

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

Unaudited Condensed Interim Financial Statements
31 December 2020

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

<u>Group</u>	Note	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	1,644,534	2,063,057
Financial assets at fair value through profit or loss ("FVTPL")	A12	543,539	328,680
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	771,732	795,081
Financial investments at amortised cost ("AC")	A13 (ii)	193,035	112,756
Derivative financial assets	B11	95,571	65,174
Loans, advances and financing	A14	1,869,249	2,064,674
Balances due from clients and brokers	A15	545,057	280,357
Other assets	A16	188,289	201,785
Statutory deposit with Bank Negara Malaysia	A17	58,398	99,164
Tax recoverable		44,104	24,155
Investment in associates		72,078	64,642
Investment in a joint venture		24,719	15,801
Property, plant and equipment		164,930	170,450
Intangible assets		322,367	317,387
Right-of-use assets		23,182	24,656
Deferred tax assets		14,283	2,955
TOTAL ASSETS		6,575,067	6,630,774
LIABILITIES			
Deposits from customers	A18	2,952,385	4,065,494
Deposits and placements of banks and other financial institutions	A19	1,066,085	650,718
Balances due to clients and brokers		720,665	537,393
Derivative financial liabilities	B11	137,480	13,416
Other liabilities	A20	447,295	322,952
Borrowings	A21	175,400	96,600
Lease liabilities		23,382	24,429
Provision for taxation and zakat		47,278	14,793
Deferred tax liabilities		156	690
TOTAL LIABILITIES		5,570,126	5,726,485
EQUITY			
Share capital		246,249	246,249
Treasury shares		(10,458)	(16,990)
Reserves		764,047	675,030
		999,838	904,289
Non-controlling Interests		5,103	-
TOTAL EQUITY		1,004,941	904,289
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,575,067	6,630,774
Commitments and contingencies	A29	4,801,020	3,041,684
Net assets per share attributable to equity holders of the Bank (RM)		1.42	1.29

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

<u>Bank</u>		As at	As at
	Note	31 December 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	1,378,646	1,877,150
Financial assets at FVTPL	A12	539,931	326,560
Financial investments at FVOCI	A13 (i)	771,732	795,081
Financial investments at AC	A13 (ii)	193,035	112,756
Derivative financial assets	B11	95,571	65,174
Loans, advances and financing	A14	1,856,996	2,039,517
Balances due from clients and brokers	A15	545,057	280,357
Other assets	A16	94,712	122,564
Statutory deposit with Bank Negara Malaysia	A17	58,398	99,164
Tax recoverable		33,210	20,246
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		160,637	166,710
Intangible assets		324,394	320,712
Right-of-use assets		21,336	23,745
Deferred tax assets		8,722	-
TOTAL ASSETS		6,248,747	6,416,106
LIABILITIES			
Deposits from customers	A18	3,042,843	4,119,352
Deposits and placements of banks and other financial institutions	A19	1,066,085	650,718
Balances due to clients and brokers		405,191	304,880
Derivative financial liabilities	B11	137,480	13,416
Other liabilities	A20	360,645	269,026
Borrowings	A21	152,400	66,600
Lease liabilities		21,442	23,436
Provision for taxation and zakat		38,650	12,052
Deferred tax liabilities		-	657
TOTAL LIABILITIES		5,224,736	5,460,137
EQUITY			
Share capital		246,249	246,249
Treasury shares		(10,458)	(16,990)
Reserves		788,220	726,710
TOTAL EQUITY		1,024,011	955,969
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,248,747	6,416,106
Commitments and contingencies	A29	4,898,674	3,127,341
Net assets per share (RM)		1.45	1.37

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
Group					
Interest income	A22	52,905	60,146	218,921	244,152
Interest expense	A23	(24,914)	(38,353)	(120,507)	(160,171)
Net interest income		27,991	21,793	98,414	83,981
Net income from Islamic banking business	A34	3,901	3,768	20,669	17,982
Other operating income	A24	216,275	88,629	707,453	347,400
Net income		248,167	114,190	826,536	449,363
Other operating expenses	A25	(201,184)	(108,396)	(700,163)	(418,187)
Operating profit		46,983	5,794	126,373	31,176
Credit loss (expenses)/reversal	A26	(2,123)	10,885	(5,852)	15,216
Bad debts recovered	A27	1,075	48	1,408	3,464
		45,935	16,727	121,929	49,856
Share of results of associates and joint venture		7,147	(2,293)	12,786	(6,905)
Profit before taxation and zakat		53,082	14,434	134,715	42,951
Taxation and zakat	B5	(13,746)	(5,727)	(32,430)	(16,565)
Profit for the period/year		39,336	8,707	102,285	26,386
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on equity instruments at FVOCI		-	-	902	(666)
Share of other comprehensive profit in associates		464	2,095	4,801	5,457
Income tax related to the above		-	-	(216)	160
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		(2,487)	(1,819)	(1,233)	(994)
Net (loss)/gain on fair value changes of debt instrument at FVOCI		(807)	(5,085)	5,252	11,626
Income tax relating to the components of other comprehensive income		269	1,222	(1,187)	(2,790)
Other comprehensive (loss)/income for the period/year, net of tax		(2,561)	(3,587)	8,319	12,793
Total comprehensive income for the period/year, net of tax		36,775	5,120	110,604	39,179

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 YEAR ENDED 31 DECEMBER 2020

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 31 December 2020	3 months ended 31 December 2019 (Restated)	12 months ended 31 December 2020	12 months ended 31 December 2019 (Restated)
Note	RM'000	RM'000	RM'000	RM'000
Profit for the period/year attributable to:				
Equity holders of the Bank	39,291	8,707	102,082	26,386
Non-controlling interests	45	-	203	-
	<u>39,336</u>	<u>8,707</u>	<u>102,285</u>	<u>26,386</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	36,730	5,120	110,401	39,179
Non-controlling interests	45	-	203	-
	<u>36,775</u>	<u>5,120</u>	<u>110,604</u>	<u>39,179</u>
Earnings per share				
Basic (sen)	B8 5.56	1.25	14.56	3.78
Fully diluted (sen)	B8 5.52	1.25	14.18	3.78

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

KENANGA INVESTMENT BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
Bank					
Interest income	A22	51,271	58,500	211,483	236,401
Interest expense	A23	(27,152)	(39,594)	(128,459)	(162,896)
Net interest income		24,119	18,906	83,024	73,505
Net income from Islamic banking business	A34	3,901	3,768	20,669	17,982
Other operating income	A24	175,446	61,314	578,130	247,913
Net income		203,466	83,988	681,823	339,400
Other operating expenses	A25	(162,287)	(81,342)	(571,244)	(315,121)
Operating profit		41,179	2,646	110,579	24,279
Credit loss (expenses)/reversal	A26	(1,909)	10,585	(5,049)	12,926
Bad debts recovered	A27	1,075	48	1,408	3,464
Allowance for impairment on investment in subsidiaries		-	(293)	-	(293)
Profit before taxation and zakat		40,345	12,986	106,938	40,376
Taxation and zakat		(10,380)	(3,760)	(28,795)	(14,071)
Profit for the period/year		29,965	9,226	78,143	26,305
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on equity instruments at FVOCI		-	-	902	(666)
Income tax related to the above		-	-	(216)	160
Items that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of debt instruments at FVOCI		(807)	(5,085)	5,252	11,626
Income tax relating to the components of other comprehensive income		269	1,222	(1,187)	(2,790)
Other comprehensive (loss)/income for the period/year, net of tax		(538)	(3,863)	4,751	8,330
Total comprehensive income for the period/year, net of tax		29,427	5,363	82,894	34,635

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

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

KENANGA INVESTMENT BANK BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Non- Distributable					Distributable			Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value (Deficit)/Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
At 1 January 2019	246,249	2,588	(4,120)	25,488	18,783	88,938	(16,808)	509,888	871,006
Net profit for the financial year	-	-	-	-	-	-	-	26,386	26,386
Share of other comprehensive income of associates	-	-	2,278	-	-	-	-	3,179	5,457
Other comprehensive income/(loss)	-	-	8,330	-	(994)	-	-	-	7,336
Total comprehensive income/(loss)	-	-	10,608	-	(994)	-	-	29,565	39,179
Share based payment under ESS	-	1,972	-	-	-	-	-	-	1,972
Buy-back of shares	-	-	-	-	-	-	(182)	-	(182)
Transfer from regulatory reserve	-	-	-	(44)	-	-	-	44	-
Dividend paid	-	-	-	-	-	-	-	(7,686)	(7,686)
At 31 December 2019	246,249	4,560	6,488	25,444	17,789	88,938	(16,990)	531,811	904,289

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 year	-	-	-	-	-	-	78,143	78,143
Other comprehensive income	-	-	4,751	-	-	-	-	4,751
Total comprehensive income	-	-	4,751	-	-	-	78,143	82,894
Share based payment under ESS	-	2,508	-	-	-	-	-	2,508
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	6,532	(1,185)	5,347
Transfer from regulatory reserve	-	-	-	(6,783)	-	-	6,783	-
Transfer to retained profits	-	(924)	-	-	-	-	924	-
Dividend paid	-	-	-	-	-	-	(22,707)	(22,707)
At 31 December 2020	246,249	6,144	15,256	18,661	153,863	(10,458)	594,296	1,024,011

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 2019	246,249	2,588	2,175	25,488	153,863	(16,808)	513,675	927,230
Net profit for the financial year	-	-	-	-	-	-	26,305	26,305
Other comprehensive income	-	-	8,330	-	-	-	-	8,330
Total comprehensive income	-	-	8,330	-	-	-	26,305	34,635
Share based payment under ESS	-	1,972	-	-	-	-	-	1,972
Buy-back of shares	-	-	-	-	-	(182)	-	(182)
Transfer from regulatory reserve	-	-	-	(44)	-	-	44	-
Dividend paid	-	-	-	-	-	-	(7,686)	(7,686)
At 31 December 2019	246,249	4,560	10,505	25,444	153,863	(16,990)	532,338	955,969

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	134,715	42,951	106,938	40,376
Adjustments for:				
Depreciation of property, plant and equipment	11,781	10,724	10,958	10,046
Amortisation of intangible assets	5,101	4,305	4,259	4,030
Amortisation of right-of-use assets	8,449	9,769	7,337	8,864
Lease interest expenses	1,331	1,236	1,218	1,177
ESS expenses	2,343	1,733	2,343	1,733
Credit loss expense/(reversal)	5,852	(15,216)	5,049	(12,926)
Impairment allowance on investment in subsidiary	-	-	-	293
Property, plant and equipment written off	1	37	1	37
Intangible assets written off	3	-	3	-
Bad debts written off	53	266	53	266
Non-cash items	34,914	12,854	31,221	13,520
Net gain from sale of financial assets at FVTPL and derivatives	(219,109)	(56,878)	(218,749)	(56,878)
Net gain from sale of financial investments other than those measured at FVTPL	(11,217)	(12,072)	(11,217)	(12,072)
Gross dividend income from investments	(4,040)	(1,384)	(3,934)	(1,243)
Loss on revaluation of financial assets at FVTPL and derivatives	76,392	17,326	77,874	19,758
Gain on disposal of property, plant and equipment	(24)	(23)	(24)	(23)
Share of results of associates and joint venture	(12,786)	6,905	-	-
Non-operating items - investing	(170,784)	(46,126)	(156,050)	(50,458)
Adjustments for non-operating and non-cash items	(135,870)	(33,272)	(124,829)	(36,938)
Operating (loss)/profit before working capital changes	(1,155)	9,679	(17,891)	3,438
Changes in working capital:				
Net changes in operating assets	(156,426)	(1,220)	(80,652)	(53,190)
Net changes in operating liabilities	(389,961)	26,890	(469,047)	71,527
Cash (used in)/generated from operations	(547,542)	35,349	(567,590)	21,775
Taxation and zakat paid	(33,159)	(11,473)	(25,943)	(14,421)
Rental/lease interest payment	(1,331)	(1,236)	(1,218)	(1,177)
Net operating cash flow	(582,032)	22,640	(594,751)	6,177
Cash flows from investing activities				
Dividends received from other investments	4,040	1,384	3,934	1,243
Purchase of property, plant and equipment and intangible assets	(16,346)	(13,844)	(12,830)	(12,995)
Acquisition of subsidiaries, net of cash acquired	-	(25,383)	-	-
Proceeds from disposal of property, plant and equipment	24	23	24	23
Capital injection in a joint venture	-	(10,000)	-	(10,000)
Net (purchase)/sale of securities	(18,151)	806,475	(18,505)	805,515
Net investing cash flow	(30,433)	758,655	(27,377)	783,786

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)	31 December 2020 RM'000	31 December 2019 RM'000 (Restated)
Cash flows from financing activities				
Dividend paid	(22,707)	(7,686)	(22,707)	(7,686)
Repayment of lease liabilities	(8,023)	(8,341)	(6,922)	(7,519)
Net drawdown/(repayment) of borrowings	78,800	(22,700)	85,800	(11,200)
Share buy-back	-	(182)	-	(182)
Proceeds from exercise of ESS	5,132	-	5,132	-
Proceed from new issuance of a subsidiary's share to a non-controlling shareholder	4,900	-	-	-
Net financing cash flow	58,102	(38,909)	61,303	(26,587)
Net change in cash and cash equivalents during the financial year	(554,363)	742,386	(560,825)	763,376
Effect of exchange rate differences	-	1	-	-
Cash and cash equivalents brought forward	1,838,760	1,096,373	1,816,949	1,053,573
Cash and cash equivalents carried forward	1,284,397	1,838,760	1,256,124	1,816,949

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 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Cash and short-term funds	1,614,205	1,990,155	1,378,646	1,777,150
Deposits and placements with banks and other financial institutions	30,329	72,902	-	100,000
Less: Segregated funds from customers	(237,615)	(164,096)	-	-
Less: Cash and bank balances and deposits held in trust	(122,522)	(60,201)	(122,522)	(60,201)
	1,284,397	1,838,760	1,256,124	1,816,949

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A1. Basis Of Preparation

The interim financial statements, for the financial year ended 31 December 2020, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

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

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

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

The Group and the Bank have applied the practical expedient as all the rental discount received from lessors have met all the three conditions specified. The discount received from landlords are short term and total amount recorded in the statement of profit or loss for the year ended 31 December 2020 was RM127,000.

A2. Condensed financial statements

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

A3. Preceding financial year audit report

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A4. Seasonal or Cyclical Factors

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

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

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

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

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

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial year ended 31 December 2020 other than the issuance of RM50 million and RM47 million of Tier 2 Subordinated Notes on 20 March 2020 and 28 August 2020 respectively and the transfer of 9,247,100 units of treasury shares to staff pursuant to the exercise of ESS.

A8. Dividends paid per share

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

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

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

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

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

(a) Impact on business operation

As mentioned above, the Group's businesses continued to operate during these restricted periods. There were no material contracts being suspended or terms that have been waived, modified or newly imposed to the Group's activities. The disruption on the supply chain and distribution networks of our services arising from the COVID-19 pandemic was also minimal despite closure of certain branches as we were able to provide our services digitally.

The Group's digital journey that started a few years ago which focused not only on customer-centric technologies but also automation of operational processes had allowed us to capitalise on the sudden customer shift to online broking as well as the increase in trading volume during this period.

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

The Group's financial performance for the current financial period was not significantly affected by the COVID-19 pandemic. Although there may be higher impaired loans as macroeconomic conditions weaken and consequently some increase in credit costs, these are largely due to market volatility and is not expected to be permanent. Our overall asset quality remains intact.

In addition, moratoriums granted to customers will have minimal impact on the Group's cash flow, operations and financial performance. The Group also continues to maintain healthy capital adequacy and liquidity ratios throughout the period under review.

(c) Strategy and steps taken to address the impact of the COVID-19

In response to this "new normal" environment, appropriate and effective measures were put in place by the Group.

For our employees, we have split our operations into separate locations for critical departments and enforced work-from-home arrangements to ensure our essential services continue with minimal disruptions. To protect our employees who have to work from office, daily sanitisation of areas, temperature checking and social distancing are adopted. We are in compliance with the recommendations from the Ministry of Health that are issued from time to time.

We will continue to monitor and assess our credit, operational and liquidity risks on regular basis through the various policies and procedures that are in place to safeguard the financial position, performance and cash flows of the Group.

We have and will continue our efforts to use digital tools to enable business and operational activities to be managed efficiently and effectively in a post-COVID-19 environment.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A10. Changes in composition of the Group

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

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

A11. Cash and bank balances

Cash and balances with banks and other financial institutions	535,550	408,089	370,909	291,599
Money at call and deposit placements	1,108,984	1,654,968	1,007,737	1,585,551
	1,644,534	2,063,057	1,378,646	1,877,150

Included in cash and bank balances are:

Cash and cash equivalents	1,284,397	1,838,760	1,256,124	1,816,949
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	360,137	224,297	122,522	60,201
	1,644,534	2,063,057	1,378,646	1,877,150

A12. Financial Assets At FVTPL

At fair value

Quoted Securities:

Shares and fund in Malaysia	351,645	193,566	351,645	193,566
	351,645	193,566	351,645	193,566

Unquoted Securities:

Shares and funds in Malaysia	152,061	135,114	148,453	132,994
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Unquoted Debt Securities in Malaysia:

Islamic Corporate Sukuk	39,833	-	39,833	-
	39,833	-	39,833	-

Total financial assets at FVTPL	543,539	328,680	539,931	326,560
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

Money market instruments:

Malaysian Government Securities	20,496	30,550
Malaysian Government Investment Certificates	119,119	72,649
Islamic Negotiable Instruments of Deposits	149,943	59,550
	<u>289,558</u>	<u>162,749</u>

Equity instruments in Malaysia:

Unquoted Shares	1,990	1,088
	<u>1,990</u>	<u>1,088</u>

Debt instruments in Malaysia:

Islamic Corporate Sukuk	305,664	458,204
Corporate Bonds	174,520	173,040
	<u>480,184</u>	<u>631,244</u>

Total financial investments at FVOCI

<u>771,732</u>	<u>795,081</u>
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Impairment losses on debt instrument measured at FVOCI

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in Expected Credit Loss ("ECL")				
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	<u>386</u>	<u>-</u>	<u>-</u>	<u>386</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

(ii) Financial investment at AC

Money market instruments:

Malaysian Government Investment Certificates	9,909	9,892
	<u>9,909</u>	<u>9,892</u>

Debt instruments in Malaysia:

At cost		
Islamic Corporate Sukuk	163,210	83,172
Corporate Bonds	20,021	20,030
Less: Allowance for ECL	(105)	(338)
	<u>183,126</u>	<u>102,864</u>

Total financial investment at AC

<u>193,035</u>	<u>112,756</u>
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Impairment losses on debt instrument measured at Amortised Cost ("AC")

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	-	338	-	338
New assets originated or purchased	73	-	-	73
Impact of net 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	<u>105</u>	<u>-</u>	<u>-</u>	<u>105</u>

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

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,209,024	1,320,106	1,209,024	1,320,106
Term loans	587,793	665,323	640,369	722,404
Subordinated term loan	-	-	20,418	15,417
Other lending and factoring receivables	85,636	97,317	-	-
Advances to group employees	181	17	181	17
Gross loans, advances and financing	1,882,634	2,082,763	1,869,992	2,057,944
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(3,112)	(1,312)	(3,387)	(2,366)
- Stage 2- Lifetime ECL non-credit impaired	(2,356)	-	(2,356)	-
- Stage 3- Lifetime ECL credit impaired	(7,917)	(16,777)	(7,253)	(16,061)
Net Loans, Advances and Financing	1,869,249	2,064,674	1,856,996	2,039,517
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	237,848	256,545	180,851	208,259
- Others	591,343	744,067	664,336	816,565
Individuals	1,034,745	1,052,269	1,006,107	1,003,238
Foreign enterprises	18,698	29,882	18,698	29,882
Gross Loans, Advances and Financing	1,882,634	2,082,763	1,869,992	2,057,944
(ii) By Geographical Distribution				
In Malaysia	1,863,352	2,040,133	1,850,710	2,015,314
Outside Malaysia	19,282	42,630	19,282	42,630
Gross Loans, Advances and Financing	1,882,634	2,082,763	1,869,992	2,057,944
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,294,660	1,417,423	1,209,024	1,320,105
Variable rate				
- Other variable rates	576,614	646,871	649,608	719,370
- Base lending rate plus	11,179	18,452	11,179	18,452
Interest free	181	17	181	17
Gross Loans, Advances and Financing	1,882,634	2,082,763	1,869,992	2,057,944
(iv) By Purpose				
- Purchase of securities	1,488,572	1,639,548	1,488,572	1,638,853
- Working capital	220,193	195,864	236,142	221,271
- Others	173,869	247,351	145,278	197,820
Gross Loans, Advances and Financing	1,882,634	2,082,763	1,869,992	2,057,944

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(v) By Residual Contractual Maturity				
- Within one year	1,543,716	1,657,891	1,540,048	1,686,370
- More than one year	338,918	424,872	329,944	371,574
Gross Loans, Advances and Financing	1,882,634	2,082,763	1,869,992	2,057,944
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial year	48,880	59,068	48,160	58,283
Impaired during the financial year	13,374	32,032	12,563	32,032
Amount written off against allowance for ECL	(9,005)	-	(9,005)	-
Amount recovered during the financial year	(11,955)	(42,220)	(11,088)	(42,155)
At end of the financial year	41,294	48,880	40,630	48,160
Less: Allowance for ECL	(7,917)	(16,777)	(7,253)	(16,061)
Net impaired LAF	33,377	32,103	33,377	32,099
Net impaired LAF as a % of gross loans, advances and financing less allowance	1.79%	1.55%	1.80%	1.57%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	37,988	36,121	37,324	35,401
Outside Malaysia	3,306	12,759	3,306	12,759
Gross impaired loans	41,294	48,880	40,630	48,160
(viii) Impaired LAF by Purpose				
Working capital	664	720	-	-
Purchase of securities	40,630	48,160	40,630	48,160
Gross impaired loans	41,294	48,880	40,630	48,160

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

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

Share margin financing

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	-	-	16,061	16,061
New assets originated or purchased	-	-	1,530	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

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	-	8,847	21,253	30,100
New assets originated or purchased	-	-	243	243
Assets derecognised or repaid (excluding write-offs)	-	-	(37,652)	(37,652)
Net remeasurement of allowance	-	-	23,370	23,370
Transfer of stages	-	(8,847)	8,847	-
As at 31 December 2019	-	-	16,061	16,061

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

Term loan and subordinated term loan

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	1,183	-	-	1,183
New assets originated or purchased	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

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	815	-	-	815
New assets originated or purchased	919	-	-	919
Assets derecognised or repaid (excluding write-offs)	(473)	-	-	(473)
Net remeasurement of allowance	(78)	-	-	(78)
As at 31 December 2019	1,183	-	-	1,183

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

Term loan and subordinated term loan (cont'd)

Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement 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

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	1,201	-	-	1,201
New assets originated or purchased	1,473	-	-	1,473
Assets derecognised or repaid (excluding write-offs)	(514)	-	-	(514)
Net remeasurement of allowance	(49)	-	-	(49)
As at 31 December 2019	2,111	-	-	2,111

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

Other lending and factoring receivables

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement 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

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

NOTES TO INTERIM FINANCIAL STATEMENTS
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A14. Loans, Advances and Financing (cont'd.)

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

Undrawn commitment

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

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	129	-	-	129
Net remeasurement of allowance	(129)	-	-	(129)
As at 31 December 2020	-	-	-	-
	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	60	-	-	60
New assets originated or purchased	26	-	-	26
Exposure derecognised or matured/lapsed (excluding write-offs)	(16)	-	-	(16)
Net remeasurement of allowance	59	-	-	59
As at 31 December 2019	129	-	-	129

Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	255	-	-	255
Exposure derecognised or matured/lapsed (excluding write-offs)	(25)	-	-	(25)
Net remeasurement of allowance	(155)	-	-	(155)
As at 31 December 2020	75	-	-	75
	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	201	-	-	201
New exposures originated or purchased	26	-	-	26
Exposure derecognised or matured/lapsed (excluding write-offs)	(41)	-	-	(41)
Net remeasurement of allowance	69	-	-	69
As at 31 December 2019	255	-	-	255

NOTES TO INTERIM FINANCIAL STATEMENTS
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A16. Other Assets (cont'd.)

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

Group

Movement 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
Charged during the year	1,513	1,050	2,563
Written back during the year	-	(1,290)	(1,290)
Transfer of stages during the year	(1,548)	1,548	-
Net remeasurement of allowance	-	281	281
Written off during the year	-	(57)	(57)
As at 31 December 2020	145	6,003	6,148

Movement in ECL	2019		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
As at 1 January 2019	259	4,597	4,856
Charged during the year	1,207	1	1,208
Written back during the year	-	(2,325)	(2,325)
Transfer of stages during the year	(1,277)	1,277	-
Net remeasurement of allowance	-	1,100	1,100
Written off during the year	(9)	(179)	(188)
As at 31 December 2019	180	4,471	4,651

Bank

Movement 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
Charged during the year	1,514	1,051	2,565
Written back during the year	-	(1,290)	(1,290)
Transfer of stages during the year	(1,548)	1,548	-
Net remeasurement of allowance	-	281	281
Written off during the year	-	(57)	(57)
As at 31 December 2020	146	6,004	6,150

Movement in ECL	2019		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
As at 1 January 2019	259	3,226	3,485
Charged during the year	1,207	1	1,208
Written back during the year	-	(954)	(954)
Transfer of stages during the year	(1,277)	1,277	-
Net remeasurement of allowance	-	1,100	1,100
Written off during the year	(9)	(179)	(188)
As at 31 December 2019	180	4,471	4,651

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A16. Other Assets (cont'd.)

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

Bank

Movement in ECLs	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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

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

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

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	58,398	99,164
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

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

A18. Deposits from customers

(i) By type of deposit

Fixed term deposits	2,340,932	3,282,087	2,354,086	3,312,129
Short term money deposits	518,102	657,880	595,406	681,696
Call money deposits	41,048	71,367	41,048	71,367
Negotiable instruments of deposit	52,303	54,160	52,303	54,160
	2,952,385	4,065,494	3,042,843	4,119,352

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

A18. Deposits from customers (cont'd.)

(ii) By type of customer

Government and other statutory bodies	829,560	786,494	829,560	786,494
Individuals	84,730	124,805	84,730	124,805
Business enterprises	872,878	776,876	872,878	776,876
Non-bank financial institutions	1,054,701	2,265,852	1,054,701	2,265,852
Subsidiaries and related companies	110,516	111,467	200,974	165,325
	2,952,385	4,065,494	3,042,843	4,119,352

(iii) By maturity structure

Due within six months	2,128,347	2,911,025	2,216,065	2,964,883
More than six months to one year	590,017	727,267	592,757	727,267
More than one year	234,021	427,202	234,021	427,202
	2,952,385	4,065,494	3,042,843	4,119,352

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at	As at
	31 December	31 December
	2020	2019
	RM'000	RM'000
Licenced banks	100,000	-
Licenced investment banks	50,000	50,000
Other financial institutions	732,667	600,718
Bank Negara Malaysia ("BNM")	183,418	-
	1,066,085	650,718

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
A20. Other liabilities				
Interest/Income payable	17,275	35,878	16,544	35,375
Securities borrowing and lending	1,657	3,040	1,657	3,040
Accruals and provision	141,510	70,989	62,383	35,484
Retention for contra losses	17	17	17	17
Structured products	15,583	5,399	15,583	5,399
Treasury trade payables	-	49,842	-	49,842
Deposits and other creditors	144,691	84,975	141,927	79,400
Amounts held in trust on behalf of				
Dealer's Representatives	122,522	60,201	122,522	60,201
Amount due to trustees	4,040	12,611	-	-
Amount due to subsidiaries	-	-	12	268
	447,295	322,952	360,645	269,026
A21. Borrowings				
Secured:				
Revolving bank loan	30,400	41,600	30,400	41,600
Unsecured:				
Revolving bank loans	23,000	30,000	-	-
Subordinated notes	122,000	25,000	122,000	25,000
	175,400	96,600	152,400	66,600

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
A22. Interest Income				
Group				
Loans, advances and financing	30,396	34,975	126,695	137,948
- Interest income other than recoveries recoveries from impaired loans *	29,478	34,975	125,777	137,948
- Interest income from recoveries from impaired loans	918	-	918	-
Money at call and deposit placements with financial institutions	10,648	12,881	45,627	50,794
Financial investments at FVOCI	5,056	7,426	23,325	35,857
Financial investments at AC	1,196	1,021	4,860	4,159
Others	5,609	3,843	18,414	15,394
	52,905	60,146	218,921	244,152
Bank				
Loans, advances and financing	29,519	34,069	122,438	134,035
- Interest income other than recoveries recoveries from impaired loans *	28,601	34,069	121,520	134,035
- Interest income from recoveries from impaired loans	918	-	918	-
Money at call and deposit placements with financial institutions	9,885	12,144	42,429	46,971
Financial investments at FVOCI	5,056	7,426	23,325	35,857
Financial investments at AC	1,196	1,021	4,860	4,159
Others	5,615	3,840	18,431	15,379
	51,271	58,500	211,483	236,401
* Included net modification loss relating to COVID-19 relief measures of the Group and of the Bank of RM188,323 in the current financial year.				
A23. Interest Expense				
Group				
Deposits from customers	21,472	35,730	108,829	146,408
Deposits and placement from banks and other financial institutions	497	549	1,901	4,701
Borrowings	2,124	1,403	7,178	5,848
Lease interest expense	343	400	1,335	1,236
Others	478	271	1,264	1,978
	24,914	38,353	120,507	160,171
Bank				
Deposits from customers	21,910	36,314	110,438	148,309
Deposits and placement from banks and other financial institutions	497	549	1,901	4,701
Borrowings	1,803	857	5,560	3,630
Lease interest expense	290	403	1,218	1,177
Others	2,652	1,471	9,342	5,079
	27,152	39,594	128,459	162,896

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
A24. Other Operating Income				
Group				
(a) Fee income:				
Brokerage fees	112,553	36,375	372,166	144,900
Corporate advisory fees	1,681	2,714	5,942	12,671
Processing fees on loans, advances and financing	1,133	636	3,199	4,021
Commissions	2,875	1,738	10,754	6,890
Management fee income	32,355	22,740	100,605	82,755
Placement fees	6,123	1,651	13,551	9,002
Underwriting commission	2,799	859	3,254	1,241
Other fee income	6,362	4,077	20,694	14,653
Others	694	610	2,501	1,679
	<u>166,575</u>	<u>71,400</u>	<u>532,666</u>	<u>277,812</u>
(b) Net (loss)/gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	(4,628)	20,155	217,667	55,590
Financial investments at FVOCI	289	3,750	9,243	10,827
	<u>(4,339)</u>	<u>23,905</u>	<u>226,910</u>	<u>66,417</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	1,854	71	3,746	1,064
Financial investments at FVOCI	7	88	294	320
	<u>1,861</u>	<u>159</u>	<u>4,040</u>	<u>1,384</u>
(d) Interest income from financial assets at FVTPL	350	394	1,827	2,137
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	46,816	(10,780)	(76,392)	(17,264)
(f) Other income:				
Net foreign exchange income	2,685	1,409	9,306	6,800
Gain on disposal of property, plant and equipment	24	23	24	23
Other operating income	314	526	1,454	1,004
Other non-operating income				
- Rental income	574	708	2,687	2,828
- Others	1,415	885	4,931	6,259
	<u>5,012</u>	<u>3,551</u>	<u>18,402</u>	<u>16,914</u>
Total other operating income	<u>216,275</u>	<u>88,629</u>	<u>707,453</u>	<u>347,400</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
A24. Other Operating Income (cont'd.)				
Bank				
(a) Fee income:				
Brokerage fees	112,554	36,375	372,167	144,900
Corporate advisory fees	1,716	2,743	6,059	12,788
Processing fees on loans, advances and financing	882	388	2,320	3,335
Management fee income	235	574	1,123	1,445
Placement fees	4,840	1,303	10,949	8,100
Underwriting commission	2,799	859	3,254	1,241
Other fee income	1,289	1,717	5,955	6,902
Others	429	186	1,255	582
	<u>124,744</u>	<u>44,145</u>	<u>403,082</u>	<u>179,293</u>
(b) Net (loss)/gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	(4,681)	20,155	217,307	55,590
Financial investments at FVOCI	289	3,750	9,243	10,827
	<u>(4,392)</u>	<u>23,905</u>	<u>226,550</u>	<u>66,417</u>
(c) Gross dividend from:				
Financial assets at FVTPL	1,832	33	3,640	923
Financial investments at FVOCI	7	88	294	320
	<u>1,839</u>	<u>121</u>	<u>3,934</u>	<u>1,243</u>
(d) Interest income from financial assets at FVTPL	<u>350</u>	<u>394</u>	<u>1,827</u>	<u>2,137</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>47,367</u>	<u>(10,992)</u>	<u>(77,874)</u>	<u>(19,696)</u>
(f) Other income:				
Net foreign exchange income	2,599	1,434	9,196	6,825
Gain on disposal of property, plant and equipment	24	23	24	23
Other operating income	454	626	2,157	1,474
Other non-operating income				
- Rental income	1,034	1,168	4,529	4,658
- Others	1,427	490	4,705	5,539
	<u>5,538</u>	<u>3,741</u>	<u>20,611</u>	<u>18,519</u>
Total other operating income	<u>175,446</u>	<u>61,314</u>	<u>578,130</u>	<u>247,913</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000
A25. Other operating expenses				
Group				
Personnel costs	66,727	50,591	231,440	185,103
- Salaries, allowances and bonuses	49,810	39,101	180,489	143,504
- EPF	4,744	4,651	18,784	18,006
- ESS	1,521	394	2,515	1,972
- Others	10,652	6,445	29,652	21,621
Establishment costs	14,324	13,472	54,205	49,354
- Depreciation of property, plant and equipment	2,993	2,732	11,781	10,724
- Amortisation of intangible assets	1,378	1,107	5,101	4,305
- Amortisation of right-of-use assets	2,209	2,979	8,449	9,769
- Rental of premises				
- Current year	87	118	415	730
- Over accrual in prior year	-	(685)	-	(1,617)
- Rental of equipment	186	105	604	469
- Repairs and maintenance	1,654	1,936	6,069	5,691
- Information technology expenses	4,200	3,780	14,776	12,630
- Others	1,617	1,400	7,010	6,653
Marketing expenses	7,565	4,186	17,638	15,946
- Promotion and advertisements	4,789	2,454	12,548	10,587
- Travel and entertainment	2,555	1,526	4,160	4,600
- Others	221	206	930	759
Administration and general expenses	112,568	40,147	396,880	167,784
- Communication expenses	1,055	1,200	4,482	5,210
- Professional fees and legal fees	(868)	1,270	4,236	4,741
- Regulatory charges	10,677	5,216	36,056	21,760
- Fees and brokerage	99,404	30,366	334,305	121,156
- Administrative expenses	1,998	1,731	16,249	13,415
- Printing and stationery	302	364	1,552	1,502
Total other operating expenses	201,184	108,396	700,163	418,187

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarters	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	51,597	38,780	176,160	140,071
- Salaries, allowances and bonuses	39,126	30,272	142,270	111,093
- EPF	3,807	3,640	14,991	14,309
- ESS	1,483	344	2,343	1,733
- Others	7,181	4,524	16,556	12,936
Establishment costs	11,937	11,459	45,305	42,132
- Depreciation of property, plant and equipment	2,766	2,595	10,958	10,046
- Amortisation of intangible assets	1,043	966	4,259	4,030
- Amortisation of right-of-use assets	1,964	2,738	7,337	8,864
- Rental of premises				
- Current year	71	7	275	463
- Over accrual in prior year	-	(685)	-	(1,617)
- Rental of equipment	123	73	360	306
- Repair and maintenance	1,069	1,163	4,086	3,879
- Information technology expenses	4,175	3,756	14,669	12,537
- Others	726	846	3,361	3,624
Marketing expenses	1,103	2,114	5,173	7,915
- Promotion and advertisement	632	1,233	2,943	4,591
- Travel and entertainment	303	722	1,383	2,687
- Others	168	159	847	637
Administration and general expenses	97,650	28,989	344,606	125,003
- Communication expenses	851	977	3,764	4,462
- Professional fees and legal fees	(1,008)	1,247	3,782	4,189
- Regulatory charges	10,235	4,698	34,160	19,563
- Fees and brokerages	85,790	20,654	287,308	84,346
- Administrative expenses	1,567	1,185	14,546	11,470
- Printing and stationery	215	228	1,046	973
Total other operating expenses	162,287	81,342	571,244	315,121

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A26. Credit loss reversal/(expense)

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

Group

Individual Quarter

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(322)	-	-	(322)
Debt instruments at amortised cost	24	-	-	24
Loans, advances and financing	(2,369)	-	739	(1,630)
Credit loss (expense)/reversal	(2,667)	-	739	(1,928)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	32	-	-	32
Debt instruments at amortised cost	-	(5)	-	(5)
Loans, advances and financing	(72)	-	9,784	9,712
Loan commitments	13	-	-	13
Credit loss (expense)/reversal	(27)	(5)	9,784	9,752

(ii) Movement in ECL on other financial assets

	2020		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	27	(14)	13
Other debtors	(757)	549	(208)
Credit loss (expense)/reversal	(730)	535	(195)

	2019		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	1	656	657
Other debtors	(1,318)	1,794	476
Credit loss (expense)/reversal	(1,317)	2,450	1,133

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Group

Cumulative Quarters

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(350)	-	-	(350)
Debt instruments at amortised cost	(105)	338	-	233
Loans, advances and financing	(1,929)	-	(2,501)	(4,430)
Loan commitments	129	-	-	129
Credit loss (expense)/reversal	(2,255)	338	(2,501)	(4,418)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	189	-	-	189
Debt instruments at amortised cost	-	522	-	522
Loans, advances and financing	(345)	-	14,104	13,759
Loan commitments	(69)	-	-	(69)
Credit loss (expense)/reversal	(225)	522	14,104	14,401

(iv) Movement in ECLs on other financial assets

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

	2019		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	1	797	798
Other debtors	(1,207)	1,224	17
Credit loss (expense)/reversal	(1,206)	2,021	815

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Bank

Individual Quarter

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(322)	-	-	(322)
Debt instruments at amortised cost	24	-	-	24
Loans, advances and financing	(2,252)	-	739	(1,513)
Loan commitments	25	-	-	25
Amount due from subsidiaries	73	-	-	73
Credit loss (expense)/reversal	(2,452)	-	739	(1,713)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	32	-	-	32
Debt instruments at amortised cost	-	(5)	-	(5)
Loans, advances and financing	(79)	-	9,763	9,684
Loan commitments	14	-	-	14
Credit loss (expense)/reversal	(33)	(5)	9,763	9,725

(vi) Movement in ECL on other financial assets

	2020		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	27	(14)	13
Other debtors	(758)	549	(209)
Credit loss (expense)/reversal	(731)	535	(196)

	2019		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	1	656	657
Other debtors	(271)	474	203
Credit loss (expense)/reversal	(270)	1,130	860

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Bank

Cumulative Quarters

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

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

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	189	-	-	189
Debt instruments at amortised cost	-	522	-	522
Loans, advances and financing	(910)	-	14,039	13,129
Loan commitments	(54)	-	-	(54)
Amount due from subsidiaries	(304)	-	-	(304)
Credit loss (expense)/reversal	(1,079)	522	14,039	13,482

(viii) Movement in ECLs on other financial assets

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

	2019		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	1	797	798
Other debtors	(1,207)	(147)	(1,354)
Credit loss (expense)/reversal	(1,206)	650	(556)

A27. Bad debts recovered/(written off)

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
Loans, advances and financing	1,007	12	1,316	3,534
Balance due from clients and brokers	68	11	145	196
Other debtors	-	25	(53)	(266)
	1,075	48	1,408	3,464

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

Fair value measurements

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

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

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

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

Valuation techniques and sensitivity analysis

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

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

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

Group

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

31 December 2019

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	96,741	-	96,741
- Equity securities	193,566	9,379	28,994	231,939
Financial investments at FVOCI				
- Debt securities	-	793,993	-	793,993
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	65,174	-	65,174
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	117,673	-	117,673
Loans, advances and financing	-	-	2,064,990	2,064,990
	193,566	1,082,960	2,095,072	3,371,598
Financial liabilities measured at fair value				
Derivative financial liabilities	13,395	21	-	13,416
Borrowings	-	92,144	-	92,144
	13,395	92,165	-	105,560

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Bank

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

31 December 2019

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	100,000	-	100,000
- Equity securities	193,566	4,000	28,994	226,560
Financial investments at FVOCI				
- Debt securities	-	793,993	-	793,993
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	65,174	-	65,174
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	117,673	-	117,673
Loans, advances and financing	-	-	2,040,578	2,040,578
	193,566	1,080,840	2,070,660	3,345,066
Financial liabilities measured at fair value				
Derivative financial liabilities	13,395	21	-	13,416
Borrowings	-	62,148	-	62,148
	13,395	62,169	-	75,564

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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 31 December 2020 Principal Amount RM'000	As at 31 December 2019 Principal Amount RM'000	As at 31 December 2020 Principal Amount RM'000	As at 31 December 2019 Principal Amount RM'000
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,534,315	1,892,577	2,534,315	1,892,577
- foreign exchange related contract	58,554	30,356	58,554	30,356
- equity exchange related contract	158,546	108,435	158,546	108,435
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	60,050	23,742	107,550	66,742
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	520	520	520	520
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	98,851	76,458	118,851	101,458
- others	5,500	-	-	-
Stockbroking clients' trust	1,257,682	623,581	1,257,682	623,581
Securities borrowing and lending	1,544	2,705	1,544	2,705
Derivative financial assets				
- dual currency investment - options	3,655	4,509	3,655	4,509
- equity related contracts - options	47,685	66,528	47,685	66,528
- equity related contracts - swaps	31,216	52,340	31,216	52,340
- equity related contract - forwards	57,354	77,667	57,354	77,667
- index futures	2,688	-	2,688	-
Derivative financial liabilities				
- dual currency investment - options	3,655	4,509	3,655	4,509
- equity related contracts - options	451,950	72,413	451,950	72,413
- equity related contracts - swaps	19,467	-	19,467	-
- equity related contract - forwards	3,200	-	3,200	-
Capital commitment:				
- Authorised and contracted for	4,588	5,344	4,261	5,147
Investment in equity fund	-	-	35,981	17,854
	4,801,020	3,041,684	4,898,674	3,127,341

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

A31. Capital Adequacy

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	246,249	246,249	246,249	246,249
Retained profits	617,832	531,811	594,296	532,338
Other reserves	146,215	143,219	193,924	194,372
Less: Regulatory adjustments:				
Deferred tax assets	(14,283)	(2,955)	(8,722)	-
55% of cumulative gains of financial investments at FVOCI	(8,754)	(3,568)	(8,391)	(5,777)
Goodwill	(243,307)	(243,754)	(252,909)	(252,909)
Other intangibles	(79,060)	(73,633)	(71,485)	(67,803)
Regulatory reserve	(18,661)	(25,444)	(18,661)	(25,444)
Treasury shares	(10,458)	(16,990)	(10,458)	(16,990)
Other CET 1 regulatory adjustments specified by BNM	4,275	-	3,419	-
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(96,798)	(80,442)	(166,170)	(166,170)
Total CET 1/Tier 1 capital	<u>543,250</u>	<u>474,493</u>	<u>501,092</u>	<u>437,866</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	122,000	25,000	122,000	25,000
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	18,657	16,752	18,702	17,151
Total Tier 2 capital	<u>140,657</u>	<u>41,752</u>	<u>140,702</u>	<u>42,151</u>
Total capital	<u>683,907</u>	<u>516,245</u>	<u>641,794</u>	<u>480,017</u>

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A31. Capital Adequacy (cont'd.)

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

	Group		Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
CET 1 capital ratio	19.093%	21.309%	18.797%	20.730%
Tier 1 capital ratio	19.093%	21.309%	18.797%	20.730%
Total capital ratio	24.037%	23.184%	24.075%	22.725%

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

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

	Group		Group	
	31 December 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,615,290	1,492,582	5,116,298	1,340,143
Market Risk	-	646,327	-	219,406
Operational Risk	-	704,075	-	604,853
Large exposure risk	-	2,250	-	62,367
Total Risk Weighted Assets	5,615,290	2,845,234	5,116,298	2,226,769

	Bank		Bank	
	31 December 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,306,982	1,496,190	4,919,418	1,372,091
Market Risk	-	632,053	-	204,614
Operational Risk	-	535,355	-	473,201
Large exposure risk	-	2,250	-	62,367
Total Risk Weighted Assets	5,306,982	2,665,848	4,919,418	2,112,273

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A31. Capital Adequacy (cont'd.)

(iii) Transitional arrangements for regulatory capital treatment of accounting provisions

The bank has elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years beginning on 1 January 2020 and apply the transitional arrangements with 31 December 2020 as the first reporting period.

Under the transitional arrangements, the bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures ("Stage 1 and Stage 2 provisions") to CET1 Capital.

The capital adequacy ratios of the Group and Bank are as follows:

As at 31 December 2020

	Group	Bank
With transitional arrangement		
CET 1 capital ratio	19.093%	18.797%
Tier 1 capital ratio	19.093%	18.797%
Total capital ratio	24.037%	24.075%
	Group	Bank
Without transitional arrangement		
CET 1 capital ratio	18.943%	18.668%
Tier 1 capital ratio	18.943%	18.668%
Total capital ratio	23.887%	23.946%

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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

	31 December 2020	31 December 2019
Outstanding credit exposures with connected parties (RM'000)	<u>179,181</u>	<u>171,387</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>4.89%</u>	<u>5.06%</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
2020								
Revenue								
External sales	231,680	590,705	13,915	12,125	118,622	6,715	-	973,762
- Interest income	173,948	61,078	3,161	10,453	23	8,232	-	256,895
- Fee income	25,051	385,249	10,754	1,672	117,664	493	-	540,883
- Trading and investment income	28,021	139,437	-	-	105	(1,996)	-	165,567
- Other operating income	4,660	4,941	-	-	830	(14)	-	10,417
Inter-segment sales	1,344	625	670	95	10,977	1,457	(15,168)	-
Total revenue	233,024	591,330	14,585	12,220	129,599	8,172	(15,168)	973,762
Result								
Net income	91,538	577,477	13,558	7,112	129,020	10,006	(2,175)	826,536
Other operating expenses	(59,227)	(488,836)	(16,355)	(5,251)	(115,455)	(19,354)	4,315	(700,163)
Credit loss reversal/(expense)	1,707	(2,431)	-	(1)	-	(4,324)	(803)	(5,852)
Bad debt (written off)/recovery	(53)	570	-	-	-	891	-	1,408
Share of results of associates and a joint venture company	-	-	-	-	-	12,786	-	12,786
Profit/(loss) before taxation and zakat	33,965	86,780	(2,797)	1,860	13,565	5	1,337	134,715
Taxation and zakat								(32,430)
Net profit for the financial year								102,285

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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
2020 (cont'd.)								
Other information								
Net interest and finance income	82,455	2,815	4,923	(767)	4,103	8,258		101,787
Depreciation and amortisation	12,988	523	195	3,516	9,566	(1,457)		25,331
Non cash expenses								
- Unrealised loss/(gain) on revaluation of financial assets at FVTPL and derivatives	(74,858)	-	-	-	(3,016)	1,482		(76,392)
Assets								
Investments in associate companies	-	-	-	-	72,078	-		72,078
Investment in a joint venture company					24,719			24,719
Addition to non-current assets	12,470	293	474	3,109	-		A	16,346
Segment assets	6,248,747	362,379	101,720	190,559	15,812	(344,150)	B	6,575,067
Liabilities								
Segment liabilities	5,224,736	344,129	82,897	123,973	1,848	(207,457)	C	5,570,126

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A33. Segmental reporting (cont'd.)

	Investment banking RM'000 (Restated)	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000 (Restated)
2019								
Revenue								
External sales	276,469	248,348	10,669	9,345	97,289	9,150	-	651,270
- Interest income	216,191	55,828	3,779	8,060	3,355	10,685	-	297,898
- Fee income	26,196	154,690	6,890	1,285	93,008	430	-	282,499
- Trading and investment income	30,554	34,647	-	-	141	(1,985)	-	63,357
- Other operating income	3,528	3,183	-	-	785	20	-	7,516
Inter-segment sales	1,550	267	1,073	-	3,611	747	(7,248)	-
Total revenue	278,019	248,615	11,742	9,345	100,900	9,897	(7,248)	651,270
Result								
Net income	84,082	236,601	10,836	5,366	100,976	12,420	(918)	449,363
Other operating expenses	(57,659)	(242,206)	(13,751)	(4,621)	(95,811)	(7,567)	3,428	(418,187)
Credit loss (expense)/reversal	(1,247)	14,878	-	88	-	665	832	15,216
Bad debt (written-off)/recovery	(455)	241	-	-	-	3,678	-	3,464
Impairment of investment in a subsidiary	-	-	-	-	-	(293)	293	-
Share of results of associates and a joint venture company	-	-	-	-	-	(6,905)	-	(6,905)
Profit/(loss) before taxation and zakat	24,721	9,514	(2,915)	833	5,165	1,998	3,635	42,951
Taxation and zakat								(16,565)
Net profit for the financial year								26,386

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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
2019 (cont'd.)								
Other information								
Net interest and finance income	65,701	3,975	3,292	3,204	7,537	3,153	-	86,862
Depreciation and amortisation	13,269	634	143	2,603	9,670	(1,521)	-	24,798
Non cash expenses								
- Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(17,675)	-	-	2,432	(2,083)	-	-	(17,326)
Assets								
Investments in associate companies	-	-	-	-	64,642	-		64,642
Investment in a joint venture company					15,801			15,801
Addition to non-current assets	12,994	18	12	35,820				48,844
Segment assets	6,416,106	81	104,156	141,884	286,879	(318,332)	B	6,630,774
Liabilities								
Segment liabilities	5,460,137	250,708	91,621	86,359	1,656	(163,996)	C	5,726,485

Notes

A Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- Additions during the financial year	8,332	9,143
Intangible assets		
- Additions during the financial year	8,014	39,701
	16,346	48,844

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A33. Segmental reporting (cont'd.)

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

	2020	2019
	RM'000	RM'000
Investment in subsidiaries	(94,942)	(94,942)
Investment in associates and joint venture	(181)	(16,536)
Intangible assets	(40,095)	(40,095)
Inter-segment assets	(208,932)	(166,759)
	<u>(344,150)</u>	<u>(318,332)</u>

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

	2020	2019
	RM'000	RM'000
Deposits accepted from subsidiaries	(90,458)	(53,859)
Inter-segment liabilities	(116,999)	(110,137)
	<u>(207,457)</u>	<u>(163,996)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A34. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 31 December 2020

		Group and Bank	
	Note	As at 31 December 2020 RM '000	As at 31 December 2019 RM '000
ASSETS			
Cash and bank balances	(e)	452,323	982,933
Financial assets at FVTPL	(f)	100,000	100,000
Financial investment at FVOCI	(g)(i)	228,701	157,374
Financial investment at AC	(g)(ii)	66,822	30,087
Financing and advances	(h)	113,928	169,155
Balances due from clients and brokers		1,459	410
Other assets	(i)	3,941	4,692
Property, plant and equipment		26	28
Intangible assets		2	12
TOTAL ASSETS		967,202	1,444,691
LIABILITIES			
Deposits from customers	(j)	665,493	1,174,263
Balances due to clients and brokers		4,409	2,670
Other liabilities	(k)	112,951	98,311
Deferred tax liabilities		1,613	1,121
Provision for taxation and zakat		4,342	3,822
TOTAL LIABILITIES		788,808	1,280,187
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		58,394	44,504
TOTAL ISLAMIC BANKING CAPITAL FUNDS		178,394	164,504
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		967,202	1,444,691
Commitments and contingencies	(r)	61,560	13,676

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial year ended 31 December 2020

	Group and Bank				
	Individual Quarter		Cumulative Quarters		
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000	
Income derived from investment of depositors' funds	(l)	7,088	14,404	46,905	60,810
Income derived from investment of shareholders' funds	(m)	2,746	2,383	8,404	8,096
Credit loss reversal/(expense)		577	(74)	374	(680)
Total attributable income		10,411	16,713	55,683	68,226
Profit distributed to depositors	(n)	(5,482)	(12,372)	(32,759)	(48,668)
Net income		4,929	4,341	22,924	19,558
Finance cost		(451)	(647)	(1,881)	(2,256)
Personnel costs	(o)	(186)	(190)	(749)	(747)
Other overhead expenses	(p)	(813)	(684)	(3,585)	(2,719)
Profit before taxation and zakat		3,479	2,820	16,709	13,836
Taxation and zakat		(699)	(773)	(4,342)	(3,822)
Profit for the financial period/year		2,780	2,047	12,367	10,014
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on debt instruments at FVOCI		(538)	(593)	2,011	4,461
Income tax related to the above items		127	151	(492)	(1,029)
Total other comprehensive (loss)/income for the financial period/year, net of tax		(411)	(442)	1,519	3,432
Total comprehensive income for the financial period/year, net of tax		2,369	1,605	13,886	13,446

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		7,088	14,404	46,905	60,810
Income derived from investment of shareholders' funds		2,746	2,383	8,404	8,096
Total income before impairment allowances and overhead expenses		9,834	16,787	55,309	68,906
Profit distributed to depositors		(5,482)	(12,372)	(32,759)	(48,668)
Finance cost		(451)	(647)	(1,881)	(2,256)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank		3,901	3,768	20,669	17,982

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

(c) Statement Of Changes In Islamic Banking Funds
For the financial year ended 31 December 2020

Group and Bank

	Non-Distributable					Distributable	Total RM'000
	Islamic Banking Fund RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserves RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial year	-	-	-	-	-	12,367	12,367
Other comprehensive income for the financial year	-	1,519	-	-	-	-	1,519
Share based payment under ESS	-	-	-	4	-	-	4
Transfer from regulatory reserve	-	-	(61)	-	-	61	-
At 31 December 2020	120,000	5,036	2,442	19	5,248	45,649	178,394
At 1 January 2019	120,000	85	3,335	9	5,248	22,375	151,052
Profit for the financial year	-	-	-	-	-	10,014	10,014
Other comprehensive income for the financial year	-	3,432	-	-	-	-	3,432
Share based payment under ESS	-	-	-	6	-	-	6
Transfer from regulatory reserve	-	-	(832)	-	-	832	-
At 31 December 2019	120,000	3,517	2,503	15	5,248	33,221	164,504

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial year ended 31 December 2020

	Group and Bank	
	31 December 2020 RM '000	31 December 2019 RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	16,709	13,836
Adjustments for:		
Depreciation of plant and equipment	8	6
Amortisation of intangible assets	10	43
Credit loss (reversal)/expense	(374)	680
Net gain from sale of financial assets at FVTPL	(1,442)	(1,288)
Net gain from sale of financial investments other than those measured at FVTPL	(1,974)	(1,245)
Loss on revaluation of financial assets at FVTPL	-	62
Operating profit before working capital changes	<u>12,937</u>	<u>12,094</u>
Changes in operating assets:		
Financing and advances	55,653	4,111
Balances due from clients and brokers	(1,050)	519
Other assets	756	21,745
Changes in operating liabilities:		
Deposits from customers	(508,770)	(100,495)
Balances due to clients and brokers	1,739	958
Other liabilities	11,179	(19,720)
Cash used in operating activities	<u>(427,556)</u>	<u>(80,788)</u>
Taxation and zakat paid	(357)	(340)
Net cash used in operating activities	<u>(427,913)</u>	<u>(81,128)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6)	-
Net (purchase)/sale of securities	(102,691)	643,917
Net investing cash flow	<u>(102,697)</u>	<u>643,917</u>
Net change in cash and cash equivalents	(530,610)	562,789
Cash and cash equivalents at beginning of the financial year	982,933	420,144
Cash and cash equivalents at end of the financial year	<u>452,323</u>	<u>982,933</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	Group and Bank	
	As at	As at
	31 December 2020 RM'000	31 December 2019 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	30,323	22,933
Money at call and deposit placements with:		
Licensed banks	172,000	140,000
Bank Negara Malaysia	200,000	350,000
Domestic non-bank financial institutions	50,000	470,000
	<u>452,323</u>	<u>982,933</u>
(f) Financial assets at FVTPL		
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
(a) Money market instruments:		
Malaysian Government Investment Certificates	42,088	41,373
Negotiable Instruments of Deposits	99,974	-
	<u>142,062</u>	<u>41,373</u>
(b) Debt instruments:		
Corporate Sukuk	86,639	116,001
Total financial investments at FVOCI	<u>228,701</u>	<u>157,374</u>
(ii) Financial investments at AC		
Debt instruments:		
Corporate Sukuk	66,878	30,087
Less: Allowance for ECL	(56)	-
Total financial investment at AC	<u>66,822</u>	<u>30,087</u>
Total financial investments other than those measured at FVTPL	<u>295,523</u>	<u>187,461</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
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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 instrument measured at AC:

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

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2020	-	-	-	-
New assets originated or purchased	73	-	-	73
Impact of net re-measurement of ECL	(17)	-	-	(17)
As at 31 December 2020	56	-	-	56

Group and Bank

	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
--	--	--

(h) Financing and advances at AC

Commodity Murabahah share margin financing		
- Shariah contract - others	14,293	7,024
Commodity Murabahah revolving credit		
- Shariah contract - others	70,353	66,319
Commodity Murabahah term financing		
- Shariah contract - others	29,501	96,457
Gross financing and advances	114,147	169,800
Less: Allowance for ECL	(219)	(645)
Net financing and advances	113,928	169,155

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

Domestic business enterprise - others	55,648	142,719
Individuals	58,499	27,081
	114,147	169,800

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

In Malaysia	114,147	169,800
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(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:

Fixed rate	14,293	7,024
Variable rate - Cost plus	99,854	162,776
	114,147	169,800

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	Group and Bank		
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	
(h) Financing and advances (cont'd.)			
(v) Gross financing and advances analysed by economic purpose are as follows:			
- Working capital	70,351	45,707	
- Purchase of securities	40,096	40,829	
- Others	3,700	83,264	
	114,147	169,800	
(vi) Gross financing and advances analysed by residual contractual maturity are as follows:			
- Within one year	110,445	73,343	
- More than one year	3,702	96,457	
	114,147	169,800	
(vii) Impairment allowance for financing and advances are as follows:			
<u>Group and Bank</u>			
2020			
<u>Movement in ECL</u>	Stage 1	Stage 2	Stage 3
	RM'000	RM'000	RM'000
As at 1 January 2020	645	-	-
New assets originated or purchased	322	-	-
Assets derecognised or repaid (excluding write-offs)	(521)	-	-
Net remeasurement of allowance	(227)	-	-
As at 31 December 2020	219	-	-
2019			
<u>Movement in ECL</u>	Stage 1	Stage 2	Stage 3
	RM'000	RM'000	RM'000
As at 1 January 2019	-	-	-
New assets originated or purchased	709	-	-
Assets derecognised or repaid (excluding write-offs)	(83)	-	-
Net remeasurement of allowance	19	-	-
As at 31 December 2019	645	-	-
Group and Bank			
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	
(i) Other Assets			
Income receivables	3,893	4,651	
Prepayment	15	1	
Other receivables	88	100	
Less: Allowance for ECL	(55)	(60)	
	3,941	4,692	

NOTES TO INTERIM FINANCIAL STATEMENTS
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A34. Operations Of Islamic Banking (cont'd.)

(i) Other Assets (cont'd.)

(i) Impairment allowance for other receivables

Group and Bank

Movement in ECL

As at 1 January 2020	2	58	60
New assets originated or purchased	15	-	15
Assets derecognised or repaid (excluding write-offs)	-	(25)	(25)
Net remeasurement of allowance	-	5	5
As at 31 December 2020	17	38	55

Movement in ECL

As at 1 January 2019	-	8	8
New assets originated or purchased	14	-	14
Transfer of stages during the year	(12)	12	-
Assets derecognised or repaid (excluding write-offs)	-	(6)	(6)
Net remeasurement of allowance	-	44	44
As at 31 December 2019	2	58	60

2020

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

2019

Non-Credit Impaired RM'000	Credit-Impaired RM'000	Total RM'000
-	8	8
14	-	14
(12)	12	-
-	(6)	(6)
-	44	44
2	58	60

Group and Bank

As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
665,493	1,174,263
665,493	1,174,263

(j) Deposits from customers

(i) By type of deposit

Term deposits		
- Tawarruq (Commodity Murabahah deposits)	665,493	1,174,263
	665,493	1,174,263

(ii) By type of customers

Domestic non-bank institutions	438,864	875,842
Government and other statutory bodies	200,000	200,000
Business enterprises	26,056	96,923
Individuals	573	1,498
	665,493	1,174,263

(iii) By maturity

- Due within six months	345,910	915,150
- Due more than six months	319,583	259,113
	665,493	1,174,263

(k) Other liabilities

Mudarabah Specific Investment Account	36,000	54,200
Profit payable	5,309	4,133
Other payable	71,642	39,978
	112,951	98,311

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000 (Restated)	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000 (Restated)
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	226	785	3,890	4,507
Deposits placements with financial institutions	1,852	7,147	15,503	21,387
Financial investment other than those measured at FVTPL	1,821	3,883	11,096	20,600
Accretion of discount	(106)	(172)	(899)	(710)
Others	10	-	19	-
	3,803	11,643	29,609	45,784
Other operating income/(loss)				
Net (loss)/gain on sale of financial assets at FVTPL	-	(264)	1,442	1,226
Net gain on sale of financial investments other than those measured at FVTPL	-	320	1,974	1,245
Fees on financing and advances	-	-	755	1,788
Brokerage fee	1,905	813	7,157	2,517
Profit income from financial assets at FVTPL	1,286	1,839	5,766	8,212
Advisory fee	36	109	303	217
Placement fee	-	-	-	90
Direct trading fees	(33)	(68)	(234)	(313)
Other operating income	(13)	-	2	-
Other non-operating income	104	12	131	44
	3,285	2,761	17,296	15,026
Total income derived from investment of depositors' funds	7,088	14,404	46,905	60,810
(m) Income/(loss) derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,578	2,321	5,253	7,476
Financial investment other than those measured at FVTPL	1,296	69	3,487	687
Accretion of discount	(128)	(7)	(336)	(67)
	2,746	2,383	8,404	8,096
(n) Profit distributed to depositors				
Deposits from customers and financial institutions - Murabahah Fund	4,914	11,370	30,030	44,567
Others	568	1,002	2,729	4,101
	5,482	12,372	32,759	48,668

NOTES TO INTERIM FINANCIAL STATEMENTS
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A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 31 December 2020 RM'000	3 months ended 31 December 2019 RM'000	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000
(o) Personnel costs				
- Salaries, wages, allowances and bonus	148	146	593	563
- EPF	23	22	92	86
- Other staff related expenses	15	22	64	98
	186	190	749	747
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	2	2	8	6
- Amortisation	-	12	10	43
- Office rental	16	14	58	57
- Repairs and maintenance	2	1	6	3
- Others	1	1	5	5
	21	30	87	114
Marketing and travelling expenses				
- Advertisement and promotions	-	-	-	4
- Travelling and entertainment expenses	-	2	-	5
	-	2	-	9
Administration and general expenses				
- Fees and brokerage	278	68	1,151	307
- Support service charges	445	449	1,873	1,794
- Shariah committee expenses	39	57	214	222
- Others	30	78	260	273
	792	652	3,498	2,596
Total other overhead expenses	813	684	3,585	2,719

NOTES TO INTERIM FINANCIAL STATEMENTS
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A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	45,650	33,221
Other intangibles		
Other reserves	12,745	11,283
Less:		
Intangible assets	(2)	(12)
55% of cumulative gains on financial investments at FVOCI	(2,771)	(1,935)
Regulatory reserves	(2,441)	(2,503)
Total CET 1 / Tier 1 capital	<u>173,181</u>	<u>160,054</u>
Tier 2 Capital		
Impairment provision	2,718	3,151
Total Tier 2 capital	<u>2,718</u>	<u>3,151</u>
Total capital	<u>175,899</u>	<u>163,205</u>
CET 1 capital ratio	64.540%	45.304%
Tier 1 capital ratio	64.540%	45.304%
Total capital ratio	<u>65.553%</u>	<u>46.196%</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 31 December 2020		As at 31 December 2019	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk- weighted amount	Notional amount	Risk- weighted amount
Credit risk	897,330	238,272	1,359,665	327,481
Operational risk	-	30,060	-	25,804
Total Risk Weighted Assets	<u>897,330</u>	<u>268,332</u>	<u>1,359,665</u>	<u>353,285</u>

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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
	31 December	31 December
	2020	2019
	Principal	Principal
	amount	amount
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	7,977	8,676
Other commitments with an original maturity of less than 1 year:		
- corporate financing	39,808	5,000
Other commitments with an original maturity of more than 1 year:		
- corporate financing	13,775	-
	<u>61,560</u>	<u>13,676</u>

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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	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	276,815	166,160	973,762	651,270
Net income	248,167	114,190	826,536	449,363
Profit before tax	53,082	14,434	134,715	42,951
Profit after tax	39,336	8,707	102,285	26,386

The Group reported profit before tax ("PBT") of RM53.1 million for the current quarter ("4Q20") as compared to RM14.4 million for the corresponding quarter in the previous year 2019 ("4Q19"). Despite the challenging time arising from the Covid-19 pandemic, the Group generated higher net income of RM248.2 million for 4Q20 from RM114.2 million a year ago. This was contributed by higher net interest income, net brokerage income, trading and investment income, placement fee income and management fees income as well as share of profits from the joint venture company.

The Group reported higher PBT at RM134.7 million for the year ended 31 December 2020 ("FYE20") compared to the previous year ("FYE19"), mainly due to higher contribution from our stockbroking and investment management businesses as well as higher share of profits from our joint venture with Rakuten Trade.

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

Stockbroking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	178,675	64,302	591,330	248,615
Net income	174,931	61,253	577,477	236,601
Profit before tax	34,068	8,693	86,780	9,514

Stockbroking segment has achieved higher PBT for 4Q20 as compared to 4Q19 mainly due to higher net brokerage income generated from the significant increase in Bursa trading volume. There was also higher trading and investment income generated during the period.

For the full year of 2020, this segment achieved PBT of RM86.8mil mainly due to higher net interest income, net brokerage income, trading and investment income partially negated by credit loss expenses.

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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	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	54,978	67,988	233,024	278,019
Net income	28,174	20,654	91,538	84,082
Profit before tax	13,802	5,827	33,965	24,721

Investment Banking ("IB") registered higher PBT for both 4Q20 and FYE20 compared to 4Q19 and FYE19 respectively mainly due to higher net interest income and reversal of provision for credit loss partially negated by lower IB fee income.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	41,821	27,354	129,599	100,900
Net income	41,865	27,491	129,020	100,976
Profit before tax	5,997	3,510	13,565	5,165

Investment and Wealth Management recorded higher PBT for both 4Q20 and FYE20 compared to 4Q19 and FYE19 respectively mainly due to higher management fees income and performance fee generated for the period and year.

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B1. Performance Review (cont'd.)

Futures Broking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	3,786	2,812	14,585	11,742
Net income	3,456	2,537	13,558	10,836
Loss before tax	(567)	(691)	(2,797)	(2,915)

Futures business has recorded lower loss before tax ("LBT") for both 4Q20 and FYE20 compared to 4Q19 and FYE19 respectively as a result of improved commission generated partially negated by higher overheads.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	2,448	2,895	12,220	9,345
Net income	1,484	1,840	7,112	5,366
Profit before tax	94	461	1,860	833

This segment recorded a decrease in PBT for 4Q20 compared to 4Q19 mainly due to lower net interest and profit income.

PBT of RM1.9 million was recorded for FYE20 compared to PBT of RM0.8 million for FYE19 mainly due to increase in net income from higher lending and factoring activities.

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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	12 months ended	12 months ended
	31 December 2020 (4Q20)	31 December 2019 (4Q19)	31 December 2020 (FYE20)	31 December 2019 (FYE19)
(RM'000)				
Revenue	(583)	879	8,172	9,897
Net income	(479)	394	10,006	12,420
Profit before tax	17	(3,863)	5	1,998

Higher PBT for the current quarter was recorded for this segment compared to previous corresponding quarter mainly due to higher share of profits from our investment in the associates and joint venture partially negated by higher overhead expenses and credit loss expense.

Lower PBT for FYE20 as compared to FYE19 mainly due to higher overhead expenses and credit loss expense partially mitigated by higher share of profits from our investment in the associates and joint venture.

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

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 31 December 2020 (4Q20)	3 months ended 30 September 2020 (3Q20)
(RM'000)		
Revenue	276,815	319,486
Net income	248,167	289,494
Profit before tax	53,082	63,325
Profit after tax	39,336	49,428

For 4Q20, the Group has recorded lower PBT of RM39.3 million compared to previous quarter ended 30 September 2020 mainly due to lower brokerage, trading income and higher credit loss expense partially mitigated by higher share of profits from associates and joint venture.

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B3. Prospects for 2021

The Malaysian economy is expected to recover this year with gross domestic product ("GDP") growth projected to rebound in 2021 (6.1%; 2020 forecast: -5.1%), on the back of an improved global backdrop, underpinned by a wider rollout of coronavirus ("COVID-19") vaccine, a possible gradual reopening of international borders, the restoration of global supply chain and further acceleration in demand for advanced technology. Continued expansionary fiscal and monetary measures and a low base effect would also contribute to an improved growth outcome.

Our forecast is subjected to several downside risks including the unabated surge in COVID-19 infections locally and abroad resulting in tightened restriction measures, elevated domestic political uncertainty with the possibility of a snap general election in the first half year of 2021 and potential renewal of US-China trade tensions under the Joe Biden's administration.

While we expect the BNM to maintain the overnight policy rate ("OPR") at 1.75% amid the better economic outlook this year, we note that the decision is highly contingent on the course of COVID-19 pandemic locally and the degree of tightening actions to curb the spread of the virus in the immediate term. Should things take a turn for the worse, we believe that BNM still has the capacity to cut the OPR by another 25 to 50 basis points.

Fiscal policy stance is expected to remain expansionary as reflected by the record-large spending planned under the Budget 2021, though it is constrained by the high deficit as a result of below-average revenue growth. Nonetheless, given the expected improvement in tax revenue and oil price, we project the fiscal deficit to narrow to 5.6% in 2021 (2020 forecast:

KIBB will proactively manage its risks such as liquidity, credit and market risks to mitigate the impact of slowdown in the economy resulting from the COVID-19 outbreak. We expect the year to be volatile and challenging but will stay focus on our strategic objectives of achieving long term sustainable growth through digitalisation initiatives across the Group.

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 year.

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SELECTED EXPLANATORY NOTES
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B5. Taxation and zakat

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 December 2020	3 months ended 31 December 2019	12 months ended 31 December 2020	12 months ended 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(20,435)	(5,511)	(43,723)	(15,062)
Deferred taxation	6,689	(216)	11,293	(1,503)
Total	(13,746)	(5,727)	(32,430)	(16,565)

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

B6. Borrowings

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM '000	RM '000	RM '000	RM '000
Secured				
Revolving bank loan denominated in RM				
- More than one year	30,400	41,600	30,400	41,600
Unsecured				
Revolving bank loans denominated in RM				
- Within one year	23,000	30,000	-	-
Subordinated notes denominated in RM				
- More than one year	122,000	25,000	122,000	25,000
	<u>175,400</u>	<u>96,600</u>	<u>152,400</u>	<u>66,600</u>

B7. Dividend

No dividend has been proposed for the current financial quarter.

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SELECTED EXPLANATORY NOTES
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SECURITIES BERHAD

B8. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2020</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2019</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2020</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2019</u> <u>RM'000</u>
Profit for the period/year attributable to equity holders of the Bank	39,291	8,707	102,082	26,386
Weighted average number of ordinary shares in issue ('000)	706,260	698,687	701,345	698,707
Effects of dilution	5,992	-	18,473	-
Adjusted weighted average number of ordinary shares in issue ('000)	712,252	698,687	719,818	698,707
Earnings per share (sen)				
- basic	5.56	1.25	14.56	3.78
- fully diluted	5.52	1.25	14.18	3.78

There were no potential dilutive ordinary shares outstanding as at 31 December 2019.

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

- (i) 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.

- (ii) On 2 February 2021, the Bank had announced that KIB had acquired entire issued share capital of i-VCAP Management Sdn Bhd (“i-VCAP”) comprising 11,000,000 ordinary shares in i-VCAP following approval by the Securities Commission of Malaysia.

Subsequent to the acquisition, i-VCAP became a wholly owned subsidiary of KIB.

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 31 December 2020		As at 31 December 2019	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	47,685	53,343	66,528	58,659
Equity related contract- swaps	31,216	2,014	52,340	3,602
Equity related contract- forwards	57,354	40,079	77,667	2,902
Index futures	2,688	135	-	-
Dual currency investment- options	3,655	-	4,509	11
	142,598	95,571	201,044	65,174
<u>Derivative financial liabilities</u>				
Equity related contract- options	451,950	135,291	72,413	13,402
Equity related contract- swaps	19,467	2,095	-	-
Equity related contract- forwards	3,200	88	-	-
Dual currency investment- options	3,655	6	4,509	14
	478,272	137,480	76,922	13,416

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B11. Derivative financial instruments (Cont'd.)

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

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

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

Types of derivative financial instruments

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

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

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

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

Purposes of engaging in derivative financial instruments

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

Gain/(Loss) arising from fair value changes of derivative financial instruments

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM47,068,083 (3Q20 loss: RM98,763,650). This was arrived at based on the fluctuation in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

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B12. Contingent liabilities

	Group and Bank	
	31 December	31 December
	2020	2019
	RM'000	RM'000
(a) On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the 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 matter is fixed for case management on 8 February 2021 and the trial dates are from 11 to 13 August 2021.	<u>3,600</u>	<u>3,600</u>
(b) On 18 December 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Opes Capital Berhad ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the 1st Defendant (who was a dealer representative of KIBB) and another 3rd party had failed to purchase certain shares of a public listed company on its behalf upon transmitting a total of RM16,000,000, and had caused the Plaintiff to suffer losses. KIBB's solicitors are of the view that the claim against KIBB is without merit and KIBB will contest the claim in the court. The matter is fixed for case management on 5 February 2021 and the trial dates are from 18 to 21 May 2021.	<u>16,000</u>	<u>16,000</u>

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