



CHAIRMAN'S MESSAGE

IZLAN IZHAB
Chairman

DEAR SHAREHOLDERS,

Amid challenging market conditions in 2019, with the Malaysian economy registering the slowest growth in 10 years of 4.3%, Kenanga Investment Bank Berhad (“**KIBB**”) continued to demonstrate its resilience as it drew from its long-standing experience serving Malaysia’s capital market.

For the Financial Year Ended 31 December 2019 (“**FYE2019**”), Kenanga Investment Bank and Its Group of Companies (“**Kenanga Group**” or “**the Group**”) recorded a Profit Before Tax (“**PBT**”) of RM43.0 million, relative to RM28.9 million from the year before. This was mainly attributed to a reversal of impairments that occurred in FYE2018, and higher management fee income, as well as trading and investment gains from our fixed income portfolio.

On the back of these results, the Board of Directors is pleased to declare a dividend of 3.25 sen per share, amounting to dividend payable of approximately RM22,707,344 for FY2019.

I am confident that the Group will continue to build on the strengths that have made it the largest independent investment bank in Malaysia to deliver sustainable growth for all stakeholders.

Throughout the year, of the many laudable successes, I am most pleased to note the continued momentum behind solidifying corporate governance within the organisation, fortifying its checks and balances that are paramount in ensuring professional conduct and decision making, and reinforcing the foundation for a sustainable journey.

TECHNOLOGY GOVERNANCE

With the burgeoning adoption of technologies within the organisation to meet the changing demands of customers, and transform the way we work to deliver greater efficiencies, a Group Board Digital Innovation & Technology Committee was established to provide oversight on the Group-wide technology agenda, as well as to address associated vulnerabilities that may surface.

In line with this, a three (3)-year strategic Digitisation Roadmap was drawn up, identifying key areas to ensure we build the right capabilities to future-proof our business. This exercise will see the Group strengthen its technology infrastructure to ensure it remains reliable and resilient, at the same time, sufficiently agile to develop exciting products for the new generation of investors.

To execute the Roadmap, a dedicated Digital Ventures Team, was tasked to champion the design and development of digital products, complementing an existing team that focuses on transforming and improving the complexities of daily workflows within the organisation.

I believe our approach to innovation puts us in good stead to harness new opportunities that will catalyse growth for over the long-term.

DRIVING SUSTAINABILITY

While we have consciously been working on our sustainability journey over the last few years, this year, we formalised a Sustainability Roadmap that charts our focus areas for the next three (3) years. This will be supported by the establishment of a sustainability governance structure led by a Sustainability Committee made up of members from multidisciplinary project teams from various departments within our Group. The Committee will be endorsed by the Board of Directors, and is targeted to commence operations in FYE2020.

We hope this will grease the wheels for more inclusive discussions around issues we are facing, uncover the intricate links between everything we do and foster a deeper appreciation for how our actions and decisions impact the longevity of our business.

PROMOTING ETHICS AND GOOD GOVERNANCE

Good governance forms a key component of our DNA as a financial institution. We believe we have a role to play, not only in upholding high standards of conduct internally, but also to work hand in hand with authorities and regulators in propagating fraud awareness, so as to enable a holistic approach in combating fraud that truly moves the needle.

Our Ethics Blueprint which we have put in place, marks the cornerstone of our commitment to integrity and ethics. This is underscored by our annual Fraud Awareness Week (FAW), which we hold in conjunction with the International Fraud Awareness Week to raise promote fraud prevention and anti-fraud education. FAW2019, our third event since 2017, featured interactive activities, games and quizzes designed to demonstrate fraud awareness, detection and prevention.

In addition to our employees, the event's anti-fraud activities were also extended to regulatory, enforcement and professional bodies, financial institutions and vendors. It is our hope that our event will influence and serve as an example not only for the financial services industry, but also the rest of corporate Malaysia in fighting fraud.

It is heartening to note that for all the projects and initiatives we aggressively drive to achieve commercial success, we also take seriously the practice of ethics, integrity and governance in equal measure. It is a high bar that we have set for ourselves, and one which we are committed to living up to.

More information on this can be found in the Ethics and Compliance Statement on pages 60 to 68 of this Annual Report.

THE YEAR AHEAD

The new decade has kicked off to a tumultuous start, triggered by the COVID-19 global health emergency. While the full ramifications of the outbreak are yet to be seen, we are already starting to witness many sectors hard-hit by it. Against this grim backdrop, Malaysia is expected to register slow growth, consistent with uncertainties of the global outlook.

Despite the cautious sentiments, I am confident the Group, with its sound financial governance, has the resources and experience to rise up to these challenges, and will continue to progress and deliver on the business plans. We have the stewardship of good leaders on board, and the commitment of talented people. Their resilience and adaptability to adjust their sails, will enable the Group to continue seizing opportunities for growth.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to the Group's Founder and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail for her guidance and wise counsel throughout my tenure. I would also like to thank my fellow Board Members and the Management for their unwavering stewardship, and all the people of KIBB for their continuous support.

Finally, I wish to convey my appreciation to our valued customers, business partners, suppliers and shareholders for their continued trust in the Group, as well as to Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia Berhad for their advice and support.

IZLAN IZHAB
Chairman