

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 31 March 2021

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
ASSETS					
Cash and short-term funds	A3	116,889	68,275	116,889	68,275
Deposits and placements with banks and other financial institutions	A4	6,974	6,644	6,974	6,644
Gold depository		97,695	104,130	97,695	104,130
Equity instruments at FVOCI	A6	18	18	18	18
Debt instruments at FVOCI	A5	3,783,444	3,948,972	3,783,444	3,948,972
Financing, advances and other receivables	A7	4,001,478	4,190,380	4,001,478	4,190,380
Other assets	A8	124,312	120,391	124,311	120,391
Hedging financial instruments	A9	7,560	7,310	7,560	7,310
Statutory deposits with Bank Negara Malaysia		9,779	17,372	9,779	17,372
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A10	70,222	73,559	70,222	73,559
Property and equipment		22,705	22,893	22,705	22,893
Intangible assets		14,728	15,983	14,728	15,983
Deferred tax assets		39,607	6,971	39,607	6,971
		8,295,411	8,582,898	8,305,610	8,593,098
LIABILITIES					
Deposits from customers	A11	4,739,809	4,485,272	4,755,931	4,501,003
Investment accounts of customers	A13	6,974	6,644	6,974	6,644
Deposits and placements of banks and other financial institutions	A12	1,700,149	2,141,227	1,700,149	2,141,227
Hedging financial instruments	A9	6,457	8,661	6,457	8,661
Lease Liabilities	A10	73,122	76,278	73,122	76,278
Other liabilities	A14	96,335	87,249	96,053	86,968
		6,622,846	6,805,331	6,638,686	6,820,781
SHAREHOLDER'S EQUITY					
Share capital	A15	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		247,293	352,295	241,652	347,045
		1,672,565	1,777,567	1,666,924	1,772,317
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		8,295,411	8,582,898	8,305,610	8,593,098
COMMITMENTS AND CONTINGENCIES					
	A22	1,505,915	1,316,293	1,505,915	1,316,293
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A23	35.387%	35.672%	34.966%	35.277%
Total Capital Ratio	A23	36.516%	36.808%	36.093%	36.411%
NET ASSETS PER SHARE (RM)					
		1.17	1.25	1.17	1.24

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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(Incorporated in Malaysia)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

<u>Group</u>	Note	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Continuing Operations</u>					
Operating revenue		94,262	109,135	94,262	109,135
Income derived from investment of depositors' funds and others	A16	73,420	88,463	73,420	88,463
Income derived from investment of investment account funds	A20	30	50	30	50
Income derived from investment of shareholder's equity	A17	20,812	20,622	20,812	20,622
Total gross income		94,262	109,135	94,262	109,135
Credit loss (charge)/writeback on financial assets	A18	(17,676)	1,243	(17,676)	1,243
Total distributable income		76,586	110,378	76,586	110,378
Income attributable to the depositors	A19	(31,612)	(56,172)	(31,612)	(56,172)
Profit distributed to investment account holders	A20	(18)	(30)	(18)	(30)
Total net income		44,956	54,176	44,956	54,176
Personnel expenses		(15,015)	(19,026)	(15,015)	(19,026)
Other overheads and expenditures		(18,255)	(17,145)	(18,255)	(17,145)
Profit before zakat and taxation		11,686	18,005	11,686	18,005
Taxation		(2,980)	(4,328)	(2,980)	(4,328)
Net profit for the period		8,706	13,677	8,706	13,677
<u>Discontinued Operations</u>					
Loss before zakat and taxation from discontinued operations		(84)	(323)	(84)	(323)
Profit before zakat and taxation		11,602	17,682	11,602	17,682
Taxation		-	-	-	-
Loss after zakat and taxation for the year from discontinued operations	A21	(84)	(323)	(84)	(323)
Net profit for the period		8,622	13,354	8,622	13,354
Attributable to:					
Equity holders of the Bank		8,622	13,354	8,622	13,354
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		0.60	0.94	0.60	0.94

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

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Net profit for the period	8,622	13,354	8,622	13,354
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised gain on securities held at FVOCI	(149,715)	(12,537)	(149,715)	(12,537)
Exchange differences on translation of foreign operations:				
Net (loss)/gain taken to equity	475	847	475	847
Income tax relating to components of other comprehensive income	35,616	2,507	35,616	2,507
Other comprehensive income for the period, net of tax	(113,623)	(9,184)	(113,623)	(9,184)
Total comprehensive income for the period	(105,001)	4,171	(105,001)	4,171
Total comprehensive income for the period attributable to equity holders of the Bank	(105,001)	4,171	(105,001)	4,171

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)
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INTERIM CONDENSED INCOME STATEMENTS

Bank	Note	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue		94,262	109,165	94,262	109,165
Income derived from investment of depositors' funds and others	A16	73,420	88,463	73,420	88,463
Income derived from investment of investment account funds	A20	30	50	30	50
Income derived from investment of shareholder's equity	A17	20,812	20,652	20,812	20,652
Total gross income		94,262	109,165	94,262	109,165
Credit loss (charge)/writeback on financial assets	A18	(17,676)	1,243	(17,676)	1,243
Total distributable income		76,586	110,408	76,586	110,408
Income attributable to the depositors	A19	(31,612)	(56,172)	(31,612)	(56,172)
Profit distributed to investment account holders	A20	(18)	(30)	(18)	(30)
Total net income		44,956	54,206	44,956	54,206
Personnel expenses		(15,015)	(19,026)	(15,015)	(19,026)
Other overheads and expenditures		(18,255)	(17,145)	(18,255)	(17,145)
Profit before zakat and taxation		11,686	18,035	11,686	18,035
Taxation		(2,980)	(4,328)	(2,980)	(4,328)
Net profit for the period		8,706	13,707	8,706	13,707

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

	1st Quarter ended 31-Mar		Three-months ended 31-Mar	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Bank				
Net profit for the period	8,706	13,707	8,706	13,707
Other comprehensive income/(loss):				
Debt securities at FVOCI:				
- Net unrealised gain on securities held at FVOCI	(149,715)	(12,537)	(149,715)	(12,537)
Income tax relating to components of other comprehensive income	35,616	2,507	35,616	2,507
Other comprehensive income for the period, net of tax	(114,099)	(10,030)	(114,099)	(10,030)
Total comprehensive income for the period	(105,393)	3,678	(105,393)	3,678

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 2021	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Total comprehensive income	-	-	475	(114,099)	8,622	(105,002)
At 31 March 2021	1,425,272	170,648	3,736	77,403	(4,494)	1,672,565
At 1 January 2020						
At 1 Jan 2020	1,425,272	170,648	3,546	117,800	91	1,717,357
Total comprehensive income	-	-	(285)	73,702	(13,207)	60,210
At 31 December 2020	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Bank						
At 1 Jan 2021	1,425,272	170,648	-	191,502	(15,105)	1,772,317
Total comprehensive income	-	-	-	(114,099)	8,706	(105,393)
At 31 March 2021	1,425,272	170,648	-	77,403	(6,399)	1,666,924
At 1 January 2020						
At 1 Jan 2020	1,425,272	170,648	-	117,800	(2,325)	1,711,395
Total comprehensive income	-	-	-	73,702	(12,780)	60,922
At 31 December 2020	1,425,272	170,648	-	191,502	(15,105)	1,772,317

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

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group		Bank	
	31-Mar 2021 RM'000	31-Mar 2020 RM'000	31-Mar 2021 RM'000	31-Mar 2020 RM'000
Profit before zakat and taxation	11,602	18,005	11,686	18,035
Adjustments for non-cash items	26,372	2,808	26,299	3,148
Operating profit before changes in working capital	37,974	20,812	37,985	21,183
<u>Changes in the working capital</u>				
Net changes in operating assets	144,050	317,303	144,050	317,286
Net changes in operating liabilities	(151,093)	(260,373)	(147,368)	(256,334)
Net cash generated from operating activities	(7,043)	56,930	(3,318)	60,952
Net purchases of assets	13,947	5,276	13,947	5,276
Net cash used in investing activities	13,947	5,276	13,947	5,276
Net change in cash and cash equivalents	44,878	83,018	48,614	87,411
Cash and cash equivalents at beginning of the period	68,275	61,870	68,275	61,870
Exchange differences on translation of opening balances	3,736	4,393	-	-
Cash and cash equivalents at end of the period	116,889	149,281	116,889	149,281

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

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

A1 Performance Review

The Group and the Bank recorded a profit before tax of RM11.6 million and RM11.7 million respectively for the period ended 31 March 2021.

A2 OUTLOOK FOR 2021

The Malaysian economy is expected to expand 6.5% to 7.5% in 2021, from a contraction forecasted in 2020. The country's strong economic fundamentals and well-diversified economy will help to support its economic growth and the strong rebound in growth will also be driven by the anticipated improvement in global growth and trade.

Nevertheless, the monetary policy is expected to remain supportive of economic growth whilst ensuring price stability in 2021. Inflation dynamics are also expected to favour a more accommodative monetary policy stance for Malaysia going into 2021.

The successful containment of the pandemic and sustained recovery in external demand will be the major factors affecting the Malaysian economy. The challenging global economic environment has prompted Malaysia to rely more on domestic demand to prop up growth. Despite a challenging domestic and external environment, the Malaysian economy is likely to remain positive in 2021.

A3 Cash and short term funds

Cash and balance with banks and other financial institutions
Money at call and interbank placement with remaining
maturity less than one month

Less : ECL allowance

Group and Bank	
31 Mar 2021	31 Dec 2020
RM'000	RM'000
59,600	67,419
58,041	1,357
117,640	68,776
(751)	(501)
116,889	68,275

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>	31-Mar-21			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	117,640	-	-	117,640
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	117,640	-	-	117,640

<u>Group and Bank</u>	31-Dec-20			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Internal rating grade :				
Performing	68,776	-	-	68,776
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	68,776	-	-	68,776

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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:

31 March 2021 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 2021	68,776	-	-	68,776
Net remeasurement of outstanding balance	(17,930)	-	-	(17,930)
New financial assets originated or purchased	128,666	-	-	128,666
Financial assets that have matured	(61,872)	-	-	(61,872)
Gross carrying amount as at 31 March 2021	117,640	-	-	117,640

31 March 2021 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	501	-	-	501
Allowance made during the year	250	-	-	250
ECL allowance as at 31 March 2021	751	-	-	751
Net carrying amount (after ECL)	116,889	-	-	116,889

31 December 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	(238,349)	-	-	(238,349)
New financial assets originated or purchased	249,005	-	-	249,005
Financial assets that have matured	(3,831)	-	-	(3,831)
Gross carrying amount as at 31 December 2020	68,776	-	-	68,776

31 December 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 reversed during the year	420	-	-	420
ECL allowance as at 31 December 2020	501	-	-	501
Net carrying amount (after ECL)	68,275	-	-	68,275

A4 Deposits and placements with banks and other financial institutions

Bank Negara Malaysia ^
Bank Negara Malaysia ^

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

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
6,974	6,644
6,974	6,644

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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 Debt instruments measured at FVOCI

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

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,783,444	-	-	3,783,444
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,783,444	-	-	3,783,444

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,948,972	-	-	3,948,972
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,948,972	-	-	3,948,972

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

<u>Group and Bank</u>	31 March 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 31 Mar 2021	3,783,444	-	-	3,783,444

<u>Group and Bank</u>	31 March 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	25,300	-	-	25,300
Allowance made during the year	-	-	-	-
ECL allowance as at 31 Mar 2021 *	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

A5 Debt instruments measured at FVOCI (Cont'd.)

<u>Group and Bank</u>	31 Dec 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 31 Dec 2020	3,948,972	-	-	3,948,972

<u>Group and Bank</u>	31 Dec 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 31 Dec 2020 *	25,300	-	-	25,300

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

A6 Equity instruments measured at FVOCI

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

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Musyarakah Capital Investment	18	18
	18	18

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

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

A7 Financing, Advances and Other Receivables

i) At amortised cost

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Term financing		
- House financing	1,128,216	1,134,637
- Personal financing	1,029,102	1,062,545
- Cashline financing	5,561	5,733
- Syndicated financing	141,242	140,043
- Hire purchase receivables	693,416	712,719
- Other term financing	1,360,519	1,471,305
Credit card	31	46
Staff financing	20,931	22,511
	4,379,017	4,549,539
Less : Modification loss	(47,173)	(47,173)
	4,331,844	4,502,366
Less: Impairment allowances		
- Stage 1 Financing	(81,273)	(63,323)
- Stage 2 Financing	(89,924)	(88,524)
- Stage 3 Financing	(155,507)	(156,476)
Net financing and advances to customers	4,005,140	4,194,043
Less: Impairment allowances		
- Stage 1 Undrawn	(1,615)	(1,615)
- Stage 1 Trade facilities	(2,048)	(2,048)
- Stage 2 Trade facilities	-	-
Net financing, advances and other receivables	4,001,478	4,190,380

ii) By contract

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)	2,006,710	2,039,837
Murabahah (cost-plus)	2,271,608	2,399,854
Mudharabah (profit sharing)	43,705	43,705
Qard (benevolent financing)	1,015	1,196
Musyarakah (profit and loss sharing)	7,874	16,814
Istisna'	901	914
Ujrah (Credit card)	31	46
	4,331,844	4,502,366

iii) By type of customer

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Business enterprises		
- Small medium enterprises	236,787	270,133
- Others	1,254,768	1,330,532
Individuals	2,840,289	2,901,701
	4,331,844	4,502,366

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

A7 Financing, Advances and Other Receivables (Cont'd.)

(iv) By residual contractual maturity

Maturity within one year
More than one year to three years
More than three years to five years
More than five years

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
1,319,784	1,423,277
171,298	170,143
211,477	215,891
2,629,285	2,693,055
4,331,844	4,502,366

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
4,327,278	4,497,715
3,235	3,315
1,331	1,336
4,331,844	4,502,366

(vi) By profit rate sensitivity

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

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
2,602	2,627
693,416	698,496
141,242	140,043
866,256	917,293
1,124,112	1,132,010
1,504,216	1,611,897
4,331,844	4,502,366

(vii) By economic purpose

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

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
696,845	716,213
1,145,016	1,160,623
179,959	188,825
3,750	4,126
1,069,803	1,133,034
146,998	147,899
1,012,684	1,047,394
76,789	104,252
4,331,844	4,502,366

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

A7 Financing, Advances and Other Receivables (Cont'd.)

viii) By sector

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Construction	336,349	362,114
Electricity, gas and water	52,174	54,967
Finance, insurance and business services	103,485	113,933
Household	2,840,289	2,901,701
Manufacturing	154,023	155,980
Agriculture, hunting, forestry & fishing	70,665	106,773
Real Estate	255,422	274,383
Transports, storage and communication	118,249	120,785
Wholesale & retail trade and restaurants & hotels	385,691	393,714
Others	15,497	18,016
Total	4,331,844	4,502,366

(ix) Financing by types and Shariah contract

	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Mar 2021								
House financing	1,105,304	78	-	7,706	-	901	-	1,113,990
Personal financing	-	995,242	-	-	913	-	-	996,155
Syndicated financing	-	141,242	-	-	-	-	-	141,242
Cashline financing	-	5,561	-	-	-	-	-	5,561
Hire purchase receivables	693,416	-	-	-	-	-	-	693,416
Other term financing	190,730	1,126,084	43,705	-	0	-	-	1,360,519
Staff financing	17,261	3,401	-	168	102	-	-	20,931
Credit card	-	-	-	-	-	-	31	31
Total	2,006,710	2,271,608	43,705	7,874	1,015	901	31	4,331,844

	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	RM'000
31 Dec 2020								
House financing	1,125,639	79	-	8,006	-	914	-	1,134,637
Personal financing	-	1,028,576	-	-	1,018	-	-	1,029,594
Syndicated financing	-	140,043	-	-	-	-	-	140,043
Cashline financing	-	5,733	-	-	-	-	-	5,733
Hire purchase receivables	698,496	-	-	-	-	-	-	698,496
Other term financing	197,269	1,221,695	43,705	8,637	0	-	-	1,471,306
Staff financing	18,434	3,729	-	171	177	-	-	22,511
Credit card	-	-	-	-	-	-	46	46
Total	2,039,837	2,399,854	43,705	16,814	1,196	914	46	4,502,366

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A7 Financing, Advances and Other Receivables (Cont'd.)

x) Purpose and Source of Qard financing

As at 1 January	1,196	1,540
Source of Qard fund:	669	685
- Depositors' Fund	527	541
- Shareholders' Fund	142	144
Uses of Qard fund:	(850)	(1,029)
- Financing for asset purchase	(669)	(812)
- Staff Benevolent	(181)	(217)
Closing balance	1,015	1,196

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
1,196	1,540
669	685
527	541
142	144
(850)	(1,029)
(669)	(812)
(181)	(217)
1,015	1,196

xi) Movements in impaired financing, advances and other receivables

At 1 Jan	317,444	301,426
Impaired during the period/year	(7,885)	14,902
- Impaired during the period/year	6,657	50,250
- Reclassified to performing during the year	(2,819)	(9,244)
- Amount recovered	(11,700)	(22,827)
- Amount written off	(23)	(3,278)
Reinstatement of previously written down accounts	54	1,117
Closing balance	309,613	317,444
Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less Stage 3 ECL	3.65%	3.66%

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
317,444	301,426
(7,885)	14,902
6,657	50,250
(2,819)	(9,244)
(11,700)	(22,827)
(23)	(3,278)
54	1,117
309,613	317,444
3.65%	3.66%

xii) Movements in ECL on financing, advances and other receivables

Stage 1 and 2 ECL

As at 1 Jan	155,510	99,320
Allowance (writeback)/made during the year	19,350	56,190
Closing balance	174,860	155,510

As % of total gross financing, advances and other receivables less individual impairment	4.14%	3.58%
--	-------	-------

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
155,510	99,320
19,350	56,190
174,860	155,510
4.14%	3.58%

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A7 Financing, Advances and Other Receivables (Cont'd.)

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

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Stage 3 ECL		
At 1 Jan	156,476	156,413
Allowance made during the year	(1,000)	2,224
- Allowance made	6,033	17,091
- Allowance written-back	(7,033)	(14,867)
Amount written off	(23)	(3,278)
Reinstatement of previously written down accounts	54	1,117
Closing balance	155,507	156,476

xiii) Impaired financing by sector

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Finance, insurance and business services	6,304	6,289
Household	42,485	41,390
Manufacturing	83,001	83,061
Real Estate	167,069	175,950
Wholesale & retail trade and restaurants & hotels	10,754	10,754
	309,613	317,444

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A7 Financing, Advances and Other Receivables (Cont'd.)

xiii) Impairment allowance for financing and advances to customers

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

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,742,122	-	-	3,742,122
Past due but not impaired	-	280,109	-	280,109
Individually impaired	-	-	309,613	309,613
Total	3,742,122	280,109	309,613	4,331,844

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,886,242	-	-	3,886,242
Past due but not impaired	-	298,680	-	298,680
Individually impaired	-	-	317,444	317,444
Total	3,886,242	298,680	317,444	4,502,366

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

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	3,886,242	298,680	317,444	4,502,366
Transfer to 12-month ECL	41,475	(38,722)	(2,753)	-
Transfer to lifetime ECL not credit impaired	(34,880)	35,042	(162)	-
Transfer to lifetime ECL credit impaired	(610)	(4,036)	4,646	-
Net remeasurement of outstanding balance	(56,272.81)	208,832.35	267,482	420,042
New financial assets originated or purchased	1,197,084	-	-	1,197,084
Financial assets that have matured	(1,290,916)	(219,687)	(277,022)	(1,787,625)
Write-offs	-	-	(23)	(23)
Gross carrying amount as at 31 March 2021	3,742,122	280,109	309,613	4,331,844

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	66,986	88,524	156,476	311,986
Transfer to 12-month ECL	5,978	(3,850)	(2,128)	-
Transfer to lifetime ECL not credit impaired	(942)	1,103	(161)	-
Transfer to lifetime ECL credit impaired	(7)	(185)	192	-
Allowance (writeback)/made during the year	12,922	4,332	1,097	18,350
Write-offs	-	-	(23)	(23)
Reinstatement of previously written down accounts	-	-	54	54
ECL allowance as at 31 March 2021	84,936	89,924	155,507	330,366
Net carrying amount (after ECL)	3,657,186	190,185	154,106	4,001,478

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A7 Financing, Advances and Other Receivables (Cont'd.)

xiii) Impairment allowance for financing and advances to customers (Cont'd.)

Group and Bank	31-Dec-20			
	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	62,953	(55,882)	(7,071)	-
Transfer to lifetime ECL not credit impaired	(48,220)	49,141	(921)	-
Transfer to lifetime ECL credit impaired	(4,463)	(10,908)	15,371	-
Net remeasurement of outstanding balance	(59,416)	212,397	276,881	429,862
New financial assets originated or purchased	1,376,423	-	-	1,376,423
Financial assets that have matured	(1,876,643)	(154,007)	(264,964)	(2,295,614)
Modification loss	(46,231)	(942)	-	(47,173)
Write-offs	-	-	(3,278)	(3,278)
Gross carrying amount as at 31 December 2020	3,886,242	298,680	317,444	4,502,366

Group and Bank	31-Dec-20			
	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	7,092	(3,327)	(3,765)	-
Transfer to lifetime ECL not credit impaired	(819)	1,739	(920)	-
Transfer to lifetime ECL credit impaired	(83)	(804)	887	-
Allowance made during the year	(22,384)	74,776	6,023	58,415
Reinstatement of previously written down accounts	-	-	(3,278)	(3,278)
Write-offs	-	-	1,117	1,117
ECL allowance as at 31 December 2020	66,986	88,524	156,476	311,986
Net carrying amount (after ECL)	3,819,256	210,156	160,968	4,190,380

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A8 Other Assets

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Deposits and prepayments	11,817	7,830	11,816	7,830
Amount due from other related parties	111,861	111,861	111,861	111,861
Fee receivable	80	80	80	80
Sundry debtors	554	620	554	620
	124,312	120,391	124,311	120,391

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

A9 Hedging Financial Instruments

Group and Bank

At 31 March 2021

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
449,151	1,975	871
493,556	5,585	5,585
942,707	7,560	6,457

Group and Bank

At 31 Dec 2020

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
269,926	327	1,662
494,143	6,983	7,000
764,070	7,310	8,661

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 RM1,327,436 recorded as accrued FX swap cost as at 31 March 2021 (31 December 2021: Net loss of RM2,083,319).

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A10 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
Cost				
As at 1 January 2021	96,892	397	872	98,161
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustment/remeasurement	-	-	4	4
As at 31 March 2021	96,892	397	876	98,165
Accumulated depreciation				
As at 1 January 2021	23,742	232	628	24,602
Charge	3,229	29	83	3,341
Disposal	-	-	-	-
As at 31 March 2021	26,971	261	711	27,943
Net book value as at 31 March 2021	69,921	136	165	70,222

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
As at 1 January 2020	95,156	397	872	96,425
Additions	4,510	-	-	4,510
Disposals	-	-	-	-
As at 31 December 2020	99,666	397	872	100,935
Accumulated depreciation				
As at 1 January 2020	13,449	116	314	13,879
Charge	13,067	116	314	13,497
Disposal	(2,774)	-	-	(2,774)
As at 31 December 2020	23,742	232	628	24,602
Net book value as at 31 December 2020	73,150	165	244	73,559

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 2021	75,852	171	255	76,278
Addition	-	-	-	-
Accretion of profit	691	1	1	693
Payment	(3,737)	(31)	(82)	(3,849)
As at 31 March 2021	72,807	141	174	73,122

	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	4,510	-	-	4,510
Accretion of profit	3,180	10	17	3,207
Payment	(15,093)	(125)	(333)	(15,550)
As at 31 December 2020	75,853	171	255	76,278

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A10 Right of Use of Assets and Lease Liabilities (Cont'd.)

The following are the amounts recognised in profit or loss:

31 Mar 2021

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

Group and Bank	
RM'000	
	3,341
	693
	4,035

31 December 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	
	13,497
	3,207
	16,704

A11 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Qard				
- Demand deposits	273,228	283,912	289,350	299,643
- Gold deposits	97,543	103,907	97,543	103,907
Murabahah				
- Term placement	4,234,435	3,967,546	4,234,435	3,967,546
- Savings deposits	134,603	129,907	134,603	129,907
	4,739,809	4,485,272	4,755,931	4,501,003

(ii) By type of customer

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Business enterprises	2,068,451	1,903,316	2,068,451	1,900,493
Individuals	358,376	350,465	358,376	350,465
Subsidiaries	-	-	16,122	18,554
Government and statutory bodies	1,796,997	1,771,022	1,796,997	1,771,022
Other enterprises	515,985	460,468	515,985	460,469
	4,739,809	4,485,272	4,755,931	4,501,003

(iii) By contractual maturity

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Due within six months	3,519,759	3,631,185	3,535,881	3,646,916
More than six months to one year	893,220	678,012	893,220	678,012
More than one year to three years	326,830	176,075	326,830	176,075
	4,739,809	4,485,272	4,755,931	4,501,003

A12 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	29,012	80,208	29,012	80,208
Other financial institutions	1,671,138	2,061,019	1,671,138	2,061,019
	1,700,149	2,141,227	1,700,149	2,141,227

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A13 Investment Accounts

	Group and Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
As at 1 January	6,644	6,820
Net placement during the year	312	(266)
Income from investment	30	150
Profit distributed to mudarib	(12)	(60)
As at 31 March/31 December	6,974	6,644
Investment asset: Wadiah placement with BNM	6,974	6,644

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	1.04

Business enterprises
Individuals
Other enterprises

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
3,557	2,984
3,318	3,545
99	115
6,974	6,644

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A14 Other Liabilities

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Sundry creditors	51,326	44,371	51,237	44,282
Accrued restoration cost	5,118	5,118	5,118	5,118
Undistributed charity funds (i)	976	922	976	922
Other provisions and accruals	38,915	36,838	38,722	36,646
	96,335	87,249	96,053	86,968

(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:

Payment for recovery cost and other expenses
Contribution to non profit organisations
Aid to needy family
Total uses of funds during the year

Closing balance

Group and Bank	
31 Mar 2021 RM'000	31 Dec 2020 RM'000
922	1,136
166	608
1,088	1,744
(84)	(720)
(20)	(90)
(8)	(12)
(112)	(822)
976	922

A15 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	31 Mar 2021 Units'000	31 Dec 2020 Units'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Authorised:				
At 1 January/At closing balance	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
At 1 January	1,425,272	1,425,272	1,425,272	1,425,272
At 1 January/At closing balance	1,425,272	1,425,272	1,425,272	1,425,272

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A16 Income derived from investment of depositors' funds and others

Group and Bank

Finance income from financing, advances and other receivables

Finance income from impaired financing

Income from securities

- Financial assets at FVOCI

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Foreign exchange (loss)/gain

- Realised

1st Quarter ended 31-Mar		Three-months ended 31-Mar	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
43,550	57,892	43,550	57,892
540	1,005	540	1,005
30,739	30,507	30,739	30,507
245	448	245	448
75,075	89,852	75,075	89,852
(1,500)	(1,424)	(1,500)	(1,424)
73,574	88,428	73,574	88,428
(154)	35	(154)	35
73,420	88,463	73,420	88,463

A17 Income derived from Investment of Shareholder's Equity

Group and Bank

Finance income from financing, advances and other receivables

Finance income from impaired financing

Income from securities:

- Financial assets at FVOCI

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Fee income

- Commission

- Other fee income

Foreign exchange (loss)/gain

- Realised

- Unrealised

Fair value gain from financial assets as at FVTPL

1st Quarter ended 31-Mar		Three-months ended 31-Mar	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
12,025	14,202	12,025	14,202
149	246	149	246
8,488	7,488	8,488	7,488
68	109	68	109
20,730	22,046	20,730	22,046
(414)	(350)	(414)	(350)
20,316	21,696	20,316	21,696
220	219	220	219
778	820	778	820
4,995	(1,525)	4,995	(1,525)
(6,252)	(588)	(6,252)	(588)
755	-	755	-
20,812	20,622	20,812	20,622

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A18 Credit Loss Expenses

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

31 March 2021 Group and Bank

Cash and short-term funds	(250)	-	-	(250)
Financing and advances to customers	(17,950)	(1,400)	1,000	(18,350)
Bad debt recovered	-	-	924	924
Financial guarantees	-	-	-	-
Total Impairment loss (writeback)/charges	(18,200)	(1,400)	1,924	(17,676)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds	(250)	-	-	(250)
Financing and advances to customers	(17,950)	(1,400)	1,000	(18,350)
Bad debt recovered	-	-	924	924
Financial guarantees	-	-	-	-
Total Impairment loss (writeback)/charges	(18,200)	(1,400)	1,924	(17,676)

31 March 2020 Group and Bank

Cash and short-term funds	(420)	-	-	(420)
Financing and advances to customers	420	-	(359)	61
Bad debt recovered	-	-	1,602	1,602
Total Impairment loss (writeback)/charges	-	-	1,243	1,243

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds	(420)	-	-	(420)
Financing and advances to customers	420	-	(359)	61
Bad debt recovered	-	-	1,602	1,602
Total Impairment loss (writeback)/charges	-	-	1,243	1,243

A19 Income Attributable to the Depositors

Group and Bank

Deposits from customers
- Murabahah

Deposits and placements of banks and
other financial institutions
- Murabahah and Wakalah

Others

1st Quarter ended 31-Mar		Three-months ended 31-Mar	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
21,676	41,801	21,676	41,801
9,908	14,265	9,908	14,265
28	106	28	106
31,612	56,172	31,612	56,172

A20 Profit Distributed to Investment Account Holders

Group and Bank

Income derived from investment of investment account funds
Profit distributed to mudarib

1st Quarter ended 31-Mar		Three-months ended 31-Mar	
2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
30	50	30	50
(12)	(20)	(12)	(20)
18	30	18	30

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A21 Discontinued Operations

	Three-months ended 31-Mar	
	2021 RM'000	2020 RM'000
Income derived from investment of shareholder's equity		
Unrealised foreign exchange (loss)/gain	(75)	52
Other income	1	-
Total net income	(74)	52
Personnel expenses	-	(53)
Other overheads and expenditures	(10)	(322)
Loss before zakat and taxation	(84)	(323)
Taxation	-	-
Net loss for the year	(84)	(323)

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A22 Commitments and Contingencies

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

	As at 31 Mar 2021			As at 31 Dec 2020		
	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	48,220	47,090	46,216	52,262	51,320	50,353
Transaction related contingencies	98,935	48,558	37,916	110,370	54,080	41,534
Trade related contingencies	3,797	759	747	-	-	-
Irrevocable commitments to extend credit						
- maturity less than one year	359,737	45,201	40,700	357,064	46,245	41,462
- maturity more than one year	47,196	21,821	17,176	44,486	20,721	16,487
Foreign exchange related contracts *						
- less than one year	237,014	5,970	1,458	494,577	7,014	1,403
- one year to five years	711,016	8,102	3,640	257,534	4,636	1,640
	1,505,915	177,502	147,854	1,316,293	184,016	152,879

* 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	
	Mar 2021 RM'000	Dec 2020 RM'000
Financial guarantees	48,220	52,262
Letters of credit	102,732	110,370
Other undrawn commitments	406,933	401,550
Total commitment	557,885	564,182
Less : ECL (charge)/writeback	(3,663)	(3,663)
	554,222	560,519

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A22(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	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	48,220	-	-	48,220
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	48,220	-	-	48,220

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	52,262	-	-	52,262
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	52,262	-	-	52,262

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

Group and Bank	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	52,262	-	-	52,262
Net remeasurement of outstanding balance	10,194	-	-	10,194
New financial assets originated or purchased	114	-	-	114
Financial assets that have matured	(14,350)	-	-	(14,350)
Gross carrying amount as at 31 March 2021	48,220	-	-	48,220

Group and Bank	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	673	-	-	673
Net remeasurement of loss allowance	354	-	-	354
New financial assets originated or purchased	4	-	-	4
Financial assets that have matured	(225)	-	-	(225)
ECL allowance as at 31 March 2021	806	-	-	806
Net carrying amount (after ECL)	47,413	-	-	47,413

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	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	888	-	-	888
New financial assets originated or purchased	1,237	-	-	1,237
Financial assets that have matured	(2,123)	(600)	-	(2,723)
Gross carrying amount as at 31 December 2020	52,262	-	-	52,262

Group and Bank	31-Dec-20			
	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	421	-	-	421
New financial assets originated or purchased	21	-	-	21
Financial assets that have matured	(10)	(210)	-	(220)
ECL allowance as at 31 December 2020	673	-	-	673
Net carrying amount (after ECL)	51,590	-	-	51,590

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A22(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.

Group and Bank	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	102,732	-	-	102,732
Past due but not impaired	-	-	-	-
Total	102,732	-	-	102,732

Group and Bank	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	110,370	-	-	110,370
Past due but not impaired	-	-	-	-
Total	110,370	-	-	110,370

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

Group and Bank	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	110,370	-	-	110,370
Net remeasurement of outstanding balance	(11,435)	-	-	(11,435)
New financial assets originated or purchased	3,797	-	-	3,797
Gross carrying amount as at 31 March 2021	102,732	-	-	102,732

Group and Bank	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	1,375	-	-	1,375
Net remeasurement of loss allowance	(141)	-	-	(141)
New financial assets originated or purchased	8	-	-	8
ECL allowance as at 31 March 2021	1,242	-	-	1,242
Net carrying amount (after ECL)	101,490	-	-	101,490

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	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	(2,479)	-	-	(2,479)
Financial assets that have matured	(11,749)	-	-	(11,749)
Gross carrying amount as at 31 December 2020	110,370	-	-	110,370

Group and Bank	31-Dec-20			
	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	(141)	-	-	(141)
Financial assets that have matured	(80)	-	-	(80)
ECL allowance as at 31 December 2020	1,375	-	-	1,375
Net carrying amount (after ECL)	108,995	-	-	108,995

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A22(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>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	400,841	5,719	373	406,933
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	400,841	5,719	373	406,933

<u>Group and Bank</u>	31-Dec-20			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	392,463	8,183	903	401,550
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	392,463	8,183	903	401,550

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

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	392,463	8,183	903	401,550
Transfer to 12-month ECL	206	(206)	-	-
Transfer to lifetime ECL not credit impaired	(365)	365	-	-
Net remeasurement of outstanding balance	3,170	5,373	(530)	8,013
New financial assets originated or purchased	370,664	-	-	370,664
Financial assets that have matured	(365,296)	(7,997)	-	(373,293)
Gross carrying amount as at 31 March 2021	400,841	5,719	373	406,933

<u>Group and Bank</u>	31-Mar-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2021	1,615	-	-	1,615
New financial assets originated or purchased	1,615	-	-	1,615
Financial assets that have matured	(1,615)	-	-	(1,615)
ECL allowance as at 31 March 2021	1,615	-	-	1,615
Net carrying amount (after ECL)	399,226	5,719	373	405,318

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A22(b) Impairment losses on guarantees and other commitments (Cont'd.)

Group and Bank	31-Dec-20			
	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	158	(158)	-	-
Transfer to lifetime ECL not credit impaired	(552)	552	-	-
Transfer to lifetime ECL credit impaired	-	(109)	109	-
Net remeasurement of outstanding balance	(754)	7,290	794	7,329
New financial assets originated or purchased	315,124	-	-	315,124
Financial assets that have matured	(486,591)	(3,663)	-	(490,254)
Gross carrying amount as at 31 December 2020	392,463	8,183	903	401,550

Group and Bank	31-Dec-20			
	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
Net remeasurement of loss allowance	(295)	-	-	(295)
New financial assets originated or purchased	981	-	-	981
Financial assets that have matured	(686)	-	-	(686)
ECL allowance as at 31 December 2020	1,615	-	-	1,615

Net carrying amount (after ECL)	390,848	8,183	903	399,935
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A23 Capital Adequacy

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

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

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

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

	Group		Bank	
	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
Common Equity Tier I / Tier I Capital Ratio				
Credit risk	39.163%	39.250%	38.773%	38.883%
Credit, market, operational and large exposure risks	35.387%	35.672%	34.966%	35.277%
Total Capital Ratio				
Credit risk	40.413%	40.500%	40.023%	40.133%
Credit, market, operational and large exposure risks	36.516%	36.808%	36.093%	36.411%

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A23 Capital Adequacy (Cont' d.)

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

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 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	2,622	63,281	(3,019)	58,031
	1,598,542	1,659,201	1,592,901	1,653,951
Less: Deferred tax assets (net)	(6,971)	(6,971)	(6,971)	(6,971)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
Total CET I / Tier I capital	1,591,571	1,652,230	1,575,730	1,636,780
<u>Tier II capital</u>				
Collective impairment on financing	50,800	52,618	50,800	52,618
Total Tier II capital	50,800	52,618	50,800	52,618
Total capital	1,642,371	1,704,848	1,626,530	1,689,398

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

	Group		Bank	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	4,063,982	4,209,460	4,063,981	4,209,460
Total Market RWA	9,588	6,645	8,148	5,004
Total Operational RWA	424,081	415,592	434,334	425,380
Large Exposure Risk RWA for Equity Holdings	8	8	8	8
Total Risk-Weighted Assets	4,497,660	4,631,706	4,506,471	4,639,853
Computation of Capital Ratios				
Core Capital	1,591,571	1,652,230	1,575,730	1,636,780
Capital Base	1,642,371	1,704,848	1,626,530	1,689,398
CET I / Tier I Capital Ratio	35.387%	35.672%	34.966%	35.277%
Total Capital Ratio	36.516%	36.808%	36.093%	36.411%

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A24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
31 Mar 2021			
Financial assets			
Securities held at FVTPL	-	-	-
Debt instruments measured at FVOCI	3,783,444	-	3,783,444
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,684,760	2,315,765	4,000,526
Hedging financial instruments	7,560	-	7,560
Total	5,475,764	2,315,783	7,791,547
Financial liability			
Deposits from customers	4,739,567	-	4,739,567
Hedging financial instruments	6,457	-	6,457
	4,746,024	-	4,746,024
31 Dec 2020			
Financial assets			
Debt instruments measured at FVOCI	3,948,972	-	3,948,972
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,710,471	2,478,357	4,188,828
Hedging financial instruments	7,310	-	7,310
Total	5,666,753	2,478,375	8,145,128
Financial liability			
Deposits from customers	4,472,852	-	4,472,852
Hedging financial instruments	8,661	-	8,661
	4,481,513	-	4,481,513

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A24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Bank			
31 Mar 2021			
Financial assets			
Financial assets at FVTPL	-	-	-
Debt instruments measured at FVOCI	3,783,444	-	3,783,444
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,684,760	2,315,765	4,000,526
Hedging financial instruments	7,560	-	7,560
Total	5,475,764	2,315,783	7,791,547
Financial liability			
Deposits from customers	4,727,927	-	4,727,927
Hedging financial instruments	6,457	-	6,457
	4,734,384	-	4,734,384
31 Dec 2020			
Financial assets			
Debt instruments measured at FVOCI	3,948,972	-	3,948,972
Equity instruments at FVOCI	-	18	18
Financing, advances and other receivables	1,710,471	2,478,357	4,188,828
Hedging financial instruments	7,310	-	7,310
Total	5,666,753	2,478,375	8,145,128
Financial liability			
Deposits from customers	4,472,852	-	4,472,852
Hedging financial instruments	8,661	-	8,661
	4,481,513	-	4,481,513

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate	5.4% - 6.0%

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A24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

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

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

		Group			
		31 Mar 2021		31 Dec 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		4,001,478	4,000,526	4,190,380	4,188,827
		4,001,478	4,000,526	4,190,380	4,188,827
Financial Liabilities					
Deposits from customers		4,739,809	4,739,567	4,485,272	4,457,664
		4,739,809	4,739,567	4,485,272	4,457,664

		Bank			
		31 Mar 2021		31 Dec 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Financing, advances and other receivables		4,001,478	4,000,526	4,190,380	4,188,827
		4,001,478	4,000,526	4,190,380	4,188,827
Financial Liabilities					
Deposits from customers		4,755,931	4,727,927	4,501,003	4,472,852
		4,755,931	4,727,927	4,501,003	4,472,852

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A24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

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

(a) Cash and Short-Term Funds

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

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

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

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

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

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

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

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

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

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

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

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A24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

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

(d) Financing, Advances and Other Receivables

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

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

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

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A25 FINANCIAL RISK MANAGEMENT

MARKET RISK

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

i. Traded Market Risk

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

ii. Non-Traded Market Risk

Rate of Return in the Banking Book

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

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

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
31 Mar 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	57,290	-	-	-	-	59,599	-	116,889	1.77
Deposits and placements with banks and other financial institutions	6,974	-	-	-	-	-	-	6,974	
Securities FVOCI	-	5,078	369,744	1,628,056	1,780,566	-	-	3,783,444	4.33
Financing, advances and receivables	1,115,547	1,067,264	3,090	266,582	1,394,889	154,107	-	4,001,478	5.03
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	379,048	-	379,048	
Hedging Financial Instrument Assets	6,441	-	1,119	-	-	-	-	7,560	
TOTAL ASSETS	1,186,253	1,072,342	373,953	1,894,637	3,175,455	592,771	-	8,295,411	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
31 Mar 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,240,761	848,859	2,118,413	434,233	-	97,543	-	4,739,809	1.86
Deposits and placements of banks and other financial institutions	335,070	825,454	539,626	-	-	-	-	1,700,149	2.00
Investment accounts of customers	6,974	-	-	-	-	-	-	6,974	
Hedging financial instrument liabilities	6,037	420	-	-	-	-	-	6,457	
Other liabilities	-	-	-	-	-	169,457	-	169,457	
Total Liabilities	1,588,842	1,674,733	2,658,038	434,233	-	267,000	-	6,622,846	
Shareholder's equity	-	-	-	-	-	1,672,565	-	1,672,565	
Total Liabilities and Shareholder's equity	1,588,842	1,674,733	2,658,038	434,233	-	1,939,565	-	8,295,411	
On-balance sheet profit sensitivity gap	(402,590)	(602,391)	(2,284,085)	1,460,404	3,175,455	(1,346,793)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(402,590)	(602,391)	(2,284,085)	1,460,404	3,175,455	(1,346,793)	-	-	-

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Group 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	856	-	-	-	-	67,419	-	68,275	1.87
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	-	6,644	
Securities FVOCI	-	-	372,413	1,628,916	1,947,643	-	-	3,948,972	4.33
Financing, advances and receivables	1,137,983	1,163,379	10,401	265,077	1,452,572	160,968	-	4,190,380	5.44
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	361,299	-	361,299	
Hedging Financial Instrument Assets	7,014	173	123	-	-	-	-	7,310	
TOTAL ASSETS	1,170,266	1,256,330	411,967	1,896,711	3,413,429	434,195	-	8,582,898	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

Group	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,241,944	1,418,801	1,283,780	436,840	-	103,907	-	4,485,272	2.20
Deposits and placements of banks and other financial institutions	831,717	361,886	947,624	-	-	-	-	2,141,227	2.08
Investment accounts of customers	6,644	-	-	-	-	-	-	6,644	
Hedging Financial Instrument Liabilities	7,064	57	1,541	-	-	-	-	8,661	
Other liabilities	-	-	-	-	-	163,527	-	163,527	
Total Liabilities	2,087,369	1,780,744	2,232,945	436,840	-	267,434	-	6,805,331	
Shareholder's equity						1,777,567		1,777,567	
Total Liabilities and Shareholder's equity	2,087,369	1,780,744	2,232,945	436,840	-	2,045,001	-	8,582,898	
On-balance sheet profit sensitivity gap	(917,103)	(524,414)	(1,820,977)	1,459,871	3,413,429	(1,610,806)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(917,103)	(524,414)	(1,820,977)	1,459,871	3,413,429	(1,610,806)	-	-	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Mar 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS									
Cash and short-term funds	57,290	-	-	-	-	59,599	-	116,889	1.77
Deposits and placements with banks and other financial institutions	6,974	-	-	-	-	-	-	6,974	
Securities FVOCI	-	5,078	369,744	1,628,056	1,780,566	-	-	3,783,444	4.33
Financing, advances and receivables	1,115,547	1,067,264	3,090	266,582	1,394,889	154,107	-	4,001,478	5.03
Musarakah capital investment	-	-	-	-	-	18	-	18	
Other assets	-	-	-	-	-	389,247	-	389,247	
Hedging Financial Instrument Assets	6,441	-	1,119	-	-	-	-	7,560	
TOTAL ASSETS	1,186,253	1,072,342	373,953	1,894,637	3,175,455	602,971	-	8,305,610	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Mar 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,246,081	848,859	2,118,413	445,034	-	97,543	-	4,755,931	1.86
Deposits and placements of banks and other financial institutions	335,070	825,454	539,626	-	-	-	-	1,700,149	2.00
Investment accounts of customers	6,974	-	-	-	-	-	-	6,974	
Hedging Financial Instrument Liabilities	6,037	420	-	-	-	-	-	6,457	
Other liabilities	-	-	-	-	-	169,175	-	169,175	
Total Liabilities	1,594,162	1,674,733	2,658,038	445,034	-	266,718	-	6,638,686	
Shareholder's equity	-	-	-	-	-	1,666,924	-	1,666,924	-
Total Liabilities and Shareholder's equity	1,594,162	1,674,733	2,658,038	445,034	-	1,933,642	-	8,305,610	
On-balance sheet profit sensitivity gap	(407,910)	(602,391)	(2,284,085)	1,449,603	3,175,455	(1,330,671)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(407,910)	(602,391)	(2,284,085)	1,449,603	3,175,455	(1,330,671)	-	-	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	856	-	-	-	-	67,419	-	68,275	1.87
Deposits and placements with banks and other financial institutions	6,644	-	-	-	-	-	-	6,644	
Securities FVOCI	-	-	372,413	1,628,916	1,947,643	-	-	3,948,972	4.33
Financing, advances and receivables	1,137,983	1,163,379	10,401	265,077	1,452,572	160,968	-	4,190,380	5.44
Musarakah capital investment	-	-	-	-	-	18	-	18	
Hedging Financial Instrument Assets	7,014	173	123	-	-	-	-	7,310	
Other assets	-	-	-	-	-	371,499	-	371,499	
TOTAL ASSETS	1,170,266	1,256,330	411,967	1,896,711	3,413,429	444,395	-	8,593,098	

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A25 FINANCIAL RISK MANAGEMENT (Cont'd.)

MARKET RISK (Cont'd.)

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

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

	Non-trading book					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
Bank 31 Dec 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,247,135	1,418,801	1,283,780	447,379	-	103,907	4,501,003	2.19	
Deposits and placements of banks and other financial institutions	831,717	361,886	947,624	-	-	-	2,141,227	2.08	
Investment accounts of customers	6,644	-	-	-	-	-	6,644		
Hedging Financial Instrument Liabilities	7,064	57	1,541	-	-	-	8,661		
Other liabilities	-	-	-	-	-	163,246	163,246		
Total Liabilities	2,092,560	1,780,744	2,232,945	447,379	-	267,153	6,820,781		
Shareholder's equity						1,772,317	1,772,317		
Total Liabilities and Shareholder's equity	2,092,560	1,780,744	2,232,945	447,379	-	2,039,470	8,593,098		
On-balance sheet profit sensitivity gap	(922,294)	(524,414)	(1,820,977)	1,449,332	3,413,429	(1,595,075)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(922,294)	(524,414)	(1,820,977)	1,449,332	3,413,429	(1,595,075)	-	-	

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

B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the three months ended 31 March 2021 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 2020.

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

B2 Significant Accounting Policies

The interim financial statements of the Group and the Bank for the period ended 31 March 2021 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 2020.

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.

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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 judgements

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

(iv) Deferred tax and income taxes

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

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B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

B4 Seasonal or Cyclical Factors Affecting Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the three-months ended 31 March 2021.

B5 Unusual Items Due to their Nature, Size or Incidence

There were no unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the three-months ended 31 March 2021.

B6 Changes in Estimates and Judgements

There were no changes in the estimates of amounts reported in prior financial years that have a material effect to the three-months ended 31 March 2021

However, the Bank has adopted additional management overlays to cater for potential additional ECL charge caused by COVID-19 pandemic during the three-months ended 31 March 2021

B7 Debt and Equity Securities

There were no issuances of debt and equity securities during the three-months ended 31 March 2021.

B8 Dividends Paid

There were no dividends paid during the three-months ended 31 March 2021.

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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
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B9 Segment Information on Operating Revenue, Profit Before Zakat & Taxation and Total Assets

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
31 Mar 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	38,349	16,473	3,304	35,308		93,434
Revenue from other segments	26,619	104	311	11,418	(38,452)	-
Total Revenue	64,968	16,577	3,615	46,726	(38,452)	93,434
Segment results	20,357	12,048	2,516	(1,929)	-	32,991
Unallocated expenses						(21,389)
Loss from operations						11,602
Taxation						(2,980)
Net loss for the year						8,622
Other information						
Segment assets	3,892,351	1,087,989	208,006	2,962,181	(26,321)	8,124,206
Unallocated corporate assets						171,205
Total assets						8,295,411
Segment liabilities	8,192,128	408,036	419,732	6,316,047	(16,122)	15,319,821
Unallocated corporate liabilities						(8,696,975)
Total liabilities						6,622,846
Other segment items						
Purchase of property and equipment				195		195
Purchase of intangible assets				-		-
Depreciation of property and equipment				894		894
Amortisation of intangible assets				1,255		1,255
Other non-cash expense other than depreciation	-	2,495	1,504	(20,920)	-	(16,921)

(ii) By Geographical Locations

Group
31 Mar 2021
Malaysia

Operating Revenue RM'000	Loss Before Zakat and Taxation RM'000	Total Assets RM'000
94,188	11,602	8,295,411

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

(i) Primary Segment - By Business Segment

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

(ii) By Geographical Locations

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

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

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 2020.

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 2020.

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 2020 other than those as disclosed in note A22.

B14 Capital Commitments

The capital commitments not provided for in the interim financial statements as at 31 March 2021 are as follows:

	Group and Bank RM'000
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	242
- purchase of IT hardware	50
- purchase of IT software	192
	<u>484</u>
Authorised and not contracted for:	
- purchase of IT hardware & software	<u>52,992</u>

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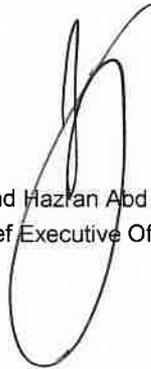
Certification of Financial Statements

I, Roslinawati Binti Zainal, being the officer primarily responsible for the financial management of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to the 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