

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

Unaudited Condensed Interim Financial Statements
30 September 2020

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

<u>Group</u>	Note	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	1,664,464	2,063,057
Financial assets at fair value through profit or loss ("FVTPL")	A12	553,540	328,680
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	924,039	795,081
Financial investments at amortised cost ("AC")	A13 (ii)	193,258	112,756
Derivative financial assets	B11	131,202	65,174
Loans, advances and financing	A14	1,882,189	2,064,674
Balances due from clients and brokers	A15	559,181	280,357
Other assets	A16	256,812	201,785
Statutory deposit with Bank Negara Malaysia	A17	58,381	99,164
Tax recoverable		17,216	24,155
Investment in associates		71,370	64,642
Investment in a joint venture company		20,303	15,801
Property, plant and equipment		166,644	170,450
Intangible assets		323,478	317,387
Right-of-use assets		20,276	24,656
Deferred tax assets		5,230	2,955
TOTAL ASSETS		6,847,583	6,630,774
LIABILITIES			
Deposits from customers	A18	3,436,389	4,065,494
Deposits and placements of banks and other financial institutions	A19	812,182	650,718
Balances due to clients and brokers		754,062	537,393
Derivative financial liabilities	B11	153,094	13,416
Other liabilities	A20	496,305	322,952
Borrowings	A21	184,200	96,600
Lease liabilities		20,238	24,429
Provision for taxation and zakat		26,110	14,793
Deferred tax liabilities		33	690
TOTAL LIABILITIES		5,882,613	5,726,485
EQUITY			
Share capital		246,249	246,249
Treasury shares		(12,503)	(16,990)
Reserves		726,166	675,030
		959,912	904,289
Non-controlling Interests		5,058	-
TOTAL EQUITY		964,970	904,289
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,847,583	6,630,774
Commitments and contingencies	A29	5,080,333	3,041,684
Net assets per share attributable to equity holders of the Bank (RM)		1.37	1.29

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

<u>Bank</u>		As at	As at
	Note	30 September 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	1,347,183	1,877,150
Financial assets at FVTPL	A12	549,403	326,560
Financial investments at FVOCI	A13 (i)	924,039	795,081
Financial investments at AC	A13 (ii)	193,258	112,756
Derivative financial assets	B11	131,202	65,174
Loans, advances and financing	A14	1,889,621	2,039,517
Balances due from clients and brokers	A15	559,181	280,357
Other assets	A16	122,245	122,564
Statutory deposit with Bank Negara Malaysia	A17	58,381	99,164
Tax recoverable		12,442	20,246
Investment in subsidiaries		70,135	70,135
Investment in an associate		56,235	56,235
Investment in a joint venture company		40,000	40,000
Property, plant and equipment		162,160	166,710
Intangible assets		325,728	320,712
Right-of-use assets		19,024	23,745
Deferred tax assets		2,318	-
TOTAL ASSETS		6,462,555	6,416,106
LIABILITIES			
Deposits from customers	A18	3,542,836	4,119,352
Deposits and placements of banks and other financial institutions	A19	812,182	650,718
Balances due to clients and brokers		410,424	304,880
Derivative financial liabilities	B11	153,094	13,416
Other liabilities	A20	355,097	269,026
Borrowings	A21	155,200	66,600
Lease liabilities		18,915	23,436
Provision for taxation and zakat		23,419	12,052
Deferred tax liabilities		-	657
TOTAL LIABILITIES		5,471,167	5,460,137
EQUITY			
Share capital		246,249	246,249
Treasury shares		(12,503)	(16,990)
Reserves		757,642	726,710
TOTAL EQUITY		991,388	955,969
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,462,555	6,416,106
Commitments and contingencies	A29	5,175,472	3,127,341
Net assets per share (RM)		1.41	1.37

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
Group					
Interest income	A22	51,681	59,940	166,016	184,006
Interest expense	A23	(24,984)	(37,579)	(94,208)	(121,818)
Net interest income		26,697	22,361	71,808	62,188
Net income from Islamic banking business	A33	5,903	5,378	16,768	14,214
Other operating income	A24	256,894	82,719	488,419	258,771
Net income		289,494	110,458	576,995	335,173
Other operating expenses	A25	(237,063)	(101,120)	(498,979)	(309,791)
Operating profit		52,431	9,338	78,016	25,382
Credit loss reversal/(expenses)	A26	4,615	(1,219)	(3,729)	4,331
Bad debts recovered	A27	100	3,129	333	3,416
		57,146	11,248	74,620	33,129
Share of results of associates and joint venture		6,179	(2,171)	7,013	(4,612)
Profit before taxation and zakat		63,325	9,077	81,633	28,517
Taxation and zakat	B5	(13,897)	(4,785)	(18,684)	(10,838)
Profit for the period		49,428	4,292	62,949	17,679
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at FVOCI		-	(88)	902	(666)
Share of other comprehensive profit in associates		6,015	471	4,337	3,362
Income tax related to the above		-	21	(216)	160
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		(2,669)	983	1,254	825
Net gain on fair value changes of debt instrument at FVOCI		531	4,358	6,059	16,711
Income tax relating to the components of other comprehensive income		(126)	(1,047)	(1,456)	(4,012)
Other comprehensive income for the period, net of tax		3,751	4,698	10,880	16,380
Total comprehensive income for the period, net of tax		53,179	8,990	73,829	34,059

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
Profit for the period				
attributable to:				
Equity holders of the Bank	49,270	4,292	62,791	17,679
Non-controlling interests	158	-	158	-
	<u>49,428</u>	<u>4,292</u>	<u>62,949</u>	<u>17,679</u>
Total comprehensive income				
attributable to:				
Equity holders of the Bank	<u>53,179</u>	<u>8,990</u>	<u>73,829</u>	<u>34,059</u>
Earnings per share				
Basic (sen)	B8 7.03	0.61	8.98	2.53
Fully diluted (sen)	B8 6.91	0.61	8.82	2.53

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
Bank					
Interest income	A22	49,604	58,083	160,212	177,901
Interest expense	A23	(27,574)	(38,761)	(101,307)	(123,302)
Net interest income		22,030	19,322	58,905	54,599
Net income from Islamic banking business	A33	5,903	5,378	16,768	14,214
Other operating income	A24	222,539	58,761	402,684	186,599
Net income		250,472	83,461	478,357	255,412
Other operating expenses	A25	(202,100)	(75,481)	(408,957)	(233,779)
Operating profit		48,372	7,980	69,400	21,633
Credit loss reversal/(expenses)	A26	4,573	(1,604)	(3,140)	2,341
Bad debts recovered	A27	100	3,129	333	3,416
Profit before taxation and zakat		53,045	9,505	66,593	27,390
Taxation and zakat		(13,804)	(4,497)	(18,415)	(10,311)
Profit for the period		39,241	5,008	48,178	17,079
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at FVOCI		-	(88)	902	(666)
Income tax related to the above		-	21	(216)	160
Items that will be reclassified subsequently to profit or loss:					
Net gain on fair value changes of debt instruments at FVOCI		531	4,358	6,059	16,711
Income tax relating to the components of other comprehensive income		(126)	(1,047)	(1,456)	(4,012)
Other comprehensive income for the period, net of tax		405	3,244	5,289	12,193
Total comprehensive income for the period, net of tax		39,646	8,252	53,467	29,272

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Group	Non- Distributable					Distributable				Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Non-Controlling Interest RM'000	
At 1 January 2020	246,249	4,560	6,488	25,444	17,789	88,938	(16,990)	531,811	-	904,289
Net profit for the financial period	-	-	-	-	-	-	-	62,791	158	62,949
Share of other comprehensive income/(loss) of associates	-	-	4,220	-	-	-	-	117	-	4,337
Other comprehensive income	-	-	5,289	-	1,254	-	-	-	-	6,543
Total comprehensive income	-	-	9,509	-	1,254	-	-	62,908	158	73,829
Share based payment under Employees' Share Options Scheme ("ESS")	-	983	-	-	-	-	-	-	-	983
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	4,487	(811)	-	3,676
Transfer from regulatory reserve	-	-	-	(1,148)	-	-	-	1,148	-	-
Transfer to retained profits	-	(636)	-	-	-	-	-	636	-	-
Dividend paid	-	-	-	-	-	-	-	(22,707)	-	(22,707)
Shares issued by a subsidiary to a non-controlling shareholder (Note 10)	-	-	-	-	-	-	-	-	4,900	4,900
At 30 September 2020	246,249	4,907	15,997	24,296	19,043	88,938	(12,503)	572,985	5,058	964,970

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Group	Non- Distributable						Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value (Deficit)/Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
At 1 January 2019	246,249	2,588	(4,120)	25,488	18,783	88,938	(16,808)	509,888	871,006
Net profit for the financial period	-	-	-	-	-	-	-	17,679	17,679
Share of other comprehensive income of associates	-	-	243	-	-	-	-	3,119	3,362
Other comprehensive income	-	-	12,193	-	825	-	-	-	13,018
Total comprehensive income	-	-	12,436	-	825	-	-	20,798	34,059
Share based payment under ESS	-	1,578	-	-	-	-	-	-	1,578
Buy-back of shares	-	-	-	-	-	-	(182)	-	(182)
Transfer from regulatory reserve	-	-	-	(595)	-	-	-	595	-
Dividend paid	-	-	-	-	-	-	-	(7,686)	(7,686)
At 30 September 2019	246,249	4,166	8,316	24,893	19,608	88,938	(16,990)	523,595	898,775

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2020	246,249	25,444	4,560	10,505	153,863	(16,990)	532,338	955,969
Net profit for the financial period	-	-	-	-	-	-	48,178	48,178
Other comprehensive income	-	-	-	5,289	-	-	-	5,289
Total comprehensive income	-	-	-	5,289	-	-	48,178	53,467
Share based payment under ESS	-	-	983	-	-	-	-	983
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	4,487	(811)	3,676
Buy-back of shares	-	-	-	-	-	-	-	-
Transfer from regulatory reserve	-	(1,148)	-	-	-	-	1,148	-
Transfer to retained profits	-	-	(636)	-	-	-	636	-
Dividend paid	-	-	-	-	-	-	(22,707)	(22,707)
At 30 September 2020	246,249	24,296	4,907	15,794	153,863	(12,503)	558,782	991,388

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2019	246,249	25,488	2,588	2,175	153,863	(16,808)	513,675	927,230
Net profit for the financial period	-	-	-	-	-	-	17,079	17,079
Other comprehensive income	-	-	-	12,193	-	-	-	12,193
Total comprehensive income	-	-	-	12,193	-	-	17,079	29,272
Share based payment under ESS	-	-	1,578	-	-	-	-	1,578
Buy-back of shares	-	-	-	-	-	(182)	-	(182)
Transfer from regulatory reserve	-	(595)	-	-	-	-	595	-
Dividend paid	-	-	-	-	-	-	(7,686)	(7,686)
At 30 September 2019	246,249	24,893	4,166	14,368	153,863	(16,990)	523,663	950,212

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Cash flows from operating activities				
Profit before taxation	81,633	28,517	66,593	27,390
Adjustments for:				
Depreciation of property, plant and equipment	8,788	7,992	8,192	7,451
Amortisation of intangible assets	3,723	3,198	3,216	3,064
Amortisation of right-of-use assets	6,240	6,790	5,373	6,126
Lease interest expenses	990	836	928	774
ESS expenses	861	1,389	861	1,389
Credit loss expense/(reversal)	3,729	(4,331)	3,140	(2,341)
Property, plant and equipment written off	-	36	-	36
Bad debts written off	53	291	53	291
Non-cash items	24,384	16,201	21,763	16,790
Net gain from sale of financial assets at FVTPL and derivatives	(223,737)	(37,017)	(223,430)	(37,017)
Net gain from sale of financial investments other than those measured at FVTPL	(10,928)	(8,002)	(10,928)	(8,002)
Gross dividend income from investments	(2,179)	(1,225)	(2,095)	(1,122)
Loss on revaluation of financial assets at FVTPL and derivatives	123,208	6,576	125,241	8,796
Share of results of associates and joint venture	(5,639)	4,612	-	-
Non-operating items - investing	(119,275)	(35,056)	(111,212)	(37,345)
Adjustments for non-operating and non-cash items	(94,891)	(18,855)	(89,449)	(20,555)
Operating (loss)/profit before working capital changes	(13,258)	9,662	(22,856)	6,835
Changes in working capital:				
Net changes in operating assets	(205,116)	161,468	(127,771)	116,197
Net changes in operating liabilities	(77,497)	297,977	(223,676)	297,928
Cash (used in)/generated from operations	(295,871)	469,107	(374,303)	420,960
Taxation and zakat paid	(5,032)	(8,747)	(3,891)	(12,546)
Rental/lease interest payment	(990)	(836)	(928)	(774)
Net operating cash flow	(301,893)	459,524	(379,122)	407,640
Cash flows from investing activities				
Dividends received from other investments	2,179	1,225	2,095	1,122
Purchase of property, plant and equipment and intangible assets	(14,795)	(45,693)	(11,513)	(9,973)
Acquisition of subsidiaries, net of cash acquired	-	(15,616)	-	-
Capital injection in a joint venture	-	(10,000)	-	(10,000)
Net (purchase)/sale of securities	(242,071)	717,049	(242,394)	716,052
Net investing cash flow	(254,687)	646,965	(251,812)	697,201

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)	30 September 2020 RM'000	30 September 2019 RM'000 (Restated)
Cash flows from financing activities				
Dividend paid	(22,707)	(7,686)	(22,707)	(7,686)
Repayment of lease liabilities	(6,051)	(6,406)	(5,173)	(5,789)
Net drawdown/(repayment) of borrowings	87,600	(12,400)	88,600	(8,400)
Share buy-back	-	(182)	-	(182)
Proceeds from exercise of ESS	3,536	-	3,536	-
Proceed from new issuance of a subsidiary's share to a non-controlling shareholder	4,900	-	-	-
Net financing cash flow	67,278	(26,674)	64,256	(22,057)
Net change in cash and cash equivalents during the financial period	(489,302)	1,079,815	(566,678)	1,082,784
Effect of exchange rate differences	-	1	-	-
Cash and cash equivalents brought forward	1,838,760	1,096,373	1,816,949	1,053,573
Cash and cash equivalents carried forward	1,349,458	2,176,189	1,250,271	2,136,357

Cash and Cash Equivalents

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

	Group		Bank	
	As at 30 September 2020 RM'000	As at 30 September 2019 RM'000	As at 30 September 2020 RM'000	As at 30 September 2019 RM'000
Cash and short-term funds	1,549,459	2,353,227	1,287,183	2,197,672
Deposits and placements with banks and other financial institutions	115,005	73,210	60,000	-
Less: Segregated funds from customers	(218,094)	(188,933)	-	-
Less: Cash and bank balances and deposits held in trust	(96,912)	(61,315)	(96,912)	(61,315)
	1,349,458	2,176,189	1,250,271	2,136,357

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 30 September 2020, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Bank has applied the practical expedient as all the rental discount received from lessors met all the three conditions specified. The discount received from landlord are short term and total amount recorded in the statement of profit or loss for the period ended 30 September 2020 was RM127 thousand.

A2. Condensed financial statements

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2019 was not qualified by the external auditors.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A4. Seasonal or Cyclical Factors

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

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

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

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

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

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 30 September 2020 other than the issuance of RM50 million and RM47 million of Tier 2 Subordinated Notes on 20 March 2020 and 28 August 2020 respectively and the transfer of 6,353,100 units of treasury shares to staff pursuant to the exercise of ESS.

A8. Dividends paid per share

An interim dividend of 3.25 sen per share in respect of the financial year ended 31 December 2019, which amounted to RM22,707,356 was paid on 15 April 2020.

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

There was no significant event during and subsequent to the financial interim period other than as disclosed in Note B10 and the impact of Coronavirus pandemic (COVID-19) as per below:

On 11 March 2020, the World Health Organisation declared COVID-19 outbreak as a pandemic as it has continued to spread across the world. This pandemic has significantly impacted the global business environment and financial conditions.

The Malaysian government had implemented a Movement Control Order (MCO) to restrict human movements and closed all non-essential business offices in a move to curb the spread of COVID-19. The MCO was subsequently relaxed to allow certain businesses to recommence business activities. In order to mitigate the weaker economy outlook, the Malaysian government has implemented several relief measures to help to stimulate the economy, including a 6 months moratorium on repayments of loans and financing from 1 April 2020 to 30 September 2020.

As the Group's businesses are considered essential services, we have continued to operate during the restricted period. The following paragraphs provide an analysis of the impact to the Group:

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A9. Significant event during and subsequent to the financial interim period (cont'd.)

(a) Impact on business operation

As mentioned above, the Group's businesses continued to operate during these restricted period. 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 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.

(b) Impact on cash flows, liquidity, financial performance and position

The Group's financial performance for 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.

(c) 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 in 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 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.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A10. Changes in composition of the Group

On 5 August 2020, Kenanga Capital Islamic Sdn Bhd, a wholly-owned subsidiary of Kenanga Capital Sdn Bhd, which in turn is a wholly-owned subsidiary of the Bank, had issued 2,401,960 ordinary shares (equivalent to 49% shareholding) to Bay Amaranтите Sdn Bhd. Arising therefrom, the shareholding in Kenanga Capital Islamic Sdn Bhd is held 51% by Kenanga Capital Sdn Bhd and 49% by Bay Amaranтите Sdn Bhd.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	513,671	408,089	310,650	291,599
Money at call and deposit placements	1,150,793	1,654,968	1,036,533	1,585,551
	<u>1,664,464</u>	<u>2,063,057</u>	<u>1,347,183</u>	<u>1,877,150</u>
Included in cash and bank balances are:				
Cash and cash equivalents	1,349,458	1,838,760	1,250,271	1,816,949
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	315,006	224,297	96,912	60,201
	<u>1,664,464</u>	<u>2,063,057</u>	<u>1,347,183</u>	<u>1,877,150</u>
A12. Financial Assets At FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Securities	53,680	-	53,680	-
Malaysian Government Investment Certificates	44,313	-	44,313	-
	<u>97,993</u>	<u>-</u>	<u>97,993</u>	<u>-</u>
Quoted Securities:				
Shares and fund in Malaysia	322,416	193,566	322,416	193,566
	<u>322,416</u>	<u>193,566</u>	<u>322,416</u>	<u>193,566</u>
Unquoted Securities:				
Shares and funds in Malaysia	133,131	135,114	128,994	132,994
	<u>133,131</u>	<u>135,114</u>	<u>128,994</u>	<u>132,994</u>
Total financial assets at FVTPL	<u>553,540</u>	<u>328,680</u>	<u>549,403</u>	<u>326,560</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Group and Bank	
As at 30 September 2020 RM'000	As at 31 December 2019 RM'000

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

Money market instruments:

Malaysian Government Securities	20,559	30,550
Malaysian Government Investment Certificates	120,427	72,649
Islamic Negotiable Instruments of Deposits	279,567	59,550
	420,553	162,749

Equity instruments in Malaysia:

Unquoted Shares	1,989	1,088
	1,989	1,088

Debt instruments in Malaysia:

Islamic Corporate Sukuk	326,364	458,204
Corporate Bonds	175,133	173,040
	501,497	631,244

Total financial investments at FVOCI:

924,039	795,081
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Impairment losses on debt instrument measured at FVOCI:

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in Expected Credit Loss ("ECL")</u>				
As at 1 January 2020	36	-	-	36
New assets originated or purchased	18	-	-	18
Impact of net re-measurement of ECL	27	-	-	27
Assets derecognised or matured	(17)	-	-	(17)
As at 30 September 2020	64	-	-	64

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2019	225	-	-	225
New assets originated or purchased	18	-	-	18
Impact of net re-measurement of ECL	(26)	-	-	(26)
Assets derecognised or matured	(181)	-	-	(181)
As at 31 December 2019	36	-	-	36

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Group and Bank
As at As at
30 September 31 December
2020 2019
RM'000 RM'000

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

(ii) Financial investment at AC:

Money market instruments:

Malaysian Government Investment Certificates

	9,905	9,892
	9,905	9,892

Debt instruments in Malaysia:

At cost

Islamic Corporate Sukuk

Corporate Bonds

Less: Allowance for ECL

	163,460	83,172
	20,022	20,030
	(129)	(338)
	183,353	102,864

Total financial investment at AC:

	193,258	112,756
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Impairment losses on debt instrument measured at Amortised Cost ("AC")

Group and Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Movement in ECL				
As at 1 January 2020	-	338	-	338
New assets originated or purchased	73	-	-	73
Impact of net re-measurement of ECL	56	(160)	-	(104)
Assets derecognised or matured (excluding write-off)	-	(178)	-	(178)
As at 30 September 2020	129	-	-	129

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Movement in ECL				
As at 1 January 2019	-	860	-	860
Impact of net re-measurement of ECL	-	(366)	-	(366)
Transfer of stages	-	(156)	-	(156)
As at 31 December 2019	-	338	-	338

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,222,190	1,320,106	1,222,190	1,320,106
Term loans	585,039	665,323	667,648	722,404
Subordinated term loan	-	-	20,159	15,417
Other lending and factoring receivables	95,583	97,317	-	-
Advances to group employees	137	17	137	17
Gross loans, advances and financing	1,902,949	2,082,763	1,910,134	2,057,944
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(743)	(1,312)	(1,160)	(2,366)
- Stage 3- Lifetime ECL credit impaired	(20,017)	(16,777)	(19,353)	(16,061)
Net Loans, Advances and Financing	1,882,189	2,064,674	1,889,621	2,039,517
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	253,605	256,545	196,810	208,259
- Others	617,000	744,067	719,768	816,565
Individuals	1,004,799	1,052,269	966,011	1,003,238
Foreign enterprises	27,545	29,882	27,545	29,882
Gross Loans, Advances and Financing	1,902,949	2,082,763	1,910,134	2,057,944
(ii) By Geographical Distribution				
In Malaysia	1,874,396	2,040,133	1,881,581	2,015,314
Outside Malaysia	28,553	42,630	28,553	42,630
Gross Loans, Advances and Financing	1,902,949	2,082,763	1,910,134	2,057,944
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,317,773	1,417,423	1,222,190	1,320,105
Variable rate				
- Other variable rates	572,672	646,871	675,440	719,370
- Base lending rate plus	12,367	18,452	12,367	18,452
Interest free	137	17	137	17
Gross Loans, Advances and Financing	1,902,949	2,082,763	1,910,134	2,057,944
(iv) By Purpose				
- Purchase of securities	1,492,541	1,639,548	1,492,541	1,638,853
- Working capital	243,353	195,864	281,450	221,271
- Others	167,055	247,351	136,143	197,820
Gross Loans, Advances and Financing	1,902,949	2,082,763	1,910,134	2,057,944

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(v) By Residual Contractual Maturity				
- Within one year	1,609,223	1,657,891	1,626,413	1,686,370
- More than one year	293,726	424,872	283,721	371,574
Gross Loans, Advances and Financing	1,902,949	2,082,763	1,910,134	2,057,944
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period/year	48,880	59,068	48,160	58,283
Impaired during the financial period/year	40,396	32,032	39,585	32,032
Amount recovered during the financial period/year	(9,500)	(42,220)	(8,636)	(42,155)
At end of the financial period/year	79,776	48,880	79,109	48,160
Less: Allowance for ECL	(20,017)	(16,777)	(19,353)	(16,061)
Net impaired LAF	59,759	32,103	59,756	32,099
Net impaired LAF as a % of gross loans, advances and financing less allowance	3.17%	1.55%	3.16%	1.57%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	67,365	36,121	66,698	35,401
Outside Malaysia	12,411	12,759	12,411	12,759
Gross impaired loans	79,776	48,880	79,109	48,160
(viii) Impaired LAF by Purpose				
Working capital	667	720	-	-
Purchase of securities	79,109	48,160	79,109	48,160
Gross impaired loans	79,776	48,880	79,109	48,160

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

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

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

Share margin financing:

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	-	-	16,061	16,061
New assets originated or purchased	-	-	1,529	1,529
Assets derecognised or repaid (excluding write-offs)	-	-	(2,536)	(2,536)
Net remeasurement of allowance	-	-	4,299	4,299
As at 30 September 2020	-	-	19,353	19,353

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	-	8,847	21,253	30,100
New assets originated or purchased	-	-	3,033	3,033
Assets derecognised or repaid (excluding write-offs)	-	-	(37,930)	(37,930)
Net remeasurement of allowance	-	-	20,858	20,858
Transfer of stages	-	(8,847)	8,847	-
As at 31 December 2019	-	-	16,061	16,061

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

Term loan and subordinated term loan:

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	1,183	-	-	1,183
New assets originated or purchased	300	-	-	300
Assets derecognised or repaid (excluding write-offs)	(771)	-	-	(771)
As at 30 September 2020	712	-	-	712

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	815	-	-	815
New assets originated or purchased	1,018	-	-	1,018
Assets derecognised or repaid (excluding write-offs)	(650)	-	-	(650)
As at 31 December 2019	1,183	-	-	1,183

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

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

Term loan and subordinated term loan (cont'd.):

Bank

<u>Movement in ECL</u>	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2020	2,111	-	-	2,111
New assets originated or purchased	797	-	-	797
Assets derecognised or repaid (excluding write-offs)	(1,848)	-	-	(1,848)
As at 30 September 2020	1,060	-	-	1,060

<u>Movement in ECL</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2019	1,201	-	-	1,201
New assets originated or purchased	1,601	-	-	1,601
Assets derecognised or repaid (excluding write-offs)	(691)	-	-	(691)
As at 31 December 2019	2,111	-	-	2,111

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

Other lending and factoring receivables

Group

<u>Movement in ECL</u>	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2020	-	-	716	716
New assets originated or purchased	31	-	-	31
Assets derecognised or repaid (excluding write-offs)	-	-	(52)	(52)
As at 30 September 2020	31	-	664	695

<u>Movement in ECL</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2019	23	-	781	804
Assets derecognised or repaid (excluding write-offs)	(23)	-	(65)	(88)
As at 31 December 2019	-	-	716	716

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

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

Undrawn commitment:

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to undrawn commitment is, as follows:

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	129	-	-	129
Exposure derecognised or matured/lapsed (excluding write-offs)	(129)	-	-	(129)
As at 30 September 2020	-	-	-	-

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	60	-	-	60
New assets originated or purchased	85	-	-	85
Exposure derecognised or matured/lapsed (excluding write-offs)	(16)	-	-	(16)
As at 31 December 2019	129	-	-	129

Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	255	-	-	255
Exposure derecognised or matured/lapsed (excluding write-offs)	(155)	-	-	(155)
As at 30 September 2020	100	-	-	100

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	201	-	-	201
New exposures originated or purchased	95	-	-	95
Exposure derecognised or matured/lapsed (excluding write-offs)	(41)	-	-	(41)
As at 31 December 2019	255	-	-	255

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A16. Other Assets (cont'd.)

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

Group

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2020	180	4,471	4,651
Charged during the period	754	1,883	2,637
Written back during the period	2	(1,293)	(1,291)
Transfer of stages during the period	(791)	791	-
Written off during the period	-	(57)	(57)
As at 30 September 2020	145	5,795	5,940

	2019		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2019	259	4,597	4,856
Charged during the year	1,207	1,222	2,429
Written back during the year	-	(2,446)	(2,446)
Transfer of stages during the year	(1,277)	1,277	-
Written off during the year	(9)	(179)	(188)
As at 31 December 2019	180	4,471	4,651

Bank

	2020		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2020	180	4,471	4,651
Charged during the period	756	1,884	2,640
Written back during the period	-	(1,293)	(1,293)
Transfer of stages during the period	(791)	791	-
Written off during the period	-	(57)	(57)
As at 30 September 2020	145	5,796	5,941

	2019		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2019	259	3,226	3,485
Charged during the year	1,207	1,222	2,429
Written back during the year	-	(1,075)	(1,075)
Transfer of stages during the year	(1,277)	1,277	-
Written off during the year	(9)	(179)	(188)
As at 31 December 2019	180	4,471	4,651

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A16. Other Assets (cont'd.)

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

Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECLs	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	304	-	-	304
Exposure derecognised or matured/lapsed (excluding write-offs)	(5)	-	-	(5)
As at 30 September 2020	299	-	-	299

	2019			
	Stage 1	Stage 2	Stage 3	Total
Movement in ECLs	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019	-	-	-	-
New assets originated or purchased	304	-	-	304
As at 31 December 2019	304	-	-	304

Group and Bank	
As at	As at
30 September	31 December
2020	2019
RM'000	RM'000

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	58,381	99,164
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

	Group		Bank	
	As at	As at	As at	As at
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000

A18. Deposits from customers

(i) By type of deposit

Fixed term deposits	2,283,628	3,282,087	2,291,332	3,312,129
Short term money deposits	1,054,847	657,880	1,153,520	681,696
Call money deposits	42,261	71,367	42,261	71,367
Negotiable instruments of deposit	55,653	54,160	55,723	54,160
	3,436,389	4,065,494	3,542,836	4,119,352

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	As at	As at	As at	As at
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A18. Deposits from customers (cont'd.)				
(ii) By type of customer				
Government and other statutory bodies	820,878	786,494	820,878	786,494
Individuals	122,574	124,805	122,574	124,805
Business enterprises	1,043,899	776,876	1,043,899	776,876
Non-bank financial institutions	1,438,522	2,265,852	1,438,522	2,265,852
Subsidiaries and related companies	10,516	111,467	116,963	165,325
	3,436,389	4,065,494	3,542,836	4,119,352
(iii) By maturity structure				
Due within six months	2,404,259	2,911,025	2,508,002	2,964,883
More than six months to one year	774,491	727,267	777,195	727,267
More than one year	257,639	427,202	257,639	427,202
	3,436,389	4,065,494	3,542,836	4,119,352

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at	As at
	30 September	31 December
	2020	2019
	RM'000	RM'000
Licenced banks	205,778	-
Licenced investment banks	-	50,000
Other financial institutions	491,404	600,718
Bank Negara Malaysia ("BNM")	115,000	-
	812,182	650,718

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Group		Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
A20. Other liabilities				
Interest/Income payable	21,671	35,878	20,864	35,375
Securities borrowing and lending	850	3,040	850	3,040
Accruals and provision	190,483	70,989	54,607	35,484
Retention for contra losses	17	17	17	17
Structured products	13,439	5,399	13,439	5,399
Treasury trade payables	10,940	49,842	10,940	49,842
Deposits and other creditors	161,993	84,975	157,467	79,400
Amounts held in trust on behalf of Dealer's Representatives	96,912	60,201	96,912	60,201
Amount due to trustees	-	12,611	-	-
Amount due to subsidiaries	-	-	1	268
	496,305	322,952	355,097	269,026
A21. Borrowings				
Secured:				
Revolving bank loan	33,200	41,600	33,200	41,600
Unsecured:				
Revolving bank loans	29,000	30,000	-	-
Subordinated notes	122,000	25,000	122,000	25,000
	184,200	96,600	155,200	66,600

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
A22. Interest Income				
Group				
Loans, advances and financing	30,479	34,481	96,299	102,973
Money at call and deposit placements with financial institutions	10,068	11,867	34,979	37,913
Financial investments at FVOCI	5,082	8,160	18,269	28,431
Financial investments at AC	1,190	1,027	3,664	3,138
Others	4,862	4,405	12,805	11,551
	51,681	59,940	166,016	184,006
Bank				
Loans, advances and financing	29,125	33,558	92,919	99,966
Money at call and deposit placements with financial institutions	9,336	10,936	32,544	34,827
Financial investments at FVOCI	5,082	8,160	18,269	28,431
Financial investments at AC	1,190	1,027	3,664	3,138
Others	4,871	4,402	12,816	11,539
	49,604	58,083	160,212	177,901
A23. Interest Expense				
Group				
Deposits from customers	21,918	34,990	85,972	110,678
Deposits and placement from banks and other financial institutions	722	700	1,404	4,152
Borrowings	1,930	1,452	5,054	4,445
Lease interest expense	293	257	992	836
Others	121	180	786	1,707
	24,984	37,579	94,208	121,818
Bank				
Deposits from customers	22,658	35,357	88,528	111,995
Deposits and placement from banks and other financial institutions	722	701	1,404	4,152
Borrowings	1,505	900	3,757	2,773
Lease interest expense	275	235	928	774
Others	2,414	1,568	6,690	3,608
	27,574	38,761	101,307	123,302

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
A24. Other Operating Income				
Group				
(a) Fee income:				
Brokerage fees	129,462	32,876	257,134	108,525
Corporate advisory fees	1,488	5,905	4,261	9,957
Processing fees on loans, advances and financing	909	1,673	2,066	3,385
Commissions	2,416	1,874	7,879	5,152
Management fee income	26,264	20,088	68,250	60,015
Placement fees	3,886	1,818	7,428	7,351
Underwriting commission	267	-	455	382
Other fee income	6,516	3,572	14,332	10,576
Others	623	360	1,663	1,069
	<u>171,831</u>	<u>68,166</u>	<u>363,468</u>	<u>206,412</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	172,961	9,638	222,295	35,435
Financial investments at FVOCI	4,026	2,014	8,954	7,077
	<u>176,987</u>	<u>11,652</u>	<u>231,249</u>	<u>42,512</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	473	747	1,892	993
Financial investments at FVOCI	253	135	287	232
	<u>726</u>	<u>882</u>	<u>2,179</u>	<u>1,225</u>
(d) Interest income from financial assets at FVTPL	<u>615</u>	<u>325</u>	<u>1,477</u>	<u>1,743</u>
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	<u>(98,922)</u>	<u>(1,278)</u>	<u>(123,208)</u>	<u>(6,484)</u>
(f) Other income:				
Net foreign exchange income	2,922	1,284	6,621	5,391
Other operating income	180	20	1,140	478
Other non-operating income				
- Rental income	627	(79)	2,113	2,120
- Others	1,928	1,747	3,380	5,374
	<u>5,657</u>	<u>2,972</u>	<u>13,254</u>	<u>13,363</u>
Total other operating income	<u>256,894</u>	<u>82,719</u>	<u>488,419</u>	<u>258,771</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
A24. Other Operating Income (cont'd.)				
<u>Bank</u>				
(a) Fee income:				
Brokerage fees	130,966	32,876	259,613	108,525
Corporate advisory fees	1,524	5,935	4,343	10,045
Processing fees on loans, advances and financing	573	1,506	1,438	2,947
Management fee income	283	379	888	871
Placement fees	2,717	1,769	6,109	6,797
Underwriting commission	267	-	455	382
Other fee income	1,309	1,730	4,666	5,185
Others	411	109	826	396
	<u>138,050</u>	<u>44,304</u>	<u>278,338</u>	<u>135,148</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	172,654	9,638	221,988	35,435
Financial investments at FVOCI	4,026	2,014	8,954	7,077
	<u>176,680</u>	<u>11,652</u>	<u>230,942</u>	<u>42,512</u>
(c) Gross dividend from:				
Financial assets at FVTPL	451	709	1,808	890
Financial investments at FVOCI	253	135	287	232
	<u>704</u>	<u>844</u>	<u>2,095</u>	<u>1,122</u>
(d) Interest income from financial assets at FVTPL	<u>615</u>	<u>325</u>	<u>1,477</u>	<u>1,743</u>
(e) Unrealised loss on revaluation of financial assets at FVTPL and derivatives	<u>(99,850)</u>	<u>(1,951)</u>	<u>(125,241)</u>	<u>(8,704)</u>
(f) Other income:				
Net foreign exchange income	2,981	1,276	6,597	5,391
Other operating income	341	305	1,703	848
Other non-operating income				
- Rental income	1,087	1,162	3,495	3,490
- Others	1,931	844	3,278	5,049
	<u>6,340</u>	<u>3,587</u>	<u>15,073</u>	<u>14,778</u>
Total other operating income	<u>222,539</u>	<u>58,761</u>	<u>402,684</u>	<u>186,599</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000
A25. Other operating expenses				
Group				
Personnel costs	71,806	45,219	164,713	134,512
- Salaries, allowances and bonuses	58,189	35,182	130,679	104,403
- EPF	4,686	4,651	14,040	13,355
- ESS	294	461	994	1,578
- Others	8,637	4,925	19,000	15,176
Establishment costs	14,099	12,607	39,881	35,882
- Depreciation of property, plant and equipment	2,945	2,775	8,788	7,992
- Amortisation of intangible assets	1,471	1,040	3,723	3,198
- Amortisation of right-of-use assets	2,066	2,253	6,240	6,790
- Rental of premises				
- Current year	92	122	328	612
- Over accrual in prior year	-	-	-	(932)
- Rental of equipment	158	142	418	364
- Repairs and maintenance	1,605	1,419	4,415	3,755
- Information technology expenses	4,004	3,045	10,576	8,850
- Others	1,758	1,811	5,393	5,253
Marketing expenses	3,391	3,774	10,073	11,760
- Promotion and advertisements	2,861	2,588	7,759	8,133
- Travel and entertainment	378	1,064	1,605	3,074
- Others	152	122	709	553
Administration and general expenses	147,767	39,520	284,312	127,637
- Communication expenses	888	1,362	3,427	4,010
- Professional fees and legal fees	2,646	1,010	5,104	3,471
- Regulatory charges	11,839	5,406	25,379	16,544
- Fees and brokerage	126,167	27,203	234,901	90,790
- Administrative expenses	5,752	4,112	14,251	11,684
- Printing and stationery	475	427	1,250	1,138
Total other operating expenses	237,063	101,120	498,979	309,791

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Individual Quarter		Cumulative Quarters	
3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	56,605	33,995	124,563	101,291
- Salaries, allowances and bonuses	47,317	26,936	103,144	80,821
- EPF	3,759	3,617	11,184	10,669
- ESS	255	393	860	1,389
- Others	5,274	3,049	9,375	8,412
Establishment costs	11,727	10,498	33,368	30,673
- Depreciation of property, plant and equipment	2,730	2,536	8,192	7,451
- Amortisation of intangible assets	1,178	994	3,216	3,064
- Amortisation of right-of-use assets	1,807	2,028	5,373	6,126
- Rental of premises				
- Current year	73	(1)	204	456
- Over accrual in prior year	-	-	-	(932)
- Rental of equipment	80	80	237	233
- Repair and maintenance	1,127	945	3,017	2,716
- Information technology expenses	3,974	2,987	10,494	8,781
- Others	758	929	2,635	2,778
Marketing expenses	1,005	1,881	4,070	5,801
- Promotion and advertisement	608	1,106	2,311	3,358
- Travel and entertainment	255	681	1,080	1,965
- Others	142	94	679	478
Administration and general expenses	132,763	29,107	246,956	96,014
- Communication expenses	719	1,176	2,913	3,485
- Professional fees and legal fees	2,625	910	4,790	2,942
- Regulatory charges	11,343	4,881	23,925	14,865
- Fees and brokerages	112,449	18,240	201,518	63,692
- Administrative expenses	5,311	3,608	12,979	10,285
- Printing and stationery	316	292	831	745
Total other operating expenses	202,100	75,481	408,957	233,779

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A26. Credit loss reversal/(expense)

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

Group

Individual Quarter

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	2	-	-	2
Loans, advances and financing	32	-	5,497	5,529
Credit loss reversal	33	-	5,497	5,530

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	99	-	-	99
Debt instruments at amortised cost	-	90	-	90
Loans, advances and financing	93	-	(455)	(362)
Loan commitments	(13)	-	-	(13)
Credit loss reversal/(expense)	179	90	(455)	(186)

(ii) Movement in ECL on other financial assets

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(35)	(108)	(143)
Other debtors	(270)	(502)	(772)
Credit loss expense	(305)	(610)	(915)

	2019		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(2)	69	67
Other debtors	(32)	(1,068)	(1,100)
Credit loss expense	(34)	(999)	(1,033)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

Group

Cumulative Quarters

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(28)	-	-	(28)
Debt instruments at amortised cost	(129)	338	-	209
Loans, advances and financing	440	-	(3,240)	(2,800)
Loan commitments	129	-	-	129
Credit loss reversal/(expense)	412	338	(3,240)	(2,490)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	157	-	-	157
Debt instruments at amortised cost	-	527	-	527
Loans, advances and financing	(273)	-	4,320	4,047
Loan commitments	(82)	-	-	(82)
Credit loss (expense)/reversal	(198)	527	4,320	4,649

(iv) Movement in ECLs on other financial assets

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(64)	171	107
Other debtors	(756)	(590)	(1,346)
Credit loss expense	(820)	(419)	(1,239)

	2019		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	-	141	141
Other debtors	111	(570)	(459)
Credit loss reversal/(expense)	111	(429)	(318)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

Bank

Individual Quarter

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	2	-	-	2
Loans, advances and financing	(27)	-	5,487	5,460
Loan commitments	25	-	-	25
Credit loss (expense)/reversal	(1)	-	5,487	5,486

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	99	-	-	99
Debt instruments at amortised cost	-	90	-	90
Loans, advances and financing	33	-	(469)	(436)
Loan commitments	(14)	-	-	(14)
Amount due from subsidiaries	(304)	-	-	(304)
Credit loss (expense)/reversal	(186)	90	(469)	(565)

(vi) Movement in ECL on other financial assets

	2020		
	Non-Credit	Credit-	Total
	Impaired	Impaired	RM'000
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(35)	(108)	(143)
Other debtors	(268)	(502)	(770)
Credit loss expense	(303)	(610)	(913)

	2019		
	Non-Credit	Credit-	Total
	Impaired	Impaired	RM'000
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(2)	69	67
Other debtors	(424)	(682)	(1,106)
Credit loss expense	(426)	(613)	(1,039)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

Bank

Cumulative Quarters

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(28)	-	-	(28)
Debt instruments at amortised cost	(129)	338	-	209
Loans, advances and financing	1,051	-	(3,292)	(2,241)
Loan commitments	155	-	-	155
Amount due from subsidiaries	5	-	-	5
Credit loss reversal/(expense)	1,054	338	(3,292)	(1,900)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	157	-	-	157
Debt instruments at amortised cost	-	527	-	527
Loans, advances and financing	(831)	-	4,276	3,445
Loan commitments	(68)	-	-	(68)
Amount due from subsidiaries	(304)	-	-	(304)
Credit loss (expense)/reversal	(1,046)	527	4,276	3,757

(viii) Movement in ECLs on other financial assets

	2020		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(64)	171	107
Other debtors	(756)	(591)	(1,347)
Credit loss expense	(820)	(420)	(1,240)

	2019		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	-	141	141
Other debtors	(936)	(621)	(1,557)
Credit loss expense	(936)	(480)	(1,416)

A27. Bad debts recovered/(written off)

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Loans, advances and financing	100	3,246	309	3,522
Balance due from clients and brokers	-	174	77	185
Other debtors	-	(291)	(53)	(291)
	100	3,129	333	3,416

NOTES TO INTERIM FINANCIAL STATEMENTS
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A28. Fair value of financial instruments

Fair value measurements

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

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

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

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

Valuation techniques and sensitivity analysis

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

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

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NOTES TO INTERIM FINANCIAL STATEMENTS
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A28. Fair value of financial instruments (cont'd.)

Group

30 September 2020

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	196,768	-	196,768
- Equity securities	322,416	5,362	28,994	356,772
Financial investments at FVOCI				
- Debt securities	-	922,050	-	922,050
- Equity securities	-	-	1,989	1,989
Derivative financial assets	6,245	124,957	-	131,202
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	203,173	-	203,173
Loans, advances and financing	-	-	1,881,188	1,881,188
	328,661	1,452,310	1,912,171	3,693,142

Financial liabilities measured at fair value

Derivative financial liabilities	150,742	2,352	-	153,094
Borrowings	-	164,885	-	164,885
	150,742	167,237	-	317,979

31 December 2019

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	96,741	-	96,741
- Equity securities	193,566	9,379	28,994	231,939
Financial investments at FVOCI				
- Debt securities	-	793,993	-	793,993
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	65,174	-	65,174
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	117,673	-	117,673
Loans, advances and financing	-	-	2,064,990	2,064,990
	193,566	1,082,960	2,095,072	3,371,598

Financial liabilities measured at fair value

Derivative financial liabilities	13,395	21	-	13,416
Borrowings	-	92,144	-	92,144
	13,395	92,165	-	105,560

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

Bank

30 September 2020

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	197,993	-	197,993
- Equity securities	322,416	-	28,994	351,410
Financial investments at FVOCI				
- Debt securities	-	922,050	-	922,050
- Equity securities	-	-	1,989	1,989
Derivative financial assets	6,245	124,957	-	131,202
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	203,173	-	203,173
Loans, advances and financing	-	-	1,890,383	1,890,383
	328,661	1,448,173	1,921,366	3,698,200

Financial liabilities measured at fair value

Derivative financial liabilities	150,742	2,352	-	153,094
Borrowings	-	135,899	-	135,899
	150,742	138,251	-	288,993

31 December 2019

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	100,000	-	100,000
- Equity securities	193,566	4,000	28,994	226,560
Financial investments at FVOCI				
- Debt securities	-	793,993	-	793,993
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	65,174	-	65,174
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	117,673	-	117,673
Loans, advances and financing	-	-	2,040,578	2,040,578
	193,566	1,080,840	2,070,660	3,345,066

Financial liabilities measured at fair value

Derivative financial liabilities	13,395	21	-	13,416
Borrowings	-	62,148	-	62,148
	13,395	62,169	-	75,564

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A29. Commitments and Contingencies

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

	Group		Bank	
	As at 30 September 2020 Principal Amount RM'000	As at 31 December 2019 Principal Amount RM'000	As at 30 September 2020 Principal Amount RM'000	As at 31 December 2019 Principal Amount RM'000
Obligations under underwriting agreements	8,615	-	8,615	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,496,935	1,892,577	2,496,935	1,892,577
- foreign exchange related contract	26,599	30,356	26,599	30,356
- equity exchange related contract	192,976	108,435	192,976	108,435
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	111,425	23,742	128,925	66,742
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	450	520	450	520
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	106,984	76,458	126,984	101,458
Stockbroking clients' trust	1,107,785	623,581	1,107,785	623,581
Securities borrowing and lending	774	2,705	774	2,705
Derivative financial assets				
- dual currency investment - options	3,751	4,509	3,751	4,509
- equity related contracts - options	209,774	66,528	209,774	66,528
- equity related contracts - swaps	57,596	52,340	57,596	52,340
- synthetic protected forward	21,011	77,667	21,011	77,667
Derivative financial liabilities				
- dual currency investment - options	3,751	4,509	3,751	4,509
- equity related contracts - options	720,761	72,413	720,761	72,413
- equity related contracts - swaps	14,531	-	14,531	-
Capital commitment:				
- Authorised and contracted for	5,230	5,344	5,015	5,147
Investment in equity fund	-	-	57,854	17,854
	5,080,333	3,041,684	5,175,472	3,127,341

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	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
A30. Operating lease arrangements				
Future minimum sub-lease receipts:				
Subsidiaries	-	-	3,007	2,945
External parties	3,827	4,458	3,827	4,458
	<u>3,827</u>	<u>4,458</u>	<u>6,834</u>	<u>7,403</u>

A31. Capital Adequacy

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	246,249	246,249	246,249	246,249
Retained profits	510,194	531,811	510,604	532,338
Other reserves	153,181	143,219	198,860	194,372
Less: Regulatory adjustments:				
Deferred tax assets	(5,230)	(2,955)	(2,318)	-
55% of cumulative gains of financial investments at FVOCI	(8,798)	(3,568)	(8,686)	(5,777)
Goodwill	(243,754)	(243,754)	(252,909)	(252,909)
Other intangibles	(79,724)	(73,633)	(72,819)	(67,803)
Regulatory reserve	(24,296)	(25,444)	(24,296)	(25,444)
Treasury shares	(12,503)	(16,990)	(12,503)	(16,990)
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(91,673)	(80,442)	(166,170)	(166,170)
Total CET 1/Tier 1 capital	<u>443,646</u>	<u>474,493</u>	<u>416,012</u>	<u>437,866</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	122,000	25,000	122,000	25,000
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	19,182	16,752	19,398	17,151
Total Tier 2 capital	<u>141,182</u>	<u>41,752</u>	<u>141,398</u>	<u>42,151</u>
Total capital	<u>584,828</u>	<u>516,245</u>	<u>557,410</u>	<u>480,017</u>

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A31. Capital Adequacy (cont'd.)

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

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
CET 1 capital ratio	16.890%	21.309%	16.815%	20.730%
Tier 1 capital ratio	16.890%	21.309%	16.815%	20.730%
Total capital ratio	22.265%	23.184%	22.530%	22.725%

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

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

	Group		Group	
	30 September 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,766,261	1,534,563	5,116,298	1,340,143
Market Risk	-	424,450	-	219,406
Operational Risk	-	666,821	-	604,853
Large exposure risk	-	825	-	62,367
Total Risk Weighted Assets	5,766,261	2,626,659	5,116,298	2,226,769

	Bank		Bank	
	30 September 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,399,653	1,551,880	4,919,418	1,372,091
Market Risk	-	409,704	-	204,614
Operational Risk	-	511,683	-	473,201
Large exposure risk	-	825	-	62,367
Total Risk Weighted Assets	5,399,653	2,474,092	4,919,418	2,112,273

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A31. Capital Adequacy (cont'd.)

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

A32. Segmental reporting

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

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

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A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2020								
Revenue								
External sales	177,150	409,677	10,273	9,677	80,021	7,526	-	694,324
- Interest income	137,011	43,482	2,394	8,360	(40)	6,232	-	197,439
- Fee income	13,840	267,061	7,879	1,317	79,360	458	-	369,915
- Trading and investment income	23,213	95,276	-	-	84	1,021	-	119,594
- Other operating income	3,086	3,858	-	-	617	(185)	-	7,376
Inter-segment sales	896	2,978	526	95	7,757	1,229	(13,481)	-
Total revenue	178,046	412,655	10,799	9,772	87,778	8,755	(13,481)	694,324
Result								
Net income	63,364	402,546	10,102	5,628	87,155	10,485	(2,285)	576,995
Other operating expenses	(43,295)	(346,893)	(12,332)	(3,883)	(79,587)	(16,177)	3,188	(498,979)
Credit loss reversal/(expense)	147	(3,213)	-	21	-	(73)	(611)	(3,729)
Bad debt (written off)/recovery	(53)	272	-	-	-	114	-	333
Share of results of associates and a joint venture company	-	-	-	-	-	7,013	-	7,013
Profit/(loss) before taxation and zakat	20,163	52,712	(2,230)	1,766	7,568	1,362	292	81,633
Taxation and zakat								(18,684)
Net profit for the financial period								<u>62,949</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
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A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
2020 (cont'd.)								
Other information								
Net interest and finance income	58,267	2,176	3,808	(689)	3,574	7,429	-	74,565
Depreciation and amortisation	9,607	396	157	2,509	7,175	(1,093)	-	18,751
Non cash expenses								
- Unrealised losses on revaluation of financial assets at FVTPL and derivatives	(125,242)	-	-	-	-	2,034	-	(123,208)
Assets								
Investments in associate companies	-	-	-	-	71,370	-		71,370
Investment in a joint venture company					20,303			20,303
Addition to non-current assets	11,513	182	443	2,657	-		A	14,795
Segment assets	6,462,555	396,648	138,337	233,891	17,946	(401,794)	B	6,847,583
Liabilities								
Segment liabilities	5,471,167	377,840	119,261	170,712	4,084	(260,451)	C	5,882,613

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A32. Segmental reporting (cont'd.)

	Investment banking RM'000 (Restated)	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000 (Restated)
2019								
Revenue								
External sales	206,565	184,123	8,118	6,450	70,836	9,018	-	485,110
- Interest income	161,379	42,207	2,966	5,698	2,934	8,580	-	223,764
- Fee income	20,154	116,062	5,152	752	67,517	331	-	209,968
- Trading and investment income	22,032	23,330	-	-	103	99	-	45,564
- Other operating income	3,000	2,524	-	-	282	8	-	5,814
Inter-segment sales	3,466	190	812	-	2,710	-	(7,178)	-
Total revenue	210,031	184,313	8,930	6,450	73,546	9,018	(7,178)	485,110
Result								
Net income	63,428	175,348	8,299	3,526	73,485	12,026	(939)	335,173
Other operating expenses	(43,104)	(178,699)	(10,523)	(3,216)	(71,830)	(5,668)	3,249	(309,791)
Credit loss (expense)/reversal	(1,139)	3,955	-	62	-	625	828	4,331
Bad debt (written-off)/recovery	(291)	217	-	-	-	3,490	-	3,416
Share of results of associates and a joint venture company	-	-	-	-	-	(4,612)	-	(4,612)
Profit/(loss) before taxation and zakat	18,894	821	(2,224)	372	1,655	5,861	3,138	28,517
Taxation and zakat								(10,838)
Net profit for the financial period								17,679

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Investment and wealth management RM'000	Money lending and financing RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
2019 (cont'd.)								
Other information								
Net interest and finance income	56,001	3,139	2,315	2,857	5,919	1,966	-	72,197
Depreciation and amortisation	4,317	81	28	601	6,163	-	-	11,190
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(8,797)	-	-	2,221	-	-	-	(6,576)
Assets								
Investments in associate companies	-	-	-	-	64,480	-		64,480
Investment in a joint venture company	-	-	-	-	17,981	-		17,981
Addition to non-current assets	9,973	18	12	35,691	-	-		45,694
Segment assets	6,609,933	228	110,067	171,194	281,337	(297,792)	B	6,874,967
Liabilities								
Segment liabilities	5,659,721	241,596	97,980	116,809	5,063	(144,977)	C	5,976,192

Notes

A Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- Additions during the financial period	7,002	7,483
Intangible assets		
- Additions during the financial period	7,793	38,211
	<u>14,795</u>	<u>45,694</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A32. Segmental reporting (cont'd.)

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

	2020	2019
	RM'000	RM'000
Investment in subsidiaries	(94,942)	(95,235)
Investment in associates and joint venture	(5,305)	(14,518)
Intangible assets	(40,095)	(40,095)
Inter-segment assets	(261,452)	(147,944)
	<u>(401,794)</u>	<u>(297,792)</u>

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

	2020	2019
	RM'000	RM'000
Deposits accepted from subsidiaries	(106,447)	(41,750)
Inter-segment liabilities	(154,004)	(103,227)
	<u>(260,451)</u>	<u>(144,977)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A33. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 30 September 2020

		Group and Bank	
	Note	As at 30 September 2020 RM '000	As at 31 December 2019 RM '000
ASSETS			
Cash and bank balances	(e)	362,478	982,933
Financial assets at FVTPL	(f)	100,000	100,000
Financial investment at FVOCI	(g)(i)	428,965	157,374
Financial investment at AC	(g)(ii)	66,851	30,087
Financing and advances	(h)	131,688	169,155
Balances due from clients and brokers		5,875	410
Other assets	(i)	3,794	4,692
Property, plant and equipment		28	28
Intangible assets		2	12
TOTAL ASSETS		1,099,681	1,444,691
LIABILITIES			
Deposits from customers	(j)	751,769	1,174,263
Balances due to clients and brokers		6,918	2,670
Other liabilities	(k)	159,230	98,311
Deferred tax liabilities		1,740	1,121
Provision for taxation and zakat		4,000	3,822
TOTAL LIABILITIES		923,657	1,280,187
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		56,024	44,504
TOTAL ISLAMIC BANKING CAPITAL FUNDS		176,024	164,504
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,099,681	1,444,691
Commitments and contingencies	(r)	76,445	13,676

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 30 September 2020

		Group and Bank			
		Individual Quarter		Cumulative Quarters	
		3 months	3 months	9 months	9 months
		ended	ended	ended	ended
		30 September	30 September	30 September	30 September
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l)	11,612	17,474	39,817	46,406
Income derived from investment of shareholders' funds	(m)	1,818	1,659	5,658	5,713
Credit loss reversal/(expense)		15	(150)	(203)	(606)
Total attributable income		13,445	18,983	45,272	51,513
Profit distributed to depositors	(n)	(7,060)	(13,212)	(27,277)	(36,296)
Net income		6,385	5,771	17,995	15,217
Finance cost		(467)	(543)	(1,430)	(1,609)
Personnel costs	(o)	(187)	(195)	(563)	(557)
Other overhead expenses	(p)	(1,094)	(650)	(2,772)	(2,035)
Profit before taxation and zakat		4,637	4,383	13,230	11,016
Taxation and zakat		(1,305)	(1,188)	(3,643)	(3,049)
Profit for the financial period		3,332	3,195	9,587	7,967
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Fair value gain on debt instruments at FVOCI		482	1,176	2,549	5,054
Income tax related to the above items		(115)	(263)	(619)	(1,180)
Total other comprehensive income for the financial period, net of tax		367	913	1,930	3,874
Total comprehensive income for the financial period, net of tax		3,699	4,108	11,517	11,841

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

Income derived from investment of depositors' funds		11,612	17,474	39,817	46,406
Income derived from investment of shareholders' funds		1,818	1,659	5,658	5,713
Total income before impairment allowances and overhead expenses		13,430	19,133	45,475	52,119
Profit distributed to depositors		(7,060)	(13,212)	(27,277)	(36,296)
Finance cost		(467)	(543)	(1,430)	(1,609)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank		5,903	5,378	16,768	14,214

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 30 September 2020

Group and Bank

	Non-Distributable					Distributable	Total RM'000
	Islamic Banking Fund RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserves RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial period	-	-	-	-	-	9,587	9,587
Other comprehensive income for the financial period	-	1,930	-	-	-	-	1,930
Share based payment under ESS	-	-	-	3	-	-	3
Transfer from regulatory reserve	-	-	(289)	-	-	289	-
At 30 September 2020	120,000	5,447	2,214	18	5,248	43,097	176,024
At 1 January 2019	120,000	85	3,335	9	5,248	22,375	151,052
Profit for the financial period	-	-	-	-	-	7,967	7,967
Other comprehensive income for the financial year	-	3,874	-	-	-	-	3,874
Share based payment under ESS	-	-	-	5	-	-	5
Transfer from regulatory reserve	-	-	(560)	-	-	560	-
At 30 September 2019	120,000	3,959	2,775	14	5,248	30,902	162,898

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 30 September 2020

	Group and Bank	
	30 September 2020	30 September 2019
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	13,230	11,016
Adjustments for:		
Depreciation of plant and equipment	6	4
Amortisation of intangible assets	10	31
Credit loss expense	203	606
Net gain from sale of financial assets at FVTPL	(1,442)	(1,582)
Net gain from sale of financial investments other than those measured at FVTPL	(1,974)	(925)
Loss on revaluation of financial assets at FVTPL	-	92
Operating profit before working capital changes	<u>10,033</u>	<u>9,242</u>
Changes in operating assets:		
Financing and advances	37,400	(3,510)
Balances due from clients and brokers	(5,465)	683
Other assets	891	21,487
Changes in operating liabilities:		
Deposits from customers	(422,494)	181,716
Balances due to clients and brokers	4,248	1,057
Other liabilities	<u>57,457</u>	<u>(5,487)</u>
Cash generated from operating activities	<u>(317,930)</u>	<u>205,188</u>
Taxation and zakat paid	-	(340)
Net cash generated from operating activities	<u>(317,930)</u>	<u>204,848</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6)	-
Net (purchase)/sale of securities	<u>(302,519)</u>	<u>483,473</u>
Net investing cash flow	<u>(302,525)</u>	<u>483,473</u>
Net change in cash and cash equivalents	<u>(620,455)</u>	<u>688,321</u>
Cash and cash equivalents at beginning of the financial period	<u>982,933</u>	<u>420,144</u>
Cash and cash equivalents at end of the financial period	<u><u>362,478</u></u>	<u><u>1,108,465</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

	Group and Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	35,178	22,933
Money at call and deposit placements with:		
Licensed banks	140,000	140,000
Bank Negara Malaysia	-	350,000
Domestic non-bank financial institutions	187,300	470,000
	<u>362,478</u>	<u>982,933</u>
(f) Financial assets at FVTPL		
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
(a) Money market instruments:		
Malaysian Government Investment Certificates	42,183	41,373
Negotiable Instruments of Deposits	279,567	-
	<u>321,750</u>	<u>41,373</u>
(b) Debt instruments:		
Corporate Sukuk	107,215	116,001
Total financial investments at FVOCI	<u>428,965</u>	<u>157,374</u>
(ii) Financial investments at AC:		
Debt instruments:		
Corporate Sukuk	66,980	30,087
Less: Allowance for ECL	(129)	-
Total financial investment at AC	<u>66,851</u>	<u>30,087</u>
Total financial investments other than those measured at FVTPL	<u>495,816</u>	<u>187,461</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

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

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

Debt instrument measured at AC:

An analysis of changes in the ECLs is, as follows:

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2020	-	-	-	-
New assets originated or purchased	73	-	-	73
Impact of net re-measurement of ECL	56	-	-	56
As at 30 September 2020	129	-	-	129

Group and Bank	
As at 30 September 2020 RM'000	As at 31 December 2019 RM'000

(h) Financing and advances at AC

Commodity Murabahah share margin financing		
- Shariah contract - others	14,259	7,024
Commodity Murabahah term financing		
- Shariah contract - others	118,141	162,776
Gross financing and advances	132,400	169,800
Less: Allowance for ECL	(712)	(645)
Net financing and advances	131,688	169,155

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

Domestic business enterprise - others	72,517	142,719
Individuals	59,883	27,081
	132,400	169,800

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

In Malaysia	132,400	169,800
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(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:

Fixed rate	14,259	7,024
Variable rate - Cost plus	118,141	162,776
	132,400	169,800

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

	Group and Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
(h) Financing and advances (cont'd.)		
(v) Gross financing and advances analysed by economic purpose are as follows:		
- Working capital	79,647	45,707
- Purchase of securities	40,062	40,829
- Others	12,691	83,264
	<u>132,400</u>	<u>169,800</u>
(vi) Gross financing and advances analysed by residual contractual maturity are as follows:		
- Within one year	127,051	73,343
- More than one year	5,349	96,457
	<u>132,400</u>	<u>169,800</u>

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

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2020	645	-	-	645
New assets originated or purchased	442	-	-	442
Assets derecognised or repaid (excluding write-offs)	(375)	-	-	(375)
As at 30 September 2020	<u>712</u>	<u>-</u>	<u>-</u>	<u>712</u>
	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2019	-	-	-	-
New assets originated or purchased	728	-	-	728
Assets derecognised or repaid (excluding write-offs)	(83)	-	-	(83)
As at 31 December 2019	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>

	Group and Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
(i) Other Assets		
Income receivables	3,677	4,651
Prepayment	16	1
Other receivables	168	100
Less: Allowance for ECL	(67)	(60)
	<u>3,794</u>	<u>4,692</u>

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

(i) Other Assets (cont'd.)

(i) Impairment allowance for other receivables

Group and Bank

Movement in ECL

As at 1 January 2020	
New assets originated or purchased	
Assets derecognised or repaid (excluding write-offs)	
As at 30 September 2020	

2020		
Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
2	58	60
13	5	18
-	(11)	(11)
15	52	67

Movement in ECL

As at 1 January 2019	
New assets originated or purchased	
Assets derecognised or repaid (excluding write-offs)	
As at 31 December 2019	

2019		
Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
-	8	8
14	62	76
(12)	(12)	(24)
2	58	60

Group and Bank	
As at 30 September 2020 RM'000	As at 31 December 2019 RM'000

(j) Deposits from customers

(i) By type of deposit

Term deposits	
- Tawarruq (Commodity Murabahah deposits)	

751,769	1,174,263
751,769	1,174,263

(ii) By type of customers

Domestic non-bank institutions	
Government and other statutory bodies	
Business enterprises	
Individuals	

447,902	875,842
200,000	200,000
103,297	96,923
570	1,498
751,769	1,174,263

(iii) By maturity

- Due within six months	
- Due more than six months	

389,924	915,150
361,845	259,113
751,769	1,174,263

(k) Other liabilities

Mudarah Specific Investment Account	
Profit payable	
Other payable	

53,400	54,200
4,836	4,133
100,994	39,978
159,230	98,311

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000 (Restated)	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000 (Restated)
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	1,478	1,590	3,664	3,722
Deposits placements with financial institutions	3,501	6,312	13,651	14,240
Financial investment other than those measured at FVTPL	1,662	4,581	9,275	16,717
Accretion of discount	(129)	(171)	(793)	(538)
Others	7	-	9	-
	6,519	12,312	25,806	34,141
Other operating income/(loss)				
Net gain on sale of financial assets at FVTPL	138	779	1,442	1,490
Net gain on sale of financial investments other than those measured at FVTPL	1,004	519	1,974	925
Fees on financing and advances	300	382	755	1,788
Brokerage fee	2,262	1,019	5,252	1,704
Profit income from financial assets at FVTPL	1,299	2,429	4,480	6,373
Advisory fee	116	30	267	108
Direct trading fees	(52)	(95)	(201)	(245)
Other operating income	15	-	15	-
Other non-operating income	11	9	27	32
	5,093	5,162	14,011	12,265
Total income derived from investment of depositors' funds	11,612	17,474	39,817	46,406
(m) Income/(loss) derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	630	1,413	3,675	5,155
Financial investment other than those measured at FVTPL	1,316	274	2,191	618
Accretion of discount	(128)	(28)	(208)	(60)
	1,818	1,659	5,658	5,713
(n) Profit distributed to depositors				
Deposits from customers and financial institutions - Murabahah Fund	6,490	12,171	25,116	33,197
Others	570	1,041	2,161	3,099
	7,060	13,212	27,277	36,296

NOTES TO INTERIM FINANCIAL STATEMENTS
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A33. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000
(o) Personnel costs				
- Salaries, wages, allowances and bonus	149	146	445	417
- EPF	23	23	69	64
- Other staff related expenses	15	26	49	76
	187	195	563	557
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	2	1	6	4
- Amortisation	-	10	10	31
- Office rental	14	15	42	43
- Repairs and maintenance	2	1	4	2
- Others	1	1	4	4
	19	28	66	84
Marketing and travelling expenses				
- Advertisement and promotions	-	-	-	4
- Travelling and entertainment expenses	-	1	-	3
	-	1	-	7
Administration and general expenses				
- Fees and brokerage	469	89	873	239
- Support service charges	476	448	1,428	1,345
- Shariah committee expenses	57	56	175	165
- Others	73	28	230	195
	1,075	621	2,706	1,944
Total other overhead expenses	1,094	650	2,772	2,035

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

	Group and Bank	
	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	33,510	33,221
Other intangibles		
Other reserves	12,927	11,283
Less:		
Intangible assets	(2)	(12)
55% of cumulative gains on financial investments at FVOCI	(2,996)	(1,935)
Regulatory reserves	(2,214)	(2,503)
Total CET 1 / Tier 1 capital	<u>161,225</u>	<u>160,054</u>
Tier 2 Capital		
Impairment provision	<u>3,058</u>	<u>3,151</u>
Total Tier 2 capital	<u>3,058</u>	<u>3,151</u>
Total capital	<u>164,283</u>	<u>163,205</u>
CET 1 capital ratio	46.816%	40.155%
Tier 1 capital ratio	46.816%	40.155%
Total capital ratio	<u>47.704%</u>	<u>41.061%</u>

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

	Group and Bank			
	As at 30 September 2020		As at 31 December 2019	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk- weighted amount	Notional amount	Risk- weighted amount
Credit risk	1,027,216	314,355	1,359,665	327,481
Operational risk	-	30,026	-	25,804
Total Risk Weighted Assets	<u>1,027,216</u>	<u>344,381</u>	<u>1,359,665</u>	<u>353,285</u>

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A33. 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 and Bank	
	As at	As at
	30 September	31 December
	2020	2019
	Principal	Principal
	amount	amount
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	7,762	8,676
Other commitments with an original maturity of less than 1 year:		
- corporate financing	68,683	5,000
	<u>76,445</u>	<u>13,676</u>

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197301002193 (15678-H)

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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
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B1. Performance Review

Group:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	319,486	159,418	694,324	485,110
Net income	289,494	110,458	576,995	335,173
Profit before tax	63,325	9,077	81,633	28,517
Profit after tax	49,428	4,292	62,949	17,679

The Group reported profit before tax ("PBT") of RM63.3 million for current quarter ("3Q20") as compared to RM9.1 million for corresponding quarter in the previous year 2019 ("3Q19"). Despite the challenging time arising from Covid-19 pandemic, the Group generated higher net income of RM289.5 million for 3Q20 from RM110.5 million a year ago. This was contributed by higher net interest income, net brokerage income, trading and investment income, placement fee income and management fees income as well as share of profits from joint venture company.

The Group reported higher PBT of RM81.6 million for the period ended 30 September 2020 ("9M20") compared to the corresponding period in the previous year (9M19), mainly due to higher contribution from our stockbroking and investment management business as well as higher share of profits from our joint venture with Rakuten Trade.

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

Stockbroking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	225,423	55,926	412,655	184,313
Net income	223,050	52,978	402,546	175,348
Profit before tax	52,544	(3,797)	52,712	821

Stockbroking segment has achieved higher PBT for 3Q20 mainly due to higher net brokerage income generated from the significant increase in Bursa trading volume. There was also higher trading and investment income generated during the period.

On year to date basis, this segment achieved higher PBT for 9M20 mainly due to higher net brokerage income, trading and investment income and reversal of provision for credit loss.

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REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
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B1. Performance Review (cont'd.)

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	53,613	73,957	178,046	210,031
Net income	23,679	26,181	63,364	63,428
Profit before tax	8,426	10,175	20,163	18,894

Investment Banking ("IB") registered lower PBT for 3Q20 compared to 3Q19 mainly due to lower IB fee income, processing fee income and trading and investment income, partially mitigated by higher net interest income.

IB recorded higher PBT of RM20.2 million for 9M20 (9M19: PBT of RM18.9 million) mainly due to higher interest income and trading and investment income. However, these were partially negated by lower IB fees income and processing fee income.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	35,956	24,066	87,778	73,546
Net income	35,836	23,731	87,155	73,485
Profit before tax	4,253	907	7,568	1,655

Investment and Wealth Management recorded higher PBT for both 3Q20 and 9M20 compared to 3Q19 and 9M19 respectively mainly due to higher management fees income generated for the period .

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B1. Performance Review (cont'd.)

Futures Broking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	3,275	2,981	10,799	8,930
Net income	3,000	2,748	10,102	8,299
Loss before tax	(1,009)	(827)	(2,230)	(2,224)

Futures business has recorded higher loss before tax "LBT" for both 3Q20 and 9M20 compared to corresponding periods of last year respectively as a result of margin compression and higher overhead.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	3,754	2,634	9,772	6,450
Net income	2,278	1,282	5,628	3,526
Profit before tax	653	235	1,766	372

This segment recorded increase in PBT for 3Q20 and 9M20 compared to the corresponding periods of last year mainly due to higher net interest and profit income from higher loan book size.

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B1. Performance Review (cont'd.)

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2020 (3Q20)	30 September 2019 (3Q19)	30 September 2020 (9M20)	30 September 2019 (9M19)
(RM'000)				
Revenue	2,629	3,171	8,755	9,018
Net income	2,914	3,446	10,485	12,026
Profit before tax	(1,611)	1,401	1,362	5,861

LBT for the quarter and lower PBT for the period was recorded for this segment compared to previous corresponding quarter and period respectively mainly due to lower net interest income and higher overhead expenses partially mitigated by share of profits from our investment in the joint venture.

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

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 30 September 2020 (3Q20)	3 months ended 30 June 2020 (2Q20)
(RM'000)		
Revenue	319,486	209,739
Net income	289,494	170,120
Profit before tax	63,325	25,906
Profit after tax	49,428	20,468

For 3Q20, the Group has recorded higher PBT of RM63.3 million compared to previous quarter ended 30 June 2020 mainly due to higher brokerage and trading income. In addition, the Group also recorded share of profits from associates and joint venture as well as reversal of credit loss provision.

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B3. Prospects for 2020

The Malaysian Gross Domestic Product (“GDP”) contraction is expected to ease further in the 4Q20 (-1.7%; 3Q20: -2.7%), underpinned by expansionary fiscal measures and modest recovery in external demand. However, the rate of recovery would be slowed by the implementation of the Conditional Movement Control Order (CMCO) amid the third wave of COVID-19 infections and easing pent-up demand. Overall, we forecast the GDP growth to be between 6.0% to 6.5% in 2021. Our forecast is subjected to several downside risks including a prolonged surge of COVID-19 infections resulting in a reinstatement of lockdown measures in major export markets, tightening of the CMCO in the Klang Valley leading to a closure of all non-essential services, rising domestic political jitters and weakness in global oil prices.

Even with Bank Negara Malaysia’s optimism with regards to growth prospect, we believe there may still be the probability of a 25 bps Overnight Policy Rate cut at the next Monetary Policy Committee meeting in January 2021, contingent on the course of COVID-19 pandemic locally and the degree of tightening of the COVID-19 containment measures in the immediate term.

Despite the current challenging environment, the Group has enjoyed a significant increase in income due to exceptionally high Bursa volumes as well as an increase in market share in 3Q20. While Bursa volume has tapered down in the recent months, the Group is on track to achieve improved profits for the year.

B4. Variance From Profit Forecast And Profit Guarantee

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

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SELECTED EXPLANATORY NOTES
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B5. Taxation and zakat

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2020	3 months ended 30 September 2019	9 months ended 30 September 2020	9 months ended 30 September 2019
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(20,906)	(4,973)	(23,288)	(9,551)
Deferred taxation	7,009	188	4,604	(1,287)
Total	(13,897)	(4,785)	(18,684)	(10,838)

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

B6. Borrowings

	Group		Bank	
	As at 30 September 2020	As at 31 December 2019	As at 30 September 2020	As at 31 December 2019
	RM '000	RM '000	RM '000	RM '000
Secured				
Revolving bank loan denominated in RM				
- More than one year	33,200	41,600	33,200	41,600
Unsecured				
Revolving bank loans denominated in RM				
- Within one year	29,000	30,000	-	-
Subordinated notes denominated in RM				
- More than one year	122,000	25,000	122,000	25,000
Total	184,200	96,600	155,200	66,600

B7. Dividend

No dividend has been proposed for the current financial quarter.

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SELECTED EXPLANATORY NOTES
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B8. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2020 RM'000	3 months ended 30 September 2019 RM'000	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000
Profit for the period attributable to equity holders of the Bank	49,270	4,292	62,791	17,679
Weighted average number of ordinary shares in issue ('000)	700,807	698,687	699,402	698,707
Effects of dilution	12,481	-	12,481	-
Adjusted weighted average number of ordinary shares in issue ('000)	713,288	698,687	711,883	698,707
Earnings per share (sen)				
- basic	7.03	0.61	8.98	2.53
- fully diluted	6.91	0.61	8.82	2.53

There were no potential dilutive ordinary shares outstanding as at 30 September 2020.

B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

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B10. Status of corporate proposal

On 1 April 2020, the Bank announced that Kenanga Investors Berhad (“KIB”), a wholly-owned subsidiary of KIBB, has on 1 April 2020, entered into a conditional Share Purchase Agreement (“SPA”) with Ericsenz Partners Sdn Bhd (“Ericsenz Partners”) to dispose of the entire issued share capital of Libra Invest Berhad (“Libra Invest”) comprising 6,500,000 ordinary shares in Libra Invest held by KIB, subject to the terms and conditions as stipulated in the SPA.

On 1 July 2020, KIB and Ericsenz Partners have mutually agreed to extend the period required for both parties to fulfil the conditions precedent stipulated in the conditional SPA for a further period of three (3) months commencing from 1 July 2020 to 30 September 2020.

On 30 July 2020, Libra Invest has submitted an application to the Securities Commission Malaysia to seek its approval for the change of Libra Invest's shareholder from KIB to Ericsenz Partners.

On 29 September 2020, KIB and Ericsenz Partners have mutually agreed to extend the period required for both parties to fulfil the conditions precedent stipulated in the conditional SPA for a further period of three (3) months commencing from 1 October 2020 to 31 December 2020.

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 30 September 2020		As at 31 December 2019	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	209,774	116,222	66,528	58,659
Equity related contract- swaps	57,596	4,475	52,340	3,602
Dual currency investment- options	3,751	46	4,509	11
Synthetic protected forward	21,011	10,459	77,667	2,902
	292,132	131,202	201,044	65,174
<u>Derivative financial liabilities</u>				
Equity related contract- options	720,761	152,383	72,413	13,402
Equity related contract- swaps	14,531	665	-	-
Dual currency investment- options	3,751	46	4,509	14
	739,043	153,094	76,922	13,416

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B11. Derivative financial instruments (Cont'd.)

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

There have been no changes since the end of the previous financial year ended 31 December 2019 in respect of the following:

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

Types of derivative financial instruments

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

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

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

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

Purposes of engaging in derivative financial instruments

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

Loss arising from fair value changes of derivative financial instruments

The unrealised loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM98,763,650 (2Q20 loss: RM30,719,464). This was arrived at based on the fluctuation in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

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B12. Contingent liabilities

	Group and Bank	
	30 September	31 December
	2020	2019
	RM'000	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 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 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 matter is fixed for case management on 22 September 2020 and the trial dates are from 11 to 13 August 2021.	<u>3,600</u>	<u>3,600</u>
(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 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. The trial dates of 26 to 29 July 2021 has been vacated and is now pending for case management on 20 October 2020.	<u>16,000</u>	<u>16,000</u>

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.