

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

The division's focus on delivering sustainable performance, high-quality advice and exceptional customer service has driven customer satisfaction and loyalty despite the volatilities of the last three (3) years. Moving forward, KIG will continue to focus on offering wealth protection solutions, such as insurance and private trust, to help preserve and grow investors' wealth. To better serve its clients, KIG will continue expanding its distribution channels, including opening up more branches nationwide, improving upon its existing digital platforms, and growing its agency force. With its multi-segment and multi-product framework, sophisticated ESG blueprint, and commitment to sustainability, KIG is poised to continue delivering value to its investors for years to come.



Listed Derivatives Business

In FY2022, Kenanga Futures Sdn Bhd ("KFSB") made a return to profitability, and the division's operating revenue grew 27% to RM19.7 million on the back of significant increases in both inbound and outbound trading activities—at a composition ratio of 80:20 respectively. KFSB's execution volumes registered outstanding growth of 95% year-on-year, with an unprecedented nine (9) million contracts. These developments corresponded to a record-breaking year at Bursa Malaysia Derivatives Berhad ("BMD"), with the overall market volume growing 3% to 19.2 million contracts. As a result, KFSB recorded PBT of RM2.1 million in FY2022 over Loss Before Tax ("LBT") of RM1.8 million in the preceding year.

In building up the business profitability momentum and ensuring optimum performance for the year, KFSB consolidated its organisational structure into four (4) departments: Sales & Broking, Dealing Global Market, Business Development & Strategy, as well as Operations & Clearing Services, Listed Derivatives. The formation of the Sales & Broking department was aimed at targeted sales coverage for both Global and Domestic Institutions/ Corporations & Retail/ High Net Worth Individuals segments. As a result, KFSB's institutional volumes for Crude Palm Oil Futures (FCPO) recorded historical highs in FY2022 compared to the previous year. Meanwhile, the retail volumes for CME Group's products have seen a significant

50% growth year-on-year compared to the previous year. Besides these developments, KFSB continued to build on its three (3)-year strategic business blueprint, ASCENT 2023, by undertaking annual nationwide retail campaigns in FY2022 to encourage greater retail client trade of BMD and CME Group products.

KFSB continued to be recognised as a top Malaysian futures broker with two (2) awards received at the Bursa Excellence Awards 2022, which are 'Best Institutional Derivatives Trading Participant' (Champion) and 'Best Overall Derivatives Trading Participant' (1st Runner Up).

In FY2023, KFSB will focus its revenue-generating strategy towards growing both the inbound and outbound business supported by the increased product offerings as the division aims towards further improving the company's bottom line and continuing the profitability momentum.



Money Lending and Financing

The Group's Money Lending and Trade Financing division registered PBT of RM0.1 million in FY2022 compared to PBT of RM1.6 million the preceding year. The reduction was due primarily to an impairment provision of RM1.8 million—expected to be reversed in 2023, weaker market demand for asset monetisation and structured lending as well as more prudent lending.

Given these challenges, the division intensified engagement with other business divisions within the Group to increase the loan book size, which grew to RM109.7 million from RM94.4 million the previous year. These efforts are expected to bear fruit in 2023 as Malaysia, and worldwide economies recover.