

Investor Briefing 3Q2021 Results

Kenanga Investment Bank Berhad

November 2021

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Key Highlights 9M2021

RM665.4 m
Revenue

-RM31.5 mil (-4.5%)
vs. 9M2020

RM106.6 m
Profit before Tax

+RM25.0 mil (+30.6%)
vs. 9M2020

RM86.5 m
Profit after Tax

+RM23.6 mil (+37.4%)
vs. 9M2020

11.9 sen
EPS

+2.9 sen (+32.1%)
vs. 9M2020

RM1,033.3 m
Shareholders' Equity
as of 30 Sept 2021

11.3%
Annualised ROE¹

+2.3 p.p (+25.8%)
vs. 9M2020

- ▶ 9M2021 Profit Before Tax (“PBT”) stood at RM106.6 mil, up by 30.6% from the previous corresponding period
- ▶ Our stockbroking division performed better with higher net interest income and higher trading and investments income
- ▶ While our investment and wealth management segment achieved record-high PBT as a result of higher performance fee and management fee income

¹ Annualised return on average shareholders' equities (ROE) is calculated by dividing annualised net earnings attributable to shareholders by average shareholders' equities of end of period.

Key Highlights 3Q2021

RM202.6 m
Revenue

-RM10.0 mil (-4.7%)
vs. 2Q21

RM26.3 m
Profit before Tax

-RM11.3 mil (-30.1%)
vs. 2Q21

RM21.6 m
Profit after Tax

-RM9.1 mil (-29.7%)
vs. 2Q21

2.9 sen
EPS

-1.3 sen (-30.1%)
vs. 2Q21

RM1,033.3 m
Shareholders' Equity
as of 30 Sept 2021

8.4%
Annualised ROE¹

-3.9 p.p (-31.8%)
vs. 2Q21

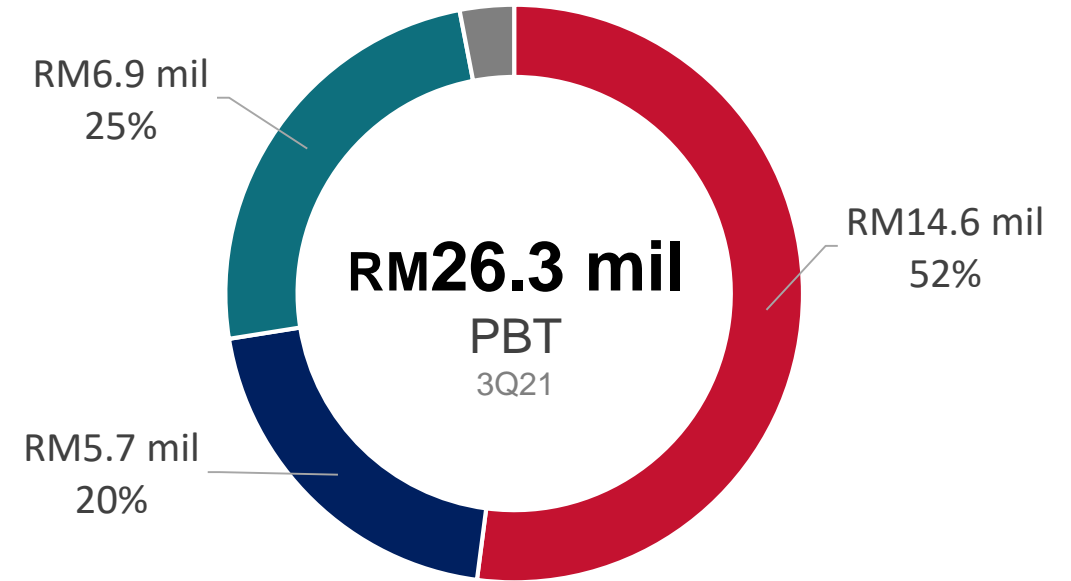
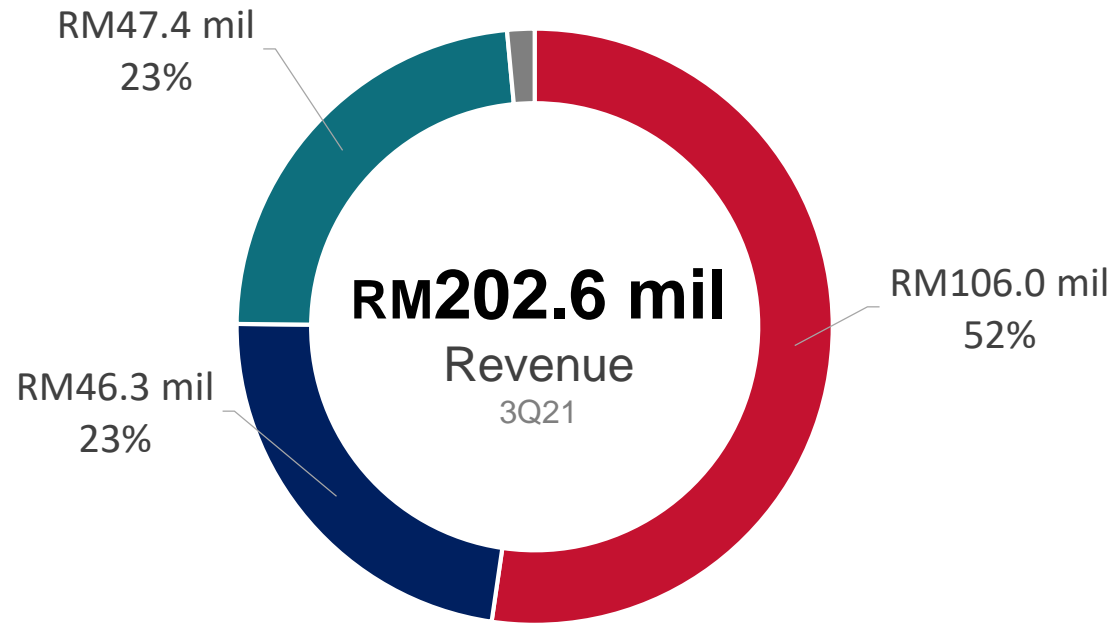
- ▶ Brokerage income lowered in line with Bursa's QoQ decline in Average Daily Value ("ADV") from RM7.7 bil in 2Q21 to RM6.0 bil in 3Q21
- ▶ However, cushioned by higher management fee income while we achieve record-high AUA of RM16.3 bil as of Sep 2021, up from RM15.2 bil as of Jun 2021

¹ Annualised return on average shareholders' equities (ROE) is calculated by dividing annualised net earnings attributable to shareholders by average shareholders' equities of end of period.

Financial Review

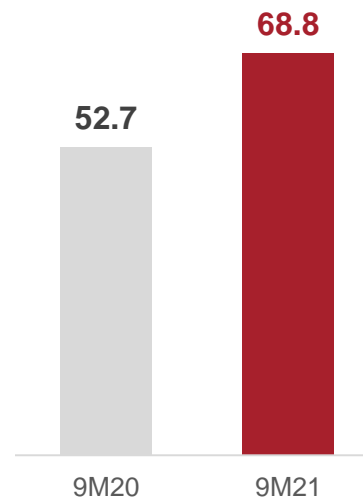
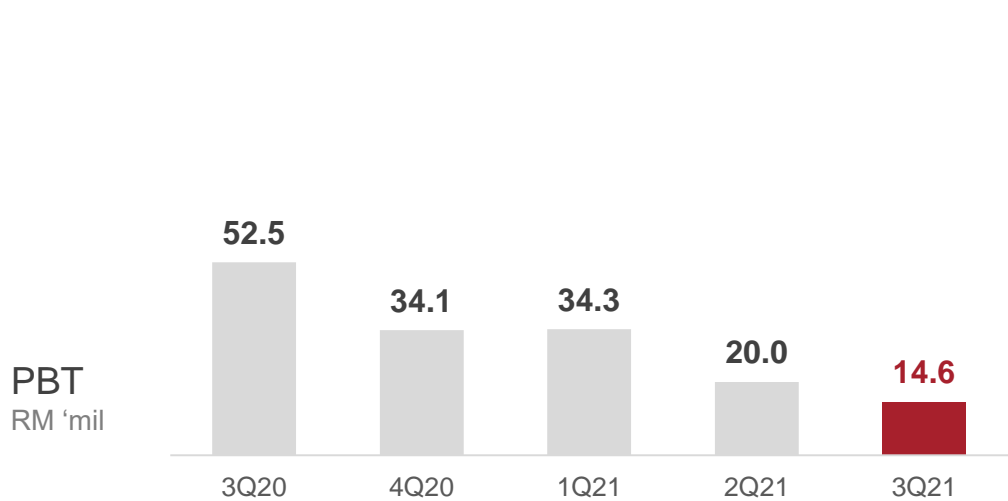
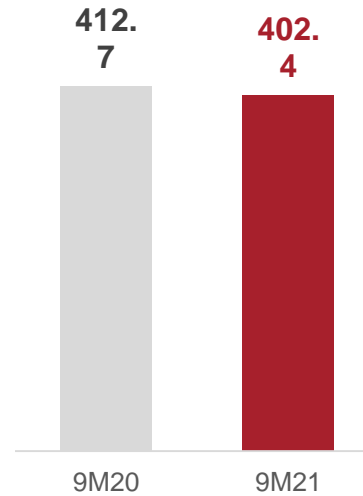
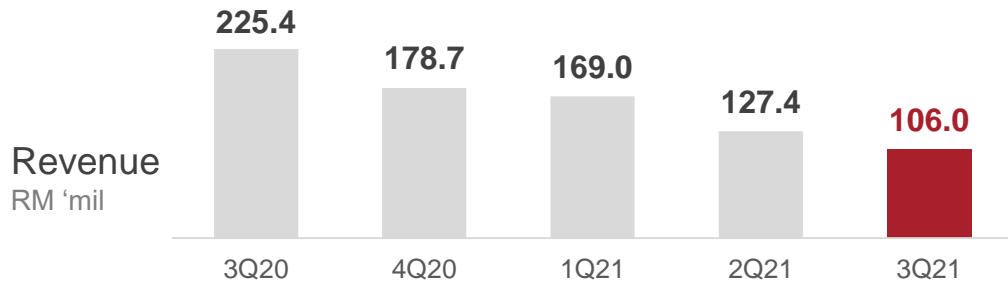


3Q21 Segmental Breakdown



■ Stock Broking ■ Investment Banking ■ Investment Management ■ Others

Stockbroking Segment



vs. 9M20

- We continue to **grow our market share** particularly in the retail segment to 23.5%, from 21.9% in the same period last year

vs. 3Q20

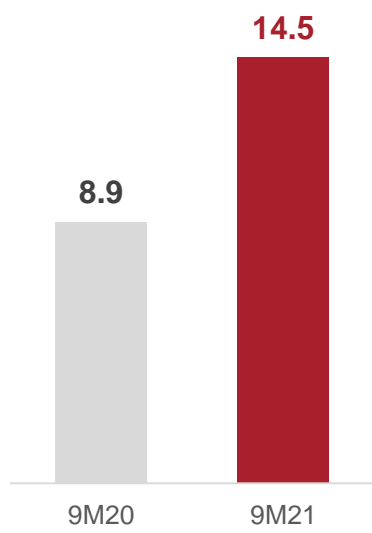
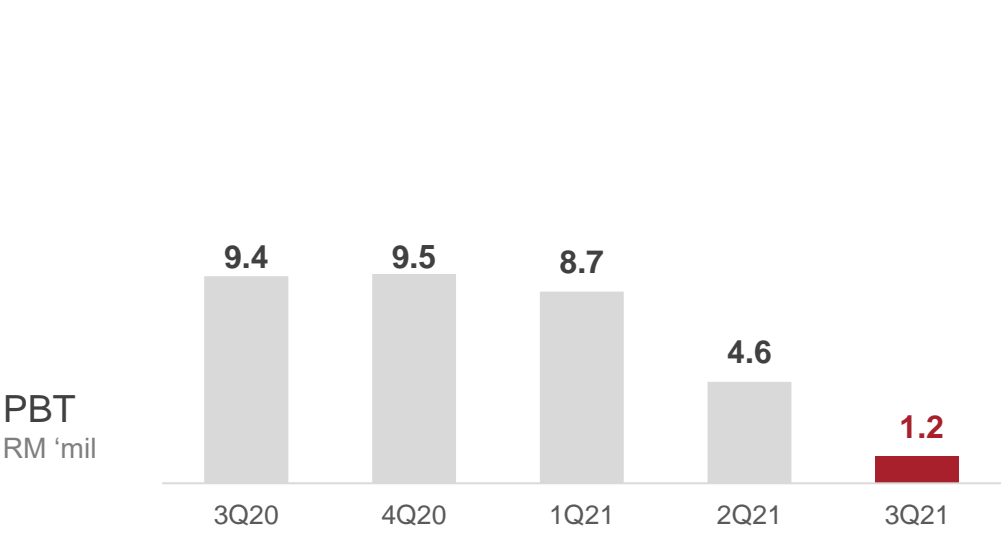
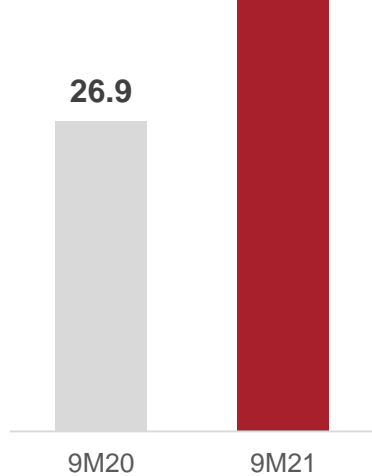
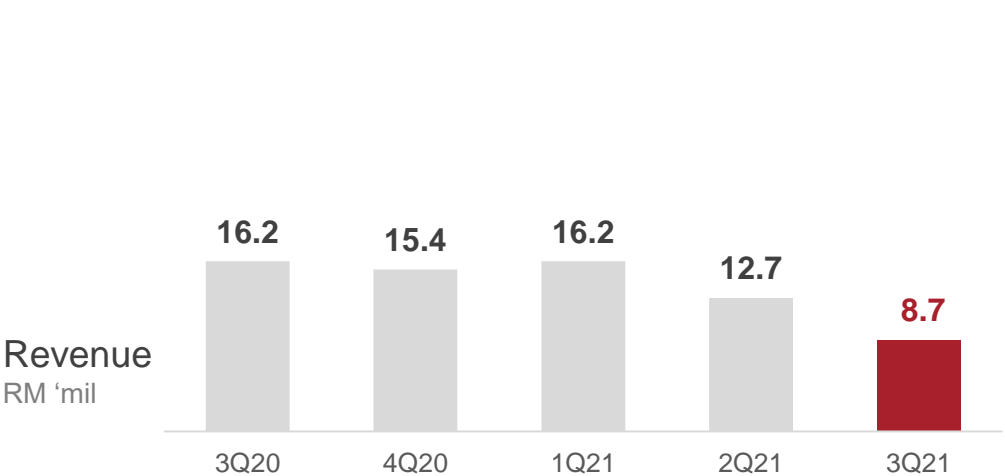
- **3Q21 PBT** fell **YoY** mainly due to higher net brokerage generated in 3Q20 (a quarter with record ADV for Bursa)

vs. 2Q21

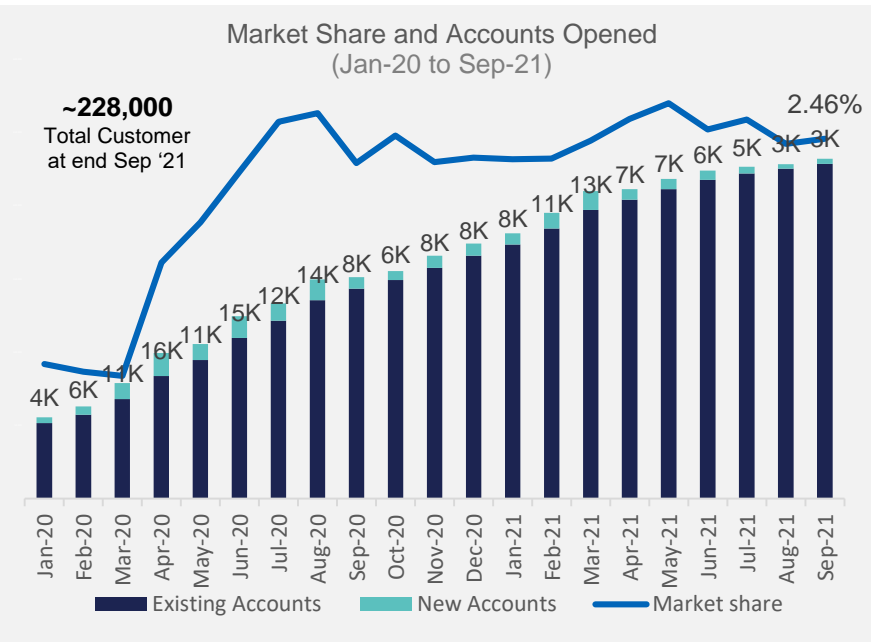
- **3Q21 PBT** dropped **QoQ**, affected by the lower market volume compared to 2Q21 as indicated by the decrease in Bursa ADV
- Despite market negativity, the quality of our assets remain

	RM 'mil	2Q21	3Q21
Gross brokerage		81.2	65.8
Trading & investment income		23.6	18.1
Interest income		18.3	17.8
Fee income		2.2	2.3
Others		2.1	2.0
REVENUE		127.4	106.0

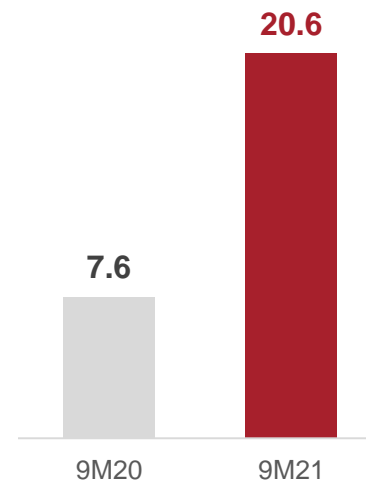
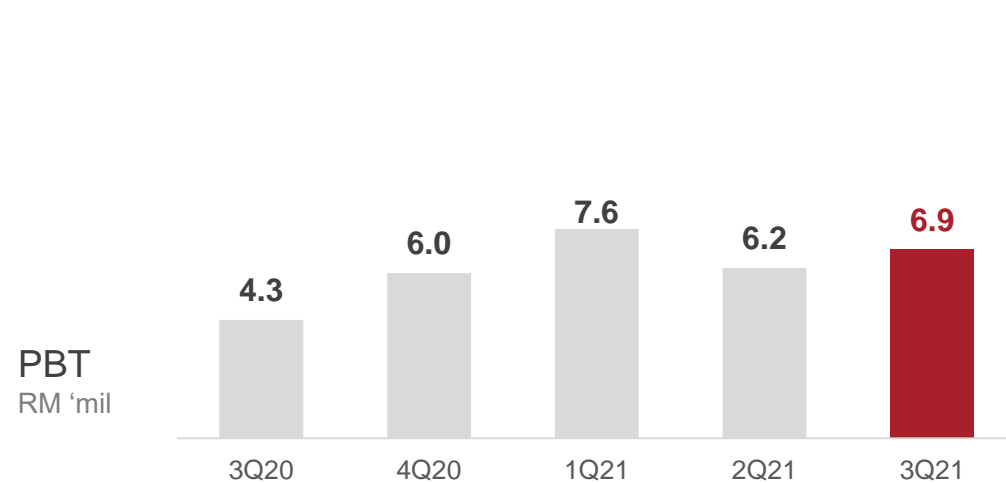
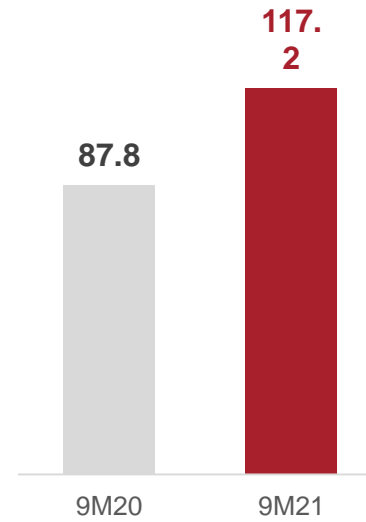
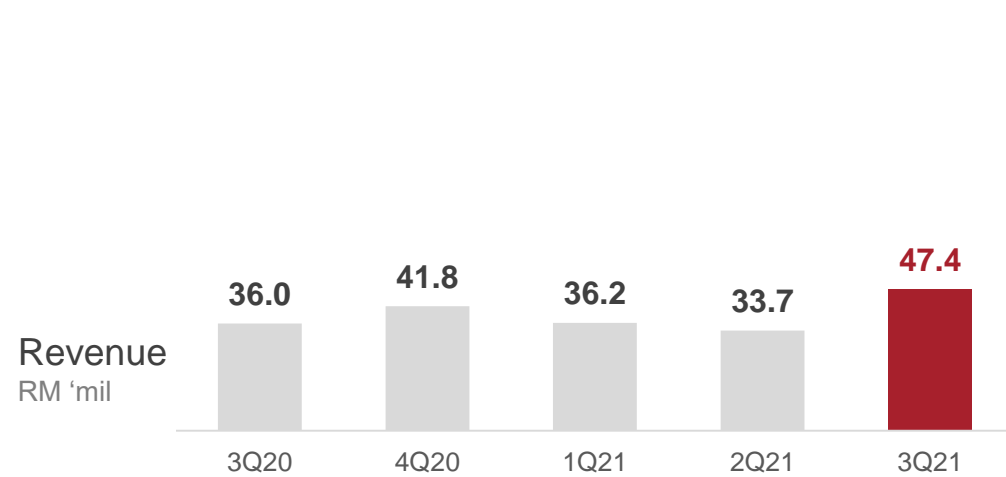
Rakuten Trade



- vs. 3Q20
 - 3Q21 PBT declined YoY due to lower net brokerage caused by softer market
- vs. 2Q21
 - 3Q21 PBT pared down QoQ due to weaker market sentiments and lower trading value in current quarter



Investment Management Segment



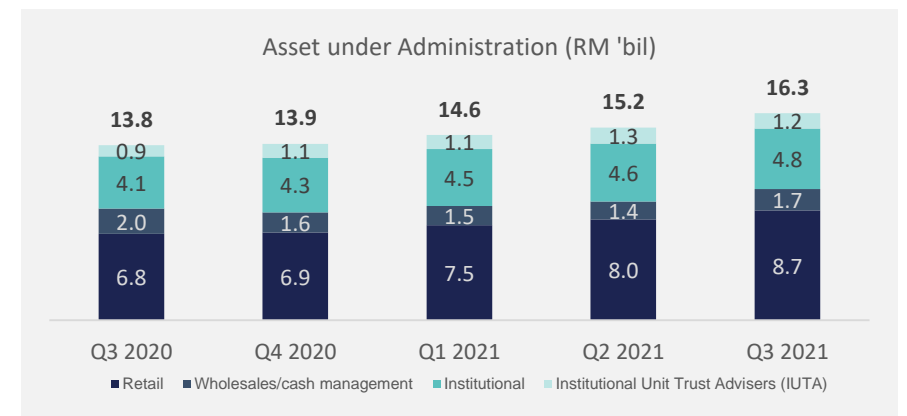
vs. 3Q20

- 3Q21 **PBT** rose **YoY** due to higher management fee generated on the back of increased asset under administration and expanded agency sales force

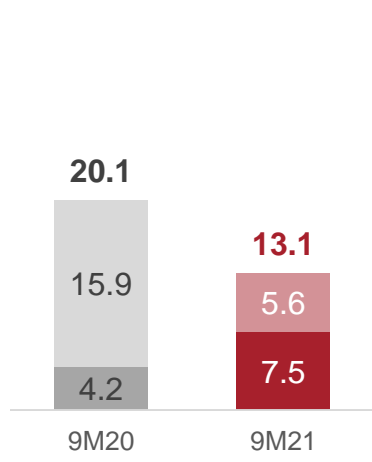
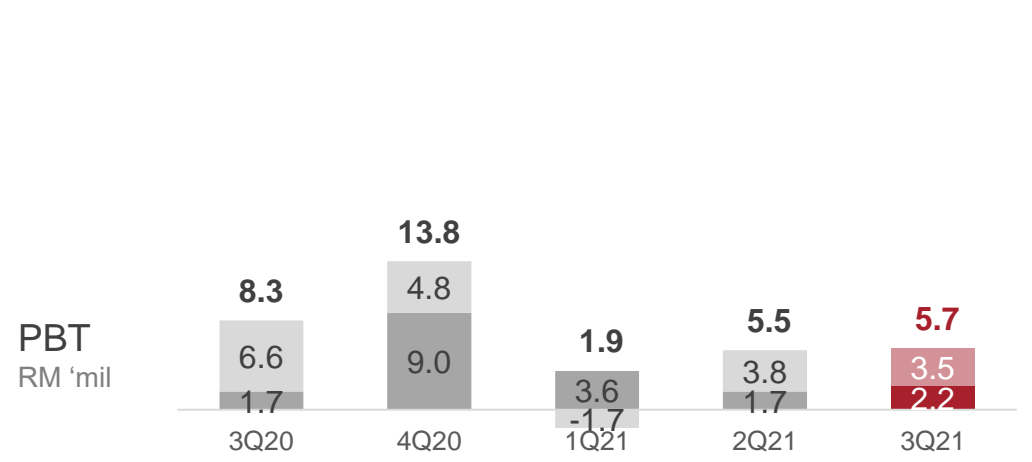
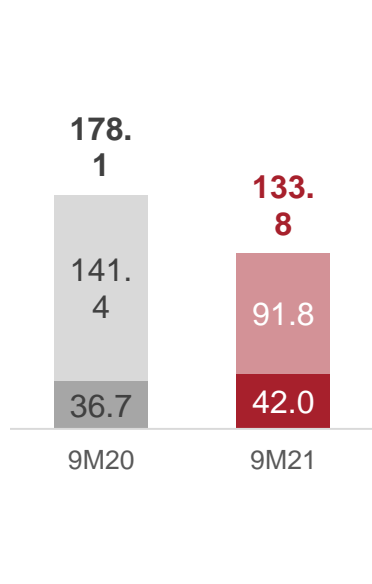
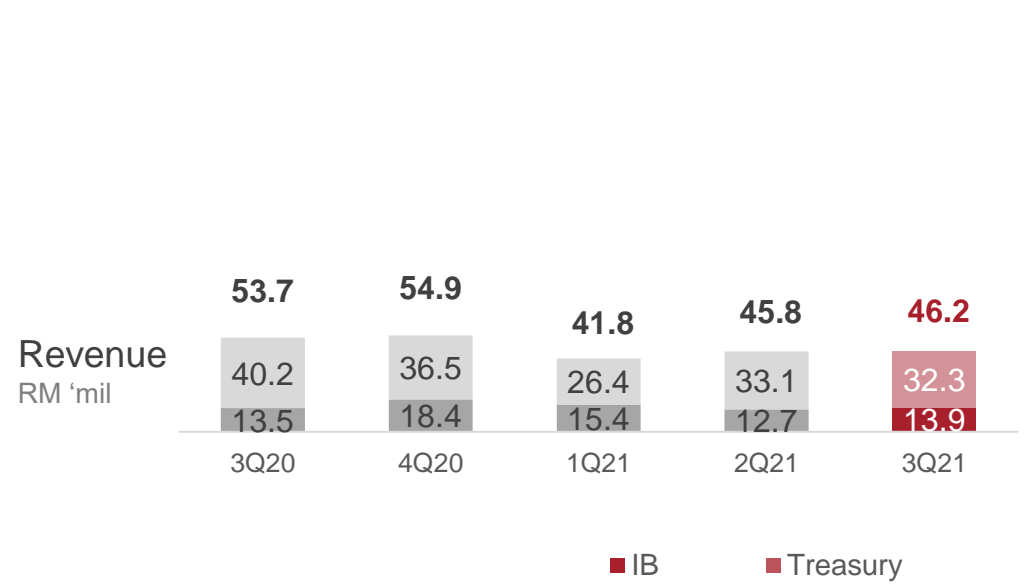
vs. 2Q21

- 3Q21 recorded higher **PBT QoQ** due to higher management fee income from retail funds and performance fees from alternative investment products

- AUA continued to grow **QoQ** by RM1.1 bil as illustrated below



Investment Banking Segment



vs. 3Q20

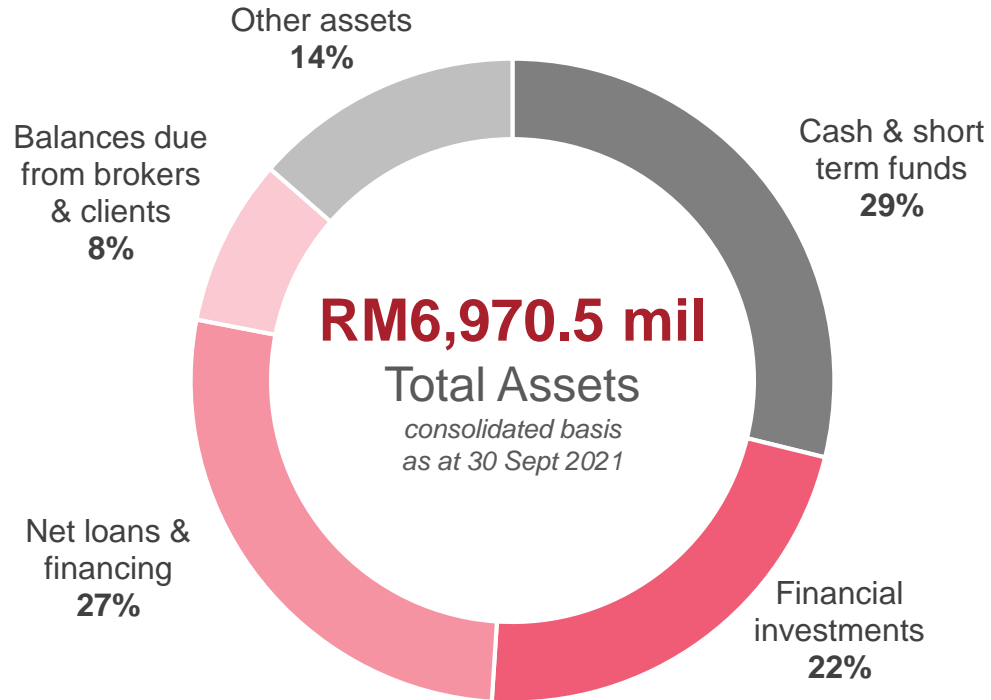
- 3Q21 PBT decreased YoY due to lower net trading and investment gain

vs. 2Q21

- 3Q21 PBT improved QoQ, reflecting higher fee income

	RM 'mil	2Q21	3Q21
Interest Income		37.9	37.3
Fee income		4.3	5.2
Trading & Investment Income		2.4	2.4
Others		1.2	1.3
REVENUE		45.8	46.2

Balance Sheet Health



Cash & Short Term Funds

- Placed with highly rated financial institutions and BNM

Financial Investments

- 72% of financial investments are in fixed income securities

Net Loans & Financing

- Net impaired loans ratio of 3.3%
- Impaired loans with less than 100% security coverage are fully provided

A+

Credit Rating

Malaysian Rating Corporation Berhad

0.21x

Gearing Ratio

Borrowing over total equities

24.3%

Total Capital Ratio

BNM's minimum requirement: 10.5%

232.0%

Liquidity Coverage Ratio

BNM's minimum requirement: 100%

122.0%

Net Stable Funding Ratio

BNM's minimum requirement: 100%

Business Outlook



Outlook for the Rest of 2021

Stockbroking

- ▶ **Gross brokerage:**
 - ▷ **Bursa YTD Sep '21** ADV at **RM8.0 bil** vs 2020 ADV of **RM8.6 bil**
 - ▷ Bursa ADV moderated with the announcement of **Malaysia's Budget 2022** on the stamp duty and Prosperity Tax
 - ▷ **YTD Sep '21** market share remains high at **12.6%**, particularly **retail segment share** which increased to **23.5%** from 21.9% YoY
 - ▷ Rakuten Trade looking forward to attract new customers and spur account growth through new product offering; **YTD Sep '21** average per month of **7.0 k**, vs **FY20** monthly average of **9.9 k**
- ▶ **Interest income:** Portfolio remains at **RM1.2 bil** while **maintaining credit quality** and we expect margin portfolio to grow in the next quarter onwards
- ▶ **Trading & investment income:** Driven by **warrants issuance/trading** (3Q21: RM8.5 mil) and **AI/Quant assisted trading**

Investment Banking

- ▶ **Investment banking**
 - ▷ Completed the IPOs of Mobilia Holdings Bhd (Feb '21) and Ramssol Group Bhd (Jul '21)
 - ▷ **3 more IPOs** in the pipeline target for 2022 listings
- ▶ **Treasury** expects interest rate to remain accommodative while adopting a conservative approach when taking on risks in its book

Investment Management

- ▶ **Continued strong growth in AUA (+17% YTD)** through diversification in products (e.g. ETFs, alternative investment asset classes) and institutional mandate
- ▶ Retail segment growth will be driven by the **continued growth in agency channels**. Number of license held increased by **1,338 YTD**, bringing the **total license held to 4,055**

Private Equity Investments

- ▶ **Positive results and track record** from our private equity investments
 - ▷ Expect to record **investment gain** from one to be IPO
 - ▷ Potential upward **revaluation gains** from others due to recent post-money investment revaluation

Rakuten Trade

NEW PRODUCT IN PIPELINE

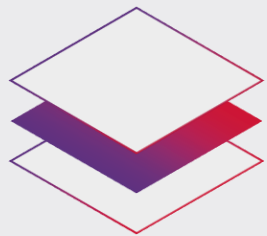
Cash upfront (2017)

Contra (2019)

Rakumargin (2020)

Foreign Share

- Awaiting approval from FINRA to start trading activities
- Modifying loyalty schemes to capture larger and more active trading customers
- Rakuten Points will be more dynamic
- Looking at PE round instead of immediate IPO



Global E-KYC

- Online onboarding
- To launch in Q1 2022

Our Digital Update

kenanga Digital Investing



- A fully A.I. driven digital investment solution
- Grand launch is expected to happen in Q1 2022
- Value propositions include:
 - Higher fixed returns without any conditions, and
 - Exposure to foreign ETFs

Algo & Quant Trading Platform

Retail 2.0

- Going from 32 to 20 branches in January 2022
- To serve remisiers via a bespoke online platform

ESG

Environmental, Social and Governance

Moving Forward

FTSE Bursa
Malaysia
Emas Index

FTSE4Good
Bursa
Malaysia



10th

year Partnership and Support



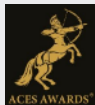
#HumanKIND

An award-winning campaign to support

- Dialogue in the Dark
- Silent Teddies

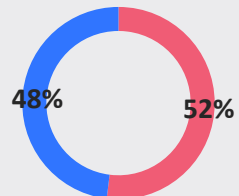


Sustainability & CSR
Malaysia Awards 2021



Asia Corporate
Excellence &
Sustainability Awards
2020

Gender Diversity



Female Male

Women in
Management
(SVP and above)

36%

Business Ethics

- Establishment of Group Ethics 5-Year Blueprint to foster strong ethical culture

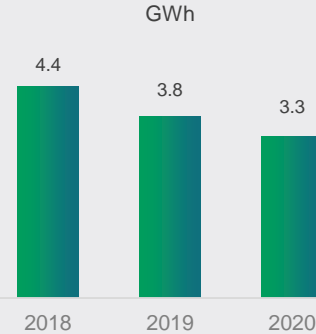
Financial Literacy

- > 150 webinars & roadshows
- > 150 reports

Annual Fraud Awareness campaign, since 2017

- To advocate fraud prevention across industry

Energy Usage



#GreenAtWork

- Awareness & Education
- Going Paperless
- Employee Activation

MoU with reNikola

- To be on 100% green energy by 2025

ESG

Environmental | Social | Governance

Responsible Investing

Kenanga Investors Berhad, a member of Malaysian Code of Institutional Investors

14

ESG-related funds over the next 10 years

Invests in green-tech start-ups i.e. reNikola, which owns three solar plants in Malaysia

Governance Structure

Board of Directors

Group Governance,
Nomination & Compensation
Committee

Group Sustainability Management Committee

- Group Managing Director (Chairman)
- Group Chief Financial & Operations Officer
- Group Chief Risk Officer
- Group Chief Regulatory & Compliance Officer
- Chief Executive Officer, Kenanga Investors Berhad
- Chief Credit Officer
- Head of Group Marketing, Communications & Sustainability

kenanga

