

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

Interim Report for the Third Quarter Ended 30 September 2009

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

UNAUDITED CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
ASSETS				
Cash and short-term funds	1,466,332	2,077,377	1,525,477	2,140,626
Deposits and placements with banks and other financial institutions	203,772	37,827	203,772	37,827
Securities available-for-sale	1,044,653	855,007	945,116	755,639
Securities held-to-maturity	59,975	25,474	59,975	25,474
Financing, advances and other receivables	6,958,129	6,157,218	6,964,558	6,160,260
Murabahah trading automobile	44,358	61,779	44,358	61,779
Other assets	157,060	172,556	142,944	159,804
Statutory deposits with Bank Negara Malaysia	47,350	137,644	47,350	137,644
Musyarakah capital investment	5,916	5,916	5,916	5,916
Investment in subsidiaries	-	-	49,234	37,563
Property and equipment	52,638	44,819	51,373	43,340
Intangible assets	11,933	11,865	11,889	11,832
Deferred tax assets (net)	38,919	49,386	38,772	49,386
	10,091,035	9,636,868	10,090,734	9,627,090
LIABILITIES				
Deposits from customers	3,853,689	4,293,347	3,871,335	4,306,094
Deposits and placements of banks and other financial institutions	3,744,452	2,919,008	3,744,962	2,919,008
Other liabilities	260,160	252,450	257,914	251,051
Provision for zakat and tax	2,729	1,115	2,676	1,115
Murabahah bank financing	52,028	25,984	52,028	25,984
Subordinated Murabahah Tawarruq	374,761	365,908	374,761	365,908
	8,287,819	7,857,812	8,303,676	7,869,160
SHAREHOLDER'S EQUITY				
Share capital	1,751,400	1,751,400	1,751,400	1,751,400
Reserves	51,816	27,656	35,658	6,530
	1,803,216	1,779,056	1,787,058	1,757,930
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	10,091,035	9,636,868	10,090,734	9,627,090
COMMITMENTS AND CONTINGENCIES	5,148,839	5,710,207	5,148,839	5,710,207
CAPITAL ADEQUACY				
Core Capital Ratio	15.88%	17.74%	15.96%	17.73%
Risk-Weighted Capital Ratio	18.49%	20.81%	18.15%	20.47%
NET ASSETS PER SHARE (RM)	1.03	1.02	1.02	1.00

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENTS

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group				
Continuing operations				
Operating revenue	110,691	167,935	364,916	410,852
Income derived from investment of depositors' funds	60,930	95,111	234,365	272,993
Income derived from investment of shareholder's equity	49,761	72,824	130,551	137,859
Total gross income	110,691	167,935	364,916	410,852
Impairment loss on Murabahah trading automobile	(10)	(400)	(1,342)	(425)
Allowance and impairment for losses on financing	(28,987)	(46,045)	(98,125)	(86,770)
Total distributable income	81,694	121,490	265,449	323,657
Income attributable to the depositors	(37,465)	(57,216)	(118,555)	(151,910)
Total net income	44,229	64,274	146,894	171,747
Personnel expenses	(25,095)	(26,975)	(81,589)	(78,718)
Other overheads and expenditures	(13,177)	(12,367)	(41,518)	(33,130)
Finance cost	(3,549)	(3,095)	(11,128)	(10,710)
Profit before zakat and taxation	2,408	21,837	12,659	49,189
Zakat	(591)	(226)	(1,771)	(226)
Tax expense	(5,711)	6,500	(6,269)	(2,266)
Net (loss)/profit for the period	(3,894)	28,111	4,619	46,697
Attributable to:				
Equity holders of the parent	(3,894)	28,111	4,619	46,697
Earnings per share attributable to equity holders of the parent				
- Basic/Diluted (sen)	(0.2)	4.5	0.3	7.5

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INCOME STATEMENTS

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Continuing operations				
Operating revenue	106,409	150,505	354,309	391,128
Income derived from investment of depositors' funds	62,110	95,762	234,823	275,019
Income derived from investment of shareholder's equity	44,299	54,743	119,486	116,109
Total gross income	106,409	150,505	354,309	391,128
Impairment loss on Murabahah trading automobile	(10)	(400)	(1,342)	(425)
Allowance and impairment for losses on financing	(28,987)	(46,045)	(98,125)	(86,770)
Total distributable income	77,412	104,060	254,842	303,933
Income attributable to the depositors	(37,503)	(57,225)	(118,719)	(151,919)
Total net income	39,909	46,835	136,123	152,014
Personnel expenses	(21,650)	(25,134)	(71,752)	(73,253)
Other overheads and expenditures	(11,460)	(11,143)	(36,625)	(30,155)
Finance cost	(3,549)	(3,095)	(11,128)	(10,710)
Profit before zakat and taxation	3,250	7,463	16,618	37,896
Zakat	(591)	(226)	(1,771)	(226)
Tax expense	(5,706)	6,506	(6,231)	(2,250)
Net (loss)/profit for the period	(3,047)	13,743	8,616	35,420

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

Group	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Unrealised Gain/(Loss) on Securities Available- for-sale RM'000		Retained Profit RM'000
As at 1 January 2009	1,751,400	34,952	(584)	(63,370)	56,658	1,779,056
Unrealised gain on revaluation of securities available-for-sale	-	-	-	20,512	-	20,512
Foreign currency translation recognised directly in equity	-	-	(971)	-	-	(971)
Net income/(expense) recognised directly in equity	1,751,400	34,952	(1,555)	(42,858)	56,658	1,798,597
Net profit for the period	-	-	-	-	4,619	4,619
Total recognised net income/(expense) for the period	1,751,400	34,952	(1,555)	(42,858)	61,277	1,803,216
As at 30 September 2009	1,751,400	34,952	(1,555)	(42,858)	61,277	1,803,216
As at 1 January 2008	727,000	12,773	(1,679)	(5,388)	22,353	755,059
Issue of ordinary shares for cash	326,500	-	-	-	-	326,500
Unrealised loss on revaluation of securities available-for-sale	-	-	-	(23,326)	-	(23,326)
Foreign currency translation loss recognised directly in equity	-	-	1,121	-	-	1,121
Net income/(expense) recognised directly in equity	1,053,500	12,773	(558)	(28,714)	22,353	1,059,354
Net profit for the period	-	-	-	-	46,697	46,697
Total recognised net income/(expense) for the period	1,053,500	12,773	(558)	(28,714)	69,050	1,106,051
As at 30 September 2008	1,053,500	12,773	(558)	(28,714)	69,050	1,106,051

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED 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	Unrealised Gain/(Loss) on Securities Available- for-sale RM'000		Retained Profit RM'000
Bank						
As at 1 January 2009	1,751,400	34,952	-	(63,370)	34,948	1,757,930
Unrealised gain on revaluation of securities available-for-sale	-	-	-	20,512	-	20,512
Net income/(expense) recognised directly in equity	1,751,400	34,952	-	(42,858)	34,948	1,778,442
Net profit for the period	-	-	-	-	8,616	8,616
Total recognised net income/(expense) for the period	1,751,400	34,952	-	(42,858)	43,564	1,787,058
As at 30 September 2009	1,751,400	34,952	-	(42,858)	43,564	1,787,058
At 1 January 2008	727,000	12,773	-	(5,388)	12,770	747,155
Issue of ordinary shares for cash	326,500	-	-	-	-	326,500
Unrealised loss on revaluation of securities available-for-sale	-	-	-	(23,326)	-	(23,326)
Net income/(expense) recognised directly in equity	1,053,500	12,773	-	(28,714)	12,770	1,050,329
Net profit for the period	-	-	-	-	35,420	35,420
Total recognised net income/(expense) for the period	1,053,500	12,773	-	(28,714)	48,190	1,085,749
As at 30 September 2008	1,053,500	12,773	-	(28,714)	48,190	1,085,749

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CASH FLOW STATEMENTS

	Group		Bank	
	30 Sept 2009 RM'000	30 Sept 2008 RM'000	30 Sept 2009 RM'000	30 Sept 2008 RM'000
Profit before zakat and taxation	12,659	49,189	16,618	37,896
Adjustments for non-cash items	102,530	81,459	110,169	85,828
Operating profit before changes in working capital	115,189	130,648	126,787	123,724
<u>Changes in the working capital</u>				
Net changes in operating assets	(940,385)	(2,543,334)	(946,536)	(2,544,917)
Net changes in operating liabilities	416,713	2,712,890	421,240	2,712,396
Zakat and tax expense paid	(17,009)	(10,107)	(16,989)	(10,087)
Net cash generated from operating activities	(540,681)	159,449	(542,285)	157,392
Net cash (used in)/generated from investing activities	(210,626)	180,328	(225,695)	175,674
Net cash generated from financing activities	26,044	351,162	26,044	351,326
	(184,582)	531,490	(199,651)	527,000
Net change in cash and cash equivalents	(610,074)	821,587	(615,149)	808,116
Cash and cash equivalents at beginning of the period	2,077,377	1,667,984	2,140,626	1,747,418
Exchange differences on translation of opening balances	(971)	1,121	-	-
Cash and cash equivalents at end of the period	1,466,332	2,490,692	1,525,477	2,555,534

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the 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 achieved a profit before zakat and taxation of RM12.7 million and RM16.6 million respectively for the nine-months ended 30 September 2009. The Group registered a growth of RM899 million or 14.2% in its gross financing, advances and other receivables to RM7,248.8 million as at 30 September 2009 when compared to RM6,349.8 million as at 31 December 2008.

A2. Prospects for 2009

Notwithstanding the more difficult operating environment, the Group and the Bank will continue to focus on its business growth strategies through new and competitive product offerings, products cross selling as well as exploring new business opportunities within the region and the Middle East, while remaining vigilant on the impact of the global economic crisis to its businesses and profitability.

A3. Deposits and Placements with Banks and Other Financial Institutions

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Licensed Islamic banks	106,698	6,698	106,698	6,698
Licensed banks	-	-	-	-
Licensed merchant banks	-	-	-	-
Bank Negara Malaysia	-	-	-	-
Other financial institutions	97,074	31,129	97,074	31,129
	203,772	37,827	203,772	37,827

A4. Securities

(i) Securities Available-For-Sale

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
At fair value				
BNM Sukuk Ijarah	120,449	101,388	120,449	101,388
Unquoted Islamic private debt securities/sukuk	824,147	653,731	824,147	653,731
Unquoted property funds	99,537	99,368	-	-
At cost				
Unquoted shares in Malaysia	520	520	520	520
	1,044,653	855,007	945,116	755,639

(ii) Securities Held-To-Maturity

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
At amortised cost				
Unquoted Islamic private debt securities/sukuk	59,975	25,474	59,975	25,474

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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. Financing, Advances and Other Receivables

(i) By type

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Term financing				
- Other term financing				
- Murabahah financing	4,593,719	4,139,058	4,593,719	4,139,058
- Musyarakah financing	348,607	333,830	348,607	333,830
- Ijarah asset financing	2,061,998	1,776,611	2,061,998	1,776,611
- Mudharabah asset financing	118,306	95,712	118,306	95,712
- Musyarakah Mutanaqisah financing	177,805	111,584	177,805	111,584
- Istisna' financing	64,527	48,405	64,527	48,405
- Qard Hassan financing	1,348	-	7,777	3,042
Staff financing	19,265	11,288	19,265	11,288
	7,385,575	6,516,488	7,392,004	6,519,530
Less : Unearned income	(136,778)	(166,726)	(136,778)	(166,726)
Gross financing, advances and receivables	7,248,797	6,349,762	7,255,226	6,352,804
Less : Allowance and impairment for bad and doubtful financing				
- General allowance	(121,079)	(102,962)	(121,079)	(102,962)
- Specific allowance				
- Non-performing financing	(162,737)	(38,428)	(162,737)	(38,428)
- Performing but impaired financing	(6,852)	(51,154)	(6,852)	(51,154)
Net financing, advances and others receivables	6,958,129	6,157,218	6,964,558	6,160,260

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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. Financing, Advances and Other Receivables (cont'd.)

(ii) By contract

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)	2,072,505	1,778,129	2,072,505	1,778,129
Murabahah (cost-plus)	4,495,091	4,011,825	4,495,091	4,011,825
Mudharabah (profit sharing)	118,306	95,712	118,306	95,712
Musarakah (profit and loss sharing)	528,893	446,978	528,893	446,978
Qard (benevolent loan)	1,766	115	8,195	3,157
Istisna'	32,236	17,003	32,236	17,003
	7,248,797	6,349,762	7,255,226	6,352,804

(iii) By type of customer

Domestic business enterprises				
Small medium enterprises	1,988,219	1,945,872	1,988,219	1,945,872
Others	3,298,598	2,706,098	3,298,598	2,706,098
Individuals	125,217	89,509	125,217	89,509
Other domestic entities	62,583	96,686	62,583	96,686
Foreign entities	1,650,893	1,392,027	1,657,322	1,395,069
Domestic non-bank financial institutions	123,287	119,570	123,287	119,570
	7,248,797	6,349,762	7,255,226	6,352,804

(iv) By profit rate sensitivity

Fixed rate				
House financing	54,473	60,731	54,473	60,731
Hire purchase receivables	5,611	3,522	5,611	3,522
Syndicated financing	69,774	25,987	69,774	25,987
Term financing	3,701,503	3,354,381	3,707,932	3,357,423
Variable rate				
House financing	54,673	4,355	54,673	4,355
Term financing	3,362,763	2,900,786	3,362,763	2,900,786
	7,248,797	6,349,762	7,255,226	6,352,804

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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. Financing, Advances and Other Receivables (cont'd.)

(v) By sector

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Agriculture, hunting, forestry & fishing	252,113	277,329	252,113	277,329
Mining and quarrying	199,799	119,561	199,799	119,561
Manufacturing	1,369,833	1,243,020	1,369,833	1,243,020
Electricity, gas and water	77,013	4,436	77,013	4,436
Construction	751,998	714,713	751,998	714,713
Real estate	1,261,198	806,279	1,261,198	806,279
Purchase of landed property:				
Residential	150,520	66,338	150,520	66,338
Wholesale & retail trade and restaurant & hotels	714,836	648,076	714,836	648,076
Transport, storage and communication	640,564	558,615	640,564	558,615
Finance, insurance and business services	1,148,380	1,261,387	1,148,380	1,261,387
Purchase of securities	101,314	99,996	101,314	99,996
Purchase of transport vehicles	5,569	3,623	5,569	3,623
Consumption credit	19,576	18,531	19,576	18,531
Others	556,084	527,858	562,513	530,900
	7,248,797	6,349,762	7,255,226	6,352,804

(vi) Movements in non-performing financing, advances and other receivables

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
At beginning	58,597	2,334	58,597	2,334
Classified as non-performing	589,252	56,263	589,252	56,263
Amount recovered	(8,456)	-	(8,456)	-
At end	639,393	58,597	639,393	58,597
Less : Specific allowance for non-performing	(162,737)	(38,428)	(162,737)	(38,428)
Net non-performing financing, advances and other receivables	476,655	20,169	476,656	20,169
Ratio of net non-performing financing, advances and other receivables to gross financing, advances and other receivables less specific allowance for non-performing	6.73%	0.32%	6.72%	0.32%

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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. Financing, Advances and Other Receivables (cont'd.)

(vii) Movements in allowance for bad and doubtful financing, advances and other receivables

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
General allowance				
At beginning	102,962	55,324	102,962	55,324
Allowance (written back)/made	18,117	47,638	18,117	47,638
At end	121,079	102,962	121,079	102,962
As % of gross financing, advances and other receivables less specific allowance	1.71%	1.64%	1.71%	1.64%

Specific allowance

Non-performing financing

At beginning	38,428	467	38,428	467
Allowance made	76,621	36,859	76,621	36,859
Transferred from performing but impaired financing	51,154	1,625	51,154	1,625
Allowance written back	(3,466)	(523)	(3,466)	(523)
At end	162,737	38,428	162,737	38,428

Performing but impaired financing

At beginning	51,154	1,625	51,154	1,625
Allowance made	6,852	51,154	6,852	51,154
Transferred to non-performing financing	(51,154)	(1,625)	(51,154)	(1,625)
At end	6,852	51,154	6,852	51,154

(viii) Non-performing financing by sector

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Agriculture, hunting, forestry & fishing	56,936	-	56,936	-
Mining and quarrying	140,594	-	140,594	-
Manufacturing	179,353	56,172	179,353	56,172
Construction	49,001	2,425	49,001	2,425
Real estate	36,216	-	36,216	-
Wholesale & retail trade and restaurant & hotels	1,025	-	1,025	-
Finance, insurance and business services	111,048	-	111,048	-
Others	65,220	-	65,220	-
	639,393	58,597	639,393	58,597

A6. Murabahah Trading Automobile

Murabahah trading automobile is the purchases and sales of automobiles at cost plus targeted profit mark up. The sales are carried out by appointed agents who receive commissions based on actual sales made.

The commissions paid to agent are determined with reference to actual sale price, time required to sell and the targeted profit set by the Bank. For certain transactions, the Bank holds an option to sell the unsold vehicles to the agents at prices agreed upfront. Ownership remains with the Bank until the vehicles are sold and the Bank has the right to appoint new agents for unsold vehicles.

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

A7. Other Assets

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Deposits and prepayments	3,834	6,216	2,834	5,234
Amount due from holding company	187	1,155	187	1,155
Amount due from subsidiaries	-	-	16,447	11,407
Amount due from other related parties	6,122	9,806	6,122	9,806
Income receivable	3,647	5,252	3,652	5,242
Fee receivable	1,419	3,232	1,419	3,232
Sundry debtors	58,852	43,629	29,284	20,544
Tax recoverable	19,690	5,449	19,690	5,367
Underwriting releases	18,761	37,522	18,761	37,522
Revaluation gain on forward foreign exchange contracts and Ijarah rental swaps	44,548	60,295	44,548	60,295
	157,060	172,556	142,944	159,804

The amount due from holding company, subsidiaries and other related parties are unsecured, profit-free and have no fixed terms of repayment.

Underwriting releases relate to progress payments released to a property developer pursuant to the Master Underwriting Agreement, of which the Bank agreed to underwrite the purchase of two apartment blocks.

A8. Musyarakah Capital Investment

The Bank grants Musyarakah financing as part of the Bank's activities in accordance with the principles of Shariah. The equity participation that forms part of the financing structure is called Musyarakah capital investment which is carried at cost less any impairment loss. The Bank's participation in these entities involved is limited to safeguarding its interest under the Musyarakah financing.

A9. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
<u>Qard</u> Demand deposits	315,834	258,488	333,480	261,202
<u>Mudharabah</u> Savings deposits	13,057	5,911	13,057	5,911
General investment deposits	490,188	239,894	490,188	239,894
<u>Murabahah</u> Others	3,034,610	3,789,054	3,034,610	3,799,087
	3,853,689	4,293,347	3,871,335	4,306,094

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A9. Deposits from Customers (cont'd)

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
(ii) By type of customer				
Business enterprises	2,772,023	3,742,346	2,771,680	3,742,005
Individuals	202,014	107,126	202,014	107,126
Subsidiaries	-	-	17,989	13,088
Government and statutory bodies	274,841	1,000	274,841	1,000
Others	604,811	442,875	604,811	442,875
	3,853,689	4,293,347	3,871,335	4,306,094

A10. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Murabahah				
Licensed Islamic banks	275,453	50,000	275,452	50,000
Licensed Banks	-	35,485	-	35,485
Bank Negara Malaysia	-	121,258	-	121,258
Licensed merchant banks	17,760	-	17,760	-
Other financial institutions	3,451,239	2,712,265	3,451,750	2,712,265
	3,744,452	2,919,008	3,744,962	2,919,008

A11. Other Liabilities

	Group		Bank	
	30 Sept 2009 RM'000	31 Dec 2008 RM'000	30 Sept 2009 RM'000	31 Dec 2008 RM'000
Income payables	37,425	39,295	37,425	39,295
Sundry creditors	36,222	50,425	36,053	50,411
Amount due to holding company	-	1,140	-	1,140
Project clearing account	135,706	82,123	135,706	82,123
Revaluation loss on forward foreign exchange contracts and Ijarah rental swaps	22,658	39,157	22,658	39,157
Accrued restoration cost	1,844	1,842	1,722	1,722
Other provisions and accruals	26,305	38,468	24,350	37,203
	260,160	252,450	257,914	251,051

The amount due to holding company is unsecured, profit-free and has no fixed terms of repayment.

A12. Murabahah Bank Financing

The Murabahah bank financing of USD15,000,000 or equivalent RM52,027,500 (2008: USD7,500,000 or equivalent RM25,983,750) is an unsecured financing facility obtained in 2008 with a tenure of two years and is repayable in instalments commencing 2009. The Murabahah price is determined based on effective cost of funds.

A13. Subordinated Murabahah Tawarruq

The subordinated Murabahah Tawarruq is a facility agreement with the holding company of the Bank, Kuwait Finance House K.S.C. The facility with principal amount of USD100,000,000 or equivalent RM346,850,000 (2008: USD100,000,000 or equivalent RM346,450,000) is unsecured with a tenure of five years and forms part of the Bank's Tier-2 capital. The Murabahah profit is determined with reference to London Interbank Offer Rate ("LIBOR").

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A14. Income derived from Investment of Depositors' Funds and Others

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group				
Income derived from investment of :				
- General investment deposits	3,599	1,959	11,079	7,183
- Other deposits	57,331	93,152	223,286	265,810
	60,930	95,111	234,365	272,993
Bank				
Income derived from investment of :				
- General investment deposits	3,654	1,978	11,101	7,238
- Other deposits	58,456	93,784	223,722	267,781
	62,110	95,762	234,823	275,019

(i) Income derived from investment of general investment deposits

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group				
Finance income and hibah				
Financing, advances and other receivables	3,149	1,571	9,960	5,387
Securities				
- Held-for-trading	2	(2)	8	15
- Available-for-sale	192	117	758	642
- Held-to-maturity	18	6	54	24
Money at call and deposits with financial institutions	175	271	666	1,004
	3,536	1,963	11,446	7,072
Amortisation of premium less accretion of discounts	(3)	(1)	(10)	(5)
Total financing income and hibah	3,533	1,962	11,436	7,067
Gain/(loss) arising from sale of securities				
- Held-for-trading	23	(2)	39	10
- Available for sale	1	(7)	1	34
Profit from Murabahah trading on automobile	5	3	26	74
Foreign exchange profit/(loss)				
- Realised	20	(5)	(477)	(22)
Gain on Ijarah rental swap obligation	17	8	54	20
	3,599	1,959	11,079	7,183

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(i) Income derived from investment of general investment deposits

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Finance income and hibah				
Financing, advances and other receivables	3,149	1,571	9,960	5,387
Securities				
- Held-for-trading	2	(2)	8	15
- Available-for-sale	235	117	735	642
- Held-to-maturity	18	6	54	24
Money at call and deposits with financial institutions	187	290	711	1,059
	3,591	1,982	11,468	7,127
Amortisation of premium less accretion of discounts	(3)	(1)	(10)	(5)
Total financing income and hibah	3,588	1,981	11,458	7,122
Gain/(loss) arising from sale of securities				
- Held-for-trading	23	(2)	39	10
- Available-for-sale	1	(7)	1	34
Profit from Murabahah trading on automobile	5	3	26	74
Foreign exchange profit/(loss)				
- Realised	20	(5)	(477)	(22)
Gain on Ijarah rental swap obligation	17	8	54	20
	3,654	1,978	11,101	7,238

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(ii) Income derived from investment of other deposits

Group	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finance income and hibah				
Financing, advances and other receivables	50,352	72,745	198,059	199,258
Securities				
- Held-for-trading	27	(3)	150	546
- Available-for-sale	2,829	6,608	15,180	23,754
- Held-to-maturity	295	288	1,040	892
Money at call and deposits with financial institutions	2,825	13,134	13,644	37,188
	56,328	92,772	228,073	261,638
Amortisation of premium less accretion of discounts	(54)	(53)	(210)	(181)
Total financing income and hibah	56,274	92,719	227,863	261,457
Gain/(loss) arising from sale of securities				
- Held-for-trading	356	(9)	715	382
- Available-for-sale	11	(20)	11	1,252
Profit from Murabahah trading on automobile	80	428	579	2,769
Foreign exchange profit/(loss)				
- Realised	326	(263)	(6,949)	(795)
Gain on Ijarah rental swap obligation	284	297	1,067	745
	57,331	93,152	223,286	265,810

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(ii) Income derived from investment of other deposits

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Finance income and hibah				
Financing, advances and other receivables	50,352	72,745	198,059	199,258
Securities				
- Held-for-trading	27	(3)	150	546
- Available-for-sale	3,767	6,608	14,663	23,754
- Held-to-maturity	295	288	1,040	892
Money at call and deposits with financial institutions	3,012	13,766	14,597	39,159
	57,454	93,404	228,509	263,609
Amortisation of premium less accretion of discounts	(54)	(53)	(210)	(181)
Total financing income and hibah	57,399	93,351	228,299	263,428
Gain/(loss) arising from sale of securities				
- Held-for-trading	356	(9)	715	382
- Available-for-sale	11	(20)	11	1,252
Profit from Murabahah trading on automobile	80	428	579	2,769
Foreign exchange profit/(loss)				
- Realised	326	(263)	(6,949)	(795)
Gain on Ijarah rental swap obligation	284	297	1,067	745
	58,456	93,784	223,722	267,781

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A15. Income derived from Investment of Shareholder's Equity

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group				
Finance income and hibah				
Financing, advances and other receivables	34,570	14,780	73,684	30,674
Securities				
- Held-for-trading	17	13	49	83
- Available-for-sale	1,635	1,485	4,945	3,651
- Held-to-maturity	203	61	399	137
Money at call and deposits with financial institutions	1,972	2,735	4,878	5,755
	38,397	19,074	83,955	40,300
Amortisation of premium less accretion of discounts	(34)	(12)	(75)	(28)
Total financing income and hibah	38,363	19,062	83,880	40,272
Fee income				
- Commission	1,322	1,255	3,323	4,734
- Other fee income	2,851	18,630	19,926	47,271
- Fund management fee	2,674	27,086	8,148	28,051
Gain/(loss) arising from sale of securities				
- Held-for-trading	210	11	303	58
- Available-for-sale	6	27	6	191
Unrealised gain on revaluation of securities held-for-trading and Ijarah rental swap	(318)	1,644	(1,373)	5,982
Profit from Murabahah trading on automobile	59	127	193	423
Foreign exchange profit/(loss)				
- Realised	240	(51)	(1,680)	(122)
- Unrealised	286	3,023	13,550	6,244
Gain/(loss) on Ijarah rental swap obligation	196	62	403	116
Gross dividend from property funds	3,872	1,948	3,872	4,639
	49,761	72,824	130,551	137,859

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A15. Income derived from Investment of Shareholder's Equity (cont'd)

	3rd Quarter ended 30 September		Nine-months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Finance income and hibah				
Financing, advances and other receivables	34,570	14,780	73,684	30,674
Securities				
- Held-for-trading	17	13	49	83
- Available-for-sale	2,600	1,485	5,485	3,651
- Held-to-maturity	203	61	399	137
Money at call and deposits with financial institutions	2,092	2,842	5,164	6,029
	39,482	19,181	84,781	40,574
Amortisation of premium less accretion of discounts	(34)	(12)	(75)	(28)
Total financing income and hibah	39,448	19,169	84,706	40,546
Fee income				
- Commissions	1,322	1,255	3,323	4,734
- Other fee income	2,827	18,629	19,940	47,271
Gain/(loss) arising from sale of securities				
- Held-for-trading	210	11	303	58
- Available-for-sale	6	27	6	191
Unrealised gain/(loss) on revaluation of securities held-for-trading and Ijarah rental swap	(318)	1,644	(1,373)	5,982
Profit from Murabahah trading on automobile	59	127	193	423
Foreign exchange profit/(loss)				
- Realised	240	(51)	(1,680)	(122)
- Unrealised	114	3,388	13,355	6,368
Management fee	195	30	310	90
Gain on Ijarah rental swap obligation	196	62	403	116
Gross dividend from Labuan	-	10,452	-	10,452
	44,299	54,743	119,486	116,109

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A16. Allowance and Impairment for Losses on Financing

Group

Allowance and impairment for bad and doubtful financing

- General allowance (net)
- Specific allowance (net)
 - Non-performing financing
 - Performing but impaired financing

Bank

Allowance and impairment for bad and doubtful financing

- General allowance (net)
- Specific allowance (net)
 - Non-performing financing
 - Performing but impaired financing

3rd Quarter ended 30 September		Nine-months ended 30 September	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
20,032	38,808	18,117	61,910
2,103	7,237	124,309	24,860
6,852	-	(44,301)	-
28,987	46,045	98,125	86,770
20,032	38,808	18,117	61,910
2,103	7,237	124,309	24,860
6,852	-	(44,301)	-
28,987	46,045	98,125	86,770

A17. Income Attributable to Depositors

Group

Deposits from customers

- Mudharabah
- Murabahah

Deposits and placements of banks and other financial institutions

- Murabahah

Bank

Deposits from customers

- Mudharabah
- Murabahah

Deposits and placements of banks and other financial institutions

- Murabahah

3rd Quarter ended 30 September		Nine-months ended 30 September	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
2,204	1,950	6,268	4,517
14,303	24,314	59,478	59,405
20,958	30,952	52,809	87,988
37,465	57,216	118,555	151,910
2,204	1,950	6,268	4,517
14,341	24,314	59,642	59,405
20,958	30,961	52,809	87,997
37,503	57,225	118,719	151,919

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A18. Capital Adequacy

	Group		Bank	
	30 Sep 2009 RM'000	31 Dec 2008 RM'000	30 Sep 2009 RM'000	31 Dec 2008 RM'000
<u>Tier I capital</u>				
Paid-up share capital	1,751,400	1,751,400	1,751,400	1,751,400
Statutory reserves	34,952	34,952	34,952	34,952
Other reserves	46,264	56,658	34,948	34,948
	1,832,616	1,843,010	1,821,300	1,821,300
Less : Deferred tax assets (net)	(38,919)	(49,386)	(38,772)	(49,386)
Total Tier I capital	1,793,697	1,793,624	1,782,528	1,771,914
<u>Tier II Capital</u>				
Subordinated Murabahah Tawarruq	173,425	207,870	173,425	207,870
General allowance for bad and doubtful financing	121,079	102,962	121,079	102,962
Total Tier II capital	294,504	310,832	294,504	310,832
Total Capital	2,088,201	2,104,456	2,077,032	2,082,746
Less : Investment in subsidiaries	-	-	(49,234)	(37,563)
Capital Base	2,088,201	2,104,456	2,027,798	2,045,183
Core capital ratio	15.88%	17.74%	15.96%	17.73%
Risk-weighted capital ratio	18.49%	20.81%	18.15%	20.47%

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A19. 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 September 2009			As at 31 December 2008		
	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	1,275,203	1,275,203	808,217	1,615,024	1,615,024	1,204,674
Transaction related contingencies	222,955	111,478	105,199	187,899	93,950	94,834
Trade related contingencies	142,775	28,555	28,153	109,143	21,829	21,829
Irrevocable commitments to extend credit						
Maturity not exceeding one year	896,986	179,397	179,397	1,223,638	244,728	244,728
Maturity exceeding one year	955,203	477,602	551,208	955,312	477,656	555,222
Foreign exchange related contracts *						
Less than one year	930,649	26,747	13,338	874,796	29,701	14,203
One year to five years	198,255	22,740	12,269	59,763	10,458	8,825
Five years and above	106,591	14,551	7,351	243,686	36,313	18,727
Profit rate related contracts (Ijarah rental swap obligation) *						
Five years and above	420,222	55,509	42,062	440,946	73,766	57,892
	5,148,839	2,191,782	1,747,194	5,710,207	2,603,424	2,220,934

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

** The credit equivalent and risk-weighted amounts are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB") effective from 1 January 2008.

- (b) In August 2008, the Plaintiff filed a suit against the Bank, inter alia, for breach of contract for an amount of approximately RM2.2 million. The Bank was alleged to have acted in breach for failure to execute the tenancy agreement within the prescribed period, pursuant to the letter of offer from the Plaintiff.

Based on solicitor's advice, the Bank has a good chance of securing a dismissal of the suit as no tenancy agreement was executed with the Plaintiff and the Bank has agreed to forgo the earnest deposit pursuant to the terms in the offer letter.

There is no provision made for this suit in the Bank's financial statements.

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A20. Profit rate risk

The Group and the Bank are exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position. The profit rate risk is the potential impacts of market factors affecting rates on returns in comparison with the expected rates on return for investment account holders. Yield/profit rate is monitored and managed by the Asset and Liability Management Committee ("ALCO") to protect the income of its operations. The following table summarises the exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates.

Group As at 30 September 2009	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short-term funds	1,393,681	-	-	-	-	72,651	-	1,466,332	1.63
Deposits and placements with banks and other financial institutions	-	197,074	-	6,698	-	-	-	203,772	1.98
Securities available-for-sale	219,403	211,404	151,340	277,998	84,450	100,058	-	1,044,653	2.35
Securities held-to-maturity	-	-	10,034	49,941	-	-	-	59,975	3.34
Financing, advances and receivables	2,102,214	2,304,493	601,706	1,718,318	332,468	(101,070) *	-	6,958,129	6.25
Murabahah trading automobiles	-	-	-	-	-	-	44,358	44,358	
Musarakah capital investment	-	-	-	-	-	5,916	-	5,916	
Other assets	-	-	-	-	-	307,900	-	307,900	
	3,715,298	2,712,971	763,080	2,052,955	416,918	385,455	44,358	10,091,035	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,125,185	915,019	460,825	36,826	-	315,834	-	3,853,689	1.96
Deposits and placements of banks and other financial institutions	2,245,178	921,544	541,926	35,804	-	-	-	3,744,452	2.21
Subordinated Murabahah Tawarruq	-	374,761	-	-	-	-	-	374,761	3.19
Murabahah bank financing	-	26,014	26,014	-	-	-	-	52,028	2.01
Other liabilities	-	-	-	-	-	262,889	-	262,889	
	4,370,363	2,237,338	1,028,765	72,630	-	578,723	-	8,287,819	
Shareholder's equity	-	-	-	-	-	1,803,216	-	1,803,216	
Total Liabilities and Shareholder's equity	4,370,363	2,237,338	1,028,765	72,630	-	2,381,939	-	10,091,035	
On-balance sheet profit sensitivity gap	(655,065)	475,633	(265,685)	1,980,325	416,918	(1,996,484)	44,358	-	
Off-balance profit sensitivity gap	-	(15,605)	-	-	15,605	-	-	-	
Total profit sensitivity gap	(655,065)	460,028	(265,685)	1,980,325	432,523	(1,996,484)	44,358	-	

* This is arrived after deducting the general allowance and specific allowance from the non-profit sensitive financing.

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A20. Profit rate risk (cont'd.)

Group As at 31 December 2008	Non-trading book					Trading book RM'000	Total RM'000	Effective profit rate %	
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				Non- profit sensitive RM'000
ASSETS									
Cash and short-term funds	2,025,304	-	-	-	-	52,073	-	2,077,377	2.48
Deposits and placements with banks and other financial institutions	-	-	31,129	6,698	-	-	-	37,827	1.20
Securities available-for-sale	126,584	247,555	142,395	82,014	153,283	103,176	-	855,007	3.54
Securities held-to-maturity	-	-	-	25,474	-	-	-	25,474	5.74
Financing, advances and receivables	1,968,006	1,695,973	1,038,222	1,055,548	299,245	100,224	-	6,157,218	7.39
Murabahah trading automobiles	-	-	-	-	-	-	61,779	61,779	
Musarakah capital investment	-	-	-	-	-	5,916	-	5,916	
Other assets	-	-	-	-	-	416,270	-	416,270	
	4,119,894	1,943,528	1,211,746	1,169,734	452,528	677,659	61,779	9,636,868	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,338,512	854,901	837,955	-	-	261,979	-	4,293,347	3.04
Deposits and placements of banks and other financial institutions	2,205,880	432,763	280,365	-	-	-	-	2,919,008	3.34
Subordinated Murabahah Tawarruq	-	-	-	365,908	-	-	-	365,908	3.82
Murabahah bank financing	-	-	25,984	-	-	-	-	25,984	3.85
Other liabilities	-	-	-	-	-	253,565	-	253,565	
	4,544,392	1,287,664	1,144,304	365,908	-	515,544	-	7,857,812	
Shareholder's equity	-	-	-	-	-	1,779,056	-	1,779,056	
Total Liabilities and Shareholder's equity	4,544,392	1,287,664	1,144,304	365,908	-	2,294,600	-	9,636,868	
On-balance sheet profit sensitivity gap	(424,498)	655,864	67,442	803,826	452,528	(1,616,941)	61,779	-	
Off-balance sheet profit sensitivity gap	-	(32,910)	-	17,323	15,587	-	-	-	
Total profit sensitivity gap	(424,498)	622,954	67,442	821,149	468,115	(1,616,941)	61,779	-	

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A20. Profit rate risk (cont'd.)

Bank As at 30 September 2009	Non-trading book					Trading book RM'000	Total RM'000	Effective profit rate %	
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				Non- profit sensitive RM'000
ASSETS									
Cash and short-term funds	1,459,213	-	-	-	-	66,264	-	1,525,477	1.64
Deposits and placements with banks and other financial institutions	-	197,074	-	6,698	-	-	-	203,772	1.98
Securities available-for-sale	219,403	211,404	151,340	277,998	84,450	521	-	945,116	2.60
Securities held-to-maturity	-	-	10,034	49,941	-	-	-	59,975	3.34
Financing, advances and receivables	2,102,214	2,304,493	601,706	1,718,318	332,468	(94,641) *	-	6,964,558	6.25
Murabahah trading automobiles	-	-	-	-	-	-	44,358	44,358	
Musarakah capital investment	-	-	-	-	-	5,916	-	5,916	
Other assets	-	-	-	-	-	341,562	-	341,562	
	3,780,830	2,712,971	763,080	2,052,955	416,918	319,622	44,358	10,090,734	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,125,185	915,019	460,825	36,826	-	333,480	-	3,871,335	1.95
Deposits and placements of banks and other financial institutions	2,245,689	921,544	541,926	35,803	-	-	-	3,744,962	2.21
Subordinated Murabahah Tawarruq	-	374,761	-	-	-	-	-	374,761	3.19
Murabahah bank financing	-	26,014	26,014	-	-	-	-	52,028	2.01
Other liabilities	-	-	-	-	-	260,590	-	260,590	
	4,370,874	2,237,338	1,028,765	72,629	-	594,070	-	8,303,676	
Shareholder's equity	-	-	-	-	-	1,787,058	-	1,787,058	
Total Liabilities and Shareholder's equity	4,370,874	2,237,338	1,028,765	72,629	-	2,381,128	-	10,090,734	
On-balance sheet profit sensitivity gap	(590,044)	475,633	(265,685)	1,980,326	416,918	(2,061,506)	44,358	-	
Off-balance profit sensitivity gap	-	(15,605)	-	-	15,605	-	-	-	
Total profit sensitivity gap	(590,044)	460,028	(265,685)	1,980,326	432,523	(2,061,506)	44,358	-	

* This is arrived after deducting the general allowance and specific allowance from the non-profit sensitive financing.

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A20. Profit rate risk (cont'd.)

Bank As at 31 December 2008	Non-trading book					Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000			
ASSETS								
Cash and short-term funds	2,095,265	-	-	-	-	45,361	2,140,626	2.56
Deposits and placements with banks and other financial institutions	-	-	31,129	6,698	-	-	37,827	1.20
Securities available-for-sale	126,584	247,555	142,395	82,014	157,091	-	755,639	4.03
Securities held-to-maturity	-	-	-	25,474	-	-	25,474	5.74
Financing, advances and receivables	1,968,006	1,695,973	1,038,222	1,055,548	299,245	103,266	6,160,260	7.39
Murabahah trading automobiles	-	-	-	-	-	61,779	61,779	
Musarakah capital investment	-	-	-	-	-	5,916	5,916	
Other assets	-	-	-	-	-	439,569	439,569	
	4,189,855	1,943,528	1,211,746	1,169,734	456,336	594,112	9,627,090	
LIABILITIES AND SHAREHOLDER'S EQUITY								
Deposits from customers	2,352,037	854,901	837,955	-	-	261,201	4,306,094	3.04
Deposits and placements of banks and other financial institutions	2,205,880	432,763	280,365	-	-	-	2,919,008	3.34
Subordinated Murabahah Tawarruq	-	-	-	365,908	-	-	365,908	3.82
Murabahah bank financing	-	-	25,984	-	-	-	25,984	3.85
Other liabilities	-	-	-	-	-	252,166	252,166	
	4,557,917	1,287,664	1,144,304	365,908	-	513,367	7,869,160	
Shareholder's equity	-	-	-	-	-	1,757,930	1,757,930	
Total Liabilities and Shareholder's equity	4,557,917	1,287,664	1,144,304	365,908	-	2,271,297	9,627,090	
On-balance sheet profit sensitivity gap	(368,062)	655,864	67,442	803,826	456,336	(1,677,185)	-	
Off-balance sheet profit sensitivity gap	-	(32,910)	-	17,323	15,587	-	-	
Total profit sensitivity gap	(368,062)	622,954	67,442	821,149	471,923	(1,677,185)	-	

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Part A - Explanatory Notes Pursuant to Financial Reporting Standard ("FRS 134") Issued by Malaysian Accounting Standards Board

B1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Guidelines on Financial Reporting for Licensed Islamic Banks ("BNM/GP8-i") issued by Bank Negara Malaysia (BNM) as well as comply with the provisions of the Companies Act, 1965 and the principles of Shariah.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. 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 2008.

B2. Accounting Policies

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

B3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 was not qualified.

B4. Seasonal or Cyclical Factors Affecting Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the nine-months ended 30 September 2009.

B5. Unusual Items Due to their Nature, Size or Incidence

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the nine-months ended 30 September 2009.

B6. Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect to the nine-months ended 30 September 2009.

B7. Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the nine-months ended 30 September 2009.

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B8. Dividends Paid

There were no dividends paid during the nine-months ended 30 September 2009.

B9. Segment Information on Operating Revenue, Profit/(Loss) Before Tax Expense and Total Assets

(i) By Business Segment

	3rd Quarter ended 30 September 2009		Nine-months ended 30 September 2009		Total Assets RM'000
	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group					
Retail operations	8,453	(7,392)	24,452	(20,945)	447,733
Treasury and capital market operations	40,484	3,568	119,308	4,745	2,810,565
Corporate banking	43,453	5,671	144,271	28,133	3,067,069
Commercial banking	45,454	23,017	152,026	53,177	3,497,677
	137,844	24,864	440,057	65,110	9,823,044
Inter-segment elimination	(27,153)	-	(75,140)	-	-
	110,691	24,864	364,917	65,110	9,823,044
Unallocated expenses	-	(22,456)	-	(52,451)	-
Unallocated assets	-	-	-	-	267,991
	110,691	2,408	364,917	12,659	10,091,035

	3rd Quarter ended 30 September 2008		Nine-months ended 30 September 2008		Total Assets RM'000
	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group					
Retail operations	4,703	(5,707)	14,177	(10,120)	256,316
Treasury and capital market operations	59,400	3,132	161,467	9,400	3,465,041
Corporate banking	69,348	31,538	147,073	52,422	2,413,219
Commercial banking	64,806	23,475	164,660	60,317	3,064,278
	198,257	52,438	487,377	112,019	9,198,854
Inter-segment elimination	(30,322)	-	(76,525)	-	-
	167,935	52,438	410,852	112,019	9,198,854
Unallocated expenses	-	(30,601)	-	(62,830)	-
Unallocated assets	-	-	-	-	209,285
	167,935	21,837	410,852	49,189	9,408,139

Inter-segment pricing is based on negotiated basis.

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B9. Segment Information on Operating Revenue, Profit/(Loss) Before Tax Expense and Total Assets (cont'd)

(ii) By Geographical Locations

	3rd Quarter ended		Nine-months ended		Total Assets RM'000
	Operating Revenue/(Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	Operating Revenue/(Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group					
30 September 2009					
Malaysia	110,603	5,991	364,803	23,054	10,082,531
Outside Malaysia	88	(3,583)	113	(10,395)	8,503
	110,691	2,408	364,916	12,659	10,091,035
30 September 2008					
Malaysia	168,145	24,873	410,932	56,775	9,398,461
Outside Malaysia	(210)	(3,036)	(80)	(7,586)	9,678
	167,935	21,837	410,852	49,189	9,408,139

The Group has funds management operations in Australia and Singapore.

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 2008.

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 2008.

B13. Changes In Contingent Liabilities and Contingent Assets

There were no significant changes in the contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2008 other than those as disclosed in note A19.

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B14. Capital Commitments

The capital commitments not provided for in the interim financial statements as at 30 September 2009 are as follows:

	Group RM'000	Bank RM'000
Capital expenditure:		
Authorised and contracted for		
- renovation	621	618
- purchase of equipment	7,713	7,713
	8,334	8,331
Authorised and not contracted for		
- purchase of equipment	285	259
	285	259