

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

**Unaudited Condensed Interim Financial Statements**  
**30 September 2021**

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

<u>Group</u>	Note	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>ASSETS</b>			
Cash and bank balances	A11	2,009,911	1,644,534
Financial assets at fair value through profit or loss ("FVTPL")	A12	396,893	543,539
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	842,562	771,732
Financial investments at amortised cost ("AC")	A13 (ii)	215,368	193,035
Derivative financial assets	B11	92,065	95,571
Loans, advances and financing	A14	1,882,787	1,869,249
Balances due from clients and brokers	A15	585,183	545,057
Other assets	A16	210,236	188,289
Statutory deposit with Bank Negara Malaysia	A17	51,546	58,398
Tax recoverable		30,603	44,104
Investment in associates		89,046	72,078
Investment in a joint venture		31,441	24,719
Property, plant and equipment		165,463	164,930
Intangible assets		328,961	322,367
Right-of-use assets		22,598	23,182
Deferred tax assets		15,811	14,283
<b>TOTAL ASSETS</b>		<b>6,970,474</b>	<b>6,575,067</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	3,536,177	2,952,385
Deposits and placements of banks and other financial institutions	A19	862,790	1,066,085
Balances due to clients and brokers		717,452	720,665
Derivative financial liabilities	B11	32,275	137,480
Other liabilities	A20	524,357	447,295
Borrowings	A21	218,000	175,400
Lease liabilities		22,986	23,382
Provision for taxation and zakat		18,493	47,278
Deferred tax liabilities		-	156
<b>TOTAL LIABILITIES</b>		<b>5,932,530</b>	<b>5,570,126</b>
<b>EQUITY</b>			
Share capital		253,834	246,249
Treasury shares		(5,854)	(10,458)
Reserves		785,354	764,047
		1,033,334	999,838
Non-controlling Interests		4,610	5,103
<b>TOTAL EQUITY</b>		<b>1,037,944</b>	<b>1,004,941</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,970,474</b>	<b>6,575,067</b>
<b>Commitments and contingencies</b>	A29	4,620,348	4,801,020
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>1.41</b>	<b>1.42</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

<u>Bank</u>	Note	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>ASSETS</b>			
Cash and bank balances	A11	1,705,030	1,378,646
Financial assets at FVTPL	A12	393,474	539,931
Financial investments at FVOCI	A13 (i)	842,562	771,732
Financial investments at AC	A13 (ii)	215,368	193,035
Derivative financial assets	B11	92,065	95,571
Loans, advances and financing	A14	1,891,137	1,856,996
Balances due from clients and brokers	A15	585,183	545,057
Other assets	A16	143,899	94,712
Statutory deposit with Bank Negara Malaysia	A17	51,546	58,398
Tax recoverable		21,652	33,210
Investment in subsidiaries		70,135	70,135
Investment in an associate		56,235	56,235
Investment in a joint venture		40,000	40,000
Property, plant and equipment		161,502	160,637
Intangible assets		329,724	324,394
Right-of-use assets		18,028	21,336
Deferred tax assets		12,425	8,722
<b>TOTAL ASSETS</b>		<b>6,629,965</b>	<b>6,248,747</b>
<b>LIABILITIES</b>			
Deposits from customers	A18	3,660,196	3,042,843
Deposits and placements of banks and other financial institutions	A19	862,790	1,066,085
Balances due to clients and brokers		410,842	405,191
Derivative financial liabilities	B11	32,275	137,480
Other liabilities	A20	406,262	360,645
Borrowings	A21	207,500	152,400
Lease liabilities		18,328	21,442
Provision for taxation and zakat		18,173	38,650
<b>TOTAL LIABILITIES</b>		<b>5,616,366</b>	<b>5,224,736</b>
<b>EQUITY</b>			
Share capital		253,834	246,249
Treasury shares		(5,854)	(10,458)
Reserves		765,619	788,220
<b>TOTAL EQUITY</b>		<b>1,013,599</b>	<b>1,024,011</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,629,965</b>	<b>6,248,747</b>
<b>Commitments and contingencies</b>	A29	4,691,919	4,898,674
<b>Net assets per share (RM)</b>		<b>1.39</b>	<b>1.45</b>

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

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000 (Restated)	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000 (Restated)
<b>Group</b>					
Interest income	A22	52,517	51,681	157,270	166,016
Interest expense	A23	(24,692)	(25,301)	(74,225)	(95,593)
Net interest income		27,825	26,380	83,045	70,423
Net income from Islamic banking business	A33	5,001	5,903	11,905	16,768
Other operating income	A24	142,163	258,382	491,351	491,178
Net income		174,989	290,665	586,301	578,369
Other operating expenses	A25	(150,255)	(237,063)	(490,736)	(498,979)
Operating profit		24,734	53,602	95,565	79,390
Credit loss reversal/(expense)	A26	213	4,615	800	(3,729)
Bad debts recovered	A27	128	100	392	333
		25,075	58,317	96,757	75,994
Share of results of associates and joint venture		1,220	5,008	9,835	5,639
<b>Profit before taxation and zakat</b>		26,295	63,325	106,592	81,633
Taxation and zakat	B5	(4,729)	(13,897)	(20,085)	(18,684)
<b>Profit for the period</b>		21,566	49,428	86,507	62,949
<b>Other comprehensive (loss)/income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at FVOCI		-	-	(529)	902
Share of other comprehensive income in associates		1,238	6,015	10,894	4,337
Income tax related to the above		-	-	127	(216)
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		674	(2,669)	2,962	1,254
Net (loss)/gain on fair value changes of debt instrument at FVOCI		(3,776)	531	(15,870)	6,059
Income tax relating to the components of other comprehensive income		905	(126)	3,735	(1,456)
Other comprehensive (loss)/ income for the period, net of tax		(959)	3,751	1,319	10,880
<b>Total comprehensive income for the period, net of tax</b>		20,607	53,179	87,826	73,829

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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 2021**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended 30 September 2021	3 months ended 30 September 2020	9 months ended 30 September 2021	9 months ended 30 September 2020
Note	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period attributable to:</b>				
Equity holders of the Bank	21,440	49,270	86,173	62,791
Non-controlling interests	126	158	334	158
	<u>21,566</u>	<u>49,428</u>	<u>86,507</u>	<u>62,949</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	20,480	53,021	87,491	73,671
Non-controlling interests	127	158	335	158
	<u>20,607</u>	<u>53,179</u>	<u>87,826</u>	<u>73,829</u>
<b>Earnings per share</b>				
Basic (sen)	B8 2.92	7.03	11.86	8.98
Fully diluted (sen)	B8 2.92	6.91	11.59	8.82

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**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000
<b>Bank</b>					
Interest income	A22	51,263	49,604	153,082	160,212
Interest expense	A23	(27,549)	(27,574)	(82,180)	(101,307)
Net interest income		23,714	22,030	70,902	58,905
Net income from Islamic banking business	A33	5,001	5,903	11,905	16,768
Other operating income	A24	96,364	222,539	371,439	402,684
Net income		125,079	250,472	454,246	478,357
Other operating expenses	A25	(107,370)	(202,100)	(378,950)	(408,957)
Operating profit		17,709	48,372	75,296	69,400
Credit loss reversal/(expense)	A26	181	4,573	671	(3,140)
Bad debts recovered	A27	128	100	422	333
<b>Profit before taxation and zakat</b>		18,018	53,045	76,389	66,593
Taxation and zakat		(4,689)	(13,804)	(19,441)	(18,415)
<b>Profit for the period</b>		13,329	39,241	56,948	48,178
<b>Other comprehensive (loss)/income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on equity instruments at FVOCI		-	-	(529)	902
Income tax related to the above		-	-	127	(216)
Items that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of debt instruments at FVOCI		(3,776)	531	(15,870)	6,059
Income tax relating to the components of other comprehensive income		905	(126)	3,735	(1,456)
Other comprehensive (loss)/income for the period, net of tax		(2,871)	405	(12,537)	5,289
<b>Total comprehensive income for the period, net of tax</b>		10,458	39,646	44,411	53,467

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**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000		
<b>At 1 January 2021</b>	246,249	6,144	15,916	18,661	16,556	88,938	(10,458)	617,832	5,103	1,004,941
Net profit for the financial period	-	-	-	-	-	-	-	86,173	334	86,507
Share of other comprehensive income of associates	-	-	10,109	-	-	-	-	785	-	10,894
Other comprehensive (loss)/income	-	-	(12,537)	-	2,962	-	-	-	-	(9,575)
Total comprehensive (loss)/income	-	-	(2,428)	-	2,962	-	-	86,958	334	87,826
Share based payment under Employees' Share Scheme ("ESS")	-	(714)	-	-	-	-	-	-	-	(714)
Issuance of shares pursuant to exercise of ESS	7,585	-	-	-	-	-	-	-	-	7,585
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	10,747	(2,085)	-	8,662
Buy-back of shares	-	-	-	-	-	-	(6,143)	-	-	(6,143)
Transfer to regulatory reserve	-	-	-	2,311	-	-	-	(2,311)	-	-
Transfer to retained profits	-	(2,519)	-	-	-	-	-	2,519	-	-
Dividend paid	-	-	-	-	-	-	-	(64,213)	-	(64,213)
Gain on deemed disposal of a subsidiary	-	-	-	-	-	-	-	827	(827)	-
<b>At 30 September 2021</b>	<b>253,834</b>	<b>2,911</b>	<b>13,488</b>	<b>20,972</b>	<b>19,518</b>	<b>88,938</b>	<b>(5,854)</b>	<b>639,527</b>	<b>4,610</b>	<b>1,037,944</b>

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**KENANGA INVESTMENT BANK BERHAD**  
197301002193 (15678-H)

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

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

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**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
<b>Bank</b>								
<b>At 1 January 2021</b>	246,249	6,144	15,256	18,661	153,863	(10,458)	594,296	1,024,011
Net profit for the financial period	-	-	-	-	-	-	56,948	56,948
Other comprehensive loss	-	-	(12,537)	-	-	-	-	(12,537)
Total comprehensive (loss)/income	-	-	(12,537)	-	-	-	56,948	44,411
Share based payment under ESS	-	(714)	-	-	-	-	-	(714)
Issuance of shares pursuant to exercise of ESS	7,585	-	-	-	-	-	-	7,585
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	10,747	(2,085)	8,662
Buy-back of shares	-	-	-	-	-	(6,143)	-	(6,143)
Transfer to regulatory reserve	-	-	-	2,311	-	-	(2,311)	-
Transfer to retained profits	-	(2,519)	-	-	-	-	2,519	-
Dividend paid	-	-	-	-	-	-	(64,213)	(64,213)
<b>At 30 September 2021</b>	<b>253,834</b>	<b>2,911</b>	<b>2,719</b>	<b>20,972</b>	<b>153,863</b>	<b>(5,854)</b>	<b>585,154</b>	<b>1,013,599</b>

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**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

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

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

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

	Group		Bank	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
<b>Profit before taxation</b>	106,592	81,633	76,389	66,593
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	8,791	8,788	8,125	8,192
Amortisation of intangible assets	4,240	3,723	3,482	3,216
Amortisation of right-of-use assets	6,329	6,240	5,575	5,373
Lease interest expenses	910	990	792	928
ESS expenses	1,014	861	1,014	861
Credit loss (reversal)/expense	(800)	3,729	(671)	3,140
Property, plant and equipment written off	231	-	-	-
Bad debts (recovered)/written off	(392)	53	(422)	53
Gain on disposal of a subsidiary	(4,729)	-	-	-
<b>Non-cash items</b>	15,594	24,384	17,895	21,763
Net loss/(gain) from sale of financial assets at FVTPL and derivatives	45,205	(223,737)	45,215	(223,430)
Net gain from sale of financial investments other than those measured at FVTPL	(970)	(10,928)	(970)	(10,928)
Gross dividend income from investments	(3,377)	(2,179)	(3,296)	(2,095)
(Gain)/loss on revaluation of financial assets at FVTPL and derivatives	(110,348)	123,208	(112,629)	125,241
Gain on disposal of property, plant and equipment	(60)	-	(57)	-
Share of results of associates and joint venture	(9,835)	(5,639)	-	-
<b>Non-operating items - investing</b>	(79,385)	(119,275)	(71,737)	(111,212)
Adjustments for non-operating and non-cash items	(63,791)	(94,891)	(53,842)	(89,449)
Operating profit/(loss) before working capital changes	42,801	(13,258)	22,547	(22,856)
<b>Changes in working capital:</b>				
Net changes in operating assets	(61,149)	(205,116)	(112,237)	(127,771)
Net changes in operating liabilities	454,320	(77,497)	465,110	(223,676)
Cash generated from/(used in) operations	435,972	(295,871)	375,420	(374,303)
Taxation and zakat paid	(34,034)	(5,032)	(28,201)	(3,891)
Rental/lease interest payment	(910)	(990)	(792)	(928)
<b>Net operating cash flow</b>	401,028	(301,893)	346,427	(379,122)
<b>Cash flows from investing activities</b>				
Sale proceeds from disposal of a subsidiary, net of cash	5,372	-	-	-
Dividends received from other investments	3,377	2,179	3,296	2,095
Purchase of property, plant and equipment and intangible assets	(19,864)	(14,795)	(17,800)	(11,513)
Acquisition of a subsidiary, net of cash	(597)	-	-	-
Proceeds from disposal of property, plant and equipment	60	-	57	-
Net sale/(purchase) of securities	1,553	(242,071)	3,635	(242,394)
<b>Net investing cash flow</b>	(10,099)	(254,687)	(10,812)	(251,812)

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

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

	Group		Bank	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activities</b>				
Dividend paid	(64,213)	(22,707)	(64,213)	(22,707)
Repayment of lease liabilities	(6,139)	(6,051)	(5,381)	(5,173)
Net drawdown of borrowings	42,600	87,600	55,100	88,600
Share buy-back	(5,670)	-	(5,670)	-
Proceeds from exercise of ESS	14,204	3,536	14,204	3,536
Proceed from new issuance of a subsidiary's share to a non-controlling shareholder	-	4,900	-	-
<b>Net financing cash flow</b>	<b>(19,218)</b>	<b>67,278</b>	<b>(5,960)</b>	<b>64,256</b>
<b>Net change in cash and cash equivalents during the financial period</b>	<b>371,711</b>	<b>(489,302)</b>	<b>329,655</b>	<b>(566,678)</b>
<b>Cash and cash equivalents brought forward</b>	<b>1,284,397</b>	<b>1,838,760</b>	<b>1,256,124</b>	<b>1,816,949</b>
<b>Cash and cash equivalents carried forward</b>	<b>1,656,108</b>	<b>1,349,458</b>	<b>1,585,779</b>	<b>1,250,271</b>

**Cash and Cash Equivalents**

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

	Group		Bank	
	As at	As at	As at	As at
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,818,507	1,549,459	1,534,095	1,287,183
Deposits and placements with banks and other financial institutions	191,404	115,005	170,935	60,000
Less: Segregated funds from customers	(234,552)	(218,094)	-	-
Less: Cash and bank balances and deposits held in trust	(119,251)	(96,912)	(119,251)	(96,912)
	<b>1,656,108</b>	<b>1,349,458</b>	<b>1,585,779</b>	<b>1,250,271</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**A1. Basis Of Preparation**

The interim financial statements, for the financial period ended 30 September 2021, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2020. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

**A2. Condensed financial statements**

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

**A3. Preceding financial year audit report**

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

**A4. Seasonal or Cyclical Factors**

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

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

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period ended 30 September 2021 other than the below:

- a) new issuance of 13,021,200 units of ordinary shares and the transfer of 15,029,800 units of treasury shares to staff pursuant to the exercise of ESS.
- b) the Bank repurchased 4,763,000 ordinary shares of its issued share capital from the open market at an average cost of RM1.2898 per share. The total consideration paid for the share buy-back, including transaction costs was RM6.14 million, and was financed by internally generated fund.  
As at 30 September 2021, the number of treasury shares held was 4,540,000 shares.
- c) issuance of RM63.5 million of Tier 2 Subordinated Notes on 28 May 2021.

**A8. Dividends paid per share**

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

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

There was no significant event during and subsequent to the financial interim period.

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

There was no changes in the composition of the Group other than below:

- a. Kenanga Investors Berhad ("KIB"), a wholly-owned subsidiary of the Bank, had disposed entire issued share capital of Libra Invest Berhad ("LIB") for a cash consideration of RM11,106,653.

LIB ceased to be an indirect wholly-owned subsidiary of the Bank with effect from 1 May 2021 following the disposal.

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

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

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

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>A11. Cash and bank balances</b>				
Cash and balances with banks and other financial institutions	653,037	535,550	382,996	370,909
Money at call and deposit placements	1,356,874	1,108,984	1,322,034	1,007,737
	<b>2,009,911</b>	<b>1,644,534</b>	<b>1,705,030</b>	<b>1,378,646</b>
Included in cash and bank balances are:				
Cash and cash equivalents	1,656,108	1,284,397	1,585,779	1,256,124
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	353,803	360,137	119,251	122,522
	<b>2,009,911</b>	<b>1,644,534</b>	<b>1,705,030</b>	<b>1,378,646</b>
<b>A12. Financial Assets At FVTPL</b>				
<b>At fair value</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Investment Certificates	10,302	-	10,302	-
<b>Quoted Securities:</b>				
Shares and fund in Malaysia	177,736	351,645	177,513	351,645
Shares outside Malaysia	106	-	106	-
<b>Unquoted Securities:</b>				
Shares and funds in Malaysia	164,599	152,061	161,403	148,453
<b>Unquoted Debt Securities in Malaysia:</b>				
Islamic Corporate Sukuk	24,273	39,833	24,273	39,833
Islamic Corporate Bills	19,877	-	19,877	-
<b>Total financial assets at FVTPL</b>	<b>396,893</b>	<b>543,539</b>	<b>393,474</b>	<b>539,931</b>

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

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

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

**(i) Financial investments at FVOCI**

**Money market instruments:**

Malaysian Government Securities	40,067	20,496
Malaysian Government Investment Certificates	92,015	119,119
Islamic Negotiable Instruments of Deposits	249,580	149,943
	<u>381,662</u>	<u>289,558</u>

**Equity instruments in Malaysia:**

Unquoted Shares	1,460	1,990
	<u>1,460</u>	<u>1,990</u>

**Debt instruments in Malaysia:**

Islamic Corporate Sukuk	303,075	305,664
Corporate Bonds	156,365	174,520
	<u>459,440</u>	<u>480,184</u>

**Total financial investments at FVOCI**

<u>842,562</u>	<u>771,732</u>
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**Impairment losses on debt instruments measured at FVOCI**

**Group and Bank**

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b><u>Movements in Expected Credit Loss ("ECL")</u></b>				
As at 1 January 2021	386	-	-	386
Impact of net re-measurement of ECL	1	-	-	1
As at 30 September 2021	<u>387</u>	<u>-</u>	<u>-</u>	<u>387</u>

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

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

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

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

(ii) Financial investments at AC

**Money market instruments:**

Malaysian Government Investment Certificates	39,908	9,909
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**Debt instruments in Malaysia:**

At cost		
Islamic Corporate Sukuk	155,496	163,210
Corporate Bonds	20,013	20,021
Less: Allowance for ECL	(49)	(105)
	<u>175,460</u>	<u>183,126</u>

**Total financial investments at AC**

<u>215,368</u>	<u>193,035</u>
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**Impairment losses on debt instruments measured at Amortised Cost ("AC")**

**Group and Bank**

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

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

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

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>A14. Loans, Advances and Financing</b>				
<b>At AC</b>				
Share margin financing	1,244,413	1,209,024	1,244,413	1,209,024
Term loans	578,565	587,793	631,133	640,369
Subordinated term loan	-	-	30,035	20,418
Other lending and factoring receivables	74,512	85,636	-	-
Advances to group employees	131	181	131	181
Gross loans, advances and financing	1,897,621	1,882,634	1,905,712	1,869,992
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(3,043)	(3,112)	(3,448)	(3,387)
- Stage 2- Lifetime ECL non-credit impaired	-	(2,356)	-	(2,356)
- Stage 3- Lifetime ECL credit impaired	(11,791)	(7,917)	(11,127)	(7,253)
<b>Net Loans, Advances and Financing</b>	<b>1,882,787</b>	<b>1,869,249</b>	<b>1,891,137</b>	<b>1,856,996</b>
<b>(i) By Type of Customer</b>				
Domestic business enterprise				
- Small medium enterprise	235,739	237,848	184,482	180,851
- Others	610,924	591,343	693,529	664,336
Individuals	1,041,657	1,034,745	1,018,400	1,006,107
Foreign enterprises	9,301	18,698	9,301	18,698
<b>Gross Loans, Advances and Financing</b>	<b>1,897,621</b>	<b>1,882,634</b>	<b>1,905,712</b>	<b>1,869,992</b>
<b>(ii) By Geographical Distribution</b>				
In Malaysia	1,891,163	1,863,352	1,899,254	1,850,710
Outside Malaysia	6,458	19,282	6,458	19,282
<b>Gross Loans, Advances and Financing</b>	<b>1,897,621</b>	<b>1,882,634</b>	<b>1,905,712</b>	<b>1,869,992</b>
<b>(iii) By Interest Rate/ Profit Rate Sensitivity</b>				
Fixed rate				
- Other fixed rate loans	1,318,925	1,294,660	1,244,413	1,209,024
Variable rate				
- Other variable rates	569,436	576,614	652,039	649,608
- Base lending rate plus	9,129	11,179	9,129	11,179
Interest free	131	181	131	181
<b>Gross Loans, Advances and Financing</b>	<b>1,897,621</b>	<b>1,882,634</b>	<b>1,905,712</b>	<b>1,869,992</b>
<b>(iv) By Purpose</b>				
- Purchase of securities	1,502,689	1,488,572	1,502,689	1,488,572
- Working capital	197,876	220,193	231,764	236,142
- Others	197,056	173,869	171,259	145,278
<b>Gross Loans, Advances and Financing</b>	<b>1,897,621</b>	<b>1,882,634</b>	<b>1,905,712</b>	<b>1,869,992</b>

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

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>A14. Loans, Advances and Financing (cont'd.)</b>				
<b>(v) By Residual Contractual Maturity</b>				
- Within one year	1,572,530	1,543,716	1,591,178	1,540,048
- More than one year	325,091	338,918	314,534	329,944
<b>Gross Loans, Advances and Financing</b>	<b>1,897,621</b>	<b>1,882,634</b>	<b>1,905,712</b>	<b>1,869,992</b>
<b>(vi) Movements in impaired loans, advances and financing ("Impaired LAF")</b>				
At beginning of the financial period/year	41,294	48,880	40,630	48,160
Impaired during the financial period/year	36,350	13,374	28,400	12,563
Amount written off against allowance for ECL	-	(9,005)	-	(9,005)
Amount recovered during the financial period/year	(4,728)	(11,955)	(4,728)	(11,088)
At end of the financial period/year	72,916	41,294	64,302	40,630
Less: Allowance for ECL	(11,791)	(7,917)	(11,127)	(7,253)
Net impaired LAF	61,125	33,377	53,175	33,377
Net impaired LAF as a % of gross loans, advances and financing less allowance	<b>3.25%</b>	<b>1.79%</b>	<b>2.81%</b>	<b>1.80%</b>
<b>(vii) Impaired LAF by Geographical Distribution</b>				
In Malaysia	70,160	37,988	61,546	37,324
Outside Malaysia	2,756	3,306	2,756	3,306
Gross impaired loans	72,916	41,294	64,302	40,630
<b>(viii) Impaired LAF by Purpose</b>				
Working capital	664	664	-	-
Purchase of securities	64,302	40,630	64,302	40,630
Others	7,950	-	-	-
Gross impaired loans	72,916	41,294	64,302	40,630

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

**Share margin financing**

**Group and Bank**

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	-	2,356	7,253	9,609
New assets originated or purchased	-	-	3	3
Assets derecognised or repaid (excluding write-offs)	-	-	(1,651)	(1,651)
Net remeasurement of allowance	-	-	3,166	3,166
Transfer of stages	-	(2,356)	2,356	-
As at 30 September 2021	-	-	11,127	11,127

  

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

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

**Term loan and subordinated term loan**

**Group**

	<b>2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	3,059	-	-	3,059
New assets originated or purchased	45	-	-	45
Assets derecognised or repaid (excluding write-offs)	(107)	-	-	(107)
Net remeasurement of allowance	22	-	-	22
As at 30 September 2021	3,019	-	-	3,019

  

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

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

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

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

Term loan and subordinated term loan (cont'd)

Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Movements in ECL</b>				
As at 1 January 2021	3,312	-	-	3,312
New assets originated or purchased	144	-	-	144
Assets derecognised or repaid (excluding write-offs)	(134)	-	-	(134)
Net remeasurement of allowance	84	-	-	84
As at 30 September 2021	3,406	-	-	3,406

  

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

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

Other lending and factoring receivables

Group

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Movements in ECL</b>				
As at 1 January 2021	53	-	664	717
Assets derecognised or repaid (excluding write-offs)	(29)	-	-	(29)
As at 30 September 2021	24	-	664	688

  

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

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

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

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

**Undrawn commitment**

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

**Group**

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

**Bank**

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

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

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

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

Balances due from clients and brokers	587,956	551,280
Less: Allowance for ECL	(2,773)	(6,223)
	<u>585,183</u>	<u>545,057</u>

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

**Group and Bank**

	2021		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
<b>Movements in ECL</b>			
As at 1 January 2021	1,553	4,670	6,223
Charged during the period	217	407	624
Written back during the period	(226)	(368)	(594)
Written off during the period	-	(3,480)	(3,480)
As at 30 September 2021	<u>1,544</u>	<u>1,229</u>	<u>2,773</u>

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
<b>Movements in ECL</b>			
As at 1 January 2020	1,516	12,141	13,657
Charged during the year	248	762	1,010
Written back during the year	(211)	(919)	(1,130)
Written off during the year	-	(7,314)	(7,314)
As at 31 December 2020	<u>1,553</u>	<u>4,670</u>	<u>6,223</u>

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

**A16. Other Assets**

Assets segregated for customers	34,856	101,629	-	-
Interest/income receivable	11,135	11,041	11,076	10,906
Prepayments and deposits	21,958	19,420	19,147	16,152
Other debtors	96,010	62,220	36,873	43,544
Treasury trade receivables	51,346	-	51,346	-
Amount due from subsidiaries	-	-	30,759	30,359
Amount due from related parties	57	127	57	127
Amount due from trustees	6	-	-	-
	<u>215,368</u>	<u>194,437</u>	<u>149,258</u>	<u>101,088</u>
Allowance for ECL				
- Other debtors	(5,132)	(6,148)	(5,133)	(6,150)
- Amount due from subsidiaries	-	-	(226)	(226)
	<u>210,236</u>	<u>188,289</u>	<u>143,899</u>	<u>94,712</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Group**

	<b>2021</b>		
	<b>Non-Credit</b>	<b>Credit-</b>	<b>Total</b>
	<b>Impaired</b>	<b>Impaired</b>	
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	145	6,003	6,148
New assets originated or purchased	797	160	957
Assets derecognised or repaid (excluding write-offs)	-	(2,580)	(2,580)
Transfer of stages	(837)	837	-
Net remeasurement of allowance	-	796	796
Amounts written off	-	(189)	(189)
As at 30 September 2021	105	5,027	5,132

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

**Bank**

	<b>2021</b>		
	<b>Non-Credit</b>	<b>Credit</b>	<b>Total</b>
	<b>Impaired</b>	<b>Impaired</b>	
<b>Movements in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2021	146	6,004	6,150
New assets originated or purchased	798	160	958
Assets derecognised or repaid (excluding write-offs)	-	(2,582)	(2,582)
Transfer of stages	(838)	838	-
Net remeasurement of allowance	-	796	796
Amounts written off	-	(189)	(189)
As at 30 September 2021	106	5,027	5,133

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

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

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

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

**Bank**

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Movements in ECL</b>				
As at 1 January and 30 September 2021	226	-	-	226

  

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

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

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

Statutory Deposit	<b>51,546</b>	<b>58,398</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.

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

**A18. Deposits from customers**

**(i) By type of deposit**

Fixed term deposits	2,682,671	2,340,932	2,747,814	2,354,086
Short term money deposits	755,512	518,102	803,835	595,406
Call money deposits	29,470	41,048	40,023	41,048
Negotiable instruments of deposits	68,524	52,303	68,524	52,303
	<b>3,536,177</b>	<b>2,952,385</b>	<b>3,660,196</b>	<b>3,042,843</b>

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

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

**A18. Deposits from customers (cont'd.)**

**(ii) By type of customer**

Government and other statutory bodies	914,743	829,560	914,743	829,560
Individuals	95,245	84,730	95,245	84,730
Business enterprises	1,115,084	872,878	1,115,084	872,878
Non-bank financial institutions	1,211,105	1,054,701	1,211,105	1,054,701
Subsidiaries and related companies	200,000	110,516	324,019	200,974
	<b>3,536,177</b>	<b>2,952,385</b>	<b>3,660,196</b>	<b>3,042,843</b>

**(iii) By maturity structure**

Due within six months	2,598,973	2,128,347	2,721,572	2,216,065
More than six months to one year	822,292	590,017	823,712	592,757
More than one year	114,912	234,021	114,912	234,021
	<b>3,536,177</b>	<b>2,952,385</b>	<b>3,660,196</b>	<b>3,042,843</b>

**A19. Deposits and placements of banks and financial institutions**

	Group and Bank	
	As at	As at
	30 September	31 December
	2021	2020
	RM'000	RM'000
Licenced banks	-	100,000
Licenced investment banks	-	50,000
Other financial institutions	762,790	732,667
Bank Negara Malaysia ("BNM")	100,000	183,418
	<b>862,790</b>	<b>1,066,085</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>A20. Other liabilities</b>				
Interest/Income payable	14,585	17,275	14,459	16,544
Securities borrowing and lending	29,691	1,657	29,691	1,657
Accruals and provision	165,288	141,510	60,839	62,383
Retention for contra losses	17	17	17	17
Structured products	7,328	15,583	7,328	15,583
Treasury trade payables	51,341	-	51,341	-
Deposits and other creditors	133,224	144,691	123,335	141,927
Amounts held in trust on behalf of Dealer's Representatives	119,251	122,522	119,251	122,522
Amount due to trustees	3,632	4,040	-	-
Amount due to subsidiaries	-	-	1	12
	<b>524,357</b>	<b>447,295</b>	<b>406,262</b>	<b>360,645</b>

**A21. Borrowings**

**Secured:**

Revolving bank loan	22,000	30,400	22,000	30,400
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**Unsecured:**

Revolving bank loans	10,500	23,000	-	-
Subordinated notes	185,500	122,000	185,500	122,000
	<b>218,000</b>	<b>175,400</b>	<b>207,500</b>	<b>152,400</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000 (Restated)	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000 (Restated)
<b>A22. Interest Income</b>				
<b>Group</b>				
Loans, advances and financing	31,129	30,479	92,302	96,299
Money at call and deposit placements with financial institutions	10,114	10,045	31,524	34,747
Financial investments at FVOCI	4,759	5,082	14,419	18,269
Financial investments at AC	1,387	1,190	4,002	3,664
Others	5,128	4,885	15,023	13,037
	<b>52,517</b>	<b>51,681</b>	<b>157,270</b>	<b>166,016</b>
<b>Bank</b>				
Loans, advances and financing	30,712	29,125	90,861	92,919
Money at call and deposit placements with financial institutions	9,278	9,313	28,774	32,313
Financial investments at FVOCI	4,759	5,082	14,419	18,269
Financial investments at AC	1,387	1,190	4,002	3,664
Others	5,127	4,894	15,026	13,047
	<b>51,263</b>	<b>49,604</b>	<b>153,082</b>	<b>160,212</b>
<b>A23. Interest Expense</b>				
<b>Group</b>				
Deposits from customers	21,120	22,235	63,951	87,357
Deposits and placement from banks and other financial institutions	336	722	1,523	1,404
Borrowings	2,610	1,930	6,631	5,054
Lease interest expense	287	293	910	992
Others	339	121	1,210	786
	<b>24,692</b>	<b>25,301</b>	<b>74,225</b>	<b>95,593</b>
<b>Bank</b>				
Deposits from customers	21,732	22,658	65,554	88,528
Deposits and placement from banks and other financial institutions	336	722	1,523	1,404
Borrowings	2,468	1,505	6,234	3,757
Lease interest expense	235	275	792	928
Others	2,778	2,414	8,077	6,690
	<b>27,549</b>	<b>27,574</b>	<b>82,180</b>	<b>101,307</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000 (Restated)	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000 (Restated)
<b>A24. Other Operating Income</b>				
<b>Group</b>				
(a) Fee income:				
Brokerage fees	64,943	130,966	258,139	259,613
Corporate advisory fees	2,841	1,488	5,551	4,261
Processing fees on loans, advances and financing	550	909	1,222	2,066
Commissions	2,647	2,416	8,670	7,879
Management fee income	40,046	26,264	100,734	68,250
Placement fees	3,194	3,886	12,278	7,428
Underwriting commission	189	267	336	455
Other fee income	3,520	6,516	11,879	14,332
Others	385	642	1,204	1,807
	<u>118,315</u>	<u>173,354</u>	<u>400,013</u>	<u>366,091</u>
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	43,862	172,961	(44,191)	222,295
Financial investments at FVOCI	3	4,026	9	8,954
	<u>43,865</u>	<u>176,987</u>	<u>(44,182)</u>	<u>231,249</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	685	473	3,152	1,892
Financial investments at FVOCI	196	253	225	287
	<u>881</u>	<u>726</u>	<u>3,377</u>	<u>2,179</u>
(d) Interest income from financial assets at FVTPL	<u>401</u>	<u>615</u>	<u>1,794</u>	<u>1,477</u>
(e) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	<u>(26,009)</u>	<u>(98,922)</u>	<u>110,425</u>	<u>(123,208)</u>
(f) Other income:				
Net foreign exchange income	2,596	2,922	8,674	6,621
Gain on disposal of property, plant and equipment	-	-	60	-
Other operating income	474	180	1,862	1,140
Other non-operating income				
- Rental income	513	627	1,116	2,113
- Gain on disposal of a subsidiary	-	-	4,729	-
- Others	1,127	1,893	3,483	3,516
	<u>4,710</u>	<u>5,622</u>	<u>19,924</u>	<u>13,390</u>
Total other operating income	<u><b>142,163</b></u>	<u><b>258,382</b></u>	<u><b>491,351</b></u>	<u><b>491,178</b></u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000

**A24. Other Operating Income (cont'd.)**

**Bank**

(a) Fee income:				
Brokerage fees	64,943	130,966	258,139	259,613
Corporate advisory fees	2,852	1,524	5,633	4,343
Processing fees on loans, advances and financing	291	573	570	1,438
Management fee income	126	283	666	888
Placement fees	2,104	2,717	10,078	6,109
Underwriting commission	189	267	336	455
Other fee income	1,848	1,309	5,376	4,666
Others	56	411	234	826
	<u>72,409</u>	<u>138,050</u>	<u>281,032</u>	<u>278,338</u>
(b) Net gain/(loss) arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	43,852	172,654	(44,201)	221,988
Financial investments at FVOCI	3	4,026	9	8,954
	<u>43,855</u>	<u>176,680</u>	<u>(44,192)</u>	<u>230,942</u>
(c) Gross dividend from:				
Financial assets at FVTPL	654	451	3,071	1,808
Financial investments at FVOCI	196	253	225	287
	<u>850</u>	<u>704</u>	<u>3,296</u>	<u>2,095</u>
(d) Interest income from financial assets at FVTPL	<u>401</u>	<u>615</u>	<u>1,794</u>	<u>1,477</u>
(e) Unrealised (loss)/gain on revaluation of financial assets at FVTPL and derivatives	<u>(26,406)</u>	<u>(99,850)</u>	<u>112,706</u>	<u>(125,241)</u>
(f) Other income:				
Net foreign exchange income	2,574	2,981	8,531	6,597
Gain on disposal of property, plant and equipment	-	-	57	-
Other operating income	776	341	2,652	1,703
Other non-operating income				
- Rental income	981	1,087	2,509	3,495
- Others	924	1,931	3,054	3,278
	<u>5,255</u>	<u>6,340</u>	<u>16,803</u>	<u>15,073</u>
Total other operating income	<u><b>96,364</b></u>	<u><b>222,539</b></u>	<u><b>371,439</b></u>	<u><b>402,684</b></u>

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

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000
<b>A25. Other operating expenses</b>				
<b>Group</b>				
Personnel costs	60,017	71,806	178,928	164,713
- Salaries, allowances and bonuses	48,248	58,189	142,232	130,679
- EPF	5,088	4,686	14,999	14,040
- ESS	348	294	1,266	994
- Others	6,333	8,637	20,431	19,000
Establishment costs	14,213	14,099	41,790	39,881
- Depreciation of property, plant and equipment	2,945	2,945	8,791	8,788
- Amortisation of intangible assets	1,347	1,471	4,240	3,723
- Amortisation of right-of-use assets	2,197	2,066	6,329	6,240
- Rental of premises	91	92	282	328
- Rental of equipment	168	158	488	418
- Repairs and maintenance	1,587	1,605	4,425	4,415
- Information technology expenses	4,291	4,004	12,294	10,576
- Others	1,587	1,758	4,941	5,393
Marketing expenses	5,116	3,391	13,078	10,073
- Promotion and advertisements	4,705	2,861	11,284	7,759
- Travel and entertainment	336	378	1,573	1,605
- Others	75	152	221	709
Administration and general expenses	70,909	147,767	256,940	284,312
- Communication expenses	1,186	888	3,543	3,427
- Professional fees and legal fees	1,093	2,646	3,303	5,104
- Regulatory charges	7,926	11,839	25,901	25,379
- Fees and brokerage	55,767	126,167	209,925	234,901
- Administrative expenses	4,694	5,752	13,359	14,251
- Printing and stationery	243	475	909	1,250
<b>Total other operating expenses</b>	<b>150,255</b>	<b>237,063</b>	<b>490,736</b>	<b>498,979</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000

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

**Bank**

Personnel costs	41,103	56,605	132,077	124,563
- Salaries, allowances and bonuses	33,983	47,317	109,125	103,144
- EPF	4,074	3,759	11,967	11,184
- ESS	253	255	1,015	860
- Others	2,793	5,274	9,970	9,375
Establishment costs	11,817	11,727	35,109	33,368
- Depreciation of property, plant and equipment	2,734	2,730	8,125	8,192
- Amortisation of intangible assets	1,141	1,178	3,482	3,216
- Amortisation of right-of-use assets	1,847	1,807	5,575	5,373
- Rental of premises	77	73	237	204
- Rental of equipment	98	80	315	237
- Repair and maintenance	920	1,127	2,823	3,017
- Information technology expenses	4,289	3,974	12,283	10,494
- Others	711	758	2,269	2,635
Marketing expenses	1,111	1,005	3,637	4,070
- Promotion and advertisement	942	608	2,980	2,311
- Travel and entertainment	100	255	459	1,080
- Others	69	142	198	679
Administration and general expenses	53,339	132,763	208,127	246,956
- Communication expenses	1,036	719	3,110	2,913
- Professional fees and legal fees	1,034	2,625	2,927	4,790
- Regulatory charges	7,369	11,343	24,278	23,925
- Fees and brokerages	39,593	112,449	165,635	201,518
- Administrative expenses	4,166	5,311	11,564	12,979
- Printing and stationery	141	316	613	831
<b>Total other operating expenses</b>	<b>107,370</b>	<b>202,100</b>	<b>378,950</b>	<b>408,957</b>

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

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

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

**Group**

**Individual Quarter**

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

	<b>2021</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	(1)	-	-	(1)
Loans, advances and financing	31	-	1	32
<b>Credit loss reversal</b>	<b>30</b>	<b>-</b>	<b>1</b>	<b>31</b>

	<b>2020</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	(1)	-	-	(1)
Debt instruments at amortised cost	2	-	-	2
Loans, advances and financing	32	-	5,497	5,529
<b>Credit loss reversal</b>	<b>33</b>	<b>-</b>	<b>5,497</b>	<b>5,530</b>

(ii) Movements in ECL on other financial assets

	<b>2021</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	19	(44)	(25)
Other debtors	(357)	564	207
<b>Credit loss (expense)/reversal</b>	<b>(338)</b>	<b>520</b>	<b>182</b>

	<b>2020</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	(35)	(108)	(143)
Other debtors	(270)	(502)	(772)
<b>Credit loss expense</b>	<b>(305)</b>	<b>(610)</b>	<b>(915)</b>

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

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

Group

Cumulative Quarters

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

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	56	-	-	56
Loans, advances and financing	69	-	(121)	(52)
<b>Credit loss reversal/(expense)</b>	<b>124</b>	<b>-</b>	<b>(121)</b>	<b>3</b>

  

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

(iv) Movement in ECLs on other financial assets

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	9	(39)	(30)
Other debtors	(797)	1,624	827
<b>Credit loss (expense)/reversal</b>	<b>(788)</b>	<b>1,585</b>	<b>797</b>

  

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

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

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

Bank

Individual Quarter

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

	<b>2021</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	(1)	-	-	(1)
Loans, advances and financing	(2)	-	1	(1)
<b>Credit loss (expense)/reversal</b>	<b>(3)</b>	<b>-</b>	<b>1</b>	<b>(2)</b>

  

	<b>2020</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	(1)	-	-	(1)
Debt instruments at amortised cost	2	-	-	2
Loans, advances and financing	(27)	-	5,487	5,460
Loan commitments	25	-	-	25
<b>Credit loss (expense)/reversal</b>	<b>(1)</b>	<b>-</b>	<b>5,487</b>	<b>5,486</b>

(vi) Movement in ECL on other financial assets

	<b>2021</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	19	(44)	(25)
Other debtors	(358)	566	208
<b>Credit loss (expense)/reversal</b>	<b>(339)</b>	<b>522</b>	<b>183</b>

  

	<b>2020</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	(35)	(108)	(143)
Other debtors	(268)	(502)	(770)
<b>Credit loss expense</b>	<b>(303)</b>	<b>(610)</b>	<b>(913)</b>

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

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

**Bank**

**Cumulative Quarters**

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

	<b>2021</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	(1)	-	-	(1)
Debt instruments at amortised cost	56	-	-	56
Loans, advances and financing	(94)	-	(121)	(215)
Loan commitments	33	-	-	33
<b>Credit loss expense</b>	<b>(6)</b>	<b>-</b>	<b>(121)</b>	<b>(127)</b>

  

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

(ix) Movements in ECLs on other financial assets

	<b>2021</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	9	(39)	(30)
Other debtors	(798)	1,626	828
<b>Credit loss (expense)/reversal</b>	<b>(789)</b>	<b>1,587</b>	<b>798</b>

  

	<b>2020</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	(64)	171	107
Other debtors	(756)	(591)	(1,347)
<b>Credit loss expense</b>	<b>(820)</b>	<b>(420)</b>	<b>(1,240)</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**A27. Bad debts recovered/(written off)**

	<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 2021</b>	<b>30 September 2020</b>	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Loans, advances and financing	108	100	421	309
Balance due from clients and brokers	20	-	1	77
Other debtors	-	-	(30)	(53)
	<b>128</b>	<b>100</b>	<b>392</b>	<b>333</b>
<b><u>Bank</u></b>				
Loans, advances and financing	108	100	421	309
Balance due from clients and brokers	20	-	1	77
Other receivables	-	-	-	(53)
	<b>128</b>	<b>100</b>	<b>422</b>	<b>333</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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.

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**Group**

**30 September 2021**

	<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	-	149,997	-	149,997
- Equity securities	177,842	7,651	61,403	246,896
Financial investments at FVOCI				
- Debt securities	-	841,102	-	841,102
- Equity securities	-	-	1,460	1,460
Derivative financial assets	172	91,893	-	92,065
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	222,214	-	222,214
Loans, advances and financing	-	-	1,887,999	1,887,999
	<b>178,014</b>	<b>1,312,857</b>	<b>1,950,862</b>	<b>3,441,733</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	28,122	4,153	-	32,275
Borrowings	-	176,199	-	176,199
	<b>28,122</b>	<b>180,352</b>	<b>-</b>	<b>208,474</b>

**31 December 2020**

	<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	-	138,057	-	138,057
- Equity securities	351,645	5,384	48,453	405,482
Financial investments at FVOCI				
- Debt securities	-	769,742	-	769,742
- Equity securities	-	-	1,990	1,990
Derivative financial assets	135	95,436	-	95,571
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	202,215	-	202,215
Loans, advances and financing	-	-	1,867,339	1,867,339
	<b>351,780</b>	<b>1,210,834</b>	<b>1,917,782</b>	<b>3,480,396</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	131,241	6,239	-	137,480
Borrowings	-	154,413	-	154,413
	<b>131,241</b>	<b>160,652</b>	<b>-</b>	<b>291,893</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**Bank**

**30 September 2021**

	<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	-	154,452	-	154,452
- Equity securities	177,619	-	61,403	239,022
Financial investments at FVOCI				
- Debt securities	-	841,102	-	841,102
- Equity securities	-	-	1,460	1,460
Derivative financial assets	172	91,893	-	92,065
<b>Financial assets at amortised cost for which fair values are disclosed</b>				
Financial investments at AC	-	222,214	-	222,214
Loans, advances and financing	-	-	1,897,793	1,897,793
	<b>177,791</b>	<b>1,309,661</b>	<b>1,960,656</b>	<b>3,448,108</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	28,122	4,153	-	32,275
Borrowings	-	165,718	-	165,718
	<b>28,122</b>	<b>169,871</b>	<b>-</b>	<b>197,993</b>

**31 December 2020**

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**A29. Commitments and Contingencies**

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

	Group		Bank	
	As at 30 September 2021 Principal Amount RM'000	As at 31 December 2020 Principal Amount RM'000	As at 30 September 2021 Principal Amount RM'000	As at 31 December 2020 Principal Amount RM'000
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,704,571	2,534,315	2,704,571	2,534,315
- foreign exchange related contract	35,738	58,554	35,738	58,554
- equity exchange related contract	146,775	158,546	146,775	158,546
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	52,742	60,050	100,242	107,550
Commitments to extend credit with maturity of more than 1 year :-				
- equity related contract	582	520	582	520
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	70,775	98,851	73,275	118,851
- others	-	5,500	-	-
Stockbroking clients' trust	1,243,390	1,257,682	1,243,390	1,257,682
Securities borrowing and lending	28,284	1,544	28,284	1,544
Derivative financial assets				
- dual currency investment - options	2,029	3,655	2,029	3,655
- equity related contracts - options	27,685	47,685	27,685	47,685
- equity related contracts - swaps	76,531	31,216	76,531	31,216
- equity related contract - forwards	60,554	57,354	60,554	57,354
- index futures	2,071	2,688	2,071	2,688
Derivative financial liabilities				
- dual currency investment - options	2,029	3,655	2,029	3,655
- equity related contracts - options	152,815	451,950	152,815	451,950
- equity related contracts - swaps	-	19,467	-	19,467
- equity related contract - forwards	3,200	3,200	3,200	3,200
Capital commitment:				
- Authorised and contracted for	10,577	4,588	9,117	4,261
Investment in equity fund	-	-	23,031	35,981
	<b>4,620,348</b>	<b>4,801,020</b>	<b>4,691,919</b>	<b>4,898,674</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**A30. Operating lease arrangements**

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

Future minimum sub-lease receipts:

Subsidiaries	-	-	1,743	2,945
External parties	779	2,055	779	2,055
	<u>779</u>	<u>2,055</u>	<u>2,522</u>	<u>5,000</u>

**A31. Capital Adequacy**

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	253,834	246,249	253,834	246,249
Retained profits	553,354	617,832	528,206	594,296
Other reserves	145,827	146,215	180,465	193,924
Less: Regulatory adjustments:				
Deferred tax assets	(15,811)	(14,283)	(12,425)	(8,722)
55% of cumulative gains of financial investments at FVOCI	(7,418)	(8,754)	(1,495)	(8,391)
Goodwill	(241,276)	(240,782)	(252,909)	(252,909)
Other intangibles	(87,685)	(81,585)	(76,815)	(71,485)
Regulatory reserve	(20,972)	(18,661)	(20,972)	(18,661)
Treasury shares	(5,854)	(10,458)	(5,854)	(10,458)
Other CET 1 regulatory adjustments specified by BNM	1,745	4,275	1,019	3,419
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(120,487)	(96,798)	(166,170)	(166,170)
Total CET 1/Tier 1 capital	<u>455,257</u>	<u>543,250</u>	<u>426,884</u>	<u>501,092</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	185,500	122,000	185,500	122,000
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	18,919	18,657	18,572	18,702
Total Tier 2 capital	<u>204,419</u>	<u>140,657</u>	<u>204,072</u>	<u>140,702</u>
Total capital	<u>659,676</u>	<u>683,907</u>	<u>630,956</u>	<u>641,794</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2021</b>	<b>31 December 2020</b>	<b>30 September 2021</b>	<b>31 December 2020</b>
CET 1 capital ratio	16.748%	19.093%	17.280%	18.797%
Tier 1 capital ratio	16.748%	19.093%	17.280%	18.797%
Total capital ratio	24.267%	24.037%	25.540%	24.075%

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

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

	<b>Group</b>		<b>Group</b>	
	<b>30 September 2021</b>		<b>31 December 2020</b>	
	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>
Credit Risk	6,017,651	1,513,597	5,615,290	1,492,582
Market Risk	-	400,859	-	646,327
Operational Risk	-	793,874	-	704,075
Large exposure risk	-	10,023	-	2,250
<b>Total Risk Weighted Assets</b>	<b>6,017,651</b>	<b>2,718,353</b>	<b>5,615,290</b>	<b>2,845,234</b>

  

	<b>Bank</b>		<b>Bank</b>	
	<b>30 September 2021</b>		<b>31 December 2020</b>	
	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>
Credit Risk	5,702,091	1,485,731	5,306,982	1,496,190
Market Risk	-	380,851	-	632,053
Operational Risk	-	593,816	-	535,355
Large exposure risk	-	10,023	-	2,250
<b>Total Risk Weighted Assets</b>	<b>5,702,091</b>	<b>2,470,421</b>	<b>5,306,982</b>	<b>2,665,848</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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.

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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>2021</b>								
<b>Revenue</b>								
External sales	102,076	436,624	11,390	6,433	108,447	438	-	665,408
- Interest income	80,374	87,150	2,723	5,127	158	336	-	175,868
- Fee income	18,058	268,142	8,667	1,306	108,066	17	-	404,256
- Trading and investment (loss)/income	(585)	75,283	-	-	103	196	-	74,997
- Other operating income/(loss)	4,229	6,049	-	-	120	(111)	-	10,287
Inter-segment sales	31,769	(34,236)	556	-	8,715	7,218	(14,022)	-
<b>Total revenue</b>	<b>133,845</b>	<b>402,388</b>	<b>11,946</b>	<b>6,433</b>	<b>117,162</b>	<b>7,656</b>	<b>(14,022)</b>	<b>665,408</b>
<b>Result</b>								
Net interest income	30,072	39,481	2,340	2,844	29	1,315	6,964	83,045
Net income from Islamic banking business	7,150	4,755	-	-	-	-	-	11,905
Other operating income	18,614	348,603	8,760	1,803	127,407	3,024	(16,860)	491,351
Net income/(loss)	55,836	392,839	11,100	4,647	127,436	4,339	(9,896)	586,301
Other operating expenses	(42,594)	(323,963)	(12,838)	(3,762)	(106,788)	(10,283)	9,492	(490,736)
Credit loss (expense)/reversal	(76)	(151)	-	29	-	898	100	800
Bad debt recovery	-	111	-	-	-	281	-	392
Share of results of associates and a joint venture company	-	-	-	-	-	9,835	-	9,835
Profit/(loss) before taxation and zakat	13,166	68,836	(1,738)	914	20,648	5,070	(304)	106,592
Taxation and zakat								(20,085)
Net profit for the financial period								<u>86,507</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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>2021 (cont'd.)</b>								
<b>Other information</b>								
Net interest and finance income	73,726	2,340	2,844	187	1,157	6,964		87,218
Depreciation and amortisation	(9,781)	(355)	(116)	(2,820)	(7,386)	1,098		(19,360)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	112,628	-	-	12	-	(2,292)		110,348
<b>Assets</b>								
Investments in associate companies	-	-	-	-	89,046	-		89,046
Investment in a joint venture company	-	-	-	-	31,441	-		31,441
Addition to non-current assets	17,800	45	55	1,964	-	-	<b>A</b>	19,864
Segment assets	6,629,965	355,904	91,066	228,310	21,695	(356,466)	<b>B</b>	6,970,474
<b>Liabilities</b>								
Segment liabilities	5,616,366	339,428	71,359	143,419	7,695	(245,737)	<b>C</b>	5,932,530

**KENANGA INVESTMENT BANK BERHAD**  
197301002193 (15678-H)

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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>2020</b>								
<b>Revenue</b>								
External sales (Restated)	177,150	412,156	10,273	9,677	80,021	7,670	-	696,947
- Interest income	137,011	43,482	2,394	8,360	(40)	6,232	-	197,439
- Fee income	13,840	269,540	7,879	1,317	79,360	458	-	372,394
- Trading and investment income	23,213	95,276	-	-	84	1,021	-	119,594
- Other operating income/(loss)	3,086	3,858	-	-	617	(41)	-	7,520
Inter-segment sales (Restated)	896	499	526	95	7,757	1,085	(10,858)	-
<b>Total revenue</b>	<b>178,046</b>	<b>412,655</b>	<b>10,799</b>	<b>9,772</b>	<b>87,778</b>	<b>8,755</b>	<b>(10,858)</b>	<b>696,947</b>
<b>Result</b>								
Net interest income/(expense)	24,479	31,031	2,176	3,808	(689)	3,574	6,044	70,423
Net income from Islamic banking business	10,961	5,807	-	-	-	-	-	16,768
Other operating income	27,924	365,708	7,926	1,820	87,844	6,911	(6,955)	491,178
Net income/(loss)	63,364	402,546	10,102	5,628	87,155	10,485	(911)	578,369
Other operating expenses	(43,295)	(346,893)	(12,332)	(3,883)	(79,587)	(16,177)	3,188	(498,979)
Credit loss reversal/(expense)	147	(3,213)	-	21	-	(73)	(611)	(3,729)
Bad debt (written-off)/recovery	(53)	272	-	-	-	114	-	333
Share of results of associates and a joint venture company	-	-	-	-	-	5,639	-	5,639
Profit/(loss) before taxation and zakat	20,163	52,712	(2,230)	1,766	7,568	(12)	1,666	81,633
Taxation and zakat								(18,684)
Net profit for the financial period								<u>62,949</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**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>2020 (cont'd.)</b>								
<b>Other information</b>								
Net interest and finance income/ (expense)	58,267	2,176	3,808	(689)	3,574	6,044	-	73,180
Depreciation and amortisation	9,607	396	157	2,509	7,175	(1,093)	-	18,751
Non cash expenses								
- Unrealised (loss)/gain on evaluation of financial assets at FVTPL and derivatives	(125,242)	-	-	-	-	2,034	-	(123,208)
<b>Assets</b>								
Investments in associate companies	-	-	-	-	71,370	-		71,370
Investment in a joint venture company	-	-	-	-	20,303	-		20,303
Addition to non-current assets	11,513	182	443	2,657	-	-	<b>A</b>	14,795
Segment assets	6,462,555	396,648	138,337	233,891	17,946	(401,794)	<b>B</b>	6,847,583
<b>Liabilities</b>								
Segment liabilities	5,471,167	377,840	119,261	170,712	4,084	(260,451)	<b>C</b>	5,882,613

**Notes**

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

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Additions during the financial period	17,031	7,002
Intangible assets		
- Additions during the financial period	2,833	7,793
	<u>19,864</u>	<u>14,795</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment in subsidiaries	(90,433)	(94,942)
Investment in associates and joint venture	23,509	(5,305)
Intangible assets	(40,090)	(40,095)
Inter-segment assets	(249,452)	(261,452)
	<u>(356,466)</u>	<u>(401,794)</u>

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

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits accepted from subsidiaries	(124,019)	(106,447)
Inter-segment liabilities	(121,718)	(154,004)
	<u>(245,737)</u>	<u>(260,451)</u>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**A33. Operations of Islamic Banking**

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

		<b>Group and Bank</b>	
	<b>Note</b>	<b>As at 30 September 2021 RM '000</b>	<b>As at 31 December 2020 RM '000</b>
<b>ASSETS</b>			
Cash and bank balances	(e)	408,090	452,323
Financial assets at FVTPL	(f)	119,877	100,000
Financial investment at FVOCI	(g)(i)	363,728	228,701
Financial investment at AC	(g)(ii)	69,599	66,822
Financing and advances	(h)	100,666	113,928
Balances due from clients and brokers		1,582	1,459
Other assets	(i)	3,478	3,941
Property, plant and equipment		20	26
Intangible assets		3	2
<b>TOTAL ASSETS</b>		<b>1,067,043</b>	<b>967,202</b>
<b>LIABILITIES</b>			
Deposits from customers	(j)	638,970	665,493
Balances due to clients and brokers		6,445	4,409
Other liabilities	(k)	236,732	112,951
Deferred tax liabilities		635	1,613
Provision for taxation and zakat		2,364	4,342
<b>TOTAL LIABILITIES</b>		<b>885,146</b>	<b>788,808</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		120,000	120,000
Reserves		61,897	58,394
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>181,897</b>	<b>178,394</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>1,067,043</b>	<b>967,202</b>
<b>Commitments and contingencies</b>	(r)	85,717	61,560

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

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

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

	Group and Bank				
	Individual Quarter		Cumulative Quarter		
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000	
Income derived from investment of depositors' funds	(l)	7,986	11,612	21,700	39,817
Income derived from investment of shareholders' funds	(m)	1,657	1,818	4,653	5,658
Credit loss reversal/(expense)		37	15	98	(203)
Total attributable income		9,680	13,445	26,451	45,272
Profit distributed to depositors	(n)	(4,417)	(7,060)	(13,722)	(27,277)
Net income		5,263	6,385	12,729	17,995
Finance cost		(225)	(467)	(726)	(1,430)
Personnel costs	(o)	(191)	(187)	(576)	(563)
Other overhead expenses	(p)	(794)	(1,094)	(2,463)	(2,772)
<b>Profit before taxation and zakat</b>		<b>4,053</b>	<b>4,637</b>	<b>8,964</b>	<b>13,230</b>
Taxation and zakat		(1,074)	(1,305)	(2,364)	(3,643)
<b>Profit for the financial period</b>		<b>2,979</b>	<b>3,332</b>	<b>6,600</b>	<b>9,587</b>
<b>Other comprehensive income</b>					
Items that will be reclassified subsequently to profit or loss:					
Fair value (loss)/income on debt instruments at FVOCI		(1,924)	482	(4,072)	2,549
Income tax related to the above items		462	(115)	978	(619)
Total other comprehensive (loss)/income for the financial period, net of tax		(1,462)	367	(3,094)	1,930
<b>Total comprehensive income for the financial period, net of tax</b>		<b>1,517</b>	<b>3,699</b>	<b>3,506</b>	<b>11,517</b>
For consolidation with the conventional banking operations, income from Islamic Banking Window operations as shown on the face of the consolidated statements of profit or loss and statements of profit or loss, comprised of the following items:					
Income derived from investment of depositors' funds		7,986	11,612	21,700	39,817
Income derived from investment of shareholders' funds		1,657	1,818	4,653	5,658
Total income before impairment allowances and overhead expenses		9,643	13,430	26,353	45,475
Profit distributed to depositors		(4,417)	(7,060)	(13,722)	(27,277)
Finance cost		(225)	(467)	(726)	(1,430)
<b>Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank</b>		<b>5,001</b>	<b>5,903</b>	<b>11,905</b>	<b>16,768</b>

**KENANGA INVESTMENT BANK BERHAD**  
**197301002193 (15678-H)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Group and Bank**

	Non-Distributable					Distributable	Total RM'000
	Islamic Banking Fund RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserves RM'000	Capital Reserve RM'000	Retained Profits RM'000	
<b>At 1 January 2021</b>	120,000	5,036	2,442	19	5,248	45,649	178,394
Profit for the financial period	-	-	-	-	-	6,600	6,600
Other comprehensive loss for the financial period	-	(3,094)	-	-	-	-	(3,094)
Share based payment under ESS	-	-	-	3	-	(6)	(3)
Transfer to retained profits	-	-	-	(9)	-	9	-
Transfer to regulatory reserve	-	-	55	-	-	(55)	-
<b>At 30 September 2021</b>	<b>120,000</b>	<b>1,942</b>	<b>2,497</b>	<b>13</b>	<b>5,248</b>	<b>52,197</b>	<b>181,897</b>
<b>At 1 January 2020</b>	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial period	-	-	-	-	-	9,587	9,587
Other comprehensive income for the financial period	-	1,930	-	-	-	-	1,930
Share based payment under ESS	-	-	-	3	-	-	3
Transfer from regulatory reserve	-	-	(289)	-	-	289	-
<b>At 30 September 2020</b>	<b>120,000</b>	<b>5,447</b>	<b>2,214</b>	<b>18</b>	<b>5,248</b>	<b>43,097</b>	<b>176,024</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax expense and zakat	8,964	13,230
Adjustments for:		
Depreciation of plant and equipment	6	6
Amortisation of intangible assets	-	10
Credit loss (reversal)/expense	(98)	203
Net loss/(gain) from sale of financial assets at FVTPL	1,014	(1,442)
Net gain from sale of financial investments other than those measured at FVTPL	(961)	(1,974)
Unrealised loss on revaluation of financial assets at FVTPL	77	-
Operating profit before working capital changes	<u>9,002</u>	<u>10,033</u>
<b>Changes in operating assets:</b>		
Financing and advances	13,302	37,400
Balances due from clients and brokers	(123)	(5,465)
Other assets	465	891
<b>Changes in operating liabilities:</b>		
Deposits from customers	(26,523)	(422,494)
Balances due to clients and brokers	2,036	4,248
Other liabilities	<u>119,866</u>	<u>57,457</u>
Cash generated from/(used in) operating activities	118,025	(317,930)
Taxation and zakat paid	(430)	-
Net cash generated from/(used in) operating activities	<u>117,595</u>	<u>(317,930)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1)	(6)
Net purchase of securities	<u>(161,827)</u>	<u>(302,519)</u>
Net investing cash flow	<u>(161,828)</u>	<u>(302,525)</u>
<b>Net change in cash and cash equivalents</b>	(44,233)	(620,455)
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>452,323</u>	<u>982,933</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>408,090</u>	<u>362,478</u>

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

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

	Group and Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>(e) Cash and bank balances</b>		
Current account with Bank Negara Malaysia and banks	38,090	30,323
Money at call and deposit placements with:		
Licensed banks	370,000	172,000
Bank Negara Malaysia	-	200,000
Domestic non-bank financial institutions	-	50,000
	<u>408,090</u>	<u>452,323</u>
<b>(f) Financial assets at FVTPL</b>		
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
<b>Unquoted Securities in Malaysia:</b>		
Funds	100,000	100,000
Corporate Bills	19,877	-
	<u>119,877</u>	<u>100,000</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	20,225	42,088
Negotiable Instruments of Deposits	249,580	99,974
<b>(b) Debt instruments:</b>		
Corporate Sukuk	93,923	86,639
<b>Total financial investments at FVOCI</b>	<u>363,728</u>	<u>228,701</u>
<b>(ii) Financial investments at AC</b>		
<b>(a) Money market instruments:</b>		
Malaysian Government Investment Certificates	9,995	-
<b>(b) Debt instruments:</b>		
Corporate Sukuk	59,604	66,878
Less: Allowance for ECL	-	(56)
<b>Total financial investment at AC</b>	<u>69,599</u>	<u>66,822</u>
<b>Total financial investments other than those measured at FVTPL</b>	<u>433,327</u>	<u>295,523</u>

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

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 instruments measured at AC:**

An analysis of changes in the ECLs is as follows:

**Group and Bank**

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

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

(h) Financing and advances at AC

Commodity Murabahah share margin financing		
- Shariah contract - others	13,678	14,293
Commodity Murabahah revolving credit		
- Shariah contract - others	70,105	70,353
Commodity Murabahah term financing		
- Shariah contract - others	17,062	29,501
Gross financing and advances	100,845	114,147
Less: Allowance for ECL	(179)	(219)
Net financing and advances	100,666	113,928

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

Domestic business enterprise - others	49,613	55,648
Individuals	51,232	58,499
	100,845	114,147

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

In Malaysia	100,845	114,147
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NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

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

Fixed rate	13,678	14,293
Variable rate - Cost plus	87,167	99,854
	100,845	114,147

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

- Working capital	56,998	70,351
- Purchase of securities	39,481	40,096
- Others	4,366	3,700
	100,845	114,147

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

- Within one year	73,536	110,445
- More than one year	27,309	3,702
	100,845	114,147

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

Group and Bank

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movements in ECL</u>				
As at 1 January 2021	219	-	-	219
New assets originated or purchased	45	-	-	45
Assets derecognised or repaid (excluding write-offs)	(107)	-	-	(107)
Net remeasurement of allowance	22	-	-	22
As at 30 September 2021	179	-	-	179
	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movements in ECL</u>				
As at 1 January 2020	645	-	-	645
New assets originated or purchased	322	-	-	322
Assets derecognised or repaid (excluding write-offs)	(521)	-	-	(521)
Net remeasurement of allowance	(227)	-	-	(227)
As at 31 December 2020	219	-	-	219

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

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

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

(i) Other Assets

Income receivables	3,464	3,893
Prepayment	12	15
Other receivables	55	88
Less: Allowance for ECL	(53)	(55)
	<u>3,478</u>	<u>3,941</u>

Group and Bank

Movements in ECL

As at 1 January 2021	17	38	55
New assets originated or purchased	9	-	9
Assets derecognised or repaid (excluding write-offs)	-	(10)	(10)
Transfer of stages during the period	(11)	11	-
Net remeasurement of allowance	-	(1)	(1)
As at 30 September 2021	<u>15</u>	<u>38</u>	<u>53</u>

2021

Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
17	38	55
9	-	9
-	(10)	(10)
(11)	11	-
-	(1)	(1)
<u>15</u>	<u>38</u>	<u>53</u>

2020

Movements in ECL

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

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

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

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

	Group and Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>(j) Deposits from customers</b>		
<b>(i) By type of deposit</b>		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	638,970	665,493
	<u>638,970</u>	<u>665,493</u>
<b>(ii) By type of customers</b>		
Domestic non-bank institutions	278,661	438,864
Government and other statutory bodies	100,000	200,000
Business enterprises	249,175	26,056
Individuals	580	573
Subsidiary companies	10,554	-
	<u>638,970</u>	<u>665,493</u>
<b>(iii) By maturity</b>		
- Due within six months	528,970	345,910
- Due more than six months	110,000	319,583
	<u>638,970</u>	<u>665,493</u>
<b>(k) Other liabilities</b>		
Mudarabah Specific Investment Account	22,710	36,000
Profit payable	1,319	5,309
Other payable	212,703	71,642
	<u>236,732</u>	<u>112,951</u>

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

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000
<b>(l) Income derived from investment of depositors' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	529	1,478	1,921	3,664
Deposits placements with financial institutions	2,077	3,501	5,137	13,651
Financial investment other than those measured at FVTPL	2,386	1,662	7,298	9,275
Accretion of discount	(111)	(129)	(390)	(793)
Others	1	7	2	9
	<b>4,882</b>	<b>6,519</b>	<b>13,968</b>	<b>25,806</b>
<b>Other operating (loss)/income</b>				
Net (loss)/gain on sale of financial assets at FVTPL	(10)	138	(1,091)	1,442
Net gain on sale of financial investments other than those measured at FVTPL	961	1,004	961	1,974
Fees on financing and advances	175	300	225	755
Brokerage fee	929	2,262	3,846	5,252
Profit income from financial assets at FVTPL	1,032	1,299	3,713	4,480
Advisory fee	31	116	172	267
Direct trading fees expense	(19)	(52)	(107)	(201)
Other operating income	-	15	-	15
Other non-operating income	5	11	13	27
	<b>3,104</b>	<b>5,093</b>	<b>7,732</b>	<b>14,011</b>
Total income derived from investment of depositors' funds	<b>7,986</b>	<b>11,612</b>	<b>21,700</b>	<b>39,817</b>
<b>(m) Income derived from investment of shareholders' funds</b>				
<b>Finance income and hibah</b>				
Financing and advances	1,048	630	2,907	3,675
Financial investments other than those measured at FVTPL	678	1,316	1,941	2,191
Accretion of discounts	(69)	(128)	(195)	(208)
	<b>1,657</b>	<b>1,818</b>	<b>4,653</b>	<b>5,658</b>

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

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 30 September 2021 RM'000	3 months ended 30 September 2020 RM'000	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000
<b>(n) Profit distributed to depositors</b>				
Deposits from customers and financial institutions				
- Murabahah Fund	3,837	6,490	12,020	25,116
Others	580	570	1,702	2,161
	<b>4,417</b>	<b>7,060</b>	<b>13,722</b>	<b>27,277</b>
<b>(o) Personnel costs</b>				
- Salaries, wages, allowances and bonus	155	149	464	445
- EPF	24	23	72	69
- Other staff related expenses	12	15	40	49
	<b>191</b>	<b>187</b>	<b>576</b>	<b>563</b>
<b>(p) Other overhead expenses:</b>				
<b>Establishment costs</b>				
- Depreciation	2	2	6	6
- Amortisation	-	-	-	10
- Office rental	15	14	44	42
- Repairs and maintenance	-	2	-	4
- Others	3	1	10	4
	<b>20</b>	<b>19</b>	<b>60</b>	<b>66</b>
<b>Marketing and travelling expenses</b>				
- Advertisement and promotions	8	-	8	-
	<b>8</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Administration and general expenses</b>				
- Fees and brokerage	174	469	694	873
- Support service charges	464	476	1,393	1,428
- Shariah committee expenses	41	57	110	175
- Others	87	73	198	230
	<b>766</b>	<b>1,075</b>	<b>2,395</b>	<b>2,706</b>
Total other overhead expenses	<b>794</b>	<b>1,094</b>	<b>2,463</b>	<b>2,772</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

	<b>Group and Bank</b>	
	<b>As at 30 September 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>
<b>(q) Capital adequacy</b>		
<b>CET 1 / Tier 1 Capital</b>		
Islamic Banking funds	120,000	120,000
Retained profits	45,597	45,650
Other intangibles		
Other reserves	9,700	12,745
Less:		
Intangible assets	(3)	(2)
55% of cumulative gains on financial investments at FVOCI	(1,068)	(2,771)
Regulatory reserves	(2,497)	(2,441)
Total CET 1 / Tier 1 capital	<u>171,729</u>	<u>173,181</u>
<b>Tier 2 Capital</b>		
Impairment provision	2,676	2,718
Total Tier 2 capital	<u>2,676</u>	<u>2,718</u>
Total capital	<u>174,405</u>	<u>175,899</u>
CET 1 capital ratio	52.628%	64.540%
Tier 1 capital ratio	52.628%	64.540%
Total capital ratio	<u>53.448%</u>	<u>65.553%</u>

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

	<b>Group and Bank</b>			
	<b>As at 30 September 2021</b>		<b>As at 31 December 2020</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Notional</b>	<b>Risk-weighted</b>	<b>Notional</b>	<b>Risk-weighted</b>
	<b>amount</b>	<b>amount</b>	<b>amount</b>	<b>amount</b>
Credit risk	990,201	294,656	897,330	238,272
Market risk	-	1,122	-	-
Operational risk	-	30,527	-	30,060
Total Risk Weighted Assets	<u>990,201</u>	<u>326,305</u>	<u>897,330</u>	<u>268,332</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**(r) Commitments and contingencies**

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

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

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>Principal</b>	<b>Principal</b>
	<b>amount</b>	<b>amount</b>
	<b>RM'000</b>	<b>RM'000</b>
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	9,942	7,977
Other commitments with an original maturity of less than 1 year:		
- corporate financing	52,500	39,808
Other commitments with an original maturity of more than 1 year:		
- corporate financing	23,275	13,775
	<u>85,717</u>	<u>61,560</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**B1. Performance Review**

**Group:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20) (Restated)	30 September 2021 (9M21)	30 September 2020 (9M20) (Restated)
(RM'000)				
Revenue	202,649	321,009	665,408	696,947
Net income	174,989	290,665	586,301	578,369
Profit before tax	26,295	63,325	106,592	81,633
Profit after tax	21,566	49,428	86,507	62,949

The Group reported higher profit before tax ("PBT") of RM106.6 million for the current period ended 30 September 2021 ("9M21") compared to RM81.63 million for the corresponding period ended 30 September 2020 ("9M20") mainly due to higher contribution from stockbroking and investment management businesses as well as higher share of profits from the joint venture with Rakuten Trade Sdn Bhd.

The Group's revenue was lower for the current quarter ("3Q21") compared to the corresponding quarter in the previous year 2020 ("3Q20") mainly due to lower net brokerage and trading and investment income, partially mitigated by higher management fee income.

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 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	106,003	225,423	402,388	412,655
Net income	103,030	223,050	392,839	402,546
Profit before tax	14,573	52,544	68,836	52,712

Lower PBT was recorded by stockbroking segment for 3Q21 compared to 3Q20 mainly due to higher net brokerage generated from last year's high Bursa trading volume.

On year to date basis, this segment achieved higher PBT of RM68.8 million for 9M21 mainly due to higher net interest, improved trading and investment income as well as lower credit loss expenses.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Investment Banking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	46,287	53,613	133,845	178,046
Net income	20,414	23,679	55,836	63,364
Profit before tax	5,720	8,426	13,166	20,163

Investment Banking ("IB") registered lower PBT for 3Q21 compared to 3Q20 largely due to lower net trading and investment gain.

IB recorded lower PBT of RM13.2 million for 9M21 (9M20: RM20.2 million) as a result of net trading and investment loss generated from treasury activities. However, this was partially mitigated by higher net interest income and IB fees income earned.

**Investment and Wealth Management:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	47,350	35,956	117,162	87,778
Net income	47,462	35,836	127,436	87,155
Profit before tax	6,851	4,253	20,648	7,568

Investment and Wealth Management recorded higher PBT for both 3Q21 and 9M21 compared to respective corresponding periods last year mainly attributed to higher performance fee and management fee income generated on the back of increased asset under management and sales agency force.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Futures Broking:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	3,669	3,275	11,946	10,799
Net income	3,353	3,000	11,100	10,102
Loss before tax ("LBT")	(742)	(1,009)	(1,738)	(2,230)

Futures business has recorded lower LBT for 3Q21 and 9M21 compared to respective corresponding periods last year as a result of improved net interest income and commission generated.

**Money Lending and Financing:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	2,191	3,754	6,433	9,772
Net income	1,596	2,278	4,647	5,628
Profit before tax	268	653	914	1,766

This segment recorded a decrease in PBT for 3Q21 and 9M21 as compared to 3Q20 and 9M20 mainly due to lower net interest and profit income generated.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Corporate and others:**

	Individual period		Cumulative period	
	3 months ended	3 months ended	9 months ended	9 months ended
	30 September 2021 (3Q21)	30 September 2020 (3Q20)	30 September 2021 (9M21)	30 September 2020 (9M20)
(RM'000)				
Revenue	2,734	2,629	7,656	8,755
Net income	1,338	2,914	4,339	10,485
(Loss)/Profit before tax	(750)	(2,782)	5,070	(12)

Lower loss was recorded for the current quarter compared to 3Q20 for this segment mainly due to lower overhead expenses.

This segment recorded PBT for 9M21 as compared to LBT for 9M20 mainly due to higher share of profits from investment in the associates and joint venture and lower overhead expenses but partially offset by lower net interest income.

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

**Current quarter versus previous quarter**

**Group:**

	Current quarter	Previous quarter
	3 months ended 30 September 2021 (3Q21)	3 months ended 30 June 2021 (2Q21)
(RM'000)		
Revenue	202,649	212,636
Net income	174,989	188,723
Profit before tax	26,295	37,605
Profit after tax	21,566	30,674

For 3Q21, the Group has recorded lower PBT of RM26.3 million compared to previous quarter ended 30 June 2021 mainly due to lower brokerage income and net trading and investment income, but partially mitigated by higher management fee income and lower overhead expenses.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**B3. Prospects for 2021**

The Malaysian economy is projected to decline by 1.4% in the 3Q21 (2Q21: 16.1%), reflecting the impact of the prolonged movement restrictions under the National Recovery Plan. Nevertheless, we foresee strong resumption of economic recovery towards the end of the year, with the 2021 gross domestic product (GDP) growth projected at 3.5% - 4.0% (2020: -5.6%) underpinned by the progress of COVID-19 vaccination campaign, deployment of the various stimulus measures, external demand and the unleashed pent-up demand as economy gradually reopen and shifting to endemic phase.

Nonetheless, the growth forecast is subjected to several downside risks, including the unabated surge of COVID-19 cases brought by the emergence of new variant, renewed US-China tensions, China's economic slowdown due to the power crunch and the global financial instability driven by the US Fed policy shift.

On the monetary front, we maintain our outlook that Bank Negara Malaysia (BNM) would hold the overnight policy rate (OPR) at 1.75% for the rest of the year, given the prospect of sustainable economic recovery.

Meanwhile, fiscal policy stance is expected to remain expansionary, with deficit projected at 6.3% of GDP in 2021 (2020: 6.2%) on the back of ongoing stimulus package to support the wellbeing of the people amid the lingering uncertainty over the path of the pandemic.

With the gradual reopening of all economic sectors and lifting of restrictions, we are optimistic that the Group will benefit from more positive economy outlook which will translate into higher Bursa volume as well as business activities and therefore able to sustain its profit momentum for the fourth quarter of the year.

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

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

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**SELECTED EXPLANATORY NOTES**  
**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA**  
**SECURITIES BERHAD**

**B5. Taxation and zakat**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September 2021	3 months ended 30 September 2020	9 months ended 30 September 2021	9 months ended 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(8,306)	(20,906)	(18,690)	(23,288)
Deferred taxation	3,577	7,009	(1,395)	4,604
<b>Total</b>	<b>(4,729)</b>	<b>(13,897)</b>	<b>(20,085)</b>	<b>(18,684)</b>

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

**B6. Borrowings**

	Group		Bank	
	As at 30 September 2021	As at 31 December 2020	As at 30 September 2021	As at 31 December 2020
	RM '000	RM '000	RM '000	RM '000
<b>Secured</b>				
Revolving bank loan denominated in RM				
- More than one year	22,000	30,400	22,000	30,400
<b>Unsecured</b>				
Revolving bank loans denominated in RM				
- Within one year	10,500	23,000	-	-
Subordinated notes denominated in RM				
- More than one year	185,500	122,000	185,500	122,000
<b>Total</b>	<b>218,000</b>	<b>175,400</b>	<b>207,500</b>	<b>152,400</b>

**B7. Dividend**

No dividend has been proposed for the current financial quarter.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**SELECTED EXPLANATORY NOTES**  
**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA**  
**SECURITIES BERHAD**

**B8. Earnings per share**

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<b>3 months ended 30 September 2021</b>	<b>3 months ended 30 September 2020</b>	<b>9 months ended 30 September 2021</b>	<b>9 months ended 30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period attributable to equity holders of the Bank	21,440	49,270	86,173	62,791
Weighted average number of ordinary shares in issue ('000)	733,601	700,807	726,368	699,402
Effects of dilution	-	12,481	17,349	12,481
Adjusted weighted average number of ordinary shares in issue ('000)	733,601	713,288	743,717	711,883
Earnings per share (sen)				
- basic	2.92	7.03	11.86	8.98
- fully diluted	2.92	6.91	11.59	8.82

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

**B9. Changes in Material Litigation**

The status of material litigations is disclosed in note B12.

**B10. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 30 September 2021.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**B11. Derivative financial instruments**

Derivative financial instruments are as follows:

**Group and Bank**

Items	As at 30 September 2021		As at 31 December 2020	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	27,685	32,766	47,685	53,343
Equity related contract- swaps	76,531	4,337	31,216	2,014
Equity related contract- forwards	60,554	54,787	57,354	40,079
Index futures	2,071	172	2,688	135
Dual currency investment- options	2,029	3	3,655	-
	168,870	92,065	142,598	95,571
<u>Derivative financial liabilities</u>				
Equity related contract- options	152,815	31,408	451,950	135,291
Equity related contract- swaps	-	-	19,467	2,095
Equity related contract- forwards	3,200	864	3,200	88
Dual currency investment- options	2,029	3	3,655	6
	158,044	32,275	478,272	137,480

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

There have been no changes since the end of the previous financial year ended 31 December 2020 in respect of the following:

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

**Types of derivative financial instruments**

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

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

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

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

**Purposes of engaging in derivative financial instruments**

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

**Loss arising from fair value changes of derivative financial instruments**

The unrealised loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM 26,706,717 (2Q21 gain: RM18,666,330). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

**B12. Contingent liabilities**

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

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