

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 September 2022

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
ASSETS					
Cash and short-term funds	A3	181,461	153,845	181,461	153,845
Deposits and placements with banks and other financial institutions	A4	4,340	37,760	4,340	37,760
Gold depository		111,610	103,554	111,610	103,554
Debt instruments at FVOCI	A5	3,032,071	3,137,512	3,032,071	3,137,512
Financing, advances and other receivables	A6	3,441,343	3,669,301	3,441,343	3,669,301
Other assets	A7	114,279	120,304	114,279	120,304
Hedging financial instruments	A8	20,943	5,805	20,943	5,805
Statutory deposits with Bank Negara Malaysia		24	2	24	2
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A9	55,615	61,097	55,615	61,097
Property and equipment		8,813	8,248	8,813	8,248
Intangible assets		12,526	16,773	12,526	16,773
Deferred tax assets		81,961	52,208	81,961	52,208
		7,064,986	7,366,409	7,075,186	7,376,609
LIABILITIES					
Deposits from customers	A10	3,597,715	3,915,548	3,613,632	3,931,455
Investment accounts of customers	A12	4,367	5,550	4,367	5,550
Deposits and placements of banks and other financial institutions	A11	1,650,288	1,588,714	1,650,288	1,588,714
Hedging financial instruments	A8	13,378	5,517	13,378	5,517
Lease Liabilities	A9	59,950	64,547	59,950	64,547
Other liabilities	A13	90,699	86,366	90,682	86,359
		5,416,397	5,666,242	5,432,297	5,682,142
SHAREHOLDER'S EQUITY					
Share capital	A14	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		223,317	274,895	217,617	269,195
		1,648,589	1,700,167	1,642,889	1,694,467
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		7,064,986	7,366,409	7,075,186	7,376,609
COMMITMENTS AND CONTINGENCIES					
	A21	1,151,487	1,070,200	1,151,487	1,070,200
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A24	38.946%	38.502%	38.400%	38.004%
Total Capital Ratio	A24	40.049%	39.615%	39.500%	39.114%
NET ASSETS PER SHARE (RM)					
		1.16	1.19	1.15	1.19

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

Group	Note	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing Operations					
Operating revenue		85,727	90,283	261,003	284,224
Income derived from investment of depositors' funds and others	A15	63,710	69,522	194,869	219,589
Income derived from investment of investment account funds	A19	23	26	67	85
Income derived from investment of shareholder's equity	A16	21,994	20,736	66,067	64,550
Total gross income		85,727	90,284	261,003	284,224
Credit loss (charge)/writeback on financial assets	A17	(2,763)	(6,311)	(27,566)	(30,418)
Total distributable income		82,964	83,972	233,437	253,806
Income attributable to the depositors	A18	(29,288)	(27,724)	(79,368)	(92,020)
Profit distributed to investment account holders	A19	(14)	(15)	(41)	(51)
Total net income		53,662	56,233	154,028	161,735
Personnel expenses		(13,951)	(14,191)	(41,073)	(43,295)
Other overheads and expenditures		(21,377)	(19,419)	(66,738)	(53,571)
Profit before zakat and taxation		18,334	22,622	46,217	64,870
Taxation		(574)	(4,168)	(1,177)	(14,256)
Net profit for the period		17,760	18,454	45,040	50,614
Discontinued Operations					
Loss before zakat and taxation from discontinued operations	A20	-	-	-	(87)
Net profit for the period		17,760	18,454	45,040	50,527
Attributable to:					
Equity holders of the Bank		17,760	18,454	45,040	50,527
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		1.25	1.29	3.16	3.55

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 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group				
Net profit for the period	17,760	18,454	45,040	50,527
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised loss on securities held at FVOCI	(6,265)	(13,164)	(121,582)	(123,217)
- Net realised gain on securities held at FVOCI reclassified to the income statement	(884)	(6,290)	(9,427)	(25,015)
- Changes in allowance for expected credit losses	1,830	-	2,982	-
Exchange differences on translation of foreign operations:				
Net (loss)/gain taken to equity	-	2	-	539
Income tax relating to components of other comprehensive income	1,716	4,273	31,409	34,487
Other comprehensive income for the period, net of tax	(3,603)	(15,179)	(96,618)	(113,206)
Total comprehensive income for the period	14,157	3,275	(51,578)	(62,679)
Total comprehensive income for the period attributable to equity holders of the Bank	14,157	3,275	(51,578)	(62,679)

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 INCOME STATEMENTS

Bank	Note	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating revenue		85,727	90,283	261,003	284,224
Income derived from investment of depositors' funds and others	A15	63,710	69,522	194,869	219,589
Income derived from investment of investment account funds	A19	23	26	67	85
Income derived from investment of shareholder's equity	A16	21,994	20,736	66,067	64,550
Total gross income		85,727	90,284	261,003	284,224
Credit loss (charge)/writeback on financial assets	A17	(2,763)	(6,311)	(27,566)	(30,418)
Total distributable income		82,964	83,972	233,437	253,806
Income attributable to the depositors	A18	(29,288)	(27,724)	(79,368)	(92,020)
Profit distributed to investment account holders	A19	(14)	(15)	(41)	(51)
Total net income		53,662	56,233	154,028	161,735
Personnel expenses		(13,951)	(14,191)	(41,073)	(43,295)
Other overheads and expenditures		(21,377)	(19,419)	(66,738)	(53,571)
Profit before zakat and taxation		18,334	22,622	46,217	64,870
Taxation		(574)	(4,168)	(1,177)	(14,256)
Net profit for the period		17,760	18,454	45,040	50,614

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 COMPREHENSIVE INCOME

	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank				
Net profit for the period	17,760	18,454	45,040	50,614
Other comprehensive income/(loss):				
Debt securities at FVOCI:				
- Net unrealised loss on securities held at FVOCI	(6,265)	(13,164)	(121,582)	(123,217)
- Net realised gain on securities held at FVOCI reclassified to the income statement	(884)	(6,290)	(9,427)	(25,015)
- Changes in allowance for expected credit losses	1,830	-	2,982	-
Income tax relating to components of other comprehensive income	1,716	4,273	31,409	34,487
Other comprehensive income for the period, net of tax	(3,603)	(15,181)	(96,618)	(113,745)
Total comprehensive income for the period	14,157	3,273	(51,578)	(63,131)

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 January 2022	1,425,272	207,491	3,798	39,965	23,641	1,700,167
Total comprehensive income	-	-	-	(96,618)	45,040	(51,578)
Transfer to statutory reserve	-	-	-	-	-	-
At 30 Sep 2022	1,425,272	207,491	3,798	(56,653)	68,681	1,648,589
At 1 January 2021	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Total comprehensive income	-	-	537	(151,537)	73,600	(77,400)
Transfer to statutory reserve	-	36,843	-	-	(36,843)	-
At 31 December 2021	1,425,272	207,491	3,798	39,965	23,641	1,700,167
Bank						
At 1 January 2022	1,425,272	207,491	-	39,965	21,739	1,694,467
Total comprehensive income	-	-	-	(96,618)	45,040	(51,578)
Transfer to statutory reserve	-	-	-	-	-	-
At 30 Sep 2022	1,425,272	207,491	-	(56,653)	66,779	1,642,889
At 1 January 2021	1,425,272	170,648	-	191,502	(15,105)	1,772,317
Total comprehensive income	-	-	-	(151,537)	73,687	(77,850)
Transfer to statutory reserve	-	36,843	-	-	(36,843)	-
At 31 December 2021	1,425,272	207,491	-	39,965	21,739	1,694,467

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

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group and Bank	
	30-Sep 2022 RM'000	30-Sep 2021 RM'000
Profit before zakat and taxation	46,217	64,870
Adjustments for non-cash items	39,853	50,235
Operating profit before changes in working capital	86,071	115,105
<u>Changes in the working capital</u>		
Net changes in operating assets	158,217	314,746
Net changes in operating liabilities	(354,421)	(739,590)
Net cash generated from operating activities	(196,204)	(424,844)
Net purchases of assets	104,107	499,896
Net cash used in investing activities	104,107	499,896
Net change in cash and cash equivalents	(6,026)	190,157
Cash and cash equivalents at beginning of the period	191,827	74,919
Exchange differences on translation of opening balances	-	-
Cash and cash equivalents at end of the period	185,801	265,076

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 net profit of RM45.0 million for the period ended 30 September 2022.

A2 OUTLOOK FOR 2022

The Malaysian economy is expected to expand between 5.0% to 6.3% in 2022. The country's strong economic fundamentals and well-diversified economy will help to support its economic growth as well as driven by improved business activities and sustained growth in external demand.

Nevertheless, the monetary policy is expected to remain supportive of economic growth whilst ensuring price stability in 2022. Inflation dynamics are also expected to favour a more accommodative monetary policy stance for Malaysia in 2022.

Further resumption of economic activities, continued policy support and strength of external demand will be the major factors affecting the Malaysian economy in 2022. However, the risk related to global growth, supply chain disruptions, cost and price pressures and financial markets stability will be the key challenges affecting global economic situations. Despite a challenging domestic and external environment, the Malaysian economy is likely to remain positive in 2022.

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 Sep 2022	31 Dec 2021
RM'000	RM'000
63,033	34,761
119,552	120,013
182,585	154,774
(1,124)	(929)
181,461	153,845

Included in money at call and interbank placements is a balance of RM116.9 million in a correspondent account maintained with an international bank in the United States of America that is restricted (no withdrawal allowed) following an ongoing litigation.

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-Sep-22			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	182,585	-	-	182,585
Total	182,585	-	-	182,585
<u>Group and Bank</u>	31-Dec-21			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	154,774	-	-	154,774
Total	154,774	-	-	154,774

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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 September 2022 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 2022	154,774	-	-	154,774
New financial assets originated or purchased	47,149	-	-	47,149
Financial assets that have matured	(19,338)	-	-	(19,338)
Gross carrying amount as at 30 September 2022	182,585	-	-	182,585

30 September 2022 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	929	-	-	929
Allowance made during the year	195	-	-	195
ECL allowance as at 30 September 2022	1,124	-	-	1,124

Net carrying amount (after ECL)	181,461	-	-	181,461
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31 December 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	73,501	-	-	73,501
New financial assets originated or purchased	81,013	-	-	81,013
Financial assets that have matured	(68,516)	-	-	(68,516)
Gross carrying amount as at 31 December 2021	154,774	-	-	154,774

31 December 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	1,370	-	-	1,370
Allowance writeback made during the year	(441)	-	-	(441)
ECL allowance as at 31 December 2021	929	-	-	929

Net carrying amount (after ECL)	153,845	-	-	153,845
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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

A4 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 Sep 2022	31 Dec 2021
	RM'000	RM'000
Bank Negara Malaysia ^	4,367	5,550
Other financial institutions	-	32,432
	4,367	37,982
Less : ECL Allowance	(27)	(222)
	4,340	37,760

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

A4.1 Impairment allowance for deposits and placements

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-Sep-22			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	4,367	-	-	4,367
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	4,367	-	-	4,367

<u>Group and Bank</u>	31-Dec-21			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	37,982	-	-	37,982
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	37,982	-	-	37,982

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

30 September 2022	Stage 1	Stage 2	Stage 3	Total
Group and bank	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January 2022	37,982	-	-	37,982
Financial assets that have matured	(33,615)	-	-	(33,615)
Gross carrying amount as at 30 September 2022	4,367	-	-	4,367

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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**

A4.1 Impairment allowance for deposits and placements (Cont'd.)

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

30 September 2022 Group and bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	222	-	-	222
Allowance writeback during the year	(195)	-	-	(195)
ECL allowance as at 30 September 2022	27	-	-	27
Net carrying amount (after ECL)	4,340	-	-	4,340

31 December 2021 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	6,644	-	-	6,644
New financial assets originated or purchased	32,432	-	-	32,432
Financial assets that have matured	(1,094)	-	-	(1,094)
Gross carrying amount as at 31 December 2021	37,982	-	-	37,982

31 December 2021 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	-	-	-	-
Allowance made during the year	222	-	-	222
ECL allowance as at 31 December 2021	222	-	-	222
Net carrying amount (after ECL)	37,760	-	-	37,760

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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-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,032,071	-	-	3,032,071
Total	3,032,071	-	-	3,032,071

<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,137,512	-	-	3,137,512
Total	3,137,512	-	-	3,137,512

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

<u>Group and Bank</u>	30 Sep 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 30 Sep 2022	3,032,071	-	-	3,032,071

<u>Group and Bank</u>	30 Sep 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	4,716	-	-	4,716
Allowance made during the year	2,982	-	-	2,982
ECL allowance as at 30 Sep 2022 *	7,698	-	-	7,698

* 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 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 31 Dec 2021	3,137,512	-	-	3,137,512

<u>Group and Bank</u>	31 Dec 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 writeback during the year	(20,584)	-	-	(20,584)
ECL allowance as at 31 Dec 2021 *	4,716	-	-	4,716

* 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

A6 Financing, Advances and Other Receivables

i) At amortised cost

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Term financing		
- House financing	1,119,593	1,112,270
- Personal financing	844,808	934,127
- Cashline financing	5,013	6,882
- Syndicated financing	158,245	154,100
- Hire purchase receivables	587,415	624,174
- Other term financing	1,121,727	1,207,059
Credit card	-	41
Staff financing	18,845	20,313
	3,855,646	4,058,966
Less : Modification loss	(31,707)	(31,707)
	3,823,939	4,027,259
Less: Impairment allowances		
- Stage 1 Financing	(149,178)	(123,889)
- Stage 2 Financing	(111,025)	(110,025)
- Stage 3 Financing	(120,690)	(120,381)
Net financing and advances to customers	3,443,046	3,672,964
Less: Impairment allowances		
- Stage 1 Undrawn	(167)	(1,615)
- Stage 1 Trade facilities	(986)	(2,048)
- Stage 2 Undrawn	(550)	-
Net financing, advances and other receivables	3,441,343	3,669,301

ii) By contract

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)	1,873,693	1,920,880
Murabahah (cost-plus)	1,896,266	2,051,611
Mudharabah (profit sharing)	43,705	43,705
Qard (benevolent financing)	1,062	1,034
Musyarakah (profit and loss sharing)	8,391	9,125
Istisna'	822	863
Ujrah (Credit card)	-	41
	3,823,939	4,027,259

iii) By type of customer

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Business enterprises		
- Small medium enterprises	296,573	337,024
- Others	938,977	1,001,191
Individuals	2,588,389	2,689,044
	3,823,939	4,027,259

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A6 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 Sep 2022 RM'000	31 Dec 2021 RM'000
1,163,176	1,232,576
99,002	113,904
292,122	231,582
2,269,639	2,449,197
3,823,939	4,027,259

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
3,819,953	4,022,960
2,737	2,992
1,249	1,307
3,823,939	4,027,259

(vi) By profit rate sensitivity

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

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
1,957	2,369
587,415	624,174
673,134	922,786
1,117,636	1,109,901
158,245	154,100
1,285,552	1,213,929
3,823,939	4,027,259

(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 Sep 2022 RM'000	31 Dec 2021 RM'000
580,771	617,922
1,175,823	1,158,122
138,183	163,899
19,542	22,744
836,429	915,029
161,448	157,072
836,665	916,019
75,078	76,452
3,823,939	4,027,259

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A6 Financing, Advances and Other Receivables (Cont'd.)

viii) By sector

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Construction	295,872	303,956
Electricity, gas and water	38,082	45,016
Finance, insurance and business services	17,363	17,351
Household	2,588,389	2,689,044
Manufacturing	141,340	153,697
Real Estate	278,374	254,350
Transports, storage and communication	106,858	116,320
Wholesale & retail trade and restaurants & hotels	350,311	382,451
Others	7,350	9,102
Total	3,823,939	4,027,259

(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)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
30 September 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,110,406	70	-	8,295	-	822	-	1,119,593
Personal financing	-	821,860	-	-	828	-	-	822,688
Syndicated financing	-	158,244	-	-	-	-	-	158,244
Cashline financing	-	5,013	-	-	-	-	-	5,013
Hire purchase receivables	577,829	-	-	-	-	-	-	577,829
Other term financing	169,223	908,799	43,705	-	0	-	-	1,121,727
Staff financing	16,235	2,280	-	96	234	-	-	18,845
Credit card	-	-	-	-	-	-	-	-
Total	1,873,693	1,896,266	43,705	8,391	1,062	822	-	3,823,939

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
31 Dec 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,102,353	74	-	8,981	-	863	-	1,112,271
Personal financing	-	911,130	-	-	877	-	-	912,007
Syndicated financing	-	154,100	-	-	-	-	-	154,100
Cashline financing	-	6,882	-	-	-	-	-	6,882
Hire purchase receivables	614,587	-	-	-	-	-	-	614,587
Other term financing	186,830	976,524	43,705	-	-	-	-	1,207,059
Staff financing	17,110	2,902	-	144	156	-	-	20,312
Credit card	-	-	-	-	-	-	41	41
Total	1,920,880	2,051,612	43,705	9,125	1,033	863	41	4,027,259

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A6 Financing, Advances and Other Receivables (Cont'd.)

x) Purpose and Source of Qard financing

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
As at 1 January	1,034	1,196
Source of Qard fund:	331	513
- Depositors' Fund	250	392
- Shareholders' Fund	80	121
Uses of Qard fund:	(303)	(675)
- Financing for asset purchase	(228)	(516)
- Staff Benevolent	(73)	(159)
Closing balance	1,062	1,034

xi) Movements in impaired financing, advances and other receivables

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
At 1 Jan	272,802	317,444
Impaired during the period/year	(9,600)	(44,795)
- Impaired during the period/year	23,313	23,116
- Reclassified to performing during the year	(6,941)	(9,797)
- Amount recovered	(21,133)	(17,859)
- Amount written off	(4,839)	(40,255)
Reinstatement of previously written down accounts	729	153
Closing balance	263,931	272,802
Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less Stage 3 ECL	3.84%	3.87%

xii) Movements in ECL on financing, advances and other receivables

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Stage 1 and 2 ECL		
As at 1 Jan	237,577	155,510
Allowance (writeback)/made during the year	24,328	82,067
Closing balance	261,905	237,577
As % of total gross financing, advances and other receivables less individual impairment	7.07%	6.08%

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A6 Financing, Advances and Other Receivables (Cont'd.)

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

Stage 3 ECL

At 1 Jan

Allowance made during the year

- Allowance made

- Allowance written-back

Amount written off

Reinstatement of previously written down accounts

Closing balance

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
120,381	156,476
4,419	4,007
17,005	18,813
(12,586)	(14,806)
(4,839)	(40,255)
729	153
120,690	120,381

xiii) Impaired financing by sector

Finance, insurance and business services

Household

Manufacturing

Real Estate

Wholesale & retail trade and restaurants & hotels

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
5,169	6,351
41,355	38,221
78,069	84,575
130,406	132,901
8,932	10,754
263,931	272,802

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A6 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.

Group and Bank	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,289,694	-	-	3,289,694
Past due but not impaired	-	270,314	-	270,314
Individually impaired	-	-	263,931	263,931
Total	3,289,694	270,314	263,931	3,823,939

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,518,786	-	-	3,518,786
Past due but not impaired	-	235,671	-	235,671
Individually impaired	-	-	272,802	272,802
Total	3,518,786	235,671	272,802	4,027,259

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 :

Group and Bank	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	3,518,786	235,671	272,802	4,027,259
Transfer to 12-month ECL	24,579	(20,135)	(4,444)	-
Transfer to lifetime ECL not credit impaired	(96,576)	97,680	(1,104)	-
Transfer to lifetime ECL credit impaired	(11,178)	(3,842)	15,020	-
Net remeasurement of outstanding balance	(144,941)	154,496	34,514	44,069
New financial assets originated or purchased	952,681	-	-	952,681
Financial assets that have matured	(953,657)	(193,556)	(48,018)	(1,195,231)
Write-offs	-	-	(4,839)	(4,839)
Gross carrying amount as at 30 September 2022	3,289,694	270,314	263,931	3,823,939

Group and Bank	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	127,552	110,025	120,381	357,957
Transfer to 12-month ECL	16,487	(13,772)	(2,714)	-
Transfer to lifetime ECL not credit impaired	(6,426)	6,999	(573)	-
Transfer to lifetime ECL credit impaired	(726)	(766)	1,492	-
Allowance (writeback)/made during the year	13,445	9,089	6,214	28,748
Write-offs	-	-	(4,839)	(4,839)
Reinstatement of previously written down	-	-	729	729
ECL allowance as at 30 September 2022	150,331	111,575	120,690	382,596
Net carrying amount (after ECL)	3,139,363	158,739	143,241	3,441,343

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A6 Financing, Advances and Other Receivables (Cont'd.)

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

Group and Bank	31-Dec-21			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 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	60,802	(55,147)	(5,655)	-
Transfer to lifetime ECL not credit impaired	(30,869)	31,908	(1,039)	-
Transfer to lifetime ECL credit impaired	(7,220)	(5,559)	12,779	-
Net remeasurement of outstanding balance	(192,531)	191,725	234,185	233,379
New financial assets originated or purchased	1,301,293	-	-	1,301,293
Financial assets that have matured	(1,514,039)	(226,294)	(244,657)	(1,984,990)
Modification loss	15,108	358	-	15,466
Write-offs	-	-	(40,255)	(40,255)
Gross carrying amount as at 31 December 2021	3,518,786	235,671	272,802	4,027,259

Group and Bank	31-Dec-21			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
ECL allowance as at 1 January 2021	66,986	88,524	156,476	311,986
Transfer to 12-month ECL	9,459	(5,533)	(3,925)	-
Transfer to lifetime ECL not credit impaired	(514)	1,243	(729)	-
Transfer to lifetime ECL credit impaired	(114)	(296)	410	-
Allowance made during the year	51,735	26,087	8,251	86,074
Write-offs	-	-	(40,255)	(40,255)
Reinstatement of previously written down	-	-	153	153
ECL allowance as at 31 December 2021	127,552	110,025	120,381	357,958
Net carrying amount (after ECL)	3,391,234	125,646	152,421	3,669,301

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A7 Other Assets

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Deposits and prepayments	8,221	7,673
Amount due from other related Parties	105,971	111,861
Fee receivable	80	130
Sundry debtors	7	640
	114,279	120,304

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

A8 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 30 Sep 2022			
Forward foreign exchange related contracts			
- in connection with fair value hedges	284,405	7,851	258
- other derivatives without hedge accounting	525,447	13,092	13,120
Total	809,852	20,943	13,378

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 31 Dec 2021			
Forward foreign exchange related contracts			
- in connection with fair value hedges	198,094	663	375
- other derivatives without hedge accounting	493,556	5,142	5,142
Total	691,650	5,805	5,517

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 gain of RM1,954,793 as at 30 September 2022 (31 December 2021: Net gain of RM2,534,337).

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A9 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 2022	96,145	397	254	96,796
Additions	1,022	175	-	1,197
Disposals	(1,798)	(397)	(55)	(2,250)
Adjustment/remeasurement	3,997	-	-	3,997
As at 30 September 2022	99,366	175	199	99,740
Accumulated depreciation				
As at 1 January 2022	35,279	348	72	35,699
Charge	10,534	68	75	10,677
Disposal	(1,798)	(397)	(55)	(2,250)
As at 30 September 2022	44,015	19	91	44,125
2022	55,351	156	108	55,615

	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	616	-	254	870
Disposals	(1,363)	-	(876)	(2,239)
Adjustment/remeasurement	-	-	4	4
As at 31 December 2021	96,145	397	254	96,796
Accumulated depreciation				
As at 1 January 2021	23,742	232	628	24,602
Charge	12,900	116	320	13,336
Disposal	(1,363)	-	(876)	(2,239)
As at 31 December 2021	35,279	348	72	35,699
Net book value as at 31 Dec 2021	60,866	49	182	61,097

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 2022	64,306	51	190	64,547
Addition	1,021	175	-	1,196
Accretion of profit	1,563	2	2	1,567
Payment	(11,207)	(72)	(78)	(11,357)
Adjustment/remeasurement	3,997	-	-	3,997
As at 30 September 2022	59,680	156	114	59,950

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	75,852	171	255	76,278
Addition	616	-	254	870
Accretion of profit	2,768	5	5	2,778
Payment	(14,930)	(125)	(324)	(15,379)
As at 31 December 2021	64,306	51	190	64,547

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A9 Right of Use of Assets and Lease Liabilities (Cont'd.)

The following are the amounts recognised in profit or loss:

30 September 2022

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

Group and Bank RM'000
10,677
1,567
12,245

31 December 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
13,336
2,778
16,114

A10 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Qard				
- Demand deposits	342,416	360,535	358,334	376,442
- Gold deposits	109,501	102,898	109,501	102,898
Murabahah				
- Term placement	3,021,354	3,328,230	3,021,353	3,328,230
- Savings deposits	124,444	123,885	124,444	123,885
	3,597,715	3,915,548	3,613,632	3,931,455

(ii) By type of customer

	Group		Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Business enterprises	1,234,049	1,461,729	1,232,494	1,461,727
Individuals	350,870	369,876	350,870	369,876
Subsidiaries	-	-	15,917	15,909
Government and statutory bodies	1,619,221	1,548,044	1,621,330	1,548,044
Other enterprises	393,575	535,899	393,021	535,899
	3,597,715	3,915,548	3,613,632	3,931,455

(iii) By contractual maturity

	Group		Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Due within six months	2,762,232	3,346,238	2,778,149	3,362,145
More than six months to one year	672,906	398,758	672,906	398,758
More than one year to three years	162,577	170,552	162,577	170,552
	3,597,715	3,915,548	3,613,632	3,931,455

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A11 Deposits and Placements of Banks and Other Financial Institutions

Murabahah

Licensed Islamic banks
Other financial institutions

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
120,224	121,155
1,530,064	1,467,559
1,650,288	1,588,714

A12 Investment Accounts

As at 1 January

Net placement during the year

Income from investment

Profit distributed to mudarib

As at 30 September/31 December

Investment asset:

Wadiah placement with BNM

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
5,550	6,644
(1,222)	(1,158)
67	107
(27)	(43)
4,367	5,550
4,367	5,550

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	1.18

Business enterprises

Individuals

Other enterprises

Group and Bank	
30 Sep 2022 RM'000	31 Dec 2021 RM'000
2,085	3,214
2,246	2,250
37	86
4,367	5,550

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A13 Other Liabilities

	Group		Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Sundry creditors	34,136	34,763	34,123	34,760
Accrued restoration cost	5,118	5,338	5,118	5,338
Undistributed charity funds (i)	1,398	253	1,398	253
Other provisions and accruals	50,047	46,012	50,043	46,008
	90,699	86,366	90,682	86,359

(i) Sources and uses of charity funds:

	Group and Bank	
	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	253	922
Penalty (reversal)/charges on late payment	124	398
Total sources of funds during the year	377	1,320
Uses of charity funds:		
Compensation of late payment charges	2,000	-
Payment for recovery cost and other expenses	(969)	(995)
Contribution to non profit organisations	(5)	(34)
Aid to needy family	(6)	(38)
Total uses of funds during the year	1,021	(1,067)
Closing balance	1,398	253

A14 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Sep 2022 Units'000	31 Dec 2021 Units'000	30 Sep 2022 RM'000	31 Dec 2021 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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A15 Income derived from investment of depositors' funds and others

	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	37,950	41,052	112,381	126,881
Finance income from impaired financing	347	550	1,601	1,473
Income from securities				
- Financial assets at FVOCI	25,052	27,505	73,021	87,939
Money at call and deposits with financial institutions	32	32	529	484
	63,381	69,139	187,532	216,778
Amortisation of premium less accretion of discounts	(543)	(683)	(1,588)	(3,662)
Total finance income and hibah	62,838	68,456	185,945	213,115
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	130	671	5,604	6,347
Foreign exchange (loss)/gain				
- Realised	742	395	3,320	127
	63,710	69,522	194,869	219,589

A16 Income derived from Investment of Shareholder's Equity

	3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group & Bank				
Finance income from financing, advances and other receivables	12,106	11,734	35,859	35,930
Finance income from impaired financing	111	158	510	418
Income from securities:				
- Financial assets at FVOCI	7,992	7,856	23,293	24,891
Money at call and deposits with financial institutions	10	8	170	135
	20,219	19,756	59,832	61,374
Amortisation of premium less accretion of discounts	(173)	(191)	(506)	(1,031)
Total finance income and hibah	20,046	19,565	59,326	60,343
Fee income				
- Commission	1,055	875	1,850	1,999
- Other fee income	1,911	324	3,932	2,588
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	41	195	1,805	1,827
Fair value loss from financial asset at FVTPL	-	-	976	755
Foreign exchange (loss)/gain				
- Realised	1,052	(507)	5,166	5,888
- Unrealised	(2,110)	284	(6,996)	(8,860)
Gain on disposal of property, plant and equipment	-	-	8	12
	21,994	20,736	66,067	64,550

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A17 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 September 2022	Stage 1	Stage 2	Stage 3	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	-	-	-
Financing and advances to customers	(25,289)	(1,550)	(4,419)	(31,257)
Bad debt recovered	-	-	4,165	4,165
Debt instruments measured at FVOCI	(2,982)	-	-	(2,982)
Financial guarantees	1,061	-	-	1,061
Financing commitments	1,448	-	-	1,448
Total Impairment loss (charges)/writeback	(25,762)	(1,550)	(254)	(27,566)

30 September 2021	Stage 1	Stage 2	Stage 3	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	441	-	-	441
Deposits and placements with banks and other financial institutions	(1,091)	-	-	(1,091)
Financing and advances to customers	(19,720)	(19,500)	(889)	(40,109)
Bad debt recovered	-	-	10,341	10,341
Total Impairment loss (writeback)/charges	(20,370)	(19,500)	9,452	(30,418)

A18 Income Attributable to the Depositors

	3rd Quarter ended		Nine-months ended	
	30-Sep		30-Sep	
	2022	2021	2022	2021
Group and Bank	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Murabahah	18,095	18,900	51,517	60,686
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	11,167	8,785	27,768	31,230
Others	26	39	83	104
	29,288	27,724	79,368	92,020

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A19 Profit Distributed to Investment Account Holders

Group and Bank

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

3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
23	26	67	85
(7)	(11)	(26)	(34)
14	15	41	51

A20 Discontinued Operations

Income derived from investment of shareholder's equity
Unrealised foreign exchange (loss)/gain

Other income

Total net income

Other overheads and expenditures

Loss before zakat and taxation

Net loss for the year

3rd Quarter ended 30-Sep		Nine-months ended 30-Sep	
2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
-	-	-	(71)
-	-	-	-
-	-	-	(71)
-	-	-	(16)
-	-	-	(87)
-	-	-	(87)

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A21 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 Sep 2022			As at 31 Dec 2021		
	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	36,388	36,388	35,145	36,395	35,496	34,625
Transaction related contingencies	102,118	51,059	38,465	97,271	47,488	36,954
Trade related contingencies	1,284	257	-	-	-	-
Irrevocable commitments to extend credit						
- maturity less than one year	128,591	25,718	12,579	184,623	22,259	18,758
- maturity more than one year	53,324	26,662	17,856	63,184	27,859	22,634
Foreign exchange related contracts *						
- less than one year	705,930	22,569	8,194	688,727	7,746	3,330
- one year to five years	123,851	5,326	1,555	-	-	-
	1,151,487	167,979	113,793	1,070,200	140,848	116,301

* 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	
	Sep 2022 RM'000	Dec 2021 RM'000
Financial guarantees	36,388	36,395
Letters of credit	103,402	97,271
Other undrawn commitments	181,915	247,807
Total commitment	321,705	381,473
Less : ECL (charge)/writeback	(1,153)	(3,663)
	320,552	377,810

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A22 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-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	36,388	-	-	36,388
Total	36,388	-	-	36,388

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	36,395	-	-	36,395
Total	36,395	-	-	36,395

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

Group and Bank	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	36,395	-	-	36,395
Net remeasurement of outstanding balance	1,592	-	-	1,592
New financial assets originated or purchased	153	-	-	153
Financial assets that have matured	(1,752)	-	-	(1,752)
Gross carrying amount as at 30 September 2022	36,388	-	-	36,388

Group and Bank	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	920	-	-	920
Net remeasurement of loss allowance	(480)	-	-	(480)
Financial assets that have matured	(83)	-	-	(83)
ECL allowance as at 30 September 2022	356	-	-	356
Net carrying amount (after ECL)	36,031	-	-	36,031

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

Group and Bank	31-Dec-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	347	-	-	347
New financial assets originated or purchased	1,044	-	-	1,044
Financial assets that have matured	(17,258)	-	-	(17,258)
Gross carrying amount as at 31 December 2021	36,395	-	-	36,395

Group and Bank	31-Dec-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	480	-	-	480
New financial assets originated or purchased	5	-	-	5
Financial assets that have matured	(238)	-	-	(238)
ECL allowance as at 31 December 2021	920	-	-	920
 Net carrying amount (after ECL)	 35,475	 -	 -	 35,475

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A22 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.

<u>Group and Bank</u>	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	103,402	-	-	103,402
Total	103,402	-	-	103,402

<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	97,271	-	-	97,271
Total	97,271	-	-	97,271

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

<u>Group and Bank</u>	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	97,271	-	-	97,271
Net remeasurement of outstanding balance	4,847	-	-	4,847
New financial assets originated or purchased	1,284	-	-	1,284
Gross carrying amount as at 30 September 2022	103,402	-	-	103,402

<u>Group and Bank</u>	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	1,128	-	-	1,128
Net remeasurement of loss allowance	(498)	-	-	(498)
New financial assets originated or purchased	-	-	-	-
ECL allowance as at 30 September 2022	630	-	-	630
Net carrying amount (after ECL)	102,772	-	-	102,772

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

Group and Bank	31-Dec-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	(13,099)	-	-	(13,099)
Gross carrying amount as at 31 December 2021	97,271	-	-	97,271

Group and Bank	31-Dec-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	-	-	-	-
Financial assets that have matured	-	-	-	-
ECL allowance as at 31 December 2021	1,128	-	-	1,128
Net carrying amount (after ECL)	96,143	-	-	96,143

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A22 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-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	158,834	22,863	217	181,915
Total	158,834	22,863	217	181,915

<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	243,852	3,882	73	247,807
Total	243,852	3,882	73	247,807

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-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	243,852	3,882	73	247,806
Transfer to 12-month ECL	4,147	(3,444)	(704)	-
Transfer to lifetime ECL not credit impaired	(8,630)	8,745	(115)	-
Transfer to lifetime ECL credit impaired	(2,878)	(1,146)	4,024	-
Net remeasurement of outstanding balance	20,921	18,010	(2,854)	36,077
New financial assets originated or purchased	101,088	-	-	101,088
Financial assets that have matured	(199,666)	(3,185)	(206)	(203,057)
Gross carrying amount as at 30 September 2022	158,834	22,863	217	181,915

<u>Group and Bank</u>	30-Sep-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	1,615	-	-	1,615
Net remeasurement of loss allowance	(1,434)	-	-	(1,434)
New financial assets originated or purchased	14	-	-	14
Financial assets that have matured	(28)	-	-	(28)
ECL allowance as at 30 September 2022	167	-	-	167
Net carrying amount (after ECL)	158,667	22,863	217	181,748

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

Group and Bank	31-Dec-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	200	(200)	-	-
Transfer to lifetime ECL not credit impaired	(468)	468	-	-
Net remeasurement of outstanding balance	4,785	3,443	(830)	7,398
New financial assets originated or purchased	215,410	-	-	215,410
Financial assets that have matured	(368,539)	(8,012)	-	(376,551)
Gross carrying amount as at 31 December 2021	243,852	3,882	73	247,807

Group and Bank	31-Dec-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
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 31 December 2021	1,615	-	-	1,615

Net carrying amount (after ECL)	242,237	3,882	73	246,192
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A23 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.

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
30 Sep 2022			
Financial assets			
Debt instruments measured at FVOCI	3,032,071	-	3,032,071
Financing, advances and other receivables	1,566,750	1,873,532	3,440,282
Hedging financial instruments	20,943	-	20,943
Total	4,619,764	1,873,532	6,493,296
Financial liability			
Deposits from customers	3,577,197	-	3,577,197
Hedging financial instruments	13,378	-	13,378
	3,590,576	-	3,590,576
31 Dec 2021			
Financial assets			
Debt instruments measured at FVOCI	3,137,512	-	3,137,512
Financing, advances and other receivables	1,591,346	2,077,110	3,668,456
Hedging financial instruments	5,805	-	5,805
Total	4,734,663	2,077,110	6,811,773
Financial liability			
Deposits from customers	3,889,657	-	3,889,657
Hedging financial instruments	5,517	-	5,517
	3,895,174	-	3,895,174

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A23 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 Sep 2022			
Financial assets			
Debt instruments measured at FVOCI	3,032,071	-	3,032,071
Financing, advances and other receivables	1,566,750	1,873,532	3,440,282
Hedging financial instruments	20,943	-	20,943
Total	4,619,764	1,873,532	6,493,296
Financial liability			
Deposits from customers	3,613,632	-	3,613,632
Hedging financial instruments	13,378	-	13,378
	3,627,011	-	3,627,011
31 Dec 2021			
Financial assets			
Debt instruments measured at FVOCI	3,137,512	-	3,137,512
Financing, advances and other receivables	1,591,346	2,077,110	3,668,456
Hedging financial instruments	5,805	-	5,805
Total	4,734,663	2,077,110	6,811,773
Financial liability			
Deposits from customers	3,904,997	-	3,904,997
Hedging financial instruments	5,517	-	5,517
	3,910,514	-	3,910,514

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate	5.5% - 6.0%

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A23 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 Sep 2022		31 Dec 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		3,441,343	3,440,282	3,669,301	3,668,456
		3,441,343	3,440,282	3,669,301	3,668,456
Financial Liabilities					
Deposits from customers		3,597,715	3,577,197	3,915,548	3,889,657
		3,597,715	3,577,197	3,915,548	3,889,657

		Bank			
		30 Sep 2022		31 Dec 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		3,441,343	3,440,282	3,669,301	3,668,456
		3,441,343	3,440,282	3,669,301	3,668,456
Financial Liabilities					
Deposits from customers		3,613,632	3,592,415	3,931,455	3,904,997
		3,613,632	3,592,415	3,931,455	3,904,997

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A23 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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A23 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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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 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
Common Equity Tier I / Tier I Capital Ratio				
Credit risk	44.120%	43.231%	43.665%	42.804%
Credit, market, operational and large exposure risks	38.946%	38.502%	38.400%	38.004%
Total Capital Ratio				
Credit risk	45.370%	44.481%	44.915%	44.054%
Credit, market, operational and large exposure risks	40.049%	39.615%	39.500%	39.114%

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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 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 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	207,491	207,491	207,491	207,491
Other reserves	(36,912)	30,725	(42,611)	25,025
	1,595,851	1,663,488	1,590,152	1,657,788
Less: Deferred tax assets (net)	(52,208)	(52,208)	(52,208)	(52,208)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
Total CET I / Tier I capital	1,543,643	1,611,280	1,527,744	1,595,380
<u>Tier II capital</u>				
Collective impairment on financing	43,735	46,589	43,735	46,589
Total Tier II capital	43,735	46,589	43,735	46,589
Total capital	1,587,377	1,657,869	1,571,479	1,641,969

(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 Sep 2022 RM'000	31 Dec 2021 RM'000	30 Sep 2022 RM'000	31 Dec 2021 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	3,498,765	3,727,140	3,498,765	3,727,140
Total Market RWA	8,114	6,023	8,114	6,023
Total Operational RWA	456,697	451,812	471,586	464,750
Large Exposure Risk RWA for Equity Holdings	-	-	-	-
Total Risk-Weighted Assets	3,963,576	4,184,975	3,978,465	4,197,913
Computation of Capital Ratios				
Core Capital	1,543,643	1,611,280	1,527,744	1,595,380
Capital Base	1,587,377	1,657,869	1,571,479	1,641,969
CET I / Tier I Capital Ratio	38.946%	38.502%	38.400%	38.004%
Total Capital Ratio	40.049%	39.615%	39.500%	39.114%

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A25 FINANCIAL RISK MANAGEMENT

(a) 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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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

Group 30 Sep 2022	Non-trading book					Non- profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
	ASSETS								
Cash and short-term funds	2,617	-	-	-	-	178,843	-	181,461	2.51
Deposits and placements with banks and other financial institutions	4,340	-	-	-	-	-	-	4,340	2.51
Securities FVOCI	-	-	383,575	758,838	1,889,657	-	-	3,032,071	4.30
Financing, advances and receivables	1,482,767	436,664	66,326	301,537	1,026,814	127,235	-	3,441,343	5.05
Other assets	-	-	-	-	-	384,828	-	384,828	
Hedging Financial Instrument Assets	14,832	3,634	2,476	-	-	-	-	20,943	
TOTAL ASSETS	1,504,556	440,298	452,377	1,060,376	2,916,472	690,907	-	7,064,986	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

Group 30 Sep 2022	Non-trading book					Trading book RM'000	Total RM'000	Effective profit rate %	
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				Non- profit sensitive RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,109,164	835,712	1,230,484	312,856	-	109,501	-	3,597,715	2.29
Deposits and placements of banks and other financial institutions	905,650	428,384	316,254	-	-	-	-	1,650,288	2.71
Investment accounts of customers	4,367	-	-	-	-	-	-	4,367	
Hedging financial instrument liabilities	11,246	1,791	341	-	-	-	-	13,378	
Other liabilities	-	-	-	-	-	150,649	-	150,649	
Total Liabilities	2,030,427	1,265,887	1,547,078	312,856	-	260,150	-	5,416,397	
Shareholder's equity	-	-	-	-	-	1,648,589	-	1,648,589	
Total Liabilities and Shareholder's equity	2,030,427	1,265,887	1,547,078	312,856	-	1,908,738	-	7,064,986	
On-balance sheet profit sensitivity gap	(525,870)	(825,589)	(1,094,701)	747,520	2,916,472	(1,217,832)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(525,870)	(825,589)	(1,094,701)	747,520	2,916,472	(1,217,832)	-	-	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

Group 31 Dec 2021	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				Non- profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
ASSETS									
Cash and short-term funds	13,794	-	-	-	-	140,920	-	154,714	0.75
Deposits and placements with banks and other financial institutions	5,550	-	31,341	-	-	-	-	36,891	0.35
Securities FVOCI	-	-	92,996	1,185,577	1,858,939	-	-	3,137,512	4.30
Financing, advances and receivables	1,402,219	616,214	26,700	280,541	1,191,208	152,419	-	3,669,301	5.02
Musarakah capital investment	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	362,186	-	362,186	-
Hedging Financial Instrument Assets	5,532	54	219	-	-	-	-	5,805	-
TOTAL ASSETS	1,427,095	616,268	151,256	1,466,118	3,050,147	655,525	-	7,366,409	-

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

Group 31 Dec 2021	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				Non- profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	910,067	1,545,606	870,584	486,393	-	102,898	-	3,915,548	1.84
Deposits and placements of banks and other financial institutions	860,541	185,920	542,253	-	-	-	-	1,588,714	1.94
Investment accounts of customers	5,550	-	-	-	-	-	-	5,550	
Hedging Financial Instrument Liabilities	5,142	-	375	-	-	-	-	5,517	
Other liabilities	-	-	-	-	-	150,913	-	150,913	
Total Liabilities	1,781,300	1,731,526	1,413,212	486,393	-	253,811	-	5,666,242	
Shareholder's equity	-	-	-	-	-	1,700,167	-	1,700,167	
Total Liabilities and Shareholder's equity	1,781,300	1,731,526	1,413,212	486,393	-	1,953,978	-	7,366,409	
On-balance sheet profit sensitivity gap	(354,206)	(1,115,258)	(1,261,956)	979,725	3,050,147	(1,298,453)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(354,206)	(1,115,258)	(1,261,956)	979,725	3,050,147	(1,298,453)	-	-	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank								
30 Sep 2022								
ASSETS								
Cash and short-term funds	2,617	-	-	-	-	178,843	181,461	2.51
Deposits and placements with banks and other financial institutions	4,340	-	-	-	-	-	4,340	2.51
Securities FVOCI	-	-	383,575	758,838	1,889,657	-	3,032,071	4.30
Financing, advances and receivables	1,482,767	436,664	66,326	301,537	1,026,814	127,235	3,441,343	5.05
Musarakah capital investment	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	395,028	395,028	-
Hedging Financial Instrument Assets	14,832	3,634	2,476	-	-	-	20,943	-
TOTAL ASSETS	1,504,556	440,298	452,377	1,060,376	2,916,472	701,106	7,075,186	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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				Non-profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
Bank									
30 Sep 2022									
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,114,416	835,712	1,230,484	323,520	-	109,501	-	3,613,632	2.29
Deposits and placements of banks and other financial institutions	905,650	428,384	316,254	-	-	-	-	1,650,288	2.71
Investment accounts of customers	4,367							4,367	
Hedging Financial Instrument Liabilities	11,246	1,791	341	-	-	-	-	13,378	
Other liabilities	-	-	-	-	-	150,632	-	150,632	
Total Liabilities	2,035,679	1,265,887	1,547,078	323,520	-	260,132	-	5,432,297	
Shareholder's equity	-	-	-	-	-	1,642,889	-	1,642,889	-
Total Liabilities and Shareholder's equity	2,035,679	1,265,887	1,547,078	323,520	-	1,903,021	-	7,075,186	
On-balance sheet profit sensitivity gap	(531,123)	(825,589)	(1,094,701)	736,856	2,916,472	(1,201,915)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(531,123)	(825,589)	(1,094,701)	736,856	2,916,472	(1,201,915)	-	-	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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				Non-profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
Bank									
31 Dec 2021									
ASSETS									
Cash and short-term funds	13,794	-	-	-	-	140,920	-	154,714	0.75
Deposits and placements with banks and other financial institutions	5,550	-	31,341	-	-	-	-	36,891	0.35
Securities FVOCI	-	-	92,996	1,185,577	1,858,939	-	-	3,137,512	4.30
Financing, advances and receivables	1,402,219	616,214	26,700	280,541	1,191,208	152,419	-	3,669,301	5.02
Musarakah capital investment	-	-	-	-	-	-	-	-	-
Hedging Financial Instrument Assets	5,532	54	219	-	-	-	-	5,805	-
Other assets	-	-	-	-	-	372,386	-	372,386	-
TOTAL ASSETS	1,427,095	616,268	151,256	1,466,118	3,050,147	665,725	-	7,376,609	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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				Non-profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
Bank									
31 Dec 2021									
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	915,316	1,545,606	870,584	497,051	-	102,898	-	3,931,455	1.84
Deposits and placements of banks and other financial institutions	860,541	185,920	542,253	-	-	-	-	1,588,714	1.94
Investment accounts of customers	5,550	-	-	-	-	-	-	5,550	
Hedging Financial Instrument Liabilities	5,142	-	375	-	-	-	-	5,517	
Other liabilities	-	-	-	-	-	150,906	-	150,906	
Total Liabilities	1,786,549	1,731,526	1,413,212	497,051	-	253,804	-	5,682,142	
Shareholder's equity	-	-	-	-	-	1,694,467	-	1,694,467	
Total Liabilities and Shareholder's equity	1,786,549	1,731,526	1,413,212	497,051	-	1,948,271	-	7,376,609	
On-balance sheet profit sensitivity gap	(359,454)	(1,115,258)	(1,261,956)	969,068	3,050,147	(1,282,546)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(359,454)	(1,115,258)	(1,261,956)	969,068	3,050,147	(1,282,546)	-	-	

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**Part B - Explanatory Notes Pursuant to Financial Reporting Standard ("MFRS 134")
Issued by Malaysian Accounting Standards Board**

B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the nine months ended 30 September 2022 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 2021.

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 September 2022 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 2021.

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 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statement (Amendments for Classification of Liabilities as Current or Non-current and Disclosure of accounting policies)	1 January 2023
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments for Definition of estimates)	1 January 2023
MFRS 112 Income Taxes (Amendments for deferred tax assets and liabilities arising from a single transaction)	1 January 2023

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 judgments

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 2021 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 nine months ended 30 September 2022.

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 nine months ended 30 September 2022.

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 nine months ended 30 September 2022.

However, the Bank has adopted additional management overlays to cater for potential additional ECL charge caused by COVID-19 pandemic during the nine months ended 30 September 2022.

B7 Debt and Equity Securities

There were no issuances of debt and equity securities during the nine months ended 30 September 2022.

B8 Dividends Paid

There were no dividends paid during the nine months ended 30 September 2022.

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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
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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 Sep 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	106,142	45,857	8,109	100,894		261,003
Revenue from other segments	70,225	298	1,171	41,838	(113,532)	-
Total Revenue	176,367	46,155	9,281	142,732	(113,532)	261,003
Segment results	58,470	27,024	4,959	28,056		118,509
Unallocated expenses						(72,292)
Profit from operations						46,217
Taxation						(1,177)
Net profit for the year						45,040
Other information						
Segment assets	3,236,923	990,233	89,865	2,700,232	(26,117)	6,991,136
Unallocated corporate assets						73,849
Total assets						7,064,986
Segment liabilities	8,060,889	294,131	419,534	6,675,872	(15,917)	15,434,508
Unallocated corporate liabilities						(10,018,111)
Total liabilities						5,416,397
Other segment items						
Purchase of property and equipment				310		310
Purchase of intangible assets				441		441
Depreciation of property and equipment				2,071		2,071
Amortisation of intangible assets				4,688		4,688
Other non-cash expense other than depreciation	-	4,412	1,248	(33,226)	-	(27,566)

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Sep 2022			
Malaysia	261,003	46,217	7,064,986

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

**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
("MFRS 134") Issued by Malaysian Accounting Standards Board**

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 Sep 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	118,625	50,291	8,860	106,377		284,154
Revenue from other segments	73,340	340	989	35,914	(75,178)	35,406
Total Revenue	191,965	50,631	9,849	142,292	(75,178)	319,559
Segment results	64,687	38,248	6,484	18,034	-	127,452
Unallocated expenses						(62,669)
Loss from operations						64,783
Zakat						
Taxation						(14,256)
Net loss for the year						50,527
Other information						
Segment assets	3,569,013	1,109,986	146,215	2,842,895	(26,109)	7,642,000
Unallocated corporate assets						99,441
Total assets						7,741,441
Segment liabilities	7,783,705	404,534	422,018	6,230,046	(15,909)	14,824,393
Unallocated corporate liabilities						(8,797,840)
Total liabilities						6,026,554
Other segment items						
Purchase of property and equipment				410		410
Purchase of intangible assets				615		615
Depreciation of property and equipment				2,672		2,672
Amortisation of intangible assets				3,756		3,756
Other non-cash expense other than depreciation	(0)	10,028	2,594	(43,040)	-	(30,418)

(ii) By Geographical Locations

Group

30 Sep 2021

Malaysia

Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
284,154	64,783	7,741,441

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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
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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 2021.

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 2021.

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 2021 other than those as disclosed in note A21.

B14 Capital Commitments

	Group and Bank RM'000
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	56
- purchase of equipment	3
- purchase of IT hardware	785
- purchase of IT software	3,679
	4,523
 Authorised and not contracted for:	
- purchase of IT hardware & software	45,364
	45,364

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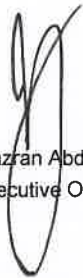
Certification of Financial Statements

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
Head of Finance

I, Mohd Hazran Abd Hadi, being the 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.



Mohd Hazran Abd Hadi
Chief Executive Officer