

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

**Unaudited Condensed Interim Financial Statements**  
**30 September 2016**

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

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

<u>Group</u>	Note	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>ASSETS</b>			
Cash and bank balances		1,309,386	1,327,258
Financial assets held-for-trading	A6	305,553	318,742
Financial investments available-for-sale	A7	929,582	1,249,661
Financial investments held-to-maturity	A8	40,002	40,003
Derivative financial assets	A5	32,581	2,910
Loans, advances and financing	A9	1,963,954	1,860,206
Balances due from clients and brokers	A10	312,932	457,327
Other assets	A11	58,257	112,453
Assets segregated for customers		96,795	110,635
Statutory deposit with Bank Negara Malaysia	A12	105,509	120,753
Tax recoverable		3,573	5,349
Investment in an associate and joint venture		59,714	65,613
Property, plant and equipment		191,872	33,311
Intangible assets		316,913	316,632
Deferred tax assets		5,692	9,091
<b>TOTAL ASSETS</b>		<b>5,732,315</b>	<b>6,029,944</b>
<b>LIABILITIES</b>			
Deposits from customers	A13	3,195,871	3,231,051
Deposits and placements of banks and other financial institutions	A14	760,000	575,159
Obligations on securities sold under repurchase agreements		-	95,310
Balances due to clients and brokers		537,064	896,302
Borrowings	A15	78,000	-
Derivative financial liabilities	A5	35,512	72,278
Other liabilities	A16	173,512	235,249
Provision for taxation and zakat		4,882	1,213
<b>TOTAL LIABILITIES</b>		<b>4,784,841</b>	<b>5,106,562</b>
<b>EQUITY</b>			
Share capital		770,000	770,000
Reserves		167,221	143,633
		937,221	913,633
Non-controlling Interests		10,253	9,749
<b>TOTAL EQUITY</b>		<b>947,474</b>	<b>923,382</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,732,315</b>	<b>6,029,944</b>
<b>Commitments and contingencies</b>		2,332,277	2,221,199
<b>Net assets per share attributable to equity holder of the Bank (RM)</b>		<b>1.22</b>	<b>1.19</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

<u>Bank</u>	Note	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>ASSETS</b>			
Cash and bank balances		1,032,552	854,360
Financial assets held-for-trading	A6	305,553	318,742
Financial investments available-for-sale	A7	923,177	1,249,661
Financial investments held-to-maturity	A8	40,002	40,003
Derivative financial assets	A5	32,581	2,910
Loans, advances and financing	A9	1,969,010	1,878,665
Balances due from clients and brokers	A10	312,932	457,327
Other assets	A11	48,378	100,147
Statutory deposit with Bank Negara Malaysia	A12	105,509	120,753
Tax recoverable		-	2,381
Investment in subsidiaries		59,800	59,860
Investment in an associate and joint venture		58,735	56,235
Property, plant and equipment		190,300	31,728
Intangible assets		305,409	305,409
Deferred tax assets		4,428	7,758
<b>TOTAL ASSETS</b>		<b>5,388,366</b>	<b>5,485,939</b>
<b>LIABILITIES</b>			
Deposits from customers	A13	3,255,038	3,300,586
Deposits and placements of banks and other financial institutions	A14	760,000	575,159
Obligations on securities sold under repurchase agreements		-	95,310
Balances due to clients and brokers		177,543	354,333
Borrowings	A15	78,000	-
Derivative financial liabilities	A5	35,512	72,278
Other liabilities	A16	151,866	196,544
Provision for taxation and zakat		3,822	176
<b>TOTAL LIABILITIES</b>		<b>4,461,781</b>	<b>4,594,386</b>
<b>EQUITY</b>			
Share capital		770,000	770,000
Reserves		156,585	121,553
<b>TOTAL EQUITY</b>		<b>926,585</b>	<b>891,553</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,388,366</b>	<b>5,485,939</b>
<b>Commitments and contingencies</b>		<b>2,367,277</b>	<b>2,251,199</b>
<b>Net assets per share (RM)</b>		<b>1.20</b>	<b>1.16</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000
<b>Group</b>					
Interest income	A17	63,084	59,292	187,285	172,029
Interest expense	A18	(41,175)	(36,727)	(123,176)	(109,651)
Net interest income		21,909	22,565	64,109	62,378
Net income from Islamic banking business	A29	7,129	538	12,775	7,935
Other operating income	A19	77,507	58,206	232,899	205,446
Net income		106,545	81,309	309,783	275,759
Other operating expenses	A20	(99,144)	(94,892)	(282,539)	(282,625)
Operating profit/(loss)		7,401	(13,583)	27,244	(6,866)
Write back of/(Allowance for) impairment on:					
- loans, advances and financing	A21	100	467	(204)	1,170
- balances due from clients and brokers and other receivables	A22	(238)	(2,295)	1,752	(3,554)
		7,263	(15,411)	28,792	(9,250)
Share of results in associate and joint venture		(177)	653	(723)	3,562
<b>Profit/(loss) before taxation and zakat</b>		7,086	(14,758)	28,069	(5,688)
Taxation and zakat		(3,969)	3,037	(10,591)	(430)
<b>Profit/(loss) for the period</b>		3,117	(11,721)	17,478	(6,118)
<b>Other comprehensive income/(loss)</b>					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		2,076	11,917	(3,055)	16,534
Share of other comprehensive loss in an associate		(4,283)	(7,206)	(4,622)	(6,406)
Net gain/(loss) on fair value changes of financial investments available-for-sale		3,637	(15,068)	18,804	(7,912)
Income tax relating to the components of other comprehensive income		(721)	3,767	(4,513)	1,978
Other comprehensive income/(loss) for the period, net of tax		709	(6,590)	6,614	4,194
<b>Total comprehensive income/(loss) for the period, net of tax</b>		3,826	(18,311)	24,092	(1,924)

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**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000
<b>Profit/(loss) for the period</b>					
<b>Attributable to:</b>					
Equity holder of the Bank		3,047	(12,126)	16,974	(6,953)
Non-controlling interests		70	405	504	835
		<u>3,117</u>	<u>(11,721)</u>	<u>17,478</u>	<u>(6,118)</u>
<b>Earnings/(loss) per share</b>					
Basic (sen)	A27	0.40	(1.57)	2.20	(0.90)
Fully diluted (sen)	A27	<u>0.40</u>	<u>(1.57)</u>	<u>2.20</u>	<u>(0.90)</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

**KENANGA INVESTMENT BANK BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000
<b>Bank</b>					
Interest income	A17	61,481	59,486	181,857	163,664
Interest expense	A18	(41,696)	(39,231)	(124,887)	(107,753)
Net interest income		19,785	20,255	56,970	55,911
Net income from Islamic banking business	A29	7,129	538	12,775	7,935
Other operating income	A18	64,037	45,477	193,869	171,995
Net income		90,951	66,270	263,614	235,841
Other operating expenses	A20	(82,724)	(80,370)	(234,964)	(240,936)
Operating profit/(loss)		8,227	(14,100)	28,650	(5,095)
Write back of/(Allowance for) impairment on:					
- loans, advances and financing	A21	100	467	(204)	1,170
- balances due from clients and brokers and other receivables	A22	(238)	(2,295)	1,752	(3,554)
<b>Profit/(loss) before taxation and zakat</b>		8,089	(15,928)	30,198	(7,479)
Taxation and zakat		(3,698)	3,820	(9,457)	1,116
<b>Profit/(Loss) for the period</b>		4,391	(12,108)	20,741	(6,363)
<b>Other comprehensive income/(loss) for</b>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on fair value changes of financial investments available-for-sale		3,837	(15,068)	18,804	(7,912)
Income tax relating to the components of other comprehensive income		(921)	3,767	(4,513)	1,978
Other comprehensive income/(loss) for the period, net of tax		2,916	(11,301)	14,291	(5,934)
<b>Total comprehensive income/(loss) for the period, net of tax</b>		7,307	(23,409)	35,032	(12,297)

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

**KENANGA INVESTMENT BANK BERHAD  
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Cash flows from operating activities</b>				
<b>Profit/(loss) before taxation</b>	28,069	(5,688)	30,198	(7,479)
Adjustments for non-operating and non-cash items	(53,719)	(1,647)	(55,677)	1,076
Operating loss before working capital changes	(25,650)	(7,335)	(25,479)	(6,403)
<b>Changes in working capital:</b>				
Net changes in operating assets	313,373	(452,247)	92,477	(441,844)
Net changes in operating liabilities	(397,245)	503,566	(207,906)	401,349
Cash generated in operations	(109,522)	43,984	(140,908)	(46,898)
Tax paid	(5,923)	(7,631)	(4,477)	(4,230)
<b>Net operating cash flow</b>	(115,445)	36,353	(145,385)	(51,128)
<b>Cash flows from investing activities</b>				
Dividends received	1,481	1,200	1,543	1,200
Purchase of property, plant and equipment	(164,729)	(4,083)	(164,298)	(3,552)
Proceeds from disposal of intangible assets	-	1,365	-	-
Purchase of intangible assets	(1,014)	-	-	-
Proceeds from disposal of a subsidiary	-	-	60	-
Proceeds from disposal of property, plant and equipment	-	17,920	-	17,856
Acquisition of a joint venture	(2,500)	-	(2,500)	-
Sales of financial investments - net	357,871	368,971	410,353	368,971
<b>Net investing cash flow</b>	191,109	385,373	245,158	384,475
<b>Net change in cash and cash equivalents</b>	153,664	421,726	177,773	333,347
Cash and cash equivalents at beginning of the period	953,680	490,396	790,157	475,455
<b>Cash and cash equivalents at end of the period</b>	1,107,344	912,122	967,930	808,802
<b>Cash and Cash Equivalents</b>				
Cash and short-term funds	1,309,386	1,197,419	1,032,552	876,420
Less: Segregated funds from customers	(143,657)	(277,505)	-	-
Less: Cash and bank balances and deposits held in trust	(58,385)	(67,618)	(64,622)	(67,618)
	1,107,344	912,122	967,930	808,802

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

**KENANGA INVESTMENT BANK BERHAD  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

Group	Ordinary Shares RM'000	Share Premium RM'000	Statutory Reserve RM'000	Non- Distributable			Distributable	Non- Controlling Interests RM'000	Total Equity RM'000
				Available-For-Sale Reserve RM'000	Regulatory reserve RM'000	Exchange Reserve RM'000	Accumulated Losses RM'000		
<b>At 1 January 2016</b>	770,000	65,500	94,623	(19,553)	22,111	21,773	(40,821)	9,749	923,382
Net profit for the period	-	-	-	-	-	-	16,974	504	17,478
Share of associate's other comprehensive loss	-	-	-	(4,622)	-	-	-	-	(4,622)
Other comprehensive income/(loss)	-	-	-	14,291	-	(3,055)	-	-	11,236
Total comprehensive income/(loss)	-	-	-	9,669	-	(3,055)	16,974	504	24,092
Transfer to regulatory reserve	-	-	-	-	689	-	(689)	-	-
<b>At 30 September 2016</b>	<b>770,000</b>	<b>65,500</b>	<b>94,623</b>	<b>(9,884)</b>	<b>22,800</b>	<b>18,718</b>	<b>(24,536)</b>	<b>10,253</b>	<b>947,474</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

Group	Ordinary Shares RM'000	Non- Distributable			Exchange Reserve RM'000	Distributable	Non- Controlling Interests RM'000	Total Equity RM'000
		Share Premium RM'000	Statutory Reserve RM'000	Available-For-Sale Reserve RM'000		Accumulated Losses RM'000		
<b>At 1 January 2015</b>	770,000	65,500	88,815	(8,276)	7,662	(22,950)	8,592	909,343
Net profit for the period	-	-	-	-	-	(6,953)	835	(6,118)
Share of associate's other comprehensive income	-	-	-	(6,406)	-	-	-	(6,406)
Other comprehensive income	-	-	-	(5,934)	16,534	-	-	10,600
Total comprehensive income	-	-	-	(12,340)	16,534	(6,953)	835	(1,924)
<b>At 30 September 2015</b>	<b>770,000</b>	<b>65,500</b>	<b>88,815</b>	<b>(20,616)</b>	<b>24,196</b>	<b>(29,903)</b>	<b>9,427</b>	<b>907,419</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

<b>Bank</b>	<b>Ordinary Shares RM'000</b>	<b>Non- Distributable</b>			<b>Available-For-Sale Reserve RM'000</b>	<b>Distributable</b>	<b>Total Equity RM'000</b>
		<b>Share Premium RM'000</b>	<b>Regulatory reserve RM'000</b>	<b>Statutory Reserve RM'000</b>		<b>Accumulated Losses RM'000</b>	
<b>At 1 January 2016</b>	770,000	65,500	22,111	94,623	(12,786)	(47,895)	891,553
Net profit for the period	-	-	-	-	-	20,741	20,741
Other comprehensive income	-	-	-	-	14,291	-	14,291
Total comprehensive income	-	-	-	-	14,291	20,741	35,032
Transfer to regulatory reserve	-	-	689	-	-	(689)	-
<b>At 30 September 2016</b>	<b>770,000</b>	<b>65,500</b>	<b>22,800</b>	<b>94,623</b>	<b>1,505</b>	<b>(27,843)</b>	<b>926,585</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

**KENANGA INVESTMENT BANK BERHAD  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

<b>Bank</b>	<b>Ordinary Shares RM'000</b>	<b>Non- Distributable</b>			<b>Distributable</b>	<b>Total Equity RM'000</b>
		<b>Share premium RM'000</b>	<b>Statutory Reserve RM'000</b>	<b>Available-For-Sale Reserve RM'000</b>	<b>Accumulated Losses RM'000</b>	
<b>At 1 January 2015</b>	770,000	65,500	88,815	(9,665)	(31,592)	883,058
Net profit for the period	-	-	-	-	(6,363)	(6,363)
Other comprehensive income	-	-	-	(5,934)	-	(5,934)
Total comprehensive income	-	-	-	(5,934)	(6,363)	(12,297)
<b>At 30 September 2015</b>	<b>770,000</b>	<b>65,500</b>	<b>88,815</b>	<b>(15,599)</b>	<b>(37,955)</b>	<b>870,761</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

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

**A1. Basis Of Preparation**

The interim financial statements, for the third quarter and nine months period ended 30 September 2016, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 2015.

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

**A2. Preceding financial year audit report**

The preceding financial year audit report in respect of the financial year ended 31 December 2015 was not qualified by the external auditors.

**A3. Performance Review**

The Group reported a pretax profit ("PBT") of RM28.1 million for the nine months ended 30 September 2016 ("9M16") as compared to pretax loss ("LBT") of RM5.7 million for the nine months ended 30 September 2015 ("9M15"). The PBT was mainly due to higher trading and investment income and interest income negated by lower brokerage income and share of loss in an associate and joint venture for the period under review.

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

**Stockbroking:**

Stockbroking registered PBT of RM20.9 million (9M15: LBT of RM4.8 million) mainly due to higher interest income and trading and investment income.

Brokerage fee income declined from RM60.5 million to RM49.7 million due to lower trading value on the Bursa Malaysia stock exchange which recorded RM728.8 billion for 9M16 compared to RM757.9 billion in the corresponding period of 2015 and lower market share.

**Investment Banking:**

Investment Banking registered a higher PBT of RM26.7 million in 9M16 (9M15: PBT of RM10.4 million) mainly due to higher trading and investment income from bond securities recorded for 9M16.

**Investment Management:**

Investment management registered a lower LBT of RM4.3 million (9M15: LBT of RM6.2 million) as a result of higher management fee income contributed by higher asset under management (9M16: RM7.3 billion; 9M15: RM6.3 billion).

**Futures:**

Futures segment recorded lower PBT of RM2.7 million in 9M16 as compared to RM4.2 million in 9M15 mainly due to lower commission and interest income earned. Income decreased mainly due to lower levels of client activity amid the sluggish market conditions.

**A4. Prospects for 2016**

The Malaysian domestic growth recovery in 4Q16 and to a large extent the 2H16 will mainly rely on private demand in the absence of a convincing export recovery. Our research expects current year's GDP growth to decline to 4.0%-4.5% from 5.0% in 2015 reflecting rising uncertainties arising from the impact of China's growth slowdown, Brexit, US Presidential election in November, the US Fed move to tighten interest rates and to a lesser extent the weak and troubled European banking sector. For the Malaysian banking industry, it is widely expected to experience weak investment sentiment and high market volatility, moderated trends in growth and persistent margin compression.

Amid the challenging economic outlook and the competitive industry landscape, the Group still expects to show better performance for the current year compared to last year. The Group will continue to implement its business plans, including strategic alliances with foreign partners, to diversify its sources of revenue. The Group's internal reorganisation and the rationalisation of its offices are expected to contribute to further cost savings with effect from next year.

**KENANGA INVESTMENT BANK BERHAD  
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**A5. Derivative financial instruments**

Derivative financial instruments are as follows:

**Group and Bank**

Items	As at 30 September 2016		As at 31 December 2015	
	Contract/Notional Value RM'000	Fair Value RM'000	Contract/Notional Value RM'000	Fair Value RM'000
<u>Derivatives financial assets</u>				
Equity related options	45,582	32,579	13,762	2,908
Dual currency investment options	252	2	1,588	2
	45,834	32,581	15,350	2,910
Index futures	165	-	-	-
Equity options	31,012	29,361	2,825	-
Auto call equity linked investment options	12,900	3,198	9,950	2,869
Dual currency investment options	252	2	1,588	2
Equity link investment options	1,505	20	987	39
<u>Derivatives financial liabilities</u>				
Equity related options	242,662	35,510	1,042,190	72,276
Dual currency investment options	252	2	1,588	2
	242,913	35,512	1,043,778	72,278

**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 set date during a set 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 exchanged-traded, negotiated between the purchaser and the seller in the over-the-counter market or embedded components in other financial instruments.

**Purposes of engaging in derivative financial instruments**

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

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

The loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM8,778,000. 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.

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

**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>A6. Financial Assets Held-For-Trading</b>				
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Investment Issues	-	57,373	-	57,373
	<u>-</u>	<u>57,373</u>	<u>-</u>	<u>57,373</u>
<b>Unquoted Private Debt Securities:</b>				
Corporate Bonds	5,021	-	5,021	-
Corporate Bills	114,697	-	114,697	-
Islamic Corporate Bonds	15,073	49,889	15,073	49,889
Islamic Corporate Bills	24,916	-	24,916	-
	<u>159,707</u>	<u>49,889</u>	<u>159,707</u>	<u>49,889</u>
<b>Quoted Securities:</b>				
Shares and Unit Trust Funds in Malaysia	122,026	211,480	122,026	211,480
Shares outside Malaysia	23,820	-	23,820	-
	<u>145,846</u>	<u>211,480</u>	<u>145,846</u>	<u>211,480</u>
<b>Total Financial Assets Held-for-Trading</b>	<b><u>305,553</u></b>	<b><u>318,742</u></b>	<b><u>305,553</u></b>	<b><u>318,742</u></b>
<b>A7. Financial Investments Available-for-Sale</b>				
<b>At Fair Value, or amortised cost</b>				
<b>Money Market Instruments:</b>				
Negotiable Instruments of Deposits	60,000	-	60,000	-
Islamic Negotiable Instruments of Deposits	99,827	-	99,827	-
Malaysian Government Securities	20,094	131,390	20,094	131,390
Malaysian Government Investment Issues	60,244	244,556	60,244	244,556
Bank Negara Malaysia Bills and Notes	-	39,706	-	39,706
Sukuk Perumahan Kerajaan	10,227	9,996	10,227	9,996
	<u>250,392</u>	<u>425,648</u>	<u>250,392</u>	<u>425,648</u>
<b>Unquoted Securities:</b>				
Shares and unit trusts funds in Malaysia	6,895	490	490	490
<b>Unquoted Private Debt Securities:</b>				
Islamic Corporate Bonds	107,773	120,050	107,773	120,050
Islamic Corporate Bills	-	24,878	-	24,878
Corporate Bonds	564,522	653,717	564,522	653,717
Corporate Bills	-	24,878	-	24,878
	<u>672,295</u>	<u>823,523</u>	<u>672,295</u>	<u>823,523</u>
<b>Total Financial Investments Available-for-Sale</b>	<b><u>929,582</u></b>	<b><u>1,249,661</u></b>	<b><u>923,177</u></b>	<b><u>1,249,661</u></b>

**KENANGA INVESTMENT BANK BERHAD**  
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**NOTES TO INTERIM FINANCIAL REPORT**  
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	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>A8. Financial Investments Held-To-Maturity</b>				
<b>At Amortised Cost</b>				
<b>Unquoted Private Debt Securities:</b>				
Islamic Corporate Bonds	5,001	5,001	5,001	5,001
Corporate Bonds	35,001	35,002	35,001	35,002
	<b>40,002</b>	<b>40,003</b>	<b>40,002</b>	<b>40,003</b>
<b>A9. Loans, Advances and Financing</b>				
<b>At Amortised Cost</b>				
<b>(i) By Type</b>				
Share margin financing	1,455,596	1,399,394	1,455,597	1,399,394
Term loans	510,668	462,645	510,668	462,645
Subordinated term loan	-	-	5,055	18,459
Gross loans, advances and financing	1,966,264	1,862,039	1,971,320	1,880,498
Allowance for impairment:				
- collective allowance	(838)	(438)	(838)	(438)
- individual allowance	(1,472)	(1,395)	(1,472)	(1,395)
<b>Net Loans, Advances and Financing</b>	<b>1,963,954</b>	<b>1,860,206</b>	<b>1,969,010</b>	<b>1,878,665</b>
<b>(ii) By Type of Customer</b>				
Domestic business enterprise - others	870,514	827,279	875,570	845,738
Individual	1,061,899	1,002,638	1,061,899	1,002,638
Foreign enterprises	33,851	32,122	33,851	32,122
<b>Gross Loans, Advances and Financing</b>	<b>1,966,264</b>	<b>1,862,039</b>	<b>1,971,320</b>	<b>1,880,498</b>
<b>(iii) By Geographical Distribution</b>				
In Malaysia	1,920,955	1,829,007	1,926,011	1,847,466
Outside Malaysia	45,309	33,032	45,309	33,032
<b>Gross Loans, Advances and Financing</b>	<b>1,966,264</b>	<b>1,862,039</b>	<b>1,971,320</b>	<b>1,880,498</b>
<b>(iv) By Interest Rate/ Profit Rate Sensitivity</b>				
Fixed rate				
- Other fixed rate loans	1,455,596	1,411,444	1,455,597	1,411,444
Variable rate				
- Base lending rate plus	40,359	-	40,359	-
- Cost plus and other variable rates	470,309	450,595	475,364	469,054
<b>Gross Loans, Advances and Financing</b>	<b>1,966,264</b>	<b>1,862,039</b>	<b>1,971,320</b>	<b>1,880,498</b>
<b>(v) By Purpose</b>				
- Purchase of securities	1,669,594	1,598,275	1,669,594	1,598,275
- Working capital	192,041	136,651	197,097	155,110
- Others	104,629	127,113	104,629	127,113
<b>Gross Loans, Advances and Financing</b>	<b>1,966,264</b>	<b>1,862,039</b>	<b>1,971,320</b>	<b>1,880,498</b>



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	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>A9. Loans, Advances and Financing (Cont'd)</b>				
<b>(vi) By Residual Contractual Maturity</b>				
- Within one year	1,456,901	1,681,793	1,456,956	1,681,793
- More than one year	509,363	180,246	514,364	198,705
<b>Gross Loans, Advances and Financing</b>	<b>1,966,264</b>	<b>1,862,039</b>	<b>1,971,320</b>	<b>1,880,498</b>
<b>(vii) Movements in impaired loans, advances and financing ("Impaired loans")</b>				
At beginning of the period/year	1,954	2,786	1,954	2,786
Impaired during the period/year	131	173	131	173
Amount recovered	(144)	(1,005)	(144)	(1,005)
At end of the period/year	1,941	1,954	1,941	1,954
Less: Individual allowance	(1,472)	(1,395)	(1,472)	(1,395)
<b>Net impaired loans</b>	<b>469</b>	<b>559</b>	<b>469</b>	<b>559</b>
Net impaired loans as a % of gross loans, advances and financing less individual allowance	<b>0.02%</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.03%</b>
<b>(viii) Impaired loans by Geographical Distribution</b>				
Malaysia	1,941	1,954	1,941	1,954
<b>Gross impaired loans</b>	<b>1,941</b>	<b>1,954</b>	<b>1,941</b>	<b>1,954</b>
<b>(ix) Impaired loans by Purpose</b>				
Purchase of securities	1,941	1,954	1,941	1,954
<b>Gross impaired loans</b>	<b>1,941</b>	<b>1,954</b>	<b>1,941</b>	<b>1,954</b>
<b>(x) Movements in impairment allowance for loans, advances and financing</b>				
<u>Collective allowance</u>				
At beginning of period/year	438	415	438	415
Allowance made during the period/year	413	79	413	79
Amount reversed	(13)	(56)	(13)	(56)
<b>At end of the period/year</b>	<b>838</b>	<b>438</b>	<b>838</b>	<b>438</b>
As a % of gross loans, advances and financing less individual allowance	<b>0.04%</b>	<b>0.02%</b>	<b>0.04%</b>	<b>0.02%</b>
<u>Individual allowance</u>				
At beginning of period/year	1,395	1,725	1,395	1,725
Allowance made during the period/year	135	259	135	259
Amount reversed	(58)	(589)	(58)	(589)
<b>At end of the period/year</b>	<b>1,472</b>	<b>1,395</b>	<b>1,472</b>	<b>1,395</b>

**KENANGA INVESTMENT BANK BERHAD**  
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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>A10. Balances due from clients and brokers</b>				
Balances due from clients and brokers	328,560	474,558	328,560	474,558
Less:				
Allowance for impairment	(15,628)	(17,231)	(15,628)	(17,231)
	<b>312,932</b>	<b>457,327</b>	<b>312,932</b>	<b>457,327</b>
<b>Movements of allowance impairment for:</b>				
<u>Individual Impairment</u>				
At beginning of the period/year	17,231	24,815	17,231	24,815
Allowance made during the period/year	1,798	7,763	1,798	7,763
Reversal of allowance	(3,401)	(6,574)	(3,401)	(6,574)
Amount written off	-	(8,773)	-	(8,773)
<b>At end of the period/year</b>	<b>15,628</b>	<b>17,231</b>	<b>15,628</b>	<b>17,231</b>
<b>A11. Other Assets</b>				
Other receivables, deposits and prepayments, net of allowance for impairment	58,095	102,836	47,906	89,257
Treasury trade receivables	-	9,585	-	9,585
Amount due from subsidiaries	-	-	310	1,288
Amount due from related parties	162	32	162	17
	<b>58,257</b>	<b>112,453</b>	<b>48,378</b>	<b>100,147</b>
<b>A12. Statutory deposit with Bank Negara Malaysia</b>				
Statutory Deposit	<b>105,509</b>	<b>120,753</b>	<b>105,509</b>	<b>120,753</b>

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.

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(15678-H)**

**NOTES TO INTERIM FINANCIAL REPORT  
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	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>A13. Deposits from customers</b>				
<b>(i) By type of deposit</b>				
Short term deposits	2,252,227	2,895,926	2,311,395	2,965,123
Fixed deposits	932,559	327,501	932,558	327,501
Negotiable instruments of deposit	11,085	7,624	11,085	7,962
	<b>3,195,871</b>	<b>3,231,051</b>	<b>3,255,038</b>	<b>3,300,586</b>
<b>(ii) By type of customer</b>				
Government and other statutory bodies	608,263	262,791	608,263	262,791
Individual	90,962	77,320	90,961	77,320
Business enterprises	584,813	680,073	584,813	700,073
Non-bank financial institution	1,905,942	2,208,881	1,905,942	2,208,881
Others	5,891	1,986	65,059	51,521
	<b>3,195,871</b>	<b>3,231,051</b>	<b>3,255,038</b>	<b>3,300,586</b>
<b>(iii) By maturity structure</b>				
Due within six months	2,894,775	3,215,101	2,953,943	3,284,636
More than six months to one year	301,096	15,950	301,095	15,950
	<b>3,195,871</b>	<b>3,231,051</b>	<b>3,255,038</b>	<b>3,300,586</b>
<b>A14. Deposits and placements of banks and financial institutions</b>				
Licenced banks	510,000	140,000	510,000	140,000
Others financial institutions	250,000	435,159	250,000	435,159
	<b>760,000</b>	<b>575,159</b>	<b>760,000</b>	<b>575,159</b>
<b>A15. Borrowings</b>				
Revolving bank loans	<b>78,000</b>	-	<b>78,000</b>	-
<b>A16. Other liabilities</b>				
Interest/Profit payable	12,332	10,144	12,111	9,531
Provision and accruals	52,074	49,219	36,433	32,144
Retention for Contra Losses	487	602	487	602
Treasury trade payables	-	49,818	-	49,818
Deposits and other creditors	50,234	61,262	44,450	40,245
Amounts held in trust	58,385	64,204	58,385	64,204
	<b>173,512</b>	<b>235,249</b>	<b>151,866</b>	<b>196,544</b>

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

**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>3 months ended 30 September 2016 RM'000</b>	<b>3 months ended 30 September 2015 RM'000</b>	<b>9 months ended 30 September 2016 RM'000</b>	<b>9 months ended 30 September 2015 RM'000</b>

**A17. Interest Income**

**Group**

Loans, advances and financing	34,785	32,407	102,079	95,840
Money at call and deposit placements with financial institutions	9,483	7,227	32,092	29,704
Financial assets held-for-trading	1,874	2,792	3,729	6,076
Financial investments available-for-sale	13,604	10,653	39,098	31,933
Financial investments held to maturity	524	511	1,601	1,083
Others	2,814	5,702	8,686	7,393
	<b>63,084</b>	<b>59,292</b>	<b>187,285</b>	<b>172,029</b>

**Bank**

Loans, advances and financing	34,890	32,639	102,645	96,533
Money at call and deposit placements with financial institutions	7,775	7,189	26,098	20,646
Financial assets held-for-trading	1,874	2,792	3,729	6,076
Financial investments available-for-sale	13,604	10,653	39,098	31,933
Financial investments held to maturity	524	511	1,601	1,083
Others	2,814	5,702	8,686	7,393
	<b>61,481</b>	<b>59,486</b>	<b>181,857</b>	<b>163,664</b>

**A18. Interest Expense**

**Group**

Deposits from customers	38,760	33,273	116,052	100,269
Deposits and placement of banks and other financial institutions	1,610	3,454	6,046	9,382
Revolving bank loans	805	-	1,078	-
	<b>41,175</b>	<b>36,727</b>	<b>123,176</b>	<b>109,651</b>

**Bank**

Deposits from customers	39,281	35,777	117,763	98,371
Deposits and placement of banks and other financial institutions	1,610	3,454	6,046	9,382
Revolving bank loans	805	-	1,078	-
	<b>41,696</b>	<b>39,231</b>	<b>124,887</b>	<b>107,753</b>

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

**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000
<b>A19. Other Operating Income</b>				
<b>Group</b>				
(a) Fee income:				
Brokerage income	34,179	44,394	112,486	137,241
Corporate advisory fee	2,413	2,275	7,801	8,122
Loans, advances and financing	948	997	2,724	3,505
Management fees	10,315	7,782	29,748	21,903
Placement fees	2,616	1,816	6,568	4,178
Underwriting fees	-	293	-	1,549
Other fee income	5,712	7,663	17,389	19,168
	56,183	65,220	176,716	195,666
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets held-for-trading and derivatives	18,914	(12,002)	58,133	7,285
Financial investments available- for-sale	6,266	1,479	13,048	1,538
	25,180	(10,523)	71,181	8,823
(c) Gross dividend from:				
Financial assets held-for-trading and financial investments available-for-sale	751	140	1,481	1,200
	751	140	1,481	1,200
(d) Unrealised (loss)/gain on revaluation of financial assets held-for-trading and derivatives	(8,065)	1,546	(24,151)	(7,649)
	(8,065)	1,546	(24,151)	(7,649)
(e) Other income:				
Net foreign exchange income	1,446	741	3,153	3,522
Other operating income	83	176	182	578
Other non-operating income				
-Rental income	1,372	650	3,047	2,257
-Others	557	256	1,290	1,050
	3,458	1,823	7,672	7,406
Total other operating income	<b>77,507</b>	<b>58,206</b>	<b>232,899</b>	<b>205,446</b>

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

**NOTES TO INTERIM FINANCIAL REPORT  
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	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000
<b>A19. Other Operating Income (Cont'd)</b>				
<b>Bank</b>				
(a) Fee income:				
Brokerage income	34,179	44,394	112,486	137,241
Corporate advisory fee	2,420	2,275	7,808	8,122
Loans, advances and financing	977	996	2,802	3,505
Management fees	(69)	265	376	763
Placement fees	2,616	1,816	6,568	4,178
Underwriting fees	-	293	-	1,549
Other fee income	2,390	2,188	6,491	6,081
	42,513	52,227	136,531	161,439
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets held-for-trading and derivatives	18,914	(12,002)	58,133	7,285
Financial investments available- for-sale	6,266	1,479	13,048	1,538
	25,180	(10,523)	71,181	8,823
(c) Gross dividend from:				
Financial assets held-for-trading and financial investments available-for-sale	751	140	1,481	1,200
Subsidiary	-	-	62	-
	751	140	1,543	1,200
(d) Unrealised (loss)/gain on revaluation of financial assets held-for-trading and derivatives	(8,065)	1,546	(24,151)	(7,649)
(e) Other income:				
Net foreign exchange income	1,436	702	3,180	3,463
Other operating income	130	176	334	580
Other non-operating income				
-Rental income	1,694	952	4,012	3,222
-Others	398	257	1,239	917
	3,658	2,087	8,765	8,182
Total other operating income	<b>64,037</b>	<b>45,477</b>	<b>193,869</b>	<b>171,995</b>

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	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>3 months ended 30 September 2016 RM'000</b>	<b>3 months ended 30 September 2015 RM'000</b>	<b>9 months ended 30 September 2016 RM'000</b>	<b>9 months ended 30 September 2015 RM'000</b>
<b>A20. Other operating expenses</b>				
<b>Group</b>				
Personnel costs	40,005	35,051	115,192	111,595
- Salaries, allowances and bonuses	25,701	22,992	76,016	71,178
- EPF	3,149	3,053	9,450	9,426
- Others	11,155	9,006	29,726	30,991
Establishment costs	15,250	12,470	42,878	37,072
- Depreciation and amortisation of software	2,986	2,178	8,942	6,738
- Rental of premises	5,619	5,637	17,335	17,309
- Repairs and maintenance of property, plant and equipment	1,962	588	3,102	1,661
- Information technology expenses	2,769	2,697	8,638	7,274
- Others	1,914	1,370	4,861	4,090
Marketing expenses	3,657	3,077	9,167	8,487
- Advertisement and publicity	2,656	2,168	6,279	5,175
- Others	1,001	909	2,888	3,312
Administration and general expenses	40,232	44,294	115,302	125,471
- Communication expenses	1,422	1,619	4,433	5,071
- Legal and professional fees	759	3,363	1,991	8,185
- Regulatory charges	4,560	5,839	15,085	16,444
- Others	33,491	33,473	93,793	95,771
	<b>99,144</b>	<b>94,892</b>	<b>282,539</b>	<b>282,625</b>

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**NOTES TO INTERIM FINANCIAL REPORT  
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	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000

**A20. Other operating expenses (Cont'd)**

**Bank**

Personnel costs	33,526	29,303	96,339	93,641
- Salaries, allowances and bonuses	21,425	19,258	63,845	59,844
- EPF	2,603	2,612	7,917	8,024
- Others	9,498	7,433	24,577	25,773
Establishment costs	13,947	11,339	38,959	33,918
- Depreciation	2,620	1,900	7,769	5,900
- Rental of premises	5,515	5,546	17,040	17,095
- Repairs and maintenance of property, plant and equipment	1,776	357	2,553	1,121
- Information technology expenses	2,765	2,691	8,624	7,258
- Others	1,271	845	2,973	2,544
Marketing expenses	2,240	2,008	5,181	5,330
- Advertisement and publicity	1,540	1,284	3,057	2,584
- Others	700	724	2,124	2,746
Administration and general expenses	33,011	37,720	94,485	108,047
- Communication expenses	1,275	1,456	4,006	4,592
- Legal and professional fees	635	3,145	1,686	7,548
- Regulatory charges	3,901	5,209	12,843	14,884
- Others	27,200	27,910	75,950	81,023
	<b>82,724</b>	<b>80,370</b>	<b>234,964</b>	<b>240,936</b>

**A21. Write back of/(Allowance for) impairment  
on loans, advances and financing**

**Group and Bank**

Impairment:				
- collective allowance (net)	(9)	11	(399)	(12)
- individual allowance	(103)	(43)	(135)	(214)
- individual allowance reversal	58	(2)	58	572
- individual allowance (net)	(45)	(45)	(77)	358
	(54)	(34)	(476)	346
Bad debts:				
- recovered	154	501	272	824
	<b>100</b>	<b>467</b>	<b>(204)</b>	<b>1,170</b>



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<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
3 months ended 30 September 2016 RM'000	3 months ended 30 September 2015 RM'000	9 months ended 30 September 2016 RM'000	9 months ended 30 September 2015 RM'000

**A22. Write back of/(Allowance for)  
impairment on balances due from  
clients and brokers and other  
receivables**

**Group and Bank**

Impairment:

- individual allowance	(1,883)	(5,679)	(4,186)	(10,926)
- individual allowance reversal	1,643	3,384	5,486	7,368
- individual allowance (net)	(240)	(2,295)	1,300	(3,558)

Bad debts:

- recovered	2	-	452	4
	<b>(238)</b>	<b>(2,295)</b>	<b>1,752</b>	<b>(3,554)</b>

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**A22. 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 as 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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**A23. Fair value of financial instruments (cont'd.)**

**Group**

**30 September 2016**

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets measured at fair value</b>				
Financial assets held-for trading				
- Debt securities	-	159,707	-	159,707
- Equity securities and unit trusts	145,831	15	-	145,846
Financial investments available-for-sale #				
- Debt securities	-	762,860	-	762,860
- Unit trusts	-	6,405	-	6,405
- Negotiable Instruments of Deposit	-	60,000	-	60,000
- Islamic Negotiable Instruments of Deposit	-	99,827	-	99,827
- Debt securities	-		-	
Derivative financial assets	-	32,581	-	32,581
<b>Financial assets for which fair values are disclosed</b>				
Financial investments held-to-maturity	-	40,330	-	40,330
Loans, advances and financing	-	-	1,963,874	1,963,874
	145,831	1,161,725	1,963,874	3,271,430

**Financial liabilities measured at fair value**

Derivative financial liabilities	23,186	12,326	-	35,512
Borrowings	-	78,000	-	78,000
	23,186	12,326	-	35,512

**31 December 2015**

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets measured at fair value</b>				
Financial assets held-for trading				
- Debt securities	-	107,262	-	107,262
- Equity securities and unit trusts	200,305	11,175	-	211,480
Financial investments available-for-sale #				
- Debt securities	-	1,249,171	-	1,249,171
Derivative financial assets	-	2,910	-	2,910
<b>Financial assets for which fair values are disclosed</b>				
Financial investments held-to-maturity	-	39,922	-	39,922
Loans, advances and financing	-	-	1,856,969	1,856,969
	200,305	1,410,440	1,856,969	3,467,714
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	45,688	26,590	-	72,278
Obligations on securities sold under repurchase agreements	-	95,310	-	95,310
	45,688	121,900	-	167,588

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**A22. Fair value of financial instruments (cont'd.)**

**Bank**

**30 September 2016**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets held-for trading				
- Debt securities	-	159,707	-	159,707
- Equity securities and unit trusts	145,831	15	-	145,846
Financial investments available-for-sale #				
- Debt securities	-	762,860	-	762,860
- Negotiable Instruments of Deposit	-	60,000	-	60,000
- Islamic Negotiable Instruments of Deposit	-	99,827	-	99,827
Derivative financial assets	-	32,581	-	32,581
<b>Financial assets for which fair values are disclosed</b>				
Financial investments held-to-maturity	-	40,330	-	40,330
Loans, advances and financing	-	-	1,968,124	1,968,124
	<b>145,831</b>	<b>1,155,320</b>	<b>1,968,124</b>	<b>3,269,275</b>

**Financial liabilities measured at fair value**

Derivative financial liabilities	23,186	12,326	-	35,512
Obligations on securities sold under repurchase agreements	-	-	-	-
Borrowings	-	78,000	-	78,000
	<b>23,186</b>	<b>90,326</b>	<b>-</b>	<b>113,512</b>

**31 December 2015**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets held-for trading				
- Debt securities	-	107,262	-	107,262
- Equity securities and unit trusts	200,305	11,175	-	211,480
Financial investments available-for-sale #				
- Debt securities	-	1,249,171	-	1,249,171
Derivative financial assets	-	2,910	-	2,910
<b>Financial assets for which fair values are disclosed</b>				
Financial investments held-to-maturity	-	39,922	-	39,922
Loans, advances and financing	-	-	1,875,428	1,875,428
	<b>200,305</b>	<b>1,410,440</b>	<b>1,875,428</b>	<b>3,486,173</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	45,688	26,590	-	72,278
Obligations on securities sold under repurchase agreements	-	95,310	-	95,310
	<b>45,688</b>	<b>121,900</b>	<b>-</b>	<b>167,588</b>

# Excluded unquoted securities stated at cost of RM490,000 (2015 : RM490,000).

There has been no transfer between level 1 & level 2 during the current period ended 30 September 2016 (30 September 2015: no transfer in either direction)

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	As at 30 September 2016			As at 31 December 2015		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<b>A24. <u>Commitments and Contingencies and Off-Balance Sheet Financial Instruments</u></b>						
<b>Group</b>						
Commitments to extend credit with maturity of less than 1 year :-						
- margin	1,602,226	-	-	1,400,821	-	-
- term loan	22,000	4,400	4,400	57,000	11,400	11,400
- foreign exchange related contracts	65,485	257	219	123,114	1,065	547
- equity related contracts	51,122	3,067	173	35,350	2,120	131
Commitments to extend credit with maturity of more than 1 year :-						
- term loan	402	201	201	7,249	3,625	3,625
Miscellaneous commitments	591,042	591,042	118,208	597,665	597,665	119,533
	<u>2,332,277</u>	<u>598,967</u>	<u>123,201</u>	<u>2,221,199</u>	<u>615,875</u>	<u>135,236</u>

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	As at 30 September 2016			As at 31 December 2015		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<b>A24. <u>Commitments and Contingencies and Off-Balance Sheet</u> <u>Financial Instruments (Cont'd)</u></b>						
<b>Bank</b>						
Commitments to extend credit with maturity of less than 1 year :-						
- margin	1,602,226	-	-	1,400,821	-	-
- term loan	22,000	4,400	4,400	57,000	11,400	11,400
- foreign exchange related contracts	65,485	257	219	123,114	1,065	547
- equity related contracts	51,122	3,067	173	35,350	2,120	131
Commitments to extend credit with maturity of more than 1 year :-						
- term loan	35,402	17,701	17,701	37,249	18,625	18,625
Miscellaneous commitments	591,042	591,042	118,208	597,665	597,665	119,533
	<u>2,367,277</u>	<u>616,467</u>	<u>140,701</u>	<u>2,251,199</u>	<u>630,875</u>	<u>150,236</u>

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	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>A25. Other Commitments</b>				
Capital expenditure commitments	4,408	4,470	4,364	4,426
Operating lease arrangements	23,502	40,512	23,502	40,512
	<b>27,910</b>	<b>44,982</b>	<b>27,866</b>	<b>44,938</b>

**A26. Capital Adequacy**

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>CET 1 / Tier 1 capital</u>				
Paid-up share capital	770,000	770,000	770,000	770,000
Share premium	65,500	65,500	65,500	65,500
Accumulated losses	(41,510)	(40,821)	(48,584)	(47,895)
Other reserves	126,257	118,954	118,928	103,948
Less: Regulatory adjustments:				
Deferred tax assets	(5,692)	(9,091)	(4,428)	(7,758)
55% of cumulative gains on financial instruments classified as 'available-for-sale'	-	-	(828)	-
Goodwill	(258,553)	(258,554)	(252,909)	(252,909)
Other intangibles	(58,360)	(58,078)	(52,500)	(52,500)
Regulatory reserve	(22,800)	(22,111)	(22,800)	(22,111)
Deduction in excess of Tier 2*	(46,399)	(53,275)	(106,096)	(104,990)
Total CET 1/Tier 1 capital	<b>528,443</b>	<b>512,524</b>	<b>466,283</b>	<b>451,285</b>
<u>Tier 2 capital</u>				
Collective impairment provision and regulatory reserves	13,315	12,338	12,439	11,105
Less: Regulatory adjustments applied to Tier 2 capital	(13,315)	(12,338)	(12,439)	(11,105)
Total Tier 2 capital	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total capital	<b>528,443</b>	<b>512,524</b>	<b>466,283</b>	<b>451,285</b>
CET 1 capital ratio	30.43%	28.85%	29.69%	28.36%
Tier 1 capital ratio	30.43%	28.85%	29.69%	28.36%
Total capital ratio	30.43%	28.85%	29.69%	28.36%

\* 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).

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**A26. Capital Adequacy (cont'd)**

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

	<b>Group</b>		<b>Group</b>	
	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>
Credit Risk	4,030,523	1,065,169	4,460,426	987,047
Market Risk	-	122,283	-	264,206
Operational Risk	-	549,192	-	525,085
<b>Total Risk Weighted Assets</b>	<b>4,030,523</b>	<b>1,736,644</b>	<b>4,460,426</b>	<b>1,776,338</b>

	<b>Bank</b>		<b>Bank</b>	
	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>	<b>Notional amount RM'000</b>	<b>Risk-weighted amount RM'000</b>
Credit Risk	3,675,478	995,100	3,906,967	888,384
Market Risk	-	122,283	-	264,206
Operational Risk	-	453,285	-	438,746
<b>Total Risk Weighted Assets</b>	<b>3,675,478</b>	<b>1,570,668</b>	<b>3,906,967</b>	<b>1,591,336</b>

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").



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**A27. Basic / Fully Diluted (Loss)/Earnings Per Share (Sen)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>3 months ended 30 September 2016 RM'000</b>	<b>3 months ended 30 September 2015 RM'000</b>	<b>9 months ended 30 September 2016 RM'000</b>	<b>9 months ended 30 September 2015 RM'000</b>
<b>Group</b>				
Profit/(loss) for the period attributable to equity holder of the Bank	<u>3,047</u>	<u>(12,126)</u>	<u>16,974</u>	<u>(6,953)</u>
Weighted average number of ordinary shares in issue ('000)	<u>770,000</u>	<u>770,000</u>	<u>770,000</u>	<u>770,000</u>
Earnings/(loss) per share (sen) - basic / fully diluted	<u>0.40</u>	<u>(1.57)</u>	<u>2.20</u>	<u>(0.90)</u>

There were no dilutive potential ordinary shares outstanding as at 30 September 2016 and 30 September 2015.

**A28. 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 securities and investment related services;
- (iii) Futures - Futures broker business
- (iv) Investment management - Management of funds and unit trusts; and
- (v) Support and others - Support services comprise all middle and back office functions, and, includes business operations conducted by the Group's associate in the Kingdom of Saudi Arabia and joint venture.

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**A28. Segmental reporting (cont'd)**

	<b>Investment banking RM'000</b>	<b>Stock broking RM'000</b>	<b>Futures RM'000</b>	<b>Investment management RM'000</b>	<b>Others RM'000</b>	<b>Elimination/ consolidation adjustments RM'000</b>	<b>Total RM'000</b>
<b>2016</b>							
<b>Revenue</b>							
External sales	182,992	196,349	15,522	30,239	14,201	-	439,303
Inter-segment sales	651	153	1,070	1,047	62	(2,983)	-
<b>Total revenue</b>	<b>183,643</b>	<b>196,502</b>	<b>16,592</b>	<b>31,286</b>	<b>14,263</b>	<b>(2,983)</b>	<b>439,303</b>
<b>Result</b>							
Net income	60,418	187,118	15,993	32,132	16,372	(2,250)	309,783
Other operating expenses	(32,413)	(168,067)	(13,312)	(36,436)	(34,561)	2,250	(282,539)
(Allowance for)/write back of impairment on loans, advances and financing	(946)	195	-	-	547	-	(204)
(Allowance for)/Write back of impairment on balance due from clients and brokers and other receivables	(372)	1,607	-	-	517	-	1,752
Share of results in associate and joint venture	-	-	-	-	(723)	-	(723)
Profit/(loss) before taxation and zakat	26,687	20,853	2,681	(4,304)	(17,848)	-	28,069
Taxation and zakat							(10,591)
Net profit for the period							<b>17,478</b>

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**A28. Segmental reporting (cont'd.)**

	Investment banking and stockbroking RM'000	Futures RM'000	Investment management RM'000	Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
<b>2016 (cont'd.)</b>							
<b>Assets</b>							
Investments in associates and joint venture	-	-	-	59,714	-		59,714
Addition to non-current assets	164,292	165	347	-	-	<b>A</b>	164,804
Segment assets	5,388,366	404,665	52,108	7,748	(120,572)	<b>B</b>	5,732,315
<hr/>							
<b>Liabilities</b>							
Segment liabilities	4,461,780	366,692	18,763	1,778	(64,172)	<b>C</b>	4,784,841
<hr/>							

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**A28. Segmental reporting (cont'd.)**

	<b>Investment banking RM'000</b>	<b>Stock broking RM'000</b>	<b>Futures RM'000</b>	<b>Investment management RM'000</b>	<b>Others RM'000</b>	<b>Elimination/ consolidation adjustments RM'000</b>	<b>Total RM'000</b>
<b>2015</b>							
<b>Revenue</b>							
External sales	151,669	183,346	21,154	21,064	14,875	-	392,108
Inter-segment sales	767	165	986	1,398	122	(3,438)	-
<b>Total revenue</b>	<b>152,436</b>	<b>183,511</b>	<b>22,140</b>	<b>22,462</b>	<b>14,997</b>	<b>(3,438)</b>	<b>392,108</b>
<b>Result</b>							
Net income	43,917	174,068	17,949	22,594	18,397	(1,166)	275,759
Other operating expenses	(32,703)	(177,392)	(13,797)	(28,807)	(30,891)	965	(282,625)
(Allowance for)/writeback of impairment on loans, advances and financing	(13)	683	-	-	500	-	1,170
Allowance for impairment on balance due from clients and brokers and other receivables	(747)	(2,135)	-	-	(672)	-	(3,554)
Share of results in associate	-	-	-	-	3,562	-	3,562
Profit/(loss) before taxation and zakat	10,454	(4,776)	4,152	(6,213)	(9,104)	(201)	(5,688)
Taxation and zakat							(430)
Net loss for the period							<b>(6,118)</b>

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**A28. Segmental reporting (cont'd.)**

	Investment banking and stockbroking RM'000	Futures RM'000	Investment management RM'000	Others RM'000	Elimination/ consolidation adjustments RM'000	Notes	Total RM'000
<b>2015 (cont'd.)</b>							
<b>Assets</b>							
Investment in an associate	-	-	-	71,670	-		71,670
Addition to non-current assets	3,552	13	518	-	-	<b>A</b>	4,083
Segment assets	5,654,322	565,855	54,784	7,235	(130,446)	<b>B</b>	6,151,750
<b>Liabilities</b>							
Segment liabilities	4,783,560	530,941	16,867	1,403	(88,440)	<b>C</b>	5,244,331

**Notes**

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

	2016 RM'000	2015 RM'000
Property, plant and equipment	163,818	1,286
Intangible assets	986	-
	<u>164,804</u>	<u>1,286</u>

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**A28. Segmental reporting (cont'd.)**

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

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment in an associate and joint venture	(979)	(15,435)
Investment in subsidiaries	59,800	59,860
Inter-segment assets	61,751	86,021
	<u>120,572</u>	<u>130,446</u>

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

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits accepted from subsidiaries	59,168	69,314
Inter-segment liabilities	5,004	19,126
	<u>64,172</u>	<u>88,440</u>

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**A29. OPERATIONS OF ISLAMIC BANKING**

**(a) UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

		<b>Group and Bank</b>	
	<b>Note</b>	<b>As at 30 September 2016 RM '000</b>	<b>As at 31 December 2015 RM '000</b>
<b>ASSETS</b>			
Cash and bank balances	<b>(c)</b>	236,289	115,437
Financial assets held-for-trading	<b>(d)</b>	39,989	78,576
Financial investments available-for-sale	<b>(e)</b>	238,990	194,630
Financial investments held-for-maturity	<b>(f)</b>	5,001	5,001
Financing and advances	<b>(g)</b>	112,595	59,150
Balance due from clients and brokers		43	-
Other assets		2,913	1,730
Property, plant and equipment		156	14
Deferred tax assets		-	157
<b>TOTAL ASSETS</b>		<b>635,976</b>	<b>454,695</b>
<b>LIABILITIES</b>			
Islamic deposits from customers	<b>(h)</b>	435,307	252,367
Balance due to clients and brokers		15	-
Other liabilities		58,839	75,012
Deferred tax liabilities		650	-
Provision for taxation and zakat		5,216	1,963
<b>TOTAL LIABILITIES</b>		<b>500,027</b>	<b>329,342</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		120,000	120,000
Reserves		15,949	5,353
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>135,949</b>	<b>125,353</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>635,976</b>	<b>454,695</b>

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**A29. OPERATIONS OF ISLAMIC BANKING**

**(b) UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Group and Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Income derived from investment of depositors' funds	11,571	2,856	22,824	14,444
Income derived from investment of shareholders' funds	750	1,279	4,310	4,231
Impairment allowances on investments	(1)	-	(171)	(23)
<b>Total attributable income</b>	<b>12,320</b>	<b>4,135</b>	<b>26,963</b>	<b>18,652</b>
Profit distributed to depositors	(5,007)	(3,597)	(13,706)	(10,740)
<b>Net income</b>	<b>7,313</b>	<b>538</b>	<b>13,257</b>	<b>7,912</b>
Finance cost	(185)	-	(653)	-
Personnel expenses	(175)	(171)	(440)	(489)
Other overhead expenses	(510)	(422)	(1,506)	(1,213)
<b>Profit/(loss) before taxation and zakat</b>	<b>6,443</b>	<b>(55)</b>	<b>10,658</b>	<b>6,210</b>
Taxation and zakat	(1,550)	20	(2,617)	(1,572)
<b>Profit/(loss) for the financial period</b>	<b>4,893</b>	<b>(35)</b>	<b>8,041</b>	<b>4,638</b>

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

Income derived from investment of depositors' funds	11,571	2,856	22,824	14,444
Income derived from investment of shareholders' funds	750	1,279	4,310	4,231
Total income before impairment allowance on financing and overhead expenses	12,321	4,135	27,134	18,675
Profit distributed to depositors	(5,007)	(3,597)	(13,706)	(10,740)
Finance cost	(185)	-	(653)	-
<b>Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and the Bank</b>	<b>7,129</b>	<b>538</b>	<b>12,775</b>	<b>7,935</b>



**KENANGA INVESTMENT BANK BERHAD**  
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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**A29. OPERATIONS OF ISLAMIC BANKING**

	<b>Group and Bank</b>	
	<b>As at 30 September 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
<b>(c) Cash and short-term funds</b>		
Current account with BNM and banks	36,289	21,117
Money at call and deposit placements with: Licensed investment banks	<u>200,000</u>	<u>94,320</u>
	<u>236,289</u>	<u>115,437</u>
<b>(d) Financial Assets Held-for-Trading</b>		
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Islamic Government Investment Issues	-	28,687
<b>Unquoted Private Debt Securities:</b>		
Islamic Corporate Bills	24,916	-
Islamic Corporate Bonds	<u>15,073</u>	<u>49,889</u>
	<u>39,989</u>	<u>78,576</u>
<b>(e) Financial Investments Available-for-Sale</b>		
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
In Malaysia		
Islamic Government Investment Issues	21,163	39,706
Islamic Negotiable instruments of deposits	99,827	-
Sukuk Perumahan Kerajaan	10,227	9,996
<b>Unquoted Private Debt Securities:</b>		
In Malaysia		
Islamic Corporate bills	-	24,878
Islamic Corporate bonds	<u>107,773</u>	<u>120,050</u>
	<u>238,990</u>	<u>194,630</u>
<b>(f) Financial Investments Held-to-Maturity</b>		
<b>At Amortised Cost</b>		
<b>Unquoted Private Debt Securities:</b>		
In Malaysia		
Islamic Corporate bonds	<u>5,001</u>	<u>5,001</u>

**KENANGA INVESTMENT BANK BERHAD**  
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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**A29. OPERATIONS OF ISLAMIC BANKING**

	<b>Group and Bank</b>	
	<b>As at 30 September 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
<b>(g) Financing and advances</b>		
<b>At Amortised Cost</b>		
Commodity Murabahah Revolving Credit		
- Shariah contract - others	20,138	14,122
Commodity Murabahah Term Financing		
- Shariah contract - others	92,613	45,137
	<u>112,751</u>	<u>59,259</u>
Allowance for impairment:		
- collective allowance	(156)	(109)
	<u>112,595</u>	<u>59,150</u>
<b>(i) Gross advances and financing analysed by type of customer are as follows:</b>		
Domestic business enterprise - others	70,146	59,259
Individual	42,605	-
	<u>112,751</u>	<u>59,259</u>
<b>(ii) Gross advances and financing analysed by geographical distribution are as follows:</b>		
In Malaysia	<u>112,751</u>	<u>59,259</u>
<b>(iii) Gross advances and financing analysed by profit are sensitivity are as follows:</b>		
Variable rate:		
Cost plus	<u>112,751</u>	<u>59,259</u>
<b>(v) By Purpose</b>		
- Working capital	20,138	14,122
- Purchase of securities	50,007	45,137
- Others	42,606	-
	<u>112,751</u>	<u>59,259</u>
<b>(vi) By Residual Contractual Maturity</b>		
- Within one year	20,138	59,259
- More than one year	92,613	-
	<u>112,751</u>	<u>59,259</u>
<b>(h) Islamic deposits from customers</b>		
<b>(i) By type of deposit</b>		
Demand deposits		
- Wadiah	50,000	-
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	385,307	272,367
	<u>435,307</u>	<u>272,367</u>

**KENANGA INVESTMENT BANK BERHAD**  
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**NOTES TO INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**A29. OPERATIONS OF ISLAMIC BANKING**

	Group and Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>(h) Islamic deposits from customers (cont'd.)</b>		
<b>(ii) By type of customer</b>		
Licence bank	50,000	-
Domestic non-bank institutions	292,052	-
Business enterprises	92,337	272,367
Individuals	918	-
	<u>435,307</u>	<u>272,367</u>
<b>(iii) By maturity structure</b>		
Due within six months	<u>435,307</u>	<u>272,367</u>
<b>(i) Capital adequacy</b>		
<b>CET 1 / Tier 1 Capital</b>		
Islamic Banking funds	120,000	120,000
Retained profits	6,438	5,248
Other reserves	3,255	105
Less: Regulatory adjustments applied on CET 1 capital		
55% of cumulative gains on financial instruments classified as 'available-for-sale'	(1,132)	-
Regulatory reserves	(1,197)	-
Deferred tax assets	-	(157)
Total CET 1 / Tier 1 capital	<u>127,364</u>	<u>125,196</u>
<b>Tier 2 Capital</b>		
Collective impairment provision and regulatory reserves	<u>1,353</u>	<u>711</u>
Total Tier 2 capital	<u>1,353</u>	<u>711</u>
Total capital	<u>128,717</u>	<u>125,907</u>
CET 1 capital ratio	87.56%	99.60%
Tier 1 capital ratio	87.56%	99.60%
Total capital ratio	<u>88.49%</u>	<u>100.17%</u>

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank			
	30 September 2016		31 December 2015	
	RM'000	RM'000	RM'000	RM'000
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
Credit risk	502,633	114,959	380,972	64,481
Market risk	-	15,624	-	52,041
Operational risk	-	14,875	-	9,172
Total Risk Weighted Assets	<u>502,633</u>	<u>145,458</u>	<u>380,972</u>	<u>125,694</u>