



KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2021

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
ASSETS					
Cash and short-term funds	A3	239,834	68,275	239,834	68,275
Deposits and placements with banks and other financial institutions	A4	6,157	6,644	6,157	6,644
Gold depository		101,876	104,130	101,876	104,130
Equity instruments at FVOCI	A6	-	18	-	18
Debt instruments at FVOCI	A5	3,616,918	3,948,972	3,616,918	3,948,972
Financing, advances and other receivables	A7	3,984,949	4,190,380	3,984,949	4,190,380
Other assets	A8	122,865	120,391	122,865	120,391
Hedging financial instruments	A9	4,501	7,310	4,501	7,310
Statutory deposits with Bank Negara Malaysia		4,393	17,372	4,393	17,372
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A10	66,885	73,559	66,885	73,559
Property and equipment		22,064	22,893	22,064	22,893
Intangible assets		13,719	15,983	13,719	15,983
Deferred tax assets		25,454	6,971	25,454	6,971
		8,209,615	8,582,898	8,219,815	8,593,098
LIABILITIES					
Deposits from customers	A11	4,276,825	4,485,272	4,292,735	4,501,003
Investment accounts of customers	A13	6,157	6,644	6,157	6,644
Deposits and placements of banks and other financial institutions	A12	2,063,124	2,141,227	2,063,124	2,141,227
Hedging financial instruments	A9	3,048	8,661	3,048	8,661
Lease Liabilities	A10	69,967	76,278	69,967	76,278
Other liabilities	A14	78,879	87,249	78,869	86,968
		6,498,000	6,805,331	6,513,900	6,820,781
SHAREHOLDER'S EQUITY					
Share capital	A15	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		286,343	352,295	280,643	347,045
		1,711,615	1,777,567	1,705,915	1,772,317
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		8,209,615	8,582,898	8,219,815	8,593,098
COMMITMENTS AND CONTINGENCIES					
	A22	1,177,959	1,316,293	1,177,959	1,316,293
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A23	35.429%	35.672%	34.993%	35.277%
Total Capital Ratio	A23	36.554%	36.808%	36.115%	36.411%
NET ASSETS PER SHARE (RM)					
		1.20	1.25	1.20	1.24

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

<u>Group</u>	Note	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Continuing Operations</u>					
Operating revenue		99,679	107,617	193,941	216,752
Income derived from investment of depositors' funds and others	A16	76,647	81,618	150,067	170,081
Income derived from investment of investment account funds	A20	29	41	59	92
Income derived from investment of shareholder's equity	A17	23,003	25,957	43,815	46,580
Total gross income		99,679	107,617	193,941	216,752
Modification loss	B5	-	(54,182)	-	(54,182)
Credit loss (charge)/writeback on financial assets	A18	(6,430)	(6,697)	(24,106)	(5,454)
Total distributable income		93,250	46,738	169,834	157,116
Income attributable to the depositors	A19	(32,684)	(48,702)	(64,296)	(104,874)
Profit distributed to investment account holders	A20	(17)	(25)	(35)	(55)
Total net income		60,549	(1,988)	105,503	52,188
Personnel expenses		(14,088)	(17,162)	(29,103)	(36,189)
Other overheads and expenditures		(15,895)	(17,169)	(34,150)	(34,314)
Profit before zakat and taxation		30,566	(36,320)	42,250	(18,315)
Taxation		(7,108)	(3,576)	(10,088)	(7,904)
Net profit for the period		23,458	(39,895)	32,162	(26,219)
<u>Discontinued Operations</u>					
Loss before zakat and taxation from discontinued operations		(3)	17	(87)	(306)
Taxation		-	-	-	-
Loss after zakat and taxation for the year from discontinued operations	A21	(3)	17	(87)	(306)
Net profit for the period		23,455	(39,878)	32,075	(26,525)
Attributable to:					
Equity holders of the Bank		23,455	(39,878)	32,075	(26,525)
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		1.65	(2.80)	2.25	(1.86)

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(672174-T)
(Incorporated in Malaysia)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Net profit for the period	23,455	(39,878)	32,075	(26,525)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised gain on securities held at FVOCI	39,662	88,950	(110,053)	76,412
- Net realised (loss)/gain on securities held at FVOCI reclassified to the income statement	(18,725)	-	(18,725)	-
Exchange differences on translation of foreign operations:				
Net (loss)/gain taken to equity	62	(123)	537	724
Income tax relating to components of other comprehensive income	(5,402)	(20,175)	30,214	(17,668)
Other comprehensive income for the period, net of tax	15,597	68,652	(98,027)	59,468
Total comprehensive income for the period	39,051	28,773	(65,952)	32,943
Total comprehensive income for the period attributable to equity holders of the Bank	39,051	28,773	(65,952)	32,943

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(Incorporated in Malaysia)

INTERIM CONDENSED INCOME STATEMENTS

Bank	Note	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue		99,679	107,647	193,941	216,812
Income derived from investment of depositors' funds and others	A16	76,647	81,618	150,067	170,081
Income derived from investment of investment account funds	A20	29	41	59	92
Income derived from investment of shareholder's equity	A17	23,003	25,987	43,815	46,640
Total gross income		99,679	107,647	193,941	216,812
Modification loss	B5	-	(54,182)	-	(54,182)
Credit loss (charge)/writeback on financial assets	A18	(6,430)	(6,697)	(24,106)	(5,454)
Total distributable income		93,249	46,768	169,834	157,176
Income attributable to the depositors	A19	(32,684)	(48,702)	(64,296)	(104,874)
Profit distributed to investment account holders	A20	(17)	(25)	(35)	(55)
Total net income		60,548	(1,959)	105,503	52,248
Personnel expenses		(14,088)	(17,162)	(29,103)	(36,189)
Other overheads and expenditures		(15,894)	(17,169)	(34,150)	(34,314)
Profit before zakat and taxation		30,566	(36,290)	42,250	(18,255)
Taxation		(7,108)	(3,576)	(10,088)	(7,904)
Net profit for the period		23,458	(39,865)	32,162	(26,159)

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(672174-T)
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INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Bank				
Net profit for the period	23,458	(39,865)	32,162	(26,159)
Other comprehensive income/(loss):				
Debt securities at FVOCI:				
- Net unrealised gain on securities held at FVOCI	39,662	88,950	(110,053)	76,414
- Net realised (loss)/gain on securities held at FVOCI reclassified to the income statement	(18,725)	-	(18,725)	-
- Changes in allowance for expected credit losses	-	-	-	-
Income tax relating to components of other comprehensive income	(5,402)	(20,175)	30,214	(17,668)
Other comprehensive income for the period, net of tax	15,535	68,775	(98,564)	58,745
Total comprehensive income for the period	38,993	28,910	(66,402)	32,586

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	FVOCI Reserve RM'000		Retained Earnings RM'000
Group						
At 1 Jan 2021	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Total comprehensive income	-	-	537	(98,564)	32,075	(65,952)
At 30 June 2021	1,425,272	170,648	3,798	92,938	18,959	1,711,615
At 1 January 2020						
At 1 Jan 2020	1,425,272	170,648	3,546	117,800	91	1,717,357
Total comprehensive income	-	-	(285)	73,702	(13,207)	60,210
At 31 December 2020	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Bank						
At 1 Jan 2021	1,425,272	170,648	-	191,502	(15,105)	1,772,317
Total comprehensive income	-	-	-	(98,564)	32,162	(66,402)
At 30 June 2021	1,425,272	170,648	-	92,938	17,057	1,705,915
At 1 January 2020						
At 1 Jan 2020	1,425,272	170,648	-	117,800	(2,325)	1,711,395
Total comprehensive income	-	-	-	73,702	(12,780)	60,922
At 31 December 2020	1,425,272	170,648	-	191,502	(15,105)	1,772,317

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group		Bank	
	30-Jun 2021 RM'000	30-Jun 2020 RM'000	30-Jun 2021 RM'000	30-Jun 2020 RM'000
Profit before zakat and taxation	42,163	(18,315)	42,250	(18,255)
Adjustments for non-cash items	34,148	73,184	36,534	73,543
Operating profit before changes in working capital	76,311	54,869	78,784	55,288
<u>Changes in the working capital</u>				
Net changes in operating assets	162,770	397,575	162,770	397,557
Net changes in operating liabilities	(277,665)	(432,691)	(276,341)	(427,307)
Net cash generated from operating activities	(114,895)	(35,116)	(113,571)	(29,750)
Net purchases of assets	206,346	(16,921)	206,346	(18,437)
Net cash used in investing activities	206,346	(16,921)	206,346	(18,437)
Net change in cash and cash equivalents	167,762	2,833	171,559	7,103
Cash and cash equivalents at beginning of the period	68,275	61,870	68,275	61,870
Exchange differences on translation of opening balances	3,798	4,270	-	-
Cash and cash equivalents at end of the period	239,834	68,973	239,834	68,973

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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**Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for
Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia**

A1 Performance Review

The Group and the Bank recorded a profit before tax of RM42.2 million and RM42.3 million respectively for the period ended 30 June 2021.

A2 OUTLOOK FOR 2021

The Malaysian economy is expected to record a positive growth in 2021, from a contraction of 5.6% in 2020. The country's strong economic fundamentals and well-diversified economy will help to support its economic growth and the strong rebound in growth will also be driven by the anticipated improvement in global growth and trade.

Nevertheless, the monetary policy is expected to remain supportive of economic growth whilst ensuring price stability in 2021. Inflation dynamics are also expected to favour a more accommodative monetary policy stance for Malaysia going into 2021.

The successful containment of the pandemic and sustained recovery in external demand will be the major factors affecting the Malaysian economy. The challenging global economic environment has prompted Malaysia to rely more on domestic demand to prop up growth. Despite a challenging domestic and external environment, the Malaysian economy is likely to remain positive in 2021.

A3 Cash and short term funds

Cash and balance with banks and other financial institutions
Money at call and interbank placement with remaining
maturity less than one month

Less : ECL allowance

Group and Bank	
30 Jun 2021	31 Dec 2020
RM'000	RM'000
159,906	67,419
81,079	1,357
240,985	68,776
(1,151)	(501)
239,834	68,275

A3.1 Impairment allowance for cash and short term funds

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

<u>Group and Bank</u>	30-Jun-21			Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	240,985	-	-	240,985
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	240,985	-	-	240,985

<u>Group and Bank</u>	31-Dec-20			Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	68,776	-	-	68,776
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	68,776	-	-	68,776

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**Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for
Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia**

A3.1 Impairment allowance for cash and short term funds (Cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

30 June 2021 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	68,776	-	-	68,776
Net remeasurement of outstanding balance	88,581	-	-	88,581
New financial assets originated or purchased	145,500	-	-	145,500
Financial assets that have matured	(61,872)	-	-	(61,872)
Gross carrying amount as at 30 June 2021	240,985	-	-	240,985

30 June 2021 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	501	-	-	501
Allowance made during the year	650	-	-	650
ECL allowance as at 30 June 2021	1,151	-	-	1,151
Net carrying amount (after ECL)	239,834	-	-	239,834

31 December 2020 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	61,951	-	-	61,951
Net remeasurement of outstanding balance	(238,349)	-	-	(238,349)
New financial assets originated or purchased	249,005	-	-	249,005
Financial assets that have matured	(3,831)	-	-	(3,831)
Gross carrying amount as at 31 December 2020	68,776	-	-	68,776

31 December 2020 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	81	-	-	81
Allowance reversed during the year	420	-	-	420
ECL allowance as at 31 December 2020	501	-	-	501
Net carrying amount (after ECL)	68,275	-	-	68,275

A4 Deposits and placements with banks and other financial institutions

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
6,157	6,644

Bank Negara Malaysia ^

^ The placement with Bank Negara Malaysia are funded by investment accounts of customers as disclosed in Note A14.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5 Debt instruments measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,616,918	-	-	3,616,918
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,616,918	-	-	3,616,918

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,948,972	-	-	3,948,972
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,948,972	-	-	3,948,972

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

<u>Group and Bank</u>	30 Jun 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 30 Jun 2021	3,616,918	-	-	3,616,918

<u>Group and Bank</u>	30 Jun 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	25,300	-	-	25,300
Allowance made during the year	-	-	-	-
ECL allowance as at 30 Jun 2021 *	25,300	-	-	25,300

* The ECL allowance for financial instruments measured at FVOCI is grouped together with FVOCI reserves under equity.

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**Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for
Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia**

A5 Debt instruments measured at FVOCI (Cont'd.)

<u>Group and Bank</u>	31 Dec 2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Fair value amount as at 31 Dec 2020	3,948,972	-	-	3,948,972

<u>Group and Bank</u>	31 Dec 2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
ECL allowance as at 1 January 2020	25,300	-	-	25,300
Allowance made during the year	-	-	-	-
ECL allowance as at 31 Dec 2020 *	25,300	-	-	25,300

* The ECL allowance for financial instruments measured at FVOCI is grouped together with FVOCI reserves under equity.

A6 Equity instruments measured at FVOCI

The table below shows the fair value of the Bank's equity instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Musyarakah Capital Investment	-	18
	-	18

The Bank grants Musyarakah financing as part of the Bank's activities in accordance with the principles of Shariah. The equity participation that forms part of the financing structure is called Musyarakah capital investment which is carried at fair value. The Bank's participation in the entities involved is limited to safeguarding its interest under the Musyarakah financing. The exposure on the Musyarakah contract is fully settled in April 2021.

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A7 Financing, Advances and Other Receivables

i) At amortised cost

		Group and Bank	
		30 Jun 2021 RM'000	31 Dec 2020 RM'000
Term financing			
- House financing		1,109,597	1,134,637
- Personal financing		996,457	1,062,545
- Cashline financing		6,409	5,733
- Syndicated financing		145,235	140,043
- Hire purchase receivables		670,982	712,719
- Other term financing		1,417,868	1,471,305
Credit card		39	46
Staff financing		20,574	22,511
		4,367,161	4,549,539
Less : Modification loss		(47,173)	(47,173)
		4,319,988	4,502,366
Less: Impairment allowances			
- Stage 1 Financing		(83,373)	(63,323)
- Stage 2 Financing		(93,025)	(88,524)
- Stage 3 Financing		(154,979)	(156,476)
Net financing and advances to customers		3,988,612	4,194,043
Less: Impairment allowances			
- Stage 1 Undrawn		(1,615)	(1,615)
- Stage 1 Trade facilities		(2,048)	(2,048)
- Stage 2 Trade facilities		-	-
Net financing, advances and other receivables		3,984,949	4,190,380

ii) By contract

		Group and Bank	
		30 Jun 2021 RM'000	31 Dec 2020 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)		1,960,699	2,039,837
Murabahah (cost-plus)		2,303,833	2,399,854
Mudharabah (profit sharing)		43,705	43,705
Qard (benevolent financing)		1,282	1,196
Musyarakah (profit and loss sharing)		9,541	16,814
Istisna'		888	914
Ujrah (Credit card)		39	46
		4,319,988	4,502,366

iii) By type of customer

		Group and Bank	
		30 Jun 2021 RM'000	31 Dec 2020 RM'000
Business enterprises			
- Small medium enterprises		255,862	270,133
- Others		1,283,442	1,330,532
Individuals		2,780,684	2,901,701
		4,319,988	4,502,366

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A7 Financing, Advances and Other Receivables (Cont'd.)

(iv) By residual contractual maturity

Maturity within one year
More than one year to three years
More than three years to five years
More than five years

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
1,379,106	1,423,277
162,064	170,143
208,532	215,891
2,570,286	2,693,055
4,319,988	4,502,366

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
4,315,513	4,497,715
3,154	3,315
1,321	1,336
4,319,988	4,502,366

(vi) By profit rate sensitivity

Fixed rate
- House financing
- Hire purchase receivables
- Syndicated financing
- Term financing
Variable rate
- House financing
- Term financing

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
2,925	2,627
670,982	698,496
145,235	140,043
827,344	917,293
1,106,672	1,132,010
1,566,830	1,611,897
4,319,988	4,502,366

(vii) By economic purpose

Purchase of transport vehicles
Purchase of landed properties
- residential
- non-residential
Purchase of fixed assets
Working capital
Construction
Personal use
Other purposes

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
674,266	716,213
1,140,783	1,160,623
170,369	188,825
3,377	4,126
1,122,176	1,133,034
149,911	147,899
980,887	1,047,394
78,219	104,252
4,319,988	4,502,366

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A7 Financing, Advances and Other Receivables (Cont'd.)

viii) By sector

Construction
Electricity, gas and water
Finance, insurance and business services
Household
Manufacturing
Agriculture, hunting, forestry & fishing
Real Estate
Transports, storage and communication
Wholesale & retail trade and restaurants & hotels
Others

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
329,874	362,114
49,613	54,967
101,037	113,933
2,780,684	2,901,701
150,712	155,980
135,130	106,773
263,275	274,383
114,039	120,785
379,622	393,714
16,002	18,016
4,319,988	4,502,366

(ix) Financing by types and Shariah contract

	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujarah	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,099,255	76	-	9,377	-	888	-	1,109,597
Personal financing	-	962,605	-	-	906	-	-	963,511
Syndicated financing	-	145,235	-	-	-	-	-	145,235
Cashline financing	-	6,409	-	-	-	-	-	6,409
Hire purchase receivables	656,755	-	-	-	-	-	-	656,755
Other term financing	187,886	1,186,276	43,705	-	0	-	-	1,417,868
Staff financing	16,802	3,231	-	164	377	-	-	20,574
Credit card	-	-	-	-	-	-	39	39
Total	1,960,699	2,303,833	43,705	9,541	1,282	888	39	4,319,988

		Group and Bank						
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujarah	Total
31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,125,639	79	-	8,006	-	914	-	1,134,637
Personal financing	-	1,028,576	-	-	1,018	-	-	1,029,594
Syndicated financing	-	140,043	-	-	-	-	-	140,043
Cashline financing	-	5,733	-	-	-	-	-	5,733
Hire purchase receivables	698,496	-	-	-	-	-	-	698,496
Other term financing	197,269	1,221,695	43,705	8,637	0	-	-	1,471,306
Staff financing	18,434	3,729	-	171	177	-	-	22,511
Credit card	-	-	-	-	-	-	46	46
Total	2,039,837	2,399,854	43,705	16,814	1,196	914	46	4,502,366

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A7 Financing, Advances and Other Receivables (Cont'd.)

xii) Movements in ECL on financing, advances and other receivables (cont'd.)

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Stage 3 ECL		
At 1 Jan	156,476	156,413
Allowance made during the year	955	2,224
- Allowance made	10,528	17,091
- Allowance written-back	(9,573)	(14,867)
Amount written off	(2,506)	(3,278)
Reinstatement of previously written down accounts	54	1,117
Closing balance	154,979	156,476

xiii) Impaired financing by sector

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Finance, insurance and business services	6,320	6,289
Household	41,422	41,390
Manufacturing	83,089	83,061
Real Estate	167,512	175,950
Wholesale & retail trade and restaurants & hotels	10,754	10,754
	309,097	317,444

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A7 Financing, Advances and Other Receivables (Cont'd.)

xiii) Impairment allowance for financing and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,735,647	-	-	3,735,647
Past due but not impaired	-	275,243	-	275,243
Individually impaired	-	-	309,098	309,098
Total	3,735,647	275,243	309,098	4,319,988

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,886,242	-	-	3,886,242
Past due but not impaired	-	298,680	-	298,680
Individually impaired	-	-	317,444	317,444
Total	3,886,242	298,680	317,444	4,502,366

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to financing and advances to customers is, as follows :

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	3,886,242	298,680	317,444	4,502,366
Transfer to 12-month ECL	51,379	(47,186)	(4,193)	-
Transfer to lifetime ECL not credit impaired	(56,288)	56,867	(579)	-
Transfer to lifetime ECL credit impaired	(3,143)	(5,382)	8,525	-
Net remeasurement of outstanding balance	(110,374)	193,435	267,880	350,941
New financial assets originated or purchased	1,296,379	-	-	1,296,379
Financial assets that have matured	(1,328,548)	(221,171)	(277,474)	(1,827,193)
Write-offs	-	-	(2,506)	(2,506)
Gross carrying amount as at 30 June 2021	3,735,647	275,243	309,098	4,319,988

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	66,986	88,524	156,476	311,986
Transfer to 12-month ECL	8,515	(5,260)	(3,255)	-
Transfer to lifetime ECL not credit impaired	(1,559)	2,135	(576)	-
Transfer to lifetime ECL credit impaired	(69)	(296)	365	-
Allowance (writeback)/made during the year	13,163	7,922	4,420	25,505
Write-offs	-	-	(2,506)	(2,506)
Reinstatement of previously written down accounts	-	-	54	54
ECL allowance as at 30 June 2021	87,035	93,025	154,979	335,039
Net carrying amount (after ECL)	3,648,612	182,218	154,118	3,984,949

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A7 Financing, Advances and Other Receivables (Cont'd.)

xiii) Impairment allowance for financing and advances to customers (Cont'd.)

Group and Bank	31-Dec-20			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2020	4,481,839	258,881	301,426	5,042,146
Transfer to 12-month ECL	62,953	(55,882)	(7,071)	-
Transfer to lifetime ECL not credit impaired	(48,220)	49,141	(921)	-
Transfer to lifetime ECL credit impaired	(4,463)	(10,908)	15,371	-
Net remeasurement of outstanding balance	(59,416)	212,397	276,881	429,862
New financial assets originated or purchased	1,376,423	-	-	1,376,423
Financial assets that have matured	(1,876,643)	(154,007)	(264,964)	(2,295,614)
Modification loss	(46,231)	(942)	-	(47,173)
Write-offs	-	-	(3,278)	(3,278)
Gross carrying amount as at 31 December 2020	3,886,242	298,680	317,444	4,502,366

Group and Bank	31-Dec-20			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
ECL allowance as at 1 January 2020	83,180	16,140	156,413	255,733
Transfer to 12-month ECL	7,092	(3,327)	(3,765)	-
Transfer to lifetime ECL not credit impaired	(819)	1,739	(920)	-
Transfer to lifetime ECL credit impaired	(83)	(804)	887	-
Allowance made during the year	(22,384)	74,776	6,023	58,415
Reinstatement of previously written down accounts	-	-	(3,278)	(3,278)
Write-offs	-	-	1,117	1,117
ECL allowance as at 31 December 2020	66,986	88,524	156,476	311,986
Net carrying amount (after ECL)	3,819,256	210,156	160,968	4,190,380

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A8 Other Assets

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Deposits and prepayments	10,388	7,830
Amount due from other related parties	111,861	111,861
Fee receivable	80	80
Sundry debtors	536	620
	122,865	120,391

The amount due from holding company, subsidiaries and related parties are unsecured, profit-free and repayable on demand.

A9 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 30 June 2021			
Forward foreign exchange related contracts			
- in connection with fair value hedges	262,842	1,758	304
- other derivatives without hedge accounting	493,556	2,743	2,743
Total	756,398	4,501	3,048

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 31 Dec 2020			
Forward foreign exchange related contracts			
- in connection with fair value hedges	269,926	327	1,662
- other derivatives without hedge accounting	494,143	6,983	7,000
Total	764,070	7,310	8,661

The Bank's derivatives designated for fair value hedges consists of forward foreign exchange related contracts that are used to protect against exposures to variability in foreign currency exchange rates. This hedging strategy is applied towards interbank borrowings and corporate customer deposits. The changes in the fair value of the forward foreign exchange contract and interbank borrowings or corporate customer deposits are recognised in the income statements. The measurement of the hedged item results in a net loss of RM1,181,074 recorded as accrued FX swap cost as at 30 June 2021 (31 December 2020: Net loss of RM2,083,319).

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A10 Right of Use of Assets and Lease Liabilities

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
As at 1 January 2021	96,892	397	872	98,161
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustment/remeasurement	-	-	4	4
As at 30 June 2021	96,892	397	876	98,165
Accumulated depreciation				
As at 1 January 2021	23,742	232	628	24,602
Charge	6,458	58	162	6,678
Disposal	-	-	-	-
As at 30 June 2021	30,200	290	790	31,280
Net book value as at 30 June 2021	66,692	107	86	66,885

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
As at 1 January 2020	95,156	397	872	96,425
Additions	4,510	-	-	4,510
Disposals	-	-	-	-
As at 31 December 2020	99,666	397	872	100,935
Accumulated depreciation				
As at 1 January 2020	13,449	116	314	13,879
Charge	13,067	116	314	13,497
Disposal	(2,774)	-	-	(2,774)
As at 31 December 2020	23,742	232	628	24,602
Net book value as at 31 December 2020	73,150	165	244	73,559

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	75,853	171	254	76,278
Addition	-	-	-	-
Accretion of profit	1,383	2	2	1,387
Payment	(7,473)	(62)	(163)	(7,698)
As at 30 June 2021	69,763	111	93	69,967

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	83,256	286	570	84,112
Addition	4,510	-	-	4,510
Accretion of profit	3,180	10	17	3,207
Payment	(15,093)	(125)	(333)	(15,550)
As at 31 December 2020	75,853	171	255	76,278

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A10 Right of Use of Assets and Lease Liabilities (Cont'd.)

The following are the amounts recognised in profit or loss:

30 June 2021

Depreciation expense of right-of-use assets
Profit expense on lease liabilities
Total amount recognised in profit or loss

Group and Bank	
RM'000	
	6,678
	1,387
	8,065

30 June 2020

Depreciation expense of right-of-use assets
Profit expense on lease liabilities
Total amount recognised in profit or loss

Group and Bank	
RM'000	
	6,813
	1,591
	8,404

A11 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Qard				
- Demand deposits	317,245	283,912	333,155	299,643
- Gold deposits	101,644	103,907	101,644	103,907
Murabahah				
- Term placement	3,729,271	3,967,546	3,729,271	3,967,546
- Savings deposits	128,665	129,907	128,665	129,907
	4,276,825	4,485,272	4,292,735	4,501,003

(ii) By type of customer

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Business enterprises	1,826,602	1,903,316	1,826,602	1,900,493
Individuals	341,101	350,465	341,101	350,465
Subsidiaries	-	-	15,910	18,554
Government and statutory bodies	1,612,355	1,771,022	1,612,355	1,771,022
Other enterprises	496,767	460,468	496,767	460,469
	4,276,825	4,485,272	4,292,735	4,501,003

(iii) By contractual maturity

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Due within six months	3,145,004	3,631,185	3,160,914	3,646,916
More than six months to one year	971,858	678,012	971,858	678,012
More than one year to three years	159,963	176,075	159,963	176,075
	4,276,825	4,485,272	4,292,735	4,501,003

A12 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	246,654	80,208	246,654	80,208
Other financial institutions	1,816,470	2,061,019	1,816,470	2,061,019
	2,063,124	2,141,227	2,063,124	2,141,227

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A13 Investment Accounts

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
As at 1 January	6,644	6,820
Net placement during the year	(522)	(266)
Income from investment	59	150
Profit distributed to mudarib	(24)	(60)
As at 30 June/31 December	6,157	6,644
Investment asset: Wadiah placement with BNM	6,157	6,644

Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

Unrestricted investment accounts:

Less than 3 months

Investment account holder	
Average profit sharing ratio	Average rate of return
(%)	(%)
60	1.00

Business enterprises
Individuals
Other enterprises

	Group and Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Business enterprises	2,961	2,984
Individuals	3,097	3,545
Other enterprises	99	115
	6,157	6,644

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A14 Other Liabilities

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Sundry creditors	34,496	44,371	34,491	44,282
Accrued restoration cost	5,118	5,118	5,118	5,118
Undistributed charity funds (i)	748	922	748	922
Other provisions and accruals	38,517	36,838	38,512	36,646
	78,879	87,249	78,869	86,968

(i) Sources and uses of charity funds:

Sources of charity funds:

Undistributed charity funds as at 1 January
Penalty (reversal)/charges on late payment
Total sources of funds during the year

Uses of charity funds:

Payment for recovery cost and other expenses
Contribution to non profit organisations
Aid to needy family
Total uses of funds during the year

Closing balance

Group and Bank	
30 Jun 2021 RM'000	31 Dec 2020 RM'000
922	1,136
64	608
986	1,744
(189)	(720)
(29)	(90)
(20)	(12)
(238)	(822)
748	922

A15 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2021 Units'000	31 Dec 2020 Units'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Authorised:				
At 1 January/At closing balance	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
At 1 January	1,425,272	1,425,272	1,425,272	1,425,272
At 1 January/At closing balance	1,425,272	1,425,272	1,425,272	1,425,272

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A16 Income derived from investment of depositors' funds and others

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	42,280	51,329	85,830	109,221
Finance income from impaired financing	383	969	923	1,974
Income from securities				
- Financial assets at FVOCI	29,695	30,212	60,434	60,719
Money at call and deposits with financial institutions	207	85	452	533
	72,564	82,595	147,639	172,447
Amortisation of premium less accretion of discounts	(1,479)	(1,460)	(2,980)	(2,885)
Total finance income and hibah	71,085	81,135	144,659	169,563
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	5,677	-	5,677	-
Foreign exchange (loss)/gain				
- Realised	(114)	483	(269)	518
	76,647	81,618	150,067	170,081

A17 Income derived from Investment of Shareholder's Equity

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	12,171	13,445	24,196	27,647
Finance income from impaired financing	110	254	259	500
Income from securities:				
- Financial assets at FVOCI	8,547	7,910	17,035	15,398
Money at call and deposits with financial institutions	60	22	127	131
	20,888	21,631	41,618	43,676
Amortisation of premium less accretion of discounts	(426)	(382)	(840)	(732)
Total finance income and hibah	20,462	21,249	40,778	42,944
Fee income				
- Commission	904	622	1,124	841
- Other fee income	1,486	4,673	2,264	5,494
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	1,632	-	1,632	-
Fair value loss from financial asset at FVTPL	-		755	
Foreign exchange (loss)/gain				
- Realised	1,399	4,217	6,394	2,692
- Unrealised	(2,892)	(4,795)	(9,145)	(5,383)
Loss on disposal of property, plant and equipment	12	(8)	12	
	23,003	25,957	43,815	46,580

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A18 Credit Loss Expenses

The table below shows the ECL (charges)/writeback (net bad debt recovered) on financial instruments for the year recorded in the income statement:

30 June 2021

Group and Bank

Cash and short-term funds
Financing and advances to customers
Bad debt recovered
Financial guarantees
Total Impairment loss (writeback)/charges

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds	(650)	-	-	(650)
Financing and advances to customers	(20,050)	(4,500)	(954)	(25,504)
Bad debt recovered	-	-	2,048	2,048
Financial guarantees	-	-	-	-
Total Impairment loss (writeback)/charges	(20,700)	(4,500)	1,094	(24,106)

30 June 2020

Group and Bank

Cash and short-term funds
Financing and advances to customers
Bad debt recovered
Debt instruments measured at FVOCI
Total Impairment loss (writeback)/charges

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds	(420)	-	-	(420)
Financing and advances to customers	(2,050)	(5,300)	(19)	(7,369)
Bad debt recovered	-	-	2,335	2,335
Debt instruments measured at FVOCI	(210)	210	-	-
Total Impairment loss (writeback)/charges	(2,680)	(5,090)	2,316	(5,454)

A19 Income Attributable to the Depositors

Group and Bank

Deposits from customers
- Murabahah

Deposits and placements of banks and other financial institutions
- Murabahah and Wakalah

Others

2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
20,109	38,158	41,786	79,959
12,538	10,467	22,445	24,731
37	77	65	183
32,684	48,702	64,296	104,874

A20 Profit Distributed to Investment Account Holders

Group and Bank

Income derived from investment of investment account funds
Profit distributed to mudarib

2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
28	41	59	92
(11)	(17)	(24)	(37)
17	25	35	55

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A21 Discontinued Operations

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income derived from investment of shareholder's equity				
Unrealised foreign exchange (loss)/gain	4	40	(71)	92
Other income	(1)	-	0	-
Total net income	3	40	(71)	92
Personnel expenses	-	-	-	(54)
Other overheads and expenditures	(7)	(23)	(16)	(345)
Loss before zakat and taxation	(3)	17	(87)	(306)
Taxation	-	-	-	-
Net loss for the year	(3)	17	(87)	(306)

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A22 Commitments and Contingencies

- (a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	As at 30 Jun 2021			As at 31 Dec 2020		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group and Bank						
Direct credit substitutes	48,220	47,334	46,456	52,262	51,320	50,353
Transaction related contingencies	97,980	47,863	37,756	110,370	54,080	41,534
Trade related contingencies	4,822	964	964	-	-	-
Irrevocable commitments to extend credit						
- maturity less than one year	221,627	27,086	23,433	357,064	46,245	41,462
- maturity more than one year	50,247	23,142	18,521	44,486	20,721	16,487
Foreign exchange related contracts *						
- less than one year	624,142	5,922	1,775	494,577	7,014	1,403
- one year to five years	130,922	4,730	946	257,534	4,636	1,640
	1,177,959	157,041	129,851	1,316,293	184,016	152,879

* The foreign exchange related contracts are subject to market risk and credit risk.

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to financing. The nominal values of such commitments are listed below:

	Group and Bank	
	Jun 2021 RM'000	Dec 2020 RM'000
Financial guarantees	48,220	52,262
Letters of credit	102,802	110,370
Other undrawn commitments	271,874	401,550
Total commitment	422,896	564,182
Less : ECL (charge)/writeback	(3,663)	(3,663)
	419,233	560,519

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A22(b) Impairment losses on guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

Financial guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	48,220	-	-	48,220
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	48,220	-	-	48,220

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	52,262	-	-	52,262
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	52,262	-	-	52,262

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	52,262	-	-	52,262
Net remeasurement of outstanding balance	11,635	-	-	11,635
New financial assets originated or purchased	154	-	-	154
Financial assets that have matured	(15,831)	-	-	(15,831)
Gross carrying amount as at 30 June 2021	48,220	-	-	48,220

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	673	-	-	673
Net remeasurement of loss allowance	435	-	-	435
New financial assets originated or purchased	3	-	-	3
Financial assets that have matured	(225)	-	-	(225)
ECL allowance as at 30 June 2021	886	-	-	886
Net carrying amount (after ECL)	47,334	-	-	47,334

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	52,260	600	-	52,860
Net remeasurement of outstanding balance	888	-	-	888
New financial assets originated or purchased	1,237	-	-	1,237
Financial assets that have matured	(2,123)	(600)	-	(2,723)
Gross carrying amount as at 31 December 2020	52,262	-	-	52,262

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	241	210	-	451
Net remeasurement of loss allowance	421	-	-	421
New financial assets originated or purchased	21	-	-	21
Financial assets that have matured	(10)	(210)	-	(220)
ECL allowance as at 31 December 2020	673	-	-	673
Net carrying amount (after ECL)	51,590	-	-	51,590

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Letters of credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	102,802	-	-	102,802
Past due but not impaired	-	-	-	-
Total	102,802	-	-	102,802

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	110,370	-	-	110,370
Past due but not impaired	-	-	-	-
Total	110,370	-	-	110,370

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	110,370	-	-	110,370
Net remeasurement of outstanding balance	(12,390)	-	-	(12,390)
New financial assets originated or purchased	4,822	-	-	4,822
Gross carrying amount as at 30 June 2021	102,802	-	-	102,802

Group and Bank	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	1,375	-	-	1,375
Net remeasurement of loss allowance	(247)	-	-	(247)
New financial assets originated or purchased	34	-	-	34
ECL allowance as at 30 June 2021	1,162	-	-	1,162
Net carrying amount (after ECL)	101,640	-	-	101,640

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	124,598	-	-	124,598
Net remeasurement of outstanding balance	(2,479)	-	-	(2,479)
Financial assets that have matured	(11,749)	-	-	(11,749)
Gross carrying amount as at 31 December 2020	110,370	-	-	110,370

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	1,596	-	-	1,596
Net remeasurement of loss allowance	(141)	-	-	(141)
Financial assets that have matured	(80)	-	-	(80)
ECL allowance as at 31 December 2020	1,375	-	-	1,375
Net carrying amount (after ECL)	108,995	-	-	108,995

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Other undrawn commitments

The table below shows the credit quality and the maximum exposure for credit risk based on the Bank's internal credit rating system and year-end stage classification.

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	267,333	3,584	956	271,874
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	267,333	3,584	956	271,874

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	392,463	8,183	903	401,550
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	392,463	8,183	903	401,550

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments is, as follows:

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	392,463	8,183	903	401,550
Transfer to 12-month ECL	224	(224)	-	-
Transfer to lifetime ECL not credit impaired	(381)	381	-	-
Net remeasurement of outstanding balance	4,672	3,241	54	7,967
New financial assets originated or purchased	236,024	-	-	236,024
Financial assets that have matured	(365,670)	(7,997)	-	(373,667)
Gross carrying amount as at 30 June 2021	267,333	3,584	956	271,874

<u>Group and Bank</u>	30-Jun-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	1,615	-	-	1,615
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	1,615	-	-	1,615
Financial assets that have matured	(1,615)	-	-	(1,615)
ECL allowance as at 30 June 2021	1,615	-	-	1,615
Net carrying amount (after ECL)	265,718	3,584	956	270,259

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	565,080	4,271	-	569,351
Transfer to 12-month ECL	158	(158)	-	-
Transfer to lifetime ECL not credit impaired	(552)	552	-	-
Transfer to lifetime ECL credit impaired	-	(109)	109	-
Net remeasurement of outstanding balance	(754)	7,290	794	7,329
New financial assets originated or purchased	315,124	-	-	315,124
Financial assets that have matured	(486,591)	(3,663)	-	(490,254)
Gross carrying amount as at 31 December 2020	392,463	8,183	903	401,550

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	1,615	-	-	1,615
Net remeasurement of loss allowance	(295)	-	-	(295)
New financial assets originated or purchased	981	-	-	981
Financial assets that have matured	(686)	-	-	(686)
ECL allowance as at 31 December 2020	1,615	-	-	1,615

Net carrying amount (after ECL)	390,848	8,183	903	399,935
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A23 Credit transactions and exposures with connected parties

As at 30 Jun 2021			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
Bank			
Financing, credit facility and leasing (except guarantee)	1	111,861	-
Off-balance sheet exposures	1	600	-
112,461	2	112,461	-
Total exposure to connected parties as % capital base		7.7%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.4%	0.0%

As at 31 Dec 2020			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
Bank			
Financing, credit facility and leasing (except guarantee)	1	111,861	-
Off-balance sheet exposures	1	600	-
112,461	2	112,461	-
Total exposure to connected parties as % capital base		6.7%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.3%	0.0%

* Included total outstanding and unutilised limit

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A24 Capital Adequacy

The Group has adopted Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB") guidelines to further improve capital adequacy assessment; enhance risk management processes, measurements and management capabilities; as well as to promote thorough and transparent reporting.

For the purpose of the computation of capital adequacy ratios, the Group has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The definition and classification of the counterparty, exposure and asset types applied for the purpose of Capital Adequacy's reports are as per the Bank Negara Malaysia's CAFIB.

In addition, the Bank has also provided detailed Capital Adequacy disclosures as per the requirements stipulated in Bank Negara Malaysia CAFIB - Disclosures Requirements (Pillar 3) guidelines.

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Common Equity Tier I / Tier I Capital Ratio				
Credit risk	39.373%	39.250%	38.981%	38.883%
Credit, market, operational and large exposure risks	35.429%	35.672%	34.993%	35.277%
Total Capital Ratio				
Credit risk	40.623%	40.500%	40.231%	40.133%
Credit, market, operational and large exposure risks	36.554%	36.808%	36.115%	36.411%

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A24 Capital Adequacy (Cont' d.)

(b) The Tier I and Tier II capital of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
<u>CET I / Tier I capital</u>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	170,648	170,648	170,648	170,648
Other reserves	11,023	63,281	5,323	58,031
	1,606,943	1,659,201	1,601,243	1,653,951
Less: Deferred tax assets (net)	(6,971)	(6,971)	(6,971)	(6,971)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
Total CET I / Tier I capital	1,599,972	1,652,230	1,584,072	1,636,780
<u>Tier II capital</u>				
Collective impairment on financing	50,796	52,618	50,796	52,618
Total Tier II capital	50,796	52,618	50,796	52,618
Total capital	1,650,768	1,704,848	1,634,868	1,689,398

(c) The Common Equity Tier I / Tier I Capital Ratio and Total Capital Ratio of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2021 RM'000	31 Dec 2020 RM'000	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	4,063,665	4,209,461	4,063,665	4,209,461
Total Market RWA	18,632	6,645	18,628	5,004
Total Operational RWA	433,636	415,592	444,527	425,380
Large Exposure Risk RWA for Equity Holdings	-	8	-	8
Total Risk-Weighted Assets	4,515,933	4,631,706	4,526,820	4,639,853
Computation of Capital Ratios				
Core Capital	1,599,972	1,652,230	1,584,072	1,636,780
Capital Base	1,650,768	1,704,848	1,634,868	1,689,398
CET I / Tier I Capital Ratio	35.429%	35.672%	34.993%	35.277%
Total Capital Ratio	36.554%	36.808%	36.115%	36.411%

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A24 Capital Adequacy (Cont'd)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group are as follows:

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 Jun 2021					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	883,592	883,592	39,932	39,932	3,195
Banks, Development Financial Institutions & MDBs	245,249	245,249	78,642	78,642	6,291
Corporates	4,034,195	4,034,195	1,367,063	1,367,063	109,365
Regulatory Retail	1,696,770	1,696,770	1,514,012	1,514,012	121,121
Residential Mortgages	1,058,502	1,058,502	536,689	536,689	42,935
Higher Risk Assets ¹	-	-	-	-	-
Other Assets	333,913	333,913	225,533	225,533	18,043
Defaulted Exposures ²	154,672	154,672	171,933	171,933	13,754
	8,406,893	8,406,893	3,933,804	3,933,804	314,705
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	10,652	10,652	2,721	2,721	218
Off balance sheet exposures other than OTC hedging financial instruments	146,389	146,389	127,140	127,140	10,171
	157,041	157,041	129,861	129,861	10,389
Total On and Off-Balance Sheet Exposures	8,563,934	8,563,934	4,063,665	4,063,665	325,094
(ii) Large Exposures Risk Requirement	-	-	-	-	-
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	3,359	18,400	15,041	18,632	1,491
			15,041	18,632	1,491
(iv) Operational Risk			433,636	433,636	34,691
(v) Total RWA and Capital Requirements		8,578,975	4,515,933	4,515,933	361,275

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A24 Capital Adequacy (Cont'd)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group are as follows:

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 Dec 2020					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,188,423	1,188,423	39,420	39,420	3,154
Banks, Development Financial Institutions & MDBs	69,471	69,471	23,369	23,369	1,869
Corporates	4,158,487	4,158,487	1,441,830	1,441,830	115,346
Regulatory Retail	1,805,008	1,805,008	1,612,367	1,612,367	128,989
Residential Mortgages	1,066,639	1,066,639	556,954	556,954	44,556
Higher Risk Assets ¹	18	18	27	27	2
Other Assets	343,859	343,859	232,826	232,826	18,626
Defaulted Exposures ²	139,394	139,394	149,789	149,789	11,983
	8,771,299	8,771,299	4,056,582	4,056,582	324,525
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	11,650	11,650	3,043	3,043	243
Off balance sheet exposures other than OTC hedging financial instruments	172,366	172,366	149,836	149,836	11,987
	184,016	184,016	152,879	152,879	12,230
Total On and Off-Balance Sheet Exposures	8,955,315	8,955,315	4,209,461	4,209,461	336,755
(ii) Large Exposures Risk Requirement	18	18	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	6,418	5,282	1,136	6,645	532
			1,136	6,645	532
(iv) Operational Risk			415,592	415,592	33,247
(v) Total RWA and Capital Requirements			4,631,706	4,631,706	370,536

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A24 Capital adequacy (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Bank are as follows:

Bank	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	883,592	883,592	39,932	39,932	3,195
Banks, Development Financial Institutions & MDBs	245,249	245,249	78,642	78,642	6,291
Corporates	4,034,195	4,034,195	1,367,063	1,367,063	109,365
Regulatory Retail	1,696,770	1,696,770	1,514,012	1,514,012	121,121
Residential Mortgages	1,058,502	1,058,502	536,689	536,689	42,935
Higher Risk Assets ¹	-	-	-	-	-
Other Assets	333,913	333,913	225,533	225,533	18,043
Defaulted Exposures ²	154,672	154,672	171,933	171,933	13,754
	8,406,893	8,406,893	3,933,804	3,933,804	314,705
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	10,652	10,652	2,721	2,721	218
Off balance sheet exposures other than OTC hedging financial instruments	146,389	146,389	127,140	127,140	10,171
	157,041	157,041	129,861	129,861	10,389
Total On and Off-Balance Sheet Exposures	8,563,934	8,563,934	4,063,665	4,063,665	325,094
(ii) Large Exposures Risk Requirement	-	-	-	-	-
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	3,359	18,396	15,037	18,628	1,490
			15,037	18,628	1,490
(iv) Operational Risk			444,527	444,527	35,562
(v) Total RWA and Capital Requirements		8,578,971	4,526,820	4,526,820	362,146

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A24 Capital adequacy (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Bank are as follows:

	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
As at 31 Dec 2020					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,188,423	1,188,423	39,420	39,420	3,154
Banks, Development Financial Institutions & MDBs	69,471	69,471	23,369	23,369	1,869
Corporates	4,158,487	4,158,487	1,441,830	1,441,830	115,346
Regulatory Retail	1,805,008	1,805,008	1,612,367	1,612,367	128,989
Residential Mortgages	1,066,639	1,066,639	556,954	556,954	44,556
Higher Risk Assets ¹	18	18	27	27	2
Other Assets	343,859	343,859	232,826	232,826	18,626
Defaulted Exposures ²	139,394	139,394	149,789	149,789	11,983
	8,771,300	8,771,300	4,056,582	4,056,582	324,525
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	11,650	11,650	3,043	3,043	243
Off balance sheet exposures other than OTC hedging financial instruments	172,366	172,366	149,836	149,836	11,987
	184,016	184,016	152,879	152,879	12,230
Total On and Off-Balance Sheet Exposures	8,955,316	8,955,316	4,209,461	4,209,461	336,755
(ii) Large Exposures Risk Requirement	18	18	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	4,776	3,826	950	5,004	400
			950	5,004	400
(iv) Operational Risk			425,380	425,380	34,030
(v) Total RWA and Capital Requirements			4,639,853	4,639,853	371,186

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A24 Capital adequacy (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) of the Group, are as follows:

		Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets			Other Assets
Group	As at 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Risk-Weights										
	0%	683,931	20,617	2,079,832	4,180	1,969	-	108,380	2,898,909	-
	20%	199,661	120,993	686,824	-	-	-	-	1,007,478	201,496
	35%	-	-	-	-	565,228	-	-	565,228	197,830
	50%	-	114,254	137,351	35	312,355	-	-	563,995	281,998
	75%	-	-	-	732,412	-	-	-	732,412	549,309
	100%	-	37	1,326,633	976,330	193,137	-	225,533	2,721,671	2,721,671
	150%	-	-	39,947	1,275	-	33,019	-	74,241	111,362
		883,592	255,901	4,270,588	1,714,232	1,072,689	33,019	333,913	8,563,934	4,063,665
As at 31 Dec 2020										
Risk-Weights										
	0%	991,324	20,797	2,139,926	3,295	921	-	111,034	3,267,297	-
	20%	197,098	12,540	679,508	-	-	-	-	889,146	177,829
	35%	-	-	-	-	544,741	-	-	544,741	190,659
	50%	-	47,764	135,378	32	316,926	-	-	500,100	250,050
	75%	-	-	-	773,110	-	-	-	773,110	579,833
	100%	-	22	1,427,881	1,041,979	217,875	-	232,826	2,920,583	2,920,583
	150%	-	-	19,153	1,196	-	39,989	-	60,338	90,507
		1,188,422	81,123	4,401,846	1,819,612	1,080,463	39,989	343,860	8,955,315	4,209,461

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A24 Capital adequacy (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) of the Bank, are as follows:

		Exposures after Netting and Credit Risk Mitigation							
Bank	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
As at 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights									
0%	683,931	20,617	2,079,832	4,180	1,969	-	108,380	2,898,909	-
20%	199,661	120,993	686,824	-	-	-	-	1,007,478	201,496
35%	-	-	-	-	565,228	-	-	565,228	197,830
50%	-	114,254	137,351	35	312,355	-	-	563,995	281,998
75%	-	-	-	732,412	-	-	-	732,412	549,309
100%	-	37	1,326,633	976,330	193,137	-	225,533	2,721,671	2,721,671
150%	-	-	39,947	1,275	-	33,019	-	74,241	111,362
	883,592	255,901	4,270,588	1,714,232	1,072,689	33,019	333,913	8,563,934	4,063,665
As at 31 Dec 2020									
Risk-Weights									
0%	991,324	20,797	2,139,926	3,295	921	-	111,034	3,267,297	-
20%	197,098	12,540	679,508	-	-	-	-	889,146	177,829
35%	-	-	-	-	544,741	-	-	544,741	190,659
50%	-	47,764	135,378	32	316,926	-	-	500,100	250,050
75%	-	-	-	773,110	-	-	-	773,110	579,833
100%	-	22	1,427,881	1,041,979	217,875	-	232,826	2,920,583	2,920,583
150%	-	-	19,153	1,196	-	39,989	-	60,338	90,507
	1,188,422	81,123	4,401,846	1,819,612	1,080,463	39,989	343,860	8,955,315	4,209,461

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A24 CAPITAL ADEQUACY (Cont'd.)

(f) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group		Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
As at 30 Jun 2021				
0%	2,898,909	-	2,898,909	-
20%	1,007,478	201,496	1,007,478	201,496
35%	565,228	197,830	565,228	197,830
50%	563,995	281,998	563,995	281,998
75%	732,412	549,309	732,412	549,309
100%	2,721,671	2,721,671	2,721,671	2,721,671
150%	74,241	111,361	74,241	111,361
Risk-weighted assets for credit risk	8,563,934	4,063,665	8,563,934	4,063,665
Risk-weighted assets for market risk		18,632		18,628
Risk-weighted assets for operational risk		433,636		444,527
Large exposure risk-weighted assets for equity holdings		-		-
Total risk-weighted assets		4,515,933		4,526,820
As at 31 Dec 2020				
0%	3,267,297	-	3,267,297	-
20%	889,146	177,829	889,146	177,829
35%	544,741	190,659	544,741	190,659
50%	500,100	250,050	500,100	250,050
75%	773,110	579,833	773,110	579,833
100%	2,920,583	2,920,583	2,920,583	2,920,583
150%	60,338	90,507	60,338	90,507
Risk-weighted assets for credit risk	8,955,315	4,209,461	8,955,315	4,209,461
Risk-weighted assets for market risk		6,645		5,004
Risk-weighted assets for operational risk		415,592		425,380
Large exposure risk-weighted assets for equity holdings		8		8
Total risk-weighted assets		4,631,706		4,639,853

(g) The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	As at 30 Jun 2021		As at 31 Dec 2020	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Group and Bank				
Foreign Exchange Risk	18,632	1,491	6,645	532
Total	18,632	1,491	6,645	532

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A25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Group	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
30 Jun 2021			
Financial assets			
Debt instruments measured at FVOCI	3,616,918	-	3,616,918
Financing, advances and other receivables	1,642,952	2,341,326	3,984,278
Hedging financial instruments	4,501	-	4,501
Total	5,264,371	2,341,326	7,605,697
Financial liability			
Deposits from customers	4,276,571	-	4,276,571
Hedging financial instruments	3,048	-	3,048
	4,279,619	-	4,279,619
31 Dec 2020			
Financial assets			
Debt instruments measured at FVOCI	3,948,972	-	3,948,972
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,710,471	2,478,357	4,188,828
Hedging financial instruments	7,310	-	7,310
Total	5,666,753	2,478,375	8,145,128
Financial liability			
Deposits from customers	4,472,852	-	4,472,852
Hedging financial instruments	8,661	-	8,661
	4,481,513	-	4,481,513

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A25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Bank			
30 Jun 2021			
Financial assets			
Financial assets at FVTPL	-	-	-
Debt instruments measured at FVOCI	3,616,918	-	3,616,918
Equity instruments at FVOCI	-	-	-
Financing, advances and other receivables	1,642,952	2,341,326	3,984,278
Hedging financial instruments	4,501	-	4,501
Total	5,264,371	2,341,326	7,605,697
Financial liability			
Deposits from customers	4,267,581	-	4,267,581
Hedging financial instruments	3,048	-	3,048
	4,270,629	-	4,270,629
31 Dec 2020			
Financial assets			
Debt instruments measured at FVOCI	3,948,972	-	3,948,972
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,710,471	2,478,357	4,188,828
Hedging financial instruments	7,310	-	7,310
Total	5,666,753	2,478,375	8,145,128
Financial liability			
Deposits from customers	4,472,852	-	4,472,852
Hedging financial instruments	8,661	-	8,661
	4,481,513	-	4,481,513

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate	5.4% - 6.0%

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A25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

The estimated fair values of those on-balance sheets financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the following assets and liabilities:

		Group			
		30 Jun 2021		31 Dec 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		3,984,949	3,984,278	4,190,380	4,188,827
		3,984,949	3,984,278	4,190,380	4,188,827
Financial Liabilities					
Deposits from customers		4,276,825	4,276,571	4,485,272	4,457,664
		4,276,825	4,276,571	4,485,272	4,457,664

		Bank			
		30 Jun 2021		31 Dec 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		3,984,949	3,984,278	4,190,380	4,188,827
		3,984,949	3,984,278	4,190,380	4,188,827
Financial Liabilities					
Deposits from customers		4,292,735	4,267,581	4,501,003	4,472,852
		4,292,735	4,267,581	4,501,003	4,472,852

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A25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

The following methods and assumptions used to estimate the fair values of the following classes of financial instruments:

(a) Cash and Short-Term Funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

(b) Deposits and Placements with Banks and Other Financial Institutions

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the reporting date. As at the reporting date, all deposits and placements with banks and other financial institutions have maturity less than one year.

(c) Financial Instruments Carried at FVOCI, FLTPL and Hedging Financial Instruments

The Group measures financial instruments such as security carried at FVOCI, FVTPL and hedging financial instruments at fair value at each reporting date.

Financial instruments such as those categorized as securities and financing, advances and other receivables are measured at amortised cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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A25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

(d) Financing, Advances and Other Receivables

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(e) Deposits from Customers, Deposits and Placement of Banks and Other Financial Institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities. As at the reporting date, all deposits and placements of banks and other financial institutions have maturity less than one year.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral

The following tables show the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements.

For on-balance sheet financial assets, the exposure to credit risk equals to their carrying amount. For off-balance sheet, exposures, the maximum exposure to credit risk are maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

	30 Jun 2021		31 Dec 2020	
	Total gross maximum exposure		Total gross maximum exposure	
	Group	Bank	Group	Bank
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	239,834	239,834	68,275	68,275
Deposits and placements with banks and other financial institutions	6,157	6,157	6,644	6,644
Securities FVOCI	3,616,918	3,616,918	3,948,972	3,948,972
Financing, advances and other receivables	3,988,612	3,988,612	4,194,043	4,194,043
Other assets	122,865	122,865	120,391	120,391
Statutory deposits with Bank Negara Malaysia ("BNM")	4,393	4,393	17,372	17,372
Hedging financial instruments	4,501	4,501	7,310	7,310
Total On-Balance Sheet	7,983,280	7,983,280	8,363,008	8,363,007
Financial guarantees	47,334	47,334	51,589	51,589
Contingent liabilities	101,640	101,640	108,995	108,995
Commitments	270,259	270,259	399,935	399,935
Total Off-Balance Sheet	419,233	419,233	560,519	560,519
Total On and Off-Balance Sheet	8,402,513	8,402,513	8,923,526	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment:

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Cash and short-term funds	95,815	1,339	143,831	(1,151)	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	6,157
Securities FVOCI	3,509,344	107,574	-	-	3,616,918
Financing, advances and other receivables	4,160,536	3,154	1,320	(176,398)	3,988,612
Other assets	26,533	96,332	-	-	122,865
Statutory deposits with BNM	4,393	-	-	-	4,393
Hedging financial instruments	4,501	-	-	-	4,501
Total On-Balance Sheet	7,807,279	208,398	145,150	(177,549)	7,983,280
Financial guarantees	48,220	-	-	(886)	47,334
Contingent liabilities	102,802	-	-	(1,162)	101,640
Commitments	271,858	-	16	(1,615)	270,259
Total Off-Balance Sheet	422,880	-	16	(3,663)	419,233
Total On and Off-Balance Sheet	8,230,159	208,398	145,166	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2020					
Group					
Cash and short-term funds	20,542	3,914	44,320	(501)	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	6,644
Securities FVOCI	3,843,247	105,725	-	-	3,948,972
Financing, advances and other receivables	4,341,242	3,315	1,333	(151,847)	4,194,043
Other assets	22,461	97,930	-	-	120,391
Statutory deposits with BNM	17,372	-	-	-	17,372
Hedging financial instruments	7,310	-	-	-	7,310
Total On-Balance Sheet	8,258,819	210,884	45,653	(152,348)	8,363,007
Financial guarantees	52,262	-	-	(673)	51,589
Contingent liabilities	110,370	-	-	(1,375)	108,995
Commitments	401,534	-	16	(1,615)	399,935
Total Off-Balance Sheet	564,166	-	16	(3,663)	560,519
Total On and Off-Balance Sheet	8,822,985	210,884	45,669	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
Cash and short-term funds	95,815	1,339	143,831	(1,151)	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	6,157
Securities FVOCI	3,509,344	107,574	-	-	3,616,918
Financing, advances and other receivables	4,160,536	3,154	1,320	(176,398)	3,988,612
Other assets	26,533	96,332	-	-	122,865
Statutory deposits with BNM	4,393	-	-	-	4,393
Hedging financial instruments	4,501	-	-	-	4,501
Total On-Balance Sheet	7,807,280	208,398	145,150	(177,549)	7,983,280
Financial guarantees	48,220	-	-	(886)	47,334
Contingent liabilities	102,802	-	-	(1,162)	101,640
Commitments	271,858	-	16	(1,615)	270,259
Total Off-Balance Sheet	422,880	-	16	(3,663)	419,233
Total On and Off-Balance Sheet	8,230,159	208,398	145,166	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
Cash and short-term funds	20,542	3,914	44,320	(501)	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	6,644
Securities FVOCI	3,843,247	105,725	-	-	3,948,972
Financing, advances and other receivables	4,341,242	3,315	1,333	(151,847)	4,194,043
Other assets	22,461	97,930	-	-	120,391
Statutory deposits with BNM	17,372	-	-	-	17,372
Hedging financial instruments	7,310	-	-	-	7,310
Total On-Balance Sheet	8,258,819	210,884	45,653	(152,348)	8,363,008
Financial guarantees	52,262	-	-	(673)	51,589
Contingent liabilities	110,370	-	-	(1,375)	108,995
Commitments	401,534	-	16	(1,615)	399,935
Total Off-Balance Sheet	564,166	-	16	(3,663)	560,519
Total On and Off-Balance Sheet	8,822,985	210,884	45,669	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector:

	Industry						Total gross maximum exposure RM'000	
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000		Stage 1 & 2 Impairment RM'000
30 Jun 2021								
Group								
Cash and short-term funds	-	240,985	-	-	-	-	(1,151)	239,834
Deposits and placements with banks and other financial institutions	-	6,157	-	-	-	-	-	6,157
Securities FVOCI	-	969,310	796,404	503,181	664,682	683,341	-	3,616,918
Financing, advances and other receivables	469,635	101,037	525,339	114,039	-	2,954,960	(176,398)	3,988,611
Other assets	-	-	-	-	-	122,865	-	122,865
Statutory deposits with BNM	-	4,393	-	-	-	-	-	4,393
Hedging financial instruments	-	4,501	-	-	-	-	-	4,501
Total On-Balance Sheet	469,635	1,326,382	1,321,743	617,220	664,682	3,761,166	(177,549)	7,983,280
Financial guarantees	47,610	-	610	-	-	-	(886)	47,334
Contingent liabilities	869	-	19,271	2,720	-	79,942	(1,162)	101,640
Commitments	30,140	-	118,167	20,464	-	103,104	(1,615)	270,260
Total Off-Balance Sheet	78,619	-	138,048	23,184	-	183,046	(3,663)	419,233
Total On and Off-Balance Sheet	548,253	1,326,382	1,459,791	640,404	664,682	3,944,212	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure RM'000	
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000		Stage 1 & 2 Impairment RM'000
31 Dec 2020								
Group								
Cash and short-term funds	-	68,776	-	-	-	-	(501)	68,275
Deposits and placements with banks and other financial institutions	-	6,644	-	-	-	-	-	6,644
Securities FVOCI	-	991,242	848,475	514,066	954,611	640,578	-	3,948,972
Financing, advances and other receivables	351,231	132,636	547,529	120,786	-	3,193,708	(151,847)	4,194,043
Other assets	-	-	-	-	-	120,391	-	120,391
Statutory deposits with BNM	-	17,372	-	-	-	-	-	17,372
Hedging financial instruments	-	7,310	-	-	-	-	-	7,310
Total On-Balance Sheet	351,231	1,223,980	1,396,004	634,852	954,611	3,954,677	(152,348)	8,363,007
Financial guarantees	51,652	-	610	-	-	-	(673)	51,589
Contingent liabilities	869	-	33,416	2,680	-	73,404	(1,375)	108,995
Commitments	49,526	-	171,817	20,504	-	159,703	(1,615)	399,935
Total Off-Balance Sheet	102,047	-	205,844	23,184	-	233,108	(3,663)	560,519
Total On and Off-Balance Sheet	453,278	1,223,980	1,601,848	658,036	954,611	4,187,784	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure RM'000	
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000		Stage 1 & 2 Impairment RM'000
30 Jun 2021								
Bank								
Cash and short-term funds	-	240,985	-	-	-	-	(1,151)	239,834
Deposits and placements with banks and other financial institutions	-	6,157	-	-	-	-	-	6,157
Securities FVOCI	-	969,310	796,404	503,181	664,682	683,341	-	3,616,918
Financing, advances and other receivables	469,635	101,037	525,339	114,039	-	2,954,960	(176,398)	3,988,611
Other assets	-	-	-	-	-	122,865	-	122,865
Statutory deposits with BNM	-	4,393	-	-	-	-	-	4,393
Hedging financial instruments	-	4,501	-	-	-	-	-	4,501
Total On-Balance Sheet	469,635	1,326,382	1,321,743	617,220	664,682	3,761,166	(177,549)	7,983,280
Financial guarantees	47,610	-	610	-	-	-	(886)	47,334
Contingent liabilities	869	-	19,271	2,720	-	79,942	(1,162)	101,640
Commitments	30,140	-	118,167	20,464	-	103,104	(1,615)	270,260
Total Off-Balance Sheet	78,619	-	138,048	23,184	-	183,046	(3,663)	419,233
Total On and Off-Balance Sheet	548,253	1,326,382	1,459,791	640,404	664,682	3,944,212	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure	
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others		Stage 1 & 2 Impairment
31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Bank								
Cash and short-term funds	-	68,776	-	-	-	-	(501)	68,275
Deposits and placements with banks and other financial institutions	-	6,644	-	-	-	-	-	6,644
Securities FVOCI	-	991,242	848,475	514,066	954,611	640,578	-	3,948,972
Financing, advances and other receivables	351,231	132,636	547,529	120,786	-	3,193,708	(151,847)	4,194,043
Other assets	-	-	-	-	-	120,391	-	120,391
Statutory deposits with BNM	-	17,372	-	-	-	-	-	17,372
Hedging financial instruments	-	7,310	-	-	-	-	-	7,310
Total On-Balance Sheet	351,231	1,223,980	1,396,004	634,852	954,611	3,954,677	(152,348)	8,363,007
Financial guarantees	51,652	-	610	-	-	-	(673)	51,589
Contingent liabilities	869	-	33,416	2,680	-	73,404	(1,375)	108,995
Commitments	49,526	-	171,817	20,504	-	159,703	(1,615)	399,935
Total Off-Balance Sheet	102,047	-	205,844	23,184	-	233,108	(3,663)	560,519
Total On and Off-Balance Sheet	453,278	1,223,980	1,601,848	658,036	954,611	4,187,784	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows:

By residual maturity:

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2021							
Group							
Cash and short-term funds	240,985	-	-	-	-	(1,151)	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	6,157
Securities FVOCI	216,578	259,244	1,286,686	1,854,410	-	-	3,616,918
Financing, advances and other receivables	1,236,343	19,611	359,595	2,549,460	-	(176,398)	3,988,611
Other assets	-	-	-	-	122,865	-	122,865
Statutory deposits with BNM	-	-	-	-	4,393	-	4,393
Hedging financial instruments	3,393	1,108	-	-	-	-	4,501
Total On-Balance Sheet	1,703,456	279,963	1,646,281	4,403,870	127,258	(177,549)	7,983,280
Financial guarantees	-	903	47,317	-	-	(886)	47,334
Contingent liabilities	56,869	2,077	41,176	2,680	-	(1,162)	101,640
Commitments	220,000	1,866	18,374	31,635	-	(1,615)	270,259
Total Off-Balance Sheet	276,869	4,845	106,867	34,315	-	(3,663)	419,233
Total On and Off-Balance Sheet	1,980,325	284,808	1,753,148	4,438,185	127,258	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
31 Dec 2020 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	68,776	-	-	-	-	(501)	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	6,644
Securities FVOCI	5,052	214,175	1,782,103	1,947,643	-	-	3,948,972
Financing, advances and other receivables	1,324,299	23,679	341,444	2,656,468	-	(151,847)	4,194,043
Other assets	-	-	-	-	120,391	-	120,391
Statutory deposits with BNM	-	-	-	-	17,372	-	17,372
Hedging financial instruments	7,188	123	-	-	-	-	7,310
Total On-Balance Sheet	1,404,771	237,854	2,130,857	4,604,111	137,763	(152,348)	8,363,007
Financial guarantees	90	10	52,162	-	-	(673)	51,589
Contingent liabilities	24,291	63,907	22,172	-	-	(1,375)	108,995
Commitments	225,382	132,702	18,582	24,884	-	(1,615)	399,935
Total Off-Balance Sheet	249,763	196,619	92,916	24,884	-	(3,663)	560,519
Total On and Off-Balance Sheet	1,654,534	434,473	2,223,773	4,628,995	137,763	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2021							
Bank							
Cash and short-term funds	240,985	-	-	-	-	(1,151)	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	6,157
Securities FVOCI	216,578	259,244	1,286,686	1,854,410	-	-	3,616,918
Financing, advances and other receivables	1,236,343	19,611	359,595	2,549,460	-	(176,398)	3,988,611
Other assets	-	-	-	-	122,865	-	122,865
Statutory deposits with BNM	-	-	-	-	4,393	-	4,393
Hedging financial instruments	3,393	1,108	-	-	-	-	4,501
Total On-Balance Sheet	1,703,456	279,963	1,646,281	4,403,870	127,258	(177,549)	7,983,280
Financial guarantees	-	903	47,317	-	-	(886)	47,334
Contingent liabilities	56,869	2,077	41,176	2,680	-	(1,162)	101,640
Commitments	220,000	1,866	18,374	31,635	-	(1,615)	270,259
Total Off-Balance Sheet	276,869	4,845	106,867	34,315	-	(3,663)	419,233
Total On and Off-Balance Sheet	1,980,325	284,808	1,753,148	4,438,185	127,258	(181,211)	8,402,513

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2020							
Bank							
Cash and short-term funds	68,776	-	-	-	-	(501)	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	6,644
Securities FVOCI	5,052	214,175	1,782,103	1,947,643	-	-	3,948,972
Financing, advances and other receivables	1,324,299	23,679	341,444	2,656,468	-	(151,847)	4,194,043
Other assets	-	-	-	-	120,391	-	120,391
Statutory deposits with BNM	-	-	-	-	17,372	-	17,372
Hedging financial instruments	7,188	123	-	-	-	-	7,310
Total On-Balance Sheet	1,404,771	237,854	2,130,857	4,604,111	137,763	(152,348)	8,363,007
Financial guarantees	90	10	52,162	-	-	(673)	51,589
Contingent liabilities	24,291	63,907	22,172	-	-	(1,375)	108,995
Commitments	225,382	132,702	18,582	24,884	-	(1,615)	399,935
Total Off-Balance Sheet	249,763	196,619	92,916	24,884	-	(3,663)	560,519
Total On and Off-Balance Sheet	1,654,534	434,473	2,223,773	4,628,995	137,763	(156,011)	8,923,526

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Group and Bank	30-Jun-21			Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	
Cash & Bank Balances (Less 1 month)				240,985
High Grade	122,175	-	-	122,175
Standard Grade	118,810	-	-	118,810
Past due or impaired	-	-	-	-
Loss allowance	(1,151)	-	-	(1,151)
Carrying amount	239,834	-	-	239,834
Deposit and placement with banks (More 1 month)				6,157
High Grade	6,157	-	-	6,157
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
Carrying amount	6,157	-	-	6,157

Group and Bank	31-Dec-20			Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	
Cash & Bank Balances (Less 1 month)				68,776
High Grade	68,776	-	-	68,776
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(501)	-	-	(501)
Carrying amount	68,275	-	-	68,275
Deposit and placement with banks (More 1 month)				6,644
High Grade	6,644	-	-	6,644
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
Carrying amount	6,644	-	-	6,644

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Group and Bank	30-Jun-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuku - FVOCI				3,616,918
High Grade	3,616,918	-	-	3,616,918
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(25,300)	-	-	(25,300)
Carrying amount	3,591,618	-	-	3,591,618

Group and Bank	31-Dec-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuku - FVOCI				3,948,972
High Grade	3,948,972	-	-	3,948,972
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(25,300)	-	-	(25,300)
Carrying amount	3,923,672	-	-	3,923,672

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Bank & Group	30-Jun-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Corporate Financing				1,546,379
High Grade	468,274	-	-	468,274
Standard Grade	616,428	-	-	616,428
Past due or impaired	-	194,001	267,675	461,677
Loss allowance	(34,080)	(84,477)	(128,508)	(247,066)
Carrying amount	1,050,622	109,524	139,167	1,299,313
Retail Financing				2,820,782
High Grade	2,697,175	-	-	2,697,175
Standard Grade	-	-	-	-
Past due or impaired	-	82,185	41,422	123,607
Loss allowance	(49,292)	(8,548)	(26,471)	(84,311)
Carrying amount	2,647,884	73,637	14,950	2,736,471

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Bank & Group	31-Dec-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Corporate Financing				1,606,112
High Grade	456,202	-	-	456,202
Standard Grade	662,717	-	-	662,717
Past due or impaired	-	211,138	276,055	487,193
Loss allowance	(15,566)	(80,356)	(131,066)	(226,988)
Carrying amount	1,103,353	130,782	144,989	1,379,124
Retail Financing				2,896,254
High Grade	2,767,324	-	-	2,767,324
Standard Grade	-	-	-	-
Past due or impaired	-	87,540	41,390	128,930
Loss allowance	(47,755)	(8,169)	(25,411)	(81,335)
Carrying amount	2,719,569	79,371	15,979	2,814,919

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Group & Bank	30-Jun-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments (Retail)				33,672
High Grade	31,538	-	-	31,538
Standard Grade	-	-	-	-
Past due or impaired	-	2,133	0	2,134
Loss allowance	-	-	-	-
Carrying amount	31,538	2,133	0	33,672
Undrawn Commitments (Corporate)				238,203
High Grade	124,398	-	-	124,398
Standard Grade	111,359	-	-	111,359
Past due or impaired	-	2,446	(0)	2,445
Loss allowance	(1,615)	-	-	(1,615)
Carrying amount	234,143	2,446	(0)	236,588
Trade Facilities (Financial Guarantee & Letter of Credit)				151,022
High Grade	102,714	-	-	102,714
Standard Grade	48,307	-	-	48,307
Past due or impaired	-	-	-	-
Loss allowance	(2,048)	-	-	(2,048)
Carrying amount	148,974	-	-	148,974

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Group & Bank	31-Dec-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments (Retail)				26,973
High Grade	26,973	-	-	26,973
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
Carrying amount	26,973	-	-	26,973
Undrawn Commitments (Corporate)				374,576
High Grade	182,844	-	-	182,844
Standard Grade	183,908	-	-	183,908
Past due or impaired	-	7,824	-	7,824
Loss allowance	(1,615)	-	-	(1,615)
Carrying amount	365,137	7,824	-	372,961
Trade Facilities (Financial Guarantee & Letter of Credit)				162,632
High Grade	110,486	-	-	110,486
Standard Grade	52,146	-	-	52,146
Past due or impaired	-	-	-	-
Loss allowance	(2,048)	-	-	(2,048)
Carrying amount	160,584	-	-	160,584

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances.

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2021						
Group						
Cash and short-term funds	81,079	-	-	-	-	81,079
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	6,157
Securities FVOCI	3,616,918	-	-	-	-	3,616,918
Financing, advances and other receivables	824,609	2,188,165	237,207	760,910	309,097	4,319,988
Other assets	122,865	-	-	-	-	122,865
Statutory deposits with BNM	4,393	-	-	-	-	4,393
Hedging financial instruments	4,501	-	-	-	-	4,501
Total On-Balance Sheet	4,660,522	2,188,165	237,207	760,910	309,097	8,155,900
Financial guarantees	48,220	-	-	-	-	48,220
Contingent liabilities	102,802	-	-	-	-	102,802
Commitments	271,874	-	-	-	-	271,874
Total Off-Balance Sheet	422,896	-	-	-	-	422,896
Total On and Off-Balance Sheet	5,083,417	2,188,165	237,207	760,910	309,097	8,578,796

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

iii) Credit quality analysis (Cont'd.)

Credit quality per class of financial assets (Cont'd.)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd.)

31 Dec 2020 Group	Performing Rated RM'000	Performing unrated RM'000	Past due but not impaired RM'000	Restructured & rescheduled RM'000	Impaired RM'000	Total RM'000
Cash and short-term funds	68,776	-	-	-	-	68,776
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	6,644
Securities FVOCI	3,948,972	-	-	-	-	3,948,972
Financing, advances and other receivables	1,050,892	2,407,166	244,524	482,340	317,444	4,502,366
Other assets	120,391	-	-	-	-	120,391
Statutory deposits with BNM	17,372	-	-	-	-	17,372
Hedging financial instruments	7,310	-	-	-	-	7,310
Total On-Balance Sheet	5,220,357	2,407,166	244,524	482,340	317,444	8,671,831
Financial guarantees	52,262	-	-	-	-	52,262
Contingent liabilities	110,370	-	-	-	-	110,370
Commitments	401,550	-	-	-	-	401,550
Total Off-Balance Sheet	564,182	-	-	-	-	564,182
Total On and Off-Balance Sheet	5,784,539	2,407,166	244,524	482,340	317,444	9,236,013

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Credit quality per class of financial assets (Cont'd.)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd)

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2021						
Bank						
Cash and short-term funds	240,985	-	-	-	-	240,985
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	6,157
Securities FVOCI	3,616,918	-	-	-	-	3,616,918
Financing, advances and other receivables	824,609	2,188,165	237,207	760,910	309,097	4,319,988
Other assets	122,865	-	-	-	-	122,865
Statutory deposits with BNM	4,393	-	-	-	-	4,393
Hedging financial instruments	4,501	-	-	-	-	4,501
Total On-Balance Sheet	4,820,428	2,188,165	237,207	760,910	309,097	8,315,807
Financial guarantees	48,220	-	-	-	-	48,220
Contingent liabilities	102,802	-	-	-	-	102,802
Commitments	271,874	-	-	-	-	271,874
Total Off-Balance Sheet	422,896	-	-	-	-	422,896
Total On and Off-Balance Sheet	5,243,324	2,188,165	237,207	760,910	309,097	8,738,703

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis (Cont'd.)

Credit quality per class of financial assets (Cont'd.)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd.)

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2020						
Bank						
Cash and short-term funds	68,776	-	-	-	-	68,776
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	6,644
Securities FVOCI	3,948,972	-	-	-	-	3,948,972
Financing, advances and other receivables	1,050,892	2,407,166	244,524	482,340	317,444	4,502,366
Other assets	120,391	-	-	-	-	120,391
Statutory deposits with BNM	17,372	-	-	-	-	17,372
Hedging financial instruments	7,310	-	-	-	-	7,310
Total On-Balance Sheet	5,220,357	2,407,166	244,524	482,340	317,444	8,671,831
Financial guarantees	52,262	-	-	-	-	52,262
Contingent liabilities	110,370	-	-	-	-	110,370
Commitments	401,550	-	-	-	-	401,550
Total Off-Balance Sheet	564,182	-	-	-	-	564,182
Total On and Off-Balance Sheet	5,784,539	2,407,166	244,524	482,340	317,444	9,236,013

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iv) Credit risk exposure based on the Bank's internal credit risk rating

The principal objective of credit risk measurement for KFHMB is to produce accurate quantitative assessment of the credit risk to which the Bank is exposed to. To determine the counterparty risk, KFHMB has a risk rating system that enables the rank-ordering of the customers' risk profile to assess the credit quality of customers and assigns them an internal risk rating. Over the year, to ensure that the integrity of the data used is in place, KFHMB has undergone a verification exercise with an independent consultant and is in the midst of further refining the rating process. The rating system is actively monitored and a monthly analysis of the corporate and commercial customers are provided to the senior management and the Board for oversight.

For retail banking, KFHMB has in place a series of scorecards, which will assess the credit worthiness of the individual customers prior to approval. The main attributes of the credit assessment within the scorecard is mostly based on statistically derived default patterns within the customer profile and also credit bureau data. The performance of the scorecard is being monitored to ensure that it continues to effectively discriminate between good and potentially bad customers.

Group and Bank	30 Jun 2021
	RM'000
Corporate & Commercial	
Excellent	-
Very Strong	-
Strong	128,639
Good	452,563
Satisfactory	420,693
Weak	177,839
Special Mention	99,768
Impaired	153,796
Unrated *	2,731,711
	4,165,009
Less: Collective assessment	(180,060)
Total Corporate, Commercial and Retail	3,984,949

Group and Bank	31 Dec 2020
	RM'000
Corporate & Commercial	
Excellent	-
Very Strong	94
Strong	57,944
Good	601,487
Satisfactory	707,340
Weak	188,228
Special Mention	181,724
Impaired	145,013
Unrated *	3,003,903
	4,885,733
Less: Collective assessment	(99,320)
Total Corporate, Commercial and Retail	4,786,413

* Unrated segment includes retail credit exposures, which includes impaired retail credit exposures

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iv) Credit risk exposure based on the Bank's internal credit risk rating (Cont'd.)

30 Jun 2021

Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
Moodys							
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government -	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	guaranteed	RM'000
						RM'000	RM'000
Group and Bank Securities FVOCI	686,824	307,235	-	-	-	2,622,859	3,616,918

31 Dec 2020

Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
Moodys							
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government -	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	guaranteed	RM'000
						RM'000	RM'000
Group and Bank Securities FVOCI	679,508	302,823	-	-	-	2,966,641	3,948,972

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iv) Credit risk exposure based on the Bank's internal credit risk rating (Cont'd.)

Aging analysis of past due but not impaired financing by class of financial assets

30 Jun 2021 Group and Bank	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
Financing and advances to customers				
Corporate financing	-	-	-	-
Retail & Consumer financing	195,988	33,648	7,571	237,207
	195,988	33,648	7,571	237,207

31 Dec 2020 Group and Bank	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
Financing and advances to customers				
Corporate financing	-	-	-	-
Retail & Consumer financing	168,385	42,769	25,282	236,436
	168,385	42,769	25,282	236,436

Impaired and past due financing by geographical regions

30 Jun 2021 Group and Bank	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	309,097	237,031	154,979		2,506
Middle East	-	-	-		-
Others	-	176	-		-
Total	309,097	237,207	154,979	180,060	2,506

31 Dec 2020 Group and Bank	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	317,444	243,463	156,476	155,510	3,278
Middle East	-	202	-	-	-
Others	-	859	-	-	-
Total	317,444	244,524	156,476	155,510	3,278

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(v) Aging analysis of past due but not impaired financing by class of financial assets

Impaired and past due financing by industry sector

30 Jun 2021

Group and Bank

	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	93,843	97	60,699		-
Finance, insurance & business services	-	-	-		-
Construction and real estate	167,513	518	67,809		-
Transportation, storage and communication	-	-	-		-
Others	47,741	236,592	26,471		2,506
Total	309,097	237,207	154,979	180,060	2,506

31 Dec 2020

Group and Bank

	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	93,824	-	60,802		-
Finance, insurance & business services	-	-	-		-
Construction and real estate	175,951	-	70,264		-
Transportation, storage and communication	-	-	-		-
Others	47,669	244,524	25,410		3,278
Total	317,444	244,524	156,476	155,510	3,278

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the non-retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Non - retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2021	5,666,051	218,962	276,055	6,161,068
Transfers:				
New financial assets originated or purchased	1,707,407	196,447	267,675	2,171,530
Financial assets derecognised during the period other than write-offs	(1,939,525)	(218,962)	(276,055)	(2,434,542)
Changes in Carrying Amount	(104,549)	-	-	(104,549)
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2021	5,329,384	196,447	267,676	5,793,507

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2021	2,794,297	87,540	41,390	2,923,226
Transfers:				
Transfer to Stage 1	51,379	(47,186)	(4,193)	-
Transfer to Stage 2	(56,288)	56,867	(579)	-
Transfer to Stage 3	(3,143)	(5,382)	8,525	-
New financial assets originated or purchased	98,937	935	447	100,319
Financial assets derecognised during the period other than write-offs	(96,885)	(10,033)	(1,420)	(108,339)
Changes in Carrying Amount	(57,450)	(557)	(242)	(58,249)
Write-offs	-	-	(2,506)	(2,506)
Gross carrying amount as at 30 June 2021	2,730,846	82,183	41,422	2,854,452

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Non- Retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2021	45,030	80,356	131,066	256,452
New financial assets originated or purchased	38,266	84,477	128,508	251,252
Financial assets derecognised during the period	(20,023)	(80,356)	(131,066)	(231,446)
Changes in PDs/LGDs/EADs	921	-	-	921
Write-offs	-	-	-	-
Loss allowance as at 30 June 2021	64,194	84,477	128,508	277,179

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors: (Cont'd.)

Retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2021	47,755	8,169	25,411	81,336
Movements with income statement impact				
Transfers:				
Transfer to Stage 1	8,515	(5,260)	(3,255)	-
Transfer to Stage 2	(1,559)	2,135	(576)	-
Transfer to Stage 3	(69)	(296)	365	-
New financial assets originated or purchased	3,080	64	446	3,590
Financial assets derecognised during the period	(1,524)	(843)	(1,005)	(3,372)
Changes in PDs/LGDs/EADs	(6,906)	4,580	7,589	5,262
Write-offs	-	-	(2,506)	(2,506)
Loss allowance as at 30 June 2021	49,291	8,548	26,471	84,311

Write-off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the period ended 30 Jun 2021 was RM2,505,518 (Dec 2020 : RM3,277,929). The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the non-retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above: (Cont'd.)

Non - retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2020	6,027,884	150,500	261,361	6,439,745
New financial assets originated or purchased	1,743,530	218,962	276,055	2,238,547
Financial assets derecognised during the period other than write-offs	(1,912,113)	(151,145)	(261,361)	(2,324,619)
Changes in Carrying Amount	(193,251)	645	-	(192,605)
Write-offs	-	-	-	-
Gross carrying amount as at 31 Dec 2020	5,666,051	218,962	276,055	6,161,068

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above: (Cont'd.)

Retail	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	RM000	RM000	RM000	
Gross carrying amount as at 1 January 2020	2,905,638	112,646	40,064	3,058,349
Transfers:				
Transfer to Stage 1	62,953	(55,882)	(7,071)	-
Transfer to Stage 2	(48,220)	49,141	(921)	-
Transfer to Stage 3	(4,463)	(10,908)	15,371	-
New financial assets originated or purchased	144,760	1,174	715	146,649
Financial assets derecognised during the period other than write-offs	(153,439)	(7,124)	(3,603)	(164,166)
Changes in Carrying Amount	(66,702)	(565)	113	(67,154)
Modification loss	(46,231)	(942)	-	(47,173)
Write-offs	-	-	(3,278)	(3,278)
Gross carrying amount as at 31 Dec 2020	2,794,297	87,540	41,390	2,923,227

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Non- Retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2020	84,986	8,124	133,321	226,431
Movements with income statement impact				
New financial assets originated or purchased	19,226	80,356	131,066	230,649
Financial assets derecognised during the period	(57,004)	(8,125)	(133,321)	(198,450)
Changes in PDs/LGDs/EADs	(2,178)	-	-	(2,178)
Write-offs	-	-	(12,092)	(12,092)
Loss allowance as at 31 December 2020	45,030	80,356	131,066	256,452

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors: (Cont'd.)

Retail	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2020	23,576	8,016	23,092	54,684
Movements with income statement impact				
Transfers:				
Transfer to Stage 1	7,092	(3,327)	(3,765)	-
Transfer to Stage 2	(819)	1,739	(920)	-
Transfer to Stage 3	(83)	(804)	887	-
New financial assets originated or purchased	2,518	87	711	3,316
Financial assets derecognised during the period	(1,675)	(646)	(1,677)	(3,998)
Changes in PDs/LGDs/EADs	17,146	3,104	10,361	30,611
Write-offs	-	-	(3,278)	(3,278)
Loss allowance as at 31 December 2020	47,755	8,169	25,411	81,335

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vii) Carrying amount by class of financial assets whose terms have been renegotiated

Collateral held and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Margin agreement for derivatives, for which the Bank has also entered into master netting agreements;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vii) Carrying amount by class of financial assets whose terms have been renegotiated (Cont'd.)

Collateral held and other credit enhancements

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally

unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. The Bank holds collateral and other credit risk enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Loans and advances/Islamic financing to customers <i>RM'000</i>	Percentage of exposure that is subject to collateral requirements		
	30-Jun-21	31-Dec-20	Principle type of collateral
Financing receivables	3,988,612	4,194,043	Real Estate, Securities, Cash & Sovereign Guarantees Real Estate & Cash
Corporate	66.15%	60.99%	
Retail	40.33%	39.06%	

The following table shows the distribution of Loan-to-Value("LTV") ratios for the Bank's mortgage credit-impaired portfolio:

Mortgage portfolio – LTV distribution	Credit-impaired (Gross carrying amount)	
	30-Jun-21	31-Dec-20
LTV ratio		
Less than 50%	-	-
51–70%	1,278,372	1,664,163
71–90%	13,640,759	11,272,214
91–100%	5,119,929	7,671,049
More than 100%	-	-
Total	20,039,060	20,607,426

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vii) Carrying amount by class of financial assets whose terms have been renegotiated (Cont'd.)

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Bank has established clear guidelines that have been approved by the management and the Board on the types of acceptable collateral, valuation parameters and processes and secured margins to be taken.

The main types of collateral accepted include real estate, securities, cash and sovereign guarantees. The Bank also obtains guarantees from parent companies for finance facilities extended to their subsidiaries. In line with the Bank's established credit guidelines, proper due diligence on the guarantor is conducted to ascertain their creditworthiness. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The financial effect of collateral (quantification of the extent to which collateral and other enhancements mitigate credit risk) held for financing, advances and other receivables for the Bank is at 71.4% as at 30 June 2021 (31 Dec 2020: 65.3%). The financial effect of collateral held for other financial assets is not significant.

Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions

In order to cater for the inherently higher credit risks associated to dealings in Musyarakah and Mudharabah contracts, the Bank has been maintaining an internal credit policy to cover the Bank's activities in such portfolio, in addition to complying with BNM's Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions. The internal policy, which sets stricter and more clearly defined guidelines, encompasses areas of managing risks associated to profit-sharing activities such as the business management, strategy, exit mechanisms, business monitoring/control, and trigger alerts for potential watchlist and impaired accounts. The credit policy is enhanced from time to time to cater for latest changes in the risk profile of the portfolio.

In terms of approval of new Musyarakah and Mudharabah contracts, the Bank has introduced greater control where all new proposals are tabled to Management Committee for approval and subsequently to Board Credit and Investment Committee for concurrence. This further augments the Board's credit monitoring oversight role, specifically on the relatively higher risk profit-sharing portfolio.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK

Liquidity risk is defined as the exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner. It arises when the Bank does not have sufficient maturing assets to cover maturing liabilities that are not rolled-over. The Bank has adopted the BNM's liquidity standard on Liquidity Coverage Ratio, to ensure maintenance of adequate stock of unencumbered high quality liquid assets to survive the liquidity needs for 30 calendar days under liquidity stress condition. The Bank continues to report Net Stable Funding Ratio as per Policy Document dated 31 July 2019. The Bank will ensure to maintain the NSFR above the regulatory requirements.

The Bank also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Contractual maturity of total assets and liabilities

The tables below provide analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities as at 30 June 2021 and 31 December 2020. The disclosure is made in accordance with the requirement of Financial Reporting for Islamic Banking Institutions.

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
30 Jun 2021						
ASSETS						
Cash and short-term funds	79,928	-	-	-	159,906	239,834
Deposits and placements with banks and other financial institutions	6,157					6,157
Securities - FVOCI	368,248	107,574	1,286,686	1,854,410	-	3,616,918
Financing, advances and receivables	1,202,481	6,218	629,532	2,146,718	-	3,984,949
Hedging Financial Instrument Assets	3,393	1,108	-	-	-	4,501
Other assets	-	-	-	-	357,256	357,256
Total Assets	1,660,207	114,900	1,916,218	4,001,128	517,162	8,209,615

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,385,960	1,180,171	163,140	-	547,555	4,276,825
Deposits and placements of banks and other financial institutions	1,992,370	70,755	-	-		2,063,124
Investment accounts of customers					6,157	6,157
Hedging Financial Instrument Assets	2,896	151	-	-		3,048
Other liabilities	-	-	-	-	148,846	148,846
Total Liabilities	4,381,226	1,251,077	163,140	-	702,558	6,498,000
Shareholder's equity	-	-	-	-	1,711,615	1,711,615
Total Liabilities and Shareholder's equity	4,381,226	1,251,077	163,140	-	2,414,173	8,209,615
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	276,868	4,845	106,867	34,315	-	422,896
Net maturity mismatch	(2,997,887)	(1,141,022)	1,646,212	3,966,813	(1,897,011)	(422,896)

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Group 31 Dec 2020	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
ASSETS						
Cash and short-term funds	856	-	-	-	67,419	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	6,644
Securities FVTPL	-	-	-	-	-	-
Securities FVOCI	5,052	367,361	1,628,916	1,947,643	-	3,948,972
Financing, advances and receivables	1,235,994	10,634	646,771	2,296,980	-	4,190,380
Musarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	7,188	123	-	-	-	7,310
Other assets	-	-	-	-	361,299	361,299
Total Assets	1,255,733	378,118	2,275,688	4,244,623	428,736	8,582,898
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,150,363	657,602	159,581	-	517,726	4,485,272
Deposits and placements of banks and other financial institutions	1,858,466	282,762	-	-	-	2,141,227
Investment accounts of customers	-	-	-	-	6,644	6,644
Hedging Financial Instrument Assets	8,661	-	-	-	-	8,661
Other liabilities	-	-	-	-	163,527	163,527
Total Liabilities	5,017,490	940,364	159,581	-	687,897	6,805,331
Shareholder's equity	-	-	-	-	1,777,567	1,777,567
Total Liabilities and Shareholder's equity	5,017,490	940,364	159,581	-	2,465,464	8,582,898
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	249,763	196,620	92,916	24,884	-	564,182
Net maturity mismatch	(4,011,519)	(758,865)	2,023,191	4,219,739	(2,036,728)	(564,182)

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Bank 30 Jun 2021	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
ASSETS						
Cash and short-term funds	79,928	-	-	-	159,906	239,834
Deposits and placements with banks and other financial institutions	6,157					6,157
Securities - FVOCI	368,248	107,574	1,286,686	1,854,410	-	3,616,918
Financing, advances and receivables	1,202,481	6,218	629,532	2,146,718	-	3,984,949
Hedging Financial Instrument Assets	3,393	1,108	-	-	-	4,501
Other assets	-	-	-	-	367,456	367,456
Total Assets	1,660,207	114,900	1,916,218	4,001,128	527,362	8,219,815
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,385,960	1,180,171	163,140	-	563,465	4,292,735
Deposits and placements of banks and other financial institutions	1,992,370	70,755	-	-	-	2,063,124
Investment accounts of customers	-	-	-	-	6,157	6,157
Hedging Financial Instrument Assets	2,896	151	-	-	-	3,048
Other liabilities	-	-	-	-	148,836	148,836
Total Liabilities	4,381,226	1,251,077	163,140	-	718,458	6,513,900
Shareholder's equity	-	-	-	-	1,705,915	1,705,915
Total Liabilities and Shareholder's equity	4,381,226	1,251,077	163,140	-	2,424,373	8,219,815
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	276,868	4,845	106,867	34,315	-	422,896
Net maturity mismatch	(2,997,887)	(1,141,022)	1,646,212	3,966,813	(1,897,011)	(422,896)

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Bank 31 Dec 2020	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	856	-	-	-	67,419	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	6,644
Securities FVTPL	-	-	-	-	-	-
Securities FVOCI	5,052	367,361	1,628,916	1,947,643	-	3,948,972
Financing, advances and receivables	1,235,994	10,634	646,771	2,296,980	-	4,190,380
Musarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	7,188	123	-	-	-	7,310
Other assets	-	-	-	-	371,499	371,499
Total Assets	1,255,733	378,118	2,275,688	4,244,623	438,936	8,593,098
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,150,404	657,602	159,581	-	533,416	4,501,003
Deposits and placements of banks and other financial institutions	1,858,466	282,762	-	-	-	2,141,227
Investment accounts of customers	-	-	-	-	6,644	6,644
Hedging Financial Instrument Assets	8,661	-	-	-	-	8,661
Other liabilities	-	-	-	-	163,245	163,245
Total Liabilities	5,017,531	940,364	159,581	-	703,305	6,820,781
Shareholder's equity	-	-	-	-	1,772,317	1,772,317
Total Liabilities and Shareholder's equity	5,017,531	940,364	159,581	-	2,475,622	8,593,098
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	249,763	196,620	92,916	24,884	-	564,182
Net maturity mismatch	(4,011,561)	(758,865)	2,023,191	4,219,739	(2,036,686)	(564,182)

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of financial liabilities on an undiscounted basis

The table below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flow. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows:

	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2021						
Group						
Deposits from customers	2,407,811	1,196,420	172,312	-	547,555	4,324,098
Deposit and placements of banks and other financial institutions	2,010,320	71,713	-	-	-	2,082,033
Investment account of customers	-	-	-	-	6,157	6,157
Other liabilities	-	-	-	-	148,846	148,846
Total	4,418,131	1,268,133	172,312	-	702,558	6,561,133
Bank						
Deposits from customers	2,407,811	1,196,420	172,312	-	563,465	4,340,007
Deposit and placements of banks and other financial institutions	2,010,320	71,713	-	-	-	2,082,033
Investment account of customers	-	-	-	-	6,157	6,157
Other liabilities	-	-	-	-	148,836	148,836
Total	4,418,131	1,268,133	172,312	-	718,458	6,577,033

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of financial liabilities on an undiscounted basis (Cont'd.)

31 Dec 2020 Group	Up to 6 months RM'000	> 6 -12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity RM'000	Total RM'000
Deposits from customers	3,184,828	668,423	170,347	-	517,726	4,541,324
Deposit and placements of banks and other financial institutions	1,877,694	287,161	-	-	-	2,164,856
Investment account of customers	-	-	-	-	6,644	6,644
Other liabilities	-	-	-	-	163,527	163,527
Total	5,062,523	955,584	170,347	-	687,897	6,876,351
Bank						
Deposits from customers	3,184,714	668,374	170,297	-	533,416	4,556,801
Deposit and placements of banks and other financial institutions	1,877,694	287,161	-	-	-	2,164,856
Investment account of customers	-	-	-	-	6,644	6,644
Other liabilities	-	-	-	-	163,245	163,245
Total	5,062,408	955,535	170,297	-	703,305	6,891,545

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A26 FINANCIAL RISK MANAGEMENT

(c) MARKET RISK

Market risk is the risk that movements in market variables, including rates of return, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Group.

i. Traded Market Risk

Traded Market Risk arising from financial instruments held either with trading intent or to hedge other elements of the Trading Book. Positions held with trading intent are those held intentionally for short-term resale and/or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits. These positions attract market risk capital charge. For example, proprietary positions, positions arising from client servicing and market making.

ii. Non-Traded Market Risk

Rate of Return in the Banking Book

Rate of return risk in the banking book refers to the risk of the Bank's earnings and economic value of equity due to the adverse movements in benchmark rate. The risk may arise from the mismatches in the timing of repricing of assets and liabilities from both on and off-balance sheet positions in the banking book, changes in slope and shape of the yield curve, basis risk and optionality risk.

The following tables indicate the effective rate of return at the reporting date and the Group's and the Bank's sensitivity to the rate of return by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of financing and advances.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years			
Group 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS								
Cash and short-term funds	79,928	-	-	-	-	159,906	-	1.92
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	6,157	
Securities FVOCI	199,661	6,776	269,385	1,286,686	1,854,410	-	3,616,918	4.32
Financing, advances and receivables	1,134,267	1,037,281	59,358	272,727	1,327,200	154,117	3,984,949	5.02
Musarakah capital investment	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	357,256	357,256	
Hedging Financial Instrument Assets	2,743	224	1,533	-	-	-	4,501	
TOTAL ASSETS	1,422,756	1,044,281	330,277	1,559,413	3,181,610	671,280	8,209,615	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	852,566	1,145,730	1,714,986	461,900	-	101,644	-	4,276,826	1.84
Deposits and placements of banks and other financial institutions	759,252	524,430	779,442	-	-	-	-	2,063,124	1.81
Investment accounts of customers	6,157	-	-	-	-	-	-	6,157	
Hedging financial instrument liabilities	2,743	-	304	-	-	-	-	3,048	
Other liabilities	-	-	-	-	-	148,846	-	148,846	
Total Liabilities	1,620,718	1,670,160	2,494,732	461,900	-	250,489	-	6,498,000	
Shareholder's equity	-	-	-	-	-	1,711,615	-	1,711,615	
Total Liabilities and Shareholder's equity	1,620,718	1,670,160	2,494,732	461,900	-	1,962,105	-	8,209,615	
On-balance sheet profit sensitivity gap	(197,962)	(625,880)	(2,164,456)	1,097,513	3,181,610	(1,290,825)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(197,962)	(625,880)	(2,164,456)	1,097,513	3,181,610	(1,290,825)	-	-	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Group 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	856	-	-	-	-	67,419	-	68,275	1.87
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	-	6,644	
Securities FVOCI	-	-	372,413	1,628,916	1,947,643	-	-	3,948,972	4.33
Financing, advances and receivables	1,155,752	1,256,157	39,432	267,795	1,465,786	5,459	-	4,190,380	5.44
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	361,299	-	361,299	
Hedging Financial Instrument Assets	7,014	173	123	-	-	-	-	7,310	
TOTAL ASSETS	1,170,266	1,256,330	411,967	1,896,711	3,413,429	434,195	-	8,582,898	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

Group 31 Dec 2020	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,241,944	1,418,801	1,283,780	436,840	-	103,907	-	4,485,272	2.20
Deposits and placements of banks and other financial institutions	831,717	361,886	947,624	-	-	-	-	2,141,227	2.08
Investment accounts of customers	6,644	-	-	-	-	-	-	6,644	
Hedging Financial Instrument Liabilities	7,064	57	1,541	-	-	-	-	8,661	
Other liabilities	-	-	-	-	-	163,527	-	163,527	
Total Liabilities	2,087,369	1,780,744	2,232,945	436,840	-	267,434	-	6,805,331	
Shareholder's equity						1,777,567		1,777,567	
Total Liabilities and Shareholder's equity	2,087,369	1,780,744	2,232,945	436,840	-	2,045,001	-	8,582,898	
On-balance sheet profit sensitivity gap	(917,103)	(524,414)	(1,820,977)	1,459,871	3,413,429	(1,610,806)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(917,103)	(524,414)	(1,820,977)	1,459,871	3,413,429	(1,610,806)	-	-	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	79,928	-	-	-	-	159,906	-	239,834	1.92
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	-	6,157	
Securities FVOCI	199,661	6,776	269,385	1,286,686	1,854,410	-	-	3,616,918	4.32
Financing, advances and receivables	1,134,267	1,037,281	59,358	272,727	1,327,200	154,117	-	3,984,949	5.02
Musarakah capital investment	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	367,456	-	367,456	
Hedging Financial Instrument Assets	2,743	224	1,533	-	-	-	-	4,501	
TOTAL ASSETS	1,422,756	1,044,281	330,277	1,559,413	3,181,610	681,479	-	8,219,815	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	857,816	1,145,730	1,714,986	472,560	-	101,644	-	4,292,735	1.84
Deposits and placements of banks and other financial institutions	759,252	524,430	779,442	-	-	-	-	2,063,124	1.81
Investment accounts of customers	6,157	-	-	-	-	-	-	6,157	
Hedging Financial Instrument Liabilities	2,743	-	304	-	-	-	-	3,048	
Other liabilities	-	-	-	-	-	148,836	-	148,836	
Total Liabilities	1,625,968	1,670,160	2,494,732	472,560	-	250,479	-	6,513,900	
Shareholder's equity	-	-	-	-	-	1,705,915	-	1,705,915	-
Total Liabilities and Shareholder's equity	1,625,968	1,670,160	2,494,732	472,560	-	1,956,395	-	8,219,815	
On-balance sheet profit sensitivity gap	(203,212)	(625,880)	(2,164,456)	1,086,853	3,181,610	(1,274,915)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(203,212)	(625,880)	(2,164,456)	1,086,853	3,181,610	(1,274,915)	-	-	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	856	-	-	-	-	67,419	-	68,275	1.87
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	-	6,644	
Securities FVOCI	-	-	372,413	1,628,916	1,947,643	-	-	3,948,972	4.33
Financing, advances and receivables	1,155,752	1,256,157	39,432	267,795	1,465,786	5,459	-	4,190,380	5.44
Musarakah capital investment	-	-	-	-	-	18	-	18	
Hedging Financial Instrument Assets	7,014	173	123	-	-	-	-	7,310	
Other assets	-	-	-	-	-	371,499	-	371,499	
TOTAL ASSETS	1,170,266	1,256,330	411,967	1,896,711	3,413,429	444,395	-	8,593,098	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,247,135	1,418,801	1,283,780	447,379	-	103,907	4,501,003	2.19	
Deposits and placements of banks and other financial institutions	831,717	361,886	947,624	-	-	-	2,141,227	2.08	
Investment accounts of customers	6,644	-	-	-	-	-	6,644		
Hedging Financial Instrument Liabilities	7,064	57	1,541	-	-	-	8,661		
Other liabilities	-	-	-	-	-	163,246	163,246		
Total Liabilities	2,092,560	1,780,744	2,232,945	447,379	-	267,153	6,820,781		
Shareholder's equity						1,772,317	1,772,317		
Total Liabilities and Shareholder's equity	2,092,560	1,780,744	2,232,945	447,379	-	2,039,470	8,593,098		
On-balance sheet profit sensitivity gap	(922,294)	(524,414)	(1,820,977)	1,449,332	3,413,429	(1,595,075)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(922,294)	(524,414)	(1,820,977)	1,449,332	3,413,429	(1,595,075)	-	-	

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

The following table indicates the sensitivity of the net revenue and the economic value of equity to the rate of return upward and downward rate shocks.

Profit Rate Risk Sensitivity Analysis

30 Jun 2021

	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value of Equity	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
Group				
MYR - Ringgit Malaysia	(13,752)	13,752	255,933	(255,933)
USD - United States Dollars	(1,192)	1,192	(287)	287
Other Currencies	(91)	91	(271)	271
Total	(15,035)	15,035	255,375	(255,375)
Bank				
MYR - Ringgit Malaysia	(13,752)	13,752	255,960	(255,960)
USD - United States Dollars	(1,241)	1,241	(447)	447
Other Currencies	(91)	91	(271)	271
Total	(15,084)	15,084	255,242	(255,242)

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

ii. Non-Traded Market Risk (Cont'd.)

Rate of Return in the Banking Book (Cont'd.)

31 Dec 2020

	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value of Equity	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
Group				
MYR - Ringgit Malaysia	(20,203)	20,203	270,776	(270,776)
USD - United States Dollars	(2,331)	2,331	1,821	(1,821)
Other Currencies	(27)	27	(61)	61
Total	(22,561)	22,561	272,536	(272,536)
Bank				
MYR - Ringgit Malaysia	(20,203)	20,203	270,776	(270,776)
USD - United States Dollars	(2,377)	2,377	1,677	(1,677)
Other Currencies	(30)	30	(70)	70
Total	(22,610)	22,610	272,383	(272,383)

Note:

The earnings and economic values were computed based on the standardised approach adopted by BNM.

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and hedging financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, US Dollar, Euro and Kuwait Dinar.

Group 30 Jun 2021	MYR	SGD	USD	EUR	KWD	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	94,649	1,399	114,530	24,538	883	3,835	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	6,157
Securities - FVTPL	-	-	-	-	-	-	-
Securities - FVOCI	3,309,683	-	307,235	-	-	-	3,616,918
Financing, advances and receivables	3,854,498	-	130,452	-	-	-	3,984,949
Equity instruments at FVOCI	-	-	-	-	-	-	-
Other assets	259,881	-	-	-	-	101,876	361,757
Total Assets	7,524,868	1,399	552,216	24,538	883	105,711	8,209,615

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK (Cont'd.)

Group 30 Jun 2021	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,607,916	263,446	277,686	23,726	913	103,140	4,276,826
Deposits and placements with banks and other financial institutions	1,780,748	-	282,377	-	-	-	2,063,124
Investment account of customers	6,157	-	-	-	-	-	6,157
Other liabilities	151,831	-	62	-	-	-	151,893
Total Liabilities	5,546,652	263,446	560,124	23,726	913	103,140	6,498,000
Shareholder's equity	1,701,628	-	9,988	-	-	-	1,711,615
Total Liabilities and Shareholder's equity	7,248,280	263,446	570,112	23,726	913	103,140	8,209,615
On-balance sheet open position	276,588	(262,047)	(17,895)	813	(30)	2,571	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	276,588	(262,047)	(17,895)	813	(30)	2,571	-

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK (Cont'd.)

Group 31 Dec 2020	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
ASSETS							
Cash and short-term funds	20,020	2,269	34,625	4,865	2,926	3,570	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	6,644
Securities FVTPL	-	-	-	-	-	-	-
Securities FVOCI	3,646,149	-	302,823	-	-	-	3,948,972
Financing, advances and receivables	4,063,666	-	126,714	-	-	-	4,190,380
Equity instruments at FVOCI	18	-	-	-	-	-	18
Other assets	264,479	-	-	-	-	104,130	368,609
Total Assets	8,000,976	2,269	464,162	4,865	2,926	107,700	8,582,898
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,817,397	270,756	294,784	2,703	874	98,756	4,485,272
Deposits and placements with banks and other financial institutions	1,980,360	-	160,868	-	-	-	2,141,227
Investment account of customers	6,644	-	-	-	-	-	6,644
Other liabilities	171,316	-	872	-	-	-	172,188
Total Liabilities	5,975,717	270,756	456,524	2,703	874	98,756	6,805,331
Shareholder's equity	1,764,894	-	12,673	-	-	-	1,777,567
Total Liabilities and Shareholder's equity	7,740,611	270,756	469,197	2,703	874	98,756	8,582,898
On-balance sheet open position	260,365	(268,487)	(5,035)	2,161	2,052	8,944	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	260,365	(268,487)	(5,035)	2,161	2,052	8,944	-

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK (Cont'd.)

Bank 30 Jun 2021	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
ASSETS							
Cash and short-term funds	94,649	1,399	114,530	24,538	883	3,835	239,834
Deposits and placements with banks and other financial institutions	6,157	-	-	-	-	-	6,157
Securities - FVTPL	-	-	-	-	-	-	-
Securities - FVOCI	3,309,683	-	307,235	-	-	-	3,616,918
Financing, advances and receivables	3,854,498	-	130,452	-	-	-	3,984,949
Murabahah trading automobile	-	-	-	-	-	-	-
Equity instruments at FVOCI	-	-	-	-	-	-	-
Other assets	258,870	-	11,211	-	-	101,876	371,957
Total Assets	7,523,857	1,399	563,427	24,538	883	105,711	8,219,815
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,607,927	263,446	293,585	23,726	913	103,140	4,292,735
Deposits and placements with banks and other financial institutions	1,780,748	-	282,377	-	-	-	2,063,124
Investment account of customers	6,157	-	-	-	-	-	6,157
Other liabilities	151,821	-	62	-	-	-	151,883
Total Liabilities	5,546,653	263,446	576,023	23,726	913	103,140	6,513,900
Shareholder's equity	1,700,620	-	5,296	-	-	-	1,705,915
Total Liabilities and Shareholder's equity	7,247,273	263,446	581,318	23,726	913	103,140	8,219,816
On-balance sheet open position	276,584	(262,047)	(17,891)	813	(30)	2,571	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	276,584	(262,047)	(17,891)	813	(30)	2,571	-

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK (Cont'd.)

Bank 31 Dec 2020	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
ASSETS							
Cash and short-term funds	20,020	2,269	34,625	4,865	2,926	3,570	68,275
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	6,644
Securities FVTPL	-	-	-	-	-	-	-
Securities FVOCI	3,646,149	-	302,823	-	-	-	3,948,972
Financing, advances and receivables	4,063,666	-	126,714	-	-	-	4,190,380
Other assets	263,823	-	10,856	-	-	104,130	378,809
Total Assets	8,000,320	2,269	475,018	4,865	2,926	107,700	8,593,098
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,817,405	270,757	308,817	4,060	874	99,089	4,501,003
Deposits and placements with banks and other financial institutions	1,980,360	-	160,868	-	-	-	2,141,227
Investment account of customers	6,644	-	-	-	-	-	6,644
Other liabilities	171,119	-	788	-	-	-	171,907
Total Liabilities	5,975,528	270,757	470,472	4,060	874	99,089	6,820,781
Shareholder's equity	1,764,242	-	8,075	-	-	-	1,772,317
Total Liabilities and Shareholder's equity	7,739,770	270,757	478,547	4,060	874	99,089	8,593,098
On-balance sheet open position	260,550	(268,488)	(3,529)	804	2,052	8,611	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	260,550	(268,488)	(3,529)	804	2,052	8,611	-

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK (Cont'd.)

The table below indicates the currencies to which the Bank had significant exposure at 30 June 2020. The analysis calculates the effect of a reasonably possible movement of the currencies' exchange rates against Ringgit Malaysia, with all other variables held constant, on the income statement. A negative amount in the table reflects a potential net reduction in income statement, while a positive amount reflects a net potential increase.

	30-Jun-21		31-Dec-20	
	Change in exchange rate %	Effect on Income Statements/ Equity RM'000	Change in exchange rate %	Effect on Income Statements/ Equity RM'000
Group				
Singapore Dollar (SGD)	1	(2,620)	1	(2,685)
US Dollar (USD)	1	(179)	1	(50)
Euro (EUR)	1	8	1	22
Bank				
Singapore Dollar (SGD)	1	(2,620)	1	(2,685)
US Dollar (USD)	1	(179)	1	(35)
Euro (EUR)	1	8	1	8

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) Credit Risk Disclosures for portfolios under the Standardised Approach

For the calculation of credit risk-weighted assets under the Standardised Approach for Capital Adequacy Framework for Islamic Bank (CAFIB) issued by BNM, external credit assessments (or external ratings) on the obligor (the issuer) or specific securities issued by the issuer (the issue) form as a basis for the determination of risk weights for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios in the banking book. The Bank captures all available external ratings of obligor or issues and adheres to the conditions stipulated in the BNM CAFIB to choose the applicable rating assessment for exposures with single or multiple external ratings. The Bank then assigns the appropriate risk weight to the banking book exposure that is equivalent to the standard risk-weights in CAFIB for issue-specific rating. The Bank also applies the principles stipulated in CAFIB to determine the applicable risk weights to the exposures that do not have issue-specific rating.

(i) Names of External Credit Assessment Institution ("ECAIs") used are :

Standard & Poor's Rating Services ("S&P")
 Moody's Investor's Service ("Moody's")
 Fitch Ratings ("Fitch")
 Rating Agency Malaysia ("RAM")
 Malaysian Rating Corporation Berhad ("MARC")

(ii) Types of exposures for which each ECAI is used :

Exposures to Sovereign and Central Banks
 Exposures to Non-Federal Government Public Sector Entities ("PSEs")
 Exposures to Multilateral Banks ("MDB"s)
 Exposures to Banking Institutions and Corporates

(iii) The breakdown of all rated and unrated exposures risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

30 Jun 2021

Exposure class	Rating of Corporates by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000
Credit exposures (using corporate risk-weights)						
Group and Bank Corporates		686,824	107,574	13,776	-	3,462,414

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

30 Jun 2021

Exposure class	Rating of Sovereigns and Central Banks by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Sovereigns/Central Banks		-	865,182	6,363	-	-	12,046

Exposure class	Rating of Banking Institutions by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Banks, MDBs and FDIs		123,017	86,107	25,682	-	-	21,096

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

31 Dec 2020

Exposure class	Rating of Corporates by approved ECAs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Credit exposures (using corporate risk-weights)		RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Corporates		679,508	105,725	27,057	-	3,589,557

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Credit exposures (using sovereign risk-weights)		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Sovereigns/Central Banks		-	1,159,663	-	-	-	28,759

Exposure class	Rating of Banking Institutions by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Credit exposures (using banking institution risk-weights)		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Banks, MDBs and FDIs		17,170	37,489	5,086	-	-	21,377

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows:

30 Jun 2021

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	883,592	664,682	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	245,249	20,617	-
Corporates	4,034,195	1,937,560	141,051
Regulatory Retail	1,696,770	-	4,180
Residential Mortgages	1,058,502	-	1,969
Higher Risk Assets ¹	-	-	-
Other Assets	333,913	-	-
Defaulted Exposures ²	154,672	-	1,222
Total On Balance Sheet Exposures	8,406,893	2,622,859	148,422
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	10,652	-	-
Off-balance sheet exposures other than OTC derivatives ²	146,389	-	-
Total Off-Balance Sheet Exposures	157,041	-	-
Total On and Off-Balance Sheet Exposures	8,563,935	2,622,859	148,422

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

31 Dec 2020

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,188,423	954,611	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	69,471	20,797	-
Corporates	4,158,487	1,991,233	128,955
Regulatory Retail	1,805,008	-	2,418
Residential Mortgages	1,066,639	-	921
Higher Risk Assets ¹	18	-	-
Other Assets	343,859	-	-
Defaulted Exposures ²	139,394	-	1,142
Total On Balance Sheet Exposures	8,771,299	2,966,641	133,436
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	11,650	-	-
Off-balance sheet exposures other than OTC derivatives ²	172,366	-	19,473
Total Off-Balance Sheet Exposures	184,016	-	19,473
Total On and Off-Balance Sheet Exposures	8,955,315	2,966,641	152,909

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

30 Jun 2021

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	883,592	664,682	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	245,249	20,617	-
Corporates	4,034,195	1,937,560	141,051
Regulatory Retail	1,696,770	-	4,180
Residential Mortgages	1,058,502	-	1,969
Higher Risk Assets ¹	-	-	-
Other Assets	333,913	-	-
Defaulted Exposures ²	154,672	-	1,222
Total On-Balance Sheet Exposures	8,406,893	2,622,859	148,422
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	10,652	-	-
Off-balance sheet exposures other than OTC derivatives ²	146,389	-	-
Total Off Balance Sheet Exposures	157,041	-	-
Total On and Off-Balance Sheet Exposures	8,563,935	2,622,859	148,422

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

31 Dec 2020

Bank

(i) Credit Risk

(a) On-Balance Sheet Exposures

Sovereigns/Central Banks
Banks, Development Financial Institutions & MDBs
Corporates
Regulatory Retail
Residential Mortgages
Higher Risk Assets¹
Other Assets
Defaulted Exposures²

Total On-Balance Sheet Exposures

	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
	1,188,423	954,611	-
	69,471	20,797	-
	4,158,487	1,991,233	128,955
	1,805,008	-	2,418
	1,066,639	-	921
	18	-	-
	343,859	-	-
	139,394	-	1,142
	8,771,299	2,966,641	133,436

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

2020 (Cont'd)

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk (Cont'd)			
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	11,650	-	-
Off-balance sheet exposures other than OTC derivatives ²	172,366	-	19,473
Total Off Balance Sheet Exposures	184,016	-	19,473
Total On and Off-Balance Sheet Exposures	8,955,315	2,966,641	152,909

* Credit equivalent of off-balance sheet items

¹ Higher risk assets are defined in CAFIB guidelines issued by Bank Negara Malaysia which comprised of (i) exposures structured as Musyarakah and Mudharabah contracts and (ii) Investment in equity financial instruments that are non-publicly traded.

² Defaulted exposures are defined as the Islamic bank considers that an obligor is "unlikely to repay" in full its credit obligations; and the obligor has breached its contractual repayment schedule and is past due for more than 90 days. For events under "unlikeliness to repay", please refer to Appendix 3 paragraph 2 of CAFIB guidelines issued by Bank Negara Malaysia.

³ Comprising Promissory Foreign Exchange Contracts

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 30 June 2021, are as follows:

Group and Bank 30 Jun 2021	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	48,220		47,334	46,456
Transaction related contingent Items	97,980		47,863	37,756
Short Term Self Liquidating trade related contingencies	4,822		964	964
Foreign exchange related contracts				
One year or less	624,142	3,215	5,922	1,775
Over one year to five years	130,922	1,286	4,730	946
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	50,247		23,142	18,521
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	221,627		27,086	23,433
	1,177,959	4,501	157,041	129,851

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk (Cont'd.)

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 31 December 2020, are as follows:

Group and Bank 31 Dec 2020	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	52,262		51,320	50,353
Transaction related contingent Items	110,370		54,080	41,534
Short Term Self Liquidating trade related contingencies				
Foreign exchange related contracts				
One year or less	494,577	154	7,014	1,403
Over one year to five years	257,534	7,157	4,636	1,640
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	44,486		20,721	16,487
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	357,064		46,245	41,462
	1,316,293	7,310	184,016	152,879

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A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Equities (Disclosure for banking book positions)

30 Jun 2021
Group and Bank

Equity

Privately Held

- (a) **Subsidiaries**
Kuwait Finance House (Labuan) Berhad
- (b) **Investment**
Intrared Sdn Bhd
Al Faiz Fund 1
- (c) **Musyarakah Capital Investment**

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
(a) Subsidiaries	10,200	-	Capital Deduction
Kuwait Finance House (Labuan) Berhad	10,200	-	Capital Deduction
(b) Investment	55,650	(55,650)	-
Intrared Sdn Bhd	36,100	(36,100)	-
Al Faiz Fund 1	19,550	(19,550)	-
(c) Musyarakah Capital Investment	-	-	-

31 Dec 2020
Group and Bank

Equity

Privately Held

- (a) **Subsidiaries**
Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
- (b) **Investment**
Intrared Sdn Bhd
Al Faiz Fund 1
- (c) **Musyarakah Capital Investment**

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
(a) Subsidiaries	10,200	-	Capital Deduction
Kuwait Finance House (Labuan) Berhad	10,200	-	Capital Deduction
KFH Nominees (Tempatan) Sdn. Bhd.	-	-	
(b) Investment	55,519	(55,519)	-
Intrared Sdn Bhd	36,100	(36,100)	-
Al Faiz Fund 1	19,419	(19,419)	-
(c) Musyarakah Capital Investment	18	-	27

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B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the six months ended 30 June 2021 of the Group and the Bank have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Guidelines on Financial Reporting for Islamic Banking Institutions and Shariah principles. At the beginning of the current financial year, the Group and the Bank adopted new and revised MFRSs which are mandatory for financial periods beginning on or after 1 January 2021.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2020.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

B2 Significant Accounting Policies

The interim financial statements of the Group and the Bank for the period ended 30 June 2021 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2020.

B2.1 Standards issued but are not yet effective

The following FRSs and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

FRSs, Amendments to FRSs and Interpretations	Effective for financial period beginning on or after
MFRS 101 Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2022

B2.2 Significant Accounting Estimates and Judgements

(a) Significant Accounting Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

(i) Fair value estimation of securities and profit rate related contracts

Where the quoted and observable market prices of certain securities are not available, fair value is estimated using pricing models or discounted cash flow techniques. The usage of these models and techniques require the Group to make certain estimates and assumptions, including but not limited to estimated future cash flows and discount rates.

(ii) Fair value estimation of Right of Use Assets and Lease Liabilities

The Lease Liability is measured at the present value of the lease payments that are not paid at inception date. The lease payments are discounted using profit rate implicit in the lease, if that rate can be readily determined. If that rate can't be readily determined, the Bank uses the Bank's incremental borrowing rate. The incremental borrowing rate is the profit rate that the Bank would have to pay to finance over a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-use Asset in similar economic environment.

(iii) Deferred tax and income taxes

Deferred tax assets are measured and recognised based on the tax rates that are expected to apply in the period when the asset is realised. Estimates are made as to the amount of taxable profits in these periods which will enable the deferred tax assets to be realised.

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B2 Significant Accounting Policies (Cont'd.)

B2.2 Significant Accounting Estimates and Judgements (Cont'd.)

(b) Significant Accounting Judgments

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

(i) Classification of investment securities

On acquisition of an investment security, the Bank decides whether it should be classified as fair value through profit or loss or fair value through other comprehensive income or financial assets to be measured at amortised cost. The Bank follows the guidance of MFRS 9 on classifying its investments.

(ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt instruments at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Business models and SPPP as significant judgements

As well as ECL, determining the appropriate business models and assessing the SPPP requirements for financial assets may require significant accounting judgement and have a significant impact on the financial statements.

(iv) Deferred tax and income taxes

Significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

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B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

B4 Seasonal or Cyclical Factors Affecting Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2021.

B5 Unusual Items Due to their Nature, Size or Incidence

There were no unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the six months ended 30 June 2021.

B6 Changes in Estimates and Judgements

There were no changes in the estimates of amounts reported in prior financial years that have a material effect to the six months ended 30 June 2021.

However, the Bank has adopted additional management overlays to cater for potential additional ECL charge caused by COVID-19 pandemic during the six months ended 30 June 2021.

B7 Debt and Equity Securities

There were no issuances of debt and equity securities during the six months ended 30 June 2021.

B8 Dividends Paid

There were no dividends paid during the six months ended 30 June 2021.

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B9 Segment Information on Operating Revenue, Profit Before Zakat & Taxation and Total Assets

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	82,995	33,603	6,636	70,636		193,870
Revenue from other segments	50,453	223	646	23,855	(75,178)	-
Total Revenue	133,448	33,826	7,283	94,491	(75,178)	193,870
Segment results	44,864	21,750	4,921	10,497	-	82,033
Unallocated expenses						(39,869)
Loss from operations						42,163
Taxation						(10,088)
Net loss for the year						32,075
Other information						
Segment assets	3,846,437	1,141,062	205,419	2,904,071	(26,109)	8,070,880
Unallocated corporate assets						138,736
Total assets						8,209,615
Segment liabilities	7,976,157	403,353	433,608	6,335,463	(15,909)	15,132,671
Unallocated corporate liabilities						(8,634,671)
Total liabilities						6,498,000
Other segment items						
Purchase of property and equipment				348		348
Purchase of intangible assets				243		243
Depreciation of property and equipment				1,787		1,787
Amortisation of intangible assets				2,507		2,507
Other non-cash expense other than depreciation	-	2,495	1,951	(28,551)	-	(24,106)

(ii) By Geographical Locations

Group
30 Jun 2021
Malaysia

Operating Revenue RM'000	Loss Before Zakat and Taxation RM'000	Total Assets RM'000
193,870	42,163	8,209,615

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B9 Segment Information on Operating Revenue, Profit Before Zakat & Taxation and Total Assets (cont'd.)

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	75,932	46,297	12,511	82,104		216,844
Revenue from other segments	72,208	314	819	38,674	(112,015)	-
Total Revenue	148,140	46,611	13,330	120,778	(112,015)	216,844
Segment results	20,668	25,260	7,795	(30,277)	-	23,446
Unallocated expenses						(42,067)
Profit from operations						(18,621)
Zakat						(7,904)
Taxation						(26,525)
Net profit for the year						(26,525)
Other information						
Segment assets	3,791,849	1,303,334	315,845	3,076,002	(30,143)	8,456,887
Unallocated corporate assets						240,562
Total assets						8,697,449
Segment liabilities	7,191,627	368,196	422,196	7,046,269	(20,061)	15,008,227
Unallocated corporate liabilities						(8,061,078)
Total liabilities						6,947,149
Other segment items						
Purchase of property and equipment				2,279		2,279
Purchase of intangible assets				264		264
Depreciation of property and equipment				1,862		1,862
Amortisation of intangible assets				2,868		2,868
Other non-cash expense other than depreciation	-	2,135	1,226	(62,997)	-	(59,636)

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2020			
Malaysia	216,844	(18,621)	8,697,449

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B10 Valuation of Property and Equipment

There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2020.

B11 Subsequent Events

There were no material events subsequent to the end of the current interim period that requires disclosure or adjustments to the unaudited condensed interim financial statements.

B12 Changes In Composition Of The Group

There were no significant changes in the composition of the Group since the last audited financial statements as at 31 December 2020.

B13 Changes In Contingent Liabilities and Contingent Assets

There were no significant changes in the contingent liabilities and contingent assets since the last annual statements of financial position as at 31 December 2020 other than those as disclosed in note A22.

B14 Capital Commitments

The capital commitments not provided for in the interim financial statements as at 30 June 2021 are as follows:

	Group and Bank RM'000
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	111
- purchase of IT hardware	50
- purchase of IT software	33
	194
Authorised and not contracted for:	
- purchase of IT hardware & software	52,880
	52,880

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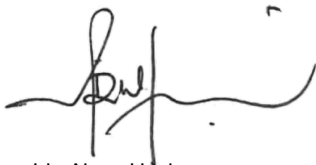
Certification of Financial Statements

I, Roslinawati Binti Zainal, being the officer primarily responsible for the financial management of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to the Bank's accounting and other records and are in conformity with the approved accounting standards in Malaysia.



Roslinawati Binti Zainal
Acting Head of Finance

I, Ida Aizun Husin, being the Acting Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to requirements stipulated in Bank Negara Malaysia Capital Adequacy Framework for Islamic Bank (CAFIB) - Disclosures Requirements (Pillar 3) guidelines.



Ida Aizun Husin
Acting Chief Executive Officer