



KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2014

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

Note	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
ASSETS				
	1,549,096	1,406,209	1,548,072	1,431,875
Cash and short-term funds				
Deposits and placements with banks and other financial institutions	A3	250,673	75,902	276,773
Securities held-for-trading	A4	16,524	-	16,524
Hedging financial instruments	A7	12,965	15,192	12,965
Securities available-for-sale	A4	1,208,639	1,188,943	1,129,076
Securities held-to-maturity	A4	81,468	81,486	81,468
Financing, advances and other receivables	A5	6,415,792	6,009,772	6,415,792
Other assets	A6	183,279	195,570	181,722
Statutory deposits with Bank Negara Malaysia		206,850	182,200	206,850
Musyarakah capital investment	A8	5,898	5,898	5,898
Investment in subsidiaries		-	-	19,432
Property and equipment		30,005	34,189	29,634
Intangible assets		11,392	14,264	10,713
Deferred tax assets		219,019	241,258	218,964
		10,191,600	9,450,883	10,153,883
LIABILITIES				
Deposits from customers	A9	4,958,855	5,342,642	4,908,190
Deposits and placements of banks and other financial institutions	A10	2,812,790	1,771,560	2,845,553
Hedging financial instruments	A7	466	200	466
Subordinated Murabahah Tawarruq	A12	414,771	415,577	414,771
Other liabilities	A11	347,812	331,290	346,731
		8,534,694	7,861,269	8,515,711
SHAREHOLDER'S EQUITY				
Share capital	A13	1,425,272	1,425,272	1,425,272
Reserves		231,634	164,342	212,900
		1,656,906	1,589,614	1,638,172
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY				
		10,191,600	9,450,883	10,153,883
COMMITMENTS AND CONTINGENCIES				
	A18	1,165,848	1,172,841	1,165,848
CAPITAL ADEQUACY				
Common Equity Tier I/ Tier I Capital Ratio	A20	17.30%	18.01%	16.65%
Total Capital Ratio	A20	20.48%	21.78%	19.86%
NET ASSETS PER SHARE (RM)				
		1.16	1.12	1.15

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

Group	Note	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations					
Operating revenue		113,134	121,507	224,934	229,684
Income derived from investment of depositors' funds and others	A14	89,749	83,566	178,739	167,194
Income derived from investment of shareholder's equity	A15	23,385	37,941	46,195	62,490
Total gross income		113,134	121,507	224,934	229,684
Impairment loss on others		-	(1,409)	-	(1,409)
Impairment write-back/(loss) on securities		3,327	(6)	3,327	(148)
Impairment write-back on financing	A16	5,607	43,767	46,856	55,875
Total distributable income		122,068	163,859	275,117	284,002
Income attributable to the depositors	A17	(45,957)	(46,485)	(89,563)	(88,707)
Total net income		76,111	117,374	185,554	195,295
Personnel expenses		(26,567)	(27,674)	(52,969)	(54,574)
Other overheads and expenditures		(26,135)	(27,237)	(52,287)	(53,192)
Finance cost		(3,757)	(3,486)	(7,540)	(6,910)
Profit before zakat and taxation		19,652	58,977	72,758	80,619
Taxation		(5,283)	(16,569)	(22,570)	(25,558)
Net profit for the period		14,369	42,407	50,188	55,061
Attributable to:					
Equity holders of the Bank		14,369	42,407	50,188	55,061
Earnings per share attributable to equity holders of the Bank					
- Basic/Diluted (sen)		1.01	2.98	3.52	3.86

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

<u>Group</u>	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net profit for the period	14,369	42,407	50,188	55,061
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Securities available-for-sale:				
- Net unrealised gain/(loss) on securities available-for-sale	11,445	(30,487)	23,437	(37,177)
- Net realised (loss)/gain on securities available-for-sale reclassified to the income statement	-	(35)	2	128
Exchange differences on translation of foreign operations:				
Net (loss)/gain taken to equity	(397)	535	(475)	871
Income tax relating to components of other comprehensive (loss)/income	(2,861)	7,630	(5,860)	9,262
Other comprehensive income/(loss) for the period, net of tax	8,187	(22,357)	17,104	(26,916)
Total comprehensive income for the period	22,556	20,050	67,292	28,145
Total comprehensive income for the period attributable to equity holders of the Bank	22,556	20,050	67,292	28,145

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

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INTERIM CONDENSED INCOME STATEMENTS

	Note	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank					
Continuing operations					
Operating revenue		110,805	119,538	220,847	225,377
Income derived from investment of depositors' funds and others	A14	89,452	82,838	178,112	166,034
Income derived from investment of shareholder's equity	A15	21,353	36,700	42,735	59,343
Total gross income		110,805	119,538	220,847	225,377
Impairment loss on others		-	(1,409)	-	(1,409)
Impairment write-back/(loss) on securities		116	(6)	116	(148)
Impairment write-back on financing	A16	5,607	43,767	46,857	55,875
Total distributable income		116,528	161,890	267,820	279,695
Income attributable to the depositors	A17	(45,956)	(46,407)	(89,550)	(88,651)
Total net income		70,572	115,483	178,270	191,044
Personnel expenses		(25,524)	(26,040)	(50,951)	(51,715)
Other overheads and expenditures		(25,301)	(26,102)	(50,659)	(50,794)
Finance cost		(3,757)	(3,486)	(7,540)	(6,910)
Profit before zakat and taxation		15,990	59,855	69,120	81,625
Taxation		(5,264)	(16,545)	(22,531)	(25,516)
Net profit for the period		10,726	43,310	46,589	56,109

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

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INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

Bank

Net profit for the period

Other comprehensive income/(loss):

Items that may be reclassified subsequently to profit or loss:

Securities available-for-sale:

- Net unrealised gain/(loss) on securities
available-for-sale

- Net realised (loss)/gain on securities
available-for-sale reclassified to the income statement

Income tax relating to components of other comprehensive
(loss)/income

Other comprehensive income/(loss) for the period, net of tax

Total comprehensive income for the period

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
10,726	43,310	46,589	56,109
10,772	(27,747)	21,579	(33,500)
-	(35)	2	128
(2,693)	6,945	(5,395)	8,344
8,079	(20,837)	16,186	(25,028)
18,805	22,473	62,775	31,081

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	Translation Reserve RM'000	Available-for-sale Reserve RM'000		Retained Earnings RM'000
Group						
At 1 Jan 2014	1,425,272	113,895	(5,088)	(26,871)	82,406	1,589,614
Total comprehensive (loss)/income	-	-	(475)	17,579	50,188	67,292
At 30 Jun 2014	1,425,272	113,895	(5,563)	(9,292)	132,594	1,656,906
At 1 Jan 2013	2,266,125	66,697	(7,112)	2,574	(808,989)	1,519,295
Effect of capital reduction	(840,853)	-	-	-	840,853	-
Total comprehensive income/(loss)	-	-	871	(27,787)	55,061	28,145
At 30 Jun 2013	1,425,272	66,697	(6,241)	(25,213)	86,925	1,547,440
Bank						
At 1 Jan 2014	1,425,272	113,895	-	(26,142)	62,372	1,575,397
Total comprehensive income	-	-	-	16,186	46,589	62,775
At 30 Jun 2014	1,425,272	113,895	-	(9,956)	108,961	1,638,172
At 1 Jan 2013	2,266,125	66,697	-	355	(825,678)	1,507,499
Effect of capital reduction	(840,853)	-	-	-	840,853	-
Total comprehensive (loss)/income	-	-	-	(25,028)	56,109	31,081
At 30 Jun 2013	1,425,272	66,697	-	(24,673)	71,284	1,538,580

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		Bank	
	30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Profit before zakat and taxation	72,758	80,618	69,120	81,625
Adjustments for non-cash items	(25,733)	(52,328)	(22,729)	(49,020)
Operating profit before changes in working capital	47,025	28,290	46,391	32,605
<u>Changes in the working capital</u>				
Net changes in operating assets	(549,939)	358,023	(574,466)	333,213
Net changes in operating liabilities	668,803	(165,015)	685,274	(139,255)
Zakat and taxation refund/(paid)	3,118	(1,880)	3,138	(1,880)
Net cash generated from operating activities	121,982	191,128	113,946	192,078
Net purchases of assets	(20,557)	(183,101)	(44,140)	(180,386)
Net cash used in investing activities	(20,557)	(183,101)	(44,140)	(180,386)
Net change in cash and cash equivalents	148,450	36,317	116,197	44,297
Cash and cash equivalents at beginning of the period	1,406,209	1,400,684	1,431,875	1,370,167
Exchange differences on translation of opening balances	(5,563)	(6,241)	-	-
Cash and cash equivalents at end of the period	1,549,096	1,430,760	1,548,072	1,414,464

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

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

A1 Performance Review

The Group and the Bank recorded a profit before zakat and taxation of RM72.8 million and RM69.1 million respectively for the period ended 30 June 2014.

A2 Prospects for 2014

GDP growth accelerated to 6.2% y-o-y in the 1Q 2014, from 5.1% in the 4Q 2013, boosted by a strong expansion in domestic and external demand. The pace of growth recorded in 1Q 2014 was the fastest since the 4Q 2012 of 6.5%. A breakdown of the expenditure components points to continued expansion in domestic demand and a strong increase in exports of goods and services. The economy is expected to remain on a broadly steady growth path with a forecast of 5.0% - 5.5% for 2014 in the light of the latest GDP data.

The Bank's focus for 2014 is on three strategic thrusts, namely for growth in quality and sustainable assets, cost optimisation and capacity as well as capability building, including IT enhancement and human capital development. KFH Malaysia continues to be the Group's regional hub for the Asia-Pacific region. With the current year's focus on widening its product portfolio, the Bank is looking closely in accelerating its financing services through synergistic efforts both at the region and at the Group level for sustainable growth and profit.

A3 Deposits and Placements with Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Licensed Islamic banks	64,255	50,005	64,255	50,005
Other financial institutions	186,418	25,897	212,518	25,897
	250,673	75,902	276,773	75,902

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

A4 Securities

i) Securities Held-For-Trading

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
At fair value				
Unquoted Islamic private debt securities/sukuk	16,524	-	16,524	-

ii) Securities Available-For-Sale

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
At fair value				
Unquoted securities				
- Islamic private debt securities/sukuks	436,694	385,991	407,845	372,571
- Government guaranteed sukuk	572,957	583,149	543,075	538,057
Mutual Fund	64,220	65,515	64,220	65,515
	1,073,871	1,034,655	1,015,140	976,143
At cost				
Unquoted shares in Malaysia	87,700	87,700	87,700	87,700
Property funds	20,832	39,823	-	-
Collective Investment Scheme	26,236	26,765	26,236	26,765
	134,768	154,288	113,936	114,465
	1,208,639	1,188,943	1,129,076	1,090,608

iii) Securities Held-To-Maturity

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
At amortised cost				
Unquoted Islamic private debt securities/sukuk	81,468	81,486	81,468	81,486

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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) At amortised cost

Term financing	
- House financing	
- Personal financing	
- Leasing financing	
- Syndicated financing	
- Cashline financing	
- Hire purchase receivables	
- Other term financing	
Staff financing	
Less: Impairment allowances on financing	
- Collective assessment	
- Individual assessment	
Net financing, advances and other receivables	

Group and Bank	
30 Jun 2014	31 Dec 2013
RM'000	RM'000
436,266	414,635
1,413,892	1,443,259
149,317	153,057
488,539	374,233
5,965	4,603
193,931	184,364
4,133,333	3,932,840
4,490	9,784
6,825,733	6,516,775
(221,872)	(190,926)
(188,069)	(316,077)
6,415,792	6,009,772

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 2014	31 Dec 2013
RM'000	RM'000
1,744,468	1,883,974
4,646,986	4,196,002
77,118	80,223
563	535
353,725	353,112
2,873	2,929
6,825,733	6,516,775

iii) By type of customer

Domestic business enterprises	
- Small medium enterprises	
- Others	
Individuals	
Foreign entities	
Domestic non-bank financial institutions	

Group and Bank	
30 Jun 2014	31 Dec 2013
RM'000	RM'000
1,044,051	985,659
3,469,722	3,229,194
2,027,506	1,989,138
141,423	167,612
143,031	145,172
6,825,733	6,516,775

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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.)

(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 2014 RM'000	31 Dec 2013 RM'000
4,150,679	3,667,380
63,106	109,438
312,489	197,556
2,299,459	2,542,401
6,825,733	6,516,775

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Jun 2014 RM'000	31 Dec 2013 RM'000
6,765,799	6,437,309
9,276	15,725
50,658	63,741
6,825,733	6,516,775

(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 2014 RM'000	31 Dec 2013 RM'000
75,339	83,277
193,931	184,364
488,539	374,233
3,899,596	3,516,971
360,927	331,358
1,807,401	2,026,572
6,825,733	6,516,775

(vii) By economic purpose

Merger and acquisition
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 2014 RM'000	31 Dec 2013 RM'000
229,035	141,109
266,994	333,691
571,335	542,858
517,758	491,060
301,711	342,264
2,261,209	2,051,970
615,579	584,542
1,413,531	1,442,306
648,581	586,975
6,825,733	6,516,775

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A5 Financing, Advances and Other Receivables (cont'd.)

viii) By sector

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Construction	398,419	287,930
Electricity, gas and water	136,258	119,915
Finance, insurance and business services	457,073	446,468
Household	2,042,464	2,005,077
Manufacturing	978,159	1,006,081
Mining and quarrying	151,687	242,931
Agriculture, hunting, forestry & fishing	240,862	231,144
Real Estate	1,280,274	1,143,918
Transports, storage and communication	497,324	486,144
Wholesale & retail trade and restaurants & hotels	403,112	284,990
Others	240,101	262,177
	6,825,733	6,516,775

(ix) Financing by types and Shariah contract

30 Jun 2014	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai' (lease ended with ownership)	Murabahah (cost-plus)	Mudharabah (profit sharing)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	394,494	151	-	38,748	-	2,873	436,266
Personal financing	-	1,413,487	-	-	405	-	1,413,892
Leasing financing	55,143	60,762	33,412	-	-	-	149,317
Syndicated financing	182,902	305,637	-	-	-	-	488,539
Cashline financing	-	5,965	-	-	-	-	5,965
Hire purchase receivables	148,886	-	-	45,045	-	-	193,931
Other term financing	960,864	2,859,648	43,706	269,115	-	-	4,133,333
Staff financing	2,179	1,336	-	817	158	-	4,490
	1,744,468	4,646,986	77,118	353,725	563	2,873	6,825,733

31 Dec 2013	Group and Bank						
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai' (lease ended with ownership)	Murabahah (cost-plus)	Mudharabah (profit sharing)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	370,089	103	-	41,514	-	2,929	414,635
Personal financing	-	1,442,883	-	-	376	-	1,443,259
Leasing financing	60,732	55,717	36,608	-	-	-	153,057
Syndicated financing	195,464	178,769	-	-	-	-	374,233
Overdraft financing	-	4,603	-	-	-	-	4,603
Hire purchase receivables	138,119	-	-	46,245	-	-	184,364
Other term financing	1,111,958	2,512,757	43,615	264,510	-	-	3,932,840
Staff financing	7,612	1,170	-	843	159	-	9,784
	1,883,974	4,196,002	80,223	353,112	535	2,929	6,516,775

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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.)

x) Purpose and Source of Qard financing

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
As at 1 January	535	899
Source of Qard fund:	154	441
- Depositors' Fund	126	360
- Shareholders' Fund	27	81
Uses of Qard fund:	(125)	(805)
- Financing for asset purchase	(103)	(775)
- Staff Benevolent	(22)	(30)
Closing balance	563	535

xi) Movements in impaired financing, advances and other receivables

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
At 1 Jan	690,626	933,554
Impaired during the period/year	(177,226)	(242,928)
- Impaired during the period/year	88,309	165,452
- Reclassified to performing during the year	(100,749)	(155,197)
- Amount recovered	(59,634)	(138,672)
- Amount written off	(105,152)	(114,511)
Closing balance	513,400	690,626
Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less individual impairment	4.90%	6.04%

xii) Movements in impairment and allowance on financing

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Collective impairment		
At 1 Jan	190,926	138,600
Allowance charged during the year	30,946	52,326
Closing balance	221,872	190,926
As % of total gross financing, advances and other receivables less individual impairment	3.34%	3.08%

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A5 Financing, Advances and Other Receivables (cont'd.)

xii) Movements in impairment and allowance on financing (cont'd.)

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Individual impairment		
At 1 Jan	316,077	546,824
Allowance reversed during the year	(22,856)	(116,236)
- Allowance made	25,428	85,308
- Allowance written-back	(48,284)	(201,544)
Amount written off	(105,152)	(114,511)
Closing balance	188,069	316,077

xiii) Impaired financing by sector

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Construction	-	23,179
Electricity, gas and water	79	79
Finance, insurance and business services	16,744	22,119
Household	27,796	28,506
Manufacturing	323,273	342,124
Mining and quarrying	28,370	116,393
Real Estate	45,014	56,645
Transport, storage and communication	37,892	56,197
Wholesale & retail trade and restaurants & hotels	34,232	33,950
Others	-	11,434
	513,400	690,626

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A6 Other Assets

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Deposits and prepayments	11,941	10,333	11,824	10,173
Amount due from holding company	298	299	298	299
Amount due from subsidiaries	-	-	4	4
Amount due from other related parties	615	615	615	615
Fee receivable	-	53	-	53
Sundry debtors	2,863	22,213	1,301	22,119
Tax recoverable	(118)	3,038	-	3,138
Gold depository	167,680	159,019	167,680	159,019
	183,279	195,570	181,722	195,420

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

A7 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 30 Jun 2014			
Ijarah rental swap related contracts	240,482	12,965	466
Total	240,482	12,965	466
At 31 Dec 2013			
Ijarah rental swap related contracts	263,825	15,192	200
Total	263,825	15,192	200

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.

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A9 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Non Mudharabah				
- Demand deposits	535,860	561,296	511,247	539,869
- Gold deposits	167,353	158,910	167,353	158,910
- Wakalah deposits	97,408	1,421,572	71,357	1,421,134
Mudharabah				
- Savings deposits	71,479	81,185	71,478	81,185
- General investment deposits	46,150	236,630	46,150	236,630
- Negotiable Instrument Deposit	2,560	165,275	2,560	165,275
Murabahah	4,038,045	2,717,774	4,038,045	2,717,774
	4,958,855	5,342,642	4,908,190	5,320,777

(ii) By type of customer

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Business enterprises	2,601,360	2,493,905	2,500,030	2,450,174
Individuals	672,183	1,046,038	672,183	1,046,038
Subsidiaries	-	-	50,665	21,866
Government and statutory bodies	1,427,701	1,533,534	1,427,701	1,533,534
Other enterprises	257,611	269,165	257,611	269,165
	4,958,855	5,342,642	4,908,190	5,320,777

(iii) By contractual maturity

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Due within six months	4,608,702	4,579,884	4,558,037	4,558,019
More than six months to one year	329,969	725,216	329,969	725,216
More than one year to three years	20,184	37,542	20,184	37,542
	4,958,855	5,342,642	4,908,190	5,320,777

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A10 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	-	45,870	-	45,870
Other financial institutions	2,630,140	562,970	2,822,500	562,970
<u>Wakalah</u>				
Other financial institutions	182,650	1,162,720	23,053	1,144,897
	2,812,790	1,771,560	2,845,553	1,753,737

A11 Other Liabilities

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Sundry creditors	305,998	285,391	305,456	285,366
Accrued restoration cost	5,611	5,681	5,504	5,574
Undistributed charity funds	2,168	1,259	2,168	1,259
Other provisions and accruals	34,035	38,959	33,603	38,249
	347,812	331,290	346,731	330,448

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

(ii) Sources and uses of charity funds:

	Group and Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	1,259	7,291
Penalty charges on late payment	1,632	7,782
Total sources of funds during the year	2,891	15,073
Uses of charity funds:		
Contribution to Baitulmal	-	(130)
Compensation of late payment charges	(680)	(12,643)
Contribution to non profit organisations	(43)	(722)
Aid to needy family	-	(319)
Total uses of funds during the year	(723)	(13,814)
Closing balance	2,168	1,259

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A12 Subordinated Murabahah Tawarruq

The principal of subordinated Murabahah Tawarruq is a facility agreement with the holding company of the Bank, Kuwait Finance House K.S.C. The facility with principal and profit amount of USD129,171,964 or equivalent RM414,771,178 (31 Dec 2013: USD126,864,726 or equivalent RM415,577,127) 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").

A13 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2014 Units'000	31 Dec 2013 Units'000	30 Jun 2014 RM'000	31 Dec 2013 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	2,266,125	1,425,272	2,266,125
Effect of capital reduction	-	(840,853)	-	(840,853)
At 1 January/At closing balance	1,425,272	1,425,272	1,425,272	1,425,272

During the financial year 2013, the Bank decreased its issued and paid up share capital from RM2,266,125,000 to RM1,425,272,000 in March 2013 pursuant to the capital reduction exercise. KFHM's share capital of RM2,266,125,000 consisting of RM2,266,125,000 ordinary shares of RM1.00 each has been reduced by the cancellation of RM840,853,000 issued and fully paid up shares of the Bank of RM1.00 each.

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A14 Income derived from Investment of Depositors' Funds and Others

Group

Income derived from investment of:

- General investment deposits
- Other deposits

Bank

Income derived from investment of:

- General investment deposits
- Other deposits

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
1,068	2,628	3,364	5,422
88,681	80,938	175,375	161,772
89,749	83,566	178,739	167,194
1,070	2,619	3,366	5,397
88,382	80,219	174,746	160,637
89,452	82,838	178,112	166,034

(i) Income derived from investment of general investment deposits

Group

Finance income from financing, advances and other receivables

Finance income from impaired financing

Securities

- Held-for-trading
- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Gain arising from sale of securities

- Held-for-trading
- Available-for-sale

Foreign exchange gain

- Realised

Gain/(loss) on ljarah rental swap obligation

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
887	1,925	2,805	4,040
2	103	13	175
-	2	-	17
86	240	269	477
10	27	32	56
61	301	164	560
1,046	2,598	3,283	5,325
(12)	(30)	(36)	(59)
1,034	2,569	3,247	5,266
-	13	-	37
-	21	-	30
23	61	81	116
11	(36)	36	(27)
1,068	2,628	3,364	5,422

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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

	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank				
Finance income from financing, advances and other receivables	892	1,933	2,820	4,050
Finance income from impaired financing	2	103	13	175
Securities				
- Held-for-trading	-	2	-	17
- Available-for-sale	82	224	256	443
- Held-to-maturity	10	27	32	56
Money at call and deposits with financial institutions	61	300	164	558
	1,047	2,589	3,285	5,299
Amortisation of premium less accretion of discounts	(12)	(30)	(37)	(59)
Total finance income and hibah	1,035	2,559	3,248	5,240
Gain arising from sale of securities				
- Held-for-trading	1	13	1	37
- Available-for-sale	-	22	-	31
Foreign exchange gain				
- Realised	23	61	81	116
Gain/(loss) on Ijarah rental swap obligation	11	(36)	36	(27)
	1,070	2,619	3,366	5,397

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

(ii) Income derived from investment of other deposits

<u>Group</u>	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance income from financing, advances and other receivables	73,633	59,205	146,081	120,371
Finance income from impaired financing	48	3,186	465	5,284
Securities				
- Held-for-trading	60	75	77	497
- Available-for-sale	7,145	7,391	14,075	14,242
- Held-to-maturity	839	833	1,650	1,663
Money at call and deposits with financial institutions	5,085	9,260	8,905	16,766
	86,810	79,950	171,253	158,823
Amortisation of premium less accretion of discounts	(952)	(915)	(1,894)	(1,774)
Total finance income and hibah	85,858	79,035	169,359	157,049
Gain arising from sale of securities				
- Held-for-trading	41	405	41	1,098
- Available-for-sale	-	663	-	929
Foreign exchange gain				
- Realised	1,866	1,887	4,125	3,499
Gain/(loss) on Ijarah rental swap obligation	916	(1,052)	1,850	(803)
	88,681	80,938	175,375	161,772

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

(ii) Income derived from investment of other deposits

	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank				
Finance income from financing, advances and other receivables	73,696	59,103	146,201	120,360
Finance income from impaired financing	48	3,181	465	5,283
Securities				
- Held-for-trading	61	75	77	497
- Available-for-sale	6,783	6,866	13,350	13,218
- Held-to-maturity	839	831	1,652	1,663
Money at call and deposits with financial institutions	5,089	9,176	8,894	16,666
	86,516	79,232	170,639	157,687
Amortisation of premium less accretion of discounts	(953)	(913)	(1,896)	(1,773)
Total finance income and hibah	85,563	78,319	168,743	155,914
Gain arising from sale of securities				
- Held-for-trading	41	404	41	1,098
- Available-for-sale	-	663	-	928
Foreign exchange gain				
- Realised	1,861	1,884	4,110	3,499
Gain/(loss) on Ijarah rental swap obligation	917	(1,051)	1,852	(802)
	88,382	80,219	174,746	160,637

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A15 Income derived from Investment of Shareholder's Equity

<u>Group</u>	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance income from financing, advances and other receivables	17,228	13,161	35,158	27,214
Finance income from impaired financing	16	706	120	1,190
Securities				
- Held-for-trading	14	16	18	113
- Available-for-sale	1,672	1,643	3,387	3,218
- Held-to-maturity	196	185	397	376
Money at call and deposits with financial institutions	1,186	2,057	2,129	3,782
	20,312	17,768	41,209	35,892
Amortisation of premium less accretion of discounts	(223)	(203)	(456)	(401)
Total finance income and hibah	20,089	17,565	40,753	35,492
Fee income				
- Commission	1,126	845	2,136	1,834
- Other fee income	1,886	16,309	3,842	20,073
- Fund management fee	1,305	688	1,952	1,468
Gain arising from sale of securities				
- Held-for-trading	10	89	10	248
- Available-for-sale	-	146	-	207
Unrealised (loss)/gain on revaluation of securities held-for-trading and Ijarah rental swap (net)	(1,321)	337	(2,581)	23
Foreign exchange gain/(loss)				
- Realised	439	416	1,003	801
- Unrealised	(836)	1,416	(2,266)	1,792
Gain on disposal of property, plant and equipment	-	-	11	-
Management fee	96	-	96	-
Gain/(loss) on Ijarah rental swap obligation	215	(241)	446	(184)
Other income	48	72	132	141
Gross dividend from property funds	328	299	661	595
	23,385	37,941	46,195	62,490

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

	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank				
Finance income from financing, advances and other receivables	17,159	13,256	35,023	27,216
Finance income from impaired financing	15	710	118	1,191
Securities				
- Held-for-trading	14	17	18	113
- Available-for-sale	1,579	1,539	3,198	2,988
- Held-to-maturity	196	186	396	376
Money at call and deposits with financial institutions	1,181	2,055	2,116	3,762
	20,144	17,763	40,869	35,646
Amortisation of premium less accretion of discounts	(222)	(205)	(454)	(401)
Total finance income and hibah	19,922	17,558	40,415	35,245
Fee income				
- Commission	1,127	845	2,138	1,836
- Other fee income	1,885	16,174	3,834	19,937
Gain arising from sale of securities				
- Held-for-trading	10	90	10	247
- Available-for-sale	-	147	-	208
Unrealised (loss)/gain on revaluation of securities held-for-trading and Ijarah rental swap (net)	(1,321)	337	(2,581)	23
Foreign exchange gain/(loss)				
- Realised	436	419	995	801
- Unrealised	(829)	1,400	(2,253)	1,736
Gain on disposal of property, plant and equipment	-	-	11	-
Management fee	(91)	(29)	(278)	(505)
Gain/(loss) on Ijarah rental swap obligation	214	(241)	444	(184)
	21,353	36,700	42,735	59,343

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A16 Impairment and Allowance on Financing, Advances and Other Receivables

Group

Impairment and allowance on financing

- Collective impairment (net)
- Individual write-back (net)
- Allowance charge during the period
- Allowance written-back during the period
- Bad debt recovered on financing

Bank

Impairment and allowance on financing

- Collective impairment (net)
- Individual write-back (net)
- Allowance charge during the period
- Allowance written-back during the period
- Bad debt recovered on financing

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
20,946	32,300	30,946	36,000
(18,488)	(64,652)	(22,856)	(80,013)
21,098	26,024	25,428	30,933
(39,586)	(90,676)	(48,284)	(110,946)
(8,064)	(11,415)	(54,946)	(11,862)
(5,606)	(43,767)	(46,856)	(55,875)
20,946	32,300	30,946	36,000
(18,488)	(64,652)	(22,856)	(80,013)
21,098	30,933	25,428	30,933
(39,586)	(110,946)	(48,284)	(110,946)
(8,064)	(11,415)	(54,946)	(11,862)
(5,606)	(43,767)	(46,856)	(55,875)

A17 Income Attributable to the Depositors

Group

Deposits from customers

- Mudharabah
- Murabahah
- Wakalah
- Negotiable Instrument Deposit

Deposits and placements of banks and other financial institutions

- Murabahah and Wakalah

Others

Bank

Deposits from customers

- Mudharabah
- Murabahah
- Wakalah
- Negotiable Instrument Deposit

Deposits and placements of banks and other financial institutions

- Murabahah and Wakalah

Others

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
1,074	1,954	2,664	3,919
27,646	22,769	49,937	45,442
3,623	6,474	11,557	13,511
42	7,067	1,195	13,429
13,458	8,180	23,973	12,262
114	41	238	144
45,957	46,485	89,564	88,707
1,074	1,954	2,664	3,919
27,634	22,769	49,925	45,442
3,415	6,474	11,156	13,512
42	7,067	1,195	13,429
13,677	8,102	24,372	12,205
114	41	238	144
45,956	46,407	89,550	88,651

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A18 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 2014			As at 31 Dec 2013		
	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	23,284	23,284	21,691	11,220	11,220	8,889
Transaction related contingencies	155,156	77,578	56,301	142,880	71,440	42,219
Trade related contingencies	22,996	4,599	4,577	23,897	4,779	4,779
Irrevocable commitments to extend credit						
- maturity less than one year	433,377	86,675	73,920	333,208	66,643	65,496
- maturity more than one year	290,553	145,277	143,400	397,811	198,905	197,595
Profit rate related contracts (Ijarah rental swap obligation) *						
- five years and above	240,482	22,456	18,609	263,825	25,585	21,359
	1,165,848	359,869	318,498	1,172,841	378,572	340,337

* 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").

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A19 Credit transactions and exposures with connected parties

As at 30 Jun 2014				
	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)	352,929	3	353,071	-
Off-balance sheet exposures	24,885	1	24,901	-
	377,814	4	377,972	-
Total exposure to connected parties as % capital base			24.3%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures			4.6%	0.0%

As at 31 Dec 2013				
	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)	354,786	4	354,786	-
Off-balance sheet exposures	25,387	1	25,387	-
	380,173	5	380,173	-
Total exposure to connected parties as % capital base			24.2%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures			4.8%	0.0%

* Included total outstanding and unutilised limit.

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A20 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.

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

	Group		Bank	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Common Equity Tier I/ Tier I Capital Ratio				
Credit risk	18.78%	19.60%	18.05%	18.91%
Credit, market, operational and large exposure risks	17.30%	18.01%	16.65%	17.40%
Total Capital Ratio				
Credit risk	22.24%	23.71%	21.52%	23.05%
Credit, market, operational and large exposure risks	20.48%	21.78%	19.86%	21.20%

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A20 Capital Adequacy (Cont' d.)

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

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
<u>CET I capital</u>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	113,895	113,895	113,895	113,895
Other reserves	67,550	50,447	52,416	36,230
	1,606,717	1,589,614	1,591,583	1,575,397
Less: Deferred tax assets (net)	(241,258)	(241,258)	(241,134)	(241,134)
Less: Investment in subsidiaries	-	-	(46,193)	(46,193)
Total CET I capital	1,365,459	1,348,356	1,304,256	1,288,070
<u>Tier II capital</u>				
Subordinated Murabahah Tawarruq	160,550	196,545	160,550	196,545
Collective impairment on financing	90,883	85,980	90,313	85,132
Total Tier II capital	251,433	282,525	250,863	281,677
Total capital	1,616,892	1,630,881	1,555,119	1,569,747

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

	Group		Bank	
	30 Jun 2014 RM'000	31 Dec 2013 RM'000	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	7,270,647	6,878,375	7,225,023	6,810,596
Total Market RWA	72,818	69,335	72,818	69,335
Total Operational RWA	506,857	495,913	489,491	479,311
Large Exposure Risk RWA for Equity Holdings	44,490	44,490	44,490	44,490
Total Risk-Weighted Assets	7,894,812	7,488,113	7,831,822	7,403,732
Computation of Capital Ratios				
Total CET I capital	1,365,459	1,348,356	1,304,256	1,288,070
Total capital	1,616,892	1,630,881	1,555,119	1,569,747
Common Equity Tier I/ Tier I Capital Ratio	17.30%	18.01%	16.65%	17.40%
Total Capital Ratio	20.48%	21.78%	19.86%	21.20%

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A20 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 2014							
(i) Credit Risk							
(a) On-Balance Sheet Exposures							
Sovereigns/Central Banks	1,600,867	1,600,867	53,263	53,263	4,261		
Banks, Development Financial Institutions & MDBs	1,010,439	1,010,439	244,526	244,526	19,562		
Corporates	4,255,192	4,255,192	3,778,925	3,778,925	302,314		
Regulatory Retail	1,777,629	1,777,629	1,322,018	1,322,018	105,761		
Residential Mortgages	260,915	260,915	92,602	92,602	7,408		
Higher Risk Assets ¹	472,853	472,853	709,280	709,280	56,742		
Other Assets	281,350	281,350	96,418	96,418	7,713		
Defaulted Exposures ²	505,718	505,718	655,114	655,114	52,409		
	10,164,964	10,164,964	6,952,148	6,952,148	556,172		
(b) Off-Balance Sheet Exposures*							
OTC Hedging Financial Instruments ³	22,456	22,456	18,609	18,609	1,489		
Off balance sheet exposures other than OTC hedging financial instruments ⁴	337,414	337,414	299,890	299,890	23,991		
	359,870	359,870	318,499	318,499	25,480		
Total On and Off-Balance Sheet Exposures	10,524,834	10,524,834	7,270,647	7,270,647	581,652		
(ii) Large Exposures Risk Requirement	93,598	93,598	44,490	44,490	3,559		
	Long Position	Short Position					
(iii) Market Risk							
Benchmark Rate Risk	189,244	160,441	28,803	47,289	3,783		
Foreign Currency Risk ⁵	25,202	14,068	11,134	25,529	2,042		
			39,938	72,818	5,825		
(iv) Operational Risk				506,857	40,549		
(v) Total RWA and Capital Requirements			10,658,370	7,894,812	631,585		

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹

Higher risk assets are defined in section C.2.10 of CAFIB guidelines issued by Bank Negara Malaysia which comprised of Musyarakah, Musyarakah Mutanaqisah and Mudharabah contracts.

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

³ Comprising Ijarah Rental Swaps.

⁴ Comprising of trade finance facilities, underwriting and undrawn balances.

⁵ Representing the sum of all individual non-Ringgit Net Open Positions. Computation is as per section D.8.2 paragraph 224 of CAFIB guidelines issued by Bank Negara Malaysia

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A20 Capital Adequacy (Cont'd)

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

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 Dec 2013					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,618,297	1,618,297	57,403	57,403	4,592
Banks, Development Financial Institutions & MDBs	646,107	646,107	171,576	171,576	13,726
Corporates	3,823,135	3,823,135	3,438,370	3,438,370	275,070
Regulatory Retail	1,791,394	1,791,394	1,334,956	1,334,956	106,797
Residential Mortgages	219,687	219,687	79,004	79,004	6,320
Higher Risk Assets ¹	516,488	516,488	774,733	774,733	61,979
Other Assets	323,799	323,799	146,943	146,943	11,755
Defaulted Exposures ²	446,452	446,452	535,053	535,053	42,804
	9,385,359	9,385,359	6,538,038	6,538,038	523,043
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	25,585	25,585	21,359	21,359	1,709
Off balance sheet exposures other than OTC hedging financial instruments ⁴	352,987	352,987	318,978	318,978	25,518
	378,572	378,572	340,337	340,337	27,227
Total On and Off-Balance Sheet Exposures	9,763,931	9,763,931	6,878,375	6,878,375	550,270
(ii) Large Exposures Risk Requirement	93,598	93,598	44,490	44,490	3,559
	Long Position	Short Position			
(iii) Market Risk					
Benchmark Rate Risk	187,779	172,899	14,880	37,733	3,019
Foreign Currency Risk ⁵	31,495	27,704	3,791	31,602	2,528
		18,671	69,335	69,335	5,547
(iv) Operational Risk			495,913	495,913	39,673
(v) Total RWA and Capital Requirements			7,488,113	7,488,113	599,049

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section C.2.10 of CAFIB guidelines issued by Bank Negara Malaysia which comprised of Musyarakah, Musyarakah Mutanaqisah and Mudharabah contracts.

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

³ Comprising Ijarah Rental Swaps.

⁴ Comprising of trade finance facilities, underwriting and undrawn balances.

⁵ Representing the sum of all individual non-Ringggit Net Open Positions. Computation is as per section D.8.2 paragraph 224 of CAFIB guidelines issued by Bank Negara Malaysia

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A20 Capital adequacy (Cont'd.)

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

Bank	Gross Exposures		Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000				
As at 30 Jun 2014						
(i) Credit Risk						
(a) On-Balance Sheet Exposures						
Sovereigns/Central Banks	1,571,860	1,571,860	42,730	42,730	3,418	
Banks, Development Financial Institutions & MDBs	1,022,460	1,022,460	249,546	249,546	19,964	
Corporates	4,256,971	4,256,971	3,780,704	3,780,704	302,456	
Regulatory Retail	1,777,629	1,777,629	1,322,018	1,322,018	105,761	
Residential Mortgages	260,915	260,915	92,602	92,602	7,408	
Higher Risk Assets ¹	472,854	472,854	709,280	709,280	56,742	
Other Assets	239,462	239,462	54,529	54,529	4,362	
Defaulted Exposures ²	505,718	505,718	655,114	655,114	52,409	
	10,107,869	10,107,869	6,906,524	6,906,524	552,522	
(b) Off-Balance Sheet Exposures*						
OTC Hedging Financial Instruments ³	22,456	22,456	18,609	18,609	1,489	
Off balance sheet exposures other than OTC hedging financial instruments ⁴	337,414	337,414	299,890	299,890	23,991	
	359,870	359,870	318,498	318,498	25,480	
Total On and Off-Balance Sheet Exposures	10,467,739	10,467,739	7,225,023	7,225,023	578,002	
(ii) Large Exposures Risk Requirement	93,598	93,598	44,490	44,490	3,559	
	Long Position	Short Position				
(iii) Market Risk						
Benchmark Rate Risk	189,244	160,441	28,803	47,289	3,783	
Foreign Currency Risk ⁵	25,202	14,068	11,134	25,529	2,042	
			39,938	72,818	5,825	
(iv) Operational Risk				489,491	39,159	
(v) Total RWA and Capital Requirements			10,601,275	7,831,822	626,546	

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section C.2.10 of CAFIB guidelines issued by Bank Negara Malaysia which comprised of Musyarakah, Musyarakah Mutanaqisah and Mudharabah contracts.

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

³ Comprising Ijarah Rental Swaps.

⁴ Comprising of trade finance facilities, underwriting and undrawn balances.

⁵ Representing the sum of all individual non-Ringggit Net Open Positions. Computation is as per section D.8.2 paragraph 224 of CAFIB guidelines issued by Bank Negara Malaysia

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A20 Capital adequacy (Cont'd.)

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

Bank	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,589,287	1,589,287	41,812	41,812	3,345
Banks, Development Financial Institutions & MDBs	658,390	658,390	176,716	176,716	14,137
Corporates	3,829,127	3,829,127	3,444,362	3,444,362	275,549
Regulatory Retail	1,791,394	1,791,394	1,334,956	1,334,956	106,797
Residential Mortgages	219,687	219,687	79,004	79,004	6,320
Higher Risk Assets ¹	516,488	516,488	774,733	774,733	61,979
Other Assets	260,479	260,479	83,623	83,623	6,690
Defaulted Exposures ²	446,452	446,452	535,053	535,053	42,804
	9,311,304	9,311,304	6,470,259	6,470,259	517,621
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	25,585	25,585	21,359	21,359	1,709
Off balance sheet exposures other than OTC hedging financial instruments ⁴	352,987	352,987	318,978	318,978	25,518
	378,572	378,572	340,337	340,337	27,227
Total On and Off-Balance Sheet Exposures	9,689,876	9,689,876	6,810,596	6,810,596	544,848
(ii) Large Exposures Risk Requirement					
	93,598	93,598	44,490	44,490	3,559
	Long Position	Short Position			
(iii) Market Risk					
Benchmark Rate Risk	187,779	172,899	14,880	37,733	3,019
Foreign Currency Risk ⁵	31,495	27,704	3,791	31,602	2,528
		18,671	69,335	69,335	5,547
(iv) Operational Risk					
(v) Total RWA and Capital Requirements					
			479,311	479,311	38,345
			7,403,732	7,403,732	592,299

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section C.2.10 of CAFIB guidelines issued by Bank Negara Malaysia which comprised of Musyarakah, Musyarakah Mutanaqisah and Mudharabah contracts.

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

³ Comprising Ijarah Rental Swaps.

⁴ Comprising of trade finance facilities, underwriting and undrawn balances.

⁵ Representing the sum of all individual non-Ringgjit Net Open Positions. Computation is as per section D.8.2 paragraph 224 of CAFIB guidelines issued by Bank Negara Malaysia

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A20 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		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets		
As at 30 Jun 2014		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights									
0%	1,358,208	52,157	297,481	18,815	1,858	-	184,932	1,913,452	-
20%	226,886	803,281	243,048	-	-	-	-	1,273,216	254,643
35%	-	-	-	-	246,874	-	-	246,874	86,406
50%	15,772	194,641	102,128	797	14,262	-	-	327,600	163,800
75%	-	-	-	1,771,697	-	-	-	1,771,697	1,328,773
100%	-	-	3,998,840	2,930	3,750	-	96,418	4,101,938	4,101,938
150%	-	-	325,981	2,471	-	561,605	-	890,057	1,335,087
	1,600,866	1,050,079	4,967,478	1,796,710	266,745	561,605	281,350	10,524,834	7,270,647
As at 31 Dec 2013									
Risk-Weights									
0%	1,392,776	52,591	212,232	16,532	-	-	176,856	1,850,987	-
20%	210,148	446,863	207,268	-	-	-	-	864,279	172,856
35%	-	-	-	-	205,598	-	-	205,598	71,959
50%	-	176,331	113,235	568	15,716	-	-	305,850	152,925
75%	-	-	-	1,788,736	-	-	-	1,788,736	1,341,552
100%	15,373	-	3,800,190	3,885	886	-	146,943	3,967,277	3,967,277
150%	-	-	216,733	1,736	-	562,735	-	781,204	1,171,806
	1,618,297	675,785	4,549,658	1,811,457	222,200	562,735	323,799	9,763,931	6,878,375

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A20 Capital adequacy (Cont'd.)

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

		Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets			Other Assets
Bank	As at 30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Risk-Weights										
0%		1,358,208	39,079	297,481	18,815	1,858	-	184,932	1,900,374	-
20%		213,652	828,380	243,048	-	-	-	-	1,285,080	257,016
35%		-	-	-	-	246,874	-	-	246,874	86,406
50%		-	194,641	102,128	797	14,262	-	-	311,828	155,914
75%		-	-	-	1,771,697	-	-	-	1,771,697	1,328,773
100%		-	-	4,000,619	2,930	3,750	-	54,530	4,061,829	4,061,829
150%		-	-	325,981	2,471	-	561,605	-	890,057	1,335,085
		1,571,860	1,062,100	4,969,257	1,796,710	266,744	561,605	239,462	10,467,739	7,225,023
As at 31 Dec 2013										
Risk-Weights										
0%		1,380,230	39,171	212,232	16,532	-	-	176,856	1,825,021	-
20%		209,057	472,565	207,268	-	-	-	-	888,890	177,778
35%		-	-	-	-	205,598	-	-	205,598	71,959
50%		-	176,331	113,235	568	15,716	-	-	305,850	152,925
75%		-	-	-	1,788,736	-	-	-	1,788,736	1,341,552
100%		-	-	3,806,183	3,885	886	-	83,624	3,894,578	3,894,578
150%		-	-	216,733	1,736	-	562,734	-	781,203	1,171,804
		1,589,287	688,067	4,555,651	1,811,457	222,200	562,734	260,480	9,689,876	6,810,596

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A20 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 2014				
0%	1,913,452	-	1,900,374	-
20%	1,273,216	254,643	1,285,080	257,016
35%	246,874	86,406	246,874	86,406
50%	327,600	163,800	311,828	155,914
75%	1,771,697	1,328,773	1,771,697	1,328,773
100%	4,101,938	4,101,938	4,061,829	4,061,829
150%	890,057	1,335,087	890,057	1,335,085
Risk-weighted assets for credit risk	10,524,834	7,270,647	10,467,739	7,225,023
Risk-weighted assets for market risk		72,818		72,818
Risk-weighted assets for operational risk		506,857		489,491
Large exposure risk-weighted assets for equity holdings		44,490		44,490
Total risk-weighted assets		7,894,812		7,831,822
As at 31 Dec 2013				
0%	1,850,987	-	1,825,021	-
20%	864,279	172,856	888,890	177,778
35%	205,598	71,959	205,598	71,959
50%	305,850	152,925	305,850	152,925
75%	1,788,736	1,341,552	1,788,736	1,341,552
100%	3,967,277	3,967,277	3,894,578	3,894,578
150%	781,204	1,171,806	781,203	1,171,804
Risk-weighted assets for credit risk	9,763,931	6,878,375	9,689,876	6,810,596
Risk-weighted assets for market risk		69,335		69,335
Risk-weighted assets for operational risk		495,913		479,311
Large exposure risk-weighted assets for equity holdings		44,490		44,490
Total risk-weighted assets		7,488,113		7,403,732

(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 2014		As at 31 Dec 2013	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Benchmark Rate Risk	47,289	3,783	37,733	3,019
Foreign Exchange Risk	25,529	2,042	31,602	2,528
Total	72,818	5,825	69,335	5,547

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
30 Jun 2014			
Financial assets			
Securities held-for-trading	16,524	-	16,524
Securities available-for-sale	1,208,639	-	1,208,639
Securities held-to-maturity	81,396	-	81,396
Financing, advances and other receivables	600,115	5,705,306	6,305,421
Hedging financial instruments	12,965	-	12,965
Total	1,919,639	5,705,306	7,624,945
Financial liability			
Deposits from customers	4,953,597	-	4,953,597
Hedging financial instruments	466	-	466
	4,954,063	-	4,954,063
31 Dec 2013			
Financial assets			
Securities available-for-sale	1,034,655	-	1,034,655
Securities held-to-maturity	81,514	-	81,514
Financing, advances and other receivables	565,641	5,432,789	5,998,430
Hedging financial instruments	15,192	-	15,192
Total	1,697,002	5,432,789	7,129,791
Financial liability			
Deposits from customers	5,336,276	-	5,336,276
Hedging financial instruments	200	-	200
	5,336,476	-	5,336,476

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

	Level 2 RM'000	Level 3 RM'000	Total RM'000
Bank			
30 Jun 2014			
Financial assets			
Securities held-for-trading	16,524	-	16,524
Securities available-for-sale	1,129,076	-	1,129,076
Securities held-to-maturity	81,396	-	81,396
Financing, advances and other receivables	600,115	5,705,306	6,305,421
Hedging financial instruments	12,965	-	12,965
Total	1,840,076	5,705,306	7,545,382
Financial liability			
Deposits from customers	4,906,848	-	4,906,848
Hedging financial instruments	466	-	466
	4,907,314	-	4,907,314
31 Dec 2013			
Financial assets			
Securities available-for-sale	976,143	-	976,143
Securities held-to-maturity	81,514	-	81,514
Financing, advances and other receivables	565,641	5,432,789	5,998,430
Hedging financial instruments	15,192	-	15,192
Total	1,638,490	5,432,789	7,071,279
Financial liability			
Deposits from customers	5,317,772	-	5,317,772
Hedging financial instruments	200	-	200
	5,317,972	-	5,317,972

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate	3% - 5%

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

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

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

		Group			
		30 Jun 2014		31 Dec 2013	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
	Securities held-to-maturity	81,468	81,396	81,486	81,514
	Financing, advances and other receivables	6,415,792	6,305,421	6,009,772	5,998,430
		6,497,260	6,386,817	6,091,258	6,079,944
Financial Liabilities					
	Deposits from customers	4,958,855	4,953,597	5,342,642	5,336,276

		Bank			
		30 Jun 2014		31 Dec 2013	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
	Securities held-to-maturity	81,468	81,396	81,486	81,514
	Financing, advances and other receivables	6,415,792	6,305,421	6,009,772	5,998,430
		6,497,260	6,386,817	6,091,258	6,079,944
Financial Liabilities					
	Deposits from customers	4,908,190	4,906,848	5,320,777	5,317,772

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A21 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) Securities Held-For-Trading and Available-For-Sale

The fair values of securities actively traded are estimated based on quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity are estimated discounted cash flow techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at reporting date.

(d) Securities Held-To-Maturity

Fair values of securities that are traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. Where discounted cash flows techniques is used, the estimated futures cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(e) 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 interest rate curves.

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

(f) Financing, Advances and Other Receivables

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

(g) 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.

(h) Subordinated Murabahah Tawaruq

The fair values of subordinated murabahah tawaruq with maturity of less than one year approximate their carrying values due to the relatively short maturity of the instruments. The fair values of subordinated murabahah tawaruq with remaining maturities of more than one year are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risk profiles. As at the reporting date, all subordinated murabahah tawaruq have maturity less than one year.

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A22 FINANCIAL RISK MANAGEMENT

As an Islamic Bank with diverse financial product offerings, the Group and the Bank are exposed to different types of financial risks arising from financial instruments. Financial risks encompass credit risks, liquidity risks, operational risks and market risks. Due to these, risk management is integral to the Bank's operation.

The main financial risks affecting the Group and the Bank are discussed further as follow:

(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.

Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	30-Jun-14		31-Dec-13	
	Total gross maximum exposure		Total gross maximum exposure	
	Group RM'000	Bank RM'000	Group RM'000	Bank RM'000
Cash and short-term funds	1,549,096	1,548,072	1,406,209	1,431,875
Deposits and placements with banks and other financial institutions	250,673	276,773	75,902	75,902
Securities held-for-trading	16,524	16,524	-	-
Securities available-for-sale	1,073,871	1,015,140	1,034,655	976,143
Securities held-to-maturity	81,468	81,468	81,486	81,486
Financing, advances and other receivables	6,825,733	6,825,733	6,516,775	6,516,775
Other assets	449,592	466,362	195,570	195,420
Statutory deposits with Bank Negara Malaysia ("BNM")	206,850	206,850	182,200	182,200
Hedging financial instruments - Ijarah rental swap	12,965	12,965	15,192	15,192
Total On-Balance Sheet	10,466,771	10,449,888	9,507,989	9,474,993
Financial guarantees	23,284	23,284	11,220	11,220
Contingent liabilities	178,152	178,152	166,777	166,777
Commitments	723,930	723,930	731,019	731,019
Total Off-Balance Sheet	925,366	925,366	909,016	909,016
Total On and Off-Balance Sheet	11,392,137	11,375,254	10,417,005	10,384,009

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A22 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
	Malaysia	Middle east	Others	
	RM'000	RM'000	RM'000	RM'000
30 Jun 2014				
Group				
Cash and short-term funds	1,377,872	6,965	164,259	1,549,096
Deposits and placements with banks and other financial institutions	64,255	160,657	25,761	250,673
Securities held-for-trading				
- Unquoted	-	16,524	-	16,524
Securities available-for-sale				
- Unquoted	814,757	226,693	32,421	1,073,871
Securities held-to-maturity				
- Unquoted	30,361	-	51,108	81,468
Financing, advances and other receivables	6,765,799	9,276	50,658	6,825,733
Other assets	288,118	161,473	-	449,591
Statutory deposits with BNM	206,850	-	-	206,850
Hedging financial instruments				
- Ijarah rental swap	12,965	-	-	12,965
Total On-Balance Sheet	9,560,977	581,588	324,206	10,466,771
Financial guarantees	23,284	-	-	23,284
Contingent liabilities	153,267	-	24,885	178,152
Commitments	723,660	270	-	723,930
Total Off-Balance Sheet	900,211	270	24,885	925,366
Total On and Off-Balance Sheet	10,461,188	581,858	349,091	11,392,137

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A22 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	
31 Dec 2013				
Group				
Cash and short-term funds	1,343,035	8,433	54,741	1,406,209
Deposits and placements with banks and other financial institutions	50,005	-	25,897	75,902
Securities held-for-trading				
- Unquoted	777,576	225,624	31,455	1,034,655
Securities held-to-maturity				
- Unquoted	30,364	-	51,122	81,486
Financing, advances and other receivables	6,437,309	15,725	63,741	6,516,775
Other assets	44,020	151,550	-	195,570
Statutory deposits with BNM	182,200	-	-	182,200
Hedging financial instruments				
- Ijarah rental swap	15,192	-	-	15,192
Total On-Balance Sheet	8,879,701	401,332	226,956	9,507,989
Financial guarantees	11,220	-	-	11,220
Contingent liabilities	141,390	-	25,387	166,777
Commitments	730,884	135	-	731,019
Total Off-Balance Sheet	883,494	135	25,387	909,016
Total On and Off-Balance Sheet	9,763,195	401,467	252,343	10,417,005

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A22 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
	Malaysia	Middle east	Others	
	RM'000	RM'000	RM'000	RM'000
30 Jun 2014				
Bank				
Cash and short-term funds	1,377,872	6,965	163,235	1,548,072
Deposits and placements with banks and other financial institutions	90,356	160,657	25,760	276,773
Securities held-for-trading				
- Unquoted	-	16,524	-	16,524
Securities available-for-sale				
- Unquoted	801,524	213,616	-	1,015,140
Securities held-to-maturity				
- Unquoted	30,361	-	51,108	81,468
Financing, advances and other receivables	6,765,799	9,276	50,658	6,825,733
Other assets	304,889	161,473	-	466,362
Statutory deposits with BNM	206,850	-	-	206,850
Hedging financial instruments				
- Ijarah rental swap	12,965	-	-	12,965
Total On-Balance Sheet	9,590,616	568,512	290,761	10,449,888
Financial guarantees	23,284	-	-	23,284
Contingent liabilities	153,267	-	24,885	178,152
Commitments	723,660	270	-	723,930
Total Off-Balance Sheet	900,211	270	24,885	925,366
Total On and Off-Balance Sheet	10,490,827	568,782	315,646	11,375,254

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A22 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	
31 Dec 2013				
Bank				
Cash and short-term funds	1,369,877	8,433	53,565	1,431,875
Deposits and placements with banks and other financial institutions	50,005	-	25,897	75,902
Securities available-for-sale				
- Unquoted	763,939	212,204	-	976,143
Securities held-to-maturity				
- Unquoted	30,364	-	51,122	81,486
Financing, advances and other receivables	6,437,309	15,725	63,741	6,516,775
Other assets	43,870	151,550	-	195,420
Statutory deposits with BNM	182,200	-	-	182,200
Hedging financial instruments				
- Ijarah rental swap	15,192	-	-	15,192
Total On-Balance Sheet	8,892,756	387,912	194,325	9,474,993
Financial guarantees	11,220	-	-	11,220
Contingent liabilities	141,390	-	25,387	166,777
Commitments	730,884	135	-	731,019
Total Off-Balance Sheet	883,494	135	25,387	909,016
Total On and Off-Balance Sheet	9,776,250	388,047	219,712	10,384,009

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A22 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	
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Cash and short-term funds	-	1,549,096	-	-	-	1,549,096
Deposits and placements with banks and other financial institutions	-	250,673	-	-	-	250,673
Securities held-for-trading	-	-	-	-	16,524	16,524
Securities available-for-sale	-	196,532	29,159	-	552,765	1,073,871
Securities held-to-maturity	-	56,156	-	5,063	-	81,468
Financing, advances and other receivables	1,381,271	466,979	1,681,359	577,821	-	2,718,303
Other assets	-	299	-	-	-	449,293
Statutory deposits with BNM	-	206,850	-	-	-	206,850
Hedging financial instruments	-	-	-	12,965	-	12,965
Total On-Balance Sheet	1,381,271	2,726,584	1,710,518	595,849	552,765	3,499,784
Financial guarantees	865	-	553	10,773	-	11,093
Contingent liabilities	10,350	-	62,669	7,188	-	97,945
Commitments	96,079	-	166,684	76,501	-	384,667
Total Off-Balance Sheet	107,294	-	229,906	94,462	-	493,705
Total On and Off-Balance Sheet	1,488,565	2,726,584	1,940,424	690,311	552,765	3,993,488

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A22 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
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others	
31 Dec 2013 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	1,406,209	-	-	-	-	1,406,209
Deposits and placements with banks and other financial institutions	-	75,902	-	-	-	-	75,902
Securities held-for-trading	-	-	-	-	-	-	-
Securities available-for-sale	-	151,781	29,493	10,202	547,742	295,437	1,034,655
Securities held-to-maturity	-	56,170	-	5,064	-	20,252	81,486
Financing, advances and other receivables	1,291,071	446,468	1,431,848	486,144	-	2,861,244	6,516,775
Other assets	-	299	-	-	-	195,271	195,570
Statutory deposits with BNM	-	182,200	-	-	-	-	182,200
Hedging financial instruments	-	-	-	15,192	-	-	15,192
Total On-Balance Sheet	1,291,071	2,319,029	1,461,341	516,602	547,742	3,372,204	9,507,989
Financial guarantees	-	-	1,543	1,233	-	8,444	11,220
Contingent liabilities	11,622	-	82,279	7,278	-	65,598	166,777
Commitments	131,401	-	128,549	192,309	-	278,760	731,019
Total Off-Balance Sheet	143,023	-	212,371	200,820	-	352,802	909,016
Total On and Off-Balance Sheet	1,434,094	2,319,029	1,673,712	717,422	547,742	3,725,006	10,417,005

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A22 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
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Cash and short-term funds	-	1,548,072	-	-	-	1,548,072
Deposits and placements with banks and other financial institutions	-	276,773	-	-	-	276,773
Securities held-for-trading	-	-	-	-	16,524	16,524
Securities available-for-sale	-	183,455	29,159	-	523,759	1,015,140
Securities held-to-maturity	-	56,156	-	5,063	-	81,468
Financing, advances and other receivables	1,381,271	466,979	1,681,359	577,821	-	2,718,303
Other assets	-	299	-	-	-	466,063
Statutory deposits with BNM	-	206,850	-	-	-	206,850
Hedging financial instruments	-	-	-	12,965	-	12,965
Total On-Balance Sheet	1,381,271	2,738,585	1,710,518	595,849	523,759	3,499,906
Financial guarantees	865	-	553	10,773	-	11,093
Contingent liabilities	10,350	-	62,669	7,188	-	97,945
Commitments	96,079	-	166,684	76,501	-	384,667
Total Off-Balance Sheet	107,294	-	229,906	94,462	-	493,705
Total On and Off-Balance Sheet	1,488,565	2,738,585	1,940,424	690,311	523,759	3,993,610

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A22 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
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	
31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Cash and short-term funds	-	1,431,875	-	-	-	1,431,875
Deposits and placements with banks and other financial institutions	-	75,902	-	-	-	75,902
Securities held-for-trading	-	-	-	-	-	-
Securities available-for-sale	-	138,361	29,493	10,202	518,731	279,356
Securities held-to-maturity	-	56,170	-	5,064	-	20,252
Financing, advances and other receivables	1,291,071	446,468	1,431,848	486,144	-	2,861,244
Other assets	-	299	-	-	-	195,121
Statutory deposits with BNM	-	182,200	-	-	-	-
Hedging financial instruments	-	-	-	15,192	-	-
Total On-Balance Sheet	1,291,071	2,331,275	1,461,341	516,602	518,731	3,355,973
Financial guarantees	-	-	1,543	1,233	-	8,444
Contingent liabilities	11,622	-	82,279	7,278	-	65,598
Commitments	131,401	-	128,549	192,309	-	278,760
Total Off-Balance Sheet	143,023	-	212,371	200,820	-	352,802
Total On and Off-Balance Sheet	1,434,094	2,331,275	1,673,712	717,422	518,731	3,708,775

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A22 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	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
30 Jun 2014						
Group						
Cash and short-term funds	1,494,042	-	-	-	55,054	1,549,096
Deposits and placements with banks and other financial institutions	250,673	-	-	-	-	250,673
Securities held-for-trading	-	-	-	16,524	-	16,524
Securities available-for-sale	241,935	13,234	351,493	467,208	-	1,073,871
Securities held-to-maturity	-	-	56,156	25,312	-	81,468
Financing, advances and other receivables	3,800,151	350,527	375,595	2,299,459	-	6,825,733
Other assets	-	-	-	-	449,592	449,592
Statutory deposits with BNM	-	-	-	-	206,850	206,850
Hedging financial instruments	-	-	-	12,965	-	12,965
Total On-Balance Sheet	5,786,800	363,761	783,245	2,821,469	711,496	10,466,771
Financial guarantees	7,660	3,783	11,821	-	20	23,284
Contingent liabilities	65,146	37,534	32,089	22,506	20,878	178,152
Commitments	199,210	30,086	79,095	215,499	200,041	723,930
Total Off-Balance Sheet	272,016	71,403	123,005	238,005	220,938	925,366
Total On and Off-Balance Sheet	6,058,816	435,164	906,250	3,059,473	932,434	11,392,137

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A22 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	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		
31 Dec 2013						
Group						
Cash and short-term funds	1,327,227	-	-	-	78,982	1,406,209
Deposits and placements with banks and other financial institutions	50,005	25,897	-	-	-	75,902
Securities held-for-trading						-
Securities available-for-sale	85,330	169,082	319,266	460,977	-	1,034,655
Securities held-to-maturity	-	-	56,170	25,316	-	81,486
Financing, advances and other receivables	3,584,434	184,000	307,043	2,441,298	-	6,516,775
Other assets	-	-	-	-	195,570	195,570
Statutory deposits with BNM	-	-	-	-	182,200	182,200
Hedging financial instruments	-	-	15,192	-	-	15,192
Total On-Balance Sheet	5,046,996	378,979	697,671	2,927,591	456,752	9,507,989
Financial guarantees	2,789	5,384	2,915	-	132	11,220
Contingent liabilities	62,495	42,165	9,737	14,762	37,618	166,777
Commitments	242,656	23,117	146,787	254,589	63,870	731,019
Total Off-Balance Sheet	307,940	70,666	159,439	269,351	101,620	909,016
Total On and Off-Balance Sheet	5,354,936	449,645	857,110	3,196,942	558,372	10,417,005

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A22 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	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
30 Jun 2014						
Bank						
Cash and short-term funds	1,494,042	-	-	-	54,030	1,548,072
Deposits and placements with banks and other financial institutions	276,773	-	-	-	-	276,773
Securities held-for-trading	-	-	-	16,524	-	16,524
Securities available-for-sale	241,935	-	305,996	467,209	-	1,015,140
Securities held-to-maturity	-	-	56,156	25,312	-	81,468
Financing, advances and other receivables	3,800,151	350,527	375,595	2,299,459	-	6,825,733
Other assets	-	299	-	-	466,063	466,362
Statutory deposits with BNM	-	-	-	-	206,850	206,850
Hedging financial instruments	-	-	-	12,965	-	12,965
Total On-Balance Sheet	5,812,901	350,827	737,747	2,821,470	726,944	10,449,888
Financial guarantees	7,660	3,783	11,821	-	20	23,284
Contingent liabilities	65,146	37,534	32,089	22,506	20,878	178,152
Commitments	199,210	30,086	79,095	215,499	200,041	723,930
Total Off-Balance Sheet	272,016	71,403	123,005	238,005	220,938	925,366
Total On and Off-Balance Sheet	6,084,917	422,229	860,752	3,059,474	947,882	11,375,254

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A22 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	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		
31 Dec 2013						
Bank						
Cash and short-term funds	1,354,068	-	-	-	77,807	1,431,875
Deposits and placements with banks and other financial institutions	50,005	25,897	-	-	-	75,902
Securities held-for-trading						-
Securities available-for-sale	85,330	169,082	260,754	460,977	-	976,143
Securities held-to-maturity	-	-	56,170	25,316	-	81,486
Financing, advances and other receivables	3,584,434	184,000	307,043	2,441,298	-	6,516,775
Other assets	-	-	-	-	195,420	195,420
Statutory deposits with BNM	-	-	-	-	182,200	182,200
Hedging financial instruments	-	-	15,192	-	-	15,192
Total On-Balance Sheet	5,073,837	378,979	639,159	2,927,591	455,427	9,474,993
Financial guarantees	2,789	5,384	2,915	-	132	11,220
Contingent liabilities	62,495	42,165	9,737	14,762	37,618	166,777
Commitments	242,656	23,117	146,787	254,589	63,870	731,019
Total Off-Balance Sheet	307,940	70,666	159,439	269,351	101,620	909,016
Total On and Off-Balance Sheet	5,381,777	449,645	798,598	3,196,942	557,047	10,384,009

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Credit quality per class of financial assets

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

	Performing	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2014						
Group						
Securities held-for-trading	16,524	-	-	-	-	-
Securities available-for-sale	1,043,684	-	-	-	30,187	1,073,871
Securities held-to-maturity	81,468	-	-	-	-	81,468
Financing, advances and other receivables	2,751,934	1,317,558	1,041,292	1,201,549	513,400	6,825,733
Other assets	1,291	-	-	-	615	1,906
Hedging financial instruments	12,965	-	-	-	-	12,965
Total On-Balance Sheet	3,907,867	1,317,558	1,041,292	1,201,549	544,202	7,995,943
Financial guarantees	23,284	-	-	-	-	23,284
Contingent liabilities	178,152	-	-	-	-	178,152
Commitments	723,930	-	-	-	-	723,930
Total Off-Balance Sheet	925,366	-	-	-	-	925,366
Total On and Off-Balance Sheet	4,833,233	1,317,558	1,041,292	1,201,549	544,202	8,921,309
Bank						
Securities held-for-trading	16,524	-	-	-	-	-
Securities available-for-sale	1,005,785	-	-	-	9,355	1,015,140
Securities held-to-maturity	81,468	-	-	-	-	81,468
Financing, advances and other receivables	2,751,934	1,317,558	1,041,292	1,201,549	513,400	6,825,733
Other assets	11	-	-	-	615	626
Hedging financial instruments	12,965	-	-	-	-	12,965
Total On-Balance Sheet	3,868,688	1,317,558	1,041,292	1,201,549	523,370	7,935,932
Financial guarantees	23,284	-	-	-	-	23,284
Contingent liabilities	178,152	-	-	-	-	178,152
Commitments	723,930	-	-	-	-	723,930
Total Off-Balance Sheet	925,366	-	-	-	-	925,366
Total On and Off-Balance Sheet	4,794,054	1,317,558	1,041,292	1,201,549	523,370	8,861,298

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) 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	Unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2013						
Group						
Securities available-for-sale	1,025,042	-	-	-	9,613	1,034,655
Securities held-to-maturity	81,486	-	-	-	-	81,486
Financing, advances and other receivables	2,176,996	1,866,063	914,202	868,888	690,626	6,516,775
Other assets	14,952	-	-	-	615	15,567
Hedging financial instruments	15,192	-	-	-	-	15,192
Total On-Balance Sheet	3,313,668	1,866,063	914,202	868,888	700,854	7,663,675
Financial guarantees	11,220	-	-	-	-	11,220
Contingent liabilities	166,777	-	-	-	-	166,777
Commitments	731,019	-	-	-	-	731,019
Total Off-Balance Sheet	909,016	-	-	-	-	909,016
Total On and Off-Balance Sheet	4,222,684	1,866,063	914,202	868,888	700,854	8,572,691
Bank						
Securities available-for-sale	966,530	-	-	-	9,613	976,143
Securities held-to-maturity	81,486	-	-	-	-	81,486
Financing, advances and other receivables	2,176,996	1,866,063	914,202	868,888	690,626	6,516,775
Other assets	14,867	-	-	-	615	15,482
Hedging financial instruments	15,192	-	-	-	-	15,192
Total On-Balance Sheet	3,255,071	1,866,063	914,202	868,888	700,854	7,605,078
Financial guarantees	11,220	-	-	-	-	11,220
Contingent liabilities	166,777	-	-	-	-	166,777
Commitments	731,019	-	-	-	-	731,019
Total Off-Balance Sheet	909,016	-	-	-	-	909,016
Total On and Off-Balance Sheet	4,164,087	1,866,063	914,202	868,888	700,854	8,514,094

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

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

Group and Bank	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Corporate & Commercial		
Excellent	160,546	89,265
Strong	1,369,936	869,461
Minimum	1,067,260	598,963
Pass with condition	1,355,165	764,463
Early care	289,121	323,216
Impaired	512,109	689,149
New/SPV	98,244	397,879
Unrated *	1,954,702	2,769,253
	6,807,083	6,501,649
SME		
Good	39	139
Very High Satisfactory	682	1,444
High Satisfactory	3,346	2,750
Upper Medium Satisfactory	1,909	263
Lower Medium Satisfactory	6,984	1,685
Low Satisfactory	3,834	7,092
Very Low Satisfactory	565	-
Marginal/ Watchlist	-	276
Default - Impaired	1,291	1,477
Total SME	18,650	15,126
Total	6,825,733	6,516,775

* Unrated segment includes retail consumer credit exposures

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

30 Jun 2014

Securities

Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
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		Government -	Total
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	guaranteed	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Securities held-for-trading	-	16,524	-	-	-	-	16,524
Securities available-for-sale	197,807	423,380	49,686	-	73,575	329,423	1,073,871
Securities held-to-maturity	81,468	-	-	-	-	-	81,468
Bank							
Securities held-for-trading	-	16,524	-	-	-	-	16,524
Securities available-for-sale	184,730	410,147	17,265	-	73,575	329,423	1,015,140
Securities held-to-maturity	81,468	-	-	-	-	-	81,468

31 Dec 2013

Securities

Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
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		Government -	Total
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	guaranteed	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Securities available-for-sale	164,010	417,729	48,788	-	75,128	329,000	1,034,655
Securities held-to-maturity	81,486	-	-	-	-	-	81,486
Bank							
Securities available-for-sale	150,590	404,092	17,333	-	75,128	329,000	976,143
Securities held-to-maturity	81,486	-	-	-	-	-	81,486

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

30 Jun 2014	Less than 30 days	31 to 60 days	61 to 90 days	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
Financing and advances to customers				
Corporate financing	36,858	-	-	36,858
Commercial financing	79,165	678	1,989	81,832
Retail & Consumer financing	482,177	341,534	98,891	922,602
	598,200	342,211	100,880	1,041,292

31 Dec 2013	Less than 30 days	31 to 60 days	61 to 90 days	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
Financing and advances to customers				
Corporate financing	38,964	-	-	38,964
Commercial financing	64,248	2,469	2,119	68,836
Retail & Consumer financing	426,379	355,184	24,839	806,402
	529,591	357,653	26,958	914,202

Impaired and past due financing by geographical regions

30 Jun 2014	Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	462,545	1,040,263	187,154		105,152
Middle East	350	649	14		-
Others	50,505	380	901		-
Total	513,400	1,041,292	188,069	221,872	105,152

31 Dec 2013	Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	636,836	909,333	309,799		114,511
Middle East	5,632	2,120	5,544		-
Others	48,158	2,749	734		-
Total	690,626	914,202	316,077	190,926	114,511

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Impaired and past due financing by industry sector

30 Jun 2014	Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	357,505	117,506	153,785		14
Banks and financial institutions	16,744	155	4,758		-
Construction and real estate	45,014	4,164	1,331		-
Transportation, storage and communication	37,892	1,184	6,708		-
Others	56,245	918,283	21,487		105,138
Total	513,400	1,041,292	188,069	221,872	105,152

31 Dec 2013	Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	376,074	102,111	158,317		6,413
Banks and financial institutions	22,120	4,896	10,302		-
Construction and real estate	79,824	5,038	13,020		5,040
Transportation, storage and communication	56,197	793	11,386		-
Others	156,412	801,364	123,052		103,058
Total	690,626	914,202	316,077	190,926	114,511

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

	30 Jun 2014	31 Dec 2013
	Total	Total
	RM'000	RM'000
Group and Bank		
Financing and advances to customers		
Corporate financing	1,056,693	859,482
Commercial financing	196,463	8,681
Retail & Consumer financing	1,682	725
	1,254,838	868,888

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 bank 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.

As at 30 June 2014, 93.4% (31 December 2013: 92.6%) of financing, advances and other receivables of the Bank are collateralised.

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A22 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 uses the Bank Negara Malaysia's New Liquidity Framework as a foundation in managing its liquidity.

The objective of liquidity risk management is to ensure that cash needs always can be met at reasonable cost, either by:

- i) maturity or sale of assets, or
- ii) the acquisition of deposits or additional funding from the Islamic money markets.

Liquidity risk management function is overseen by the Asset and Liability Management Committee ("ALCO"), who is guided by the Bank's Asset and Liability Management Policy.

Contractual maturity of total assets and liabilities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheets assets and liabilities, commitments and counter-guarantees are important factors in assessing liquidity of the Group and the Bank.

The table below provides analysis of assets and liabilities into relevant maturity tenures based on their behavioural profile. The disclosure is made in accordance with the requirement of revised BNM's GP8-i "Guidelines on Financial Reporting for Licensed Islamic Banks".

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	1,494,042	-	-	-	55,054	1,549,096
Deposits and placements with banks and other financial institutions	250,673	-	-	-	-	250,673
Securities held-for-trading	-	-	-	16,524	-	16,524
Securities available-for-sale	168,360	13,234	351,493	467,208	208,344	1,208,639
Securities held-to-maturity	-	-	56,156	25,312	-	81,468
Financing, advances and receivables	3,640,835	80,171	849,214	1,845,572	-	6,415,792
Musyarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	663,510	663,510
Total Assets	5,553,909	93,405	1,256,864	2,354,616	932,806	10,191,600

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A22 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 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,991,049	272,442	16,764	-	678,600	4,958,855
Deposits and placements of banks and other financial institutions	2,765,272	47,518	-	-	-	2,812,790
Subordinated Murabahah Tawarruq	414,771	-	-	-	-	414,771
Other liabilities	-	-	-	-	348,278	348,278
Total Liabilities	7,171,093	319,960	16,764	-	1,026,878	8,534,694
Shareholder's equity	-	-	-	-	1,656,906	1,656,906
Total Liabilities and Shareholder's equity	7,171,093	319,960	16,764	-	2,683,784	10,191,600
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	272,016	71,403	123,004	238,004	220,938	925,366
Net maturity mismatch	(1,889,200)	(297,958)	1,117,095	2,116,613	(1,971,917)	(925,366)

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A22 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 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	1,327,227	-	-	-	78,982	1,406,209
Deposits and placements with banks and other financial institutions	50,005	25,897	-	-	-	75,902
Securities available-for-sale	10,202	169,083	319,266	460,976	229,416	1,188,943
Securities held-to-maturity	-	-	56,170	25,316	-	81,486
Financing, advances and receivables	3,187,258	228,665	585,557	2,008,292	-	6,009,772
Musyarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	682,673	682,673
Total Assets	4,574,692	423,645	960,993	2,494,584	996,969	9,450,883
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,983,526	622,795	37,542	-	698,779	5,342,642
Deposits and placements of banks and other financial institutions	1,705,985	65,575	-	-	-	1,771,560
Subordinated Murabahah Tawarruq	415,577	-	-	-	-	415,577
Other liabilities	-	-	-	-	331,490	331,490
Total Liabilities	6,105,088	688,370	37,542	-	1,030,269	7,861,269
Shareholder's equity	-	-	-	-	1,589,614	1,589,614
Total Liabilities and Shareholder's equity	6,105,088	688,370	37,542	-	2,619,883	9,450,883
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	307,940	70,666	159,439	269,351	101,620	909,016
Net maturity mismatch	(1,838,336)	(335,391)	764,012	2,225,233	(1,724,534)	(909,016)

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A22 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
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	1,494,042	-	-	-	54,030	1,548,072
Deposits and placements with banks and other financial institutions	276,773	-	-	-	-	276,773
Securities held-for-trading	-	-	-	16,524	-	16,524
Securities available-for-sale	168,360	-	305,996	467,208	187,512	1,129,076
Securities held-to-maturity	-	-	56,156	25,312	-	81,468
Financing, advances and receivables	3,640,835	80,171	849,214	1,845,572	-	6,415,792
Musarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	680,280	680,280
Total Assets	5,580,010	80,171	1,211,366	2,354,616	927,720	10,153,883
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,940,384	272,442	16,764	-	678,600	4,908,190
Deposits and placements of banks and other financial institutions	2,798,035	47,518	-	-	-	2,845,553
Subordinated Murabahah Tawarruq	414,771	-	-	-	-	414,771
Murabahah bank financing	-	-	-	-	-	-
Other liabilities	-	-	-	-	347,197	347,197
Total Liabilities	7,153,190	319,960	16,764	-	1,025,797	8,515,711
Shareholder's equity	-	-	-	-	1,638,172	1,638,172
Total Liabilities and Shareholder's equity	7,153,190	319,960	16,764	-	2,663,969	10,153,883
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	272,016	71,403	123,004	238,004	220,938	925,366
Net maturity mismatch	(1,845,197)	(311,192)	1,071,598	2,116,612	(1,957,187)	(925,366)

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A22 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 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	1,354,068	-	-	-	77,807	1,431,875
Deposits and placements with banks and other financial institutions	50,005	25,897	-	-	-	75,902
Securities available-for-sale	10,202	169,083	260,755	460,976	189,593	1,090,609
Securities held-to-maturity	-	-	56,170	25,316	-	81,486
Financing, advances and receivables	3,187,258	228,665	585,557	2,008,292	-	6,009,772
Musarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	700,594	700,594
Total Assets	4,601,533	423,645	902,482	2,494,584	973,892	9,396,136
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,961,661	622,795	37,542	-	698,779	5,320,777
Deposits and placements of banks and other financial institutions	1,688,162	65,575	-	-	-	1,753,737
Subordinated Murabahah Tawarruq	415,577	-	-	-	-	415,577
Other liabilities	-	-	-	-	330,648	330,648
Total Liabilities	6,065,400	688,370	37,542	-	1,029,427	7,820,739
Shareholder's equity	-	-	-	-	1,575,397	1,575,397
Total Liabilities and Shareholder's equity	6,065,400	688,370	37,542	-	2,604,824	9,396,136
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	307,940	70,666	159,439	269,351	101,620	909,016
Net maturity mismatch	(1,771,807)	(335,391)	705,501	2,225,233	(1,732,552)	(909,016)

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A22 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 2014						
Group						
Deposits from customers	4,018,143	278,028	18,182	-	678,600	4,992,954
Deposit and placements of banks and other financial institutions	2,785,507	48,569	-	-	-	2,834,076
Subordinated Murabahah Tawarruq	418,303	-	-	-	-	418,303
Other liabilities	-	-	-	-	348,278	348,278
Total	7,221,954	326,597	18,182	-	1,026,878	8,593,611
Bank						
Deposits from customers	3,967,457	278,096	18,200	-	678,600	4,942,353
Deposit and placements of banks and other financial institutions	2,818,334	48,560	-	-	-	2,866,893
Subordinated Murabahah Tawarruq	418,303	-	-	-	-	418,303
Other liabilities	-	-	-	-	347,197	347,197
Total	7,204,094	326,656	18,200	-	1,025,797	8,574,746

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

31 Dec 2013 Group	Up to 6 months RM'000	> 6 -12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity RM'000	Total RM'000
Deposits from customers	3,989,303	635,923	40,809	25,127	698,779	5,389,941
Deposit and placements of banks and other financial institutions	1,717,422	66,903	-	-	-	1,784,325
Subordinated Murabahah Tawarruq	419,288	-	-	-	-	419,288
Other liabilities	-	-	-	-	331,490	331,490
Total	6,126,013	702,825	40,809	25,127	1,030,269	7,925,044
Bank						
Deposits from customers	3,989,300	635,922	40,808	-	698,779	5,364,809
Deposit and placements of banks and other financial institutions	1,699,431	66,897	-	-	-	1,766,328
Subordinated Murabahah Tawarruq	419,288	-	-	-	-	419,288
Other liabilities	-	-	-	-	330,648	330,648
Total	6,108,019	702,819	40,808	-	1,029,427	7,881,073

To manage the risk inherent from the above position, limits on the following ratios are imposed to ensure that the Bank has sufficient liquidity to meet the liability obligations:

- i) The sum of assets to mature within a period of one week and liquefiable assets over the liabilities that will mature within a period of 1 week;
- ii) The sum of assets to mature within a period of one month and liquefiable assets over the liabilities that will mature within a period of 1 month; and
- iii) The sum of cash, bank balances, placements and deposits with banks and financial institutions, and liquefiable assets over the total deposits from the 10 largest depositors of the Bank.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK

Trading

All positions, when the change in fair values will affect the current financial year net profit, are classified as trading positions. Limits on the trading exposures, annual loss and holding period are imposed to manage the potential impact of the trading positions on the Bank's profit and loss. Risk Management Division will review these limits regularly and will recommend to Board Risk Management Committee changes or additional limits, when necessary.

The capital requirement for the Bank's trading exposures is guided by Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank ("CAFIB").

(i) Benchmark Rate Risk

Rate sensitive financial instruments are normally affected by general changes in the market profit rate, known as general risk. Changes in factor related to a specific issuer, in particular issuer's credit quality, which would affect the instrument, are known as specific risk. The Bank has adopted the maturity method as defined in CAFIB in computing the general risk charge of rate sensitive instruments.

The Bank's exposures to benchmark rate risk comprise of exposures in Held-for-Trading (HFT) sukuks and ijarah rental swap (IRS). As at 30 June 2014, the total risk weighted assets for exposures with benchmark rate risk was RM 47.29 million (31 December 2013: RM37.73 million) with a total capital charge of RM 3.783 million (31 December 2013: RM3.019million).

All positions in IRS was fully squared (31 December 2013: Squared). The table below indicates the Basis Point Value ("BPV") sensitivity analysis of the securities held-for-trading against the movement in market benchmark rates.

Securities held-for-trading

	30 Jun 2014			31 Dec 2013		
	Nominal amount RM' 000	Modified duration	BPV	Nominal amount RM	Modified duration	BPV
US Dollar (USD)	16,055	7.98	13,185	-	-	-

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(c) MARKET RISK (Cont'd.)

(ii) Foreign exchange risk

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

As at 30 June 2013, the total risk weighted assets for exposures with foreign exchange rate risk was RM36.588 million (31 December 2013: RM31.601 million) with a total capital charge of RM2.927 million (31 December 2013: RM2.528 million).

The table below indicates the currencies to which the Bank had significant exposure. 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 2014		31 Dec 2013	
	Change in exchange rate %	Effect on Income Statements / Equity RM	Change in exchange rate %	Effect on Income Statements / Equity RM
Group				
Singapore Dollar (SGD)	1	1	1	(4)
US Dollar (USD)	1	3,840	1	(910)
Euro (EUR)	1	(1,627)	1	(648)
Bank				
Singapore Dollar (SGD)	1	1	1	14
US Dollar (USD)	1	2,066	1	(1,255)
Euro (EUR)	1	(488)	1	(428)

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(c) MARKET RISK (Cont'd.)

Non-Trading

All positions, when the change in fair values will affect the Bank's equity, are classified as non-trading positions. The Bank's exposures in securities available-for-sale are classified as non-trading market risk positions. At present, these exposures are not subject to market risk capital charge requirement.

The table below indicates the Basis Point Value ("BPV") sensitivity analysis of the securities available-for-sale against the movement in market benchmark rates.

Securities available-for-sale

Group	30 Jun 2014			31 Dec 2013		
	Nominal amount	Modified duration	BPV	Nominal amount	Modified duration	BPV
	RM' 000			RM' 000		
Ringgit Malaysia	502,000	3.23	159,803	467,000	3.57	163,925
US Dollar	475,228	4.55	230,735	484,811	4.86	244,091
Bank						
Ringgit Malaysia	502,000	3.23	159,803	467,000	3.57	163,925
US Dollar	417,430	4.82	215,679	425,848	5.14	226,797

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(d) RATE OF RETURN RISK

The Group and the Bank are exposed to risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position. The rate of return 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 rate of return risk. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates.

Group 30 Jun 2014	Non-trading book						Trading book	Total	Effective profit rate			
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non- profit sensitive				RM'000	RM'000	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000						
ASSETS												
Cash and short-term funds	1,494,042	-	-	-	-	55,054	-	1,549,096	2.58			
Deposits and placements with banks and other financial institutions	-	186,426	64,247	-	-	-	-	250,673	0.78			
Securities held-for-trading	-	-	-	-	16,524	-	-	16,524	2.91			
Securities available-for-sale	151,985	16,375	13,234	351,493	467,208	208,344	-	1,208,639	2.91			
Securities held-to-maturity	-	-	-	56,156	25,312	-	-	81,468	5.24			
Financing, advances and receivables	2,118,798	1,877,663	572,430	593,036	1,253,865	-	-	6,415,792	5.51			
Musarakah capital investment	-	-	-	-	-	5,898	-	5,898	-			
Other assets	-	-	-	-	-	663,510	-	663,510	-			
TOTAL ASSETS	3,764,825	2,080,463	649,910	1,000,686	1,762,909	932,806	-	10,191,600	-			
LIABILITIES AND SHAREHOLDER'S EQUITY												
Deposits from customers	2,664,457	870,321	678,048	67,429	-	678,600	-	4,958,855	2.74			
Deposits and placements of banks and other financial institutions	1,945,806	418,667	448,317	-	-	-	-	2,812,790	2.96			
Subordinated Murabahah Tawarruq	414,771	-	-	-	-	-	-	414,771	3.45			
Other liabilities	-	-	-	-	-	348,278	-	348,278	-			
Total Liabilities	5,025,034	1,288,988	1,126,365	67,429	-	1,026,878	-	8,534,694	-			
Shareholder's equity	-	-	-	-	-	1,656,906	-	1,656,906	-			
Total Liabilities and Shareholder's Equity	5,025,034	1,288,988	1,126,365	67,429	-	2,683,784	-	10,191,600	-			
On-balance sheet profit sensitivity gap	(1,260,209)	791,475	(476,455)	933,257	1,762,909	(1,750,978)	-	-	-			
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-			
Total profit sensitivity gap	(1,260,209)	791,475	(476,455)	933,257	1,762,909	(1,750,978)	-	-	-			

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (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			
31 Dec 2013									
ASSETS									
Cash and short-term funds	1,327,227	-	-	-	-	78,982	-	1,406,209	2.86
Deposits and placements with banks and other financial institutions	-	50,005	25,897	-	-	-	-	75,902	1.50
Securities available-for-sale	-	10,202	169,083	319,266	460,976	229,416	-	1,188,943	3.09
Securities held-to-maturity	-	-	-	56,170	25,316	-	-	81,486	5.24
Financing, advances and receivables	1,973,144	1,755,869	474,374	477,793	1,328,592	-	-	6,009,772	5.78
Musarakah capital investment	-	-	-	-	-	5,898	-	5,898	-
Other assets	-	-	-	-	-	682,673	-	682,673	-
TOTAL ASSETS	3,300,371	1,816,076	669,354	853,229	1,814,884	996,969	-	9,450,883	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,184,991	1,079,640	1,319,824	37,542	21,866	698,779	-	5,342,642	2.82
Deposits and placements of banks and other financial institutions	1,119,844	213,509	438,207	-	-	-	-	1,771,560	2.71
Subordinated Murabahah Tawarruq	-	-	415,577	-	-	-	-	415,577	3.62
Other liabilities	-	-	-	-	-	331,490	-	331,490	-
Total Liabilities	3,304,835	1,293,149	2,173,608	37,542	21,866	1,030,269	-	7,861,269	
Shareholder's equity	-	-	-	-	-	1,589,614	-	1,589,614	-
Total Liabilities and Shareholder's Equity	3,304,835	1,293,149	2,173,608	37,542	21,866	2,619,883	-	9,450,883	
On-balance sheet profit sensitivity gap	(4,464)	522,927	(1,504,254)	815,687	1,793,018	(1,622,914)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(4,464)	522,927	(1,504,254)	815,687	1,793,018	(1,622,914)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (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 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
ASSETS									
Cash and short-term funds	1,494,042	-	-	-	-	54,030	-	1,548,072	2.58
Deposits and placements with banks and other financial institutions	-	212,526	64,247	-	-	-	-	276,773	0.77
Securities held-for-trading	-	-	-	-	16,524	-	-	16,524	2.91
Securities available-for-sale	151,985	16,375	-	305,996	467,208	187,511	-	1,129,076	2.95
Securities held-to-maturity	-	-	-	56,156	25,312	-	-	81,468	5.24
Financing, advances and receivables	2,118,798	1,877,663	572,430	593,036	1,253,865	-	-	6,415,792	5.51
Musyarakah capital investment	-	-	-	-	-	5,898	-	5,898	
Other assets	-	-	-	-	-	680,280	-	680,280	
TOTAL ASSETS	3,764,825	2,106,564	636,677	955,188	1,762,909	927,720	-	10,153,883	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,664,458	870,320	678,048	16,764	-	678,600	-	4,908,190	2.78
Deposits and placements of banks and other financial institutions	1,952,869	418,667	474,017	-	-	-	-	2,845,553	2.93
Subordinated Murabahah Tawarruq	414,771	-	-	-	-	-	-	414,771	3.45
Other liabilities	-	-	-	-	-	347,197	-	347,197	-
Total Liabilities	5,032,098	1,288,987	1,152,065	16,764	-	1,025,797	-	8,515,711	
Shareholder's equity	-	-	-	-	-	1,638,172	-	1,638,172	
Total Liabilities and Shareholder's Equity	5,032,098	1,288,987	1,152,065	16,764	-	2,663,969	-	10,153,883	
On-balance sheet profit sensitivity gap	(1,267,273)	817,576	(515,388)	938,424	1,762,909	(1,736,249)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,267,273)	817,576	(515,388)	938,424	1,762,909	(1,736,249)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (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				
31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,354,068	-	-	-	-	77,807	-	1,431,875	2.72
Deposits and placements with banks and other financial institutions	-	50,005	25,898	-	-	-	-	75,902	1.50
Securities available-for-sale	-	10,202	169,083	260,755	460,976	189,593	-	1,090,609	3.03
Securities held-to-maturity	-	-	-	56,170	25,316	-	-	81,486	5.24
Financing, advances and receivables	1,973,144	1,755,869	474,374	477,793	1,328,592	-	-	6,009,772	5.78
Musyarakah capital investment	-	-	-	-	-	5,898	-	5,898	-
Other assets	-	-	-	-	-	700,594	-	700,594	-
TOTAL ASSETS	3,327,212	1,816,076	669,354	794,718	1,814,884	973,892	-	9,396,136	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,184,991	1,079,640	1,319,824	37,542	-	698,780	-	5,320,777	2.82
Deposits and placements of banks and other financial institutions	1,102,021	213,509	438,207	-	-	-	-	1,753,737	2.70
Subordinated Murabahah Tawarruq	-	-	415,577	-	-	-	-	415,577	3.62
Other liabilities	-	-	-	-	-	330,648	-	330,648	-
Total Liabilities	3,287,012	1,293,149	2,173,608	37,542	-	1,029,428	-	7,820,739	
Shareholder's equity	-	-	-	-	-	1,575,397	-	1,575,397	-
Total Liabilities and Shareholder's Equity	3,287,012	1,293,149	2,173,608	37,542	-	2,604,825	-	9,396,136	
On-balance sheet profit sensitivity gap	40,200	522,927	(1,504,254)	757,176	1,814,884	(1,630,933)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	40,200	522,927	(1,504,254)	757,176	1,814,884	(1,630,933)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) 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 2014

ASSETS

Cash and short-term funds
Deposits and placements with banks and
other financial institutions
Securities held-for-trading
Securities available-for-sale
Securities held-to-maturity
Financing, advances and receivables
Musyarakah capital investment
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
Cash and short-term funds	1,298,597	304	228,048	-	779	21,367	1,549,096
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Securities held-for-trading	-	25,761	224,913	-	-	-	250,673
Securities available-for-sale	494,389	-	16,524	-	-	-	16,524
Securities held-to-maturity	81,468	-	714,250	-	-	-	1,208,639
Financing, advances and receivables	6,044,352	-	-	-	-	-	6,415,792
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	663,510	-	-	-	-	-	663,510
Total Assets	8,588,213	26,065	1,555,175	-	779	21,367	10,191,600

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2014 (Cont'd.)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,668,542	26,013	256,554	-	-	7,746	4,958,855
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Subordinated Murabahah Tawarruq	2,011,600	-	763,915	37,276	-	-	2,812,790
Other liabilities	-	-	414,771	-	-	-	414,771
Other liabilities	347,812	-	466	-	-	-	348,278
Total Liabilities	7,027,954	26,013	1,435,706	37,276	-	7,746	8,534,694
Shareholder's equity	1,656,906	-	-	-	-	-	1,656,906
Total Liabilities and Shareholder's equity	8,684,860	26,013	1,435,706	37,276	-	7,746	10,191,600
On-balance sheet open position	(96,646)	52	119,469	(37,276)	779	13,621	0
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(96,646)	52	119,469	(37,276)	779	13,621	0

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,347,264	-	49,140	-	-	9,805	1,406,209
Deposits and placements with banks and other financial institutions	50,005	25,897	-	-	-	-	75,902
Securities available-for-sale	547,445	-	617,529	23,969	-	-	1,188,943
Securities held-to-maturity	81,486	-	-	-	-	-	81,486
Financing, advances and receivables	5,618,309	-	391,463	-	-	-	6,009,772
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	508,462	-	15,192	-	-	159,019	682,673
Total Assets	8,158,869	25,897	1,073,324	23,969	-	168,824	9,450,883
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	5,045,953	26,044	270,645	-	-	-	5,342,642
Deposits and placements with banks and other financial institutions	1,318,532	-	414,688	38,340	-	-	1,771,560
Subordinated Murabahah Tawarruq	-	-	415,577	-	-	-	415,577
Other liabilities	331,290	-	200	-	-	-	331,490
Total Liabilities	6,695,775	26,044	1,101,110	38,340	-	-	7,861,269
Shareholder's equity	1,589,614	-	-	-	-	-	1,589,614
Total Liabilities and Shareholder's equity	8,285,389	26,044	1,101,110	38,340	-	-	9,450,883
On-balance sheet open position	(126,520)	(147)	(27,786)	(14,371)	-	168,824	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(126,520)	(147)	(27,786)	(14,371)	-	168,824	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,297,573	304	228,048	-	779	21,367	1,548,072
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
	-	25,761	224,912	26,100	-	-	276,773
Securities held-for-trading	-	-	16,524	-	-	-	16,524
Securities available-for-sale	494,389	-	634,686	-	-	-	1,129,076
Securities held-to-maturity	81,468	-	-	-	-	-	81,468
Financing, advances and receivables	6,044,352	-	371,440	-	-	-	6,415,792
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	680,280	-	-	-	-	-	680,280
Total Assets	8,603,960	26,065	1,475,611	26,100	779	21,367	10,153,883
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,668,542	26,013	205,889	-	-	7,746	4,908,190
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
	2,018,088	-	790,190	37,276	-	-	2,845,553
Subordinated Murabahah Tawarruq	-	-	414,771	-	-	-	414,771
Other liabilities	346,731	-	466	-	-	-	347,197
Total Liabilities	7,033,360	26,013	1,411,316	37,276	-	7,746	8,515,711
Shareholder's equity	1,638,172	-	-	-	-	-	1,638,172
Total Liabilities and Shareholder's equity	8,671,532	26,013	1,411,316	37,276	-	7,746	10,153,883
On-balance sheet open position	(67,573)	52	64,295	(11,176)	779	13,621	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(67,573)	52	64,295	(11,176)	779	13,621	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,293,895	706	86,440	28,852	7,280	14,702	1,431,875
Deposits and placements with banks and other financial institutions	50,004	25,898	-	-	-	-	75,902
Securities available-for-sale	547,444	-	543,164	-	-	-	1,090,608
Securities held-to-maturity	81,486	-	-	-	-	-	81,486
Financing, advances and receivables	5,618,308	-	391,464	-	-	-	6,009,772
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	526,384	-	15,192	-	-	159,019	700,595
Total Assets	8,123,419	26,604	1,036,260	28,852	7,280	173,721	9,396,136
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	5,024,423	26,044	270,310	-	-	-	5,320,777
Deposits and placements with banks and other financial institutions	1,326,919	-	388,478	38,340	-	-	1,753,737
Subordinated Murabahah Tawarruq	-	-	415,577	-	-	-	415,577
Other liabilities	330,448	-	200	-	-	-	330,648
Total Liabilities	6,681,790	26,044	1,074,565	38,340	-	-	7,820,739
Shareholder's equity	1,575,397	-	-	-	-	-	1,575,397
Total Liabilities and Shareholder's equity	8,257,187	26,044	1,074,565	38,340	-	-	9,396,136
On-balance sheet open position	(133,768)	560	(38,305)	(9,488)	7,280	173,721	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(133,768)	560	(38,305)	(9,488)	7,280	173,721	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) PROFIT RATE RISK

Profit rate risk refers to movements in profit rates that can expose the Bank to higher funding costs or lower investment and financing yields. Due to the nature of the Bank's business, changes in profit rates can adversely affect the Bank in the form of lower net revenue depending on the mix and form of assets and liabilities.

The profit rate risk management function is overseen by the Asset and Liability Management Committee ("ALCO"), with the secretariat resided at Risk Management Division. ALCO is chaired by Chief Executive Officer with members comprised of senior management representing major business units, Finance Division, Credit & Risk Management Division.

The primary aim of profit rate risk management is to maintain the Bank's profit rate risk exposure within acceptable parameters when there is a change in the market profit rate. Profit rate risk limits shall provide the means for achieving this objective. ALCO had set the limits for the following ratios:

- i) The total of fixed rate financing over the Bank's total financing; and
- ii) The 3 months rate sensitive assets over the 3 months rate sensitive liabilities.

The following table summarises the Bank's exposures to profit rate risk as at 30 June 2014. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates. All retail deposits (liabilities) are assumed to be re-priced immediately when the market profit rate changes.

Exposures to profit rate risk

**30 Jun 2014
Group**

<i>RM million</i>	1-3 months	4-6 months	7-12 months	Over 12 months	Non-sensitive	Total
Rate sensitive assets	5,845	565	85	2,764	933	10,192
Rate sensitive liabilities	6,314	806	320	67	1,027	8,535
Monthly mismatch	(469)	(241)	(235)	2,708	(106)	
Cumulative mismatch	(469)	(710)	(945)	1,763	1,657	
Bank						
Rate sensitive assets	5,871	565	72	2,718	928	10,154
Rate sensitive liabilities	6,643	510	321	17	1,026	8,516
Monthly mismatch	(771)	55	(249)	2,713	(110)	
Cumulative mismatch	(771)	(716)	(965)	1,748	1,638	

The above analysis is performed on a monthly basis and subsequently, reported to ALCO for review and deliberation.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) PROFIT RATE RISK (Cont'd.)

The following table summarises the Bank's exposures to profit rate risk as at 31 December 2013. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates. All retail deposits (liabilities) are assumed to be re-priced immediately when the market profit rate changes.

Exposures to profit rate risk

31 Dec 2013

Group

<i>RM million</i>	1-3 months	4-6 months	7-12 months	Over 12 months	Non-sensitive	Total
Rate sensitive assets	5,116	268	357	3,118	592	9,451
Rate sensitive liabilities	4,598	1,070	688	38	1,467	7,861
Monthly mismatch	518	(802)	(332)	3,081	(875)	
Cumulative mismatch	768	39	(3,137)	2,465	1,590	
Bank						
Rate sensitive assets	5,223	268	357	2,979	569	9,396
Rate sensitive liabilities	4,580	1,070	688	38	1,445	7,821
Monthly mismatch	643	(802)	(332)	2,942	(876)	
Cumulative mismatch	1,145	415	(2,385)	2,451	1,575	

The above analysis is performed on a monthly basis and subsequently, reported to ALCO for review and deliberation.

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

Profit rate risk simulation sensitivity analysis (%)

30 Jun 2014

Group

	Movement in market profit rate (%)					
	(2.00)	(1.00)	(0.50)	0.50	1.00	2.00
Change in Net Revenue	0.11	0.05	0.03	(0.03)	(0.06)	(0.11)
Change in Economic Value of Equity	34.17	15.55	7.10	(8.27)	(15.28)	(28.09)
Bank						
Change in Net Revenue	0.07	0.04	0.02	(0.02)	(0.04)	(0.07)
Change in Economic Value of Equity	34.58	16.17	7.83	(7.35)	(14.27)	(26.91)

31 Dec 2013

Group

	Movement in market profit rate (%)					
	(2.00)	(1.00)	(0.50)	0.50	1.00	2.00
Change in Net Revenue	(0.32)	(0.15)	(0.08)	0.04	0.09	0.17
Change in Economic Value of Equity	35.98	16.79	8.12	(7.61)	(14.76)	(27.78)
Bank						
Change in Net Revenue	(1.00)	(0.49)	(0.25)	0.21	0.43	0.86
Change in Economic Value of Equity	35.61	16.61	8.03	(7.53)	(14.59)	(27.44)

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) 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 2014

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		243,048	29,262	86,792	118,763	4,489,613
		243,048	29,262	86,792	118,763	4,489,613

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2014

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	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 Sovereigns/Central Banks		19,763	1,412,761	-	15,772	-	152,570
Bank Sovereigns/Central Banks		19,763	1,399,527	-	-	-	152,570

Exposure class	Rating of Banking Institutions by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	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 Banks, MDBs and FDIs		11,435	105,275	81,002	22	-	852,345
Bank Banks, MDBs and FDIs		11,435	105,275	81,002	22	-	864,366

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2013

Exposure class	Rating of Corporates by approved ECAs					
	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						
Corporates	272,989	29,622	87,398	83,728	4,075,921	
	272,989	29,622	87,398	83,728	4,075,921	
Bank						
Corporates	272,989	29,622	71,317	83,728	4,097,995	
	272,989	29,622	71,317	83,728	4,097,995	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2013

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	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 Sovereigns/Central Banks		19,845	1,582,778	-	15,373	-	301
Bank Sovereigns/Central Banks		19,845	1,569,141	-	-	-	301

Exposure class	Rating of Banking Institutions by approved ECAs						
	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 Banks, MDBs and FDIs		45,405	136,193	81,343	121	-	412,723
Bank Banks, MDBs and FDIs		45,405	136,193	81,343	121	-	425,005

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) 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 2014

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
(a) On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,600,867	-	-	-
Banks, Development Financial Institutions & MDBs	1,010,439	39,079	-	-
Corporates	4,255,192	164,688	142,247	-
Regulatory Retail	1,777,629	-	18,815	-
Residential Mortgages	260,915	-	1,648	-
Higher Risk Assets ¹	472,853	-	-	-
Other Assets	281,350	-	-	-
Defaulted Exposures	505,718	-	17,086	-
Total On Balance Sheet Exposures	10,164,964	203,767	179,796	-
(b) Off-Balance Sheet Exposures				
OTC Derivatives ³	22,456	-	-	-
Off-balance sheet exposures other than OTC derivatives ²	337,414	-	-	-
Total Off-Balance Sheet Exposures	359,870	-	-	-
Total On and Off-Balance Sheet Exposures	10,524,834	203,767	179,796	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2013

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
(a) On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,618,297	12,546	-	-
Banks, Development Financial Institutions & MDBs	646,107	39,171	-	-
Corporates	3,823,135	137,721	52,822	-
Regulatory Retail	1,791,394	-	15,695	-
Residential Mortgages	219,687	-	-	-
Higher Risk Assets ¹	516,488	-	-	-
Other Assets	323,799	-	-	-
Defaulted Exposures	446,452	-	3,302	-
Total On Balance Sheet Exposures	9,385,359	189,438	71,819	-
(b) Off-Balance Sheet Exposures				
OTC Derivatives ³	25,585	-	-	-
Off-balance sheet exposures other than OTC derivatives ²	352,987	-	-	-
Total Off-Balance Sheet Exposures	378,572	-	-	-
Total On and Off-Balance Sheet Exposures	9,763,931	189,438	71,819	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2014

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
(a) On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,571,860	-	-	-
Banks, Development Financial Institutions & MDBs	1,022,460	39,079	-	-
Corporates	4,256,971	164,688	142,247	-
Regulatory Retail	1,777,629	-	18,815	-
Residential Mortgages	260,915	-	1,648	-
Higher Risk Assets ¹	472,853	-	-	-
Other Assets	239,462	-	-	-
Defaulted Exposures	505,718	-	17,086	-
Total On-Balance Sheet Exposures	10,107,869	203,767	179,796	-
(b) Off-Balance Sheet Exposures				
OTC Derivatives ³	22,456	-	-	-
Off-balance sheet exposures other than OTC derivatives ²	337,414	-	-	-
Total Off Balance Sheet Exposures	359,870	-	-	-
Total On and Off-Balance Sheet Exposures	10,467,739	203,767	179,796	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2013

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
(a) On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,589,287	-	-	-
Banks, Development Financial Institutions & MDBs	658,390	39,171	-	-
Corporates	3,829,127	137,721	52,822	-
Regulatory Retail	1,791,394	-	15,695	-
Residential Mortgages	219,687	-	-	-
Higher Risk Assets ¹	516,488	-	-	-
Other Assets	260,479	-	-	-
Defaulted Exposures	446,452	-	3,302	-
Total On Balance Sheet Exposures	9,311,304	176,892	71,819	-
(b) Off-Balance Sheet Exposures				
OTC Derivatives ³	25,585	-	-	-
Off-balance sheet exposures other than OTC derivatives ²	352,987	-	-	-
Total Off-Balance Sheet Exposures	378,572	-	-	-
Total On and Off-Balance Sheet Exposures	9,689,876	176,892	71,819	-

* Credit equivalent of off-balance sheet items

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

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

³ Comprising Ijarah Rental Swaps.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 30 June 2014, are as follows:

Group and Bank 30 Jun 2014	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	23,285		23,284	21,691
Transaction related contingent Items	155,156		77,578	56,301
Short Term Self Liquidating trade related contingencies	22,996		4,599	4,577
Profit rate related contracts				
Over five years	240,482	12,965	22,456	18,609
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	290,553		145,277	143,400
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	433,377		86,675	73,920
	1,165,849	12,965	359,870	318,498

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(i) 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 2013, are as follows:

Group and Bank 31 Dec 2013	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	11,220		11,220	8,889
Transaction related contingent Items	142,880		71,440	42,219
Short Term Self Liquidating trade related contingencies	23,897		4,779	4,779
Profit rate related contracts				
Over five years	263,825	15,192	25,585	21,359
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	397,811		198,905	197,595
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	333,208		66,643	65,496
	1,172,841	15,192	378,572	340,337

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(j) Equities (Disclosure for banking book positions)

30 Jun 2014
Group and Bank

Equity

(i) Privately Held

(a) Subsidiaries

Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
KFH Asset Management Sdn. Bhd.
Kuwait Finance House (Australia) Pty Ltd

(b) Investment

Intrared Sdn Bhd
KFH Global Sukuk Fund
Al Faiz Fund 1

(c) Musyarakah Capital Investment

	Amount	Unrealised Loss	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	46,193	(26,761)	
	10,200	-	Capital Deduction
	-	-	Capital Deduction
	20,000	(11,520)	Capital Deduction
	15,993	(15,241)	Capital Deduction
	178,156	-	267,235
	87,700		131,550
	64,220		96,330
	26,236		39,355
	5,898	-	8,847

31 Dec 2013
Group and Bank

Equity

(i) Privately Held

(a) Subsidiaries

Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
KFH Asset Management Sdn. Bhd.
Kuwait Finance House (Australia) Pty Ltd

(b) Investment

Intrared Sdn Bhd
KFH Global Sukuk Fund
Al Faiz Fund 1

(c) Musyarakah Capital Investment

	Amount	Unrealised Loss	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	46,193	(26,761)	
	10,200	-	Capital Deduction
	-	-	Capital Deduction
	20,000	(11,520)	Capital Deduction
	15,993	(15,241)	Capital Deduction
	179,980	-	269,971
	87,700	-	131,550
	65,515	-	98,273
	26,765	-	40,148
	5,898	-	8,847

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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 half year and six months ended 30 June 2014 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"), BNM's Guidelines on Financial Reporting for Islamic Banking Institutions ("BNM/GP8-i") and Shariah principles.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 Bank since the financial year ended 31 December 2013.

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 significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2014:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC interpretation 21: Levies

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
Amendment to MFRS 2 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3 (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 8 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 13 (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 116 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
Amendment to MFRS 124 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 140 (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 138 (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contribution	1 July 2014
Amendments to MFRS contained in the documents entitled " Annual Improvements 2010 - 2012 cycle"	1 July 2014
Amendments to MFRS contained in the documents entitled " Annual Improvements 2010 - 2013 cycle"	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be decided
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be decided
MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be decided

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

B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2013 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 2014.

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 six-months ended 30 June 2014.

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 six-months ended 30 June 2014.

B7 Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the six-months ended 30 June 2014.

B8 Dividends Paid

There were no dividends paid during the six-months ended 30 June 2014.

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

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

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	35,215	88,104	35,163	66,452		224,934
Revenue from other segments	60,023	2,986	4,061	38,561	(105,631)	-
Total Revenue	95,238	91,090	39,224	105,013	(105,631)	224,934
Segment results	8,454	68,615	59,417	3,238	-	139,724
Unallocated expenses						(66,966)
Profit from operations						72,758
Taxation						(22,570)
Net profit for the year						50,188
Other information						
Segment assets	3,156,904	3,618,867	945,178	2,310,631	(293,281)	9,738,299
Unallocated corporate assets						453,301
Total assets						10,191,600
Segment liabilities	5,436,081	289,447	247,681	2,153,981	(273,849)	7,853,341
Unallocated corporate liabilities						681,353
Total liabilities						8,534,694
Other segment items						
Purchase of property and equipment	-	-	-	1,309	-	1,309
Purchase of intangible assets	-	-	-	1,247	-	1,247
Depreciation of property and equipment	-	-	-	5,411	-	5,411
Amortisation of intangible assets	-	-	-	4,119	-	4,119
Other non-cash expense other than depreciation	3,211	40,463	41,533	(35,023)	-	50,184

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2014			
Malaysia	224,397	72,630	10,191,497
Outside Malaysia	537	128	103
	224,934	72,758	10,191,600

The Group has funds management operations in Australia.

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("MFRS 134") Issued by Malaysian Accounting Standards Board**

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

(i) Primary Segment - By Business Segment

Group 30 Jun 2013	Treasury & Capital Markets RM'000	Corporate & Investment Banking RM'000	Commercial Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	42,330	71,936	26,969	88,449		229,684
Revenue from other segments	47,875	1,385	2,938	44,231	(96,429)	-
Total Revenue	90,205	73,321	29,907	132,680	(96,429)	229,684
Segment results	(286)	24,618	106,052	(43)	-	130,341
Unallocated expenses						(49,722)
Profit from operations						80,619
Zakat						
Taxation						(25,558)
Net profit for the year						55,061
Other information						
Segment assets	2,876,057	2,656,433	688,323	2,267,734	(57,735)	8,430,812
Unallocated corporate assets						531,743
Total assets						8,962,555
Segment liabilities	3,833,537	98,465	128,693	2,775,181	(26,783)	6,809,093
Unallocated corporate liabilities						606,022
Total liabilities						7,415,115
Other segment items						
Purchase of property and equipment	-	-	-	4,609	-	4,609
Purchase of intangible assets	-	-	-	580	-	580
Depreciation of property and equipment	-	-	-	5,989	-	5,989
Amortisation of intangible assets	-	-	-	4,669	-	4,669
Other non-cash expense other than depreciation	(148)	3,759	96,173	(45,466)	-	54,318

(ii) By Geographical Locations

Group 30 Jun 2013	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
Malaysia	228,530	80,586	8,962,256
Outside Malaysia	1,154	33	299
	229,684	80,619	8,962,555

The Group has funds management operations in Australia.

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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 2013.

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 2013.

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 2013 other than those as disclosed in note A18.

B14 Capital Commitments

The capital commitments not provided for in the interim financial statements as at 30 June 2014 are as follows:

Capital expenditure

Authorised and contracted for:

- renovation
- purchase of IT hardware & software
- purchase of equipment

Group	Bank
RM'000	RM'000
1,729	1,729
2,642	2,642
165	165
4,536	4,536

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Certification of Financial Statements

I, Mohd Hazran Abd Hadi, 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 Company's accounting and other records and are in conformity with the approved accounting standards in Malaysia.



Mohd Hazran Abd Hadi
Chief Financial Officer

I, Dato' Sri Abdul Hamidy Abdul Hafiz, 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.



Dato' Sri Abdul Hamidy Abdul Hafiz
Chief Executive Officer