

# GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

## Dear Shareholders,

Global financial markets experienced heightened volatility in 2025, driven largely by uncertainties surrounding the United States ("US") trade tariffs and their potential implications for global growth. During the year, Malaysia's role as ASEAN Chair reinforced its position as a stable and credible financial and investment hub amid elevated global uncertainty. This supported continued interest in Malaysia as a destination for longer-term capital, particularly in areas aligned with regional supply chain diversification and sustainability-linked investments.

These longer-term structural positives, however, did not immediately translate into higher levels of domestic equity trading. In Malaysia, equity market conditions stayed subdued for much of the year, although indications of stabilisation emerged in the later half. Total trading volumes on Bursa Malaysia declined by approximately 27% year-on-year, with retail investors particularly affected as estimated trading volumes contracted between 30% and 40%.

Against this landscape, Kenanga Investment Bank Berhad ("Kenanga" or "KIBB" or "the Company") and its Group of Companies ("Kenanga Group" or "the Group") remained focused on delivering resilient performance and navigating the evolving market environment with prudence and strategic focus.



**DATUK CHAY WAI LEONG**  
Group Managing Director

### Financial Highlights from 2025



Revenue  
**RM 865.3** million



Profit Before Tax  
**RM 73.6** million



Operating Profit  
**RM 69.1** million



Dividend Declared  
**5.0** sen

## GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

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For the financial year ended 31 December 2025 (“FY2025”), the Group recorded total Revenue of RM865.3 million and Profit Before Tax and Zakat of RM73.6 million, with Net Profit amounting to RM50.0 million. These results reflect the realities of a challenging market environment, characterised by cautious investor sentiment that softened brokerage and management fee income. Nonetheless, improved trading and investment income, higher net interest income and the recovery of credit provisions supported a stable overall performance, reinforcing our commitment to disciplined execution.

Across the Group, key business segments delivered relatively strong operational performance in 2025, demonstrating management agility, market responsiveness and a strong capacity to capitalise on opportunities despite a complex operating landscape. The Investment Banking division achieved a robust performance during the year, underpinned by strong Treasury results and the recovery of credit provisions. The stronger Treasury business was supported by favourable interest rate conditions and active management of foreign exchange exposures within a stable domestic monetary policy environment, enabling the team to deliver risk-adjusted outcomes across trading and liquidity activities.

Notably, the Group's Listed Derivatives business delivered another standout performance, recording its strongest profit in over a decade, driven by sustained market volatility and high participation in key contracts, particularly the Bursa Malaysia Derivatives Crude Palm Oil Futures. This outstanding result is attributable to the ongoing success in broadening market participation through client engagement and efforts to enhance product accessibility and market education, set against a Malaysian derivatives market that achieved a second consecutive year of record volumes, with total annual trading volumes reaching 22.3 million contracts.

Our focus on strategic execution is complemented by the ongoing integration of sustainability considerations across operations and decision-making. This approach continues to be recognised externally, with Kenanga Group remaining a constituent of the coveted FTSE4Good Bursa Malaysia Index with an ESG score of 4.3, which placed the Group as the highest scoring financial institution on the Index and in the 94<sup>th</sup> percentile among Malaysian public listed companies. Among the many accolades we received during the year, we were recognised at the Minority Shareholders Watch Group's National Corporate Governance & Sustainability Awards, the National Annual Corporate Report Awards and The Edge Malaysia ESG Awards, underscoring our dedication to responsible value creation and building the Group's long-term resilience.

**Financial Position**

As at 31 December 2025, the Group and Company maintained strong Total Capital Ratios of 21.8% and 24.3%, respectively, well above Bank Negara Malaysia (“BNM”)’s minimum regulatory requirement of 10.5%, which includes a capital conservation buffer of 2.5% if imposed. Our liquidity position remained robust, with a Liquidity Coverage Ratio of 201%, exceeding the 100% regulatory threshold, while our Net Stable Funding Ratio stood at 120%, also surpassing the mandatory minimum.

The Group sustained its A+ and MARC-1 ratings from the Malaysian Rating Corporation Berhad (“MARC”), with a positive long-term rating outlook, reflecting our ongoing efforts to strengthen financial resilience and maintain our standing in the market. Additionally, our subsidiaries, Kenanga Investors Berhad (“KIB”) and Kenanga Islamic Investors Berhad (“KIIB”), retained their MARC IMR-2 ratings, underscoring our disciplined investment processes and sound risk management practices.

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### Strategic Collaborations and Asset Tokenisation

Innovation through collaboration remains a defining feature of how Kenanga Group strengthens its capabilities and delivers differentiated solutions to clients. By working closely with established financial institutions, fintech partners and technology providers such as Rakuten Trade, Merchantrade and Ant Group, the Group continues to extend its reach, enhance offerings and develop forward-looking solutions in digital finance.

In 2025, the Group helped shape industry thinking on digital assets through the publication of Project Juara: Malaysia's Asset Tokenisation Opportunity, a white paper produced through its asset and wealth management arm, KIB, in collaboration with Saison Capital Pte Ltd, Helicap Labs Pte Ltd and Satori Research Ltd. The paper explored how asset tokenisation could reshape Malaysia's capital markets by broadening access to previously less accessible investment opportunities, reducing minimum investment thresholds, and enhancing transparency, governance and investor protection. Its release garnered attention from industry participants, regulators, and investors alike, highlighting Kenanga Group's role in shaping the national agenda and providing clients with more flexible, inclusive and transparent solutions that complement traditional investment channels.

Further strengthening its capabilities, the Group expanded its digital asset footprint through a strategic investment in Halogen Capital Sdn Bhd, a licensed digital asset management firm, via our private equity arm, Kenanga Private Equity Sdn Bhd. Through this investment, Kenanga Group became the largest institutional shareholder with a 14.9% stake, enhancing our understanding of digital asset structures and operational models while creating a pathway to develop tokenised investment solutions aligned with regulatory expectations and client needs.

At the time of this statement, Kenanga Group marked another significant milestone with the launch of Myrra, a dedicated token platform developed in collaboration with Stellar Development Foundation ("**Stellar**"), a leading global non-profit that supports the Stellar blockchain network. Leveraging Stellar's proven, compliance-forward infrastructure—adopted internationally for institutional-grade asset issuance, cross-border settlement and large-scale

financial inclusion initiatives—the platform houses the first tokenised unit trust funds in Malaysia, namely the Kenanga Money Market Fund and the Kenanga Islamic Money Market Fund managed by KIB. As the first tokenised funds to go live in the country, this initiative broadens investor accessibility while enhancing transparency, operational efficiency and future scalability. Together, these advances form a core building block of an integrated digital asset ecosystem that positions Kenanga Group at the forefront of Malaysia's transition towards a more modern and digitally-enabled capital market.

### Scaling the Digital Ecosystem

A key strategic priority for the Group is further refining its digital ecosystem that enhances client experience and complements our core capabilities.

At the centre of this effort is KDi GO, the Group's digital storefront that provides clients with a single, consolidated view of their financial relationships. By giving clients easier access to information and investment tools, the platform supports more informed decision-making and deeper engagement across the Group's products and services. Throughout the year, enhancements were made to improve onboarding efficiency, platform stability and the overall user experience. These improvements reduce friction for clients and provide a seamless and reliable service as they navigate their wealth and investment options.

KDi GO continues to broaden access to investing and wealth solutions, particularly among mass affluent clients. The platform recorded a 45% year-on-year increase in users, marking one of its strongest periods to date, underscoring a rising appeal for more sophisticated, transparent and self-directed wealth solutions. Adoption remains robust, as its user base continues to grow among individuals entering their peak earning and wealth-accumulating years, with more than 50% of its users above the age of 30, and the 30-40 year-old cohort accounting for 38% of the user population. This representation underscores the Group's commitment to lowering barriers to entry and fostering earlier, more intentional participation in wealth creation among retail investors. In line with this, a blueprint has been developed to steer the expansion into more sophisticated offerings catering to the mass affluent segment and above.

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In parallel, to further expand our digital ecosystem, Kenanga Group has taken steps to enhance its investment in Kinetic DAX Sdn Bhd (formerly known as Tokenize Technology (M) Sdn Bhd) (“KDX”), a fully licensed and regulated digital exchange. We have increased our equity stake in KDX to 81.7%, reflecting our long-term commitment to the development of digital and tokenised assets in Malaysia. We intend for KDX to form a core part of our digital asset journey, serving as a secondary market for listed tokenised assets. Over time, this is expected to facilitate 24/7 trading and fractional ownership of real-world assets, broadening investor access and supporting our efforts to expand tokenised investment solutions within Malaysia’s capital markets.

Alongside these strategic initiatives, the Group continued to emphasise operational efficiency and cost discipline. Key initiatives included optimisation across technology, selective use of offshore support and the centralisation of operational processes. These measures balanced cost control with operational stability, regulatory compliance and readiness to capitalise on strategic opportunities.

### SEGMENTAL REVIEW



#### Stockbroking

In 2025, the Group’s Stockbroking division navigated a year of softer market activity and heightened competition, particularly in the retail segment. It remained focused on sustaining market presence, deepening client relationships, and strengthening operational discipline, while implementing initiatives to enhance engagement and support long-term competitiveness.

Amid these challenging conditions, the business broke-even, delivering a profit before tax of RM0.05 million in FY2025 compared with RM15.4 million in the prior year, reflecting the impact of subdued market activity. Despite the softer environment, the division maintained a retail segment market share of 25.1%, reflecting its leadership among active retail investors. Continued emphasis on cost discipline, recovery initiatives, and diversification of income streams also strengthened underlying financial resilience, helping to cushion market pressures and support operational stability.

Furthermore, several initiatives contributed to stronger client engagement. The “Wake Up to Gold” campaign successfully reactivated 2,320 dormant accounts, against 670 in 2024, boosting retail activity across the client base. At the same time, branch rationalisation initiatives consolidated key operational processes at our headquarters, leveraging on digital platforms to streamline workflows. These measures allowed client-facing staff to focus more effectively on service delivery, supported by centralised operational resources, improving both efficiency and service quality.

Frontline distribution capabilities were also strengthened through the selective hiring of additional remisiers and dealers, expanding client coverage and reinforcing its on-ground presence across key markets.

The Equity Derivatives segment continued to be a key growth driver, retaining its position as Malaysia’s largest issuer of structured warrants. It ranked first in both equity and index warrants by traded value (RM127 billion), representing a market share of 52%. During the year, it launched its first Hang Seng China Enterprises Index structured warrants under its flagship brand, NagaWarrants by Kenanga. This marked a strategic expansion of its East Asia footprint, giving Malaysian investors diversified access to two (2) of Hong Kong’s most influential indices and new opportunities to tap into China’s financial and technology sectors.

Following these efforts, the Stockbroking business continued to be recognised for its leadership and product excellence. Building on its multi-category wins at the Bursa Excellence Awards 2024, the division further strengthened its reputation through a series of accolades where it was named Best Retail Equities Participating Organisation: Investment Bank (Champion), Best Structured Warrants Issuer: Equity Warrants (Champion), and Best Structured Warrants Issuer: Index Warrants (Champion). At the FinanceAsia Awards 2025, it received the award for Most Innovative Use of Technology (Banks), reflecting its commitment to technology-enabled client solutions. The Global Banking & Finance Awards 2025 recognised the Stockbroking division across multiple categories, including Best Investment Bank Malaysia, Best Equity Broker Malaysia, Best Institutional Broker Malaysia, Best Market Maker Malaysia, Best Warrants Issuer Malaysia, and Best Research House Malaysia. Rounding off the year’s achievements, it was also honoured at the SRP Asia Pacific Awards 2025 with the award for Best Educational Initiative.

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Rakuten Trade Sdn Bhd, the Group's joint venture with Rakuten Securities Inc., further enhanced digital capabilities and retail investor engagement. Assets under administration reached approximately RM4.3 billion as of December 2025, with client debut activation at 36%. Key initiatives for the year included promotional brokerage rates and the introduction of US trade amalgamation—a new feature that automatically combines buy or sell trades of the same US stock within the same trading day, the first of its kind in Malaysia—improving execution

efficiency, trading convenience and cost competitiveness for retail investors.

Looking ahead to 2026, the division will continue strengthening its core franchise with a greater focus on retail engagement through the newly established Equity Product Origination (“EPro”) department. EPro will serve as its next engine of innovation, expanding its capabilities beyond traditional equities into a broader suite of accessible and innovative derivative product solutions for the retail market.



### Investment Banking

Kenanga Group's Investment Banking division delivered a robust performance in 2025, with profit before tax increasing to RM22.4 million from RM6.2 million in the previous year. The growth was anchored by the strong contribution of Group Treasury, benefitting from constructive interest rate dynamics and active management across its trading activities. Beyond Group Treasury, the division's performance also reflects disciplined execution across its teams, sustained advisory activity and a continued focus on delivering value-driven solutions for clients.

The Corporate Finance and Equity Capital Markets teams successfully executed the listing of PEOPLEogy Berhad, a digital learning and human capital development solutions provider on the ACE Market of Bursa Securities. They also supported several capital market transactions, including joint underwriter, joint placement agent, joint bookrunner and advisory roles across engagements with ICT Zone Asia Berhad, PMCK Berhad, Oxford Innotech Berhad, the MMC Ports Initial Public Offering, and the private placement by MN Holdings, which raised RM89 million to support its working capital requirements.

In addition to these capital market transactions, it also acted as the independent adviser for several major corporate exercises. These included the proposed acquisition of Lianson Fleet Group Berhad, proposed regularisation plan undertaken by Vantris Energy Berhad (formerly known as Sapura Energy Berhad), the unconditional voluntary takeover offer for FGV Holdings Berhad, the proposed exemptions pursuant to the rights issue by Parkwood Holdings Berhad, Genting Malaysia Berhad's conditional voluntary takeover offer, and the privatisation of Apex Healthcare Berhad.

In Debt Capital Markets, the team acted as joint lead manager and played a major role in the book building for Federal Land Development Authority (FELDA)'s RM1.0 billion issuance under its existing RM9.9 billion Sukuk Murabahah Programme. For corporate deals, it acted as principal adviser, lead arranger, lead manager and facility agent for transactions such as the RM1.0 billion unrated Sukuk programme for Berjaya Japan Developments Berhad, the RM200.0 million bond programme for Berjaya IPS Equity Sdn Bhd (formerly known as Inter-Pacific Capital Sdn Bhd), the RM150.0 million asset-backed securities bond programme for KLG Capital Berhad, backed by KL Gateway Mall, and KIBB's RM500.0 million Tier 1 programme, underscoring the division's ability to structure and execute complex financing solutions.

Within Islamic Capital Markets, the Islamic Markets team, supported by the Shariah Committee, continued to act as Shariah Adviser for KIB's Islamic funds and private mandates. Responding proactively to developments in blockchain and tokenisation, the team also initiated programmes to equip staff with foundational knowledge of real-world asset tokenisation, decentralised finance, and related Shariah considerations, with the aim of offering Shariah Advisory and CPE training courses on these fields in the future.

The Corporate Banking loan book remained steady and closed at approximately RM726 million as at end-December 2025. Despite compressed net interest margins due to competitive funding costs, the division remained focused on structuring tailored financial solutions to meet client needs. Our Corporate Banking team continues to work closely with our Corporate & Institutional Coverage team, as well as other business units, to replenish and grow the loan book while maintaining disciplined portfolio management and prudent risk practices.

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Group Treasury delivered a strong performance in 2025, achieving a profit before tax of RM14.1 million, up from RM3.7 million in the prior year. This growth was driven by disciplined execution across fixed income securities, interest rate management and foreign exchange, with trading and investment in fixed income contributing significantly. The improved results reflect a robust interest rate environment, active management of market volatility, and BNM's accommodative stance and

stable Overnight Policy Rate ("OPR"). Looking ahead, Group Treasury will continue to refine its strategies, focusing on sustainable and consistent income generation while managing risk effectively.

Moving forward, the division remains committed to delivering client-focused solutions, deepening strategic partnerships and supporting growth across its businesses, ensuring continued resilience and long-term value creation.



### Asset and Wealth Management

The Group's Asset and Wealth Management ("GAWM") arm comprises Kenanga Investors Group ("KIG"), which includes KIB, KIIB, Eq8 Capital Sdn Bhd ("Eq8"), and Kenanga Trustees Berhad ("KTB"). Complementing KIG is the KIBB Digital Investment Management arm which collectively form the GAWM division.

In 2025, GAWM reported a profit before tax of RM46.1 million, compared to RM47.0 million in the previous year. The results reflect its focused investments in human capital, operational processes, research and development, and continued digitalisation initiatives, all aimed at achieving sustainable long-term growth and positioning the firm for stronger performance ahead.

Presently, GAWM's comprehensive suite of offerings encompass conventional collective investment schemes, robo-advisory services, portfolio management and a spectrum of alternative investments. Through these capabilities, the firm continues to maintain and grow its presence within its diversified client base which includes mass-retail, middle-high-income, and ultra-high-net-worth investors locally and regionally.

Building on this foundation, KIG has prioritised innovation, introducing new investment solutions to meet evolving investor needs, as well as initiated efforts to drive financial transformation in Malaysia. As part of these efforts, KIG also contributed to the Group's digital asset agenda, including its role in the Project Juara white paper and the tokenisation of its money market funds through the Myrra platform. Complementing these initiatives, under the established Kenanga Alternative Series of funds, which aims to seize emerging opportunities within dynamic markets, the Kenanga Alternative Series: Global Real Assets Fund was launched to offer investors exposure to global real estate, precious metals and commodities through carefully selected exchange-traded funds ("ETF").

KIG's distribution network grew to over 5,900 licensed unit trust and private retirement scheme consultants, making it the second largest in the industry, and its branches are strategically located in major cities to serve investors nationwide.

KIG received multiple accolades for its performance in 2025. The 2026 LSEG Lipper Fund Awards recognised four (4) funds under its Malaysia Provident Fund Awards category. The Kenanga Growth Fund won Equity Malaysia (5-Years), while the Kenanga Growth Fund Series 2 MYR Class received the award for Equity Malaysia Diversified (3-Years). The Kenanga Malaysian Inc Fund was named the winner for Equity Malaysia Diversified (10-Years), and the Kenanga Managed Growth Fund clinched the Mixed Asset MYR Balanced – Malaysia (10-Years) award.

The Hong Kong-based Asia Asset Management's ("AAM") 2026 Best of the Best Awards awarded KIG a total of seven (7) awards including: Best Impact Investing Manager in ASEAN, Malaysia Best Impact Investing Manager, Malaysia Best Equity Manager, Malaysia Best Alternatives Manager, Malaysia Best ESG Engagement Initiative, Malaysia CEO of the Year and Malaysia CIO of the Year. Simultaneously, the AAM ETF Awards 2026 also recognised the Kenanga KLCI Daily 1x Inverse with the title Malaysia Leverage and Inverse ETF of the Year.

The IFN Investor Awards 2025 also honoured the Kenanga Islamic Balanced Fund with multiple accolades; the IFN Investor Best Balanced Mixed Assets Fund in Malaysia – MYR, the IFN Investor Best Balanced Mixed Assets Fund in Asia Pacific and the IFN Investor Best Global Balanced Mixed Assets Fund, illustrating the fund's strong performance.

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Eq8 achieved a major milestone when its application to change its entity type to a conventional fund management company was approved by the Securities Commission Malaysia. This will enable Eq8 to broaden its scope to better serve evolving market demands by offering both Islamic and conventional ETFs. The Eq8 Dow Jones US Titans 50 ETF also secured two (2) major accolades at the IFN Investor Awards 2025 with Best ETF Fund in Malaysia and Best ETF Fund in Asia Pacific, affirming its track record and regional impact. It also clinched the Malaysia ETF Rising Star title at the AAM ETF Awards 2026. The launch of the Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF, the first Waqf-featured ETF on Bursa, led to KIBB's placement on the ESG Select List by the UN Global Compact Network Malaysia & Brunei (UNGCMYB).

In 2025, KTB introduced the Kenanga Trust Series which offers multipurpose wealth solutions for clients to invest, preserve

and distribute their wealth simultaneously. Its primary goal is to provide financial security during the formative years of a client's dependents, especially when the client typically serves as the family's cornerstone. KTB currently provides several options for clients and they are, Kenanga Trust Series – Trust 30, Kenanga Trust Series – Trust 30 Plus+ and Kenanga Trust Series – Trust 30 Kasih.

KIG will continue to focus on curating its products and services to cater to investors within a constantly evolving financial landscape by collaborating with experts to bring additional AI and data-driven strategies to the market, whilst also exploring investments with the overarching objective of widening distribution reach within the region. Through these efforts, KIG seeks to reinforce its position as a trusted partner in asset and wealth management for Malaysians.



### Listed Derivatives Business

The Group's Listed Derivatives Business, Kenanga Futures Sdn Bhd ("**KFSB**"), delivered a record-breaking performance in 2025, posting its highest profit in more than a decade with profit before tax rising to RM8.6 million from RM7.8 million in 2024. This exceptional performance was fuelled by strong execution volumes and its ability to capitalise on market opportunities. During the year, KFSB's execution of Bursa Malaysia Derivatives Berhad ("**BMD**") contracts grew by 11% to 15.5 million contracts, up from 14 million contracts in 2024. As a result, KFSB's market share expanded to 35.7%, reinforcing its position as Malaysia's No. 1 futures broker. Total BMD contract volumes also reached a new record high of 23.3 million, representing a 3% growth from 22.7 million the previous year.

KFSB continued to be recognised for its leadership in Malaysia's derivatives space, building on its achievements at the Bursa Excellence Awards 2024 where it was named Best Overall Derivatives Trading Participant (Champion), Best Institutional Derivatives Trading Participant (Champion), Best Trading Participant: Commodity Derivatives (Champion) and Best Trading Participant: Equity & Financial Derivatives (Champion). These accolades reflect its sustained excellence in derivatives execution, and product expertise as it further strengthened its market position in 2025.

Beyond financial performance, KFSB strengthened its presence on the global stage, participating in key events such as the

Palm & Lauric Oils Price Outlook Conference & Exhibition (POC) 2025, Women in Finance Awards Asia (WIFAA) 2025, Futures & Options World (FOW) Trading Hong Kong 2025, Globoil India 2025 and the Futures Industry Association (FIA) Asia Derivatives Conference 2025 in Singapore.

As part of its ongoing commitment to building a smart derivatives trading community, it continued to expand its education and outreach efforts towards retail participants through thematic initiatives such as the Futures Awaken and Mighty Futures campaigns—all aimed at encouraging broader and informed retail participation in derivatives trading.

Digital engagement continued to lead the company's efforts, marked by its first podcast series aimed at simplifying futures education and broadening access to industry insights. This was complemented by ongoing online education initiatives and targeted salesforce engagement supporting both existing and newly introduced CME Group and BMD products.

As KFSB advances to the next phase of growth, comprehensive efforts will be made with a particular focus on diversifying sales and marketing strategies, enhancing the scalability of new and existing products offerings, as well as exploring new opportunities in the derivatives landscape. These initiatives will further enhance the company's competitiveness and strengthen its leadership in the derivatives market.

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### Risk Management

Malaysia and Southeast Asia by and large, fared relatively well economically in 2025, supported by comparatively strong and resilient domestic consumption, export growth, foreign direct investments due to supply chain repositioning and strategic technology-related investments, such as the building of data centres.

Notwithstanding these positive developments, 2025 presented its fair share of risks and challenges. These included increased market volatility, geopolitical uncertainties and trade tensions; a global environment seemingly hanging on by a thread and clouded by protectionism, unilateralism and hegemonism; intensified cyber threats and third-party vulnerabilities causing disruptions to banking services; and varying Environmental, Social and Governance (“ESG”) prioritisation across markets.

Driven by the increasing digitalisation and interconnectedness of the world, fortifying the Group's operational agility, resilience and versatility remained a top priority. This principle-led approach guides how we manage risk, while maintaining vigilance and engaging in strategic, measured and purposeful risk-taking.

Over the past year, the Group maintained strong asset quality and portfolio performance despite the challenging macro and micro-economic and financial market conditions. We continued to focus on our strategic business niches and maintain diversified risk-taking portfolios to strengthen resilience and support sustainable long-term growth. Notwithstanding financial risks, it remains imperative to invest in resources that enhance operational and technological resilience. Amongst others, cyber threats emerged as a critical operational and technology risk, prompting targeted investments to reinforce our cyber posture, modernise technology solutions, improve business continuity capabilities and mitigate third-party vendor risks.

Given the speed at which risks can materialise, establishing risk appetites and tolerances, developing leading indicators, avoiding over-concentration, stress testing our business and operating models and maintaining adequate buffers remain essential. In parallel, advancements in AI present new opportunities to strengthen internal controls and risk management capabilities.

Managing climate change risk is also core to our sustainability efforts. As part of our decarbonisation initiatives, the Group has taken proactive steps to manage climate and sustainability risks, ensuring we deliver on our sustainability commitments and create positive impact and value for stakeholders. In 2025, we developed the Sustainability Risk Management Framework and continued to enhance the Climate Change Risk Management Framework, strengthening risk governance and practices supported by relevant policies, procedures, and methodologies.

Moving forward, the Group will continue to invest in talent and technology to support its objectives. We remain confident that our team is well-equipped to address future challenges, backed by a strong capital and funding structure, a robust risk culture focused on fundamentals and enhanced operational and technological resilience.

 More information on Risk Management and Internal Controls can be found on pages 139 to 143 of this Integrated Annual Report 2025.

### Outlook for 2026

After a stronger-than-expected 2025 gross domestic product (“GDP”) growth of 5.2%, Malaysia's economy is projected to grow at 4.5% in 2026, at the midpoint of the latest BNM's projection of between 4.0% and 5.0%. Demand for electrical & electronic and AI-related exports, steady tourism activity, and domestic demand will continue to provide support to overall growth despite uncertainties surrounding the ongoing conflict in the Middle East and higher tariffs.

The first year under the 13<sup>th</sup> Malaysia Plan is pivotal, as effective execution will be crucial to transforming the country into a high-income nation. Beyond attracting high-value industries, emphasis is placed on strategic spending to support innovation and growth, including initiatives in AI as highlighted in Budget 2026.

A steadier Ringgit is expected to partially support consumer sentiment. Coupled with efforts under Visit Malaysia 2026, following a record 42.2 million visitors in 2025, domestic consumption is anticipated to remain resilient, notwithstanding potential inflationary pressures arising from geopolitical developments in the Middle East. On the investment front, Malaysia is well-positioned to capitalise on a record-high approved investments pipeline in 2025 and robust foreign direct investment interest.

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Even as these domestic fundamentals remain supportive, the global operating environment is characterised by heightened uncertainty. Geopolitical tensions remain elevated as conflict in the Middle East continues to drive volatility, with developments around the Strait of Hormuz and broader regional dynamics pushing energy price higher, weighing on risk sentiment, and causing disruption to businesses. In addition, the pace of China's economic recovery, ongoing supply chain realignments within ASEAN and broader geopolitical shifts will require careful monitoring. Against this backdrop, sustaining competitiveness while managing potential cost pressures will remain a key focus for local businesses.

For financial markets, we anticipate a combination of a stable Overnight Policy Rate of 2.75%, steady domestic policy, and investor confidence to support participation in the local stock market. Following a strong tally of 60 IPOs in 2025, Malaysia's ability to sustain a vibrant IPO landscape in 2026 will focus on market capitalisation and quality, with an emphasis on attracting larger and higher-quality listings to deepen market breadth and resilience.

Sustainability and inclusive growth will remain key priorities. The phased implementation of sustainability reporting standards, including climate risk disclosure, begins in 2026, complemented by anticipated progress on carbon tax policies affecting energy-intensive sectors such as iron, steel and energy. These initiatives are designed to strengthen corporate resilience, support long-term competitiveness and encourage responsible business practices.

Against this evolving backdrop, Kenanga Group remains cautiously optimistic about the outlook ahead. Our focus is firmly on execution—strengthening recurring income streams, further optimising cost efficiency across the Group, and continuing to broaden our product offerings to meet evolving client expectations. At the same time, we are placing increased focus on deepening our foothold in the mass affluent segment, while continuing to enhance our digital capabilities across the Group to improve operational effectiveness, client engagement, and scalability. Building on Kenanga Group's 52-year legacy in the capital markets, these efforts will reinforce execution discipline and operational resilience, positioning the Group to deliver sustainable, long-term value for clients, shareholders, and the broader market.

### Acknowledgements

I wish to record my sincere appreciation to our Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, whose counsel and foresight continue to guide the Group's long-term direction and values.

My appreciation also extends to our Chairman, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, and the Board of Directors for their stewardship during a year marked by market uncertainty and heightened competition. Your leadership has been pivotal in reinforcing discipline, strengthening governance and ensuring strategic clarity across the Group.

I am equally grateful to my colleagues across all levels of the organisation. In a demanding operating environment, your professionalism, commitment and willingness to adapt enabled the Group to sustain momentum, and progress key priorities for future growth.

I would also like to thank our shareholders, clients and business partners for their continued confidence and collaboration. Finally, I would like to thank our regulators and policymakers, particularly Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia Berhad, whose efforts in strengthening market integrity and inclusiveness provide a vital foundation for industry development.

With the collective support of our stakeholders, the Group remains well-positioned to build on its strengths and pursue sustainable growth in the years ahead.

### DATUK CHAY WAI LEONG

Group Managing Director