


# Investor Briefing Full Year 2021 Results

Kenanga Investment Bank Berhad

A large, stylized, light pink logo is located in the bottom left corner of the slide. It features a circular shape with a white center and a thick, rounded border.

March 2022

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# Key Highlights FY2021

**RM891.5 m** (-8.4%)

**Revenue**

-RM82.3 mil  
vs. FY2020

**RM148.2 m** (+10.0%)

**Profit before Tax**

+RM13.5 mil  
vs. FY2020

**RM118.8 m** (+16.2%)

**Profit after Tax**

+RM16.5 mil  
vs. FY2020

**16.3 sen** (+12.0%)

**EPS**

+1.7 sen  
vs. FY2020

**RM1,050.3 m**

**Shareholders' Equity**

as of 31 Dec 2021

**11.5%** (+7.7%)

**Annualised ROE<sup>1</sup>**

+0.8 p.p  
vs. FY2020

▶ Revenue declined as brokerage income decreased in line with Bursa ADV which declined from RM8.6 bil in 2020 to RM7.3 bil in 2021

▶ Our market share remained at 12.6% however, retail segment increased from 22.2% in 2020 to 24.2% in 2021

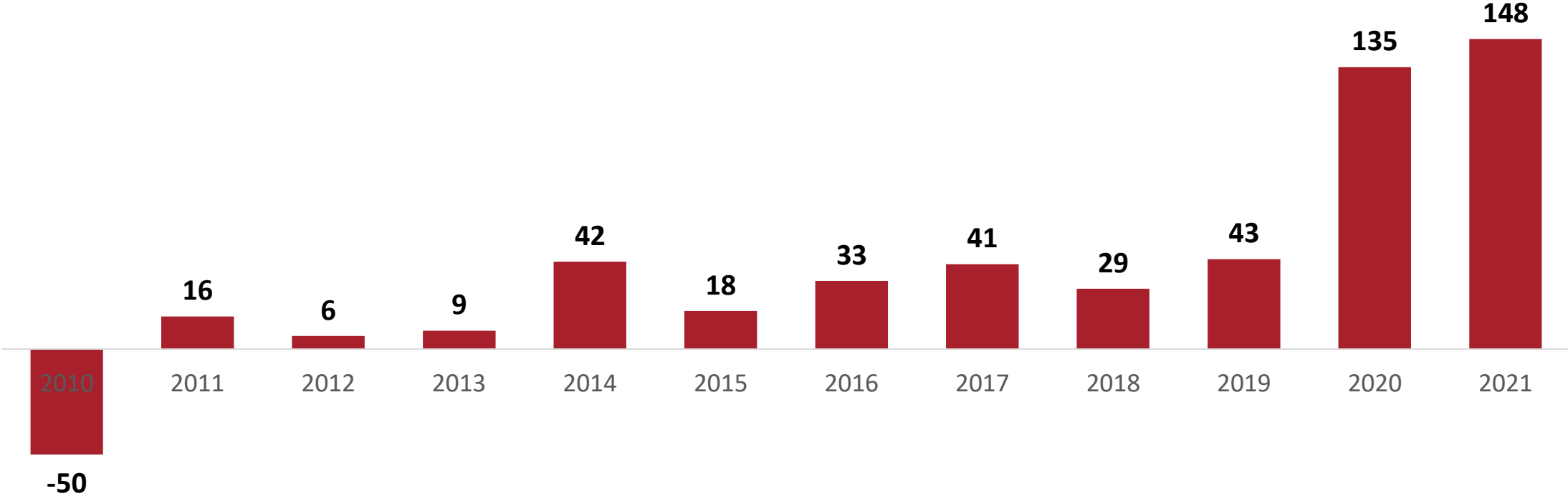
▶ Despite lower revenue, PBT increased driven by strong performance in Investment Management with record AuA of RM18.8 bil and our PE investment gain

**The Group benefitted from the strength of our diversified revenue stream to reduce the impact of lower Bursa trading volume**

<sup>1</sup> 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.

# Highest Profit in the Group's History as an Investment Bank

Profit Before Tax (RM 'mil)

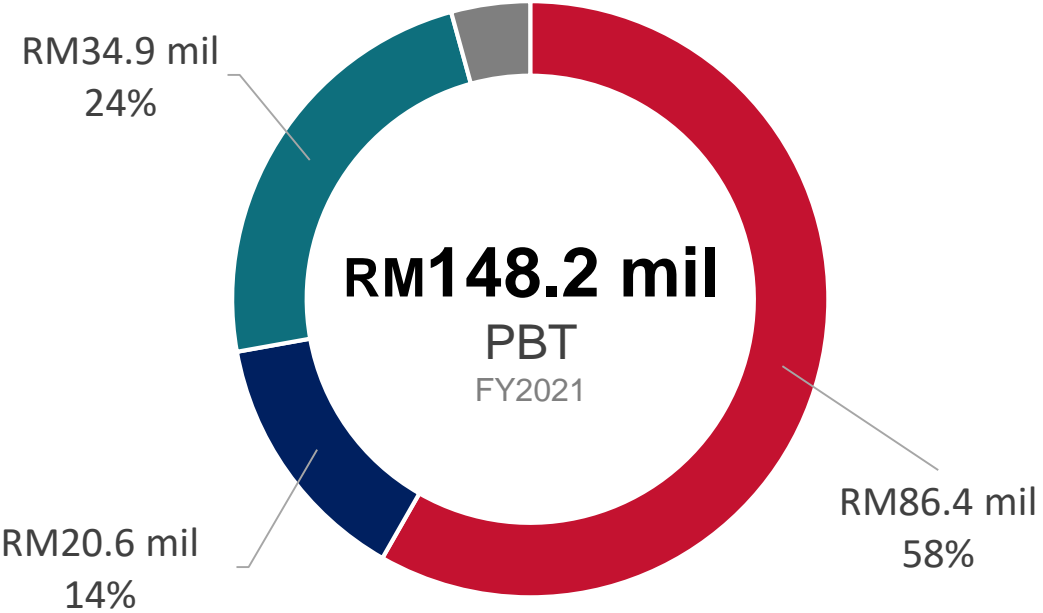
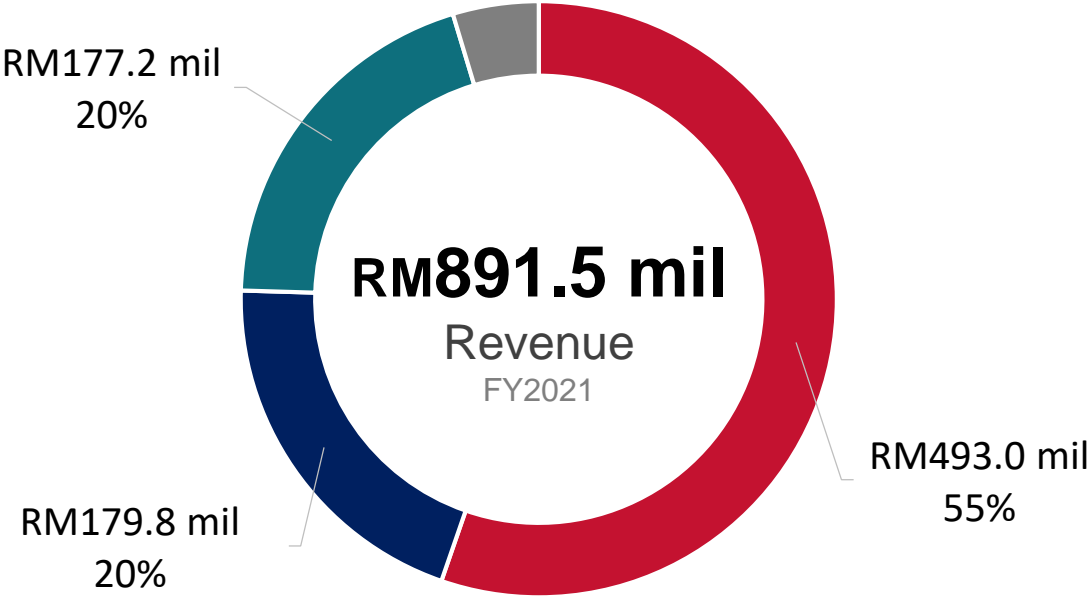




# Financial Review



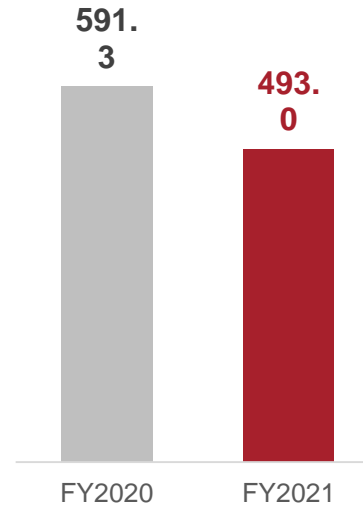
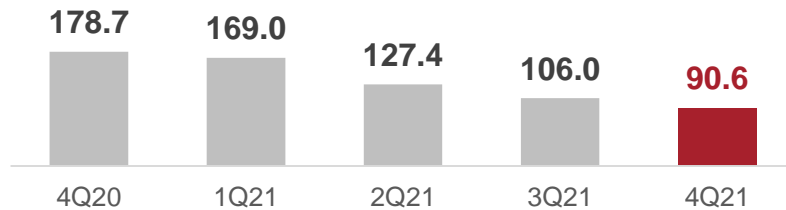
# FY2021 Segmental Breakdown



■ Stock Broking   ■ Investment Banking   ■ Investment Management   ■ Others

# Stockbroking Segment

Revenue  
RM 'mil



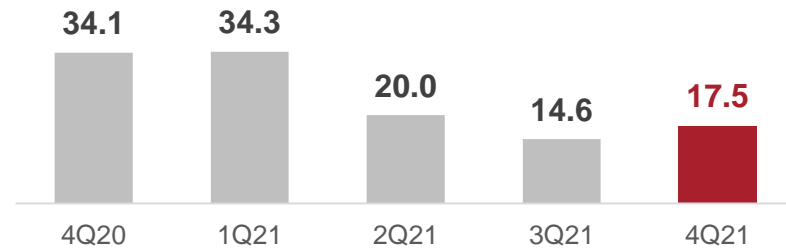
vs. 2020

- Retail segment share continued to grow to 24.2%, from 22.2% in 2020
- **2021 revenue** declined **YoY** reflecting the lower Bursa trading volume however partially cushioned by the performance in ED business

vs. 3Q21

- **4Q21 PBT** increased **QoQ**, despite lower revenue, mainly due to lower overheads expenses

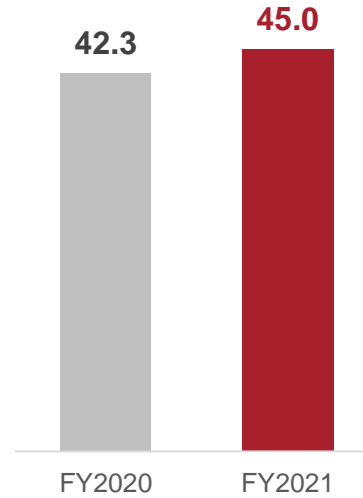
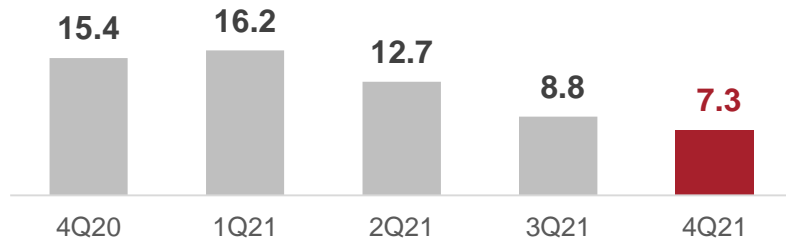
PBT  
RM 'mil



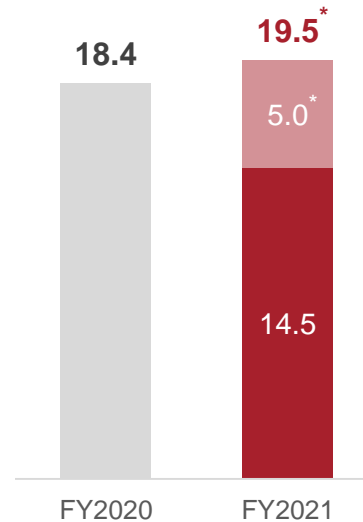
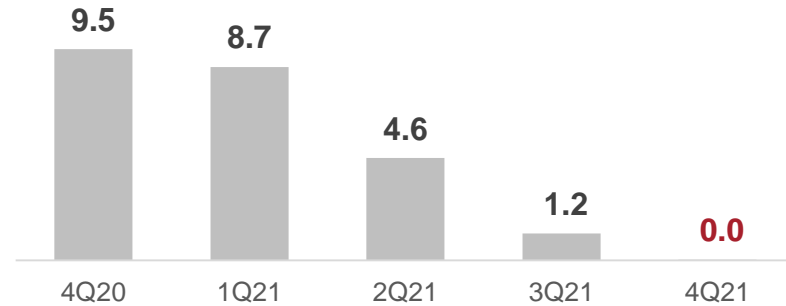
	RM 'mil	3Q21	4Q21
Gross brokerage		65.8	56.3
Trading & investment income		18.1	12.6
Interest income		17.8	18.2
Fee income		2.3	1.8
Others		2.0	1.7
<b>REVENUE</b>		<b>106.0</b>	<b>90.6</b>

# Rakuten Trade

Revenue  
RM 'mil



PBT  
RM 'mil



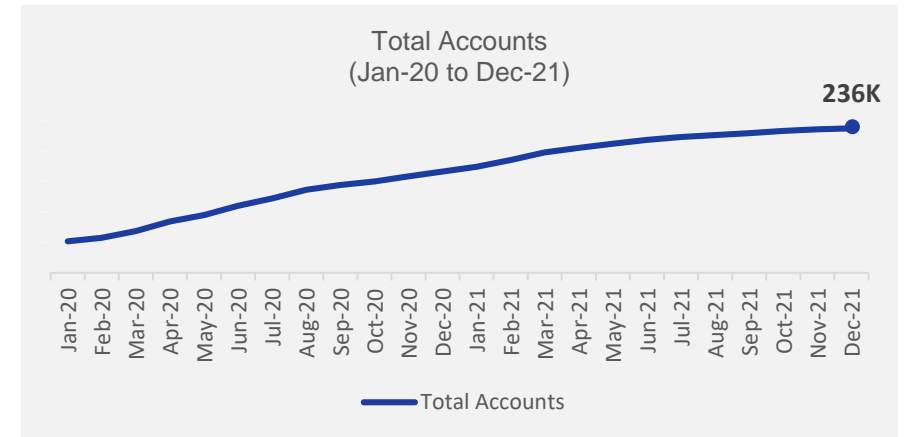
\*adjusted for cost in relation to capacity building

vs. 2020

- **2021 revenue** higher **YoY** due to market share increased to 2.4% from 2.1% in 2020 while customer base increased to 236K
- **2021 PBT** reduced **YoY** mainly due to higher investment in capacity building (RM5.0 mil) in anticipation of new product, foreign share trading which was launched in mid-January 2022 and will be our new growth driver

vs. 3Q21

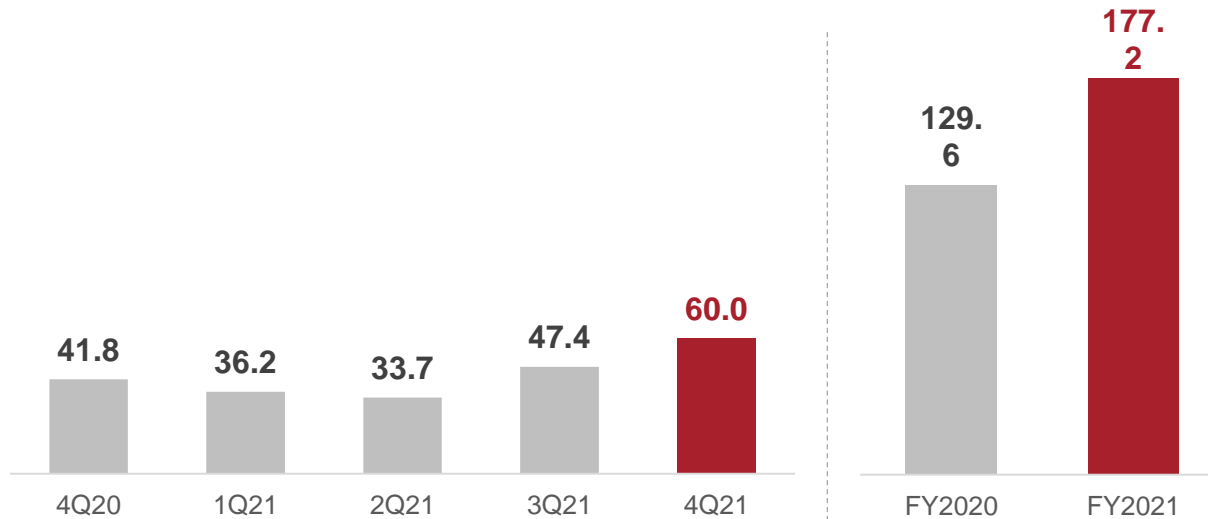
- **4Q21 PBT** declined **QoQ** as Bursa trading volume continued to decline



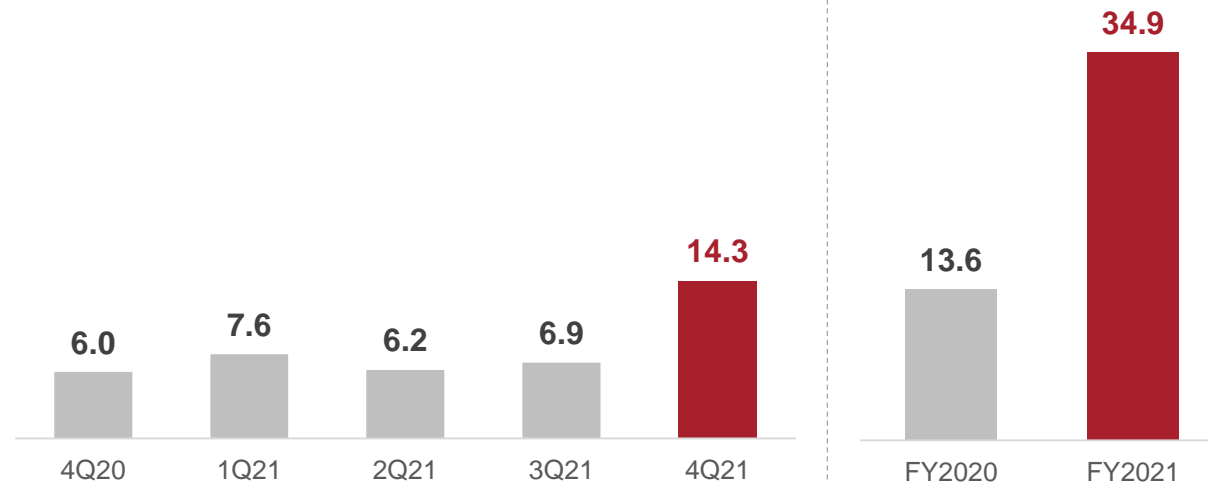


# Investment Management Segment

Revenue  
RM 'mil



PBT  
RM 'mil

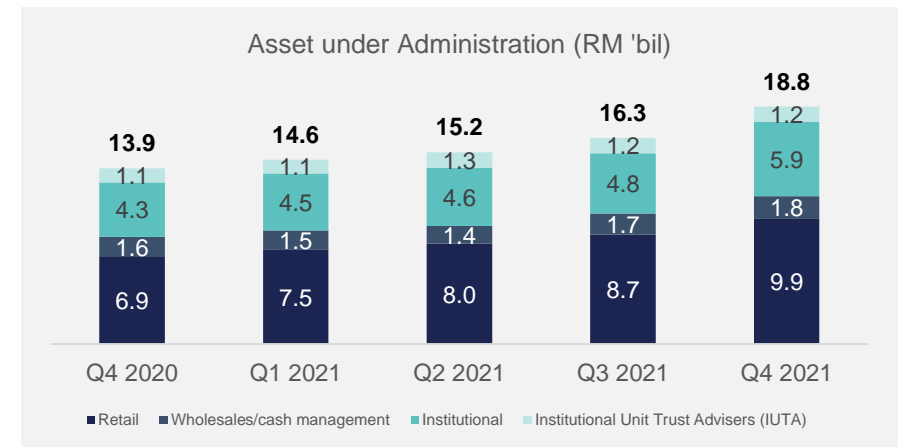


vs. 2020

- **2021 PBT** rose **YoY** mainly due to higher revenue from both management and performance fees
- 2021 AUA also grew to RM18.8 bil from RM13.9 bil in 2020 (RM4.9 bil or 35%)

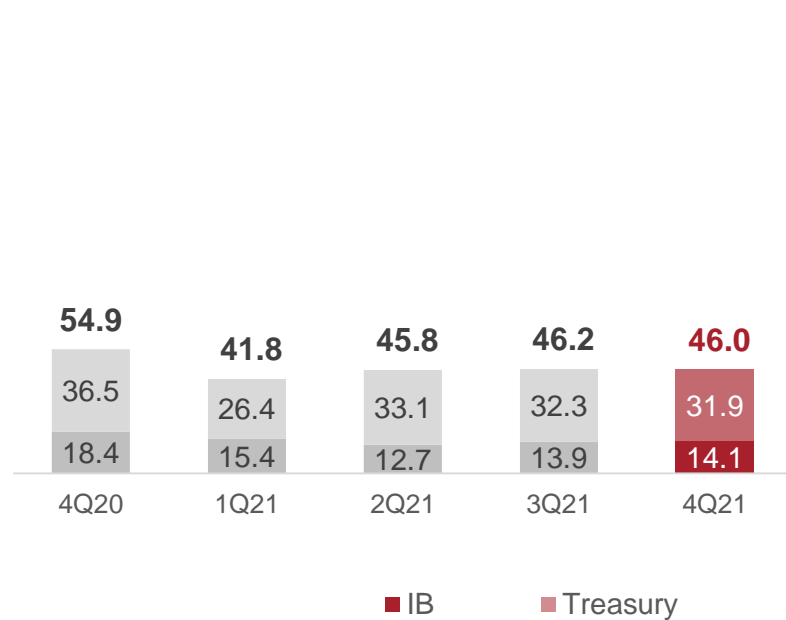
vs. 3Q21

- **4Q21 PBT** was customary higher **QoQ** mainly from year end performance fees and strong retail sales contribution
- AUA also grew strongly **QoQ** by RM2.5 bil as illustrated below mainly due to new products launches across various channels

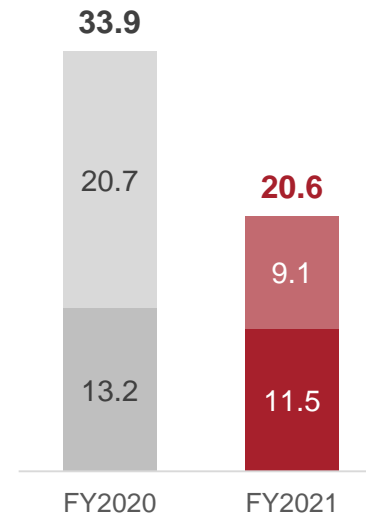
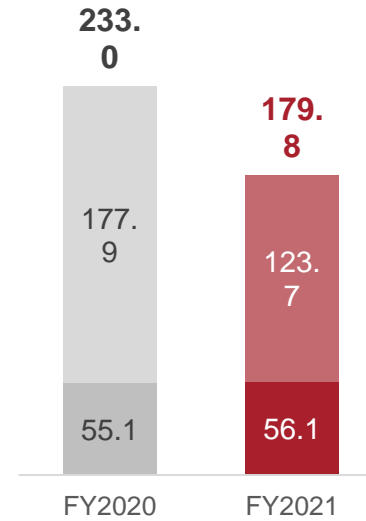
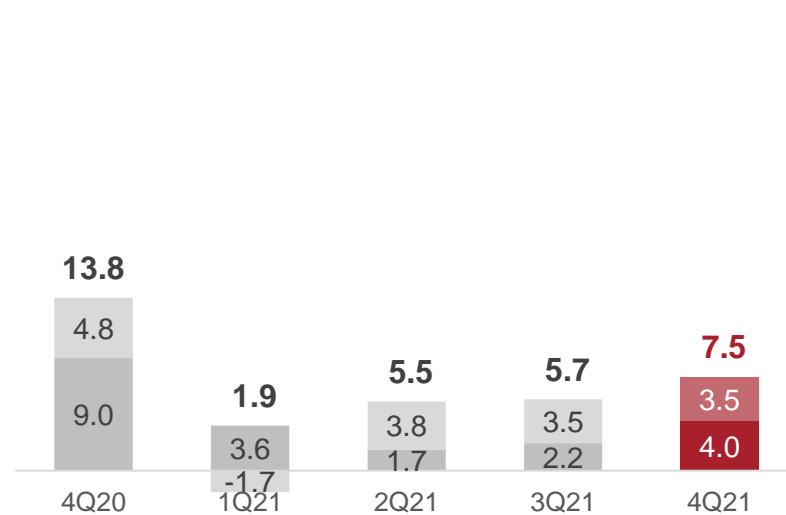


# Investment Banking Segment

Revenue  
RM 'mil



PBT  
RM 'mil



vs. 2020

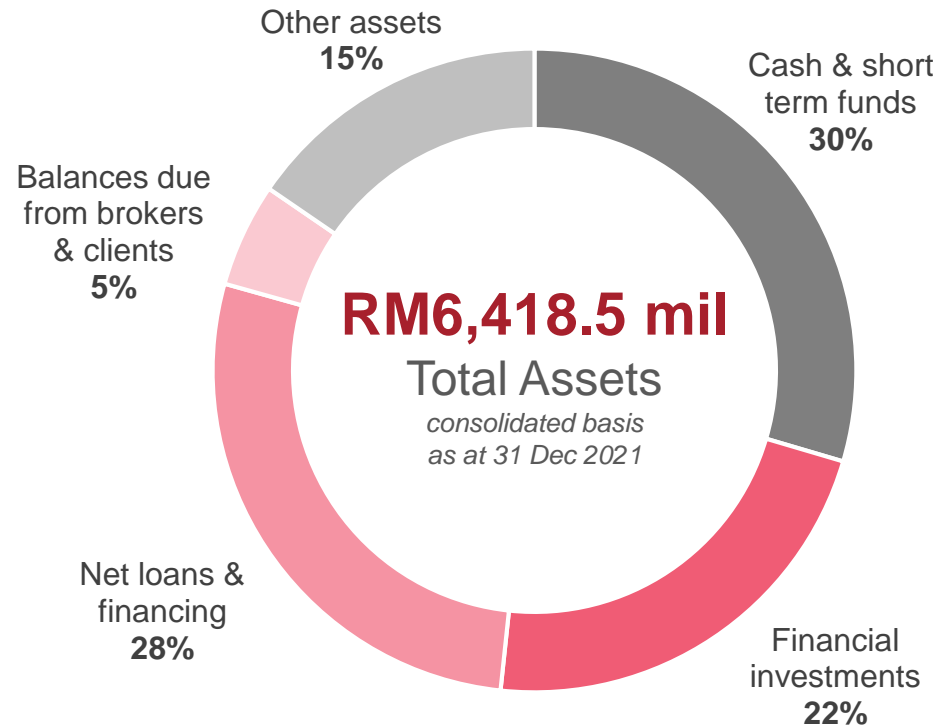
- 2021 PBT decreased YoY mainly due to net trading and investment loss generated from treasury activities although partially mitigated by higher net interest income and IB fees income earned

vs. 3Q21

- 4Q21 PBT increased QoQ due to lower general operating expenses in 4Q21

	3Q21	4Q21
Interest Income	37.3	37.1
Fee income	5.2	5.9
Trading & Investment Income	2.4	1.7
Others	1.3	1.3
<b>REVENUE</b>	<b>46.2</b>	<b>46.0</b>

# Balance Sheet Health



## Cash & Short Term Funds

- Placed with highly rated financial institutions and BNM

## Financial Investments

- 69% 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

# 0.23x

## Gearing Ratio

Borrowing over total equities

# 28.6%

## Total Capital Ratio

BNM's minimum requirement: 10.5%

# 152.0%

## Liquidity Coverage Ratio

BNM's minimum requirement: 100%

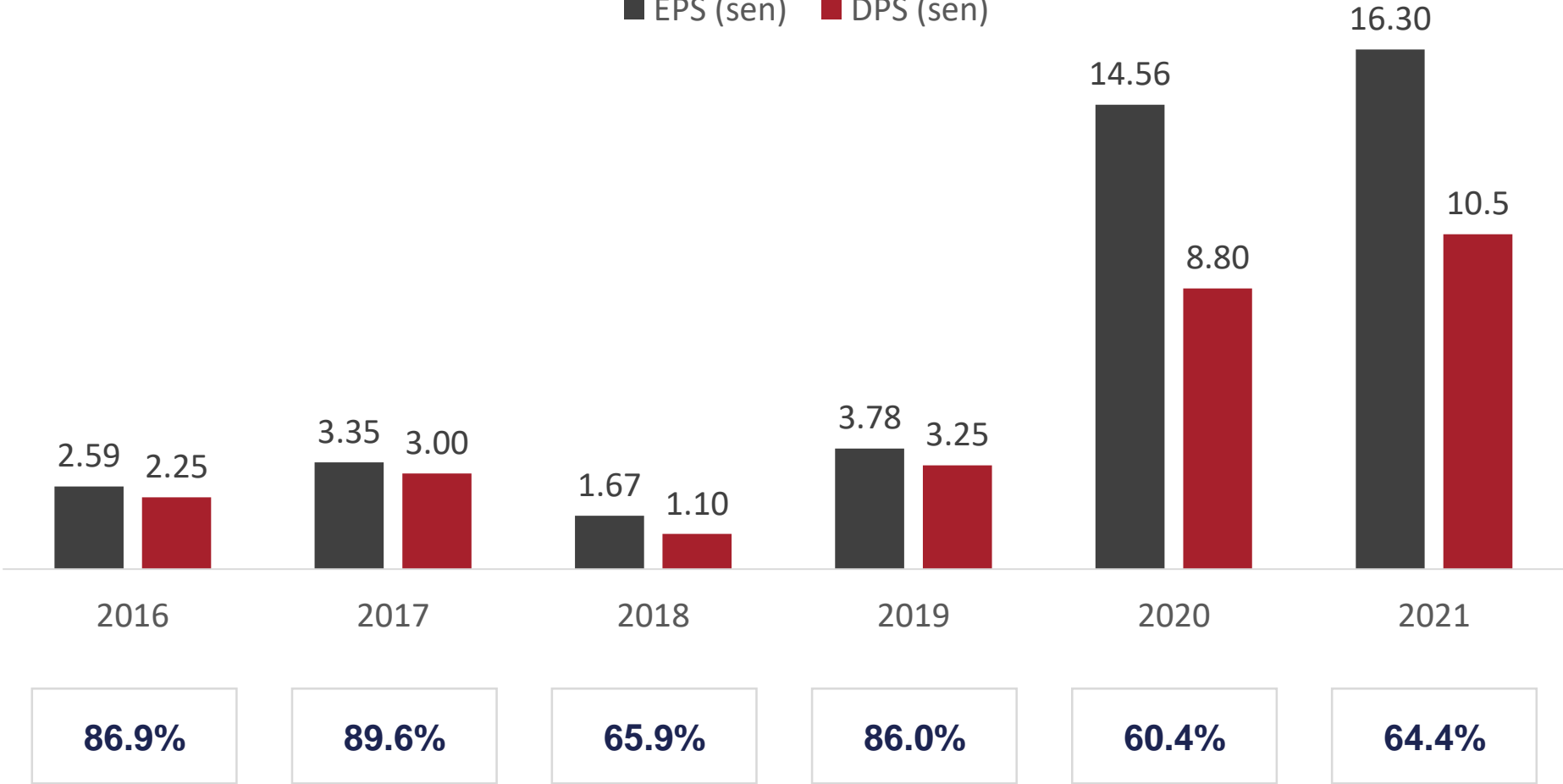
# 114.0%

## Net Stable Funding Ratio

BNM's minimum requirement: 100%

# Dividend Payout

■ EPS (sen) ■ DPS (sen)



Dividend Payout Ratio

# Digital Update



# Kenanga's Digital Journey

## Pre 2017

*"Organic Growth and M&As"*

- Grow by acquisitions (ECM, ING, Libra, IVCAP)
- Build and advance leadership/ranking in core businesses (EB, IB, KIB)
- Build core competencies and management team
- Strengthen financial position (capital ratios, credit rating, dividends)

## 2017 - 2021

*"Digital and Digitalization"*

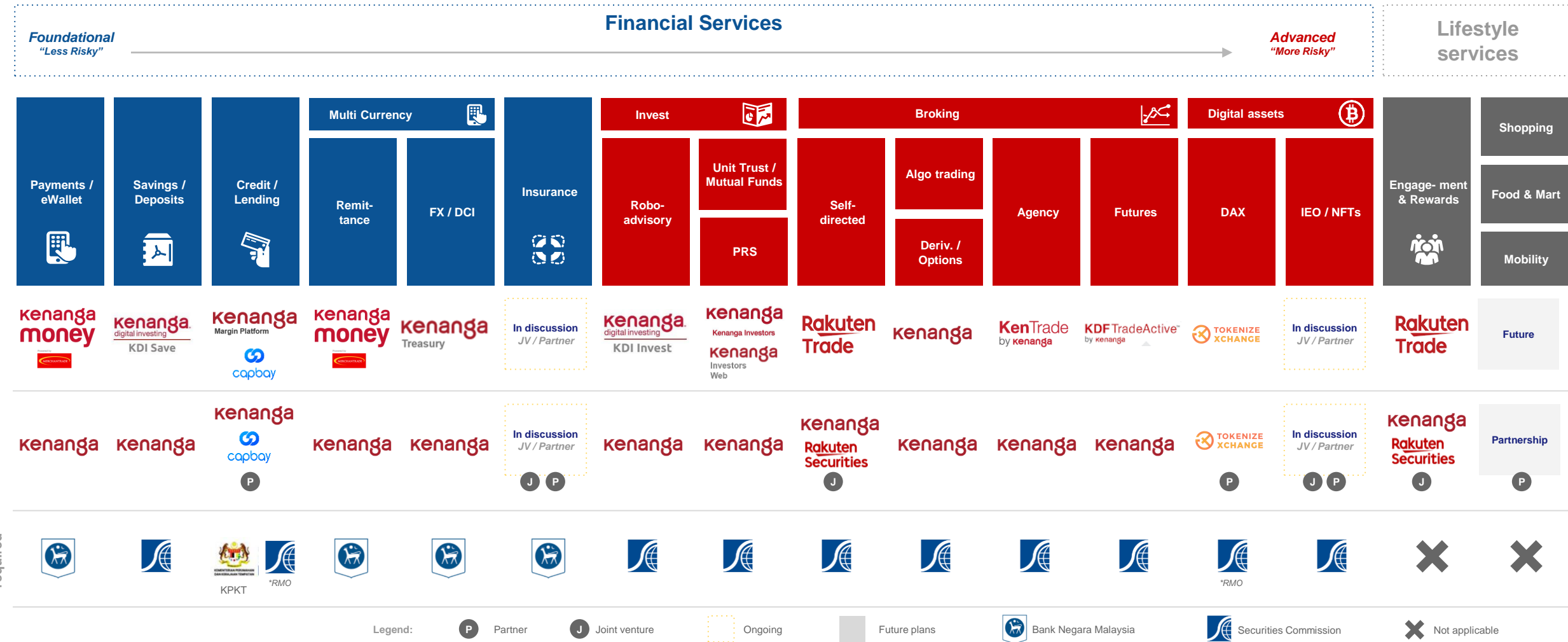
- Establish strategic collaborations: Rakuten, Japan, Pivot, Yuanta, CapBay, Merchantrade, Tokenize Xchange, Digital Bank (SSG consortium)
- Formation of Malaysia's first self-directed online broking platform: Rakuten Trade
- Build new digital business: KDI, Margin Platform, Kenanga Money, KDF Active
- Build digital competencies (Group Digital Ventures)
- Digitalization: Agency Portal (K2), new MHBOS, KIB Web, AI & Data Analytics, eKYC (Innov8tif), Cloud (AWS, Azure)

## 2022 - 2025

Further Scale and  
Grow through  
**SuperApp** and  
**Ecosystem  
Partnerships**

# We Offer A Full Spectrum of Digital Financial/Wealth Services To Retail Market

Kenanga has **leading positions and decades of experiences** in many of these services. Our wide spectrum of services will **not be easy to duplicate** as it will take time/effort especially with requirements of multiple specific regulatory licenses. This gives us **ample “coopetition” opportunities**.



Legend: (P) Partner (J) Joint venture (Ongoing) Future plans Bank Negara Malaysia Securities Commission Not applicable

# Kenanga's Collaborations With Fintechs



## Kenanga Partners with Merchantrade to Launch Their Own E-Wallet, Kenanga Money

by Fintech News Malaysia / September 25, 2020 / 0 comments

Kenanga Investment Bank Berhad (Kenanga) today announced its partnership with Merchantrade Asia Sdn Bhd (Merchantrade) to introduce their e-wallet, Kenanga Money, which will be supported by a Visa prepaid card feature.


Kenanga said that this marks the bank's entry into the cashless payment space as part of its ongoing digitalisation journey. The e-wallet, they said, will enable their clients to easily transfer funds from their stock trading account into an e-wallet and prepaid card for retail payments, remittance and withdrawals worldwide.

Users will also be able to tap into their multi-currency function which enables them to buy, sell and store and store up to 20 foreign currencies at any given time, at Merchantrade's rates.



## Kenanga Investment Bank buys stake in Merchantrade

Thursday, 29 Oct 2020

PETALING JAYA: Kenanga Investment Bank Bhd  has acquired a 4.99% equity interest in Malaysia's largest money services business operator Merchantrade Asia Sdn Bhd. This follows Kenanga's recent collaboration with Merchantrade to introduce Malaysia's first stockbroker e-wallet, Kenanga Money



## Kenanga Dips Its Toe in Crypto With Tokenize Xchange Stake Acquisition

by Fintech News Malaysia / February 8, 2021 / 0 comments

Kenanga Investment Bank Berhad (KIB) via its wholly-owned private equity arm, Kenanga Private Equity Sdn Bhd, has entered into a conditional agreement to acquire 19% equity interest in Tokenize Technology (M) Sdn Bhd, a digital asset exchange that allows trading of cryptocurrencies.

Operating under the brand Tokenize Xchange, it is [one of the three licensed digital asset exchanges \(DAX\)](#) by the Securities Commission of Malaysia (SC).



## Kenanga Investment Bank acquires 19pc stake in Tokenize Malaysia

Monday, 08 Feb 2021 01:20 PM MYT

KUALA LUMPUR, Feb 8 — Kenanga Investment Bank Berhad through its private equity arm Kenanga Private Equity Sdn Bhd has announced that it has entered into a conditional agreement to acquire a 19.0 per cent equity interest in Tokenize Technology (M) Sdn Bhd ([Tokenize Malaysia](#)).

Tokenize Exchange is one of Malaysia's three licensed Digital Asset Exchanges (DAX) that have received [approval](#) by the Securities Commission of Malaysia (SC).



## CapBay partners Kenanga to develop Islamic supply chain finance fintech

November 03, 2020 19:06 pm +08

KUALA LUMPUR (Nov 3): CapBay, a Malaysian multi-bank supply chain finance and peer-to-peer financing platform, has partnered with Kenanga Investment Bank Bhd (KIBB) to create Malaysia's first Islamic supply chain finance fintech.

The partnership was established after CapBay acquired a 49% stake in Kenanga Capital Islamic Sdn Bhd (KCI), a subsidiary of KIBB, it said in a statement today.



## Kenanga allocates US\$7.1 mil for SMEs looking to raise Islamic Financing on CapBay's P2P platform

By Digital News Asia December 20, 2021

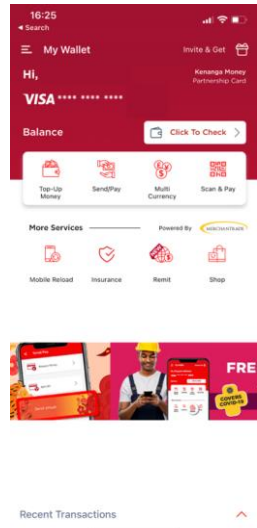
- **Not equity investment into CapBay but provide funds for Shariah-compliant financing**
- **Kenanga believes digital platform enables a faster, more convenient process for SMEs**

In a boost for SMEs seeking shariah compliant financing, Bay Group Holdings Sdn Bhd, which operates as CapBay, a Malaysian multi-bank supply chain finance and peer-to-peer financing (P2P) platform has secured US\$7.1 million (RM30 million) investment from Kenanga Capital Islamic Sdn Bhd (KCI), a subsidiary of Kenanga Investment Bank Bhd (KIBB). The fund injection is a step forward to growing CapBay's Shariah-compliant Supply Chain Finance arm, [CapBay Islamic](#), which is approved for Shariah-compliant P2P financing by the Securities Commission Malaysia (SC).

# Kenanga & Partners Digital Financial/Wealth Landing Pages

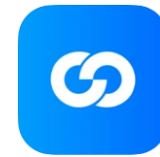
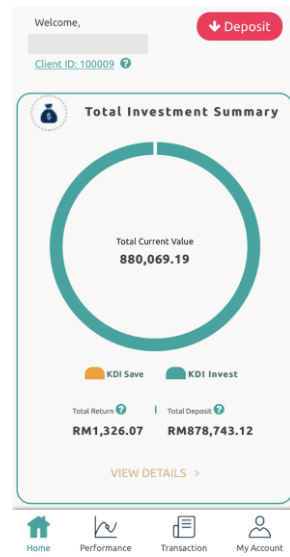


kenanga money

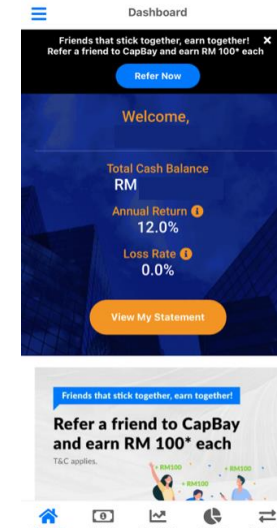


kenanga digital investing  
KDI Save

kenanga digital investing  
KDI Invest



capbay

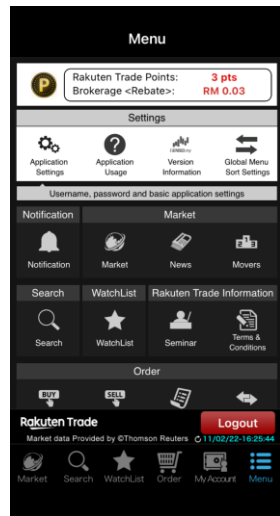


KDFTradeActive by kenanga

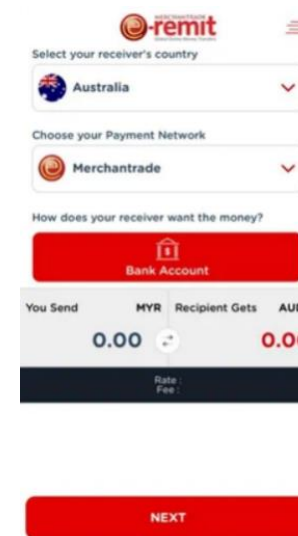
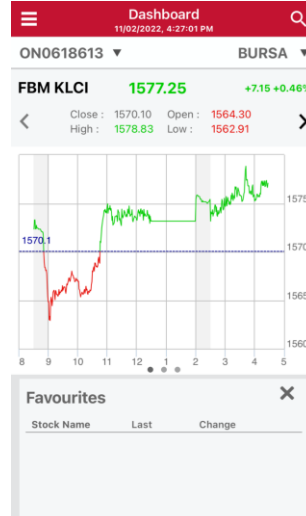
Account Summary	
Base Currency	HKD
Client A/C code	USER02
A/C type	H
Net Cash Balance	0
SPAN Initial margin	53,083,710
SPAN Maintenance margin	44,066,968
Total Initial Margin	0
Total Maintenance Margin	0
Avail purchase power	17,406,154
P&L	17,406,154
Total Equity	17,406,154



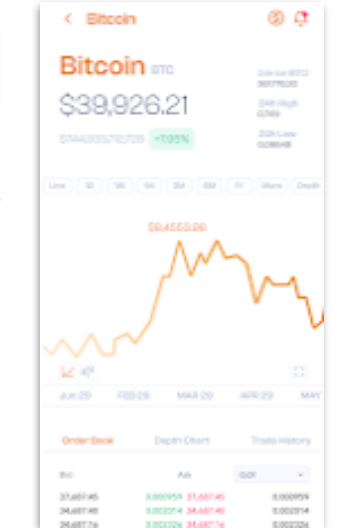
Rakuten Trade



KenTrade by kenanga

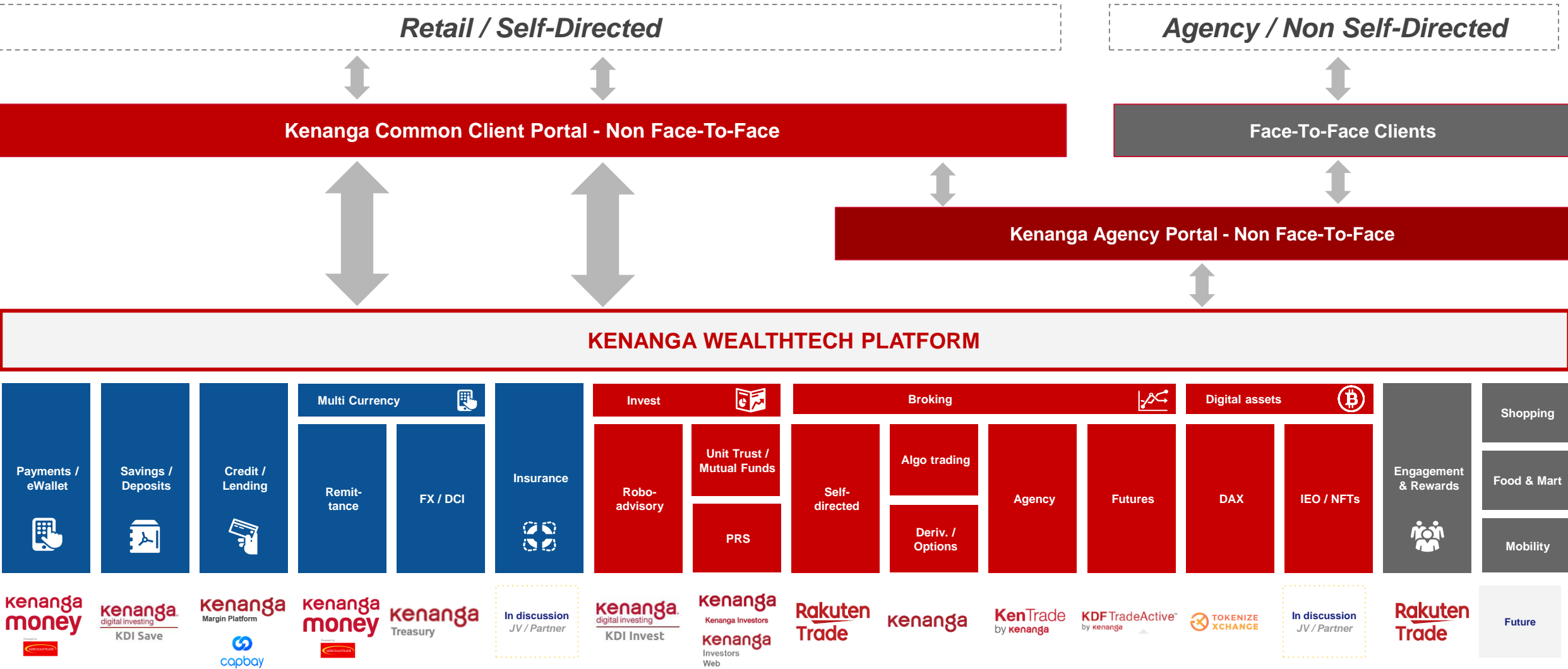


TOKENIZE XCHANGE



# Retail & Agency Businesses Work Hand-in-Hand On Our Digital Platform

Kenanga's **Retail** and **Agency** businesses will each be using **different portals** but **connected to the same wealthtech platform** which houses all our digital services





Rakuten Trade

kenanga

Investors Web  
Unit Trust, Mutual Funds, PRS

kenanga.  
digital investing

KDI Invest

kenanga.  
digital investing

KDI Save

kenanga

Treasury  
Dual Currency Instrument

KDF TradeActive™  
by kenanga

kenanga  
SuperApp



A Licensed Wealthtech

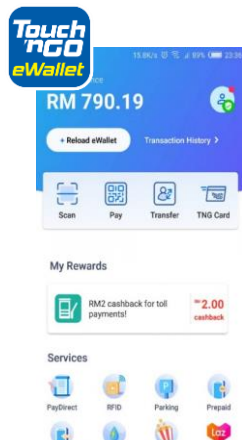
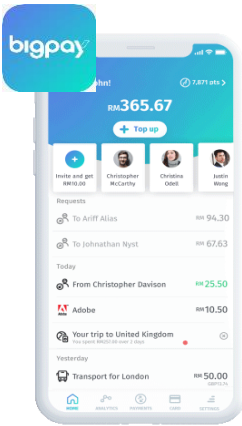
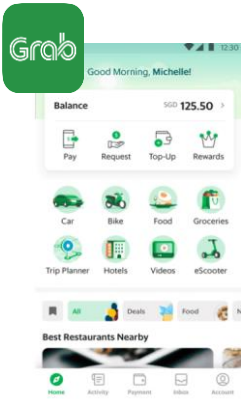
kenanga  
money



kenanga  
Margin Platform

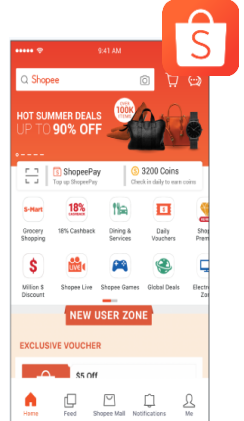


*Kenanga's SuperApp will be a one-stop centre of our wide spectrum of digital financial & wealth offerings, complemented by lifestyle services*



# kenanga

## Wealth-as-a-Service

*Kenanga's Wealth-as-a-Service will allow ecosystem partners to have one or more of our digital offerings to be offered on their platform via API, white-labelling and other forms*

# ESG

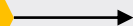
Environmental, Social and Governance



Established partnership with UNGC in November 2021

**Next Step**

FTSE Bursa Malaysia Emas Index



FTSE4Good Bursa Malaysia

**Responsible Investing**



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



Private equity investment in green-tech i.e. reNikola, which owns three solar plants in Malaysia

**22**

SRI linked funds over the next 10 years

**Good Corporate Governance**

- Held our **5th Annual Fraud Awareness Week** campaign which was attended by over 500 representatives
- Developed a **Climate Change Risk Management Framework**

**5,000** orders raised

**#HumanKIND**



Supported Café Includes, a café run by PWD via our award-winning campaign, #HumanKind

**Financial Literacy**

**94**

Programmes

**>40,000**

Total reach

**ESG**

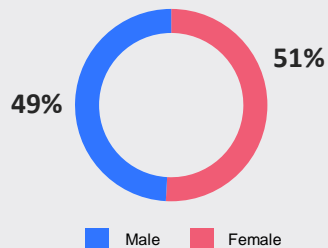
Environmental | Social | Governance

**182 employees** attended courses related to climate risks, ESG and sustainability, amounting to a total of **627.8 training hours**

**Energy and Water**

- **16.03% reduction** of total GHG emissions (tco<sub>2</sub>e) covering Scope 1 and Scope 2 since 2019
- **569,826 kWh** of electricity consumption reduced since 2019, and 50% of the bulbs in Kenanga Tower rely on LED bulbs.
- **31.59% reduction** of water consumption since 2019 after adopting smart control technology and enhanced cooling tower performance

**Gender Diversity**



**Community Investment**

**RM689,350** in community investment for 2021, which directly and indirectly impacted

**242,386 people**

**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

**Q&A**



kenanga

# Appendices

# Key Highlights 4Q2021

**RM226.1 m** (+11.6%)

**Revenue**

+RM23.4 mil  
vs. 3Q21

**RM41.6 m** (+58.4%)

**Profit before Tax**

+RM15.3 mil  
vs. 3Q21

**RM32.3 m** (+49.8%)

**Profit after Tax**

+RM10.7 mil  
vs. 3Q21

**4.4 sen** (+50.7%)

**EPS**

+1.5 sen  
vs. 3Q21

**RM1,050.3 m**

**Shareholders' Equity**

as of 31 Dec 2021

**12.4%** (+47.8%)

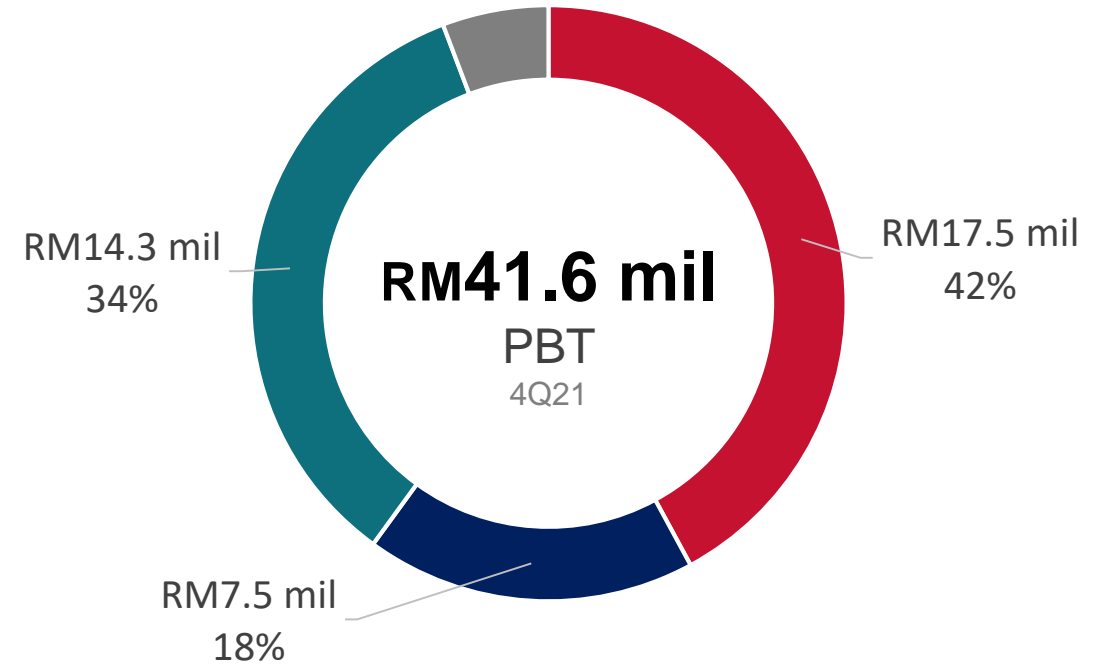
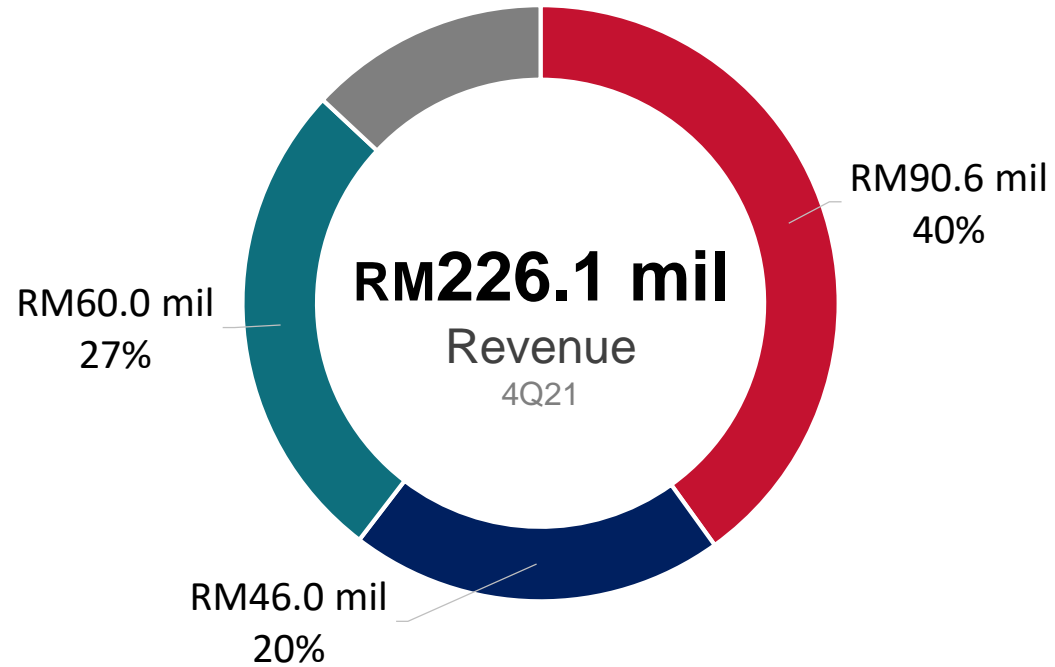
**Annualised ROE<sup>1</sup>**

+4.0 p.p  
vs. 3Q21

- ▶ Record AuA from Investment Management, increased to RM18.8 bil from RM13.9 bil while Bursa ADV decline from RM6.0 bil in 3Q21 to RM5.3 bil in 4Q21
- ▶ Revenue increased due to revaluation gain from PE Investment and higher revenue in Investment Management

<sup>1</sup> 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.

# 4Q21 Segmental Breakdown



■ Stock Broking ■ Investment Banking ■ Investment Management ■ Others