

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

Unaudited Condensed Interim Financial Statements
30 June 2021

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

<u>Group</u>	Note	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
ASSETS			
Cash and bank balances	A11	1,994,768	1,644,534
Financial assets at fair value through profit or loss ("FVTPL")	A12	435,121	543,539
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	782,243	771,732
Financial investments at amortised cost ("AC")	A13 (ii)	215,587	193,035
Derivative financial assets	B11	93,168	95,571
Loans, advances and financing	A14	1,923,574	1,869,249
Balances due from clients and brokers	A15	502,254	545,057
Other assets	A16	210,873	188,289
Statutory deposit with Bank Negara Malaysia	A17	58,463	58,398
Tax recoverable		18,003	44,104
Investment in associates		86,375	72,078
Investment in a joint venture		30,982	24,719
Property, plant and equipment		163,981	164,930
Intangible assets		324,571	322,367
Right-of-use assets		21,574	23,182
Deferred tax assets		11,343	14,283
TOTAL ASSETS		6,872,880	6,575,067
LIABILITIES			
Deposits from customers	A18	3,567,077	2,952,385
Deposits and placements of banks and other financial institutions	A19	742,891	1,066,085
Balances due to clients and brokers		722,714	720,665
Derivative financial liabilities	B11	36,522	137,480
Other liabilities	A20	499,266	447,295
Obligations on securities sold under repurchase agreements		29,289	-
Borrowings	A21	219,800	175,400
Lease liabilities		21,900	23,382
Provision for taxation and zakat		11,720	47,278
Deferred tax liabilities		14	156
TOTAL LIABILITIES		5,851,193	5,570,126
EQUITY			
Share capital		252,522	246,249
Treasury shares		-	(10,458)
Reserves		763,854	764,047
		1,016,376	999,838
Non-controlling Interests		5,311	5,103
TOTAL EQUITY		1,021,687	1,004,941
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,872,880	6,575,067
Commitments and contingencies	A29	4,794,516	4,801,020
Net assets per share attributable to equity holders of the Bank (RM)		1.39	1.42

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

<u>Bank</u>	Note	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
ASSETS			
Cash and bank balances	A11	1,727,821	1,378,646
Financial assets at FVTPL	A12	432,342	539,931
Financial investments at FVOCI	A13 (i)	782,243	771,732
Financial investments at AC	A13 (ii)	215,587	193,035
Derivative financial assets	B11	93,168	95,571
Loans, advances and financing	A14	1,928,384	1,856,996
Balances due from clients and brokers	A15	502,254	545,057
Other assets	A16	87,389	94,712
Statutory deposit with Bank Negara Malaysia	A17	58,463	58,398
Tax recoverable		10,635	33,210
Investment in subsidiaries		70,135	70,135
Investment in an associate		56,235	56,235
Investment in a joint venture		40,000	40,000
Property, plant and equipment		160,182	160,637
Intangible assets		325,472	324,394
Right-of-use assets		19,471	21,336
Deferred tax assets		7,974	8,722
TOTAL ASSETS		6,517,755	6,248,747
LIABILITIES			
Deposits from customers	A18	3,687,738	3,042,843
Deposits and placements of banks and other financial institutions	A19	742,891	1,066,085
Balances due to clients and brokers		402,776	405,191
Derivative financial liabilities	B11	36,522	137,480
Other liabilities	A20	369,538	360,645
Obligations on securities sold under repurchase agreements		29,289	-
Borrowings	A21	210,300	152,400
Lease liabilities		19,733	21,442
Provision for taxation and zakat		11,477	38,650
TOTAL LIABILITIES		5,510,264	5,224,736
EQUITY			
Share capital		252,522	246,249
Treasury shares		-	(10,458)
Reserves		754,969	788,220
TOTAL EQUITY		1,007,491	1,024,011
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,517,755	6,248,747
Commitments and contingencies	A29	4,874,030	4,898,674
Net assets per share (RM)		1.37	1.45

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000 (Restated)	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000 (Restated)
Group					
Interest income	A22	54,025	53,932	104,753	114,335
Interest expense	A23	(25,608)	(31,327)	(49,533)	(70,292)
Net interest income		28,417	22,605	55,220	44,043
Net income from Islamic banking business	A34	4,075	5,537	6,904	10,865
Other operating income	A24	156,231	142,226	349,188	232,796
Net income		188,723	170,368	411,312	287,704
Other operating expenses	A25	(155,208)	(147,620)	(340,481)	(261,916)
Operating profit		33,515	22,748	70,831	25,788
Credit loss (expenses)/reversal	A26	(167)	1,919	587	(8,344)
Bad debts recovered	A27	263	5	264	233
		33,611	24,672	71,682	17,677
Share of results of associates and joint venture		3,994	1,234	8,615	631
Profit before taxation and zakat		37,605	25,906	80,297	18,308
Taxation and zakat	B5	(6,931)	(5,438)	(15,356)	(4,787)
Profit for the period		30,674	20,468	64,941	13,521
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/profit on equity instruments at FVOCI		(529)	1,568	(529)	902
Share of other comprehensive profit/(loss) in associates		7,143	3,406	9,656	(1,678)
Income tax related to the above		127	(376)	127	(216)
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		23	151	2,288	3,923
Net profit/(loss) on fair value changes of debt instrument at FVOCI		2,726	6,776	(12,094)	5,528
Income tax relating to the components of other comprehensive income		(652)	(1,629)	2,830	(1,330)
Other comprehensive income for the period, net of tax		8,838	9,896	2,278	7,129
Total comprehensive income for the period, net of tax		39,512	30,364	67,219	20,650

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
Note	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to:				
Equity holders of the Bank	30,572	20,468	64,733	13,521
Non-controlling interests	102	-	208	-
	<u>30,674</u>	<u>20,468</u>	<u>64,941</u>	<u>13,521</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	39,410	30,364	67,011	20,650
Non-controlling interests	102	-	208	-
	<u>39,512</u>	<u>30,364</u>	<u>67,219</u>	<u>20,650</u>
Earnings per share				
Basic (sen)	B8 4.18	2.93	8.96	1.94
Fully diluted (sen)	B8 4.18	2.93	8.72	1.94

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Bank					
Interest income	A22	52,660	52,080	101,819	110,608
Interest expense	A23	(28,022)	(33,141)	(54,631)	(73,733)
Net interest income		24,638	18,939	47,188	36,875
Net income from Islamic banking business	A34	4,075	5,537	6,904	10,865
Other operating income	A24	116,840	114,462	275,075	180,145
Net income		145,553	138,938	329,167	227,885
Other operating expenses	A25	(119,987)	(120,604)	(271,580)	(206,857)
Operating profit		25,566	18,334	57,587	21,028
Credit loss (expenses)/reversal	A26	(197)	1,940	490	(7,713)
Bad debts recovered	A27	293	5	294	233
Profit before taxation and zakat		25,662	20,279	58,371	13,548
Taxation and zakat		(6,829)	(5,385)	(14,752)	(4,611)
Profit for the period		18,833	14,894	43,619	8,937
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at FVOCI		(529)	1,568	(529)	902
Income tax related to the above		127	(376)	127	(216)
Items that will be reclassified subsequently to profit or loss:					
Net profit/(loss) on fair value changes of debt instruments at FVOCI		2,726	6,776	(12,094)	5,528
Income tax relating to the components of other comprehensive income		(652)	(1,629)	2,830	(1,330)
Other comprehensive income/(loss) for the period, net of tax		1,672	6,339	(9,666)	4,884
Total comprehensive income for the period, net of tax		20,505	21,233	33,953	13,821

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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	
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	-	-	-	-	-	-	-	13,521	13,521
Share of other comprehensive (loss)/income of associates	-	-	(1,903)	-	-	-	-	225	(1,678)
Other comprehensive income	-	-	4,884	-	3,923	-	-	-	8,807
Total comprehensive income	-	-	2,981	-	3,923	-	-	13,746	20,650
Share based payment under ESS	-	701	-	-	-	-	-	-	701
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	20	(4)	16
Transfer from regulatory reserve	-	-	-	(2,482)	-	-	-	2,482	-
Transfer to retained profits	-	(3)	-	-	-	-	-	3	-
Dividend declared	-	-	-	-	-	-	-	(22,707)	(22,707)
At 30 June 2020	246,249	5,258	9,469	22,962	21,712	88,938	(16,970)	525,331	902,949

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2020	246,249	4,560	10,505	25,444	153,863	(16,990)	532,338	955,969
Net profit for the financial period	-	-	-	-	-	-	8,937	8,937
Other comprehensive income	-	-	4,884	-	-	-	-	4,884
Total comprehensive income	-	-	4,884	-	-	-	8,937	13,821
Share based payment under ESS	-	701	-	-	-	-	-	701
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	20	(4)	16
Transfer from regulatory reserve	-	-	-	(2,482)	-	-	2,482	-
Transfer to retained profits	-	(3)	-	-	-	-	3	-
Dividend declared	-	-	-	-	-	-	(22,707)	(22,707)
At 30 June 2020	246,249	5,258	15,389	22,962	153,863	(16,970)	521,049	947,800

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from operating activities				
Profit before taxation	80,297	18,308	58,371	13,548
Adjustments for:				
Depreciation of property, plant and equipment	5,846	5,843	5,391	5,462
Amortisation of intangible assets	2,893	2,252	2,341	2,038
Amortisation of right-of-use assets	4,132	4,174	3,728	3,566
Lease interest expenses	623	699	557	653
ESS expenses	761	605	761	605
Credit loss (reversal)/expense	(587)	8,344	(490)	7,713
Property, plant and equipment written off	231	52	-	-
Bad debts (recovered)/written off	(264)	53	(294)	53
Gain on disposal of a subsidiary	(4,729)	-	-	-
Non-cash items	8,906	22,022	11,994	20,090
Net loss/(gain) from sale of financial assets at FVTPL and derivatives	88,795	(50,717)	88,795	(50,717)
Net gain from sale of financial investments other than those measured at FVTPL	(6)	(5,898)	(6)	(5,898)
Gross dividend income from investments	(2,496)	(1,453)	(2,446)	(1,391)
(Gain)/loss on revaluation of financial assets at FVTPL and derivatives	(136,095)	24,365	(138,773)	25,470
Gain on disposal of property, plant and equipment	(60)	-	(57)	-
Share of results of associates and joint venture	(8,615)	(663)	-	-
Non-operating items - investing	(58,477)	(34,366)	(52,487)	(32,536)
Adjustments for non-operating and non-cash items	(49,571)	(12,344)	(40,493)	(12,446)
Operating profit before working capital changes	30,726	5,964	17,878	1,102
Changes in working capital:				
Net changes in operating assets	(16,492)	74,182	(29,022)	132,219
Net changes in operating liabilities	375,155	375,033	357,626	293,598
Cash generated from operations	389,389	455,179	346,482	426,919
Taxation and zakat paid	(19,902)	(4,157)	(15,645)	(3,308)
Rental/lease interest payment	(623)	(699)	(557)	(653)
Net operating cash flow	368,864	450,323	330,280	422,958
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	5,372	-	-	-
Dividends received from other investments	2,496	1,453	2,446	1,391
Purchase of property, plant and equipment and intangible assets	(9,701)	(9,746)	(8,353)	(7,351)
Acquisition of a subsidiary, net of cash	(597)	-	-	-
Proceeds from disposal of property, plant and equipment	60	-	57	-
Net sale/(purchase) of securities	11,539	(260,113)	13,388	(260,152)
Net investing cash flow	9,169	(268,406)	7,538	(266,112)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from financing activities				
Dividend paid	(64,213)	(22,707)	(64,213)	(22,707)
Repayment of lease liabilities	(4,004)	(4,008)	(3,572)	(3,406)
Net drawdown of borrowings	44,400	45,400	57,900	44,400
Proceeds from exercise of ESS	12,763	16	12,763	16
Net financing cash flow	(11,054)	18,701	2,878	18,303
Net change in cash and cash equivalents during the financial period	366,979	200,618	340,696	175,149
Cash and cash equivalents brought forward	1,284,397	1,838,760	1,256,124	1,816,949
Cash and cash equivalents carried forward	1,651,376	2,039,378	1,596,820	1,992,098

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 June 2021 RM'000	As at 30 June 2020 RM'000	As at 30 June 2021 RM'000	As at 30 June 2020 RM'000
Cash and short-term funds	1,803,650	2,077,738	1,557,066	2,047,098
Deposits and placements with banks and other financial institutions	191,118	215,100	170,755	-
Less: Segregated funds from customers	(212,391)	(198,460)	-	-
Less: Cash and bank balances and deposits held in trust	(131,001)	(55,000)	(131,001)	(55,000)
	1,651,376	2,039,378	1,596,820	1,992,098

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

A1. Basis Of Preparation

The interim financial statements, for the financial period ended 30 June 2021, 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 2020. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

A2. Condensed financial statements

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. 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 2020.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2020 was not qualified by the external auditors.

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.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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 June 2021 other than the below:

- a) new issuance of 10,771,700 unit shares and the transfer of 14,806,800 units of treasury shares to staff pursuant to the exercise of ESS.
- b) issuance of RM63.5 million of Tier 2 Subordinated Notes on 28 May 2021.

A8. Dividends paid per share

An interim dividend of 8.80 sen per share in respect of the financial year ended 31 December 2020, which amounted to RM64,213,435 was paid on 16 April 2021.

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.

A10. Changes in composition of the Group

There was no changes in the composition of the Group during the current quarter ended 30 June 2021 other than the disposal of the entire issued share capital of Libra Invest Berhad ("Libra Invest") by Kenanga Investors Berhad ("KIB"), a wholly-owned subsidiary of the Bank, for a cash consideration of RM11,106,653.

LIB ceased to be an indirect wholly-owned subsidiary of the Bank with effect from 1 May 2021 following the disposal, as further disclosed in Note B10.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	599,890	535,551	364,054	370,909
Money at call and deposit placements	1,394,878	1,108,983	1,363,767	1,007,737
	1,994,768	1,644,535	1,727,821	1,378,646
Included in cash and bank balances are:				
Cash and cash equivalents	1,651,376	1,284,397	1,596,820	1,256,124
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	343,392	360,137	131,001	122,522
	1,994,768	1,644,534	1,727,821	1,378,646
A12. Financial Assets At FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Investment Certificates	31,391	-	31,391	-
Quoted Securities:				
Shares and fund in Malaysia	215,279	351,645	215,279	351,645
Unquoted Securities:				
Shares and funds in Malaysia	164,182	152,061	161,403	148,453
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	24,269	39,833	24,269	39,833
Total financial assets at FVTPL	435,121	543,539	432,342	539,931

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Group and Bank
As at As at
30 June 31 December
2021 2020
RM'000 RM'000

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

Money market instruments:

Malaysian Government Securities	40,330	20,496
Malaysian Government Investment Certificates	113,313	119,119
Islamic Negotiable Instruments of Deposits	149,825	149,943
	303,468	289,558

Equity instruments in Malaysia:

Unquoted Shares	1,460	1,990
	1,460	1,990

Debt instruments in Malaysia:

Islamic Corporate Sukuk	305,131	305,664
Corporate Bonds	172,184	174,520
	477,315	480,184

Total financial investments at FVOCI	782,243	771,732
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Impairment losses on debt instruments measured at FVOCI

Group and Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movements in Expected Credit Loss ("ECL")</u>				
As at 1 January and 30 June 2021	386	-	-	386

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movements in ECL</u>				
As at 1 January 2020	36	-	-	36
New assets originated or purchased	77	-	-	77
Impact of net re-measurement of ECL	9	-	-	9
Assets derecognised or matured	(49)	-	-	(49)
Changes in model assumption or methodology	313	-	-	313
As at 31 December 2020	386	-	-	386

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Group and Bank
As at As at
30 June 31 December
2021 2020
RM'000 RM'000

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

(ii) Financial investments at AC

Money market instruments:

Malaysian Government Investment Certificates	39,903	9,909
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Debt instruments in Malaysia:

At cost		
Islamic Corporate Sukuk	155,718	163,210
Corporate Bonds	20,015	20,021
Less: Allowance for ECL	(49)	(105)
	175,684	183,126

Total financial investments at AC

215,587 **193,035**

Included in financial investments at AC are financial assets sold under repurchase agreements as follows:

Malaysian Government Investment Certificates	29,908	-
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Impairment losses on debt instruments measured at Amortised Cost ("AC")

Group and Bank

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,279,900	1,209,024	1,279,900	1,209,024
Term loans	580,289	587,793	632,858	640,369
Subordinated term loan	-	-	30,035	20,418
Other lending and factoring receivables	78,086	85,636	-	-
Advances to group employees	164	181	164	181
Gross loans, advances and financing	1,938,439	1,882,634	1,942,957	1,869,992
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(3,074)	(3,112)	(3,446)	(3,387)
- Stage 2- Lifetime ECL non-credit impaired	-	(2,356)	-	(2,356)
- Stage 3- Lifetime ECL credit impaired	(11,791)	(7,917)	(11,127)	(7,253)
Net Loans, Advances and Financing	1,923,574	1,869,249	1,928,384	1,856,996
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	241,028	237,848	187,406	180,851
- Others	609,314	591,343	691,918	664,336
Individuals	1,070,581	1,034,745	1,046,117	1,006,107
Foreign enterprises	17,516	18,698	17,516	18,698
Gross Loans, Advances and Financing	1,938,439	1,882,634	1,942,957	1,869,992
(ii) By Geographical Distribution				
In Malaysia	1,931,547	1,863,352	1,936,065	1,850,710
Outside Malaysia	6,892	19,282	6,892	19,282
Gross Loans, Advances and Financing	1,938,439	1,882,634	1,942,957	1,869,992
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,357,985	1,294,660	1,279,899	1,209,024
Variable rate				
- Other variable rates	571,289	576,614	653,893	649,608
- Base lending rate plus	9,001	11,179	9,001	11,179
Interest free	164	181	164	181
Gross Loans, Advances and Financing	1,938,439	1,882,634	1,942,957	1,869,992
(iv) By Purpose				
- Purchase of securities	1,538,155	1,488,572	1,538,154	1,488,572
- Working capital	197,867	220,193	229,368	236,142
- Others	202,417	173,869	175,435	145,278
Gross Loans, Advances and Financing	1,938,439	1,882,634	1,942,957	1,869,992

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(v) By Residual Contractual Maturity				
- Within one year	1,635,778	1,543,716	1,642,657	1,540,048
- More than one year	302,661	338,918	300,300	329,944
Gross Loans, Advances and Financing	1,938,439	1,882,634	1,942,957	1,869,992
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period/year	41,294	48,880	40,630	48,160
Impaired during the financial period/year	36,348	13,374	28,398	12,563
Amount written off against allowance for ECL	-	(9,005)	-	(9,005)
Amount recovered during the financial period/year	(3,579)	(11,955)	(3,579)	(11,088)
At end of the financial period/year	74,063	41,294	65,449	40,630
Less: Allowance for ECL	(11,791)	(7,917)	(11,127)	(7,253)
Net impaired LAF	62,272	33,377	54,322	33,377
Net impaired LAF as a % of gross loans, advances and financing less allowance	3.24%	1.79%	2.82%	1.80%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	71,107	37,988	62,493	37,324
Outside Malaysia	2,956	3,306	2,956	3,306
Gross impaired loans	74,063	41,294	65,449	40,630
(viii) Impaired LAF by Purpose				
Working capital	664	664	-	-
Purchase of securities	65,449	40,630	65,449	40,630
Others	7,950	-	-	-
Gross impaired loans	74,063	41,294	65,449	40,630

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	-	2,356	7,253	9,609
New assets originated or purchased	-	-	2	2
Assets derecognised or repaid (excluding write-offs)	-	-	(1,649)	(1,649)
Net remeasurement of allowance	-	-	3,165	3,165
Transfer of stages	-	(2,356)	2,356	-
As at 30 June 2021	-	-	11,127	11,127

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

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

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	3,059	-	-	3,059
New assets originated or purchased	22	-	-	22
Assets derecognised or repaid (excluding write-offs)	(49)	-	-	(49)
Net remeasurement of allowance	22	-	-	22
As at 30 June 2021	3,054	-	-	3,054

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	3,312	-	-	3,312
New assets originated or purchased	113	-	-	113
Assets derecognised or repaid (excluding write-offs)	(68)	-	-	(68)
Net remeasurement of allowance	47	-	-	47
As at 30 June 2021	3,404	-	-	3,404

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

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

Other lending and factoring receivables

Group

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	53	-	664	717
Assets derecognised or repaid (excluding write-offs)	(33)	-	-	(33)
As at 30 June 2021	20	-	664	684

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January and 30 June 2021	-	-	-	-
	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2020	129	-	-	129
Net remeasurement of allowance	(129)	-	-	(129)
As at 31 December 2020	-	-	-	-

Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	75	-	-	75
Exposure derecognised or matured/lapsed (excluding write-offs)	(37)	-	-	(37)
Net remeasurement of allowance	4	-	-	4
As at 30 June 2021	42	-	-	42
	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2020	255	-	-	255
Exposure derecognised or matured/lapsed (excluding write-offs)	(25)	-	-	(25)
Net remeasurement of allowance	(155)	-	-	(155)
As at 31 December 2020	75	-	-	75

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Group and Bank
As at As at
30 June 31 December
2021 2020
RM'000 RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	505,002	551,280
Less: Allowance for ECL	(2,748)	(6,223)
	502,254	545,057

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

Group and Bank

	2021		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2021	1,553	4,670	6,223
Charged during the period	145	283	428
Written back during the period	(135)	(288)	(423)
Written off during the period	-	(3,480)	(3,480)
As at 30 June 2021	1,563	1,185	2,748
	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2020	1,516	12,141	13,657
Charged during the year	248	762	1,010
Written back during the year	(211)	(919)	(1,130)
Written off during the year	-	(7,314)	(7,314)
As at 31 December 2020	1,553	4,670	6,223

Group		Bank	
As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000

A16. Other Assets

Assets segregated for customers	104,579	101,629	-	-
Interest/income receivable	10,879	11,041	10,821	10,906
Prepayments and deposits	24,426	19,420	21,098	16,152
Other debtors	58,243	62,220	29,901	43,544
Amount due from subsidiaries	-	-	31,079	30,359
Amount due from related parties	57	127	57	127
Amount due from trustees	18,028	-	-	-
	216,212	194,437	92,956	101,088
Allowance for ECL				
- Other debtors	(5,339)	(6,148)	(5,341)	(6,150)
- Amount due from subsidiaries	-	-	(226)	(226)
	210,873	188,289	87,389	94,712

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

A16. Other Assets (cont'd.)

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

Group

Movements in ECL	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
As at 1 January 2021	145	6,003	6,148
New assets originated or purchased	440	67	507
Assets derecognised or repaid (excluding write-offs)	-	(1,956)	(1,956)
Transfer of stages	(409)	409	-
Net remeasurement of allowance	-	829	829
Amounts written off	-	(189)	(189)
As at 30 June 2021	176	5,163	5,339

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

Bank

Movements in ECL	2021		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
As at 1 January 2021	146	6,004	6,150
New assets originated or purchased	440	67	507
Assets derecognised or repaid (excluding write-offs)	-	(1,956)	(1,956)
Transfer of stages	(409)	409	-
Net remeasurement of allowance	-	829	829
Amounts written off	-	(189)	(189)
As at 30 June 2021	177	5,164	5,341

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

A16. Other Assets (cont'd.)

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

Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January and 30 June 2021	226	-	-	226

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2020	304	-	-	304
New assets originated or purchased	4	-	-	4
Net remeasurement of allowance	(82)	-	-	(82)
As at 31 December 2020	226	-	-	226

Group and Bank

As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
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A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	58,463	58,398
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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 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000

A18. Deposits from customers

(i) By type of deposit

Fixed term deposits	2,477,342	2,340,932	2,513,512	2,354,086
Short term money deposits	983,813	518,102	1,057,799	595,406
Call money deposits	36,401	41,048	46,906	41,048
Negotiable instruments of deposits	69,521	52,303	69,521	52,303
	3,567,077	2,952,385	3,687,738	3,042,843

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
A18. Deposits from customers (cont'd.)				
(ii) By type of customer				
Government and other statutory bodies	867,080	829,560	867,080	829,560
Individuals	93,230	84,730	93,230	84,730
Business enterprises	887,165	872,878	887,165	872,878
Non-bank financial institutions	1,519,602	1,054,701	1,519,602	1,054,701
Subsidiaries and related companies	200,000	110,516	320,661	200,974
	3,567,077	2,952,385	3,687,738	3,042,843
(iii) By maturity structure				
Due within six months	2,632,364	2,128,347	2,751,605	2,216,065
More than six months to one year	820,183	590,017	821,603	592,757
More than one year	114,530	234,021	114,530	234,021
	3,567,077	2,952,385	3,687,738	3,042,843

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Licenced banks	100,000	100,000
Licenced investment banks	-	50,000
Other financial institutions	492,891	732,667
Bank Negara Malaysia ("BNM")	150,000	183,418
	742,891	1,066,085

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
A20. Other liabilities				
Interest/Income payable	12,687	17,275	12,514	16,544
Securities borrowing and lending	46,245	1,657	46,245	1,657
Accruals and provision	182,012	141,510	59,016	62,383
Retention for contra losses	17	17	17	17
Structured products	10,252	15,583	10,252	15,583
Deposits and other creditors	117,052	144,691	110,492	141,927
Amounts held in trust on behalf of				
Dealer's Representatives	131,001	122,522	131,001	122,522
Amount due to trustees	-	4,040	-	-
Amount due to subsidiaries	-	-	1	12
	499,266	447,295	369,538	360,645
A21. Borrowings				
Secured:				
Revolving bank loan	24,800	30,400	24,800	30,400
Unsecured:				
Revolving bank loans	9,500	23,000	-	-
Subordinated notes	185,500	122,000	185,500	122,000
	219,800	175,400	210,300	152,400

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000 (Restated)	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000 (Restated)
A22. Interest Income				
Group				
Loans, advances and financing	31,535	30,977	61,173	65,820
Money at call and deposit placements with financial institutions	11,070	10,846	21,410	24,702
Financial investments at FVOCI	4,913	6,623	9,660	13,187
Financial investments at AC	1,390	1,344	2,615	2,474
Others	5,117	4,142	9,895	8,152
	54,025	53,932	104,753	114,335
Bank				
Loans, advances and financing	31,101	29,921	60,149	63,794
Money at call and deposit placements with financial institutions	10,138	10,046	19,496	23,000
Financial investments at FVOCI	4,913	6,623	9,660	13,187
Financial investments at AC	1,390	1,344	2,615	2,474
Others	5,118	4,146	9,899	8,153
	52,660	52,080	101,819	110,608
A23. Interest Expense				
Group				
Deposits from customers	21,982	28,774	42,831	65,122
Deposits and placement from banks and other financial institutions	540	260	1,187	682
Borrowings	2,087	1,756	4,021	3,124
Lease interest expense	296	322	623	699
Others	703	215	871	665
	25,608	31,327	49,533	70,292
Bank				
Deposits from customers	22,534	29,102	43,822	65,870
Deposits and placement from banks and other financial institutions	540	259	1,187	682
Borrowings	2,016	1,370	3,766	2,252
Lease interest expense	272	300	557	653
Others	2,660	2,110	5,299	4,276
	28,022	33,141	54,631	73,733

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000 (Restated)	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000 (Restated)
A24. Other Operating Income				
Group				
(a) Fee income:				
Brokerage fees	79,914	79,647	193,196	128,647
Corporate advisory fees	1,421	1,512	2,710	2,773
Processing fees on loans, advances and financing	293	394	672	1,157
Commissions	3,121	2,675	6,023	5,463
Management fee income	29,020	21,579	60,688	41,986
Placement fees	3,696	1,463	9,084	3,542
Underwriting commission	-	-	147	188
Other fee income	3,647	3,578	8,359	7,816
Others	522	414	819	1,165
	<u>121,634</u>	<u>111,262</u>	<u>281,698</u>	<u>192,737</u>
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	3,744	46,537	(88,053)	49,334
Financial investments at FVOCI	3	4,702	6	4,928
	<u>3,747</u>	<u>51,239</u>	<u>(88,047)</u>	<u>54,262</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	851	1,099	2,467	1,419
Financial investments at FVOCI	29	22	29	34
	<u>880</u>	<u>1,121</u>	<u>2,496</u>	<u>1,453</u>
(d) Interest income from financial assets at FVTPL	<u>673</u>	<u>328</u>	<u>1,393</u>	<u>862</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>19,777</u>	<u>(25,485)</u>	<u>136,434</u>	<u>(24,286)</u>
(f) Other income:				
Net foreign exchange income	2,485	2,019	6,078	3,699
Gain on disposal of property, plant and equipment	3	-	60	-
Other operating income	596	419	1,388	960
Other non-operating income				
- Rental income	419	740	603	1,486
- Gain on disposal of a subsidiary	4,729	-	4,729	-
- Others	1,288	583	2,356	1,623
	<u>9,520</u>	<u>3,761</u>	<u>15,214</u>	<u>7,768</u>
Total other operating income	<u>156,231</u>	<u>142,226</u>	<u>349,188</u>	<u>232,796</u>

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	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
A24. Other Operating Income (cont'd.)				
Bank				
(a) Fee income:				
Brokerage fees	79,914	79,647	193,196	128,647
Corporate advisory fees	1,457	1,523	2,781	2,819
Processing fees on loans, advances and financing	51	222	279	865
Management fee income	303	316	540	605
Placement fees	2,988	1,463	7,974	3,392
Underwriting commission	-	-	147	188
Other fee income	1,973	1,513	3,528	3,357
Others	104	194	178	415
	<u>86,790</u>	<u>84,878</u>	<u>208,623</u>	<u>140,288</u>
(b) Net gain/(loss) arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	3,744	46,537	(88,053)	49,334
Financial investments at FVOCI	3	4,702	6	4,928
	<u>3,747</u>	<u>51,239</u>	<u>(88,047)</u>	<u>54,262</u>
(c) Gross dividend from:				
Financial assets at FVTPL	823	1,071	2,417	1,357
Financial investments at FVOCI	29	22	29	34
	<u>852</u>	<u>1,093</u>	<u>2,446</u>	<u>1,391</u>
(d) Interest income from financial assets at FVTPL	<u>673</u>	<u>328</u>	<u>1,393</u>	<u>862</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>19,352</u>	<u>(27,298)</u>	<u>139,112</u>	<u>(25,391)</u>
(f) Other income:				
Net foreign exchange income	2,473	2,003	5,957	3,616
Gain on disposal of property, plant and equipment	-	-	57	-
Other operating income	943	534	1,876	1,362
Other non-operating income				
- Rental income	884	1,202	1,528	2,408
- Others	1,126	483	2,130	1,347
	<u>5,426</u>	<u>4,222</u>	<u>11,548</u>	<u>8,733</u>
Total other operating income	<u>116,840</u>	<u>114,462</u>	<u>275,075</u>	<u>180,145</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
A25. Other operating expenses				
Group				
Personnel costs	57,891	47,781	118,911	92,907
- Salaries, allowances and bonuses	46,246	37,941	93,984	72,490
- EPF	4,967	4,663	9,911	9,354
- ESS	22	247	918	700
- Others	6,656	4,930	14,098	10,363
Establishment costs	13,656	13,126	27,577	25,782
- Depreciation of property, plant and equipment	2,860	2,914	5,846	5,843
- Amortisation of intangible assets	1,379	1,152	2,893	2,252
- Amortisation of right-of-use assets	2,066	2,161	4,132	4,174
- Rental of premises	98	73	191	236
- Rental of equipment	159	116	320	260
- Repairs and maintenance	1,439	1,420	2,838	2,810
- Information technology expenses	3,992	3,348	8,003	6,572
- Others	1,663	1,942	3,354	3,635
Marketing expenses	4,213	2,916	7,962	6,682
- Promotion and advertisements	3,776	2,392	6,579	4,898
- Travel and entertainment	564	319	1,237	1,227
- Others	(127)	205	146	557
Administration and general expenses	79,448	83,797	186,031	136,545
- Communication expenses	1,251	1,224	2,357	2,539
- Professional fees and legal fees	1,150	1,036	2,210	2,458
- Regulatory charges	7,655	7,651	17,975	13,540
- Fees and brokerage	64,869	69,254	154,158	108,734
- Administrative expenses	4,210	4,244	8,665	8,499
- Printing and stationery	313	388	666	775
Total other operating expenses	155,208	147,620	340,481	261,916

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
3 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	43,049	35,522	90,974	67,958
- Salaries, allowances and bonuses	35,922	29,790	75,142	55,827
- EPF	3,967	3,717	7,893	7,425
- ESS	6	217	762	605
- Others	3,154	1,798	7,177	4,101
Establishment costs	11,562	11,096	23,292	21,641
- Depreciation of property, plant and equipment	2,646	2,722	5,391	5,462
- Amortisation of intangible assets	1,172	1,035	2,341	2,038
- Amortisation of right-of-use assets	1,875	1,871	3,728	3,566
- Rental of premises	83	57	160	131
- Rental of equipment	103	83	217	157
- Repair and maintenance	937	992	1,903	1,890
- Information technology expenses	3,989	3,322	7,994	6,520
- Others	757	1,014	1,558	1,877
Marketing expenses	1,563	998	2,526	3,065
- Promotion and advertisement	1,319	571	2,038	1,703
- Travel and entertainment	173	236	359	825
- Others	71	191	129	537
Administration and general expenses	63,813	72,988	154,788	114,193
- Communication expenses	1,093	1,067	2,074	2,194
- Professional fees and legal fees	915	985	1,893	2,165
- Regulatory charges	7,128	7,155	16,909	12,582
- Fees and brokerages	51,008	59,691	126,042	89,069
- Administrative expenses	3,448	3,835	7,398	7,668
- Printing and stationery	221	255	472	515
Total other operating expenses	119,987	120,604	271,580	206,857

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(26)	-	-	(26)
Debt instruments at amortised cost	(58)	-	-	(58)
Loans, advances and financing	112	-	2,007	2,119
Loan commitments	63	-	-	63
Credit loss reversal	91	-	2,007	2,098

(ii) Movements in ECL on other financial assets

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

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(11)	129	118
Other debtors	(214)	(83)	(297)
Credit loss (expense)/reversal	(225)	46	(179)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

Group

Cumulative Quarters

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

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(27)	-	-	(27)
Debt instruments at amortised cost	(131)	338	-	207
Loans, advances and financing	408	-	(8,737)	(8,329)
Loan commitments	129	-	-	129
Credit loss reversal/(expense)	379	338	(8,737)	(8,020)

(iv) Movement in ECLs on other financial assets

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

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(29)	279	250
Other debtors	(486)	(88)	(574)
Credit loss (expense)/reversal	(515)	191	(324)

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

Bank

Individual Quarter

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

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(26)	-	-	(26)
Debt instruments at amortised cost	(58)	-	-	(58)
Loans, advances and financing	153	-	1,989	2,142
Loan commitments	63	-	-	63
Credit loss reversal	132	-	1,989	2,121

(vi) Movement in ECL on other financial assets

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

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(11)	129	118
Other debtors	(215)	(84)	(299)
Credit loss (expense)/reversal	(226)	45	(181)

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

Bank

Cumulative Quarter

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

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	-	-	-	-
Debt instruments at amortised cost	56	-	-	56
Loans, advances and financing	(92)	-	(122)	(214)
Loan commitments	33	-	-	33
Credit loss expense	(3)	-	(122)	(125)

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(27)	-	-	(27)
Debt instruments at amortised cost	(131)	338	-	207
Loans, advances and financing	1,078	-	(8,779)	(7,701)
Loan commitments	130	-	-	130
Amount due from subsidiaries	5	-	-	5
Credit loss reversal/(expense)	1,055	338	(8,779)	(7,386)

(ix) Movements in ECLs on other financial assets

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

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	(29)	279	250
Other debtors	(488)	(89)	(577)
Credit loss (expense)/reversal	(517)	190	(327)

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A27. Bad debts recovered/(written off)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Group				
Loans, advances and financing	312	2	313	209
Balance due from clients and brokers	(19)	3	(19)	77
Other debtors	(30)	-	(30)	(53)
	263	5	264	233
Bank				
Loans, advances and financing	312	2	313	209
Amount due from clients and brokers	(19)	3	(19)	77
Other receivables	-	-	-	(53)
	293	5	294	233

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

Group

30 June 2021

	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	-	151,205	-	151,205
- Equity securities	215,279	7,234	61,403	283,916
Financial investments at FVOCI				
- Debt securities	-	780,783	-	780,783
- Equity securities	-	-	1,460	1,460
Derivative financial assets	122	93,046	-	93,168
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	223,300	-	223,300
Loans, advances and financing	-	-	1,927,066	1,927,066
	215,401	1,255,568	1,989,929	3,460,898

Financial liabilities measured at fair value

Derivative financial liabilities	33,991	2,531	-	36,522
Borrowings	-	176,926	-	176,926
	33,991	208,746	-	242,737

31 December 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	-	138,057	-	138,057
- Equity securities	351,645	5,384	48,453	405,482
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,867,339	1,867,339
	351,780	1,210,834	1,917,782	3,480,396
Financial liabilities measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Borrowings	-	154,413	-	154,413
	131,241	160,652	-	291,893

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

Bank

30 June 2021

	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	-	155,660	-	155,660
- Equity securities	215,279	-	61,403	276,682
Financial investments at FVOCI				
- Debt securities	-	780,783	-	780,783
- Equity securities	-	-	1,460	1,460
Derivative financial assets	122	93,046	-	93,168
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	223,300	-	223,300
Loans, advances and financing	-	-	1,933,441	1,933,441
	215,401	1,252,789	1,996,304	3,464,494

Financial liabilities measured at fair value

Derivative financial liabilities	33,991	2,531	-	36,522
Borrowings	-	167,442	-	167,442
	33,991	199,262	-	233,253

31 December 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	-	139,833	-	139,833
- Equity securities	351,645	-	48,453	400,098
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,857,022	1,857,022
	351,780	1,207,226	1,907,465	3,466,471
Financial liabilities measured at fair value				
Derivative financial liabilities	131,241	6,239	-	137,480
Borrowings	-	131,421	-	131,421
	131,241	137,660	-	268,901

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A29. Commitments and Contingencies

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

	Group		Bank	
	As at 30 June 2021 Principal Amount RM'000	As at 31 December 2020 Principal Amount RM'000	As at 30 June 2021 Principal Amount RM'000	As at 31 December 2020 Principal Amount RM'000
Obligations under underwriting agreements	7,560	-	7,560	-
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,599,359	2,534,315	2,599,359	2,534,315
- foreign exchange related contract	24,456	58,554	24,456	58,554
- equity exchange related contract	151,297	158,546	151,297	158,546
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	52,294	60,050	99,794	107,550
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	717	520	717	520
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	51,275	98,851	61,275	118,851
- others	-	5,500	-	-
Stockbroking clients' trust	1,343,293	1,257,682	1,343,293	1,257,682
Securities borrowing and lending	42,117	1,544	42,117	1,544
Derivative financial assets				
- dual currency investment - options	4,453	3,655	4,453	3,655
- equity related contracts - options	27,685	47,685	27,685	47,685
- equity related contracts - swaps	79,908	31,216	79,908	31,216
- equity related contract - forwards	60,554	57,354	60,554	57,354
- index futures	2,223	2,688	2,223	2,688
Derivative financial liabilities				
- dual currency investment - options	4,453	3,655	4,453	3,655
- equity related contracts - options	344,503	451,950	344,503	451,950
- equity related contracts - swaps	-	19,467	-	19,467
- equity related contract - forwards	-	3,200	-	3,200
Capital commitment:				
- Authorised and contracted for	5,929	4,588	4,912	4,261
Investment in equity fund	-	-	23,031	35,981
	4,794,516	4,801,020	4,874,030	4,898,674

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	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated

A30. Operating lease arrangements

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

Future minimum sub-lease receipts:

Subsidiaries	-	-	2,128	2,945
Related companies				
External parties	1,457	2,055	1,457	2,055
	<u>1,457</u>	<u>2,055</u>	<u>3,585</u>	<u>5,000</u>

A31. Capital Adequacy

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	252,522	246,249	252,522	246,249
Retained profits	551,207	617,832	527,671	594,296
Other reserves	147,914	146,215	183,679	193,924
Less: Regulatory adjustments:				
Deferred tax assets	(11,343)	(14,283)	(7,974)	(8,722)
55% of cumulative gains of financial investments at FVOCI	(8,748)	(8,754)	(3,075)	(8,391)
Goodwill	(241,276)	(240,782)	(252,909)	(252,909)
Other intangibles	(83,295)	(81,585)	(72,563)	(71,485)
Regulatory reserve	(21,374)	(18,661)	(21,374)	(18,661)
Treasury shares	-	(10,458)	-	(10,458)
Other CET 1 regulatory adjustments specified by BNM	1,866	4,275	1,107	3,419
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(117,356)	(96,798)	(166,170)	(166,170)
Total CET 1/Tier 1 capital	<u>470,117</u>	<u>543,250</u>	<u>440,914</u>	<u>501,092</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	185,500	122,000	185,500	122,000
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	18,140	18,657	18,126	18,702
Total Tier 2 capital	<u>203,640</u>	<u>140,657</u>	<u>203,626</u>	<u>140,702</u>
Total capital	<u>673,757</u>	<u>683,907</u>	<u>644,540</u>	<u>641,794</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
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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 June 2021	31 December 2020	30 June 2021	31 December 2020
CET 1 capital ratio	17.311%	19.093%	17.586%	18.797%
Tier 1 capital ratio	17.311%	19.093%	17.586%	18.797%
Total capital ratio	24.810%	24.037%	25.708%	24.075%

* 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 June 2021		31 December 2020	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,928,897	1,451,221	5,615,290	1,492,582
Market Risk	-	487,283	-	646,327
Operational Risk	-	767,175	-	704,075
Large exposure risk	-	10,023	-	2,250
Total Risk Weighted Assets	5,928,897	2,715,702	5,615,290	2,845,234

	Bank		Bank	
	30 June 2021		31 December 2020	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,601,796	1,450,078	5,306,982	1,496,190
Market Risk	-	467,389	-	632,053
Operational Risk	-	579,699	-	535,355
Large exposure risk	-	10,023	-	2,250
Total Risk Weighted Assets	5,601,796	2,507,189	5,306,982	2,665,848

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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. Credit Exposures Arising From Credit Transactions With Connected Parties

	30 June 2021	31 December 2020
Outstanding credit exposures with connected parties (RM'000)	<u>175,433</u>	<u>179,181</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>5.08%</u>	<u>4.89%</u>
- which was impaired or in default	<u>-</u>	<u>-</u>

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

A33. Segmental reporting

The Group has five major operating divisions as described below. The 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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A33. Segmental reporting (cont'd.)

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

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

A33. Segmental reporting (cont'd.)

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

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A33. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2020								
Revenue								
External sales (Restated)	96,689	217,184	7,138	6,018	47,709	1,200	-	375,938
- Interest income	72,237	57,974	1,675	5,408	(95)	198	-	137,397
- Fee income	7,715	134,990	5,463	610	47,241	357	-	196,376
- Trading and investment income	15,215	21,805	-	-	62	664	-	37,746
- Other operating income/(loss)	1,522	2,415	-	-	501	(19)	-	4,419
Inter-segment sales (Restated)	27,744	(29,952)	386	-	4,113	4,926	(7,217)	-
Total revenue	124,433	187,232	7,524	6,018	51,822	6,126	(7,217)	375,938
Result								
Net interest income/(expense)	15,015	19,164	1,550	2,350	(626)	2,880	3,710	44,043
Net income from Islamic banking business	7,533	3,332	-	-	-	-	-	10,865
Other operating income	17,137	157,000	5,552	1,000	51,944	4,691	(4,528)	232,796
Net income	39,685	179,496	7,102	3,350	51,319	7,571	(819)	287,704
Other operating expenses	(28,815)	(171,024)	(8,323)	(2,235)	(48,004)	(5,391)	1,876	(261,916)
Credit loss reversal/(expense)	920	(8,550)	-	(2)	-	(81)	(631)	(8,344)
Bad debt (written-off)/recovery	(53)	246	-	-	-	40	-	233
Share of results of associates and a joint venture company	-	-	-	-	-	631	-	631
Profit/(loss) before taxation and zakat	11,737	168	(1,221)	1,113	3,315	2,770	426	18,308
Taxation and zakat								(4,787)
Net profit for the financial period								13,521

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NOTES TO INTERIM FINANCIAL STATEMENTS
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A33. 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
2020 (cont'd.)								
Other information								
Net interest and finance income/ (expense)	36,127	1,550	2,350	(626)	2,880	3,709	-	45,990
Depreciation and amortisation	6,411	281	120	1,530	4,655	(729)	-	12,268
Non cash expenses								
- Unrealised (loss)/gain on evaluation of financial assets at FVTPL and derivatives	(26,135)	-	-	-	665	1,105	-	(24,365)
Assets								
Investments in associate companies	-	-	-	-	67,518	-		67,518
Investment in a joint venture company	-	-	-	-	15,729	-		15,729
Addition to non-current assets	7,351	3	491	1,901	-	-	A	9,746
Segment assets	6,870,663	347,904	135,847	163,992	14,808	(358,576)	B	7,174,638
Liabilities								
Segment liabilities	5,922,863	328,100	122,465	105,047	1,025	(207,811)	C	6,271,689

Notes

A Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Additions during the financial period	6,868	4,358
Intangible assets		
- Additions during the financial period	2,833	5,388
	<u>9,701</u>	<u>9,746</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
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A33. Segmental reporting (cont'd.)

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

	2021	2020
	RM'000	RM'000
Investment in subsidiaries	(90,433)	(94,942)
Investment in associates and joint venture	20,378	(13,731)
Intangible assets	(40,090)	(40,095)
Inter-segment assets	(245,928)	(209,808)
	<u>(356,073)</u>	<u>(358,576)</u>

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

	2021	2020
	RM'000	RM'000
Deposits accepted from subsidiaries	(120,661)	(64,311)
Inter-segment liabilities	(121,178)	(143,500)
	<u>(241,839)</u>	<u>(207,811)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

A34. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 30 June 2021

	Note	Group and Bank	
		As at 30 June 2021 RM '000	As at 31 December 2020 RM '000
ASSETS			
Cash and bank balances	(e)	413,483	452,323
Financial assets at FVTPL	(f)	110,215	100,000
Financial investment at FVOCI	(g)(i)	286,239	228,701
Financial investment at AC	(g)(ii)	69,657	66,822
Financing and advances	(h)	108,158	113,928
Balances due from clients and brokers		1,244	1,459
Other assets	(i)	3,966	3,941
Property, plant and equipment		22	26
Intangible assets		3	2
TOTAL ASSETS		992,987	967,202
LIABILITIES			
Deposits from customers	(j)	610,104	665,493
Balances due to clients and brokers		4,770	4,409
Other liabilities	(k)	194,916	112,951
Deferred tax liabilities		1,097	1,613
Provision for taxation and zakat		1,720	4,342
TOTAL LIABILITIES		812,607	788,808
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		60,380	58,394
TOTAL ISLAMIC BANKING CAPITAL FUNDS		180,380	178,394
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		992,987	967,202
Commitments and contingencies	(r)	63,350	61,560

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period ended 30 June 2021

	Group and Bank			
	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l) 7,321	14,054	13,714	28,205
Income derived from investment of shareholders' funds	(m) 1,522	1,753	2,996	3,840
Credit loss reversal/(expense)	48	(363)	61	(218)
Total attributable income	8,891	15,444	16,771	31,827
Profit distributed to depositors	(n) (4,490)	(9,825)	(9,305)	(20,217)
Net income	4,401	5,619	7,466	11,610
Finance cost	(278)	(445)	(501)	(963)
Personnel costs	(o) (191)	(186)	(385)	(376)
Other overhead expenses	(p) (829)	(960)	(1,669)	(1,678)
Profit before taxation and zakat	3,103	4,028	4,911	8,593
Taxation and zakat	(813)	(1,159)	(1,290)	(2,338)
Profit for the financial period	2,290	2,869	3,621	6,255
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Fair value income/(loss) on debt instruments at FV	679	2,600	(2,148)	2,067
Income tax related to the above items	(163)	(631)	516	(504)
Total other comprehensive income/(loss) for the financial period, net of tax	516	1,969	(1,632)	1,563
Total comprehensive income for the financial period, net of tax	2,806	4,838	1,989	7,818

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

Income derived from investment of depositors' funds	7,321	14,054	13,714	28,205
Income derived from investment of shareholders' funds	1,522	1,753	2,996	3,840
Total income before impairment allowances and overhead expenses	8,843	15,807	16,710	32,045
Profit distributed to depositors	(4,490)	(9,825)	(9,305)	(20,217)
Finance cost	(278)	(445)	(501)	(963)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank	4,075	5,537	6,904	10,865

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

(c) Statement Of Changes In Islamic Banking Funds
For the financial period ended 30 June 2021

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 2021	120,000	5,036	2,442	19	5,248	45,649	178,394
Profit for the financial period	-	-	-	-	-	3,621	3,621
Other comprehensive loss for the financial period	-	(1,632)	-	-	-	-	(1,632)
Share based payment under ESS	-	-	-	3	-	(6)	(3)
Transfer to retained profits	-	-	-	(9)	-	9	-
Transfer from regulatory reserve	-	-	30	-	-	(30)	-
At 30 June 2021	120,000	3,404	2,472	13	5,248	49,243	180,380
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial period	-	-	-	-	-	6,255	6,255
Other comprehensive income for the financial period	-	1,563	-	-	-	-	1,563
Share based payment under ESS	-	-	-	2	-	-	2
Transfer from regulatory reserve	-	-	(101)	-	-	101	-
At 30 June 2020	120,000	5,080	2,402	17	5,248	39,577	172,324

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 30 June 2021

	Group and Bank	
	30 June 2021 RM '000	30 June 2020 RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	4,911	8,593
Adjustments for:		
Depreciation of plant and equipment	4	4
Amortisation of intangible assets	-	10
Credit loss (reversal)/expense	(61)	218
Net loss/(gain) from sale of financial assets at FVTPL	742	(1,383)
Net gain from sale of financial investments other than those measured at FVTPL	-	(970)
Unrealised loss on revaluation of financial assets at FVTPL	339	79
Operating profit before working capital changes	<u>5,935</u>	<u>6,551</u>
Changes in operating assets:		
Financing and advances	5,775	26,456
Balances due from clients and brokers	215	(2,966)
Other assets	(25)	(437)
Changes in operating liabilities:		
Deposits from customers	(55,389)	113,598
Balances due to clients and brokers	361	1,206
Other liabilities	78,050	2,704
Net cash generated from operating activities	<u>34,922</u>	<u>147,112</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1)	(6)
Net purchase of securities	(73,761)	(106,360)
Net investing cash flow	<u>(73,762)</u>	<u>(106,366)</u>
Net change in cash and cash equivalents	(38,840)	40,746
Cash and cash equivalents at beginning of the financial period	<u>452,323</u>	<u>982,933</u>
Cash and cash equivalents at end of the financial period	<u>413,483</u>	<u>1,023,679</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	48,083	30,323
Money at call and deposit placements with:		
Licensed banks	185,400	172,000
Bank Negara Malaysia	-	200,000
Domestic non-bank financial institutions	180,000	50,000
	<u>413,483</u>	<u>452,323</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Certificates	10,215	-
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>110,215</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	41,550	42,088
Negotiable Instruments of Deposits	149,825	99,974
	<u>191,375</u>	<u>142,062</u>
(b) Debt instruments:		
Corporate Sukuk	94,864	86,639
Total financial investments at FVOCI	<u>286,239</u>	<u>228,701</u>
(ii) Financial investments at AC		
(a) Money market instruments:		
Malaysian Government Investment Certificates	9,995	-
Debt instruments:		
Corporate Sukuk	59,662	66,878
Less: Allowance for ECL	-	(56)
Total financial investment at AC	<u>69,657</u>	<u>66,822</u>
Total financial investments other than those measured at FVTPL	<u>355,896</u>	<u>295,523</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

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

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

Debt instruments measured at AC:

An analysis of changes in the ECLs is as follows:

Group and Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	56	-	-	56
Assets derecognised or repaid (excluding write-offs)	(4)	-	-	(4)
Impact of net re-measurement of ECL	(52)	-	-	(52)
As at 30 June 2021	-	-	-	-
	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2020	-	-	-	-
New assets originated or purchased	73	-	-	73
Impact of net re-measurement of ECL	(17)	-	-	(17)
As at 31 December 2020	56	-	-	56

Group and Bank	
As at 30 June 2021	As at 31 December 2020
RM'000	RM'000

(h) Financing and advances at AC

Commodity Murabahah share margin financing		
- Shariah contract - others	13,597	14,293
Commodity Murabahah revolving credit		
- Shariah contract - others	70,105	70,353
Commodity Murabahah term financing		
- Shariah contract - others	24,670	29,501
Gross financing and advances	108,372	114,147
Less: Allowance for ECL	(214)	(219)
Net financing and advances	108,158	113,928

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

Domestic business enterprise - others	54,611	55,648
Individuals	53,761	58,499
	108,372	114,147

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

In Malaysia	108,372	114,147
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

Group and Bank	
As at 30 June 2021 RM'000	As at 31 December 2020 RM'000

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

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

Fixed rate	13,597	14,293
Variable rate - Cost plus	94,775	99,854
	108,372	114,147

(v) Gross financing and advances analysed by economic purpose are as follows:

- Working capital	63,415	70,351
- Purchase of securities	39,404	40,096
- Others	5,553	3,700
	108,372	114,147

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

- Within one year	80,055	110,445
- More than one year	28,317	3,702
	108,372	114,147

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

Group and Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	219	-	-	219
New assets originated or purchased	22	-	-	22
Assets derecognised or repaid (excluding write-offs)	(49)	-	-	(49)
Net remeasurement of allowance	22	-	-	22
As at 30 June 2021	214	-	-	214
	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2020	645	-	-	645
New assets originated or purchased	322	-	-	322
Assets derecognised or repaid (excluding write-offs)	(521)	-	-	(521)
Net remeasurement of allowance	(227)	-	-	(227)
As at 31 December 2020	219	-	-	219

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(i) Other Assets		
Income receivables	3,914	3,893
Prepayment	15	15
Other receivables	92	88
Less: Allowance for ECL	(55)	(55)
	3,966	3,941

Group and Bank

Movements in ECL

As at 1 January 2021	17	38	55
New assets originated or purchased	8	-	8
Assets derecognised or repaid (excluding write-offs)	-	(6)	(6)
Transfer of stages during the period	(8)	8	-
Net remeasurement of allowance	-	(2)	(2)
As at 30 June 2021	17	38	55

2021

Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
17	38	55
8	-	8
-	(6)	(6)
(8)	8	-
-	(2)	(2)
17	38	55

2020

Movements in ECL

As at 1 January 2020	2	58	60
New assets originated or purchased	15	-	15
Transfer of stages during the year	-	(25)	(25)
Net remeasurement of allowance	-	5	5
As at 31 December 2020	17	38	55

Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
2	58	60
15	-	15
-	(25)	(25)
-	5	5
17	38	55

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(j) Deposits from customers		
(i) By type of deposit		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	610,104	665,493
	<u>610,104</u>	<u>665,493</u>
(ii) By type of customers		
Domestic non-bank institutions	244,825	438,864
Government and other statutory bodies	100,000	200,000
Business enterprises	254,197	26,056
Individuals	578	573
Subsidiary companies	10,504	-
	<u>610,104</u>	<u>665,493</u>
(iii) By maturity		
- Due within six months	500,104	345,910
- Due more than six months	110,000	319,583
	<u>610,104</u>	<u>665,493</u>
(k) Other liabilities		
Mudarabah Specific Investment Account	29,113	36,000
Profit payable	2,181	5,309
Other payable	163,622	71,642
	<u>194,916</u>	<u>112,951</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	677	1,242	1,392	2,186
Deposits placements with financial institutions	1,393	4,540	3,060	10,150
Financial investment other than those measured at FVTPL	2,734	4,165	4,912	7,613
Accretion of discount	(120)	(478)	(279)	(664)
Others	1	2	1	2
	4,685	9,471	9,086	19,287
Other operating (loss)/income				
Net gain/(loss) on sale of financial assets at FVTPL	29	(81)	(1,081)	1,304
Net gain on sale of financial investments other than those measured at FVTPL	-	968	-	970
Fees on financing and advances	-	250	50	455
Brokerage fee	1,268	2,013	2,917	2,990
Profit income from financial assets at FVTPL	1,336	1,385	2,681	3,181
Advisory fee	39	115	141	151
Direct trading fees	(40)	(75)	(88)	(149)
Other non-operating income	4	8	8	16
	2,636	4,583	4,628	8,918
Total income derived from investment of depositors' funds	7,321	14,054	13,714	28,205
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	990	1,154	1,859	3,045
Financial investments other than those measured at FVTPL	592	660	1,263	875
Accretion of discounts	(60)	(61)	(126)	(80)
	1,522	1,753	2,996	3,840

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 30 June 2021 RM'000	3 months ended 30 June 2020 RM'000	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,923	9,128	8,183	18,626
Others	567	697	1,122	1,591
	4,490	9,825	9,305	20,217
(o) Personnel costs				
- Salaries, wages, allowances and bonus	154	147	309	296
- EPF	24	23	48	46
- Other staff related expenses	13	16	28	34
	191	186	385	376
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	2	2	4	4
- Amortisation	-	2	-	10
- Office rental	15	14	29	28
- Repairs and maintenance	-	1	-	2
- Others	5	2	7	3
	22	21	40	47
Administration and general expenses				
- Fees and brokerage	256	319	520	404
- Support service charges	465	475	929	952
- Shariah committee expenses	40	64	69	118
- Others	46	81	111	157
	807	939	1,629	1,631
Total other overhead expenses	829	960	1,669	1,678

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	45,622	45,650
Other intangibles		
Other reserves	11,137	12,745
Less:		
Intangible assets	(3)	(2)
55% of cumulative gains on financial investments at FVOCI	(1,872)	(2,771)
Regulatory reserves	(2,472)	(2,441)
Total CET 1 / Tier 1 capital	<u>172,412</u>	<u>173,181</u>
Tier 2 Capital		
Impairment provision	2,687	2,718
Total Tier 2 capital	<u>2,687</u>	<u>2,718</u>
Total capital	<u>175,099</u>	<u>175,899</u>
CET 1 capital ratio	56.009%	64.540%
Tier 1 capital ratio	56.009%	64.540%
Total capital ratio	<u>56.882%</u>	<u>65.553%</u>

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

	Group and Bank			
	As at 30 June 2021		As at 31 December 2020	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk- weighted amount	Notional amount	Risk- weighted amount
Credit risk	914,172	271,974	897,330	238,272
Market risk	-	5,235	-	-
Operational risk	-	30,621	-	30,060
Total Risk Weighted Assets	<u>914,172</u>	<u>307,830</u>	<u>897,330</u>	<u>268,332</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

(r) Commitments and contingencies

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

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

	Group and Bank	
	As at	As at
	30 June	31 December
	2021	2020
	Principal	Principal
	amount	amount
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	10,023	7,977
Other commitments with an original maturity of less than 1 year:		
- corporate financing	42,052	39,808
Other commitments with an original maturity of more than 1 year:		
- corporate financing	11,275	13,775
	<u>63,350</u>	<u>61,560</u>

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

B1. Performance Review

Group:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20) (Restated)	30 June 2021 (1H21)	30 June 2020 (1H20) (Restated)
(RM'000)				
Revenue	212,636	210,605	462,759	375,938
Net income	188,723	170,368	411,312	287,704
Profit before tax	37,605	25,906	80,297	18,308
Profit after tax	30,674	20,468	64,941	13,521

The Group's revenue was higher for current quarter ("2Q21") compared to corresponding quarter in the previous year 2020 ("2Q20") mainly due to higher interest income, management fee income, and investment banking fees income.

The Group reported profit before tax ("PBT") of RM80.3 million for current period ended 30 June 2021 ("1H21"), a four-fold hike from the corresponding period ended 30 June 2020 ("1H20") mainly due to higher contribution from stockbroking and investment management businesses as well as higher share of profits from the 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	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	127,385	116,516	296,385	187,232
Net income	124,057	112,550	289,809	179,496
Profit before tax	19,966	13,739	54,263	168

Higher PBT was recorded by stockbroking segment for 2Q21 compared to 2Q20 mainly due to higher net interest and trading and investment income.

This segment achieved significant increase in PBT of RM54.3 million for 1H21 from RM0.2 million for 1H20 mainly due to higher net interest income, net brokerage income, trading and investment income and lower credit loss expenses.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

B1. Performance Review (cont'd.)

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	45,788	60,250	87,558	124,433
Net income	19,417	22,271	35,422	39,685
Profit before tax	5,523	6,468	7,446	11,737

Investment Banking ("IB") registered lower PBT for 2Q21 compared to 2Q20 mainly due to lower net trading and investment gain partially mitigated by higher investment banking fees income.

IB recorded lower PBT of RM7.4 million for 1H21 (1H20: RM11.7 million) as a result of net trading and investment loss made in treasury bond activities. However, these were partially mitigated by higher IB fees income and net interest income.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	33,659	26,526	69,812	51,822
Net income	39,130	26,109	79,974	51,319
Profit before tax	6,183	2,807	13,797	3,315

Investment and Wealth Management recorded higher PBT for both 2Q21 and 1H21 compared to respective corresponding periods last year mainly due to higher management fee income generated on the back of increased asset under management and sales agency force.

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

B1. Performance Review (cont'd.)

Futures Broking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	4,239	3,647	8,277	7,524
Net income	3,925	3,397	7,747	7,102
Loss before tax ("LBT")	(529)	(788)	(996)	(1,221)

Futures business has recorded lower LBT for 2Q21 and 1H21 compared to respective corresponding periods last year as a result of improved net interest income and commission generated partially negated by higher overhead expenses.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	2,204	3,062	4,242	6,018
Net income	1,700	1,684	3,051	3,350
Profit before tax	209	460	646	1,113

This segment recorded a decrease in PBT for 2Q21 and 1H21 as compared to 2Q20 and 1H20 mainly due to lower net interest and profit income generated and higher overhead expenses incurred.

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

B1. Performance Review (cont'd.)

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021 (2Q21)	30 June 2020 (2Q20)	30 June 2021 (1H21)	30 June 2020 (1H20)
(RM'000)				
Revenue	2,622	3,044	4,922	6,126
Net income	1,588	3,470	3,001	7,571
Profit before tax	4,415	1,473	5,820	2,770

Higher PBT for the current quarter compared to 2Q20 was recorded for this segment mainly due to higher share of profits from investment in the joint venture and lower overhead expenses.

Higher PBT for 1H21 as compared to 1H20 mainly due to higher share of profits from our investment in the associates and joint venture partially offset by higher overhead expenses.

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

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 30 June 2021 (2Q21)	3 months ended 31 March 2021 (1Q21)
(RM'000)		
Revenue	212,636	250,123
Net income	188,723	222,589
Profit before tax	37,605	42,692
Profit after tax	30,674	34,267

For 2Q21, the Group has recorded lower PBT of RM37.6 million compared to previous quarter ended 31 March 2021 mainly due to lower brokerage income, net trading and investment income and investment banking fees income partially mitigated by lower overhead expenses.

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

B3. Prospects for 2021

The Malaysian economy is expected to grow at a slower pace in the 2H21 (0.0% - 1.0%; 1H21: 7.1%), reflecting the impact of the prolonged movement restrictions amid a resurgence of the COVID-19 cases. Nonetheless, we foresee a strong resumption of economic recovery towards the end of the year, with the 2021 gross domestic product ("GDP") growth forecast is expected to settled at 3.5% to 4.0% (2020: -5.6%). This is attributable to the progress of COVID-19 vaccination campaign, deployment of the ongoing and sizeable fiscal stimulus, solid external demand and the unleashed pent-up demand.

Nonetheless, our forecast remains subject to several downside risks, including the resurgence of COVID-19 cases both domestically and globally amid fears of the new variant, domestic political uncertainty, and renewed US-China tensions.

On the monetary front, we expect the BNM to keep the overnight policy rate ("OPR") at 1.75% for the rest of the year, given the prospect of economic recovery on the back of wider vaccine rollout and deployment of fiscal support. However, we believe BNM still has room to slash the OPR by another 25 to 50 basis points to support growth if the COVID-19 situation and political uncertainty worsens.

The government's fiscal policy stance is expected to remain expansionary, with a fiscal deficit projected at 6.3% of GDP in 2021 (2020: 6.2%). This is largely due to four stimulus package announced so far for this year totalling RM26.0 billion fiscal injection or 1.7% of GDP, while government expenditure recorded a 5.2% increase in the first five months of this year.

With the roll-out of the national vaccination programme gaining momentum, we are optimistic about the health of the overall economy for the second half of the year. While the Bursa July volume has declined to average daily value ("ADV") of 6.12 billion, we are hopeful for rebound in the fourth quarter and the Bank to sustain its profit momentum for the rest of 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.

NOTES TO INTERIM FINANCIAL STATEMENTS
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SELECTED EXPLANATORY NOTES
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SECURITIES BERHAD

B5. Taxation and zakat

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(9,150)	(2,178)	(10,384)	(2,382)
Deferred taxation	2,219	(3,260)	(4,972)	(2,405)
Total	(6,931)	(5,438)	(15,356)	(4,787)

The effective tax rate of the Group was lower than the statutory tax rate principally due to the impact from the exclusion of the share of profit of associates and joint venture in the tax computation.

B6. Borrowings

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM '000	RM '000	RM '000	RM '000
Secured				
Revolving bank loan denominated in RM				
- More than one year	24,800	30,400	24,800	30,400
Unsecured				
Revolving bank loans denominated in RM				
- Within one year	9,500	23,000	-	-
Subordinated notes denominated in RM				
- More than one year	185,500	122,000	185,500	122,000
	219,800	175,400	210,300	152,400

B7. Dividend

The Company had declared a total Single Tier Interim Dividend of 8.8 sen per share in respect of the financial year ended 31 December 2020 comprising Ordinary Interim Dividend of 4.00 sen per share and Special Interim Dividend of 4.80 per share on 18 March 2021. This Single Tier Interim Dividend which amounted to RM64,213,435 based on the issued and paid-up capital of 729,698,099 ordinary shares was paid on 20 April 2021.

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SELECTED EXPLANATORY NOTES
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SECURITIES BERHAD

B8. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30 June 2021	3 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to equity holders of the Bank	<u>30,572</u>	<u>20,468</u>	<u>64,733</u>	<u>13,521</u>
Weighted average number of ordinary shares in issue ('000)	<u>731,000</u>	<u>698,696</u>	<u>722,691</u>	<u>698,692</u>
Effects of dilution	-	-	19,535	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>731,000</u>	<u>698,696</u>	<u>742,226</u>	<u>698,692</u>
Earnings per share (sen)				
- basic	<u>4.18</u>	<u>2.93</u>	<u>8.96</u>	<u>1.94</u>
- fully diluted	<u>4.18</u>	<u>2.93</u>	<u>8.72</u>	<u>1.94</u>

There were no potential dilutive ordinary shares outstanding as at 30 June 2021.

B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

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

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 and subsequently on 31 December 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, and subsequently from 1 January 2021 to 31 March 2021.

KIB and Ericsenz Partners have fulfilled all the conditions precedent as stipulated in the SPA on 1 April 2020, with the receipt of the approval on the proposed disposal from the Securities Commission Malaysia on 26 March 2021.

On 30 April 2021, KIB and Ericsenz Partners have completed the proposed transaction.

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 30 June 2021		As at 31 December 2020	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	27,685	32,001	47,685	53,343
Equity related contract- swaps	79,908	7,306	31,216	2,014
Equity related contract- forwards	60,554	53,728	57,354	40,079
Index futures	2,223	122	2,688	135
Dual currency investment- options	4,453	11	3,655	-
	174,823	93,168	142,598	95,571
<u>Derivative financial liabilities</u>				
Equity related contract- options	344,503	36,511	451,950	135,291
Equity related contract- swaps	-	-	19,467	2,095
Equity related contract- forwards	-	-	3,200	88
Dual currency investment- options	4,453	11	3,655	6
	348,956	36,522	478,272	137,480

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

B11. Derivative financial instruments (Cont'd.)

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 2020 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 previous financial year in respect of the type of derivative financial instruments, the rationale and expected benefits accruing to the Group from these derivative financial instruments.

Gain arising from fair value changes of derivative financial instruments

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM18,666,330 (1Q21 gain: RM121,878,064). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

B12. Contingent liabilities

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
<p>(a) On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The trial dates are fixed from 11 to 13 August 2021 and the matter is fixed for post-trial hearing on 3 November 2021.</p>	<u>3,600</u>	<u>3,600</u>
<p>(b) On 18 December 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Opes Capital Berhad ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the first (1st) Defendant (who was a dealer representative of KIBB) and another third (3rd) party had failed to purchase certain shares of a public listed company on its behalf upon transmitting a total of RM16,000,000, and had caused the Plaintiff to suffer losses. KIBB's solicitors are of the view that the claim against KIBB is without merit and KIBB will contest the claim in the court. On 30 June 2021 the Plaintiffs filed a Notice of Discontinuance and on 1 July 2021 the Court struck out the Plaintiffs case against the Defendants with no liberty to file a fresh with no costs against the 1st Defendant and costs of RM12,000 to KIBB.</p>	<u>16,000</u>	<u>16,000</u>

Based on legal advices 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.