

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

**DEAR
SHAREHOLDERS,**

The year 2024 was a testament to the resilience, adaptability, and forward momentum of Kenanga Investment Bank Berhad (“**Kenanga**” or “**KIBB**” or “**the Company**”) and its Group of Companies (“**Kenanga Group**” or “**the Group**”).

In a rapidly evolving market landscape, we remained steadfast in our commitment to delivering value, achieving key milestones that reinforced our ability to navigate complexity while positioning ourselves for continued growth. Each of our core business pillars—Stockbroking, Investment Banking, Asset and Wealth Management, and Listed Derivatives—played a vital role in driving our performance and strengthening our foundation for the future.

Global and domestic markets faced significant headwinds throughout the year. Inflationary pressures, geopolitical tensions, and shifting monetary policies contributed to heightened market volatility. Central banks, particularly in developed economies, walked a fine line between controlling inflation and supporting economic growth. The US Federal Reserve's interest rate decisions shaped capital flows worldwide, while trade uncertainties—including US-China relations and regional conflicts—added layers of unpredictability to the global economic landscape.

In Malaysia, despite these challenges, the economy demonstrated remarkable strength. Gross Domestic Product (“**GDP**”) grew 5.1%, supported by strong domestic demand, higher investment and steady exports in key sectors such as electronics and palm oil. Government policies, including subsidies



and price controls, helped contain inflation at a manageable 1.8%, while unemployment fell to a record low of 3.1% at the end of 2024, signalling a stable job market. However, currency fluctuations and intensifying competition in core industries mirrored broader regional trends.

In this environment, Kenanga Group continued to build on its momentum, leveraging both our robust business strategies and the resilience of our people to deliver exceptional performance. We have made notable strides in multiple

GROUP MANAGING DIRECTOR'S MANAGEMENT,
DISCUSSION AND ANALYSISKey
Highlights
from
2024

Revenue

RM1.0 billion

Operating Profit

RM155.5 million

Profit Before Tax

RM117.2 million

Dividend Declared

8.0 sen

SEGMENTAL REVIEW

**Stockbroking**

Page 18

**Investment Banking**

Page 18

**Asset and Wealth Management**

Page 19

**Listed Derivatives Business**

Page 20

**DATUK CHAY
WAI LEONG**Group
Managing
Director

fronts—digital transformation, sustainability, and product innovation. As we lay the groundwork for our next phase of growth, our forward-thinking approach positions us to continue contributing to the future of financial services.

Overview

Amidst a volatile market landscape in 2024, I am pleased to report that Kenanga Group delivered one of our strongest financial performances to date. For the Financial Year Ended 31 December 2024 (“FY2024”), we achieved record-breaking results, with Revenue reaching RM1.0 billion and Operating Profit surging to RM155.5 million—the highest in a decade. Profit Before Tax (“PBT”) climbed to RM117.2 million, while Net Profit stood at RM95.8 million.

This result was driven by a significant revaluation gain on strategic investments through our Private Equity arm, along with the outstanding performance of our Listed Derivatives subsidiary, recording a 44% increase in contract volume and delivering its strongest performance in ten (10) years. The momentum was reinforced by the resilience of

our Stockbroking division, which defended its retail market share of 25.3% amid heightened market volatility and intensifying competition, as well as the strength of our Investment Banking division, capitalising on a vibrant capital markets environment marked by renewed investor confidence, increased deal-making activity, and stronger liquidity flows. Our Asset and Wealth Management arm, Kenanga Investors Group, further solidified its position as one of Malaysia’s top asset managers, expanding its product suite and leveraging its fast-growing agency force. Assets Under Administration grew to RM23.5 billion despite challenging market conditions.

Each of these businesses plays a distinct and indispensable role in Kenanga’s ecosystem—like interlocking pieces of a larger puzzle. It is this synergy, built over decades, that has allowed us to demonstrate a diversified earnings base, weather market cycles, seize opportunities, and consistently create long-term value for our shareholders.

This same spirit of collaboration and solidarity, allowed us to clinch the overall Champion title at the Malaysian Investment Banking

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

Association Annual Games 2024, a first for us. Competing against our industry peers, this victory is more than just a sporting achievement—it exemplified the same competitive drive, teamwork, and discipline that define our organisation. We are incredibly proud of our employees, whose excellence—both on and off the field—embodies the commitment that drives our success.

I would like to take this opportunity to express my sincere gratitude to our shareholders, employees, clients, and regulators for their unwavering support throughout the year. It is through your trust and collaboration that we have been able to achieve our goals and continue to evolve in line with our long-term vision. Together, we will navigate the opportunities and challenges ahead, striving for excellence in all that we do.

Advancing Our Digital Ecosystem

A key milestone in our digitalisation journey was the launch of KDi GO in 2024—an all-in-one Wealth SuperApp designed to revolutionise how individuals engage with their finances. More than just a platform, KDi GO represents our vision of democratising access to wealth management, breaking down traditional barriers to financial services, and fostering greater financial inclusion.

For the first time, investors can seamlessly access a full spectrum of financial solutions—from AI-driven robo-advisory tools to retail payments and money remittance—all within a single, intuitive application. By integrating equities, cash management, robo-advisory, and even alternative assets such as cryptocurrencies, KDi GO empowers users to take control of their financial future with ease and confidence.

Looking ahead, Phase 2 of KDi GO will introduce advanced AI-driven personalisation, refining the user experience and deepening customer engagement. This next evolution of the platform will harness data-driven intelligence to offer tailored investment strategies, intuitive financial planning tools, and an even more seamless digital experience.

With KDi GO, we are not just building a platform—we are shaping the future of finance. Our commitment remains clear: to make investing smarter, financial management simpler, and wealth creation accessible to all.

Beyond the SuperApp, we continued to push the boundaries of digital innovation, empowering both clients and intermediaries. In 2024, we introduced significant enhancements to the Remisier portal, ensuring our remisiers have the tools needed to thrive in an increasingly digital and fast-moving landscape. With the largest network of remisiers in Malaysia, we remain dedicated to

equipping our business partners with cutting-edge solutions that enable them to better serve clients and stay competitive in a fast-evolving market.

Another key milestone in 2024 was the successful consolidation of our customer database, a pivotal step in enhancing data intelligence, streamlining data management and deepening our insights into client behaviour and market trends. This integration augments our ability to deliver hyper-personalised, targeted engagement, optimise service delivery, and create seamless digital experiences that resonate with client needs. This initiative is instrumental in shaping the next phase of our digital journey, enabling a fundamental shift toward a more agile, and customer-centric digital ecosystem.

From the launch of KDi GO to the transformation of the Remisier portal, and the strengthening of our data ecosystem, we are laying the groundwork for a future where finance is more accessible and seamless. As the industry evolves, our commitment remains steadfast: to lead with innovation, drive financial inclusion, and redefine how Malaysians engage with financial services.

Commitment to Sustainability

In 2024, we continued to advance our sustainability agenda, focusing on delivering meaningful and measurable impact. A landmark achievement was the launch of the world's first Waqf-featured exchange-traded fund (“**ETF**”), uniquely integrating financial returns with social impact.

Beyond product innovation, we have also made significant strides with the development of a Decarbonisation Roadmap—a comprehensive framework to guide our transition to low-carbon economy. Part of our efforts was the establishment of a baseline for Scope 3 emissions from our investment activities, providing the critical foundation needed to manage climate-related risks and align with evolving regulatory and investor expectations on responsible investing.

At the operational level, we took tangible steps to reduce our emissions. The adoption of the Green Electricity Tariff enabled over 90% of Kenanga Tower's electricity to be sourced from renewable energy, reinforcing our commitment to sustainability while supporting Malaysia's broader decarbonisation goals.

These efforts, alongside our commitment to sustainability and responsible business practices were reaffirmed as Kenanga Group maintained its place on the FTSE4Good Bursa Malaysia Index, ranking in the 92nd percentile among Malaysian public listed companies.


GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

Our progress was further reinforced by multiple prestigious accolades. At the Euromoney Securities Houses Awards 2024, Kenanga was named Best Securities House for ESG in Malaysia. Our commitment to fostering a purpose-driven corporate culture was recognised at the United Nations Global Compact Malaysia-Brunei Forward Faster Sustainability Awards 2024, where we received the Sustainability Awareness and Employee Engagement Award.

Kenanga Investors Group continued to lead in impact investing, earning the titles of Malaysia's Best Impact Investing Manager and Best Impact Investing Manager in ASEAN at the Asia Asset Management 2025 Best of the Best Awards. The firm was also awarded the Malaysia Best ESG Engagement Initiative title.

Kenanga Group was also honoured at the prestigious National Corporate Governance and Sustainability Awards 2024, organised by the Minority Shareholder Watchdog Group. We were awarded the Top 20 Overall Excellence Award and the Niche Cap Excellence Award, placing us among the Top 20 out of 854 Malaysian public listed companies.

As a financial institution, governance is more than just compliance—it is the foundation of trust, resilience, and long-term value creation. In an industry where fiduciary responsibility and risk management are paramount, these awards underscore the rigour of our governance framework, the strength of our risk controls, and our commitment to transparency and accountability. They validate the principles that have guided Kenanga for over five decades: acting in the best interests of our stakeholders, upholding the highest ethical standards, and ensuring responsible stewardship of our corporation.

 For a more detailed account of our sustainability efforts, please refer to our Sustainability Report 2024.

Corporate Highlights

In 2024, we increased our equity stake in Merchantrade Asia Sdn Bhd (**"Merchantrade"**)—Malaysia's largest Money Services Business operator—from 4.7% to 19.9%, making Kenanga its second-largest shareholder. This strategic move deepens our foothold in the digital payments space, leveraging Merchantrade's platform to drive co-development of innovative products, such as the Kenanga Money e-wallet, one of the core offerings available on the KDi Go Wealth SuperApp.

Beyond payments, we continued to invest in high-impact digital businesses that align with the Group's long-term strategy. In 2024, we made a strategic investment in Helicap Pte Ltd (**"Helicap"**), a leading Singapore-based fintech firm, through a fund managed by Kenanga Investors Group. Collectively, we have taken an 8% stake in Helicap, with plans to further increase our stake to approximately 10% in the near future, making us the largest institutional investor in the company. This partnership broadens our regional footprint, providing access to Helicap's extensive investor network and opening new opportunities in offshore capital, co-origination, and syndication efforts across Malaysia and Singapore.

As we accelerate our expansion in digital finance, our focus remains on driving innovation, strengthening market relevance, and unlocking new avenues for growth. Through strategic investments and technology-driven partnerships, we are reinforcing Kenanga's role as a key player in this region's evolving financial landscape.

Financial Position

As at 31 December 2024, the Group and Company maintained strong Total Capital Ratios of 23.0% and 24.7%, respectively, well above Bank Negara Malaysia'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 185.4%, exceeding the 100% regulatory threshold, while our Net Stable Funding Ratio stood at 111.3%, 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 and Kenanga Islamic Investors Berhad, retained their MARC IMR-2 ratings, underscoring our disciplined investment processes and sound risk management practices.

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

BUSINESS SEGMENTAL REVIEW



Stockbroking

The Group's Stockbroking division demonstrated strength in 2024, navigating periods of heightened market volatility, including the January market sell-off and the sharp fluctuations in Hong Kong equities in October. Despite these challenges, the division performed commendably, supported by strong recovery efforts and disciplined cost management, enabling it to adapt and maintain stability throughout the year.

While credit losses were incurred due to these market events, effective recovery measures and disciplined cost controls allowed the division to achieve a PBT of RM15.4 million in 2024, compared to RM16.1 million in the previous year. It also maintained an overall market share of 9.6%, with a 25.3% share in the retail segment, reinforcing its position as a key player in Malaysia's brokerage industry despite increasing competition from new entrants.

The Equity Derivatives business delivered a strong performance, maintaining its leadership as the largest issuer of warrants in Malaysia and holding the highest market share in warrant participation. Demand for Over-the-Counter solutions, particularly among corporate clients, also increased significantly, broadening the division's product offerings. Its success in this space was recognised with multiple accolades from regional financial organisations such as Most Innovative Use of Technology – NagaWarrants By Kenanga by FinanceAsia Awards 2024, and Best Use of Social Media – Bronze by The Loyalty & Engagement

Awards 2024, further solidifying its leadership in the sector.

Complementing the division's performance, Rakuten Trade Sdn Bhd, the Group's joint venture partnership with Rakuten Securities Inc., sustained its growth trajectory with Assets Under Administration reaching RM4.6 billion by December 2024—a 12% year-on-year increase. It also maintained a 5.5% share of the retail market, reinforcing its role in Malaysia's digital investment landscape. Its contribution to fintech-driven investing were recognised with the DigiTech Awards 2024 for Fintech-Digital Investments & Trading Solutions, underscoring its impact on the evolution of online trading solutions.

The division's commitment to excellence was also recognised when it received the Best Retail Equities Participating Organisation (Investment Bank) (Champion), Best Structured Warrants Issuer (Equity Warrants) (Champion) and Best Structured Warrants Issuer (Index Warrants) (Champion) awards from Bursa Malaysia, reflecting its consistent industry leadership.

Building on this momentum, the division remains focused on strengthening its retail presence by introducing innovative investment solutions, such as algorithmic trading platforms. Enhanced marketing strategies will continue to drive product awareness and engagement, further solidifying its market leadership in a competitive brokerage landscape.



Investment Banking

Kenanga Group's Investment Banking division delivered a solid performance in 2024, with PBT rising to RM6.2 million from RM5.7 million in the previous year. Despite impact of provisions, the division demonstrated its ability to navigate complex market conditions, capitalising on strategic advisory mandates and well-structured transactions.

The Corporate Finance and Equity Capital Markets ("ECM") teams successfully executed a series of Initial Public Offerings ("IPO") across diverse industries, reinforcing its position as a key player in Malaysia's capital market. Notable transactions included the listing of Well Chip Group Berhad, marking Malaysia's third successful pawnbroking IPO, and Kucingko Berhad, the country's first public listed animation company. The division also served as Principal Adviser, Sponsor, Underwriter, and Placement Agent for Vetece Holdings Berhad, as well as played a critical role in the successful transition of Supreme Consolidated Resources Berhad from the LEAP Market to the

ACE Market. In addition, the ECM team acted as the Joint Underwriter and Joint Placement Agent for MKH Oil Palm (East Kalimantan) Berhad's IPO exercise.

Beyond IPOs, the division further strengthened its position as a trusted advisor in advisory transactions as well as in fundraising, supporting transactions such as the mandatory takeover of Ranhill Utilities Berhad by SIPP Power Sdn Bhd, a subsidiary of YTL Power International Berhad. It was also the independent advisor to Icon Offshore Berhad on its acquisition of maritime assets. Its ability to deliver tailored financing solutions was demonstrated in Magma Group Berhad's RM100 million redeemable convertible notes issuance, designed to enhance its capital structure.

In Debt Capital Markets, the division facilitated several landmark Sukuk issuances, including Prasarana Malaysia Berhad's RM1.4 billion Sukuk under its RM17 billion Sukuk Murabahah

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

Programme, which was oversubscribed by 1.8 times. It also managed Berjaya Yokohama Sdn Bhd's RM1 billion Sukuk programme for overseas expansion and structured financing solutions such as the RM100 million Wira Pertiwi Sdn Bhd's Sukuk programme, backed by Istana Negara's facilities management concession, and the RM200 million asset-backed securities programme under Qiradh Capital Sdn Bhd. Its Islamic Markets team further strengthened its leadership in Shariah-compliant finance, advising on Islamic funds and integrating ESG principles into Islamic investment frameworks.

On the Corporate Banking front, the division's loan book grew to RM707.2 million by year-end. Despite compressed net interest margins due to competitive funding costs, it remained focused on structuring tailored financial solutions to meet client needs.



Asset and Wealth Management

The Group's Asset and Wealth Management ("**GAWM**") arm comprises Kenanga Investors Group ("**KIG**"), which includes Kenanga Investors Berhad ("**KIB**"), Kenanga Islamic Investors Berhad ("**KIIB**"), Eq8 Capital Sdn Bhd ("**Eq8 Capital**"), and the newly established Kenanga Trustees Berhad ("**KTB**"). Complementing KIG is the KIBB Digital Investment Management arm, and together they form the GAWM division. In 2024, GAWM reported a PBT of RM47.0 million, compared to RM58.7 million in the previous year. The results reflect provisions incurred during the year, as well as the company capitalising on shifts in market sentiment, implementing strategic initiatives to support future growth and strengthen business resilience.

GAWM remains focused on expanding its distribution reach, new market segments and a comprehensive suite of offerings encompassing conventional collective investment schemes, robo-advisory services, portfolio management, and a spectrum of alternative investments. Through these capabilities, GAWM is able to diversify and grow its client base, catering to 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. During the year, KIG launched the Kenanga Alternative Series, a suite of funds designed to address investors' evolving needs while capitalising on emerging opportunities in dynamic market segments. As part of this launch, the Kenanga Alternative Series: Income Opportunities Fund was introduced, aiming to generate stable and attractive returns by investing in an open-ended Asian private credit fund specialising in the alternative lending sector managed by Helicap, a leader in alternative lending.

Furthermore, Group Treasury delivered an exceptional turnaround, achieving a PBT of RM3.7 million, a sharp recovery from the RM1.8 million loss recorded the previous year. This was driven by stronger trading income and improved profitability from the foreign exchange business. Fixed income securities business also performed well, supported by Bank Negara Malaysia's accommodative stance and stable Overnight Policy Rate ("**OPR**"). Moving forward, Group Treasury will continue diversifying its product portfolio and refining its strategy to build a more consistent and stable income stream.

With a strong foundation across Corporate Finance, Debt Capital Markets, Corporate Banking, and Treasury, the division remains focused on delivering innovative financial solutions, deepening client relationships, and strengthening Malaysia's capital markets with agility and expertise.

Another key addition was the Kenanga Alternative Series: Islamic Global Responsible Strategies Fund, which provides exposure to Shariah-compliant global equities by leveraging AI-driven investment strategies. Meanwhile, the Kenanga Alternative Series: Strategic (SEA) Fund was introduced as a close-ended fund, to provide capital growth to high-net-worth investors over the medium term. The fund will invest regionally in equities and equity-related securities of companies that have established leadership positions in the financial technology space and are on a path towards readiness for an IPO or merger and acquisition event.

KIG also continued to expand its presence in the ETF market through Eq8 Capital, which unveiled a new corporate identity and enhanced access to EQ8US50, its best-performing ETF. A major milestone was the listing of the world's first Waqf-featured ETF, the Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF, on Bursa Malaysia, reflecting its commitment to innovation in socially responsible investing. The Waqf ETF aims to distribute income annually with half of the income distribution to be allocated as Waqf assets and the remaining half payable to unitholders. In recognition of its efforts, Eq8 Capital clinched the Special Award – Thought Leadership at the Bursa Malaysia Excellence Awards 2024.

In 2024, KIG expanded into legacy planning with the launch of KTB and its Kenanga Will Series, as well as Kenanga Wasiat Series, simplifying estate planning for clients across different financial backgrounds. Meanwhile, Private Client Advisory Service continued to offer tailored wealth management solutions for high-net-worth individuals, reinforcing KIG's role as a trusted partner in succession and estate planning across different segments of the Malaysian population.

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

To support business expansion, KIG's distribution network grew to 5,500 licensed unit trust and private retirement scheme consultants, making it the second-largest in the industry. Its reach was further strengthened by fourteen (14) regional offices, including new locations in Miri and Kuching.

KIG received multiple accolades for its performance in 2024. The 2025 LSEG Lipper Fund Awards recognised the following funds; Kenanga DividendEXTRA Fund was awarded Equity Malaysia Diversified (3-Years) under the Malaysia Fund Awards category. Under the Malaysia Provident Funds Awards category, Kenanga Malaysian Inc Fund was awarded Equity Malaysia Diversified (10-Years), Kenanga Balanced Fund was awarded Mixed Asset MYR Bal – Malaysia (10-Years) and Kenanga Managed Growth Fund was named Mixed Asset MYR Flexible (10-Years). The Kenanga SyariahEXTRA Fund was awarded Mixed Asset MYR Bal – Malaysia under the Malaysia Islamic Funds Awards category. The Morningstar Awards 2025 awarded the Kenanga Blue Chip Fund with Best Malaysia Large-Cap Equity Fund title.

The Hong Kong-based Asia Asset Management's 2025 Best of the Best Awards awarded KIG a total of nine awards including: Malaysia Best Retail Asset Management Company, 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 Fund Launch of the Year, Malaysia CEO of the Year and Malaysia CIO of the Year.

The BrandLaureate BestBrands Awards 2023 – 2024 named the firm Brand of the Year (Wealth Management & Investment Solutions). The Kenanga Growth Fund Series 2 was awarded Sector Equity - Malaysia Focused by the FSMOne Recommended Unit Trusts Awards 2024/2025. For its efforts in financial planning, it received the MFPC Excellence in Financial Planning Advancement Award by the Malaysian Financial Planning Council for Financial Planning Educational Impact and Outreach in Malaysia.

Looking ahead, KIG remains dedicated to expanding its offerings to address the evolving needs of investors and capitalise on emerging market opportunities. Future initiatives will focus on delivering innovative solutions designed to optimise returns, diversify risks and align with its clients' financial objectives, and these include strategies emphasising diversified portfolios across asset classes, tailored goal-based investment options and advanced quantitative and algorithm-driven approaches. In addition, KIG aims to harness growth opportunities in high-potential regional markets. Through these efforts, KIG seeks to strengthen its position as a trusted partner in asset and wealth management.



Listed Derivatives Business

The Group's Listed Derivatives arm, Kenanga Futures Sdn Bhd ("KFSB"), delivered its highest profit in over a decade, with PBT rising to RM7.8 million in FY2024 from RM6.2 million the year before. This exceptional performance was driven by strong execution volumes and strategic initiatives under the THRIVE 2024 – 2026 Business Plan Blueprint ("THRIVE Blueprint"), a strategic roadmap designed to reinforce KFSB's market leadership.

During the year, KFSB's execution of Bursa Malaysia Derivatives Berhad ("BMD") contracts surged by 44% to 14 million contracts, up from 9.7 million in 2023. Meanwhile, total BMD contract volumes hit a new record high of 22.7 million in 2024—a 28% growth from 17.8 million contracts recorded a year ago. This strong growth led to KFSB's market share expanding to 33%, further solidifying its position as the country's No. 1 Futures broker. Execution volumes for CME Group ("CME") products also saw exceptional growth, increasing by 56% year-on-year.

KFSB's sterling performance was recognised at the Bursa Excellence Awards 2024, where the company 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).

Adding to the momentum, Ms. Azila Abdul Aziz, Chief Executive Officer/ Executive Director & Head of Listed Derivatives, KFSB, was named the Chief Executive of the Year at the Futures & Options World ("FOW") Asia Pacific Awards 2024.

Beyond financial performance, KFSB strengthened its presence on the global stage, engaging with industry stakeholders through key events such as the Palm & Lauric Oils Price Outlook Conference & Exhibition (POC) 2024, Women in Finance Awards Asia (WIFAA) 2024, FOW Trading Singapore 2024 and the Futures Industry Association (FIA) Asia Derivatives Conference 2024. At the same time, the business expanded its outreach to retail investors through initiatives such as Futures ON-THE-GO and Mastering Futures, which aimed to enhance financial literacy and promote derivatives trading. Digital engagement also remained a priority, with KFSB continuing its series of online public education efforts and salesforce engagements to promote both new and existing CME and BMD products.

As KFSB advances to the next phase of its THRIVE Blueprint, its focus will be on expanding the product suite, enhancing infrastructure, and capitalising on opportunities in Shariah-compliant and ESG-linked derivatives. These initiatives will further strengthen its leadership in the derivatives market.

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

Risk Management

2024 was marked by no shortage of surprises, with an increased number of unexpected risk events and untoward market volatilities that unfolded with greater frequency than in previous years—impacting both domestic and global landscapes. These events frequently set off unexpected ripple effects far beyond their initial triggers, driven by growing market interconnectedness.

In an increasingly challenging, sophisticated, and dynamic digitalised financial services landscape, reinforcing our business versatility, operational agility, and resilience remained a key priority. This continues to drive our approach in managing core principal risks, while staying constantly vigilant and engaging in strategic, measured, and purposeful risk-taking.

While we continued to manage financial risks to support the Group's sustainable performance and growth, it remains imperative to invest continuously in resources that strengthen operational and technological resilience. With increasing reliance on technology and the interconnectedness of digital networks within an increasingly complex online ecosystem, cybersecurity has emerged as a critical operational risk area for the Group. Accordingly, we have made targeted investments to enhance our cyber defenses and safeguards through modernised technology solutions, improved business continuity capabilities, and mitigation of third-party vendor risks.

In parallel, advancements in artificial intelligence present new opportunities to further strengthen our internal controls and risk management capabilities.

Managing 'Climate Change Risk' is core to our sustainability. As part of our decarbonisation efforts, the Group has taken necessary steps to proactively manage climate risk to ensure we deliver our sustainability commitments through creation of positive impact and value for all stakeholders. Considering these wide-ranging implications of climate risks on our portfolios, we continued to enhance our Climate Change Risk Management Framework ("CCRMF") in order to remain strong in our risk governance and practices supported with sound and relevant policies, procedures and methodologies.

Much is expected to see continued challenges and 'surprises' in 2025 amidst radical geopolitical uncertainties, technology disruptions and escalation of trade wars, we are confident that the team stands ever ready to face and tackle the challenges ahead. We have built a strong capital and funding structure, formidable risk culture that focuses on risk fundamentals, enhanced operational and technology resilience and risk management capabilities.

More information on Risk Management and Internal Controls can be found on pages 126 to 130 of this Integrated Annual Report 2024.

Outlook for 2025

Malaysia enters 2025 navigating a more complex global landscape, shaped by evolving geopolitical dynamics, shifting trade policies, and volatile international markets. Domestically, economic activity is expected to remain resilient, supported by rising household income, higher tourist arrivals, an ongoing technology upcycle, and the rollout of previously approved investments underpinned by record-high allocations under the Federal Budget 2025.

However, external headwinds persist. Escalating trade frictions, particularly the uncertainties of US tariff actions, may disrupt global supply chains, dampen sentiment, and constrain external demand. In addition, uncertainty surrounding China's recovery may also weigh on regional economic prospects.

While near-term outlook remains cautious, Malaysia's friendly trade and investment policies, position the country to capture opportunities arising from shifting trade and investment flows, which may help cushion some of the prevailing downside risks.

Despite rising global economic uncertainty, Bank Negara Malaysia is expected to maintain the OPR at 3.00% throughout 2025, balancing stability and economic growth. The current monetary stance aligns with Malaysia's ongoing structural reforms and initiatives under the Madani government, laying the groundwork for sustained growth.

GROUP MANAGING DIRECTOR'S MANAGEMENT, DISCUSSION AND ANALYSIS

The equity market is expected to remain dynamic, supported by a stable political environment and a vibrant IPO landscape that continues to attract retail participation. Stock-picking strategies will be underpinned by several thematic investment opportunities, while market volatility may present selective opportunities for those able to navigate the evolving landscape of global trade, technological advancements, and geopolitical shifts.

For Kenanga, 2025 will be a pivotal year as we execute on our strategic priorities aimed at driving sustainable growth. With a strong focus on digital innovation, we are scaling our core businesses and enhancing customer engagement through technology-driven solutions that simplify and elevate the financial services experience.

In line with this, the upcoming enhancements to KDi GO demonstrate our commitment to reshaping how we deliver financial services, ensuring a more seamless, accessible experience for our customers. At the same time, we are exploring regional opportunities, with a particular focus on Southeast Asia, where we aim to replicate the success we have achieved in Malaysia.

As we look ahead, our priorities remain focused on strengthening recurring income streams, optimising cost efficiencies, and diversifying our product offerings. With a disciplined approach to execution and a clear vision for the future, Kenanga Group is well-positioned to capture emerging opportunities and create lasting value for all stakeholders.

Acknowledgements

As we conclude 2024, I would like to extend my deepest gratitude to our Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail. Her invaluable advice, guidance, and leadership continue to inspire and shape Kenanga's enduring legacy.

To our Chairman, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, and our Board of Directors, your strategic oversight and steadfast guidance ensure that we remain agile and well-positioned in an evolving financial landscape. I would also like to thank my fellow colleagues, whose dedication, expertise, and resilience have been instrumental in driving our success across all facets of the business.

To our shareholders, clients, and business partners, your trust and confidence fuel our ambition to continuously push boundaries, delivering value across a comprehensive range of financial solutions. As an all-rounder in the industry, we take pride in our ability to serve diverse market segments with an integrated suite of offerings, from stockbroking to investment banking, asset and wealth management, and listed derivatives.

Lastly, I would like to express my appreciation to our regulators and policymakers, in particular Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia Berhad, for fostering a robust and inclusive financial ecosystem that enables us to thrive.

With the continued support of all our stakeholders, I am confident that Kenanga Group will continue to chart new milestones and create lasting value in the years ahead.

DATUK CHAY WAI LEONG

Group Managing Director