



KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2023

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
ASSETS					
Cash and short-term funds	A3	151,447	145,073	151,447	145,073
Deposits and placements with banks and other financial institutions	A4	2,799	3,696	2,799	3,696
Gold depository		117,239	112,353	117,239	112,353
Debt instruments at FVOCI	A5	3,293,939	3,090,185	3,293,939	3,090,185
Financing, advances and other receivables	A6	3,398,397	3,459,219	3,398,397	3,459,219
Other assets	A7	89,741	87,167	89,741	87,167
Hedging financial instruments	A8	11,461	7,400	11,461	7,400
Statutory deposits with Bank Negara Malaysia		95,337	92,371	95,337	92,371
Right of use of assets	A9	50,533	53,873	50,533	53,873
Property and equipment		9,837	8,088	9,837	8,088
Intangible assets		11,736	14,122	11,736	14,122
Deferred tax assets		68,398	81,708	68,398	81,708
		7,300,864	7,155,255	7,300,864	7,155,255
LIABILITIES					
Deposits from customers	A10	3,366,926	3,521,810	3,366,930	3,521,814
Investment accounts of customers	A12	2,829	3,734	2,829	3,734
Deposits and placements of banks and other financial institutions	A11	2,039,313	1,786,900	2,039,313	1,786,900
Hedging financial instruments	A8	1,204	2,441	1,204	2,441
Lease Liabilities	A9	54,710	58,184	54,710	58,184
Other liabilities	A13	82,792	97,660	82,785	97,653
		5,547,774	5,470,729	5,547,771	5,470,726
SHAREHOLDER'S EQUITY					
Share capital	A14	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		327,818	259,254	327,821	259,257
		1,753,090	1,684,526	1,753,093	1,684,529
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		7,300,864	7,155,255	7,300,864	7,155,255
COMMITMENTS AND CONTINGENCIES					
	A20	692,481	718,846	692,481	718,846
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A23	42.457%	41.099%	42.457%	41.100%
Total Capital Ratio	A23	43.572%	42.198%	43.573%	42.199%
NET ASSETS PER SHARE (RM)					
		1.23	1.18	1.23	1.18

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 and Bank</u>	Note	2nd Quarter ended 30-Jun		Half year ended 30-Jun	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Continuing Operations</u>					
Operating revenue		88,075	84,239	174,808	175,274
Income derived from investment of depositors' funds and others	A15	64,204	62,523	128,163	131,159
Income derived from investment of investment account funds	A19	23	21	48	44
Income derived from investment of shareholder's equity	A16	23,848	21,695	46,597	44,071
Total gross income		88,075	84,239	174,808	175,275
Credit loss (charge)/writeback on financial assets	A17	296	(11,671)	6	(24,803)
Total distributable income		88,371	72,568	174,814	150,472
Income attributable to the depositors	A18	(43,791)	(25,416)	(83,860)	(50,079)
Profit distributed to investment account holders	A19	(14)	(13)	(29)	(26)
Total net income		44,566	47,139	90,925	100,366
Personnel expenses		(13,981)	(13,345)	(28,180)	(27,122)
Other overheads and expenditures		(17,037)	(22,609)	(33,344)	(45,361)
Profit before zakat and taxation		13,548	11,185	29,401	27,883
Taxation		(362)	(456)	(909)	(603)
Net profit for the period		13,186	10,729	28,492	27,280
Attributable to:					
Equity holders of the Bank		13,186	10,729	28,492	27,280
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		0.93	0.75	2.00	1.91

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

	2nd Quarter ended 30-Jun		Half year ended 30-Jun	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Bank				
Net profit for the period	13,186	10,729	28,492	27,280
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	12,026	(73,497)	52,796	(115,317)
- Net realised gain on securities held at FVOCI reclassified to the income statement	(222)	(139)	(1,124)	(8,544)
- Changes in allowance for expected credit losses	-	1,153	801	1,153
Exchange differences on translation of foreign operations:				
Income tax relating to components of other comprehensive income/(loss)	(2,833)	17,674	(12,401)	29,693
Other comprehensive income/(loss) for the period, net of tax	8,971	(54,809)	40,072	(93,015)
Total comprehensive income/(loss) for the period	22,156	(44,080)	68,564	(65,735)
Total comprehensive income/(loss) for the period attributable to equity holders of the Bank	22,156	(44,080)	68,564	(65,735)

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 2023	1,425,272	247,491	-	(22,974)	34,737	1,684,526
Profit for the financial year	-	-	-	-	28,492	28,492
Other comprehensive income	-	-	-	40,072	-	40,072
At 30 Jun 2023	1,425,272	247,491	-	17,098	63,229	1,753,090
At 1 January 2022	1,425,272	207,491	3,798	39,965	23,641	1,700,167
Profit for the financial year	-	-	-	-	78,096	78,096
Total comprehensive income	-	-	(3,798)	(62,939)	-	(66,737)
Transfer to statutory reserve	-	40,000	-	-	(40,000)	-
Fair value adjustment on amount due from related company	-	-	-	-	(27,000)	(27,000)
At 31 December 2022	1,425,272	247,491	-	(22,974)	34,737	1,684,526
Bank						
At 1 January 2023	1,425,272	247,491	-	(22,974)	34,740	1,684,529
Profit for the financial year	-	-	-	-	28,492	28,492
Other comprehensive income	-	-	-	40,072	-	40,072
At 30 Jun 2023	1,425,272	247,491	-	17,098	63,232	1,753,093
At 1 January 2022	1,425,272	207,491	-	39,965	21,739	1,694,467
Profit for the financial year	-	-	-	-	80,001	80,001
Other comprehensive income	-	-	-	(62,939)	-	(62,939)
Transfer to statutory reserve	-	40,000	-	-	(40,000)	-
Fair value adjustment on amount due from related company	-	-	-	-	(27,000)	(27,000)
At 31 December 2022	1,425,272	247,491	-	(22,974)	34,740	1,684,529

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-Jun 2023 RM'000	30-Jun 2022 RM'000
Profit before zakat and taxation	29,401	27,883
Adjustments for non-cash items	16,800	29,634
Operating profit before changes in working capital	46,200	57,517
<u>Changes in the working capital</u>		
Net changes in operating assets	56,701	50,206
Net changes in operating liabilities	145,610	(112,014)
Net cash (used in)/generated from operating activities	202,311	(61,808)
Net cash (used in)/generated from financing activities	(7,486)	(7,622)
Net cash (used in)/generated from investing activities	(235,587)	(32,804)
Net change in cash and cash equivalents	5,439	(44,717)
Cash and cash equivalents at beginning of the period	148,807	192,696
Cash and cash equivalents at end of the period	154,246	147,979

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 RM28.5 million for the period ended 30 June 2023.

A2 OUTLOOK FOR 2023

The Malaysian economy is expected to grow between 4.0% to 5.0% in 2023. The country's strong economic fundamentals and well-diversified economy will help to support its economic growth as well as driven by steady domestic demand, a vibrant services sector, improvement in labour market, implementation of new and ongoing infrastructure projects and sustained exports.

The monetary policy is expected to remain accommodative and supportive of economic growth whilst ensuring price stability in 2023.

The risk to growth outlook remained relatively balanced, the weaker-than-expected global growth, financial markets stability, labour shortages, global inflationary pressures, geopolitical conflicts and supply chain disruptions will be the key challenges affecting Malaysia economic situations. However, despite a challenging domestic and external environment, the Malaysian economy is likely to remain positive in 2023.

A3 Cash and short term funds

	Group and Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Cash and balance with banks and other financial institutions	29,266	33,742
Money at call and interbank placement with remaining maturity less than one month	123,803	112,830
	153,069	146,572
Less : ECL allowance	(1,622)	(1,499)
	151,447	145,073

Included in money at call and interbank placements is a balance of RM117.6million 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 based on the Bank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances.

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	153,069	-	-	153,069
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	153,069	-	-	153,069

<u>Group and Bank</u>	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	146,572	-	-	146,572
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	146,572	-	-	146,572

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

An analysis of changes in the ECL allowances is, as follows:

30 June 2023 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	1,499	-	-	1,499
Allowance made during the year	123	-	-	123
ECL allowance as at 30 June 2023	1,622	-	-	1,622

31 December 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	924	-	-	924
Allowance made during the year	575	-	-	575
ECL allowance as at 31 December 2022	1,499	-	-	1,499

A4 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Bank Negara Malaysia ^	2,829	3,734
Other financial institutions	-	-
	2,829	3,734
Less : ECL Allowance	(30)	(38)
	2,799	3,696

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

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A4.1 Impairment allowance for deposits and placements

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances.

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	2,829	-	-	2,829
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	2,829	-	-	2,829

<u>Group and Bank</u>	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impaired	3,734	-	-	3,734
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,734	-	-	3,734

An analysis of changes in the ECL allowances is, as follows:

30 June 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group and bank				
ECL allowance as at 1 January 2023	38	-	-	38
Allowance writeback during the year	(8)	-	-	(8)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
ECL allowance as at 30 June 2023	30	-	-	30

31 December 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group and Bank				
ECL allowance as at 1 January 2022	227	-	-	227
Allowance writeback during the year	(189)	-	-	(189)
ECL allowance as at 31 December 2022	38	-	-	38

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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 stage classification.

<u>Group and Bank</u>	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Government Sukuk	2,386,086	2,365,821
Corporate Sukuk	907,853	724,364
	3,293,939	3,090,185

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,293,939	-	-	3,293,939
Total	3,293,939	-	-	3,293,939

<u>Group and Bank</u>	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,090,185	-	-	3,090,185
Total	3,090,185	-	-	3,090,185

An analysis of changes in the ECLs is, as follows:

<u>Group and Bank</u>	30 June 2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	9,357	-	-	9,357
Allowance made during the year	801	-	-	801
ECL allowance as at 30 June 2023 *	10,158	-	-	10,158

<u>Group and Bank</u>	31 Dec 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	4,641	-	-	4,641
ECL allowance as at 31 Dec 2022 *	9,357	-	-	9,357

* 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

Term financing	
- House financing	
- Personal financing	
- Cashline financing	
- Syndicated financing	
- Hire purchase receivables	
- Other term financing	
Staff financing	
Less : Modification loss	
Less: Impairment allowances	
- Stage 1 Financing	
- Stage 2 Financing	
- Stage 3 Financing	
Net financing and advances to customers	
Less: Impairment allowances	
- Stage 1 Undrawn	
- Stage 1 Letter of Credit and Performance Guarantee	
- Stage 1 Financial Guarantee	

Group and Bank	
30 Jun 2023	31 Dec 2022
RM'000	RM'000
1,118,947	1,129,441
949,507	864,484
1,929	3,648
167,350	160,500
553,690	582,562
954,609	1,106,193
18,961	19,050
3,764,993	3,865,878
(24,522)	(24,522)
3,740,471	3,841,356
(147,113)	(147,965)
(99,593)	(111,310)
(94,860)	(121,971)
3,398,905	3,460,110
(67)	(95)
(348)	(531)
(93)	(265)
3,398,397	3,459,219

Net financing, advances and other receivables

ii) By contract

Ijarah Muntahia Bittamlik (lease ended with ownership)	
Murabahah (cost-plus)	
Mudharabah (profit sharing)	
Qard (benevolent financing)	
Musarakah (profit and loss sharing)	
Istisna'	

Group and Bank	
30 Jun 2023	31 Dec 2022
RM'000	RM'000
1,788,210	1,877,260
1,900,156	1,911,789
43,705	43,705
1,146	983
6,474	6,810
781	809
3,740,471	3,841,356

iii) By type of customer

Business enterprises	
- Small medium enterprises	
- Others	
Individuals	

Group and Bank	
30 Jun 2023	31 Dec 2022
RM'000	RM'000
230,603	288,117
860,153	934,849
2,649,715	2,618,390
3,740,471	3,841,356

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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 Jun 2023 RM'000	31 Dec 2022 RM'000
1,015,246	1,152,218
95,288	97,723
298,444	298,193
2,331,493	2,293,222
3,740,471	3,841,356

(v) By geographical distribution

Malaysia
 Middle East
 Other countries

Group and Bank	
30 Jun 2023 RM'000	31 Dec 2022 RM'000
3,738,055	3,838,845
1,227	1,285
1,189	1,226
3,740,471	3,841,356

(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 2023 RM'000	31 Dec 2022 RM'000
1,857	2,081
553,690	582,824
167,350	160,500
797,346	702,651
1,117,090	1,127,516
1,103,138	1,265,784
3,740,471	3,841,356

(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 2023 RM'000	31 Dec 2022 RM'000
549,883	579,259
1,175,669	1,185,782
115,122	133,764
15,950	18,352
677,546	808,889
166,303	162,510
931,726	859,219
108,272	93,581
3,740,471	3,841,356

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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 (Cont'd.)

viii) By sector

	Group and Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Construction	293,577	297,716
Electricity, gas and water	31,660	35,781
Finance, insurance and business services	15,785	17,378
Household	2,649,715	2,618,390
Manufacturing	110,165	155,820
Real Estate	211,431	277,166
Transports, storage and communication	98,727	104,733
Wholesale & retail trade and restaurants & hotels	305,414	321,723
Others	23,997	12,649
Total	3,740,471	3,841,356

(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'	Total
30 June 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,111,716	67	-	6,383	-	781	1,118,947
Personal financing	-	930,955	-	-	814	-	931,769
Syndicated financing	-	167,350	-	-	-	-	167,350
Cashline financing	-	1,929	-	-	-	-	1,929
Hire purchase receivables	546,906	-	-	-	-	-	546,906
Other term financing	112,833	798,071	43,705	-	-	-	954,609
Staff financing	16,755	1,783	-	91	332	-	18,961
Total	1,788,210	1,900,156	43,705	6,474	1,146	781	3,740,471

	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'	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,121,848	69	-	6,715	-	809	1,129,441
Personal financing	-	845,667	-	-	817	-	846,484
Syndicated financing	-	160,500	-	-	-	-	160,500
Cashline financing	-	3,648	-	-	-	-	3,648
Hire purchase receivables	576,040	-	-	-	-	-	576,040
Other term financing	162,758	899,729	43,705	-	-	-	1,106,192
Staff financing	16,614	2,176	-	95	166	-	19,051
Total	1,877,260	1,911,789	43,705	6,810	983	809	3,841,356

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

x) Purpose and Source of Qard financing

As at 1 January	983	1,034
Source of Qard fund:	248	332
- Depositors' Fund	188	251
- Shareholders' Fund	60	81
 Uses of Qard fund:	 (85)	 (383)
- Financing for asset purchase	(64)	(289)
- Staff Benevolent	(21)	(94)
 Closing balance	 1,146	 983

Group and Bank		
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
	983	1,034
Source of Qard fund:	248	332
- Depositors' Fund	188	251
- Shareholders' Fund	60	81
 Uses of Qard fund:	 (85)	 (383)
- Financing for asset purchase	(64)	(289)
- Staff Benevolent	(21)	(94)
 Closing balance	 1,146	 983

xi) Movements in impaired financing, advances and other receivables

At 1 Jan	263,632	272,802
Impaired during the period/year	(35,853)	(9,911)
- Impaired during the period/year	32,865	37,368
- Reclassified to performing during the year	(2,365)	(9,410)
- Amount recovered	(24,512)	(29,463)
- Amount written off	(41,841)	(8,404)
Reinstatement of previously written down accounts	70	741
Closing balance	227,849	263,632
 Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less Stage 3 ECL	 3.62%	 3.78%

Group and Bank		
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
At 1 Jan	263,632	272,802
Impaired during the period/year	(35,853)	(9,911)
- Impaired during the period/year	32,865	37,368
- Reclassified to performing during the year	(2,365)	(9,410)
- Amount recovered	(24,512)	(29,463)
- Amount written off	(41,841)	(8,404)
Reinstatement of previously written down accounts	70	741
Closing balance	227,849	263,632
 Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less Stage 3 ECL	 3.62%	 3.78%

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

Stage 1 and 2 ECL		
As at 1 Jan	260,166	237,577
Allowance (writeback)/made during the year	(12,952)	22,589
Closing balance	247,214	260,166
 As % of total gross financing, advances and other receivables less individual impairment	 6.78%	 6.99%

Group and Bank		
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
As at 1 Jan	260,166	237,577
Allowance (writeback)/made during the year	(12,952)	22,589
Closing balance	247,214	260,166
 As % of total gross financing, advances and other receivables less individual impairment	 6.78%	 6.99%

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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 January 2023

Allowance made during the year

- Allowance made

- Allowance written-back

Amount written off

Reinstatement of previously written down accounts

At 30 June 2023

Group and Bank	
30 Jun 2023	31 Dec 2022
RM'000	RM'000
121,971	120,381
14,660	9,253
23,018	25,107
(8,358)	(15,854)
(41,841)	(8,404)
70	741
94,860	121,971

xiii) Impaired financing by sector

Finance, insurance and business services

Household

Manufacturing

Real Estate

Wholesale & retail trade and restaurants & hotels

Group and Bank	
30 Jun 2023	31 Dec 2022
RM'000	RM'000
-	5,169
48,225	46,033
29,409	73,142
141,423	130,358
8,792	8,930
227,849	263,632

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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 based on the Bank's internal credit rating system and stage classification. The amounts presented are before impairment allowances and modification loss.

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impact	3,282,784	150,690	-	3,433,473
Past due but not impaired	-	103,670	-	103,670
Individually impaired	-	-	227,849	227,849
Total	3,282,784	254,360	227,849	3,764,993

<u>Group and Bank</u>	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impact	3,311,692	174,895	-	3,486,587
Past due but not impaired	-	115,659	-	115,659
Individually impaired	-	-	263,632	263,632
Total	3,311,692	290,554	263,632	3,865,878

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

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	148,856	111,310	121,971	382,137
Transfer to 12-month ECL	17,125	(15,334)	(1,791)	-
Transfer to lifetime ECL not credit impaired	(2,291)	2,292	(1)	-
Transfer to lifetime ECL credit impaired	(222)	(3,693)	3,915	-
Allowance made during the year	(15,847)	5,018	12,537	1,708
Write-offs	-	-	(41,841)	(41,841)
Reinstatement of previously written down accounts	-	-	70	70
ECL allowance as at 30 June 2023	147,621	99,593	94,860	342,074

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

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

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

Group and Bank	31-Dec-22			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
ECL allowance as at 1 January 2022	127,552	110,025	120,381	357,958
Transfer to 12-month ECL	20,916	(17,648)	(3,268)	-
Transfer to lifetime ECL not credit impaired	(5,925)	6,460	(535)	-
Transfer to lifetime ECL credit impaired	(1,220)	(874)	2,094	-
Allowance made during the year	7,533	13,347	10,962	31,842
Write-offs	-	-	(8,404)	(8,404)
Reinstatement of previously written down accounts	-	-	741	741
ECL allowance as at 31 December 2022	148,856	111,310	121,971	382,137

A7 Other Assets

	Group and Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Deposits and prepayments	10,452	7,730
Amount due from other related parties	78,971	78,971
Fee receivable	-	100
Sundry debtors	318	366
	89,741	87,167

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A8 Hedging Financial Instruments

Group and Bank

At 30 Jun 2023

Forward foreign exchange related contracts
- in connection with fair value hedges
- other derivatives without hedge accounting
Total

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
240,713	10,245	-
84,228	1,216	1,204
324,941	11,461	1,204

Group and Bank

At 31 Dec 2022

Forward foreign exchange related contracts
- in connection with fair value hedges
- other derivatives without hedge accounting
Total

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
332,557	5,931	985
80,542	1,469	1,456
413,099	7,400	2,441

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 RM4,221,021 for the period ended 30 June 2023 (30 June 2022: Net gain of RM2,986,199).

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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 2023	99,121	175	199	99,495
Additions	3,367	-	-	3,367
Disposals	(2,231)	-	-	(2,231)
Adjustment/remeasurement	-	-	-	-
As at 30 June 2023	100,257	175	199	100,631
Accumulated depreciation				
As at 1 January 2023	45,472	33	117	45,622
Charge	6,628	29	50	6,707
Disposals	(2,231)	-	-	(2,231)
As at 30 June 2023	49,869	62	167	50,098
Net book value as at 30 June 2023	50,388	113	32	50,533

	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	2,629	175	-	2,804
Disposals	(3,650)	(397)	(55)	(4,102)
Adjustment/remeasurement	3,997	-	-	3,997
As at 31 December 2022	99,121	175	199	99,495
Accumulated depreciation				
As at 1 January 2022	35,279	348	72	35,699
Charge	13,843	82	100	14,025
Disposals	(3,650)	(397)	(55)	(4,102)
As at 31 December 2022	45,472	33	117	45,622
Net book value as at 31 Dec 2022	53,649	142	82	53,873

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 2023	57,952	141	91	58,184
Addition	3,367	-	-	3,367
Accretion of profit	643	1	1	645
Payment	(7,405)	(30)	(51)	(7,486)
Adjustment/remeasurement	-	-	-	-
As at 30 June 2023	54,557	112	41	54,710

	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	2,629	175	-	2,804
Accretion of profit	1,928	2	3	1,933
Payment	(14,907)	(87)	(102)	(15,096)
Adjustment/remeasurement	3,996	-	-	3,996
As at 31 December 2022	57,952	141	91	58,184

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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 June 2023

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

Group and Bank	
RM'000	
	6,707
	645
	7,352

31 December 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	
	14,025
	1,933
	15,958

A10 Deposits from Customers

(i) By type of deposit

Qard
- Demand deposits
- Gold deposits

Murabahah
- Term placement
- Savings deposits

	Group		Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Qard				
- Demand deposits	275,008	323,370	275,012	323,374
- Gold deposits	116,675	111,624	116,675	111,624
Murabahah				
- Term placement	2,841,092	2,954,812	2,841,092	2,954,812
- Savings deposits	134,151	132,004	134,151	132,004
	3,366,926	3,521,810	3,366,930	3,521,814

(ii) By type of customer

Business enterprises
Individuals
Subsidiaries
Government and statutory bodies
Other enterprises

	Group		Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Business enterprises	1,602,254	1,211,746	1,602,254	1,211,746
Individuals	303,562	335,246	303,562	335,246
Subsidiaries	-	-	4	4
Government and statutory bodies	1,318,708	1,598,437	1,318,708	1,598,437
Other enterprises	142,402	376,381	142,402	376,381
	3,366,926	3,521,810	3,366,930	3,521,814

(iii) By contractual maturity

Due within six months
More than six months to one year
More than one year to three years

	Group		Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Due within six months	2,965,157	3,116,921	2,965,161	3,116,925
More than six months to one year	400,759	404,865	400,759	404,865
More than one year to three years	1,010	24	1,010	24
	3,366,926	3,521,810	3,366,930	3,521,814

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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 Jun 2023 RM'000	31 Dec 2022 RM'000
105,000	150,000
1,934,313	1,636,900
2,039,313	1,786,900

A12 Investment Accounts

As at 1 January

Net placement during the year

Income from investment

Profit distributed to mudarib

As at 30 Jun/31 December

Investment asset:

Wadiah placement with BNM

Group and Bank	
2023 RM'000	2022 RM'000
3,734	5,550
(934)	(1,871)
48	93
(19)	(38)
2,829	3,734
2,829	3,734

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
(%)	(%)
60.00	1.74

Business enterprises

Individuals

Other enterprises

Group and Bank	
30 Jun 2023 RM'000	31 Dec 2022 RM'000
1,255	1,673
1,551	1,992
23	69
2,829	3,734

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A13 Other Liabilities

	Group		Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Sundry creditors	28,997	33,967	28,990	33,960
Accrued restoration cost	4,253	4,612	4,253	4,612
Undistributed charity funds (i)	2,100	1,502	2,100	1,502
Provision for tax				
Other provisions and accruals	47,442	57,579	47,442	57,579
	82,792	97,660	82,785	97,653

(i) Sources and uses of charity funds:

Sources of charity funds:	
Undistributed charity funds as at 1 January	1,502
Penalty (reversal)/charges on late payment	709
Total sources of funds during the year	2,211
Uses of charity funds:	
Compensation of late payment charges	-
Payment for recovery cost and other expenses	-
Contribution to non profit organisations	(110)
Aid to needy family	(2)
Total uses of funds during the year	(112)
Closing balance	2,100

Group and Bank	
30 Jun 2023 RM'000	31 Dec 2022 RM'000
	253
	5,751
	6,004
	(2,000)
	(2,430)
	(5)
	(67)
	(4,502)
	1,502

A14 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2023 Units'000	31 Dec 2022 Units'000	30 Jun 2023 RM'000	31 Dec 2022 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 30 June/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

	2nd Quarter ended 30-Jun		Half year ended 30-Jun	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	38,734	36,686	76,584	74,435
Finance income from impaired financing	(168)	955	252	1,253
Income from securities				
- Financial assets at FVOCI	25,182	24,464	49,232	47,968
Money at call and deposits with financial institutions	81	74	118	497
	63,829	62,180	126,186	124,153
Amortisation of premium less accretion of discounts	(665)	(544)	(1,252)	(1,045)
Total finance income and hibah	63,164	61,636	124,934	123,108
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	166	-	840	5,473
Foreign exchange (loss)/gain				
- Realised	874	887	2,389	2,578
	64,204	62,523	128,163	131,159

A16 Income derived from Investment of Shareholder's Equity

	2nd Quarter ended 30-Jun		Half year ended 30-Jun	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	13,016	11,576	25,854	23,752
Finance income from impaired financing	(56)	303	86	399
Income from securities:				
- Financial assets at FVOCI	8,459	7,719	16,616	15,302
Money at call and deposits with financial institutions	27	23	40	160
	21,446	19,621	42,596	39,613
Amortisation of premium less accretion of discounts	(224)	(171)	(423)	(333)
Total finance income and hibah	21,222	19,450	42,173	39,280
Fee income				
- Commission	824	611	1,221	795
- Other fee income	750	1,411	1,343	2,021
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	55	-	283	1,764
Fair value loss from financial asset at FVTPL	-	-	-	976
Foreign exchange (loss)/gain				
- Realised	9,624	2,212	12,149	4,114
- Unrealised	(8,627)	(1,997)	(10,572)	(4,887)
Gain on disposal of property, plant and equipment	-	8	-	8
	23,848	21,695	46,597	44,071

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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 June 2023	Stage 1	Stage 2	Stage 3	Total
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	(115)	-	-	(115)
Financing and advances to customers	850	11,717	(14,658)	(2,091)
Bad debt recovered	-	-	2,630	2,630
Debt instruments measured at FVOCI	(801)	-	-	(801)
Financial guarantees	172	-	-	172
Financing commitments	28	-	-	28
Letters of credit	183	-	-	183
Total Impairment loss (charges)/writeback	317	11,717	(12,028)	6

30 June 2022	Stage 1	Stage 2	Stage 3	Total
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Financing and advances to customers	(26,618)	(1,550)	(921)	(29,089)
Bad debt recovered	-	-	3,141	3,141
Financial guarantees	929	-	-	929
Financing commitments	1,369	-	-	1,369
Total Impairment loss (charges)/writeback	(25,473)	(1,550)	2,220	(24,803)

A18 Income Attributable to the Depositors

	2nd Quarter ended		Half year ended	
	30-Jun		30-Jun	
<u>Group and Bank</u>	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Murabahah	26,547	16,389	51,643	33,421
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	17,212	8,999	32,140	16,600
Others	32	28	77	58
	43,791	25,416	83,860	50,079

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A19 Profit Distributed to Investment Account Holders

Group & Bank

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

2nd Quarter ended 30-Jun		Half year ended 30-Jun	
2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
23	22	48	44
9	9	19	18
14	13	29	26

A20 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 2023			As at 31 Dec 2022		
	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	20,617	20,696	19,634	20,617	20,353	19,469
Transaction related contingencies	94,552	46,853	36,172	98,660	48,799	36,832
Trade related contingencies	8,525	1,695	1,695	-	-	-
Irrevocable commitments to extend credit						
- maturity less than one year	178,864	18,468	17,805	134,769	12,887	12,458
- maturity more than one year	55,132	24,289	17,546	46,603	20,776	15,333
Foreign exchange related contracts *						
- less than one year	234,384	9,882	2,589	243,620	6,623	2,115
- one year to five years	100,407	7,024	3,045	174,577	8,844	3,085
	692,481	128,906	98,485	718,846	118,282	89,292

* 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 2023 RM'000	Dec 2022 RM'000
Financial guarantees	20,617	20,617
Letters of credit	103,077	98,660
Other undrawn commitments	233,996	181,372
Total commitment	357,690	300,649
Less : ECL (charge)/writeback	(508)	(891)
	357,182	299,758

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A20 Commitments and Contingencies (Cont'd.)

(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 based on the Bank's internal credit rating system and stage classification.

Group and Bank	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	20,617	-	-	20,617
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	20,617	-	-	20,617

Group and Bank	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	20,617	-	-	20,617
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	20,617	-	-	20,617

An analysis of changes in the ECLs are, as follows:

Group and Bank	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	265	-	-	265
Net remeasurement of loss allowance	(366)	-	-	(366)
New financial assets originated or purchased	194	-	-	194
ECL allowance as at 30 June 2023	93	-	-	93

Group and Bank	31-Dec-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	(1,162)	-	-	(1,162)
New financial assets originated or purchased	596	-	-	596
Financial assets that have matured	(89)	-	-	(89)
ECL allowance as at 31 December 2022	265	-	-	265

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A20 Commitments and Contingencies (Cont'd.)

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

Letters of credit and Performance Guarantee

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification.

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	103,077	-	-	103,077
Past due but not impaired	-	-	-	-
Total	103,077	-	-	103,077

<u>Group and Bank</u>	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	98,660	-	-	98,660
Past due but not impaired	-	-	-	-
Total	98,660	-	-	98,660

An analysis of changes in the ECLs are, as follows:

<u>Group and Bank</u>	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	531	-	-	531
Net remeasurement of loss allowance	(365)	-	-	(365)
New financial assets originated or purchased	182	-	-	182
ECL allowance as at 30 June 2023	348	-	-	348

<u>Group and Bank</u>	31-Dec-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	(597)	-	-	(597)
ECL allowance as at 31 December 2022	531	-	-	531

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A20 Commitments and Contingencies (Cont'd.)

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

Other undrawn commitments

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification.

Group and Bank	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	232,372	-	-	232,372
Past due but not impaired	-	1,402	-	1,402
Individually impaired	-	-	222	222
Total	232,372	1,402	222	233,996

Group and Bank	31-Dec-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	178,514	-	-	178,514
Past due but not impaired	-	2,636	-	2,636
Individually impaired	-	-	222	222
Total	178,514	2,636	222	181,372

An analysis of changes in the ECLs in relation to other undrawn commitments is, as follows:

Group and Bank	30-Jun-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	95	-	-	95
Net remeasurement of loss allowance	(3)	-	-	(3)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(25)	-	-	(25)
ECL allowance as at 30 June 2023	67	-	-	67

Group and Bank	31-Dec-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	(1,524)	-	-	(1,524)
New financial assets originated or purchased	32	-	-	32
Financial assets that have matured	(28)	-	-	(28)
ECL allowance as at 31 December 2022	95	-	-	95

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A21 Credit transactions and exposures with connected parties

As at 30 Jun 2023			
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	105,971	-
Off-balance sheet exposures	1	600	-
	2	106,571	-
Total exposure to connected parties as % capital base		6.4%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.5%	0.0%

As at 31 Dec 2022			
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	105,971	-
Off-balance sheet exposures	1	600	-
	2	106,571	-
Total exposure to connected parties as % capital base		6.5%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.5%	0.0%

* Included total outstanding and unutilised limit

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A22 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instrument measured at fair value

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 market data, 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.

		Total
		RM'000
Group and Bank		
30 Jun 2023		
Financial assets		
Debt instruments measured at FVOCI		3,293,939
Hedging financial instruments		11,461
Total		3,305,400
Financial liability		
Hedging financial instruments		1,204
		1,204
31 Dec 2022		
Financial assets		
Debt instruments measured at FVOCI		3,090,185
Hedging financial instruments		7,400
Total		3,097,585
Financial liability		
Hedging financial instruments		2,441
		2,441

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	Discounted cash flow method	Profit rate	5.6% - 6.0%

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A22 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Financial instrument not measured at fair value

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 on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise all the Group and of the Bank assets and liabilities with the exception of investments in subsidiaries, interest in associates and joint ventures, property, plant and equipment and provision for current and deferred taxation.

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.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position:

	Level 2	Level 3	Total Fair Value	Carrying Value
	RM'000	RM'000	RM'000	RM'000
Group				
30 Jun 2023				
Financial Assets				
Financing, advances and other receivables	-	3,391,568	3,391,568	3,398,397
Financial Liabilities				
Deposits from customers	3,341,747	-	3,341,747	3,366,926

	Level 2	Level 3	Total Fair Value	Carrying Value
	RM'000	RM'000	RM'000	RM'000
Group				
31 Dec 2022				
Financial Assets				
Financing, advances and other receivables	-	3,453,281	3,453,281	3,459,219
Financial Liabilities				
Deposits from customers	3,497,387	-	3,497,387	3,521,810

	Level 2	Level 3	Total Fair Value	Carrying Value
	RM'000	RM'000	RM'000	RM'000
Bank				
30 Jun 2023				
Financial Assets				
Financing, advances and other receivables	-	3,391,568	3,391,568	3,398,397
Financial Liabilities				
Deposits from customers	3,341,750	-	3,341,750	3,366,930

	Level 2	Level 3	Total Fair Value	Carrying Value
	RM'000	RM'000	RM'000	RM'000
Bank				
31 Dec 2022				
Financial Assets				
Financing, advances and other receivables	-	3,453,281	3,453,281	3,459,219
Financial Liabilities				
Deposits from customers	3,497,390	-	3,497,390	3,521,814

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A22 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) Hedging financial instruments

Derivatives products valued using a valuation technique with market observable inputs are mainly ijarah rental swaps and promissory foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and profit rate curves.

(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 customers 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.

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	Discounted cash flow method	Profit rate	5.6% - 6.0%

(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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A23 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 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
CET I/ Tier I Capital Ratio Credit, market, operational and large exposure risks	42.457%	41.099%	42.457%	41.100%
Total Capital Ratio Credit, market, operational and large exposure risks	43.572%	42.198%	43.573%	42.199%

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A23 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 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 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	247,491	247,491	247,491	247,491
Other reserves	24,385	2,406	24,389	2,410
	1,697,148	1,675,169	1,697,152	1,675,173
Less: Deferred tax assets (net)	(81,708)	(81,708)	(81,708)	(81,708)
Less: Investment in subsidiaries	-	-	-	-
Total CET I / Tier I capital	1,615,440	1,593,461	1,615,444	1,593,465
<u>Tier II capital</u>				
Stage 1 & Stage 2 expected credit loss allowances *	42,431	42,611	42,431	42,611
Total Tier II capital	42,431	42,611	42,431	42,611
Capital Base	1,657,871	1,636,072	1,657,875	1,636,076

(c) The Risk-Weighted Assets of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2023 RM'000	31 Dec 2022 RM'000	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	3,394,471	3,408,881	3,394,471	3,408,881
Total Market RWA	7,933	9,378	7,933	9,378
Total Operational RWA	402,500	458,884	402,458	458,821
Total Risk-Weighted Assets	3,804,904	3,877,143	3,804,862	3,877,080

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A23 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 2023										
(i) Credit Risk										
(a) On-Balance Sheet Exposures										
Sovereigns/Central Banks	673,356	673,356	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	138,105	138,105	66,607	66,607	66,607	66,607	66,607	66,607	5,629	5,629
Corporates	3,659,267	3,556,996	1,012,293	1,012,293	1,012,293	1,012,293	1,012,293	1,012,293	85,942	85,942
Regulatory Retail	1,526,243	1,526,002	1,376,693	1,376,693	1,376,693	1,376,693	1,376,693	1,376,693	104,770	104,770
Residential Mortgages	1,073,648	1,073,648	517,762	517,762	517,762	517,762	517,762	517,762	42,940	42,940
Other Assets	284,873	284,873	161,846	161,846	161,846	161,846	161,846	161,846	13,060	13,060
Defaulted Exposures ²	137,248	136,332	160,785	160,785	160,785	160,785	160,785	160,785	13,226	13,226
	7,492,740	7,389,312	3,295,986	3,295,986	3,295,986	3,295,986	3,295,986	3,295,986	265,567	265,567
(b) Off-Balance Sheet Exposures*										
OTC Hedging Financial Instruments ³	16,906	16,906	5,633	5,633	5,633	5,633	5,633	5,633	416	416
Off balance sheet exposures other than OTC hedging financial instruments	112,000	97,940	92,852	92,852	92,852	92,852	92,852	92,852	6,727	6,727
	128,906	114,846	98,485	98,485	98,485	98,485	98,485	98,485	7,143	7,143
Total On and Off-Balance Sheet Exposures	7,621,646	7,504,158	3,394,471	3,394,471	3,394,471	3,394,471	3,394,471	3,394,471	272,710	272,710
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-	-	-	-	-
	Long Position	Short Position								
(iii) Market Risk										
Foreign Currency Risk ⁴	7,933	1,333	7,933	7,933	7,933	7,933	7,933	7,933	635	635
			7,933	7,933	7,933	7,933	7,933	7,933	635	635
(iv) Operational Risk					402,500	402,500	402,500	402,500	32,200	32,200
(v) Total RWA and Capital Requirements					3,804,904	3,804,904	3,804,904	3,804,904	305,545	305,545

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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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A23 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
As at 31 Dec 2022	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	631,675	631,675	-	-	-
Banks, Development Financial Institutions & MDBs	134,127	134,127	70,362	70,362	5,629
Corporates	3,594,424	3,489,190	1,074,275	1,074,275	85,942
Regulatory Retail	1,466,425	1,465,758	1,309,628	1,309,628	104,770
Residential Mortgages	1,099,610	1,099,161	536,749	536,749	42,940
Other Assets	281,337	281,337	163,250	163,250	13,060
Defaulted Exposures ²	143,235	142,454	165,325	165,325	13,226
	7,350,833	7,243,702	3,319,589	3,319,589	265,567
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	15,468	15,468	5,200	5,200	416
Off balance sheet exposures other than OTC hedging financial instruments	102,814	88,991	84,092	84,092	6,727
	118,282	104,459	89,292	89,292	7,143
Total On and Off-Balance Sheet Exposures	7,469,115	7,348,161	3,408,881	3,408,881	272,710
(ii) Large Exposures Risk Requirement					
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	9,378	7,527	1,851	9,378	750
			9,378	9,378	750
(iv) Operational Risk					
(v) Total RWA and Capital Requirements					
			458,884	458,884	36,711
			3,877,143	3,877,143	310,171

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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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A23 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 30 Jun 2023					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	673,356	673,356	-	-	-
Banks, Development Financial Institutions & MDBs	138,105	138,105	66,607	66,607	5,629
Corporates	3,659,267	3,556,996	1,012,293	1,012,293	85,942
Regulatory Retail	1,526,243	1,526,002	1,376,693	1,376,693	104,770
Residential Mortgages	1,073,648	1,073,648	517,762	517,762	42,940
Other Assets	284,873	284,873	161,846	161,846	13,060
Defaulted Exposures ²	137,248	136,332	160,785	160,785	13,226
	7,492,740	7,389,312	3,295,986	3,295,986	265,567
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	16,906	16,906	5,633	5,633	416
Off balance sheet exposures other than OTC hedging financial instruments	112,000	97,940	92,852	92,852	6,727
	128,906	114,846	98,485	98,485	7,143
Total On and Off-Balance Sheet Exposures	7,621,646	7,504,158	3,394,471	3,394,471	272,710
(ii) Large Exposures Risk Requirement	-	-	-	-	-
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	7,933	1,333	7,933	7,933	635
			7,933	7,933	635
(iv) Operational Risk			402,458	402,458	32,197
(v) Total RWA and Capital Requirements			3,804,862	3,804,862	305,542

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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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A23 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 2022					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	631,675	631,675	-	-	-
Banks, Development Financial Institutions & MDBs	134,127	134,127	70,362	70,362	5,629
Corporates	3,594,424	3,489,190	1,074,275	1,074,275	85,942
Regulatory Retail	1,466,425	1,466,758	1,309,628	1,309,628	104,770
Residential Mortgages	1,099,610	1,099,161	536,749	536,749	42,940
Other Assets	281,337	281,337	163,250	163,250	13,060
Defaulted Exposures ²	143,235	142,454	165,325	165,325	13,226
	7,350,833	7,243,702	3,319,589	3,319,589	265,567
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	15,468	15,468	5,200	5,200	416
Off balance sheet exposures other than OTC hedging financial instruments	102,814	88,991	84,092	84,092	6,727
	118,282	104,459	89,292	89,292	7,143
Total On and Off-Balance Sheet Exposures	7,469,115	7,348,161	3,408,881	3,408,881	272,710
(ii) Large Exposures Risk Requirement	-	-	-	-	-
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	9,378	7,527	1,851	9,378	750
			1,851	9,378	750
(iv) Operational Risk			458,821	458,821	36,706
(v) Total RWA and Capital Requirements			3,877,080	3,877,080	310,166

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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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A23 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
Group and Bank As at 30 Jun 2023		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights									
0%	673,356	-	1,818,420	-	(0)	-	123,027	2,614,803	-
20%	-	19,263	907,853	-	-	-	-	927,116	185,423
35%	-	-	-	-	616,220	-	-	616,220	215,677
50%	-	134,723	10,357	10	318,968	-	-	464,058	232,029
75%	-	-	-	617,590	-	-	-	617,590	463,192
100%	-	24	942,979	928,823	163,146	-	161,846	2,196,818	2,196,818
150%	-	-	33,205	1,329	-	33,019	-	67,553	101,332
	673,356	154,010	3,712,815	1,547,752	1,098,333	33,019	284,873	7,504,158	3,394,471
As at 31 Dec 2022									
Risk-Weights									
0%	631,675	-	1,835,424	-	-	-	118,087	2,585,186	-
20%	-	13,876	724,364	-	-	-	-	738,240	147,648
35%	-	-	-	-	630,202	-	-	630,202	220,571
50%	-	125,868	19,479	13	312,655	-	-	458,015	229,008
75%	-	-	-	644,116	-	-	-	644,116	483,087
100%	-	8,864	1,033,412	841,289	173,257	-	163,250	2,220,072	2,220,072
150%	-	-	38,724	587	-	33,019	-	72,330	108,495
	631,675	148,608	3,651,403	1,486,005	1,116,114	33,019	281,337	7,348,161	3,408,881

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A23 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 2023				
0%	2,614,802	-	2,614,802	-
20%	927,116	185,423	927,116	185,423
35%	616,220	215,677	616,220	215,677
50%	464,059	232,029	464,059	232,029
75%	617,590	463,192	617,590	463,192
100%	2,196,818	2,196,818	2,196,818	2,196,818
150%	67,555	101,332	67,555	101,332
Risk-weighted assets for credit risk	7,504,158	3,394,471	7,504,158	3,394,471
Risk-weighted assets for market risk		7,933		7,933
Risk-weighted assets for operational risk		402,500		402,458
Total risk-weighted assets		3,804,904		3,804,862
As at 31 Dec 2022				
0%	2,585,186	-	2,585,186	-
20%	738,240	147,648	738,240	147,648
35%	630,202	220,571	630,202	220,571
50%	458,015	229,008	458,015	229,008
75%	644,116	483,087	644,116	483,087
100%	2,220,072	2,220,072	2,220,072	2,220,071
150%	72,330	108,495	72,330	108,496
Risk-weighted assets for credit risk	7,348,161	3,408,881	7,348,161	3,408,881
Risk-weighted assets for market risk		9,378		9,378
Risk-weighted assets for operational risk		458,884		458,821
Total risk-weighted assets		3,877,143		3,877,080

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

Group and Bank	As at 30 Jun 2023		As at 31 Dec 2022	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Foreign Exchange Risk	7,933	635	9,378	750
Total	7,933	635	9,378	750

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A24 FINANCIAL RISK MANAGEMENT

(a) CREDIT RISK

(i) 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 2023	31 Dec 2022
	Total gross maximum exposure	
	RM'000	RM'000
Cash and short-term funds	151,447	145,073
Deposits and placements with banks and other financial institutions	2,799	3,696
Securities FVOCI	3,293,939	3,090,185
Financing, advances and other receivables	3,398,397	3,460,110
Other assets	89,741	87,167
Statutory deposits with Bank Negara Malaysia ("BNM")	95,337	92,371
Hedging financial instruments	11,461	7,400
Total On-Balance Sheet	7,043,121	6,886,002
Financial guarantees	20,524	20,352
Contingent liabilities	102,729	98,129
Commitments	233,929	181,277
Total Off-Balance Sheet	357,182	299,758
Total On and Off-Balance Sheet	7,400,303	7,185,760

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment:

	Geographic region				Total gross maximum exposure RM'000
	Malaysia RM'000	Middle east RM'000	Others RM'000	Stage 1 & 2 Impairment RM'000	
30 Jun 2023					
Group and Bank					
Cash and short-term funds	14,228	1,332	137,509	(1,622)	151,447
Deposits and placements with banks and other financial institutions	2,829	-	-	(30)	2,799
Securities FVOCI	3,293,939	-	-	-	3,293,939
Financing, advances and other receivables	3,643,343	1,227	1,041	(247,214)	3,398,398
Other assets	89,741	-	-	-	89,741
Statutory deposits with BNM	95,337	-	-	-	95,337
Hedging financial instruments	11,461	-	-	-	11,461
Total On-Balance Sheet	7,150,878	2,559	138,550	(248,866)	7,043,121
Financial guarantees	20,617	-	-	(93)	20,524
Contingent liabilities	103,077	-	-	(348)	102,729
Commitments	233,996	-	-	(67)	233,929
Total Off-Balance Sheet	357,690	-	-	(508)	357,182
Total On and Off-Balance Sheet	7,508,568	2,559	138,550	(249,374)	7,400,303

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure RM'000
	Malaysia RM'000	Middle east RM'000	Others RM'000	Stage 1 & 2 Impairment RM'000	
31 Dec 2022					
Group and Bank					
Cash and short-term funds	13,044	4,426	129,102	(1,499)	145,073
Deposits and placements with banks and other financial institutions	3,734	-	-	(38)	3,696
Securities FVOCI	3,090,185	-	-	-	3,090,185
Financing, advances and other receivables	3,716,874	1,285	1,226	(259,275)	3,460,110
Other assets	87,167	-	-	-	87,167
Statutory deposits with BNM	92,371	-	-	-	92,371
Hedging financial instruments	7,400	-	-	-	7,400
Total On-Balance Sheet	7,010,775	5,711	130,328	(260,812)	6,886,002
Financial guarantees	20,617	-	-	(265)	20,352
Contingent liabilities	98,660	-	-	(531)	98,129
Commitments	181,356	-	16	(95)	181,277
Total Off-Balance Sheet	300,633	-	16	(891)	299,758
Total On and Off-Balance Sheet	7,311,408	5,711	130,344	(261,703)	7,185,760

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector:

	Industry						Total gross maximum exposure
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2023							
Group and Bank							
Cash and short-term funds	-	153,069	-	-	-	(1,622)	151,447
Deposits and placements with banks and other financial institutions	-	2,829	-	-	-	(30)	2,799
Securities FVOCI	-	899,700	599,007	395,810	567,666	831,755	3,293,939
Financing, advances and other receivables	388,149	15,785	463,982	98,727	-	2,678,969	3,398,398
Other assets	-	-	-	-	-	89,741	89,741
Statutory deposits with BNM	-	95,337	-	-	-	-	95,337
Hedging financial instruments	-	11,461	-	-	-	-	11,461
Total On-Balance Sheet	388,149	1,178,180	1,062,989	494,537	567,666	3,600,466	(248,866)
Financial guarantees	20,017	-	600	-	-	-	(93)
Contingent liabilities	442	-	17,233	2,870	-	82,531	(348)
Commitments	88,665	-	94,406	210	-	50,715	(67)
Total Off-Balance Sheet	109,124	-	112,239	3,080	-	133,246	(508)
Total On and Off-Balance Sheet	497,273	1,178,180	1,175,228	497,617	567,666	3,733,712	(249,374)

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) 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 2022								
Group and Bank								
Cash and short-term funds	-	146,572	-	-	-	-	(1,499)	145,073
Deposits and placements with banks and other financial institutions	-	3,734	-	-	-	-	(38)	3,696
Securities FVOCI	-	819,220	716,064	420,818	530,396	603,687	-	3,090,185
Financing, advances and other receivables	415,730	17,378	544,767	104,734	-	2,636,776	(259,275)	3,460,110
Other assets	-	-	-	-	-	87,167	-	87,167
Statutory deposits with BNM	-	92,371	-	-	-	-	-	92,371
Hedging financial instruments	-	7,400	-	-	-	-	-	7,400
Total On-Balance Sheet	415,730	1,086,675	1,260,831	525,552	530,396	3,327,630	(260,812)	6,886,002
Financial guarantees	20,017	-	600	-	-	-	(265)	20,352
Contingent liabilities	271	-	17,415	2,870	-	78,104	(531)	98,129
Commitments	77,687	-	54,026	210	-	49,449	(95)	181,277
Total Off-Balance Sheet	97,975	-	72,041	3,080	-	127,553	(891)	299,758
Total On and Off-Balance Sheet	513,705	1,086,675	1,332,872	528,632	530,396	3,455,183	(261,703)	7,185,760

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) 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 2023							
Group and Bank							
Cash and short-term funds	153,069	-	-	-	-	(1,622)	151,447
Deposits and placements with banks and other financial institutions	2,830	-	-	-	-	(30)	2,799
Securities FVOCI	193,011	212,771	815,302	2,072,855	-	-	3,293,939
Financing, advances and other receivables	953,300	7,554	371,722	2,313,035	-	(247,214)	3,398,397
Other assets	-	-	-	-	89,741	-	89,741
Statutory deposits with BNM	-	-	-	-	95,337	-	95,337
Hedging financial instruments	10,957	504	-	-	-	-	11,461
Total On-Balance Sheet	1,313,166	220,829	1,187,024	4,385,891	185,078	(248,866)	7,043,121
Financial guarantees	-	20,015	603	-	-	(93)	20,524
Contingent liabilities	65,292	11,568	26,216	-	-	(348)	102,729
Commitments	177,973	1,058	9,981	44,985	-	(67)	233,929
Total Off-Balance Sheet	243,265	32,641	36,800	44,985	-	(508)	357,182
Total On and Off-Balance Sheet	1,556,431	253,469	1,223,824	4,430,875	185,078	(249,374)	7,400,303

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) 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 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank							
Cash and short-term funds	146,572	-	-	-	-	(1,499)	145,073
Deposits and placements with banks and other financial institutions	3,734	-	-	-	-	(38)	3,696
Securities FVOCI	192,879	193,656	764,054	1,939,596	-	-	3,090,185
Financing, advances and other receivables	1,033,846	25,618	381,177	2,278,744	-	(259,275)	3,460,110
Other assets	-	-	-	-	87,167	-	87,167
Statutory deposits with BNM	-	-	-	-	92,371	-	92,371
Hedging financial instruments	-	-	7,400	-	-	-	7,400
Total On-Balance Sheet	1,377,031	219,274	1,152,631	4,218,340	179,538	(260,812)	6,886,002
Financial guarantees	2	-	20,615	-	-	(265)	20,352
Contingent liabilities	270	78,254	20,136	-	-	(531)	98,129
Commitments	114,472	19,500	3,928	43,472	-	(95)	181,277
Total Off-Balance Sheet	114,744	97,754	44,679	43,472	-	(891)	299,758
Total On and Off-Balance Sheet	1,491,775	317,028	1,197,310	4,261,812	179,538	(261,703)	7,185,760

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) 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.

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 June 2023 was RM41,840,846 (Dec 2022 : RM4,839,013). 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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A24 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-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Cash & short term funds (Less 1 month)				153,069
High Grade	18,250	-	-	18,250
Standard Grade	134,819	-	-	134,819
Loss allowance	(1,622)	-	-	(1,622)
Carrying amount	151,447	-	-	151,447
Deposit and placement with banks (More 1 month)				2,829
High Grade	2,829	-	-	2,829
Standard Grade	-	-	-	-
Loss allowance	(30)	-	-	(30)
Carrying amount	2,799	-	-	2,799
Group and Bank	31-Dec-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Cash & short term funds (Less 1 month)				146,572
High Grade	146,572	-	-	146,572
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(1,499)	-	-	(1,499)
Carrying amount	145,073	-	-	145,073
Deposit and placement with banks (More 1 month)				3,734
High Grade	3,734	-	-	3,734
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(38)	-	-	(38)
Carrying amount	3,696	-	-	3,696

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group and Bank	30-Jun-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				3,293,939
High Grade	3,293,939	-	-	3,293,939
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(10,158)	-	-	(10,158)
Carrying amount	3,283,781	-	-	3,283,781
Group and Bank	31-Dec-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				3,090,185
High Grade	3,090,185	-	-	3,090,185
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(9,357)	-	-	(9,357)
Carrying amount	3,080,828	-	-	3,080,828

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	30-Jun-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Financing (Gross)				3,740,471
High Grade	430,357	-	-	430,357
Standard Grade	281,007	150,690	-	431,697
Impaired	-	-	179,625	179,625
Unrated	2,546,898	103,671	48,225	2,698,793
Loss allowance	(147,113)	(99,593)	(94,860)	(341,566)
Carrying amount	3,111,149	154,767	132,989	3,398,905

Group & Bank	31-Dec-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Financing (Gross)				3,841,356
High Grade	457,244	-	-	457,244
Standard Grade	351,518	174,895	-	526,413
Impaired	-	-	217,600	217,600
Unrated	2,478,406	115,660	46,033	2,640,099
Loss allowance	(147,965)	(111,310)	(121,971)	(381,246)
Carrying amount	3,139,203	179,245	141,662	3,460,110

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	30-Jun-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments				233,996
High Grade	74,904	-	-	74,904
Standard Grade	159,092	-	-	159,092
Impaired	-	-	-	-
Loss allowance	(67)	-	-	(67)
Carrying amount	233,929	-	-	233,929
Trade Facilities (Financial Guarantee & Letter of Credit)				123,694
High Grade	123,252	-	-	123,252
Standard Grade	442	-	-	442
Impaired	-	-	-	-
Loss allowance	(441)	-	-	(441)
Carrying amount	123,253	-	-	123,253

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	31-Dec-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments				181,372
High Grade	133,268	-	-	133,268
Standard Grade	3,545	-	-	3,545
Impaired	-	-	-	-
Unrated	44,558	-	-	44,558
Loss allowance	(95)	-	-	(95)
Carrying amount	181,276	-	-	181,276
Trade Facilities (Financial Guarantee & Letter of Credit)				119,277
High Grade	118,817	-	-	118,817
Standard Grade	460	-	-	460
Impaired	-	-	-	-
Loss allowance	(796)	-	-	(796)
Carrying amount	118,481	-	-	118,481

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A24 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.

	Neither past due nor impaired rated	Neither past due nor impaired unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2023						
Group and Bank						
Cash and short-term funds	153,069	-	-	-	-	153,069
Deposits and placements with banks and other financial institutions	2,829	-	-	-	-	2,829
Securities FVOCI	3,293,939	-	-	-	-	3,293,939
Financing, advances and other receivables	822,546	2,270,430	305,213	114,433	227,849	3,740,471
Other assets	89,741	-	-	-	-	89,741
Statutory deposits with BNM	95,337	-	-	-	-	95,337
Hedging financial instruments	11,461	-	-	-	-	11,461
Total On-Balance Sheet	4,468,921	2,270,430	305,213	114,433	227,849	7,386,847
Financial guarantees	20,617	-	-	-	-	20,617
Contingent liabilities	103,077	-	-	-	-	103,077
Commitments	233,996	-	-	-	-	233,996
Total Off-Balance Sheet	357,690	-	-	-	-	357,690
Total On and Off-Balance Sheet	4,826,611	2,270,430	305,213	114,433	227,849	7,744,537

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A24 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
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	146,572	-	-	-	-	146,572
Deposits and placements with banks and other financial institutions	3,734	-	-	-	-	3,734
Securities FVOCI	3,090,185	-	-	-	-	3,090,185
Financing, advances and other receivables	916,717	2,215,730	309,778	135,499	263,632	3,841,356
Other assets	87,167	-	-	-	-	87,167
Statutory deposits with BNM	92,371	-	-	-	-	92,371
Hedging financial instruments	7,400	-	-	-	-	7,400
Total On-Balance Sheet	4,344,146	2,215,730	309,778	135,499	263,632	7,268,785
Financial guarantees	20,617	-	-	-	-	20,617
Contingent liabilities	98,660	-	-	-	-	98,660
Commitments	181,372	-	-	-	-	181,372
Total Off-Balance Sheet	300,649	-	-	-	-	300,649
Total On and Off-Balance Sheet	4,644,795	2,215,730	309,778	135,499	263,632	7,569,434

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

30 Jun 2023

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 - guaranteed	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank Securities FVOCI	907,853	-	-	-	-	2,386,086	3,293,939

31 Dec 2022

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 - guaranteed	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank Securities FVOCI	724,364	-	-	-	-	2,365,821	3,090,185

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A24 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 geographical regions

	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
30 Jun 2023				
Group and Bank				
Financing and advances to customers				
Retail & Consumer financing	216,113	59,199	29,902	305,213
	216,113	59,199	29,902	305,213
31 Dec 2022				
Group and Bank				
Financing and advances to customers				
Retail & Consumer financing	206,053	69,343	34,382	309,778
	206,053	69,343	34,382	309,778

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) 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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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) 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-23	31-Dec-22	Principle type of collateral
Financing receivables	3,398,397	3,459,219	Real Estate, Securities, Cash & Sovereign Guarantees
Corporate	56.42%	59.21%	
Retail	42.98%	44.43%	

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-23	31-Dec-22
LTV ratio		
Less than 50%	4,931,576	-
51–70%	5,140,237	4,245,649
71–90%	13,465,805	10,241,384
91–100%	4,145,496	6,417,985
More than 100%	-	-
Total	27,683,114	20,905,018

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) 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 72.6% as at 30 June 2023 (31 Dec 2022: 72.0%). 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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A24 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 (LCR) and Net Stable Funding Ratio (NSFR). While the LCR encourages the short-term resilience (30 days) of a banking institution's liquidity risk profile, the NSFR aims to reduce funding risk over a time horizon of up to one year. LCR aims to ensure that banking institutions hold sufficient high-quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon where a stable funding profile reduces the likelihood of a banking institution's liquidity position being severely eroded by material disruptions to its regular sources of funding.

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 and the Bank 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 2023 and 31 December 2022. 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 2023						
ASSETS						
Cash and short-term funds	6,100	-	-	-	145,347	151,447
Deposits and placements with banks and other financial institutions	2,799	-	-	-	-	2,799
Debt instruments at FVOCI	193,011	212,771	815,302	2,072,855	-	3,293,939
Financing, advances and receivables	857,934	10,416	582,945	1,947,102	-	3,398,397
Hedging Financial Instrument Assets	10,957	504	-	-	-	11,461
Other assets	-	-	-	-	442,821	442,821
Total Assets	1,070,801	223,691	1,398,247	4,019,957	588,168	7,300,864

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A24 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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,375,863	464,946	283	-	525,834	3,366,926
Deposits and placements of banks and other financial institutions	1,952,296	87,017	-	-	-	2,039,313
Investment accounts of customers	-	-	-	-	2,829	2,829
Hedging Financial Instrument Assets	1,108	96	-	-	-	1,204
Other liabilities	-	-	-	-	137,502	137,502
Total Liabilities	4,329,267	552,059	283	-	666,165	5,547,774
Shareholder's equity	-	-	-	-	1,753,090	1,753,090
Total Liabilities and Shareholder's equity	4,329,267	552,059	283	-	2,419,255	7,300,864
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	262,818	13,193	36,471	45,208	-	357,690
Net maturity mismatch	(3,521,284)	(341,561)	1,361,493	3,974,749	(1,831,087)	(357,690)

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A24 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
31 Dec 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	2,004	-	-	-	143,069	145,073
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	3,696
Debt instruments at FVOCI	192,879	193,656	764,054	1,939,596	-	3,090,185
Financing, advances and receivables	934,910	48,842	620,975	1,854,492	-	3,459,219
Hedging Financial Instrument Assets	5,467	1,933	-	-	-	7,400
Other assets	-	-	-	-	449,682	449,682
Total Assets	1,138,956	244,431	1,385,029	3,794,088	592,751	7,155,255
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,549,924	404,865	24	-	566,997	3,521,810
Deposits and placements of banks and other financial institutions	1,740,735	46,165	-	-	-	1,786,900
Investment accounts of customers	-	-	-	-	3,734	3,734
Hedging Financial Instrument Assets	1,418	1,023	-	-	-	2,441
Other liabilities	-	-	-	-	155,844	155,844
Total Liabilities	4,292,077	452,053	24	-	726,575	5,470,729
Shareholder's equity	-	-	-	-	1,684,526	1,684,526
Total Liabilities and Shareholder's equity	4,292,077	452,053	24	-	2,411,101	7,155,255
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	124,745	108,812	23,581	43,511	-	300,649
Net maturity mismatch	(3,277,866)	(316,434)	1,361,424	3,750,577	(1,818,350)	(300,649)

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Bank 30 Jun 2023	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	6,100	-	-	-	145,347	151,447
Deposits and placements with banks and other financial institutions	2,799	-	-	-	-	2,799
Debt instruments at FVOCI	193,011	212,771	815,302	2,072,855	(0)	3,293,939
Financing, advances and receivables	857,934	10,416	582,945	1,947,102	-	3,398,397
Hedging Financial Instrument Assets	10,957	504	-	-	-	11,461
Other assets	-	-	-	-	442,821	442,821
Total Assets	1,070,801	223,691	1,398,247	4,019,957	588,168	7,300,864
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,375,863	464,946	283	-	525,838	3,366,930
Deposits and placements of banks and other financial institutions	1,952,296	87,017	-	-	-	2,039,313
Investment accounts of customers	-	-	-	-	2,829	2,829
Hedging Financial Instrument Assets	1,108	96	-	-	-	1,204
Other liabilities	-	-	-	-	137,495	137,495
Total Liabilities	4,329,267	552,059	283	-	666,162	5,547,771
Shareholder's equity	-	-	-	-	1,753,093	1,753,093
Total Liabilities and Shareholder's equity	4,329,267	552,059	283	-	2,419,255	7,300,864
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	262,818	13,193	36,471	45,208	-	357,690
Net maturity mismatch	(3,521,284)	(341,561)	1,361,493	3,974,749	(1,831,087)	(357,690)

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Bank	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
31 Dec 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	2,004	-	-	-	143,069	145,073
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	3,696
Debt instruments at FVOCI	192,879	193,656	764,054	1,939,596	-	3,090,185
Financing, advances and receivables	934,910	48,842	620,975	1,854,492	-	3,459,219
Hedging Financial Instrument Assets	5,467	1,933	-	-	-	7,400
Other assets	-	-	-	-	449,682	449,682
Total Assets	1,138,956	244,431	1,385,029	3,794,088	592,751	7,155,255
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,549,928	404,865	24	-	566,997	3,521,814
Deposits and placements of banks and other financial institutions	1,740,735	46,165	-	-	-	1,786,900
Investment accounts of customers	-	-	-	-	3,734	3,734
Hedging Financial Instrument Assets	1,418	1,023	-	-	-	2,441
Other liabilities	-	-	-	-	155,837	155,837
Total Liabilities	4,292,081	452,053	24	-	726,568	5,470,726
Shareholder's equity	-	-	-	-	1,684,529	1,684,529
Total Liabilities and Shareholder's equity	4,292,081	452,053	24	-	2,411,097	7,155,255
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	124,745	108,812	23,581	43,511	-	300,649
Net maturity mismatch	(3,277,870)	(316,434)	1,361,424	3,750,577	(1,818,346)	(300,649)

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A24 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 2023						
Group						
Deposits from customers	2,414,279	476,268	311	-	525,834	3,416,692
Deposit and placements of banks and other financial institutions	1,986,935	89,343	-	-	-	2,076,278
Investment account of customers	-	-	-	-	2,829	2,829
Other liabilities	-	-	-	-	137,502	137,502
Total	4,401,213	565,612	311	-	666,165	5,633,301
Bank						
Deposits from customers	2,414,317	476,280	311	-	525,838	3,416,746
Deposit and placements of banks and other financial institutions	1,986,964	89,345	-	-	-	2,076,309
Investment account of customers	-	-	-	-	2,829	2,829
Other liabilities	-	-	-	-	137,495	137,495
Total	4,401,281	565,625	311	-	666,162	5,633,378

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

31 Dec 2022	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits from customers	2,585,628	413,398	26	-	566,997	3,566,049
Deposit and placements of banks and other financial institutions	1,768,624	47,279	-	-	-	1,815,903
Investment account of customers	-	-	-	-	3,734	3,734
Other liabilities	-	-	-	-	155,844	155,844
Total	4,354,252	460,677	26	-	726,575	5,541,530
Bank						
Deposits from customers	2,585,632	413,398	26	-	566,997	3,566,053
Deposit and placements of banks and other financial institutions	1,768,624	47,279	-	-	-	1,815,903
Investment account of customers	-	-	-	-	3,734	3,734
Other liabilities	-	-	-	-	155,837	155,837
Total	4,354,256	460,677	26	-	726,568	5,541,527

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(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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A24 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						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			
30 Jun 2023									
ASSETS									
Cash and short-term funds	6,070	-	-	-	-	145,377	-	151,447	
Deposits and placements with banks and other financial institutions	2,799	-	-	-	-	-	-	2,799	3.00
Securities FVOCI	76,417	116,594	212,771	815,302	2,072,855	-	-	3,293,939	4.34
Financing, advances and receivables	1,349,538	480,589	26,838	309,970	1,114,486	116,976	-	3,398,397	5.50
Other assets	-	-	-	-	-	442,821	-	442,821	
Hedging Financial Instrument Assets	2,770	3,593	5,098	-	-	-	-	11,461	
TOTAL ASSETS	1,437,594	600,776	244,707	1,125,272	3,187,341	705,174	-	7,300,864	

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A24 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						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			
30 Jun 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	950,092	1,088,310	937,430	274,419	-	116,675	-	3,366,926	3.26
Deposits and placements of banks and other financial institutions	1,068,746	518,123	452,444	-	-	-	-	2,039,313	3.58
Investment accounts of customers	2,829	-	-	-	-	-	-	2,829	
Hedging financial instrument liabilities	-	901	303	-	-	-	-	1,204	
Other liabilities	-	-	-	-	-	137,502	-	137,502	
Total Liabilities	2,021,667	1,607,334	1,390,177	274,419	-	254,177	-	5,547,774	
Shareholder's equity	-	-	-	-	-	1,753,090	-	1,753,090	
Total Liabilities and Shareholder's equity	2,021,667	1,607,334	1,390,177	274,419	-	2,007,267	-	7,300,864	
On-balance sheet profit sensitivity gap	(584,043)	(1,006,557)	(1,145,469)	850,852	3,187,341	(1,302,123)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(584,043)	(1,006,557)	(1,145,469)	850,852	3,187,341	(1,302,123)	-	-	

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A24 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				
	RM'000	RM'000	RM'000	RM'000	RM'000				
31 Dec 2022									
ASSETS									
Cash and short-term funds	2,004	-	-	-	-	143,069	-	145,073	
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	-	-	3,696	2.78
Securities FVOCI	-	187,853	198,682	764,054	1,939,596	-	-	3,090,185	4.30
Financing, advances and receivables	1,386,102	583,611	5,731	310,281	1,047,841	125,653	-	3,459,219	5.12
Other assets	-	-	-	-	-	449,682	-	449,682	
Hedging Financial Instrument Assets	-	2,442	4,958	-	-	-	-	7,400	
TOTAL ASSETS	1,391,802	773,906	209,371	1,074,335	2,987,437	718,404	-	7,155,255	

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A24 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				
31 Dec 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,169,682	1,166,829	768,550	305,125	-	111,624	-	3,521,810	2.82
Deposits and placements of banks and other financial institutions	1,366,149	314,179	106,572	-	-	-	-	1,786,900	3.23
Investment accounts of customers	3,734	-	-	-	-	-	-	3,734	
Hedging Financial Instrument Liabilities	985	93	1,363	-	-	-	-	2,441	
Other liabilities	-	-	-	-	-	155,844	-	155,844	
Total Liabilities	2,540,550	1,481,101	876,485	305,125	-	267,468	-	5,470,729	
Shareholder's equity	-	-	-	-	-	1,684,526	-	1,684,526	
Total Liabilities and Shareholder's equity	2,540,550	1,481,101	876,485	305,125	-	1,951,994	-	7,155,255	
On-balance sheet profit sensitivity gap	(1,148,748)	(707,195)	(667,114)	769,210	2,987,437	(1,233,590)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,148,748)	(707,195)	(667,114)	769,210	2,987,437	(1,233,590)	-	-	

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A24 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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS									
Cash and short-term funds	6,100	-	-	-	-	145,347	-	151,447	
Deposits and placements with banks and other financial institutions	2,799	-	-	-	-	-	-	2,799	3.00
Securities FVOCI	76,417	116,594	212,771	815,302	2,072,855	-	-	3,293,939	4.34
Financing, advances and receivables	1,349,538	480,589	26,838	309,970	1,114,486	116,976	-	3,398,397	5.50
Other assets	-	-	-	-	-	442,821	-	442,821	
Hedging Financial Instrument Assets	2,770	3,593	5,098	-	-	-	-	11,461	
TOTAL ASSETS	1,437,624	600,776	244,707	1,125,272	3,187,341	705,144	-	7,300,864	

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A24 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.)

Bank	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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	950,094	1,088,310	937,430	274,422	-	116,675	-	3,366,930	3.26
Deposits and placements of banks and other financial institutions	1,068,746	518,123	452,444	-	-	-	-	2,039,313	3.58
Investment accounts of customers	2,829	-	-	-	-	-	-	2,829	
Hedging Financial Instrument Liabilities	-	901	303	-	-	-	-	1,204	
Other liabilities	-	-	-	-	-	137,495	-	137,495	
Total Liabilities	2,021,669	1,607,333	1,390,177	274,422	-	254,170	-	5,547,771	
Shareholder's equity	-	-	-	-	-	1,753,093	-	1,753,093	-
Total Liabilities and Shareholder's equity	2,021,669	1,607,333	1,390,177	274,422	-	2,007,263	-	7,300,864	
On-balance sheet profit sensitivity gap	(584,045)	(1,006,557)	(1,145,469)	850,850	3,187,341	(1,302,119)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(584,045)	(1,006,557)	(1,145,469)	850,850	3,187,341	(1,302,119)	-	-	

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A24 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				Non-profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
Bank									
31 Dec 2022									
ASSETS									
Cash and short-term funds	2,004	-	-	-	-	143,069	-	145,073	
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	-	-	3,696	
Securities FVOCI	-	187,853	198,682	764,054	1,939,596	-	-	3,090,185	
Financing, advances and receivables	1,386,102	583,611	5,731	310,281	1,047,841	125,653	-	3,459,219	
Hedging Financial Instrument Assets	-	-	-	-	-	449,682	-	449,682	
Other assets	-	2,442	4,958	-	-	-	-	7,400	
TOTAL ASSETS	1,391,802	773,906	209,371	1,074,335	2,987,437	718,404	-	7,155,255	

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A24 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 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,169,684	1,166,829	768,550	305,127	-	111,624	-	3,521,814	2.82
Deposits and placements of banks and other financial institutions	1,366,149	314,179	106,572	-	-	-	-	1,786,900	3.23
Investment accounts of customers	3,734	-	-	-	-	-	-	3,734	
Hedging Financial Instrument Liabilities	985	93	1,363	-	-	-	-	2,441	
Other liabilities	-	-	-	-	-	155,837	-	155,837	
Total Liabilities	2,540,552	1,481,101	876,485	305,127	-	267,461	-	5,470,726	
Shareholder's equity	-	-	-	-	-	1,684,529	-	1,684,529	-
Total Liabilities and Shareholder's equity	2,540,552	1,481,101	876,485	305,127	-	1,951,990	-	7,155,255	
On-balance sheet profit sensitivity gap	(1,148,750)	(707,195)	(667,114)	769,208	2,987,437	(1,233,586)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,148,750)	(707,195)	(667,114)	769,208	2,987,437	(1,233,586)	-	-	

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A24 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 2023

	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	(12,426)	12,426	(248,909)	248,909
USD - United States Dollars	(763)	763	420	(420)
Other Currencies	102	(102)	49	(49)
Total	(13,087)	13,087	(248,441)	248,441
Bank				
MYR - Ringgit Malaysia	(17,401)	17,401	(244,786)	244,786
USD - United States Dollars	(864)	864	421	(421)
Other Currencies	(52)	52	80	(80)
Total	(18,317)	18,317	(244,286)	244,286

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A24 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 2022

	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	(17,433)	17,433	(223,443)	223,443
USD - United States Dollars	(849)	849	357	(357)
Other Currencies	(120)	120	118	(118)
Total	(18,402)	18,402	(222,968)	222,968
Bank				
MYR - Ringgit Malaysia	(17,433)	17,433	(223,443)	223,443
USD - United States Dollars	(849)	849	357	(357)
Other Currencies	(120)	120	118	(118)
Total	(18,402)	18,402	(222,968)	222,968

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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A24 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 2023

ASSETS

Cash and short-term funds
Deposits and placements with banks and
other financial institutions
Securities - FVOCI
Financing, advances and receivables
Other assets
Total Assets

MYR	SGD	USD	EUR	KWD	Others	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12,566	3,272	121,649	9,965	693	3,302	151,447
2,799	-	-	-	-	-	2,799
3,293,939	-	-	-	-	-	3,293,939
3,398,397	-	-	-	-	-	3,398,397
337,042	-	-	-	-	117,240	454,282
7,044,744	3,272	121,649	9,965	693	120,542	7,300,864

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,961,818	236,354	45,489	6,505	9	116,751	3,366,926
Deposits and placements with banks and other financial institutions	1,944,654	18,521	76,138	-	-	-	2,039,313
Investment account of customers	2,829	-	-	-	-	-	2,829
Other liabilities	138,390	-	316	-	-	-	138,706
Total Liabilities	5,047,691	254,875	121,943	6,505	9	116,751	5,547,774
Shareholder's equity	1,753,090	-	-	-	-	-	1,753,090
Total Liabilities and Shareholder's equity	6,800,781	254,875	121,943	6,505	9	116,751	7,300,864
On-balance sheet open position	335,802	(345,181)	2,180	4,137	93	2,969	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	335,802	(345,181)	2,180	4,137	93	2,969	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	10,061	2,437	115,634	10,874	3,640	2,427	145,073
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	-	3,696
Securities FVOCI	3,090,185	-	-	-	-	-	3,090,185
Financing, advances and receivables	3,459,219	-	-	-	-	-	3,459,219
Other assets	344,729	-	-	-	-	112,353	457,082
Total Assets	6,907,890	2,437	115,634	10,874	3,640	114,780	7,155,255
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,086,278	210,057	103,385	6,732	3,547	111,811	3,521,810
Deposits and placements with banks and other financial institutions	1,639,804	137,421	9,675	-	-	-	1,786,900
Investment account of customers	3,734	-	-	-	-	-	3,734
Other liabilities	157,746	140	394	5	-	-	158,285
Total Liabilities	4,887,562	347,618	113,454	6,737	3,547	111,811	5,470,729
Shareholder's equity	1,684,526	-	-	-	-	-	1,684,526
Total Liabilities and Shareholder's equity	6,572,088	347,618	113,454	6,737	3,547	111,811	7,155,255
On-balance sheet open position	335,802	(345,181)	2,180	4,137	93	2,969	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	335,802	(345,181)	2,180	4,137	93	2,969	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 30 Jun 2023	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	12,566	3,272	121,649	9,965	693	3,302	151,447
Deposits and placements with banks and other financial institutions	2,799	-	-	-	-	-	2,799
Securities - FVOCI	3,293,939	-	-	-	-	-	3,293,939
Financing, advances and receivables	3,398,397	-	-	-	-	-	3,398,397
Other assets	337,042	-	-	-	-	117,241	454,282
Total Assets	7,044,744	3,272	121,649	9,965	693	120,542	7,300,864
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,961,822	236,354	45,489	6,505	9	116,751	3,366,930
Deposits and placements with banks and other financial institutions	1,944,653	18,521	76,138	-	-	-	2,039,313
Investment account of customers	2,829	-	-	-	-	-	2,829
Other liabilities	138,383	-	316	-	-	-	138,699
Total Liabilities	5,047,687	254,875	121,943	6,505	9	116,751	5,547,771
Shareholder's equity	1,753,093	-	-	-	-	-	1,753,093
Total Liabilities and Shareholder's equity	6,800,781	254,875	121,943	6,505	9	116,751	7,300,864
On-balance sheet open position	335,802	(345,181)	2,180	4,137	93	2,969	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	335,802	(345,181)	2,180	4,137	93	2,969	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 31 Dec 2022	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	10,061	2,437	115,634	10,874	3,640	2,427	145,073
Deposits and placements with banks and other financial institutions	3,696	-	-	-	-	-	3,696
Securities FVOCI	3,090,185	-	-	-	-	-	3,090,185
Financing, advances and receivables	3,459,219	-	-	-	-	-	3,459,219
Other assets	344,729	-	-	-	-	112,353	457,082
Total Assets	6,907,890	2,437	115,634	10,874	3,640	114,780	7,155,255
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,086,282	210,057	103,385	6,732	3,547	111,811	3,521,814
Deposits and placements with banks and other financial institutions	1,639,804	137,421	9,675	-	-	-	1,786,900
Investment account of customers	3,734	-	-	-	-	-	3,734
Other liabilities	157,739	140	394	5	-	-	158,278
Total Liabilities	4,887,559	347,618	113,454	6,737	3,547	111,811	5,470,726
Shareholder's equity	1,684,529	-	-	-	-	-	1,684,529
Total Liabilities and Shareholder's equity	6,572,088	347,618	113,454	6,737	3,547	111,811	7,155,255
On-balance sheet open position	335,802	(345,181)	2,180	4,137	93	2,969	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	335,802	(345,181)	2,180	4,137	93	2,969	-

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A24 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 2023. 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-23		31-Dec-22	
	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	(2,516)	1	(3,452)
US Dollar (USD)	1	(3)	1	22
Euro (EUR)	1	35	1	41
Bank				
Singapore Dollar (SGD)	1	(2,516)	1	(3,452)
US Dollar (USD)	1	(3)	1	22
Euro (EUR)	1	35	1	41

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A24 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 2023

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		907,853	-	-	-	2,804,962

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2023

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		-	673,356	-	-	-	-

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		20,133	122,394	4,572	-	-	6,911

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2022

Exposure class	Rating of Corporates by approved ECAls					
	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
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		724,364	-	-	-	2,927,039

Exposure class	Rating of Sovereigns and Central Banks by approved ECAls						
	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		-	631,675	-	-	-	-

Exposure class	Rating of Banking Institutions by approved ECAls						
	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		16,281	118,140	5,132	-	-	9,055

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A24 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 2023

Group and Bank

(i) Credit Risk

(a) On-Balance Sheet Exposures

Sovereigns/Central Banks

Banks, Development Financial Institutions & MDBs

Corporates

Regulatory Retail

Residential Mortgages

Other Assets

Defaulted Exposures²

Total On Balance Sheet Exposures

(b) Off-Balance Sheet Exposures*

OTC Derivatives³

Off-balance sheet exposures other than OTC derivatives²

Total Off-Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
RM'000	RM'000	RM'000
673,356	567,666	-
138,105	-	-
3,659,267	1,818,420	116,331
1,526,243	-	241
1,073,648	-	-
284,873	-	-
137,248	-	916
7,492,741	2,386,086	117,489
16,906	-	-
112,000	-	13,823
128,906	-	13,823
7,621,647	2,386,086	131,312

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A24 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 2022

Group and Bank

(i) Credit Risk

(a) On-Balance Sheet Exposures

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

Total On Balance Sheet Exposures

(b) Off-Balance Sheet Exposures*

OTC Derivatives³
Off-balance sheet exposures other than OTC derivatives²

Total Off-Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
RM'000	RM'000	RM'000
631,675	530,396	-
134,127	-	-
3,594,424	1,835,424	105,234
1,466,425	-	667
1,099,610	-	449
281,337	-	-
143,235	-	781
7,350,833	2,365,820	107,131
15,468	-	-
102,814	-	13,823
118,282	-	13,823
7,469,115	2,365,820	120,954

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A24 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 2023, are as follows:

Group and Bank 30 Jun 2023	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	20,617		20,696	19,634
Transaction related contingent Items	94,552		46,853	36,172
Short Term Self Liquidating trade related contingencies	8,525		1,695	1,695
Foreign exchange related contracts				
One year or less	234,384	11,461	9,882	2,589
Over one year to five years	100,407	-	7,024	3,045
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	55,132		24,289	17,546
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	178,864		18,468	17,805
	692,481	11,461	128,906	98,485

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A24 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 2022, are as follows:

Group and Bank 31 Dec 2022	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	20,617		20,353	19,469
Transaction related contingent Items	98,660		48,799	36,832
Short Term Self Liquidating trade related contingencies				
Foreign exchange related contracts				
One year or less	243,620	7,400	6,623	2,115
Over one year to five years	174,577	-	8,844	3,085
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	46,603		20,776	15,333
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	134,769		12,887	12,458
	718,846	7,400	118,282	89,292

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Equities (Disclosure for banking book positions)

30 Jun 2023

Group and Bank

Equity

Privately Held

(a) Subsidiaries

Kuwait Finance House (Labuan) Berhad

(b) Investment

Intrared Sdn Bhd

Al Faiz Fund 1

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	-	-	Capital Deduction
	-	-	Capital Deduction
	55,428	(55,428)	-
	36,100	(36,100)	-
	19,328	(19,328)	-

31 Dec 2022

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

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	-	-	Capital Deduction
	-	-	Capital Deduction
	54,300	(54,300)	-
	36,100	(36,100)	-
	18,200	(18,200)	-

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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 six months ended 30 June 2023 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 2022.

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 2022.

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 2023 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 2023.

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 Non-Current Liabilities with covenants (Amendments to MFRS 101)	1 January 2024
MFRS 16 Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024

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) Incremental Borrowing Rate

The Group and Bank cannot readily determine the profit rate implicit in the lease, therefore, the Bank uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the profit rate that the Bank would have to pay to finance over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-Use Asset in similar economic environment. The IBR therefore reflect what the Bank 'would have to pay', which requires estimation when no observable rates are available or when the rates need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable input (such as market profit rate) when available and is required to make entity-specific estimates (such as the Bank's credit rating and underlying collateral).

(ii) Impairment assessment on property and equipment, intangible assets and right of use assets

The Group and Bank review the carrying amounts of the property and equipment, intangible assets and right of use assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated.

The Group and Bank carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property and equipment, intangible assets and right of use assets are allocated. Estimating the value-in-use requires the Group and Bank to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property and equipment, intangible assets and right of use assets of the Group and Bank as at the reporting date will be disclosed in the notes to the financial statements.

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B2 Significant Accounting Policies (Cont'd.)

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

(a) Significant Accounting Estimates (Cont'd.)

(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.

(b) Significant Accounting Judgements

This note provides an overview of the areas that involve a higher degree of judgement or complexity that may have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these 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) Significant judgements on litigation

Impairment provision, if any, arising from legal proceedings as discussed in Note 45 require a high degree of judgement. When matters are at an early stage, accounting judgement can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether any impairment provision is required against the restricted cash. Professional advice is taken on the assessment of litigation to determine whether a present obligation exists.

(ii) Determination of lease term of contracts with renewal and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank exercises judgement in determining whether it is reasonably certain that the lease contracts will be renewed or terminated.

(iii) 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.

(iv) 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.

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B2 Significant Accounting Policies (Cont'd.)

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

(b) Significant Accounting Judgments (Cont'd.)

(v) 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.

(vi) 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.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is applied to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 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 2023.

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 2023.

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 2023.

B7 Debt and Equity Securities

There were no issuances of debt and equity securities during the six months ended 30 June 2023.

B8 Dividends Paid

There were no dividends paid during the six months ended 30 June 2023.

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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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	68,983	28,597	3,283	73,944		174,807
Revenue from other segments	55,857	213	947	30,852	(87,869)	-
Total Revenue	124,841	28,810	4,230	104,796	(87,869)	174,807
Segment results	17,948	11,151	4,103	34,328	-	67,530
Unallocated expenses						(38,129)
Profit from operations						29,401
Taxation						(909)
Net profit for the year						28,492
Other information						
Segment assets	3,456,303	871,172	49,351	2,795,632	(4)	7,172,454
Unallocated corporate assets						128,410
Total assets						7,300,864
Segment liabilities	8,203,858	186,575	385,309	7,752,358	(4)	16,528,097
Unallocated corporate liabilities						(10,980,323)
Total liabilities						5,547,774
Other segment items						
Purchase of property and equipment				2,967		2,967
Purchase of intangible assets				642		642
Depreciation of property and equipment				1,218		1,218
Amortisation of intangible assets				3,028		3,028
Other non-cash expense other than depreciation	(0)	2,261	2,442	(4,697)	-	6

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2023			
Malaysia	174,432	29,026	7,300,115
Outside Malaysia	375	375	749
	174,807	29,401	7,300,864

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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 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	73,072	29,573	6,241	66,388		175,274
Revenue from other segments	42,276	182	695	25,860	(69,013)	-
Total Revenue	115,348	29,754	6,937	92,248	(69,013)	175,274
Segment results	43,628	19,790	3,025	10,018		76,461
Unallocated expenses						(48,578)
Loss from operations						27,883
Zakat						
Taxation						(603)
Net loss for the year						27,280
Other information						
Segment assets	3,208,080	1,080,389	109,659	2,708,791	(26,147)	7,080,771
Unallocated corporate assets						73,508
Total assets						7,154,279
Segment liabilities	7,923,936	353,723	405,853	6,746,627	(15,947)	15,414,192
Unallocated corporate liabilities						(9,894,345)
Total liabilities						5,519,847
Other segment items						
Purchase of property and equipment				681		681
Purchase of intangible assets				293		293
Depreciation of property and equipment				1,434		1,434
Amortisation of intangible assets				3,149		3,149
Other non-cash expense other than depreciation	-	3,795	(45)	(28,553)	-	(24,803)

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2022			
Malaysia	175,006	27,615	7,153,743
Outside Malaysia	268	268	536
	175,274	27,883	7,154,279

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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 2022.

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 2022.

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 2022 other than those as disclosed in note A20.

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	3,923
- purchase of IT software	4,193
	<u>8,175</u>
Authorised and not contracted for:	
- purchase of IT hardware & software	<u>61,211</u>

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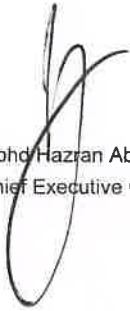
Certification of Financial Statements

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