

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

Unaudited Condensed Interim Financial Statements
31 March 2020

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

<u>Group</u>	Note	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	2,062,155	2,063,057
Financial assets at fair value through profit or loss ("FVTPL")	A12	354,827	328,680
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	1,044,232	795,081
Financial investments at amortised cost ("AC")	A13 (ii)	296,578	112,756
Derivative financial assets	B11	121,784	65,174
Loans, advances and financing	A14	1,876,731	2,064,674
Balances due from clients and brokers	A15	334,860	280,357
Other assets	A16	160,958	201,785
Statutory deposit with Bank Negara Malaysia	A17	71,557	99,164
Tax recoverable		15,441	24,155
Investment in associates		63,738	64,642
Investment in a joint venture company		14,711	15,801
Property, plant and equipment		170,491	170,450
Intangible assets		319,047	317,387
Right-of-use assets		23,654	24,656
Deferred tax assets		3,612	2,955
TOTAL ASSETS		6,934,376	6,630,774
LIABILITIES			
Deposits from customers	A18	4,464,908	4,065,494
Deposits and placements of banks and other financial institutions	A19	273,294	650,718
Balances due to clients and brokers		587,035	537,393
Derivative financial liabilities	B11	21,038	13,416
Other liabilities	A20	379,305	322,952
Obligations on securities sold under repurchase agreements		165,181	-
Borrowings	A21	144,800	96,600
Lease liabilities		23,436	24,429
Provision for taxation and zakat		3,025	14,793
Deferred tax liabilities		33	690
TOTAL LIABILITIES		6,062,055	5,726,485
EQUITY			
Share capital		246,249	246,249
Treasury shares		(16,990)	(16,990)
Reserves		643,062	675,030
TOTAL EQUITY		872,321	904,289
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,934,376	6,630,774
Commitments and contingencies	A29	3,878,564	3,041,684
Net assets per share attributable to equity holders of the Bank (RM)		1.25	1.29

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

<u>Bank</u>	Note	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
ASSETS			
Cash and bank balances	A11	1,788,470	1,877,150
Financial assets at FVTPL	A12	353,481	326,560
Financial investments at FVOCI	A13 (i)	1,044,232	795,081
Financial investments at AC	A13 (ii)	296,578	112,756
Derivative financial assets	B11	121,784	65,174
Loans, advances and financing	A14	1,848,890	2,039,517
Balances due from clients and brokers	A15	334,860	280,357
Other assets	A16	86,993	122,564
Statutory deposit with Bank Negara Malaysia	A17	71,557	99,164
Tax recoverable		11,276	20,246
Investment in subsidiaries		70,135	70,135
Investment in an associate		56,235	56,235
Investment in a joint venture company		40,000	40,000
Property, plant and equipment		166,604	166,710
Intangible assets		321,623	320,712
Right-of-use assets		22,107	23,745
Deferred tax assets		694	-
TOTAL ASSETS		6,635,519	6,416,106
LIABILITIES			
Deposits from customers	A18	4,516,906	4,119,352
Deposits and placements of banks and other financial institutions	A19	273,294	650,718
Balances due to clients and brokers		351,204	304,880
Derivative financial liabilities	B11	21,038	13,416
Other liabilities	A20	245,497	269,026
Obligations on securities sold under repurchase agreements		165,181	-
Borrowings	A21	113,800	66,600
Lease liabilities		21,821	23,436
Provision for taxation and zakat		475	12,052
Deferred tax liabilities		-	657
TOTAL LIABILITIES		5,709,216	5,460,137
EQUITY			
Share capital		246,249	246,249
Treasury shares		(16,990)	(16,990)
Reserves		697,044	726,710
TOTAL EQUITY		926,303	955,969
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,635,519	6,416,106
Commitments and contingencies	A29	3,422,279	3,127,341
Net assets per share (RM)		1.33	1.37

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS

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

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)
Group					
Interest income	A22	60,403	61,504	60,403	61,504
Interest expense	A23	(38,603)	(41,871)	(38,603)	(41,871)
Net interest income		21,800	19,633	21,800	19,633
Net income from Islamic banking business	A33	5,328	4,806	5,328	4,806
Other operating income	A24	90,253	83,793	90,253	83,793
Net income		117,381	108,232	117,381	108,232
Other operating expenses	A25	(114,296)	(101,895)	(114,296)	(101,895)
Operating profit		3,085	6,337	3,085	6,337
Credit loss (expenses)/reversal	A26	(10,263)	4,881	(10,263)	4,881
Bad debts recovered	A27	228	279	228	279
		(6,950)	11,497	(6,950)	11,497
Share of results of associates and joint venture		(648)	(528)	(648)	(528)
(Loss)/Profit before taxation and zakat		(7,598)	10,969	(7,598)	10,969
Taxation and zakat	B5	651	(3,183)	651	(3,183)
(Loss)/Profit for the period		(6,947)	7,786	(6,947)	7,786
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		(666)	(578)	(666)	(578)
Share of other comprehensive (loss)/profit in associates		(5,084)	2,276	(5,084)	2,276
Income tax related to the above		160	139	160	139
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		3,772	(1,066)	3,772	(1,066)
Net (loss)/gain on fair value changes of debt instrument at FVOCI		(1,248)	7,644	(1,248)	7,644
Income tax relating to the components of other comprehensive income		299	(1,835)	299	(1,835)
Other comprehensive (loss)/income for the period, net of tax		(2,767)	6,580	(2,767)	6,580
Total comprehensive (loss)/income for the period, net of tax		(9,714)	14,366	(9,714)	14,366

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 31 MARCH 2020

		<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
	Note				
(Loss)/Earnings per share					
Basic (sen)	B8	(0.99)	1.11	(0.99)	1.11
Fully diluted (sen)	B8	(0.99)	1.11	(0.99)	1.11

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)
Bank					
Interest income	A22	58,528	59,456	58,528	59,456
Interest expense	A23	(40,592)	(41,795)	(40,592)	(41,795)
Net interest income		17,936	17,661	17,936	17,661
Net income from Islamic banking business	A33	5,328	4,806	5,328	4,806
Other operating income	A24	65,683	61,947	65,683	61,947
Net income		88,947	84,414	88,947	84,414
Other operating expenses	A25	(86,253)	(79,124)	(86,253)	(79,124)
Operating profit		2,694	5,290	2,694	5,290
Credit loss (expenses)/reversal	A26	(9,653)	4,811	(9,653)	4,811
Bad debts recovered	A27	228	279	228	279
(Loss)/Profit before taxation and zakat		(6,731)	10,380	(6,731)	10,380
Taxation and zakat		774	(3,150)	774	(3,150)
(Loss)/Profit for the period		(5,957)	7,230	(5,957)	7,230
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		(666)	(578)	(666)	(578)
Income tax related to the above		160	139	160	139
Items that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of debt instruments at FVOCI		(1,248)	7,644	(1,248)	7,644
Income tax relating to the components of other comprehensive income		299	(1,835)	299	(1,835)
Other comprehensive (loss)/income for the period, net of tax		(1,455)	5,370	(1,455)	5,370
Total comprehensive (loss)/income for the period, net of tax		(7,412)	12,600	(7,412)	12,600

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

Group	Non- Distributable					Distributable			Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve/(Deficit) RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
At 1 January 2020	246,249	4,560	6,488	25,444	17,789	88,938	(16,990)	531,811	904,289
Net loss for the financial period	-	-	-	-	-	-	-	(6,947)	(6,947)
Share of other comprehensive (loss)/income of associates	-	-	(5,142)	-	-	-	-	58	(5,084)
Other comprehensive (loss)/income	-	-	(1,455)	-	3,772	-	-	-	2,317
Total comprehensive (loss)/income	-	-	(6,597)	-	3,772	-	-	(6,889)	(9,714)
Share based payment under Employees' Share Options Scheme ("ESS")	-	453	-	-	-	-	-	-	453
Transfer from regulatory reserve	-	-	-	(1,600)	-	-	-	1,600	-
Dividend declared	-	-	-	-	-	-	-	(22,707)	(22,707)
At 31 March 2020	246,249	5,013	(109)	23,844	21,561	88,938	(16,990)	503,815	872,321

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

Group	Non- Distributable					Distributable		Total Equity RM'000	
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
At 1 January 2019	246,249	2,588	(4,120)	25,488	18,783	88,938	(16,808)	509,888	871,006
Net profit for the financial period	-	-	-	-	-	-	-	7,786	7,786
Share of other comprehensive (loss)/income of associates	-	-	(857)	-	-	-	-	3,133	2,276
Other comprehensive income/(loss)	-	-	5,370	-	(1,066)	-	-	-	4,304
Total comprehensive income/(loss)	-	-	4,513	-	(1,066)	-	-	10,919	14,366
Share based payment under ESS	-	664	-	-	-	-	-	-	664
Buy-back of shares	-	-	-	-	-	-	(182)	-	(182)
Transfer to regulatory reserve	-	-	-	2,250	-	-	-	(2,250)	-
At 31 March 2019	246,249	3,252	393	27,738	17,717	88,938	(16,990)	518,557	885,854

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2020	246,249	25,444	4,560	10,505	153,863	(16,990)	532,338	955,969
Net loss for the financial period	-	-	-	-	-	-	(5,957)	(5,957)
Other comprehensive loss	-	-	-	(1,455)	-	-	-	(1,455)
Total comprehensive loss	-	-	-	(1,455)	-	-	(5,957)	(7,412)
Share based payment under ESS	-	-	453	-	-	-	-	453
Transfer from regulatory reserve	-	(1,600)	-	-	-	-	1,600	-
Dividend declared	-	-	-	-	-	-	(22,707)	(22,707)
At 31 March 2020	246,249	23,844	5,013	9,050	153,863	(16,990)	505,274	926,303

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

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2019	246,249	25,488	2,588	2,175	153,863	(16,808)	513,675	927,230
Net profit for the financial period	-	-	-	-	-	-	7,230	7,230
Other comprehensive income	-	-	-	5,370	-	-	-	5,370
Total comprehensive income	-	-	-	5,370	-	-	7,230	12,600
Share based payment under ESS	-	-	664	-	-	-	-	664
Buy-back of shares	-	-	-	-	-	(182)	-	(182)
Transfer to regulatory reserve	-	2,250	-	-	-	-	(2,250)	-
At 31 March 2019	246,249	27,738	3,252	7,545	153,863	(16,990)	518,655	940,312

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	31 March 2020 RM'000	31 March 2019 RM'000 (Restated)	31 March 2020 RM'000	31 March 2019 RM'000 (Restated)
Cash flows from operating activities				
(Loss)/Profit before taxation	(7,598)	10,969	(6,731)	10,380
Adjustments for:				
Depreciation of property, plant and equipment	2,929	3,608	2,740	3,471
Amortisation of intangible assets	1,100	44	1,003	-
Amortisation of right-of-use assets	706	2,272	1,695	2,051
Lease interest expenses	377	341	353	322
ESS expenses	388	595	388	595
Credit loss expense/(reversal)	10,263	(4,881)	9,653	(4,811)
Property, plant and equipment written off	-	1	-	1
Bad debts written off	53	-	53	-
Non-cash items	15,816	1,980	15,885	1,629
Net gain from sale of financial assets at FVTPL and derivatives	(4,184)	(16,335)	(4,184)	(16,335)
Net gain from sale of financial investments other than those measured at FVTPL	(228)	(1,791)	(228)	(1,791)
Gross dividend income from investments	(332)	(114)	(298)	(90)
(Gain)/Loss on revaluation of financial assets at FVTPL and derivatives	(1,197)	6,582	(1,905)	7,326
Share of results of associates and joint venture	604	528	-	-
Non-operating items - investing	(5,337)	(11,130)	(6,615)	(10,890)
Adjustments for non-operating and non-cash items	10,479	(9,150)	9,270	(9,261)
Operating profit before working capital changes	2,881	1,819	2,539	1,119
Changes in working capital:				
Net changes in operating assets	163,989	(235,962)	186,069	(242,521)
Net changes in operating liabilities	271,831	533,119	185,462	567,302
Cash generated from operations	438,701	298,976	374,070	325,900
Taxation and zakat paid	(3,258)	(2,664)	(2,725)	(4,928)
Rental/lease payment (Interest)	(377)	(595)	(353)	(595)
Net operating cash flow	435,066	295,717	370,992	320,377
Cash flows from investing activities				
Dividends received from other investments	332	114	298	90
Purchase of property, plant and equipment and intangible assets	(5,730)	(1,571)	(4,547)	(1,198)
Capital injection in a joint venture	-	(5,000)	-	(5,000)
Net purchase of securities	(504,149)	(188,253)	(504,215)	(188,830)
Net investing cash flow	(509,547)	(194,710)	(508,464)	(194,938)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	31 March 2020 RM'000	31 March 2019 RM'000 (Restated)	31 March 2020 RM'000	31 March 2019 RM'000 (Restated)
Cash flows from financing activities				
Rental/lease payment (Principal)	(2,004)	(1,783)	(1,670)	(1,591)
Net drawdown/(repayment) of borrowings	48,200	(6,800)	47,200	(2,800)
Buy-back of shares	-	(182)	-	(182)
Net financing cash flow	46,196	(8,765)	45,530	(4,573)
Net change in cash and cash equivalents during the financial period	(28,285)	92,242	(91,942)	120,866
Cash and cash equivalents brought forward	1,838,760	1,096,373	1,816,949	1,053,573
Cash and cash equivalents carried forward	1,810,475	1,188,615	1,725,007	1,174,439

Cash and Cash Equivalents

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

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 March 2019 RM'000	As at 31 March 2020 RM'000	As at 31 March 2019 RM'000
Cash and short-term funds	1,838,939	1,337,984	1,608,470	1,236,897
Deposits and placements with banks and other financial institutions	223,216	81,905	180,000	-
Less: Segregated funds from customers	(188,217)	(168,816)	-	-
Less: Cash and bank balances and deposits held in trust	(63,463)	(62,458)	(63,463)	(62,458)
	1,810,475	1,188,615	1,725,007	1,174,439

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A1. Basis Of Preparation

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

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

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019. The Group has not early 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 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A3. Preceding financial year audit report

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

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 REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 other than the discounted factor used to measure the net present value of right of use assets and lease liabilities.

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 31 March 2020 other than the issuance of RM50 million of Tier 2 Subordinated Notes on 20 March 2020.

A8. Dividends paid per share

No dividend was paid during the current financial period.

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

There was no significant event during and subsequent to the financial interim period other than as disclosed in Note B10.

A10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2020.

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	471,428	408,089	281,587	291,599
Money at call and deposit placements	1,590,727	1,654,968	1,506,883	1,585,551
	<u>2,062,155</u>	<u>2,063,057</u>	<u>1,788,470</u>	<u>1,877,150</u>
Included in cash and bank balances are:				
Cash and cash equivalents	1,810,475	1,838,760	1,725,007	1,816,949
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	251,680	224,297	63,463	60,201
	<u>2,062,155</u>	<u>2,063,057</u>	<u>1,788,470</u>	<u>1,877,150</u>
A12. Financial Assets At FVTPL				
At fair value				
Money Market Instruments:				
Malaysian Government Securities	20,743	-	20,743	-
Bank Negara Malaysia Bills and Notes	49,952	-	49,952	-
	<u>70,695</u>	<u>-</u>	<u>70,695</u>	<u>-</u>
Quoted Securities:				
Shares and fund in Malaysia	123,812	193,566	123,812	193,566
	<u>123,812</u>	<u>193,566</u>	<u>123,812</u>	<u>193,566</u>
Unquoted Securities:				
Shares and funds in Malaysia	135,340	135,114	133,994	132,994
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Bills	24,980	-	24,980	-
	<u>24,980</u>	<u>-</u>	<u>24,980</u>	<u>-</u>
Total financial assets at FVTPL	<u>354,827</u>	<u>328,680</u>	<u>353,481</u>	<u>326,560</u>

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

Money market instruments:

Malaysian Government Securities	30,801	30,550
Malaysian Government Investment Certificates	73,172	72,649
Islamic Negotiable Instruments of Deposits	299,730	59,550
	<u>403,703</u>	<u>162,749</u>

Equity instruments in Malaysia:

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

Debt instruments in Malaysia:

Islamic Corporate Sukuk	461,901	458,204
Corporate Bonds	177,540	173,040
	<u>639,441</u>	<u>631,244</u>

Total financial investments at FVOCI: **1,044,232** **795,081**

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

Malaysian Government Investment Certificates	<u>69,513</u>	<u>-</u>
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Impairment losses on debt instrument measured at FVOCI:

Group and Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
<u>Movement in Expected Credit Loss ("ECL")</u>	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	36	-	-	36
New assets originated or purchased	18	-	-	18
Assets derecognised or matured	(17)	-	-	(17)
As at 31 March 2020	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

(ii) Financial investment at AC:

Money market instruments:

Malaysian Government Investment Certificates	180,200	9,892
	<u>180,200</u>	<u>9,892</u>

Debt instruments in Malaysia:

At cost		
Islamic Corporate Sukuk	96,420	83,172
Corporate Bonds	20,031	20,030
Less: Allowance for ECL	(73)	(338)
	<u>116,378</u>	<u>102,864</u>

Total financial investment at AC:

<u>296,578</u>	<u>112,756</u>
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Included in financial investments at AC are financial assets sold under repurchase agreements as follows:

Malaysian Government Investment Certificates	<u>100,120</u>	<u>-</u>
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Impairment losses on debt instrument measured at Amortised Cost ("AC")

Group and Bank

	2020			
Movement in ECL	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	-	338	-	338
New assets originated or purchased	73	-	-	73
Impact of net re-measurement of ECL	-	(160)	-	(160)
Assets derecognised or matured (excluding write-off)	-	(178)	-	(178)
As at 31 March 2020	<u>73</u>	<u>-</u>	<u>-</u>	<u>73</u>

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,197,168	1,320,106	1,197,168	1,320,106
Term loans	582,120	665,323	664,738	722,404
Subordinated term loan	-	-	15,181	15,417
Other lending and factoring receivables	125,908	97,317	-	-
Advances to group employees	6	17	6	17
Gross loans, advances and financing	1,905,202	2,082,763	1,877,093	2,057,944
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(950)	(1,312)	(1,374)	(2,366)
- Stage 2- Lifetime ECL non-credit impaired	-	-	-	-
- Stage 3- Lifetime ECL credit impaired	(27,521)	(16,777)	(26,829)	(16,061)
Net Loans, Advances and Financing	1,876,731	2,064,674	1,848,890	2,039,517
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	287,272	256,545	203,371	208,259
- Others	647,927	744,067	745,726	816,565
Individuals	938,111	1,052,269	896,104	1,003,238
Foreign enterprises	31,892	29,882	31,892	29,882
Gross Loans, Advances and Financing	1,905,202	2,082,763	1,877,093	2,057,944
(ii) By Geographical Distribution				
In Malaysia	1,865,037	2,040,133	1,836,928	2,015,314
Outside Malaysia	40,165	42,630	40,165	42,630
Gross Loans, Advances and Financing	1,905,202	2,082,763	1,877,093	2,057,944
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,323,075	1,417,423	1,197,167	1,320,105
Variable rate				
- Other variable rates	570,131	646,871	667,930	719,370
- Base lending rate plus	11,989	18,452	11,989	18,452
Interest free	7	17	7	17
Gross Loans, Advances and Financing	1,905,202	2,082,763	1,877,093	2,057,944
(iv) By Purpose				
- Purchase of securities	1,454,386	1,639,548	1,454,093	1,638,853
- Working capital	236,466	195,864	273,695	221,271
- Others	214,350	247,351	149,305	197,820
Gross Loans, Advances and Financing	1,905,202	2,082,763	1,877,093	2,057,944

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(v) By Residual Contractual Maturity				
- Within one year	1,493,167	1,657,891	1,545,199	1,686,370
- More than one year	412,035	424,872	331,894	371,574
Gross Loans, Advances and Financing	1,905,202	2,082,763	1,877,093	2,057,944
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial period/year	48,880	59,068	48,160	58,283
Impaired during the financial period/year	846	32,032	36	32,032
Amount written off against allowance for ECL	-	-	-	-
Amount recovered	(1,097)	(42,220)	(1,073)	(42,155)
At end of the financial period/year	48,629	48,880	47,123	48,160
Less: Allowance for ECL	(27,521)	(16,777)	(26,829)	(16,061)
Net impaired LAF	21,108	32,103	20,294	32,099
Net impaired LAF as a % of gross loans, advances and financing less allowance	1.12%	1.55%	1.10%	1.57%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	36,264	36,121	34,758	35,401
Outside Malaysia	12,365	12,759	12,365	12,759
Gross impaired loans	48,629	48,880	47,123	48,160
(viii) Impaired LAF by Purpose				
Working capital	1,506	720	-	-
Purchase of securities	47,123	48,160	47,123	48,160
Gross impaired loans	48,629	48,880	47,123	48,160

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

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

Share margin financing:

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	-	-	16,061	16,061
New assets originated or purchased	-	-	11,412	11,412
Assets derecognised or repaid (excluding write-offs)	-	-	(644)	(644)
As at 31 March 2020	-	-	26,829	26,829

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2019	-	8,847	21,253	30,100
New assets originated or purchased	-	-	14,839	14,839
Assets derecognised or repaid (excluding write-offs)	-	-	(28,878)	(28,878)
Transfers of stages	-	(8,847)	8,847	-
As at 31 December 2019	-	-	16,061	16,061

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

Term loan and subordinated term loan:

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	1,183	-	-	1,183
New assets originated or purchased	19	-	-	19
Assets derecognised or repaid (excluding write-offs)	(315)	-	-	(315)
As at 31 March 2020	887	-	-	887

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

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

Bank

Movement in ECL	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2020	2,111	-	-	2,111
New assets originated or purchased	433	-	-	433
Assets derecognised or repaid (excluding write-offs)	(1,358)	-	-	(1,358)
As at 31 March 2020	1,186	-	-	1,186

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

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

Others lending and factoring receivables

Group

Movement in ECL	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2020	-	-	716	716
Assets derecognised or repaid (excluding write-offs)	-	-	(24)	(24)
As at 31 March 2020	-	-	692	692

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

Undrawn commitment:

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

Group

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	129	-	-	129
New assets originated or purchased	-	-	-	-
Exposure derecognised or matured/lapsed (excluding write-offs)	(66)	-	-	(66)
As at 31 March 2020	63	-	-	63

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

Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECL				
As at 1 January 2020	255	-	-	255
New exposures originated or purchased	-	-	-	-
Exposure derecognised or matured/lapsed (excluding write-offs)	(67)	-	-	(67)
As at 31 March 2020	188	-	-	188

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

Group and Bank
As at
31 March
2020
RM'000

As at
31 December
2019
RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	348,385	294,014
Less: Allowance for ECL	(13,525)	(13,657)
	334,860	280,357

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

Group and Bank

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2020	1,516	12,141	13,657
Charge during the period	38	30	68
Written back during the period	(20)	(180)	(200)
As at 31 March 2020	1,534	11,991	13,525
	2019		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2019	1,517	12,938	14,420
Charge during the year	214	503	717
Written back during the year	(215)	(1,300)	(1,515)
As at 31 December 2019	1,516	12,141	13,657

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

A16. Other Assets

Assets segregated for customers	68,432	86,376	-	-
Interest/income receivable	14,205	11,641	14,074	11,401
Prepayments and deposits	21,950	19,378	19,319	17,771
Other debtors	61,203	39,166	27,965	17,873
Treasury trade receivables	-	49,842	-	49,842
Amount due from subsidiaries	-	-	30,822	30,599
Amount due from related parties	33	33	33	33
Amount due from trustees	55	-	-	-
	165,878	206,436	92,213	127,519
Allowance for ECL				
- Other debtors	(4,920)	(4,651)	(4,921)	(4,651)
- Amount due from subsidiaries	-	-	(299)	(304)
	160,958	201,785	86,993	122,564

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A16. Other Assets (cont'd.)

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

Group

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2020	180	4,471	4,651
Charge during the period	272	710	982
Written back during the period	-	(705)	(705)
Transfers of stages	(329)	329	-
Written off during the period	-	(8)	(8)
As at 31 March 2020	123	4,797	4,920

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

Bank

	2020		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movement in ECL			
As at 1 January 2020	180	4,471	4,651
Charge during the period	273	710	983
Written back during the period	-	(705)	(705)
Transfers of stages	(329)	329	-
Written off during the period	-	(8)	(8)
As at 31 March 2020	124	4,797	4,921

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

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A16. Other Assets (cont'd.)

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

Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in ECLs				
As at 1 January 2020	304	-	-	304
New assets originated or purchased	(5)	-	-	(5)
As at 31 March 2020	299	-	-	299

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

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

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	71,557	99,164
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

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

A18. Deposits from customers

(i) By type of deposit

Fixed term deposits	3,541,714	3,282,087	3,580,600	3,312,129
Short term money deposits	657,610	657,880	670,722	681,696
Call money deposits	215,046	71,367	215,046	71,367
Negotiable instruments of deposit	50,538	54,160	50,538	54,160
	4,464,908	4,065,494	4,516,906	4,119,352

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
A18. Deposits from customers (cont'd.)				
(ii) By type of customer				
Government and other statutory bodies	1,394,550	786,494	1,394,550	786,494
Individuals	122,183	124,805	122,183	124,805
Business enterprises	896,305	776,876	896,305	776,876
Non-bank financial institutions	1,858,387	2,265,852	1,858,387	2,265,852
Subsidiaries and related companies	193,483	111,467	245,481	165,325
	4,464,908	4,065,494	4,516,906	4,119,352
(iii) By maturity structure				
Due within six months	3,208,283	2,911,025	3,258,977	2,964,883
More than six months to one year	821,413	727,267	822,717	727,267
More than one year	435,212	427,202	435,212	427,202
	4,464,908	4,065,494	4,516,906	4,119,352

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Licenced banks	8,615	-
Licenced investment banks	-	50,000
Other financial institutions	264,679	600,718
	273,294	650,718

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
A20. Other liabilities				
Interest/Income payable	29,233	35,878	28,582	35,375
Securities borrowing and lending	2,116	3,040	2,116	3,040
Accruals and provision	108,687	70,989	36,821	35,484
Retention for contra losses	16	17	16	17
Structured products	5,071	5,399	5,071	5,399
Treasury trade payables	10,410	49,842	10,410	49,842
Deposits and other creditors	109,334	84,975	99,017	79,400
Amounts held in trust on behalf of Dealer's Representatives	63,463	60,201	63,463	60,201
Amount due to trustees	50,975	12,611	-	-
Amount due to subsidiaries	-	-	1	268
	379,305	322,952	245,497	269,026
A21. Borrowings				
Secured:				
Revolving bank loan	38,800	41,600	38,800	41,600
Unsecured:				
Revolving bank loans	31,000	30,000	-	-
Subordinated notes	75,000	25,000	75,000	25,000
	144,800	96,600	113,800	66,600

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)
A22. Interest Income				
<u>Group</u>				
Loans, advances and financing	34,843	34,595	34,843	34,595
Money at call and deposit placements with financial institutions	14,029	12,044	14,029	12,044
Financial investments at FVOCI	6,564	10,321	6,564	10,321
Financial investments at AC	1,130	1,099	1,130	1,099
Others	3,837	3,445	3,837	3,445
	60,403	61,504	60,403	61,504
<u>Bank</u>				
Loans, advances and financing	33,873	33,286	33,873	33,286
Money at call and deposit placements with financial institutions	13,126	11,310	13,126	11,310
Financial investments at FVOCI	6,564	10,321	6,564	10,321
Financial investments at AC	1,130	1,099	1,130	1,099
Others	3,835	3,440	3,835	3,440
	58,528	59,456	58,528	59,456
A23. Interest Expense				
<u>Group</u>				
Deposits from customers	35,986	37,225	35,986	37,225
Deposits and placement from banks and other financial institutions	422	2,020	422	2,020
Borrowings	1,368	1,466	1,368	1,466
Lease interest expense	377	341	377	341
Others	450	819	450	819
	38,603	41,871	38,603	41,871
<u>Bank</u>				
Deposits from customers	36,768	37,689	36,768	37,689
Deposits and placement from banks and other financial institutions	423	2,020	423	2,020
Borrowings	882	945	882	945
Lease interest expense	353	322	353	322
Others	2,166	819	2,166	819
	40,592	41,795	40,592	41,795

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)
A24. Other Operating Income				
Group				
(a) Fee income:				
Brokerage fees	48,766	37,281	48,766	37,281
Corporate advisory fees	1,261	2,093	1,261	2,093
Processing fees on loans, advances and financing	763	555	763	555
Commissions	2,788	1,557	2,788	1,557
Management fee income	20,407	18,223	20,407	18,223
Placement fees	2,079	2,730	2,079	2,730
Underwriting commission	188	217	188	217
Other fee income	4,238	3,012	4,238	3,012
Others	751	338	751	338
	<u>81,241</u>	<u>66,006</u>	<u>81,241</u>	<u>66,006</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	2,797	15,455	2,797	15,455
Financial investments at FVOCI	226	1,396	226	1,396
	<u>3,023</u>	<u>16,851</u>	<u>3,023</u>	<u>16,851</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	320	103	320	103
Financial investments at FVOCI	12	11	12	11
	<u>332</u>	<u>114</u>	<u>332</u>	<u>114</u>
(d) Interest income from financial assets at FVTPL	<u>534</u>	<u>790</u>	<u>534</u>	<u>790</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>1,199</u>	<u>(6,317)</u>	<u>1,199</u>	<u>(6,317)</u>
(f) Other income:				
Net foreign exchange income	1,680	1,820	1,680	1,820
Other operating income	541	244	541	244
Other non-operating income				
- Rental income	746	1,106	746	1,106
- Others	957	3,179	957	3,179
	<u>3,924</u>	<u>6,349</u>	<u>3,924</u>	<u>6,349</u>
Total other operating income	<u>90,253</u>	<u>83,793</u>	<u>90,253</u>	<u>83,793</u>

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	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000 (Restated)
A24. Other Operating Income (cont'd.)				
<u>Bank</u>				
(a) Fee income:				
Brokerage fees	49,000	37,281	49,000	37,281
Corporate advisory fees	1,296	2,122	1,296	2,122
Processing fees on loans, advances and financing	643	415	643	415
Management fee income	289	244	289	244
Placement fees	1,929	2,728	1,929	2,728
Underwriting commission	188	217	188	217
Other fee income	1,844	1,790	1,844	1,790
Others	221	153	221	153
	<u>55,410</u>	<u>44,950</u>	<u>55,410</u>	<u>44,950</u>
(b) Net gain arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	2,797	15,455	2,797	15,455
Financial investments at FVOCI	226	1,396	226	1,396
	<u>3,023</u>	<u>16,851</u>	<u>3,023</u>	<u>16,851</u>
(c) Gross dividend from:				
Financial assets at FVTPL	286	79	286	79
Financial investments at FVOCI	12	11	12	11
	<u>298</u>	<u>90</u>	<u>298</u>	<u>90</u>
(d) Interest income from financial assets at FVTPL	<u>534</u>	<u>790</u>	<u>534</u>	<u>790</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>1,907</u>	<u>(7,061)</u>	<u>1,907</u>	<u>(7,061)</u>
(f) Other income:				
Net foreign exchange income	1,613	1,835	1,613	1,835
Other operating income	828	303	828	303
Other non-operating income				
- Rental income	1,206	1,166	1,206	1,166
- Others	864	3,023	864	3,023
	<u>4,511</u>	<u>6,327</u>	<u>4,511</u>	<u>6,327</u>
Total other operating income	<u>65,683</u>	<u>61,947</u>	<u>65,683</u>	<u>61,947</u>

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	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
A25. Other operating expenses				
Group				
Personnel costs	45,126	43,822	45,126	43,822
- Salaries, allowances and bonuses	34,549	34,382	34,549	34,382
- EPF	4,691	4,308	4,691	4,308
- ESS	453	664	453	664
- Others	5,433	4,468	5,433	4,468
Establishment costs	12,656	11,897	12,656	11,897
- Depreciation of property, plant and equipment	2,929	2,520	2,929	2,520
- Amortisation of intangible assets	1,100	1,132	1,100	1,132
- Amortisation of right-of-use assets	2,013	2,272	2,013	2,272
- Rental of premises	163	49	163	49
- Rental of equipment	144	114	144	114
- Repairs and maintenance	1,390	1,142	1,390	1,142
- Information technology expenses	3,224	3,041	3,224	3,041
- Others	1,693	1,627	1,693	1,627
Marketing expenses	3,766	3,331	3,766	3,331
- Promotion and advertisements	2,506	2,191	2,506	2,191
- Travel and entertainment	908	879	908	879
- Others	352	261	352	261
Administration and general expenses	52,748	42,845	52,748	42,845
- Communication expenses	1,315	1,322	1,315	1,322
- Professional fees and legal fees	1,422	904	1,422	904
- Regulatory charges	5,889	5,252	5,889	5,252
- Fees and brokerage	39,480	31,032	39,480	31,032
- Administrative expenses	4,255	3,974	4,255	3,974
- Printing and stationery	387	361	387	361
Total other operating expenses	114,296	101,895	114,296	101,895

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Individual Quarter		Cumulative Quarter	
3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000

A25. Other operating expenses (cont'd.)

Bank

Personnel costs	32,436	33,791	32,436	33,791
- Salaries, allowances and bonuses	26,037	27,266	26,037	27,266
- EPF	3,708	3,532	3,708	3,532
- ESS	388	595	388	595
- Others	2,303	2,398	2,303	2,398
Establishment costs	10,545	10,433	10,545	10,433
- Depreciation of property, plant and equipment	2,740	2,383	2,740	2,383
- Amortisation of intangible assets	1,003	1,088	1,003	1,088
- Amortisation of right-of-use assets	1,695	2,051	1,695	2,051
- Rental of premises	74	26	74	26
- Rental of equipment	74	75	74	75
- Repair and maintenance	898	875	898	875
- Information technology expenses	3,198	3,037	3,198	3,037
- Others	863	898	863	898
Marketing expenses	2,067	1,784	2,067	1,784
- Promotion and advertisement	1,132	1,000	1,132	1,000
- Travel and entertainment	589	557	589	557
- Others	346	227	346	227
Administration and general expenses	41,205	33,116	41,205	33,116
- Communication expenses	1,127	1,155	1,127	1,155
- Professional fees and legal fees	1,180	810	1,180	810
- Regulatory charges	5,427	4,753	5,427	4,753
- Fees and brokerages	29,378	22,605	29,378	22,605
- Administrative expenses	3,833	3,555	3,833	3,555
- Printing and stationery	260	238	260	238
Total other operating expenses	86,253	79,124	86,253	79,124

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A26. Credit loss (expense)/reversal

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

Group

Individual and Cumulative Quarter

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

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	(73)	338	-	265
Loans, advances and financing	296	-	(10,744)	(10,448)
Loan commitments	66	-	-	66
Credit loss reversal/(expense)	288	338	(10,744)	(10,118)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(5)	-	-	(5)
Debt instruments at amortised cost	-	444	-	444
Loans, advances and financing	(260)	-	4,662	4,402
Loan commitments	(80)	-	-	(80)
Credit loss (expense)/reversal	(345)	444	4,662	4,761

(ii) Movement in ECL on other financial assets

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(18)	150	132
Other debtors	(272)	(5)	(277)
Credit loss (expense)/reversal	(290)	145	(145)

	2019		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(4)	65	61
Other debtors	88	(29)	59
Credit loss reversal	84	36	120

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

Bank

Individual and Cumulative Quarter

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

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debt instruments at FVOCI	(1)	-	-	(1)
Debt instruments at amortised cost	(73)	338	-	265
Loans, advances and financing	925	-	(10,768)	(9,843)
Loan commitments	67	-	-	67
Amount due from subsidiaries	5	-	-	5
Credit loss reversal/(expense)	923	338	(10,768)	(9,507)

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Debt instruments at FVOCI	(5)	-	-	(5)
Debt instruments at amortised cost	-	444	-	444
Loans, advances and financing	(309)	-	4,647	4,338
Loan commitments	(80)	-	-	(80)
Credit loss (expense)/reversal	(394)	444	4,647	4,697

(iv) Movement in ECLs on other financial assets

	2020		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Balance due from clients and brokers	(18)	150	132
Other debtors	(273)	(5)	(278)
Credit loss (expense)/reversal	(291)	145	(146)

	2019		
	Non-Credit RM'000	Credit- RM'000	Total RM'000
Balance due from clients and brokers	(4)	65	61
Other debtors	(23)	76	53
Credit loss (expense)/reversal	(27)	141	114

A27. Bad debts recovered/(written off)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
Loans, advances and financing	207	275	207	275
Balance due from clients and brokers	74	4	74	4
Other debtors	(53)	-	(53)	-
	228	279	228	279

Group and Bank

Loans, advances and financing	207	275	207	275
Balance due from clients and brokers	74	4	74	4
Other debtors	(53)	-	(53)	-
	228	279	228	279

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A28. Fair value of financial instruments

Fair value measurements

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

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

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

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

Valuation techniques and sensitivity analysis

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

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

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

Group

31 March 2020

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	196,708	-	196,708
- Equity securities	123,812	5,313	28,994	158,119
Financial investments at FVOCI				
- Debt securities	-	1,043,144	-	1,043,144
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	121,784	-	121,784
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	304,867	-	304,867
Loans, advances and financing	-	-	1,877,780	1,877,780
	123,812	1,671,816	1,907,862	3,703,490

Financial liabilities measured at fair value

Derivative financial liabilities	14,421	6,617	-	21,038
Obligations on securities sold under repurchase agreements	-	165,181	-	165,181
Borrowings	-	136,684	-	136,684
	14,421	308,482	-	322,903

31 December 2019

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

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

Bank

31 March 2020

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	200,675	-	200,675
- Equity securities	123,812	-	28,994	152,806
Financial investments at FVOCI				
- Debt securities	-	1,043,144	-	1,043,144
- Equity securities	-	-	1,088	1,088
Derivative financial assets	-	121,784	-	121,784
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	304,867	-	304,867
Loans, advances and financing	-	-	1,850,841	1,850,841
	123,812	1,670,470	1,880,923	3,675,205

Financial liabilities measured at fair value

Derivative financial liabilities	14,421	6,617	-	21,038
Obligations on securities sold under repurchase agreements	-	165,181	-	165,181
Borrowings	-	101,689	-	101,689
	14,421	273,487	-	287,908

31 December 2019

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

Financial liabilities measured at fair value

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

There has been no transfer between level 1 & level 2 during the financial period ended 31 March 2020 and year ended 31 December 2019.

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Group		Bank	
As at	As at	As at	As at
31 March	31 December	31 March	31 December
2020	2019	2020	2019
Principal	Principal	Principal	Principal
Amount	Amount	Amount	Amount
RM'000	RM'000	RM'000	RM'000

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.

Commitments to extend credit with maturity of less than 1 year :-

- share margin financing	2,118,040	1,892,577	2,118,040	1,892,577
- foreign exchange related contract	43,403	30,356	43,403	30,356
- equity exchange related contract	158,342	108,435	158,342	108,435

Other commitments with an original maturity of less than 1 year :-

- corporate loans	101,742	23,742	119,242	66,742
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Commitments to extend credit with maturity of more than 1 year :-

- equity related contract	290	520	290	520
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Other commitments with an original maturity of more than 1 year :-

- corporate loans	86,458	76,458	111,458	101,458
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Client trust in respect of the stockbroking business

Securities borrowing and lending

Derivative financial assets

- dual currency investment - options	5,071	4,509	5,071	4,509
- equity related contracts - options	122,944	66,528	122,944	66,528
- equity related contracts - swaps	53,966	52,340	53,966	52,340
- synthetic protected forward	-	77,667	-	77,667

Derivative financial liabilities

- dual currency investment - options	5,071	4,509	5,071	4,509
- equity related contracts - options	385,852	72,413	385,852	72,413
- synthetic protected forward	21,011	-	21,011	-

Capital commitment:

- Authorised and contracted for Investment in equity fund	5,355	5,344	4,704	5,147
	-	-	17,854	17,854

3,878,564	3,041,684	3,938,267	3,127,341
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	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
A30. Operating lease arrangements				
Future minimum sub-lease receipts:				
Subsidiaries	-	-	3,007	2,945
External parties	4,458	4,458	4,458	4,458
	<u>4,458</u>	<u>4,458</u>	<u>7,465</u>	<u>7,403</u>

A31. Capital Adequacy

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	246,249	246,249	246,249	246,249
Retained profits	503,815	531,811	505,274	532,338
Other reserves	139,247	143,219	191,770	194,372
Less: Regulatory adjustments:				
Deferred tax assets	(3,612)	(2,955)	(694)	-
55% of cumulative gains of financial investments at FVOCI	-	(3,568)	(4,977)	(5,777)
Goodwill	(243,754)	(243,754)	(252,909)	(252,909)
Other intangibles	(75,293)	(73,633)	(68,714)	(67,803)
Regulatory reserve	(23,844)	(25,444)	(23,844)	(25,444)
Treasury shares	(16,990)	(16,990)	(16,990)	(16,990)
Regulatory adjustments applied to CET 1 Capital due to insufficient Tier 2 Capital *	(78,449)	(80,442)	(166,170)	(166,170)
Total CET 1/Tier 1 capital	<u>447,369</u>	<u>474,493</u>	<u>408,995</u>	<u>437,866</u>
<u>Tier 2 capital</u>				
Subordinated obligations capital	75,000	25,000	75,000	25,000
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	19,627	16,752	19,809	17,151
Total Tier 2 capital	<u>94,627</u>	<u>41,752</u>	<u>94,809</u>	<u>42,151</u>
Total capital	<u>541,996</u>	<u>516,245</u>	<u>503,804</u>	<u>480,017</u>

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A31. Capital Adequacy (cont'd.)

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

	Group		Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
CET 1 capital ratio	18.996%	21.309%	18.338%	20.730%
Tier 1 capital ratio	18.996%	21.309%	18.338%	20.730%
Total capital ratio	23.014%	23.184%	22.589%	22.725%

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

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

	Group		Group	
	31 March 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,659,001	1,570,156	5,116,298	1,340,143
Market Risk	-	172,883	-	219,406
Operational Risk	-	605,427	-	604,853
Large exposure risk	-	6,612	-	62,367
Total Risk Weighted Assets	5,659,001	2,355,078	5,116,298	2,226,769

	Bank		Bank	
	31 March 2020		31 December 2019	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
Credit Risk	5,388,741	1,584,758	4,919,418	1,372,091
Market Risk	-	168,898	-	204,614
Operational Risk	-	470,004	-	473,201
Large exposure risk	-	6,612	-	62,367
Total Risk Weighted Assets	5,388,741	2,230,272	4,919,418	2,112,273

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A31. Capital Adequacy (cont'd.)

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

A32. Segmental reporting

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

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

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A32. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Total RM'000
2020								
Revenue								
External sales	62,110	70,215	3,676	2,956	23,437	2,705	-	165,099
- Interest income	52,851	13,637	888	2,613	(136)	2,436	-	72,289
- Fee income	4,255	51,636	2,788	343	23,173	279	-	82,474
- Trading and investment income	4,550	3,673	-	-	34	-	-	8,257
- Other operating income	454	1,269	-	-	366	(10)	-	2,079
Inter-segment sales	2,073	501	201	-	1,859	377	(5,011)	-
Total revenue	64,183	70,716	3,877	2,956	25,296	3,082	(5,011)	165,099
Result								
Net income	17,414	66,946	3,705	1,666	25,210	4,101	(1,661)	117,381
Other operating expenses	(13,094)	(70,101)	(4,138)	(1,036)	(24,702)	(2,245)	1,020	(114,296)
Credit loss reversal/(expense)	1,002	(10,657)	-	23	-	4	(635)	(10,263)
Bad debt (written off)/recovery	(53)	241	-	-	-	40	-	228
Share of results of associates and a joint venture company	-	-	-	-	-	(648)	-	(648)
Profit/(loss) before taxation and zakat	5,269	(13,571)	(433)	653	508	1,252	(1,276)	(7,598)
Taxation and zakat								651
Net profit for the financial period								(6,947)

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
2020 (cont'd.)								
Other information								
Net interest and finance income	17,188	841	1,092	(382)	1,924	2,130	-	22,793
Depreciation and amortisation	(3,207)	(153)	(49)	(766)	(2,230)	363	-	(6,042)
Non cash expenses								
- Unrealised gains on revaluation of financial assets at FVTPL and derivatives	1,197	-	-	-	-	-	-	1,197
Assets								
Investments in associate companies	-	-	-	-	63,738	-		63,738
Investment in a joint venture company					14,711			14,711
Addition to non-current assets	4,547	-	440	743			A	5,730
Segment assets	6,635,519	275,646	136,904	214,792	14,459	(342,944)	B	6,934,376
Liabilities								
Segment liabilities	5,709,216	255,034	123,713	158,727	736	(185,371)	C	6,062,055

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NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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
2019								
Revenue								
External sales	66,345	61,748	2,352	1,714	21,508	2,973	-	156,640
- Interest income	53,816	13,849	795	1,468	1,410	2,886	-	74,224
- Fee income	5,292	39,751	1,557	246	20,012	83	-	66,941
- Trading and investment income	5,980	7,457	-	-	24	-	-	13,461
- Other operating income	1,257	691	-	-	62	4	-	2,014
Inter-segment sales	604	61	249	-	677	-	(1,591)	-
Total revenue	66,949	61,809	2,601	1,714	22,185	2,973	(1,591)	156,640
Result								
Net income	18,119	58,871	2,688	926	22,322	5,354	(48)	108,232
Other operating expenses	(13,834)	(60,546)	(3,464)	(1,096)	(21,648)	(2,111)	804	(101,895)
Credit loss reversal/(expense)	131	4,713	-	25	-	(33)	45	4,881
Bad debt recovery	-	29	-	-	-	250	-	279
Share of results of associates and a joint venture company	-	-	-	-	-	(528)	-	(528)
Profit/(loss) before taxation and zakat	4,416	3,067	(776)	(145)	674	2,932	801	10,969
Taxation and zakat								(3,183)
Net profit for the financial period								<u>7,786</u>

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A32. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Futures broking RM'000	Investment and wealth management RM'000	Money lending and financing RM'000	Corporate and Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
2019 (cont'd.)								
Other information								
Net interest and finance income	18,021	1,146	605	1,550	1,984	29	-	23,335
Depreciation and amortisation	(1,528)	(28)	(9)	(156)	(1,931)	-	-	(3,652)
Non cash expenses								
- Unrealised (losses)/gains on revaluation of financial assets at FVTPL and derivatives	(7,326)	-	-	744	-	-	-	(6,582)
Assets								
Investments in associate companies	-	-	-	-	61,522	-		61,522
Investment in a joint venture company	-	-	-	-	17,045	-		17,045
Addition to non-current assets	1,198	-	12	360	-	-	A	1,570
Segment assets	6,885,016	278,165	77,423	68,365	17,072	(230,301)	B	7,095,740
Liabilities								
Segment liabilities	5,944,705	254,862	65,835	31,429	5,164	(92,109)	C	6,209,886

Notes

A Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- Additions during the financial period	2,970	1,549
Intangible assets		
- Additions during the financial period	2,760	21
	<u>5,730</u>	<u>1,570</u>

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A32. Segmental reporting (cont'd.)

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

	2020	2019
	RM'000	RM'000
Investment in subsidiaries	(94,942)	(79,619)
Investment in associates and joint venture	(18,529)	(13,412)
Intangible assets	(40,095)	(40,095)
Inter-segment assets	(189,378)	(97,175)
	<u>(342,944)</u>	<u>(230,301)</u>

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

	2020	2019
	RM'000	RM'000
Deposits accepted from subsidiaries	(51,998)	(57,486)
Inter-segment liabilities	(133,373)	(34,623)
	<u>(185,371)</u>	<u>(92,109)</u>

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A33. Operations of Islamic Banking

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

		Group and Bank	
	Note	As at 31 March 2020 RM '000	As at 31 December 2019 RM '000
ASSETS			
Cash and bank balances	(e)	669,279	982,933
Financial assets at FVTPL	(f)	174,932	100,000
Financial investment at FVOCI	(g)(i)	416,862	157,374
Financial investment at AC	(g)(ii)	126,448	30,087
Financing and advances	(h)	150,259	169,155
Balances due from clients and brokers		5,431	410
Other assets	(i)	5,141	4,692
Property, plant and equipment		32	28
Intangible assets		4	12
TOTAL ASSETS		1,548,388	1,444,691
LIABILITIES			
Deposits from customers	(j)	1,269,986	1,174,263
Balances due to clients and brokers		2,272	2,670
Other liabilities	(k)	106,115	98,311
Deferred tax liabilities		994	1,121
Provision for taxation and zakat		1,536	3,822
TOTAL LIABILITIES		1,380,903	1,280,187
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		47,485	44,504
TOTAL ISLAMIC BANKING CAPITAL FUNDS		167,485	164,504
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,548,388	1,444,691
Commitments and contingencies	(r)	19,199	13,676

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

		Group and Bank			
		Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2020	3 months ended 31 March 2019	3 months ended 31 March 2020	3 months ended 31 March 2019
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l)	14,151	14,290	14,151	14,290
Income derived from investment of shareholders' funds	(m)	2,087	2,360	2,087	2,360
Credit loss reversal/(expense)		145	(1)	145	(1)
Total attributable income		16,383	16,649	16,383	16,649
Profit distributed to depositors	(n)	(10,392)	(11,329)	(10,392)	(11,329)
Net income		5,991	5,320	5,991	5,320
Finance cost		(518)	(515)	(518)	(515)
Personnel expenses	(o)	(190)	(173)	(190)	(173)
Other overhead expenses	(p)	(718)	(677)	(718)	(677)
Profit before taxation and zakat		4,565	3,955	4,565	3,955
Taxation and zakat		(1,179)	(1,051)	(1,179)	(1,051)
Profit for the financial period		3,386	2,904	3,386	2,904
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on debt instruments at FVOCI		(533)	2,191	(533)	2,191
Income tax related to the above items		127	(528)	127	(528)
Total other comprehensive (loss)/income for the financial period, net of tax		(406)	1,663	(406)	1,663
Total comprehensive income for the financial period, net of tax		2,980	4,567	2,980	4,567

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

Income derived from investment of depositors' funds	14,151	14,290	14,151	14,290
Income derived from investment of shareholders' funds	2,087	2,360	2,087	2,360
Total income before impairment allowances and overhead expenses	16,238	16,650	16,238	16,650
Profit distributed to depositors	(10,392)	(11,329)	(10,392)	(11,329)
Finance cost	(518)	(515)	(518)	(515)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank	5,328	4,806	5,328	4,806

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

Group and Bank

	Non-Distributable					Distributable	Total RM'000
	Islamic Banking Fund RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserves RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2020	120,000	3,517	2,503	15	5,248	33,221	164,504
Profit for the financial period	-	-	-	-	-	3,386	3,386
Other comprehensive loss for the financial period	-	(406)	-	-	-	-	(406)
Issue of shares pursuant to ESS	-	-	-	1	-	-	1
Transfer to regulatory reserve	-	-	300	-	-	(300)	-
At 31 March 2020	120,000	3,111	2,803	16	5,248	36,307	167,485
At 1 January 2019	120,000	85	3,335	9	5,248	22,375	151,052
Profit for the financial period	-	-	-	-	-	2,904	2,904
Other comprehensive income for the financial year	-	1,663	-	-	-	-	1,663
Issue of shares pursuant to ESS	-	-	-	2	-	-	2
Transfer from regulatory reserve	-	-	(182)	-	-	182	-
At 31 March 2019	120,000	1,748	3,153	11	5,248	25,461	155,621

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period ended 31 March 2020

	Group and Bank	
	31 March 2020 RM '000	31 March 2019 RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	4,565	3,955
Adjustments for:		
Depreciation of plant and equipment	2	12
Amortisation of intangible assets	8	-
Credit loss reversal	(145)	(14)
Net gain from sale of financial assets at FVTPL	(1,387)	(880)
Net gain from sale of financial investments other than those measured at FVTPL	(2)	(395)
Loss on revaluation of financial assets at FVTPL	2	265
Operating profit before working capital changes	3,043	2,943
Changes in operating assets:		
Financing and advances	19,118	44,143
Balances due from clients and brokers	(5,022)	672
Other assets	(452)	20,177
Changes in operating liabilities:		
Deposits from customers	95,723	(52,581)
Balances due to clients and brokers	(398)	(127)
Other liabilities	4,340	26,178
Cash generated from operating activities	116,352	41,405
Cash flows from investing activities		
Purchase of property, plant and equipment	(6)	-
Net purchase of securities	(430,000)	(8,108)
Net investing cash flow	(430,006)	(8,108)
Net change in cash and cash equivalents	(313,654)	33,297
Cash and cash equivalents at beginning of the financial period	982,933	420,144
Cash and cash equivalents at end of the financial period	669,279	453,441

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	Group and Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	24,779	22,933
Money at call and deposit placements with:		
Licensed banks	130,000	140,000
Bank Negara Malaysia	-	350,000
Domestic non-bank financial institutions	514,500	470,000
	<u>669,279</u>	<u>982,933</u>
(f) Financial assets at FVTPL		
At Fair Value		
Money Market Instruments:		
Government Bills	49,952	-
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
Corporate Bills	24,980	-
	<u>174,932</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
(a) Money market instruments:		
Malaysian Government Investment Certificates	41,626	41,373
Negotiable Instruments of Deposits	249,809	-
	<u>291,435</u>	<u>41,373</u>
(b) Debt instruments:		
Corporate Sukuk	125,427	116,001
Total financial investments at FVOCI	<u>416,862</u>	<u>157,374</u>
(ii) Financial investments at AC:		
(a) Money market instruments:		
Malaysian Government Investment Certificates	70,184	-
(b) Debt instruments:		
Corporate Sukuk	56,337	30,087
Less: Allowance for ECL	(73)	-
Total financial investment at AC	<u>126,448</u>	<u>30,087</u>
Total financial investments other than those measured at FVTPL	<u>543,310</u>	<u>187,461</u>

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

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

Debt instrument measured at AC:

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

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2020	-	-	-	-
New assets originated or purchased	73	-	-	73
As at 31 March 2020	73	-	-	73

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

(h) Financing and advances at AC

Commodity Murabahah share margin financing		
- Shariah contract - others	8,031	7,024
Commodity Murabahah term financing		
- Shariah contract - others	142,651	162,776
Gross financing and advances	150,682	169,800
Less: Allowance for ECL	(423)	(645)
Net financing and advances	150,259	169,155

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

Domestic business enterprise - others	93,994	142,719
Individuals	56,688	27,081
	150,682	169,800

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

In Malaysia	150,682	169,800
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(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:

Fixed rate	8,031	7,024
Variable rate - Cost plus	142,651	162,776
	150,682	169,800

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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

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

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

- Working capital	71,670	45,707
- Purchase of securities	40,836	40,829
- Others	38,176	83,264
	<u>150,682</u>	<u>169,800</u>

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

- Within one year	100,304	73,343
- More than one year	50,378	96,457
	<u>150,682</u>	<u>169,800</u>

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

Group and Bank

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2020	645	-	-	645
New assets originated or purchased	10	-	-	10
Assets derecognised or repaid (excluding write-offs)	(232)	-	-	(232)
As at 31 March 2020	<u>423</u>	<u>-</u>	<u>-</u>	<u>423</u>
	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Movement in ECL</u>				
As at 1 January 2019	-	-	-	-
New assets originated or purchased	728	-	-	728
Assets derecognised or repaid (excluding write-offs)	(83)	-	-	(83)
As at 31 December 2019	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>

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

(i) Other Assets

Income receivables	5,099	4,651
Prepayment	4	1
Other receivables	101	100
Less: Allowance for ECL	(63)	(60)
	<u>5,141</u>	<u>4,692</u>

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

(i) Other Assets (cont'd.)

(i) Impairment allowance for other receivables

Group and Bank

Movement in ECL

As at 1 January 2020	2	58	60
New assets originated or purchased	2	8	10
Assets derecognised or repaid (excluding write-offs)	(4)	(3)	(7)
As at 31 March 2020	-	63	63

Movement in ECL

As at 1 January 2019	-	8	8
New assets originated or purchased	14	62	76
Assets derecognised or repaid (excluding write-offs)	(12)	(12)	(24)
As at 31 December 2019	2	58	60

2020

Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
2	58	60
2	8	10
(4)	(3)	(7)
-	63	63

2019

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

Group and Bank

As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
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(j) Deposits from customers

(i) By type of deposit

Term deposits		
- Tawarruq (Commodity Murabahah deposits)	1,269,986	1,174,263
	<u>1,269,986</u>	<u>1,174,263</u>

(ii) By type of customers

Domestic non-bank institutions	932,995	875,842
Government and other statutory bodies	200,000	200,000
Business enterprises	136,425	96,923
Individuals	566	1,498
	<u>1,269,986</u>	<u>1,174,263</u>

(iii) By maturity

- Due within six months	986,001	915,150
- Due more than six months	283,985	259,113
	<u>1,269,986</u>	<u>1,174,263</u>

(k) Other liabilities

Mudarabah Specific Investment Account	41,200	54,200
Profit payable	5,013	4,133
Other payable	59,902	39,978
	<u>106,115</u>	<u>98,311</u>

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	944	978	944	978
Deposits placements with financial institutions	5,610	3,036	5,610	3,036
Financial investment other than those measured at FVTPL	3,448	6,795	3,448	6,795
Accretion of discount	(186)	(169)	(186)	(169)
	9,816	10,640	9,816	10,640
Other operating income				
Net gain on sale of financial assets at FVTPL	1,385	616	1,385	616
Net gain on sale of financial investments other than those measured at FVTPL	2	395	2	395
Fees on financing and advances	205	456	205	456
Brokerage fee	977	413	977	413
Profit income	1,796	1,775	1,796	1,775
Advisory fee	36	49	36	49
Direct trading fees	(74)	(65)	(74)	(65)
Other non-operating income	8	11	8	11
	4,335	3,650	4,335	3,650
Total income derived from investment of depositors' funds	14,151	14,290	14,151	14,290
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,891	2,026	1,891	2,026
Financial investment other than those measured at FVTPL	215	368	215	368
Accretion of discount	(19)	(34)	(19)	(34)
	2,087	2,360	2,087	2,360
(n) Profit distributed to depositors				
Deposits from customers and financial institutions - Murabahah Fund	9,498	10,283	9,498	10,283
Others	894	1,046	894	1,046
	10,392	11,329	10,392	11,329

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarter	
	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
(o) Personnel costs				
- Salaries, wages, allowances and bonus	149	134	149	134
- EPF	23	20	23	20
- Other staff related expenses	18	19	18	19
	190	173	190	173
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	2	1	2	1
- Amortisation	8	11	8	11
- Office rental	14	14	14	14
- Repairs and maintenance	1	1	1	1
- Others	1	1	1	1
	26	28	26	28
Marketing and travelling expenses				
- Advertisement and promotions	-	1	-	1
- Travelling and entertainment expenses	-	1	-	1
	-	2	-	2
Administration and general expenses				
- Fees and brokerage	85	66	85	66
- Support service charges	477	448	477	448
- Shariah committee expenses	54	54	54	54
- Others	76	79	76	79
	692	647	692	647
Total other overhead expenses	718	677	718	677

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	Group and Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	32,921	33,221
Other intangibles		
Other reserves	11,178	11,283
Less:		
Intangible assets	(5)	(12)
55% of cumulative gains on financial investments at FVOCI	(1,711)	(1,935)
Regulatory reserves	(2,803)	(2,503)
Total CET 1 / Tier 1 capital	<u>159,580</u>	<u>160,054</u>
Tier 2 Capital		
Impairment provision	<u>3,299</u>	<u>3,151</u>
Total Tier 2 capital	<u>3,299</u>	<u>3,151</u>
Total capital	<u>162,879</u>	<u>163,205</u>
CET 1 capital ratio	40.386%	40.155%
Tier 1 capital ratio	40.386%	40.155%
Total capital ratio	<u>41.221%</u>	<u>41.061%</u>

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

	Group and Bank			
	As at 31 March 2020		As at 31 December 2019	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk- weighted amount	Notional amount	Risk- weighted amount
Credit risk	1,373,655	364,617	1,359,665	327,481
Market risk	-	2,341	-	-
Operational risk	-	28,175	-	25,804
Total Risk Weighted Assets	<u>1,373,655</u>	<u>395,133</u>	<u>1,359,665</u>	<u>353,285</u>

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

(r) Commitments and contingencies

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

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

	Group and Bank	
	As at	As at
	31 March	31 December
	2020	2019
	Principal	Principal
	amount	amount
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	7,699	8,676
Other commitments with an original maturity of less than 1 year:		
- corporate financing	11,500	5,000
	<u>19,199</u>	<u>13,676</u>

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B1. Performance Review

Group:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	165,099	156,640	165,099	156,640
Net income	117,381	108,232	117,381	108,232
(Loss)/Profit before tax	(7,598)	10,969	(7,598)	10,969
(Loss)/Profit after tax	(6,947)	7,786	(6,947)	7,786

Despite effect from Covid-19 outbreak and sharp decline in oil price, the Group's revenue was higher for 1Q20 compared to 1Q19 mainly due to higher interest, brokerage fee and management fees income. However, these were partially offset by lower investment banking fees and trading and investment income.

The Group reported loss before tax ("LBT") of RM7.6 million for current quarter ("1Q20") as compared to profit before tax ("PBT") RM11.0 million for corresponding quarter in the previous year 2019 ("1Q19"). The unfavourable result in 1Q20 was mainly due to provision of credit loss expenses as a result of significant decline in the prices of share collaterals for margin clients.

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

Stockbroking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	70,716	61,809	70,716	61,809
Net income	66,946	58,871	66,946	58,871
(Loss)/Profit before tax	(13,571)	3,067	(13,571)	3,067

LBT of RM13.6 million was recorded for stockbroking segment for current quarter mainly due to increase in provision for impairment on share margin accounts versus reversal of provision of impairment in 1Q19. However, it was partially mitigated by higher net brokerage income generated in 1Q20 as a result of the uptrend momentum in stock market.

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B1. Performance Review (cont'd.)

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	64,183	66,949	64,183	66,949
Net income	17,414	18,119	17,414	18,119
Profit before tax	5,269	4,416	5,269	4,416

Investment Banking ("IB") registered higher PBT for 1Q20 mainly due to the reversal of provision for impairment despite the lower revenue recorded mainly from lower investment banking fees in current quarter compared to 1Q19.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	25,296	22,185	25,296	22,185
Net income	25,210	22,322	25,210	22,322
Profit before tax	508	674	508	674

Higher revenue was generated despite the impact from current poor stock market condition. The management fee income has increased compared to corresponding quarter last year mainly due to fees generated from alternative products and new funds from Libra acquisition.

However, higher overheads were recorded during the quarter resulting in lower PBT for 1Q20 compared to 1Q19 for Investment and Wealth Management division.

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B1. Performance Review (cont'd.)

Futures Broking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	3,877	2,601	3,877	2,601
Net income	3,705	2,688	3,705	2,688
Loss before tax	(433)	(776)	(433)	(776)

Futures business recorded lower LBT for 1Q20 compared to 1Q19 mainly due to higher commission as a result of increase in trading activity amid the volatile market.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	2,956	1,714	2,956	1,714
Net income	1,666	926	1,666	926
Profit/(Loss) before tax	653	(145)	653	(145)

Money Lending and Financing recorded profits for current quarter compared to LBT for 1Q19 mainly due to higher net interest and profit income as a result of higher loan base.

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B1. Performance Review (cont'd.)

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March 2020 (1Q20)	31 March 2019 (1Q19)	31 March 2020 (1Q20)	31 March 2019 (1Q19)
(RM'000)				
Revenue	3,082	2,973	3,082	2,973
Net income	4,101	5,354	4,101	5,354
Profit before tax	1,252	2,932	1,252	2,932

Lower PBT was recorded for this segment for 1Q20 compared to PBT 1Q19 mainly due to lower other operating income but partially mitigated by higher net interest income and lower overhead expenses .

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

Current quarter versus previous quarter

Group:

	Current quarter	Previous quarter
	3 months ended 31 March 2020 (1Q20)	3 months ended 31 December 2019 (4Q19)
(RM'000)		
Revenue	165,099	165,713
Net income	117,381	114,858
(Loss)/Profit before tax	(7,598)	14,434
(Loss)/Profit after tax	(6,947)	8,707

Net income has improved mainly contributed by higher net brokerage in current quarter. For 1Q20, the Group has recorded LBT of RM7,598 compared to PBT of RM14,434 for previous quarter ended 31 December 2019 mainly due to increase in provision for impairment of RM10.3 million and lower management fees income but partially mitigated by higher recovery of bad debts and net brokerage income.

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B3. Prospects for 2020

Malaysia's economy is expected to go into recession following the global impact of the COVID-19 pandemic. Our research projects the Gross Domestic Product (GDP) growth rate to be -1.9% nearer to the lower end of Bank Negara Malaysia's projection between -2.0% and 0.5%, the lowest since the 2009 Global Financial Crisis. Meanwhile, the aggressive monetary and fiscal stimulus measures that have been announced by the Government should help to provide much needed immediate support to all segments of the economy.

The extent of the impact of the virus contagion is premised on the duration of the movement control order (MCO) imposed by the Government. Any further extension of the MCO would significantly impact domestic demand and businesses which would mean that there could be further downside to growth. Meanwhile, external demand is expected to continue to deteriorate as major export destinations, namely China, United States and East Asia Region are facing the same predicament simultaneously.

Despite 2020 being an exceptional challenging year for the Malaysian market due to the unprecedented crisis from COVID-19, we are cautiously optimistic of our business outlook for the year. As at end April 2020, we have reversed some of the credit provisions made in first quarter and are on track for a turnaround in the following quarters. We will remain vigilant in managing our risks as we continue to capitalise on opportunities to strengthen and diversify our revenue stream.

B4. Variance From Profit Forecast And Profit Guarantee

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

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B5. Taxation and zakat

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2020	3 months ended 31 March 2019	3 months ended 31 March 2020	3 months ended 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Income tax and zakat	(204)	(4,482)	(204)	(4,482)
Deferred taxation	855	1,299	855	1,299
Total	651	(3,183)	651	(3,183)

The tax income for the quarter ended 31 March 2020 is in respect of deferred tax asset recognised on the current period business losses. The effective tax rate of the Group is lower than the statutory tax rate principally due to the deferred tax asset recognised partially offset by certain expenses disallowed for tax purpose.

B6. Borrowings

	Group		Bank	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
	RM '000	RM '000	RM '000	RM '000
Secured				
Revolving bank loan denominated in RM				
- More than one year	38,800	41,600	38,800	41,600
Unsecured				
Revolving bank loans denominated in RM				
- Within one year	31,000	30,000	-	-
Subordinated notes denominated in RM				
- More than one year	75,000	25,000	75,000	25,000
	144,800	96,600	113,800	66,600

B7. Dividend

On 2 March 2020, the Board of Directors of the Bank declared an interim dividend in respect of the financial year ended 31 December 2019 of 3.25 sen per share. This interim dividend was paid on 15 April 2020 amounting to RM22,707,344 based on issued and paid up capital of 698,687,499 ordinary shares.

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B8. (Loss)/Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31 March 2020	3 months ended 31 March 2019	3 months ended 31 March 2020	3 months ended 31 March 2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period attributable to equity holders of the Bank	<u>(6,947)</u>	<u>7,786</u>	<u>(6,947)</u>	<u>7,786</u>
Weighted average number of ordinary shares in issue ('000)	<u>698,687</u>	<u>698,747</u>	<u>698,687</u>	<u>698,747</u>
Effects of dilution	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>698,687</u>	<u>698,747</u>	<u>698,687</u>	<u>698,747</u>
(Loss)/Earnings per share (sen)				
- basic	<u>(0.99)</u>	<u>1.11</u>	<u>(0.99)</u>	<u>1.11</u>
- fully diluted	<u>(0.99)</u>	<u>1.11</u>	<u>(0.99)</u>	<u>1.11</u>

There were no potential dilutive ordinary shares outstanding as at 31 March 2020.

B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

B10. Status of corporate proposal

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

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B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 31 March 2020		As at 31 December 2019	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	122,944	113,809	66,528	58,659
Equity related contract- swaps	53,966	7,921	52,340	3,602
Dual currency investment- options	5,071	54	4,509	11
Synthetic protected forward	-	-	77,667	2,902
	181,981	121,784	201,044	65,174
<u>Derivative financial liabilities</u>				
Equity related contract- options	385,852	14,569	72,413	13,402
Equity related contract- swaps	-	-	-	-
Dual currency investment- options	5,071	54	4,509	14
Synthetic protected forward	21,011	6,415		
	411,934	21,038	76,922	13,416

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

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

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

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B11. Derivative financial instruments (Cont'd.)

Types of derivative financial instruments

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

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

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

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

Purposes of engaging in derivative financial instruments

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

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

The unrealised gain arising from fair value changes of derivative financial instruments for the current quarter amounted to RM7,585,844 (4Q19 loss: RM9,394,637). This was arrived at based on the fluctuation in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

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B12. Contingent liabilities

	Group and Bank	
	31 March	31 December
	2020	2019
	RM'000	RM'000
(a) On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the 2nd Defendant (who is a Dealer's Representative ("DR") of KIBB) has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the 3rd Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The matter is fixed for case management on 6 March 2020 and the trial dates are from 19-22 April 2021.	<u>3,600</u>	<u>3,600</u>
(b) On 18 December 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Opes Capital Berhad ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the 1st Defendant (who was a dealer representative of KIBB) and another third (3rd) party had failed to purchase certain shares of a public listed company on its behalf upon transmitting a total of RM16,000,000, and had caused the Plaintiff to suffer losses. KIBB's solicitors are of the view that the claim against KIBB is without merit and KIBB will contest the claim in the court. The matter is fixed for case management on 11 March 2020 and the trial dates are from 26-29 July 2021.	<u>16,000</u>	<u>16,000</u>

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