

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

Interim Report for the Period Ended 31 Mar 2019

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
ASSETS					
Cash and short-term funds	A3	366,817	135,339	366,817	135,339
Deposits and placements with banks and other financial institutions	A4	5,347	5,755	5,347	5,755
Gold depository		93,141	96,409	93,141	96,409
Financial assets at FVTPL	A5	170	1,059	170	1,059
Equity instruments at FVOCI	A7	18	18	18	18
Debt instruments at FVOCI	A6	3,241,542	2,889,238	3,229,327	2,876,991
Financing, advances and other receivables	A8	5,441,379	5,592,272	5,441,379	5,592,272
Other assets	A9	139,340	133,425	139,170	133,302
Hedging financial instruments	A10	1,724	3,780	1,724	3,780
Statutory deposits with Bank Negara Malaysia		224,502	211,800	224,502	211,800
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets		91,331	-	91,331	-
Property and equipment		23,357	21,580	23,335	21,554
Intangible assets		21,580	22,318	21,236	21,926
Deferred tax assets		169,427	181,806	169,427	181,806
		9,819,675	9,294,799	9,817,123	9,292,211
LIABILITIES					
Deposits from customers	A11	5,268,155	4,578,999	4,927,581	4,475,640
Investment accounts of customers	A13	5,347	5,755	5,347	5,755
Deposits and placements of banks and other financial institutions	A12	2,596,470	2,906,741	2,963,678	3,036,586
Hedging financial instruments	A10	5,022	4,506	5,022	4,506
Lease Liabilities		91,312	-	91,312	-
Other liabilities	A14	109,536	101,247	109,444	101,046
		8,075,843	7,597,248	8,102,384	7,623,533
SHAREHOLDER'S EQUITY					
Share capital	A15	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		318,561	272,279	289,467	243,406
		1,743,833	1,697,551	1,714,739	1,668,678
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		9,819,675	9,294,799	9,817,123	9,292,211
COMMITMENTS AND CONTINGENCIES					
	A21	2,128,545	2,159,680	2,128,545	2,159,680
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A22	26.132%	25.419%	25.558%	24.794%
Total Capital Ratio	A22	27.296%	26.582%	26.725%	25.960%
NET ASSETS PER SHARE (RM)					
		1.22	1.19	1.20	1.17

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

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

<u>Group</u>	Note	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Operating revenue		119,814	110,043	119,814	110,043
Income derived from investment of depositors' funds and others	A16	96,423	86,358	96,423	86,358
Income derived from investment of investment account funds	A20	45	66	45	66
Income derived from investment of shareholder's equity	A17	23,346	23,619	23,346	23,619
Total gross income		119,814	110,043	119,814	110,043
Credit loss writeback on financial assets	A18	992	2,330	992	2,330
Total distributable income		120,806	112,373	120,806	112,373
Income attributable to the depositors	A19	(64,526)	(53,865)	(64,526)	(53,865)
Profit distributed to investment account holders	A20	(27)	(39)	(27)	(39)
Total net income		56,253	58,469	56,253	58,469
Personnel expenses		(24,146)	(27,142)	(24,146)	(27,142)
Other overheads and expenditures		(20,442)	(18,736)	(20,442)	(18,736)
Finance cost		-	(8,013)	-	(8,013)
Profit before zakat and taxation		11,666	4,578	11,666	4,578
Taxation		(2,655)	(1,016)	(2,655)	(1,016)
Net profit for the period		9,011	3,562	9,011	3,562
Attributable to:					
Equity holders of the Bank		9,011	3,562	9,011	3,562
Earnings per share attributable to equity holders of the Bank					
- Basic/Diluted (sen)		0.63	0.25	0.63	0.25

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**

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group				
Net profit for the period	9,011	3,562	9,011	3,562
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Securities held at FVOCI:				
- Net unrealised gain on securities held at FVOCI	44,294	(6,443)	44,294	(6,443)
- Net realised gain on securities held at FVOCI reclassified to the income statement	819	(124)	819	(124)
- Changes in allowance for expected credit losses	2,400	-	2,400	-
Exchange differences on translation of foreign operations:				
Net gain/(loss) taken to equity	(504)	(1,562)	(504)	(1,562)
Income tax relating to components of other comprehensive income	(9,739)	(1,104)	(9,739)	(1,104)
Other comprehensive income for the period, net of tax	37,270	(9,234)	37,270	(9,234)
Total comprehensive income for the period	46,281	(5,672)	46,281	(5,672)
Total comprehensive income for the period attributable to equity holders of the Bank	46,281	(5,672)	46,281	(5,672)

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	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank					
Operating revenue		119,581	109,816	119,581	109,816
Income derived from investment of depositors' funds and others	A16	96,431	86,278	96,431	86,278
Income derived from investment of investment account funds	A20	45	66	45	66
Income derived from investment of shareholder's equity	A17	23,105	23,472	23,105	23,472
Total gross income		119,581	109,816	119,581	109,816
Credit loss writeback on financial assets	A18	992	2,340	992	2,340
Total distributable income		120,573	112,156	120,573	112,156
Income attributable to the depositors	A19	(65,229)	(54,308)	(65,229)	(54,308)
Profit distributed to investment account holders	A20	(27)	(39)	(27)	(39)
Total net income		55,318	57,810	55,318	57,810
Personnel expenses		(24,024)	(26,980)	(24,024)	(26,980)
Other overheads and expenditures		(20,294)	(18,606)	(20,294)	(18,606)
Finance cost		-	(8,013)	-	(8,013)
Profit before zakat and taxation		11,000	4,212	11,000	4,212
Taxation		(2,640)	(1,011)	(2,640)	(1,011)
Net profit for the period		8,360	3,201	8,360	3,201

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

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank				
Net profit for the period	8,360	3,201	8,360	3,201
Other comprehensive income/(loss):				
Securities held at FVOCI:				
- Net unrealised gain on securities held at FVOCI	44,220	427	44,220	427
- Net realised gain on securities held at FVOCI reclassified to the income statement	819	(124)	819	(124)
- Changes in allowance for expected credit losses	2,400	-	2,400	-
Income tax relating to components of other comprehensive income	(9,739)	(1,104)	(9,739)	(1,104)
Other comprehensive income for the period, net of tax	37,701	(801)	37,701	(801)
Total comprehensive income for the period	46,061	2,400	46,061	2,400

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INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable				Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Available-For-Sale Reserve RM'000	FVOCI Reserve RM'000		Retained Earnings RM'000
Group							
At 1 Jan 2019	1,425,272	170,648	3,990	-	18,527	79,114	1,697,551
Total comprehensive income	-	-	(504)	-	37,775	9,011	46,281
At 31 Mar 2019	1,425,272	170,648	3,486	-	56,302	88,125	1,743,832
At 1 January 2018							
- As previously stated	1,425,272	162,216	3,178	(6,825)		66,650	1,650,491
- Effect of MFRS 9 adoption	-	-	-	6,825	(3,383)	(12)	3,430
As at 1 Jan 2018, as restated	1,425,272	162,216	3,178	-	(3,383)	66,638	1,653,921
Total comprehensive income	-	-	812	-	21,910	20,908	43,630
Transfer to statutory reserve	-	8,432	-	-	-	(8,432)	-
At 31 December 2018	1,425,272	170,648	3,990	-	18,527	79,114	1,697,551
Bank							
At 1 Jan 2019	1,425,272	170,648	-	-	18,707	54,051	1,668,678
Total comprehensive income	-	-	-	-	37,701	8,360	46,061
Transfer to statutory reserve	-	-	-	-	-	-	-
At 31 Mar 2019	1,425,272	170,648	-	-	56,408	62,411	1,714,739
At 1 January 2018							
- Effect of MFRS 9 adoption	1,425,272	162,216	-	(6,648)	-	45,620	1,626,460
- Effect of MFRS 9 adoption	-	-	-	6,648	(3,570)	-	3,078
As at 1 Jan 2018, as restated	1,425,272	162,216	-	-	(3,570)	45,620	1,629,538
Total comprehensive income	-	-	-	-	22,277	16,863	39,140
Transfer to statutory reserve	-	8,432	-	-	-	(8,432)	-
At 31 December 2018	1,425,272	170,648	-	-	18,707	54,051	1,668,678

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

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group		Bank	
	31-Mar 2019 RM'000	31-Mar 2018 RM'000	31-Mar 2019 RM'000	31-Mar 2018 RM'000
Profit before zakat and taxation	11,666	4,578	11,000	4,212
Adjustments for non-cash items	(4,251)	(26,334)	(23,774)	(26,375)
Operating profit before changes in working capital	7,415	(21,757)	(12,775)	(22,163)
<u>Changes in the working capital</u>				
Net changes in operating assets	151,654	215,853	151,701	219,441
Net changes in operating liabilities	448,694	267,595	472,435	266,041
Zakat and taxation refund/(paid)	-	-	-	-
Net cash generated from operating activities	600,348	483,448	624,136	485,482
Net purchases of assets	(379,770)	(434,105)	(379,884)	(434,614)
Net cash used in investing activities	(379,770)	(434,105)	(379,884)	(434,614)
Net change in cash and cash equivalents	227,993	27,587	231,478	28,705
Cash and cash equivalents at beginning of the period	135,339	429,575	135,339	458,403
Exchange differences on translation of opening balances	3,486	1,616	-	-
Cash and cash equivalents at end of the period	366,817	458,778	366,817	487,108

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

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

A1 Performance Review

The Group and the Bank recorded a profit before tax of RM11.7 million and RM11.0 million respectively for the period ended 31 March 2019.

A2 OUTLOOK FOR 2019

The Malaysian economy is expected to grow between 4.5% to 4.9% in 2019, from 4.7% seen in 2018, due to the slowdown in external trade and global growth. Private consumption and investment will remain the main drivers of economic growth in 2019. The outlook for the economy remains resilient in the near term despite considerable external and domestic headwinds.

Nevertheless, the monetary policy is expected to remain supportive of economic growth whilst ensuring price stability in 2019. As the inflation outlook remains benign, it is anticipated that BNM will maintain its current and accommodative monetary stance going into 2019.

The ongoing trade tension is expected to disrupt global trade growth which will affect the Malaysian economy. Despite a challenging external environment, the Malaysian economy is likely to remain positive in 2019, spurred by robust private sector activity and moderate inflation.

A3 Cash and short term funds

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Cash and balance with banks and other financial institutions	96,056	120,155	96,056	120,155
Money at call and interbank placement with remaining maturity less than one month	274,247	15,996	274,247	15,996
	370,303	136,151	370,303	136,151
Less : ECL allowance	(3,487)	(812)	(3,487)	(812)
	366,817	135,339	366,817	135,339

A3.1 Impairment allowance for cash and short term funds

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

<u>Group</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	370,303	-	-	370,303	136,151
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	370,303	-	-	370,303	136,151

<u>Bank</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	370,303	-	-	370,303	136,151
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	370,303	-	-	370,303	136,151

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

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

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

2019 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	136,151	-	-	136,151
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(248,194)	-	-	(248,194)
New financial assets originated or purchased	252,649	-	-	252,649
Financial assets that have matured	229,697	-	-	229,697
Gross carrying amount as at 31 Mar 2019	370,303	-	-	370,303

2019 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	812	-	-	812
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	2,669	-	-	2,669
Financial assets that have matured	6	-	-	6
ECL allowance as at 31 Mar 2019	3,487	-	-	3,487
Net carrying amount (after ECL)	366,817	-	-	366,817

2019 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	136,151	-	-	136,151
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(248,194)	-	-	(248,194)
New financial assets originated or purchased	252,649	-	-	252,649
Financial assets that have matured	229,697	-	-	229,697
Gross carrying amount as at 31 Mar 2019	370,303	-	-	370,303

2019 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	812	-	-	812
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	2,669	-	-	2,669
Financial assets that have matured	6	-	-	6
ECL allowance as at 31 Mar 2019	3,487	-	-	3,487
Net carrying amount (after ECL)	366,817	-	-	366,817

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

A4 Deposits and Placements with Banks and Other Financial Institutions

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2017 RM'000
Bank Negara Malaysia ^	5,347	5,755	5,347	5,755
Other financial institutions	-	-	-	-
	5,347	5,755	5,347	5,755
Less : ECL Allowance	-	-	-	-
	5,347	5,755	5,347	5,755

^ The placement with Bank Negara Malaysia are funded by investment accounts of customers as disclosed in Note A13.

A4.1 Impairment allowance for due from banks

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

<u>Group</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	5,347	-	-	5,347	5,755
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	5,347	-	-	5,347	5,755

<u>Bank</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	5,347	-	-	5,347	5,755
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	5,347	-	-	5,347	5,755

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**Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for
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A4.1 Impairment allowance for due from banks (Cont'd.)

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

2019 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	-	-	-	-
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(5,755)	-	-	(5,755)
New financial assets originated or purchased	26,945	-	-	26,945
Financial assets that have matured	(21,190)	-	-	(21,190)
Gross carrying amount as at 31 Mar 2019	-	-	-	-

2019 Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	-	-	-	-
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	818	-	-	818
Financial assets that have matured	(818)	-	-	(818)
ECL allowance as at 31 Mar 2019	-	-	-	-

Net carrying amount (after ECL) -

2019 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	-	-	-	-
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(5,755)	-	-	(5,755)
New financial assets originated or purchased	26,945	-	-	26,945
Financial assets that have matured	(21,190)	-	-	(21,190)
Gross carrying amount as at 31 Mar 2019	-	-	-	-

2019 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	-	-	-	-
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	818	-	-	818
Financial assets that have matured	(818)	-	-	(818)
ECL allowance as at 31 Mar 2019	-	-	-	-

Net carrying amount (after ECL) -

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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 Financial assets at FVTPL

At fair value

Collective Investment Scheme

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
170	1,059
170	1,059

A6 Debt instruments measured at FVOCI

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

<u>Group</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	3,241,542	-	-	3,241,542	2,889,238
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	3,241,542	-	-	3,241,542	2,889,238

<u>Bank</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	3,229,327	-	-	3,229,327	2,876,991
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	3,229,327	-	-	3,229,327	2,876,991

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

A6 Debt instruments measured at FVOCI (Cont'd.)

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

<u>Group</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 1 January	2,889,238	-	-	2,889,238
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(103,351)	-	-	(103,351)
New financial assets originated or purchased	689,137	-	-	689,137
Financial assets that have matured	(233,482)	-	-	(233,482)
Write-offs	-	-	-	-
Fair value amount as at 31 Mar 2019	3,241,542	-	-	3,241,542

<u>Group</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January	19,505	-	-	19,505
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(951)	-	-	(951)
New financial assets originated or purchased	4,957	-	-	4,957
Financial assets that have matured	(1,606)	-	-	(1,606)
Write-offs	-	-	-	-
ECL allowance as at 31 Mar 2019	21,905	-	-	21,905

Net carrying amount (after ECL)	3,219,636	-	-	3,219,636
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A6 Debt instruments measured at FVOCI (Cont'd.)

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

Bank	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Fair value amount as at 1 January	2,889,238	-	-	2,889,238
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(115,565)	-	-	(115,565)
New financial assets originated or purchased	689,137	-	-	689,137
Financial assets that have matured	(233,482)	-	-	(233,482)
Write-offs	-	-	-	-
Fair value amount as at 31 Mar 2019	3,229,327	-	-	3,229,327

Bank	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
ECL allowance as at 1 January	19,500	-	-	19,500
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(951)	-	-	(951)
New financial assets originated or purchased	4,957	-	-	4,957
Financial assets that have matured	(1,606)	-	-	(1,606)
Write-offs	-	-	-	-
ECL allowance as at 31 Mar 2019	21,900	-	-	21,900
Net carrying amount (after ECL)	3,207,427	-	-	3,207,427

A7 Equity instruments measured at FVOCI

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

	Group and Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Musyarakah Capital Investment	18	18
	18	18

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

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A8 Financing, Advances and Other Receivables

i) At amortised cost

Term financing		
- House financing	1,123,641	1,107,677
- Personal financing	1,168,492	1,168,414
- Syndicated financing	14,267	9,702
- Cashline financing	231,545	241,462
- Hire purchase receivables	771,169	775,243
- Other term financing	2,340,470	2,501,276
Credit card	156	266
Staff financing	24,899	22,751
	5,674,638	5,826,791
Less: Impairment allowances		
- Stage 1 Financing	(73,391)	(70,970)
- Stage 2 Financing	(16,331)	(15,681)
- Stage 3 Financing	(142,646)	(145,125)
Net financing and advances to customers	5,442,271	5,595,015
Less: Impairment allowances		
- Stage 1 Undrawn	(682)	(765)
- Stage 1 Trade facilities	(210)	(1,838)
- Stage 2 Trade facilities	-	(140)
Net financing, advances and other receivables	5,441,379	5,592,272

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
1,123,641	1,107,677
1,168,492	1,168,414
14,267	9,702
231,545	241,462
771,169	775,243
2,340,470	2,501,276
156	266
24,899	22,751
5,674,638	5,826,791
(73,391)	(70,970)
(16,331)	(15,681)
(142,646)	(145,125)
5,442,271	5,595,015
(682)	(765)
(210)	(1,838)
-	(140)
5,441,379	5,592,272

ii) By contract

Ijarah Muntahia Bittamlik (lease ended with ownership)	2,275,576	2,290,390
Murabahah (cost-plus)	3,311,870	3,448,334
Mudharabah (profit sharing)	43,705	43,705
Qard (benevolent financing)	1,321	1,375
Musarakah (profit and loss sharing)	40,990	41,686
Istisna'	1,021	1,035
Ujrah (Credit card)	156	266
	5,674,638	5,826,791

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
2,275,576	2,290,390
3,311,870	3,448,334
43,705	43,705
1,321	1,375
40,990	41,686
1,021	1,035
156	266
5,674,638	5,826,791

iii) By type of customer

Domestic business enterprises		
- Small medium enterprises	422,646	474,457
- Others	2,142,773	2,252,739
Individuals	3,106,445	3,096,703
Domestic non-bank financial institutions	2,775	2,892
	5,674,638	5,826,791

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
422,646	474,457
2,142,773	2,252,739
3,106,445	3,096,703
2,775	2,892
5,674,638	5,826,791

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A8 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	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
2,200,022	2,313,351
91,429	107,006
387,985	378,512
2,995,203	3,027,922
5,674,638	5,826,791

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
5,669,228	5,820,106
3,803	3,884
1,606	2,801
5,674,638	5,826,791

(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	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
3,585	3,977
771,169	775,243
231,545	241,462
982,233	1,004,567
1,120,230	1,104,027
2,565,876	2,697,515
5,674,638	5,826,791

(vii) By economic purpose

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

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
776,154	779,041
1,158,770	1,140,608
355,615	373,659
11,893	18,572
1,689,954	1,767,087
160,733	168,964
1,190,454	1,193,098
331,067	385,762
5,674,638	5,826,791

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A8 Financing, Advances and Other Receivables (cont'd.)

viii) By sector

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

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
447,518	606,867
108,792	111,710
109,896	116,038
3,106,445	3,095,326
401,543	376,298
100	104
320,967	310,657
503,215	528,265
147,051	149,340
498,170	497,634
30,943	34,552
5,674,638	5,826,791

(ix) Financing by types and Shariah contract

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Mar 2019								
House financing	1,107,231	83	-	15,307	-	1,021	-	1,123,641
Personal financing	-	1,167,389	-	-	1,103	-	-	1,168,492
Syndicated financing	46,433	185,113	-	-	-	-	-	231,545
Cashline financing	-	14,267	-	-	-	-	-	14,267
Hire purchase receivables	771,169	-	-	-	-	-	-	771,169
Other term financing	331,501	1,939,763	43,705	25,500	-	-	-	2,340,470
Staff financing	19,242	5,256	-	183	218	-	-	24,899
Credit card	-	-	-	-	-	-	156	156
Total	2,275,576	3,311,870	43,705	40,990	1,321	1,021	156	5,674,638

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2018								
House financing	1,090,568	74	-	16,000	-	1,035	-	1,107,677
Personal financing	-	1,167,721	-	-	1,014	-	-	1,168,414
Syndicated financing	45,711	195,751	-	-	-	-	-	241,462
Cashline financing	-	9,702	-	-	-	-	-	9,702
Hire purchase receivables	775,243	-	-	-	-	-	-	775,243
Other term financing	361,876	2,069,874	43,705	25,500	-	-	-	2,501,276
Staff financing	16,992	5,212	-	186	362	-	-	22,751
Credit card	-	-	-	-	-	-	266	266
Total	2,290,390	3,448,334	43,705	41,686	1,375	1,035	266	5,826,791

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A8 Financing, Advances and Other Receivables (cont'd.)

x) Purpose and Source of Qard financing

As at 1 January	1,375	931
Source of Qard fund:	239	1,464
- Depositors' Fund	196	1,193
- Shareholders' Fund	43	271
Uses of Qard fund:	(293)	(1,020)
- Financing for asset purchase	(240)	(831)
- Staff Benevolent	(53)	(189)
Closing balance	1,321	1,375

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
1,375	931
239	1,464
196	1,193
43	271
(293)	(1,020)
(240)	(831)
(53)	(189)
1,321	1,375

xi) Movements in impaired financing, advances and other receivables

At 1 Jan	267,288	418,478
Impaired during the period/year	(2,130)	(151,190)
- Impaired during the period/year	8,966	67,393
- Reclassified to performing during the year	(1,164)	(13,451)
- Amount recovered	(9,932)	(123,358)
- Amount written off	-	(81,774)
Closing balance	265,158	267,288
Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less individual impairment (stage 3)	2.21%	2.15%

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
267,288	418,478
(2,130)	(151,190)
8,966	67,393
(1,164)	(13,451)
(9,932)	(123,358)
-	(81,774)
265,158	267,288
2.21%	2.15%

xii) Movements in impairment allowance on financing, advances and other receivables

Stage 1 and 2 impairment		
Collective allowance as at 1 January 2018, a previously stated	-	122,221
Effect on MFRS 9 adoption	-	(42,672)
As at 1 Jan	89,394	79,549
Allowance made during the year	1,220	9,845
Closing balance	90,614	89,394
As % of total gross financing, advances and other receivables less individual impairment	1.64%	1.57%

Group and Bank	
31 Mar 2019	31 Dec 2018
RM'000	RM'000
-	122,221
-	(42,672)
89,394	79,549
1,220	9,845
90,614	89,394
1.64%	1.57%

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A8 Financing, Advances and Other Receivables (cont'd.)

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

	Group and Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Stage 3 impairment		
At 1 Jan	145,125	263,873
Allowance reversed during the year	(2,479)	(36,973)
- Allowance made	5,407	57,842
- Allowance written-back	(7,886)	(94,815)
Amount written off	-	(81,774)
Closing balance	142,646	145,125

xiii) Impaired financing by sector

	Group and Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Finance, insurance and business services	8,900	8,954
Household	24,977	20,743
Manufacturing	108,064	113,524
Real Estate	110,981	111,832
Wholesale & retail trade and restaurants & hotels	12,235	12,234
	265,158	267,288

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A8 Financing, Advances and Other Receivables (cont'd.)

xiii) Impairment allowance for financing and advances to customers

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

<u>Group and Bank</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	5,214,295	-	-	5,214,295	5,423,140
Past due but not impaired	-	195,186	-	195,186	136,363
Individually impaired	-	-	265,158	265,158	267,288
Total	5,214,295	195,186	265,158	5,674,638	5,826,791

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

<u>Group and Bank</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	5,423,140	136,363	267,288	5,826,791
Transfer to 12-month ECL	34,386	(33,792)	(594)	-
Transfer to lifetime ECL not credit impaired	(64,184)	64,709	(525)	-
Transfer to lifetime ECL credit impaired	(1,171)	(4,634)	5,804	-
Net remeasurement of outstanding balance	(65,093)	(1,961)	(4,455)	(71,509)
New financial assets originated or purchased	2,196,639	74,178	57,361	2,328,177
Financial assets that have matured	(2,309,422)	(39,678)	(59,720)	(2,408,821)
Gross carrying amount as at 31 Mar 2019	5,214,295	195,186	265,158	5,674,638

<u>Group and Bank</u>	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	73,573	15,821	145,125	234,518
Transfer to 12-month ECL	2,845	(2,803)	(42)	(0)
Transfer to lifetime ECL not credit impaired	(1,572)	1,572	(0)	(0)
Transfer to lifetime ECL credit impaired	(12)	(220)	233	-
Net remeasurement of loss allowance	(1,420)	3,746	318	2,644
New financial assets originated or purchased	43,896	5,270	39,170	88,336
Financial assets that have matured	(43,027)	(7,054)	(42,158)	(92,239)
ECL allowance as at 31 Mar 2019	74,282	16,331	142,646	233,260
Net carrying amount (after ECL)	5,140,013	178,855	122,511	5,441,379

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A9 Other Assets

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Deposits and prepayments	12,731	8,555	12,557	8,425
Amount due from subsidiaries	-	-	4	4
Amount due from other related parties	120,752	120,752	120,752	120,752
Fee receivable	6	1	6	1
Sundry debtors	5,850	4,117	5,850	4,120
	139,340	133,425	139,170	133,302

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

A10 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 31 Mar 2019			
Forward foreign exchange related contracts	1,281,130	1,724	5,022
- in connection with fair value hedges	690,157	758	4,062
- other derivatives without hedge accounting	590,973	966	960
Total	1,281,130	1,724	5,022
Group and Bank			
At 31 Dec 2018			
Forward foreign exchange related contracts	979,817	3,780	4,506
- in connection with fair value hedges	409,780	1,253	1,976
- other derivatives without hedge accounting	570,037	2,527	2,530
Total	979,817	3,780	4,506

The Bank's derivatives designated for fair value hedges consists of forward foreign exchange related contracts that are used to protect against exposures to variability in foreign currency exchange rates. This hedging strategy is applied towards interbank borrowings and corporate customer deposits. The changes in the fair value of the forward foreign exchange contract and interbank borrowings or corporate customer deposits are recognised in the income statements. The measurement of the hedged item results in a net loss of RM338,790 recorded in unrealised gain/loss on revaluation of foreign exchange in 2019 (2018: RM723,792).

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A11 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Qard				
- Demand deposits	453,387	517,845	372,122	426,712
- Gold deposits	92,819	96,341	92,819	96,341
Wakalah	222,292	12,226	-	-
Murabahah				
- Term placements	4,379,348	3,845,469	4,342,329	3,845,469
- Savings deposits	120,310	107,117	120,311	107,118
	5,268,155	4,578,999	4,927,581	4,475,640

(ii) By type of customer

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Business enterprises	1,871,666	1,907,774	1,465,178	1,726,484
Individuals	369,940	371,946	369,940	371,946
Subsidiaries	-	-	65,914	77,930
Government and statutory bodies	2,436,251	1,659,101	2,436,251	1,659,101
Other enterprises	590,298	640,178	590,298	640,179
	5,268,155	4,578,999	4,927,581	4,475,640

(iii) By contractual maturity

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Due within six months	4,641,845	3,719,085	4,301,270	3,615,726
More than six months to one year	427,766	634,221	427,766	634,221
More than one year to three years	198,544	225,693	198,544	225,694
	5,268,155	4,578,999	4,927,581	4,475,640

A12 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	34,708	255,850	34,708	255,850
Other financial institutions	2,461,762	2,650,891	2,828,971	2,780,736
	2,596,470	2,906,741	2,963,678	3,036,586

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A13 INVESTMENT ACCOUNTS

	Group and Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000
As at 1 January	5,755	8,218
Net placement during the year	(434)	(2,597)
Income from investment	45	225
Profit distributed to mudarib	(18)	(91)
As at 31 December	5,347	5,755
Investment asset: Wadiah placement with BNM	5,347	5,755

Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

Unrestricted investment accounts:
Less than 3 months

Investment account holder	
Average profit sharing ratio	Average rate of return
(%)	(%)
60	1.90

Business enterprises
Individuals
Other enterprises

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
1,119	1,197
2,446	2,846
1,783	1,712
5,347	5,755

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A14 Other Liabilities

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Sundry creditors	78,448	59,903	78,422	59,817
Accrued restoration cost	5,600	5,600	5,600	5,600
Undistributed charity funds (i)	3,106	3,192	3,106	3,192
Other provisions and accruals	22,382	32,552	22,316	32,436
	109,536	101,247	109,444	101,046

(i) Sources and uses of charity funds:

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

Uses of charity funds:
Compensation of late payment charges
Contribution to non profit organisations
Aid to needy family
Total uses of funds during the year

Closing balance

Group and Bank	
31 Mar 2019 RM'000	31 Dec 2018 RM'000
3,192	2,760
(65)	664
3,127	3,424
-	-
(21)	(85)
-	(147)
(21)	(232)
3,106	3,192

A15 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	31 Mar 2019 Units'000	31 Dec 2018 Units'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Authorised: At 1 January/At closing balance	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid: At 1 January	1,425,272	1,425,272	1,425,272	1,425,272
At 1 January/At closing balance	1,425,272	1,425,272	1,425,272	1,425,272

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A16 Income derived from investment of depositors' funds and others

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group				
Finance income from financing, advances and other receivables	67,158	65,015	67,158	65,015
Finance income from impaired financing	715	328	715	328
Income from securities				
- Financial assets at FVTPL	-	9	-	9
- Financial assets at FVOCI	25,790	19,059	25,790	19,059
Money at call and deposits with financial institutions	590	1,994	590	1,994
	94,253	86,405	94,253	86,405
Amortisation of premium less accretion of discounts	(1,219)	(1,131)	(1,219)	(1,131)
Total finance income and hibah	93,033	85,275	93,033	85,275
Gain/(loss) arising from sale of securities				
- Financial assets at FVTPL	-	9	-	9
- Financial assets at FVOCI	2,506	(79)	2,506	(79)
Foreign exchange (loss)/gain				
- Realised	884	719	884	719
Gain on Ijarah rental swap obligation	-	434	-	434
	96,423	86,358	96,423	86,358

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank				
Finance income from financing, advances and other receivables	67,231	65,049	67,231	65,049
Finance income from impaired financing	716	328	716	328
Income from securities				
- Financial assets at FVTPL	-	9	-	9
- Financial assets at FVOCI	25,771	19,024	25,771	19,024
Money at call and deposits with financial institutions	591	2,008	591	2,008
	94,308	86,418	94,308	86,418
Amortisation of premium less accretion of discounts	(1,221)	(1,131)	(1,221)	(1,131)
Total finance income and hibah	93,087	85,287	93,087	85,287
Gain/(loss) arising from sale of securities				
- Financial assets at FVTPL	-	9	-	9
- Financial assets at FVOCI	2,509	(79)	2,509	(79)
Foreign exchange gain				
- Realised	835	627	835	627
Gain on Ijarah rental swap obligation	-	434	-	434
	96,431	86,278	96,431	86,278

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A17 Income derived from Investment of Shareholder's Equity

Group	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance income from financing, advances and other receivables	15,076	14,939	15,076	14,939
Finance income from impaired financing	160	75	160	75
Income from securities:				
- Financial assets at FVTPL	-	2	-	2
- Financial assets at FVOCI	5,786	4,378	5,786	4,378
Money at call and deposits with financial institutions	133	458	133	458
	21,155	19,852	21,155	19,852
Amortisation of premium less accretion of discounts	(274)	(260)	(274)	(260)
Total finance income and hibah	20,881	19,593	20,881	19,593
Fee income				
- Commission	553	2,287	553	2,287
- Fund management fee	-	-	-	-
- Other fee income	1,068	2,121	1,068	2,121
Gain/(loss) arising from sale of securities				
- Financial assets at FVTPL	-	2	-	2
- Financial assets at FVOCI	567	(18)	567	(18)
Unrealised loss on revaluation of securities held-for-trading and Ijarah rental swap (net)	-	(603)	-	(603)
Foreign exchange (loss)/gain				
- Realised	(3,889)	(35,467)	(3,889)	(35,467)
- Unrealised	3,850	35,505	3,850	35,505
Gain on Ijarah rental swap obligation	-	100	-	100
Other income	135	99	135	99
	23,346	23,619	23,346	23,619

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A17 Income derived from Investment of Shareholder's Equity (cont'd.)

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank				
Finance income from financing, advances and other receivables	15,003	14,905	15,003	14,905
Finance income from impaired financing	159	75	159	75
Income from securities:				
- Financial assets at FVTPL	-	2	-	2
- Financial assets at FVOCI	5,747	4,358	5,747	4,358
Money at call and deposits with financial institutions	132	460	132	460
	21,042	19,801	21,042	19,801
Amortisation of premium less accretion of discounts	(272)	(259)	(272)	(259)
Total finance income and hibah	20,769	19,541	20,769	19,541
Fee income				
- Commission	555	2,293	555	2,293
- Other fee income	1,066	2,115	1,066	2,115
Gain/(loss) arising from sale of securities				
- Financial assets at FVTPL	-	2	-	2
- Financial assets at FVOCI	564	(18)	564	(18)
Unrealised loss on revaluation of securities held-for-trading and Ijarah rental swap (net)	-	(603)	-	(603)
Foreign exchange (loss)/gain				
- Realised	(3,901)	(35,488)	(3,901)	(35,488)
- Unrealised	3,839	35,500	3,839	35,500
Gain on Ijarah rental swap obligation	-	99	-	99
Management fee	30	30	30	30
	23,105	23,472	23,105	23,472

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A18 Credit Loss Expenses

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2019				
Group				
Due from banks	(2,675)	-	-	(2,675)
Cash collateral on securities borrowed and reverse repurchase agreements	-	-	-	-
Financing and advances to customers	(570)	(650)	7,287	6,067
Debt instruments measured at FVOCI	(2,400)	-	-	(2,400)
Debt instruments measured at amortised cost	-	-	-	-
Financial guarantees	-	-	-	-
Financing commitments	-	-	-	-
Letters of credit	-	-	-	-
Total Impairment loss charges /(writeback)	(5,645)	(650)	7,287	992

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2018				
Group				
Due from banks	(413)	-	-	(413)
Cash collateral on securities borrowed and reverse repurchase agreements	-	-	-	-
Financing and advances to customers	(1,118)	-	4,618	3,500
Debt instruments measured at amortised cost	-	-	-	-
Financial guarantees	-	-	-	-
Financing commitments	280	-	-	280
Letters of credit	-	-	-	-
Total Impairment loss charges /(writeback)	(2,288)	-	4,618	2,330

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A18 Credit Loss Expenses (Cont'd.)

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

2019	Stage 1	Stage 2	Stage 3	Total
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Due from banks	(2,675)	-	-	(2,675)
Cash collateral on securities borrowed and reverse repurchase agreements	-	-	-	-
Financing and advances to customers	(570)	(650)	7,287	6,067
Debt instruments measured at FVOCI	(2,400)	-	-	(2,400)
Debt instruments measured at amortised cost	-	-	-	-
Financial guarantees	-	-	-	-
Financing commitments	-	-	-	-
Letters of credit	-	-	-	-
Total Impairment loss charges /(writeback)	(5,645)	(650)	7,287	992

2018	Stage 1	Stage 2	Stage 3	Total
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Due from banks	(413)	-	-	(413)
Cash collateral on securities borrowed and reverse repurchase agreements	-	-	-	-
Financing and advances to customers	(1,118)	-	4,618	3,500
Debt instruments measured at FVOCI	(1,027)	-	-	(1,027)
Debt instruments measured at amortised cost	-	-	-	-
Financial guarantees	-	-	-	-
Financing commitments	280	-	-	280
Letters of credit	-	-	-	-
Total Impairment loss charges /(writeback)	(2,278)	-	4,618	2,340

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A19 Income Attributable to the Depositors

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group				
Deposits from customers				
- Murabahah	38,372	32,387	38,372	32,387
- Wakalah	559	509	559	509
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	25,421	20,525	25,421	20,525
Others	174	444	174	444
	64,526	53,865	64,526	53,865
Bank				
Deposits from customers				
- Murabahah	38,103	32,388	38,103	32,387
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	26,952	21,477	26,952	21,477
Others	174	444	174	444
	65,229	54,308	65,229	54,308

A20 Profit Distributed to Investment Account Holders

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group & Bank				
Income derived from investment of investment account funds	45	66	45	66
Profit distributed to mudarib	(18)	(27)	(18)	(27)
	27	39	27	39

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A21 Commitments and Contingencies

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

	As at 31 Mar 2019			As at 31 Dec 2018		
	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	52,280	52,280	51,289	53,387	53,145	52,548
Transaction related contingencies	115,705	57,853	42,375	165,383	80,959	67,517
Trade related contingencies	28,863	5,773	925	59,250	11,847	8,895
Irrevocable commitments to extend credit						
- maturity less than one year	347,444	69,489	57,329	374,341	67,460	66,250
- maturity more than one year	273,976	136,988	122,785	194,106	93,666	66,857
Foreign exchange related contracts *						
- less than one year	2,654	7	1	-	-	-
- one year to five years	229,534	5,095	1,019	84,054	629	315
- five years and above	1,078,089	11,777	3,068	1,229,158	16,758	5,863
Profit rate related contracts (Ijarah rental swap obligation) *						
- five years and above	-	-	-	-	-	-
	2,128,545	339,260	278,792	2,159,680	324,464	268,245

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

A21.1 Contingent liabilities, commitments

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

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

	Group and Bank	
	Mar 2019 RM'000	Dec 2018 RM'000
Financial guarantees	2,673	53,458
Letters of credit	194,246	224,633
Other undrawn commitments	621,349	568,376
Total commitment	818,268	846,467
Less : ECL (charge)/writeback	(892)	(2,742)
	817,376	843,725

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A21.1 Impairment losses on guarantees and other commitments

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

Financial guarantees

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

<u>Group and Bank</u>	2019				2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	3,073	(400)	-	2,673	53,458
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	3,073	(400)	-	2,673	53,458

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

<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	53,458	-	-	53,458
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(1,098)	-	-	(1,098)
New financial assets originated or purchased	1,493	-	-	1,493
Financial assets that have matured	(50,780)	(400)	-	(51,180)
Gross carrying amount as at 31 Mar 2019	3,073	(400)	-	2,673

<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	1,834	140	-	1,974
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(705)	-	-	(705)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(923)	(140)	-	(1,063)
ECL allowance as at 31 Mar 2019	206	-	-	206
Net carrying amount (after ECL)	2,867	(400)	-	2,467

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A21.1 Impairment losses on guarantees and other commitments (Cont'd.)

Letters of credit

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

<u>Group and Bank</u>	2019			2018
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	194,246	-	-	194,246
Past due but not impaired	-	-	-	-
Total	194,246	-	-	194,246

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

<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	224,633	-	-	224,633
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(39,856)	-	-	(39,856)
New financial assets originated or purchased	24,234	-	-	24,234
Financial assets that have matured	(14,765)	-	-	(14,765)
Gross carrying amount as at 31 Mar 2019	194,246	-	-	194,246

<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	3	-	-	3
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	1	-	-	1
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
ECL allowance as at 31 Mar 2019	4	-	-	4
Net carrying amount (after ECL)	194,242	-	-	194,242

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A21.1 Impairment losses on guarantees and other commitments (Cont'd.)

Other undrawn commitments

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

<u>Group and Bank</u>	2019			2018	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Total RM'000
Internal rating grade :					
Performing	615,681	2,457	3,211	621,349	568,376
Past due but not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	615,681	2,457	3,211	621,349	568,376

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

<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	545,006	23,370	-	568,376
Transfer to 12-month ECL	327	(327)	-	-
Transfer to lifetime ECL not credit impaired	(589)	589	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of outstanding balance	(4,300)	-	-	(4,300)
New financial assets originated or purchased	548,945	1,196	3,211	553,353
Financial assets that have matured	(473,709)	(22,371)	-	(496,080)
Gross carrying amount as at 31 Mar 2019	615,681	2,457	3,211	621,349
<u>Group and Bank</u>	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	765	-	-	765
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	682	-	-	682
Financial assets that have matured	(765)	-	-	(765)
ECL allowance as at 31 Mar 2019	682	-	-	682
Net carrying amount (after ECL)	614,999	2,457	3,211	620,667

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A22 Capital Adequacy

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

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

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

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

	Group		Bank	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Common Equity Tier I / Tier I Capital Ratio				
Credit risk	28.081%	27.293%	27.376%	26.583%
Credit, market, operational and large exposure risks	26.132%	25.419%	25.558%	24.794%
Total Capital Ratio				
Credit risk	29.331%	28.542%	28.626%	27.833%
Credit, market, operational and large exposure risks	27.296%	26.582%	26.725%	25.960%

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A22 Capital Adequacy (Cont' d.)

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

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
<u>CET I / Tier I capital</u>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	170,648	170,648	170,648	170,648
Other reserves	118,919	82,126	90,477	53,258
	1,714,839	1,678,046	1,686,397	1,649,178
Less: Deferred tax assets (net)	(181,806)	(181,806)	(181,806)	(181,806)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
Total CET I / Tier I capital	1,533,033	1,496,240	1,494,391	1,457,172
<u>Tier II capital</u>				
Subordinated Murabahah Tawarruq	-	-	-	-
Collective impairment on financing	68,241	68,461	68,235	68,520
Total Tier II capital	68,241	68,461	68,235	68,520
Total capital	1,601,274	1,564,701	1,562,626	1,525,692

(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	
	31 Mar 2019 RM'000	31 Dec 2018 RM'000	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	5,459,319	5,482,161	5,458,783	5,481,618
Total Market RWA	3,920	3,407	3,920	3,407
Total Operational RWA	403,174	400,645	384,298	392,040
Large Exposure Risk RWA for Equity Holdings	8	8	8	8
Total Risk-Weighted Assets	5,866,421	5,886,221	5,847,008	5,877,073
Computation of Capital Ratios				
Core Capital	1,533,033	1,496,240	1,494,391	1,457,172
Capital Base	1,601,274	1,564,701	1,562,626	1,525,692
CET I / Tier I Capital Ratio	26.132%	25.419%	25.558%	24.794%
Total Capital Ratio	27.296%	26.582%	26.725%	25.960%

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A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
31 Mar 2019			
Financial assets			
Securities held at FVTPL	170	-	170
Debt instruments measured at FVOCI	3,219,636	-	3,219,636
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,803,472	3,636,285	5,439,757
Hedging financial instruments	1,724	-	1,724
Total	5,025,021	3,636,285	8,661,306
Financial liability			
Deposits from customers	4,561,603	-	4,561,603
Hedging financial instruments	5,022	-	5,022
	4,566,625	-	4,566,625
31 Dec 2018			
Financial assets			
Securities held at FVTPL	1,059	-	1,059
Debt instruments measured at FVOCI	2,889,238	-	2,889,238
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,774,175	3,816,701	5,590,876
Hedging financial instruments	3,780	-	3,780
Total	4,668,270	3,816,701	8,484,971
Financial liability			
Deposits from customers	4,561,603	-	4,561,603
Hedging financial instruments	4,506	-	4,506
	4,566,109	-	4,566,109

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A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Bank			
31 Mar 2019			
Financial assets			
Financial assets at FVTPL	170	-	170
Debt instruments measured at FVOCI	3,207,427	-	3,207,427
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,803,472	3,636,285	5,439,757
Hedging financial instruments	1,724	-	1,724
Total	5,012,811	3,636,285	8,649,096
Financial liability			
Deposits from customers	4,457,895	-	4,457,895
Hedging financial instruments	5,022	-	5,022
	4,462,917	-	4,462,917
31 Dec 2018			
Financial assets			
Securities held at FVTPL	1,059	-	1,059
Debt instruments measured at FVOCI	2,876,991	-	2,876,991
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,774,175	3,816,701	5,590,876
Hedging financial instruments	3,780	-	3,780
Total	4,656,023	3,816,701	8,472,724
Financial liability			
Deposits from customers	4,457,895	-	4,457,895
Hedging financial instruments	4,506	-	4,506
	4,462,401	-	4,462,401

Description of significant unobservable inputs to valuation:

Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate 5.7% - 6.0%

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A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

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

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

		Group			
		31 Mar 2019		31 Dec 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		5,441,379	5,439,757	5,592,272	5,590,876
		5,441,379	5,439,757	5,592,272	5,590,876
Financial Liabilities					
Deposits from customers		5,268,155	4,561,603	4,578,999	4,561,603
		5,268,155	4,561,603	4,578,999	4,561,603

		Bank			
		31 Mar 2019		31 Dec 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		5,441,379	5,439,757	5,592,272	5,590,876
		5,441,379	5,439,757	5,592,272	5,590,876
Financial Liabilities					
Deposits from customers		4,927,581	4,457,895	4,475,640	4,457,895
		4,927,581	4,457,895	4,475,640	4,457,895

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A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

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

(a) Cash and Short-Term Funds

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

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

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

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

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

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

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

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

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

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

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

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A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

(d) Financing, Advances and Other Receivables

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

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

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

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A24 FINANCIAL RISK MANAGEMENT

(d) RATE OF RETURN RISK

Rate of Return in the Banking Book

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

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

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			
31 Mar 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	270,761	-	-	-	-	96,056		366,817	3.19
Deposits and placements with banks and other financial institutions	5,347							5,347	
Securities FVTPL						170		170	
Securities FVOCI	-	-	96,385	1,324,600	1,820,557	18		3,241,560	4.32
Financing, advances and receivables	1,152,749	1,977,984	304,310	230,611	1,748,629	27,095		5,441,379	5.54
Musarakah capital investment	-	-	-	-	-	-		-	
Other assets						762,678		762,678	
Hedging Financial Instrument Assets	1,426	253	45					1,724	
TOTAL ASSETS	1,430,284	1,978,237	400,739	1,555,211	3,569,186	886,018	-	9,819,675	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
Group 31 Mar 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,098,862	1,050,541	1,262,308	189,929	-	666,516		5,268,155	3.28
Deposits and placements of banks and other financial institutions	1,048,151	751,211	797,108	-	-			2,596,470	3.70
Investment accounts of customers						5,347		5,347	
Hedging Financial Instrument Liabilities	2,069	1,036	1,916	-	-			5,022	
Other liabilities	-	-	-	-	-	200,849		200,849	
Total Liabilities	3,149,082	1,802,788	2,061,332	189,929	-	872,712	-	8,075,843	
Shareholder's equity	-	-	-	-	-	1,743,833		1,743,833	
Total Liabilities and Shareholder's equity	3,149,082	1,802,788	2,061,332	189,929	-	2,616,545	-	9,819,675	
On-balance sheet profit sensitivity gap	(1,718,798)	175,449	(1,660,593)	1,365,283	3,569,186	(1,730,527)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,718,798)	175,449	(1,660,593)	1,365,283	3,569,186	(1,730,527)	-	-	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Group 31 Dec 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	15,184	-	-	-	-	120,155	-	135,339	2.55
Deposits and placements with banks and other financial institutions	5,755	-	-	-	-	-	-	5,755	
Securities FVTPL	-	-	-	-	-	1,059	-	1,059	
Securities FVOCI	-	-	35,367	1,296,116	1,557,755	-	-	2,889,238	4.28
Financing, advances and receivables	1,289,206	2,032,387	247,537	218,009	1,768,363	36,770	-	5,592,272	5.42
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	667,338	-	667,338	
Hedging financial instrument assets	-	2,527	1,253	-	-	-	-	3,780	
TOTAL ASSETS	1,310,145	2,034,914	284,157	1,514,125	3,326,118	825,340	-	9,294,799	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

Group	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
31 Dec 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,156,960	1,198,067	1,419,289	190,497	-	614,186	-	4,578,999	3.24
Deposits and placements of banks and other financial institutions	1,275,719	953,306	677,716	-	-	-	-	2,906,741	3.69
Investment accounts of customers	5,755	-	-	-	-	-	-	5,755	
Hedging Financial Instrument Liabilities	1,065	2,692	648	101	-	-	-	4,506	
Other liabilities	-	-	-	-	-	101,247	-	101,247	
Total Liabilities	2,439,499	2,154,065	2,097,653	190,598	-	715,433	-	7,597,249	
Shareholder's equity	-	-	-	-	-	1,697,551	-	1,697,551	
Total Liabilities and Shareholder's equity	2,439,499	2,154,065	2,097,653	190,598	-	2,412,985	-	9,294,800	
On-balance sheet profit sensitivity gap	(1,129,354)	(119,151)	(1,813,496)	1,323,527	3,326,118	(1,587,645)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,129,354)	(119,151)	(1,813,496)	1,323,527	3,326,118	(1,587,645)	-	-	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Mar 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS									
Cash and short-term funds	270,761	-	-	-	-	96,056	366,817	3.19	
Deposits and placements with banks and other financial institutions	5,347						5,347		
Securities FVTPL						170	170		
Securities FVOCI	-	-	96,385	1,312,385	1,820,557	18	3,229,345	4.32	
Financing, advances and receivables	1,122,214	1,976,566	336,264	230,611	1,748,629	27,095	5,441,379	5.54	
Musyarakah capital investment							-		
Other assets						772,341	772,341		
Hedging Financial Instrument Assets	1,426	253	45				1,724		
TOTAL ASSETS	1,399,748	1,976,818	432,694	1,542,996	3,569,186	895,681	-	9,817,123	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Mar 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,873,025	1,017,537	1,261,838	189,929	-	585,252	-	4,927,581	3.37
Deposits and placements of banks and other financial institutions	1,341,388	825,182	797,108	-	-	-	-	2,963,678	3.57
Investment accounts of customers	-	-	-	-	-	5,347	-	5,347	
Hedging financial instrument liabilities	2,069	1,036	1,916	-	-	-	-	5,022	
Other liabilities	-	-	-	-	-	200,757	-	200,757	
Total Liabilities	3,216,482	1,843,756	2,060,863	189,929	-	791,356	-	8,102,384	
Shareholder's equity	-	-	-	-	-	1,714,739	-	1,714,739	-
Total Liabilities and Shareholder's equity	3,216,482	1,843,756	2,060,863	189,929	-	2,506,095	-	9,817,123	
On-balance sheet profit sensitivity gap	(1,816,734)	133,063	(1,628,169)	1,353,068	3,569,186	(1,610,414)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,816,734)	133,063	(1,628,169)	1,353,068	3,569,186	(1,610,414)	-	-	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank									
31 Dec 2018									
ASSETS									
Cash and short-term funds	15,184	-	-	-	-	120,155	-	135,339	2.55
Deposits and placements with banks and other financial institutions	5,755	-	-	-	-	-	-	5,755	
Securities FVTPL	-	-	-	-	-	1,059	-	1,059	
Securities FVOCI	-	-	35,367	1,283,870	1,557,754	-	-	2,876,991	4.29
Financing, advances and receivables	1,236,345	1,929,207	124,374	235,366	1,851,254	215,726	-	5,592,272	5.42
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	676,997	-	676,997	
Hedging Financial Instrument Assets	-	2,527	1,253	-	-	-	-	3,780	
TOTAL ASSETS	1,257,284	1,931,734	160,994	1,519,236	3,409,008	1,013,955	-	9,292,211	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

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

	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
Bank 31 Dec 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,149,906	1,197,579	1,414,605	190,497	-	523,053	-	3.31	
Deposits and placements of banks and other financial institutions	1,380,717	974,000	681,869	-	-	-	-	3.63	
Investment accounts of customers	-	-	-	-	-	5,755	-	5,755	
Hedging Financial Instrument Liabilities	1,065	2,692	648	101	-	-	-	4,506	
Other liabilities	-	-	-	-	-	101,046	-	101,046	
Total Liabilities	2,531,688	2,174,271	2,097,122	190,598	-	629,853	-	7,623,533	
Shareholder's equity	-	-	-	-	-	1,668,678	-	1,668,678	
Total Liabilities and Shareholder's equity	2,531,688	2,174,271	2,097,122	190,598	-	2,298,532	-	9,292,211	
On-balance sheet profit sensitivity gap	(1,274,404)	(242,537)	(1,936,128)	1,328,638	3,409,008	(1,284,578)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,274,404)	(242,537)	(1,936,128)	1,328,638	3,409,008	(1,284,578)	-	-	

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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 three months ended 31 March 2019 of the Group and the Bank have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Guidelines on Financial Reporting for Islamic Banking Institutions and Shariah principles. At the beginning of the current financial year, the Group and the Bank adopted new and revised MFRSs which are mandatory for financial periods beginning on or after 1 January 2019.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2018.

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

B2 Significant Accounting Policies

The interim financial statements of the Group and the Bank for the period ended 31 March 2019 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018 except as discussed below:

B2.1. MFRS 16 Leases

The Group and the Bank has adopted MFRS 16 as issued by MASB in April 2016 with a date of transition of 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group and the Bank did not early adopt MFRS 16 in previous periods.

As permitted by the transitional provisions of MFRS 16, the Group and the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of MFRS 16 has resulted in changes in our accounting policies for recognition and measurement of right-of-use ("ROU") assets and lease liabilities in the financial statements. Set out below are disclosures relating to the impact of the adoption of MFRS 16 on the Bank.

B2.1.1 Statement of financial position

MFRS 16 requires a lessee to either present in the statement of financial position or disclose in the notes:

- (a) Right-of-use("ROU") assets separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee:
 - (i) Includes right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned; and
 - (ii) Discloses which line items in the statement of financial position include those right-of-use assets

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

B2 Significant Accounting Policies (Cont'd.)

B2.1. MFRS 16 Leases (Cont'd.)

B2.1.1 Statement of financial position (Cont'd.)

(b) Lease liabilities separately from other liabilities. If the lessee does not present lease liabilities separately in the statement of financial position, the lessee discloses which line items in the statement of financial position include those liabilities.

On 1 January 2019, the opening balance for both the ROU assets and lease liabilities are RM94,518,539. Breakdown by class of underlying asset as at 1 January 2019 are as follow:

Assets Class	Lease Obligation RM'000
Car leasing	874
Office equipment	415
Office space	93,229
	<u>94,519</u>

B.2.1.2 Statement of profit or loss and other comprehensive income

MFRS 16 requires separate presentation of the interest expense on the lease liability and the depreciation charge for the right-of-use asset in the lessee's statement of profit or loss and other comprehensive income. The interest expense on the lease liability is a component of finance costs, which MFRS 101 requires to be presented separately in the statement of profit or loss and other comprehensive income.

The annual depreciation and interest amount calculated as at 31 March 2019 are RM12,749,939 and RM3,127,262 respectively. Breakdown by class of underlying asset as at 1 January 2019 are as follow:

Asset Class	Annual Interest Expenses RM'000	Annual Depreciation Expenses RM'000
Car leasing	24	318
Office equipment	13	121
Office space	3,090	12,311
	<u>3,127</u>	<u>12,750</u>

B.2.1.3 Statement of cash flows

In the statement of cash flows, a lessee is required to classify cash payments for the principal portion of the lease liability within financing activities. Cash payments for the interest portion of the lease liability are classified applying the requirements in MFRS 107 for interest paid. Furthermore, short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified within operating activities.

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B2 Significant Accounting Policies (Cont'd.)

B2.3. Standards issued but are not yet effective

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

FRSs, Amendments to FRSs and Interpretations	Effective for financial period beginning on or after
MFRS 3 Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021

B2.4. Significant Accounting Estimates and Judgements

(a) Significant Accounting Estimates

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

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

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

(ii) Deferred tax and income taxes

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

(b) Significant Accounting Judgments

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

(i) Classification of investment securities

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

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

(ii) Measurement of the expected credit loss allowance

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

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

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

(iii) Business models and SPPP as significant judgments

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

(iv) Deferred tax and income taxes

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

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B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2018 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 three-months ended 31 March 2019.

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 three-months ended 31 March 2019.

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 three-months ended 31 March 2019.

B7 Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the three-months ended 31 March 2019.

B8 Dividends Paid

There were no dividends paid during the three-months ended 31 March 2019.

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

(i) **Primary Segment - By Business Segment**

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
31 Mar 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	35,259	28,666	9,344	46,545		119,814
Revenue from other segments	50,079	197	585	21,997	(72,857)	-
Total Revenue	85,338	28,863	9,929	68,542	(72,857)	119,814
Segment results	6,741	13,606	6,889	10,813		38,049
Unallocated expenses						(26,382)
Profit from operations						11,666
Taxation						(2,656)
Net profit for the year						9,011
Other information						
Segment assets	3,960,508	1,888,387	508,477	3,215,734	(442,774)	9,130,333
Unallocated corporate assets						689,343
Total assets						9,819,675
Segment liabilities	7,568,475	1,681,169	448,345	7,450,055	(433,127)	16,714,918
Unallocated corporate liabilities						(8,639,075)
Total liabilities						8,075,843
Other segment items						
Purchase of property and equipment				117		117
Purchase of intangible assets				713		713
Depreciation of property and equipment				919		919
Amortisation of intangible assets				1,447		1,447
Other non-cash expense other than depreciation	-	6,907	3,755	(9,669)	-	992

(ii) **By Geographical Locations**

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
31 Mar 2019			
Malaysia	119,814	11,666	9,819,675
	119,814	11,666	9,819,675

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

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
31 Mar 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	24,675	30,183	11,703	43,482		110,043
Revenue from other segments	41,570	199	705	18,840	(61,313)	-
Total Revenue	66,245	30,382	12,408	62,322	(61,313)	110,043
Segment results	1,769	13,542	2,597	12,148		30,056
Unallocated expenses						(25,477)
Profit from operations						4,578
Zakat						(1,016)
Taxation						(1,016)
Net profit for the year						3,562
Other information						
Segment assets	3,409,041	1,972,910	600,280	3,033,907	(201,770)	8,814,368
Unallocated corporate assets						566,045
Total assets						9,380,413
Segment liabilities	5,487,662	2,196,539	483,685	6,965,947	(191,570)	14,942,262
Unallocated corporate liabilities						(7,213,356)
Total liabilities						7,728,907
Other segment items						
Purchase of property and equipment				3,844		3,844
Purchase of intangible assets				497		497
Depreciation of property and equipment				613		-
Amortisation of intangible assets				847		-
Other non-cash expense other than depreciation	494	7,976	(1,990)	(4,150)	-	2,330

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
31 Mar 2018			
Malaysia	110,043	4,578	9,380,413

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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 2018.

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 2018.

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 2018 other than those as disclosed in note A21.

B14 Capital Commitments

The capital commitments not provided for in the interim financial statements as at 31 March 2019 are as follows:

Capital expenditure

Authorised and contracted for:

- renovation
- purchase of IT hardware
- purchase of IT software

Group	Bank
RM'000	RM'000
51	51
9,115	9,115
27,406	27,406
36,572	36,572
15,122	15,122
15,122	15,122

Authorised and not contracted for:

- purchase of IT hardware & software

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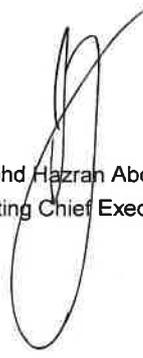
Certification of Financial Statements

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



Mohd Hazran Abd Hadi
Acting Chief Executive Officer