



Futures Broking

Given the markets' volatility that led to increase in hedging activities on Derivatives Exchanges, Kenanga Futures Sdn Bhd ("KFSB") registered a lower Loss Before Tax ("LBT") of RM1.8 million, relative to the LBT of RM2.7 million in FY2020.

KFSB has made best use of this period to rollout several corporate and business development initiatives as part of the Group's long-term sustainability objectives. The first was the launch of a new strategic business blueprint, ASCENT 2023, which will serve as the foundation for KFSB's business development over the next three (3) years.

Over the course of FY2021, KFSB undertook its fifth annual nationwide retail campaign (Accelerate into the Future) to encourage greater retail client trade of Bursa Malaysia Derivatives products as well as those listed on the world's largest financial derivatives exchange, CME Group. Furthermore, KFSB also continued with its popular online public outreach and education efforts, with a series of twenty-eight (28) live webinars and five (5) Facebook Live sessions focusing on futures and derivatives trading in Malaysia. These initiatives also included the April 2021 launch of KF Virtual Trading - a trading simulation platform designed to introduce derivatives trading to retail clients who are new to these products.

KFSB continues to be recognised as top Malaysian futures broker with two (2) awards received during Bursa Excellence Awards 2021, which are the 'Best Institutional Derivatives Trading Participant' (Champion) and 'Best Overall Derivatives Trading Participant' (2nd Runner Up).



Money Lending and Financing

The Group's Structured Lending and Trade Financing division recorded a PBT of RM1.6 million in FY2021 compared to RM1.9 million the preceding year. This was due primarily to the reduction of the financing loan book to RM64.7 million in 2021 from RM71.1 million in 2020 as a result of loan maturity, as well as weaker market demand for asset monetisation and structured lending.

Given these challenges, the division intensified digital marketing efforts over the year, launching a new dedicated website (www.kenangacapital.com.my) and enhancing social media engagement, as well as stakeholder engagement particularly with remisers and other members of the Kenanga Group. The division also began

working in close partnership with CapBay, a leading supply chain financial technology company, to provide seamless access to digital supply chain financing solutions. These efforts are expected to begin yielding positive results moving into 2022 as the economy gradually reopens and normalises once again.

RISK MANAGEMENT

Navigating through the unpredictability and many uncertainties amid the turbulent macro-economic and market conditions during the year, the Group continued to exercise prudence and diligence in our risk management practices. Many challenges were overcome with resilience and agility in managing the key risks particularly in the context of credit risk and market risk portfolio in view of the increased dynamism in trading activities and demand for the Group's digital services.

We continued to maintain meticulous risk management oversight and management processes that emphasise the enforcement of established policies and procedures. In order to promote sustainability and preserve the quality of our assets, we took on a conservative risk approach with a more selective and defensive risk posture to safeguard the health of our portfolios. Throughout the year, we conducted comprehensive risk review assessments, scenario analyses, stress test and performed rigorous adaptations of appropriate facility and trading strategies in regard to their respective exposures. This proved effective as events unfolded and resulted in well-contained and managed credit and market risk portfolios.

The Group remains fully committed to strengthening risk resilience, as well as, enhancing of our risk management approaches, methodologies and strategies. We have put in place risk management processes, complemented by a robust governance structure, implementation of policies and procedures, established methodologies, as well as risk processes that are constantly reviewed and enhanced.

In 2021, our main focus was on providing a secure and safe environment to our employees and customers, persevered the stability of all critical operations to support business continuity, responded swiftly to operational vulnerabilities in our process and minimised disruption in our supply chain. As the pandemic continued to pose risks to our operational resilience arising from digital adoption and a significant shift in working arrangements, efforts were made to fortify the vibrancy of Operational Risk Management and Business Continuity Management of the Group to ensure the preparedness, responsiveness and robustness in managing event risk especially in this unprecedented COVID-19 pandemic environment.