
Deferred tax liabilities		**308**	1,613
Provision for taxation and zakat		**3,472**	4,342
Total liabilities		**760,194**	788,808
Islamic banking capital funds			
Islamic banking funds		**120,000**	120,000
Reserves		**63,965**	58,394
Total Islamic banking capital funds		**183,965**	178,394
Total liabilities and Islamic banking capital funds		**944,159**	967,202

Notes to the Financial Statements
31 December 2021

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Statements of profit or loss and other comprehensive income For the financial year ended 31 December 2021

		Group and Bank	
	Note	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds	(l)	**29,229**	46,905
Income derived from investment of shareholders' funds	(m)	**6,725**	8,404
Credit loss reversal		**181**	374
Total attributable income		**36,135**	55,683
Profit distributed to depositors	(n)	**(18,262)**	(32,759)
Net Income		**17,873**	22,924
Finance cost		**(864)**	(1,881)
Personnel expenses	(o)(i)	**(768)**	(749)
Other overhead expenses	(o)(ii)	**(3,065)**	(3,585)
Profit before taxation and zakat		**13,176**	16,709
Taxation and zakat		**(3,472)**	(4,342)
Profit for the financial year		**9,704**	12,367
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on debt instruments at FVOCI		**(5,435)**	2,011
Income tax related to the above items		**1,305**	(492)
Total other comprehensive income for the financial year, net of tax		**5,574**	13,886

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

	Group and Bank	
	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds	**29,229**	46,905
Income derived from investment of shareholders' funds	**6,725**	8,404
Total income before impairment allowances and overhead expenses	**35,954**	55,309
Profit distributed to depositors	**(18,262)**	(32,759)
Finance cost	**(864)**	(1,881)
Income from Islamic Banking Window operations reported in the statements of profit or loss of the Group and the Bank	**16,828**	20,669

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(c) Statements of cash flows
For the financial year ended 31 December 2021

	Group and Bank	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	**13,176**	16,709
Adjustments for:		
Depreciation of plant and equipment (Note 52(o)(ii))	**8**	8
Amortisation of intangible assets (Note 52(o)(ii))	**1**	10
Credit loss reversal	**(181)**	(374)
Realised loss/(gain) from sale of financial assets at FVTPL	**1,014**	(1,442)
Realised gain from sale of financial investments at FVOCI (Note 52(l))	**(1,571)**	(1,974)
Operating profit before working capital changes	**12,447**	12,937
Changes in operating assets:		
Financing and advances	**10,560**	55,653
Balances due from clients and brokers	**(665)**	(1,050)
Other assets	**697**	756
Changes in operating liabilities:		
Deposits from customers	**(110,356)**	(508,770)
Balances due to clients and brokers	**3,084**	1,739
Other liabilities	**76,918**	11,179
Cash used in operating activities	**(7,315)**	(427,556)
Taxation and zakat paid	**(430)**	(357)
Net cash used in operating activities	**(7,745)**	(427,913)
Cash flows from investing activities		
Purchase of plant and equipment	**(2)**	(6)
Net purchase of securities	**(19,864)**	(102,691)
Net cash flows used in investing activities	**(19,866)**	(102,697)
Net change in cash and cash equivalents	**(27,611)**	(530,610)
Cash and cash equivalents at beginning of the financial year	**452,323**	982,933
Cash and cash equivalents at end of the financial year	**424,712**	452,323

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Statements of changes in Islamic banking funds
For the financial year ended 31 December 2021

	Non-distributable					Distributable	
Group and Bank	**Islamic banking fund RM'000**	**Fair value reserve RM'000**	**Regulatory reserve RM'000**	**ESS reserve RM'000**	**Capital reserve* RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 January 2021	**120,000**	**5,036**	**2,442**	**19**	**5,248**	**45,649**	**178,394**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**9,704**	**9,704**
Other comprehensive loss for the financial year	**-**	**(4,130)**	**-**	**-**	**-**	**-**	**(4,130)**
Share based payment under ESS	**-**	**-**	**-**	**3**	**-**	**(6)**	**(3)**
Transfer to retained profits	**-**	**-**	**-**	**(9)**	**-**	**9**	**-**
Transfer from regulatory reserve	**-**	**-**	**(128)**	**-**	**-**	**128**	**-**
At 31 December 2021	**120,000**	**906**	**2,314**	**13**	**5,248**	**55,484**	**183,965**
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial year	-	-	-	-	-	12,367	12,367
Other comprehensive income for the financial year	-	1,519	-	-	-	-	1,519
Issuance of shares pursuant to ESOS	-	-	-	4	-	-	4
Transfer from regulatory reserve	-	-	(61)	-	-	61	-
At 31 December 2020	120,000	5,036	2,442	19	5,248	45,649	178,394

* *Capital reserve arose from the merger adjustment to reflect the capital restructuring as a result of the group internal reorganisation exercise.*

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(e) Cash and bank balances

	Group and Bank	
	2021 RM'000	2020 RM'000
Current account with BNM and banks	**35,712**	30,323
Money at call and deposit placements with:		
Licensed banks	**30,000**	172,000
Domestic non-bank financial institutions	**-**	50,000
Bank Negara Malaysia	**359,000**	200,000
	424,712	452,323

(f) Financial assets at FVTPL

	Group and Bank	
	2021 RM'000	2020 RM'000
At fair value		
Unquoted securities in Malaysia:		
Funds	**100,000**	100,000

(g) Financial investments other than those measured at FVTPL

	Group and Bank	
	2021 RM'000	2020 RM'000
(i) Financial investments at Fair Value through Other Comprehensive Income ("FVOCI"):		
Money market instruments:		
Malaysian Government Investment Certificates	**20,116**	42,088
Negotiable Instruments of Deposits	**149,844**	99,974
	169,960	142,062
Debt instruments:		
Corporate Sukuk	**72,561**	86,639
Total financial investments at FVOCI	**242,521**	228,701

Notes to the Financial Statements
31 December 2021

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

	Group and Bank	
	2021 RM'000	2020 RM'000
(ii) Financial investments at AC:		
Money market instruments:		
Malaysian Government Investment Certificates	9,995	-
Debt instruments:		
Corporate Sukuk	58,049	66,878
Less: Allowance for ECL	-	(56)
Total financial investments at AC	68,044	66,822
Total financial investments other than those measured at FVTPL	310,565	295,523

(iii) Impairment losses on financial investments subject to impairment assessment

AC

An analysis of changes in the ECLs is, as follows:

	Group and Bank 2021	
Movement in ECLs	RM'000 Stage 1	RM'000 Total
As at 1 January	56	56
Assets derecognised or repaid (excluding write-offs)	(4)	(4)
Impact of net re-measurement of ECL	(52)	(52)
As at 31 December	-	-

	Group and Bank 2020	
Movement in ECLs	RM'000 Stage 1	RM'000 Total
As at 1 January	-	-
New assets originated or purchased	73	73
Impact of net re-measurement of ECL	(17)	(17)
As at 31 December	56	56

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(h) Financing and advances at AC

	Group and Bank	
	2021 RM'000	2020 RM'000
Commodity Murabahah term financing		
- Shariah contract - others	**20,011**	29,501
Commodity Murabahah revolving credit		
- Shariah contract - others	**70,105**	70,353
Commodity Murabahah share margin financing		
- Shariah contract - others	**13,471**	14,293
Gross financing and advances	**103,587**	114,147
Less: Allowance for ECL	**(96)**	(219)
Net financing and advances	**103,491**	113,928
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprises	**54,058**	55,648
Individuals	**49,529**	58,499
	103,587	114,147
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	**103,587**	114,147
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	**13,471**	14,293
Variable rate- Cost plus	**90,116**	99,854
	103,587	114,147
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Purchase of securities	**48,905**	40,096
Working capital	**38,278**	70,351
Others	**16,404**	3,700
	103,587	114,147
(v) Gross financing and advances analysed by residual contractual maturity are as follows:		
Within one year	**65,236**	110,445
More than one year	**38,351**	3,702
	103,587	114,147

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group & Bank 2021	
ECL allowances	**Stage 1 RM'000**	**Total RM'000**
As at 1 January	**219**	**219**
New assets originated	**47**	**47**
Assets derecognised or repaid (excluding write-offs)	**(185)**	**(185)**
Net remeasurement of allowance	**10**	**10**
Impact of net remeasurement	**5**	**5**
As at 31 December	**96**	**96**

	2020	
ECL allowances	**Stage 1 RM'000**	**Total RM'000**
As at 1 January	645	645
New assets originated	322	322
Assets derecognised or repaid (excluding write-offs)	(521)	(521)
Net remeasurement of allowance	(227)	(227)
As at 31 December	219	219

(i) Other assets

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Income receivables	**3,238**	3,893
Prepayment	**6**	15
Other receivables	**55**	88
Less: ECL	**(53)**	(55)
	3,246	3,941

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(i) Other assets (cont'd.)

(i) Impairment allowance for other receivables:

ECL allowances	2021 Non-credit Impaired RM'000	2021 Credit Impaired RM'000	2021 Total RM'000
As at 1 January	**17**	**38**	**55**
New assets originated	**9**	**-**	**9**
Assets derecognised or repaid (excluding write-offs)	**-**	**(11)**	**(11)**
Transfer of stages during the year	**(11)**	**11**	**-**
As at 31 December	**15**	**38**	**53**

ECL allowances	2020 Non-credit Impaired RM'000	2020 Credit Impaired RM'000	2020 Total RM'000
As at 1 January	2	58	60
New assets originated	15	-	15
Assets derecognised or repaid (excluding write-offs)	-	(25)	(25)
Net remeasurement of allowance	-	5	5
As at 31 December	17	38	55

(j) Deposits from customers

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
(i) By type of deposit:		
Tawarruq (Commodity Murabahah deposits)	**555,137**	665,493
(ii) By type of customers:		
Government and statutory bodies	**141,918**	200,000
Domestic non-bank institutions	**226,211**	438,864
Business enterprises	**176,319**	26,056
Individuals	**583**	573
Subsidiary companies	**10,106**	-
	555,137	665,493
(iii) By maturity:		
Due within six months	**450,137**	345,910
Due more than six months	**105,000**	319,583
	555,137	665,493

Notes to the Financial Statements
31 December 2021

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(k) Other liabilities

	Group and Bank	
	2021 RM'000	2020 RM'000
Mudarabah Specific Investment Account	**12,630**	36,000
Profit payables	**2,277**	5,309
Other payables	**178,877**	71,642
	193,784	112,951

Included in other payables is funds pending distribution to charitable organisations:

	Group and Bank	
	2021 RM'000	2020 RM'000
Balance as at 1 January	**7**	7
Distribution during the year	**(7)**	-
Balance as at 31 December	**-**	7

(l) Income derived from investment of depositors' funds

	Group and Bank	
	2021 RM'000	2020 RM'000
Finance income and hibah		
Financing and advances	**1,921**	3,890
Deposits and placements with financial institutions	**6,864**	15,503
Financial investments other than those measured at FVTPL	**9,982**	11,096
Accretion of discount	**(496)**	(899)
Others	**2**	19
	18,273	29,609
Other operating income		
Net (loss)/gain on sale of financial assets at FVTPL	**(1,014)**	1,442
Net gain on sale of financial investments other than those measured at FVTPL	**1,571**	1,974
Fees on financing and advances	**461**	755
Brokerage fee	**4,952**	7,157
Profit income	**4,871**	5,766
Advisory fee	**218**	303
Direct trading fees	**(121)**	(234)
Other operating income	**-**	2
Other non-operating income	**18**	131
	10,956	17,296
	29,229	46,905

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(m) Income derived from investment of shareholders' funds

	Group and Bank	
	2021 RM'000	2020 RM'000
Finance income and hibah		
Financing and advances	**4,432**	5,253
Financial investments other than those measured at FVTPL	**2,547**	3,487
Accretion of premium	**(254)**	(336)
	6,725	8,404

(n) Profit distributed to depositors

	Group and Bank	
	2021 RM'000	2020 RM'000
Deposits from customers and financial institutions		
- Murabahah Fund	**15,975**	30,030
Others	**2,287**	2,729
	18,262	32,759

(o) Other operating expenses

	Group and Bank	
	2021 RM'000	2020 RM'000
(i) Personnel expenses		
- salaries, wages, allowances and bonus	**617**	593
- EPF	**96**	92
- other staff related expense	**55**	64
	768	749
(ii) Other overhead expenses		
Establishment costs		
- depreciation	**8**	8
- amortisation	**1**	10
- office rental	**58**	58
- repair and maintenance	**-**	6
- others	**13**	5
	80	87

Notes to the Financial Statements
31 December 2021

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

	Group and Bank	
	2021 RM'000	2020 RM'000
Marketing and trading expenses		
- advertisement and promotions	**8**	-
	8	-
Administration and general expenses		
- Fees and brokerage	**824**	1,151
- Support service charges	**1,715**	1,873
- Shariah committee expenses	**155**	214
- Others	**283**	260
	2,977	3,498
Total other overhead expenses	**3,065**	3,585

(p) Shariah Committees' remuneration

Remuneration in aggregate for Shariah Committees for the financial year is as follows:

	Remuneration received		
Group & Bank	Fees	Other emolument	Total
Committees members:			
31 December 2021			
Dr. Ghazali Jaapar	**67,000**	**7,700**	**74,700**
Dr. Mohammad Firdaus Mohammad Hatta	**38,000**	**7,000**	**45,000**
Dr. Fadillah Mansor	**30,567**	**4,000**	**34,567**
	135,567	**18,700**	**154,267**
31 December 2020			
Dr. Ghazali Jaapar	49,500	6,900	56,400
Dr. Kamaruzaman Noordin	13,500	2,000	15,500
Dr. Mohd Fuad Md Sawari	40,000	5,000	45,000
Dr. Muhammad Arzim Naim	45,000	5,500	50,500
Dr. Mohammad Firdaus Mohammad Hatta	36,000	6,500	42,500
	184,000	25,900	209,900

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(q) Capital adequacy

	Group and Bank	
	2021 RM'000	2020 RM'000
CET 1/Tier 1 capital		
Islamic banking funds	**120,000**	120,000
Retained profits	**55,484**	45,650
Reserves	**8,481**	12,745
Less:		
Intangible assets	**(3)**	(2)
55% of cumulative gains on financial investments at FVOCI	**(499)**	(2,771)
Regulatory reserve	**(2,314)**	(2,442)
Total CET 1/Tier 1 capital	**181,149**	173,180
Tier 2 capital		
Impairment provision	**2,411**	2,718
Total Tier 2 capital	**2,411**	2,718
Total capital	**183,560**	175,898
CET 1 capital ratio	**77.917%**	64.539%
Tier 1 capital ratio	**77.917%**	64.539%
Total capital ratio	**78.954%**	65.552%

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

	2021		2020	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Group and Bank				
Credit risk	**883,247**	**202,433**	897,330	238,272
Market risk	**-**	**-**	-	-
Operational risk	**-**	**30,058**	-	30,060
Total risk weighted assets	**883,247**	**232,491**	897,330	268,332

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(r) Commitments and contingencies

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

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

	Group & Bank	
	2021 Principal amount RM'000	2020 Principal amount RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	**9,269**	7,977
- corporate financing	**52,000**	39,808
Commitments to extend credit with maturity of more than 1 year:		
- corporate financing	**11,275**	13,775
	72,544	61,560

(s) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contracts is dependent on the nature of the products, either financing or deposit product.

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(t) Liquidity risk

Analysis of assets and liabilities by remaining contractual maturities

The table below summarises the contractual maturity profile of the Islamic banking operation's assets and liabilities as at 31 December 2021. The contractual maturity profile often may not reflect the actual behavioural patterns.

Group and Bank 2021	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	35,712	389,000	-	-	-	-	-	424,712
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	-	149,844	-	25,152	-	67,525	-	242,521
Financial instruments at AC	-	-	1,500	-	-	66,544	-	68,044
Financing and advances	48,809	13,471	2,860	-	-	38,351	-	103,491
Balances due from clients and brokers	-	2,124	-	-	-	-	-	2,124
Other assets	-	2,177	551	511	-	-	7	3,246
Others	-	-	-	-	-	-	21	21
Total assets	84,521	556,616	4,911	25,663	-	172,420	100,028	944,159
Liabilities								
Deposits from customers	-	384,043	66,586	4,508	-	100,000	-	555,137
Balances due to clients and brokers	-	7,493	-	-	-	-	-	7,493
Other liabilities balances	-	287	74	-	-	5,387	191,816	197,564
Total liabilities	-	391,823	66,660	4,508	-	105,387	191,816	760,194
Net maturity mismatch	84,521	164,793	(61,749)	21,155	-	67,033	(91,788)	183,965

Notes to the Financial Statements

31 December 2021

52. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(t) Liquidity risk (cont'd.)

Analysis of assets and liabilities by remaining contractual maturities

Group and Bank 2020	On demand RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 year RM'000	Non specific maturity RM'000	Total RM'000
Assets								
Cash and bank balances	30,323	372,000	50,000	-	-	-	-	452,323
Financial assets at FVTPL	-	-	-	-	-	-	100,000	100,000
Financial instruments at FVOCI	104,978	-	-	5,034	5,228	113,461	-	228,701
Financial instruments at AC	-	-	18,044	-	-	48,778	-	66,822
Financing and advances	70,135	14,292	-	-	-	29,501	-	113,928
Balances due from clients and brokers	-	1,459	-	-	-	-	-	1,459
Other assets	30	2,528	779	586	-	-	18	3,941
Others	-	-	-	-	-	-	28	28
Total assets	205,466	390,279	68,823	5,620	5,228	191,740	100,046	967,202
Liabilities								
Deposits from customers	-	366,586	49,196	149,711	-	100,000	-	665,493
Balances due to clients and brokers	-	4,409	-	-	-	-	-	4,409
Other liabilities balances	-	1,324	657	1,425	-	1,903	113,597	118,906
Total liabilities	-	372,319	49,853	151,136	-	101,903	113,597	788,808
Net maturity mismatch	205,466	17,960	18,970	(145,516)	5,228	89,837	(13,551)	178,394

53. DIRECTORS OF SUBSIDIARIES OF THE GROUP

The following is the list of Directors who served on the Boards of the subsidiaries of the Group since the beginning of the financial year to the date of the Directors' report:

No	Name of subsidiaries	Name of Directors
1	Kenanga Futures Sdn Bhd	Luigi Fortunato Ghirardello Emmanuel, Dominique, Martial, Georges, Faure Sree Kumar A/L C K Nayar Azila Binti Abdul Aziz Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
2	Kenanga Nominees (Asing) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
3	Kenanga Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Nuryasmin Lee Binti Abdullah Cheong Boon Kak Ruslan Bin Md Nor Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
4	Kenanga Private Equity Sdn Bhd	Datuk Chay Wai Leong Megat Mizan Nicholas Denney Cheong Boon Kak Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
5	ECML Berhad	Lee Kok Khee Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
6	ECML Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ng Yoke Mun Tan Tong Nam Chan Tuck Kiong Nuryasmin Lee Binti Abdullah Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
7	Avenue Kestrel Sdn Bhd	Lee Kok Khee Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
8	K & N Kenanga Holdings Berhad	Datuk Chay Wai Leong Datuk Roslan Bin Hj Tik Cheong Boon Kak

53. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

No	Name of subsidiaries	Name of Directors
9	SSSB Management Services Sdn Bhd	Megat Mizan Nicholas Denney Lem Siow Hui
10	Kenanga Management & Services Sdn Bhd	Megat Mizan Nicholas Denney Vaithiyanathan A/L Madavan (appointed on 1 January 2021)
11	Kenanga Investors Berhad	Datuk Syed Ahmad Alwee Alsree (resigned on 11 June 2021) Syed Zafilen Bin Syed Alwee (retired on 1 January 2022) Imran Devindran Bin Abdullah Ismitz Matthew De Alwis Norazian Binti Ahmad Tajuddin Luk Wai Hong, William (appointed on 12 April 2021)
12	Kenanga Islamic Investors Berhad	YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail Datuk Syed Ahmad Alwee Alsree (resigned on 11 June 2021) Dato' Zuraidah Binti Atan (retired on 1 January 2022) Ismitz Matthew De Alwis Megat Mizan Nicholas Denney (alternate to YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail) Zulkifli Bin Ishak Norazian Binti Ahmad Tajuddin (appointed on 9 February 2021)
13	KUT Nominees (Tempatan) Sdn Bhd	Lee Kok Khee Ismitz Matthew De Alwis
14	KUT Nominees (Asing) Sdn Bhd	Lee Kok Khee Ismitz Matthew De Alwis
15	Kenanga Funds Berhad	Cheong Boon Kak Ismitz Matthew De Alwis

53 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

No	Name of subsidiaries	Name of Directors
16	Kenanga Capital Sdn Bhd	Datuk Roslan Bin Hj Tik Megat Mizan Nicholas Denney Lee Kok Khee Dato' Azlan Bin Abu Rais @ A Rais Al Noah
17	Kenanga Capital Islamic Sdn Bhd	Megat Mizan Nicholas Denney Cheong Boon Kak Ang Xing Xian
18	Rakuten Trade Singapore Pte. Ltd. (f.k.a. Kenanga Singapore Pte. Ltd. ("KSPL"))	Datuk Chay Wai Leong (appointed on 26 January 2022) Yuji Kusunoki (appointed on 26 January 2022) Eisuke Kiyono (appointed on 26 January 2022) Lee Kok Khee Luk Wai Hong, William (resigned on 26 January 2022)
19	I-VCAP Management Sdn Bhd	Luk Wai Hong, William (appointed on 12 April 2021) Syed Zafilen Bin Syed Alwee (appointed on 19 February 2021 and retired on 1 January 2022) Imran Devindran Bin Abdullah (appointed on 19 February 2021) Ismitz Matthew De Alwis (appointed on 19 February 2021) Syed Umar Bin Abdul Rahman Alhadad (appointed on 19 February 2021) Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (resigned on 19 February 2021) Mohd Asri Bin Awang (resigned on 19 February 2021) Khairi Shahrin Arief Bin Baki (resigned on 19 February 2021) Roslina Binti Abdul Rahman (resigned on 19 February 2021)

54. EQUITY COMPENSATION BENEFITS

Kenanga's Group Employees' Share Scheme ("ESS")

The Bank has established and implemented an ESS for the employees of the Bank and its non-dormant subsidiary companies. The ESS consists of two types of awards in the form of ESOS and ESGP.

(1) ESOS

Under the ESOS award, the ESS Committee may, within the period of the Scheme and at its discretion, offer to the eligible employees a certain number of ESOS options to subscribe for the Bank's shares at the exercise prices subject to the applicable terms and conditions of the by-laws.

Subject to acceptance, the participants will be vested the options which can then be exercised within a period of three years, provided that all the vesting conditions are fulfilled.

Key features of the ESOS awards since the beginning of the scheme until the end of the current financial year are as follow:

On 2 January 2018, the Bank has offered 49,579,000 of options under ESOS to the eligible employees of the Group ("ESOS First Offer"). The exercise price of the ESOS First Offer is RM0.575. Out of the 49,579,000 options offered, 2,218,000, 13,320,000, 12,231,000, 224,000, 16,560,000 and 300,000 options have been vested on 1 March 2018, 2 May 2019, 1 July 2020, 1 December 2020, 2 August 2021 and 28 October 2021 respectively. These options are exercisable within three (3) years from date of vesting.

On 31 May 2018, the Bank has offered 10,000,000 of options under ESOS ("ESOS Second Offer"). The exercise price of the ESOS Second Offer is RM0.630. Out of the 10,000,000 options offered, 3,000,000 options each have been vested on 2 May 2019 and 1 July 2020. Balance 4,000,000 options have been vested on 2 August 2021.

On 2 May 2019, the Bank has offered 5,791,000 of options under ESOS ("ESOS Third Offer"). The exercise price of the ESOS Third Offer is RM0.605. Out of the 5,791,000 options offered, 386,000, 1,404,000, and 1,324,500 options have been vested on 1 June 2019, 1 July 2020 and 2 August 2021 respectively.These options are exercisable within three (3) years from date of vesting.

On 17 June 2019, the Bank has offered 750,000 of options under ESOS ("ESOS Fourth Offer"). The exercise price of the ESOS Fourth Offer is RM0.595. Out of the 750,000 options offered, 225,000 options each have been vested on 1 July 2020 and 2 August 2021.

On 1 July 2020, the Bank has offered 3,469,000 of options under ESOS ("ESOS Fifth Offer"). The exercise price of the ESOS Fifth Offer is RM0.58. Out of the 3,469,000 options offered, 356,000, 792,000 and 16,500 options have been vested on 1 August 2020, 2 August 2021 and 1 September 2021 respectively.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

On 2 August 2021, the Bank has offered 4,658,000 of options under ESOS ("ESOS Sixth Offer"). The exercise price of the ESOS Fifth Offer is RM1.37. Out of the 4,658,000 options offered, 308,000 options have been vested on 1 September 2021.

Details of share options granted under ESOS:

Offer date	Vesting date	Number of options ('000)	Exercise price	Number of exercisable options ('000)	Exercise period
02.01.2018	01.03.2018	2,218,000	0.575	-	01.03.2018-28.02.2021
02.01.2018	02.05.2019	14,161,500	0.575	383,500	02.05.2019-01.05.2022
02.01.2018	01.07.2020	14,161,500	0.575	322,000	01.07.2020-30.06.2023
02.01.2018	01.12.2020	224,000	0.575	-	01.12.2020-31.05.2021
02.01.2018	02.08.2021	18,358,000	0.575	14,048,000	02.08.2021-01.08.2024
02.01.2018	28.10.2021	300,000	0.575	300,000	02.08.2021-01.08.2024
31.05.2018	02.05.2019	3,000,000	0.630	-	02.05.2019-01.05.2022
31.05.2018	01.07.2020	3,000,000	0.630	3,000,000	01.07.2020-30.06.2023
31.05.2018	02.08.2021	4,000,000	0.630	4,000,000	02.08.2021-01.08.2024
02.05.2019	01.06.2019	386,000	0.605	72,000	01.06.2019-31.05.2022
02.05.2019	01.07.2020	1,588,500	0.605	78,000	01.07.2020-30.06.2023
02.05.2019	02.08.2021	1,588,500	0.605	720,000	02.08.2021-01.08.2024
02.05.2019	N/A*	2,118,000	0.605	N/A	N/A
17.06.2019	01.07.2020	225,000	0.595	-	01.07.2020-30.06.2023
17.06.2019	02.08.2021	225,000	0.595	-	02.08.2021-01.08.2024
17.06.2019	N/A*	300,000	0.595	-	N/A
01.07.2020	01.08.2020	356,000	0.580	66,000	01.08.2020-31.07.2023
01.07.2020	02.08.2021	870,000	0.580	616,500	02.08.2021-01.08.2024
01.07.2020	01.09.2021	16,500	0.580	-	01.09.2021-31.08.2024
01.07.2020	N/A*	886,500	0.580	N/A	N/A
01.07.2020	N/A*	1,182,000	0.580	N/A	N/A
02.08.2021	01.09.2021	308,000	1.370	298,000	01.09.2021-31.08.2024
02.08.2021	N/A*	4,270,000	1.370	N/A	N/A

* *Based on 3-year cliff vesting from the offer date and performance metrics.*

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options during the financial year:

ESOS First Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.01.2018	**35,913,000**	**450,000**	**20,852,500**	**457,000**	**15,053,500**
WAEP (RM)	**0.575**	**0.575**	**0.575**	**0.575**	**0.575**

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
02.01.2018	46,260,100	-	8,027,100	2,320,000	35,913,000
WAEP (RM)	0.575	-	0.575	0.575	0.575

ESOS Second Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
31.05.2018	**10,000,000**	**-**	**3,000,000**	**-**	**7,000,000**
WAEP (RM)	**0.630**	**-**	**0.630**	**-**	**0.630**

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
31.5.2018	10,000,000	-	-	-	10,000,000
WAEP (RM)	0.630	-	-	-	0.630

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Third Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.05.2019	4,285,500	-	1,342,000	645,500	2,298,000
WAEP (RM)	0.605	-	0.605	0.605	0.605

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
02.05.2019	5,377,000	-	793,000	298,500	4,285,500
WAEP (RM)	0.605	-	0.605	0.605	0.605

ESOS Fourth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
17.06.2019	525,000	-	225,000	300,000	0
WAEP (RM)	0.595	-	0.595	0.595	0.595

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
17.06.2019	750,000	-	225,000	-	525,000
WAEP (RM)	0.595	-	0.595	-	0.595

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Fifth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
01.07.2020	3,044,000	-	255,500	209,000	2,579,500
WAEP (RM)	0.58	-	0.580	0.580	0.580

2020

Offer date	Opening As at 1.1.2020	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2020
01.07.2020	-	3,311,000	202,000	65,000	3,044,000
WAEP (RM)	N/A	0.580	0.580	0.580	0.580

ESOS Sixth Offer

2021

Offer date	Opening As at 1.1.2021	Movement during the financial year Granted	Exercised	Forfeited/ Cancelled	Outstanding As at 31.12.2021
02.08.2021	-	4,578,000	-	860,000	3,718,000
WAEP (RM)	N/A	1.370	-	1.370	1.370

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

The fair values of share options granted were estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options are granted. The fair values of share options and the key inputs for share options valuation are as follows:

ESOS First Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.0856	0.0963	0.1047	0.1111
Share price at offer date (RM)	0.550	0.550	0.550	0.550
Exercise price (RM)	0.575	0.575	0.575	0.575
Expected volatility (%)	26.92%	26.92%	26.92%	26.92%
Risk free rate (%)	3.688%	3.688%	3.688%	3.688%
Expected dividend yield (%)	4.00%	4.00%	4.00%	4.00%

The exercise period is 3 years from vesting date.

ESOS Second Offer

	Tranches of vesting:		
	First tranche	Second tranche	Third tranche
Fair value of share options (RM)	0.1030	0.1140	0.1220
Share price at offer date (RM)	0.595	0.595	0.595
Exercise price (RM)	0.630	0.630	0.630
Expected volatility (%)	28.07%	28.07%	28.07%
Risk free rate (%)	3.883%	3.883%	3.883%
Expected dividend yield (%)	4.00%	4.00%	4.00%

The exercise period is 3 years from vesting date.

Notes to the Financial Statements
31 December 2021

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Third Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.1103	0.1251	0.1404	0.1535
Share price at offer date (RM)	0.580	0.580	0.580	0.580
Exercise price (RM)	0.605	0.605	0.605	0.605
Expected volatility (%)	28.10%	28.10%	28.10%	28.10%
Risk free rate (%)	3.610%	3.610%	3.610%	3.610%
Expected dividend yield (%)	1.80%	1.80%	1.80%	1.80%

The exercise period is 3 years from vesting date.

ESOS Fourth Offer

	Tranches of vesting:		
	First tranche	Second tranche	Third tranche
Fair value of share options (RM)	0.1188	0.1338	0.1467
Share price at offer date (RM)	0.570	0.570	0.570
Exercise price (RM)	0.595	0.595	0.595
Expected volatility (%)	27.90%	27.90%	27.90%
Risk free rate (%)	3.460%	3.460%	3.460%
Expected dividend yield (%)	1.80%	1.80%	1.80%

The exercise period is 3 years from vesting date.

ESOS Fifth Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.0981	0.102	0.1046	0.1038
Share price at offer date (RM)	0.550	0.550	0.550	0.550
Exercise price (RM)	0.580	0.580	0.580	0.580
Expected volatility (%)	29.450%	29.450%	29.450%	29.450%
Risk free rate (%)	2.480%	2.480%	2.480%	2.480%
Expected dividend yield (%)	7.220%	7.220%	7.220%	7.220%

The exercise period is 3 years from vesting date.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(1) ESOS (cont'd.)

ESOS Sixth Offer

	Tranches of vesting:			
	First tranche	Second tranche	Third tranche	Fourth tranche
Fair value of share options (RM)	0.2664	0.2746	0.2692	0.2579
Share price at offer date (RM)	1.270	1.270	1.270	1.270
Exercise price (RM)	1.370	1.370	1.370	1.370
Expected volatility (%)	35.713%	35.713%	35.713%	35.713%
Risk free rate (%)	2.500%	2.500%	2.500%	2.500%
Expected dividend yield (%)	9.263%	9.263%	9.263%	9.263%

The exercise period is 3 years from vesting date.

(2) ESGP

Under the ESGP award, the ESS Committee may, within the period of the Scheme and at its discretion, grant to the eligible employees an ESGP awards, in the form of Restricted Share Plan ("RSP") and/or Performance Share Plan ("PSP").

Subject to acceptance, the awards will be vested to the grantees at no consideration, provided all the vesting conditions as determined by the ESS Committee are fulfilled, in accordance with the terms of the by-laws and taking into account the objectives of the RSP and the PSP as stipulated.

Key features of the RSP and PSP awards are as follow:

(a) RSP

The RSP is a restricted share incentive plan, in recognition of the loyalty and individual contributions of the eligible employees towards the development, growth and success of the Group.

The vesting conditions are stipulated and determined by the ESS Committee, which may include, amongst others, the achievement of individual performance as measured by both qualitative and quantitative key performance indicators ("KPIs"), during such period as stipulated in the ESGP award.

54. EQUITY COMPENSATION BENEFITS (CONT'D.)

Kenanga's Group Employees' Share Scheme ("ESS") (cont'd.)

(2) ESGP (cont'd.)

(b) PSP

The PSP is a performance share plan in recognition of the contribution of the eligible employees as drivers of the growth and performance of the Group.

The PSP is intended to promote the alignment in the strategic achievements of the Group with that of the eligible employees to drive the creation of shareholders' value and the growth of long term financial performance of the Group.

The vesting conditions are stipulated and determined by the ESS Committee, which may include, amongst others, the achievement of relevant service objectives and specific performance targets as measured by both qualitative and quantitative KPIs, during such period as stipulated in the ESGP award.

On 2 January 2018, 3,612,735 units of share grant were allocated under PSP and on 3 May 2021, 3,610,000 units of shares were awarded to eligible Senior Management of the Group and of the Bank.

Details of share options awarded under PSP:

Award date	Number of PSP share awarded	Vesting date
03.05.2021	3,610,000	02.06.2021

PSP Grantee is restricted from selling or transferring the shares issued to him or her for a period of one year from the award date.

55. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) There was no significant event during the financial year ended 31 December 2021 other than the following:

<u>Changes in composition of the Group</u>

(i) KIB had disposed entire issued and paid-up share capital of Libra Invest Berhad ("LIB") for a cash consideration of RM10,750,000. LIB ceased to be an indirect wholly-owned subsidiary of the Bank with effect from 30 April 2021 following the disposal.

(ii) On 26 August 2020, KIB entered into a Share Purchase Agreement with ValueCAP Sdn Bhd to acquire the entire issued and paid-up share capital of I-VCAP. This acquisition was completed on 19 February 2021, upon which, I-VCAP became a wholly-owned subsidiary of KIB.

55. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D).

(a) There was no significant event during the financial year ended 31 December 2021 other than the following: (cont'd).

Coronavirus pandemic (COVID-19)

With a resurgence of the virus around the world, the pandemic continues to affect businesses and livelihoods. Malaysia Government has made significant efforts to protect the communities and economies in seeking a return to normalcy including inoculating the population, opening up of economic sectors and various stimulus packages to relieve the people adversely affected by the Movement Control Order and pandemic.

The global pandemic have impacted the global economy, markets and the Group's counterparties and clients. The Group continues to operate as essential services and the following paragraphs provide an analysis of the direct and indirect effects to the Group:

(i) Impact on business operation

There were no material contracts being suspended or terms that have been waived, modified or newly imposed to the Group's activities. The disruption on the supply chain and distribution networks of our services arising from the COVID-19 pandemic was also minimal despite closure of certain branches as we were able to provide our services digitally.

The Group's digital journey that started a few years ago which focused not only on customer-centric technologies but also automation of operational processes had allowed us to capitalise on the sudden customer shift to online broking as well as the increase in trading volume during this period.

(ii) Impact on cash flows, liquidity, financial performance and position

The Group's financial performance for the current financial period was not significantly affected by the COVID-19 pandemic. Although there may be higher impaired loans as macroeconomic conditions weaken and consequently some increase in credit costs, these are largely due to market volatility and is not expected to be permanent. Our overall asset quality remains intact.

In addition, moratoriums granted to customers will have minimal impact on the Group's cash flow, operations and financial performance. The Group also continues to maintain healthy capital adequacy and liquidity ratios throughout the period under review.

(iii) Strategy and steps taken to address the impact of the COVID-19

In response to this "new normal" environment, appropriate and effective measures were put in place by the Group.

For our employees, we have split our operations into separate locations for critical departments and enforced work-from-home arrangements to ensure our essential services continue with minimal disruptions. To protect our employees who have to work from office, daily sanitisation of areas, temperature checking and social distancing are adopted. We are in compliance with the recommendations from the Ministry of Health that are issued from time to time.

We will continue to monitor and assess our credit, operational and liquidity risks on regular basis through the various policies and procedures that are in place to safeguard the financial position, performance and cash flows of the Group.

We have and will continue our efforts to use digital tools to enable business and operational activities to be managed efficiently and effectively in a post-COVID-19 environment.

(b) There was no significant event subsequent to the financial year ended 31 December 2021 other than the following:

On 26 October 2021, KIBB entered into a conditional Joint Venture Agreement with Rakuten Securities, Inc. and KSPL to jointly collaborate in providing online brokerage services through KSPL in Singapore.

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

Analysis of Shareholdings

As at 31 March 2022

SHARE CAPITAL

Total Number of Issued Shares	: 735,762,599 Ordinary Shares (including 1,856,300 Treasury Shares)
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	7,026	28.79	181,760	0.02
100 to 1,000	5,397	22.11	2,516,714	0.34
1,001 to 10,000	9,791	40.12	33,985,115	4.63
10,001 to 100,000	1,901	7.79	55,301,675	7.54
100,001 to less than 5% of issued shares	288	1.18	404,128,265	55.07
5% and above of issued shares	2	0.01	237,792,770	32.40
Total	**24,405**	**100.00**	**733,906,299**[1]	**100.00**

[1] *Excluding 1,856,300 Treasury Shares retained by the Company as at 31 March 2022.*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1	CMS Capital Sdn Bhd	136,823,000	18.64
2	Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail	100,969,770	13.76
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Tokai Tokyo Securities Co., Ltd.	34,514,799	4.70
4	Chua Sim Neo @ Diana Chua	34,280,300	4.67
5	Abdul Aziz Bin Hashim	29,753,712	4.05
6	Aiza Binti Abdul Aziz	24,698,856	3.37
7	Pui Cheng Wui	23,382,100	3.19
8	Infotech Mark Sdn Bhd	22,316,340	3.04
9	Lim Kuan Gin	12,000,816	1.64
10	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	9,903,600	1.35
11	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	9,551,139	1.30
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,312,200	1.27
13	Koon Poh Keong	9,195,000	1.25
14	Affin Hwang Nominees (Tempatan) Sdn Bhd Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim	6,800,000	0.93
15	Song Kim Lee	6,300,000	0.86
16	Datuk Chay Wai Leong	5,820,000	0.79
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Kenanga Investors Bhd	5,637,000	0.77
18	Hwang Enterprises Sdn Bhd	5,550,000	0.76
19	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	5,057,000	0.69
20	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	5,031,600	0.69
21	Rescom International Limited	4,320,000	0.59
22	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Income Fund	4,066,400	0.55
23	Vibrant Model Sdn Bhd	4,000,000	0.55
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	3,713,800	0.51
25	Maybank Nominees (Tempatan) Sdn Bhd Exempt AN for Kenanga Investors Bhd (Clients' Account)	3,609,000	0.49
26	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Participating Fund	3,430,600	0.47
27	Channel Knowledge Sdn Bhd	3,217,301	0.44
28	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Ng Koh Lip (PB)	2,300,099	0.31
29	Naungan Efektif Sdn Bhd	2,291,500	0.31
30	SC Food Industries Sdn Bhd	2,100,000	0.29
	Total	**529,945,932**	**72.23**

SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND GROUP MANAGING DIRECTOR'S INTERESTS IN SECURITIES

Substantial Shareholders' Interest in Shares

Name of Substantial Shareholders	No. of Ordinary Shares			
	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)
CMS Capital Sdn Bhd	136,823,000	18.64	-	-
Cahya Mata Sarawak Berhad	-	-	136,823,000[1]	18.64
Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail	100,969,770	13.76	98,100[2]	0.01

(1) *Deemed interest pursuant to Section 8(4) of the Companies Act 2016 by virtue of shares held by CMS Capital Sdn Bhd.*
(2) *Deemed interest by virtue of shares held by person connected.*

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Luigi Fortunato Ghirardello	631,700	0.09	-	-
Jeremy Nasrulhaq	187,900	0.03	-	-
Norazian Ahmad Tajuddin	10,000	*	-	-
Kanagaraj Lorenz	388,000	0.05	-	-

* *Negligible.*

GROUP MANAGING DIRECTOR'S INTEREST IN SECURITIES[1]

Name of Group Managing Director	No. of Ordinary Shares Held				No. of Options Held under the Employees' Share Option Scheme
	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)	
Datuk Chay Wai Leong[2]	5,820,000	0.79	-	-	7,000,000

(1) *Securities cover shares and options.*
(2) *Datuk Chay Wai Leong is not a Director of the Company.*

Notice of Forty-Eighth (48th) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth (48th) Annual General Meeting ("**48th AGM**") of Kenanga Investment Bank Berhad ("**the Company**" or "**KIBB**") will be held fully virtual at Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia ("**Broadcast Venue**") on Thursday, 26 May 2022 at 11.00 a.m. through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") which are available at Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s website at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC – D6A357657) to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

2. To elect Mr. Choy Khai Choon who retires in accordance with Clause 84 of the Company's Constitution and who, being eligible, offers himself for election. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire by rotation in accordance with Clause 78 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   3.1 Encik Ismail Harith Merican; and **Ordinary Resolution 2**

   3.2 Mr. Luk Wai Hong, William. **Ordinary Resolution 3**

   Mr. Luigi Fortunato Ghirardello who also retires by rotation in accordance with Clause 78 of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, Mr. Luigi Fortunato Ghirardello will retire from office upon the conclusion of the 48th AGM of the Company.

4. To approve the payment of the Non-Executive Directors' fees totalling RM3,072,054.80 in respect of the Financial Year Ended 31 December 2021. **Ordinary Resolution 4**

5. To approve the payment of benefits payable to Non-Executive Directors of up to an amount of RM1,300,000.00 from 27 May 2022 until the next AGM of the Company. **Ordinary Resolution 5**

6. To re-appoint Ernst & Young PLT as Auditors of the Company for the Financial Year Ending 31 December 2022 and to authorise the Board of Directors to determine their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

7. **Authority to Directors to Issue Shares** **Ordinary Resolution 7**

   To consider, and if thought fit, to pass the following Ordinary Resolution:

   "**THAT** subject always to the Companies Act 2016, the Company's Constitution and approvals of the relevant governmental/ regulatory authorities, the Board of Directors be and is hereby authorised pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and the Board of Directors be and is also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed Renewal of Share Buy-Back Authority** **Ordinary Resolution 8**

To consider, and if thought fit, to pass the following Ordinary Resolution:

"**THAT** subject to the provisions of the Companies Act 2016, the Company's Constitution, Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the approvals of all relevant governmental and/ or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("**Proposed Renewal of Share Buy-Back Authority**") as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad, upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company, provided that -

a. the aggregate number of shares to be purchased pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company and in compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements or other requirements as may be determined by Bursa Malaysia Securities Berhad from time to time;

b. the maximum funds to be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's latest audited retained profits of RM624,352,986 as at 31 December 2021;

c. the authority conferred by this Resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

    i. the conclusion of the next AGM of the Company at which time it will lapse, unless by Ordinary Resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or

    ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

    iii. revoked or varied by Ordinary Resolution passed by the Shareholders of the Company in a general meeting,

    whichever occurs first; but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements or any other relevant authorities;

d. upon the purchase by the Company of its own shares, the Board of Directors be and is hereby authorised to -

    i. cancel the shares so purchased;

    ii. retain the shares so purchased as Treasury Shares;

    iii. retain part of the shares so purchased as Treasury Shares and cancel the remainder;

    iv. distribute the Treasury Shares as share dividends to Shareholders;

    v. resell the Treasury Shares or any of the said shares in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

    vi. transfer the Treasury Shares, or any of the said shares for the purposes of or under an employees' share scheme;

vii. transfer the Treasury Shares, or any of the said shares as purchase consideration;

viii. cancel the Treasury Shares or any of the said shares; or

ix. sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister of Domestic Trade and Consumer Affairs may by order prescribe;

AND THAT the Board of Directors of the Company be and is hereby authorised to take all steps as are necessary or expedient to implement or to effect the Proposed Renewal of Share Buy-Back Authority with full power to assent to any condition, modification, variation and/ or amendment as may be imposed by the relevant authorities and to take all such steps as may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

9. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

NORLIZA ABD SAMAD
CCM PC No.: 201908002139
MAICSA 7011089
Group Company Secretary

Kuala Lumpur
27 April 2022

Notes:

1. ***Registration for RPEV Facilities***

1.1 The Company's fully virtual 48th AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via Boardroom's website at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC – D6A357657) by using the RPEV Facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organise the fully virtual 48th AGM.

1.2 Registration for RPEV is opened from the date of the Notice of the 48th AGM on Wednesday, 27 April 2022 until such time before the voting session ends at the 48th AGM on Thursday, 26 May 2022.

1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user at Boardroom's website first and then pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 19 May 2022.

2. ***Proxy***

2.1 For the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 60 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 May 2022. Only a member whose name appears in the Record of Depositors as at 19 May 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend and/ or vote on his/ her behalf.

2.2 A member of the Company entitled to attend, participate, speak and vote at this AGM is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/ her place. There shall be no restriction as to the qualification of the proxy. Since the 48th AGM will be conducted via a virtual meeting, a member who is unable to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Proxy Form. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, other than the Chairman of the Meeting, you may appoint a Proxy who is not the Chairman of the Meeting.

2.3 A member who is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

*2.4 Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

2.5 Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.

2.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

2.7 Duly completed Proxy Form must be deposited at the office of the Company's share registrar, Boardroom at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than Wednesday, 25 May 2022 at 11.00 a.m. Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's website at https://investor.boardroomlimited.my/ before the Proxy Form submission cut-off time as mentioned above. For further information on the electronic submission of Proxy Form, kindly refer to the procedures provided in the Administrative Guide.

2.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 48th AGM will be put to vote by poll.

3. Audited Financial Statements for the Financial Year Ended 31 December 2021

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require Shareholders' approval and hence, will not be put to vote.

4. Ordinary Resolution 1 - Election of Director Who Retires in Accordance with Clause 84 of the Company's Constitution

Clause 84 of the Constitution provides amongst others, that the Board of Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board of Directors and any Director so appointed shall hold office only until the next AGM and shall then be eligible for election.

Accordingly, Mr. Choy Khai Choon who was appointed as a Non-Independent Non-Executive Director of the Company on 13 December 2021, shall hold office until the 48th AGM and shall then be eligible for election pursuant to Clause 84 of the Company's Constitution.

The profile of Mr. Choy Khai Choon can be found in the 2021 Annual Report of the Company.

5. Ordinary Resolutions 2 and 3 - Re-Elections of Directors Who Retire in Accordance with Clause 78 of the Company's Constitution

Clause 78 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. Pursuant thereto, three (3) Directors of the Company, namely Mr. Luigi Fortunato Ghirardello, Encik Ismail Harith Merican and Mr. Luk Wai Hong, William, shall retire in accordance with Clause 78 of the Company's Constitution.

However, Mr. Luigi Fortunato Ghirardello, a Non-Independent Non-Executive Director of the Company, who is retiring under Clause 78 of the Company's Constitution, had conveyed his intention not to seek for re-election at the 48th AGM. Mr. Luigi Fortunato Ghirardello had been serving the Board for the past thirteen (13) years since his appointment on 29 July 2008.

*For the purpose of determining the eligibility of the Directors to stand for re-election at the 48th AGM, the Board of Directors through its Group Governance, Nomination & Compensation Committee ("**GNC**") had assessed each of the retiring Directors, and considered the following:*

a. The Director's performance and contribution based on the outcome of the performance evaluation conducted on the Board of Directors, Board Committees and Individual Directors;

b. The Director's level of contribution to the Board of Directors' deliberations through his skills, experience and strength in qualities; and

c. The level of independence demonstrated by the Director, and his ability to act in the best interests of the Company in decision-making.

Based on its assessment, the GNC had, at its meeting on 23 February 2022, recommended the re-elections of the aforementioned Directors to be put forth to the Shareholders for approval at the forthcoming AGM. The GNC's recommendation was approved by the Board at its meeting on 6 April 2022.

The profiles of Encik Ismail Harith Merican and Mr. Luk Wai Hong, William, can be found in the 2021 Annual Report of the Company.

6. ***Directors' Remuneration***

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board of Directors has agreed that the Shareholders' approval shall be sought at the 48th AGM on the Directors' remuneration in two (2) separate resolutions as follows:

a. ***Ordinary Resolution 4*** *on payment of Directors' fees in respect of the Financial Year Ended 31 December 2021; and*

b. ***Ordinary Resolution 5*** *on payment of Directors' benefits from 27 May 2022 to the next AGM in 2023 ("**Current Period**").*

7. ***Directors' Fees***

*The payment of the fees to the Non-Executive Chairman, Non-Executive Deputy Chairman[1] and Non-Executive Directors[2] ("**NEDs**") in respect of the Financial Year Ended 31 December 2021 will only be made if the proposed **Ordinary Resolution 4** is passed at the 48th AGM pursuant to Section 230(1)(b) of the Companies Act 2016.*

*For the Financial Year Ended 31 December 2021, the total Directors' fees payable of RM3,072,054.80 included the proposed increase in the fee payable to the Chairman of the Audit Committee ("**AC**") from RM40,000 per annum to RM60,000 per annum given the onerous responsibility tasked upon the Chairman of the AC, should there be any regulatory findings pertaining to irregularities in financial reporting and/ or inadequacy of internal controls within KIBB Group.*

8. ***Benefits Payable to the NEDs***

a. *The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman, Deputy Chairman and members of the Board of Directors of the Company and its subsidiaries, as well as the Board Committees.*

b. *The current Directors' remuneration framework of the Company is as set out below.*

Description	Chairman	Deputy Chairman	Board Members
Benefits (applicable to the Company only)	Leave passage, driver, car, medical benefits and other claimable benefits	Golf club membership, car, medical benefits and other claimable benefits	Medical benefits

Type of Meeting	Chairman (per meeting)	NED/ Member (per meeting)
Board of Directors' Meeting	RM2,000	RM2,000
General Meeting	RM2,000	RM2,000
Board Committee Meeting	RM2,000	RM2,000

c. *Payment of the benefits to the NEDs of the Company and its subsidiaries is made on a monthly basis and/ or as and when incurred if the proposed **Ordinary Resolution 5** is passed at the 48th AGM. The Board of Directors is of the view that it is just and equitable for the NEDs to be paid the Directors' Remuneration (excluding Directors' fees) on a monthly basis and/ or as and when incurred, particularly after discharging their responsibilities and rendering their services to the Company and its subsidiaries throughout the Current Period.*

[1] *Datuk Syed Ahmad Alwee Alsree, the former Deputy Chairman/ Non-Independent Non-Executive Director of the Company, resigned from the Board of Directors of the Company on 11 June 2021. Hence, the Director's fee payable to him in respect of the period from 1 January 2021 to 10 June 2021, will be pro-rated accordingly.*

[2] *Dato' Richard Alexander John Curtis, the former Non-Independent Non-Executive Director of the Company, resigned from the Board of Directors of the Company on 11 June 2021. Hence, the Director's fee payable to him in respect of the period from 1 January 2021 to 10 June 2021, will be pro-rated accordingly.*

*9. **Ordinary Resolution 6 - Re-Appointment of Auditors***

The AC, at its meeting held on 25 January 2022, had undertaken an annual assessment of the performance and independence of the External Auditors, Ernst & Young PLT in accordance with Section 67(1) of the Financial Services Act 2013 and Section 76(1) of the Islamic Financial Services Act 2013.

Based on the assessment, the AC had recommended to the Board of Directors for approval, the re-appointment of Ernst & Young PLT as the Company's External Auditors, given that Ernst & Young PLT had fulfilled all the qualifications criteria set out in Bank Negara Malaysia's Policy Document on External Auditor in terms of its performance, as well as independence.

The assessment conducted had taken into consideration the following factors:

a. Level of knowledge, capabilities, experience and quality of previous work;

b. Level of engagement with the AC/ Board of Directors;

c. Ability to provide constructive observations, implications and recommendations in areas which require improvements;

d. Appropriateness of audit approach and the effectiveness of audit planning;

e. Ability to perform the audit work within the agreed duration given;

f. Non-audit services rendered by the External Auditors to KIBB Group did not impede independence; and

g. Ability of the External Auditors to demonstrate unbiased stance when interpreting the standards/ policy adopted by the Company.

The Board of Directors had also noted that the AC when assessing the proposal on Ernst & Young PLT's re-appointment, had also taken into consideration the 2021 Transparency Report tabled by Ernst & Young PLT, outlining the audit firm's legal and governance structures, measures to uphold audit quality and manage risks, as well as measurements of audit quality indicators.

In terms of its independence, Ernst & Young PLT had confirmed that it was independent of KIBB Group and KIBB in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards).

Based on the assessment, the Board of Directors had concurred with the AC's recommendation and concluded that Ernst & Young PLT had fulfilled all the qualification criteria set out in Bank Negara Malaysia's Policy Document on External Auditor in terms of its performance and independence and further recommended the same to the Shareholders for approval at the 48th AGM, subject to the approval from Bank Negara Malaysia.

Subsequent to the above, Bank Negara Malaysia had on 7 March 2022 granted its approval for the re-appointment of Ernst & Young PLT as KIBB Group's External Auditors and Ms. Ng Sue Ean as the Engagement Partner and the appointment of Mr. Brandon Bruce Sta Maria as the Concurring Partner for the Financial Year Ending 31 December 2022.

*10. **Special Business***

*10.1 **Ordinary Resolution 7 - Authority to Directors to Issue Shares***

*The proposed **Ordinary Resolution 7** is a renewal of the general mandate pursuant to Section 75 and Section 76 of the Companies Act 2016 obtained from Shareholders of the Company at the previous AGM held on 10 June 2021 and, if passed, will give powers to the Board of Directors to issue ordinary shares in the share capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being. This general mandate, unless revoked or varied at a general meeting, will expire at the next AGM.*

The general mandate from Shareholders is to provide the Company the flexibility to undertake any share issuance during the financial year without having to convene a general meeting. The rationale for this proposed mandate is to allow for possible share issue and/ or fund raising exercises including placement of shares for the purpose of funding current and/ or future investment project, working capital and/ or acquisitions, as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis and thereby reducing the administrative time and costs associated with the convening of additional Shareholders' meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board of Directors considers it to be in the best interest of the Company.

The general mandate obtained from the Shareholders of the Company at the previous AGM held on 10 June 2021 had not been utilised and hence, no proceed was raised therefrom.

*10.2 **Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority***

*The proposed **Ordinary Resolution 8**, if passed, will empower the Board of Directors to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.*

The Shareholders' mandate for the Proposed Renewal of Share Buy-Back Authority is subject to renewal on an annual basis.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 27 April 2022 which is dispatched together with the Notice of 48th AGM.

*11. **Abstention from Voting***

*11.1 The NED referred to in **Ordinary Resolution 1**, namely Mr. Choy Khai Choon, is a Board representative of Cahya Mata Sarawak Berhad, the holding company of CMS Capital Sdn Bhd, a major shareholder of the Company. In connection thereto, CMS Capital Sdn Bhd will abstain from voting on the resolution in respect of the election of Mr. Choy Khai Choon at the 48th AGM.*

*11.2 The NED referred to in **Ordinary Resolution 2**, namely Encik Ismail Harith Merican is the son of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail, a major shareholder of the Company and brother of Encik Megat Mizan Nicholas Denney, a shareholder of the Company. In connection thereto, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail and Encik Megat Mizan Nicholas Denney will abstain from voting on the resolution in respect of the re-election of Encik Ismail Harith Merican at the 48th AGM.*

*11.3 The NEDs of the Company who are the Shareholders of the Company will abstain from voting on **Ordinary Resolution 4** and **Ordinary Resolution 5** concerning the Directors' fees and Directors' benefits at the 48th AGM.*

*In this respect, Encik Jeremy Nasrulhaq, Puan Norazian Ahmad Tajuddin and Mr. Kanagaraj Lorenz, who are Shareholders of the Company, will abstain from voting on **Ordinary Resolution 4** and **Ordinary Resolution 5**, whereas Mr. Luigi Fortunato Ghirardello will abstain from voting on **Ordinary Resolution 4** only.*

*12. **Poll Voting***

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

*13. **Publication of AGM Notice on the Company's Website***

Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company's 48th AGM is also available on the Company's website at www.kenanga.com.my throughout the period beginning from the date of the notice until the conclusion of the 48th AGM.

Statement Accompanying Notice of Forty-Eighth (48th) Annual General Meeting ("48th AGM")

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of Individual Who is Standing for Election as Director (Excluding Directors Standing for Re-election)**

   The profile of Mr. Choy Khai Choon who is standing for election as Director at the 48th AGM of the Company as per Agenda 2 of the Notice of 48th AGM can be found in the 2021 Annual Report of the Company.

2. **Ordinary Resolution on Authority to Issue and Allot New Ordinary Shares in the Company**

   The proposed Ordinary Resolution 7 on the general mandate for issuance of shares is a renewal mandate. As at the date of the Notice of the 48th AGM, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 10 June 2021.

   Details on the authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 are provided under the Explanatory Notes on Special Business in this Notice.

Corporate Directory

EQUITY BROKING BRANCHES

KUALA LUMPUR

Kenanga Investment Bank Berhad ("KIBB Main") Kuala Lumpur
Level 15, Kenanga Tower,
237, Jalan Tun Razak,
50400 Kuala Lumpur, Wilayah Persekutuan
T : +603 2172 2888
F : +603 2172 2999

KIBB Damansara Heights
1st Floor, West Wing, Bangunan ECM Libra,
8, Jalan Damansara Endah,
Damansara Heights, 50490
Kuala Lumpur, Wilayah Persekutuan
T : +603 2089 2888
F : +603 2089 2801

SELANGOR

KIBB Bandar Baru Klang
35, Ground Floor & 1st Floor,
Jalan Tiara 3, Bandar Baru Klang,
41150 Klang, Selangor
T : +603 3348 8080
F : +603 3348 8880

KIBB The Curve
Lot 240, 2nd Floor,
No. 6, Jalan PJU 7/3,
The Curve, Mutiara Damansara,
47800 Petaling Jaya, Selangor
T : +603 7725 9095
F : +603 7725 9079

KIBB Subang Jaya
Level 1, East Wing, Wisma Consplant 2,
No. 7, Jalan SS16/1,
47500 Subang Jaya, Selangor
T : +603 5621 2118
F : +603 5621 1748

KIBB USJ
55C (2nd Floor), Jalan USJ 10/1F,
47610 UEP Subang Jaya, Selangor
T : +603 8081 8028
F : +603 8081 7863

PENANG

KIBB Penang – Menara Boustead
7th, 8th & 16th Floor,
Menara Boustead Penang,
39, Jalan Sultan Ahmad Shah,
10050 Penang
T : +604 228 3355
F : +604 227 9634

PERAK

KIBB Ipoh
63, Persiaran Greenhill,
30450 Ipoh, Perak
T : +605 242 2828
F : +605 242 2323

MELAKA

KIBB Bandar Melaka
71 (A & B) and 73 (A & B), Jalan Merdeka,
Taman Melaka Raya,
75000 Melaka
T : +606 288 1700
F : +606 288 1710

NEGERI SEMBILAN

KIBB Seremban
1C & 1D, Ground Floor & 1st Floor,
Jalan Tuanku Munawir,
70000 Seremban, Negeri Sembilan
T : +606 765 5998
F : +606 765 5739

EQUITY BROKING BRANCHES

JOHOR

KIBB Johor Bahru – Menara Pelangi
Level 2, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor
T : +607 333 3600
F : +607 334 3770

KIBB Muar – Jalan Ali
57, 59 & 61,
Jalan Ali,
84000 Muar, Johor
T : +606 953 1222
F : +606 951 6660

KIBB Skudai
117 (Ground Floor),
Jalan Sutera Tanjung 8/2,
Taman Sutera Utama,
81300 Skudai Johor
T : +607 562 5117
F : +607 562 5117

KIBB Batu Pahat
24, 24A & 24B, Jalan Penjaja 3,
Kim Park Centre,
83000 Batu Pahat, Johor
T : +607 432 8188
F : +607 432 3388

KIBB Yong Peng
234, Jalan Besar,
Taman Semberong Baru,
83700 Yong Peng, Johor
T : +607 467 8885
F : +607 467 8884

PAHANG

KIBB Kuantan
A15, A17 & A19, Ground Floor,
Jalan Tun Ismail 2, Sri Dagangan 2,
25000 Kuantan, Pahang
T : +609 517 1698
F : +609 513 8996

KIBB Triang Electronic Access Facility
1, Ground Floor,
Jalan Dagangan 6,
Pusat Dagangan Triang,
28300 Triang, Pahang
T : +609 250 1282
F : +609 250 1086

SARAWAK

KIBB Kuching
Level 2-4, Wisma Mahmud,
Jalan Sungai Sarawak,
93100 Kuching, Sarawak
T : +6082 338 000
F : +6082 338 222

KIBB Sibu
11-12, Ground Floor & First Floor,
Lorong Kampung Datu 3,
96000 Sibu, Sarawak
T : +6084 313 855
F : +6084 329 735

SABAH

KIBB Kota Kinabalu
KIBB Kota Kinabalu
Level 8, Wisma Great Eastern,
68 Jalan Gaya,
88000 Kota Kinabalu, Sabah
T : +6088 236 188
F : +6088 235 700

ASSET & WEALTH MANAGEMENT BRANCHES

Kenanga Investors Berhad ("KIB") Kuala Lumpur
Level 13, Kenanga Tower,
237, Jalan Tun Razak,
50400 Kuala Lumpur, Wilayah Persekutuan
T : 1 800 88 3737 (Toll Free)
T : +603 2172 3123
F : +603 2172 3133

KIB Penang
5.04, 5th Floor, Menara Boustead Penang,
39, Jalan Sultan Ahmad Shah,
10050 Penang
T : +604 210 6628
F : +604 210 6644

KIB Ipoh
Suite 1, 2nd Floor,
63 Persiaran Greenhill,
30450 Ipoh, Perak
T : +605 254 7573 / 7570
F : +605 254 7606

KIB Melaka
No. 43, Jalan KSB 11,
Taman Kota Syahbandar,
75200 Melaka
T : +606 240 2310
F : +606 240 2287

KIB Klang
No.12 Jalan Batai Laut 3,
Taman Intan,
41300, Klang, Selangor
T : +603 3341 8818 / +603 3348 7889
F : +603 3341 8816

KIB Johor Bahru
No. 63, Jalan Molek 3/1,
Taman Molek,
81100 Johor Bahru, Johor
T : +607 288 1683
F : +607 288 1693

KIB Kuching
1st Floor, No. 71,
Lot 10900, Jalan Tun Jugah,
93350 Kuching, Sarawak
T : +6082 572 228
F : +6082 572 229

KIB Kota Kinabalu
Level 8, Wisma Great Eastern,
No.68, Jalan Gaya,
88000 Kota Kinabalu, Sabah
T : +088 203 063
F : +088 203 062

KIB Seremban
2nd Floor, No. 1D-2,
Jalan Tuanku Munawir,
70000 Seremban, Negeri Sembilan
T : +606 761 5678
F : +606 761 2242

KIB Miri
2nd Floor, Lot 1264,
Centre Point Commercial Centre,
Jalan Melayu,
98000 Miri, Sarawak
T : +6085 416 866
F : +6085 322 340

KIB Kuantan
Ground Floor Shop,
No. B8, Jalan Tun Ismail 1,
25000 Kuantan, Pahang
T : +609 514 3688
F : +609 514 3838

KIB Petaling Jaya
44B, Jalan SS21/35,
Damansara Utama,
47400 Petaling Jaya,
Selangor
T : +603 7710 8828
F : +603 7710 8830

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PROXY FORM

CDS Account No.: ____________

KENANGA INVESTMENT BANK BERHAD
Company Registration No. 197301002193 (15678-H)
(Incorporated in Malaysia)

I/ We ______________________________ NRIC No./ Passport No./ Company No. ______________
(FULL NAME AS PER NRIC/ PASSPORT/ CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member of **Kenanga Investment Bank Berhad** hereby appoint ______________________________
(FULL NAME AS PER NRIC/ PASSPORT IN BLOCK LETTERS)

NRIC No./ Passport No. ______________ of ______________________________

____
(FULL ADDRESS)

and/ or falling him ______________________________ NRIC No./ Passport No. ______________
(FULL NAME AS PER NRIC/ PASSPORT IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him, THE CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us and on my/ our behalf at the Forty-Eighth (48th) Annual General Meeting ("**48th AGM**") of the Company to be held fully virtual at Level 19, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan, Malaysia through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") which are available at Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s website at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC – D6A357657) on Thursday, 26 May 2022 at 11.00 a.m. and at any adjournment thereof.

My/ Our proxy is to vote as indicated below.

NO.	RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTION				
1.	Election of Mr. Choy Khai Choon pursuant to Clause 84 of the Company's Constitution	**RESOLUTION 1**		
2.	Re-election of the following Directors pursuant to Clause 78 of the Company's Constitution: 2.1 Encik Ismail Harith Merican 2.2 Mr. Luk Wai Hong, William	 **RESOLUTION 2** **RESOLUTION 3**		
3.	Payment of Directors' fees totaling RM3,072,054.80	**RESOLUTION 4**		
4.	Payment of benefits to the Non-Executive Directors of up to an amount of RM1,300,000.00 from 27 May 2022 until the next AGM of the Company	**RESOLUTION 5**		
5.	Re-Appointment of Ernst & Young PLT as Auditors	**RESOLUTION 6**		
AS SPECIAL BUSINESS				
6.	Authority to Directors to Issue Shares	**RESOLUTION 7**		
7.	Proposed Renewal of Share Buy-Back Authority	**RESOLUTION 8**		

Please indicate with an "X" in the appropriate spaces provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy may vote as he/ she thinks fit, or at his/ her discretion, abstain from voting.

Date this……………day of ……………………………2022

FOR APPOINTMENT OF TWO (2) PROXIES, PERCENTAGE OF SHAREHOLDINGS TO BE REPRESENTED BY THE PROXIES:		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NUMBER OF SHARES HELD

____
Signature/ Common Seal of Member

Notes:

1. Registration for RPEV Facilities

1.1 The Company's fully virtual 48th AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via Boardroom's website at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC – D6A357657) by using the RPEV Facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organise the fully virtual 48th AGM.

1.2 Registration for RPEV is opened from the date of the Notice of 48th AGM on Wednesday, 27 April 2022 until such time before the voting session ends at the 48th AGM on Thursday, 26 May 2022.

1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user with Boardroom's website first and then pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPEV Facilities based on the General Meeting Record of Depositors as at 19 May 2022.

2. Proxy

2.1 For the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 60 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 May 2022. Only a member whose name appears in the Record of Depositors as at 19 May 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend and/ or vote on his/ her behalf.

2.2 A member of the Company entitled to attend, participate, speak and vote at this AGM is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/ her place. There shall be no restriction as to the qualification of the proxy. Since the 48th AGM will be conducted via a virtual meeting, a member who is unable to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Proxy Form. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, other than the Chairman of the Meeting, you may appoint a Proxy who is not the Chairman of the Meeting.

2.3 A member who is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

*2.4 Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

2.5 Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.

2.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

*2.7 Duly completed Proxy Form must be deposited at the office of the Company's share registrar, Boardroom at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than **Wednesday, 25 May 2022** at **11.00 a.m**. Alternatively, you may choose to submit the proxy appointment electronically via Boardroom's website at https://investor.boardroomlimited.my/ before the Proxy Form submission cut-off time as mentioned above. For further information on the electronic submission of Proxy Form, kindly refer to the procedures provided in the Administrative Guide.*

2.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 48th AGM will be put to vote by a poll.

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Boardroom Share Registrars Sdn Bhd

Company Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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