

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2020

Interim Condensed Statements of Financial Position	1
Interim Condensed Consolidated Income Statements	2
Interim Condensed Consolidated Statements of Comprehensive Income	3
Interim Condensed Income Statements	4
Interim Condensed Statements of Comprehensive Income	5
Interim Condensed Statements of Changes in Equity	6
Interim Condensed Statements of Cash Flows	7
Selected Explanatory Notes to the Condensed Financial Statements	8 - 130
Certification of Financial Statements	131

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
ASSETS					
Cash and short-term funds	A3	68,973	61,870	68,973	61,870
Deposits and placements with banks and other financial institutions	A4	6,791	6,820	6,791	6,820
Gold depository		98,247	84,677	98,247	84,677
Financial assets at FVTPL	A5	1,133	219	1,133	219
Equity instruments at FVOCI	A7	18	18	18	18
Debt instruments at FVOCI	A6	3,734,965	3,647,186	3,734,965	3,647,186
Financing, advances and other receivables	A8	4,493,493	4,786,413	4,493,493	4,786,413
Other assets	A9	131,434	129,394	131,432	129,374
Hedging financial instruments	A10	6,197	5,190	6,197	5,190
Statutory deposits with Bank Negara Malaysia		18,499	184,624	18,499	184,624
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A11	77,964	82,546	77,964	82,546
Property and equipment		23,231	22,826	23,231	22,826
Intangible assets		16,896	19,500	16,896	19,500
Deferred tax assets		19,609	45,181	19,609	45,181
		8,697,449	9,076,464	8,707,646	9,086,644
LIABILITIES					
Deposits from customers	A12	5,001,782	5,121,638	5,018,751	5,138,082
Investment accounts of customers	A14	6,791	6,820	6,791	6,820
Deposits and placements of banks and other financial institutions	A13	1,769,001	2,053,750	1,769,001	2,053,750
Hedging financial instruments	A10	4,318	7,626	4,318	7,626
Lease Liabilities	A11	80,094	84,112	80,094	84,112
Other liabilities	A15	85,163	85,161	84,710	84,859
		6,947,149	7,359,107	6,963,665	7,375,249
SHAREHOLDER'S EQUITY					
Share capital	A16	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		325,028	292,085	318,709	286,123
		1,750,300	1,717,357	1,743,981	1,711,395
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		8,697,449	9,076,464	8,707,646	9,086,644
COMMITMENTS AND CONTINGENCIES					
	A23	1,558,203	1,935,549	1,558,203	1,935,549
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A24	31.294%	30.446%	30.923%	30.114%
Total Capital Ratio	A24	32.440%	31.600%	32.067%	31.267%
NET ASSETS PER SHARE (RM)					
		1.23	1.20	1.22	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

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

Group	Note	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Continuing Operations</u>					
Operating revenue		107,617	119,156	216,752	238,707
Income derived from investment of depositors' funds and others	A17	81,618	93,631	170,081	190,062
Income derived from investment of investment account funds	A21	41	41	92	86
Income derived from investment of shareholder's equity	A18	25,957	25,484	46,580	48,559
Total gross income		107,617	119,156	216,752	238,707
Modification loss	B5	(54,182)	-	(54,182)	-
Credit loss (charge)/writeback on financial assets	A19	(6,697)	(327)	(5,454)	665
Total distributable income		46,738	118,829	157,116	239,373
Income attributable to the depositors	A20	(48,702)	(65,890)	(104,874)	(131,119)
Profit distributed to investment account holders	A21	(25)	(25)	(55)	(52)
Total net income		(1,988)	52,915	52,188	108,202
Personnel expenses		(17,162)	(21,720)	(36,189)	(45,744)
Other overheads and expenditures		(17,169)	(19,881)	(34,314)	(40,175)
Profit before zakat and taxation		(36,320)	11,313	(18,315)	22,282
Taxation		(3,576)	(2,722)	(7,904)	(5,362)
Net profit for the period		(39,895)	8,591	(26,219)	16,920
<u>Discontinued Operations</u>					
(Loss)/profit before zakat and taxation from discontinued operations		17	539	(306)	1,236
Profit before zakat and taxation		(36,303)	11,852	(18,621)	23,518
Taxation		-	(15)	-	(30)
(Loss)/profit after zakat and taxation for the year from discontinued operations	A22	17	524	(306)	1,205
Net profit for the period		(39,878)	9,115	(26,525)	18,125
Attributable to:					
Equity holders of the Bank		(39,878)	9,115	(26,525)	18,125
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		(2.80)	0.64	(1.86)	1.27

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

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group				
Net profit for the period	(39,878)	9,115	(26,525)	18,125
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	88,950	46,165	76,412	90,458
- Net realised gain on securities held at FVOCI reclassified to the income statement	-	(1,707)	-	(888)
- Changes in allowance for expected credit losses	-	-	-	2,400
Exchange differences on translation of foreign operations:				
Net gain/(loss) taken to equity	(123)	480	724	(24)
Income tax relating to components of other comprehensive income	(20,175)	(9,833)	(17,668)	(19,572)
Other comprehensive income for the period, net of tax	68,652	35,104	59,468	72,375
Total comprehensive income for the period	28,773	44,218	32,943	90,500
Total comprehensive income for the period attributable to equity holders of the Bank	28,773	44,218	32,943	90,500

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
(200401033666)
(Incorporated in Malaysia)

INTERIM CONDENSED INCOME STATEMENTS

<u>Bank</u>	Note	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating revenue		107,647	119,186	216,812	238,767
Income derived from investment of depositors' funds and others	A17	81,618	93,631	170,081	190,062
Income derived from investment of investment account funds	A21	41	41	92	86
Income derived from investment of shareholder's equity	A18	25,987	25,514	46,640	48,619
Total gross income		107,647	119,186	216,812	238,767
Modification loss	B5	(54,182)	-	(54,182)	-
Credit loss (charge)/writeback on financial assets	A19	(6,697)	(327)	(5,454)	665
Total distributable income		46,768	118,859	157,176	239,433
Income attributable to the depositors	A20	(48,702)	(65,890)	(104,874)	(131,119)
Profit distributed to investment account holders	A21	(25)	(25)	(55)	(52)
Total net income		(1,959)	52,944	52,248	108,262
Personnel expenses		(17,162)	(21,720)	(36,189)	(45,744)
Other overheads and expenditures		(17,169)	(19,882)	(34,314)	(40,175)
Finance cost		-	-	-	-
Profit before zakat and taxation		(36,290)	11,342	(18,255)	22,342
Taxation		(3,576)	(2,722)	(7,904)	(5,362)
Net profit for the period		(39,865)	8,620	(26,159)	16,980

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)
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INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank				
Net profit for the period	(39,865)	8,620	(26,159)	16,980
Other comprehensive income/(loss):				
Securities held at FVOCI:				
- Net unrealised gain on securities held at FVOCI	88,950	46,088	76,414	90,309
- Net realised gain on securities held at FVOCI reclassified to the income statement	-	(1,707)	-	(888)
- Changes in allowance for expected credit losses	-	-	-	2,400
Income tax relating to components of other comprehensive income	(20,175)	(9,833)	(17,668)	(19,572)
Other comprehensive income for the period, net of tax	68,775	34,548	58,745	72,249
Total comprehensive income for the period	28,910	43,168	32,586	89,229

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

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INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	FVOCI Reserve RM'000		Retained Earnings RM'000
Group						
At 1 Jan 2020	1,425,272	170,648	3,546	117,800	91	1,717,357
Total comprehensive income	-	-	724	58,744	(26,525)	32,943
At 30 June 2020	1,425,272	170,648	4,270	176,544	(26,434)	1,750,300
At 1 January 2019						
At 1 Jan 2020	1,425,272	170,648	3,990	18,527	79,114	1,697,551
Total comprehensive income	-	-	(444)	99,273	(79,023)	19,806
At 31 December 2019	1,425,272	170,648	3,546	117,800	91	1,717,357
Bank						
At 1 Jan 2020	1,425,272	170,648	-	117,800	(2,325)	1,711,395
Total comprehensive income	-	-	-	58,745	(26,159)	32,586
At 30 June 2020	1,425,272	170,648	-	176,545	(28,484)	1,743,981
At 1 January 2019						
At 1 Jan 2020	1,425,272	170,648	-	18,707	54,051	1,668,678
Total comprehensive income	-	-	-	99,093	(56,376)	42,717
At 31 December 2019	1,425,272	170,648	-	117,800	(2,325)	1,711,395

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	
	30-Jun 2020 RM'000	30-Jun 2019 RM'000	30-Jun 2020 RM'000	30-Jun 2019 RM'000
Profit before zakat and taxation	(18,315)	23,518	(18,255)	22,342
Adjustments for non-cash items	73,184	4,582	73,543	7,479
Operating profit before changes in working capital	54,869	28,100	55,288	29,822
<u>Changes in the working capital</u>				
Net changes in operating assets	397,575	353,140	397,557	353,228
Net changes in operating liabilities	(432,691)	58,012	(427,307)	60,156
Zakat and taxation refund/(paid)	-	(20)	-	-
Net cash generated from operating activities	(35,116)	411,132	(29,750)	413,384
Net purchases of assets	(16,921)	(405,339)	(18,437)	(405,347)
Net cash used in investing activities	(16,921)	(405,339)	(18,437)	(405,347)
Net change in cash and cash equivalents	2,833	33,893	7,103	37,859
Cash and cash equivalents at beginning of the period	61,870	135,339	61,870	135,339
Exchange differences on translation of opening balances	4,270	3,966	-	-
Cash and cash equivalents at end of the period	68,973	173,198	68,973	173,198

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 loss before tax of RM18.6 million and RM18.3 million respectively for the period ended 30 June 2020.

BNM had in March 2020 announced a measure to relieve the burden on businesses and households through 6 months automatic moratorium on loan and financing repayments. The automatic moratorium is automatically granted to eligible customers. In accordance with MFRS 9, the Bank has recognised a modification loss of RM54.2 million in June 2020 due to cashflow modification on Personal Financing and Hire Purchase accounts which are granted with the automatic 6 months moratorium.

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 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	
30 Jun 2020	31 Dec 2019
RM'000	RM'000
Cash and balance with banks and other financial institutions	58,120
Money at call and interbank placement with remaining maturity less than one month	3,831
	61,951
Less : ECL allowance	(81)
	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.

<u>Group and Bank</u>	30 Jun 2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	69,474	-	-	69,474
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	69,474	-	-	69,474

<u>Group and Bank</u>	31 Dec 2019			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
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:

2020 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	61,951	-	-	61,951
Net remeasurement of outstanding balance	(193,632)	-	-	(193,632)
New financial assets originated or purchased	206,052	-	-	206,052
Financial assets that have matured	(4,897)	-	-	(4,897)
Gross carrying amount as at 30 Jun 2020	69,474	-	-	69,474

2020 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	81	-	-	81
Allowance made during the year	420	-	-	420
ECL allowance as at 30 June 2020	501	-	-	501
Net carrying amount (after ECL)	68,973	-	-	68,973

2019 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	136,151	-	-	136,151
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)
Gross carrying amount as at 31 December 2019	61,951	-	-	61,951

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

A4 Placements of Investment Accounts with Bank Negara Malaysia

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Bank Negara Malaysia ^	6,791	6,820	6,791	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	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
1,133	219
1,133	219

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	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,734,965	-	-	3,734,965
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,734,965	-	-	3,734,965

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,647,186	-	-	3,647,186
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,647,186	-	-	3,647,186

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

Group and Bank	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 30 June 2020	3,734,965	-	-	3,734,965

Group and Bank	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	25,300	-	-	25,300
Allowance made during the year	-	-	-	-
ECL allowance as at 30 Jun 2020 *	25,300	-	-	25,300

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

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

A6 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	
	30 Jun 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.

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

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 : Modification loss	
Less: Impairment allowances	
- Stage 1 Financing	
- Stage 2 Financing	
- Stage 3 Financing	
Net financing and advances to customers	
Less: Impairment allowances	
- Stage 1 Undrawn	
- Stage 1 Trade facilities	
- Stage 2 Trade facilities	
Net financing, advances and other receivables	

Group and Bank	
30 Jun 2020	31 Dec 2019
RM'000	RM'000
1,132,488	1,134,160
1,112,390	1,124,529
6,797	9,401
135,620	125,408
705,656	725,036
1,690,340	1,896,856
77	144
25,883	26,612
4,809,251	5,042,146
(54,182)	-
4,755,069	5,042,146
(81,777)	(79,727)
(21,230)	(15,930)
(154,907)	(156,413)
4,497,155	4,790,076
(1,615)	(1,615)
(2,048)	(1,838)
-	(210)
4,493,493	4,786,413

ii) By contract

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

Group and Bank	
30 Jun 2020	31 Dec 2019
RM'000	RM'000
2,085,801	2,143,284
2,605,879	2,832,442
43,705	43,705
1,596	1,540
17,096	20,056
915	975
77	144
4,755,069	5,042,146

iii) By type of customer

Domestic business enterprises	
- Small medium enterprises	
- Others	
Individuals	

Group and Bank	
30 Jun 2020	31 Dec 2019
RM'000	RM'000
324,774	342,311
1,489,563	1,672,384
2,940,732	3,027,451
4,755,069	5,042,146

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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

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	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
1,579,502	1,755,059
117,247	76,068
216,292	320,119
2,842,028	2,890,900
4,755,069	5,042,146

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
4,750,289	5,037,237
3,451	3,552
1,329	1,357
4,755,069	5,042,146

(vi) By profit rate sensitivity

Fixed rate
- House financing
- Hire purchase receivables
- Syndicated financing
- Term financing
Variable rate
- House financing
- Term financing

Group and Bank	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
3,100	3,047
690,439	725,036
135,620	125,408
1,009,970	1,036,857
1,129,845	1,131,505
1,786,095	2,020,293
4,755,069	5,042,146

(vii) By economic purpose

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

Group and Bank	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
694,922	729,911
1,156,337	1,158,623
209,534	264,281
4,995	5,964
1,241,283	1,391,529
148,738	139,658
1,094,208	1,145,537
205,052	206,643
4,755,069	5,042,146

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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

viii) By sector

	Group and Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Construction	361,671	386,105
Electricity, gas and water	97,085	100,142
Finance, insurance and business services	135,243	98,203
Household	2,940,733	3,027,451
Manufacturing	199,951	213,772
Mining and quarrying	254	166
Agriculture, hunting, forestry & fishing	174,852	205,394
Real Estate	291,901	407,930
Transports, storage and communication	128,208	127,315
Wholesale & retail trade and restaurants & hotels	409,401	454,907
Others	15,770	20,761
Total	4,755,069	5,042,146

(ix) Financing by types and Shariah contract

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020								
House financing	1,123,597	79	-	7,897	-	915	-	1,132,488
Personal financing	-	1,072,316	-	-	1,110	-	-	1,073,426
Syndicated financing	-	135,620	-	-	-	-	-	135,620
Cashline financing	-	6,797	-	-	-	-	-	6,797
Hire purchase receivables	690,439	-	-	-	-	-	-	690,439
Other term financing	251,161	1,386,446	43,705	9,027	-	-	-	1,690,339
Staff financing	20,607	4,618	-	172	486	-	-	25,883
Credit card	-	-	-	-	-	-	77	77
Total	2,085,804	2,605,876	43,705	17,096	1,596	915	77	4,755,069

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019								
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
Total	2,143,284	2,832,442	43,705	20,056	1,540	975	144	5,042,146

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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

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

	Group and Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Stage 3 impairment		
At 1 Jan	156,413	145,125
Allowance made during the year	19	23,747
- Allowance made	8,163	72,088
- Allowance written-back	(8,144)	(48,340)
Amount written off	(2,294)	(13,323)
Reinstatement of previously written down accounts	769	863
Closing balance	154,907	156,413

xiii) Impaired financing by sector

	Group and Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Finance, insurance and business services	6,258	7,624
Household	38,472	38,668
Manufacturing	82,266	83,110
Real Estate	181,970	161,270
Wholesale & retail trade and restaurants & hotels	10,754	10,754
	319,720	301,426

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	4,161,882	-	-	4,161,882
Past due but not impaired	-	273,467	-	273,467
Individually impaired	-	-	319,720	319,720
Total	4,161,882	273,467	319,720	4,755,069

<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	4,481,839	-	-	4,481,840
Past due but not impaired	-	258,881	-	258,880
Individually impaired	-	-	301,426	301,426
Total	4,481,839	258,881	301,426	5,042,146

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>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	4,481,839	258,881	301,426	5,042,146
Transfer to 12-month ECL	60,359	(54,846)	(5,513)	-
Transfer to lifetime ECL not credit impaired	(32,799)	33,187	(389)	-
Transfer to lifetime ECL credit impaired	(965)	(7,633)	8,598	-
Net remeasurement of outstanding balance	(38,742)	191,492	55,050	207,800
New financial assets originated or purchased	1,233,888	-	-	1,233,888
Financial assets that have matured	(1,488,274)	(146,856)	(37,160)	(1,672,289)
Modification loss	(53,425)	(757)	-	(54,182)
Write-offs	-	-	(2,294)	(2,294)
Gross carrying amount as at 30 Jun 2020	4,161,882	273,467	319,720	4,755,069

<u>Group and Bank</u>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	83,180	16,140	156,413	255,733
Transfer to 12-month ECL	5,875	(3,290)	(2,585)	-
Transfer to lifetime ECL not credit impaired	(482)	872	(390)	-
Transfer to lifetime ECL credit impaired	(13)	(648)	660	-
Allowance (writeback)/made during the year	(3,121)	8,156	2,334	7,369
Write-offs	-	-	(2,294)	(2,294)
Reinstatement of previously written down accounts	-	-	769	769
ECL allowance as at 30 June 2020	85,440	21,230	154,907	261,577

Net carrying amount (after ECL)	4,076,443	252,237	164,813	4,493,493
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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

Group and Bank	31 Dec 2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	5,423,140	136,363	267,288	5,826,791
Transfer to 12-month ECL	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)
Gross carrying amount as at 31 Dec 2019	4,481,839	258,881	301,426	5,042,146

Group and Bank	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	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)
ECL allowance as at 31 Dec 2019	83,180	16,140	156,413	255,733
Net carrying amount (after ECL)	4,398,659	242,741	145,013	4,786,413

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A9 Other Assets

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Deposits and prepayments	10,406	8,084	10,404	8,064
Amount due from other related parties	116,991	116,991	116,991	116,991
Fee receivable	80	276	80	276
Sundry debtors	3,957	4,043	3,957	4,043
	131,434	129,394	131,432	129,374

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

A10 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group and Bank			
At 30 June 2020			
Forward foreign exchange related contracts			
- in connection with fair value hedges	260,207	2,024	138
- other derivatives without hedge accounting	537,803	4,172	4,180
Total	798,009	6,197	4,318
Group and Bank			
At 31 Dec 2019			
Forward foreign exchange related contracts			
- in connection with fair value hedges	635,527	755	3,191
- other derivatives without hedge accounting	569,696	4,435	4,435
Total	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 RM951,355 recorded in unrealised gain/loss on revaluation of foreign exchange as at 30 June 2020 (31 December 2019: Net loss of RM1,740,421).

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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	2,231	-	-	2,231
Disposals	(1,414)	-	-	(1,414)
As at 30 June 2020	95,973	397	872	97,242
<u>Accumulated depreciation</u>				
As at 1 January 2020	13,449	116	314	13,879
Charge	6,598	58	157	6,813
Disposal	(1,414)	-	-	(1,414)
As at 30 June 2020	18,633	174	471	19,278
Net book value as at 30 June 2020	77,340	223	401	77,964

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	2,231	-	-	2,231
Accretion of profit	1,578	5	8	1,591
Payment	(7,612)	(62)	(166)	(7,840)
As at 30 June 2020	79,453	229	412	80,094

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

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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

The following are the amounts recognised in profit or loss:

30 June 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	
	6,813
	1,591
	8,404

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

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Qard				
- Demand deposits	278,907	302,251	295,876	319,165
- Gold deposits	97,797	84,341	97,797	84,341
Wakalah	-	471	-	-
Murabahah				
- Term placement	4,498,553	4,632,527	4,498,553	4,632,527
- Savings deposits	126,525	102,048	126,525	102,049
	5,001,782	5,121,638	5,018,751	5,138,082

(ii) By type of customer

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Business enterprises	2,391,641	2,733,778	2,408,610	2,663,864
Individuals	406,846	364,479	406,846	364,479
Subsidiaries	-	-	-	86,357
Government and statutory bodies	1,767,373	1,591,688	1,767,373	1,591,689
Other enterprises	435,922	431,693	435,922	431,693
	5,001,782	5,121,638	5,018,751	5,138,082

(iii) By contractual maturity

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Due within six months	3,319,764	3,353,049	3,336,733	3,372,017
More than six months to one year	1,457,280	1,479,201	1,457,280	1,507,828
More than one year to three years	224,738	289,388	224,738	258,237
	5,001,782	5,121,638	5,018,751	5,138,082

A13 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	75,695	70,560	75,695	70,560
Other financial institutions	1,693,306	1,983,190	1,693,306	1,983,190
	1,769,001	2,053,750	1,769,001	2,053,750

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A14 INVESTMENT ACCOUNTS

	Group and Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000
As at 1 January	6,820	5,755
Net placement during the year	(84)	964
Income from investment	92	170
Profit distributed to mudarib	(37)	(69)
As at 30 June/31 December	6,791	6,820
Investment asset: Wadiah placement with BNM	6,791	6,820

Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

Unrestricted investment accounts:

Less than 3 months

Investment account holder	
Average profit sharing ratio	Average rate of return
(%)	(%)
60	1.47

Business enterprises
Individuals
Other enterprises

	Group and Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Business enterprises	2,922	3,126
Individuals	3,741	3,561
Other enterprises	127	133
	6,791	6,820

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A15 Other Liabilities

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Sundry creditors	39,605	40,490	39,426	40,465
Accrued restoration cost	5,510	5,595	5,510	5,595
Undistributed charity funds (i)	1,466	1,136	1,466	1,136
Other provisions and accruals	38,582	37,940	38,308	37,663
	85,163	85,161	84,710	84,859

(i) Sources and uses of charity funds:

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

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

Closing balance

Group and Bank	
30 Jun 2020 RM'000	31 Dec 2019 RM'000
1,136	3,192
401	1,836
1,537	5,028
-	(3,836)
(60)	(20)
(10)	(36)
(70)	(3,892)
1,466	1,136

A16 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2020 Units'000	31 Dec 2019 Units'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Authorised:				
At 1 January/At closing balance	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
At 1 January	1,425,272	1,425,272	1,425,272	1,425,272
At 1 January/At closing balance	1,425,272	1,425,272	1,425,272	1,425,272

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A17 Income derived from investment of depositors' funds and others

<u>Group</u>	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from financing, advances and other receivables	51,329	64,125	109,221	131,356
Finance income from impaired financing	969	969	1,974	1,685
Income from securities				
- Financial assets at FVOCI	30,212	27,423	60,719	53,194
Money at call and deposits with financial institutions	85	1,373	533	1,963
	82,595	93,889	172,447	188,197
Amortisation of premium less accretion of discounts	(1,460)	(1,235)	(2,885)	(2,456)
Total finance income and hibah	81,135	92,654	169,563	185,741
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	267	-	2,776
Foreign exchange (loss)/gain				
- Realised	483	710	518	1,545
	81,618	93,631	170,081	190,062

<u>Bank</u>	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from financing, advances and other receivables	51,329	64,125	109,221	131,356
Finance income from impaired financing	969	969	1,974	1,685
Income from securities				
- Financial assets at FVOCI	30,212	27,423	60,719	53,194
Money at call and deposits with financial institutions	85	1,373	533	1,963
	82,595	93,889	172,447	188,197
Amortisation of premium less accretion of discounts	(1,460)	(1,235)	(2,885)	(2,456)
Total finance income and hibah	81,135	92,654	169,563	185,741
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	267	-	2,776
Foreign exchange gain				
- Realised	483	710	518	1,545
	81,618	93,631	170,081	190,062

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A18 Income derived from Investment of Shareholder's Equity

Group	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from financing, advances and other receivables	13,445	15,972	27,647	30,976
Finance income from impaired financing	254	243	500	403
Income from securities:				
- Financial assets at FVOCI	7,910	6,844	15,398	12,592
Money at call and deposits with financial institutions	22	349	131	481
Amortisation of premium less accretion of discounts	21,631	23,409	43,676	44,450
Total finance income and hibah	(382)	(308)	(732)	(581)
	21,249	23,101	42,944	43,870
Fee income				
- Commission	622	736	841	1,290
- Other fee income	4,673	2,429	5,494	3,496
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	82	-	646
Foreign exchange (loss)/gain				
- Realised	4,217	4,540	2,692	639
- Unrealised	(4,795)	(5,554)	(5,383)	(1,716)
Gain on disposal of property, plant and equipment	(8)	150	(8)	333
	25,957	25,484	46,580	48,559

Bank	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from financing, advances and other receivables	13,445	15,972	27,647	30,976
Finance income from impaired financing	254	243	500	403
Income from securities:				
- Financial assets at FVOCI	7,910	6,844	15,398	12,592
Money at call and deposits with financial institutions	22	349	131	481
Amortisation of premium less accretion of discounts	21,631	23,409	43,676	44,450
Total finance income and hibah	(382)	(308)	(732)	(581)
	21,249	23,101	42,944	43,870
Fee income				
- Commission	622	736	841	1,290
- Other fee income	4,673	2,429	5,494	3,496
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	82	-	646
Foreign exchange (loss)/gain				
- Realised	4,217	4,540	2,692	639
- Unrealised	(4,795)	(5,554)	(5,383)	(1,716)
Gain on disposal of property, plant and equipment	(8)	150	(8)	333
Management fee	30	30	60	60
	25,987	25,514	46,640	48,619

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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
30 Jun 2020				
<u>Group and Bank</u>				
Cash and short-term funds	(420)	-	-	(420)
Financing and advances to customers	(2,050)	(5,300)	(19)	(7,369)
Bad debt recovered	-	-	2,335	2,335
Financial guarantees	(210)	210	-	-
Total Impairment loss (writeback)/charges	(2,680)	(5,090)	2,316	(5,454)
30 Jun 2019				
<u>Group and Bank</u>				
Cash and short-term funds	(3,775)	-	-	(3,775)
Financing and advances to customers	(5,211)	1,690	4,271	750
Bad debt recovered	-	-	6,090	6,090
Debt instruments measured at FVOCI	(2,400)	-	-	(2,400)
Total Impairment loss (writeback)/charges	(11,386)	1,690	10,361	665

A20 Income Attributable to the Depositors

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Group</u>				
Deposits from customers				
- Murabahah	38,158	39,197	79,959	77,300
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	10,467	26,561	24,731	53,513
Others	77	132	183	306
	48,702	65,890	104,874	131,119
<u>Bank</u>				
Deposits from customers				
- Murabahah	38,158	39,197	79,959	77,300
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	10,467	26,561	24,731	53,513
Others	77	132	183	306
	48,702	65,890	104,874	131,119

A21 Profit Distributed to Investment Account Holders

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Group & Bank</u>				
Income derived from investment of investment account funds	41	42	92	86
Profit distributed to mudarib	(17)	(17)	(37)	(35)
	25	25	55	52

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A22 Discontinued Operations

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds and others (i)	-	1,631	-	3,000
Income derived from investment of shareholder's equity (ii)	40	545	92	971
Total gross income	40	2,176	92	3,971
Credit loss writeback on financial assets	-	-	-	-
Total distributable income	40	2,176	92	3,971
Income attributable to the depositors (iii)	-	(1,202)	-	(2,030)
Total net income	40	974	92	1,940
Personnel expenses	-	(123)	(54)	(245)
Other overheads and expenditures	(23)	(312)	(344)	(460)
Profit before zakat and taxation	17	539	(306)	1,236
Taxation	-	(15)	-	(30)
Net profit for the year	17	524	(306)	1,205

(i) Income derived from investment of depositors' funds and others

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Discontinued Operations				
Income from securities:				
- Financial assets at FVOCI	-	48	-	96
Money at call and deposits with financial institutions	-	1,507	-	2,777
Total finance income and hibah		1,555		2,873
Foreign exchange gain				
- Realised	-	76	-	127
	-	1,631	-	3,000

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

(ii) Income derived from Investment of Shareholder's Equity

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Discontinued Operations</u>				
Income from securities:				
- Financial assets at FVOCI	-	11	-	21
Money at call and deposits with financial institutions	-	341	-	601
Total finance income and hibah		351	-	622
Foreign exchange (loss)/gain				
- Realised	-	17	-	27
- Unrealised	36	30	53	41
Other income	4	147	39	281
	40	545	92	971

(iii) Income Attributable to the Depositors

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Discontinued Operations</u>				
Deposits from customers				
- Murabahah	-	271	-	541
- Wakalah	-	931	-	1,490
	-	1,202	-	2,030

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

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 30 Jun 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
Group and Bank						
Direct credit substitutes	52,159	51,655	50,771	52,860	52,409	51,524
Transaction related contingencies	114,861	56,136	43,396	112,849	54,908	42,925
Trade related contingencies	3,787	510	473	11,749	2,270	1,386
Irrevocable commitments to extend credit						
- maturity less than one year	406,122	66,849	61,857	412,592	70,748	66,601
- maturity more than one year	188,909	88,454	82,961	156,759	74,397	69,868
Foreign exchange related contracts *						
- less than one year	533,371	4,172	834	1,048,499	10,458	2,955
- one year to five years	258,994	9,323	3,671	140,241	3,386	995
	1,558,203	277,099	243,963	1,935,549	268,576	236,254

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

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

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

	Group and Bank	
	Jun 2020 RM'000	Dec 2019 RM'000
Financial guarantees	52,159	52,860
Letters of credit	118,648	124,598
Other undrawn commitments	595,031	569,351
Total commitment	765,838	746,809
Less : ECL (charge)/writeback	(3,663)	(3,663)
	762,175	743,146

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) Impairment losses on guarantees and other commitments

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

Financial guarantees

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

Group and Bank	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	52,159	-	-	52,159
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	52,159	-	-	52,159

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

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

Group and Bank	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	52,260	600	-	52,860
Net remeasurement of outstanding balance	189	-	-	189
New financial assets originated or purchased	890	-	-	890
Financial assets that have matured	(1,180)	(600)	-	(1,780)
Gross carrying amount as at 30 Jun 2020	52,159	-	-	52,159

Group and Bank	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	241	210	-	451
Net remeasurement of loss allowance	215	-	-	215
New financial assets originated or purchased	48	-	-	48
Financial assets that have matured	-	(210)	-	(210)
ECL allowance as at 30 June 2020	505	-	-	505

Net carrying amount (after ECL)	51,654	-	-	51,654
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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) 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
Gross carrying amount as at 1 January 2019	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)
Gross carrying amount as at 31 December 2019	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
ECL allowance as at 1 January 2019	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)
ECL allowance as at 31 December 2019	241	210	-	451
Net carrying amount (after ECL)	52,019	390	-	52,409

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) 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>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	118,648	-	-	118,648
Past due but not impaired	-	-	-	-
Total	118,648	-	-	118,648

<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	-	-	-	-
Total	124,598	-	-	124,598

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

<u>Group and Bank</u>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	124,598	-	-	124,598
Net remeasurement of outstanding balance	2,012	-	-	2,012
New financial assets originated or purchased	3,787	-	-	3,787
Financial assets that have matured	(11,749)	-	-	(11,749)
Gross carrying amount as at 30 Jun 2020	118,648	-	-	118,648

<u>Group and Bank</u>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	1,596	-	-	1,596
Net remeasurement of loss allowance	(221)	-	-	(221)
New financial assets originated or purchased	248	-	-	248
Financial assets that have matured	(80)	-	-	(80)
ECL allowance as at 30 June 2020	1,543	-	-	1,543
Net carrying amount (after ECL)	117,105	-	-	117,105

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) 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
Gross carrying amount as at 1 January 2019	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)
Gross carrying amount as at 31 December 2019	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
ECL allowance as at 1 January 2019	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)
ECL allowance as at 31 December 2019	1,596	-	-	1,596

Net carrying amount (after ECL)	123,002	-	-	123,002
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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) 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>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	589,238	5,793	-	595,031
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	589,238	5,793	-	595,031

<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>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	565,080	4,271	-	569,351
Transfer to 12-month ECL	174	(174)	-	-
Net remeasurement of outstanding balance	151,106	5,358	-	156,464
New financial assets originated or purchased	401,699	-	-	401,699
Financial assets that have matured	(528,820)	(3,663)	-	(532,483)
Gross carrying amount as at 30 Jun 2020	589,238	5,793	-	595,031

<u>Group and Bank</u>	30 Jun 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2020	1,615	-	-	1,615
New financial assets originated or purchased	417	-	-	417
Financial assets that have matured	(33)	-	-	(33)
ECL allowance as at 30 June 2020	1,615	-	-	1,615
Net carrying amount (after ECL)	587,623	5,793	-	593,416

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A23(b) 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
Gross carrying amount as at 1 January 2019	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)
Gross carrying amount as at 31 December 2019	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
ECL allowance as at 1 January 2019	765	-	-	765
New financial assets originated or purchased	1,615	-	-	1,615
Financial assets that have matured	(765)	-	-	(765)
ECL allowance as at 31 December 2019	1,615	-	-	1,615

Net carrying amount (after ECL)	563,465	4,271	-	567,736
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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A24 Credit transactions and exposures with connected parties

Bank

Financing, credit facility and leasing (except guarantee)
Off-balance sheet exposures

As at 30 Jun 2020			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
116,991	1	116,991	-
600	1	600	-
117,591	2	117,591	-
		7.7%	0.0%
Total exposure to connected parties as % capital base			
Total exposure to connected parties as % of total outstanding credit exposures		1.4%	0.0%

Total exposure to connected parties as % capital base

Total exposure to connected parties as % of total
outstanding credit exposures

Bank

Financing, credit facility and leasing (except guarantee)
Off-balance sheet exposures

As at 31 Dec 2019			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
116,991	1	116,991	-
600	1	600	-
117,591	2	117,591	-
		7.1%	0.0%
Total exposure to connected parties as % capital base			
Total exposure to connected parties as % of total outstanding credit exposures		1.3%	0.0%

Total exposure to connected parties as % capital base

Total exposure to connected parties as % of total
outstanding credit exposures

* Included total outstanding and unutilised limit

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital Adequacy

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

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

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

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

	Group		Bank	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Common Equity Tier I / Tier I Capital Ratio				
Credit risk	34.121%	32.970%	33.773%	32.647%
Credit, market, operational and large exposure risks	31.294%	30.446%	30.923%	30.114%
Total Capital Ratio				
Credit risk	35.371%	34.220%	35.023%	33.897%
Credit, market, operational and large exposure risks	32.440%	31.600%	32.067%	31.267%

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital Adequacy (Cont' d.)

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

	Group		Bank	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
<u>CET I / Tier I capital</u>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	170,648	170,648	170,648	170,648
Other reserves	71,197	70,309	64,879	64,602
	1,667,117	1,666,229	1,660,799	1,660,522
Less: Deferred tax assets (net)	(45,181)	(45,181)	(45,181)	(45,181)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
Total CET I / Tier I capital	1,621,936	1,621,048	1,605,418	1,605,141
<u>Tier II capital</u>				
Collective impairment on financing	59,419	61,459	59,419	61,459
Total Tier II capital	59,419	61,459	59,419	61,459
Total capital	1,681,355	1,682,507	1,664,837	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	
	30 Jun 2020 RM'000	31 Dec 2019 RM'000	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	4,753,547	4,916,709	4,753,544	4,916,689
Total Market RWA	18,568	2,271	18,252	2,271
Total Operational RWA	410,823	405,372	419,906	411,281
Large Exposure Risk RWA for Equity Holdings	8	8	8	8
Total Risk-Weighted Assets	5,182,946	5,324,360	5,191,710	5,330,249
Computation of Capital Ratios				
Core Capital	1,621,936	1,621,048	1,605,418	1,605,141
Capital Base	1,681,355	1,682,507	1,664,837	1,666,600
CET I / Tier I Capital Ratio	31.294%	30.446%	30.923%	30.114%
Total Capital Ratio	32.440%	31.600%	32.067%	31.267%

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital Adequacy (Cont'd)

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

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 Jun 2020					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,190,405	1,190,405	43,504	43,504	3,480
Banks, Development Financial Institutions & MDBs	73,774	73,774	25,649	25,649	2,052
Corporates	3,928,578	3,928,578	1,503,088	1,503,088	120,247
Regulatory Retail	1,857,287	1,857,287	1,664,401	1,664,401	133,152
Residential Mortgages	1,060,745	1,060,745	553,083	553,083	44,247
Higher Risk Assets ¹	1,151	1,151	1,726	1,726	138
Other Assets	357,587	357,587	249,526	249,525	19,962
Defaulted Exposures ²	362,968	362,968	468,599	468,599	37,488
	8,832,495	8,832,495	4,509,576	4,509,575	360,766
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	13,495	13,495	4,506	4,506	360
Off balance sheet exposures other than OTC hedging financial instruments	263,603	263,603	239,465	239,465	19,157
	277,098	277,098	243,971	243,971	19,517
Total On and Off-Balance Sheet Exposures	9,109,593	9,109,593	4,753,547	4,753,546	380,283
(ii) Large Exposures Risk Requirement	8	8	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	18,118	-	18,118	18,568	1,485
			18,118	18,568	1,485
(iv) Operational Risk			410,823	410,823	32,866
(v) Total RWA and Capital Requirements		9,127,719	5,182,946	5,182,945	414,635

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital Adequacy (Cont'd)

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

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 Dec 2019					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,335,749	1,335,749	41,621	41,621	3,330
Banks, Development Financial Institutions & MDBs	58,349	58,349	17,458	17,458	1,397
Corporates	4,136,705	4,136,705	1,748,146	1,748,146	139,852
Regulatory Retail	1,890,224	1,890,224	1,692,105	1,692,105	135,368
Residential Mortgages	1,056,790	1,056,790	555,943	555,943	44,475
Higher Risk Assets ¹	237	237	355	355	28
Other Assets	350,934	350,934	254,266	254,266	20,341
Defaulted Exposures ²	296,424	296,424	370,561	370,561	29,645
	9,125,412	9,125,412	4,680,455	4,680,455	374,436
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	13,844	13,844	3,951	3,951	316
Off balance sheet exposures other than OTC hedging financial instruments	254,731	254,731	232,303	232,303	18,584
	268,575	268,575	236,254	236,254	18,900
Total On and Off-Balance Sheet Exposures	9,393,987	9,393,987	4,916,709	4,916,709	393,337
(ii) Large Exposures Risk Requirement	18	18	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	1,483	1,935	(451)	2,271	182
			(451)	2,271	182
(iv) Operational Risk			405,372	405,372	32,430
(v) Total RWA and Capital Requirements			5,324,360	5,324,360	425,949

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital adequacy (Cont'd.)

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

	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
As at 30 Jun 2020					
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,190,405	1,190,405	43,504	43,504	3,480
Banks, Development Financial Institutions & MDBs	73,774	73,774	25,649	25,649	2,052
Corporates	3,928,578	3,928,578	1,503,088	1,503,088	120,247
Regulatory Retail	1,857,287	1,857,287	1,664,401	1,664,401	133,152
Residential Mortgages	1,060,745	1,060,745	553,083	553,083	44,247
Higher Risk Assets ¹	1,151	1,151	1,726	1,726	138
Other Assets	357,585	357,586	249,523	249,523	19,962
Defaulted Exposures ²	362,968	362,967	468,599	468,599	37,488
	8,832,493	8,832,493	4,509,573	4,509,573	360,766
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	13,495	13,495	4,506	4,506	360
Off balance sheet exposures other than OTC hedging financial instruments	263,603	263,603	239,465	239,465	19,157
	277,098	277,098	243,971	243,971	19,517
Total On and Off-Balance Sheet Exposures	9,109,591	9,109,591	4,753,544	4,753,544	380,283
(ii) Large Exposures Risk Requirement	8	8	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	17,802	-	17,802	18,252	1,460
			17,802	18,252	1,460
(iv) Operational Risk			419,906	419,906	33,592
(v) Total RWA and Capital Requirements		9,127,401	5,191,710	5,191,710	415,336

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital adequacy (Cont'd.)

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

Bank	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,335,749	1,335,749	41,621	41,621	3,330
Banks, Development Financial Institutions & MDBs	58,349	58,349	17,458	17,458	1,397
Corporates	4,136,705	4,136,705	1,748,146	1,748,146	139,852
Regulatory Retail	1,890,224	1,890,224	1,692,105	1,692,105	135,368
Residential Mortgages	1,056,790	1,056,790	555,943	555,943	44,475
Higher Risk Assets ¹	237	237	355	355	28
Other Assets	350,914	350,914	254,246	254,246	20,340
Defaulted Exposures ²	296,424	296,424	370,561	370,561	29,645
	9,125,392	9,125,392	4,680,435	4,680,435	374,435
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	13,844	13,844	3,951	3,951	316
Off balance sheet exposures other than OTC hedging financial instruments	254,731	254,731	232,303	232,303	18,584
	268,575	268,575	236,254	236,254	18,900
Total On and Off-Balance Sheet Exposures	9,393,967	9,393,967	4,916,689	4,916,689	393,335
(ii) Large Exposures Risk Requirement					
	18	18	8	8	1
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	1,483	1,935	(451)	2,271	182
		(451)	2,271	2,271	182
(iv) Operational Risk					
(v) Total RWA and Capital Requirements					
			411,281	411,281	32,902
			5,330,249	5,330,249	426,420

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital adequacy (Cont'd.)

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

		Exposures after Netting and Credit Risk Mitigation							
Group	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
As at 30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights									
0%	972,885	20,590	1,913,752	3,760	884	-	108,063	3,019,934	-
20%	217,520	10,657	603,065	-	-	-	-	831,242	166,248
35%	-	-	-	-	548,823	-	-	548,823	192,088
50%	-	55,998	160,004	24	306,989	-	-	523,015	261,508
75%	-	-	-	770,504	-	-	-	770,504	577,878
100%	-	24	1,572,378	1,095,750	218,897	-	249,526	3,136,575	3,136,575
150%	-	-	236,915	1,073	-	41,512	-	279,500	419,250
	1,190,405	87,269	4,486,114	1,871,111	1,075,593	41,512	357,589	9,109,593	4,753,547
As at 31 Dec 2019									
Risk-Weights									
0%	1,127,645	20,487	1,883,855	3,892	886	-	96,668	3,133,433	-
20%	208,104	14,845	590,812	-	-	-	-	813,761	162,752
35%	-	-	-	-	551,400	-	-	551,400	192,990
50%	-	36,843	155,787	(4)	291,865	-	-	484,491	242,245
75%	-	-	-	790,849	-	-	-	790,849	593,137
100%	-	18	1,815,029	1,108,577	231,100	-	254,266	3,408,990	3,408,990
150%	-	-	167,544	2,921	-	40,598	-	211,063	316,595
	1,335,749	72,193	4,613,027	1,906,235	1,075,251	40,598	350,934	9,393,987	4,916,709

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 Capital adequacy (Cont'd.)

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

		Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank									
As at 30 Jun 2020									
Risk-Weights									
0%	972,885	20,590	1,913,752	3,760	884	-	108,063	3,019,935	-
20%	217,520	10,657	603,065	-	-	-	-	831,243	166,249
35%	-	-	-	-	548,823	-	-	548,823	192,088
50%	-	55,998	160,004	24	306,989	-	-	523,014	261,507
75%	-	-	-	770,504	-	-	-	770,504	577,878
100%	-	24	1,572,378	1,095,750	218,897	-	249,523	3,136,572	3,136,572
150%	-	-	236,915	1,073	-	41,512	-	279,500	419,250
	1,190,405	87,269	4,486,114	1,871,111	1,075,594	41,512	357,586	9,109,591	4,753,544
As at 31 Dec 2019									
Risk-Weights									
0%	1,127,645	20,487	1,883,855	3,892	886	-	96,668	3,133,433	-
20%	208,104	14,845	590,812	-	-	-	-	813,761	162,752
35%	-	-	-	-	551,400	-	-	551,400	192,990
50%	-	36,843	155,787	(4)	291,865	-	-	484,491	242,245
75%	-	-	-	790,849	-	-	-	790,849	593,137
100%	-	18	1,815,029	1,108,577	231,100	-	254,246	3,408,970	3,408,970
150%	-	-	167,544	2,921	-	40,598	-	211,063	316,595
	1,335,749	72,193	4,613,027	1,906,235	1,075,251	40,598	350,914	9,393,967	4,916,689

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A25 CAPITAL ADEQUACY (Cont'd.)

(f) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group		Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
As at 30 Jun 2020				
0%	3,019,935	-	3,019,935	-
20%	831,243	166,249	831,243	166,249
35%	548,823	192,088	548,823	192,088
50%	523,014	261,507	523,014	261,507
75%	770,504	577,878	770,504	577,878
100%	3,136,574	3,136,574	3,136,572	3,136,572
150%	279,500	419,250	279,500	419,250
Risk-weighted assets for credit risk	9,109,593	4,753,547	9,109,591	4,753,544
Risk-weighted assets for market risk		18,568		18,252
Risk-weighted assets for operational risk		410,823		419,906
Large exposure risk-weighted assets for equity holdings		8		8
Total risk-weighted assets		5,182,946		5,191,710
As at 31 Dec 2019				
0%	3,133,433	-	3,133,433	-
20%	813,761	162,752	813,761	162,752
35%	551,400	192,990	551,400	192,990
50%	484,491	242,245	484,491	242,245
75%	790,849	593,137	790,849	593,137
100%	3,408,990	3,408,990	3,408,970	3,408,970
150%	211,063	316,595	211,063	316,595
Risk-weighted assets for credit risk	9,393,987	4,916,709	9,393,967	4,916,689
Risk-weighted assets for market risk		2,271		2,271
Risk-weighted assets for operational risk		405,372		411,281
Large exposure risk-weighted assets for equity holdings		8		8
Total risk-weighted assets		5,324,360		5,330,249

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

	As at 30 Jun 2020		As at 31 Dec 2019	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Group and Bank				
Benchmark Rate Risk	-	-	-	-
Foreign Exchange Risk	18,568	1,485	2,271	182
Total	18,568	1,485	2,271	182

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
30 Jun 2020			
Financial assets			
Securities held at FVTPL	1,133	-	1,133
Debt instruments measured at FVOCI	3,734,965	-	3,734,965
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,724,335	2,768,076	4,492,411
Hedging financial instruments	6,197	-	6,197
Total	5,466,648	2,768,076	8,234,724
Financial liability			
Deposits from customers	4,963,797	-	4,963,797
Hedging financial instruments	4,318	-	4,318
	4,968,115	-	4,968,115
31 Dec 2019			
Financial assets			
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
Total	5,413,352	3,024,764	8,438,116
Financial liability			
Deposits from customers	5,080,364	-	5,080,364
Hedging financial instruments	7,626	-	7,626
	5,087,990	-	5,087,990

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Bank			
30 Jun 2020			
Financial assets			
Financial assets at FVTPL	1,133	-	1,133
Debt instruments measured at FVOCI	3,734,965	-	3,734,965
Equity instruments at FVOCI	18	-	18
Financing, advances and other receivables	1,724,335	2,768,076	4,492,411
Hedging financial instruments	6,197	-	6,197
Total	5,466,648	2,768,076	8,234,724
Financial liability			
Deposits from customers	4,979,962	-	4,979,962
Hedging financial instruments	4,318	-	4,318
	4,984,280	-	4,984,280
31 Dec 2019			
Financial assets			
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
Total	5,413,352	3,024,764	8,438,116
Financial liability			
Deposits from customers	5,095,915	-	5,095,915
Hedging financial instruments	7,626	-	7,626
	5,103,541	-	5,103,541

Description of significant unobservable inputs to valuation:

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

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

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

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

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

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

		Group			
		30 Jun 2020		31 Dec 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables					
	4,493,493	4,492,411		4,786,414	4,785,503
	4,493,493	4,492,411		4,786,414	4,785,503
Financial Liabilities					
Deposits from customers					
	5,001,782	4,963,797		5,121,639	5,080,364
	5,001,782	4,963,797		5,121,639	5,080,364

		Bank			
		30 Jun 2020		31 Dec 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables					
	4,493,493	4,492,411		4,786,414	4,785,503
	4,493,493	4,492,411		4,786,414	4,785,503
Financial Liabilities					
Deposits from customers					
	5,018,751	4,979,962		5,138,082	5,095,915
	5,018,751	4,979,962		5,138,082	5,095,915

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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 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.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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 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.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Maximum exposure to credit risk without taking account of any collateral

The following tables show the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements.

For on-balance sheet financial assets, the exposure to credit risk equals to their carrying amount. For off-balance sheet, exposures, the maximum exposure to credit risk are maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

	30 Jun 2020		31 Dec 2019	
	Total gross maximum exposure		Total gross maximum exposure	
	Group	Bank	Group	Bank
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	68,973	68,973	61,870	61,870
Deposits and placements with banks and other financial institutions	6,791	6,791	6,820	6,820
Securities FVOCI	3,734,965	3,734,965	3,647,186	3,647,186
Financing, advances and other receivables	4,497,155	4,497,155	4,790,076	4,790,076
Other assets	131,434	131,432	129,394	129,374
Statutory deposits with Bank Negara Malaysia ("BNM")	18,499	18,499	184,624	184,624
Hedging financial instruments	6,197	6,197	5,190	5,190
Total On-Balance Sheet	8,464,015	8,464,012	8,825,160	8,825,140
Financial guarantees	51,654	51,654	52,409	52,409
Contingent liabilities	117,105	117,105	123,002	123,002
Commitments	593,416	593,416	567,735	567,735
Total Off-Balance Sheet	762,175	762,175	743,146	743,146
Total On and Off-Balance Sheet	9,226,190	9,226,187	9,568,306	9,568,286

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment:

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Cash and short-term funds	16,432	2,567	50,475	(501)	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	6,791
Securities FVOCI	3,622,186	112,779	-	-	3,734,965
Financing, advances and other receivables	4,595,384	3,451	1,327	(103,007)	4,497,155
Other assets	39,806	91,628	-	-	131,434
Statutory deposits with BNM	18,499	-	-	-	18,499
Hedging financial instruments	6,197	-	-	-	6,197
Total On-Balance Sheet	8,305,295	210,425	51,802	(103,508)	8,464,015
Financial guarantees	52,160	-	-	(505)	51,655
Contingent liabilities	118,648	-	-	(1,543)	117,105
Commitments	594,955	-	75	(1,615)	593,415
Total Off-Balance Sheet	765,763	-	75	(3,663)	762,175
Total On and Off-Balance Sheet	9,071,058	210,425	51,877	(107,171)	9,226,190

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019					
Group					
Cash and short-term funds	25,916	1,939	34,096	(81)	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	6,820
Securities FVOCI	3,539,729	107,457	-	-	3,647,186
Financing, advances and other receivables	4,880,824	3,552	1,357	(95,657)	4,790,076
Other assets	32,779	96,615	-	-	129,394
Statutory deposits with BNM	184,624	-	-	-	184,624
Hedging financial instruments	5,190	-	-	-	5,190
Total On-Balance Sheet	8,675,882	209,563	35,453	(95,738)	8,825,160
Financial guarantees	52,860	-	-	(451)	52,409
Contingent liabilities	120,019	-	4,579	(1,596)	123,002
Commitments	569,351	-	-	(1,616)	567,735
Total Off-Balance Sheet	742,230	-	4,579	(3,663)	743,146
Total On and Off-Balance Sheet	9,418,112	209,563	40,032	(99,401)	9,568,306

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020					
Bank					
Cash and short-term funds	16,432	2,567	50,475	(501)	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	6,791
Securities FVOCI	3,622,186	112,779	-	-	3,734,965
Financing, advances and other receivables	4,595,384	3,451	1,327	(103,007)	4,497,155
Other assets	39,804	91,628	-	-	131,432
Statutory deposits with BNM	18,499	-	-	-	18,499
Hedging financial instruments	6,197	-	-	-	6,197
Total On-Balance Sheet	8,305,292	210,425	51,802	(103,508)	8,464,012
Financial guarantees	52,160	-	-	(505)	51,655
Contingent liabilities	118,648	-	-	(1,543)	117,105
Commitments	594,955	-	75	(1,615)	593,415
Total Off-Balance Sheet	765,763	-	75	(3,663)	762,175
Total On and Off-Balance Sheet	9,071,055	210,425	51,877	(107,171)	9,226,187

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment (Cont'd.)

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019					
Bank					
Cash and short-term funds	25,916	1,939	34,096	(81)	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	6,820
Securities FVOCI	3,539,729	107,457	-	-	3,647,186
Financing, advances and other receivables	4,880,824	3,552	1,357	(95,657)	4,790,076
Other assets	32,759	96,615	-	-	129,374
Statutory deposits with BNM	184,624	-	-	-	184,624
Hedging financial instruments	5,190	-	-	-	5,190
Total On-Balance Sheet	8,675,862	209,563	35,453	(95,738)	8,825,140
Financial guarantees	52,860	-	-	451	52,409
Contingent liabilities	120,019	-	4,579	1,596	123,002
Commitments	569,351	-	-	1,616	567,735
Total Off-Balance Sheet	742,230	-	4,579	3,663	743,146
Total On and Off-Balance Sheet	9,418,092	209,563	40,032	(99,401)	9,568,286

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector:

	Industry						Total gross maximum exposure	
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others		Stage 1 & 2 Impairment
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group								
Cash and short-term funds	-	69,474	-	-	-	-	(501)	68,973
Deposits and placements with banks and other financial institutions	-	6,791	-	-	-	-	-	6,791
Securities FVOCI	-	629,361	807,609	451,982	1,204,076	641,936	-	3,734,965
Financing, advances and other receivables	550,057	135,243	581,270	128,208	-	3,205,384	(103,007)	4,497,155
Other assets	-	-	-	-	-	131,434	-	131,434
Statutory deposits with BNM	-	18,499	-	-	-	-	-	18,499
Hedging financial instruments	-	6,197	-	-	-	-	-	6,197
Total On-Balance Sheet	550,057	865,564	1,388,879	580,190	1,204,076	3,978,755	(103,508)	8,464,015
Financial guarantees	51,560	-	600	-	-	-	(505)	51,655
Contingent liabilities	4,097	-	33,416	2,680	-	78,454	(1,543)	117,105
Commitments	132,678	-	275,478	20,507	-	166,367	(1,615)	593,415
Total Off-Balance Sheet	188,335	-	309,494	23,187	-	244,821	(3,663)	762,175
Total On and Off-Balance Sheet	738,392	865,564	1,698,374	603,378	1,204,076	4,223,575	(107,171)	9,226,190

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure	
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others		Stage 1 & 2 Impairment
31 Dec 2019 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash and short-term funds	-	61,951	-	-	-	-	(81)	61,870
Deposits and placements with banks and other financial institutions	-	6,820	-	-	-	-	-	6,820
Securities FVOCI	-	615,024	790,114	442,985	1,175,535	623,528	-	3,647,186
Financing, advances and other receivables	609,634	98,203	719,757	127,315	-	3,330,824	(95,657)	4,790,076
Other assets	-	-	-	-	-	129,394	-	129,394
Statutory deposits with BNM	-	184,624	-	-	-	-	-	184,624
Hedging financial instruments	-	5,190	-	-	-	-	-	5,190
Total On-Balance Sheet	609,634	971,812	1,509,871	570,300	1,175,535	4,083,746	(95,738)	8,825,160
Financial guarantees	51,560	-	600	700	-	-	(451)	52,409
Contingent liabilities	3,194	-	34,016	2,830	-	84,558	(1,596)	123,002
Commitments	127,903	-	251,326	27,384	-	162,738	(1,616)	567,735
Total Off-Balance Sheet	182,657	-	285,942	30,914	-	247,296	(3,663)	743,146
Total On and Off-Balance Sheet	792,291	971,812	1,795,813	601,215	1,175,535	4,331,042	(99,401)	9,568,306

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure	
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others		Stage 1 & 2 Impairment
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Bank								
Cash and short-term funds	-	69,474	-	-	-	-	(501)	68,973
Deposits and placements with banks and other financial institutions	-	6,791	-	-	-	-	-	6,791
Securities FVOCI	-	629,361	807,609	451,982	1,204,076	641,936	-	3,734,965
Financing, advances and other receivables	550,057	135,243	581,270	128,208	-	3,205,384	(103,007)	4,497,155
Other assets	-	-	-	-	-	131,432	-	131,432
Statutory deposits with BNM	-	18,499	-	-	-	-	-	18,499
Hedging financial instruments	-	6,197	-	-	-	-	-	6,197
Total On-Balance Sheet	550,057	865,565	1,388,879	580,190	1,204,076	3,978,752	(103,508)	8,464,012
Financial guarantees	51,560	-	600	-	-	-	(505)	51,655
Contingent liabilities	4,097	-	33,416	2,680	-	78,454	(1,543)	117,105
Commitments	132,678	-	275,478	20,507	-	166,367	(1,615)	593,415
Total Off-Balance Sheet	188,335	-	309,494	23,187	-	244,821	(3,663)	762,175
Total On and Off-Balance Sheet	738,392	865,565	1,698,374	603,378	1,204,076	4,223,573	(107,171)	9,226,187

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure RM'000	
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000		Stage 1 & 2 Impairment RM'000
31 Dec 2019								
Bank								
Cash and short-term funds	-	61,951	-	-	-	-	(81)	61,870
Deposits and placements with banks and other financial institutions	-	6,820	-	-	-	-	-	6,820
Securities FVOCI	-	615,024	790,114	442,985	1,175,535	623,528	-	3,647,186
Financing, advances and other receivables	609,634	98,203	719,757	127,315	-	3,330,824	(95,657)	4,790,076
Other assets	-	-	-	-	-	129,374	-	129,374
Statutory deposits with BNM	-	184,624	-	-	-	-	-	184,624
Hedging financial instruments	-	5,190	-	-	-	-	-	5,190
Total On-Balance Sheet	609,634	971,812	1,509,871	570,300	1,175,535	4,083,726	(95,738)	8,825,140
Financial guarantees	51,560	-	600	700	-	-	(451)	52,409
Contingent liabilities	3,194	-	34,016	2,830	-	84,558	(1,596)	123,002
Commitments	127,903	-	251,326	27,384	-	162,738	(1,616)	567,735
Total Off-Balance Sheet	182,657	-	285,942	30,914	-	247,296	(3,663)	743,146
Total On and Off-Balance Sheet	792,291	971,812	1,795,813	601,214	1,175,535	4,331,022	(99,401)	9,568,286

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows:

By residual maturity:

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020							
Group							
Cash and short-term funds	69,474	-	-	-	-	(501)	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	6,791
Securities FVOCI	-	5,065	1,932,230	1,797,670	-	-	3,734,965
Financing, advances and other receivables	1,460,323	45,380	320,728	2,773,731	-	(103,007)	4,497,155
Other assets	-	-	-	-	131,434	-	131,434
Statutory deposits with BNM	-	-	-	-	18,499	-	18,499
Hedging financial instruments	4,185	2,012	-	-	-	-	6,197
Total On-Balance Sheet	1,540,773	52,457	2,252,958	4,571,401	149,934	(103,508)	8,464,015
Financial guarantees	-	890	51,270	-	-	(505)	51,655
Contingent liabilities	55,851	25,483	37,314	-	-	(1,543)	117,105
Commitments	549,774	748	19,471	25,038	-	(1,615)	593,415
Total Off-Balance Sheet	605,625	27,121	108,054	25,038	-	(3,663)	762,175
Total On and Off-Balance Sheet	2,146,398	79,578	2,361,012	4,596,439	149,934	(107,171)	9,226,190

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019							
Group							
Cash and short-term funds	61,951	-	-	-	-	(81)	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	6,820
Securities FVOCI	-	-	1,729,698	1,917,488	-	-	3,647,186
Financing, advances and other receivables	1,628,172	54,896	366,548	2,836,117	-	(95,657)	4,790,076
Other assets	-	-	-	-	129,394	-	129,394
Statutory deposits with BNM	-	-	-	-	184,624	-	184,624
Hedging financial instruments	-	-	5,190	-	-	-	5,190
Total On-Balance Sheet	1,696,943	54,896	2,101,436	4,753,605	314,018	(95,738)	8,825,160
Financial guarantees	700	-	52,160	-	-	(451)	52,409
Contingent liabilities	35,932	50,555	38,111	-	-	(1,596)	123,002
Commitments	408,804	23,207	111,704	25,636	-	(1,616)	567,735
Total Off-Balance Sheet	445,436	73,762	201,975	25,636	-	(3,663)	743,146
Total On and Off-Balance Sheet	2,142,380	128,658	2,303,411	4,779,241	314,018	(99,401)	9,568,306

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date RM'000	Stage 1 & 2 Impairment RM'000	Total gross maximum exposure RM'000
	Less than 6 months RM'000	6 months to 1 year RM'000	1 year to 5 years RM'000	More than 5 years RM'000			
30 Jun 2020							
Bank							
Cash and short-term funds	69,474	-	-	-	-	(501)	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	6,791
Securities FVOCI	-	5,065	1,932,230	1,797,670	-	-	3,734,965
Financing, advances and other receivables	1,460,323	45,380	320,728	2,773,731	-	(103,007)	4,497,155
Other assets	-	-	-	-	131,432	-	131,432
Statutory deposits with BNM	-	-	-	-	18,499	-	18,499
Hedging financial instruments	4,185	2,012	-	-	-	-	6,197
Total On-Balance Sheet	1,540,773	52,457	2,252,958	4,571,401	149,931	(103,508)	8,464,012
Financial guarantees	-	890	51,270	-	-	(505)	51,655
Contingent liabilities	55,851	25,483	37,314	-	-	(1,543)	117,105
Commitments	549,774	748	19,471	25,038	-	(1,615)	593,415
Total Off-Balance Sheet	605,625	27,121	108,054	25,038	-	(3,663)	762,175
Total On and Off-Balance Sheet	2,146,398	79,578	2,361,012	4,596,439	149,931	(107,171)	9,226,187

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date RM'000	Stage 1 & 2 Impairment RM'000	Total gross maximum exposure RM'000
	Less than 6 months RM'000	6 months to 1 year RM'000	1 year to 5 years RM'000	More than 5 years RM'000			
31 Dec 2019							
Bank							
Cash and short-term funds	61,951	-	-	-	-	(81)	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	6,820
Securities FVOCI	-	-	1,729,698	1,917,488	-	-	3,647,186
Financing, advances and other receivables	1,628,172	54,896	366,548	2,836,117	-	(95,657)	4,790,076
Other assets	-	-	-	-	129,374	-	129,374
Statutory deposits with BNM	-	-	-	-	184,624	-	184,624
Hedging financial instruments	-	-	5,190	-	-	-	5,190
Total On-Balance Sheet	1,696,943	54,896	2,101,436	4,753,605	313,998	(95,738)	8,825,140
Financial guarantees	700	-	52,160	-	-	(451)	52,409
Contingent liabilities	35,932	50,555	38,111	-	-	(1,596)	123,002
Commitments	408,804	23,207	111,704	25,636	-	(1,616)	567,735
Total Off-Balance Sheet	445,436	73,762	201,975	25,636	-	(3,663)	743,146
Total On and Off-Balance Sheet	2,142,380	128,658	2,303,410	4,779,241	313,998	(99,401)	9,568,286

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Group and Bank	30-Jun-20			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Cash & Bank Balances (Less 1 month)				69,474
High Grade	53,732	-	-	53,732
Standard Grade	15,742	-	-	15,742
Past due or impaired	-	-	-	-
Loss allowance	501	-	-	501
Carrying amount	68,973	-	-	68,973
Deposit and placement with banks (More 1 month)				6,791
High Grade	6,791	-	-	6,791
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
Carrying amount	6,791	-	-	6,791

Group and Bank	31-Dec-19			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Cash & Bank Balances (Less 1 month)				61,951
High Grade	61,951	-	-	61,951
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	81	-	-	81
Carrying amount	61,870	-	-	61,870
Deposit and placement with banks (More 1 month)				6,820
High Grade	6,820	-	-	6,820
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
Carrying amount	6,820	-	-	6,820

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group and Bank	30-Jun-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				3,734,965
High Grade	3,734,965	-	-	3,734,965
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	25,300	-	-	25,300
Carrying amount	3,709,665	-	-	3,709,665

Group and Bank	31-Dec-19			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				3,647,186
High Grade	3,647,186	-	-	3,647,186
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	25,300	-	-	25,300
Carrying amount	3,621,886	-	-	3,621,886

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Bank & Group	30-Jun-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Corporate Financing				1,818,229
High Grade	622,274	-	-	622,274
Standard Grade	722,406	-	-	722,406
Past due or impaired	-	192,301	281,248	473,549
Loss allowance	59,600	14,384	131,596	205,579
Carrying amount	1,285,080	177,917	149,652	1,612,650
Retail Financing				2,936,841
High Grade	2,817,202	-	-	2,817,202
Standard Grade	-	-	-	-
Past due or impaired	-	81,167	38,472	119,639
Loss allowance	22,178	6,847	23,311	52,336
Carrying amount	2,795,024	74,320	15,161	2,884,505

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Bank & Group	31-Dec-19			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Corporate Financing				2,010,908
High Grade	538,797	-	-	538,797
Standard Grade	1,063,868	-	-	1,063,868
Past due or impaired	-	146,882	261,361	408,243
Loss allowance	56,151	7,914	133,321	197,386
Carrying amount	1,546,514	138,968	128,040	1,813,522
Retail Financing				3,031,237
High Grade	2,879,175	-	-	2,879,175
Standard Grade	-	-	-	-
Past due or impaired	-	111,998	40,064	152,062
Loss allowance	23,576	8,016	23,092	54,684
Carrying amount	2,855,599	103,982	16,972	2,976,553

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	30-Jun-20			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments (Retail)				26,742
High Grade	26,306	-	-	26,306
Standard Grade	-	-	-	-
Past due or impaired	-	436	-	436
Loss allowance	-	-	-	-
Carrying amount	26,306	436	-	26,742
Undrawn Commitments (Corporate)				568,289
High Grade	387,545	-	-	387,545
Standard Grade	175,350	-	-	175,350
Past due or impaired	-	5,394	-	5,394
Loss allowance	1,615	-	-	1,615
Carrying amount	561,279	5,394	-	566,674
Trade Facilities (Financial Guarantee & Letter of Credit)				170,807
High Grade	166,012	-	-	166,012
Standard Grade	4,795	-	-	4,795
Past due or impaired	-	-	-	-
Loss allowance	2,048	-	-	2,048
Carrying amount	168,760	-	-	168,760

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	31-Dec-19			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Undrawn Commitments (Retail)				27,110
High Grade	26,463	-	-	26,463
Standard Grade	-	-	-	-
Past due or impaired	-	647	-	647
Loss allowance	-	-	-	-
Carrying amount	26,463	647	-	27,110
Undrawn Commitments (Corporate)				542,241
High Grade	413,998	-	-	413,998
Standard Grade	124,581	-	-	124,581
Past due or impaired	-	3,662	-	3,662
Loss allowance	1,615	-	-	1,615
Carrying amount	536,964	3,662	-	540,626
Trade Facilities (Financial Guarantee & Letter of Credit)				177,458
High Grade	175,359	-	-	175,359
Standard Grade	1,499	-	-	1,499
Past due or impaired	-	600	-	600
Loss allowance	1,838	210	-	2,048
Carrying amount	175,020	390	-	175,410

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Credit quality per class of financial assets

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

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
30 Jun 2020 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	17,346	-	-	-	-	17,346
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	6,791
Securities FVOCI	3,734,965	-	-	-	-	3,734,965
Financing, advances and other receivables	1,505,448	2,742,743	163,289	23,870	319,720	4,755,070
Other assets	131,434	-	-	-	-	131,434
Statutory deposits with BNM	18,499	-	-	-	-	18,499
Hedging financial instruments	6,197	-	-	-	-	6,197
Total On-Balance Sheet	5,420,680	2,742,743	163,289	23,870	319,720	8,670,302
Financial guarantees	52,160	-	-	-	-	52,160
Contingent liabilities	118,648	-	-	-	-	118,648
Commitments	595,030	-	-	-	-	595,030
Total Off-Balance Sheet	765,838	-	-	-	-	765,838
Total On and Off-Balance Sheet	6,186,518	2,742,743	163,289	23,870	319,720	9,436,139

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

iii) Credit quality analysis (Cont'd.)

Credit quality per class of financial assets (Cont'd.)

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

31 Dec 2019 Group	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	61,951	-	-	-	-	61,951
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	6,820
Securities FVOCI	3,647,186	-	-	-	-	3,647,186
Financing, advances and other receivables	1,728,677	2,549,187	445,650	17,206	301,426	5,042,146
Other assets	129,394	-	-	-	-	129,394
Statutory deposits with BNM	184,624	-	-	-	-	184,624
Hedging financial instruments	5,190	-	-	-	-	5,190
Total On-Balance Sheet	5,763,842	2,549,187	445,650	17,206	301,426	9,077,311
Financial guarantees	52,860	-	-	-	-	52,860
Contingent liabilities	124,598	-	-	-	-	124,598
Commitments	569,351	-	-	-	-	569,351
Total Off-Balance Sheet	746,809	-	-	-	-	746,809
Total On and Off-Balance Sheet	6,510,651	2,549,187	445,650	17,206	301,426	9,824,120

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Credit quality per class of financial assets (Cont'd.)

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

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020						
Bank						
Cash and short-term funds	69,474	-	-	-	-	69,474
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	6,791
Securities FVOCI	3,734,965	-	-	-	-	3,734,965
Financing, advances and other receivables	1,505,448	2,742,743	163,289	23,870	319,720	4,755,070
Other assets	131,432	-	-	-	-	131,432
Statutory deposits with BNM	18,499	-	-	-	-	18,499
Hedging financial instruments	6,197	-	-	-	-	6,197
Total On-Balance Sheet	5,472,806	2,742,743	163,289	23,870	319,720	8,722,428
Financial guarantees	52,160	-	-	-	-	52,160
Contingent liabilities	118,648	-	-	-	-	118,648
Commitments	595,030	-	-	-	-	595,030
Total Off-Balance Sheet	765,838	-	-	-	-	765,838
Total On and Off-Balance Sheet	6,238,644	2,742,743	163,289	23,870	319,720	9,488,266

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Credit quality per class of financial assets (Cont'd.)

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

	Performing Rated	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019						
Bank						
Cash and short-term funds	61,951	-	-	-	-	61,951
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	6,820
Securities FVOCI	3,647,186	-	-	-	-	3,647,186
Financing, advances and other receivables	1,728,677	2,549,187	445,650	17,206	301,426	5,042,146
Other assets	129,374	-	-	-	-	129,374
Statutory deposits with BNM	184,624	-	-	-	-	184,624
Hedging financial instruments	5,190	-	-	-	-	5,190
Total On-Balance Sheet	5,763,822	2,549,187	445,650	17,206	301,426	9,077,291
Financial guarantees	52,860	-	-	-	-	52,860
Contingent liabilities	124,598	-	-	-	-	124,598
Commitments	569,351	-	-	-	-	569,351
Total Off-Balance Sheet	746,809	-	-	-	-	746,809
Total On and Off-Balance Sheet	6,510,631	2,549,187	445,650	17,206	301,426	9,824,100

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

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

Group and Bank	30 Jun 2020 RM'000
Corporate & Commercial	
Excellent	-
Very Strong	60
Strong	72,080
Good	668,347
Satisfactory	420,202
Weak	220,125
Special Mention	140,902
Impaired	164,813
Unrated *	2,913,634
	4,600,163
Less: Collective assessment	(106,670)
Total Corporate, Commercial and Retail	4,493,493

Group and Bank	31 Dec 2019 RM'000
Corporate & Commercial	
Excellent	-
Very Strong	94
Strong	57,944
Good	601,487
Satisfactory	707,340
Weak	188,228
Special Mention	181,724
Impaired	145,013
Unrated *	3,003,903
	4,885,733
Less: Collective assessment	(99,320)
Total Corporate, Commercial and Retail	4,786,413

* Unrated segment includes retail credit exposures, which includes impaired retail credit exposures

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

30 Jun 2020

Securities

Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated	Government - guaranteed	Total RM'000
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total RM'000
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank Securities FVOCI	637,752	416,018	-	-	0	2,681,195	3,734,965

31 Dec 2019

Securities

Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated	Government - guaranteed	Total RM'000
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total RM'000
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Government - guaranteed	Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank Securities FVOCI	625,437	398,056	-	-	-	2,623,693	3,647,186

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
30 Jun 2020				
Group and Bank				
Financing and advances to customers				
Corporate financing	16,268	-	-	16,268
Retail & Consumer financing	74,019	60,023	12,979	147,021
	90,287	60,023	12,979	163,289

	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
31 Dec 2019				
Group and Bank				
Financing and advances to customers				
Corporate financing	8,140	-	-	8,140
Retail & Consumer financing	325,512	76,152	35,846	437,510
	333,652	76,152	35,846	445,650

Impaired and past due financing by geographical regions

	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020					
Group and Bank					
Malaysia	319,720	162,618	154,907		2,294
Middle East	-	-	-		-
Others	-	671	-		-
Total	319,720	163,289	154,907	106,670	2,294

	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019					
Group and Bank					
Malaysia	301,397	444,377	156,413	99,320	13,323
Middle East	-	320	-	-	-
Others	29	953	-	-	-
Total	301,426	445,650	156,413	99,320	13,323

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Impaired and past due financing by industry sector

30 Jun 2020	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	93,020	1,264	59,294		-
Finance, insurance & business services	-	-	-		-
Construction and real estate	181,970	15,109	72,302		-
Transportation, storage and communication	-	-	-		-
Others	44,730	146,916	23,311		2,294
Total	319,720	163,289	154,907	106,670	2,294

31 Dec 2019	Impaired	Past due but not impaired	Stage 3 impairment	Stage 1 & 2 impairment	Write-off
Group and Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Trading and manufacturing	93,864	8,140	59,045		9,378
Finance, insurance & business services	-	-	-		2,714
Construction and real estate	161,270	698	74,276		-
Transportation, storage and communication	-	-	-		-
Government	-	-	-		-
Others	46,292	436,812	23,092		1,231
Total	301,426	445,650	156,413	99,320	13,323

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the non-retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Non - retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2020	6,027,884	150,500	261,361	6,439,745
Transfers:				
New financial assets originated or purchased	1,567,673	197,439	57,238	1,822,351
Financial assets derecognised during the period other than write- offs	(1,926,211)	(150,132)	(34,837)	(2,111,180)
Changes in Carrying Amount	213,475	(112)	(2,515)	210,847
Write-offs	-	-	-	-
Gross carrying amount as at 30 June 2020	5,882,821	197,695	281,248	6,361,763

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2020	2,905,638	112,646	40,064	3,058,348
Transfers:				
Transfer to Stage 1	60,359	(54,846)	(5,513)	-
Transfer to Stage 2	(32,799)	33,187	(389)	-
Transfer to Stage 3	(965)	(7,633)	8,598	-
New financial assets originated or purchased	35,432	19	-	35,451
Financial assets derecognised during the period other than write-offs	(42,038)	(987)	(2,323)	(45,348)
Changes in Carrying Amount	(28,258)	(463)	329	(28,393)
Modification loss	(53,425)	(757)	-	(54,182)
Write-offs	-	-	(2,294)	(2,294)
Gross carrying amount as at 30 June 2020	2,843,944	81,167	38,472	2,963,583

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Non- Retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2020	84,986	8,124	133,321	226,431
New financial assets originated or purchased	34,340	14,384	23,521	72,245
Financial assets derecognised during the period	(43,611)	(8,125)	(23,290)	(75,026)
Changes in PDs/LGDs/EADs	13,348	-	(1,957)	11,391
Write-offs	-	-	-	-
Loss allowance as at 30 June 2020	89,063	14,383	131,596	235,042

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors: (Cont'd.)

Retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2020	23,576	8,016	23,092	54,685
Movements with income statement impact				
Transfers:				
Transfer to Stage 1	5,875	(3,290)	(2,585)	-
Transfer to Stage 2	(482)	872	(390)	-
Transfer to Stage 3	(13)	(648)	660	-
New financial assets originated or purchased	779	2	-	782
Financial assets derecognised during the period	(383)	(24)	(571)	(979)
Changes in PDs/LGDs/EADs	(7,176)	1,919	5,398	141
Write-offs	-	-	(2,294)	(2,294)
Loss allowance as at 30 June 2020	22,177	6,847	23,311	52,335

Write-off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the period ended 30 Jun 2020 was RM2,294,124 (Dec 2019 : RM13,323,462). The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the non-retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above: (Cont'd.)

Non - retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2019	6,264,612	64,051	246,545	6,575,208
New financial assets originated or purchased	3,523,736	151,145	261,361	3,936,242
Financial assets derecognised during the period other than write-offs	(3,414,070)	(64,049)	(234,453)	(3,712,572)
Changes in Carrying Amount	(346,394)	(647)	-	(347,041)
Write-offs	-	-	(12,092)	(12,092)
Gross carrying amount as at 31 Dec 2019	6,027,884	150,500	261,361	6,439,745

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following table further explains changes in the gross carrying amount of the retail portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above: (Cont'd.)

Retail	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
Gross carrying amount as at 1 January 2019	2,991,172	95,088	20,743	3,107,003
Transfers:				
Transfer to Stage 1	30,341	(29,388)	(953)	-
Transfer to Stage 2	(64,479)	65,796	(1,317)	-
Transfer to Stage 3	(13,157)	(12,529)	25,686	-
New financial assets originated or purchased	261,761	4,133	1,253	267,147
Financial assets derecognised during the period other than write-offs	(128,836)	(4,073)	(2,742)	(135,651)
Changes in Carrying Amount	(171,164)	(6,381)	(1,375)	(178,920)
Write-offs	-	-	(1,231)	(1,231)
Gross carrying amount as at 31 Dec 2019	2,905,638	112,646	40,064	3,058,348

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Non- Retail	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2019	72,505	9,294	140,129	221,928
Movements with income statement impact				
New financial assets originated or purchased	67,718	8,124	133,321	209,163
Financial assets derecognised during the period	(54,411)	(9,294)	(128,037)	(191,742)
Changes in PDs/LGDs/EADs	(826)	-	-	(826)
Write-offs	-	-	(12,092)	(12,092)
Loss allowance as at 31 December 2019	84,986	8,124	133,321	226,431

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) Amounts arising from ECL (Cont'd.)

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors: (Cont'd.)

Retail	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not	Lifetime ECL	
	RM'000	credit-impaired	credit-impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2019	21,384	6,527	4,997	32,908
Movements with income statement impact				
Transfers:				
Transfer to Stage 1	2,260	(1,712)	(548)	-
Transfer to Stage 2	(743)	918	(175)	-
Transfer to Stage 3	(175)	(722)	897	-
New financial assets originated or purchased	4,708	258	1,000	5,966
Financial assets derecognised during the period	(1,288)	(189)	(42)	(1,519)
Changes in PDs/LGDs/EADs	(2,570)	2,936	18,194	18,560
Write-offs	-	-	(1,231)	(1,231)
Loss allowance as at 31 December 2019	23,576	8,016	23,092	54,684

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Collateral held and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Margin agreement for derivatives, for which the Bank has also entered into master netting agreements;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vii) Carrying amount by class of financial assets whose terms have been renegotiated (Cont'd.)

Collateral held and other credit enhancements

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. The Bank holds collateral and other credit risk enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Loans and advances/Islamic financing to customers <i>RM'000</i>	Percentage of exposure that is subject to collateral requirements		
	30-Jun-20	31-Dec-19	Principle type of collateral
Financing receivables	4,497,155	4,790,076	
Corporate	62.19%	59.70%	Real Estate, Securities, Cash & Sovereign Guarantees
Retail	38.42%	38.02%	Real Estate & Cash

The following table shows the distribution of Loan-to-Value("LTV") ratios for the Bank's mortgage credit-impaired portfolio:

Mortgage portfolio – LTV distribution	Credit-impaired (Gross carrying amount)	
	30-Jun-20	31-Dec-19
LTV ratio		
Less than 50%	-	-
51–70%	957,952	526,471
71–90%	9,996,506	10,479,054
91–100%	8,673,143	10,930,175
More than 100%	-	-
Total	19,627,600	21,935,700

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vii) Carrying amount by class of financial assets whose terms have been renegotiated (Cont'd.)

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Bank has established clear guidelines that have been approved by the management and the Board on the types of acceptable collateral, valuation parameters and processes and secured margins to be taken.

The main types of collateral accepted include real estate, securities, cash and sovereign guarantees. The Bank also obtains guarantees from parent companies for finance facilities extended to their subsidiaries. In line with the Bank's established credit guidelines, proper due diligence on the guarantor is conducted to ascertain their creditworthiness. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The financial effect of collateral (quantification of the extent to which collateral and other enhancements mitigate credit risk) held for financing, advances and other receivables for the Bank is at 62.3% as at 30 June 2020 (31 Dec 2019: 67.7%). The financial effect of collateral held for other financial assets is not significant.

Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions

In order to cater for the inherently higher credit risks associated to dealings in Musyarakah and Mudharabah contracts, the Bank has been maintaining an internal credit policy to cover the Bank's activities in such portfolio, in addition to complying with BNM's Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions. The internal policy, which sets stricter and more clearly defined guidelines, encompasses areas of managing risks associated to profit-sharing activities such as the business management, strategy, exit mechanisms, business monitoring/control, and trigger alerts for potential watchlist and impaired accounts. The credit policy is enhanced from time to time to cater for latest changes in the risk profile of the portfolio.

In terms of approval of new Musyarakah and Mudharabah contracts, the Bank has introduced greater control where all new proposals are tabled to Management Committee for approval and subsequently to Board Credit and Investment Committee for concurrence. This further augments the Board's credit monitoring oversight role, specifically on the relatively higher risk profit-sharing portfolio.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK

Liquidity risk is defined as the exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner. It arises when the Bank does not have sufficient maturing assets to cover maturing liabilities that are not rolled-over. The Bank has adopted the BNM's liquidity standard on Liquidity Coverage Ratio, to ensure maintenance of adequate stock of unencumbered high quality liquid assets to survive the liquidity needs for 30 calendar days under liquidity stress condition. The Bank continues to report Net Stable Funding Ratio as per Policy Document dated 31 July 2019. The Bank will ensure to maintain the NSFR above the regulatory requirements.

The Bank also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Contractual maturity of total assets and liabilities

The tables below provide analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities as at 30 June 2020 and 31 December 2019. The disclosure is made in accordance with the requirement of Financial Reporting for Islamic Banking Institutions.

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	16,845	-	-	-	52,128	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	6,791
Securities - FVTPL	-	-	-	-	1,133	1,133
Securities - FVOCI	-	5,065	1,932,230	1,797,670	-	3,734,965
Financing, advances and receivables	1,395,948	4,696	627,499	2,465,350	-	4,493,493
Musarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	4,185	2,012	-	-	-	6,197
Other assets	-	-	-	-	385,879	385,879
Total Assets	1,423,769	11,773	2,559,729	4,263,020	439,158	8,697,449

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,836,070	1,470,476	192,048	-	503,188	5,001,782
Deposits and placements of banks and other financial institutions	1,170,598	598,403	-	-	-	1,769,001
Investment accounts of customers					6,791	6,791
Hedging Financial Instrument Assets	4,180	138	-	-	-	4,318
Other liabilities	-	-	-	-	165,257	165,257
Total Liabilities	4,010,848	2,069,017	192,048	-	675,236	6,947,149
Shareholder's equity	-	-	-	-	1,750,300	1,750,300
Total Liabilities and Shareholder's equity	4,010,848	2,069,017	192,048	-	2,425,536	8,697,449
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	605,625	27,121	108,054	25,038	-	765,838
Net maturity mismatch	(3,192,704)	(2,084,365)	2,259,627	4,237,982	(1,986,378)	(765,838)

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	3,750	-	-	-	58,120	61,870
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
Financing, advances and receivables	1,580,370	21,452	669,356	2,515,235	-	4,786,413
Musyarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	-	-	-	-	568,748	568,748
Other assets	5,190	-	-	-	-	5,190
Total Assets	1,596,130	21,452	2,399,054	4,432,723	627,105	9,076,464
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,816,243	1,620,401	189,574	-	495,420	5,121,638
Deposits and placements of banks and other financial institutions	1,942,511	111,239	-	-	-	2,053,750
Investment accounts of customers	-	-	-	-	6,820	6,820
Hedging Financial Instrument Assets	7,508	118	-	-	-	7,626
Other liabilities	-	-	-	-	169,274	169,274
Total Liabilities	4,766,262	1,731,758	189,574	-	671,514	7,359,108
Shareholder's equity	-	-	-	-	1,717,356	1,717,356
Total Liabilities and Shareholder's equity	4,766,262	1,731,758	189,574	-	2,388,870	9,076,464
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	445,437	73,761	201,975	25,636	-	746,809
Net maturity mismatch	(3,615,569)	(1,784,067)	2,007,505	4,407,087	(1,761,765)	(746,809)

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Bank 30 Jun 2020	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
ASSETS						
Cash and short-term funds	16,845	-	-	-	52,128	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	6,791
Securities - FVTPL	-	-	-	-	1,133	1,133
Securities - FVOCI	-	5,065	1,932,230	1,797,670	-	3,734,965
Financing, advances and receivables	1,395,948	4,696	627,499	2,465,350	-	4,493,493
Musarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	4,185	2,012	-	-	-	6,197
Other assets	-	-	-	-	396,076	396,076
Total Assets	1,423,769	11,773	2,559,729	4,263,020	449,355	8,707,646
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,836,070	1,470,476	192,048	-	520,157	5,018,751
Deposits and placements of banks and other financial institutions	1,170,598	598,403	-	-	-	1,769,001
Investment accounts of customers	-	-	-	-	6,791	6,791
Hedging Financial Instrument Assets	4,180	138	-	-	-	4,318
Other liabilities	-	-	-	-	164,804	164,804
Total Liabilities	4,010,848	2,069,017	192,048	-	691,752	6,963,665
Shareholder's equity	-	-	-	-	1,743,981	1,743,981
Total Liabilities and Shareholder's equity	4,010,848	2,069,017	192,048	-	2,435,733	8,707,646
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	605,625	27,121	108,054	25,038	-	765,838
Net maturity mismatch	(3,192,704)	(2,084,365)	2,259,627	4,237,982	(1,986,378)	(765,838)

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

Bank 31 Dec 2019	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
ASSETS						
Cash and short-term funds	3,750	-	-	-	58,120	61,870
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
Financing, advances and receivables	1,580,370	21,452	669,356	2,515,235	-	4,786,413
Musarakah capital investment	-	-	-	-	18	18
Hedging Financial Instrument Assets	5,190	-	-	-	-	5,190
Other assets	-	-	-	-	578,928	578,928
Total Assets	1,596,130	21,452	2,399,054	4,432,723	637,285	9,086,644
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,815,774	1,620,401	189,574	-	512,333	5,138,082
Deposits and placements of banks and other financial institutions	1,942,511	111,239	-	-	-	2,053,750
Investment accounts of customers	-	-	-	-	6,820	6,820
Hedging Financial Instrument Assets	7,508	118	-	-	-	7,626
Other liabilities	-	-	-	-	168,971	168,971
Total Liabilities	4,765,793	1,731,758	189,574	-	688,124	7,375,249
Shareholder's equity	-	-	-	-	1,711,395	1,711,395
Total Liabilities and Shareholder's equity	4,765,793	1,731,758	189,574	-	2,399,519	9,086,644
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	445,437	73,761	201,975	25,636	-	746,809
Net maturity mismatch	(3,615,100)	(1,784,067)	2,007,505	4,407,087	(1,762,234)	(746,809)

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of financial liabilities on an undiscounted basis

The table below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flow. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows:

	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2020						
Group						
Deposits from customers	2,876,759	1,502,235	209,184	-	503,188	5,091,367
Deposit and placements of banks and other financial institutions	1,183,983	608,696	-	-	-	1,792,679
Investment account of customers	-	-	-	-	6,791	6,791
Other liabilities	-	-	-	-	165,257	165,257
Total	4,060,743	2,110,931	209,184	-	675,236	7,056,094
Bank						
Deposits from customers	2,876,620	1,502,125	209,123	-	520,157	5,108,025
Deposit and placements of banks and other financial institutions	1,183,983	608,696	-	-	-	1,792,679
Investment account of customers	-	-	-	-	6,791	6,791
Other liabilities	-	-	-	-	164,804	164,804
Total	4,060,603	2,110,821	209,123	-	691,752	7,072,300

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
 (200401033666)
 (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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019						
Group						
Deposits from customers	2,860,671	1,658,896	208,241	-	495,420	5,223,228
Deposit and placements of banks and other financial institutions	1,972,294	113,807	-	-	-	2,086,101
Investment account of customers	-	-	-	-	6,820	6,820
Other liabilities	-	-	-	-	169,274	169,274
Total	4,832,965	1,772,703	208,241	-	671,514	7,485,423
Bank						
Deposits from customers	3,168,267	672,158	209,642	-	614,145	4,664,212
Deposit and placements of banks and other financial institutions	2,740,897	220,935	-	-	-	2,961,832
Investment account of customers	-	-	-	-	5,755	5,755
Other liabilities	-	-	-	-	101,247	101,247
Total	5,909,164	893,093	209,642	-	721,147	7,733,046

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT

(c) MARKET RISK

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

i. Traded Market Risk

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

ii. Non-Traded Market Risk

Rate of Return in the Banking Book

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

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

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	16,845	-	-	-	-	52,128	-	68,973	1.75
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	-	6,791	
Securities FVTPL	-	-	-	-	-	-	1,133	1,133	
Securities FVOCI	-	-	5,065	1,932,230	1,797,670	-	-	3,734,965	4.40
Financing, advances and receivables	1,199,759	1,323,120	137,792	242,627	1,589,826	369	-	4,493,493	4.66
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	385,879	-	385,879	
Hedging Financial Instrument Assets	4,173	-	2,024	-	-	-	-	6,197	
TOTAL ASSETS	1,227,568	1,323,120	144,881	2,174,857	3,387,496	438,394	1,133	8,697,449	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Trading book	Total	Effective profit rate	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
30 Jun 2020									
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	882,896	939,812	2,617,590	463,687	-	97,797	-	5,001,782	2.89
Deposits and placements of banks and other financial institutions	749,817	245,688	773,496	-	-	-	-	1,769,001	2.30
Investment accounts of customers	6,791	-	-	-	-	-	-	6,791	
Hedging financial instrument liabilities	4,180	-	138	-	-	-	-	4,318	
Other liabilities	-	-	-	-	-	165,257	-	165,257	
Total Liabilities	1,643,684	1,185,500	3,391,224	463,687	-	263,054	-	6,947,149	
Shareholder's equity	-	-	-	-	-	1,750,300	-	1,750,300	
Total Liabilities and Shareholder's equity	1,643,684	1,185,500	3,391,224	463,687	-	2,013,354	-	8,697,449	
On-balance sheet profit sensitivity gap	(416,116)	137,620	(3,246,343)	1,711,170	3,387,496	(1,574,960)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(416,116)	137,620	(3,246,343)	1,711,170	3,387,496	(1,574,960)	-	-	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Group 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
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	
TOTAL ASSETS	1,016,079	1,799,305	77,636	1,995,981	3,361,200	826,044	219	9,076,464	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Trading book	Total	Effective profit rate	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
Group 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
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	
Total Liabilities	2,323,139	1,983,571	2,338,328	460,455	-	253,615	-	7,359,108	
Shareholder's equity	-	-	-	-	-	1,717,356	-	1,717,356	
Total Liabilities and Shareholder's equity	2,323,139	1,983,571	2,338,328	460,455	-	1,970,971	-	9,076,464	
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	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,307,060)	(184,266)	(2,260,692)	1,535,526	3,361,200	(1,144,927)	219	-	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	16,845	-	-	-	-	52,128	-	68,973	1.75
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	-	6,791	
Securities FVTPL	-	-	-	-	-	-	1,133	1,133	
Securities FVOCI	-	-	5,065	1,932,230	1,797,670	-	-	3,734,965	4.40
Financing, advances and receivables	1,199,759	1,323,120	137,792	242,627	1,589,826	369	-	4,493,493	4.66
Musarakah capital investment	-	-	-	-	-	18	-	18	
Hedging Financial Instrument Assets	4,173	-	2,024	-	-	-	-	6,197	
Other assets	-	-	-	-	-	396,076	-	396,076	
TOTAL ASSETS	1,227,568	1,323,120	144,881	2,174,857	3,387,496	448,591	1,133	8,707,646	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years			
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
30 Jun 2020								
LIABILITIES AND SHAREHOLDER'S EQUITY								
Deposits from customers	888,496	939,812	2,617,590	475,057	-	97,796	5,018,751	2.88
Deposits and placements of banks and other financial institutions	749,817	245,688	773,496	-	-	-	1,769,001	2.30
Investment accounts of customers	6,791	-	-	-	-	-	6,791	
Hedging Financial Instrument Liabilities	4,180	-	138	-	-	-	4,318	
Other liabilities	-	-	-	-	-	164,804	164,804	
Total Liabilities	1,649,284	1,185,500	3,391,224	475,057	-	262,600	6,963,665	
Shareholder's equity	-	-	-	-	-	1,743,981	1,743,981	-
Total Liabilities and Shareholder's equity	1,649,284	1,185,500	3,391,224	475,057	-	2,006,581	8,707,646	
On-balance sheet profit sensitivity gap	(421,716)	137,620	(3,246,343)	1,699,800	3,387,496	(1,557,990)	1,133	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(421,716)	137,620	(3,246,343)	1,699,800	3,387,496	(1,557,990)	1,133	-

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
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	
TOTAL ASSETS	1,016,079	1,799,305	77,636	1,995,981	3,361,200	836,224	219	9,086,644	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,389,942	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	
Total Liabilities	2,328,251	1,983,571	2,338,328	471,787	-	253,312	-	7,375,249	
Shareholder's equity	-	-	-	-	-	1,711,395	-	1,711,395	-
Total Liabilities and Shareholder's equity	2,328,251	1,983,571	2,338,328	471,787	-	1,964,707	-	9,086,644	
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	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(1,312,172)	(184,266)	(2,260,692)	1,524,194	3,361,200	(1,128,483)	219	-	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

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

Profit Rate Risk Sensitivity Analysis

30 Jun 2020

	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value of Equity	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
Group				
MYR - Ringgit Malaysia	(12,536)	12,536	261,348	(261,348)
USD - United States Dollars	(3,028)	3,028	3,991	(3,991)
Other Currencies	(90)	90	(56)	56
Total	(15,654)	15,654	265,283	(265,283)
Bank				
MYR - Ringgit Malaysia	(12,536)	12,536	260,914	(260,914)
USD - United States Dollars	(2,980)	2,980	4,141	(4,141)
Other Currencies	(85)	85	(42)	42
Total	(15,601)	15,601	265,013	(265,013)

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

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

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

31 Dec 2019

	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value of Equity	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
Group				
MYR - Ringgit Malaysia	(18,808)	18,808	266,629	(266,629)
USD - United States Dollars	(2,956)	2,956	4,702	(4,702)
Other Currencies	(6)	6	(154)	154
Total	(21,770)	21,770	271,177	(271,177)
Bank				
MYR - Ringgit Malaysia	(18,818)	18,818	266,629	(266,629)
USD - United States Dollars	(2,986)	2,986	4,546	(4,546)
Other Currencies	(20)	20	(162)	162
Total	(21,824)	21,824	271,013	(271,013)

Note:

The earnings and economic values were computed based on the standardised approach adopted by BNM.

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) FOREIGN EXCHANGE RISK

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

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, US Dollar, Euro and Kuwait Dinar.

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	15,886	11,583	32,758	3,220	1,027	4,499	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	6,791
Securities - FVTPL	-	-	1,133	-	-	-	1,133
Securities - FVOCI	3,404,666	-	330,299	-	-	-	3,734,965
Financing, advances and receivables	4,354,577	-	138,916	-	-	-	4,493,493
Equity instruments at FVOCI	18	-	-	-	-	-	18
Other assets	392,076	-	-	-	-	-	392,076
Total Assets	8,174,014	11,583	503,106	3,220	1,027	4,499	8,697,449

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,425,362	269,377	206,252	619	921	99,251	5,001,782
Deposits and placements with banks and other financial institutions	1,481,876	-	287,125	-	-	-	1,769,001
Investment account of customers	6,791	-	-	-	-	-	6,791
Other liabilities	165,198	-	4,377	-	-	-	169,575
Total Liabilities	6,079,227	269,377	497,754	619	921	99,251	6,947,149
Shareholder's equity	1,750,300	-	-	-	-	-	1,750,300
Total Liabilities and Shareholder's equity	7,829,527	269,377	497,754	619	921	99,251	8,697,449
On-balance sheet open position	344,487	(257,794)	5,352	2,601	106	(94,752)	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	344,487	(257,794)	5,352	2,601	106	(94,752)	-

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	25,835	9,805	16,479	4,695	835	4,221	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	6,820
Securities FVTPL	-	-	219	-	-	-	219
Securities FVOCI	3,335,923	-	311,263	-	-	-	3,647,186
Financing, advances and receivables	4,653,952	-	132,461	-	-	-	4,786,413
Equity instruments at FVOCI	18	-	-	-	-	-	18
Other assets	573,938	-	-	-	-	-	573,938
Total Assets	8,596,486	9,805	460,422	4,695	835	4,221	9,076,464
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,509,167	251,205	352,589	4,116	956	3,605	5,121,638
Deposits and placements with banks and other financial institutions	1,541,643	-	512,107	-	-	-	2,053,750
Investment account of customers	6,820	-	-	-	-	-	6,820
Other liabilities	176,900	-	-	-	-	-	176,900
Total Liabilities	6,234,530	251,205	864,696	4,116	956	3,605	7,359,108
Shareholder's equity	1,717,356	-	-	-	-	-	1,717,356
Total Liabilities and Shareholder's equity	7,951,886	251,205	864,696	4,116	956	3,605	9,076,464
On-balance sheet open position	644,600	(241,400)	(404,274)	579	(121)	616	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	644,600	(241,400)	(404,274)	579	(121)	616	-

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	15,886	11,583	32,758	3,220	1,027	4,499	68,973
Deposits and placements with banks and other financial institutions	6,791	-	-	-	-	-	6,791
Securities - FVTPL	-	-	1,133	-	-	-	1,133
Securities - FVOCI	3,404,666	-	330,299	-	-	-	3,734,965
Financing, advances and receivables	4,354,578	-	138,915	-	-	-	4,493,493
Murabahah trading automobile	-	-	-	-	-	-	-
Equity instruments at FVOCI	18	-	-	-	-	-	18
Other assets	390,710	-	11,563	-	-	-	402,273
Total Assets	8,172,649	11,583	514,668	3,220	1,027	4,499	8,707,646
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,425,452	269,378	221,604	1,809	921	99,587	5,018,751
Deposits and placements with banks and other financial institutions	1,481,876	-	287,125	-	-	-	1,769,001
Investment account of customers	6,791	-	-	-	-	-	6,791
Other liabilities	164,904	-	4,218	-	-	-	169,122
Total Liabilities	6,079,023	269,378	512,947	1,809	921	99,587	6,963,665
Shareholder's equity	1,743,981	-	-	-	-	-	1,743,981
Total Liabilities and Shareholder's equity	7,823,004	269,378	512,947	1,809	921	99,587	8,707,646
On-balance sheet open position	349,645	(257,795)	1,721	1,411	106	(95,088)	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	349,645	(257,795)	1,721	1,411	106	(95,088)	-

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	25,835	9,805	16,479	4,695	835	4,221	61,870
Deposits and placements with banks and other financial institutions	6,820	-	-	-	-	-	6,820
Securities FVTPL	-	-	219	-	-	-	219
Securities FVOCI	3,335,923	-	311,263	-	-	-	3,647,186
Financing, advances and receivables	4,653,952	-	132,461	-	-	-	4,786,413
Other assets	584,118	-	-	-	-	-	584,118
Total Assets	8,606,666	9,805	460,422	4,695	835	4,221	9,086,644
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	4,526,079	251,205	352,121	4,116	956	3,605	5,138,082
Deposits and placements with banks and other financial institutions	1,541,643	-	512,107	-	-	-	2,053,750
Investment account of customers	6,820	-	-	-	-	-	6,820
Other liabilities	176,597	-	-	-	-	-	176,597
Total Liabilities	6,251,139	251,205	864,228	4,116	956	3,605	7,375,249
Shareholder's equity	1,711,395	-	-	-	-	-	1,711,395
Total Liabilities and Shareholder's equity	7,962,534	251,205	864,228	4,116	956	3,605	9,086,644
On-balance sheet open position	644,132	(241,400)	(403,806)	579	(121)	616	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	644,132	(241,400)	(403,806)	579	(121)	616	-

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(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**

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

The table below indicates the currencies to which the Bank had significant exposure at 30 June 2020. The analysis calculates the effect of a reasonably possible movement of the currencies' exchange rates against Ringgit Malaysia, with all other variables held constant, on the income statement. A negative amount in the table reflects a potential net reduction in income statement, while a positive amount reflects a net potential increase.

	30-Jun-20		31-Dec-19	
	Change in exchange rate %	Effect on Income Statements/ Equity RM'000	Change in exchange rate %	Effect on Income Statements/ Equity RM'000
Group				
Singapore Dollar (SGD)	1	(2,578)	1	(2,414)
US Dollar (USD)	1	107	1	(4,043)
Euro (EUR)	1	26	1	6
Bank				
Singapore Dollar (SGD)	1	(2,578)	1	(2,414)
US Dollar (USD)	1	119	1	(4,038)
Euro (EUR)	1	14	1	6

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) Credit Risk Disclosures for portfolios under the Standardised Approach

For the calculation of credit risk-weighted assets under the Standardised Approach for Capital Adequacy Framework for Islamic Bank (CAFIB) issued by BNM, external credit assessments (or external ratings) on the obligor (the issuer) or specific securities issued by the issuer (the issue) form as a basis for the determination of risk weights for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios in the banking book. The Bank captures all available external ratings of obligor or issues and adheres to the conditions stipulated in the BNM CAFIB to choose the applicable rating assessment for exposures with single or multiple external ratings. The Bank then assigns the appropriate risk weight to the banking book exposure that is equivalent to the standard risk-weights in CAFIB for issue-specific rating. The Bank also applies the principles stipulated in CAFIB to determine the applicable risk weights to the exposures that do not have issue-specific rating.

(i) **Names of External Credit Assessment Institution ("ECAIs") used are :**

Standard & Poor's Rating Services ("S&P")

Moody's Investor's Service ("Moody's")

Fitch Ratings ("Fitch")

Rating Agency Malaysia ("RAM")

Malaysian Rating Corporation Berhad ("MARC")

(ii) **Types of exposures for which each ECAI is used :**

Exposures to Sovereign and Central Banks

Exposures to Non-Federal Government Public Sector Entities ("PSEs")

Exposures to Multilateral Banks ("MDB's")

Exposures to Banking Institutions and Corporates

(iii) The breakdown of all rated and unrated exposures risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

30 Jun 2020

Exposure class	Rating of Corporates by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures	RM '000	RM '000	RM '000	RM '000	RM '000	
Credit exposures (using corporate risk-weights)						
Group						
Corporates	603,065	112,779	54,513	-	3,715,757	
	603,065	112,779	54,513	-	3,715,757	
Bank						
Corporates	603,065	112,779	54,513	-	3,715,757	
	603,065	112,779	54,513	-	3,715,757	

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2020

Exposure class	Rating of Sovereigns and Central Banks by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Sovereigns/Central Banks		-	1,165,918	-	-	-	24,487
Bank Sovereigns/Central Banks		-	1,165,918	-	-	-	24,487

Exposure class	Rating of Banking Institutions by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Banks, MDBs and FDIs		28,194	17,099	3,578	-	-	38,398
Bank Banks, MDBs and FDIs		28,194	17,099	3,578	-	-	38,398

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2019

Exposure class	Rating of Corporates by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM '000	RM '000	RM '000	RM '000	RM '000
Group Corporates		590,812	107,457	81,870	-	3,832,888
Bank Corporates		590,812	107,457	81,870	-	3,832,888

Exposure class	Rating of Sovereigns and Central Banks by approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Sovereigns/Central Banks		-	1,139,288	-	-	-	196,461
Bank Sovereigns/Central Banks		-	1,139,288	-	-	-	196,461

Exposure class	Rating of Banking Institutions by approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Banks, MDBs and FDIs		20,501	25,691	4,821	-	-	21,180
Bank Banks, MDBs and FDIs		24,936	21,256	4,821	-	-	21,180

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows:

30 Jun 2020

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,190,405	930,190	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	73,774	20,590	-
Corporates	3,928,578	1,790,575	116,711
Regulatory Retail	1,857,287	-	3,760
Residential Mortgages	1,060,745	-	884
Higher Risk Assets ¹	1,151	-	-
Other Assets	357,589	-	-
Defaulted Exposures ²	362,968	-	6,467
Total On Balance Sheet Exposures	8,832,496	2,741,354	127,822
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	13,495	-	-
Off-balance sheet exposures other than OTC derivatives ²	263,603	-	-
Total Off-Balance Sheet Exposures	277,098	-	-
Total On and Off-Balance Sheet Exposures	9,109,594	2,741,354	127,822

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

31 Dec 2019

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,335,749	924,184	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	58,349	20,487	-
Corporates	4,136,705	1,761,516	119,607
Regulatory Retail	1,890,224	-	3,892
Residential Mortgages	1,056,790	-	886
Higher Risk Assets ¹	237	-	-
Other Assets	350,934	-	-
Defaulted Exposures ²	296,424	-	2,732
Total On Balance Sheet Exposures	9,125,412	2,706,187	127,117
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	13,844	-	-
Off-balance sheet exposures other than OTC derivatives ²	254,731	-	-
Total Off-Balance Sheet Exposures	268,575	-	-
Total On and Off-Balance Sheet Exposures	9,393,987	2,706,187	127,117

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

30 Jun 2020

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,190,405	930,190	-
Banks, Development Financial Institutions & MDBs	73,774	20,590	-
Corporates	3,928,578	1,790,575	116,711
Regulatory Retail	1,857,287	-	3,760
Residential Mortgages	1,060,745	-	884
Higher Risk Assets ¹	1,151	-	-
Other Assets	357,586	-	-
Defaulted Exposures ²	362,968	-	6,467
Total On-Balance Sheet Exposures	8,832,493	2,741,354	127,822
(b) Off-Balance Sheet Exposures*			
OTC Derivatives ³	13,495	-	-
Off-balance sheet exposures other than OTC derivatives ²	263,603	-	-
Total Off Balance Sheet Exposures	277,098	-	-
Total On and Off-Balance Sheet Exposures	9,109,591	2,741,354	127,822

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

31 Dec 2019

Bank

(i) Credit Risk

(a) On-Balance Sheet Exposures

Sovereigns/Central Banks
Banks, Development Financial Institutions & MDBs
Corporates
Regulatory Retail
Residential Mortgages
Higher Risk Assets¹
Other Assets
Defaulted Exposures²

Total On-Balance Sheet Exposures

	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
Sovereigns/Central Banks	1,335,749	924,184	-
Banks, Development Financial Institutions & MDBs	58,349	20,487	-
Corporates	4,136,705	1,761,516	119,607
Regulatory Retail	1,890,224	-	3,892
Residential Mortgages	1,056,790	-	886
Higher Risk Assets ¹	237	-	-
Other Assets	350,914	-	-
Defaulted Exposures ²	296,424	-	2,732
Total On-Balance Sheet Exposures	9,125,392	2,706,187	127,117

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows: (Cont'd.)

2019 (Cont'd)

Bank

(i) Credit Risk (Cont'd)

(b) Off-Balance Sheet Exposures*

OTC Derivatives³

Off-balance sheet exposures other than OTC derivatives²

Total Off Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
	13,844	-	-
	254,731	-	-
	268,575	-	-
	9,393,967	2,706,187	127,117

* Credit equivalent of off-balance sheet items

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

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

³ Comprising Promissory Foreign Exchange Contracts

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 30 June 2020, are as follows:

Group and Bank	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
30 Jun 2020	RM'000	RM'000	RM'000	RM'000
Direct Credit Substitutes	52,159		51,655	50,771
Transaction related contingent Items	114,861		56,136	43,396
Short Term Self Liquidating trade related contingencies	3,787		510	473
Foreign exchange related contracts				
One year or less	533,371	4,172	4,172	834
Over one year to five years	258,994	2,024	9,323	3,671
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	188,909		88,454	82,961
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	406,122		66,849	61,857
	1,558,202	6,196	277,098	243,964

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk (Cont'd.)

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 31 December 2019, are as follows:

Group and Bank	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
31 Dec 2019	RM'000	RM'000	RM'000	RM'000
Direct Credit Substitutes	52,860		52,409	51,524
Transaction related contingent Items	112,849		54,908	42,925
Short Term Self Liquidating trade related contingencies	11,749		2,269	1,385
Foreign exchange related contracts				
One year or less	1,048,499	4,991	10,458	2,955
Over one year to five years	140,241	199	3,386	995
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	156,759		74,397	69,868
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	412,592		70,748	66,601
	1,935,549	5,190	268,575	236,253

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(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

A27 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Equities (Disclosure for banking book positions)

30 Jun 2020
Group and Bank

Equity

Privately Held

- (a) Subsidiaries**
Kuwait Finance House (Labuan) Berhad
- (b) Investment**
Intrared Sdn Bhd
Al Faiz Fund 1
- (c) Musyarakah Capital Investment**

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
(a) Subsidiaries	10,200	-	Capital Deduction
Kuwait Finance House (Labuan) Berhad	10,200	-	Capital Deduction
(b) Investment	56,783	(55,650)	1,699
Intrared Sdn Bhd	36,100	(36,100)	-
Al Faiz Fund 1	20,683	(19,550)	1,699
(c) Musyarakah Capital Investment	18	-	27

31 Dec 2019
Group and Bank

Equity

Privately Held

- (a) Subsidiaries**
Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
- (b) Investment**
Intrared Sdn Bhd
Al Faiz Fund 1
- (c) Musyarakah Capital Investment**

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
(a) Subsidiaries	10,200	-	Capital Deduction
Kuwait Finance House (Labuan) Berhad	10,200	-	Capital Deduction
KFH Nominees (Tempatan) Sdn. Bhd.	-	-	Capital Deduction
(b) Investment	55,869	(55,650)	329
Intrared Sdn Bhd	36,100	(36,100)	-
Al Faiz Fund 1	19,769	(19,550)	329
(c) Musyarakah Capital Investment	18	-	27

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

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

B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the six months ended 30 June 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 30 June 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.

B2.1 Standards issued but are not yet effective

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

FRSs, Amendments to FRSs and Interpretations

Effective for financial period
beginning on or after

MFRS 101 Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)

1 January 2022

B2.2 Significant Accounting Estimates and Judgements

(a) Significant Accounting Estimates

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

(i) 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.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(Incorporated in Malaysia)

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

B2 Significant Accounting Policies (Cont'd.)

B2.2 Significant Accounting Estimates and Judgements (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.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(Incorporated in Malaysia)

**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 six-months ended 30 June 2020.

B5 Unusual Items Due to their Nature, Size or Incidence

BNM had in March 2020 announced a measure to relieve the burden on businesses and households through 6 months automatic moratorium on loan and financing repayments. The automatic moratorium is automatically granted to eligible customers. In accordance with MFRS 9, the Bank has recognised a modification loss of RM54.2 million in June 2020 due to cashflow modification on Personal Financing and Hire Purchase accounts which are granted with the automatic 6 months moratorium.

B6 Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect to the six-months ended 30 June 2020.

B7 Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the six-months ended 30 June 2020.

B8 Dividends Paid

There were no dividends paid during the six-months ended 30 June 2020.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

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

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

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	75,932	46,297	12,511	82,104		216,844
Revenue from other segments	72,208	314	819	38,674	(112,015)	-
Total Revenue	148,140	46,611	13,330	120,778	(112,015)	216,844
Segment results	20,668	25,260	7,795	(30,277)	-	23,446
Unallocated expenses						(42,067)
Profit from operations						(18,621)
Taxation						(7,904)
Net profit for the year						(26,525)
Other information						
Segment assets	3,791,849	1,303,334	315,845	3,076,002	(30,143)	8,456,887
Unallocated corporate assets						240,562
Total assets						8,697,449
Segment liabilities	7,191,627	368,196	422,196	7,046,269	(20,061)	15,008,227
Unallocated corporate liabilities						(8,061,078)
Total liabilities						6,947,149
Other segment items						
Purchase of property and equipment				2,279		2,279
Purchase of intangible assets				264		264
Depreciation of property and equipment				1,862		1,862
Amortisation of intangible assets				2,868		2,868
Other non-cash expense other than depreciation	-	2,135	1,226	(62,997)	-	(59,636)

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2020			
Malaysia	216,844	(18,621)	8,697,449

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(Incorporated in Malaysia)

**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

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	71,336	55,063	18,432	94,470		239,300
Revenue from other segments	104,229	413	1,207	46,025	(151,874)	-
Total Revenue	175,565	55,475	19,639	140,495	(151,874)	239,300
Segment results	15,914	31,681	7,011	18,915		73,521
Unallocated expenses						(50,003)
Profit from operations						23,518
Zakat						(5,392)
Taxation						(5,392)
Net profit for the year						18,126
Other information						
Segment assets	3,742,387	1,765,104	476,538	3,205,491	(388,955)	8,800,566
Unallocated corporate assets						664,386
Total assets						9,464,952
Segment liabilities	7,222,404	1,360,276	436,012	7,305,800	(379,307)	15,945,185
Unallocated corporate liabilities						(8,268,283)
Total liabilities						7,676,902
Other segment items						
Purchase of property and equipment				4,299		4,299
Purchase of intangible assets				1,433		1,433
Depreciation of property and equipment				1,900		1,900
Amortisation of intangible assets				2,942		2,942
Other non-cash expense other than depreciation	-	18,525	327	(18,187)	-	665

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2019			
Malaysia	239,300	23,518	9,464,952

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
(200401033666)
(Incorporated in Malaysia)

**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 30 June 2020 are as follows:

	Group and Bank
	RM'000
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	51
- purchase of IT hardware	56
- purchase of IT software	345
	<u>452</u>
Authorised and not contracted for:	
- purchase of IT hardware & software	<u>32,319</u>

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Certification of Financial Statements

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



Roslinawati Binti Zainal
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