


Investor Briefing Full Year 2022 Results

Kenanga Investment Bank Berhad

A large, stylized, light red logo is located in the bottom left corner of the slide. It features a circular shape with a white center, surrounded by a thick, red, wavy border that resembles a stylized letter 'K' or a similar abstract form.

March 2023

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Key Highlights FY2022

RM723.1 m (-18.9%)

Revenue

-RM168.4 mil
vs. FY2021

RM74.2 m (-50.0%)

Profit before Tax

-RM74.1 mil
vs. FY2021

RM55.4 m (-53.4%)

Profit after Tax

-RM63.5 mil
vs. FY2021

7.50 sen (-54.0%)

EPS

-8.8sen
vs. FY2021

RM1,017.3 m

Shareholders' Equity

as of 31 Dec 2022

5.3% (-54.3%)

Annualised ROE¹

-6.3 p.p
vs. FY2021

- ▶ Notwithstanding the unfavorable economic climate and global geopolitical tension, KIBB recorded a PBT of RM74.2 mil in FY2022 which was the highest among pre-pandemic years
- ▶ During the year, average daily trading value (“ADV”) significantly declined to RM4.4 bil from RM7.3 bil in FY2021. However, we have seen improvements in ADV to RM4.6 bil in YTD Feb 2023
- ▶ The growth of our AuA to RM21.3 bil and success in growing our Agency force, Asset & Wealth Management segment had a stellar year and we expect them to maintain their performance in FY2023
- ▶ Going forward, we expect FY2023 to be a better year with expectation of higher ADV and more corporate activities
- ▶ KIBB was officially included in the FTSE4Good Bursa Malaysia Index series in FY2022

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 4Q2022

RM179.5 m (-1.3%)

Revenue

-RM2.3 mil
vs. 3Q2022

RM15.0 m (-13.6%)

Profit before Tax

-RM2.4 mil
vs. 3Q2022

RM14.1 m (+145.5%)

Profit after Tax

+RM8.3 mil
vs. 3Q2022

1.92 sen (+152.6%)

EPS

+1.2 sen
vs. 3Q2022

RM1,017.3 m

Shareholders' Equity

as of 31 Dec 2022

5.5% (+149.0%)

Annualised ROE¹

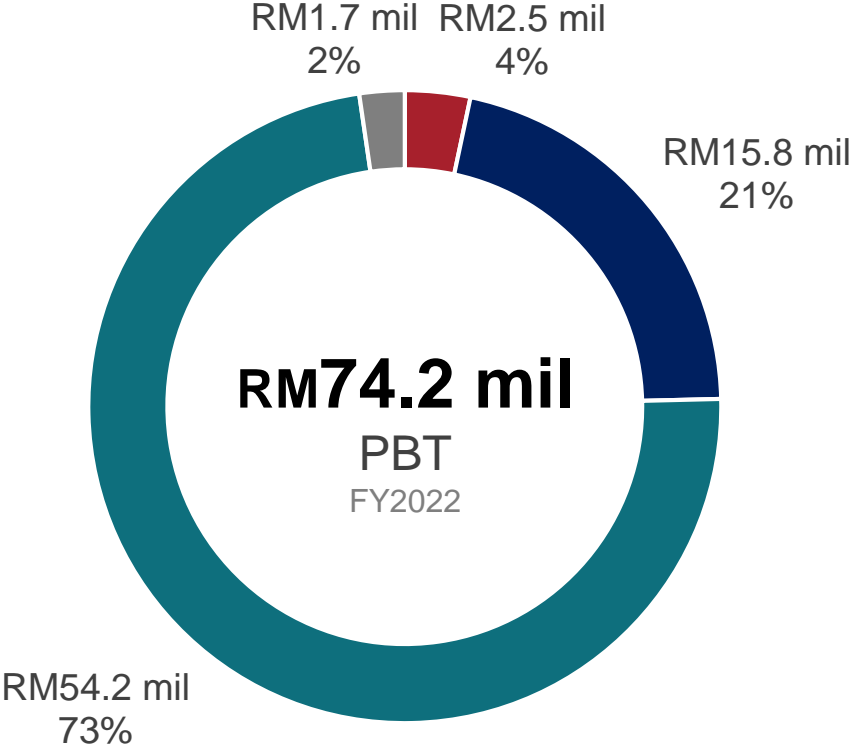
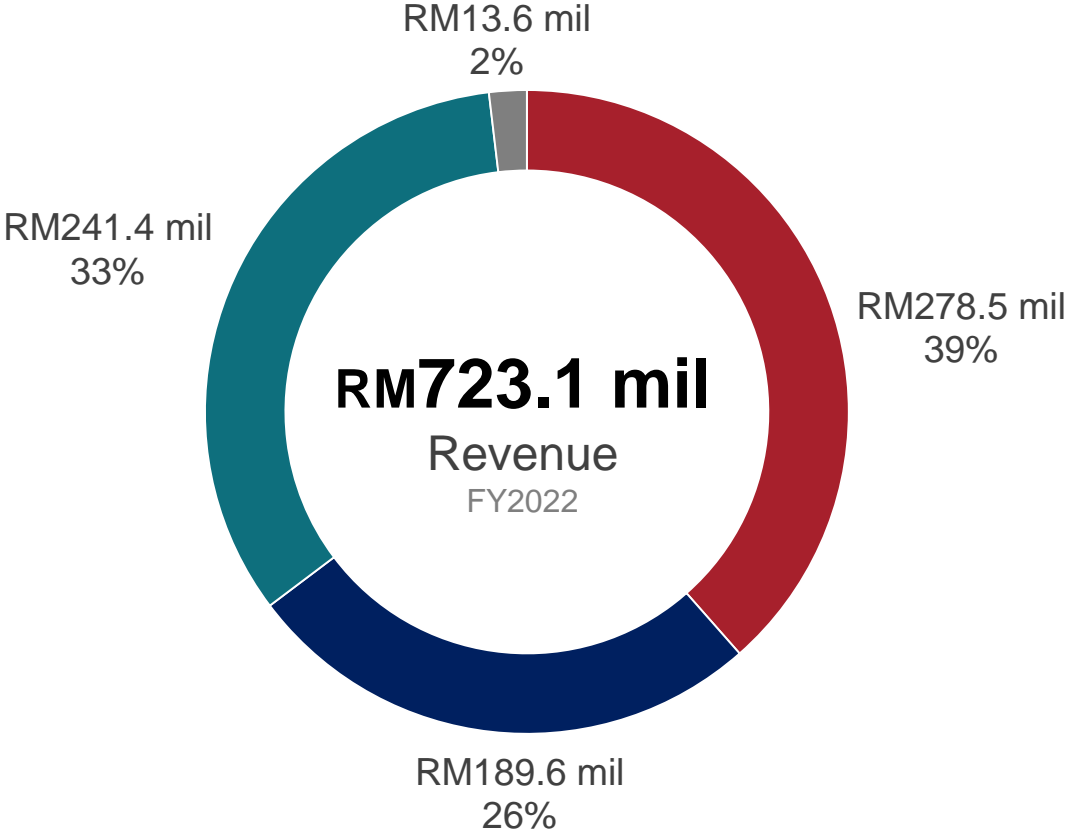
+3.3 p.p
vs. 3Q2022

- ▶ In 4Q2022, revenue declined QoQ mainly due to lower management fee and net interest income which was partially mitigated by higher brokerage and trading & investment income
- ▶ PBT declined QoQ due to lower revenue and higher overheads but PAT increased significantly due to lower tax and zakat provision made during the quarter

Financial Review

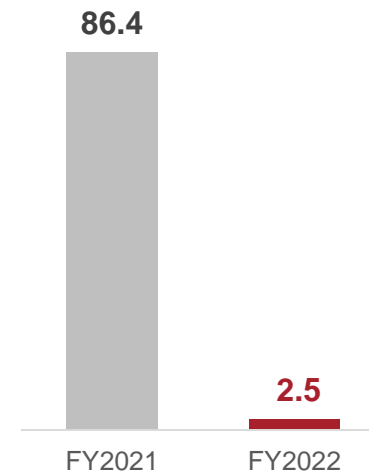
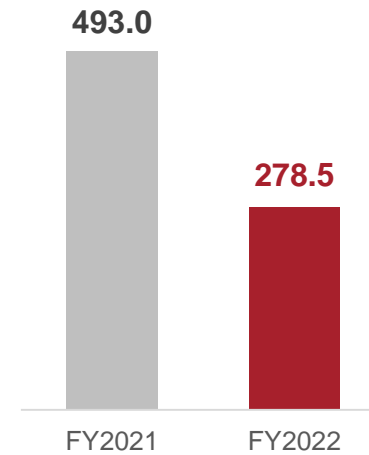
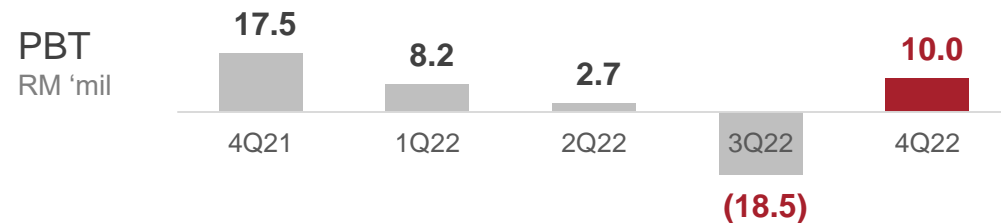
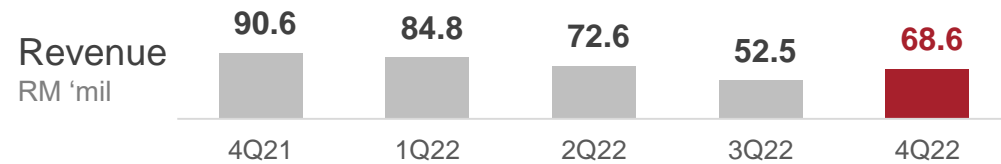


FY2022 Segmental Breakdown



■ Stock Broking
 ■ Investment Banking
 ■ Investment Management
 ■ Others

Stockbroking Segment



vs. FY2021

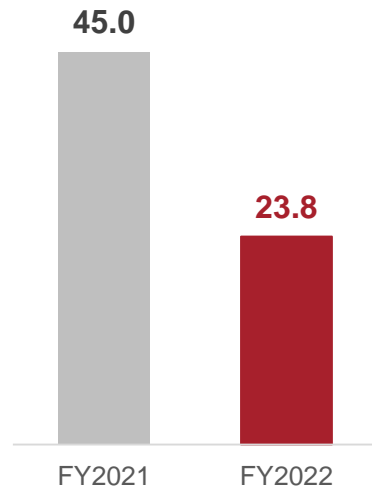
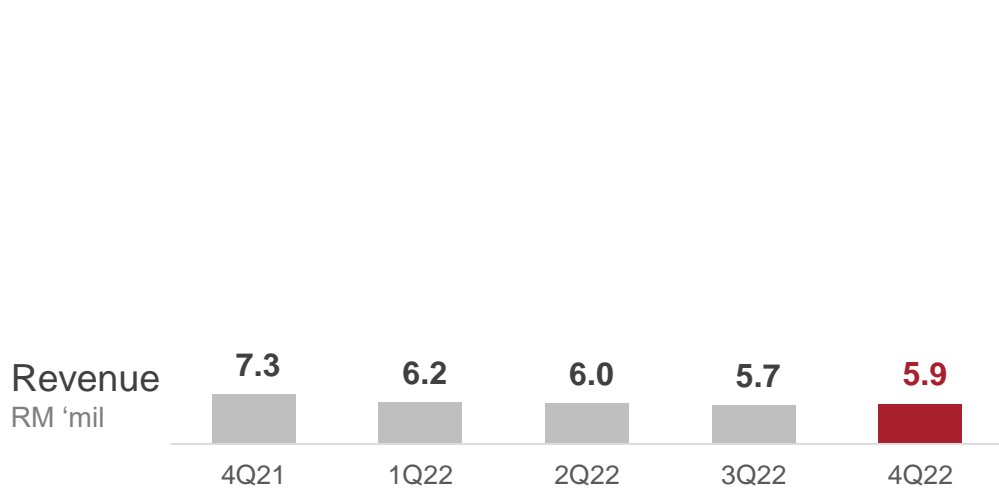
- Due to significantly lower Bursa ADV, lower **Revenue** from brokerage and trading & investment was recorded during the year, resulting in the reduced **PBT**
- Nevertheless retail segment market share grew by 2.83 p.p. **YoY** to 27.05% in **FY2022**

vs. 3Q22

- 4Q22 Revenue** improved **QoQ** mainly due to better trading & investment income from proprietary trading and call warrant business
- PBT** improved **QoQ** due to credit loss reversal from impaired margin accounts

	RM 'mil	3Q22	4Q22
Gross brokerage		38.0	40.5
Trading & investment income		(7.6)	12.7
Interest income		17.9	14.4
Fee income		1.7	1.3
Others		2.4	(0.3)
REVENUE		52.5	68.6

Rakuten Trade

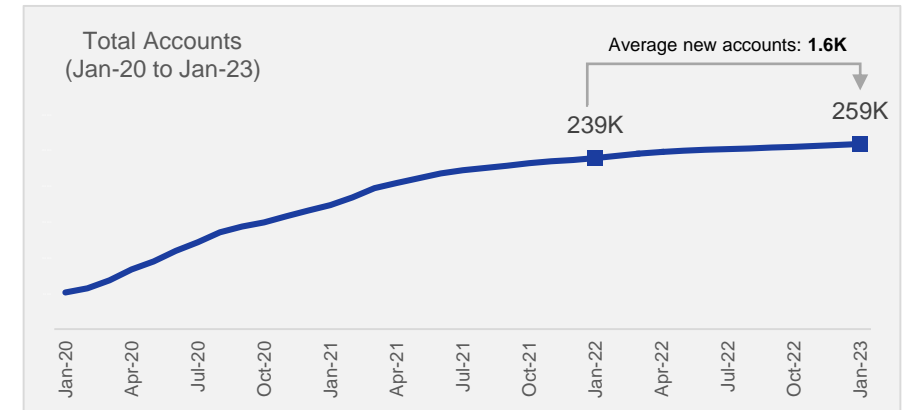
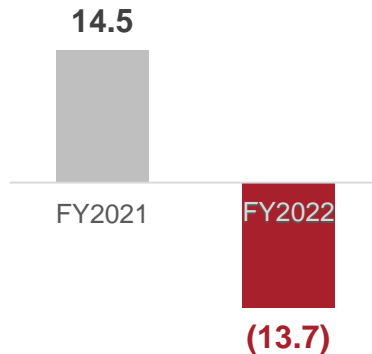
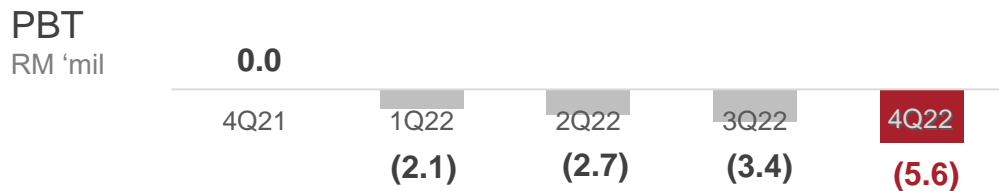


vs. FY2021

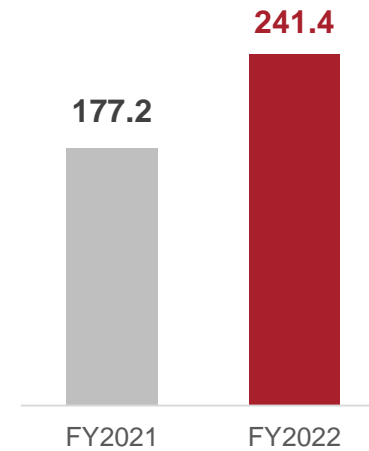
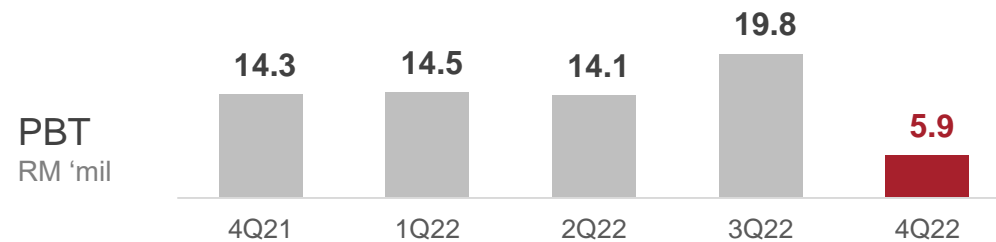
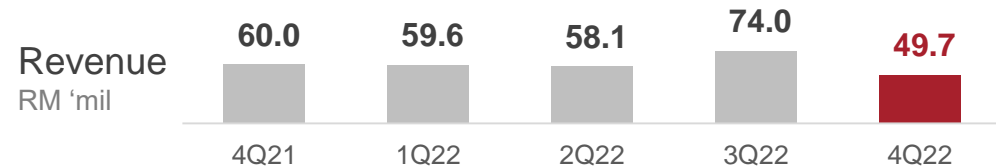
- **LBT** recorded in **FY2022** mainly due to lower Bursa ADV caused by weak market sentiments and lower trading activities from retail investors
- In **FY2023**, we expect the account opening momentum to continue and introduce fractional share trading to drive revenue growth while implementing cost-cutting measures

vs. 3Q22

- **4Q22 revenue** increased slightly **QoQ** due to higher brokerage and net interest income
- However, **higher LBT** recorded **QoQ** due to recognition of expected credit losses during the quarter arising from contra facilities

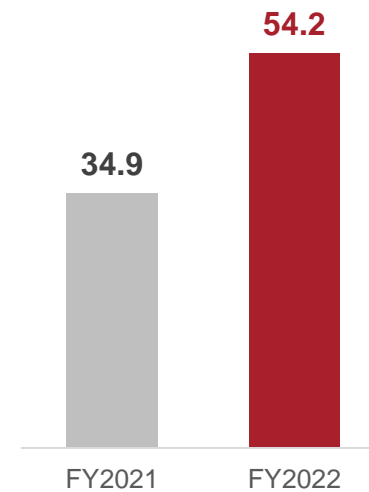


Investment & Wealth Management¹ Segment



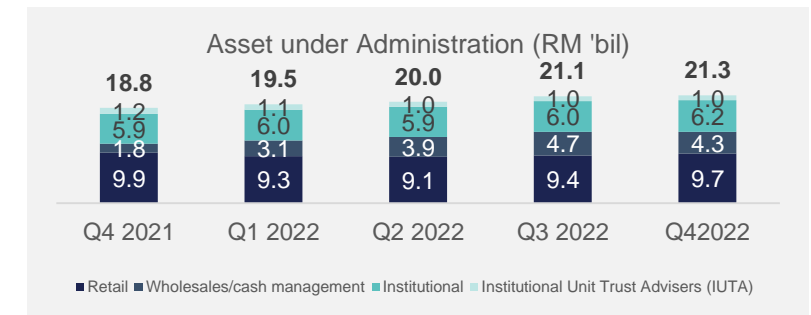
vs. FY2021

- **FY2022 Revenue** and **PBT** increased by 36.3% and 55.2% **YoY** respectively mainly due to higher contributions from HNW wealth management products as well as management and performance fee income
- **AuA** grew by 13.2% to RM21.3 bil in **FY2022** from RM18.8 bil in **FY2021** as a result of expanding agency distribution force and Private Wealth channels. The expansion is expected to continue into **FY2023**



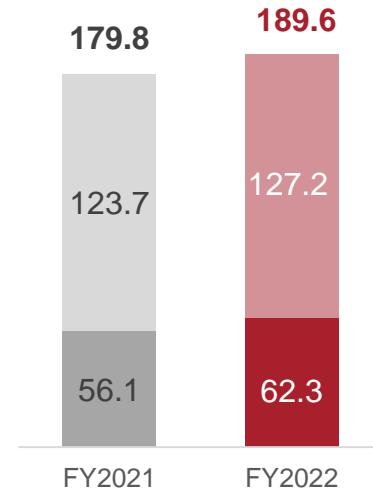
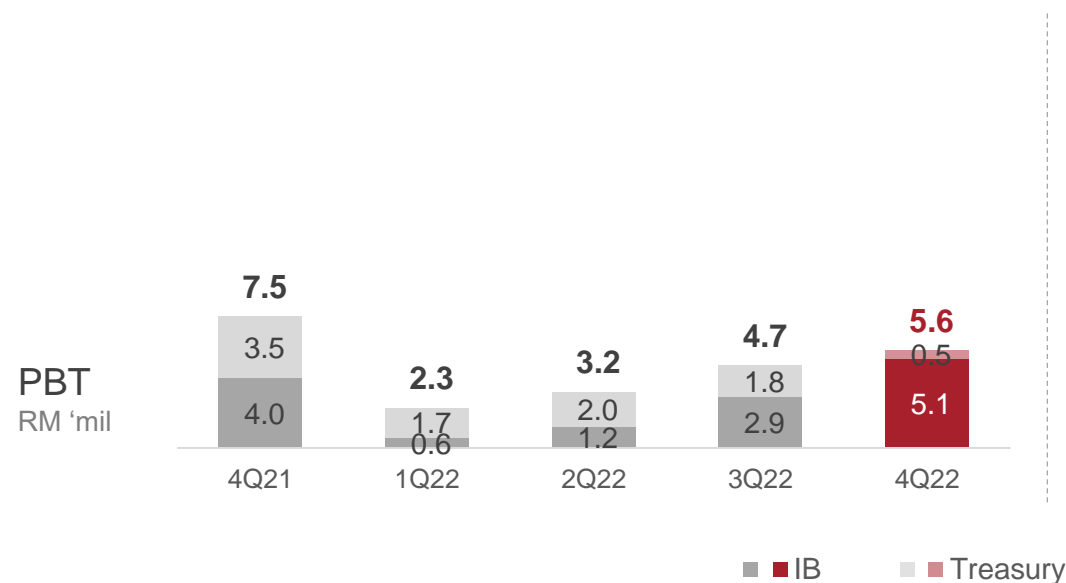
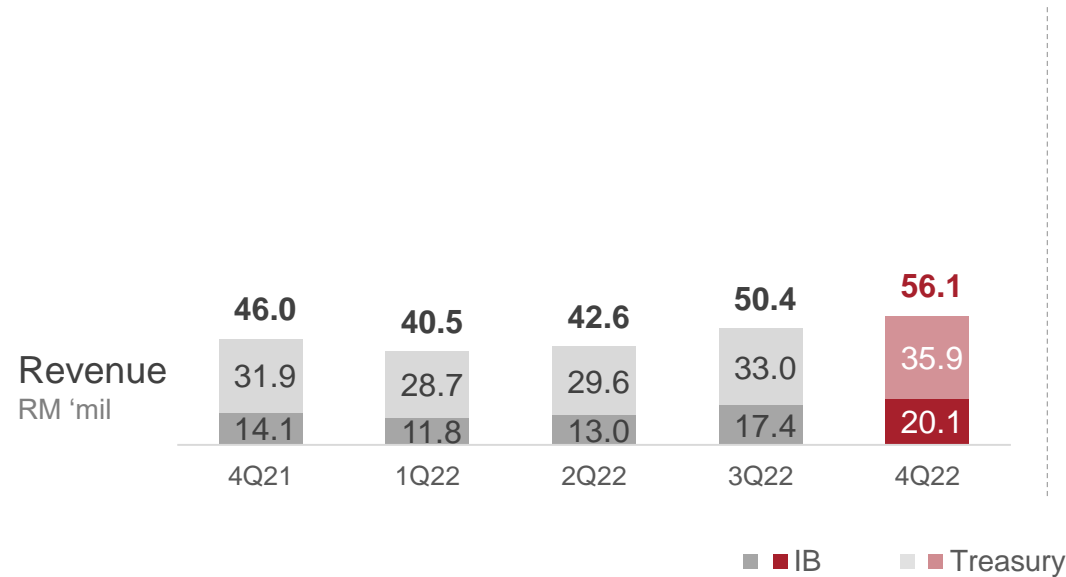
vs. 3Q22

- **Revenue** and **PBT** decreased **QoQ** due to lower income from HNW wealth management products and provision of credit loss expenses made for non-trade impairment during the quarter



¹ Investment & Wealth Management Segment inclusive of Kenanga Investors Group, Wealth Management (WM) and Digital Investment Management (DIM)

Investment Banking Segment



vs. FY2021

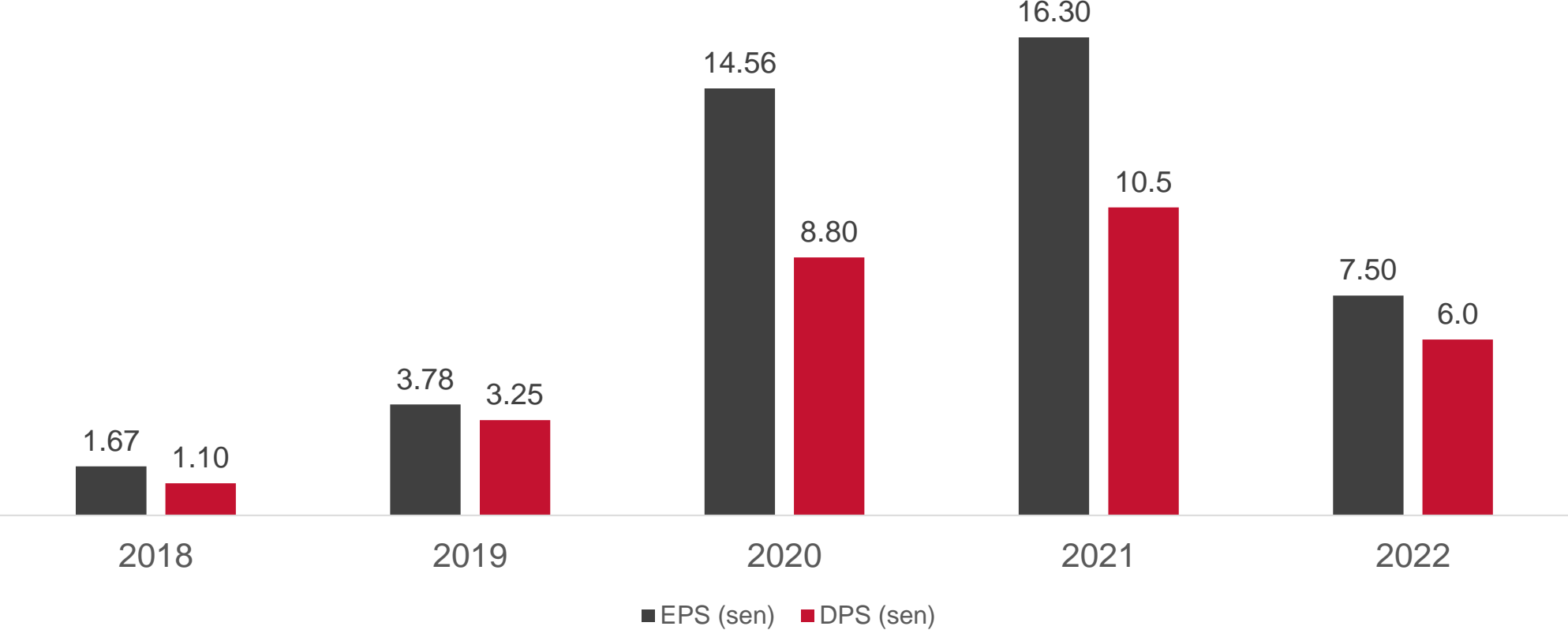
- **FY2022 revenue** increased **YoY** mainly due to higher interest income and IB fee income
- Minimal losses on bond portfolio during the year by implementing conservative strategies
- **However, PBT** declined **YoY** due to higher operating expenses

vs. 3Q22

- **4Q22 revenue** increased **QoQ** mainly due to increase in interest income from IB loans and IB fee income
- **4Q22 PBT** increased by a lesser degree due to higher marketing cost and credit loss expense recorded during the quarter

	RM 'mil	3Q22	4Q22
Interest Income		41.0	44.2
Fee income		6.9	9.2
Trading & Investment Income		0.9	1.3
Others		1.7	1.4
REVENUE		50.4	56.1

Dividend Payout



Dividend Yield¹

1.8%

7.1%

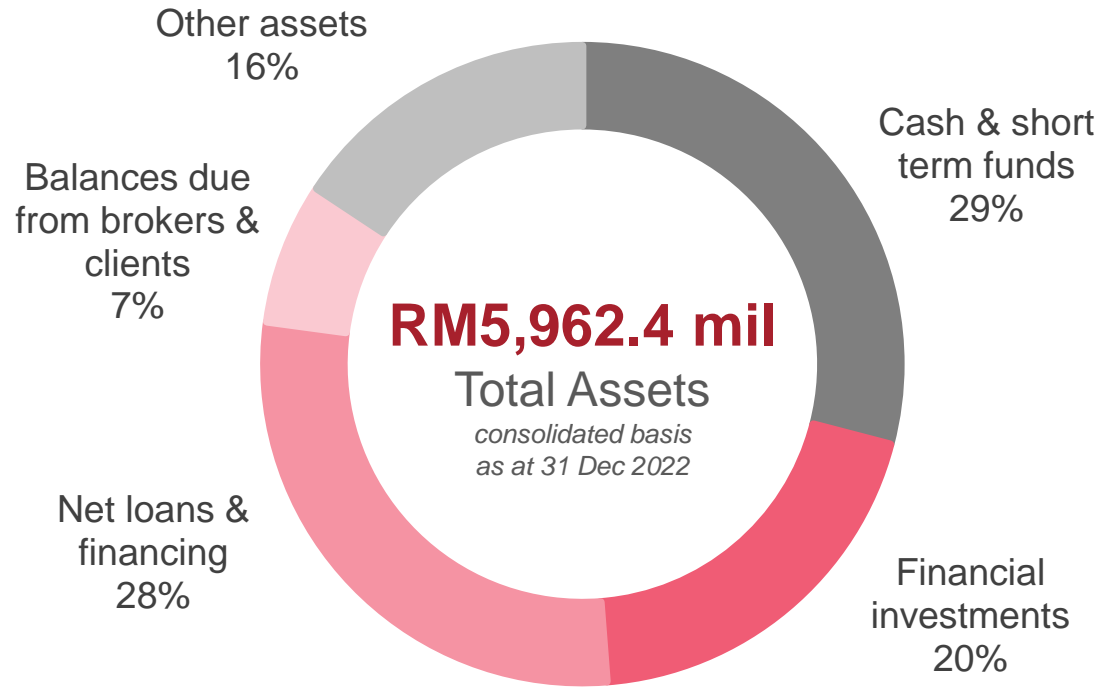
9.6%

9.1%

6.6%

¹ Dividend Yield is calculated by dividing DPS with the share price as at the last trading day of the respective periods. i.e. RM0.60 (2018); RM0.46 (2019); RM0.92 (2020); RM1.16 (2021); RM0.91 (2022)

Balance Sheet Health



Cash & Short Term Funds

- Placed with highly rated financial institutions and BNM

Financial Investments

- 66% of financial investments are in fixed income securities

Net Loans & Financing

- Net impaired loans ratio of 1.4%
- Impaired loans with less than 100% security coverage are fully provided

A+

Credit Rating

Malaysian Rating Corporation Berhad

0.20x

Gearing Ratio

Borrowing over total equities

28.9%

Total Capital Ratio

BNM's minimum requirement: 10.5%

183.1%

Liquidity Coverage Ratio

BNM's minimum requirement: 100%

124.1%

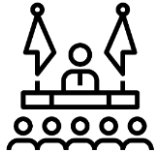
Net Stable Funding Ratio

BNM's minimum requirement: 100%

Business Outlook



Market Outlook 2023 – More Positive Outlook Expected



Improved local political environment

Upon the appointment of a new unity-government, political uncertainties are reduced and expectation for the new government to focus on economic recovery



Higher ADV and increased corporate activities

Bursa average trading value is expected to increase in 2023 and there will be increased corporate activities including IPO, fund raising and placements



Reopening of China's borders

The reopening of China is seen to boost the economic recovery of the Asian region



Fed expected to slow down aggressive interest rate hikes

As Inflation slows down, the Fed is expected to slow its interest rate hikes and other global economies are expected to follow. Likewise, Bank Negara Malaysia has seen to taper down on its interest rate hike in its recent meeting



Combined risk of Global inflation and Geopolitical tension remains

Despite the economic recovery, the global economy remains fragile and is susceptible to geopolitical tensions

Outlook for 2023

Stockbroking

- ▶ **Gross brokerage:**
 - ▷ **Higher ADV is expected** amidst economic recovery and increase in investor and corporate activities
 - ▷ Rakuten Trade to continue attracting new customers and spur **account growth as well as trading activities** by introduction of new products and drive to increase higher foreign trading activities
- ▶ **Interest income:** Portfolio stands at **RM1.2 bil** and is expected to **grow**
- ▶ **Trading & investment income:** **Expansion of proprietary trading teams** and launching of more **Quant products**

Investment Banking & Treasury

- ▶ **Investment banking deals in pipeline**
 - ▷ **Corporate Finance/Equity Capital Markets:** **2 IPOs** targeted for listing in 2023, **4 IPOs** targeted for submission in 2023, **1 primary placement, 5 M&A, 8 fundraising and 8 other advisory deals** targeted for completion in 2023
 - ▷ **Debt Capital Markets:** **13 mandated deals at pre-issuance stage and 33 mandated deals at post-issuance stage**
- ▶ **Treasury**
 - ▷ Treasury will **remain cautious in taking on risks** in portfolios
 - ▷ Look into investing in **government bonds** which give good yield for HTM book
 - ▷ **Increase contribution from FX income** through extending reach of distribution channels

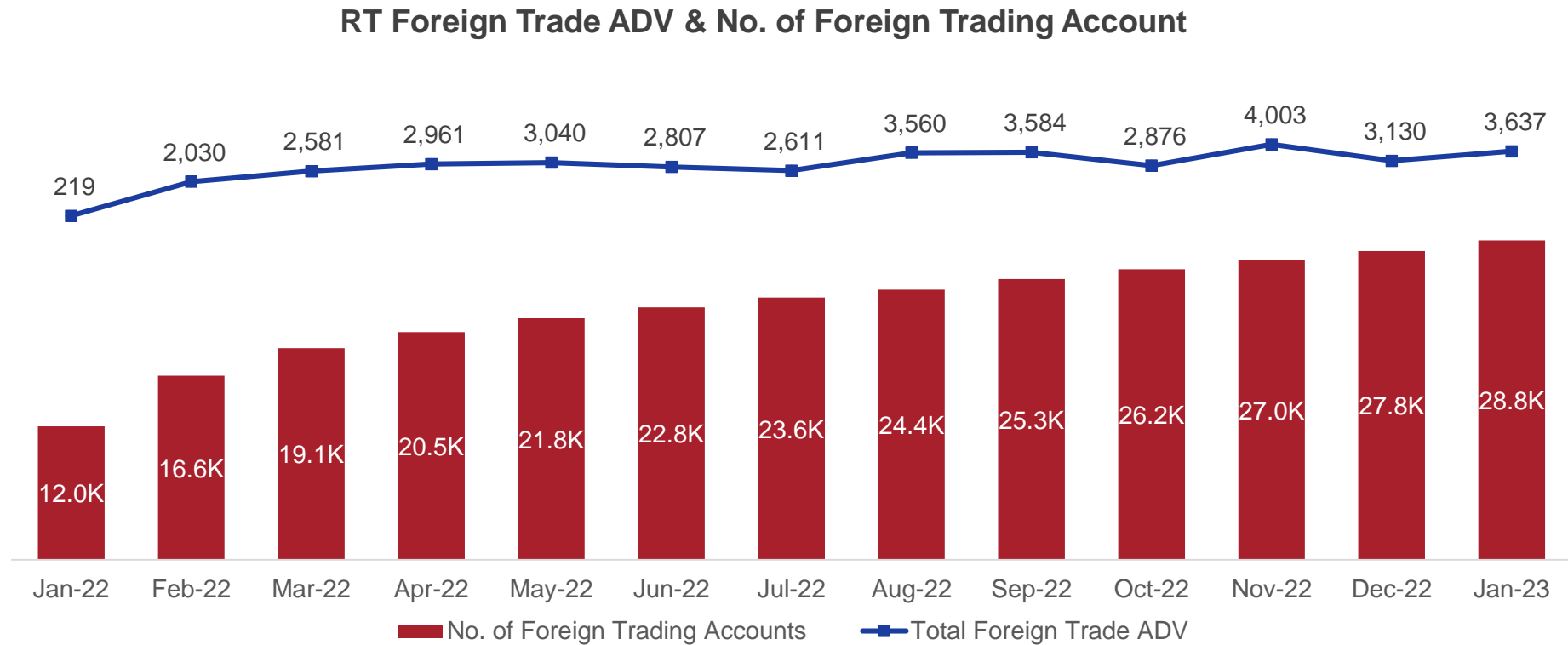
Investment & Wealth Management

- ▶ Focus on establishing **sustainable growth strategies** to sustain incremental growth through Shariah and WM business, focus on **digitalization initiatives** for scale and expansion as well as **strengthen brand positioning** for association towards trust, confidence and simplicity
- ▶ Sustainable management fee income growth via **Unit Trust funds** and alternative fee income via **product expansion**
- ▶ **Kenanga Digital Investing** to continuously grow AUM through improved strategies for competitive returns and introduction of new products, better positioning itself to expand its market reach to the un(der)invested and un(der)served client segments

Private Equity Investments

- ▶ PE investments are expected to **remain stable** in 2023

Digital Business – Foreign Share Trading by **Rakuten Trade**



- Strong growth in foreign share trading since launch on 13 January 2022
- Hong Kong share trading was launched on 19 December 2022
- Targeting to launch fractional share trading to increase RT's foreign share trading value and brokerage income

Digital Business – Kenanga Digital Investing

Since grand launch¹:



~17,500

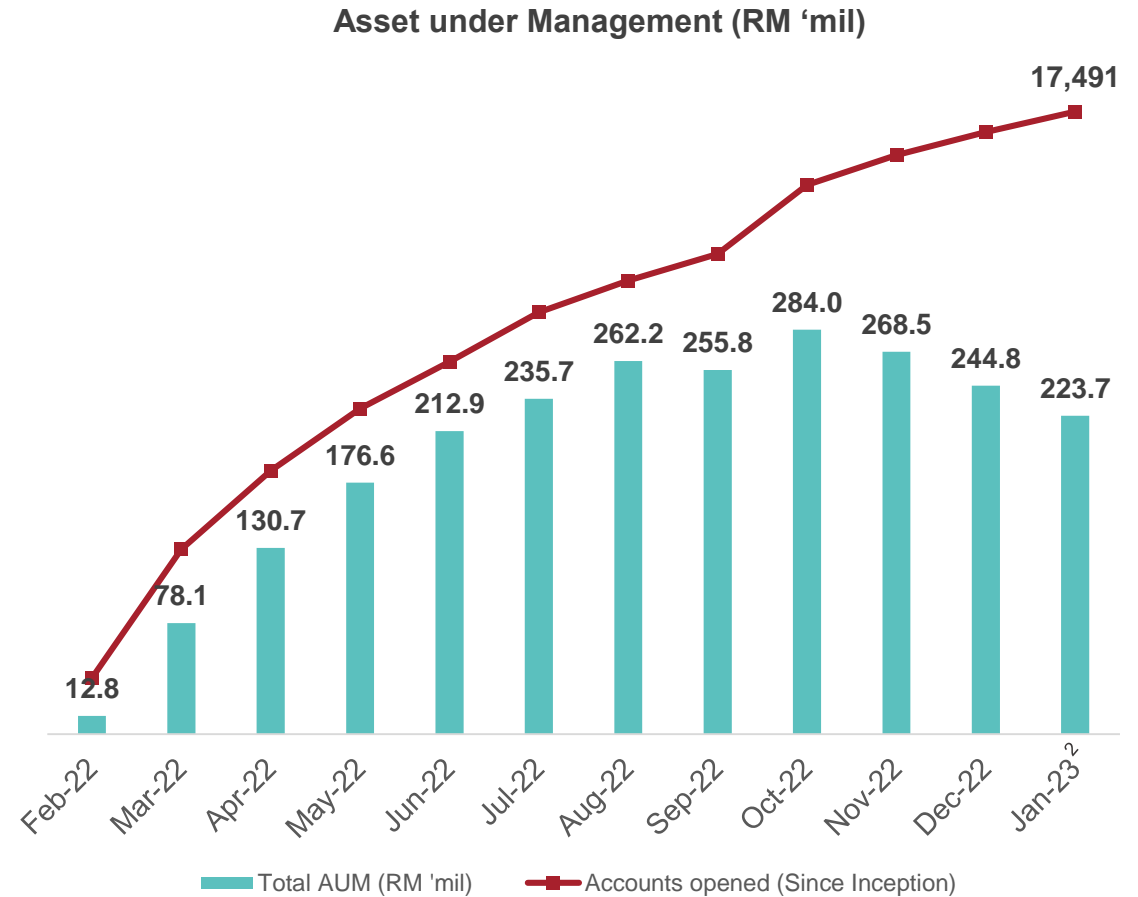
Onboarded clients



RM223.7 mil

Asset under Management

- As interest rates continue to rise, KDI Save to look into offering better interest rate to ensure competitive returns for investors
- Driven by machine learning and dynamic rebalancing, KDI Invest's portfolios outperformed their relative benchmarks by up to 7% from inception
- Looking ahead, KDI to continue advancing its digital wealth strategy through expansion of product offerings while maintaining its competitive edge to existing product range



1.KDI was launched in 15 February 2022

2. Data as at 31 January 2023

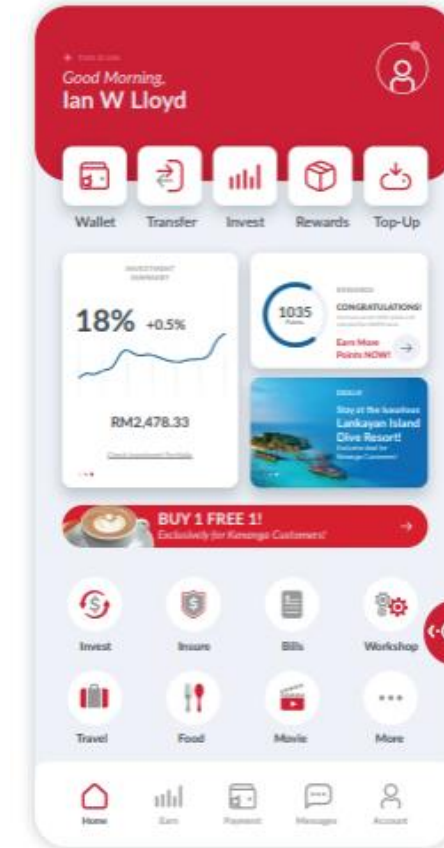
Digital Business – SuperApp

Malaysia's First B2C Wealth-Centric SuperApp

- Progress continues with the development of Super App and our new Wealth-as-a-Service offerings. The first products are being integrated into a Single Portfolio View
- Other features include: single customer on-boarding; seamless integration of new financial products; payments with a Kenanga Money Prepaid Visa card; and fast transfers between accounts

kenanga Super App

A licensed Wealthtech



Target Launch: 1H23

Sustainability – Our Achievements

Entry Onto FTSE4Good Bursa Malaysia Index



FTSE4Good

Our ESG performance was recognised in December 2022 with our inclusion onto the FTSE4Good Bursa Malaysia Index.

Transparency and Disclosures



Discover our sustainability progress in our first-ever Sustainability Report released last year.

Microsite: Click [here](#)
Sustainability Report 2021: Click [here](#)
Sustainability Report 2022: Coming in April 2023

Dedicated Sustainability Team

For further queries, please contact:
Chuah Sze Phing
Group Chief Sustainability Officer
szepHINGCHUAH@KENANGA.COM.MY

Group Recognition & Awards



UN Global Compact Network
Malaysia & Brunei Sustainability
Performance Awards

- Sustainable Product
- Partnership for Goals and Sustainability Awareness
- Employee Engagement



Best of the Best Awards by Asia
Asset Management

- Malaysia Best Impact Investing Manager



Sustainability & CSR Malaysia
Awards

- Bank of the Year Award for ESG Excellence
- Long-Standing Excellence in Sustainability

kenanga

Thank You

