

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

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## Interim Report for the Period Ended 31 March 2020

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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 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A3	149,281	61,870	149,281	61,870
Deposits and placements with banks and other financial institutions	A4	7,018	6,820	7,018	6,820
Gold depository		91,110	84,677	91,110	84,677
Financial assets at FVTPL	A5	1,287	219	1,287	219
Equity instruments at FVOCI	A7	18	18	18	18
Debt instruments at FVOCI	A6	3,625,607	3,647,186	3,625,607	3,647,186
Financing, advances and other receivables	A8	4,520,417	4,786,413	4,520,417	4,786,413
Other assets	A9	133,083	129,394	133,080	129,374
Hedging financial instruments	A10	17,446	5,190	17,446	5,190
Statutory deposits with Bank Negara Malaysia		119,447	184,624	119,447	184,624
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A11	80,473	82,546	80,473	82,546
Property and equipment		22,781	22,826	22,781	22,826
Intangible assets		18,097	19,500	18,097	19,500
Deferred tax assets		43,361	45,181	43,361	45,181
		<b>8,829,426</b>	<b>9,076,464</b>	<b>8,839,623</b>	<b>9,086,644</b>
<b>LIABILITIES</b>					
Deposits from customers	A12	5,376,568	5,121,638	5,393,672	5,138,082
Investment accounts of customers	A14	7,018	6,820	7,018	6,820
Deposits and placements of banks and other financial institutions	A13	1,549,066	2,053,750	1,549,066	2,053,750
Hedging financial instruments	A10	16,977	7,626	16,977	7,626
Lease Liabilities	A11	82,318	84,112	82,318	84,112
Other liabilities	A15	75,951	85,161	75,499	84,859
		<b>7,107,898</b>	<b>7,359,107</b>	<b>7,124,550</b>	<b>7,375,249</b>
<b>SHAREHOLDER'S EQUITY</b>					
Share capital	A16	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		296,256	292,085	289,801	286,123
		<b>1,721,528</b>	<b>1,717,357</b>	<b>1,715,073</b>	<b>1,711,395</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
		<b>8,829,426</b>	<b>9,076,464</b>	<b>8,839,623</b>	<b>9,086,644</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	A23	<b>1,648,367</b>	<b>1,935,549</b>	<b>1,648,367</b>	<b>1,935,549</b>
<b>CAPITAL ADEQUACY</b>					
Common Equity Tier I/ Tier I Capital Ratio	A24	<b>31.574%</b>	30.446%	<b>31.195%</b>	30.114%
Total Capital Ratio	A24	<b>32.722%</b>	31.600%	<b>32.341%</b>	31.267%
<b>NET ASSETS PER SHARE (RM)</b>					
		<b>1.21</b>	1.20	<b>1.20</b>	1.20

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

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

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## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

<b>Group</b>	<b>Note</b>	<b>1st Quarter ended 31-Mar</b>		<b>Three-months ended 31-Mar</b>	
		<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b><u>Continuing Operations</u></b>					
Operating revenue		<b>109,135</b>	119,551	<b>109,135</b>	119,551
Income derived from investment of depositors' funds and others	A17	<b>88,463</b>	96,431	<b>88,463</b>	96,431
Income derived from investment of investment account funds	A21	<b>50</b>	45	<b>50</b>	45
Income derived from investment of shareholder's equity	A18	<b>20,622</b>	23,075	<b>20,622</b>	23,075
Total gross income		<b>109,135</b>	119,551	<b>109,135</b>	119,551
Credit loss (charge)/writeback on financial assets	A19	<b>1,243</b>	992	<b>1,243</b>	992
Total distributable income		<b>110,378</b>	120,543	<b>110,378</b>	120,543
Income attributable to the depositors	A20	<b>(56,172)</b>	(65,229)	<b>(56,172)</b>	(65,229)
Profit distributed to investment account holders	A21	<b>(30)</b>	(27)	<b>(30)</b>	(27)
Total net income		<b>54,176</b>	55,288	<b>54,176</b>	55,288
Personnel expenses		<b>(19,026)</b>	(24,024)	<b>(19,026)</b>	(24,024)
Other overheads and expenditures		<b>(17,145)</b>	(20,294)	<b>(17,145)</b>	(20,294)
Profit before zakat and taxation		<b>18,005</b>	10,970	<b>18,005</b>	10,970
Taxation		<b>(4,328)</b>	(2,640)	<b>(4,328)</b>	(2,640)
Net profit for the period		<b>13,677</b>	8,330	<b>13,677</b>	8,330
<b><u>Discontinued Operations</u></b>					
(Loss)/profit before zakat and taxation from discontinued operations		<b>(323)</b>	696	<b>(323)</b>	696
Profit before zakat and taxation		<b>17,682</b>	11,666	<b>17,682</b>	11,666
Taxation		<b>-</b>	(15)	<b>-</b>	(15)
(Loss)/profit after zakat and taxation for the year from discontinued operations	A22	<b>(323)</b>	681	<b>(323)</b>	681
Net profit for the period		<b>13,354</b>	9,011	<b>13,354</b>	9,011
Attributable to:					
Equity holders of the Bank		<b>13,354</b>	9,011	<b>13,354</b>	9,011
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		<b>0.94</b>	0.63	<b>0.94</b>	0.63

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

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
**(672174-T)**  
**(Incorporated in Malaysia)**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME**

<b>Group</b>	<b>1st Quarter ended 31-Mar</b>		<b>Three-months ended 31-Mar</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Net profit for the period	<b>13,354</b>	9,011	<b>13,354</b>	9,011
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	<b>(12,537)</b>	44,294	<b>(12,537)</b>	44,294
- Net realised gain on securities held at FVOCI reclassified to the income statement	-	819	-	819
- Changes in allowance for expected credit losses	-	2,400	-	2,400
Exchange differences on translation of foreign operations:				
Net gain/(loss) taken to equity	<b>847</b>	(504)	<b>847</b>	(504)
Income tax relating to components of other comprehensive income	<b>2,507</b>	(9,739)	<b>2,507</b>	(9,739)
Other comprehensive income for the period, net of tax	<b>(9,184)</b>	37,270	<b>(9,184)</b>	37,270
Total comprehensive income for the period	<b>4,171</b>	46,281	<b>4,171</b>	46,281
Total comprehensive income for the period attributable to equity holders of the Bank	<b>4,171</b>	46,281	<b>4,171</b>	46,281

*These condensed consolidated statements of comprehensive income 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 INCOME STATEMENTS**

	Note	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Bank</b>					
Operating revenue		<b>109,165</b>	119,581	<b>109,165</b>	119,581
Income derived from investment of depositors' funds and others	A17	<b>88,463</b>	96,431	<b>88,463</b>	96,431
Income derived from investment of investment account funds	A21	<b>50</b>	45	<b>50</b>	45
Income derived from investment of shareholder's equity	A18	<b>20,652</b>	23,105	<b>20,652</b>	23,105
Total gross income		<b>109,165</b>	119,581	<b>109,165</b>	119,581
Credit loss (charge)/writeback on financial assets	A19	<b>1,243</b>	992	<b>1,243</b>	992
Total distributable income		<b>110,408</b>	120,573	<b>110,408</b>	120,573
Income attributable to the depositors	A20	<b>(56,172)</b>	(65,229)	<b>(56,172)</b>	(65,229)
Profit distributed to investment account holders	A21	<b>(30)</b>	(27)	<b>(30)</b>	(27)
Total net income		<b>54,206</b>	55,318	<b>54,206</b>	55,318
Personnel expenses		<b>(19,026)</b>	(24,024)	<b>(19,026)</b>	(24,024)
Other overheads and expenditures		<b>(17,145)</b>	(20,294)	<b>(17,145)</b>	(20,294)
Finance cost		-	-	-	-
Profit before zakat and taxation		<b>18,035</b>	11,000	<b>18,035</b>	11,000
Taxation		<b>(4,328)</b>	(2,640)	<b>(4,328)</b>	(2,640)
Net profit for the period		<b>13,707</b>	8,360	<b>13,707</b>	8,360

*These condensed consolidated statements of comprehensive income 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 COMPREHENSIVE INCOME**

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Bank</b>				
Net profit for the period	13,707	8,360	13,707	8,360
Other comprehensive income/(loss):				
Securities held at FVOCI:				
- Net unrealised gain on securities held at FVOCI	(12,537)	44,220	(12,537)	44,220
- Net realised gain on securities held at FVOCI reclassified to the income statement	-	819	-	819
- Changes in allowance for expected credit losses	-	2,400	-	2,400
Income tax relating to components of other comprehensive income	2,507	(9,739)	2,507	(9,739)
Other comprehensive income for the period, net of tax	(10,030)	37,701	(10,030)	37,701
Total comprehensive income for the period	3,678	46,061	3,678	46,061

*These condensed consolidated statements of comprehensive income 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 CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	FVOCI Reserve RM'000		Retained Earnings RM'000
<b>Group</b>						
<b>At 1 Jan 2020</b>	1,425,272	170,648	3,546	117,800	91	1,717,357
Total comprehensive income	-	-	847	(10,030)	13,354	4,171
<b>At 31 March 2020</b>	<b>1,425,272</b>	<b>170,648</b>	<b>4,393</b>	<b>107,770</b>	<b>13,445</b>	<b>1,721,528</b>
<b>At 1 January 2019</b>						
<b>At 1 Jan 2020</b>	1,425,272	170,648	3,990	18,527	79,114	1,697,551
Total comprehensive income	-	-	(444)	99,273	(79,023)	19,806
<b>At 31 December 2019</b>	<b>1,425,272</b>	<b>170,648</b>	<b>3,546</b>	<b>117,800</b>	<b>91</b>	<b>1,717,357</b>
<b>Bank</b>						
<b>At 1 Jan 2020</b>	1,425,272	170,648	-	117,800	(2,325)	1,711,395
Total comprehensive income	-	-	-	(10,030)	13,707	3,678
<b>At 31 March 2020</b>	<b>1,425,272</b>	<b>170,648</b>	<b>-</b>	<b>107,770</b>	<b>11,382</b>	<b>1,715,073</b>
<b>At 1 January 2019</b>						
<b>At 1 Jan 2020</b>	1,425,272	170,648	-	18,707	54,051	1,668,678
Total comprehensive income	-	-	-	99,093	(56,376)	42,717
<b>At 31 December 2019</b>	<b>1,425,272</b>	<b>170,648</b>	<b>-</b>	<b>117,800</b>	<b>(2,325)</b>	<b>1,711,395</b>

*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 2020 RM'000	31-Mar 2019 RM'000	31-Mar 2020 RM'000	31-Mar 2019 RM'000
Profit before zakat and taxation	18,005	11,666	18,035	11,000
Adjustments for non-cash items	2,808	(4,251)	3,148	(23,774)
Operating profit before changes in working capital	20,812	7,415	21,183	(12,775)
<u>Changes in the working capital</u>				
Net changes in operating assets	317,303	151,654	317,286	151,701
Net changes in operating liabilities	(260,373)	448,694	(256,334)	472,435
Zakat and taxation refund/(paid)	-	-	-	-
Net cash generated from operating activities	56,930	600,348	60,952	624,136
Net purchases of assets	5,276	(379,770)	5,276	(379,884)
Net cash used in investing activities	5,276	(379,770)	5,276	(379,884)
Net change in cash and cash equivalents	83,018	227,993	87,411	231,478
Cash and cash equivalents at beginning of the period	61,870	135,339	61,870	135,339
Exchange differences on translation of opening balances	4,393	3,486	-	-
Cash and cash equivalents at end of the period	149,281	366,817	149,281	366,817

*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 RM17.7 million and RM18.0 million respectively for the period ended 31 March 2020.

**A2 OUTLOOK FOR 2020**

The Malaysian economy is expected to see a contraction in 2020, from 4.3% recorded in 2019, as the Covid-19 situation continues to weigh on tourism, supply chains and household spending as well as declining oil and commodities prices. However, some recovery is expected towards the later part of 2020 as the Covid-19 will affect domestic growth particularly in the first half of this year.

Nevertheless, the monetary policy is expected to remain supportive of economic growth by focusing in providing support to the domestic economic growth in an environment of subdued price pressures as the Covid-19 pandemic increases risks to the country's growth outlook. The policy considerations will continue to be guided by the balance of risks surrounding the outlook.

Expansionary monetary policy and proactive boosts to fiscal spending will stabilise domestic demand and partially ease the impact of the Covid-19 situation. Among these policies are the economic stimulus package announced by the government driven by three objectives: protect the people, support businesses and strengthen the economy. These policies formulated to address the adverse impact of Covid-19 on the economy while preserving the welfare of citizens.

**A3 Cash and short term funds**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Cash and balance with banks and other financial institutions	58,618	58,120
Money at call and interbank placement with remaining maturity less than one month	91,164	3,831
	149,782	61,951
Less : ECL allowance	(501)	(81)
	149,281	61,870

**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.

	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Group and Bank</b>				
Internal rating grade :				
Performing	149,782	-	-	149,782
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	149,782	-	-	149,782

	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Group and Bank</b>				
Internal rating grade :				
Performing	61,951	-	-	61,951
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	61,951	-	-	61,951

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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:

<b>2020 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2020</b>	61,951	-	-	61,951
Net remeasurement of outstanding balance	(180,773)	-	-	(180,773)
New financial assets originated or purchased	273,500	-	-	273,500
Financial assets that have matured	(4,897)	-	-	(4,897)
<b>Gross carrying amount as at 31 March 2020</b>	<b>149,782</b>	<b>-</b>	<b>-</b>	<b>149,782</b>

<b>2020 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2020</b>	81	-	-	81
Allowance made during the year	319	-	-	319
<b>ECL allowance as at 31 March 2020</b>	<b>501</b>	<b>-</b>	<b>-</b>	<b>501</b>
Net carrying amount (after ECL)	149,281	-	-	149,281

<b>2019 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2019</b>	136,151	-	-	136,151
Net remeasurement of outstanding balance	(247,725)	-	-	(247,725)
New financial assets originated or purchased	475,541	-	-	475,541
Financial assets that have matured	(302,016)	-	-	(302,016)
<b>Gross carrying amount as at 31 December 2019</b>	<b>61,951</b>	<b>-</b>	<b>-</b>	<b>61,951</b>

<b>2019 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2019</b>	812	-	-	812
Allowance reversed during the year	(731)	-	-	(731)
<b>ECL allowance as at 31 December 2019</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>81</b>
Net carrying amount (after ECL)	61,870	-	-	61,870

**A4 Placements of Investment Accounts with Bank Negara Malaysia**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2020 RM'000</b>	<b>31 Dec 2019 RM'000</b>	<b>31 Mar 2020 RM'000</b>	<b>31 Dec 2019 RM'000</b>
Bank Negara Malaysia ^	<b>7,018</b>	6,820	<b>7,018</b>	6,820

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

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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 2020 RM'000	31 Dec 2019 RM'000
1,287	219
<b>1,287</b>	<b>219</b>

**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.

**Group and Bank**

Internal rating grade :  
Performing  
Past due but not impaired  
Individually impaired  
Total

31 Mar 2020			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
3,625,607	-	-	3,625,607
-	-	-	-
-	-	-	-
<b>3,625,607</b>	<b>-</b>	<b>-</b>	<b>3,625,607</b>

**Group and Bank**

Internal rating grade :  
Performing  
Past due but not impaired  
Individually impaired  
Total

31 Dec 2019			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
3,647,186	-	-	3,647,186
-	-	-	-
-	-	-	-
<b>3,647,186</b>	<b>-</b>	<b>-</b>	<b>3,647,186</b>

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

**Group and Bank**

Fair value amount as at 1 January 2020

31 Mar 2020			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
3,625,607	-	-	3,625,607

**Group and Bank**

ECL allowance as at 1 January 2020  
Allowance made during the year

ECL allowance as at 31 Mar 2020 \*

31 Mar 2020			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
25,300	-	-	25,300
-	-	-	-
<b>25,300</b>	<b>-</b>	<b>-</b>	<b>25,300</b>

**KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD**  
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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.)**

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 31 Dec 2019	3,647,186	-	-	3,647,186

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2019	19,505	-	-	19,505
Allowance made during the year	5,795	-	-	5,795
ECL allowance as at 31 Dec 2019 *	25,300	-	-	25,300

\* The ECL allowance for financial instruments measured at FVOCI is grouped together with FVOCI reserves under equity.

**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 2020 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	
- Personal financing	
- Cashline financing	
- Syndicated financing	
- Hire purchase receivables	
- Other term financing	
Credit card	
Staff financing	
Less: Impairment allowances	
- Stage 1 Financing	
- Stage 2 Financing	
- Stage 3 Financing	
Net financing and advances to customers	
Less: Impairment allowances	
- Stage 1 Undrawn	
- Stage 1 Trade facilities	
- Stage 2 Trade facilities	
Net financing, advances and other receivables	

Group and Bank	
31 Mar 2020 RM'000	31 Dec 2019 RM'000
1,123,923	1,134,160
1,098,903	1,124,529
6,877	9,401
127,579	125,408
699,945	725,036
1,693,033	1,896,856
131	144
25,969	26,612
4,776,360	5,042,146
(79,306)	(79,727)
(15,930)	(15,930)
(157,043)	(156,413)
4,524,081	4,790,076
(1,615)	(1,615)
(1,839)	(1,838)
(210)	(210)
4,520,417	4,786,413

**ii) By contract**

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

Group and Bank	
31 Mar 2020 RM'000	31 Dec 2019 RM'000
2,088,516	2,143,284
2,624,469	2,832,442
43,705	43,705
1,357	1,540
17,223	20,056
960	975
130	144
4,776,360	5,042,146

**iii) By type of customer**

Domestic business enterprises	
- Small medium enterprises	
- Others	
Individuals	

Group and Bank	
31 Mar 2020 RM'000	31 Dec 2019 RM'000
295,825	342,311
1,513,389	1,672,384
2,967,146	3,027,451
4,776,360	5,042,146

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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 2020 RM'000	31 Dec 2019 RM'000
1,576,715	1,755,059
149,221	76,068
256,044	320,119
<b>2,794,380</b>	<b>2,890,900</b>
<b>4,776,360</b>	<b>5,042,146</b>

**(v) By geographical distribution**

Malaysia  
Middle East  
Other countries

Group and Bank	
31 Mar 2020 RM'000	31 Dec 2019 RM'000
4,771,578	5,037,237
3,466	3,552
1,316	1,357
<b>4,776,360</b>	<b>5,042,146</b>

**(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 2020 RM'000	31 Dec 2019 RM'000
2,807	3,047
699,945	725,036
127,579	125,408
1,006,754	1,036,857
1,121,302	1,131,505
1,817,973	2,020,293
<b>4,776,360</b>	<b>5,042,146</b>

**(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 2020 RM'000	31 Dec 2019 RM'000
704,462	729,911
1,148,293	1,158,623
212,301	264,281
5,385	5,964
1,220,029	1,391,529
140,329	139,658
1,119,306	1,145,537
226,255	206,643
<b>4,776,360</b>	<b>5,042,146</b>

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

**viii) By sector**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Construction	350,711	386,105
Electricity, gas and water	97,233	100,142
Finance, insurance and business services	140,087	98,203
Household	2,967,145	3,027,451
Manufacturing	200,545	213,772
Mining and quarrying	443	166
Agriculture, hunting, forestry & fishing	186,235	205,394
Real Estate	272,195	407,930
Transports, storage and communication	125,894	127,315
Wholesale & retail trade and restaurants & hotels	418,338	454,907
Others	17,534	20,761
<b>Total</b>	<b>4,776,360</b>	<b>5,042,146</b>

**(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'	Ujarah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 Mar 2020</b>								
House financing	1,114,860	78	-	8,025	-	960	-	1,123,923
Personal financing	-	1,097,761	-	-	1,141	-	-	1,098,902
Syndicated financing	-	127,579	-	-	-	-	-	127,579
Cashline financing	-	6,877	-	-	-	-	-	6,877
Hire purchase receivables	699,945	-	-	-	-	-	-	699,945
Other term financing	252,769	1,387,532	43,705	9,027	-	-	-	1,693,033
Staff financing	20,942	4,642	-	170	216	-	-	25,970
Credit card	-	-	-	-	-	-	131	131
<b>Total</b>	<b>2,088,516</b>	<b>2,624,469</b>	<b>43,705</b>	<b>17,222</b>	<b>1,357</b>	<b>960</b>	<b>131</b>	<b>4,776,360</b>

	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'	Ujarah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 Dec 2019</b>								
House financing	1,123,350	79	-	9,755	-	975	-	1,134,160
Personal financing	-	1,123,411	-	-	1,118	-	-	1,124,529
Syndicated financing	-	125,408	-	-	-	-	-	125,408
Cashline financing	-	9,401	-	-	-	-	-	9,401
Hire purchase receivables	725,036	-	-	-	-	-	-	725,036
Other term financing	273,863	1,569,161	43,705	10,127	-	-	-	1,896,857
Staff financing	21,035	4,981	-	174	422	-	-	26,612
Credit card	-	-	-	-	-	-	144	144
<b>Total</b>	<b>2,143,284</b>	<b>2,832,442</b>	<b>43,705</b>	<b>20,056</b>	<b>1,540</b>	<b>975</b>	<b>144</b>	<b>5,042,146</b>

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

**x) Purpose and Source of Qard financing**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
As at 1 January	1,540	1,375
Source of Qard fund:	36	1,326
- Depositors' Fund	29	1,062
- Shareholders' Fund	7	264
Uses of Qard fund:	(219)	(1,161)
- Financing for asset purchase	(175)	(930)
- Staff Benevolent	(44)	(231)
Closing balance	1,357	1,540

**xi) Movements in impaired financing, advances and other receivables**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
At 1 Jan	301,426	267,288
Impaired during the period/year	20,788	33,275
- Impaired during the period/year	34,114	119,508
- Reclassified to performing during the year	(5,839)	(5,637)
- Amount recovered	(7,487)	(67,273)
- Amount written off	-	(13,323)
Reinstatement of previously written down accounts	272	863
Closing balance	322,486	301,426
Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less individual impairment (stage 3)	3.58%	2.97%

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

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
<b>Stage 1 and 2 impairment</b>		
As at 1 Jan	99,320	89,394
Allowance (writeback)/made during the year	(420)	9,926
Closing balance	98,900	99,320
As % of total gross financing, advances and other receivables less individual impairment	2.14%	2.03%

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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 2020 RM'000	31 Dec 2019 RM'000
<b>Stage 3 impairment</b>		
At 1 Jan	156,413	145,125
Allowance made during the year	358	23,747
- Allowance made	6,312	72,088
- Allowance written-back	(5,682)	(48,340)
Amount written off	-	(13,323)
Reinstatement of previously written down accounts	272	863
Closing balance	<b>157,043</b>	156,413

**xiii) Impaired financing by sector**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Finance, insurance and business services	6,243	7,624
Household	41,874	38,668
Manufacturing	81,981	83,110
Real Estate	181,634	161,270
Wholesale & retail trade and restaurants & hotels	10,754	10,754
	<b>322,486</b>	301,426

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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>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	4,178,932	-	-	4,178,932
Past due but not impaired	-	274,942	-	274,942
Individually impaired	-	-	322,486	322,486
<b>Total</b>	<b>4,178,932</b>	<b>274,942</b>	<b>322,486</b>	<b>4,776,360</b>

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	4,481,840	-	-	4,481,840
Past due but not impaired	-	258,881	-	258,880
Individually impaired	-	-	301,426	301,426
<b>Total</b>	<b>4,481,840</b>	<b>258,881</b>	<b>301,426</b>	<b>5,042,146</b>

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>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2020</b>	4,481,839	258,881	301,426	5,042,146
Transfer to 12-month ECL	22,808	(17,669)	(5,139)	-
Transfer to lifetime ECL not credit impaired	(69,819)	70,162	(342)	-
Transfer to lifetime ECL credit impaired	(991)	(29,882)	30,873	-
Net remeasurement of outstanding balance	(77,205)	109,500	31,936	64,231
New financial assets originated or purchased	1,076,844	-	-	1,076,844
Financial assets that have matured	(1,254,544)	(116,050)	(36,268)	(1,406,861)
<b>Gross carrying amount as at 31 March 2020</b>	<b>4,178,932</b>	<b>274,942</b>	<b>322,486</b>	<b>4,776,360</b>

<u>Group and Bank</u>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2020</b>	83,180	16,140	156,413	255,733
Transfer to 12-month ECL	3,035	(821)	(2,213)	-
Transfer to lifetime ECL not credit impaired	(777)	1,117	(341)	-
Transfer to lifetime ECL credit impaired	(13)	(674)	687	-
Allowance (writeback)/made during the year	(2,666)	378	2,498	210
<b>ECL allowance as at 31 March 2020</b>	<b>82,760</b>	<b>16,140</b>	<b>157,043</b>	<b>255,943</b>
<b>Net carrying amount (after ECL)</b>	<b>4,096,173</b>	<b>258,802</b>	<b>165,442</b>	<b>4,520,417</b>

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Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2019</b>	5,423,140	136,363	267,288	5,826,791
Transfer to 12-month ECL	30,341	(29,388)	(953)	-
Transfer to lifetime ECL not credit impaired	(64,479)	65,796	(1,317)	-
Transfer to lifetime ECL credit impaired	(13,158)	(12,529)	25,687	-
Net remeasurement of outstanding balance	(196,332)	143,986	261,239	208,893
New financial assets originated or purchased	1,984,967	-	-	1,984,967
Financial assets that have matured	(2,682,640)	(45,347)	(237,195)	(2,965,182)
Write-offs	-	-	(13,323)	(13,323)
<b>Gross carrying amount as at 31 Dec 2019</b>	<b>4,481,839</b>	<b>258,881</b>	<b>301,426</b>	<b>5,042,146</b>

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2019</b>	73,573	15,821	145,125	234,519
Transfer to 12-month ECL	2,260	(1,712)	(548)	-
Transfer to lifetime ECL not credit impaired	(743)	918	(175)	-
Transfer to lifetime ECL credit impaired	(175)	(722)	897	-
Allowance made during the year	8,265	1,835	23,574	33,674
Reinstatement of previously written down accounts	-	-	863	863
Write-offs	-	-	(13,323)	(13,323)
<b>ECL allowance as at 31 Dec 2019</b>	<b>83,180</b>	<b>16,140</b>	<b>156,413</b>	<b>255,733</b>
Net carrying amount (after ECL)	4,398,659	242,741	145,013	4,786,413

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**A9 Other Assets**

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Deposits and prepayments	11,753	8,084	11,750	8,064
Amount due from other related parties	116,991	116,991	116,991	116,991
Fee receivable	271	276	271	276
Sundry debtors	4,068	4,043	4,068	4,043
	<b>133,083</b>	129,394	<b>133,080</b>	129,374

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

**A10 Hedging Financial Instruments**

**Group and Bank**

**At 31 March 2020**

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
298,850	3,409	2,977
538,018	14,037	14,000
<b>836,868</b>	<b>17,446</b>	<b>16,977</b>

**Group and Bank**

**At 31 Dec 2019**

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
635,527	755	3,191
569,696	4,435	4,435
1,205,223	5,190	7,626

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 RM765,800 recorded in unrealised gain/loss on revaluation of foreign exchange as at 31 March 2020 (31 December 2019: Net loss of RM1,740,421).

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**A11 RIGHT OF USE OF ASSETS AND LEASE LIABILITIES**

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
<u>Cost</u>				
As at 1 January 2020	95,156	397	872	96,425
Additions	1,386	-	-	1,386
Disposals	(546)	-	-	(546)
As at 31 March 2020	95,996	397	872	97,265
<u>Accumulated depreciation</u>				
As at 1 January 2020	13,449	116	314	13,879
Charge	3,351	29	79	3,459
Disposal	(546)	-	-	(546)
As at 31 March 2020	16,254	145	393	16,792
Net book value as at 31 March 2020	79,742	252	479	80,473

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
<u>Cost</u>				
As at 1 January 2019	95,156	397	872	96,425
Additions	-	-	-	-
As at 31 December 2019	95,156	397	872	96,425
<u>Accumulated depreciation</u>				
As at 1 January 2019	-	-	-	-
Charge	13,449	116	314	13,879
Disposal	-	-	-	-
As at 31 December 2019	13,449	116	314	13,879
Net book value as at 31 December 2019	81,707	281	558	82,546

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	83,256	286	570	84,112
Addition	1,386	-	-	1,386
Accretion of profit	786	2	4	792
Payment	(3,858)	(31)	(83)	(3,972)
As at 31 March 2020	81,570	257	491	82,318

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019	95,156	397	872	96,425
Accretion of profit	3,560	14	30	3,604
Payment	(15,460)	(125)	(332)	(15,917)
As at 31 December 2019	83,256	286	570	84,112

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**A11 RIGHT OF USE OF ASSETS AND LEASE LIABILITIES (Cont'd.)**

The following are the amounts recognised in profit or loss:

**31 March 2020**

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

Group and Bank RM'000
3,459
792
4,251

**31 December 2019**

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

Group and Bank RM'000
13,879
3,604
17,483

**A12 Deposits from Customers**

**(i) By type of deposit**

Qard  
- Demand deposits  
- Gold deposits  
Wakalah  
  
Murabahah  
- Term placement  
- Savings deposits

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
- Demand deposits	255,401	302,251	272,504	319,165
- Gold deposits	89,737	84,341	89,737	84,341
Wakalah	-	471	-	-
- Term placement	4,925,128	4,632,527	4,925,128	4,632,527
- Savings deposits	106,302	102,048	106,302	102,049
	<b>5,376,568</b>	<b>5,121,638</b>	<b>5,393,672</b>	<b>5,138,082</b>

**(ii) By type of customer**

Business enterprises  
Individuals  
Subsidiaries  
Government and statutory bodies  
Other enterprises

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Business enterprises	2,674,031	2,733,778	2,670,757	2,663,864
Individuals	370,311	364,479	370,311	364,479
Subsidiaries	-	-	20,377	86,357
Government and statutory bodies	1,921,895	1,591,688	1,921,895	1,591,689
Other enterprises	410,331	431,693	410,331	431,693
	<b>5,376,568</b>	<b>5,121,638</b>	<b>5,393,671</b>	<b>5,138,082</b>

**(iii) By contractual maturity**

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

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Due within six months	2,972,264	3,353,049	2,989,367	3,372,017
More than six months to one year	2,072,958	1,479,201	2,072,958	1,507,828
More than one year to three years	331,346	289,388	331,346	258,237
	<b>5,376,568</b>	<b>5,121,638</b>	<b>5,393,671</b>	<b>5,138,082</b>

**A13 Deposits and Placements of Banks and Other Financial Institutions**

Murabahah  
Licensed Islamic banks  
Other financial institutions

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Murabahah	51,774	70,560	51,774	70,560
Licensed Islamic banks	1,497,292	1,983,190	1,497,292	1,983,190
Other financial institutions				
	<b>1,549,066</b>	<b>2,053,750</b>	<b>1,549,066</b>	<b>2,053,750</b>

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**A14 INVESTMENT ACCOUNTS**

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
As at 1 January	6,820	5,755
Net placement during the year	168	964
Income from investment	50	170
Profit distributed to mudarib	(20)	(69)
As at 30 September/31 December	<b>7,018</b>	6,820
Investment asset: Wadiah placement with BNM	<b>7,018</b>	6,820

**Profit Sharing Ratio, Rate of Return and Performance Incentive Fee**

	Investment account holder	
	Average profit sharing ratio	Average rate of return
	(%)	(%)
<b>Unrestricted investment accounts:</b> Less than 3 months	60	1.63

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Business enterprises	3,420	3,126
Individuals	3,461	3,561
Other enterprises	137	133
	<b>7,018</b>	6,820

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**A15 Other Liabilities**

	Group		Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Sundry creditors	31,620	40,490	31,465	40,465
Accrued restoration cost	5,595	5,595	5,595	5,595
Undistributed charity funds (i)	1,619	1,136	1,619	1,136
Other provisions and accruals	37,117	37,940	36,821	37,663
	<b>75,951</b>	<b>85,161</b>	<b>75,499</b>	<b>84,859</b>

(i) Sources and uses of charity funds:

	Group and Bank	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	1,136	3,192
Penalty (reversal)/charges on late payment	552	1,836
Total sources of funds during the year	<b>1,688</b>	<b>5,028</b>
Uses of charity funds:		
Compensation of late payment charges	-	(3,836)
Contribution to non profit organisations	(60)	(20)
Aid to needy family	(9)	(36)
Total uses of funds during the year	<b>(69)</b>	<b>(3,892)</b>
Closing balance	<b>1,619</b>	<b>1,136</b>

**A16 Share Capital**

	Number of ordinary shares at RM1.00 each		Amount	
	31 Mar 2020 Units'000	31 Dec 2019 Units'000	31 Mar 2020 RM'000	31 Dec 2019 RM'000
<b>Authorised:</b>				
At 1 January/At closing balance	<b>3,000,000</b>	3,000,000	<b>3,000,000</b>	3,000,000
<b>Issued and fully paid:</b>				
At 1 January	<b>1,425,272</b>	1,425,272	<b>1,425,272</b>	1,425,272
At 1 January/At closing balance	<b>1,425,272</b>	1,425,272	<b>1,425,272</b>	1,425,272

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### A17 Income derived from investment of depositors' funds and others

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>				
Finance income from financing, advances and other receivables	57,892	67,231	57,892	67,231
Finance income from impaired financing	1,005	716	1,005	716
Income from securities				
- Financial assets at FVOCI	30,507	25,771	30,507	25,771
Money at call and deposits with financial institutions	448	591	448	591
	<b>89,852</b>	94,308	<b>89,852</b>	94,308
Amortisation of premium less accretion of discounts	<b>(1,424)</b>	(1,221)	<b>(1,424)</b>	(1,221)
Total finance income and hibah	<b>88,428</b>	93,087	<b>88,428</b>	93,087
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	2,509	-	2,509
Foreign exchange (loss)/gain				
- Realised	35	835	35	835
	<b>88,463</b>	96,431	<b>88,463</b>	96,431

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Bank</b>				
Finance income from financing, advances and other receivables	57,892	67,231	57,892	67,231
Finance income from impaired financing	1,005	716	1,005	716
Income from securities				
- Financial assets at FVOCI	30,507	25,771	30,507	25,771
Money at call and deposits with financial institutions	448	591	448	591
	<b>89,852</b>	94,308	<b>89,852</b>	94,308
Amortisation of premium less accretion of discounts	<b>(1,424)</b>	(1,221)	<b>(1,424)</b>	(1,221)
Total finance income and hibah	<b>88,428</b>	93,087	<b>88,428</b>	93,087
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	2,509	-	2,509
Foreign exchange gain				
- Realised	35	835	35	835
	<b>88,463</b>	96,431	<b>88,463</b>	96,431

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### A18 Income derived from Investment of Shareholder's Equity

<b>Group</b>	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from financing, advances and other receivables	14,202	15,003	14,202	15,003
Finance income from impaired financing	246	159	246	159
Income from securities:				
- Financial assets at FVOCI	7,488	5,747	7,488	5,747
Money at call and deposits with financial institutions	109	132	109	132
Amortisation of premium less accretion of discounts	22,046	21,042	22,046	21,042
Total finance income and hibah	(350)	(272)	(350)	(272)
	<b>21,696</b>	20,769	<b>21,696</b>	20,769
Fee income				
- Commission	219	555	219	555
- Other fee income	820	1,066	820	1,066
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	564	-	564
Foreign exchange (loss)/gain				
- Realised	(1,525)	(3,901)	(1,525)	(3,901)
- Unrealised	(588)	3,839	(588)	3,839
Gain on disposal of property, plant and equipment	-	183	-	183
	<b>20,622</b>	23,075	<b>20,622</b>	23,075

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### A18 Income derived from Investment of Shareholder's Equity (cont'd.)

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Bank</b>				
Finance income from financing, advances and other receivables	14,202	15,003	14,202	15,003
Finance income from impaired financing	246	159	246	159
Income from securities:				
- Financial assets at FVOCI	7,488	5,747	7,488	5,747
Money at call and deposits with financial institutions	109	132	109	132
Amortisation of premium less accretion of discounts	22,046	21,042	22,046	21,042
Total finance income and hibah	(350)	(272)	(350)	(272)
	<b>21,696</b>	20,769	<b>21,696</b>	20,769
Fee income				
- Commission	219	555	219	555
- Other fee income	820	1,066	820	1,066
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	564	-	564
Foreign exchange (loss)/gain				
- Realised	(1,525)	(3,901)	(1,525)	(3,901)
- Unrealised	(588)	3,839	(588)	3,839
Gain on disposal of property, plant and equipment	-	183	-	183
Management fee	30	30	30	30
	<b>20,652</b>	23,105	<b>20,652</b>	23,105

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### A19 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
<b>31 Mar 2020</b>				
<b><u>Group and Bank</u></b>				
Cash and short-term funds	(420)	-	-	(420)
Financing and advances to customers	420	-	(359)	61
Bad debt recovered	-	-	1,602	1,602
Total Impairment loss charges /(writeback)	-	-	1,243	1,243

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>31 Mar 2019</b>				
<b><u>Group and Bank</u></b>				
Due from banks	(2,675)	-	-	(2,675)
Financing and advances to customers	(570)	(650)	3,031	1,811
Bad debt recovered	-	-	4,256	4,256
Debt instruments measured at FVOCI	(2,400)	-	-	(2,400)
Total Impairment loss charges /(writeback)	(5,645)	(650)	7,287	992

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### A20 Income Attributable to the Depositors

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>				
Deposits from customers				
- Murabahah	41,801	38,103	41,801	38,103
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	14,265	26,952	14,265	26,952
Others	106	174	106	174
	<b>56,172</b>	<b>65,229</b>	<b>56,172</b>	<b>65,229</b>
<b>Bank</b>				
Deposits from customers				
- Murabahah	41,801	38,103	41,801	38,103
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	14,265	26,952	14,265	26,952
Others	106	174	106	174
	<b>56,172</b>	<b>65,229</b>	<b>56,172</b>	<b>65,229</b>

### A21 Profit Distributed to Investment Account Holders

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group &amp; Bank</b>				
Income derived from investment of investment account funds	50	45	50	45
Profit distributed to mudarib	(20)	(18)	(20)	(18)
	<b>30</b>	<b>27</b>	<b>30</b>	<b>27</b>

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**A22 Discontinued Operations**

	Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds and others	-	1,368
Income derived from investment of shareholder's equity (i)	52	426
Total gross income	52	1,795
Credit loss writeback on financial assets	-	-
Total distributable income	52	1,795
Income attributable to the depositors	-	(828)
Total net income	52	966
Personnel expenses	(53)	(122)
Other overheads and expenditures	(322)	(148)
Profit before zakat and taxation	(323)	696
Taxation	-	(15)
Net profit for the year	<b>(323)</b>	<b>681</b>

**A18 Income derived from investment of depositors' funds and others (Cont'd.)**

	Three-months ended 31-Mar	
	2020 RM'000	2019 RM'000
<b><u>Discontinued Operations</u></b>		
Income from securities:		
- Financial assets at FVOCI	-	48
Money at call and deposits with financial institutions	-	1,271
Total finance income and hibah	-	1,319
Foreign exchange gain		
- Realised	-	50
	-	1,368

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### (i) Income derived from Investment of Shareholder's Equity

#### Discontinued Operations

Income from securities:

- Financial assets at FVOCI

Money at call and deposits with financial institutions

Total finance income and hibah

Foreign exchange (loss)/gain

- Realised
- Unrealised

Other income

Three-months ended 31-Mar	
2020 RM'000	2019 RM'000
-	10
-	261
-	270
-	10
17	11
35	135
<b>52</b>	<b>426</b>

### A19 Income Attributable to the Depositors

#### Discontinued Operations

Deposits from customers

- Murabahah
- Wakalah

2020 RM'000	2019 RM'000
-	269
-	559
-	828

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### A23 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 2020			As at 31 Dec 2019		
	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
<b>Group and Bank</b>						
Direct credit substitutes	52,160	51,310	50,432	52,860	52,409	51,524
Transaction related contingencies	114,418	56,012	44,103	112,849	54,908	42,925
Trade related contingencies	1,618	323	237	11,749	2,270	1,386
Irrevocable commitments to extend credit						
- maturity less than one year	496,709	85,545	79,475	412,592	70,748	66,601
- maturity more than one year	133,008	63,219	59,357	156,759	74,397	69,868
Foreign exchange related contracts *						
- less than one year	651,688	18,572	4,979	1,048,499	10,458	2,955
- one year to five years	198,766	5,132	1,729	140,241	3,386	995
	<b>1,648,367</b>	<b>280,113</b>	<b>240,312</b>	<b>1,935,549</b>	<b>268,576</b>	<b>236,254</b>

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

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

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

	Group and Bank	
	Mar 2020 RM'000	Dec 2019 RM'000
Financial guarantees	52,160	52,860
Letters of credit	116,036	124,598
Other undrawn commitments	629,717	569,351
Total commitment	797,913	746,809
Less : ECL (charge)/writeback	(3,664)	(3,663)
	<b>794,249</b>	<b>743,146</b>

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### A23.1 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.

<b>Group and Bank</b>	<b>31 Mar 2020</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	52,160	-	-	52,160
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>52,160</b>	<b>-</b>	<b>-</b>	<b>52,160</b>

<b>Group and Bank</b>	<b>31 Dec 2019</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	52,260	600	-	52,860
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>52,260</b>	<b>600</b>	<b>-</b>	<b>52,860</b>

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

<b>Group and Bank</b>	<b>31 Mar 2020</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2020</b>	52,260	600	-	52,860
Net remeasurement of outstanding balance	40	-	-	40
New financial assets originated or purchased	890	-	-	890
Financial assets that have matured	(1,030)	(600)	-	(1,630)
<b>Gross carrying amount as at 31 March 2020</b>	<b>52,160</b>	<b>-</b>	<b>-</b>	<b>52,160</b>

<b>Group and Bank</b>	<b>31 Mar 2020</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2020</b>	241	210	-	451
Net remeasurement of loss allowance	357	-	-	357
New financial assets originated or purchased	42	-	-	42
<b>ECL allowance as at 31 March 2020</b>	<b>640</b>	<b>210</b>	<b>-</b>	<b>850</b>
<b>Net carrying amount (after ECL)</b>	<b>51,520</b>	<b>(210)</b>	<b>-</b>	<b>51,310</b>

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### A23.1 Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2019</b>	53,058	400	-	53,458
Net remeasurement of outstanding balance	51,422	600	-	52,022
New financial assets originated or purchased	2,126	-	-	2,126
Financial assets that have matured	(54,346)	(400)	-	(54,746)
<b>Gross carrying amount as at 31 December 2019</b>	52,260	600	-	52,860

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2019</b>	1,834	140	-	1,974
Net remeasurement of loss allowance	(682)	210	-	(472)
New financial assets originated or purchased	24	-	-	24
Financial assets that have matured	(935)	(140)	-	(1,075)
<b>ECL allowance as at 31 December 2019</b>	241	210	-	451
Net carrying amount (after ECL)	52,019	390	-	52,409

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### A23.1 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>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	116,036	-	-	116,036
Past due but not impaired	-	-	-	-
<b>Total</b>	<b>116,036</b>	<b>-</b>	<b>-</b>	<b>116,036</b>

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	124,598	-	-	124,598
Past due but not impaired	-	-	-	-
<b>Total</b>	<b>124,598</b>	<b>-</b>	<b>-</b>	<b>124,598</b>

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

<u>Group and Bank</u>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2020</b>	124,598	-	-	124,598
Net remeasurement of outstanding balance	1,569	-	-	1,569
New financial assets originated or purchased	1,618	-	-	1,618
Financial assets that have matured	(11,749)	-	-	(11,749)
<b>Gross carrying amount as at 31 March 2020</b>	<b>116,036</b>	<b>-</b>	<b>-</b>	<b>116,036</b>

<u>Group and Bank</u>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2020</b>	1,596	-	-	1,596
Net remeasurement of loss allowance	(319)	-	-	(319)
New financial assets originated or purchased	1	-	-	1
Financial assets that have matured	(79)	-	-	(79)
<b>ECL allowance as at 31 March 2020</b>	<b>1,198</b>	<b>-</b>	<b>-</b>	<b>1,198</b>
Net carrying amount (after ECL)	114,838	-	-	114,838

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### A23.1 Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2019</b>	224,633	-	-	224,633
Net remeasurement of outstanding balance	(52,534)	-	-	(52,534)
New financial assets originated or purchased	11,749	-	-	11,749
Financial assets that have matured	(59,250)	-	-	(59,250)
<b>Gross carrying amount as at 31 December 2019</b>	124,598	-	-	124,598

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2019</b>	3	-	-	3
Net remeasurement of loss allowance	1,516	-	-	1,516
New financial assets originated or purchased	80	-	-	80
Financial assets that have matured	(3)	-	-	(3)
<b>ECL allowance as at 31 December 2019</b>	1,596	-	-	1,596

Net carrying amount (after ECL)	123,002	-	-	123,002
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### A23.1 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>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	623,163	5,991	563	629,717
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	623,163	5,991	563	629,717

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	565,042	4,272	37	569,351
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	565,042	4,272	37	569,351

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>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2020</b>	565,080	4,271	-	569,351
Transfer to 12-month ECL	37	-	(37)	-
Transfer to lifetime ECL not credit impaired	(254)	254	-	-
Net remeasurement of outstanding balance	29,989	5,129	600	35,718
New financial assets originated or purchased	494,118	-	-	494,118
Financial assets that have matured	(465,807)	(3,663)	-	(469,470)
<b>Gross carrying amount as at 31 March 2020</b>	623,163	5,991	563	629,717

<u>Group and Bank</u>	31 Mar 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2020</b>	1,615	-	-	1,615
New financial assets originated or purchased	1,212	-	-	1,212
Financial assets that have matured	(962)	-	-	(962)
<b>ECL allowance as at 31 March 2020</b>	1,615	-	-	1,615
Net carrying amount (after ECL)	621,548	5,991	563	628,102

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### A23.1 Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2019</b>	545,006	23,370	-	568,376
Transfer to 12-month ECL	587	(587)	-	-
Transfer to lifetime ECL not credit impaired	(253)	253	-	-
Net remeasurement of outstanding balance	(19,955)	3,611	-	(16,344)
New financial assets originated or purchased	541,981	-	-	541,981
Financial assets that have matured	(502,286)	(22,376)	-	(524,662)
<b>Gross carrying amount as at 31 December 2019</b>	565,080	4,271	-	569,351

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2019</b>	765	-	-	765
New financial assets originated or purchased	1,615	-	-	1,615
Financial assets that have matured	(765)	-	-	(765)
<b>ECL allowance as at 31 December 2019</b>	1,615	-	-	1,615

Net carrying amount (after ECL)	563,465	4,271	-	567,736
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### A24 Capital Adequacy

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

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

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

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

	Group		Bank	
	31 Mar 2019	31 Dec 2019	31 Mar 2019	31 Dec 2019
<b>Common Equity Tier I / Tier I Capital Ratio</b>				
Credit risk	<b>34.382%</b>	32.970%	<b>34.020%</b>	32.647%
Credit, market, operational and large exposure risks	<b>31.574%</b>	30.446%	<b>31.195%</b>	30.114%
<b>Total Capital Ratio</b>				
Credit risk	<b>35.632%</b>	34.220%	<b>35.270%</b>	33.897%
Credit, market, operational and large exposure risks	<b>32.722%</b>	31.600%	<b>32.341%</b>	31.267%

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### A24 Capital Adequacy (Cont' d.)

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

	Group		Bank	
	31 Mar 2019 RM'000	31 Dec 2019 RM'000	31 Mar 2019 RM'000	31 Dec 2019 RM'000
<b><u>CET I / Tier I capital</u></b>				
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	65,245	70,309	58,438	64,602
	<b>1,661,165</b>	1,666,229	<b>1,654,358</b>	1,660,522
Less: Deferred tax assets (net)	(45,181)	(45,181)	(45,181)	(45,181)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
<b>Total CET I / Tier I capital</b>	<b>1,615,984</b>	1,621,048	<b>1,598,977</b>	1,605,141
<b><u>Tier II capital</u></b>				
Collective impairment on financing	58,752	61,459	58,752	61,459
<b>Total Tier II capital</b>	<b>58,752</b>	61,459	<b>58,752</b>	61,459
<b>Total capital</b>	<b>1,674,736</b>	1,682,507	<b>1,657,729</b>	1,666,600

(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 2019 RM'000	31 Mar 2019 RM'000	31 Dec 2019 RM'000
<b>Computation of Total Risk-Weighted Assets (RWA)</b>				
Total Credit RWA	4,700,150	4,916,709	4,700,147	4,916,689
Total Market RWA	15,090	2,271	15,090	2,271
Total Operational RWA	402,901	405,372	410,526	411,281
Large Exposure Risk RWA for Equity Holdings	8	8	8	8
<b>Total Risk-Weighted Assets</b>	<b>5,118,149</b>	5,324,360	<b>5,125,771</b>	5,330,249
<b>Computation of Capital Ratios</b>				
Core Capital	1,615,984	1,621,048	1,598,977	1,605,141
Capital Base	1,674,736	1,682,507	1,657,729	1,666,600
<b>CET I / Tier I Capital Ratio</b>	<b>31.574%</b>	30.446%	<b>31.195%</b>	30.114%
<b>Total Capital Ratio</b>	<b>32.722%</b>	31.600%	<b>32.341%</b>	31.267%

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### A25 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
<b>Group</b>			
<b>31 Mar 2020</b>			
<b>Financial assets</b>			
Securities held at FVTPL	1,287	-	1,287
Debt instruments measured at FVOCI	3,625,607	-	3,625,607
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,725,829	2,793,759	4,519,588
Hedging financial instruments	17,446	-	17,446
<b>Total</b>	<b>5,370,188</b>	<b>2,793,759</b>	<b>8,163,947</b>
<b>Financial liability</b>			
Deposits from customers	5,338,425	-	5,338,425
Hedging financial instruments	16,977	-	16,977
	<b>5,355,402</b>	<b>-</b>	<b>5,355,402</b>
<b>31 Dec 2019</b>			
<b>Financial assets</b>			
Securities held at FVTPL	219	-	219
Debt instruments measured at FVOCI	3,647,186	-	3,647,186
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,760,739	3,024,764	4,785,503
Hedging financial instruments	5,190	-	5,190
<b>Total</b>	<b>5,413,352</b>	<b>3,024,764</b>	<b>8,438,116</b>
<b>Financial liability</b>			
Deposits from customers	5,080,364	-	5,080,364
Hedging financial instruments	7,626	-	7,626
	<b>5,087,990</b>	<b>-</b>	<b>5,087,990</b>

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### A25 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
<b>Bank</b>			
<b>31 Mar 2020</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	1,287	-	1,287
Debt instruments measured at FVOCI	3,625,607	-	3,625,607
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,725,829	2,793,759	4,519,588
Hedging financial instruments	17,446	-	17,446
<b>Total</b>	<b>5,370,188</b>	<b>2,793,759</b>	<b>8,163,947</b>
<b>Financial liability</b>			
Deposits from customers	5,354,520	-	5,354,520
Hedging financial instruments	16,977	-	16,977
	<b>5,371,496</b>	<b>-</b>	<b>5,371,496</b>
<b>31 Dec 2019</b>			
<b>Financial assets</b>			
Securities held at FVTPL	219	-	219
Debt instruments measured at FVOCI	3,647,186	-	3,647,186
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,760,739	3,024,764	4,785,503
Hedging financial instruments	5,190	-	5,190
<b>Total</b>	<b>5,413,352</b>	<b>3,024,764</b>	<b>8,438,116</b>
<b>Financial liability</b>			
Deposits from customers	5,095,915	-	5,095,915
Hedging financial instruments	7,626	-	7,626
	<b>5,103,541</b>	<b>-</b>	<b>5,103,541</b>

#### Description of significant unobservable inputs to valuation:

Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate 5.8% - 6.0%

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### A25 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:

		<b>Group</b>			
		<b>31 Mar 2020</b>		<b>31 Dec 2019</b>	
		<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>					
Financing, advances and other receivables		4,520,417	4,519,588	4,786,414	4,785,503
		<b>4,520,417</b>	<b>4,519,588</b>	4,786,414	4,785,503
<b>Financial Liabilities</b>					
Deposits from customers		5,376,568	5,338,425	5,121,639	5,080,364
		<b>5,376,568</b>	<b>5,338,425</b>	5,121,639	5,080,364

		<b>Bank</b>			
		<b>31 Mar 2020</b>		<b>31 Dec 2019</b>	
		<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>					
Financing, advances and other receivables		4,520,417	4,519,588	4,786,414	4,785,503
		<b>4,520,417</b>	<b>4,519,588</b>	4,786,414	4,785,503
<b>Financial Liabilities</b>					
Deposits from customers		5,393,672	5,354,520	5,138,082	5,095,915
		<b>5,393,672</b>	<b>5,354,520</b>	5,138,082	5,095,915

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### A25 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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### A25 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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### A26 FINANCIAL RISK MANAGEMENT

#### MARKET RISK

Market risk is the risk that movements in market variables, including rates of return, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Group.

##### i. Traded Market Risk

Traded Market Risk arising from financial instruments held either with trading intent or to hedge other elements of the Trading Book. Positions held with trading intent are those held intentionally for short-term resale and/or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits. These positions attract market risk capital charge. For example, proprietary positions, positions arising from client servicing and market making.

##### ii. Non-Traded Market Risk

###### Rate of Return in the Banking Book

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

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

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### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
31 Mar 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
Cash and short-term funds	90,663	-	-	-	-	58,618	-	149,281	2.31
Deposits and placements with banks and other financial institutions	7,018	-	-	-	-	-	-	7,018	
Securities FVTPL	-	-	-	-	-	1,287	-	1,287	
Securities FVOCI	-	-	-	1,901,247	1,724,360	-	-	3,625,607	4.39
Financing, advances and receivables	1,185,201	1,364,782	92,171	210,023	1,447,565	220,675	-	4,520,417	4.88
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	508,352	-	508,352	
Hedging Financial Instrument Assets	17,348	-	98	-	-	-	-	17,446	
<b>TOTAL ASSETS</b>	<b>1,300,230</b>	<b>1,364,782</b>	<b>92,269</b>	<b>2,111,270</b>	<b>3,171,925</b>	<b>788,950</b>	<b>-</b>	<b>8,829,426</b>	

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### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

Group	Non-trading book					Trading book	Total	Effective profit rate	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
31 Mar 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	1,094,252	691,465	3,067,915	433,199	-	89,737	-	5,376,568	3.12
Deposits and placements of banks and other financial institutions	683,542	524,436	341,090	-	-	-	-	1,549,068	2.75
Investment accounts of customers	7,018	-	-	-	-	-	-	7,018	
Hedging financial instrument liabilities	15,439	453	1,084	-	-	-	-	16,976	
Other liabilities	-	-	-	-	-	158,269	-	158,269	
<b>Total Liabilities</b>	<b>1,800,251</b>	<b>1,216,354</b>	<b>3,410,089</b>	<b>433,199</b>	<b>-</b>	<b>248,006</b>	<b>-</b>	<b>7,107,899</b>	
Shareholder's equity	-	-	-	-	-	1,721,528	-	1,721,528	
<b>Total Liabilities and Shareholder's equity</b>	<b>1,800,251</b>	<b>1,216,354</b>	<b>3,410,089</b>	<b>433,199</b>	<b>-</b>	<b>1,969,534</b>	<b>-</b>	<b>8,829,427</b>	
On-balance sheet profit sensitivity gap	(500,021)	148,428	(3,317,820)	1,678,071	3,171,925	(1,180,584)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(500,021)</b>	<b>148,428</b>	<b>(3,317,820)</b>	<b>1,678,071</b>	<b>3,171,925</b>	<b>(1,180,584)</b>	<b>-</b>	<b>-</b>	

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### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Group 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
Cash and short-term funds	3,750	-	-	-	-	58,120	-	61,870	2.41
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	-	6,820	
Securities FVTPL	-	-	-	-	-	-	219	219	
Securities FVOCI	-	-	-	1,729,698	1,917,488	-	-	3,647,186	4.40
Financing, advances and receivables	1,001,063	1,798,649	77,549	266,283	1,443,712	199,157	-	4,786,413	5.05
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	568,749	-	568,749	
Hedging Financial Instrument Assets	4,446	656	87	-	-	-	-	5,189	
<b>TOTAL ASSETS</b>	<b>1,016,079</b>	<b>1,799,305</b>	<b>77,636</b>	<b>1,995,981</b>	<b>3,361,200</b>	<b>826,044</b>	<b>219</b>	<b>9,076,464</b>	

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

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

### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

	Non-trading book					Trading book	Total	Effective profit rate	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
Group 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	1,384,830	1,060,667	2,131,345	460,455	-	84,341	-	5,121,638	3.18
Deposits and placements of banks and other financial institutions	924,504	922,863	206,383	-	-	-	-	2,053,750	3.09
Investment accounts of customers	6,820	-	-	-	-	-	-	6,820	
Hedging Financial Instrument Liabilities	6,985	41	600	-	-	-	-	7,626	
Other liabilities	-	-	-	-	-	169,274	-	169,274	
<b>Total Liabilities</b>	<b>2,323,139</b>	<b>1,983,571</b>	<b>2,338,328</b>	<b>460,455</b>	<b>-</b>	<b>253,615</b>	<b>-</b>	<b>7,359,108</b>	
Shareholder's equity	-	-	-	-	-	1,717,356	-	1,717,356	
<b>Total Liabilities and Shareholder's equity</b>	<b>2,323,139</b>	<b>1,983,571</b>	<b>2,338,328</b>	<b>460,455</b>	<b>-</b>	<b>1,970,971</b>	<b>-</b>	<b>9,076,464</b>	
On-balance sheet profit sensitivity gap	(1,307,060)	(184,266)	(2,260,692)	1,535,526	3,361,200	(1,144,927)	219	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(1,307,060)</b>	<b>(184,266)</b>	<b>(2,260,692)</b>	<b>1,535,526</b>	<b>3,361,200</b>	<b>(1,144,927)</b>	<b>219</b>	<b>-</b>	

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

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

### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>31 Mar 2020</b>									
<b>ASSETS</b>									
Cash and short-term funds	90,663	-	-	-	-	58,618	-	149,281	2.31
Deposits and placements with banks and other financial institutions	7,018	-	-	-	-	-	-	7,018	
Securities FVTPL	-	-	-	-	-	1,287	-	1,287	
Securities FVOCI	-	-	-	1,901,247	1,724,360	-	-	3,625,607	4.39
Financing, advances and receivables	1,185,201	1,364,782	92,171	210,023	1,447,565	220,675	-	4,520,417	4.88
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	518,549	-	518,549	
Hedging Financial Instrument Assets	17,348	-	98	-	-	-	-	17,446	
<b>TOTAL ASSETS</b>	<b>1,300,230</b>	<b>1,364,782</b>	<b>92,269</b>	<b>2,111,270</b>	<b>3,171,925</b>	<b>799,147</b>	<b>-</b>	<b>8,839,623</b>	

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

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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

### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### 0 MARKET RISK (Cont'd.)

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

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

	Non-trading book					Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years			
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>31 Mar 2020</b>								
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>								
Deposits from customers	1,099,897	691,465	3,067,915	444,658	-	89,737	5,393,672	3.12
Deposits and placements of banks and other financial institutions	683,542	524,436	341,088	-	-	-	1,549,066	2.75
Investment accounts of customers	7,018	-	-	-	-	-	7,018	
Hedging Financial Instrument Liabilities	15,439	453	1,085	-	-	-	16,977	
Other liabilities	-	-	-	-	-	157,817	157,817	
<b>Total Liabilities</b>	<b>1,805,896</b>	<b>1,216,354</b>	<b>3,410,088</b>	<b>444,658</b>	<b>-</b>	<b>247,554</b>	<b>7,124,550</b>	
Shareholder's equity	-	-	-	-	-	1,715,073	1,715,073	-
<b>Total Liabilities and Shareholder's equity</b>	<b>1,805,896</b>	<b>1,216,354</b>	<b>3,410,088</b>	<b>444,658</b>	<b>-</b>	<b>1,962,627</b>	<b>8,839,623</b>	
On-balance sheet profit sensitivity gap	(505,666)	148,428	(3,317,819)	1,666,612	3,171,925	(1,163,480)	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(505,666)</b>	<b>148,428</b>	<b>(3,317,819)</b>	<b>1,666,612</b>	<b>3,171,925</b>	<b>(1,163,480)</b>	<b>-</b>	<b>-</b>

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

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

### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>ASSETS</b>									
Cash and short-term funds	3,750	-	-	-	-	58,120	-	61,870	2.41
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	-	6,820	
Securities FVTPL	-	-	-	-	-	-	219	219	
Securities FVOCI	-	-	-	1,729,698	1,917,488	-	-	3,647,186	4.40
Financing, advances and receivables	1,001,063	1,798,649	77,549	266,283	1,443,712	199,157	-	4,786,413	5.05
Musarakah capital investment	-	-	-	-	-	18	-	18	
Hedging Financial Instrument Assets	4,447	656	87	-	-	-	-	5,190	
Other assets	-	-	-	-	-	578,929	-	578,929	
<b>TOTAL ASSETS</b>	<b>1,016,079</b>	<b>1,799,305</b>	<b>77,636</b>	<b>1,995,981</b>	<b>3,361,200</b>	<b>836,224</b>	<b>219</b>	<b>9,086,644</b>	

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

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

### A26 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### MARKET RISK (Cont'd.)

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

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

Bank	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 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	1,389,942	1,060,667	2,131,345	471,787	-	84,341	-	5,138,082	3.17
Deposits and placements of banks and other financial institutions	924,504	922,863	206,383	-	-	-	-	2,053,750	3.09
Investment accounts of customers	6,820	-	-	-	-	-	-	6,820	
Hedging Financial Instrument Liabilities	6,985	41	600	-	-	-	-	7,626	
Other liabilities	-	-	-	-	-	168,971	-	168,971	
<b>Total Liabilities</b>	<b>2,328,251</b>	<b>1,983,571</b>	<b>2,338,328</b>	<b>471,787</b>	<b>-</b>	<b>253,312</b>	<b>-</b>	<b>7,375,249</b>	
Shareholder's equity	-	-	-	-	-	1,711,395	-	1,711,395	-
<b>Total Liabilities and Shareholder's equity</b>	<b>2,328,251</b>	<b>1,983,571</b>	<b>2,338,328</b>	<b>471,787</b>	<b>-</b>	<b>1,964,707</b>	<b>-</b>	<b>9,086,644</b>	
On-balance sheet profit sensitivity gap	(1,312,172)	(184,266)	(2,260,692)	1,524,194	3,361,200	(1,128,483)	219	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(1,312,172)</b>	<b>(184,266)</b>	<b>(2,260,692)</b>	<b>1,524,194</b>	<b>3,361,200</b>	<b>(1,128,483)</b>	<b>219</b>	<b>-</b>	

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

**B1 Basis of Preparation of the Financial Statements**

The unaudited condensed interim financial statements for the nine months ended 31 March 2020 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 2020.

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 2019.

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 2020 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 2019.

**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:

<b>FRSs, Amendments to FRSs and Interpretations</b>	<b>Effective for financial period beginning on or after</b>
MFRS 101 Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2022

**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) Fair value estimation of Right of Use Assets and Lease Liabilities**

The Lease Liability is measured at the present value of the lease payments that are not paid at inception date. The lease payments are discounted using profit rate implicit in the lease, if that rate can be readily determined. If that rate can't be readily determined, the Bank uses the Bank's incremental borrowing rate. The incremental borrowing rate is the profit rate that the Bank would have to pay to finance over a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-use Asset in similar economic environment.

**(iii) Deferred tax and income taxes**

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

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**Part B - Explanatory Notes Pursuant to Financial Reporting Standard ("MFRS 134")  
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**B2 Significant Accounting Policies (Cont'd.)**

**(b) Significant Accounting Judgments**

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

**(i) Classification of investment securities**

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

**(ii) Measurement of the expected credit loss allowance**

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

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

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

**(iii) Business models and SPPP as significant judgments**

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

**(iv) Deferred tax and income taxes**

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

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

**B3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 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 2020.

**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 2020.

**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 2020.

**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 2020.

**B8 Dividends Paid**

There were no dividends paid during the three-months ended 31 March 2020.

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

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

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

<b>Group</b>	<b>Treasury &amp; Capital Markets</b>	<b>Corporate &amp; Investment Banking</b>	<b>Commercial Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>31 Mar 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	38,433	22,369	7,317	41,068		109,187
Revenue from other segments	39,485	173	437	22,017	(62,112)	-
<b>Total Revenue</b>	<b>77,918</b>	<b>22,542</b>	<b>7,754</b>	<b>63,085</b>	<b>(62,112)</b>	<b>109,187</b>
Segment results	9,000	10,908	5,278	13,880	-	39,066
Unallocated expenses						(21,384)
<b>Profit from operations</b>						<b>17,682</b>
Taxation						(4,328)
<b>Net profit for the year</b>						<b>13,354</b>
<b>Other information</b>						
Segment assets	3,776,023	1,293,231	320,126	3,039,138	(30,460)	8,398,058
Unallocated corporate assets						431,368
Total assets						<b>8,829,426</b>
Segment liabilities	7,511,908	373,081	425,244	6,815,142	(20,377)	15,104,998
Unallocated corporate liabilities						(7,997,100)
Total liabilities						<b>7,107,898</b>
<b>Other segment items</b>						
Purchase of property and equipment				517		517
Purchase of intangible assets				31		31
Depreciation of property and equipment				938		938
Amortisation of intangible assets				1,434		1,434
Other non-cash expense other than depreciation	-	1,944	1,447	(2,148)	-	1,243

(ii) **By Geographical Locations**

<b>Group</b>	<b>Operating Revenue RM'000</b>	<b>Profit Before Zakat and Taxation RM'000</b>	<b>Total Assets RM'000</b>
<b>31 Mar 2020</b>			
Malaysia	109,187	17,682	8,829,426

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

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

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

<b>Group</b>	<b>Treasury &amp; Capital Markets</b>	<b>Corporate &amp; Investment Banking</b>	<b>Commercial Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>31 Mar 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	35,259	28,666	9,344	46,282		119,551
Revenue from other segments	50,079	197	585	21,997	(72,857)	-
<b>Total Revenue</b>	<b>85,338</b>	<b>28,863</b>	<b>9,929</b>	<b>68,279</b>	<b>(72,857)</b>	<b>119,551</b>
Segment results	6,741	13,606	6,889	10,813		38,049
Unallocated expenses						(26,382)
<b>Profit from operations</b>						<b>11,666</b>
Zakat						(2,656)
Taxation						(2,656)
<b>Net profit for the year</b>						<b>9,011</b>
<b>Other information</b>						
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						<b>9,819,675</b>
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						<b>8,075,843</b>
<b>Other segment items</b>						
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**

<b>Group</b>	<b>Operating Revenue RM'000</b>	<b>Profit Before Zakat and Taxation RM'000</b>	<b>Total Assets RM'000</b>
<b>31 Mar 2019</b>			
Malaysia	119,551	11,666	9,819,675

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

**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 2019.

**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 2019.

**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 2019 other than those as disclosed in note A23.

**B14 Capital Commitments**

The capital commitments not provided for in the interim financial statements as at 31 March 2020 are as follows:

	<b>Group and Bank RM'000</b>
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	51
- purchase of IT hardware	19
- purchase of IT software	145
	216
 Authorised and not contracted for:	
- purchase of IT hardware & software	34,174

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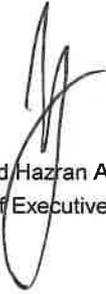
**Certification of Financial Statements**

I, Roslinawati Binti Zainal, being the officer primarily responsible for the financial management of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to the Company's accounting and other records and are in conformity with the approved accounting standards in Malaysia.



Roslinawati Binti Zainal  
Acting Head of Finance

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



Mohd Hazran Abd Hadi  
Chief Executive Officer