

**PRESS RELEASE
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**Kenanga Investment Bank Reports RM179.8 Million Revenue and RM12.4 Million Profit
Before Tax in Q1 2023**

Kuala Lumpur, 31 May 2023: Kenanga Investment Bank Berhad (“**Kenanga**” or “**The Group**”) today announced its financial results for the first quarter ended on 31 March 2023 (“**1Q23**”).

The Group reported revenue of RM179.8 million and profit before tax (“**PBT**”) of RM12.4 for 1Q23 compared to the corresponding period in the previous year (“**1Q22**”) when revenue and PBT were RM184.9 million and RM21.5 million respectively. Net profit for the period stood at RM10.4 million vis a vis RM16.9 million in the same period last year. The results were primarily influenced by lower brokerage fee income, management fee income and higher information technology expenses.

Kenanga’s Stockbroking division recorded revenue of RM70.7 million against RM84.8 million in 1Q22, while it registered loss before tax (“**LBT**”) of RM5.3 million against PBT of RM8.2 million in the same period last year. The decrease is attributed to a decline in net brokerage, interest income and other income resulting from lower trading volumes on the local bourse. Bursa Malaysia’s Average Daily Value dropped by 15% year-on-year due to lower trading activities by retail and domestic institutional investors. Despite these challenges, Kenanga continues to reinforce its position as one of the largest retail stockbrokers in the market by maintaining a retail segment market share of 25.9% as of 31 March 2023, similar to the previous corresponding quarter.

The Group’s Investment Banking division registered an increase in revenue of RM52.5 million in 1Q23, in comparison to the revenue of RM40.5 million in 1Q22, while PBT dipped to RM1.2 million against RM2.3 million in the previous corresponding period as a result of higher interest expense with partial mitigation from higher fee income and trading income. Notwithstanding, the division took a step forward by filing for the listing of an Initial Public Offering in 1Q23 and anticipates improved income from its pipeline.

Its Investment and Wealth Management division recorded revenue of RM50.9 million and PBT of RM8.8 million, compared to the revenue and PBT of RM59.6 million and RM14.5 million respectively in 1Q22 due to lower performance fee income and other income from alternative investment products, along with higher marketing expenses. Nevertheless, the division registered a net growth of RM1.3 billion in Asset Under Administration, closing at RM20.8 billion, up 6.6% from 1Q22.

The Group's Listed Derivatives division reported higher revenue of RM6.1 million and PBT of RM1.7 million compared to the revenue and LBT of RM4.5 million and RM0.1 million respectively from the same period last year. The improvement was primarily due to higher interest income generated.

The Money Lending and Financing division recorded revenue of RM1.6 million in 1Q23 compared to the revenue of RM2.2 million in 1Q22 due to lower interest income and fees income subsequent to the disposal of a partial interest in its subsidiary, Kenanga Capital Islamic. However, the division recorded higher PBT of RM6.6 million in 1Q23 compared to RM0.3 million in 1Q22 mainly driven by dividend income and gains on the disposal of the subsidiary.

“Our economy has been impacted by the global economic slowdown and the adoption of more stringent global monetary measures aimed at tackling inflationary pressures. Despite the potential risks to growth posed by external factors, our expectations of lower political risk premiums, robust domestic demand, a projected rise in tourist arrivals, and increased investments will help mitigate any adverse effects. The unity government's expansionary fiscal policy and clear policy direction, as seen in the revised Budget 2023 will also continue to support growth,” said Datuk Chay Wai Leong, Group Managing Director of Kenanga Investment Bank Berhad.

“Although our growth outlook for the Group remains vulnerable to external risks, we maintain cautious optimism in 2023. Our Equity Broking business is focused on the retail market and continues to introduce new products to the market, the latest being fractional shares trading via Rakuten Trade,” added Datuk Chay.

“Additionally, our Investment Banking division is actively completing its mandates, which is expected to increase its revenue compared to the previous year. We also anticipate our Asset Management business to perform well, supported by higher Asset Under Management and an expanded sales network,” concluded Datuk Chay.

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About Kenanga Investment Bank Berhad (197301002193 (15678-H))

Established for almost 50 years, Kenanga Investment Bank Berhad (“**The Group**”) is a financial group in Malaysia with extensive experience in equity broking, investment banking, treasury, Islamic banking, listed derivatives, investment management, wealth management, structured lending and trade financing.

An innovative and established home-grown brand, the Group’s digital ambition includes building a robust digital ecosystem that meets the needs of its clients and businesses. Some of its game-changing products include Malaysia’s fully online digital stockbroking platform Rakuten Trade and a fully A.I. robo-advisor, Kenanga Digital Investing. The Group also launched Malaysia’s first securities broking e-wallet, Kenanga Money, paved the way in AI-led Quan and algorithmic trading, kick-started a revolutionary supply chain financing solution for SMEs and made inroads into the digital assets space through its investment in Tokenize Technology (M) Sdn.Bhd.

The Group has garnered a host of awards and accolades reflecting its strong market position. It was awarded Highest Returns to Shareholder Over Three Years, Highest Growth in Profit After Tax Over Three Years and Highest Return on Equity Over Three Years by The Edge Malaysia Centurion Club in the Financial Services Category, Best Overall Equities Participating Organisation (Champion), Best Retail Equities Participating Organisation (Champion), and Best Online Retail Participating Organisation (Champion), as well as Best Institutional Derivatives Trading Participant (Champion) and Best Overall Derivatives Trading Participant (1st Runner Up) in the Bursa Excellence Awards 2022. The Group was also accorded the title of Best House, South and Southeast Asia Award in the SRP Asia Pacific Awards 2022.

The Group continues to be a regular and repeat recipient of distinguished industry accolades, such as the Lipper, Fundsupermart and Morningstar awards. Rakuten Trade, Malaysia’s first fully digital securities broker in 2017 via a joint venture with Japanese fintech giant Rakuten Securities Inc was also named Malaysia’s Digital Experience of the Year – Brokerage at the Asian Experience Awards 2022. For its continued efforts towards community outreach and employee volunteerism, the Group was awarded the coveted Bank of the Year Award for Environmental, Social & Governance Excellence, as well as Long-Standing Excellence in Sustainability at Sustainability & CSR Malaysia Awards 2022. The Group is also a Participant of the United Nations Global Compact and adheres to its principle-based approach to responsible business.

Today, Kenanga Investment Bank Berhad is an award-winning leading independent investment bank in the country with a continuous commitment towards driving collaboration, innovation, digitalisation and sustainability in the marketplace.

This Press Release was issued by Kenanga Group’s Marketing, Communications & Sustainability Department.

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