

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

**Unaudited Condensed Interim Financial Statements**  
**30 September 2019**

**KENANGA INVESTMENT BANK BERHAD**  
**(15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

<u>Group</u>	Note	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000 Restated
<b>ASSETS</b>			
Cash and bank balances	A11	2,426,437	1,351,260
Financial assets at fair value through profit or loss ("FVTPL")	A12	341,397	189,224
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	883,810	1,661,676
Financial investments at amortised cost ("AC")	A13 (ii)	112,767	121,256
Derivative financial assets	B11	32,910	71,992
Loans, advances and financing	A14	1,939,020	2,004,915
Balances due from clients and brokers	A15	195,930	296,323
Other assets	A16	213,374	175,873
Statutory deposit with Bank Negara Malaysia	A17	123,368	116,619
Tax recoverable		21,546	25,428
Investment in associates		64,480	58,809
Investment in a joint venture company		17,981	14,077
Property, plant and equipment		172,176	186,322
Intangible assets		316,350	266,222
Right-of-use assets		10,639	13,649
Deferred tax assets		2,782	6,532
<b>TOTAL ASSETS</b>		<b>6,874,967</b>	<b>6,560,177</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	4,958,961	4,562,104
Deposits and placements of banks and other financial institutions	A19	49,218	95,016
Balances due to clients and brokers		462,343	481,932
Derivative financial liabilities	B11	1,306	12,693
Other liabilities	A20	356,109	308,722
Obligations on securities sold under repurchase agreements		19,410	83,067
Borrowings	A21	106,900	119,300
Lease liabilities		11,023	13,649
Provision for taxation and zakat		7,972	12,688
Deferred tax liabilities		2,950	-
<b>TOTAL LIABILITIES</b>		<b>5,976,192</b>	<b>5,689,171</b>
<b>EQUITY</b>			
Share capital		246,249	246,249
Treasury shares		(16,990)	(16,808)
Reserves		669,516	641,565
<b>TOTAL EQUITY</b>		<b>898,775</b>	<b>871,006</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,874,967</b>	<b>6,560,177</b>
<b>Commitments and contingencies</b>	A29	3,017,267	3,120,704
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>1.29</b>	<b>1.25</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

<u>Bank</u>	Note	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000 Restated
<b>ASSETS</b>			
Cash and bank balances	A11	2,197,672	1,116,117
Financial assets at FVTPL	A12	339,526	188,576
Financial investments at FVOCI	A13 (i)	883,810	1,661,676
Financial investments at AC	A13 (ii)	112,767	121,256
Derivative financial assets	B11	32,910	71,992
Loans, advances and financing	A14	1,909,651	1,975,765
Balances due from clients and brokers	A15	195,930	296,323
Other assets	A16	131,569	85,413
Statutory deposit with Bank Negara Malaysia	A17	123,368	116,619
Tax recoverable		18,371	18,114
Investment in subsidiaries		70,428	70,428
Investment in an associate		56,235	56,235
Investment in a joint venture company		40,000	30,000
Property, plant and equipment		167,343	183,131
Intangible assets		320,619	305,409
Right-of-use assets		9,734	12,765
Deferred tax assets		-	3,666
<b>TOTAL ASSETS</b>		<b>6,609,933</b>	<b>6,313,485</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	5,000,710	4,613,788
Deposits and placements of banks and other financial institutions	A19	49,218	95,016
Balances due to clients and brokers		238,088	221,083
Derivative financial liabilities	B11	1,306	12,693
Other liabilities	A20	261,347	258,080
Obligations on securities sold under repurchase agreements		19,410	83,067
Borrowings	A21	69,400	77,800
Lease liabilities		10,071	12,765
Provision for taxation and zakat		7,353	11,963
Deferred tax liabilities		2,818	-
<b>TOTAL LIABILITIES</b>		<b>5,659,721</b>	<b>5,386,255</b>
<b>EQUITY</b>			
Share capital		246,249	246,249
Treasury shares		(16,990)	(16,808)
Reserves		720,953	697,789
<b>TOTAL EQUITY</b>		<b>950,212</b>	<b>927,230</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,609,933</b>	<b>6,313,485</b>
<b>Commitments and contingencies</b>	A29	3,103,068	3,245,541
<b>Net assets per share (RM)</b>		<b>1.36</b>	<b>1.33</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD**  
(15678-H)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000 (Restated)	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000 (Restated)
<b>Group</b>					
Interest income	A22	60,265	68,780	185,749	202,384
Interest expense	A23	(37,579)	(46,685)	(121,818)	(136,984)
Net interest income		22,686	22,095	63,931	65,400
Net income from Islamic banking business	A33	5,378	4,776	14,214	10,493
Other operating income	A24	82,394	82,328	257,028	258,255
Net income		110,458	109,199	335,173	334,148
Other operating expenses	A25	(101,120)	(98,056)	(309,791)	(304,073)
Operating profit		9,338	11,143	25,382	30,075
Credit loss (expenses)/reversal	A26	(1,219)	642	4,331	394
Bad debts recovered	A27	3,129	53	3,416	13,726
		11,248	11,838	33,129	44,195
Share of results of associates and joint venture		(2,171)	(2,501)	(4,612)	(5,926)
<b>Profit before taxation and zakat</b>		9,077	9,337	28,517	38,269
Taxation and zakat	B5	(4,785)	(3,545)	(10,838)	(13,921)
<b>Profit for the period</b>		4,292	5,792	17,679	24,348
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation loss on equity instruments at FVOCI		(88)	-	(666)	-
Share of other comprehensive profit/(loss) in associates		471	(2,620)	3,362	(2,533)
Income tax related to the above		-	-	160	-
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		983	1,679	825	1,166
Net gain on fair value changes of debt instrument at FVOCI		4,358	6,782	16,711	3,454
Income tax relating to the components of other comprehensive income		(1,047)	(1,628)	(4,012)	(829)
Other comprehensive income for the period, net of tax		4,677	4,213	16,380	1,258
<b>Total comprehensive income for the period, net of tax</b>		8,969	10,005	34,059	25,606

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 September 2019</b>	<b>3 months ended 30 September 2018</b>	<b>9 months ended 30 September 2019</b>	<b>9 months ended 30 September 2018</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Earnings per share</b>				
Basic (sen)	B8 0.61	0.82	2.53	3.39
Fully diluted (sen)	B8 0.61	0.81	2.53	3.34

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**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 PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000 (Restated)	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000 (Restated)
<b>Bank</b>					
Interest income	A22	58,408	66,272	179,644	195,965
Interest expense	A23	(38,761)	(46,341)	(123,302)	(136,263)
Net interest income		19,647	19,931	56,342	59,702
Net income from Islamic banking business	A33	5,378	4,776	14,214	10,493
Other operating income	A24	58,436	62,633	184,856	201,737
Net income		83,461	87,340	255,412	271,932
Other operating expenses	A25	(75,481)	(76,878)	(233,779)	(239,815)
Operating profit		7,980	10,462	21,633	32,117
Credit loss (expenses)/reversal	A26	(1,604)	622	2,341	508
Bad debts recovered	A27	3,129	53	3,416	13,726
<b>Profit before taxation and zakat</b>		9,505	11,137	27,390	46,351
Taxation and zakat		(4,497)	(3,592)	(10,311)	(13,841)
<b>Profit for the period</b>		5,008	7,545	17,079	32,510
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation loss on equity instruments at FVOCI		(88)	-	(666)	-
Income tax related to the above		21	-	160	-
Items that will be reclassified subsequently to profit or loss:					
Net gain on fair value changes of debt instruments at FVOCI		4,358	6,782	16,711	3,454
Income tax relating to the components of other comprehensive income		(1,047)	(1,628)	(4,012)	(829)
Other comprehensive income for the period, net of tax		3,244	5,154	12,193	2,625
<b>Total comprehensive income for the period, net of tax</b>		8,252	12,699	29,272	35,135

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD**  
**(15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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
<b>At 1 January 2019</b>	246,249	2,588	(4,120)	25,488	18,783	88,938	(16,808)	509,888	871,006
Net profit for the financial period	-	-	-	-	-	-	-	17,679	17,679
Share of other comprehensive income of associates	-	-	243	-	-	-	-	3,119	3,362
Other comprehensive income	-	-	12,193	-	825	-	-	-	13,018
Total comprehensive income	-	-	12,436	-	825	-	-	20,798	34,059
Share based payment under Employees' Share Options Scheme ("ESS")	-	1,578	-	-	-	-	-	-	1,578
Buy-back of shares	-	-	-	-	-	-	(182)	-	(182)
Transfer from regulatory reserve	-	-	-	(595)	-	-	-	595	-
Dividend paid	-	-	-	-	-	-	-	(7,686)	(7,686)
<b>At 30 September 2019</b>	<b>246,249</b>	<b>4,166</b>	<b>8,316</b>	<b>24,893</b>	<b>19,608</b>	<b>88,938</b>	<b>(16,990)</b>	<b>523,595</b>	<b>898,775</b>

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**KENANGA INVESTMENT BANK BERHAD  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

Group	Non- Distributable					Distributable		Total Equity RM'000	
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Deficit RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
<b>At 1 January 2018</b>	246,137	-	(5,655)	25,277	17,398	88,938	-	519,053	891,148
Net profit for the financial period	-	-	-	-	-	-	-	24,348	24,348
Share of other comprehensive (loss)/income of associates	-	-	(3,366)	-	-	-	-	833	(2,533)
Other comprehensive income	-	-	2,625	-	1,166	-	-	-	3,791
Total comprehensive (loss)/income	-	-	(741)	-	1,166	-	-	25,181	25,606
Share based payment under ESS	-	1,783	-	-	-	-	-	-	1,783
Issue of shares pursuant to exercise of ESS	112	(17)	-	-	-	-	-	17	112
Buy-back of shares	-	-	-	-	-	-	(14,935)	-	(14,935)
Transfer from regulatory reserve	-	-	-	(212)	-	-	-	212	-
Dividend paid	-	-	-	-	-	-	-	(21,653)	(21,653)
<b>At 30 September 2018</b>	<b>246,249</b>	<b>1,766</b>	<b>(6,396)</b>	<b>25,065</b>	<b>18,564</b>	<b>88,938</b>	<b>(14,935)</b>	<b>522,810</b>	<b>882,061</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>Non- Distributable</b>					<b>Distributable</b>		<b>Total Equity RM'000</b>
	<b>Ordinary Shares RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>ESS Reserve RM'000</b>	<b>Fair Value Deficit RM'000</b>	<b>Capital Reserve RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Profits RM'000</b>	
<b>Bank</b>								
<b>At 1 January 2018</b>	246,137	25,277	-	(3,866)	153,863	-	512,175	933,586
Net profit for the financial year	-	-	-	-	-	-	32,510	32,510
Other comprehensive income	-	-	-	2,625	-	-	-	2,625
Total comprehensive income	-	-	-	2,625	-	-	32,510	35,135
Share based payment under ESS	-	-	1,783	-	-	-	-	1,783
Issue of shares pursuant to exercise of ESS	112	-	(17)	-	-	-	17	112
Buy-back of shares	-	-	-	-	-	(14,935)	-	(14,935)
Transfer from regulatory reserve	-	(212)	-	-	-	-	212	-
Dividend paid	-	-	-	-	-	-	(21,653)	(21,653)
<b>At 30 September 2018</b>	<b>246,249</b>	<b>25,065</b>	<b>1,766</b>	<b>(1,241)</b>	<b>153,863</b>	<b>(14,935)</b>	<b>523,261</b>	<b>934,028</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash flows from operating activities</b>				
<b>Profit before taxation</b>	28,517	38,269	27,390	46,351
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	7,992	10,037	7,451	9,671
Amortisation of intangible assets	3,198	169	3,064	-
Amortisation of right-of-use assets	6,790	-	6,126	-
Lease interest expenses	836	-	774	-
ESS expenses	1,389	1,557	1,389	1,557
Credit loss reversal	(4,331)	(394)	(2,341)	(508)
Property, plant and equipment written off	36	2	36	2
Bad debts written off	291	-	291	-
<b>Non-cash items</b>	16,201	11,371	16,790	10,722
Net gain from sale of financial assets at FVTPL and derivatives	(37,017)	(20,020)	(37,017)	(20,020)
Net gain from sale of financial investments other than those measured at FVTPL	(8,002)	(1,995)	(8,002)	(1,995)
Gross dividend income from investments	(1,225)	(1,184)	(1,122)	(1,031)
Loss/(Gain) on revaluation of financial assets at FVTPL and derivatives	6,576	(3,887)	8,796	(3,887)
Share of results of associates and joint venture	4,612	5,926	-	-
<b>Non-operating items - investing</b>	(35,056)	(21,160)	(37,345)	(26,933)
Adjustments for non-operating and non-cash items	(18,855)	(9,789)	(20,555)	(16,211)
Operating profit before working capital changes	9,662	28,480	6,835	30,140
<b>Changes in working capital:</b>				
Net changes in operating assets	161,468	78,965	116,197	216,213
Net changes in operating liabilities	297,977	465,393	297,928	463,664
Cash generated from operations	469,107	572,838	420,960	710,017
Taxation and zakat paid	(8,747)	(13,374)	(12,546)	(13,140)
<b>Net operating cash flow</b>	460,360	559,464	408,414	696,877
<b>Cash flows from investing activities</b>				
Dividends received from other investments	1,225	1,184	1,122	1,031
Purchase of property, plant and equipment and intangible assets	(45,693)	(7,986)	(9,973)	(7,485)
Acquisition of subsidiaries, net of cash acquired	(15,616)	-	-	-
Capital injection in a joint venture	(10,000)	(10,000)	(10,000)	(10,000)
Net sale/(purchase) of securities	717,049	(311,575)	716,052	(313,122)
<b>Net investing cash flow</b>	646,965	(328,377)	697,201	(329,576)
<b>Cash flows from financing activities</b>				
Dividend paid	(7,686)	(21,653)	(7,686)	(21,653)
Issuance of shares	-	112	-	112
Rental/lease payments	(7,242)	-	(6,563)	-
Net (repayment)/drawdown of borrowings	(12,400)	52,100	(8,400)	11,600
Buy-back of shares	(182)	(14,935)	(182)	(14,935)
<b>Net financing cash flow</b>	(27,510)	15,624	(22,831)	(24,876)

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b>Net change in cash and cash equivalents during the financial period</b>	1,079,815	246,711	1,082,784	342,425
<b>Effect of exchange rate differences</b>	1	2	-	-
<b>Cash and cash equivalents brought forward</b>	<u>1,096,373</u>	<u>1,143,077</u>	<u>1,053,573</u>	<u>1,032,060</u>
<b>Cash and cash equivalents carried forward</b>	<u>2,176,189</u>	<u>1,389,790</u>	<u>2,136,357</u>	<u>1,374,485</u>

**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:

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2019 RM'000</b>	<b>As at 30 September 2018 RM'000</b>	<b>As at 30 September 2019 RM'000</b>	<b>As at 30 September 2018 RM'000</b>
Cash and short-term funds	2,353,227	1,600,959	2,197,672	1,437,023
Deposits and placements with banks and other financial institutions	73,210	80,562	-	-
Less: Segregated funds from customers	(188,933)	(229,193)	-	-
Less: Cash and bank balances and deposits held in trust	<u>(61,315)</u>	<u>(62,538)</u>	<u>(61,315)</u>	<u>(62,538)</u>
	<u>2,176,189</u>	<u>1,389,790</u>	<u>2,136,357</u>	<u>1,374,485</u>

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**A1. Basis Of Preparation**

The interim financial statements, for the financial period ended 30 September 2019, 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 2018, except for the adoption of new standard, MFRS 16 Leases which was effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that have been issued but not effective yet.

MFRS 16 introduced a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. All leases were brought onto the balance sheet as off-balance sheet leases are no longer allowed except for some limited practical exemptions. Assets and liabilities were recognised for all leases with a term of more than 12 months, unless the underlying assets were low-value assets. Upon adoption of MFRS 16, the Group and the Bank have accounted for the rental of branch premises and equipments in the balance sheet by recognizing the 'right-of-use' assets and lease liabilities.

The Group and the Bank applied MFRS 16 using modified retrospective approach and measured the right-of-use assets equals to the lease liabilities at 1 January 2019 with no restatement of comparative information.

On transition to MFRS 16, the Group and the Bank recognised an amount of RM13,648,750 and RM12,765,349 respectively of right-of-use assets and lease liabilities.

When measuring lease liabilities, the Group and the Bank discounted lease payments based on pre-tax weighted average cost of capital plus an appropriate risk premium.

**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 2018. 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 2018.

**A3. Preceding financial year audit report**

The preceding financial year audit report in respect of the financial year ended 31 December 2018 was not qualified by the external auditors.

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**A4. Seasonal or Cyclical Factors**

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

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

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

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

There were no changes made to the estimated figures reported in prior interim period.

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 30 September 2019, other than the Bank repurchased 310,000 ordinary shares of its issued share capital from the open market at an average cost of RM0.57859 per share. The total consideration paid for the share buy-back, including transaction costs was RM181 thousand, and was financed by internally generated fund.

As at 30 September 2019, the number of treasury shares held was 24,053,900 shares.

**A8. Dividends paid per share**

An interim dividend of 1.1 sen per share in respect of the financial year ended 31 December 2018, which amounted to RM7,685,562 was paid on 19 April 2019.

**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 A10 and B10 respectively.

**A10. Changes in composition of the Group**

Kenanga Investors Berhad ("KIB"), a wholly-owned subsidiary of the Bank, had on 28 March 2019 entered into a conditional Share Purchase Agreement with ECM Libra Financial Group Berhad ("Vendor") ("SPA") to acquire the entire issued share capital of Libra Invest Berhad ("Libra Invest") comprising 6,500,000 ordinary shares in Libra Invest held by the Vendor, subject to the terms and conditions as stipulated in the SPA ("Proposed Acquisition").

On 8 July 2019, KIB had completed the proposed acquisition in accordance with the conditional share purchase agreement dated 28 March 2019 entered into between ECM Libra Financial Group Berhad and KIB and became a 100% wholly owned subsidiary of the Group.

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	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
<b>A11. Cash and bank balances</b>				
Cash and balances with banks and other financial institutions	330,786	257,762	214,176	144,307
Money at call and deposit placements	2,095,651	1,093,498	1,983,496	971,810
	<u>2,426,437</u>	<u>1,351,260</u>	<u>2,197,672</u>	<u>1,116,117</u>
Included in cash and bank balances are:				
Cash and cash equivalents	2,176,189	1,096,373	2,136,357	1,053,573
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	250,248	254,887	61,315	62,544
	<u>2,426,437</u>	<u>1,351,260</u>	<u>2,197,672</u>	<u>1,116,117</u>
<b>A12. Financial Assets At FVTPL</b>				
<b>At fair value</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Securities	21,421	-	21,421	-
Malaysian Government Investment Certificates	32,091	-	32,091	-
Bank Negara Malaysia Bills and Notes	69,867	-	69,867	-
	<u>123,379</u>	<u>-</u>	<u>123,379</u>	<u>-</u>
<b>Quoted Securities:</b>				
Shares in Malaysia	65,209	37,491	65,209	37,491
Shares outside Malaysia	-	147	-	147
	<u>65,209</u>	<u>37,638</u>	<u>65,209</u>	<u>37,638</u>
<b>Unquoted Securities:</b>				
Shares and funds in Malaysia	132,948	131,725	131,077	131,077
<b>Unquoted Debt Securities in Malaysia:</b>				
Islamic Corporate Bills	19,861	19,861	19,861	19,861
	<u>19,861</u>	<u>19,861</u>	<u>19,861</u>	<u>19,861</u>
<b>Total financial assets at FVTPL</b>	<u><b>341,397</b></u>	<u><b>189,224</b></u>	<u><b>339,526</b></u>	<u><b>188,576</b></u>

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<b>As at</b>	<b>As at</b>
<b>30 September</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>RM'000</b>	<b>RM'000</b>

**A13. Financial investments other than those measured at FVTPL**

**(i) Financial investments at FVOCI**

**Money market instruments:**

Malaysian Government Securities	52,384	40,182
Malaysian Government Investment Certificates	72,663	195,055
Negotiable Instruments of Deposits	-	50,000
Islamic Negotiable Instruments of Deposits	99,684	629,165
	<u>224,731</u>	<u>914,402</u>

**Equity instruments in Malaysia:**

Unquoted Shares	1,088	1,754
	<u>1,088</u>	<u>1,754</u>

**Debt instruments in Malaysia:**

Islamic Corporate Sukuk	484,648	584,853
Corporate Bonds	173,343	160,667
	<u>657,991</u>	<u>745,520</u>

**Total financial investments at FVOCI:**

<u><b>883,810</b></u>	<u><b>1,661,676</b></u>
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Included in financial investments at FVOCI are financial assets sold under repurchase agreements as follows:

Malaysian Government Securities	20,167	83,067
	<u>20,167</u>	<u>83,067</u>

Impairment losses on debt instrument measured at FVOCI:

**Group and Bank**

	<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b><u>Movement in Expected Credit Loss ("ECL")</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2019	225	-	-	225
New assets originated or purchased	18	-	-	18
Impact of net re-measurement of ECL	(27)	-	-	(27)
Assets derecognised or matured	(148)	-	-	(148)
As at 30 September 2019	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>
	<b>2018</b>			
<b><u>Movement in ECL</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2018	17	-	-	17
New assets originated or purchased	208	-	-	208
As at 31 December 2018	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>

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<b>Group and Bank</b>	
<b>As at</b>	<b>As at</b>
<b>30 September</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>RM'000</b>	<b>RM'000</b>

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

**(ii) Financial investment at AC:**

**Money market instruments:**

Malaysian Government Investment Certificates	9,888	9,876
	<u>9,888</u>	<u>9,876</u>

**Debt instruments in Malaysia:**

At cost		
Islamic Corporate Sukuk	83,181	92,202
Corporate Bonds	20,031	20,038
Less: Allowance for ECL	(333)	(860)
	<u>102,879</u>	<u>111,380</u>

**Total financial investment at AC:**

<u><b>112,767</b></u>	<u><b>121,256</b></u>
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Impairment losses on debt instrument measured at Amortised Cost ("AC")

**Group and Bank**

	<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b><u>Movement in ECLs</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2019	-	860	-	860
Impact of net re-measurement of ECL	-	(371)	-	(371)
Assets derecognised or matured (excluding write-off)	-	(156)	-	(156)
As at 30 September 2019	<u>-</u>	<u>333</u>	<u>-</u>	<u>333</u>

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b><u>Movement in ECLs</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2018	64	952	-	1,016
Impact of net re-measurement of ECL	(64)	(92)	-	(156)
As at 31 December 2018	<u>-</u>	<u>860</u>	<u>-</u>	<u>860</u>

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	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
<b>A14. Loans, Advances and Financing</b>				
<b>At Amortised Cost</b>				
Share margin financing	1,258,218	1,419,617	1,258,218	1,419,617
Term loans	607,276	554,282	664,349	577,312
Subordinated term loan	-	-	15,181	10,278
Other lending and factoring receivables	101,312	62,735	-	-
Advances to group employees	28	60	28	60
Gross loans, advances and financing	<u>1,966,834</u>	<u>2,036,694</u>	<u>1,937,776</u>	<u>2,007,267</u>
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(1,253)	(898)	(2,301)	(1,402)
- Stage 2- Lifetime ECL non-credit impaired	-	(8,847)	-	(8,847)
- Stage 3- Lifetime ECL credit impaired	(26,561)	(22,034)	(25,824)	(21,253)
<b>Net Loans, Advances and Financing</b>	<b><u>1,939,020</u></b>	<b><u>2,004,915</u></b>	<b><u>1,909,651</u></b>	<b><u>1,975,765</u></b>
<b>(i) By Type of Customer</b>				
Domestic business enterprise				
- Small medium enterprise	254,514	233,392	197,432	213,770
- Others	637,307	587,463	709,561	587,463
Individuals	1,041,548	1,149,370	997,318	1,139,565
Foreign enterprises	33,465	66,469	33,465	66,469
<b>Gross Loans, Advances and Financing</b>	<b><u>1,966,834</u></b>	<b><u>2,036,694</u></b>	<b><u>1,937,776</u></b>	<b><u>2,007,267</u></b>
<b>(ii) By Geographical Distribution</b>				
In Malaysia	1,920,674	1,944,629	1,891,616	1,915,202
Outside Malaysia	46,160	92,065	46,160	92,065
<b>Gross Loans, Advances and Financing</b>	<b><u>1,966,834</u></b>	<b><u>2,036,694</u></b>	<b><u>1,937,776</u></b>	<b><u>2,007,267</u></b>
<b>(iii) By Interest Rate/ Profit Rate Sensitivity</b>				
Fixed rate				
- Other fixed rate loans	1,359,530	1,482,352	1,258,218	1,419,617
Variable rate				
- Other variable rates	600,861	535,855	673,115	569,163
- Base lending rate plus	6,415	18,427	6,415	18,427
Interest free	28	60	28	60
<b>Gross Loans, Advances and Financing</b>	<b><u>1,966,834</u></b>	<b><u>2,036,694</u></b>	<b><u>1,937,776</u></b>	<b><u>2,007,267</u></b>
<b>(iv) By Purpose</b>				
- Purchase of securities	1,479,460	1,715,237	1,471,336	1,704,785
- Working capital	215,665	154,549	232,872	159,238
- Others	271,709	166,908	233,568	143,244
<b>Gross Loans, Advances and Financing</b>	<b><u>1,966,834</u></b>	<b><u>2,036,694</u></b>	<b><u>1,937,776</u></b>	<b><u>2,007,267</u></b>

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	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
<b>A14. Loans, Advances and Financing (cont'd.)</b>				
<b>(v) By Residual Contractual Maturity</b>				
- Within one year	319,257	1,656,272	362,912	1,640,660
- More than one year	1,647,577	380,422	1,574,864	366,607
<b>Gross Loans, Advances and Financing</b>	<b>1,966,834</b>	<b>2,036,694</b>	<b>1,937,776</b>	<b>2,007,267</b>
<b>(vi) Movements in impaired loans, advances and financing ("Impaired loans")</b>				
At beginning of the financial period	59,068	2,737	58,283	1,910
Impaired during the financial period	31,293	57,814	31,293	57,814
Amount written off against allowance for ECL	-	(1,441)	-	(1,441)
Amount recovered	(37,726)	(42)	(37,682)	-
At end of the financial period	52,635	59,068	51,894	58,283
Less: Allowance for ECL	(26,561)	(22,034)	(25,824)	(21,253)
Net impaired loans	26,074	37,034	26,070	37,030
Net impaired loans as a % of gross loans, advances and financing less allowance	<b>1.34%</b>	<b>1.85%</b>	<b>1.37%</b>	<b>1.87%</b>
<b>(vii) Impaired loans by Geographical Distribution</b>				
In Malaysia	36,289	11,863	35,548	11,078
Outside Malaysia	16,346	47,205	16,346	47,205
Gross impaired loans	52,635	59,068	51,894	58,283
<b>(viii) Impaired loans by Purpose</b>				
Working capital	741	785	-	-
Purchase of securities	51,894	58,283	51,894	58,283
Gross impaired loans	52,635	59,068	51,894	58,283

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**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**

	<b>2019</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2019	-	8,847	21,253	30,100
New assets originated or purchased	-	-	13,397	13,397
Assets derecognised or repaid (excluding write-offs)	-	-	(17,673)	(17,673)
Transfers of stages	-	(8,847)	8,847	-
As at 30 September 2019	-	-	25,824	25,824

**Group and Bank**

	<b>2018</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2018	-	-	1,441	1,441
New assets originated or purchased	-	8,847	21,253	30,100
Amounts written off	-	-	(1,441)	(1,441)
As at 31 December 2018	-	8,847	21,253	30,100

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**

	<b>2019</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2019	815	-	-	815
New assets originated or purchased	851	-	-	851
Assets derecognised or repaid (excluding write-offs)	(559)	-	-	(559)
As at 30 September 2019	1,107	-	-	1,107

	<b>2018</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2018	1,302	-	-	1,302
New assets originated or purchased	1,048	-	-	1,048
Assets derecognised or repaid (excluding write-offs)	(1,535)	-	-	(1,535)
As at 31 December 2018	815	-	-	815

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**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**

	<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movement in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2019	1,201	-	-	1,201
New assets originated or purchased	1,420	-	-	1,420
Assets derecognised or repaid (excluding write-offs)	(589)	-	-	(589)
As at 30 September 2019	2,032	-	-	2,032

  

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movement in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2018	1,720	-	-	1,720
New assets originated or purchased	1,048	-	-	1,048
Assets derecognised or repaid (excluding write-offs)	(1,567)	-	-	(1,567)
As at 31 December 2018	1,201	-	-	1,201

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

**Others lending and factoring receivables**

**Group**

	<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movement in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2019	23	-	781	804
Assets derecognised or repaid (excluding write-offs)	(19)	-	(44)	(63)
As at 30 September 2019	4	-	737	741

  

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movement in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2018	21	-	823	844
New assets originated or purchased	2	-	-	2
Assets derecognised or repaid (excluding write-offs)	-	-	(42)	(42)
As at 31 December 2018	23	-	781	804

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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**

	<b>2019</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2019	60	-	-	60
New assets originated or purchased	108	-	-	108
Exposure derecognised or matured/lapsed (excluding write-offs)	(26)	-	-	(26)
As at 30 September 2019	142	-	-	142

	<b>2018</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2018	13	-	-	13
New assets originated or purchased	60	-	-	60
Exposure derecognised or matured/lapsed (excluding write-offs)	(13)	-	-	(13)
As at 31 December 2018	60	-	-	60

**Bank**

	<b>2019</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECLs</b>				
As at 1 January 2019	201	-	-	201
New assets originated or purchased	109	-	-	109
Exposure derecognised or matured/lapsed (excluding write-offs)	(41)	-	-	(41)
As at 30 September 2019	269	-	-	269

	<b>2018</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Movement in ECL</b>				
As at 1 January 2018	154	-	-	154
New assets originated or purchased	60	-	-	60
Exposure derecognised or matured/lapsed (excluding write-offs)	(13)	-	-	(13)
As at 31 December 2018	201	-	-	201

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<b>Group and Bank</b>	
<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>

**A15. Balances due from clients and brokers**

Balances due from clients and brokers	210,244	310,778
Less:		
Allowance for ECL	(14,314)	(14,455)
	<b>195,930</b>	<b>296,323</b>

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

**Group and Bank**

	<b>2019</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
	<b>Movement in ECL</b>		
As at 1 January 2019	1,517	12,938	14,455
Charge during the period	61	145	206
Written back during the period	(61)	(286)	(347)
As at 30 September 2019	<b>1,517</b>	<b>12,797</b>	<b>14,314</b>

**Movement in ECL**

As at 1 January 2018	1,516	12,904	14,420
Charge during the year	103	218	321
Written back during the year	(102)	(184)	(286)
As at 31 December 2018	<b>1,517</b>	<b>12,938</b>	<b>14,455</b>

	<b>2018</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
	<b>Movement in ECL</b>		
As at 1 January 2018	1,516	12,904	14,420
Charge during the year	103	218	321
Written back during the year	(102)	(184)	(286)
As at 31 December 2018	<b>1,517</b>	<b>12,938</b>	<b>14,455</b>

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>	<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>

**A16. Other Assets**

Assets segregated for customers	38,312	78,127	-	-
Interest/income receivable	13,903	12,847	13,636	12,456
Prepayments and deposits	20,027	18,666	18,021	17,439
Other debtors	87,621	31,528	53,379	19,153
Treasury trade receivables	21,490	39,530	21,490	39,530
Amount due from subsidiaries	-	-	30,387	289
Amount due from related parties	2	31	2	31
Amount due from trustees	37,334	-	-	-
	<b>218,689</b>	<b>180,729</b>	<b>136,915</b>	<b>88,898</b>
Allowance for ECL				
- Other debtors	(5,315)	(4,856)	(5,042)	(3,485)
- Amount due from subsidiaries	-	-	(304)	-
	<b>213,374</b>	<b>175,873</b>	<b>131,569</b>	<b>85,413</b>

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**A16. Other Assets (cont'd.)**

**Group**

	2019		
	Non-Credit Impaired	Credit- Impaired	Total
	RM'000	RM'000	RM'000
<b>Movement in ECL</b>			
As at 1 January 2019	259	4,597	4,856
Charge/transfer of stage during the period	936	2,528	3,464
Written back/transfer of stage during the period	(1,047)	(1,934)	(2,981)
Written off during the year	-	(24)	(24)
As at 30 September 2019	148	5,167	5,315

	2018		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
<b>Movement in ECL</b>			
As at 1 January 2018	473	4,267	4,740
Charge/transfer of stage during the year	96	407	503
Written back/transfer of stage during the year	(310)	(77)	(387)
As at 31 December 2018	259	4,597	4,856

**Bank**

	2019		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
<b>Movement in ECL</b>			
As at 1 January 2019	259	3,226	3,485
Charge/transfer of stage during the period	936	2,528	3,464
Written back/transfer of stage during the period	(1,047)	(836)	(1,883)
Written off during the year	-	(24)	(24)
As at 30 September 2019	148	4,894	5,042

	2018		
	Non-Credit Impaired	Credit Impaired	Total
	RM'000	RM'000	RM'000
<b>Movement in ECL</b>			
As at 1 January 2018	473	2,879	3,352
Charge/transfer of stage during the year	96	407	503
Written back/transfer of stage during the year	(310)	(60)	(370)
As at 31 December 2018	259	3,226	3,485

**Bank**

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Movement in ECLs</b>				
As at 1 January 2019	-	-	-	-
New assets originated or purchased	(304)	-	-	(304)
Exposure derecognised or matured/lapsed (excluding write-offs)	-	-	-	-
As at 30 September 2019	(304)	-	-	(304)

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<b>Group and Bank</b>	
<b>As at</b>	<b>As at</b>
<b>30 September</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>RM'000</b>	<b>RM'000</b>

**A17. Statutory deposit with Bank Negara Malaysia**

Statutory Deposit	<b>123,368</b>	<b>116,619</b>
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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.

<b>Group</b>		<b>Bank</b>	
<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A18. Deposits from customers**

**(i) By type of deposit**

Fixed term deposits	3,800,983	3,645,634	3,830,983	3,683,800
Short term money deposits	970,950	782,435	982,314	795,578
Call money deposits	135,145	88,246	135,145	88,246
Negotiable instruments of deposit	51,883	45,789	52,268	46,164
	<b>4,958,961</b>	<b>4,562,104</b>	<b>5,000,710</b>	<b>4,613,788</b>

**(ii) By type of customer**

Government and other statutory bodies	731,672	972,649	731,672	972,649
Individuals	123,990	125,692	123,990	125,692
Business enterprises	776,692	1,076,432	776,692	1,076,432
Non-bank financial institutions	3,223,202	2,315,172	3,223,202	2,315,172
Subsidiaries and related companies	103,405	72,159	145,154	123,843
	<b>4,958,961</b>	<b>4,562,104</b>	<b>5,000,710</b>	<b>4,613,788</b>

**(iii) By maturity structure**

Due within six months	3,566,138	3,332,226	3,607,887	3,383,910
More than six months to one year	978,387	1,014,878	978,387	1,014,878
More than one year	414,436	215,000	414,436	215,000
	<b>4,958,961</b>	<b>4,562,104</b>	<b>5,000,710</b>	<b>4,613,788</b>

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	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
<b>A19. Deposits and placements of banks and financial institutions</b>				
Licenced investment banks	-	50,000	-	50,000
Bank Negara Malaysia ("BNM")	49,218	45,016	49,218	45,016
	<b>49,218</b>	<b>95,016</b>	<b>49,218</b>	<b>95,016</b>
<b>A20. Other liabilities</b>				
Interest/Income payable	40,438	35,902	40,320	35,563
Accruals and provision	122,236	64,374	40,916	37,871
Retention for contra losses	16	487	16	487
Structured products	11,389	37,222	11,389	37,222
Treasury trade payables	52,529	19,458	52,529	19,458
Deposits and other creditors	63,317	67,929	54,861	64,476
Amounts held in trust on behalf of				
Dealer's Representatives	61,315	62,544	61,315	62,544
Amount due to trustees	4,782	20,806	-	-
Amount due to subsidiaries	-	-	1	459
Hire purchase creditors	87	-	-	-
	<b>356,109</b>	<b>308,722</b>	<b>261,347</b>	<b>258,080</b>
<b>A21. Borrowings</b>				
<b>Secured:</b>				
Revolving bank loan	44,400	52,800	44,400	52,800
<b>Unsecured:</b>				
Revolving bank loans	37,500	41,500	-	-
Subordinated notes	25,000	25,000	25,000	25,000
	<b>106,900</b>	<b>119,300</b>	<b>69,400</b>	<b>77,800</b>

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	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000 (Restated)	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000 (Restated)
<b>A22. Interest Income</b>				
<b>Group</b>				
Loans, advances and financing	34,481	37,318	102,973	114,266
Money at call and deposit placements with financial institutions	11,867	12,162	37,913	40,331
Financial assets at FVTPL	325	3,411	1,743	4,588
Financial investments at FVOCI	8,160	9,665	28,431	26,427
Financial investments at AC	1,027	1,184	3,138	2,838
Others	4,405	5,040	11,551	13,934
	<b>60,265</b>	<b>68,780</b>	<b>185,749</b>	<b>202,384</b>
<b>Bank</b>				
Loans, advances and financing	33,558	35,363	99,966	109,726
Money at call and deposit placements with financial institutions	10,936	11,616	34,827	38,458
Financial assets at FVTPL	325	3,410	1,743	4,588
Financial investments at FVOCI	8,160	9,665	28,431	26,427
Financial investments at AC	1,027	1,184	3,138	2,838
Others	4,402	5,034	11,539	13,928
	<b>58,408</b>	<b>66,272</b>	<b>179,644</b>	<b>195,965</b>
<b>A23. Interest Expense</b>				
<b>Group</b>				
Deposits from customers	34,990	43,477	110,678	128,184
Deposits and placement from banks and other financial institutions	700	460	4,152	1,358
Borrowings	1,452	2,189	4,445	4,675
Others	437	559	2,543	2,767
	<b>37,579</b>	<b>46,685</b>	<b>121,818</b>	<b>136,984</b>
<b>Bank</b>				
Deposits from customers	35,357	43,886	111,995	129,374
Deposits and placement from banks and other financial institutions	701	461	4,152	1,359
Borrowings	900	1,325	2,773	2,654
Others	1,803	669	4,382	2,876
	<b>38,761</b>	<b>46,341</b>	<b>123,302</b>	<b>136,263</b>

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	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000
<b>A24. Other Operating Income</b>				
<b>Group</b>				
(a) Fee income:				
Brokerage fees	32,876	40,232	108,525	136,139
Corporate advisory fees	5,905	1,975	9,957	7,453
Processing fees on loans, advances and financing	1,673	1,143	3,385	4,739
Commissions	1,874	1,540	5,152	5,119
Management fee income	20,088	17,505	60,015	48,504
Placement fees	1,818	2,957	7,351	9,227
Underwriting commission	-	604	382	919
Other fee income	3,572	2,453	10,576	7,671
Others	360	422	1,069	1,632
	<u>68,166</u>	<u>68,831</u>	<u>206,412</u>	<u>221,403</u>
(b) Net gain arising from sale/ redemption of: Financial assets at FVTPL and derivatives	9,638	11,130	35,435	20,302
Financial investments at FVOCI	2,014	1,007	7,077	1,357
	<u>11,652</u>	<u>12,137</u>	<u>42,512</u>	<u>21,659</u>
(c) Gross dividend income from: Financial assets at FVTPL	747	104	993	944
Financial investments at FVOCI	135	211	232	240
	<u>882</u>	<u>315</u>	<u>1,225</u>	<u>1,184</u>
(d) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	(1,278)	(2,337)	(6,484)	3,779
(e) Other income:				
Net foreign exchange income	1,284	1,599	5,391	4,413
Other operating income	20	582	478	1,096
Other non-operating income				
- Rental income	(79)	682	2,120	2,002
- Others	1,747	519	5,374	2,719
	<u>2,972</u>	<u>3,382</u>	<u>13,363</u>	<u>10,230</u>
Total other operating income	<b>82,394</b>	<b>82,328</b>	<b>257,028</b>	<b>258,255</b>

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	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000
<b>A24. Other Operating Income (cont'd.)</b>				
<b>Bank</b>				
(a) Fee income:				
Brokerage fees	32,876	40,232	108,525	136,139
Corporate advisory fees	5,935	1,989	10,045	7,485
Processing fees on loans, advances and financing	1,506	821	2,947	3,813
Management fee income	379	83	871	345
Placement fees	1,769	2,637	6,797	8,129
Underwriting commission	-	604	382	919
Other fee income	1,730	2,035	5,185	6,116
Others	109	195	396	949
	<b>44,304</b>	<b>48,596</b>	<b>135,148</b>	<b>163,895</b>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	9,638	11,130	35,435	20,302
Financial investments at FVOCI	2,014	1,007	7,077	1,357
	<b>11,652</b>	<b>12,137</b>	<b>42,512</b>	<b>21,659</b>
(c) Gross dividend from:				
Financial assets at FVTPL	709	51	890	791
Financial investments at FVOCI	135	211	232	240
	<b>844</b>	<b>262</b>	<b>1,122</b>	<b>1,031</b>
(d) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	<b>(1,951)</b>	<b>(2,337)</b>	<b>(8,704)</b>	<b>3,779</b>
(e) Other income:				
Net foreign exchange income	1,276	1,584	5,391	4,394
Other operating income	305	643	848	1,332
Other non-operating income				
- Rental income	1,162	1,109	3,490	3,277
- Others	844	639	5,049	2,370
	<b>3,587</b>	<b>3,975</b>	<b>14,778</b>	<b>11,373</b>
Total other operating income	<b>58,436</b>	<b>62,633</b>	<b>184,856</b>	<b>201,737</b>

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	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000

**A25. Other operating expenses**

**Group**

Personnel costs	45,219	41,660	134,512	121,516
- Salaries, allowances and bonuses	35,182	31,776	104,403	93,623
- EPF	4,651	4,334	13,355	12,765
- Others	5,386	5,550	16,754	15,128
Establishment costs	12,607	11,029	35,882	33,427
- Depreciation of property, plant and equipment	2,775	3,407	7,992	10,037
- Amortisation of intangible assets	1,040	45	3,198	169
- Amortisation of right-of-use assets	2,253	-	6,790	-
- Rental of premises	122	2,367	(320)	7,082
- Rental of equipment	142	167	364	482
- Repairs and maintenance	1,419	913	3,755	2,989
- Information technology expenses	3,045	2,644	8,850	7,725
- Others	1,811	1,486	5,253	4,943
Marketing expenses	3,774	3,834	11,760	10,410
- Promotion and advertisements	2,588	2,652	8,133	6,308
- Travel and entertainment	1,064	940	3,074	3,406
- Others	122	242	553	696
Administration and general expenses	39,520	41,533	127,637	138,720
- Communication expenses	1,362	1,271	4,010	3,672
- Professional fees and legal fees	1,010	663	3,471	3,431
- Regulatory charges	5,406	4,816	16,544	16,204
- Fees and brokerage	27,203	30,226	90,790	100,625
- Administrative expenses	4,112	4,156	11,684	13,609
- Printing and stationery	427	401	1,138	1,179
	<b>101,120</b>	<b>98,056</b>	<b>309,791</b>	<b>304,073</b>

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Individual Quarter		Cumulative Quarters	
3 months ended	3 months ended	9 months ended	9 months ended
30 September 2019	30 September 2018	30 September 2019	30 September 2018
RM'000	RM'000	RM'000	RM'000

**A25. Other operating expenses (cont'd.)**

**Bank**

Personnel costs	33,995	31,449	101,291	92,082
- Salaries, allowances and bonuses	26,936	24,705	80,821	73,085
- EPF	3,617	3,368	10,669	9,980
- Others	3,442	3,376	9,801	9,017
Establishment costs	10,498	9,747	30,673	29,103
- Depreciation of property, plant and equipment	2,536	3,277	7,451	9,671
- Amortisation of intangible assets	994	-	3,064	-
- Amortisation of right-of-use assets	2,028	-	6,126	-
- Rental of premises	(1)	2,153	(476)	6,508
- Rental of equipment	80	73	233	213
- Repair and maintenance	945	743	2,716	2,410
- Information technology expenses	2,987	2,625	8,781	7,664
- Others	929	876	2,778	2,637
Marketing expenses	1,881	2,284	5,801	6,083
- Promotion and advertisement	1,106	1,414	3,358	3,211
- Travel and entertainment	681	650	1,965	2,214
- Others	94	220	478	658
Administration and general expenses	29,107	33,398	96,014	112,547
- Communication expenses	1,176	1,076	3,485	3,132
- Professional fees and legal fees	910	625	2,942	3,265
- Regulatory charges	4,881	4,297	14,865	14,875
- Fees and brokerages	18,240	23,323	63,692	78,258
- Administrative expenses	3,608	3,809	10,285	12,235
- Printing and stationery	292	268	745	782
	<b>75,481</b>	<b>76,878</b>	<b>233,779</b>	<b>239,815</b>

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**A26. Credit loss (expense)/reversal**

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

**Group**

**Individual Quarter**

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

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

	<b>2018</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Debt instruments at amortised cost	64	14	-	78
Loans, advances and financing	447	-	10	457
Loan commitments	3	-	-	3
<b>Credit loss reversal</b>	<b>514</b>	<b>14</b>	<b>10</b>	<b>538</b>

(ii) Movement in ECL on other financial assets

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

	<b>2018</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
Balance due from clients and brokers	4	15	19
Other debtors	83	2	85
<b>Credit loss reversal</b>	<b>87</b>	<b>17</b>	<b>104</b>

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

**Group**

**Cumulative Quarters**

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

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

  

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at amortised cost	64	109	-	173
Loans, advances and financing	439	-	28	467
Loan commitments	(47)	-	-	(47)
<b>Credit loss reversal</b>	<b>456</b>	<b>109</b>	<b>28</b>	<b>593</b>

(iv) Movement in ECLs on other financial assets

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

  

	<b>2018</b>		
	<b>Non-Credit Impaired</b>	<b>Credit- Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance due from clients and brokers	-	(30)	(30)
Other debtors	21	(190)	(169)
<b>Credit loss reversal/(expense)</b>	<b>21</b>	<b>(220)</b>	<b>(199)</b>

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

**Bank**

**Individual Quarter**

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

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

  

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at amortised cost	64	14	-	78
Loans, advances and financing	438	-	-	438
Loan commitments	3	-	-	3
<b>Credit loss reversal</b>	<b>505</b>	<b>14</b>	<b>-</b>	<b>519</b>

(vi) Movement in ECL on other financial assets

	<b>2019</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
Balance due from clients and brokers	(2)	69	67
Other debtors	(32)	(1,074)	(1,106)
<b>Credit loss expense</b>	<b>(34)</b>	<b>(1,005)</b>	<b>(1,039)</b>

  

	<b>2018</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
Balance due from clients and brokers	4	15	19
Other debtors	82	2	84
<b>Credit loss reversal</b>	<b>86</b>	<b>17</b>	<b>103</b>

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

**Bank**

**Cumulative Quarters**

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

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

  

	<b>2018</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt instruments at amortised cost	64	109	-	173
Loans, advances and financing	599	-	-	599
Loan commitments	(47)	-	-	(47)
<b>Credit loss reversal</b>	<b>616</b>	<b>109</b>	<b>-</b>	<b>725</b>

(viii) Movement in ECLs on other financial assets

	<b>2019</b>		
	<b>Non-Credit Impaired RM'000</b>	<b>Credit- Impaired RM'000</b>	<b>Total RM'000</b>
Balance due from clients and brokers	-	141	141
Other debtors	111	(1,668)	(1,557)
<b>Credit loss reversal/(expense)</b>	<b>111</b>	<b>(1,527)</b>	<b>(1,416)</b>

  

	<b>2018</b>		
	<b>Non-Credit RM'000</b>	<b>Credit- RM'000</b>	<b>Total RM'000</b>
Balance due from clients and brokers	-	(30)	(30)
Other debtors	20	(207)	(187)
<b>Credit loss reversal/(expense)</b>	<b>20</b>	<b>(237)</b>	<b>(217)</b>

**A27. Bad debts recovered**

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Loans, advances and financing	3,246	1	3,522	13,528
Balance due from clients and brokers	174	77	185	227
Other debtors	(291)	(25)	(291)	(29)
	<b>3,129</b>	<b>53</b>	<b>3,416</b>	<b>13,726</b>

**Group and Bank**

Loans, advances and financing	3,246	1	3,522	13,528
Balance due from clients and brokers	174	77	185	227
Other debtors	(291)	(25)	(291)	(29)
	<b>3,129</b>	<b>53</b>	<b>3,416</b>	<b>13,726</b>

**NOTES TO INTERIM FINANCIAL REPORT  
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**A28. Fair value of financial instruments**

**Fair value measurements**

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

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

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

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

**Valuation techniques and sensitivity analysis**

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

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

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

**Group**

**30 September 2019**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	239,770	-	239,770
- Equity securities	65,209	5,341	31,077	101,627
Financial investments at FVOCI				
- Debt securities	-	783,038	-	783,038
- Equity securities	-	-	1,088	1,088
- Islamic Negotiable Instruments of Deposit	-	99,684	-	99,684
Derivative financial assets	-	32,910	-	32,910
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	118,013	-	118,013
Loans, advances and financing	-	-	1,938,418	1,938,418
	<b>65,209</b>	<b>1,278,756</b>	<b>1,970,583</b>	<b>3,314,548</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	974	332	-	1,306
Obligations on securities sold under repurchase agreements	-	19,410	-	19,410
Borrowings	-	102,831	-	102,831
	<b>974</b>	<b>122,573</b>	<b>-</b>	<b>123,547</b>

**31 December 2018**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	114,171	-	114,171
- Equity securities	37,638	6,338	31,077	75,053
Financial investments at FVOCI				
- Debt securities	-	980,757	-	980,757
- Equity securities	-	-	1,754	1,754
- Negotiable Instruments of Deposit	-	50,000	-	50,000
- Islamic Negotiable Instruments of Deposit	-	629,165	-	629,165
Derivative financial assets	-	71,992	-	71,992
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	125,156	-	125,156
Loans, advances and financing	-	-	2,002,626	2,002,626
	<b>37,638</b>	<b>1,977,579</b>	<b>2,035,457</b>	<b>4,050,674</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	1,854	10,839	-	12,693
Obligations on securities sold under repurchase agreements	-	83,067	-	83,067
Borrowings	-	114,409	-	114,409
	<b>1,854</b>	<b>208,315</b>	<b>-</b>	<b>210,169</b>

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

**Bank**

**30 September 2019**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	243,240	-	243,240
- Equity securities	65,209	-	31,077	96,286
Financial investments at FVOCI				
- Debt securities	-	783,038	-	783,038
- Equity securities	-	-	1,088	1,088
- Islamic Negotiable Instruments of Deposit	-	99,684	-	99,684
Derivative financial assets	-	32,910	-	32,910
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	118,013	-	118,013
Loans, advances and financing	-	-	1,910,125	1,910,125
	<b>65,209</b>	<b>1,276,885</b>	<b>1,942,290</b>	<b>3,284,384</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	974	332	-	1,306
Obligations on securities sold under repurchase agreements	-	19,410	-	19,410
Borrowings	-	63,836	-	63,836
	<b>974</b>	<b>83,578</b>	<b>-</b>	<b>84,552</b>

**31 December 2018**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL				
- Debt securities	-	119,861	-	119,861
- Equity securities	37,638	-	31,077	68,715
Financial investments at FVOCI				
- Debt securities	-	980,757	-	980,757
- Equity securities	-	-	1,754	1,754
- Negotiable Instruments of Deposit	-	50,000	-	50,000
- Islamic Negotiable Instruments of Deposit	-	629,165	-	629,165
Derivative financial assets	-	71,992	-	71,992
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	125,156	-	125,156
Loans, advances and financing	-	-	1,973,758	1,973,758
	<b>37,638</b>	<b>1,976,931</b>	<b>2,006,589</b>	<b>4,021,158</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	1,854	10,839	-	12,693
Obligations on securities sold under repurchase agreements	-	83,067	-	83,067
Borrowings	-	72,908	-	72,908
	<b>1,854</b>	<b>166,814</b>	<b>-</b>	<b>168,668</b>

There has been no transfer between level 1 & level 2 during the financial period ended 30 September 2019 and year ended 31 December 2018.

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**NOTES TO INTERIM FINANCIAL REPORT  
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	As at 30 September 2019	As at 31 December 2018
	Principal Amount RM'000	Principal Amount RM'000
<b>A29. Commitments and Contingencies</b>		
<b>Group</b>		
Commitments to extend credit with maturity of less than 1 year :-		
- share margin financing	2,051,519	1,871,277
- corporate loan	33,387	25,551
- foreign exchange related contract	36,779	58,155
- equity exchange related contract	87,573	105,036
Commitments to extend credit with maturity of more than 1 year :-		
- corporate loan	84,458	97,854
- equity related contract	2,270	2,113
Client trust in respect of the stockbroking business	599,130	689,222
Derivative financial assets		
- dual currency investment - options	8,137	13,636
- equity related contracts - options	35,896	100,319
- equity related contracts - swaps	40,880	14,771
Derivative financial liabilities		
- dual currency investment - options	8,137	13,636
- equity related contracts - options	23,247	122,122
- equity related contracts - swaps	911	5,900
Capital commitment:		
- Authorised and contracted for	4,943	1,112
	3,017,267	3,120,704

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	As at 30 September 2019	As at 31 December 2018
	Principal Amount RM'000	Principal Amount RM'000
<b>A29. Commitments and Contingencies</b>		
<b>Bank</b>		
Commitments to extend credit with maturity of less than 1 year :-		
- share margin financing	2,051,519	1,871,277
- corporate loan	76,387	102,551
- foreign exchange related contract	36,779	58,155
- equity exchange related contract	87,573	105,036
Commitments to extend credit with maturity of more than 1 year :-		
- corporate loan	109,458	127,854
- equity exchange related contract	2,270	2,113
Client trust in respect of the stockbroking business	599,130	689,222
Derivative financial assets		
- dual currency investment - options	8,137	13,636
- equity related contracts - options	35,896	100,319
- equity related contracts - swaps	40,880	14,771
Derivative financial liabilities		
- dual currency investment - options	8,137	13,636
- equity related contracts - options	23,247	122,122
- equity related contracts - swaps	911	5,900
Capital commitment:		
- Authorised and contracted for	4,890	1,095
Investment in equity fund	17,854	17,854
	<u>3,103,068</u>	<u>3,245,541</u>

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	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>A30. Operating lease arrangements</b>				
Future minimum rental payable:				
Within one year	-	8,114	-	7,706
Between one and five years	-	6,372	-	6,171
	<u>-</u>	<u>14,486</u>	<u>-</u>	<u>13,877</u>
Future minimum sublease receipts:				
Subsidiaries	-	-	2,945	2,945
External parties	4,458	4,458	4,458	4,458
	<u>4,458</u>	<u>4,458</u>	<u>7,403</u>	<u>7,403</u>

**A31. Capital Adequacy**

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	246,249	246,249	246,249	246,249
Retained profits	505,916	509,888	506,584	513,675
Other reserves	145,921	131,677	197,290	184,114
Less: Regulatory adjustments:				
Deferred tax assets	(2,782)	(6,532)	-	(3,666)
55% of cumulative gains of financial investments at FVOCI	(4,573)	-	(7,901)	(1,196)
Goodwill	(218,459)	(208,754)	(252,909)	(252,909)
Other intangibles	(97,891)	(57,468)	(67,710)	(52,500)
Regulatory reserve	(24,893)	(25,488)	(24,893)	(25,488)
Treasury shares	(16,990)	(16,808)	(16,990)	(16,808)
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	<u>(82,461)</u>	<u>(72,885)</u>	<u>(166,462)</u>	<u>(156,462)</u>
Total CET 1/Tier 1 capital	<u>450,037</u>	<u>499,879</u>	<u>413,258</u>	<u>435,009</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	25,000	25,000	25,000	25,000
Stage 1 and Stage 2 expected credit credit loss allowances and regulatory reserves	18,723	18,447	18,520	18,180
Total Tier 2 capital	<u>43,723</u>	<u>43,447</u>	<u>43,520</u>	<u>43,180</u>
Total capital	<u>493,760</u>	<u>543,326</u>	<u>456,778</u>	<u>478,189</u>

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**A31. Capital Adequacy (cont'd.)**

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

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
CET 1 capital ratio	20.199%	23.237%	19.982%	21.714%
Tier 1 capital ratio	20.199%	23.237%	19.982%	21.714%
Total capital ratio	22.161%	25.257%	22.086%	23.869%

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

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

	Group		Group	
	30 September 2019		31 December 2018	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	6,954,997	1,497,751	5,267,199	1,475,789
Market Risk	-	128,334	-	59,609
Operational Risk	-	601,956	-	586,419
Large exposure risk	-	-	-	29,385
<b>Total Risk Weighted Assets</b>	<b>6,954,997</b>	<b>2,228,041</b>	<b>5,267,199</b>	<b>2,151,202</b>

	Bank		Bank	
	30 September 2019		31 December 2018	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	6,632,142	1,481,612	4,980,663	1,454,395
Market Risk	-	113,645	-	42,180
Operational Risk	-	472,901	-	477,424
Large exposure risk	-	-	-	29,385
<b>Total Risk Weighted Assets</b>	<b>6,632,142</b>	<b>2,068,158</b>	<b>4,980,663</b>	<b>2,003,384</b>

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**A31. Capital Adequacy (cont'd.)**

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

**A32. Segmental reporting**

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

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

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**A32. Segmental reporting (cont'd.)**

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
<b>2019</b>								
<b>Revenue</b>								
External sales	206,565	184,123	8,118	6,450	70,836	9,018	-	485,110
- Interest income	169,495	42,207	2,966	5,698	2,934	8,580	-	231,880
- Fee income	20,154	116,062	5,152	752	67,517	331	-	209,968
- Trading and investment income	13,916	23,330	-	-	103	99	-	37,448
- Other operating income	3,000	2,524	-	-	282	8	-	5,814
Inter-segment sales	3,466	190	812	-	2,710	-	(7,178)	-
<b>Total revenue</b>	<b>210,031</b>	<b>184,313</b>	<b>8,930</b>	<b>6,450</b>	<b>73,546</b>	<b>9,018</b>	<b>(7,178)</b>	<b>485,110</b>
<b>Result</b>								
Net income	63,428	175,348	8,299	3,526	73,485	12,026	(939)	335,173
Other operating expenses	(43,104)	(178,699)	(10,523)	(3,216)	(71,830)	(5,668)	3,249	(309,791)
Credit loss (expenses)/reversal	(1,139)	3,955	-	62	-	625	828	4,331
Bad debt (written off)/recovery	(291)	217	-	-	-	3,490	-	3,416
Share of results of associates and a joint venture company	-	-	-	-	-	(4,612)	-	(4,612)
Profit/(loss) before taxation and zakat	18,894	821	(2,224)	372	1,655	5,861	3,138	28,517
Taxation and zakat								(10,838)
Net profit for the financial period								17,679

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**A32. Segmental reporting (cont'd.)**

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

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

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
<b>2018</b>								
<b>Revenue</b>								
External sales	197,692	221,183	7,846	5,990	55,496	9,793	-	498,000
- Interest income	175,135	48,278	2,726	4,684	2,492	9,147	-	242,462
- Fee income	19,827	144,119	5,120	1,306	52,674	265	-	223,311
- Trading and investment income	198	26,310	-	-	154	424	-	27,086
- Other operating income	2,532	2,476	-	-	176	(43)	-	5,141
Inter-segment sales	1,336	236	816	-	2,062	-	(4,450)	-
<b>Total revenue</b>	<b>199,028</b>	<b>221,419</b>	<b>8,662</b>	<b>5,990</b>	<b>57,558</b>	<b>9,793</b>	<b>(4,450)</b>	<b>498,000</b>
<b>Result</b>								
Net income	46,576	210,386	8,237	3,806	55,867	11,056	(1,780)	334,148
Other operating expenses	(36,569)	(189,104)	(10,523)	(3,354)	(57,152)	(8,671)	1,300	(304,073)
Credit loss reversal/(expenses)	360	(88)	-	28	7	246	(159)	394
Bad debt recovery	-	224	-	-	-	13,502	-	13,726
Share of results of associates and a joint venture company	-	-	-	-	-	(5,926)	-	(5,926)
Profit/(loss) before taxation and zakat	10,367	21,418	(2,286)	480	(1,278)	10,207	(639)	38,269
Taxation and zakat								(10,376)
Net profit for the financial period								<u>27,893</u>

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**A32. Segmental reporting (cont'd.)**

	Investment banking and stockbroking RM'000	Futures broking RM'000	Investment and wealth management RM'000	Money lending and financing RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
<b>2018 (cont'd.)</b>								
<b>Other information</b>								
Net interest and finance income	59,104	3,095	2,069	647	6,572	2,231	-	73,718
Depreciation and amortisation	4,236	74	26	471	5,399	-	-	10,206
Non cash expenses								
- Unrealised gain on financial assets at FVTPL and derivatives	3,887	-	-	-	-	-	-	3,887
<b>Assets</b>								
Investments in associate companies	-	-	-	-	42,951	-		42,951
Investment in a joint venture company	-	-	-	-	16,706	-		16,706
Addition to non-current assets	7,485	71	67	363	-	-	<b>A</b>	7,986
Segment assets	6,725,845	296,885	91,886	63,833	17,420	(208,985)	<b>B</b>	6,986,884
<b>Liabilities</b>								
Segment liabilities	5,791,818	272,418	79,645	31,018	5,445	(75,521)	<b>C</b>	6,104,823

**Notes**

**A** Additions to non-current assets consist of:

	2019 RM'000	2018 RM'000
Property, plant and equipment		
- Additions during the financial period	7,483	7,965
Intangible assets		
- Additions during the financial period	38,211	21
	<u>45,694</u>	<u>7,986</u>

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**A32. Segmental reporting (cont'd.)**

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

	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment in subsidiaries	(95,235)	(81,755)
Investment in associates and joint venture	(14,518)	(7,388)
Intangible assets	(40,095)	(40,095)
Inter-segment assets	(147,944)	(72,273)
	<u>(297,792)</u>	<u>(201,511)</u>

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

	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits accepted from subsidiaries	(41,750)	(46,523)
Inter-segment liabilities	(103,227)	(24,648)
	<u>(144,977)</u>	<u>(71,171)</u>

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**A33. Operations of Islamic Banking**

**(a) Unaudited Statement of Financial Position  
As at 30 September 2019**

		<b>Group and Bank</b>	
	<b>Note</b>	<b>As at 30 September 2019 RM '000</b>	<b>As at 31 December 2018 RM '000</b>
<b>ASSETS</b>			
Cash and bank balances	<b>(e)</b>	1,108,465	420,144
Financial assets at FVTPL	<b>(f)</b>	199,930	119,861
Financial investment at FVOCI	<b>(g)(i)</b>	218,421	774,466
Financial investment at AC	<b>(g)(ii)</b>	30,091	30,102
Financing and advances	<b>(h)</b>	176,853	173,911
Balances due from clients and brokers		246	929
Other assets		4,947	26,489
Property, plant and equipment		30	89
Intangible assets		24	-
<b>TOTAL ASSETS</b>		<b>1,739,007</b>	<b>1,545,991</b>
<b>LIABILITIES</b>			
Deposits from customers	<b>(i)</b>	1,456,474	1,274,758
Balances due to clients and brokers		2,769	1,712
Other liabilities	<b>(j)</b>	112,545	114,945
Deferred tax liabilities		1,272	92
Provision for taxation and zakat		3,049	3,432
<b>TOTAL LIABILITIES</b>		<b>1,576,109</b>	<b>1,394,939</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		120,000	120,000
Reserves		42,898	31,052
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>162,898</b>	<b>151,052</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>1,739,007</b>	<b>1,545,991</b>

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

**(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income  
For the financial period ended 30 June 2019**

	<b>Group and Bank</b>			
	<b>Individual Ruarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	(k) 17,474	13,692	46,406	39,088
Income derived from investment of shareholders' funds	(l) 1,659	2,324	5,713	6,323
Credit loss (expense)/reversal	(150)	230	(606)	351
Total attributable income	18,983	16,246	51,513	45,762
Profit distributed to depositors	(m) (13,212)	(10,467)	(36,296)	(32,625)
Net income	5,771	5,779	15,217	13,137
Finance cost	(543)	(773)	(1,609)	(2,293)
Personnel expenses	(n) (195)	(169)	(557)	(505)
Other overhead expenses	(o) (650)	(614)	(2,035)	(1,889)
<b>Profit before taxation and zakat</b>	<b>4,383</b>	<b>4,223</b>	<b>11,016</b>	<b>8,450</b>
Taxation and zakat	(1,188)	(1,070)	(3,049)	(2,170)
<b>Profit for the financial period</b>	<b>3,195</b>	<b>3,153</b>	<b>7,967</b>	<b>6,280</b>

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

Income derived from investment of depositors' funds	17,474	13,692	46,406	39,088
Income derived from investment of shareholders' funds	1,659	2,324	5,713	6,323
Total income before impairment allowances and overhead expenses	19,133	16,016	52,119	45,411
Profit distributed to depositors	(13,212)	(10,467)	(36,296)	(32,625)
Finance cost	(543)	(773)	(1,609)	(2,293)
<b>Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank</b>	<b>5,378</b>	<b>4,776</b>	<b>14,214</b>	<b>10,493</b>

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

**(c) Statement Of Changes In Islamic Banking Funds  
For the financial period ended 30 June 2019**

**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	
<b>At 1 January 2019</b>	120,000	85	3,335	9	5,248	22,375	151,052
Profit for the financial period	-	-	-	-	-	7,967	7,967
Other comprehensive income for the financial period	-	3,874	-	-	-	-	3,874
Issue of shares pursuant to ESS	-	-	-	5	-	-	5
Transfer from regulatory reserve	-	-	(560)	-	-	560	-
<b>At 30 September 2019</b>	<b>120,000</b>	<b>3,959</b>	<b>2,775</b>	<b>14</b>	<b>5,248</b>	<b>30,902</b>	<b>162,898</b>
<b>At 1 January 2018</b>	120,000	48	1,928	-	5,248	14,290	141,514
Impact of adopting MFRS 9	-	-	-	-	-	(266)	(266)
Profit for the financial period	-	-	-	-	-	6,280	6,280
Other comprehensive income for the financial period	-	425	-	-	-	-	425
Issue of shares pursuant to ESS	-	-	-	6	-	-	6
Transfer to regulatory reserve	-	-	1,222	-	-	(1,222)	-
<b>At 30 September 2018</b>	<b>120,000</b>	<b>473</b>	<b>3,150</b>	<b>6</b>	<b>5,248</b>	<b>19,082</b>	<b>147,959</b>

\* Capital reserve arose from the merger adjustment to reflect the capital restructuring as a result of the group internal reorganisation exercise.

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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

**(d) Unaudited Condensed Statements Of Cash Flows**  
**For the financial year ended 30 September 2019**

	<b>Group and Bank</b>	
	<b>30 September 2019 RM '000</b>	<b>30 September 2018 RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax expense and zakat	11,016	8,450
Adjustments for:		
Depreciation of plant and equipment	4	34
Amortisation of intangible assets	31	-
Credit loss expense/(reversal)	606	(351)
Net (gain)/loss from sale of financial assets at FVTPL	(1,582)	282
Net (gain)/loss from sale of financial investments other than those measured at FVTPL	(925)	18
Loss/(Gain) on revaluation of financial assets at FVTPL	92	(108)
Operating profit before working capital changes	9,242	8,325
<b>Changes in operating assets:</b>		
Financing and advances	(3,510)	(7,456)
Balances due from clients and brokers	683	6,861
Other assets	21,487	(33,976)
<b>Changes in operating liabilities:</b>		
Deposits from customers	181,716	140,514
Balances due to clients and brokers	1,057	2,530
Other liabilities	(5,487)	94,382
Cash generated from operating activities	205,188	211,180
Taxation and zakat paid	(340)	(210)
Net cash generated from operating activities	204,848	210,970
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(20)
Net sale/(purchase) of securities	483,473	(293,176)
Net investing cash flow	483,473	(293,196)
<b>Net change in cash and cash equivalents</b>	688,321	(82,226)
<b>Cash and cash equivalents at beginning of the financial period</b>	420,144	532,663
<b>Cash and cash equivalents at end of the financial period</b>	1,108,465	450,437

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

	<b>Group and Bank</b>	
	<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<b>(e) Cash and short-term funds</b>		
Current account with Bank Negara Malaysia and banks	23,465	1,644
Money at call and deposit placements with:		
Licensed banks	200,000	368,500
Bank Negara Malaysia	385,000	-
Domestic non-bank financial institutions	500,000	50,000
	<u>1,108,465</u>	<u>420,144</u>
<b>(f) Financial assets at FVTPL</b>		
<b>At Fair Value</b>		
Malaysian Government Investment Certificates	10,202	-
Government Bills	69,867	-
<b>Unquoted Securities in Malaysia:</b>		
Funds	100,000	100,000
Corporate Bills	19,861	19,861
	<u>199,930</u>	<u>119,861</u>
<b>(g) Financial investments other than those measured at FVTPL</b>		
<b>(i) Financial investments at FVOCI</b>		
<b>(a) Money market instruments:</b>		
Malaysian Government Investment Certificates	41,387	81,766
Negotiable Instruments of Deposits	49,828	549,173
	<u>91,215</u>	<u>630,939</u>
<b>(b) Debt instruments:</b>		
Corporate Sukuk	127,206	143,527
	<u>127,206</u>	<u>143,527</u>
<b>Total financial investments at FVOCI</b>	<u>218,421</u>	<u>774,466</u>
<b>(ii) Financial investments at AC:</b>		
<b>Debt instruments:</b>		
Corporate Sukuk	30,091	30,102
<b>Total financial investment at AC:</b>	<u>30,091</u>	<u>30,102</u>
<b>Total financial investments other than those measured at FVTPL</b>	<u>248,512</u>	<u>804,568</u>

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

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

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

**Debt instrument measured at Amortised Cost ("AC"):**

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

**Group and Bank**

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b><u>Movement in ECL</u></b>				
As at 1 January and 30 September 2019	-	-	-	-
	2018			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b><u>Movement in ECL</u></b>				
As at 1 January 2018	32	-	-	32
Impact of net re-measurement of ECL	(32)	-	-	(32)
As at 31 December 2018	-	-	-	-

Group and Bank	
As at 30 September 2019 RM'000	As at 31 December 2018 RM'000

(h) Financing and advances

**At Amortised Cost**

Commodity Murabahah share margin financing

- Shariah contract - others

7,749 7,793

Commodity Murabahah revolving credit

- Shariah contract - others

- 15,043

Commodity Murabahah term financing

- Shariah contract - others

169,672 151,075

177,421 173,911

Less: Allowance for ECL

(568) -

Net financing and advances

176,853 173,911

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

Domestic business enterprise - others

137,083 141,039

Individuals

40,338 32,872

177,421 173,911

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

In Malaysia

177,421 173,911

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

	<b>Group and Bank</b>	
	<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<b>(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:</b>		
Fixed rate		
- Other fixed rate financings	7,749	7,793
Variable rate:		
- Cost plus	169,672	166,118
	<u>177,421</u>	<u>173,911</u>
<b>(v) Gross financing and advances analysed by economic purpose are as follows:</b>		
- Purchase of securities	41,554	107,969
- Others	98,776	65,942
	<u>177,421</u>	<u>173,911</u>
<b>(vi) Gross financing and advances analysed by residual contractual maturity are as follows:</b>		
- Within one year	80,473	32,864
- More than one year	96,948	141,047
	<u>177,421</u>	<u>173,911</u>
<b>(i) Deposits from customers</b>		
<b>(i) By type of deposit</b>		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	1,456,474	1,274,758
	<u>1,456,474</u>	<u>1,274,758</u>
<b>(ii) By type of customers</b>		
Domestic non-bank institutions	1,150,420	755,520
Government and other statutory bodies	215,781	200,000
Business enterprises	88,785	318,249
Individuals	1,488	989
	<u>1,456,474</u>	<u>1,274,758</u>
<b>(iii) By maturity</b>		
- Due within six months	1,173,529	1,005,258
- Due more than six months	282,945	269,500
	<u>1,456,474</u>	<u>1,274,758</u>
<b>(j) Other liabilities</b>		
Mudarabah Specific Investment Account	34,800	54,000
Profit payable	5,039	4,423
Other payable	72,706	56,522
	<u>112,545</u>	<u>114,945</u>

NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000	9 months ended 30 September 2019 RM'000	9 months ended 30 September 2018 RM'000
<b>(k) Income derived from investment of depositors' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	1,570	1,230	3,666	3,962
Deposits placements with financial institutions	6,312	2,647	14,240	6,859
Financial assets at FVTPL	2,465	2,103	6,448	5,392
Financial investment other than those measured at FVTPL	4,581	6,208	16,717	21,202
Accretion of discount	(207)	(164)	(613)	(502)
	<u>14,721</u>	<u>12,024</u>	<u>40,458</u>	<u>36,913</u>
<b>Other operating income</b>				
Net gain/(loss) on sale of financial assets at FVTPL	779	659	1,490	(174)
Net gain on sale of financial investments other than those measured at FVTPL	519	658	925	639
Fees on financing and advances	382	104	1,788	707
Brokerage fee	1,019	255	1,704	1,009
Profit income	20	-	56	1
Advisory fee	30	44	108	197
Placement fee	90	25	90	27
Direct trading fees	(95)	(78)	(245)	(237)
Other operating income	-	1	-	1
Other non-operating income	9	-	32	5
	<u>2,753</u>	<u>1,668</u>	<u>5,948</u>	<u>2,175</u>
	<u>17,474</u>	<u>13,692</u>	<u>46,406</u>	<u>39,088</u>
<b>(l) Income derived from investment of shareholders' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	1,413	2,123	5,155	5,690
Financial investment other than those measured at FVTPL	274	218	618	693
Accretion of discount	(28)	(17)	(60)	(60)
	<u>1,659</u>	<u>2,324</u>	<u>5,713</u>	<u>6,323</u>
<b>(m) Profit distributed to depositors</b>				
Deposits from customers and financial institutions - Murabahah Fund	12,171	9,406	33,197	29,411
Others	1,041	1,061	3,099	3,214
	<u>13,212</u>	<u>10,467</u>	<u>36,296</u>	<u>32,625</u>

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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

	<b>Group and Bank Individual Quarter</b>		<b>Group and Bank Cumulative Quarters</b>	
	<b>3 months ended 30 September 2019 RM'000</b>	<b>3 months ended 30 September 2018 RM'000</b>	<b>9 months ended 30 September 2019 RM'000</b>	<b>9 months ended 30 September 2018 RM'000</b>
<b>(n) Personnel costs</b>				
- Salaries, wages, allowances and bonus	146	130	417	389
- EPF	23	20	64	59
- Other staff related expenses	26	19	76	57
	<u>195</u>	<u>169</u>	<u>557</u>	<u>505</u>
<b>(o) Other overhead expenses:</b>				
<b>Establishment costs</b>				
- Depreciation	1	1	4	3
- Amortisation	10	10	31	31
- Office rental	15	14	43	42
- Repairs and maintenance	1	(1)	2	-
- Others	1	2	4	5
	<u>28</u>	<u>26</u>	<u>84</u>	<u>81</u>
<b>Marketing and travelling expenses</b>				
- Advertisement and promotions	-	11	4	22
- Travelling and entertainment expenses	1	-	3	2
	<u>1</u>	<u>11</u>	<u>7</u>	<u>24</u>
<b>Administration and general expenses</b>				
- Fees and brokerage	89	78	239	296
- Support service charges	-	384	897	1,151
- Shariah committee expenses	-	50	109	149
- Others	532	65	699	188
	<u>621</u>	<u>577</u>	<u>1,944</u>	<u>1,784</u>
	<u>650</u>	<u>614</u>	<u>2,035</u>	<u>1,889</u>

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

	<b>Group and Bank</b>	
	<b>As at 30 September 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<b>(p) Capital adequacy</b>		
<b>CET 1 / Tier 1 Capital</b>		
Islamic Banking funds	120,000	120,000
Retained profits	22,935	22,375
Other intangibles		
Other reserves	11,996	8,677
Less:	(24)	-
55% of cumulative gains on financial investments at FVOCI	(2,178)	-
Regulatory reserves	(2,774)	(3,335)
Total CET 1 / Tier 1 capital	<u>149,955</u>	<u>147,717</u>
<b>Tier 2 Capital</b>		
Impairment provision and regulatory reserves	3,342	3,335
Total Tier 2 capital	<u>3,343</u>	<u>3,335</u>
Total capital	<u>153,298</u>	<u>151,052</u>
CET 1 capital ratio	38.888%	40.155%
Tier 1 capital ratio	38.888%	40.155%
Total capital ratio	<u>39.755%</u>	<u>41.061%</u>

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

	<b>Group and Bank</b>			
	<b>As at 30 September 2019</b>		<b>As at 31 December 2018</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Notional amount</b>	<b>Risk- weighted amount</b>	<b>Notional amount</b>	<b>Risk- weighted amount</b>
Credit risk	1,642,559	354,341	1,451,588	344,078
Market risk	-	6,348	-	1,119
Operational risk	-	24,915	-	22,673
Total Risk Weighted Assets	<u>1,642,559</u>	<u>385,604</u>	<u>1,451,588</u>	<u>367,870</u>

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**B1. Performance Review**

**Group:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (3Q19)	30 September 2018 (3Q18)	30 September 2019 (9M19)	30 September 2018 (9M18)
(RM'000)				
Revenue	159,418	162,091	485,110	498,000
Net income	110,458	109,199	335,173	334,148
Profit before tax	9,077	9,337	28,517	38,269
Profit after tax	4,292	5,792	17,679	27,893

On quarter basis, the Group reported PBT of RM9.1 million for current quarter ("3Q19") as compared to RM9.3 million for corresponding quarter in the previous year 2018 ("3Q18"). The lower PBT was mainly due to higher overhead expenses and credit loss expenses. However, these was partially offset by higher net interest income, management fees income and bad debt recovered .

The Group reported profit before tax ("PBT") of RM28.5 million for period ended 30 September 2019 ("9M19"), supported by higher trading and investment income as well as higher management fee income from our asset management business. The PBT recorded in corresponding period last year ("9M18") of RM38.3 million, was significantly higher than current year due to a one-off debt recovery of RM12.0 million.

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

**Stockbroking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (3Q19)	30 September 2018 (3Q18)	30 September 2019 (9M19)	30 September 2018 (9M18)
(RM'000)				
Revenue	55,926	67,717	184,313	221,419
Net income	52,978	64,038	175,348	210,386
Profit before tax	(3,797)	5,418	821	21,418

LBT was recorded from stockbroking segment for current quarter mainly due to lower net interest income, brokerage fees income and trading and investment income.

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**B1. Performance Review (cont'd.)**

**Investment Banking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (3Q19)	30 September 2018 (3Q18)	30 September 2019 (9M19)	30 September 2018 (9M18)
(RM'000)				
Revenue	73,957	68,923	210,031	199,028
Net income	26,181	17,929	63,428	46,576
Profit before tax	10,175	5,701	18,894	10,367

Investment Banking registered higher PBT for 9M19 and 3Q19 mainly due to increase in trading and investment income and investment banking fees income partially negated by lower foreign exchange gain and higher personnel cost.

**Investment and Wealth Management:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (3Q19)	30 September 2018 (3Q18)	30 September 2019 (9M19)	30 September 2018 (9M18)
(RM'000)				
Revenue	24,066	17,448	73,546	57,558
Net income	23,731	19,326	73,485	55,867
Profit/(Loss) before tax	907	588	1,655	(1,278)

Investment and Wealth Management recorded higher PBT for 3Q19 mainly due to higher management fees income negated by higher overheads recorded for current quarter.

On period to date basis, this segment has achieved PBT for 9M19 compared to LBT for 9M18 mainly due to higher management fees income negated by higher overheads recorded for current period.

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**B1. Performance Review (cont'd.)**

**Futures Broking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (3Q19)	30 September 2018 (3Q18)	30 September 2019 (9M19)	30 September 2018 (9M18)
(RM'000)				
Revenue	2,981	2,834	8,930	8,662
Net income	2,748	2,696	8,299	8,237
Loss before tax	(827)	(749)	(2,224)	(2,286)

Futures business recorded higher LBT for 3Q19 compared to corresponding period last year mainly due lower net interest income generated negated by higher commission income and lower overheads.

This segment registered marginal decrease in LBT of RM2.2 million recorded for 9M19 compared to LBT of RM2.3 million for 9M18 mainly due to higher net interest income and lower overheads negated by lower commission income.

**Money Lending and Financing:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (2Q19)	30 September 2018 (2Q18)	30 September 2019 (1H19)	30 September 2018 (1H18)
(RM'000)				
Revenue	2,634	2,261	6,450	5,990
Net income	1,282	1,134	3,526	3,806
Profit before tax	235	171	372	480

On quarter basis, Money Lending and Financing recorded higher PBT for 3Q19 compared to 3Q18 mainly due to higher net interest income negated by decline in fees on loans, advances and financing.

PBT of RM0.4 million was recorded for 9M19 compared to PBT of RM0.5 million for 9M18 mainly due to decline in fees on loans, advances and financing earned during current year.

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**B1. Performance Review (cont'd.)**

**Corporate and others:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2019 (2Q19)	30 September 2018 (2Q18)	30 September 2019 (1H19)	30 September 2018 (1H18)
(RM'000)				
Revenue	3,171	3,205	9,018	9,793
Net income	3,446	3,665	12,026	11,056
Profit before tax	1,401	(2,111)	5,861	10,207

PBT was recorded for this segment for 3Q19 compared to LBT 3Q18 mainly due to lower share of loss in joint venture and associates and bad debt recovered in current quarter.

Weaker result was recorded for 9M19 compared to 9M18 mainly due to mainly due one-off bad debt recovered of RM12.0 million from net settlement of a court case during same period last year.

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

**Current quarter versus previous quarter**

**Group:**

	Current quarter	Previous quarter
	3 months ended 30 September 2019 (3Q19)	3 months ended 30 June 2019 (2Q19)
(RM'000)		
Revenue	159,418	169,052
Net income	110,458	116,483
Profit before tax	9,077	8,471
Profit after tax	4,292	5,601

For 3Q19, the Group's has recorded lower revenue compared to previous quarter ended 30 June 2019 mainly due to decline in brokerage fees income and trading and investment income.

Higher PBT recorded for 3Q19 was mainly due to higher net interest income and investment banking fees income in current quarter.

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**B3. Prospects for 2019**

Malaysia's Gross Domestic Product (GDP) is expected to weaken in the 2H19, dragged by both weak external demand and domestic investment. Latest export data showed that the tech downcycle, and the impact of the prolonged trade war alongside the slowdown in China and Europe continued to weigh on the nation's trade performance and growth prospects for 2019. Domestically, weak private sector investment and the lacklustre consumer spending to persist but would remain supportive as the anchor to growth. Likewise, based on the recent Budget 2020 announcements, due to the limitation on public spending as the government is committed to prudent fiscal planning amid slower growth and declining tax revenue it is expected to also weigh on growth. Against this backdrop, we forecast GDP growth to moderate at 4.5% this year from 4.7% recorded in 2018.

Overall, we foresee inflation to remain subdued in 2H19, largely due to the impact of government measures as targeted fuel subsidy and the floating of domestic fuel prices mechanism would be delayed until next year. Coupled with heightened risk in the external sector, CPI growth is projected to moderate to 0.7% from 1.0% in 2018. This would provide BNM with a more compelling reason to consider another 25-bps cut on the OPR possibly at the last Monetary Policy Meeting in November this year. Moreover, regional central banks are now leaning towards monetary easing as there is a clear signal that the US Federal Reserve on at least another rate cut later this year.

While the Group is of the view that the current financial year will be challenging, we are cautiously optimistic that the financial performance for 2019 will outperform last year's results.

**B4. Variance From Profit Forecast And Profit Guarantee**

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

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**B5. Taxation and zakat**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2019	3 months ended 30 September 2018	9 months ended 30 September 2019	9 months ended 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(4,973)	(4,096)	(9,551)	(10,941)
Deferred taxation	188	551	(1,287)	(2,980)
<b>Total</b>	<b>(4,785)</b>	<b>(3,545)</b>	<b>(10,838)</b>	<b>(13,921)</b>

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

**B6. Borrowings**

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM '000	RM '000	RM '000	RM '000
<b>Secured</b>				
Revolving bank loan denominated in RM				
- More than one year	44,400	52,800	44,400	52,800
<b>Unsecured</b>				
Revolving bank loans denominated in RM				
- Within one year	37,500	41,500	-	-
Subordinated notes denominated in RM				
- More than one year	25,000	25,000	25,000	25,000
	<u>106,900</u>	<u>119,300</u>	<u>69,400</u>	<u>77,800</u>

**B7. Dividend**

No dividend has been proposed for the current financial quarter.

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**B8. Earnings per share**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>9 months ended</u>	<u>9 months ended</u>
	<u>30 September 2019</u>	<u>30 September 2018</u>	<u>30 September 2019</u>	<u>30 September 2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period attributable to equity holders of the Bank	<u>4,292</u>	<u>5,792</u>	<u>17,679</u>	<u>24,348</u>
Weighted average number of ordinary shares in issue ('000)	<u>698,687</u>	<u>708,862</u>	<u>698,707</u>	<u>717,574</u>
Effects of dilution	-	3,506	-	11,897
Adjusted weighted average number of ordinary shares in issue ('000)	<u>698,687</u>	<u>712,368</u>	<u>698,707</u>	<u>729,471</u>
Earnings per share (sen)				
- basic	<u>0.61</u>	<u>0.82</u>	<u>2.53</u>	<u>3.39</u>
- fully diluted	<u>0.61</u>	<u>0.81</u>	<u>2.53</u>	<u>3.34</u>

There were no potential dilutive ordinary shares outstanding as at 30 September 2019 and 30 September 2018.

**B9. Changes in Material Litigation**

The status of material litigations are as follows:

- (a) The Bank was served with a sealed Writ of Summons and Statement of Claim filed by Choo Lai Hong ("the Plaintiff") on 9 May 2019.

The Plaintiff is alleging that, inter alia, the 2nd Defendant (who is a Dealer's Representative ("DR") of the Bank) recommended for the Plaintiff to purchase 2,200,000 shares of a public listed company with the total purchase price of RM2,635,618.04 on the basis that a subsequent purchase at a higher price was guaranteed. The Plaintiff alleges that the 2nd Defendant has failed to arrange for the sale of the said shares at the anticipated value which caused the Plaintiff to suffer losses and claims, inter alia, the amount of RM2,080,592.00. The Plaintiff claims against the Bank on the basis that the 2nd Defendant is a DR with the Bank. KIBB filed its Statement of Defence on 7 June 2019. The matter is fixed for mediation on 11 December 2019. The Court has fixed the trial dates to 23 and 24 March 2020.

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**B9. Changes in Material Litigation (Cont'd.)**

- (b) On 22 December 2017, the Court of Appeal in Court of Appeal Civil Appeal No. Q-02(W) 1276-08/2015 and Court of Appeal No. Q-02(W) 1277-08/2015, Kenanga Investment Bank Berhad (KIBB) v Swee Joo Berhad ("SJB"), Asia Bulkers Sdn Bhd and others (collectively referred to as the "Respondents"), had dismissed the Respondents' claims and judgment was granted in favour of KIBB. On 19 January 2018, the Respondents had filed an application for leave to appeal to the Federal Court against the Court of Appeal's judgment.

The proceedings arose from SJB's default in repayment of a term loan granted by KIBB to SJB. KIBB's claim against the Respondents was to recover the outstanding balance under the term loan.

On 23 September 2019, the Federal Court had unanimously dismissed both Swee Joo's Berhad appeal with costs of RM20,000 each for the Bank. The Court of Appeal's Judgment that was granted in favour of KIBB against the remaining 4 share chargors for the shortfall, was upheld by the Federal Court.

Meanwhile, on 3 October 2019, the Court dismissed the share chargors application to strike out and/or stay of the Creditor's Petition and Bankruptcy Order which was obtained against the 4 share chargors. As for the Winding-Up Petition against the 2 share chargors, the Court has fixed 25 October 2019 to hear the Respondent's application for striking out and/or stay of the Winding-Up Petition and the hearing of the Winding-Up Petition.

- (c) KIBB was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ('the Plaintiff') on 27 November 2019.

The Plaintiff is alleging that, inter alia, the 2nd Defendant (who is a Dealer's Representative ('DR') of KIBB) has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the 3rd Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB.

KIBB will contest the Plaintiff's claims in the court.

**B10. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 30 September 2019.

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**B11. Derivative financial instruments**

Derivative financial instruments are as follows:

**Group and Bank**

Items	As at 30 September 2019		As at 31 December 2018	
	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	35,896	30,160	100,319	69,585
Equity related contract- swaps	40,880	2,736	14,771	2,292
Dual currency investment- options	8,137	14	13,636	115
	84,913	32,910	128,726	71,992
<u>Derivative financial liabilities</u>				
Equity related contract- options	23,247	1,065	122,122	12,559
Equity related contract- swaps	911	227	5,900	23
Dual currency investment- options	8,137	14	13,636	111
	32,295	1,306	141,658	12,693

**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 2018 in respect of the following:

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

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**B11. Derivative financial instruments (Cont'd.)**

**Types of derivative financial instruments**

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

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

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

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

**Purposes of engaging in derivative financial instruments**

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

**Gain arising from fair value change of derivative financial instruments**

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM1,247,507 (2Q19 loss: RM1,425,107). 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.