

SEGMENTAL REVIEW



Stockbroking

Following record high trading volumes on the Main Market of Bursa Malaysia in FY2020, the market trended downwards especially in the second half of FY2021 due to public health concerns from the COVID-19 pandemic and a general lack of investment catalysts.

Despite the dip, our Stockbroking division maintained a PBT of RM86.4 million for the year ended 2021, similar to the PBT of the year before. Overall, the division maintained its market share of 12.5% attributable to its ongoing focus on the retail market, as well as an increasingly diverse revenue stream and client base, which includes the retail market, as well as institutional and proprietary trading segments.

As with previous years, our joint venture Rakuten Trade, Malaysia's first fully online stockbroking platform, continued to perform well despite adverse economic and financial conditions. Rakuten Trade expanded its retail market share from 6.60% to 7.14% with increases in customer acquisition and retention supported by new services such as its foreign share-trading facilities which was unveiled at the start of 2022. As at 31 December 2021, active accounts on Rakuten Trade stood at 237,000, up from 166,000 at the end of the previous year. Rakuten Trade remains the fastest growing stockbroker in the market.

Building on the work of previous years, the Stockbroking division continued efforts to improve investing literacy by exploring avenues of outreach to new customers, as well as enhancing investment understanding amongst our existing retail customers. In 2021, we continued to produce webinars and social media content on a broad range of financial and trading topics.

It is very encouraging to note that our efforts over the year continued to gain recognition for excellence in the industry, including two (2) Bursa Excellence Awards in 2021 for 'Best Overall Equities Participating Organisation' (Champion) and 'Best Retail Equities Participating Organisation - Investment Bank' (Champion).



Investment Banking

The unfavourable market conditions from the second year of the COVID-19 pandemic had a negative impact on capital market

activity throughout the year. As a result, the Investment Banking division registered PBT of RM20.6 million, compared to RM34.0 million over the previous year.

In the equity capital market, the division took part in the successful listing of Mobilia Holdings Berhad on the ACE Market, with a retail offering oversubscribed by 92 times and share price closing at a 141% premium over the IPO price. The division also participated in the listing of Ramssol Group Berhad on the ACE Market, and completed the transfer listing of Nova Wellness Group Berhad from the ACE Market to the Main Market, with two (2) further IPOs on the ACE Market slated for early 2022. For equity private placements, the division acted as principle adviser and placement agent for JAKS Resources Berhad, as well as placement agent/manager for Dayang Enterprise Holdings Berhad.

In the debt capital market, the Investment Banking division was joint lead manager in the successful RM2.005 billion maiden Sukuk Murabahah issuance undertaken by the Federal Land Development Agency, as well as its subsequent issuance of RM354 million in November 2021. The division was also the joint lead manager in the RM1.9 billion Sukuk issuance by DanaInfra Nasional Berhad, and the RM350 million Sukuk Murabahah placement by Prasarana Malaysia Berhad, which was 2.29 times oversubscribed despite adverse market conditions. The division also acted as financial adviser, sole principal adviser, lead arranger and lead manager for the RM200 million sukuk programme for Sin Heng Chan (M) Berhad, with the deal being recognised as 'Project Infrastructure Finance Deal of the Year (Malaysia)' at the Asian Banking and Finance 2021 Corporate & Investment Banking Awards.

In corporate banking, it maintained a prudent approach in the management of credit risk due to ongoing concerns about the pandemic. Its loan portfolio currently stands at RM592 million, and the division will maintain a cautious and selective lending approach as we move forward into FY2022.

In Islamic finance, steps were taken to align its operations with the Group's sustainability drive, as well as the Securities Commission Malaysia's Capital Market Masterplan 3 requirements for greater mobilisation of Islamic capital market solutions to address the Sustainable Development Goals agenda. In this respect, the division continues to act as Shariah Adviser to KIB in the areas of Islamic funds and private mandates. The division's Shariah Committee remains keenly aware of latest developments in digital assets, Islamic fintech and ESG investing, and continues to act as Shariah Adviser for sukuk programmes by the Group's debt capital markets clients.